

5.4 Talent Attraction and Retention



Material Topics



Talent Attraction and Retention



Description of Impacts

In an era of rapidly changing global markets and intense competition, talent has become an important sustainability cornerstone for corporations. Therefore, we consider talent attraction and retention to be important development items and work to establish diverse recruitment channels, maintain industry-academia collaborations, optimize promotions, cultivate talent, and build international competitiveness.



Policies and Commitments

Talent cultivation is PharmaEssentia's responsibility and commitment toward employees. We will continue industry-academia collaborations and expand diverse recruitment channels to attract outstanding talent, build friendly and safe work environments that can inspire employee motivation and commit them to long-term career developments, thereby retaining talent. PharmaEssentia established internal talent cultivation and development policies in the third quarter of 2024 to provide more diverse incentives.



Responsible Unit

- Sustainability Development Center-Employee Wellbeing Team
- Human resources department and management
- All unit managers



Response Measures and Management Actions

- Implemented performance, promotion, and structural salary adjustments based on annual operational target achievements, personal performance appraisals, and outsourced surveys on salaries and benefits in response to government salary adjustment policies, establishing related procedures and incentives to protect the salaries and benefits of entry-level employees
- Implemented "Education and Training Management Regulations" and "Talent Recommendation and Incentive Regulations" to provide talent training and development, thereby retaining talent
- Provided flexible work conditions exceeding Labor Standards Act standards to attract talent
- Hosted competitions to identify outstanding employees, recognize outstanding employee performance, and enhance employee sense of belonging
- Planned and implemented diverse recruitment plans, and used "AI tools" and "orientation tests" for objective talent selection
- Formulated long-term benefits for female employees and raised the proportion of female executives
- Long-term incentives: Provided new restricted employee shares (see PharmaEssentia's company prospectus) to new employees as well as supervisors and key talent that made special contributions to important corporate developments, and also offered employee stock options to attract and retain outstanding talent (see PharmaEssentia's company prospectus)
- Established long-term organizational development plans
- Planned regular participation in market salary surveys to ensure provision of salaries with market competitiveness, and developed diverse incentive measures to provide timely rewards for different employee groups
- Conducted employee satisfaction and employee engagement surveys in the fourth quarter of 2024
- Promoted talent reserve mechanisms to integrate employee career developments and corporate development needs
- Implemented employee assistance programs using external professional resources, and provided employee consultation and guidance to ensure that employees receive comprehensive care and support associated with psychological fitness, career management, health enhancement, and quality of life
- Hosted regular employee activities to improve employee quality of life and ensure that employees lead healthy and happy lives



Evaluation Mechanisms

- Use regular performance appraisals and career development reviews to serve as a basis for education and training/promotion/coaching/incentives (employee performance appraisals are conducted every June and December)
- Employee satisfaction surveys



Targets and Achievements in 2024

- Turnover rate was lower than 10%
- Employee care and friendly work environment: 0 legal violations
- Participated in 2024 Willis Towers Watson (WTW) salary survey to understand salary and benefit standards for continued maintenance of industry-leading standards
- Occupational health and safety: 0 legal violations
- Global employee growth rate: 19.1%
- Average global employee retention rate: 90.7%
- Employee care and friendly work environment: 0 legal violations
- Conducted global employee engagement surveys in 2024 to collect employee feedback, serving as a basis for adjusting HR policies/measures in 2025
- 100% of employees were appraised



Targets

Short-Term Targets (1-2 Years):

Quickly attract talent in response to rapid corporate growth and manpower needs from completed factories

1. Optimize recruitment processes

- Simplify employment processes and establish recruitment systems to improve recruitment efficiency and digital management.
- Utilize diverse recruitment channels (LinkedIn, job banks, social media)

2. Improve employer brand visibility

- Post corporate culture and benefits systems on corporate website and social media platforms
- Promote future corporate potential talent markets at all campuses

3. Optimize performance and incentive systems

- Establish transparent and fair performance assessment systems
- Design incentive bonus systems and promotion channels

Mid-Term Targets (3-5 Years):

Implement the following mechanisms to improve retention rates as well as establish stable teams and culture

1. Establish effective employee training and development mechanisms

- Strengthen new employee training and on-the-job training programs
- Provide professional certification subsidies and interdepartmental rotation opportunities

2. Build good working atmospheres

- Regularly conduct employee satisfaction surveys and make improvements
- Strengthen internal communication mechanisms and supervisor coaching

Long-Term Goals (More Than 5 Years):

Establish talent sustainability strategies and corporate competitive advantages

1. Develop talent reserve and succession plans

- Establish succession teams for key positions
- Provide leadership cultivation programs for high potential (HiPo) talents

2. Build an attractive corporate culture

- Build a value-oriented (innovative, respectful, and sustainable) corporate culture
- Develop diversity, equity, and inclusion (DEI) strategies to attract talents with international diverse backgrounds

3. Strengthen long-term influence of employer brand

- Become the industry employer of choice
- Actively participate in social responsibility and sustainable development issues to enhance corporate image

► Remuneration System GRI 2-20

PharmaEssentia adheres to local labor standard laws and formulates remuneration policies (including highest governance policies and remuneration for senior management) based on salary management regulations, performance management regulations, and our articles of incorporation. Please refer to [2.1 Corporate Governance Framework](#) for more information. We strive to maintain industry-leading remuneration standards with performance, promotion, and structural salary adjustments adhering to annual operational conditions, personal annual performance appraisals, and third-party remuneration and benefits surveys and reports. PharmaEssentia US remuneration policies reference local regulations and AoN Radford Lifesciences Benchmarking Data, offering competitive salaries and bonuses. We also provide “employee stock options,” “employee subscriptions in cash capital increases,” “new restricted employee shares,” and other rewards to retain talent using revenue-sharing systems. If there is surplus at the end of the fiscal year, employee bonus distribution ratios for the year should be formulated, approved by the Board, and submitted to the shareholders meeting for ratification after taxes have been paid and any accumulated losses from previous years have been offset.

► Ratio of Wages for Entry-Level Employees to Local Minimum Wage

GRI 202-1

In 2024, PharmaEssentia (Taiwan) and PharmaEssentia US both provided salaries exceeding local minimum wage, which not only benefited employees, but also demonstrated our salary competitiveness.

Operational sites	Ratio of wages for male entry-level employees to local minimum wage	Ratio of wages for female entry-level employees to local minimum wage
PharmaEssentia (Taiwan)	1.35 : 1	1.4 : 1
Panco Healthcare	1.79 : 1	1.64 : 1
PharmaEssentia USA	5.5 : 1	6.4 : 1
PharmaEssentia Japan	3.7 : 1	2.7 : 1

► Full-Time Employee Salaries

Over the past three years, PharmaEssentia average and median salaries for non-executive full-time employees has increased year by year.

PharmaEssentia salaries for non-executive full-time employees over past 3 years

PharmaEssentia (Taiwan) (Unit: Thousand TWD)

	2022	2023	2024
Total number of employees	232	282	305
Total salaries	270,448	332,713	362,962
Average salaries	1,166	1,180	1,190
Median salaries	907	918	936

PharmaEssentia US (Unit: Thousand TWD)

	2022	2023	2024
Total number of employees	92	127	101
Total salaries	626,438	779,324	627,072
Average salaries	6,809	6,136	6,209
Median salaries	7,165	6,240	6,538

PharmaEssentia Japan (Unit: Thousand TWD)

	2022	2023	2024
Total number of employees	-	-	27
Total salaries	-	-	66,464
Average salaries	-	-	2,462
Median salaries	-	-	2,567

Note 1: Employee numbers were defined in accordance with the definition of "full-time employees not holding managerial positions" stipulated by the Taiwan Stock Exchange, including all Taiwanese and foreign employees (and permanent employees) within the corporation, but excluding employees in managerial positions, employees at overseas branches, part-time employees, and other exempt personnel

Note 2: Employee numbers at our US and Japanese subsidiaries were calculated according to the definition used for Taiwan

► Employee Benefits and Care

PharmaEssentia established the employee welfare committee in 2013. The committee convenes 4 times every year, and works with company management to jointly formulate employee benefits and activities. In 2024, total expenditures for employee benefits at PharmaEssentia and Panco amounted to NT\$6.16 million, an increase of 56% compared to the previous year, and a total of 1,491 employees applied for these benefits. We plan to establish emergency relief regulations in 2025 so our employees who are unable to work and face financial difficulties due to serious diseases and other factors can apply for emergency relief support to cover their basic living needs.

To attract talent, PharmaEssentia not only provides labor insurance and health insurance in accordance with law, but also provides the following employee benefits and care items superior to market standards:



- Five days of sick leave with full pay, superior to the stipulations of the Labor Standards Act, which only offer half of regular payments for sick leave days

- Bonuses for three major festivals, project bonuses

- Long-term employee incentive programs such as employee stock options, new restricted employee shares, and employee subscriptions in cash capital increases

- **Insurance plans:** Group insurance and overseas travel insurance

- **Employee activities:** Health examinations, weight loss activities, relaxing massages, general leave without pay, EAP health lectures, commendations of outstanding employees, special store discounts, and free taxis for night shift workers

- **Flexible leave system:** Some components superior to Labor Standards Act leave systems

- **Flexible working hours:** We help our employees balance work and family time through flexible working hours (8:00-9:30 at Taipei office and 8:00-8:30 at Taichung Plant) so they can use their time more effectively

- Remote work

- **Friendly workplace environments:** Provide employee maternity allowances, childcare services, wedding subsidies, and marital leave

- **Child-friendly measures:** Convenient parking spaces during pregnancy; lactation rooms established according to law; maternity allowance of NT\$6,000; childcare programs offered by collaborating kindergartens; maternal health protection (pre-partum/post-partum) regulations; and pregnancy, childbirth, and parental leave without pay. PharmaEssentia provides full pay for 10.975 weeks of maternity leave and paternity leave



► Retirement System GRI 401-2 GRI 404-2

PharmaEssentia appropriate pensions in accordance with law. Employees eligible for the old pension system deposit 2% of monthly salaries into a pension reserve account at Bank of Taiwan. Employees under the new pension system appropriate 6% of salaries each month to their personal pension accounts based on their pension levels. Panco employees all participate in the new pension system, and 6% of salaries are appropriated to their personal pension accounts based on their pension levels.

► Parental Leave Policies and Current Conditions

To help employees achieve balance between work and family, PharmaEssentia (Taiwan), Panco, PharmaEssentia Japan, and PharmaEssentia US all provide parental leave benefits. PharmaEssentia Japan also offers flexible working hours and work-from-home opportunities. Primary caregivers can apply for more than 30 weeks of paid leave and non-primary caregivers can apply for more than 4 weeks of paid leave. In 2024, 26 employees at PharmaEssentia (Taiwan) and Panco were eligible to apply for parental leave without pay, and 3 employees actually applied for parental leave without pay. Reinstatement rates and retention rates all reached 100%. No employees at PharmaEssentia Japan were eligible to apply for parental leave without pay.

2024 Parental Leave Reinstatement and Retention Statistics GRI 401-3

Indicator	PharmaEssentia (Taiwan)		Panco Healthcare		PharmaEssentia USA	
	Male	Female	Male	Female	Male	Female
Number of employees eligible for parental leave without pay in 2024	11	12	2	1	6	6
Actual number of applicants for parental leave without pay in 2024	0	3	0	0	0	3
Number of expected reinstatements in 2024 (A)	1	4	0	0	0	1
Number of actual reinstatements in 2024 (B)	1	4	0	0	0	1
Reinstatement rate for 2024 (B/A)(%)	100%	100%	0	0	0	100%
Number of total reinstatements in 2023 (C)	1	3	0	0	0	0
Number of people still in service 12 months after reinstatement in 2023 (D)	1	3	0	0	0	0
Retention rate for 2024 (D/C)(%)	100%	100%	0	0	0	0

Note: Based on the number of employees who applied for maternity leave or paternity leave from January 1 to December 31, 2024, and who were still employed as of December 31, 2024

► Maternal Care and Breastfeeding Rooms

In response to government maternity and child health and safety policies, we provide nursing care services covering consultations and follow-ups on physical and ergonomic hazards, work-related stresses, and personal health risks for pregnant employees starting from pregnancy until one year after childbirth to prevent and reduce potential maternal hazards. To protect infant and child health, we also stipulate that female employees are not allowed to work at tasks that are harmful to infants during pregnancy and breastfeeding periods. PharmaEssentia set up breastfeeding rooms in accordance with law and received the Taipei City Government Department of Health Excellent Breastfeeding Room Certification in 2023. This certificate is valid from 2023 to 2026.



PharmaEssentia Excellent Breastfeeding Room Certification

► Employee Assistance Program

We offer on-site health services, EAP counseling, return-to-work assessments, assistance on major events, and other diverse employee assistance programs to care for employee health while building a healthy and friendly workplace environment.

On-site health care services

Physicians provide three 2-hour on-site services every year, nurses provide three 2-hour on-site services every month, and rehabilitation physicians provide non-periodic on-site factory services. As of 2024, a total of 41 employees at our Taichung Plant participated in health education activities and received face-to-face guidance

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EAP counseling services

Professional certified personnel provide employee counseling and support on issues that could affect work productivity. As of 2024, a total of 13 employees have received counseling

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Employee return-to-work assessments

Provide employee return-to-work assessments to match employees with suitable jobs

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Results

Support for major events

We provide care and support to employees affected by major incidents, serious injuries, or serious illnesses; support basic needs for families of deceased employees; and offer funeral allowances to bereaved families when necessary

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Results

► Employee Satisfaction Surveys

We commissioned a third-party consulting company (WTW) to conduct an employee engagement survey in the fourth quarter of 2024. A total of 433 employees around the globe participated in this survey, achieving an overall participation rate of 72%. Survey results indicated that more than 90% of employees understood their job responsibilities and clearly understood our vision and overall targets; our employees also expressed high levels of recognition toward our communications associated with targets and their job responsibilities, as well as the support received from direct supervisors. Compared to industry peers, our management team's communications on change management and work environments encouraging innovation received high recognition from our colleagues. However, there was still room for improvement on realizing employee potential and fostering trust in leadership. Our colleagues also hope to see appropriate authorizations and more client-oriented company processes, as well as clearer career development pathways to help them realize their full potential. We reported the results of the employee engagement survey to senior management to help the management team understand employee opinions, and our human resources department will help to organize improvement action workshops to propose specific action plans for important improvement items, facilitate subsequent implementation and tracking, compile improvement strategies and employee communication results, and incorporate corporate strategies and targets.

