GOALS for good

ESG REPORT

SCI Pharmtech

2020 -2021

For the health of human being,
we contribute.

To be a well recognized partner for
pharmaceutical products and chemical services by
creating sustainable solutions to the industry.

SCI

Contents

Message From the Chairman

It was learned in 2020 that HOCLQ sulfate produced by SCI Pharmtech can help with the Covid-19 global pandemic. Before an effective vaccine was launched, the company actively provided HOCLQ sulfate and ensured a stable supply to help fight against Covid-19 globally. At the same time, the company also entered into a joint venture with French Veolia Group to establish FRAMOSA to provide water, waste and energy management solutions. Although the company suffered from a fire accident that heavily damaged our core production facilities, with strong support from three commercial banks and other industry partners, SCI Pharmtech actively conducted reconstruction work and continuously practices the concept of sustainable management.

Through the issuance of this Sustainability Report, SCI Pharmtech examines our environmental, social and corporate governance (ESG) issues, pays attention to sustainable business performances, and advocates for the United Nations Sustainable Development Goals (SDGs), the company also discloses material topics of all related stakeholders. The company has a vision to contribute to the health of all humans, and achieve the company's core value of "Sustainability, Trust and Innovation".

Introducing Eco-Thinking into Core Operations

SCI Pharmtech continues to promote the ISO 14001 environmental management system and integrates environmental management and environmental thinking into core business practices under the premise of complying with international standards and regulations. The company strives to reduce environmental pollution and damage and develops action plans for various green issues such as energy conservation, carbon reduction, pollution reduction, and improvement of waste disposal capacity.

In terms of energy conservation and carbon reduction, the company actively reduces electricity consumption and sets targets to reduce carbon emissions. For energy improvement, the company uses boilers with economizers to reduce energy waste and uses low-polluting natural gas as a heat source to reduce air pollutant emissions. In addition, in order to effectively improve waste treatment capacity and reduce pollution sources, SCI Pharmtech developed a distillation recycling method, which can not only reduce waste generated in the process, but also convert waste into valuable commodities, reducing the impact on the environment.

Creating a Safe and Equal Working Environment

SCI Pharmtech takes into account various suggestions for labor rights, safety, and environmental protection and continuously improves the working environment. The company holds regular labor safety meetings to discuss issues related to employee safety and health, to continuously reduce possible hazards in the workplace and ensure the safety of employees. The company is certified with the ISO 45001 standard for Occupational Health and Safety Management Systems, and reviews and identifies opportunities to consistently reduce the probability of occupational safety risks.

In order to establish a healthy labor-employer relationship, the company offers proper pension plans, establishes retirement assurance measures, conducts periodic health checkups to ensure the physical and mental health of employees, and creates a friendly working environment for our colleagues. We hope that through employee vacation trips planned before the pandemic, a comprehensive employee welfare plan, and other policies will establish good labor-employer relationships. In addition, due to the Covid-19 pandemic, the company has also participated in the manufacture of disinfectant alcohol, giving back more than several tons of 75% alcohol to the local community and children's home to fight the pandemic together.

Integrity Governance and Steady Solid Growth

The board of directors of SCI Pharmtech adheres to the spirit of fairness, justice and openness, and continues to operate through a transparent operating mechanism. The audit and remuneration committees also continue to supervise the company's operations, so that employees are aware of the company's current conditions and future directions. With the approval of the board, SCI Pharmtech launched the construction of the company's second plant in Guanyin Industrial Park in September 2020. SCI Pharmtech's future production capacity will be increased to meet high volume orders from customers, elevate market share, reassure investors and employees and enhance overall corporate confidence and stability. SCI Pharmtech also signed a contract with Veolia Group in 2020 to establish FRAMOSA to cooperate on the innovation of the recovery and reuse of solvents to treat wastes derived from production processes, thereby reducing environmental impacts and energy consumption, achieving the principle of material circulation and enhance corporate competitiveness. We hope that in the future the new technology can reduce energy consumption, improve circular economy, and promote sustainable operation.

For our commercial operations, we have previously considered the market trends and opportunities of APIs, intermediates and specialty chemicals. After evaluating the risks and restrictions of the global market, we launched the construction of a new R&D building in 2020 in response to our future development of pharmaceutical chemicals, and have produced higher quality products through adjusting production lines. In the past years we have gradually increased R&D expenditure, our special cannabidiol (CBD) product has attracted much attention from the market and has successfully obtained patents in the United States, Canada, Taiwan, Japan and other countries, we expect to supply better medical products to the international market. From 2020 to 2021, BZA (Brinzolamide) and CBD (Cannabidiol) both passed TFDA audits, CBD is currently used for pediatric epilepsy and there are more than 100 clinical trials in progress around the world, it is expected to become a rising star in the global pharmaceutical and healthcare market. Our Buprenorphine product which is currently in development is also expected to be available in 2022.

In order to provide the world with a better quality and healthy lifestyle, SCI Pharmtech continues to challenge itself and enhance operational excellence. Through the adherence and promotion of ISO 9001 standards and GMP quality management we strive to ensure product quality, and through complete disclosure of drug master files (DMF) SCI Pharmtech shall demonstrate its industry chain as even more trustworthy. In the future the company will rebuild from the ashes to continue to shape a healthy society, and make tireless efforts to increase employee value proposition, contribute to environmental protection, and establish a sustainable society.

Chairman
Wei-Chyun Wong

About the Report

About the Report

Reporting Scope and Boundaries

Welcome to the Sustainability Report issued by SCI Pharmtech Incorporated (hereafter referred to as SCI Pharmtech), the information and data disclosed in this report cover the period from January 1, 2020 to December 31, 2021. In terms of reporting boundary, the economic performance data is presented from the consolidated financial report, other social and environmental aspects are based on information from all operation branches in Taiwan excluding the subsidiary Yushan Pharmaceuticals Incorporated.

Reporting Guidelines

This report is prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards) 2016 edition of the Global Reporting Initiative. In addition, this report references the 2018 edition for GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety, and references the 2020 edition for GRI 306: Waste. The details of the GRI Index are provided in the appendix.

Frequency of Publication

This report is the company's fourth publication of the Sustainability Report (formerly issued as the Corporate Social Responsibility Report), the time of publication for the current report is September 2022, the previous report was published in August 2020, the company publishes one sustainability report every two years, the next report is expected to be in August 2024. Each report is publicly presented in the stakeholder page of the company website and is available for download.

Report Quality Management

- Compilation:
  The Occupational Safety Office is responsible for overall planning of this report, while the data, strategic objectives, and performance indicators disclosed in the report are provided by the responsible business units, which are then integrated, compiled, proofread and revised by the Occupational Safety Office.
- Review:
  The completed report is reconfirmed by each department for comprehensiveness and correctness of its contents, and it is signed off by the top supervisor of the relevant department for approval.
- Finalization:
  The complete manuscript is submitted to the general manager for review and finalization before public distribution.

External Verification and Certification

The financial data of SCI Pharmtech is compiled in consolidated financial reports verified by KPMG in accordance with International Financial Reporting Standards (IFRS), and are calculated in New Taiwan Dollars. In addition, the company has acquired ISO 9001: 2015 Quality Management System, ISO 14001: 2015 Environmental Management System, ISO 45001: 2018 Occupational Safety and Health Management System third-party certifications.

Contact Information

If you have any questions or suggestions about the contents of this report, please feel free to contact us.

SCI Pharmtech Incorporated

Address：33856 No. 61, Lane 309, Linhai North Road, Luzhu District, Taoyuan City

Telephone：+886-3-354-3133

Fax：+886-3-354-3483

Website：http://www.sci-pharmtech.com.tw

Contact Window：Amos Lin, Occupational Safety Office

E-mail：amos.lin2651@sci-pharmtech.com.tw

CSR Commitment

CSR Commitment

SCI Pharmtech was established in 1987, the core values of the company are “Talent”, “Teamwork”, and “Honesty and Integrity”. The company’s business practices are regulated by relevant measures including the integrity management code, ethical code of conduct, and work rules, the company clearly defines rules for rewards and punishments and employee performance evaluation based on these measures. Since its establishment more than 35 years ago, SCI Pharmtech has developed into a professional manufacturer of intermediates and APIs (Active Pharmaceutical Ingredients, APIs), and continues to strive towards the goal of "the highest quality API manufacturing company in the world". We are looking forward to becoming a world-class leader in the specific niche for APIs in the market.

Corporate Vision

For the health of human being, we contribute.

Corporate Values

Sustainability

Credibility

Innovation

Stakeholder Engagement

Stakeholder Engagement

SCI has established rigorous standard procedures to identify and select stakeholders with whom to engage with first. Firstly, through internal meetings, we make a list of various possible stakeholders including employees, investors, government agencies, customers, suppliers, nonprofit organizations, the media, the community, and industry competitors. In accordance with the 2015 edition of the AA1000 Stakeholder Engagement Standard (AA1000 SES 2015) designed by the global non-profit organization Account Ability, all stakeholders are rated and ranked according to 5 major principles (dependency, responsibility, influence, diverse perspective, tension) and finally 6 stakeholders with engagement priority are identified, including (1)employees, (2) customers, (3) suppliers, (4) shareholders/investors, (5) communities/nonprofits, and (6) government.

According to the characteristics of the myriad of stakeholder groups, the company adopts different communication strategies, including one-way, two-way, one-to-many or many-to-one communication methods, please see “Stakeholder Concerns and Communications” for further details. Each department exchanges information with different stakeholders through daily business transactions, routine surveys, interview analysis and other methods. Stakeholder have a wide range of concerns toward different facets of the company, to fully grasp the needs and expectations of our stakeholders and make adjustments to our operation, we create dialogues through diversified communication channels and respond accordingly.

▼ Stakeholder Concerns and Communications

Stakeholder	Topics of Concerns	Communication Frequency and Channels
Employees	Legal Compliance Labor-Employer Relations Salary and Benefits Occupational Safety and Health Disaster Recovery	• Information on material topics are announced through email and the bulletin board when needed. • Communication through LINE app groups. • Appropriate human resource services are readily available at the Administration Department. • Provide annual health checkups and invite external medical personnel to provide health consultations for employees. • Hold quarterly labor-employer meetings. • Hold quarterly Occupational Safety and Health Committee meetings. • Provide a staff suggestion mailbox to communicate at any time. • Provide supervisor mailboxes to communicate at any time. • Grievance reports can be submitted at any time. • Due to a severe fire accident, the fire prevention training for the plant was suspended once during the first half of 2021. • Professional trainings are held for different departments throughout the year, in 2021 internal trainings were held for 18,223 person-times, and external trainings were held for 30 person-times.

Stakeholder	Topics of Concerns	Communication Frequency and Channels
Customers	Green Products Customer Health and Safety Customer Privacy Disaster Recovery	• Conduct customer satisfaction survey every year, the company received 4.6 points (out of 5 points) on the survey in 2020. The customer satisfaction survey was suspended in 2021 due to the fire accident.
		• Hold production and sales meetings weekly. In 2021, due to the fire accident, this meeting was held together with the supervisory meetings.
		• Accept customer audits when requested. A total of 17 customers performed online audits in 2021, and the company was determined to have no major deficiencies.
		• Respond to customer concerns via email in a timely matter.
		• Participate in trade exhibitions from time to time, due to the impact of Covid-19 from 2020 to 2021, the company suspended participation in the CPHI Shanghai, CPHI Europe and DCAT USA.
Suppliers	Supply Chain Management Occupational Safety and Health Legal Compliance Disaster Recovery	• Maintain contact with suppliers by phone and email
		• Conduct supplier surveys on a regular basis
		• Perform on-site audits every year, due to the impact of Covid-19 in 2021, no on-site audits were implemented and only 2 suppliers were audited online
Shareholders /Investors	Disaster Recovery Operation Integrity Economic Performance Industry Development	• Hold shareholder meetings annually
		• On December 15, 2021, the company was invited to participate in the corporate briefing held by Masterlink Securities
		• Reply to investors' concerns through phone calls, emails and the company website
		• Disaster recovery progress is recorded weekly on the company website
		• Upload quarterly financial reports to the Market Observation Post System (MOPS) and the company website
		• Publish important information on MOPS and the company's website, in 2021 the company published a total of 32 important headlines
Communities/ Nonprofits	Disaster Recovery Wastewater and Waste Energy Management and GHG Emissions Social Engagement	• The Haihu Industrial Park Manufacturers Association holds membership meetings annually and the company participates irregularly
		• Participates in community activities and offer contributions to local temples for religious ceremonies
		• Provide venues for national military drills
		• Cooperate with the fire brigade for joint fire drills
		• Arrange for dialogues with the community through our spokesperson and liaisons
		• Hold community compensation coordination meetings when needed
		• Sponsors public charitable activities from time to time.
		• Aperiodic sponsorships to non-profit organizations

Stakeholder	Topics of Concerns	Communication Frequency and Channels
Government	Legal Compliance Operation Integrity Energy Management and GHG Emissions Customer Health and Safety Wastewater and Waste Disaster Recovery	• Actively reply to and support government policy announcements
		• Participate in regulation dissemination meetings or roundtables held by the competent authority, the company attended such activities 9 times in 2021
		• Communicate with the competent authority through telephone calls, official correspondence, emails, and in-person visits.

Stakeholder Engagement

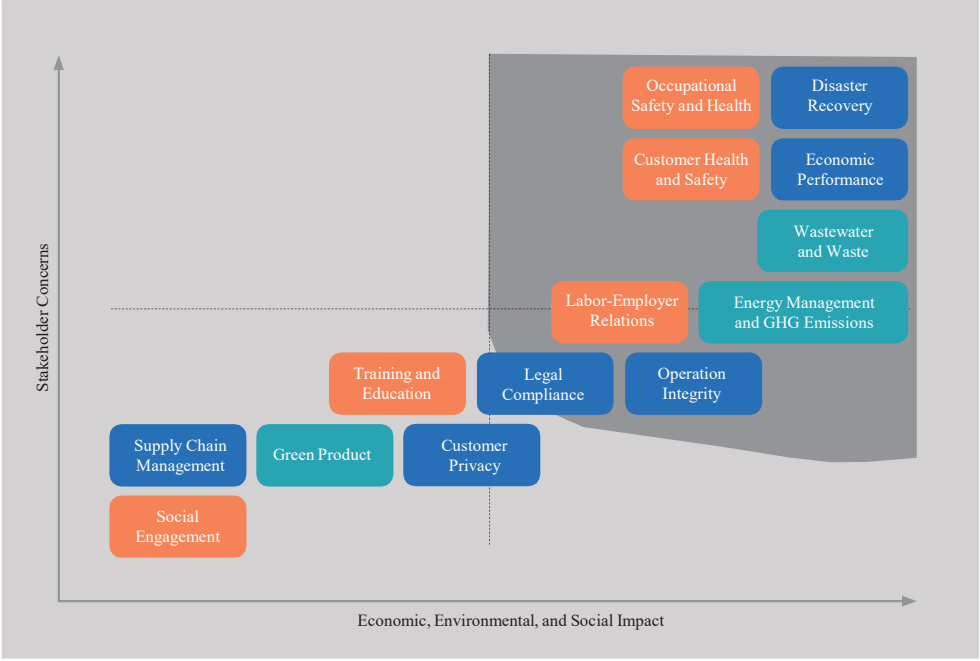
SCI Pharmtech consistently identifies material topics through daily interaction with stakeholders in various departments and through different communication channels. In response to major changes in the company's operation after the fire accident, the analysis of material topics will resume in 2022.

The company analyzes material topics through firstly having department supervisors conduct interviews with external experts, and jointly score the stakeholder material topics on their level of concern, the Office of Occupational Safety then hold interviews with internal supervisors to confirm the economic, environmental, and social impacts of various issues.

Finally, a cross analysis on the degree of attention and impact is done and a matrix diagram is drawn for the material topics of SCI Pharmtech during 2020-2021.

Due to changes in the analysis method, the material topics of 2020-2021 have been converged and updated compared with the previous reporting period, in order to comply with operational practices and actively respond to stakeholders on their issues of concern.

SCI Pharmtech 2020-2021 Material Topics Matrix



Major Issues, Scope of Impact and Degree of Involvement

● Direct Impact ○ Indirect Impact ▲ Commercial Impact

Ranking	Material Topics	Importance to SCI Pharmtech	Corresponding GRI Standard	Stakeholders					
				Employee	Customer	Supplier	Stockholder/Investor	Community/Nonprofit Organization	Government
1	Disaster Recovery	At the end of 2020, SCI Pharmtech suffered a major fire accident which resulted in casualties and the shutdown of production lines. The fire also affected the upstream and downstream supply chains and surrounding communities, and seriously affected the company's operations. Therefore, the company is currently fully committed to post-disaster reconstruction, hoping to resume normal operations as soon as possible and ensure the rights and interests of all stakeholders.	Self-defined topic	●	●	▲	●	○	○
2	Occupational Safety and Health	The pharmaceutical industry is an important science with a high degree of integration across fields, involving the handling of hazardous raw materials and chemical and engineering processes. In order to ensure the safety and rights of employees and maintain proper operations, SCI Pharmtech will continue to strengthen occupational safety management.	GRI 403-9 Work-related injuries	●		○	○	○	○
3	Economic Performance	Economic performance is the driving force for corporate growth. In 2020, SCI Pharmtech's consolidated operating income reached 2.689 billion NTD, which was the highest in the company's history. However, a major fire occurred at the end of the year, resulting in a near total shutdown in 2021,but the company was able to complete the delivery of orders and maintain short-term operations by leasing plants and equipment from industry peers.	GRI 201-1 Direct economic value generated and distributed	○	▲	○	●		○
4	Customer Health and Safety	"Contributing to human health" is the vision of SCI Pharmtech, and also the core value of the pharmaceutical industry. Therefore, the company has introduced the ISO 9001 quality management system, and follows GDP and GMP management standards, and passed various international plant inspections to ensure the health and safety of end consumers.	Self-defined issue	○	●	●		○	○
5	Wastewater and Waste	Wastewater from the pharmaceutical industry often contain residual antibiotics and organic solvents, the wastewater has a high suspended matter content making its treatment difficult. To reduce environmental impact, SCI Pharmtech and Veolia Group jointly established "FRAMOSA" to help recycle solvents used in the production of pharmaceuticals and raw materials, to establish our operation as a model for circular economy.	GRI 303-3 Water withdrawal GRI 306-3 Waste generated GRI 306-4 Waste diverted from disposal GRI 306-5 Waste directed to disposal	○				●	○
6	Energy Management and GHG Emissions	The impact of climate change and extreme weather are gradually becoming more significant. To reduce its impact on our operation and the environment, SCI Pharmtech uses clean energy equipment, continues to promote the concept of environmental protection to our employees, and is committed to complying to environmental regulations, and developing relevant standards and operation methods.	Self-defined topic			▲		●	○
7	Operation Integrity	In order to establish a corporate culture of operation integrity, promote healthy corporate development, and establish a good business operation structure, SCI Pharmtech implements strict laws and regulations, prohibits and prevents dishonest behavior, consistently reviews the effectiveness of corporate governance to strive for continuous improvement and ensures the implementation of the operation integrity policy.	GRI 403-9 Work-related injuries	○	▲	▲	●	○	○
8	Labor-Employer Relations	A good labor and employer relationship is the foundation for the stable operation of an enterprise. SCI Pharmtech pays close attention to the rights and interests of employees, provides a safe and healthy working environment, and assists employees in maintaining their physical and mental health and work-life balance, hoping to promote a more harmonious and stable labor employer relationship.	GRI 201-1 Direct economic value generated and distributed	●	▲	▲		○	○

Chapter 1

About SCI Pharmtech

About SCI Pharmtech

SCI Pharmtech was originally established in 1987 by the Swiss Siegfried Group and natural persons from Taiwan and the United States. In 2001 the company was acquired by Mercuries & Associates Holding, Ltd., and was listed on the Taiwan Stock Exchange in 2004 with the stock code 4119. The principal business activities of the company are the research and development, manufacturing, and sales of active pharmaceutical ingredients (APIs), API intermediates, and special and fine chemicals. The company is also an agent for various domestic and foreign pharmaceutical manufacturers in Taiwan, which provide price quotes, participate in commercial bids, and assist in research and development of various related products. Our headquarters is located at No. 61, Lane 309, Haihu North Road, Luzhu District, Taoyuan City. We are an API company that complies with US Food and Drug Administration (FDA) and current international GMP standards. The company also actively maintains a good partnership with industry guilds and associations by sharing industry information and promoting research and development to enhance the competitiveness and sustainability of the pharmaceutical industry.Presently, the company participates in the Taiwan Pharmaceutical Manufacturer's Association (TPMA) and the Haihu Industrial Park Manufacturer's Association.

At the end of 2020, the company has a total of 278 employees, all of whom are full-time employees, composed of 227 male employees and 51 female employees, of which there are 12 associates in management positions and 42 foreign employees. Due to a company fire at the end of 2020, the company ended employment contracts with non-national employees in 2021, bringing the number of total employees in 2021 to 206, all of whom are full time employees, composed of 162 male employees and 44 female employees, of which there are 11 associates in management positions and 1 foreign employee.

SCI Pharmtech 2021 Economic Performance Material Topics and Management Approach

Material Topic	Economic Performance
Corresponding GRI Indicator	• GRI 201-1 Direct economic value generated and distributed
Policies and Commitments	• The production line at SCI Pharmtech was decimated in the fire accident at the end of 2020, the core goal of operation in 2021 and 2022 was “recovering production capacity”. At the same time, the company laid the foundation for future operation through establishing a new factory at Guanyin and founding the Framosa Company with our French partners. All colleagues at SCI Pharmtech will strive for speedy recovery of the company and achieve the highest performances.
Goals and Targets	• Short term target • Recover majority production capacity by 2022 and maintain close customer relationships. • Mid term target • Diversify production bases and maintain operation flexibility. • Long term target • Promote circular economy and jointly work towards sustainability.
Responsibilities and Resources	• The Sales Department is responsible for customer and product development, and formulate sales terms according to transactions with the customer, the customer’s financial status, and the political and economic risks of the country the customer is located in, so as to reduce the risk of accounts receivable and stabilize the price of the product. • The Finance Department is responsible for evaluating mid term and long term investment benefits, financial operation, financial management, to establish risk-averse mechanisms and reduce financial risks.
Assessment Mechanisms and Results	• The consolidated operating income reached 2.689 billion NTD, and operating gross profit was 1,274,328 NTD Thousand. • A major fire accident occurred on December 20, 2020, some equipment losses caused by the fire were recognized in accounting, therefore the net profit for the financial period of 2020 shrank to 360 million NTD, EPS was revised down to 4.53 NTD. • Affected by the fire in 2021, company revenue was about 860 million NTD, gross profit margin was 24%, earnings per share was 0.58 NTD, and the net profit was 55.69 million NTD. • Due to the fire incident, the company leased a plant and related equipment from Cheng Fong Chemical in 2021 to produce 5 intermediate products. • In 2021 the company entrusted Everlight Chemical to produce APIs required for customer clinical trials. • About 40% of the revenue in 2021 was generated by production at the leased plants, and the rest came from inventory that survived the fire. The Sales Department made every effort to increase the sales price of products, so that the company continued to make profits and contribute to cash inflows. • Invested 1.175 billion NTD to build a new factory at Guanyin, and strives to commence production in early 2024. • Co-founded Framosa Company with the French Veolia Group.

Financial Performance

In 2020, SCI Pharmtech's financial performance continued to hit record highs in terms of operating income and profit, the company's market value also reached a new milestone with the growth of sales of all major products. In 2020, the consolidated operating income of the company reached 2.689 billion NTD, and the operating gross profit was 1,274,328 thousand yuan. However a major fire occurred on December 20, 2020, some equipment losses caused by the fire were recognized in accounting, therefore the net profit for the financial period of 2020 shrank to 360 million NTD, EPS was revised down to 4.53 NTD.

Due to the fire incident all production lines were shut down in the first half of 2021, production operation was adjusted during the second half of 2021 and small scale production began by the end of the year. the company leased a plant and related equipment from Cheng Fong Chemical in 2021 to produce 5 intermediate products. In 2021 the company entrusted Everlight Chemical to produce APIs required for customer clinical trials.

Operating income dropped to about 860 million NTD, growth rate was about -67.9%, gross profit margin was 24%, and earnings per share dropped to 0.58 NTD. Under lasting influence of the fire, there were more non-operation related losses in 2021, the company had a net profit of 55.69 million NTD for the year. In a year during which the company lost nearly the total production capacity, SCI Pharmtech still made a small profit.

Operating income dropped to about 860 million NTD, growth rate was about -67.9%, gross profit margin was 24%, and earnings per share dropped to 0.58 NTD. Under lasting influence of the fire, there were more non-operation related losses in 2021, the company had a net profit of 55.69 million NTD for the year. In a year during which the company lost nearly the total production capacity, SCI Pharmtech still made a small profit.

SCI Pharmtech 5-Year Financial Summary

	Unit	2017	2018	2019	2020	2021
Capital	NTD Thousand	794,853	794,853	794,853	794,853	953,824
Gross Revenue	NTD Thousand	1,301,050	1,939,913	2,355,747	2,689,222	864,217
Gross Profit	NTD Thousand	395,682	748,943	935,770	1,274,328	208,089
Income Tax	NTD Thousand	43,798	97,550	140,059	95,091	9,810
Net Income (Loss)	NTD Thousand	191,083	447,237	571,101	360,124	55,696
Earnings Per Share	NTD	2.41	5.63	7.19	4.53	0.58
Net Asset Value per Share (after dividend)	NTD	34.71	36.19	39.51	39.30	34.81
Salary & Employee Benefits	NTD Thousand	244,345	311,484	355,441	341,904	191,753
Stock Dividend	NTD	0	0	0	158,970,620	0
Cash Dividend	NTD	170,893,417	333,838,302	461,014,798	(39,742,655)	0

※ Note: This statement include financial results from subsidiary Yushan Pharmaceuticals Inc.

Increase Production Capacity and Develop Intelligentization of the Guanyin Plant

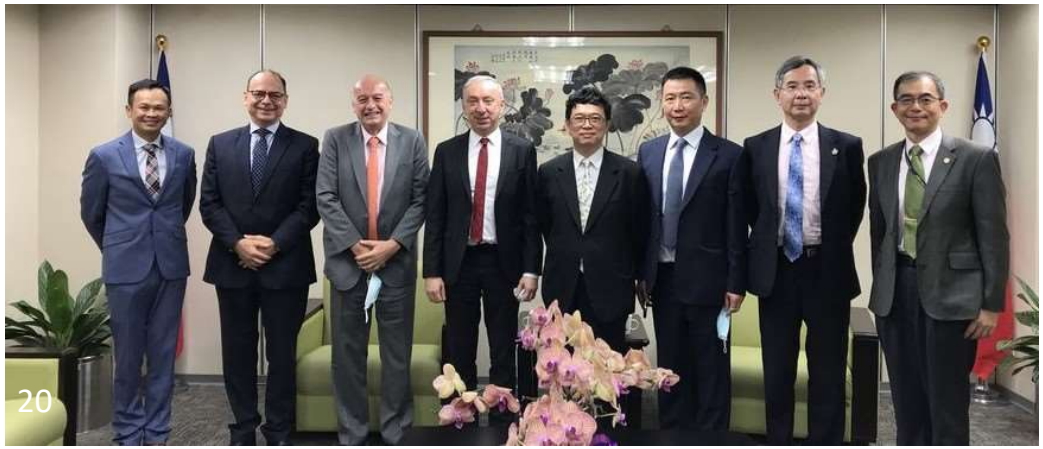
In order to strengthen relationships with customers, SCI Pharmtech invested 1.175 billion NTD to build a new plant at Guanyin through its own funds and loans from financial institutions. The company also contracted an engineering company and started relevant construction procedures in the hopes of commencing production by early 2024.Construction of the plant began in the fourth quarter of 2021. The factory has a land area of nearly 1,000 ping and can accommodate a building with 2 floors underground and 9 floors above ground. The plant will introduce automated storage systems and packing equipment, the level of intelligent operations will be higher than that of the Luzhu plant. In addition, steam supply and solvent treatment will be operated professionally by partner company Framosa and significantly improve operation efficiency.

The building is expected to be completed in the first quarter of 2023, the installation of clean rooms, storage equipment, and electric fire protection systems will begin immediately, and two production lines will be set up. After completing IQ, OQ, and PQ validations, trial mass production is planned in the first half of 2024.The initial budget for the construction of the Guanyin plant was about 1.2 billion NTD. Considering the company's financial integrity no bank loans were taken, the main source of funding is from medium-term bank financing, and the company has signed contracts with partner banks. The plant project also enjoys support from domestic investment incentive schemes, with subsidies coming from interests made from the National Development Fund, the overall plant cost is reduced.

Taiwan-France Cooperation to Establish Framosa Company

SCI Pharmtech and the French Veolia Group co-founded Framosa Company. Veolia Group is responsible for designing and supporting management solutions for water, waste, and energy. SCI Pharmtech focuses on the R&D, production, and sales of human pharmaceutical APIs and intermediates. Veolia and SCI Pharmtech co-established Framosa Company, each owning 60% and 40% of shares respectively, focusing on "innovative circular economy and new technologies" which will help the recovery of solvents used in the production of drugs and materials in the pharmaceutical industry, with an annual processing capacity of 15,000 tons in the future, and a solvent recovery rate of 85%, Framosa is the result of model cooperation between Taiwan and France. SCI Pharmtech and Veolia Group jointly established Framosa, combining biotechnical pharmaceutical technology with circular economy, creating the first biomedical company designed with circular economy concepts. In coordination with the expansion of the Guanyin plant, Framosa's original plant designs had to be adjusted, resulting in a lag in progress. The Framosa plant is expected to begin construction in the second quarter of 2022. We believe that the deferred process can be made up through professional leadership and pooling of group resources.

Energy saving, carbon emission reduction and circular economy are important issues that industries are facing. Framosa's operations will enhance SCI Pharmtech's future competitiveness and capture more business opportunities. SCI Pharmtech's main product market is in Europe, which is more aggressive than other regions in progressing towards carbon neutrality. Facing the requirements of major customers in France and other European countries, SCI Pharmtech will began calculating the carbon footprint of products in 2022 and hope to complete the carbon inventory of all products as quickly as possible.



Market Presence

The company's products are mainly sold overseas, overseas sales account for more than 90%. Main export targets are large pharmaceutical companies in Europe, America and Japan, our product quality is well recognized by our foreign customers. In 2020, export sales to Europe accounted for 52.91%, America accounted for 17.83%, Asia accounted for 16.94%, and domestic sales accounted for 8.35%. Although the production capacity decreased in 2021 due to the 2020 year-end fire, the European market still accounted for 54.04% and domestic sales accounted for about 6.78%.

SCI Pharmtech's production line was destroyed in the fire at the end of 2020, therefore the core operation policy in 2021 and 2022 was focused on resuming production capacity rather than evaluating market competition factors. The company has resumed production of one line by the end of December 2021, the production capacity recovery was only 10%, the company expects to recover 40% of production by the end of June 2022 and complete the recovery of all production lines by the end of 2022.

In addition, the company expects to extend the leasing of outside plants and equipment until June 2022.The impact of Covid-19 has led to supply chain disruptions and has a high impact on the overall economy. Central banks around the world have injected a large amount of liquidity into the market through QE and other methods, contributing to soaring materials costs. In accordance with global trends, the company raised product sales prices to reasonably reflect costs. After production facilities are restored, the new machinery and equipment will incur a high sum of depreciation which must be dealt with in the future through price and product adjustments. SCI Pharmtech is the world's largest producer of a series of valproic acid epilepsy drugs, one of which is sold to the brand company. In 2021 due to the company's inability to supply to market, there was a global shortage of this drug. To safeguard domestic stock of drugs, the Ministry of Health and Welfare limited the export of the company's API. In 2020 due to the need for Covid-19 prevention, the hydroxychloroquine produced by the company was also monitored by the Ministry of Health and Welfare, identifying SCI Pharmtech as a key supplier for several pharmaceutical products.

Main Product Sales Regions (Unit: Thousand NTD)

Annual Sales per Region		2017		2018		2019		2020		2021	
		Sales	%	Sales	%	Sales	%	Sales	%	Sales	%
Foreign Sales	Europe	547,392	42.07%	791,522	40.80%	1,271,195	53.96%	1,422,867	52.91%	467,009	54.04%
	Americas	276,937	21.29%	605,381	31.21%	341,430	14.49%	47,9583	17.83%	119,785	13.86%
	Asia	277,972	21.36%	289,858	14.94%	502,512	21.33%	455,464	16.94%	202,435	23.42%
	Other	13,861	1.07%	39,296	2.03%	19,555	0.84%	106,839	3.97%	16,409	1.90%
	Subtotal	1,116,162	85.79%	1,726,057	88.98%	2,134,692	90.62%	2,464,753	91.65%	805,638	93.22%
Domestic Sales		184,888	14.21%	213,856	11.02%	221,055	9.38%	224,469	8.35%	58,579	6.78%
Total		1,301,050	100%	1,939,913	100%	2,355,747	100%	2,689,222	100%	864,217	100%

Market Presence

The major products of SCI Pharmtech in the past five years are mainly APIs, which account for more than 60% of the revenue, reaching a new high of 72.98% in 2020. Due to the fire at the end of 2020, production capacity was adjusted in 2021, the company focused on APIs and API intermediates, operating income dropped sharply to 864.21 million NTD.

SCI Pharmtech 5-Year Main Product Proceeds and Percentages (Unit: Thousand NTD)

Year	2017		2018		2019		2020		2021	
Product Genre	Sales	%	Sales	%	Sales	%	Sales	%	Sales	%
API	766,831	58.94%	1,199,068	61.81%	1,546,270	65.64%	1,962,647	72.98%	396,602	45.89%
API Intermediates	385,582	29.64%	583,789	30.09%	627,962	26.66%	597,496	22.22%	451,915	52.29%
Other	148,637	11.42%	157,056	8.10%	181,515	7.70%	129,079	4.80%	15,700	1.82%
Total	1,301,050	100.00%	1,939,913	100.00%	2,355,747	100.00%	2,689,222	100.00%	864,217	100.00%

Drugs can be categorized into new drugs and generic drugs. SCI Pharmtech points to generic drugs as its main production items, and is involved in the development of APIs for new drugs. APIs are the most important therapeutic ingredients in medicines, their quality directly affects the quality, effectiveness and safety of medical preparations, and closely affects people's lives and their health. Intermediates are products with a wide variety and range of uses derived from the complicated process of producing APIs. The intermediates produced and sold by the company are mainly used for the synthesis of APIs, but can also be used in the manufacture of fine chemicals. In addition, the company also manufacture specialty chemicals commissioned by specific customers. The company also offers production services for customers with high quality requirements, applying sophisticated equipment and strict pharmaceutical manufacturing principles to scale up processes for mass production, currently such commissioned production mainly focuses on producing electronic chemicals.

SCI Pharmtech Main Products and Services

API		Intermediates	
Product Name	Main Usage	Product Name	Main Usage
VA	Antiepileptic, anticonvulsant	Pent-2	Anaesthetic
Probucol	Reduce lipid levels	PGA	Anti-Parkinsons
Divalproate Sodium	Antiepileptic, anticonvulsant	NBE	Sleep inducer for surgery, anaesthetic
Propafenone Hydrochloride	Arrhythmia	5-HMT	AIDS treatment
Duloxetine Hydrochloride	Antidepressant	BOV	Steroid
Allopurinol	Gout	(S)-MMAA	Antidepressant
Clindamycin palmitate HCl	Antibiotic	HOCLQ	Anti-malarial
Articaine Hydrochloride	Anaesthetic	Prop-3	Arrhythmia
HOCLQ-Sulfate	Malaria, rheumatoid arthritis, lupus	Thiazole acid	Antitumor
Brinzolamide	Erythematosus	Olivetol	Antiepileptic
Sodium Valproate	Glaucoma	PMDOL	Antiepileptic
Pentobarbital Sodium	Antiepileptic, anticonvulsant		
Methylphenidate HCl	Anaesthetic		
Biso-FA	Anti-hyperactivity		
Thiopental acid	Hypertension, angina		
Loxoprofen Sodium Hydrate	Anaesthetic		
Atomoxetine HCl	Antipyretic and analgesic		
Cannabidiol	Hyperactivity disorder		
	Rare epilepsy syndrome in children, multiple sclerosis		

Quality and Advantages

Patents

SCI Pharmtech's R&D department is responsible for developing new products, improving production processes of existing products, and applying for process patents. The company also grows its R&D manpower every year to meet customer needs and in accordance with sales development. In 2020 SCI Pharmtech invested nearly 43.37 million NTD in research and development expenses, an increase of 11.43% compared with 2019; due to the shutdown of the production line after the fire accident, the company was fully committed to disaster recovery in 2021, therefore research and development expenses dropped to approximately 30.35 million NTD, a decrease of 30.02%, compared with the previous year.

However, based on excellent relationships with international customers and continuous R&D plans, the company has a high probability in commercializing innovations to contribute to revenue. APIs such as cannabidiol and substances for treating glaucoma and Alzheimer's disease are products that SCI Pharmtech has successfully developed, so company operations have continued to grow in recent years. In the future after operating conditions recover, the company will continue to invest in R&D resources, and focus on the "development of niche product processes" and "scaling up and commercialization of new drugs" as key R&D items.

▼ **SCI Pharmtech 5-Year R&D Spending (Unit: Thousand NTD)**

Year	2017	2018	2019	2020	2021
R&D Spending	33,089	36,851	38,917	43,365	30,347

Specialty Drug Development

Domestic chemical and pharmaceutical business models are mostly divided into two categories. One type is mainly based on the mass export of bulk drugs such as vitamins, antibiotics, antipyretics and analgesics to Europe, the United States, Japan and other countries every year. Another type of operation develops specialty APIs with higher profits. In view of the wide range of materials involved in chemical and pharmaceutical preparations, the technical threshold and added value to manufacturing generic drugs and patented drugs are also different. A great deal of R&D manpower and funds are required in producing chemical specialty drugs, the company needs to obtain intangible assets such as technical know-how and intellectual property rights. Through the mass production of new products and building international alliances, the company can transform such resources into calculable tangible assets and create invaluable future value for the company.

Therefore, SCI Pharmtech actively invests in the specialty pharmaceuticals market, and has completed the development, process verification and scaling up of cannabidiol APIs, and obtained patents in 5 countries. In 2020 the company applied for and completed the US Food and Drug Administration (FDA) Drug Master File (DMF) for this product, and obtained Taiwan's pharmaceutical license and GMP certificate, and supplies many clinical trials abroad .

In addition, we also focus on products with difficult processes, such as uneven hydrogenation, ultra-low temperature reaction, etc., and continue to optimize the process to improve yield and reduce waste, which will distance us from our competitors. At the same time, SCI Pharmtech also strengthens GMP control, introducing mechanisms such as SAP, master control, Lims and other systems, differentiating us from pharmaceutical companies in Mainland China and India.

Customer Health and Safety

▼ **SCI Pharmtech 2021 Customer Health and Safety Material Topics and Management Approach**

Material Topic	• Customer health and safety
Corresponding GRI Indicator	• Self-defined topic
Policies and Commitments	• Provide products produced in accordance with GMP to customers around the world, and continuously improve the quality management system and follow current government regulations and international norms, in order to achieve customer satisfaction and promote and improve the health and safety of end consumers.
Goals and Targets	• Short term targets • Start production and process validation in production areas where restoration has been completed, and apply for and pass suspended drug licenses and GMP inspections. • Medium and long term targets • Products meet quality, supply, distribution, customer service, price, and product responsibility requirements, and pass impact assessments on the environment and society.
Responsibilities and Resources	• The company has invested a considerable amount of manpower in the manufacturing process, quality control, and quality assurance, and has 50 professional quality control and quality assurance personnel, including 7 process development analysts, the analysis methods and equipment have also been validated.
Assessment Mechanisms and Results	• Drug licenses of all APIs in important regions such as the EU, the US and Japan are still maintained and valid. • At the end of 2021, the company continued to pass the ISO 9001 quality management system re-evaluation. • Follows good distribution and marketing practices, and implements quality management of the pharmaceutical supply chain. • APIs whose drug certificates and GMP certificates were previously suspended by Taiwan's Ministry of Health and Welfare have gradually returned to production, and their production processes were validated in areas where refurbishment have been completed. • Since 2005, the company has successively passed US FDA inspections for many times and also passed the EU EDQM and Japan PMDA inspections. • Submit the Drug Master File (DMF) to the Ministry of Health and Welfare Inspection Center in accordance with the Ministry of Health and Welfare regulations "Technical Review Form for Raw Material Master File" and "Notes for Application for Raw Material Master File Review" to ensure API safety and quality. • Attaches comprehensive Certificate of Analysis (COA) of the API when shipping, discloses the performance analysis report of the product ingredients and raw materials, and ensure the safety of raw materials and drug safety assessment.

Quality Assurance

SCI Pharmtech's GMP and ISO quality systems were not changed by the fire at the end of 2020, pharmaceutical-related regulations and procedures are still in operation. The drug certificates of all APIs in important regions such as the European Union, the United States, and Japan are still protected and remain valid. The ISO 9001 quality system were re-audited by a third-party certification agency at the end of 2021, and the certificates remain valid. The damaged production line facilities and equipment are also being reconstructed. The manufacturing equipment, air-conditioning system, nitrogen system and computer system were all the same as before the fire, and relevant verifications and validations have been completed.

In addition, the Ministry of Health and Welfare of Taiwan is promoting the Good Distributor GDP regulations, it was announced that before the end of 2022, the product distribution and sales operations of all API plants must be evaluated to meet regulatory requirements. SCI Pharmtech has considerable experience in GMP operation, on this basis, the company has established management systems of the distribution and supply chain, and there is full confidence that the company will pass Taiwan's Ministry of Health and Welfare GDP inspection in the future.

Applies ISO 9001 Quality Management System

SCI Pharmtech is a member of the pharmaceutical and biotechnology industry. It adheres to the ISO 9001 quality policy and strives to provide customers around the world with products produced in compliance with GMP/ISO 9001 to ensure customer satisfaction, and continuously invests in the improvement of quality systems, complying with current regulations and international trends. Our products are manufactured according to national health authorities' guidelines and safety regulations. In 2001, we passed the ISO 9001 quality management system certification for the first time, and we continue to apply the system consistently. At the same time, the company also uses advanced analytical instruments to maintain high quality, including GC, HS-GC, HPLC, IR, DSC, TGA, Laser Particle size analyzer, and ICP-MS analytical instruments.

In order to protect the health of end-users, SCI Pharmtech actively invests in research and development, and provides high-quality and stable quality APIs and intermediates with the highest standards. When the products are still in experimentation, the R&D department implements quality control, listing the health and safety related matters that need special attention in each step of the experimentation stage. After acquiring relevant data, the company educates and trains the operators before production commences to ensure correct and safe production practices.

BUREAU VERITAS Certification

SCI PHARMTECH, INC.

NO.61, Ln. 309, HAIHU N. RD., LUZHU DIST., TAOYUAN CITY 33856, TAIWAN

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 9001:2015

Scope of certification

PROVISION OF MANUFACTURING AND DEVELOPMENT OF SPECIALTY CHEMICALS, INTERMEDIATES AND ACTIVE PHARMACEUTICAL INGREDIENTS.

Original cycle start date:	**10-February-2011**
Expiry date of previous cycle:	**09-February-2020**
Certification / Recertification Audit date:	**13-December-2019**
Certification / Recertification cycle start date:	**20-February-2020**

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **09-February-2023**

Certificate No.: TWN4504071Q *Version: 01* *Revision date: **20-February-2020***

*Certification body address: **5th Floor, 66 Prescot Street, London E1 8HG, United Kingdom***
*Local office: **3F-B, No.16, Nanjing E. Rd., Sec.4, Songshan District, Taipei 10553, Taiwan***

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.
To check this certificate validity please call: **+886 2 2070 7655**

Follows GDP Management

To ensure the safety of patients' medication and guarantee the quality of the drugs after they exit the plant, SCI Pharmtech has followed the Food and Drug Administration's (FDA) implementation of Good Distribution Practice (GDP) since 2011.The FDA first required pharmaceutical manufacturers and sales companies with drug licenses must obtain a GDP license from January 1, 2019 before they can engage in the distribution and sale of drugs; the FDA further insists pharmaceutical preparation companies that require cold storage and transportation to complete the implementation of GDP by December 31, 2021, and gradually complete quality management of the pharmaceutical supply chain.

Improper storage or transportation of APIs may lead to its deterioration, which may adversely affect drug production operations and human health. Therefore the company manages transportation and sales records of APIs and implements GDP, and continues to improve the procurement, supply, storage, input and output of SCI Pharmtech's APIs. The company also refers to the PIC/S Guidelines on the Principles of Good Distribution Practices of Active Substances for Medicinal products for Human Use, to direct the implementation of GDP of our API manufacturers and distributors.

To guarantee drug safety for the public and ensure the integrity of the pharamaceutical supply chain, SCI Pharmtech buys and sells drugs in accordance with the Pharmaceutical Affairs Law and relevant regulations, confirming the legitimacy of their sources and product distribution, and maintaining comprehensive distribution records of related drug sales (including product name, content, dosage form, batch number, recipient's name, address, shipment date and quantity, etc.) for subsequent traceability. In order to strengthen quality control of the drugs, the implementation of drug GDP is an important direction to improve quality management of the drug supply chain. SCI Pharmtech implements comprehensive domestic drug distribution and sales quality control, and improves public drug usage safety.

Good Manufacturing Practices (GMP) for Pharmaceutical Products

Good Manufacturing Practices (GMP) for pharmaceuticals requires adherence to standards in material sourcing, product purity and processes, equipment monitoring, plant design, and product purity analysis. In order to obtain GMP certification level drug quality assurance standards, companies need to declare to the health authority for auditing and validation.

APIs whose drug and GMP certificates were originally suspended by the Ministry of Health and Welfare of Taiwan have gradually returned to production in the areas where plant refurbishment has been completed and process validation has been carried out. In January 2022, SCI Pharmtech applied to the Taiwan Ministry of Health and Welfare for 4 API GMP evaluations. It is expected that in March the Ministry of Health and Welfare will send staff to the plant to conduct GMP inspections, at which time the validity of the drug certificates and GMP certificates can be extended. The GMP evaluation applications will be continuously carried out according to the production items.

▼ SCI Pharmtech GMP Approved Items

衛 生 福 利 部
MINISTRY OF HEALTH AND WELFARE

CERTIFICATE OF GOOD MANUFACTURING PRACTICE

Issue Date: September 7, 2018

Issued following an inspection in accordance with Article 57 of the Pharmaceutical Affairs Law and relevant Regulations of the Republic of China (Taiwan).

The competent authority of the Republic of China confirms the following:
The manufacturer: SCI Pharmtech, Inc.
Site address: No.61, Ln.309, Haihu N. Rd., Luzhu Dist., Taoyuan City 33856, Taiwan
Manufacturer's licence number: (C)0014016

is the manufacturer of medicinal products that has been inspected with the following Active Pharmaceutical Ingredient: Articaine Hydrochloride, Atomoxetine Hydrochloride, Bisoprolol Fumarate, Brinzolamide, Divalproex Sodium, Duloxetine Hydrochloride, Hydroxychloroquine Sulfate, Loxoprofen Sodium Hydrate, Methylphenidate Hydrochloride, Pentobarbital Sodium, Probucol, Propafenone Hydrochloride, Sodium Valproate, Thiopental, Valproic Acid

From the knowledge gained during inspection performed on May 23-25, 2018, it is considered that the manufacturer complies with the Pharmaceutical Inspection Convention/Co-operation Scheme Guide to Good Manufacturing Practice for medicinal products (PIC/S GMP) PART II (= GMP of WHO/ICH Q7).

This certificate is valid until July 8, 2022.
This certificate may be revoked at anytime as warranted.

Signed by

Shou-Mei Wu

Shou-Mei Wu, Ph.D.
Director-General
Food and Drug Administration
(http://www.fda.gov.tw/TC/index.aspx)

Under the delegated authority of
Shih-Chung Chen, D.D.S.
Minister
Ministry of Health and Welfare
Republic of China (Taiwan)

4559

(1)Atomoxetine Hydrochloride(衛部藥製字第 059045 號)
(2)Articaine Hydrochloride(衛部藥製字第 058626 號)
(3)Bisoprolol Fumarate(衛署藥製字第 048989 號)
(4)Brinzolamide(衛部藥製字第 058824 號)
(5)Divalproex Sodium(衛署藥製字第 048274 號)
(6)Duloxetine Hydrochloride(衛署藥製字第 056630 號)
(7)Hydroxychloroquine Sulfate(衛部藥製字第 058143 號)
(8)Loxoprofen Sodium Hydrate(衛署藥製字第 056704 號)
(9)Methylphenidate Hydrochloride(衛署藥製字第057214 號)
(10)Pentobarbital Sodium(衛署藥製字第 039735 號)
(11)Probucol(衛署藥製字第 036473 號)
(12)Propafenone Hydrochloride(衛署藥製字第 055424 號)
(13)Sodium Valproate(衛署藥製字第 047587 號)
(14)Thiopental(衛署藥製字第 056637 號)
(15)Valproic Acid(衛署藥製字第 033996 號)

GMP Good Manufacturing Practices

If a product is to be exported to the United States, it needs to apply to the US Food and Drug Administration (FDA), after accepting the application the FDA will send an expert to Taiwan for on-site assessment and verification. In addition to requiring GMP for all domestic pharmaceutical plants, in order to improve the quality of domestic medicines and promote product exports, the Department of Health announced the implementation of the Current Good Manufacturing Practice, cGMP) in May 1999, and on October 21st, 1999 announced the medicine validation implement form, specifying the implementation schedule, and requiring drug manufacturers to complete the validation of analytical methods for supporting systems, instruments and equipment before July 1, 2000, and critical process validation of at least one or more products.

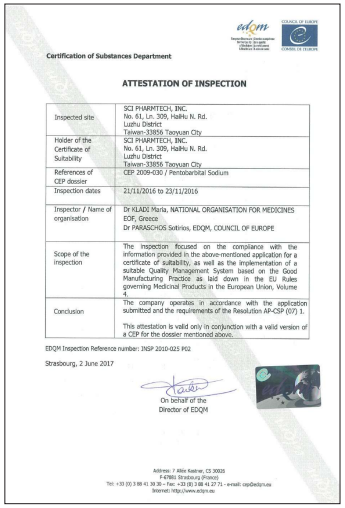
SCI Pharmtech employees receive formal cGMP training when they join the company, based on the strict control of products and compliance with cGMP standards, the APIs and intermediates produced by SCI Pharmtech are produced in accordance with regulations and laws. SCI Pharmtech products have passed the examinations of Taiwan's Ministry of Health and Welfare, the US FDA, the European EDQM and other national health authorities. The company has established a GMP inspection mechanism for APIs, and cooperates in API reviews, to promote the safety and quality of medicines for the use of the public.

Fulfilling Multinational Inspections

Due to the fire accident in 2020, SCI Pharmtech leased plants and equipment from industry partners in 2021 to manufacture intermediates, and relevant process validation have been completed. After the intermediates are transported back to SCI Pharmtech to complete production of API and the process is re-validated, relevant information of the leased plant was reported to the US FDA and the European EDM for registration on the product certificate. Official information registered with Japanese authorities include plant environment and list of equipment, therefore it was necessary to report changes in the production area and equipment after the fire, changes in the reporting continues along with the reconstruction of the plant.

Since 2005, SCI Pharmtech has successively passed US FDA inspections various times, and has passed EU DQM and Japan PMDA inspections, and also obtained also obtained foreign manufacturer accreditation (FMA) from the Japan Pharmaceutical and Medical Device Administration, demonstrating that the management and hardware equipment of SCI Pharmtech's base of operations are in line with international pharmaceutical manufacturing standards, the company's quality management system has been recognized internationally, which is conducive to the company in expanding our international market.

▼ Passing EU EDQM Inspections



Certification of Substances Department

ATTESTATION OF INSPECTION

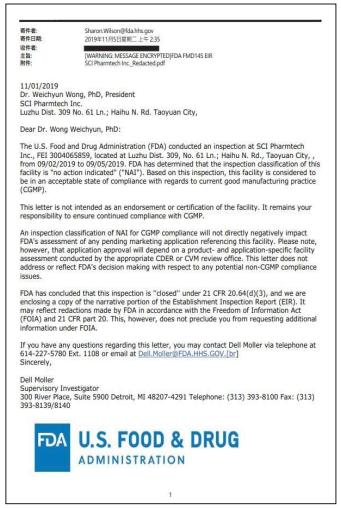
Inspected site	SCI PHARMTECH, INC. No. 61, Ln. 309, Haihu N. Rd. Luzhu District Taiwan-33856 Taoyuan City
Holder of the Certificate of Suitability	SCI PHARMTECH, INC. No. 61, Ln. 309, Haihu N. Rd. Luzhu District Taiwan-33856 Taoyuan City
References of CEP dossier	CEP 2009-030 / Pentobarbital Sodium
Inspection dates	21/11/2016 to 23/11/2016
Inspector / Name of organisation	Dr KLADI Maria, NATIONAL ORGANISATION FOR MEDICINES EOF, Greece Dr PARASCHOS Sotirios, EDQM, COUNCIL OF EUROPE
Scope of the inspection	The inspection focused on the compliance with the information provided in the above-mentioned application for a certificate of suitability, as well as the implementation of a suitable Quality Management System based on the Good Manufacturing Practice as laid down in the EU Rules governing Medicinal Products in the European Union, Volume 4.
Conclusion	The company operates in accordance with the application submitted and the requirements of the Resolution AP-CSP (07) 1. This attestation is valid only in conjunction with a valid version of a CEP for the dossier mentioned above.

EDQM Inspection Reference number: INSP 2010-025 P02

Strasbourg, 2 June 2017

On behalf of the
Director of EDQM

▼ Passing US FDA Facility Inspections



11/01/2019

Dr. Weichyun Wong, PhD, President
SCI Pharmtech Inc.,
Luzhu Dist. 309 No. 61 Ln.; Haihu N. Rd. Taoyuan City,

Dear Dr. Wong Weichyun, PhD:

The U.S. Food and Drug Administration (FDA) conducted an inspection at SCI Pharmtech Inc., FEI 3004065859, located at Luzhu Dist. 309, No. 61 Ln.; Haihu N. Rd., Taoyuan City,, from 09/02/2019 to 09/05/2019. FDA has determined that the inspection classification of this facility is "no action indicated" ("NAI"). Based on this inspection, this facility is considered to be in an acceptable state of compliance with regards to current good manufacturing practice (CGMP).

This letter is not intended as an endorsement or certification of the facility. It remains your responsibility to ensure continued compliance with CGMP.

An inspection classification of NAI for CGMP compliance will not directly negatively impact FDA's assessment of any pending marketing application referencing this facility. Please note, however, that application approval will depend on a product- and application-specific facility assessment conducted by the appropriate CDER or CVM review office. This letter does not address or reflect FDA's decision making with respect to any potential non-CGMP compliance issues.

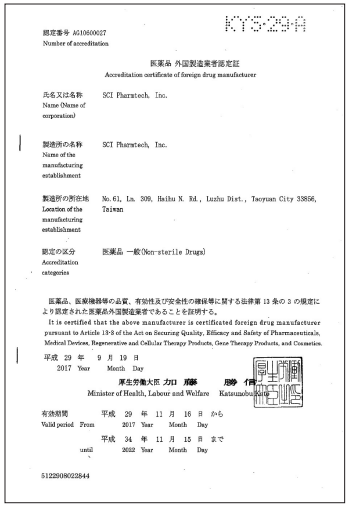
FDA has concluded that this inspection is "closed" under 21 CFR 20.64(d)(3), and we are enclosing a copy of the narrative portion of the Establishment Inspection Report (EIR). It may reflect redactions made by FDA in accordance with the Freedom of Information Act (FOIA) and 21 CFR part 20. This, however, does not preclude you from requesting additional information under FOIA.

If you have any questions regarding this letter, you may contact Dell Moller via telephone at 614-227-5780 Ext. 1108 or email at Dell.Moller@FDA.HHS.GOV.[br]
Sincerely,

Dell Moller
Supervisory Investigator
300 River Place, Suite 5900 Detroit, MI 48207-4291 Telephone: (313) 393-8100 Fax: (313) 393-8139/8140

U.S. FOOD & DRUG ADMINISTRATION

▼ Passing Japan PMDA Inspections



KYS29A

Number of accreditation

医薬品 外国製造業者認定証
Accreditation certificate of foreign drug manufacturer

氏名又は名称 Name (Name of corporation)	SCI Pharmtech, Inc.
製造所の名称 Name of the manufacturing establishment	SCI Pharmtech, Inc.
製造所の所在地 Location of the manufacturing establishment	No. 61, Ln. 309, Haihu N. Rd., Luzhu Dist., Taoyuan City 33856, Taiwan
認定の区分 Accreditation categories	医薬品 一般(Non-sterile Drugs)

医薬品、医療機器等の品質、有効性及び安全性の確保等に関する法律第 13 条の 3 の規定により認定された医薬品外国製造業者であることを証明する。
It is certified that the above manufacturer is certificated foreign drug manufacturer pursuant to Article 13-3 of the Act on Securing Quality, Efficacy and Safety of Pharmaceutical, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics.

平成 29 年 9 月 19 日
2017 Year Month Day

厚生労働大臣 力口 加藤 勝信 (代理)
Minister of Health, Labour and Welfare Katsunobu Kato

有効期間 Valid period	From 平成 29 年 11 月 16 日 から 2017 Year Month Day
	until 平成 34 年 11 月 15 日 まで 2022 Year Month Day

5122908023844

Marketing and Labeling

Standard Operating Procedures

《QA-024 Devising, Review and Use of Shipping Labels》
《WH-002 Warehousing and Shipping Procedures for Finished Products》

Packaging

The Warehousing Department should first apply for Safety Data Sheet (SDS), chemical hazard labeling, and dangerous goods transportation labeling from the Occupational Safety Department, and apply for shipping and transportation labels from the Quality Assurance Department, and affix the labels on the outer packaging of the finished product. According to the characteristics of the product, packaging must also take protective measures to prevent product deterioration or collision.

Labeling

Shipping labels for APIs should be applied for and approved by the TFDA before it can be used, the label information includes CAS no., SCI code no., Lot no., net weight, gross weight, manufacturing date, re-inspection date, license, and other relevant information, information content of the label should be agreed upon between the Sales Department and the customer.

Delivery

The Occupational Safety Department provides the product SDS to the transport personnel and customers for subsequent proper handling. Before the shipment, the product does not leave the plant until it has been fully inspected by the Quality Assurance Department and photographed and documented.

Customer Satisfaction

Customer Satisfaction Survey

In order to establish long-term cooperative relationships with customers, SCI Pharmtech's Sales Department responds to customer needs as quickly as possible through e-mails, telephone calls, meetings and visits, etc. The company also periodically or by requirement cooperate with customers for audits, so that they can fully understand the company's operating conditions. Through continuous contact, visits to customers or agents, and participating in exhibitions, the company collects market information such as prices and trends, DMF holders, potential customers, competitors, and regulatory requirements. The company also introduces new products and projects to customers and continuously notifies customers of product development progresses and assist them in meeting regulatory requirements.

SCI Pharmtech asks the Sales Department to carry out customer satisfaction surveys every year, on items related to quality, labeling/packaging, lead time, delivery, services, documentation, safety, competitiveness, and repeated orders, the 9 key scoring items are scored on a 5-point scale for each question.

After asking customers to score the services, the company can make improvements according to customer suggestions to improve customer satisfaction.

The company attaches great importance to customer feedback, and promises to properly coordinate the handling of customer complaints and satisfy customers' evaluation of existing products and new products. In 2020, a satisfaction survey was conducted on 42 customers, and the score of the questionnaire survey was 41 points out of a total score of 45 points; the average score for a single item was 4.6 points out of 5 points. The item with the highest satisfaction level was order completion, the item with the lowest satisfaction score is price. In 2021, due to the impact of the fire accident, the customer satisfaction survey was suspended.

SCI Pharmtech 5-Year Customer Satisfaction Survey Results

Year	2017	2018	2019	2020	2021
Score	40.7	42	41	41	-

Ensuring Customer Privacy

The company follows the Trade Secrets Act and the Personal Data Protection Act and refers to the ISO 27001 Information Security Management System (ISMS) standards to devise our internal management measure《IT-008.07 Document Management Protection》and establish a sound information security management system. In addition to creating an information security protection mechanism, the system also provides customers with safer and more stable services. In recent years the company has also paid attention to relevant regulations of the EU General Data Protection Regulation (GDPR) and domestic personal data laws, and implements information security management mechanisms and confidentiality regulations for each document. From 2020 to 2021, there were no violation of customer privacy or complaints of customer information loss.

Customer Information Security Regulation Items

- The company shall not use or handle personal information such as name, ID or passport number, address, telephone number, and sensitive information that can directly or indirectly reveal personal identity without the authorization of the party concerned.
- As company operations involve the collection of sensitive data, the company has assigned data protection personnel.
- Conduct policy promotion and employee training on personal information and email management.

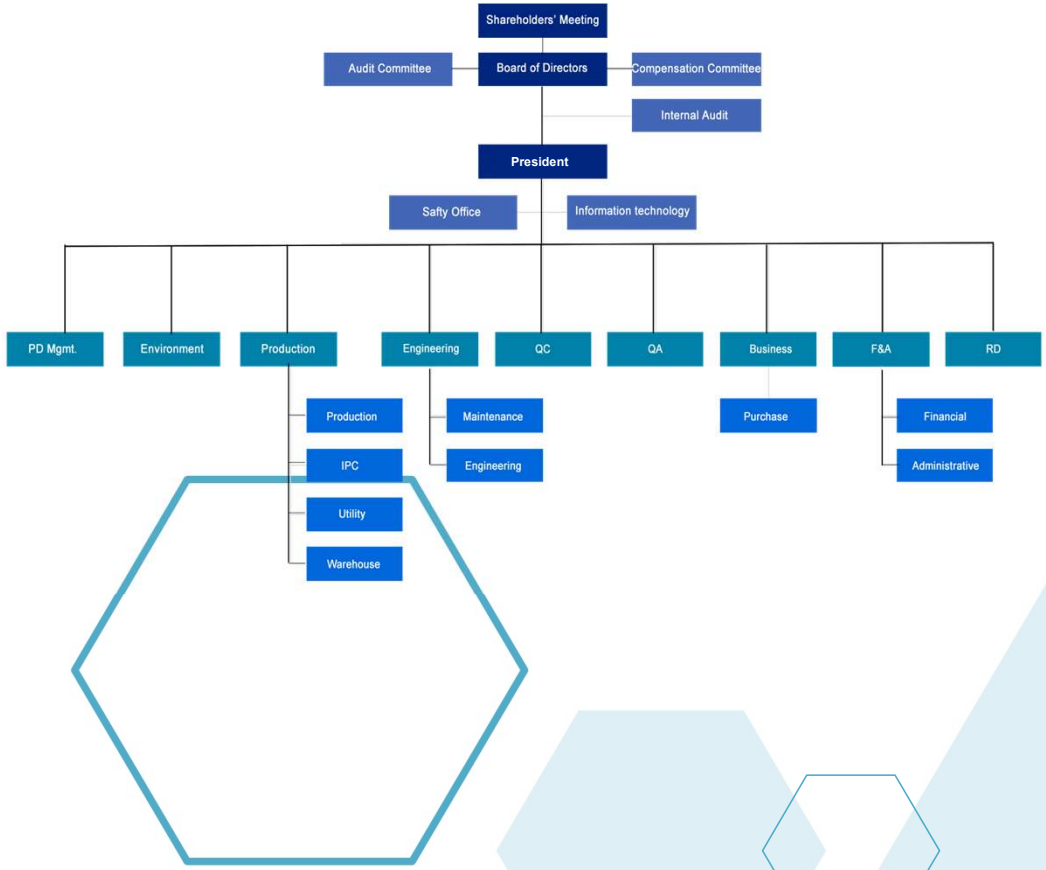
Chapter 2

Corporate Governance

Sustainable Governance

Operation integrity is the fundamental way for the sustainable development of an enterprise. SCI Pharmtech established healthy operation mechanisms according to the 5 dimensions of the TWSE Corporate Governance Evaluation principles: "Protecting Shareholder Rights and Interests", "Treating Shareholders Equitably", "Enhancing Board Composition and Operation", "Increasing Information Transparency", and "Putting Corporate Social Responsibility into Practice". SCI Pharmtech proactively defends the rights and interests of shareholders. In 2020-2021 SCI Pharmtech ranked among the top 21-35% publicly offered companies in the 7th and 8th TWSE Corporate Governance Evaluation.

SCI Pharmtech Management Structure



Board of Directors

Board of Directors Management and Operation

The Board of Directors of SCI Pharmtech is the company's highest governance unit and is at the core of major business decisions, the board is mainly responsible for appointing and supervising the company's management, reviewing the company's operation performance, preventing conflicts of interest, and ensuring that the company follows all laws and regulations. In order to improve corporate governance performance, the company elected board members in accordance with the Taiwan Company Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and takes into consideration the board members' operational judgment and management capabilities, accounting and financial analysis capabilities, crisis management capabilities, leadership and decision making abilities, industry knowledge, and international market insights. At the same time, the Board also arranged directors for external training in accordance to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

In order to fulfill the principles of corporate governance, strengthen risk control, and protect the rights and interests of investors and other stakeholders, the company immediately announces important resolutions of board meetings on MOPS. Information on board member remuneration, board operation and avoidance of conflicts of interest are also provided to domestic and foreign investors for real-time inquiries. The board of directors includes a Compensation and Remuneration Committee which is composed of independent directors.

The SCI Pharmtech board has a total of 7 directors, each with a term of 3 years from June 21st, 2019 to June 20th, 2022, including 3 independent directors accounting for 43% of the board to strengthen the independence and diversity of the board and to offer the company strategic guidance. A board meeting is held at least once a quarter and a total of 8 meetings were held in 2021, the actual average attendance rate of the board was 98.21%. The Chairman of the board is Mercuries & Associates Holding representative Dr. Wei-Chyun Wong, whose major responsibilities are to enhance corporate governance and guide the operations of the board.

▼ **Professional and Diverse Board of Directors' Members**

Title	Name	Gender	Professional and Academic Experiences	Age Range	Times of Atten-dance	Actual Attendance Rate(%)
Chairman	Mercuries & Associates Holding representative：Wei-Chyun Wong	M	• PHD in Chemistry, University of Pennsylvania • Industrial Technology Research Institute researcher • President of SCI Pharmtech	51~60	8	100%
Director	Mercuries & Associates Holding representative：Shiang-Li Chen	M	• MBA, University of Georgetown • Chairman of Mercuries & Associates Holding, Ltd.	51~60	8	100%
Director	Mercuries & Associates Holding representative：Aurora Chen	F	• MBA, University of Northwestern Polytechnic • McKinsey & Company Manager	51~60	8	100%
Director	Mercuries & Associates Holding representative：Wen-Chin Chou	M	• PHD of Chemistry, National Taiwan University • DCB Researcher • R&D manager of SCI Pharmtech	51~60	8	100%
Independent Director	Hong-Chih Wu	M	• PHD of Chemistry, National Cheng Kung University • Plant Manager of Cheng Fong Chemical Ltd.	71~80	7	87.5%
Independent Director	Te-cheng Tu	M	• MBA, University of Houston • President of President International Development	61~70	8	100%
Independent Director	Chia-Chun Jay Chen	M	• PHD of Chemistry, Unviersity of Harvard • Professor/Associate Professor, National Taiwan Normal University • Associate Professor, National Chung Cheng University	51~60	8	100%

Internal Auditing and Control Mechanism

In order to effectively improve the operation efficiency of the company, SCI Pharmtech has established an internal Auditing Office directly under the Board of Directors in accordance with the Financial Supervisory Commission Criteria for Establishment of Internal Control Systems by Public Companies. The Auditing Office carries out independent professional audits, its main duties includes understanding and evaluating the implementation of the internal control system, measuring operation efficiency, and providing improvement suggestions in a timely manner to ensure the continuous and effective implementation of internal auditing and control mechanisms to assist the Board of Directors and company supervisors in performing their responsibilities. The auditing supervisor presents auditing reports during board meetings and submits an audit report each month for the review of the independent directors. If a major regulation violation is discovered or if the company is likely to suffer major damages, a report is immediately submitted and the independent directors are notified.

In addition to the annual auditing plan approved by the Board of Directors, the Auditing Office takes risks into consideration and performs on-site audits or written reviews, and conducts ad hoc project audits for special purposes. The office also conducts audits for international management standards such as the ISO 9001 Quality Management standard, the ISO 14001 Environmental Management system, and the ISO 45001 Occupational Safety and Health Management mechanism. The Auditing Office also assists each department in conducting self-inspection operations at least once a year, and provides suggestions for improvement in a timely manner to the Board of Directors and supervisors to review and revise the internal control system, measure the effectiveness and efficiency of company operations, and ensure that the operation performance, legal compliance, and financial reporting are stringently undertaken.

Functional Committee

Auditing Committee

The company has established an Auditing Committee consisting of 3 independent directors, mainly responsible for inspecting the company's business and financial status, auditing accounting records and documents, supervising staff performance, investigating legal violations and derelictions of duty, reviewing and finalizing company budget, inspecting profit distribution or losses, and other functions conferred by law. In 2021 the Auditing Committee held 7 meetings with an actual average attendance rate of 95.24%。

▼ **Professional and Diverse Board of Directors' Members**

Title	Name	Actual Attendance	Delegated Attendence	Actual Attendan-ce Rate(%)
Independent Director	Te-cheng Tu	7	0	100.0%
Independent Director	Hong-Chih Wu	6	0	85.7%
Independent Director	Chia-Chun Jay Chen	7	0	100.0%

Remuneration Committee

The company has established a Remuneration Committee consisting of 3 independent directors, mainly responsible for assisting the Board of Directors in evaluating the compensation levels of directors and supervisors against corporate operation performance, determining bonus payout ratio, and making recommendations on salaries based on industry competition environment, corporate performance, and benchmark market conditions. In addition, the company also regularly participates in salary surveys held by the industry or consulting companies, and regularly reviews company salary and benefits against market conditions to formulate a competitive compensation plan. The employee and directors' remuneration proposal is presented in the shareholders' meeting report and disclosed in the company's annual report. In 2021 the Remuneration Committee held 37 meetings with an actual average attendance rate of 100%。

▼ **Professional and Diverse Board of Directors' Members**

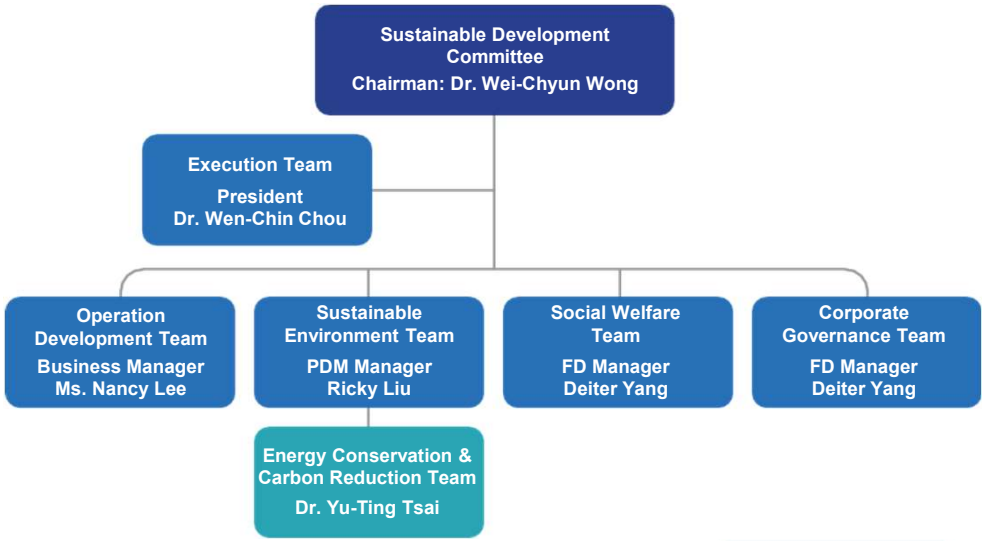
Title	Name	Actual Attendance	Delegated Attendence	Actual Attendance Rate(%)
Independent Director	Te-cheng Tu	3	0	100%
Independent Director	Hong-Chih Wu	3	0	100%
Independent Director	Chia-Chun Jay Chen	3	0	100%

Sustainable Development Committee

SCI Pharmtech established the Corporate Social Responsibility Committee in 2013 to promote corporate sustainability and implement relevant sustainable management and carbon reduction mechanisms, employee welfare, operation development, social welfare and other sustainability actions. The committee is expected to be renamed as the Sustainable Development Committee in 2022, Chairman Dr. Wei-Chyun Wong will be in charge of the committee.

The Sustainable Development Committee is composed of an execution team and four teams in charge of operation development, sustainable environment, social welfare, and corporate governance. There is also an energy conservation and carbon reduction team under the sustainable environment team.

SCI Pharmtech Sustainable Development Committee Organization Chart



Sustainable Development Committee Team Responsibilities

Team	Execution Team	Operation Development Team	Sustainable Environment Team	Energy Conservation and Carbon Reduction Team	Social Welfare Team	Corporate Governance Team
Responsi-bilities	Supervise ESG-related activities of each team and be responsible for data collection, editing and publication of the sustainability report.	Conduct market development, business strategy evaluation, operation performance, and continuous management.	Implement mechanisms for environmental protection, and formulate and carry out improvement plans to prevent violation of environmental laws and regulations	Disclose and manage energy and resource consumption in accordance with policies, promote energy and resource conservation mechanisms and take GHG inventory.	Protect and enhance the rights and benefits of employees, plan community welfare activities relevant to the industry and regularly review results and make improvements.	Promote continuous improvement of the corporate governance mechanism, assist the board of directors in fulfilling its responsibilities, and improve the internal control and risk management system.
Issues of Concern	• Economic Performance • Operation Integrity • Legal Compliance • Innovation and R&D • Information Security • Risk Management • Environmental Protection • Labor Employer Relations • Customer Health and Safety • Occupational Safety and Health	• Economic Performance • Operation Integrity • Legal Compliance • Innovation and R&D • Customer Satisfaction • Customer Health and Safety	• Supply Chain Management • Environmental Protection • Wastewater and Waste • Energy Management and GHG Emissions • Environmental Policy and Management System • Green Products		• Labor Employer Relations • Customer Health and Safety • Occupational Safety and Health • Training and Education • Social Engagement	• Economic Performance • Corporate governance • Operation Integrity • Legal Compliance • Risk Management
Stake-holders	• Employees • Customers • Suppliers • Stockholders • Government • Community	• Employees • Customers • Suppliers • Stockholders	• Employees • Customers • Suppliers • Stockholders • Government • Community		• Employees • Customers • Suppliers • Community	• Employees • Customers • Stockholders • Government

Enterprises should actively practice sustainable development when engaging in business operations and promote sustainable operation as a competitive advantage and contribute to enhancing national economic performance through improving the quality of life of company employees, the community, and society as a whole.

Implement Corporate Governance

- The Board of Directors of SCI Pharmtech should fulfill its duty of responsible professional managers, encourage the company to practice sustainable development, and stringently review its implementation effectiveness and continuously improve sustainable practices to ensure execution of the sustainable development policy.
- The Board of Directors should authorize the senior management to handle economic, environmental and social issues arising from operating activities, and report the execution of relevant activities to the Board of Directors. The operation process and the responsible personnel should be clearly defined.
- Set up a special section for stakeholders on the company's website, recognize the expectations and needs of stakeholders through appropriate communication channels, and appropriately respond to the major topics of sustainable development that the stakeholders are concerned about.
- Responsibilities of the Board of Directors
- Propose a sustainable development mission or vision, and formulate sustainable development policies, systems or related management guidelines.
    1. Incorporate sustainable development into the company's operating activities and development direction, and approve specific promotion plans for sustainable development.
    2. Ensure the timeliness and accuracy of the information disclosed related to sustainable development.

Ensure Social Welfare

- SCI Pharmtech complies with international human rights related conventions and regulations, provides employees with a safe, healthy and good working environment with career development possibilities, and implements reasonable employee welfare measures and establishes communication channels.
- SCI Pharmtech is responsible for our products and services, and attaches great importance to marketing ethics. At the same time, we ensure the transparency and security of product information, and formulates customer rights policies to prevent products or services from harming customers' rights and interests.
- Committed to reducing various impacts on consumers and society, including lowering environmental and social impact with sustainable sourcing, and assessing and managing various risks that may cause operational interruptions.
- Assess the impact of the company's operations on the local community, and appropriately employ local manpower to enhance community recognition, while strengthening charitable actions through business activities, corporate volunteer services or other professional services for public welfare to promote community development.

Develop Sustainable Environment

- SCI Pharmtech follows environmental regulations and international standards, is committed to protecting the natural environment, and establishes an environmental management system, and is committed to improving energy efficiency and reducing environmental impact when implementing business activities and internal management.
- SCI Pharmtech has set up a special environmental management department to formulate, promote and maintain an environmental management system, strive to reduce adverse impact on human health and the environment, and adopt the best feasible pollution prevention and control measures.
- In order to assess the potential risks and opportunities of climate change, we gradually introduce GHG emission calculation methods and energy resource reduction, and incorporate the acquisition of carbon rights into the company's carbon reduction strategy plan.
- Environmental Management System
- Collect and evaluate sufficient and timely information on the impact of operations on the natural environment
    1. Establish measurable environmental sustainability goals and regularly review the sustainability and relevance of their development
    2. Formulate specific plans or action plans and other implementation measures, and regularly review the effectiveness of their operations.

Strengthen Sustainable Development Disclosure

- In order to improve the transparency of company information, respond to relevant regulations, and enhance company ESG performance, SCI Pharmtech fully discloses information related to sustainable development, continuously pays attention to the development and changes of relevant standards in sustainable development locally and abroad, and reviews and improves the sustainable development mechanisms established by the company.
- Sustainable Development Related Information
    1. Sustainable development policies, systems and related management guidelines and specific promotion plans.
    2. The company plans, goals, measures, performances and future improvement directions for ESG sustainable development.
    3. Risks and impacts of ESG-related projects on the company's operations and finances.
    4. Stakeholders and material topics.
    5. Supplier management and performance information on environmental and social issues.

Operation Integrity

SCI Pharmtech Operation Integrity Material Topics and Management Approach

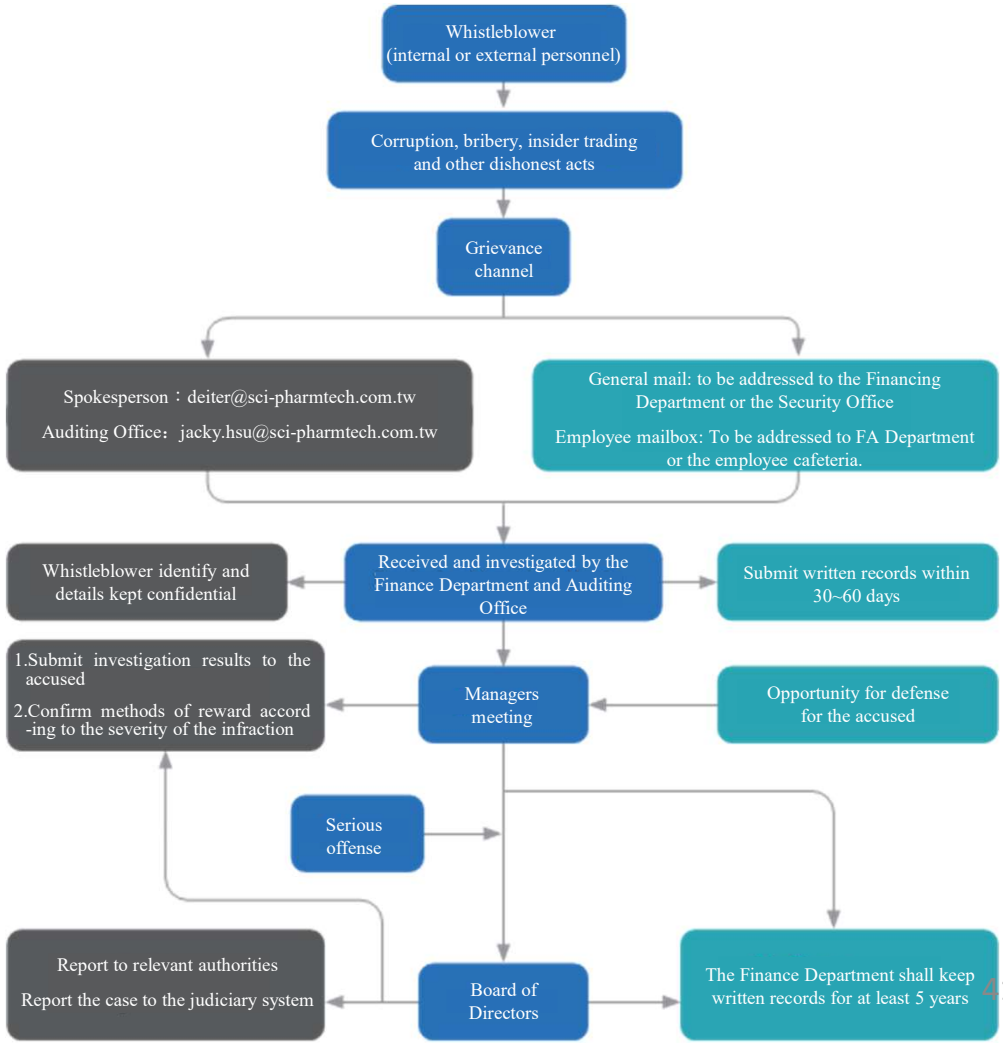
Material Topic	Operation Integrity
Corresponding GRI Indicator	• GRI 205-3 Corruption incidents and actions taken
Policies and Commitments	• Treat all stakeholders with honesty and integrity, and strive to improve corporate operation transparency, and to internalize honesty and integrity as the core value of the company and to have zero tolerance for dishonest behavior.
Goals and Targets	Short term targets • Promote and coordinate integrity policy training activities. • Set up whistleblowing procedures and ensure their effective enforcement. • Prepare and properly preserve relevant documentation of operation integrity policies, commitment letters, compliance statements, and other data. Mid term targets • Periodically analyze and assess the risk of dishonest behavior within the scope of the business, formulate plans for preventing dishonest behavior according to the analysis, and set up standard operating procedures and behavior guidelines for each plan. • Design the internal organization and its responsibilities, and establish a mutual supervision and balancing mechanism for activities with high risk of dishonest behavior within the scope of the business. Long term targets • Assist the board of directors and supervisors in reviewing and evaluating whether the preventive measures established by the implementation of operation integrity are running effectively, and make regular assessment reports on the compliance of relevant business processes. • Pay close attention to the development of domestic and international regulations related to operation integrity, and encourage directors, managers, and employees to make suggestions to review and improve the company's operation integrity policies and promotion measures. • Integrate integrity and moral values into the company's operation strategy, and establish relevant anti-corruption measures to ensure that operations are in adherence to laws and regulations.
Responsibilities and Resources	• The General Manager's office is in charge of promoting corporate operation integrity, with the General Manager being responsible for supervising relevant actions. The office shall assign the Director of Corporate Governance to report annually to the Board of Directors on the implementation of operation integrity of the previous year, and the Auditing Office shall regularly review operation integrity compliance. • The company shall set up a grievance channel to provide employees and related personnel to report any improper practices, appropriate managers shall be assigned to handle the issue in person.
Assessment Mechanisms and Outcomes	• In 2021, the Auditing Office conducted an inspection on the implementation of integrity operation, and no dishonest behavior was found during the inspection. • In 2020 and 2021, there were no dishonest behavior and no reports of such incidents. • The latest implementation of operation integrity was reported to the Board of Directors on March 18, 2022. The Director of Corporate Governance reported on operation integrity of 2021, and no fraud or dishonest behavior were found. • The company's directors and senior management have signed the Statement of Operation Integrity. The senior management holds regular annual management meetings to discuss the progress of post-disaster reconstruction, operation status and future operational risks. • In 2021, company staff were dispatched to work at various leased factories off-site due to post-fire reconstructions, in light of the fact that not all staff were available on-site, an internal email was sent on October 14th, 2021 to conduct integrity training. • In 2021, staff were dispatched to participate in external trainings related to operation integrity and corporate governance. A total of 9 people has completed the training, with a total training time of 69 hours.

Policies and Grievance Channels

SCI Pharmtech complies with relevant government regulations on internal control and the company's operation integrity code. In addition to requiring the Board of Directors and the managerial level to conduct operation integrity, it also establishes an internal control system and instructs auditors to carry out investigations in accordance with their professional duties, to be vigilant of possible fraud, data omissions, resource waste, and conflicts of interest. Once verified of an infraction, the incident will immediately be reported to the relevant supervisor for investigation. Since the establishment of the company, there has been no corruption or bribery incident. From 2020 to 2021, the company did not receive any complaints or reports of illegal incidents of company operations or employees violating moral integrity.

Since August 2013 SCI Pharmtech has required suppliers to sign the Corporate Social Responsibility Commitment letter to ensure that they abide by professional ethics, prohibit child The company has set up a grievance channel through the email: deiter@sci-pharmtech.com.tw. Internal personnel are encouraged to report any misconduct that violates the principle of integrity, strict protection measures are taken in concealing the identity and details of those who report integrity violation incidents in good faith or who participate in the investigation. The company shall also properly monitor and handle all reported incidents, instruct the Financing Department to conduct the investigation, and report to the General Manager as a follow-up.

SCI Pharmtech Anti-Corruption Whistleblowing Procedure



Education and Training

In order to promote honest behavior and prevent insider trading, SCI Pharmtech regularly conducts in-person training every year. In 2021, company staff were dispatched to working at various leased factories off-site due to post-fire reconstructions, in light of the fact that not all staff were available on-site, an internal email was sent on October 14th, 2021 to conduct integrity training. In 2021, staff were sent to participate in external trainings related to operation integrity and corporate governance. A total of 9 people has completed the training, with a total training time of 69 hours.

Employee training in 2022 was switched to video format due to the impact of the Taoyuan epidemic in 2022. On January 28, 2022, 206 employees were given 30 minutes of video training on the operation integrity code, internal major information processing procedures, Self-Regulatory Rules on Disclosure of Merger and Acquisition Information, corporate governance code, sustainable development code, and the latest cases in insider trading. The company also uploaded relevant standards and codes on the company's intranet and company website for colleagues to reference at any time.

Risk Management

SCI Pharmtech's risk management policy is in accordance with the company's operating policy, and establishes a risk management mechanism for risk identification, measurement, supervision and control in order to achieve the goal of risk and reward balancing within the risk tolerance range. The Board of Directors is the highest level risk management unit, which is responsible for approving, reviewing and supervising the company's risk policy, ensuring the operation of the management structure and risk control functions. The General Manager's Office is responsible for business strategy planning and implementation supervision, to achieve operation efficiency and reduce the risks in strategy and operation. The Auditing Office evaluates important risk items as a reference for the selection of items to audit, and formulates and revises relevant control measures and actions.

Common Risks

SCI Pharmtech views the offering of sustainable products and services as its corporate vision, and regards risk management as a key operational topic, in order to improve the organization's overall risk tolerance and achieve continuous operation. The company regularly reports risk management operation to the board of directors every year, a report to the board was completed on December 29th, 2021. The following is SCI Pharmtech's assessment, countermeasures, and measures for mitigating common risks arising from the operation process.

Item	Responsible Departments	Details
Market Risk	Sales Dept.	The overall demand for medicine is closely related to population growth. In the past, sales have maintained a steady pace of growth, and are less affected by the overall economic environment. For individual products, whether in the field of patented medicine manufacturing or sale of generic drugs with expired patents, all products are approved by relevant health authorities of various countries. Pharmaceutical products have long life cycles and low market risks. APIs and intermediates need to be strictly certified by customers, and APIs also need to pass GMP inspections by agencies such as the Taiwan Ministry of Health and Welfare, US FDA, EU EDQM, etc. Therefore, the cost and threshold for customers to switch suppliers are relatively high, and customers pay more attention to product quality and supplier reputation. Therefore, unless there are special circumstances, customers will not change suppliers arbitrarily, so the risk of customer loss is not high. In view of the above, the impact of market risk on the company's profit and loss is limited. In order to enhance market competitiveness, in addition to strengthening the sales team, the company especially cultivates business development capabilities of the North American marketing team. The company will also continue to enhance production capacity utilization, and develop new products in the future, with the goal of reducing the proportion of revenue from a single product to 15% in 2022; the company also continues to develop new customers, with the goal in 2022 to reduce the proportion of revenue from a single customer to 10%.
R&D Risk	R&D Dept.	In the stage of drug research and development, SCI Pharmtech strengthened harm prevention from unknown chemicals used by lab technicians by specially setting up equipment such as negative pressure rooms and glove boxes for isolation operation to protect the health and safety of technicians.
Supply Chain Management Risk	Purchasing Dept. Sales Dept.	As a manufacturer of intermediates and APIs, SCI Pharmtech's raw material procurement policy diversifies purchasing sources as much as possible so as not to rely on specific regions, and under acceptable circumstances the same raw materials are sourced from different countries to reduce risks. Therefore, at present, SCI Pharmtech has raw material suppliers from all over the world, and the company is still developing new suppliers to ensure the stability of the supply chain. If faced with material shortage and supply interruption, the company will build excess inventory for raw materials as much as possible and quickly establish other suppliers to diversify the risk of supply chain disruption. In addition, SCI Pharmtech attaches importance to building mutual trust and cooperation with suppliers, in case suppliers have a shortage of raw materials, we will also take the initiative in helping search and provide relevant information, so that suppliers can regard SCI Pharmtech as a high-quality partner and give us their full support for a win-win situation.
Financial Risk	Finance Dept.	Exchange Rate Risk: The company broke even in 1996 and has since been in a profitable state every year, and the cash flow from operating activities is abundant. In response to exchange rate risks, the company pays close attention to changes in exchange rates, and intends to avoid exchange rate risks by increasing product prices, maintaining gross profit margins, and contracting forward foreign exchange. In addition, when quoting products to customers we appropriately reflect adverse changes in exchange rates to customers. Credit Risk: The company strictly implements customer credit investigation in accordance with internal control procedures, and the amount of credit sales is controlled within the range of credit limits granted to individual customers. For first-time customers, prepayment or letter of credit transactions are required to reduce credit risks. The company will continue to strictly carry out customer credit investigations, we require advance payment transactions from customers who we have concerns, and if necessary we will sell accounts receivable or insurance to avoid credit risks. Liquidity Risk: The company pays constant attention to changes in financial liquidity indicators, have sufficient bank credit lines for capital allocation, and have sufficient net inflow of cash from operating activities, so the liquidity of funds is sufficient. In addition, the company has always focused on our own business operations, and does not engage in high-risk and high-leverage investment activities, at present, the company holds no loans to others and no endorsements or guarantees, some transaction of derivatives is for the purpose of hedging. In the future, the company will strictly abide by relevant transaction processing procedures of competent authorities and company rules, and carry out prudent evaluations and strengthen internal control mechanisms.
Legal Risk	General Managers Office Finance Dept. Quality Assurance Dept.	Company operations do not infringe upon product patents, whether that is producing patented drugs for brand companies or producing generic drugs whose manufacturing patents have expired. As for manufacturing process patents, the company conducts careful investigation and evaluation before research and development or production, so as to avoid any legal violations related to patents. In addition, the company adheres to legal compliance principles, and strictly abides by domestic and foreign government laws and orders; each department assigns personnel to review the impact and response of the company towards new regulations or amendments to protect company operation from legal risks. Since the establishment of the company, no legal proceedings have occurred, and the risk of future occurrence is estimated to be low, with limited impact on profit and loss. The management will continue to maintain close communication and consultation with lawyers to avoid any possible legal risks.

Item	Responsible Departments	Details
Strategy and Operation Risk	General Managers Office Finance Dept. Quality Assurance Dept.	The company builds a new production line about every two years, In 2021 the company entered a joint venture with Veolia to establish Framosa Company, hoping to reduce the company's chemical solvent consumption and outsourced treatment volume, and strive for solvent treatment contracts from other industry partners to generate economy of scale, and strengthen operational competitiveness and follow ESG trends. The company also established a second plant in Guanyin in the same year, the initial investment of the Guanyin Plant was expected to be 1.175 billion NTD, this investment in fixed assets will generate strategic and operational risks, but considering that the expansion capacity can be effectively utilized in the future, there is no impact on profit or loss. Strategic and operational risks are inherent risks in corporate operations, the company reduces this risk through prudent and prior assessment by the management and by exerting the full range of functions of the board of directors. In terms of quality risk, the company ensures that products are produced in accordance with GMP and customer standards, as well as production schedules and related SOPs, so as to optimize production efficiency. The company also complies with the regulations of the health authorities of various countries to avoid delayed shipments or production and reduce quality-related and customer complaint risks. In the event of non-compliance discovered through customer audits and plant inspections by health authorities, in addition to affecting business, the batch of products must also be remanufactured or scrapped. In this regard, the company will continuously implement quality policy and GMP manufacturing, and ensure the effective operation of the ISO 9001 system.

Material Emerging Risks

Occupational Safety Risk

After promoting the OHSAS 18001 system in 2009, SCI Pharmtech introduced the revised ISO 45001 occupational safety and health management system and passed the certification in 2019. Through the promotion and application of this system, the company minimizes the risk of occupational safety. Through the PDCA (Plan-Do-Check-Act) cyclical quality management system, every year through hazard identification, risk assessment and risk control, and external verification, the company continuously reduces the possibility of occupational safety risks to provide employees with a better, safer and more hygienic working environment to prevent accidents and occupational disasters.

The company strengthens the implementation of automatic inspections in each department to ensure the safety of equipment use; regularly conducts environmental monitoring operations, prepares all necessary safety protection equipment, and requires employees to wear and use them in accordance with regulations to avoid injuries or health hazards during work. SCI Pharmtech also conducts employee training and fire drills, and includes industrial safety incidents in the evaluation of performance rewards and punishments. The company also executes emergency response awareness training and drills that meet the requirements of laws and regulations, and provides employees with physical health checkups that are superior to regulation requirements.

2020-2021 Occupational Safety Training Hours and Employees

Courses	Gender	Male	Female	Total
Occupational Safety and Health Training	Hours	1.25	1.25	2.5
	Required number of employees for training	214	50	264
	Actual number of employees trained	214	50	264
	Percent of employees who completed training	100%	100%	100%
Contractor Safety and Health Training	Hours	1	1	2
	Required number of employees for training	144	2	146
	Actual number of employees trained	144	2	146
	Percent of employees who completed training	100%	100%	100%
Emergency Response Drill	Hours	12	12	12
	Required number of employees for training	595	149	744
	Actual number of employees trained	590	146	736
	Percent of employees who completed training	99.16%	97.99%	98.92%

SCI Pharmtech Health Checkups more Frequent than Regulation Requirements

Employee Age Range	Employee Checkup Frequency	Checkup Frequency under the Regulations of the Labor Health Protection
Under 40 years old	Once annually	Once every 5 years
40-65 years old	Once annually	Once every 3 years
Over 66 years old	Once annually	Once annually

Major Infectious Disease Risk

The global epidemic was still severe in 2021, and relevant prevention measures were still actively deployed. The company put forward various infection prevention suggestions in line with the Enterprise Response Guidelines to Covid-19 issued by the Central Epidemic Command Center. The company provided 75% disinfectant alcohol and regularly tidies the environment and ensures indoor air circulation, strictly implements personnel control coming in and out of the company, and all visitors have their body temperature measured in the Security Office before entering the company. SCI Pharmtech also implements flexible office times for employees, the company implemented alternate working days during the Level 3 Covid-19 alert to prevent employees from being exposed to high-risk work environments, so as to achieve the goal of continuous operation.

Some international literatures show that hydroxychloroquine is a possible effective therapeutic drug for Covid-19. In a display of CSR capability and commitment, SCI Pharmtech gave priority to donating 1 ton of hydroxychloroquine API to the Taiwan government during the epidemic, equaling nearly 5 million doses of drugs, which can treat more than 200,000 people. The API was also made available to domestic competent authorities for purchase at the same time. The company also promised to retain at least 3 metric tons of APIs for each production batch in the future to ensure enough sources of API domestically to manufacture quinine to ensure the health and safety of the Taiwanese people.

Climate Change Risk

In order to mitigate the impact of operational risks brought about by climate change, SCI Pharmtech adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework. Through Governance, Strategy, Risk Management, Metric and Target, the four core elements of TCFD, the company identifies potential climate change risks and opportunities, and grasps the impact on the company's operations, and formulates relevant coping strategies and measures in advance to prevent risks and injuries caused by climate change.

TCFD Core Elements and Financial Disclosure

Core Elements	Action Plan
Governance	The Environment Protection Office and the Occupational Safety Office are responsible for the promotion and execution of environmental protection, safety and health related issues. The company also established an Environmental Management Committee to formulate the company's overall environmental safety and health policies and proposals. Every year the company takes inventory and confirms the potential impact of various risk issues on the internal and external aspects of the organization, including the identification and assessment of climate change risks and the responses to climate impacts, and discuss climate change related issues during board meetings, and carries out corporate social responsibility with practical actions.
Strategy	Identify physical and transformation risks and opportunities based on business types and operating conditions, and actively promote green energy and environmental protection policies, in response to the impact of global climate change and the greenhouse effect, formulate energy-saving and carbon-reduction measures, promote energy-saving actions in offices and public areas, reduce waste, and adopt green procurement policies to purchase products with energy-saving and environmental protection labels.
Risk Management	In order to identify and assess existing and future activities, products, and services that may cause significant impacts or risks to sustainable operation, the Environment Management Committee regularly conducts organizational risk assessments, including on climate change conditions, as a basis for policy and goal formulation. Assessment results suggest that the company adopt TCFD to assess climate change issues to better understand their potential financial impacts on the company, and to adopt relevant countermeasures.
Metric and Targets	In order to mitigate the impact of climate change, the board of directors of SCI Pharmtech has agreed on a timeline for taking greenhouse gas inventory and acquiring relevant third-party verifications. In the future, a climate change working group will be established to promote energy saving and carbon reduction measures. The company also set related goals as follows: • Reduce energy usage and carbon emissions by 1% per year (2021 was an exception due to factory shutdown from a fire accident, resulting in significant reductions in power usage) • Optimize manufacturing process, reduce carbon emissions by about 2% annually and reduce blowing engine operation time by 50% through constructing an anaerobic tank. • Replacing old equipment. • Substitute metal-halide warehouse lamps with LED lamps, replace and refurbish old chilled water systems, improve air-conditioning systems in office buildings to improve energy efficiency and reduce consumption. • Set 28°C room temperature as the standard for air-conditioning startup and configure automatic shutdown functions; plant lighting, water dispenser, automatic doors and other equipment and facilities should be equipped with timer switches. • Establish a paperless operating environment and promote the use of recycled paper.

Information Security Risk

Information Security Management Policy

In order to preserve overall information security, SCI Pharmtech reinforces the security management of various information assets to ensure its confidentiality, integrity, and availability, to avoid internal or external intentional or accidental threats and damages, resulting in the risk of tampering, disclosure, destruction or loss of business information. The company formulates special information security management policies for all employees (including external departments using information resources, service providers, outsourced manufacturers and other authorized users) to follow, so as to establish a reliable information and communication system, to improve information security and service quality of the R&D, production, and marketing of intermediates, APIs, and specialty chemicals.

The information security risk management of the company is coordinated by the Information Office under the General Manager's office, the Auditing Office draws up relevant procedures for management and conducts regular internal audits. In case of changes in the organization, businesses, government regulations or the environment, etc., appropriate revisions shall be made and submitted to the General Manager for approval to ensure the effectiveness of information security practices.

In order to ensure that each information system is free from any interference, destruction, intrusion or any improper behavior, SCI Pharmtech prevents internal and external threats through proper system planning, procedure specification and administrative management to achieve the purpose of sustainably maintaining the security of the information system. If an information security incident occurs that causes the information system to fail or affect operation efficiency, the department supervisor and the Information Office personnel will be promptly notified, and the affected information system or equipment will be immediately deactivated, and the current situation of the system will be retained for the IT personnel to review. The Information Office will also regularly evaluate the possibility of loss caused by information security risks, and purchase appropriate insurance if necessary to reduce the cost of losses.

The company carries out annual reviews and discussions on internal and external information security-related issues, stakeholder requirements, and other organizations' information security operation activities, and requires senior executives to actively participate in information security management and operation activities to provide support for the information security management system to ensure that all information security incidents or suspected security weaknesses are reported in accordance with appropriate reporting mechanisms, and are properly investigated and dealt with. Our specific management plans and objectives are as follows:

Basic internal information security risk protection measures within the company	1. The Information Office applies for intrusion protection services from Chunghwa Telecom on the Hinet network side to prevent internet viruses and intrusion attacks. 2. Builds a firewall to further block intrusion and virus attacks on the company's internal network. 3. Implements SAP ERP and Master Control, and enables the laboratory information management system in 2021 to achieve the goal of GMP management on data integrity. 4. The Information Office holds information security trainings and promotion activities to improve employee information security awareness and reduce the possibility of internal human error.
User terminal information security risk protection measures	1. Automatically delivers Windows Update to clients through the Windows Update Services Server, patching its vulnerabilities and prevent viruses and hackers from exploiting vulnerabilities. 2. In addition to installing Sysmantec enterprise antivirus software, the company also installs Palo Alto Tarps Advanced Endpoint Protection for enhanced protection.
Information security management goals	1. Strengthen internal control to prevent unauthorized access and ensure the confidentiality of the company's business-related information. 2. Guarantee the availability of the company's business-related information equipment, and provide the needs of business operations such as R&D, production and marketing. 3. Ensure that information will not be disclosed to unauthorized third parties during the transmission process or due to unintentional behaviors, so as to ensure the correctness and completeness of the company's business-related information, and improve operational efficiency and quality. 4. To have no information security incidents every year. 5. Perform an important system backup data restoration drill at least once a year. 6. Ensure that important and sensitive information is not leaked and is properly backed up, and internal audit is conducted once a year.

2018	SAP® System	SCI Pharmtech officially introduced the SAP®/ system in 2018, this system can manage business, financial and accounting information in a timely manner, integrate the GMP-related equipment maintenance system, the warehouse management system, and the product quality control system, and improve data integrity and ensure that the computer runs in compliance with regulations.
2019	Master Control Electronic Sign-off	In response to the fact that the majority of drug certifications have adopted electronic system applications, SCI Pharmtech implemented the Master Control electronic audit system (electronic sign-off) in 2019 to manage the edit and compilation of documents.
2020	Environment Safety Cloud Services	In view of rapid changes in regulations and increasingly strict requirements, SCI Pharmtech introduced the Environmental Safety Cloud System - Enterprise Environmental Safety and Health Risk Control Platform in 2019, which can update the latest regulations, measures, and standards in real time. Compared with using the excel sheet before using the new service, information management after the simplified process saved about 70% of the operation time.
2021	LabWare LIMS	In order to improve data integrity, reduce human error and improve work efficiency, SCI Pharmtech officially launched LabWare Laboratory Information Management System (LIMS) in June 2021. The management system can not only comply with GAMP, ISO and other norms and standards, but also effectively integrate and manage laboratory samples, personnel, instruments, standards and other laboratory activities, and quickly search inspection batch numbers, instrument calibration and other laboratory activities, it is also one of the important elements for the company to become paperless.

Pharmaceutical Supply Chain

API and preparation companies have a cooperative supplier-client relationship. In commissioned production of APIs, SCI Pharmtech attaches great importance to quality, delivery time, product stability, protection of patents and intellectual property rights, and establishes long-term trust relationships and stable supply with pharmaceutical preparation clients. In 2020 there were no major changes in the company's supply chain. In 2021 the company's production line was suspended due to the impact of a fire accident. In order to maintain short-term operations, the company leased plants and equipment from industry partners for off-site production, and outsourced the production of raw material drugs required by customers to be used in cancer patient clinical trials to mitigate the impact of supply disruptions on customers.

SCI Pharmtech is located in the upstream of the pharmaceutical industry supply chain, providing APIs to global pharmaceutical factories. Generally, it takes 2 to 3 years for API to progress from initial development of the drug to market offering. First, SCI Pharmtech purchases raw materials from fermentation companies, biotechnology companies or chemical plants, and then produces high-quality APIs through chemical synthesis, extraction, crystallization, purification and other steps, the drug is only eligible for production after the API Drug Master File (DMF) is successfully registered with the US FDA. After European or American generic drug companies decide to use the raw material, the API supplier still needs to pass PIC/s GMP certification before it can truly become the raw material supplier of the generic drug company.

Upstream

The upstream is composed of raw materials of drugs, including natural substances, general chemicals, or intermediates and APIs prepared by semi-synthetic methods. Other raw materials or APIs are obtained from plants, minerals, animal organs, microbial strains and tissue cells.

Mid-stream

The midstream comprises of the API industry. Most of the API industry includes organic chemical companyies, which usually synthesizes products using biological or chemical methods. The chemical method is convenient, rapid, and inexpensive and is the main method for production. There are also other production methods depending on the source of raw materials.

Down stream

The downstream is the preparation industry, which mainly processes APIs with excipients, disintegrating agents, adhesives, lubricants, emulsifiers and other preparation accessories into convenient dosage forms such as lozenges, capsules, and ointments. Other preparation methods include administration by injection, which is further classified into water injection and powder injection according to the properties of the contents.

Procurement Practices

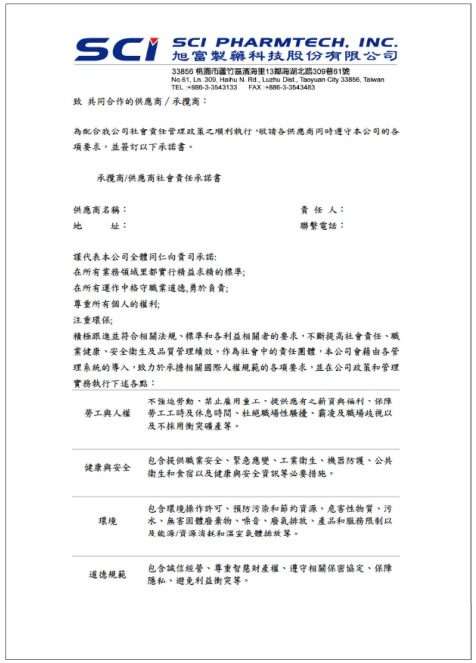
SCI Pharmtech's procurement principles emphasize on local procurement and supply, however very few local suppliers in Taiwan can provide basic raw materials, most required raw materials are produced in Asia, India, Europe and the United States, resulting in the company's raw materials import ratio to reach 80.15%.In recent years the company has been committed to enhancing energy saving and carbon reduction measures in the supply chain. In order to shorten logistics of raw materials and reduce greenhouse gas emissions, the sourcing of goods has been shifted from Europe and the United States to China, India, Japan and South Korea and other neighboring countries. In addition, solvent suppliers are mostly supplied by domestic manufacturers, while fine chemicals, equipment and key equipment parts are still mostly supplied from foreign countries.

Supplier Management

In order to ensure a stable source of raw materials, SCI Pharmtech not only maintains a good cooperative relationship with major suppliers, but also continues to develop new suppliers. In order to promote the concept of sustainable management to the supply chain, the company also requires a note in the contract emphasizing business ethics such as integrity, transparency and responsibility. In addition to taking into account the quality, delivery time and price of supplier products, SCI Pharmtech also expect suppliers to enhance corporate social responsibility in terms of ethics, labor rights, environment, health and safety, and management systems, and implement risk management and business continuity plans.

Supplier Evaluation

In order to confirm that suppliers have the ability to comply with SCI Pharmtech's supplier management measures, all new suppliers of the company must pass QCDS (quality, cost, delivery, service) evaluation, environmental standard evaluation, and social standard evaluation to qualify for the company's Approved Vendor List (AVL). Newly added raw material suppliers must first provide samples for testing and fill in a questionnaire. The content of the questionnaire covers relevant information such as quality, environment, animal treatment, etc. The Purchasing Department then provides the manufacturer's information to various departments in the company for evaluation, and finally the Quality Assurance Department will determine whether it is necessary to conduct on-site supplier audit, at the conclusion of the evaluation, the supplier will be included in the list of qualified suppliers.



SCI SCI PHARMTECH, INC.
旭富製藥科技股份有限公司

33856 桃園市龜竹區清海里13鄰海湖北路309巷61號
No.61, Ln. 309, Haihu N. Rd., Luzhu Dist., Taoyuan City 33856, Taiwan
TEL: +886-3-3543133 FAX: +886-3-3543483

致 共同合作的供應商 / 承攬商：

為配合我公司社會責任管理政策之順利執行，敬請各供應商同時遵守本公司的各項要求，並簽訂以下承諾書。

承攬商/供應商社會責任承諾書

供應商名稱： 責 任 人：
地 址： 聯繫電話：

謹代表本公司全體同仁向貴司承諾:
在所有業務領域里都實行精益求精的標準;
在所有運作中恪守職業道德,勇於負責;
尊重所有個人的權利;
注重環保;
積極跟進並符合相關法規、標準和各利益相關者的要求，不斷提高社會責任、職業健康、安全衛生及品質管理績效。作為社會中的責任團體，本公司會藉由各管理系統的導入，致力於承擔相關國際人權規範的各項要求，並在公司政策和管理實務執行下述各點：

勞工與人權	不強迫勞動、禁止雇用童工、提供應有之薪資與福利、保障勞工工時及休息時間、杜絕職場性騷擾、霸凌及職場歧視以及不採用衝突礦產等。
健康與安全	包含提供職業安全、緊急應變、工業衛生、機器防護、公共衛生和食宿以及健康與安全資訊等必要措施。
環境	包含環境操作許可、預防污染和節約資源、危害性物質、污水、無害固體廢棄物、噪音、廢氣排放、產品和服務限制以及能源/資源消耗和溫室氣體排放等。
道德規範	包含誠信經營、尊重智慧財產權、遵守相關保密協定、保障隱私、避免利益衝突等。

SCI SCI PHARMTECH, INC.
旭富製藥科技股份有限公司

33856 桃園市龜竹區清海里13鄰海湖北路309巷61號
No.61, Ln. 309, Haihu N. Rd., Luzhu Dist., Taoyuan City 33856, Taiwan
TEL: +886-3-3543133 FAX: +886-3-3543483

特別說明:
1.本承諾書向全體員工及其他利益相關者公開，自發佈之日起實施，希各供應商齊心協力,同共遵守。
2.本公司對各供應商進行訪廠抽查有無違反承諾書規定，以確保本行為守則確實得到有效實施。對違反有關要求的，要採取補救措施；對拒不改正或情況嚴重者，本公司將中止合作關係。

公司代表：
公司印章：

Supplier Auditing

In addition to screening suppliers through a supplier evaluation process, the company regularly conducts supplier on-site audits for existing suppliers every five years. Audits are carried out regularly on key materials suppliers by the quality assurance department on criteria such as environment management, employee training, quality control, etc., at the same time the company strengths communications with key manufacturers to ensure that all requirements are met.

Prior to auditing an annual social responsibility survey is conducted on the suppliers through a social responsibility questionnaire; during the auditing period SCI Pharmtech's Quality Assurance Department determines the key suppliers for the year's audit based on survey results and carries out on-site auditing; after the audit, suppliers are required to develop and submit a corrective action plan (CAP) to allow SCI Pharmtech to track subsequent improvements.

SCI SCI PHARMTECH, INC.
旭富製藥科技

Part II: Related environment, health and safety program
(環安衛相關事項)

No	Article 項目	yes 是	no 否
1	Do you currently comply with the applicable local and national EHS legislation? 貴公司是否遵守當地或國家環安衛法令?		
2	Does your company / site have any EHS, Occupational Health or Environmental related litigation pending at present? 貴公司是否有任何關於環安衛、職業健康或環保懸而未決之案件?		
3	Do you execute safe and healthy management system? 貴公司是否執行安全及衛生管理系統?		
4	If not, does your company have an EHS organization / function (including EHS policy / manual / procedures) in place? 假如沒有，貴公司是否備有環安衛組織 / 功能 (包括環安衛政策 / 手冊 / 程序)?		
5	Do you execute the safe and health training for your employees? 貴公司是否對員工進行安全及衛生之訓練?		
6	Do you execute safe and health management system audit regularly? 貴公司是否定期執行安全及衛生管理系統稽核?		
7	Which kind of fire protection do you have on the site? 貴公司備有何種防火措施?		
	7.1 Site owned fire brigade / first aid team available 備有消防組 / 急救護理組		
	7.2 Public fire brigade available within 15 minutes 公有消防隊可在有效 15 分鐘到達		
	7.3 Fire evacuation drills regularly performed 定期舉行防火疏散訓練		
	7.4 Automatic or manual fire alarm systems installed 備有自動或手動火災警報系統		
8	Is personal protection utensils (safety shoes, safety goggles, ear plugs, gloves, etc.) readily available during working on your site? 在貴公司之所有工作場所，是否備有以下之個人防護器具 (安全鞋、安全眼鏡、耳塞、手套等)		

Chapter 3

Disaster Recovery

Disaster Response

Explosion and Fire at the Production Dept. on December 20, 2020

At noon of December 20, 2020, an explosion occurred in Area 03 of SCI Pharmtech's Production Department, causing a fire. The main cause of the accident was due to a glass breakage in the pharmaceutical reaction tank during the production process, resulting in a large exothermic reaction between metal iron filings and chemical agents, causing an unexpected thermal explosion accident in which two employees were injured and rushed to the hospital for treatment, one Filipino employee passed away from serious injuries while the other was released on the day after examination.

After investigation of the fire site, it was found that the explosion was not due to operational negligence, but that the glass in the nearby pharmaceutical reaction tank ruptured during the production process, resulting in a large exothermic reaction between metal iron filings and chemical agents, causing unexpected thermal explosion accident. At the time the material required for depression drugs, Maome, was being produced. This raw material was previously purchased from Mainland China, however due to gradual instability of supply, the company began self-production of Maome in December of 2020 after having evaluated production feasibility and determined that the material safety data sheet (SDS) did not present any danger factors. The company was in the fifth batch of mass production at the time of the accident. The company deeply regrets that a process which was evaluated to be safe resulted in a major disaster.

Forming an Emergency Response Team

The accident occurred on a holiday during which the company did not engage in production but only arranged a few colleagues to carry out related factory operations. When the fire broke out, colleagues quickly formed an emergency response team. The members set up water lines, notified the fire brigade, and evacuated workers who were working or staying at the factory. The explosion and fire caused damages to containers and led to an overflow of chemical solvents into factory sewers. The accident also prompted extended fires that affected 7 companies downwind due to the strong northeast monsoon. Colleagues from the company Environmental Protection Department immediately notified the Environmental Protection Administration (EPA) of the disaster, and asked neighboring companies and partners to provide emergency response equipment for support and to contain pollutants to prevent further impact to the neighboring environment. The fire department and the EPA Northern District Response Team later arrived at the scene and set up a command center to lead the emergency rescue of the fire and chemical pollution. After receiving notice, the company Chairman and supervisors rushed to the scene as soon as possible to take action on employee injuries and accommodations. At the same time, the company assigned special personnel to provide information on the chemicals onsite and their storage locations to assist the emergency response center in disaster relief. A managerial meeting was held that evening to discuss emergency response measures.

After the fire was brought under control, the Chairman and factory supervisors proceeded to the hospital to express their condolences to colleagues, and later expressed sincere apologies to the family of the Filipino employee who passed away from serious injuries and promised proper compensation.

Residual fire continued until morning of December 21st, and the emergency response center continued to carry out firefighting and safeguarding operations. The chairman and relevant colleagues stayed at the factory to assist in the operation of the emergency response center. At noon, white smoke sprouted again from the point of ignition and a second explosion occurred.

In the wet and cold weather, SCI Pharmtech urgently installed a generator that night and let emergency response personnel to set up point inside the offices out of the cold. At the same time, the Chairman and other colleagues visited neighboring companies to express apology and take responsibility for the harm caused to them. On December 28th, company representatives along with lawyers and insurance notaries visited neighboring factories for site survey, expressed concern about the companies' operation recovery progress and requirements, and negotiated countermeasures with them. SCI Pharmtech handled the disaster post-processing matters such as restoration and waste removal with the greatest efforts and sincerity.

Shutdown and Consequent Operations

On December 22nd, the fire was completely extinguished. Under the directions of the fire brigade, SCI Pharmtech confirmed the amount and location of the residual metal sodium in the production process area, put forward countermeasures, and successfully arranged the remaining metal sodium under the supervision of the fire brigade. The emergency response center announced that their mission was complete and retreated that evening. The Taoyuan City Government ordered the company to suspend operations and simultaneously launched an industrial safety investigation. Colleagues from the Production Department accompanied the prosecutor, the Labor Inspection Office of the Taoyuan City Government, and the Fire Investigation Section into the plant to survey the site. On December 26th the fire brigade asked the company to carry out a second disposal operation of the metal sodium, sealing it with mineral oil to ensure safety. On December 28th the company received a notice of completion of fire investigation from the Taoyuan City Fire Department, removing the factory blockade. However, due to serious damages to the production area, it was impossible to resume work immediately. Therefore, with the assistance of the employment agency, SCI Pharmtech released 41 foreign immigrant workers from our employment and assisted to arrange their employment with other opportunities and begin a new career.

Colleagues gradually returned to their posts after the accident, department supervisors held post-disaster recovery meetings every day to make full preparations for the reconstruction and resumption of work. Each department reported disaster damages and performed required actions to restore the factory to its basic operations. The division of labor were as follows:

- Production Department:
  Dispatched plant security personnel to secure the plant and assist the response center and government agencies in related operations.
- Sales Department:
  Immediately notify customers and suppliers of the accident to reduce the impact of non-delivery.
- Environment Protection Department:
  Daily inspection of discharge outlets and large drainage ditches to prevent pollution sources from affecting the surrounding environment.
- Engineering Department:
  Rushed to repair water, electricity and public facilities in the plant area, and lay the foundation for reconstruction.
- Quality Assurance Department:
  Assess the impact of the fire on the quality of stocked products and the impact of in-plant drug certification regulations
- Quality Control Department:
  Continuously perform routine inspections to ensure the quality of products ready for shipment.
- Information Department:
  Restore normal operation of all information systems
- Finance Department:
  Prepare insurance claims and information disclosure reports
- Occupational Safety Office:
  Assist government agencies in investigations

Impact Reduction

Pollution generated from the SCI Pharmtech fire traveled downwind along with the northeast monsoon wind, which affected the quality of life of residents in the Binhai and Haihu subdistricts and caused inconvenience to the surrounding residents. Therefore, the company and local public opinion leaders jointly held a mediation committee to properly handle the needs of the local people with the greatest sincerity. After negotiation between the affected parties, 5 neighborhoods (277 households) in Binhai Subdistrict and 2 neighborhoods (209 households) in Haihu Subdistrict with a total of 486 households were to be given 6,000 NTD in reparations to each household. The payments were made between April 8th to 10th of 2021 at the subdistrict offices, SCI Pharmtech is grateful to the residents for their tolerance and understanding.

Disaster Recovery

▼ SCI Pharmtech 2021 Disaster Recovery Material Topics and Management Approach

Material Topic	Disaster Recovery
Corresponding GRI Indicator	Self-defined topic
Policies and Commitments	With the greatest effort and sincerity, the company properly handled post-disaster matters and restoration, and fully invested in post-disaster recovery, hoping to resume normal operations as soon as possible and protect the rights and interests of all stakeholders.
Goals and Targets	Short term targets • Increase production capacity to 60% by 2022 • Resolve compensation issues in 2022 Mid term targets • Fully repair production lines and improve productivity Long term targets • Cooperate with the Guanyin Plant to maximize production capacity and create record breaking revenues
Responsibilities and Resources	During the disaster, an emergency response team was established, and all departments were mobilized to perform their respective duties after the disaster to restore the basic operations in the plant.
Assessment Mechanisms and Results	• In March 2021, the company signed a contract with Everlight Chemical to entrust the production of cancer APIs required by customers for clinical trials. • In late March 2021, the intermediate product Pyrogallolaldehyde officially began production at the Cheng Fong Chemical leased plant. • In August 2021, Guanyin No. 2 Plant obtained the construction license issued by the Taoyuan City Government Construction Management Office. • In December 2021, the 03B Production Area completed the verification of the process equipment and air-conditioning system, and restoration work was completed; security inspection of the newly purchased hydrogenation reaction tank designated to be used in the 05 Production Area was completed pre-delivery, and its plant installation was arranged. • In March 2022, the 03B/02/08 Areas of Plant A were subjected to GMP assessment and on-site and document review by the FDA.

After the fire accident, the company Chairman coordinated the reconstruction plan, our strategic direction was to restore part of the production capacity as soon as possible, continue product research and development, seek external production capacity support and re-plan the development of the property in Guanyin. To arrange for short-term production line transfer, the company negotiated equipment leasing with suitable manufacturers, and simultaneously completed technical and regulatory evaluations. The damage to the new R&D building was minor, apart from some restoration work, originally scheduled construction were still carried out according to plan, so that new product development can continue. All departments simultaneously carried out insurance claims, plant clean-up, plant and equipment repair assessment, government window and customer communication, assessment of commissioned productions, product shipping, and inspection of industrial safety issues, etc. Each department also held intensive managerial meetings to review the work schedule of each unit and track the implementation progress, continuing to work towards company restoration and maintain customer relations, quality management systems, drug licenses and other reconstruction operations. It was expected that the original production line will recover about 60% of the overall production capacity in 2022, and gradually get back on track.

The First Step on the Road to Recovery – Property Inventory

The first step towards recovery is taking property inventory. SCI Pharmtech comprehensively inspected existing products and equipment, and formulated and implemented the taking of inventory, and confirmed the items that needed to apply for insurance claims. Company colleagues performed their duties and wore full safety protection gear to travel through the factory grounds for inspection. After the inspection, it was confirmed that the warehouses of finished products and raw materials were mostly untouched, and that the quality control laboratory and quality assurance systems were not damaged. The company's quality management system and all information systems operated normally, and the shipment of surviving products was secured. Although most of the R&D laboratory equipment and computers were burnt and damaged, the R&D paper records were fortunately well preserved, and the routine R&D reports were all archived in the server as electronic records, therefore intellectual property and business secrets were intact .

Maintain original product shipment operation

In response to customer shipment needs, the Quality Assurance Department submitted the HOCLQ sulfate inventory and warehouse finished product quality assessment report to the FDA of the Ministry of Health and Welfare for review on December 29, 2020. On December 30, officials from the FDA and Taoyuan City Department of Public Health visited the company to inspect the finished product storage area of the plant and warehouse to survey the situation of the company, and approved the shipment of HOCLQ sulfate on December 31. After receiving the news, the Sales Department immediately issued a shipment notice, arranged shipping matters, checked all product packaging and quality-related documents, and loaded the products in containers.

The medical cannabis Cannabidol (CBD) developed by SCI Pharmtech also received a positive response from the FDA in the " Quality Review Report of Inventory after Fire on 12/20/2020" in March 2021. In early April, the company received the GMP certificate and the certificate of approval for API export to Europe. The 4 batches of CBD produced before the company fire were confirmed to be in compliance with the Good Manufacturing Practice for Western Medicines and can be sold in the pharmaceutical market.

Inventory Operation of the Damaged Area

On January 4th, 2021, the company officially launched the inventory of damaged plant areas, the production area supervisor accompanied the insurance notary to inspect inventory, equipment, and buildings item by item, to identify the damage status of each asset. On January 8th, 4 co-insurance companies arrived at the site for on-site inspection. After the notarization of assets was completed, the clearing operation of the factory access roads and the central storage area started simultaneously, so that all employees could carry out the cleanup of each area safely. During this time power restoration work was simultaneously carried out, in mid-January the plant was reconnected to the Taipower power grid and detailed clean-up work in each area was carried out. Damaged equipment, public facilities and power sources were also identified and restored to speed up the pace of reconstruction.

Plant Demolition Plans

In order to minimize the damage to buildings and production equipment, the demolition plan of the factory area was carried out according to the damage status of each production area and is divided into two stages: The first stage of demolition was planned for May 2021 including Areas 03/05/06/07/10, which were not areas that needed to go through building safety identification ; the second stage of demolition was planned for June 2021, including Areas 01/ 01B/ 02/ 04/ 08/ 12/ 15/16/20/21/22/ 23/24/25. SCI Pharmtech representatives held pre-demolition meetings and environmental safety and health education and training together with representatives of waste clearance operators and other workers. SCI Pharmtech conducted a walk-through of the site to explain the scope of demolition operations, the movement of heavy equipment, special operations precautions, waste classification and treatment, and insurance claims specifications. All operations were carried out in accordance with government labor safety and health regulations and factory safety and health regulations.

Short Term Operation Solution

The plant fire resulted in a complete shutdown of production, in order to maintain short-term operations and mitigate the impact of supply disruptions on customers, the company leased plants and equipment from its industry partners for off-site production. The company approached peer manufacturers to find suitable production plants, conducted on-site inspections, negotiated leases, and carefully evaluated all production processes, to ensure that outsourced operations were in compliance with regulations of the FDA and customer requirements. After signing a leasing contract, SCI Pharmtech optimized all production equipment and facilities before beginning production. Although the company conducted off-site production, production processes must still follow the specifications of the SCI Pharmtech quality control system, the company sent experts to the production sites to perform production, inspection and analysis operations, and held pre-production test runs and risk assessment meetings to communication with production colleagues and employees in related departments. The company also clarified operation precautions such as product attributes, production processes and equipment operation, and repeatedly reminded all operations that personnel safety should be the first consideration.

On February 19th, 2021, the company signed a plant and equipment lease with Cheng Fong Chemical and extended the original half-year lease until June 30, 2022. SCI Pharmtech colleagues were responsible for manufacturing and testing intermediate products, and planning the production schedule. In response to the product attributes of intermediates and their diverse production requirements, it was necessary to carry out detailed modification of the process equipment first, which mainly included the optimization of pipe fittings and installation of a distillation production system. The final product were to be shipped back to SCI Pharmtech for finished product inspection and storage operations. In order to ensure the quality of off-site production, process validation, cleaning validation and stability tests were performed simultaneously.

On March 18th, 2021, SCI signed a contract with Everlight Chemical, the entrusted production item was a cancer API required for a customer's clinical trial. The entrustment period was from March 18 to August 31. SCI Pharmtech still held its production technology and intellectual property rights. The production process was carried out in accordance with quality system specifications. In the initial stage, SCI Pharmtech dispatched personnel to assist in guiding the production, and subsequent production operations were handed over to Everlight Chemical.

Construction of the Guanyin Plant

In January 2021, SCI Pharmtech met with the French Veolia Group to discuss changes in the Guanyin land development plan, which is expected to integrate modern pharmaceutical practices and circular economy, so that the century-old pharmaceutical company can keep up with the global sustainability trend. The expansion plan of Guanyin No. 2 Plant will construct four production lines which uses high-standard semi-automatic production equipment and facilities. Along with the solvent treatment technology innovated in cooperation with our French partners, the new plant will be a modern production base with high production efficiency and international competitiveness, which can greatly expand the production capacity of mature production processes to meet customer demand.

The Guanyin No. 2 Plant submitted the application for construction license in early June; in August the company obtained the construction license issued by the Department of Building Affairs; in September, the company convened a construction pre-bidding meeting, held a ground breaking ceremony, and completed the city government's construction registration. SCI Pharmtech will improve the efficiency of resource utilization, and build a green pharmaceutical production base with high added value, and take a big step towards environmental sustainability within the company's operation.

▼ SCI Pharmtech Recovery Progress

2020/12	• 12/20 Fire break out • 12/22 Fire extinguished • 12/23 Launched Industrial safety accident investigation • 12/31 Submitted application to the Ministry of Labor to terminate the labor contract with foreign colleagues
2021/01	• 1/ 4 Started inventory of damaged plant area • 1/23 Funeral wake for Cliff • 1/30 Performed damaged building safety appraisal
2021/02	• 2/19 Signed contract with Cheng Fong Chemical to lease its plant and related equipment
2021/03	• Sampling operation began for damaged building safety appraisal • 3/18 Signed contract with Everlight Chemical to entrust the production of cancer APIs required by customers for clinical trials • In late March, the intermediate product Pyrogallolaldehyde was officially produced in the Cheng Fong Plant
2021/04	• Laboratory Information Management System (LIMS) officially launched for mock testing • Carried out the first stage pipeline laying operation to supply the R&D laboratory and pilot plant • Phase 1 demolition plan carried out at the end of April on Areas 03/05/06/07/08/10, which are not within the building safety appraisal area.
2021/05	• Held a pre-production commissioning and risk assessment meeting with Everlighht Chemical in early May
2021/06	• Completed the construction plan of Guanyin Plant No.2 in early June and submitted the application for construction license • Phase 2 demolition plan carried out on Areas 01/01B/02/04/08/12/15/16/20/21/22/ 23/24/25
2021/07	• Installation completed of the second set of distillation equipment
2021/08	• The Taoyuan Department of Economic Development held the Conference Meeting on Application for Resumption of Work, in conjunction with representatives from the Fire Department, Department of Environmental Protection, Labor Inspection Office, Building Administration Office, and representatives of SCI Pharmtech to discuss the regulatory requirements and document procedures for resumption of work. • The Guanyin No. 2 Plant obtained the construction license issued by the Taoyuan City Government Building Administration Office.
2021/09	• On 9/30 the ground-breaking ceremony of the Guanyin Plant was held and the construction certificate to the city government was completed.
2021/10	• Officially received the notice of resumption of work for Plant Area A from the Taoyuan City Labor Inspection Office, the company was notified that work can be resumed from October 14th.
2021/11	• Conducted joint audits.
2021/12	• Production equipment and air-conditioning system in the 03B production area has completed equipment verification, and restoration work was completed. • Newly purchased hydrogenation reaction tanks for the 05 production area completed pre-delivery safety inspections, and equipment entry and installation operations have been arranged.
2022/03	• The company expects to apply to the FDA in March for GMP assessment in Areas 03B/02/08 of Plant A, and accept on-site and document review.

Social Aspect

When the fire occurred, the Chairman and the supervisors of various units rushed to the scene immediately after receiving the notice, concerned about the injuries of the colleagues on-site and the well-being of other employees. After the fire was brought under control at 12 o'clock midnight, the Chairman and the plant manager went to Chang Gung Hospital to visit the injured colleagues, and comforted all employees in the company's contact group, vowing to rebuild SCI Pharmtech and stabilized the workforce. The Chairman also thanked employees for supporting the company since the accident, and coordinated with other colleagues to visit neighboring companies to investigate the scope of the disaster, expressing deep apology and taking responsibility for the aftermath. The chairman also hired a counselor to take care of the emotional fluctuations of colleagues in the turbulent situation and find an appropriate outlet.

Offering Condolences to Families of Casualties

At the moment of the fire, Cliff, a Filipino colleague, was severely impacted. After emergency rescue he still passed away in the early morning of the next day on December 21st. The factory manager immediately called Cliff's wife to express his deep apology and promised that SCI Pharmtech would do our best in provide benefits and lessen Cliff's family's worries. On Christmas Eve, the SCI Pharmtech's colleagues launched a fund-raising activity and wired the funds to the bank accounts of Cliff's wife and mother on January 7, 2021, offering condolences to the bereaved family. On January 23rd, 2021, Cliff's wake was held, and the company chairman and colleagues sent him on his last journey. Due to travel restrictions brought on by the pandemic, Cliff's family members were unable to come to Taiwan, Cliff was cremated and brought back to the Philippines by his Filipino colleagues. All related expenses were paid by SCI Pharmtech to express our gratitude and condolences. The other colleague who was affected by the fire was a Taiwanese employee, he was discharged from the hospital on the same day of the accident and returned home. The chairman and the company's colleagues visited his home to offer comfort and asked him to rest assured.

Employment Transition Assistance for Foreign Migrant Workers

On Christmas day after the fire, the Chairman and other colleagues went to the temporary resettlement hotel at Zhongli to have a meal with the Filipino colleagues, asking after their wellbeing and giving thanks to them for their many years of hard work at SCI Pharmtech and working side by side with local colleagues regardless of nationality. However, due to the serious damage to the plant area, it was impossible for SCI Pharmtech to resume operations in the short term. After much consideration, employment with 41 foreign migrant workers had to be terminated. The company completed application procedures with the Ministry of Labor on December 31, 2020 to terminate the labor contracts with our foreign colleagues in accordance with the law, and paid out the salaries, severance pay, year-end bonuses and related expenses. In addition to arranging travel for employees who choose to return home, the company also entrusted the employment agency to arrange for remaining Filipino colleagues to transfer to a new company for employment, most Filipino colleagues have smoothly reported to their new positions and continued to stay and work in Taiwan to support their families. The company has also assisted a small number of Filipino colleagues in settling in for their other endeavors. SCI Pharmtech sincerely hopes for the best for our colleagues, and looks forward to working with them again in the future when operation resumes.

Occupational Safety and Health

Occupational Safety and Health Management

▼SCI Pharmtech 2021 "Occupational Safety and Health" Material Topics and Management Approach

Material Topic	Occupational Safety and Health
Corresponding GRI Indicator	GRI 403-1 Occupational health and safety management system GRI 403-2 Hazard identification, risk assessment, and incident investigation GRI 403-3 Occupational health services GRI 403-4 Worker participation, consultation, and communication on occupational health and safety GRI 403-5 Worker training on occupational health and safety GRI 403-6 Promotion of worker health GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships GRI 403-9 Work-related injuries
Policies and Commitments	Occupational disasters are mostly caused by unsafe behaviors and unsafe environments in the workplace. In order to maintain the safety and health of the workplace, SCI Pharmtech regularly conducts personnel education and training, and establishes an accident reporting mechanism and investigation procedure. By analyzing the cause of the accident, taking the most appropriate measures and improvement methods, and strengthening self-inspection of all employees through the PDCA management cycle, the company advances towards the goal of zero major occupational accidents and industrial safety accidents.
Goals and Targets	Short term targets • Conduct annual environmental safety training for senior managers, auditors and all employees, and strictly control the equipment in the plant. • If any facility needs to be added or changed, it must be reviewed by relevant environmental safety personnel before subsequent procedures can be carried out. Medium and long term targets • With the ultimate goal of zero major occupational accidents and industrial safety accidents, reduce the incidence of occupational accidents year by year.
Responsibilities and Resources	• SCI Pharmtech and obtained the ISO 45001: Occupational Safety and Health Management System Certification in 2019. • Set up the "Occupational Safety and Health Committee" to be responsible for the planning and execution of environmental safety and health matters, and holds an Occupational Safety and Health Committee meeting on a quarterly basis to discuss safety and health related matters.
Assessment Mechanisms and Results	• There were 10 members in the Occupational Safety and Health Committees in 2021 including 5 labor representatives, the labor representatives account for 50% of the Occupational Safety and Health Committee. • The Occupational Safety and Health Committee provides a channel for managers and employees to discuss safety and health issues, and collects suggestions on equipment, paraphernalia and personal protective equipment that need to be improved from the committee members during each quarter to improve workplace safety. • In 2020 SCI Pharmtech had 2 occupational accidents and 4 near misses.

In terms of the hazard identification and risk assessment process, each operating unit must fill in the Hazard Identification and Risk Assessment Form (FSA589) according to regulations, which includes items such as the nature of work, hazard factors, hazard categories, existing protection/control measures and risk level assessment. The five Hazard categories include physical hazards, chemical hazards, biological hazards, ergonomic hazards, and others. According to the Risk Level Scoring Determination Criteria and Countermeasures, the risk level is determined by referring to the risk matrix taking into account frequency of exposure, probability of occurrence, and consequence severity. Risk levels 1, 2, and 3 are considered “unacceptable” risks, and levels 4, 5, and 6 are “acceptable” risks. With an “unacceptable” risk, each department reviews and considers factors such as regulatory compliance, stakeholder concern, level of control, technology acquisition, investment amount, and impact on operations or business according to the risk assessment results, and then give management priority to the different factors. The company then according to the risk assessment and management plan carry out countermeasures, including conducting a safety and health management plan, operation control, emergency response measures, employee education and training, or wearing protective equipment. The results are compiled into the "Unacceptable Risk Control Form (FSA590)", which is sent to the management representative for review, and then submitted to the General Manager for approval, which will serve as a reference for all relevant units to set annual goals and management plans.


BUREAU VERITAS Certification

SCI PHARMTECH, INC.

NO. 61, LN. 309, HAIHU N. RD., LUZHU DIST., TAOYUAN CITY, TAIWAN, R.O.C.

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 45001:2018

Scope of certification

PROVISION OF MANUFACTURING AND DEVELOPMENT OF SPECIALTY CHEMICALS, INTERMEDIATES AND ACTIVE PHARMACEUTICAL INGREDIENTS.

Original cycle start date: 17-October-2019
Expiry date of previous cycle: NA
Certification / Recertification Audit date: NA
Certification / Recertification cycle start date: 17-October-2019

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: 16-October-2022

Certificate No.: 350046-UK Version: 01 Revision date: 17-October-2019

Certification body address: 5th Floor, 66 Prescot Street, London E1 8HG, United Kingdom
Local office: 3F-8, No.16, Nanjing E. Rd., Sec.4, Songshan District, Taipei 10553, Taiwan

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation.
To check this certificate validity please call: +886 2 2570 7655

Hazard Identification and Risk Assessment

In order to ensure that SCI Pharmtech can continue to uncover potential physical, chemical, and ergonomic hazards that may be derived from materials, machinery and equipment, operating environment and personnel behavior, and due to its determination to continuously improve and reduce risks, the company applies the Hazard Identification and Risks Assessment Procedure (SA-037) as a reference for SCI Pharmtech’s occupational safety and health goals and management plan. The Occupational Safety and Health Committee is responsible for confirming the hazard identification and risk assessment results, integrating the assessment results and improvement projects, and reviewing and approving unacceptable risks; the Occupational Safety Office is responsible for participating in and assisting in the safety and health hazard assessment, proposing relevant safety and health technical information and confirming operations with unacceptable risk.

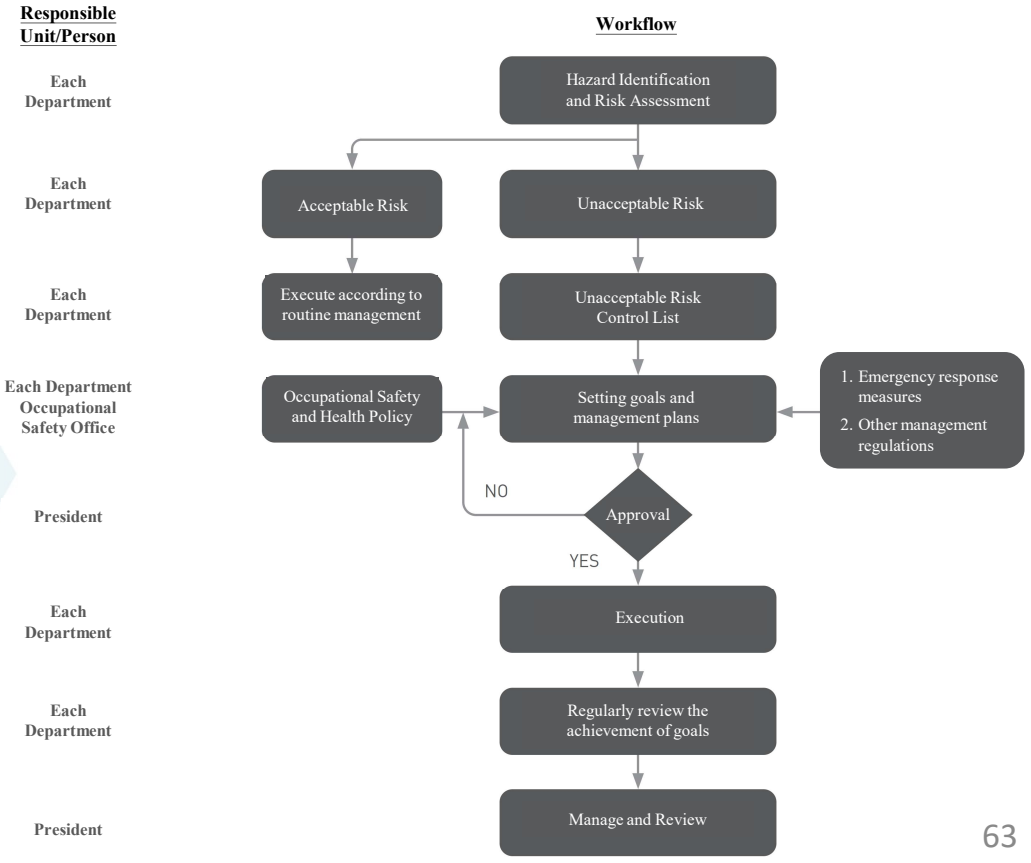
SCI Pharmtech regularly carries out safety and health risk assessments every two years. When any department changes production processes, installs new equipment, changes raw materials or operating environment conditions, the company conducts irregular evaluations. For example, before the production of new products, the on-site commissioning operation (including feeding/discharging, heating/cooling, conveying, etc.) procedures will be assessed according to the Safety Risk Assessment Procedures for Pre-production of New Products (SA5-025); if operations involve changes in process chemicals, process equipment, process technology, operating procedures, etc., they will be handled in accordance with Change Control (SCI-020) regulations. The scope of safety and health hazard identification and risk assessment operations includes 4 items: the operating environment of the manufacturing process in the plant, the methods and procedures for performing routine and non-routine operations, existing safety equipment and management measures, and investigation results and reviews of past accidents.

Risk Matrix

Severity of Consequences	A	B	C	D	E	F
Risk Level						
Risk Likelihood						
60~100	1	1	2	3	4	5
40~59	1	2	2	3	4	5
30~39	1	2	3	3	5	6
20~29	1	2	3	4	5	6
10~19	2	3	3	4	6	6
0~9	2	3	4	5	6	6

※Risk Likelihood = Operation Exposure Frequency x Occurrence Probability

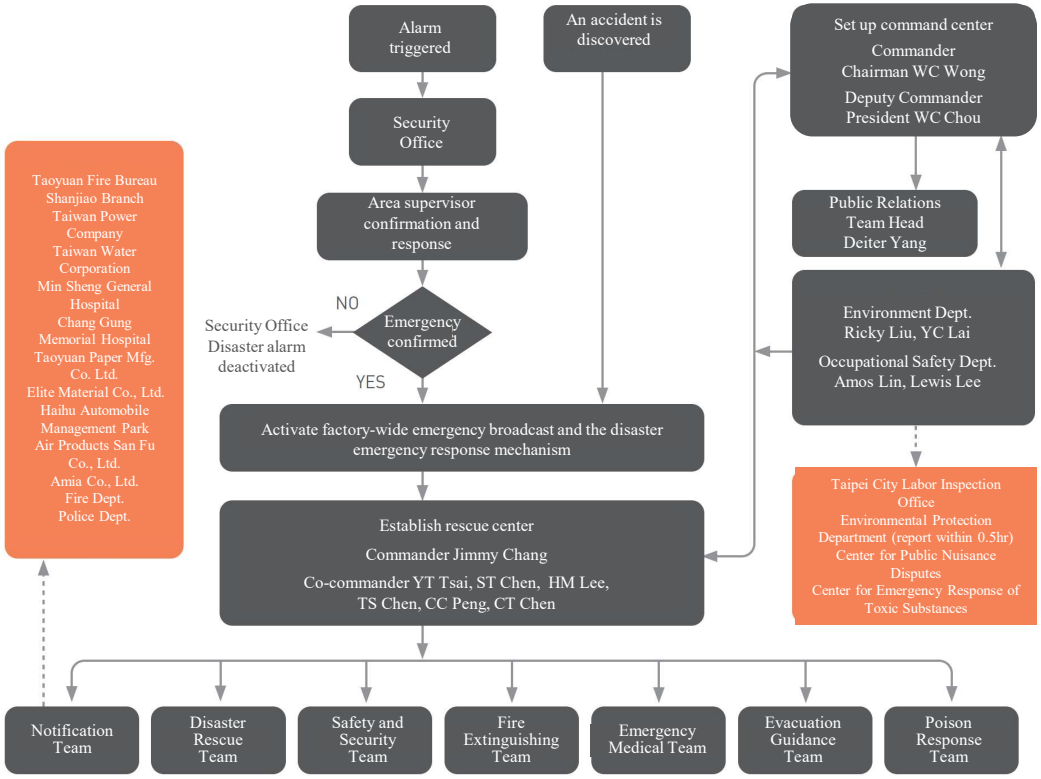
Hazard Identification and Risk Assessment Workflow



Occupational Hazards and Hazard Notification Process

When the alarm system in the factory is triggered, the Security Office will confirm and report the incident to the regional supervisor. If it is confirmed not to be an emergency, the Security Office will cancel the alarm; if it is confirmed to be an emergency, the incident is broadcasted to the whole factory and the disaster emergency response mechanism is activated to setup a response center.

Notification Process Diagram



Occupational Accident Investigation and Improvement Measures

In 2020, SCI Pharmtech had 2 occupational accidents and 4 near misses. In terms of occupational disasters, on November 26th, a colleague in the production department mistook the waste liquid in the buffer tank as toluene, when pouring the liquid into the water tank, the liquid splashed onto the employee's upper body and the employee was sent to the hospital for treatment; on December 20th, an explosion occurred in the R304 reaction tank, resulting in the death of a foreign employee. In terms of near misses, a wastewater PP barrel spontaneously caught on fire on July 8th; the diatomite recovery area caught on fire on September 2nd; the air extraction motor in the QC laboratory failed on November 26; and a chemical spill occurred on a laboratory technician during an experiment but fortunately no one was injured.

According to accident improvement measures, employees must fill in the "Industrial Safety Accident Investigation Report".

In terms of the buffer tank waste liquid handling incident on the evening of November 26th, a colleague in the production department operated the Terazosin 1B-wet reaction tank R0311 for toluene clean up and handled the waste liquid in the buffer tank. The colleague mistook waste liquid for toluene and poured it into the sink to flush with water. The POCl3 reacted violently with water, emitting hydrochloric acid gas and causing spills. The upper body of the colleague in the production department was splashed with the liquid, and colleague rinsed himself with water and Diphoterine to neutralize the corrosion, then the shift supervisor accompanied him to Linkou Chang Gung Hospital for treatment. The examination results disclosed burns on the right chest and right arm and hydrochloric acid gas inhalation injury, the employee was also exposed to hydrochloric acid fumes causing injury to the corners of the eyes resulting in photophobia. After investigating the cause of the accident, it was concluded to be the result of insufficient operator training and neglect of BPR precautions. POCL3 would react with water to release hydrochloric acid, yet the waste liquid was not collected in accordance with EV-004 waste cleaning procedure. Improvement measures proposed after the accident include: 1. More precautions should be taken during the operation, including wearing a full-face gas mask with anti-acidic gas functions and avoid the use of half-face masks; 2. Strengthen personnel training to comply with standard operating procedures; 3. Waste liquid containing POCL3 should not be collected along with general waste liquid and a special barrel should be used. In response to the explosion of the R304 reaction tank on December 20, to prevent similar incidents from happening again, SCI Pharmtech purchased a two-color glass reaction tank to ensure that the wear state in the reaction tank can be inspected and monitored at any time. In addition, during the development of new products, the evaluation of chemical properties (test limit values, incompatibility evaluation, etc.) is conducted to reduce the risk of hazards through prevention.

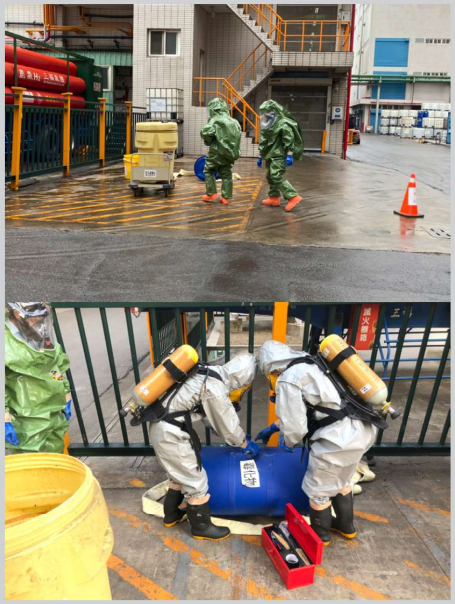
Environment Safety Education

Disaster Prevention Drill

In order to establish employee awareness of occupational safety and health, SCI Pharmtech has assisted the Third Disaster Relief and Rescue Brigade of Taoyuan City Fire Department in conducting annual disaster prevention drills every year since 2016. The disaster prevention and rescue exercises simulate complex disaster scenarios such as earthquakes and fires, through simulated operations, the drill demonstrates how to coordinate disaster relief mechanism with existing manpower, and guide colleagues to seek refuge, initiate emergency rescue, and evacuation of the injured. The company hopes that joint exercises with the fire brigade can strengthen disaster prevention and rescue system resilience, and ensure disaster mitigation and preparation, so that emergencies can be properly dealt with. Affected by the pandemic in 2021, the bi-annual fire drill was changed to be held once a year, and the local fire brigade will notify the company of exercises by phone.

▼ Fire accident

▼ Chemical accident



▼ Protective gear

Personnel Training

To ensure the emergency response ability and rescue capability of first responders, SCI Pharmtech has recurrently held 3-hour first responder training courses every year since 2018, and dispatched additional personnel to participate in initial training courses according to the needs of each department. The training is held along with the annual emergency drill in the company, so that in case of an accident, a team of first-aid personnel can assist in the treatment of emergency injuries and comforting of patients, so as to ensure the safety and health of all employees.

Also, to ensure the effective implementation of the occupational safety and health management process, the company regularly conducts reviews on personnel with relevant environmental safety certificates in the company every year, and arranges recurrent training for them. In addition, labor safety hazard notification training is carried out for contract personnel, outside contractors, etc., and logistics partners must apply for access to enter the plant.

▼ SCI Pharmtech 5-Year Statistics of Certified First Aid Personnel

Year	2018	2019	2020	2021	2022
Number of Personnel Certified	34	36	-	27	26

Personnel Training

SCI Pharmtech regularly arranges for all employees to conduct physical health examinations every year. In addition to the existing basic physical examination items, SCI Pharmtech also ordered testing for additional bone density, chest X-ray, abdominal ultrasound and urine, blood tests, and high-density and low-density cholesterol. In 2020 and 2021, 214 and 191 examinations were processed respectively. In addition, according to the Labor Health Protection Act, colleagues in special positions are arranged to receive additional health inspections such as for noise, dimethylformamide, β-naphthylamine and salts. In addition, doctors are hired to conduct personal health guidance for employees in the factory, strengthen disease-related health education, perform re-examinations, health tracking, and other health management measures to guarantee the health of employees.

Year		2017	2018	2019	2020	2021
Common Health Check		194	192	195	214	191
Health Check for Specially Hazardous Operations	Dimethylformamide	9	16	22	21	22
	Noise	18	18	17	21	20
	β-Naphthylamine and salts*	-	-	5	6	4

※ Note 1：β-Naphthylamine and salts is a new checkup item included in 2019

Occupational Safety and Health Improvement Measures

In order to eliminate unsafe factors in the factory, supervisors will conduct irregular walking inspections to urge colleagues to wear protective equipment. The company regularly reviews safety operation standards, conducts hazard identification and risk assessment, and purchases equipment or instruments that enhances intrinsic safety, the company also purchases comfortable personal protective equipment to increase their usage rate, and continue to strengthen employee education and training to instill safety culture. The company uses a variety of management methods to train colleagues' safety habits.

Items	Goal	Performance Indicator	Management Method
Conduct mandatory education and training	Hold initial and recurrent training for special operators	Ensure that the machinery and equipment in each area comply with the license ratio and establish legal training SOP	Execution time frame：6/13/2020~6/12/2021 Continue to arrange recurrent training for operators of stackers and high-voltage special equipment
Enhance intrinsic safety in explosion-proof areas	Install fire evacuation light fixtures that meet explosion-proof requirements	Intrinsic safety of fire evacuation indicators in specific areas should be enhanced to 100%	Execution time frame: 6/13/2020~6/12/2021 Install explosion-proof lamps in the R&D building
Electrostatic prevention in the production area	Measure the electrostatic voltage of reaction tanks and pipelines in the production area and improve grounding and jumper connections	Measured electrostatic voltage should be less than 4KV	Execution time frame：6/13/2020~6/12/2021 Purchase electrostatic meter, measure static voltage in production areas, and improve grounding and jumper connections

Items	Goal	Performance Indicator	Management Method
Respiratory Protection	Improve personnel awareness of safe use of respiratory protective equipment and meet regulatory requirements.	Establish standard operating procedures	Execution time frame：6/13/2020~6/12/2021
Hazard Prevention of Unknown Chemicals in R&D Phase	Install isolation operation equipment such as negative pressure room and glove box	Establish isolation operation laboratory	Execution time frame：5/25/2016~6/30/2021 Relevant planning was included in the construction of the R&D building which begins this year
Barrier for Hazardous Gas from Reactor Pressure Relief	Connect safety valve exhaust piping to COR	No pressure tank relief port in the production area	Execution time frame：07/01/2018~12/30/2020 not easy to implement at present, but will be included in future plant designs.

In terms of occupational safety and health implementation, the company included mandatory education and training, enforce intrinsic safety of explosion-proof zones, electrostatic prevention in production areas, respiratory protection measures, prevention of unknown chemical hazards in the research and development phase, and setting barriers to hazardous gas from reactor pressure relief. In addition, dangerous mechanical equipment is also regularly inspected, including boilers (horizontal smoke tube steam boiler, horizontal once-through thermal boiler), high-pressure gas equipment (vertical liquid nitrogen storage tank), existing high-pressure gas equipment (vertical jacketed cylindrical hydrogenation reaction tank), and mechanical lifts. In 2020, all certificates have been completed for industrial inspection.

Periodic Inspection of Dangerous Machinery and Equipment

Equipment	Device Name / Type	Certified Number	Validity Period
Boiler	Horizontal Smoke Tube Steam Boiler(2 ton)	No. 211101B0069	2021/04/06
	Horizontal Smoke Tube Steam Boiler	No.211101B0166	2021/07/29
	Horizontal Once-Through Thermal Boiler	No.211101B0240	2021/10/03
High-pressure gas equipment	Vertical Liquid Nitrogen Storage Tank	No.211101S0896	2021/09/08
Existing high-pressure gas equipment	Vertical Jacketed Cylindrical Hydrogenation Reaction Tank(R501B)	No.970241	2021/07/15
	Vertical Jacketed Cylindrical Hydrogenation Reaction Tank(R501A)	No.970242	
	Vertical Jacketed Cylindrical Hydrogenation Reaction Tank(R501C)	No. 970243	
	Vertical Jacketed Cylindrical Hydrogenation Reaction Tank(R1609)	No. 970244	
Elevators	High-rise warehouse lift	No. 036B032651	2021/09/28
	Office building elevator	No. 040126563	2021/01/08

Occupational Accident Statistics

In 2020, 1 serious occupational injury incident occurred due to a major fire accident, and 1 employee passed away, the serious occupational injury rate was 0.37; the fatality rate was 0.37; the recordable occupational injury rate was 0.74. Statistically, throughout the years the most common type of occupational injury is "contact with harmful substances".

SCI Pharmtech 5-Year Statistics of Certified First Aid Personnel

Year	Hours worked	Minor occupation-al injuries	Minor occupational injury rate	Serious occupa-tional injuries	Serious occupational injury rate	Deaths	Death rate	recordable occupational injuries	recordable occupational injury rate
2020	537,840	0	0	1	0.37	1	0.37	2	0.74
2021	396,800	0	0	0	0	0	0	0	0

※ Note：
1.Occupational injuries statistics do not include commuting injuries incurred from traveling to and from work.
2.Minor occupational injury rate = number of minor occupational injuries x 200,000 / total hours worked
3.Serious occupational injury rate = (excluding deaths) = number of serious occupational injuries x 200,000 / total hours worked
4.Rate of death due to occupational injury = (number of fatalities due to occupational injury/hours worked) x 200,000
5.Recordable occupational injury rate = number of recordable occupational injuries x 200,000 / total hours worked

SCI Pharmtech 2-Year Statistic of Employee Disabling Injuries

Year	Days Charged for Disabling Injuries	Disabling Injury Frequency Rate (FR)	Disabling Injury Severity Rate (SR)	Frequency-Severity Indicator(FSI)	Injury Classification
2020	6000	1.86	11155.73	4.72	Death from burn injury
2021	0	0	0	0	-

Chapter 4
Environmental Sustainability

Environmental Management Policies

SCI Pharmtech attaches great importance to the effective implementation of the environmental management system, company first passed the ISO 14001 environmental management system certification in 1999, in 2018 the company also obtained the latest version of the certificate (ISO 14001:2015). Through the implementation of this international standard, we have established a reliable environmental management system to help us identify possible material topics and improve them during the product life cycle of production, sales, product use, and disposal, effectively reducing the environmental impact of operational activities.

Since the process of mitigating environmental impact is also accompanied by the improvement of production methods and the avoidance of high energy and resource consumption and waste, we regularly conduct environmental education and training, so that colleagues can master the structure and objectives of ISO 14001, as well as the principles, procedures and selected technologies to be used in order to manage environmental impact. For example, in the product experiment stage, the R&D department will give priority to the selection of raw materials and single reagents that are less polluting and harmful, and consider in advance the subsequent resource recycling and reuse measures with the life cycle concept. In addition, SCI Pharmtech has set up relevant treatment equipment and facilities, treatment plants and entrusted qualified operators to properly remove, transport, remediate, and effectively control exhaust emissions, waste water, waste solvent, solid waste, or soil or groundwater pollution caused by manufacturing processes.

In recent years, due to imminent threat from extreme climate conditions, the international community is advocating for the 2050 net zero goal. Government regulations and policies will also become more and more stringent. In response, we have formulated a clear energy-saving and carbon-reduction target: to "save 1% of electricity and reduce carbon by 1% every year" as the core goal of environmental management. In addition, in response to EU carbon regulation policies, we are gradually introducing the product carbon footprint system, giving priority to the trial carbon footprint evaluation of VA[1], the API with the largest shipment volume. In the future the company will continue to evaluate the carbon footprint needs and benefits of other products, and formulate relevant implementation processes. In addition to cultivating the European market, we will also work with the supply chain to promote sustainable development.

SCI Pharmtech Environment Commitment：

1. Supervisors at all levels are responsible for maintaining environmental protection, safety and health in their jurisdictions. They must establish environmental protection, safety and health systems, and implement this policy through the Plan-Do-Check-Act (PDCA) management cycle, to continuously improve environmental protection, safety and health.
2. Continue to promote the concept of environmental protection, safety and health to employees to ensure that all employees have the awareness and correct behavior towards environmental protection, safety and health.
3. Committed to complying with environmental protection, safety and health related regulations, and developing relevant standard operating procedures and methods to protect employees, the public and the environment.
4. Committed to pollution prevention, hazard prevention and continuous improvement to enhance environmental protection, safety and health performance.
5. Communicate with employees, suppliers, contractors, residents, environmental protection groups, etc. on environmental considerations, safety and health risks, and relevant control and improvement methods.
6. Provide customers with product safety information to assist in the safe transportation, use and handling of products.

※ [1] An antiepileptic and anticonvulsant.

2020-2021 Environment Management Goals and Performances

Item	Goals	2020-2021 Performances
1	Reduce the accumulation of outdoor waste, distill organic waste liquid or concentrate to recover resources and conduct waste water classification treatment.	Resold 361 barrels of MeoH-UCL by-product during May to November of 2021.
2	Reduce ozone pollution caused by VOC emissions and implement air quality deterioration prevention programs.	The Taoyuan City Environmental Protection Department has not issued a forecast for deteriorating air quality.
3	Register new chemical substances and manage existing chemical substance operation permits, and establish new and existing chemical substances registration and reporting mechanism in the company.	Extended registration for 7 new chemical substances, the first stage of existing chemical substances standard registration is under way (hydrogen bromide/ phosphorus oxychloride/benzophenone/benzaldehyde).
4	Improve the treatment rate of processing solvents, and recover processing solvents through distillation.	Solvent recovery was not possible due to the fire accident, the waste reduction plan was adjusted to reduce the accumulation of outdoor waste.
5	Conduct soil and groundwater pollution prevention and control in the plant area, remedy groundwater pollution, and improve existing underground wastewater collection and transmission facilities.	Execution suspended due to the fire accident.
6	Reduce the accumulation of outdoor waste, and enhance treatment of strong acid (pH<2) or strong alkali (pH>11) in the manufacturing process or in the wastewater tank.	
7	Reduce air pollution emissions in the processing area, Process Area 21 and 25 to consolidate exhaust emissions and construct new high-efficiency two-stage scrubbers.	
8	Establish PNEC and monitor the concentration of API in the water discharge in line with customers' PSCI audit requirements. (Dulox-HCL)	
9	Reduce the accumulation of nickel catalysts (Ra-Ni) in the plant area, and establish proper disposal pipelines.	In planning
10	To prevent waste from leaking outside the plant, an overflow prevention ditch is set up in the temporary waste storage area.	In planning.
11	Improve the company's emergency response capability and resources for hazardous disasters / Establish a training system for professional response personnel in accordance with relevant laws and publish them for future reference.	Register qualified professional responders before July 1st, 2023.

▼ 2021 Number of Clearance Companies for Various Wastes

Clearance Items	Clearance Companies
Organic sludge	0
Inorganic sludge	2
Waste liquid with flash point less than 60°C	4
Non-hazardous organic waste liquid or waste solvent	3
Waste oil mixture	0
General waste generated from business activities	1
Other unclassified general business waste	1
Mixtures of other aforementioned chemicals or waste containers	1

▼ SCI Pharmtech 5-Year Environment Management Expenses

Year	2017	2018	2019	2020	2021
Cost Category	Air pollution prevention and control fees, water pollution prevention and control fees, business waste clearance fees, soil and groundwater pollution prevention and control fees, etc.				
Cost payout	32,110,713	62,797,004	108,267,922	94,871,933	59,365,100
Outsource ratio※	53%	51%	69%	94%	77%

※ Note: remaining expenses include self-conducted internal environmental protection activities costs.

Materials and Packaging Management

SCI Pharmtech is a professional API and intermediates manufacturer, in addition to focusing on product safety, the company also pays equal attention to environmental protection. Throughout the product life cycle, from material sourcing, product usage, to product disposal, the company chooses to use low-toxicity raw materials and low-polluting solvents, avoids using scheduled chemical materials, and strives to use only a single solvent to increase solvent recyclability.

In order to comply with GMP regulations, the company does not recover sold products except returned and recalled products; also, in order to prevent cross contamination, products do not reuse original packaging material, and does not recycle packaging of sold product. All packaging materials used for product delivery are made from recyclable materials, including plastic packages (LDPE plastic bags and HDPE barrels), paper (cartons and paper barrels) and plastic (HDPE barrels) secondary packages, and reusable transportation pallets (made from wood, paper, plastic, etc.). All materials can be reused by the client or sold at a price to reduce waste generation and environmental impact.

Energy Management

SCI Pharmtech 2021 "Energy Management and GHG Emissions" Material Topics and Management Approach

Material Topic	• Energy Management and GHG Emissions
Corresponding GRI Indicator	GRI 302-1 Energy consumption within the organization GRI 302-3 Energy intensity GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-4 GHG emissions intensity
Policies and Commitments	SCI Pharmtech is committed to improving the utilization efficiency of various equipment, and continuously improve the production process to reduce the impact of the company's operations on the natural environment.
Goals and Targets	• Short term targets: The company targets to save power and reduce carbon emissions with an annual reduction of 1%. (However in 2021 due to the fire accident, much of the plant was shut down, therefore electricity consumption was greatly reduced.) • Medium and long-term targets: While rebuilding the plant and restoring production capacity, the company also pays attention to relevant energy efficiency planning in the plant area, in order to maximize energy efficiency and reduce GHG emissions per unit of product, and to align with the government's carbon management policies.
Responsibilities and Resources	The company's Environmental Protection Department and the Occupational Safety Office are responsible for the promotion and execution of actions related to environmental protection, safety, and health; the company also established an Environmental Management Committee to formulate the company's overall environmental, safety, and health policies and proposals, and hold labor safety and health meetings every quarter.
Assessment Mechanisms and Results	• SCI Pharmtech carbon dioxide emission in 2020 was about 16,282 tons, but due to the fire accident at the end of the year, normal production in 2021 was not possible, so the carbon dioxide emission was greatly reduced to only 1,644 tons. • The plant installs automatic devices with time control functions to turn on or off lighting, water dispensers and automatic doors. • Air-conditioning is only turned on when the room temperature exceeds 28 degrees, and is set to automatically turn off, improving the air-conditioning and exhaust emissions of the office building.

Excessive use of energy is the main cause of climate change, because the burning of fossil fuels produces large amounts of greenhouse gases (GHGs), causing global warming. Therefore, efficient use of energy is critical to mitigating climate anomalies. At present, our main energy consumption is still electricity and natural gas. In 2020, SCI Pharmtech's production value reached a new high, with an annual production value of 1,909.73 million NTD, and an energy intensity of 0.96 GJ per 10,000 NTD. Affected by the fire at the end of 2020, many production lines were shut down, and energy consumption was greatly reduced. The annual production value of 2021 dropped to 282.44 million NTD, and the energy intensity was 0.42 GJ/10,000 NTD.

SCI Pharmtech 3-Year Energy Consumption Statistics

Energy Category	Energy Type	Unit	2019	2020	2021
Category 1	Diesel	Liter(L)	36,400	34,800	15,600
		Gigajoules (GJ)	1,279.91	1,223.65	548.53
	Natural Gas	Cubic Meter (M^3)	3,215,920	3,266,457	4,547
		Gigajoules (GJ)	107,694.73	109,387.11	152.27
Category 2	Purchased Electricity	Kilowatt-hour (KWh)	20,235,978	20,013,597	3,126,800
		Gigajoules (GJ)	72,849.52	72,048.95	11,256.48
Total Energy Consumption		Gigajoules (GJ)	181,824.16	182,659.71	11,957.28
Annual Production Value		10,000 NTD	179,101	190,973	28,244
Energy Intensity		GJ / 10,000 NTD	1.02	0.96	0.42

※ Note：
1. 1 KWh =0.0036GJ
2. Natural gas fixed emission source conversion basis 8,000 Kcal/ m^3
3. Energy intensity = Annual production value ÷ Total energy consumption

Reducing Energy Consumption

Energy Usage and Reduction Performances

SCI Pharmtech's energy strategy focuses on improving energy efficiency, followed by energy conservation and waste reduction. We hope to reduce greenhouse gas emissions and strive for sustainable development of the environment.

SCI Pharmtech 5-Year Energy Saving and Carbon Reduction Measures

Process Optimization	Construction of an anaerobic tank can reduce the operating hours of the blower by about 50%, which accounts for about 2% of the annual carbon emission.
Equipment Replacement	The lamps used in the warehouse were changed from metal-halide lamps to LED lamps.
	Replace and update old chilled water units to improve performance and reduce energy consumption.
	Improve air conditioning exhaust ventilation in office buildings to save electricity consumption.
Behavior Change	The standard for air-conditioning activation is when the room temperature reaches 28°C, and there is a timed automatic shutdown setting.
	Plant lighting, water dispensers, automatic doors and other equipment and facilities are equipped with timer switches.
	Establish a paperless operating environment and promote the reuse of recycled paper.

SCI Pharmtech 5-Year Environment Management Expenses

Year	2017	2018	2019	2020	2021
Electricity Saved (KWh)	290,887	404,687	87,764	222,922	—※
Electricity Saved (GJ)	1,047.19	1,456.87	315.95	802.52	—

※ Note:
Due to the fire accident at the end of 2020, some production in 2021 was carried out in leased factories from industry partners, so complete data could not be provided.

Greenhouse Gas Emissions Management

SCI Pharmtech's carbon dioxide emissions in 2020 were about 16,282 tons, but due to a fire accident at the end of the year, normal production in 2021 was not possible, so carbon dioxide emissions were greatly reduced to only 1,644 tons.

▼ SCI Pharmtech 3-Year Energy Consumption Statistics

Energy Category	Energy Type	2017	2018	2019	2020	2021
Scope 1	Diesel	—	87	101	97	43
	Natural Gas	1,470	5,411	6,043	6,138	9
	Liquefied Petroleum Gas	348	0	0	0	0
Scope 2	Purchased Electricity	8,837	9,160	10,563	10,047	1,592
Total GHG Emissions		14,949	14,658	16,707	16,282	1,644
Production Value (10,000 NTD)		82,751	108,088	179,101	190,973	28,244
Emission Intensity per Unit of Revenue		0.18	0.14	0.09	0.09	0.06

※ Note:
1. The conversion factors of various fuels in Scope 1 is based on the "Greenhouse Gas Emission Factor Management Table 6.0.4" of the Environmental Protection Administration.
2. The conversion factor of Scope 2 is calculated based on the electricity carbon emission factor announced by the Bureau of Energy of the Ministry of Economic Affairs. The electricity carbon emission factor in 2020 is 0.502 kg CO_2e/kWh; and 0.509 kg CO_2e/kWh in 2021.

Air Pollution Prevention

According to the Emergency Control Regulations for the Serious Deterioration of Air Quality the air quality deterioration warning levels are divided into 2 categories and 5 levels according to the degree of pollution, namely early warning and deterioration. It is by determined whether the concentration of air pollutants such as aerosols, fine suspended particles, sulfur dioxide, nitrogen dioxide, carbon monoxide and ozone exceed standards.

Among which, ozone is a secondary pollutant, whose precursors are volatile organic compounds (VOCs) and nitrogen oxides. Therefore, the company formulates corresponding VOCs[2] reduction plans according to the level of pollution.

	Pollution Level	VOCs Reduction
Early Warning	L2 Early Warning	>8%
	L1 Early Warning	>10%
Deterioration	L3 Deterioration	>10%
	L2 Deterioration	>20%
	L1 Deterioration	>40%

※ [2] Volatile Organic Compounds

▼ Other Major Gas Emissions Statistics (Unit: Metric Ton)

Gas Emission Types	2017		2018		2019		2020		2021	
	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
Nitrogen Oxides (NO_x)	7.0	12.1%	3.0	5.1%	3	4.7%	3.0	4.7%	-	-
Sulfure Oxides (SO_x)	11.0	19.0%	0	0%	0	0%	0	0	-	-
Volatile Organic Compounds (VOCs)	39.0	67.2%	56.0	94.8%	61	95.2%	61.0	95.2%	-	-
Aerosols (PM)	1.0	1.7%	0.1	0.1%	0.06	0.1%	0.1	0.1%	-	-
Total	58.0	100%	59.1	100%	64.06	100%	64.1	100%	-	-

※ Note: The data detection of suspended particulates (PM) and nitrogen oxides (NOX) emitted by boilers burning natural gas in 2021 were suspended due to the fire accident at the end of 2020.

Environment Impact Management

SCI Pharmtech 2021 "Wastewater and Waste" Material Topics and Management Approach

Material Topic	Wastewater and Waste
Corresponding GRI Indicator	GRI 303-1 Interactions with water as a shared resource GRI 303-2 Management of water discharge-related impacts GRI 303-3 Water withdrawal GRI 306-1 Waste generation and significant waste-related impacts GRI 306-2 Management of significant waste-related impacts GRI 306-3 Waste generated GRI 306-4 Waste diverted from disposal GRI 306-5 Waste directed to disposal
Policies and Commitments	Although the treatment of wastewater and waste in the pharmaceutical industry is not easy, in order to fulfill our corporate responsibility and reduce the impact on the environment, we have established a joint venture "Framosa" with the French Veolia Group to tackle solvent recovery and other environmental issues. We hope to become a model circular economy company in the pharmaceutical industry.
Goals and Targets	Short term targets: • Improve the recyclability and reusability of raw materials or products. • Reduce pollutant discharge, toxic substances, and waste, and properly dispose of waste. Medium and long-term targets: • Reduce resource and energy consumption of products and services. • Maximize sustainable use of renewable resources.
Responsibilities and Resources	Established FRAMOSA together with the French Veolia Group, focusing on "innovative circular economy and new technologies", with Veolia Group being responsible for designing and providing management solutions for various environmental issues. The company looks forward to expanding the processing capacity of wastewater and waste, and solving the issue of recovery and disposal of solvents used in the pharmaceutical process.
Assessment Mechanisms and Results	• In 2020, the total water consumption (including tap water and recycled water) was 539,000 tons. In 2021, due to the fire accident, normal production was not possible, so the total water consumption was greatly reduced to 28,000 tons, an annual decrease of 94.8%. • In 2020, due to an increase in production, the amount of waste increased by 14.7%; in 2021, due to the fire accident, the production capacity decreased sharply, so the amount of waste also decreased by 13.2%. • SCI Pharmtech unfortunately had a fire accident on December 20, 2020, resulting in several violations related to environmental protection and public safety. Although most of the accident was due to force majeure, the company itself was partially responsible and there were items that can be improved. All fines and penalties have been paid in full and the required training courses have been completed.

Violations Resulted from the SCI Pharmtech Fire in 2020

Obvious particulate pollutants were emitted in the air and contaminated surrounding properties due to extensive fires in the plant, although the accident was notified to the authorities immediately, it was still impossible to contain. The company was fined 225,000 NTD under the Air Pollution Control Act, and was mandated to 2 hours of environmental training classes. In addition, because fire-fighting waste water was discharged into the Houbicuo mainline, violating the Water Pollution Prevention and Control Act, the company was fined 33,000 NTD and mandated to 2 hours of environmental training classes.

In terms of the more controllable fire-fighting wastewater, the company continued to clear relevant waste for nearly 3 months after the accident. During this time the company set up oil blocking cables and sandbags in the trunk drainage, and set up oil-absorbing cotton ropes in the drainage ditches. The company also measured the pH value daily at the discharge outlet, ensuring that the pH value is not lower than 6 and that the wastewater quality is within discharge standards.

In addition, due to a large increase in orders that year, the demand for metal sodium also greatly increased. To increase production efficiency the company stockpiled a large amount of metal sodium at the production site exceeding the declared quantity of 100 kilograms, violating relevant regulations, and the company was fined 700,000 NTD. To improve this issue, SCI Pharmtech strictly monitors the amount of metal sodium withdrawn from inventory, any remaining quantity leftover from production is to be returned to the warehouse to avoid further violation incidents.

Water Resource Management

Water and Reclaimed Water Usage

The main source of water used by the company is tap water, which can be divided into 4 categories according to their purpose: cooling water, boiler water, processing water and domestic usage water. In 2020, the total water consumption (including tap water and recycled water) is 539,000 tons. In 2021, because normal production was disrupted by the fire accident, the total water consumption greatly reduced to 28,000 tons.

In our water recycling policy, the cooling water and high and low pressure steam required in the production process are all equipped with recycling mechanisms to reduce the consumption of tap water. Recycled water consumed annually accounts for about 35~40% of total water usage. In the future, the company will gradually replace underground pipelines and transform them into elevated pipelines. On the one hand, the company can clearly grasp the direction of water flow in the plant; on the other hand, the company can effectively control leakage incidents and deal with them in time to maximize the benefits of every drop of water.

SCI Pharmtech 5-Year Water Usage Statistics

Year	2017	2018	2019	2020	2021[2]
Water Consumption [1] (Ton)	489,057	446,062	498,342	544,209	28,433
Production Value (10,000 NTD)	82,751	108,088	179,101	190,973	28,244
Water Intensity (Ton/10,000 NTD)	5.91	4.13	2.78	2.85	1.01
Annual Intensity Increase/Decrease Rate	—	↓ 30.12%	↓ 32.69%	↑ 2.52%	↓ 64.56%

※ Note:
1.In addition to tap water, the amount of recycled water is also included. Recycled water accounts for about 35~40%.
2.In 2021, due to the fire accident's impact on production capacity, the data numbers dropped significantly.

Wastewater Management

SBR UASB Integration Decreasing 2% Carbon Emissions Annually

Production process wastewater has always been a thorny problem for major pharmaceutical technology companies. In order to carry out its management responsibilities, SCI Pharmtech proposes integrated solutions by monitoring, testing and analyzing process wastewater related data. In 2018, we officially activated the large scale UASB[3] anaerobic tank which costs more than 30 million NTD to construct, connected with the existing SBR[4] the mechanism successfully improved sewage treatment capacity, not only reducing pollutants in the discharge water to half of the standard of the Water Pollution Prevention and Control Act, the daily wastewater treatment capacity was also elevated from 550 CMD[5] to 800 CMD (a 45.5% increase in treatment capacity), which enabled the shutting down of a 600 CMD SBR reactor.

In order to thoroughly reform the waste water treatment system, the company began diverting wastewater flow at the production process, classifying wastewater according to the concentration and the characteristics of the wastewater (whether it contains nitrogen or toxic substances).In addition, a dedicated wastewater pipeline is also connected to the Houbicuo drainage trunk line to prevent the discharged water from flowing to irrigation channels. The wastewater treatment process is based on two sustainable development goals, namely reducing energy consumption and responsible production. The company continues to work hard for the coexistence and common prosperity of indistries, the environment, and society.

※ Note:
3 Upflow Anaerobic Sludge Bed, UASB
4 Sequencing Batch Reactor Activated Sludge Process, SBR
5 Cubic Meter per Day

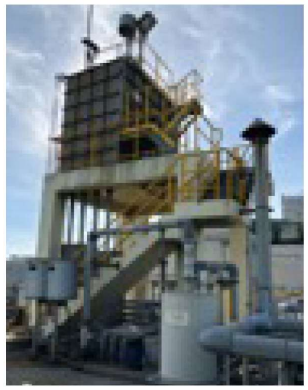
Wastewater Treatment Process and COD Concentration at Each Stage

Process	Barreled Wastewater to be Treated	UASB Treatment	SBR Process
COD concentration	10,000 ppm	2,000 ~ 3,000 ppm	50 ppm

SCI Pharmtech 3-Year Energy Consumption Statistics

	2017	2018	2019	2020	2021※
Wastewater Treatment Capacity	123,183	101,520	114,986	122,905	9,251
Effluent Pollutants CODs (Chemical Oxygen Demand)	5,937	6,340	4,772	5,100	384
Effluent Pollutants BODs (Biological Oxygen Demand)	2,384	1,533	1,679	1,794	135
Effluent Pollutants SSs (Suspended Solids)	1,718	431	1,276	1,364	103

※ Note: In 2021, due to the fire accident's impact on production capacity, the data numbers dropped significantly.



Propose Integrated Solutions with Circular Economy Concept

Biomedicine and circular economy are two key industries in the 5+2 Innovative Industries Plan actively promoted by the government. In order to introduce advanced product purification and commission production technology, and effectively improve capacity utilization rate in the API production industry, SCI Pharmtech and Veolia Group jointly established FRAMOSA in 2020, focusing on innovating new circular economy technologies, with Veolia Group responsible for designing and providing management solutions for various environmental issues. In addition to optimizing the efficiency of wastewater treatment, new innovations also help to solve problem of recovery and treatment of solvents used in the pharmaceutical production process.

SCI Pharmtech applied for the establishment of a new API plant in the Guanyin Industrial Zone. The in-process materials produced are handed over to FRAMOSA for purification and production according to GMP. The processed materials are returned to SCI Pharmtech as a usable material. It is estimated that future solvent recovery can reach 15,000 tons annually, with a recovery rate as high as 85%. It is hoped that through cross-industry cooperation, we can achieve the vision of green manufacturing and carbon reduction, and strengthen value chain sustainability development.

Waste Management

Regarding waste management, SCI Pharmtech carefully evaluates and designs for pollutants in the production process to be effectively prevented and controlled early on in the production development stage, or ensure that mass production is possible only after reducing the impact level to an acceptable range through risk control. Hazardous waste (whose flash point is lower than 60°C) generated in the process is entrusted to waste removal and treatment companies for incineration and heat treatment. Non-hazardous waste (including: non-hazardous organic waste liquid or waste solvents, general waste, sludge mixture, and organic sludge) is entrusted to removal and treatment plants to carry out incineration, heat treatment or physical treatment.

For the disposal of various materials, the company, as far as possible, ensures that recycling and reuse is given priority in planning appropriate treatment methods, so as to avoid materials being easily discarded and wasted. For example, we actively reduce the amount of solvents used, while increasing the recovery ratio of solvents and catalysts[6], or refine waste solvents into fuels. No matter what disposal method is adopted, it must not pose a threat to the health and safety of our colleagues or the environment. On the issue of responsible production and production line planning, we give priority to products with high value and high technical threshold to maximize resource efficiency.

▼ SCI Pharmtech Waste Management Core Principles

Legalization	In accordance with the Waste Disposal Act, the company has formulated a waste disposal plan to manage waste, such as entrusting qualified manufacturers for waste clearance, regularly reporting waste production, and proper waste storage.
Environmental Benefit	The company adopts the concept of reducing material use and resource recovery, and considers raw material reduction and processing solvent recovery in the production development stage.
Economize Clearance Cost	Establish customers to sell recycled solvents such as ethanol, etc., to increase the value of waste recycling and eventually achieve zero waste.

※ [6] Recovery of palladium metal, propyl n-valeric acid alcohol aqueous solution, and zinc hydroxide solid, etc.

▼ 5-Year Hazardous and Non-hazardous Waste Treatment Methods

Waste Classification	Waste Treatment		Total Weight (Ton)				
	Treatment Method	Processing Location	2017	2018	2019	2020	2021
Hazardous Waste	Prepare for Reuse	On site	360	360	330	330	—
	Recycle and Reuse	Off site	5.1	10.8	37.8	508.7	190
	Burial	NA	133.6	187.8	1948.4	1572.1	195.7
	Other Treatments	Off site	—	—	—	—	147.8
Non-Hazardous Waste	Prepare for Reuse	Off site	3.4	18.8	18.6	18.2	8.6
	Recycle and Reuse	Off site	388.9	824.3	783.8	1,049.2	2,827.7
	Incineration (without energy recovery)	Off site	74.4	74.6	103.5	88.8	39.3
	Burial	Off site	756.9	576.3	783.5	1026.3	569.1
Non-Hazardous Waste	Other Treatments	Off site	—	—	—	—	9.2
Hazardous Waste Sub-total			498.7	558.6	2,316.2	2,410.8	533.5
Non-Hazardous Waste Sub-total			1,223.6	1,494.0	1,689.4	2,182.5	3,453.9
Total			1,722.3	2,052.6	4,005.6	4,593.3	3,987.4

※Note:
1. Reuse：Through inspection, cleaning or maintenance, the product or component that was intended to be discarded is recovered to serve its original purpose.
2. Recycle and reuse：The product or component that was originally discarded are remanufactured into a new component through reprocessing.
3. On site: Waste treated by the company.
4. Off site: Waste outsourced for treatment.

Toxic Substances Control

At present, there are 48 types of toxic chemical substances operated by SCI Pharmtech, according to the Toxic and Concerned Chemical Substances Control Act, operations are recorded daily and reported regularly. There are 5 precursor chemicals operated in the laboratory, which are strictly controlled and not to be sold to unidentified individuals or manufacturers with inconsistent business items, so as not to violate the law by supplying illegal drugs.

Specially Regulated Products

The products produced by the company in 2021 include 2 controlled drugs. Through systematic sales management, so far no violations have occurred. The company will continue to manage them carefully and in accordance with the law.

▼ 2020-2021 Newly Added Toxic Chemical Substances

1. Ethylene oxide 10~15%
2. Ethyl chloroformate 95~100%
3. Acetonitrile 50~55% (brcn mixture)
4. N-nitrosodimethylamine (DMNA)
5. Potassium Bromate 99%

▼ Production and Sales Control of Controlled Substances

Pre-production: Applying for manufacturing license	Post production: Applying for export license
Submit the product's estimated output and import authorization letter from the competent authority of the exporting country (indication of purpose and usage)	Provide the original import license document, and write-off the production quantity to the authority after export.

▼ Controlled Substances Produced by SCI Pharmtech

Pentobarbital Sodium	This is a central nervous system drug that can be used for sedation and sleep induction, it can also be used in assisted dying in countries where euthanasia is legal, and can also be used for lethal injections. It is a controlled substance in most countries and is a Level 3 controlled substance in Taiwan, its production and sales require a previous application and its production quantity is also controlled.
Methylphenidate	As a central nervous system stimulant, it can increase excitement in the brain, boost wakefulness and reduce the feeling of physical fatigue and keep the patient's brain awake at all times. It can be used to treat narcolepsy in adults and attention deficit hyperactivity disorder in children. However long-term use of this drug in large quantities may lead to addiction or dependence, it is commonly known as "children's amphetamine" and is a psychoactive drug.

Chapter 5 Social Inclusion

Labor and Employer Relations

SCI Pharmtech 2021 Labor and Employer Relations Material Topics and Management Approach

Material Topic	Labor and Employer Relations
Corresponding GRI Indicator	GRI 401-1 New employee hires and employee turnover
Policies and Commitments	SCI Pharmtech adheres to employee care policies of respect, diversity, communication, equality and compliance, and does its best to treat and respect all employees in accordance with the International Bill of Human Rights and the Declaration of Fundamental Principles and Rights at Work of the International Labour Organization and other internationally recognized human rights standards.
• **Goals and Targets**	Short-term targets • Strengthen employee communication channels and investigate employees' opinions • Reduce employee turnover Medium-term targets • Improve key technical talent retention Long-term targets • Increase the percentage of female supervisors
Responsibilities and Resources	SCI Pharmtech possesses core production technologies and market advantages, and can provide a work environment where professionals can apply their expertise and develop their strengths. The company entrusts the Human Resources Department to formulate and improve the training and welfare system to stabilize the labor and employment relationship.
Assessment Mechanisms and Results	• In 2020 SCI Pharmtech had 31 new hires with an overall new hire rate of 11.15%, 59 employee turnovers with an overall turnover rate of 21.22%, and 42 foreign migrant workers accounting for 15.10%. • The fire at the end of 2020 resulted in production line shutdown and the dismissal of 41 foreign migrant workers and suspension of new employee recruitments. In 2021 30 employees left with an overall turnover rate of 7.39%, resulting in a total of 206 employees in the company.

Human Resource Structure

In order to protect the employment rights of the employees and maintain a stable and healthy labor-employer relationship, SCI Pharmtech actively creates an equal, diverse, safe, and non-discriminatory working environment to attract high quality talent and drive the company towards sustainable development.

In 2020 SCI Pharmtech had a total of 278 employees, all of whom are full-time employees, including 31 new hires with an overall new hire rate of 11.15%, 59 employee turnovers resulting in 21.22% overall turnover rate, the company also had 42 foreign migrant workers accounting for 15.10% of staff demographics.

The fire at the end of 2020 resulted in production line shutdown and the dismissal of 41 foreign migrant workers and suspension of new employee recruitments. In 2021 30 employees left with an overall turnover rate of 7.39%, resulting in a total of 206 employees in the company.

▼ SCI Pharmtech 2020 Employee Structure

		Male		Female		Total	
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Employee Category	Managerial Level	10	3.60%	2	0.72%	12	4.32%
	National Staff	175	62.95%	49	17.63%	224	80.58%
	Non-national Staff	42	15.10%	0	-	42	15.10%
	Total	227	81.65%	51	18.35%	278	100%
Age Range	Under 30 yrs old	43	15.47%	5	1.80%	48	17.27%
	31-50 yrs old	153	55.03%	37	13.31%	190	68.34%
	Over 51 yrs old	31	11.15%	9	3.24%	40	14.39%
	Total	227	81.65%	51	18.35%	278	100%

▼ SCI Pharmtech 2021 Employee Structure

		Male		Female		Total	
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Employee Category	Managerial Level	9	4.37%	2	0.97%	11	5.34%
	National Staff	152	73.78%	42	20.39%	194	94.17%
	Non-national Staff	1	0.49%	0	-	1	0.49%
	Total	162	78.64%	44	21.36%	206	100%
Age Range	Under 30 yrs old	21	10.19%	3	1.46%	24	11.65%
	31-50 yrs old	110	53.40%	31	15.05%	141	68.45%
	Over 51 yrs old	31	15.05%	10	4.85%	41	19.9%
	Total	162	78.64%	44	21.36%	206	100%

▼ 2020 New Hires and Turnovers Statistics

	Age Range	Male		Female		Total	
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
New Hires	Under 30 yrs old	12	27.91%	1	20%	13	27.08%
	31-50 yrs old	13	8.50%	3	8.11%	16	8.42%
	Over 51 yrs old	2	6.45%	0	-	2	5.00%
	Total	27	11.89%	4	7.84%	31	11.15%
Turnovers	Under 30 yrs old	22	51.16%	1	20%	23	47.92%
	31-50 yrs old	32	20.92%	1	2.70%	33	17.37%
	Over 51 yrs old	1	3.23%	2	22.22%	3	7.50%
	Total	55	24.23%	4	7.84%	59	21.22%

※ Note:
1. New hire ratio = the number of new employees in this category / the total number of employees in this category by the end of the period
2. Turnover ratio = the number of employee turnovers in this category / the total number of employees in this category by the end of the period

▼ 2021 Turnover Statistics

	Age Range	Male		Female		Total	
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
Turnovers	Under 30 yrs old	6	28.57%	1	33.33%	7	29.17%
	31-50 yrs old	14	12.73%	4	12.90%	18	12.77%
	Over 51 yrs old	3	9.68%	2	20.00%	5	12.20%
	Total	23	14.20%	7	15.91%	30	7.39%

※ Note: Turnover ratio = number of employee turnovers in this category / the total number of employees in this category by the end of the period

Employee Rights Protection

Standard Compliance	SCI Pharmtech follows the International Bill of Human Rights and the Declaration of Fundamental Principles and Rights at Work of the International Labour Organization, the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights (UNGPs) and other internationally recognized human rights standards. The company also abides by local government labor laws and regulations and establishes legal working conditions to ensure maximum protection of the rights and obligations of all its employees.
Employee Communication	The company establishes multiple communication channels such as quarterly labor-employer meetings, annual managers' meetings, and employee mailboxes to collect valuable opinions from all employees, understand the needs and expectations of colleagues and actively respond to their concerns.
Diversity and Inclusion	Employees are hired based on the principle of equal employment, based on their educational experiences and work ability as the basis for evaluation. Employees of different nationalities, political parties, ethnicities, religions, genders, age, and disabilities are treated equally and fairly.
Prohibit Child Labor	The company complies with government labor laws, prohibits child laborers under the age of 16 and implements recruitment control through application letter screening and verifying identity documents during interviews. No child laborers were employed nor have there been any labor disputes since the establishment of the company.
Prohibit Discrimination	The company recruits personnel through public channels such as human resource websites or the company recruitment system, discloses job vacancies in full detail, and implement equal employment policies towards middle-aged and elderly workers in accordance with the law.
Human Rights Protection	In accordance with labor laws and relevant regulations, the company protects human rights, employee property rights, privacy rights and other employee rights and interests, and conducts relevant education training annually.

Minimum Notice Period for Operational Changes

As a result of a major fire accident at the end of 2020, SCI Pharmtech's production area was severely damaged such that it was impossible to immediately resume operations, and 41 foreign migrant workers had to be dismissed. The company completed application procedures with the Ministry of Labor on December 31, 2020 to terminate the labor contracts with our foreign colleagues. In order to protect the employees' employment rights and minimize impact, the company complied with Article 16 of the Labor Standards Act, and issued the minimum notice period for terminating labor contracts in accordance with the law and paid out the salaries, severance pay, year-end bonuses and related expenses of the foreign workers.

In addition to arranging travel for employees who choose to return home, the company also entrusted an employment agency to arrange for remaining Filipino colleagues to transfer to new companies for employment, most Filipino colleagues have smoothly reported to their new positions and continued to stay and work in Taiwan to support their families. The company has also assisted a small number of Filipino colleagues in properly settling in their other endeavors. SCI Pharmtech sincerely hopes for the best for our colleagues, and looks forward to working with them again in the future when operation resumes.

Employee Welfare

Salary and Compensation

According to the company's Salary Management Measures and Performance Bonus Measures, SCI Pharmtech categorizes employee compensation into fixed and variable wages. The fixed salary is paid monthly and the payment standard is in line with industry standards and labor market statistics, it also takes into account the position, nature of the tasks, professional ability, and workplace supply and demand. The variable salary includes the year-end bonus, employee bonus, and performance bonus, the payout of the variable salary links part of the employee compensation to company performances.

Due to the impact of a major fire accident at the end of 2020, the production area was so severely damaged such that it was not possible to immediately resume operations, therefore the average and median salaries of full-time employees not in supervisory positions decreased from 2020 to 2021.

Four-Year Average Employee Salary Statistics

Year	2018	2019	2020	2021
Non-supervisory full-time employee average salary	905	956	891	696
Non-supervisory full-time employee median salary	875	878	828	634

Welfare Plan

In order to thank our employees for their continued support of the company during our most difficult times, the company strives to provide a comprehensive welfare system, offering vacation days, insurance, pension, emergency assistance, monetary gifts for marriage and childbirth, funeral subsidies, staff dormitories and free meals, etc., and offers employees flexible time off for childcare.

SCI Pharmtech Employee Welfare Items

Special Insurance	• In addition to basic national labor and health insurance, the company also offers life insurance, medical insurance, accident insurance, cancer insurance, and business travel insurance.
Retirement Assurance	• According to the law, 5% of the total monthly salary shall be allocated to the retirement reserve fund, and 6% of the retirement fund shall be allocated to the employee's personal account at the same time • In order to enhance employee retirement security, an employee pension insurance has been purchased since 2016. • Employees have self-formed a shareholding committee, agreeing to deposit a certain amount from each member's salary each month, which is jointly delivered to China Trust Bank forming an employee shareholding trust fund to help members accumulate wealth
Bonuses and Subsidies	• Provide seniority bonuses to employees who have served for 5, 10, 15, 20, and 25 years to thank them for their long-term service and contribution to SCI Pharmtech. • Provide full attendance bonus, annual festival bonus, birthday gift, holiday bonus, wedding gift, maternity gift, funeral subsidies, hospital assistance, work-related sick leave, occupational accident insurance, employee medical examination, emergency assistance, domestic and foreign travel subsidies, parking spaces, staff dormitory and free meals.
Work Life Balance	• A Welfare Committee is formed by 9 members to plan and operate various daily activities. One member is appointed by the company while the other 8 members are elected by employees. The chairman is elected by the members. • Provide care and assistance to employees in emergencies; invite employee family members to participate in company travel activities, year-end dinner parties, painting activities for employee children and other activities. The management regularly plans meals with employees to understand employees' needs. • The company has set up a shared gymnasium for indoor basketball and badminton, as well as table tennis, billiards and fitness equipment. • Employees can take a 45-minute lunch break and leave work earlier at 17:15 to avoid rush hour traffic.

Education and Training

SCI Pharmtech has established employee education and training methods, each department formulates an annual education and training plan and implements it after approval, and updates records and evaluates training results in a timely manner. Tailor-made courses are designed for employees in different positions and professional fields. Through internal and external education and training, colleagues can continue to learn professional knowledge, new industry knowledge and innovative thinking.

- Supervisor training: From time to time, supervisors will be educated and trained in professional fields, industry trends and management methods.
- New recruit training: New recruits will receive training courses on the personnel system, welfare measures, industrial safety and health requirements, and good manufacturing practices (GMP) within one week.
- External professional training: Heads of each department can assign colleagues to participate in external professional training according to work requirements, so as to improve the professional functions of employees and their work efficiency and quality.
- Security education and training: SCI Pharmtech's security is entrusted to Bowchen Security, which has completed all internal professional trainings. SCI Pharmtech's administrative department also conducts additional training on company introduction, responsibilities, personnel system, employee rights, fire safety and other items for new security personnel.
- General staff: The company conducts fire safety and disaster relief training, emergency response training, and SOP document issuance education training annually.
- Production workers: Production workers are given additional pre-production professional training before each production.
- Professional technical personnel training: Technical personnel are given training on the operation and handling of anoxic procedures, organic solvents, specialty chemicals, forklift driving, boiler operation, high-pressure gas specific equipment, stationary crane, and the procedures of various testing and analysis instruments. The company also provides professional certificate training on energy management and environmental protection related operations.
- Quality management training: The company also conducts annual training for GMP quality, ISO 9001, ISO 14001, ISO 45001 and other international standard management system certification training.

Performance Evaluation

According to the Company's Performance Appraisal and Human Resource Management Regulations, all employees who have completed their three-month probationary period are required to conduct regular performance and career development inspections. Evaluation results will reflect on the employee's career advancement and compensation growth, and encourage colleagues to cultivate their professional abilities. Through the communication and interaction between supervisors and employees, we hope to guide the direction of personal efforts in line with the company's development goals, thereby enhancing the company's overall competitiveness and organization efficiency.

Social Engagement

Cooperation with "Social Welfare Association of Greenboxbaby" and Donating Disinfection Alcohol

Under the affect of Covid-19, disinfection operations has become an epidemic prevention measure that cannot be ignored, but products such as bleach and other disinfectants are irritating to the mucous membrane, skin, and respiratory tract. The respiratory tract of young children is particularly vulnerable to harsh chemicals, therefore disinfectant alcohol has become an essential and precious commodity in children's homes.

Fortunately, alcohol is a by-product of SCI Pharmtech that is not used for sale. In 2020 SCI Pharmtech was contacted by partners at the "Social Welfare Association of Greenboxbaby" to discuss the donation of alcohol to children's homes in need. After receiving the request, the company immediately donated 1,260 liters of 75% disinfectant alcohol. Due to its flammable nature, alcohol is considered a dangerous good in transport, therefore the company cooperated with our long-term logistics partner to deliver the alcohol to the association in 30-liter barrels within 48 hours. From 2020 to 2021, the home will be able to use alcohol safely to prevent the epidemic.

▼ **1 barrel of alcohol was donated to Taiwan His Hands Christian Home in 2020**

▼ **3 barrels of alcohol was donated to New Taipei City "Social Welfare Association of Love home" in 2021**

▼ **Letter of Credence for the donation of 75% disinfectant alcohol**


感謝狀
Letter of Credence
董事長 李榮仁
中華民國 109 年 3 月 19 日

Appendix

GRI Standards Index

General Disclosures

GRI Standard	Disclosure	Page Number
GRI 102：2016 General Disclosures		
102-1	Name of the organization	P17 About SCI Pharmtech
102-2	Activities, brands, products, and services	P17 About SCI Pharmtech、 P22 Major Products and Services
102-3	Location of headquarters	P17 About SCI Pharmtech
102-4	Location of operations	P17 About SCI Pharmtech
102-5	Ownership and legal form	P17 About SCI Pharmtech
102-6	Markets served	P21 Market Presence
102-7	Scale of the organization	P17 About SCI Pharmtech、 P22 Major Products and Services
102-8	Information on employees and other workers	P86 Human Resource Structure
102-9	Supply chain	P49 Pharmaceutical Supply Chain
102-10	Significant changes to the organization and its supply	P49 Pharmaceutical Supply Chain
102-11	Precautionary Principle or approach	P42 Risk Management P46 Climate Change Risks
102-12	External initiatives	P5 Message From the Chairman
102-13	Membership of associations	P17 About SCI Pharmtech
102-14	Statement from senior decision-maker	P5 Message From the Chairman
102-16	Values, principles, standards, and norms of behavior	P40 Operation Integrity
102-18	Governance structure	P34 Board of Directors
102-40	List of stakeholder groups	P11 Stakeholders Engagement
102-41	Collective bargaining agreements	* No union
102-42	Identifying and selecting stakeholders	P11 Stakeholders Engagement
102-43	Approach to stakeholder engagement	P11 Stakeholders Engagement
102-44	Key topics and concerns raised	P11 Stakeholders Engagement
102-45	Entities included in the consolidated financial statements	P18 Financial Performance
102-46	Defining report content and topic Boundaries	P13 Material Topics Analysis
102-47	List of material topics	P13 Material Topics Analysis
102-48	Restatements of information	* None
102-49	Changes in reporting	* None
102-50	Reporting period	P7 About the Report
102-51	Date of most recent report	P7 About the Report
102-52	Reporting cycle	P7 About the Report

GRI Standard	Disclosure	Page Number
102-53	Contact point for questions regarding the report	P7 About the Report
102-54	Claims of reporting in accordance with the GRI Standards	P7 About the Report
102-55	GRI content index	P87 GRI Standards Index
102-56	External assurance	P7 About the Report

Material Topics Disclosure

GRI Standard	Disclosure	Page Number
Post-Disaster Reconstruction		
103-1	Explanation of the material topic and its Boundary	P48 Disaster Recovery
103-2	The management approach and its components	P48 Disaster Recovery
103-3	Evaluation of the management approach	P48 Disaster Recovery
Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	P55 Occupational Health and Safety Management
103-2	The management approach and its components	P55 Occupational Health and Safety Management
103-3	Evaluation of the management approach	P55 Occupational Health and Safety Management
403-1	Occupational health and safety management system	P55 Occupational Health and Safety Management
403-2	Hazard identification, risk assessment, and incident investigation	P56 Hazard Identification and Risk Assessment P59 Occupational Accident Investigation and Improvement Measures
403-3	Occupational health services	P61 Occupational Safety and Health Improvement Measures
403-4	Worker participation, consultation, and communication on occupational health and safety	P55 Occupational Health and Safety Management
403-5	Worker training on occupational health and safety	P60 Environment Safety Education P40 Occupational Safety Risks
403-6	Promotion of worker health	P61 Employee Health Promotion P40 Major Infectious Disease Risk
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P40 Occupational Safety Risks
403-9	Work-related injuries	P63 Occupational Accident Statistics
Economic Performance		
103-1	Explanation of the material topic and its Boundary	P17 About SCI Pharmtech
103-2	The management approach and its components	P17 About SCI Pharmtech
103-3	Evaluation of the management approach	P17 About SCI Pharmtech
201-1	Direct economic value generated and distributed	P18 Financial Performance
Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	P24 Customer Health and Safety
103-2	The management approach and its components	P24 Customer Health and Safety
103-3	Evaluation of the management approach	P24 Customer Health and Safety
Waastewater and Waste		
103-1	Explanation of the material topic and its Boundary	P71 Environment Impact Management
103-2	The management approach and its components	P71 Environment Impact Management
103-3	Evaluation of the management approach	P71 Environment Impact Management
303-1	Interactions with water as a shared resource	P72 Water Resource Management
303-2	Management of water discharge-related impacts	P73 Wastewater Management
303-3	Water withdrawal	P72 Water Resource Management
306-1	Waste generation and significant waste-related impacts	P75 Waste Management
306-2	Management of significant waste-related impacts	P75 Waste Management
306-3	Waste generated	P75 Waste Management
306-4	Waste diverted from disposal	P75 Waste Management
306-5	Waste directed to disposal	P75 Waste Management
Energy Management and GHG Emissions		
103-1	Explanation of the material topic and its Boundary	P68 Energy Management
103-2	The management approach and its components	P68 Energy Management
103-3	Evaluation of the management approach	P68 Energy Management
302-1	Energy consumption within the organization	P68 Energy Management
302-3	Energy intensity	P68 Energy Management
305-1	Direct (Scope 1) GHG emissions	P70 Greenhouse Gas Emissions Management
305-2	Energy indirect (Scope 2) GHG emissions	P70 Greenhouse Gas Emissions Management
305-4	GHG emissions intensity	P70 Greenhouse Gas Emissions Management
Integrity Management		
103-1	Explanation of the material topic and its Boundary	P36 Operation Integrity
103-2	The management approach and its components	P36 Operation Integrity
103-3	Evaluation of the management approach	P36 Operation Integrity
205-3	Confirmed incidents of corruption and actions taken	P36 Operation Integrity
Labor and Employer Relations		
103-1	Explanation of the material topic and its Boundary	P78 Labor and Employer Relations
103-2	The management approach and its components	P78 Labor and Employer Relations
103-3	Evaluation of the management approach	P78 Labor and Employer Relations
401-1	New employee hires and employee turnover	P79 Human Resource Structure

1. This report is prepared in accordance with GRI 2016 Guidelines
2. In accordance with GRI 303: Water and Effluents 2018
3. In accordance with GRI 306: Waste 2020
4. In accordance with GRI 403: Occupational Health and Safety 2018