

2022

Formosa Laboratories, Inc.

Sustainability Report



台耀化學股份有限公司

Environmental ■
Social ■
Governance ■



CONTENTS

- 03 | **Message from the Chairman**
- 08 | **About the Report**
- 11 | **Sustainable Highlight Performance**
- 13 | **Awards Recognition in Recent Years**
- 14 | **Analysis of Material Topics**
- 22 | **Chapter 1 About Us**
- 54 | **Chapter 2 Corporate Governance**
- 88 | **Chapter 3 Supply Chain Management**
- 109 | **Chapter 4 Environmental Protection**
- 141 | **Chapter 5 Happy Enterprise**
- 179 | **Chapter 6 Social Participation**
- 197 | **Appendix**

Message from the Chairman

Formosa Laboratories has been established for 28 years. Looking back to the end of 1995 when it was founded, Formosa Laboratories was just a small laboratory that undertook process development projects. Subsequently, our products were favored by international pharmaceutical companies, and we successfully passed the FDA inspection in the United States in 2004, embarking us on the world stage. Formosa Laboratories has successively developed Active Pharmaceutical Ingredients (APIs) such as Colesevelam for treating hyperlipidemia, Sevelamer for treating renal dysfunction and hyperphosphatemia, and also developed UV filters and Vitamin D derivatives. These three major product lines of APIs have gradually made the Company grow into an internationally renowned APIs pharmaceutical company.

Afterwards, with the rapid rise of Indian APIs companies, price competition has led to a decrease in profit margin of niche products. In addition, large molecule drugs, also known as Biosimilars, have gradually become mainstream. In response to these challenges, Formosa Laboratories has adjusted its business layout. On December 21, 2012, the Company assisted in the establishment of EirGenix, Inc. (6589.TW) and acquired the right to merge with the "Protein Drug Pilot Factory of the Biotechnology Center" in 2013, becoming the largest shareholder of EirGenix, Inc. at that time. From this point on, Formosa Laboratories officially entered the field of biopharmaceuticals.

The synthesis and high potency production capacity of Formosa Laboratories, combined with the protein drug research and production capacity of EirGenix, Inc., have laid the foundation for the development and

manufacturing services of Antibody–Drug Conjugates (ADCs). the Company's commitment to product quality has never wavered and has successfully passed 8 FDA on–sit inspection. In 2022, the FDA inspection of Formosa Laboratories' fermentation plant resulted in No Action Indicated (NAI).

With our core competitiveness in process development and pathway optimization, Formosa Laboratories actively expands its Contract Development and Manufacturing Organization (CDMO) services. However, a one–stop service is expected by customers. In 2017, the Company invested in the construction of an injectable plant and introduced internationally renowned brand equipment. From clinical to commercial, conventional to high potency production lines, the construction of three injectable production lines, including freeze–dried powder for injection, Injections, and Prefilled syringe, has been completed in 2022. At this point, the Company's CDMO service scope covers the synthesis, fermentation, analysis of APIs, and the filling of sterile injectables, completing a one–stop comprehensive service.

Formosa Laboratories invested in the establishment of a new drug research and development company, Formosa Pharmaceuticals Inc. in 2010, which acquired Activus Pharma, a subsidiary of the Japanese Sosei Group in 2017, and obtained the Activus Pure Nano–particle Technology (APNT) for the treatment of postoperative inflammation and pain



in the eyes. The product, APP13007, is suitable for the US FDA 505(b)(2) new drug approval pathway. Data analysis from phase III clinical trials has shown significant clinical and statistical significance. It is expected to submit a New Drug Application (NDA) to the US FDA in the first half of 2023.

At the end of 2019, with the outbreak of COVID–19 in the world, Taiwan experienced a large–scale pandemic in mid to late May 2021. In order to ensure the normal operation and production of the Company, Formosa Laboratories immediately organized a pandemic prevention team and held regular meetings to comply with the pandemic prevention

guidelines of the government health authorities. Specific pandemic prevention measures were formulated, including conducting comprehensive screening of employees, contractors, outsourced suppliers, and visitors on a weekly basis, mandatory wearing of masks upon entering the factory, hand sanitization, temperature measurement, completion of a health declaration form by incoming guests and contractors, manpower alternation and drills in each unit, conducting meetings via video to reduce the chance of cluster infections, incentivizing employees to receive vaccinations, and providing pandemic prevention dormitories for colleagues. Although at the end of April 2022, Taiwan's daily domestic cases exceeded 10,000 for the first time, under the well-planned pandemic prevention measures, the Company's operations, including production, were not greatly affected, and the Company still achieved outstanding results.

This 2022 Sustainability Report is the first report issued by Formosa Laboratories in response to the concerns of stakeholders regarding the sustainable development of the Company. In addition to following the latest version of the Global Reporting Initiatives (GRI) guidelines for reporting on sustainability content, we also appoint a third-party verification organization (SGS) to obtain AA1000 Type 1 moderate assurance to enhance the completeness and credibility of the report. Formosa Laboratories has made sustainable development a company goal and incorporated

into KPI in order to continue implementing energy conservation and carbon reduction, fulfilling corporate social responsibility, and strengthening corporate governance. In addition, the Company established a Sustainable Development Committee in May 2022, with myself as the convener of the committee, and the CEO as the advisory committee member, and the Vice President of the Engineering Department as the director committee member. The committee is divided into three executive teams: Sustainable Development Team, Social Welfare Team, and Corporate Governance Team.

In terms of environmental aspects, the Company has established a high-performance wastewater treatment plant and a Regenerative Thermal Oxidizer (RTO) based on the characteristics of the industry and the operational needs of the Company, improving the efficiency of VOCs (Volatile Organic Compounds) waste gas treatment to over 95%. A complete environmental management system has been established, continuously passing verifications such as ISO 14001, CNS 15506, and OHSAS 18001. Since 2018, the boiler fuel has been changed from heavy oil to natural gas to reduce emissions of SO_x and NO_x. In 2019, an energy-saving and carbon reduction plan was launched, including (1) rezone and utilize the entire plant's lighting, (2) replace traditional lighting fixtures with LED fixtures, (3) replace old chillers in the plant to improve equipment efficiency, (4) replace inverter air conditioners, (5) install inverter drives on the aeration

tank blowers, and (6) implement energy-saving measures in cleanrooms: construction of solar power panels has begun in 2022 and is expected to be completed and operational by mid-2023.

Moreover, the waste reduction and recycling rate has reached 40.98% in 2022. After recycling and treating the process water in 2022, the reuse amount reaches 115,014 tons per year, accounting for 26.01% of the total annual water consumption.

As for social aspects, during the early stages of the COVID-19 outbreak, Formosa Laboratories immediately distributed 75% of the rubbing alcohol for pandemic prevention to community offices, public welfare organizations, or schools in the neighborhood, totaling more than 2,800 liters. Since the outbreak of COVID-19 in the country, all employees of the Company have cooperated with various pandemic prevention measures, and so far, there have been no major injuries or interruptions in operation and production due to the pandemic. To strengthen early warning and health risk management capabilities, promote a culture of exercise among employees, organize club activities, conduct annual physical examination for employees, and provide incentives for receiving COVID-19 vaccinations. Formosa Laboratories also complies with the "Labor Standards Act" and other relevant labor laws, and has formulated the "Measures for Preventing

Workplace Unlawful Infringement" to protect the labor rights, workplace safety, and job rights of employees, setting up female lactation rooms and unisex public toilet, providing a safe and secure workplace environment for employees. In terms of human resource utilization or employment conditions, compensation, benefits, training, performance evaluation, and promotion opportunities, the Company handles them with an attitude of equality and fairness. Currently, female employees account for 28.5% of the total workforce Formosa Laboratories, and among the 16 senior managers at or above the first level, 6 are women, accounting for 37.5%. In addition, the Company has always been enthusiastic about participating in public welfare activities, such as sponsoring activities in neighboring countries, organizing two blood donation events every year, holding charity sales and donating all proceeds to public welfare organizations, mobilizing employees for beach cleaning activities, actively participating in river conservation and maintenance, and receiving the "River Adoption Excellence Award" from the Taoyuan City Government.

Regarding corporate governance, the Company complies with relevant laws and regulations of the competent authorities to carry out major information disclosure and various information reporting operations. In May 2022, a corporate governance director was appointed to provide assistance required for the Director of the Board's executive business, specifically enhancing the efficiency of the Board of Directors' operations.

Furthermore, we integrated the departments' current risk management methods to create the "Risk Management Policy and Procedures", which aim to evaluate alterations in multiple environmental risks, pinpoint potential hazards for the Company, devise plans to enhance risk management, and periodically review execution. The awareness of risks will be integrated into the Company's operations, and a business continuity plan (BCP) will be developed based on the risk level for the Company's continuous operation.

Looking ahead, Formosa Laboratories' pursuit is not only for the profitability of its core business, but also to meet the expectations of its shareholders. Moreover, we expect to be a part of global citizens. In addition to continuously enhancing corporate governance, we also increase investment in social and environmental aspects, such as talent cultivation and energy conservation. Formosa Laboratories aims to enhance the sustainable power that drives society forward through the disclosure of various information in its sustainability report, and become a corporate citizen with social influence, creating a better future for the next generation.



Chen Yung-ling



About the Report

Report Summary and Distribution Frequency

Welcome to read the first sustainability report publicly issued by Formosa Laboratories. In the future, we will continue to issue this report, regularly disclosing our ESG performance to the outside world and taking action to implement our vision of sustainable business. This report was issued in September 2023, and the next report is expected to be issued in September 2024.

Boundary and Scope

The reporting period of this report is from January 1, 2022 to December 31, 2022. The coverage of the report includes Formosa Laboratories, Inc., and its Louchu Plant and Louchu No.2 Plant. It does not include subsidiary information such as subsidiary Formosa Pharmaceuticals Inc., Epione Pharmaceuticals, Inc, and Epione Investment Cayman Limited.

The financial data in this report is sourced from the individual financial statements of Formosa Laboratories for the year 2022. The information boundary for the environmental and social categories also apply to Formosa Laboratories, Inc. For more detailed information on the Company, please refer to the Formosa Laboratories' official website > For Investors > Financials > Annual Report to view the "2022 Annual Report". There have been no significant changes in the organizational size, structure, ownership, and supply chain during the reporting period.

Preparation Guidelines

This report was prepared based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards, 2021 edition. The GRI 303 and GRI 403 standards are comply with to the 2018 edition, GRI 207 is comply with the 2019 edition, and GRI 306 is comply with the 2020 edition. An appendix with the GRI content index is provided.

Main Responsible Unit and Quality Management Method of the Report

To enhance the completeness and credibility of Formosa Laboratories' sustainability reporting, the Company has established a process for preparing sustainability reports and implementing internal audits or external verification in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" This process has been incorporated into the Company's "Operating Procedures for the Preparation and Verification of Sustainability Reports" and has been submitted to the Board of Directors for review and approval of its appropriateness.

Operating Procedures	Method	Responsible Unit
Preparation of the Report	This report is coordinated and planned by the Sustainable Development Committee. The data, strategic objectives, performance indicators, and other information disclosed in the report are provided by the respective responsible units, and then integrated, compiled, and revised by the Sustainable Development Committee.	Sustainable Development Committee
Internal Review	After the completion of the report, it is verified for its completeness and accuracy by each department before being approved by the relevant senior executives.	Relevant Departments and their Senior Executives

Operating Procedures	Method	Responsible Unit
External Guarantee	<p>To enhance the accuracy and credibility of this report, the Company:</p> <ul style="list-style-type: none"> requested third-party verification from SGS Taiwan Ltd., to verify the Company based on the AA 1000 Assurance Standard Type 1 and The Moderate Assurance level as verification criteria, ensuring that the content of this report complies with GRI guidelines and AA1000AP (2021) accountability principles. The financial data is audited by PwC Taiwan based on "International Financial Reporting Standards" (IFRSs) and is reported in NT\$. 	<p>SGS Taiwan Ltd. Pricewaterhouse Coopers Taiwan (PwC Taiwan)</p>
Approved and Finalized	<p>The final version was presented to the Board of Directors by the Sustainable Development Committee for approval before being publicly issued.</p>	<p>Board of Directors</p>

Contact Information

If you have any suggestions or questions about the Formosa Laboratories' 2022 Sustainability Report, please feel free to contact us using the following methods. In order to fulfill our responsibility for corporate information disclosure, we have also published this report on our official website for easy access.

Formosa Laboratories Inc.

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Sustainable Highlight Performance



Aspect	United Nations SDGs Indicators	SDGs Action Initiative
<p>Environmental Protection</p>		<ul style="list-style-type: none"> • The total energy consumption is 187,542,852.23 million joules, and the energy intensity is 49.30, a decrease of 16.86% compared to the previous year. • Introduced 9 energy-saving and carbon reduction projects, estimated to reduce carbon emissions by approximately 1,537 MTCO₂e. • The installation of solar panels for renewable energy source is standardized to approximately 570 KW. • The amount of recycled water is 115.014 million liters, and the recycling rate is calculated as 26.01% based on the annual water withdrawal. • In 2022, the total amount of waste was 1,154.66 tons, with a recycling rate of 40.98%. • Planted 2,200 saplings in the plant area to green and beautify the environment.
<p>Social Responsibility</p>		<ul style="list-style-type: none"> • Joined "TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance" in response to the 6 major indicators of sustainable talent in Taiwan. • Invested an annual training budget of NT\$1.74 million, with a total of 2,782 participants in both internal and external educational training. • In 2022, the total amount of charitable donations was NT\$130,000, with an achievement rate of 130% for the year. • Annually, there are two blood donation events, with a total of 76 participants in 2022, donating a total of 113 bags of blood. • Adopting a river section of 1.4 kilometers in Haihu Creek, the river was awarded the Excellence Award by the Department of Environmental Protection, Taoyuan City Government. • In 2022, a total of 4 schools and 116 teachers and students visited the Formosa Laboratories' plants. • In collaboration with the "Pharmaceutical Technology Doctorate Program at National Taiwan University", we offer a scholarship fund of NT\$1 million. • During the most severe period of the pandemic, we fully committed ourselves to the production of anti-covid drugs and received a letter of certificate from the Taoyuan City Government.

Aspect

United Nations SDGs Indicators

SDGs Action Initiative

Corporate Governance



- The annual revenue was NT\$3,804,145 thousand, setting a new record high in revenue and growing by 20.04% compared to 2021.
- Passed the 8th inspection by the US Food and Drug Administration (FDA) with No Action Indicated.
- The Board of Directors has a total of 60 hours of study time, with an average of 7.5 hours per person.
- There are 6 female senior executives at or above level one, accounting for 37.5% of the senior executives.
- As of the end of 2022, a total of 27 inventions have been produced, and there are still 19 valid patents.
- 526 suppliers of raw materials achieved a score of 90 or above, accounting for 94.1%.
- The 100% of major raw material suppliers for annual cooperation signed the Statement of Use of Hazardous Substances; 100% does not use conflict minerals.

Awards Recognition in Recent Years



▲ | Won 2022 TTQS Bronze Award.



▲ | Won 2022 Health Workplace Certification – Health Promotion Emblem.

Environmental Protection

- 2022 River Adoption Award from Taoyuan City Government

Social Responsibility

- 2022 "Talent Quality-management System" (TTQS), Bronze from Workforce Development Agency, Ministry of Labor
- In 2016, 2018, and 2022, the Company was certified by the Health Promotion Administration, Ministry of Health and Welfare as a healthy workplace, receiving the Health Promotion Certification Mark.

Corporate Governance

- Formosa Laboratories has obtained GMP certification through official GMP compliance evaluations from the Taiwan Food and Drug Administration (TFDA), the United States Food and Drug Administration (US FDA), and the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan.
- Won the Silver Medal Award in the category of Biotechnology Commercialization, 2014 Taipei Biotech Award.
- Won the Silver Medal Award in Globalizing Award category of the 2015 Taipei Biotech Awards.



▲ | Won 2022 River Adoption Award from Taoyuan City Government.

Analysis of Material Topics

Formosa Laboratories primarily follows the GRI guidelines and refers to the SASB standards for sustainable issues. We identify significant topics based on the four principles of inclusivity, materiality, responsiveness, and impact, in accordance with the AA1000 Account Ability Principle (2018). It then ranks them according to the requirements of the GRI Universal Standards 2021 edition and discloses the impact, management strategies, and practical situations of each significant topic. Based on these results, Formosa Laboratories calibrates its sustainable development goals and strategies, enhancing the effectiveness of external communication.

Sustainable Issue Collection

- Collect and evaluate highly relevant sustainability issues based on national policy trends, various international standards, evaluations, and initiatives.
- Gather immediate interaction and feedback on issues that matter to stakeholders through a variety of daily communication channels.

Engagement with 6 Major Stakeholders

- Each department regularly holds internal meetings to convey stakeholders' opinions and feedback.
- Held a kick-off meeting for sustainable development to collect concerns from stakeholders and focus on 16 key issues.

Impact Level Assessment of 16 Concerned Issues

- Analyze the impact level of various concerned issues through the "Materiality of Sustainability Issues Assessment Questionnaire".
- Invite major business managers, supervisors at the associate manager level or above, and business contractors of each department to conduct a more detailed and standardized internal assessment of the seriousness (scale and scope), likelihood of occurrence, and risk of human rights infringement of each issue, and a total of 40 valid questionnaires were collected.

Identification and Examination of Material Topics

- After analyzing the results obtained from the "Materiality of Sustainability Issues Assessment Questionnaire", sorted them based on their quantitative values and establish threshold criteria for material topics.
- Commission external consultants to jointly review and examine the appropriateness of the identified material topics and threshold standards, ensuring that there were no omissions or deficiencies in the material topics that should be prioritized for reporting, in order to ensure their completeness, inclusiveness, macroscopic nature, and alignment with the Company's sustainable development strategy.
- In 2022, a total of 10 material topics were identified.

Confirmation of 10 material topics

- After discussion in the meetings of the Sustainable Development Committee, all 10 material topics were reported to the Board of Directors and confirmed.
- In this report, we will disclose the impact of each major topic, as well as the corresponding policy commitments, management principles, target indicators, and related performance of the Company.

Continuous Improvement

- Each department sets management policies for material topics and incorporates them into daily work plans and annual operational strategies.
- Regularly review and evaluate the effectiveness of the management policy, continuously improving the sustainable management strategies.



Engagement with 6 Major Stakeholders




Based on the operational characteristics and industry attributes, the Company evaluates the dependence, responsibility, concern, influence, and diverse perspectives of stakeholders in accordance with the 5 principles of the AA1000 Stakeholder Engagement Standard (SES) 2015 edition. Six key stakeholders have been identified, including (1) employees, (2) investors/shareholders, (3) government agencies, (4) customers, (5) suppliers/contractors, and (6) community/non-profit organizations.

To fully understand the concerns of stakeholders and identify the actual or potential impacts of these issues, the Company actively communicates with various stakeholders through various bilateral and continuous channels in its daily operations. At the same time, the Company collects and responds to the issues they are concerned about.

| Engagement Situation of the Stakeholder Meeting of Formosa Laboratories |

Stakeholder	Meaning to Formosa Laboratories	Method of Engagement / Frequency	Concerned Issues	Communication Performance in 2022
 Employees	Employees are the most important asset of Formosa Laboratories and also a key factor in its operational success. Formosa Laboratories prioritizes the protection of employees' rights and interests and adheres to the principle of employing people based on their talents and placing them in appropriate positions. We show absolute respect and care for our employees, attracting excellent talents to join and unleash their potential in order to achieve the goal of sustainable business operations.	<ul style="list-style-type: none"> • Cross-departmental manager meeting / monthly • Labor-management meeting / quarterly • Occupational Safety and Health Committee / quarterly • Employee health examination / annually • Annual performance review operation / annually • Employee Welfare Committee / irregularly • Internal announcement / irregularly • Multiple Communication Channels for Employees (Workplace Violence, Sexual Harassment, Job Safety, Physical and Mental Health, Improvement Proposals, Behavior Management, and Labor Relations, etc.) /Irregularly 	<ul style="list-style-type: none"> • Economic Performance • Talent Attraction and Retention • Occupational Safety and Health 	<ul style="list-style-type: none"> • Held 12 meetings of the first-level supervisors to discuss major operational management measures of the Company. • Held 4 meetings of labor-management. • Held 4 meetings of occupational safety and health. • Allocated welfare budget and planned for employee bonuses for marriage, funeral, illness, maternity subsidies, birthday and holidays. • Carried out general employee health checks and special operation employee health checks. For employees with abnormal indices, conducted interviews with the factory nurse (doctor) and followed up accordingly. • At the beginning of the year, conducted annual performance setting, mid-term review or revision, and end-of-term evaluation operations.

Stakeholder	Meaning to Formosa Laboratories	Method of Engagement / Frequency	Concerned Issues	Communication Performance in 2022
 <p>Investors/ Shareholders</p>	<p>Investors provide a source of funding for the Company. We transparently disclose operational information to demonstrate the effectiveness of our business operations, enhance investor support, stabilize funds, and create investment value</p>	<ul style="list-style-type: none"> • Company website (shareholder services) / irregularly • Material information / irregularly • Annual report and financial report / annually and quarterly • Shareholders' regular meetings and special meetings / annually, held as needed • Institutional investors' conference (including self-organized and invited attendance) / irregularly • Contact Information of Spokesperson / instant response and handling 	<ul style="list-style-type: none"> • Economic Performance • Occupational Safety and Health • Information Security • Social Participation 	<ul style="list-style-type: none"> • Disclosed in real-time stock price (dividend) query, material information, shareholders' meeting information and various activities information. • The shareholders' meeting was held on June 23, 2022. • Participated in one institutional investors' conference.
 <p>Government Agencies</p>	<p>The Company continues to operate steadily in accordance with relevant government regulations. Financial information and annual reports of shareholders' meetings are disclosed on the Market Observation Post System and the company's website in accordance with legal regulations. The Company also complies with various environmental and labor laws and regulations.</p>	<ul style="list-style-type: none"> • Official document, e-mail, conference / irregularly • Competent authority policy promotion / irregularly 	<ul style="list-style-type: none"> • Occupational Safety and Health • Water Stewardship • Drug Safety • Information Security • Waste Management 	<ul style="list-style-type: none"> • 32 major messages were released throughout the year

Stakeholder	Meaning to Formosa Laboratories	Method of Engagement / Frequency	Concerned Issues	Communication Performance in 2022
 Customers	Each customer's recognition and support are the driving force behind the Company's growth. Formosa Laboratories is fully committed to achieving good cooperation and understanding with business partners.	<ul style="list-style-type: none"> • Customer visit / irregularly • Certification audit / irregularly • Exhibition / irregularly • Company website, phone, and Email / irregularly 	<ul style="list-style-type: none"> • Economic Performance • Innovative Research and Development • Drug Safety 	<ul style="list-style-type: none"> • Customer visits / 117 times (Due to the pandemic, only domestic customers visited.) • Certification audit / official plant inspection 8 cases; customer plant inspection 31 cases (Due to the pandemic, mostly online) • Exhibition / 1 domestic, 4 overseas (due to the pandemic period, the number of overseas exhibitions was reduced) • Company website, phone, and e-mail (Periodically check on customers; if there is a need, contact customers by phone or email immediately.)
 Suppliers / Contractors	Formosa Laboratories' products rely on suppliers to provide high quality and stable raw materials, and through mutual trust and cooperation, we are able to achieve a sustainable corporate standard.	<ul style="list-style-type: none"> • Supplier visit / irregularly • Supplier assessment and certification audit / annually • Supplier questionnaire survey / every three years 	<ul style="list-style-type: none"> • Economic Performance • Supplier Management 	<ul style="list-style-type: none"> • Completed on-site audits of 14 raw material suppliers. Two suppliers were unable to complete on-site audits due to COVID-19, so audits were conducted in writing. • For more information on supplier and contractor management and auditing, please refer to: 3.2 Supplier Management.
 Community/ Non-Profit Organizations	Formosa Laboratories maintains friendly relations with the local community and neighbors, and has long been committed to social welfare and community feedback, fulfilling corporate social responsibilities.	<ul style="list-style-type: none"> • Company Website / irregularly • Community activity participation / irregularly • Phone and on-site communication / irregularly 	<ul style="list-style-type: none"> • Occupational Safety and Health • Water Stewardship • Social Participation • Waste Management 	<ul style="list-style-type: none"> • Participated in river adoption and actively engaged in river conservation and maintenance. • Sponsored NT\$130,000 in total to support local communities and various public welfare activities. • For more details on the implementation of public welfare, please refer to Chapter 6: Social Participation.

Identification and Sequence of material topics

This year is the first time that Formosa Laboratories has issued a sustainability report, and it is also the first time that a material topic of reporting has been subjected to identification and analysis. We conducted two project meetings for the preparation of the sustainability report in November 2022, chaired by the Chairman, inviting department heads and business contractors to collect the directions of concern that we usually learn from stakeholders through meetings, phone interviews, opinion mailboxes, or various business interactions and exchanges. Meanwhile, we referred to national policy trends and issues of various international standards and initiatives such as SASB industry guidelines and SDGs, focusing on 16 sustainability issues highly relevant to the Company, covering economic, environmental, and social aspects. We then discussed these issues one by one according to the Company's development strategy, industry status, value chain practices, and expert recommendations, confirming the impact of these concerns on the economy, environment, population, and their human rights.

Through the standardized and quantified internal assessment process of the "Materiality of Sustainability Issues Assessment Questionnaire", the report identifies and prioritizes the top 10 material topics that should be disclosed. These topics include 2 environmental topics, 3 social topics, and 5 economic topics. The Sustainability Development Committee and external advisory experts discussed and reviewed the relevant processes and standards to ensure the appropriateness and confirm that there are no omissions in the material topics. After approval by the Board of Directors, the report compilation process continues to provide stakeholders with information for effective evaluation and decision-making.

Additionally, to ensure effective communication with a wide range of stakeholders through the sustainability report, we have also set up a "stakeholder services" on our official website to provide dedicated contact channels for different stakeholders. If stakeholders have any questions, suggestions, or complaints regarding material topics or other report content, feel free to contact us through this mailbox so as to maintain smooth and good interaction with them through.

¹ According to the survey results, the issues highly related to human rights, from high to low, include "employee diversity and equality," "integrity management," "occupational safety and health," and "talent attraction and retention." Among them, "employee diversity and equality" and "integrity in business" meet the standards and have minimal negative impact due to compliance with Taiwan laws and regulations, and therefore were not assessed as material topics.

| 2022 Material Topic List |

Preface	Aspect	Material Topics	Meaning and Materiality to Formosa Laboratories	Impact Assessment (Positive/Negative)	Value Chain Impact			Corresponding Chapter
					Upstream (Chemical Raw Material Factory)	Formosa Laboratories	Downstream (Preparations Plant)	
1	Economy Governance	Economic Performance	Stable operation and economic performance growth are the foundation for sustainable business operation and an important key to achieving sustainable development. In addition to pursuing operational growth to reward shareholders' support, Formosa Laboratories also takes into account creating job opportunities, enhancing industry competitiveness, and improving the quality of human life.	<ul style="list-style-type: none"> Improve the competitiveness and market position of the company. Increase the Company's revenues and profits. Create job opportunities. Promote industrial development. Investment failures lead to losses or operational difficulties. 		✓		1.4 Economic Performance
2	Economy Governance	Innovative Research and Development	The innovation and development capability of enterprises is crucial for their future prosperity and even their sustainability. By continuously launching new products, creating new markets, and consistently obtaining high profits, enterprises can achieve long-term success.	<ul style="list-style-type: none"> Increase the capital for the sustainable operation of the company. Develop new products to enhance people's health and well-being. A large amount of research resources may increase the operating costs of the Company. 	✓	✓	✓	1.3 Innovative Research and Development
3	Society	Talent Attraction and Retention	Employees are the most important asset of a company and are also the key to sustainable development. Formosa Laboratories attaches great importance to the recruitment, retention, cultivation, and career development of talents, and provides employees with a healthy and safe work environment to jointly create sustainable corporate development.	<ul style="list-style-type: none"> Outstanding talents enhance the competitiveness of company's operations. Enhance employee engagement and turn employees into strategic partners in the growth of the company. The loss of talent may cause the Company's development to stagnate. 		✓		Chapter 5 Happy Enterprise
4	Economy Governance	Supplier Management	In the globalized market industry competition system, the types of customer demands are complex and rapidly changing, resulting in companies offering increasingly diverse products in smaller quantities. In this evolving environment, key factor in product failure is decided by our own process quality as well as the stability of suppliers' quality. Therefore, the quality, cost, and delivery issues in procurement directly affect the operation and growth rate of a company.	<ul style="list-style-type: none"> Good suppliers provide stable product quality. A comprehensive supplier management process ensures the safety of raw materials. Unreliable suppliers may cause delays in product delivery and increase operating costs. Poor supplier management may result in environmental damage or increase in social costs. 	✓	✓		3.2 Supplier Management

Preface	Aspect	Material Topics	Meaning and Materiality to Formosa Laboratories	Impact Assessment (Positive/Negative)	Value Chain Impact			Corresponding Chapter
					Upstream (Chemical Raw Material Factory)	Formosa Laboratories	Downstream (Preparations Plant)	
5	Society	Occupational Safety and Health	Providing employees with a comprehensive, safe and secure working environment is an indisputable responsibility of the enterprise. Formosa Laboratories has established an Occupational Safety and Health Committee in accordance with the law, which is responsible for implementing and supervising occupational health and safety-related operations. It also provides insurance coverage for all employees. The company and the plant are both insured for public liability accidents, and regular inspections of public safety equipment in buildings and fire facilities are reported. Safety and health education and training, as well as employee health examination, are conducted every year to ensure the health of colleagues, reduce hazards, and create a friendly workplace environment that promotes environmental protection.	<ul style="list-style-type: none"> A safe and healthy workplace environment retains talent and creates more economic benefits. Maintain the safety of the factory equipment and construction, reduce harm to the environment and community. An imperfect occupational safety and health management system may cause serious workplace accidents. 	✓	✓		5.6 Peaceful Workplace Environment
6	Environment	Water Stewardship	The quality and stability of the water required for the manufacturing process are crucial to Formosa Laboratories. Formosa Laboratories has instructed all departments to manage water resources and wastewater, enhance the Company's overall water usage and water conservation awareness, and established a wastewater treatment plant. After testing, the discharged wastewater meets the effluent standard, reducing the impact of waste and wastewater on the environment.	<ul style="list-style-type: none"> Stable water quality ensures smooth processes and enhances production efficiency. Mismanagement of water resources may result in the depletion of water resources and an increase in environmental costs. Improper wastewater management may cause environmental pollution, damage river water quality, and impact ecosystems. 		✓		4.5 Water Stewardship
7	Economy Governance	Drug Safety	The quality and safety of downstream preparation products are directly affected by the APIs. In addition to having a complete Drug Master File (DMF), Formosa Laboratories has successfully passed GMP inspections from Taiwan Food and Drug Administration, the US FDA, Germany's BGV, the European EDQM, and Japan's PMDA multiple times. Formosa Laboratories continues to update and implement products in accordance with current international good manufacturing practice standards under cGMP(Current Good Manufacturing Practice).	<ul style="list-style-type: none"> Establishing a pharmaceutical manufacturing process system ensures stable production and distribution of products. Ensure the safety of drugs and stabilize customer base to increase sales volume. Products produced through faulty processes may potentially harm the health and environmental safety of users. 	✓	✓	✓	3.3 Product Liability

Preface	Aspect	Material Topics	Meaning and Materiality to Formosa Laboratories	Impact Assessment (Positive/Negative)	Value Chain Impact			Corresponding Chapter
					Upstream (Chemical Raw Material Factory)	Formosa Laboratories	Downstream (Preparations Plant)	
8	<div style="background-color: #0070C0; color: white; padding: 2px; border-radius: 5px; display: inline-block;">Economy</div> <div style="background-color: #0070C0; color: white; padding: 2px; border-radius: 5px; display: inline-block;">Governance</div>	Information Security	Formosa Laboratories has established various information security management and protection measures based on which it is implemented to protect company's intellectual property, research and development technology, and trade secrets, as well as to ensure the protection of employees' and stakeholders' personal data.	<ul style="list-style-type: none"> Stringent information security management system enables the company to operate in a stable manner. Establish a cyber security training mechanism, utilize emerging technologies, and enhance the operational efficiency of the company. Poor information security management may lead to system interruptions and damage to economic interests. 		✓	✓	Information Security Management
9	<div style="background-color: #FF9900; color: white; padding: 2px; border-radius: 5px; display: inline-block;">Society</div>	Social participation	Formosa Laboratories continues to participate in the promotion of public welfare activities. In recent years, besides donating to nearby schools and providing pandemic prevention materials to the community, the company has organized activities aimed at caring for vulnerable groups. Moreover, the company regularly organizes beach cleaning activities and participates in the local government's initiative to conserve rivers.	<ul style="list-style-type: none"> Give back to society and practice corporate social responsibility. Cozy up neighbors and promote local economy and community development. 		✓		Chapter 6 Social participation
10	<div style="background-color: #008000; color: white; padding: 2px; border-radius: 5px; display: inline-block;">Environment</div>	Waste Management	Formosa Laboratories has established dedicated personnel for the treatment of various types of wastewaters, exhaust gas, and waste in accordance with relevant laws and regulations. The introduction of equipment and various treatment technologies reduces pollution sources to minimize the impact on the environment and local communities. The waste generated during the production process is also entrusted to resource recycling companies, qualified professional transportation companies, and treatment plants for transportation and treatment.	<ul style="list-style-type: none"> Reduce waste and promote resource recycling to promote the sustainability of Earth's resources. Reduce pollution sources during the production process and minimize the impact on the environment and local communities. Sound waste management can improve the working environment and enhance productivity. Improper waste management may violate regulations and result in fines. 	✓	✓		4.6 Waste Management



About Us



Chapter 1 About Us

- **1.1 About Formosa Laboratories**
 - Global Operating Locations
- **1.2 Business Items**
 - APIs
 - Contract Development and Manufacturing Organization
 - Antibody–Drug Conjugates
 - Development and Manufacturing of Sterile Injectable Pharmaceutical Products
- **1.3 Innovative Research and Development**
 - Research and Development Situation
 - Research and Development Direction
 - Patent Layout
- **1.4 Economic Performance**
 - Operational Highlights
 - Financial Report
 - Tax Management
- **1.5 External Participation**
 - Public Association

1.1 About Formosa Laboratories

Formosa Laboratories, Inc. (referred to as Formosa Laboratories in this report) was founded on December 29, 1995. Its headquarters, Louchu Plant, and Louchu Plant 2 are all located in Louchu District, Taoyuan City. The Company has 836 employees. In 2000, Formosa Laboratories entered the field of active pharmaceutical ingredient production. With strong research and development capabilities and a solid quality system management, it has become a world-renowned manufacturer of APIs. Currently, it has dozens of active pharmaceutical ingredient products and a marketing network covering the globe. It has successfully passed Good Manufacturing Practice (GMP) inspections and certifications from the United States Food and Drug Administration (US FDA), the European Directorate for the Quality of Medicines and HealthCare (EDQM), the Bundesinstitut für Arzneimittel und Medizinprodukte (BGV) in Germany, the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, and the Taiwan Food and Drug Administration (TFDA). Its main products are Cholesterol and Phosphate Binders and Vitamin D derivatives. In addition to active pharmaceutical ingredient products, Formosa Laboratories also provides contract development and manufacturing services and antibody–drug conjugate (ADC) development and manufacturing services.

Formosa Laboratories entered the field of injectable formulation in 2018, providing a vertically integrated development and manufacturing service for sterile injectable fillings and lyophilized injectable drugs, both cytotoxic and non-cytotoxic. Formosa Laboratories continuously updates and implements product

compliance with international current Good Manufacturing Practice (cGMP) standards under the current drug production management regulations. It markets APIs, injectable drugs, and contract manufacturing services extensively in Europe, America, Japan, and worldwide.

Formosa Laboratories was listed on the stock market in 2011 with stock code 4746. The Company is a corporate entity. For information on ownership, please refer to the Composition of shareholders and Main shareholders list section in Capital Overview in the Company's "2022 Annual Report".

| Basic Information of Formosa Laboratories |

Company Name	Formosa Laboratories Inc.
Date of Establishment	December 29, 1995
Headquarters Location	No. 36, Hoping Street, Louchu, Taoyuan 338002, Taiwan
Area	45,508 m ²
Number of Global Employees	836 people
Paid-In Capital	NT\$1,202,559,630
Major Product	APIs, CDMO
Net Sales	NT\$3,804,145 (Individual) NT\$3,765,504 (Consolidated)
2022 Main Product Sales Volume	Domestic Sales 35,533.08 kilograms, Export Sales 780,157.96 kilograms. See 1.4 Economic Performance>Operational Highlights for details.



▲ | Successfully passed GMP from TFDA, US FDA, EDQM, BGV in Germany and PMDA in Japan

Global Operating Locations

The main sales regions for the Company's primary products are Europe, India, and the Americas. The market areas served by our subsidiary companies are listed as follows:

| Formosa Laboratories Operating Locations |

Name of Operating Locations	Address	Tel:
Headquarter	No. 36, Hoping Street, Louchu, Taoyuan 338002, Taiwan	(03) 3240895
Louchu Plant	No. 36, 36-1 Hoping Street, Louchu, Taoyuan 338002, Taiwan No. 398, Sec. 2, Youguan Rd., Louchu, Taoyuan 33802, Taiwan	(03) 3240895
Louchu No.2 Plant	No. 36, 36-1 Hoping Street, Louchu, Taoyuan 338002, Taiwan	(03) 3240895

| Formosa Laboratories Chemical related companies |

Company Name	Address	Main Business or Production Items
Formosa Pharmaceuticals, Inc.	8F.-6, No. 57, Fuxing N. Rd., Songshan Dist., Taipei City	Research and Development of Biotech And New Pharmaceuticals
Epione Pharmaceuticals, Inc.	No. 36, Hoping Street, Louchu, Taoyuan 338002, Taiwan	Research and Development of Biotech And New Pharmaceuticals
Epione Investment Cayman Limited	4th Floor, Harbour Place, 103 South Church St., P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	Re-investment Company
Epione Investment HK Limited	21/F, Central 88, No.88 Des Voeus Road Central, Hong Kong	Re-investment Company
Activus Pharma Co., Ltd	1-17-25 Kitamoto-cho, Funabashi City, Chiba Pref., Japan.	Research and Development of Biotech And New Pharmaceuticals
Shanghai Epione Enterprise Co., Ltd	Room 1009, Caobao Road, Minhang Dist. Shanghai.	Wholesale, import and export agency of chemical raw materials and products.

1.2 Business Items

Formosa Laboratories is a professional cGMP APIs plant in Taiwan. The Company has a professional team composed of process chemists and engineers with solid chemical synthesis experience and professional knowledge. Process development and pathway optimization are the core competitiveness of our business, and the Company continuously promotes sustainable development through excellent manufacturing and innovative capabilities. In order to meet the expectations of all stakeholders, all employees rigorously adhere to the principles of integrity and pragmatism to achieve organizational goals. The Company has successively passed international quality system verifications such as the US FDA, European EDQM, German BGV, Japan PMDA, and Taiwan TFDA, and has become a world-renowned API manufacturing company with a global marketing network.

In addition to deep cultivation in the field of raw materials medicine, the Company provides CDMO services to customers, including process development, analysis method development, and regulatory services. Formosa Laboratories has also entered the manufacturing service of Antibody-Drug Conjugates (ADCs). In 2017, Formosa Laboratories vertically integrated and invested nearly NT\$ 2 billion into the injection plant and equipment, providing customers with a one-stop development and manufacturing solution for sterile injectable drugs. Formosa Laboratories has transformed from a laboratory and APIs plant to a pharmaceutical company that simultaneously develops and



manufactures new drugs, APIs, biosimilar drugs, and injectable products, covering the entire vertical industry chain of research, development, and production.

To meet the future needs of new product development and business capacity expansion, the Company is expanding in scale and technology, and is committed to research and development to maintain a leading position in manufacturing technology. In response to business expansion, we are actively constructing a complete international marketing channel and



logistics management, strengthening personnel training to improve product technical support and after-sales service levels, and achieving the goal of continuous increase in the company's market share.

In the future, Formosa Laboratories will adhere to its business philosophy, utilizing advanced process technology under the current cGMP regulations. The Company will provide efficient and confidential customized synthesis services, achieve good cooperation with business partners. Also, we will continuously

improve employee training, cultivate a highly motivated professional team, while ensuring employee job safety. We strive to reduce the environmental impact of production, bringing intelligence, energy-saving, and sustainable new values to people's lives.

Formosa Laboratories continues to develop new products, such as the Vitamin D derivative series, Cholesterol and Phosphate Binders, Anticoagulants, Anticancer drugs, and MRI Enhancing Agents. Alongside the research and development plans for these new products, Formosa Laboratories also provides custom research and development and contract manufacturing services. In addition to the existing customized services for APIs, Formosa Laboratories also provides customized services for Antibody-Drug Conjugates (ADCs) raw materials, aiming to become a successful partner for pharmaceutical companies in future market launches.



APIs

Formosa Laboratories was established in 1995 and entered the field of APIs production in 2000. With strong research and development capabilities and a solid quality system management, we have gradually made a name for ourselves in the biopharmaceutical industry. Currently, we market dozens of API products globally, with the following 10 products as our main focus.

1. Cholesterol and Phosphate Binders: The series of cholesterol phosphate binder products are mainly used to reduce cholesterol and treat symptoms such as hyperphosphatemia in chronic kidney disease. These APIs are polymers, and only a few companies have the production technology.
2. Vitamin D derivatives product series: The series of Vitamin D derivatives products are mainly used for symptoms such as psoriasis, hyperparathyroidism, osteoporosis, and renal osteodystrophy complications of uremia. The Company independently researches and produces the APIs for this series of products, owning multiple patents. It has received positive feedback in the European and American markets and has gained a great international reputation, making it the representative series of products for the Company.
3. Anti-inflammatory and Analgesic Agents: Anti-inflammatory and Analgesic Agents are mainly used as analgesics for ulcerative colitis and herpes zoster.
4. Steroid product series: The series of steroid products are mainly used for regulating female physiological functions.
5. Anticancer drugs: Anticancer drugs are mainly used for the treatment of various types of cancer.
6. Medication for inhibiting fat absorption: Medication for inhibiting fat absorption is mainly used for patients with high BMI.
7. MRI Enhancing Agents: Nuclear magnetic resonance contrast agent is mainly used in magnetic resonance imaging.
8. Respiratory Agents: Respiratory system medication is mainly used for upper respiratory tract sensitivity and allergic diseases.
9. CNS Agents: Central nervous system medication is mainly used for anti-depression.
10. Immunomodulators: Immunomodulators are mainly used to resist rejection after organ transplantation.



What is APIs?

APIs refer to the basic components in drugs that have medical efficacy and must be strictly inspected and approved by health authorities before they can be marketed. In the pharmaceutical industry, APIs play a crucial role as key raw material suppliers. Since APIs are generally organic small molecules, the majority of the API industry is organic chemistry industry. APIs are typically synthesized through biological or chemical methods, with chemical synthesis being the main method due to its convenience, speed, and competitive pricing.



The production method of APIs

APIs have different production methods based on the different raw materials:

1. Natural substances, in addition to the preparation of raw materials such as fermentation and cultivation, the main process technologies are extraction, hydrogenation separation, alcoholysis, esterification, saponification, and purification (such as distillation, extraction, crystallization, etc.).
2. General chemical, the main process technologies are complex organic synthesis and separation and purification.
3. Genetic engineering preparer, purification and recovery of formulations engineer.

In all precision biochemical industries, the production process of APIs is relatively complex, and the synthesis technology is the most precise. The APIs are further processed by downstream pharmaceutical manufacturers, adding excipients such as binders, adhesives, emulsifiers, etc., to produce dosage forms that are convenient for patients to use.

Customized Contract Development and Manufacturing Organization

Formosa Laboratories' business model, from research and development to mass production, provides professional CDMO, analytical method development, and regulatory services. Through serving international manufacturers, projects can enter critical confirmation or commercial amplification stages, continuously generating net cash flow. The professional and experienced team has built an internationally renowned platform for Antibody-Drug Conjugates (ADCs) services, assisting numerous domestic and international pharmaceutical

development companies in product development and production, and completing global clinical submissions that have passed Quality Planning (QP) audits. Additionally, in response to the COVID-19 pandemic and global supply chain restructuring, Formosa Laboratories provides flexible and efficient one-stop services, offering a complete research and production supply chain, from APIs to formulation filling services.

- **Process Development :**

Process development and pathway optimization are the core competencies of Formosa Laboratories. We provide services ranging from laboratory development of customer-targeted products to process amplification design and process trial production of factory-scale equipment. We also offer process safety or risk assessment, specialized process analysis support, parameter or experimental design research, quality design methods, efficient handling and training of high-value active substances, and antibody combination drugs.



▲ | Formosa Laboratories Process Development Diagram

• **Analysis Method Development :**

Formosa Laboratories has a specialized and experienced analysis team that provides comprehensive analysis method development services, from early development stages to commercial APIs production. These services include the development and validation of methods, specification development or testing materials, structural analysis, impurity separation and identification, product characterization and purity assessment methods (HPLC/UPLC, GC, GC-MS, LC-MS, heavy metals, Karl Fischer water analysis), ICH stability studies (storage and testing), reference standard qualification, crystalline form characterization, cleaning method development and validation, release testing of starting materials, intermediates, and final products, impurity analysis, sterile testing, and microbial identification, endotoxin analysis, etc.



▲ | Formosa Laboratories Analysis Method Development Schematics

• **Laws and Regulations Services :**

Formosa Laboratories provides comprehensive drug regulatory consulting, production of Drug Master Files (DMFs) and related registration documents, including New Drug Applications (NDAs), Investigational New Drug (IND), Abbreviated New Drug Application (ANDA), and Biologics License Applications (BLA).

Antibody–Drug Conjugates

Formosa Laboratories (Formosa Labs) offers a comprehensive solution for the manufacturing of Antibody–Drug Conjugates (ADCs) spanning from antibody production with domestic partnerships to in–house services for toxin–linker CMC and antibody bioconjugation for drug substance (DS). The end–to–end process concludes with cytotoxic fill–finish drug product (DP) manufacturing.

Development and Manufacturing of Sterile Injectable Pharmaceutical Products

Formosa Laboratories has advanced injection production plants, equipment, and a professional management team, providing customers with a one–stop development and manufacturing program for sterile injectable drugs (Injectable Manufacturing Services).

| Formosa Laboratories Development and Manufacturing of Sterile Injectable Pharmaceutical Products |



Development of Sterile Injectable Pharmaceutical Products

1. Sterile injection plant and equipment for the production of cytotoxic, high potency and general potency drugs.
2. Small molecules and biologics including prefilled Syringe, vials and lyophilized dosage forms (freeze–dried, lyophilization) can be produced or filled.
3. The barrier isolation technology provides excellent sterile assurance.
4. The design of low hydrogen peroxide (H₂O₂) residue has the advantage of producing oxidation–sensitive biopharmaceuticals.

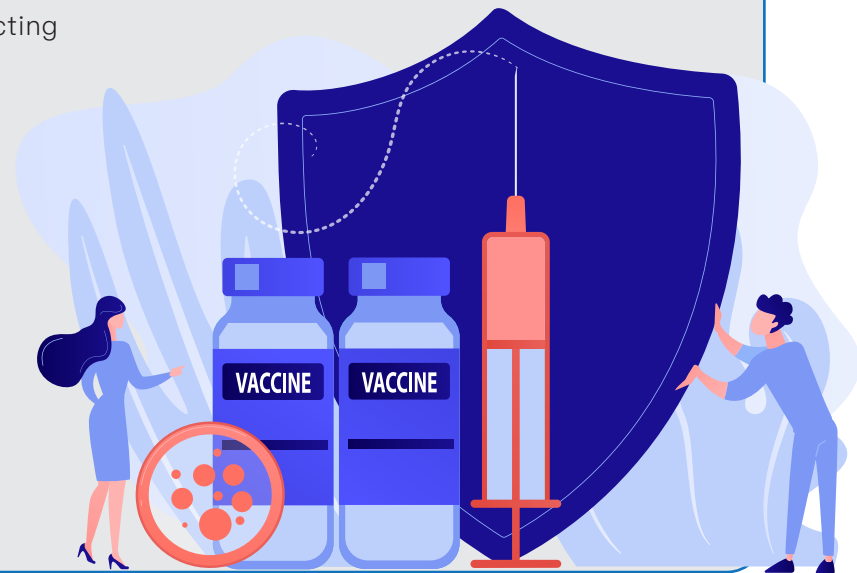


One–stop Program for the Development and Manufacturing of APIs to Pharmaceutical.

1. From Chemical APIs to Pharmaceutical.
2. From the Investigational New Drug (IND) to the New Drug Application (NDA)/Abbreviated New Drug Application (ANDA) /Biologics License Applications (BLA).
3. From the laboratory to commercial production.
4. From research laboratories that comply with Good Scientific Practice (GSP) for drug development to production manufacturing that complies with Good Manufacturing Practice (GMP) for drugs.

• Injectables Production Line

1. NNE Design
2. Complies with the specifications of the United States Food and Drug Administration (USFDA), the European Medicines Agency (EMA), and the Pharmaceuticals and Medical Devices Agency of Japan (PMDA).
3. Production requirements of small molecule drugs and large molecule drugs
4. The general production line can produce up to hundreds of millions of doses per year.
5. The cytotoxic production line can produce tens of millions of doses.
6. Provide millions of doses of service capacity for pre-clinical development clients.
7. Domestic and international regulatory authorities are conducting ongoing plant inspections.
 - a. 2021 Q3 Cytotoxic Production Line Passes TFDA Inspection
 - b. Obtained PICs GMP (The Pharmaceutical Inspection Convention and Co-operation Scheme: Good Manufacturing Practice) and PICs GDP (The Pharmaceutical Inspection Convention and Co-operation Scheme: Good Distribution Practice) certificates in 2021.
8. The service and cooperation projects are gradually being implemented.



1.3 Innovative Research and Development

| Formosa Laboratories 2022 Material Topic: Innovative Research and Development |

Material Topics	Innovative Research and Development
Corresponding GRI indicators	Custom Material Topics
Related SDGs	SDG 3 Good Health and Well-Being
Policies or Commitments	<p>Formosa Laboratories is committed to following various international standards and implementing drug development with the highest quality standards. We continuously optimize and maintain consistent drug quality, focusing on one-stop research and development manufacturing, the development and application of microfluidic processes, the selection and development of generic drugs. Through comprehensive procedures and testing mechanisms, we ensure the health and safety of users. We continuously innovate and contribute to improving people's health, enhancing social welfare, and creating more economic value.</p>
Indicators and Objectives	<p>Short-Term Goals :</p> <ul style="list-style-type: none"> • Continue to screen and select suitable APIs annually for synthetic pathway research, as well as formulate patent response strategies. • Assess and select products suitable for microfluidic processing. • Continue to expand CDMO business, integrate a one-stop model from APIs development and manufacturing to drug product development and manufacturing, and registration. It is expected to undertake annual projects, transfer technology for mass production, and assist customers in applying for clinical trials IND, NDA, or ANDA.

Material Topics

Innovative Research and Development

Indicators and Objectives

Medium-Term Goals :

- Complete at least one APIs to process development stage and provide pilot samples for potential customers to conduct dosage form studies.
- Development of microfluidic processes, planning and preparation for mass production of products, and entering production and regulatory declaration.
- CDMO's services assist customers in entering Phase III clinical trials or future commercial production planning after official launch.
- Continue to invest in the development of antibody drug combination biologics and sustained release injections platform, enhance formulation and process development technology and capacity, and increase formulation process equipment to expand process platforms for new injectable dosage form.

Long-Term Goals :

- After assisting CDMO clients in completing Phase III clinical trials and successfully launching, the Company become the main supplier of API for clients and their contract manufacturing partner.
- Products from microfluidic processes are commercialized based on market conditions.
- Establish a small-scale pilot production plant for research and development, to test the feasibility of process scaling, improve the success rate of technology transfer, and accelerate the application for various product-related certifications.

Effective Tracking Mechanism

- Establish a new product development team, hold regular meetings to report the progress of each project, and conduct annual summaries and achievements.
- During the development process of microfluidic processes, continuous assessment reports, commercial operations, and economic benefit assessments are carried out, and attention is paid to the declaration and review of process changes by regulatory units.
- CDMO commissioned research and development projects follow standardized forms to conduct feasibility assessments, propose quotations, confirm deliverables and schedules, and regularly report research and development achievements to the general manager and professional team, and establish research and development directions.
- Follow the project management process to execute the project, assess the project progress, execution efficiency, and project cost control.

Annual Actions and Achievements

- Added 2 approved patents, bringing the total number of valid patents to 19.
- By forming a new product development team composed of experts from various fields, the Company discusses and select targets from all aspects. Through regular meetings, we select targets, assign resources, and report the progress and results of each project, and set goals for the next year's plan.
- Completed the technology transfer of 1 small molecule, and completed process validation and abbreviated new drug application (ANDA), and completed the technology transfer of 2 CDMO project technology transfer for clinical trial batch production, to supply customers for clinical trials.

Research and Development Status

Formosa Laboratories is committed to providing innovative energy and assisting customers in expanding their business through its high level of expertise and research and development spirit. The Company works closely with customers to meet their needs, improve their research and production processes, and actively collaborate with customers and industry partners to enhance production efficiency and reduce the environmental impact of their products. In 2022, Formosa Laboratories' research and development expenses reached NT\$471,194,000, accounting for 12.39% of its operating income, with a year-on-year increase of 1.30%. We were also granted 2 patents and have a total of 19 effective patents.

| Investment in Research and Development by Formosa Laboratories in the Past 3 Years |

(unit: NT\$1000)

Year	2020	2021	2022
Investment Amount	354,070	351,327	471,194
Percentage of Revenue	11.39%	11.09%	12.39%

Note: The source of information is the financial reports of Formosa Laboratories.



Research and Development Direction

Formosa Laboratories is committed to comply with international standards and regulations, and through one-stop R&D and manufacturing, microfluidic process development and application, and the selection and development of generic drug labels, these three major projects will ensure the health and safety of people's use of medicines through well-established procedures and rigorous testing mechanisms, and will continue to contribute to the society through innovative research and development.

- **One-Stop Research and Development Manufacturing**

Focusing on one-stop R&D and manufacturing, Formosa Laboratories is committed to follow Good x Practice (GxP) to perform drug development with the highest quality standards, develop stable and reliable formulations and process technologies, and continuously optimize and maintain consistent drug quality from R&D to production, from clinical trials to commercialization. Meanwhile, the Company provides innovative new drugs and technology platforms to contribute to the improvement of people's health, enhance social well-being and create more economic value.

The Injectable Department focuses on the one-stop development and manufacturing of sterile drugs, from small molecule or large molecule APIs to the development and production of drug formulations and injection preparations. The procedure of process development in the research laboratory and subsequent production manufacturing all complies with Good Scientific Practice (GSP) and Good Manufacturing Practice (GMP). Preparation development focuses on customized CDMO for high-difficulty synthetic technology APIs (non-biological complex drugs, peptide drugs, and antibody drug complex drugs, etc.), including formulation and process development, batch amplification, and submission batch production. The submissions include Investigational New Drug (IND), New Drug Application (NDA), Abbreviated New Drug Application (ANDA), Biologics License Applications (BLA), and all other items in the drug approval process.

Currently, our one-stop developed products include Eribulin and Gadoterate Meglumine, and FCM (Ferric Carboxymaltose) is under development. As for CDMO products, we provide small molecule drugs domestically and ADCs for international customers.

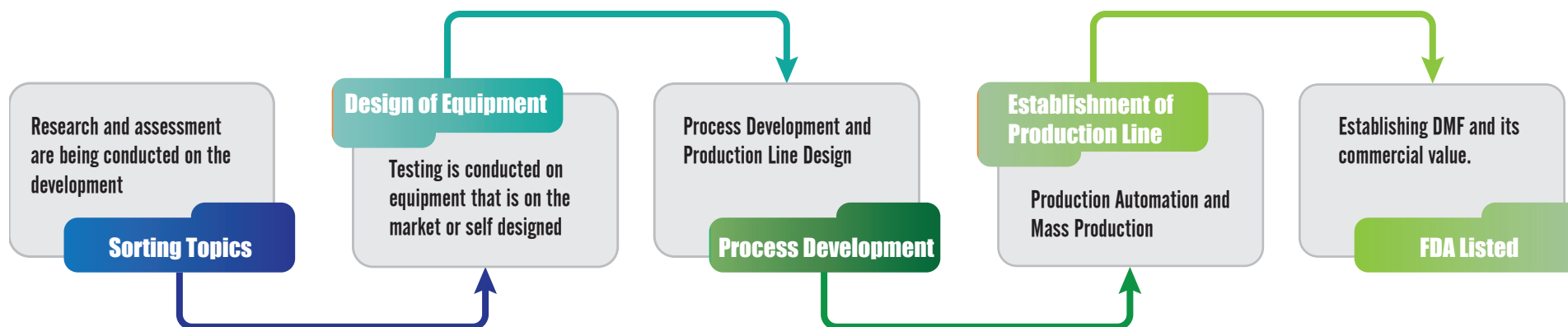
CDMO commissioned R&D projects follow standardized forms to conduct feasibility assessments, propose quotations, and confirm deliverables and schedules. Project execution follows the project management process to conduct project progress, execution efficiency management, and project cost control assessments. R&D projects regularly report research results or milestone plans to the General Manager and project team (including the R&D department, analysis procedure development department, Marketing & Sales Department, product and Project Management Department, and legal planning department), and jointly decide on the subsequent research direction.

The project team also regularly assesses the progress, execution efficiency and cost of each R&D project, and the overall average budget is within the expected control. In the past two years, we have completed one small molecule project with process validation and ANDA, and two biosimilar CDMO projects with clinical trial batch production for customers to perform clinical trials.

• **Development and Application of Microfluidic Processes**

Microfluidics is a technology that miniaturizes fluids, and it can improve the efficiency of drug screening in micro and smaller dimensions. In drug development, it has lower production costs, requires smaller samples and reagent volumes, is faster, and

| **Formosa Laboratories Microfluidic Process Development Process** |



takes up less space. It is an emerging field with great potential for development.

To meet the goals of carbon reduction, environmental protection, and sustainable operation, the development and application of microfluidic manufacturing are divided into short, medium, and long-term objectives. The short-term objective is to develop products suitable for microfluidic processes. The medium-term objective involves planning and preparing for mass production, along with production and regulatory declaration. The long-term objective is commercial operation. Throughout the process, microfluidic process development and assessment reports, commercial operation and economic benefit assessments will be carried out, and attention will be paid to changes in process and review by regulatory units. On an annual basis, initial microfluidic module construction and testing, mass production module construction and testing, and multiple evaluation reports will be conducted. Through a rigorous process and a comprehensive development product mechanism, establish health and safety guarantees are established for customers when using pharmaceuticals.

- **Selection and Process Development for Generic Drugs Target**

After the expiration of the patent rights of the original pharmaceutical company, other pharmaceutical companies are

allowed to produce approved drugs using the same ingredients and processes. In terms of the development and application of generic drugs, Formosa Laboratories sets short, medium, and long-term goals. The short-term goal is to select at least 5 targets each year for continuous screening and research on suitable APIs for synthesis pathways, as well as to formulate patent response strategies. The medium-term goal is to evaluate the selected targets, with at least 1 completed process development and provide pilot samples for potential customers to conduct dosage form studies. The long-term goal is to assist customers in completing phase III clinical trials and successfully launch the product, becoming the main supplier of APIs for customers and their contract manufacturing partner.

To achieve the goal, we established a New Product Development (NPD) team, we established a New Product Development (NPD) team comprised of experts in marketing, patent interpretation, chemical synthesis, manufacturing technology, experimental analysis, and supply chain construction, etc. to discuss and select targets from an all-round perspective. Regular NPD meetings are held to report on the progress of each project, selection of targets, assignment of resources, and the progress of each project. The NPD team uses the annual summary to match the company's operation and market dynamics as a reference for future development direction.

Patent Layout

Due to competition in the pharmaceutical industry, it is common for the original drug developers and the generic drug manufacturers to engage in patent infringement lawsuits. Meanwhile, competition among generic drug manufacturers relies on subsequent patent applications as a means to gain an advantage. Therefore, Formosa Laboratories has dedicated patent engineers who conduct comprehensive patent search for different countries since the initiation of new product development, especially focusing on the markets in which the new products will be introduced. Patent engineers actively cooperate with our R&D to develop our own technology, to assure our manufacturing process not to infringe against

competitors' patents. Our company have issued the company's "FTO Analysis Regulation": as a basis to ensure the development of new products in a mature manner. On the other hand, our company also have issued the company's "Patent Application Regulation" to encourage colleagues to apply for patents and build a comprehensive patent layout for Formosa Laboratories. To date, Formosa Laboratories has produced 27 inventions. With careful reviewing global market competition and the Company's business layout as criteria, the patents from these inventions were determined whether to be maintained. Therefore, as of the end of 2022, Formosa Laboratories still maintains 19 valid patents.

| Patent Acquisition Status of Formosa Laboratories in the Past 3 Years |

Country	New Patent Cases			Accumulated Number of Valid Patents as of 2022
	2020	2021	2022	
Taiwan	1	1	2	6
USA	2	1	0	9
China	0	0	0	1
Germany	0	0	0	1
Japan	0	0	0	2
Total	3	2	2	19

| List of Valid Patents for Formosa Laboratories in 2022 |

No.	Patent Number	Patent Name	Patent Approval Date
1	CN1948283B	Preparation method of Vitamin D derivatives	2010/12/29
2	DE102006047173B4	Verfahren zur Herstellung eines Analogons von Vitamin D	2008/4/17
3	US7491712B1	Process for preparation of paricalcitol and intermediateds thereof	2009/2/17
4	US7645911B2	Process for preparation of paricalcitol and intermediates thereof	2010/1/12
5	TWI367205B	Preparation method of paricalcitol	2012/7/1
6	JP5563324B2	Intermediate of Maxacalcitol and its preparation method	2014/6/20
7	JP5652723B2	The new crystal form of Maxacalcitol	2014/11/28
8	US9187452B1	Method for preparing nilotinib	2015/11/17
9	TWI628187B	Preparation of Monosaccharides, Disaccharides, Trisaccharides, and Pentasaccharides of Heparinoid	2018/7/1
10	US10023603B2	Preparation of monosaccharides, disaccharides, trisaccharides, and pentasaccharides of heparinoids	2018/7/17
11	US10233263B1	Method for preparation of sugammadex sodium	2019/3/19
12	TWI703163B	Preparation Method and Crystal Form of Sugammadex Sodium	2020/9/1

No.	Patent Number	Patent Name	Patent Approval Date
13	US10336835B2	Polymorphs of sugammadex and process for preparation of sugammadex	2019/7/2
14	US10766900B2	Baricitinib intermediate, method for forming baricitinib intermediate, and method for preparing baricitinib or pharmaceutically acceptable salt thereof	2020/9/8
15	US10626110B2	Novel polymorph of pazopanib hydrochloride and preparation process thereof	2020/4/21
16	US11021483B2	Crystalline of camphorsulfonic acid salt of rucaparib and method of preparing of tricyclic compounds, rucaparib and crystalline of camphorsulfonic acid salt of rucaparib	2021/6/1
17	TWI718533B	Preparation method and crystal form of Ribociclib and its salts.	2021/2/11
18	TWI781345B	Crystalline Form and preparation method of BARICITINIB	2022/10/21
19	TWI784646	Preparation method of Ferric Carboxymaltose	2022/11/21

1.4 Economic Performance

| Formosa Laboratories 2022 Material Topic: Economic Performance |

Material Topics	Economic Performance
Corresponding GRI indicators	GRI 201–1 The direct economic value generated and distributed by the organization GRI 201–2 The financial impacts and other risks and opportunities generated by climate change GRI 201–4 Financial assistance obtained from the government
Related SDGs	SDG8 Good work and economic growth
Policies or Commitments	The main driving force behind the growth of the biopharmaceutical industry is the demand for drugs driven by global population aging. The importance of new drugs and generic drugs in the biopharmaceutical industry is increasing, promoting the growth of new demand. Formosa Laboratories Research and Development utilizes the most advanced process technology to manufacture APIs, UV Filters, and injectable products, providing complete and efficient customized services while maintaining good cooperative relationships with business partners to maintain competitiveness and stable economic performance of the company.
Indicators and objectives	Sustainable Goals : <ul style="list-style-type: none"> • Continue to carry out transparent and open tax governance, comply with laws and regulations, and provide channels for communication with stakeholders. • Continue to upgrade the technology and services of APIs. • Continue to pay attention to the products that are about to be launched by the original research drug, select items from them, and expand the market for Antibody Drug Conjugates and Injectables.

Material Topics	Economic Performance
<p>Effective Tracking Mechanism</p>	<ul style="list-style-type: none"> • The accounting department regularly reports tax-related management status to the financial supervisors. • On-site audits conducted by the inspection unit. • Assessment by government agencies to ensure compliance with regulations and standards.
<p>Annual Actions and Achievements</p>	<ul style="list-style-type: none"> • The net profit for the period in 2022 is NT\$409,359 thousand. • The net operating revenue for 2022 is NT\$3,804,145 thousand. • Obtained a financial subsidy of NT\$28,582,982 from the government of the Republic of China in 2022 • Formosa Laboratories completed the construction of three Injectable production lines in 2022, from clinical to commercialization, including Non-cytotoxic, Cytotoxic, and High-Potency lines. These three lines are capable of producing Liquid for injection (Aseptic filling/Terminal Sterilization), Lyophilized dosage forms, and Prefilled syringes with medication. • Assisted pharmaceutical company Oncomatrix Biopharma (Spain) in producing OMTX705 and submitted it for review by the AEMPS and FDA. It has passed both reviews in 2022 and is currently undergoing Phase I clinical trials. • In 2022, assisted subsidiary Formosa Pharmaceuticals in producing TSY-0110 and submitted it to the FDA's advisory committee, and subsequently prepared for the registration submission of the NDA.



Operational Highlights

Formosa Laboratories is committed to upgrading the technology and services of raw materials for pharmaceuticals. Based on the research and production of existing APIs, it expands downstream to the development and manufacturing of Injectables, covering general production lines for small molecules and large molecules, as well as cytotoxic production lines for anticancer drugs.

The main driving force behind the growth of the biopharmaceutical industry is the demand for drugs arising from global population aging. The importance of new drugs and generic drugs in the biopharmaceutical industry is increasing, propelling the growth of new demand. Under the current Good Manufacturing Practice (cGMP) quality standards, Formosa Laboratories focuses on research and development using cutting-edge process technology and injectable products. The Company is committed to providing efficient and confidential customized research and development as well as contract manufacturing services, working closely with the business partners to achieve successful collaboration.

| Formosa Laboratories' 2022 Quality Certification and Product Performance |

Quality Certification

- Formosa Laboratories passed the 8th on-site inspection by the FDA.
- Formosa Laboratories preparation plant have been assessed by the Ministry of Health and Welfare and found to be in compliance with Good Manufacturing Practice (GMP) for pharmaceuticals and Good Distribution Practice (GDP) for pharmaceuticals.

Product Performance

- Completed the construction of three injectable production lines in 2022, from clinical to commercialization, including non-cytotoxic, cytotoxic, and high-activity lines. These three lines are capable of producing Liquid for injection (Aseptic filling/Terminal sterilization), Lyophilized dosage forms, and prefilled syringe with medication.
- Assisted pharmaceutical company Oncomatrix Biopharma (Spain) in producing OMTX705 and submitted it to AEMPS and FDA's pre-submission consultation for NDA. It has passed both reviews in 2022 and is currently undergoing Phase I clinical trials.
- In 2022, assisted subsidiary (Formosa Pharmaceuticals, Inc.) in producing TSY-0110 and submitted it to the FDA's advisory committee, and subsequently prepared for the registration submission of the NDA.
- The product APP13007 of Formosa Laboratories subsidiary (Formosa Pharmaceuticals, Inc.) is used for treating postoperative inflammation and pain in the eyes. It falls under the U.S. FDA 505 (b) (2) new drug pathway. The data analysis of phase III clinical trials has demonstrated clinically and statistically significant results. The plan is to obtain U.S. FDA approval for market release in 2023.
- The fermentation plant has undergone an on-site inspection by the US FDA and has begun commercial production.

| Product Sales Market Overview of Formosa Laboratories in the Past 2 Years |

(Unit: NT\$ thousand)

Sales Region	2021		2022	
	Amount	Percentage %	Amount	Percentage %
India	751,375	23.71	918,782	24.15
Taiwan	360,849	11.39	419,148	11.02
Netherlands	88,441	2.79	377,799	9.93
Switzerland	333,461	10.52	280,347	7.37
Germany	247,221	7.80	231,162	6.08
Japan	253,814	8.01	228,751	6.01
China	109,257	3.45	220,018	5.78
Canada	269,292	8.50	208,519	5.48
USA	116,200	3.67	190,339	5.00
Spain	290,044	9.15	115,776	3.04
Other countries	349,069	11.01	613,504	16.14
Total	3,169,023	100	3,804,145	100

| Product Sales Market Overview of Formosa Laboratories in the Past 3 Years |

Major Product Categories	Main Sales Markets	Percentage of Sales Revenue for Main Products		
		2020	2021	2022
Cholesterol and Phosphate Binder	India, Netherlands, Spain, Japan.	33.09%	33.08%	33.98%
Vitamin D derivatives	Germany, India, Canada, Taiwan	18.99%	19.12%	18.43%
Contract Development and Manufacturing Organization (CDMO)	Japan, Taiwan, USA, Spain.	11.82%	15.46%	13.54%
Respiratory Agents	China, USA, India, Taiwan.	7.61%	6.27%	9.39%
Anti-inflammatory and Analgesic Agents	Canada, South Korea, Taiwan, Singapore.	6.59%	5.93%	5.94%
CNS Agents	Italy, Bangladesh, USA, Taiwan.	3.93%	3.00%	4.73%
Other	USA, Taiwan, China, Israel, India	17.97%	17.14%	13.99%

| Product Sales Market Overview of Formosa Laboratories in the Past 2 Years |

(Unit: Quantity – Kilograms; Value – NT\$1000)

Major Product	2021		2022		2021		2022	
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Cholesterol and Phosphate Binder	16,885.27	40,097	424,917.72	1,008,157	21,756.30	48,354	470,371.05	1,244,141
Vitamin D derivatives	1.94	81,282	9.98	524,531	2.46	103,205	11.45	597,763
Contract Development and Manufacturing Organization (CDMO)	388.11	171,499	38,828.87	318,545	256.01	148,477	33,020.25	366,626
Respiratory Agents	0.30	84	65,003.40	198,761	2,422.56	12,847	108,108.81	344,508
Anti-inflammatory and Analgesics agents	20.10	1,980	74,646.06	185,893	0.03	62	63,965.99	225,915
CNS Agents	39.50	7,607	14,337.16	87,347	41.70	10,901	28,723.70	169,124
Other	717,970.18	58,300	167,249.94	484,940	11,054.02	95,302	75,956.71	436,920
Total	735,305.40	360,849	784,993.13	2,808,174	35,533.08	419,148	780,157.96	3,384,997

Note: Reasons for increase or decrease: In the past two fiscal years, the Company's sales have mainly been focused on exports. The overall sales value for 2022 has increased compared to 2021, mainly due to the increase in sales value of Cholesterol and Phosphate Binders and Respiratory Agents.



Financial Report

Formosa Laboratories' operating revenue in 2022 reached a new high of NT\$3,804,145 thousand, an increase of 20.04% compared to 2021. The net profit after tax was NT\$409,359 thousand, with an earnings per share of NT\$3.40. In terms of the core business, the Company's efforts led to increased shipments of Cholesterol and Phosphate Binders, Vitamin D derivatives, and Respiratory Agents in 2022. The strong appreciation of the US dollar also boosted the gross profit margin. With well-controlled operating expenses, the operating profit grew compared to 2021. However, the non-operating income from financial asset valuation gains decreased significantly compared to 2021, resulting in a decline in pre-tax and net profit for 2022 compared to the previous year.

In regard to the direct economic value generated and distributed by the organization, the retained economic value generated and distributed in 2022 is NT\$402,960 thousand. Among them, employee salaries and benefits account for an important part of the distribution of economic value, demonstrating company's concern for employee rights and providing reasonable compensation. In addition, the Company also honestly pays taxes and distributes profits to shareholders and other contributors, while also focusing on community investment and consciously giving back to society and the local community. In the future, we will continue to assess

| Direct Economic Value Generated and Distributed by the Organization |

Item (Unit: NT\$1000)		2020	2021	2022
The Direct Economic Value Generated	Operating Revenue	3,108,083	3,169,023	3,804,145
	Non-Operating Income	217,669	168,141	144,486
Allocated Economic Value	Operating Costs	2,220,884	2,179,057	2,419,812
	Employee Salaries and Benefits	802,795	962,252	951,949
	Payment to Contributing Parties	29,812	272,796	147,611
	Payment to the Government	7,527	36,701	25,369
	Community Investment	4,097	805	930

and balance economic distribution, ensuring the interests of stakeholders are taken care of while also reserving sufficient resources for the Company's continued development.

| Formosa Laboratories' Summarized Statement of Comprehensive Income for the Past 3 Years |

(Currency: NT\$)

Year	Unit:	2020	2021	2022
Operating revenue	NT\$1000	3,108,083	3,169,023	3,804,145
Operating costs	NT\$1000	(2,154,938)	(2,189,585)	(2,386,736)
Gross Profit	NT\$1000	955,546	968,106	1,420,511
Operating expenses	NT\$1000	(705,784)	(770,059)	(895,632)
Net operating income	NT\$1000	249,762	198,047	524,879
Non-operating income and expenses	NT\$1000	182,682	1,092,660	987
Net income before tax	NT\$1000	432,444	1,290,707	525,866
Income tax expenses	NT\$1000	(32,410)	(41,611)	(116,507)
Net income for the period	NT\$1000	400,034	1,249,096	409,359
Other comprehensive income (net, after tax)	NT\$1000	1,479	50,875	(54,539)
Total comprehensive income	NT\$1000	401,513	1,299,971	354,820
Earnings per Share	NT\$	3.78	10.92	3.40
Cash dividends	NT\$	0	240,511,926	120,255,963

Note: The entity included in the financial statement data is Formosa Laboratories, and cash dividends are based on the annual earnings.

| Government Financial Subsidy Situation of Formosa Laboratories in 2022 |

(Unit: NT\$)

Government	Subsidy Items	Amount of subsidy
R.O.C.	Filing 2021 profit-seeking enterprise income tax for 2022: reporting 2021 research and development expenses	1,140,266
	Filing 2021 profit-seeking enterprise income tax for 2022: Reporting 2021 smart machinery investment expenses	5,802,524
	Offsetting 2020 approved shareholder investment deductions for 2021	3,408,291
	Undistributed retained earnings for 2020	17,906,173
	Multi-beneficiary Vocational Training Program, Workforce Development Agency, Ministry of Labor	82,440
	Stable Employment, Workforce Development Agency, Ministry of Labor	120,000
	Youth Workplace Internship Program, Workforce Development Agency, Ministry of Labor	45,000
	Maternity Checkup Subsidy, Workforce Development Agency, Ministry of Labor	38,288
	Employment Subsidy Program, Workforce Development Agency, Ministry of Labor	40,000
	Total	28,582,982

Tax Management

The Company adheres to the spirit of implementing tax compliance and fulfilling corporate social responsibility. With the goal of creating corporate value and improving tax risk management, we formulate tax governance policies and transfer pricing policies, establishes a sound tax management system and tax governance culture, and develops immediate and rapid processing procedures.

The Company has established the following tax governance policies to further enhance corporate value, fulfill its corporate social responsibility, realize its corporate citizenship obligations, and implement sustainable development.

• Tax Governance Related Organizations and Responsibilities

<p>Chief Financial Officer</p>	<p>Chief Financial Officer is the highest decision-maker in establishing an effective tax risk management mechanism for the Company. Based on the overall operational strategy and business environment, they determine the overall tax governance policy to ensure the effective operation of the tax management mechanism.</p>
<p>Tax Management Unit</p>	<p>The tax management unit is the financial department; it regularly reports on the tax management situation to the Chief Financial Officer.</p>

• Tax Governance Policies, Control and Risk Management

The tax governance of the Company is based on transparency, openness, and compliance with laws and regulations. The tax policies and code of conduct that we uphold are as follows:

1. Compliance with Laws and Regulations

- a. The Company undertakes to comply with the local tax laws and regulations and the spirit of the legislation of each operating location, and to comply with the international tax standards, to calculate the tax correctly, to file the tax return within the legal period, and to fulfill the tax payment obligations.
- b. The tax audits within the Company are all entrusted to local accounting firms of a certain scale. The annual financial data

is provided by the Company to PwC Taiwan for tax audit reporting.

2. Information Transparency

- a. Ensure the transparency of tax reporting information, such as submitting country-by-country reports, master file reports, and transfer pricing reports to tax authorities as required.
- b. Ensure that the tax assessment related to decision-making is carried out by a professional internal tax team and external experts who possess appropriate qualifications and experience.
- c. Regularly disclose tax information to stakeholders through public channels such as company websites and

annual reports to ensure transparency.

- d. Using legal and transparent tax incentive policies, enjoying tax reductions without using methods that violate the spirit of the law.

3. Business Substance

- a. The enterprise structure and transactions comply with business substance, and do not use tax structures intended to avoid tax obligations, nor transfer profits to low-tax jurisdictions for tax avoidance purposes.
- b. Related party transactions should adhere to the principles of regular transactions and strive to comply with the transfer pricing regulations of each operating jurisdiction, fulfilling tax obligations in the value creation region.
- c. Based on three aspects of mutual trust, information transparency, and Compliance with Laws and Regulations, interact with tax authorities in an honest, upright, respectful, and fair manner, and proactively raise material tax issues to help improve the tax environment and system.

4. Integrity Communication

- a. Intercompany transactions are conducted in accordance with the transfer pricing principles published by the Organization for Economic Cooperation and Development (OECD) and the regulations related to Base Erosion and Profit Shifting (BEPS).
- b. Establish a relationship of mutual trust and honest communication with tax authorities, providing industry

insights and professional opinions and assisting in improving the tax environment and system.

5. Risk Management

- a. Establish a solid tax risk management framework and organizational culture, while also considering the impact on the Company's overall tax burden optimization, risk management, and sustainable value, carefully evaluate tax risks and corresponding measures.

• Communication Policy with Stakeholders on Tax-related Issues

The main stakeholders of the Company are the government tax authorities. The tax declaration and payment operations are carried out in accordance with the relevant laws and regulations of each country. In the course of daily operations, if there are any unclear provisions of the applicable laws and regulations, the Company will directly or through PwC Taiwan contact the government agency to inquire about the appropriate handling methods. In the event of a tax audit, upon receiving notification, the Company will immediately prepare the relevant information and cooperate with the tax authorities for verification.

To demonstrate the transparency of the Company's tax governance policy, the Company also provides tax-related information in response to stakeholders' concerns, such as shareholders and investors, on the Company's official website's stakeholder section, annual reports, and shareholder meetings.

1.5 External Participation

Public Association

Associations and Advocacy Organizations that Play an Important Role in Formosa Laboratories

No.	Organization Name	Strategic Significance	Membership Qualification
1	Taiwan BIO	<ul style="list-style-type: none"> Promote two-way communication between industry and government. Cultivate talents in the biotechnology industry. Encourage innovation in the biotechnology industry to enhance the development of biotechnology and pharmaceutical industries. 	Director of the association (Formosa Laboratories CEO Chih-Ping Yang)
2	Taiwan New Drug Industry Alliance	Promote mutual assistance and information communication between industries.	Consultant of the association (Formosa Laboratories Chairman Cheng, Chen-Yu) and relevant department heads are members.
3	Taiwan Pharmaceutical Manufacturers Association (TPMA)	Coordinate industry relationships, enhance mutual benefits, and plan for the improvement and promotion of the pharmaceutical industry to promote economic development.	Member
4	Taiwan Parenteral Drug Association (TPDA)	Industry information exchange, through the association's organization of courses to provide professional education and training.	Directors and Supervisors
5	Taiwan Research-Based Pharmaceutical Manufacturers Association (TRPMA)	Hope to effectively shorten the customs clearance time for biomedical raw materials, strive for the effective use period of biomedical raw materials, and enhance research and development capabilities.	Member



Corporate Governance



Chapter 2 Corporate Governance

- **2.1 Policy Commitments**
- **2.2 Governance Structure**
 - Composition of the Board of Directors
 - Further Training of the Board of Directors
 - Performance Evaluation of the Board of Directors
 - Remuneration Policy for Directors and Managers
- **2.3 Functional Committee**
 - Audit Committee
 - Remuneration Committee
 - Sustainable Development Committee
- **2.4 Integrity Management**
 - Integrity Management Department
 - Anti-Corruption and Anti-Bribery Policies
 - Internal Control and Internal Audit
 - Compliance with Laws and Regulations
 - Grievance and Suggestions Channel
- **2.5 Risk Management**
 - Risk Impact and Response Strategies
 - Information Security Management

2.1 Policy Commitment

The operating philosophy of Formosa Laboratories is based on the quality specifications of current Good Manufacturing Practices (cGMP). The Company researches and utilizes advanced process technology to manufacture APIs and injectable products. We are committed to providing comprehensive, efficient, and confidential custom synthesis services. We strive to achieve good cooperation and understanding with the business partners, values employee training to cultivate a highly motivated professional team, ensures employee job safety, and works towards reducing the environmental impact of production. In addition, while engaging in business operations, the Company actively practices corporate social responsibility to align with international development trends. Through corporate citizenship, the Company aims to enhance the country's economic contribution, improve the quality of life for employees, communities, and society, and promote competitive advantages based on corporate responsibility.

✓ Governance Focus of Formosa Laboratories:

1. Follow international relevant standards and local laws and regulations of the operating location, practice business ethics, and maintain a sound corporate governance system.
2. In response to climate change, promote mitigation and adaptation efforts, continuously enhance resource recycling, and reduce greenhouse gas emissions, wastewater discharge, and waste pollution to protect the environment.
3. Ensure a healthy and safe working environment for employees, create an inclusive workplace, promote workforce diversity, and safeguard the human rights of employees and stakeholders.
4. Emphasize employee training and development to enhance their skills and abilities in order to cultivate a professional team and improve economic status.
5. Establish good relationships with suppliers to ensure that employees in the supply chain are respected, treated with dignity, and work in a safe environment, and conduct business with integrity in accordance with ethical standards.
6. Actively participate in public welfare activities such as social care, environmental protection, and educational promotion, practice corporate social responsibility, and enhance social influence.
7. Implement effective communication and consultation with stakeholders, and promote transparent and balanced disclosure of information.

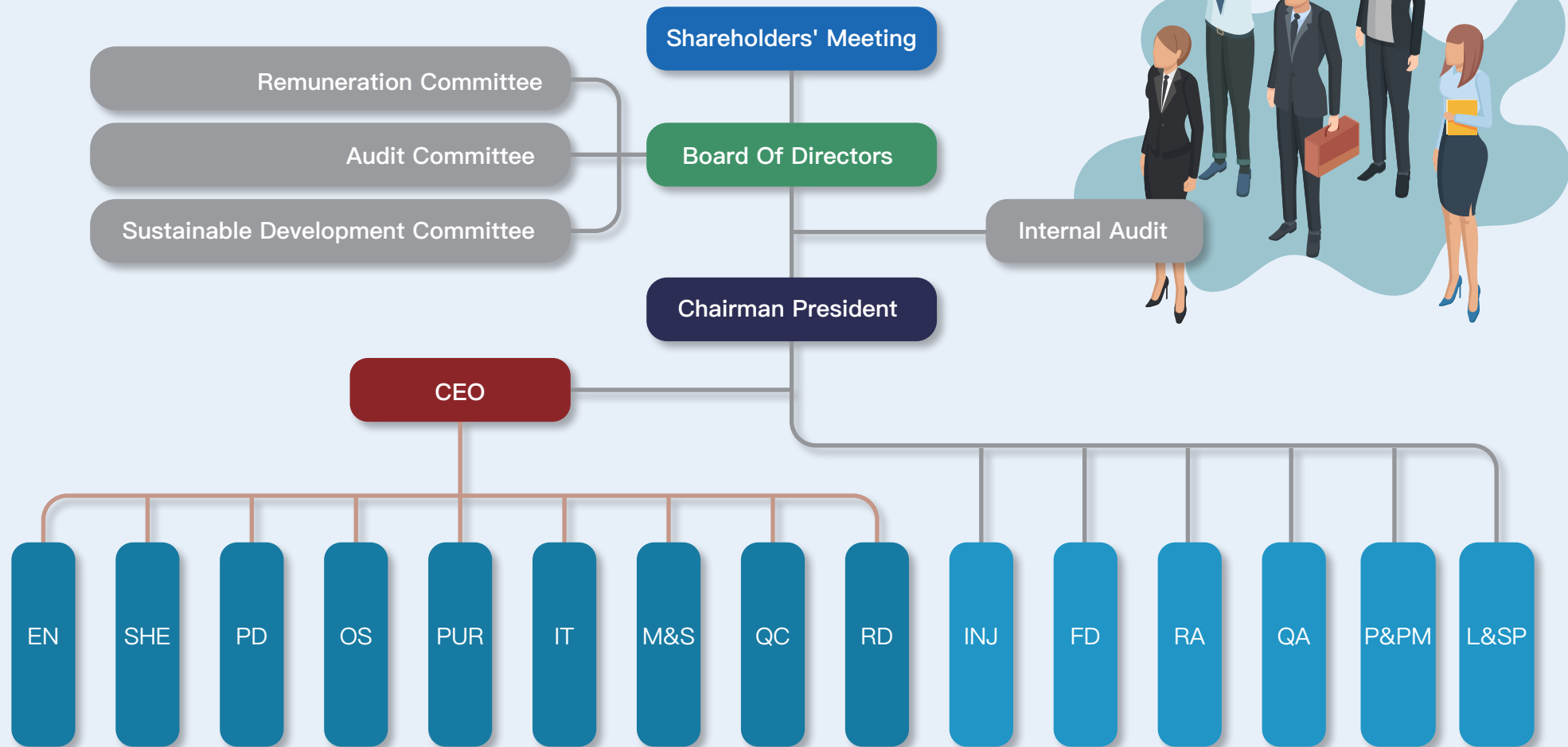
To practice corporate social responsibility and achieve sustainable development goals, Formosa Laboratories refers to the "Practical Guidelines for Sustainable Development of Listed and OTC Companies" to formulate the "Practical Guidelines for Sustainable Development" and manages the Company's economic, environmental, and social risks and impacts through the "Code of Conduct for Integrity Management," "Practical Guidelines for Corporate Governance," and "Code of Ethical Behavior."

Formosa Laboratories has long adhered to the principles of being a corporate citizen by following the law and taking on social responsibilities. These principles have been integrated into the Company's internal business strategies, including policies, procedures, training, and internal reporting systems. We are committed to integrating its resources to achieve these principles and continuously improve to enhance the Company's work culture. In order to achieve these goals, Formosa Laboratories has formulated 12 social responsibility policies and implemented relevant actions in the daily work of various levels within the organization.

| Social Responsibility Policy of Formosa Laboratories |

Comply with legal requirements	The Company will comply with government regulations and its own commitments regarding labor, environmental protection, and occupational health and safety
Advocate for employment freedom	The Company ensures that all work is voluntary and employees are not hired under coercion or mandatory conditions
Implement humane treatment	The Company does not allow the exploitation of workers, forced labor, and other forms of abuse
Prohibit improper discrimination	The Company employs/engages employees equally and commits to a workplace free from harassment and discrimination
Establish communication mechanism	The Company encourages communication between employees and management, and collects employee feedback for improvement
Establish sound salary system	The Company follows the relevant government laws and regulations regarding salaries.
Train employees' competency	Strive to enhance the technical skills and capabilities of the employees, and improve their economic status
Emphasize integrity in business	The Company prohibits any illegal behavior, established fair transactions, and protects customer information.
Respect intellectual property rights	The Company respects intellectual property rights, and any technology transfer should be protected
Implement transparent information	The Company discloses company information in accordance with the law
Promote social and cultural development and care for the underprivileged	The Company actively participates in social activities and provides appropriate job opportunities for the underprivileged.
Promote social responsibilities	The Company will strive to integrate the above responsibilities into various operational aspects and supplier partnerships

| Organization Structure of Formosa Laboratories |



Note: To understand more about the Company's governance structure and the responsibilities of each department, please refer to the Company's annual report "Formosa Laboratories Annual Report for the Year 2022."

2.2 Governance Structure

Composition of the Board of Directors

The highest governing body of Formosa Laboratories is the Board of Directors, which is responsible for decision-making, supervision, and management of the Company's impact on the economy, environment, and human rights. The current Board of Directors of Formosa Laboratories was fully re-elected in June 2022, with a total of 8 directors appointed, including 3 Independent Directors. Their term will be from June 23, 2022, to June 22, 2025.

The Company has established the "Corporate Governance Practices Guidelines" and the "Director Nomination Procedures," which specify that the composition of the Board of Directors should consider diversity and emphasize the diverse industry experience, professional background, and abilities of board members. The Company also continues to actively include voices from different genders, ages, and disadvantaged groups. In the current 10th Board of Directors, there are 7 members (with independent director Chang, Ting-Jung resigning in November 2022), 4 of whom (57%) have a background in medicine or chemistry, and 3 of whom (43%) have expertise in finance, finance, or corporate management. In addition, there are 2 female directors, accounting for approximately 29% of all board seats. The number of directors who also serve as company executives does not exceed one-third of the total number of board seats. The composition of the Board of Directors not only meets the basic requirements, values, professional knowledge, and skills but also achieves diversity in accordance with the policy, while also considering gender equality.

The Company also continues to arrange diverse training courses for directors to enhance their supervisory and management abilities, thereby strengthening the functions of the Board of Directors. Therefore, each director of the Company is able to provide professional opinions from their respective fields and perspectives, which greatly benefits the Company's operational performance and governance decisions.

The Board of Directors of Formosa Laboratories meet at least once every quarter. In 2022, a total of 6 board meetings were held, with an average attendance rate of 96% for both former and current directors. The board meetings in 2022 mainly focused on regular reporting, routine tracking, compliance with laws and regulations, and the operational needs of the Company. There were no significant events in 2022 that required communication with the Board of Directors.

| Board of Directors of Formosa Laboratories |

Position	Name	Gender	Age	Number of Board Meeting Attendances	Employment Status
Chairman	Cheng, Chen-Yu	Male	69 years old	6	Re-election
Director	Fang, Pei-Wei ^{Note 1} (Representative of Augusta Inc.)	Female	41 years old	6	Re-election The original representative, Chung Chih-Han, was changed to Fang, Pei-Wei on June 23, 2022.
Director	Hu, Yi-Kan ^{Note 1} (Representative of Heng Lang Limited Corporation)	Male	44 years old	6	Re-election The original representative, Wang Lu-Chieh, was changed to Hu, Yi-Kan on June 23, 2022
Director	Shie, Hung-Min (Representative of Yuan Qing Investment Inc.)	Male	52 years old	6	Re-election
Director	Lee, Chien-Hung ^{Note 1} (Representative of Hygica Biotech Ltd.)	Male	50 years old	4	Newly appointed
Independent director	Chen, Yi -Fen ^{Note 1}	Female	60 years old	4	Newly appointed
Independent director	Lu, Ta-Jung ^{Note 1}	Male	71 years old	4	Newly appointed
Independent director	Chang, Ting-Jung ^{Note 1 Note 2}	Male	49 years old	4	Resigned on November 12, 2022.

Note: 1. The Board of Directors was re-elected on June 23, 2022, and held two and four board meetings before and after that date, respectively.

2. Chang, Ting-Jung resigned as an independent director and a member of the audit committee on November 12, 2022.

• Nomination and Selection of the Board of Directors

Formosa Laboratories passed a resolution at the board meeting in March 2022 to fully re-elect 8 directors (including 3 Independent Directors) at the shareholders' meeting in 2022. The nomination of Dr. Cheng, Chen-Yu and 7 other directors (including 3 Independent Directors) was reviewed and approved, and their diversity, independence, educational and professional backgrounds, industry experience, and relevant skills related to organizational impact all comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", Article 192 of the "Company Act," the "Articles of Incorporation" and the "Procedures for Election of Directors". The candidate nomination system is adopted, and Chen, Yi-Fen, Lu, Ta-Jung, and Chang, Ting-Jung are included in the Company's list of independent director candidates for 2022, which was announced on the Public Information Observation Station and submitted for election at the shareholders' meeting in June 2022.

Formosa Laboratories elected 8 directors (including 3 Independent Directors) at the shareholders' meeting in June 2022 and held a board meeting. All the elected directors unanimously recommended Dr. Cheng, Chen-Yu to serve as the Chairman of Formosa Laboratories. Dr. Cheng, Chen-Yu holds a Ph.D. in Medicinal Chemistry from the University of California, San Francisco. He has previously served as a professor in the Department of Pharmacy at National Taiwan University, a researcher at DuPont Chemical Company, and a postdoctoral researcher in the Department of Chemistry at MIT. During his tenure as Chairman and President of Formosa Laboratories, Dr.

Cheng, Chen-Yu has accumulated professional capabilities and extensive experience in operational judgment, management, leadership decision-making, and crisis handling. He has provided professional and comprehensive guidance on the Company's operational management and investment decision-making, significantly benefiting the operational management of Formosa Laboratories. Therefore, he will continue to serve as Chairman.

To implement the diversification of the Board of Directors and formulate appropriate diversification policies for its own operations, operational models, and development needs, the following two aspects are considered: first, basic conditions and values such as gender, age, nationality, and culture; second, professional backgrounds, knowledge, skills, and experience in law, accounting, industry, finance, marketing, or technology. In addition, to achieve the ideal goal of corporate governance, the Board of Directors of the Company as a whole should possess eight abilities, including operational judgment, accounting and financial analysis, management, crisis handling, industry knowledge, international market perspective, leadership, and decision-making. The Formosa Laboratories Board of Directors should meet basic requirements and values, possess professional knowledge and skills, demonstrate diversity, and strive for gender equality. Formosa Laboratories also continues to arrange diverse training courses for board members to continuously enrich their knowledge for decision-making. For more information on the core competency indicators of the Board of Directors and its committees, please refer to the Company's annual report (2022 Annual Report).

- **Avoidance of Conflict of Interest**

The Board of Directors of the Company is appointed through a candidate nomination system. Board of Directors follows the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and establishes the "Rules of Procedure for Board of Directors Meetings," which regulates the principle of avoiding conflicts of interest for directors. Currently, if any of the following situations apply to the directors of the Company or their representatives in board meetings, they should explain the important content of their conflicts of interest at the meeting, including the following four points: first, if they have a conflict of interest with themselves or their representatives; second, if the directors themselves believe they should avoid; third, if the Board has resolved that they should avoid; fourth, if the directors' spouses, second-degree blood relatives, or companies with a controlling or subordinate relationship with the directors have a conflict of interest in the matters discussed at the meeting, it is considered that the directors have a personal interest in the matter. In order to avoid and mitigate conflicts between the directors' fiduciary duties and their interests, the Company has established a comprehensive principle of avoiding conflicts of interest and requires board members to fulfill their managerial ethical obligations and faithfully perform their duties with a high degree of self-discipline and prudence. At the same time, it regulates that directors who have conflicts of interest with themselves or their representatives in meeting matters, and whose participation in discussions and voting may harm the Company's interests, shall not be allowed to join the discussion and voting, and should avoid participating in the discussion and voting, and shall not act as proxies for other directors to exercise their voting rights.



Further Training of the Board of Directors

To keep up with global business management trends, enhance corporate governance, and improve risk management capabilities, Formosa Laboratories has established mechanisms and channels for director training and learning. This allows directors to easily access relevant information in order to maintain their core values, professional advantages, and capabilities. Formosa Laboratories arranges training courses for directors annually, covering various aspects such as economics, environment, and society, to enhance the governance knowledge and trend insights required by board members. In order to ensure that Independent Directors can stay informed about company-related information, the Company periodically sends out announcements of relevant laws and regulations to the competent authorities. Furthermore, based on the needs and feedback of each director, the Company continuously strengthens information dissemination and training planning to ensure that they possess sufficient professionalism to fulfill their leadership and supervisory functions. In 2022, the total training hours for the Board of Directors amounted to 60 hours, with an average of 7.5 hours per person.

| Formosa Laboratories 2022 Board of Directors Training Courses |

	Course	Course organizer	Course Hours
Environment	Exploring Corporate ESG Strategies and Greenhouse Gas Inventory Practices	Taiwan Investor Relations Institute	6
	Opportunities and Challenges of Net Zero Emissions – A Discussion on Greenhouse Gas Inventory, Carbon Footprint, and Carbon Neutrality	Independent Director Association Taiwan	3
Economy/ Governance	An Era of Stringent Data Protection Regulation--The Latest Tendencies from Taiwan, EU and China	Taiwan Corporate Governance Association	6
	Examining the Information Security Governance Strategy of Listed Companies from the Perspective of ESG Sustainable Development	Taiwan Corporate Governance Association	3
	Deep diving the cybersecurity tactics of listed companies from the perspective of ESG development	Independent Director Association Taiwan	3
	Innovation of Circular Economy for Creating True Value	Taiwan Corporate Governance Association	3
	Reveal the Secretive Mask of Insider Trading	Taiwan Corporate Governance Association	3
	Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains	Taiwan Corporate Governance Association	3
	Review the Risk and Operational Practices of Asset Valuation as the Board of Directors	Independent Director Association Taiwan	6
	How do directors and supervisors supervise companies to do well in risk management and internal control?	Taiwan Corporate Governance Association	3
	Legal Responsibilities of Directors and Supervisors and Corresponding Risks and Prevention	Taiwan Investor Relations Institute	6
	The role of Independent Directors in corporate management and corporate governance.	Taiwan Corporate Governance Association	3
	Protection of Trade Secrets and Practices for Fraud Detection	Taiwan Corporate Governance Association	3
Analysis of Practical Cases of Related Party Transactions and Unconventional Transactions	Independent Director Association Taiwan	9	

| Individual Continuing Education Status of Formosa Laboratories' Directors in 2022 |

(Unit: hours)

Board Members	Environment	Economy/Governance	Total Training Hours
Chairman Cheng, Chen–Yu	3	3	6
Director Fang, Pei–Wei	3	3	6
Director Lee, Chien–Hung	0	6	6
Director Hu, Yi–Kan	3	3	6
Director Shie, Hung–Min	0	6	6
Independent Director Chen, Yi–Fen	0	12	12
Independent Director Lu, Ta–Jung	0	6	6
Independent Director Chang, Ting–Jung	0	12	12

Note: Chang, Ting–Jung resigned as an independent director and a member of the audit committee on November 12, 2022.

Performance Evaluation of the Board of Directors

To implement corporate governance and enhance the functionality of the Board of Directors, Formosa Laboratories has established the "Board of Directors Performance Assessment Measures" to strengthen the efficiency of the board. The Board of Directors, the Functional Committee (including the Audit Committee and the Remuneration Committee) conducts self–assessment annually, including the self–assessment of the performance of individual board members (by means of questionnaires). Among the Board of Directors' performance assessment indicators, there are five major aspects, including the "level of participation in the Company's operations", "enhancement of the quality of the Board of Directors' decision–making", "Board of Directors' composition and structure", "selection of directors and their continuous improvement" and "internal control". Following the assessment results, the Audit and Remuneration Committees will review and propose criteria for granting appropriate remuneration, including the exact amount. The self–assessment

of the Board of Directors and functional committee, as well as the self–assessment of individual directors in 2022, showed that the Board of Directors effectively guided and supervised the Company's strategies, significant business matters, and risk management. They were able to establish appropriate internal control systems, and overall operations were satisfactory, meeting the requirements of corporate governance. The evaluation results are expected to be submitted to the Board of Directors in the first quarter of 2023.

In addition to implementing internal self–assessment, Formosa Laboratories revised the "Board Performance Assessment Measures" in November 2022, stipulating that an assessment should be conducted at least once every three years by an external professional independent organization or a team of external expert scholars. The Company is currently further evaluating the corresponding and feasible improvement plans.

Remuneration Policy for Directors and Managers

The salary and remuneration policies, systems, standards, and structures for directors and managers at or above the level of associate director at Formosa Laboratories are determined and reviewed by the Remuneration Committee. The committee includes Independent Directors who provide external perspectives and opinions, and at least two meetings are held annually to review and ensure the competitiveness and reasonableness of salary and compensation.

According to the "Remuneration Regulations for Directors, Members of Each Functional Committee, and Managers" established by Formosa Laboratories, the Company provides fixed remuneration to Independent Directors on a monthly basis, regardless of the operating profit or loss. Independent Directors do not participate in the annual profit distribution and are not provided with additional compensation such as duty allowances, severance pay, bonuses, retirement pensions, special fees, etc., in order to maintain their independence. The annual remuneration for non-Independent Directors includes director's remuneration, salary, and bonuses (the latter two only apply to those who also serve as employees). The remuneration for senior managers includes salary, bonuses, and retirement pensions, which are disclosed regularly in the Company's annual report (2022 Annual Report).

Apart from the aforementioned provisions, there are no other significant special benefits for senior executives in the Company. The retirement benefits system is also the same as that of other employees and is implemented in accordance with legal regulations.



2.3 Functional Committee



To effectively implement operational risk impact management and ensure the identification of the Company's impact on the economy, environment, and people, Formosa Laboratories has established an audit committee, a Remuneration Committee, and a Sustainable Development Committee under the Board of Directors. Each functional committee conducts due diligence investigations through regular business communication channels, internal meetings, various questionnaires/surveys, document signing, and existing complaint mechanisms to collect significant events or suggestions from stakeholders regarding positive or negative risk impacts arising from operations. After receiving feedback, the committees are responsible for developing, approving, and updating relevant strategies and policies for managing these impacts. The Board of Directors is responsible for overseeing the impact management procedures and their results, and the results are reported to the board on a regular basis.

Audit Committee

Formosa Laboratories established an audit committee after the shareholders' meeting on June 23, 2022. The committee is composed of all Independent Directors. The audit committee assists the Board of Directors in supervising the quality of the Company's accounting, auditing, financial reporting processes, and financial controls. Formosa Laboratories has formulated the "Audit Committee Charter" in accordance with Article 3 of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies", which has been approved by the Board of Directors. The charter specifies the committee's operations, mainly to assist the Board of Directors in fulfilling its responsibilities of overseeing the Company's proper

expression of financial statements, the selection (dismissal) and independence and performance of the auditors, effective implementation of internal controls, compliance with relevant laws and regulations, and control of existing or potential risks. The audit committee determines whether to report to the Board of Directors based on the significance of the risk report. The committee is composed of all Independent Directors and is chaired by independent director Chen, Yi-Fen, who has a financial accounting background. The audit committee convened a total of 2 meetings in 2022, with an average attendance rate of 100%.

| Audit Committee Members of Formosa Laboratories |

Name	Position	Gender	Term (Years)
Chen, Yi-Fen	Independent director	Female	2022/6/23~2025/6/22
Lu, Ta-Jung	Independent director	Male	2022/6/23~2025/6/22
Chang, Ting-Jung	Independent Director	Male	2022/6/23~2022/11/12

Note: Chang, Ting-Jung resigned as an independent director and a member of the audit committee on November 12, 2022.

Remuneration Committee

To strengthen corporate governance and enhance the function of board compensation management, the Remuneration Committee of Formosa Laboratories is established to assist the board in implementing and evaluating the overall remuneration and benefits policies of the Company, as well as the remuneration of directors and executives, ensuring that the Company's compensation arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents. The organization regulations of the Remuneration Committee are formulated in accordance with Article 14–6 of the "Securities and Exchange Act" and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" and have been approved by the Board of Directors.

The Remuneration Committee primarily assists the Board of Directors in evaluating and overseeing the Company's

overall remuneration policies, evaluating and approving the remuneration levels of directors and executives, performance assessment and remuneration policies, systems, standards, and structures. In addition, the committee assesses and reviews the allocation ratio of remuneration for senior management and employee compensation, and has formulated the "Proportion of Total Compensation of Directors, General Managers, and Deputy General Managers to Individual or Separate Financial Report After-Tax Net Income table"; please refer to the Company's Annual Report for the Year 2022. The committee evaluates and reviews the reasonableness of the salaries and rewards of individual members of the management team based on their abilities, contributions to the Company, and performance, effectively managing the risk of talent loss. Currently, the committee has three members, including two Independent Directors and one external independent expert. The Remuneration Committee held a total of two meetings in 2022, with an average attendance rate of 100% for committee members.

| Remuneration committee members of Formosa Laboratories |

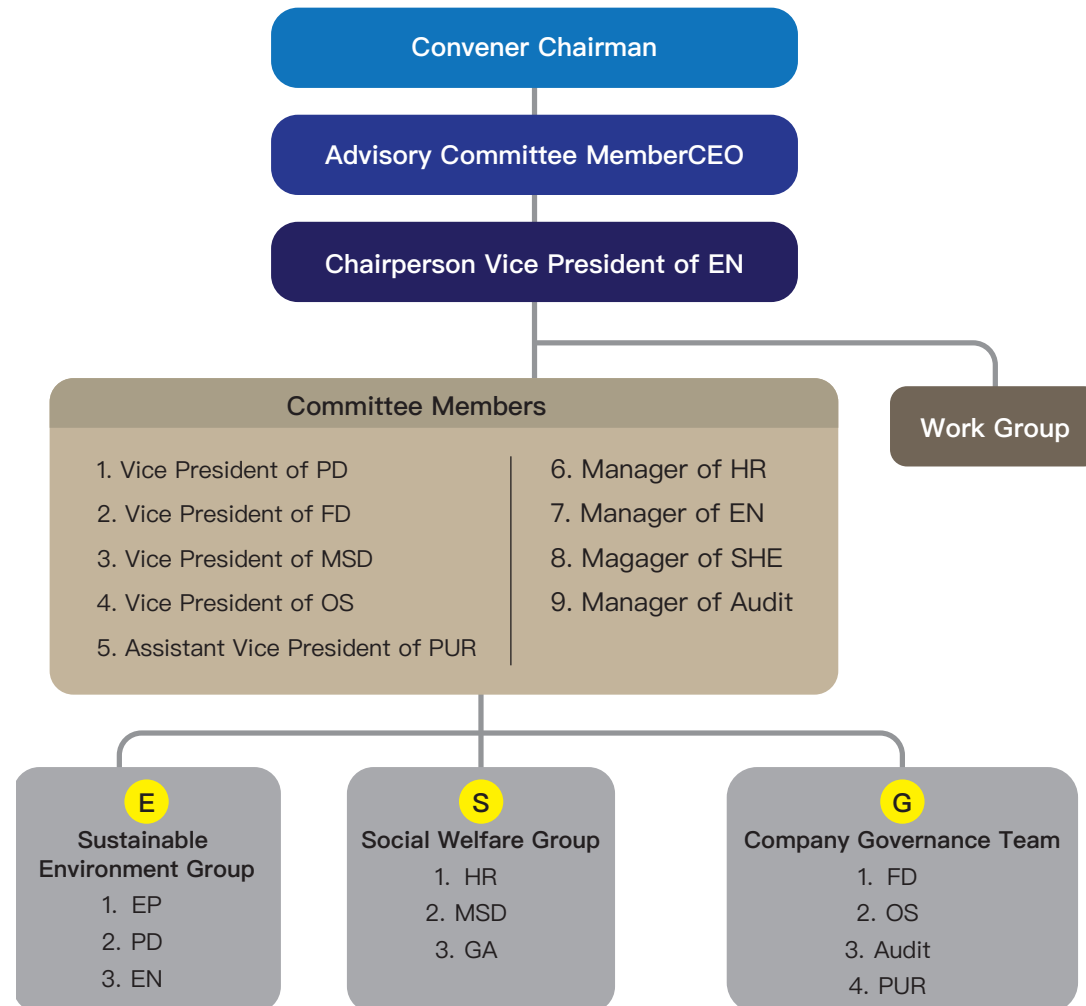
Name	Position	Gender	Term (Years)
Chen, Yi-Fen	Independent director	Female	2022/6/23~2025/6/22
Lu, Ta-Jung	Independent director	Male	2022/6/23~2025/6/22
Chang, Ting-Jung	Independent Director Note	Male	2022/6/23~2025/6/22

Note: Chang, Ting-Jung resigned as an independent director on November 12, 2022, with his identity as a member of the remuneration committee changed to an independent external expert.

Sustainable Development Committee

Formosa Laboratories belongs to the biotechnology and medical industry. The Company's sustainable development is closely related to the survival, health, and well-being of humanity. In order to establish sound management for sustainable development and promote a governance framework for sustainable development, Formosa Laboratories views sustainable development as an integral part of its business decision-making. By using the ESG framework, the Company examines its management practices and develops its own sustainable strategies to achieve sustainable business goals and fulfill corporate social responsibilities. Formosa Laboratories has established its "Practical Guidelines for Sustainable Development" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", and reported the establishment of the Sustainable Development Committee and its future goals at the board meeting on May 12, 2022.

Organizational Chart of Formosa Laboratories' Sustainable Development Committee | ESG Committee Organizational Chart



The Sustainable Development Committee is chaired by Chairman Cheng, Chen–Yu and is responsible for integrating and promoting relevant activities to achieve the Company's annual ESG goals, and regularly reporting to the Board of Directors. The CEO serves as an advisor and approves relevant activity plans and budgets, and may invite department heads to participate when necessary. The Vice President of the Engineering Department serves as the director and coordinates the establishment of committees and execution teams with members from relevant departments, and reports to the advisory committee and promotes annual plans. The committee members are composed of department heads from relevant departments who participate in the committee's operations and implementation of plans. In addition, three execution teams have been separately established in each department, namely the Sustainable Environment Team, the Social Welfare Team, and the Corporate Governance Team, to integrate and plan relevant activities and promote future key projects.

The Sustainable Development Committee is responsible for proposing and implementing sustainable development policies, systems, or related management guidelines and specific implementation plans to assist the Board of Directors in promoting sustainable development and corporate governance. It regularly reports on the implementation to the Board of Directors to enhance the practice of the Company's overall sustainable business strategy. In 2022, the Sustainable

Development Committee held two strategic promotion discussions on May 3 and August 4, and reported on ESG goal planning and work progress to the Board of Directors on May 12, August 11, and November 11. The average attendance rate of the committee members was 94.4%.

Global climate change and the promotion of the "Climate Change Response Act" have made industries begin to pay attention to sustainable development plans such as environmental protection, energy conservation, and carbon reduction. The biopharmaceutical industry cannot remain indifferent to this trend. In order to strengthen environmental protection and carbon reduction policies, enhance its relationships with employees, customers, and communities, and strengthen corporate governance, Formosa Laboratories not only complies with regulatory requirements but also aligns with international standards. Therefore, a Sustainable Development Committee has been established, and relevant information has been initiated by various executive teams and departments to integrate and evaluate operations, and propose future goals and response strategies.

| The departments and functional groups of the Sustainable Development Committee and their main objectives in the future: |

Objectives	Projects	Responsible Units
<p>Developing a sustainable environment (Environmental)</p>	<ul style="list-style-type: none"> • investigation and verification of greenhouse gas emissions, air quality management, water and wastewater management • Conducting a biodiversity impact assessment • Energy, fuel, gas, and other energy-saving and carbon reduction management, resource depletion, and regeneration. • Public welfare activities such as river and beach cleanup and environmental greening 	<p>EP PD EN</p>
<p>Engaging in social welfare activities (Social)</p>	<ul style="list-style-type: none"> • Improving employees' salaries, benefits and skills, focusing on diversity, equality and labor relations, establishing incentive measures for recruitment, enhancing employees' health management, paying attention to human rights issues, and implementing community talent employment plans • Understanding customer concerns, establishing data security to protect customer privacy, and implementing supply chain management and business ethics • Participating in local government initiatives, maintaining community relationships, practicing local caring, and strengthening epidemic prevention to fulfill social responsibilities 	<p>HR MSD GA</p>
<p>Enhancing Corporate Governance (Governance)</p>	<ul style="list-style-type: none"> • Strengthening the diverse functions of the Board of Directors, improving transparency of information disclosure, and implementing guidelines for business ethics, anti-corruption, and anti-discrimination. • Reporting to the Board of Directors and enhancing communication with stakeholders • Establishing the prevention of natural disasters and occupational accidents, the management of accidents and safety, and the management of major infectious diseases. 	<p>FD SHE Internal Audit PUR</p>

2.4 Integrity Management

To establish a culture of integrity, we adopt a "zero tolerance" policy towards bribery. The Board of Directors has approved the establishment of the "Code of Integrity Management" and "Code of Ethical Conduct" to promote ethical business practices and ensure the Company operates with integrity. We disclose relevant information on the Company's website and the Market Observation Post System to guide the ethical behavior of our managerial personnel and inform stakeholders of our ethical standards. With expressly provided operating procedures and penalties, we have established a reporting channel on the Company's website to allow stakeholders to report any improper behavior, and the Audit Department conducts annual audits to assess the effectiveness of the company's internal control system.

We advocate for integrity management and ethical professional conduct. The Board of Directors should fulfill their duty of care and supervise the company to prevent dishonest behavior, regularly reviewing its effectiveness and making continuous improvements to ensure the implementation of the policy of integrity management. The Finance Department is responsible for formulating the policy of integrity management and prevention plans, while the audit unit monitors the implementation done by relevant units and reports regularly to the Board of Directors. In addition, the website also provides an external tip-off mailbox, and the liaisons from the responsible units will keep the informant's identity and report content confidential. We expect all the employees, including managers, to fulfill their responsibilities for management and supervision, strictly adhering to ethical professional norms to ensure the Company's sustainable growth and development.

Anti-corruption and Anti-bribery Policies

The Company advocates for honest operation and adheres to high ethical standards in all business activities. It takes a zero-tolerance approach towards corruption and bribery, and has established relevant policies for honest operation. It has set clear guidelines against corruption and bribery, and provides communication and training to employees and business partners to help prevent bribery and corrupt

practices. Formosa Laboratories follows the company's "Code of Integrity Management" to prevent dishonest behavior. Directors, managers, employees, appointees, and those with substantial control over the Company should be aware that any business activities, whether conducted directly or through third parties, are prohibited from involving bribery. In 2022, Formosa Laboratories had no incidents of corruption or reported cases.

| Formosa Laboratories Anti-Corruption and Anti-Bribery Rules |

Company Regulations	Items	Rules
Code of Integrity Management	Business Activities	In daily operations, all departments are prohibited from bribery when conducting business activities, whether directly or through third parties (including transactions through subsidiaries, joint ventures, agents, representatives, consultants, stockbrokers, contractors, suppliers, or other intermediaries).
		A comprehensive prohibition on accepting bribes in various forms, such as receiving kickbacks from contracts or seeking to profit from customers, agents, contractors, suppliers, and employees.
		Prohibition to make direct or indirect donations to specific political parties, party members, candidates, political organizations, or figures as a form of disguised bribery.
		Charitable donations should be made only after being approved by the responsible supervisor according to the "Approval Authority Form" as attached in the duty authorization and delegation system to ensure that the entire donation process is transparent.
		Prohibition on providing or accepting unreasonable gifts, entertainment, or other improper benefits.
		Business relationships with suppliers, customers, and business partners involved in unethical conduct should be terminated.
Article 65 of the Work Rules	Due Diligence	Employees should be loyal and diligent during employment. Any benefits or advantages given by business partners belong to the Company. Other specific matters related to due diligence shall be governed by the Company's future relevant announcements and regulations.

Internal Control and Internal Audit

The Company's internal audit unit is established under the Board of Directors and is equipped with one full-time auditor (also serving as the audit supervisor) in accordance with the Company's scale, business situation, management needs, and relevant laws and regulations. The auditor is responsible for evaluating the effectiveness of the Company's internal control system. The appointment and dismissal of the internal audit supervisor are submitted to the Board of Directors for approval, and their performance evaluation and compensation packages are approved by the Chairman. The appointment and dismissal of internal auditors are regulated in the by-laws for the implementation of internal audits.

The audit work is mainly carried out based on the audit plan approved by the Board of Directors. The audit plan is formulated based on identified risks, and project audits or reviews are conducted as needed. The general audits and project executions mentioned above provide the management with information on the functioning of internal control and timely information on existing or potential deficiencies. No significant non-compliance issues were found in the internal audit for the year 2022.

Compliance with Laws and Regulations

Compliance with Laws and Regulations is a core requirement for business operations. If a company is involved in illegal activities, its long-established reputation and image will be damaged. The substantial fines or compensation will violate the Company's profits and even shareholder interests. Therefore, Compliance with Laws and Regulations is important for protecting the rights and interests of shareholders and other stakeholders, ensuring the Company operates sustainably. Formosa Laboratories strictly adheres to the regulations and standards set by the regulatory authorities in the pharmaceutical industry, whether it is in procurement and supply, sales, labor management and welfare, environmental protection, or corporate governance. Each department constantly monitors

changes in laws, regulations, and the environment, and updates compliance guidelines with changes in laws and regulations. Immediate assessments are made on the impact of regulatory change on corporate governance and operations to develop action plans. Once decisions are made, they are implemented promptly.

Formosa Laboratories defines major violation event as a single event or cumulative events that have been subjected to administrative penalties of over NT\$ 1 million, or situations that seriously affect the Company's operations. If such violations occur, they should be disclosed in the sustainability report. In 2022, the Company did not have any major violations.

| Formosa Laboratories Environment-related Administrative Fines |

The administrative penalties that occurred were all minor violations or deficiencies in fire regulations, environmental regulations, etc. There were 5 monetary sanctions totaling NT\$ 274 thousand. The listed deficiencies have all been improved or are being continuously improved.

Fining Units	Fine Details	Fine (NT\$)
Taoyuan Fire Department	Audit Deficiencies in Public Hazardous Substances	\$32,000
Taoyuan City Department of Environmental Protection	Violating the Toxic and Concerned Chemical Substances Control Act	\$72,000
Taoyuan Fire Department	Audit deficiencies in public hazardous substances fines	\$64,000
Taoyuan Fire Department	The public hazardous substances were not supervised by security personnel as required.	\$22,000
Taoyuan Fire Department	The location of the public hazardous material handling site does not comply with regulations.	\$84,000
Total		\$274,000

| Formosa Laboratories relevant laws and regulations |

Governance/ Operation	<ul style="list-style-type: none"> Corporate governance–related: "Company Act", "Code of Integrity Management for Exchange–Listed and OTC–Listed Companies", "Rules of Procedure for Shareholders Meetings, and Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Securities and exchange–related: "Securities and Exchange Act", "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", and "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange–Traded Funds". Financial statements and tax affairs–related: "Regulations Governing the Preparation of Financial Reports by Securities Issuers", "International Financial Reporting Standards (IFRSs)", "Business Entity Accounting Act", "Income Tax Act", and "Regulations Governing Assessment of Profit–seeking Enterprise Income Tax".
Products and Services	"Current Good Manufacturing Practice (cGMP)" "Pharmaceutical Affairs Act", "Patent Act", "Trade Secrets Act", and "Personal Data Protection Act"
Environment	"Air Pollution Control Act", "Standard for Installation of Fire Safety Equipment Based on Use and Occupancy", and "Regulations for Recycling and Disposing of General Waste"
Labor	<ul style="list-style-type: none"> Labor conditions–related: "Labor Standards Act", "Labor Inspection Act", "Regulations of Leave–Taking of Workers", and "Employment Service Act". Labor–management agreement–related: "Act for Settlement of Labor–Management Disputes" and "Regulations for the Mediation of Labor–Management Disputes". Labor benefits and rights–related: "Act of Gender Equality in Employment", "Regulations for Implementing Unpaid Parental Leave for Raising Children", "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds", "Labor Pension Act", "Labor Insurance Act". Occupational safety–related: "Occupational Safety and Health Act", "Regulations Governing Occupational Safety and Health", "Regulations on Occupational Safety and Health Facilities", "Occupational Safety and Health Education and Training Rules", "Act for Protecting Worker of Occupational Accidents".

• Legal Compliance Training

To provide immediate assistance and consultation services on legal and regulatory matters to each department, we have established a Legal Planning Department. We also organize various educational training programs and disseminate information, including training courses for new recruits on workplace rights and relevant regulations to each unit. This ensures that our employees are fully informed of the latest standards so that they can review and update their practical operations, thereby avoiding inadvertent violations or breaches due to unfamiliarity with the regulations. In recent

years, the Company has also strengthened the educational training in risk management for particular staff members. For example, we had the Evidence course in 2021 to stress the importance of preserving evidence. In 2022, we had the Purchase Order and Order Risk Management course to help avoid contract risks, and the Educational Training in Business Secret course to facilitate our staff's understanding of trade secrets. As a result, our staff's awareness of Compliance with Laws and Regulations and ethical standards would be strengthened enough to fulfill the Company's social responsibility.

| Performance of Formosa Laboratories on the Educational Legal Compliance Training in the Past 3 Years |

Year	2020	2021	2022
Training Sessions	3	4	5
Course Hours	28	29.5	30
Number of Attendees	807	851	1,071



▲ | Employees having regulatory compliance training

| An Overview of Formosa Laboratories 2022 Educational Training in Compliance with Laws and Regulations |

Course	Course Objectives and Benefits	Course Information	Trainees	Completion Rate
Newcomers – Workplace Unlawful Infringement	To promote workplace harmony, the Company formulated this method and conducts educational training for new recruits. By ensuring the workplace safety and the right to work and preventing workplace violence, our employees are protected from being unlawfully violated at work.	<ul style="list-style-type: none"> • Training hours 4hr • Educational training is conducted every year when new recruits arrive. 	All the 211 newcomers	100%
Educational Training in Business Secret	To familiarize students with the basics of trade secrets, protective measures, and common infringements.	<ul style="list-style-type: none"> • Training hours 0.5hr • Held in October, 2022 	All the 836 employees.	100%
Continuing Education Course for Securities Exchange Accounting Managers of Issuing Securities Brokerage	The program is launched according to the Regulations Governing the Qualification Requirements and Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges and other relevant statutory regulations. By taking the program, the trainees meet the number of hours required for advanced training.	<ul style="list-style-type: none"> • Training hours 12hr • Held annually 	3 accounting officers	100%
Audit personnel on the information security audit and control practices	According to the Regulations Governing Establishment of Internal Control Systems by Public Companies, internal auditors are required to complete the number of hours of advanced training.	<ul style="list-style-type: none"> • Training hours 12hr • Held every year 	1 audit supervisor	100%
Risk Management Series 2: Risk Management for Purchase Orders and Orders	This is part of the risk management training series, mainly to inform the staff of how to avoid the risks incurred by contracts. By examining risks in terms of contracts, our staff become aware of the contract-related risks that could occur during the review process and in the post-signing stage.	<ul style="list-style-type: none"> • Training hours 1.5hr 	20 staff members from the Departments of Quality Assurance, Marketing & Sales, Procurement, and Operations Support, and other relevant units.	100%

Grievance and Suggestions Procedures

Integrity and responsible business practices are the foundation of sustainable business operations. Therefore, we have established various channels for complaints, reports and suggestions. Stakeholders are encouraged to make reports, complaints or suggestions in regards to any dishonest or unethical behavior, or any activities that impact the environment, economy, society, and human rights.

Formosa Laboratories provides a reporting channel on its official website. Both the internal personnel and the public can report illegal activities directly to the Company through the

tip-off mailbox (ethic@formosalab.com). The unit responsible for handling the reports is required to keep the informant's identity and report content confidential. The information will not be provided to unrelated third parties if not necessary for investigation, so as to prevent unfair and unfavorable treatment. The relevant protection system, case acceptance process, and handling standards for violations are specified in the Regulations on Workplace Unlawful Infringement. In 2022, the Company received a total of 1 employee-assisted complaint and 8 suggestions, with a closure rate of 100%.

| Formosa Laboratories Statistics for Complaints and Reports in the Past 3 Years |

Year		2020		2021		2022	
Case Type	Recommended Communication Channels	Number of Cases	Closure Rate	Number of Cases	Closure Rate	Number of Cases	Closure Rate
Employee-assisted reports (Regarding workplace violence, sexual harassment, job safety, physical and mental health, etc.)	<ul style="list-style-type: none"> • Department/Unit supervisors • Personnel units • Work safety units 	0	N/A	2	100%	1	100%
Opinions and suggestions (Regarding improvement proposals, employee opinions, creative proposals, employee behavior management, labor-management relationship, etc.)	<ul style="list-style-type: none"> • Department/Unit supervisors • Creative Idea Mailbox • eportal/open communication zone/proposals • Employee Satisfaction Survey • Labor-management meetings 	0	N/A	1	100%	8	100%
Graft-curbing reports (Regarding any specific matters of fraud, infringement, or other major violations of professional ethics)	Tip-off mailbox: ethic@formosalab.com	0	N/A	0	N/A	0	N/A

Note: 1. In 2021, there was a total of 1 case of opinions and proposals, which involved a survey on the production line staff's job satisfaction.
 2. In 2022, there was a total of 8 cases of opinions and proposals made by employees, including improvements to the staff canteen, proposals for remote work, and the addition of vending machines.

2.5 Risk Management

At Formosa Laboratories, the risk management operates by examining the risks faced by each department in their respective businesses. Unit supervisors would analyze, control and implement strategies and establish related systems, taking action in response to different risk impacts with relevant strategies. We have established a more comprehensive risk management organization this year and an effective reporting system. Later in 2023, we will establish a risk management organizational structure according to the Risk Management Policies and Procedures, and the risk management team will be formed and affiliated with the Sustainable Development Committee once approved by the Board of Directors. The risk management team's execution and achievements will be submitted in an integrated report annually to the Board of Directors.

| The Organization Structure of Risk Management at Formosa Laboratories (due to be activated in 2023) |



Risk Impact and Response Strategies

The risk and management operations identified by Formosa Laboratories are as follows:

Risk Type	Risk Cause Description	Coping strategies and action	Responsible Units
<p>Strategy and Operational Risks</p>	<ul style="list-style-type: none"> The bulk drug industry encounters profit margins compression due to competition from the Chinese and Indian industries. Due to the epidemic, there are operational risks caused by the increased cost of raw materials and materials, and the difficulty in transportation to various countries and regions during lockdowns. Due to the epidemic, there are operational risks caused by the reduced business volume and the shortage or increased cost of raw materials and materials. Due to the delay in the new product development schedule, we are unable to meet the customer's time requirements, which poses a risk of customer loss. In an aging society, the authorities require a reduction in drug prices to lower the cost of medication. The rise of environmental awareness has led to an increase in the costs of raw materials and materials and production, reducing the competitiveness of sales products. Political instability may lead to disruptions in the supply chain and customers may turn to third-party suppliers due to the aforementioned reasons. 	<ul style="list-style-type: none"> Vertically integrating the upstream developers of new drugs and the downstream manufactures of drug injection products, and expanding Contract Development and Manufacturing Organization (CDMO), and Antibody-Drug Conjugates (ADCs) business. Searching for multiple supplier sources or using third-party transportation for shipping. Negotiating price increases and cost issues with the original raw materials and materials supplier, increasing the amount of procurement to increase safety stock, and lowering the purchasing price. Purchasing raw materials and materials from regions with lower prices or locally and from other places. Regularly visiting key customers and attend exhibitions to stay informed about market trends and meet customer needs. Forming strategic alliances with customers or raw materials and materials suppliers to enhance the competitiveness of product sales. Selecting highly complex bulk drugs as the topic for new product development, providing one-stop service and differentiating from products in the competitive market, and enhancing Formosa Laboratories' image as a high-tech pharmaceutical company in the eyes of customers. A Project Management Department (PM) has been added to strictly control the time and budget for new product development. 	<p>MSD PUR</p>

Risk Type	Risk Cause Description	Coping strategies and action	Responsible Units
Market Risks	<ul style="list-style-type: none"> Competitors engage in price-destructive sales strategies, resulting in poor product sales. 	<ul style="list-style-type: none"> Actively negotiating with raw materials and materials suppliers to obtain lower supply prices. Strategically and effectively improving the manufacturing process to reduce production costs. 	FD
Financial Risks	<ul style="list-style-type: none"> The interest rate risk generated by credit loans. Due to the fact that the Company's purchases and sales are mainly conducted in US dollars, it generates the risk of exchange rate fluctuation. The customer cannot fulfill the contract. The risk of tightening financing limits 	<ul style="list-style-type: none"> Staying informed of fluctuations in interest rates in order to secure more advantageous rates and mitigate the interest rate risk. By generating natural hedging effects through sales and purchases, evaluating exchange rate market-related information and trends, and coordinating with the Company's funding needs, timely currency exchange is conducted to reduce potential losses from the depreciation of the US dollar. Close contact is maintained with major partner banks to fully grasp changes in the foreign exchange market and reduce the exchange rate risk incurred by the Company. Conducting credit risk management analysis on customers and implementing customer credit quality evaluation. Regularly arranging bank visits, answering bank questions appropriately, and striving for continued bank support. Updating the cash flow forecast table monthly, closely monitoring cash needs, and making conservative predictions to ensure that the Company has sufficient funds to meet operational needs. 	HR EP
Regulatory Risks	<ul style="list-style-type: none"> Risks incurred by the government-established regulations associated with relevant industries, such as air pollution, wastewater, waste, toxic substances, and greenhouse gases. Risks incurred by the government's protection of labor rights, such as the minimum standards of labor conditions. 	<ul style="list-style-type: none"> The Environmental Security Department conducts regular inspections of environmental safety regulations and carries out evaluations and audits annually. The Human Resources Section conducts regular inspections of regulations and carries out evaluations and audits annually. 	HR EP

Risk Type	Risk Cause Description	Coping strategies and action	Responsible Units
<p>Climate Change Risks</p>	<ul style="list-style-type: none"> The variation in rainfall may lead to water shortage or flooding. Strong typhoons caused by climate change can result in malfunctions in environmental protection equipment. The wide variation in temperature may lead to heatstroke. Air conditioning is frequently turned on due to increasing temperature and may consume more energy. The increasing temperature affects the activity of the biological bacteria in the wastewater treatment plant, resulting in the effluent exceeding the standard amount. Legal and reputational risks caused by the government's regulatory restrictions on carbon emissions and international initiatives. Legal and reputational risks caused by the government's regulatory restrictions on carbon emissions and international initiatives. 	<ul style="list-style-type: none"> Improving the efficiency of tap water usage and reviewing water conservation strategies in response to the water shortage crisis. Conducting equipment inspection operations and strengthening the structural stability in response to strong typhoons. Reducing outdoor operations under high temperature and initiating the prevention of heat hazards during high temperatures in response to heatstroke. Adjusting indoor air conditioning temperature settings to avoid excessive energy consumption in response to the increasing energy consumption. If the temperature rises cause the effluent to exceed the standard, the aeration amount and time of biotanks will be adjusted to avoid abnormal biological activity. In accordance with regulations and international trends, a comprehensive carbon footprint verification is conducted to analyze carbon emissions and gradually formulate a sustainable development plan for carbon reduction. Changing to energy-saving and water-saving equipment in the office area and advocating guidelines for reducing carbon emissions. Installing solar panels increases the use of green energy. 	<p>EP EN OS FD.</p>
<p>Supply Chain Management Risks</p>	<ul style="list-style-type: none"> Due to the increasing awareness of human rights and environmental protection, supply chain management risks have arisen. The risk of supply chain non-compliance with government regulations The supplier's production can be disrupted due to a major environmental security incident, resulting in a supply chain interruption. 	<ul style="list-style-type: none"> If the supplier violates relevant regulations or counters social initiatives, an investigation and evaluation will be conducted immediately, and a decision will be made on whether to continue cooperation with the supplier. The Procurement Department prepares an annual report on supplier evaluations. Making adjustments by communicating regularly with the Marketing & Sales Department through the Procurement Department Developing the second supply chain 	<p>PUR GA</p>

Risk Type	Risk Cause Description	Coping strategies and action	Responsible Units
<p>Occupational Safety Risks (including occupational safety and fire safety)</p>	<ul style="list-style-type: none"> • Accidents can occur when employees are operating. • Occupational injuries and illnesses caused by exposure to hazards. • Due to changes in the building's use to accommodate operational needs, its fire hardware equipment may become non-compliant with regulatory requirements. • The risk of insufficient disaster prevention awareness and rescue training. 	<ul style="list-style-type: none"> • Implementing the Occupational Safety and Health Management Plan, Automatic Inspection Plan, Operational Environment Monitoring Plan, etc., in accordance with domestic and international regulations and ISO45001 standard requirements. • Implementing the formulated timetable for the use of protective equipment, respiratory protection plan, noise protection plan, and the four major plans, and carry out semi-annual operational environment inspections and annual lighting monitoring. • Annually performing a general physical examination that is better than the legal requirement, including a semi-annual hormone test for HPAPI process employees in addition to the statutory health check items, and carrying out related health monitoring and management. • When there is a need for construction or renovation, the fire safety and evacuation requirements should be planned and implemented together. Additionally, it is necessary to establish and implement an annual emergency response plan. 	<p>SH</p>
<p>Information Security and Personal Data Risk</p>	<ul style="list-style-type: none"> • Personal data leakage risk. • The risk of leaking confidential documents (including physical ones). • Hackers may attack external websites or internal systems to steal confidential information. 	<ul style="list-style-type: none"> • Users must have their software installation confirmed by IT personnel before installation. • Controlling employees' access to the Company's internal network on mobile devices. • Controlling employee use of USB drives and cloud storage. • All employees' computers must be installed with antivirus software, access control software, and OTP (One Time Password) software. • Specific files must be controlled using encryption software. • Regularly scanning users' computers and servers for vulnerabilities to understand the state of exposed risks. • Regularly conducting email social engineering exercises with users to understand their awareness of cybersecurity risks. • Using security devices such as Firewall and IPS to ensure the continuous normal operation of the Company's network. 	<p>IT</p>

Information Security Management

| Formosa Laboratories 2022 Material Topic: The Management of Information Security |

Material Topics	Information Security
Corresponding GRI indicators	GRI 418-1 Complaints about customer privacy violation or customer data loss are confirmed.
Related SDGs	SDG 9 Industrialization, innovation, and infrastructure development.
Policies or Commitments	To ensure the confidentiality, integrity, and availability of digital assets, the implementation of information security can ensure uninterrupted operations of the Company. In the future, we will continue to enhance employees' awareness of information security and establish a security framework that complies with regulations and customer requirements.
Indicators and objectives	<p>Short-Term Goals :</p> <ul style="list-style-type: none"> Evaluating the frequency and intensity of social engineering drills, as well as the number of educational training sessions, to ensure the effective execution of protection drills. Expecting to install an information security department head in 2023 <p>Sustainable goals :</p> <ul style="list-style-type: none"> Continuously strengthening employees' awareness of information security and establishing an information security framework that complies with regulations and customer requirements. Continuously reviewing the system computer to ensure its effectiveness and performing further verification if necessary Continuously evaluating the new generation firewall to respond to and preventing future increasingly complex network attacks. Continuously enhance the security of the Company's wireless network and regularly review the permissions of important systems in the Company. Continue to replace the End of Service versions of the operating system. Continuing to strengthen the system control of important documents in the Company, introducing a more secure and rigorous computer information system to facilitate the electronic approval and control of important documents in the Company.
Effective Tracking Mechanism	<ul style="list-style-type: none"> The Company is a GMP certified factory. The information system security is subject to inspections by the US FDA (every three years), Taiwan TFDA (every year), and customers (at irregular intervals). PwC Taiwan conducts annual audits of the Company's information system.
Annual Actions and Achievements	<ul style="list-style-type: none"> In 2022, there were no significant information security incidents, and there were no incidents of customer privacy infringement or customer data loss. Using firewalls and intrusion detection defense equipment to block external network malicious attacks. Using email filtering software to filter out spam emails, viruses, and malicious links. Carrying out one social practice exercise, and, after the exercise, arranging for two training sessions – all of which have been completed.

The Company is responsible for reviewing the information security governance policies of each unit and supervising the operation of information security management in order to enhance information security management. It is expected to construct a comprehensive information security protection mechanism and enhance the good information security awareness of colleagues through the management, planning, supervision, and promotion of professional information security units.

The Information Department is responsible for coordinating, managing, and supervising information security operations, which mainly cover the relevant information services provided by the department and the needs of other departments in the Company. We regularly conduct vulnerability scans, effectiveness checks of protective systems, and other related security testing tasks. We regularly assess information security risks and report to the information supervisor, as well as provide relevant security awareness and educational training courses. Through the operation of the Information Department and the implementation of security policies, we provide a secure and safe



Formosa Laboratories Protection of software and hardware equipment and data measures for information security.

1. Computer Room: The physical servers and related equipment used for the Company's infrastructure information system platform are all housed in a computer room with access control. Only authorized personnel and administrators are allowed entry.
2. Hardware: The Company's servers, network equipment, and other hardware are designed with back-up fault tolerance and clustering to ensure high availability of the system and hardware equipment.
3. Storage Equipment: The Company utilizes physical equipment for data storage and backup, complemented by designs such as disk arrays and redundancy, to improve data protection and availability.
4. Firewall: The Company has installed network security devices that can block different networks, preventing external unauthorized users from intentionally damaging, attacking, or tampering with the system and data to ensure their integrity.
5. Intrusion Detection and Defense System: The Company identifies attack behaviors and system vulnerabilities based on the built-in feature database, providing administrators with early warning, evidence collection, and recording, as well as proactive response.
6. All company computers must have antivirus software installed.
7. The computer system must have account and password control, and the password must be regularly updated.
8. The IT system is equipped with a UPS uninterruptible power supply system to prevent damage caused by power outages.
9. Employees working remotely need to connect to the Company through a VPN.
10. Performing system backups and offsite backups every day.
11. Regularly conducting disaster recovery drills.
12. Screen Protection Program: The Company has set up a system that automatically locks the workstation when the user leaves the seat or the computer is not in operation for a period of time. To unlock the computer, the user must enter their username and password, forcing them to establish a new access period for the control system.
13. It is recommended that all personal computers be turned off after work to save energy, reduce carbon emissions, and minimize the risk of unauthorized access.

information security environment to ensure the information security of all company services.

In addition, the Company regularly reviews its information security policies to ensure the effectiveness of information security practices, following the latest government regulations, technology, and business developments. It also continues to monitor trends in the field of information security, constantly improving security measures to ensure the security of company information.

In addition to conducting annual internal training on information security for employees, the Company also regularly conducts information security drills for specific departments, including email social engineering drills and remote recovery drills, to enhance employees' awareness of information security risks and ensure the integrity and security of data. Furthermore, there are regular GMP trainings every year, as some aspects of GMP are related to information, such as production automation control, office automation, partial automation control, quality management, research and development (key document data

| Formosa Laboratories Information Security Management Measures |

External Threat Defense

- Regularly scanning and patching vulnerabilities in the information system to reduce the risk of intrusion
- Using firewalls and intrusion detection defense equipment to block external network malicious attacks
- Using email filtering software to filter out spam emails, viruses, and malicious links.
- Installing antivirus software on employees' computers to prevent virus attacks and threats

Internal Management

- Strengthening employee awareness and advocating information security
- Users must have their software installation confirmed by IT personnel before installation.
- The login operating system uses an OTP (One Time Password) verification mechanism in addition to the user account and password.
- Visitors and guests must request to use the Company's wireless and wired networks.
- Arranging relevant units for the flow of funds, such as the Finance Department, Procurement Department, Sales Department, and other departmental business executives, as well as company (deputy) managers and above, to conduct unannounced email social engineering drills (at least once a year), and organizing educational training afterwards
- Introducing a document encryption system to prevent the risk of confidential and sensitive data leakage
- Introducing access control software to record users' internet usage, access to network files, and USB access behavior
- Using backup software to perform data, server image file, and application backups locally, and also backing them up in a remote data center
- Conducting information system restoration drills twice a year, once in the first half and once in the second half, to ensure the accuracy and integrity of backup data, and keeping a record of the process



with central control system), injections, etc., to establish a comprehensive training mechanism for information security.

We conduct information security inspections in accordance with a rigorous cGMP system. As a GMP-certified factory, the Company undergoes facility inspections by the US FDA every three years, by the TFDA annually, and by customers approximately 40 times per year for irregular checks on the security of our information systems. Our important information systems follow GAMP5 for computer validation and comply with

the requirements of US FDA 21 Part11 regulations. Additionally, the Company's information systems are audited annually by PwC Taiwan.

Formosa Laboratories continues to manage information security, including training and promotion, drills, control, and review. It also anticipates management methods for 2023 to enhance the security system and prevention measures, replace outdated systems, and increase the frequency and intensity of education and practical drills.

| Formosa Laboratories 2022 & 2023 Information Security Management Key Points |



2022

1. Continuously enhancing employees' awareness of information security
2. Conducting cybersecurity social engineering drills
3. Conducting offsite disaster recovery drills
4. Establishing a secure mechanism for working from home or remotely
5. Enhancing the security of the Company's wireless network
6. Continuously conducting periodic reviews of the permissions for important systems within the Company
7. The Company's important information systems all follow GAMP5 for computer validation and comply with FDA 21 Part11 regulatory requirements.
8. Continuing to strengthen the system control of important documents in the Company, introducing a more secure and rigorous computer information system to facilitate the electronic approval and control of important documents



2023 (expected)

1. Fully activating multi-factor authentication
2. Continuously enhancing employees' awareness of information security
3. Continuously reviewing the system computer to ensure its effectiveness and performing further verification if necessary
4. Continuously evaluating the new generation firewall to respond to and preventing future increasingly complex network attacks.
5. Increase resources for DR Site disaster recovery.
6. Continuing to replace the End of Service versions of the operating system.
7. Evaluating the frequency and intensity of social engineering drills, as well as the number of educational training sessions, to ensure the effective execution of protection drills.
8. Managing project clients' document data more rigorously.



Supply Chain Management



Chapter 3 Supply Chain Management

- **3.1 Sustainable value chain**
 - Sustainable procurement
- **3.2 Supplier Management**
 - Supplier risk assessment
 - Supplier evaluation
 - Supplier audit
- **3.3 Product Liability**
 - Management of raw material supply chain
 - Quality management system and production management.
 - Distribution Management
 - Product Labeling
- **3.4 Customer service**

3.1 Sustainable Value Chain

Formosa Laboratories is mainly engaged in the process development, production, and sales of APIs such as Cholesterol and Phosphate Binders, Vitamin D derivatives, Anticancer active ingredients, Respiratory Agents, Anti-inflammatory and Analgesics Agents, and CNS Agents. In the biopharmaceutical industry, it is a professional intermediate pharmaceutical manufacturer, purchasing chemical raw materials and natural substances from chemical raw material factories and selling them to downstream pharmaceutical manufacturers.

To implement supply chain management, Formosa Laboratories continuously improves its business in the field of raw materials, strengthens cooperation with upstream supply chains, and implements a supplier management mechanism to screen new incoming supply goods for quality. Regular assessments, supplier evaluations, and audit systems are conducted to ensure the quality and safety of raw materials and materials. Based on the statistics of the conformance and non-conformance rate of raw materials each year, the quality stability of qualified manufacturers is evaluated to ensure that suppliers can provide raw materials and materials that comply with regulations and have excellent quality in the long term. With signing the contracts with major suppliers, Formosa Laboratories has the right to terminate or rescind the contract if they have violated the policies, in order to achieve sustainable development goals together.



Sustainable Procurement

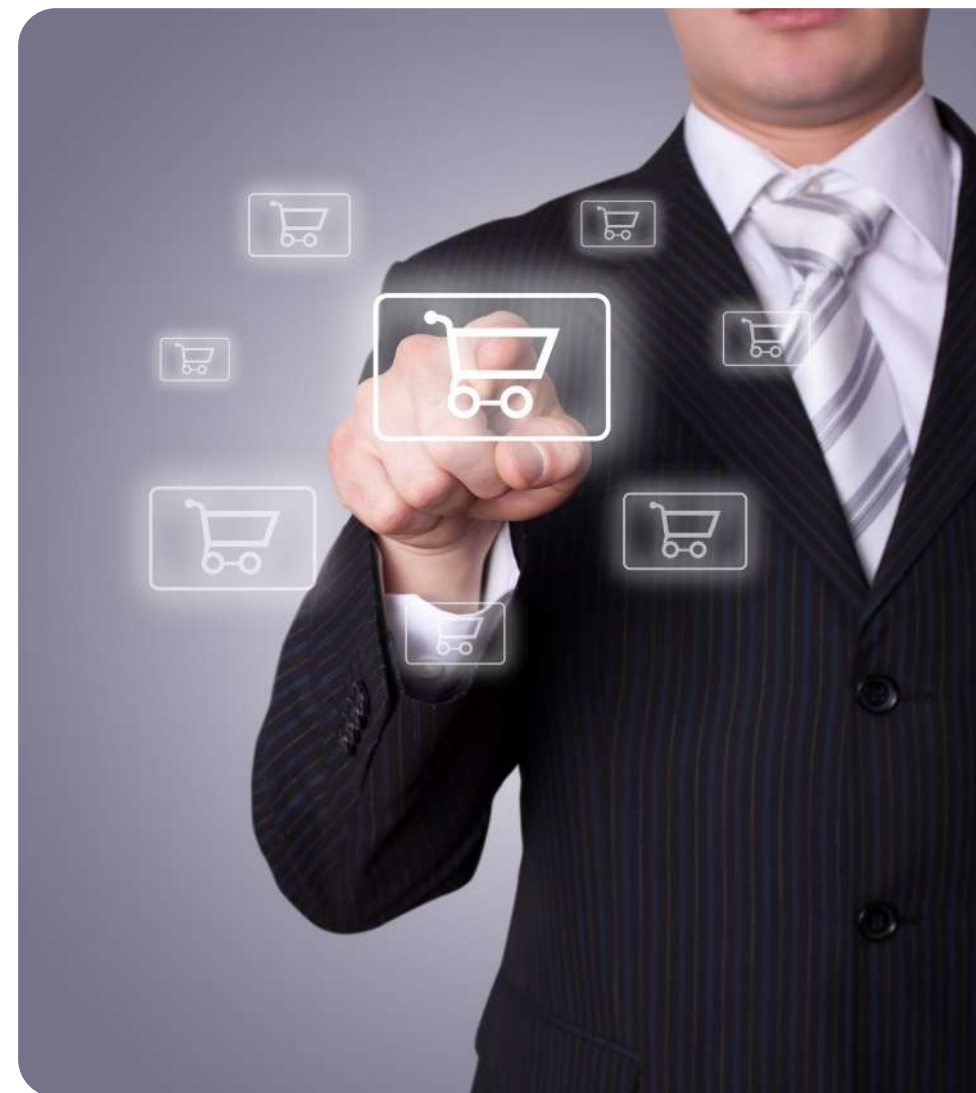
In our key operational bases (including the operational boundaries mentioned in this report), we also strive to use local procurement to reduce carbon emissions from long-distance transportation and support local business development. By 2022, local procurement for general affairs purposes accounts for 100% of total expenses. We also encourage every department to use energy-saving and environment-friendly products, such as variable frequency air conditioners, variable frequency refrigerators, LED lights, and other energy-saving household appliances, as well as products certified with environmental labels, energy-saving labels, and water-saving labels. In the future, Formosa Laboratories will continue to maintain this level and adopt procurement practices that have a positive impact on the environment, society, and economy.

| Formosa Laboratories Local Procurement for General Affairs Purposes in the Past 3 Years |

(Unit: NT\$1000)

Year	2020	2021	2022
Green Procurement Amount	70	452	422
Total Procurement Amount	29,170	43,860	36,350
Proportion of Local Procurement Amount	100%	100%	100%

Note: The total amount of purchases in the above table includes the procurement of general goods such as office appliances, furniture, and supplies that are not used for production, excluding the procurement of raw materials and materials. The amount of green procurement is calculated based on the purchase of energy-saving appliances with environmental labels for the office.



3.2 Supplier Management

| Formosa Laboratories 2022 Material Topic: The Management of Supplier Management |

Material Topics	Supplier Management
Corresponding GRI indicators	GRI 308–1 Using environmental standards to screen new suppliers GRI 414–1 Using social standards to screen new suppliers
Related SDGs	SDG 12. Responsible consumption and production SDG 17. Global Partners
Policies or Commitments	In order to strengthen the sustainable management of the supply chain, Formosa Laboratories has formulated the Qualification Certification Procedure for Raw Materials and Materials Suppliers for upstream suppliers and the Contractor Safety and Health Management Measures for contractors. According to these regulations, suppliers and contractors are assessed and periodically audited by the assessment team through written or on-site assessments.
Indicators and Objectives	<p>Short-Term Goals :</p> <ul style="list-style-type: none"> • Having main raw material suppliers sign the Declaration of Hazardous Substance Use and Declaration of Non-Use of Conflict Minerals to ensure that they understand the safety requirements of the raw materials. • Developing an assessment and audit plan every year to conduct annual assessments and audits on specific suppliers, implementing due diligence investigations, and assisting suppliers in improving deficiencies to ensure that all cooperative suppliers comply with the Company's business philosophy. • Conducting supplier evaluations annually to increase the proportion of suppliers with a score of 90 or above, and requiring suppliers with a score below 60 to make improvements within a specified time frame <p>Mid-term & Long-term Goals :</p> <ul style="list-style-type: none"> • Expecting to introduce a more comprehensive supplier environmental and social standards screening and evaluation mechanism in the future

Material Topics

Supplier Management

Effective Tracking Mechanism

- Collecting and selecting information for supplier qualification certification, and updating the questionnaire for primary raw material suppliers every 3 years
- The supplier evaluation and audit management within the factory is conducted in accordance with QA007 Supplier Audit Management and SOP099 Evaluation Procedure for Raw Materials and Materials Suppliers. The annual audit plan for the following year is prepared in the fourth quarter of each year and is approved by the supervisor of the Quality Assurance Department by the end of January of the next year, and the annual audit plan is implemented.

Annual Actions and Achievements

- 526 suppliers of raw materials and materials have achieved a score of 90 or above, accounting for 94.1%.
- 14 raw materials and materials suppliers completed on-site audits and another 2 completed written audits.
- 2 general affairs completed on-site audits and another 20 completed written audits. No significant risks or deficiencies were found.
- The main raw material supplier for annual cooperation 100% countersigns the Statement of Use of Hazardous Substances; 100% does not use conflict minerals.
- New suppliers are required to sign a declaration to ensure the quality and safety of raw materials and materials, and to prevent any negative impact on the environment and society. The percentage of new suppliers that meet this standard is 22%.



Supplier Risk Assessment

Formosa Laboratories requires its main raw material suppliers to sign a Declaration of Hazardous Substance Use and a Declaration of Non-Use of Conflict Minerals in order to disperse risks and continuously improve the overall quality of the supply chain. This policy is incorporated into the necessary items of supplier procurement management through the internal SOP for the Supplier Qualification and Assessment Certification Procedure. The main raw material suppliers are required to

commit that their supplied products or components, corporate governance, and worker rights protection are in line with the Company's ESG management philosophy. Formosa Laboratories actively assists and guides suppliers who fail to meet the Company's requirements in implementing improvement plans, while also implementing improvements in employee health and safety, human rights, and corporate social responsibility. If there is a violation of relevant regulations, the Company may assert

<p>Environmental Risks</p>	<ul style="list-style-type: none"> • All main raw materials suppliers must sign the Declaration of Hazardous Substance Use. • Formosa Laboratories requires its main raw material suppliers to sign a Declaration of the Use of Hazardous Substances, committing to the products or components they supply, including product attachments, packaging materials, and other related attachments for product delivery. If there is any violation of relevant regulations, Formosa Laboratories reserves the right to terminate or rescind the contract to avoid any impact on human health and environmental safety. The response rate in 2022 is 100%. • Suppliers are required to sign the Halal Declaration, Allergen Declaration, Melamine Declaration, and Genotoxic Impurity Declaration. • Formosa Laboratories will continue to request suppliers to sign a Halal Declaration stating that no animal sources, ethanol, or anesthetics are used in the production process, to sign an Allergen Declaration stating that no allergens are included in the production process, raw materials, or equipment used, to sign a Melamine Declaration stating that melamine is not included in the production process, storage, or transportation, and to sign a Genotoxic Impurity Declaration stating that the product does not contain potential genotoxic impurities caused by methylsulfonate salts, dihydroxyethyl sulfonate salts, toluenesulfonate salts, and benzenesulfonate salts.
<p>Social Risks</p>	<ul style="list-style-type: none"> • All main raw materials and materials suppliers must not use conflict minerals. • Formosa Laboratories requires its main raw material suppliers not to use conflict minerals, such as tantalum (Ta), tin (Sn), tungsten (W), gold (Au), and cobalt (Co), to ensure that the minerals used in the Company's products do not contribute to armed conflicts. If suppliers use any of these minerals, they must disclose the source of those minerals.

Note: Main raw materials means raw materials that can form the main structure of the product (API).

termination or dismissal of the contract, and is committed to reducing supply chain risks and promoting supplier partners to jointly enhance corporate social responsibility.

In addition, Formosa Laboratories will continue to request new suppliers to sign relevant statements and declarations to ensure that the quality and source of raw materials and materials comply with safety standards, do not contain harmful substances that are restricted, and will not have a negative impact on the environment or society. The number of new suppliers signed in 2022 is 22, accounting for 22% of the total number of new suppliers that year.

In addition to the requirement of signing a declaration with suppliers, the Company expects to include environmental protection, labor conditions, occupational health and safety, human rights, and other related issues in the assessment through supplier questionnaires, evaluations, and audits. More comprehensive screening criteria will be introduced and a supplier evaluation system will be established as part of the Company's supplier management policy to enhance our corporate social responsibility.



Supplier Evaluation

Formosa Laboratories conducts supplier evaluations based on SOP 099 Raw/Supply Material Supplier Evaluation Procedure and Materials by the Procurement Department. A supplier evaluation form is designed annually in the first quarter of the following year based on the quality and delivery records and the service attitude from the previous year. Through communication and visits with suppliers and contractors, we learn about the status of their compliance with regulations to ensure the proper implementation of laws and regulations. In addition, the Company also conducts annual evaluations of raw materials and materials suppliers, with scoring criteria divided into four categories: 90 points and above, 76–90 points, 60–75 points, and below 60 points. If a supplier's score on the evaluation form is below 60 points, they will be required to make improvements within a specified period. If it is confirmed that they are unable to make concrete improvements, their application may be cancelled and their name removed from the list of qualified suppliers.

Based on the degree of impact on operations, we have adjusted the weightings of the supplier evaluation items. In 2022, the Company's supplier evaluation items and weightings include: quality assurance 70%, delivery stability 10%, and service 20%. The supplier evaluation results for Formosa Laboratories in the past 3 years are as follows:

| Formosa Laboratories Supplier Evaluation Results in the Past 3 Years |

supplier	Level	2020	2021	2022
Supplier	90 points and above	89.2%	78.4%	94.1%
	76–90 points	7.7%	21.1%	4.9%
	60–75 points	0.3%	0.4%	1.0%
	Below 60 points	2.8%	0.1%	0.1%
Number of Evaluatees		549	544	526

Note: The statistics are rounded, so there may be some errors in the calculations.



Supplier Audits

To ensure that all supplier partners can meet the relevant requirements of Formosa Laboratories in terms of labor rights, occupational safety, environmental health, and environmental protection measures, the Procurement Department and General Affairs Sector will establish an audit plan every year to implement data collection and recording. The Quality Assurance Department will conduct supplier evaluation audits to confirm the management measures of raw material and catering service suppliers. If there are any deficiencies such as unregulated upper and lower limits of process operation data or undefined control of finished product returns, suppliers must respond with corrective measures within one month after the audit.

| Formosa Laboratories Raw Materials and Materials Supplier Audit Results in the Past 3 Years |

Supplier Type		Supplier		
Audit Method (Note)		2020	2021	2022
On-site Audit	Expected number of on-site audits.	4	28	14
	Actual number of completed audits	4	28	14
	Completion rate	100%	100%	100%
Written Audit	Expected number of written audits.	12	2	2
	Actual number of completed audits	12	2	2
	Completion rate	100%	100%	100%

Note: Suppliers who are scheduled in the audit plan but not required to undergo audits due to supplier suspension (cancellation) and incomplete process validation, or whose audits have been postponed to the following year due to unforeseen circumstances, are excluded from the above table.

Supplier Type	Raw Materials and Materials Supplier	General Affairs Supplier
Audit System	According to QA007 Supplier Audit Management, the supplier audit plan for the following year is discussed at the end of the previous year, and the audit-related operations are carried out according to the plan.	2 suppliers are randomly selected for audits every year.
Annual Audit Results	<ul style="list-style-type: none"> The Company has scheduled a total of 33 suppliers for audit in the 2022 supplier audit plan. Due to supplier suspension (cancellation) and incomplete process validation, no audit is required. There are a total of 17 suppliers whose audits have been postponed to the following year due to unforeseen circumstances. The remaining 16 suppliers will undergo audits according to the scheduled audit plan. 14 suppliers completed on-site audits and another 2 completed written audits. 	<ul style="list-style-type: none"> 2 suppliers completed audits. 20 suppliers completed written audits. No significant risks or deficiencies were found in the audit results.

3.3 Product Liability

| Formosa Laboratories 2022 Material Topic: The Management of Drug Safety |

Material Topics	Drug Safety
Corresponding GRI indicators	GRI 416–1 To evaluate the impact of product and service categories on health and safety. GRI 416–2 Incidents that violate health and safety regulations regarding products and services. GRI 417–1 Requirements of product and service information and labeling GRI 417–2 Incidents of non-compliance with information and labeling regulations related to product and service.
Related SDGs	SDG 3 Good Health and Well-being SDG 12 Responsible Consumption and Production
Policies or Commitments	Formosa Laboratories is committed to manufacturing high-quality products, complying with applicable regulations and guidelines, and striving for consistent production and supply of high-quality APIs. We have established good systems for supply chain management, production management, quality management, and distribution management to ensure uninterrupted production and distribution of our products and to safeguard the rights of patients to medication.
Indicators and Objectives	Short-Term Goals : <ul style="list-style-type: none"> • In compliance with relevant pharmaceutical regulations, there have been no violations of product health and safety regulations, marketing labeling regulations, or GMP regulations in any country. • Continuously undergoing official and customer audits, we are committed to achieving No Action Indicated and receiving positive feedback to ensure the safety and stability of the drugs and maintain quality.
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> • The monthly quality management review meeting evaluates and tracks the trend of quality incidents, and manages regular tracking and consolidation through the quality management system to ensure that all quality incidents are thoroughly investigated and corresponding improvement measures are implemented to continuously improve product quality. • If any incidents of product quality not meeting specifications occur, a thorough investigation will be conducted in accordance with FDA and MHRA Guidance, and effective improvement measures will be proposed to ensure the safety of APIs and drugs. • To continuously track the supply levels of each supplier, an annual audit is conducted on key suppliers to assess their supply stability. Relevant measures are taken when necessary to provide guidance or re-audit suppliers.

Material Topics

Drug Safety

Annual Actions and Achievements

- In 2022, the 8th inspection by the US Food and Drug Administration (FDA) was conducted, and it resulted in No Action Indicated. The inspection scope covers six major systems of GMP, including quality system, plant facilities and equipment system, raw materials and materials management system, production system, packaging and labeling system, and laboratory system, and confirms that the overall system is interconnected and operates smoothly in synergy.
- No Incidents that violate health and safety regulations regarding products and services occur this year.
- No Incidents that violate information and labeling regulations regarding products and services occur this year.
- The Company has assessed by the Ministry of Health and Welfare, and complies with the GMP and GDP.



Product quality has always been the responsibility of all employees of Formosa Laboratories. We attach great importance to product quality, as well as the health and safety to our users. Therefore, we invest a large amount of resources in establishing a quality management system from product research and development, production, storage, transportation, sales to users. All quality commitments are recorded in the quality manual.

We are committed to providing effective, high-quality products. We have established excellent control systems in supply chain management, production management, quality management, and distribution management through validation operations to ensure drug safety.

Management of Raw Materials Supply Chain

Formosa Laboratories requires all raw material suppliers to complete verification and meet the Company's requirements before purchasing raw materials for production. For primary raw material suppliers, on-site audits are required to confirm their quality management systems and production management meet our requirements and can continuously supply high-quality materials to meet our production needs. To continuously monitor the supply level of each supplier, we conduct annual reviews of key suppliers to assess their supply stability and, when necessary, takes measures to provide guidance or re-audit suppliers.

Quality Management System and Production Management.

Formosa Laboratories establishes its quality management system and production management system based on the premise of complying with GMP regulations in Taiwan, Europe, America, Japan, and South Korea. Before the products are launched, they all follow regulatory requirements and undergo strict validation operations to ensure the consistent production of safe, consistent, and effective products.

1. The Company conducts strict stability tests on products to ensure their quality during their shelf life or retesting period.
2. To continuously monitor the production status and quality level of various products on the market, an annual review of the products is conducted each year to assess their product yield, process control capability, change control, abnormal investigation, and corrective and preventive actions, in order to achieve continuous improvement and optimization.
3. To effectively manage and track quality management activities, we have been at the forefront of the industry since 2012 in implementing the advanced TrackWise computerized quality management system. This computerized system is used to manage changes, deviation, customer complaints, supplier audits, corrective and preventive actions, and effectiveness verification.

Formosa Laboratories undergoes approximately 40 official and customer audits each year, all of which have received positive feedback. As of the end of 2022, the Company has obtained GMP compliance certifications from the Taiwan Ministry of Health and Welfare, the U.S. Food and Drug Administration, and the Japan Pharmaceuticals and Medical Devices Agency. In addition, we successfully passed the inspection conducted by the U.S. Food and Drug Administration in 2022 with No Action Indicated. We continuously maintain our pharmaceutical quality system to ensure that our products meet the requirements of quality, safety, effectiveness, and other GMP standards.

In accordance with relevant regulations, the Company has evaluated the prohibition and control of hazardous substances, including residual solvents (ICH Q3C (R3)), transmissible spongiform encephalopathy (TSE)/bovine spongiform encephalopathy (BSE) (EMA/401/01 rev.3), allergens (EC Directive 2000/13/EC; FALCPA 2004–21 USC 301), elemental impurities (ICH Q3D; USP/), non-genetically modified raw materials, aflatoxin risk, nitrosamines, raw materials that do not contain galactomannan/gluten/latex/melamine, genotoxic impurities, heavy metal residues, plasticizers, and other control requirements. This evaluation ensures that all products of Formosa Laboratories do not harm the health and safety of users and the environment. The Company has not violated any health and safety regulations regarding products and services in 2022.



Distribution Management

Formosa Laboratories is committed to the safe distribution and quality control of products. It formulates relevant specifications for all activities related to drug procurement, storage, supply, import, or export, and prevents counterfeit and Prohibited drugs from entering the legal supply chain.

Our factory has a high standard quality management system, and our employees have obtained the GDP Pharmaceutical and Medical Device Distribution Manager License. In terms of product distribution tracking, transportation conditions, temperature control, and anti-counterfeiting labeling, we

ensure the control of the distribution supply chain. We also select vehicles and equipment suitable for the transportation, storage, or handling of drugs, installing appropriate equipment to prevent drug damage and product exposure to potential risks that may affect quality. All distribution activities comply with the requirements of Good Distribution Practice (GDP), ensuring the maintenance of quality and integrity of drugs during distribution process, and passing the GDP inspection conducted by the Food and Drug Administration of the Ministry of Health and Welfare.

Product Labeling

To implement product safety management, Formosa Laboratories invests a significant amount of resources in ensuring product safety throughout the processes of research and development, production, storage, and labeling. In addition to implementing safety measures corresponding to the different specifications of the Company's products, detailed and specific information is legally labeled on the products, including the Company's name, address, contact number, product name, weight, product batch number, manufacturing date, retest

period/expiration date, storage conditions, and special precautions. The labeling materials are strictly controlled to prevent labeling errors and the possibility of counterfeit drugs, and they comply with local regulations regarding product information and labeling requirements, ensuring the protection of users and transportation safety. During the reporting period, the Company did not violate any regulations regarding the information and labeling of products and service.

3.4 Customer Service

Formosa Laboratories regards customer feedback as an important foundation for improving customer relationship development. We understand customer needs through multiple channels, including video conferences, business visits, and participation in exhibitions. Through customer visit surveys, we first understand the key needs of customers. If there are issues with service deficiencies, we will investigate the root causes with relevant departments, and then provide Corrective and Preventive Actions (CAPA) to explain and clarify to customers. Regarding customer opinions and suggestions, we regularly review and analyze them in meetings, and propose appropriate improvement plans to establish a complete procedure in response to customer needs.

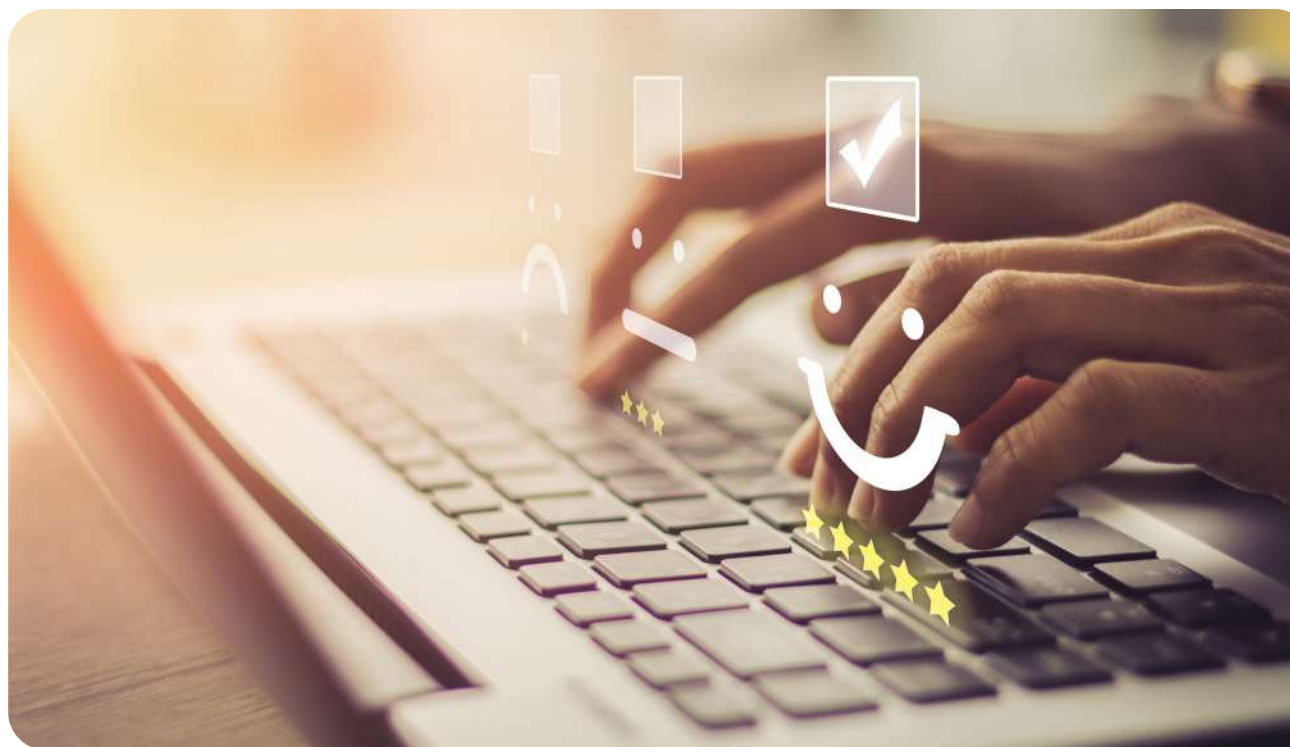
Activities carried out by Formosa Laboratories in accordance with GMP operating procedures (such as product quality, product packaging, labeling, transportation processes, etc. produced in GMP manufacturing facilities) shall be executed according to this operating procedure in the event of abnormal conditions initiated by the client's complaint. This procedure does not include products that are still in the customer testing phase with unfinished process development (unless otherwise specified in the quality assurance contract), or other complaints unrelated to GMP operations.

| Formosa Laboratories Number of Customer Complaints in the past 3 years |

Year	2020	2021	2022
Number of Customer Complaints	7	8	7
Growth Rate of Customer Complaints	-30%	14%	-13%

Note: The Company received 10 customer complaints in 2019.

To provide excellent customer service and maintain good product quality, the Company implements a two-stage investigation plan and draws investigation conclusions from these results, clarifying issues at each stage to establish subsequent preventive measures, stabilize product quality, and reduce the risk of problems occurring.



● Exhibition activities at BIO 2022 San Diego

June 13 to 16, 2022



● Exhibition activities at BIO Asia 2022

July 28 to 31, 2022



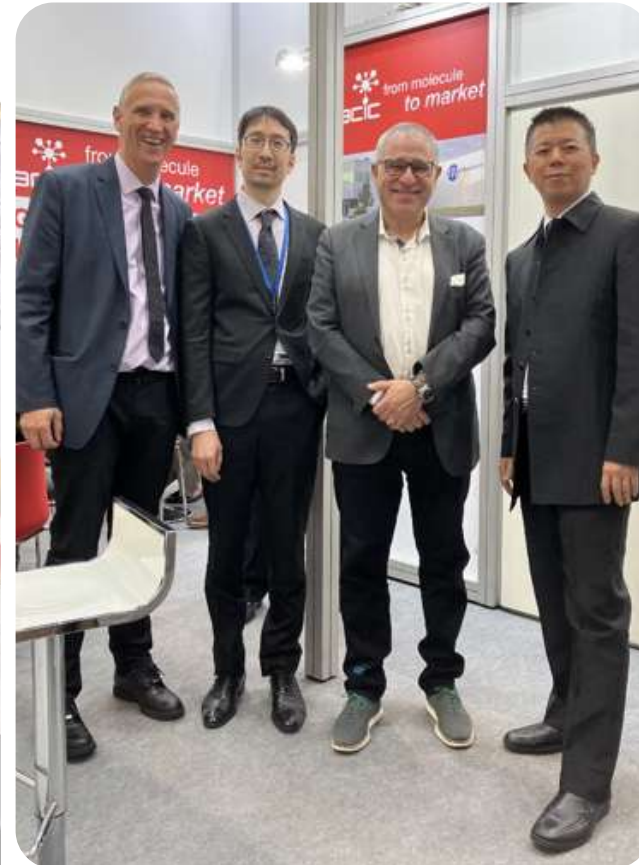
● 2022 Exhibition activities in Japan

July 28 to 31, 2022



● 2022 Exhibition activities at CPhI Milan

November 1 to 3, 2022





Environmental Protection

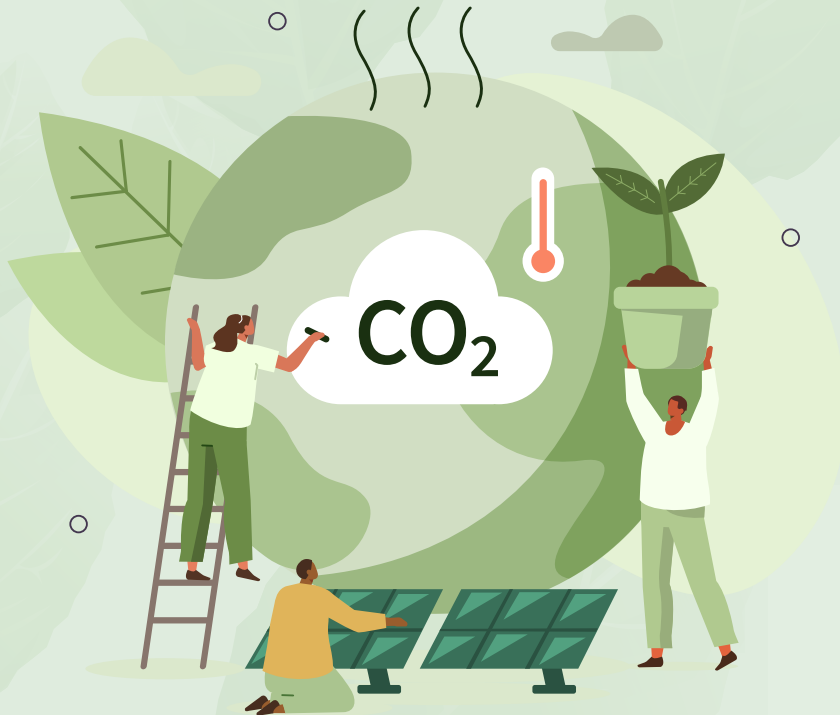


Chapter 4 Environmental Protection

- 4.1 Climate Action
 - Four Core Elements of TCFD
 - Impacts of Climate-related Risks and Opportunities on Finance
 - Formosa Laboratories' Vision for Net Zero and milestones for each stage
- 4.2 Energy Management
- 4.3 Greenhouse Gas Emissions
 - Energy saving and carbon reduction
- 4.4 Air Pollution Prevention
- 4.5 Water Stewardship
 - Water Efficiency Improvement
 - Mitigation of Water Discharge Impact
- 4.6 Waste Management
 - Joining hands with partners to reduce waste together
 - Reducing the impact of waste pollution
 - Waste management system
 - Waste Data Overview

4.1 Climate Action

In recent years, frequent disasters caused by climate change have prompted Formosa Laboratories to proactively respond to climate disasters and prevent related financial losses. The Company will adopt the climate-related financial disclosure recommendations formulated by the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB) in 2015. The Company will voluntarily disclose its response policies and preventive measures in the face of climate-related risks, appropriately disclose the financial impact caused by these risks, and identify opportunities to ensure profitability and enhance the Company's climate resilience after proper climate adaptation and disaster recovery, in order to cope with subsequent climate disasters.



Four Core Elements of TCFD

| Core Elements of Climate-Related Financial Disclosures |



Core Elements	Action Plans
<p>Governance</p>	<ul style="list-style-type: none"> Formosa Laboratories convenes relevant ESG working group members from the Sustainable Development Committee to regularly discuss the potential impacts of various issues on the organization internally and externally, including identifying and assessing climate change risks and responding to climate impacts. After identifying climate-related impacts, meetings are held with senior executives to discuss climate-related risks and opportunities. Improvement recommendations and measures are proposed to mitigate climate financial risks and identify corresponding climate financial opportunities. The Sustainable Development Committee reports the annual ESG performance to the Board of Directors and the Board confirms the short-term, mid-term, and long-term priorities, including climate change-related issues.
<p>Strategies</p>	<ul style="list-style-type: none"> The Company incorporates the potential impacts of climate change into overall operational considerations, estimates the probability of risk occurrence and the degree of impact, and formulates plans for risk response and mitigation measures. Based on business type, risk strategy, and financial planning status, the Company identifies physical and transitional risks and opportunities, and formulates plans for risk response and mitigation measures, as well as crisis management mechanisms. This includes actively promoting green energy and environmental protection policies, expanding the use of renewable energy, and developing carbon reduction innovation technologies. In so doing, the Company reduces the carbon footprint of its operations and product production and sales. To respond to the environmental impact of global climate change and greenhouse effects, we have put energy-saving and carbon reduction measures into practice, promoted energy-saving management in offices and public areas, implemented waste reduction and green procurement, and purchased products with energy-saving and environmental protection labels. So the target of energy-saving and carbon reduction has been met in compliance with government regulations. Please refer to The Impact of Climate-Related Risks and Opportunities on Finance for the Company's short-term, mid-term, and long-term major risks and opportunities.

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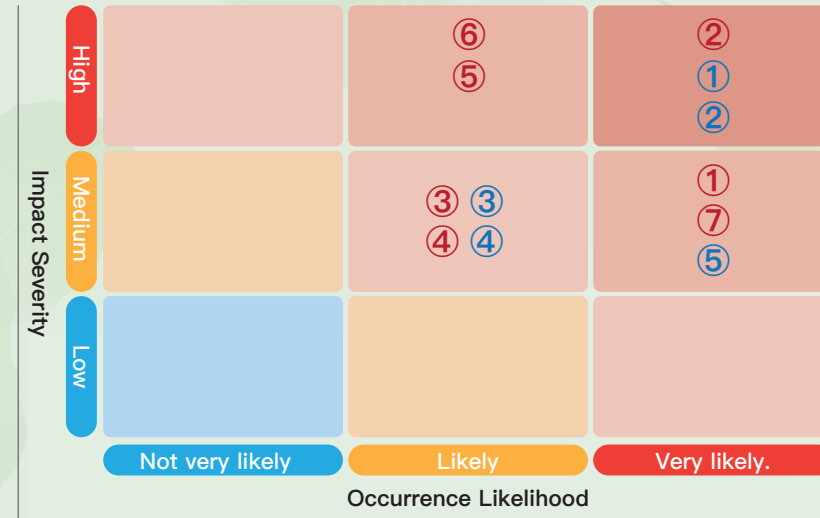
Core Elements	Action Plans
<p>Risk Management</p>	<ul style="list-style-type: none"> In order to identify and assess significant impacts or risks related to operations, the Sustainable Development Committee regularly assesses climate change risks to understand specific potential financial impacts as a basis for policy-making and goal-setting, as well as establishing comprehensive climate management procedures, such as identification, assessment, management, recovery, and adaptation. The monitoring is ongoing. The Board of Directors supervises and makes decisions; the Sustainable Development Committee conducts risk identification and confirmation; the Risk Management Team conducts risk assessment and reporting, and guides and coordinates the work of all execution units.
<p>Indicators and Objectives</p>	<ul style="list-style-type: none"> To reduce the risk impact of climate change and achieve carbon reduction and energy saving goals, Formosa Laboratories has set its net zero vision and stage goals, and managed climate change-related risks and opportunities using management strategies or indicators. <ol style="list-style-type: none"> The ISO 14064-1 greenhouse gas inventory and 14067 carbon footprint verification standard system have been introduced and passed the third-party verification by 2023. Specific reduction targets may be set in future assessment plans to moves towards the goal of carbon neutrality. Please refer to Formosa Laboratories' Vision for Zero Pollution and Stage Goals for more information We have also been promoting the energy saving and carbon reduction initiative, calling on all employees to respond together to various measures to save energy and resources, including the conservation of power and water, waste reduction, and other specific measures. For detailed management methods, please refer to the corresponding sections in Chapter 4 Environmental Protection.



Impacts of Climate-related Risks and Opportunities on Finance

Formosa Laboratories conducts risk assessment for climate risks and opportunities. The analysis is based on the severity of impact and the likelihood of occurrence, with impact severity classified into three levels: low, medium, and high, and occurrence likelihood classified into three levels: unlikely, possibly, and very likely. High and medium risk projects are identified through the analysis, and appropriate response measures are subsequently developed to enhance resilience in addressing climate change risks and opportunities.

| The Matrix Diagram of Climate-related Risks and Opportunities |



| The List of Climate-related Risks and Opportunities |

• Climate Risks :

- ① Policies and regulatory risks (related to renewable energy regulations)
- ② Policies and regulatory risks (related to carbon reduction regulations)
- ③ Technical risks (development cost of low-carbon technology and services)
- ④ Reputational risks (reputation damage)
- ⑤ Immediate physical risks (such as extreme rainfall and other abnormal weather events)
- ⑥ Long-term entity risks (changes in precipitation patterns)
- ⑦ Long-term physical risk (average annual temperature rise)

• Climate Opportunities :

- ① Improvement of resource use efficiency
- ② Diversifying energy sources to reduce carbon emission
- ③ Product and service opportunities
- ④ Market opportunities
- ⑤ Increase in resilience



The Company reviewed the risks and analyzed the impact of climate change on our financial situation, identifying the following disclosures for the annual adjustment response: Climate-related risks and financial impacts and Climate-related opportunities and financial impacts.

| Climate-related risks and financial impacts |

Type	Climate-related Risks	Duration of Impact	Potential Financial Impact	Adaptation and Response
Transformation Risks	Policies and Regulations			
	Renewable energy-related regulations	Long-term	<ul style="list-style-type: none"> According to the provisions of the Renewable Energy Regulations for Large Electricity Consumers in 2021, electricity consumers with a contract capacity of 5,000 kW or above are required to self-generate 10% of green energy within 5 years, or achieve a minimum of 8% of self-generated green energy by 2023 upon completion of construction. To comply with regulations, Formosa Laboratories has begun constructing a renewable energy generation system, resulting in increased energy costs. Approximately NT\$30 million have been allocated for the construction of a solar renewable energy generation system in 2022. 	<ul style="list-style-type: none"> Introducing solar power generation systems as soon as possible to comply with regulations and respond to energy transformation and carbon reduction policies The solar panel renewable energy installation has been carried out in May 2022, with a planned installation capacity of approximately 570 KW. It is expected to be completed and connected to the power grid in Q2 2023. Subsequently, the construction of the second phase of solar power generation facilities will be planned.
	Local carbon reduction regulations	Mid-term	<ul style="list-style-type: none"> In response to the requirements of Taiwan's Climate Change Response Act, the cost of carbon reduction has increased. <ol style="list-style-type: none"> The 2050 net zero emissions target is now in effect. Carbon fees will be officially imposed in 2024 to 2025. The carbon tax increases operating costs and reduces competitiveness. The implementation of Greenhouse Gas Inventory verification increases the cost of counseling and manpower, resulting in an annual increase of NT\$300,000 in counseling expenses. With ISO 14064-1 Greenhouse Gas Inventory verification conducted, the verification fee increased by NT\$230,000 in 2022. 	<ul style="list-style-type: none"> Promoting Greenhouse Gas Inventory verification, clarifying carbon reduction direction, and establishing net zero carbon goals Expecting to participate in the Ministry of Economic Affairs Industrial Bureau's Industrial Product Environmental Footprint Guidance Program in 2023 to clarify the carbon content in the products, establish carbon reduction strategies, and avoid international tariff impacts Developing effective internal carbon pricing to enhance competitiveness Conducting GHG inventory data collection and evaluation in an electronic manner to improve efficiency

Type	Climate-related Risks	Duration of Impact	Potential Financial Impact	Adaptation and Response
Transformation Risks	International carbon reduction regulations	Mid-term	<ul style="list-style-type: none"> Cost expenditure increases due to international carbon reduction regulations: <ol style="list-style-type: none"> EU Carbon Border Adjustment Mechanism (CBAM) US Carbon Tariffs (Clean Competition Act, CCA) 	<ul style="list-style-type: none"> Promoting Greenhouse Gas Inventory verification, clarifying carbon reduction direction, and establishing net zero carbon goals Expecting to participate in the Ministry of Economic Affairs Industrial Bureau's Industrial Product Environmental Footprint Guidance Program in 2023 to clarify the carbon content in the products, establish carbon reduction strategies, and avoid international tariff impacts Developing effective internal carbon pricing to enhance competitiveness Conducting GHG inventory data collection and evaluation in an electronic manner to improve efficiency
	Technology			
	Develop low-carbon products or services.	Mid-term	<ul style="list-style-type: none"> In response to market demand and the international trend of carbon reduction, there is a need to develop low-carbon technologies, which in turn increases research and development costs and even poses the risk of investment loss due to research and development failures. 	<ul style="list-style-type: none"> Controlling research and development costs, setting research and development goal progress reviews, and suspending development to cut losses timely if the results are not as expected The main focus of research and development is on process improvement, increasing productivity, and reducing solvent or energy consumption. In addition to reducing the risk of research and development failures, it can also help reduce the overall carbon emissions of the organization. Reducing the risk of investment losses by collaborating with other companies to develop new products
	Reputation			
Reputational damage	Mid-term	<ul style="list-style-type: none"> If the expectations of stakeholders for corporate energy conservation and carbon reduction are not met, it may affect the brand image and reputation, thereby impacting product sales. 	<ul style="list-style-type: none"> Continuing to monitor changes in external trends and strengthening climate change resilience through internal controls 	

Type	Climate-related Risks	Duration of Impact	Potential Financial Impact	Adaptation and Response
Physical Risks	Immediacy			
	Extreme weather events such as typhoons and floods.	Short-term	<ul style="list-style-type: none"> Potential equipment failures or damages caused by environmental protection equipment may affect production and result in equipment and production losses. The attendance rate of personnel may be affected. Transportation disruptions, material losses, and delayed operation execution may affect production capacity. Insurance budgeting is necessary in accordance with risk losses. 	<ul style="list-style-type: none"> Establishing a spare parts mechanism to repair malfunctions immediately Establish a multi-skilled mechanism to avoid being affected by personnel attendance rates. Having multiple materials suppliers to avoid material shortages. Regularly dredging the water channels to reduce the probability of flooding by ensuring smooth drainage.
	In long-term			
	Changes in Rainfall Patterns	Short-term	<ul style="list-style-type: none"> Causing flooding: Purchasing sandbags, pumps, and other equipment increases the cost of establishing disaster prevention equipment and facilities. Causing drought: Drought and water shortage require purchasing tap water, increasing production costs. Taking the two examples of water outages on 3/30 and 7/30 in 2021, an additional purchase of 777.12 metric tons of water was made and cost a total of NT\$122,459. 	<ul style="list-style-type: none"> Increasing water efficiency by implementing water-saving measures and using recycled water systems So far NT\$766,334 has been invested to construct a jacketed water recycling device, and other water recycling measures will continue to be evaluated.
	Average Annual Temperature Rise	Long-term	<ul style="list-style-type: none"> The high-temperature working environment of the production line affects the health of employees, making it harder to recruit manpower and reduce turnover rate. The electricity bill for the office's air conditioning has increased. The cost of warehouse air conditioning equipment has increased (such as heat insulation projects, procurement of refrigeration and air conditioning equipment, and energy consumption). The test temperature increases with the rise in temperature, increasing the research and development cost. If the temperature is not controlled during the transportation process and lead to returns, the cost loss of the returned products will increase. The increasing temperature affects the activity of the biological bacteria in the wastewater treatment plant, easily resulting in the effluent exceeding the standard amount. 	<ul style="list-style-type: none"> Since the transportation temperatures exceed 50 Celsius degrees and may affect the quality, stability tests have been included. The test temperature has been raised to 70 degrees to ensure that the quality is not compromised under high temperatures. In 2022, 25 product transportation stability tests were conducted, resulting in an increase in research and development costs of approximately NT\$1 million. Installing insulation blankets in the warehouse to reduce temperature rise. Planning to install air conditioning equipment in the dock area, with a temperature below 25 degrees. The estimated total cost is NT\$5 million. Transportation is carried out using refrigeration to reduce the risk of product damage, increasing transportation costs by 50%.

| Climate-related opportunities and financial impact |

Type	Climate-related Opportunities	Potential Financial Impact	Response Actions
Resource Efficiency	<ul style="list-style-type: none"> Recycling and reuse of paper and waste Switching to more efficient electrical appliances. Reducing water consumption Circular economy Green architecture 	<ul style="list-style-type: none"> Reducing the cost of consumables Reducing electricity consumption and carbon emissions Reducing the cost of water use Circular Economy Creates the Sustainable Selling Points for Products 	<ul style="list-style-type: none"> Double-sided printing of paper Reuse of the backside of the recycled paper. BPM Electronic Signature Approval System Purchasing air conditioners and other electrical appliances with energy-saving labels Replacing old or inefficient electrical products with new ones, or using frequency conversion processing. Diversified assessment and efficiency enhancement of reclaimed water Continuing waste heat recovery and RTO thermal storage incinerator Continued evaluation and implementation of resource recycling, reuse, and circular economy actions. Assessment and Application of Green Building for Future Projects Assessment of energy-saving products for new equipment
Energy Sources	<ul style="list-style-type: none"> Using low carbon energy Self-producing low-carbon energy and renewable energy Adopting energy-saving measures 	<ul style="list-style-type: none"> Reducing carbon emissions to decrease carbon reduction costs Using self-produced green electricity Reducing operating costs by saving energy Using multiple energy sources to enhance energy supply resilience 	<ul style="list-style-type: none"> Establishing a solar photovoltaic renewable energy generation system for self-use of renewable energy electricity, with an estimate of 625,660 kWh of green electricity generated annually by the solar renewable energy – saving approximately NT\$1,643 thousand in costs compared to directly purchasing electricity from Taiwan Power Company
Product Services	<ul style="list-style-type: none"> Developing or adding low-carbon products and services 	<ul style="list-style-type: none"> World's major pharmaceutical companies have high requirements for ESG, and Formosa Laboratories is also gradually developing or increasing low-carbon products and services. Although there is a slight increase in costs, providing environmentally friendly products will enhance competitiveness that brings advantages in international pharmaceutical collaborations for the Company to secure orders. 	<ul style="list-style-type: none"> Choosing a production process that consumes low energy, has low carbon emissions, and reduces the use of disposable consumables.
Market	<ul style="list-style-type: none"> Incentives offered by the government 	<ul style="list-style-type: none"> Receiving government incentives that increase revenue 	<ul style="list-style-type: none"> Subsidy for purchasing energy-saving appliances Subsidies for manufacturing energy-saving products
Resilience	<ul style="list-style-type: none"> Consolidating climate change risks and response methods to enhance the Company's resilience. 	<ul style="list-style-type: none"> Strengthening business resilience, reducing losses caused by climate change, and also minimizing losses to customers. 	<ul style="list-style-type: none"> Continuing to pay attention to the development of climate change issues every year, planning and implementing response measures, and disclosing the results in the annual sustainability report.

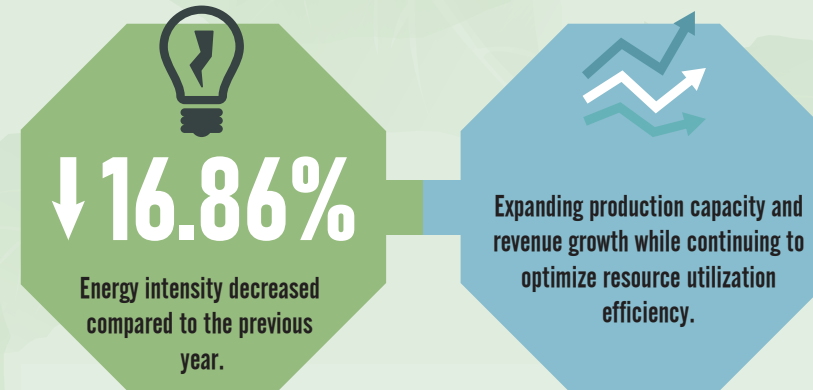
Formosa Laboratories' Vision for Net Zero and milestones for each stage

With the climate change caused by greenhouse gases, extreme weather events threaten the safety of the public's lives and properties, and even affect business operations and sustainable development. In order to achieve harmony and sustainable management goals and deepen the importance of climate change risks in the hearts of our colleagues, the Company has started GHG inventory-related operations since 2021. In 2022, it collected organizational carbon emission-related information using the methodology of the latest standard ISO 14064-1:2018.

After sufficient inventory information is available, the Company will gradually establish a sustainable development path for green management as its short-term, mid-term, and long-term goals in response to climate risks, in order to facilitate internal and external review of energy-saving and carbon reduction policies and the formulation of relevant regulations. The relevant sustainable development path and stage goals are as follows:



4.2 Energy Management



As a major supplier of API for biopharmaceuticals, the Company is fully aware of the impact and risks brought about by climate change. Therefore, reducing energy consumption and increasing the proportion of green energy is also a continuous effort for the Company. We investigated the electricity and energy usage in our headquarters, Louchu Plant, and Louchu Plant 2, with a total energy consumption of 187,542,852.23 million joules in 2022. The energy intensity, calculated based on per thousand New Taiwan Dollars of revenue, is 49.30.

The energy in current use mainly comes from the electricity for equipment and office spaces, accounting for almost 100% (99.99994%) of the total energy usage. The remaining small amount of energy is used for diesel, natural gas, and heavy oil from the regenerative thermal oxidizer (RTO). Due to the addition

of production lines, research and development systems, and a new injection factory, the overall electricity demand of the organization has increased. However, we are also making efforts to reduce electricity consumption by replacing old equipment with energy-saving devices, resulting in a slight decrease in total energy consumption in 2022 compared to the previous year. If we calculate the energy intensity based on revenue per thousand New Taiwan Dollars, there is a 16.86% decrease in 2022 compared to the previous year, which

demonstrates the Company's improvement in energy efficiency.

Our main focus for improvement will continue to be energy-saving measures. We will reduce electricity consumption by renewing the manufacturing processes or production equipment. We also plan to use renewable energy such as solar power to diversify sources of energy and reduce energy consumption risks.

| Formosa Laboratories Use of Internal Energy |

Energy Type		2020	2021	2022
Non-renewable energy (million joules, MJ)	Outsourced electricity	180,878,375	187,922,880	187,542,720
	Diesel	1.90	1.95	1.86
	Natural gas	101.71	102.52	93.49
	Heavy oil(environmentally friendly RTO)	7.87	91.34	9.88
Total energy consumption (million joules, MJ)		180,878,486.48	187,923,075.81	187,542,825.23
Revenue (NT\$ thousand)		3,108,083	3,169,023	3,804,145
Energy Intensity (NT\$ thousand)		58.20	59.30	49.30
Rate of energy intensity annual growth/reduction (%)		-	+1.89%	-16.86%

Note 1 : The energy conversion coefficient is retrieved from the greenhouse gas emission coefficient management table version 6.0.4 announced by the Environmental Protection Administration.

Note 2 : Energy Intensity Calculation Formula: Total Energy Consumption / Revenue (in thousand New Taiwan Dollars).

4.3 Greenhouse Gas Emissions

The Company initiated a greenhouse gas inventory in compliance with the Ministry of Environment's regulations in 2021. In 2022, the Company conducted a greenhouse gas inventory with the boundary of entire Formosa Laboratories (the Louchu Plant and Louchu Plant 2), using the methodology of GHG Protocol and the latest version of the international standard ISO 14064-1:2018. The Company plans to commission a qualified third-party verification organization in 2023 to verify greenhouse gas emissions and obtain an ISO 14064-1 greenhouse gas verification statement. In the future, the Company will conduct annual greenhouse gas inventories and verifications, set specific reduction targets for greenhouse gases, and use 2022 as the base year for annual reduction progress reviews.

In 2022, the greenhouse gas emissions of Formosa Laboratories are as follows: Scope 1(Category 1) emissions are 7,744.8849 metric tons; Scope 2 (Category 2) emissions are 25,787.124 metric tons; Scope 3 (Category 3 to 6) emissions are 11,251.9124 metric tons, totaling 44,783.9213 metric tons. Due to the greenhouse gas inventory and calculation for the year 2022, which was conducted in accordance with international standards, the data is more complete than before 2021. No further explanations of the differences are provided to avoid distorting comparisons.

| GHG Emissions of Formosa Laboratories in the Past Two Years |

(unit: metric tons of CO₂e)

GHG Emission Type				2021	2022 (base year)
Scope 1	Category 1	Diesel, Natural gas, Heavy oil		633.6800	7,744.8849
Scope 2	Category 2	Outsourced electricity		31,949.4300	25,787.1240
Scope 3	Category 3.5	Upstream	Business travel	-	60.0650
	Category 3.1		Transportation and delivery	-	90.5594
	Category 4.1		Products and services purchased	-	3,039.3764
	Category 4.1		Fuel and energy-related activities (excluding activities in Category 1 or Category 2)	-	6,379.6527
	Category 4.3		Waste generated during operational activities	-	996.8719
	Category 3.2	Downstream	Transportation and delivery	-	685.3870
Greenhouse gas emissions				32,583.1100	44,783.9213
Revenue (NT\$ thousand)				3,169,023	3,804,145
GHG Emission Intensity (metric tons of CO ₂ e / NT\$ thousand)				0.0103	0.0118

- Note: 1. The greenhouse gas emissions are compiled using the operational control method, following the methodology of ISO 14064-1:2018 for inventory. The investigation of items in Scope 3 (Categories 3 to 6) is only conducted for certain items in Categories 3 and 4; however, the data for Scope 3 has not been investigated in 2021, and thus relevant information has not been included in the statistics.
2. The GWP of each greenhouse gas is based on estimated values from the IPCC's Assessment Report 6 (AR6) that differ from the coefficient in the AR4 version reported to the Ministry of Environment. These differences lead to variations in the data.
3. In 2021, the carbon emission coefficient for electricity is 0.509 tons CO₂e/kWh. As for 2022, the carbon emission coefficient for electricity is 0.495 kg CO₂e/kWh.
4. GHG emission intensity calculation formula: Total GHG emissions (metric tons CO₂e) / revenue (NT\$ thousand).

Energy saving and Carbon Reduction

Formosa Laboratories currently employs multiple paperless management systems, which not only improve operational efficiency but also reduce paper waste. The initial implementation of the Business Process Management (BPM) system starts with procurement, followed by the relevant requirements from each department. Currently, most processes are online and nearing completion. This will approximately save 65,800 A4 papers annually. Agilent GC/LC's Product Analysis Reports can be attached directly to the LIMS (Lab Information Management System) as electronic files, eliminating the need for paper printing and saving approximately 268,500 A4 papers annually. The launch of the Document Management System (DMS) in 2023 is expected to save approximately 19,600 A4 papers annually.

In 2022, the Company implemented nine energy-saving and carbon-reducing measures. These included adopting air conditioning operation procedures and behavior changes, improving plant equipment, and enhancing operational efficiency. By comparing the carbon emissions prior to improvement, we estimate a potential reduction in carbon emissions of around 1,537 metric tons CO₂e. In the future, we will strive to decrease annual electricity consumption to achieve our energy conservation and carbon reduction goals. The energy-saving measures are such as replacing energy-consuming equipment with energy-saving and environmentally friendly labeled lighting and electrical appliances, turning off air conditioning and lighting in unoccupied meeting rooms or public areas, building a second-phase solar power generation facility, evaluating green buildings, and purchasing renewable energy source.



| 2022 Formosa Laboratories Saving and Carbon Reduction Action Plan Performance效 |

Number	Action plan	Description of Reduction Plans	Amount of Energy Reduction (million joules)	Reduction of Carbon Emissions (metric tons of CO ₂ e)
1	Change in Air Conditioning System Operation Procedure (Phase One) – Minimize the air volume in the room while still meeting the standards.	<ul style="list-style-type: none"> 2022 – Program Execution Schedule for the Year Calculated based on an annual electricity saving of 1,200,000 kWh 	4,320,000	594.0000
2	Change in Air Conditioning System Operation Procedure (Phase two) – Minimize the air volume in the room while still meeting the standards.	<ul style="list-style-type: none"> 2022 – Officially launched in June Calculated based on the average monthly electricity savings of approximately 243,333.333 kWh * 6 months. 	5,256,000	722.7000
3	Change in Behavior – The chilled water and cooling water pumps in fermentation plant are equipped with frequency converters.	<ul style="list-style-type: none"> 2022 – Officially launched in March Calculated based on the average monthly electricity savings of approximately 11,811.9 kWh * 8 months. 	340,182.72	46.7751
4	Equipment Improvement – replacement of ice water machine in Plant 2	<ul style="list-style-type: none"> 2022 – Officially launched in August Calculated based on the average monthly electricity savings of approximately 9,866.6 kWh * 5 months. 	177,598.8	24.4198
5	Equipment Improvement – replacement of common ice water machine in Plant 2	<ul style="list-style-type: none"> 2022 – Officially launched in August Calculated based on the average monthly electricity savings of approximately 192,200 kWh * 5 months 	345,600	47.5200
6	Equipment Improvement – replacement of air compressor in Plant 2	<ul style="list-style-type: none"> 2022 – Officially launched in November Calculated based on the average monthly electricity savings of approximately 6,866.6 kWh * 5 months. 	49,439.52	6.7979
7	Energy-saving, zoning and replacement of LED lighting	<ul style="list-style-type: none"> 2022 – Program Execution Schedule for the Year Calculated based on an annual electricity saving of 180,000 kWh 	648,000	89.1000
8	Turn off the power of the electric water heater to save electricity used for heating and maintaining the temperature at 50°C	<ul style="list-style-type: none"> 2022 – Program Execution Schedule for the Year Calculated based on an annual electricity saving of 8,000 kWh 	28,800	3.9600
9	Turn off the power of the unused transformer.	<ul style="list-style-type: none"> 2022 – Program Execution Schedule for the Year Calculated based on an annual electricity saving of 2,592 kWh 	9,331.2	1.2830
Total			11,174,952.24	1,536.5558

Note: 1. All types of energy-saving listed are electricity; the scope of carbon reduction refers to Scope 2.

2. The energy savings are calculated based on estimated electricity savings before and after implementing each action plan, taking into account the average monthly electricity savings and activation time. The electricity savings for 2022 will be estimated and then converted into million joules using a conversion factor of 1 kWh = 3.6 MJ.

3. The carbon reduction is calculated based on the saved electricity consumption * the carbon emission coefficient of electricity. The emission coefficient used in the calculation is 0.495 kg CO₂e/kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs in 2022. The value has been rounded to the fourth decimal place.

4.4 Air Pollution Prevention

Formosa Laboratories is committed to reducing air pollutants, considering the importance of energy conservation and pollution reduction for sustainable development. We employ clean energy natural gas as fuel for boilers to reduce the generation of air pollutants. Volatile organic waste gases are processed through a Regenerative Thermal Oxidizer (RTO) to prevent emissions that directly pollute the environment and reduce the energy consumption of heavy oil. The plant's air pollutant emissions comply with Taiwan's "Standards for Air Pollutant Emission from Stationary Pollution Sources" and "Standards for Air Pollutant Emission from Boilers". From 2020 through 2022, each pollution source and its associated pollution control equipment operated in accordance with the content of permit. The annual emissions are calculated based on the concentration and emission coefficient in the inspection report, as detailed in the table below.

| Air Pollutant Emissions of Formosa Laboratories Boilers in the Past Three Years |

(unit: metric tons)

Particulate Pollutant			
Year	2020	2021	2022
P501 Annual Emissions	0.091	0	0.07
P502 Annual Emissions	0.213	0.000	0.201
NOx			
Year	2020	2021	2022
P501 Annual Emissions	7.32	5.69	5.88
P502 Annual Emissions	17.07	18.82	16.11

| Air Pollutant Emissions of Formosa Laboratories RTO in the Past Three Years |

(unit: metric tons)

Year/Pollution Item	2020	2021	2022
Particulate Pollutant	0.11	0.09	0.09
SOx	0.01	0.01	0.01
NOx	0.01	0.02	0.01
VOCs	2.21	1.85	1.9

Note: The frequency of testing for RTO is compliance with the instructions in the air pollution operating permit, which only requires testing before an extension (once every five years). Therefore, the annual emissions for 2021 and 2022 are based on the emission coefficient for 2020.

4.5 Water Resource Management

| Formosa Laboratories 2022 Material Topic: Innovative Research and Development |

Material Topics	Water Stewardship
Corresponding GRI indicators	GRI 303–1 Interactions with water as a shared resource GRI 303–2 Management of water discharge–related impacts GRI 303–3 Water withdrawal GRI 303–4 Water discharge GRI 303–5 Water consumption
Related SDGs	SDG 6 Clean water and sanitation
Policies or Commitments	Comply with laws and regulations and conduct testing and monitoring to implement daily water stewardship and cherish natural resources.
Indicators and Objectives	Sustainable Goals: <ul style="list-style-type: none"> Committed to source reduction (Reduce), recycling and reusing (Reuse) Improve and diversify the assessment of reclaimed water to enhance recycling efficiency. Assess the use of recycled water to continuously conserve water and improve water efficiency. The effluent quality complies with the laws and regulations of the Ministry of Environment.



Material Topics

Water Stewardship

Effective Tracking Mechanism

Water withdrawal

- Conduct a water information survey to clarify the source of water withdrawal.
- Set up a flow meter to effectively monitor, track and record water withdrawal.
- Regularly conduct the maintenance monitoring equipment to effectively perform monitoring.

Water discharge

- Conduct quality/quantity monitoring for effluent. If there are any abnormalities in water quality, it will be redirected to the wastewater treatment unit for further re-treatment and discharge; if there are any abnormalities in water quantity, an investigation will be conducted to clarify the issue. (Monitoring standards refer to the effluent discharge standards set by environmental regulations)
- Regularly conduct the maintenance monitoring equipment to effectively perform monitoring.
- Review the efficiency of the wastewater treatment plant unit to enhance treatment capacity.
- Implement education and training to enhance employees' operation, maintenance, and emergency response capabilities.

Annual Actions and Achievements

- The amount of recycled water is 115 million liters, and the recycling rate is calculated as 26.01% based on the annual water withdrawal.
- The water recycling rate increased by 6.86% from 2020 to 2022.
- Water usage has been reduced to 442 million liters, a decrease of 22 million liters compared to 2021.
- According to the water test in 2022, all results were in accordance with effluent discharge standard set by environmental regulations.



Water Efficiency Improvement

According to the "World Resources Institute", 17 countries are facing the water resources crisis. While Taiwan is not a region facing water stress, its geographical conditions make retaining rainfall difficult. Furthermore, the booming industrial development has significantly increased water consumption. The sharing of water resources could pose a serious issue (the impact of supply–demand imbalance). Thus, it is essential to conserve water and improve water efficiency.

The primary water consumption in Formosa Laboratories' plants is for process water, with the remaining portion for

service water, mainly sourced from tap water. Information on the company's water usage is gathered through a water usage survey, with flow meters installed to monitor and record water withdrawals. Regular maintenance of monitoring equipment is conducted to ensure the accuracy and effectiveness of the information. The total water withdrawal per year during the period from 2020 to 2022 ranged from 431 to 465 million liters. Although water consumption was higher in 2021, conservation and recycling efforts led to a decrease in water consumption to 442 million liters in 2022.

| Formosa Laboratories' Water Consumption Statistics for the Past 3 Years |

(unit: million liters)

Water Statistics	2020	2021	2022
Total Water Withdrawal (A)	431.084	464.941	442.254
Total Water Discharge (B)	371.150	363.178	331.540
Total Water Consumption (A–B)	59.934	101.763	110.714

Note 1: The water withdrawal and discharge are both based on water meters.

Note 2: All water sources are fresh water; all water sources are third party tap water; no surface water, ground water, sea water, or produced water is used.

We promote water conservation measures, such as controlling the amount of water used in public restroom sinks, replacing old equipment with the faucets and toilets with Water Efficiency Label. In addition, since 2015, we have implemented a water recycling system and established mechanisms for using recycled water in cooling towers, scrubbing towers, vacuum systems, etc. The amount of recycled water has increased annually from

82.543 million liters in 2020 to 115.014 million liters in 2022. The rate has increased from 19.15% to 26.01%, indicating a significant improvement in water efficiency as it has increased by 6.86% over the past three years. In the future, we will review and improve water conservation measures to enhance water efficiency annually. We will assess and introduce various water recycling systems and methods to enhance efficiency.

| Formosa Laboratories' Recycled Water Statistics for the Past 3 Years |

(unit: million liters)

Water Statistics	2020	2021	2022
Total Water Withdrawal (A)	431.084	464.941	442.254
Total Water Discharge (B)	82.543	97.598	115.014
Recycling Percentage(B/A)	19.15%	20.99%	26.01%



Mitigation of Water Discharge Impact

Formosa Laboratories is a biopharmaceutical company that operates a wastewater treatment unit. It monitors effluent quality and quantity in accordance with the "Effluent Standards" set by the Ministry of Environment (Table 4: Chemical Industry). If there is any abnormality in water quality, it is returned to the wastewater treatment unit for re-treatment and discharge; if there is any abnormality in water quantity, an investigation is conducted to identify the problem. The treated effluents are all freshwater and are discharged into the sea or lake ditch (surface water). The total discharge in 2022 is 331.540 million liters.

To improve operational processing capabilities and ensure the correct and effective use of information, regular reviews of the performance of the wastewater treatment plant and maintenance of monitoring equipment are conducted. In the following years, we will implement filter material replacements and aeration system updates, while continuously promoting education and training to enhance the operational, maintenance, and response capabilities of our employees. From 2020 to 2022, the effluent quantity decreased annually, primarily because of the increased recycled water. We outsource water quality testing for effluents biannually and consistently meet all legal requirements, and the test results in 2022 were all in compliance with regulations.

| Formosa Laboratories 2022 Water Discharge Quality Test Results |

Item	Numerical Value	Item	Numerical Value	Item	Numerical Value
pH Value	7.7	Ammonia nitrogen	0.15	Chloroethylene	ND, MDL: 0.00093
Water Temperature (Celsius)	22.9	Nitrate Nitrogen	0.57	1,2-Dichloroethane	ND, MDL: 0.00097
Free Available Chlorine	ND, MDL: 0.012	Oil and Fat	6.2	di(2-ethylhexyl) phthalate DEHP	ND, MDL: 0.0028
Suspended Solid (mg/L)	11.2	Villiumite	0.17	Dibutyl Phthalate (DBP)	ND, MDL: 0.0031

Item	Numerical Value	Item	Numerical Value	Item	Numerical Value
Chemical Oxygen Demand (mg/L)	66.8	Phenols	ND, MDL: 0.0034	Benzyl Butyl Phthalate (BBP)	ND, MDL: 0.0027
Biochemical Oxygen Demand (BOD)	13.4	True Color	30	Di-n-octyl Phthalate (DNOP)	ND, MDL: 0.0029
Lead	ND, MDL: 0.026	Water Quantity (CMH)	38.083	Dimethyl Phthalate (DMP)	ND, MDL: 0.0027
Cadmium	ND, MDL: 0.01	Soluble Manganese	2.42	Diethyl Phthalate (DEP)	ND, MDL: 0.0028
Copper	0.04	Soluble Iron	0.93	Nitrobenzene	ND, MDL: 0.002
Chromium	ND, MDL: 0.017	Hexavalent Chromium	ND, MDL: 0.0029	Formaldehyde	0.0237
Arsenic	ND, MDL: 0.00079	Boron	1.29	Trichloroethylene	ND, MDL: 0.00091
Mercury	0.001	Molybdenum	ND, MDL: 0.0031	Methylene Dichloride	ND, MDL: 0.00095
Nickel	ND, MDL: 0.018	Tin	ND, MDL: 0.0057	Trichloromethane	ND, MDL: 0.00094
Zinc	0.01	Cobalt	0.003	Benzene	ND, MDL: 0.00098
Anionic Surfactant	0.15	Barium	0.002	Ethylbenzene	ND, MDL: 0.00077

Note: The water quality data in the above table was analyzed by a qualified inspection company from water samples taken within the plant area.

4.6 Waste Management



| Formosa Laboratories 2022 Material Topic: Innovative Research and Development |

Material Topics	Waste Management
Corresponding GRI indicators	GRI 306: Waste 2020
Related SDGs	SDG 12 Sustainable Consumption and Production
Policies or Commitments	With a commitment to sustainable operation and environmental protection, the company reduces waste and promotes resource reuse through end-of-pipe treatment and process waste reduction, demonstrating ongoing care for the Earth. In the future, the company will continue to assess the feasibility of source management based on the circular economy of the 4Rs, serving as the foundation for waste generation and control.
Indicators and Objectives	<p>Short-term Goals:</p> <ul style="list-style-type: none"> Properly carry out end-of-pipe treatment operations and continue to establish a comprehensive process waste reduction. <p>Long-term Goals:</p> <ul style="list-style-type: none"> Continue to assess using the circular economy of 4Rs as the foundation for waste reduction, and ensure the legal and proper handling or reuse of all waste streams. Required suppliers to set goals for waste reduction and recycling to minimize waste generation throughout the value chain.

Material Topics

Waste Management

Effective Tracking Mechanism

- Continue to implement performance management assessments through the ISO-14001 environmental management system to ensure the protection of employees, an environmental friendliness, and care for the Earth. If there are areas for improvement, relevant suggestions or improvement plans can be proposed through management measures to implement mitigation, prevention, or remediation.
- Carefully select waste disposal contractors, regularly visit their facilities to verify the actual disposal and recycling of waste, and continuously evaluate their performance and conduct audits.
- During the outsourcing period of waste disposal, the waste transportation and disposal situation will be tracked irregularly, and effectiveness tracking will be conducted by obtaining record of proper clearance through the declaration platform of the Ministry of Environment.
- To ensure the effectiveness of the tracking mechanism, conduct periodic car-following external audits to identify any potential risks or oversights in the verification process.
- The plant has internal communication channels for employees to make suggestions and engage in discussions, mitigating negative effects and fostering transparent collaboration to enhance the overall management system.

Annual Actions and Achievements

- In 2022, the total amount of waste was 1,154.66 tons, with a recycling rate of 40.98%.
- This year, a total of 8 audits were conducted at the waste treatment plant, and there were no abnormal situations found in the visit results. The clearance and disposal procedures all comply with the standards.
- In accordance with the requirements of laws and regulations of environment, the selection of clearance and disposal suppliers is prioritized for those who have obtained qualifications for clear disposal or reuse from the Ministry of Environment or the Industrial Development Bureau of the Ministry of Economic Affairs.



Collaborate with partners to reduce waste

As time passes, the issue of waste treatment plants reaching their deadline has surfaced, and the waste treatment problem will inevitably have an impact on the Company's sustainable operation. As a biopharmaceutical industry, Formosa Laboratories' production process generates three types of waste: hazardous industrial waste, non-hazardous industrial waste, and resource recycling waste. Adhering to the corporate sustainability development and environmental protection, the company promotes waste reduction and resource reuse through end-of-pipe treatment and process waste reduction. We continuously endeavor to care for the earth and work together to create a better environment for employees. In the future, we will assess the viability of source management in line with industry characteristic, life cycle concept, and the 4RS (Reduce, Reuse, Recycle, Recovery), considering measures such as source reduction and the use of recycled materials, as the basis for waste generation and control.

The waste produced by the Company is legally entrusted to qualified domestic suppliers for waste removal and disposal. In order to efficiently monitor waste flow and guarantee that all waste is lawfully and appropriately disposed or recycled, Formosa Laboratories meticulously selects waste removal and disposal supplier. We regularly visit the suppliers to verify and compare their actual waste treatment and reuse at their

facilities. Also, we enhance the auditing effectiveness by requiring waste clearance companies to join the GPS system for tracking and management. In addition to effectively promoting waste management in our own operations and production processes, Formosa Laboratories requires suppliers to set goals for waste reduction and recycling to minimize waste production throughout the entire value chain. This fosters suppliers to jointly promote energy conservation, waste reduction, and circular economy.



Reducing the impact of waste pollution

Formosa Laboratories belongs to biopharmaceutical industry, mainly engaged in the development of APIs and the production of Generic Drugs. The technical processes involved in the development and production of APIS include crystallization, decolonization, filtration, extraction, concentration, drying, and recycling. As a result of the manufacturing process, hazardous industrial waste, hazardous liquid waste, non-hazardous liquid

waste, waste solids, and high-activity waste are generated. Any negligence in production, storage, transportation, and disposal could lead to environmental pollution and impact. Therefore, we handle it with caution, classify and clear the waste in accordance with Waste Disposal Act to achieve compliance and minimize the impact.

| Waste Input and Output Type at Formosa Laboratories |



Input Type

Non-hazardous organic solvents, halogenated organic solvents, toxic substances, and high-activity raw materials.



Output type

Hazardous industrial waste, non-hazardous industrial waste, high-activity industrial waste.



Impact Analysis

1. The use of halogenated organic solvents can directly impact air, wastewater, soil, and groundwater pollution.
2. The internal and external costs of waste disposal increase.
3. The cost of waste increases when process solvents are not recycled.
4. Incomplete destruction of highly reactive waste can have negative impacts on the employees' health and environment.



Potential Pollution

1. Dumping waste at storage locations can cause spill risks, which can lead to soil pollution.
2. If the place is unregulated, anyone can place waste at any time. Waste can be placed outside the garbage cart, polluting the ground and the waste.
3. Long-term storage creates the breeding ground for mosquitoes and flies and emits foul odors.
4. An unexpected accident caused the overturning of the garbage cart and clearance vehicle, resulting in the scattering and pollution of waste materials.
5. Improper storage and overflow of waste liquid result in water pollution.
6. The excessive amount of waste liquid collected in the emergency collection barrel, causing the waste liquid to overflow from the emergency collection bucket onto the ground.
7. The aging of the waste liquid collection barrel caused water pollution due to leakage during transportation.

Waste Management System

1. Classify and store waste according to its properties. The ground of the storage area should be made of reinforced concrete. Depending on the different properties of the waste, it should be packaged in a closed, barrel, bag, or other appropriate manner to prevent spill or exposure, which could cause hazardous reactions, odor generation, or environmental pollution such as water, soil, and air pollution. The goal is to provide a safe and healthy working environment for employees.
2. Regularly inspect storage areas and promptly address any issues of spill, storage, or pollution.
3. Implement high quality training to ensure that employees comprehend waste management and abnormal handling and reporting. Develop and enhance contingency mechanisms using internal communication channels.
4. Waste generated from the upstream and downstream supply chain (such as waste generated from engineering projects in plant or raw material supply processes) should be classified and managed by the supplier as required in the contract for establishing a strong partnership between the upstream and downstream, and to create a win-win and sustainable cities and communities development.
5. Promote waste reduction policies by using double-sided printing or reusing the back of paper whenever possible for



official documents and paper usage. Use the photocopy paper brand that has FSC label and recycled container, encouraging manufacturers to recycle and reuse.

6. Waste disposal is entrusted to suppliers who have obtained the waste clearance permit or reuse permit from governmental agencies. Through the declaration and confirmation process on the waste website of Ministry of Environment, the compliance of waste flow, disposal schedule, and method are ensured. If there is any abnormal risks, it will be reported through the Department of Environmental Protection's reporting process to ensure proper waste management.
7. At least one inspection for clearance of waste items required by regulations is carried out and recorded annually to avoid the risk of illegal dumping.

8. Maintain effective communication channels with the upstream and downstream supply chain to foster a partnership in achieving environmental protection goals (terrestrial ecosystem/marine resources). Continuously assess innovative treatment technologies, improve working conditions, promote economic growth, and create a sustainable world for Formosa Laboratories and Taiwan.

The waste generated from the operations of Formosa Laboratories is entrusted to the third-party organization, and



Review of Written Documents

1. Through the declaration and confirmation process on the waste website of Ministry of Environment, verify the compliance of waste flow and process schedule. If there is any abnormal risk, report it rough the notification proc, so that we can do a good job in the basic management of waste materials.
2. Irregularly conduct online audit on disposal suppliers for any illegal behaviors. If there are violations of environmental laws and regulations, a thorough understanding will be gained through on-site audits, and the number of surprise inspections will be increased.

the execution of the review and audit is carried out through written documentation to ensure the actual disposal of the waste. This year, 8 audits were conducted, and there were no abnormal situations found in the visit results. The clearance procedures all comply with the standards.



Execution of Audits (on-site investigation or audit).

At least one inspection for clearance of waste items required by regulations is carried out and recorded annually. The relevant audits will be conducted in an unpredictable and early warning manner to avoid illegal dumping.

1. Legal disposal suppliers that are certified by the Ministry of Environment.
2. Possess a legal disposal permit.
3. Clearance triplet manifest, GPS, weight note, proper clearance sheet, and in-plant release order.
4. Ensure that the waste storage, clearance, disposal, and reuse are all in compliance with operational management and that records are maintained.
5. Employer conducts visits and audits at least once a year and to keep a record of such activities.

Waste Data Overview

In addition, through collecting and testing relevant data on waste, a monitoring operation arrangement mechanism and management method are established. The Company collects relevant data in three ways, including collecting weight and data, testing data, and waste storage data.

| Overview of Total Waste in 2022 |

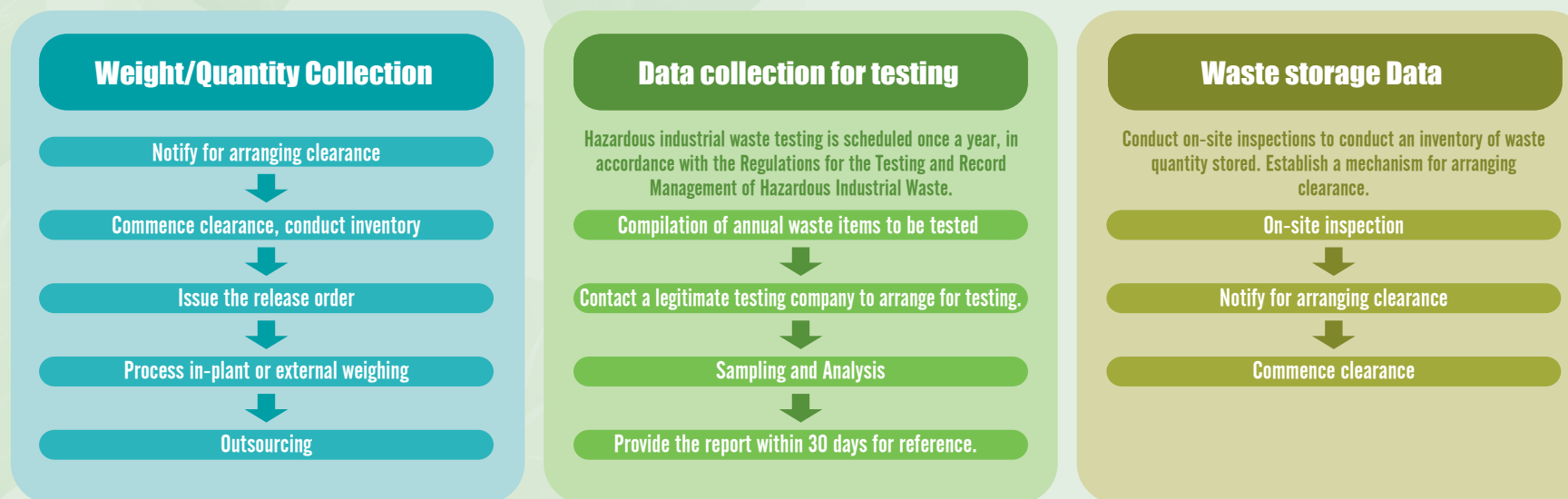
(unit: metric tons)

Waste Composition	Total Quantity of All Waste	Total Quantity of Waste Disposal Transfer (recycling – reuse)	Total Quantity of Direct Disposal of Waste (incineration, landfilling)
Hazardous Waste	61.04	1.315	59.72
Non-hazardous Waste (metric tons)	1,093.62	471.91	621.71
Total Quantity of Waste	1,154.66	473.23	681.43

Note 1: The total quantity of 473.23 tons of waste disposal transferred was recycled and reused, and there was no in-plant reuse.

Note 2: The total quantity of waste directly disposed of was 180.89 metric tons by incineration and 500.54 metric tons by landfilling.

| Relevant Process of Collecting and Monitoring Data on Waste by Formosa Laboratories |



| Waste Treatment of Formosa Laboratories in the Past 3 Years |

年度			2020 年		2021 年		2022 年	
Categories	Treatment Site	Treatment Methods	Output (metric tons)	Percentage (%)	Output (metric tons)	Percentage (%)	Output (metric tons)	Percentage (%)
Hazardous Industrial Waste	Off-site	Recycling and Reuse	137.99	3.88%	-	-	1.32	0.11%
		Incineration	389.45	10.95%	21.37	1.40%	12.54	1.09%
		Landfilling	182.91	5.15%	76.96	5.05%	47.18	4.09%
		Other (final disposal)	-	-	101.03	6.62%	-	-
Non-hazardous Industrial Waste (Non-hazardous Industrial Waste)	Off-site	Recycling and Reuse	1772.781	49.87%	656.22	43.03%	471.91	40.87%
		Incineration	722.51	20.32%	300.22	19.69%	168.35	14.58%
		Landfilling	349.41	9.83%	369.27	24.21%	453.36	39.26%
Total Quantity of Waste			3555.051		1525.07		1154.66	
Recycling and reuse rate ^(Note 3)			53.75%		42.96%		40.98%	

Note 1: Treatment site: All are off-site (outsourced processing).

Note 2: Treatment methods: recycling and reuse (producing new materials through reprocessing), incineration, landfilling, and other disposal operations.

Note 3: Recycling and reuse rate (%)= total quantity of recycling and reuse / total quantity of waste * 100%

Note 4: The method for determining hazardous industrial waste and non-hazardous industrial waste is based on the "Waste Disposal Act" and the Standards for Defining Hazardous Industrial Waste" in Taiwan.





Happy Enterprise



Chapter 5 Happy Enterprise

- **5.1 Human Resources Overview**
 - Human Resource Distribution
 - Employee Turnover
 - Protection of Human Rights and Labor Rights
- **5.2 Incentive Rewards**
- **5.3 Physical and Mental Health**
 - Integration of Health Resources, Assistance of Work Adaptation.
 - Health Promotion and Care Activities
- **5.4 Talent Development**
 - On Job Training for Deep Empowering
 - Performance and Career Development
- **5.5 Welfare Measures**
 - Foreign Workers' Continuing Education and Welfare System
- **5.6 Peaceful Workplace Environment**
 - Occupational Health and Safety Management System
 - Occupational Health and Safety Education and Training
 - Occupational Hazard Risk Management
 - Occupational Injury Accident Statistics and Analysis
 - Health Examination

| Formosa Laboratories 2022 Material Topic: Talent Attraction and Retention |

Material Topics	Talent Attraction and Retention
<p>Corresponding GRI indicators</p>	<p>GRI 201–3 Defined Benefit Plan and Other Retirement Plan GRI 202–1 Ratios of standard entry level wage by gender compared to local minimum wage GRI 401–1 New employee hires and employee turnover GRI 401–2 Benefits provided to full–time employees that are not provided to temporary or part–time employees GRI 401–3 Parental leave GRI 404–1 Average hours of training per year per employee GRI 404–3 Percentage of employees receiving regular performance and career development reviews</p>
<p>Related SDGs</p>	<p>SDG 8. Decent Work and Economic Growth</p>
<p>Policies or Commitments</p>	<p>The cultivation and development of talents in the biopharmaceutical industry has always been a key operational goal for Formosa Laboratories. We are committed to creating a diverse, equal, and friendly workplace culture. We promise to continuously enhance Taiwan's talent sustainability and competitiveness through diverse communication channels, physical and mental health promotion measures, education and training systems, and remuneration and reward policies.</p>
<p>Indicators and Objectives</p>	<p>Short–Term Goals (2023–2024):</p> <ul style="list-style-type: none"> EAPs were introduced in 2023 to collaborate with employee assistance consulting companies. This measure assists corporate and employees in resolving issues related to work adaptation, organizational relationships, and potential emotional stress they may encounter. It can comprehensively help employees solve problems that affect their work performance, such as health, family, legal, and psychological issues, thereby establishing a caring and supportive work environment. Promote the training and promotion system for foreign migrant workers, maintain the ratio of standard entry level wage compared to local minimum wage. Provide equal employment opportunities for different genders and ages, and encourage diverse and abundant job opportunities. <p>Mid–term & Long–term Goals (2025~):</p> <ul style="list-style-type: none"> Continuously review and optimize the human resource management framework. Develop a diversified reward system based on the career framework management platform. Improve performance and various management systems by connecting to market pay to support the sustainable development of company talent.

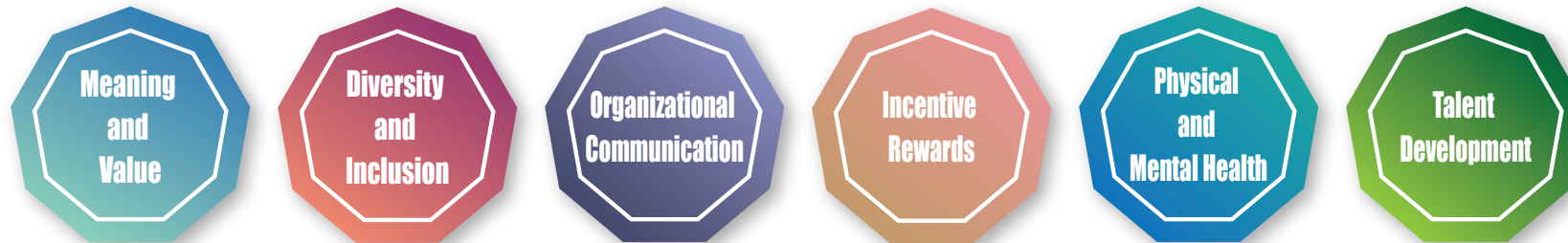
Material Topics	Talent Attraction and Retention
<p>Effective Tracking Mechanism</p>	<ul style="list-style-type: none"> Track the turnover rate annually to confirm the employee retention and conduct discussion internally if there are any abnormalities. Establish a talent cultivation mechanism based on the TTQS to track the average training hours and training status of each employee. Conduct performance assessment for employees that participated in external training (Certificate acquisition, internal sharing, internal delegating) to assist proper talent development. Employees who have been with the Company for three months would be assessed by their supervisor for qualifications, including job performance, learning progress, etc. Based on this assessment, employees would either attain regular status, have their probation extended, or be terminated for incompetence. Regularly evaluate the competitiveness of the company's salary and make adjustments periodically based on the market level within the industry. Become a strategic partner for employee growth through a comprehensive career development and salary system.
<p>Annual Actions and Achievements</p>	<ul style="list-style-type: none"> Joined "TALENT, in Taiwan, Taiwan Sustainable Action for Talent Alliance" in response to the 6 major indicators of talent sustainability to secure key talents. Invested an annual training budget of NT\$1.74 million, with a total of 2,782 participants in both internal and external educational training. Plan on the job training based on employees' entry time duty, and receive the TTQS Bronze Medal from the Ministry of Labor in 2022. In 2016, 2018, and 2022, the Company was certified by the Health Promotion Administration, Ministry of Health and Welfare as a healthy workplace, receiving the Health Promotion Certification Mark. There have been no significant risks or situations involving discrimination, child labor, forced labor, or other violations of labor rights.

Building Formosa Laboratories' Competitiveness through Sustainable Talent

Formosa Laboratories publicly announced its joining of the "TALENT, in Taiwan, Talent Alliance" in response to the six major indicators of talent sustainability. We also pledge to implement the three indicators of reward incentives, physical and mental health, and talent growth. Through regular review of the Company's salary competitiveness, we introduce EAPs and develop OJT learning maps so as to comprehensively shape a workplace culture of happy enterprise.

The project of the TALENT, in Taiwan was officially launched in 2022 by "CommonWealth Magazine", CommonWealth

Learning", and "Cheers". They invite the industry, government, and academia to join in responding to talent sustainability actions and comprehensively examine the various treatment measures for recruiting and retaining talents through six major indicators. By joining the alliance, Formosa Laboratories declares the Company's determination to build sustainable talents. We foster a diverse, inclusive, and healthy workplace environment, while building overall operational competitiveness through employee benefit enhancement.



5.1 Human Resources Overview

Human Resource Distrib

As of the end of 2022, the total number of employees at Formosa Laboratories worldwide was 836, an increase of 6 from the previous year, with no significant changes. The gender distribution was 598 male employees (71.5%) and 238 female employees (28.5%). We are committed to developing a diverse and abundant talent composition, hiring employees of indigenous, employing foreign talents, and ensuring employment opportunities for people with disabilities, promoting diversity and prosperity, and enhancing the overall competitiveness of the Company.

| Types of Employees Hired by Formosa Laboratories in 2022 |

Employee Classification (unit: number of people)	Total		
	Male	Female	Total Number
Hired Employee (non-periodic contract)	592	233	825
Contract Employee (periodic contract)	6	5	11
Gender Total	598	238	836

- Note: 1. All employees are full-time employees with 40 working-hour per week. There are no part-time or temporary workers.
 2. This table counts the contract employees who are employed for less than one year as non-periodic contract, while foreign employees are considered as non-periodic contract.

| Changes in the Number of Employees at Formosa Laboratories in the past 3 Years |

Worker Categ	2020	2021	2022
Employee	811	830	836
Non-employee Worker	16	26	23
Total	827	856	859

- Note: 1. The number of people is calculated based on the number of people on December 31st of each year.
 2. Non-employee workers: Workers who are not directly employed by the Company but whose work is controlled by the Company. In 2022, the types of non-employee work are as follows: 7 people contracted for environmental cleaning, 3 people contracted for meal supply, 7 people contracted for security, 1 person contracted as a high-level executive driver, and 5 people dispatched for injection department, totaling 23 people. This statistic does not include contracted construction workers.

Diverse and Abundant Employment Opportunities.

Formosa Laboratories responds to SDG 8 "Decent Work and Economic Growth" by providing equal employment opportunities to individuals of different genders and ages. According to Article 4 of the Company's work regulations, discrimination based on race, class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disabilities, or past/present membership in a labor union is prohibited during recruitment, selection, employment, distribution, assignment, performance evaluation, or promotion. We respect the gender identity of each colleague and have gender-friendly restrooms on the 3rd and 4th floors of Building C and the 1st floor of Building V.

According to the employee data statistics at the end of 2022, the percentage of female employees in the Company is 28.5%. The percentage of female senior management is 37.5%. This shows that although the number of female employees is relatively small due to the characteristics of the industry, female employees can still fully demonstrate their strengths within the Company and be promoted to middle and senior management based on their job performance, without being treated differently because of their gender.

We employ 7 disabled employees in accordance with government regulations, meeting the standard of the legal quota. We also ensure job opportunities for other minority groups in accordance with government regulations in various regions, promoting diversity among our employees. We have a total of 6 indigenous employees and 91 foreign employees from 6 countries including India, Vietnam, Malaysia, the Philippines, Indonesia, and Thailand.



| Diversified Distribution of Job Categories among Formosa Laboratories' Employees |

Job Category \ Diverse Categories		Gender		Age			Other		
		Male	Female	Below 30 years old	31 to 50 years old	Above 51 years old	Indigenous Peoples	Foreigners	Disabled Individuals
Management Level	Number of People	10	6	0	1	15	0	0	1
	Percentage	62.5%	37.5%	0.0%	6.2%	93.8%	0.0%	0.0%	6.3%
Management Position	Number of People	69	32	0	80	21	1	1	2
	Percentage	68.3%	31.7%	0.0%	79.2%	20.8%	1.0%	1.0%	2.0%
Professional Position	Number of People	519	200	199	495	25	5	90	4
	Percentage	72.2%	27.8%	27.7%	68.8%	3.5%	0.7%	12.5%	0.6%
Number of People in Each Diverse Category		598	238	199	576	61	6	91	7
Percentage of Total Number of Employees		71.5%	28.5%	23.8%	68.9%	7.3%	0.7%	10.9%	0.8%

- Note: 1. The management level consists of 16 supervisors or above; the management position consists of 101 deputy directors or above who have not reached the first level supervisor; and there are a total of 719 professional staff members.
2. The calculation method is diversified number of employees in each employee category ÷ the total number of employees in each employee category, calculated to the first decimal place; there is some error in the data due to the rounding of the second digit.
3. This table shows the statistics as of December 31, 2022



Employee Turnover

• New Employees

Formosa Laboratories hired a total of 211 new employees in 2022, representing a 25.2% new hire rate based on the total number of employees at the end of the period. Among them, there were 131 male employees and 80 female employees, with the majority being 31 to 50 years old, accounting for 54.0%. The main positions for 40% of the new employees were in production, technical, and other entry level positions.

• Separation and Retention

In terms of employee retention, a total of 205 employees turnover in 2022, including 139 males and 66 females, resulting in a turnover rate of 24.5%. The progressive turnover rate is approximately 19.6%. Among the resignations, the majority were production and technical staff at the entry level, accounting for 50%. The Company will continue to improve work-life balance, enhance managerial capabilities, and provide career development opportunities for employees to promote employee retention.

| Statistics on Gender and Age Distribution of New Employees |

Category	Male		Female		Age Subtotal	
	Number of People	%	Number of People	%	Number of People	%
Below 30 years old	57	27.0%	36	17.1%	93	44.1%
31 to 50 years old	71	33.7%	43	20.4%	114	54.0%
Above 51 years old	3	1.4%	1	0.5%	4	1.9%
Gender Subtotal	131	62.1%	80	37.9%	211	100.0%

Note: 1. The percentage of new employees in each category (number of new employees in each category / total number of new employees × 100%) rounded to the first decimal place.
 2. The number of new employees includes 88 foreign migrant workers.

| Statistics on Gender and Age Distribution of Employee Turnover |

Category	Male		Female		Subtotal	
	Number of People	%	Number of People	%	Number of People	%
Below 30 years old	46	22.4%	22	10.7%	68	33.2%
31 to 50 years old	87	42.4%	43	21.0%	130	63.4%
Above 51 years old	6	2.9%	1	0.5%	7	3.4%
Employee Turnover Subtotal	139	67.8%	66	32.2%	205	100.0%

Note: 1. The percentage of employee turnover in each category (number of employee turnover in each category / total number of employee turnover × 100%) rounded to the first decimal place.
 2. Employee turnover includes those who voluntarily leave the organization or leave due to dismissal, retirement, or job-related death. Among them, there are 11 foreign migrant workers whose contracts have expired, 4 short-term contract workers whose contracts have expired, and 10 employees on parental leave or general leave, all of whom are counted as part of the total number of turnovers.

²New hire rate = "number of new employees: 211 / total number of employees at the end of the period: 836 * 100%"

³Turnover rate = "employee turnover: 205 / total number of employees at the end of the period: 836 * 100%"

⁴Progressive turnover rate = "Progressive turnover: 205/(Beginning of period: 830 + progressive new employees: 211) * 100%"

• Parental Leave

The Company advocates for gender equality in accordance with the "Act of Gender Equality in Employment" and SDG 5 Gender Equality. We support the rights of employees to have and raise children, and ensure the right of colleagues to take parental leave. Any employee who has worked for the Company for at

least 6 months can apply for unpaid parental leave until their child reaches 3 years old, but not exceeding 2 years. During the period of parental leave, employees can continue to participate in the existing social insurance.

| Number of Employees Applied for Parental Leave in 2022 |

	Male	Female	Total
Number of employees qualified for parental Leave in 2022 ^{1(a)}	31	15	46
Actual number of employees applied for parental leave in 2022 (b)	2	2	4
Parental leave application rate (b/a)	6.5%	13.3%	8.7%
Number of employees is expected to return to work after parental leave in 2022 (c).	2	3	5
Actual number of employees returning to work after parental leave in 2022 (d)	1	1	2
Parental leave return-to-work rate (d/c)	50.0%	33.0%	40.0%
Actual number of employees returning to work after parental leave in 2021 (d)	1	2	3
Actual number of employees with one year of on-the-job working after returning to work from parental leave in 2021 ^{2(f)}	0	1	1
Parental leave retention rate (f/e)	0%	50%	33.3%

Note: 1. Based on the number of employees who have applied for maternity or paternity leave in the past 3 years (2020 to 2022).
 2. Actual date of returning to work is in 2021, and with one year of on-the-job working after returning to work.
 3. Data in the table are calculated to the first decimal place and rounded to the second decimal place.
 4. The primary reason for not returning to the work after taking parental leave is due to career considerations, resulting in not returning to the original work team.

Protection of Human Rights and Labor Rights

The Company prohibits the employment of child labor under the age of 16, prohibits forced labor and any form of discriminatory employment. We comply with international standards, the International Bill of Human Rights, and relevant labor employment Laws at our business locations to protect the rights and interests of workers. This includes ensuring minimum wages, working hours (including overtime), insurance, leave, retirement pension system. We provide equal employment opportunities and treatment without discrimination based on race, color, gender, religion, politics, nationality, or social background.

In accordance with Article 64 of the Company's work rules, we provide a system for employees to file grievance regarding workplace violence and sexual harassment, and establish unlawful infringements preventive measures, ensuring that employees are not threatened or violated in their physical and mental well-being in the work environment. The Company did not experience any significant risks or incidents of discrimination, use of child labor, forced labor, discrimination, or other violations of labor rights. In the future, we will plan to establish a comprehensive human rights policy and issue announcements in accordance with regulations and international human rights conventions, encouraging suppliers and partners to jointly prioritize human rights issues.

| Explanation of Measures Related to Labor Rights of Formosa Laboratories |

Working Hours

- Full-time employees work 8 hours per day and 40 hours per week.
- According to the Labor Standards Act, employees must be paid overtime if they work more than 8 hours a day, and they cannot be forced to work overtime.
- If overtime is required due to special circumstances, the total daily working hours shall not exceed 12 hours, and the monthly limit for overtime hours is 46 hours.

Separation Regulations

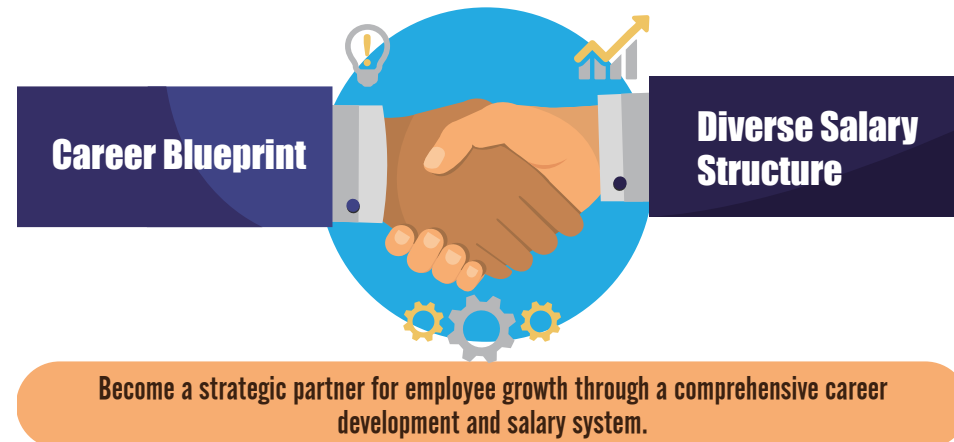
- If there is a need to terminate the employment relationship with an employee, the Company will comply with Article 16 of the Labor Standards Act, provide advance notice of termination of the labor contract, and provide severance pay and job-finding leave.

Labor-management Agreements

- The Company does not have a labor union organization, so no collective contract has been signed. However, according to Article 83 of the "Labor Standards Act", regular labor-management coordination meetings are held every quarter; ad hoc meeting can be held if necessary. These meetings aim to promote labor-management cooperation, coordinate labor-management relations, improve working conditions, and plan for employee benefit through two-way communication and negotiation. The results of the meetings apply to all employees.

5.2 Reward and Incentive

Formosa Laboratories attaches great importance to employee's Incentives and Rewards systems. In 2016, we established a salary structure analysis and design through a professional consulting company to ensure the market competitiveness of employee salaries. In response to the Company's continuous development and sustainable operation, we plan to reconstruct the position-based job level structure from a career blueprint perspective in 2022 to 2023. This provides employees with diverse development, promotion, and rotation opportunities. At the same time, we will redesign the fixed salary system that is linked to the market by providing a "diverse salary table" where salary standards are based on job responsibilities, expertise, and individual performance capabilities, and adjusted based on the latest industry market levels to enhance Formosa Laboratories' salary market competitiveness. The overall salary system



values equal pay for equal work and does not create gender disparities.

The Company also values incentive policies and provides additional variable bonuses such as performance bonuses and project achievement bonuses to boost employee motivation and morale. Formosa Laboratories also plans long-term financial planning for its employees. The Employee Stock Ownership Committee was established in 2014, offering membership incentives to employees and allocating 3% of monthly salaries to increase employee benefits. This allows for the sharing of

the Company's stock price appreciation benefits and ensures sufficient retirement funds through small savings, enabling a fulfilling life.

Formosa Laboratories is committed to continuously improving various human resources policies, providing career development, Incentives and Rewards, benefit systems, etc., to make employees and the Company strategic partners for mutual growth. The percentage of the highest annual total compensation for an individual in 2022 to the median annual total compensation for all other employees is 12:1. In addition, compared to the previous year, the percentage increase in annual total compensation for both is 1.15:1.

| Salary levels of Entry Level Wage at Formosa Laboratories in the Past 3 Years |

Year	Average Entry Level Wage / Local Minimum Wage	
	Male	Female
2020	1.4	1.6
2021	1.4	1.6
2022	1.4	1.5

- Note: 1. The Company refers to the annual announcement of the Ministry of Labor on the basic wage to determine the salaries of employees and other workers, ensuring their pay is not lower than the basic wage.
2. Entry level employees: including direct labor with job titles such as technicians, skilled workers, and dispatch operators, etc. (direct labor within the Company's job levels 1 to 3)
3. Standard salary: including basic salary, attendance bonus, job allowance, certification allowance, and other regular salaries.
4. The local minimum wage in Taiwan for the years 2020 to 2022 are respectively 23,800 NT\$, 24,000 NT\$, and 25,250 NT\$.



5.3 Physical and Mental Health

| Current Health Service Resources of Formosa Laboratories |

Service Channel	Infirmery: Plant Nurse - Yang, Hsin-Yun (#185)
Professional Assistance	Plant Physician: Dr. Shiau, Tian-mu (resides at the factory once a month)
Consultation Channel	Company group life insurance consultation hotline: Nan Shan Life Insurance, 03-402-0208

According to health definition of World Health Organization (WHO): health is a state of complete physical, mental and social well-being. In addition to the physical aspect, attention and care should also be given to related psychological and interpersonal issues in order to achieve true Whole-person wellness. We expect employees to achieve a balance between work, health, and life in the workplace through various measures. Starting in 2016, we applied for and obtained certification from the Health Promotion Administration, Ministry of Health and Welfare for a healthy workplace every two years, and received the Health Promotion Mark.

Integration of Health Resources, Assistance to Work Adaptation

Formosa Laboratories plans to collaborate with management consulting company or counseling center in 2023. This measure assists corporate and employees in resolving issues related to work adaptation, organizational relationships, and potential emotional stress they may encounter. Meanwhile, EAPs (Employee Assistance Programs) will be introduced, installing new wellness center by the integration of internal and external professionalized service resources to help employees solve problems affecting their work performance due to health, family, legal, and mental issues.

Health Promotion and Care Activities

| Measures for Promoting Health and Care at Formosa Laboratories |

Information Sharing

- Health News: Regularly promote the latest health information on bulletin boards and the Company's internal website.
- During the COVID-19 pandemic, relevant pandemic prevention information is compiled and announced to enhance employees' awareness of pandemic prevention.

Event Planning

- Since 2015, we have been promoting health promotion and have been organizing activities such as smoking cessation, weight loss, and stress relief.
- Starting from 2019, two blood donation events are held every year, calling on employees to respond to blood donation for public welfare.
- The activities to be held in 2022 include: CPR & AED first aid courses, psychological counseling services and lectures, hiking and walking activities, etc.

• Encourage Smoking Cessation, Reduce the Risk of Disease

Smoking increases the risk of developing diseases such as heart disease and cancer. In order to promote the health of our employees, we held smoking cessation activities and lectures in 2020 to encourage colleagues to quit smoking. In 2021, we awarded employees who have quit smoking for one year to recognize their determination and encourage them to continue maintaining a smoke-free lifestyle. ◦



| ▲ | Hold a smoking cessation seminar, where the speaker and colleagues share the preparation of the smoking cessation lecturer.

• **Healthy Fat Loss, Enjoy a Slim Life.**

Obesity increases the risk of cardiovascular diseases and diabetes. In response to the health issues of employees, the Company held a health promotion event called "Enjoy a Slim Life" in 2021. It encouraged colleagues to record their weight and body fat regularly to monitor their progress, and participate in running events to increase physical activity. By establishing good dietary and exercise habits, employees not only achieve a healthy physique, enhanced physical fitness, and vitality but also reduce the risk of chronic diseases.

Award Ceremony

Health Promotion Activity 2021 - Enjoy a Slim Life

Outstanding results in weight loss/fat loss

First Place Lin ***-Chuan Prize NT\$ 3000

Second Place Lin ***-Ting Prize NT\$ 2000

Third Place Hsei ***-Chun Prize NT\$ 2000



▲ | Outstanding Employees of the "2021 Health Promotion Campaign – Enjoy a Slim Life"

CPR and AED Results

Introduction to AED in Plant

AED Location			
C Building, 1st Floor (Right side of the staircase)	M Building, 1st Flr (Left side of the es: (Facing the right side of the passenger elevator) R of the entrance)	D Plant D2 Section, 1st Floor	1st Floor

Thank You All for Your Participation
Emergency Steps: W (Waking), C (Calling), C (CPR), D (Defibrillator)

Activity Highlights

Total number of participants: 55 people
Activity Satisfaction Rate 4.7 Points

▲ | 2022 CPR & AED Activity Achievements

• **AED and First Aid Training Courses**

The CPR & AED first aid course was held to enhance employees' first aid skills and awareness in 2022. During the course, we introduced the AED equipment and its usage within the plant, and conducted first aid training exercises. The event was divided into four sessions, with a total of 55 employees participating. The post-event satisfaction survey resulted in a high score of 4.7. Through this activity, we hope to enhance employees' understanding of first aid, strengthen their ability to respond to emergencies, and ensure workplace safety.

- **Attention to Mental Health, Provision of Counseling**

In addition to physical health, we also attach great importance to the mental health of our employees. Formosa Laboratories collaborates with a professional counseling clinic to provide counseling services at discounted rates. Through regular health lectures, we help employees understand the importance of mental health and learn how to regulate emotions and manage stress.

1. From September 2020 to December 2020, Formosa Laboratories collaborated with "Neathlake Counseling" in Nankan to provide professional individual counseling services on-site. A total of 26 employees registered for counseling.
2. In 2022, the Company signed a special contract with "Metime Counseling" in Nankan to provide individual counseling/couple counseling/parent-child counseling/family counseling services at a discounted rate for all Formosa Laboratories employees and their spouses and children. We also invited psychologists from "Metime Counseling" to hold lectures and conduct six sessions of sensitivity training courses for supervisors. A total of 155 supervisors participated with a total of 310 training hours.



• **Mountain Hiking, Healthy Physique**

In order to encourage employees and their families to actively participate in outdoor activities, enhance physique, and promote communication, the Company regularly organizes hiking events on weekends. We held a total of 9 events in 2022, covering various locations such as Taipei, Taoyuan, Hsinchu, and Miaoli, with a total of 527 participants.

Through mountain hiking activities, not only can participants enjoy the beautiful scenery and fresh air of nature, but it also helps to improve physical and mental health, increase vitality, and improve the balance of work and life. It also strengthens teamwork and cohesion. We will continue to organize such activities to bring more opportunities for exploration of nature

and improvement of health to Formosa Laboratories employees, and to establish deep interpersonal relationships, creating a better working environment.



| ▲ | Qixing Mountain Hiking Activity

Date	Place:	Employees	Family Members	Total
02/12/2022 (Saturday)	(Taipei) 95 Peak and Four Beasts Mountain	56	39	95
19/03/2022 (Saturday)	(Taipei) Maokong Trekking	68	56	124
06/18/2022 (Saturday)	Qixing Mountain (Taipei)	33	15	48
09/07/2022 (Saturday)	Guanyin Mountain (Taipei)	23	20	43
07/16/2022 (Saturday)	(Hsinchu) GaoDao	35	6	41
08/06/2022 (Saturday)	(Taipei) Qingshan Waterfall	36	35	71
08/20/2022 (Saturday)	(Taoyuan) Taman Mountain	29	7	36
09/17/2022 (Saturday)	(Miaoli) Manapang Mountain	29	19	48
09/17/2022 (Saturday)	(Hsinchu) Ptlaman and Neiniaozui Mountain	19	2	21



| ▲ | Xinzhu GaoDao Hiking Activity

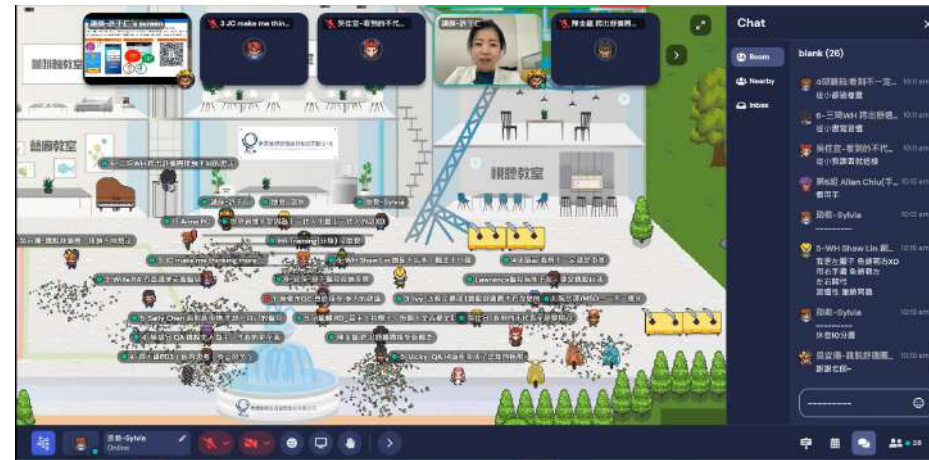
5.4 Talent Development

On the Job Training and Deep Empowerment

Formosa Laboratories is committed to cultivating talents and improving employee capabilities. As part of this commitment, we plan to develop an OJT learning roadmap and design a comprehensive on-the-job training mechanism that can help employees enhance their immediate effectiveness and understand their personal development direction. From new employee training, professional skills required for various positions, to the leadership training for middle and senior managers, training empowerment projects are all designed by specialists. Through a variety of learning channels, such as physical teaching, online learning videos, digital learning platforms, and feedback mechanism for teaching satisfaction, we continue to improve the training program of the management company.

In 2022, a total of 182 internal and external education and training courses were held, with a total of 2,578 participants in internal education and training courses. The Company provided subsidies for 204 participants in external training courses, with a total of 2,782 participants in education and training courses. The average training hours per employee were 11.5 hours, with male colleagues averaging 11.7 hours and female colleagues averaging 11.1 hours. The Company invested a total of 1.74 million NT\$ in training expenses for the entire year and established a self-learning subsidy program to support employees' language and degree studies, with a total subsidy of 40,000 NT\$ accumulated over the past 2 years.

We continue to plan different education and training programs based on employees' entry time and positions, actively promoting the Company's talent training program. We connect with the spirit of PDDRO in education and training. The approach starts from identifying corporate requirements, designing and planning training courses, evaluating training results, and then reviewing if the results meet the initial training goals. With design and showcase the results of the courses, we successfully received the bronze medal recognition from the Ministry of Labor's TTQS in 2022.



▲ | Formosa employees taking “Invisible Bias” training via video conference

| Education and Training Courses for the Formosa Laboratories Employee Training Program |

Education Training Course	Course Content
<p>1.New Employee Education Training</p>	<p>Implemented after new employees on board. This course provides an overview of the Company's history and regulations, including company introduction, personnel regulations, GMP and quality systems, labor safety and health education, and unlawful infringement.</p>
<p>2.Professional Skills Training</p>	<p>To enable employees to acquire the necessary professional knowledge and skills for performing their duties. For example, in 2022, we invited external professors to conduct multiple microbiology courses, allowing both the quality and process units to acquire a considerable level of expertise, enhancing product quality, and understanding the generation and prevention of product microbiology.</p>
<p>3.Management Skills Training</p>	<p>To ensure that supervisors at all levels possess the necessary management knowledge and skills to carry out their duties. For example, in 2022, we held a mandatory course for all company supervisors – Supervisor Sensitivity Training, to teach supervisors how to enhance their observation skills (observing clues in employee behavior and environment) and prevent employee physical and mental issues.</p>
<p>4.Quality/Environmental Health and Safety Training</p>	<p>The purpose is to improve the quality system and environmental health and safety training. The Quality Assurance Department and the Environmental Health and Safety Department are responsible for planning and implementing training, such as GMP education and training, general labor safety management.</p>

| Overview of Formosa Laboratories Employees Training in 2022 |

Employee Category	Calculation Method	Male	Female	Subtotal
Management Level	Number of trained employees during the reporting period (A1)	11	6	17
	Number of training hours during the reporting period (B1)	388.9	184.0	572.9
	Number of average training hours during the reporting period (B1/A1)	35.4	30.7	33.7
Management Position	Number of trained employees during the reporting period (A2)	83	35	118
	Number of training hours during the reporting period (A2)	1,487.7	592.7	2,080.4
	Number of average training hours during the reporting period (B2/A2)	17.9	16.9	17.6
Professional Positions	Number of trained employees during the reporting period (A3)	461	220	681
	Number of training hours during the reporting period (B3)	4,610.4	2,127.0	6,737.4
	Number of average training hours during the reporting period (B3/A3)	10.0	9.7	9.9
Total	Number of trained employees during the reporting period (R)	555	261	816
	Number of hours during reporting period	6,487.0	2,903.7	9,390.7
	Average number of hours of training per employee	11.7	11.1	11.5

- Note: 1. The management level is at the first level or higher; the management position for those who hold the deputy director title or above but have not yet attained the position of first-level supervisor.
2. The statistical method used by the Company to track employee training is to collect data from all employees who received education and training in 2022 (regardless of their current employment status), which may differ from the total number of employees at the end of the period.

| On the Job Training Programs and Participation of Formosa Laboratories in 2022 |

Item	Course Fee (NT\$)	Course Hours	Number of Participants
Core	176,000	350	169
Profession	650,956	3,010	1,301
General Knowledge	0	2,166	616
Labor Safety and Health	415,460	2,346	203
Management	499,083	1,518	493
Total	1,741,499	9,390	2,782

Performance and Career Development

The Company values employee's career development. We implement a comprehensive promotion and compensation system, and regularly conduct employees performance appraisal. The employee who has been with the Company for three months would have interviews arranged by their supervisors. The interviews cover topics such as job performance, learning progress, and career or further education plans. The company sets annual goals in January, conducts a first quarter review in April, performs a first-half appraisal in July, and conducts

annual overall performance appraisal in November. The eHRD system facilitates performance management processes, offers insights into the overall situation, and maintains complete data records. Following appraisal results, it links with human resource management operations such as salary adjustments, rewards, and transfers to foster better functional management and human capital development. Also, the Company conducts personnel promotions and adjustments in the first quarter of each year, set to take effect in April.

| Overview of Formosa Laboratories Performance Appraisal in 2022 |

Employee Category	Calculation Method	Male	Female	Subtotal
Management Level	Number of employees in the end of reporting period (A1)	10	6	16
	Number of employees receiving regular performance and career development review (B1)	9	6	15
	Percentage (B1/A1)	90%	100%	94%
Management Position	Number of employees in the end of reporting period (A2)	69	32	101
	Number of employees receiving regular performance and career development review (B2)	65	31	96
	Percentage (B2/A2)	94%	97%	95%
Professional Positions	Number of employees in the end of reporting period (A3)	519	200	719
	Number of employees receiving regular performance and career development review (B3)	493	186	679
	Percentage (B3/A3)	95%	93%	94%
Total	Number of employees in the end of reporting period (R)	598	238	836
	Number of employees receiving regular performance and career development review (Q)	567	223	790
	Number of employees receiving regular performance and career development review (Q/R)	95%	94%	94%

Note: 1. The management level is at the first level or higher; the management position for those who hold the deputy director title or above but have not yet attained the position of first-level supervisor.
 2. Employees excluded from the performance appraisal program are those who have been with the company for fewer than three months, contract workers, and interns.

5.5 Welfare Measures

The Company provides comprehensive benefit measures for full-time employees to safeguard the rights and interests of employees and enhance company cohesion. In addition to the basic rights guaranteed by law, such as labor and health insurance, special leave, maternity leave, and parental leave, we also offer a wide range of employee benefits, including holidays, life insurance, medical insurance, disability insurance, retirement benefits, marriage and childbirth bonuses, funeral subsidies, employee dormitories, and free meals. We strive to improve employee well-being and create a happy workplace environment.

| Provisions of Welfare Measures for Full-time Employees at Formosa Laboratories |

Basic Welfare	Insurance	<ul style="list-style-type: none"> The Company provides Basic labor and health insurance and group insurance services for employee and their dependents (including life insurance, medical insurance, accident insurance, and travel insurance for business trips). Approximately 50% of our employees choose to include their dependents in the Company's group insurance. The employee and dependent group insurance premium for 2022 is 1,435,280 NT\$.
	Leave	<ul style="list-style-type: none"> In accordance with the "Labor Standards Act", employees are entitled to national holidays, special leave, marriage, funeral, sick leave, and parental leave.
	Retirement Pension System	<ul style="list-style-type: none"> Employees who are subject to the old version of the "Labor Standards Act": a retirement pension of 2% of the total monthly wages of the employees shall be deposited in a designated account in the name of the Business Entity Supervisory Committee of Labor Retirement Reserve at the Bank of Taiwan. As of 2022, the balance amount in this designated account is NT\$24,124,463. Employees who are subject to the new version of the "Labor Standards Act": based on the deposit rate of 6% of Labor Pension Contribution Rates and the monthly contribution classification of Labor Pension approved by the Executive Yuan, the amount would be deposited to the Individual Labor Pension Accounts. The pension expense recognized in 2022 was NT\$33,179,562.
Rewards and Welfare	Reward System	<ul style="list-style-type: none"> Employees will receive incentives and bonuses for operational and project achievements, or when the plant is approved by FDA inspection. According to Article 42 of the Company's work rules, a bonus of 1,500 NT\$ will be awarded for one commendation, a bonus of 3,000 NT\$ will be awarded for one minor merit, and a bonus of 6,000 NT\$ will be awarded for one major merit.
	Employee Stock Ownership Trust	When terminating the contract after being a member for more than 5 years, employees can obtain the stocks purchased through self-provision and company rewards.
	Regular Bonus	Year-end bonus, performance bonus, dividends, holiday bonuses, birthday bonuses, colleague banquet subsidies, year-end party participation award, children's scholarships.
	Irregular Bonus	Referral bonus, year-end lucky draw, birthday party lucky draw.

Health promotion	Diet	Provision of daily free fresh milk and coffee, staff canteen (meals are provided free of charge during working hours, both vegetarian and non-vegetarian options are available).
	Health Examination	Free annual employee health examination and physician consultations on-site, free tunnel blood pressure machine measurements.
	Irregular Activities	For irregular health lectures or activities, please refer to the details in the 5.3 Physical and Mental Health > Health Promotion and Care Activities section.
Complete Facilities	Hardware Facilities	Provide dormitories for long-distance visitors, free parking for vehicles (friendly parking space application), breastfeeding rooms, free use of fitness equipment, borrowing books from the library, creative mailbox (for improvement proposals, creative ideas, employee opinions, employee behavior management, labor relations, etc.)
Welfare Committee	Benefit Fund	<ul style="list-style-type: none"> Funding Source: Allocate 0.5% of employees' monthly salary and 0.05% of the Company's monthly total revenue to be deposited into a designated account and managed by the "Employee Welfare Committee" established by both labor and management. The Company has allocated a benefit fund of NT\$3,752,978. Scope of Fund: subsidies for marriage, funeral, ceremonial occasions, and childbirth; insurance expenses; subsidies for club activities; subsidies for company and departmental activities, etc.
	Annual Event	<ul style="list-style-type: none"> The Company holds various activities such as quarterly birthday parties, annual year-end parties, and irregular events. Christmas second-hand charity sale event in 2021, block booking movie activities in 2021 and 2022, egg cake charity sale event in 2021.



Foreign Migrant Workers' Continuing Education and Welfare System

To promote employee equality, foreign migrant employees also enjoy the same bonuses and benefits system as local employees. We ensure smooth channels for the promotion and further education and training of foreign migrant workers, and through various policies and measures, we guarantee and respect their diverse cultures.



| ▲ | Internal forklift certification training section for foreign employee

Related System Measures	Specific Implementation Details
<p>Training and Promotion</p>	<ul style="list-style-type: none"> • In 2020, a total of 3 foreign migrant workers were successfully promoted. • In 2021, a total of 5 foreign migrant workers were successfully promoted. • In 2022, a total of 19 foreign workers received further training. Among them, 12 employees participated in internal training for forklift certification, while 7 received external training. In 2022, 1 employee from the Philippines and 6 employees from Indonesia successfully passed the training.
<p>Remuneration and Welfares</p>	<ul style="list-style-type: none"> • The salary and bonus arrangements are equivalent to those of local employees. • The foreign migrant workers are entitled to the same rights and benefits as the local employees in the year-end lucky draw.
<p>Respect Local Culture and Take Care of Employees' Lives.</p>	<ul style="list-style-type: none"> • Newly arrived foreign colleagues receive education and training in languages such as Indonesian, Thai, and English. • Provide a specialized dormitory for foreign colleagues with good environmental facilities and excellent management. • The Company's canteen offers a diverse range of food options that consider the dietary preferences of international colleagues. For instance, our Indonesian coworkers who abstain from eating pork are accommodated. • To promote the integration of foreign colleagues into Taiwanese culture and enhance their sense of belonging, the company collaborates with the intermediary to prepare relevant gifts that invite them to share in festive atmosphere. For example, during the Mid-Autumn Festival, mooncakes are given to foreign colleagues. • When King Bhumibol of Thailand passed away in 2016, the company's president personally sent letter of condolences to Thai colleagues, and the Company also reminded supervisors to provide emotional support to Thai employees.

5.6 Peaceful Workplace Environment

| Formosa Laboratories 2022 Material Topic: Occupational Safety and Health |

Material Topics	Occupational Safety and Health
Corresponding GRI indicators	GRI 403: Occupational Health and Safety 2018
Related SDGs	SDG 3. Good Health and Well-Being
Policies or Commitments	Comply with relevant occupational safety and health regulations and adhere to ISO 45001 occupational safety and health standards, committed to reducing occupational hazards, preventing injuries and illnesses, and establishing a safety culture to ensure the physical and mental health of employees in the workplace.
Indicators and Objectives	<p>Short-Term Goals (2023–2024):</p> <ul style="list-style-type: none"> • No serious industrial safety accidents occurred. • Occupational accidents ≤ 15 cases (any injury, including the number of days off <1 day). <p>Medium-Term Goals (2025–2026):</p> <ul style="list-style-type: none"> • Improve employees' ability to respond to disasters and emergencies while enhancing fire equipment facilities. • Evaluate and strengthen preventive measures to reduce process risks. • Occupational accidents ≤ 11 in 2025, ≤ 8 in 2026. <p>Long-term Goals (after 2027):</p> <ul style="list-style-type: none"> • ● No process accidents occurred. • ● Establish a safety culture, occupational accidents ≤ 5; occupational accident FSI ≤ 1.

Material Topics	Occupational Safety and Health	
<p>Effective Tracking Mechanism</p>	<ul style="list-style-type: none"> Continuing to pass Occupational Health and Safety Management System Conduct internal audit management through ISO 45001 system & HPAPI Meets PSCI requirements and audits. Every three years, assess the types, likelihood, severity, and risk levels of workplace unlawful infringement, and review their applicability and effectiveness. 	
<p>Impact Management</p>	<p>Mitigation and Preventive measures (against negative impacts)</p>	<ul style="list-style-type: none"> Implement and strengthen group contingency drills, which will be carried out separately by each group in 2022. Future plans include expanding the scale of internal contingency drills and establishing regional joint defense. Establish management systems in accordance with PSM management requirements.
	<p>Remediation and Correction Measures (against negative impacts)</p>	<ul style="list-style-type: none"> Assess and reduce the risk of chemical storage and spill. Improve fire hardware facilities, evaluate and strengthen emergency response equipment.
<p>Annual Actions and Achievements</p>	<ul style="list-style-type: none"> There were 14 recorded cases of occupational injuries, with no occurrence of severe or fatal occupational accidents in 2022. (Occupational injuries that can be recorded refer to injuries (excluding commuting injuries), regardless of whether work-related leave is required.) Establish the Disaster Prevention and Rescue Coordination Committee. Introduce the assessment of the heat of reaction risk. Establish storage control procedures and implement high-risk area management. (Implementation of finalized plans) Review and improve the solvent barrier facilities of each building, and install gates in water ditches around the plant. The D plant newly installed 2 sets of emergency equipment, and the warehouse newly installed 3 mobile 95-gallon storage barrels. The foam automatic fire extinguishing system is installed in the tank area and the poisoning warehouse. (Planning) High-speed water mist automatic fire extinguishing system for process area. 	

Occupational Health and Safety Management System

To maintain employee safety and prevent occupational accidents, the Company implements occupational safety management based on the ISO 45001 Occupational Health and Safety Management System. The scope of the occupational health and safety management system covers the Formosa Laboratories Louchu Plant and Louchu Plant 2, regulating all workers and production activities of custom synthesis and mass production of APIs and specialty chemicals at these workplaces, ensuring coverage at a rate of 100%. In accordance with the Occupational Safety and Health Act and related laws and regulations, we have established an "Occupational Safety and Health Management Program" comprising sixteen major items, and formulated various work objectives, schedules, and measures, using the PDCA (Plan-Do-Check-Act) cycle for quality management. The program aims to continuously assess occupational hazards and improve the occupational health and safety management system. We have also established occupational safety and health units, management personnel, and emergency medical personnel in compliance with the law to prevent workplace accidents comprehensively.

| Formosa Laboratories' 16 Major Items of Occupational Safety and Health Management Program |



Occupational Safety and Health Committee

To protect the rights and interests of employees, the Company has established an Occupational Safety and Health Committee in accordance with the requirements of the "Regulations on Occupational Safety and Health Management", which is composed of the occupational safety and health unit, the first-level supervisors of each department, and the labor representatives of the labor-management meeting. The Committee comprises a total of 20 members, including 1 medical personnel, 1 occupational safety and health personnel, 11 supervisory and commanding personnel from each department, and 7 labor representatives. The labor representatives make up more than one-third of the total.

The Occupational Safety and Health Committee is responsible for improving the occupational safety and health environment, enhancing the level of safety and health management, and achieving safety management goals through planning, implementation, and assessment. A safety and health committee meeting is held quarterly to discuss topics including the management of occupational accidents, education training and campaign, environmental monitoring reports, employee health protection and health monitoring analysis, implementation results of health promotion, fire alarm management, emergency

response management, safety and health management of contracted businesses, automatic inspection management, audit inspections, application for the operation of toxic chemicals operation and management of controlled chemicals registration, safety and health self-evaluation management, and management review reports of occupational safety and health management systems.



Occupational Health and Safety Education and Training

To ensure a safe and healthy work environment for employees, the Company implements emergency response measures such as emergency equipment preparation, emergency response personnel training, preparation of off-site emergency response centers, preparation of off-site emergency evacuation and shelter locations, emergency response drills, earthquake response procedures, chemical spill handling procedures, and typhoon response. Additionally, we regularly conduct occupational safety training for new employees and contracted workers, as well as refresher training for existing employees, to ensure that employees can learn the necessary safety knowledge for their work.

Special training for units and engineers operating and using chemicals with higher potential risks has been completed for the year 2022. New employees have also achieved a 100% completion rate for general occupational safety and health education training. To prevent similar accidents from recurring, Formosa Laboratories also conducts regular accident education training, sharing industrial safety incident cases to help employees understand the true causes of accidents, reduce industrial accidents, and enhance employee health and safety.

| Personnel Occupational Health and Safety Training 2022 |

Worker Category	Training Category	Annual Training Courses 2022	Course Hours	Number of Participants	Number of Training Hours
New Employees	General Training	General labor safety and health education training and fire extinguisher practical	3	204	612
	Special training	Forklift driver safety education training	1	18	18
		Safe operation training for winders	1	18	18
		Self-propelled vehicle, confined space operation safety education training	1	18	18
		General knowledge of dangers and hazards, operation of chemical spill vehicles, and SCBA wearing	1	43	43
		Respiratory protective equipment wearing and qualitative fit test	1	66	66
		Construction management forms and procedures	1	16	16
Current Employees	General training	Plant-wide industrial safety incidents (15 cases) education and training (2021Q3-2022Q1)	1	764	764
	Special training	General knowledge of dangers and hazards, operation of chemical spill vehicles, and SCBA wearing (1 time/3 years)	1	217	217
	Emergency drill	Annual evacuation drill, fire extinguisher and fire hydrant practical drill (1 time/year)	1	612	612
		Advanced (evacuation guidance class) emergency Drill (1 time/year)	1	44	44
		Advanced (notification and liaison class) emergency drill (1 time/year)	1	110	110
		Advanced (first aid class) emergency Drill (1 time/year)	1	38	38
		Advanced (other class) emergency Drill (1 time/year)	1	217	217
Safety and health emergency response drills (fire and chemical disaster) (1 time/year)		1	217	217	
Service Contractor	General training	Safety and health education training for contracted operation entering plant. (Education and training before entering plant & refresher training once a year)	1	1,156	1,156

Occupational Hazard Risk Management

Based on the record of occupational accident incidents, the Company assists various units in conducting hazard identification and risk assessment to establish risk levels. Currently, the highest potential risk is the physical hazard generated by noise operations. In addition to strengthening education and training and providing protective equipment, we also track employees' physical health through regular health examination to control and prevent occupational diseases. For other potential hazards in the process of process operations, including improper injury from mechanical operations and hazards from chemical use, we also enhance relevant special

education and training for designated operating units and engineering personnel, setting management goals and tracking regularly. For example, we arrange advanced emergency drills, fire, and chemical disaster response drills once a year. Also, we annually review and update the timing table for the use of protective equipment. The timing table is used as a guide for wearing appropriate protective equipment to conduct automatic mechanical equipment inspections and manage hazardous mechanical equipment to continuously ensure the effectiveness of protective measures.

| Hazard Identification, Analysis, Prevention, and improvement measures in the Occupational Safety and Health Management of Formosa Laboratories. |

Hazard Identification	Hazard Analysis	Risk Level	Preventive and Improvement Measures.
Mechanical Hazard	Dangerous machine operation: forklift	1	<ul style="list-style-type: none"> • Certificate/qualification is required for the operator • Conducting education training • Automatic check
Chemical Hazard	Employees that are exposed to hazardous chemicals/organic solvents/ work environment of HPAPI	1	<ul style="list-style-type: none"> • Ventilation • Work environment measurement • Statutory special health examination (1 time/year) • HPAPI operation: Hormone testing (1 time/6 months) • Usage timing table for protective equipment • Conducting education training • Assessment of suitable work for pregnant female employees

Hazard Identification	Hazard Analysis	Risk Level	Preventive and Improvement Measures.
Physical Hazard	The hazards caused by noise operations (crushing operations), injuries from cutting during operations.	3	<ul style="list-style-type: none"> Noise detection Earplugs wearing Conducting education training Reduced working hours Conduct regular health examination. If the hazard is classified at level four, transfer employees from noisy operations.
Human-factor Hazard	Repetitive work postures, resulting in muscular-skeletal injuries and hazards.	1	<ul style="list-style-type: none"> Screening for muscular-skeletal pain questionnaire, those with a score of 3 or above will undergo human-factor assessment to confirm the need for improving operation methods or adjusting job duties.
Biological Hazard	Covid-19	1	<ul style="list-style-type: none"> COVID-19 prevention plan and CDC policies are provided with two versions. <ol style="list-style-type: none"> Zero-COVID period. Co-existing with COVID period
Social psychological factors	Overwork, excessive workloads	1	<ul style="list-style-type: none"> Assessment of cerebrovascular risk index and workload Arrange plant medical interviews and assessments for high-risk groups. Limit overtime to avoid the risk of developing cerebrovascular and cardiovascular diseases due to work overload.

Explanation of Risk Level :

Based on the hazard identification and risk assessment control management procedure, the risk value (SP) = severity to operation (Severity) x risk occurring probability (Probability). This determines the necessary control measures to be taken.

Risk assessment results		Control measures
5	Extreme Level Risk	Immediately review the comprehensiveness of existing protective measures and promptly implement engineering, management improvement plans, operational controls, or enhance emergency response capabilities.
4	High Level Risk	Immediately review the comprehensiveness of existing protective measures and implement engineering, management improvement plans, operational controls, or enhance emergency response capabilities within reasonable time frame.
3	Medium Level Risk	Temporarily acceptable, but it is necessary to ensure that more effective protective measures or appropriate operational procedures, controls, and safety measures are in place. List it as an item that requires improvement after risk assessment meeting. review the comprehensiveness of existing protective measures and implement engineering, management improvement plans, operational controls, or enhance emergency response capabilities within reasonable time frame.
2	Low Level Risk	Temporarily acceptable, but the effectiveness of existing protective measures must be ensured.
1	Slight level risk	Acceptable, but the effectiveness of existing protective measures must be ensured.

Hazardous Substance Management

Formosa Laboratories has established a hazardous substance process management system to mitigate the impact of hazardous substances on the environment and society and prioritize the health and safety of employees. The operation involves verifying the storage of raw materials, reviewing the part number of finished products, assessing whether they comply with applicable regulations regarding chemicals, and conducting classification. A chemical list is established, including raw materials, miscellaneous items, and finished products, and systematic management and control are carried out in accordance with the different chemical hazard risks and legal requirements. In addition to setting up local exhaust devices, a personal protective equipment usage schedule is established based on the results of risk assessments for each unit to reduce direct contact between personnel and chemicals or hazards that may cause injuries to various parts of the body.

This serves as a basis for employees to follow, and to enhance the implementation of wearing personal protective equipment.

The Company conducts hazard awareness education and refresher training every 3 years in order to carry out effective management of hazardous substances health and safety. We update the "List of Pregnancy Hazardous Chemicals Used in Each Plant Area" annually and provide plant nurses and unit supervisors with appropriate work assessments for pregnant female workers. In addition, for health and safety assessments, we propose relevant recommendations and disclosure indicators based on the practice of chemical risk and hazard assessment management in products, including the identification of the number of substances with health hazards or the number of CMR substances.

| Types of Hazardous Substances Regulated by Formosa Laboratories in 2022 |

Regulated Characteristics	種類
For chemicals that are hazardous to female workers under the age of 18, as well as those who are pregnant or have given birth within the past year.	7
Substance of carcinogenic, mutagenic or toxic for reproduction, CMR	42



Contractor Occupational Health and Safety Management Measures

Based on the Company's 16 occupational safety and health management plans, we conducted contractor toolbox meetings and organization of agreements, carried out contractor safety audits and imposed penalties for violations, developed contractor emergency response plans, implemented safety permits and hazardous operations measures for contractor, revised contractor safety and health management regulations, and provided contractor safety education and training for on-site entry. The following are the four main areas of control and guide for contractors.



1. Evaluation and Classification Management

Contractors must pass a safety and health management evaluation of grade B or above in order to become qualified contractors, and they must undergo regular re-evaluations. (A level: 1 time/2 years, B level: 1 time/year, C level: disqualified contractors)

2. Signing the Affidavit

The contractor who wins the tender needs to sign a written contract, which includes the following: "Plant Safety and Health Regulations", "Contractor Safety and Health Affidavit", to ensure that the contractor complies with relevant regulations on environmental protection, safety, and health issues.

3. Qualification Review for Entering the Plant

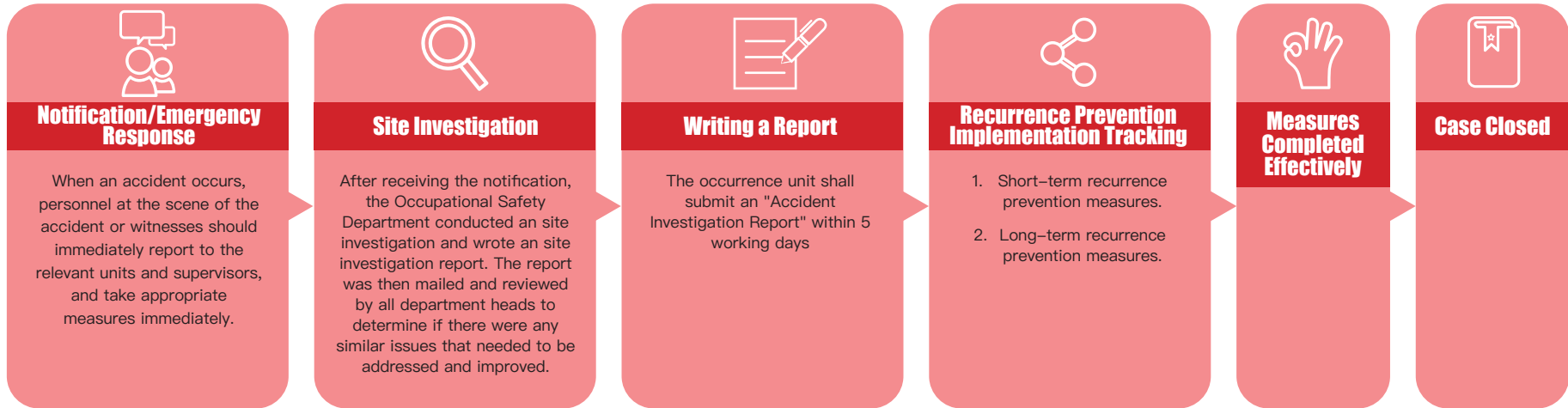
Entry personnel must have records of labor insurance, health examinations, and education and training in compliance with relevant safety and health regulations and company requirements, before being issued an entry identification card.

4. Education Training Course

Contractors are required to attend educational training courses periodically, and on-site personnel must receive refresher training at least once a year.

Occupational Accident Emergency Response

| Notification and Handling Procedures for Occupational Accidents at Formosa Laboratories |



| Investigation Procedures for Occupational Accidents at Formosa Laboratories |

Accidents Occurrence	<ul style="list-style-type: none"> When an accident occurs, personnel at the scene of the accident or witnesses should notify the relevant units and immediate supervisors at once, and take appropriate measures instantly. If the accident escalates to the second stage of emergency response, the notification team members should notify other factory areas to seek appropriate support and assistance. When accidents in each building (plant) cannot be controlled, or accidents (such as toxic gas leakage, explosion, fire), occur in other buildings (plant) which may cause immediate harm to the human body, each building (plant) will instantly take emergency measures and, if necessary, implement parking and evacuation plans for the plant area. We also ensure the right of workers to withdraw in accordance with Article 18 of the "Occupational Safety and Health Act". We enhance the promotion of relevant rights during the education and training of new employees to ensure that personal health and safety are always the top priority. If workers believe that their working conditions may pose a risk to their personal safety, they have the right to leave the work site.
Investigation of the cause of the incident.	<ul style="list-style-type: none"> When the Occupational Safety Department receives a notification and the accident has been recovered, the department will conduct a site investigation together with the unit where the accident occurred. They will then prepare a site investigation report and mail it to all plant supervisors to immediately examine whether the same problem exists in other areas, and to review and improve the situation. The unit involved in the accident needs to conduct an accident investigation analysis and review according to the "Accident Investigation Procedure", including the details, time, causes, handling status, and results of the accident. Within 5 working days, improvements should be made and an "Accident Investigation Report" should be submitted.
Review and Improvement Measures for the Incident	Proposed by the unit that the accident occurs, monitor and track improvement measures based on the accident investigation and analysis report. These measures shall be implemented until improvements are completed, and a comprehensive review and assessment shall be conducted to prevent similar incidents from happening again.

Occupational Injury Accident Statistics and Analysis

To protect the rights and interests of laborers and provide a safe and reliable working environment, Formosa Laboratories regularly plans and measures the sampling strategy for hazardous working environments. We implement outsourced environmental monitoring management, self-noise detection management, self-illumination detection management, as well as safety and health equipment and facility management to eliminate occupational hazards and minimize risks. According to the measurements and statistical results, the total working hours of Formosa Laboratories employees in 2022 were

1,685,056 hours, with 14 recorded cases of occupational injuries and no serious occupational injuries or fatal accidents caused by occupational injuries. Analyzing the accident categories for the entire year, the highest number of occupational injuries was caused by hand cuts (6 cases, accounting for 43%), followed by contact with hazardous substances (3 cases, accounting for 21%). In 2023, we will promote the Behavior-Based Safety (BBS) mechanism to establish a safety culture as our goal and continuously enhance the safety monitoring system.

| Statistics on Occupational Injuries among Chemical Workers in the Past 3 Years. |

Year	2020		2021		2022	
	Employee	Non-employee	Employee	Non-employee	Employee	Non-employee
Worker Category						
Number of people	811	50	823	50	850	50
Total Working Hours	1,620,912	100,000	1,632,704	99,200	1,685,056	99,200
Number of Deaths	0	0	0	0	0	0
Mortality Rate	0	0	0	0	0	0
Number of Serious Occupational Injuries	0	0	0	0	0	0
Occupational Injury Rate	0	0	0	0	0	0
Recordable Number of Occupational Injury	9	0	14	0	14	0
Total Recordable Injury Frequency Rate	5.55	0	8.57	0	13.5	0

Year	2020		2021		2022	
Worker Category	Employee	Non-employee	Employee	Non-employee	Employee	Non-employee
Type of Injury	7 cases of hazardous substance exposure, 1 case of falling, and 1 case of waist sprain.	N/A	5 cases of hazardous substance contact, 4 cases of burns/scalds, 2 cases of falls, 1 case of cuts, incisions, or abrasions, 1 case of collapse, and 1 case of in-plant traffic accident.	N/A	6 cases of cuts and abrasions, 3 cases of contact with hazardous materials, 2 cases of falls, 2 cases of collapse of objects, and 1 case of burns.	N/A

- Note: 1. Occupational injuries refer to accidental injuries that occur while workers are performing their duties or in the workplace. The statistical criteria do not include commuting accidents to and from work.
2. The number of employees is the average of the reported number of occupational accidents each month in that year; the number of non-employees is the sum of dispatched, resident contract personnel, and the average of about 10-30 people per day for general engineering contracts, with a total average of 50 people per month.
3. Total working hours: calculate the total annual working hours for all workers; employees' working and overtime hours are calculated based on actual hours worked; non-employees (contractors and dispatched workers) are estimated based on 8 hours per day x an average of 50 people per day x the total number of working days in a year.
4. Serious occupational injury: refers to injuries caused by occupational hazards that result in disability or the inability to recover to the pre-injury state of health within 6 months (excluding death).
5. Other recordable occupational injuries are defined as injuries (excluding commuting injuries) that are counted whether they require time off from work or not.
6. Mortality rate = number of deaths caused by occupational injuries x 1,000,000 ÷ total working hours.
7. Serious occupational injury rate = Number of serious occupational injuries x 1,000,000 ÷ total working hours.
8. Total Recordable Injury Frequency Rate (TRIFR) = Total number of recordable occupational injuries (including serious occupational injuries, deaths, and other recordable occupational injuries) x 1,000,000 ÷ total working hours.
9. 6 ~ 8 Points Ratio Calculation: calculate to 2 decimal places without rounding up.
10. The ratio of 1,000,000 working hours refers to the number of occupational injuries for every 500 full-time workers within a year, assuming that full-time workers work 2,000 hours in a year.

Statistics on the Frequency and Severity of Disabling Injuries among Chemical Workers in Formosa Laboratories in the Past Three Years |

Year	Worker Category	Due to disability injury Caused by Disabling injury	Disabling Frequency Rate (FR)	Disabling Severity Rate (SR)	Overall Damage Index (FSI)
2020	Employee	46.00	5.55	28.38	0.40
	Non-employee	0	0	0	0
2021	Employee	61.69	8.57	37.78	0.57
	Non-employee	0	0	0	0
2022	Employee	13.50	8.31	8.01	0.26
	Non-employee	0	0	0	0

- Note: 1. Occupational injuries refer to accidental injuries that occur while workers are performing their duties or in the workplace. The statistical criteria do not include commuting 1. Loss of working days: the number of hours unable to work divided by 8 hours is calculated; the calculation is based on occupational injury sick leave (including ≤1 hour), excluding sick leave and menstrual leave.
2. Disabling Frequency Rate (FR) = number of disabling injuries x 1,000,000 ÷ total working hours (calculated to 2 decimal places, without rounding)
3. Disabling Severity Rate (SR) = number of days lost to disabling injuries in x 1,000,000 ÷ total working hours (calculated to 2 decimal places, without rounding)
4. Frequency-Severity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1,000]}$ (calculated to the second decimal place, with the third place rounded up)

Health Examination

Formosa Laboratories has long been committed to promoting a healthy workplace environment and protecting the physical and mental health of workers. Every year, regular health examinations are conducted for all employees, including general health examinations and special health examinations for workers engaged in hazardous operation. These special health examinations assess exposure to noise, dimethylformamide, hexane, benzene, chromic acid and its salts, and formaldehyde, which are classified according to the law for health management. The plant nurse and occupational medicine specialists track and provide health education based on the results of the physical exams. If necessary, on-site assessments for suspected work-related illnesses can be conducted. Individuals classified as level three or above in the special health management grading system will be continuously

monitored and reclassified. Managers classified as level four will implement measures to control work hazards and seek health consultations and guidance from the health center's professional physicians to ensure that employees do not develop occupational diseases.

According to the statistics of the health management classification in the past three years, as of the end of 2022, there were a total of 5 fourth-level health managers in the Company who had abnormal physical examinations due to special operations. They have all undergone operational hazard control (hearing protection plan) and control measures (controlling exposure time or transferring from the operation). There have been no cases of occupational diseases in the past three years.

| Special health examination classification in the past 3 years |

(unit: number of people)

Year	Total number of people tested	First-level health manager	Second-level health manager	Third-level health manager	Fourth-level health manager
2020	349	275	74	0	0
2021	295	238	56	0	1 (Noise)
2022	241	183	54	0	4 (Noise)

- Note:
- Level 1 management: Individuals who have been determined to have no abnormalities based on the consolidated results of the examinations.
 - Level 2 management: Individuals who have been determined to have abnormalities that are not work-related based on the consolidated results of the examinations.
 - Level 3 management: Individuals who have been determined to have abnormalities based on the consolidated results of the examinations, but job relevance cannot be determined and need to be rearranged for an assessment by an occupational medicine specialist.
 - Level 4 management: Individuals who have been determined to have abnormalities that are work-related based on the consolidated results of the examinations.



Social Participation



Chapter 6 Social Participation

- **6.1 Caring for the Local Community**
 - Festival Event Sponsorship
 - Festival Gifts and Appreciation
 - Local Mutual Assistance and Lookout
- **6.2 Participating in Public Welfare Activities**
 - Support for Public Welfare Organizations.
 - Call on Blood Donation for Helping Others
- **6.3 Practicing Environmental Conservation**
 - Continuous Maintenance of River Environment
 - Protecting the Beauty of Rivers and Oceans
 - Greening and Beautifying the Plant Environment
- **6.4 Cultivation of Industrial Talents**
 - Continuing Education
 - Talent Cultivation

Formosa Laboratories has long been committed to social welfare and actively invite employees to participate in public welfare activities, including social care, environmental protection, and continuing education. The company also maintains friendly relations with the local community to fulfill its corporate social responsibility, give back to society, and enhance its social influence.

In addition to promoting public welfare activities, organizing activities for vulnerable groups, planning blood donation

activities and selling donated goods, we also donated pandemic prevention materials to the local community during the most severe period of the pandemic in 2020. Moreover, we actively organize river cleaning activities and respond to the local government's river conservation activities. Our colleagues are delighted to participate in public welfare, turning their desire to do good into practical actions. The number of participants is increasing each time.

| Formosa Laboratories 2022 Material Topic: Innovative Research and Development |

Material Topics	Social Participation
Corresponding GRI indicators	GRI 203-1 Infrastructure investments and services supported
Related SDGs	SDG 1 No Poverty, SDG 4 Quality Education, SDG 14 Life Below Water
Policies or Commitments	The company are advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.
Indicators and Objectives	<p>Sustainable Goals:</p> <ul style="list-style-type: none"> Participate in local activities (including donations) more than 10 times per year (✓ Achieved rate of 140% by 2022). The actual amount of public welfare donations exceeds NT\$100,000 each year (✓ Achieved rate of 130% in 2022). <p>Mid-term & Long-term Goals (3 to 5 years):</p> <ul style="list-style-type: none"> Enhance the public image and social influence of Formosa Laboratories.

Material Topics

Social Participation

Effective Tracking Mechanism

Regularly track internal donation records and community participation in annual routine activities.

Annual Actions and Achievements

- In 2022, the Company participated in 2 local public welfare events and sponsored 12 local events, totaling 14 events.
- Total amount of donations for 2022 accounts for \$130,000.
- In 2022, a total of 4 schools and 116 teachers and students visited the Formosa Laboratories' plants.
- 9 interns were hired in 2022 and invited to formally join the corporate team.
- Adopting a river section of 1.4 kilometers in Haihu Creek, regularly initiating river clean-up to maintain the environment. This action is awarded the Excellence Award by the Department of Environmental Protection, Taoyuan City Government.



6.1 Caring for the Local Community



Festival Event Sponsorship

Formosa Laboratories regularly donates to local community activities, temple events, and school activities. In 2022, a total of 12 events were sponsored, with a total activity fee of NT\$130,000, supporting the development of various local activities and maintaining a good relationship with the local community.

Good Neighborliness

During the three major festivals (Lunar New Year, Dragon Boat Festival, Mid–Autumn Festival), gifts are personally delivered to local community, to express appreciation for their hard work and dedication throughout the year. This helps maintain a good interactive relationship. The gift boxes are selected from products made by local Taiwanese cooperative manufacturers, such as small farm tea gift boxes and local fruit products, which not only cozy up neighborly relations but also stimulate the local economy.

Local Mutual Assistance and Lookout

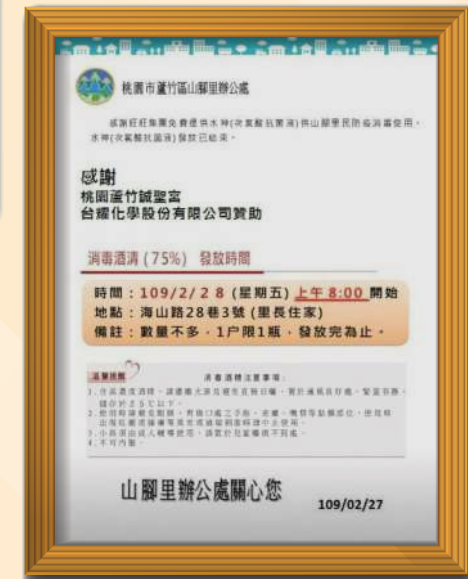
- Supplies Donation: Establish a smooth communication channel with the local village chief. If there are any requests for supplies, rice, rubbing alcohol, and other daily necessities will be distributed to the vulnerable residents in the area.
- Distributing Rubbing Alcohol: During the most severe period of the pandemic, the company fully committed to the fight against the pandemic by donating 75% alcohol to nearby schools, the Civil Affairs Office, the Keng-Kou Village Office, local residents, and all employees of Formosa Laboratories.



▲ Formosa Laboratories donates rubbing alcohol to collaborate with residents in preventing pandemics.



▲ Formosa Laboratories receives a letter of appreciation from the Taoyuan City Government for its efforts in pandemic pharmaceuticals prevention.



▲ Shan-Jiao Village Office in Taoyuan has sent thank-you note to Formosa Laboratories for its efforts in pharmaceutical for pandemic prevention

6.2 Participating Public Welfare Activities



Supporting Public Welfare Organizations.

Formosa Laboratories conducts annual charity sales, group purchases, and sponsorship activities, and donates the proceeds to various charitable organizations and related units. The summary of past activities is as follows:

1. In 2017, a charity sponsorship activity for nutritious lunch in Shan-Jiao Junior High School.
2. In 2017, donated NT\$100,000 to the establishment funds of the Taipei Medical University.
3. In 2017, the Bio Taiwan tote bag charity sale event raised a total of NT\$5,250 in donations for the Sunshine Social Welfare Foundation.
4. In 2020, the Christmas charity sale raised a donation of NT\$8,122 for the Hondao Senior Citizen's Welfare Foundation.
5. In 2020, organized a block booking movie activities for colleagues to see "Listen before you sing" and support domestic films. We also collected contributions from colleagues to donate to Vox Nativa Taiwan.

- 6. In 2021, the revenue from the egg cake charity sale was 5,522 yuan, which was donated to the Taiwan Original Sound Education Association.
- 7. In 2021, the Warm Winter Charity Sale event raised a total of 15,602 yuan in donations for the Hondao Senior Citizen's Welfare Foundation.

- 8. In 2022, collaborated with local small farm to sponsor community elementary school anniversary celebration.
- 9. In 2022, collaborated with the Taiwan Foundation for the Blind to design custom gift boxes for the year-end banquet event.



▲ | In 2021, donation amount from the Formosa Laboratories charity sale event was given to the Hondao Senior Citizen's Welfare Foundation, and a certificate of appreciation was received.



▲ | In 2021, egg cake charity sale was held to donate the event revenue to Vox Nativa Taiwan.

Call on Blood Donation for Helping Others

Donating blood is an act of love and mutual assistance, and serves as a vital support for the well-being of many individuals. Regular blood donation can promote metabolism, facilitate proper blood circulation, and ultimately aid in the well-being of others, thereby creating a mutually beneficial outcome in terms of health and support. Formosa Laboratories has continuously supported the notion that "donating a bag of blood can save a life". Every year, we hold "Love and Blood Donation" events, calling on employees to show mutual assistance spirit, donate their blood and love. Especially during the peak of the epidemic, the blood inventory has decreased. We encouraged employees to roll up their sleeves and donate blood to timely supplement the demand for medical blood, be prepared for emergencies, and inject more positive energy into society.

| Achievements of Formosa Laboratories' Blood Donation Events in the Past Three Years. |

Year	2020	2021	2022
Event Date	March 4th & September 5th	March 4th & September 9th	March 3rd & September 2nd
Number of Participants	84 people	84 people	76 people
Blood Donation Results	116 bags	126 bags	113 bags



| ▲ | Colleagues from Formosa Laboratories respond to participate in blood donation events.

6.3 Practicing Environmental Conservation



The ocean is the mother of life, and a habitat for countless creatures. We strive to showcase Formosa Laboratories' dedication to environmental preservation and marine resource conservation by promoting Sustainable Formosa Laboratories, Sustainable Louchu, and Sustainable Taoyuan. We urge our employees to collaborate as partners to sustain the nearby aquatic ecosystem, engage in river rehabilitation, and preserve the purity of the coastline, guaranteeing the sustainable administration of ecological resources. The Company takes practical actions to instill environmental awareness in the hearts of our colleagues, engaging in activities such as river adoption and beach cleaning, promoting environmental education, and achieving the goal of jointly maintaining a sustainable environment.

Continuous Maintenance of River Environment

Formosa Laboratories sets an example by initiating the adoption of river in collaboration with government agencies and private enterprises. We have adopted a 1.4-kilometer section of Haihu Creek, and regularly clean and maintain the river environment, actively participating in the protection of water environments. The Department of Environmental Protection, Taoyuan City Government expresses its appreciation to Formosa Laboratories for our contribution and guardianship of the river environment. In addition to actively promoting sustainable development, we have also shown a high level of concern for environmental protection, achieving significant results. We received an excellence award at the adoption of rivers event and award ceremony by Department of Environmental Protection, Taoyuan City Government in 2022.

- **Time:** Year 2022
- **River Range:** Haihu Creek, Heping Street to Youguan Road Section 2, about 1.4km in length
- **Action:** Regular cleaning and maintenance of river environments (Due to the pandemic, large-scale river cleaning was not conducted in 2022, and regular maintenance methods were adopted).



Formosa Laboratories receives certificate of appreciation from the Department of Environmental Protection, Taoyuan City Government

Protecting the Beauty of Rivers and Oceans

Through a series of river and beach clean-ups, we enable employees to experience the impact of marine waste on the coast, understand the pollution caused by various marine waste, and reflect on how to change their daily habits to reduce waste generation. At the same time, this activity promotes good interaction between public and private

organizations, environmental groups, and the general public. It enhances interpersonal relationships in society, promotes environmental education, instills environmental awareness, maintains cleanliness and hygiene in coastal areas, and forms a nationwide movement to ensure the beauty of rivers and oceans can be sustained. Unfortunately, large-scale beach and river cleaning activities were not carried out due to the pandemic in 2022.

● River Clean-ups - "Formosa Laboratories River Conservation Clean-up Activity 2021"

1. **Activity Date** : 12/11/2021 (Sat) 09:00 to 12:00 am
2. **Main Tasks**: Cleaning weeds along the riverbank and removing garbage and debris from the river and roadside.
3. **Number of Participants**: 120 people.



| ▲ | Highlights of the Formosa Laboratories River Clean-up Activity

● **Beach Clean-up - "Marine Conservation, Taoyuan Zhuwei Fish Harbor Beach Clean-up Activity"**

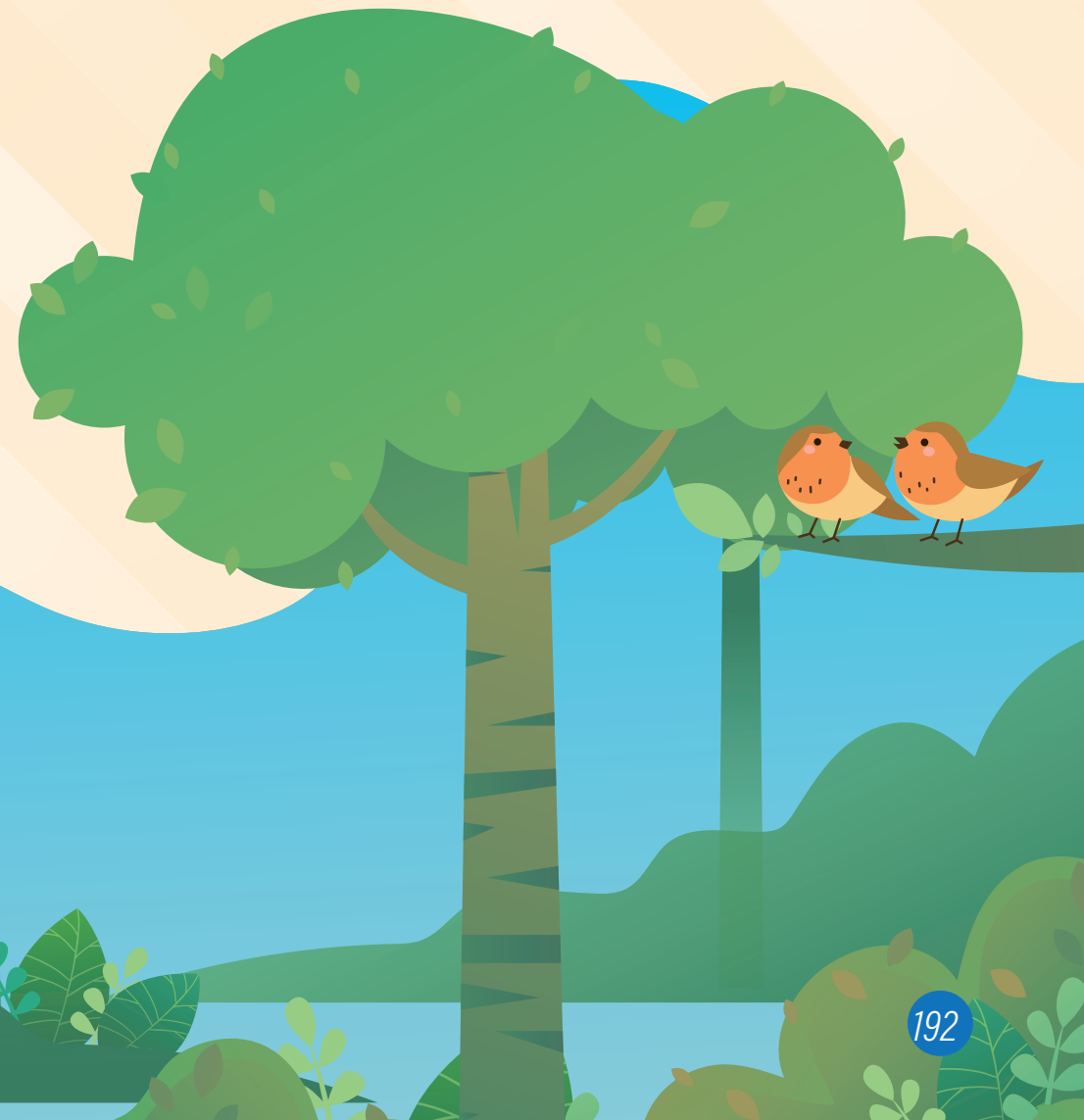
- 1. **Location:** Under the Rainbow Bridge at Zhuwei Fish Harbor
- 2. **Activity Date :** 10/16/2021 (Sat) 09:00 to 11:40 am
- 3. **Number of Participants:** 162 people.

| ▶ | Highlights of the Formosa Laboratories Beach Clean-up Activity



● Greening and Beautifying the Plant Environment

Formosa Laboratories continues to implement various environmental protection measures. According to the plan of the "Adjacent Land Expansion Project", a tree planting project has been planned and implemented in the plant area. In 2022, 2,200 tree seedlings were planted on the land for national security within the factory area. According to the planting regulations, each tree seedling is planted between 1–2 meters to preserve the natural environment. The tree species include small-leaved olive, birch, and camphor tree. The General Affairs Department is responsible for the maintenance and care of the trees for future environmental management. In the future, the Company will continue to plan for more greening and beautification measures to create a healthier and more comfortable environment, and enhance the overall quality and appearance of the plant area.



6.4 Cultivation of Industrial Talents

Continuing Education

- Participate in BIO Asia–Taiwan and share academic–industry practices.
- Share product information and related medical knowledge on the Facebook page of Formosa Laboratories.
- Using the Company as an example, the NTU Pharmacy Bulletin shares information about the biotech industry.
- In 2022, the Company's production supervisor serves as a lecturer at Chung Hwa University of Medical Technology, teaching students about the knowledge of manufacturing API.

Talent Cultivation

- **Organize Student Enterprise Visits**

Formosa Laboratories has been organizing student enterprise visits since 2017 to enhance students' basic understanding and awareness of the industry. We guide teachers and students from different schools to visit various plants and provide basic introductions on the company, industry trends, core functions, and workplace environment. This opportunity allows students to closely engage with process equipment, gain insight into various operational processes, and establish a clearer path for future

learning, resulting in fruitful outcomes for all teachers and students. In 2022, a total of 4 schools and 116 teachers and students were invited to visit the Formosa Laboratories plant. The cumulative number of teachers and students who have participated in the enterprise visit activities at Formosa Laboratories over the years is as follows:

1. On May 8, 2017, a total of 13 teachers and students from the Department of Chemistry of Soochow University visited.
2. On June 6, 2017, a total of 14 teachers and students from the Department of Chemistry of National Taiwan University visited.
3. On April 29, 2017, a total of 40 teachers and students from the Department of Chemistry of National Taiwan Normal University visited.
4. On May 7, 2019, a group of 14 students and teachers from the Department of Chemistry of Soochow University visited and conducted mock interviews for graduating students.
5. On July 18, 2019, a group of 18 professors and lecturers visited as part of the Ministry of Education's teacher training and visitation program.
6. On July 18, 2019, a total of 70 Vietnamese students from Yang-Ming University visited.
7. On October 20, 2022, a total of 20 teachers and students from the Department of Pharmacy of National Taiwan University visited.
8. On November 24, 2022, a total of 40 teachers and students from the Department of Pharmaceutical Science and Technology of Chung Hwa University of Medical Technology visited.
9. On December 9, 2022, a total of 35 teachers and students from the Department of Microbiology of Soochow University visited.
10. On December 23, 2022, a total of 21 teachers and students from the Department of Microbiology of Chung Yuan Christian University visited.



▲ | Formosa Laboratories Organizes Student Enterprise Visits

• **Provision of Scholarships**

Formosa Laboratories provides a maximum of 5 years, a total of NT\$1 million in collaboration with the "Pharmaceutical Technology Doctorate Program at National Taiwan University", providing annual scholarships of NT\$200,000 each, and is currently in its second doctoral training program.

In addition, the company awards scholarships for employees' children to encourage their efforts in education. The amount of scholarship awarded is NT\$5,000 for each university student, NT\$3,000 for each high school student, NT\$2,000 for each junior high school student, and NT\$1,000 for each elementary school student. In 2022, there were 45 employees who applied, and scholarships were awarded to a total of 57 children, amounting to 56,000 yuan. In 2021, there were 42 employees who applied, and scholarships were awarded to a total of 54 children, amounting to NT\$73,000. In 2020, there were 35 employees who applied, and scholarships were awarded to a total of 49 children, amounting to NT\$64,000.

• **Intern Training**

Formosa Laboratories participated in the 111th Youth Workplace Internship Program of the Taoyuan City Government, hiring 6 interns from the Department of Pharmaceutical Science and Technology of Chung Hwa University of Medical Technology and 3 interns from Lunghwa University of Science and Technology in 2022. In order to encourage the interns to stay on, we provided early employment offers and onboarding bonuses to the 9 interns whose internship period was originally scheduled to end in June 2023, inviting talents to join the Company.



◀ | Feedback for the Youth Workplace Internship Program

Internship Experience Sharing 1

It is my fortune to be able to work as an intern in the top company in the industry. In school, we can only learn knowledge from pictures or by hearing about it, without experiencing it ourselves. The photo shows me presenting the first revised and completed document to the Factory Director for review. It may look like a simple process, but it is hard to imagine how many people were involved in the discussions behind the scenes.

Internship Experience Sharing 2

During my internship, I gained valuable experience in collaborating with coworkers at the workplace, the importance of complying with workplace regulations, and the experience of working in a pharmaceutical company. Although there were challenges during this period, the benefits still far outweighed the ef

Internship Experience Sharing 3

This internship taught me a great deal and helped me get used to working life earlier. While compared to school life, the workplace is hotter and the work is more exhausting, I have also gained valuable professional knowledge, and whenever I encountered problems I didn't understand, my senior colleagues patiently taught me everything to help me understand it better.



▲ | Formosa Laboratories interns return to school to share their internship experience



▲ | Receive a letter of appreciation for participating in the Youth Workplace Internship Program organized by the Office of Employment Services and Vocational Training, Taoyuan City Government.

• **Industry Activities Sponsorship**

| Sponsorship of the NTU Pharmacy Bulletin |

Since 2016, we have been sponsoring the NTU Pharmacy Bulletin for more than 7 years. The sponsorship not only gives back to the alma mater of the Company's President, Chen-Yu Cheng, who was a professor at Department of Pharmacy of NTU, but also put in efforts in promoting the biopharmaceutical industry's publicity and related activities. °

| Other Relevant Sponsorship |

Sponsor various events such as the " Pharmaceutical Chemistry Seminar, Pharmaceutical Society of Taiwan" annually and "BioGroup" from time to time



- GRI Guidelines Index
- Climate-Related Information of TWSE/TPEX Listed Companies
- Third-party Independent Verification Statement



| GRI Guidelines Index GRI |

| General Disclosures |

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 1: Formosa Laboratories follows the GRI guidelines to report on the period from January 1, 2022, to December 31, 2022.			
GRI 2: General Disclosures 2021			
GRI 2-1	Organizational details	1.1 About Formosa Laboratories	P. 24
GRI 2-2	Entities included in the organization’s sustainability reporting	About the Report	P. 8
GRI 2-3	Reporting period, frequency and contact point	About the Report	P. 8
GRI 2-4	Restatements of information	Non, this year is the initial public offering.	–
GRI 2-5	External assurance	About the Report	P. 8
GRI 2-6	Activities, value chain and other business relationships	1.2 Business Items 3.1 Sustainable Value Chain	P. 27 P. 90
GRI 2-7	Employees	5.1 Human Resources Overview	P. 146
GRI 2-8	Non–employee Worker	5.1 Human Resources Overview	P. 146
GRI 2-9	Governance structure and composition	2.2 Governance Structure 2.3 Functional Committee	P. 59 P. 66
GRI 2-10	Nomination and selection of the highest governance body	Nomination and Selection of Board of Directors	P. 61
GRI 2-11	Chair of the highest governance body	Avoidance of Conflict of Interest Nomination and Selection of Board of Directors	P. 62 P. 61
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	2.3 Functional Committee	P. 66
GRI 2-13	Delegation of responsibility for managing impacts	Sustainable Development Committee 2.5 Risk Management	P. 69 P. 79

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 2-14	Role of the highest governance body in sustainability reporting	Role of the highest governance body in sustainability reporting About the Report Identification and Sequence of Material Topics	P. 8 P. 18
GRI 2-15	Conflict of interest	Avoidance of Conflict of Interest	P. 62
GRI 2-16	Communication of critical concerns	Composition of the Board of Directors	P. 59
GRI 2-17	Collective knowledge of the highest governance body	Further Training of the Board of Directors	P. 63
GRI 2-18	Evaluation of the performance of the highest governance body	Performance Evaluation of the Board of Directors	P. 64
GRI 2-19	Remuneration policies	Remuneration Policy for Directors and Managers	P. 65
GRI 2-20	Salary Determination Process	Remuneration Policy for Directors and Managers	P. 65
GRI 2-21	Process to determine remuneration	5.2 Incentives and Rewards	P. 152
GRI 2-22	Statement on sustainable development strategy	Message from the Chairman 2.1 Policy commitments	P. 3 P. 56
GRI 2-23	Policy commitments	2.1 Policy commitments Protection of Human Rights and Labor Rights	P. 56 P. 151
GRI 2-24	Embedding policy commitments	2.1 Policy commitments Sustainable Development Committee	P. 56 P. 69
GRI 2-25	Processes to remediate negative impacts	Grievance and Suggestions Channel	P. 78
GRI 2-26	Mechanisms for seeking advice and raising concerns	Grievance and Suggestions Channel	P. 78
GRI 2-27	Compliance with laws and regulations	Compliance with laws and regulations	P. 74
GRI 2-28	Membership associations	Public Association	P. 53
GRI 2-29	Approach to stakeholder engagement	Collective bargaining agreements	P. 15
GRI 2-30	Group Agreement	Protection of Human Rights and Labor Rights	P. 151

I Material Topics Disclosure I

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 3: Material Topics 2021			
GRI 3-1	Process to determine material topics	Analysis of Material Topics	P. 14
GRI 3-2	List of material topics	Identification and Sequence of Material Topics	P. 18
GRI 3-3	Management of material topics	Identification and Sequence of Material Topics	P. 18
Economic Performance			
GRI 3-3	Management of material topics	1.4 Economic Performance	P. 44
GRI 201: Economic Performance 2016			
GRI 201-1	Direct economic value generated and distributed	1.4 Economic Performance	P. 44
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Impacts of Climate-related Risks and Opportunities on Finance	P. 114
GRI 201-4	Financial assistance received from government	Financial Report	P. 49
Innovative Research and Development			
GRI 3-3	Management of material topics	1.3 Innovative Research and Development	P. 36
Custom Topics	-	-	-
Talent Attraction and Retention			
GRI 3-3	Management of material topics	Chapter 5 Happy Enterprise	P. 143
GRI 201: Economic Performance 2016			
GRI 201-3	Defined benefit plan obligations and other retirement plans	5.5 Benefit Measures	P. 163
GRI 202: Market Presence 2016			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Incentives Rewards	P. 152

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 401: Employment 2016			
GRI 401-1	New employee hires and employee turnover	Employee Mobility	P. 149
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.5 Benefit Measures	P. 163
GRI 401-3	Parental leave	Unpaid Parental Leave	P. 150
RI 404: Training and Education 2016			
GRI 404-1	Average hours of training per year per employee	On the Job Training and Deep Empowerment	P. 159
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Performance and Career Development	P. 162
Supplier Management			
GRI 3-3	Management of material topics	3.2 Supplier Management	P. 92
GRI 308: Supplier Environmental Assessment 2016			
GRI 308-1	New suppliers that were screened using environmental criteria	Supplier Risk Assessment	P. 94
GRI 414: Supplier Social Assessment 2016			
GRI 414-1	New suppliers that were screened using social criteria	Supplier Risk Assessment	P. 94
Occupational Safety and Health			
GRI 3-3	Management of material topics	5.6 Peaceful Workplace Environment	P. 166
GRI 403: Occupational Health and safety 2018			
GRI 403-1	Occupational Health and Safety Management System	Occupational Health and Safety Management System	P. 168
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Occupational Hazard Risk Management	P. 171
GRI 403-3	Occupational health services	Health Examination	P. 178

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health Committee	P. 169
GRI 403-5	Worker training on occupational health and safety	Occupational Health and Safety Education and Training	P. 170
GRI 403-6	Promotion of worker health	5.3 Physical and Mental Health	P. 154
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazardous Substance Management	P. 173
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety Management System	P. 168
GRI 403-9	Work-related injuries	Occupational Injury Accident Statistics and Analysis	P. 176
GRI 403-10	Work-related ill health	Health Examination	P. 178
Water Stewardship			
GRI 3-3	Management of material topics	4.5 Water Stewardship	P. 127
GRI 303: Water and Effluents 2018			
GRI 303-1	Interactions with water as a shared resource	Water Efficiency Improvement	P. 129
GRI 303-2	Management of water discharge-related impacts	Mitigation of Water Discharge Impact	P. 131
GRI 303-3	Water withdrawal	Water Efficiency Improvement	P. 129
GRI 303-4	Water discharge	Mitigation of Water Discharge Impact	P. 131
GRI 303-5	Water consumption	Water Efficiency Improvement	P. 129
Drug Safety			
GRI 3-3	Management of material topics	3.3 Product Liability	P. 98
GRI 416: Customer Health and Safety 2016			
GRI 416-1	Assessment of the health and safety impacts of product and service categories	3.3 Product Liability	P. 98
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.3 Product Liability (No violation of relevant incidents)	P. 98

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 417: Marketing and Labeling 2016			
GRI 417-1	Requirements for product and service information and labeling	Product Labeling	P. 102
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	Product Labeling	P. 102
Information Security			
GRI 3-3	Management of material topics	Information Security Management	P. 84
GRI 418: Customer Privacy 2016			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security Management	P. 84
Social Participation			
GRI 3-3	Management of material topics	Chapter 6 Social Participation	P. 181
GRI 203-1	Infrastructure investments and services supported	Chapter 6 Social Participation	P. 181
Waste Management			
GRI 3-3	Management of material topics	Waste 4.6 Management	P. 133
GRI 306: Waste 2020			
GRI 306-1	Waste generation and significant waste-related impacts	Waste 4.6 Management	P. 133
GRI 306-2	Management of significant waste-related impacts	Waste 4.6 Management	P. 133
GRI 306-3	Waste generated	Waste Data Overview	P. 139
GRI 306-4	Waste diverted from disposal	Waste Data Overview	P. 139
GRI 306-5	Waste directed to disposal	Waste Data Overview	P. 139

| Other non-material topics disclosures |

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 204: Procurement Practices 2016			
GRI 204-1	Proportion of spending on local suppliers	Sustainable Procurement	P. 91
GRI 205: Anti-Corruption 2016			
GRI 205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption and Anti-Bribery Policies	P. 73
GRI 207: Tax 2016			
GRI 207-1	Approach to tax	Tax Management	P. 51
GRI 207-2	Tax governance, control, and risk Management	Tax Management	P. 51
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Tax Management	P. 51
GRI 302: Energy 2016			
GRI 302-1	Energy Consumption within organization	4.2 Energy Management	P. 120
GRI 302-3	Energy Intensity	4.2 Energy Management	P. 120
GRI 302-4	Reduction of energy consumption	Energy saving and Carbon Reduction	P. 124
GRI 305: Emissions 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	4.3 Greenhouse Gas Emissions	P. 122
GRI 305-2	Energy indirect (Scope 2) GHG emissions	4.3 Greenhouse Gas Emissions	P. 122
GRI 305-3	Other indirect (Scope 3) GHG emissions	4.3 Greenhouse Gas Emissions	P. 122
GRI 305-4	GHG emissions intensity	4.3 Greenhouse Gas Emissions	P. 122

GRI Code	Disclosure Item	Corresponding Chapter	Page Number
GRI 305-5	Reduction of GHG emissions	Energy saving and Carbon Reduction	P. 124
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.4 Air Pollution Prevention	P. 126
GRI 405: Diversity and Equal Opportunity 2016			
GRI 405-1	Diversity of governance bodies and employees	Composition of the Board of Directors Diverse and Abundant Employment Opportunities.	P. 59 P. 147
GRI 406: Non-discrimination 2016			
GRI 406-1	Incidents of discrimination and corrective actions taken	Protection of Human Rights and Labor Rights	P. 151
GRI 408: Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Protection of Human Rights and Labor Rights	P. 151
GRI 409 : Forced or compulsory labor 2016			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protection of Human Rights and Labor Rights	P. 151

| Climate-Related Information of TWSE/TPEX Listed Companies |

| Implementation of Climate-Related Information |

Item	Item	Corresponding Chapter or Description
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Climate change response > Four Core Elements of TCFD
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Climate change response > Impacts of Climate-related Risks and Opportunities on Finance
3	Describe the financial impact of extreme weather events and transformative actions.	Climate change response > Impacts of Climate-related Risks and Opportunities on Finance
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Climate change response > Four Core Elements of TCFD
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The resilience to face climate change risks has not yet been assessed using contextual analysis.
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Climate change response > Impacts of Climate-related Risks and Opportunities on Finance
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	No plans have been made currently.
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	For climate-related objectives, please refer to: Formosa Laboratories' Vision for Zero Pollution and Stage Goals Carbon credits or Renewable Energy Certificates (RECs) have not been utilized to achieve the goal.
9	Greenhouse gas inventory and assurance status	In 2022, internal greenhouse gas inventory guidance operations were conducted in accordance with ISO 14064-1:2018 standard. For detailed inventory results, please refer to section 4.3 Greenhouse Gas Emissions. Confirmation is expected in 2023.

Third-party Independent Verification Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA LABORATORIES, INC.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by FORMOSA LABORATORIES, INC. (hereinafter referred to as Formosa Laboratories, Inc.) to conduct an independent assurance of the Sustainability Report for 2022. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Universal Standard (2021) and AA1000 Accountability Principles (2018) during verification (2023/07/03-2023/07/28) in Formosa Laboratories, Inc. headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Formosa Laboratories, Inc.'s Stakeholders.

RESPONSIBILITIES

The information in the Formosa Laboratories, Inc.'s Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of Formosa Laboratories, Inc. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all Formosa Laboratories, Inc.'s stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and/or ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000ASv3 Type 1 Moderate (AA1000AP Evaluation only)

TWLPP 5008 Issue 2305

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1	GRI Universal Standard (2021) (In Accordance with)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Formosa Laboratories, Inc., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2305

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

Formosa Laboratories, Inc. has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CS experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Formosa Laboratories, Inc. may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

MATERIALITY

Formosa Laboratories, Inc. has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT

Formosa Laboratories, Inc. has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with mostly qualitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, Formosa Laboratories, Inc.'s Sustainability Report of 2022, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people. Moreover, it is recommended to improve its impact measurement and target setting with more quantitative methods.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
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