



東生華製藥股份有限公司  
tsh biopharm corporation ltd.

2023 永續報告書

# ESG REPORT



本刊發行日期2024年8月7日  
公司揭露社會責任報告相關資料之網址：  
[HTTP://WWW.TSHBIOPHARM.COM](http://www.tshbiopharm.com)

2023 企業永續報告書	2023 ESG Report
本刊發行日期 2023 年 8 月 15 日	Publication date: August 15, 2023
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## **About this Report**

TSH Biopharm Corporation (hereinafter referred to as TSH Biopharm) bases its operations on sustainable value creation, and has long been committed to advancing and promoting Environmental, Social, and Governance (ESG) principles. We appreciate your reading of TSH Biopharm's 11th ESG Report (renamed from Corporate Social Responsibility Report to ESG Report since 2021). This report has been prepared in accordance with GRI Standards, which was published by the Global Reporting Initiative, and corresponds to the United Nations' Sustainable Development Goals (SDGs). In addition, we have referred to the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, the ISO 26000 guidelines for social responsibility, the United Nations Global Compact, and the standards of the Sustainability Accounting Standards Board (SASB). The report is published annually in English and Chinese, and the digital versions can be downloaded from the TSH Biopharm website under the heading "Sustainability Policy–Report." The report addresses the concerns of stakeholders about TSH Biopharm's sustainability efforts, and is intended to contribute to the progress of sustainable development through continuous efforts.

## **Report writing principles**

This report follows the requirements of the new GRI Universal Standards as a reference basis for information disclosure. It also adopts the sustainability indicators of the Sustainability Accounting Standards Board (SASB) and references the framework of the Task Force on Climate-related Financial Disclosures (TCFD), while aligning with the United Nations Sustainable Development Goals (SDGs). For detailed content, please refer to Attachment 1: GRI Content Index and Attachment 2: SASB Index of this report.

## **Disclosure period**

This report discloses TSH Biopharm's actions and performance in corporate social responsibility, including social, corporate governance, and environmental sustainability aspects for the year 2023 (January 1, 2023, to December 31, 2023), and responds to issues of concern to stakeholders.

## **Scope of Report**

This disclosure focuses on the operational activities and services of TSH Biopharm's three primary operating sites in northern, central, and southern Taiwan, excluding subsidiaries. All financial figures are presented in New Taiwan Dollars. The scope of this disclosure aligns with the 2023 consolidated financial statements, and relevant statistical data is calculated based on internationally recognized standards. The financial figures are audited by KPMG. Where quantitative indicators have specific meanings, additional notes will be provided. Data sources are reviewed by senior management of each unit and issued after review and approval by the Sustainability Development Committee. Any revisions to previously reported information due to errors will be noted in the respective chapters.

## **Report Assurance**

This report has been prepared in accordance with the GRI Universal Standards. The disclosure of information in this report is also aligned with international standards such as the "Code of Best Practices for Corporate Sustainability of Listed Companies" and the United Nations Sustainable Development Goals (SDGs). We have engaged Afnor Asia, Ltd., a third-party assurance provider, to conduct an assurance engagement in accordance with the AA1000 Assurance Standard (v3) at the moderate level of assurance (Type 1).

## **Contact information**

We warmly welcome you to read TSH Biopharm's 2023 Corporate ESG Report, which is the company's 11th such report. This report has been submitted for the GRI Universal Standards Content Index Service and Material Topics Disclosure Service.

The previous version was issued in August 2023.

Publication Date: August 2024 (We will continue to issue ESG Reports annually)

If you have any suggestions or feedback regarding this report, please feel free to contact us

TSH Biopharm Sustainable Development Committee

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Tel: +886-2-2655-8525

Email: [tsh@tshbiopharm.com](mailto:tsh@tshbiopharm.com)

Website: <https://www.tshbiopharm.com/>





## **Message from Management**

### **People-centric approach, collaborating for a sustainable future**

TSH Biopharm consistently adheres to the core value of “people-oriented” and is committed to improving human health and well-being. We firmly believe that sustainable development is both a corporate responsibility and the foundation for sustainable business operations. Over the past year, we have achieved the following results in sustainable development:

#### **Enhance patients’ quality of life:**

TSH Biopharm has deep roots in cardiovascular, gastrointestinal, and central nervous system fields, and actively provides innovative testing services such as NGS (Next-Generation Sequencing) genetic testing, liquid biopsy testing, and innovative technologies for cancer recurrence tracking and drug matching. After 13 years of stable growth, we expanded into a new medical specialty: ophthalmology. Our first product in this field is a nasal spray eagerly anticipated by 3 million dry eye syndrome patients in Taiwan. Existing treatments have not fully met patient needs, and we hope that through this new route of administration, patients will achieve better therapeutic responses.

Since 2022, we have conducted a total of seven cardiovascular public health education seminars across Taiwan, inviting local specialist physicians to share correct disease awareness and medication concepts with the public. Over a thousand citizens have benefited, demonstrating our commitment to sustainable operations and enhancing human health and well-being (SDG 3).

#### **Safeguarding environmental sustainability:**

We actively participate in local eco-friendly farming, collaborating with local farmers to adopt a plot of black soybean field. This initiative supports terrestrial ecosystems (SDG 15), local revitalization and development (SDG 8), and contributes to environmental protection and sustainable urban and rural community goals (SDG 11). In 2023, we began inventorying greenhouse gas emissions generated by our operations, aiming to contribute to carbon reduction efforts.

#### **Promoting social inclusion:**

Our company volunteers reached out to elderly individuals living alone in rural areas. In 2023, volunteers visited 35 elderly individuals across five rural cities. “We regard solitary elderly individuals as family members. Even if we visit only once, perhaps in their limited memories, they may one day recall that there was a pharmaceutical company with volunteers in blue T-Shirts who came to see them before the Mid-Autumn Festival, keeping them company and chatting... Perhaps this is enough.” This is the profound sentiment expressed by TSH Biopharm’s volunteers reflecting on their visits to elderly individuals living alone across Taiwan, which began during the Dragon Boat Festival this year.

We firmly believe that only by adhering to a “people-centered” philosophy can we make positive contributions to sustainable development. We will continue to uphold this philosophy, constantly exploring innovations and striving to achieve higher levels of sustainable development. Looking ahead, we will continue our motto “Sustainable Cultivation, Elevating Love,” deepening our efforts in health, environment, and social domains to co-create a sustainable future.



永續耕心	Sustainable Cultivation
讓愛昇華	Elevating Love

## About TSH

Improve patients' quality of life and become the best strategic development and marketing partner for international innovative biotechnology companies in Asia



### 關於東生華

#### 創立緣起

成立日：2010/09/01  
行業別：生物製藥

#### 上市上櫃

掛牌日：2012/04/30  
實收資本額：新台幣3.84億元

#### 管理團隊

董事長：林 全  
總經理：楊思源

#### 專業領域

心血管、胃腸道、自體免疫  
基因檢測、癌症治療及追蹤檢測

#### 競爭優勢

營銷運行、專利佈局、通路開發、  
研發合作、臨床研究、策略聯盟

#### 基本資訊

台北市南港區園區街3-1號(G棟)3樓-1  
[www.tshbiopharm.com](http://www.tshbiopharm.com)

提升病患生活品質・成為國際創新生技在亞洲開發及行銷的最佳策略夥伴	Improve patients' quality of life of and become the best strategic development and marketing partner for international innovative biotechnology companies in Asia
創立緣起	Founding of the Company
成立日：2010/09/01	Date of Founding: 2010/09/01
行業別：生物製藥	Industry: Biopharmaceutical
專業領域	Specialty
心血管、胃腸道、自體免疫、基因檢測	Cardiovascular, gastrointestinal, autoimmune, genetic testing
上市上櫃	TWSE/TPEX Listed
掛牌日：2012/04/30	Listing Date: 2012/04/30
實收資本額：新台幣383,981仟元	Paid-in Capital: NT\$383,981 thousand
競爭優勢	Competitive Advantages
營銷運行、專利佈局、通路開發、研發合作、臨床研究、策略聯盟	Marketing operations, patent procurement, channel development, R&D collaborations, clinical research, strategic alliances
管理團隊	Management Team
董事長：林全	Chairman: Chuan Lin
總經理：楊思源	President: Ssu-Yuan Yang

基本資訊	Basic information
台北市南港區園區街3-1號（G樓）3樓-1	3F-1 (Floor G), No. 3-1, Yuanqu Street, Nangang District, Taipei City

TSH Biopharm is a local pharmaceutical company with development potential, established in 2010 and listed on the TPEx in 2012 with stock code 8432.

The Company's main products are mainly sold domestically through hospitals and practice clinics, accounting for more than 95% of the net operating revenue. The company focuses on chronic disease areas, primarily engaging in cardiovascular, gastrointestinal, central nervous system, and ophthalmic medications, while actively expanding NGS precision medicine testing services. In December 2023, the company acquired Chuang Yi Biotech, extending its product line to include probiotics and vaccines for preventive medicine. This accelerated the expansion of TSH Biopharm's self-pay clinic network, aiming to broaden the sales landscape and enhance operational performance. TSH Biopharm possesses extensive experience, innovative capabilities, and strategic positioning. In the future, it will offer a more comprehensive medical product portfolio and promote the development of Taiwan's biotechnology industry.

#### **Focus on chronic disease areas, patient-centric approach**

TSH Biopharm adheres to a patient-centered philosophy, dedicated to improving the quality of life for chronic disease patients. The company has extensive experience and advantages in the chronic disease sector, with excellent niche products in cardiovascular, gastroenterology, ophthalmology, and central nervous system medications. While deepening its presence in the Taiwan market, TSH Biopharm is also actively expanding into overseas markets to meet global patient treatment needs.

#### **Actively develop innovative precision medicine, measuring more accurately**

With the development of medical technology, precision medicine has become a trend in future pharmaceutical development. TSH Biopharm is actively positioning itself in the innovative precision medicine field, aiming to provide patients with more precise, safer, and more convenient treatment options. The company currently offers several innovative precision medicine technologies using NGS (Next-Generation Sequencing), including NGS gene testing, targeted drug screening for cancer, cancer recurrence monitoring, tissue screening services, and safe, convenient liquid biopsy, which can accurately detect biomarkers through blood, pleural fluid, ascites, and other bodily fluids.



## Expand international market presence, moving toward globalization

TSH Biopharm aims to become the best biotech pharmaceutical partner for international collaborators in Asia for development and marketing. While continuing to strengthen its roots in Taiwan, the company is actively entering international markets. The company has established stable sales of chronic disease medications in Hong Kong and Thailand, and anticipates entering the hypertension medication market in Myanmar in 2024. It continues to target expansion into Vietnam, the Philippines, Malaysia, and Indonesia.

## Advancing toward superior health services

In the future, TSH Biopharm will continue to focus on the chronic disease niche market, striving to meet unmet patient needs. Develop more innovative drugs and actively expand into overseas markets, bringing products to a global audience and benefiting more patients. Simultaneously, actively develop AI-driven precision medicine to provide patients with more intelligent medical services. The company is confident in providing superior health services and constructing a more comprehensive medical product portfolio for all of humanity in the future.

## Vision

Strive to enhance patients' quality of life

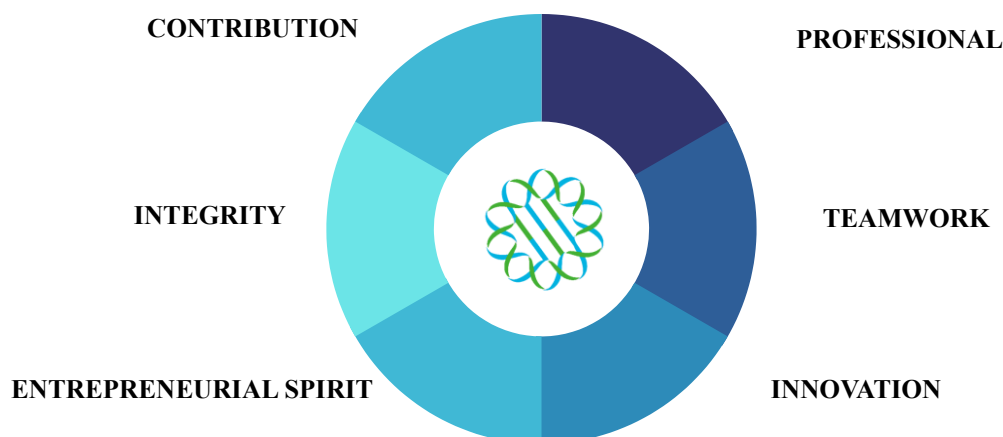
Become the best strategic partner in development and marketing in Asia for international biotechnology companies

## Goals

- ❁ Focusing on patient quality of life as the core
  - Provide a Total Solution product portfolio for unmet medical needs
- ❁ Specializing in establishing market differentiation
  - Develop innovative specialized medical technologies and dosage forms
- ❁ Becoming: Value Creation Strategy
  - Become the best strategic partner for innovative biotechnology development and marketing in Asia

## Corporate Culture

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



## **Operating Locations**

### **Taipei Office**

Address | 3F.-1, No. 3-1, Yuanqu St., Nangang Dist., Taipei City

(Building G, Nangang Software Park)

Telephone | 02-2655-8525      Fax | 02-2655-8526

### **Taichung Office**

Address | 4F.-4, No. 424, Zhongming Rd., North Dist., Taichung City

Telephone | 04-2206-7276      Fax | 04-2206-1883

### **Kaohsiung Office**

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

Telephone | 07-2222-686      Fax | 07-2222-696



## **Ownership and legal form**

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

At present, the Company does not have products or services that are prohibited in specific markets or the subject of questioning or public discussion by stakeholders.

# TSH Biopharm's ESG Performance and Contributions in 2023

## *Environmental*

- ❁ **Adopted black soybean fields in Syuejia, Tainan, supporting eco-friendly farming and restoring soil health**
- ❁ **4,100 copies** of photocopying paper and desktop calendars were printed using **FSC™ certified paper**.
- ❁ **0** incidents of violating environmental laws and regulations.
- ❁ **All** suppliers have confirmed through self-assessment that they comply with all relevant laws and regulations.

## *Social*

- ❁ **Adopted black soybean fields in Syuejia, Tainan, supporting eco-friendly farming and local revitalization, gaining recognition from local government and organizations.**
- ❁ Supported **112 charity gift boxes** for the **Saint Joseph Social Welfare Foundation**
- ❁ We provided **100 doses of influenza vaccine free of charge** to employees and subsidized flu vaccinations for family members. The employee health checkup **participation rate was 70.5%**.
- ❁ Implemented the EAP system in 2023, caring for employees' physical and mental health while supporting the Psycho-Oncology Exchange Foundation.
- ❁ In 2023, one "Diversity, Equity, and Inclusion (DEI) Enhancing Workplace Gender Equality Awareness" event was held to foster an equitable work environment.
- ❁ Organized the "Free Public Health Seminar for the Heart of the Nation Campaign" **5 times**, benefiting a total of **769** people.
- ❁ **Supported the Taiwan Stroke Association in producing one "Educational Video for Elderly and Disabled Stroke Patients"**
- ❁ **0 occupational accidents, 0 cases of sexual harassment complaints**

## *Governance*

- ❁ **Initiated the "Golden Chick Project," successfully acquiring 51% equity in Chuang Yi Biotech. TSH Biopharm now owns its first subsidiary.**
- ❁ President Ssu-Yuan Yang received the **20th National Brand Yushan Award for Exceptional Corporate Leadership**
- ❁ Ranked in the **top 6–20%** of the 10th Corporate Governance Evaluation.
- ❁ Average **salary increase in 2023 was approximately 3.59%**
- ❁ Employee **turnover rate** in 2023 **decreased by 2%** compared to the previous year
- ❁ Held 8 Board of Directors meetings, with an average attendance rate of **98.21%**.
- ❁ Two female members on the Board of Directors, accounting for **28.5%**
- ❁ Percentage of female employees in 2023 was **61.76%**
- ❁ Proportion of women in senior management positions in 2023 was **57.14%**

## **Materiality Assessment and Stakeholder Engagement**

### **Stakeholder Identification**

TSH Biopharm has adopted the GRI Standards 2021 and specifically the GRI 3: Material Topics 2021 to assess the significance of material topics on the economy, environment, and human rights. By constructing an impact-based materiality assessment methodology, we continuously identify and evaluate impacts to determine the material topics for sustainability reporting. In the preparation of the 2023 Sustainability Report, we collected feedback from 38 stakeholders on their concerns regarding sustainability issues. Based on the analysis, 11 material topics were identified from a pool of 25 sustainability issues and included in the report.

The process of determining material topics is outlined in the table below. Before reporting, these topics are referred to as sustainability issues, and after identification and approval, they are termed as material topics.

**Table of stakeholder concerns, communication methods, frequency, and specific procedures**

<b>Execution Steps</b>	<b>Content</b>	<b>Outcomes</b>
<b>Step 1: Stakeholder Identification</b>	Following the five dimensions of the AA1000SES Stakeholder Engagement Standard (influence, salience, power, legitimacy, and diversity), a stakeholder identification questionnaire was distributed to various departments. After the Sustainability Development Committee approved the statistical results, stakeholders were categorized into six groups based on their significance: employees, media, suppliers and contractors, customers (patients, healthcare professionals), shareholders and investors, and government and regulatory agencies.	6 stakeholder groups
<b>Step 2: Sustainability Issue Collection</b>	References: The GRI Sustainability Reporting Standards, TCFD, SDGs, and SASB were consulted to identify potential contribution areas for Eastspring.  Through stakeholder communication, the Sustainability Development Committee compiled a list of 25 sustainability issues.	25 sustainability issues

Execution Steps	Content	Outcomes
<b>Step 3. Assessing Stakeholder Interest and Impact</b>	<p>Stakeholder Survey: A "2023 Eastspring Stakeholder ESG Survey" was distributed to identify the 6 stakeholder groups' interest and perception of the impact of the 25 sustainability issues. A total of 38 valid responses were received.</p> <p>From November 2023 to February 2024, the working group further assessed the positive/negative and actual/potential impact of the 25 sustainability issues using an impact assessment questionnaire.</p>	38 valid survey responses
<b>Step 4. Evaluating Impact Significance</b>	Matrix Analysis: A matrix was created based on the survey results to evaluate the significance of the impact and discuss the impact boundaries and involvement of major themes in the value chain. Eastspring identified 11 material topics.	<ul style="list-style-type: none"> <li>● Stakeholder Interest Matrix</li> <li>● Positive/Negative Impact and Probability Matrix</li> </ul>
<b>Step 5. Confirming Material Topics</b>	Based on the results of Step 4 and management team recommendations, the working group selected 11 highly relevant sustainability issues as material topics for the year and reported them to the Sustainability Development Committee and the Board of Directors.	11 material topics
<b>Step 6. Determining Issue Ranking and Disclosure Content</b>	The working group will specify the response strategies, short, medium, and long-term goals, performance results, and management policies for each material topic in this report.	---

### Stakeholder Engagement for Identifying Material Topics

To identify material topics, Eastspring actively engages with its six key stakeholder groups: employees, media, suppliers and contractors, customers, shareholders and investors, and government agencies. By conducting regular and ad-hoc communications, Eastspring gains valuable insights into stakeholder expectations and priorities, which are essential for assessing the significance of sustainability issues.



Stakeholders	Key Focus Areas	Importance to the TSH	Meeting Methods & Frequency (2023 Record)
<b>Employees</b>	Occupational Safety and Health Management Well-being and Inclusive Workplace Diversity and Equal Opportunities Talent Development and Training Labor-Management Relations Business Ethics Human Rights	TSH regards employees as its most important stakeholders.  Together with our colleagues, we strive to create a safe, healthy, and friendly work environment.  Beyond ensuring the protection of employee rights, we are committed to growing alongside our employees.  Through internal education and training programs, as well as performance evaluation systems, we enhance employee skills and strengthen the company's overall competitiveness.	<ul style="list-style-type: none"> <li>✓ Annual strategy meeting (1 time)</li> <li>✓ Biannual POA (Plan of Action) meetings (2 times)</li> <li>✓ Quarterly labor-management meetings (4 times)</li> <li>✓ Annual employee welfare committee meetings (8 times)</li> <li>✓ PDP performance management interviews (3 times)</li> <li>✓ Annual IDP (Individual Development Plan) setup and feedback</li> </ul>
<b>Media outlets</b>	Economic Performance New Drug Research & Innovation Drug Quality and Safety Management Doctor-Patient Relations & Social Engagement Drug Distribution and Pricing Customer Privacy	Fulfilling corporate social responsibility, TSH integrates social contribution into its core operations, aiming to address environmental and social issues while creating a positive impact.	<ul style="list-style-type: none"> <li>✓ Irregular annual press luncheons for financial disclosures</li> <li>✓ Occasional media visits and luncheons</li> <li>✓ Press releases for important announcements</li> <li>✓ Communication via phone and email</li> </ul>

			Meeting Methods & Frequency (2023 Record)	
Stakeholders	Key Focus Areas	Importance to the TSH		
<b>Supplier &amp; Contractors</b>	Business Ethics	TSH places great emphasis on suppliers and contractors as critical components of its operations. By strictly enforcing a Supplier Code of Conduct, TSH aims to establish a sustainable supply chain management system.	✓	Monthly regular meetings
	Regulatory Compliance and Integrity in Operations		✓	Annual and triennial evaluations for existing suppliers; 15 suppliers undergo annual evaluations
	Economic Performance	New Drug Research & Innovation	✓	Auditing of 2 new suppliers
	Supply Chain Management		✓	Phone, Email
<b>Customers (patients, healthcare professionals)</b>	Operating Risk, Risk Management	High-quality products and exceptional service are essential for fostering trust among our distribution channels and consumers. TSH is committed to customer satisfaction and continuously strives to deliver on this promise.	✓	Periodic large-scale workshops
	New drug R&D and innovation		✓	Freephone number
	Quality and safety management of medicines	Drug Distribution and Pricing	✓	Irregular meetings
	Customer Privacy   Physician-Patient Relationship and Social Participation		✓	Education and training

Stakeholders	Key Focus Areas	Importance to the TSH	Meeting Methods & Frequency (2023 Record)
<b>Shareholders / Investors</b>	Business Ethics Legal compliance and ethical corporate management Operating Risk, Risk Management Sustainable Governance Operations Economic Performance New drug R&D and innovation	Shareholders and investors provide the financial resources that fuel our company's long-term growth. Their insights and expectations shape our corporate strategy and valuation. TSH is dedicated to delivering sustainable returns to our shareholders while upholding the highest standards of corporate governance.	✓ Held 4 corporate briefings. ✓ Held 1 annual general meeting and 8 board meetings. ✓ Shareholders exercised their voting rights electronically, accounting for 58.64% of the total issued shares at the annual general meeting, demonstrating active engagement in the decision-making process. ✓ Annual reports and meeting notices related to the shareholders' meeting are provided for investor information.
<b>Competent authorities</b>	Climate Change Chemical Substance Management Ecological Impact Labor/management relations Legal compliance and ethical corporate management Information Security Air pollution management Water resources management Waste management	TSH adheres to laws and regulations and upholds corporate governance principles. We operate our business in compliance with government policies and regulations, and we timely disclose material information and respond to relevant questionnaires and inquiries.	✓ financial statements ✓ 21 material announcements in both Chinese and English on the public information platform ✓ periodic audits ✓ attended regulatory compliance seminars

## Identifying Material Sustainability Issues

To identify potential material sustainability issues for TSH Biopharm, we conducted a comprehensive assessment based on international sustainability standards and guidelines, the United Nations Sustainable Development Goals (SDGs), and stakeholder engagement. A total of 25 sustainability issues were initially identified.

### 1. Sources of Sustainability Issues

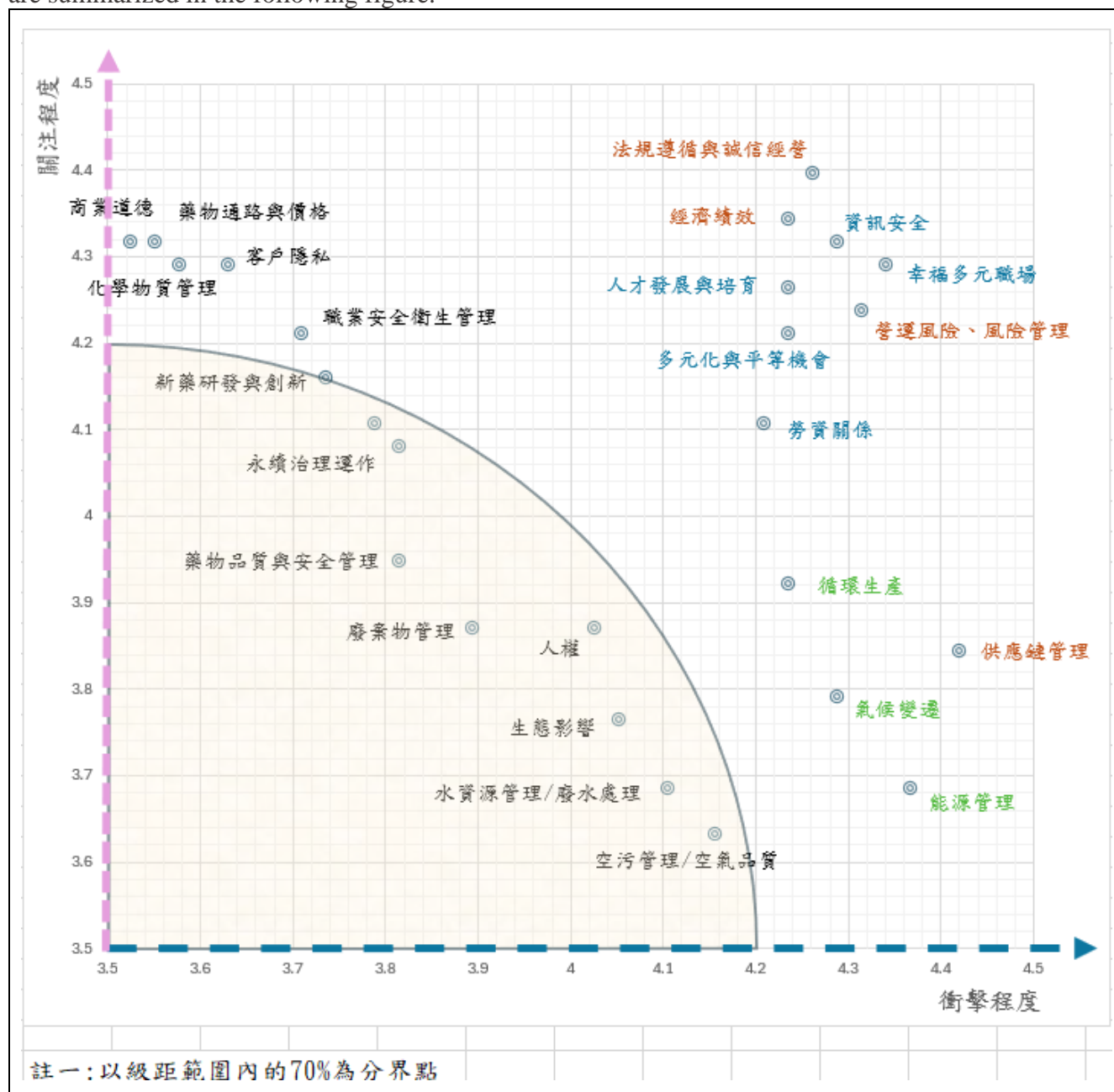
International sustainability standards and guidelines	United Nations Sustainable Development Goals (SDGs)	Responsible investment	Stakeholder engagement
References to GRI Standards, Task Force on Climate-related Financial Disclosures (TCFD), and other relevant international frameworks.	Evaluation of the 17 SDGs and their 169 targets to identify areas where TSH Biopharm can contribute.	Sustainability Accounting Standards Board (SASB) and other relevant standards.	Issues raised by employees, media, suppliers, contractors, customers (patients, healthcare professionals), shareholders and investors, government agencies, and regulators.

### 2. Sustainability Issues

Environmental	Social	Governance
Air pollution management	Occupational safety and health management	Business ethics
water resource management and wastewater treatment	diverse and inclusive workplace	compliance and integrity
waste management	diversity and equal opportunities	Operational risk and risk management
climate change	talent development and training	sustainability governance
energy management	labor relations	supply chain management (material sourcing and efficiency)
ecological impact	patient-doctor relationship and community engagement	economic performance
chemical management	human rights	new drug research and innovation
	customer privacy	drug quality and safety management
	drug distribution and pricing (drug accessibility)	information security.

## Quantify questionnaire results

Through the "2023 TSH Biopharm Stakeholder ESG Survey," we assessed the perceived impact of 25 sustainability issues on six stakeholder groups. Based on the survey results, 16 issues with the highest level of concern were identified and their materiality was reassessed. The results of this comprehensive assessment are summarized in the following figure.



關注程度	Level of concern
商業道德	Business Ethics
藥物通路與價格	Drug Distribution and Pricing
客戶隱私	Customer Privacy
化學物質管理	Chemical Substance Management
職業安全衛生管理	Occupational Safety and Health Management
新藥研發與創新	New drug R&D and innovation
永續治理運作	Sustainable Governance Operations

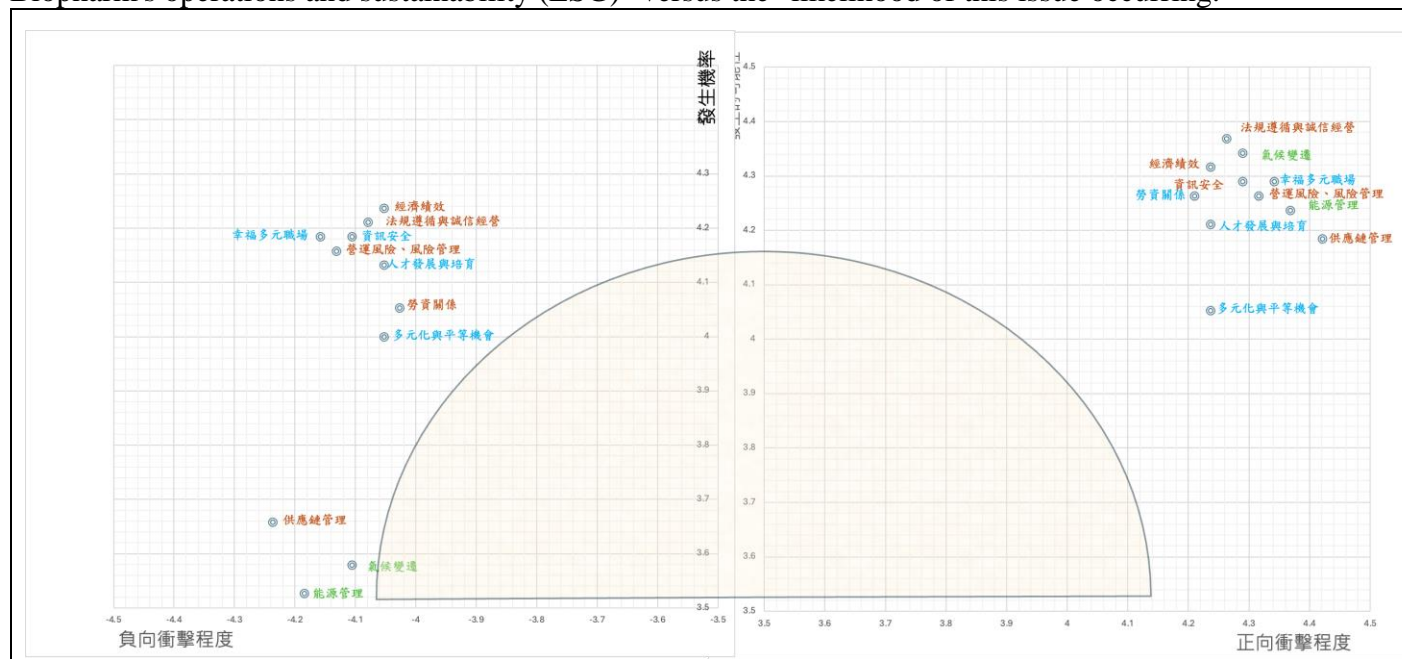


藥物品質與安全管理	Quality and safety management of medicines
廢棄物管理	Waste management
人權	Human rights
生態影響	Ecological Impact
水資源管理／廢水管理	Water Resource management / Wastewater Management
空污管理／空氣品質	Air Pollution Management / Air Quality
法規遵循與誠信經營	Legal compliance and ethical corporate management
經濟績效	Economic Performance
資訊安全	Information Security
人才發展與培育	Talent Development and Cultivation
幸福多元職場	Happy and diversified workplace
營運風險、風險管理	Operating Risk, Risk Management
多元化與平等機會	Diversity and Equal Opportunity
勞資關係	Labor/management relations
循環生產	Circular Production
供應鏈管理	Supply chain management
氣候變遷	Climate Change
能源管理	Resource management
註一：以級距範圍內的 70% 為分界點	Note 1: The 70% point within the range interval is used as the demarcation point
衝擊程度	Degree of impact

As shown in the table below, there are 3 high-impact items in the Environmental (E) aspect, 5 in the Social (S) aspect, and 4 in the Corporate Governance (G) aspect.

Environment (E) 2	Social (S) 5	Corporate governance (G) 4
1. "Circular Production" 2. "Climate Change"	1. "Happy and diversified workplace" 2. "Diversity and Equal Opportunity" 3. "Talent Development and Cultivation" 4. "Labor/management relations"	1. "Legal compliance and ethical corporate management" 2. "Operating Risk, Risk Management" 3. "Supply chain management" 4. "Economic Performance" 5. "Information Security"

Based on the survey results, the Sustainability Development Committee has summarized the evaluation as shown in the figure below. The evaluation dimensions are the "positive/negative impact of this issue on TSH Biopharm's operations and sustainability (ESG)" versus the "likelihood of this issue occurring."



發生機率	Probability of Occurrence	醫患關係與社會參與	Physician-Patient Relationship and Social Participation
新藥研發與創新	New drug R&D and innovation	職業安全衛生管理	Occupational Safety and Health Management
永續治理運作	Sustainable Governance Operations	客戶隱私	Customer Privacy
醫患關係與社會參與	Physician-Patient Relationship and Social Participation	藥物品質與安全管理	Quality and safety management of medicines
廢棄物管理	Waste management	化學物質管理	Chemical Substance Management
人權	Human rights	永續治理運作	Sustainable Governance Operations
藥物品質與安全管理	Quality and safety management of medicines	廢棄物管理	Waste management
生態影響	Ecological Impact	商業道德	Business Ethics
水資源管理／廢水處理	Water Resource management / Wastewater Treatment	新藥研發與創新	New drug R&D and innovation
空污管理／空氣品質	Air Pollution Management / Air Quality	生態影響	Ecological Impact
負向衝擊程度	Degree of negative impact	水資源管理／廢水處理	Water Resource management / Wastewater Treatment
經濟績效	Economic Performance	藥物通路與價格	Drug Distribution and Pricing
資訊安全	Information Security	人權	Human rights

法規遵循與誠信經營	Legal compliance and ethical corporate management	空污管理／空氣品質	Air Pollution Management / Air Quality
幸福多元職場	Happy and diversified workplace	正向衝擊程度	Degree of positive impact
營運風險、風險管理	Operating Risk, Risk Management	法規遵循與誠信經營	Legal compliance and ethical corporate management
人才發展與培育	Talent Development and Cultivation	氣候變遷	Climate Change
勞資關係	Labor/management relations	經濟績效	Economic Performance
多元化與平等機會	Diversity and Equal Opportunity	勞資關係	Labor/management relations
循環生產	Circular Production	營運風險、風險管理	Operating Risk, Risk Management
職業安全與衛生管理	Occupational Safety and Health Management	人才發展與培育	Talent Development and Cultivation
供應鏈管理	Supply chain management	資訊安全	Information Security
氣候變遷	Climate Change	幸福多元職場	Happy and diversified workplace
能源管理	Resource management	能源管理	Resource management
註一：以級距範圍內的 70% 為分界點	Note 1: The 70% point within the range interval is used as the demarcation point	供應鏈管理	Supply chain management
		循環生產	Circular Production
		多元化與平等機會	Diversity and Equal Opportunity

### Quantification of Impact:

<u>Positive Impact</u>	<u>The degree of positive impact of the sustainability issue on TSH Biopharm's operations and ESG performance is rated on a scale of 1 to 5.</u>
<u>Likelihood of Occurrence</u>	<u>The likelihood of the positive impact occurring is rated on a scale of 1 to 5.</u>

<u>Negative Impact</u>	<u>The degree of negative impact of the sustainability issue on TSH Biopharm's operations and ESG performance is rated on a scale of 1 to 5.</u>
<u>Likelihood of Occurrence</u>	<u>The likelihood of the negative impact occurring is rated on a scale of 1 to 5.</u>

### Regular review

TSH Biopharm's sustainability themes were identified through an internal impact assessment process that incorporated stakeholder perspectives. The Sustainability Development Committee ultimately finalized these themes. Moving forward, we will continue to engage with stakeholders on a regular basis to understand the positive and negative impacts of TSH Biopharm's operations and to gauge the expectations of our internal and external stakeholders. Through annual materiality assessments, we will integrate internal and external perspectives to identify our most significant sustainability themes.

For these material themes, TSH Biopharm has established management policies and action plans. We have also set targets and indicators based on data-driven measurement strategies and will track progress regularly. For non-material themes, we will disclose relevant indicators to our stakeholders based on our existing management processes and measures to provide a comprehensive overview of TSH Biopharm's sustainability performance.

Facet	Sustainability Issues	significance to TSH Biopharm
Environment (E)	Circular Production”	To meet society's expectations, TSH Biopharm is committed to reducing energy consumption, developing a circular economy, and investing in R&D for energy-saving and carbon-reduction technologies.
	Climate Change	
Social (S)	Happy and diversified workplace	With a long-term focus on talent development, we aim to cultivate talent from the ground up, providing comprehensive support systems and training programs to accelerate the growth of our employees' vision and capabilities.
	Diversity and Equal Opportunity	TSH Biopharm is committed to fostering strong labor-management relations and creating a harmonious workplace for both employees and management.
	Talent Development and Cultivation	We are committed to providing a respectful and safe working environment for all employees. We foster a diverse workforce and ensure fair compensation and promotion opportunities. We strictly prohibit discrimination, harassment, or unequal treatment based on race, gender, religion, age, political beliefs, or any other protected characteristic under applicable laws.
	Labor/management relations	

Facet	Sustainability Issues	significance to TSH Biopharm
Corporate governance	Legal compliance and ethical corporate management	Maintaining a stable financial performance is TSH Biopharm's commitment to all stakeholders.
	Operating Risk, Risk Management	We will continue to collaborate with world-renowned raw material suppliers on technology development. By integrating the needs of tire application customers with the design concepts of material development, we aim to create superior products that provide consumers with peace of mind.
	Supply chain management	We conduct our business with integrity and honesty, while establishing a sound corporate governance framework and promoting related initiatives to protect the interests of all stakeholders.
	Economic Performance	
	Information Security	In recent years, information security has become a major concern for businesses due to the increasing frequency of cyberattacks, threats to network communications, and product security. How to control and mitigate these risks and minimize losses has become a focal point of corporate management.





## 1. Company Operations and Governance

Aspect	Corporate governance (G)
Sustainability Issues	Legal compliance and ethical corporate management, operational risk and risk management, economic performance, information security.
Commitments / Policies	Establish an effective governance structure to improve corporate governance systems, and continuously strengthen corporate governance objectives through various internal policies.
Management Mechanism	<ol style="list-style-type: none"> <li>1. Establish “Ethical Corporate Management Best-Practice Principles,” “Ethical Corporate Management Operating Procedures and Code of Conduct,” and a “Whistleblowing System” for unethical behavior: Urge employees to uphold integrity as the highest business ethics standard, reducing potential corruption and fraud incidents.</li> <li>2. Compliance with “Director Election Procedures” and “Corporate Governance Best-Practice Principles”: Continuously strengthening various corporate governance systems, including enhancing board functions and effective sustainable governance.</li> <li>3. Approval of “Risk Management Policies and Procedures” and establishment of a “Risk Management Organization”: Constructing a comprehensive three-line defense for risk governance to define, analyze, evaluate, and respond to various potential risks, thereby reducing their impact on the company.</li> <li>4. Establish information security policy objectives to ensure information confidentiality, integrity, and availability: Strengthen the company’s information security using the PDCA process to protect the confidentiality, integrity, and availability of various information for customers, employees, and suppliers.</li> </ol>
Responsible Unit	Office of the President, Finance Department, Administration Department
2023 Evaluation Mechanism and Results	<ol style="list-style-type: none"> <li>1. Recognition in the top 6%-20% of the TPEx Listed Corporate Governance Evaluation.</li> <li>2. In 2023, the total training hours for all directors was 63 hours, averaging 9 hours per person.</li> <li>3. Operating revenue in 2023 grew by approximately 19.43% compared to 2022.</li> <li>4. Successfully acquired 51% equity in Chuang Yi Biotech in 2023, becoming the company’s first subsidiary.</li> <li>5. In 2023, there were no incidents of fines due to violations of corporate governance, anti-corruption, or fair-trade laws, and no incidents of insider trading by managers occurred.</li> <li>6. No customer complaints received regarding violations of customer privacy.</li> <li>7. In 2023, the company incurred no losses due to major information security incidents.</li> <li>8. In 2023, President Ssu-Yuan Yang was awarded the Outstanding Business Manager Award at the 20th National Brand Yushan Awards.</li> </ol>
Mid to long-term goals 2025-2030	<ol style="list-style-type: none"> <li>1. Continue to aim for zero penalties, conduct regulatory compliance training and promotion for employees.</li> <li>2. Implement ISO 27001, establishing information security management processes</li> <li>3. The Company accelerates the proportion of business growth by means of exports of self-developed products and license-out of products at the early stage of development to overseas companies. In addition, aside from making progress in the application of drug license around the world, the Company will co-develop new drugs at the early stage of development with international partners and create value therefor, and will use a “Twin-engine strategy” to develop international drugs and do international marketing.</li> <li>4. Introduction of companion diagnostic items for precision medicine: With the rise of precision medicine, testing has become an integral part of treatment and</li> </ol>

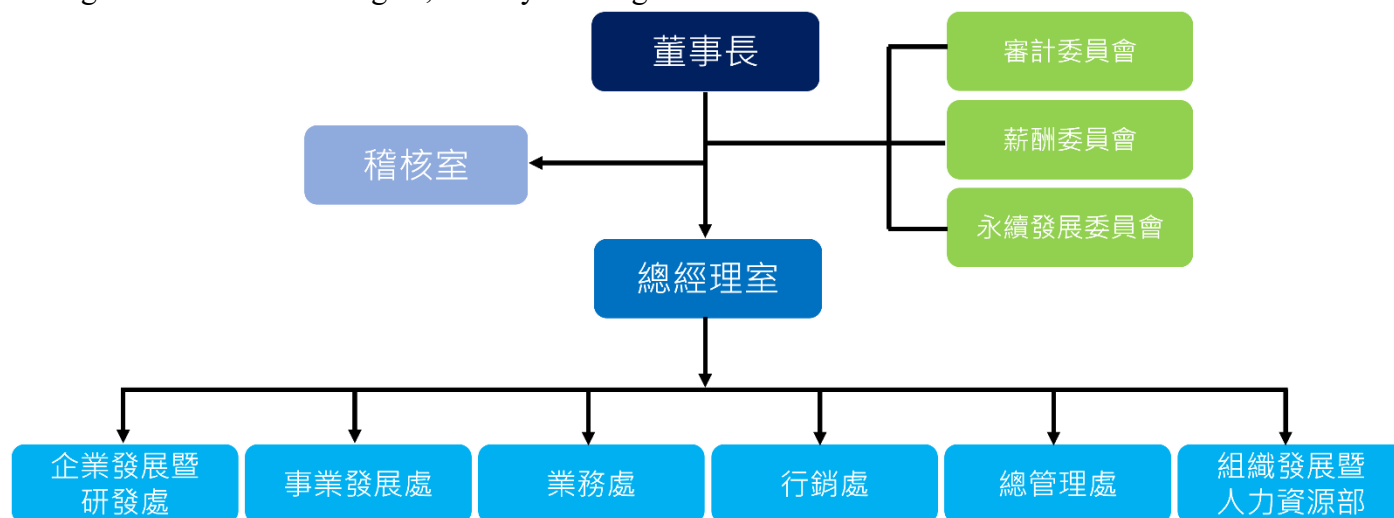
	<p>preventive medicine. TSH Biopharm will continue to launch relevant diagnostic products to meet growing clinical needs.</p> <p>5. Strategic M%A for inorganic growth With Chuang Yi Biotech becoming a subsidiary of TSH Biopharm in 2023, the group's distribution channel coverage is becoming more comprehensive. Future plans include creating synergies in products and distribution channels through resource and product integration. TSH Biopharm will continue to explore strategic investment opportunities for inorganic growth.</p>
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## 1.1 Corporate Governance

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

### Corporate governance structure GRI 2-9, GRI 2-10, GRI 2-11

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



董事長	Chairperson
總經理室	President's Office
稽核室	Audit Office
審計委員會	Audit Committee
薪酬委員會	Remuneration Committee
永續發展委員會	Sustainable Development Committee
企業發展暨研發處	Corporate Development and R&D Division
事業發展處	Business Development Division
業務處	Business Division
行銷處	Marketing Division
總管理處	General Administrative Division
組織發展暨人力資源部	Organizational Development and Human Resources Department

## Departmental functions and responsibilities

Department	Main business function
President's Office	Determine the Company's long-term and short-term goals; plan for the direction of organizational development; find strategic partners; and ensure the Company's performance.
Audit Office	Responsible for executing the Company's internal audit affairs.
Corporate Development and R&D Division	Responsible for introducing new businesses or new products, carrying out project management and execution, and synchronously integrating the drug development value chain according to the drug safety mechanism.
Business Development Division	Responsible for overseas business cooperation such as technology licensing, product export, and management of overseas business cooperation projects.
Marketing Division	Integrate marketing and business resources to do pre-launch marketing as specified in the strategy, so as to polish the Company's image as a professional and increase brand benefits.
Business Division	Sale and promotion of prescription drugs and precision medical treatment products by the type of the Company's disease category.
General Administrative Division	<p>Integrate the resources of the supporting units and provide support functions according to the Company's long-term and short-term development goals.</p> <p>The Management Department is responsible for and executes investment project evaluation, share affairs, functional committee and Board of Directors operations, public relations maintenance including corporate image building and media relations maintenance, brand cooperation, as well as information technology and general affairs.</p> <p>The Finance Department is responsible for and executes the company's accounting and fund management operations.</p>
Organizational Development and Human Resources Department	Formulate human resource strategies; forge a corporate culture; ensure that the acquisition, cultivation, performance, and retention of talents are highly correlated with organizational strategies, so as to make the organization more competitive in the future.

### **Diversity of the Board of Directors**

Members of the Company's Board of Directors are nominated and selected according to the Articles of Incorporation. Election is conducted based on the candidate nomination system, by reference to the academic and career qualifications of each candidate and the opinions of stakeholders, and in adherence to the "Procedures for Election of Directors" and the "Corporate Governance Best-Practice Principles," so as to ensure the diversity of the Board of Directors.

The current Board of Directors has no members who are employees of the company. There are two female directors, currently accounting for 28.5% of the board, with a target ratio of 28%. There are three independent directors, currently accounting for 42.9% of the board. One independent director has served for three terms.

The company emphasizes board composition diversity, with a target of 29% of directors having securities and financial industry backgrounds. Currently, this ratio stands at 42.85%. Board members comprise experts from industry, academia, medical institutions, and finance and securities fields, aligning with the company's "Corporate Governance Best-Practice Principles" for board member diversity in knowledge, skills, and qualities necessary for business development and duty execution.

### **Independence of the Board of Directors**

The company has three independent directors, accounting for 42.85% of the total board seats. Independent directors comprise over one-third of the board, and none of the three independent directors have served more than three consecutive terms (nine years). None of the Company's directors and independent directors is a spouse or a relative within the second degree of kinship of one another. The directorships or independent directorships held by our directors and independent directors in other companies do not involve business relations with our company. Therefore, the Company deems its Board of Directors independent.



## Current Directors

Directors possessing the abilities required for the Company's current phase of development are selected based on the Company's business models and business strategy. The company emphasizes the diversity of Board members' composition, with target ratios of 29% or more for directors with biotechnology/medical industry and securities/finance industry backgrounds. Currently, these ratios are 71% and 42.85%, respectively.

Core items for diversity Name	Nationality	Age	Gender	Term and seniority of independent directors	Concurrently serving as an employee of the Company	Business administration	Leadership and decision-making	Industry knowledge	Financial accounting	Financial law
Chairman Chuan Lin	Republic of China	71 - 75	Male	-	None	V	V	V	V	V
Director Carl Hsiao	USA	36 - 40	Male	-	None	V		V		
Director Kang-Chi Chou	Republic of China	76 - 80	Male	-	None	V	V	V		
Independent director Yung-Liang Wu	Republic of China	56 - 60	Male		None	V		V		
Independent Director Te-Yu Chou	Republic of China	56 - 60	Male	1 year	None		V		V	V
Independent Director Rwei-Syun Chen	Republic of China	66 - 70	Female	5 years	None	V	V	V		V
Independent Director Yaw-Bin Huang	Republic of China	61 - 65	Female	1 year	None		V	V		

## Operations of board meetings

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

✓ In 2023, 8 board meetings were held, with at least one independent director attending in person at each meeting.

✓ The attendance of independent directors at each board meeting of 2023 is as follows:

⊙: Attendance in person ☆: Attendance by proxy -: Absent

Independent Director	February 24	April 13	May 4	May 25	August 3	November 2	December 4	December 14
Chih-Li Wang (Predecessor)	⊙	⊙	⊙	-	-	-	-	-
Te-Yu Chou (Successor)	-	-	-	⊙	⊙	⊙	⊙	⊙
Rwei-Syun Chen	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙
Yaw-Bin Huang	⊙	⊙	⊙	⊙	⊙	☆	⊙	⊙

✓ For the resolutions adopted by the Board of Directors in 2023 as per matters listed in Article 14-3 of the Securities and Exchange Act, no independent directors expressed objections or reservations.

## Board member conflict of interest avoidance and ethical conduct GRI 2-15

To ensure that the conduct of company directors and managers meets ethical standards, the company has established guidelines based on the "Template for Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies." These guidelines cover prevention of conflicts of interest, avoidance of personal gain opportunities, confidentiality obligations, fair dealing, protection of company assets, and legal compliance. When a Board of Directors' agenda item involves personal interests, in addition to directors proactively explaining the important content of their personal interests, not participating in discussions and voting, and not exercising voting rights on behalf of other directors, their recusal due to conflicts of interest is recorded in the meeting minutes. (For meeting details, please refer to the Annual Report)

## Board performance evaluation GRI 2-18

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

## Regular internal evaluation every year

- The 2023 Board performance evaluation aspects (including Board evaluation and director self-assessment) and results are as follows:
  - As per the evaluation results by the unit in charge of meeting affairs in 2023 the score was 97.37 points (out of 100 points), and the evaluation results were reported at the board meeting on February 27, 2024.
  - The 2023 Board of Directors self-assessment resulted in a score of 98.9 out of 100, with the assessment results reported to the Board on February 27, 2024.

To correct the deficiencies indicated in the evaluation results of 2023, the Company plans to maintain the rate of directors' attending the Board of Directors meetings, and to provide relevant materials and description of continuing education courses and have directors take such courses after the general election of directors in 2024, so that the newly elected directors can have a good understanding of the industry to which the Company belongs, as well as the Company's business strategy, internal regulations, and systems.

[For detailed functional committee performance evaluation criteria and results, please refer to TSH Biopharm's website]

## Continuing education GRI 2-17

To ensure directors continually update their knowledge and implement corporate governance systems, our company proactively provides directors with information on relevant professional courses. When necessary, we arrange courses in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," inviting directors to participate. In 2023, the total continuing education hours for all directors reached 63 hours, averaging 9 hours per person, exceeding regulatory requirements.

Title	Name	Organizer	Course name	Hours of continuing education courses
<b>Chairperson (Representative of TTY)</b>	Chuan Lin	Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
		Taiwan Corporate Governance Association	Board of Directors' Supervision of Legal Matters the Company Should Understand: Carefully Avoiding Antitrust Red Lines	3
<b>Director (Representative of TTY)</b>	Carl Hsiao	Securities and Futures Institute	Advanced Practical Seminar for Directors, Supervisors (including Independent), and Chief Governance Officers – Case Studies on Corporate Financial Statement Fraud	3
		Taiwan Corporate Governance Association	Board of Directors' Supervision of Legal Matters the Company Should Understand: Carefully Avoiding Antitrust Red Lines	3
<b>Director (Representative</b>	Kang-Chi	Securities and Futures Institute	Advanced Practical Seminar for Directors and Supervisors (including Independent) and	3

of TTY)	Chou		Corporate Governance Officers – How Directors and Supervisors Should Supervise Enterprise Risk Management and Crisis Handling	
		Taiwan Corporate Governance Association	The Status Quo of Effective Management under The Threat of Ubiquitous Risks	3
		Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
Director (Representative of TTY)	Yung-Liang Wu	Securities and Futures Institute	Practical Workshops in Taipei for Directors, Supervisors (Including Independent Directors), and Chief Corporate Governance Officers	12
		Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
Independent Director	Te-Yu Chou	Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
		Fiscal Personnel Training Institute, Ministry of Finance	Ministry of Finance 2023 “Corporate governance” special lecture training	3
Independent Director	Rwei-Syun Chen	Taiwan Corporate Governance Association	Corporate M&A practices and case studies	3
		Securities and Futures Institute	Advanced Practical Seminar for Directors, Supervisors (including Independent), and Chief Governance Officers – Impact and Response to Controlled Foreign Companies (CFC) on Enterprises	3
		Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3
Independent Director	Yaw-Bin Huang	Accounting Research and Development Foundation (ARDF)	Establish ESG sustainability strategy to enhance competitiveness	3
		Accounting Research and Development Foundation (ARDF)	How to correctly interpret corporate governance evaluation indicators	3
		Securities and Futures Institute	Advanced Practical Seminar for Directors, Supervisors (including Independent), and Chief Governance Officers – Post-Pandemic Talent Sustainability Challenges	3
		Taiwan Corporate Governance Association	Digital Technology and Artificial Intelligence Trends and Risk Management	3

#### Directors’ Remuneration Policy GRI 2-19, GRI 2-20

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

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

#### **Managers' and employees' remuneration policy**

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

The Company has a competitive and fair salary and remuneration policy, which includes a base salary (guaranteed 15 months of salary per year for non-sales employees), bonuses for the three major Chinese holidays, departmental performance bonuses, and a performance evaluation system in accordance with the "Regulations on Performance Management and Standards for Payout of Performance Bonuses." The calculation and payment of annual performance bonuses to employees are based on the KPIs (key performance indicators) set by the Company, PIs (departmental performance indicators) set by each department based on the KPIs and the PDPs (performance development plans) set by individuals based on the PIs, and then assessed

according to the Company's total revenue and net income before tax that year. Such a system sets out a specified basis for rewards and discipline based on personal, departmental, and corporate annual operating performances and social ethics and responsibilities.

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

### Organization of the Audit Committee

The committee is formed by all the Company's independent directors to assist the Board of Directors in performing its supervisory duties. The committee's charter has been approved by the Board of Directors, and its resolutions are all reported to the Board of Directors. The current (third) Audit Committee's term of office is from May 25, 2023, to May 24, 2026, with Rwei-Syun Chen, Yaw-Bin Huang, and Te-Yu Chou serving as committee members.

### Operations of the Audit Committee

The Audit Committee should convene at least a meeting per quarter and may convene a meeting at any time as needed. The current convener of the Audit Committee is Te-Yu Chou. A total of six Audit Committee meetings have been held in 2023, and the unit in charge of meeting affairs provided sufficient resources for members to perform their duties. During the Audit Committee's resolution in 2023, there were no members recused from proposals due to conflicts of interest.

### Audit Committee members and their attendance are as follows:

Title	Name	Attendance person	Attendance in by proxy	Attendance rate (%)	Remark
<b>Independent Director</b>	Chih-Li Wang	3	0	100	Stepped down after re-election on May 25, 2023
<b>Independent Director</b>	Te-Yu Chou	3	0	100	Newly elected on May 25, 2023
<b>Independent Director</b>	Rwei-Syun Chen	6	0	100	Re-elected on May 25, 2023
<b>Independent Director</b>	Yaw-Bin Huang	5	1	83.3	Re-elected on May 25, 2023

### Organization of the Remuneration Committee

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

The fifth-term (current) Remuneration Committee is composed of Independent Directors Rwei-Syun Chen, Te-Yu Chou and Yaw-Bin Huang, whose term of office began on May 25, 2023 and lasted until May 24, 2026 (same as the term of office of the Board of Directors).

### Operations of the Remuneration Committee



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

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

**The current Remuneration Committee members and their attendance rate are as follows:**

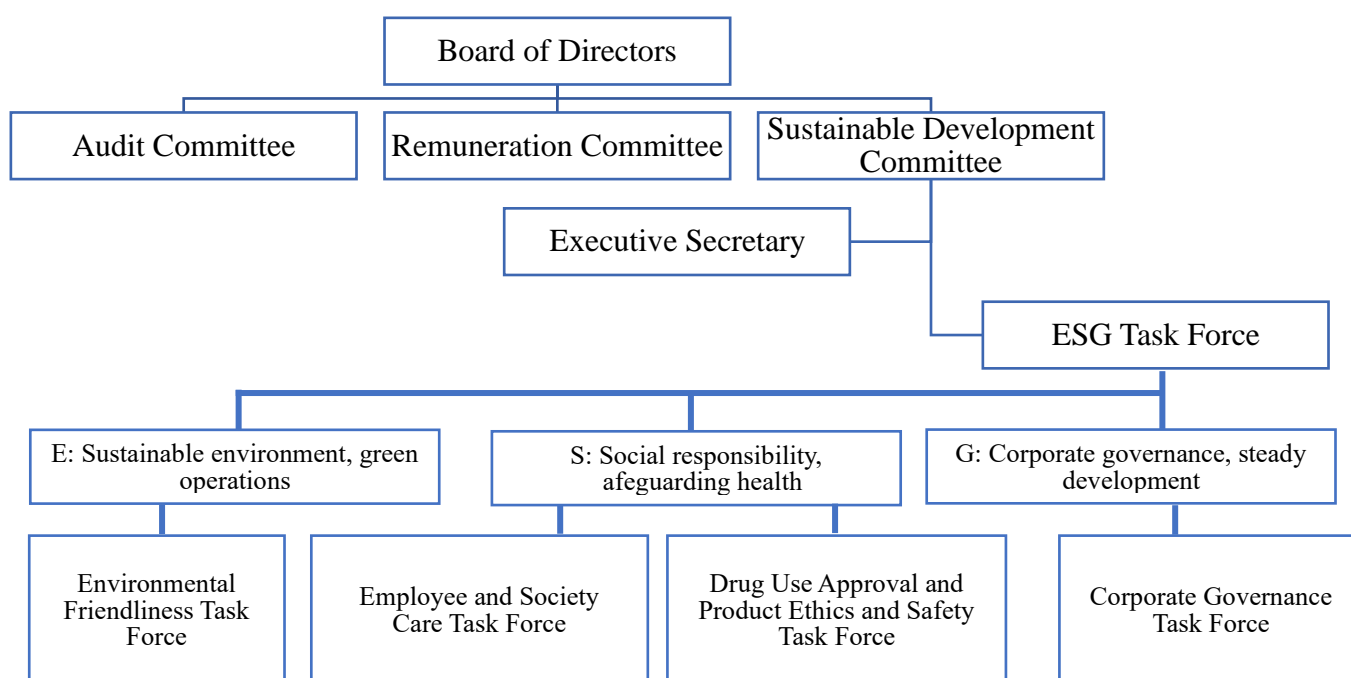
Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remark
<b>Convener</b>	Rwei-Syun Chen	3	0	100%	Re-elected on May 25, 2023
<b>Committee member (former)</b>	Chih-Li Wang	1	0	100%	Stepped down after re-election on May 25, 2023
<b>Committee member (newly appointed)</b>	Te-Yu Chou	2	0	100%	Newly elected on May 25, 2023
<b>Member</b>	Yaw-Bin Huang	3	0	100%	Re-elected on May 25, 2023

## Sustainable Development Committee

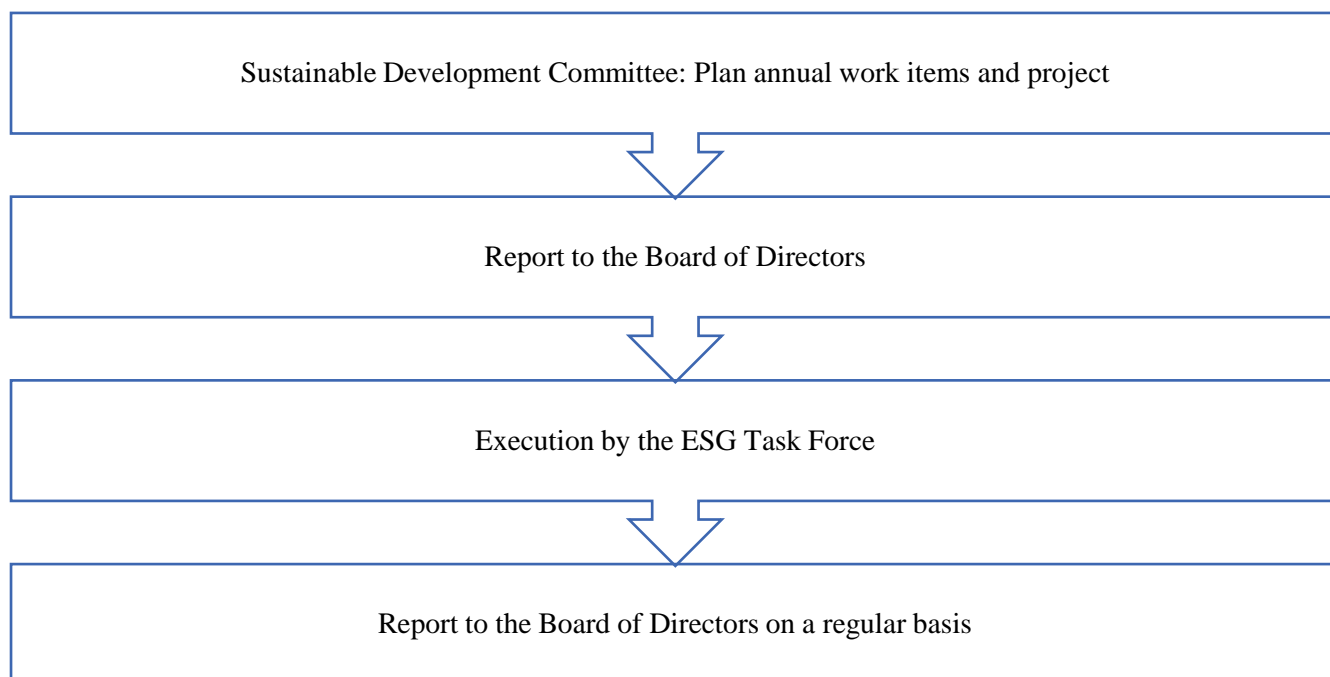
GRI 2-12. GRI 2-13. GRI 2-14

To implement corporate social responsibility, establish good governance systems, align with international trends, and progress toward sustainable operations, TSH Biopharm has established the organizational regulations for its Sustainable Development Committee in accordance with Article 26 of the company's "Corporate Governance Best-Practice Principles." The first Sustainable Development Committee of the company comprises Independent Directors Chih-Li Wang, Rwei-Syun Chen, and Yaw-Bin Haung, with terms concurrent with the appointed Board of Directors. Independent Director Yaw-Bin Haung was appointed as the convener. ESG Task Force has been established, with sustainability-related activities eligible for official leave or compensatory time off to encourage employee contribution and participation.

Our Sustainability Committee is responsible for developing and implementing sustainable development strategies, goals, and action plans, which are then executed by our ESG task force. The Sustainability Committee reports progress to the Board of Directors on a regular basis and monitors and manages overall sustainability performance. With a focus on UN Sustainable Development Goals 3 (Good Health and Well-being) and 17 (Partnerships for the Goals), TSH Biopharm is dedicated to improving patients' quality of life and becoming the best strategic partner for international innovative biotechnology in Asia.



## Mode of Operation



## 1.2 Operational Performance

### Business performance GRI 201-1

TSH Biopharm has adopted a dual-engine strategy for the past five years, pursuing both “in-licensing” and “self-development” to accelerate product portfolio expansion while seeking organic and inorganic growth. Organic growth development primarily targets Taiwan New Chemical Entity (TNCE) in the Taiwan market, especially since the Taiwan Food and Drug Administration (TFDA) implemented a reduction in TNCE submission time from 10 years to 5 years in September 2022, encouraging accelerated local research and development.

The Company’s products under independent development or joint development include NCEs and 505B2 (such as biosimilars, new compound drugs, and new dosage forms). As of the end of 2023, TSH Biopharm has obtained three drug licenses, including Noricin (Norfloxacin) Tablets, Lipurex (Ezetimibe/Rosuvastatin) Tablets for hyperlipidemia, and Abodein (Ibandronic Acid) Injection. The company plans to obtain two more new drug marketing authorizations in Taiwan before 2025. In the future, the Taiwan headquarters will strengthen its role as a source engine for new products. Additionally, in 2023, the company submitted three overseas drug registration applications. Future plans include continuing to launch new items to drive sales growth in Taiwan and Asian markets, and seeking opportunities for out-licensing of self-developed products.

As for overseas sales, the Company actively sought to have its drugs registered with the competent authorities in Southeast Asia over the past four years, and obtained two drug licenses in overseas markets as of 2022. We also kick started the assessment and development of multiple new projects over the past 3 years. Currently, we have eight undergoing drug development projects. In 2024, we expect to file an application for a marketing license for new products to be marketed in target markets, so as to provide patients with more treatment options.

Regarding organic growth, TSH Biopharm plans to expand its focus on disease areas, with the long-planned new ophthalmology segment beginning to yield results in 2023. In 2023, TSH Biopharm licensed an innovative dry eye medication, Tyrvaya, developed by a U.S. ophthalmic pharmaceutical company. In the second half of 2023, the company completed the submission for new drug registration in Taiwan. In the future, we will continue to use a dual-engine strategy to develop our ophthalmology product portfolio, expanding TSH Biopharm’s development opportunities in the field of eye diseases.

In addition to existing partnerships with Taiwan, Korea, and Singapore for product distribution, the Patient Care Team established in 2019 has expanded its product portfolio. This includes new items developed in collaboration with Korean partners specifically for the Taiwan market. The team continues to broaden its product range and is in discussions with several international diagnostic companies to meet unmet market needs. Several negotiations are underway with internationally renowned companies for various medical device collaborations, aiming to enhance the product portfolio and improve the quality of life for chronic disease patients.

In terms of inorganic growth, TSH Biopharm has also achieved its first substantial results. At the end of 2023,

TSH Biopharm acquired Chuang Yi Biotech as a subsidiary, gaining access to clinic and pharmacy distribution channels through this acquisition. In the future, leveraging Chuang Yi Biotech's sales team covering over 2,000 pediatric clinics, ENT clinics, and pharmacies across Taiwan, the company aims to achieve full channel coverage in Taiwan's hospital, clinic, and pharmacy markets. Significant revenue growth is expected in 2024.

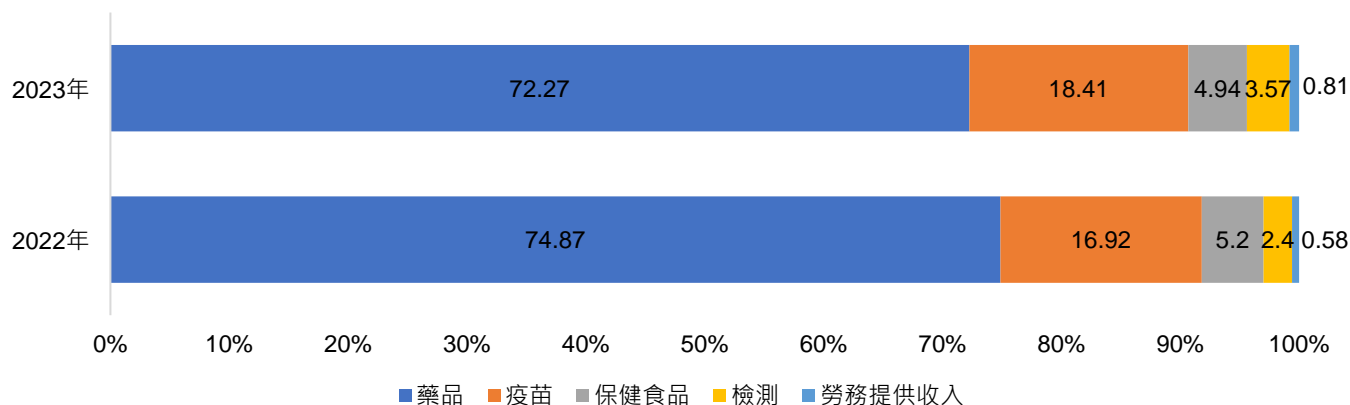
### Financial Performance

The company's consolidated net operating revenue for 2023 was NT\$810,917 thousand, an increase of NT\$69,851 thousand or 9.43% from NT\$741,066 thousand in 2022. Revenue increased in 2023 due to growth in cardiovascular drugs, influenza vaccines, diagnostic products, and the acquisition of Chuang Yi Biotech. Net income attributable to the parent company in 2023 was NT\$61,989 thousand, an increase of NT\$99 thousand or 0.16% from NT\$61,890 thousand in 2022.

Unit: In NT\$1,000

Item	2022	2023
Operating revenue	741,066	810,917
Operating Cost	351,196	411,018
Gross profit	389,870	399,899
Operating cost	323,845	336,269
Operating profit	66,025	63,630
Non-operating income and expenses	15,216	12,461
Net income before tax from continuing operations	81,241	76,091
Net income after tax from continuing operations	66,143	64,978
Total other comprehensive income for the period (Net Amount after Tax)	(19,286)	39,973
Total comprehensive income for the period	46,857	104,951
Basic earnings per share (EPS)	1.61	1.61

## Revenue breakdown (%)



藥品	Pharmaceuticals			
疫苗	Vaccines			
保健食品	Health Supplements			
檢測	Testing			
勞務提供收入	Service income			
Year	2022		2023	
	Amount	Revenue breakdown (%)	Amount	Revenue breakdown (%)
Pharmaceuticals	554,848	74.87	586,067	72.27
Vaccines	125,395	16.92	149,263	18.41
Health Supplements	38,713	5.23	40,093	4.94
Testing	17,798	2.40	28,920	3.57
Service revenue	4,312	0.58	6,574	0.81
Total	741,066	100.00	810,917	100.00

## Economic value distribution among stakeholders

Unit: In NT\$1,000

Stakeholders	Description of economic value distribution	2022	2023
Shareholders	Cash dividends paid out in the year	57,597	61,437
Employees (excluding directors)	Salary, employee bonus, labor and health insurance expenses, pensions, and other employment expenses	106,993	114,204
Competent authorities	Income tax paid to the government of the Republic of China in the year	15,098	11,113
Licensing partners and drug development joint organizations	R&D expenses paid to licensing partners and drug joint development organizations	11,125	4,954



## 1.3 Implementation of Ethical Corporate Management and Regulatory Compliance

GRI 205-3, GRI 2-25, GRI 2-26, GRI 2-27

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

The Company has formulated the Procedures for Ethical Management and Guidelines for Conduct on October 30, 2020 and set up an Ethical Corporate Management Promotion Team under the Board of Directors; the Team is responsible for formulating, amending and implementing the Company's integrity policy, reporting it to the Board of Directors every year, and disclosing it on the Company's website. Implementation of the policy in 2022 was reported to the Board of Directors on February 24, 2023:

### Promotion and Training

On August 24, 2023, the Legal unit gave a 30-minute awareness session to employees on ethical corporate management, prevention of insider trading and Personal Information Protection Act, so that employees were made aware of the importance of ethical corporate management, the prevention of insider trading, and compliance with the Personal Information Protection Act. Employees attending the session totaled 62 persons, and have all completed a post-session online test. In addition, a notice is given at least 30 days prior to the annual financial statements' publication date and at least 15 days prior to the quarterly financial statements publication date to remind directors not to trade the Company's shares during the book closure period.

### Ethical Corporate Management and Anti-corruption and Reporting Systems

With an attitude and entrepreneurial spirit of honesty and integrity, TSH utilizes innovative and professional approaches, and achieves organizational targets through teamwork, thereby contributing to society, which is a core value of TSH. Honesty and integrity are defined as "self-discipline and honest in admitting mistakes and taking responsibility for such mistakes." The key actions required include self-discipline, honestly pointing out and not concealing any shortcoming in the organization (company, department, process, or project), being trustworthy, honoring personal commitments, and being honest when faced with failure.

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

#### Evaluation of drugs

Identify unmet medical and market needs, and search for high-barrier/patentable candidate drugs with economic benefits based on market needs.

#### Drug development project management

Formulate product development plans based on the positioning of new products and continue to conduct internal and external analyses during the drug development process to respond to new product development issues, meet changing medical and market needs, and seek international development opportunities.

#### Clinical trials of drugs

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

#### Medical Marketing

Our company has implemented a comprehensive code of conduct to guide interactions between our employees and healthcare professionals. This code is designed to promote the highest ethical standards and ensure that all business activities are conducted with integrity.

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

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

## **Report on Cases of Whistleblowing**

No whistleblowing case was received through internal or external whistleblowing channels, e.g. mailbox or the independent mailbox of the Ethical Corporate Management Taskforce.

- ❁ The Board of Directors and senior management have signed a statement of compliance with the ethical corporate management policy.
- ❁ To prevent conflicts of interest, directors and managers and their stakeholders are required to be highly self-disciplined and provided with the means, e.g. meetings, documents, email or phone call, to state whether their interests conflict with the interests of the Company. The company has established conflict of interest prevention policies and reporting channels in its “Ethical Corporate Management Operating Procedures and Code of Conduct” and “Whistleblowing System.” To prevent conflicts of interest, directors, managers, and their stakeholders are required to maintain a high degree of self-discipline. In all the proposals discussed or put to vote at the Board of Directors meetings in 2023, directors voluntarily stated their related interests when it came to the proposals involving their personal interests, and recused themselves from the voting. Such process was recorded in the Board of Directors meeting minutes by the meeting affairs unit.

The Company has established a “Whistleblowing System” (for details, see the company’s website), which vests the powers to deal with a whistleblowing case on the chairperson of the Audit Committee, the Audit Office or the Ethical Corporate Management Task Force, depending on the one being accused. In addition, the whistleblowing channel and contact information are made available on the Company’s website. Furthermore, the identity of whistleblowers and the content of their reports are kept strictly confidential. Violators of ethical conduct will be punished, discharged, laid off, or be subject to legal proceedings according to laws, regulations, or the Company’s internal regulations depending on the severity of the violation.

## **Whistleblowing channel**

Ethical Management Promotion Team

Email: [ethical@tshbiopharm.com](mailto:ethical@tshbiopharm.com)

## **Internal whistleblowing channel:**

Whistleblowing hotline: Ya-Chi Wu, Head of the Audit Office

Tel: 02-2655-8525 (ext. 5523)

Email: [Jessica\\_Wu@tshbiopharm.com](mailto:Jessica_Wu@tshbiopharm.com)

**Acceptance unit:**

The unit exclusively responsible for accepting the case includes the Ethical Corporate Management Task Force and the Head of the Audit Office.

**Reward rules:**

If the violation reported is verified to be true, rewards will be given in accordance with Chapter 8 of the Work Rules set by the Company.

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

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

**Brief description of the protection policy:**

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

**Adherence to compliance** GRI 2-27

Regulatory compliance is a crucial foundation for stable corporate growth and sustainable operations. To ensure compliance, the company continuously monitors domestic and international policies and regulations that may impact operations. We have established relevant standards, processes, and systems to ensure all operational activities comply with regulatory requirements. Regular regulatory audits are conducted, from regulatory inventory and updates to regulatory identification and compliance reviews. Improvement plans are developed for non-compliant items, and we closely monitor potential regulatory developments that may affect the company. We also coordinate and plan training courses to enhance employees' awareness and compliance with business-related regulations.

Our company strictly adheres to important laws regarding corporate governance and listed company requirements, including the Company Act, Fair Trade Act, and Securities and Exchange Act, as well as

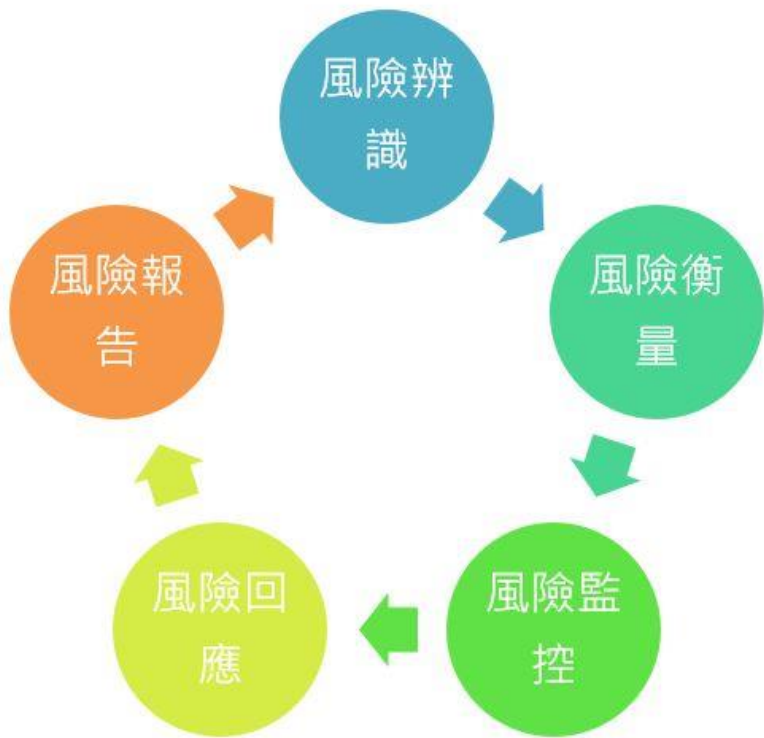
environmental protection and occupational safety regulations. In 2023, there were no incidents of fines due to violations of corporate governance, anti-corruption, or fair-trade laws, nor were there any instances of insider trading by managers or customer complaints regarding privacy infringement. We continue to aim for zero penalties and provide regulatory compliance training and education to employees.

### 1.4 Risk Assessment and Management Policy

GRI 2-16

#### Risk Assessment and Management Policy

The company’s Board of Directors approved the “Risk Management Policy and Procedures” on October 30, 2020, and established a “Risk Management Organization” as the responsible unit for implementing risk management. The organization members include the head of the Business Development Division, the head of the Business Division, the manager of the Financial Accounting Department, the assistant manager of the Management Department, and legal personnel. On May 4, 2023, the Board of Directors resolved to appoint the President as the convener, and on November 2, 2023, reported to the Board on the year’s risk management operations. For the risks identified and under management in 2023, see “Corporate Governance/Corporate Governance Operation” on the Company’s website.



風險辨識	Risk identification
風險衡量	Risk assessment
風險監控	Risk monitoring
風險回應	Risk response
風險報告	Risk reports

#### Risk management classification

The company’s risk management execution is divided into three levels: “First Line of Defense,” “Second Line of Defense,” and “Third Line of Defense.”

- The primary responsibility lies with the business handlers of each department, who are the direct units for initial risk detection, assessment, and control. They are responsible for conducting “risk identification” and “risk measurement,” evaluating the probability of risk occurrence and the degree of impact.
- The second line of defense lies with department heads, who propose countermeasures when risks are identified in their business areas and provide these to the risk management organization.
- The third line of responsibility lies with the Risk Management Organization, which must review the integrity of the company’s main risk management mechanisms related to operations, finance, market, legal, and hazards. After assessing and summarizing risks, appropriate response measures should be taken for the risks faced. The risk management organization should report on risk management status to the Audit Committee and Board of Directors at least once a year.

### Risk management factors

The company has identified potential risk factors in its operations and categorized them for effective management, including “operational risk,” “financial risk,” “market risk,” “legal risk,” “hazard risk,” “human resource risk,” and “other risks.” Risk considerations encompass economic (including corporate governance), environmental, social, and other dimensions. For detailed risk factor descriptions, please refer to the company’s “Risk Management Policy and Procedures” regulations.

### The organizational structure of risk management units and their duties are as follows:

Risk management units		Risk management duties
Board of Directors	of	The highest risk management unit is responsible for approving the company’s risk management policies and framework, ensuring alignment between operational strategy and risk management policies, effective operation of risk management mechanisms, and allocation of sufficient and appropriate resources.
Risk management organization		The company has established a risk management organization as the responsible unit for risk management implementation. The President serves as the convener, primarily overseeing risk monitoring, measurement, and assessment at the executive level. This unit assists in formulating the company’s risk management policies, ensures implementation of risk management decisions approved by the Audit Committee, coordinates overall risk management operations, and plans risk management-related training. The unit is directly under the President and reports to the Audit Committee and Board of Directors.
Audit Committee		The Board of Directors implements risk management decisions, oversees the company’s risk management mechanisms to adequately address faced risks, reviews risk management policies, structures, and implementation status, proposes improvements when necessary, approves risk appetite (risk tolerance), prioritizes risk controls and risk levels, and guides resource allocation.
Internal audit		Reporting to the Board of Directors, the Internal Audit Office is responsible for internal control and auditing. It should examine the risk management implementation of each department according to the annual audit plan, prepare audit reports, track improvements, and report to the Audit Committee and the Board of Directors.

## Risk Management Organizational Structure, Responsibilities, and Procedures for Announcing Material Information

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

The significant risks identified by the Company in 2023 and the status of their management are as follows (please refer to the Company's website for details):

Aspect	Risk type	Description	Risk management countermeasure
<b>Economic (including corporate governance)</b>	Operational risk (supply chain)	Due to international circumstances, European raw material suppliers are unable to commit to definite delivery times	Attempt to sign long-term contracts with suppliers. Notify the marketing department immediately to issue a stock-out notification. Evaluate whether to continue the product.
		Some products face supply issues due to low procurement volumes, causing European suppliers to refuse supply	Seek alternative material sources. Manufactured by Taiwan API Company. Sign long-term contracts.
	Operational risk (operations)	Poor quality of pharmaceuticals	Established mechanisms: Adverse drug reaction and defective product reporting mechanisms comply with relevant regulations and are regularly reviewed and updated. Training management: Regularly offer training and notification exercises regarding laws. Effective inventory management: Adopt the first-in, first-out principle, control quantity per batch number, and regulate orders.
		Product stock-outs	Allocate inventory before stock-outs to optimize sales. Anticipate quantity increases due to new drug introductions, regularly review forecasts and order estimates. Send stock-out notifications, visit key



			accounts and provide explanations.
	Operational risk (R&D)	Major accident at self-operated CDMO facility	Established a third-party vendor selection mechanism and maintains long-term cooperation with existing quality vendors. Established an evaluation mechanism for important tasks of each project and conducted risk management and control. Mechanism in place for project continuation or closure evaluation.
		Licensee development not meeting expectations	Strengthen pre-contract disease category knowledge and clinical trial design evaluation capabilities. Consider valuation assessments based on clinical trial success or failure when contracting.
	Legal risk (compliance and law side)	Regulatory penalties	Regularly track amendments to operation-related regulations (Securities and Exchange Act, Personal Information Protection Act, etc.), court rulings, and regulatory authorities' interpretations. Regularly conduct internal training on topics such as the Securities and Exchange Act (prevention of insider trading), introduction to the Personal Data Protection Act, and ethical management. Review and improve internal management regulations and processes.
		Contractual disputes	Legal department proposes preemptive solutions to potential issues before contract negotiations. Continuously review company contracts to identify potential risks. Continuously improve contract review processes and evaluate the implementation of an in-house contract management system. Establish an external legal counsel network to gather diverse opinions.

	Information security risks:	Information security	<p>Establish a cybersecurity team, including a manager and staff.</p> <p>Implement annual cybersecurity training programs to enhance overall security management.</p> <p>Conduct regular cybersecurity awareness campaigns to foster a security-conscious culture among employees.</p>
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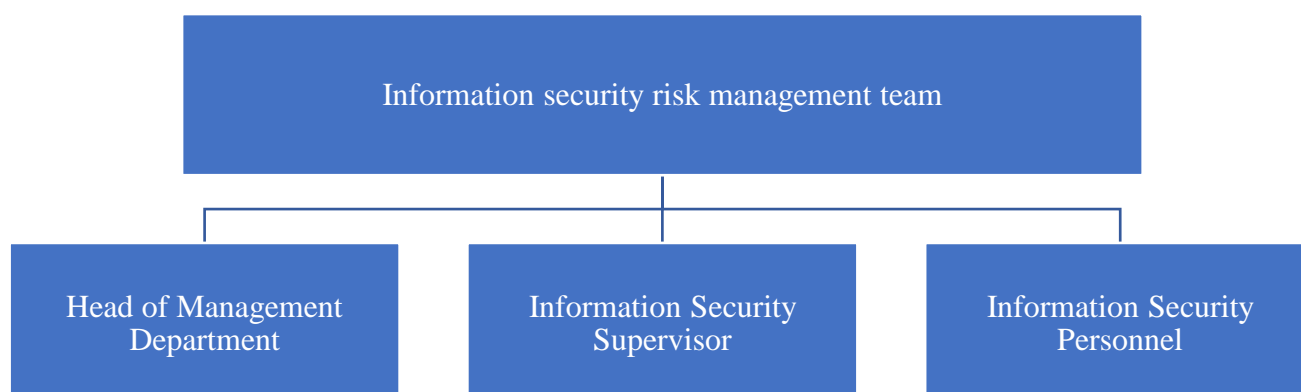
## Disclosure of Risk Information

In addition to disclosing relevant information in accordance with the regulations of the competent authorities, the Company shall also disclose information related to risk management in the annual report and on the Company's website.

### 1.5 Cybersecurity Management

GRI 418-1

To coordinate, plan, audit, and promote information security management and relevant matters, the Company has set up an information security risk management team. The information security risk management task force consists of the head of the Management Department, the head of Information Security, and information security personnel. The roles of the head of Information Security and information security personnel are filled by information security personnel. On November 2, 2023, a report was made to the Board of Directors on the status of information security operations in 2023. The main responsibilities of this task force include formulating and revising information security operating procedures; assisting in promoting, coordinating and reviewing cybersecurity management items; reviewing information security policies and objectives on a regular basis; conducting quarterly information security inspections; and reporting to the Board of Directors annually on the status of information security operations.



### Information Security Policy and Specific Management Plan

The goal of the Company's information security policy is to ensure the confidentiality, integrity, and availability of information.

❁ **Availability:**

Ensuring that various information assets are up to date and accurate enough to meet the needs of users.

❁ **Integrity:**

Classifying information assets by importance, and adopting appropriate protection measures to ensure their integrity.

❁ **Confidentiality:**

Appropriately classifying data into different confidentiality levels, and assigning proper regulations and protections to them according to their confidentiality level.

Although the company has not implemented the ISO 27001 Information Security Management System, it still develops information security management based on its framework. Based on the information security risk appetite identified by the company's Information Security Risk Management Team, insurance for information security risks is not currently necessary. However, with information security management in place, we continue to reinforce our information security protection and establish a joint defense program. In addition, the team members continue to participate in information security management courses every year to enhance their professional competencies and keep abreast of issues of concern. In 2023, the company invested approximately NT\$938,000 in updating information software, hardware equipment, and information security services, including updates and maintenance of endpoint security centers and antivirus software. Held five information security-related meetings in 2023 to strengthen information security protection capabilities.

**The Company's information security policy and specific management plans are as follows:**

Aspect	Activity	implementation status
Core business system management	<ul style="list-style-type: none"> <li>• Core business system control</li> <li>• Confidential and sensitive data control</li> </ul>	<ol style="list-style-type: none"> <li>1. Identified the Company's core business and confidential and sensitive information, and inventoried the information assets of the core business system.</li> <li>2. Formulated the recovery time objective (RTOs) and recovery point objectives (RPOs) for core business.</li> <li>3. Scanned and checked for the vulnerabilities and performed a penetration test for core systems, and fixed, tracked, and managed the vulnerabilities for items with medium to high risk in the testing report.</li> <li>4. The operating host and equipment of the core information system were continuously updated and security vulnerabilities were fixed.</li> </ol>
Information and communications system development, maintenance, and security management	<ul style="list-style-type: none"> <li>• Information system access control</li> <li>• Password management</li> <li>• Physical and remote security</li> </ul>	<ol style="list-style-type: none"> <li>1. Registered or canceled usernames in line with the Company's user management, and periodically reviewed usernames and their permission.</li> <li>2. Periodically changed the passwords.</li> <li>3. System server mainframe was installed in an area where access is controlled.</li> <li>4. Server room environment complied with the requirements for safety operation in a server room.</li> <li>5. Telecommuting was controlled in terms of encrypted communication, identity verification, and work contents.</li> </ol>
Information security protection and control measures	<ul style="list-style-type: none"> <li>• Endpoint security protection</li> <li>• Email security management</li> <li>• Intrusion detection and prevention mechanism</li> <li>• threat and attack defense measures</li> <li>• Cybersecurity threat detection and management mechanism</li> </ul>	<ol style="list-style-type: none"> <li>1. An endpoint security protection center is set up to reflect malware intrusions and information security incidents in real time, and to provide statistics, so as to reduce information security risks.</li> <li>2. Perform information security checks quarterly.</li> <li>3. The email system is capable of filtering out and detecting malware, to implement email security management.</li> <li>4. An intrusion detection and prevention mechanism is in place at each network node.</li> <li>5. A firewall is erected for open application systems to reduce operational risks.</li> </ol>

Control of the security of outsourced service	<ul style="list-style-type: none"> <li>• Management of outsourced development</li> <li>• Contractor management</li> </ul>	<ol style="list-style-type: none"> <li>1. Information security requirements are specified for vendors to which the Company outsources work in order to ensure that the work performed by them is within the agreed work content and scope.</li> <li>2. Confidentiality requirements and service change methods are specified in contracts.</li> </ol>
Information security risk management, and response and reporting procedures	<ul style="list-style-type: none"> <li>• Information security risk assessment</li> <li>• Procedures for responding to and reporting information security incidents</li> <li>• Material information announcement</li> </ul>	<ol style="list-style-type: none"> <li>1. The Company assesses information security risk, identifies information security risks for core business and core information systems, and implements corresponding control measures every year.</li> <li>2. The Company has established information security incident response and reporting procedures.</li> <li>3. The Company has gathered threat information and reported information security incidents, and has joined Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC).</li> </ol>
Continuous advancement of cybersecurity	<ul style="list-style-type: none"> <li>• Periodical audits</li> <li>• Information security operation annual report</li> <li>• Information security awareness session</li> <li>• Disaster recovery drill</li> </ul>	<ol style="list-style-type: none"> <li>1. Auditors conduct inspections periodically; if any event is spotted, they propose improvement measures and suggestions and periodically track the progress of improvement.</li> <li>2. The Board of Directors is periodically briefed on the implementation of cybersecurity measures.</li> <li>3. An information security awareness session is regularly held every year to enhance employees' information security awareness.</li> <li>4. Disaster recovery drills are regularly held every year to ensure the ability to respond to information security incidents and reduce system operation risks.</li> </ol>

In 2023, the Company did not suffer any loss due to significant cybersecurity incidents.

## 2. Product Innovation and Customer Safety

Aspect	Corporate governance (G)
Sustainability Issues	Supply chain management
Commitments / Policies	By strengthening sustainable supply chain management, adhering to legal regulations and ensuring supply chain quality, we are committed to continuous quality improvement, enhancing our competitiveness and operational flexibility to provide a more comprehensive range of treatment options.
Management Mechanism	<p>TSH Biopharm manages suppliers through qualification review, on-site audits, improvement guidance, and a follow-up mechanism, while promoting environmental friendliness and paying attention to sustainability issues, to build a sustainable supply chain.</p> <p>2. The product core is “patient-centered,” with main prescription drugs focusing on cardiovascular, gastroenterology, and central nervous system medications. The company is diligently cultivating the chronic disease niche market while simultaneously implementing a dual-engine strategy to pioneer precision medicine, providing more comprehensive treatment options.</p>
Responsible Unit	Corporate Development and R&D Division, Marketing Division
2023 Evaluation Mechanism and Results	<p>1. In 2023, expanded into a new specialty – ophthalmology, obtaining registration and commercialization rights for the new drug TYRVAYA nasal spray in Taiwan. Submitted for Taiwan NDA new drug registration, awaiting notification of continued review/Refuse to File (RTF) mechanism.</p> <p>2. The new combination drug Cretrol achieved a high growth rate of 4,600% in 2023.</p> <p>3. Precision medicine products achieved 62.4% growth in sales performance in 2023.</p> <p>4. In 2023, the Company did not commit any violation against applicable laws and regulations for any information or labeling pertaining to products or services, and thus was not issued any fine or warning by the competent authorities.</p> <p>5. The assessment of all 15 suppliers yielded 100% positive results.</p> <p>6. We received a 71% return rate for the supplier self-assessment questionnaires.</p>
Mid to long-term goals	<p>Short-term goals:</p> <p>Establish strong partnerships with suppliers to enhance delivery reliability and flexibility.</p> <p>Diversify our supply base by continuously developing secondary sources and implementing a supplier code of conduct.</p> <p>Medium to long-term goals:</p> <p>Gradually expand overseas sales markets, plan new business or disease area expansions.</p> <p>In addition to fulfilling our own environmental responsibilities, we encourage our suppliers to join us in pursuing sustainable development. We require all suppliers to adhere to environmental and social responsibility standards in all their operations, aiming for mutual, stable, and sustainable growth.</p>



## 2.1 Product Quality and Responsibility

### Current Status of Products and Development of New Drugs

SASB | HC-BP-000.A, HC-BP-000.B

TSH Biopharm Corporation, originating in the chronic disease field, adheres to operational principles of honesty and integrity, with a mission focused on concentration, innovation, and excellence, committed to providing superior health services for all humanity before, during, and after medical treatment. The product core is “patient-centered,” with main prescription drugs focusing on cardiovascular, gastroenterology, and central nervous system medications. The company is diligently cultivating the chronic disease niche market while simultaneously implementing a dual-engine strategy to pioneer precision medicine, providing more comprehensive treatment options.



東生華產品核心與發展	TSH Biopharm’s core products and development
精準檢測	Liquid biopsy
眼科	Ophthalmologist
心血管	Cardiovascular
腸胃道	Gastrointestinal
罕病	Rare diseases
提升病患生活品質	Enhance patients’ quality of life
成為國際創新生技在亞洲開發及行銷的最佳策略夥伴	Become the best strategic partner in development and marketing in Asia for international innovative biotechnology companies

### Prescription drugs

TSH Biopharm's prescription drugs are distributed to over 400 medical centers and regional hospitals across




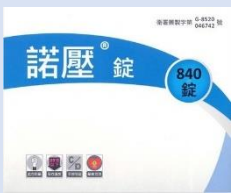



Taiwan, providing treatment prescriptions to more than 800,000 people annually, both domestically and internationally. This is also the company's main revenue source, generating nearly NT\$500 million in annual revenue. Prescription drugs include cardiovascular, gastrointestinal, and central nervous system medications. Several of TSH Biopharm's products have gained international recognition. The hypertension medication Amtrel was launched in Thailand in 2015 and obtained regulatory approval in Myanmar in 2022. The antiarrhythmic drug Rhynorm received Hong Kong regulatory approval in 2022. Multiple overseas drug registrations are currently in progress, with applications submitted in Vietnam, China, Malaysia, the Philippines, and Indonesia. The new combination drug Cretrol for hyperlipidemia, which received health insurance coverage approval in late 2022, saw a remarkable 4,600% growth in sales performance in 2023.

In 2023, TSH Biopharm expanded into a new product line – ophthalmology. In July 2023, TSH Biopharm announced a collaboration with JIXING Pharmaceuticals to obtain the rights for registration and commercialization in Taiwan of TYRVAYA®, a nasal spray for dry eye disease developed by U.S. pharmaceutical company Oyster Point Pharma. This product received FDA approval and was successfully launched in the U.S. in 2021. In early January 2024, the company received a notice of continued review for new drug registration from the Taiwan Food and Drug Administration (TFDA) and is currently awaiting approval notification.






產品訊息	Product information
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### Prescription drugs

Item	Important uses	Representative product
Cardiovascular drug	Hypertension  2012 – Won the Technology Commercialization Award at the Taipei Biotech Awards  2015 – Launched in Thailand  2022 – Obtained drug license in Myanmar	Amtrel 
Cardiovascular drug	Arrhythmia  2022 – Obtained drug license in Hong Kong	Rhynorm 
Cardiovascular drug	To reduce blood lipids  Primary prevention medication for hyperlipidemia	Linicor

		
Cardiovascular drug	To reduce blood lipids  New combination drug with Statin for hyperlipidemia	Cretrol 
Cardiovascular drug	Angina pectoris  Included in the 2023 Taiwan Society of Cardiology's latest publication—Drug Usage Priority in the Chronic Coronary Syndrome Treatment Guideline.	Rancad 
Cardiovascular drug	Angina pectoris	Isormol 
Cardiovascular drug	Platelet aggregation inhibitor	Licodin 
Cardiovascular drug	Improvement of peripheral arterial occlusive disease symptoms, maintenance of blood flow after revascularization procedures	Alprosm 
Gastroenterology medicines	Discomfort caused by abnormal peristaltic function of digestive organs	Mopride 
Gastroenterology medicines	Hepatitis C	Ribarin 

Item	Important uses	Representative product
Central nervous system medicines	Epilepsy	Aleviatin 
Anti-inflammatory pain medication	Osteoarthritis	Lonine 
Anti-inflammatory pain medication	Rheumatoid arthritis	Lacoxa SR 



For complete prescription medicine product information, please refer to TSH Biopharm's official website: [https://www.tshbiopharm.com/ec99/rwd1427/category.asp?category\\_id=13](https://www.tshbiopharm.com/ec99/rwd1427/category.asp?category_id=13)

## Precision medicine diagnosis

### Caring for all humanity, more precise testing for better detection

Since 2019, to strengthen the company's growth momentum, TSH Biopharm has actively expanded into the precision medicine diagnostic market, introducing NGS (Next-Generation Sequencing) genetic testing items. Through collaborations with domestic and international laboratories, we have successfully introduced cancer genetic testing services, aiming to benefit more cancer patients. Achieved 62.4% growth in sales performance for 2023.

As of 2023, TSH Biopharm's precision medicine – NGS next-generation genetic testing has expanded to cover nine cancer types including lung, breast, and colorectal cancers. We collaborate with international CAP-certified laboratories in Korea, UK, France, and Germany, and partner with Taiwanese hospital laboratories to obtain LDTs.

In recent years, "liquid biopsy" testing has shown significant growth, offering patients enhanced safety and early treatment monitoring methods. Compared to traditional tissue biopsies requiring invasive surgery, next-generation gene sequencing specimens use a minimally invasive "blood draw" testing method, allowing even patients in poor physical condition to avoid additional physical burdens.

Moreover, for patients with ascites, pleural effusion, cerebrospinal fluid, and other conditions, utilizing minimally invasive next-generation genetic testing methods offers dual benefits and higher sensitivity compared to blood tests. We can design personalized follow-up testing plans based on patients' tumor tissues, including corresponding drug targets.

These innovative technologies and collaborations enable TSH Biopharm to make significant progress in precision medicine, providing patients with more accurate and effective treatment options, further promoting the company's development and market position.

Liquid biopsy	Tissue biopsy
Can be performed with blood draw Can also be performed on bodily fluids such as ascites, pleural fluid, cerebrospinal fluid, etc.	Surgical tissue collection required
Can be performed in outpatient settings, no hospitalization required	Surgery required, post-collection hospitalization may be necessary for observation
Less restricted by organ location or physical condition	Some organ tissue samples are difficult to obtain or carry higher risks
Can assess overall tumor mutation status	Assessment is limited by the organizational parts obtained; if there are metastatic sites, it is difficult to judge or determine
Consider conducting regularly as a means of tracking and monitoring indicators	Unable to perform regular punctures or tissue biopsies, cannot serve as a means for pre- and post-treatment comparisons

Simultaneously, liquid biopsy serves as an early detection tool for monitoring, enabling early detection of cancer recurrence with a significant lead time compared to imaging follow-ups. According to multi-center clinical trials, the use of AlphaLiquid® Detect for minimal residual disease (MRD) testing has shown results highly correlated with patients' risk of relapse.

### Precision medicine diagnostic targets:

#### 🌿 Short-term Goals

Reduce testing barriers, turning wastewater into gold (cerebrospinal fluid, peritoneal fluid, pleural effusion), allowing most cancer patients to overcome difficulties in obtaining tissue specimens and access genetic testing for crucial treatment reference information. Provide relatively less invasive but equally informative tests, improving patient comfort and convenience during testing.

#### 🌿 Mid-term goals

Through minimally invasive blood tests, utilizing ultra-deep sequencing to provide more precise personalized tumor tracking biomarkers, identifying patients at genuinely high risk of recurrence, and formulating more



accurate personalized disease management strategies.

### 🌱 Long-term Goals

Utilizing bioinformatic big data and artificial intelligence, simple and convenient blood tests enable early cancer screening, detection, and treatment, improving public health.

### Precision Testing: Main Products and Key Applications:

Testing technology	Testing subject and target	Testing item Chinese/English name	
Multiplex-qPCR	11 genes are analyzed to determine suitable medication for lung cancer patients.	Lung cancer gene testing	Lung Cancer Panel
ctDNA (NGS sequencing)	For solid carcinoma patients; 118 genes + MSI are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	AlphaLiquid <sup>®</sup> 100 Liquid Biopsy (Blood)	AlphaLiquid-100 (blood)
DNA (NGS sequencing)	For solid carcinoma patients; 118 genes + MSI are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	AlphaLiquid <sup>®</sup> 100 Liquid Biopsy	Alpha-solid 100
ctDNA (NGS sequencing)	For solid carcinoma patients; 118 genes + MSI are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	AlphaLiquid <sup>®</sup> 100 Liquid Biopsy (Body Fluids)	AlphaLiquid-100 (bodyfluid)
DNA+RNA (NGS sequencing)	For solid carcinoma patients; 572 genes, 72 RNAs, and the MSI are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	Tissue testing	UNITED
ctDNA	For solid tumor cancer patients, whole-genome sequencing of tumor tissue is analyzed, selecting up to 1,000 personalized tumor-specific gene mutations. Blood tests are then used to detect any residual circulating tumor gene mutations, identifying patients at genuinely high risk of recurrence and enabling personalized medicine for early-stage cancer patients.	AlphaLiquid <sup>®</sup> Detect (blood)	AlphaLiquid Detect



For complete precision medicine product information, please refer to TSH Biopharm's official website: [https://www.tshbiopharm.com/ec99/rwd1427/category.asp?category\\_id=234](https://www.tshbiopharm.com/ec99/rwd1427/category.asp?category_id=234)



In every link of the pharmaceutical industry chain, there are laws and regulations that must be strictly followed, and arbitrary experimentation, manufacturing, marketing and advertising are not allowed. As a member of the pharmaceutical industry, TSH attaches great importance to the implementation of regulations related to ethics at each stage of the product lifecycle, including the ethics of pre-clinical animal testing, the ethics of clinical human testing, and the ethics of drug marketing.

- ❁ New drug R&D and clinical research stage: Good Laboratory Practice (GLP), and the code of safety for non-clinical trials of pharmaceuticals formulated by the competent authorities of each country.
- ❁ Clinical trial stage: Good Clinical Practice (GCP), Good Manufacturing Practice (GMP), and regulations formulated by local authorities, such as Taiwan's Regulations on Human Trials and Pharmaceutical Affairs Act.
- ❁ Production and manufacturing stage: Good Distribution Practice (GDP), Good Manufacturing Practice (GMP), and regulations formulated by local authorities, such as Taiwan's Medical Care Act, Pharmaceutical Affairs Act, and Standards for Medicament Factory Establishments.
- ❁ Drug license application stage: Regulations set by local authorities, such as Taiwan's Regulations for Registration of Medicinal Products.
- ❁ Marketing and sales stage: Good Distribution Practice (GDP), and related ethical standards set by World Health Organization (WHO) and countries around the world.
- ❁ Drug safety monitoring stage: Good Pharmacovigilance Practice (GVP), and regulations formulated by local authorities, such as Taiwan's Regulations for the Management of Drug Safety Surveillance.

## 2.2 Innovative Research & Development and Drug Access

### Product Development

SASB | HC-BP-240a.1

We are committed to improving patients' quality of life and providing a comprehensive portfolio of medical products for everyone.

#### ❁ Medicines with High Economic Benefits

The Company invests in clinical research and medication treatment, hoping to become a provider of drugs with high economic benefits for special chronic diseases.

#### ❁ Commitment to Development of New Drugs

In early 2024, our company was notified by the TFDA that our new drug registration needed to be renewed. We are now in the process of obtaining the renewed approval certificate.

#### ❁ Global Marketing

In line with the development of new drugs and the expansion of marketing channels, the Company is actively marketing products that are already on the market or will soon be available on the market around the world.

#### ❁ Product Portfolio Development

The Company continues to develop international partnerships and evaluate new disease areas to provide physicians with a portfolio of medical products to improve patients' quality of life.

### 2023 Achievements in the Import and Development of New Products and Active Global Expansion

SASB | HC-BP-210a.1, HCP-BP-240.1

#### ❁ July 2023 | Exclusive licensing

Added Tyrvaya® nasal spray, a new drug developed by U.S.-based Oyster Point Pharma for treating dry eye disease.

#### ❁ November 2023 | Licensing registration sent out

Tyrvaya® nasal spray submitted for Taiwan NDA new drug registration, awaiting notification of continued review/Refuse to File (RTF) mechanism.

※The above is a summary of the new products that the Company introduced or developed in 2023:

Research and Development Progress	Additional R&D	Investment Required (in thousands)	Projected Launch Time	Key Factors Affecting Future R&D Success
ACTA20	Formulation scale-up was completed in Q1 of 2024, and a clinical trial application was submitted. A bioequivalence study is expected to be conducted in Q3.	30,000	Q4 of 2025	Formulation Development and Bioavailability and Bioequivalence Study
EDIA20	Formulation development is expected to be completed in Q1 of 2024.	6,000	Q4 of 2025	Formulation Development
IEVA22	The bioequivalence pilot trial is anticipated to be finalized in Q2 of 2025.	37,000	Q4 of 2027	Formulation Development and Bioavailability and Bioequivalence Study
VTNA23	The regulatory submission was completed in Q4 of 2023.	500	Q1 of 2026	Regulatory Approval

### Procedures of Clinical Trials SASB | HC-BP-210a.1

In order to ensure the quality of clinical trials involving human subjects, TSH Biopharm has established standard operating procedures as well as an audit and verification mechanism for each phase of clinical development. TSH Biopharm also complies with the Declaration of Helsinki and the ICH GCP Guideline, and executes each phase of clinical trials in accordance with the approved study protocols and the requirements of the relevant laws and regulations of the countries where the trials are conducted. During the process, physicians are scheduled to assess the health status of the subjects periodically and to monitor and report adverse events. In the event of an adverse event, appropriate treatment and handling procedures are in place. There is also a follow-up period after the clinical trial process to ensure the safety of the subjects. No adverse events were reported in 2023, and no adverse drug reactions occurred.

**I. NHI pricing:**

To improve patients' quality of life, we believe fair, reasonable, and affordable pricing is necessary to care for all patients in need. TSH Biopharm's primary revenue source is the sale of pharmaceuticals covered by National Health Insurance (NHI). In accordance with domestic NHI pricing regulations and to enable more patients to access medications through NHI coverage, we apply for reimbursement based on pharmaceutical payment standards. Our goal is to obtain NHI pricing upon market launch and adjust to annual pharmaceutical price revisions, benefiting all chronic disease patients and reducing their financial burden. Concurrently, we continue to supply the only domestically produced essential drug items in response to clinical needs, aiming to contribute to Taiwan's healthcare environment.

**II. Market sales**

In terms of market sales and supply, TSH Biopharm primarily arranges distribution channels based on the Access to Medicine Index strategy, focusing on accessibility, affordability, and availability. We also reference the WHO Guideline on Country Pharmaceutical Pricing Policies to establish fair and reasonable market prices. Sales pricing is controlled according to internal approval authority at various management levels, aiming to achieve a win-win-win situation for patients, the company, and medical institutions.

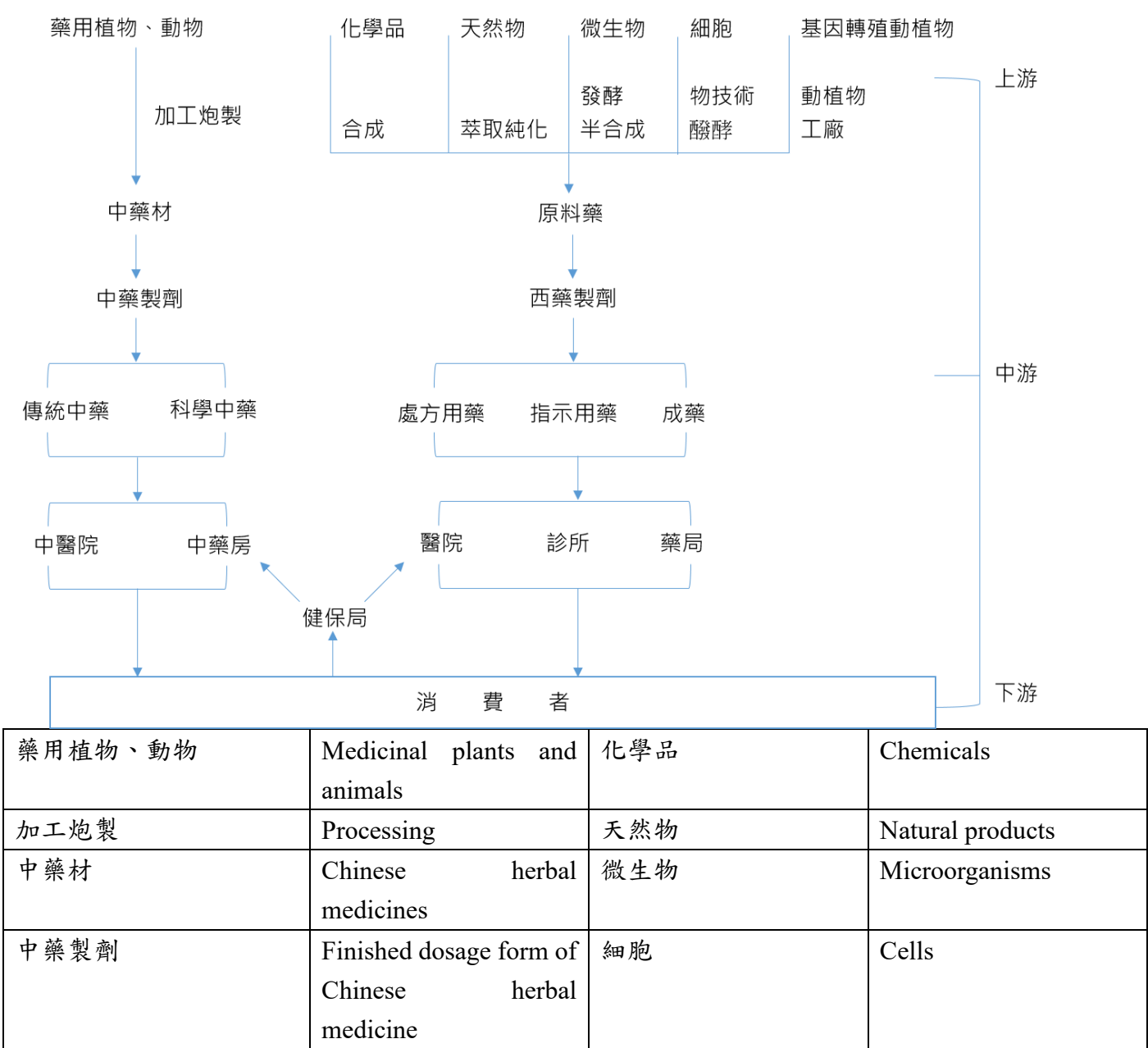
2.3 Supply chain management

GRI 2-6, GRI 308-1, GRI 414-1

Pharmaceutical Supply Chain

The pharmaceutical manufacturing industry can be broken down to upstream, midstream, and downstream; those in the upstream and midstream engage in the search and manufacturing of raw materials (substances), and those in the downstream are the manufacturers and sellers of preparations. A broader picture is shown below:

TSH Biopharm primarily focuses on pharmaceutical distribution and sales channels, positioning itself between the midstream and downstream of the value chain. After developing and outsourcing manufacturing to CDMO (Contract Development and Manufacturing Organization) vendors, the company markets and sells products to hospitals and clinics. Precision medicine products are directly offered to hospitals, clinics, and consumers.



傳統中藥	Traditional Chinese herbal medicine	基因轉殖動植物	Gene transplantation in animals and plants
科學中藥	Scientific Chinese herbal medicine	合成	Synthesis
中醫院	Chinese herbal medicine hospital	萃取純化	Extraction and purification
中藥房	Chinese herbal medicine pharmacy	發酵半合成	Fermentation and semi-synthesis
消費者	Consumer	物技術發酵	Fermentation with biotechnology
健保局	Bureau of National Health Insurance	動植物工廠	Plant and animal factories
原料藥	APIs	醫院	Hospital
西藥製劑	Finished dosage form of western medicine	診所	Clinic
處方用藥	Prescription drugs	藥局	Pharmacy
指示用藥	Over-the-counter drugs requiring instructions from doctors or pharmacists	上游	Upstream
成藥	Over-the-counter drugs	中游	Midstream
		下游	Downstream

### Pharmaceutical supplier management

Suppliers are TSH's important partners. As global citizens, the Company attaches great importance to corporate social responsibility issues and encourages suppliers to respond together, with the aim of improving suppliers' sustainable performance and achieving sustainable development. TSH Biopharm maintains high-quality supplier management: regularly inspecting suppliers to ensure their manufacturing processes have low air, water, soil, chemical, and other pollution, safeguarding the health and safety of company employees and residents near partner facilities. In 2023, there were no cases of environmental pollution violations.

## Supplier policy

TSH Biopharm manages suppliers through qualification review, on-site audits, improvement guidance, and a follow-up mechanism, while promoting environmental friendliness and paying attention to sustainability issues, to build a sustainable supply chain.

### Quality management

Our company evaluates suppliers' quality systems and supply quality through questionnaires filled out by contracted manufacturers, on-site audits, and data reviews. We require suppliers to provide official inspection reports from the past three years, valid PIC/S GMP documents, Taiwan FDA Drug Master File (DMF) registrations for active pharmaceutical ingredients, Certificates of Analysis from original manufacturers, and Material Safety Data Sheets (MSDS).

### Delivery time

The company selects credible and reliable suppliers to ensure timely delivery and reduce lead times. It establishes secondary material sources and finished product safety stock levels for inventory management to maintain supply stability.

### Service

Vendors provide prompt quotations, complete documentation, deliver quality products meeting specifications, and demonstrate high cooperation. Willingness to promptly visit the facility to understand and resolve quality issues if problems arise.

### Sustainability

The company encourages suppliers to obtain certifications in environmental, occupational safety and health, and labor rights (such as ISO 45001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System, and AED-equipped facility certification) and to submit a corporate social responsibility self-assessment questionnaire, fulfilling their corporate social responsibility.

## Evaluation of new suppliers

Suppliers are required to provide qualification certifications such as pharmaceutical manufacturing/sales licenses, valid PIC/S GMP factory certifications, Ministry of Economic Affairs factory registration certificates, and the latest Site Master File (SMF) before evaluation. For suppliers' manufacturing systems, quality assurance systems, quality control systems, warehousing systems, support systems, and validation systems, the company's evaluation personnel conduct on-site assessments or evaluate through questionnaires and relevant documentation from contracted manufacturers. To ensure quality and maintain good relationships with suppliers, all qualified suppliers doing business with the company are re-evaluated every three years.

**No new suppliers were added in 2023.**



## Annual supplier evaluation

TSH Biopharm conducts annual evaluations of suppliers with whom transactions occurred that year, assessing quality, delivery time, customer complaints, and service (including sustainability). Suppliers are graded based on evaluation results, serving as a basis for risk management. If a supplier's evaluation falls below the standard at Grade E (below 60 points), the supplier is notified of suspended procurement. After the supplier implements improvements, the company may conduct a re-evaluation as needed. Suppliers who fail to improve are removed from the qualified supplier list.

## Performance evaluation

All 15 suppliers evaluated in our 2023 assessment (excluding warehousing and logistics) fully met the established standards.

## 2023 Supplier Management Implementation Status

### Supplier self-evaluation

Since 2021, the company has issued supplier self-assessment questionnaires as part of the annual supplier evaluation to understand the current state of sustainable development among supplier partners. Currently, sustainability considerations are only used as additional points in supplier evaluations. The supplier self-assessment questionnaire response rate has exceeded 71.43% this year. The company will continue to strive to increase this response rate. In the future, improvements will be made gradually, and the responses will serve as a reference for further promoting sustainable supply chain initiatives.

### Supplier Self-Assessment Questionnaire

Suppliers conduct self-assessments on environmental, labor practices, human rights, social and product responsibility aspects. Our company encourages suppliers to obtain certifications in environmental protection, occupational safety and health, or labor rights. Suppliers with certifications such as ISO 45001 Occupational Health and Safety Management System, ISO 14001 Environmental Management System, or AED-Safe Place are given additional consideration, guiding and requiring suppliers to comply with these standards.



環境	Environment
社會	Social
產品責任	Product liability
人權	Human rights
勞工	Labor

## Coached improvement and follow-up

In the 2023 supplier evaluation carried out by the Company, no supplier was rated E, a rating that warrants immediate suspension of purchase from a supplier, or was rated E, a rating requires a supplier to make improvement under the Company's coaching and monitoring.

## Customer Health and Safety GRI 416-2

### 2.4 Customer Health and Safety

#### Good Manufacturing Practice (GMP)

The pharmaceutical manufacturing industry is characterized by high technological barriers, high added value, low pollution, low energy consumption, long development periods, and long product life cycles. Its products are primarily used for treating human diseases and are closely related to life and health. Therefore, safety and efficacy are of paramount importance, and drug marketing is subject to strict regulatory control by government authorities in various countries. All company products are manufactured by carefully selected GMP-certified pharmaceutical plants to provide customers with confidence and quality assurance.

Before pharmaceuticals reach consumers, they pass through a complex distribution supply chain, including storage facilities, transportation, and operational personnel. If one link deviates, it may affect the final quality of clinical medications. Global trends and international professional division of labor have made pharmaceutical supply chains more complex.

To ensure pharmaceutical quality during distribution, international quality management systems have evolved from the production-oriented Good Manufacturing Practice (GMP) to include the distribution-focused Good Distribution Practice (GDP).

Good Distribution Practice for Pharmaceutical Products maintains drug quality during distribution, ensuring pharmaceuticals are delivered correctly within reasonable timeframes and preventing counterfeit drugs from entering the supply chain. In the event of necessary drug recalls, this system enables swift and accurate retrieval of products from the market, preventing potential harm to consumers from substandard medications. TSH Biopharm understands the importance of pharmaceutical quality and has established a Good Distribution Practice (GDP) system. Related quality manuals and policies have been revised and updated to implement management and auditing of cooperative manufacturers, monitoring the quality of drug raw materials, production, storage, and distribution to ensure product quality from manufacturing to pre-use.

The following are TSH Biopharm's specific measures for pharmaceutical distribution:

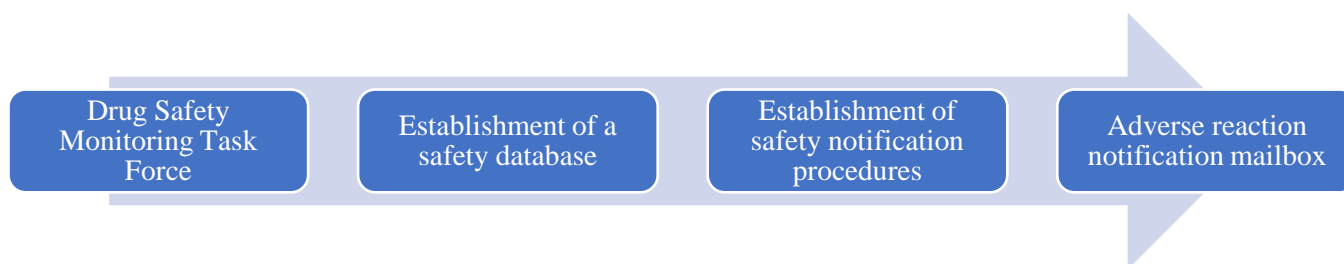
- **Strict Screening of Partner Vendors: Conduct rigorous reviews of partner vendors to ensure their compliance with Good Distribution Practice for Pharmaceutical Products.**
- **Regular Audits of Partner Vendors: Conduct regular audits of partner vendors to ensure their continued compliance with Good Distribution Practice for Pharmaceutical Products.**
- Establishment of a comprehensive drug tracking system: A robust system has been implemented to track pharmaceuticals from manufacturing to sales, ensuring drug safety and efficacy.

TSH Biopharm will continue to strive for improved drug quality to ensure public medication safety.

## Global Drug Safety Monitoring System and Notification Procedures

SASB | HC-BP-250.a1-a5

The Company complies with international drug safety monitoring regulations as well as Taiwan's Pharmaceutical Affairs Act, Regulations for the Management of Drug Safety Surveillance and Regulations for Reporting Severe Adverse Reactions of Medicaments. We proactively collect information on the safety of drugs after they appear on the market, and provides periodic safety reports. The scope of drug safety monitoring includes the collection of cases of adverse reactions to drugs, case evaluations, safety signal detection and problem analyses, as well as further analyses of risk factors, risk assessments and initiation of preventive measures and management. In addition to complying with the Taiwan's adverse drug reaction notification system, we have also established a set of standard operating procedure to be followed when there is concern about the safety of a drug.



### Drug safety notification education and training

In accordance with drug safety regulations, TSH Biopharm conducts regular education and training sessions for employees on drug safety notifications and maintains all training records. In 2023, the annual company-wide employee education and training session on drug safety notification was held, with a completion rate of 100%.

### Product traceability system mechanism HC-BP-260a.1

In order to ensure the traceability of TSH Biopharm's pharmaceutical products, the Company has established a product traceability mechanism for its global supply chain. All products are assigned a product code and lot number, which records detailed information of each batch of drugs, including the part number, the lot number, and records of its movements once it leaves the factory; the product code and lot number enable the basic principles of lot numbering, such as batch flow, traceability, and the operational procedures for the release of batches of products.

### Drug Recall Mechanism HC-BP-260a.2

TSH Biopharm has established a comprehensive drug recall mechanism in conjunction with the product traceability system. Therefore, when there is any doubt about the quality of a product, the drug recall can be completed quickly and effectively, providing an additional layer of security for patients. In accordance with Chapter 6 of Good Distribution Practice (GDP) regulations, product recall procedures have been established, and the effectiveness of recall operations is regularly evaluated. When necessary, simulated recall drills are conducted to ensure product traceability in receiving, inventory, and customer processes, and to confirm staff accuracy and proficiency in recall actions. No adverse drug recall events occurred in 2023.

## 2.5 Customer Relations and Domestic Association Participation

GRI 2-28

### Marketing and Customer Relations


#### I. Marketing regulations:

1. Our company primarily sells prescription drugs. As per pharmaceutical regulations, sales must be to medical institutions. Advertisement and product information disclosure for prescription drugs are also regulated and must be limited to relevant medical personnel. For physical documents or advertisements, the labeling of drug names, outer packaging, package inserts, and labels complies with the “Regulations for Registration of Medicinal Products.” Drug marketing advertisements are submitted to and approved by the health authorities in accordance with the “Pharmaceutical Affairs Act.” The company’s product representatives undergo thorough training on company products before promotion to ensure fair and transparent information provision and maintain positive relationships with medical institutions and physicians.
2. The main sales channels for diagnostic services are general medical institutions, where tests are ordered by physicians or health screening units. Although there are currently no direct government regulations on marketing or advertising methods for these services, the company maintains the same marketing standards as those for pharmaceutical products. **In 2023, the Company did not commit any violation against applicable laws and regulations for any information or labeling pertaining to products or services, and thus was not issued any fine or warning by the competent authorities.**

#### II. Customer Relationship Management

TSH Biopharm is committed to deeply understanding market needs and providing high-quality technical services. We value customer satisfaction and therefore conduct regular satisfaction surveys to ensure customers are satisfied with our services. For items with lower satisfaction ratings, internal reviews and improvements will be conducted, and cross-departmental meetings will be held to propose effective improvement measures to address customer concerns. This approach helps us establish long-term, stable cooperative relationships with customers.

Simultaneously, we strictly comply with laws and regulations, always ensuring that we do not infringe upon customers’ personal data or trade secrets. We respect customer privacy, treating each client with integrity and professionalism to ensure their information security and commercial interests are protected.

Responsible department	Business Division, Marketing Division
Grievance mechanism	The company has established a customer service hotline and contact email on its website to provide channels for consumer inquiries or complaints. Additionally, a “Customer Complaint Handling Procedure” has been established, with product-specific personnel providing services and promptly addressing and responding to related issues.
Management Mechanism	<b>Commitments / Policies</b>  Uphold integrity and ethics as core principles of business operations. Committed to

providing customers with cost-effective pricing, timely responses, and prompt delivery services in a responsible manner. These commitments aim to help customers enhance competitiveness and establish long-term, stable cooperative relationships.

### **Goals**

#### Short-term Goals:

Maintain good relationships with customers and prioritize customer needs.

Regularly contact customers via phone, email, or in-person visits to inquire if they need assistance.

Distribute satisfaction questionnaires to understand customer satisfaction and continuously improve.


#### Mid-term goals


Provide comprehensive customer service and assist customers in resolving product anomalies to enhance customer satisfaction.


#### Long-term Goals:



Regular training programs are arranged, including courses on customer service and relevant industry knowledge, to enhance the professional capabilities of customer service personnel. This ensures that staff can meet evolving customer needs and provide excellent service quality.

### **Resources invested in current year**

 Resources are allocated according to the company's customer complaint handling process to ensure timely processing and feedback on product anomalies and their resolution, thereby reducing customer production downtime. Include process optimization, personnel training, and provision of necessary support resources.

 Each customer complaint was investigated and reviewed for root causes, with lessons learned applied across other products or processes to reduce recurring anomalies, thereby improving overall product quality. Conduct in-depth analysis and improvement work, as well as cross-departmental collaboration and resource allocation.

 In response to the COVID-19 pandemic, TSH Biopharm adjusted its strategy, reducing the frequency of in-person client visits. However, the company continued to interact with clients through periodic remote online meetings, conducting technical exchanges and needs discussions to comprehensively understand and obtain client requirements and feedback. Invest in corresponding resources, including technical support, network equipment, and online meeting platforms, to ensure smooth communication and interaction.

Effectiveness evaluation	 The company had no major customer deficiency cases in 2023.
	 The company had no incidents of customer privacy infringement in 2023.

### Participation in Taiwanese Associations GRI 2-28

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

Unit	Role
<b>Taiwan Pharmaceutical Manufacture and Development Association</b>	Member
<b>Taipei Pharmaceutical Agents and Distributors Association</b>	Member
<b>Institute for Biotechnology and Medicine Industry</b>	Member
<b>Taiwan Generic Pharmaceutical Association</b>	Member
<b>Taipei Pharmaceutical Business Association</b>	Member
<b>The Pharmaceutical Society of Taiwan</b>	Member
<b>Taipei Pharmacists Association</b>	Member
<b>Precision Medicine Industry Association of Taiwan</b>	Member
<b>Taiwan Society of Regulatory Affairs for Medical Products</b>	Member
<b>Taipei Medical Instruments Commercial Association</b>	Member
<b>The Society of Taiwan Women in Science and Technology</b>	Member

### External initiatives

TSH Biopharm actively responds to external initiatives and international standards, engaging in more interactions to contribute to sustainable development in environmental, social, and economic aspects.

The company's ESG Report is prepared in accordance with the GRI Standards: Comprehensive option published by the Global Reporting Initiative (GRI). Complies with Sustainability Accounting Standards Board (SASB) standards and climate-related financial disclosures.

Disclosure in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

- The ESG Report's disclosure aligns with the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies," the United Nations Global Compact, and international standards such as ISO 26000 Social Responsibility Guidance.

### 3. Environmental Sustainability and Climate Strategy

Aspect	Corporate governance (G)
Sustainability Issues	Climate change, energy management
Commitments / Policies	Implement countermeasures in compliance with international benchmarks
Management Mechanism	<ol style="list-style-type: none"> <li>1. Actively plan to introduce education and training on the four major aspects of TCFD (Task Force on Climate-related Financial Disclosures) recommendations: governance, strategy, risk management, metrics and targets for disclosing climate-related information, proactively addressing impending global issues.</li> <li>2. Conduct greenhouse gas inventory and quantification according to ISO 14064-1:2018 standard.</li> </ol>
Responsible Unit	President's Office, Sustainable Development Committee
2023 Evaluation Mechanism and Results	<ol style="list-style-type: none"> <li>1. Actively plan for the four core elements of TCFD (Task Force on Climate-related Financial Disclosures) recommendations</li> <li>2. Training for implementation of ISO 14064-1:2018 third-party certification</li> <li>3. Greenhouse gas inventory and quantification were conducted in accordance with ISO 14064-1:2018. The total greenhouse gas emission intensity (tonnes CO<sub>2</sub>e/unit of revenue) for Scope 1 and Scope 2 is 0.1128.</li> </ol>
Mid to long-term goals	<ul style="list-style-type: none"> <li>🌱 Mid-term goals               <ol style="list-style-type: none"> <li>I. Replace obsolete equipment with energy-efficient equipment.</li> <li>II. Prioritize green building materials or environmentally friendly materials.</li> <li>III. Obtain ISO 14064-1:2018 third-party certification. Using 2023 as a baseline, reduce greenhouse gas emission intensity by 0.5% annually.</li> </ol> </li> <li>🌱 Long-term Goals:               <ol style="list-style-type: none"> <li>I. Continuously review climate threats faced by the company and plan ahead.</li> <li>II. Ultimate goal of achieving carbon neutrality</li> </ol> </li> </ul>

#### 3.1 Climate Change and Greenhouse Gas Management

GRI 201-2

##### Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Climate change, global warming and greenhouse gas emissions have been of great concern to the world in recent years. Meanwhile, the United Nations Sustainable Development Goal 13 is stipulated as “Climate Action.” TSH is now actively planning to implement the four pillars of TCFD (Task Force on Climate-related Financial Disclosures) recommendations, namely governance, strategy, risk management, and metrics and targets for disclosure of climate-related information, so that we can proactively confront the global issues that we are about to face.

##### TFCD Management Framework

TSH Biopharm is committed to becoming a leader in sustainable development and has formulated the following response guidelines:

Core elements	TSH Biopharm's response approach
<b>Governance</b>	Establish a Sustainable Development Committee responsible for decision-making, supervision, and implementation of sustainability matters. An ESG Task Force has been established under the committee, responsible for daily operations promotion.
<b>Strategy</b>	<b>TSH Biopharm prioritizes “Climate Change” as a key sustainability issue, setting the</b>



	<p><b>following short-term, medium-term, and long-term goals:</b></p> <ul style="list-style-type: none"> <li>❁ Short-term Goals:           <ol style="list-style-type: none"> <li>I. Stay informed about the latest regulations on greenhouse gas emissions, energy management, and climate change.</li> <li>II. Identify and quantify greenhouse gases according to ISO 14064-1:2018 standard.</li> </ol> </li> <li>❁ Mid-term goals           <ol style="list-style-type: none"> <li>IV. Replace obsolete equipment with energy-efficient equipment.</li> <li>V. Prioritize green building materials or environmentally friendly materials.</li> <li>VI. Obtain ISO 14064-1:2018 third-party certification.</li> </ol> </li> <li>❁ Long-term Goals:           <ol style="list-style-type: none"> <li>III. Continuously review climate threats faced by the company and plan ahead.</li> <li>IV. Ultimate goal of achieving carbon neutrality</li> </ol> </li> </ul> <p><b>To achieve the above objectives, TSH Biopharm will gradually implement the following strategic measures:</b></p> <ul style="list-style-type: none"> <li>❁ Advocate for green procurement, requiring suppliers to comply with sustainable development standards.</li> <li>❁ Establish energy-saving measures to improve energy efficiency.</li> <li>❁ Invest in green energy equipment to reduce carbon emissions.</li> </ul>
<b>Risk Management</b>	<p>TSH Biopharm continues to monitor the latest international sustainable development issues and establish risk management mechanisms to assess and respond to risks such as climate change. Risk management process as follows:</p> <ul style="list-style-type: none"> <li>❁ Risk Identification: Regularly conduct risk assessments to identify potential risks affecting the company's sustainable development.</li> <li>❁ Risk Analysis: Evaluate the degree of impact and probability of occurrence for risks.</li> <li>❁ Risk Response: Develop response measures to mitigate risk impacts.</li> </ul> <p>Significant risks will be reported to the Board of Directors for review before implementation.</p>
<b>Indicators and targets</b>	<p>Set the following indicators to meet international standards, improve energy use, and achieve carbon neutrality:</p> <ul style="list-style-type: none"> <li>❁ Short-term: Identify and quantify greenhouse gases according to ISO 14064-1:2018 standard.</li> <li>❁ Medium-term: Obtain ISO 14064-1:2018 third-party certification.</li> <li>❁ Long-term: Continuously review climate threats faced by the company and plan ahead, ultimately achieving carbon neutrality goals.</li> </ul>

### Climate risks and opportunities

The following are the key climate risks identified by the company and corresponding response measures:

Transition risks	Risk Category		Risk Impacts			Response Measures	
	Policies	and	According	to	the domestic	To reduce carbon fee costs and respond	

	regulations	<p>“Climate Change Response Act,” the government may impose carbon fees and initiate total greenhouse gas emission controls in the future. If carbon fees or total emission controls are implemented, it will increase the company’s operational costs.</p>	to total emission control, TSH Biopharm has set greenhouse gas reduction targets and adjusts operational strategies based on results.
	Market	<p>Due to increased frequency and intensity of extreme weather events and rising market demands for carbon emission management, the supply chain may face the following risks:</p> <p>Unstable supply: Extreme weather events may disrupt supplier production or transportation, affecting supply stability.</p> <p>Raw Material Price Increases: Higher carbon emission management requirements may lead to increased raw material costs.</p>	<p>To reduce supply chain risks, TSH Biopharm has adopted the following measures:</p> <ul style="list-style-type: none"> <li>☼ Supplier Management <ul style="list-style-type: none"> <li>I. Establish secondary source suppliers for specific critical raw materials to diversify supply risks.</li> <li>II. Evaluate suppliers’ carbon emission management performance and require suppliers to implement carbon reduction measures.</li> </ul> </li> <li>☼ Inventory Management <ul style="list-style-type: none"> <li>I. Appropriately increase inventory of critical raw materials to address risks of unstable supply.</li> <li>II. Establish a supply chain risk early warning mechanism to respond promptly to unexpected situations such as supply chain disruptions.</li> </ul> </li> </ul>
	Goodwill	<p>As climate change issues gain attention, consumers’ environmental and low-carbon requirements for corporate products are gradually increasing. If a company cannot effectively respond to climate change, it may face the following reputational risks:</p> <ul style="list-style-type: none"> <li>☼ Decreased Customer Loyalty: If company products fail to meet customers’ environmental and low-</li> </ul>	<p>To reduce reputational risks, TSH Biopharm has adopted the following measures:</p> <ul style="list-style-type: none"> <li>☼ Product greening <ul style="list-style-type: none"> <li>I. Gradually adopt renewable or recycled materials for packaging to reduce carbon emissions throughout the product lifecycle.</li> <li>II. Develop low-carbon products to meet customers’ environmental requirements.</li> </ul> </li> <li>☼ Supply chain greening <ul style="list-style-type: none"> <li>I. Advocate for green procurement,</li> </ul> </li> </ul>

		<p>carbon demands, it may lead to customer loss.</p> <ul style="list-style-type: none"> <li>Revenue Decline: Customer loss may lead to decreased revenue, affecting business performance.</li> <li>Corporate Image Damage: If a company is perceived as not prioritizing climate change, it may lead to damage to its corporate image.</li> </ul>	<p>requiring suppliers to adopt environmentally friendly, low-carbon production methods.</p> <p>II. Collaborate with suppliers to jointly develop green products.</p> <ul style="list-style-type: none"> <li><b>Operations Greening</b></li> <li>I. Establish energy-saving measures to improve energy efficiency.</li> <li>II. Invest in green energy equipment to reduce carbon emissions.</li> </ul>
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Risk Category	Risk Impacts	Response Measures	Risk Category
Physical risks	Immediate	<p>Climate change may lead to the following immediate risks:</p> <ul style="list-style-type: none"> <li>Supply Chain Disruption: Extreme weather events may cause production or transportation interruptions for suppliers, affecting product processes, shipment schedules, and revenue.</li> <li>Raw Material Price Increases: Extreme climate events may lead to increases in raw material prices, raising production costs.</li> <li>Decreased Product Sales: Extreme climate events may lead to decreased consumer demand, affecting product sales.</li> </ul>	<p>To reduce immediate risks, TSH Biopharm has adopted the following measures:</p> <ul style="list-style-type: none"> <li>Supplier Management <ul style="list-style-type: none"> <li>I. Incorporate suppliers' climate change risks into evaluation criteria, such as drainage and emergency power supply.</li> <li>II. Regularly evaluate suppliers' climate change risk management performance.</li> <li>III. Remind suppliers to take precautionary measures during high-risk periods such as typhoon seasons.</li> </ul> </li> <li>Production flexibility <ul style="list-style-type: none"> <li>I. Seek API manufacturing partnerships with neighboring countries or Taiwanese companies to reduce supply chain disruption risks.</li> <li>II. Establish multiple supply sources to diversify supply chain risks.</li> </ul> </li> <li>Inventory Management <ul style="list-style-type: none"> <li>Appropriately increase inventory</li> </ul> </li> </ul>

			of critical raw materials to cope with unexpected situations such as supply chain disruptions.
	Long-term	<p>Climate change may lead to the following long-term risks:</p> <ul style="list-style-type: none"> <li>☼ Rising Energy Costs: Climate change leads to increased energy demand and decreasing renewable energy generation costs, resulting in higher energy prices.</li> <li>☼ Energy Shortage: Extreme climate events may lead to energy supply disruptions, affecting production.</li> </ul>	<p>To reduce long-term risks, TSH Biopharm has adopted the following measures:</p> <ul style="list-style-type: none"> <li>☼ Resource management <ul style="list-style-type: none"> <li>I. Prioritize energy-efficient equipment when replacing office equipment to improve energy use efficiency.</li> <li>II. Install renewable energy generation equipment such as solar photovoltaic systems to reduce dependence on external energy sources.</li> </ul> </li> <li>☼ Supply chain management <ul style="list-style-type: none"> <li>I. Include suppliers' energy use efficiency in evaluation criteria, encouraging suppliers to adopt energy-saving equipment.</li> <li>II. Collaborate with suppliers to jointly develop green products.</li> </ul> </li> </ul>

## Due to climate change, climate change may also bring the following opportunities for businesses:

Opportunity description	Response Measures
<ul style="list-style-type: none"> <li>❁ <b>In response to growing consumer demand for environmentally friendly and low-carbon products, businesses can switch to green packaging.</b></li> <li>❁ <b>Industrial Upgrade: Climate change prompts enterprises to upgrade, such as introducing energy-saving equipment and developing renewable energy, which can enhance corporate competitiveness.</b></li> <li>❁ Government policy support: To address climate change, governments worldwide are introducing relevant policies such as carbon pricing and renewable energy subsidies. Enterprises can leverage these government policies to reduce costs and increase profitability.</li> </ul>	<ul style="list-style-type: none"> <li>❁ Product greening <ul style="list-style-type: none"> <li>I. Transition to renewable and recyclable packaging materials to minimize our carbon footprint.</li> <li>II. Create low-carbon packaging solutions to cater to the growing demand for sustainable products.</li> </ul> </li> <li>❁ Supply chain greening <ul style="list-style-type: none"> <li>I. Advocate for green sourcing by encouraging suppliers to adopt eco-friendly production processes.</li> <li>II. Partner with suppliers to co-develop green packaging solutions.</li> </ul> </li> <li>❁ Operations Greening <ul style="list-style-type: none"> <li>I. Establish energy-saving measures to improve energy efficiency.</li> <li>II. Invest in green energy equipment to reduce carbon emissions.</li> </ul> </li> </ul>

### 3.1.1 Greenhouse Gas Management

GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4

Even though the Company's position in the industrial value chain is drug development (new product evaluation and design and planning of clinical trial) and marketing, the Company commissions Taiwanese PIC/S GMP factories to produce its drugs, so the Company does not own any factory or R&D laboratory. All products are outsourced for manufacturing, with operational sites primarily focused on office activities.

In 2023, TSH Biopharm conducted its first greenhouse gas inventory and quantification following the ISO 14064-1:2018 standard. Through this process and its results, the company grasped greenhouse gas emissions at various operational sites and proposed feasible greenhouse gas reduction plans. To enhance the credibility of greenhouse gas inventory information and reports while improving inventory quality, professional consultants are engaged to assist with inventory audits after completing internal verification. This ensures that no emission sources are overlooked at each facility and confirms the reasonableness of annual greenhouse gas emission data.

Greenhouse gas emissions are calculated using the operational control approach, employing GWP values from the IPCC Sixth Assessment Report (2021). To effectively monitor greenhouse gas emissions, the company uses greenhouse gas intensity (Tons of CO<sub>2</sub>e per NT\$ million of individual revenue) as a management indicator.

TSH Biopharm's Greenhouse Gas Emissions (Scope 1 and Scope 2) in 2023

**Unit:** (Metric tons CO<sub>2</sub>e/year)

Facility		Taipei, Taichung, and Kaohsiung Offices
<b>Category I (metric tons CO<sub>2</sub>e /year)</b>		0.0009
CO <sub>2</sub> (metric tons CO <sub>2</sub> e /year)		0.0000
CH <sub>4</sub> (metric tons CO <sub>2</sub> e /year)		0.0000
N <sub>2</sub> O (metric tons CO <sub>2</sub> e /year)		0.0000
HFCs (metric tons CO <sub>2</sub> e /year)		0.0009
PFCs (metric tons CO <sub>2</sub> e /year)		0.0000
SF <sub>6</sub> (metric tons CO <sub>2</sub> e /year)		0.0000
NF <sub>3</sub> (metric tons CO <sub>2</sub> e /year)		0.0000
<b>Scope 2 Emissions (tonnes of CO<sub>2</sub>e/year)</b>		56.0806
<b>Total Scope 1 and Scope 2 Emissions (tonnes of CO<sub>2</sub>e/year)</b>		56.0815
Individual Revenue (NT\$)		810,917
Total Scope 1 and Scope 2 Greenhouse Gas Emissions Intensity (tonnes of CO <sub>2</sub> e/NT\$ million of revenue)		0.0069%

Greenhouse gas emissions (Category 3 to Category 6) for headquarters and all operational sites in 2023

**Unit:** (Metric tons CO<sub>2</sub>e/year)

Facility	Taipei, Taichung, and Kaohsiung Offices
Category III indirect greenhouse gas emissions from upstream transportation	42.8612
3.1 Upstream raw material transportation and distribution	3.1769
3.2 Downstream transportation and distribution	9.2603
3.3 Employee commuting	28.5743
3.5 Business travel	1.8497
Category 4 indirect greenhouse gas emissions from products used by the organization	41.1508
4.1 Fuel and energy-related activities	40.8515
4.3 Waste generated in operations	0.2993
Category 5 indirect greenhouse gas emissions from the use of organization-related products	Unquantified
Category 6 Other indirect emissions	Unquantified

### 3.1.2 Resource management

GRI 302-1, GRI 302-3

#### **Electricity management**

TSH Biopharm's energy use is primarily from purchased electricity. The energy statistics for Taipei, Taichung, and Kaohsiung offices are shown in the following table

	Taipei, Taichung, and Kaohsiung Offices Combined	
	2022	2023
Electricity (thousand kWh/year)	105.9502	113.5170
Electricity (GJ/year)	381.4165	408.6567
Individual Revenue (NT\$ million)	464.3	497.3
Total Energy Intensity (GJ/NT\$ million of revenue)	0.8215	0.8217
Renewable energy usage rate/kWh	0	0

Conversion factor reference: Bureau of Energy, Ministry of Economic Affairs – Energy Product Unit Calorific Value Table (Updated 2020-05-15)

Electricity: 860,000 kcal/thousand kWh, Liquefied Petroleum Gas (LPG): 12,062 kcal/kg, Natural Gas (NG): 9,000 kcal/m<sup>3</sup>.

Gasoline: 7,800 kcal/L, Diesel: 8,400 kcal/L, 1 kcal = 4,186 joules

#### **Water Management**

TSH Biopharm's primary water usage is for office and daily living. To reduce water consumption, we encourage our employees to develop good water-saving habits. Our company shares water usage with the building and the water consumption is allocated based on floor area. In 2022 and 2023, our water consumption was 67,645 and 65,710 metric tons, respectively, resulting in total water-related CO2 emissions of 10.55 and 10.25 metric tons, respectively.





### 3.1.3. Energy-saving improvement measures

TSH Biopharm's operational model focuses on integrated drug development and marketing. All company products are outsourced for manufacturing, with no in-house factories or laboratories. At present, our operating site is in the office, and we are still committed to implementing energy conservation and environmental protection measures. In response to the energy conservation and carbon reduction policy launched by the government, we have taken measures in our operating site to reduce the impact on the environment and identified our potential risks and opportunities of climate change now and in the future as a topic to be discussed with our suppliers for sustainable development and collaboration.

#### Energy consumption targets

TSH Biopharm's 2024 energy consumption status is analyzed and a target is set to reduce total energy consumption by 1% in 2029 compared to 2024, including:

Internal basic operational energy consumption: Reduce by 1%

Energy consumption in logistics operations: Reduce by 1%

Employee commute: Reduce by 1%

#### Energy consumption reduction measures

To achieve energy consumption targets, TSH Biopharm will implement the following measures:

##### Internal basic operational energy consumption

- I. Replace outdated equipment to improve energy efficiency.
- II. Promote energy conservation and carbon reduction awareness education to enhance employee energy-saving consciousness.
- III. Implement green procurement, prioritizing energy-efficient products.

##### Energy consumption in logistics operations

- I. Optimize logistic routes, reduce empty load rates
- II. Adopt green packaging materials to reduce packaging waste.

##### Employee commute

- I. Promote green commuting, encouraging employees to use public transportation, bicycles, or walk.
- II. Implement work-from-home measures to reduce carbon emissions from high-pollution commuting.

3.2 Environmental Management

3.2.1 Waste Management

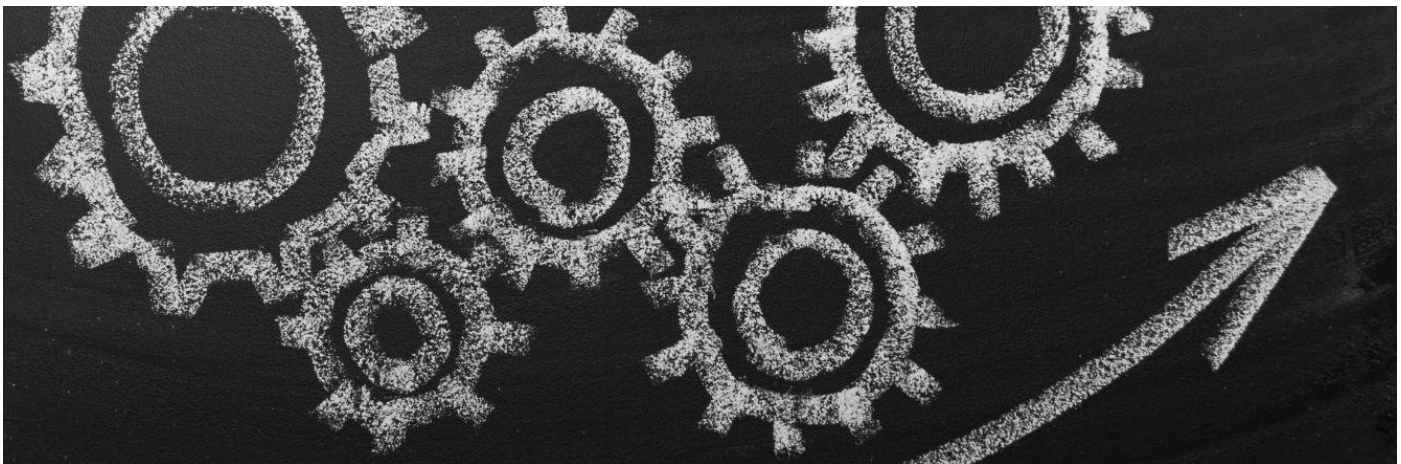
The headquarters’ main business activities are conducted in the office at Nangang Software Park, Taipei City. Given the operational characteristics, the primary pollution source is only general office waste. Strict resource and waste sorting is implemented to reduce waste volume. The operational characteristics of offices in Taichung and Kaohsiung are similar to those of the headquarters. However, for inventory waste stored in outsourced warehouses, the company ensures disposal through professional partner vendors in compliance with local health department regulations, minimizing ecological impact. All processes comply with regulations; no violations of waste disposal regulations occurred in 2023.

Waste management process




<div><div>Waste generation</div><div>Storage</div><div>Transportation/disposal</div><div>Data retention</div></div>	<ul style="list-style-type: none"><li>● The main pollution source from operational characteristics is only general domestic waste from offices.</li><li>● Obsolete inventory stored in outsourced warehouses</li></ul>
	<ul style="list-style-type: none"><li>● Strictly implement resource and waste segregation during storage to reduce waste volume.</li><li>● Waste/expired drugs are stored in outsourced warehouses by contract manufacturing pharmaceutical plants.</li></ul>
	<ul style="list-style-type: none"><li>● Office waste is handled by qualified contractors commissioned by the building management committee.</li><li>● Disposal is processed through professional partner vendors in compliance with local health department regulations.</li></ul>
	<ul style="list-style-type: none"><li>● In 2023, 1.84 tons of non-hazardous pharmaceutical waste and 0.03 tons of hazardous medical waste were disposed of, totaling 1.87 tons, a 49% reduction compared to the previous year.</li></ul>

Unit: Metric tons

	Item	2022	2023
General industrial waste	Pharmaceutical waste	3.7	1.84
Hazardous industrial waste	Medical waste	0	0.03
	Total	3.7	1.87



### 3.2.3 Sustainable Environment: Office Green Transformation

<div data-bbox="108 188 209 288"> 13 氣候行動   </div> <div data-bbox="108 333 209 434"> 15 陸地生態   </div>	<ul style="list-style-type: none"> <li>☼ <b>Teacups and mugs that can be repetitively used are provided to office visitors, to reduce the environmental pollution resulting from disposable drinking water bottles.</b></li> <li>☼ <b>Office uses PEFC-certified paper.</b></li> </ul> <p>PEFC is the world's largest forest certification system. Its standards aim to change forest management globally and locally to ensure that everyone can enjoy the environmental, social, and economic benefits provided by forests. PEFC is an international non-profit, non-governmental organization dedicated to promoting Sustainable Forest Management (SFM) through independent third-party verification. The company works throughout the forest supply chain to promote good forestry practices and ensure the production of timber and non-timber forest products that meet the highest ecological, social, and ethical standards.</p>
<div data-bbox="108 660 209 761"> 12 責任消費與生產   </div>	<ul style="list-style-type: none"> <li>☼ <b>The coffee beans and tea bags at the disposal of employees and guests all bear an International Fairtrade Certification Mark.</b></li> </ul> <p>Note: Fairtrade International formulated the Fairtrade Standard for the world to follow. The standard is applicable to importers, exporters, and manufacturers, and requires them to be subject to the monitoring and audit carried out by a certification body. This way, the standard makes the supply chain transparent, and social influence measurable and visible. A product bearing the International Fairtrade Certification Mark denotes that the source of raw materials has been audited by Fairtrade International. A consumer buying a product bearing the mark is also contributing to the sustainability of the world and democracy of society.</p> <ul style="list-style-type: none"> <li>☼ <b>Dishwashing detergent and hand sanitizer at the disposal of office employees all bear a green product mark.</b></li> </ul> <p>*Note: Green products refer to products made of pure natural food or natural plants that do not contain any chemical additives, or to products that meet environmental requirements during production, use, and processing and are harmless or minimally harmful to the environment and conducive to resource regeneration and recycling.</p>



#### 4. Employee Relations and Care

Aspect	Social aspect (S)
Sustainability Issues	Happy and diverse workplace, diversity and equal opportunity, talent development and cultivation, labor/management relations
Commitments / Policies	With a focus on employee care, the company aims to build a safe, healthy, and vibrant work environment, enabling employees to achieve work–life balance, family harmony, and personal well-being in a happy workplace.
Management Mechanism	<ol style="list-style-type: none"> <li>1. The company adheres to relevant labor regulations and respects internationally recognized fundamental labor rights principles, safeguarding employees' legal rights and implementing non-discriminatory employment policies, establishing appropriate management methods and procedures.</li> <li>2. Provide employees with a safe and healthy environment, and regularly implement safety and health education for employees.</li> </ol> <p>Establish regular employee communication mechanisms and reasonably notify employees of operational changes that may significantly impact them.</p>
Responsible Unit	Administrative Department
2023 Evaluation Mechanism and Results	<ol style="list-style-type: none"> <li>1. Occupational accident incidence rate in 2023: 0%.</li> <li>2. Number of employee workplace environment monitoring exceedances:0.</li> <li>3. Average training hours per employee in 2023: 5.5 hours.</li> <li>4. The average salary increase in 2023 was approximately 3.59%.</li> <li>5. In 2023, 5 employees were eligible for parental leave without pay, with 1 employee actually applying for it.</li> <li>6. Implemented the EAP system in 2023, caring for employees' physical and mental health.</li> <li>7. In 2023, subsidized 100 doses of flu vaccines for employees and their families, strengthening protection.</li> <li>8. In 2023, one "Diversity, Equity, and Inclusion (DEI) Enhancing Workplace Gender Equality Awareness" event was held to foster an equitable work environment.</li> </ol>
Mid to long-term goals	<ul style="list-style-type: none"> <li>• Continue to arrange professional and diverse educational training to enhance human resource quality and corporate competitiveness.</li> <li>• Actively encourage employees to participate in various sports or fitness-related activities to develop regular exercise habits.</li> <li>• Establish comprehensive psychological support channels and proactive measures to promote employee physical and mental health.</li> </ul>

## 4.1 Employee Structure and Human Rights

GRI 2-7, GRI 2-8, GRI 202-2

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

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

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

At the end of 2023, TSH Biopharm had a workforce of 68 employees. The age distribution skewed towards younger employees, with 82% being under 50. The company also demonstrated a commitment to gender equality, with women making up 60% of the total workforce, which equates to 42 female employees. Additionally, two external consultants were engaged to provide specialized expertise.

Annual items		2022			2023		
Gender		Female	Male	Total	Female	Male	Total
Number of employees	Managerial officers	8	6	14	8	6	14
	R&D technicians	1	6	7	2	5	7
	Other employees	34	18	52	32	15	47
	Total	43	30	73	42	26	68
Number of new employees (persons)		7	9	16	6	1	7
Number of resigned employees (persons)		13	10	23	4	9	13
Average age		40.7	39.8	39.5	41.4	40.5	41.3
Average length of service		5.3	5.3	5.3	8.1	7.5	7.6
Distribution of education level in percentage	Doctoral degree	0	1	1%	0	1	1%
	Master's degree	11	14	33%	11	15	33%
	University	23	14	50%	20	13	51%
	College	9	1	16%	7	1	15%
	Senior high school	0	0	0%	0	0	0%
	Below senior high school	0	0	0%	0	0	0%

Note: The length of service is counted from the date of establishment of TSH (established in September 2010)



## Office workforce composition in 2023 (as of December 31, 2023) GRI 2-7

		2022		2023	
Number of employees at year-end		73		68	
Domestic	Male	30	41%	26	38%
	Female	43	59%	42	62%
	Others	0	0%	0	0%
Permanent employees (indefinite contract)	Male	30	41%	25	36%
	Female	43	59%	42	62%
Fixed-term contract employees (temporary staff)	Male	0	0%	1	1.5%
	Female	0	0%	0	0%
Full-time Employees	Male	30	41%	26	38%
	Female	43	59%	42	62%
Age and percentage (%)	Under the age of 30	17	23%	11	16%
	Aged 30-50	46	63%	45	66%
	Over the age of 50	10	14%	12	18%
Minority or vulnerable groups		1		1	

Employees are categorized by career fields into management, R&D, and others. In 2023, management personnel accounted for 20.5% of all employees. All management personnel are local employees.

Annual items		2022			2023		
Gender		Female	Male	Total	Female	Male	Total
Number of employees	Managerial officers	8	6	14	8	6	14
	R&D technicians	1	6	7	2	5	7
	Other employees	34	18	52	32	15	47
	Total	43	30	73	42	26	68

## New hire and turnover employee structure GRI 401-1

TSH Biopharm actively recruits new employees, adhering strictly to the Employment Service Act in personnel selection. Through fair and open recruitment channels, the company considers professional abilities and aptitude characteristics, without discrimination based on race, gender, nationality, religion, political affiliation, sexual orientation, or age.

Committed to cultivating exceptional talent, TSH Biopharm welcomed 7 new employees in 2023, representing a new hire rate of 10.29%. The company also experienced a turnover rate of 19%, with 13 employees leaving the organization.

Employee recruitment		2022	2023
<b>Employees for the year (total)</b>		73	68
<b>New hires (total)</b>		1	7
<b>Percentage of new hires to total employees (%)</b>		15%	10%
<b>New hires</b>	Under 18 years of age	0	0
	Aged 18–30	2	1
	Aged 30–50	9	6
	Above 50 years of age	0	0
	Male	2	1
	Female	9	6

Employee turnover		2022		2023	
<b>Employees for the year (total)</b>		73		68	
<b>Employee turnover (total)</b>		15		13	
<b>Percentage of departing employees to total employees (%)</b>		21%		19%	
<b>Voluntary/Involuntary turnover</b>		Voluntary	Non-voluntary	Voluntary	Non-voluntary
<b>Managerial officers</b>		1	0	0	0
<b>R&amp;D technicians</b>		2	0	0	0
<b>Other employees</b>		9	3	12	1
<b>Departing employees</b>	Under 18 years of age	0		0	
	Aged 18–30	0		4	
	Aged 30–50	15		9	
	Above 50 years of age	0		0	
	Male	5		9	
	Female	10		4	

Note: New hire rate = Total number of new hires / Total number of employees in the current year

Note: Turnover rate = Total number of departing employees / Total number of employees in the current year

Note: Involuntary termination was due to incompetence.



## Human Rights policies

The Company abides by labor laws and the International Bill of Human Rights, and treats employees fairly by reference to the “Universal Declaration of Human Rights,” “Ten Principles of the UN Global Compact,” and “United Nations Guiding Principles on Business and Human Rights.” The Company also formulates related management policy and management systems to ensure employees’ basic rights. In addition, the appointment and dismissal, remuneration, and welfare of the Company’s personnel are carried out in accordance with the Company’s “personnel regulations.”

### The Company’s implementation approaches:

- ❁ Provide a safe and healthy workplace to ensure the safety of employees and effectively reduce the risk of occupational accidents.
- ❁ Any form of discrimination is prohibited; discrimination in any form or in treatment on the basis of gender, gender orientation, race, age, marital status, religion, political affiliation, place of birth, appearance, facial features, and disability is prohibited. Equal employment opportunities must be ensured.
- ❁ Employment of child labor and illegal foreign labor is prohibited.
- ❁ Encourage employees to maintain physical and mental health and strike a balance between work and life.
- ❁ Forced labor is prohibited; employees are not restricted from taking a leave, nor are they forced to work overtime.
- ❁ Create a communicative environment and encourage colleagues to communicate with the Company through labor and management meetings.
- ❁ Provide diverse, open communication channels, through which stakeholders such as suppliers and business partners can submit feedback to the Company or report suspected violations.
- ❁ Protect the labor rights of disadvantaged or marginalized groups, and employ physically challenged persons and assign them a job that they are qualified to do so as to help them engage in the workforce. In 2023, the Company employed one person with disabilities, accounting for 1.7% of all employees, in compliance with requirement of the People with Disabilities Rights Protection Act.
- ❁ Regularly review and evaluate relevant risks and review relevant systems and conduct.



## 4.2 Cultivating and Developing Diverse Talent

GRI 404-1 SASB HC-BP-330a.1

TSH Biopharm attracts and retains talent through compensation and benefits, a friendly workplace environment, agile organizational management, internal rotation, and talent development. At the same time, to enhance the professional knowledge and skills of employees so as to have them effectively achieve work goals, and to stimulate their potential and enhance their willingness to learn in order to meet the needs of their self-growth and organizational development, the Company implements pre-employment training, internal and external on-the-job training, and external training at home or abroad according to its “Education and Training Management Regulations.” In 2023, the company continued to focus on organizational talent development and campus engagement, offering various professional competency and management training courses, and collaborating with universities on industry–academia internship projects. To sustain organizational growth momentum, two major shared reading programs for “key talents” and “supervisors” were implemented, establishing correct management mindsets and a common language for the team, actively leading the organization toward its five-year objectives.

### Education and training system and its implementation

The implementation of internal and external courses in 2023 is as follows:

Item	Number of classes	Total number of trainees	Total hours
New employee orientation	2	7	8
Professional and occupational training	6	72	12
Talent training for officers	6	74	20
Liberal education and training	1	46	7
External training	23	23	198
Total	38	222	245

#### Average training hours per employee (new hires)

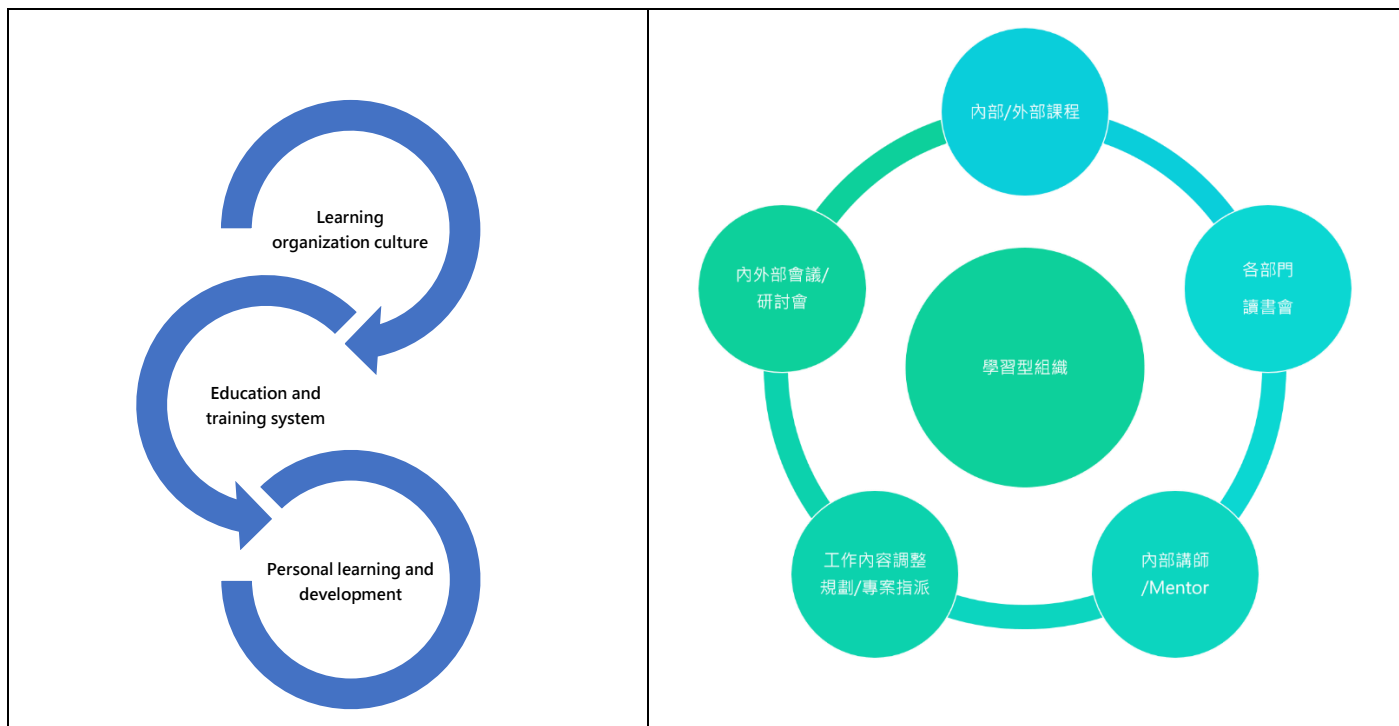
Employee categories	Average training hours	Gender	Training course categories
New hires	4 hr	Male: 4 hrs	The training courses for new employees include corporate culture, organization introduction, office safety and environmental maintenance, and work rules. The Company also puts a particular emphasis on human rights policies and has formulated the Sexual Harassment Prevention Regulations to raise employees’ awareness of gender equality and human dignity in the workplace.
		Female: 24 hrs	

#### Average training hours per employee (existing staff)

Employee categories	Average training hours	Gender	Training course categories
External training	2.9 hrs	Male: 86 hrs	Professional skills courses, business management courses Innovation knowledge courses, regulatory
		Female: 112 hrs	

			requirement courses
<b>Internal training</b>	2.6 hrs	Male: 92 hrs	Regulatory compliance courses, new employee orientation courses
		Female: 83 hrs	

The average training hours is found by taking the total training hours for all employees and dividing it by the total number of employees at the end of the year.



內部／外部課程	Internal/external courses
內外部會議／研討會	Internal and external meetings/seminars
工作內容調整規劃／專案指派	Job adjustment planning/Project assignment
內部講師／Mentor	Internal lecturer / Mentor
各部門讀書會	Study group at each department
學習型組織	Learning organization

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

### TTT (Train the Trainer)

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

### Mentor program

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

## Project assignment

Through project assignment, employees have the opportunity to lead projects or work with colleagues in different fields, to diversify their work experiences and enable them to learn and grow through new challenges and responsibilities. Employees can discuss with their immediate supervisors and formulate an exclusive personal development plan (IDP) at the beginning of each year with project assignments listed as one of the development methods. In 2023, we continued to train key talents as per the organization's short-, medium- and long-term strategic targets, and listed the IDP as one of the priorities for talent cultivation.

## Job rotation

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

## TSH education and training system

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





## 4.3 Employee remuneration and benefits

GRI 401-2, GRI 405-2, GRI 2-21

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

### Remuneration system

Talents are the Company's most critical asset and the foundation for the Company's competitiveness. To attract and retain the best talent and make employees the best driving force for the Company's sustainable growth, we have formulated a competitive salary and consistent salary evaluation criteria and rules, with the external market competitiveness of our salary and internal fairness taken into account, in compliance with the Labor Standards Act. We decide employee salary based on their academic qualifications, experience, and personal performance and do not differentiate due to gender. We do not offer different starting salaries to new employees due to race, religion, political affiliation, gender, and marital status. We pay appropriate remuneration based on the market value of each professional skill and the contribution of each employee's responsibilities through a reasonable performance management system. In 2023, our female employees accounted for 61.76% of all employees and female top-level managers accounted for 57.14% of all top-level managers.

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

Base salary and compensation (2023)	Headquarters		
	Female (persons)	Male (persons)	Compensation ratio female : male
Managerial officers	8	6	1.03:1
R&D technicians	2	5	0.28:1
Other employees	32	15	1.47:1
Total	42	26	1.3:1

The disparity in salaries among R&D personnel can be attributed to the predominance of women in junior research positions, whereas men are more likely to occupy senior research roles.

The median total compensation (excluding benefits) for all TSH Biopharm employees in 2023 was around NT\$1.125 million, approximately one-sixth of the general manager's total compensation. The general manager's annual compensation increased at roughly twice the rate of the median annual increase in total compensation for all employees.

## Annual salary raise plan

Salary raises aim to thank employees for their endeavor to achieve strategic goals and also reflect inflation to satisfy employees' basic living needs. The Company implements an annual salary raise plan based on operations every April. However, since the Company was established in 2010, the annual salary raise rate has been 1.5%–4%, and was 3% in 2023. In addition, to motivate employees who have excellent performance and have met the promotion criteria, we offer a fair promotion system.

## Diverse benefits

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

### ■ Bonuses/Subsidies

Item	Description
Birthday cash gift	A birthday cash gift of NT\$1,000 will be provided to each employee in the month of their birthday.
Wedding cash gift	We pay NT\$3,600 to each employee who has served for over three months but less than one year. We pay NT\$6,000 to each employee who has served for over one year. If the couple is both the Company's employees, both of the couple will receive a cash gift.
Childbirth cash gift	When employees have a newborn baby or their spouses gave birth, we pay NT\$3,600 to full-time employees who have passed the probationary period for each newborn baby. If their spouses also work at the Company, we will only pay the cash gift once.
Bonuses on three major holidays	The Welfare Committee pays a cash gift of NT\$1,000 to each employee on the Dragon Boat Festival, the Mid-Autumn Festival, and the Labor Day every year.
Education expense subsidy	There are scholarships and bursaries. To the children of employees who are in school and achieve the required scores, scholarships ranging from NT\$1,000 to NT\$4,000 are awarded depending on the children's level of education. To the children of employees who qualify as members of low-income households, bursaries ranging from NT\$4,000 to NT\$10,000 are given depending on the children's level of education.
Hospitalization condolence allowance	Any employees who have passed the probationary period and are hospitalized due to illness will be offered a condolence allowance of NT\$3,000. Each gift for visit is be limited to the worth of NT\$800.
Disaster relief fund	A relief fund from NT\$5,000 to NT\$30,000 will be offered to an employee who encounters a disaster depending on the situation.
Funeral condolence	A funeral flower basket of NT\$3,100 and NT\$2,000 will be provided to any

money	employee's parent, children, spouse, or parent-in-law who has passed away. A funeral flower basket of NT\$1,500 or NT\$2,000 will be provided to any employee's grandparent, great grandparent, sibling, grandchild, or great grandchild.
Others	Company dinner parties and year-end party: The Welfare Committee holds various activities from time to time depending on needs and the budget. The committee is also responsible for planning the year-end party and preparing the gifts at the end of each year.

### Leave policy

- Superior Paid Annual Leave: Employees are entitled to 7 days of paid annual leave after completing 3 to 12 months of service and 10 days after completing 12 to 36 months of service. Travel leave
- Travel Leave 3 Days
- Family care leave
- Parental leave
- **Maternity Leave:** Employees are entitled to 60 days of maternity leave.

### Unpaid leave policy

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

Parental Leave: As of December 31, 2023, a total of 6 employees (3 male / 3 female) were eligible for parental leave without pay. In 2023, 1 employee (0 male / 1 female) applied for parental leave without pay; 0 employees (0 male / 0 female) actually returned to work, resulting in a 0% return-to-work rate.

Year	2022			2023		
Item	Male	Female	Total	Male	Female	Total
Total number of employees eligible for parental leave	0	2	2	3	3	6
Actual number of employees applying for parental leave	0	0	0	0	1	1
Number of employees who returned to work after parental leave and remained employed	0	0	0	0	0	0
Employee return-to-work rate (%)	0%	0%	0%	0%	0%	0%
Number of employees who returned to work after parental leave and remained employed for 1 year	0	0	0	0	0	0



### Well-established pension system and its implementation status

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

#### (1) Implementation:

Pension scheme	New scheme
Applicable law	Labor Pension Act
Contribution method	Make a contribution equal to 6% of their insured salary level to their individual account under the Labor Insurance Bureau.
Contribution amount	A total of NT\$4,825,000 was contributed in 2023.
Application for retirement	No employee applied for retirement in 2023

#### (2) Retirement eligibilities:

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

#### (3) Pension payment standards

Individual pension account system:

Monthly pension payment: The amount calculated based on the individual pension account, cumulative income, average life expectancy specified in the annuity mortality table, and the interest rate is adopted as the amount of the monthly pension payment.

Pension in a lump sum: The principal and cumulative income in the individual pension account are paid to each employee in a lump sum.

## 4.4 Employee Communication and Care

### Labor–management meeting GRI 2-30

The company has not established a labor union; therefore no collective bargaining agreement has been signed. The Company holds labor–management meetings on a regular basis. The Company fully coordinates, communicates, and exchanges opinions about any new or amended measures related to labor–management relations through labor–management meetings to ensure the harmony of labor–management relations, while facilitating labor–management collaboration to improve work efficiency, to build an internal labor–management communication and negotiation mechanism and achieve a win-win outcome.

### Diverse communication channels

Employees are TSH’s most important asset, and smooth communication can enhance employees’ intelligence and narrow the distance between the Company and them, thereby motivating them to work, explore their potential, and create values and competitive advantages for the Company. Therefore, we encourage employees to speak directly and provide diverse communication methods through which to do so, in the hope that their questions or opinions can be expressed and responded to. In addition to labor–management meetings, employees can express their views at the regular large POA, strategy, or departmental meetings or various district, functional, or face-to-face meetings with supervisors at the beginning, in the middle, and at the end of the year; or we raise employees’ awareness through regular and irregular announcements in TSH Newspaper, TSH Talk, or TSH TV. Therefore, both employer and employees can exchange views more effectively. Moreover, the Company has formulated its Employee Handbook and various internal regulations, wherein employees’ rights and obligations are specified. In this way, the Company spares no efforts in protecting employees’ rights and interests. No complaints were made by employees in 2023

### Employee rewards

We have a clear reward and punishment mechanism in place for employees and provide different rewards to those who have outstanding performance or have made special contributions to the Company. At the annual year-end party, an award ceremony is held for employees who have served for 10 and 20 years, presenting them with a commemorative gold coin in appreciation of their long-term dedication. At the end of 2023, two employees completed 10 years of service, totaling two long-serving employees. (The Company was incorporated on September 21, 2010, split off from TTY Biopharm Company Limited. To protect the rights and benefits of employees split off from TTY Biopharm Company Limited, the Company signed an employment agreement with the employees to retain their length of service at TTY Biopharm Company Limited.

### Focus on employees’ physical, mental, and spiritual health

#### ☼ Influenza vaccination to protect employees and their families

TSH Biopharm provides free flu vaccination to employees and subsidizes vaccinations for two family members per employee. In 2023, a total of 100 doses were subsidized.

#### ☼ DEI gender equality seminar

TSH Biopharm highly values employee well-being and perceptions, particularly organizing a “Diversity, Equity, and Inclusion (DEI) Enhancing Workplace Gender Equality Awareness” event, inviting Dr. Fan Su-ling from the Engineering Law Research and Development Center of Tamkang University. The

importance of gender equality in corporate policy implementation was shared, aiming to create a more equitable, safe, comfortable, and empowering work environment for all employees.

### ❁ TSH Biopharm EAP system

In 2023, TSH Biopharm implemented an EAP system to care for employee mental health, an innovative service in pursuit of talent acquisition and corporate sustainability. From a humanistic care perspective, the company collaborates with the Asia-Pacific Psycho-Oncology Exchange Foundation to implement an Employee Assistance Program (EAP) system. This establishes comprehensive care services, enhances employees' physical and mental health, cultivates a positive work-life attitude, and creates a friendly workplace environment to achieve a happy TSH Biopharm.



## 員工EAP『全生心守護』

將東「生」華與「心」理健康 2 個字納入，強化同仁對 EAP 的信賴與認同  
全生心守護EAP 專案以「T、S、H」為 EAP 執行的三大執行主軸



**Talent 人才賦能**

以心理賦能 為目標

提供員工具備真誠 領導、  
正向心情與敬業 精神等職能



**Health 健康共好**

以健康素養 為主軸

規劃員工健康意識調查  
全面理解同仁身心健康



**Support 個人支持**

以情緒支持 為目標

提供具專業、個別諮商服務，  
並可配合個案提供會談方式

員工 EAP「全生心守護」	Employee Assistance Program “Whole Life Protection”
將東「生」華與「心」理健康 2 個字納入，強化同仁對 EAP 的信賴與認同	Incorporate the characters for TSH (“生”) and “心” (heart/mental) to strengthen employees’ trust and identification with the EAP.
全生心守護 EAP 專案以「T、S、H」為 EAP 執行的三大執行主軸	The “TSH EAP Guardian Project” uses “T,S,H” as the three main pillars for EAP implementation
人才賦能	Talent empowerment
以心理賦能為目標	Aimed at psychological empowerment
提供員工具備真誠領導、正向心情與敬業精神等職能	Provide employees with competencies in authentic leadership, positive attitude, and professional dedication
健康共好	Health and well-being
以健康素養為主軸	Focused on health literacy
規劃員工健康意識調查	Planning employee health awareness survey
全面理解同仁身心健康	Comprehensive understanding of employees’ physical and mental health
個人支持	Personal support
以情緒支持為目標	Aimed at emotional support
提供具專業、個別諮詢服務，並可配合個案提供會談方式	Provide professional, individual counseling services, with the flexibility to accommodate case-specific consultation methods



**ESG員工關懷  
成就幸福東生華**



ESG 員工關懷	ESG employee care
成就幸福東生華	Achieving a prosperous TSH Biopharm

### Measures to emphasize work-life balance

#### Travel subsidy

In 2023, to enhance interaction between colleagues and teams, the Employee Welfare Committee provided a travel subsidy of NT\$13,000 and three days of travel leave per employee. This encouraged cross-departmental or intra-departmental travel, fostering team rapport while stimulating creativity and enthusiasm, aiming to build a sense of identification and belonging among employees.

#### Incentive travel

In early 2023, to express gratitude for the previous year's performance achievements and employees' efforts, the company organized an overseas trip for all staff. This allowed employees to collectively enjoy the fruits of their labor after striving to reach goals, not only demonstrating appreciation for their hard work but also motivating the team to create future successes together.





### Happy Family Day

Health and family should be placed before work. This is our important concept to take care of our employees. Therefore, in addition to various benefits to take care of our employees, the Welfare Committee holds TSH Family Day every August to September (around the establishment date of TSH ), and we organize one-day outdoor activities that combine cultural, environmental protection, and parent-children elements and encourage employees to invite their family members to participate together, thereby enabling employees and their families to bond and allowing their family members to become closer with each other through such interactive activities. Therefore, the TSH family can be extended to our employees' family members to enhance the relations among the employees, all the while allowing them to experience nature and culture and arts together. In September 2023, employees and their families were invited to a one-day trip to Sanxia, including DIY activities, fostering both family enjoyment and team cohesion.





## 4.5 Workplace Safety and Health

The Company attaches great importance to each employee's health. Although there is no factory established for strategic purposes, to maintain employees' health and personal safety, we are committed to providing employees a safe and healthy work environment. It is our responsibility to employees and their families. The Company has set up an office in the Nangang Software Park in Taipei City and continues to implement various employee office environmental safety management measures. There was no occupational accident in 2023. Although ISO 45001:2018 Occupational Health and Safety Management System has not been implemented, the company adheres to relevant regulatory requirements for effective management of employee safety and health. The overall participation rate in 2023 was 70.5%.

### Workplace safety

- ✿ Sexual harassment prevention and implementation procedures were formulated.
- ✿ The "Regulations for the Safety and Maintenance of Offices" was formulated to maintain office safety:
  - ✓ Flammable and dangerous items are not prohibited.
  - ✓ The last employee leaving the office after getting off work every day or working overtime on holidays should close the doors and windows and turn off air-conditioners and lights in front of the gate.
  - ✓ After getting off work every day or working overtime on holidays, employees are required to lock the door (ground lock) when there is no one else in the office to prevent thieves from breaking in at night.
  - ✓ We ban smoking inside the Company and in public places in accordance with the Tobacco Hazards Prevention Act.
  - ✓ Employees who borrow parking spaces or office keys should return them afterwards; employees are also prohibited from lending the Company's keycards and keys to personnel who do not work at the Company without consent.
- ✿ To maintain the work environment and employees' personal safety, we have formulated the Safety and

Health Work Rules and designated an occupational health and safety specialist: The Company's "Safety and Health Work Rules" has been implemented since it was approved by the competent authority.

- ✓ In principle, the safety and health inspection work is carried out by the operators and supervised by the personnel in charge of management, command, and supervision.
- ✓ To prevent stacked objects from collapsing or falling, we tie up all stacked objects with ropes or protect them with bollards when at a limited height or change the stacking method.
- ✓ We stipulate the first aid measures for general first aid, bleeding, electrical shock, fractures, apnea, and cardiac arrests.
- ✓ In the event of three or more casualties at the same time in an accident in the workplace with one or more victim hospitalized or under the circumstances specified in the announcement made by the central competent authority, we should offer emergency first aid and rescue victims and report to the labor inspection agency within eight hours.
- ❁ We have installed drinking water equipment in alignment with the drinking water standards in the workplace, and we regularly clean and maintain it every 1 to 2 months.
- ❁ We outsource environmental sanitation management and cleaning and maintenance of the workplace to a professional cleaning company to maintain the sanitation quality of the work environment as per the Company's cleaning and maintenance checklist to maintain the quality of our work environment.
- ❁ We implement access control. Employees and visitors entering the Company should pass the card swipe sensor for verification at the elevators of our building in the park and the door of our office.
- ❁ We participate in fire exercises and lectures held by the Management Committee of the Nangang Software Park Phase II every year.
- ❁ We made available an adequate number of fire extinguishers in the workplace.

### Fire safety

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

### Health Management GRI 403-3

- ❁ Our company prioritizes employee health, exceeding regulatory requirements. The Welfare Committee arranges annual health examinations for all employees. In 2023, the committee signed employee health check contracts with health examination centers in northern, central, and southern Taiwan. Employees can schedule their annual health checks at these contracted centers within a specified period, with the company covering the costs to ensure employee health. Additionally, employees' family members can participate in health examinations at preferential rates negotiated by the committee. Each year, the company and group organize numerous disease prevention training courses, which employees are free to attend.
- ❁ The Company has first aid kits in place.
- ❁ In addition to providing labor insurance and national health insurance for all employees in accordance with the law, we purchase group insurance for all employees to obtain better protection. For group



insurance, we have purchased an accident insurance policy of NT\$1 million to NT\$5 million, an injury insurance policy of NT\$20,000 per person, and a hospitalization insurance policy. The general affairs unit purchases a travel safety insurance policy for employees assigned for overseas business trips and adjusts the amount of insurance coverage to ensure employees' safety during travel.

- During the pandemic, the Company purchased masks and rapid antigen testing kits for employees to use free of charge, and took out additional group epidemic insurance for employees so as to provide them with an additional layer of protection in times of high risk brought about by infectious diseases.

#### **Occupational accidents and injuries at headquarters and all sites in 2022 and 2023** GRI 403-9, GRI 403-10

Although TSH Biopharm has not implemented the ISO 45001:2018 Occupational Health and Safety Management System, it regularly compiles work injury statistics in accordance with occupational safety laws to ensure and achieve the sustainable goal of zero accidents.

Headquarters and all sites	Total	
Year	2022	2023
<b>Frequency Rate (FR) of disabling injuries (number of disabling injuries/ million work hours)</b>	0	0
<b>Severity Rate (SR) of disabling injuries (lost workdays/million work hours)</b>	0	0
<b>Total recordable Incident Rate</b>	0	0
<b>Lost workdays</b>	0	0
<b>Number of work-related injuries in persons (excluding occupational diseases)</b>	0	0
<b>Number of work-related injuries in cases (excluding occupational diseases)</b>	0	0
<b>Fatality rate resulting from occupational injuries</b>	0	0
<b>Occupational disease fatalities in persons</b>	0	0
<b>Occupational disease fatalities in cases</b>	0	0
<b>Occupational Disease Rate (ODR)</b>	0	0

## 5. Social Feedback and Participation

**TSH Biopharm's Sustainable Cultivation of the Heart: Elevating Love, integrating ESG sustainability goals with corporate social responsibility, aspiring for the well-being of all lives.**

The core sustainable value of the pharmaceutical industry lies in its contribution to humanity. As a pharmaceutical company facing ESG sustainability challenges, TSH Biopharm adheres to the core principles of the United Nations Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-being). The company maintains a “people-first” core value, extending its motto “Sustainable Cultivation, Elevating Love” throughout Taiwan.



永續耕心	Sustainable Cultivation
讓愛昇華	Elevating Love

**Elevating Love in the new spring, New Year's gifts care for the disadvantaged, natural sustainability**



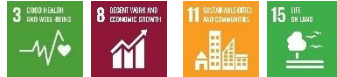
TSH Biopharm chose to give back to society during the 2023 Lunar New Year by supporting the SAINT JOSEPH SOCIAL WELFARE FOUNDATION in Hsinchu City with 112 charity gift boxes. The foundation's vision of successful aging for individuals with disabilities aligns with TSH Biopharm's concept of constructing comprehensive healthcare services. This initiative also fulfills ESG sustainability goals and corporate social responsibility objectives.



Additionally, we paired this with a Xintea Tea Leaf Gift Box, promoting coexistence and mutual prosperity among tea drinkers, growers, nearby residents, and nature. Commitment to natural farming methods ensures peace of mind for this generation and well-being for the next!

Because TSH Biopharm values every present choice, at the start of 2023, let us coexist sustainably with the Earth, offering the most natural goodness!

## Adopt black soybean fields, support local revitalization, environmental sustainability for mutual benefit



In April 2023, TSH Biopharm adopted one plot of black soybean field in Syuejia, Tainan. The kickoff ceremony for TSH Biopharm's black soybean field adoption was led by President Ssu-Yuan Yang at Happy Food Limited. This adoption garnered attention from Tainan's agricultural revitalization efforts, with attendees including Tainan City Agriculture Bureau Director Li Chien-Yu, Agriculture and Food Agency Southern Branch Director Lo, Cheng-Tsung, and Liu Kao-Yang, host of the National Development Council's Corporate Engagement in Local Revitalization Plan. They collectively witnessed the mutual support between local enterprises and agriculture, hoping to inspire more corporate backing for local industry development.

The black soybean field cultivation method employs eco-friendly farming practices, contributing to SDG 15 (Life on Land). It also exemplifies the implementation of SDG 8 and 11 through intergenerational farming and local revitalization. We invite colleagues to participate, accumulating the power to support sustainable change. Starting with the adoption of the black soybean field, we aim to continue toward diverse sustainable development efforts, fostering mutual prosperity between TSH Biopharm and society.



Black soybeans have been proven in numerous studies to benefit cardiovascular health and protein supplementation. We have donated black soybean crisps, a byproduct of our black soybean field, to elderly individuals in rural areas. Company volunteers, accompanying members of the Old Five Old Foundation, visit rural areas to care for the cardiovascular health of isolated elderly while also gifting them black soybean crisps. Additionally, the product derivatives include black soybean tea and black soybean soy sauce, which serve as our holiday gifts. Compared to imported black soybean products, locally produced items in Taiwan significantly reduce transportation carbon footprints.





Caption: Black soybean products (from left) - Black soybean cookies, black soybean tea gift box as Dragon Boat Festival gifts, black soybean soy sauce as Mid-Autumn Festival gifts.

## Health Core, Elevating Love: Corporate volunteers visit rural areas to care for elderly living alone and measure blood pressure



In 2023, TSH Biopharm supported the Old Five Old Foundation's mobile resource vehicle initiative for isolated elderly in rural areas. Nearly one-third of TSH Biopharm's employees participated in mobile resource vehicle services in Puli, Beitun, Xizhi, Shiding, and Shengkeng, conducting blood pressure measurements and providing care for the elderly. This exemplifies TSH Biopharm's commitment to "Sustainable Cultivation, Elevating Love" throughout Taiwan.

"We regard solitary elderly individuals as family members. Even if we visit only once, perhaps in their limited memories, they may one day recall that there was a pharmaceutical company with volunteers in blue T-Shirts who came to see them before the Mid-Autumn Festival, keeping them company and chatting... Perhaps this is enough." This is the profound sentiment expressed by TSH Biopharm's volunteers reflecting on their visits to elderly individuals living alone across Taiwan, which began during the Dragon Boat Festival this year.

While implementing mobile resource vehicle services, we also measure blood pressure and provide care for the elderly, sharing this year's adopted black soybean field product – black soybean cookies – with them, promoting a healthy and benevolent cycle throughout Taiwan.



東生華製藥  
tshbiopharm



財團法人老五老基金會  
OLD FIVE OLD FOUNDATION

## Launch “Heart Journey” nationwide cardiovascular health education seminars



To disseminate health knowledge and emphasizing ESG sustainability, TSH Biopharm, in line with UN SDG 3 (Good Health and Well-being), organizes health-focused public lectures. The primary objective is to provide accurate health education information, covering disease awareness, proper medication concepts, latest treatment guidelines, and disease prevention strategies.



Based on its core business of “health” and aligned with SDG 3 (Good Health and Well-being), TSH Biopharm organized nationwide cardiovascular health education seminars. Professional physicians were invited to interact closely with the public, addressing three common chronic diseases: angina, hypertension, and hyperlipidemia, focusing on disease awareness and proper medication concepts. A total of five events were held since 2023, covering Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung, with a total of 769 participants.





## TSH Biopharm supports the “Taiwan Stroke Association” in caring for the health of disabled and elderly patients

Assisted the Stroke Association in producing an educational video to help provide patients and families with more medical resources.



TSH Biopharm continues to strive for improving human health and well-being (SDG3). In 2023, we strongly supported the Taiwan Stroke Association in producing “Educational videos for elderly, frail, and disabled stroke patients.” In the video, Dr. Chung-Hsing Chou, Chairman of the Taiwan Stroke Association and Director of Neurology at Tri-Service General Hospital, emphasized that these three groups are most susceptible to stroke in Taiwan, sharing care and medication knowledge to raise public awareness about stroke prevention and disability reduction.



「我會二次中風嗎？」	“Will I have a second stroke?”
「家人中風怎麼照顧，我該辭職嗎？」	“How do I care for a family member who’s had a stroke? Should I quit my job?”

Caring for stroke patients involves not only labor but also significant economic expenditure. According to the long-term care expenditure reference table estimated by the Taiwan Association of Family Caregivers, the annual total expenditure for caring for a disabled stroke patient ranges from NT\$500,000 to over NT\$1 million. However, in our efforts to prevent primary and secondary strokes, we overlooked that effective blood pressure reduction is actually the most cost-effective method.

In the video, Dr. Chou Chung-Hsing explains that antihypertensive drugs containing ACE inhibitors not only prevent stroke occurrence but also offer benefits in preventing aspiration pneumonia, enhancing skeletal

muscle blood flow, promoting muscle strength, and improving the quality of life for bedridden patients. These should be considered priority antihypertensive medications for stroke patients. For stroke patients with swallowing difficulties or those requiring tube feeding due to being bedridden, dosage forms that can be split or ground into powder can be chosen.

## Pilot Program: Cultivating talent through campus engagement



TSH Biopharm and Taipei Medical University launched the “Career Pilot Campus Engagement Program.” 2023 marked its second year, welcoming not only our long-standing partners from the Molecular Pharmacology Division of the Graduate Institute of Medical Sciences, but also new collaborators from the Ph.D. Program for Pharmaceutical Industry Development of the School of Pharmacy. Together, we guide young students in exploring pharmaceutical industry careers and help them envision their own futures!



校園深耕計畫	Campus engagement program
職涯引水人工作坊	Career mentorship workshop
東生華 挺你前進	TSH Biopharm supports your progress!
東生華製藥業師群帶您一窺藥業關鍵職位，循著藥品開發價值鏈，協助您提早接軌職涯！	TSH Biopharm's pharmacist team offers insights into key positions in the pharmaceutical industry, following the drug development value chain to help you align with your career path early on!
職涯引水人	Career mentorship
你的未來 我們挺你！	Your future, we support you!



## Attachment I GRI Content Index

GRI 1 used      GRI 1: Foundation 2021			
GRI Standards	Item of Disclosure	Reference Section	Page
GRI 2: General Disclosures 2021			
Organization and reporting practices			
2-1	Detailed organizational information	About TSH	7
2-2	Entities Included in the Organization's ESG Report	About this Report	3
2-3	Reporting Period, Frequency, and Contacts	About this Report	3
2-4	Restatements of Information	About this Report	3
2-5	External assurance	About this Report Attachment III: Report Assurance Statement/Letter of Attestation	3
Activities and workers			
2-6	Events, Value Chain, and Other Business Relationships	2.3 Supply chain management	63
2-7	Employees	4.1 Employee Structure and Human Rights	84
2-8	Non-Employee Workers	4.1 Employee Structure and Human Rights	84
Governance			
2-9	Governance Structure and Composition	1.1 Corporate Governance – Organizational Structure	26
2-10	Nomination and Selection of the Highest Governance Body	1.1 Corporate Governance – Organizational Structure	26
2-11	Chairman of the Highest Governance Body	1.1 Corporate Governance – Organizational Structure	26
2-12	Role of the Highest Governance Body in Overseeing Impact Management	1.1 Corporate Governance – Sustainable Development Committee	26
2-13	Impact management responsible person	1.1 Corporate Governance – Sustainable Development Committee	26
2-14	Role of the Highest Governance Body in ESG Report	1.1 Corporate Governance – Sustainable Development Committee	26
2-15	Conflicts of Interest	1.1 Corporate governance – Board member conflict of interest avoidance and ethical conduct	26
2-16	Communication of key material events	1.4 Risk Assessment and Management Policy	44

2-17	Collective Intelligence of the Highest Governance Body	1.1 Corporate Governance – Continued Education	26
2-18	Performance Assessment of Highest Governance Body	1.1 Corporate Governance – Board performance evaluation	26
2-19	Remuneration policies	1.1 Corporate Governance – Director Remuneration Policy	26
2-20	Process for Determining Remuneration	1.1 Corporate Governance – Director Remuneration Policy	26
2-21	Annual Total Remuneration Ratio	<b>4.3 Employee remuneration and benefits</b>	91
Strategy, policies and practices			
2-22	Statement of Sustainability Strategy	Message from Management	5
2-23	Policies and Commitments	Message from Management	5
2-24	Integration into Policies and Commitments	Message from Management	5
2-25	Procedures for remediation of negative impacts	1.3 Implementation of Ethical Corporate Management and Regulatory Compliance	41
2-26	Mechanisms for seeking advice and raising concerns	1.3 Implementation of Ethical Corporate Management and Regulatory Compliance	41
2-27	Compliance	1.3 Implementation of Ethical Corporate Management and Regulatory Compliance – <b>Adhere to compliance</b>	41
2-28	Membership of associations	2.5 Customer Relations and Domestic Association Participation	69
Stakeholder Engagement			
2-29	Stakeholder Engagement Methods	Stakeholder Engagement and Material Topic Analysis	12
2-30	Collective Bargaining Agreements	4.4 Employee Communication and Care	95

## Material Topics

GRI Standards	Item of Disclosure	Reference Section	Page
<b>GRI 3: Material Topics 2021</b>			
3-1	Process for determining material topics	Stakeholder Engagement and Material Topic Analysis	12
3-2	List of material topics	Stakeholder Engagement and Material Topic Analysis	12
3-3	Management of Material Topics	Stakeholder Engagement and Material	12

		Topic Analysis	
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GRI 200: Topic-specific disclosures – Economic 2016				
Item of Disclosure		Description	Reference Section	Page
Economic performance	201-1	Direct economic value generated and distributed	1.2 Operational Performance	38
	201-2	Financial impacts and other risks and opportunities arising from climate change	3.1 Climate Change and Greenhouse Gas Management	72
Market Presence	202-2	Proportion of senior management hired from the local community	4.1 Employee Structure and Human Rights	84
Procurement practices	204-1	Proportion of spending on local suppliers	2.3.2 Supplier Screening and Management	63
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	1.3 Implementation of Ethical Corporate Management and Regulatory Compliance	41

GRI 300: Topic-specific disclosures – Environmental 2016				
Item of Disclosure		Description	Reference Section	Page
Energy	302-1	Energy consumption within the organization	3.1.2 Resource management	79
	302-3	Energy intensity	3.1.2 Resource management	79
Emissions	305-1	Direct (Scope 1) GHG emissions	3.1.1 Greenhouse Gas Management	77
	305-2	Energy indirect (Scope 2) GHG emissions	3.1.1 Greenhouse Gas Management	77
	305-3	Other indirect (Scope 3) GHG emissions	3.1.1 Greenhouse Gas Management	77
	305-4	Greenhouse gas emissions intensity	3.1.1 Greenhouse Gas Management	77
Supplier environmental assessment	308-1	New suppliers screened using environmental criteria	2.3 Supply chain management	63

GRI 400: Topic-specific disclosures – Social 2016				
Item of Disclosure		Description	Reference Section	Page
Employment	401-1	New employee hires and employee turnover	4.1 Employee Structure and Human Rights	84
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	4.3 Employee remuneration and benefits	91
	401-3	Parental leave	4.3 Employee remuneration and benefits	91
Training and Education	404-1	Average hours of training per year per employee	4.2 Cultivating and Developing Diverse Talent	88
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	4.1 Employee Structure and Human Rights	84
	405-2	Ratio of salary and remuneration of women to men	4.3 Employee remuneration and benefits	91
Supplier social assessment	414-1	New suppliers screened using social criteria	2.3 Supply chain management	63
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.4 Customer Health and Safety	67
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	1.5 Cybersecurity Management	48

## Attachment II SASB Index

Code	Disclosure indicators	Reference section and page number/description
Disclosure Topic: Safety of Clinical Trial Participants		
HC-BP-210a.1	Describe management processes for ensuring medical quality and patient safety in different regions worldwide	2.2 Innovative R&D and Drug Access ( <b>Clinical Trial Process</b> )
HC-BP-210a.2	Regarding FDA-approved items and quantities related to clinical trial management and active drug monitoring, the following approaches can be adopted:(1) Voluntary Action Initiated (VAI) (2) Official Action Indicated (OAI)	No such incidents have occurred at TSH Biopharm
HC-BP-210a.3	Total monetary losses resulting from legal proceedings associated with clinical trials in developing countries	No such incidents have occurred at TSH Biopharm
Disclosure Topic: Access to Medicines		
HC-BP-240a.1	Explain measures and initiatives to promote the use of healthcare products for priority diseases and in countries with less advanced medical and health conditions (as defined by the “Access to Medicine Index”).	<b>2.2 Innovative Research &amp; Development and Drug Access</b> <b>Product R&amp;D</b>
HC-BP-240a.2	Products on the list of prequalified medicines in the World Health Organization’s Prequalification of Medicines Programme (PQP)	No such incidents have occurred at TSH Biopharm

Disclosure Topic: Affordability and Pricing		
HC-BP-240b.1	Number of Abbreviated New Drug Application (ANDA) litigation settlements involving fines and/or stipulations delaying the sale of approved drugs for a specified period.	No such incidents have occurred at TSH Biopharm
HC-BP-240b.2	Percentage change in average drug prices:(1) Average list price and (2) average net price of U.S. products	(1) TSH Biopharm's products are primarily prescription drugs, of which eight are covered by the National Health Insurance (NHI). Compared to 2022, the prices of all eight NHI-listed products were adjusted downward in 2023, with an average price reduction of 5.49%. (2) The company does not have any products listed on the US market.
HC-BP-240b.3	Percentage change in drug prices:(1) List price and (2) net price of the product with the largest year-over-year increase	(1) TSH Biopharm's products are primarily prescription drugs, of which eight are covered by the National Health Insurance (NHI). Compared to 2022, the prices of all eight NHI-listed products were adjusted downward in 2023, with an average price reduction of 5.49%. (2) One of the company's products was designated as an essential drug in 2023, resulting in a price increase of 585%.
Disclosure Topic: Drug Safety		
HC-BP-250a.1	Products listed in the FDA Med Watch Human Factors Product Safety Alert database	<b>2.4 Customer Health and Safety</b> Global Drug Safety Monitoring System and Notification Procedures
HC-BP-250a.2	Number of deaths caused by products reported in the FDA adverse event reporting system	0
HC-BP-250a.3	Number or product recalls	0
HC-BP-250a.4	Statistics on product recycling, reuse, or disposal	0
HC-BP-250a.5	FDA enforcement actions taken for violations of current Good Manufacturing Practices (cGMP)	0

Disclosure Topic: Counterfeit Drugs		
HC-BP-260a.1	Describe methods and technologies used to maintain product traceability and prevent counterfeiting throughout the supply chain	2.4 Customer Health and Safety – Product Traceability Mechanism
HC-BP-260a.2	Describe the process for alerting customers and business partners to potential or known risks related to counterfeit drugs.	2.4 Customer Health and Safety – Drug Recall Mechanism
HC-BP-260a.3	Number of actions leading to raids, seizures, arrests, or criminal charges related to counterfeit drugs.	No such incidents have occurred at TSH Biopharm
Disclosure Topic: Ethical Marketing		
HC-BP-270a.1	Monetary losses resulting from legal proceedings associated with false marketing claims	No such incidents have occurred at TSH Biopharm
HC-BP-270a.2	Describe ethical guidelines for off-label use of products	
Disclosure Topic: Employee Recruitment, Development, and Retention		
HC-BP-330a.1	Describe recruitment and retention strategies for scientists and R&D talent	4.2 Cultivating and Developing Diverse Talent TSH Biopharm attracts and retains talent through compensation and benefits, a friendly workplace environment, agile organizational management, internal rotation, and talent development.
HC-BP-330a.2	(2) Voluntary and (2) involuntary turnover rates: (a)Senior management (b)Middle management (c)Professionals and (d)All other employees	(a) Senior Management: Voluntary 0%, Involuntary 0% (b) Middle Management: Voluntary 0%, Involuntary 0% (c) Professionals and All Other Employees: Voluntary 17.64%, Involuntary 1.47%
Disclosure Topic: Supply Chain Management		
HC-BP-430a.1	Percentage of (1) physical facilities and (2) Tier 1 supplier facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party supply chain and ingredient integrity audit programs.	(1) 0% (No manufacturing plants.) (2) 100% (All GMP compliant.)



Disclosure Topic: Business Ethics		
HC-BP-510a.1	Total monetary losses resulting from legal proceedings associated with corruption and bribery	0
HC-BP-510a.2	Describe the code of ethics for managing interactions with healthcare professionals	In response to the code of conduct governing interactions between our employees and healthcare professionals, we have established integrity management procedures and a behavioral guideline to ensure the implementation of our integrity policy. We are actively working to prevent any dishonest or improper conduct.
Activity indicators		
HC-BP-000.A	Number of patients treated	In 2023, TSH Biopharm provided prescription medications to approximately 800,000 patients both domestically and internationally, as estimated based on 2023 sales and days of supply.
HC-BP-000.B	(1) Number of drugs in product portfolio (2) Number of drugs in development (Phase 1-3)	(1) There are a total of 13 prescription drug products and 6 diagnostic product services. (2) There are 6 drugs currently under development (drug stage).



# Independent Assurance Statement

## TSH BIOPHARM CORPORATION LTD. 2023 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR GROUP and TSH BIOPHARM CORPORATION LTD. (hereinafter referred to as “TSH”) are independent entities. AFNOR GROUP hereby provides a summary of TSH BIOPHARM CORPORATION LTD.’s Sustainability Report of 2023 (hereinafter referred to as “the Report”) but was not involved in any way in its preparation.

### SCOPE

TSH BIOPHARM CORPORATION LTD. is responsible for reporting fairly on the economic, environmental and social aspects of operating activities and performance of each operating sites in Taiwan in sustainability reports in accordance with the declared sustainability reporting standards.

AFNOR Asia is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the report compiled by TSH.
3. In accordance with the Sustainability Accounting Standards Board Standards, we verified the content compiled and disclosed by TSH in the report.

### REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards
- Sustainability Accounting Standards Board Standards



## METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The report is reported in accordance with the GRI Standards, and the content of the report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- The documents, materials and information related to the report were examined and reviewed by interviewing the responsible persons of each group of TSH.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- All documents, data and information related to the preparation of this report were checked by the verification team through interviews with relevant personnel.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the report.

## CONCLUSION

### ◆ AA1000 Accountability Principles

#### **Inclusivity**

TSH has identified stakeholders and maintained communication channels for stakeholders to participate in different important topics to understand the important information that stakeholders are concerned about and to solicit feedback from all parties regarding the company's sustainable development. In the future, the organization can develop a stakeholder identification and communication process for sustainable development to receive feedback from all parties on its sustainable development.

#### **Materiality**

TSH has published relevant information so that stakeholders can judge the company's





governance and performance, and plan to develop and implement a decision-making mechanism for materiality issues to focus on materiality issues related to the company's sustainable development. In the future, the organization can continue to strengthen the evaluation and decision-making process of major topics, so that material issues can be updated and response strategies can be developed in a timely manner.

### **Responsiveness**

TSH has developed and implemented a stakeholder response mechanism through communication channels, clearly announcing various policies, norms and codes, etc., and being able to respond promptly to issues of concern to stakeholders. In the future, the organization can continue to disclose information on the existing basis to provide operational transparency and accurately respond to information on various sustainability issues to stakeholders.

### **Impact**

TSH has understood the environmental impact of its operations and has developed processes to measure, assess and manage the organization's impact. The necessary capabilities and resources have been provided, and the organization is committed to making a comprehensive and balanced disclosure of the measurement and assessment of the impact of the organization on its stakeholders and itself. In the future, the organization can continue to provide resources to support the identification, measurement, assessment and management of impacts.

### **◆ Global Reporting Initiative Sustainability Reporting Standards**

Based on the results of the review, we confirm that the Report complies with GRI reporting requirements in terms of general disclosure items and specific topic disclosures, including material topic management and disclosure items. In the future, the organization can continue to compile major theme management content and the relevant performance of each operating base in accordance with the reporting standards, and provide sufficient and comparative reporting content to stakeholders.

### **◆ Sustainability Accounting Standards Board Standards**

Based on the results of the review, TSH has made disclosures with reference to the sustainable accounting indicators and activity indicators of the SASB standards. In the future, the organization can continue to collect and report according to disclosure standards and integrate it into the organization's information collection, monitoring and analysis processes.



## ASSURANCE OPINION

AFNOR GROUP has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by TSH and the facts seen during verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization.

In our opinion, the information and data presented in the Report by TSH provides a fair and balanced representation. We believe the focuses on economic, social, and environmental matters in TSH in 2023 are well represented.

## ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

## LIABILITY

This assurance statement is intended for the use of TSH BIOPHARM CORPORATION LTD. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :

Patrick Ni

The Director for Certification and Assessment

Jul.29.2024



**AA1000**  
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000-84/V3-S9PKE

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