

Panion & BF Biotech Inc.

2023 | Sustainability Report



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• About the Report

This Report discloses the 2023 operating performance and future plans of Panion & BF Biotech Inc. (PBF) in accordance with the GRI Sustainability Reporting Standards (hereinafter referred to as the GRI Standards) issued by the Global Sustainability Standard Board (GSSB), revealing PBF's business philosophy and goals for sustainable operation to all stakeholders. In the future, PBF will continue to disclose information related to society, the environment, and corporate governance at all levels, allowing the public to understand PBF's overall operations and prospects for continuous development.

• Reporting Guidelines and Principles

The Report was compiled with reference to the GRI Universal Standards (2021) information disclosure requirements, the Sustainability Accounting Standards Board (SASB) sustainability indicators, and the Task Force on Climate-related Financial Disclosure (TCFD) framework to conform with the United Nations Sustainable Development Goals (SDGs). For details, please refer to the GRI Content Index in Appendix I and the SASB Index in Appendix II of the Report.

• Disclosure Period

The Report discloses PBF's social, environmental, and corporate governance actions and performance; fulfillment of corporate social responsibility; and responses to issues of stakeholder concern during FY2023 (from January 1, 2023, to December 31, 2023).

• Scope of Report GRI 2-2 and GRI 2-4

- Panion & BF Biotech Inc., Taipei HQ (including Longtan R&D Center)
- Cheng Fong Chemical Co., Ltd., Dayuan Plant
- PBF Pingzhen Plant
- PBF Xizhi Plant
- PBF Xike Plant

The financial data presented in the Report cover the consolidated financial statements of the entire parent company. Conversely, the non-financial data achievements focus on the aforementioned production/business bases, and some data include statistics from Longtan R&D Center (e.g., greenhouse gas emissions, population statistics, etc.). For any data revised due to errors generated during the previous reporting period, explanatory notes are provided in the corresponding chapters or sections. This is the first ESG Report compiled by PBF for relevant information disclosure; therefore, matters related to recompilation of the Report are not applicable.

• Information and Data Quality

The statistical data disclosed in the Report are derived from substantial statistics, survey results, and management system data verified and certified by a third-party accreditation organization, and such data are presented using internationally accepted indicators. The financial data are derived from the PBF's publicly released consolidated financial statements that have been audited and attested by KPMG Taiwan, and the presentation unit is the New Taiwan Dollar (NT\$).

• Report Verification GRI 2-5

The Report was compiled based on the requirements stipulated in the GRI Universal Standards (2021), and it conforms to international standards on information disclosure such as the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the United Nations SDGs.

BSI Taiwan (The British Standards Institution Singapore, Taiwan Branch) was entrusted to conduct verification on the Report and issue the Assurance Statement. The verification results showed that the Report complies with GRI Standards and the AA1000AS v3/Type 1/Moderate assurance level.

Relevant information in the Report was collected by each department and reviewed by the department head before being submitted to the Sustainable Development Committee for information compilation, organization, and internal auditing. The final report was subsequently submitted to the Board of Directors for review and approval before publication.

• Report Verification GRI 2-5

PBF's 2023 ESG Report is available for everyone to access. The Report has also been submitted to the GRI Content Index Service under the Universal Standards (2021) as well as the Materiality Disclosure Service.

The Report was published in August 2024 (We will continue to publish the ESG Report on a yearly basis.)

For any questions or comments about the Report, please contact us at :



PIC/S GMP 藥廠

Panion & BF Biotech Inc.

Sustainable Development Committee

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🌐 PBF Corporate Website: <https://www.pbf.com.tw/>

In the post-pandemic era, demographic transformation and corporate net-zero emissions will be the most important sustainable development issues for companies to contend with. In today's globally interconnected environment, companies must create value for all stakeholders and gain stakeholder recognition in order to provide long-term investment value for shareholders.

The pandemic accelerated the evolution of almost all corporate operational environments, changing the way people work and shop. Not only did it create new business opportunities, it also disrupted the development of some industries. Most noticeably, the pandemic dramatically expedited the pace of technology in reshaping daily life and business operations and redefining the relationships between companies, employees, and society.

The Power of Capital and Sustainable Development

Most stakeholders, including shareholders, employees, customers, and even regulatory authorities, expect companies to do their part in realizing the global transition to a low-carbon economy. Companies' ability to effectively navigate the global energy transition in the coming years will influence decisions on capital allocation, as well as the long-term value of their businesses.

With global sustainable investment assets now exceeding US\$4 trillion (about NT\$128 trillion, equivalent to Taiwan's central government budget for 50 years), the world's actions and determination to reduce carbon emissions are on the rise. This is merely the beginning—the structural transformation of sustainable investment is still growing rapidly. Throughout the transition to net-zero emissions, each company and industry will experience certain changes. Will PBF lead this transformation or will it be forced to follow suit?

Companies demonstrate their fulfillment of responsibilities to shareholders through sound environmental, social, and corporate governance practices and policies. Many shareholders and other stakeholders are reexamining their relationships with companies. The power of global capital is also clearly taking an increased interest in the corporate governance of listed companies.

The Rising Significance of Information Disclosure

PBF is concerned about sustainable development not because we are environmentalists, but because we are a listed company. We must be fully aware of how our business makes timely adjustments when the tide turns; therefore, in the future, PBF will establish short-, medium- and long-term targets for greenhouse gas emissions reduction. These targets, along with the quality of programs designed to achieve the targets, will have a crucial effect on the long-term economic well-being of our employees and shareholders. Additionally, PBF will adopt the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations for the disclosure of relevant reporting information, which constitutes an important tool for the Company as it faces the future.

The Government's Full Commitment to Promoting ESG

Capital is powerful enough to shape society, and it is an important catalyst for transformation. However, the Company cannot fight alone. The government must indicate a clear direction through sustainable development policies, regulations, and information disclosure, as well as consistent categorization standards to help companies succeed. Furthermore, the government must also provide support for industries that are affected by the transition—this is integral to the global realization of a low-carbon economy.

This is why PBF is focusing on our long-term development while striving to adapt to this new world. We believe that our efforts will bring long-term revenue for our shareholders and help the environment and society move forward in a better direction.



President Tsung-Ming Chiang

●About Panion & BF Biotech Inc. GRI 2-1

| Company Name | Panion & BF Biotech Inc. (PBF) |
|------------------------|---|
| Date of Establishment | January 1976 |
| Stock Code | 1760 |
| Headquarters | (Block F) 16F, No.3, Yuanqu St., Nangang Dist., Taipei City |
| Major Production Sites | PBF Pingzhen Plant: No. 266, Xinglong Rd., Pingzhen Dist., Taoyuan City PBF Xizhi Plant: 8F, No. 308-6, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City PBF Xike Plant: 6F, No. 53, Nanxing Rd., Xizhi Dist., New Taipei City Cheng Fong Chemical Co., Ltd., Dayuan Plant: No. 19, Gong 4th Rd., Dayuan Dist., Taoyuan City |
| Number of Employees | The total number of employees is 559, including 220 male employees (39.4%) and 339 female employees (60.6%). The majority of employees (84.6% on average) are under 50 years old. (Calculated as of December 31, 2023) |
| Industry | Biotech and Pharmaceutical |
| Public Listing Year | 2018 |
| Paid-in Capital | NT\$857,390,000 |
| Operating Revenue | NT\$1,881,875,000 (2023) |
| Main Products | New drug R&D and pharmaceutical manufacturing and sales Manufacturing and sales of cosmetics Manufacturing and sales of functional foods Manufacturing and sales of test reagents |
| Corporate Website | https://www.pbf.com.tw |

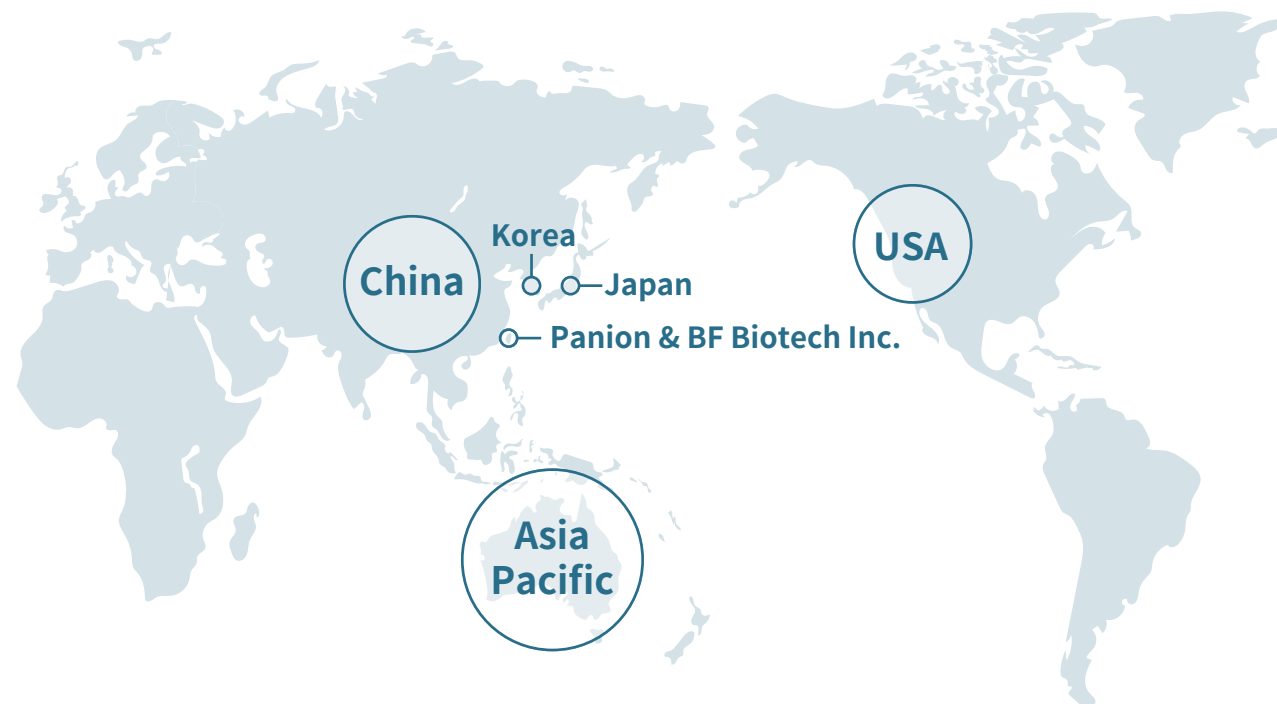
For over 40 years, PBF has been progressively cultivating its pharmaceutical manufacturing and new drug R&D capabilities. With this foundation of pharmaceutical R&D, the Company has employed its innovative R&D capability and spirit of pharmaceutical manufacturing to expand into the anti-aging market in the aesthetics medicine industry. Based on the core business philosophy of “improving human health and quality of life”, PBF has developed four major areas of business – Medical Treatment, Medical Prevention, Medical Diagnostics, and Delaying Aging Process. Based on these areas of development, PBF has expanded into six corporate business units: PBF Taiwan, PBF China, Innovative Medicine, Innovative Diagnostics, Innovative Aesthetics, and Active Pharmaceutical Ingredients (APIs). The Company has continued to cultivate innovative R&D,

insisting on production quality compatible with international standards and establishing high-quality marketing channels while fully committing to business in new drugs R&D, niche generics, APIs, infection control, testing and diagnostics, and cosmeceutical healthcare. Additionally, we are actively working toward internationalization by striving to set foot in both overseas and Greater China markets, with an aim to realize the vision of “enjoying life to the fullest and living to 120” based on the goal of “maintaining dignity and quality of life”.

PBF has now developed into a biotech and pharmaceutical business with diversified operations. Insisting on the highest specifications and the most rigorous standards, PBF aims to become an exemplary national pharmaceutical manufacturer. The Company has obtained the PIC/S GMP (Pharmaceutical Inspection Co-operation Scheme) Certification—the highest international manufacturing standard for pharmaceuticals. Moreover, PBF enhances R&D capacity through continuous introduction of new concepts, new technologies, new methods, and special raw materials. Furthermore, PBF sets the most stringent and specialized pharmaceutical standards for the R&D and manufacturing of consumer and medical cosmetics and health care products, endeavoring to create a healthy and happy life for everyone through the spirit of innovation and advancement in the pharmaceutical industry.

| | |
|-----------------------|--|
| Business Philosophy | Adhering to the business philosophy of “health, sharing and caring”, with the goal of improving human health and quality of life, PBF is committed to ongoing innovation and R&D work to enhance the quality of life and standard of living for everyone, ensuring a healthy, beautiful, and happy life for all. |
| PBF Culture | Equality for all, benefits sharing, innovative reforms, and surpassing goals |
| Commitment and Vision | “PBF believes everyone can live to 120!” PBF improves people’s biological age and appearance with reliable, effective, and comprehensive care from the inside out. Health brings vitality, and beauty builds self-confidence, enabling everyone to lead a wonderful life! |

Product Revenue Information



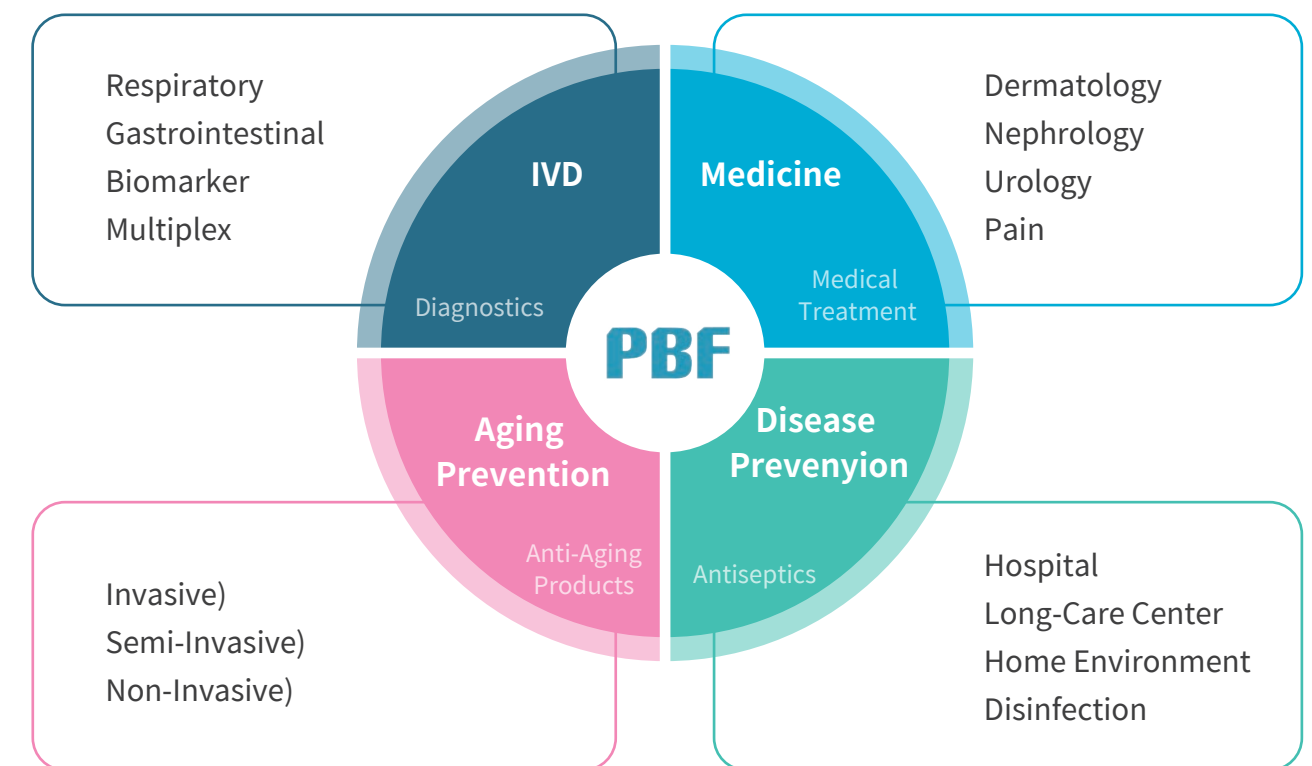
Analysis of the sales regions for PBF's major products showed that Taiwan remained the main sales region in 2023.

Unit : NT\$1000

| Region \ Year | 2021 | | 2022 | | 2023 | |
|-------------------------------------|-----------|---------------|-----------|---------------|-----------|---------------|
| | Amount | Proportion(%) | Amount | Proportion(%) | Amount | Proportion(%) |
| Taiwan | 1,347,947 | 72.32 | 1,878,863 | 78.33 | 1,315,346 | 69.90 |
| United States | 320,000 | 16.83 | 401,088 | 16.72 | 405,235 | 21.53 |
| Mainland China, Hong Kong and Macau | 185,619 | 9.76 | 109,790 | 4.58 | 146,842 | 7.80 |
| Other | 20,645 | 1.09 | 8,907 | 0.37 | 14,452 | 0.77 |
| Total | 1,901,211 | 100 | 2,398,648 | 100 | 1,881,875 | 100 |

In the future, Taiwan's pharmaceutical market will continue to grow at a rate of more than 6% annually due to the aging population, population growth, and National Health Insurance policies. Internationally recognized as the most stringent pharmaceutical standard, the PIC/S GMP Certification is a complete GMP quality management system that covers even the management at the early stage of product development. In addition to strictly requiring detailed information such as laboratory records of drugs, and the site inspection and quality control for raw materials and pharmaceutical plants, the system also regulates the comprehensive and periodic environmental monitoring and risk assessment tasks, with an aim to ensure the efficacy and safety of drugs. The government's policy of demanding pharmaceutical companies to upgrade their PIC/S GMP Certification will accelerate the consolidation of domestic pharmaceutical companies, which will in turn foster the development of specialization in the pharmaceutical industry.

PBF Product Category



1. Stakeholder Identification GRI 2-29

PBF identifies the company's major stakeholders through the five principles of the AA1000 Stakeholder Engagement Standard 2015: Dependency, Influence, Responsibility, Diverse Perspectives, and Tension, screening them according to their significance. Based on the results, the significance of economic, environmental, and human rights (social) impacts of relevant material issues are further assessed, which serves as the basis for strategic planning of sustainable development as well as information disclosure in the Report. The following six main categories of stakeholders were identified: employees, media, suppliers, customers (patients and healthcare personnel), shareholders and investors, and competent authorities. Stakeholders' demands are the keys to a company's sustainability and success. PBF communicates with stakeholders, understands their needs and expectations, and responds accordingly to not only assist the Company in reviewing and planning short-, medium-, and long-term strategies, but also create value for stakeholders, thus opening up new business opportunities for sustainable operations.

The Company attaches great importance to the needs and expectations of stakeholders. Relevant mechanisms, along with diversified, open, and transparent communication channels have also been established to facilitate interaction with major stakeholders. These channels include the corporate website, annual shareholders meetings, investor conferences, investor hotline and mailbox, customer visits, corporate visits, participation in external associations or organizations, and the organization of and participation in briefing sessions and symposiums. The purpose of these communication channels is to gain a practical understanding of the issues of concern to stakeholders and stakeholders' suggestions.

| Stakeholder | Major Issues of Concern | Communication Channel and Frequency |
|-------------|---|---|
| Employees | Labor Management | Regularly |
| | Human Resource Development | Labor-management meetings, monthly/weekly meetings and labor representative meetings at each plant |
| Employees | Occupational Safety and Health | Occasionally |
| | Financial Risk | Direct supervisors, HR specialists, bulletin board, employee mailbox, employee forums, employee grievance channels, training programs, and policy dissemination meetings. |
| Employees | Legal Compliance and Internal Audit and Control | |
| | Corporate Governance | |
| Employees | Process Safety | |
| | Disease Outbreak/Health Crisis | |

| Stakeholder | Major Issues of Concern | Communication Channel and Frequency |
|---|---|--|
| Media | Board Governance | Regularly |
| | Financial Risks | Investor conference (twice in 2023) |
| Media | Corporate Social Responsibility/Sustainable Development | Occasionally |
| | | Spokesperson hotline and mailbox, press releases, Market Observation Post System (MOPS) |
| Suppliers | Supply Chain Standards | Regularly |
| | Raw Material Procurement | Regular supplier meetings; audits, evaluations, and counselling for suppliers. |
| Suppliers | Raw Material Price Volatility Risks | Occasionally |
| | Anti-corruption | Supplier grievance channels, technical seminars |
| Customers (patients and healthcare personnel) | Insufficient R&D Technology and Product Innovation | Regularly |
| | Information Security | Internal quality and review meetings, customer satisfaction surveys |
| Customers (patients and healthcare personnel) | Packaging Materials and Waste | Occasionally |
| | Medical Waste Management | Business visits, various business meetings, technical seminars |
| Shareholders and Investors | Board Governance | Regularly |
| | Shareholder Relations | Shareholders meeting (once per year), Board meetings (six times in 2023), annual report (once per year), ESG Report (at the annual investor conference), financial reports (quarterly) |
| Shareholders and Investors | Financial Risks | Occasionally |
| | | Investors section on the corporate website |
| Competent Authorities | Anti-corruption | Occasionally |
| | Legal Compliance and Internal Audit and Control | Market Observation Post System (MOPS), official documents, policy dissemination meetings, audit and visits by competent authorities |
| Competent Authorities | Financial Changes and Risks | |
| | Greenhouse Gas Emissions | |
| Competent Authorities | Toxic Chemicals, Wastewater Discharge, and Waste | |
| | Packaging Materials and Waste | |
| Competent Authorities | Medical Waste Management | |
| | Environmental Impact | |
| Competent Authorities | Earthquakes and Fires | |

2. Material Topic Analysis GRI 3-1, GRI 3-2 and GRI 3-3

PBF has followed GRI standards and the four principles of Inclusivity, Materiality, Responsiveness and Impact detailed in the AA1000 Accountability Principles to identify the material issues related to the Company's operations. Moreover, by following GRI Standards 2021 and referring to the specific issues of international sustainability standards such as SDGs, TCFD, and SASB, PBF screened a total of 32 sustainability issues as the basis for stakeholder communication and feedback. After listening attentively to stakeholders, gaining practical understanding, and analyzing their needs and expectations, PBF further assessed the significance of the material issues' impacts on the economy, the environment, and society. The assessment results have served as the basis for the Company's planning of sustainable development strategies as well as the foundation for the Report's information disclosure.

✓ Collecting Sustainability Issues

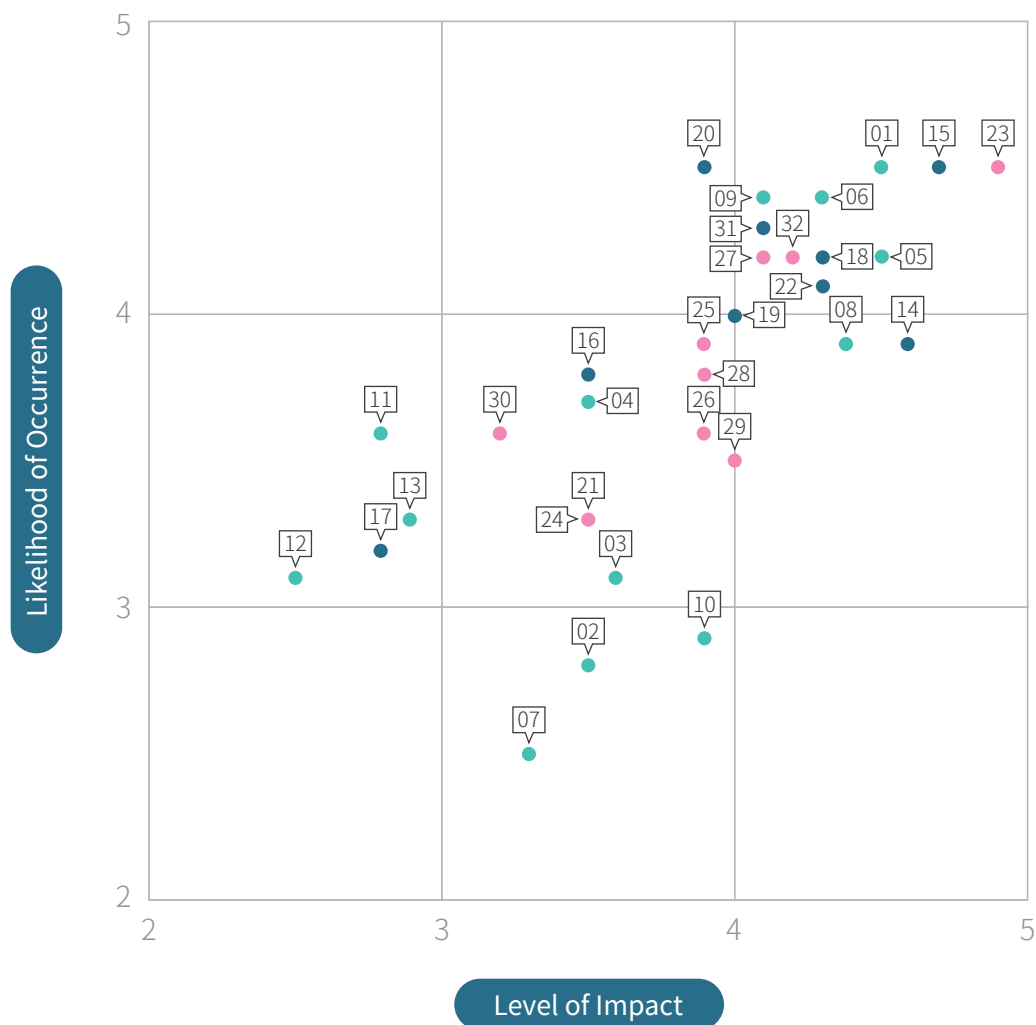
| Environment (E) | Society (S) | Corporate Governance (G) |
|---|---|---|
| 1. Greenhouse Gas Emissions | 14. Labor Management | 23. Board Governance |
| 2. Product Carbon Footprint | 15. Human Resource Development | 24. Shareholder Relations |
| 3. Environmental Impact | 16. Occupational Safety and Health | 25. Financial Risks |
| 4. Earthquakes and Fires | 17. Supply Chain Standards | 26. Anti-corruption |
| 5. Pressure due to Water and Electricity Shortages | 18. Product Quality and Safety | 27. Legal Compliance and Internal Audit and Control |
| 6. Raw Material Procurement | 19. Process Safety | 28. Financial Changes and Risks |
| 7. Biodiversity and Land Use | 20. Raw Material Price Volatility Risks | 29. Economic Slowdown |
| 8. Toxic Chemicals, Wastewater Discharge, and Waste | 21. Failure of Implementation or Strategic Communication | 30. Geopolitical Risks |
| 9. Packaging Materials and Waste | 22. Corporate Social Responsibility/Sustainable Development | 31. R&D Technology and Product Innovation |
| 10. Medical Waste Management | | 32. Information Security |
| 11. Opportunities for Renewable Energy | | |
| 12. Opportunities for Green Building | | |
| 13. Disease Outbreak/Health Crisis | | |

✓ Quantifying the Questionnaire Results

The results of the stakeholder questionnaire were referenced to determine whether the materiality of the issues required adjustment. The results are shown in the table below :

The Sustainable Development Committee Taskforce determined the order of the material issues based on the level of impact and the likelihood of occurrence, then selected 13 material issues that bring economic, environmental, and social impacts. The material issues' response strategies; short-, medium-, and long-term goals; achievements and performance; and management guidelines are described in the Report in accordance with each issue's reporting requirements. The questionnaire helped PBF identify and assess various risks more effectively and collect valuable suggestions for improvements from a departmental perspective, thereby enhancing strategies for overall risk management and sustainable development. This is crucial for the long-term stability and growth of the company. (Issues classified as having an impact and likelihood of occurrence of level 4 or above are identified as material issues.)

| Environment (E) | Society (S) | Corporate Governance (G) |
|--|---|---|
| Greenhouse Gas Emissions | Labor Management | Board Governance |
| Pressure due to Water and Electricity Shortages | Human Resource Development | Legal Compliance and Internal Audit and Control |
| Raw Material Procurement | Product Quality and Safety | R&D Technology and Product Innovation |
| Toxic Chemicals, Wastewater Discharge, and Waste | Corporate Social Responsibility/Sustainable Development | Information Security |
| Packaging Materials and Waste | | |



The Sustainable Development Committee Taskforce then assessed the impact of the 13 material issues on the economy, the environment, and society; conducted a comprehensive assessment of the actual/potential and positive/negative impact and likelihood of occurrence of such impacts; and compiled the results.

Quantifying the impact :

Various issue-related units rated the material issues' positive and negative economic, environmental, and corporate governance impacts on a scale of 1–5 points. The results were then compiled by the Sustainable Development Committee Taskforce, with examples shown in the tables below :

| Material Issue | Environment | | | |
|--------------------------|-----------------|----------|--------------------------|----------|
| | Level of Impact | | Likelihood of Occurrence | |
| | Positive | Negative | Positive | Negative |
| Greenhouse Gas Emissions | 4 | 2 | 4 | 5 |

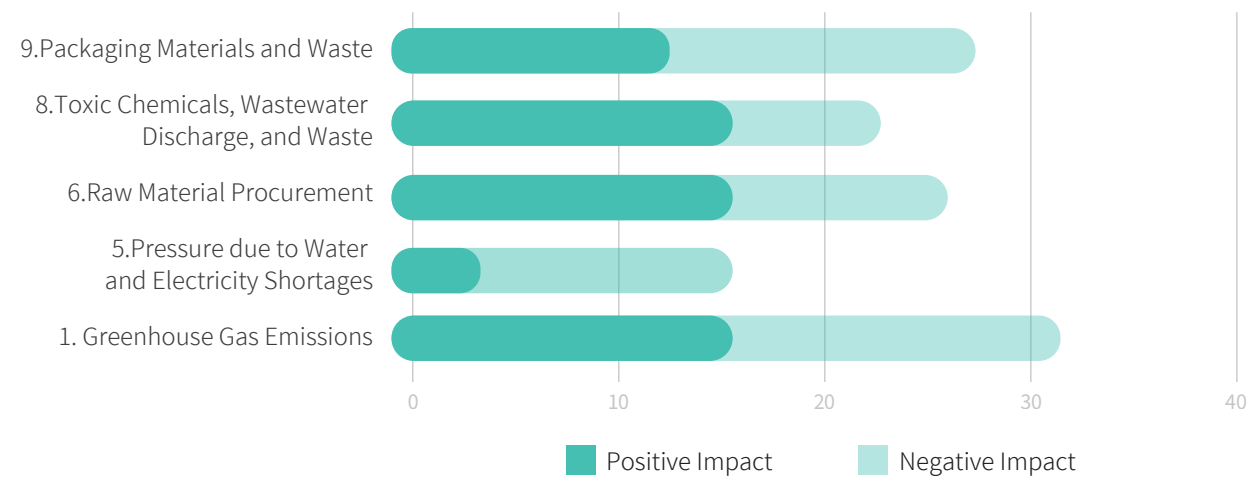
| Material Issue | Society (or Human Rights) | | | |
|------------------|---------------------------|----------|--------------------------|----------|
| | Level of Impact | | Likelihood of Occurrence | |
| | Positive | Negative | Positive | Negative |
| Labor Management | 5 | 3 | 4 | 2 |

| Material Issue | Corporate Governance | | | |
|------------------|----------------------|----------|--------------------------|----------|
| | Level of Impact | | Likelihood of Occurrence | |
| | Positive | Negative | Positive | Negative |
| Board Governance | 5 | 3 | 5 | 3 |

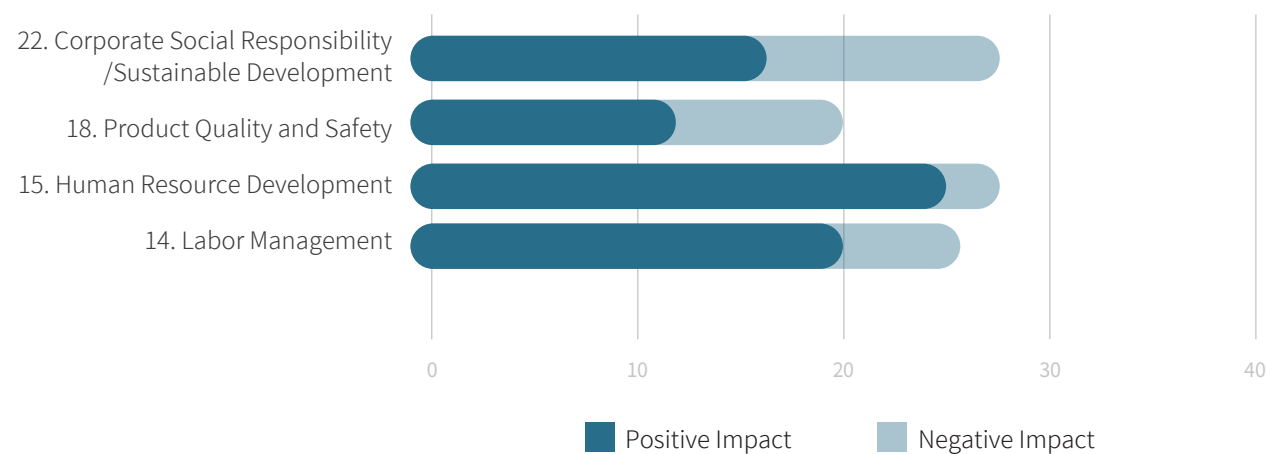
(2)Determining the impact order :

After calculating the 13 material issues' quantitative impacts and comprehensively considering the management team's suggestions, the Sustainable Development Committee Taskforce obtained the assessment results, which are illustrated in the charts below :

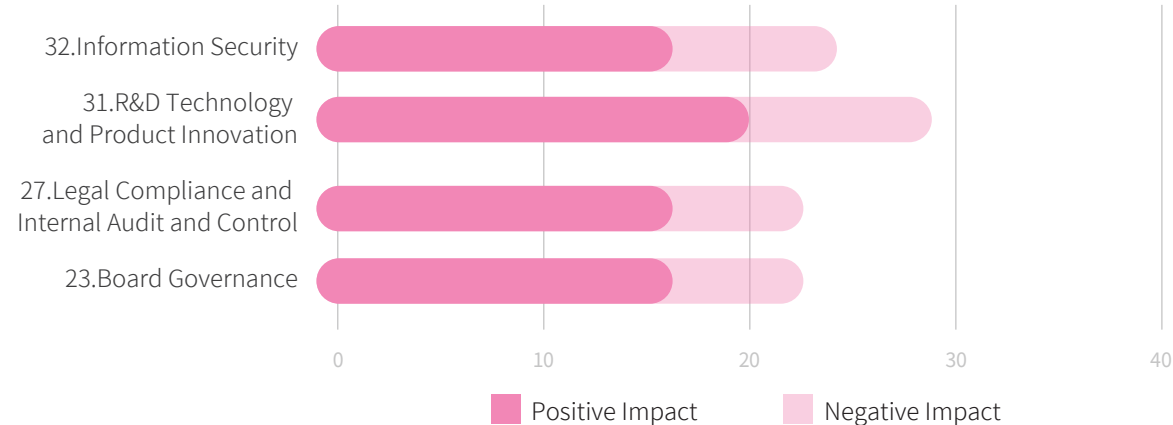
Environment (E)



Society (S)



Corporate Governance (G)



A total of 13 material issues were identified for 2023. The significance of these 13 material issues to PBF is as follows :

| Dimension | Material Issue | Actual and Potential Positive Impacts on PBF |
|-----------------|--|---|
| Environment (E) | Greenhouse Gas Management | Greenhouse gas emissions reduction is a global trend for environmental protection. The greenhouse gas inventory results are quantified through a supervisory report to promote the control and reduction of greenhouse gas emissions. |
| | Pressure due to Water and Electricity Shortages | PBF is committed to reducing energy consumption in business operations to achieve the goal of energy conservation and appreciating the earth. Energy resource management is the strategy and driving force for sustainable business operations, and institutionalized management promotes environmental performance for energy conservation. |
| | Raw Material Procurement | To minimize the Company's carbon footprint, PBF has opted for local procurement whenever possible and promotes recycling and reuse of materials. The Company actively responds to each environmental issue and integrates protection measures into R&D and manufacturing processes, products, and services. |
| | Toxic Chemicals, Wastewater Discharge, and Waste | Implementation of the environmental management system into business operations requires PBF to reduce waste, pollution and greenhouse gas emissions, conserve resources, and promote other environmental protection practices. This will enable PBF to make positive environmental changes while achieving business goals. |
| | Packaging Materials and Waste | Introducing green design concept at all stages of the product lifecycle reduces environmental impact and realizes product responsibility and consumption. |
| | | |
| Society (S) | Labor Management | PBF sees employees as its most important partners, therefore great importance is attached to their working environment, development, and employee care. The Company has established a variety of internal communication channels in the hope of creating a better working environment for employees. |
| | Development | Long-term talent development is PBF's ultimate goal. Talent is trained from scratch, paired with comprehensive supporting mechanisms and talent cultivation planning, with an aim to accelerate the growth of their vision and ability. |
| | Product Quality and Safety | Starting from the initial stage of product development, PBF strictly requires detailed information about its products, such as drug laboratory records. In addition to PBF's quality requirements and specifications for raw materials from the source, competent authorities also conduct site inspections and quality control of pharmaceutical plants, as well as comprehensive and periodic environmental monitoring and risk assessment, with an aim to ensure the efficacy and safety of drugs. |
| | Corporate Social Responsibility /Sustainable Development | PBF adheres to the core sustainability concept of "dedication to building a better society". Aside from upholding this concept as a leader in the health food industry, PBF also hopes to build a better society through continuous efforts. |

| Dimension | Material Issue | Actual and Potential Positive Impacts on PBF |
|--------------------------|---|--|
| Corporate Governance (G) | Board Governance | The shareholders meeting holds the ultimate decision-making authority within the Company, whereas the Board of Directors, led by the Chairman of the Board, is responsible for the execution and supervision of the company's operations. |
| | Legal Compliance and Internal Audit and Control | PBF has established the Procedures for Ethical Management and Guidelines for Conduct, which clearly defines improper gains and unethical behavior and specifies relevant preventive measures, strictly prohibiting personnel from engaging in any illegal or unethical behavior. The Company also prevents unethical business practices through the audit mechanism of the internal audit unit. |
| | R&D Technology and Product Innovation | PBF's business sectors include complete product lines for western medicine, APIs, cosmetics, nutritional supplements, infection control (cleaning and disinfection), veterinary products, and testing and diagnostics. PBF continues to introduce new technologies, deepen R&D capabilities, and integrate upstream and downstream industries to actively expand the Company's presence in domestic and international markets. The process cycle is improved through the conceptual model of Plan – Do – Check – Act (PDCA). |
| | Information Security | To strengthen the company's information security management and ensure the security of data, systems, and networks, PBF has established the Information Security Team under the Sustainable Development Committee. |

Scope of Material Issue Impact ● Direct Impact ◎ Indirect Impact ○ Business Relationships

| Dimension | Material Issue | Material Topics | Corresponding Chapter | Engagement Level and Scope of Impact | | | | | |
|-------------|---|-------------------------------|--|--------------------------------------|---------------------|---|-----------|-----------|-------|
| | | | | Shareholders and Investors | Competent Authority | Customers (Patients and Healthcare Personnel) | Suppliers | Employees | Media |
| Environment | Greenhouse Gas Emissions | GRI 305 Emissions | 3.1 Climate Change and Greenhouse Gas Management 3.4 Plant Energy Conservation Improvement Measures | | ● | | ● | ● | ◎ |
| | Pressure due to Water and Electricity Shortages | GRI 302 Energy | 3.3 Water Resource Management | ● | ● | ● | ◎ | ● | ◎ |
| | Raw Material Procurement | GRI 204 Procurement Practices | 2.3 Supply Chain Management | ● | ● | ● | ◎ | ● | |

| Dimension | Material Issue | Material Topics | Corresponding Chapter | Engagement Level and Scope of Impact | | | | | |
|----------------------|--|--|--|--------------------------------------|---------------------|---|-----------|-----------|-------|
| | | | | Shareholders and Investors | Competent Authority | Customers (Patients and Healthcare Personnel) | Suppliers | Employees | Media |
| Environment | Toxic Chemicals, Wastewater Discharge and Waste | GRI 303 Water and Effluents | 3.2 Waste Management 3.3 Water Resource Management | ◎ | ◎ | ● | ◎ | ● | |
| | Packaging Materials and Waste | GRI 306 Waste | 3.2 Waste Management | | | | ● | ● | |
| Society | Labor Management | GRI 401 Employment GRI 405 Diversity and Equal Opportunity | 4.1 Employee Structure & Human Rights 4.3 Employee Remuneration and Benefits | ◎ | ● | ● | ◎ | ● | |
| | Human Resource Development | GRI 404 Training and Education | 4.2 Diversification Through Talent Cultivation and Development | ◎ | ◎ | ◎ | | ● | |
| | Product Quality and Safety | GRI 202 Market Presence GRI 405 Diversity and Equal Opportunity | 2.1 Product Quality and Responsibility 2.2 Innovative R&D and Access to Medicines | ● | ● | ◎ | | ● | |
| | Corporate Social Responsibility/ Sustainable Development | - | Message from the Chairman | | ● | ● | ◎ | ● | ◎ |
| Corporate Governance | Board Governance | GRI 2 Governance GRI 201 Economic Performance | 1.1 Corporate Governance 1.2 Corporate Operating Performance | ● | ◎ | ● | ● | ● | ◎ |
| | Legal Compliance and Internal Audit and Control | GRI 2-27 Compliance with laws and regulations | 1.3 Ethical Management and Legal Compliance | ● | | ● | ● | ◎ | |
| | Insufficient R&D Technology and Product Innovation | - | 2.1 Product Quality and Responsibility 2.2 Innovative R&D and Access to Medicines | ● | ◎ | ● | | ● | |
| | Information Security | GRI 418 Customer Privacy | 1.4 Information Security Management | ● | | ● | | | ◎ |

01

Corporate Operations and Governance



“A beautiful life for everyone” is PBF’s corporate vision. The Company is committed to incorporating the spirit of professional pharmaceutical manufacturing, innovation, and advancement into everyone’s lives, while continuously introducing new technologies and deepening R&D capability. By integrating upstream and downstream industries, PBF actively expands its presence in domestic and international markets.

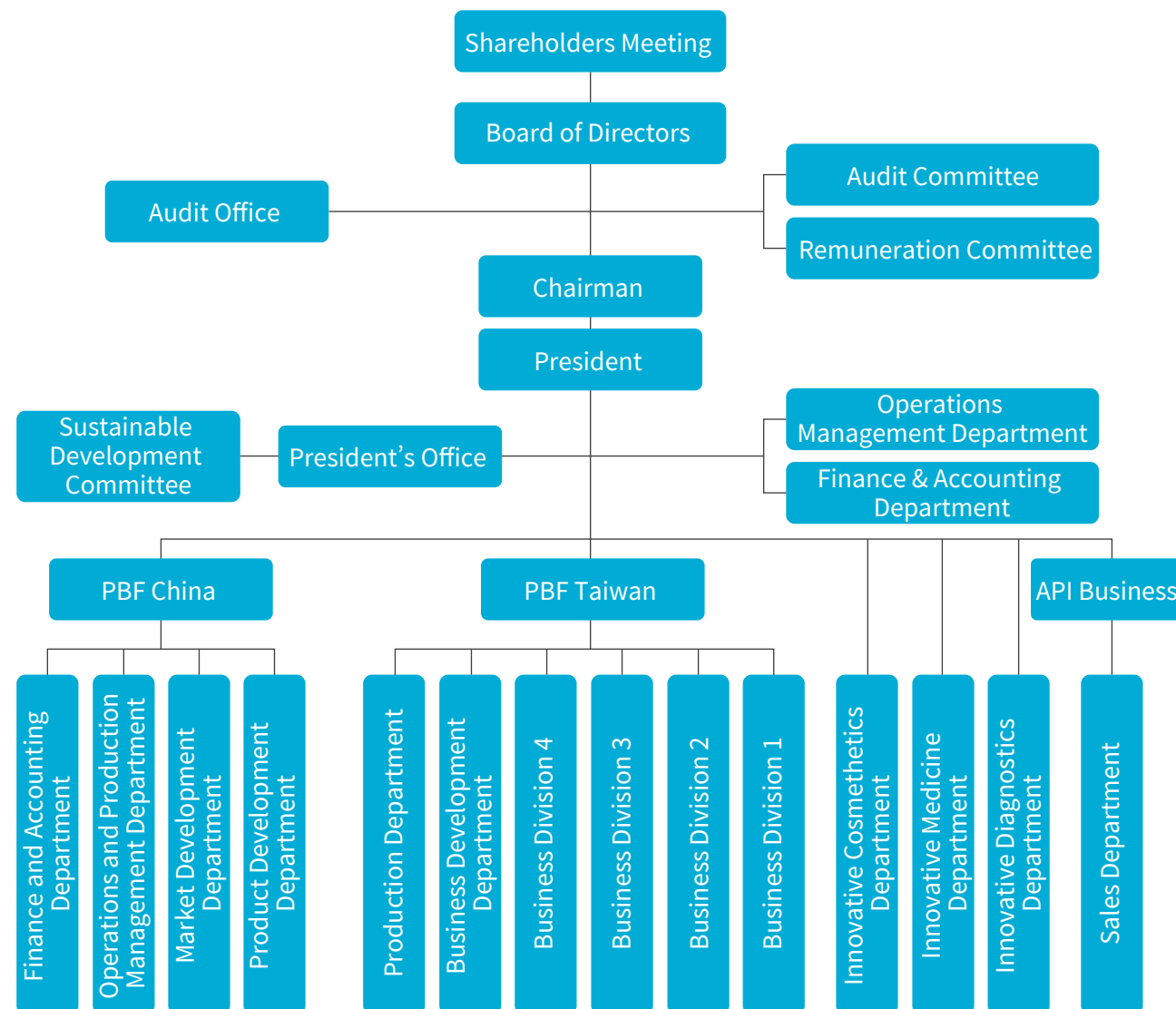
| Material Topic | Board Governance | |
|----------------------------------|---|---|
| Policy/Strategy | PBF adheres to corporate governance practices and implements them in its business operations. The Company insists on the transparency of operations and information, and emphasizes the rights and interests of stakeholders. | |
| Management Assessment Mechanisms | The establishment of a governance organization and the implementation of internal control mechanisms. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Board Structure | The current board consists of 9 directors, including 3 independent directors (33.33%) and 1 female director (11.11%). | Independent directors and female directors account for at least 45% and 25% of the Board, respectively. |
| Corporate Governance Evaluation | Ranked among the top 66–80% in the corporate governance evaluation. | Rank among the top 50% in the corporate governance evaluation. |

| Material Topic | Legal Compliance and Internal Audit and Control | |
|---|--|-----------------------------------|
| Policy/Strategy | PBF has established a legal compliance unit to closely monitor the formulation and development of laws and regulations that may impact the Company. The unit has also establish a system to evaluate the Company’s compliance with laws, policies, and regulations, and it is responsible for assisting each department in implementing various regulations. | |
| Management Assessment Mechanisms | The establishment of a governance organization and the implementation of internal control mechanisms will ensure that all personnel and operations of the Company comply with relevant laws and regulations. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Corruption incident | In 2023, there was no reported violations of corporate governance, anti-corruption, or fair trade laws. | No corruption incidents reported. |
| Penalty fines issued by competent authority | In 2023, PBF was fined NT\$17,500 for violating environmental protection laws. | No penalty fines reported. |

| Material Topic | Information Security | |
|----------------------------------|---|---|
| Policy/Strategy | Maintain the high-availability of the Company’s information systems and the security of the information environment; protect trade secrets; and prevent the improper use, disclosure, modification, and destruction of the information system and its data. | |
| Management Assessment Mechanisms | To strengthen the company’s information security management and ensure the security of data, systems, and networks, PBF has established the Information Security Team under the Sustainable Development Committee. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Information security incident | In terms of information security for each department in 2023, there were no reports of incidents jeopardizing the information security of the Company, and there were no complaints from external parties that were deemed valid after verification by the Company. | No violation of information security-related laws and regulations, and no occurrence of information security incidents. |

1.1 Corporate Governance

1.1.1 PBF Organizational Structure GRI 2-9



Job functions of major departments

| Major department | Main responsibilities |
|-----------------------------------|--|
| Audit Office | Audits the Company's internal rules, regulations, and internal control system, and provides suggestions for improvement. |
| President's Office | Assist, the President in overseeing the Company's operations, aligning with operational goals, conducting management analysis, directing and supervising the business of each department, issuing meeting notices, preparing related meeting information and documents, and managing intellectual property. In addition, the Sustainable Development Committee is under the supervision of the President's Office. |
| Operations Management Department | Responsible for legal affairs, stock affairs, document management, human resources development, general affairs, information, material procurement, and supply chain management. |
| Finance and Accounting Department | Oversees the Company's annual budget allocation, funding utilization and adjustment, accounting, cost management, tax processing, and evaluation of investment transfers; also assists subsidiaries in their financial management. |
| Innovative Diagnostics Department | Responsible for test reagent market research and analysis, and product development, production control, testing, quality assurance, raw material procurement, and machine maintenance, as well as the warehouse management of test reagents. |
| Innovative Medicine Department | Responsible for the development, analysis, and license management of new drug projects, as well as business involving sports medicine. |
| Innovative Cosmetics Department | Responsible for the development of innovative cosmetics and medical devices for aesthetic treatments, including anti-aging cosmetics and non-invasive / minimally-invasive anti-aging cosmetics and medical devices. |
| API Business | Responsible for the production and R&D of APIs to provide the parent company and other pharmaceutical companies worldwide with necessary raw materials. |
| PBF Taiwan | Responsible for the production, R&D, sales, import, and export of pharmaceuticals, medical devices, cosmetics, and healthcare products through various channels in Taiwan. |
| PBF China | Responsible for the production, R&D, sales, import, and export of medical devices, cosmetics, cosmetics, and healthcare products through various channels in Mainland China. |

• 1.1.2 Operations of Board of Directors (Enhancement of Directors' Competencies)
GRI 2-10, GRI 2-12 and GRI 2-13

The shareholders meeting is the highest authority of the Company, whereas the Board of Directors, led by the Chairman of the Board, is responsible for the execution and supervision of the Company's operations in order to enhance the Group's overall operational efficiency and decision-making capability. To strengthen the independence of the Board of Directors, the Company's Board, which consists of nine directors, includes three independent directors. The Chairman of the Board communicates closely with all directors regarding the Company's operational overview and performance in order to implement corporate governance.

The Board of Directors convened six meetings in 2023 to review and supervise the Company's material decisions regarding economic, social, and environmental issues, aiming to maximize shareholders' benefits and interests. In cases where meeting items involved issues related to the interests of certain directors or the corporations directors represent, the critical content of the issues was explained at that Board meeting, and if there was any concern that the Company's interests might be affected, such directors were required to recuse themselves to avoid conflicts of interest; they could not join the discussions and voting, nor could they act on the behalf of other directors to exercise their voting rights. It has been confirmed that the Board members, their spouses, and their family members within the second degree of kinship are not involved in any of the relationships stipulated in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act that may impact the Company's independence. For details on the current top ten shareholders of the Company, please refer to the 2023 Annual Report.

During their terms of office, the directors communicate and conduct in-depth discussions on the Company's operations and future direction, and they jointly make decisions that significantly impact the organization's growth, performance enhancement, operational development, risk management, and corporate governance, fully utilizing their respective professional skills to guide the Company's management and supervise the Board of Directors.

The members of the Board of Directors are as follows :

| Name | Title | Gender | Curriculum Vitae |
|-------------------|----------------------|--------|---|
| Li-Chiu Chang | Chairman | Male | Master of Insurance, National Chengchi University Chairman of Yuanta Securities Co., Ltd. President of Yuanta Securities Co., Ltd. President of Grand Cathay Securities Corporation |
| Te-Fu Hsieh | Director | Male | Bachelor of Pharmacy, Taipei Medical University Chairman of Lumosa Therapeutics Co., Ltd. Director of King Anticancering Biotech Co., Ltd. Director of Taiwan Bio Industry organization |
| Tsung-Ming Chiang | Director | Male | Bachelor of Pharmacy, Taipei Medical University Manager of Johnson & Johnson Western Medicine Division Sales Director of Bristol-Myers Company |
| Chih-Ming Lin | Director | Male | Bachelor of Pharmacy, Taipei Medical University Chairman of Panion & BF Biotech Inc. Director of Chung Shan Hospital Pharmacy Director of Chunghua Open Hospital Pharmacy Sales Representative of Bristol-Myers Company |
| Wen-Hung Huang | Director | Male | Ph.D. in Social and Administrative Pharmacy, University of Minnesota, USA Master of Pharmacy Administration, University of Minnesota, U.S.A. Department of Pharmacy, National Taiwan University Director, Professor, and Associate Professor of Institute of Health and Welfare Policy, National Yang-Ming University Director-General and Deputy Director-General of the Drug Administration, Ministry of Health and Welfare, Executive Yuan Bureau of Drug and Food Inspection, Ministry of Health and Welfare, Executive Yuan |
| Po-Chuan Chen | Director | Male | Master of Business Administration, Columbia University Bachelor of Business Administration, National Taiwan University |
| Jih-Yen Chang | Independent Director | Male | Master of Finance, College of Management, National Taiwan University Bachelor of Accountancy, College of Business, National Taipei University President and Director of Deloitte Taiwan Member of Discipline Committee and Business Service Committee, Taipei City CPA Association Director of Taiwan CPA Association and Chairperson of Professional Ethics Committee |

| Name | Title | Gender | Curriculum Vitae |
|-----------------|----------------------|--------|--|
| Chi-Chou Liao | Independent Director | Male | Ph.D. and Master of Industrial Pharmacy, St. John's University Bachelor of Pharmacy, Taipei Medical University Advisor of Institute for Biotechnology and Medicine Industry (IBMI) Director-General of the Drug Administration, Ministry of Health and Welfare, Executive Yuan President of the Medical and Pharmaceutical Industry Technology and Development Center Assistant Manager of Biotrust International Corporation President of Taiwan Society of Health-System Pharmacists Director of Pharmacy Department, Chang Gung Memorial Hospital Adjunct Associate Professor of Taipei Medical University, National Cheng Kung University, Chang Gung University, etc. |
| Chin-Hsuan Chen | Independent Director | Female | Ph.D. in Law, National Chengchi University Executive Master of Business Administration, National Chengchi University Research at Stanford University, USA Research at University of Victoria, Canada Legal Affairs Officer and Audit Manager of Taiwan Depository & Clearing Corporation Adjunct Associate Professor of Graduate Program of Law, Department of Law, Central Police University Former Section Chief of Securities and Future Commission, Ministry of Finance |

Note 1: For more detailed information, please refer to PBF's 2023 Annual Report.

✓ Board Independence and Diversity GRI 2-10

The current Board consists of nine directors, including three independent directors (33.33%), one director concurrently serving as an employee of the Company (11.11%), and one female director (11.11%). One director (11.11%) is between 51 and 60 years old, two directors (22.22%) are between 61 and 70 years old, and six directors (66.67%) are between 71 and 80 years old. The nomination and election of directors is carried out in accordance with the Regulations Governing the Election of Directors and pursuant to Article 20 of the Corporate Governance Best Practice Principles, specifying that the composition of the Board of Directors should be determined by taking diversity into consideration, and that an appropriate diversity policy should be formulated based on the Company's business operations, operating dynamics,

and development needs. All Board members should have the knowledge, skills, and experience needed to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors should possess abilities such as the ability to make operational judgments, the ability to perform accounting and financial analysis, the ability to conduct crisis management, knowledge of the industry, an international market perspective, the ability to lead, and the ability to make policy decisions, as well as industry knowledge and international market perspectives.

The diversity policy and its implementation for the current Board of Directors is described below :

| Title | Name | Gender | Age | | | Concurrently serving as a Company employee | Operational judgement | Management administration | Industry knowledge | Leadership | International market perspective | Finance and accounting | Legal | Crisis management |
|----------------------|-------------------|--------|---------------|---------------|---------------|--|-----------------------|---------------------------|--------------------|------------|----------------------------------|------------------------|-------|-------------------|
| | | | 51 60 | 61 70 | 71 80 | | | | | | | | | |
| Director | Li-Chiu Chang | Male | | | V | | V | V | V | V | V | V | | V |
| Director | Te-Fu Hsieh | Male | | | V | | V | V | V | V | V | | V | V |
| Director | Tsung-Ming Chiang | Male | | | V | V | V | V | V | V | V | | V | V |
| Director | Chih-Ming Lin | Male | | | V | | V | V | V | V | V | | | V |
| Director | Wen-Hung Huang | Male | | | V | | V | V | V | V | V | | V | V |
| Director | Po-Chuan Chen | Male | V | | | | V | V | V | V | V | V | V | V |
| Independent Director | Jih-Yen Chang | Male | | V | | | V | V | V | V | V | V | | V |
| Independent Director | Chi-Chou Liao | Male | | | V | | V | V | V | V | V | | V | V |
| Independent Director | Chin-Hsuan Chen | Female | | V | | | V | V | V | V | V | | V | V |

Operation of the Remuneration Committee GRI 2-20

The Company's Remuneration Committee consists of three independent directors and is responsible for assessing and examining whether the Company's internal remuneration system complies with relevant regulations and can attract and retain excellent talent. The Remuneration Committee convened five meetings in 2023, and the members' attendance is listed in the table below :

| Title | Name | Frequency of Actual Attendance | Frequency of Proxy Attendance | Actual Attendance Ratio (%) |
|----------|-----------------|--------------------------------|-------------------------------|-----------------------------|
| Convenor | Jih-Yen Chang | 5 | 0 | 100% |
| Member | Chi-Chou Liao | 5 | 0 | 100% |
| Member | Chin-Hsuan Chen | 5 | 0 | 100% |

The duties of the Remuneration Committee :

(1) Periodically review the Remuneration Committee Charter and recommend amendments.

Establish and periodically review the performance assessment standards; annual and

(2) long-term performance goals; and the policies, systems, standards, and structure for the compensation of the Company's directors, independent directors, and managers. Disclose the contents of the performance assessment standards in the annual report.

Periodically assess the degree to which performance goals for the Company's directors,

(3) independent directors, and managers have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards. The annual report should disclose the results of the individual performance assessments for directors, independent directors, and managers; the relationship between the performance assessment results and the contents and amounts of their individual compensation; and the rationality of the remuneration. This information should also be reported at a shareholders meeting.

Note : For more detailed information on the operations of the Remuneration Committee, please refer to PBF's 2023 Annual Report.

Remuneration Policy for Directors and Managers GRI 2-19

1. In accordance with the Company's Regulations Governing the Remuneration of Directors and Independent Directors, the directors' remuneration can be composed of compensation,

(1) Directors' compensation is governed by Article 26-2 of the Company's Articles of Incorporation, which provides that the Company shall grant compensation to directors for the execution of their duties, regardless of whether the Company has a profit or a loss from operations. Directors' compensation is a fixed-amount payment determined based on whether they serve as on functional committees, their participation in Board proceedings, and the value of their contribution to the Company's operations.

(2) Directors' remuneration is governed by Article 6 of the Company's Articles of Incorporation, which provides that if the Company makes a profit for the year, after reserving an amount to make up for cumulative losses, the Company shall set aside no more than 5% of the pre-tax income (before deducting employees' and directors' remuneration) as directors' remuneration. The distribution of directors' remuneration is conducted in accordance with the Company's Regulations Governing the Remuneration of Directors and Independent Directors, which takes into account the weights given to directors based on their overall performance, the Company's operational performance, future operations and risks, as well as their participation in the Company's operations and the value of their contribution (for example, acting as a joint guarantor for financing/business needs is a significant contribution). The weights are used to formulate recommendations for the distribution of directors' remuneration.

(3) The professional practice fee includes travel expenses and various allowances.

2. Managers' remuneration can be composed of a fixed salary and a variable bonus.

(1) The fixed salary is determined by taking into account the manager's educational background, work experience, professional competence, position, the Company's remuneration regulations and other personnel management rules, and by reference to industry standards.

(2) The variable bonus is linked to the Company's performance targets. The bonus calculation is based on the results of annual KPIs, including but not limited to the financial targets set for revenue and profitability, as well as non-financial targets.

Board Performance Evaluation GRI 2-18

To enhance the effectiveness of the Board of Directors, the Company has formulated the Regulations Governing the Board Performance Evaluation and conducts a Board Performance Evaluation at the end of each year. The evaluation results are submitted to the Board meeting, with recommendations given on the dimensions of decision-making, effectiveness, professional function, legal compliance, and corporate social responsibility.

| Evaluation Cycle | Evaluation Scope | Evaluation Method | Evaluation Content |
|------------------------|--|--|--|
| Once a year (at least) | <ul style="list-style-type: none"> Board of Directors Individual Board members Functional committees (Audit Committee and Remuneration Committee) | 1. Board's Internal Self-evaluation : Self-evaluation Questionnaire for Board Performance 2. Board Members' Self-evaluation : Self-evaluation Questionnaire for Board Members' Performance 3. Functional Committee Self-evaluation : Self-evaluation Questionnaire for Functional Committee Performance" | 1. Self-evaluation Questionnaire for Board Performance (1) Participation in the Company's operations. (2) Improvement of the quality of the Board's decision making. (3) Composition and structure of the Board. (4) Election and continuing education of the directors. (5) Internal control. 2. Board Members' Performance Evaluation (1) Alignment with the Company's goals and mission. (2) Awareness of the duties of a director. (3) Participation in the Company's operations. (4) Management of internal relationships and communication. (5) The director's professionalism and continuing education. (6) Internal control. 3. Functional Committees' Performance Evaluation (1) Participation in the Company's operations. (2) Awareness of the duties of the functional committee. (3) Improvement of the quality of decisions made by the functional committee. (4) Composition of the functional committee and election of its members. (5) Internal control. |

✓ Continuing Training and Education for the Board of Directors GRI 2-17

As required by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEX Listed Companies, it is advisable that newly-appointed directors/supervisors should take a minimum of 12 hours of training during their inaugural year, and a minimum of 6 hours of training per year from the following year onwards.

In 2023, directors completed a total of 69 training hours, with an average of 7.6 hours per director, which was higher than the recommended criterion of 6 hours stipulated in the Directions. In the future, diversified external training and education courses will be arranged for directors' to enhance their expertise, enabling them to faithfully exercise the due care of a good administrator when conducting the Company's business operations, and giving full play to the operational decision-making, leadership and supervisory functions of the Board. The courses attended by directors and training hours in 2023 were as follows :

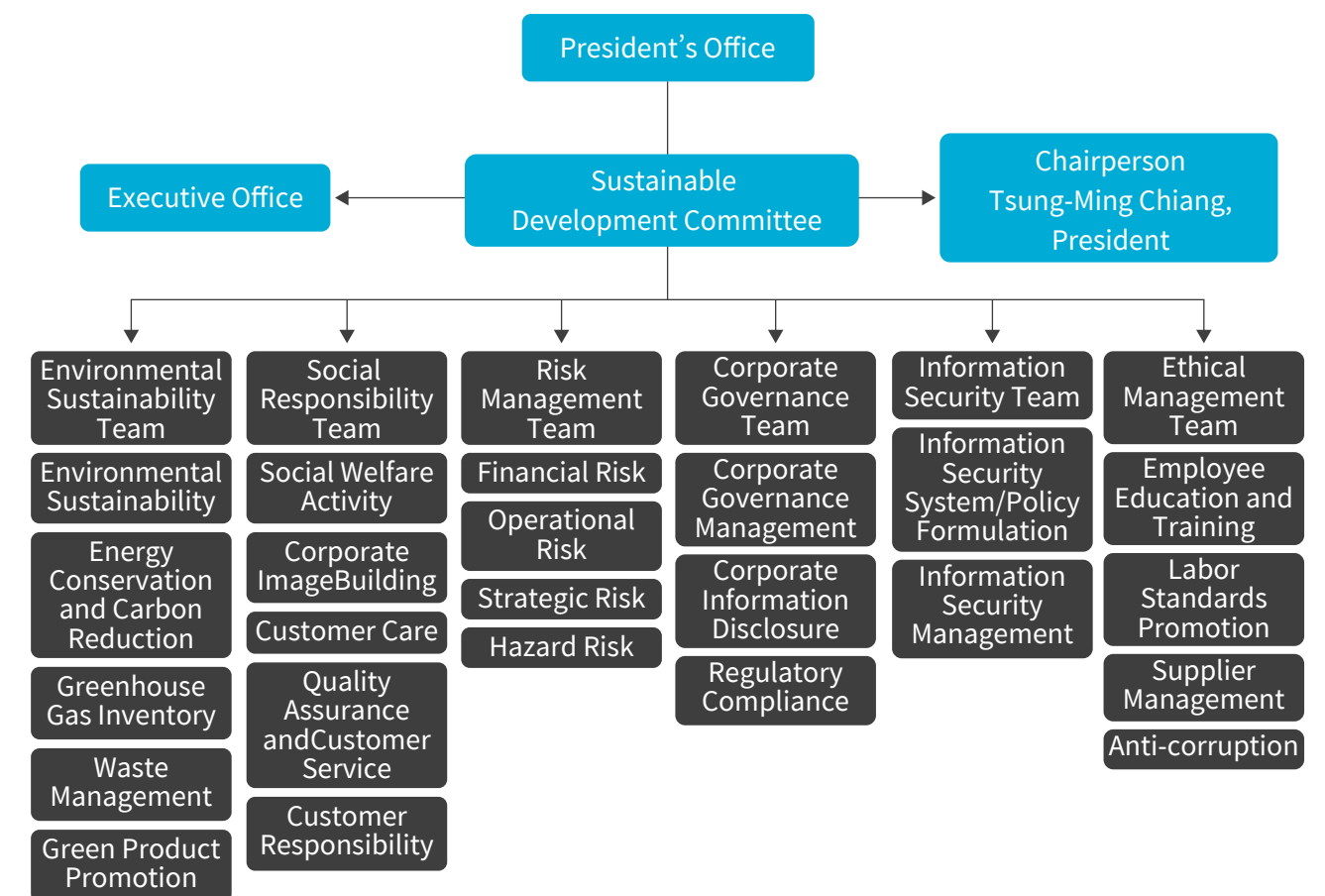
| No. | Title | Name | Date | Course Title | Training Institution | Hours |
|-----|----------|-------------------|------------|---|---|-------|
| 1 | Chairman | Li-Chiu Chang | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| 2 | Director | Te-Fu Hsieh | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| 3 | Director | Tsong-Ming Chiang | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by the Directors and Supervisors | Securities and Futures Institute | 3 |
| 4 | Director | Chih-Ming Lin | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| 5 | Director | Wen-Hung Huang | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| | | | 2023/10/02 | Financial Data Analysis and Application, Corporate Governance, and the Securities and Exchange Act | Taiwan Investor Relations Institute | 3 |

| No. | Title | Name | Date | Course Title | Training Institution | Hours |
|-----|----------------------|-----------------|------------|---|---|-------|
| 6 | Director | Po-Chuan Chen | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| 7 | Independent Director | Jih-Yen Chang | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| 8 | Independent Director | Chi-Chou Liao | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| 9 | Independent Director | Chin-Hsuan Chen | 2023/08/11 | How does the Board of Directors Oversee ESG Risks and Build Sustainable Competitiveness for the Enterprise? | Taiwan Corporate Governance Association | 3 |
| | | | 2023/11/14 | Supervision of Corporate Risks and Crises by Directors and Supervisors | Securities and Futures Institute | 3 |
| | | | 2023/10/24 | How to Enhance Audit Operations with Big Data | The Institute of Internal Auditors | 6 |
| | | | 2023/12/12 | Interpretation of Financial Analysis Indicators and Prevention of Business Risks | The Institute of Internal Auditors | 6 |

1.1.3 Sustainable Development Committee GRI 2-14, GRI 2-23, GRI 2-24

PBF adheres to the core sustainability concept of “dedication to building a better society”. In addition to upholding this concept as a leader of the health food industry, PBF also hopes to build a better society through continuous efforts.

To promote sustainable management, the PBF President’s Office established a dedicated Sustainable Development Committee following the Board resolution on August 11, 2022. President Tsung-Ming Chiang serves as the chairperson of the Sustainable Development Committee, with Vice President Feng-Jen Wang serving as the executive committee member of the Executive Office to assist in the day-to-day operation of each taskforce and review implementation progress. The projects for sustainable development promotion and implementation progress were submitted to the Board meeting on November 14, 2023. The Sustainable Development Committee consists of six taskforces: the Environmental Sustainability Team, the Social Responsibility Team, the Risk Management Team, the Corporate Governance Team, the Information Security Team, and the Ethical Management Team. The relevant information in this report was collected by each department and reviewed by the department head before being submitted to the Sustainable Development Committee for information compilation, organization, and internal auditing. The final report was subsequently submitted to the Board of Directors for review and approval before publication.



1. Environmental Sustainability Team

To align with the policy and measures of the Corporate Governance 3.0 – Sustainable Development Blueprint promoted by the Financial Supervisory Commission (FSC), PBF is actively moving toward the goal of corporate management and control for electricity saving, water saving, carbon reduction (implementing carbon inventory and verification operations and progress, with a view to effectively control carbon emissions), and waste and wastewater reduction. In terms of product development, the Company will promote the reduction of environmental hormone use and other related surfactants and preservatives (complying with the most stringent standards of the European Union) as a goal. Furthermore, to minimize the use of packaging materials and their environmental impacts, PBF will opt for a simpler design and environmentally friendly materials when designing product packaging in the future.

2. Social Responsibility Team

In terms of corporate social responsibility, the Company continues to care for vulnerable groups and residents in remote areas, and it strives to promote the healthy development of the human body, mind, and spirit, and to work toward a society filled with sincerity, kindness, and beauty.

3. Risk Management Team

Risk management procedures include identification, analysis, monitoring, response, reporting, and disclosure of risk.

4. Corporate Governance Team

In terms of corporate governance, the Company has a Board of Directors who demonstrate robust knowledge and professionalism, as well as independent directors who remain impartial to safeguard the shareholders' rights and interests of the investing public.

5. Information Security Team

Responsible for formulating and managing the Company's information security standards to ensure the security of information, systems, and networks. The Team reports to the Board of Directors at least once a year.

6. Ethical Management Team

Responsible for formulating, supervising, and implementing the ethical management policies and prevention programs to ensure sound management of ethical management. The Team reports to the Board of Directors at least once a year.

Additionally, the Corporate Social Responsibility Best Practice Principles have been formulated to fulfill corporate social responsibility and observe the principles of implementing corporate governance, developing a sustainable environment, safeguarding social welfare, and enhancing the information disclosure on corporate social responsibility. The Board of Directors approved the establishment of the Sustainable Development Committee on August 11, 2022, which will work toward the following goals :

- (1) Establish policies, systems or relevant management guidelines, and concrete promotion plans for sustainable development programs, which must be approved by the Board of Directors and then reported to the shareholders meeting. When a shareholder proposes a motion involving sustainable development, the Company's Board of Directors is advised to review and consider including it in the shareholders meeting agenda. The Company must also enhance the timeliness and accuracy of the disclosure of sustainable development information.
- (2) The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business activities and operations as well as internal management.
- (3) The Company shall comply with relevant laws and regulations, and the international Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.
- (4) A TWSE/TPEx listed company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including :
 - ① Presenting a corporate policy or statement on human rights.
 - ② Evaluating the impact of the Company's business operations and internal management on human rights, and adopting corresponding handling processes.
 - ③ Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
 - ④ In the event of any infringement of human rights, the Company shall disclose the processes for handling the matter with respect to the stakeholders involved. The Company shall comply with the internationally recognized human labor rights, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

• 1.1.4 Membership in External Associations GRI 2-28

The Company actively engages in activities held by industrial associations to acquire new technological knowledge, understand international trends, and maintain interactions and exchanges with organizations in related fields. In 2023, the Company participated in the following external associations :

| Association | Status |
|---|--------|
| Institute for Biotechnology and Medicine Industry (IBMI) | Member |
| Taiwan Pharmaceutical Manufacture and Development Association (CPMDA) | Member |
| Taipei Pharmaceutical Business Association (TPBA) | Member |
| Taiwan Functional Food Industry Association (TFIA) | Member |
| Taiwan Hyperthermia | Member |
| Taipei Fodder and Animal Pharmaceutical Business Association | Member |
| Chinese Association of Business and Intangible Asset Valuation (CABIAV) | Member |
| Taipei Pharmacists Association (TPA) | Member |
| New Taipei City Industrial Association (NTCIA) | Member |
| Taoyuan City Industrial Association (TCIA) | Member |
| Taoyuan Pharmacist Association | Member |
| Taiwan Animal Medicine and Healthcare Business Association | Member |
| Taiwan Biotechnology Industry Promotion Association | Member |

• 1.2 Operational Performance GRI 201-1

In 2023, PBF's consolidated operating revenue reached NT\$1,881,875,000, a decrease of NT\$516,773,000 from 2022. The decrease was mainly due to an escalation in COVID-19 outbreak and the government's requisitioning of antigen rapid test kits. The decreased operating revenue also resulted in reduced sales and administrative expenses. However, the Company will continue to invest in the R&D of competitive antigen test kit series products, new indications for Nephoxil, microneedles for cosmethetics, and minimally invasive products, with an aim to enhance the competitive advantage of the Company's products in the future market and create higher revenue and profitability.

The Company has adopted International Financial Reporting Standards (IFRS), and the major consolidated financial/operating data for the past 3 years are as follows. The Company's financial statements audited and attested by a CPA and the annual report of the shareholders meeting are available on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange (<http://mops.twse.com.tw>). The financial statements of subsidiaries are consolidated into the Company's financial statements, but are not included in the Report.

Financial data for the last 3 years

Unit : NT\$1000

| Item \ Year | 2021 | 2022 | 2023 |
|--|-----------|-----------|-----------|
| Operating Revenue | 1,901,211 | 2,398,648 | 1,881,875 |
| Operating Cost | 989,073 | 1,080,052 | 907,478 |
| Employee Remuneration and Benefits | 312,762 | 360,298 | 324,516 |
| Payments to the Government (i.e., taxes and fines) | 23,885 | 38,349 | 41,727 |
| Community Investment | (No data) | 1,945 | 1,380 |
| Operating Expenses | 746,796 | 904,632 | 817,568 |
| Operating Income | 165,342 | 413,964 | 156,829 |
| Profit Attributable to Owners of the Parent | 104,402 | 182,345 | 77,219 |
| Earnings per Share (NT\$) | 1.32 | 2.13 | 0.90 |

PBF is committed to incorporating the spirit of professional pharmaceutical manufacturing, innovation, and advancement into everyone's lives. Through excellent product R&D capabilities and international PIC/SGMP manufacturing quality standards, PBF strives to achieve the corporate vision of "a beautiful life for everyone". PBF's business sectors include western medicine, APIs, cosmetics, nutritional supplements, infection control (cleaning and disinfection), veterinary products, and testing and diagnostics. With a complete product line, PBF continues to introduce new technologies, deepen our R&D capabilities, and integrate upstream and downstream industries to actively expand our presence in domestic and international markets.

| Product Type | 2021 | | 2022 | | 2023 | |
|-------------------------------|------------------------------|---------------------|------------------------------|---------------------|------------------------------|---------------------|
| | Operating Revenue (NT\$1000) | Operating Ratio (%) | Operating Revenue (NT\$1000) | Operating Ratio (%) | Operating Revenue (NT\$1000) | Operating Ratio (%) |
| Pharmaceuticals | 719,660 | 37.85 | 724,221 | 30.19 | 740,492 | 39.35 |
| Food Products | 163,910 | 8.62 | 183,929 | 7.67 | 295,732 | 15.71 |
| Chemical Products | 263,391 | 13.85 | 161,267 | 6.72 | 219,255 | 11.65 |
| Test Reagents | 313,144 | 16.47 | 724,634 | 30.21 | 80,774 | 4.29 |
| Cosmetics and Medical Devices | 4,515 | 0.24 | 4,769 | 0.20 | 8,941 | 0.48 |
| APIs | 116,802 | 6.15 | 189,909 | 7.92 | 131,446 | 6.98 |
| Milestone Payment | - | - | 8,831 | 0.37 | - | - |
| Sales Royalties | 319,789 | 16.82 | 401,088 | 16.72 | 405,235 | 21.54 |
| Total | 1901,211 | 100 | 2,398,648 | 100 | 1,881,875 | 100 |

1.3 Implementation of Ethical Management and Legal Compliance

GRI 2-15, GRI 2-16, GRI 2-25, GRI 2-26 and GRI 2-27

To effectively implement ethical corporate management, PBF has designated the Administration Department to be responsible for the promotion of ethical corporate management and to periodically report on the implementation status to the Board of Directors every year. Furthermore, to achieve the goals of ethical management and corporate governance as well as to enhance information transparency in response to stakeholders' expectations, the Sustainable Development Committee also reports to the Board of Directors.

The main responsibilities are as follows :

1. Assisting in incorporating ethics and morality into the Company's business strategy and adopting appropriate prevention measures to curb corruption and malfeasance and ensure ethical management in compliance with the requirements of laws and regulations.
2. Regularly analyzing and assessing the risk of involvement in unethical conduct within the business scope, adopting programs to prevent unethical conduct accordingly, and setting out the standard operating procedures and conduct guidelines relevant to the Company's operations and business in each program.
3. Planning the internal organization, structure, and allocation of responsibilities; establishing check-and-balance mechanisms for mutual supervision of business activities within the business scope with potentially higher risks of unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policies.
5. Developing a whistle-blowing system and ensuring its effective operation.
6. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on regular assessments of compliance with ethical management in operating procedures.

The Procedures for Ethical Management and Guidelines for Conduct has been established to specify various improper benefits and breaches of ethics as well as preventive measures to curb such breaches. The Procedures stipulate that the Company's personnel are strictly prohibited from engaging in any unlawful or unethical behaviors and that an audit mechanism carried out by the internal auditing unit is set forth to prevent unethical business activities. The Ethical Corporate Management Best Practice Principles was established on April 17, 2015, with the approval of the Board of Directors, and was amended on March 20, 2020, in accordance with the current implementation status and relevant laws and regulations.

Implementation of Ethical Management

1. PBF's conflict-of-interest policy is stated in the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, and the Procedures for Ethical Management and Guidelines for Conduct. In addition to proactive inspection of the relevant conduct, the Company has set up a dedicated e-mail address for complaints (audit@pbf.com.tw) on the corporate website as a channel to report situations where the rights of employees, customers, suppliers, or other stakeholders are jeopardized. All e-mails received are handled by the Company's Chief Audit Executive. Additionally, PBF has a data confidentiality mechanism in place where the case processing personnel are strictly prohibited from disclosing the facts of the case to others during and after the investigation, and the case is handled and stored according to its confidentiality level. The Company is obligated to protect the confidentiality of whistleblowers, and to prevent retaliation, the Company will not disclose whistleblowers' information, unless otherwise agreed by the whistleblower. No complaint cases were received in 2023.
2. The Company's Administration Department evaluates the risk of unethical behaviors every year and conducts internal control audits to assess and analyze the business activities that are potentially at a higher risk for unethical conduct. The 2023 internal control audit was completed during Q4 in conjunction with the audit work. To establish sound mechanisms for the handling and disclosure of material inside information by the Company, PBF has adopted the Procedures for Handling Material Inside Information and Prevention of Insider Trading to prevent improper information disclosures, ensure the consistency and accuracy of information released by the Company to the public, and enhance the prevention of insider trading.
3. PBF provides advocacy, education, and training for all employees by compiling important information from the Ethical Corporate Management Best Practice Principles and the Procedures for Handling Material Inside Information into videos and case studies for sharing. This measure aims to remind employees of the items that they should be aware of when executing their duties. Additionally, the ethical management advocacy video is included in the onboarding course for new employees. In 2023, PBF organized internal and external education and training courses related to ethical management (including courses on quality management, drug safety and inspection, intellectual property rights, accounting system, and internal control audit), and employees accumulated a total of 2,136 training hours.

Although ethical management is the core of PBF's business operations, the Company attaches great importance to legal compliance in all areas. Internal departments are responsible for checking the respective laws and regulations regularly according to their responsibilities to ensure legal compliance, and they must keep abreast of regulatory trends so the Company can respond to the impact of regulatory changes in advance. To help all employees better understand legal compliance issues, the Company disseminates the latest information and trends in laws and regulations through education and training sessions and regular meetings. Employees not only gain information about additions and amendments to laws and regulations, but also have access to legal aid and counseling services provided by legal officers. In addition to internal and occasional external training courses, the Company also invites legal experts to hold internal seminars to strengthen employees' knowledge and competencies in business-related policies and regulations. Additionally, legal officers provide legal advice and assistance for various departments. Relevant training course information and dissemination materials are also available on the corporate intranet to help employees get familiarized with the latest laws and regulation. Through the timely updating of information and operational standards, as well as internal review and implementation, PBF demonstrates its commitment to legal compliance.

In addition to the Company Act, the Fair Trade Act, and the Securities and Exchange Act, PBF also complies with other important laws and regulations related to corporate governance, TWSE listed companies, environmental protection, and occupational safety. With the goal of zero penalties or fines due to related incidents, the Company continuously provides training and promotes the idea of legal compliance among employees. In cases where fines and penalties imposed due to administrative lawsuits or major events have a significant impact on the Company's operations, relevant information will be disclosed in the ESG Report to achieve balanced reporting and information transparency.

In 2023, there was no penalties or fines imposed for violations of corporate governance, anti-corruption, or fair trade laws; no violations of insider trading laws and regulations by managers; and no complaints received from customers about violations of customer privacy.

Legal Compliance

Strict compliance with laws and regulations in business operations not only demonstrates fulfillment of social responsibility but is also one of the keys to sustainable management. To ensure that PBF's products meet legal and regulatory requirements, PBF pays close attention to the formulation and development of laws and regulations that may impact the Company. Furthermore, the Company has established a system for evaluating compliance with laws, policies and regulations, and it assists each department in implementing various regulations. With the goal of zero penalties or fines due to related incidents, the Company continuously provides training and promotes the idea of legal compliance among employees.

During an inspection conducted by the Department of Environmental Protection, Taoyuan City on July 31, 2023, it was discovered that a storm drain had been opened by an employee, causing wastewater generated on that day to be discharged directly outside the plant through the RD02 instead of being directed to the Dayuan Industrial Park Service Center as stipulated in the regulations. This resulted in a fine of NT\$17,500. The investigation revealed that the motor had been damaged during the night and therefore the wastewater flew out with rainwater. The damaged motor was subsequently fixed, and to avoid the occurrence of similar incidents, all equipment will be subject to regular inspections and records will be kept.



▲ pH Alert

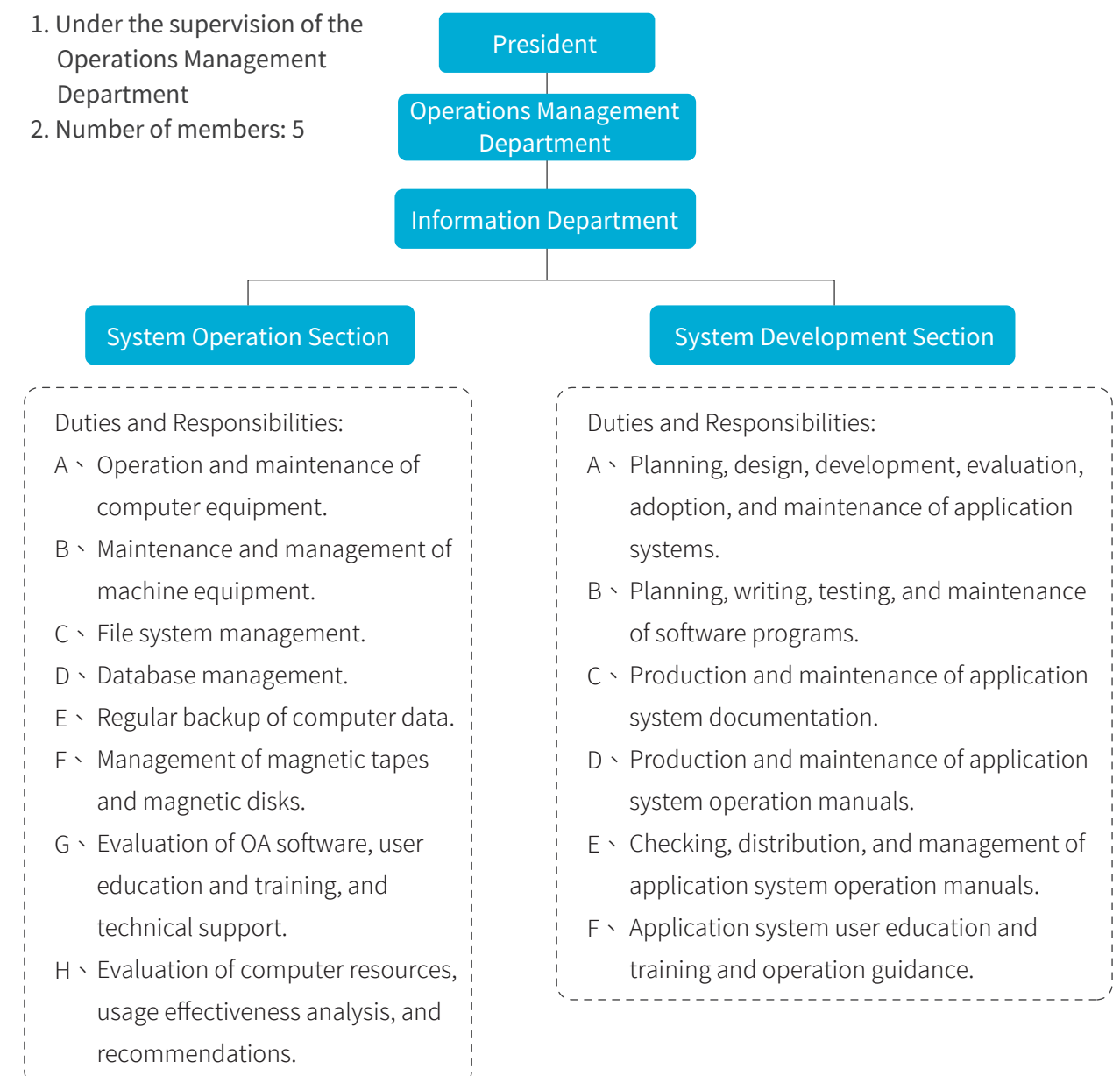
▲ pH measurement for runoff wastewater

▲ Damaged motor after repairs

1.4 Information Security Management GRI 418-1

To strengthen the Company's information security management and ensure the security of information, systems, and networks, PBF has established the Information Security Team under the Sustainable Development Committee. The Team is headed by the Information Department's chief officer, who is responsible for coordinating, planning, and executing relevant tasks; analyzing information security incidents; and reporting periodically to the Sustainable Development Committee and the Board of Directors on information security related issues and implementation directions.

1. Under the supervision of the Operations Management Department
2. Number of members: 5



In terms of information security in each department, in 2023, there were no reports of incidents that jeopardized the Company's information security, no complaints from external parties that were deemed valid after verification by the Company, and no complaints made by regulatory authorities. PBF's information security policy and specific management programs are defined by six major dimensions :

| PBF's Information Security Policy | Specific Management Programs | Implementation Status in 2023 |
|---|---|-------------------------------|
| 1. Computer equipment security management | (1) The Company's host server and other equipment are placed in a dedicated server room, and registration is required for room access in order to keep records of entry and exits. (2) The server room is equipped with an independent air-conditioning system to ensure that the computer equipment functions at a proper temperature. Additionally, an automatic fire suppression system has been installed and is examined, tested, and maintained by the vendor on a regular basis. (3) The host server is equipped with an uninterruptible power supply system to avoid system crashes caused by unexpected power outages. | Implemented as planned. |
| 2. Network security management | (1) Firewall installation: Set up firewall rules for connection to external networks, and adopt intrusion prevention mechanisms to block hackers. (2) Colleagues who wish to access the host system on the corporate intranet from a remote location are required to apply for a VPN account, and can only access the system by logging in through the VPN enhanced authentication system. Additionally, access records are kept for future audits. | Implemented as planned. |

| PBF's Information Security Policy | Specific Management Programs | Implementation Status in 2023 |
|---|--|--|
| 3. Anti-virus protection and management | (1) Personal computers and servers: Install licensed antivirus software and enable automatic updates to avoid malware infections and malicious attacks. (2) E-mail servers: Adopt an automatic network defense system and regularly update the relevant defense rules. Scan e-mails before users receive them to avoid unsafe attachments, phishing e-mails, threatening e-mails, malicious links, and spam emails, thereby preventing information security incidents caused by malicious e-mail attacks. | (1) Establish EndPoint Security and set up a unified policy for antivirus protection. (2) According to the standard operating procedures of the AMIS02 Security Information Incident Notification Procedures, an incident can be classified as a green-, yellow-, or red-level information security incident. In 2023, there were a total of three green-level information security incidents reported. |
| 4. System access control | (1) Account and password management, mandatory password setting rules and mandatory password changes by users on a regular basis. Enhanced authentication required for connection to external servers and periodic verification of account validity. (2) Employees must submit a system privilege application as required by the Company to access various application systems. Upon approval by the unit director, the Information Department will create an account for the successful applicant and set up the privileges requested so that the user can access the system and information. Additionally, the department conducts regular reviews on the relevancy of the privileges granted. (3) When employees resign or suspend their work, the submitted document must be countersigned by the Information Department, which will enable deletion of their accounts from the system. (4) Computer endpoints and computer information security are able to record and control computer access by employees to avoid data loss or leakage. | (1) Privilege review (annual routine duty, once a year). (2) Vulnerability scanning assisted by the vendor. The hosts associated with extremely high risks will be patched or allocated a budget for a system upgrade. For those associated with medium and high risks, resources will be invested appropriately to fix them to the greatest extent possible. (3) Vulnerability scanning will be continuously conducted next year. |

| PBF's Information Security Policy | Specific Management Programs | Implementation Status in 2023 |
|--|--|---|
| 5. Ensuring system sustainability | (1) Data backup mechanism: Information system data are backed up daily and securely stored off-site. (2) Disaster recovery exercise: Annual drills are conducted for the core operating system, setting up a disaster scenario where backup media must be restored to the system host. User units conduct the exercise, and the correctness of the restored data is confirmed by using hard copies to ensure the correctness and validity of the backup media. (3) All subsidiaries and plants have rented data lines from telecommunications providers for backup purposes in addition to their own dedicated lines. This is to ensure uninterrupted network connection. | (1) Disaster recovery exercise (once a year). (2) Framework construction for data off-site backup storage. |
| 6. Advocacy, education, and training on information security | (1) Conduct regularly information security advocacy for employees and hold education and training on topics including information security policy, information security laws and regulations, and information security operation procedures. This enables employees to learn about the importance of information security and the various possible security risks, thereby raising their information security awareness and complying with information security regulations. (2) Information security case sharing: Share information security cases and related information occasionally. (3) Join the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) to get access to a consultation channel for information security incidents and collect information on information security for internal dissemination of relevant ideas. | (1) Completed annual self-inspection of information security. (2) Completed quarterly information security awareness-raising campaigns. (3) Conducted two social engineering exercises. (4) Participated in CYBERSEC 2023. |

02

Product Innovation and Customer Security



| Material Topic | Product Quality and Safety | |
|---|---|--|
| Policy/Strategy | Starting from the initial stage of product development, PBF strictly requires detailed information about its products, such as drug laboratory records. In addition to PBF's quality requirements and specifications for raw materials from the source, competent authorities also conduct site inspections and quality control of pharmaceutical plants, as well as comprehensive and periodic environmental monitoring and risk assessment, with an aim to ensure the efficacy and safety of drugs. | |
| Management Assessment Mechanisms | Internationally recognized as the most stringent pharmaceutical standard, the PIC/S GMP Certification is backed by a complete GMP quality management system that covers management starting from the initial stage of product development. Additionally, the system strictly requires the detailed information such as laboratory records of drugs. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare | PBF obtained PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare in June 2023. | Maintain the PIC/S GMP Certification obtained from the Food and Drug Administration, Ministry of Health and Welfare. |

| Material Topic | R&D Technology & Product Innovation | |
|---|---|---|
| Policy/Strategy | The process cycle is improved by introducing the conceptual model of Plan – Do – Check – Act (PDCA). | |
| Management Assessment Mechanisms | PBF has built a comprehensive product development platform, comprising a core R&D management team, an external professional consulting team, and an outsourcing team. The platform can be applied to the development of potential technologies and products in the future, which has significantly enhanced the development effectiveness and shortened the development time. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Nephoxil, an iconic new drug for kidney disease | Successfully unblinded the Phase III clinical trial of Nephoxil for new dosage form and new indications in March 2023. | Apply to the competent authority in Taiwan for the relevant drug permit license and National Health Insurance coverage. |

| Material Topic | Raw Material Procurement | |
|---|--|--|
| Policy/Strategy | PBF adopts decentralized purchasing according to the material supply situation. In terms of the selection of suppliers, PBF evaluates raw materials quality, trade terms, supply stability, and sales service. The Company has established good interactive relations with its suppliers. At present, while maintaining a good relationship with major raw material suppliers, PBF also actively searches for new sources of supply, therefore no major supply disruption has been reported. | |
| Management Assessment Mechanisms | The Supplier Evaluation and Audit Procedures has been formulated to serve as the procedures and operation standards for suppliers and outsourced service providers. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Local sourcing (Domestic procurement) | The amount of local sourcing (domestic procurement) accounted for 90.49% of the total purchase amount. | The amount of local sourcing (domestic procurement) accounts for more than 95% of the total purchase amount. |
| Inclusion of environmental management and corporate social responsibility requirements in the evaluation and audit of suppliers | Yet to fully include environmental management and corporate social responsibility requirements in the evaluation and audit of all new suppliers | Include environmental management and corporate social responsibility requirements in the evaluation and audit of all new suppliers |

2.1 Product Quality and Responsibility

Internationally recognized as the most stringent pharmaceutical standard, the PIC/S GMP Certification is backed by a complete GMP quality management system that covers even the initial stage of product development. In addition to the requirements on quality and specifications for raw materials from the source, the competent authority also conducts site inspections and quality control of pharmaceutical plants, as well as comprehensive and periodic environmental monitoring and risk assessment, with an aim to ensure the efficacy and safety of drugs. Due to the government's policy of demanding pharmaceutical companies to obtain PIC/S GMP Certification, the entry threshold for pharmaceutical companies has been increasing each year. This will accelerate the consolidation of domestic pharmaceutical

companies and in turn foster the development of professionalism in the pharmaceutical industry. Since PBF obtained PIC/S GMP Certification in 2012, the Company’s pharmaceutical standards have been brought into line with international standards, complying with international safety standards for raw materials, suppliers, management, and manufacturing and demonstrating the pursuit and guarantee of quality. Currently, PBF’s main products are skincare, pain relief, infection control, cosmeceuticals, health food, test reagents, and new drugs for kidney disease. In the future, the Company will strengthen its manufacturing strength and R&D capabilities to expand product application.

1. Cheng Fong Chemical Co., Ltd., Dayuan Plant

Dayuan Plant obtained GMP Certification in 2007 and has continued to implement PIC/S GMP in the field of APIs. In June 2023, Dayuan Plant obtained PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare.

| Audit/Certification History of Dayuan Plant | |
|---|--|
| December 2007 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains GMP Certification from the Department of Health, Executive Yuan. |
| November 2009 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains GMP Certification from the Department of Health, Executive Yuan. |
| May 2011 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains GMP Certification from the Department of Health, Executive Yuan. |
| February 2014 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare. |
| January 2015 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare. |
| October 2016 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare. |
| September 2017 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare. |
| June 2020 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare. |
| June 2023 | Cheng Fong Chemical Co., Ltd., Dayuan Plant obtains PIC/S GMP Certification from the Food and Drug Administration, Ministry of Health and Welfare. |

2. PBF Pingzhen Plant

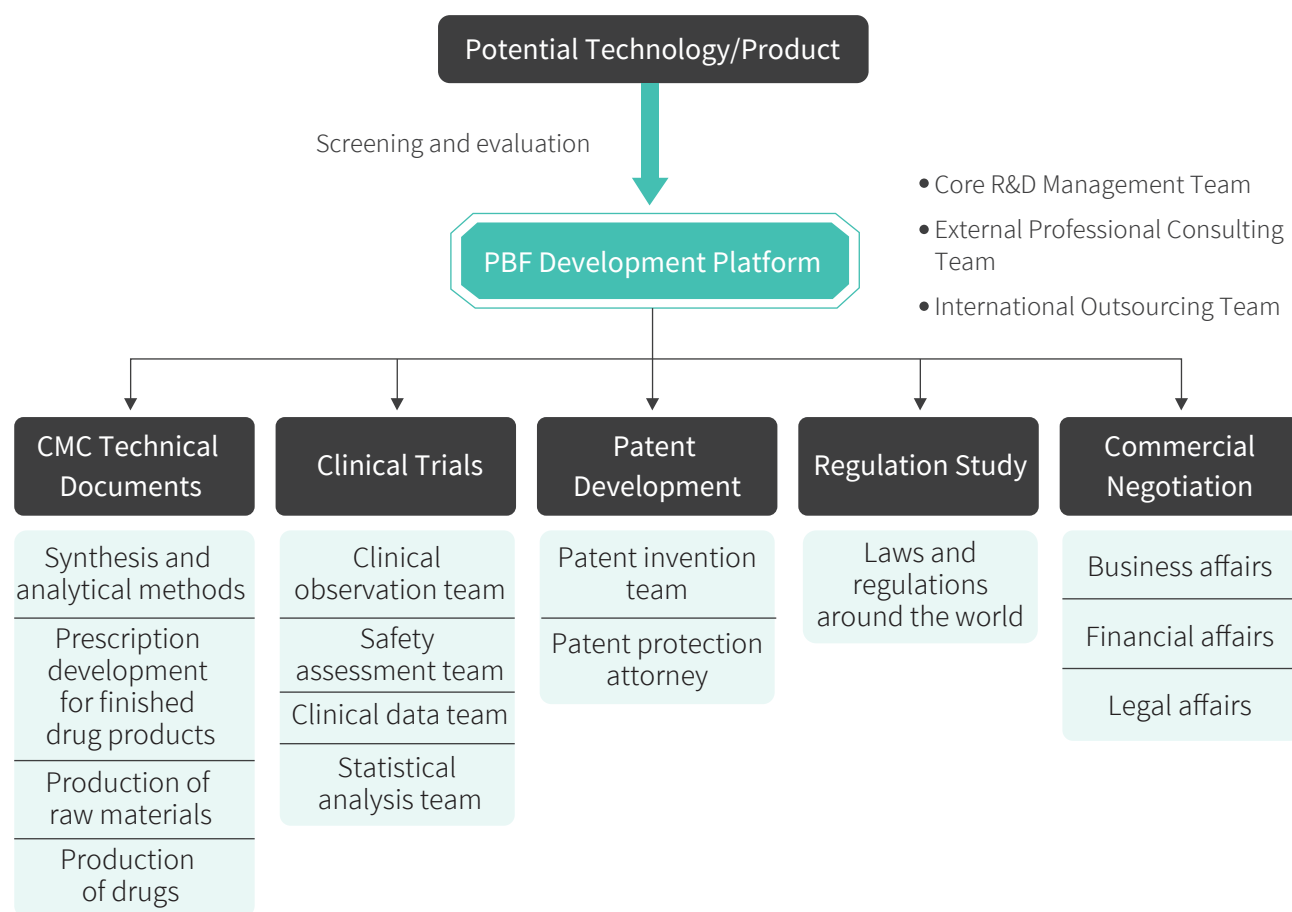
Pingzhen Plant has been inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification since September 2022, and is expected to be inspected and certified again in 2025.

| Obtaining the PIC/GMP Certification and Drug License Permit – An Internationally Leading Company | |
|--|--|
| April 2012 | PBF Pingzhen Plant is inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification. |
| June 2014 | PBF Pingzhen Plant is inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification. |
| January 2015 | PBF Pingzhen Plant is inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification. |
| June 2016 | PBF Pingzhen Plant is inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification. |
| June 2019 | PBF Pingzhen Plant is inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification. |
| September 2022 | PBF Pingzhen Plant is inspected and certified by the Department of Health, Executive Yuan for PIC/S GMP Certification. |

2.2 Innovative R&D and Access to Medicines

PBF has accumulated many years of R&D experience to build a development platform covering five major areas: CMC Technical Documents, Clinical Trials, Patent Development, Regulation Study, and Commercial Negotiation. Combining the core R&D management team, an external professional consulting team, and an outsourcing team, PBF has built a complete technology/product development platform. The platform can be applied to the screening and development of potential technologies and future products, which has significantly enhanced R&D effectiveness and shortened the development time. The R&D expenses invested over the past 3 years are shown in the table below :

| | 2021 | 2022 | 2023 |
|---|-----------|-----------|-----------|
| R&D Expenses | 155,711 | 248,496 | 217,041 |
| Operating Revenue | 1,901,211 | 2,398,648 | 1,881,875 |
| Percentage of R&D expenses to operating revenue | 8.3% | 10.36% | 11.53% |

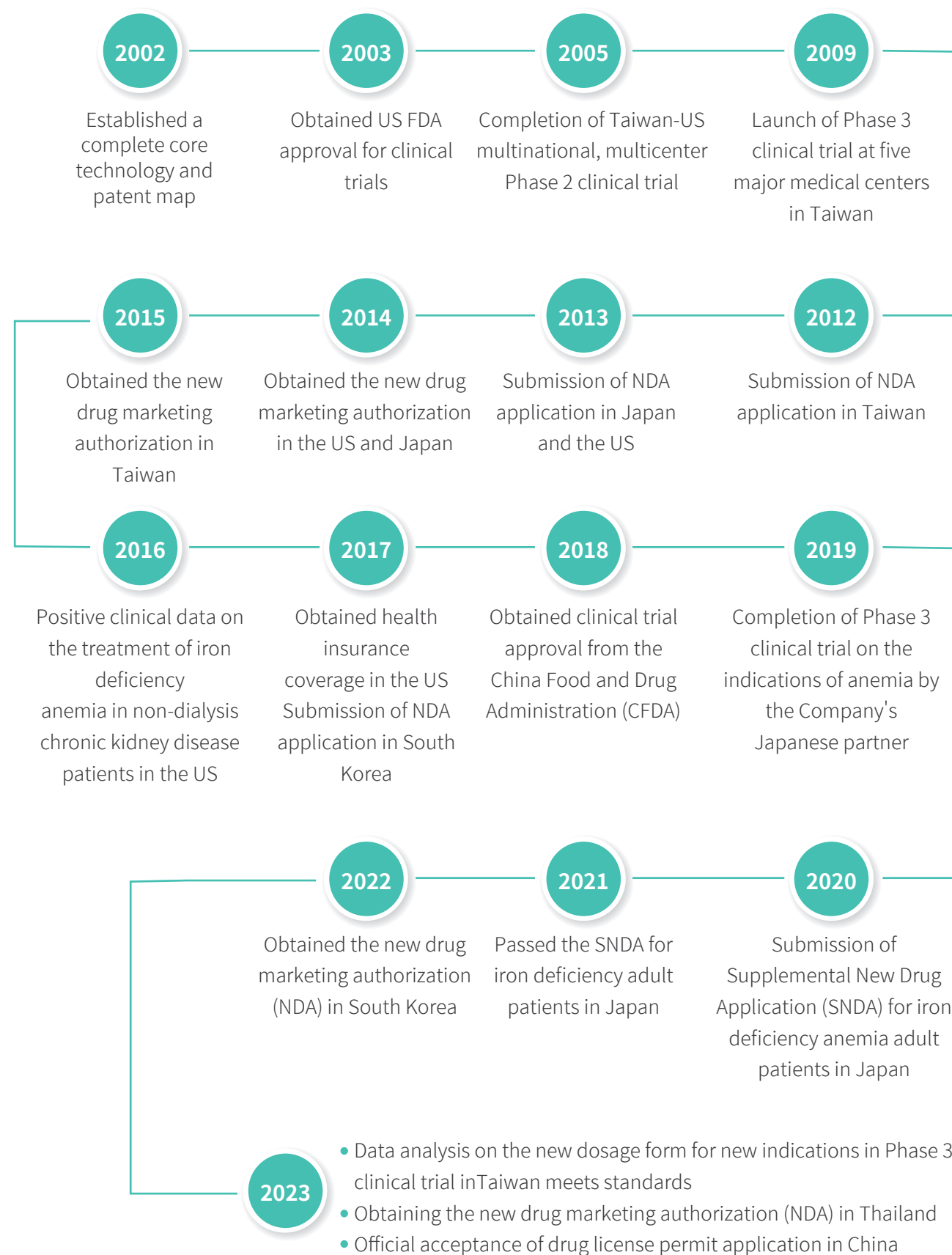


In recent years, competition among major international pharmaceutical companies and the reduction in National Health Insurance drug prices have led the traditional pharmaceutical market to a micro-profit situation. To overcome this bottleneck, PBF sought opportunities for corporate restructuring by investing in the development of new drugs, which has not only deepened the Company's R&D capabilities but also smoothly integrated the industrial chain through the acquisition of an upstream API company (Cheng Fong Chemical Co., Ltd.). This restructuring aims to enhance the corporate image and core competitiveness, demonstrate the value of new drug development, and simultaneously strengthen the R&D capabilities of PBF's diversified business group.

The Company has been involved in global patent application for the development of new drugs since 2000. With more than 10 years of continuous efforts in developing Nephoxil (the Company's first iconic new drug for kidney disease), PBF has granted authorization to the major international markets of Europe, the United States, and Japan. At present, the new drug is marketed in the United States (as Auryxia), Japan (as Riona), Taiwan (as Nephoxil), South Korea (as Nephoxil), etc. As for the EU market, Akebia completed the authorization work for Aver SAS in December 2022. South Korea and Thailand have passed the NDA application for the approval of new drug importation and marketing in the regions, and China's Nephoxil (Nephoxil Ferric Citrate 500mg capsule; a pharmaceutical preparation for the treatment of hyperphosphatemia in patients undergoing dialysis for chronic kidney disease) has filed an application for a drug permit license with CFDA. In Taiwan, PBF also successfully unblinded the Phase III clinical trial of Nephoxil for new dosage forms and new indications in March 2023 through the Company's collaborative efforts. Furthermore, PBF plans to apply to the competent authority in Taiwan for the relevant drug permit license and National Health Insurance coverage. The aforementioned R&D achievements reveal that the Company has made progressive development in planning both the profitability and the life cycle of the main product Nephoxil as well as deployment for the global market. To ensure a stable source of APIs, optimize manufacturing processes, reduce costs, and expand revenue sources, the Company acquired Cheng Fong Chemical Co., Ltd. (an API manufacturer) as a wholly-owned subsidiary in 2020. Looking ahead, the Company will focus on the integration of API—ferric citrate—in the upstream industry, aiming to not only stabilize the supply of APIs but also achieve the goal of revenue diversification.

About Nephoxil® : A new drug for treating kidney disease

Nephoxil is a patented new drug successfully invented by PBF through more than 10 years of clinical experience. The main active ingredient is pharmaceutical-grade ferric citrate coordination complex, which is the latest generation of iron-based phosphate binders free from calcium, aluminum, and heavy metals. It can reduce the absorption of phosphorus in the intestine to lower blood phosphorus levels, and is used to treat not only the hyperphosphatemia commonly found among patients undergoing dialysis for chronic kidney disease but also the iron-deficiency anemia by increasing erythromycin production and the body iron content. Nephoxil is the world's only dual-action phosphate binder that can simultaneously treat hyperphosphatemia in patients with kidney disease and iron-deficiency anemia.



About hyperphosphatemia and iron-deficiency anemia :

Due to impaired kidney function or even kidney failure, patients with end-stage kidney disease fail to excrete the phosphorus absorbed from daily food intake via their kidneys, and cannot fully excrete it even with dialysis. Consequently, more than 80% of patients undergoing dialysis suffer from hyperphosphatemia, resulting in several conditions such as renal osteodystrophy and cardiovascular and soft tissue calcification, which in turn lead to cardiovascular diseases. Existing research has pointed out that patients with kidney disease who have higher levels of phosphorus in their blood have relatively high rates of disease contraction and mortality. According to statistics, the rate of mortality due to cardiovascular diseases among the dialysis population is as high as 50%, therefore dialysis patients must rely on the use of phosphorus binders to stabilize and control phosphorus levels in their blood, and they must closely monitor their bodies' calcium-phosphorus balance. Additionally, anemia is also a risk factor for death in patients with non-dialysis dependent chronic kidney disease (NDD-CKD), with most of them requiring injections of intravenous iron (IV iron) and erythropoiesis stimulating agent (ESA). Nexophil offers a unique pharmaco-economic advantage of controlling the level of phosphorus in the blood and increasing iron levels in the body, without the gastrointestinal side effects associated with oral iron supplements nor the inconvenience of intravenous iron treatment, which carries the risk of severe allergic reactions.

Market Opportunity

Phosphorus binders are a fast-growing emerging pharmaceutical market. According to Fortune Business Insights, the global market of hyperphosphatemia treatment reached approximately US\$1.23 billion in 2022 and is expected to grow from US\$1.31 billion in 2023 to US\$2.28 billion in 2030. The market is forecast to grow at a compound annual growth rate (CAGR) of 8.2% between 2023 and 2030.

The U.S. National Kidney Foundation revealed that 10% of the world's population is affected by chronic kidney disease, and millions of people die each year due to lack of access to proper treatment. A report published by researchandmarkets.com concluded that the global IV and oral iron drugs market was valued at approximately US\$7.66 billion in 2023 (the nephrology field accounted for 60.84%). The market is estimated to reach US\$16.34 billion in 2029, with a compound annual growth rate (CAGR) of 13.5%. This is mainly due to the increasing prevalence of iron deficiency and iron deficiency anemia worldwide as well as increased awareness of effective treatment options among patients.

2.3 Supply Chain Management

2.3.1 Industrial Chain Value GRI 2-6

Reviewing the PBF's position in the pharmaceutical manufacturing industry supply chain, the upstream and midstream supply chain partners are engaged in the preparation of raw materials (APIs), whereas the downstream is involved in the manufacturing of pharmaceuticals and sales distribution. Pharmaceuticals are simply divided into original, imported, or manufactured BE generics and non-BE Generics. The pharmaceutical industry in Taiwan is generally located in the downstream supply chain, mostly in the manufacturing and sales of non-BE generics. PBF is not only one of the few companies in Taiwan to provide integrated services from front-end R&D to manufacturing to endpoint sales; it is also a leading biotech pharmaceutical company specializing in the development of special dosage forms and new drugs.

There were no significant changes in the supply chain during the 2023 reporting period.



1. Upstream

The upstream supply chain of the pharmaceutical industry is engaged in the manufacturing of pharmaceutical raw materials (including synthesis, extraction, fermentation, tissue culture, and other processes) and the development of new drugs in the upstream of the industrial chain. Raw materials for Western pharmaceuticals include general chemicals, natural plant and animal extracts, microbial strains, fermentation, and tissues and cells of genetically engineered or cell fusion proteins, with general chemicals accounting for the majority of the raw materials. In recent years, due to advancements in biotechnology, biologists have demonstrated many successful examples of gene transfer through tissue culture technology or the genetic engineering of plants or animals to produce drugs. With the maturity of this technology and related applications, gene transfer may become a major breakthrough for pharmaceutical manufacturing technology in the upstream supply chain.

2. Midstream

The midstream supply chain of the pharmaceutical manufacturing industry includes the API industry and the Chinese herbal medicine processing industry. The API industry consists of organic chemical synthesis, natural substance extraction and purification, and microbial fermentation or post-fermentation semi-synthesis, with the main process technologies of recycling, extraction, separation, purification, and formulation of pharmaceutical preparations. For the preparation of general chemical products, the main process technologies are complex organic synthesis and separation and purification. Taiwan's API products are largely for export.

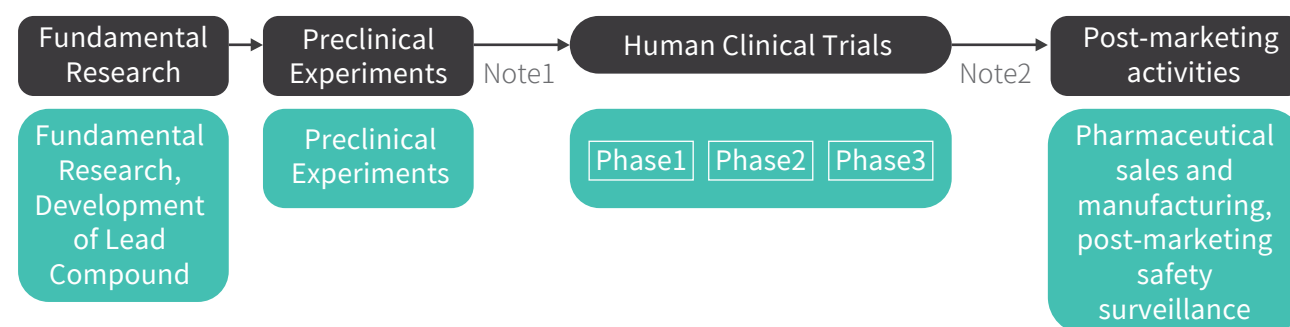
Under the impact of the drug safety incidents, the Food and Drug Administration (FDA) has been actively monitoring the use of APIs by domestic pharmaceutical companies and requires all pharmaceutical preparations to use GMP-certified APIs and complete source registration to ensure the food-grade quality of pharmaceutical raw materials.

3. Downstream

The downstream supply chain of the pharmaceutical manufacturing industry is engaged in the production of Chinese and Western pharmaceutical preparations and the operation of pharmaceutical sales channels. Among the world's top ten pharmaceutical companies, nine of them are located in the U.S. and one is in the U.K. The annual production of the world's largest pharmaceutical company is valued over US\$36 billion. There are nearly 200 pharmaceutical companies in Taiwan, which mainly produce well-known generic drugs and are relatively small-scale compared to the international pharmaceutical companies. In terms of sales and market share, except for a small number of OEM orders from international pharmaceutical companies, Taiwan's pharmaceutical companies mainly generate revenue from domestic sales.

To enhance long-term international competitiveness, PBF has invested in the R&D of new patented drugs. The industrial chain for the development of a new drug can be summarized as follows: the academic research institutes in the upstream first engage in fundamental research for the development of lead compounds before conducting the preclinical experiments, including animal experiments and toxicity tests. Once a new drug with potential therapeutic effects is discovered, researchers will then develop the new drugs on their own or transfer the technology to a biotech or pharmaceutical company in the midstream. The company is only allowed to conduct Phase 1, Phase 2, and Phase 3 human clinical trials with the approval of the Investigational New Drug (IND) application, and may apply the New Drug Application (NDA) from the health authorities to the successfully developed new drugs. After obtaining the NDA drug permit license, the company may market the new drug for sales and hand it to the manufacturers, pharmaceutical distribution companies, and international pharmaceutical companies in the downstream for manufacturing, marketing, and licensing in order to complete the process.

New Drug Development Process



Note 1 : Obtaining the IND approval to enter clinical trial

Note 2 : Obtaining the NDA new drug license permit

Since obtaining PIC/S GMP Certification in 2012, PBF's pharmaceutical standards have been brought into line with international standards. The Company complies with international safety standards for raw materials, suppliers, management, and manufacturing and expects suppliers to employ the same standards. By meeting the requirements of various operational procedures and keeping accurate and complete records, PBF ensures the quality and safety of drugs from the time they leave the plant until patients consume them, safeguarding the safety of medication for every patient.

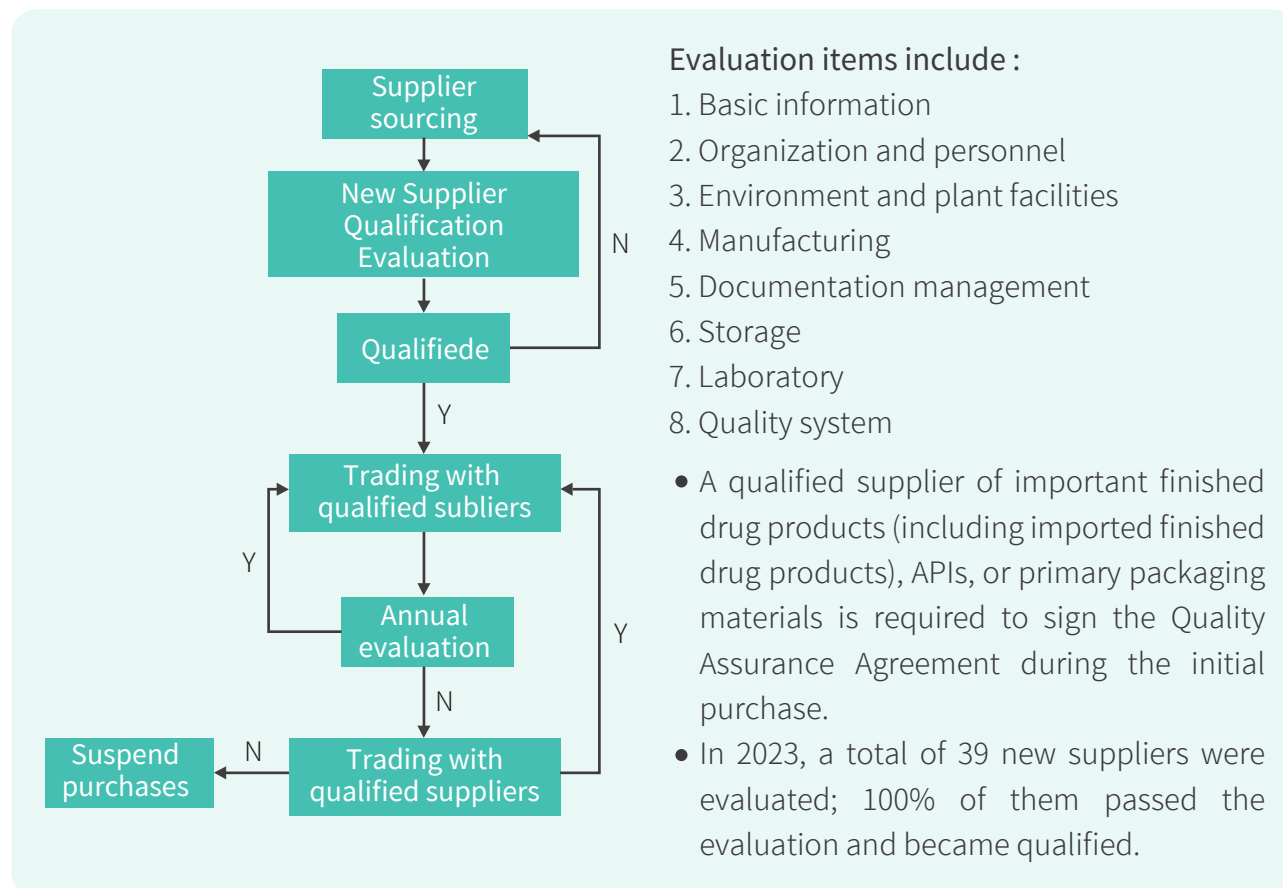
To ensure that the raw materials and equipment provided by suppliers are in compliance with PBF's principles of appropriate quality control, reasonable price, on-time delivery, and sufficient quantity, the Company has formulated the Supplier Evaluation and Audit Procedures, which also serves as the procedures and operation standards for suppliers and outsourced service providers. Additionally, the Company conducts regular and occasional on-site inspections or written evaluations of suppliers in accordance with the Procedures every year and completes an annual evaluation report on each supplier. If any deficiencies are found during the period, the Company may request suppliers to make improvements in a timely manner or terminate the transaction, depending on the severity of the case.

| | Statistics on the number of suppliers evaluated by each plant | | | | |
|--------------------------------------|---|-------------------------|----------------|-------------|------------|
| | PBF HQ | Cheng Fong Dayuan Plant | Pingzhen Plant | Xizhi Plant | Xike Plant |
| Number of suppliers to be evaluated | 10 | 3 | 17 | 9 | 0 |
| Actual number of suppliers evaluated | 10 | 3 | 17 | 9 | 0 |
| Number of unqualified suppliers | 0 | 0 | 0 | 0 | 0 |

• 2.3.2 Screening and Management of Suppliers GRI 308-1 and GRI 204-1

PBF aims to establish a supply chain that emphasizes environmental protection, social responsibility, labor and human rights, safety and health, and sustainable development. The Company is committed to fulfill its corporate social responsibility and opts for suppliers who uphold the same commitment.

Supplier Management Process



Furthermore, the conditions in the cooperation agreement signed between PBF and its suppliers stipulate that PBF may terminate the cooperation at any time if the supplier violates the corporate social responsibility policy of integrity and ethical obligations. To protect the public welfare, the agreement also states that PBF may terminate the contract at any time and claim damages if the supplier is found to be engaging in any dishonest behavior.

The sources of supply of raw materials for PBF are categorized into domestic and foreign purchases. Domestic purchases are mainly made through agents or distributors in Taiwan who import raw materials from abroad, whereas foreign purchases are mainly made through foreign traders who import raw materials from abroad. PBF HQ shares the same suppliers with all plants. In 2023, the purchases of imports from foreign suppliers accounted for 9.51% of the total procurement amount, whereas local purchases (domestic purchases) accounted for 90.49%.

| Proportion of local suppliers for each plant (calculated based on the purchase amount) | | | | |
|---|-------------------------|----------------|-------------|------------|
| PBF HQ | Cheng Fong Dayuan Plant | Pingzhen Plant | Xizhi Plant | Xike Plant |
| PBF HQ, Pingzhen Plant, Xizhi Test Reagent Plant, and Xizhi Microneedle Plant all belong to Panion & BF Biotech Inc. (PBF), and all plants share the same suppliers. The statistics of the group's purchase amount are as follows : | | | | |
| In 2023, the total purchase amount (in stock) was NT\$381,433,000, and the amount of imported materials procured from foreign suppliers was NT\$36,282,000 (in stock), representing a ratio of 9.51%. | | | | |

Instead of centralizing the purchase of materials on a single supplier, PBF adopts decentralized purchasing according to the material supply situation. In terms of the selection of suppliers, PBF evaluates the quality of their raw materials, trade terms, stability of supply, and sales service. While maintaining a good interactive relationship with suppliers, PBF actively looks for new sources of supply, therefore no major supply disruption has been reported

As a result of the COVID-19 outbreak and the Russia-Ukraine War and energy supply issue over the past 2 to 3 years, various raw material manufacturing plants have reduced production or shut down. Additionally, the impact has also increased the variability of transportation modes, costs, and timing. All of these factors have further led to a mismatch between the supply and demand of APIs and continued price increases globally. In this regards, the Company has taken immediate action to seek alternative sources of supply and increase the safety stock inventory levels, thus maintaining a normal supply of materials.

2.4 Customer Health and Safety

PBF's products comply with all government laws and regulations, and the Company has obtained PIC/S GMP Certification for pharmaceuticals, ISO 22716 Certification for cosmetics, ISO 13485 Certification for test reagents, and TQF Certification for food products. Through rigorous quality management, the Company ensures consistent product quality for customers while assuring that service quality enhances customer satisfaction. 100% of PBF's major products were audited in 2023 in accordance with health and safety regulations, and no violation of customer health and safety regulations or voluntary agreements occurred.

1. Strict Adherence to Governmental Laws and Regulations for Products

PBF is committed to product safety and quality and strictly follows the health and safety regulations set by the government. The Company's products range from pharmaceuticals, cosmetics, and test reagents to food products, which have all passed the corresponding certification standards at home and abroad, including PIC/S GMP Certification for pharmaceuticals, ISO 22716 Certification for cosmetics, ISO 13485 Certification for test reagents and TQF Certification for food products. These certifications ascertain the safety and efficacy of PBF's products and demonstrate the Company's stringent attitude towards legal compliance.

2. Rigorous Management on Quality

PBF adopts a rigorous quality management system to monitor and improve product quality. From the procurement of raw materials to control of the manufacturing process, to the shipment of the final products, each step undergoes stringent quality control and examination to ensure the highest quality standards for each batch of products. PBF's quality control team employs cutting-edge technology and equipment for regular product testing and quality assessments, aiming to ensure product stability and reliability.

3. Customer Service and Satisfaction Enhancement

In addition to focusing on product quality and safety, PBF is also committed to providing excellent customer service by providing professional health advice and product support through customer service specialists. PBF has never stopped listening to customers' opinions and suggestions and improving products and services based on their needs and feedback. In addition, the Company provides transparent product information and user guides to ensure safe and effective product use.

4. Supply Chain Management

Finding the right suppliers is the first and foremost task to ensure the effective execution of purchasing that meets the Company's requirements. Qualified suppliers must meet the requirements of proper quality control, reasonable price, on-time delivery, emphasis on environmental protection, safe and enthusiastic service, etc. PBF has established management policies for suppliers of finished products (including imported products), raw materials and processed materials, outsourced manufacturing plants supplying raw materials and processed materials, and outsourced logistics warehouses.

2.5 Customer Relations Management

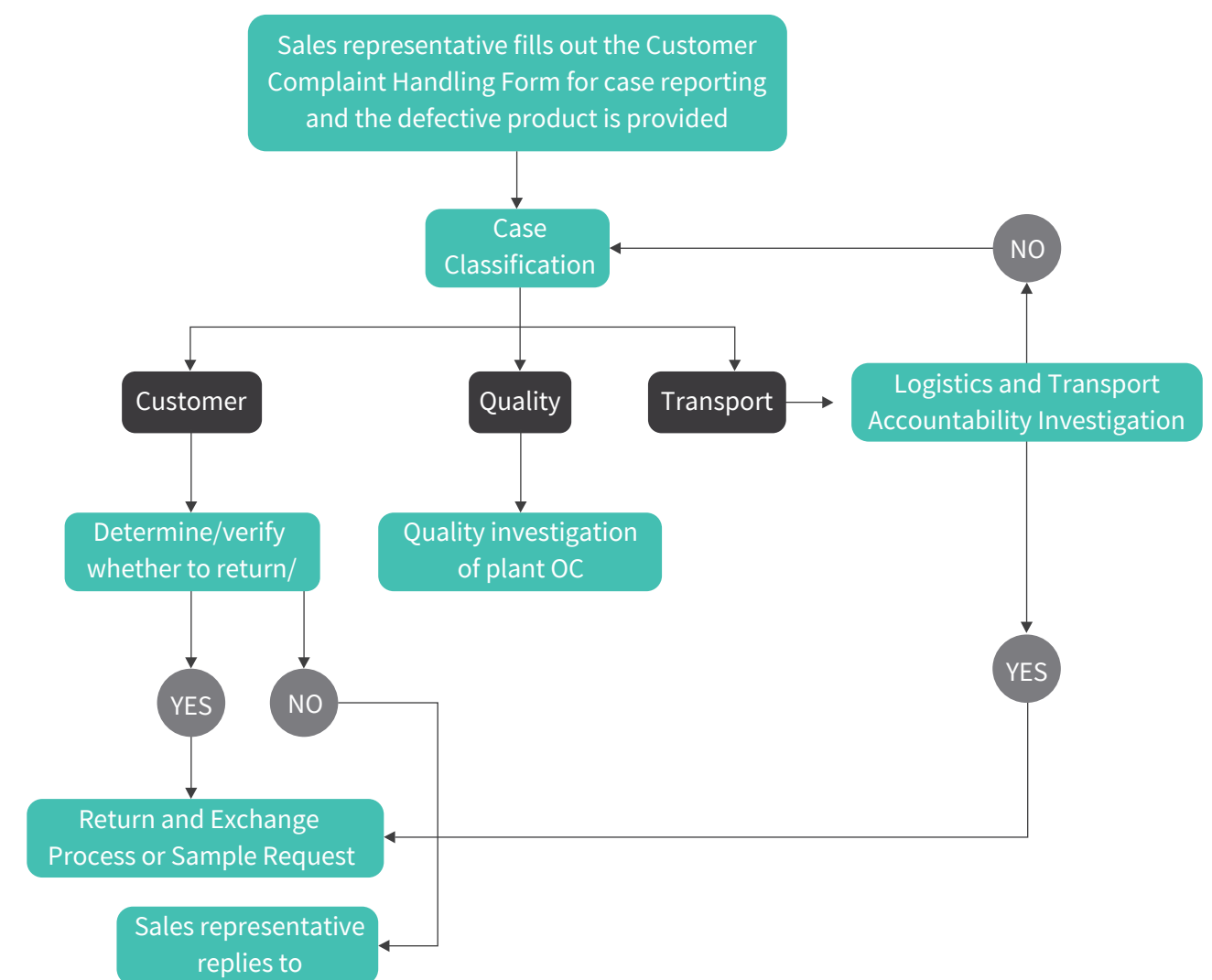
To enhance customer satisfaction, meet customers' needs, address customer complaints, and hear customers' suggestions about PBF's service and product quality, the Company has established a complete handling process. Relevant departments conduct regular visits and keep in contact with customers, and they submit their requests to the supervisor for approval before coordinating personnel for handling matters. This serves as a reference for the enhancement of product quality and the development of customer service strategies, with an expectation to comply with the requirements of "Customer Satisfaction" as specified in the Management Best Practice Principles.

The customer complaint handling process is as follows :

1. When a customer files a complaint, the sales representative will notify the Company by filling out a Customer Complaint Handling Form to record and describe the information about the customer and the product, and they will obtain the defective product as a sample for subsequent handling.
2. Based on the complaint information contained in the Form, the case is classified as an issue related to customers, quality, transport, or other relevant factors, facilitating cross-department and cross-company notification and evaluation.
3. The return and exchange process or sample application of the product is conducted based on the classification of the complaint case. Additionally, the sales representative will provide feedback to the customer on the causes and the investigation results.

In 2023, a total of eight Customer Complaint Handling Forms were filed. They were handled in accordance with the Customer Complaint Process and received satisfactory feedback.

Additionally, a Health Education Service for Chronic Kidney Disease Patients Suffering from Hyperphosphatemia Hotline (0800-066-789) has been set up for Nexophil products, which is staffed by specialists to provide patients with necessary health knowledge. PBF markets and labels all products and services in accordance with relevant laws and regulations, and makes every effort to avoid misleading customers, or engaging in any other behaviors that undermine consumer trust and jeopardize consumer rights. In order to protect patients' right to medication, the products are labeled with "Applicable to Drug Injury Relief System".



03

Sustainable Environmental Protection



In recent years, energy shortages, man-made damage to the ecological environment, and global carbonization have become increasingly severe. To cope with the impact of environmental changes, the Company continuously promotes energy saving and carbon reduction measures. Additionally, the Company always attaches great importance to environmental protection and energy conservation by actively enhancing the prevention and control of pollution, energy and resource conservation, waste reduction, and recycling. In terms of product packaging, the Company opts for recycled cartons or reusable materials to minimize the excessive use of packaging materials and reduce greenhouse gas emissions.

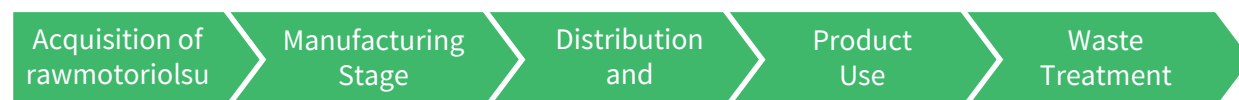
| Material Topic | Packaging Materials and Waste | |
|--|--|---|
| Policy/Strategy | Introduce green design concepts at all stages of the product lifecycle to reduce environmental impact and realize product responsibility and consumption. | |
| Management Assessment Mechanisms | In the future, ESG will be integrated into the GMP standards for the production process to meet GMP requirements and fulfill the Company's commitment to environmental responsibility. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| The amount of PCR plastic packaging materials used | PBF does not use any PCR plastic packaging currently. | In 2024, the Company plans to switch to PCR plastic packaging for four products. It will also improve product formulas to eliminate controversial environmental hormones. This is expected to account for 5–8% of the total sales of hair cosmetics. In 2025, PBF plans to increase the number of products using PCR plastic packaging to seven, which is expected to account for 12–18% of the total sales. |

| Material Topic | Greenhouse Gas Emissions and Pressure due to Water and Electricity Shortages | |
|---|--|---|
| Policy/Strategy | Greenhouse gas emissions reduction is a global trend for environmental protection. The greenhouse gas inventory results are quantified through a supervision report to promote the control and reduction of greenhouse gas emissions. | |
| Management Assessment Mechanisms | Use the ISO 14064-1:2018 standards for greenhouse gas inventory and the quantification of results, then develop a greenhouse gas reduction plan. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Greenhouse gas intensity from Category 1 + Category 2 | In 2023, the total greenhouse gas emissions from Category 1 + Category 2 decreased by 6.3% compared to 2022, but greenhouse gas emission intensity increased by 19.60% due to a 21% decrease in consolidated revenue compared to 2022. | Reduce greenhouse gas intensity from Category 1 + Category 2 emissions by at least 1.5% per year. |
| Total energy use intensity (EUI)emissions | In 2023, total EUI increased by 15.38% compared to 2022. This was due to the expansion of Pingzhen Plant (Phase I) in 2023, which significantly increased the utility system's energy consumption. | Reduce total EUI by at least 0.5% per year. |

| Material Topic | Toxic Chemicals, Wastewater Discharge, and Waste | |
|--|---|---|
| Policy/Strategy | The implementation of the environmental management system in business operations requires the Company to reduce waste, pollution, and greenhouse gas emissions; conserve resources; and promote other environmental protection practices. This will enable PBF to make positive environmental changes while achieving its business goals. | |
| Management Assessment Mechanisms | Statistics on waste reported | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Weight of waste and revenue percentage | In 2023, the total weight of waste decreased by 7.47% compared to 2022, but waste intensity increased by 17.94% due to a 21% decrease in revenue. | Reduce waste intensity by at least 5% per year. |

3.1 Green Product Design

Adhering to the concept of sustainable development, PBF firmly believes in focusing on environmental impact, social responsibility, and efficient governance structure while maintaining business operations. ESG has become an integral part of the Company's business strategy, and PBF looks forward to infusing its products and business with the concept of perpetual beauty through the guidance of ESG. A life cycle model will be applied to each stage of the process: from the selection of product ingredients, the manufacturing process, packaging and recycling, to current practices and future goals for continuous improvement.



3.1.1 Acquisition of Raw Materials Stage

Based on the foundation of environmentally friendly raw ingredients, PBF is committed to incorporating the concept of green cosmetics into the development of every product. The Company opts for renewable and natural raw ingredients to minimize the burden on the ecosystem caused by the manufacturing process.

1. Plant extracts: Extracted from various plants, including flowers, leaves, roots, and fruits. For example, current product ingredients include aloe vera gel and green tea extract, and other plant extracts will be included as ingredients in the future.
2. Vegetable oils: The Company will use renewable vegetable oils such as olive oil, sunflower oil, coconut oil and almond oil. These oils are not only good for the skin, but also meet the Company's environmental commitments.
3. Fruit and vegetable extracts: Natural ingredients extracted from fruits and vegetables, such as grape seed extract and lycopene. These ingredients are abundant and natural and can bring multiple benefits to the Company's products.

The Company plans to use these eco-friendly ingredients in the future to not only make products more natural and pure, but also to reduce the environmental impact at the source, the reliance on non-renewable resources, and the impact of the Company's products on the environment. This will better promote sustainable development and is also an important goal of PBF's ESG practices.

1. Natural pigments: PBF will extract colors from natural sources, such as carmine (extracted from red fruits) and algae extract (brown pigment). In addition to adding beautiful colors to the Company's products, these natural pigments also help to avoid over-reliance on synthetic colors.
2. Marine extracts: The Company plans to use ingredients from marine plants and animals, such as seaweed extracts and coral extracts. This not only promotes the sustainable use of marine resources, but also adds a unique natural fragrance to and ingredients to the Company's products.
3. Organic ingredients: PBF will use ingredients obtained through organic agriculture, including organic plant oils and extracts. This helps reduce the need for chemical pesticides and synthetic fertilizers and promotes a more sustainable approach to agriculture.
4. Biodegradable ingredients: The Company will use ingredients that are easily decomposed, such as biodegradable emulsifiers and surfactants. This will help reduce product residues in the environment as well as the burden on the ecosystem.

• 3.1.2 Manufacturing Stage

PBF is in the process of obtaining GMP Certification, which is expected to be approved in 2024. The future GMP manufacturing process will incorporate ESG to meet the GMP requirements and fulfill the Company's environmental commitments. PBF will never stop striving to improve and innovate in order to minimize environmental impacts while enhancing manufacturing process efficiency and contributing to sustainable development. In the future, the Company will focus on resource efficiency and waste management.

1. Resource efficiency: In addition to adhering to GMP requirements in the manufacturing process, PBF will optimize relevant process to ensure efficient resource use. This will help reduce excessive resource use and thus reduce negative environmental impacts.
2. Waste management: GMP requirements set rules for waste treatment, which is an important step to ensure compliance and reduce the environmental burden. The Company emphasizes the importance of waste reduction and has implemented a stringent waste management system into the manufacturing process. Through practices such as recycling, reuse, and safe disposal of waste, PBF ensures that the environmental impact of waste is minimized.

• 3.1.3 Product Use and Waste Treatment Stage

PBF follows strict environmental standards in the selection of packaging materials to reduce the environmental impact of the Company's products even at the packaging stage. Environmental initiatives include :

1. Renewable materials: Renewable materials, such as biodegradable plastics and papers, are prioritized to reduce the Company's reliance on limited resources.
2. Simpler design: Simple and lightweight designs are adopted to minimize the use of packaging materials, thereby reducing the carbon footprint and conserving resources.
3. Harmless materials: The Company avoids using environmentally harmful materials to ensure that packaging does not adversely affect the ecosystem.

4. Use of recyclable materials: In addition to displaying a recyclable label on the product packaging, PBF also opts for recyclable materials or simpler packaging designs to reduce the environmental impact of packaging, which in turn makes recycling easier.
5. Recyclable plastics: PBF selects plastic materials that are suitable for recycling and reuse, and encourages consumers to properly recycle the packaging.
6. Paper and cardboard: The Company uses recyclable paper and cardboard to support the concept of paper recycling.

Post-consumer recycled (PCR) plastic refers to recycled plastics that go through several steps of sorting, gravity sorting, washing, melting, and pelletizing and are eventually turned back into usable plastic materials.

The Ministry of Environment established the Operation Guidelines for Promoting Recycled Plastic Products for Non-Food Packaging on November 3, 2022, to govern cosmetics, animal cleaning and maintenance products, detergents, and other relevant products, with the expectation to reach 25% recycled material usage by 2025 and 30% by 2030.

PBF does not use any PCR plastic packaging currently. In 2024, the Company plans to switch to PCR plastic packaging for four products. It will also improve product formulas to eliminate controversial environmental hormones. This is expected to account for 5–8% of the total sales of hair cosmetics. In 2025, PBF plans to increase the number of products using PCR plastic packaging to seven, which is expected to account for 12–18% of the total sales.

3.2 Climate Change and Greenhouse Gas Management

3.2.1 Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations GRI 201-2

PBF cares about the issue of climate change and is confronting the problem directly. The Company has assessed the current and future potential risks and opportunities of climate change to the business and developed the following measures to cope with the climate-related issues.

| Potential Risks | Potential Opportunities | Countermeasures Taken by PBF |
|--|---|--|
| Rising temperature (increases in electricity costs and carbon emissions) | Promote low-carbon, green manufacturing and the use of renewable energy to conserve electricity and save costs. | <ol style="list-style-type: none"> 1. Replace energy-consuming equipment such as air conditioners, air compressors, and refrigeration equipment with inverter and energy-saving models. 2. Install solar power generation systems on the plant roofs to develop green energy, thereby reducing carbon emissions. |
| Water resource scarcity | Enhance the efficiency of water resource utilization (save water and the cost of wastewater treatment) | <ol style="list-style-type: none"> 1. Adjust water consumption habits in the manufacturing process to save water. 2. Recycle wastewater for use in sanitation and watering. |
| Increased price of greenhouse gas emissions (increase in carbon costs) | Transition to low-carbon, green manufacturing to replace high emission technologies used in products and services, thereby enhancing the Company's competitiveness. | <ol style="list-style-type: none"> 1. Adopt energy-saving manufacturing and utility equipment. 2. Improve excessive packaging design and use raw materials produced from green manufacturing. |

The Intergovernmental Panel on Climate Change (IPCC) has cited substantial scientific evidence in its published assessment reports to prove that climate change is an irreversible fact. The most significant proof is that global average temperatures have been rising in the recent 150 years (from the 1860s to the 2000s) at an increasingly faster rate. Additionally, it has also been observed that the global average sea level is on the rise due to melting glaciers. Climate change, global warming, and greenhouse gas emissions have been of great concern to the world in recent years; therefore, United Nations SDG 13 was established targeting Climate Action. PBF plans to introduce education and training on the core elements of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations: Governance, Strategy, Risk Management, and Metrics and Targets, to proactively and directly address this global issue.

| Core Elements | Countermeasures Taken by PBF |
|---------------------|--|
| Governance | The Company has established a Sustainable Development Committee to take charge of the decision making on sustainable development issues and the supervision and execution of relevant duties. The Committee consists of six taskforces: the Environmental Sustainability Team, the Social Responsibility Team, the Risk Management Team, the Corporate Governance Team, the Information Security Team, and the Ethical Management Team. |
| Strategy | <p>PBF sees climate change as the primary sustainable development issue and has established the following short-, medium-, and long-term goals :</p> <ol style="list-style-type: none"> 1. Short-term goal : <ol style="list-style-type: none"> (1) Keep abreast of the latest regulations on greenhouse gas emissions, energy management, and climate change. (2) Identify the greenhouse gas type and quantify the results in accordance with ISO 14064-1:2018; pass third-party ISO 14064-1:2018 certification. 2. Medium-term goal : <ol style="list-style-type: none"> (1) Replace old equipment with energy-saving models. (2) Prioritize the use of green building materials or environmentally friendly materials. 3. Long-term goal : <ol style="list-style-type: none"> (1) Continuously review the Company's exposure to climate threats and make early plans. (2) Achieve the ultimate goal of carbon neutrality. <p>To achieve the above goals, PBF will gradually adopt the following strategic measures :</p> <ol style="list-style-type: none"> (1) Promote green procurement and require suppliers to comply with the regulations on sustainable development. (2) Formulate energy-saving measures to enhance the efficiency of energy utilization. (3) Invest in green energy equipment to reduce carbon emissions. |
| Risk Management | <p>PBF always keeps abreast of the latest global sustainable development issues and has established a risk management mechanism to assess and respond to climate change and other risks. The risk management process is as follows :</p> <p>Step 1 – Risk Identification: Conduct regular risk assessments to identify risks that may affect the Company's sustainable development.</p> <p>Step 2 – Risk Analysis: Assess each risk's impact level and likelihood of occurrence.</p> <p>Step 3 – Risk response: Formulate countermeasures to minimize the impact of risks. Significant risks are submitted to the Board meeting for review and implementation.</p> |
| Metrics and Targets | <p>We aim to meet international standards, improve energy use, and achieve carbon neutrality. The following targets have been set :</p> <p>Short-term: Identify the greenhouse gas type and quantify the results in accordance with ISO 14064-1:2018; pass third-party ISO 14064-1:2018 certification.</p> <p>Medium-term: Set reduction targets based on the greenhouse gas inventory results.</p> <p>Long-term: Continuously review the Company's exposure to climate threats and make early plans, and ultimately achieve the goal of carbon neutrality.</p> |

3.2.2 Greenhouse Gas Management GRI 305-01, GRI 305-02, GRI 305-03 and GRI 305-04

PBF has conducted greenhouse gas inventories since 2022 in accordance with ISO 14064-1:2018. The greenhouse gas inventory process and results allow PBF to gain an overall grasp of the greenhouse gas emissions of the HQ and each plant. Through the greenhouse gas inventory, PBF is able to fully understand the greenhouse gas emission status and put forth feasible solutions for greenhouse gas reduction. In order to increase credibility and quality, the information and reports on the greenhouse gas inventory are verified externally by a third-party verification organization after the internal verification work is completed. This results in a complete inventory procedure and improved data quality. The year 2022 is currently set as the base year for greenhouse gas inventory and quantification. However, the base year will be adjusted in the future in accordance with the addition/revision of plant boundaries.

The greenhouse gas emissions were calculated by applying the operational control approach and using the GWP value of the IPCC Sixth Assessment Report (2021). The greenhouse gas emission intensity (metric tons of CO₂e/total consolidated revenue [NT\$1000]) was used as the greenhouse gas emission management indicator to effectively grasp the amount of greenhouse gas emissions. In 2023, the total greenhouse gas emissions from Category 1 + Category 2 decreased by 6.3% compared to 2022, but the greenhouse gas emission intensity increased by 19.4% due to a 21% decrease in consolidated revenue compared to 2022.

1. Category 1 and Category 2 Greenhouse Gas Emissions :

Includes PBF HQ (including Longtan R&D Center), Xizhi Plant, Xike Plant, Pingzhen Plant, and Cheng Fong Chemical Co., Ltd., Dayuan Plant.

| Year | 2022 | 2023 |
|--|------------|------------|
| Category 1 (metric tons of CO ₂ e/year) | 278.5443 | 330.6084 |
| CO ₂ (metric tons of CO ₂ e/year) | 166.633 | 176.4586 |
| CH ₄ (metric tons of CO ₂ e/year) | 24.8172 | 27.1023 |
| N ₂ O (metric tons of CO ₂ e/year) | 0.546 | 0.546 |
| HFCs (metric tons of CO ₂ e/year) | 86.5481 | 126.5015 |
| PFCs (metric tons of CO ₂ e/year) | 0 | 0 |
| SF ₆ (metric tons of CO ₂ e/year) | 0 | 0 |
| NF ₃ (metric tons of CO ₂ e/year) | 0 | 0 |
| Category 2 (metric tons of CO ₂ e/year) | 5,157.7324 | 4,971.5752 |
| Category 1 + Category 2 (metric tons of CO ₂ e/year) | 5,433.2979 | 5,302.1836 |
| Total consolidated revenue (unit : NT\$1000) | 2,398,648 | 1,881,875 |
| Category 1 + Category 2 greenhouse gas emission intensity (metric tons of CO ₂ e/ total consolidated revenue) | 0.0023 | 0.0028 |
| | | ↑ 19.60% |

2. Category 3 and Category 4 Other indirect greenhouse gas emissions (Unit : metric tons of CO₂e/year)

| Year | 2022 | 2023 |
|---|----------------|----------------|
| Category 3 : Indirect GHG emissions from transportation | 186.1853 | 265.5618 |
| 3.3 Emissions from employee commuting | 186.1853 | 265.5618 |
| Category 4 : Indirect GHG emissions from products used by the organization | 425.2291 | 1048.2489 |
| 4.1 Emissions from purchased goods (including energy and fuel) | 390.5992 | 949.6774 |
| 4.3 Emissions from the disposal of solid and liquid waste | 35.3319 | 98.5715 |
| Category 5 : Indirect GHG emissions associated with the use of products from the organization | Not quantified | Not quantified |
| Category 6 : Other indirect emissions | Not quantified | Not quantified |

(GHG emissions from Category 4 in 2023 were much higher than in 2022, which was mainly due to increased emissions from upstream electricity and water consumption.)

• 3.2.3 Energy Management GRI 302-1 and GRI 302-3

PBF Energy Conservation Policy

1. Replacement of power and process equipment with energy-saving or inverter models year by year.
2. Complete replacement of air-conditioner controllers in controlled working areas to maintain the operation temperature at a precise 23°C ± 4°C.
3. Temperature adjustment for general working areas from 24°C to 25°C.
4. Replacement of lighting equipment; upgrade street lights and walkways for all plants to motion-sensor T5 or LED flat panel lights and fixtures.
5. Actively promote electricity-saving good habits to all employees, such as turning off lights and air conditioners when not in use and shutting the door when leaving.

The energy consumed by PBF HQ and each plant is mainly purchased electricity, whereas gasoline and diesel are used for the generators in each plant and company vehicles. The energy consumption of electrical and mechanical equipment is controlled by adopting electricity and water conservation policies to avoid squandering resources; additionally, old equipment and energy-consuming lighting fixtures are replaced to enhance energy consumption efficiency. In 2023, the total energy use intensity (EUI) increased by 15.38% compared to that in 2022; this was due to the expansion of Pingzhen Plant and Cheng Fong Chemical Co., Ltd., Dayuan Plant in 2023, which significantly increased the utility system's energy consumption. Furthermore, the expansion project will still be ongoing in 2024, therefore it is unlikely that availability and production capacity will increase to match the energy consumption of the utility systems in the short-term. As a result, the reduction target cannot be achieved for the time being, during the period of plant expansions.

Includes PBF HQ (including Longtan R&D Center), Xizhi Plant, Xike Plant, Pingzhen Plant, and Cheng Fong Chemical Co., Ltd., Dayuan Plant.

| Plant | Total | |
|---|-------------|-------------|
| Year | 2022 | 2023 |
| 1-1 Electricity (1000 kWh/year) | 7,080.6604 | 7,076.5290 |
| 1-2 Electricity (GJ/year) | 25,490.0942 | 25,475.2213 |
| 2-1 Gasoline (kL/year) | 3.5964 | 3.9600 |
| 2-2 Gasoline (GJ/year) | 0.1174 | 0.1293 |
| 3-1 Diesel (kL/year) | 11.1588 | 5.2454 |
| 3-2 Diesel (GJ/year) | 0.3924 | 0.1844 |
| 4-1 Thermal Energy (steam)(kg/year) | 1,965,000 | 883,000 |
| 4-2 Thermal Energy (steam) (GJ/year) | 6,201.9330 | 2,786.9246 |
| 4. Total Energy Consumption (GJ/year) | 31,692.5370 | 28,262.4596 |
| 5. Total Consolidated Revenue (Unit: NT\$1000) | 2,398,648 | 1,881,875 |
| 6. Total Energy Use Intensity (EUI) (GJ/Total consolidated revenue [Unit: NT\$1000]) | 0.013 | 0.015 |
| | | ↑ 15.38% |

Electricity : 860,000 kcal/1000 kWh, Liquified Petroleum Gas (LPG) : 12,062 kcal/kg, Natural Gas (NG) : 9,000 kcal/m3, Gasoline : 7,800 kcal/L, Diesel : 8,400 kcal/L, Steam : 754 kcal/kg, 1 kcal = 4,186 J, 1 GJ=109 J

Reference : Bureau of Energy (MOEA) - Table of Energy Products Heating Value (Updated on October 15, 2019)

3.3 Environmental Management

The main goals of the Company's environmental management system are to ensure (1) compliance with environmental requirements, (2) efficient resource use, and (3) waste reduction and pollution minimization, in order to achieve continuous improvement in environmental performance. Although PBF has yet to adopt the ISO 14001:2015 environmental management system, the relevant system requirements have been incorporated into business operations through the targets mentioned above. In doing so, the Company hopes to foster a culture of sustainability among employees while contributing to a greener future. Through the reduction of waste, pollution, and greenhouse gas emissions; energy conservation; and other practices that promote environmental protection, the environmental management system will enable the Company to create positive environmental changes while achieving its business objectives.

3.3.1 Air Pollution Prevention and Control GRI 305-7

The air pollution prevention and control measures of PBF's main manufacturing plants comply with the relevant requirements of government laws and regulations. For pollution prevention and control, the Company has obtained a Stationary Pollution Source Operating Permit in accordance with the law and conducts regular inspection, maintenance, reporting, and testing as stipulated in the regulations.

Pollution Emissions Unit (kg)

| Plant | PBF HQ (including Longtan R&D Center), Xizhi Plant, and Xike Plant | Pingzhen Plant | | Cheng Fong Chemical Co., Ltd., Dayuan Plant | |
|-----------------------------------|--|----------------|--------|---|----------|
| Year | | 2022 | 2023 | 2022 | 2023 |
| NOx (nitrogen oxides) | These plants do not emit any air pollutants specified by the competent authority; therefore, the Company is exempted from reporting the annual air pollutant emissions of its stationary pollution sources for the previous year to the competent authority. | 166.06 | 175.48 | 42.83 | 13.17 |
| SOx (sulfur dioxide) | | 13.14 | 13.9 | 61.75 | 19 |
| VOCs (volatile organic compounds) | | 5.53 | 4.16 | 4,181.6 | 8,916.16 |
| PM (particulate matter) | | 5.28 | 5.56 | 6.26 | 2.17 |
| Total (kg) | | 190.01 | 199.1 | 4,292.44 | 8,950.5 |

Source : Ministry of Environment – Air Pollution Control Fee Reporting Information

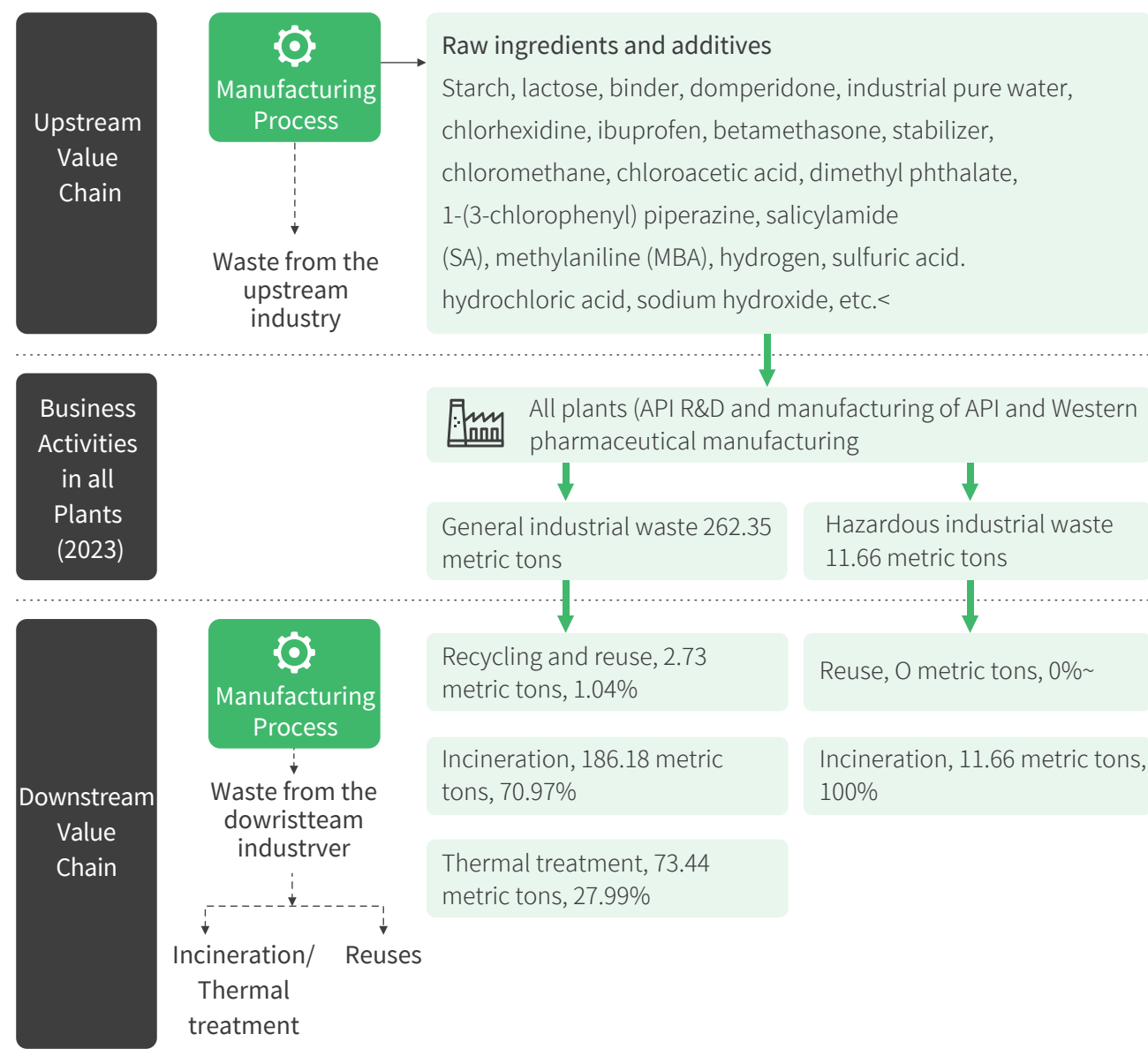
In 2023, to implement more effective air pollution prevention and control measures, the Company spent NT\$7,200,000 on scrubber equipment replacement, dust collection system improvement, and the greening project. Additionally, all pollutant values of Cheng Fong Chemical Co., Ltd., Dayuan Plant in 2023 were higher compared to 2022; this was due to the fact that part of the plant was rented out, and the generated pollution sources were included in the Dayuan Plant's calculations in accordance with the regulations.

3.3.2 Waste and Toxic Chemical Substance Management GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4 and GRI 306-5

To promote environmental conservation and minimize industrial waste, PBF adopts a strict approach to managing and controlling the waste treatment process, from waste generation to final disposal. The entire process of waste generation, collection, storage, transportation, utilization, and treatment is thoroughly monitored, and personnel are also assigned to supervise the waste classification process.

PBF HQ (including Longtan R&D Center) and Xike Plant mainly produce paper waste and employees' domestic waste, whereas Xizhi Plant produces some infectious waste in addition to paper waste and employees' domestic waste. As for Cheng Feng Chemical Co., Ltd., Dayuan Plant and Pingzhen Plant, the waste produced from API R&D and manufacturing processes and Western pharmaceuticals manufacturing processes are handled in accordance with the Waste Disposal Act, with an Industrial Waste Disposal Plan submitted to the organization entrusted by the competent authority for review and approval. Additionally, public and private waste clearance and disposal organizations approved by the competent authority are commissioned to remove and dispose of such waste. The production, clearance, temporary storage, and reporting of industrial waste adhere to the relevant provisions of the Waste Disposal Act. There were no violations of laws or contracts by waste clearance and disposal contractors in 2023, nor was there any leakage of chemicals, oils, or fuels.

PBF Pingzhen Plant and Cheng Fong Chemical Co., Ltd., Dayuan Plant Value Chain Waste Flow-chart :



Waste Treatment in the Plants

PBF is in the pharmaceutical industry, where reclaimed or recycled ingredients cannot be used in the manufacturing process. Therefore, the Company achieves the goal of waste reduction through manufacturing process improvements and packaging reduction. Waste is categorized into general industrial waste, recycled waste, and hazardous industrial waste. Hazardous waste is stored by category in designated containers, with information such as the name, classification number, storage date, quantity, and components clearly labeled on the outer box. Hazardous industrial waste is further distinguished with a mark. Storage containers are kept clean and intact, with no airborne, fugitive, or seeping waste emitted or polluting the ground. In accordance with legal procedures, an Industrial Waste Disposal Plan is submitted to the organization entrusted by the competent authority for review and approval before waste treatment is executed. The Company's waste clearance service providers and waste treatment organizations are all legally registered and qualified by the competent authority. Each time waste is cleared and removed from the plant, the process must first be electronically reported, submitted online, and printed in triplicate; one copy is kept by the Environmental Safety Department, one copy is kept by the waste clearance organization, and one copy is kept by the party taking charge of the treatment, reuse, or export of the waste. All of the aforementioned documents are kept by the Environmental Safety Department for at least 3 years for verification.

The waste reduction target is set based on the ratio of total waste weight to revenue. The total weight of waste in 2023 decreased by 7.47% compared to 2022, but the waste intensity increased by 17.94% due to a 21% decrease in revenue.

| | 2022 | 2023 |
|--|-----------|-----------|
| 1. General industrial waste (metric tons) | 286.38 | 262.35 |
| 2. Hazardous industrial waste (metric tons) | 9.75 | 11.66 |
| Total waste weight (metric tons) | 296.13 | 274.01 |
| Total consolidated revenue (Unit: NT\$1000) | 2,398,648 | 1,881,875 |
| Total waste weight (metric tons)/ Total consolidated revenue (Unit: NT\$1000) | 0.000123 | 0.000146 |
| | | ↑ 17.94% |

Waste information source: Ministry of Environment – Industrial Waste Report and Management Information System

1. General industrial waste weight statistics

Unit : metric tons

| Classification of Waste | Treatment Method | 2022 | 2023 |
|---|---------------------------|----------------------|--------|
| Waste paper mixtures/plastic waste | Recycling for reuse | (No statistics kept) | 2.73 |
| Domestic waste | Incineration | 16.00 | 33.50 |
| Waste pharmaceuticals | Incineration | 15.07 | 13.99 |
| Non-toxic organic waste liquid or waste solvent | Incineration | 169.06 | 138.69 |
| Organic sludge | Other (Thermal treatment) | 86.25 | 73.44 |
| Total | | 286.38 | 262.35 |

Waste information source : Ministry of Environment – Industrial Waste Report and Management Information System

2. Hazardous industrial waste

Unit : metric tons

| Classification of Waste | Treatment Method | 2022 | 2023 |
|---|------------------|-------|-------|
| Infectious waste (contaminated items or appliances) | Incineration | 0.524 | 0.484 |
| Waste liquid with a flash point at or below 60°C (excluding alcoholic beverage waste in which ethanol concentration is less than 24% by volume) | Incineration | 3.31 | 3.66 |
| Other mixtures of the chemicals mentioned above or waste containers | Incineration | 5.92 | 7.52 |
| Total | | 9.754 | 11.66 |

Waste information source : Ministry of Environment – Industrial Waste Report and Management Information System

3. Toxic Chemical Substance Management

PBF complies with the Toxic and Concerned Chemical Substances Control Act in the management of toxic chemical substances. All departments that handle toxic chemical substances appoint a toxic chemical management personnel, who records the handling quantity in accordance with regulations. Additionally, the relevant storage and operation sites are clearly labeled and locked.

The management of toxic and concerned chemical substances at PBF HQ and each plant is handled in accordance with the Toxic Chemical Substance List announced in Annex I of the Toxic and Concerned Chemical Substances Control Act and described in the table below.

| Plant | Current Status and Control Method |
|---|---|
| PBF HQ (including Longtan R&D Center), Xizhi Plant and Xike Plant | These plants do not use any toxic and concerned chemical substances that are regulated by the competent authority; therefore, the company is exempted from registration on the Toxic and Concerned Chemical Substances Registration System. |
| Pingzhen Plant | <ol style="list-style-type: none"> 1. The operation site only handles small quantities of toxic chemical substances (Class 4), therefore only emergency response personnel are assigned in accordance with the law, and no specialized personnel are required. 2. Substance handling records and release records of operation sites are reported in accordance with the provisions of the Toxic and Concerned Chemical Substances Control Act. 3. Raw materials and toxic chemical substances are strictly controlled, and laboratory safety measures are reinforced to prevent contamination. 4. Prevention and control are achieved by controlling storage, blocking transmission, and isolating the point of exposure. 5. Professional training is strengthened to develop the habits needed to prevent problems at source. |
| Cheng Fong Chemical Co., Ltd., Dayuan Plant | <ol style="list-style-type: none"> 1. The operation site handles a total of 20 toxic and concerned chemical substances, therefore specialized personnel and emergency response personnel are assigned in accordance with the law. 2. Storage records are reported and kept in accordance with regulations. 3. The toxic and concerned chemical substances in the warehouse and laboratory are controlled separately. 4. Toxic and concerned chemical substances are controlled, and laboratory safety measures are reinforced to prevent leakage. 5. Regular refresher training is conducted for specialized personnel and emergency response personnel to develop their professional knowledge and response capabilities. |

3.3.3 Water Resource Management GRI 303-3, GRI 303-4 and GRI 303-5

Biodiversity and human economic activities thrive in places where water and grass are available—water resources are indispensable for both. In recent years, the risks of water shortages and floods have been rising due to global climate change, thus the stable supply and good quality of water resources has become an important issue for companies. As a biotech and pharmaceutical manufacturer, PBF attaches great importance to the management of water quality inspection, wastewater discharge control and reuse, and water conservation.

Water Conservation Policy

1. Change the water consumption habits for equipment cleaning in the manufacturing process, balance the usage of tap water and pure water, make full use of the redundant capacity of pure water equipment, reduce the chances of discharging large amounts of pure water, and avoid excessive energy consumption.
2. Recycle the concentrated solution of the pure water system for reuse.
3. Regularly maintain the cooling water and washing water systems to reduce the proportion of water dissipation.
4. Install water-saving devices for sanitation water and make improvements by connecting the pipes to recycled water year by year.
5. Actively promote water-saving good habits to all employees, such turning off taps when not in use.

Statistics on water withdrawal and consumption of PBF HQ and each plant

| | PBF HQ (including Longtan R&D Center), Xizhi Plant and Xike Plant | Pingzhen Plant | | Cheng Fong Chemical Co., Ltd., Dayuan Plant | |
|---|--|--------------------|--------------------|---|--------------------|
| | | 2022 | 2023 | 2022 | 2023 |
| Municipal water withdrawal (ML/year) | Mainly consumed by offices in the building, therefore it is included in the total water withdrawal calculation. Since no wastewater is produced during the manufacturing process, and the domestic wastewater is discharged through the building, no relevant statistics are kept. | 24.187 | 23.301 | 23.418 | 30.897 |
| Groundwater withdrawal (ML/year) | | 0 | 0 | 62.457 | 69.878 |
| Other water withdrawal (ML/year) | | 0 | 0 | 0 | 0 |
| Total water withdrawal (ML/year) | | 24.187 | 23.301 | 85.875 | 100.775 |
| Domestic wastewater discharge (ML/year) | | No statistics kept | No statistics kept | No statistics kept | No statistics kept |
| Manufacturing wastewater discharge | | 16.614 | 17.596 | 76.124 | 82.742 |
| Total water discharge (ML/year) | | 16.614 | 17.596 | 76.124 | 82.742 |
| Water consumption (ML/year) (Water withdrawal - Water discharge) | | 7.573 | 5.705 | 9.751 | 18.033 |

04

Employee Relations and Care



| Material Topic | Labor Management | |
|---|--|---|
| Policy/Strategy | PBF sees employees as its most important partners, therefore great importance is attached to their working environment, development and employee care. The Company has set up a variety of internal communication channels in the hope of creating a better working environment for all employees. | |
| Management Assessment Mechanism | The Company has formulated internal working rules to clearly define the rights and obligations of employees and their employer, with complaint channels set up to protect the rights and interests of employees. A sound operation and management system has been established to facilitate the concerted efforts of employees and their employer on business development. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Turnover rate of personnel at the HQ and each plant | The turnover rate for personnel at the HQ and each plant was $\leq 20\%$ in 2023. | Turnover rate $\leq 15\%$ |
| Percentage of female management personnel | Management personnel, all of whom were Taiwanese nationals, accounted for approximately 10.92% of the total number of employees. A total of 21 management personnel were female, accounting for 34.4% of the total number of management personnel at the Company. | The number of female management personnel accounts for at least 40% of the total number of management personnel at the Company. |
| Occupational safety and health management | Although the ISO 45001:2018 Occupational Safety and Health Management System was not adopted, the Company complied with the requirements of relevant laws and regulations to effectively manage employees' health and safety. No violation of occupational safety laws and regulations was reported. | Adopt the ISO 45001:2018 Occupational Safety and Health Management System. |

| Material Topic | Human Resource Development | |
|-----------------------------------|---|---|
| Policy/Strategy | PBF treats the long-term development of talent as its ultimate goal. Talent is trained from scratch and paired with comprehensive support mechanisms and talent cultivation planning, with an aim to accelerate the growth of their vision and ability. | |
| Management Assessment Mechanism | A comprehensive education and training mechanism has been implemented, which provides education and training sessions on external environment, the Company's business policies, departmental performance goals, and employee career development, aiming to meet the training needs of all kinds of talents. | |
| Sustainability Indicator | 2023 Evaluation Mechanism and Performance | Medium- and Long-term Goals |
| Average training hours per person | In 2023, employee training averaged 15.78 hours per person, a 52.16% increase compared to 2022. | Employee training averages 20 hours per person. |

4.1 Employment Status

4.1.1 Human Resource Structure GRI 2-7, GRI 202-2 and GRI 405-1

PBF complies with relevant government laws and regulations in force such as the Labor Standards Act, the Employment Service Act, and the Gender Equality in Employment Act, as well as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the international covenants and standards recognized by the UN International Labor Organization (ILO). The Company has formulated internal working rules to clearly define the rights and obligations of employees and their employer, with complaint channels set up to protect the rights and interests of employees. A sound operation and management system has been established to facilitate the concerted efforts of employees and their employer on business development. Additionally, PBF explicitly prohibits the use of child labor and ensures that no labor under the legal working age is employed. The physical and psychological health and safety of underage employees is protected, and it is prohibited to assign them to dangerous work.

As of the end of 2023, PBF had 559 employees. The majority of employees were under the age of 50, accounting for more than 84.6% on average. Additionally, there were 339 female employees, accounting for 60.6% of the total number of employees at the Company.

1. 2023 Labor Composition of PBF HQ and Each Plant (statistics as of December 31, 2023)

| Plant | | PBF HQ (Longtan R&D Center) | | Pingzhen Plant | | Xizhi Plant | | Xike Plant | | Cheng Fong Chemical Co., Ltd. (Dayuan Plant) | | Total | |
|---|--------|--------------------------------------|-------|-------------------|-------|-------------|-------|------------|-------|--|-------|-------|---------|
| Number of employees for the year | | 238 | | 175 | | 46 | | 5 | | 95 | | 559 | |
| Nationals | Male | 78 | 32.8% | 51 | 29.1% | 19 | 41.3% | 4 | 80.0% | 68 | 71.6% | 220 | 39.4% |
| | Female | 150 | 67.2% | 124 | 70.9% | 27 | 58.7% | 1 | 20.0% | 27 | 28.4% | 339 | 60.6% |
| | Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-fixed term contract personnel (permanent employees) | Male | 76 | 31.9% | 51 | 29.1% | 19 | 41.3% | 4 | 80.0% | 68 | 71.6% | 218 | 39.0% |
| | Female | 159 | 66.8% | 124 | 70.9% | 27 | 58.7% | 1 | 20.0% | 27 | 28.4% | 338 | 60.5% |
| Fixed term contract personnel (temporary employees) | Male | 2 | 0.8% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 2 | 0.3% |
| | Female | 1 | 0.4% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 0.2% |
| Casual employees | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Full-time employees | Male | 76 | 31.9% | 51 | 29.1% | 19 | 41.3% | 4 | 80.0% | 68 | 71.6% | 218 | 39.0% |
| | Female | 159 | 66.8% | 124 | 70.9% | 27 | 58.7% | 1 | 20.0% | 27 | 28.4% | 338 | 60.5% |
| Part-time employees | Male | 2 | 0.8% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 2 | 0.3% |
| | Female | 1 | 0.4% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 0.2% |
| Age structure (%) | <30 | 31 | 13.0% | 37 | 21.1% | 7 | 15.2% | 2 | 40.0% | 14 | 14.7% | 91 | 16.3% |
| | 30-50 | 167 | 70.2% | 105 | 60.0% | 38 | 82.6% | 3 | 60.0% | 69 | 72.6% | 382 | 68.3% |
| | >50 | 40 | 16.8% | 33 | 18.9% | 1 | 2.2% | 0 | 0.0% | 12 | 12.6% | 86 | 15.4% |
| Minority or vulnerable groups | | 5 | | 0 | | 1 | | 0 | | 1 | | 7 | (1.25%) |

2. The human resource distribution at PBF HQ and each plant is listed by domain as follows, which shows only minor differences compared to 2022. Management personnel, all of whom are Taiwanese nationals, accounted for approximately 10.92% of the total number of employees. A total of 21 management personnel were female, accounting for 34.4% of the total number of management personnel at the Company. (“Management personnel” refers to executives with management functions at PBF.)

| Human resource structure | Career Domains | 2023 (559 employees in total) | | | |
|--------------------------------|--|-------------------------------|------------|--------|------------|
| | | Male | Percentage | Female | Percentage |
| | Management | 40 | 18.2% | 21 | 6.2% |
| | R&D | 24 | 10.9% | 42 | 12.4% |
| | Business Operation | 30 | 13.6% | 49 | 14.4% |
| | Marketing and Art | 6 | 2.7% | 19 | 5.6% |
| | Product Management | 2 | 0.9% | 6 | 1.8% |
| | Production and Manufacturing | 61 | 27.7% | 60 | 17.7% |
| | Administration and Back Office | 28 | 12.7% | 76 | 22.4% |
| | Quality Control and Production Control | 29 | 13.1% | 66 | 19.5% |

4.1.2 New Employees and Employee Turnover Structure GRI 401-1 and HC-BP-330a.2

1. New Employee Hiring Rate Statistics of PBF HQ and Each Plant for 2022 and 2023(The new employee hiring rate in 2023 decreased by 8.25% compared to 2022.)

| Year | | 2022 | | 2023 | |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|
| Number of employees at the end of the year | | 585 | | 559 | |
| Number of new employees | | 156 | | 103 | |
| New Employee Hiring Rate (Note 1) | | 26.67% | | 18.42% | |
| | | Number of employees | Percentage (Note 2) | Number of employees | Percentage (Note 2) |
| | | | | | |
| Gender | Male | 49 | 31.41% | 45 | 43.69% |
| | Female | 107 | 68.59% | 58 | 56.31% |
| Age structure | <30 | 40 | 25.64% | 27 | 26.21% |
| | 30-50 | 109 | 69.87% | 69 | 66.99% |
| | >50 | 7 | 4.49% | 7 | 6.80% |
| Region (Nationality) | Republic of China (Taiwan) | 144 | 92.31% | 96 | 93.20% |
| | The Philippines | 2 | 1.28% | 7 | 6.80% |
| | Vietnam | 10 | 6.41% | 0 | 0.00% |
| | Japan | 0 | 0.00% | 0 | 0.00% |
| | China | 0 | 0.00% | 0 | 0.00% |

Note 1 : New Employee Hiring Rate = Total number of new hires / Total number of employees for the year

Note 2 : New Employee Hiring Rate = Total number of new hires in the category / Total number of new hires

2. Employee Turnover Rate Statistics of PBF HQ and Each Plant for 2022 and 2023 (The employee turnover rate in 2023 decreased by 4.88% compared to 2022)

| Year | | 2022 | | 2023 | |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|
| Number of employees at the end of the year | | 585 | | 559 | |
| Number of resigned employees | | 129 | | 96 | |
| Employee Turnover Rate (Note 1) | | 22.05% | | 17.17% | |
| | | Number of employees | Percentage (Note 2) | Number of employees | Percentage (Note 2) |
| | | | | | |
| Gender | Male | 45 | 34.88% | 38 | 39.58% |
| | Female | 84 | 65.12% | 58 | 60.42% |
| Age structure | <30 | 21 | 16.28% | 16 | 16.67% |
| | 30-50 | 96 | 74.42% | 68 | 70.83% |
| | >50 | 12 | 9.30% | 12 | 12.50% |
| Region (Nationality) | Republic of China (Taiwan) | 125 | 96.90% | 93 | 96.88% |
| | The Philippines | 1 | 0.78% | 2 | 2.08% |
| | Vietnam | 3 | 2.38% | 1 | 1.04% |
| | Japan | 0 | 0.00% | 0 | 0.00% |
| | China | 0 | 0.00% | 0 | 0.00% |

Note 1 : Employee Turnover Rate = Total number of resigned employees / Total number of employees for the year

Note 2 : Total number of resigned employees (%) = Number of resigned employees / The percentage of the total number of employees in the category for the year

The 2023 employee turnover rate statistics were further categorized by voluntary resignation and involuntary resignation as well as the position held. The results are shown as follows :

| Employee category | Number of employees | Number of employees who voluntarily resigned and the Voluntary Resignation Rate | | Number of employees who involuntarily resigned and the Involuntary Resignation Rate | |
|----------------------|---------------------|---|--------|---|-------|
| Senior executives | 9 | 0 | 0.00% | 0 | 0.00% |
| Mid-level executives | 57 | 5 | 8.77% | 1 | 1.75% |
| Professionals | 126 | 26 | 20.63% | 0 | 0.00% |
| General employees | 367 | 54 | 14.71% | 12 | 3.27% |
| Total | 559 | 83 | 15.21% | 13 | 2.33% |

4.1.3 Recruitment and Retention of R&D Talents HC-BP-330a.1

PBF combines a core R&D management team, an external professional consulting team, and an outsourcing team to build a complete product development platform. The platform can be applied to the development of potential technologies and future products. To recruit and retain R&D talents, PBF not only increases its R&D expenditures each year, but also obtains talents by implementing the following practices:

1. Offering competitive remuneration and benefits: Ensure that the remuneration and benefits offered are competitive in the market in order to attract top talent.
2. Creating a positive working environment: Provide adequate resources and equipment; promote an atmosphere of innovation and cooperation.
3. Career development opportunities: Provide continuous education and training as well as career development programs to help employees improve their skills and enhance their promotion opportunities.
4. Flexible work arrangements: Allow for remote work and flexible hours to balance work and personal life.
5. Employee recognition and rewards: Regularly evaluate employees and recognize their outstanding performance; motivate employees and promote their work passion through a reward system.
6. Establishing a good corporate culture: Create an open, inclusive, and meaningful working environment to enhance employees' sense of belonging.
7. Promoting R&D and innovation: To strengthen the corporate culture that emphasizes intellectual property rights, PBF has established incentive measures to encourage innovation and R&D work among employees to further improve the quantity and quality of intellectual property.

4.2 Nurturing and Developing Diverse Talent GRI 404-1 and GRI 404-3

4.2.1 Diversified Education and Training

To align with international trends and fulfill the criteria for the social ethics and corporate governance aspects of ESG, a comprehensive education and training mechanism has been implemented, which provides education and training sessions on external environment, the Company's business policies, departmental performance goals, and the career development of employees, aiming to meet the training needs of all kinds of talents. The main programs PBF offers annually include new employee training, internal training, and external training. To encourage continuous learning among employees, PBF not only conducts education and training internally, but also offers subsidies for employees to attend external education and training courses to improve their personal capabilities. Employee training in 2023 averaged 15.78 hours per person, an increase of 52.16% compared to 2022.

| Employee category | Course category | 2022 (Unit : hours) | | | 2023 (Unit : hours) | | |
|-----------------------------------|--|---------------------|---------|----------|---------------------|----------|----------|
| | | Female | Male | Average | Female | Male | Average |
| New employees | General education courses on company regulations and systems, fire safety and environmental health and safety courses, and new employee orientation | 216.72 | 202.21 | 209.465 | 375.03 | 478.25 | 426.64 |
| Internal training | R&D related courses, product training, quality management, purchasing, and legal awareness raising courses. | 2,188.82 | 2023.69 | 2,106.26 | 3,508.28 | 3,257.90 | 3,383.09 |
| External training | Marketing courses, business management courses, finance and accounting courses, professional skills courses, fire safety and environmental health and safety courses | 937.50 | 496.00 | 716.75 | 610.50 | 592.00 | 601.25 |
| | | 9.16 | 12.37 | 10.37 | 13.26 | 19.67 | 15.78 |
| Average training hours per person | | | | | | | |

The statistics were further categorized by management and non-management personnel, as shown below :

| Year | 2022 | 2023 |
|--|-------|-------|
| Average training hours of management personnel (hours) | 12.06 | 17.63 |
| Average training hours of non-management personnel (hours) | 10.18 | 15.55 |

4.2.2 Regular Performance Evaluation

PBF examines employees work performance and achievements primarily through regular performance evaluations, which also identify their weaknesses. Additionally, the Company offers appropriate support, training, and development opportunities to help employees achieve their professional goals and thereby gain personal satisfaction and fulfillment at work.

The percentages of full-time male and female employees who underwent regular work performance evaluations in 2023 were 79.55% and 79.65%, respectively.

| | Evaluation Items | Description |
|------------|--|---|
| Category 1 | Annual strategic goals and daily duty goals. | The annual goals are set according to the employee's job responsibilities, job descriptions, or project work assigned by the supervisor. |
| Category 2 | Work capability and work attitude. Evaluation items differ by work category and functional attributes. | The evaluation items include vitality and motivation, taking initiative and responsibility for results, self-growth and learning ability, professional knowledge and skills, development and maintenance of interpersonal relationships, work output and quality, time and progress control, teamwork and interdepartmental collaboration, problem analysis and solving ability, and improvement or innovation ability. |

Performance evaluations not only allow supervisors to examine the work completion status and results of employees, but also reveal whether employees' professional knowledge and skills will enable them to excel in corresponding areas. The evaluation results serve as a basis for decision making regarding promotions and rewards for outstanding employees and improvement suggestions for underperforming employees. Additionally, performance evaluations provide employees with an opportunity to learn about their own strengths and weaknesses, which enables them to make up for their own shortcomings accordingly, or discover their own strengths and further leverage their advantages.

| Number of employees evaluated for work performance (2023) | Work Performance Evaluation | | | |
|---|------------------------------|----------------|------------------------------|----------------|
| | Male | | Female | |
| | Number of employees (person) | Percentage (%) | Number of employees (person) | Percentage (%) |
| Management personnel | 36 | 90.0% | 20 | 95.2% |
| R&D personnel | 21 | 87.5% | 37 | 88.1% |
| Business operation personnel | 20 | 66.7% | 30 | 61.2% |
| Marketing and art personnel | 5 | 83.3% | 11 | 57.9% |
| Product management personnel | 2 | 100.0% | 3 | 50.0% |
| Production and manufacturing personnel | 50 | 82.0% | 56 | 93.3% |
| Administration and back-office personnel | 20 | 71.4% | 66 | 86.8% |
| Quality control and production control personnel | 21 | 72.4% | 47 | 71.2% |

4.3 Employee Remuneration and Benefits

4.3.1 Employee Benefits GRI 401-2

Since its inception, PBF has always emphasized the importance of caring for employees and giving back to society. The Company not only incorporates these principles into its cooperation, innovation, sustainability, ethical management, and performance, but also develops harmonious management-labor relations on the basis of that foundation. The Company's Employee Welfare Committee was established with the approval of Taoyuan County in Official Letter No. She-Lao-Tzu-184545 dated November 24, 1987, and it was later relocated to Taipei on September 28, 2017, for comprehensive management by PBF HQ.

| Item | Description |
|---|---|
| Group insurance | Fixed-term insurance coverage, accidental injury coverage, limited amount of injury medical reimbursement insurance for hospitalization, and limited subsidy for outpatient surgery |
| Holiday bonus | NT\$1,000 cash for Labor Day, Dragon Boat Festival, and Mid-Autumn Festival. |
| Birthday gift | NT\$1,200 cash (voucher) |
| Allowances | Including marriage and bereavement allowance; maternity allowance ; consolation payments for injury, disability, or death. The subsidy amount varies by seniority. |
| Subsidy for external education and training courses | Employees are assigned to attend external education and training courses based on their work needs. |
| Other welfare activities | Annual company trip, year-end party and lucky draw. |



▲ Company trip



▲ Year-end party

4.3.2 Employee Remuneration GRI 202-1, GRI 405-2 and GRI 2-21

As stipulated in Article 26 of PBF's Articles of Incorporation, if the Company makes a profit for the year, an amount not greater than 2% of the pre-tax income before deducting employees' and directors' compensation will be allocated as the employee remuneration. However, if the Company has accumulated losses, the amount must first be retained in order to make up for the losses. Employee incentive measures are linked to the Company's goals and KPIs. Such measures aim to motivate employees to achieve the goals set by the Company and appropriately reward employees with remuneration and benefits for their achievements.

| Minimum wage and remuneration | Male (person) | Female (person) | Ratio of compensation to remuneration (Female : Male) |
|--|---------------|-----------------|---|
| Management personnel | 40 | 21 | 1:1.38 |
| R&D personnel | 24 | 42 | 1:0.97 |
| Business operation personnel | 30 | 49 | 1:1.05 |
| Marketing and art personnel | 6 | 19 | 1:1.18 |
| Product management personnel | 2 | 6 | 1:1.79 |
| Production and manufacturing personnel | 61 | 60 | 1:1.19 |
| Administration and back-office personnel | 28 | 76 | 1:1.49 |
| Quality control and production control personnel | 29 | 66 | 1:1.04 |

The ratio of the annual total remuneration of PBF's highest paid individual to the median annual total remuneration of the organization's other employees in 2023 was 11.54:1.

The ratio of the percent increase in annual total remuneration for the highest paid individual to the percent increase in median annual total remuneration for the organization's other employees (excluding the highest paid individual) in 2023 was -34.40:1 (due to the decrease in revenue in 2023 compared to 2022, which resulted in a corresponding decrease in annual total remuneration for the highest paid individual).

Ratio of entry-level employees' salaries to statutory salaries

| Entry-level employees | Onsite operator or staff | |
|--|--------------------------|------|
| Gender | Female | Male |
| Salary ratio by gender | 1:1.01 | |
| Ratio of entry-level employees' salaries to the minimum wage (%) | 1.05 | 1.06 |

Note : The ratio of entry-level employees' salaries to the minimum wage is calculated based on the comparison of the 2023 minimum wage of NT\$26,400 announced by the Ministry of Labor to the salary range of PBF's entry-level employees.

4.3.3 Retirement System

To ensure that employees can enjoy a stable life after retirement, PBF has formulated the Regulations Governing Employee Retirement in accordance with the law and established the Pension Supervisory Committee. To protect the rights and interests of employees, the company contributes 2% of an employee's monthly pay as the pension fund to the dedicated account at the Central Trust of China every month. Since July 1, 2005, the company has adopted the new governmental retirement regulations by contributing 6% of an employee's total income from salaries to their individual pension account. For employees who opt for voluntary contribution, the contribution amount will be deducted (according to the voluntary contribution rate) from their monthly pay directly and deposited into their respective individual pension account at the Bureau of Labor Insurance.

(1) Voluntary retirement:

- A. Attains the age of 55 and has a seniority of 15 years.
- B. Attains the age of 60 and has a seniority of 10 years.
- C. Has a seniority of 25 years.

(2) Forced retirement:

- A. Attains the age of 65.
- B. Unable to perform their duties due to mental or physical impairment.

4.4 Employee Communication and Care GRI 2-30

PBF has maintained harmonious management-labor relations. In addition to complying with the Labor Standards Act and other related laws and regulations, PBF has formulated welfare measures that are better than the statutory requirements. To enhance the efficiency of internal communication and encourage employees to voice their ideas, departmental meetings are held for internal communication on a regular basis, and employee communication channels have also been set up. The following channels are available for employees to convey their messages and opinions when they see problems or have suggestions.



1. Employee Communication Hotline: Reports and complaints can be made via phone at 02-26558218 ext. 502
2. Employee Communication E-mail: Reports and complaints can be made via e-mail at hr@pbf.com.tw
3. Employee Communication Suggestion Box: Allows management to understand employee problems and avoid possible labor disputes.
4. Procedures for Prevention and Management of Unlawful Infringement in the Performance of Duties: The Human Resources Department is responsible for examining and handling such incidents. Throughout the year, no human rights complaints were filed and handled through external channels via the formal complaint mechanism.
5. Regulations for Prevention, Complaints and Disciplinary Measures of Sexual Harassment in the Workplace: The Human Resources Department is responsible for handling, investigating, and reviewing the complaints. In 2023, no complaints were filed via internal or external channels.
6. The Company conducts regular tracking of each department's working hours to ensure legal compliance, prohibits forced labor of all forms and the violation of basic labor rights, and specifies in its work regulations that working overtime is not permitted.
7. The Company convenes quarterly labor-management meetings to listen to the voices and opinions of different departments and achieve satisfactory communication, thereby meeting the needs of employees to the greatest extent possible and ensuring that employees have a good grasp of the various operational information.

Currently, PBF has not established a labor union and therefore has not signed a collective labor agreement. Employee benefits and rights are stated in the company's management rules and regulations and resolved at quarterly labor-management meetings. The labor-management meeting consists of five representatives from both the labor side and the management side, which enables efficient communication between the two sides.

4.5 Occupational Safety and Health

Emphasizing the importance of employees' occupational safety and health is a basic responsibility of PBF. The Company is also fully aware that in the pursuit of sustainable development, a healthy workplace, healthy workforce, and healthy employees are key. Therefore, PBF has created a safe and healthy working environment to not only comply with the requirements of laws and regulations, but also to establish a firm foundation for stable and successful development. Although the Company has not adopted the ISO 45001:2018 Occupational Safety and Health Management System, it complies with the requirements of relevant laws and regulations to effectively manage the health and safety of employees.

4.5.1 Health Promotion Program GRI 403-6

PBF regularly conducts health examinations and management for employees (once a year for employees working in production plants and once every 2 years for other employees), and the costs are borne by the Company. The intervals for current employees' health examinations are shorter than the statutory requirement, and the Company offers more comprehensive healthcare benefits than the evaluation items required by the law. Among the employees who qualified for health examinations, the completion rate exceeded 98%. PBF carries out graded health management on the basis of the health examination results, provides face-to-face consultations with resident physicians, and organizes educational seminars on common health problems. By providing employees with convenient and accessible medical resources, PBF aims to enhance their willingness to seek medical treatment and strives to promote proper health knowledge.

For employees working at Pingzhen Plant and Cheng Fong Chemical Co., Ltd. (Dayuan Plant), special health examinations are conducted annually assessing items such as noise, dust, toluene, dimethylformamide, nickel and its compounds, and formaldehyde. The examination results revealed that one employee was classified as Level 3 in the noise examination, and was reclassified as Level 4 during the follow-up examination. PBF will continue to track the health status of this employee.



▲ A breastfeeding room has been set up to create a friendly workplace environment and align with the Gender Equality in Employment Act.



▲ The massage room offers professional massage services to alleviate employees' physical and mental exhaustion.

To protect employees' rights and prevent occupational hazards from endangering their safety and health, the Company has formulated four major protection programs, namely the Abnormal Workload-triggered Disorder Prevention Program, the Unlawful Infringement in the Performance of Duty Prevention Program, the Ergonomic Hazard Prevention Program, and the Workplace Maternal Health Protection Program. Furthermore, professional physicians and nurse practitioners are employed to provide clinical health services. No deaths due to occupational disease or confirmed diagnoses of occupational diseases or work-related illnesses as determined by an occupational health physician were reported in the last 3 years.

1. Health seminars



▲ CPR first-aid training seminar



▲ Seminar on the prevention of unlawful infringement in the workplace

2. A total of seven promotional materials on health issues were shared in 2023, in an effort to promote proper health knowledge.

| Promotional material content |
|--|
| Strength training using resistance band – promotional video |
| Demonstration of muscle relaxation and stretching exercises |
| Easily overlooked high blood pressure in young adults |
| Essential oils in daily life |
| Glucose metabolism disorders and diabetes |
| Getting to know osteoporosis |
| Zero tolerance for harassment: Establishing a balance between clear boundaries and respect |

4.5.2 Occupational Safety and Health Education and Training GRI 403-5

In accordance with legal requirements, PBF ensures that every employee has a good grasp of occupational safety and health related laws and regulations as well as the Company's safety and health management mechanism. PBF introduces the Company's culture and concepts on safety and health to employees by conducting regular occupational safety and health related education and training programs (the training programs are Occupational Safety and Health Education and Training for New Hires, Occupational Safety Education and Training for Current Employees, Unlawful Infringement Education and Training, Fire Safety and Evacuation Drills for All Employees, and Toxic Chemical Substance Education and Training).

To effectively protect the safety and health of employees, PBF also introduced road safety and SOP at work based on important indicators such as work patterns and operating environment. Additionally, PBF increased the frequency of inspections by site supervisors and replaced old plant equipment to strengthen protective measures. The education, training, and information dissemination campaigns enhance employees' attitudes, awareness, and capability toward safety and health, with an aim of cultivating emergency response capabilities and self-management of safety among employees.

| Education and Training Programs | 2022 | 2023 |
|---|---------------------------------|---------------------------------|
| | Number of participants (person) | Number of participants (person) |
| General Occupational Safety and Health Education and Training | 165 | 344 |
| Unlawful Infringement Education and Training | 4 | 43 |
| Occupational Safety and Health Education and Training for New Hires | 75 | 70 |
| Fire Safety and Evacuation Drills for All Employees | 337 | 354 |
| Toxic Chemical Substance Education and Training | 54 | 58 |



▲ 2023 Fire Safety and Evacuation Drill at Pingzhen Plant



▲ Fire Safety Education and Training at Cheng Fong Chemical Co., Ltd. (Dayuan Plant)

● 4.5.3 Occupational Accident Statistics GRI 403-9, GRI 403-10 and GRI 2-8

Although the ISO 45001:2018 Occupational Safety and Health Management System has not been adopted, the Company keeps statistics on occupational injuries in accordance with the Occupational Safety and Health Act to ensure and achieve the sustainability goal of zero accidents. PBF HQ (including the Longtan R&D Center), Xizhi Plant, and Xike Plant are mostly engaged in office administrative activities, which are completely different from the work patterns at Pingzhen Plant and Cheng Fong Chemical Co., Ltd. (Dayuan Plant).

Statistics on occupational accidents and injuries at PBF HQ and each plant in 2022 and 2023 are shown in the table below :

| Year | 2022 | 2023 |
|---|-----------|-----------|
| Disabling Injury Frequency Rate (FR) (Total work-related injury cases per million working hours) | 2.5744 | 1.8033 |
| Disabling Injury Severity Rate (SR) (Total loss of work days per million working hours) | 53.4188 | 12.1725 |
| Frequency Severity Index (FSI) | 0.3708 | 0.1482 |
| Total loss of work days | 62.3 | 13.5 |
| Number of people involved in work-related injuries (excluding occupational diseases and commuting accidents) | 3 | 2 |
| Number of work-related injuries (excluding occupational diseases and commuting accidents) | 3 | 2 |
| Number of hours of leave (including sick leave, occupational injury leave, and menstrual leave) | 14,074 | 8,398 |
| Total hours of attendance | 1,165,320 | 1,109,056 |
| Absence Rate (AR) | 1.21% | 0.76% |
| Death toll from occupational diseases | 0 | 0 |
| Number of death incidents from occupational diseases | 0 | 0 |
| Death rate from occupational injuries | 0 | 0 |
| Number of people involved in serious occupational accidents | 0 | 0 |
| Rate of serious occupational accidents | 0 | 0 |

Among the occupational injury incidents that occurred in 2022, two were falling accidents in the plant and one was inhalation of hazardous substances. In 2023, there was one mechanical equipment injury and one falling accident in the plant.

Other workers not employed by the Company include: contractors and property management personnel who have maintained contractual relationships with PBF; the Company does not utilize any dispatched labor.

| PBF HQ and Each Plant | 2022 | 2023 |
|---|----------|----------|
| Total number of non-company personnel | 146 | 91 |
| Total working hours of non-company personnel | 67,790.5 | 47,423.5 |
| Disabling Injury Frequency Rate (FR) (Total loss of work days per million working hours) | 0 | 0 |
| Disabling Injury Severity Rate (SR) (Total loss of work days per million working hours) | 0 | 0 |
| Frequency Severity Index (FSI) | 0 | 0 |
| Death toll from occupational diseases | 0 | 0 |
| Number of death incidents from occupational diseases | 0 | 0 |
| Death rate from occupational injuries | 0 | 0 |
| Number of people involved in serious occupational accidents | 0 | 0 |
| Rate of people involved in serious occupational accidents | 0 | 0 |

05

Giving Back to Society and Participation



For over 40 years since its humble beginnings in 1976, PBF has embraced the spirit of doing as much as possible to give back to society and help the underprivileged while actively moving toward the ultimate goals of sustainable environment and social welfare. The Company upholds its commitments to stakeholders and hopes to gradually improve and implement sustainable management through a systematic management approach.

PBF adheres to the core sustainability concept of “dedication to building a better society”. Aside from upholding this concept as a leader in the health food industry, PBF also strives to build a better society through continuous efforts.

5.1 Social Care

To promote the corporate philosophy of Health, Caring and Sharing and fulfill the Company’s social responsibility, PBF leverages its corporate strength to help the underprivileged, thereby upholding the principle of “taking from society and giving back to society”.

| Recipient of donation | Amount (NT\$) |
|---|---------------|
| Taipei Medical University (TMU) Kouhu Township Winter Medical Services held by the TMU Green Cross | 1,080,000 |
| National Taipei University of Education Mathematics Camp for underprivileged children in remote areas | |
| Baseball Team, Lishan High School Team uniform | |
| Ban-You Charity Foundation Charitable donation | |
| Anue Financial Technology Co., Ltd. Anue Caring Project | |
| Taipei Medical University Alumni Association Golf invitational tournament | |



5.2 Healthcare Sharing

Since its establishment, PBF has always upheld the principle of “taking from society and giving back to society”. In addition to the current social welfare system, PBF also launched Race On—a brand based on medical science and supplemented by clinical trials and empirical data—to provide scientific nutritional supplementation solutions that are optimized for Asian athletes. PBF hopes to leverage its expertise and support Taiwanese athletes by enhancing their physical fitness for better recovery, which will ensure that they are ready for every training session and competition. PBF’s new brand, Race On, was established in response to increasing participation in sports among the Taiwanese population, which has led to rapid market growth. The Company looks forward to developing products that meet athletes’ needs by employing its professional medical technology and clinical evidence.

Since April 19, 2021, PBF has collaborated with the National Sports Training Center to supply Race On (a new brand established by PBF in 2019) products as nutrient replenishments for the national teams of Taiwan and jointly contribute to the training of national athletes.



▲ Eva Air Marathon Exhibition



▲ LAVA Triathlon racetrack

5.3 Never Missing Out on the Beach Cleanup Event

On December 9, 2023, a group of volunteers, along with their families and children, traveled to the beach of Fulong Seaside Park to clean up garbage along the coastline. Despite facing the cold winds of winter, everyone was filled with warmth and wore smiles on their faces. The beach cleanup event that was held out of love for ocean connected every heart wishing for a better Taiwan. On the day of the event, PBF also cooperated with a local artist village to provide lunch for employees and their family members. The lunch was prepared with locally sourced vegetables, and environmentally friendly tableware was provided so that participants could reduce carbon emissions while enjoying the food and agriculture education. PBF also invited local artisans to teach participants how to create DIY souvenirs using discarded scraps. Before leaving, the Company purchased local agricultural products as a way to promote the local economy. The whole event was enriched with different elements and allowed participants to learn more about the environment.

PBF hopes to exert a persistent influence on sustainability through various environmental care initiatives. In addition to inspiring employees, the Company extends the green trend to the outside world and urges the public to care for the earth. Active participation by the public is the best support for environmental sustainability in Taiwan.



5.4 Sponsoring the Eurasia Chamber Orchestra Concert for 3 Consecutive Years

Now that the COVID-19 pandemic has ended, life and communication have gradually returned to normal. This is the time to rediscover the simple pleasures of the past, introduce new ideas to keep up with the times, repair our relationship with nature, and make new contributions to the humanities, music, and arts. PBF is committed to realizing its dream and preserving its original ideals; therefore, the Company supports the sustainable development of high-quality arts and cultural organizations in Taiwan to raise the benchmarks for humanities, music, and arts.

The Eurasia Chamber Orchestra was founded in Vienna in 1991 by conductor Chih-Hui Huang, and the Eurasia Orchestra Taipei was founded in 1997; that same year, both orchestras performed together for the first time and toured Taiwan. Since 2007, the orchestra has been touring regularly in Europe with European musicians, and has performed in Vienna, Salzburg, Berlin, Munich, and Italy. In celebration of the centennial of the Republic of China (R.O.C.) in 2011, the orchestra made its debut at the world-famous Musikverein in Vienna, transforming it into an unprecedentedly grand and meaningful event. From 2012 onwards, a series of twelve Salon Concerts have been held each year.

On November 5, 2023, the Eurasia Chamber Orchestra held a concert titled *Frei aber Froh* at the National Concert Hall of Taiwan, with PBF as the event's main sponsor. This marked the Company's third consecutive year sponsoring the event, for a cumulative contribution of NT\$900,000. Through these sponsorships, PBF hopes to not only show support for the local high-quality choir, but also revitalize the arts and cultural industry.

自由的凱歌

歐亞管絃樂團音樂會

2023/11/05 SUN 19:30
國家音樂廳

- 時間：2023/11/5（日）19:30
- 地點：台北國家音樂廳
- 演出者：歐亞管絃樂團 指揮：黃智惠




導聆：黃方亭 指揮：黃智惠

- 演出曲目：

布拉姆斯：《大學慶典序曲》，Op.80
 布拉姆斯：《第3號交響曲》，Op.90，F大調
 德沃札克：《第8號交響曲》，Op.88，G大調

演出者：歐亞管絃樂團 / 指揮：黃智惠 / 導聆：黃方亭
 演前導聆：
 時間／18:30（一號門憑票入場），18:40 開始
 地點／五號門大廳
 主辦單位：歐亞管絃樂團

Appendix

Appendix I GRI Content Index
Appendix II SASB Index
Appendix III Report Verification Statement
/Assurance Statement



Corresponding GRI Standards GRI 1 : Foundation 2021

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| Governance | | | |
| 2-9 | Governance structure and composition | 1.1.1 PBF Organizational Structure | 26 |
| 2-10 | Nomination and selection of the highest governance body | 1.1.2 Operations of Board of Directors (Enhancement of Directors' Functions) | 28 |
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| 2-24 | Embedding policy commitments | Message from the Chairman 1.1.3 Sustainable Development Committee | 06 36 |
| 2-25 | Processes to remediate negative impacts | Message from the Chairman 1.1.3 Sustainable Development Committee | 06 36 |
| 2-26 | Mechanisms for seeking advice and raising concerns | 1.3 Implementation of Ethical Management and Legal Compliance | 42 |
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Material Topics

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| | 306-3 Waste generated | | |
| | 306-4 Waste diverted from disposal | | |
| | 306-5 Waste directed to disposal | | |

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| Employment | 401-1 New employee hires and employee turnover | 4.1.2 New Employees and Employee Turnover Structure | 100 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.3.1 Employee Benefits | 105 |
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| | 404-3 Percentage of employees receiving regular performance and career development reviews | 4.2 Nurturing and Developing Diverse Talent | 103 |
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| | 303-4 Water discharge | | |
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| Emissions | 305-1 Direct (Scope 1) GHG emissions | 3.2.2 Greenhouse Gas Management | 82 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | | |
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| | 305-4 GHG emissions intensity | | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 3.3.1 Air Pollution Prevention and Control | 86 |

| Code | Metrics | Corresponding Chapter and Page/Description |
|--|---|--|
| Disclosure Topic : Safety of Clinical Trial Participants | | |
| HC-BP-210a.1 | Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials | PBF's exported pharmaceuticals are approved by local authorities. Regional partners conduct medical practices in accordance with the authorities' approval and local regulations to ensure quality of care. In terms of patient safety, PBF has signed drug safety information exchange agreements with all authorized regional partners, requiring them to carry out drug safety reporting in accordance with the agreement and GPvP (good pharmacovigilance practices). Additionally, a drug risk plan has been established between PBF and each authorized regional partner to manage drug safety risks. |
| HC-BP-210a.2 | Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI) | In South Korea, two pharmacovigilance cases were carried out with the consent of the competent authority. In all other sales regions, the authorized partners only conduct autonomous surveillance activities. |
| HC-BP-210a.3 | Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries | 0 (Not reported) |
| Disclosure Topic : Access to Medicines | | |
| HC-BP-240a.1 | Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index | Nexophil® (ferric citrate) is a new medicine developed by PBF that has been marketed in Taiwan, the United States, Japan, South Korea, and Thailand, and provides a treatment option for hyperphosphatemia and iron deficiency anemia in patients with chronic kidney disease. PBF's generics have been distributed through various sales channels of medical institutions and pharmacies at all levels in Taiwan to provide treatment options for patients in need." |
| HC-BP-240a.2 | List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP) | PBF does not produce any of the listed pharmaceuticals. |

| Code | Metrics | Corresponding Chapter and Page/Description |
|--|--|---|
| Disclosure Topic : Affordability & Pricing | | |
| HC-BP-240b.1 | Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period | 0 (Not reported) |
| HC-BP-240b.2 | Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year | This drug is sold by authorized partners and classified as a self-pay item not covered by medical insurance; therefore, no related information is available. |
| HC-BP-240b.3 | Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year | In Taiwan, drug prices are adjusted in accordance with the approved drug prices specified in the National Health Insurance Drug Dispensing Items and Fee Schedule of the National Health Insurance Administration. The 2024 annual drug price adjustment results show that a total of 65 drugs had downward adjustments in the National Health Insurance coverage price, whereas no upward adjustments were made for any drug. |
| Disclosure Topic : Drug Safety | | |
| HC-BP-250a.1 | List of products listed in the Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database | MedWatch is not available in Taiwan. Neither Taiwan nor any other country where PBF products are sold directly has received a safety alert from the competent authority. PBF's authorized partners in the United States and Japan have developed ferric citrate products, and thus far no safety alerts have been received from the competent authority. |
| HC-BP-250a.2 | Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System | 1. Taiwan and other countries where PBF products are sold directly: As of May 9, 2024, no fatalities associated with products have been reported since the product was launched in these regions. 2. PBF authorized regions in the United States and Japan: As of May 9, 2024, 24 fatalities associated with products have been reported since the product was launched in these regions (fatality cases whose relevance cannot be completely ruled out are included in the calculation and are classified as "associated with the products"). |

| Code | Metrics | Corresponding Chapter and Page/Description |
|--------------------------------------|--|---|
| Disclosure Topic : Drug Safety | | |
| HC-BP-250a.3 | Number of recalls issued, total units recalled | 0 (Not reported) |
| HC-BP-250a.4 | Total amount of product accepted for takeback, reuse, or disposal | 0 (Not reported) |
| HC-BP-250a.5 | Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type | 0 (Not reported) |
| Disclosure Topic : Counterfeit Drugs | | |
| HC-BP-260a.1 | Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting | All of PBF's pharmaceutical products are handled in accordance with GMP/GDP regulations by authorized storage service providers/distributors. This enables complete traceability of products to effectively prevent counterfeit and prohibited drugs from entering the supply chain. |
| HC-BP-260a.2 | Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products | If there is any suspicion of counterfeit or prohibited drugs, consumers, sales channels, or business units will immediately notify the logistics companies, and PBF's quality assurance department will immediately launch an investigation. All relevant business units internally disseminate information about notification and handling procedures in addition to providing education and training, aiming to ensure that colleagues are aware of relevant procedures regarding the risks of counterfeit and prohibited drugs. |
| HC-BP-260a.3 | Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products | 0 (Not reported) |

| Code | Metrics | Corresponding Chapter and Page/Description |
|--|--|---|
| Disclosure Topic : Ethical Marketing | | |
| HC-BP-270a.1 | Total amount of monetary losses as a result of legal proceedings associated with false marketing claims | 0 (Not reported) |
| HC-BP-270a.2 | Description of code of ethics governing promotion of off-label use of products | PBF strictly adheres to the ethical standards of pharmaceutical marketing in various countries and conducts relevant education and training for employees as well as legal compliance awareness-raising campaigns. The Company works with well-established and reputable international partners and distributors to ensure the implementation of ethical standards in pharmaceutical marketing. |
| Disclosure Topic : Employee Recruitment, Development & Retention | | |
| HC-BP-330a.1 | Discussion of talent recruitment and retention efforts for scientists and research and development personnel | Please see 4.1.3 Recruitment and Retention of R&D Personnel for details. |
| HC-BP-330a.2 | (1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) midlevel managers, (c) professionals, and (d) all others | Please see 4.1.2 New Employees and Employee Turnover Structure for details. |
| Disclosure Topic: Supply Chain Management | | |
| HC-BP-430a.1 | Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients | 0 (Not reported) |

| Code | Metrics | Corresponding Chapter and Page/Description |
|-----------------------------------|---|--|
| Disclosure Topic: Business Ethics | | |
| HC-BP-510a.1 | Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery | 0 (Not reported) |
| HC-BP-510a.2 | Description of code of ethics governing interactions with health care professionals | PBF carries out marketing and sales activities in full compliance with applicable industry standards and regulations. The Company ensures that all relevant personnel receive proper training and possess the ethical spirit to meet the standards. |
| Activity Metric | | |
| HC-BP-000.A | Number of patients treated | The new antibiotic Taigexyn® (nemonoxacin) developed by PBF has been licensed in 36 countries worldwide and is marketed in Taiwan, Mainland China and Russia, treating approximately 600,000 patients who suffer from community-acquired pneumonia. |
| HC-BP-000.B | Number of drugs (1) in portfolio and (2) in research and development (Phases 1–3) | (1) According to the Western Pharmaceutical Permit License Inquiry System of the Taiwan Food and Drug Administration, Ministry of Health and Welfare, the Company holds 224 pharmaceutical permit licenses (based on the search results as of May 15, 2024) (2) Not reported. |



INDEPENDENT ASSURANCE OPINION STATEMENT

Panion & BF Biotech Inc. 2023 Sustainability Report

The British Standards Institution is independent to Panion & BF Biotech Inc. (hereafter referred to as PBF in this statement) and has no financial interest in the operation of PBF other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of PBF only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by PBF. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to PBF only.

Scope

The scope of engagement agreed upon with PBF includes the followings:

- 1. The assurance scope is consistent with the description of Panion & BF Biotech Inc. 2023 Sustainability Report.
- 2. The evaluation of the nature and extent of the PBF's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Panion & BF Biotech Inc. 2023 Sustainability Report provides a fair view of the PBF sustainability programmes and performances during 2023. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the PBF and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate PBF's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that PBF's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to PBF's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 7 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that PBF has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the PBF's inclusivity issues.

Materiality

PBF publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of PBF and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the PBF's management and performance. In our professional opinion the report covers the PBF's material issues.

Responsiveness

PBF has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for PBF is developed and provides the opportunity to further enhance PBF's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the PBF's responsiveness issues.

Impact

PBF has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. PBF has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the PBF's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

PBF provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the PBF's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the PBF's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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