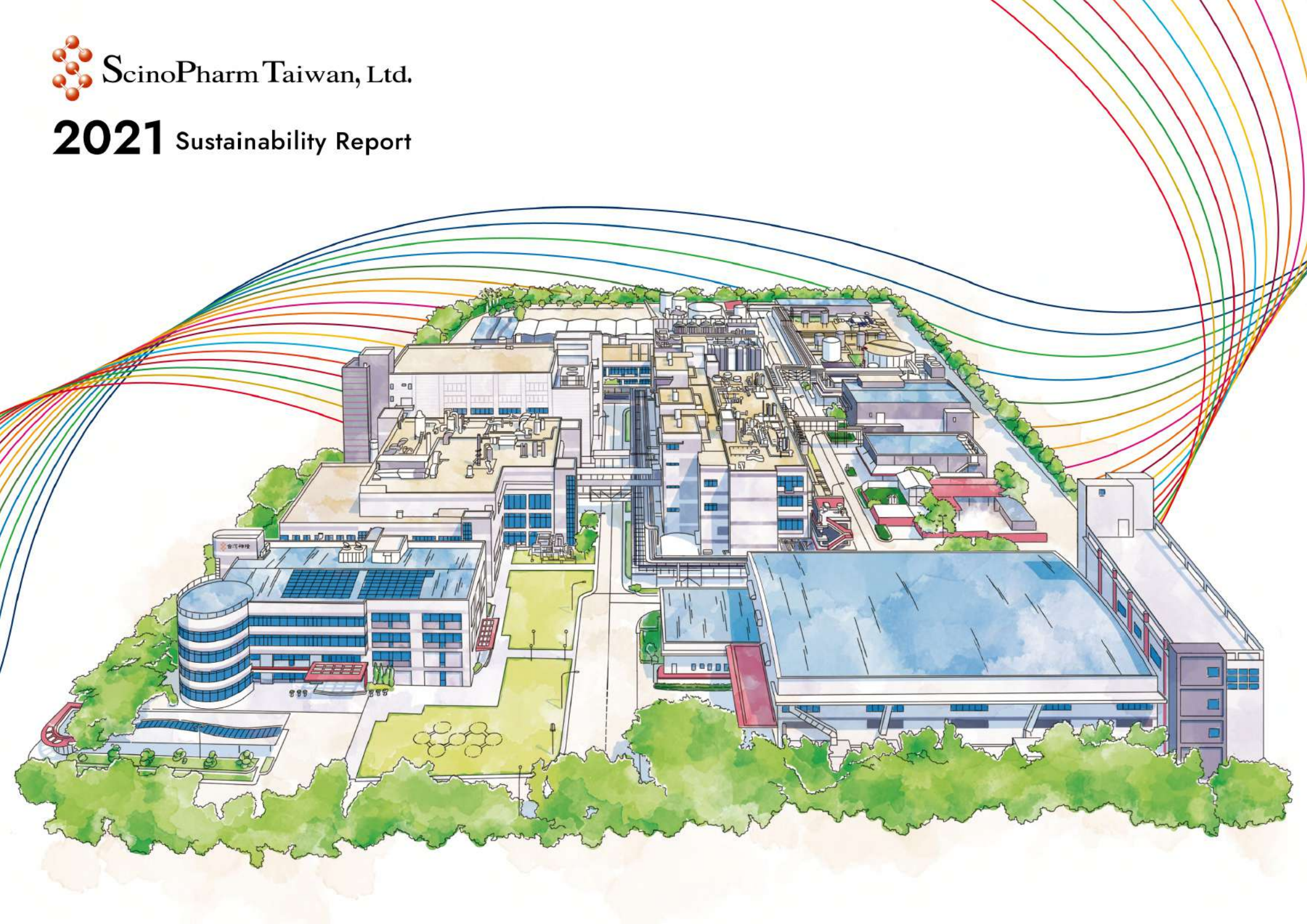


2021 Sustainability Report



Contents

About this Report	03
Message from Management	04
2021 ESG Performance	06
Company History and Major Events	10

CH1 Corporate Governance

1.1	Company Profile	13
1.2	Major Shareholders	13
1.3	Overview of Business Operations	14
1.4	Scope of Business	16
1.5	Corporate Governance	21
1.6	Ethical Management	25
1.7	Risk Management	26
1.8	Identifying and Engaging with Stakeholders	28

CH2 Product Accountability

2.1	Product Laws and Regulations	33
2.2	Product Safety and Customer Satisfaction	34
2.3	Supplier and Contractor Management	35
2.4	Innovative Technology and Patents	37

CH3 Environmental Protection

3.1	Safety, Health, and Environmental Protection Policy	39
3.2	Management and Use of Energy and Resources	41
3.3	Greenhouse Gas (GHG) Emissions	46
3.4	Pollution Prevention	48

CH4 Friendly Workplace

4.1	Workforce Overview	51
4.2	Employee Benefits and Care	54
4.3	Workplace Health Promotion	59
4.4	Safe Work Environment	62

CH5 Social Responsibility

5.1	Giving Back to Society	67
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Appendix

Table of Global Reporting Initiative (GRI) Standards	70
Summary of Assurance Items	80
CPA's Limited Assurance Report	81



About this Report

Editorial Outline

Founded in 1997 and headquartered in the Southern Taiwan Science Park, ScinoPharm Taiwan, Ltd. (hereinafter referred to as ScinoPharm) is a pharmaceutical company that meets the U.S. FDA and international CGMP standards. This year marks the 25th anniversary of ScinoPharm. The Company is mainly focused on the research and development of products and patented processes, with strict adherence to international CGMP standards. Our high-quality products are widely recognized and trusted by customers. In recent years, ScinoPharm has entered the field of injectable products, specializing mostly in the development of complex injectable preparations. The Company has also completed setting up an injectable drug plant to actively penetrate healthcare areas in which there are unmet needs. With a strategy oriented toward high value-added product market to accelerate the expansion of its influence, ScinoPharm hopes to enhance its industrial value and long-term competitiveness. This report discloses ScinoPharm's goals in sustainable development and operations as well as positions and responses in face of key issues while addressing issues that are of concern to stakeholders.

Reporting Scope

The reporting scope includes the policies and activities and their results, in the aspects of current economy, environmental sustainability, and social development, developed and implemented by ScinoPharm between January 1 and December 31 of 2021.

Boundaries and Material Aspects

This report includes material topics that concern ScinoPharm and its stakeholders and disclosure of relevant management guidelines, and describes its considerations, actions taken, and performance in social, environmental, and economic aspects during the development process. Relevant information disclosed in this report pertains mainly to ScinoPharm. Questionnaire survey was conducted to collate the views of all stakeholders and identify the material topics for this year's report, which served as the guideline for the disclosure of issues in the report. Information relevant to SciAnda (Changshu) Pharmaceuticals, Ltd., SciAnda Shanghai Biochemical Technology, Ltd., SPT International, Ltd., and ScinoPharm Singapore Pte Ltd. is not included in this report. There were no significant changes in the size, structure, or ownership of the company during the reporting period. Refer to the 2021 Annual Report for details of the organizational structure of ScinoPharm and its subsidiaries.

Compilation Guideline

This report was prepared in alignment with the Global Reporting Initiative (GRI) standards. Identification and implementation, as well as the disclosure of ScinoPharm's relevant strategies and specific measures were performed in accordance with the Core reporting option. In addition, the Company adopted questionnaires and systematic data analysis to identify the topics that concern stakeholders, which provided the basis for the preparation of this report. A table of all the relevant chapters and sections is included in the appendix of this report for quick retrieval and search.

ScinoPharm prepares and files the Sustainability Report in accordance with requirements set forth in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. This report therefore must also comply with the relevant provisions of the said Rules.

The statistical data disclosed in this report are the results of calculations and surveys independently conducted by ScinoPharm. The financial data (in NTD) were based on financial statements certified by PricewaterhouseCoopers (PwC) Taiwan. Limited assurance on the partial information of this report was conducted by PwC Taiwan in accordance with the Assurance Standard No. 1 "Assurance Engagement of Examinations or Audits of Non-historical Financial Information" issued by the Accounting Research and Development Foundation. The assurance report can be found in the appendix of this report.

Date of Publication

ScinoPharm publishes a Sustainability Report on an annual basis. The electronic version of the report can be downloaded from the ScinoPharm's website. The last issue of the report was published in September 2021; the current issue is published in August 2022.

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Message from Management

The decline in the severity and fatality of COVID-19 is accompanied by a gradual rise in the rate of vaccination against the virus. As humans discover ways to combat the virus and develop protective vaccines and possible treatments for the disease, they no longer feared the novel coronavirus, turning instead to coexisting with it. Northern European countries such as Sweden and Denmark, and Asian countries such as South Korea have successively announced their decision to go back to normal and scrap quarantine requirements. The weakening impact of the coronavirus on human society ensued. As countries slowly emerged from the impact that the pandemic has exerted in the past two years, they also ramped up discussions and lifting of response measures and actions after the pandemic, all in an effort to help people get back to normal.

The biotechnology and pharmaceutical industry was a focal topic of discussion during the pandemic, as people ardently anticipated therapeutic drugs and vaccines for COVID-19 from them. Pharmaceutical manufacturers worldwide actively invested in the development of vaccines and drugs. The emergency use authorization for COVID-19 vaccines and oral medicines

mitigated the hazards caused by the pandemic and also effectively soothed the global atmosphere of anxiety and unease in face of the pandemic. When medical supplies such as medication, vaccines, and personal protective equipment (PPE) were no longer a concern, the attitude of humans toward the pandemic shifted from passive prevention to active balancing. The biotechnology and pharmaceutical industry, having being the center of attention, now needs to re-evaluate how to effectively reduce the impact of systematic impacts and continue to promote sustainability when an unexpected event occurs.

As a member of the pharmaceutical industry, ScinoPharm perseveres in upholding the vision of providing high-quality products to bring better, healthier life for people. We are well-aware that being fully prepared is our only chance of mitigating the effects and impacts caused by unforeseen events. ScinoPharm abides by the spirit and principles of sustainability, having already started taking actions in environmental, social, and economic aspects many years ago. Moving steadily in pace with the international pharmaceutical communities, ScinoPharm is continuously



Chih-Hsien Lo, Chairman

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committed to sustainability issues and planning sustainability strategies and implementation plans that align with the future vision of ScinoPharm. A global business model prompts ScinoPharm to rigorously abide by the laws and regulations of various countries when practicing sustainability, and meet the requirements and expectations of global customers, thereby transforming this corporate culture into a sustainability advantage for the company.

Following the signing of the Paris Agreement, we can foresee that European countries will be more proactive in committing to the European Green Deal and will focus on climate change and carbon neutrality in their national development. In particular, the Carbon Border Adjustment Mechanism (CBAM) will be implemented in 2026, following a transition period of three years. Carbon tax issues are taking form in numerous industries, which is why we must contemplate the necessary expenses that may be derived from carbon emissions in the future or the direction of environmental sustainability development. Through re-analyses of fine manufacturing processes, ScinoPharm endeavors to reduce the consumption of energy resources,

increase the recovery of raw materials and solvents, improve cost structure with optimized processes, and achieve the goal of energy conservation and carbon reduction, thereby doing our part to protect the global environment.

In terms of socioeconomic development, ScinoPharm persists in fulfilling our ethical social responsibilities, complying with human rights and labor regulations, and taking actions to care for our employees. Transparency in financial reporting and business integrity are the foundation and corporate culture supporting the continuous advancement of ScinoPharm. The Company celebrates its 25th anniversary this year. We insist on facing success and challenges with a steady, pragmatic attitude and spirit of excellence, and strive to unleash our potential and expertise in drug development and manufacturing to pave our way to an extraordinary future.

Li-An (Susan) Lu, President

盧麗安





2021 ESG Performance



Spared no effort in promoting art and cultural living and won the Copper Award at the **15th** Arts and Business Awards organized by Ministry of Culture of Taiwan.



Implemented gender equality in the workplace with female employees in managerial role accounting for **52.6%**.



Achieved the goal of saving more than **1%** of electricity for **6** consecutive years, in compliance with the Regulations on Setting Energy Conservation Objectives and Execution Plans for Energy Users.



Worked with customers to build an environmental sustainability mechanism and achieve our annual targets—reduce water consumption and carbon emission by **2%** and reduce waste by **3%**.



Promoted green energy development, installed solar panels, which currently generate 36,216 kWh of electricity, and set up power generator for self-use, which generates 136,002 kWh, totaling **172,218 kWh** of electricity generation.

SDG	Targets Relevant to ScinoPharm	Corresponding Chapters/Sections	ScinoPharm's Strategy and Approach
 Goal 1 End poverty in all its forms everywhere	1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.	5.1 Giving Back to Society	- Event: Month of Love at Southern Taiwan Science Park - Event: Good Luck Taiwan! (COVID-19 care package and feminine hygiene products were donated)
 Goal 3 Ensure healthy lives and promote well-being for people of all ages	3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases. 3.b. Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries. 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.	1.1 Company Overview 4.2 Employee Benefits and Care 4.3 Promoting Workplace Health and Management	- Collaborate with clients to develop orphan drugs. - Protect and promote the physical and mental health of employees. - Organize health examinations for employees.
 Goal 4 Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and cultural contribution to sustainable development.	5.1 Giving Back to Society	- A seminar series, called the "ScinoPharm Art Forum." - ScinoPharm Thesis Scholarship
 Goal 5 Achieve gender equality and empower all women and girls	5.1 End all forms of discrimination against all women and girls everywhere. 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. 5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	1.5 Corporate Governance 4.1 Human Capital Overview	- Protect human rights and the right to work. - Three female directors are on the Board of Directors, making up 20% of the Board. - Female employees in managerial role account for 52.6% of the company's workforce, which shows that ScinoPharm adopts an employment policy that ensures equal opportunity.



2021 ESG Performance

SDG	Targets Relevant to ScinoPharm	Corresponding Chapters/Sections	ScinoPharm's Strategy and Approach
 Goal 6 Ensure availability and sustainable management of water and sanitation for all	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	3.2 Energy and Resource Use and Management 3.4 Pollution Prevention	- ScinoPharm is a manufacturer of chemical pharmaceutical products. Wastewater generated from plant activities is first processed in our own wastewater treatment facility, then discharged into the wastewater treatment facility owned by the Southern Taiwan Science Park. Our wastewater was tested and found to be fully compliant with the Park's wastewater standards. There were no significant spillage, leakage, or environmental pollution at the manufacturing sites between 2019 and 2021. - ScinoPharm is committed to improving the efficiency of air strippers. Air strippers can be used to separate liquid from organic compounds in waste solvents with high water content. The liquid can be discharged directly to a wastewater treatment facility for treatment, and the organic compounds become waste solvents. Thus, the goal of waste solvent reduction can be achieved.
 Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	4.1 Human Capital Overview	- ScinoPharm upholds the principle of equal pay for equal work and abides by local labor laws and regulations. Employee salary is based on the responsibilities, professional knowledge, experience, and competencies required of the job position, and also on market salary standard and overall economic indicators, as well as the value and responsibilities in the professional market. - ScinoPharm provides equal employment opportunities to people with physical and mental disabilities. As of December 31, 2021, ScinoPharm has nine full-time employees with physical and mental disabilities, which is more than the statutory requirement. - Our corporate culture attaches importance to mutual respect and gender equality. We have formulated a program to prevent workplace violence, thereby actively promoting harmonious relations in the workplace.
 Goal 10 Reduce inequality within and among countries	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	4.1 Human Capital Overview	Our labor contract is in compliance with relevant local laws and regulations. We prohibit use of child labor and differential treatment or any forms of discrimination on the basis of gender, race, marital status, religion, party affiliation, gender orientation, job rankings, nationality, and age in the appointment, evaluation, and promotion of employees.

SDG	Targets Relevant to ScinoPharm	Corresponding Chapters/Sections	ScinoPharm's Strategy and Approach
 Goal 12 Ensure sustainable consumption and production patterns	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse. 12.6 Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	3.4 Pollution Prevention About this Report	- To reduce environmental impact, on-site hazardous industrial waste or general industrial waste is subject to intermediate treatment, which involves the use of physical, chemical, biological, thermal treatment or other treatment methods to alter the physical, chemical or biological characteristics or composition of industrial waste prior to final disposal, and achieve separation, compaction, detoxification, solidification or stabilization. Subsequently, the processed wastes are transported to the park's resource recycling center or incinerated by an outsourced waste disposal company. Our wastes are not transported overseas. - All air pollutants emitted by our production plants, such as particulate pollutants, acidic gases, alkaline pollutants, or organic vapors, are removed through condensers and scrubbers. ScinoPharm is committed to improving the efficiency of air strippers. Air strippers can be used to separate liquid from organic compounds in waste solvents with high water content. The liquid can be discharged directly to a wastewater treatment facility for treatment, and the organic compounds become waste solvents. Thus, the goal of waste solvent reduction can be achieved. - Sustainability Report is issued annually.
 Goal 13 Take urgent action to combat climate change and its impacts	13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries. 13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	1.7 Risk Management	- ScinoPharm strives to effectively control all possible risks and minimize the loss or risk of any uncertainties to ensure greater and sustainable stakeholder value. This is achieved by assessing and managing various aspects of operations, strategy, market, finance, laws, quality control, and environmental safety. - In terms of risk control, relevant responsible units are charged with performing evaluations and analyses and formulating appropriate strategies and responses; the Audit Office is tasked with devising audit plans based on risk assessment results, and carrying out audit works and self-assessments to implement risk control and supervision mechanisms as planned.



Company History and Major Events



Nov ScinoPharm Taiwan, Ltd. was established, with a paid-in capital of NT\$675 million.

Oct Passed the first comprehensive plant inspection conducted by the U.S. FDA.

Aug Passed the second plant inspection conducted by the U.S. FDA.

Jun Invested in the establishment of SciAnda (Changshu) Pharmaceuticals, Ltd.

Sep Listed on the Taiwan Stock Exchange Corporation (TWSE) (Stock Code: 1789).

1997

2001

2005

2009

2011

1999

2002

2008

2010

2012

Oct Relocated to the laboratories and offices in the Southern Taiwan Science Park.



Nov Inaugurated the main manufacturing building.



Jun Passed the plant inspection conducted by the Hungarian National Institute of Pharmacy (NIP).

Oct Passed the third plant inspection conducted by the U.S. FDA.

Oct Listed as an Emerging Stock on the Taipei Exchange (Stock Code: 1789).

Aug Passed the fourth plant inspection conducted by the U.S. FDA.



- Jul** Vertically integrated and branched out into the downstream pharmaceutical sector; held a groundbreaking ceremony for the building of a new injectable plant.
- Dec** Official inauguration of SciAnda (Changshu) Pharmaceuticals, Ltd. facility after Phase II construction was completed.

2013

- Apr** Received A++ rating for two consecutive years in the Information Disclosure Review for Listed Companies.
- Jun** Passed the fifth plant inspection by the U.S. FDA.
- Aug** Listed as one of the companies in the top 5% for outstanding performance in the 1st TWSE Corporate Governance Evaluation.
- Aug** Selected as top 100 CSR-performing companies by Excellence in Corporate Social Responsibility Awards.
- Oct** SciAnda (Changshu) Pharmaceuticals, Ltd. passed the first plant inspection conducted by the U.S. FDA.

2015

- Feb** Passed the sixth plant inspection conducted by the U.S. FDA.
- Aug** Awarded Excellence in Corporate Social Responsibility by Common Wealth Magazine.
- Dec** Awarded second place in the Best Investor Relations Service in the Greater China Region category for the biotechnology industry by IR Magazine, a global investor relations magazine.

2017

- May** Passed the seventh plant inspection conducted by the U.S. FDA.
- Dec** Awarded the 2019 Excellence in Workplace Equality Promotion.

2019



- Dec** Received the Copper Award at the 15th Arts and Business Awards organized by Ministry of Culture of Taiwan.
- Passed GMP/GDP inspection approved by Taiwan Food and Drug Administration (TFDA) for the production lines in the injectable plant.

2021

2014

- Jul** Received A++ rating in the 11th TWSE Information Disclosure Review for Listed Companies.
- Aug** SciAnda (Changshu) Pharmaceuticals, Ltd. passed the plant inspection conducted by the Mexican Federal Commission for Protection against Sanitary Risk (COFEPRIS).
- Passed the plant inspection conducted by the European Medicines Agency (EMA).
- Oct** ScinoPharm issued its first Corporate Social Responsibility Report.

2016

- Jun** Listed as one of the companies in the top 5% for outstanding performance in the 2nd TWSE Corporate Governance Evaluation.
- Oct** Passed the plant inspection conducted by the European Directorate for the Quality of Medicines & HealthCare (EDQM).



2018

- May** Successfully passed the second plant inspection conducted by the Japanese Pharmaceuticals and Medical Devices Agency (PMDA).
- Listed as one of the companies in the top 5% for outstanding performance in the 4th TWSE Corporate Governance Evaluation.
- Aug** Selected as top 100 CSR-performing companies by Excellence in Corporate Social Responsibility Awards.

2020

- Sep** SciAnda (Changshu) Pharmaceuticals, Ltd. received its first on-site inspection by the China National Medical Products Administration (NMPA) for drug registration and GMP compliance.



CH1 Corporate Governance

1.1	Company Profile	13
1.2	Major Shareholders	13
1.3	Overview of Business Operations	14
1.4	Scope of Business	16
1.5	Corporate Governance	21
1.6	Ethical Management	25
1.7	Risk Management	26
1.8	Identifying and Engaging with Stakeholders	28

1.1 Company Profile

Founded in 1997, ScinoPharm Taiwan Ltd. (hereinafter referred to as ScinoPharm) is an active pharmaceutical ingredients (API) company that complies with the U.S. FDA and international CGMP standards. ScinoPharm's multifunctional chemical synthesis plants can mass-produce a variety of products. The plants are equipped with an advanced process monitoring system to carry out highly automated production processes in line with CGMP standards. As one of the world's leading suppliers of APIs used for anti-cancer generic drugs, ScinoPharm supplies a variety of APIs for generic drugs and thus occupies a leading position in this regard.

In terms of product development, ScinoPharm focuses on the development of high-tech APIs. Our technical capabilities include organic synthesis of small molecules and peptide, making our R&D capabilities highly comprehensive. In addition to relevant anti-cancer products, APIs for the central nervous system and gastrointestinal drugs are also the focus of our developments. We collaborate with international partners to invest in the development of a wide variety of orphan drug products. In developing and manufacturing new drugs for clients, ScinoPharm develops API

manufacturing processes and produces clinically used drugs for international pharmaceutical and biotech companies.

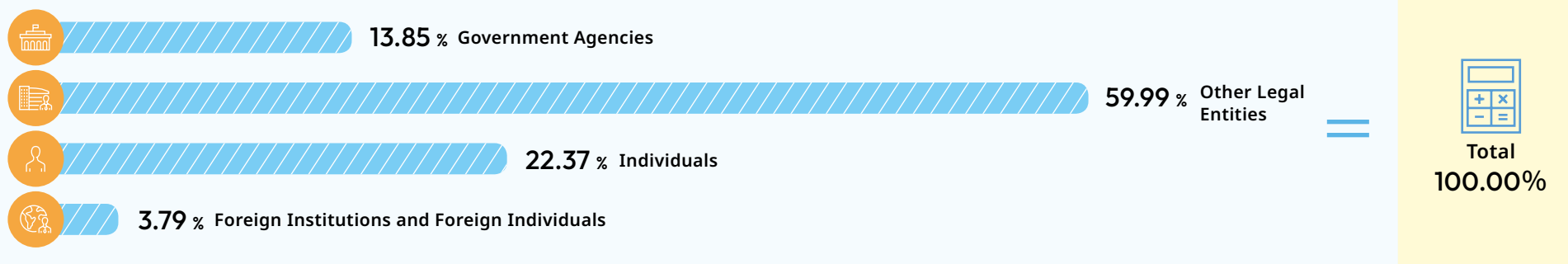
Given the demand for the production of injectable drugs, ScinoPharm has built an injectable plant with vertically integrated APIs at the core to provide one-stop services, ranging from APIs to injectable formulations. The Company has licensed an injectable product—fondaparinux sodium, a high-tech anticoagulant. Another one of our anti-cancer generic drugs, developed in collaboration with a client, has been successfully launched in the United States through a mode of cooperation. The Company has formed a strategic alliance with Baxter, an international pharmaceutical company, to jointly develop, manufacture, and mass-produce Fosaprepitant Dimeglumine, an antiemetic drug for cancer chemotherapy. We recently submitted the U.S. abbreviated new drug application (ANDA) for three of our injectable products developed and produced in-house; we are currently preparing for on-site inspection before the U.S. FDA grants approval and licensing for these products.

1.2 Major Shareholders

As of April 1, 2022, ScinoPharm has issued 790,739,222 shares in total and registered 30,088 shareholders, the majority of which are institutional shareholders. The company's shareholder structure and the top ten shareholders are detailed in the table below:

ScinoPharm Shareholder Structure

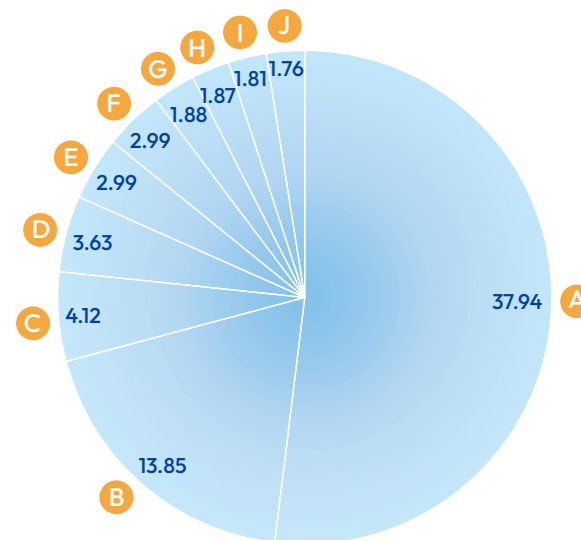
1 April, 2022



ScinoPharm's Top Ten Shareholders

1 April, 2022

Name of Major Shareholders	Shares	Shares Held	Shareholding (%)
A Uni-President Enterprises Corporation		299,968,639	37.94
B Management Committee of the National Development Fund, Executive Yuan		109,539,014	13.85
C Taiwan Sugar Corporation		32,581,963	4.12
D President International Development Corporation		28,673,421	3.63
E Tainan Spinning Co., Ltd.		23,605,921	2.99
F Prince Housing & Development Corp.		23,605,921	2.99
G Kao Chyuan Investment Co., Ltd.		14,832,733	1.88
H Kai Yu Investment Co., Ltd.		14,763,165	1.87
I Tong Yu Investment Co., Ltd.		14,299,166	1.81
J Kai Nan Investment Co., Ltd.		13,950,061	1.76



1.3 Overview of Business Operations

More than two years have elapsed since the outbreak of COVID-19. The impact of the resurging pandemic continues to ferment within the supply chains of every industry. The ability to respond flexibly and plan strategically all at the same time becomes the key to competitiveness. Facing market uncertainties during a global pandemic, ScinoPharm continues to leverage its versatility and flexibility to reduce the impact of global market turmoil and strive to deliver steady business performance.

In 2021, the Company focused on generic active pharmaceutical ingredients (APIs), and also continued to develop new markets and new customers, making use of the mutual support system that our two manufacturing facilities—one in Tainan, Taiwan and the other in Changsu, Jiangsu—use to achieve production flexibility. In terms of contract development and manufacturing, the Company continues to demonstrate professional efficiency by fortifying hardware facilities

and harnessing its soft power. Our injectable product line was approved by Taiwan Food Drug Administration (TFDA) for the first time in 2021. We submitted the U.S. Abbreviated New Drug Application (ANDA) for our peptide prefilled syringe, liquid injectables, and lyophilized injectable products, and hosted an on-site inspection conducted by the U.S. FDA in March 2022. Meanwhile, we launched our cartridge packaging and vial production lines as scheduled, taking a giant leap toward ScinoPharm's long-term strategic goal of becoming an all-inclusive pharmaceutical company.

Financial Performance

The annual individual revenue for 2021 was NT\$2.643 billion; the net income after tax was NT\$243 million, and after-tax earnings per share was NT\$0.36. Refer to ScinoPharm's Annual Report and website for detailed financial information.

Unit: NT\$ thousands

	2019	2020	2021
Total assets	11,421,338	11,776,921	11,622,064
Total liabilities	1,161,394	1,247,518	1,111,010
Shareholders' equity	10,259,944	10,529,403	10,511,054
Paid-in capital	7,907,392	7,907,392	7,907,392
Operating revenue	2,813,047	3,046,220	2,642,830
Gross profit	1,135,660	1,287,748	1,254,524
Operating profit	322,297	450,854	376,930
Net income before tax	246,514	352,882	302,264
Net income after tax	216,656	282,067	243,471
Basic earnings per share (NT\$)	0.27	0.36	0.31

Note: The above individual financial information was prepared in accordance with the International Financial Reporting Standards (IFRS).

The Company implements tax governance. Our production and operational sites comply with local tax regulations. The accounting unit develops tax plans in accordance with tax regulations, tax incentives, and tax agreements, and discloses tax-related information in the company's financial statements. Information on the company's income tax is provided below:

Unit: NT\$ thousands

	2019	2020	2021
Taiwan	29,858	70,815	58,793
Other	18,540	5,623	22
Total income tax	48,398	76,438	58,815
Income tax as a percentage of operating revenue	1.67%	2.48%	2.13%

Direct economic value distributed to the stakeholders of ScinoPharm is shown in the table below:

Unit: NT\$ thousands

	2019	2020	2021
Operating costs	1,677,387	1,758,472	1,388,306
Employee benefit expenses	656,386	702,861	723,354
Payments to government (Note 2)	138,971	5,776	59,975
Cash dividends	213,500	395,370	379,555
	0.27 (NTD/share)	0.50 (NTD/share) (Note 3)	0.48 (NTD/share) (Note 3)
Stock dividends	0	0	0
	0 (NTD/share)	0 (NTD/share)	0 (NTD/share))

Note 1: The above information is based on the annual individual financial statements prepared in accordance with the IFRS.

Note 2: Sum of business income tax, stamp duty, and property tax.

Note 3: After the 2021 net income after tax is added to the various adjusted earnings, the distributable earnings was approximately NT\$0.745 per share. According to the Company's Articles of Incorporation, shareholder dividends shall be 50%–100% of the company's cumulative distributable earnings. The cash dividend distributed per share was NT\$0.48, which complies with dividend distribution policy for previous years.

Tax credits and government subsidies are detailed below:

Unit: NT\$ thousands

Tax credits (Note 1)		
Law	Tax Credit Item	
Article 10 of the Statute for Industrial Innovation	Investment tax credit for research & development expenditure	
2019	2020	2021
4,888	5,041	2,533

Note 1: Tax credits for 2021 have not yet been approved by the National Taxation Bureau.

Note 2: Subsidies received for the year.

Government subsidies (Note 2)		
Law & Tax Credit Item		
Childbirth allowances, childcare subsidies, importer and exporter subsidies for participation in exhibitions, subsidies for the 2019 pharmaceutical industry transformation and upgrading program, and subsidies for the 2021 Southern Taiwan Science Park new technological application project.		
2019	2020	2021
9,282	160	2,077

1.4 Scope of Business

1. Services

ScinoPharm renders a complete range of customized R&D and OEM services, including the synthesis, process development, and mass production of simple molecules, complex natural molecules and their derivatives, peptides, as well as other biochemical compounds. In addition, the Company has set up an injectable plant at our manufacturing site in Tainan to meet market demands for injectable products. The plant is capable of producing injectable

products and rendering OEM services, such as the research, development, and manufacturing of injectable products. With these services, the Company strives to transform into an all-inclusive pharmaceutical company that offers an extensive range of production lines for generic injectables, thereby continuously fueling the business growth of the company.

① The Company has completed developing the following APIs

A. 38 types of cancer-related APIs.	B. 12 types of APIs for the central nervous system.
C. 6 types of APIs for cardiovascular diseases.	D. 6 types of APIs for infections.
E. 3 types of ophthalmology-related APIs.	F. 2 types of APIs for the urinary system.
G. 2 types of APIs for diseases that are prevalent in women.	H. 2 types of APIs for metabolic disorders.
I. 2 types of APIs for respiratory disorders.	J. 1 type of API for the immune system.

2 API products customized and produced for clients

A. 9 API products have been approved for sale in the market (7 of which are new APIs).	B. 5 API products are investigated in three-phase clinical trials.
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3 Development and manufacturing of injectables

A. Three injectable products, which were outsourced for manufacturing, have obtained drug license for sale in the market: An anti-cancer generic drug; fondaparinux sodium, an anticoagulant that has a high technical threshold; and fosaprepitant dimeglumine, an antiemetic drug for cancer chemotherapy that was developed, manufactured, and mass-produced in conjunction with Baxter, the Company's strategic partner.	B. U.S. ANDA has been submitted for three injectable products that were developed and produced in-house: Including the peptide generic injectables (prefilled syringe; application was submitted in 2020).
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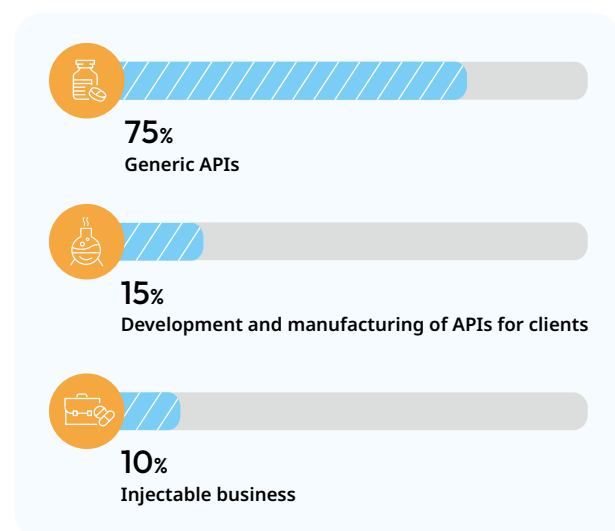
C. In 2021, the freeze-dried injectable production lines in the injectable plant passed the GMP/GDP on-site inspection by TFDA.

2. Breakdown of Revenues from Main Business Activities in the Past Three Years

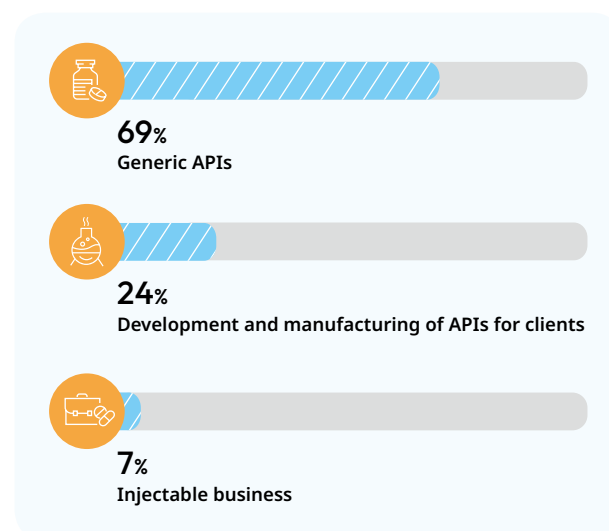
1 Breakdown of revenue by business type

In 2021, approximately 73% of the Company's consolidated revenue came from generic APIs. Revenue from OEM-based API manufacturing services as a percentage of total revenue dropped to 15% due to a decrease in shipment of antidepressant products compared with 2020. Revenues from injectable formulations as a percentage of total revenue increased to 12%, attributable to an increase in the sale of anti-cancer APIs in collaboration with a client.

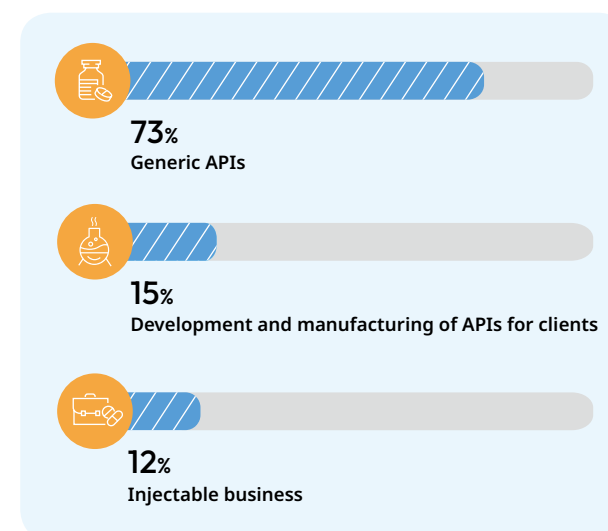
2019



2020



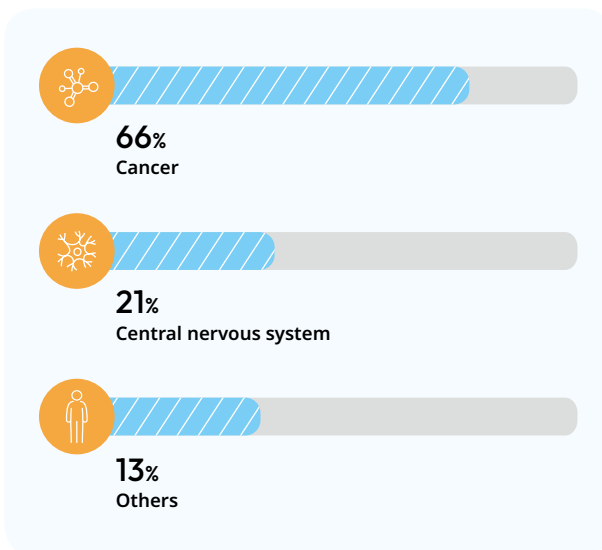
2021



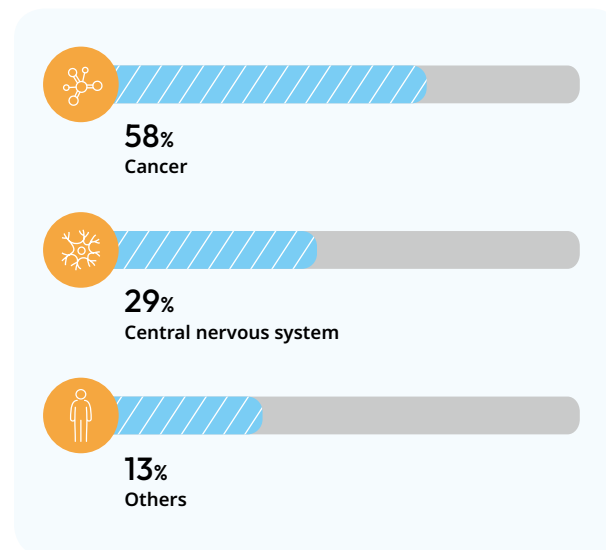
2 Breakdown of revenue by product indications

In terms of product indications, the Company's consolidated revenue in 2021 was derived mainly from cancer treatment drugs (69%), followed by drugs for the central nervous system (23%), and others including cardiovascular and ophthalmic drugs (8%).

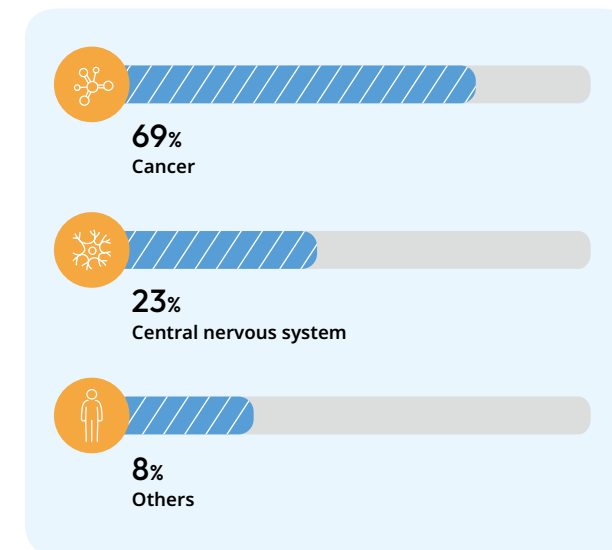
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2020

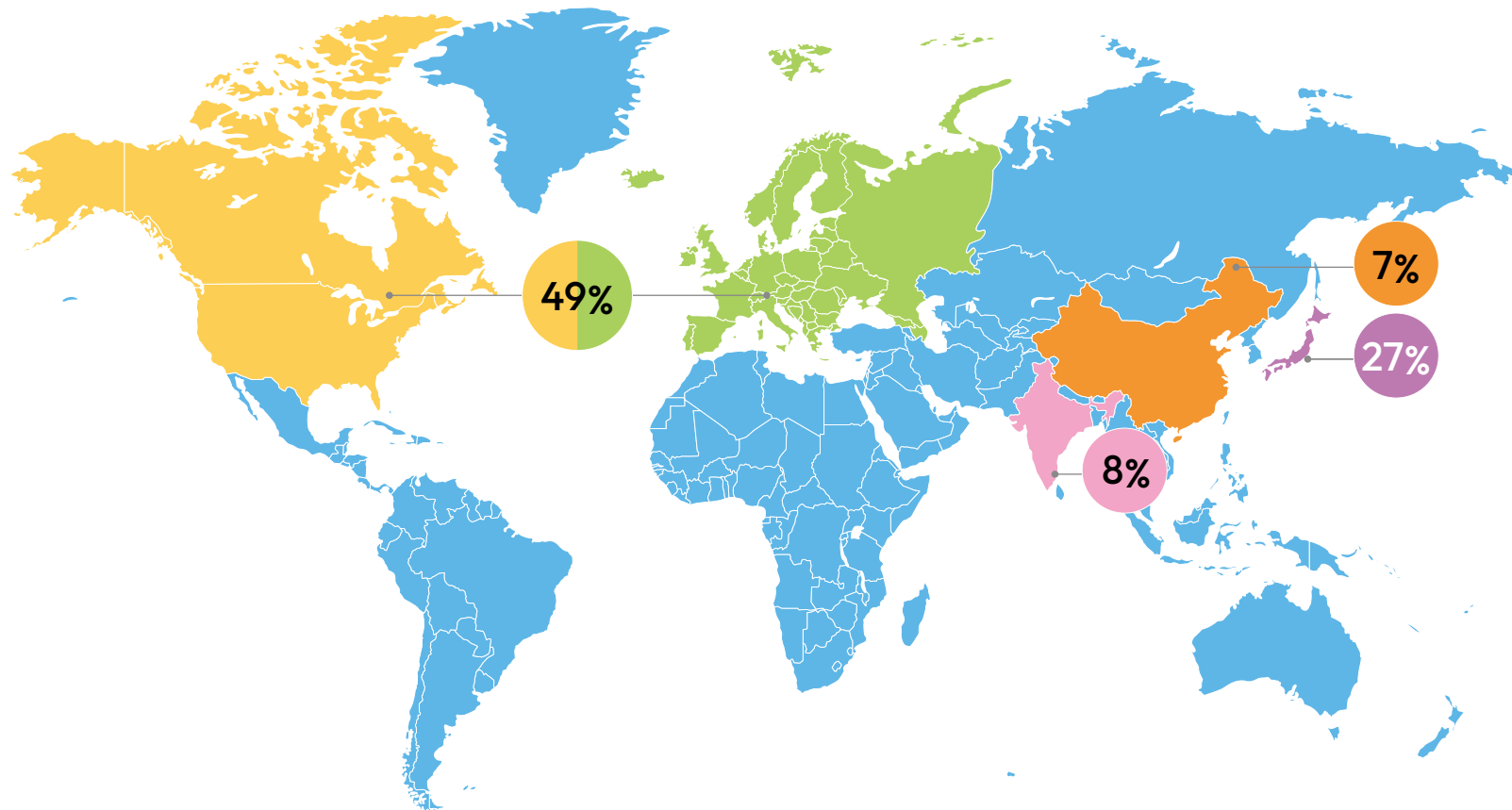


2021



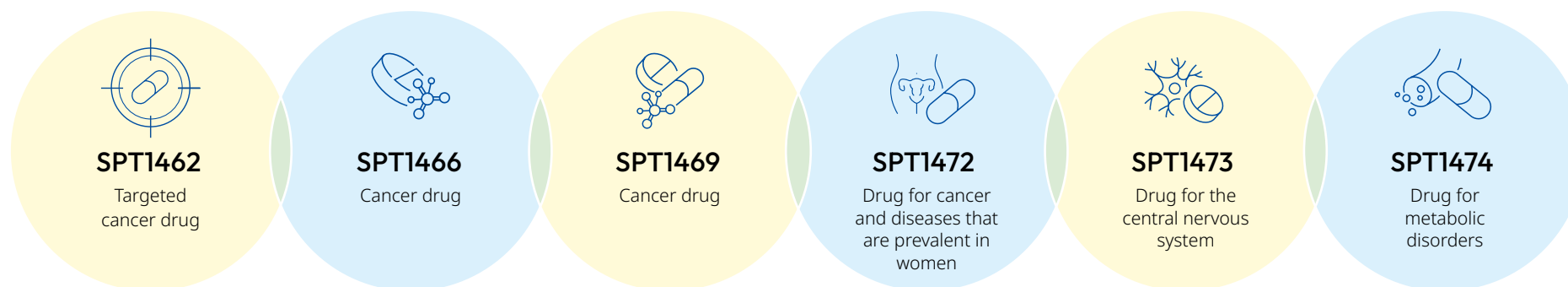
3 Breakdown of revenue by region of sales

In 2021, approximately 49% of the Company's total revenue came from the United States, Canada, and European countries. Revenue from the Japanese market, which the company has cultivated for many years, grew significantly to 27% of the total revenue. The Company started seeing significant results from the Chinese market, with revenue rising to roughly 7% of the total.



US and Canada	2019	20%
	2020	19%
	2021	28%
Europe	2019	30%
	2020	39%
	2021	21%
China	2019	4%
	2020	3%
	2021	7%
India	2019	14%
	2020	11%
	2021	8%
Japan	2019	20%
	2020	19%
	2021	27%
Others	2019	12%
	2020	9%
	2021	9%

3. Plans for New Product Development



4. Short-, Mid-, Long-Term Business Development Strategies

ScinoPharm is committed to implementing the company's business strategies, with patience and attentive focus on its main business activities. To maintain revenue and profit growth, we continuously expand and transform our business, extending our service scope from APIs to injectable products, thereby ensuring sustainable operations and creating a steady stream of economic benefits for all of our stakeholders in the long-term, including shareholders/investors, employees, customers, suppliers, the government, and society.

ScinoPharm initially provided services to generic drug manufacturers and patented pharmaceutical companies as part of its business strategy. Over time, the Company has expanded

its R&D and production capacities to keep up with market changes and demands. Capitalizing on the trust relationships that the company has established with major pharmaceutical companies over the years, the Company subsequently formed strategic alliances with other companies to develop new drugs, integrate upstream/downstream resources (including R&D and manufacturing processes for APIs and injectable formulations), and create greater benefits. In seeking to maximize profits for the company, shareholders, and employees while ensuring the company's short/mid/long-term development, we will observe objective market demands and adopt the following business strategies:

Short-term strategy



Mid-term strategy

1

Take advantage of the injectable plant in Tainan to increase the value of ScinoPharm's API production lines and provide one-stop services for a wide range of customers.

2

Tap into the network of connection of our strategic partners to search for potential sales channels and distributors, which will facilitate market expansion, and increase the company's gross profit margin by adopting a profit-sharing model.

3

Integrate with Changshu plant in Jiangsu to further elevate the role of ScinoPharm as a global market supplier, and cooperate with local Chinese pharmaceutical companies to expedite the development of pharmaceutical preparations and penetrate the Chinese market that is driven by domestic demands.

4

Cooperate with Japanese clients to penetrate the generic drug market in Japan and develop other emerging markets with local sales agencies/distributors.

Long-term strategy

1

Enter new drug markets by integrating the Company's API and injectable manufacturing capabilities and collaborating with units in charge of developing products with special dosage forms.

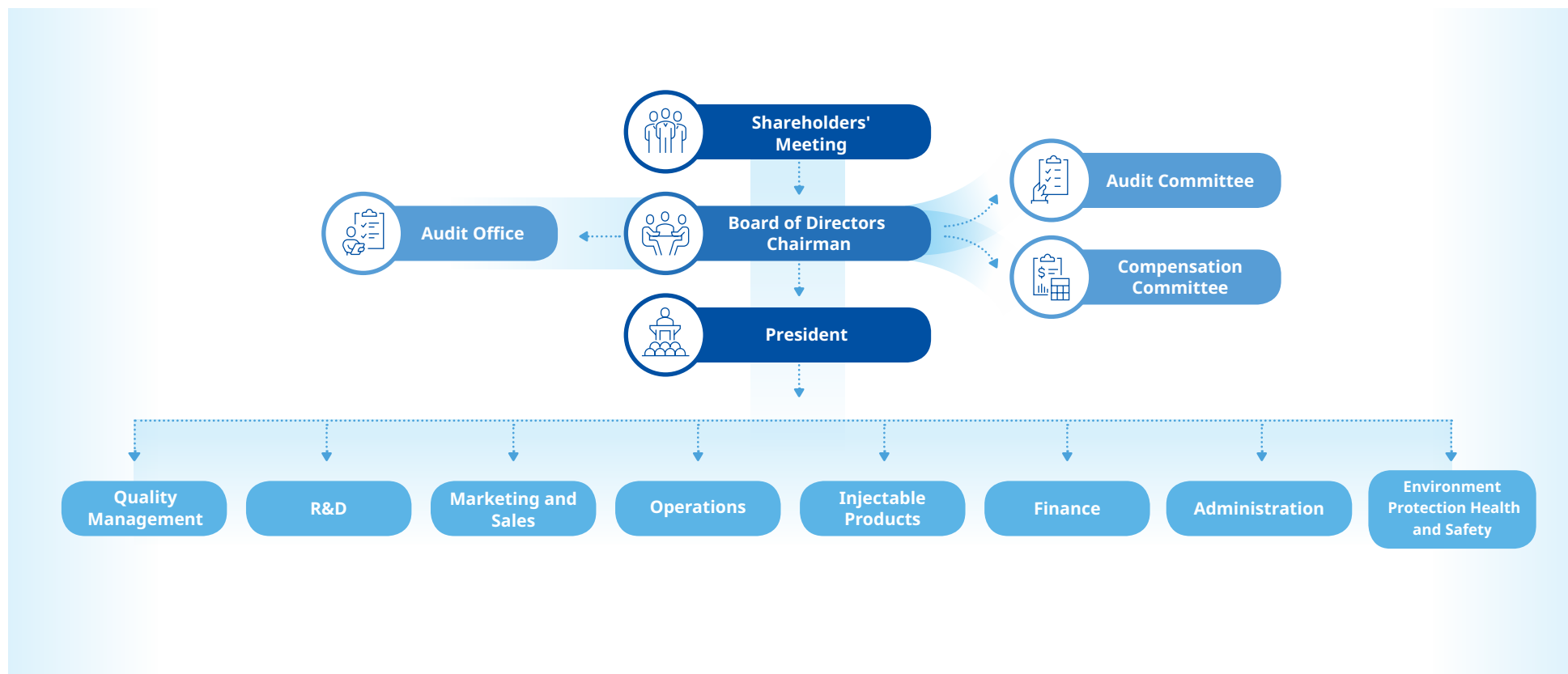
1.5

Corporate Governance

ScinoPharm upholds the spirit of ethical management, actively promotes transparency in operations, and focuses on safeguarding the rights and interests of stakeholders. The Company has established Ethical Corporate Management Best Practice Principles, as well as a Code of Conduct for Employees, which states that employees shall comply with the Code and the rules prescribed in the Procedures for Ethical Management and Guidelines for Conduct. In addition, relevant internal operational regulations and an internal control system have been established and used as guidelines for performing regular audits on each operation and reporting the results to the Board of Directors. The aforementioned principles and regulations address the company's ethical management policy and measures, as well as the commitment regarding implementation of such policy from the board of directors and the management team. The Company has

disclosed its Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and relevant regulations on the Market Observatory Post System (MOPS) and company website.

The Board of Directors is the decision-making body of ScinoPharm. The Compensation Committee and the Audit Committee both serve under the Board of Directors. The Chairman chairs board meetings and shareholders' meetings; the President is responsible for implementing board resolutions and overseeing the company's operations, and supervises relevant units that serve under top management.



Board of Directors

The Board of Directors consisted of 15 directors (including three independent directors), each serving a three-year term. The directors are elected by a candidate nomination system and selected from the list of candidates at the shareholders' meeting. The Company elected directors for the Board of the current term on July 21, 2021 during the shareholders' meeting. The current Board of Directors is composed of 12 male directors and 3 female directors (20% of the board). The average age of the directors was approximately 62 years-old. Details of the board members are provided in the table below. The education, experience, and background information of the Company's board members are disclosed in the Annual Report. Major board resolutions are disclosed in the Annual Report and on the company website. The Board of Directors of the Company convenes meetings at least once every quarter, and exercises functions and duties in accordance with laws and regulations, the Company's Articles of Incorporation, and resolutions of the shareholders' meetings. The Board also provides

opinions and consults ScinoPharm on operational policies, financial planning, and professional technological development. Seven board meetings were held in 2021, and the average attendance rate was 98%. Refer to the Annual Report for the attendance of each director.

In 2021, there were no recusals of directors due to conflict of interest. Ever since the company was established, the Board has never made resolutions that conflict with and damage the company's interests. The Company encourages directors to continuously enrich their knowledge on corporate governance and keep abreast of rules enforced in 2021. Refer to the 2021 Annual Report of ScinoPharm for details on training courses and training hours completed by directors and managers.

Board Diversification and Professional Skills

Qualification Name	Gender	Education or Professional Background	Business Judgment	Business Management	Business and Economics	Finance and Accounting	Industry Experience	Research & Development	International Market Perspective	Leadership	Decision-Making	Risk Management
Chih-Hsien Lo	Male	Business Management	●	●	●	●	●		●	●	●	●
Tsung-Ming Su	Male	Business Management	●	●	●	●	●		●	●	●	●
Ching-Yuan Cheng	Male	Biochemical Engineering	●	●			●	●	●	●	●	●
Tsung-Pin Wu	Male	Finance and Accounting	●	●	●	●	●		●	●	●	●
Jia-Horng Guo	Male	Financing	●	●	●	●	●		●	●	●	●
Fu-Jung Lai	Male	Business Management	●				●			●		●
Po-Ming Houi	Male	Tourism	●	●	●	●	●		●	●	●	●
Shiow-Ling Kao	Female	Business	●	●	●		●		●	●	●	●
Ming-Chuan Hsieh	Female	Healthcare Management	●	●	●	●	●		●	●	●	●
Ya-Po Yang	Male	Economics	●	●	●				●	●	●	●
Chiou-Ru Shih	Female	Economics	●	●	●	●	●		●	●	●	●
Kuo-Hsi Wang	Male	Agriculture and Chemistry		●			●	●		●	●	●
Ming-Hsien Li	Male	Accountant	●	●	●	●	●		●	●	●	●
Wen-Chang Chang	Male	Pharmaceutical	●	●			●	●	●	●	●	●
Li-Tzong Chen	Male	Clinical Medicine	●	●			●	●	●	●	●	●

Audit Committee

The Board of Directors has established the Rules Governing the Scope of Powers of Independent Directors on April 27, 2011, providing a basis for independent directors to exercise their duties. On April 26, 2012, the Board of Directors established the Audit Committee Charter. On June 13, 2012, a resolution was adopted at the Shareholders' Meeting to replace the supervisor system with the Audit Committee.

The Audit Committee is composed entirely of independent directors. Following the director election at the Shareholders' Meeting in 2021, the Audit Committee is formed by three independent directors, Ming-Hsien Li, Wen-Chang Chang, and Li-Tzong Chen. The average age of the Committee was 68 years-old. The professional qualifications and experience of the independent directors are in line with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The Audit Committee convenes meetings at least once every quarter. The Committee is responsible for the fair presentation of financial statements, hiring or dismissal of an attesting CPA and its independence and performance, effective implementation of the company's internal control system, the Company's regulatory compliance, and control of existing or latent risks of the Company.

In 2021, the Audit Committee met five times and the average attendance rate of the independent directors was 100%.



Compensation Committee

On April 27, 2011, the Board of Directors of ScinoPharm approved the "Compensation Committee Charter" and resolved to establish the Compensation Committee, which would be composed of all three incumbent independent directors. Following the director election at the Shareholders' Meeting in 2021, the Compensation Committee is formed by three independent directors, Wen-Chang Chang, Ming-Hsien Li, and Li-Tzong Chen. The average age of the Committee was 68 years-old.

The Compensation Committee exercises the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the board of directors:

- 1 Stipulate and review regularly the compensation policies, systems, standards and structures, and performance of the Company's directors and managers.
- 2 Regularly assess and establish remunerations for the directors and managers.

The Committee shall perform its duties based on the following principles:

- 1 Performance appraisal and remuneration of directors and managers shall be based on the levels of industry peers, as well as their individual achievements, the Company's overall performance, and the level of risks involved.
- 2 The remuneration plan should not entice directors and managers into seeking high returns by taking undue risks.
- 3 Short-term performance bonuses to directors and senior executives and the timing of variable salary payments/remunerations shall be set in reference to the particular industry characteristics and the company's business nature.

In 2021, the Compensation Committee met four times and the average attendance rate of the independent directors was 100%.

Audit Office

ScinoPharm has established an internal audit unit under the Board of Directors to handle internal auditing matters. A chief internal auditor and full-time internal auditors have been appointed according to the company's business size, business condition, management needs, and the provisions of other applicable laws and regulations. The internal auditors shall be detached, independent, objective, and impartial, in faithfully performing their duties, and shall exercise due professional care. In addition to reporting their audit operations to the Audit Committee on a regular basis, the chief internal auditor must also attend and deliver a report to a board of directors meeting.

The internal audit unit formulates annual audit plans based on the results of the risk assessment, identifies matters to be audited monthly, and faithfully implements the annual audit plans, so as to assess the company's internal control systems, and prepare audit reports, annexing working papers, and relevant materials. Establishing, operating, and maintaining an internal control system are the responsibility of the Company's Board of Directors and management. The purpose of such a system is to ensure the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), compliance with applicable laws, regulation and bylaws, and reliability, timeliness, transparency of financial reporting. The internal audit unit follows this objective and establishes a sound system to ensure that operations are carried out as stipulated by the internal control and internal audit systems.

1.6 Ethical Management

Code of Conduct and Regulations

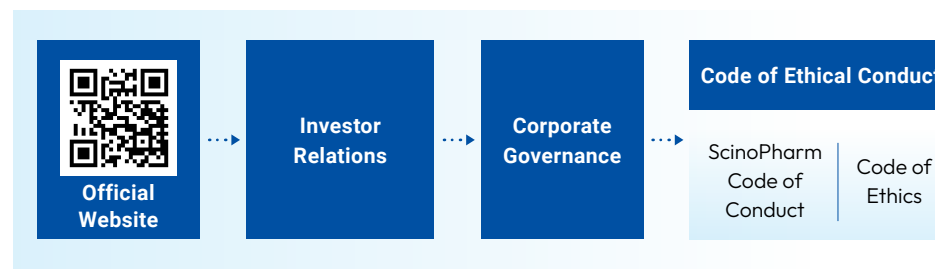
The Company has established the Corporate Governance Best Practice Principles, Rules Governing Shareholders' Meetings, Rules Governing the Meeting of the Board of Directors, Audit Committee Charter, Compensation Committee Charter, Rules Governing the Scope of Powers of Independent Directors, and internal control and internal audit policies. We have also established the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct to provide a guide for improving the general conduct, literacy, and ethical conduct of our top management team and employees. The Company seeks to impart the correct concept of corporate governance and prevent the possibility of insider trading. To that end, rules for insider trading prevention and principles by which material inside information is handled, are stipulated in the Company's Corporate Governance Best-Practice Principles, Procedures for Handling Material Inside Information, and Employee Code of Conduct, among other regulations. Each year, information propagated by the regulatory authority is regularly forwarded to members of the Company. Staff members are regularly trained on topics relevant to the prohibition of insider trading. These activities are aimed at improving the understanding of all directors, managers, and our colleagues on regulations related to insider trading.

Appropriate Communication Channels and Mechanisms

The Company has set up appropriate channels and mechanisms to communicate with stakeholders, including employees, shareholders, and investors. The Company motivates employees and the management team to maintain effective communication. In addition to direct dialogues with employees through labor-management meetings and quarterly meetings,

an employee communication mailbox and relevant protection measures are available as well. For relevant details, refer to the company's website at www.scinopharm.com.tw.

Since going public, a share administration agency has been appointed to handle stock affairs. In addition, the Company has set up a spokesperson, Department of Corporate Communications, dedicated personnel, and Investor Relations section to address issues and matters that concern shareholders. In addition to holding annual shareholders' meetings as required by law to engage with shareholders, the Company hosts investor conferences periodically. From time to time, we are invited to attend the investment forums of external investment institutions. Through these means, we keep investors and members of the public updated on the company's business status. Annual reports, financial statements, and investor conference presentation materials are uploaded to the MOPS as stipulated by law, and are also available on the company website.



Investor conferences held by the Company or to which the Company was invited in 2021

January, 2021	Biotechnology Investment Forum held by J.P. Morgan Securities (Taiwan)
March, 2021	Online investor conference for 2020 organized by the Company
May, 2021	Online investor conference for Q1 of 2021 held by SinoPac Securities
August, 2021	Online investor conference for the first half of 2021 organized by the Company
November, 2021	Online investor conference for Q3 of 2021 held by President Securities

ScinoPharm has set up the Stakeholders section on the company website, and established a System for Reporting Unethical Conducts (<https://www.scinopharm.com.tw/whistleblower.asp>) to provide appropriate communication and reporting channels for stakeholders. Received reports are properly handled by designated personnel. Cases accepted for handling are investigated in

accordance with regulations and procedures related to ethical management, corporate social responsibility, or the Code of Ethical Conduct. The cases and reports are archived to serve as the basis for improving corporate governance. Unless otherwise prescribed by law, the Company will keep the personal information of whistleblowers confidential, and adopt appropriate protective measures in accordance with law to protect the personal information and privacy of whistleblowers.



**A System for
Reporting Unethical
Conducts**

Principles for Participation in Public Affairs

ScinoPharm maintains a neutral stance on public policies, taking no part in any lobbying activities or political contributions. Charitable contributions shall be made to charitable organizations and shall not be used as bribery in disguise. Sponsorships shall not be provided to business partners or persons having conflicting interests with the company's personnel. Relevant regulations are set forth in the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct.

1.7 Risk Management

ScinoPharm strives to effectively control all possible risks and minimize the loss or risk of any uncertainties to ensure greater and sustainable stakeholder value. This is achieved by assessing and managing various aspects of operations, strategy, market, finance, laws, quality control, and environmental safety. In terms of risk control, relevant responsible units are charged with performing evaluations and analyses and formulating appropriate strategies and responses. Material proposals concerning major operational policies, investment projects, bank financing,

acquisition or disposal of assets, endorsements and guarantees, and loans to others must be submitted to the Board of Directors for resolution in accordance with regulations. The Audit Office is tasked with devising audit plans based on risk assessment results as well as self-assessment procedures and methods, and faithfully carrying out audit works and self-assessments to implement risk control and supervision mechanisms as planned. The results are regularly presented to the Board of Directors.

The potential risks that are identifiable, relevant risk management units, and the implementation status of risk management are described below:

Risk type	Accountable unit	Assessment and Implementation
Strategy and operational risk	Planning, business development, and relevant units	Assess operational strategy risks based on changes in laws, policies, and market trends; track performance after strategy adoption; and revise strategies where necessary so that it aligns with market changes and the company's development direction and achieves the company's business goals.
Market risk	Business development and relevant units	Various business and functional units are charged with formulating and implementing various strategies within the scope of their responsibilities, and adopting response measures based on regulatory, policy, and market changes. Where necessary, propose control and response measures for possible market risks during routine management meetings.
Legal risk	Legal unit	Analyze and evaluate the lawsuits faced by the Company and customers based on changes in laws, policies, and markets, and take appropriate countermeasures.
Product quality risk	Quality management unit	Conduct training and internal CGMP audits to ensure that production processes, product quality, and external audits comply with the relevant laws and regulations.
Financial risk, liquidity risk, credit risk	Finance and accounting units	1. Analyze and evaluate changes in the financial market based on risk management principles, and take appropriate countermeasures to maintain the company's financial stability. 2. Integrate the group's capital plans with its needs, taking into consideration the impact of interest/exchange rate changes as well as laws and regulations, use appropriate financing channels to improve the group's capital efficiency and prepare for possible interest rate risks. 3. Adopt appropriate hedging tools or methods such as matching revenues with expenses to create a natural hedge; address exchange rate risks arising from accounts receivables and payables, and prohibit risky arbitrage or investment activities. 4. Refer to the description of risk management in "Others" under Notes to the annual financial statements for other information on management policies, risk assessments, response strategies, and quantified exposure to financial, liquidity, and credit risks.
Procurement risk	Units involved in procurement, sales, and production	1. Track price trends of key raw materials and market supply/demand, plan a safety stock in advance and adjust it as needed, and update sales prices as appropriate. 2. Actively identify alternative supply channels for key raw materials, and maintain positive relationships with suppliers to avoid shortage.
Safety, health, and environmental risks, climate change risks	Working groups under the Sustainability Management Committee	1. Integrate and implement tasks relevant to environmental protection, safety and health, energy conservation, water conservation, and greenhouse gas management; and devise a sustainability management plan every year and review its implementation status to provide a basis for internal implementation and review. 2. Comply with government regulations and advocacies, install exhaust gas/wastewater discharge and environmental maintenance facilities, and be proactive in developing and adopting various energy saving and waste reduction measures. 3. Collate information on domestic and international practices as well as department feedback from time to time; continue to observe and identify potential risks of climate change to ScinoPharm and corresponding opportunities and benefits (e.g., increase in raw material prices due to extreme weather events requires advanced planning and alternative supply channels; increase in cost of greenhouse gas emission necessitates the development of carbon reduction devices to improve emission standards; the impact of unstable water and electricity supply on production activities requires resource efficiency to be improved; and short-term increase in electricity expense due to energy transition creates potential benefits in the future); and develop corresponding risk management and countermeasures to improve the Company's ability to manage and tackle environmental issues, such as climate change, energy consumption, and resource use.

1.8 Identifying and Engaging with Stakeholders

In 2021, ScinoPharm prepared the Sustainability Report in accordance with the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, GRI Standards, and the five principles— Dependency, Responsibility, Influence, Diverse Perspectives, and Tension—of the AA1000 Stakeholder Engagement Standard (SES). The Company convened in-house meetings to identify stakeholders. Stakeholders are identified by measuring their relevance to ScinoPharm and their degree of influence on the Company. We identified the following stakeholders: shareholders/investors, employees, clients, government organizations, communities, suppliers/contractors, news media, association, experts/scholars, and external rating agencies. The Company will continue to address sustainability topics that concern stakeholders and are valued by them, and establish better channels to communicate and engage with stakeholders, collect feedback from them, and proactively respond to their concerns as deemed appropriate.

The Company has established the following units to be in charge of sustainability matters: a working group responsible for preparing and compiling sustainability reports and reporting to the President; the Sustainability Management Committee, which is chaired by the Vice President of Operations; and Waste Reduction, Energy Conservation, Safety, Health, Sales and Distribution, and Sanitation and Hygiene Taskforces, which are tasked with implementing sustainability measures.

Stakeholder Communication and Topic Concerns

The key to corporate sustainability is a sound communication and response mechanism for effective communication with stakeholders. The Company utilizes a diverse array of channels to collect feedback from anyone and in turn gain insight into the needs and opinions of our stakeholders during this communication process. Possible risks that the company may encounter and management blind spots are identified in advance and subsequently used as the basis for fine-tuning our business strategies and promoting sustainability. By initiating internal procedures for the implementation of sustainability, we take actions as recommended by the stakeholders, thereby fulfilling and addressing their needs.

The material topics in this report were defined using questionnaire surveys. Specifically, we distributed 86 questionnaires to identify material issues of concern to stakeholders, and 17 questionnaires to top management to determine the degree of impact of each material issue. The questionnaires were retrieved, analyzed, and discussed in an internal meeting. Objective methods were used to redefine the scope and boundaries. We then determined the material topics by following the four steps: identify topics, sort and rank, check content, and examine and review.

Stakeholder Concern Questionnaire

No.	Stakeholders	No. of Questionnaires Retrieved	No.	Stakeholders	No. of Questionnaires Retrieved
1	Shareholders/Investors	6	6	Supplier/Contractor	9
2	Employees	39	7	News Media	2
3	Customers	13	8	Associations	4
4	Government Organizations	2	9	Expert/Scholar	2
5	Local Community	7	10	External Rating Agency	2
Total					86

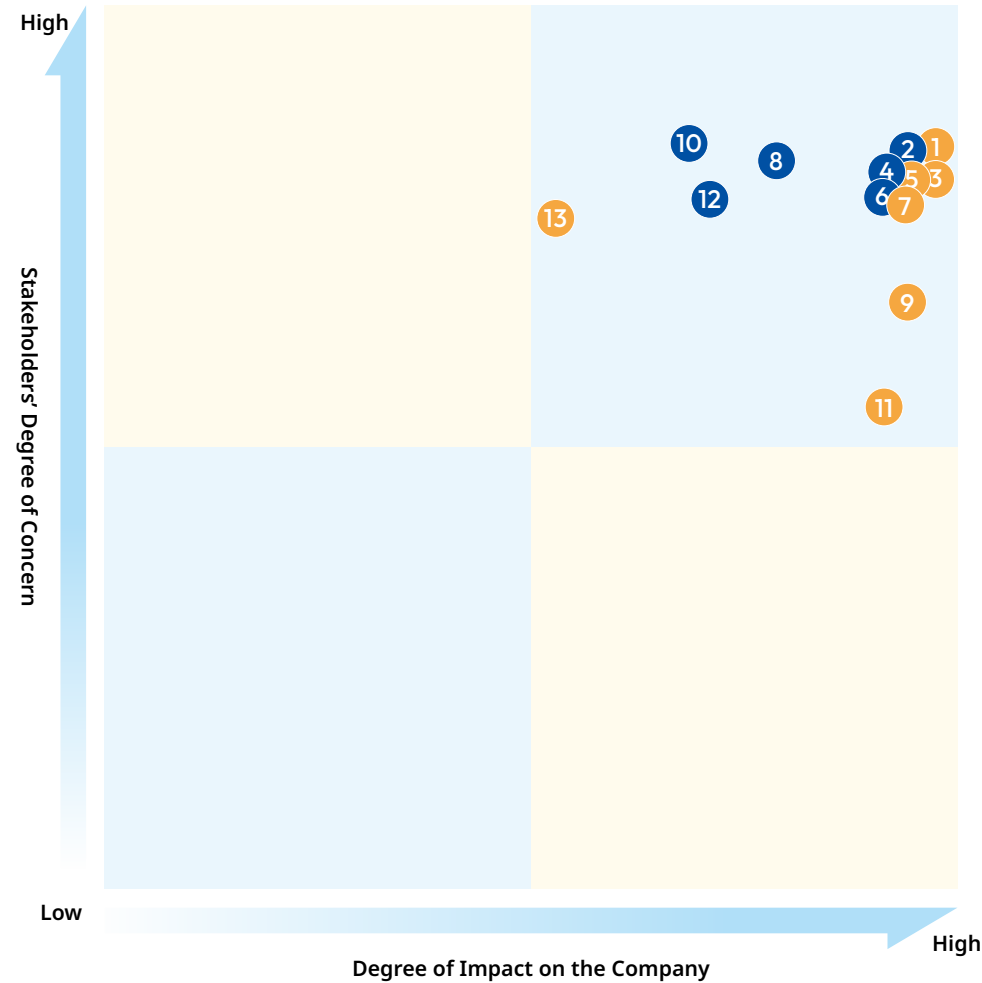
Impact on Company

No.	Identity	No. of Questionnaires Retrieved
1	Director	3
2	Division-level manager or above	13
3	External Consultant	1
Total		17

Identification of Material Topics



Materiality Matrix



Material Topics Identified

Ranking	Topics	Average Degree of Impact	Average Degree of Concern	Total Average
1	Customer Health and Safety	4.97	4.18	4.58
2	Economic Performance	4.92	4.16	4.54
3	Socioeconomic Compliance	4.94	4.10	4.52
4	Risk Management	4.91	4.12	4.52
5	Patents and Innovative Products and Technologies	4.91	4.09	4.50
6	Environmental Compliance	4.90	4.08	4.49
7	Marketing and Labeling	4.92	4.01	4.47
8	Occupational Health and Safety	4.60	4.14	4.37
9	Corporate Governance	4.92	3.79	4.36
10	Business Integrity	4.38	4.20	4.29
11	Training and Education	4.88	3.59	4.24
12	Waste/Scraps	4.41	4.03	4.22
13	Energy	4.03	3.98	4.00

An analysis and review of the material topic questionnaire showed that new material topics were introduced in 2021. These topics are Risk Management, Occupational Safety and Health, Corporate Governance, and Business Integrity. The stakeholders identified and their issues of concern are summarized in the table below:

Stakeholders	ScinoPharm's Main Responsibility to Stakeholders	Topics of Concern	Communication Channel and Frequency
 Shareholders/ Investors	Information Transparency	- Economic Performance - Market Image - Labor/Employer Relations - Labor/Management Relations - Occupational Health and Safety	- General shareholders' meeting/annually - Important information disclosures/as required by competent authorities - Financial reports and annual reports/periodically - Investor conferences/semi-annually - Disclosure through corporate website
 Employees	Health Workplace, Equal Treatment, Respect for Human Rights	- Economic Performance - Occupational Health and Safety - Labor/Employer Relations - Labor/Management Relations - Education and Training	- Labor-management and communication meetings/periodically - Employee meetings/semi-annually - Internal website and bimonthly electronic publications - Departmental safety meetings and CGMP education and training - Internal recruitment/employee rotation
 Customers	Safe and High-Quality Products	- Business Integrity - Customer Privacy - Risk Management - Anti-Corruption - Environmental Compliance	- Phone calls and e-mails - Visits or on-site audits/as needed - CPhI Worldwide Exhibition Trade Shows/annually - Disclosure through corporate website
 Government Organizations	Regulatory Compliance	- Indirect Economic Impacts - Market Image - Child Labor - Local Communities - Forced and Compulsory Labor	- Compliance inspections/periodically - Assisting with the formulation of related laws and regulations - Briefings in accordance with laws and regulations - Social welfare events
 Local Community	Social Engagement and Maintenance of Neighboring Communities	- Business Integrity - Indirect Economic Impacts - Customer Health and Safety - Environmental Compliance - Air Pollution	- Participation in charitable events/annually - ScinoPharm's art and cultural events/annually - Sustainability Report/annually

Stakeholders	ScinoPharm's Main Responsibility to Stakeholders	Topics of Concern	Communication Channel and Frequency
 Supplier/Contractor	Fair Procurement	• Risk Management • Economic Performance • Business Integrity • Environmental Compliance • Customer Health and Safety	• Visits and on-site audits/as needed • Safety meetings with contractors/regularly • Phone calls and e-mails
 News Media	Information Transparency	• Innovative Products and Technologies • Corporate Governance • Tax • Puhui Medicine • Local Communities	• News releases • Press conferences/as needed • Phone calls and e-mails • Investor conferences/semi-annually
 Associations	Community and Social Engagement	• Labor/Management Relations • Non-Discrimination • Freedom of Association and Collective Bargaining • Forced and Compulsory Labor • Waste/Scraps	• Events for exchange of ideas • Publications/regularly • Meetings with peer companies/regularly
 Expert/Scholar	Education and Training Compliance	• Diversity and Equal Opportunity • Biodiversity • Water and Effluents • Energy • Air Pollution	• Sustainability Report/annually • Phone calls and e-mails • Disclosure through corporate website
 External Rating Agency	Information Transparency	• Risk Management • Information Security • Customer Health and Safety • Water and Effluents • Air Pollution	• Compliance with laws and regulations • Sustainability Report/annually • Disclosure through corporate website



CH2

Product Accountability

2.1	Product Laws and Regulations	33
2.2	Product Safety and Customer Satisfaction	34
2.3	Supplier and Contractor Management	35
2.4	Innovative Technology and Patents	37

2.1 Product Laws and Regulations

More than 95% of ScinoPharm's products are mainly sold in foreign countries. Governments worldwide attach a great level of importance to the safety and efficacy of a pharmaceutical product because it directly affects the life and safety of users. As a key global API supplier, ScinoPharm must comply with the regulations mandated by a country's pharmaceutical authority. Violation of any pharmaceutical-related laws and regulations in any country will expose ScinoPharm to significant operational risks. ScinoPharm's APIs have been sold in European countries, the United States, and other regulated markets for many years. As a result, the Company has an extensive experience in the compilation of product documents, drug inspection and registration (drug master file [DMF] submissions for APIs), communication with regulatory authorities, and responses to product-related questions. For this reason, we are able to provide

drug registration services for customers worldwide. In 2021, ScinoPharm did not violate any regulations stipulated by the pharmaceutical authority in export countries.

In terms of drug inspection and registration required in Europe, the United States, and other highly regulated markets as of the end of December 2021, ScinoPharm has submitted 65 DMFs to the U.S. FDA; and 29 European DMFs (EDMF) in nearly 30 European countries, 22 of which were granted Certificates of Suitability (CEP or COS) and are universal across the European Union (EU). Globally, we have completed the registration of 879 DMFs. In the future, the number of DMFs will increase annually as the Company develops more products and customers demand for more pharmaceutical products.

A total of 879 drug registrations

812

DMF Registration

65

U.S. DMF

19

Canada DMF

28 / 48 ^(export)

Taiwan DMF

14

Australia DMF

15

Japan MF

10

South Korea DMF

17

China DMF

6

India DMF

22

CEP

561

ASMF

7

EMA

67

Registration of other non-drug master files



2.2 Product Safety and Customer Satisfaction

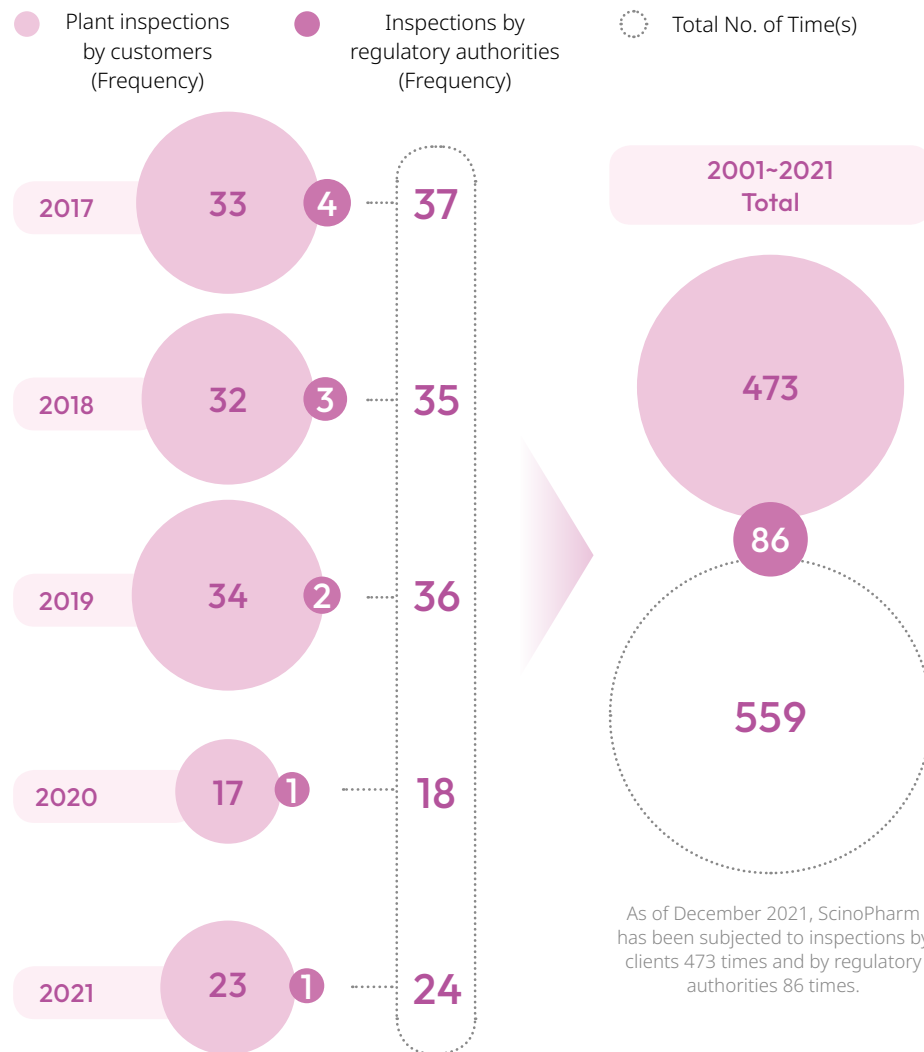
ScinoPharm's highest guiding principles are based on product quality and employee safety. The pharmaceutical sector is strictly regulated because a pharmaceutical product critically affects the health and safety of its users, which is why stringent requirements are imposed on the safety and quality of pharmaceutical products. The safety and efficacy of APIs must be subjected to strict review and control by health authorities around the world. APIs must be licensed before they can be sold in the market.

ScinoPharm's plants comply with the most rigorous international CGMP standards. Equipment and manufacturing processes are also in compliance with the U.S. FDA regulations and are capable of producing kilograms to tons of products. On-site production lines are uniquely capable of producing highly reactive APIs for injectable products. Our production facilities are equipped with negative-pressure rooms and advanced glove boxes to completely isolate contact between raw materials and operating personnel, thus ensuring product quality and personnel safety. The Company also implements product control in accordance with strict CGMP standards, and requires all employees to be regularly trained on CGMP.

In recent years, the U.S. FDA has focused on issues concerning the lack of data integrity in experimental processes, which is mainly due to improper practices or intentional falsification of evidence. Accordingly, ScinoPharm adopted the CGMP throughout its operations, thereby ensuring that relevant data are complete, original, accurate, attributable, legible, and available in order to faithfully reflect the actual operations on-site.

ScinoPharm has set up the Client Complaint Handling Procedure, requiring that any quality-related complaints received, either orally or in writing, from clients must be recorded and investigated. A dedicated unit will issue a formal notice within 24 hours, complete the investigation within 1 week, and prepare a complete and detailed report within 45 days. The Company conducts product review annually, examining all customer complaints for the year or other issues related to product quality in accordance with the ICH Q7 Good Manufacturing Practice Guide for Active Pharmaceutical Ingredients and EU annual product quality regulations. The Company's products are fully compliant with health regulatory review requirements, the U.S. FDA regulations, and the current international CGMP. ScinPharm has been subjected to more than 500 official CGMP inspections worldwide and quality inspections by clients. The audit items included product and material storage environment and management; the accuracy of production/analytical documents and records; the safety of manufacturing equipment, environment, and personnel; and public systems that support production and on-site environmental maintenance. As of December 2021, ScinoPharm has been subjected to inspections by clients 473 times and by regulatory authorities 86 times. In addition, the Company achieved information transparency by responding to clients' questionnaire of ScinoPharm, which covered economic (revenues), environmental (waste disposal), and social (illegal employment) aspects.

Statistics on plant inspections by external entities



2.3 Supplier and Contractor Management

Since 2020, the COVID-19 pandemic has severely impacted the world. Although every country closed its borders, ScinoPharm was able to prevent material shortage during the pandemic by effectively managing and tracking the shipments of raw material suppliers. For a pharmaceutical industry, stable product quality and supply are crucial. Nevertheless, the Company continuously searched for alternative suppliers to ensure a steady supply of raw materials and prepare for special circumstances.

ScinoPharm has established the Supplier Audit Procedures and Operating Procedures for the Management of Consultants and Contractors to regulate relevant matters, evaluate or screen suppliers, distributors, clients, or other direct recipients of our products that meet the company's product requirements, and ensure that suppliers can supply and handle goods safely.

Existing suppliers are categorized into raw material suppliers and non-raw-material suppliers. They include providers of transportation services and contractors who assist with relevant tasks at the plants. ScinoPharm conducts written and on-site audits of existing suppliers in accordance with its Supplier Audit Procedures. An audit report is submitted within 30 days after each audit. The deficiencies identified are divided into major, minor, and suggestions. If the company continues to engage with a supplier, our auditors will continue to track all relevant deficiencies and guide the supplier until improvement has been made. Audits results are used as a reference for evaluating or screening manufacturing contractors that meet the company's product management requirements.

Key raw material suppliers		Raw material suppliers	
Responsible Unit	Quality Assurance (QA) Department	Responsible Unit	Quality Assurance Department, Procurement Department, and Material Management Department
Relevant Procedures	Periodic audits	Relevant Procedures	- Decide whether to try out - Price negotiations

1

Supplier Selection and Database Establishment

Collect information on supplier and select supplier Establish basic supplier profile Invite suppliers to join our team of suppliers

2

Supplier Management

Supplier performs safety self-assessment Evaluate supplier qualification Establish a roster of suppliers

3

Business Partner Audit

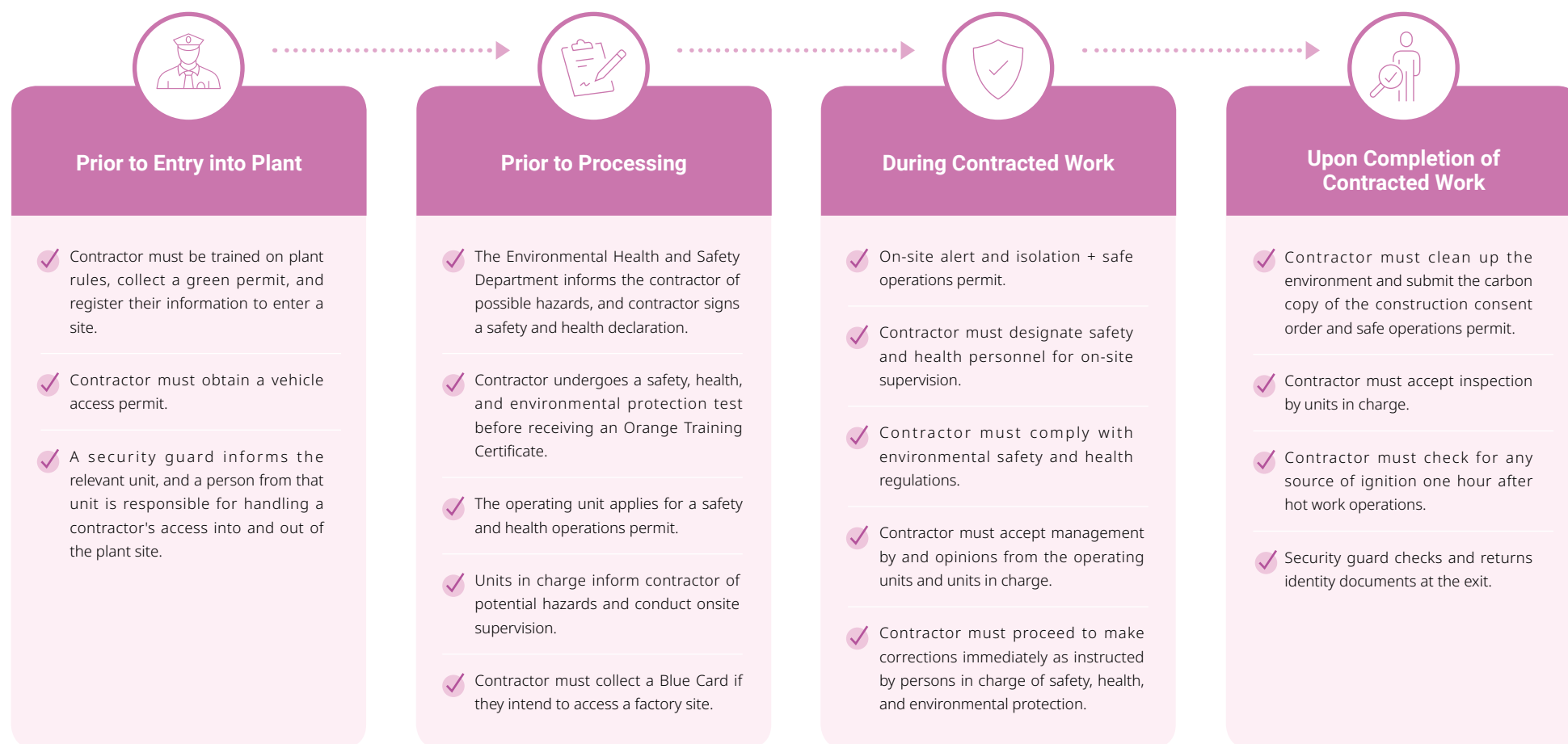
Conduct audit on supplier

- On-site audits
- Written audits

Contractor Management System

ScinoPharm is committed to ensuring the safety and health of employees in the plants and to working in concert with business partners to establish higher environmental, safety, and health standards for the entire industry. To that end, the Company established the Contractor Health and Safety Management Procedures and the Contractor EHS Management Handbook. Partnering contractors must read the procedures and handbook before they may enter the plants. In addition, contractors must perform an evaluation and spot check before, during, and after an operation. These procedures are detailed below:

The aim of ScinoPharm's Procedures for Supply Chain Safety Management is to deliver the right product to the right place, at the right time, and in the right quantity. The Company takes necessary precautions against any threats and security-related incidents, and continuously maintains and improves policies, procedures, and technological applications to reduce the probability of supply chain risks.



2.4 Innovative Technology and Patents

Innovative Technology

ScinoPharm has a team of experienced and highly skilled researchers and developers who make up roughly 20% of our entire workforce. Nearly 80% of them have a PhD and master's degree as well as years of experience in R&D in Taiwan and overseas. They are the backbone of the Company, providing support for continuous product innovation and process development. In the pharmaceutical sector, product R&D is time consuming and filled with uncertainties. ScinoPharm therefore leverages its strong R&D capacity and technological advantage to make considerable investments in R&D every year. Using CGMP-certified production facilities and our extensive experience, we develop products that have potential in the market and build innovative technology platforms.

Considering the global market trend, the Company will pivot some of its R&D focuses to a contract development and manufacturing organization (CDMO) service model in the next five years. We will be more proactive in the areas of peptide APIs and CDMO. As increasingly more new peptide products are introduced every year, we will be able to apply the peptide technologies that we have built up over the past few decades, and deliver outstanding performance in peptide APIs (which have high technical threshold) and CDMO products.

Apart from focusing on anti-cancer APIs, ScinoPharm has also developed injectable formulas and manufacturing processes, and obtained the Abbreviated New Drug Application (ANDA) in Europe and the United States. Recently we have successfully developed proteinoid microspheres. This new platform is expected to create more niche markets and greater value for new injectable formulations and products, thereby further developing ScinoPharm's patented technologies and niche products.

Further expenditures expected for R&D work are dependent on the allocated budget and new product development plans. R&D expenditures for previous years were approximately 7% to 10% of the business revenue. In the future, our annual R&D expenditure will be increased in proportion to the growth of our business revenue to support future R&D projects and in turn bolster the Company's competitiveness. We plan to invest roughly NT\$500 million in R&D works in the next two years.

Patent Plans

The pharmaceutical sector is fiercely competitive. There should be a rigorous control mechanism for preventing and handling litigations related to patent infringement. In product development, we not only ensure that our manufacturing processes do not infringe on the patents of our competitors, but also actively invest in the development of our own technology. ScinoPharm has established an internal patent filing, patent application, and patent infringement analysis system to avoid patent infringement throughout the process of product development to market introduction. In addition, the Company has established the Patent Management Regulations. By following these Regulations, the Legal Affairs Department ensures that Company's inventions are properly evaluated, and decides on a patent application and patent infringement analysis strategy based on technology and market characteristics to facilitate patent planning. After excluding the patents that are irrelevant to our long-term development and are no longer maintained, ScinoPharm currently holds 56 patents for intentions and 247 patents worldwide as of the end of 2021.



Patent certificates from various countries



CH3 Environmental Protection

- 3.1** Safety, Health, and Environmental Protection Policy 39
- 3.2** Management and Use of Energy and Resources 41
- 3.3** Greenhouse Gas (GHG) Emissions 46
- 3.4** Pollution Prevention 48

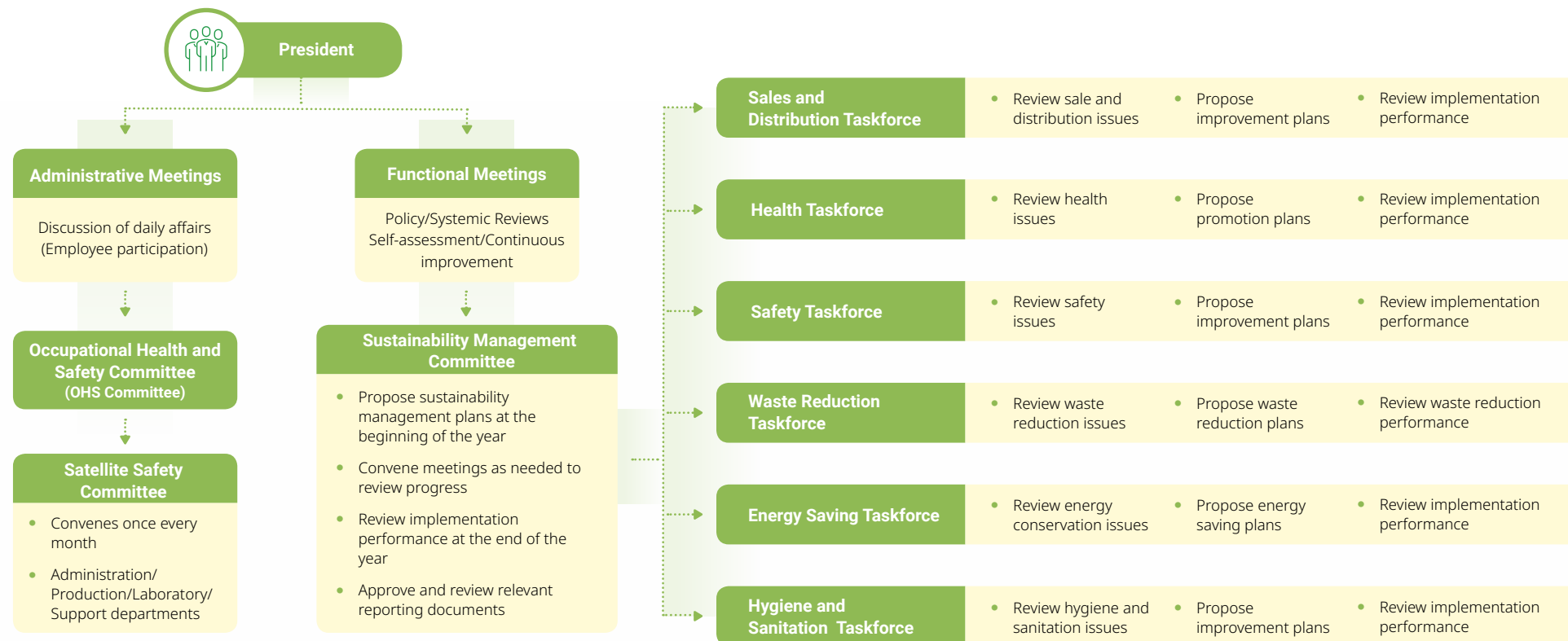
3.1 Safety, Health, and Environmental Protection Policy

With safety, health, and environmental protection as our basic requirements, we insist on establishing a comfortable workplace that can improve employee health. ScinoPharm tackles climate change issues by managing pollution/emission indicators. With the goal of meeting government requirements and market expectations concerning low-carbon economy and use of green energy, we are committed to continuously improving safety, health, and environmental practices to avoid unsafe environment, conducts, and equipment, and to take responsibility for preventing occupational injuries and ensuring employee safety.

The Company has established the Occupational Health and Safety Committee and Sustainability Management Committee. The Occupational Health and Safety Committee is the highest decision-

making unit established in accordance with the Regulations Governing the Occupational Safety and Health Management to take charge of environmental safety and health (ESH) issues. The President is the convener of quarterly meetings with all sales agents, Level-1 supervisors, department heads, and employee representatives. During these meetings, the attendees review the company's ESH operations and propose future improvement directions. The Sustainability Management Committee is responsible for integrating and initiating works related to environmental protection, safety and health, energy conservation, water conservation, and greenhouse gas management. In addition, the Company has developed a business continuity plan to evaluate and analyze various risks that may disrupt operations, and also established relevant countermeasures.

ScinoPharm Sustainability Management Committee



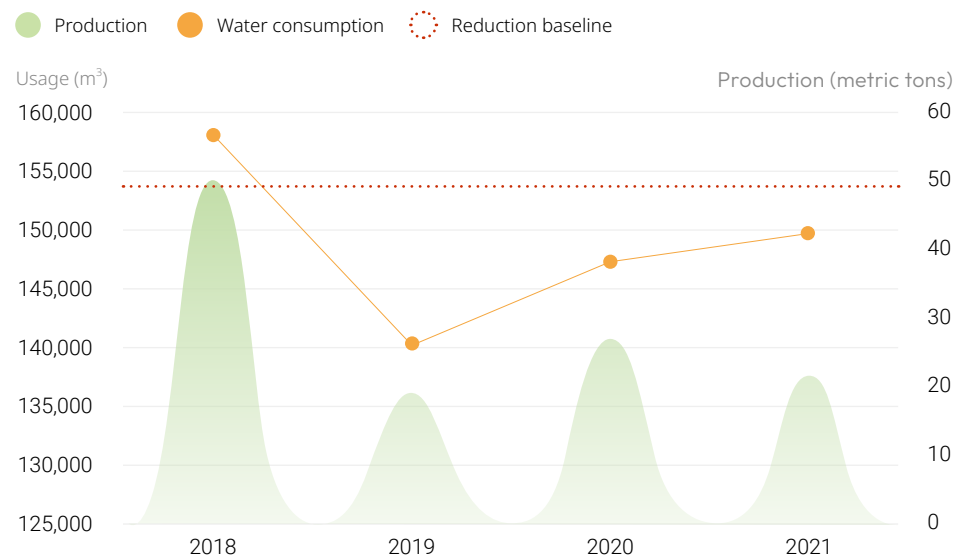
The Sustainability Management Committee is composed of six taskforces: Sales and Distribution, Health, Safety, Hygiene and Sanitation, Waste Reduction, and Energy Saving. The taskforces are responsible for integrating and implementing works related to environmental protection, safety, and health, energy conservation, water conservation, and greenhouse gas management. A sustainability management plan is developed every year and its effectiveness reviewed to provide a basis for internal implementation and review.

In line with the supply chain environmental strategies and goals of Novartis, a global pharmaceutical company, the Company has reached its annual reduction target while meeting international environmental requirements. We continued to promote water-saving, energy-saving, carbon-reduction, and waste-reduction measures and implemented process optimization. As a result, we managed to reduce our annual water consumption and GHG emissions by 1–2%, and waste production by 3–5% percent with 2018 as the base year. Due to differences in annual output and product characteristics, the amount of water used in manufacturing processes, and the GHG and wastes generated will differ considerably.

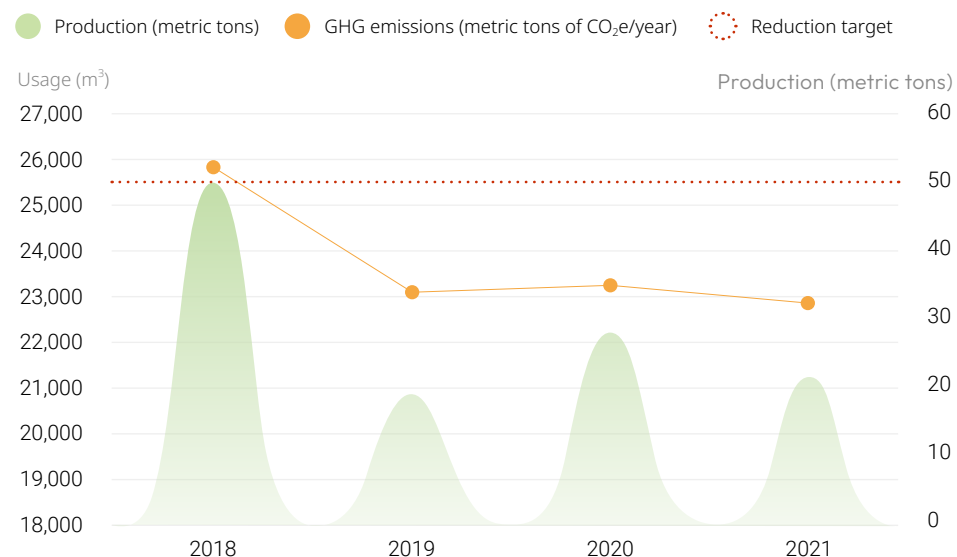
Environmental Performance Goals

Year	2018 (base year)	2019	2020	2021
Production (metric tons)	50	19	28	22
Water consumption (million liters)	156,539	140,570	147,251	149,461
Total GHG emissions/year (metric tons of CO ₂ e)	26,000	23,132	23,302	22,901
Total waste disposed (metric tons)	4,050	2,472	2,720	2,518
Reduction in water consumption		10%	6%	5%
Reduction in total GHG emissions		11%	10%	12%
Reduction in total waste disposed		31%	12%	43%

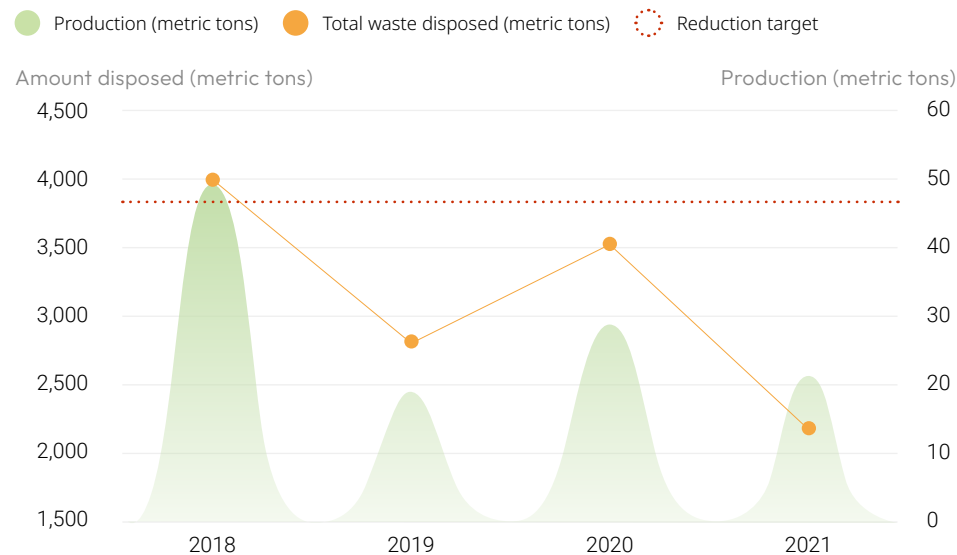
A baseline of water consumption reduction



GHG emissions reduction target



Waste reduction target



ScinoPharm does not adopt the ISO 14001 certification. As mentioned earlier, the Company is adequately equipped with an effective environmental management system that is characteristics of the biotechnology and pharmaceutical industry. In addition, we have passed more than 10 plant inspections by pharmaceutical authorities in the United States, Europe, and Japan (e.g., FDA, EMA, EDQM, and PMDA) as well as ESH audits by international pharmaceutical companies (e.g., Pfizer, GSK, and Aventis), all of which have recognized the Company's environmental management systems. In other words, our environmental management systems are adequate even without the ISO 14001 certification.

In 2021, the ScinoPharm did not receive any administrative fines for material violation of environmental laws and regulations, where material violation refers to the material information prescribed in Article 4, Paragraph 1, Subparagraph 26(3) of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

3.2 Management and Use of Energy and Resources

Use of Water Resources

The source of water at ScinoPharm is from Nanhua Reservoir and supplied by Taiwan Water Corporation. There are no concerns about land subsidence caused by groundwater withdrawal. Based on inquiries on the Water Risk Atlas, the company's site is located in a non-water-stressed area with low-medium water stress (1-2), which indicates that our use of water has no material impact on the source of water.

ScinoPharm is a manufacturer of chemical pharmaceutical products. Wastewater generated from plant activities is first processed in our own wastewater treatment facility, then discharged into the wastewater treatment facility owned by the Southern Taiwan Science Park. Pursuant to the Water Pollution Control Act, the Company commissions an inspection agency every six months to perform sample analysis. Our wastewater was tested and found to be fully compliant with the Park's wastewater standards. Wastewater test reports are submitted to local environmental authorities for reference. There were no significant spillage, leakage, or environmental pollution at the manufacturing sites between 2019 and 2021.

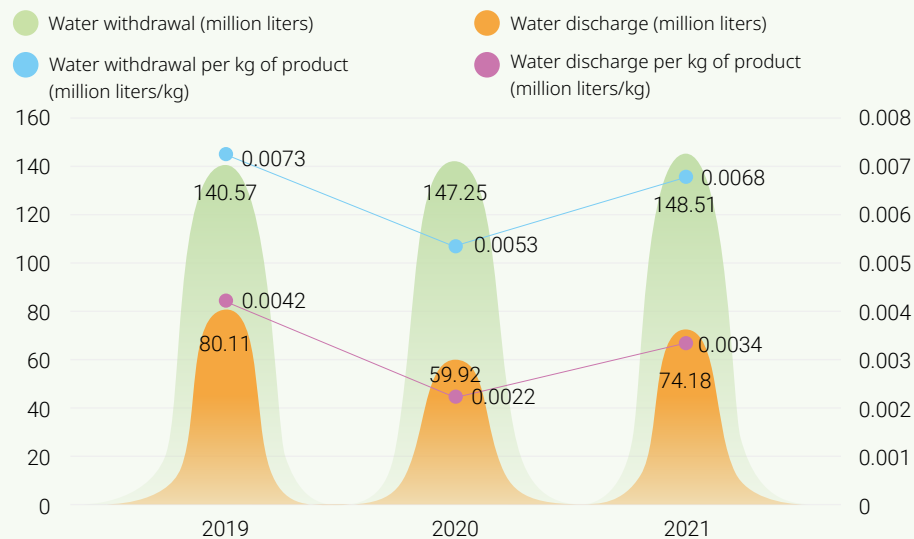


Water

Overview of Annual Water Withdrawal by ScinoPharm

Year	Water withdrawal (million liters)	Water discharge (million liters)	Water consumption (million liters)	Annual production (kg)	Water withdrawal per kg of product (million liters/kg)	Water discharge per kg of product (million liters/kg)
2019	140.57	80.11	60.46	19,300	0.0073	0.0042
2020	147.25	59.92	87.33	27,700	0.0053	0.0022
2021	148.51	74.18	74.33	22,098	0.0068	0.0034

Water Withdrawal and Discharge per kg of Product by ScinoPharm



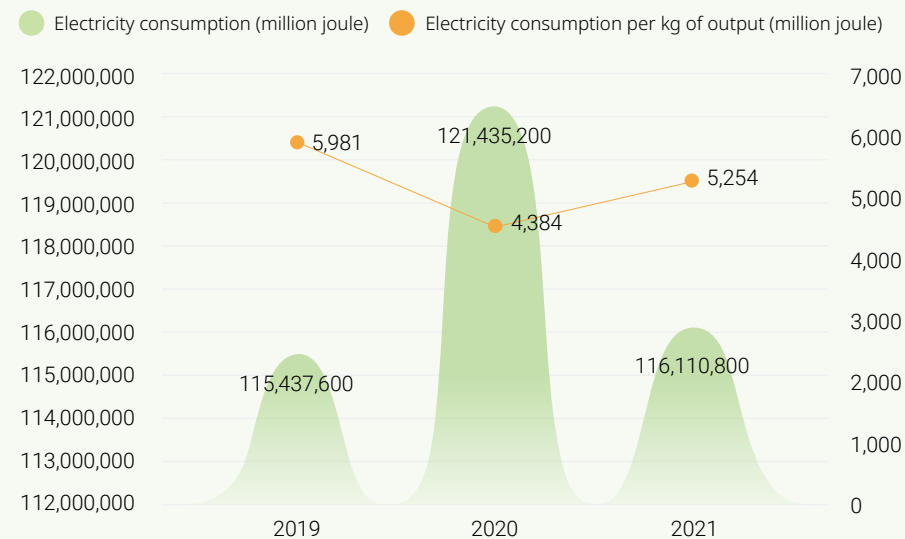
Electricity

Electricity Consumption

Year	Electricity consumption (million joule)	Annual output (kg)	Electricity consumption per kg of output (million joule/kg)	Self-generated electricity (million joule)
2019	115,437,600	19,300	5,981	122,529.6
2020	121,435,200	27,700	4,384	139,262.4
2021	116,110,800	22,098	5,254	619,984.8

In 2021, the Company generated 619,984.8 million joule of electricity, of which 48,960.7 million joule is for self-use.

Total Electricity Consumption and Electricity Consumption per kg of Production





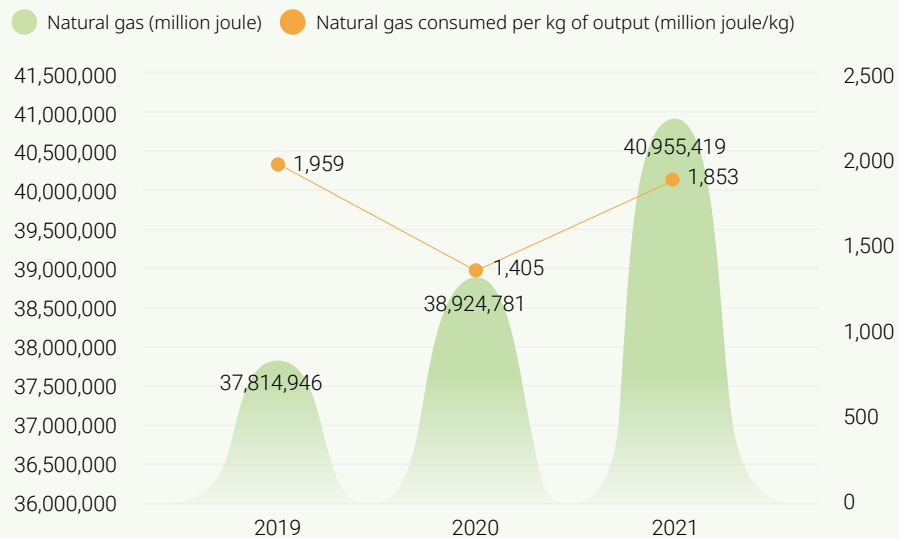
Natural Gas

Natural Gas Consumption

Year	Direct energy		Output (kg)	Natural gas consumption per kg of output (million joule/kg)
	Natural gas (million joule)			
2019	37,814,946		19,300	1,959
2020	38,924,781		27,700	1,405
2021	40,955,419		22,098	1,853

*MOEA Bureau of Energy - 2019 Energy Statistics Handbook - Heat Content of Energy Products: 9000 kcal/m³

Natural Gas Consumption and Natural Gas Consumption per kg of Output

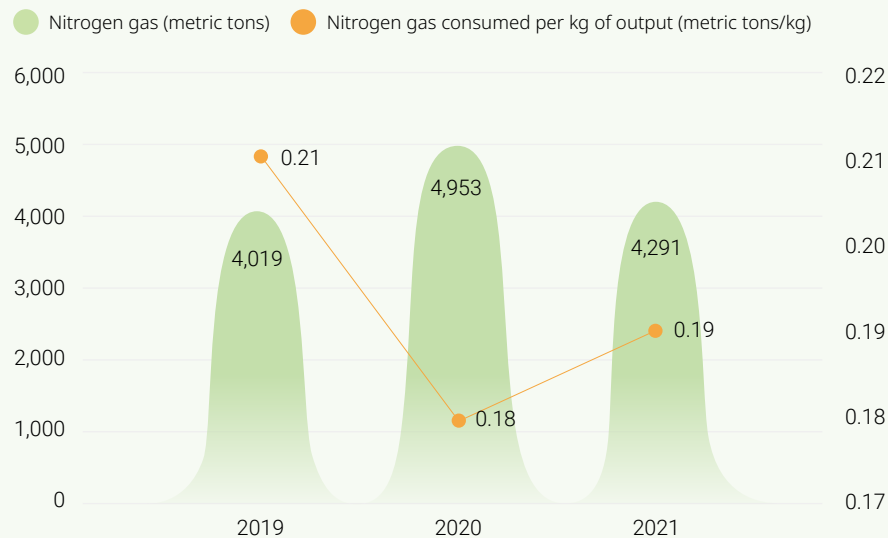


Nitrogen Gas

Nitrogen Consumption

Year	Nitrogen gas (metric tons)	Output (kg)	Nitrogen consumption per kg of output (metric tons/kg)
2019	4,019	19,300	0.21
2020	4,953	27,700	0.18
2021	4,291	22,098	0.19

Total Nitrogen Consumption and Nitrogen Consumption per kg of Output



Water Conservation Measures

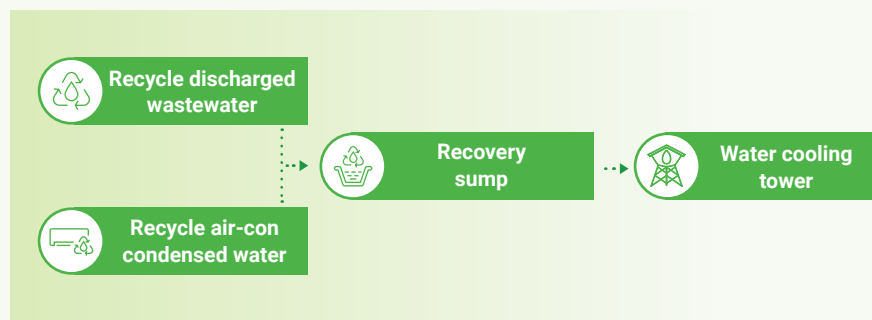
Water used at ScinoPharm is sourced from Taiwan Water Corporation. Water supplied in the Southern Taiwan Science Park comes from three different sources (i.e., Tanding water facility, Nanhwa reservoir, and Wu-Shan-Tou reservoir). Approximately 270,000 m³ of water is supplied on a daily basis. The Park has a water reservoir (that can supply 30,000 tons of water) and a water tower (which stores 3,000 tons of water). ScinoPharm is equipped with a water reservoir that can store 1,600 tons of water for general use and fire prevention purposes.

In light of global climate change, water resources warrant immediate attention. Water at ScinoPharm is mostly used in manufacturing processes, followed by daily activities. Because cooling water evaporates during summer, we recycle air-con water and RO concentrated wastewater, process them in the cooling water tower, and turn them into reusable water, thereby achieving water efficiency. Bathrooms in office areas are retrofitted with water-saving faucets to save water and ensure the sustainability of precious water resources. Our implementation measures are described below:

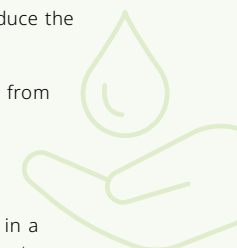
- 1 Annually, the administration agency of the Southern Taiwan Science Park conducts a park-wide questionnaire survey of water recycling situations. The Company complies by completing the questionnaire and calculates the amount of wastewater we recycle.

$$\text{Recycling rate (R2)} = \frac{\text{Total amount of water in circulation} + \text{Total amount of water recycled} - \text{Total amount of cooling water in circulation}}{\text{Total amount of water consumed} - \text{Total amount of cooling water in circulation}} \times 100\%$$

- 2 Air conditioning condensate and wastewater from the water purification system are recycled into cooling towers to save water. (Indicate with icons)



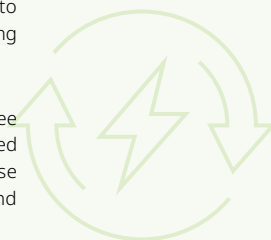
- 3 The cycle of concentration (COC) in cooling towers is increased to reduce the amount of cooling water to be discharged.
- 4 The cooling towers are fitted with a drift eliminator to reduce loss from diffusion and evaporation.
- 5 Toilet faucets are replaced with water-saving ones.
- 6 Wastewater from sludge dewatering machine is treated and filtered in a wastewater system, and then reused in sludge dewatering again. This helps to save some water resources every year.



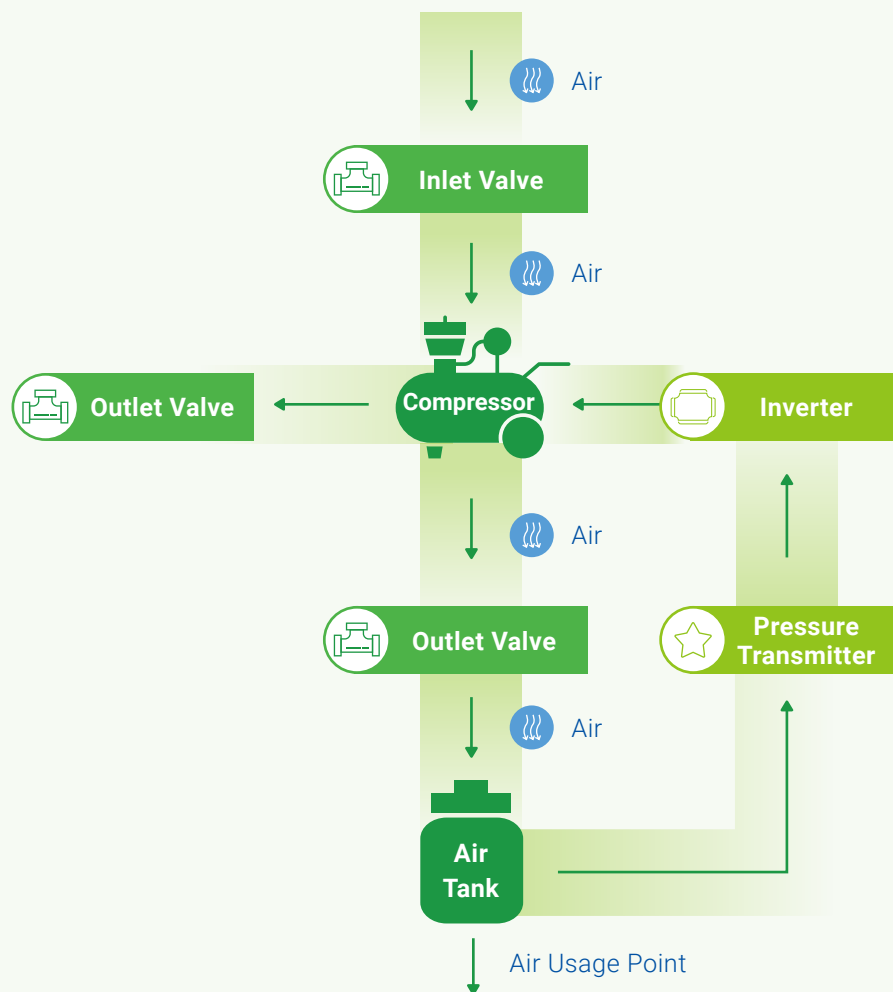
Energy Conservation and Carbon Reduction Measures

ScinoPharm endeavors to improve the energy efficiency of its plant operations. In accordance with the Regulations on Setting Energy Conservation Objectives and Execution Plans for Energy Users, the Company has set a target of saving 1% of electricity every year, starting in 2015. The reduction strategies that we have adopted are detailed below:

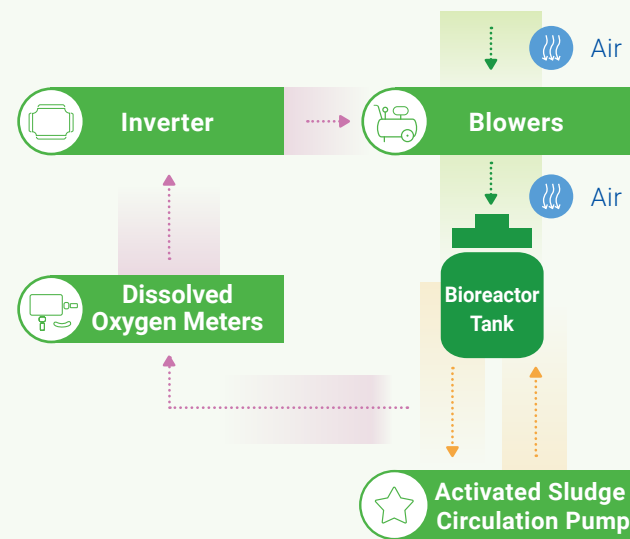
- 1 In 2020, our R&D laboratories had saved 362,000 kWh (equivalent to 1,303,200 megajoules) of electricity by controlling the air-conditioning system during non-working hours.
- 2 In 2020–2021, the Company invested NT\$5.16 million to replace three old air-conditioning units. Another NT\$5.2 million has been allocated in 2022 to replace another three old air-conditioner units. These replacements will further improve the efficiency of air-conditioners and avoid taking up too much energy to cool air-con chillers.
- 3 We established a notification platform. With this platform, a plant operator notifies the temperature of heating tanks and adjusts it to process requirements so as to optimize temperature control and reduce waste of electricity and steam.
- 4 To achieve energy efficiency, we conducted pressure drop tests and developed methods for preventing coolant contamination. This helped our wastewater facility to treat 34,000 kg less wastewater with chemical oxygen demand (COD).
- 5 We regulated and optimized the amount of cooling water used in manufacturing processes. By doing so, process requirement is satisfied with only one 75-hp water pump, and 402,960 kWh of electricity (equivalent to 1,450,656 million joules) is saved throughout the year.
- 6 We have retrofitted variable-frequency drives in 15 air-conditioning units to reduce fan speed (i.e., output power). Another air-conditioning unit will be fitted with this drive in 2022, thereby further improving energy efficiency.



- 7 We used inverters to control air compressors.
- 8 We raised the central air-con temperature in office areas and non-manufacturing areas from 22°C to 25°C.



- 9 We implemented dissolved oxygen control in our wastewater treatment facility (inverters are used instead of blowers).



- 10 We established a communication platform between air-conditioning ventilators and the unit in charge of air-conditioning management. By using this platform, a plant operator can notify the unit to turn on/off the ventilators in a specific plant to reduce unnecessary electricity consumption.
- 11 The air exchange rate in each manufacturing area has been adjusted to reasonable ranges to decrease air-con load. This can help reduce electricity consumption by 1–2% annually.
- 12 A schedule control model has been adopted in our injectable plant. It has helped us reduce energy consumption from 497–512 kWh to 451–487 kWh (average reduction of 40 kWh).
- 13 When wet-bulb temperature reaches <20°C in winter, use of air-conditioner hot water decreases, at which point the air-conditioner hot water steamer switched off to save energy. We completed testing this system in November 2021 and began adopting it in December 2021. The system is projected to reduce the daily use of steamers in the Technology Building from 13.9 tons to 8.9 tons, daily use of gas from 3,343 m³ to 2,816 m³, and daily use of natural gas to 527 m³.

3.3 Greenhouse Gas (GHG) Emissions

The Company's GHG emissions did not meet the EPA's GHG reporting standards. In accordance with existing laws and regulations, we must keep our own records of GHG emissions for future reference.

2019	Total Emissions	23,132	Output Value (NT\$ million)	2,813
	Direct Emissions (Scope 1)	3,506	tCO₂e/NT\$1 million	8.2
	Indirect Emissions (Scope 2)	19,626		

2020	Total Emissions	23,302	Output Value (NT\$ million)	3,046
	Direct Emissions (Scope 1)	2,658	tCO₂e/NT\$1 million	7.7
	Indirect Emissions (Scope 2)	20,644		

2021	Total Emissions	22,901	Output Value (NT\$ million)	2,642
	Direct Emissions (Scope 1)	3,162	tCO₂e/NT\$1 million	7.5
	Indirect Emissions (Scope 2)	19,739		

GHG Emission Inventory Unit: (tCO₂e/year)

Note 1: GHG emissions are compiled using the operational control method.

Note 2: The calculation included seven types of GHGs as defined in the ISO 14064 standards: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), nitrogen trifluoride (NF₃).

Note 3: Relevant emissions factors were selected using material balance method with reference to the GHG Emission Factor Management Table Version 6.0.3 and GHG Inventory Registration Form 2.6.0 announced by the Environmental Protection Administration. Depending on the source of emissions activity data, unit of measure is converted to weight (metric tons), volume (m³) or energy (kWh). Electricity emission factor is based on those announced by the Bureau of Energy of the Ministry of Economic Affairs.

Note 4: Global warming potential (GWP) is based on the announced version in the fourth assessment report of IPCC in 2007.

In 2021, the solar panels on the roof of the administration building of ScinoPharm generated 36,216 kWh of electricity, and the revenue from the sale of green electricity was NT\$232,470, which was equivalent to a 18,180.44 kg CO₂e reduction in GHG emissions. In 2020, we invested NT\$5,985,000 in the installation of solar panels for self-use. The installation was completed in mid-2021. Between May and December of 2021, the solar panels generated 136,002 kWh of electricity in total, and reduced GHG emissions by 68,273 kg CO₂e. The Company offers shuttle services. We encourage employees to take public transport so as to reduce fuel consumption, conserve energy, and reduce carbon emissions.

2021 Electricity Generated in the Injectable Plant

Month	kWh of Power Generated	Emissions Reduced (kg of CO ₂ Equivalents)	Benefit in terms of Afforestation (ha)
5	16,608	8,337.2	0.84
6	16,452	8,258.9	0.83
7	20,808	10,445.6	1.06
8	16,290	8,177.6	0.83
9	19,980	10,030.0	1.01
10	15,054	7,557.1	0.76
11	15,666	7,864.3	0.79
12	15,144	7,602.3	0.77
Total for the Year	136,002	68,273	6.89

2021 Electricity Generated by the Photoelectric System in the Administration Building

Month	kWh of Power Generated	Unit Price (NT\$)	Amount	Carbon Reduction	
				Emissions Reduced (kg of CO ₂ Equivalents)	Benefit in terms of Afforestation (ha)
1	2,780	6.419	17,845	1,395.56	0.14
2	3,084	6.419	19,796	1,548.17	0.16
3	3,408	6.419	21,876	1,710.82	0.17
4	3,164	6.419	20,310	1,588.33	0.16
5	3,852	6.419	24,726	1,933.70	0.20
6	2,740	6.419	17,588	1,375.48	0.14
7	3,380	6.419	21,696	1,696.76	0.17

Month	kWh of Power Generated	Unit Price (NT\$)	Amount	Carbon Reduction	
				Emissions Reduced (kg of CO ₂ Equivalents)	Benefit in terms of Afforestation (ha)
8	2,764	6.419	7,742	1,387.53	0.14
9	3,296	6.419	21,157	1,654.59	0.17
10	2,748	6.419	17,639	1,379.50	0.14
11	2,552	6.419	16,381	1,281.10	0.13
12	2,448	6.419	15,714	1,228.90	0.12
Total for the Year	36,216		232,470	18,180.44	1.84

Note 1: According to the annual electricity emission factor announced by the Bureau of Energy in 2020, the electricity GHG emission factor was 0.502 kg CO₂e/kWh.

Note 2: As for benefits in terms of afforestation, the annual amount of carbon assimilated per hectare of forest land in 2010 was estimated to be 9.9 metric tons, according to research commissioned by the Forestry Bureau of Council of Agriculture.

3.4 Pollution Prevention

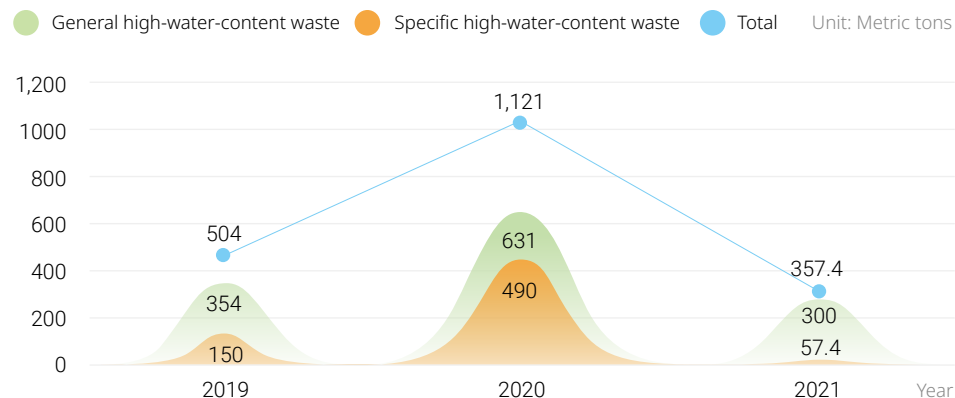
Waste Disposal

ScinoPharm has established the Procedures for Industrial Waste Management to ensure a clean operating environment, prevent environmental pollution inside and outside the plant, keep abreast of the status of wastes, protect employee health, and fulfill social responsibilities. The procedures are used as guidelines for ensuring that the way we dispose of industrial wastes in accordance with environmental laws and regulations. ScinoPharm is able to treat or clean all the waste generated within the plants, including biodegradable wastewater, waste solvents, solid waste, and air pollutants. To reduce environmental impact, hazardous industrial waste or general industrial waste is subject to intermediate treatment, which involves the use of physical, chemical, biological, thermal treatment or other treatment methods to alter the physical, chemical or biological characteristics or composition of industrial waste prior to final disposal, and achieve separation, compaction, detoxification, solidification or stabilization. Subsequently, the processed wastes are transported to the park's resource recycling center or incinerated by an outsourced waste disposal company. Our wastes are not transported overseas.

All air pollutants emitted by our production plants, such as particulate pollutants, acidic gases, alkaline pollutants, or organic vapors, are removed through condensers and scrubbers. ScinoPharm's wastewater is subjected to biological treatment. Organic matter in the wastewater is decomposed by highly concentrated, suspended activated sludge and filtered through a membrane bioreactor. The organic sludge is separated and dehydrated, and then treated by a certified treatment vendor. Treated wastewater, along with domestic wastewater, is transported via pipelines to the Park's wastewater facility for treatment.

ScinoPharm is committed to improving the efficiency of air strippers. Air strippers can be used to separate liquid from organic compounds in waste solvents with high water content. The liquid can be discharged directly to a wastewater treatment facility for treatment, and the organic compounds become waste solvents. Thus, the goal of waste solvent reduction can be achieved. The Company has produced increasingly less waste solvents each year ever since we started using air strippers. Given our production capacity and different product process characteristics, the possibility of solvent recovery and reuse was included in production scheduling in 2019 to reduce liquid waste treatment. As a result, the amount of liquid waste treated in air strippers was reduced to 504 tons. In 2020, we strengthened the waste reduction process by increasing the capacity of air strippers to treat liquid waste that has high water content to 1,121 tons. As a result, the volume of water-containing liquid waste treated by outsourced vendors was reduced from 282 metric tons in 2019 to 94 metric tons in 2020. The amount of waste treated in air strippers was 357.4 metric tons in 2021, and the waste treated by outsourced vendors was reduced to 59 metric tons.

Treatment capacity of air strippers



Prevention and Control of Soil Pollution

ScinoPharm strives to ensure that its plant operations do not cause soil and groundwater pollution in neighboring areas. For this reason, the Company has actively installed five water wells near its plant since 1999 when the plant was completed. We regularly monitor the quality of groundwater samples to prevent soil or groundwater pollution.

Toxic Chemical Management

ScinoPharm avoids the use of domestically or internationally regulated substances in product production/R&D processes as much as possible, using their alternative counterpart instead. The Company also reduces its use of solvents and hazardous substances to reduce environmental impact and minimize the possibility of exposing operators to hazardous chemicals or active substances. Regarding toxic chemical management, the Company has set up a dedicated personnel in accordance with law, and appointed a person to be in charge of management for their respective department. In accordance with law, details concerning the handling of toxic chemical substances are recorded, their storage location is clearly marked, and the storage cabinet is locked after working hours.

Recalling Rates of Sold Products and Packaging Materials

ScinoPharm products are highly reactive APIs and are mostly exported overseas, meaning that the entire process from production to sales must comply with the CGMP regulations. Once a product is packaged, the packaging materials should not be reused to prevent cross-contamination between products.

ScinoPharm Waste Disposal

Hazardous Waste

Unit: metric tons

Item	Onsite Treatment				Offsite Treatment			
	2019 Weight	2020 Weight	2021 Weight	Treatment Method	2019 Weight	2020 Weight	2021 Weight	Treatment Method
General solvent waste	-	-	-	-	2,008	3,075	1,863	Incineration
General solvent waste	-	-	-	-	68	102	71	Recycling and reuse
Liquid waste with high water content	504	1,121	357	Volume reduction by air strippers	282	94	59	Incineration
Inflammable halogenated solvent waste	-	-	-	-	17	29	20	Incineration
Hazardous filter	-	-	-	-	9	2	7	Incineration
Empty barrel for toxic chemical waste	-	-	-	-	3	2	2	Incineration
Other hazardous waste	-	-	-	-	7	18	3	Incineration

Non-Hazardous Waste

Unit: metric tons

Item	Onsite Treatment				Offsite Treatment			
	2019 Weight	2020 Weight	2021 Weight	Treatment Method	2019 Weight	2020 Weight	2021 Weight	Treatment Method
Halogenated solvent waste	-	-	-	-	15	59	24	Incineration
Organic sludge	-	-	-	-	265	147	145	Incineration
Drug waste	-	-	-	-	16	12	28	Incineration
General solid waste	-	-	-	-	112	95	118	Incineration
Empty barrel for general waste	-	-	-	-	161.4	186.8	196.11	Recycling and reuse
Domestic waste	-	-	-	-	44	46	35	Incineration
Wood waste	-	-	-	-	12.7	18.7	3	Recycling and reuse

Note 1: Data on the output/disposal/storage of significant industrial waste produced by the Company are obtained from the actual source of production and reported online every month as required by law.

Note 2: Hazardous wastes are wastes in Categories A, B, and C; non-hazardous wastes are wastes in Category D or R, such as domestic waste, wood waste, oil waste, halogenated solvent waste, and sludge.

Note 3: Source: Business waste reporting and management information system of the Environmental Protection Administration, Executive Yuan.

Note 4: Incineration method excludes energy recovery.



CH4 Friendly Workplace

4.1	Workforce Overview	51
4.2	Employee Benefits and Care	54
4.3	Workplace Health Promotion	59
4.4	Safe Work Environment	62

4.1 Workforce Overview

ScinoPharm has invested in the pharmaceutical industry for more than two decades. In terms of industry characteristics, ScinoPharm is a knowledge- and technology-intensive company that is home to a pool of high-caliber talents. As of the end of 2021, ScinoPharm has a total of 688 employees, more than 90% of which have a bachelor's degree or above and over 40% have a master's or doctorate degree. Our workforce constitutes a team of professionals who inject momentum in the growth of the company. ScinoPharm has devoted years to recruiting outstanding talents in Taiwan. More than 60% of our employees have their household registration in Tainan City, and over 80% are from southern Taiwan (Tainan, Kaohsiung, and Pingtung). In 2021, workforce allocation was based on the number of product orders received and career development needs; therefore, more than 100 employees were employed, and the overall turnover rate was 16.6%.

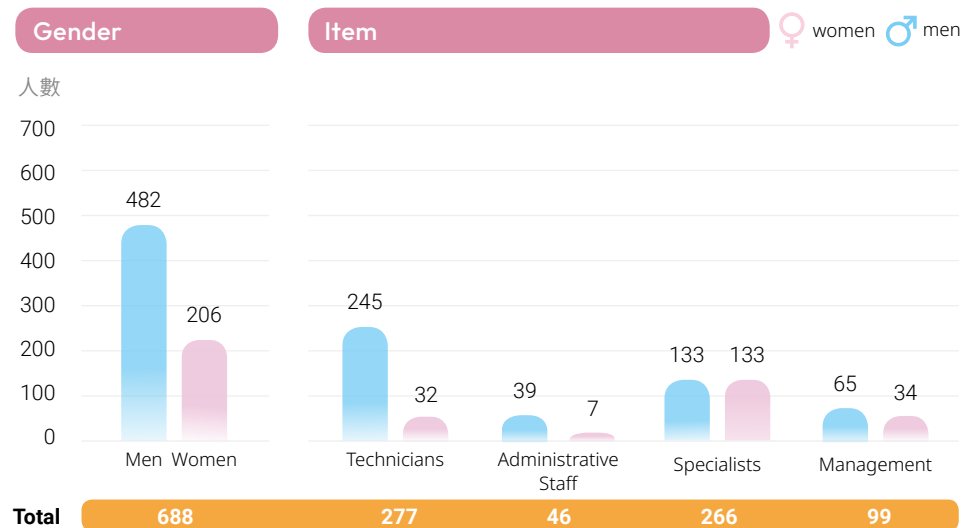
An Inclusive, Equality-Embracing Workplace

ScinoPharm operates businesses across the globe. Our policy is aimed at creating an internationalized work environment that embraces inclusiveness and equality. We provide equal opportunities in recruitment, employment, and career development, and hire and train talents based on the content of their job and required competencies. The Company does not discriminate against employees based on gender, age, race, religion, nationality, or other factors protected by law. Female employees in managerial role account for 52.6% of the company's workforce, while the ratio of male to female employees at ScinoPharm was 7: 3, both highlighting that ScinoPharm implements an employment policy that advocates equal opportunities.

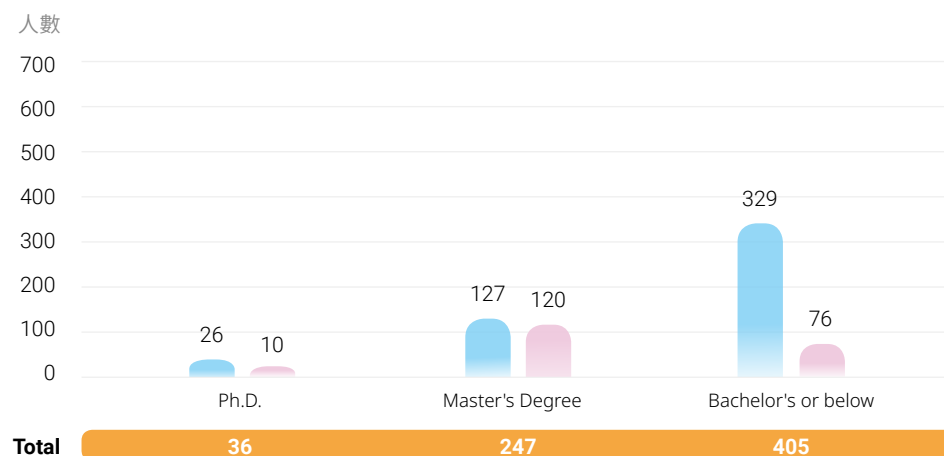
ScinoPharm provides equal employment opportunities to people with physical and mental disabilities. As of December 31, 2021, the Company has hired 9 full-time employees with physical and mental disabilities, higher than the statutory requirement. These employees are assigned suitable tasks based on the principle of "putting the right person in the right position."

Under a diversity employment policy, ScinoPharm hires not only local talents, but also 42 foreign nationals from Japan, Malaysia, and Indonesia. Foreigners account for 6.1% of our total workforce.

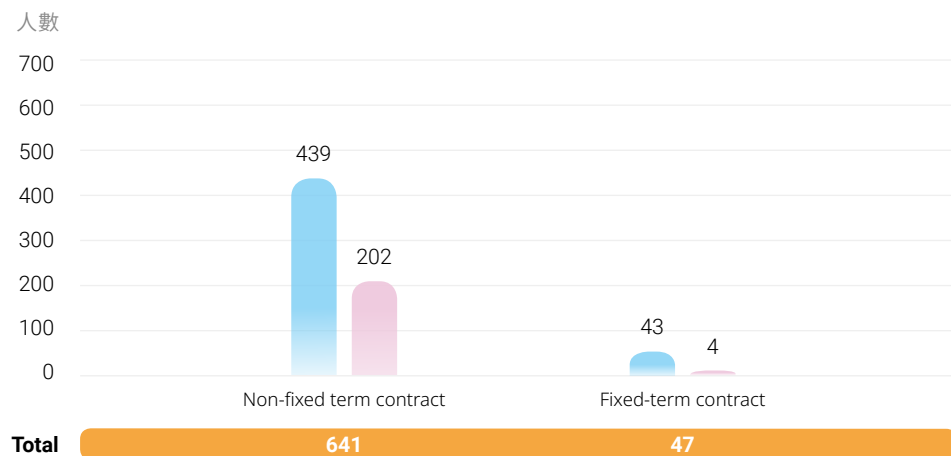
Employee Distribution by Gender in 2021



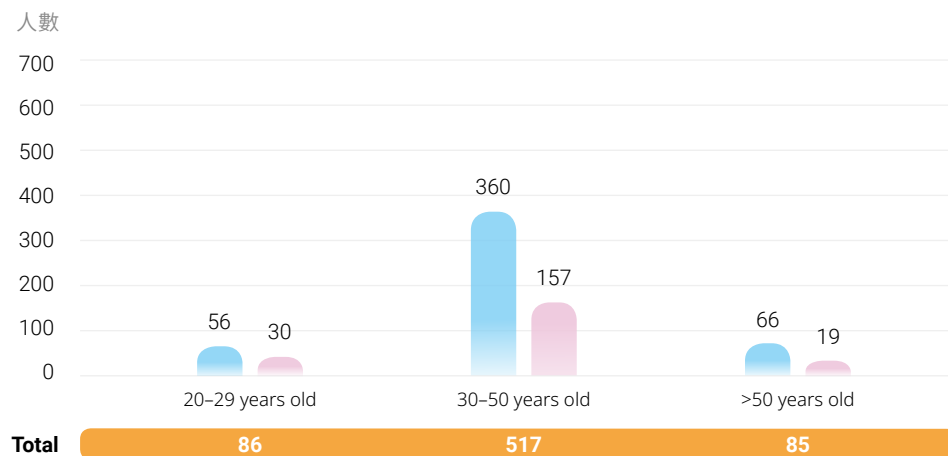
Education



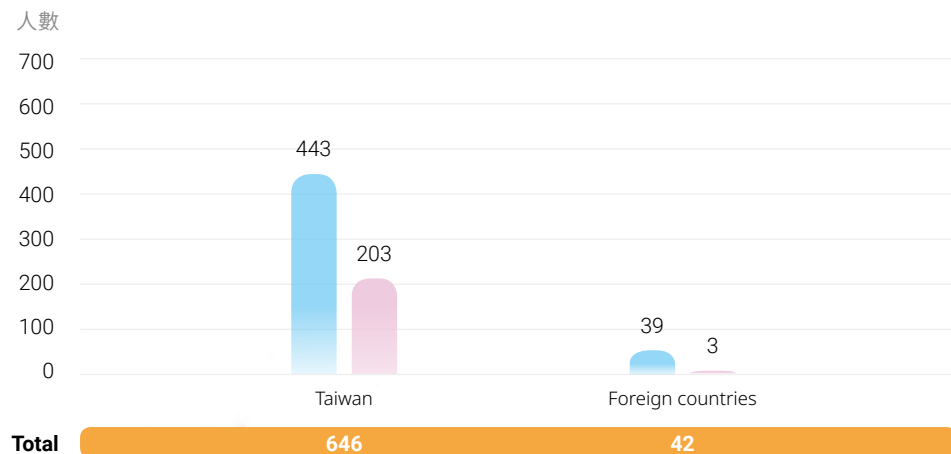
Contract



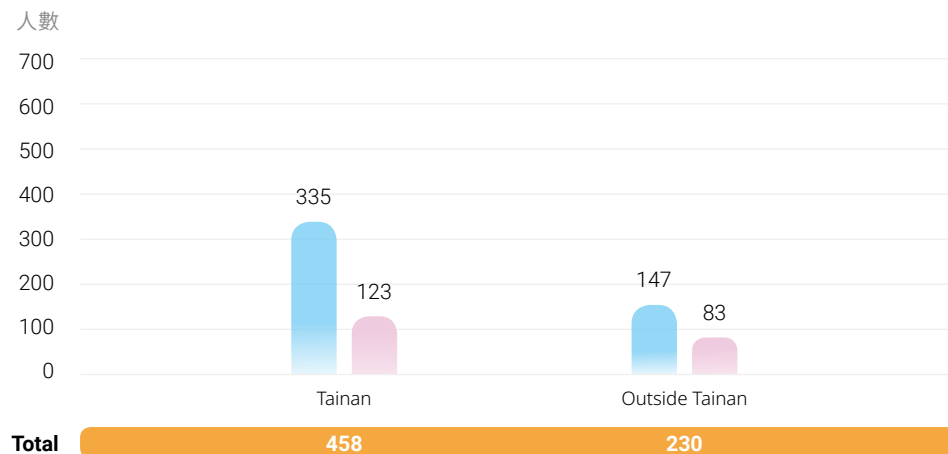
Age



Nationality



Household Registration

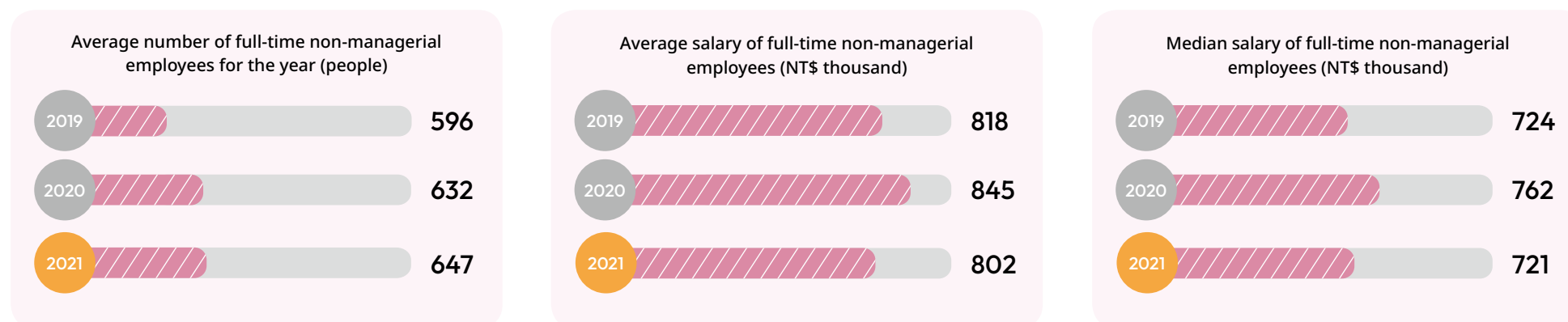


Competitive Remuneration and Reward System Linked to Overall Performance

Employees are a company's most valuable asset. For this reason, we place a high regard on the salary and benefits of employees, providing protection that is superior to those stipulated in relevant laws and regulations. ScinoPharm upholds the principle of equal pay for equal work and abides by local labor laws and regulations. Employee salary is based on the responsibilities, professional knowledge, experience, and competencies required of the job position, and also on market salary standard and overall economic indicators, as well as the value and responsibilities in the professional market. Based on the salary data for 2021, men-to-women pay ratio was 1: 1.15, there were 647 full-time employees in non-managerial positions, whose average pay for the year was NT\$802,000 and median pay was NT\$721,000. These data show that ScinoPharm adopts a fair salary structure and offers competitive salaries.

ScinoPharm upholds the ideal of sharing profits with employees. Where the Company has annual profits at the end of a financial year, not less than two percent (2%) of the profits for such year shall be allocated to employees as employees' compensation. The Company has a performance management system in place, that links the company's business profits to employees' individual performance. Such system serves to motivate well-performing employees to further develop their capabilities as an individual and as a team, so as to enhance their general performance at work.

Full-time non-managerial employees



Diverse Communication Channels to Promote Mutual Prosperity in Labor-Management Relations

The Company adopts e-mail, Intranet, and e-publications to send internal messages and conduct feedback surveys. A suggestion box has been set up in the employee lounge area. Employee Welfare Committee and labor management meetings are held for employees to partake in discussions and make decisions on measures that concern them. Regular in-house meetings with managers at all levels and departmental meetings are organized to help employees better understand the company's current status and business development. Channels are provided for employees to voice their opinions. The Company strictly complies with and enforces government laws and regulations. We also value two-way communication with employees to ensure harmonious labor-management relationship. Since its inception, the Company has not sustained any losses due to labor-management dispute. In addition, we have a System for Reporting Unethical Conducts in place to collect feedback from external parties and protect the interest and rights of the Company and its other stakeholders.

Protect human rights and the right to work

Apart from an emphasis on humanistic management, our human resource system is established in accordance with constitutional mandates regarding human rights protection, the Act of Gender Equality in Employment, and the International Bill of Human Rights in order to protect gender equality in right-to-work. Our labor contract is in compliance with relevant local laws and regulations. We prohibit use of child labor and differential treatment or any forms of discrimination on the basis of gender, race, marital status, religion, party affiliation, gender orientation, job rankings, nationality, and age in the appointment, evaluation, and promotion of employees. Our corporate culture attaches importance to mutual respect and gender equality. We have formulated a program to prevent workplace violence, thereby actively promoting harmonious relations in the workplace.

4.2 Employee Benefits and Care

ScinoPharm plans employee benefits on the basis of the principles of legitimacy and competitiveness, so as to create a harmonious and stimulating work environment that will attract and retain talents, make employees feel more satisfied with work, and improve their productivity.

New Employees and Employee Turnover

2021	Number of employees at the end of the year			New employees						Employees who resigned					
				Number of employees			Percentage of new hires			Number of departing employees			Turnover rate		
Age/Gender	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Total	Male	Female	Subtotal	Male	Female	Total
21-30	79	49	128	45	20	65	57.0%	40.8%	50.8%	31	9	40	39.2%	18.4%	31.3%
31-40	188	83	271	31	11	42	16.5%	13.3%	15.5%	38	12	50	20.2%	14.5%	18.5%
41-50	161	59	220	7	5	12	4.3%	8.5%	5.5%	14	1	15	8.7%	1.7%	6.8%
51-60	50	15	65	2	1	3	4.0%	6.7%	4.6%	2	3	5	4.0%	20.0%	7.7%
60 or older	4	0	4	1	0	1	25.0%	0.0%	25.0%	4	0	4	100.0%	0.0%	100.0%
Total	482	206	688	86	37	123	17.8%	18.0%	17.9%	89	25	114	18.5%	12.1%	16.6%

Note 1: The above information is based on existing employees as registered in the human resource system on December 31, 2021. There is no assumption of any data.

Note 2: Number of new hires/employees who resigned includes foreign employees. The number of new hires does not exclude new employees who resigned during the year.

Note 3: Percentage of new employees (%) = Number of new employees / Total number of employees at the end of the year.

Note 4: Turnover rate (%) = Number of employees in said category who resigned on the said year / Total number of employees at the end of the year.

Note 5: Number of employees who resigned includes those that resigned voluntarily or were dismissed and those that retired.

Workplace Environment with a Focus on Work-Life Balance

The Company offers flexible work arrangements for employees to meet family needs. In other words, employees may start and finish their workday when they want, as long as they work eight hours a day. For employees who have to work overtime outside normal working hours due to busy seasons or shift preparation, the Company will extend the working hours with the approval of a labor-management conference. Overtime pay and severance pay are calculated in accordance with government labor regulations. There were no labor-related violations in 2021.

Regarding other work-life balance promoting measures, the Company has an annual paid leave policy that is superior to the Labor Standards Act. For example, employees are entitled to annual

paid leave in the first year of employment to give them time to recharge. Our general sick leave policy is also superior to statutory requirements. Employees are entitled to other types of paid leaves in accordance with law. These include marriage leave, prenatal check-up leave, maternity leave, paternity leave, menstrual leave, personal leave, family care leave, funeral leave, official leave, as well as pandemic prevention leave and vaccination leave during the COVID-19 pandemic.

The Company implements an unpaid parental leave policy to help employees meet their family and career needs. In 2021, five employees applied for unpaid parental leave, 50% of which were reinstated and returned to the original job position.

Unpaid Parental Leave in the Past 3 Years

Year	2019			2020			2021		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees that actually applied for unpaid parental leave in the current year (A)	2	2	4	1	3	4	1	4	5
Number of employees expected to return from unpaid parental leave in the current year (B)	2	4	6	0	2	2	2	6	8
Number of employees reinstated after taking a parental leave in the current year (C)	2	2	4	0	1	1	1	4	5
Number of employees reinstated after taking a parental leave in the previous year (D)	1	2	3	2	2	4	0	1	1
Number of employees reinstated from unpaid parental leave in the previous year and who have worked for one year since (E)	1	2	3	2	2	4	0	1	1
Reinstatements after unpaid parental leave % (C/B)	100%	50%	66.7%	-	50%	50%	50%	66.7%	62.5%
Retention rate % (E/D)	100%	100%	100%	100%	100%	100%	-	100%	100%

Note 1: Reinstatement after Unpaid Parental Leave in 2021 = Number of employees reinstated after taking a parental leave in 2021 / Number of employees expected to be reinstated after taking a parental leave

Note 2: Retention rate = (Number of employees reinstated who continued to work for more than one year after unpaid parental leave in 2020)/(Number of employees reinstated after unpaid parental leave in 2020). The company's retention rate in 2021 was 100%.

Note 3: Number of employees who were eligible to apply for unpaid parental leave in 2021=number of employees who applied for maternity leave and paternity leave in 2019-2020. There were 41 employees in 2021.

Retirement System

ScinoPharm has established a retirement system for employees in accordance with law. Employees who joined the company on or before June 30, 2005 may opt for the old pension system, in which case the Company contributes at least 2% of employees' monthly salary as pension to their labor pension account. We have also established a Labor Retirement Reserve Supervision Committee to oversee pension operations and management and ensure that the relevant pension reserve is sufficient to cover the pension funds to be paid to employees who are eligible to retire in 2021. For employees who joined ScinoPharm after July 1, 2005, the Company contributes not less than 6% of their monthly salary in accordance with the law. These employees may choose to appropriate 0% to 6% of their salary to their individual pension account.

Employee Health

The Company purchases labor insurance and national health insurance for all employees in accordance with laws and regulations. We also purchase liability insurance, life insurance, medical insurance, and business travel insurance. Employees are given the option to increase their coverage at a lower premium at their own expense, or include their dependents in their insurance policy.

ScinoPharm also helps employees to stay healthy. We cooperated with the Hope-Light Counseling Clinic in Tainan to introduce an employee service program and provide a comfortable counseling environment, in which employees can access professional psychological consultation services in private. Additional resources are offered as well so that employees can use different channels to relieve the stress from work or life. The Company subsidizes employee club activities as a mean of encouraging employees to develop hobbies, engage in leisure fitness activities, and expand their social networks to enrich their life outside of work.

Other Benefits

ScinoPharm is committed to creating a happy workplace and establishing a variety of employee welfare measures. The Company has established the Employee Welfare Committee in accordance with the Employee Welfare Fund Act to provide employees with various benefits. We organize different activities to promote employee relations, and offer them the following incentives and benefits:

Cash gifts and consolation money

Bonuses for the Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year, childbirth cash gifts, wedding cash gifts, injury or illness consolation money, and funeral consolation money

Food and beverage benefits

Cafeteria, light meal station, vending machines

Transportation allowances

Free employee parking, and shuttle buses for daily commutes and for transport to Taiwan High Speed Railway station

In-plant rest facilities

Employee lounge, KTV room, and library

Recreational activities

Employee trips, family day, ScinoPharm art and cultural events, lucky draws (by sharing photos on social media), Watch from Home, outdoor cinema, Play at Home (for pandemic prevention), online year-end banquet event, club activities (Note)

Grants/Subsidies

Subsidies for employee travel, domestic / international continuing education, childcare, childbirth, scholarships for employees and their children, and senior employee bonuses

Discounts at Partnering Businesses

ScinoPharm has partnered with many businesses to provide employees with goods and services at a discounted rate, including 35 restaurants, 6 fashion stores, 33 lodging establishments, 20 health care institutions, 11 entertainment stores, and 9 transportation service providers.

On-site services

Banking, insurance, and many other on-site services

Note: The Company's Welfare Committee funds a variety of employee clubs, including the table tennis club, badminton club, camping club, cycling club, board game club, and softball club.



Badminton Club



Hiking Club



Camping Club



Food/beverage vending machines for employees



Cafeteria



Library

Complete Training System and Diverse Career Development

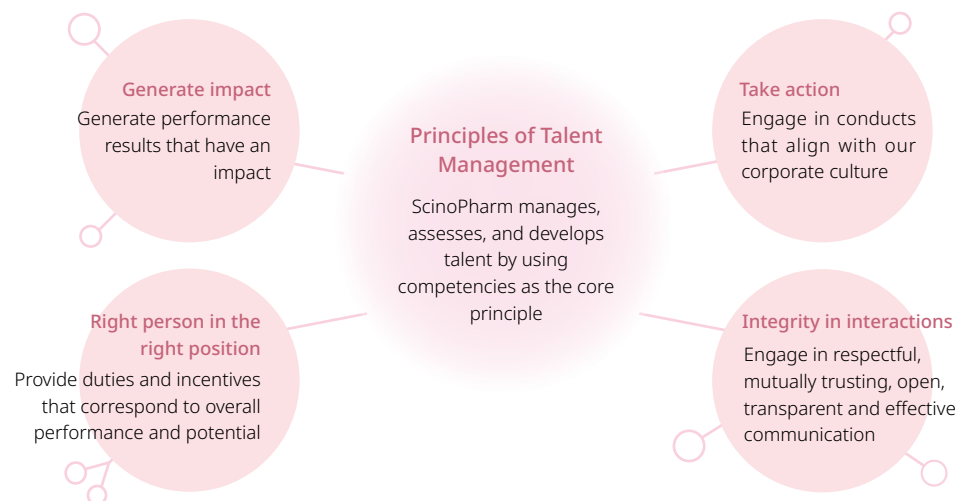
ScinoPharm manages its pool of talents by adhering to the principles of "responsibility, transparency in communication, and putting the right person in the right position," and by placing equal emphasis on "target performance, code of conduct, and employee development." We conduct annual performance evaluations on all employees, including new recruits. Employees (including new employees) are also entitled to employee remuneration. By offering a wide range of training courses, the Company helps employees at all level continuously to improve their productivity and engage in conducts that align with the company's corporate culture and value. Depending on their evaluation results, employees are given either professional guidance or training programs required for their personal career development, and also opportunities to put their knowledge into practice. Diverse learning channels and development resources are made available to employees, including professional occupational training, general skills training, online courses on CGMP and laws and regulations, personal work guidance, etc. In addition, the Company offers educational subsidies to encourage employees to continue their education at a university, thereby improving the professional knowledge and skills of in-service employees.

To build a pool of management talents, the Company has established professional management training (PMT) courses to improve the ability of management at all levels to manage and lead organizational operations. Based on a competency-based system, a learning and development map highlighting the core competency requirements for general staff members has been established. This map helps employees to improve the abilities they need at work, deliver performance, and expand the scope of their work so as to capture more career opportunities in the future.

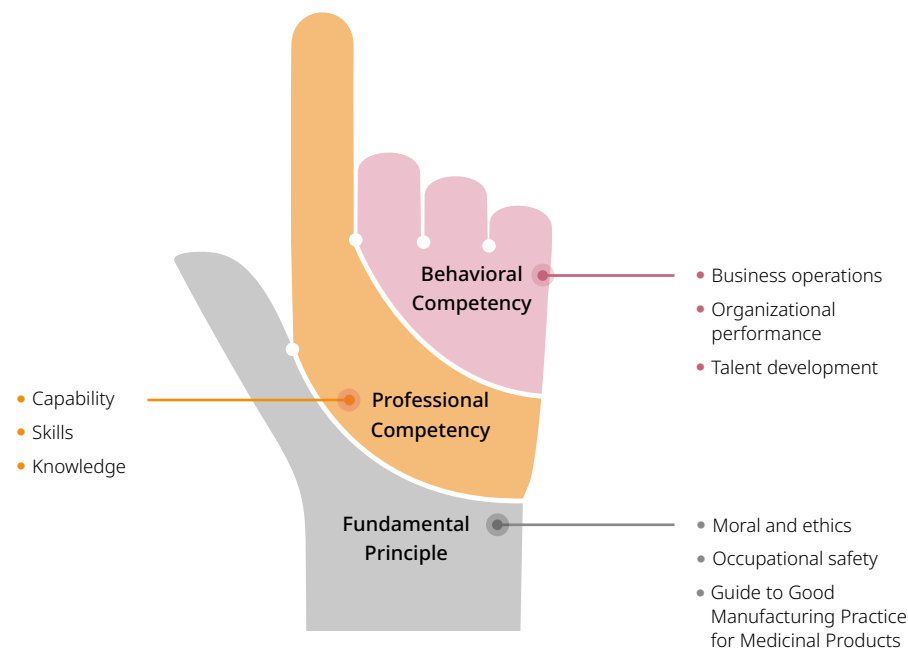
Course designs are aligned with the core values and development strategies of ScinoPharm, placing particular focus on strengthening employee competencies, their professional functionality, and performance evaluation results. ScinoPharm customizes Individual Development Plan for employees. The plan details practical exercises, guidance and interactive learning processes, as well as a complete range of training courses to facilitate employees' adaptive development and career advancement.



Talent Management at ScinoPharm



ScinoPharm's Employee Competency Model



In addition, the Company has a complete reward system and career development roadmap in place to motivate employees to strive for excellence and pursue diverse development. As of December 31, 2021, more than 80% of managers or above were promoted in-house.

Improving individual productivity is important. For this reason, the Company organizes workshops and training programs to improve learning performance. Other training courses on professional knowledge and skills, regulatory compliance, and self-efficacy are also offered.

Professional management training	Basic leadership concepts and techniques, basic management concepts and techniques, labor-related laws and regulations (for executives), organizational management, performance and goal management, problem analysis and solving, conflict management, time management, presentation skills, creative thinking, budgeting and control, trade secrets, and patent protection, etc.
CGMP training	Annual CGMP quality training
Health, safety, and environmental protection training	Workplace health, safety, and environmental protection training, fire-fighting training, CPR training, and annual industrial safety meeting
Professional technical training	Hypoxia operations, forklift operations, specified high-pressure gas equipment, chemical engineering operations, and various testing and analytical instruments
Business-related human rights policy	Employee code of conduct, financial and corporate governance, sexual harassment prevention promotion, and promotion of labor-related laws
Language and other training	Orientation training, language courses, in-house lecturer training, communication skills, target setting, health seminars, compliance with relevant government laws, and industry-related lectures

At ScinoPharm, every employee participates in training activities according to job requirements, personal ability and development needs, and personal interests. Statistics show that 17,877 employees participated in 19,933 hours of training in 2021. Hours of training on CGMP and health, safety, and environmental protection totaled 17,655 hours.

Employee Training Hours in 2021

Item/Gender		Total hours of training (A)	Total number of employees by gender (B)	Average training hours (A/B)
Managerial role	♂ Male	2,738	65	42.12
	♀ Female	698	34	20.53
Non-managerial role	♂ Male	13,937	417	33.42
	♀ Female	2,560	172	14.88

Year	2021			
Category	Total number of attendees	Male	Female	Total hours
Business management	231	139	92	516
CGMP training	13,479	11,503	1,885	14,648
Health, safety, and environmental protection training	2,653	1,814	839	3,007
Professional technical training	1,064	720	344	949
Other	450	270	180	813
Total	17,877	14,446	3,340	19,933

Note: Production line operators are mostly male employees; they must receive training before commencing a new round of production because ScinoPharm manufactures a wide range of products. Therefore, training hours for male employees were longer than female employees.

4.3 Workplace Health Promotion

Workplace Health Promotion Plan and Management

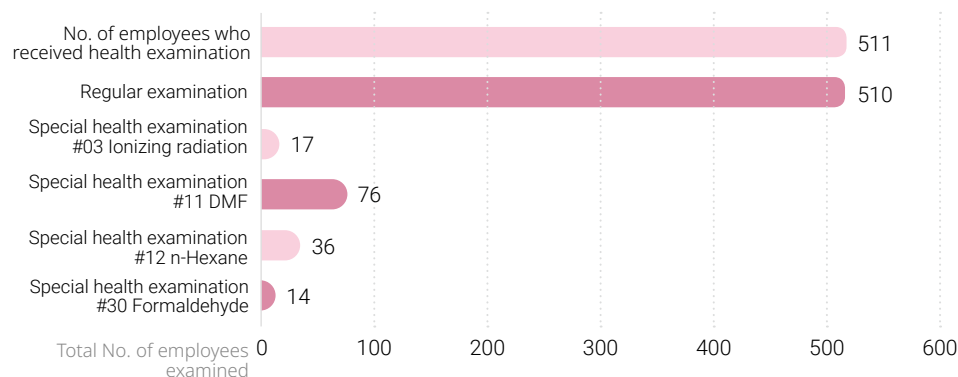
In 1948, the World Health Organization defined health as a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. Health education and health awareness are key to leading a healthy lifestyle. Improving the health of people can be achieved by educating them on health and hygiene practices, promoting healthy behaviors, focusing on mental health, maintaining proper workout routines, engaging in recreational activities, and building a healthy living environment. Under a responsible care framework, ScinoPharm has established a Health Taskforce, which reports to the Sustainability Management Committee. Members of the taskforce regularly host health-promotion activities. On behalf of the organization, the taskforce encourages and motivates employees to exercise regularly and learn to lead a healthy lifestyle. Based on employees' annual health examination results, health promotion plans that meet employee needs are developed and adjusted annually as needed, depending on the effectiveness of the plans. The Company received the Badge of Accredited Healthy Workplace from the Health Promotion Administration of the Ministry of Health and Welfare in recognition of our commitment to employees' health.

Following the global outbreak of COVID-19 at the end of December 2019, ScinoPharm immediately formed a pandemic prevention team to coordinate and oversee emergency response procedures. In coordination with the Guidelines on Business Continuity in Response to the Severe Pneumonia with Novel Pathogens (COVID-19) published by the Central Epidemic Command Center, we set up an internal information communication webpage and designated email to disseminate information and knowledge on the prevention and control of infectious diseases. Furthermore, the Company provided paid vaccination leave as a way of increasing the rate of vaccination to safeguard the health of employees.

Annual Employee Health Examinations

Employees are a company's most valuable assets. Between December 7 and 9 of 2021, our employees underwent their annual health examination in groups. A total of 511 employees had completed their checkups in 2021. We also conducted online surveys on individual and workplace fatigue and musculoskeletal symptom self-assessment to safeguard the health of employees. In addition, a physician was arranged to provide employees with individual consultation services on-site. For employees who experience severe symptoms of work fatigue and musculoskeletal disorders, we send them emails to express our concern and provide suggestions. According to law, special health examinations must be arranged for specific persons who are involved in R&D, quality control, and production operations. In 2021, special health examinations were arranged for those that handle ionizing radiation, dimethylformamide (DMF), n-Hexane, and formaldehyde. If a specific person who is involved in special operations receives a health examination result that necessitates Level-2 management, personal health guidance will be provided by a health professional. Such guidance will include health education on lifestyle changes, balanced diet, proper exercise, and weight loss plans, or work rearrangements if necessary. These employees will follow the follow-up schedules provided by their doctor, and immediate supervisors and health professionals will jointly keep track of their health condition and arrange secondary checkups for them.

2021 Employee Health Examination Results



Workplace Health Promotion Activity

Healthy employees are key to corporate success and sustainability. Therefore, ScinoPharm is committed to employee care and health. The Company conducts case-by-case management for employees with chronic diseases and those in high-risk groups. Our on-site medical room is equipped with a blood pressure monitor, a BMI scale, and forehead thermometers. A health professional will be present to teach and guide employees to measure their body temperatures and perform self-health management. Concurrently, employees are encouraged to lead an active lifestyle and assisted in controlling their BMI and weight; they are constantly reminded that having a correct health concept is key to achieving health promotion goals. Health promotion activities in 2021 included the following:

• Walking exercises around the perimeter of the company	Daily (self-health management)
• Daily blood pressure measurement	Daily (self-health management)
• Health awareness activity on World Hypertension Day	Once a year
• Health awareness activity on World No Tobacco Day	Once a year
• Influenza prevention promotion and vaccination activity	Annually
• On-site consultation service by health professionals	3-Hour session once a month
• Light meals provided by the Welfare Committee	As needed
• Health promotion posters from Public Health Bureau, Tainan City Government	Once a month
• First aid skills training by first aid team	Once a month

Raising Awareness on Maternal Health Protection - Monthly Topics in 2021

JAN	Pregnancy and breastfeeding courses offered at Jianan Psychiatric Center in 2021; laws and regulations related to maternal health protection; pandemic prevention practices (steps to wash your hand)
FEB	Anemia prevention and healthy diet during pregnancy (organized by Health Promotion Administration); laws and regulations related to maternal health protection; pandemic prevention practices (steps to wash your hand and wear a face mask properly)
MAR	Post-marriage and pre-pregnancy health examinations; maternal health protection in the workplace
APR	Pregnancy/childbirth knowledge (32 weeks into pregnancy); maternal health protection in the workplace
MAY	Pregnancy/childbirth knowledge (35 weeks into pregnancy); hypertension prevention; maternal health protection in the workplace
JUN	Pregnancy/childbirth knowledge (37 weeks into pregnancy); maternal health protection in the workplace
JUL	New policy directions as of July 1 (increased number and scope of free prenatal exams for pregnant women)/vaccination against COVID-19 for pregnant women; laws and regulations related to maternal health protection
AUG	New policy directions as of July 1 (application for fertility treatment subsidies); laws and regulations related to maternal health protection
SEP	Health education on the prevention of thermal injury; laws and regulations related to maternal health protection
OCT	Cancer prevention; laws and regulations related to maternal health protection
NOV	State-funded flu vaccination; maternal health protection in the workplace
DEC	Being a vegetarian during pregnancy + Being a vegetarian without developing anemia during pregnancy

Maternal Health Protection and Management

In accordance with the Occupational Safety and Health Act, the Company has established a Maternal Health Protection Plan, which involves performing risk assessments on childbearing, pregnant, and postpartum employees and arranging medical consultation sessions for them. For pregnant or breastfeeding employees whose nature of work involves cytotoxic chemical substances and are advised by their doctor to make alternative work arrangements, they may submit a request to their immediate supervisor for alternative work arrangements during their pregnancy or within one year after childbirth or breastfeeding. Continuous follow-up will be conducted on these employees for a period of one year after birth or after they stop breastfeeding. At the beginning of each month, a nurse will email information on maternal health protection practices and regulations. Supervisors and employees are also reminded to keep the nurse informed so as to facilitate obstetrics and gynecology referrals after a doctor consultation.

Employee First Aid Training

The Company has installed an automated external defibrillator (AED) in early 2015, and encouraged employees to complete training on one of the first aid skills (CPR+AED) every year. Workplace accidents include cerebro/cardiovascular diseases, sudden cardiac deaths, thermal injury, wound treatment and care, chemical splashes, hot fluid burns and scalds, acute sprains, bruises and contusions, and limb fractures. To respond to potential emergency injuries and illnesses in the workplace, the Company established a first aid team in 2019. To date, the team comprises six members. First aiders must complete a topic-based first-aid skills training course; seven topic-based training sessions have been completed as of the end of 2021. Non-first aiders who wish to learn first aid could do so online; 341 employees have completed online tests, for a participation rate of 51%. A security officer in the security control room will call an EHS officer (by dialing 5555) immediately upon receiving an emergency call from an unit at night. The unit will assess the status of injury and call 119 for an ambulance to treat and transport the injured person to a hospital.

On-site Health Service by Occupational Physicians

An occupational physician is arranged to provide onsite medical services once a month to existing employees or new employees whose health examination results were abnormal. These services include chronic disease management, musculoskeletal disorders, and maternal protection health assessment. Onsite inspection of operating environments and simulation of environmental operations after reinstatement are organized as well.



2021 Statistics on Occupational Injuries

Statistics and description of employee performance in workplace safety:

Statistics of Employee Performance in Workplace Safety				
Category	Item	2019	2020	2021
Total work hours	Total hours worked among women	354,240	385,728	405,408
	Total hours worked among men	891,504	958,416	948,576
	Total hours worked	1,245,744	1,344,144	1,353,984
Number of deaths caused by occupational injury	Number of deaths caused by occupational injury among women	0	0	0
	Number of deaths caused by occupational injury among men	0	0	0
	Total number of deaths	0	0	0
Occupational injury-related mortality rate	Occupational injury-related mortality rate among women	0	0	0
	Occupational injury-related mortality rate among men	0	0	0
	Total occupational injury-related mortality rate	0	0	0
Number of severe occupational injuries (excluding number of deaths)	Total number (frequency) of severe occupational injuries among women	0	0	0
	Total number (frequency) of severe occupational injuries among men	1	0	0
	Total number (frequency) of severe occupational injuries	1	0	0
Severe occupational injury rate (excluding number of deaths)	Total severe occupational injury rate among women	0	0	0
	Total severe occupational injury rate among men	0.22	0	0
	Total severe occupational injury rate	0.16	0	0
Number of recordable occupational injuries (including number of deaths and number of severe occupational injuries)	Total number (frequency) of occupational injuries among women	0	3	0
	Total number (frequency) of occupational injuries among men	19	19	8
	Total number (frequency) of occupational injuries	19	22	8
Recordable occupational injury rate (including number of deaths and number of severe occupational injuries)	Total occupational injury rate among women	0	1.56	0
	Total occupational injury rate among men	4.26	3.96	1.69
	Total occupational injury rate	3.05	3.27	1.18

Note 1: Total working hours: Total working hours refer to the total number of hours worked by men and women at ScinoPharm. It is calculated based on the ratio of men to women at ScinoPharm.

Note 2: Occupational injury-related mortality rate = (number of occupational injury-related deaths / total working hours) × 200,000 (based on 50 weeks a year and 40-hour working weeks for every 100 employees).

Note 3: Severe occupational injury rate (excluding number of deaths) = (number of serious occupational injuries / total working hours) × 200,000.

Note 4: Recordable occupational injury rate = (number of recordable occupational injuries / total working hours) × 200,000.

Note 5: Severe occupational injury is defined as work-related injuries that result in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

Note 6: Our engineering contractors did not compile total working hours by gender this year; nevertheless, the statistical method used here will be improved in the future. There were no work-related injury incidents among contractors in 2021.

Item	2019	2020	2021
Describe type of occupational injury	• Contact with chemical substance × 11 • Cuts caused by a sharp object × 3 • Falling × 1 • Collision × 3 • Filter failure × 1	• Contact with chemical substance × 15 • Burn injury × 2 • Muscle strain × 1 • Collision × 1 • Slip and fall × 1 • Cuts caused by a sharp object × 2	• Cuts × 3 • Contact with chemical substance × 3 • Burn injury × 1 • Slip and fall × 1

4.4 Safe Work Environment

ScinoPharm is located in the Southern Taiwan Science Park (STSP). STSP is a key national development area. Before the establishment of STSP, the administrative authority had already conducted a general environmental assessment of the science park and its neighboring areas. In compliance with the Verification Regulations Governing Taiwan Occupational Safety and Health Management Systems (TOSHMS), the Company established an occupational safety and health management system, and followed the Plan-Do-Check-Act (PDCA) principle to implement a safety, health and environmental protection policy, which serves as the guideline and code of conduct for environmental and occupational safety and health management.

ScinoPharm adheres to the CGMP and to the Responsible Care® Initiative of the Taiwan Responsible Care Association (TRCA). The Responsible Care® is a voluntary commitment made by the international chemical industry to continuously improve performances on the environment, health, and safety. The Responsible Care® is implemented by having executives sign a Statement of Commitment, implementing the Codes of Management Practices, conducting self-evaluations, implementing management system verification (MSV), requiring that companies submit HSE Performance Indicators Reports, and having chemical companies share their experiences with implementing Responsible Care® with each other to help companies establish a comprehensive set of safety, health, and environmental systems.



Employee first aid training



Onsite AED device

Emergency Response



Firefighters partake in a plant-wide emergency response drill

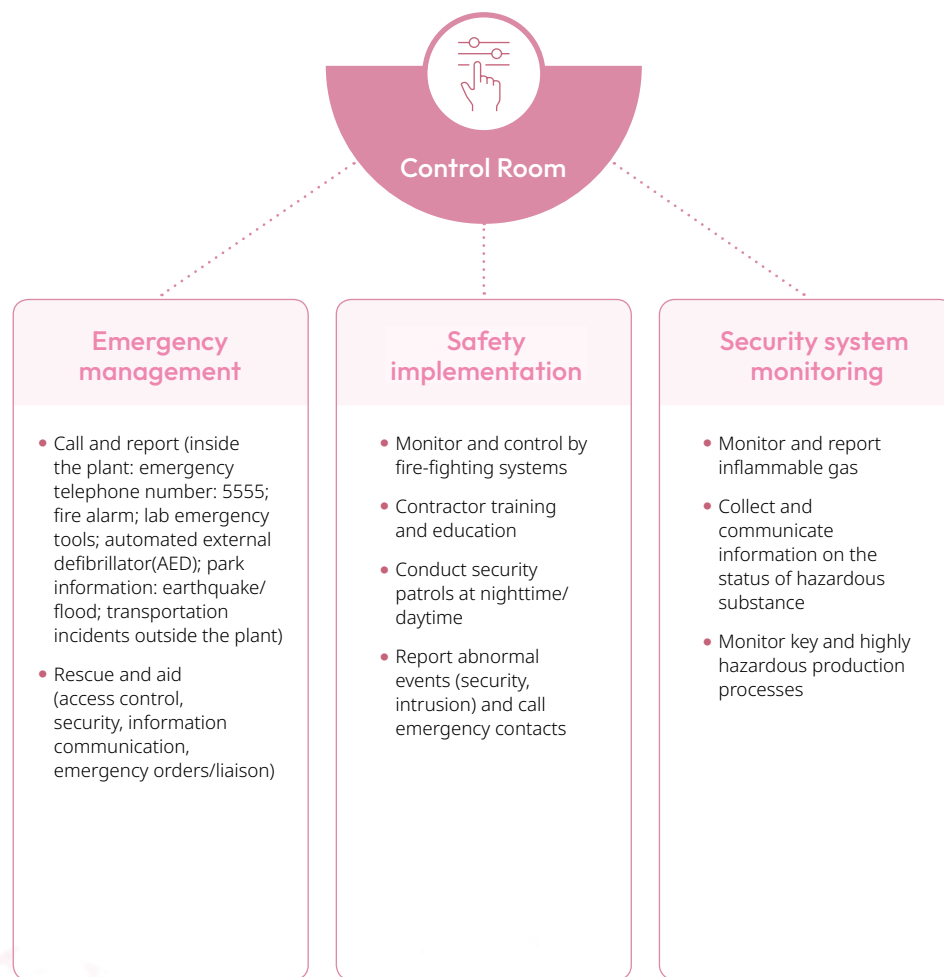


Emergency response personnel participating in an exercise training

In 2005, ScinoPharm established an onsite emergency response team (ERT) and an Emergency Response Room to improve employees' responsiveness to emergency or critical events. The ERT and Emergency Response Room are used to handle chemical and fire hazards within the plant and minimize any crisis-induced damage and subsequent impact. The Emergency Response Room is equipped with a variety of devices and equipment, including SCBA, firefighting clothing, and A-grade protective clothing. Relevant personnel will be notified immediately when an incident occurs, and immediate actions will be taken accordingly.

The ERT is established to ensure that a team of professionals is available at all times to respond to any unexpected emergencies. The ERT conducts monthly fire drills. From time to time, an external fire expert is commissioned to provide fire prevention training at the plant. Topic-based emergency response drills are held regularly to strengthen practical experiences in emergency management. Plant-wide evacuation exercise is conducted during emergency response drills so that all employees can learn the evacuation procedures (e.g., where/how to assemble).

With the aim of improving the emergency response capacity within the plant, we made plans in 2021 to establish a Response Monitoring Center (Control Room). The Center commenced operation in January 2022. We appointed four employees from production and public units, who are knowledgeable about the plant, including its environment and operational status, to be the dedicated personnel in charge of monitoring the plant area. They are also tasked with liaising with units involved in an emergency situation, providing first aid, and assisting the ERT. The three main duties of persons working in the Response Monitoring Center (Control Room) are depicted below:



ScinoPharm seeks to strengthen the rapport between long-term factory-based contractors and our employees during crisis management so as to quickly control and reduce the impact of a disaster. To that end, we require all of our employees and factory-based contractors to undergo firefighting training every year, thereby improving their know-how and responsiveness in the early stage of a fire disaster. In addition, the Company provides each employee with a reminder card, which details the Emergency Reporting and Handling Process, to enhance their understanding of emergency reporting mechanisms and, hopefully, prevent any misjudgments that may otherwise occur when they panic during an emergency.

Timing of emergency response by Control Room and liaising with the ERT



Emergency Reporting Process



Hazard Management of Chemicals and APIs

ScinoPharm produces a wide range of products, which means that we use a wide variety of chemicals. The Company pays attention to the prevention of chemical hazards to ensure personnel safety. Using chemical assessment methods recommended by the laws and regulations of Taiwan, we assess risks according to "health hazard," "distribution," and "usage" and adopt management measures accordingly.

ScinoPharm subsequently adopts the Saturation Vapor Pressure Model to simulate the dispersion of gas or vapor in a working environment and estimate the concentration of chemicals in the air. The results are used to check if exposure is below the permissible limit, thereby ensuring the health and safety of operators. Moreover, a more accurate quantitative model is used to determine the concentration of chemicals in an operational site.

Supplier / Waste Disposal Provider Management and Audit

The Company conducts a questionnaire survey on its suppliers to ensure proper and safe handling by suppliers during the manufacturing and distribution of products. The survey is focused the suppliers' safety, health, and environmental management systems to elucidate the safety, health, and environmental awareness of our suppliers and their managerial capability. Based on the survey results, suppliers, contractors, and waste disposal companies that handle hazardous substances are selected. Onsite inspection of these individuals will be conducted if necessary. In 2021, we completed quality audits on nine suppliers, and audited a waste disposal company once.

Note: Items of supplier quality audit included warehouse, shipment release, quality system, production process, and inspection records.

Procedures for Handling External Complaints

In spirit of the Responsible Care® initiative, ScinoPharm strives to ensure that the entire life cycle of a product is properly handled so as to avoid individual or environmental exposure to pollution. Accordingly, the Company has established relevant work instructions in accordance with the ScinoPharm EHS Management Manual to handle external complaints (from regulatory authorities or neighboring business entities or residents). The scope of application of these work instructions includes the following: reports of smells, smoke, or other environmental or safety concerns, feedback, complaints, or suggestions received from regulatory authorities, neighboring business entities, or residents. These reports are collectively handled by the EHS Department, the Human Resources and Administration Office, and other relevant departments.

Hazardous Machines, Equipment/Instrument Management

To use dangerous machines and equipment in the plant, the Company's Occupational Safety and Health Committee and the construction contractor must inspect the machines/equipment and submit an application for re-inspection and completion inspection by a Labor Inspection Agency. Use of the said machines/equipment is permitted only after a qualification certificate of inspection has been issued. To operate dangerous machines and equipment, all operators must pass relevant training. In addition, procedures for the use of dangerous machines and equipment by operators are provided in the Workplace Safety and Health Rules, which also include safety rules for crane, boiler, and specific high-pressure gas equipment operations.

Process Safety Management

To reduce unacceptable risks from process hazards during R&D and mass production, ScinoPharm adopts a four-stage process hazard analysis (PHA): process hazard analysis in the lab (Lab PHA), inherent hazard analysis (PHA 1), reactivity hazard analysis (PHA 2), and operational hazard analysis (PHA 3). In addition, safety testing and analysis is performed using various laboratory equipment (e.g., differential scanning calorimeters, reaction calorimeters, and adiabatic calorimeters (PHI-TEC II) to assess safety issues caused by thermal hazards of chemical reactions. Drug toxicity prediction software (Derek Nexus and Sarah Nexus for Windows) is used to predict the hazardous effects of chemicals for which there are insufficient toxicological data.

For hazards that may arise from process modifications or engineering changes, change management procedures are adopted to assess and mitigate the potential risks of change. In operational safety control, we have procedures in place for hazardous operations, locking/tagging, and limited space management. Procedures for chemical use, safe inventory, and standard packaging are strictly controlled. A complete range of personal protective equipment has been prepared for operators to ensure their safety when using and storing chemicals.



Personal protective equipment for manufacturing processes



CH5 Social Responsibility

5.1 Giving Back to Society 67

5.1 Giving Back to Society

ScinoPharm values balance between work and life. Apart from encouraging employees to balance career and family, we also attempt to spread the spirit of this concept, hoping to 'work hard and play hard' with our employees in the Southern Taiwan Science Park. For 13 consecutive years, the Company has organized the ScinoPharm Art Forum. In 2021 when COVID-19 continued to spread, the ScinoPharm Art Forum—titled "Embrace change, Shine a Light on Life"—was held online, integrating topics on sustainable development goals (SDGs). Several distinguished guests were invited to host this online seminar, including Jia-Jun Huang—Director of a documentary film Brown Sugar, Qin-Jie Wu—a Taiwanese entomologist, and Laura Liu—co-founder of ONEDAY magazine. These speakers, each with fundamentally different experiences in life, shared stories about their life and talked about their perspectives on life. Hopefully by listening to the personal stories of those speakers, each of whom has rose victorious in their area of expertise, listeners can be inspired to reflect on life in general and on the way of life, and perceive the true meaning of life and the way of life. ScinoPharm has collaborated with AAEON Foundation for many years, making plans each year to exhibit the works and creations of excellent artists in Taiwan. Through these exhibitions, we wish to show our support for local talented artists. The Company has sponsored these art exhibitions in the amount of NT\$25,000 for more than 12 consecutive years. Thanks to our utmost effort in promoting art and cultural living, in 2021, we were honored with the Copper Award at the 15th Arts and Business Award organized by Ministry of Culture of Taiwan.

In the area of education, the Company has been working with the Chemical Society in Taipei since 2011 to set up the ScinoPharm Thesis Scholarship. ScinoPharm has been a sponsor for 10 years, donating up to NT\$100,000 annually to a total of 55 students thus far.

Community care

In 2021, COVID-19 continued to spread around the world, forcing event organizers, including those of charity organizations, to cancel their events and activities. ScinoPharm, nevertheless, organized its own charitable event, purchasing products from social welfare organizations, including Syin-Lu Social Welfare Foundation, Children Are Us Foundation, and Amazing Grace Deaf Bakery. In addition to supporting disadvantaged groups, we also took this opportunity to raise the awareness of our employees on the importance of social welfare organizations. Giving back to local communities has always been at the top of our mind. In 2021, ScinoPharm continued to support the Month of Love at Southern Taiwan Science Park by making donations and caring for local communities.

Emergency Aid

The dramatic surge in local cases of COVID-19 in mid-2021 prompted authorities to enter Level 3 pandemic alert nationwide. The pandemic struck domestic industries, greatly affecting the livelihood of workers and generating the most significant impact at lightning speed. Facing this wave of COVID-19, ScinoPharm collaborated with the Mustard Seed Mission and encouraged employees to donate food care packages (e.g., rice, noodles, canned food) to families whose livelihood was disrupted by the pandemic and help them to overcome this hardship. The Company also donated more than 20,000 feminine hygiene products to disadvantaged individuals, hoping to help women with their most basic needs and to play our part in helping those in need.

Participation in Charitable Activities in 2021

Activity	Resource Input and Results	Number of People/ Organizations Reached	Social Impact
Month of Love at Southern Taiwan Science Park	Donated NT\$12,749	Disadvantaged families under long-term care in Tainan	As a pharmaceutical company, ScinoPharm and other companies in STSP are responsible for taking care of local communities, especially those who have no access to health care because of poverty.
Month of Happiness	Purchased NT\$10,250 worth of products from social welfare organizations	1. Amazing Grace Deaf Bakery 2. Children Are Us Foundation 3. Syin-Lu Social Welfare Foundation 4. Approximately 160 employees of ScinoPharm	Purchasing products from social welfare organizations increases the source of income for disadvantaged groups during the pandemic in 2021.

Activity	Resource Input and Results	Number of People/ Organizations Reached	Social Impact
ScinoPharm Art Forum	NT\$600,000 in funding	The Company has organized this activity for 12 years in a row. This year (2021), we invited Jia-Jun Huang and Qin-Jie Wu, reaching an audience of approximately 50,000 people.	ScinoPharm has been a long-time sponsor of art-related events and activities. The ScinoPharm Art Forum is aimed at enhancing the aesthetics, literacy, and humanistic spirit of people working at STSP. Due to the pandemic, the forum was held online, allowing everyone, inside or outside of Taiwan, to attend this event.
Regular ScinoPharm Art Gallery Exhibitions	NT\$25,000 in sponsorship	Number of people reached Approximately 630 employees of ScinoPharm	ScinoPharm supports local artists by sponsoring public art promotions in Taiwan and organizing painting/ photography exhibitions in our plant.
Good Luck Taiwan!	1. Donated 90 food care packages, worth NT\$45,000 2. Donated more than 20,000 menstrual pads, worth NT\$57,000	1. Mustard Seed Mission 2. Reached 90 families and thousands of women 3. 160 employees of ScinoPharm	The pandemic had greatly affected the livelihood of workers, with many families struggling financially. ScinoPharm collaborated with the Mustard Seed Mission, donating food care and pandemic prevention packages to these families. In addition, we donated feminine hygiene products, hoping to help women with their most basic needs.
ScinoPharm Thesis Scholarship	NT\$100,000	Science and engineering students in universities and colleges	The scholarship encourages students to gain a better understanding of the pharmaceutical and biotechnology industry, thereby facilitating talent development.



ScinoPharm planning its own charitable activity



Donating COVID-19 care packages and feminine hygiene products



The ScinoPharm Art Forum organized for 12 consecutive years



An outdoor cinema organized to enrich the lives of employees after work



The Copper Award of the 15th Arts and Business Award organized by Ministry of Culture of Taiwan



Helping local disadvantaged groups during the Month of Love at Southern Taiwan Science Park

Active social participation

ScinoPharm is an active participant of activities organized by industry-related associations. The Company strives to promote industry development and exchange, by serving as a director or supervisor of various associations and attending and sponsoring events held by these associations. Executives of ScinoPharm are also the supervisor of Taiwan Pharmaceutical Manufacturer's Association and the Taiwan Generic Pharmaceutical Association (TGPA).

Group members

- The Allied Association for Science Park Industries
- Taiwan Pharmaceutical Manufacturer's Association
- Taiwan Pharmaceutical Manufacture and Development Association
- Taiwan Generic Pharmaceutical Association
- Taiwan Parenteral Drug Association
- Taiwan Bio Industry Organization
- Cross-Strait CEO Summit
- Chemical Society Located in Taipei





Appendix

Table of Global Reporting Initiative (GRI) Standards

★ indicates a material topic.

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
GRI102 General Disclosures: Core (2016)	102-1	Name of the organization	About this Report	03	
	102-2	Activities, Brands, Products, and Services	1.4 Scope of Business	12	
	102-3	Location of headquarters	About this Report	03	
	102-4	Location of operations	About this Report	03	
	102-5	Ownership and legal form	1.2 Shareholding Structure	09	
	102-6	Markets served	1.4 Scope of Business	12	
	102-7	Scale of the organization	1.1 Company Profile	09	
	102-8	Information on employees and other workers	4.1 Personnel Overview	45	
	102-9	Supply chain	2.3 Supplier and Contractor Management	28	
	102-10	Significant changes to the organization and its supply chain	About this Report	03	
	102-11	Precautionary principle or approach	1.7 Risk Management	20	
	102-12	External initiatives	About this Report 1.3 Overview of Operations	03 10	
	102-13	Membership of associations	5.1 Social Contribution	63	
2. Strategy					
GRI102 General Disclosures: Core (2016)	102-14	Statement from senior decision-maker	A Message from the Management	04	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
GRI102 General Disclosures: Comprehensive (2016)	102-15	Key impacts, risks, and opportunities	1.7 Risk Management	20	
3. Ethics and Integrity					
GRI102 General Disclosures: Core (2016)	102-16	Values, principles, standards and norms of behavior	1.5 Corporate Governance 1.6 Ethical Management	15 19	
GRI102 General Disclosures: Comprehensive (2016)	102-17	Mechanisms for advice and concerns about ethics	1.6 Ethical Management	19	
4. Governance					
GRI102 General Disclosures: Core (2016)	102-18	Governance structure	1.5 Corporate Governance	15	
	102-22	Composition of the highest governance body and its committees	1.5 Corporate Governance	15	
	102-23	Chair of the highest governance body	1.5 Corporate Governance	15	
	102-24	Nominating and selecting the highest governance body	1.5 Corporate Governance	15	
	102-25	Conflicts of interest	1.6 Ethical Management	19	
	102-35	Remuneration policies	1.5 Corporate Governance	15	
	102-36	Process for determining remuneration	1.5 Corporate Governance	15	
	102-37	Stakeholders' involvement in remuneration	1.8 Communication and Negotiations with Stakeholders	21	
	102-38	Annual total compensation ratio	4.1 Personnel Overview	45	

5. Stakeholder Engagement					
GRI102 General Disclosures: Core (2016)	102-40	List of stakeholder groups	1.8 Communication and Negotiations with Stakeholders	21	
	102-41	Collective bargaining agreements	4.1 Personnel Overview 4.2 Employee Benefits and Care	45 47	
	102-42	Identifying and selecting stakeholders	1.8 Communication and Negotiations with Stakeholders	21	
	102-43	Approach to stakeholder engagement	1.8 Communication and Negotiations with Stakeholders	22	
	102-44	Key topics and concerns raised	1.8 Communication and Negotiations with Stakeholders	21	
6. Reporting Practice					
GRI102 General Disclosures: Core (2016)	102-45	Entities included in the consolidated financial statements	About this Report	03	
	102-46	Defining report content and subject boundaries	About this Report	03	
	102-47	List of material topics	1.8 Communication and Negotiations with Stakeholders	21	
	102-48	Restatements of information	About this Report	03	
	102-49	Changes in reporting	About this Report	03	
	102-50	Reporting period	About this Report	03	
	102-51	Date of most recent report	About this Report	03	
	102-52	Reporting cycle	About this Report	03	
	102-53	Contact point for questions regarding the report	About this Report	03	
	102-54	Claims of reporting in accordance with the GRI Standards	About this Report	03	
	102-55	GRI Content Index	Appendix - Global Reporting Initiative (GRI) Comparison Chart	65	
	102-56	External assurance	About this Report	03	

Topic-specific Standards: 200 Series (Economic Topics)					
★ Economic Performance					
GRI 103 Management approach to economic performance (2016)	103-1	Explanation of the material topic and its boundary	1.3 Overview of Operations 1.8 Communication and Negotiations with Stakeholders	21 10	
	103-2	The management approach and its components	1.3 Overview of Operations	10	
	103-3	Evaluation of the management approach	1.3 Overview of Operations	10	
GRI 201 Topic-specific disclosures (2016)	202-1	Direct economic value generated and distributed	1.3 Overview of Operations	10	
	201-2	Financial implications and other risks and opportunities due to climate change	1.7 Risk Management	20	
	201-3	Defined benefit plan obligations and other retirement plans	4.1 Personnel Overview	45	
	201-4	Financial assistance from the government	1.3 Overview of Operations	10	
Tax					
GRI 207 Topic-specific disclosures of tax (2019)	207-4	Country-by-country reporting	1.3 Overview of Operations	10	
Topic-specific Standards: 300 Series (Environmental Topics)					
★ Energy					
GRI 103 Energy management approach (2016)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 3.1 Health, Safety, and Environmental Protection Policy	21 31	
	103-2	The management approach and its components	3.1 Health, Safety, and Environmental Protection Policy	31	
	103-3	Evaluation of the management approach	3.2 Management and Use of Energy and Resources	34	
GRI 302 Topic-specific disclosures of energy (2016)	302-1	Energy consumption within the organization	3.2 Management and Use of Energy and Resources	34	
	302-4	Reduction of energy consumption	3.2 Management and Use of Energy and Resources 3.3 Management of Greenhouse Gases	34 40	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
Topic-specific Standards: 300 Series (Environmental Topics)					
Water and effluents					
GRI 103 Management approach to water and effluents (2018)	303-1	Interactions with water as a shared resource	3.2 Management and Use of Energy and Resources	34	
GRI 303 Topic-specific disclosures of water and effluents (2018)	303-3	Water Withdrawal	3.2 Management and Use of Energy and Resources	34	
	303-4	Water discharge	3.2 Management and Use of Energy and Resources	34	
	303-5	Water consumption	3.2 Management and Use of Energy and Resources	34	
Emissions					
GRI 305 Topic-specific disclosures of emissions (2016)	305-1	Direct (Scope 1) GHG Emissions	3.3 Management of Greenhouse Gases	40	
	305-2	Energy indirect (Scope 2) GHG emissions	3.3 Management of Greenhouse Gases	40	
★ Waste					
GRI 103 Waste management approach (2020)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 3.4 Pollution Prevention	21 42	
	103-2	The management approach and its components	3.4 Pollution Prevention	42	
	103-3	Evaluation of the management approach	3.4 Pollution Prevention	42	
	306-1	Waste generation and significant waste-related impacts	3.4 Pollution Prevention	42	
	306-2	Management of significant waste-related impacts	3.4 Pollution Prevention 4.4 Safe Working Environment	42 59	
GRI 306 Topic-specific disclosures of waste (2020)	306-3	Waste generated	3.4 Pollution Prevention	42	
	306-4	Waste diverted from disposal	3.4 Pollution Prevention	42	
	306-5	Waste directed to disposal	3.4 Pollution Prevention	42	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
Topic-specific Standards: 300 Series (Environmental Topics)					
★ Environmental Compliance					
GRI 103 Environmental compliance management approach (2016)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 3.1 Health, Safety, and Environmental Protection Policy	22 31	
	103-2	The management approach and its components	3.1 Health, Safety, and Environmental Protection Policy	31	
	103-3	Evaluation of the management approach	3.1 Health, Safety, and Environmental Protection Policy	31	
GRI 307 Environmental Compliance Topic-specific disclosures (2016)	307-1	Non-compliance with environmental laws and regulations	3.1 Health, Safety, and Environmental Protection Policy	31	
Topic-specific Standards: 400 Series (Social Topics)					
Employment relations					
GRI 401 Management approach disclosures of employment (2016)	401-1	New employee hires and employee turnover	4.2 Employee Benefits and Care	47	
	401-2	Benefits provided to full-time employees (that are not provided to temporary or part-time employees)	4.2 Employee Benefits and Care	47	
	401-3	Parental leave	4.2 Employee Benefits and Care	47	
★ Occupational Health and Safety					
GRI 103 Management approach disclosures of occupational health and safety (2018)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 4.4 Safe Working Environment	22 58	
	103-2	The management approach and its components	4.3 Health Promotion and Activities	54	
	103-3	Evaluation of the management approach	4.3 Health Promotion and Activities	54	
	403-1	Occupational health and safety management system	4.3 Health Promotion and Activities	54	
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Health Promotion and Activities 4.4 Safe Working Environment	54 58	
	403-3	Occupational health and safety	4.3 Health Promotion and Activities	54	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
Topic-specific Standards: 400 Series (Social Topics)					
★ Occupational Health and Safety					
GRI 103 Management approach disclosures of occupational health and safety (2018)	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Health Promotion and Activities	54	
	403-5	Worker training on occupational health and safety	4.2 Employee Benefits and Care 4.3 Health Promotion and Activities 4.4 Safe Working Environment	47 54 58	
	403-6	Promotion of worker health	4.3 Health Promotion and Activities	54	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Health Promotion and Activities 4.4 Safe Working Environment	54 58	
GRI 403 Topic-specific disclosures of occupational health and safety (2018)	403-9	Work-related injuries	4.3 Health Promotion and Activities	54	
	403-10	Work-related ill health	4.3 Health Promotion and Activities	54	
★ Training and Education					
GRI 103 Management approach to training and education (2016)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 4.2 Employee Benefits and Care	22 47	
	103-2	The management approach and its components	4.2 Employee Benefits and Care	47	
	103-3	Evaluation of the management approach	4.2 Employee Benefits and Care	47	
GRI 404 Topic-specific disclosures of training and education (2016)	404-1	Average hours of training per year per employee	4.2 Employee Benefits and Care	47	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Employee Benefits and Care	47	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Employee Benefits and Care	47	
Employee Diversity and Equal Opportunity					
GRI 405 Employee diversity and equal opportunity Topic-specific disclosures (2016)	405-1	Diversity of governance bodies and employees	4.1 Personnel Overview	45	
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Personnel Overview	45	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
Non-discrimination					
GRI 406 Topic-specific disclosures of non discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	4.1 Personnel Overview	45	None
Child Labor					
GRI 408 Topic-specific disclosures of child labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	4.1 Personnel Overview	45	None
Indigenous rights					
GRI 411 Topic-specific disclosures of rights of indigenous peoples (2016)	411-1	Incidents of violations involving rights of Indigenous peoples	-	-	None
Local community					
GRI 413 Topic-specific disclosures of local communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	4.4 Safe Working Environment 5.1 Social Contribution	59 62	
Public policy					
GRI 415 Topic-specific disclosures of public policy (2016)	415-1	Political contributions	-	-	None
★ Customer Health and Safety					
GRI 103 Customer health and safety management approach (2016)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 2.1 Product Laws and Regulations	21 26	
	103-2	The management approach and its components	2.1 Product Laws and Regulations	26	
	103-3	Evaluation of the management approach	2.1 Product Laws and Regulations	26	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
★ Customer Health and Safety					
GRI 416 Topic-specific disclosures of customer health and safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	2.2 Product Safety and Consumer Satisfaction	27	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.1 Product Laws and Regulations	26	No violation
★ Marketing and Labeling					
GRI 103 Marketing and labeling management approach (2016)	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 2.1 Product Laws and Regulations	21 26	
	103-2	The management approach and its components	2.2 Product Safety and Consumer Satisfaction 2.3 Supplier and Contractor Management	27 28	
	103-3	Evaluation of the management approach	2.2 Product Safety and Consumer Satisfaction 2.3 Supplier and Contractor Management	27 28	
GRI 417 Topic-specific disclosures of marketing and labeling (2016)	417-1	Requirements for product and service information and labeling	2.2 Product Safety and Consumer Satisfaction	27	
★ Socioeconomic Compliance					
GRI 103 Management approach to socioeconomic compliance (2016)	103-1	Explanation of the material topic and its boundary	1.6 Ethical Management 1.8 Communication and Negotiations with Stakeholders	19 21	
	103-2	The management approach and its components	1.6 Ethical Management	19	
	103-3	Evaluation of the management approach	1.6 Ethical Management	19	
GRI 419 Socioeconomic Compliance Topic-specific disclosures (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	1.6 Ethical Management	19	
★ Innovative Technology and Patents					
GRI 103 Management approach to innovative technology and patents management	103-1	Explanation of the material topic and its boundary	1.8 Communication and Negotiations with Stakeholders 2.4 Innovative Technology and Patents	21 30	

GRI Consolidated Set of Standards/Topics	No.	Disclosed Content of GRI Standards	Corresponding Sections and Chapters	Page Number	Omission/Note
★ Innovative Technology and Patents					
GRI 103 Management approach to innovative technology and patents management	103-2	The management approach and its components	2.4 Innovative Technology and Patents	30	
	103-3	Evaluation of the management approach	2.4 Innovative Technology and Patents	30	
★ Risk Management					
GRI 103 Management approach to risk management	103-1	Explanation of the material topic and its boundary	1.7 Risk Management 1.8 Communication and Negotiations with Stakeholders	20 21	
	103-2	The management approach and its components	1.7 Risk Management	20	
	103-3	Evaluation of the management approach	1.7 Risk Management	20	
★ Corporate Governance					
GRI 103 Management approach to corporate governance	103-1	Explanation of the material topic and its boundary	1.5 Corporate Governance 1.8 Communication and Negotiations with Stakeholders	15 21	
	103-2	The management approach and its components	1.5 Corporate Governance	15	
	103-3	Evaluation of the management approach	1.5 Corporate Governance	15	
★ Ethical Management					
GRI 103 Management approach to ethical management	103-1	Explanation of the material topic and its boundary	1.6 Ethical Management 1.8 Communication and Negotiations with Stakeholders	19 21	
	103-2	The management approach and its components	1.6 Ethical Management	19	
	103-3	Evaluation of the management approach	1.6 Ethical Management	19	

Summary of Assurance Items

Number	Target Information	Applicable Standard	Page
1	In 2021, no fines of NT\$1 million or more that require disclosure of material information in accordance with applicable regulations were imposed by the competent authority in social, economic, and environmental aspects.	As of December 31, 2021, the company did not receive any administrative fines for material violation of environmental laws and regulations, where material violation refers to the material information prescribed in Article 4, Paragraph 1, Subparagraph 26(3) of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.	41
2	Water withdrawal, water discharge, and total water consumption in 2021	According to the company's water usage as shown by the 2021 monthly water meter statistics, and total water discharge calculated monthly by the wastewater treatment unit, and the total water consumption calculated and disclosures in accordance with GRI regulations.	42
3	Electricity generated from solar panels and income for sale of renewable electricity in 2021	The total kWh of electricity generated from rooftop solar panels installed on the Company's administration building and injectable plant and income from sale of renewable electricity to Taipower in 2021, and total carbon reduction calculated using the latest electricity GHG emission factor announced by the Bureau of Energy of Ministry of Economic Affairs.	46-47
4	Total waste declared in 2021	Total industrial waste disposed of in 2021 as registered by the company on the industrial waste reporting and management information system in accordance with competent authority's reporting regulations and the Waste Disposal Act.	48-49
5	Employment rate of persons with physical and mental disabilities in 2021 was higher than statutory standards.	In accordance with the list of special status in labor insurance as disclosed by the company on December 31, 2021, and employment rate calculated using the total number of employees as of December 31, 2021 and compared against the requirements prescribed in Article 38 of the People with Disabilities Rights Protection Act.	51



會計師有限確信報告

台灣神隆股份有限公司 公鑒：

本事務所受台灣神隆股份有限公司（以下稱「貴公司」）之委任，對 貴公司選定 2021 年度永續報告書所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

確信標的資訊與適用基準

有關 貴公司選定 2021 年度永續報告書所報導之績效指標（以下稱「確信標的資訊」）及其適用基準詳列於 貴公司 2021 年度永續報告書第 80 頁之「確信項目彙總表」。前述確信標的資訊之報導範圍業於永續報告書第 3 頁之「報告書範疇與邊界」段落述明。

管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續報告書所報導之績效指標，且維持與績效指標編製有關之必要內部控制，以確保績效指標未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依照確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

- 對參與編製確信標的資訊之相關人員進行訪談，以瞭解編製前述資訊之流程，所應用之資訊系統，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，對確信標的資訊選取樣本進行查詢、觀察、檢查等測試，以取得有限確信之證據。

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此報告不對 2021 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

會計師之獨立性及品質管制規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

本事務所適用審計準則公報第四十六號「會計師事務所之品質管制」，因此維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊在所有重大方面有未依適用基準編製而須作修正之情事。

其它事項

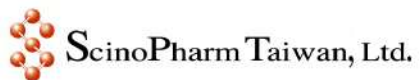
貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資誠聯合會計師事務所

會計師 林 永 智



中華民國 111 年 7 月 28 日



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