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tshbiopharm  
股票代碼：8432

2021 ESG Report

# ESG REPORT



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## **Message from the Chairman**

Since the Company was established in 2010, TSH Biopharm Corporation Limited (“TSH”) has developed the business from prescription drugs for single chronic diseases. After ten years of endeavor, we have reinforced our existing pharmaceuticals for cardiovascular and autoimmune diseases and improved our precision medicine capabilities as the medical backing during people's pre-treatment detection, medicine selection during treatment, and follow-up care for cancer. We have established a product chain for all-round care for patients, thereby fulfilling our corporate social responsibility in the medical field.

On the 10th anniversary of TSH’s incorporation, the Company, in the spirit of “giving what we have taken from society back to society,” has launched the 2021 Round Island Tour to Protect Taiwan project to give back to society. All employees were grouped to carry out activities, such as environmental protection and river cleanup activities, Leave No Trace (LNT) activities, long-term care center health education, and charity donation activities, to strive to achieve the Sustainable Development Goals (SDGs) despite the ongoing COVID-19 pandemic.

Among them, we offered medication health education sessions and led aerobic dance at the Hualien Long-term Care Center to not only contribute to society but also enable employees to deeply realize that “giving is more blessed than receiving.” An employee also stated, “We aimed to bring comfort to the elderly at the long-term care center but I think it is us who are comforted.”

TSH held such activities every year to not only fulfill our corporate social responsibility but also enable our employees to internalize such concepts.

The global economy has gone through a daunting challenge from the COVID-19 pandemic. We believe that the experience and decisions made to confront the pandemic will become the foundation for TSH to get more prepared for the next challenges. In the future, we will continue to enhance the values of corporate governance, employee care, client rights, sustainable environment, social charity and develop innovative special medical technologies and dosage forms when achieving operational goals, while leveraging our own expertise and staying closely connected with our stakeholders to create more and better changes to society.

## **Message from the President**

TSH puts patients first and provides highly cost-effective treatment options. While creating profits for the medical system, employees, and shareholders, we adhere to the corporate philosophy of “giving what we have taken from society back to society,” to promote sustainable development more actively.

In 2021, the number of outpatient visits in medical institutions decreased, and some health examination centers were closed, affecting the sales of various products due to the impact of the COVID-19 pandemic. However, TSH is still growing vigorously, creating new achievements and setting new milestones, including the authorization of a NASDAQ listed company for cancer and non-cancer testing products obtained for the Taiwan market, launch of a pre-clinical trial of ABTA19, a new compound drug for cardiovascular diseases with high technical barriers, marketing authorization obtained for Cretrol, a new compound hypolipidemic drug, for Taiwan’s market, and marketing authorization obtained for Alprosm Lyophilized Powder for Injection, used for the relief and treatment of peripheral arterial occlusive diseases, for Taiwan’s market. There are still a number of new products in the evaluation stage, which are expected to be introduced or developed by ourselves.

In the same year, we also won the Golden Torch Awards for the Top Ten Managers of the Year and the Golden Torch Awards for the Top Ten Enterprises of the Year, which are undoubtedly a double recognition for our managers and products.

During the process of ongoing development, we give back to society and promote sustainable development. Upon the 10th anniversary, TSH launched the 2021 Round Island Tour to Protect Taiwan project. We set out our develop roadmap in alignment with the SDGs, from Zero Hunger: care for disadvantaged groups and charity donations; Good Health and Well-being: care for the elderly at long-term care centers; Life Below Water and Life on Land: LNT activities and river cleanup activities, to send every care and love to every corner where it is needed and continue to give back to society.

We sincerely appreciate your long-term support, and the TSH team will spare no effort to create a better future for society.

# 1. Company Organization and Operations

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## 1.1 Company profile

TSH Biopharm Corporation Ltd. started out in the field of chronic diseases and was incorporated on September 1, 2010 and listed on Taipei Exchange on April 30, 2012 (stock code: 8432). We adhere to the concepts of honesty and integrity and are committed to providing more excellent health services to all human beings before, during, and after medical treatment with focus, innovation, and excellence as our mission.

We put the patient first in product development. Our main products are traditional cardiovascular medicines, gastrointestinal medicines, and central nervous system medicines. We strive to develop our niche market of chronic diseases. We have taken a two-pronged transformation approach since 2019 to develop traditional pharmaceuticals and innovative medical care simultaneously and actively expand the international market and develop the business in Taiwan's market at the same time.

With such a strategy, TSH actively develops traditional pharmaceuticals with innovative ingredients or special dosage forms, while developing a variety of genetic testing, cancer testing, innovative therapy cooperative technologies, etc., to provide a more comprehensive and innovative medical product mix in the early stage of medical treatment: disease detection, mid-stage: medicine selection during treatment, and follow-up care for cancer.

Meanwhile, with excellent product, R&D, marketing, sales, and service capabilities as well as other professional division of labor and integration capabilities, TSH is the best partner for international innovative biotech pharmaceutical companies to develop and market new drugs in Asia.

### 1.1.1 Company location and operating site

TSH has set up a Taipei Office (the Head Office), a Taichung Office, and a Kaohsiung Office across Taiwan to serve clients in various areas.

#### Taipei Office

Address | 3F-1, No. 3-1, Yuanyuan Street, Nangang District, Taipei City  
(Building G, Nangang Software Park)

Tel | 02-2655-8525

Fax | 02-2655-8526

#### Taichung Office

Address | 4F, No. 424, Zhongming Road, North District, Taichung City

Tel | 04-2206-7276

Fax | 04-2206-1883

#### Kaohsiung Office

Address | 12F-7, No. 56, Minsheng 1st Road, Xinxing District, Kaohsiung City

Tel | 07-2222-686

Fax | 07-2222-696

## 1.1.2 Company history

2003/09	The parent company, TTY Biopharm Company Limited, established a Medical and Pharmaceutical Division (TTH), with products including CV, GI, and CNS.
2004-2005	Committed to the CV, GI, CNS fields.
2006/04	Launched Mopride for the treatment of functional dyspepsia.
2007/03	Launched Amtrel, compound anti-hypertensives, to the market.
2009/01	Launched Catilon for the treatment of irritable bowel syndrome.
2010/01	Obtained a pharmaceutical patent for Amtrel.
2010/09	Formally founded TSH Biopharm Corporation Ltd., split off from the parent company, TTY Biopharm Company Limited, with a paid-in capital of NT\$150 million.
2010/11	Conducted the cash capital increase by issuing new shares of NT\$100 million, and the paid-in capital after the capital increase reached NT\$250 million.
2011/03	The Financial Supervisory Commission (FSC) approved the public offering of shares.
2011/06	Listed on the emerging stock market on June 16, 2011.
2011/09	Conducted capitalization of retained earnings by issuing new shares of NT\$30 million, and the paid-in capital after the capital increase reached NT\$208 million.
2011/12	Signed the ENIA11 (TuNEX) drug joint development agreement with Mycenax Biotech Inc.
2012/04	Conducted the cash capital increase by issuing new shares of NT\$37.34 million, and the paid-in capital after the capital increase reached NT\$317.34 million. Listed on Taipei Exchange on April 30, 2021.
2012/08	Obtained an approval for Linicor for the treatment of hyperlipidemia.
2012/09	Amtrel won the Technology Commercialization Award at the 2012 Taipei Biotechnology Awards.
2012/09	DMTA07 and ENIA11, products under development, were included in the TFDA cross-strait drug R&D collaboration program.
2012/12	Initiated Phase III investigational new drug (IND) for ENIA11 (TuNEX)
2013/08	Applied for the ENIA11 (TuNEX) Phase III Clinical Trial Program for the Development of Biological Drugs under the Industrial Technology Development Program (ITDP) launched by the Ministry of Economic Affairs and passed the review by the Ministry of Economic Affairs.
2013/09	Conducted capitalization of capital surplus by issuing new shares of NT\$34.9 million, and the paid-in capital after the capital increase reached NT\$383.98 million.
2014/06	Participated in the cash capital increase by Medicead Co., Ltd. in the amount of NT\$70,000,000 and obtained 31.82% of its equity.
2014/08	Applied for the TRIA11 peptide biological drug development program for the treatment of osteoporosis under the A+ Industrial Innovative R&D Program and passed the review by the Ministry of Economic Affairs.
2016/02	ENIA11 (TuNEX) passed the Taiwan Ministry of Health and Welfare's Phase III IND for ankylosing spondylitis.
2016/03	Unblinded One of the two Phase III IND for ENIA11 (TuNEX).
2016/04	Applied to the Taiwan Ministry of Health and Welfare for ENIA11 (TuNEX) registration.
2016/06	Unblinded the other of the two-Phase III IND for ENIA (TuNEX).
2016/07	Applied to the Taiwan Ministry of Health and Welfare for RNTA06 registration.
2016/12	Applied to the Taiwan Ministry of Health and Welfare for CRTA04 registration.
2017/07	ENIA (TuNEX) drug passed the registration audit by the Taiwan Ministry of Health and Welfare.
2019/03	Acquired the agency for all CellMax Life (Cellmax Taiwan Co. Ltd.) liquid biopsy testing products and subsequent new products in Taiwan, Southeast Asia, and South

	Korea and a pre-emption right for such products in mainland China.
2019/06	Completed the unblinding of the bridging study of RNTA06 for the treatment of angina pectoris and achieved the target set.
2019/08	Applied to the Taiwan Ministry of Health and Welfare for RNTA06 new drug registration.
2019/12	Won the 16th National Innovation Award of Taiwan Government - Enterprise Innovation Group in the Biotechnology Pharmaceutical and the Precision Medicine categories.
2020/03	The Company's new drug RNTA06 obtained the approval letter from the Ministry of Health and Welfare for the New Drug Application (NDA).
2020/04	Launched the MPap®test in collaboration with GuzipBiomarker, used to assess the risk of endometrial cancer.
2021/01	Exclusively obtained the authorization of IMBDx's next-generation sequencing (NGS) technology, Alpha-liquid®, in Taiwan. which is used for early-stage postoperative monitoring of cancer and search for medicines in the case of recurrence.
2021/02	TSH has exclusively acquired the rights for specific regional markets and to jointly develop the osteoporosis biosimilar (code: TRIAS) for the treatment of osteoporosis.
2021/03	TSH has reached a collaboration agreement with Centogen, a NASDAQ-listed company, to provide cancer risk assessment and medication options for cancer patients (including breast cancer, ovarian cancer, prostate cancer, and pancreatic cancer) in Taiwan. We also provide cancer hereditary risk assessment tests to healthy people.
2021/10	Yang, Ssu-Yuan, the President of TSH, won the Golden Torch Awards for the Top Ten Managers of the Year. The circulating tumor cells and circulating tumor DNA clinical application technologies won the Golden Torch Awards for the Top Ten Enterprises of the Year for judgment about precision medicines and assistance with the follow-up care for cancer.
2021/12	Officially received an approval for Cretrol, a new compound drug for the treatment of hyperlipidemia.
2021/12	Officially received an approval for Alprosm Lyophilized Powder for Injection, used for the alleviation of the symptoms of peripheral arterial occlusive diseases.

### 1.1.3 Product status



The Company's current products are mainly cardiovascular drugs, gastrointestinal drugs, central nervous system drugs, and precision medical testing. The main products and their important functions are as follows:

#### Pharmaceuticals - main products and their important functions

Product	Important function	Representative product
Cardiovascular drug	Hypertension	Amtrel
Cardiovascular drug	Arrhythmia	Rhynorm
Cardiovascular drug	Lipid lowering	Linicor, Cretrol

Cardiovascular drug	Angina pectoris	Rancad, Isormol
Cardiovascular drug	Anti-platelet aggregation	Licodin
Cardiovascular drug	Alleviation of the symptoms of peripheral arterial occlusive diseases.	Alprosm
Gastrointestinal drugs	Symptoms caused by abnormal peristaltic function of digestive organs	Mopride
Central nervous system medication	Epilepsy	Aleviatin
Anti-inflammatory pain medication	Osteoarthritis	Lonine
Anti-inflammatory pain medication	Rheumatoid arthritis	Lacoxa SR

#### Precision medical testing - main products and their important functions

Testing technology	Patient and disease	Test in Chinese/English	
Gene methylation	A Pap test is performed on patients with abnormal uterine bleeding to assess the risk of endometrial cancer as a basis for physicians to perform an invasive test.	MPap® test	MPap
CtDNA (NGS)	Solid cancer patients' (except brain tumors) 106 genes + MSI are analyzed to find the right target or immunosuppressants, provide treatment early, and increase the options of drugs for clinical trials.	Precise Cancer Testing (癌液準) (blood)	Alpha-liquid 100

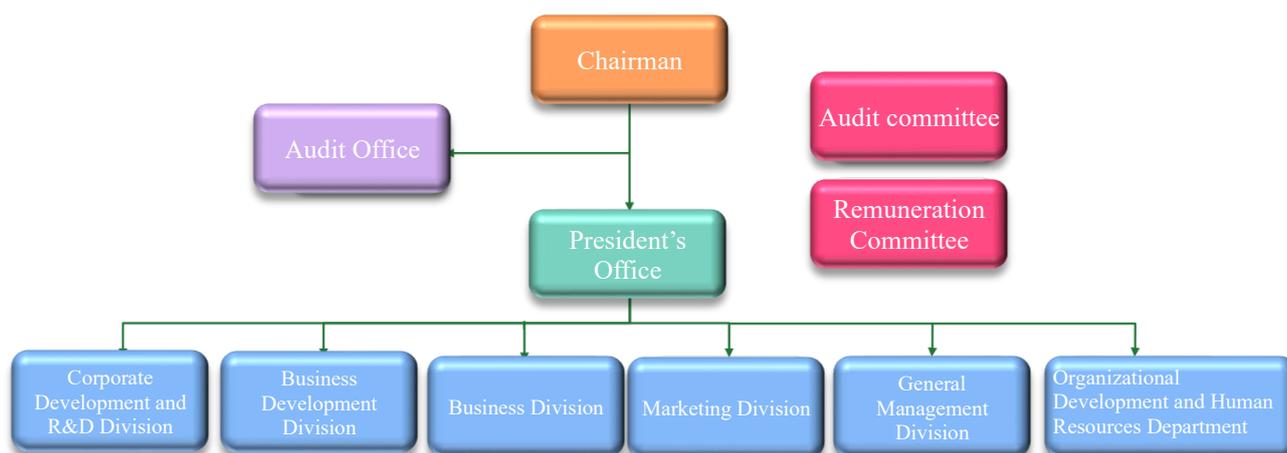
#### 1.1.4 Ownership and legal form

The Company is a company limited by shares incorporated in accordance with the laws of the Republic of China and complies with applicable laws and regulations of the Republic of China in respect of corporate governance, environmental protection, labor, human rights, products, and finance. Our main operating activities are concentrated in Taiwan, but our pre-clinical trials and clinical trials and overseas authorization of products may expand into areas outside Taiwan as per the needs of the new drug development plans.

At present, the Company does not have products or services that are prohibited in specific markets, nor are they the subject of questions or public discussions by stakeholders.

#### 1.1.5 Scale of the organization

##### ■ Organization and functions



Department	Main business function
<b>President's Office</b>	Confirm the Company's long-term and short-term targets, set the organization's development direction, seek strategic partners, and ensure the Company's performance.
<b>Audit Office</b>	Perform the Company's internal audits.
<b>Corporate Development and R&amp;D Division</b>	Adopt new business or new products, manage and implement projects, and integrate the drug development value chain according to the drug safety mechanism.
<b>Business Development Division</b>	Is responsible for collaboration with overseas businesses, such as technology licensing, product export, and manage overseas business collaboration projects.
<b>Marketing Division</b>	Integrate marketing business resources to implement marketing strategies before the launch of new products as per the Company's development strategies, to improve the Company's professional and brand image.
<b>Business Division</b>	Implement the sales and promotion of prescription drugs and products in the field of precision medicines as per the development of the Company's disease category.
<b>General Management Division</b>	Integrate back-office resources and provide various back-office support functions as per the Company's long-term and short-term targets. Is mainly responsible for investment project evaluation, the operations of shareholder services, functional committees, and the Board of Directors, corporate image development, and maintenance of media relations. Established under it, the Financial Accounting Department is responsible for the Company's accounting and fund management business; the Management Department is responsible for the Company's information system and general affairs.
<b>Organizational Development and Human Resources Department</b>	Formulate the Company's human resources strategies, shape the core culture and values, integrate and ensure that the recruitment, cultivation, performance, and retention of human resources are closely linked with our organizational strategy to establish the organization's future competitive advantage.

### 1.1.6 Awards won and the evaluation passed during the reporting period

The Company was ranked among the top 5% of companies listed on Taipei Exchange in the 8th Corporate Governance Evaluation in 2021.

Yang, Ssu-Yuan, the President of TSH, won the Top Ten Managers of the Year at the 2021 Golden Torch Awards for the Top Ten Enterprises of the Year.

The liquid biopsy product won the Top Ten Products of the Year at the 2021 Golden Torch Awards for the Top Ten Enterprises of the Year.

The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 7th Corporate Governance Evaluation in 2020.

The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 6th Corporate Governance Evaluation in 2019.

Won the 16th National Innovation Award of Taiwan Government - Enterprise Innovation Group in the Biotechnology Pharmaceutical and the Precision Medicine categories in 2019.

Commissioned the Taiwan Corporate Governance Association to conduct an evaluation of the effectiveness (including performance) of the Board of Directors in 2019.

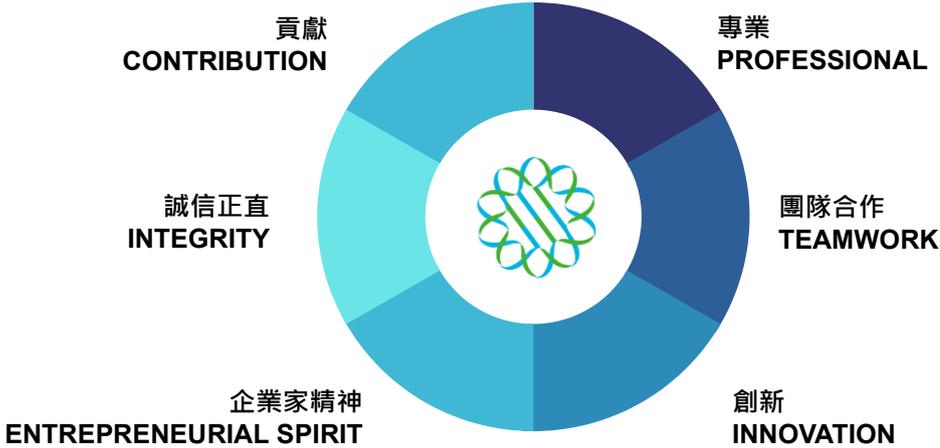
The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 5th Corporate Governance Evaluation in 2018.

The Company was ranked among the top 5% of companies listed on Taipei Exchange in the 4th Corporate Governance Evaluation in 2017.

## 1.2 Corporate culture, vision, and strategic direction

### 1.2.1 Corporate culture

With an attitude of honesty and integrity and entrepreneurial spirit, TSH adopts innovative and professional approaches and achieves organizational targets through teamwork, thereby contributing to society.



### 1.2.2 Vision and mission

IMPROVE PATIENTS' QUALITY OF LIFE OF AND BECOME THE BEST STRATEGIC DEVELOPMENT AND MARKETING PARTNER FOR INTERNATIONAL INNOVATIVE BIOTECHNOLOGY COMPANIES IN ASIA

FOCUS ON IMPROVING THE MEDICAL PRODUCT MIX FOR UNMET MEDICAL NEEDS

SPECIALIZE IN COLLABORATIVE DEVELOPMENT OF NEW INGREDIENTS, SPECIAL DOSAGE FORMS, AND INNOVATIVE THERAPIES

BECOME THE BEST STRATEGIC PARTNER FOR INTERNATIONAL INNOVATIVE BIOTECH PHARMACEUTICAL COMPANIES TO DEVELOP AND MARKET NEW DRUGS IN ASIA

### 1.2.3 Operations strategy

#### ☼ R&D strategy

Integrate the core capabilities of drug development (evaluation, dosage form development, laws and regulations, and clinical trials) and develop featured drugs that can be internationalized and patentable with economic benefits.

#### ☼ Marketing strategy

Put the semi-new drugs or new drugs with international market potential and specifications developed by the Company for international authorization after Phase I or II and complete the launch in Taiwan to expand the chronic disease drug market on both sides of the Taiwan Strait with the operating site in Taiwan.

#### ☼ HR strategy

Build an organizational culture on the basis of entrepreneurship, professionalism, and teamwork, train strategic key talents as per business strategies, and enhance development and marketing capabilities to become a biotech pharmaceutical company that develops international pharmaceuticals and sells them in the Taiwan market.

#### ☼ Production strategy

Concentrate resources on the R&D and marketing of international and patentable pharmaceuticals and outsource the manufacturing work to factories with PIC/S GMP specifications in the target market to manufacture high-quality pharmaceuticals to ensure the quality, safety, and effectiveness of the pharmaceuticals.

#### ☼ Financial strategy

Implement and keep abreast of budgets through a pragmatic and transparent financial and tax plan as per various business strategies, to maintain a sound financial foundation and ensure shareholders' rights and interests.

## 1.3 Company operations

### 1.3.1 Operations strategy

#### ☼ TSH's strategic management

##### (I) Operational approach

We set a five-year two-pronged transformation period in 2019, to focus on the active development in Asia and the enhanced development in Taiwan at the same time. In 2020, we launched new drug Noricin and have actively sought the coverage of Health Insurance to Noricin, to benefit angina pectoris patients in Taiwan. In the second half of 2021, TSH obtained the marketing authorization of the new compound hypolipidemic drug Cretrol in Taiwan and won the patent lawsuit against Merck Sharp & Dohme. In the same month, we also obtained the approval for Alprosm Lyophilized Powder for Injection, creating a new source of revenue in addition to the existing product mix.

Over the past two years, TSH has invested in the evaluation and development of a couple of new projects. A total of six drug development projects are underway. More than half of the above projects are products developed by ourselves with a global sale right (right to market products from Taiwan to China, the United States, Japan, and Europe). In the future, in addition to evaluating and developing R&D projects that are in alignment with the Company's development direction, we will actively work with overseas companies to seize opportunities for licensing. We will enhance and optimize the R&D pipeline, and

increase the opportunities and income from licensing to external parties.

In addition to the original genetic testing products at the time of the company incorporation, our patient care team has included the MPap® test developed in Taiwan and obtained the agency for the products of companies listed on Nasdaq from Korea and Germany. In addition to testing products, we have multiple parties to evaluate various types of medical devices or products, with the aim of improving chronic patients' quality of life.

## **(II) Estimated sales and their basis**

The Company estimated the sales of 161,893,000 units of oral dosage forms and 60,000 units of injectables in 2021. The estimated sales are based on the statistical report by IMS, future market competition, and changes in supply and demand.

## **(III) Important production and marketing policies:**

### **1. Business plan**

- ◆ We will accelerate the growth of performance in the export of self-made products and the authorization of products in the early R&D stage to overseas entities. In addition to maintaining the international patent granting progress for our existing R&D products, we will adopt international early-stage new drugs for joint R&D to add their values. We will adopt the Double strategy to be committed to international drug development and international marketing.
- ◆ The new business model of the biotechnology industry: Adopt tests for personalized medicine. With the rise of precision medicine, testing has become a part of treatment or preventive medicine. As AI is more common and easy to access, TSH will continue to launch relevant testing products to satisfy more clinical needs.

### **2. Production strategy**

Continuing the Company's strategy, we still outsource drug production to external manufacturers. At present, all production is outsourced to PIC/S GMP certified manufacturers. Furthermore, the temperature control during storage and transportation is an important factor in maintaining the drug quality in the entire distribution chain. Therefore, the Company has included active pharmaceutical ingredients (APIs) in the scope of the Company's GDP in cooperation with the government's Western Pharmaceuticals Good Distribution Practice Regulations.

In the testing business, we adopt the same strategy as drug production and work with internationally certified laboratories and pay close attention to the key points and impact of the amendment to the Regulations Governing the Application or Use of Specific Medical Techniques or Examinations or Medical Devices. In conjunction with a Korean testing company in 2020 and a German testing company in 2021, we will provide internationally certified tests to provide target groups and physicians with the best tools for cancer risk testing and cancer treatment.

### **3. Marketing and R&D strategy**

**Three-pronged approaches with double strategies to provide better health services**

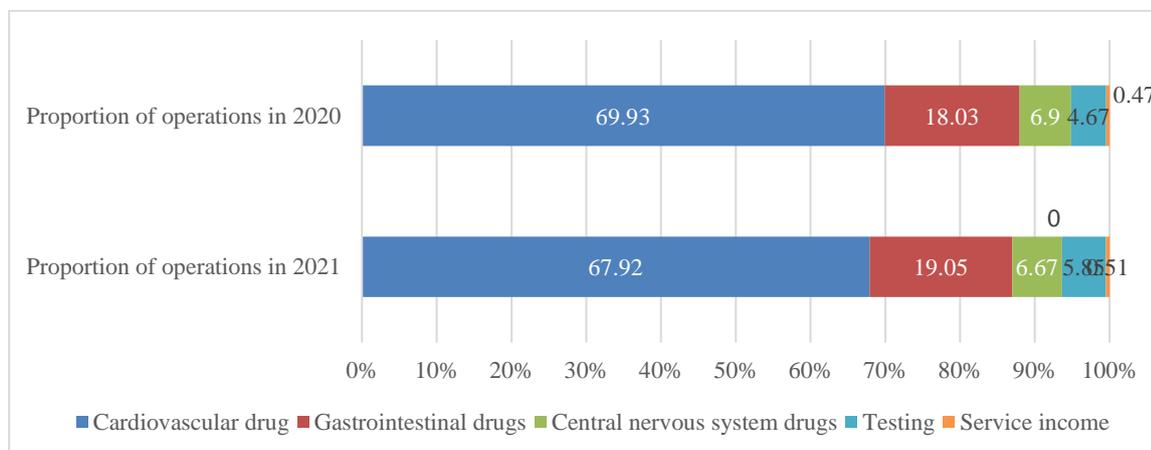
TSH continues put patient first, adopts three-pronged approaches with double strategies, and mainly focus on traditional pharmaceuticals and innovative medical care, with the aim of creating a medical product mix for patients with unmet needs, further developing new ingredients, special dosage forms, chronic disease treatment, genetic testing, cancer testing, and innovative therapies with partners, and becoming the best new drug development and marketing partner for international innovative biotech pharmaceutical companies in Asia, thereby providing better health services to all human beings before, during, and after medical treatment.

### 1.3.2 Financial performance

Unit: NT\$ thousand

Item	2020	2021
Operating revenue	447,862	413,483
Operating costs (labor costs and operating expenses)	373,558	357,868
Net operating income	74,304	55,615
Net non-operating income and expenses	2,928	5,934
Net income before tax	77,232	61,549
Net income after tax	61,570	47,108
Basic earnings per share (EPS)	1.6	1.23

### 1.3.3 Proportion of operations



Item	Year	2020	2021
		Proportion of operations %	Proportion of operations %
Cardiovascular drug		69.93%	67.92%
Gastrointestinal drugs		18.03%	19.05%
Central nervous system drugs		6.90%	6.67%
Testing		4.67%	5.85%
Service income		0.47%	0.51%
Total		100.00%	100%

### 1.3.4 Economic value distribution among stakeholders

Stakeholders	Description of economic value distribution	2020	2021
Shareholders	Cash dividends paid out in the year	69,117	57,597
Employees (excluding directors)	Salary, employee bonus, labor and health insurance expenses, pensions, and other employment expenses	108,617	98,191
Competent authorities	Income tax paid to the government of the Republic of China in the year	15,249	14,441
Licensing partners and drug joint development organizations	R&D expenses paid to licensing partners and drug joint development organizations	16,750	8,234

### 1.3.5 R&D status and development progress

The results of TSH's new product adoption and development in 2021 are as follows:

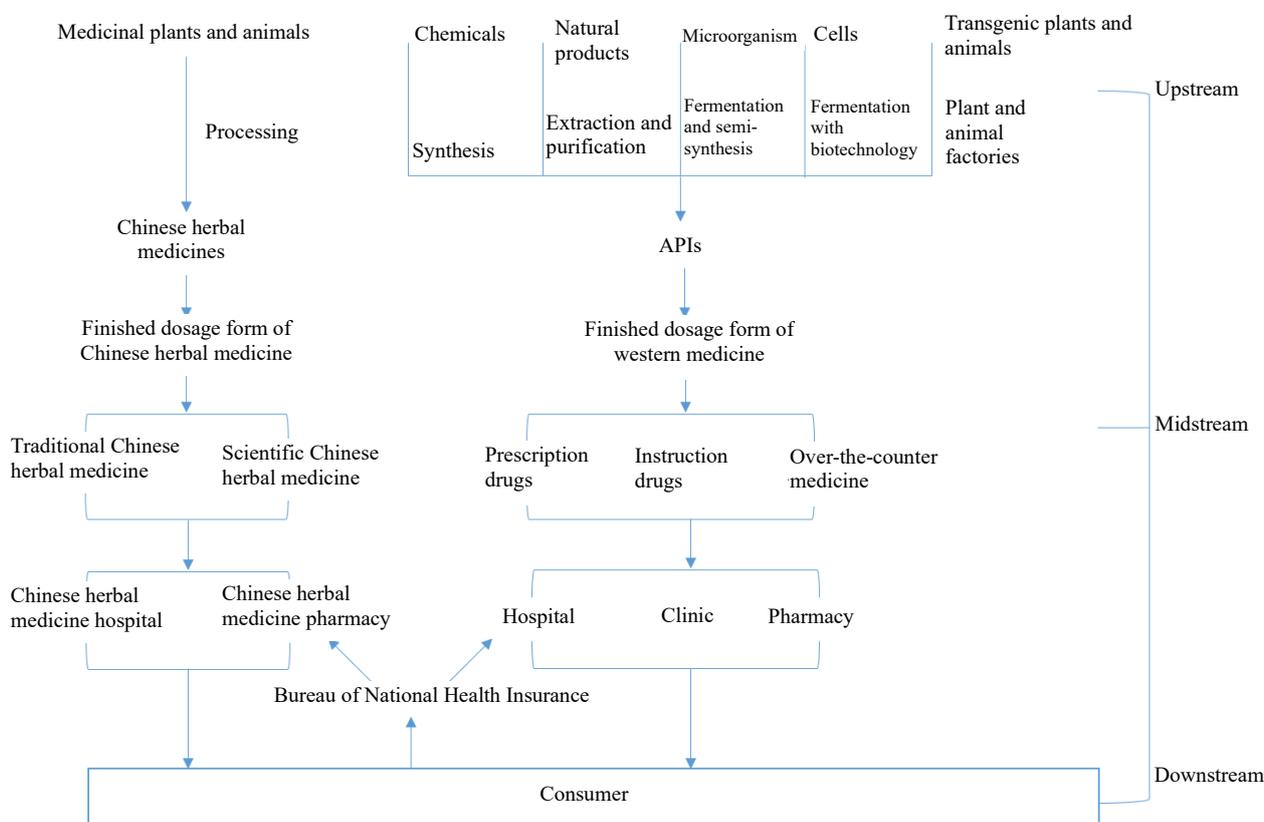
- ❁ 2021/03:  
Obtained the authorization of a NASDAQ listed company for cancer and non-cancer testing products in Taiwan market.
- ❁ 2021/11:  
Launched a pre-clinical trial of ABTA19, a new compound drug for cardiovascular diseases with high technical barriers.
- ❁ 2021/12:  
Obtained the marketing authorization of Cretrol, a new compound hypolipidemic drug, in the development project R19 for Taiwan's market.
- ❁ 2021/12:  
Obtained the marketing authorization of Alprosm Lyophilized Powder for Injection, used for the alleviation of the symptoms of peripheral arterial occlusive diseases, for Taiwan's market.

There are still a number of new products in the evaluation stage, which are expected to be introduced or developed by ourselves. The products under R&D are mainly new drugs for Taiwan, including new drugs with new ingredients and 505B2 (such as biosimilars, new compound drugs, and new dosage forms). We plan to launch at least three new drugs in the five-year plan through independent development or joint development.

As of the end of 2021, TSH has obtained three approvals for Noricin, Cretrol, a new compound hypolipidemic drug, and Alprosm Lyophilized Powder for Injection and will continue to develop and launch new products to the market. As for the development of overseas markets, we plan to launch the products that have been submitted for registration, developed, and sold in Southeast Asia over the past three years, and eight countries in five years. To seek the opportunity to obtain authorization to develop products independently. We plan to grant authorization to overseas pharmaceutical markets, mainly in China, the United States, Japan, and Europe.

### 1.3.6 Pharmaceutical supply chain

The structure of the pharmaceutical manufacturing industry can be divided into the up-, mid-, and downstream sections. The upstream and midstream section is for searching for and manufacturing raw materials (APIs); the downstream section is for manufacturing finished dosage forms and includes a variety of sales channels. As shown below:



### 1.3.7 Supplier relations

#### ■ Pharmaceutical supplier management

Suppliers are TSH's important partners. As a member on Earth, the Company attaches great importance to the corporate social responsibility issues and encourages suppliers to respond together, with the aim of improving suppliers' sustainable performance and achieving sustainable development. We manage suppliers through qualification review, on-site audits, improvement guidance, and a follow-up mechanism, while promoting environmental friendliness and paying attention to sustainability issues, to build a sustainable supply chain.

The Company does not have a factory. To effectively control the cost, product quality, and production progress of each product, we purchase APIs and provide the APIs to outsourced manufacturers for production rather than purchasing products from manufacturers directly. The products, including AMTREL, MOPRIDE, and Rhynorm, are outsourced to parent company TTY Biopharm Company Limited's PIC/S certified Liudu Plant for production. Therefore, 43.61% of the purchases (2021) are concentrated in TTY Biopharm Company Limited.

In addition, the Company outsourced the production of LINICOR (lipid lowering) to Genovate Biotechnology Co., Ltd. With the increasing sales year by year, the percentage of purchases in 2021 reached 17.53%.

The Company's management assessment is carried out through questionnaires returned by

suppliers about outsourced manufacturers, on-site audits, and data document review. We also require suppliers to provide official factory inspection reports that were provided within three years, factories' valid SOP LIST, PIC/S GMP documents, TFDA's drug master files (DMFs), the original manufacturers' certificates of analysis, and material safety data sheets (MSDS), to evaluate their quality systems and supply quality.

We have launched supplier self-assessment questionnaires since the 2021 for each supplier to conduct self-assessment of their performance in the environment, labor service, human rights, social, and product responsibility aspects, so that we can better understand their sustainable development situation.

As per the 2021 supplier self-assessment results, all of them met the standards for quality, service, and delivery time. No supplier needed to suspend supply or needed to be guided for improvement and followed up on after the evaluation. We completed the evaluation and on-site audit of the two new suppliers, who met the standards and were included in the list of qualified suppliers.

#### ■ **Pharmaceutical distributors**

The Company has established a Good Distribution Practice (GDP) system in accordance with TFDA's regulations and has passed the review. However, with the Company's business strategy, drugs are not delivered by ourselves but rather by logistics providers who are in compliance with the GDP standards selected in accordance with the Outsourcing Management Regulations and the Contractor Audit Procedures under the GDP system formulated by the Company. We continue to supervise the outsourced companies' quality, personnel education and training, workplace and equipment, document management, complaints, returned goods, drug recovery, and response to suspected counterfeit and banned drugs and manage deviant behavior with corrective and preventive measures to ensure that the quality and packaging integrity of the pharmaceuticals are maintained during storage and transportation after the pharmaceuticals leave the factory and the quality and safety of the pharmaceuticals for the public.

#### ■ **Suppliers' corporate social responsibility**

For the outsourced suppliers, in addition to focusing on the quality of the pharmaceuticals they manufacture, TSH evaluates whether their sustainable development policies and goals are in alignment with the Company's applicable policies. We encourage them to obtain environmental, occupational safety and health, and labor human rights certifications (such as OHSAS18001 occupational safety and health management system, ISO45001 occupational safety and health management system, and ISO14001 environmental management system) and submit self-assessment questionnaires, to jointly fulfill corporate social responsibility and facilitate the balance among and sustainable development of economy, society, and the environment.

Corporate social responsibility principles to be followed by suppliers:

- ❁ **Develop a sustainable environment:** Comply with environmental laws and regulations and applicable international standards, properly protect the natural environment, improve the resource use efficiency, properly and sustainably use water resources, consider the use of recycled materials with low impact on the environment, and reduce the impact of operations on the ecological environment.
- ❁ **Safeguard social charity:** Comply with applicable laws and regulations, such as the International Bill of Human Rights, to ensure gender equality, the right to work, and

prohibition of discrimination; protect internationally recognized labor rights, such as freedom of association, collective bargaining, prohibition of child labor, elimination of forced labor and employment discrimination; provide effective grievance and response mechanisms.

- ❁ **Ethical management:** Base business activities on the principle of ethical management in a fair and transparent manner; prohibit all unethical conduct. If the Company discovers any suppliers, clients, or business partners involved in unethical conduct, we will immediately stop business activities with them and conduct an internal investigation to see if any of the Company's personnel is involved and impose a penalty according to the results of the investigation.

In 2021, we did not discover any supplier who was involved in violation of labor rights, environmental protection laws, or human rights or unethical conduct, such as forced labor, serious infringement on workers' freedom of association, child labor, bribery, or serious environmental pollution.

### **1.3.8 Entities whose lease-in or outsourcing has a significant impact on the organization**

- ❁ **Lease-in:** The Company has leased in offices in Taipei and Kaohsiung, and the lease terms are in alignment with the general market standards.
- ❁ **Outsourcing:** The Company's manufacturing, warehousing, and partial preclinical trials and clinical trials are outsourced depending on the progress of the trials, which do not have a material impact on the Company's organization.

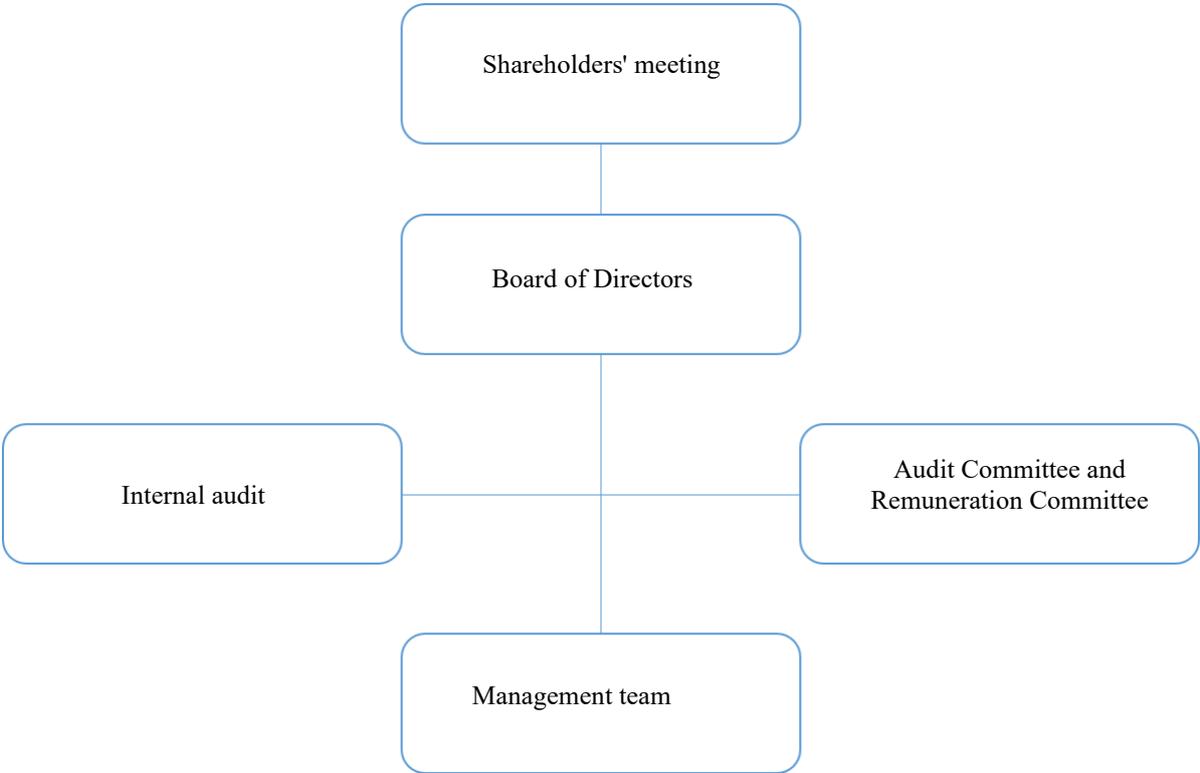
## 2. Corporate Governance and Code of Conduct and Ethics

### 2.1 Corporate governance

The Company believes that the operations of corporate governance will help protect shareholders' rights and interests, enhance the functions of the Board of Directors, effectively supervise organizational activities, increase information transparency, and respect stakeholders' rights and interests, to fulfill corporate social responsibility.

#### 2.1.1 Corporate governance organizational structure

We have established a risk control and management mechanism under the governance structure, to effectively supervise our organizational activities, reinforce organizational operations, and prevent illegal conduct that infringes on shareholders' rights, thereby creating a sustainable business environment.



#### 2.1.2 Operations of the Board of Directors

##### ■ Board of Directors

There are seven directors (including three independent directors) on the 5th Board of Directors of the, including one female member. The term of office is from May 29, 2020 through May 28, 2023. The board is formed by experts in the fields of finance, accounting, and securities from the industry, academic entities, and medical units in alignment with the board diversity policy under the Company's Corporate Governance Best-Practice Principles that each board members shall have the knowledge, skills, and qualities required for business development and performance of duties.

As per Article 20 of the Company's Corporate Governance Best-Practice Principles, to enhance the functions of the Board of Directors to achieve the ideal goal of corporate governance, the Board of Directors as a whole shall possess business judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making capabilities.

## The implementation of the Company's diversity policy is as follows:

Diverse core competency	Nationality	Gender	Years of service as an independent director	The Company's employee concurrently	Business management	Leadership and decision-making	Industry knowledge	Financial accounting	Financial law
Chairman Chuan Lin	Republic of China	Male	-	None	V	V	V	V	V
Director Carl Hsiao	U.S.	Male	-	None	V		V		
Director Chao-Yi Chiang	Republic of China	Male	-	None				V	V
Director Kang-Chi Chou	Republic of China	Male	-	None	V	V			
Independent Director Chih-Li Wang	Republic of China	Male	5 years	None				V	V
Independent Director Yi-Ming Wang	Republic of China	Male	4 years	None	V			V	V
Independent Director Jui-Hsun Chen	Republic of China	Female	5 years	None	V	V	V		V

- The average age of the current term of directors is 64.28 years old. In respect of age distribution, one director is 36–40 years old, one 56–60 years old, two 61–65 years old, one 71–75 years old, and two 76–80 years old. The percentage of directors who are also the Company's employees is 0%.
- Female director(s) accounted for 14.2%; independent directors who have served for four years accounted for 100%.
- The Company pays attention to the diversity principle in terms of the composition of the Board of Directors. The target percentages of directors with backgrounds in the biotechnology and medical industry and the certified public accountant license are 29% and 14%, respectively, and the current percentages are 43% and 29%, respectively.

### Operations of board meetings

We convene board meetings at least once a quarter in accordance with the relevant regulations of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and the Company's Rules of the Procedure for Board of Directors Meetings.

- ✓ We held a total of five board meetings in 2021, and the average attendance of all directors was 97.14%.
- ✓ The independent directors' attendance at each board meeting in 2021 is as follows:

◎: Attendance in person ☆: Attendance by proxy \*: Absence

Independent director	2021.03.10	2021.05.04	2021.11.03	2021.12.17	2022.03.04
Chih-Li Wang	◎	◎	◎	◎	◎
Yi-Ming Wang	◎	◎	◎	◎	◎
Jui-Hsun Chen	◎	◎	◎	◎	◎

- ✓ For the resolutions adopted by the Board of Directors in 2021 as per matters listed in Article 14-3 of the Securities and Exchange Act, no independent directors expressed objections or reservations.

### Board members' recusal due to conflicts of interest

Directors are highly self-disciplined. When they have a conflict of interest with a motion on the board meeting agenda, they take the initiative to explain the important content of their own interest, recuse themselves from discussion and voting, and do not exercise voting rights on behalf of other directors, and their recusal due to conflicts of interest is recorded in the meeting minutes. The directors' recusal due to conflicts of interest in 2021 is as follows:

Date	Name	Content of proposal	Reason for recusal	Participation in voting
2021.03.10	Chuan Lin, Carl Hsiao, Chao-Yi Chiang, and Kang-Chi Chou	Proposal for removal of the non-compete clause for directors.	The Company's directors are the representatives of affiliates.	The Company's directors were recused from voting due to a conflict of interest.

2021.05.04	Chuan Lin, Carl Hsiao, Chao-Yi Chiang, and Kang-Chi Chou	Proposal to sign the 2021–2023 service outsourcing agreement with TTY Biopharm Company Limited.	The Company's directors are the representatives of affiliates.	The Company's directors were recused from voting due to a conflict of interest.
2021.05.04	Chuan Lin, Carl Hsiao, Chao-Yi Chiang, and Kang-Chi Chou	The list of directors who received remuneration in 2020.	The Company's directors were the parties involved.	With the directors' personal interests involved, they were recused from voting.
2021.12.17	Chuan Lin, Carl Hsiao, Chao-Yi Chiang, and Kang-Chi Chou	Proposal to sign a supplementary agreement of the lease agreement with TTY Biopharm Company Limited.	The Company's directors are the representatives of affiliates.	The Company's directors were recused from voting due to a conflict of interest.

### ■ Compliance with the Codes of Ethical Conduct

To allow our directors' and managers' behavior to be in compliance with the ethical standards and to enable the Company's stakeholders to better understand the Company's ethical standards, we have formulated applicable standards in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies to require directors and managers to prevent conflicts of interest, avoid opportunities for personal gain, fulfill confidentiality obligations, carry out fair trade, protect and properly use company assets, and comply with laws and regulations, thereby enhancing the supervisory function of the Board of Directors, improving corporate governance, and, in turn, achieving sustainable development.

### ■ Board performance evaluation

As per the Rules of the Performance Evaluation of the Board of Directors approved by the Board of Directors, we evaluate the performance of the Board of Directors in an internal self-evaluation method within three months after the end of each year. The unit in charge of meeting affairs is responsible for assisting with the evaluation and the scoring of the board performance based on the scoring standards for indicators and the self-evaluation by board members, and it reports on the results to the Board of Directors as a reference for the directors' performance and remuneration. Moreover, to improve the operational performance of the Board of Directors, it is stipulated that an external entity should be appointed to conduct an evaluation of the performance of the Board of Directors at least once every three years.

[Regular internal evaluation every year]

- ☼ As per the evaluation results by the unit in charge of meeting affairs in 2021, the score was 96.02 points (out of 100 points), and the evaluation results were reported at the board meeting on March 4, 2022.
- ☼ As per the evaluation results in 2021, our improvement plan is to maintain or increase directors' attendance at board meetings and review the frequency of board meetings. We continue to pay attention to the time arrangement to increase directors' attendance at board meetings.
- ☼ Taiwan Corporate Governance Association's suggestions and the Company's improvement plan:

Taiwan Corporate Governance Association's suggestions	The Company's improvement plan:
It is suggested that your company re-examine the requirements for the establishment of functional committees and the responsibilities delegated to each functional committee by the Board of Directors at least every quarter.	<b>The corporate governance team will report to the Board of Directors on the establishment of other functional committees and formulate organizational charter for such committees in accordance with applicable laws and regulations as per operational needs.</b>
It is suggested that your company's Remuneration Committee re-examine the directors' remuneration	<b>We have amended the Remuneration Committee Charter with the reasonableness of</b>

policy, system, standard, and structure on a regular basis or every term of the committee.	<b>remuneration considered and will continue to review directors' remuneration policy and structure on a regular basis.</b>
It is suggested that the Board of Directors not only pay attention to the promotion of your company's business but to the directors' and top-level managers' succession plan, to facilitate sustainable development.	<b>In response to the adjustment to the strategic direction, we will continue to implement the top-level managers' succession plan and review them regularly. At this stage, we will select outside directors with expertise or experience in this industry, so we will establish a talent pool of outside directors. In the future, we will cultivate internal director candidates based on the group or company strategy.</b>
It is suggested that your company first request the Audit Committee to render its opinion on the performance of the chief auditor.	<b>We plan to hold a seminar between the members of the Audit Committee and the chief auditor to learn about the chief auditor's work performance and render an opinion as a reference for the Chairman's assessment.</b>

[External evaluation once every three years]

In September 2019, we appointed the Taiwan Corporate Governance Association to conduct an evaluation of the effectiveness of our Board of Directors, obtained an evaluation report in December of the same year, and reported the evaluation results and an improvement plan at the board meeting on December 20, 2019.

## ■ Continuing education and liability insurance

### 🌿 Continuing education

To enable directors to continuously increase their knowledge and implement the corporate governance system, the Company takes the initiative to provide them with information on professional courses. We arrange courses to invite directors to participate as per the number of hours and scope specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. In 2021, all directors received a total of 67 hours of training.

### 🌿 Liability Insurance

The Company has purchased liability insurance for directors and completed the purchase of the liability insurance for the years 2021 and 2022 and reported it to the Board of Directors in the first quarter of the year. The 2021 liability insurance purchased has been reported to the Board of Directors on March 10, 2021. The amount and scope of the liability insurance purchased in 2022 has been reported to the board meeting on March 4, 2022. The amount insured for directors and supervisors is US\$3 million.

## 2.1.3 Organization and operations of the Audit Committee

### ■ Organization of the Audit Committee

The committee is formed by all the Company's independent directors to assist the Board of Directors in perform its supervisory duties. The committee's charter has been approved by the Board of Directors, and its resolutions are all reported to the Board of Directors.

The current term (2nd term) of the Audit Committee is from May 29, 2020 through May 28, 2023. Independent directors Chih-Li Wang, Yi-Ming Wang, and Jui-Hsun Chen serve as members of the Audit Committee.

### ■ Operations of the Audit Committee

The Audit Committee should convene at least a meeting per quarter and may convene a meeting at any time as needed. The current convener of the Audit Committee is Chih-Li Wang. A total of five Audit Committee meetings have been held since 2021, and the unit in charge

of meeting affairs provided sufficient resources for members to perform their duties. During the Audit Committee's resolution in 2021, there were no member recused from proposals due to conflicts of interest.

■ **Audit Committee members and their attendance are as follows:**

Title	Name	Attendance in person	Attendance by proxy	Attendance (%)
Convener	Chih-Li Wang	5	0	100
Member	Yi-Ming Wang	5	0	100
Member	Jui-Hsun Chen	5	0	100

■ **The resolutions adopted by the Audit Committee on matters under Article 14-5 of the Securities and Exchange Act and other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors in 2021:**

Audit Committee	Content of proposal and subsequent response	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions that have not been adopted by the Audit Committee but have been adopted by more than two-thirds of all directors
2nd term 4th meeting 2021.03.10	1. The Company's 2020 business report and financial statements. 2. The Company's 2020 statement of internal control system. 3. Proposal for amendment to the Company's Audit Committee Charter.	V	-
	<b>Audit Committee's opinion: None.</b> <b>The Company's response to the Audit Committee's opinion: None.</b> <b>Resolution result: All Audit Committee members present agreed to pass all proposals.</b>		
2nd term 5th meeting 2021.05.04	1. The Company's financial statements for 2021 Q1. 2. Proposal to sign the 2021–2023 service outsourcing agreement with TTY Biopharm Company Limited (“TTY Biopharm”).	V	-
	<b>Audit Committee's opinion: None.</b> <b>The Company's response to the Audit Committee's opinion: None.</b> <b>Resolution result: All Audit Committee members present agreed to pass all proposals.</b>		
2nd term 6th meeting 2021.08.03	The Company's financial statements for 2021 Q2.	V	-
	<b>Audit Committee's opinion: None.</b> <b>The Company's response to the Audit Committee's opinion: None.</b> <b>Resolution result: All Audit Committee members present agreed to pass all proposals.</b>		
2nd term 7th meeting 2021.11.03	1. The Company's financial statements for 2021 Q3. 2. Proposal for amendment to the Company's Financial Report Preparation Management Regulations. 3. Proposal for amendment to the Company's Accounting System. 4. Proposal for amendment to the Company's Internal Control System and Internal Audit System.	V	-
	<b>Audit Committee's opinion: None.</b> <b>The Company's response to the Audit Committee's opinion: None.</b> <b>Resolution result: All Audit Committee members present agreed to pass all proposals.</b>		
2nd term 8th meeting 2021.12.17	1. The Company's 2022 audit plan. 2. Proposal to appoint KPMG Taiwan as the Company's accounting firm and for various audit fees for various audit services. 3. Proposal to sign a supplementary agreement of the lease agreement with TTY Biopharm.	V	-
	<b>Audit Committee's opinion: None.</b> <b>The Company's response to the Audit Committee's opinion: None.</b> <b>Resolution result: All Audit Committee members present agreed to pass all proposals.</b>		

## 2.1.4 Organization and operations of the Remuneration Committee

### ■ Organization of the Remuneration Committee

The Remuneration Committee has been established under the Board of Directors to assist the board in fulfilling its supervisory responsibilities. The committee's charter has been approved by the Board of Directors, and its resolutions are all reported to the Board of Directors.

The 4th (current term) Remuneration Committee is formed by independent directors Yi-Ming Wang, Chih-Li Wang, and Jui-Hsun Chen; the term is from May 29, 2020 through May 28, 2023 (same as the term of the Board of Directors).

### ■ Operations of the Remuneration Committee

The convener of the Remuneration Committee is Yi-Ming Wang, who may convene committee meetings at any time as per regulations and should hold at least two meetings per year.

The current term of the Remuneration Committee held a total of two meetings, and the unit in charge of meeting affairs provided sufficient resources for the members to perform their duties. More than half of all members agreed to adopt the Remuneration Committee's resolutions, and no member expressed objections or reservations about any resolutions adopted by the Remuneration Committee.

### ■ The current remuneration committee and attendance are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance (%)
Convener	Yi-Ming Wang	2	0	100
Member	Chih-Li Wang	2	0	100
Member	Jui-Hsun Chen	2	0	100

### ■ The Board of Directors' amendment to the resolution by the Remuneration Committee:

Remuneration Committee	Content of proposal and subsequent response	Resolution result	The Company's response to the Remuneration Committee's opinions
<b>4th term 2nd meeting 2021.03.10</b>	<ol style="list-style-type: none"> <li>The Company's 2020 employee and directors' remuneration distribution proposal.</li> <li>The Company's 2020 employee bonus distribution proposal.</li> <li>Proposal for 2021 bonus for the head of the Business Division.</li> <li>Proposal for 2021 bonus for the head of the Business Development Division.</li> <li>Managers' annual pay raise proposal.</li> <li>Proposal for amendment to the Company's Rules of the Performance Evaluation of the Board of Directors.</li> <li>Proposal for amendment to the Company's Rules of the Performance Evaluation of the Functional Committees.</li> <li>Proposal for amendment to the Company's Remuneration Committee Charter.</li> </ol>	All members present agreed to pass all proposals.	Above proposals were submitted to the Board of Directors and approved by all directors present.
<b>4th term 3rd meeting</b>	<ol style="list-style-type: none"> <li>The list of directors who received 2020 directors' remuneration.</li> </ol>	All members present agreed to	Above proposals were submitted to the Board

2021.05.04	2. Proposal for promotion of the Company's professional managers.	pass all proposals.	of Directors and approved by all directors present.
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## 2.1.5 Remuneration policy

### ■ Directors' remuneration policy

The directors' remuneration policy is based on Article 26 of the Company's Articles of Incorporation. When directors perform duties, the Company may pay them remuneration regardless of the Company's operating profit or loss. The Board of Directors is authorized to determine the remuneration as per their participation in the Company's operations and the values of their contributions while with reference to the general industry standards. Where the Company makes a profit, no more than 2% of the year's profit shall be allocated as the directors' remuneration as per the Company's operating results and their contribution to the Company's performance in accordance with Article 29-1 of the Company's Articles of Incorporation.

The Company formulates the procedures for directors' remuneration and conducts the performance evaluations of individual board members and the Board of Directors as per the Company's Rules of the Performance Evaluation of the Board of Directors and Rules of the Performance Evaluation of the Functional Committees. As per the aspects of awareness of the Company's goals and missions, the understanding of directors' responsibilities, the degree of participation in the Company's operations, the management of internal relations and communication, directors' professional and continuing education, and internal control, the Remuneration Committee proposed their remuneration based on the values of their participation and contribution to the Company's operations while with reference to the general industry standards, which were then reviewed by the Board of Directors. The Company's independent directors receive fixed remuneration and honoraria for attending meetings, which are different from regular directors.

### ■ Managers' and employees' remuneration policy

The Company's remuneration paid to the President and the Vice Presidents is handled in accordance with the Company's Managers' Salary Regulations and Performance Management Regulations and Performance Bonus Payout Guidelines. The remuneration paid to the President and the Vice Presidents includes base salary, allowances, and bonuses, which are calculated in accordance with the Company's overall operating objectives (key performance indicator (KPI)), the linkage with personal performance indicators (PDP), and the demonstration of personal competencies, including financial indicators (sales, such as company revenue, operating net income, and achieving rate of net income before tax) and non-financial indicators (manufacturing, such as inventory and cost management; R&D, such as development project progress; organizational development, such as a talent training plan). Such a remuneration proposal should be approved by the Chairman, submitted to the Remuneration Committee to review individuals' performance and future risks and industry standards, and then sent to the Board of Directors for resolution before adjustment and payout.

- The Company's salary policy depends on the Company's overall salary level in the market, the results of industry salary surveys, the industry life cycle in which the Company is in, with the internal fairness, consistency, and external salary and reward competitiveness ensured.

## 2.1.6 Corporate governance achievements

- The Company participated in the CG6009 general version of the corporate governance evaluation system of the Taiwan Corporate Governance Association in 2014 and passed the evaluation and certification. The certificate was valid from September 30, 2014 through September 29, 2016.
- The results of the corporate governance evaluation of companies listed on Taipei Exchange announced by the Securities and Futures Institute are as follows:

	Year	Evaluation results
1st	2014	Among top 6% to 20%
2nd	2015	Among top 6% to 20%
3rd	2016	Among top 6% to 20%
4th	2017	Among top 5%
5th	2018	Among top 6% to 20%
6th	2019	Among top 6% to 20%
7th	2020	Among top 6% to 20%
8th	2021	Among top 5%

- We review the results every year after the evaluation and refer to benchmarking companies' operations and assess our resources to formulate improvement approaches for the following year. In 2021, we set improvement targets as per the corporate governance blueprint 3.0 and the corporate governance issues not yet improved for 2020, and the implementation results are as follows:
  - ❁ Prepared the annual financial report in English and uploaded it seven days before the annual general meeting of shareholders.
  - ❁ Prepared the interim financial report in English and uploaded it within two months after the deadline for the Chinese interim financial report.
  - ❁ Prepared the English version of the shareholders' meeting agenda handbook and supplementary materials and uploaded them 30 days before the annual general meeting of shareholders.
  - ❁ Prepared the annual report for the shareholders' meeting in English and uploaded it seven days before the annual general meeting of shareholders.
  - ❁ Improved the directors' attendance at the shareholders' meeting in person.

## 2.2 Ethical management and anti-corruption and reporting system

With an attitude of honesty and integrity and entrepreneurial spirit, TSH adopts innovative and professional approaches and achieves organizational targets through teamwork, thereby contributing to society. This has well-defined our core value. Honesty and integrity are defined as self-disciplined and honest in admitting mistakes and responsible for such mistakes. The key principles required include self-disciplined, honest in pointing out and not concealing any defect in the organization (company, department, process, or project), trustworthy, honoring personal commitment, and facing failure honestly.

**In addition, the Company specifically requires all employees to abide by and implement the code of business ethics:**

- ❁ **Evaluation of drugs**  
Identify unmet medical and market needs, and search for high-barrier/patentable candidate drugs with economic benefits based on market needs.
- ❁ **Drug development project management**  
Formulate product development plans based on the positioning of new products and continue to conduct internal and external analyses during the drug development process to respond to new product development issues, meet changing medical and

market needs, and seek international development opportunities.

❁ **Clinical trials of drugs**

Prioritize the safety of patients for use of drugs, establish trial objectives based on the ethics and reasonableness of clinical trials, strictly screen trial participants, and perform professional statistical validity analysis to produce reliable test data.

**Employees should abide by and implement the code of business ethics:**

- ❁ Abide by laws, orders, and rules.
- ❁ Say no to corruption and bribery.
- ❁ Put emphasis on corporate governance and strive to achieve a balance of interests among shareholders, employees, and all stakeholders.
- ❁ Be honest to shareholders, employees, clients, and the general public.
- ❁ Care for the society and sponsor charity activities legitimately and continuously
- ❁ Meet the confidentiality requirements for confidential and commercially sensitive information obtained in business

Integrity is the core value of the Company's corporate culture. Our management team operates the business based on this principle and has formulated the Ethical Corporate Management Best-Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and a whistleblowing system for unethical conduct. The Board of Directors and the management comply with applicable laws and regulations and signed a statement of compliance with ethical management, and board members are highly self-disciplined.

The Company has formulated the Procedures for Ethical Management and Guidelines for Conduct on October 30, 2020 and set up an Ethical Management Promotion Team under the Board of Directors with the Vice President of the General Management Division as the convener. Its members include the heads of the Business Development Division, the Management Department, the Legal Department, and the Financial Accounting. It is responsible for formulating, amending, and implementing the Company's integrity policy and regularly reporting to the Board of Directors every year and disclosing it on the Company's website. It reported to the Board of Directors on the 2021 operations on March 4, 2022:

- The Company did not have any confirmed corruption incident taking place in 2021, so no employee was dismissed or punished due to corruption, and we did not terminate contracts or terminate the contract renewal with business partners due to corruption.
- The Company did not engage in direct or indirect financial or in-kind political contributions in 2021.
- The Company did not discover any unethical conduct or any reported violation in 2021.

The Company has established the whistleblowing system (see details on the Company's website). The General Management Division, the Audit Office, or the Ethical Management Promotion Team is responsible for accepting reports depending on the parties reported. The contact information for whistleblowing is available on the Company's website, and the identity of whistleblowers and the content reported are kept confidential. In the case of violations of ethics, we impose a punishment or dismiss personnel depending on the severity of the circumstances in accordance with applicable laws or regulations or the Company's applicable regulations or through legal actions.

- **Whistleblowing channels:**
  - Ethical Management Promotion Team
  - Email:
- **Internal whistleblowing channels:**
  - Whistleblowing hotline\_Tel.: 02-2655-8525

- ◆ Hsin-Yang Liu, Vice President of the General Management Division (ext. 5500)
- ◆ Ya-Chi Wu, Chief Auditor (ext. 5523)
- Whistleblowing hotline\_email:
  - ◆ Vice President of the General Management Division  
Sean\_Liu@tshbiopharm.com
  - ◆ Chief Auditor Jessica\_Wu@tshbiopharm.com
- **External whistleblowing channels:**
  - Name: Independent director Chih-Li Wang (Partner and CPA of Moores Rowland CPAs)
  - Email: lmui@ms59.hinet.net
- **Responsible units:**
  - Ethical Management Promotion Team, Vice President of the General Management Division, and Chief Auditor
- **Rewards:**
  - If the violation reported is verified to be true, rewards will be given in accordance with Chapter 8 of the Work Rules set by the Company.

**The investigation standard operating procedure and confidentiality mechanism for the violations reported shall be handled in accordance with the Company's whistleblowing system. The content is summarized as follows:**

- **Required information:** Whistleblower's real name should be provided, and the facts specifically stated and confirmed with the whistleblower's signature.
- **Case processing**
- **Investigation:** After a case is accepted, the relevant facts will be investigated. If necessary, the whistleblower's personal information can be concealed, and then the relevant units or outside attorneys or experts can be appointed to provide assistance. If it is verified to be true, the responsible unit immediately requests the party reported to stop the relevant conduct and handles it properly and may apply for damages through legal procedures if necessary.
- **Reporting and punishment Decision:** After the responsible unit completes the necessary investigation procedures, it will issue an investigation report based on the facts verified through the investigation and inform the units at relevant levels of the whistleblower protection policy. Whistleblowing file storage.

### Brief description of the protection policy:

- The Company promises to keep whistleblower’s identity information completely confidential and should not treat whistleblower improperly or unfavorably due to whistleblowing.
- When whistleblower’s identity is compromised, the responsible unit should investigate the reason and strictly punish the person who compromised the identity in accordance with the Company's work rules.
- Whistleblowing documents, statements, or other relevant materials should be sealed and kept in the responsible unit’s exclusive confidential files. If there is any leakage, it should be punished in accordance with the Company's work rules.

## 2.3 Communication with stakeholders on material topics

### ■ Analysis of materiality of issues of concern

To pursue sustainable management and fully understand the importance of stakeholders’ issues of concern to the Company and the Company's response, we evaluated the factors and issues that may affect the Company and identified relevant issues and those that may occur within or outside the Company with reference to the GRI Standards issued by the Global Reporting Initiative (GRI), so that the Company can establish effective and transparent communication channels. The process for identifying material factors and boundaries is as follows:

### ■ Material topics and boundaries

The internal and external boundaries defined for each material topic are as follows:

Material topic	Corresponding to topics under GRI Standards	Management approach	Boundaries	
			Internal	External
<b>Corporate governance</b>	General disclosures: Governance structure/Values, principles, standards, and norms of behavior	Corporate Governance Best-Practice Principles	Company	Investors and suppliers
<b>Business performance</b>	Management approach: Evaluation of management approach	Business plan	Company	Investors
<b>Risk management</b>	General disclosures: Key impacts, risks, and opportunities/ Effectiveness of risk management processes	Risk policy	Company and employees	Investors, community clients, clients, and suppliers
<b>Labor/management relations</b>	Specific disclosures - Social Employment and Training and Education	Benefit plan Training and development plans	Company and employees	-
<b>Occupational health and safety</b>	Specific disclosures - Social Occupational Health and Safety	Benefit plan	Company and employees	-
<b>Compliance</b>	Socioeconomic Compliance	Regulations and policies	Company and employees	Investors, community, clients, and suppliers
<b>Client rights</b>	Specific disclosures - Social Product Quality Management Marketing and Customer Relations	Customer complaint response regulations Product recall management Adverse reaction notification GMP/GDP	Company	Clients

<b>Supply management chain</b>	General disclosures: Supply chain	Supplier assessment	Company	Clients
<b>Community and environment</b>	Specific disclosures - Social	Public relations Community engagement Environmental protection	Company	Community

■ **Stakeholder identification and communication and response**

Stakeholders refer to organizations or individuals affected by the Company's operations, products, or services. The Company should identify stakeholders and respond to their reasonable expectations and interests. The Company's stakeholders include shareholders (investors), employees, clients, drug development partners, suppliers, groups, and competent authorities. We strive to maintain positive relations with stakeholders and communicate issues with internal and external parties, include stakeholders' issues of concern in relevant units' responsibilities and work plans, respond to changes in environmental trends and amendments to laws and regulations in conjunction with relevant units. To meet stakeholders' expectations, the Company adopts various communication methods to ensure that relevant tasks are completed and maintains smooth communication channels as well. The management team regularly adopts relevant feedback as a reference for future improvement or plans.

The Company's corporate governance officer reports to the Board of Directors on the communication with stakeholders every year and has reported on the communication with stakeholders at the board meetings on August 3, 2021 and December 17, 2021, including the feedback from stakeholders, the Company's response, and subsequent response plans.

**List of communication channels between the Company and stakeholders**

Stakeholder	Main party	Issue of concern	Response mechanism	2021 records
<b>Shareholders (Investors)</b>	Institutional shareholders Individual shareholders	Corporate vision CSR policy Corporate governance Business performance Risk management	Spokesperson and mailbox Company website Investor conference Shareholders' meeting Board of Directors	<ul style="list-style-type: none"> <li>✓ Held four investor conferences</li> <li>✓ Held one shareholders' meeting and five board meetings</li> <li>✓ Shareholders exercised their voting rights by electronic means to fully participate in the voting on proposals.</li> <li>✓ Prepared the annual report for the shareholders' meeting and announced information for investors' reference</li> </ul>
<b>Employees</b>	All employees	Corporate vision Benefit policy Labor/management relations Talent training Occupational health and safety	Labor-management meeting Departmental meeting Interdepartmental meeting Employee Welfare Committee	<ul style="list-style-type: none"> <li>✓ Regularly held labor-management meetings</li> <li>✓ Regularly held plan of action (POA) meetings</li> <li>✓ Regularly held departmental meetings (monthly)</li> <li>✓ Held nine Employee Welfare Committee meetings</li> </ul>

				<ul style="list-style-type: none"> <li>✓ Held PDP interviews (initial/mid-term/final)</li> <li>✓ Set out individual development plans (IDP) (beginning of period) and received feedback (end of period)</li> </ul>
<b>Development partners</b>	Authorization for introduction Authorization granted to external parties Development partners	Corporate vision Business performance CSR policy	Electronic correspondence Visits Meetings (face-to-face, phone calls, conferences, or video conferences)	<ul style="list-style-type: none"> <li>✓ Held meetings regularly</li> <li>✓ Held meetings from time to time</li> </ul>
<b>Clients</b>	Medical service personnel General public Distributors	Corporate vision Product quality and safety Compliance CSR policy	Relevant seminars and visits	<ul style="list-style-type: none"> <li>✓ Held large seminars from time to time</li> <li>✓ Offered toll-free hotline</li> <li>✓ Held meetings from time to time</li> <li>✓ Offered educational training</li> </ul>
<b>suppliers</b>	Raw material suppliers Outsourced manufacturers Pharmaceutical warehousing and logistics Transport distribution companies General service suppliers	Corporate vision CSR policy Compliance	Electronic correspondence Visits Production and sales meetings	<ul style="list-style-type: none"> <li>✓ Regularly held meetings (monthly)</li> <li>✓ Evaluated old suppliers (annually)</li> <li>✓ Evaluated existing suppliers (once every three years)</li> <li>✓ Audited new suppliers</li> <li>✓ Phone and email</li> </ul>
<b>Groups</b>	Social welfare groups Industry unions	Corporate vision CSR policy CSR promotion organizations	Communication between event organizers and social welfare groups	<ul style="list-style-type: none"> <li>✓ Launched invoice raising campaigns</li> <li>✓ Held charity sales</li> <li>✓ Organized visits and donation of supplies</li> <li>✓ Made cash donations</li> <li>✓ Established scholarships</li> </ul>
<b>Competent authorities</b>	Government agencies	Compliance Labor/management relations CSR promotion organizations	Official letter correspondence Promotion of policies and relevant systems	<ul style="list-style-type: none"> <li>✓ Company financial reports</li> <li>✓ Market Observation Post System (MOPS)</li> <li>✓ Held audits from time to time</li> <li>✓ Participated in awareness-raising events on laws</li> </ul>

## ■ Stakeholders' feedback and review

In the corporate sustainable development, we need to constantly communicate with stakeholders to understand their needs as a reference for the formulation of company

policies and plans. During the implementation of policies and plans, we should also pay attention to stakeholders' feedback all the times for subsequent improvement.

■ **Contact information for stakeholders**

To protect investors' and stakeholders' rights and interests, we continue to reinforce the integrity, timeliness, and correctness of information disclosure. In addition to the MOPS, we have set up a Shareholders section and a Stakeholders section on the Company's website to provide information on the implementation of corporate governance, material information, financial reports, operating income, dividend information, and shareholders meetings to fulfill our responsibility to all shareholders.

**The contact points for stakeholders are as follows:**

● Contact information	
Tel.	02-26558525
Fax	02-26558526
Company website	<a href="http://www.tshbiopharm.com">http://www.tshbiopharm.com</a>
Order placement hotline	0800-258-028
Testing product consultation hotline	0800-555-885
Government Uniform Invoice number	53093421
Address:	3F-1, No. 3-1, Yuanyuan Street, Nangang District, Taipei City, 11503
● Investor relations and press contacts	
Contact point:	Hsin-Yang Liu, Vice President of the General Management Division
Tel.:	02-2655-8525 #5500
Email:	<a href="mailto:Sean_Liu@tshbiopharm.com">Sean_Liu@tshbiopharm.com</a>
● Raw materials & goods procurement	
Contact point:	Shu-Ling Chang, Senior Specialist at New Product Development Department
Tel.:	02-2655-8525 #5131
Email:	<a href="mailto:eliza@tshbiopharm.com">eliza@tshbiopharm.com</a>
● Business collaboration	
Contact point:	Chao-Jen Liao, Head of Business Development Division
Tel.:	02-2655-8525 #5511
Email:	<a href="mailto:Leon_Liao@tshbiopharm.com">Leon_Liao@tshbiopharm.com</a>
● Internal whistleblowing channel	
Contact point:	Hsin-Yang Liu, Vice President of the General Management Division
Tel.:	02-2655-8525 #5500
Email:	<a href="mailto:Sean_Liu@tshbiopharm.com">Sean_Liu@tshbiopharm.com</a>
Contact point:	Ya-Chi Wu, Head of the Audit Office
Tel.:	02-2655-8525 #5523
Email:	<a href="mailto:Jessica_Wu@tshbiopharm.com">Jessica_Wu@tshbiopharm.com</a>
● External whistleblowing channel	
Contact point:	Independent director Chih-Li Wang (Partner and CPA of Moores Rowland)

	CPAs)
Tel.:	02-2772-7428#300
Email:	<a href="mailto:lmui@ms59.hinet.net">lmui@ms59.hinet.net</a>
● Whistleblowing channel - Ethical Management Promotion Team	
Email:	<a href="mailto:ethical@tshbiopharm.com">ethical@tshbiopharm.com</a>
● CSR email	
Email:	<a href="mailto:tshpr@tshbiopharm.com">tshpr@tshbiopharm.com</a>

## 2.4 Customer relationship

### ■ Product Quality Management

Pharmaceutical manufacturing is an industry with high technical barriers, high added value, low pollution, low energy consumption, long development period, and long life cycle. Such products are mainly applied to the treatment of human diseases and are closely related to life and health, so special attention is paid to its safety and effectiveness. Therefore, the launch of drugs is regulated by strict laws and controls of the competent authorities in various countries. Our products are made by high-quality PIC/S GMP certified pharmaceutical manufacturers to assure clients of our quality.

From a drug made by a pharmaceutical manufacturer to the drug delivered to the public, it will undergo a complicated transportation and sales supply chain, including storage sites, transportation, and operators. If something goes wrong in the process, it may affect the final clinical drug quality. However, the trends of globalization and international division of labor have made the drug supply chain more complicated. To enable the quality management system to completely cover the life cycle of drugs, we have extended from the Good Manufacturing Practice (GMP) for production to the Good Distribution Practice (GDP) for distribution and sales, to maintain the drug quality in the distribution and sales process, ensure that the drugs are delivered in the correct method within a reasonable time, and prevent counterfeit drugs from entering the pharmaceutical supply chain. When drug needs to be recalled, we can also effectively recall them from the market quickly and reliably, to prevent the public from being harmed by low-quality drugs.

The Company has established a GDP system and revised relevant quality manuals and policies to manage and audit our suppliers, monitor the quality of the Company's raw material sources, production, storage, and distribution to ensure the quality of drugs delivered from the factory to before they are used.

**The Company was not fined or warned about product quality violations in 2021.**

### ■ Marketing and Customer Relations

The Company has a clear positioning. The drugs we sell are mainly prescription drugs for chronic diseases and autoimmune diseases to hospitals (including medical centers, district hospitals, and regional hospitals). We do not sell drugs directly to consumers. The name, the outer box, the package insert, and the label of drugs are all in compliance with regulations under the Regulations for Registration of Medicinal Products and the advertising of drugs is all submitted to and approved by the competent health authorities in accordance with the Pharmaceutical Affairs Act. The Company's product sales representatives have received sufficient training on our products before promoting our products, to provide medical institutions and physicians with more information and maintain positive interactive relations

with them. The testing services added this year are mainly sold to general medical institutions. Although there is no direct government regulation on the marketing or advertising of the testing products prescribed by physicians or health examination entities, the Company also follows the same marketing regulations for the testing products in a marketing method that was not in violation of applicable laws or ethical standards. **The Company did not have any product and service information or labeling in violation of applicable laws and regulations and was fined or warned by the competent authorities accordingly in 2021.**

We have disclosed a customer service hotline and a contact email on the Company's website to provide consumers with channels for inquiries or complaints and have established Customer Complaint Response Regulations and the Product Recall Management Regulations, to handle and respond to relevant issues quickly by responsible personnel. There is an adverse drug reaction notification operating procedure in place, and the drug safety team is responsible for responding to all adverse reactions' cases. All cases have been properly handled and archived. We strictly comply with the applicable provisions of the Personal Data Protection Act. We have also set up a 0800 toll-free hotline for testing products or services to directly respond to general public inquiries, while the phone calls are recorded to protect both parties' rights and interests. The Company has established the Testing Report Transmission Operating Procedure to ensure that testing report operations are in compliance with the Personal Data Protection Act. **The adverse reactions cases in 2021 did not have material impact on the Company's finance and business, and we did not receive any complaint from clients or competent authorities that the Company leaked, lost, or stole clients' data in violation of the Personal Data Protection Act.**

## 2.5 Investor relations

The Company attaches great importance to shareholders' rights and interests. We have also appointed a spokesperson and an acting spokesperson and commissioned a professional stock affairs agency to ensure smooth communication with investors. In 2021, the interaction with our shareholders was positive without any disputes arising.

We continue to invest resources in the Company's website and the MOPS to be committed to the transparency, timeliness, and accuracy of information disclosures.

### ■ Dividend policy

The Company's dividend policy is handled in accordance with the Company Act and the Company's Articles of Incorporation to ensure the normal operations of the Company and protect investors' rights and interests.

**Directors' remuneration, employee remuneration, and a dividend policy specified in the Company's Articles of Incorporation are as follows:**

Where the Company makes a profit in the year, it shall allocate 2% to 8% of the profit as employee remuneration, which may be paid out in stock or cash as per the resolution by the Board of Directors. The recipients of the remuneration may include employees of subsidiaries who meet certain criteria. The Company may allocate no more than 2% of the above-mentioned profit as the directors' remuneration. Employee remuneration and directors' remuneration payout proposal should be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it should reserve an amount to compensate the deficit first and then allocate amounts for employee remuneration and directors' remuneration as per the percentages in the preceding paragraph.

Where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside

an amount for or reversing a special reserve in accordance with laws and regulations, and then any remaining profit, together with any undistributed retained earnings, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholder dividends.

As the end of each year, the Board of Directors takes into account factors, including the Company's profitability, capital and financial structure, future operating needs, cumulative earnings and legal reserve, as well as market competition, and then makes an earnings distribution proposal and submits it to the shareholders' meeting for resolution before distributing earnings.

The Company may, as per financial, business, and operating factors, distribute not less than 50% of the distributable earnings for the year. To reinforce the Company's financial structure and take into account investors' rights and interests, the Company adopts a dividend balance approach and pays out more than 50% of the dividends distributed in the year as cash dividends.

Dividends distributed in 2021:

Type of dividend	Amount per share as per shareholders' meeting resolution (NT\$)	Amount paid out	Source
Cash dividend	1.5	57,597,210	Undistributed earnings
Total	1.5	57,597,210	-

### ■ A spokesperson and an acting spokesperson

To maintain positive interactive relations with investors, we have designated a unit to be responsible for the collection and disclosure of company information, established a spokesperson system to handle relevant matters, and made public the contact information of the spokesperson and the acting spokesperson in the shareholder Q&A section on the Company's website as a communication channel for the investors to learn about the Company's market information or activities. We actively respond to suggestions or questions raised by shareholders to maintain positive interactions with shareholders.

The contact information of the spokesperson and the acting spokesperson is as follows:

Spokesperson	Acting spokesperson
Contact point: Hsin-Yang Liu, Vice President of the General Management Division	Contact point: Chao-Jen Liao, Head of Business Development Division
Tel.: 02-26558525#5500	Tel.: 02-26558525#5511
Email: Sean_Liu@tshbiopharm.com	Email: Leon_Liao@tshbiopharm.com

### ■ Shareholder service agency

The Company commissions Capital Securities Corporation as our shareholder service agency to ensure the best service for our investors. We regularly report information on our operating results, business plan, and future development plan to shareholders' meetings, at which shareholders present have sufficient time to express their views. The Company accepts and improves all feasible non-disputed suggestions, while discussing controversial suggestions through voting in accordance with the Rules of Procedures for Shareholders' Meetings.

The contact information of the shareholder service agency is as follows:

Shareholder service agency	Capital Securities Corporation
Tel.	02-2703-5000
Fax	02-2708-5000
Website	www.capital.com.tw

## 2.6 Risk Assessment and management policy

To ensure the integrity of the risk management system, the Board of Directors resolved a decision to formulate the Risk Management Policies and Procedures in October 2020 to implement the check-and-balance mechanism as the highest guiding principle for risk management.

### 🌿 Risk management procedures

The Company keeps abreast of the scope of operational risks through the risk management

procedures of risk identification, measurement, monitoring, response, and reporting and implements appropriate measures to effectively manage relevant operational risks.

Each department of the Company identifies the risks that may be faced in the operating process, analyzes the nature and scale of each business and operating activities and the degree of risk that the Company can tolerate, and formulates appropriate risk measurement standards. Each department monitors the risks of its business, puts forth countermeasures, and submits the risks and countermeasures to the risk management organization. After assessing and compiling risks, the risk management organization takes appropriate countermeasures to the risks faced. When a risk event occurs to a department, the department affected by the event or the responsible personnel at the responsible department as per the responsibility should respond to it immediately and fill out the Risk Event Occurrence Notification Form to notify the risk management organization. If it is unable to fill out the form immediately when such a risk occurs, it should submit the cause of the event, an improvement plan, and implementation progress to the risk management organization in writing afterwards. To adequately document the risk management process and the results of the implementation, the risk management organization shall report on the status of risk management to the Board of Directors for reference at least once a year.

 **Operations**

The Board of Directors passed the Risk Management Policies and Procedures on October 30, 2020 and established the risk management organization as the responsible unit for the implementation of risk management. The corporate governance officer serves as the convener of the organization, with the members including the head of the Business Development Division, the head of the Business Division, the manager of the Financial Accounting Department, the assistant manager of the Management Department, and the legal personnel. The risk management organization has reported on the year’s risk management operations to the Board of Directors on December 17, 2021.

The Company identifies potential risks that may be faced during operations, assesses risks based on the principle of materiality, and monitors them on a regular basis. The following table shows the identified risks and the management of them in 2021:

Aspect	Risk Item	Risk Description	Risk management countermeasure
Economic (including corporate governance)	Operational risk (supply chain)	It is difficult to obtain and replace qualified raw materials.	<ul style="list-style-type: none"> <li>● Conduct supplier evaluations on a regular basis.</li> <li>● Actively seek a second source of each material.</li> <li>● Inventory management: Ensure a safe stock.</li> </ul>
	Operational risk (operations)	Poor quality of pharmaceuticals	<ul style="list-style-type: none"> <li>● Compliant with regulations: The adverse drug reaction and defective product notification are in compliance with applicable laws and regulations; regularly review and update the Customer Complaint Response Regulations.</li> <li>● Training management: Regularly offer training and notification exercises regarding laws.</li> <li>● Effective inventory management: Adopt the first-in, first-out principle, control quantity per batch number, and regulate orders.</li> <li>● Regularly hold quality management meetings and organize simulated recall training.</li> </ul>

		Agency product recall	<ul style="list-style-type: none"> <li>● Strengthen the communication channels with the original manufacturers and regularly hold meetings.</li> <li>● Formulate a back-up plan.</li> </ul>
	Operational risk (R&D)	A major accident occurring to a R&D project	<ul style="list-style-type: none"> <li>● Establish a collaborative supplier selection mechanism and work with existing excellent supplier on a long-term basis.</li> <li>● Establish an evaluation mechanism for important tasks of each project and conduct risk management and control.</li> <li>● Implement the R&amp;D Project Planning and Outcome Management System along with a project continuation or termination evaluation mechanism.</li> </ul>
	Operational risk (marketing)	Corporate image, investor relations, and capital market supervision	<ul style="list-style-type: none"> <li>● Maintain media relations, including media campaigns and clarification.</li> <li>● Regularly hold investor conferences and adopt a spokesperson system.</li> <li>● Maintain smooth communication with competent authorities.</li> </ul>
	Operational risk (information security)	Network and database security	<ul style="list-style-type: none"> <li>● Implement the information security system and the system permissions management regulations.</li> <li>● Maintain remote backup system.</li> <li>● Offer education and training and monitor network activities.</li> </ul>
R&D project confidential information maintenance		Regularly offer education and training to personnel handling projects or R&D information.	
Economic (including corporate governance)	Operational risk (sustainability)	Brain drain	<ul style="list-style-type: none"> <li>● Implement a key talent development program.</li> <li>● Formulate a benefit system better than the requirements of the Labor Standards Act.</li> </ul>
	Financial risk (market)	Exchange rate fluctuations	<ul style="list-style-type: none"> <li>● Regularly monitor exchange rate trends and monitor risks.</li> <li>● Obtain the annual procurement plan and consider the capital needs and plan ahead to reduce the possible losses.</li> </ul>
	Market risk	Health insurance price adjustment	<ul style="list-style-type: none"> <li>● Continue to participate in various associations or medical policy meetings and obtain relevant information as early as possible to respond accordingly.</li> <li>● Gather the industry players and associations to discuss or respond to relevant opinions.</li> </ul>
		The impact of competitive product launch	<ul style="list-style-type: none"> <li>● Keep abreast of products that may be launched in the future and evaluate the risks through relevant public websites or relevant international information (such as the Bureau of National Health Insurance).</li> <li>● Adjust product sales strategies and keep abreast of potential market opportunities.</li> </ul>
	Legal risk (compliance and laws)	Compliance in the pharmaceutical industry or material changes	<ul style="list-style-type: none"> <li>● The marketing, advertising, and sales of pharmaceuticals are in compliance with the Pharmaceutical Affairs Act and applicable laws.</li> </ul>
			<ul style="list-style-type: none"> <li>● Regularly communicate with associations to discuss the update of applicable laws and regulations.</li> <li>● Regularly follow up on new information from associations and respond to relevant changes.</li> </ul>

			<ul style="list-style-type: none"> <li>● Regularly confirm that the existing business is in compliance with the applicable legal requirements.</li> <li>● Align product specifications and production changes (including raw materials, processes, or production plants) with law and regulations and quality assurance.</li> <li>● Consult competent authorities as necessary.</li> </ul>
		Compliance with competent financial authorities with laws and regulations	<ul style="list-style-type: none"> <li>● Continue education and training every year.</li> <li>● Participate in the awareness-raising events held by the Securities and Futures Bureau and Taipei Exchange from time to time.</li> <li>● Consult experts about opinions or appoint external experts to issue report in case of special circumstances.</li> </ul>
		Changes in the tax laws	<ul style="list-style-type: none"> <li>● Look up the regulations of tax treaty.</li> <li>● Include this issue in the consideration for drafting of contracts.</li> <li>● Apply for relevant tax credits.</li> <li>● Consult an accounting firm about professional advice in the event of a significant transaction.</li> </ul>
Environment	Hazards (epidemic infectious disease)	COVID-19	<ul style="list-style-type: none"> <li>● Employee abnormal health status reporting.</li> <li>● Provided monthly anti-pandemic supplies per employee from May through July.</li> <li>● Implemented the flextime/work-from-home model from May through September.</li> <li>● Postponed or held meetings and various events online.</li> </ul>

### Risk management implementation

The Company's risk management can be divided into the three levels below:

Risk management hierarchy	Risk management operations
First line of defense	The responsible personnel at each department are the risk owners of the business for which they are responsible. They need to carry out the business in accordance with the internal control system and internal regulations of the business as the direct unit of discovering initial, assessing, and controlling risks.
Second line of defense	The head of each department should be responsible for the risk management of the relevant business, compiles the results of the performance of risk management activities, and supervises the risk management activities within the department. They should put forth countermeasures when identifying risks in the business and submit such risks and countermeasures to the risk management organization.
Third line of defense	The risk management organization should review the integrity of the Company's major risk management mechanisms for operations, finance, hazards, and laws and monitor each unit's relevant risks in accordance with this policy.

### Risk management organizational structure, responsibilities, and procedures for announcing material information

The Company focuses on our core business and has established various operating standards and internal control systems as per various laws and business activities and the procedures for processing and reporting material information reports in addition to the material information notification reporting mechanism for external disclosures, including the reporting period, matters to be reported, and reporting methods, allowing the Board of Directors, independent directors, the Chairman, and the President to keep abreast of the material information on the Company's material incidents immediately.

The Company's risk management organizational structure and responsibilities in 2021 are as follows:

Risk management unit	Risk management responsibilities
Board of Directors	The highest unit in charge of risk management is responsible for approving, reviewing, and supervising the Company's risk management policies. It aims to ensure compliance, launch and implement the Company's overall risk management, keep abreast of the risks in operations, and ensure the normal operations of the management structure and risk control functions.
Risk management organization	The Company has established a risk management organization as the unit in charge of risk management. The corporate governance officer serves as the convener, mainly responsible for the monitoring, measurement, and evaluation of the Company's risks, assisting in formulating the Company's risk management policies, ensuring execution of resolutions approved by the Board of Directors, and coordinating the overall operations of risk management. This organization is directly governed by the President and reports to the Board of Directors.
Internal audit	It is governed by the Board of Directors and responsible for internal control and internal audits. It should submit an annual audit plan based on risks assessed every year and submit a report to the Audit Committee on the implementation of the Company's risk management.
Each department	Heads of departments/divisions are responsible for risk management and need to analyze and monitor relevant risks of units they govern to ensure the effective implementation of risk control mechanisms and procedures.
Information security risk management team	<p>(1) The Company's information security risk management team consists of the head of the Management Department, information personnel, and internal auditors.</p> <p>(2) Information security policy and specific management plan</p> <ul style="list-style-type: none"> <li>● It has formulated management policies (including the management standards, management, and implementation) based on the information security risks identified and developed and conducted specific management operations as per the policy above (including security management operations, firewall management, user system permission management, data revision application management, information system emergency response, information system file backup management, information equipment scrapping and handover management, and electronic file management). With such operations included in the internal control operations, it tests information security quarterly and includes information security testing by the Audit Office in the audit items of the annual audit plan, while reporting the implementation of information security risk management to the Audit Committee and the Board of Directors.</li> <li>● As the Company is not an enterprise required to obtain international certification for our information security policies and specific management plans, we do not need to purchase insurance for information security risks for the time being as per the information security risk appetite identified by the Company's risk management team. However, we, with information security management in place, continue to reinforce our information security protection and establish a joint defense program. In addition, the team members continue to participate in information security management courses every year to enhance their professional competencies and keep abreast of issues of concern.</li> </ul>

### 3. Employees and the Workplace

TSH attaches great importance to the family, health, and career of each of our employees and believes that each employee's value and contribution are the driving force behind our continuous growth.

Every employee at TSH upholds the principles of integrity, pragmatism, proactiveness, and continuous innovation and improvement and adopts teamwork and learning and sharing approaches to keep abreast of internal and client needs, establish clear goals, and have the courage to take on responsibilities and risks, thereby achieving their own career goals and creating a better future with TSH.

To maintain the harmony within the organization and positive interaction with employees, thus, enhancing the Company's competitiveness, TSH adopts a people-centered management approach and cherishes and respects every employee. In addition to caring for their personal growth, we train their professional skills and provide them with competitive salary, benefits, and work environment; as a result, TSH's employees can achieve balanced career

development.

### 3.1 Workforce structure

Employees' work locations are in northern, Central, and Southern Taiwan.

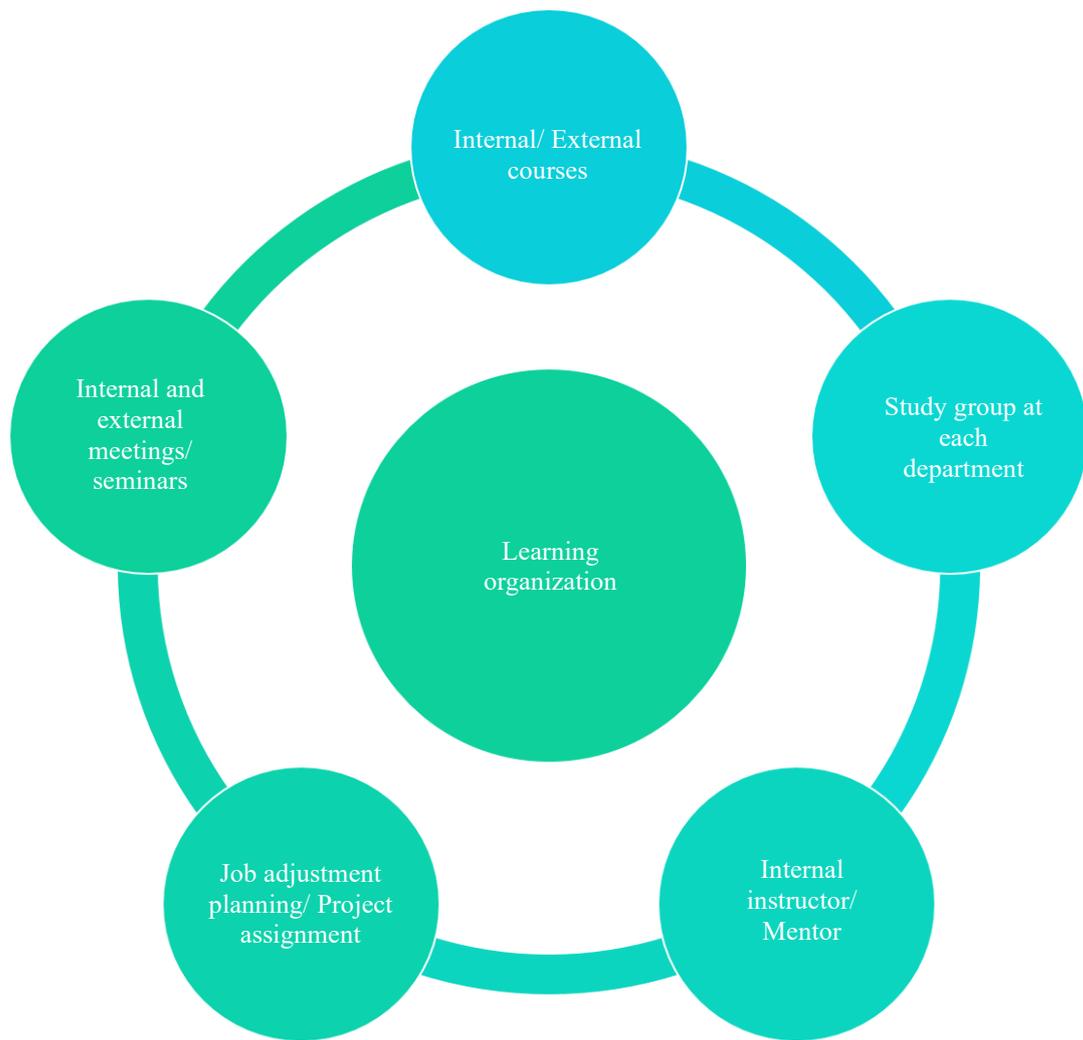
Year		2020			2021		
Gender		Female	Male	Total	Female	Male	Total
Number of employees	Management personnel	8	6	14	8	6	14
	R&D technicians	4	1	5	0	3	3
	Other employees	33	25	58	33	18	51
	Total	45	32	77	41	27	68
Number of new employees (persons)		10	11	21	7	2	9
Number of resigned employees (persons)		12	8	20	13	7	20
Average age		40.4	38	39.45	40.7	39.5	40.2
Average length of service		4.4	2.3	3.6	5.3	3.4	4.5
Education distribution (%)	Doctoral degree	0	0	0%	0	0	0%
	Master's degree	11	16	35%	10	14	35%
	University	21	13	44%	20	11	47%
	College	13	3	19%	11	2	18%
	Senior high school	0	0	0%	0	0	0%
	Below senior high school	0	0	0%	0	0	0%

Note: The length of service is counted from the date of establishment of TSH (established in September 2011)

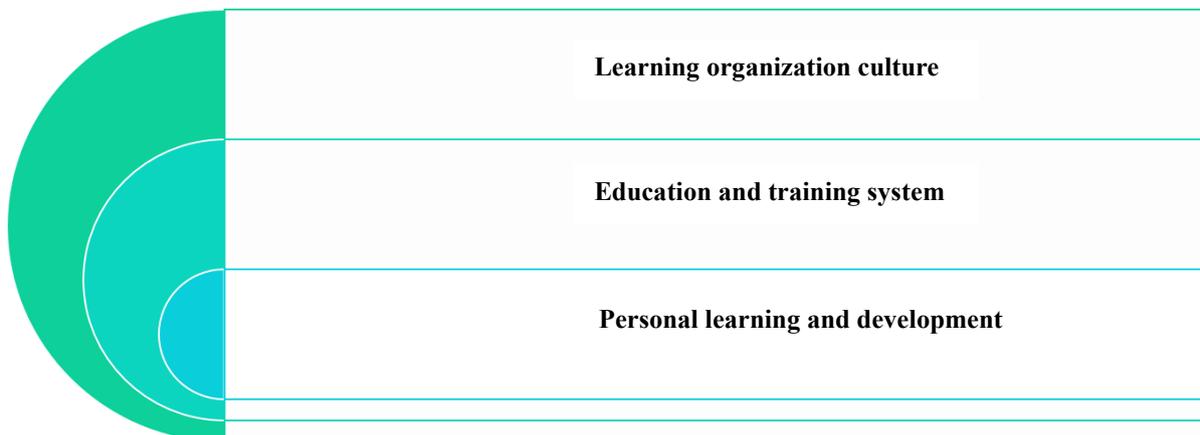
### 3.2 Employee training and development

To enhance the professional knowledge and skills of the Company's employees, effectively complete tasks, achieve work targets, unleash employees' potential, and increase their willingness to learn, thereby meeting their needs for self-growth and organizational development, we offer pre-employment training, internal and external on-the-job training, and domestic and overseas training for expatriates as per the Company's Education and Training Management Regulations.

In response to the globalization trend in 2021, we have signed collaboration agreements with a number of foreign language teaching institutions to provide employees with extensive foreign language learning resources at a discount. In addition, we offer teambuilding courses at the end of the year to build a consensus within the organization and move to achieve the five-year goal.



TSH is committed to building a learning organization environment, in which individuals, teams, the organization as a whole, and even groups interacting with the organization can constantly learn and transform themselves. We aim to promote continuous learning and strategic application as per individuals' daily jobs, to change each individual's knowledge, attitude, and behavior, thereby enhancing the motivation for organizational innovation and growth.



### 3.2.1 Train The Trainer (TTT)

Train internal instructors to pass on the professional knowledge required by the organization and develop teaching materials to make the tacit knowledge known by each member in the organization.

### 3.2.2 Mentor program

Implement the Mentor Program to train mentors exclusive to TSH. As a result, under mentors' guidance, new employees can receive the resources and support needed on the first day of work, and mentors can share TSH's culture by passing on their experiences, to reduce new employees' adaptability problems and help them quickly integrate into TSH's team, thereby achieving the organization's goals together.

### 3.2.3 Project assignment

Through project assignment, employees have the opportunity to lead projects or work with colleagues in different fields, to diversify their work experiences and enable them to learn and grow through new challenges and responsibilities. Employees can discuss with their immediate supervisors and formulate an exclusive personal development plan (IDP) at the beginning of each year with project assignments listed as one of the development methods. In 2021, we continued to train key talents as per the organization's short-, medium-, and long-term strategic targets and listed the IDP as one of the priorities for talent cultivation.

### 3.2.4 Job rotation

TSH encourages employees to learn in multiple aspects and provides job opportunities to entry-level employees to top-level managers depending on their personal abilities. The promotion mechanism and processes are open and equal. As long as they can make valuable contributions to the organization, job rotation may be an opportunity for them as they may have a better understanding of the Company's overall operation and grow, while exploring their own potential and characteristics through experiences at different units.

### 3.2.5 Education and training system and implementation

- The implementation of internal and external courses in 2021 is as follows:

Course	Number of classes	Total number of participants	Total hours	Total cost (NTD)
New employee training	1	10	4	0
Professional competence training	17	40	169.5	9,765
Management skill training	5	43	32	43,147
General training	14	68	82	59,235
External training	20	20	435	78,400
Total	57	181	722.5	190,547

Note 1: The training courses for new employees include corporate culture, organization introduction, a mentor system, office safety and environmental maintenance, and work rules. The Company also puts a particular emphasis on human rights policies and has formulated the Sexual Harassment Prevention Regulations to raise employees' awareness of gender equality and human dignity in the workplace.

■ TSH education and training system

Management program	Sales program	R&D program	Culture program	General knowledge program
<ul style="list-style-type: none"> <li>■ Introduction to Management</li> <li>■ Selection Skill and Behavioral</li> <li>■ Interviewing Skills</li> <li>■ Remuneration Management Introduction</li> <li>■ Financial Statement Judgment and Interpretation</li> <li>■ Performance Development System for Managers</li> </ul>	<ul style="list-style-type: none"> <li>■ Sales</li> <li>-Professional Sales Skills</li> <li>- Professional Pharmaceutical Sale Tools</li> <li>- Price Negotiation Skills</li> <li>- Distributor Management and Negotiation</li> <li>- Price Negotiation Process</li> <li>- Region Management</li> <li>■ Marketing</li> <li>- Marketing Introduction and Practice</li> <li>-Strategic Marketing</li> <li>-Introduction to Internationalization of Pharmaceuticals</li> <li>-New Market Development Assessment and Operations</li> <li>-Sales and Marketing Management Practice</li> </ul>	<ul style="list-style-type: none"> <li>■ On Translational Scientific Research Methods</li> <li>■ Introduction to Biosimilars</li> <li>■ New Drug Development Risk Assessment and Management</li> <li>■ Project Management Introduction and Practice</li> <li>■ Introduction to Regulatory Affairs and the Regulations for Registration of Medicinal Products</li> <li>■ Introduction to Clinical Trials and the Regulations for Good Clinical Practice</li> <li>■ Pharmaceutical Development Patent Issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Performance Development System</li> <li>■ Mentor Program</li> </ul>	<ul style="list-style-type: none"> <li>■ New Employee Training</li> <li>■ Basic Application of Office Tools</li> <li>■ Presentation Skills</li> <li>■ Introduction to Contracts</li> <li>■ Internal TTT</li> </ul>

■ TTY University provides a training system regarding knowledge and skills related to the industrial value chain.



研發學院 R&D

The R&D Academy includes courses on knowledge and skills in the biotech pharmaceutical R&D stage, and the courses are divided into beginner and advanced as per the competency levels.

製造學院 Manufacture

The Manufacturing Academy includes courses on the knowledge, skills, and regulations for the pharmaceutical manufacturing process.

行銷學院 Marketing

The Marketing Academy includes courses on operational marketing, strategic marketing, and international marketing, and the courses are divided into beginner and advanced as per the competency levels.

業務學院 Sales

The Sales Academy includes courses on sales and regional management, and the courses are divided into beginner and advanced as per the competency levels.

文化學院 Culture

The Cultural Academy includes courses on company performance system and cultural value realization.

領導管理學程 Leadership & Management Program

The leadership management program includes courses on personnel management, financial management, and organizational development, and the courses are divided into beginner, intermediate, and advanced as per the competency levels.

通識學程 Soft Skill

The general knowledge program includes the general knowledge and skills required at work.

### 3.3 Safe and healthy work environment

The Company attaches great importance to each employee's health. Although there is no factory established for strategic purposes, to maintain employees' health and personal safety, we are committed to providing employees a safe and healthy work environment. It is our responsibility to employees and their families. The Company has set up an office in the Nangang Software Park in Taipei City and continues to implement various employee office environment safety management measures. There was no occupational accident in 2021.

#### 3.3.1 Workplace safety

- Sexual harassment prevention and implementation procedures were formulated.
- The Office Safety and Maintenance Regulations were formulated to maintain office safety.
  - Flammable and dangerous items are not prohibited.
  - The last employee leaving the office after getting off work every day or working overtime on holidays should close the doors and windows and turn off air-conditioners and lights in the front of the gate.
  - After getting off work every day or working overtime on holidays, employees are required to lock the door (ground lock) when there is no one else in the office to prevent thieves from breaking in at night.
  - We ban smoking inside the Company and public places in accordance with the Tobacco Hazards Prevention Act.
  - Employees who borrow parking spaces and office keys should return them afterwards and are prohibited from lending the Company's cards and keys to personnel who are not working at the Company without consent.
- To maintain the work environment and employees' personal safety, we have formulated the code of practice on safety and health, which has been implemented since it was approved by the competent authority.
  - In principle, the safety and health inspection work is carried out by the operators and supervised by the personnel in charge of management, command, and supervision.
  - To prevent the stacked objects from collapsing or falling off, we tie up all stacked objects with ropes or protect them by bollards or at a limited height or change the stacking method.
  - We stipulate the first aid measures for general first aid, bleeding, electrical shock, fractures, apnea, and cardiac arrests.
  - In the event of three or more casualties at the same time in an accident in the workplace with one or more victim hospitalized or under the circumstances specified in the announcement made by the central competent authority, we should offer emergency first aid and rescue victims and report to the labor inspection agency within eight hours.
- We have installed drinking water equipment in alignment with the drinking water standards in the workplace, and we regularly clean and maintain it every quarter.
- We outsource environmental sanitation management and cleaning and maintenance of the workplace to a professional cleaning company to maintain the sanitation quality of the work environment as per the Company's cleaning and maintenance checklist in accordance with the cleaning standards to maintain the quality of our work environment.
- We implement access control. Employees and visitors entering the Company should pass the card swipe sensor for verification at the elevators of our building in the park and the door of our office.

#### 3.3.2 Fire safety

- The Company is located in the Nangang Software Park, and we have installed a complete fire protection system in accordance with regulations, including an alarm system, a firefighting system, and an egress system.
- We have appointed a qualified and professional testing consultancy for the testing of the firefighting system of the building where the Company is located.
- We participate in fire exercises and lectures held by the Management Committee of the Nangang Software Park Phase II every year as well as hold awareness-raising events to enable employees to be familiarized with the use of facilities and evacuation routes in the park.

### **3.3.3 Health management**

- The Company attaches great importance to the health of our employees. The Welfare Committee arranges health checkups for all employees every year. In 2021, the Welfare Committee signed an agreement on an employee health checkup project with the health checkup centers in northern, central, and southern Taiwan. Employees can take an annual health checkup at those health checkup centers during a specified period. The Company will pay for the cost of such health checkups to ensure employees' good health. In addition, their family members can also take health checkups at a discounted price specified in the health checkup project signed between the Welfare Committee and the health checkup centers. The Company and the Group hold numerous illness training courses every year, and employees participate for free.
- The Company has first aid kits in place.
- Zhongxiao Branch, Taipei City Hospital, set up an outpatient department at the Nangang Software Park Phase II, in which the Company is located.
- The Company and the Group hold illness training courses from time to time every year, and employees participate for free.
- In addition to providing the labor insurance and national health insurance for all employees in accordance with the law, we purchase group insurance for all employees to obtain better protection. For group insurance, we have purchased an accident insurance policy of NT\$1 million to NT\$5 million, an injury insurance policy of NT\$20,000 per person, and a hospitalization insurance policy. The general affairs unit purchases a travel safety insurance policy for employees assigned for overseas business trips and adjusts the amount of insurance coverage to ensure employees' safety during travel.

## **3.4 Benefit plan**

The Company's remuneration system, diverse benefit measures, pension system and implementation status thereof, labor-management agreements, as well as employee rights protection measures are as follows:

### **3.4.1 Remuneration system**

Talents are the Company's most critical asset and the foundation for the Company's competitiveness. As talents move globally, the competition for talents takes place around the world. The values of talents are greater than the prices. It is impossible to find excellent talents if an enterprise tries to cut costs. Therefore, the Company attaches importance to employees treatment and benefits. To attract and retain the best talents and make talents the best driving force for the Company's sustainable growth, we have formulated a competitive salary and consistent salary evaluation criteria and rules, with the external market competitiveness of our

salary and internal fairness taken into account, in compliance with the Labor Standards Act. We decide employee salary based on their academic qualifications, experience, and personal performance and do not differ due to gender. We do not offer different starting salaries to new employees due to race, religion, political affiliation, gender, and marital status. We pay appropriate remuneration based on the market value of each professional skill and the contribution of each employee’s responsibilities through a reasonable performance management system. In 2021, our female employees accounted for 60.29% of all employees and female top-level managers accounted for 52.94% of all top-level managers.

The salary system includes a fixed base salary, bonuses on three major holidays, a departmental performance bonus, an annual performance bonus, and employee remuneration bonus. The human resources unit implements a salary survey during a certain period of time to measure the salary level in the market and the adjusted overall economic indicators before adjusting the salary rate table and making appropriate adjustments to the base salary. Bonuses are calculated based on the results of the individual performance evaluation. The Remuneration Committee determines employee remuneration based on the Company's operating performance, financial position, as well as individual employees' job responsibilities, contributions, and performance evaluation results.

**3.4.1.1 Annual salary raise plan**

Salary raise aims to thank employees for their endeavor to achieve strategic goals and reflect the inflation to satisfy employees’ basic living needs. The Company implements an annual salary raise plan based on the operations every April. However, since the Company was established in 2010, the annual salary raise rate had been 1.5%–4% and was 1.5% in 2021. In addition, to motivate employees who have excellent performance and have met the promotion criteria, we promoted employees and offered a salary raise to employees in 2021.

**3.4.2 Diverse benefit measures**

To reinforce the co-existence between the Company and employees motivate employees to make contribution, enhance their well-being, take care their lives, and develop an excellent corporate culture and a positive corporate spirit, we established an Employee Welfare Committee in accordance with the Employee Welfare Fund Act and the Organization Regulations on Employee Welfare Committee promulgated by the competent authorities as approved by the competent authority, referenced Letter Bei-Shi- Lao-Zi No. 09941864100 dated November 8, 2011. The Company contributes funds to the committee as per law for the committee to plan various benefit measures.

■ Bonuses/Subsidies

Item	Description
Birthday cash gift	A birthday cash gift of NT\$1,000 will be provided to each employee in the month of their birthday.
Wedding cash gift	We pay NT\$3,600 to each employee who has served for over three months but less than one year. We pay NT\$6,000 to each employee who has served for over one year. If the couple is both the Company’s employees, both of the couple will receive a cash gift.
Childbirth cash gift	When employees have a newborn baby or their spouses gave birth, we pay NT\$3,600 to full-time employees who have passed the probationary period for each newborn baby. If their spouses also work at the Company, we will only pay the cash gift once.
Bonuses on three major holidays	The Welfare Committee pays a cash gift of NT\$1,000 to each employee on the Dragon Boat Festival, the Mid-Autumn Festival, and the Labor Day every year.
Education expense subsidy	1. Scholarships: A scholarship from NT\$1,000 to NT\$4,000 will be awarded to reward each student with the academic performance achieving the criteria based on their performance. 2. Grants: A grant from NT\$4,000 to NT\$10,000 will be offered to each employee’s

	child, who is from a low-income household, according to their grade placement.
Hospitalization condolence allowance	Any employees who have passed the probationary period and are hospitalized due to illness will be offered a condolence allowance of NT\$3,000. Each gift for visit is be limited to the worth of NT\$800.
Disaster relief fund	A relief fund from NT\$5,000 to NT\$30,000 will be offered to an employee who encounters a disaster depending on the situation.
Funeral condolence money	<ol style="list-style-type: none"> <li>1. A funeral flower basket of NT\$3,100 and NT\$2,000 will be provided to any employee's parent, children, spouse, or parent-in-law who has passed away.</li> <li>2. A funeral flower basket of NT\$1,500 or NT\$2,000 will be provided to any employee's grandparent, great grandparent, sibling, grandchild, or great grandchild.</li> </ol>
Others	<ol style="list-style-type: none"> <li>1. Company gatherings, year-end parties, and others are held from time to time by the Welfare Committee as per the budget and needs.</li> <li>2. Domestic and overseas travel subsidies are offered as per the annual budget.</li> <li>3. Annual health checkups are provided.</li> <li>4. Group insurance is purchased for all employees (including accident insurance, medical insurance, and hospitalization insurance)</li> </ol>

#### ■ Leave policy

- Paid leave better than the requirements of the Labor Standards Act
- Travel leave
- Family care leave
- Menstrual leave
- Parental leave
- Maternity leave/Pregnancy checkup leave/Paternity leave

#### ■ Unpaid leave policy

TSH provides various types of leaves better than the requirements of the Labor Standards Act; meanwhile, if employees need to take care of their infants or young children, they may apply for unpaid leave to take care of their children with peace of mind, thereby promoting birth rates.

### 3.4.3 Well-established pension system and the implementation status

All our employees have adopted the new scheme under the Labor Pension Act, which has been implemented since July 1, 2005. We have adopted a defined contribution plan for employees' length of service. We make a contribution to their pension funds equal to not less than 6% of their monthly salaries to their individual labor pension accounts to protect their future life after retirement.

(1) Implementation:

Pension system	New scheme
<b>Applicable law</b>	Labor Pension Act
<b>Contribution</b>	A contribution equal to 6% of employees' monthly salaries is made to their individual labor pension accounts based on the amount of their salaries covered.
<b>Amount of contribution</b>	A total of NT\$4,181,000 was contributed in 2021.
<b>Application for retirement</b>	No employee applied for retirement in 2021.

(2) Retirement criteria:

As per Article 24 of the Labor Pension Act, employees who have reached the age of 60 and have worked for more than 15 years may apply for monthly pension payment. However, those who have worked for fewer than 15 years should apply for pension

payment in a lump sum.

(3) Pension payment standards

Individual pension account system:

- Monthly pension payment: The amount calculated based on the individual pension account, cumulative income, average life expectancy specified in the annuity mortality table, and the interest rate is adopted as the amount of the monthly pension payment.
- Pension in a lump sum: The principal and cumulative income in the individual pension account are paid to each employee in a lump sum.

## **3.5 Employee engagement**

### **3.5.1 Labor-management meeting**

The Company holds labor-management meetings on a regular basis. The Company fully coordinates, communicates, and exchanges opinions about any new or amended measures related to labor-management relations through labor-management meetings to ensure the harmony of labor-management relations, while facilitating labor-management collaboration to improve work efficiency, to build an internal labor-management communication and negotiation mechanism and achieve a win-win outcome.

### **3.5.2 Diverse communication channels**

Employees are TSH's most important asset, and smooth communication can enhance employees' intelligence and narrow the distance between the Company and them, thereby motivating them to work, explore their potential, and create values and competitive advantages for the Company. Therefore, we encourage employees to speak what they want to say directly and provide diverse communication methods, in the hope that their questions or opinions can be expressed and responded to. In addition to labor-management meetings, employees can express their views at the regular large POA, strategy, or departmental meetings or various district, functional, or face-to-face meetings with supervisors at the beginning, in the middle, and at the end of the year; or we raise employees' awareness through regular and irregular announcements in TSH Newspaper, TSH Talk, or TSH TV. As a result, both employer and employees can exchange views more effectively. Moreover, the Company has formulated an employee handbook and various management regulations to specify employees' rights and obligations in detail. We spare no effort to safeguard their rights. There was no grievance case filed by employees in 2021.

### **3.5.3 Employee rewards**

We have a clear reward and punishment mechanism in place for employees and provide different rewards to those who have outstanding performance or have made special contributions to the Company. We award a gold coin to senior employees who have served for 10 and 20 years at the annual year-end party every year to appreciate them for their long-term contribution to the Company. At the end of 2021, three people who have served for 10 years and two for 20 years. A total of five employees received the gold coin. (The Company was incorporated in September 21, 2010, split off from TTY Biopharm Company Limited. To protect the rights and benefits of employees split off from TTY Biopharm Company Limited, the Company signed an employment agreement with the employees to retain their length of service at TTY Biopharm Company Limited. )

### 3.5.4 Emphasis on work-life balance measures

#### ■ Club activities and travel subsidies

The work life balance is the foundation for a prosperous life. Therefore, TSH encourages employees to participate in various leisure activities based on their interests outside their work, thereby developing a healthy body and mind and relieving stress moderately.

##### ➤ Club activities:

Due to the impact of the COVID-19 pandemic in 2021, TSH's club activities were suspended.

##### ➤ Employee travel:

Due to the impact of the COVID-19 pandemic in 2021, the Welfare Committee was unable to hold overseas travel in group and family days; therefore, it announced that each employee's travel would be subsidized in the amount of NT\$13,000.

#### ■ Happy Family Day and Team building camp

Health and family should be placed before work. This is our important concept to take care of our employees. Therefore, in addition to various benefits to take care of our employees, the Welfare Committee holds TSH Family Day every August to September (around the establishment date of TSH), and we organize one-day outdoor activities that combine cultural, environmental protection, and parent-children elements and encourage employees to invite their family members to participate together, thereby enabling employees and their families to bond and allowing their family members to become closer with each other through such interactive activities. As a result, the TSH family can be extended to our employees' family members to enhance the relations among the employees, all the while allowing them to experience nature and culture and arts together. In 2021, due to the COVID-19 pandemic, the family day event was suspended.

#### ■ Team building

■ To facilitate mutual understanding and collaboration among team members, build team consensus, and improve team performance, the Company appointed an external professional consultant team to hold a team building camp and annual strategy meeting in 2021, to build a consensus on the organization's business goals.

■ With the Company's code of conduct: accountability, professionalism, and innovation as the main principles in 2021, we launched the 2021 Round Island Tour to Protect Taiwan project on TSH's 10th anniversary. All employees were grouped to carry out this project to demonstrate the Company's care for society, arts and culture, and the environment.

### 3.6 Human rights protection

The Company complies with labor laws and international human rights conventions and formulates relevant management policies and systems. The Company's personnel appointment and dismissal, remuneration, and benefit policies are handled in accordance with the Company's Personnel Regulations.

To protect employees' basic rights and respect and refer to the internationally recognized basic labor rights, the Company, as per our human rights policy, prohibits any form of discrimination, forced labor, and child labor, does not interfere with employees' freedom of association, and does not discriminate against employees or treat them differently due to gender, sexual orientation, race, class, age, marriage, language, ideology, religion, party affiliation, place of origin, place of birth, appearance, facial features, or physical and psychological disabilities, thereby ensuring workplace diversity.

Therefore, the Company prohibits the employment of child workers and illegal foreign workers and does not prohibit employees from taking days off nor force them to work overtime. We encourage employees to communicate with the Company through labor-management meetings and employ persons with disabilities with jobs they are capable of handling to help them enter the workplace.

In 2021, the Company employed one person with disabilities, accounting for 1.28% of all employees, in compliance with requirement of the People with Disabilities Rights Protection Act. The Company did not receive any complaints related to human rights in 2021.

## **4. Environmental protection**

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### **4.1 Pollution prevention and control**

The Company's positioning in the industrial value chain is pharmaceutical development (new product evaluation and clinical trial design and planning) and marketing. The pharmaceutical production and manufacturing is outsourced by the Company to domestic PIC/S GMP certified factories; thus, we do not have our own factories and laboratories. The Company's main operating activities are within the office of the Nangang Software Park in Taipei City. Given the operating characteristics, we do not need to consume too much electricity and water. The main pollution sources in operations are only the general domestic waste and the domestic water used in the office. We have strictly implemented resource and waste classification for the general domestic waste to reduce the volume of waste, and the domestic water used by employees is general waste water, which does not cause severe pollution.

Although ISO environmental management system verification does not apply to the Company, our inventory waste stored in outsourced warehouses is handled by professional disposal companies in alignment with the local health bureau's regulations to ensure the minimum impact on the ecological environment.

Since the Company was incorporated in 2010, we have attached great importance to the quality of pharmaceuticals, and the amount of pharmaceutical waste is small. In 2021, the pharmaceutical waste with harmless properties and ingredients totaled 4.46 metric tons.

Since the Company was incorporated on September 21, 2010, the Company has never caused environmental pollution and will continue to maintain the best environmental protection effect in the future.

### **4.2 Energy consumption**

TSH's business model is the integrated development and marketing of pharmaceuticals, and the energy consumption mainly consists of three aspects:

- Internal basic operating energy consumption (indirect)  
The energy consumed for maintaining the office environment and personnel activities mainly includes water, electricity, paper, and energy used for daily operations.
- Energy consumption in logistics operations  
The energy consumption is mainly related to correspondence and delivery of testing specimens and pharmaceuticals.
- Employee commute  
Except for sales personnel who drive their own cars due to their job characteristics, most of our employees take public transportation or ride scooters to work.

### 4.3 Energy conservation policy

We outsource the production of all of the Company's products and do not have our own factories and laboratories. At present, our operating site is in the office, and we are still committed to implementing energy conservation and environmental protection measures. In response to the energy conservation and carbon reduction policy launched by the government, we have taken measures in our operating site to reduce the impact on the environment and identified our potential risks and opportunities of climate change now and in the future as a topic to be discussed with our suppliers for sustainable development and collaboration.

The main pollution sources in operations are only the general domestic waste and the domestic water used in the office. The specific measures for energy conservation and carbon reduction in the office formulated are as follows, and we will continue to implement them.

- ☼ Adjust the temperature of the workplace depending on weather.
- ☼ Turn off the lights in some areas during the break time.
- ☼ Turn off the lights and the air-conditioning system in the meeting rooms or when reading is not required.
- ☼ Set up kitchen waste bins and waste classification bins.
- ☼ Recycle waste paper for reuse.
- ☼ Adopt electronic spreadsheets.
- ☼ Require employees to use their own utensils.
- ☼ Have tea cups and plates in place to replace paper cups and reduce disposable tableware.
- ☼ Post a slogan "Save energy and reduce carbon emissions" in shared spaces, such as meeting rooms and the pantry room.

As per the data of Taipower and the Taiwan Water Corporation, the total carbon dioxide emissions of our office in the Nangang Software Park were 19,904 kilograms and 13,699 kilograms in 2020 and 2021, respectively, and we did not appoint a third party to verify the data. Our water consumption in 2020 and 2021 was 628 metric tons and 574 metric tons, respectively, only accounting for 0.24% and 0.32% of the carbon dioxide emissions for the years, respectively, so the information on water consumption and total waste weight are not significant to the Company.

## 5. Social Care and Community Engagement

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### 5.1 Social charity

Since the Company was incorporated, we have upheld the spirit of "giving what we have taken from society back to society", to continue to participate in charity events to give back to society. As per the UN SDGs, we strive to spread love to every place in need. On the 10th anniversary in 2021, we implemented the 2021 Round Island Tour to Protect Taiwan project, and all employees were grouped to care for the island and protect the environment, thereby fulfilling our social responsibility and showing our love for society, arts and culture, and the environment. The relevant activities are as follows:

- ☼ **Year-end charity sales proceeds donated to the Mindao Home**  
Employees provided all the items for charity sales free of charge, and all the proceeds from the charity sales were donated to the Mindao Home, which takes care of people with multiple mental and physical disabilities, in a total amount of NT\$50,000, to contribute our share to Mindao Home on the road to change.
- ☼ **Send love to Hualien and bring vitality to the Fu-Kang Senior Center**

With SDG 3 Good Health and Well-being as the goal, we sent love to the Fu-Kang Senior Center in Hualien and offered health education courses on medication for chronic diseases and Baduanjin qigong (eight pieces of brocades), to combine the concept of correct medication and Baduanjin qigong to improve the health, well-being, and quality of life of the elderly with chronic diseases.

#### **LNT activities**

With SDG 15 Life on Land as the goal, we implemented the concept of conservation and sustainable development of terrestrial ecosystems and organized LNT activities. The group members learned about the concept of LNT and paid attention to and took actions to protect and maintain the local ecological environment, while abiding by the seven LNT rules: don't be reckless, don't walk around, don't throw waste, don't destroy the environment, don't start a fire, don't disturb animals, don't make noises. The process of going up the mountain is like a stone quietly returning to the place where it is from without causing any trouble.

#### **A drawing selection contest & 2022 calendar giveaway to thank medical personnel's contribution**

Under the severe situation of the COVID-19 pandemic in 2021, medical personnel in Taiwan have worked tirelessly to safeguard the health of the public on the front line. To thank their contribution, we organized a drawing selection contest and selected 12 paintings to make the 2022 desk calendar, while giving away the calendar to the medical institutions we worked with to express our gratitude.

#### **Charity fundraising for the Hondao Senior Citizen's Welfare Foundation**

TSH not only sends love in Taiwan but also to Africa. We called on donations of used shoes, clothes, and bags. We received more than 70 pieces of used clothes and bags from employees, so that we can continue to spread love to every corner of the world.

#### **TSH's love x in-kind donations to Africa**

TSH not only sends love in Taiwan but also to Africa. We called on donations of used shoes, clothes, and bags. We received more than 70 pieces of used clothes and bags from employees, so that we can continue to spread love to every corner of the world.

#### **Purchase of gifts from charity groups for three major holidays**

With SDG 8 Decent Work and Economic Growth as the goal, we chose high-quality products from the sheltered workshop of Syin-Lu Social Welfare Foundation for the Lunar New Year gifts, supporting people with intellectual disabilities, autism, Down syndrome, cerebral palsy, or other multiple disabilities with accompanying intellectual disabilities to work. On the Dragon Boat Festival, we chose to sponsor the Taiwan Motor Neuron Disease Association and gave the picture books and canvas bags created by the association to the media friends and partners as gifts, so that more people will learn more about this disease, while supporting the association to operate smoothly and serve more patients. On the Mid-autumn Festival, we chose the Moonland Creative Mooncake Gift released by the brand Abrazo founded by the Down Syndrome Foundation as Mid-Autumn Festival gifts in 2021, to increase the employment opportunities and enhance the professional skills of employees at the sheltered workshop of the foundation, thereby connecting social resources and creating high-quality products.

## **5.2 Impact of public relations and operations on the community**

The Company maintains excellent public relations with investors, banks, suppliers, media, and government agencies, complies with various laws and regulations, and strictly prohibits

bribery and unfair competition.

To ensure the quality of life of the residents around the park, we also abide by and cooperate with the resident regulations of the Management Committee, Nangang Software Park, to maintain the cleanliness and order of the public space in the park and ensure harmony between the park and surrounding residents.

The Company did not have the incidents occurring in 2021:

- There was no case of violating laws and regulations with a huge fine and penalty other than fines and complaint that caused social impact.
- There was no anti-competitive practice or violation of antitrust and monopoly laws in which we were suspected of being involved or for which there was an ongoing lawsuit or the case was closed.
- There was no political contribution and inappropriate charitable donation or sponsorships in 2021.

### **5.3 Association participation and external initiatives**

#### **5.3.1 Participation in domestic associations**

The Company's main operating activities are in Taiwan. We actively participate in association activities by joining domestic business-related associations (as listed below), to enhance our relevant knowledge, exchange academic knowledge, and exchange important medical information. We provide our industry experience to government agencies as a reference for formulating policies.

- Taiwan Pharmaceutical Manufacture and Development Association
- Taipei Pharmaceutical Agents and Distributors Association
- Institute for Biotechnology and Medicine Industry
- Taiwan Generic Pharmaceutical Association
- Taipei Pharmaceutical Business Association
- The Pharmaceutical Society of Taiwan
- Taipei Pharmacists Association
- Precision Medicine Industry Association of Taiwan
- Taiwan Clinical Research Association

### 5.3.2 External initiatives

There are no economic, environmental, and social regulations, principles, or other initiatives that have been endorsed and signed by the Company and have been formulated by external entities.

## 6. Basic Information of the Report

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### 6.1 Description of the report and entities included

This report describes the outcome of TSH's implementation of corporate social responsibility. The data related to the Company in the report are still based on the Company's internal statistics or the information audited by CPAs and disclosed. In addition, since the Company was established, there is no subsidiary that should be included in the consolidated financial report according to law.

### 6.2 Release period and reporting period

This report is the ninth report published by TSH since 2013. As per the Corporate Governance 3.0 - Blueprint for Sustainable Development officially released by the FSC last August, the Corporate Social Responsibility (CSR) Report was officially renamed the ESG Report. The ESG report for the last year is published annually. It is also published in the CSR section on the Company's website and the Corporate Governance section of the MOPS for investors' and stakeholders' reference. The publication date is May 5, 2022, and the period for disclosure is 2021.

### 6.3 References and external assurance

The content of this report is compiled in accordance with the Core option of the GRI Sustainability Reporting Standards (GRI Standards) released by the Global Sustainability Standards Board (GSSB). With reference to the Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies, relevant information was provided by employees from relevant units of the company, and the responsible unit of the General Management Division in charge of corporate social responsibility was responsible for compiling and preparing this report and submitted it for internal review upon completion. This report has not been verified by a third party, and we will evaluate the needs for appointing a third-party verification entity to verify the report in the future.

### 6.4 Contact information

If you have any suggestions or advice about this report or information related to corporate social responsibility activities, please contact us through the methods or means below:

Unit: General Management Division, TSH Biopharm Corporation Ltd.

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### 6.5 Significant differences in references from those in previous reports

This report was prepared in accordance with the Core option of the GRI Standards released by GSSB. A table of corresponding chapters is attached at the bottom of this report as a reference.

Reporting year	Compilation basis	Publication date
2013	Basis provided by the Company	August 2014
2014	Basis provided by the Company	August 2015
2015	Basis provided by the Company	August 2016
2016	GRI G4 Guidelines released by GRI	July 31, 2017
2017	GRI G4 Guidelines released by GRI	May 4, 2018
2018	This report was prepared in accordance with the Core option of the GRI Standards released by GSSB.	August 9, 2019
2019	This report was prepared in accordance with the Core option of the GRI Standards released by GSSB.	October 30, 2020
2020	This report was prepared in accordance with the Core option of the GRI Standards released by GSSB.	August 3, 2021
2021	This report was prepared in accordance with the Core option of the GRI Standards released by GSSB.	May 5, 2021

## 6.6 Information re-editing and report changes

Compared with the last report, there are no significant changes in material topics and topic boundaries in this report without information re-edited.

## 6.7 Material changes during the reporting period

In 2021, the Company did not have significant changes in the organizational scale, structure, capital structure, ownership, location of operations, and major suppliers.

## 6.8 GRI Standards Index

### GRI Standards Index- Core Option

● Disclosed ○ Not applicable, undisclosed,

GRI Standards	GRI No.	Topic	Status	Chapter	Page
General disclosures	102-14	Statement from senior decision-maker	●	Message from the Chairman and Message from the President	3
General disclosures	102-1	Name of the organization	●	1. Company Organization and Operations	5
General disclosures	102-2	Activities, brands, products and services	●	1.1 Company profile	5
General disclosures	102-3	Location of headquarters	●	1.1 Company profile	5
General disclosures	102-4	Location of operations	●	1.1 Company profile	5
General disclosures	102-5	Ownership and legal form	●	1.1 Company profile	5
General disclosures	102-6	Markets served	●	1.1 Company profile	5
General disclosures	102-7	Scale of the organization	●	1.1 Company profile	5
General disclosures	102-8	Information on employees and other workers	●	3.1 Workforce structure	40
General disclosures	102-41	Collective bargaining agreements	●	3.1 Workforce structure	40
General disclosures	102-9	Supply chain	●	1.3 Company operations	11
General disclosures	102-10	Significant changes to the organization and its supply chain	●	1.3 Company operations	11
General disclosures	102-11	Precautionary principle or approach	●	2.6 Risk Assessment and management policy	35
General disclosures	102-12	External initiatives	●	5.3 Association participation and external initiatives	53
General disclosures	102-13	Membership of associations	●	5.3 Association participation and external initiatives	53
General disclosures	102-45	Entities included in the consolidated financial statements	●	6.1 Description of the report and entities included	54
General disclosures	102-46	Defining report content and topic boundaries	●	2.3 Communication with stakeholders on material topics	28
General disclosures	102-47	List of material topics	●	2.3 Communication with stakeholders on material topics	28
Management approach	103-1	Explanation of the material topic and its Boundary	●	2.3 Communication with stakeholders on material topics	28
General disclosures	102-48	Restatements of information	●	6.6 Information re-editing and report changes	55
General disclosures	102-49	Changes in reporting	●	6.6 Information re-editing and report	55

				changes	
General disclosures	102-40	List of stakeholder groups	•	2.3 Communication with stakeholders on material topics	28
General disclosures	102-42	Identifying and selecting stakeholders	•	2.3 Communication with stakeholders on material topics	28
General disclosures	102-43	Approach to stakeholder engagement	•	2.3 Communication with stakeholders on material topics	28
General disclosures	102-44	Key topics and concerns raised	•	2.3 Communication with stakeholders on material topics	28
General disclosures	102-50	Reporting period	•	6.2 Release period and reporting period	54
General disclosures	102-51	Date of most recent report	•	6.5 Significant differences in references from those in previous reports	54
General disclosures	102-52	Reporting cycle	•	6.2 Release period and reporting period	54
General disclosures	102-53	Contact point for questions regarding the report	•	6.4 Contact information	54
General disclosures	102-54	Claims of reporting in accordance with the GRI Standards	•	6.5 Significant differences in references from those in previous reports	54
General disclosures	102-55	GRI content index	•	6.8 GRI Standards Index	56
General disclosures	102-56	External assurance	•	6.3 References and external assurance	54
General disclosures	102-18	Governance structure	•	2.1 Corporate governance	18
General disclosures	102-16	Values, principles, standards, and norms of behavior	•	1.2 Corporate culture, vision, and strategic direction 2.2 Ethical management and anti-corruption and reporting system	10 25
Management approach	103-2	The management approach and its components	•	2.3 Communication with stakeholders on material topics	28
Management approach	103-3	Evaluation of management approach	•	2.3 Communication with stakeholders on material topics	28

## GRI Standards Index- Non-Core Option

● Disclosed ○ Not applicable, undisclosed, or partially undisclosed

GRI Standards	GRI No.	Topic	Status	Chapter	Page
General disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	●	Message from the President	3
General disclosures	102-30	Effectiveness of risk management processes	●	2.6 Risk Assessment and management policy	35
General disclosures	102-35	Remuneration policies	●	2.1 Corporate governance	18
General disclosures	102-36	Process for determining remuneration	●	2.1 Corporate governance	18
General disclosures	102-38	Annual total compensation ratio	●	3.4 Benefit plan	45
General disclosures	102-17	Mechanisms for advice and concerns about ethics	●	2.2 Ethical management and anti-corruption and reporting system	25
Economic Performance	201-4	Financial assistance received from government	●	1.3 Company operations	11
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	●	3.4 Benefit plan	45
Energy	302-1	Energy consumption within the organization	●	4.2 Energy consumption	50
Energy	302-2	Energy consumption outside of the organization	●	4.2 Energy consumption	50
Water	303-1	Water withdrawal by source	●	4.1 Pollution prevention and control	50
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	4.1 Pollution prevention and control	50
Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	●	4.1 Pollution prevention and control	50
Emissions	305-1	Direct (Scope 1) GHG emissions	●	4.1 Pollution prevention and control	50
Emissions	305-5	Reduction of GHG emissions	●	4.1 Pollution prevention and control 4.3 Energy conservation policy	50 51
Effluents and Waste	306-1	Water discharge by quality and destination	●	4.1 Pollution prevention and control	50

Effluents and Waste	306-2	Waste by type and disposal method	●	4.1 Pollution prevention and control	50
				4.3 Energy conservation policy	51
Effluents and Waste	306-3	Significant spills	●	4.1 Pollution prevention and control	50
Effluents and Waste	306-4	Transport of hazardous waste	●	4.1 Pollution prevention and control	50
Effluents and Waste	306-5	Water bodies affected by water discharges and/or runoff	●	4.1 Pollution prevention and control	50
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	●	4.1 Pollution prevention and control	50
Employment	401-1	New employee hires and employee turnover	●	3.1 Workforce structure	40
Employment	401-3	Parental leave	●	3.1 Workforce structure	40
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	●	3.3 Safe and healthy work environment	44
Occupational Health and Safety	404-3	Workers with high incidence or high risk of diseases related to their occupation	●	3.3 Safe and healthy work environment	44
Training and Education	404-1	Average hours of training per year per employee	●	3.2 Employee training and development	40
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	●	3.2 Employee training and development	40
				3.4 Benefit plan	45
Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	●	3.2 Employee training and development	40
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	●	3.1 Workforce structure	40
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	●	3.6 Human rights protection	49
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	●	3.6 Human rights protection	49
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	●	3.6 Human rights protection	49
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	●	3.6 Human rights protection	49
Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities	●	5.2 Impact of public relations and operations on the community	52
Anti-corruption	205-1	Operations assessed for risks related to corruption	●	2.2 Ethical management and	25

				anti-corruption and reporting system	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	●	2.2 Ethical management and anti-corruption and reporting system	25
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	●	2.2 Ethical management and anti-corruption and reporting system	25
Public Policy	415-1	Political contributions	●	2.2 Ethical management and anti-corruption and reporting system	25
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	●	2.2 Ethical management and anti-corruption and reporting system	25
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	●	2.2 Ethical management and anti-corruption and reporting system	25
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	2.4 Customer relationship	32
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	●	2.4 Customer relationship	32
Marketing and Labeling	417-3	Incidents of non-compliance concerning marketing communications	●	2.4 Customer relationship	32
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	2.4 Customer relationship	32