

## PharmaEngine, Inc.

### Corporate Social Responsibility Best Practice Principle

Enactment date: September 30, 2011

#### Chapter 1 General

- Article 1** To fulfill corporate social responsibilities and to promote economic, environmental, and social balance and sustainable development, this Corporate Social Responsibility Best Practice Principle is prepared to be followed.
- Article 2** The Principle applies to the entire business operation of PharmaEngine and its business group. The Principle encourages PharmaEngine to actively fulfill corporate social responsibilities in the course of their business operations so as to follow international development trends of the environment, society and corporate governance development balance, to make contribution to the economic development of the country, and to improve the quality of life of employees, the community and the society by acting as the corporate citizen model, and to enhance competitive edges built on corporate responsibilities.
- Article 3** In implementing social responsibilities, PharmaEngine shall give due consideration to the rights and interests of other stakeholders and, while pursuing sustainable operations and profits, give due consideration to the environment, society and corporate governance.
- Article 4** To implement corporate social responsibilities, PharmaEngine shall follow the principles below:
1. Exercise corporate governance,
  2. Foster a sustainable environment,
  3. Preserve public welfare,
  4. Enhance disclosure of corporate social responsibility information.
- Article 5** PharmaEngine shall comply with relevant laws, regulations, Articles of Incorporation, agreements entered into with the TWSE or TPEx, and other relevant rules. Furthermore, PharmaEngine shall take into consideration the development trend of domestic and international corporate social responsibility principles and the whole operation of PharmaEngine and of its respective business groups in establishing corporate social responsibility policies, systems or relevant management protocols, which shall be approved by the Board of Directors.

#### Chapter 2 Exercise corporate governance

- Article 6** The Board of Directors of PharmaEngine shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibilities, and continuously examine the results of the implementation and make continuous improvement to ensure the thorough implementation of its corporate social responsibility policies.
- Article 7** When necessary, PharmaEngine will establish an exclusively (or concurrently) dedicated unit. The unit will be in charge of proposing and enforcing the corporate social responsibility policies or systems of the Company.

- Article 8** PharmaEngine shall respect the rights and interests of stakeholders. Through proper communication, PharmaEngine shall understand their reasonable expectation and need and adequately respond to the important corporate social responsibility issues that concern the stakeholders.
- Article 9** PharmaEngine timely establishes the effective corporate governance framework and relevant ethical standards and matters so as to enhance corporate governance.
- Article 10** PharmaEngine shall comply with relevant laws and regulations in operational activities and observe the following guidelines to maintain a fair competition environment:
1. Avoid engaging in unfair competition.
  2. Faithfully fulfill tax-related obligations.
  3. Not tolerate bribery or corruption and establish appropriate management systems.
  4. Corporate endowments should be made in accordance with the Company's internal procedures.
- Article 11** PharmaEngine shall regularly or irregularly provide training on business ethics and promotion of matters mentioned in the previous Article to directors, supervisors and employees.

### Chapter 3 Foster a sustainable environment

- Article 12** PharmaEngine shall follow relevant environmental laws and regulations and international guidelines to properly protect the environment. And PharmaEngine shall make efforts to promote a sustainable environment when engaging in business activities.
- Article 13** PharmaEngine is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.
- Article 14** PharmaEngine shall consider the impact of its business operation on eco-efficiency. Therefore, PharmaEngine shall conduct research and development, production, and services based on the following principles to reduce the impact on the natural environment from their business operations:
1. Reduce resource and energy consumption of its products and services.
  2. Reduce emission of pollutants, toxins and wastes, and dispose of wastes properly.
  3. Improve recyclability and reusability of raw materials or products.
  4. Maximize the sustainability of renewable resources.
  5. Enhance the durability of products.
  6. Improve efficiency of products and services.
- Article 15** PharmaEngine shall properly and sustainably use water resources to improve water use efficiency. PharmaEngine shall avoid polluting water, air and land in business operation. However, if pollution is unavoidable, PharmaEngine shall take cost efficiency, technology and financial feasibility into account and use its best efforts to reduce negative impact on human health and the environment by implementing the best practical pollution prevention and control measures.
- Article 16** PharmaEngine is advised to monitor the impact of climate change on their operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon their operations and the result of a greenhouse gas inventory survey. These strategies should be promoted in effort to minimize the

impact of business operations on the natural environment.

## Chapter 4 Preserve public welfare

- Article 17** PharmaEngine shall comply with relevant labor laws and regulations, protect the legal rights and interests of employees, respect internationally recognized principles of the labor force’s human rights, and shall not commit violations against the fundamental labor rights. The human resources policies of PharmaEngine shall be founded on the principles of the labor force’s human rights and shall contain appropriate management methods and procedures.
- Article 18** PharmaEngine shall provide information for their employees so that the employees have knowledge of their rights under the labor laws of the countries where the companies have business operations.
- Article 19** PharmaEngine shall provide safe and healthy work environments for their employees, including necessary health and first-aid facilities and shall make efforts to reduce dangers to employees’ safety and health and to prevent occupational accidents. PharmaEngine shall provide training on safety and health for their employees on a regular or irregular basis.
- Article 20** PharmaEngine shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company’s operation, management and decisions.
- Article 21** PharmaEngine is advised to create an environment conducive to the development of their employees’ careers and establish effective training programs to foster career skills.
- Article 22** To maintain product responsibility and uphold marketing ethics, PharmaEngine establishes and discloses policies on consumer rights and interests and enforces such consumer rights and interests policies.
- Article 23** PharmaEngine shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industries. PharmaEngine shall follow the laws and regulations of the government and relevant international guidelines when marketing or advertising their products or services. PharmaEngine shall not deceive, mislead, commit fraud or engage in any other acts that would betray consumers’ trust or damage consumers’ rights or interests.
- Article 24** PharmaEngine shall provide a clear and effective procedure for consumer complaints to handle consumer complaints fairly and timely. PharmaEngine shall comply with relevant laws and regulations for respecting consumers’ rights of privacy and shall protect personal data provided by consumers.
- Article 25** PharmaEngine shall cooperate with their suppliers to jointly foster a stronger sense of corporate social responsibility.
- Article 26** PharmaEngine may, through commercial activities, non-cash donations, volunteering service or other free professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## Chapter 5 Enhance disclosure of corporate social responsibility information

**Article 27** PharmaEngine shall disclose information according to applicable laws and regulations and the Corporate Governance Best Practice Principle. Also, PharmaEngine shall fully disclose relevant and reliable information relating to its corporate social responsibilities to improve information transparency. Relevant information relating to the corporate social responsibility which PharmaEngine shall disclose includes:

1. The management scheme, strategy, policy and management guidelines for corporate social responsibilities resolved by the Board of Directors.
2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibilities established by the Company.
4. Result of implementing corporate social responsibilities.
5. Other information relating to corporate social responsibilities.

**Article 28** PharmaEngine produces corporate social responsibility reports disclosing the status of its implementation of the corporate social responsibility policy. The reports are advised to include:

1. The framework, policy and proposal of implementing corporate social responsibilities.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment and preservation of public welfare.
4. Future improvements and goals.

## Chapter 6 Supplementary Provisions

**Article 29** PharmaEngine shall continuously monitor the development of domestic and international corporate social responsibility framework as well as changes of business environment. This is to examine and improve the Company's existing corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

**Article 30** The Principle is implemented after the Board of Directors grants the approval. The same procedure shall be followed when the Principle is amended.  
The Board of Directors' approval date: September 30, 2011