

BRAND QUALITY
with Asian Advantages

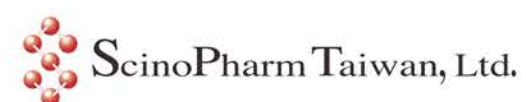
2014

ScinoPharm

Corporate Social Responsibility Report



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About This Report

Editorial Policy

ScinoPharm Taiwan, Ltd. (hereinafter referred to as simply ScinoPharm) was founded in 1997, and is committed to the development of high potency and high quality generic Active Pharmaceutical Ingredients (APIs). ScinoPharm upholds corporate citizenship philosophies of giving back to the community, maintaining that pharmaceutical manufacturing can be an industry with a conscience. This Corporate Social Responsibility Report is a full disclosure of all the significant issues we face and the actions we have taken along our path to sustainable management and serves as a response for all the issues of concern to our stakeholders.

Scope of this Report

This report focuses on the economic, environmental, labor rights, product, and social activities and performance of ScinoPharm from January 1, 2014 to December 31, 2014.

Material Aspects and Boundaries

The disclosed performance indicators and material aspects and boundaries of this report are limited to ScinoPharm Taiwan Ltd., and does not extend to ScinoPharm (Changshu) Pharmaceuticals, Ltd., ScinoPharm Shanghai Biochemical Technology, Ltd., ScinoPharm (Kunshan) Biomedical Technology Ltd., SPT International, Ltd., or ScinoPharm Singapore Pte Ltd. During the period covered by this report, no major changes were made in company size, structure, or ownership. In future, we hope to gradually include information from our overseas operations in our Corporate Social Responsibility Reports so as to present a complete picture of our CSR management strategy.

Report Guidelines

The corporate social responsibility information of ScinoPharm provided within this report was identified, implemented, and disclosed in accordance with the "Core" level of GRI (Global Reporting Initiative) G4 guidelines. A comparison of the relevant sections is listed in the appendix for ease of search and retrieval.

Publication Frequency

Our Corporate Social Responsibility Reports are published annually (our last report was published in October 2014) and are posted to our website, which you are welcome to visit. Website: www.scinopharm.com.

Contact Information

An electronic version of this report can be downloaded from our company website. If you have any questions or suggestions regarding the content, please use the following contact information to contact us.

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Implement Corporate Governance Establish an Example of Sustainable Management

ScinoPharm is the major Active Pharmaceutical Ingredients (APIs) company in Taiwan. Since our inception in 1997, we have abided by the law, attended to the needs of our employees, and maximized our client and shareholder value. We understand that as our company continues to grow in size, our impact on the industry, society in general, and our stakeholders will also increase. Therefore, ScinoPharm maintains an open and transparent spirit of corporate governance to ensure a balance between industry, society, and stakeholder value.

ScinoPharm upholds standards of ethical management and is committed to operational transparency and the interests of our stakeholders. We believe that the foundation of corporate governance is built upon a sound and effective board of directors. For this reason, ScinoPharm established a Compensation Committee in 2011, an Audit Committee in 2012, and a Nominations Committee in 2014, to assist the Board of Directors in performing its supervisory duties. Our current governance structure includes Shareholders' Meeting, Board of Directors, Audit Committee, Compensation Committee, Nominations Committee, and our internal audit office, which are respectively governed by our "Rules Governing Shareholders' Meetings", "Rules Governing the Meeting of the Board of Directors", "Corporate Governance Best Practice Principles", "Audit Committee Charter", "Compensation Committee Charter", "Nominations Committee Charter", and "Rules Governing the Scope of

Powers of Independent Directors", as well as by our internal control and audit policies.

Additionally, in order to create a corporate culture immersed in ethical management, ScinoPharm established "The Code of Ethics and Conduct" and the "ScinoPharm Code of Conduct" to help managers and employees better understand laws and regulations that they should comply with and moral obligations they should fulfill, as well as our company's expectations for employees when interacting with our collaborators and suppliers. In 2014, we also placed a "Whistleblowing System" on our company website so as to maintain our core values of ethical management and reinforce our determination to abide by government laws.

In June 2015, ScinoPharm was ranked among the top 5% of companies in the first Taiwan Stock Exchange Corporation (TWSE) Corporate Governance Evaluation Awards; this award proves the success of our ethical management strategies over the decades, and is also the best affirmation for every dedicated employee who has stuck to their posts. In August, ScinoPharm was also listed as one of the "CSR 100 Companies" in the CommonWealth "Excellence in Corporate Social Responsibility Awards", the perfect annotation to our efforts made towards sustainable management.

Integrity is the key to our corporate management, and our ideal is to establish a diversified, fair, trusting, and respectful work environment. We aim to balance the interests of all stakeholders and set an example of corporate social responsibility and sustainable management, using an attitude of integrity to build positive relationships with our stakeholders, such as our employees, clients, shareholders, society in general, and our suppliers.

KAO-HUEI CHENG
Chairman



Use Innovation to Drive Corporate Growth Take Action to Implement Social Responsibility

Since it was founded 18 years ago, ScinoPharm has vigorously pursued innovation in drug development, taking an active approach to gain recognition within the API industry. We put together a comprehensive and experienced R&D team to develop processes, introduced advanced technologies from overseas, and also collaborated with domestic and foreign research institutions to enhance overall efficiency and relevant abilities, using high-potency API drugs with high entry barrier to generate high economic value for the whole company.

In the ever-changing and competitive industry environment, ScinoPharm continues to perfect product quality and work efficiency through sustained innovation. In order to build strategies with competitive advantages, we not only continue to invest in innovations for product development, processes, and key technologies, but also establish niche markets using diversified product combinations and patent strategies; this has made it possible for our bulk drug products to break into major markets across the globe, and has also raised the international profile of Taiwan's high-quality APIs.

In terms of environmental protection, ScinoPharm has

spared no effort in promoting energy-saving, power-saving, and water-saving concepts. In response to government environmental policies, ScinoPharm has complied with recycling policies and strives to use renewable materials that have a lesser impact on the environment in order to reduce our environmental impact, strengthen the environmental protection habits of our employees, and implement concepts of environmental protection into our daily lives. Our implementations include sending waste water from our reverse osmosis water machines and condensation water from our air-conditioners to our cooling towers, using water-saving faucets to reduce our everyday water usage, incorporating environmental protection concepts in our processes and equipment, promoting green concepts, and focusing on ecological balance.

In terms of social participation, ScinoPharm is a long-term sponsor of arts activities, and has for five consecutive years hosted the "ScinoPharm Art" lectures in hopes of enhancing the aesthetic and humanities understanding of Southern Taiwan Science Park employees. ScinoPharm also combines forces with employees to initiate community outreach activities, for example the "World Museum Day", held on May 2014, where ScinoPharm donated more than 11,000 plants with value at more than 1 million NTD within the factory grounds to the National Museum of Taiwan History located in the Annan District of Tainan. Later that same day, employees were asked to volunteer at the "Show love by donating invoices in exchange for house plants" charity event; one ton of rice was donated to the Tainan St. Raphael Opportunity Center as part of our contribution to society.

In future, we will continue to innovate and commit to actions that promote sustainable management for our corporation and society in general. We will continue to focus on our core advantages and develop products with higher value and high environmental standards in order to achieve mutual prosperity alongside all our stakeholders and promote a better life for all of mankind.

DR. YUNG-FA CHEN
Chief Executive Officer and President



Chapter 1 - Company Profile

1.1 Company Overview

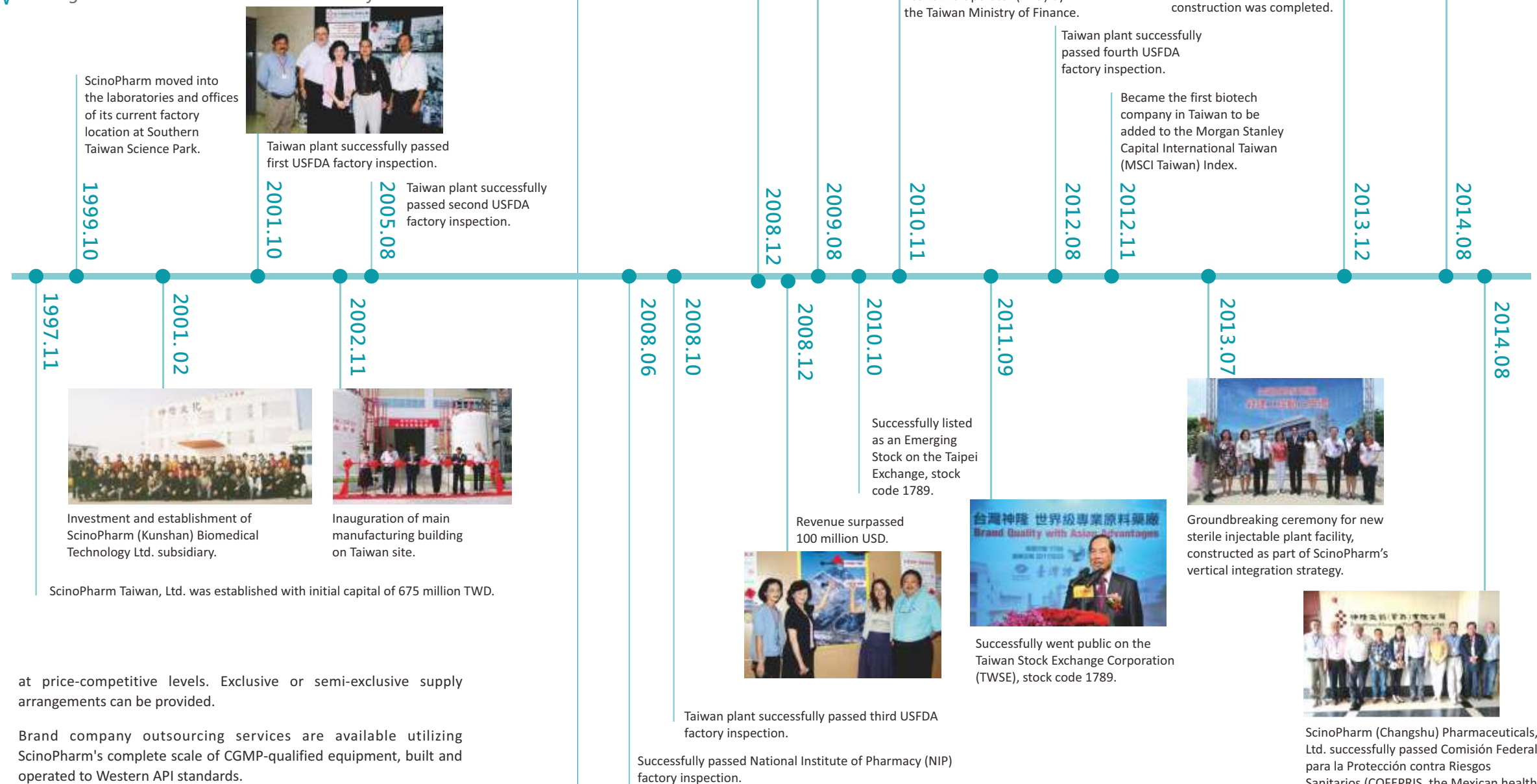
ScinoPharm (ScinoPharm Taiwan) was founded in 1997, and is an international pharmaceutical raw materials company that provides a comprehensive array of development and manufacturing services for APIs and intermediates. ScinoPharm's professional technical team supplies high-value, high-quality, off-patent APIs to generic drug and new drug developer companies, and also provides competitive commercial production services for innovator drug companies; our one-stop-shop service not only fulfills market demand for diversified solutions, but also meets client demands for timeliness and convenience. Additionally, ScinoPharm has branched out into injectables for cancer drugs as part of our "double-A" (API + ANDA) strategy, vertically integrating services to provide one-stop-shop solutions for our clients.

ScinoPharm targets several market segments in the global pharmaceutical industry:

Custom Synthesis for early phase pharmaceutical activities, including the supply of gram quantities for use as building blocks, drug screening, purity standards, etc. ScinoPharm can supply CGMP materials beginning at the IND stage and continuing through clinical needs as well as launch and post-launch supply requirements.

Generic API manufacturing with products provided years before originator/brand patents expire. Processes are guaranteed to be non-infringing, and products are supplied

Figure 2. Milestones in ScinoPharm history



at price-competitive levels. Exclusive or semi-exclusive supply arrangements can be provided.

Brand company outsourcing services are available utilizing ScinoPharm's complete scale of CGMP-qualified equipment, built and operated to Western API standards.

1.2 Shareholding Structure and Main Shareholders

2014/Dec/31; Unit: person, share, %

Major Shareholders	Number of shares held	Shareholding percentage
Uni-President Enterprises Corporation	266,671,029	37.94%
National Development Fund, Executive Yuan	97,379,785	13.85%
Taiwan Sugar Corporation	28,965,248	4.12%
President International Development Corporation	25,490,569	3.63%
Tainan Spinning Co., Ltd.	20,985,578	2.99%
Prince Housing and Development Corporation	20,985,578	2.99%
Tung Yu Investment Co., Ltd.	19,400,785	2.76%
Kao Chyuan Investment Co., Ltd.	13,186,248	1.88%
Kai Yu Investment Co., Ltd.	13,124,400	1.87%
Kai Nan Investment Co., Ltd.	12,401,555	1.76%

Note:The above table shows the names, shares held, and shareholding percentage of the top ten shareholders.

1.3 Overview of Operations

Following organizational transformations, 2014 proved to be a challenging year for ScinoPharm. The ScinoPharm team actively faced its challenges, but multiple difficult-to-control external factors such as fierce competition within the global pharmaceutical industry, cuts in national healthcare expenditure in many countries, and rising raw material costs caused ScinoPharm’s API performance in generic sales and contract manufacturing services for new drugs to be worse than expected due to market conditions and supplier issues.

American sales for ScinoPharm’s exclusive weight-loss API Topiramate were poor and orders decreased as a result; also, the price for our two main anti-cancer products containing Paclitaxel rose alongside supply shortages of raw materials, implicating revenues and profits. Additionally, the Changshu plant in China has yet to pass FDA factory inspections and is currently unable to achieve commercial production, resulting in idle capacity and adding to amortization and depreciation expenses. The annual price cut pressures faced by generic drugs already on the market further affected ScinoPharm’s performance over the past year.

ScinoPharm’s consolidated revenues for 2014 were 4.098 billion TWD, a 19% decrease

compared with the previous year’s 5.088 billion TWD; consolidated profits after tax were 0.484 billion TWD, a 62% decrease compared with the previous year’s 1.273 billion TWD. Earnings per share after tax equaled 0.69 TWD. For details of our financial performance over the past three years, see Table 1.

Table 1. Financial performance for the past three years
Unit: thousand TWD

	2012	2013	2014
Total Assets	10,339,876	11,484,228	11,371,280
Total Debt	1,269,134	1,840,974	1,991,549
Shareholders’ Equity	9,070,742	9,643,254	9,380,271
Paid-In Capital	6,499,300	6,759,272	7,029,643
Operating Income	4,572,509	5,088,245	4,097,844
Net Profit After Tax	1,170,829	1,273,404	484,143
Earnings per share (TWD)	1.80	1.88	0.69
Cash dividends (TWD/share)	1.2	1.2	0.2
Stock dividends (TWD/share)	0.4	0.4	0.4

Note:All of the above figures represent consolidated information and were reported in accordance with International Financial Reporting Standards (IFRSs).

Our investment tax credits and government grants are as listed in Table 2.

Table 2. Investment tax credits		Unit: TWD			
Decree		Items	2012	2013	2014
Tax credit (Note 1)	Article 10 of the Statute for Industrial Innovation	R&D expenditure	1,256,713	968,527	2,492,705
	Article 6 of the Statute for Upgrading Industry	R&D and personnel training expenditure	6,220,409		
	Article 9 of the Statute for Upgrading Industry	Five-year tax exemption	4,936,021	5,121,234	2,534,184
Government Grant	Such as Technology Development Programs (TDP) (Note 2)		2,765,000	1,653,570	

Note 1: Tax credits for 2014 have not yet been approved by the National Taxation Bureau.
Note 2: Grant amounts received for each year.

1.4 Scope of Business

Our scope of business includes the following:
A.Active Pharmaceutical Ingredients (API) manufacturing
B.Manufacturing of other chemical materials
C.Biotechnology services
D.Intellectual property
E.International trade

We research, develop, produce, manufacture, and sell the following products, and also provide relevant advisory, consultancy, and technical services while handling international trade matters associated with these products:

- 1.APIs
- 2.Protein drugs
- 3.Oligonucleotides
- 4.Peptides
- 5.Injectable products
- 6.Small molecule drugs

Product proportions for main products in 2014
Unit: thousand TWD

Main Products	Revenue	Product proportion
Manufacturing and sales of APIs	4,052,439	99%
Revenue from technical services	42,941	1%
Other	2,464	-
Consolidated revenues	4,097,844	100%

When ScinoPharm was first founded, the company mainly provided APIs to generic drug companies around the globe. However, the maturing of our analysis and synthesis capabilities have now allowed us to provide an array of services encompassing synthesis of New Chemical Entities (NCEs), process development, and commercial production. Our services are summarized below:

A.Drug development technologies

During the development process of new drugs at the screening stage or the molecular optimization stage for drug candidates, ScinoPharm can use its developed or developing chemical synthesis capabilities and platform technologies as a basis to identify active metabolites and help clients design and synthesize chemical compounds for new experimental drugs and related derivatives. Our drug development capabilities can aid our clients in improving on the chemical composition, solubility, and effectiveness of existing market drugs. We also provide extended development services for new drug candidates that were unsuccessful in Phases II and III of clinical trials. Our experimental drug compounds can be used to build relevant databases, which on the one hand can expand the scope of patents, and on the other hand can improve on research and development or existing processes.



B. Chemical process development

Our chemical process development services include development of synthetic routes and scale-up of experimental drug compounds. Some compounds may prove unsuitable for larger scale production as their production processes are too expensive, environmentally damaging, or present safety concerns. ScinoPharm’s R&D personnel can design or improve production methods and

processes to make them suitable for medium or large scale production. Services we provide to clients include process development, improvement of existing processes, development of new methods and processes, production of APIs, process development, production of single-isomer molecules, and also development of purification techniques associated with the above products.



C. Analytical services

Analytical chemistry techniques must be used for quality inspection after manufacturing of compounds. Therefore, analytical chemistry techniques play a decisive role in the pharmaceutical industry. Our analytical services not only include purity testing, development and validation of analytical methods, and stability testing, but also cover regulatory services encompassing applications to health authorities, chemistry manufacturing control documentation, and the writing of technical reports. ScinoPharm's analytical services are geared to helping clients comply with the USFDA's cGMP regulations, which state that both new drugs and drugs sold on the market must be supported by thorough analytical information. Our services include:

- Development and validation of analytical methods
- Physical properties tests, including polymorphs and particle size distribution
- High-performance liquid and gaseous chromatography to analyze product purity and content of related isomers
- High-performance liquid- or gas-chromatography mass spectrometry and nuclear magnetic resonance (NMR) spectrometry to identify structures of impurities.
- Stability testing for bulk drugs and formulations
- Collection of documents for ANDA, NDA, DMF and other regulatory applications and organization of analysis information required



D.cGMP manufacturing services

ScinoPharm provides chemical synthesis and production services for APIs and intermediates in accordance with US and internationally recognized cGMP standards. Products sold or used in clinical trials in the United States must be produced using facilities and processes that comply with cGMP regulations formulated by the USFDA. Located in the Southern Taiwan Science Park, ScinoPharm has sufficient production capacity and isolated controlled-access storage areas that allow us to manufacture products according to international cGMP regulations. We provide batch production services for initial clinical trials (10kg or less) as well as Phase II and III clinical trials (10 to 100 kg). Our clients include brand name pharmaceutical companies, generic drug manufacturers, and drug development companies, and we also provide small molecule and peptide bulk drugs for any stage of clinical trials.



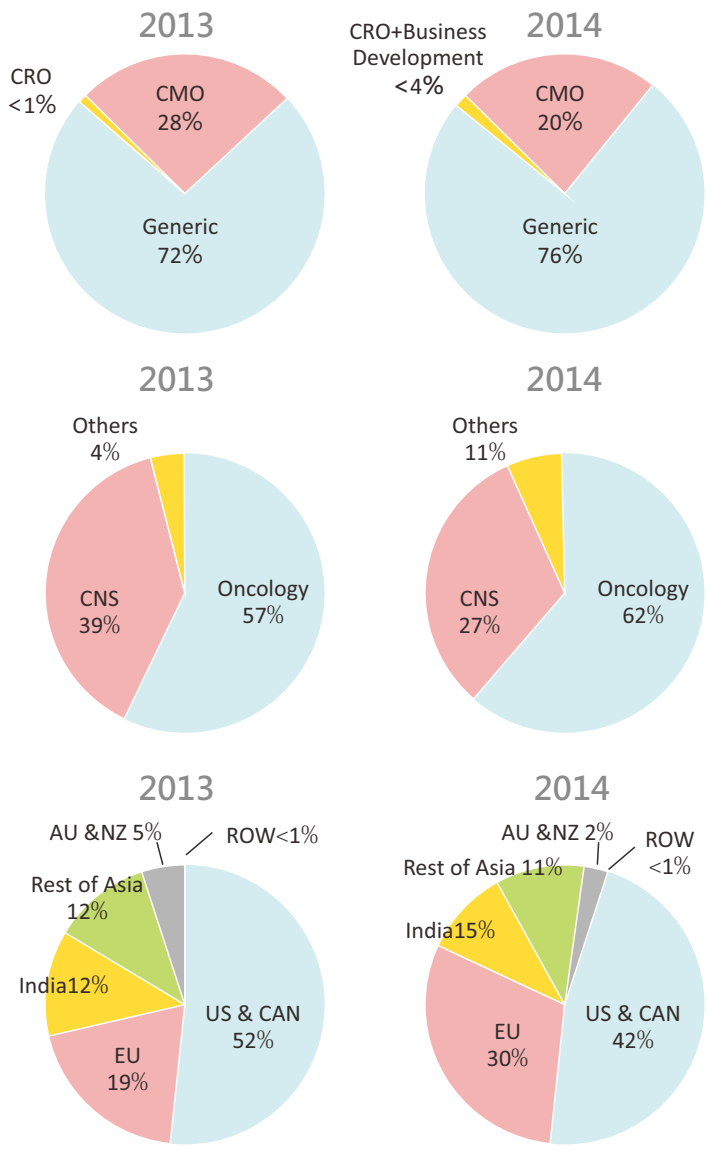
E.Development and manufacturing of injectable products

ScinoPharm is a global leading provider of APIs for cancer drugs, with both our product ranges and customer bases at the forefront of the industry. In recent years, we have observed strong market demand for sterile injectable products and have accordingly formulated a vertical integration strategy, constructing an injectable facility at our Tainan site to serve as a one-stop shop for all R&D and manufacturing services for APIs needed for sterile injectable products.



Planned products for development

Planned products	Application
SPT1251	Cancer drug
SPT1293	Cancer drug
SPT1312	Osteoporosis preparation
SPT1348	Gastrointestinal drug
SPC1357	Hepatitis drug
SPC1361	Anticoagulant
SPT1366	Cancer drug
SPT1376	Cancer drug
SPT1377	Cancer drug



Our development, production, and sales of generic APIs are our main source of revenue, accounting for approximately 76% of overall revenues. Our CRO and CMO services for new drug APIs account for 24% of overall revenue.

A breakdown of product categories show that generic APIs for oncology account for the highest proportion of our overall revenues at more than 60%; these are followed by central nervous system (CNS) APIs, which account for almost 30%. Other products we manufacture include cardiovascular drugs, hormones, gastrointestinal drugs, muscle drugs, antivirals, respiratory medication, and peptides.

In terms of global business development and distribution, North America and Europe are our primary markets for generic drugs. India, which is mainly viewed as a gateway to our European market, also accounts for more than 10% of our revenues. Additionally, Japan and China have future potential as emerging markets of generic drugs, which is why they have been listed as our primary targets for expanded development.

Our email for customer service (also displayed on our company website) is info@scinopharm.com. In order to quickly respond to customer inquiries and improve customer satisfaction, our sales department responds to all product related emails within 24 hours.

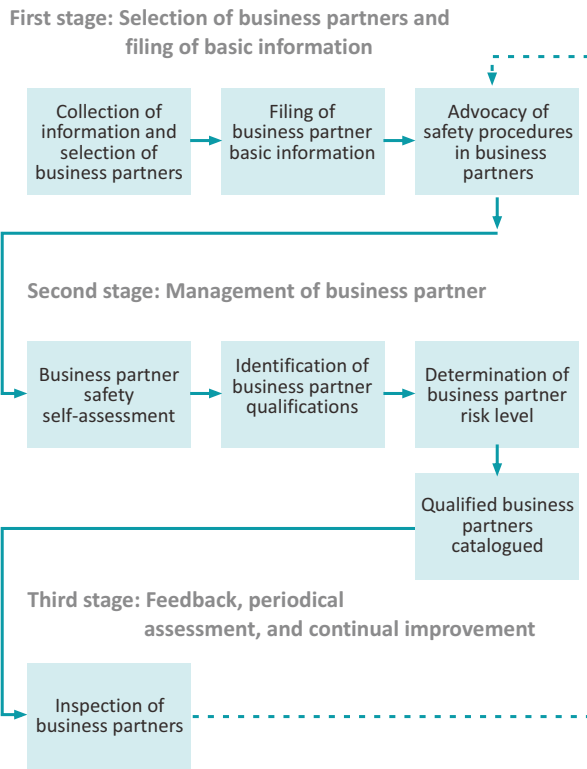
1.5 Supplier Management

ScinoPharm's suppliers are mainly raw material suppliers, transportation service providers, and contractors that carry out the implementation of relevant tasks. ScinoPharm policy dictates that raw materials must be purchased from reliable suppliers, and there are related procedures for each stage from the sourcing and procurement of raw materials to the management of raw material suppliers; raw material suppliers have to be reviewed and audited, and the materials supplied have to pass laboratory inspection before being used in production. Records from contractors have to be read and signed by all relevant ScinoPharm personnel.

We manage the supply chains of our business partners, planning, coordinating, operating, controlling, and optimizing our entire supply chain to achieve our goal of delivering the correct quantity and quality of products to the right customers at the right time. We take all necessary precautions to ward against threatening incidents or security-related events, reducing our supply chain risk through continued improvement of policies, procedures, and technology application.

In addition to fulfilling our own corporate social responsibilities, we also recognize that our concepts of sustained management need to extend to our supply chain. Previous supplier review methods that focus only on traditional auditing are clearly insufficient, and there is a need to further expand our concepts of sustained management to manage all aspects of supplier risk and thus enhance value. For this reason, ScinoPharm aims to develop evaluations that include the four facets of environment,

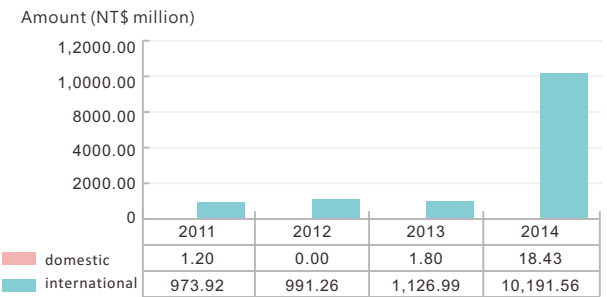
labor conditions, human rights, and social impact for new and existing suppliers to inspire continuous and voluntary change in our suppliers and encourage them to bear corporate social responsibilities.



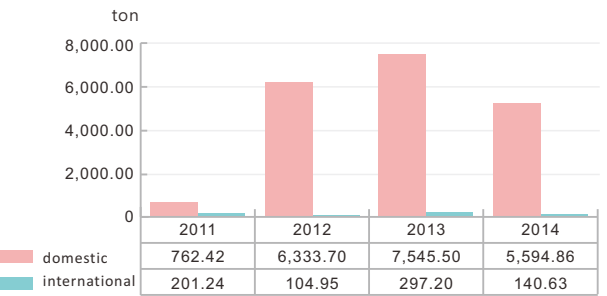
Weight distribution of critical raw materials



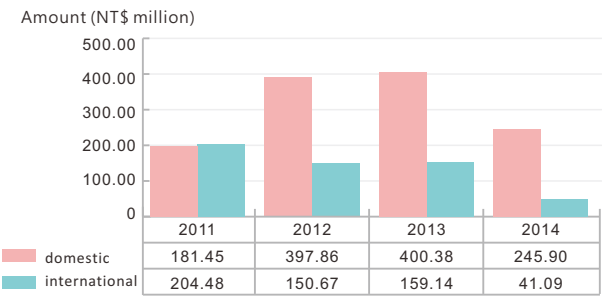
Distribution of expenditure for critical raw materials



Weight distribution of non-critical raw materials



Distribution of expenditure for non-critical raw materials



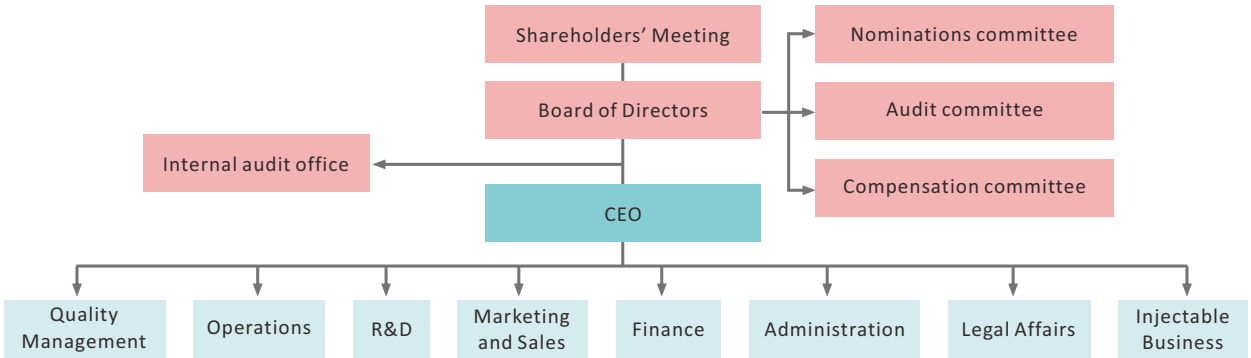
1.6 Corporate Governance

ScinoPharm upholds principles of integrity in business management, actively promoting operational transparency to safeguard the interests of stakeholders. In addition to establishing a sound and efficient Board of Directors, we also set up the Compensation Committee, the Audit Committee, and the Nominations Committee in 2011, 2012, and 2014, respectively, in order to strengthen corporate governance. Our current governance structure includes Shareholders' Meeting, Board of Directors, the Audit Committee,

Compensation Committee, and the internal audit office, which are respectively governed by our "Corporate Governance Best Practice Principles", "Rules Governing Shareholders' Meetings", "Rules Governing the Meeting of the Board of Directors", "Audit Committee Charter", "Compensation Committee Charter", "Nominations Committee Charter", and "Rules Governing the Scope of Powers of Independent Directors", as well as by our internal control and audit policies. Our management team is composed by

our CEO and the executive managers of the departments within our organization. Details of our organizational structure are shown in the figure below.

Additionally, for the purposes of sustainable management and to fulfill our corporate social responsibilities, our Board of Directors approved a "Corporate Social Responsibility Best Practice Principles" on June 18, 2014, to provide guidelines for realizing corporate social responsibilities.



Board of Directors

ScinoPharm's current directors were elected on June 13, 2012. A motion was also resolved to replace the board of supervisors with an Audit Committee. A total of 15 directors (including 3 independent directors) were elected for a three-year term according to the provisions of Article 198 of the Company Act, with candidates for directors presented through nomination. Our board members, totaling 12 male directors and 3 female directors, are as shown in the following table. Background information of our board members are disclosed in our annual report. Important resolutions made by the Board of Directors are disclosed both in our annual reports and company website.

Job Title	Name
Chairman	Uni-President Enterprises Corp. (Representative: Kao-Huei Cheng)
Director	Uni-President Enterprises Corp. (Representative: Chih-Hsien Lo)
Director	Uni-President Enterprises Corp. (Representative: Chang-Sheng Lin)
Director	Uni-President Enterprises Corp. (Representative: Lung-Yi Lin)
Director	Uni-President Enterprises Corp. (Representative: Tsung-Ming Su)
Director	National Development Fund, Executive Yuan (Representative: Tian-Shung Wu)
Director	National Development Fund, Executive Yuan (Representative: Po-Wu Gean)
Director	Tainan Spinning Co., Ltd. (Representative: Chien-Li Yin)
Director	President International Development Corp. (Representative: Chiou-Ru Shih)
Director	Kao Chyuan Investment Co., Ltd. (Representative: Shiow-Ling Kao)
Director	Taiwan Sugar Corporation (Representative: Chin-Jung Yang)
Director	Jo Shen
Independent Director	Wei-Cheng Tian
Independent Director	Ih-Jen Su
Independent Director	Wei-Te Ho

Our Board of Directors Meeting convenes at least once every quarter. Our directors are independent from corporate management, possess the professional knowhow, abilities, and qualities necessary for their position, and act in accordance with laws and regulations, company bylaws, and shareholders' meeting resolutions to advise and counsel on operational guidelines, financial planning, and technical development. When matters brought up in Board of Directors Meeting conflicting with the interest of directors themselves or with the corporations they representing, the directors involved are not allowed to join the discussion or to vote on relevant issues. They are required to avoid discussions and voting processes, and are not allowed to exercise their right to vote on behalf of other directors when such matters occurred.

The Board of Directors is authorized to set compensation bylaws for directors according to their degree of involvement in company operations and value contributed as compared to industry standards; the proportion of compensation given to directors from company earnings follow company bylaws, and payments are reported to the Board of Directors and approved by Shareholders' Meeting.

Audit Committee

On October 7, 2009, the Board of Directors approved a motion to set up the "Nominating Committee for Independent Director". The "Rules Governing the Scope of Powers of Independent Directors" were established on April 27, 2011, to guide independent directors in their scope of responsibilities. The "Audit Committee Charter" was established on April 26, 2012, to provide a code of conduct for the Audit Committee which was later formed. On June 13, 2012, a motion was approved at the Shareholders' Meeting to replace our board of supervisors with the Audit Committee.

The Audit Committee is composed of all our independent directors. All our independent directors possess high levels of business, legal, financial, or accounting knowhow, such that they

are qualified to lecture in the relevant departments of public or private colleges and universities. The Audit Committee meets at least once every quarter, and is responsible for implementing the fair presentation of financial statements, approving the election or dismissal of accountants and auditing their independence status or performance, effectively implementing internal controls and company adherence to relevant laws and regulations, and managing potential corporate risk.

Compensation Committee

On April 27, 2011, the Board of Directors Meeting established the "Compensation Committee Charter", and approved a motion to form a Compensation Committee, which was composed by the then three independent directors. On June 29, 2012, once the former committee members' term of office had expired, an election was held to vote in the three new independent directors (Wei-Cheng Tian, Ih-Jen Su, and Wei-Te Ho) as new Compensation Committee, members.

The Compensation Committee acts with due care to exercise the following duties, and also submits relevant recommendations in good faith to the Board of Directors for discussion:

(1)Establishment and periodic review of compensation policies, systems, standards, and structures, and performance evaluations for directors and executive managers.

(2)Periodic assessment and establishment of compensation for directors and executive managers.

In exercising the above duties, the Compensation Committee is required to act in accordance with the following principles:

(1)The performance of directors and executive managers should be evaluated and remunerated according to industry standards, also taking into consideration individual performance, company performance, and connection to future risks.

(2) Directors and executive managers should not be guided to engage in acts beyond the company's risk tolerance for the sake of compensation.

(3) The ratio of dividends paid to directors and executive managers for short-term performance and the payment time of performance pay should take into consideration the characteristics of the industry and the nature of the business involved.

Nominations Committee

On November 7, 2014, our Board of Directors passed the "Nominations Committee Charter" and approved a motion to form a Nominations Committee. Our Nominations Committee is composed of our three independent directors and two directors. The Nominations Committee meets at least twice a year.

The Nominations Committee is authorized by the Board of Directors to assist in the following matters:

(1) The search, review, and nomination of director candidates.

(2) The establishment and development of an organizational structure of the Board of Directors to ensure proper composition.

Internal Audit Office

The internal audit office answering to the Board of Directors was established to handle internal audit matters. Taking into consideration company scale, business conditions, management needs, and related laws and regulations, one full-time auditor was put in charge of internal audits. The internal auditor is independent of management and exercises audit duties from a position of objectivity and fairness. In addition to attending Board of Directors Meeting and reporting to the Board of Directors, the internal auditor is also required to make regular reports to the Audit Committee.

In order to assess the effectiveness of internal control policies, the internal audit office uses the results of risk evaluations to prepare annual audit plans that determine audit items for each month/quarter. Audit working papers and related information are included in the audit report. In addition to periodic audits, departments within the company and company subsidiaries are required to self-assess the effectiveness of their internal control policies; these self-assessments are then reviewed by the internal audit office, which provides timely recommendations for improvement. This assists the Board of Directors and managers in assessing and reviewing the effectiveness of internal control policies, and in measuring operational performance and efficiency to prevent potential risks and ensure stability of business operations.

Integrity is one of ScinoPharm's core corporate values, and we believe that long-term business survival can only be achieved through straight-forward practices and the shouldering of social responsibility. Based on this,

compliance with government regulations is the basic principle of our company, and we do not tolerate the participation of any employee in financial crime, kickback schemes, bribery, embezzlement, fraud, leakage of trade secrets, or any form of wrongdoing. Starting in 2014, we placed a "whistleblowing system" on our website to maintain our core values of integrity and basic principles of compliance with government regulations, providing a mechanism for persons within and without the company to report breaches of business ethics and integrity as well as illegal activity. All reports are directly passed on to auditing office and handled with due care.

Whistleblowing Website System



Risk Management

ScinoPharm ensures and enhances stakeholder value through assessment of the management of operational, financial, regulatory, and other risks, striving to control and minimize the level of loss or damage from all possible risks. Our risk management mechanisms include evaluations and the formulation of appropriate strategies by relevant departments. Projects that impact majorly on business operations, investment plans, financing projects, acquisitions or dispositions of assets, endorsements, and major loans are all implemented only after they have been approved by the Board of Directors Meeting. The internal audit office uses risk assessment results to prepare its audit plan and implements audits accordingly to manage and control risk.

The following is a description of our currently identifiable risks and the relevant departments responsible for the implementation of risk management:

Risk Type	Department	Assessment and implementation
Strategic and market risk	Marketing, sales, and relevant units	Prior conduction of risk assessment based on changes in laws, policies, and market trends; performance tracking post-performance to amend company strategies in accordance with market changes, where necessary, so as to ensure that company strategies are in line with future corporate developmental and operational goals.
Financial risk	Financial and accounting units	1.Timely analysis and strategy establishment and implementation based on financial market, capital planning, and management factors. 2.As most of our products are exported, 90% of our revenue is paid for with foreign currency; exchange rate risks are met with a set ratio of forward exchange contracts paired with natural hedging of revenues and expenses. We do not arbitrage or invest in risky assets. 3.We prepare for potential interest rate risks by establishing credit through appropriate financial planning measures and maintaining close relationships with financial institutions.
Litigation and legal risk	Legal, compliance, and relevant units	1.Timely analysis, evaluation, and implementation of appropriate response measures to meet litigation needs and changes in laws, policies, and markets faced by ScinoPharm and our clients. 2.Ensure that production processes, production quality, and external audits meet the requirements of law through training programs and internal GMP audits.
Industrial safety and environmental protection risk	Industrial safety and environmental protection, manufacturing, and production units	1.Ensure that the treatment of waste gases, sewage, waste liquids and solids and environmental maintenance equipment follow all proper procedures; monitor relevant data changes constantly in order to respond accordingly. 2.Strengthen staffs' understanding of industrial safety and environmental protection through training and regular drills. 3.Analyze and evaluate constantly according to changes made in laws and policies and prepare appropriate response actions.

Code of Conduct and Regulations

Integrity is ScinoPharm’s core business principle, and our goal is to establish a diverse, equal, and mutually respecting workplace environment. In order to realize the operation and promotion of corporate governance, ScinoPharm has established “Rules Governing Shareholders’ Meetings”, “Rules Governing the Meeting of the Board of Directors” , “Audit Committee Charter”, “Compensation Committee Charter”, and “Rules Governing the Scope of Powers of Independent Directors”, as well as internal control and audit policies. To help executive managers and all ScinoPharm employees understand the laws and regulations they should comply with in the workplace, the moral obligations they should fulfill, and the company’s expectations of how employees should interact with business partners and suppliers, ScinoPharm has established a “Ethical Corporate Management Best Practice Principles”, “The Code of Ethics and Conduct”, and “ScinoPharm Code of Conduct”, in hopes of providing guidance for the actions of all managers and employees, to enhance the morality of managers and employees, and to ensure the sustained positive management and development of ScinoPharm.

Additionally, to increase employee understanding of corporate governance and to prevent potential occurrences of insider trading, ScinoPharm established “Procedures for Handling Material Inside Information” and “Procedures for Prevention of Insider Trading”, arranged for managers and directors to participate in external corporate governance training programs, and also invited personnel from relevant authorities to host seminars regarding related topics. Furthermore, in order to ensure that publicly disclosed financial and business information comply with all necessary requirements and to help our employees better understand related laws and regulations, we also established “Regulations for Processing Publicly Disclosed Information Reflecting Declarations”; emails were sent to all ScinoPharm employees when the above regulations were promulgated and subsequent amendments are made to the regulations. These regulations will also be posted to our company website.

Appropriate Communication Channels and Mechanisms

Appropriate communication channels and mechanisms have been established between ScinoPharm’s internal employees and external shareholders and investors. ScinoPharm encourages its management team and its employees to maintain a smooth flow of communication; the management team can open dialogues with employees through labor-management meetings and quarterly meetings with employees. We have also set up an employee communication mailbox with relevant protective measures. For details please refer to our website www.scinopharm.com.tw → Investor Relations → Corporate Governance → “ScinoPharm Code of Conduct” and “The Code of Ethics and Conduct” in our Regulations for Moral Conduct.

Since listing on the TSEC, we have commissioned a stock transfer agent to handle our stock-related affairs, and have also appointed a spokesman, set up an investor relations department, and hired personnel dedicated to dealing with matters relating to shareholders. Additionally, we communicate with our shareholders through our annual general meetings, periodically host investor conferences, and on occasion are invited to participate in investment forums organized by external investment institutions to describe and update the investing public on current business operations. Relevant annual reports and investor conference presentations are uploaded to the Market Observation Post System (MOPS) as per regulations, and can also be found on the Investor Relations section of our website.

ScinoPharm is committed to its pursuit of sustainable management, and we strive to establish open, transparent, and effective communication channels with all our stakeholders so as to understand each other’s needs. We use this principle as a reference when preparing our CSR policies or planning relevant activities. We have placed a “Stakeholders” page on our website and also established a “whistleblowing system”, providing a way for stakeholders to report wrongdoing. All reports are handled with care by designated personnel and will be used to strengthen and improve our corporate governance.

1.7 Awards & Recognitions

November 11, 2014 was ScinoPharm’s 17th anniversary. Our first 8 years of preparation led to our breaking event in 2006, which was also when we began to garner public attention and affirmation. ScinoPharm has always been a low-key B2B (business to business) company, but we gradually gained favor with the public and with the authorities as our profits continued to soar, and have been recognized by the government, corporations, and the media. This encouragement provides continued motivation for ScinoPharm to strive for excellence.

October 2014	Recognized as API Supplier of the Year by the Global Generics & Biosimilars Awards
October 2014	Recognized as one of the Most Honored Companies in Asia by Institutional Investor; the only Taiwanese biotech company to receive such an award
October 2014	Ranked as the top Taiwan biotech pharmaceutical corporation in Commonwealth Magazine’s Benchmarking Enterprise survey for two consecutive years
June 2014	Rated A++ in the 11th Information Disclosure and Transparency Ranking results by Taiwan Stock Exchange Corporation(TWSE)
December 2013	Again recognized as an Authorized Economic Operator (AEO) by the Taiwan Ministry of Finance.
October 2013	Ranked as the top Taiwan biotech pharmaceutical corporation in Commonwealth Magazine’s Benchmarking Enterprise survey
September 2013	Awarded "National Invention and Creation Award" by the Intellectual Property Office, Taiwan Ministry of Economic Affairs.
January 2013	Ranked as one of 79 A+ corporations in Taiwan by Global Views Monthly
November 2012	Again received six certifications for manufacturing process safety, employee safety, product safety, and emergency response from the "Taiwan Responsible Care Association" (TRCA)
July 2012	Awarded "Outstanding Bio Industry Golden Award" by the Bio Taiwan Industry Organization.
November 2011	Received "Top 100 Innovation Award" by the Industrial Development Bureau, Taiwan Ministry of Economic Affairs.
September 2010	Recognized as an Authorized Economic Operator (AEO) by the Taiwan Ministry of Finance.
September 2010	Awarded “Industry Contribution Award” by the Taiwan Chemical Industry Association.
August 2010	Received 5-year Taiwan Occupational Safety and Hygiene Management System (TOSHMS) performance accreditation from the Council of Labor Affairs.
December 2009	Awarded “Drug Research and Development Science and Technology Golden Award” by the Taiwan Executive Yuan’s Department of Health for 6 products including Docetaxel, Galantamine, and Irinotecan.
November 2009	Awarded “Outstanding Enterprise Innovation Award” at the 17th Annual Taiwan Ministry of Economic Affairs Industrial Technology Advancement Award ceremony
September 2009	Became first API plant in Asia to receive High-Potency Synthetic Pharmaceutical Safety certificate from SafeBridge.
September 2008	Awarded “Outstanding Contribution to Industrial Safety and Hygiene Award” by the Southern Taiwan Science Park Administration
April 2008	Ranked as “Outstanding Business for Harmonious Labor Relations” by the Tainan County Government
December 2006	Received six certifications for manufacturing process safety, employee safety, product safety, and emergency response from the "Taiwan Responsible Care Association" (TRCA)



Responsible Care Management System Verification



SafeBridge High-Potency Synthetic Pharmaceutical Safety certificate



Prestigious honors and awards



Awarded A++ rating in the 11th Information Disclosure and Transparency Ranking by Taiwan Stock Exchange Corporation (TWSE)



Ranked as the top Taiwan biotech pharmaceutical corporation in CommonWealth Magazine's Benchmarking Enterprise survey for two consecutive years



National Invention and Creation Award



Award for International Trade Outstanding Export/Import Business Certificate



Recognized as API Supplier of the Year by the Global Generics & Biosimilars Awards



Multinational Patent Certificates

Chapter 2 - Identification of and Communication with Stakeholders

ScinoPharm is committed to its pursuit of sustainable management, and we strive to establish open, transparent, and effective communication channels with all our stakeholders so as to understand each other's needs. In order to understand the economic, environmental, and social issues of concern to our stakeholders, we conducted surveys to collect suggestions from communication channels within and without the company for future reference when planning action initiatives.

ScinoPharm's stakeholders include shareholders, investors, employees, clients, the government, the community, non-profit organizations, suppliers, contractors, and the media. As ScinoPharm is a company with a business to business (B2B) business model, we do not count average consumers among our stakeholders.

We provide a variety of communication channels and disclose relevant information to maintain open dialogue and communication with our stakeholders. We place high emphasis on the issues of concern to our stakeholders and include them within our corporate social responsibility management programs, which we then convert into concrete commitments and action initiatives, thus enhancing and improving our CSR performance.

Communication channels and issues of concern for stakeholders

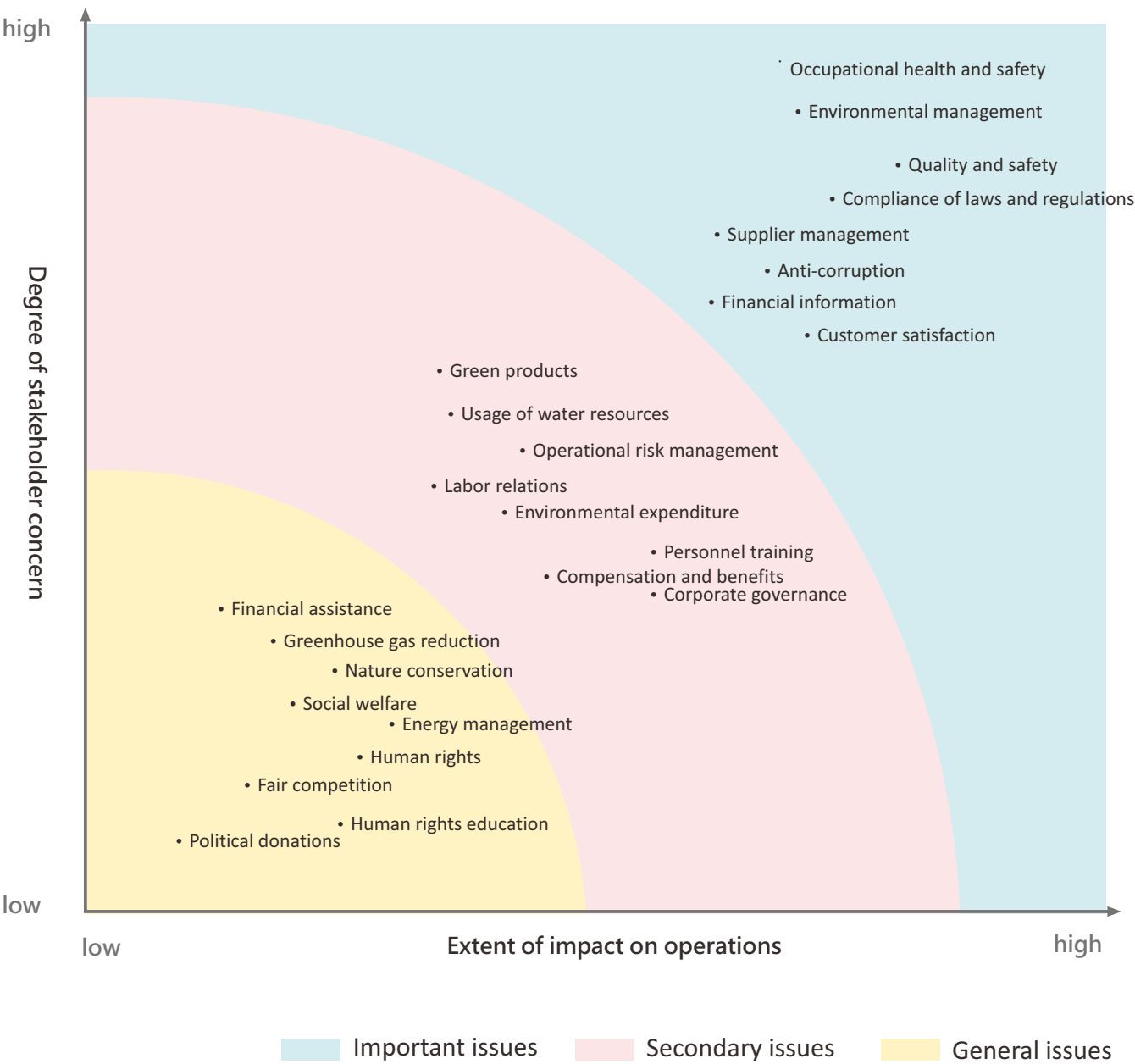
Category	Main responsibilities	Issues of concern	Communication channels
Shareholders/ investors	Information transparency	<ul style="list-style-type: none">Financial informationOperating conditionsInformation disclosureShareholder equity	<ul style="list-style-type: none">Annual shareholders' meetingsImportant information disclosed according to authority regulationsPeriodic financial reports and annual reportsQuarterly investor conferencesInformation disclosed on the company website
Employees	Healthy workplace Equality Respect for human rights	<ul style="list-style-type: none">Compensation and benefitsOccupational safetyEquality rightsCareer developmentCommunication channels	<ul style="list-style-type: none">Periodic labor-management communication meetingsQuarterly staff meetingsInternal website & publicationsDepartment safety meetingsGMP trainingInternal recruitment/ employee rotation
Clients	Safe and high-quality products	<ul style="list-style-type: none">Product safetyService qualityComplaint pipelinesClient privacy	<ul style="list-style-type: none">Phone calls, e-mails,Client visits or plant auditsCPHI Exhibition Trade ShowsInformation disclosed on the company website
Government	Compliance with regulations	<ul style="list-style-type: none">Labor relations and occupational safetyDrug GMPDisclosure of company informationEnvironmental protection and pollution controlLabor relations and employee benefits	<ul style="list-style-type: none">Periodic review of regulationsAssisting in the development of related regulationsPromotion of regulationsResponse to social welfare activities
Community/ Non-profit organizations	Social participation and support of neighboring communities	<ul style="list-style-type: none">Environmental protectionPublic welfare donationsCommunity support	<ul style="list-style-type: none">Participations in charity eventsScinoPharm art seminarsPublication of CSR report
Suppliers	Fair procurement	<ul style="list-style-type: none">Supplier managementProduct quality and safetyOperating conditions	<ul style="list-style-type: none">Supplier visits or factory auditsContractor safety conferencesPhone calls, e-mails
The media	Information transparency	<ul style="list-style-type: none">Product sales and revenuesBusiness development and alliancesCorporate development plan	<ul style="list-style-type: none">Press releasesIrregularly held press conferencesIrregularly hosted factory visits and networking dinners

Identifying Issues of Concern for Our Stakeholders

In addition to the above communication channels, we also sent questionnaires to our investors, employees, clients, suppliers, contractors, distributors, government institutes, and other stakeholders. We collected and compiled 97 valid questionnaires and conducted internal and external evaluations. We sent out a total of 97 questionnaires in order to compile and sequence the issues of most concern to our stakeholders.

Category	Questionnaires sent	Questionnaires retrieved	Valid questionnaires
Investors	18	18	18
Employees	55	55	55
Clients	7	7	7
Suppliers and contractors	14	14	14
Distributors	2	2	2
Government institutes	1	1	1
Total	97	97	97

Substantive analysis chart of CSR



Scope and Boundaries
of Material Aspects

To disclose the 8 material aspects contained within the entire ScinoPharm value chain, a designated team and our stakeholders participated in discussions to identify the scope and extensions of each material aspect from both within and without the company.

「◆」 Full disclosure 「◇」 Disclosure in the future 「★」 Significant issues

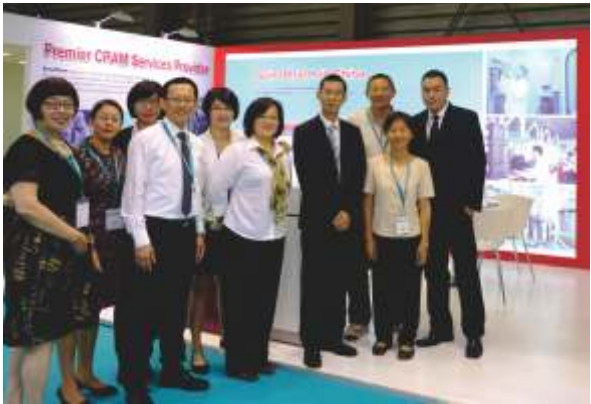
Items	Internal	External		
		Suppliers	Clients	Community residents
Occupational health and safety	◆			
Environmental management	◆		★	★
Quality and safety	◆		★	
Regulation compliance	◆	★	★	
Supplier management	◆	◇	★	
Anti-corruption	◆			
Financial information	◆			
Customer satisfaction	◇			

Categories of Issues of Concern and Corresponding Sections

Dimension	Indices	Major Issues	Stakeholders	Corresponding Sections
Economical	Economic performance indicators (EC)	Financial Information	Shareholders/investors	1.2 Overview of Operations
Environmental	Environmental Performance Indicators (EN)	Environmental Management	Government/employees	Chapter Four Environmental Protection
Social	Human Rights Performance Indicators (HR)	Regulatory compliance	Government	3.1 Personnel Overview 3.2 Employee Benefits and Care
	Labor Practices and Work Performance Indicators (LA)	Occupational Health and Safety	Government/employees	3.3 Health Promotion and Activities 3.4 Safe Working Environment
	Product liability performance indicators (PR)	Quality and Safety Supplier Management Customer Satisfaction	Suppliers/contractors Clients/distributors Government	1.3 Overview of Operations 1.4 Scope of Business
	Social Performance Indicators (SO)	Anti-corruption	Government/suppliers/employees	1.5 Corporate Governance



"Scinopharm News" the important internal communication medium



Face to face contact with clients at CPHI



Scinopharm 2014 stockholders meeting



Donated plants to National Taiwan Museum building a friendly garden



Joined CommonWealth Magazine "Benchmarking Enterprise Forum"



Tree-Planting Activity for forest conservation



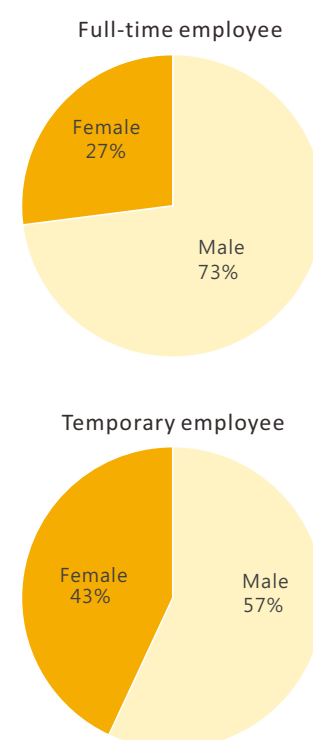
Chapter 3 - A Healthy Workplace and Social Participation

3.1 Personnel Overview

Employees are our most important partners in our business operations. Having an adequate number of appropriate personnel is the only way for a company to continue its development and progress. ScinoPharm maintains a friendly, open, and fair attitude to establish a safe work environment that respects diversity and gender equality. This is the reason why ScinoPharm insists on providing a better working environment and better working conditions for all our employees.

As of December 31, 2014, the total number of employees at ScinoPharm was 674, which included 73 managers (executive level and below), 240 professional workers (engineers), 38 administrative staff (management division), and 323 technical staff (direct personnel). ScinoPharm is a world-renowned pharmaceutical bulk drug company, which is both knowledge- and technology-intensive. The quality of our employees is high, with 9% holding doctorate degrees, 30% holding master's degrees, and 58% holding college degrees. Overall, 97% of our employees hold bachelor's degrees or higher, making for a top-quality technical team. Four out of five of our top-level managers are registered as local residents, showing ScinoPharm's management concepts and implementation of commitment to the local community and nurturing of local talent.

Total number of employees in 2013, categorized by employee type and gender



Year		2014	
		Male	Female
Distribution of degree types	Doctorate	69%	31%
	Master's	53%	47%
	College	82%	18%
	Secondary school and below	95%	5%
Age distribution	20-29	64	27
	30-39	270	107
	40-49	127	43
	50-60	28	6
	>60	1	1
Average age		37.2	36.5

Distribution of job duties

Year		2014	
		Male	Female
Employees	Managers	71%	29%
	Professional workers	51%	49%
	Technical staff	93%	7%
	Administrative staff	42%	58%
Total		73%	27%

In the event of employees turning in a request for resignation, managers and personnel from the human resources department will meet with the employee to better understand their reasons for resignation and try to retain them. According to statistics from Tower Watson, ScinoPharm's employee turnover ratio was 14.79% in 2014, which is reasonable compared to employee turnover rates (16%) of local businesses in the same industry. We hired 12 new employees in 2014 to fulfill demands of business operations and operational development; there were an equal number of male and female new hires, and more than half of these new employees hold master's degrees.

Diverse Hiring of Employees

"Placing the right people in the right positions and employing people based on talent" is the directive ScinoPharm strives to achieve when designing policies for employee recruitment, compensation, performance management, and training. We endeavor to build a perfect work environment through the various efforts we make on behalf of our employees, and we hope that our staff can grow and realize their talents through their jobs alongside the growth of company operations.

ScinoPharm is a world-class manufacturer of APIs, with

clients all around the world. We offer employees fair recruitment, job placement, and development opportunities; we recruit employees based on job duties and required qualifications, and also in accordance with our publicly disclosed company processes and policies for recruiting staff. We do not discriminate on the basis of gender, age, race, religion, nationality, or other factors.

Apart from our Taiwanese employees, we also have 14 employees from America, Singapore, Great Britain, Malaysia, Indonesia, and others to a total of seven foreign countries, making up 2% of our employees.



Providing Opportunities for the Next Generation

In addition to diverse hiring of employees, ScinoPharm also recruits talented students and we are active on school campuses, regularly organizing recruitment activities and participating in job fairs, as well as providing opportunities for college students to become interns. Students are assigned to departments associated with their fields of study, and ScinoPharm employees are asked to assist students with learning and adapting to the workplace; this is done so that students can experience workplace culture from an early age, and also helps to nurture local pharmaceutical talent.

In 2014, students from 7 different universities including UC Berkeley, National Chung Cheng University, China Medical University (Taiwan), National Cheng Kung University, and others participated in our intern program. ScinoPharm assigned employees to instruct and evaluate these student interns.



Overall Compensation

ScinoPharm lays especial emphasis on employee compensation and benefits, providing employee benefits better than that demanded by law. Our overall compensation strategy is established based on the industrial environment and our business performance; we track overall compensation and employment levels on the market and make changes as needed for recruitment purposes and to retain talent. Employee salaries are determined by their education level, professional experience, personal performance, long-term engagement in annual business goals of the company, and market standards.

Our Changsu plant has also set appropriate compensation according to law and market conditions. Each employee's salary is again determined by their education level and professional experience, and no discrimination is made against gender; basic salary ratios for male and female employees within the company were 1:1 in 2014. Employee compensations are approved based on performance and achievement of targets and provide the best incentive. Additionally, bonuses are given based on operational results and personal performance, and we also pay dividends to employees.

ScinoPharm sets salaries based on job duties, relevant qualifications, and market standards. We uphold the principle of equal pay for equal work and do not discriminate due to location, race, religion, gender, marital status, political beliefs, or union associations. We also conduct periodic reviews of market standards to ensure that our employee compensations are competitive and enable us to recruit new talent.



Multiple Channels for Communication

Employees are a company's greatest asset. At ScinoPharm, we are deeply aware that our current success is the outcome of the joint efforts of all our employees. For this reason, ScinoPharm pays special attention to labor relations. In addition to establishing labor-management and employee welfare committees and providing a platform for exchanging views, issues related to work regulations and all

other major issues are required to go through the labor-management committee; staff meetings are held quarterly to strengthen employee understanding of current company operations and business developments, and to give employees a chance to share suggestions. Through regular or occasional communication with executives of each department, employees can directly express their concerns and participate in the company's development.

We also have internal communication channels such as emails, our corporate website, and biannually issued ScinoPharm publications, to keep employees abreast of company policies, welfare policies, management procedures, and the dynamic organizational structure of each department. If any employees have comments or complaints regarding codes of conduct, these can be communicated via a special email address or through internal audits. Cases are reviewed, investigated, and processed in accordance with relevant regulations and procedures. This ensures that our personnel have guidelines for handling these matters, and also safeguards the interests of the company and our shareholders.



ScinoPharm internal publication "ScinoPharm News"

Maintaining Equality and Human Rights

Our corporate culture is one that shows respect for every employee. We provide an environment built on a foundation of equal opportunities that allows our employees to focus on their strengths, gain experience, and grow, thus combining their career developments with our corporate goals and creating a win-win situation. In addition to a compassionate management style, we are also committed to building a workplace environment that incorporates diversity, equality, and mutual trust and respect. In order to put into practice the spirit of the Taiwan Constitution (which guarantees protection of human rights) and the spirit of the Act of Gender Equality in Employment (which guarantees gender equality in the workplace), all our human resource policies and procedures are all carried out

in accordance with relevant laws and regulations. We prohibit the use of child labor. Our implementation of equality in the workplace is effective, prohibiting all forms of discrimination against employees based on gender, race, religion, political affinity, sexual orientation, rank, nationality, age, or other factors. ScinoPharm also provides a comprehensive childcare program so that gender differences will not affect employee job opportunities. We also encourage our employees to actively participate in company clubs and safeguard the freedom of our employees to form clubs. In accordance with our supplier management policies, all collaborating suppliers also comply with relevant human rights laws and regulations, and to date no incidence of human rights violations have impacted on our operations.

Our corporate culture is one of mutual respect and equality, and we have continually maintained harmony in our work environment; we have effectively prevented incidents of discrimination from happening over the years. Our occupational equality provides a comprehensive childcare leave without pay policy so that employees' work opportunities will not be impacted due to gender

differences. According to our statistics on childcare leave without pay applications, from 2012-2014 a total of 17 employees applied for childcare leave without pay. All but 2 employees still undergoing leave returned to their posts in 2014, and a calculation of return rates based on childcare leave without pay applications and returning employees resulted in a 100% return rate, demonstrating the level of employee confidence in ScinoPharm's friendly work environment.



Year	2012		2013		2014	
	Male	Female	Male	Female	Male	Female
Number of applications for childcare leave without pay	1	5	—	4	1	5
Number of employees returning after childcare leave without pay	1	3	--	4	1	3
Number of employees currently on childcare leave without pay	--	--	--	--	--	2
Return rate after childcare leave without pay*	100%	60%	--	100%	100%	100%
Total return rate	67%		100%		100%	

*Note: Calculated by number of applicants and returning employees at the end of the year

We encourage our employees to use their abilities to the full and cultivate a variety of skills. We not only provide a comprehensive training program that allows us to grow alongside our employees, but also provide our employees with opportunities to learn diversified work skills and experiences. When our employees need to adjust their place of work or job duties due to business operations or employee development needs, we not only abide by the five principles of job transfers as stipulated by the Labor Standards Act and the authority for labor affairs, but also fully communicate with employees in advance of job transfers to protect our employees' work rights and let them see our sincere intentions regarding

the nurturing of talent.

In addition, when overtime is necessary due to seasonal reasons, preparation for shift changes, or complementary work, Article 14 of our Work Regulations stipulate that working hours may be extended following approval from a labor-management meeting, but total daily working time should not exceed 12 hours, and extended work hours should not exceed 46 hours per month. Under special circumstances such as natural disasters, accidents, or unexpected events, work hours may be further extended, with standards set according to government regulations.

ScinoPharm complies with notification procedures stipulated by the Labor Standards Act and other relevant laws, to ensure that employees enjoy the protection of advance notice before severance: employees who have worked at the company for more than three months and less than one year are notified ten days prior, employees who have worked at the company for more than a year and less than three years are notified twenty days prior, and employees who have worked at the company for more three years are notified thirty days prior. Employees who are severed without advance notice should be given pay for the period of notification previously stated.

3.2 Employee Benefits and Care

We comply with all labor-related laws and regulations. Employees of both genders are treated equally. We have established career development training programs, implemented health and safety education programs, and planned activities to help our employees achieve mental and physical balance in their lives. To create a harmonious work environment, ScinoPharm complies with government employee welfare requirements such as labor insurance, health insurance, and pension plans; we are also active in implementing other employee welfare measures such as group insurance, bonus payments on the three major holidays, employee travel subsidies, annual employee health checks and in-depth health checks for senior staff. Employees can pay for their relatives to be covered by the company's group insurance to protect their families. We also provide buses for employee transport and subsidize carpooling to reduce the amount of energy consumed from driving to work and decrease air pollution. We also have a variety of benefits to support our employees.

Outside of work, we encourage our employees to engage in leisure activities for physical and mental relaxation; our employee welfare committee subsidized the forming of over ten employee clubs including table tennis, basketball, badminton, yoga, camping, hiking, cycling, softball, board games, choir, and others, hoping to enhance employees' work-life balance through a variety of clubs and activities. ScinoPharm periodically hosts an employee Happiness Month campaign and family day activities to strengthen employee cohesion.

ScinoPharm is a company that attaches great importance to "Balanced lifestyles and family values". We collaborate with the Hsinchu Lifeline Association to provide "employee life service programs"; professional counseling services give our employees positive energy to face the pressures of work and life in general, creating a win-win situation for both us and our employees.



Employee life service program cards



ScinoPharm invited Dr. Li-Yun Wu, lecturer for the Employee Assistance Service Center to speak at a seminar for the employee assistance service program held on August 2014



ScinoPharm cycling club activity



ScinoPharm hiking club activity



ScinoPharm camping club activity



Tainan City tour held during Happiness Month 2014



ScinoPharm choir Christmas concert performance in 2014



ScinoPharm choir performance at 2014 year-end party

Item	Benefits
Bonuses	Year-end bonus
	Performance review bonus
	Senior staff bonus. Bonuses are given for employees who have worked at the company for 5 years, 10 years, 15 years, and 20 years.
	Project proposal bonus
Employee Benefits	Vacation days surpassing that mandated by the Labor Standards Act: even new employees are entitled to annual leave of 10 days per year, more than that mandated by the Labor Standards Act; annual leave can be accumulated to a maximum of 30 days
	Employee canteen, employee break room, employee store, vending machines, automatic coffee machines, KTV Room, library, infirmary, lactation rooms, blood pressure monitors, body weight scales, body fat scales, parking lots, pregnant parking, disabled parking, employee life service program
	Bonuses on Chinese New Year, Dragon Boat Festival, and Lunar Festival; carpooling subsidies; subsidies for employee trips; grants for further education; childcare support; scholarships for employees' children; marriage grant; maternity allowance; injury benefits; funeral grants
Employee Activities	Company clubs: Table tennis club, basketball club, badminton club, camping club, hiking club, cycling club, board game club, choir, jogging club and others
	Employee trips, year-end party, factory parties, family day activities, ScinoPharm art seminars, fairs, Happiness Month
	Hosting of chess contests, poker contests, karaoke contests
	Periodic employee group buying activities, providing convenience for our employees
	Resident masseurs help employees relieve stress during the week
Employee support	Provides group insurance policies as well as government-mandated labor and health insurance
	Annual employee health checks and full health checks for senior staff
	Complimentary employee buses that arrive at the Tainan high-speed rail station, the Shanhua train station, the Tainan train station, and the Tainan City area
	Health management: fitness monitoring, resident doctors, dietitian consulting services, public health seminars, jogging activities, health-related lectures
	Contracted stores offering high-quality and favorably priced goods and services.
	Contracted stores are divided into the following six categories: Dining---44, lodging---96, daycare---16, medical---10, entertainment---6, transportation---4

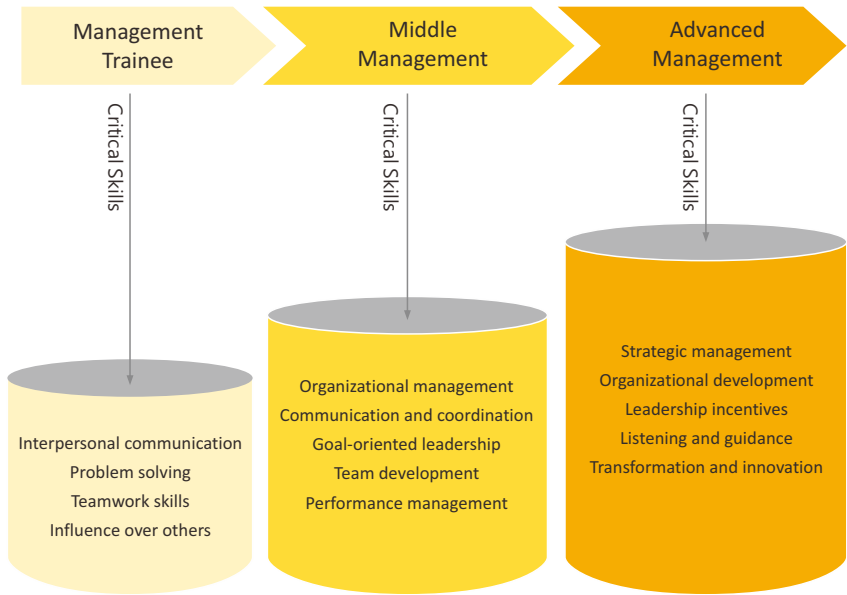
Staff Training and Development

Comprehensive training program

ScinoPharm respects every employee and firmly believes that “people” are our most important asset. We provide our staff with a comprehensive training program so that all our employees, at any stage in their careers, can be trained in the skills they require for their job duties. When nurturing talent, we have always placed emphasis on an international perspective. In order to comply with the developmental

needs of our human resources, we established a Professional Management Training (PMT) program when ScinoPharm was founded, with courses and professional personnel targeted to managers of all levels and management trainees; these courses are personally taught by internal senior staff, integrating internal and external resources so that our staff can continuously learn, improve their knowledge and skills, and grow alongside the company.

PMT training system:
A diagram of management levels and job duties



Diversity in Career Development

At ScinoPharm, every employee has opportunities to exercise their talents. We encourage a corporate culture that learns and innovates in order to inspire the maximum potential of our employees and help them meet different challenges. In line with our corporate plans for globalization, we offer diverse opportunities for employee development and job rotation experiences which are complemented by performance assessment policies and supplemented by an Individual Development Plan and training courses that help to find the best fit for our employees and broaden their horizons. Every year we conduct mid-year and annual assessments of all employees and keep track of their performances so as to provide promotions, incentives, or suggestions for improvement.

To realize our ideals and philosophies for personnel training, we separate all managers and employees by their job functions and developmental needs, and use our five core management categories as a foundation for systematically generating a three-stage training program that is divided sequentially into reserve training, mid-level management, and advanced management courses. Our layered and differentiated training framework takes into account both theory and practical application, providing our employees with the best and most comprehensive training process. Our diversified training courses include:

Diverse Training Courses

Category	Courses
Professional Management Training	Basic concepts and techniques of leadership, basic concepts and techniques of management, labor-related laws managers should be aware of, stress management, organizational management, performance management, problem analysis and problem solving, negotiation techniques, conflict management, time management, basic concepts of financial statements, presentation techniques...and so on.
GMP training	Annual GMP quality training
Health, safety and environmental training	Industrial health and safety and environmental protection training, fire-fighting training, CPR training, annual industrial safety meeting.
Professional and technical training	Prevention of asphyxiation in the workplace, forklift operator training, specified high-pressure equipment, Six Sigma analysis; chemical engineering operations training and operations training for all types of testing and analysis equipment
Human rights policies relating to business operations	Code of conduct, financial and corporate governance, sexual harassment prevention, labor-related laws
Language and other training	Training of new employees, international etiquette, language courses, communication techniques, goal setting target, health-related lectures, compliance with government regulations, and industry-related lectures

At ScinoPharm, employees of all genders have equal right to training opportunities. In 2014 our employees logged a total of 22,050 training hours, and a total of 10,339 employees participated in training. The implementation of relevant training courses is listed as follows:

項目	2013	2014
Total training hours (B)	16,102	22,050
Average training hours per employee (C=B/A)	30.72	32.71
Total employees (A)	778	674

Year	2013			2014		
Category	Number of people in training	Total training hours	Average training hours	Number of people in training	Total training hours	Average training hours
Professional Management Training	640	2008	3.14	520	2184	4.20
GMP training	1500	2846	1.90	1155	2345	2.03
Health, safety and environmental training	4116	3785	0.92	5253	5257	1.00
Professional and technical training	151	770	5.13	315	3684	11.70
Human rights policies relating to business operations	155	209	1.35	22	100	4.50
Language and other	1372	6484	4.73	3074	8480	2.76

3.3 Health Promotion and Activities

Healthy employees are the most important cornerstone for the sustainable development of any company. In order to create a vibrant, healthy, and friendly workplace, ScinoPharm is committed to the promotion of activities that bring health to our employees’ bodies, minds, and spirits.

1. Promotion of Health

Beginning in 2012, we have continuously hosted health seminars and released health newsletters. Dynamic activities hosted include power walking and healthy weight loss activities.

Annual health promotion planning process



Warm-up before power walking



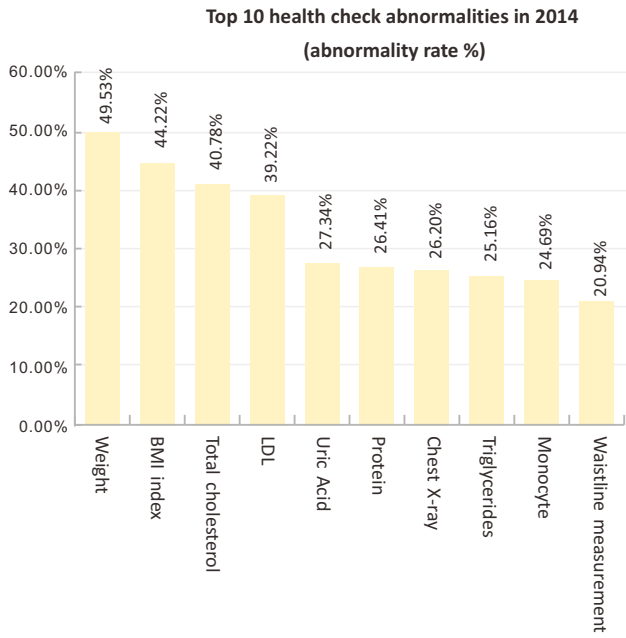
Power walking contest

2. Annual Health Checks

ScinoPharm hosts a 3-day employee health check every year during August or September. The health check items are as stipulated by the Labor Safety and Health Act and our evaluations of employee health risk based on our pharmaceutical processes.

Cancer, heart disease, and cerebrovascular diseases are the top 3 national causes of death. Our health checks showed that the top 10 abnormalities for our employees were mostly related to obesity. For this reason, our 2014 Health Promotion Activity Plan is focused on weight loss and reduction of metabolic syndrome.

Company health check expenses for the past three years



Year	2012	2013	2014
Health checks for new staff	57,000	57,000	13,000
Annual health checks	1,258,917	1,346,414	1,415,462
Total expenses	1,315,917	1,403,414	1,428,462



Annual health checks—blood testing



Annual health checks—X-rays

3. Workplace Health Promotion
Activity Plan

The results of our 2014 health checks show that most abnormalities are metabolic syndrome factors such as abdominal obesity, high blood pressure, high blood glucose, dyslipidemia, and so on. The risk of chronic diseases (diabetes, hypertension, high cholesterol, heart disease, and cerebrovascular diseases) developing in patients with metabolic syndrome are also higher than average. For this reason, in order to enhance staff loyalty, implement healthy lifestyles, and reduce incidence of chronic diseases, ScinoPharm plans annual workplace health promotion activities.

Every employee is a valuable company asset, and therefore we plan weekly power-walking activities, weight loss competitions, and health promotional outdoor activities (such as road running, power-walking, hiking, camping, and cycling) for all employees and high-risk groups. Additionally, we also rotate exercise routines, healthy light lunches, and nutritional health lectures (“Eat like this ~ eat smart and lose weight”) by department.



Basketball contest at anniversary party



Healthy light lunch

4. Maternity Protection Health
Management

In accordance with the maternity health protection regulations of the Occupational Health and Safety Act, ScinoPharm evaluates the risk of pregnant and post-

childbirth employees using the company “Maternity Health Management Record Chart” and also arranges for medical counseling and assessments with an occupational physician. If the job duties of a department require the handling of cytotoxic chemical substances, employees should put forward a “personnel special health needs processing table” and a “staff configuration table” for professional evaluation by an occupational physician who will make suggestions to department managers about appropriate shifts in work duties during pregnancy and first year of breastfeeding. The EHS department will continue to track the condition of employees until one year after childbirth and perform risk assessments before closing each case.

Additionally, ScinoPharm also hosts irregular health promotion activities for maternity health protection, for example Pap smears and lectures on pregnancy health.



Pap smear testing vehicle



Helpers for Pap smear testing



Pregnancy Health Lecture-1



Pregnancy Health Lecture-2

5. Employee First Aid Training (CPR +
AED Training)

In recent years, cardiovascular diseases are becoming an increasing threat to national health. To enhance the quality of emergency medical care, last year ScinoPharm purchased an “automated external defibrillator (AED)” and placed it in the infirmary on the first floor of the administrative building. During the night-time if the guard house receives notification of emergency injuries, EHS personnel are immediately notified, and relevant units will then determine the extent of the injuries and notify 119 for ambulances to collect injured personnel at the injury site. Our employees who have undergone CPR+AED Training will first attempt first-aid procedures before ambulances arrive. Infirmary personnel are responsible for checking, maintenance, and management of the AED equipment. Every year we plan CPR+AED training, and hope to train 70% of our employees so that we can apply for a Workplace Health and Safety Certificate.



AED Sign



Infirmary AED



CPR Training

6. 2012-2014 Occupational Injury
Statistics

Year	2012	2013	2014
Disabling injuries (people)	3	1	2
Disabling injuries (events)	2	1	2
Number of deaths	0	0	0
Disabling injuries (lost work days)	302	13	189
Disabling injury rate%	1.53	0.47	0.99

7. Factory On-Site Medical Service

Factory on-site medical service is provided once each month. In addition to employee health-abnormality testing, case management, pregnancy assessment, etc., plant inspections and work-site observations are also conducted.



3.4 Safe Working Environment

ScinoPharm Environment Safety Policy

ScinoPharm is committed to the establishment of comprehensive guidelines for environmental and occupational health and safety management, and the development of a code of conduct and working principles for its environmental and occupational health and safety management. ScinoPharm’ occupational health and safety management system has been built in adherence with TOSHMS (Taiwan Occupational Safety and Health Management System), and continued application of PDCA (Plan-Do-Check-Action) principles:



Implementation criteria and responsibilities for the company’s safety management system are stipulated in SOP CP-0001. Applicable environmental, health, and safety (EH&S) practices have been put in place to ensure CGMP adherence for good drug manufacture, and the Taiwan Responsible Care Association (TRCA) program has been adopted for

ScinoPharm’s stringent regime of norms and responsibilities.

The following responsible care initiatives have been undertaken, in accordance with SOP GP-0095 RC stipulations:

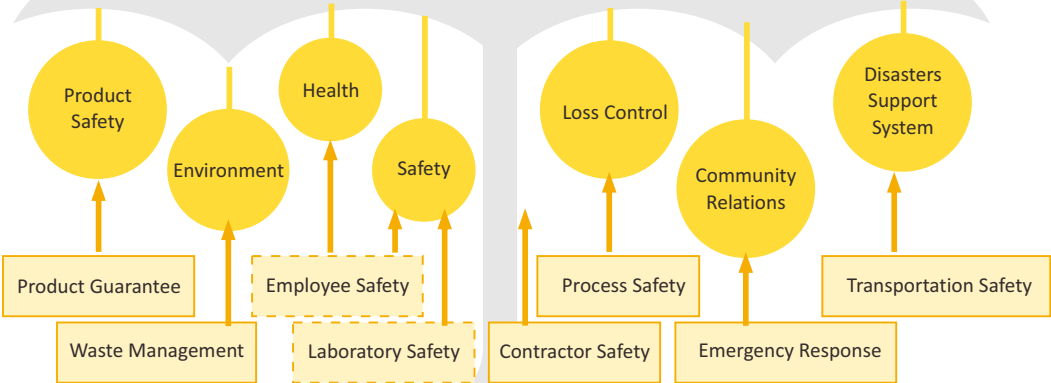
- System audits conducted before system building and execution based on distributed responsibilities for each department,

- At least once a year, a report on responsibility and care implementation status is presented to the company’s Strategic Operating Committee (SOC),
- Executives at manager level and above must serve as meeting convener more than once,
- Company employees with managerial potential should serve on the EH&S Policy Committee at least once,
- Designated actions plans are included in the annual work plans for each department,
- Incentive practices are in place for responsibility and care member participation (certificates/awards in writing/performance appraisals),
- Continuous improvement of practices (SOP/Training/TRCA meetings/Factory inspection and best-practice emulation)

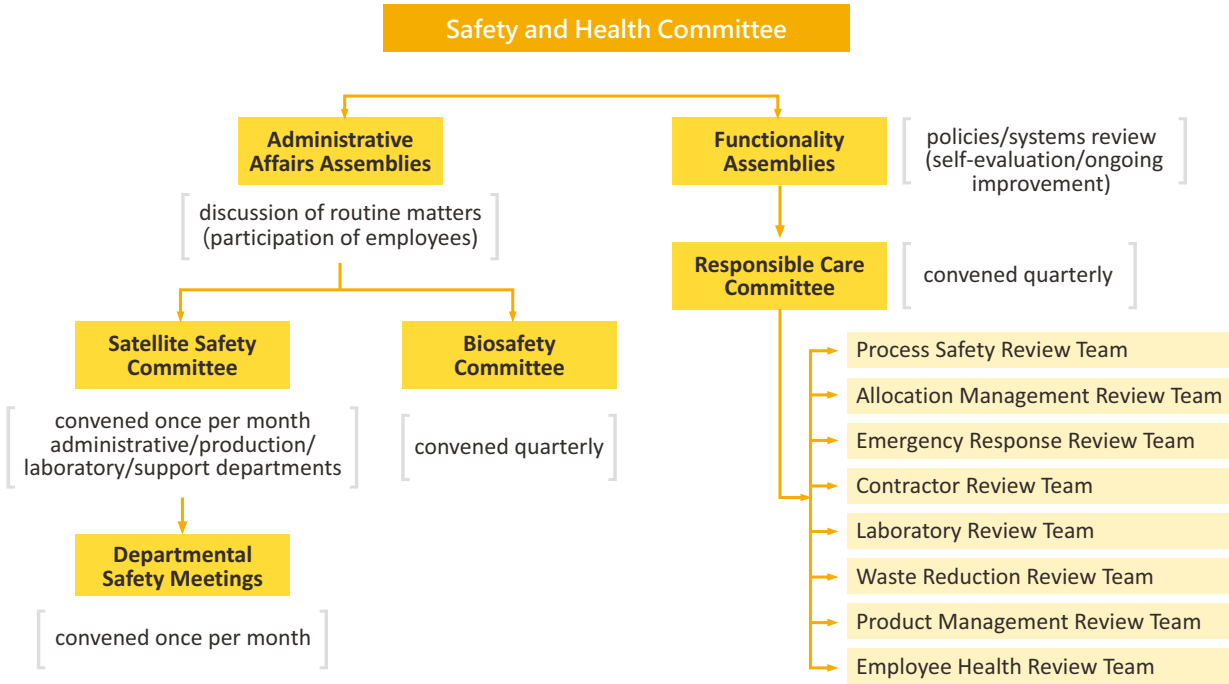
ScinoPharm Taiwan’s Responsible Care history:

- 1998, elaboration at general personnel assembly on December 23
- 1999, report to the Board of Directors on March 4
- 2000, addition as member of Taiwan Responsible Care Association (TRCA) on September 28
- 2000, pledge made to all employees at general assembly on October 16
- 2001, first formal self-assessment for each code (base survey)
- 2004, first review on ways to improve Responsible Care (RC) implementation methods and architecture
- From 2005, CEO serves as chair of the RC committee reviewing progress for each Code
- End-2005, passed TRCA process safety and emergency response code system verification
- End-2006, passed TRCA distribution and contractor management code system verification
- 2007, second review on ways to improve RC implementation methods and architecture

Responsible Care Regime Management System Architecture



ScinoPharm Safety and Health Committee Organizational Structure and Operating Mechanism



Matters for Deliberation by Corporate Safety Committee

- Rules pertaining to safety and health
- Safety and health education implementation planning
- Prevention of damage to machinery, equipment, raw materials, and other materials
- Measures to be taken in light of workplace environment monitoring results
- Health management affairs issues.

Satellite Safety Committee Task Description (administrative/support/laboratory/production departments)

- Intensive meetings (once per month) for immediate response and resolution on above-described deliberative matters pertaining to concerned departments
- Communication of safety committee safety policy / Deliberation of department safety meeting resolutions
- Discussion of safety inspections, accident/incident cases, safety improvement proposals, and other matters pertaining to concerned departments

Corporate Safety Committee Task Description Review

- Recommendations on safety and health policy planning (EHS or safety committee member proposals)
- Recommendations on compliance with safety and health laws and regulations (EHS or safety committee member proposals)
- Review of annual company safety and health implementation planning (EHS proposals, beginning of each year)
- Consider and recommend merit appraisals for significant positive safety behavior (EHS proposals)
- Deliberations on subsidiary center safety meeting resolutions (explanation by subsidiary meeting delegates)

Emergency Response

In order to enhance employees’ emergency response capabilities in the face of critical incidents, in 2005 ScinoPharm Taiwan set up an emergency response center, tasked with first-instance handling of crises within plant facilities, reducing crisis-caused injury and subsequent impact. The emergency center is outfitted with all needed response equipment: SCBA, fire-fighting clothing, A-grade fire-protection clothing, and other emergency equipment, so that in the first moments after an incident occurs relevant personnel are fully apprised of the situation, outfitted in appropriate safety equipment and are able to take immediate action to address it.

ScinoPharm has an Emergency Response Team (ERT) in place, which undergoes specialist fire-fighting training each month, and periodically commissions outside fire experts to give lectures at the plant facilities. Emergency response drills following specified themes are carried out regularly, to strengthen practical response experience. During the emergency response sessions, the full plant is required to undergo the guidance drills, to ensure all personnel are familiar with collection points and routines.

To enhance understanding between long-term resident contractors and company employees in the handling of crises, the two groups are required to participate together, thereby ensuring rapid disaster control and impact reduction.

ScinoPharm requires all personnel and all long-term on-site resident contractors to undergo live-use fire extinguisher training annually, ensuring familiarity with initial-phase emergency response technique.



ERT practice session



Fire extinguisher simulation training



Regular monthly ERT personnel training



Full-complex evacuation drill



Fire-extinguisher training by long-term resident contractors



Emergency rescue training



SCBA Training



Nighttime emergency drill



Toxic chemical disaster drill



Fire-hose training by long-term resident contractors

Workplace Monitoring:

Workplace monitoring is undertaken in all ScinoPharm plant areas every six months, to determine whether workplace measurement regimes are being properly executed, thus ensuring the validity of test results. Before monitoring is commenced, the Environmental, Health, and Safety (EHS) department will work with testing personnel in a joint assessment of optimal workplace sampling strategy and planning.

To ensure good working environment quality, the company strictly controls the distribution of hazardous substances, and maintains understanding of exposure scenarios, in order to effect optimal workplace assessments and improvements.

In terms of measurement methodology, representative measurement factors and sampling points are chosen for workplace sampling. Data results are then analyzed and evaluated to gain an understanding of the impact on employees of exposure doses and long-term cumulative

effects, heightening recognition of risk factors present in the working environment. Data results are systematically used as the frame of reference in environmental impact assessment, effecting engineering protection, and in selection of personal protective equipment.

The manufacture of APIs primarily involves batch production, and with each project the range of chemicals and chemical changes involved is wide. According to the Regulation on Measurement of Labor Working Environment currently in place, specified operations conducted within short time spans require no measurement of working environment. However, due to the considerable variation in production scheduling, and the company's conservative stance regarding the protection of its employees, workplace measurement is conducted regardless, with annual measurement carried out based on the chemicals used in the manufacture of a product at the time of scheduling.

Test items include physical and chemical agents -- physical agents such as noise, and chemical agents such as isopropanol, acetone, ethyl acetate, methanol, toluene, acetonitrile, dimethyl formamide, and dichloromethane.

2011 – 2014 Workplace Environment Monitoring Results:

Year	2011 Second Half	2012 First Half	2012 Second Half	2013 First Half	2013 Second Half	2014 First Half	2014 Second Half
Physical Agents	-	-	-	Noise level of 90.7dBA	Noise level of 92.9dBA	Noise level of 91.7dBA	Noise level of 92.7dBA
Chemical Agents	Compliance	Compliance	Compliance	Methanol: 279ppm (short-term allowable concentration)	Compliance	Compliance	Compliance

Effective administrative management and hardware improvement planning is sought for all exceptional projects, so that employees can carry out tasks in a safe work environment.

Time	Exceptional Project	Improvement Plan	Status
2013 First Half	Noise	The 1F refrigeration room in public building is designated as a noise location, and a hazard notification advises entering/exiting personnel to wear safety and health protective equipment.	Completed (2013/06/30)
	Methanol	Short-term exposure for personnel operating in Bay3 1F CG-2318 centrifuge room. Personnel conducting operations must follow EHS operation record protocol, donning gas masks and integrated filter canisters. Though concentration during the short-term exposure surpasses the standard, there is no exposure risk for personnel.	Completed (2013/06/30)
2013 Second Half	Noise	The 1F refrigeration room in public building is designated as a noise location, and a hazard notification advises entering/exiting personnel to wear safety and health protective equipment. In addition, with a new gas-fired boiler has been installed in the boiler room, noise measurements have improved markedly over those recorded in the first half of 2014, and this is no longer classified as a noise-source location.	Completed (2014/06/30)
2014 First Half	Noise	The chiller room on the 5th floor of the manufacturing building are designated is a noise location, and a hazard notification advises entering/exiting personnel to wear safety and health protective equipment.	Completed (2014/06/30)
2014 Second Half	Noise	The vacuum pump area on the 3th floor of the manufacturing building is designated as a noise location, and a hazard notification advises entering/exiting personnel to wear safety and health protective equipment.	Completed (2014/12/30)

Process Hazard Analysis

ScinoPharm’s process hazard analysis program has hazard prevention as its core focus. The firm’s various departments engage in joint consultation and discussion, enabling timely detection and correction of potential hazards in process design. The scope of action, with process hazard analysis at all times requisite, includes the introduction of new processes (from product R&D through the production stages) as well as process trial runs or process change/modification.

The process assessment team targets understanding and analysis of production process and public system conditions. The hazard assessment methods utilized enable recognition of potential process hazards and consequences, facilitating effective, appropriate control and disposal. Process hazard analysis procedures are divided into four phases:

1. Lab Hazards: Potential Hazards during Lab Procedures & Relevant Protection Measures

The primary focus here is hazard analysis pertaining to process-chemical nature and reaction during the experimental research and development process. Through engineering protection, personal protection, and administrative management practices, risk to colleagues during the experimental process is reduced. This analysis is by rule conducted prior to the launch of experimentation.

2. Inherent Hazards: Fire / Explosion / Health / Environmental Hazards Inherent to Chemicals

The focus here is on investigation and analysis of the hazards inherent to process chemicals used – fire, explosion, health, environmental. This analysis must be conducted after the experimental synthetic pathway has already been largely determined.

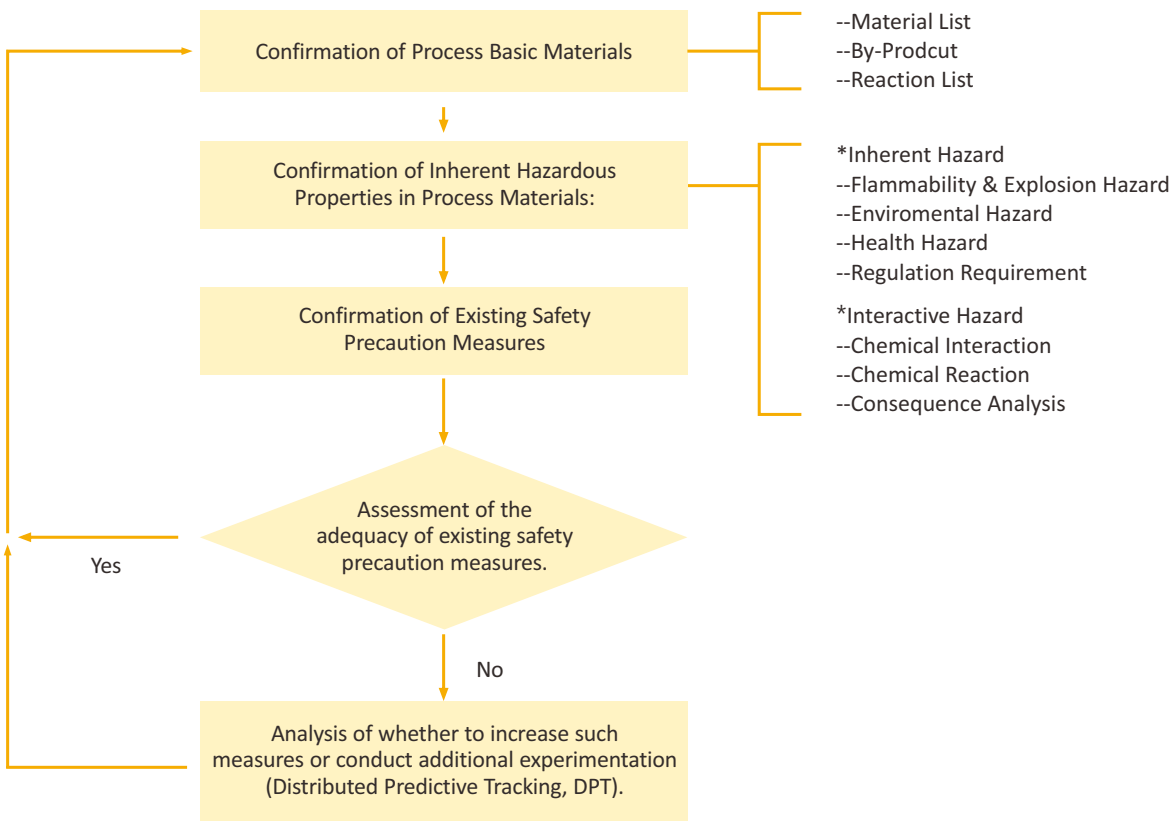
3. Interactive Hazards: Risks in Interaction of Chemicals and Structural Materials

Here, an assessment of the possibility of runaway reaction hazards is undertaken. The focus is on the compatibility of different process chemicals and structural materials used during the manufacturing process, and the possible reaction hazards. This analysis must be conducted after the experimental synthetic pathway has already been largely determined.

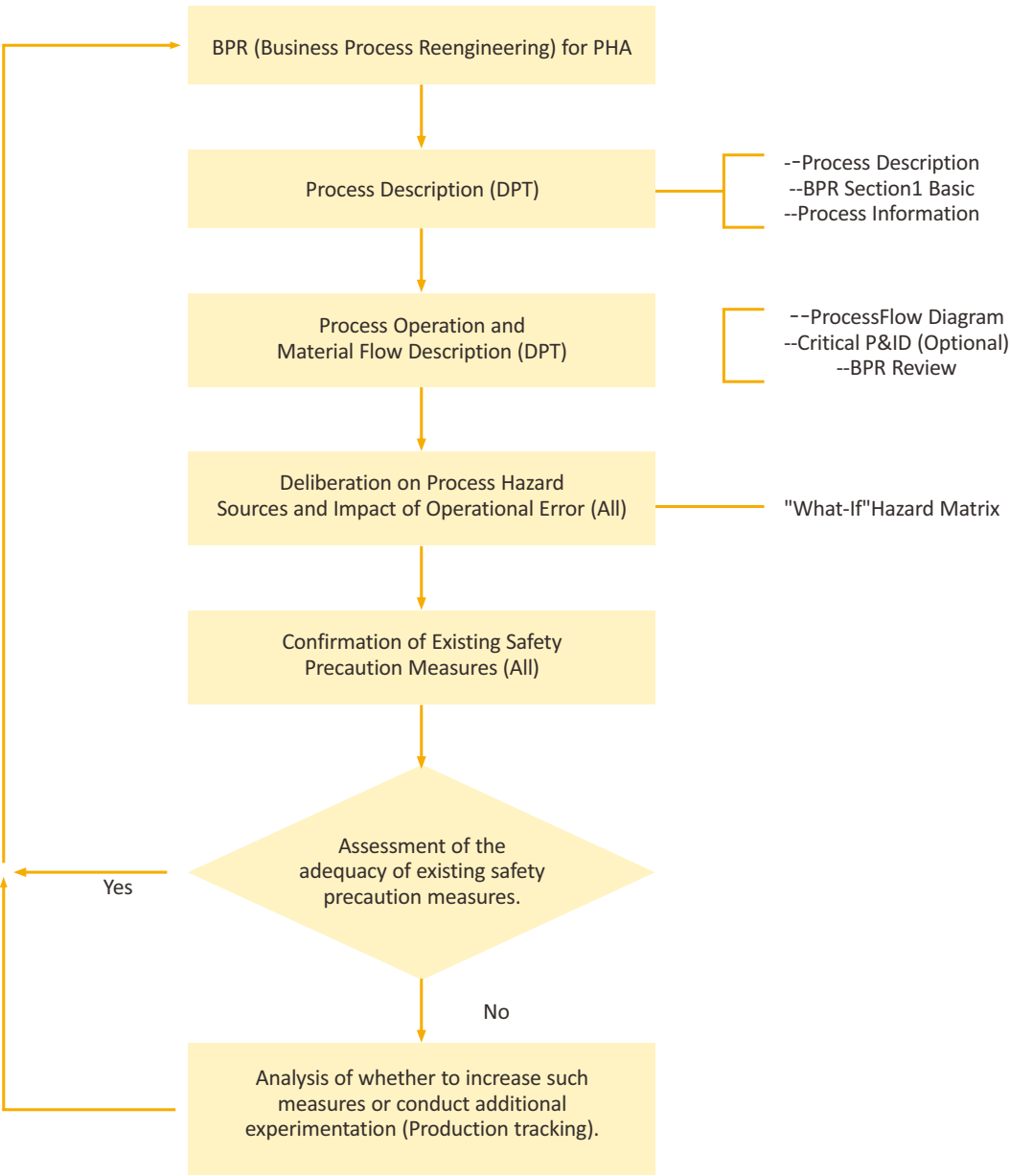
4. Operational Hazards: Personnel operational hazards, such as usage of incorrect materials, material-use sequence error, emergency response and disposal, and public system failure.

A review is undertaken of possible hazards and the potential impact that may arise during operations, plus the identification of reliable safety measures, and development of viable solutions to problems. This analysis must be undertaken prior to the start of production or system launch.

PHA (Preliminary Hazard Analysis) I & II



PHA (Preliminary Hazard Analysis) III



Dangerous Equipment and License Statistics

Working with contractors, the firm’s dangerous machinery and equipment is inspected by the company’s occupational safety and health administrators. After this inspection is completed, application is made for a labor inspection agency re-examination and certification. After certification is issued, these facilities are placed into operation.

We require employees who handle dangerous machinery and equipment to pass relevant training and have also established “Safety Regulations for Handling Heavy Machinery” and “Safety Regulations for Handling Boilers” in

our Employee Health and Safety Regulation Manual, setting safety procedures for our employees.

The firm’s inspection methods for dangerous machinery and equipment complies with the Taiwan Occupational Safety and Health Act along with related laws and regulations as reference, and are coordinated with actual on-site conditions with our “Automatic Inspection Operating Procedures.” These guidelines for the carrying out inspections of dangerous machinery/equipment ensure that they are maintained peak performance. If maintenance/repair is required, maintenance/repair operating procedures for each type of machinery/equipment established by the company are strictly followed.

Dangerous Machinery and Equipment/Apparatus Management

Breakdown of Firm's Dangerous Machinery and Equipment:

Type	Number (Units)
Hoists	3
Class 1 Pressure Vessels	109
Specified high-pressure equipment	117

Qualified Operator Licenses:

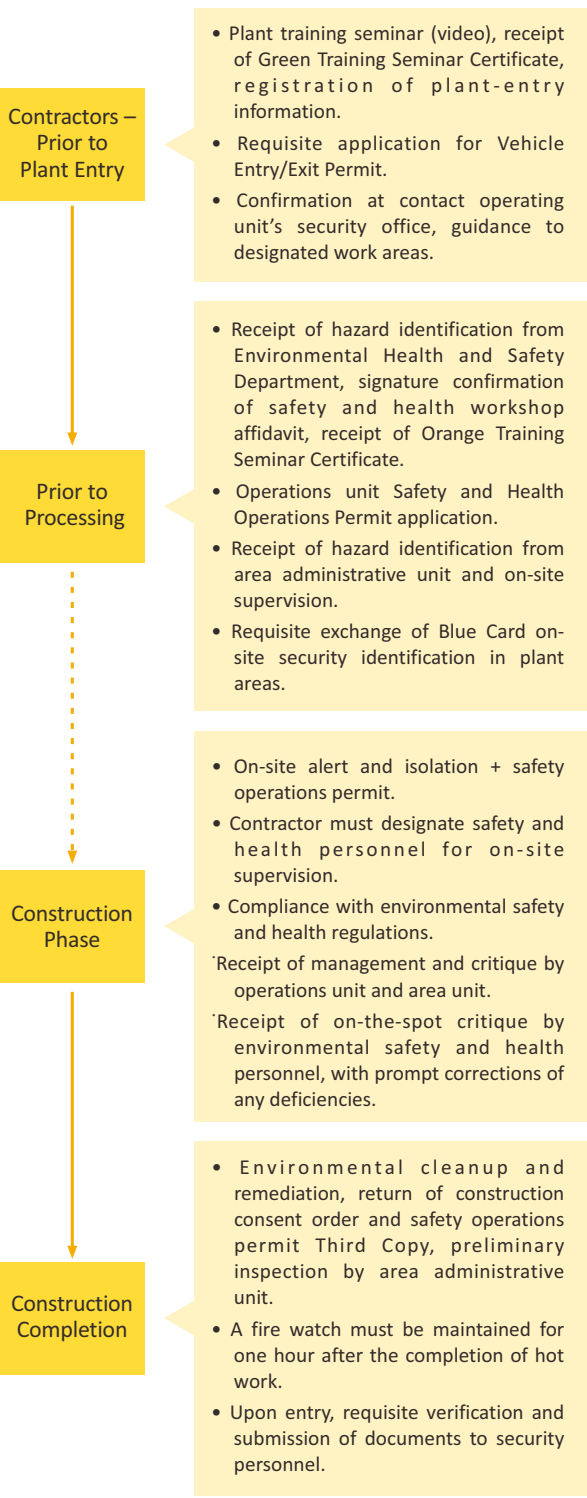
Type	Number (Units)
Class 1 Pressure Vessels	71
High-Pressure Gas Specialized Equipment	79



Class 1 Pressure Vessels

Contractor Safety and Health Management

ScinoPharm is committed to the safety and health of plant employees, and committed to its corporate responsibilities and working together with its business partners, seeks to establish higher environmental, safety, and health standards for the entire industry. Prior to being granted access to the firm's plant facilities, third-party manufacturers are issued the "ScinoPharm Contractor Safety, Health, and Environmental Management Program Manual," and must acquire full familiarization with the content of this manual. ScinoPharm has also designed a strict appraisal and monitoring regime that is in place prior to, during, and after all contractor operations, as follows:



In its effort to gradually establish ever-higher eco-protection, safety, and health standards, ScinoPharm, in addition to regular meetings with consultative organizations, undertakes safety and health education and training as well as fire-fighting training with third-party partners, so that the entire Taiwan pharmaceutical industry can together advance its professional competence.

ScinoPharm engages in regular safety and health performance appraisals of its third-party partners, and rewards enterprises of excellence, creating a virtuous cycle and helping to uplift third-party firms' industrial safety attainments.

3.5 Social Contribution and Participation

Pharma is a good-faith global industry, and ScinoPharm seeks to promote public health and well-being not only by expending all its effort to developing APIs of the highest quality, but also by giving back to society so that local communities can together share in the fruits of our growth. ScinoPharm enthusiastically participates in a wide range of public-welfare promotion activities, and conscientiously fulfills its corporate social responsibilities, in keeping with its sustainable-management goals.

Public Welfare Promotion Activities

ScinoPharm has long been a sponsor of cultural-arts exhibits and other activities, financially supporting overseas tours by local performance troupes to promote international cross-cultural exchange. It has sponsored the AAEON Foundation, which promotes local public art, in the staging of artwork displays, and also supported myriad other domestic artwork-creation endeavors. Among its sponsorship of overseas tours have been showcases of Taiwan's Legend Lin Dance Theatre and Ifkids Theatre Company in Europe and China, shining a spotlight on Taiwan's art-performance dynamism on the international stage.



In its community feedback efforts, ScinoPharm focuses on the weak and needy, especially children, combining the strength of the company and its employees. Each year it works with local-community social welfare groups in staging donation and adoption events to help the mentally and physically challenged as well as young students from disadvantaged families. Among these organizations are the Lu-Wei Opportunity Center, Tainan Family Support Center, Syin-Lu Social Welfare Foundation, World Peace Association, Sunyoung Care Association, World Vision, Tainan County Remote Area Digital Learning Center, St. Raphael Opportunity Center, and Saint Theresa Opportunity Center.

On August 23 of 2014, we collaborated with the Uni-President Lions baseball team to host the second "ScinoPharm Charity Baseball Camp", giving almost a hundred children from underprivileged families a free chance to attend baseball games, interact with the players, and experience the fun of this national sport.



2014 Welfare Baseball Camp

Tainan Science Park Cultural-Arts Lectures

Looking to enhance the life-aesthetics cultivation and humanist spirit of Tainan Science Park workers, ScinoPharm has launched the "ScinoPharm Art World" lecture series for five consecutive years, inviting nationally-renowned speakers (such as Xun Jiang, PaoChun Wu, QingYang Xiao, Vincent Fang and so on) to present their ideas, providing an enriching feast for life and soul.



ScinoPharm has invited a stream of prominent speakers to Tainan Science Park (Renowned baker PaoChun Wu is pictured on the left)



Each year the inspirational ScinoPharm Art World gatherings attract people in great numbers

Supporting Academic and Industrial Exchange Activities

ScinoPharm Taiwan has long been an active sponsor of seminars and other events in the biotechnology, medicine, chemical engineering, and other related departments at domestic universities and colleges. Company experts have been dispatched to National Taiwan University, National Cheng Kung University, National Tsing Hua University, Kaohsiung Medical University, and numerous other institutions to participate in seminars organized by their departments, promoting industry-academic exchange. In addition, the company supports domestic industry-academic organizations such as the Academia Sinica, Industrial Technology Research Institute, Chemical Society Located in Taipei, and The Pharmaceutical Society of Taiwan in the staging of seminars and discussion forums/workshops. The firm has supported the staging of the BioBusiness Asia conference, the SCBA (Society of Chinese Bioscientists in America) International Symposium held in Taipei, and the Tetrahedron Symposium - Asia.

We arrange company visits for students from university and college biotechnology, medicine, chemistry, and other related departments, and also provide internship opportunities, promoting student understanding of the industry and assisting in talent cultivation.



EMBA students from National Cheng Kung University visit ScinoPharm in April, 2014



Students from National Taiwan University visit ScinoPharm in December, 2014

Participation in Public Associations

ScinoPharm actively participates in the activities of industry-related public associations, and its personnel assume responsibilities as directors and supervisors in various public associations, assisting in the promotion of industry development.

Group Membership
The Allied Association for Science Park Industries
Taiwan Pharmaceutical Manufacturers Association
Academia-Industry Consortium for Southern Taiwan Science Park
Taiwan Bio Industry Organization
Chinese Pharmaceutical Manufacture and Development Association
Chemical Society Located in Taipei
Taiwan Generic Pharmaceutical Association
Taiwan Biotechnology Industrial Alliance
Chemical Society Located in Kaohsiung
Taiwan Parenteral Drug Association
Small Molecular Drug Development Industry Alliance
Institute for Biotechnology and Medicine Industry
Cross-Strait CEO Summit
The Pharmaceutical Society of Taiwan



Company-Wide Blood Donation



Computer donation to the visually impaired

Chapter 4 - Environmental Protection

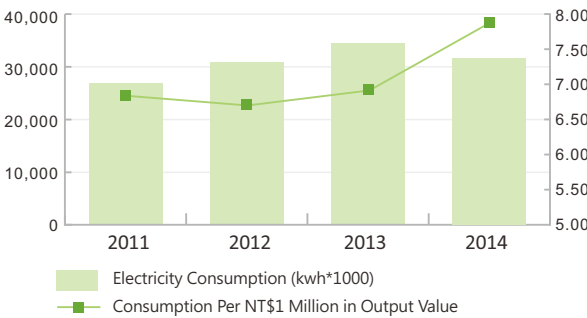
4.1 Energy and Greenhouse Gas Management

Energy Management

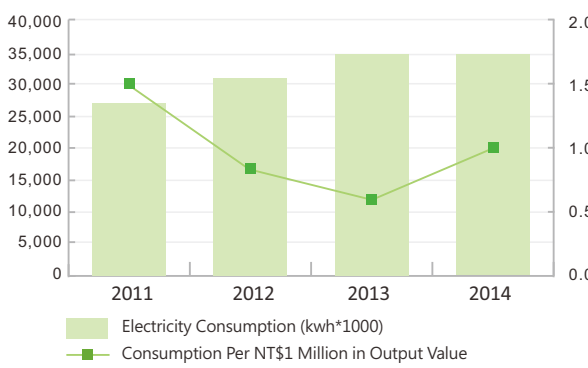
ScinoPharm is a manufacturer of Active Pharmaceutical Ingredients (APIs). While adding plant capacity to accommodate demand, measures to reduce energy consumption have also been increased, including the reduction of electricity usage, water usage, and wastewater emissions.

The company's electricity consumption in 2014 was 32,456 kilowatt hours (kwh). This equates to 7,900 kwh per NT\$1 million in output value. Total electricity consumption and consumption per NT\$1 million in output value from 2011 through 2014 is shown below:

Total Electricity Consumption & Consumption Per NT\$1 Million in Output Value

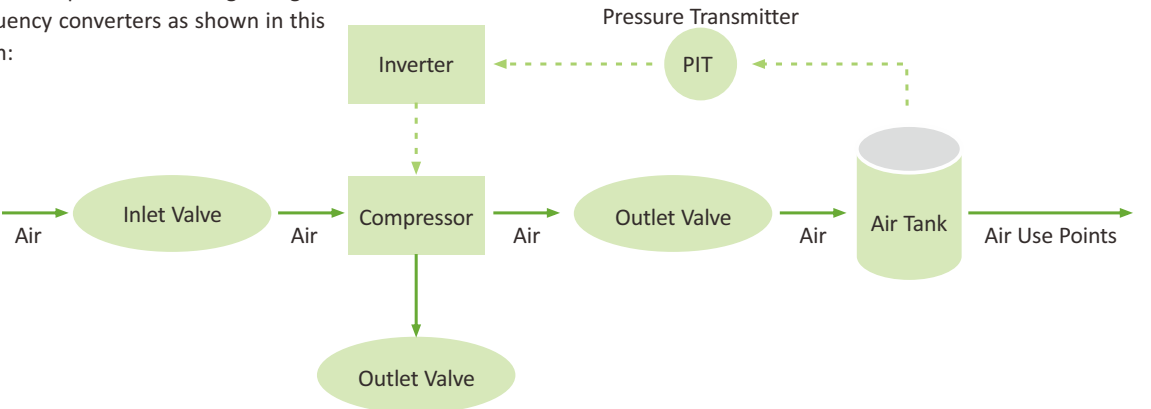


Total Electricity Consumption & Consumption Per Kilogram of Production



Electricity- and power-saving measures implemented in 2014:

1. Control of compressor switching changed to frequency converters as shown in this diagram:



2. Temperature of central air-conditioning in the office and other non-processing areas increased from 22°C to 25°C.

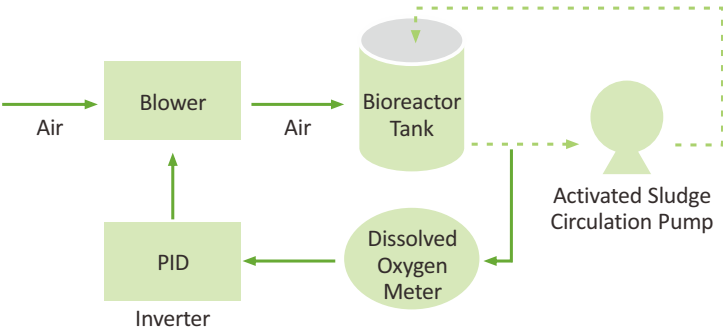
3. Dissolved oxygen control installed for the wastewater treatment plant (ventilators changed to frequency inverter control – see diagram below).



Dissolved Oxygen Meters



Inverter



Blowers

4.Cooling towers with low efficiency were overhauled: In the first half of 2014 we paired heat dissipation fans with wet-bulb temperature controls for efficiency optimization.



Old cooling tower



New cooling tower



Increased heat dissipation efficiency

5.Chillers with low efficiency rates were overhauled: we replaced our 15-year-old, low efficiency, 750-ton chiller with a new 800-ton chiller starting June 2014.



Old Chiller



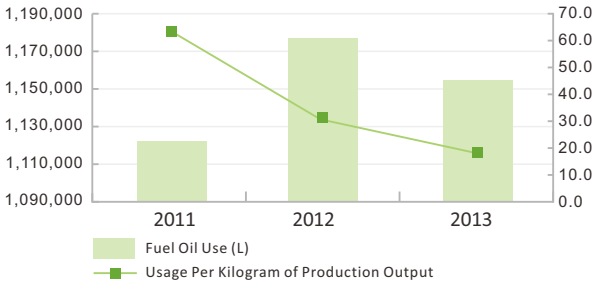
New chiller

ScinoPharm's direct and indirect energy consumption for the past four years is shown as follows. There is a clear downward trend in terms of energy use per kilogram of production volume. (Starting from 2014, ScinoPharm has switched to using natural gas for direct energy and no longer uses low-sulfur fuel oil.)

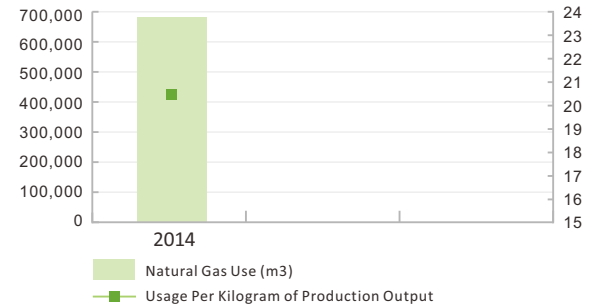
Direct Energy		Indirect Energy	
Year	Low-sulfur Fuel Oil (Kiloliters)	Medium-Pressure Steam (ton)	Nitrogen (thousand cubic meters)
2011	1,122	25,352	5,577
2012	1,177	28,197	6,377
2013	1,155	27,138	7,068

Direct Energy		Indirect Energy	
Year	Natural gas (Kiloliters)	Medium-Pressure Steam (ton)	Nitrogen (thousand cubic meters)
2014	675	9,445	5,017

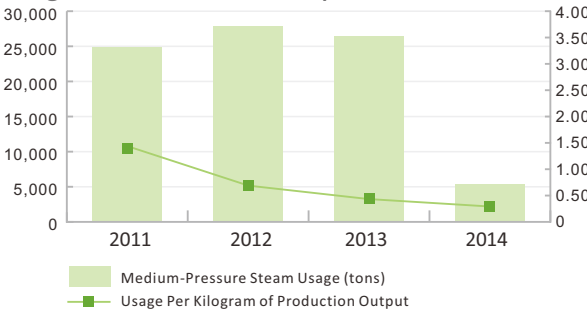
Heavy Oil Use & Usage Per Kilogram of Production Output



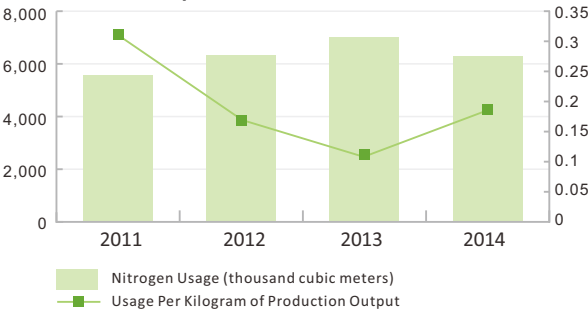
Natural Gas Use & Usage Per Kilogram of Production Output (Starting in 2014, we now use natural gas for our direct energy)



Medium-Pressure Steam Usage & Usage Per Kilogram of Production Output



Total Nitrogen Usage & Usage Per Kilogram of Production Output



Energy Efficiency and Carbon Reduction

At the end of 2013 the company completed the installation of gas boilers in place of oil-fired boilers, bringing savings in direct energy costs of approximately NT\$12 million per year, and reducing annual CO2 emissions from 3,952 tons (CO2e) in 2013 to 1,235 tons (CO2e) in 2014.



Fuel Oil Boilers



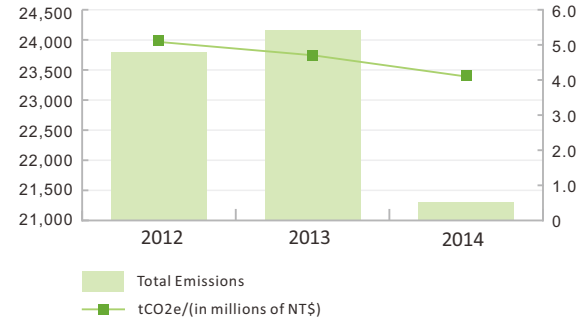
Gas Boilers

Greenhouse Gas (GHG) Management

The company established a greenhouse gas inventory in 2012, using tCO2e (tons of carbon dioxide equivalent) as its unit of measurement. ScinoPharm's greenhouse gas emissions in 2012 were 23,846 tCO2e (7,158 tCO2e direct, 16,689 tCO2e); 24,212 tCO2e (7,524 tCO2e direct, 16,689 tCO2e indirect) in 2013; and 21,291 tCO2e (4,602 tCO2e direct, 16,689 tCO2e) in 2014, as illustrated by the table below:

Year	2012	2013	2014
Total Emissions	23,846	24,212	21,291
Direct Emissions	7,158	7,524	4,602
Indirect Emissions	16,689	16,689	16,689
Output Value (in millions of NT\$)	4,572	5,084	5,212

Unit: tCO2e



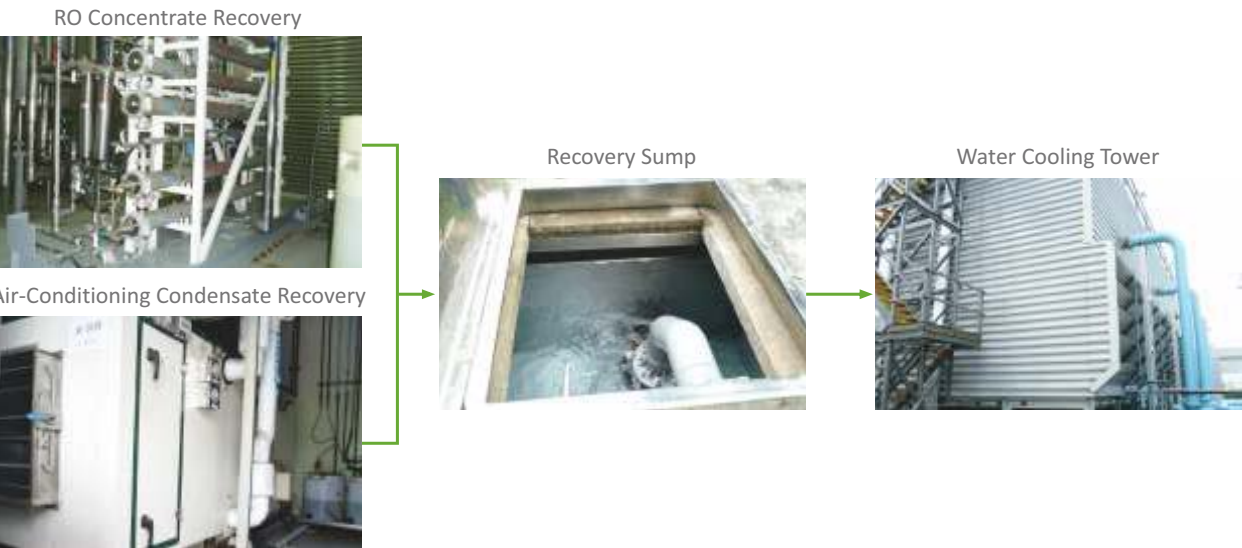
The greenhouse effect becomes more serious with each passing day, negatively impacting the Earth's ecology. In 2012 the company commenced actively setting up an organizational GHG inventory, determining sources of plant GHG output and converting emissions in terms of CO2 output. The company has a thorough on-going understanding of the impact of climate change on operating activities, and actively commits its resources to improving energy efficiency and carbon reduction. Through effective management and control of the company's various greenhouse gas output sources, CO2 emissions are reduced and ScinoPharm does its part to mitigate the greenhouse effect.

In addition, the company and its affiliated enterprises/subsidiaries promote employee carpool subsidies, provide shuttle-bus service, and practice other measures that reduce gasoline consumption, systematically working toward the goal of carbon reduction.

4.2 Management of Water Resources and Wastewater Treatment

The company belongs to the API chemical pharmaceutical industry, and all wastewater generated during the production process is treated and discharged in compliance with all governing regulations and laws in on-site wastewater treatment facilities. ScinoPharm is committed to the recovery of air-conditioning condensate and the recycling of reverse osmosis concentrate wastewater, and it uses recycling air-conditioning cooling towers. The annual water-recycling rate averages 68%, and the manufacturing process recycles 46%. The full-plant emission rate is about 52%. Details are as follows:

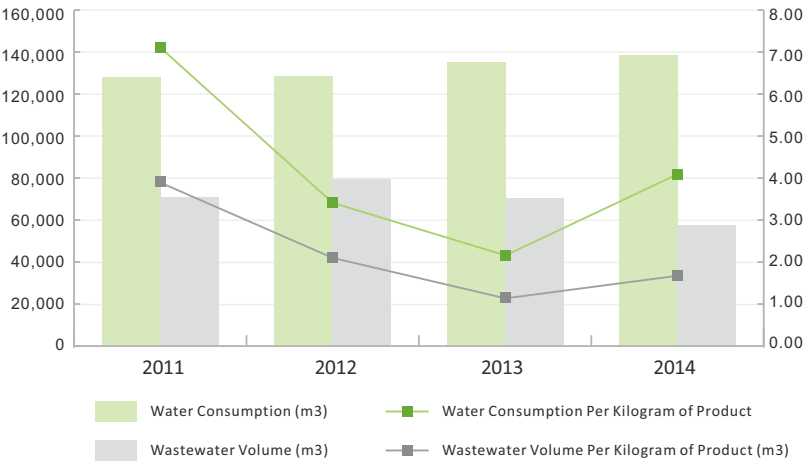
1. Air-conditioning condensate and purified water system recycling discharge is sent to cooling towers, saving approximately 30,000 tons of water per year.



2. Increasing the cooling tower concentration multiple reduces the amount of cooling water discharge.
3. The cooling tower is fitted with a drift eliminator, reducing loss through dispersion and evaporation.
4. Washrooms have been fitted with water-saving faucets.
5. Sludge dewatering equipment sends wash water through a system filter for re-use, saving approximately 5,000 tons of water per year.



The company's wastewater is treated with biological treatment, using high concentrations of suspended solids activated sludge decomposition of organic matter in wastewater and filtered through membrane bioreactor; effluent is sent to the Southern Taiwan Science Park Resource Recycling Center wastewater treatment plant and burned, while the processed waste water is sent to the Southern Taiwan Science Park waste water treatment plant.



Membrane Bioreactor (MBR)



Central Control Room

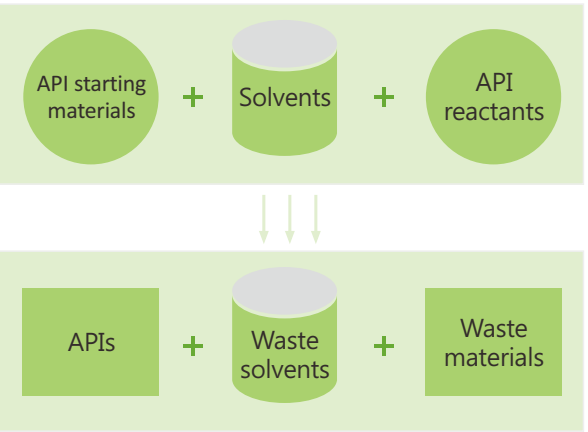


4.3 Current Status of Pollution Prevention

ScinoPharm and its affiliated enterprises spare no effort in promoting energy, electricity, and water conservation. In keeping with government environmental policy, and the “Love the Earth” movement for energy efficiency and carbon reduction, the company coordinates garbage and resource recycling, and does its utmost to use recycled materials with low environmental impact, reducing the environmental burden, strengthening the cultivation of environmental habits in personnel, and actualizing eco-friendly living.

Process Introduction

Key to an API is the curative effect of the main solid component, i.e., the active pharmaceutical ingredient. In the production process, the presence of a specific solvent acts as a solution in the chemical synthesis of the API starting materials and reactants. The solvent is often not directly involved in the reaction. The manufacturing process will vary with the different degrees of API complexity, and the execution of the many different synthesis reaction steps involves different solvents. The basic API manufacturing process is shown below:



Air Pollutant Emissions Monitoring

Air Pollutant Emissions (Unit: Metric Tons/Year)			
	Particulate Pollutants	Volatile Organic Compounds	Hydrochloric Acid Gas
Total	0.063084	73.77824	0.379

Water Resources and Processing

Our waste water is biodegraded using activated sludge provided by the Canadian company Zenon and then filtered through membrane bioreactors. The effluent is sent to the Southern Taiwan Science Park Resource Recycling Center wastewater treatment plant and burned, while the processed waste water is sent to the Southern Taiwan Science Park waste water treatment plant.

Our implemented actions concerning water resources include: recycling waste water from our RO water purifiers and air-conditioning condensate to our cooling towers, using water-saving faucets to reduce our everyday water usage, incorporating environmental protection concepts in our processes and equipment, promoting green concepts, and focusing on ecological balance.



Wastewater processing tank in ScinoPharm factory grounds

Waste Treatment

ScinoPharm is able to treat or clean up all plant-created waste materials, including biodegradable wastewater, waste solvents, solid waste, and air pollutants. Both hazardous and general solid waste materials are transported to the park's Resource Recycling Center for incineration. All air pollutants emitted by lab or plant facilities, such as particulate pollutants, acidic gases, alkaline pollutants, and organic vapors, undergo scrubbing tower removal. The feasibility of solvent recovery is also at all times at the forefront of company process assessments.



Waste generation

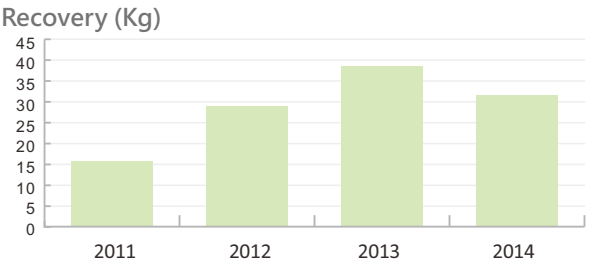
Year / Category	2011	2012	2013	2014
Waste Acid	15.87	68.84098	34.75	46.98
Hazardous Waste Solvents	6234.068	6933.492	6149.924	6389.35
Solid Wastes	180.78	146.2	217.31	155.82
General Waste Compounds	27.5816	46.30953	71.67	20.27
Waste Sludge	114.31	189.68	119.07	51.0362
Reported Toxic Chemical Waste	12.218813	62.97812	13.5079	5.4054

Unit: ton

Raw material recovery

ScinoPharm recycles some solvents and precious metals. In 2014, we recycled 329.1 tons of solvent, close to 5.7% of that used; we also recycled 31.8 kilograms of platinum(IV) oxide hydrate, close to 4.4% of that used, showing that ScinoPharm strives to reduce its industrial waste, environmental pollution, and environmental costs.

1.Precious Metals:

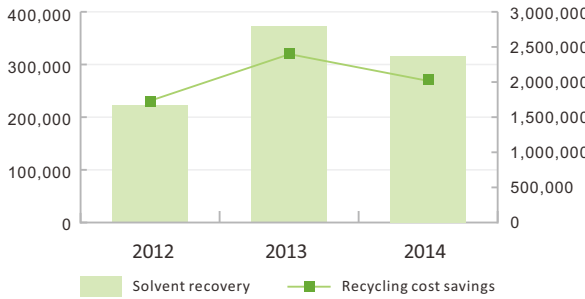


1.The recycling of solvents is an ad hoc product manufacturing process; 2011 – 2014 recycled solvents are shown below as well as Solvent Recovery Totals and Resulting Savings:

Year	Recycled Item	Quantity (Metric Tons)
2011	Dichloromethane/Acetone(Mixed Solvent)	174.77
	Dichloromethane	226.66
	Ethyl Acetate	55.06
	Tetrahydrofuran	46.53
2012	Ethyl Acetate	19.55
	Tetrahydrofuran	46.24
	Tetrahydrofuran /Xylenes (Mixed Solvent)	14.48
	Diethylbenzene(Recycled)	4.73
2013	Ethyl Acetate	22.04
	n-Heptane	3.75
	Tetrahydrofuran	11.09
	THF/Xylenes (Mixed Solvent)	21.36
2014	Diethylbenzene(Recycled)	7.07
	Ethyl Acetate	312.138
	Tetrahydrofuran/Xylenes(Mixed Solvent)	8.901
	Xylenes	8.052

1.Solvent recovery and recycling cost savings

	Solvent Recovery	Recycling Cost Savings (NT\$)
2012	223,630	1,742,673
2013	373,700	2,473,176
2014	316,690	2,096,488



Toxic Chemical Substance
Management

The company's toxic chemical substance management control system, in addition to the identifying dedicated personnel in accordance with the law, involves the establishment of specialized management personnel in accordance with department utilization, and follows stipulated rules for the documenting of operational amounts and storage locations, with all details clearly marked. Lock control is utilized during non-work hours for these on-site storage areas.



Stripper

As a result of on-going increases in production capacity, the total amount of waste solvents created has also increased. In 2008 ScinoPharm spent NT\$9.3 million constructing a stripping column to handle high-moisture-content waste solvents. After stripping, the condensed waste solvent is sent to Tainan Science Industrial Park incinerator processing or entrusted to a qualified waste solvent contractor for treatment, thereby reducing waste-solvent totals. Wastewater from the stripper is sent to a water-treatment plant for processing.



Requisite Recycling Ratio for Sold
Products and Packaging Materials

The company's products are high-potency APIs, with export sales predominant. Products come in contact with packaging materials, and because of the potential for cross-contamination, packaging materials are not suitable for re-use.

Violations of Environmental Law

On March 3, 2014, the Tainan City Government Environmental Protection Bureau conducted an inspection of the company, and discovered an irregularity in the records. Our MTBE emissions were not declared as per regulations. This was a violation of article 8, paragraph 2 of the Toxic Chemical Substances Control Act, and a fine of NT\$60,000 was imposed.

Efforts made towards improvement: we will continue to strengthen our employees' understanding of toxic substances and declaration regulations to ensure no further violations of laws and regulations.

Global Reporting Initiative (GRI G4) Comparison Chart

G4 Indicator Description		Chapter Index	Page Number
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Letter from the Chairman / Letter from the Chief Executive Officer and President	02.03
Organizational Profile			
G4-3	Report the name of the organization	1.1 Company Overview	04
G4-4	Report the primary brands, products, and services	1.4 Scope of Business	07
G4-5	Report the location of the organization's headquarters	1.1 Company Overview	04
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	1.1 Company Overview	04
G4-7	Report the nature of ownership and legal form	1.2 Shareholding Structure and Main Shareholders	06
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	1.4 Scope of Business	07
G4-9.1	Report the scale of the organization, including: Total number of employees	3.1 Personnel Overview	22
G4-9.2	Report the scale of the organization, including: Net sales and total capitalization	1.3 Overview of Operations	06
G4-9.3	Report the scale of the organization, including: Total capitalization broken down in terms of debt and equity	1.3 Overview of Operations	06
G4-9.4	Report the scale of the organization, including: Quantity of products or services provided	1.4 Scope of Business	07
G4-9.5	Report the scale of the organization, including: Shareholding structure of major shareholders	1.2 Shareholding Structure and Main Shareholders	06
G4-9.6	Report the scale of the organization, including: Net sales, costs, and employee numbers for each region	1.3 Overview of Operations 3.1 Personnel Overview	06.22
G4-10.1	Report the total number of employees by employment contract and gender	3.1 Personnel Overview	22
G4-10.2	Report the total number of permanent employees by employment type and gender	3.1 Personnel Overview	22
G4-10.3	Report the total workforce by employees and supervised workers and by gender	3.1 Personnel Overview	22
G4-10.4	Report the total workforce by region and gender	3.1 Personnel Overview	22
G4-10.5	Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors	1.6 Corporate Governance	11
G4-10.6	Report any significant variations in employment numbers	None	
G4-11	Report the percentage of total employees covered by collective bargaining agreements	3.1 Personnel Overview	22

G4 Indicator Description		Chapter Index	Page Number
G4-12	Describe the organization’s supply chain: Provide the activity sequence of all parties regarding the organization’s services and products	1.5 Supplier Management	10
	Describe the organization’s supply chain: The total number of suppliers and the estimated total number of suppliers within the supply chain		
	Describe suppliers in the supply chain by region: Types of suppliers (such as contractors, retail, wholesale, or franchise)		
	Describe the organization’s supply chain: estimated amount payable to suppliers in the organization's supply chain		
	Describe the organization’s supply chain: special attributes of the supply chain		
G4-13	Report any significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain	None	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	1.6 Corporate Governance	11
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	1.7 Awards & Recognitions	15
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	3.5 Social Contribution and Participation	41

Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents.	About This Report	01
	b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report		
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries	About This Report	20
	b. Explain how the organization has implemented the Reporting Principles for Defining Report Content		
G4-19	List all the material Aspects identified in the process for defining report content	Identification of and Communication with Stakeholders	18
G4-20	Report any specific limitation regarding each Aspect Boundary within the organization	Identification of and Communication with Stakeholders	18
G4-21	Report any specific limitation regarding each Aspect Boundary outside the organization	Identification of and Communication with Stakeholders	18
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	None	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	None	

G4 Indicator Description		Chapter Index	Page Number
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization	Identification of and Communication with Stakeholders	18
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Identification of and Communication with Stakeholders	18
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Identification of and Communication with Stakeholders	18
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Identification of and Communication with Stakeholders	18

Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	About This Report	01
G4-29	Date of most recent previous report (if any)	About This Report	01
G4-30	Reporting cycle (such as annual, biennial)	About This Report	01
G4-31	Provide the contact point for questions regarding the report or its contents	About This Report	01
G4-32.1	a. Report the "in accordance" option the organization has chosen	About This Report	01
G4-32.2	b. Report the GRI Content Index for the chosen option	Global Reporting Initiative (GRI) Comparison Sheet	51
G4-32.3	c. Report the reference to the External Assurance Report, if the report has been externally assured.	None	
	GRI recommends the use of external assurance but it is not a requirement to be "in accordance" with the Guidelines		
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report.	None	
	b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.		
	c. Report the relationship between the organization and the assurance providers.		
	d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.		

G4 Indicator Description		Chapter Index	Page Number
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	1.6 Corporate Governance	11
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	1.6 Corporate Governance	11
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	None	
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	None	

Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	1.6 Corporate Governance	11
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	1.6 Internal Audit Office 3.1 Multiple Channels for Communications	12.24
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	1.6 Internal Audit Office 3.1 Multiple Channels for Communications	12.24

Economic Performance			
G4-EC1	Direct economic value generated and distributed	1.3 Overview of Operations	06
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	1.6 Risk Management	13
G4-EC3	Coverage of the organization's defined benefit plan obligations	3.2 Employee Benefits and Care	26
G4-EC4	Financial assistance received from government	1.3 Overview of Operations	06
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	None	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	None	
G4-EC7	Development and impact of infrastructure investment and services supported	None	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	None	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	1.5 Supplier Management	10

G4 Indicator Description		Chapter Index	Page Number
Environmental			
G4-EN1	Report the total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	1.5 Supplier Management	10
G4-EN2	Report the percentage of recycled input materials used to manufacture the organization's primary products and services	1.5 Supplier Management	10
G4-EN3	Energy consumption within the organization	4.1 Energy and Greenhouse Gas Management	43
G4-EN4	Energy consumption outside the organization	4.1 Energy and Greenhouse Gas Management	43
G4-EN5	Energy intensity	4.1 Energy and Greenhouse Gas Management	43
G4-EN6	Reduction of energy consumption	4.1 Carbon Reduction	43
G4-EN7	Reductions in energy requirements of products and services	4.1 Carbon Reduction	43
G4-EN8	Total water withdrawal by source	4.2 Management of Water Resources and Wastewater Treatment	46
G4-EN9	Water sources significantly affected by withdrawal of water	4.2 Management of Water Resources and Wastewater Treatment	46
G4-EN10	Percentage and total volume of water recycled and reused	4.2 Management of Water Resources and Wastewater Treatment	46
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	None	
G4-EN13	Habitats protected or restored	None	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	None	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	4.1 Energy and Greenhouse Gas Management	43
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	4.1 Energy and Greenhouse Gas Management	43
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	None	
G4-EN18	Greenhouse gas (GHG) emissions intensity	None	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	4.1 Energy and Greenhouse Gas Management	43
G4-EN20	Emissions of ozone-depleting substances (ODS)	None	
G4-EN21	NOX, SOX, and other significant air emissions	4.3 Current Status of Pollution Prevention	48
G4-EN22	Total water discharge by quality and destination	4.2 Management of Water Resources and Wastewater Treatment	46
G4-EN23	Total weight of waste by type and disposal method	4.3 Waste processing	48
G4-EN24	Total number and volume of significant spills	None	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel convention annex I, II, III, and VIII, and percentage of transported waste shipped internationally	None	
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	None	

G4 Indicator Description		Chapter Index	Page Number
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	4.3 Current Status of Pollution Prevention	48
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	4.3 Recycling of raw materials	49
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	4.3 Violations of Environmental Law	50
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	None	
G4-EN31	Total environmental protection expenditures and investments by type	None	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	None	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	None	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	None	

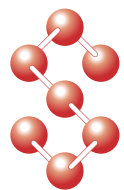
Labor Practices and Decent Work			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	3.1 Personnel Overview	22
G4-LA2	Report the benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation	3.1 Personnel Overview	22
G4-LA3	Return to work and retention rates after parental leave, by gender	3.1 Personnel Overview	22
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	3.1 Personnel Overview	22
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	3.4 ScinoPharm Environment Safety Policy	34
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	3.3 Occupational injury statistics	33
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	3.3 Workplace Health Promotion Activity Program	32
G4-LA8	Health and safety topics covered in formal agreements with trade unions	ScinoPharm currently has no unions and topics related to health and safety are handled by the Health and Safety Committee	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	3.2 Staff Training and Development	28
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	3.2 Staff Training and Development	29
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	3.2 Diversity in Career Development	29

G4 Indicator Description		Chapter Index	Page Number
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	3.1 Personnel Overview	20
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	None	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	None	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	None	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	None	

Human Rights			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	3.2 Staff Training and Development	28
G4-HR3	Total number of incidents of discrimination and corrective actions taken	3.1 Maintaining Equality and Human Rights	24
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	3.1 Maintaining Equality and Human Rights	24
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	ScinoPharm does not use child labor, and we have not discovered incidences of child labor by our suppliers	
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	ScinoPharm has no record of forced labor, and we have not discovered incidences of forced labor by our suppliers	
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	ScinoPharm has no record of violations involving indigenous peoples	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	None	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	None	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Currently there have been no incidences of actual or potential negative impacts to human rights within our supply chain	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	None	

G4 Indicator Description		Chapter Index	Page Number
Society			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	3.5 Social Contribution and Participation	41
G4-SO2	Operations with significant actual and potential negative impacts on local communities	None	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	None	
G4-SO4	Communication and training on anti-corruption policies and procedures	1.6 Internal Audit Office 1.6 Code of Conduct and Regulations	12 14
G4-SO5	Confirmed incidents of corruption and actions taken	No incidence of corruption occurred during the period covered by this report	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	No political contributions were made during the period covered by this report	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No suits regarding anti-competitive behavior, anti-trust, or monopoly practices occurred during the period covered by this report	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	4.3 Violations of Environmental Law	50
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	None	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	No actual and potential negative impacts on society were found in our supply chain	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	None	

G4 Indicator Description		Chapter Index	Page Number
Product Responsibility			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	None	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No incidences of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle occurred in the period covered by this report	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	None	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No incidence of non-compliance with regulations and voluntary codes concerning product and service information and labeling occurred in the period covered by this report	
G4-PR5	Results of surveys measuring customer satisfaction	None	
G4-PR6	Sale of banned or disputed products	None	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No incidence of non-compliance with regulations and voluntary codes concerning marketing communications occurred in the period covered by this report	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No complaints regarding breaches of customer privacy and losses of customer data occurred in the period covered by this report	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines for non-compliance with laws and regulations concerning the provision and use of products and services were imposed in the period covered by this report	



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2014 CSR Report

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