

PharmaEngine, Inc.

Sustainable Development Best Practice Principle

Chapter 1 General

- Article 1** To fulfill corporate social responsibilities, to promote economic, environmental, and social improvement, and to achieve sustainable development goals, this Sustainable Development 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 sustainable development in the course of their business operations so as to follow international development trends, 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 sustainable developments.
- Article 3** In implementing sustainable development, PharmaEngine shall give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, give due consideration to the environment, society and corporate governance and incorporating these matters into company management and operation activities.
- The Company shall comply with company principles when conducting business-related risk analysis to include environmental, social, and governance issues and establish risk management policies and strategies to address these risks.
- Article 4** To implement sustainable development, PharmaEngine shall follow the principles below:
1. Exercise corporate governance,
 2. Foster a sustainable environment,
 3. Preserve public welfare,
 4. Enhance disclosure of corporate sustainable development information.
- Article 5** The Company should consider the global trends in sustainability and their relevance to the Company's core business, as well as the impact of the Company's and the group's operations on stakeholders, in order to formulate a sustainability policy, system or management guidelines, and specific implementation plans. These should be approved by the Board of Directors.
- If shareholders propose relevant motions on sustainable development in accordance with the law, the board of directors should consider including them as agenda items for the shareholders' meeting.

Chapter 2 Exercise corporate governance

- Article 6** The Company should follow the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Ethical Guidelines for Listed Companies, to establish an effective governance structure and relevant ethical standards, in order to strengthen the company's corporate governance.
- Article 7** The board of directors of the Company shall exercise the due care of good

administrators to urge the Company to perform its sustainable development, and continuously examine the results of the implementation and make continuous improvement to ensure the thorough implementation of its sustainable development policies.

When the Company's board of directors promotes the Company's sustainable development goals, they should fully consider the interests of stakeholders, including the following:

I. Establish a mission or vision for sustainable development, and formulate policies, systems, or related management approaches for sustainable development.

II. Integrate sustainable development into the Company's operations and strategic direction, and approve a specific implementation plan to drive sustainable development initiatives.

III. Ensure the timely and accurate disclosure of information related to sustainable development.

The Company's board of directors authorizes the senior management team to handle the economic, environmental, and social issues arising from its operations, and the management team reports the handling process and responsible personnel to the Board.

Article 8 The Company should regularly organize educational training to promote sustainable development, including the matters mentioned in point II of the previous article.

Article 9 To ensure the comprehensiveness of sustainable development for the Company, a governance structure for promoting sustainability should be established, with a dedicated (or adjunct) unit responsible for proposing and implementing policies, systems, or management guidelines related to sustainable development, as well as regularly reporting to the Board of Directors.

The Company should establish a reasonable salary and compensation policy to ensure that the compensation plan aligns with the organization's strategic objectives and the interests of stakeholders.

The employee performance evaluation system should be aligned with the organization's sustainability policy, and a clear and effective incentive and disciplinary system should be put in place.

Article 10 PharmaEngine respects the rights of stakeholders, the Company recognizes stakeholders and has established specific webpage on the company website for stakeholders. PharmaEngine understands stakeholders' reasonable expectations and needs through consistent communication and include those matters into the Company material sustainable development issues.

Chapter 3 Foster a sustainable environment

Article 11 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 operational activities and internal management.

Article 12 PharmaEngine is advised to endeavor to utilize all resources and energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

- Article 13** The Company should establish an appropriate environmental management system based on its industry characteristics, which should include the following elements:
- I. Gather and assess comprehensive and timely information on the impact of business operations on the natural environment.
 - II. Establish measurable environmental sustainability goals and periodically review their ongoing viability and relevance.
 - III. Develop concrete plans or action programs, and regularly review their implementation effectiveness.
- Article 14** The Company shall establish dedicated environment management unit or personnel to draft, promote and manage environment-related standards, policies, and action plans and provide educational materials and courses for the management team and employees on a regular basis.
- Article 15** PharmaEngine shall consider the impact of its business operation on eco-efficiency, encourage and promote sustainable consumption knowledge. Therefore, PharmaEngine shall conduct research and development, procurement, production, operation and services based on the following principles to reduce the impact on the natural environment and the human population 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 16** PharmaEngine shall properly and sustainably use water resources to improve water use efficiency, and establish related management measures. The Company shall strengthen related environment protection measures to avoid polluting water, air and land in business operation, 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 17** The Company should assess the potential risks and opportunities that climate change poses to its current and future operations, and implement appropriate measures in response.
- The Company should adopt standards or guidelines commonly used domestically and internationally to conduct and disclose its corporate greenhouse gas volume check, which includes:
- I. Direct greenhouse gas emissions: The source of greenhouse gas emissions is owned or controlled by the company.
 - II. Indirect greenhouse gas emissions: The input of energy, such as electricity, heat or steam, generated by utilization.
 - III. Other indirect emissions: Emissions generated from the company's activities, not related to energy indirect emissions, but arising from other emission sources owned or controlled by other companies.
- The Company should track its greenhouse gas emissions, water usage, and total waste weight, and develop policies for energy savings and carbon reduction, greenhouse gas reduction, water reduction, and waste management. The company should also incorporate the acquisition of carbon credits into its carbon reduction strategy

planning and implementation, in order to mitigate the impact of its operations on climate change.

Chapter 4 Preserve Public Welfare

Article 18 The Company should adhere to relevant laws and regulations, as well as uphold international human rights conventions, including those related to gender equality, the right to work, and the prohibition of discrimination.

To fulfill its responsibility to protect human rights, the company should develop relevant management policies and procedures, which include:

I. Publish the company's human rights policy or statement.

II. Evaluate the impact of the company's operations and internal management on human rights, and develop appropriate procedures to address them.

III. Regularly review and assess the effectiveness of the company's human rights policy or statement.

IV. When human rights abuses occur, the procedures for addressing the interests of the parties involved should be made public.

The Company should adhere to internationally recognized labor rights, such as freedom of association, collective bargaining, support for vulnerable groups, prohibition of child labor, elimination of forced labor, and elimination of employment discrimination based on gender, race, socioeconomic status, age, marital or family status. This is to ensure equal and fair employment, working conditions, compensation, benefits, training, performance evaluation, and promotion opportunities.

The Company should provide an effective and appropriate complaint mechanism to address matters that jeopardize workers' rights and interests, ensuring equality and transparency throughout the complaint process. The complaint channel should be straightforward, accessible, and responsive to employee grievances.

Article 19 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 20 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 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. The company should establish and implement reasonable employee welfare measures, including compensation, leave, and other benefits. The company should also appropriately reflect its operating performance or results in employee compensation, in order to ensure the recruitment, retention, and motivation of human resources, and achieve the goal of sustainable operation.

Article 22 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.

The Company should respect the right of employee representatives to negotiate working conditions, and provide employees with the necessary information and facilities to promote negotiation and cooperation between the employer, employees, and their representatives. The company should reasonably notify employees of any major operational changes that may impose significant impact.

Article 22-1 The company should treat its customers or consumers fairly and reasonably when it comes to its products or services. This includes principles like fair and honest contracting, acting with due care and loyalty, truthful advertising and promotion, ensuring the suitability of products or services, providing adequate disclosure and notification, maintaining balanced compensation and performance incentives, safeguarding complaints, and ensuring the professionalism of sales personnel. The company should also establish relevant implementation strategies and specific measures to uphold these principles.

Article 23 The Company shall be responsible for the products and services the Company provides and highly values marketing ethics. The Company shall ensure the transparency and safety information for its products and services, which includes information regarding the process from R&D, procurement, manufacturing, operation, and services. The Company shall establish and disclose consumer rights policy and exercise accordingly in operations to prevent damage of products or services affecting consumer rights, health, and safety.

Article 24 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 related laws and regulations and international guidelines for the consumer health and safety, client privacy, marketing and labeling for its products and 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 25 The Company should assess and manage various risks that could disrupt operations, in order to mitigate the impact on consumers and society.
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 personal data protection and respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 26 PharmaEngine shall evaluate the environmental and social impact on the local community of sources materials caused by procurements. The Company shall cooperate with suppliers to jointly exercise actions to fulfill corporate social responsibilities.

The Company should establish a supplier management policy that requires suppliers to comply with relevant environmental, occupational safety and health, and labor rights regulations. Before conducting business, the company should evaluate whether suppliers have a record of environmental or social impact, and avoid dealing with those that conflict with the Company's corporate social responsibility policy.

When the Company enters into contracts with its primary suppliers, the contracts should include provisions that require the suppliers to adhere to both parties' corporate social responsibility policies. Additionally, the contracts should stipulate that the Company has the right to terminate or rescind the contract if the supplier is found to be in violation of the policies and is causing significant environmental or social

impact on the communities in the supply chain.

Article 27 PharmaEngine shall evaluate the Company's business impact on communities and employ local staff to build stronger relationships with the local community. PharmaEngine shall, through stock investments, commercial activities, donations, volunteering service or other professional services to provide resources to organizations that help to solve social issues or environmental problems. PharmaEngine can also participate in events held by community organizations, charities and local government agencies promoting community developments.

Article 27-1 The Company should continue to support cultural and artistic activities or the cultural and creative industries through donations, sponsorships, investments, procurement, strategic partnerships, corporate volunteer technical services, or other means, in order to promote cultural development.

Chapter 5 Enhance Disclosure of Corporate Sustainability Development Information

Article 28 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 sustainability development to improve information transparency. Relevant information relating to the sustainability development which PharmaEngine shall disclose includes:

1. The standards or related management guidelines and action plans for sustainability development shall be 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 sustainability development established by the Company.
4. Major stakeholders and issues of their main concerns.
5. Disclosure of management and achievements of main suppliers on major environmental and social issues.
5. Other information relating to sustainability development.

Article 29 PharmaEngine shall produce sustainability development reports based on internationally recognized standards or guidelines, disclosing the status of its implementation of the sustainability development policy. The reports are advised to include:

1. Exercising the Company's sustainability development policies, standards, and related management guidelines and action plans.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preserving public welfare, and promoting economic growth.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions



Article 30 PharmaEngine shall continuously monitor the development of domestic and international sustainability development standards and guidelines as well as changes of business environment. This is to examine and improve the Company's existing sustainability development 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 approval. The same procedure shall be followed when the Principle is amended.

Establish date: September 30, 2011

The first amendment was made on October 31, 2024