

Performance Evaluation of the Board of Directors

The company has established a system for the performance evaluation of the board of directors. On November 13, 2020, an amended approach for the said evaluation was approved by the board of directors. It is intended to give full play to board members' self-improvement and to facilitate the board's functional enhancement. The internal performance evaluation of the board is conducted annually, and self-evaluation by the directors as well as peer evaluation must be completed before the earliest board meeting held the following year. The external performance evaluation of the board must be conducted at least once every 3 years by an external independent professional agency or by a team of external experts and scholars. Furthermore, an external performance evaluation performed for a given year should be completed by the end of that year.

Results of the Performance Evaluation of the Board of Directors

As of the end of December 2021, the performance evaluation of the board of directors for the period from November 1, 2020, to October 31, 2021 has been entrusted to an external agency, the Taiwan Corporate Governance Association. The agency appointed three experts to evaluate the board on the basis of eight dimensions (i.e., board composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management, and other) and responses to the open-ended questionnaire completed by company personnel. Public information and other information provided (minutes of board meetings and functional committee meetings corresponding to the evaluation period) were also referenced. Furthermore, on-site inspection and assessment were conducted. Both the agency and the evaluation experts had no business relationship with the company. They submitted an evaluation report on January 4, 2022. The evaluation results and recommendations were planned to be submitted to the Remuneration Committee and presented at the board meeting in February 2022. They are provided as follows, accompanied by the Company's corresponding improvements.

1. General evaluation

The board of directors comprises 11 individuals, specifically three independent directors, six natural persons, and two legal representatives. The board members' professional

backgrounds encompassed pharmacy, accounting, law, biochemistry, and marketing. The diversity of the board composition meets the requirements of the company's operational development and strategic goals. The evaluation experts believe that the board members hold a spontaneous and proactive attitude toward implementing the corporate governance system and improving the board effectiveness, and have the following characteristics:

- (1) The corporate governance of the company is being continually strengthened; the company's ranking in Taiwan's Corporate Governance Evaluation has improved gradually. In 2020, it ranked among the top 6% to 20% of over-the-counter companies in Taiwan. The current board invited an independent professional agent to assist in the performance evaluation of the board of directors, demonstrating the board's spontaneous and proactive attitude toward implementing the company's corporate governance system and improving the effectiveness of the board. The company is advised to entrust evaluation to external agencies such that this implementation and the effectiveness of the board can continue to be strengthened.
- (2) The board meetings had an open-minded atmosphere. The chairperson valued the use of brainstorming and respected the opinions of the board members, enabling the comprehensive discussion of various board proposals and facilitating effective collaboration.
- (3) All the board members are outstanding in their field. They contribute their expertise to board operations and closely interact with the management team through effective communication. The convenors of the Audit Committee and the Remuneration Committee are independent directors with expertise in financial accounting and legal affairs, and each functional committee operates smoothly.
- (4) The board spares no effort in supervising the implementation of sustainable development goals and strategies. The company's sustainability report, prepared in accordance with Global Reporting Initiative standards, has been reviewed on-site by the Taiwan branch of the British Standards Institution, which issued an independent assurance opinion statement to the company. In November 2021, the company participated in the Corporate Sustainability Report category of the Taiwan Corporate Sustainability Awards (TCSA) for the first time and won the Golden Award in the Health-Care Industry category, reflecting the company's steady endeavors in Environmental, Social, and Corporate Governance (ESG).

2. Recommendations and Plans for Improvement

Recommendations from the Evaluation Report	Measures to be Taken by the Company
<p>It is recommended to add a nomination committee under the board of directors to establish a written director selection mechanism. Moreover, it is recommended to recruit directors (including independent directors) from industry and various domains to meet the company's operational development requirements and to facilitate board diversification.</p>	<p>According to the company's specific operational requirements, the nomination committee will be involved in strengthening the director election and appointment mechanism.</p>
<p>It is recommended to formulate a succession plan for board members and key leaders (e.g., those holding positions such as chief pharmacist and chief executive officer) according to the company's operational development requirements. Through performance evaluation, the board of directors and the nomination committee should regularly review the implementation of the training and development plan for the successors to ensure the longevity of the company and the sustainability of its operations.</p>	<ol style="list-style-type: none"> 1. According to the company's specific operational requirements, the nomination committee will be involved in strengthening the director selection and appointment mechanism. 2. In compliance with the recommendation and the company's operational development requirements, the company's senior executives and the human resources department will formulate a training plan for successors to important managerial positions.
<p>Given that the whistleblowing mechanism prioritizes direct connection with the board of directors (particularly independent directors), it is recommended that the company establish on the company website a reliable channel enabling employees, suppliers, and other stakeholders to directly communicate with the independent directors (Audit Committee) at the same time.</p>	<p>The company's private ESG network has initiated the use of a complaint mailbox for reporting violations of organizational integrity. The company will follow the recommendation to establish an effective communication channel as well as integral processing procedures. These measures are expected to facilitate internal and external stakeholders' direct reporting of illegal and unethical behaviors to high-level or independent directors, thereby enhancing corporate risk management and protecting the company's reputation.</p>

Recommendations from the Evaluation Report	Measures to be Taken by the Company
<p>It is recommended to establish a regularly updated corporate governance section on the company website to facilitate inquiry and referencing by shareholders and stakeholders, as well as to increase the exposure of corporate governance-related information.</p>	<p>The company will follow the recommendation to establish a corporate governance section. Moreover, the company will refine the existing corporate governance-related information presented on the website. These measures are expected to provide internal and external stakeholders with timely access to relevant information, thereby facilitating company-stakeholder communication and interaction.</p>