

PharmaEngine, Inc.

Procedures for Reporting Ethical Management Conduct Violations

Enactment date: March 7, 2017

Date of the 1st Amendment: May 2, 2019

1. Basis:

To maintain the corporate culture of ethical management, prevent unethical conduct, and appropriately address reported cases, pursuant to Article 21 of the Company's "Procedures for Ethical Management and Guidelines for Conduct," this Procedures are established for compliance.

2. Scope:

Applicable to all directors, managers, employees, mandatories, and persons having substantial control of the Company.

3. Powers and responsibilities:

The Procedures are formulated by the audit office and implemented after approved by the board of directors. The same procedure shall be followed when the Procedures are amended.

4. Definition:

Unethical conduct refers to actions by directors, managers, employees, mandataries, and persons having substantial control of the Company, in the course of engaging in commercial activities, directly or indirectly offering, promising, requesting, or accepting improper benefits, or committing unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

5. Content:

5.1 Report scope and category

5.1.1 Bribery and receiving bribes.

5.1.2 Providing illegal political contributions.

5.1.3 Improper donations or sponsorships that violate the Company's Procedures for

Ethical Management and Guidelines for Conduct.

- 5.1.4 Offering and accepting presents, hospitality or other improper benefits that violate the Company's Procedures for Ethical Management and Guidelines for Conduct.
- 5.1.5 Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
- 5.1.6 Engaging in unfair competition.
- 5.1.7 Damage directly or indirectly caused to the rights, health and safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.
- 5.1.8 Other acts including breach of ethics, illegal act, or breach of fiduciary duties, breach of the Company's Codes of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct.

5.2 Report channels and handling process

- 5.2.1 The whistleblower shall use the reported case form to provide the following, detailing the facts and confirming the matter with his/her signature to report it to the Company.
 - (1) The whistleblower's name, national identification number or passport number, residential address, department/place of employment, and the informed party's name or other features sufficient to identify such person.
 - (2) Unlawful behaviors violating the Ethical Corporate Management Best Practice Principles.
 - (3) Relevant evidence and documentation.
- 5.2.2 The report channels are as follows:
 - (1) Internal report channel of the Company:
 - Name: OOO (Head of the audit office)
 - Email: [Audit](#) (Report hotline group)

(The report hotline group includes the email addresses of the audit office head and three independent directors)

(2) External report channel of the Company:

Name: OOO (Name of the independent director)

Email: xxxx@yyyyyyy.com (Independent Director Email Address)

5.2.3 Report acceptance procedure:

- (1) All types of reported cases are compiled and handled by the audit office. After identifying and recording the whistleblower's identity in accordance with regulations, the reported information and content are scanned and archived before being reported to the chairperson or independent directors.
- (2) Upon establishment of a reported case, depending on the nature, and if necessary, the personal information of the whistleblower may be kept confidential and then sent to relevant departments for handling. Cases related to corruption and other unclassifiable matters are handled by the audit office. If the reported report involves directors, or senior executives, or is related to any other significant illegal activities, it shall be sent to the independent directors.
- (3) After the audit office receives the reported case and submits it to the superior through the relevant procedures, the relevant departments will be requested to handle it. The relevant departments shall handle it appropriately and ask the receiving unit to review and approve the handling. Depending on the legality, reasonableness, and specificity of the handling, the receiving unit shall then decide whether to continue, re-investigate, or conclude the case.
- (4) The receiving unit of reported cases shall not disclose the name of the whistleblower. In the event of a breach of confidentiality, penalties or disciplinary actions shall be made in accordance with relevant regulations.

5.2.4 For the anonymous report or the report without the real name, the receiving unit

shall still prepare a record for the report, submit it to the higher level, and make advice on whether to accept and investigate. However, if the reported case is later verified as true and the whistleblower does not provide accurate contact information, they will not be eligible to claim the whistleblower reward as stipulated in Article 6.4 of the Procedures.

- 5.2.5 After the reported information or the reported record is prepared, this case shall be processed within three working days. Except for the anonymous report or the report without the real name, the receiving unit shall provide a response to the whistleblower, whether or not the case is determined to be accepted. If a case is not determined to be accepted, specific reasons for this determination must be provided.
- 5.2.6 The receiving unit of the reported cases shall maintain the confidentiality of the whistleblower's personal information, including the name and address. The Company shall not take any improper or adverse actions against the whistleblower for the reported case.
- 5.2.7 The receiving unit of the reported cases shall, except when absolutely necessary, securely seal and store the whistleblower's reports, records, or other relevant information in a confidential file exclusively maintained by the receiving unit and shall not be enclosed to audit case files. In case of a breach of confidentiality, penalties or disciplinary actions shall be imposed in accordance with relevant regulations.
- 5.2.8 If the receiving unit discovers specific violations that may result in harm to the Company's shareholders' rights or involve managers (inclusive) or higher-ranking personnel, a report shall be promptly made and the independent directors shall be informed in writing according to the procedure.
- 5.2.9 If the reported matter involves a violation of the Company's regulations, it shall be handled in accordance with the Company's regulations; If it is determined that

there is no concrete evidence after investigation, the case shall be closed and retained for future reference. If not stipulated in the Procedures, other relevant regulations shall apply.

5.2.10 Records of report acceptance, investigation processes, and investigation results shall all be documented in writing and preserved for five years, and may be stored electronically. If, before the end of the preservation period, a lawsuit arises for the reported matters, the relevant information shall be preserved for a further period until the conclusion of the lawsuit.

5.3 If a reported case falls into one of the following situations, the receiving unit may choose not to process it, but it shall still be registered for future reference.

5.3.1 Cases with no specific details, no names provided, no contact information, or cases where the provided information is false, anonymously fictitious, or untrue.

5.3.2 If the same issue is appropriately addressed and a clear response is already provided, repeated reports of the same matter will not be accepted. However, if the whistleblower can present specific new evidence demonstrating the need for re- investigation in the case, this provision does not apply.

5.3.3 Cases involving the same issue that are already under investigation by the Company or another organization or have been reported by others previously will not be accepted. However, this provision does not apply if another whistleblower can provide crucial evidence that is helpful for the investigation.

5.4 Whistleblower Reward

The Company encourages both internal and external individuals to report unethical or improper conduct. Employees and external individuals who report unethical conduct, and whose reports are verified to be true, may be eligible for a reward based on the severity of the reported case. Employees are also subject to the provisions of the “Reward and Punishment Management Regulations” regarding incentive measures. Internal personnel found to have made false reports or malicious accusations shall be subject to disciplinary

action, and in severe cases, may face dismissal.

6. Relevant information:

6.1 Codes of Ethical Conduct

6.2 Ethical Corporate Management Best Practice Principles

6.3 Procedures for Ethical Management and Guidelines for Conduct

6.4 Reward and Punishment Management Regulations

7. Form:

7.1 Reported Case Handling Form

The Board of Directors' approval date: May 2, 2019

PharmaEngine, Inc.

Report Case Form

Whistleblower name:	Whistleblower I.D. or passport number:
Whistleblower's dept. or place of employment:	Whistleblower job title:
Whistleblower contact number:	Whistleblower email:
Whistleblower contact address:	
Report incident: (please clearly state the time, location, related personnel and the incident in detail)	

Notice to whistleblowers: Unless otherwise stated by law, the Company will keep the personal information you provide confidential. The Company also promises to protect the whistleblowers from being improperly dealt with due to the whistleblowing. I have fully understood and agreed to the above statement.

Whistleblower (signature):

YYYY/MM/DD: