

2022



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

Stock Code:8432

企業永續 報告書

Sustainability Report

Publication date: August 3, 2023

Website where the Company has disclosed information related to the sustainability report: www.tshbiopharm.com



About the Report GRI : 2-1, 2-2, 2-3, 2-4, 2-5

TSH Biopharm Co., Ltd. (hereinafter referred to as TSH Biopharm) has long been committed to the enhancement and promotion of environmental, social, and governance investment based on the values of sustainable management. We thank you for reading TSH Biopharm's 10th Sustainability Report (the TSH Biopharm CSR Report was renamed as the TSH Biopharm Sustainability Report in 2021). This report has been prepared in accordance with GRI Standards 2021, which was published by the Global Reporting Initiative, and corresponds to the United Nations' Sustainable Development Goals (SDGs). In addition, we have referred to the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, the ISO 26000 guidelines for social responsibility, the United Nations Global Compact, and the standards of the Sustainability Accounting Standards Board (SASB). The report is published annually in English and Chinese, and the digital versions can be downloaded from the TSH Biopharm's website under the heading "Sustainability Policy-Report". The report addresses the concerns of stakeholders about TSH Biopharm's sustainability efforts, and is intended to contribute to the progress of sustainable development through continuous efforts.

Reporting Period

The report is compiled and disclosed to the public on an annual basis. The disclosure period of this report is the year 2022 (January 1 to December 31, 2022), and its content not only covers all three aspects of ESG but also includes specific practices and performance figures concerning the economic aspect. In order to facilitate complete coverage of the performance of the Company's projects and activities, some of the content will cover activities that took place before January 1, 2022 and after December 31, 2022. The previous version was issued in May 2021.

Scope of the Report

The scope of the disclosure centers on TSH Biopharm's operating activities and services. All financial figures are denominated in New Taiwan Dollars, and relevant statistics are based on internationally recognized standards and indicators. The financial statements are based on financial figures audited by KPMG Taiwan. If any of the above quantitative indicators have special significance, a description will be included in a separate note.

This report was compiled in accordance with the eight reporting principles of the 2021 edition of the GRI Standards: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability. The information contained within was provided by the senior executives of each unit after they review it, and the report was published after being reviewed and approved by the Sustainable Development Committee.

Basis of the Report

- 🌿 Global Reporting Initiative (GRI): GRI Standards 2021.
- 🌿 Taiwan Stock Exchange: Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
- 🌿 United Nations: Sustainable Development Goals (SDGs), Global Compact
- 🌿 ISO: ISO 26000 Guidance on social responsibility
- 🌿 Sustainability Accounting Standard Board, SASB

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TWSE/TPEX-Listed Companies

Top 5% in the 8th Corporate Governance Evaluation

Supervisory unit:  金融監督管理委員會
Financial Supervisory Commission

Organizer:  臺灣證券交易所

 證券櫃檯買賣中心
Taipei Exchange



General Manager: Sze-Yuan Yang

Chairman: Chuan Lin

Message from the Management Team—Chairman Chuan Lin, General Manager Sze-Yuan Yang

GRI | 2-22

“TSH makes love go around” is a part of TSH’s belief in sustainable management, which begins with our main business: health. With health as our foundation, we cultivate the value of sustainability, promote the implementation of ESG (environmental sustainability, social inclusivity, and corporate governance) through positive influence, and proactively innovate and contribute to our profession, creating a situation where everyone wins.

With “enhancing patients’ quality of life” as the Company’s corporate vision, we organized two educational seminars on cardiovascular health in 2022, inviting physician specialists to teach the public about correct medication use and other health matters. Cretrol, a medication for Hyperlipidemia, became a drug covered by Taiwan’s national health insurance, benefiting more than 30,000 patients and saving the national health insurance about NT\$180 million. The project to develop EDIA20, a medication for a rare disease, has been initiated.

“Becoming the best strategic partner in development and marketing in Asia for international innovative biotechnology companies” is our mission. In 2022, we successfully obtained two overseas drug licenses; Amtrel, a drug to lower high blood pressure, obtained a license as a branded generic drug in Hong Kong, and Rhynorm, an antiarrhythmic drug, obtained a license as a new chemical entity in Myanmar. At the same time, we became the exclusive distributor of a Korean cancer gene test in Taiwan, and we are proactively engaging in international collaborations.

While pursuing its own corporate growth and expanding its corporate influence, TSH adheres to the principle of integrity and transparency. In 2022, the Company was in the top 5% in the 2022 Corporate Governance Evaluation. Only by encouraging innovation within the Company can we come up with diverse ways to safeguard human health. We look forward to working with all of you to make our society better, to have a healthy life together, and to help Taiwan's biotechnology industry grow and prosper!

Sustainability Performance

Environmental Protection

- ❁ **806** articles of clothing and **64** bags were collected for the Step30 project to reduce **3,385.2 kg** of carbon emissions.
 - ❁ Organized an ESG Sustainability Camp, and reduced carbon emissions by **2019.6 kg** with stakeholders.
 - ❁ **180 packs** of office photocopying paper and **4,100 desktop calendars** all bear the **FSC™ mark**.
 - ❁ A total of **118** T5 LEDs is used in the office; each T5 LED **saves 26 more watts/hour** than T8 LEDs.
 - ❁ The Company’s pantry used **60 packets** of coffee beans and **150 packets** of tea bags that bear the International Fairtrade Certification Mark, and cleaning products that bear the green product mark, including dishwashing detergent (**2 containers**; 2800ml each) and hand sanitizer (**2 containers**; 3785ml each).
 - ❁ **0** incidents of violating environmental laws and regulations.
 - ❁ An inventory of suppliers showed that **they are in compliance with laws and regulations**.
-

Social Co-prosperity

- ❁ Cretool is covered by Taiwan’s national health insurance system, benefiting more than **30,000** patients and saving the system about **NT\$180 million** dollars.
 - ❁ TSH Biopharm supported the Step30 project by **setting up a small collection station**, and collected **806 articles of clothing** and **64** bags.
 - ❁ The Company **supported local small-scale farmers** by purchasing **95 rice gift boxes** from them to give as gifts for the new year.
 - ❁ The Company purchased **87** sustainable pandemic prevention products that bear a **green product mark**, and gave them out as Dragon Boat Festival gifts.
 - ❁ On Mid-Autumn Festival, the Company showed its support for the Smile Angel Bakery of **Nextop Charity Foundation** by purchasing and giving out **75** gift boxes.
 - ❁ The Company donated **NT\$40,330** to the “Aging with You” project of the **Double Bliss Welfare and Charity Foundation**.
 - ❁ Donated **NT\$30,000** to **Hondao Senior Citizen's Welfare Foundation**’s “2022 Packing Clothes for the Elderly” project to care for the elderly people who are living alone.
 - ❁ The Company provided **1 dose** of the flu vaccine to employees at the Company’s expense and 1 dose to their family members at a subsidized rate; we also provided for **1** health checkups.
 - ❁ The Company organized the “Protecting Health— Free Public Health Seminar for the Heart of the Nation Campaign” **2 times**, benefiting a total of **441** people.
 - ❁ Added new information on cardiovascular health education, including **3** videos and **1** graphic packages, to provide the public with free access to health education.
 - ❁ The retention rate of employees in managerial positions is 100%, and the **gender ratio of employees is balanced**.
 - ❁ Established a learning organization, and organizes **6** co-learning projects and **2** training programs annually.
 - ❁ **0 occupational accidents, 0 cases of sexual harassment complaints**.
-

Governance

- ❁ Ranked in the **top 5%** of the 8th Corporate Governance Evaluation.
- ❁ Won the **2022 HR Asia Best Companies to Work for in Asia Award** upon the Company’s first time participating in HR ASIA.
- ❁ **The 1st TIRI Awards**.
- ❁ Operating revenue increased by **12.31%** compared to the previous year. Net income increased by **31.38%** compared to the previous year.
- ❁ Held 7 Board of Directors meetings, with an average attendance rate of **100%**.
- ❁ **Established the Sustainable Development Committee and the ESG Task Force**.
- ❁ Obtained **2 overseas drug licenses**, namely in Hong Kong (branded generic drug) and in Myanmar (new chemical entity).

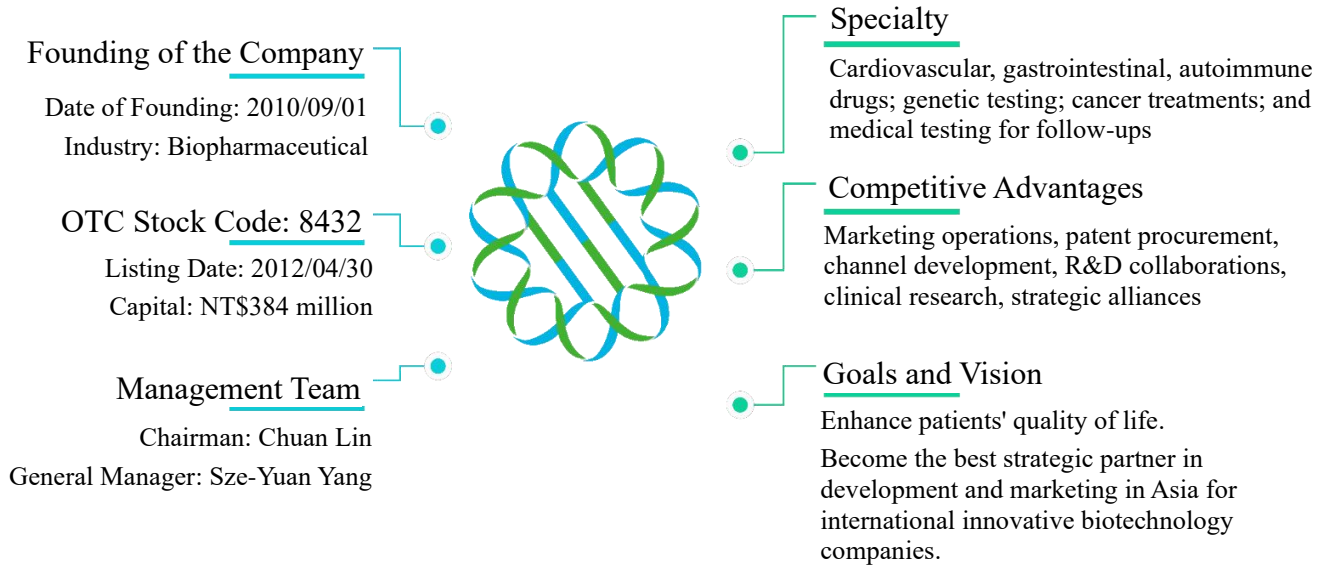
1. Brand Vision

- 1.1 About TSH Biopharm
- 1.2 Current Status of Products and Development of New Drugs
- 1.3 Operational Performance
- 1.4 Sustainable Development Committee
- 1.5 Material Topic Analysis



1. Brand Vision GRI | 2-1, 2-6, 2-13, 2-14, 2-16, 2-29, 3-1, 3-2, 3-3, 201-1, 415-1

1.1 About TSH Biopharm



Vision

Strive to enhance patients' quality of life.

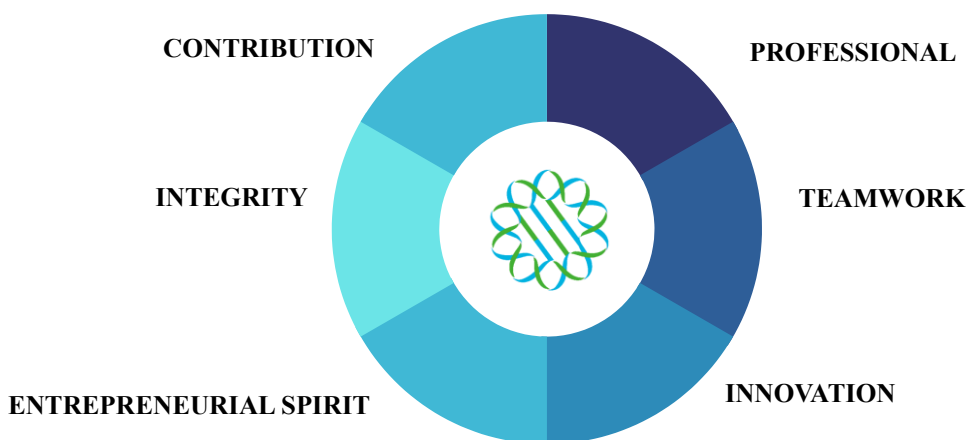
Become the best strategic partner in development and marketing in Asia for international biotechnology companies.

Goals

- Focus: Focusing on the quality of life of patients with unmet medical needs by providing them with total solutions.
- Differentiation: Develop innovative, special medical technology and dosage forms to gain a market differentiation.
- Create value: Become the best strategic partner in development and marketing in Asia for international innovative biotechnology companies.

Corporate Culture

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



Company History

2003/09	The parent company, TTY Biopharm Company Limited, established a Medical and Pharmaceutical Division (TTH), with products including CV, GI, and CNS.
2004-2005	Committed to the CV, GI, CNS fields.
2006/04	Launched Mopride for the treatment of functional dyspepsia.
2007/03	Launched Amtrel, compound anti-hypertensives, to the market.
2009/01	Launched Catilon for the treatment of irritable bowel syndrome.
2010/01	Obtained a pharmaceutical patent for Amtrel.
2010/09	Formally founded TSH Biopharm Corporation Ltd., split off from the parent company, TTY Biopharm Company Limited, with a paid-in capital of NT\$150 million.
2010/11	Conducted the cash capital increase by issuing new shares of NT\$100 million, and the paid-in capital after the capital increase reached NT\$250 million.
2011/03	The Financial Supervisory Commission (FSC) approved the public offering of shares.
2011/06	Listed on the emerging stock market on June 16, 2011.
2011/09	Conducted capitalization of retained earnings by issuing new shares of NT\$30 million, and the paid-in capital after the capital increase reached NT\$280 million.
2011/12	Signed the “ENIA11 (TuNEX) drug joint development agreement” with Mycenax Biotech Inc.
2012/04	Conducted the cash capital increase by issuing new shares of NT\$37.34 million, and the paid-in capital after the capital increase reached NT\$317.34 million. Listed on Taipei Exchange on April 30, 2012.
2012/08	Obtained an approval for Linicor for the treatment of hyperlipidemia.
2012/09	Amtrel won the Technology Commercialization Award at the 2012 Taipei Biotechnology Awards.
2012/09	DMTA07 and ENIA11, products under development, were included in the TFDA cross-strait drug R&D collaboration program.
2012/12	Initiated Phase III investigational new drug (IND) for ENIA11 (TuNEX)
2013/08	Applied for the “ENIA11 (TuNEX) Phase III Clinical Trial Program for the Development of Biological Drugs” under the Industrial Technology Development Program (ITDP) launched by the Ministry of Economic Affairs and passed the review by the Ministry of Economic Affairs.
2013/09	Conducted capitalization of capital surplus by issuing new shares of NT\$34.9 million, and the paid-in capital after the capital increase reached NT\$383.98 million.
2014/06	Participated in the cash capital increase by Medicead Co., Ltd. in the amount of NT\$70,000 thousand and obtained 31.82% of its equity.
2014/08	Applied for the “TRIA11 peptide biological drug development program for the treatment of osteoporosis” under the A+ Industrial Innovative R&D Program and passed the review by the Ministry of Economic Affairs.
2015	Launched Amtrel [®] , compound anti-hypertensives, to the market in Thailand.
2016/02	ENIA11 (TuNEX) passed the Taiwan Ministry of Health and Welfare’s Phase III IND for ankylosing spondylitis.
2016/03	Unblinded one of the two Phase III IND for ENIA11 (TuNEX).
2016/04	Applied to the Taiwan Ministry of Health and Welfare for ENIA11 (TuNEX) registration.
2016/06	Unblinded the other of the two Phase III IND for ENIA (TuNEX).
2016/07	Applied to the Taiwan Ministry of Health and Welfare for RNTA06 registration.
2016/12	Applied to the Taiwan Ministry of Health and Welfare for CRTA04 registration.
2017/07	ENIA (TuNEX) drug passed the registration audit by the Taiwan Ministry of Health and Welfare.
2019/03	Acquired the agency for all CellMax Life (Cellmax Taiwan Co. Ltd.) liquid biopsy testing products and subsequent new products in Taiwan, Southeast Asia, and South Korea and a pre-emption right for such products in mainland China.
2019/06	Completed the unblinding of the bridging study of RNTA06 for the treatment of angina pectoris and achieved the target set.
2019/08	Applied to the Taiwan Ministry of Health and Welfare for RNTA06 new drug registration.
2019/12	Won the 16th National Innovation Award of Taiwan Government – Enterprise Innovation Group in the Biotechnology Pharmaceutical and the Precision Medicine categories.
2020/04	Launched the MPap [®] test in collaboration with GuzipBiomarker, used to assess the risk of endometrial cancer.
2021/01	Exclusively obtained the authorization of IMBDx’s next-generation sequencing (NGS) technology, Alpha-liquid [®] , in Taiwan, which is used for early-stage postoperative monitoring of cancer and searched for medicines in the case of recurrence.
2021/02	TSH has exclusively acquired the rights for specific regional markets and to jointly develop the osteoporosis biosimilar (code: TRIAS) for the treatment of osteoporosis.
2021/03	TSH has reached a collaboration agreement with Centogen, a NASDAQ-listed company, to provide cancer risk assessment and medication options for cancer patients (including breast cancer, ovarian cancer, prostate cancer, and pancreatic cancer) in Taiwan. We also provide cancer hereditary risk assessment tests to healthy people. .
2021/10	Sze-Yuan Yang, the General Manager of TSH, won the Golden Torch Awards for the Top Ten Managers of the Year. The circulating tumor cells and circulating tumor DNA clinical application technologies won the 2021 Golden Torch Awards for the Top Ten Enterprises of the Year for judgment about precision medicines and assistance with the follow-up care for cancer.

2021/12	Officially received an approval for Cretrol, a new compound drug for the treatment of hyperlipidemia.
2021/12	Officially received an approval for Alprosm Lyophilized Powder for Injection, used for the alleviation of the symptoms of peripheral arterial occlusive diseases.
2022/05	TSH was rated among the top 5% in the 8th Corporate Governance Evaluation for TPEX-listed Companies.
2022/08	TSH established a Sustainable Development Committee and set up an ESG Task Force.
2022/08	TSH was recognized with the award, namely, 2022 HR Asia – Best Companies to Work for in Asia.
2022/08	Obtained a drug license for Amtrel in Myanmar.
2022/10	Obtained a drug license for Rhynorm in Hong Kong.
2022/11	Obtained coverage by Taiwan’s National Health Insurance for Cretrol.
2022/12	TSH was given the first TIRI Awards by Taiwan Investor Relations Institute.

Operating Locations

Taipei Office

Address | 3F.-1, No. 3-1, Park St., Nangang Dist., Taipei City (Building G, Nangang Software Park)

Tel | 02-2655-8525 Fax | 02-2655-8526

Taichung Office

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

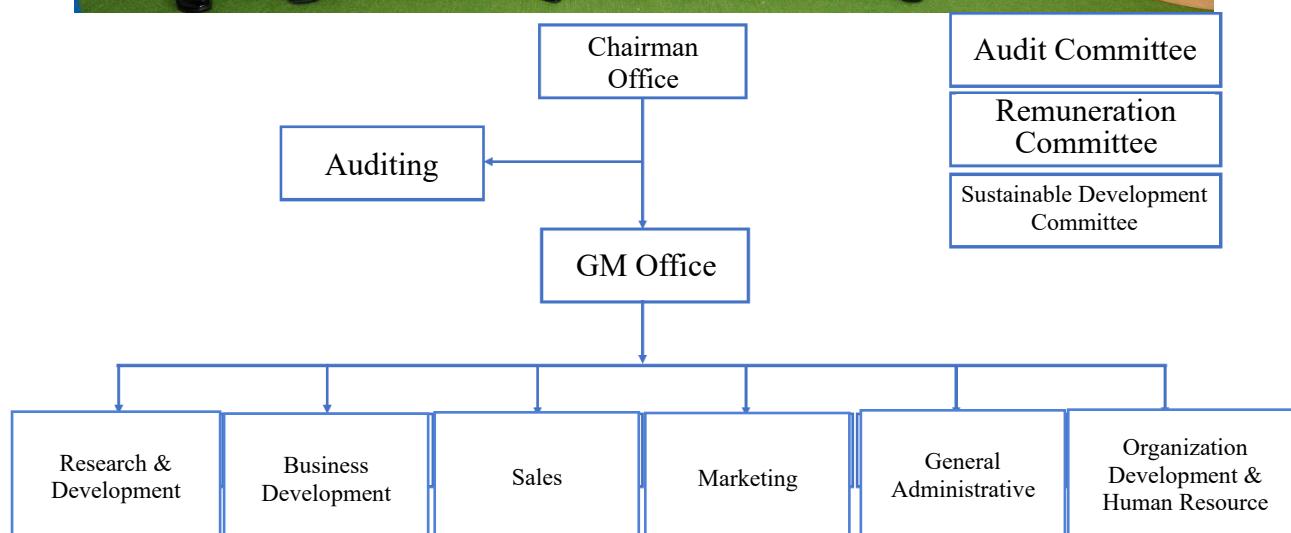
Tel | 04-2206-7276 Fax | 04-2206-1883

Kaohsiung Office

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

Tel | 07-2222-686 Fax | 07-2222-696

Organizational Structure



GM Office	Determine the Company's long-term and short-term goals; plan for the direction of organizational development; find strategic partners; and ensure the Company's performance.
Auditing	Responsible for executing the Company's internal audit affairs.
Research & Development	Responsible for introducing new businesses or new products and carrying out project management and execution; synchronously integrate the drug development value chain according to the drug safety mechanism.
Business Development	Responsible for overseas business cooperation such as technology licensing, product export, and management of overseas business cooperation projects.
Marketing	Integrate marketing and business resources to do pre-launch marketing as specified in the strategy, so as to polish the Company's image as a professional and increase brand benefits.
Sales	Sale and promotion of prescription drugs and precision medical treatment products by the type of the Company's disease category.
General Administrative	Integrate the resources of the supporting units and provide support functions according to the Company's long-term and short-term development goals. Mainly responsible for assessing investment projects; managing investor relations; functional committee meetings, and board of directors meetings; building the Company's image; and maintaining a good relationship with the media. Under General Administrative Division, the Financial Accounting Department is responsible for the Company's accounting and fund management business; the Administration Department is responsible for the Company's public relations, stock affairs, general affairs, and IT.
Organization Development & Human Resources	Formulate human resource strategies; forge a corporate culture; ensure that the acquisition, cultivation, performance, and retention of talents are highly correlated with organizational strategies, so as to make the organization more competitive in the future.

Operations Strategy

R&D strategy

Integrate the core capabilities of drug development (evaluation, dosage form development, laws and regulations, and clinical trials) and develop featured drugs that can be internationalized and patentable with economic benefits.

Marketing strategy

Ready semi-new drugs or new drugs with international market potential and specifications developed by the Company for international authorization after Phase I or II and complete the launch in Taiwan to expand the chronic disease drug market on both sides of the Taiwan Strait.

HR strategy

Build an organizational culture on the basis of entrepreneurship, professionalism, and teamwork, train strategic key talents as per business strategies, and enhance development and marketing capabilities to become a biotech pharmaceutical company that develops international pharmaceuticals and sells them in the Taiwan market.

Production strategy

Concentrate resources on the R&D and marketing of international and patentable pharmaceuticals and outsource the manufacturing work to factories with PIC/S GMP specifications in the target market to manufacture high-quality pharmaceuticals to ensure the quality, safety, and effectiveness of the pharmaceuticals.

Financial strategy

Implement and keep abreast of budgets through a pragmatic and transparent financial and tax plan as per various business strategies, to maintain a sound financial foundation and ensure shareholders' rights and interests.

Business performance

TSH will enter a "5-Year Dual-track Transformation Period": TSH will accelerate the rate of diversifying its product portfolio by adopting a double-engine strategy, namely, "License-in" and "Self-development." Most of the ongoing projects are based on TNCE. Originally, TFDA required that a TNCE submitted for license application must have been on the market in an advanced foreign country for 10 years or more; in September 2022, it lowered the required time to 5 years to encourage and accelerate research and development in Taiwan. The Company's products under independent development or joint development include NCEs and 505B2 (such as biosimilars, new compound drugs, and new dosage forms). The 5-year plan had aimed to put at least 3 new drugs on the market. As of the end of 2021, TSH already obtained 3 drug licenses separately for Rancad[®] Extended Release; Cretrol tablet, a new compound hypolipidemic drug; and Alprosm Lyophilized Powder for Injection. The Taiwan Headquarter aims to become a major source of new products in the future; it will continue to develop new products and put them on the Taiwan and the Asian markets, and will seek opportunities to license out self-developed products, mainly to companies in overseas pharmaceutical markets, e.g. China, the US, Japan, and Europe.

As for overseas sales, the Company actively sought to have its drugs registered with the competent authorities in Southeast Asia over the past four years, and obtained two drug licenses in overseas markets as of 2022. We also kick started the assessment and development of multiple new projects over the past 3 years. Currently, we have eight undergoing drug development projects. In 2023, we expect to file an application for a marketing license for new products to be marketed in target markets, so as to provide patients with more treatment options.

Our patient care team not only acted as an agent for the sale of products of Korean partners and German partners, but also worked with Korean partners to launch new products tailored to the needs of the Taiwan market. In addition, we also acted as an agent for the sale of Chi Mei Medical Center's lung cancer diagnosis and detection service. In addition, we have also had discussions with internationally renowned testing companies on possible collaborations on multiple products, and with other companies on collaborations on pharmaceutical equipment, in the hope to improve our product portfolio in the future, thereby improving the living qualities of patients suffering from a chronic disease.

TSH Biopharm was granted three awards in 2022 for its relentless endeavor to improve its corporate governance, brand image, and talent cultivation. The awards include:

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

TSH Biopharm emphasizes sustainable management, and continues to improve its corporate governance, branding, and talent development.
Recognized with three major awards in 2022!

Top 5% in the 8th Corporate Governance Evaluation
Only 36 out of 790 listed companies in Taiwan were ranked in the top 5%

2022 HR Asia – Best Companies to Work for in Asia
Won the award as a first-time participant; only 97 out of 330 companies in Taiwan received the award

The 1st TIRI Awards
Only 5 companies in Taiwan (TSMC, GUC, FDC International, **TSH Biopharm**, and E Ink) received the award

About TSH
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<https://www.tshbiopharm.com/>
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Hotline 02-2655-8525

❁ **Rated among the top 5% in the 8th Corporate Governance Evaluation for TPEX-listed companies**

Out of the 790 OTC-traded companies, only 36 were among the top 5%, of which only seven companies were biotech companies, including TSH, TTY, PAHSCO, MICROBIO, MedFirst, Oneness, and EIRGENIX.

❁ **2022 HR Asia – Best Companies to Work for in Asia**

TSH won the award upon the first time it participated in the competition. In all of Taiwan, 330 enterprises participated and only 97 passed, making for a pass rate of only about 30%.

❁ **The 1st TIRI Awards**

Awarded to only five companies in Taiwan: Listed companies: TSMC, GUC, FDC International
Companies listed in over-the-counter market: TSH Biopharma, E Ink

In 2022, we have laid a solid foundation for development and built team consensus. In 2023, we will continue to strive towards the goals of the 5-year plan, aiming to bring more benefits and corporate value to shareholders and employees.

1.2 Current Status of Products and Development of New Drugs



The Company's current products are mainly cardiovascular drugs, gastroenterology drugs, central nervous system drugs, immunosuppressive drugs, and precision medical testing. The main products and their important uses are as follows:

Chronic disease drug

Item	Important uses	Representative product
Cardiovascular drug	<p>Hypertension</p> <ul style="list-style-type: none"> 2012 - Won the Technology Commercialization Award at the Taipei Biotech Awards 2015 - Launched in Thailand 2022 - Obtained drug license in Myanmar 	<p>Amtrel</p>
Cardiovascular drug	<p>Arrhythmia</p> <ul style="list-style-type: none"> 2022 - Obtained drug license in Hong Kong 	<p>Rhynorm</p>
Cardiovascular drug	<p>To reduce blood lipids</p> <ul style="list-style-type: none"> Primary prevention of the seesaw effect 	<p>Linicor</p>
Cardiovascular drug	<p>To reduce blood lipids</p> <ul style="list-style-type: none"> Statin - new polypill 	<p>Cretrol</p>

Item	Important uses	Representative product
Cardiovascular drug	Angina pectoris  Included in the 2023 Taiwan Society of Cardiology's latest publication—Drug Usage Priority in the Chronic Coronary Syndrome Treatment Guideline.	Rancad 
Cardiovascular drug	Angina pectoris	Isormol 
Cardiovascular drug	Platelet aggregation inhibitor	Licodin 
Cardiovascular drug	Improvement in symptoms of peripheral arterial occlusive disease	Alprosm 
Gastroenterology medicines	Discomfort caused by abnormal peristaltic function of digestive organs	Mopride 
Central nervous system medicines	Epilepsy	Aleviatin 
Anti-inflammatory pain medication	Osteoarthritis	Lonine 
Anti-inflammatory pain medication	Rheumatoid arthritis	Lacoxa SR 

Precision medicine

Testing technology	Testing subject and target	Testing item Chinese/English name	
ddPCR	11 genes are analyzed to determine suitable medication for lung cancer patients.	Lung diagnostics (tissue)	Lung Cancer Panel
CtDNA (NGS sequencing)	For solid cancer patients, 118 genes are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	Precise cancer testing (blood)	Alpha-liquid 100
DNA (NGS sequencing)	For solid cancer patients, 118 genes are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	Precise cancer testing (tissue)	Alpha-solid 100
CtDNA (NGS sequencing)	For solid cancer patients, 118 genes are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	Precise cancer testing (body fluid)	Alpha-liquid 100
DNA methylation	Assessment of the risk of endometrial cancer by taking a sample from the cervix of patients with abnormal uterine bleeding, so as to provide basis for doctors to determine whether to conduct invasive examinations.	MPap® test	MPap
\DNA+RNA (NGS sequencing)	For solid cancer patients, 572 genes, 72 RNAs, and the MSI are analyzed to find the right target or immune drug, to seize the opportunity for early treatment and increase the choice of drugs for clinical trial.	Tissue testing	Lucence tissue test



For more information on products, please refer to TSH Biopharm's official website:
https://www.tshbiopharm.com/ec99/rwd1427/category.asp?category_id=13

Fair and Reasonable Pricing

SASB | HC-BP-240b.3

In order to improve patients' quality of life, we believe that fair and reasonable pricing to make drugs affordable is the only way to take care of every patient in need and to make the improvement of patients' quality of life possible. Therefore, with TSH Biopharm's pricing, the patients' rights and interests are the primary considerations. We take into account the cost of manufacturing the drug, as well as the affordability of medicines and the economic development in each country. We set fair and reasonable prices according to the three major points of accessibility, affordability and availability of the [Access to Medicine Index](#) and refer to the [WHO Guideline on Country Pharmaceutical Pricing Policies](#).

Product Development SASB | HC-BP-240a.1

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

❁ Medicines with High Economic Benefits

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

❁ Commitment to Development of New Drugs

The Company is committed to drug development, especially the drugs for cardiovascular and autoimmune diseases that have a high entry barrier and for which a patent may be filed.

❁ Global Marketing

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

❁ Product Portfolio Development

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

New Drug/New Product Development SASB | HC-BP-240a.1, HC-BP-000.B

Project Code	Indication	Estimated Time to Market in Taiwan	Type	Target Market
T20	Osteoporosis	2023.12	Biosimilar	Taiwan
L19	Constipation	2024.12	T-NCE	Taiwan/Southeast Asia
E22	Rare diseases	2025	T-NCE	Taiwan
A20	Dyspepsia	2026	T-NCE	Taiwan/Southeast Asia
I22	To reduce blood lipids	2027	T-NCE	Taiwan/Southeast Asia
Testing	Prostate cancer in people with suboptimal health	2024.H2	Testing	Taiwan

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

In order to ensure the quality of clinical trials involving human subjects, TSH Biopharm has established standard operating procedures as well as an audit and verification mechanism for each phase of clinical development. TSH Biopharm also complies with the Declaration of Helsinki and the ICH GCP Guideline, and executes each phase of clinical trials in accordance with the approved study protocols and the requirements of the relevant laws and regulations of the countries where the trials are conducted. During the process, physicians are scheduled to assess the health status of the subjects periodically and to monitor and report adverse events. In the event of an adverse event, appropriate treatment and handling procedures are in place. There is also a follow-up period after the clinical trial process to ensure the safety of the subjects.

2022 Achievements in the Import and Development of New Products and Active Global Expansion

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

❁ July 2022 | Exclusive distribution

Added a cancer gene detection service item to the business lines for which the Company is an exclusive agent for a Korean principal.

❁ August 2022 | Project development

Officially launched the project on developing the hypolipidemic drug IECA22, a Taiwan new chemical entity (TNCE).

❁ August 2022 | Overseas drug license acquisition

A marketing authorization was obtained for Amtrel[®], a drug that lowers blood pressure, in Myanmar as a new chemical entity.

❁ September 2022 | Distribution

Signed a contract with Chi Mei Medical Center to act as an agent for the sale of its lung cancer diagnosis and detection service products.

❁ October 2022 | Overseas drug license acquisition

A marketing authorization was obtained for Rhynorm[®], an antiarrhythmic agent, in Hong Kong.

❁ December 2022 | Project development

Officially launched projects to develop EDIA20, a drug for rare diseases.

❁ December 2022 | Licensing registration sent out

TRIAS (T20), a biosimilar, was undergoing Taiwan's Biologics License Application (BLA) process for registration purposes.

※The above is a summary of the new products that the Company introduced or developed in 2022.

Ownership and legal form

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

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

1.3 Operational Performance

Awards won and evaluation passed during the reporting period

TSH Biopharm was given three awards in 2022 for its relentless endeavor to enhance its corporate governance, branding, and talent cultivation. The awards include:

🌿 **Rated among the top 5% in the 8th Corporate Governance Evaluation for TPEX-listed companies**

Out of the 790 OTC-traded companies, only 36 were among the top 5%, of which only 7 companies were biotech companies, including TSH, TTY, PAHSCO, MICROBIO, MedFirst, Oneness, and EIRGENIX.

🌿 **2022 HR Asia – Best Companies to Work for in Asia**

TSH won the award upon the first time it participated in the competition. In all of Taiwan, 330 enterprises participated and only 97 passed, making for a pass rate of only about 30%.

🌿 **The 1st TIRI Awards**

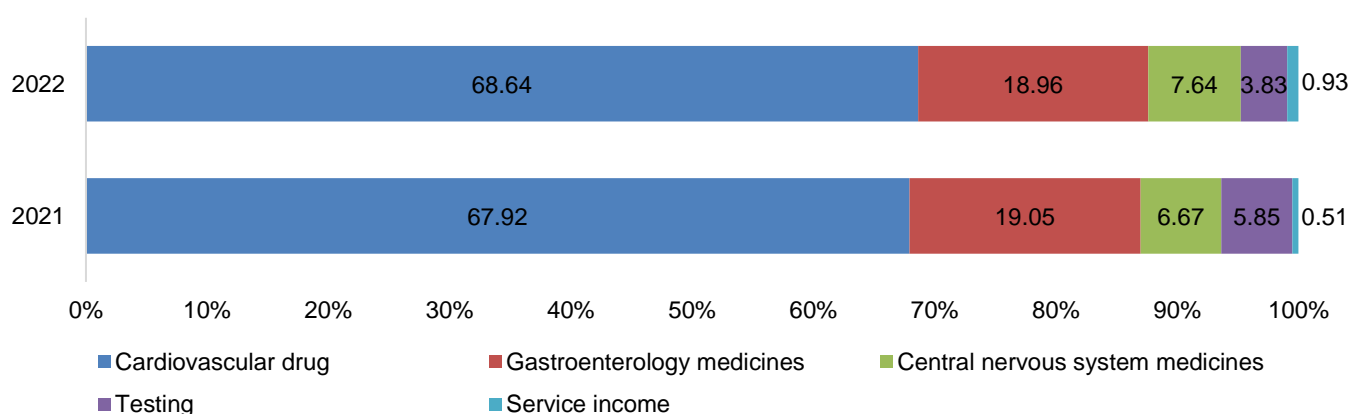
Awarded to only five companies in Taiwan: Listed companies: TSMC, GUC, FDC International
Companies listed in over-the-counter market: TSH Biopharm, E Ink

Financial Performance

The Company's net operating income in 2022 was NT\$464,378 thousand, which marks an increase of NT\$50,895 thousand (12.31%) from NT\$413,483 thousand in 2021. Net income after tax in 2022 was NT\$61,890 thousand, which is an increase of NT\$14,782 thousand (31.38%) from NT\$47,108 thousand in 2021. The main revenue came from the drugs for cardiovascular diseases and gastrointestinal diseases and the testing products of precision medicine. Both revenue and profits increased due to the growth in cardiovascular products and the products that patients pay their own expenses in 2022.

Item	2021	2022
Operating revenue	413,483	464,378
Gross profit	247,358	279,872
Operating cost	191,743	216,673
Operating profit	55,615	63,199
Net non-operating income and expenses	5,934	13,789
Net income before tax	61,549	76,988
Net income after tax	47,108	61,890
Basic earnings per share (EPS)	1.23	1.61

Revenue breakdown (%)



Item	Year	2021	2022
		Revenue breakdown (%)	Revenue breakdown (%)
Cardiovascular drug		67.92%	68.64%
Gastroenterology medicines		19.05%	18.96%
Central nervous system medicines		6.67%	7.64%
Testing		5.85%	3.83%
Service income		0.51%	0.93%
Total		100%	100%

Economic value distribution among stakeholders

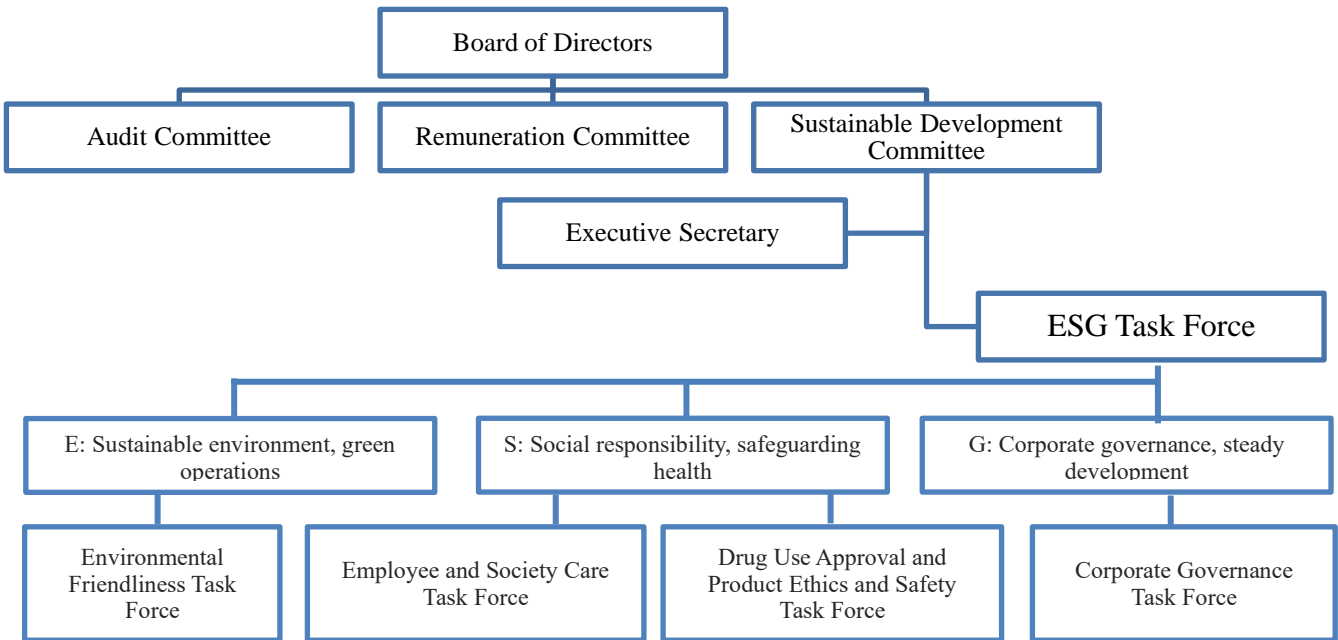
Unit: In NT\$1,000

Stakeholders	Description of economic value distribution	2021	2022
Shareholders	Cash dividends paid out in the year	57,597	61,437
Employees (excluding directors)	Salary, employee bonus, labor and health insurance expenses, pensions, and other employment expenses	98,191	106,993
Competent authorities	Income tax paid to the government of the Republic of China in the year	14,441	15,098
Licensing partners and drug joint development organizations	R&D expenses paid to licensing partners and drug joint development organizations	8,234	11,125

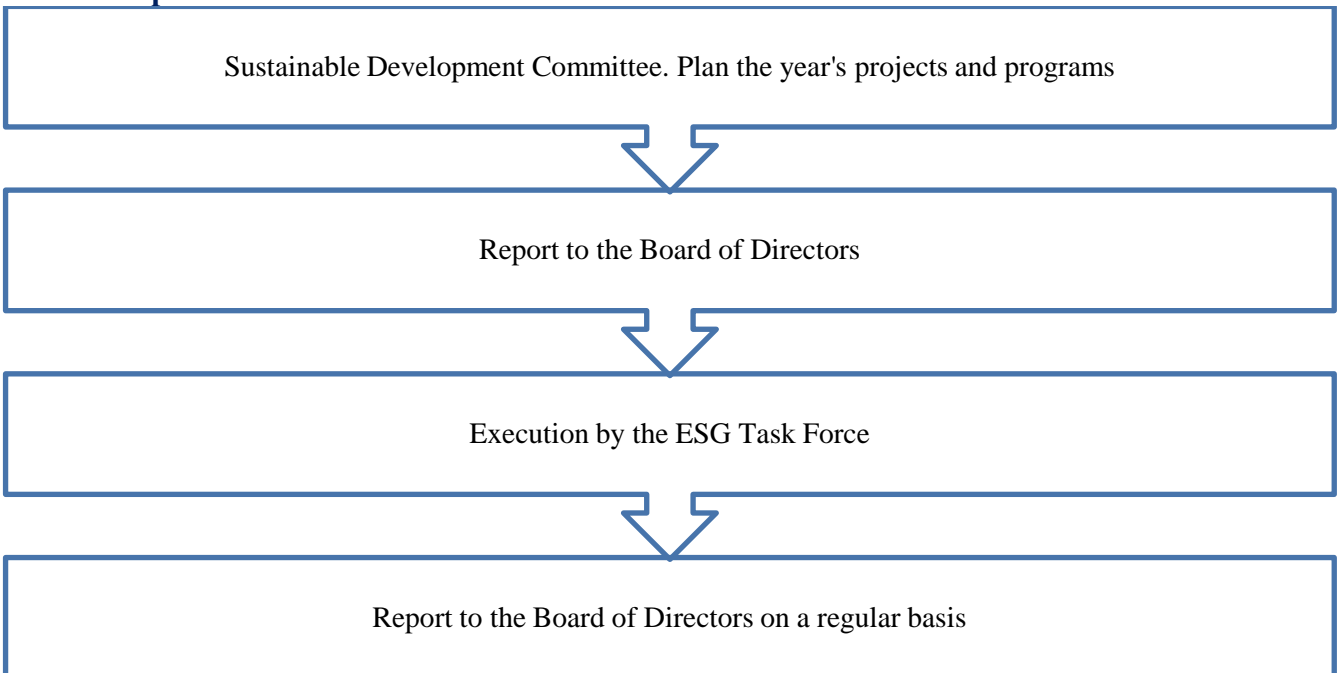
1.4 Sustainable Development Committee

To fulfill its corporate governance, TSH Biopharm set up its Sustainable Development Committee under the Board of Directors on August 4, 2022 and appointed the Head of Corporate Governance to be the committee's executive secretary. Then, an ESG Task Force was formed from operational units. The committee is responsible for planning and developing the Company's sustainability strategy, objectives and action plans, which are then implemented by the ESG Task Force in accordance with the sustainable development plan. The Sustainable Development Committee is responsible for reporting on the progress to the Board of Directors every quarter, and tracking and managing each sustainable development performance indicator simultaneously.

Focusing on UN SDGs No. 3 Good Health and Well-being and No. 17 Partnerships for the Goals, TSH Biopharm is committed to improving patients' quality of life and becoming one of best strategic partners in Asia for the development and marketing of innovative technologies from around the world.






Mode of Operation













Sustainable Development Strategy Blueprint Framework

Aspect	Issue	Approach
E: Sustainable environment Green Transformation The Company responds to climate and environmental issues, and actively engages in transformation from within and outside of the Company.	Climate Action [Energy Efficiency/Climate Change, Labor Health and Safety/Environmental Management]	We take measures to protect the environment in response to climate change and its impacts, including those in the area of labor safety, environmental management and product manufacturing processes, and actively respond to energy efficiency and climate change issues.
	Green Operations [Circular Economy, Green Operations/Sustainable Supply Chain]	Based on the concepts of environmental protection and the circular economy, we collaborate with our partners to create a green and sustainable supply chain with low energy consumption and low pollution, creating a circular economy from production to recycling and reuse of materials.
S: Social responsibility Safeguarding Health Using our professional knowledge, we enhance medical resources and patients' quality of life while contributing to society.	Innovation and R&D [Market/Customer Analyses, Innovation and R&D/Product Quality]	Through market and customer analyses and surveys, we innovate and develop high-quality products and services with high pharmaco-economic outcomes to meet unmet pharmaceutical needs, thereby improving the quality of life of patients.
	Health and Welfare [Labor Rights/Workplace Care, Social Contribution/Public Welfare Activities]	Labor rights and workplace care are important to us, as well giving back to society and participation in public welfare activities. We provide diversified and professional health education and promotion to enhance the health and well-being of communities.
G: Corporate Governance Stable Development Our company is based on ethical corporate management, and we take risk management seriously in order to create a happy workplace environment.	Ethical Management [Integrity and Ethics/Compliance with Laws and Regulations]	We work to become one of the best enterprises with an excellent brand reputation.
	Risk Management [Operational/Financial Risk Management and Performance, Stakeholder Communication]	We have built a low-risk, high-performance business model. At the same time, we stay on top of material topics and actively engage in risk management through stakeholder communication.
	Happy Workplace [People-oriented, Sustainability Talents]	We value the opinions of our employees, provide a diversified workplace environment, and cultivate our employees to become sustainability talents who are able to grasp international and industrial trends.

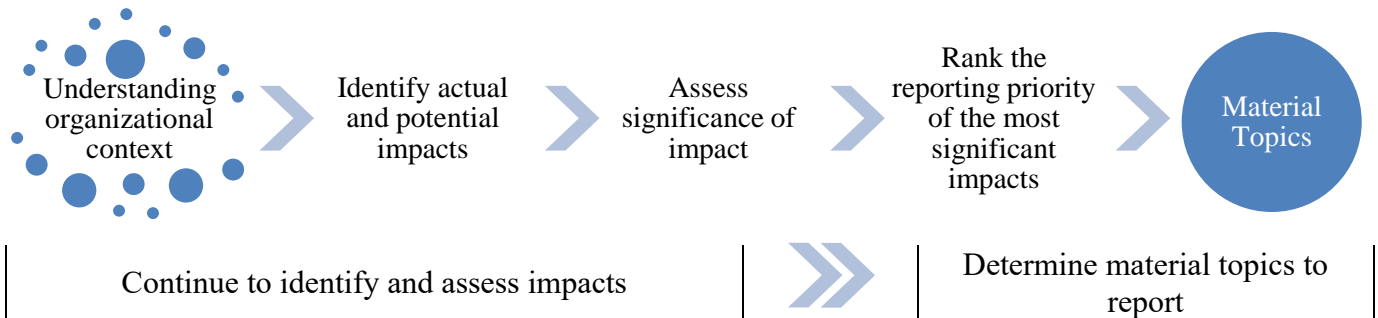
Structure of the Sustainable Development Strategy Blueprint in Correspondence with SDGs

Aspect	SDGs	Approach
E: Sustainable environment Green Transformation [Environmental Friendliness Task Force]		By selecting partners that minimize pollution of air, water, soil, chemicals, etc., the Company ensures the health and safety of TSH employees and the residents living near partner factories.
		We view the life cycle of our products, focus on management of waste, and promote a circular economy to minimize environmental pollution and avoid harming the human body and the environment.
		We have implemented a number of actions for climate action and the protection of marine and terrestrial ecosystems, and gradually introduced the TCFD recommendations as a framework for disclosure of climate change risks and opportunities in order to make climate action a reality.

Aspect	SDGs	Approach
<p>S: Social responsibility Safeguarding Health</p> <p>[Employee and Social Care Task Force] [Drug Use Approval and Product Ethics and Safety Task Force]</p>		<p>We created a combination of products that center on the patient to enhance patients' quality of life. Information on diseases and treatments are provided to further the public's medical knowledge.</p>
		<p>Regular reports disclose the percentage of women on the Board of Directors and the roles of women at the management level. The career development of female managers is supported to promote a gender-balanced and inclusive workplace.</p>
		<p>We provide good remuneration and benefit packages, and ensure that employees have appropriate career development plans through comprehensive education and training as well as regular performance appraisals to promote employment and overall economic growth.</p>
		<p>We help to improve the health of patients around the world by providing differentiated and high-quality medicines and products through the development of special dosage forms and innovative product portfolios.</p>
		<p>We work to enhance and promote the social, economic and political inclusion of all people, regardless of their age, gender, economic status, whether they have physical or mental disabilities, or other qualities.</p>
		<p>We comply with WHO and the pharmaceutical marketing ethics of countries we conduct business in to ensure that interactions between employees and healthcare professionals comply with reasonable norms as well as relevant drug and healthcare regulations. Supplier management guidelines have been standardized to ensure stable procurement and supply with supplier partners.</p>
		<p>We establish diverse partnerships, including those with academia, strategic alliance, and companies with whom we share intellectual property, in order to achieve the United Nations' Sustainable Development Goals.</p>
<p>G: Corporate Governance Stable Development</p> <p>[Corporate Governance Task Force]</p>		<p>The Company's double-engine business development strategy facilitates its international drug development and marketing, and complies with the governance of drug administration, providing patients with reasonable, affordable, correct and easy access to drugs that they need.</p>
		<p>We formulated our basic principles and our spirit of human rights protection based on the United Nations Global Compact and the Universal Declaration of Human Rights. The Company adheres to the principle of ethical corporate management. We have adopted a zero-tolerance approach to bribery or any form of corruption, and formulated a course of action for anti-bribery and anti-corruption.</p>
		<p>Through strategic partnerships with governments, non-governmental organizations and other corporations, we are able to accelerate and develop innovative product portfolios that enhance the quality of life for patients worldwide.</p>

TSH Biopharm refers to the GRI Standards and the AA 1000 Assurance Standard to identify material issues based on the four principles of inclusivity, materiality, responsiveness and impact, and further evaluates the significance of the impact of material topics on the economy, environment, and human rights according to GRI Standards 2021, which is used as the basis for the planning of the Company’s sustainable development strategy and the disclosure of the information in this report.

Significance Evaluation Process



1. Identify stakeholders: 7 categories of stakeholders

Using the five principles of dependency, responsibility, tension/concern, influence and diverse perspectives of AA1000SES-2015, we identified the stakeholders we wished to communicate with through the 2022 Sustainability Report, and determined them to be: shareholders/investors with which the Company mostly interacts, employees, customers (patients, healthcare workers), communities (neighboring communities, public welfare and environmental protection partners), media outlets, suppliers/strategic partners, and governmental agencies.

2. Collection of sustainability issues: 33 sustainability issues

By referring to international sustainability norms and standards (GRI Standards, SASB, SDGs, ISO26000, TCFD), cases studies of peers in the industry and stakeholder communication processes, the task force compiled and listed 33 sustainability issues.

3. Analysis of impact to stakeholders, evaluation of severity: 169 questionnaires collected

We communicate with stakeholders through various channels such as online questionnaires and social network monitoring systems to understand the level of stakeholder concern for each sustainability issue as well as the stakeholders’ opinion of the issue and their impact on decision-making.

4. Analyze, rank, and confirm material topics: 11 material topics

Questionnaires were sent to senior executives, the Sustainable Development Committee and the ESG Task Force, and TSH Biopharm's impacts of significance on economic, environmental and social issues were analyzed with internal input. Based on the recommendations of the management team, 11 mediums to high priority sustainability issues were selected as the material issues for the year, the materiality matrix was mapped, and reports were made to the Sustainable Development Committee and the Board of Directors.

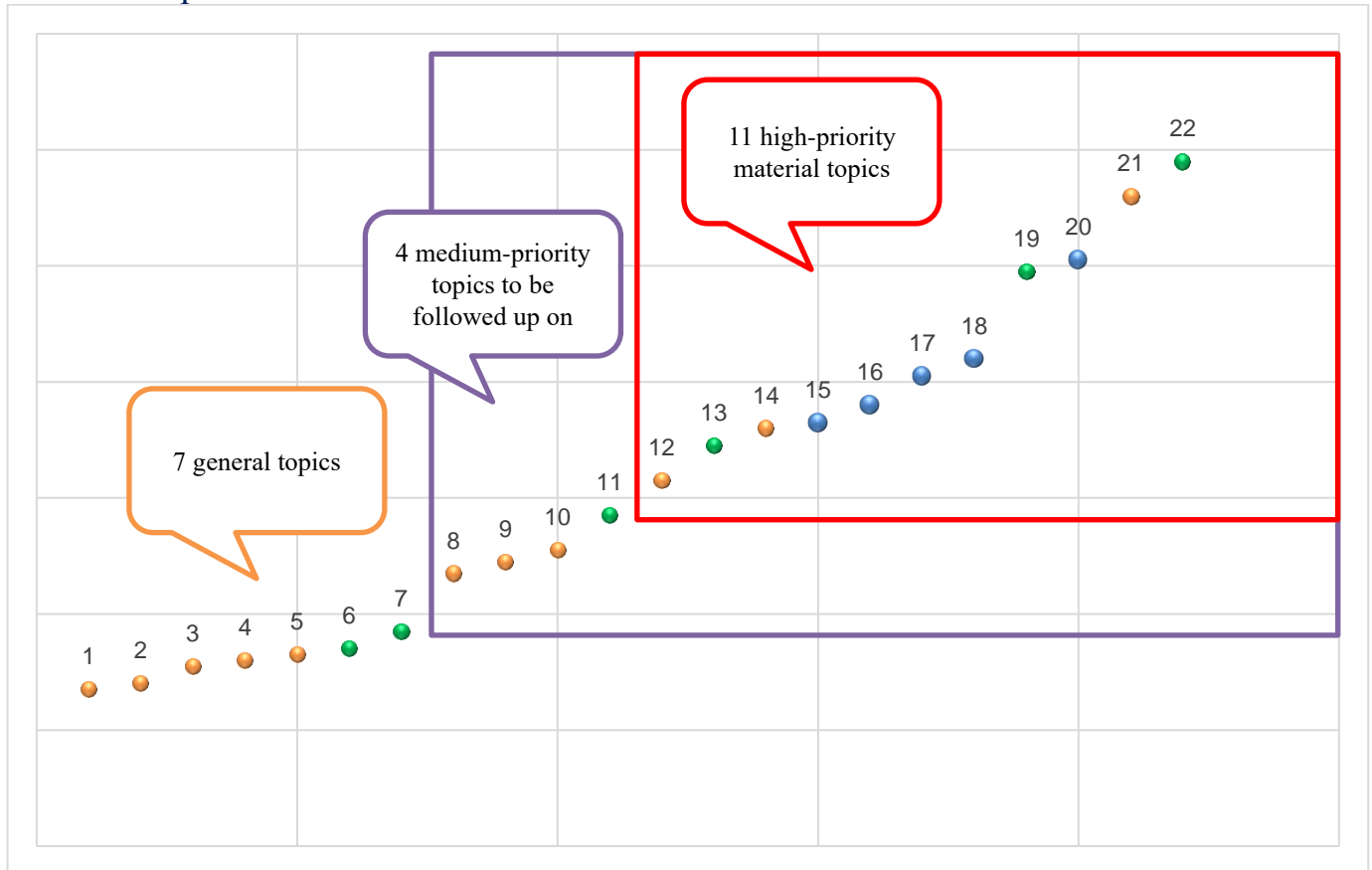
5. Assess significance of impact

Steps 1 to 4 were implemented and completed in 2022. The ESG Task Force used the Impact Assessment Questionnaire to further assess the severity and likelihood of impacts on the economic, environmental and human rights aspects of operations related to each of the 11 material issues, as well as to understand the impact boundaries of the material issues along the value chain and their extent of involvement. After that step, TSH Biopharm confirmed that 11 material topics had significant impacts.

6. Rank the reporting priority of the most significant impacts

The ESG Task Force ranked the material issues by severity of impact and disclosed them in accordance with the reporting requirements and management approach in the GRI Standards. The ESG Task Force also selected the corresponding SDGs, and proposed corresponding management measures.

Material Topic Matrix



● Governance ● Social ● Environmental

- | | | |
|--|---|--|
| 1 Supply chain management | 9 Digitalization and information security | 17 Greenhouse gas emissions |
| 2 Intellectual property management | 10 Compliance and ethical management | 18 Waste management |
| 3 Partnerships and strategy deployment | 11 Occupational health and safety | 19 Access to medicines |
| 4 Marketing and labeling for medicines | 12 Risk and crisis management | 20 Water resources management |
| 5 Corporate governance | 13 Happy and diversified workplace | 21 Quality and safety management of medicines |
| 6 Talent cultivation | 14 New drug R&D and innovation | 22 Doctor-patient relationship and social engagement |
| 7 Human rights | 15 Climate governance | |
| 8 Economic Performance | 16 Toxic chemical substance management | |

The Material Topic Matrix is a presentation of high-level, medium-level, and general sustainability issues after a cross analysis of “the level of impact of the sustainability topic” and “the level of stakeholder concern”. This report responds to the 11 high-level material issues, and continues to track and manage the remaining issues.

Material topic, impacts, and boundaries

Environmental

■ Direct impacts ● Enabling impacts ▲ Commercial impacts

Material Topics	Significance to TSH	Stakeholders						
		Government agencies	Investors	Employees	Customers	Communities	Media outlets	Suppliers
<p>Climate governance Greenhouse gas emissions -5. Environmental Protection</p>	<p>Climate change mitigation and greenhouse gas emissions are both closely related to energy management. While the Company is focusing on greenhouse gas emissions, energy conservation and carbon reduction, it also cares greatly about climate management, and has made it a key part of TSH's green operations. In addition to reducing the overall energy load by lowering the amount of energy used in daily operations, we also conduct greenhouse gas inventories in order to set specific and achievable carbon reduction targets. At the same time, we emphasize environmental friendliness, enhance operational competitiveness, reduce energy costs, and avoid irreversible impact on the health and well-being of people and the planet.</p>	■					●	▲
<p>Toxic chemical substance management Waste management Water resources management -5. Environmental Protection</p>	<p>In order to effectively control the cost, product quality and production time of each product, TSH has gradually shifted the production mode of each product from an approach based on stocking commodities to one where materials are supplied to customers. The Company procures APIs for processing and production by various outsourced factories, so it does not have any factory of its own, but the manufacturing partners all comply with norms, and it has been regularly tracking and auditing the status of the processing plants.</p>	■	▲		▲		●	■

Material topic, impacts, and boundaries

Social

■ Direct impacts ● Enabling impacts ▲ Commercial impacts

Material Topics	Significance to TSH	Stakeholders						
		Government agencies	Investors	Employees	Customers	Communities	Media outlets	Suppliers
Occupational health and safety - 4.3 Safe and healthy work environment	In accordance with the law, TSH has established occupational health and safety personnel, who engage in their duties after they are verified by the competent authorities, and are responsible for overseeing and advising on occupational health and safety related planning as well as health and safety education and training, health checkups, insuring all employees, and regularly reporting on the inspection of public safety equipment in buildings and fire fighting facilities.	●	▲	■			●	▲
Happy and diversified workplace - 4. Happy Workplace	TSH attaches great importance to the physical and mental health and balance of its employees, and at the same time invests in the cultivation of human resources. TSH provides a good working environment as well as an attendance and leave system and conducts regular assessments that provide appropriate promotion opportunities and salary adjustments. The Company won the HR Asia's Best Companies to Work for in Asia Award upon the first time it participated in the competition in 2022.	●	▲	■			●	
Drug access - 1.2 Current Status of Products and Development of New Drugs	In order to improve patients' quality of life, TSH believes that fair and reasonable pricing to make drugs affordable is the only way to take care of every patient in need and to make the improvement of patients' quality of life possible. Therefore, with TSH Biopharm's pricing, the patients' rights and interests are the primary considerations. We take into account the cost of manufacturing the drug, as well as the affordability of medicines and the economic development in each country to set fair and reasonable prices.	■	▲		■	■		▲
Doctor-patient relationship and social engagement - 6. Social Responsibility	TSH is committed to improving patients' quality of life while providing transparency, so that all patients using TSH Biopharm products can clearly understand the effects and results of the medication, and that the Company can continuously track and care for the patients' health throughout the entire course of treatment. By promoting local healthcare and community engagement, TSH is able to influence the healthcare system and society as a whole to give back to society in a positive way.	●	■	■			●	▲

Material topic, impacts, and boundaries

Governance

■ Direct impacts ● Enabling impacts ▲ Commercial impacts

Material Topics	Significance to TSH	Stakeholders						
		Government agencies	Investors	Employees	Customers	Communities	Media outlets	Suppliers
Risk and Crisis Management–3.2 Risk Assessment and Management Policy	TSH formulated its “Risk Management Policy and Procedures” and set up risk management organizations, defined possible risks inherent to operations and formulated countermeasures, and established a management mechanism for the identification, measurement, monitoring, response and reporting of risks, so as to prevent possible loss; protect the rights and interests of employees , shareholders and partners; and circumvent the risks or reduce the risks to an acceptable level, thereby ensuring the sustainable development of the Company.	■	▲	■	●	●	●	▲
New drug R&D and innovation	We remain patient-oriented and adopt a double-engine system propelling on three tracks; we will also focus on “traditional pharmaceuticals manufacture” and “innovative medicine” to provide a product portfolio to satisfy patients’ unmet medical needs; engage in new ingredients, special dosage forms, chronic disease treatment, genetic testing, cancer testing; co-develop innovative medical treatment methods; and become one of the best partners in Asia for international innovative biotechnology companies in developing and marketing new drugs, striving to provide humanity with healthcare services before, during, and after medical treatment.	▲	●	●	■		●	▲
Pharmaceutical Quality and Safety Management–3.3 Product and Supplier Management	Pharmaceutical manufacturing is an industry with high technical barriers, high added value, low pollution, low energy consumption, long development periods, and long-life cycles. Its products are mainly applied to the treatment of human diseases and are closely related to life and health, so special attention is paid to its safety and effectiveness. Therefore, the launch of drugs is regulated by strict laws and controls of the competent authorities in various countries. Our products are made by high-quality PIC/S GMP-certified pharmaceutical manufacturers to assure clients of our products’ quality.	●	●	■	■		●	▲

2. Corporate Governance

- 2.1 Corporate Governance Organizational Structure
- 2.2 Diversity and Independence of the Board of Directors
- 2.3 Organization and Operations of the Audit Committee
- 2.4 Organization and Operations of the Remuneration Committee
- 2.5 Corporate Governance Achievements

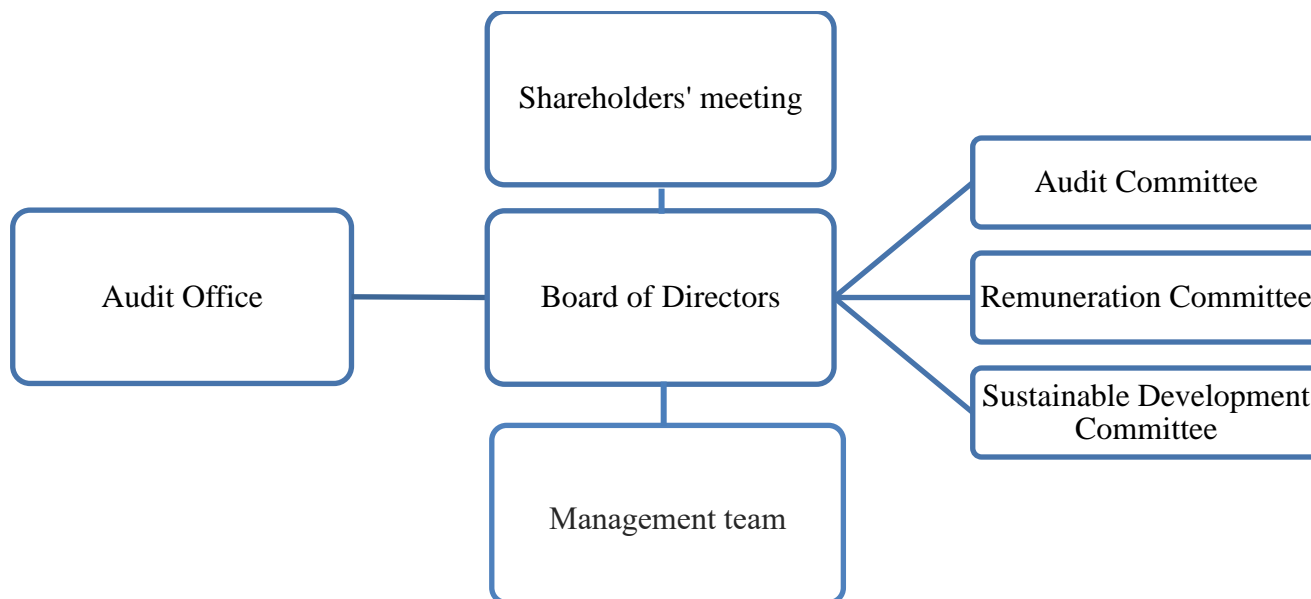


2. Corporate Governance GRI | 2-9, 2-11, 2-12, 2-13, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-21, 2-28, 3-3, 405-1

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

2.1 Corporate Governance Organizational Structure

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



2.2 Diversity and Independence of the Board of Directors

Diversity of the Board of Directors

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

The fifth Board of Directors has seven directors whose age averages 64.85; of the directors, one director is aged 36–40; one director is aged 56–60; two directors are aged 61–65; one director is aged 71–75; and two directors are aged 76–80. There is no director who is an employee of the Company in the current term of the Board of Directors; there are two female directors, accounting for 28.57% of the total number of directors, reaching our target ratio of 28%. The Board of Directors is formed by experts in the fields of finance, accounting and securities, and from the industry, academic entities, and medical units in alignment with the board diversity policy under the Company's "Corporate Governance Best Practice Principles", which asks board members to have the knowledge, skills and qualities required to develop the Company's business and perform their duties.

Independence of the Board of Directors

The Company has three independent directors, who constitute 42.85% of the Board of Directors seats, higher than the one third threshold required by law. Two of the independent directors have been in office for two terms. None of the three independent directors has been in office for three consecutive terms or more. None of the Company's directors and independent directors is a spouse or a relative within the second degree of kinship of one another. Therefore, the Company deems its Board of Directors independent.

Current Directors

Directors possessing the abilities required for the Company’s current phase of development are selected based on the Company’s business models and business strategy. Directors so selected include Chairman Chuan Lin, who has an abundant amount of experience in working in the industry, academia and government agencies as well as in interacting with international communities; Independent Director Chih-Li Wang, who is a practicing CPA in Taiwan; Director Chao-I Chiang, who is qualified as a US CPA; Director Kang-Chi Chou, who is experienced in business administration; Independent Director Rwei-Syun Chen, who is experienced in business administration and development in international financial institutions and the biotech industry; Director Carl Hsiao, who has a background in pharmacy in the US and rich experience in distribution networks in the US market; and Independent Director Yaw-Bin Huang, who has a background in and abundant knowledge of pharmacy.

The Company attaches great importance to the diversity among board members. For instance, the set goals for the composition of directors with a background in the biotech or medical industry and directors who are CPAs are 29% and 14%, respectively; currently, the actual percentage has reached 57% and 28.57%, respectively.

Core items for diversity	Nationality	Gender	Term and seniority of independent directors	Concurrently serving as an employee of the Company	Business administration	Leadership and decision-making	Industry knowledge	Financial accounting	Financial law
Chairman Chuan Lin	Republic of China	Male	-	None	V	V	V	V	V
Director Carl Hsiao	USA	Male	-	None	V		V		
Director Chao-I Chiang	Republic of China	Male	-	None				V	V
Director Kang-Chi Chou	Republic of China	Male	-	None	V	V			
Independent Director Chih-Li Wang	Republic of China	Male	6 years	None				V	V
Independent Director Rwei-Syun Chen	Republic of China	Female	5 years	None	V	V	V		V
Independent Director Yi-Ming Wang (resigned on April 15, 2022)	Republic of China	Male	5 years	None	V			V	V
Independent Director Yaw-Bin Huang (took office on May 25, 2022)	Republic of China	Female	1 year	None		V	V		

- The average age of the current term of directors is 64.85 years old. In respect of age distribution, one director is 36–40 years old, one director is 56–60 years old, two directors are 61–65 years old, one director is 71–75 years old, and two directors are 76–80 years old. The percentage of directors who are also the Company’s employees is 0%.
- The percentage of female directors is 28.57%, reaching the Company’s target ratio of 28%. The current percentage of independent directors is 42.85%; none of the independent directors has served for more than three consecutive terms.
- The Company attaches great importance to the diversity among board members. For instance, the set goals for the composition of directors with a background in the biotech or medical industry and directors who are CPAs are 29% and 14%, respectively; currently, the actual percentage has reached 57% and 28.57%, respectively.

Operations of board meetings

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

- ✓ We held a total of seven board meetings in 2022, and the average attendance rate of all directors was 100%.
- ✓ The independent directors’ attendance at each board meeting in 2022 is as follows:

◎: Attendance in person ☆: Attendance by proxy *: Absent

Independent Director	03.04	04.14	05.05	05.25	08.04	11.03	12.22
Chih-Li Wang	◎	◎	◎	◎	◎	◎	◎
Rwei-Syun Chen	◎	◎	◎	◎	◎	◎	◎
Yi-Ming Wang (predecessor)	◎	◎	-	-	-	-	-
Yaw-Bin Huang (successor)	-	-	-	◎	◎	◎	◎

- ✓ For the resolutions adopted by the Board of Directors in 2022 as per matters listed in Article 14-3 of the Securities and Exchange Act, no independent directors expressed objections or reservations.

Board members' recusal due to conflicts of interest

Directors are highly self-disciplined. When they have a conflict of interest with a motion on the board meeting agenda, they take the initiative to explain the important content of their own interest, recuse themselves from discussion and voting, and do not exercise voting rights on behalf of other directors, and their recusal due to conflicts of interest is recorded in the meeting minutes. The directors' recusal due to conflicts of interest in 2022 is as follows:

Date	Name	Motion content	Reason for recusal	Participation in voting
04.14	Chuan Lin, Carl Hsiao, Chao-I Chiang, Kang-Chi Chou	2021 motion for the list of directors to receive remuneration.	The Company's directors were the parties involved.	With the directors' personal interests involved, they were recused from voting.
12.22	Chuan Lin, Carl Hsiao, Chao-I Chiang, Kang-Chi Chou	Proposal to sign a lease agreement for the period between 2023 and 2024 with TTY Biopharm Company Limited.	The Company's directors are the representatives of affiliates.	The Company's directors were recused from voting due to a conflict of interest.
12.22	Chuan Lin, Carl Hsiao, Chao-I Chiang, Kang-Chi Chou	Proposal to sign an information service contract for the period between 2023 and 2024 with TTY Biopharm Company Limited.	The Company's directors are the representatives of affiliates.	The Company's directors were recused from voting due to a conflict of interest.
12.22	Chuan Lin, Carl Hsiao, Chao-I Chiang, Kang-Chi Chou	Proposal to sign a legal affair outsourcing service contract for the period between 2023 and 2024 with TTY Biopharm Company Limited.	The Company's directors are the representatives of affiliates.	The Company's directors were recused from voting due to a conflict of interest.

Compliance with the Codes of Ethical Conduct

To allow our directors' and managers' behavior to be in compliance with the ethical standards and to enable the Company's stakeholders to better understand the Company's ethical standards, we have formulated applicable standards in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" to require directors and managers to prevent conflicts of interest, avoid opportunities for personal gain, fulfill confidentiality obligations, carry out fair trade, protect and properly use company assets, and comply with laws and regulations, thereby enhancing the supervisory function of the Board of Directors, improving corporate governance, and, in turn, achieving sustainable development.

Board performance evaluation

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

[Regular internal evaluation every year]

- As per the evaluation results by the unit in charge of meeting affairs in 2022, the score was 97.37 points (out of 100 points), and the evaluation results were reported at the board meeting on February 24, 2023.
- To correct the deficiencies indicated in the evaluation results of 2022, the Company plans to maintain the rate of directors' attending the Board of Directors meetings, and to provide relevant materials and description of continuing education courses and have directors take such courses after the general election of directors in 2023, so that the newly elected directors can have a good understanding of the industry to which the Company belongs, as well as the Company's business strategy, internal regulations, and systems.

[External evaluation once every three years]

In June 2022, we appointed the Taiwan Corporate Governance Association to conduct an evaluation of the effectiveness of our Board of Directors, obtained an evaluation report in November of the same year, and reported the evaluation results and an improvement plan at the board meeting on December 22, 2022.

Taiwan Corporate Governance Association's suggestions	The Company's improvement plan
TCGA recommended that the questionnaire on evaluating the performance of the Board of Directors and other functional committees be summarized and executed by directors/committee members themselves, as opposed to being filled out by the meeting unit.	The Company intends to amend the "Board of Directors Performance Evaluation Guidelines" and "Rules for Performance Evaluation of Functional Committees" in 2023 to have the evaluation of the performance of the Board of Directors and other functional committees carried out by the directors/committee members themselves instead of by the meeting unit.
It was recommended that the Company establish a mechanism for the Audit Committee to participate in the performance evaluation of the head of the audit office to further strengthen the independence of internal audit and the Audit Committee's function of supervising the internal audit.	The annual evaluation of the performance of the head of the audit office, aside from being carried out by the Chairman as scheduled, will also see the participation of the Audit Committee starting from 2023, so the Audit Committee knows the results and performance of the head of the audit office's work, and give opinions and instructions.
It is recommended to upgrade the level of the convener of the risk management organization to the level of General Manager or director to ensure the reliability and validity of the risk management-related mechanisms; such a level should also be continuously reviewed and revised.	The Company intends to adjust its overall risk management structure in 2023. After the adjustment, supervision will be carried out by the Board of Directors along with the Audit Committee, and the convener will be changed from the Chief Corporate Governance Officer to the General Manager. In addition, the Company will also revise the "Risk Management Policy and Procedures".
It is recommended that the Company improve the Sustainability Report and have it attested by an independent third party, so as to enhance the disclosure and fairness of information on corporate governance and implementation of corporate social responsibility, and to enable stakeholders to quickly and comprehensively understand relevant information, thereby improving the transparency of the Company's information.	In 2023, the Company will consult experts in ESG promotion, improve the ESG report, and set the schedule for having the report certified by an independent third party.

Continuing education and liability insurance

🌸 Continuing education

To enable directors to continuously increase their knowledge and implement the corporate governance system, the Company takes the initiative to provide them with information on professional courses. We arrange for courses and invite directors to participate as per the number of hours and scope specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". In 2022, all directors received a total of 59 hours of training.

🌸 Liability Insurance

The Company has purchased liability insurance for the directors. The purchase of the liability insurance for the years 2022 and 2023 was completed, and a report was made at the Board of Directors meeting in the first quarter of the year. The 2022 liability insurance purchased was reported to the Board of Directors on March 4, 2022. The amount and scope of the liability insurance purchased in 2023 has been reported to the Board of Directors on February 24, 2023. The amount insured for directors and supervisors is US\$3 million.

2.3 Organization and Operations of the Audit Committee

Organization of the Audit Committee

The committee is formed by all the Company's independent directors to assist the Board of Directors in performing its supervisory duties. The committee's charter has been approved by the Board of Directors, and its resolutions are all reported to the Board of Directors.

The current term (2nd term) of the Audit Committee is from May 29, 2020 to May 28, 2023. Chih-Li Wang, Rwei-Syun Chen, Yi-Ming Wang (resigned on April 15, 2022), and Yaw-Bin Huang (took office on May 25, 2022) serve as members of the Audit Committee.

Operations of the Audit Committee

The Audit Committee should convene at least a meeting per quarter and may convene a meeting at any time as needed. The current convener of the Audit Committee is Chih-Li Wang. A total of five Audit Committee meetings have been held in 2022, and the unit in charge of meeting affairs provided sufficient resources for members to perform their duties. During the Audit Committee's resolution in 2022, there were no members recused from proposals due to conflicts of interest.

Audit Committee members and their attendance are as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Convener	Chih-Li Wang	5	0	100
Committee Member	Rwei-Syun Chen	5	0	100
Committee member (former) Resigned on April 15, 2022	Yi-Ming Wang	2	0	100
Committee member (newly appointed) Took office on May 25, 2022	Yaw-Bin Huang	3	0	100

The resolutions adopted by the Audit Committee on matters under Article 14-5 of the Securities and Exchange Act and other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors in 2022:

Audit Committee	Proposal Content and Follow-up Implementation	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolution not approved by the Audit Committee but approved by more than two-third of the directors
2nd term 9th meeting 03.04	<ol style="list-style-type: none"> Proposal on the Company's 2021 Business Report and financial statements. The Company's 2021 statement on its internal control system. Proposal to revise the Company's "Procedures for the Acquisition or Disposal of Assets." <p>Audit Committee opinion: None. Measures taken by the Company based on the opinions of the audit committee: N/A. Resolution: Unanimously approved by all Audit Committee members attending the board meeting.</p>	V	-
2nd term 10th meeting 05.05	<p>Proposal on the Company's financial statements for 2022 Q1.</p> <p>Audit Committee opinion: None. Measures taken by the Company based on the opinions of the audit committee: N/A. Resolution: Unanimously approved by all Audit Committee members attending the board meeting.</p>	V	-

Audit Committee	Proposal Content and Follow-up Implementation	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolution not approved by the Audit Committee but approved by more than two-third of the directors
2nd term 11th meeting 08.04	Proposal on the Company's financial statements for 2022 Q2. Audit Committee opinion: None. Measures taken by the Company based on the opinions of the audit committee: N/A. Resolution: Unanimously approved by all Audit Committee members attending the board meeting.	V	-
2nd term 12th meeting 11.03	1. Proposal on the Company's financial statements for 2022 Q3. 2. Proposal on the Company's 2023 audit plan. 3. Proposal on the amendment to the Company's "Internal Control System" and "Internal Audit System". Audit Committee opinion: None. Measures taken by the Company based on the opinions of the audit committee: N/A. Resolution: Unanimously approved by all Audit Committee members attending the board meeting.	V	-
2nd term 13th meeting 12.22	1. 2023 proposal to appoint KPMG Taiwan as the Company's accounting firm and for audit fees for various auditing services. 2. Proposal to formulate the general principles for the Company's pre-approval of non-assurance service policy. 3. Proposal to sign a lease agreement of the period between 2023 and 2024 with TTY Biopharm Company Limited. 4. Proposal to sign an information service contract of the period between 2023 and 2024 with TTY Biopharm Company Limited. 5. Proposal to sign a legal affairs outsourcing service contract of the period between 2023 and 2024 with TTY Biopharm Company Limited. Audit Committee opinion: None. Measures taken by the Company based on the opinions of the audit committee: N/A. Resolution: Unanimously approved by all Audit Committee members attending the board meeting.	V	-

2.4 Organization and Operations of the Remuneration Committee

Organization of the Remuneration Committee

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

The fourth term (current) Remuneration Committee is composed of Independent Directors Rwei-Syun Chen, Chih-Li Wang and Yaw-Bin Huang, whose term of office began on May 29, 2020 and lasted until May 28, 2023 (same as the term of office of the Board of Directors).

Operations of the Remuneration Committee

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

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

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

Title	Name	Attendance in person	Attendance by proxy	Attendance rate (%)
Convener (former) Resigned on April 15, 2022	Yi-Ming Wang	2	0	100%
Convener (newly appointed)	Rwei-Syun Chen	4	0	100%
Committee Member	Chih-Li Wang	4	0	100%
Committee Member Took office on May 25, 2022	Yaw-Bin Huang	1	0	100%

The Board of Directors' amendment to the resolution by the Remuneration Committee

Remuneration Committee	Proposal Content and Follow-up Implementation	Resolution result	Company's handling of the remuneration committee's opinions
4th term 4th meeting 03.04	<ol style="list-style-type: none"> 1. The Company's 2021 employee and directors' remuneration distribution proposal. 2. Proposal on the Company's Special Bonus Distribution Proposal for 2021. 3. Proposal for 2022 bonus for the head of the Sales Division. 4. Proposal for 2022 bonus for the head of the Business Development Division. 5. Managers' annual pay raise proposal. 	Approved by all committee members present.	Above proposals were submitted to the Board of Directors and approved by all directors present.
4th term 5th meeting 04.14	Proposal on the list of directors to receive remuneration in 2021.	Approved by all committee members present.	Above proposals were submitted to the Board of Directors and approved by all directors present.
4th term 6th meeting 05.05	Proposal on the nomination for the Chief Governance Officer.	Approved by all committee members present.	Above proposals were submitted to the Board of Directors and approved by all directors present.
4th term 7th meeting 11.03	Proposal on revision of the Company's "Regulations for Determining the Salary of Managers," and on its attachments.	Approved by all committee members present.	Above proposals were submitted to the Board of Directors and approved by all directors present.

Remuneration policies

Directors' remuneration policy

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

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

Managers' and employees' remuneration policy

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

The Company has a competitive and fair salary and remuneration policy, which includes a base salary (guaranteed 15 months of salary per year for non-sales employees), bonuses for the three major Chinese holidays, departmental performance bonuses, and a performance evaluation system in accordance with the "Regulations on Performance Management and Standards for Payout of Performance Bonuses". The calculation and payment of annual performance bonuses to employees are based on the KPIs (key performance indicators) set by the Company, PIs (departmental performance indicators) set by each department based on the KPIs and the PDPs (performance development plans) set by individuals based on the PIs, and then assessed according to the Company's total revenue and net income before tax that year. Such a system sets out a specified basis for rewards and discipline based on personal, departmental, and corporate annual operating performances and social ethics and responsibilities.

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

Disclosure of Remuneration Received by Management Team

Title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee remuneration (D) (Note 4)			
		Company	All consolidated entities (Note 5)	Company	All consolidated entities (Note 5)	Company	All consolidated entities (Note 5)	Company		All consolidated entities (Note 5)	
								Amount of cash	Amount of stock	Amount of cash	Amount of stock
General Manager	Sze-Yuan Yang	3,196	3,196	108	108	2,105	2,105	730	0	730	0
Vice President (Note)	Hsin-Yang Liu	810	810	36	36	240	240	-	-	-	-

Note: There are only two persons holding the position of General Manager, Vice President, or an equivalent position in the Company. Hsin-Yang Liu, Vice President of the General Administrative Division, resigned on April 30, 2022. Therefore, the individual salary of everyone on the management has been fully disclosed.

2.5 Corporate Governance Achievements

Corporate governance achievements in the past years

2022: The 1st TIRI Awards.

2022: HR Asia – Best Companies to Work for in Asia.

2022: The Company was ranked among the top 5% of companies listed on Taipei Exchange in the 8th Corporate Governance Evaluation.

2022: Commissioned the Taiwan Corporate Governance Association to conduct an evaluation of the performance of the Board of Directors.

2021: Sze-Yuan Yang, the General Manager of TSH, won the Top Ten Managers of the Year at the 2021 Golden Torch Awards for the Top Ten Enterprises of the Year.

2021: The liquid biopsy product won the Top Ten Products of the Year at the 2021 Golden Torch Awards for the Top Ten Enterprises of the Year.

2021: The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 7th Corporate Governance Evaluation.

2020: The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 6th Corporate Governance Evaluation.

2019: Won the 16th National Innovation Award of Taiwan Government - Enterprise Innovation Group in the Biotechnology Pharmaceutical and the Precision Medicine categories.

2019: Commissioned the Taiwan Corporate Governance Association to conduct an evaluation of the effectiveness (including performance) of the Board of Directors.

2019: The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 5th Corporate Governance Evaluation.

2018: The Company was ranked among the top 5% of companies listed on Taipei Exchange in the 4th Corporate Governance Evaluation.

2017: The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 3rd Corporate Governance Evaluation.

2016: The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 2nd Corporate Governance Evaluation.

2015: The Company was ranked among the top 6–20% of companies listed on Taipei Exchange in the 1st Corporate Governance Evaluation.

*Ranking in the corporate governance evaluation becomes the results of the corporate governance evaluation of companies listed on Taipei Exchange announced by the Securities and Futures Institute.

After every annual evaluation, we review the results, refer to benchmark companies' operations, and assess our resources to formulate improvement plans for the following year. In 2023, we set improvement targets in accordance with corporate governance blueprint 3.0 and the corporate governance issues that we have yet to improve upon in 2022; the implementation results are as follows:

The Company already made the following improvements according to the latest updated Corporate Governance Evaluation indicators in 2022:

- ✿ Prepared the annual report for the shareholders' meeting in Chinese and uploaded it 18 days before the annual general meeting of shareholders.
- ✿ Prepared the annual report for the shareholders' meeting in English and uploaded it 16 days before the annual general meeting of shareholders.
- ✿ Raised the ratio of female directors to total board seats to 28%.
- ✿ Revised internal regulations and disseminated the information that insiders, e.g. directors and employees, are banned from using non-public information to trade marketable securities. This means (but the meaning is not limited to) that directors may not trade the Company's shares during the closed period, which is 30 days prior to the annual financial statements' publication date or 15 days prior to the quarterly financial statements' publication date.

Items put on the improvement list include the following:

- ✿ Continuously commit ourselves to raising the response rate of the questionnaire on self-evaluation of the implementation of corporate social responsibility by domestic finished product suppliers and OEMs.

- ❁ **The Company already set the following improvement goals according to the latest updated Corporate Governance Evaluation indicators in 2023:**
Formulate the policy on energy conservation and carbon reduction, GHG emissions reduction, and other waste management, and the annual reduction goals and implementation measures.
- ❁ The Sustainability Report its disclosures in accordance with the SASB standards.

3. Ethical Corporate Management

- 3.1 Ethical Corporate Management and Anti-corruption and Reporting Systems
- 3.2 Risk Assessment and Management Policy
- 3.3 Product and Supplier Management
- 3.4 Investor Relations
- 3.5 Communication with Stakeholders
- 3.6 Cyber Security Management



3. Ethical Corporate Management GRI | 2-23, 2-24, 2-25, 2-26, 2-27, 3-1, 3-3, 205-1, 205-2, 205-3, 206-1, 418, 419

3.1 Ethical Corporate Management and Anti-corruption and Reporting Systems

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

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

❁ **Evaluation of drugs**

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

❁ **Drug development project management**

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

❁ **Clinical trials of drugs**

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

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

❁ Abide by laws, orders, and rules.

❁ Say no to corruption and bribery.

❁ Put emphasis on corporate governance and strive to achieve a balance of interests among shareholders, employees, and all stakeholders.

❁ Be honest to shareholders, employees, clients, and the general public.

❁ Care for society and sponsor charity activities legitimately and continuously.

❁ Meet the confidentiality requirements for confidential and commercially sensitive information obtained in business.

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

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

❁ **Promotion and Training**

On August 23, 2022, the Legal unit gave a 30-minute awareness session to employees on “ethical corporate management, prevention of insider trading and Personal Information Protection Act”, so that employees were made aware of the importance of ethical corporate management, the prevention of insider trading, and compliance with the Personal Information Protection Act. Employees attending the session totaled 64 persons, and have all completed a post-session online test.

On October 12, 2022, the Company arranged for Taiwan Corporate Governance Association to give a

3-hour lecture on “prevention of insider trading” to directors at the headquarters. In addition, a notice is given at least 30 days prior to the annual financial statements’ publication date and at least 15 days prior to the quarterly financial statements’ publication date to remind directors not to trade the Company’s shares during the closed period.

- ❁ Report on Cases of Whistleblowing
No whistleblowing case was received through internal or external whistleblowing channels, e.g. mailbox or the independent mailbox of the Ethical Corporate Management Taskforce.
- ❁ The Board of Directors and senior management have signed a statement of compliance with the ethical corporate management policy.
- ❁ To prevent conflicts of interest, directors and managers and their stakeholders are required to be highly self-disciplined and provided with the means, e.g. meetings, documents, email or phone call, to state whether their potential interests conflict with the interests of the Company. In all the proposals discussed or put to vote at the Board of Directors meetings in 2022, directors voluntarily stated their related interests when it came to the proposals involving their personal interests and recused themselves from the voting. Such process was recorded in the Board of Directors meeting minutes by the meeting affairs unit.

The Company has formulated its “Ethical Corporate Management Operating Procedures and Code of Conduct” and “Whistleblowing System,” in which the policy to prevent conflicts of interest and the channel to report conflicts of interest are specified. In addition, to prevent conflict of interest, directors and managers and their stakeholders are required to be highly self-disciplined and provided with the means, e.g. meetings, documents, email, or phone call, to state whether their potential interests conflict with the interests of the Company. In all the proposals discussed or put to vote at the Board of Directors meetings in 2022, directors voluntarily stated their related interests when it came to the proposals involving their personal interests and recused themselves from the voting. Such process was recorded in the Board of Directors meeting minutes by the meeting affairs unit.

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

Whistleblowing channel:

Ethical Management Promotion Team
Email: ethical@tshbiopharm.com

Internal whistleblowing channel:

Whistleblowing hotline: Ya-Chi Wu, Head of the Audit Office
Tel: 02-2655-8525 (ext. 5523)
Email: Jessica_Wu@tshbiopharm.com

External whistleblowing channels:

Name: Independent Director Chih-Li Wang (partner CPA of Moores Rowland CPAs)
Email: lmui@ms59.hinet.net

Acceptance unit:

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

Reward rules:

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

The standard investigation operating procedures for dealing with the matter being exposed, and the confidentiality mechanism, are based on the Company’s “Whistleblowing System.” The content is summarized as follows:

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

Brief description of the protection policy:

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

3.2 Risk Assessment and Management Policy

The Company passed its “Risk Management Policy and Procedures” through a resolution at the Board of Directors meeting on October 30, 2020. In addition, the Company has also set up risk management organizations, defined possible risks inherent to operations and formulated countermeasures therefor, and set up a management mechanism for identification, measurement, monitoring, response and reporting of risks, so as to avoid risks or reduce the risks to an acceptable level, thereby ensuring the sustainable development of the Company. For the risks identified and under management in 2022, please refer to “Corporate Governance/Corporate Governance Operation” on the Company’s website.

Risk Management Policy

The Company’s risk management policy sets out to control the various risks that may be faced during the course of its operations within tolerable limits; to prevent possible losses; to protect the interests of employees, shareholders, partners and customers; and to serve as a reference for the formulation of business strategies in order to reasonably ensure the achievement of the Company’s strategic objectives.

Risk Management Procedures

The Company keeps abreast of the scope of operational risks through the risk management procedures of risk “identification”, “measurement”, “monitoring”, “response”, and “reporting” and implements appropriate measures to effectively manage relevant operational risks.

Operations

Implementation of risk management policies and measurement standards: The Company passed the “Risk Management Policy and Procedures” and set up a risk management organization at the Board of Directors meeting on October 30, 2020, so as to provide the highest guidelines for the Company’s risk management. The Company assesses risks at least once a year and formulates and implements risk management policies and procedures to cope with the various risks, so as to effectively identify, measure and control the various risks facing the Company and reduce them to an acceptable level. The state of operation of risk management was reported at the Board of Directors meeting dated November 3, 2022.

The organizational structure of the Company’s risk management units and their duties are as follows:

Risk management units	Risk management duties
Board of Directors	The Board of Directors is a risk management unit at the highest level; it is responsible for approving, reviewing, and supervising the Company’s risk management policies, aiming to comply with laws and regulations, promote and implement the Company’s overall risk management policy, get a good grasp of the risks likely to impact operations, and ensure the functioning of the management structure and risk control functions.
Risk management organization	The convener of the unit responsible for implementing risk management is the Chief Corporate Governance Officer; the unit is mainly responsible for the monitoring, measurement, and evaluation of the risks facing the Company, assisting in formulating the Company’s risk management policies, ensuring the implementation of risk management decisions reached by the Board of Directors, and coordinating the overall risk management operation. The unit is directly under the General Manager and reports to the Board of Directors.
Internal audit	The internal audit unit is under the Board of Directors and responsible for internal control and internal auditing; it must submit an annual audit plan based on risk assessment every year and report the implementation of the Company’s risk management to the Audit Committee.
Departments	The heads of each department/division are responsible for analyzing and monitoring the relevant risks facing their units in order to ensure that the risk control mechanism and procedures can be effectively implemented.

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

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

The significant risks identified by the Company in 2022 and the status of their management are as follows (please refer to the Company’s website for details):

Risk type	Description	Countermeasure
Operational risk (supply chain)	The OEM factory does not have sufficient production capacity.	<ol style="list-style-type: none"> 1. Try a larger batch size. 2. Urge the OEM to purchase additional equipment.
	Timing of supply from raw materials suppliers is not stable.	<ol style="list-style-type: none"> 1. Increase the purchase volume of active pharmaceutical ingredients (APIs). 2. Place an early order and continuously track the delivery date. 3. Trade with two suppliers at the same time to diversify risks.
Operational risk (operations)	Poor quality of pharmaceuticals	<ol style="list-style-type: none"> 1. Set up a real-time adverse drug reaction (ADR) and defective drug reporting mechanism as required by law, and regularly review and update it. 2. Organize training on the regulatory framework and drills on reporting regularly. 3. Manage the validity period and inventory. 4. Simulate recycling periodically.
Operational risk (R&D)	A major accident occurring to a R&D project	<ol style="list-style-type: none"> 1. Establish a collaborative supplier selection mechanism and work with existing excellent suppliers on a long-term basis. 2. Establish an evaluation mechanism for important tasks of each project and conduct risk management and control. 3. Implement the “R&D Project Planning and Outcome Management System” along with a project continuation or termination evaluation mechanism.
Operational risk (marketing)	Corporate image, investor relations, and capital market supervision	<ol style="list-style-type: none"> 1. Maintain media relations, including media campaigns and clarification. 2. Regularly hold investor conferences and adopt a spokesperson system. 3. Maintain smooth communication with competent authorities.

Risk type	Description	Countermeasure
Operational risk (information security)	Network and database security	<ol style="list-style-type: none"> 1. Join the Information Security Alliance; attend to, and report, information security risks; and update our own risk and vulnerability portfolio in a timely manner. 2. Establish an information security maintenance and control center to implement information security monitoring and risk reporting. 3. Have information security personnel regularly participate in information security education and training.
	R&D project confidential information maintenance	<ol style="list-style-type: none"> 1. Regularly offer education and training to personnel handling projects or R&D information. 2. Hold information security awareness sessions to improve employees' information security literacy, to reduce the risk of leak of confidential information. 3. R&D documents may be accessed only by authorized personnel and must be managed by the "Cyber Security Guidelines for TWSE/TPEX-Listed Companies."
Operational risk (sustainability)	Brain drain	<ol style="list-style-type: none"> 1. Execute the "Empowerment Leadership Plan." 2. Continuously optimize the Company's welfare system. 3. Hold and encourage multiple education and trainings. 4. Polish the employer's brand image and expand industry-academia collaboration by recruiting talents on campus early on.
Financial risk (market)	Exchange rate fluctuations	<ol style="list-style-type: none"> 1. Regularly monitor exchange rate trends and risks. 2. Obtain the annual procurement plan and consider foreign-currency capital needs and plan ahead to reduce the possible losses.
Legal risk (compliance and laws)	Compliance with laws and regulations	<ol style="list-style-type: none"> 1. Regularly communicate with associations to discuss the update of applicable laws and regulations. 2. Regularly follow up on new information from associations and any update of laws and regulations pertaining to operations, and respond to relevant changes. 3. Align the marketing, advertising, and sale of drugs with the Pharmaceutical Affairs Act and relevant laws and regulations, and regularly check to ensure the regulatory compliance of current business conduct. 4. Consult competent authorities and experts when necessary. 5. Regularly review the implementation of legal compliance. 6. Regularly hold internal education and training.
	Contract	<ol style="list-style-type: none"> 1. Set up a contract database anew and adapt the contract management model. 2. Optimize the Company's contract templates. 3. Strengthen the contract review and negotiation mechanism to moderately reduce contractual risks.
	Intellectual property	<ol style="list-style-type: none"> 1. Inventory internal intellectual property. 2. Patent search and infringement analysis.
Hazard risk (infectious diseases)	COVID 19	<ol style="list-style-type: none"> 1. Establish an epidemic reporting mechanism and set up an interdepartmental response team. 2. Implement a staggered work schedule; work from home; and adapt the method for holding a meeting or event. 3. Purchase rapid tests for employees' use for free, and purchase a group insurance for employees against contraction of the epidemic disease.
Human resources risk (human resources)	Workplace safety and labor relations	<ol style="list-style-type: none"> 1. Regularly hold labor-management meetings 2. Continuously pay attention to labor laws and regulations.

Risk management implementation

The Company's risk management can be divided into the three levels below:

Risk management hierarchy	Risk management operations
First line of defense	The responsible personnel at each department are the risk owners of the business for which they are responsible. They need to carry out the business in accordance with the internal control system and internal regulations of the business as the unit directly responsible for the initial risk discovery, assessment of the risk, and control of the risk.
Second line of defense	The head of each department should be responsible for the risk management of the relevant business, compile the results of the performance of risk management activities, and supervise the risk management activities within the department. They should put forth countermeasures when identifying risks in the business and submit such risks and countermeasures to the risk management organization.
Third line of defense	The risk management organization should review the integrity of the Company's major risk management mechanisms for operations, finance, hazards, and laws and monitor each unit's relevant risks in accordance with this policy.

Implementation of Risk Assessment Procedures

The risk management organization notifies each department of the deadline for submitting their "Risk Management Record Sheet". Personnel in charge of the matter at each department should follow the aforementioned steps to consider the Company's current environment and situation, identify internal and external risk factors that may be faced, conduct risk measurement, develop risk response strategies, and complete the "Risk Management Record Sheet" for subsequent risk monitoring. The "Risk Management Record Sheet" completed by each department should be reviewed by the department head before it is submitted to the risk management organization for compilation. The risk management organization should prepare a report on the results of each department, and send it to the General Manager for approval. The results of the risk assessment and corresponding countermeasures should be submitted to the Board of Directors.

Evaluation of Risk Management Implementation

Internal auditors shall conduct an evaluation on whether risk management has been effectively implemented to ensure that the system has been implemented and complied with.

Disclosure of Risk Information

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

3.3 Product and Supplier Management

Quality of Good Pharmaceutical Products

Pharmaceutical manufacturing is an industry with high technical barriers, high added value, low pollution, low energy consumption, long development periods, and long-life cycles. Its products are mainly applied to the treatment of human diseases and are closely related to life and health, so special attention is paid to its safety and effectiveness. Therefore, the launch of drugs is regulated by strict laws and controls of the competent authorities in various countries. Our products are made by high-quality PIC/S GMP-certified pharmaceutical manufacturers to assure clients of our products' quality.

From the time a drug is made by a pharmaceutical manufacturer to the drug delivered to the public, it will undergo a complicated transportation and sales supply chain, including storage sites, transportation, operators, and etc. If something goes wrong in the process, it may affect the final clinical drug quality. However, the trends of globalization and international division of labor have made the drug supply chain more complicated. To enable the quality management system to completely cover the life cycle of drugs, we have expanded from using the "Good Manufacturing Practice" (GMP) for production to applying the "Good Distribution Practice" (GDP) for distribution and sales as well, so as to maintain the quality of the drugs in the distribution and sales process, ensure that the drugs are delivered in the correct method within a reasonable time, and prevent counterfeit drugs from entering the pharmaceutical supply chain. When a drug needs to be recalled, we can also effectively recall it from the market quickly and reliably, to prevent the public from being harmed by subpar drugs.

The Company has established a GDP system and revised relevant quality manuals and policies to manage and audit our suppliers, monitor the quality of the Company's raw material sources, production, storage, and distribution to ensure the quality of drugs delivered from the factory to before they are used.

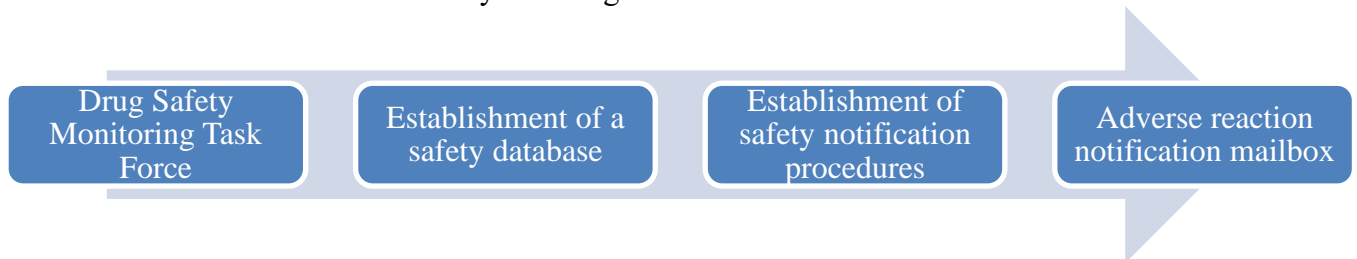
Legal and Ethical Compliance in the Product Life Cycle SASB | HC-BP-270a.2

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

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

Global Drug Safety Monitoring System and Notification Procedures SASB | HC-BP-250.a1~a5

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



Drug safety notification education and training

In accordance with drug safety regulations, TSH Biopharm conducts regular education and training sessions for employees on drug safety notifications and maintains all training records. In 2022, the annual company-wide employee education and training session on drug safety notification was held, with a completion rate of 100%.

Product Traceability Mechanism HC-BP-260a.1

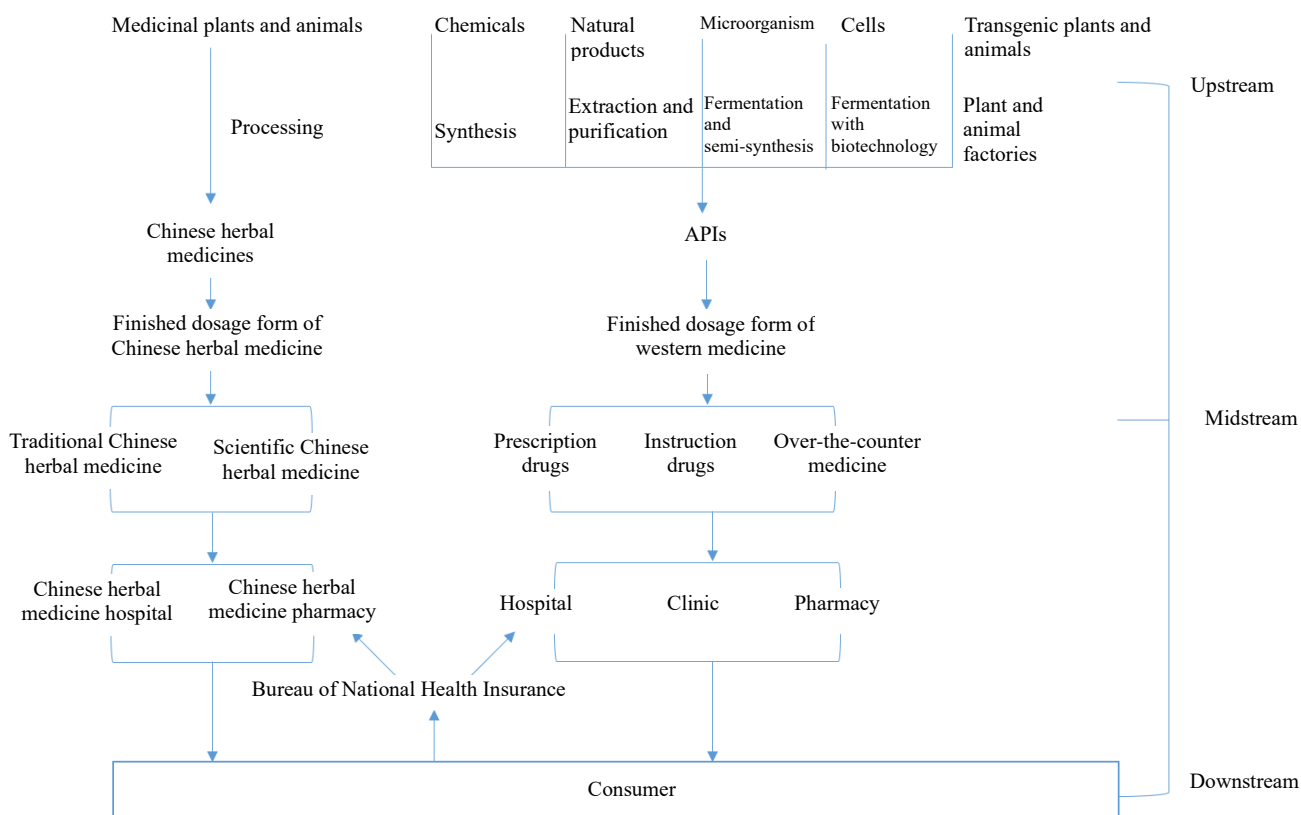
In order to ensure the traceability of TSH Biopharm's pharmaceutical products, the Company has established a product traceability mechanism for its global supply chain. All products are assigned a "product code and lot number", which records detailed information of each batch of drugs, including the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

Drug Recall Mechanism HC-BP-260a.2

TSH Biopharm has established a comprehensive drug recall mechanism in conjunction with the product traceability system. Therefore, when there is any doubt about the quality of a product, the drug recall can be completed quickly and effectively, providing an additional layer of security for patients. Meanwhile, in accordance with Chapter 6 of the GDP, we have formulated operational procedures related to product recalls and regularly evaluate the effectiveness of recall operations. We also hold annual simulation recall training sessions to ensure that we can trace the products in the receiving, inventory and customer processes, so as to ensure the accuracy and proficiency of our employees in recall operations. In 2022, there was no case of drug recall due to poor quality.

Pharmaceutical Supply Chain

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



Pharmaceutical supplier management

Suppliers are TSH's important partners. As global citizens, the Company attaches great importance to corporate social responsibility issues and encourages suppliers to respond together, with the aim of improving suppliers' sustainable performance and achieving sustainable development. We manage suppliers through qualification review, on-site audits, improvement guidance, and a follow-up mechanism, while promoting environmental friendliness and paying attention to sustainability issues, to build a sustainable supply chain.

The Company does not set up a factory. To effectively control the cost, product quality, and production progress of each product, we purchase APIs and provide the APIs to outsourced manufacturers for production rather than purchasing products from manufacturers directly. The products, including AMTREL, MOPRIDE, and Rhynorm, are outsourced to parent company TTY Biopharm Company Limited's PIC/S certified Liudu Plant for production. Therefore, 46.12% of the purchases (2022) are concentrated in TTY Biopharm Company Limited. In addition, the Company outsourced the production of LINICOR (lipid lowering) to Genovate Biotechnology Co., Ltd. With the increasing sales year by year, the percentage of purchases in 2022 reached 20.58%.

The Company carries out its assessment through questionnaires filled out by suppliers about outsourced manufacturers, on-site audits, and data document review. We also require suppliers to provide official factory inspection reports that were provided within the past three years, valid SOP LIST, PIC/S GMP documents for factories, TFDA's drug master files (DMFs) and the original manufacturers' certificates of

analysis to evaluate their quality systems and supply quality.

We have launched supplier self-assessment questionnaires since 2021 for each supplier to conduct self-assessment of their performance in the environment, labor service, human rights, social, and product responsibility aspects, so that we can better understand their sustainable development situation.

In 2022, the suppliers underwent a comprehensive evaluation on quality, service and delivery, and all of them passed the evaluation, so they were included in the list of qualified suppliers.

Pharmaceutical distributors

The Company has established a Good Distribution Practice (GDP) system in accordance with TFDA's regulations and has passed the review. However, with the Company's business strategy, drugs are not delivered by ourselves but by logistics providers who are in compliance with the GDP standards selected in accordance with the "Outsourcing Management Regulations" and the "Contractor Audit Procedures" under the GDP system formulated by the Company. We continue to supervise the outsourced companies' quality, personnel education and training, workplace and equipment, document management, complaints, returned goods, drug recovery, and response to suspected counterfeit and banned drugs, and we also manage deviant behavior with corrective and preventive measures to ensure that the quality and packaging integrity of the drugs are maintained during storage and transportation after they leave the factory, so that they are of good quality and safe for the public to use.

Suppliers' corporate social responsibility

For the outsourced suppliers, in addition to focusing on the quality of the pharmaceuticals they manufacture, TSH evaluates whether their sustainable development policies and goals are in alignment with the Company's applicable policies. We encourage our suppliers to obtain certifications for environmental, occupational health and safety as well as labor human rights (such as the OHSAS18001 occupational health and safety management system, the ISO45001 occupational health and safety management system, and the ISO14001 environmental management system) and submit self-assessment questionnaires, and to jointly fulfill corporate social responsibility, facilitate a balance among economy, society and the environment, and promote the sustainable development of all three.

Corporate Social Responsibility Principles to Be Followed by Suppliers

Develop a sustainable environment: Comply with environmental laws and regulations and applicable international standards, properly protect the natural environment, improve the resource use efficiency, properly and sustainably use water resources, consider the use of recycled materials with low impact on the environment, and reduce the impact of operations on the ecological environment.

Safeguard social charity: Comply with applicable laws and regulations, such as the International Bill of Human Rights, to ensure gender equality, the right to work, and prohibition of discrimination; protect internationally recognized labor rights, such as freedom of association, collective bargaining, prohibition of child labor, elimination of forced labor and employment discrimination; provide effective grievance and response mechanisms.

Ethical management: Base business activities on the principle of ethical management in a fair and transparent manner; prohibit all unethical conduct. If the Company discovers any suppliers, clients or business partners involved in unethical conduct, we will immediately stop business activities with them and conduct an internal investigation to see if any of the Company's personnel are involved and impose a penalty according to the results of the investigation.

Marketing and Customer Relations

The Company has a clear positioning. The drugs we sell are mainly prescription drugs for chronic diseases and autoimmune diseases, and they are sold to hospitals (including medical centers, district hospitals, and regional hospitals). We do not sell drugs directly to consumers. The name, the outer box, the package inserts, and the labels of the drugs are all in compliance with regulations under the "Regulations for Registration of Medicinal Products", and the advertising for the drugs has all been submitted to and

approved by the competent health authorities in accordance with the “Pharmaceutical Affairs Act”. The Company's product sales representatives have received sufficient training on our products before promoting our products, to provide medical institutions and physicians with more information and maintain positive interactive relations with them. Testing services are mainly sold to general medical institutions. Although there is no direct government regulation on the marketing or advertising of the medical testing prescribed by physicians or health examination entities, the Company also follows the same marketing regulations for medical testing, and employs marketing methods that are not in violation of applicable laws or ethical standards. **In 2022, the Company did not commit any violation against applicable laws and regulations for any information or labeling pertaining to products or services, and thus was not issued any fine or warning by the competent authorities.**

We have disclosed a customer service hotline and a contact email on the Company's website to provide consumers with channels for inquiries or complaints and have established “Customer Complaint Response Regulations” and the “Product Recall Management Regulations”, to handle and respond to relevant issues quickly by responsible personnel. There is an adverse drug reaction notification operating procedure in place, and the drug safety team is responsible for responding to all adverse reactions’ cases. All cases have been properly handled and archived. We strictly comply with the applicable provisions of the Personal Data Protection Act. We have also set up a 0800 toll-free hotline for testing products or services to directly respond to general public inquiries, while the phone calls are recorded to protect both parties’ rights and interests. The Company has established the “Testing Report Transmission Operating Procedure” to ensure that testing report operations are in compliance with the Personal Data Protection Act. **In 2022, there were no incidents that had a material impact on the Company's finance or business, and we did not receive any complaint from clients or competent authorities that the Company leaked, lost, or stole clients’ data in violation of the Personal Data Protection Act.**

3.4 Investor Relations

The Company attaches great importance to shareholders’ rights and interests. We have also appointed a spokesperson and a deputy spokesperson as well as commissioned a professional stock affairs agency to ensure smooth communication with investors. In 2022, the interaction with our shareholders was positive without any disputes arising.

We continue to invest resources in the Company's website and the MOPS to be committed to the transparency, timeliness, and accuracy of information disclosures.

Dividend policy

The Company’s dividend policy is implemented in accordance with the Company Act and the Company’s Articles of Incorporation, so as to ensure the normal operations of the Company and protect the rights and interests of investors.

Directors’ remuneration, employee remuneration, and a dividend policy specified in the Company's Articles of Incorporation are as follows:

Where the Company makes a profit in the year, it shall allocate 2% to 8% of the profit as employee remuneration, which may be paid out in stock or cash as per the resolution by the Board of Directors. The recipients of the remuneration may include employees of subsidiaries who meet certain criteria. The Company may allocate no more than 2% of the above-mentioned profit as the directors’ remuneration. Employee remuneration and directors' remuneration payout proposal should be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it should reserve an amount to compensate the deficit first and then allocate amounts for employee remuneration and directors’ remuneration as per the percentages in the preceding paragraph.

Where the Company made a profit in a fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company’s paid-in capital, setting aside an amount for or reversing a special reserve in accordance with laws and regulations, and then any remaining profit, together with any undistributed retained earnings, shall be adopted by the Company’s Board of Directors as the basis for making a

distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of shareholder dividends.

As of the end of each year, the Board of Directors takes into account certain factors, including the Company's profitability, capital and financial structure, future operating needs, cumulative earnings and legal reserve, as well as market competition, and then makes an earnings distribution proposal and submits it to the shareholders' meeting for resolution before distributing earnings.

The Company may, as per financial, business, and operating factors, distribute not less than 50% of the distributable earnings for the year. To reinforce the Company's financial structure and take into account investors' rights and interests, the Company adopts a balanced dividend approach and pays out more than 50% of the dividends distributed in the year as cash dividends.

State of Distribution of Dividends for 2023 (Distribution of the Earnings of 2022)

Type of dividend	Amount distributed to each share (NT\$)	Amount	Source
Cash dividends	1.60	61,437,024	Undistributed earnings
Total	1.60	61,437,024	-

A spokesperson and a deputy spokesperson

To maintain positive interactive relations with investors, we have designated a unit to be responsible for the collection and disclosure of company information, established a spokesperson system to handle relevant matters, and made public the contact information of the spokesperson and the Deputy spokesperson in the shareholder Q&A section on the Company's website as a communication channel for the investors to learn about the Company's market information or activities. We actively respond to suggestions or questions raised by shareholders to maintain positive interactions with shareholders.

The contact information of the spokesperson and the deputy spokesperson is as follows:

Spokesperson	Deputy spokesperson
Point of Contact: General Manager Sze-Yuan Yang	Point of Contact: Chao-Jen Liao, Director of Business Development
Tel.: 02-26558525	Tel.: 02-26558525
Email: graceyang@tshbiopharm.com	Email: Leon Liao@tshbiopharm.com

Shareholder Service Agency

The Company commissions Capital Securities Corporation as our shareholder service agency to ensure the best service for our investors. We regularly report information on our operating results, business plan, and future development plan to shareholders' meetings, at which shareholders present have sufficient time to express their views. The Company accepts and improves all feasible non-disputed suggestions, while discussing controversial suggestions through voting in accordance with the Rules of Procedures for Shareholders' Meetings.

The contact information of the shareholder service agency is as follows:

Shareholder Service Agency	Capital Securities Corporation
Tel.	02-2703-5000
Fax	02-2708-5000
Website	www.capital.com.tw

3.5 Communication with Stakeholders

Analysis of materiality of issues of concern

To pursue sustainable management and fully understand the importance of stakeholders' issues of concern to the Company and the Company's response, we evaluated the factors and issues that may affect the Company and identified relevant issues and those that may occur within or outside the Company with reference to the GRI Standards issued by the Global Reporting Initiative (GRI), so that the Company can establish effective and transparent communication channels. The process for identifying material factors and boundaries is as follows:

Material Topics and Boundaries

The internal and external boundaries defined for each material topic are as follows:

Material topic	Corresponding to topics under GRI Standards	Management approach	Boundaries	
			Internal	External
Corporate governance	General disclosures: Governance structure/Values, principles, standards, and norms of behavior	Corporate Governance Best Practice Principles	Company	Investors and suppliers
Business performance	Management approach: Evaluation of management approach	Business plan	Company	Investors
Risk Management	General disclosures: Key impacts, risks, and opportunities/ Effectiveness of risk management processes	Risk policy	Company and employees	Investors, community clients, clients, and suppliers
Labor/management relations	Specific disclosures – Social: Employment and Training and Education	Benefit plans, training and development plans	Company and employees	-

Occupational health and safety	Specific disclosures – Social: Occupational Health and Safety	Benefit plan	Company and employees	-
Compliance	Socioeconomic Compliance	Regulations and policies	Company and employees	Investors, community, clients, and suppliers
Client rights	Specific disclosures – Social: Product Quality Management Marketing and Customer Relations	Customer complaint response regulations Product recall management Adverse reaction notification GMP/GDP	Company	Clients
Supply chain management	General disclosures: Supply chain	Supplier assessment	Company	Clients
Community and environment	Specific disclosures - Social	Public relations Community engagement Environmental protection	Company	Communities

Stakeholder identification and communication and response

Stakeholders refer to organizations or individuals affected by the Company's operations, products, or services. The Company should identify stakeholders and respond to their reasonable expectations and interests. The Company's stakeholders include shareholders (investors), employees, clients, drug development partners, suppliers, groups, and competent authorities. We strive to maintain positive relations with stakeholders and communicate issues with internal and external parties, include stakeholders' issues of concern in relevant units' responsibilities and work plans, and respond to changes in environmental trends and amendments to laws and regulations in conjunction with relevant units. To meet stakeholders' expectations, the Company adopts various communication methods to ensure that relevant tasks are completed and smooth communication channels are maintained. The management team regularly refers to relevant feedback for future improvement or plans.

The Company's corporate governance officer reports to the Board of Directors on the communication with stakeholders every year and has reported on the communication with stakeholders at the board meetings on August 4, 2022 and December 22, 2022, including the feedback from stakeholders, the Company's response, and subsequent response plans.

List of communication channels between the Company and stakeholders

Stakeholders	Main party	Issue of concern	Response mechanism	2022 records
Shareholders (Investors)	Institutional shareholders Individual shareholders	Corporate vision Sustainable development policy Corporate governance Business performance Risk Management	Spokesperson and mailbox Company website Investor conference Shareholders' meeting Board of Directors	<ul style="list-style-type: none"> ✓ Held four investor conferences ✓ Held one shareholders' meeting and seven board meetings ✓ Shareholders exercised their voting rights by electronic means to fully participate in the voting on proposals. ✓ Prepared the annual report for the shareholders' meeting and announced information for investors' reference
Employees	All employees	Corporate vision Benefit policy Labor-management relations Talent training Occupational health and safety	Labor-management meeting Departmental meeting Interdepartmental meeting Employee Welfare Committee	<ul style="list-style-type: none"> ✓ Regularly held labor-management meetings ✓ Regularly held plan of action (POA) meetings ✓ Regularly held departmental meetings (monthly) ✓ Held seven Employee Welfare Committee meetings ✓ Held PDP interviews (initial/mid-term/final) ✓ Set out individual development plans (IDP) (beginning of period) and received feedback (end of period)

Development partners	Authorization for introduction Authorization granted to external parties Development partners	Corporate vision Business performance Sustainable development policy	Electronic correspondence Visits Meetings (face-to-face, phone calls, conferences, or video conferences)	<ul style="list-style-type: none"> ✓ Held meetings regularly ✓ Held meetings from time to time
Clients	Medical service personnel General public Distributors	Corporate vision Product quality and safety Compliance Sustainable development policy	Relevant seminars and visits	<ul style="list-style-type: none"> ✓ Held large seminars from time to time ✓ Offered toll-free hotline ✓ Held meetings from time to time ✓ Offered educational training
Suppliers	Raw material suppliers Outsourced manufacturers Pharmaceutical warehousing and logistics Transport distribution companies General service suppliers	Corporate vision Sustainable development policy Compliance	Electronic correspondence Visits Production and sales meetings	<ul style="list-style-type: none"> ✓ Regularly held meetings (monthly) ✓ Assessment of previous suppliers (annually and triennially) ✓ Evaluation of current suppliers (triennially) ✓ Audit of new suppliers ✓ Phone and email
Groups	Social welfare groups Industry unions	Corporate vision Sustainable development policy ESG Task Force	Correspondence between activity organizers and social welfare organizations	<ul style="list-style-type: none"> ✓ Procurement of gift boxes from charitable organizations ✓ Charity sales ✓ Collection of goods for donation ✓ Cash donations ✓ Setting up scholarships
Competent authorities	Government agencies	Compliance Labor-management relations ESG Task Force	Official letter correspondence Promotion of policies and relevant systems	<ul style="list-style-type: none"> ✓ Company financial reports ✓ Market Observation Post System (MOPS) ✓ Held audits from time to time ✓ Participated in awareness-raising events on laws

Stakeholders' feedback and review

In the development of corporate sustainability, we need to constantly communicate with stakeholders to understand their needs as a reference for the formulation of company policies and plans. During the implementation of policies and plans, we should also pay attention to stakeholders' feedback all the times for subsequent improvement.

Contact information for stakeholders

To protect investors' and stakeholders' rights and interests, we continue to reinforce the integrity, timeliness, and correctness of information disclosure. In addition to the MOPS, we have set up a Shareholders section and a Stakeholders section on the Company's website to provide information on the implementation of corporate governance, material information, financial reports, operating income, dividend information, and shareholders meetings to fulfill our responsibility to all shareholders.

Point of Contact for Stakeholders

● Contact information	
Tel.	02-26558525
Fax	02-26558526
Company website	http://www.tshbiopharm.com
Order placement hotline	0800-258-028
Government Uniform Invoice number	53093421
Address:	3F-1, No. 3-1, Park Street, Nangang District, Taipei City, 11503
Email	service@tshbiopharm.com

Investor Relations		Corporate Collaborations	
Point of Contact:	Shu-Ping Huang, Chief Governance Officer, Administration Department	Point of Contact:	Chao-Jen Liao, Director of Business Development
Tel.:	02-2655-8525 #5105	Tel.:	02-2655-8525 #5511
Email:	shupinghuang@tshbiopharm.com	Email:	Leon_Liao@tshbiopharm.com

Media Relations and Social Responsibility		Raw materials & goods procurement	
Point of Contact:	Yi-Ru Wang, Public Relations Assistant Manager, Administration Department	Point of Contact:	Shu-Ling Chang, Project Assistant Manager, New Product Development Department
Tel.:	02-2655-8525 #5111	Tel.:	02-2655-8525 #5131
Email:	isa_wang@tshbiopharm.com	Email:	eliza@tshbiopharm.com

Internal whistleblowing channel	
Point of Contact:	Ya-Chi Wu, Head of the Audit Office
Tel.:	02-2655-8525 #5523
Email:	Jessica_Wu@tshbiopharm.com

External whistleblowing channel	
Point of Contact:	Chih-Li Wang, Independent Director (Partner and CPA of Moores Rowland CPAs)
Tel.:	02-2772-7428#300
Email:	lmui@ms59.hinet.net

Whistleblowing channel - Ethical Management Promotion Team	
Email:	ethical@tshbiopharm.com

3.6 Cyber Security Management

To coordinate, plan, audit, and promote information security management and relevant matters, the Company has set up an information security risk management task force. The information security risk management task force consists of the head of the General Administrative Division, the head of the Administration Department, the head of Information Security, and information security personnel. The roles of the head of Information Security and information security personnel are filled by information security personnel. On November 3, 2022, a report was made to the Board of Directors on the status of information security operations in 2022. The main responsibilities of this task force include formulating and revising information security operating procedures; assisting in promoting, coordinating and reviewing cyber security management items; reviewing information security policies and objectives on a regular basis; conducting quarterly information security inspections; and reporting to the Board of Directors annually on the status of information security operations.

Information Security Policy and Specific Management Plan

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

- ☼ **Availability:**
Ensuring that various information assets are up to date and accurate enough to meet the needs of users.
- ☼ **Integrity:**
Classifying information assets by importance and adopting appropriate protection measures to ensure their integrity.
- ☼ **Confidentiality:**
Appropriately classifying data into different confidentiality levels and assigning proper regulations and protections to them according to their confidentiality level.

The Company’s information security system is in compliance with ISO 27001. However, as the Company is not an enterprise required to obtain international certification for our information security policies and specific management plans, we do not need to purchase insurance for information security risks for the time being as per the information security risk appetite identified by the Company’s information security risk management task force. However, with information security management in place, we continue to reinforce our information security protection and establish a joint defense program. In addition, the task force members continue to participate in information security management courses every year to enhance their professional competencies and keep abreast of issues of concern. In 2022, the Company invested about NT\$1,214 thousand in updating information software, hardware, and information security services, as well as held five meetings related to information security to strengthen its ability to protect its information and keep it secure.

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

Aspect	Activity	Implementation status
Core business system management	Core business system control Confidential and sensitive data control	Identified the Company’s core business and confidential and sensitive information and inventoried the information assets of the core business system. Formulated the recovery time objective (RTOs) and recovery point objectives (RPOs) for core business. Scanned and checked for vulnerabilities and performed a penetration test for core systems, and fixed, tracked, and managed the vulnerabilities for items with medium to high risk in the testing report. The operating host and equipment of the core information system were continuously updated and security vulnerabilities were fixed.
Information and communications system development, maintenance, and security management	Information system access control Password management Physical and remote security	Registered or canceled usernames in line with the Company’s user management, and periodically reviewed usernames and their permission. Periodically changed the passwords. System server mainframe was installed in an area where access is controlled. Server room environment complied with the requirements for safety operation in a server room. Telecommuting was controlled in terms of encrypted communication, identity

		verification, and work contents.
Information security protection and control measures	Endpoint security protection Email security management Intrusion detection and prevention mechanism Threat and attack defense measures Cyber security threat detection and management mechanism	An endpoint security protection center is set up to reflect malware intrusions and information security incidents in real time, and to provide statistics, so as to reduce information security risks. Perform information security checks quarterly. The email system is capable of filtering out and detecting malware, to implement email security management. An intrusion detection and prevention mechanism is in place at each network node. A firewall is erected for open application systems to reduce operational risks.
Control of the security of outsourced service	Management of outsourced development Contractor management	Information security requirements are specified for vendors to which the Company outsources work in order to ensure that the work performed by them is within the agreed work content and scope. Confidentiality requirements and service change methods are specified in contracts.
Information security risk management, and response and reporting procedures	Information security risk assessment Procedures for responding to and reporting information security incidents Material information announcement	The Company assesses information security risk, identifies information security risks for core business and core information systems, and implements corresponding control measures every year. The Company has established information security incident response and reporting procedures. The Company has gathered threat information and reported information security incidents, and has joined Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC).
Continuous advancement of cyber security	Periodical audits Information security operation annual report Information security awareness session Disaster recovery drill	Auditors conduct inspections periodically; if any event is spotted, they propose improvement measures and suggestions and periodically track the progress of improvement. The Board of Directors is periodically briefed on the implementation of cyber security measures. An information security awareness session is regularly held every year to enhance employees' information security awareness. Disaster recovery drills are regularly held every year to ensure the ability to respond to information security incidents and reduce system operation risks.

In 2022, the Company did not suffer any loss due to significant cyber-security incidents.

4. Happy Workplace

- 4.1 Workforce Structure
- 4.2 Employee Training and Development
- 4.3 Safe and healthy work environment
- 4.4 Benefit Plan
- 4.5 Employee Engagement
- 4.6 Human Rights Protection



4. Happy Workplace GRI | 3-3, 401, 402, 403, 404, 405, 406, 407, 409, 412,

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

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

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

4.1 Workforce Structure

Employees' work locations are in northern, central, and southern Taiwan.

Item		Year					
		2021			2022		
Gender		Female	Male	Total	Female	Male	Total
Number of employees	Managerial officers	8	6	14	8	6	14
	R&D technicians	0	3	3	1	6	7
	Other employees	33	18	51	34	18	52
	Total	41	27	68	43	30	73
Number of new employees (persons)		7	2	9	9	7	16
Number of resigned employees (persons)		13	7	20	10	5	15
Average age		40.7	39.5	40.2	39.8	39.5	39.7
Average length of service		5.3	3.4	4.5	5.3	3.7	4.6
Distribution of education level in percentage	Doctoral degree	0	0	0%	0	1	1%
	Master's degree	10	14	35%	11	14	33%
	University	20	11	47%	23	14	50%
	College	11	2	18%	9	1	16%
	Senior high school	0	0	0%	0	0	0%
	Below senior high school	0	0	0%	0	0	0%

Note: The length of service is counted from the date of establishment of TSH (established in September 2011)

In 2023, the non-staff workforce consists of 2 external consultants, and the operational activities are mainly conducted by the Company's self-employed staff.

4.2 Employee Training and Development

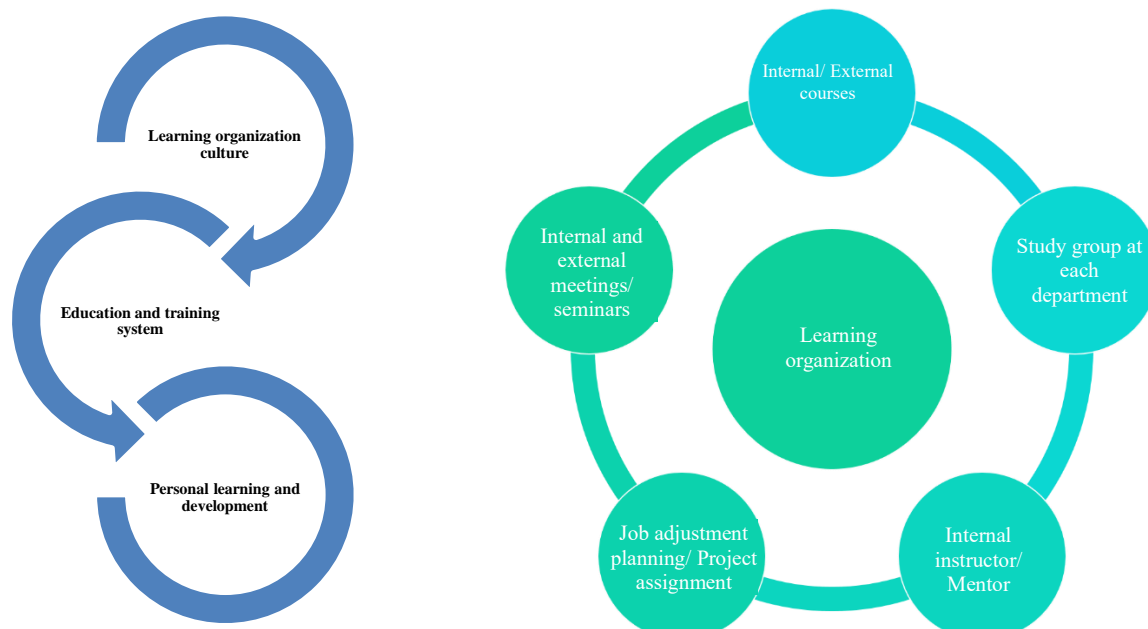
To enhance the professional knowledge and skills of employees so as to have them effectively achieve work goals, and to stimulate their potential and enhance their willingness to learn in order to meet the needs of their self-growth and organizational development, the Company implements pre-employment training, internal and external on-the-job training, and external training at home or abroad according to its “Education and Training Management Regulations.” In 2022, in response to the trend of globalization, we have signed agreements for discount packages with a number of foreign language learning institutions to provide employees with abundant resources for learning foreign languages. In addition, in order to develop the sustainability of the organization’s talent pool and establish a succession plan, we have launched an eight-month “Empowerment and Leadership Program” and a one-year “Learning Together Program”, in which managers and talents with potential from each department work together to form interdepartmental task forces, and actively lead our organization toward five-year goals through strategies and co-creation.

Education and training system and its implementation

The implementation of internal and external courses in 2022 is as follows:

Item	Number of classes	Total number of trainees	Total hours	Total cost (NTD)
New employee orientation	4	17	20	1,050
Professional and occupational training	9	39	47	11,810
Talent training for officers	11	240	58	769,696
Liberal education and training	2	7	12	1,852
External training	37	95	375	221,927
Total	63	398	512	1,006,335

Note 1: The training courses for new employees include corporate culture, organization introduction, a mentor system, office safety and environmental maintenance, and work rules. The Company also puts a particular emphasis on human rights policies and has formulated the “Sexual Harassment Prevention Regulations” to raise employees’ awareness of gender equality and human dignity in the workplace.



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

motivation for organizational innovation and growth.

TTT (Train the Trainer)

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

Mentor program

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

Project assignment

Through project assignment, employees have the opportunity to lead projects or work with colleagues in different fields, to diversify their work experiences and enable them to learn and grow through new challenges and responsibilities. Employees can discuss with their immediate supervisors and formulate an exclusive personal development plan (IDP) at the beginning of each year with project assignments listed as one of the development methods. In 2022, we continued to train key talents as per the organization's short-, medium- and long-term strategic targets, and listed the IDP as one of the priorities for talent cultivation.

Job rotation

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

■ TSH education and training system

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

4.3 Safe and healthy work environment

The Company attaches great importance to each employee's health. Although there is no factory established for strategic purposes, to maintain employees' health and personal safety, we are committed to providing employees a safe and healthy work environment. It is our responsibility to employees and their families. The Company has set up an office in the Nangang Software Park in Taipei City and continues to implement various employee office environmental safety management measures. There was no occupational accident in 2022.

Workplace safety

- ❁ Sexual harassment prevention and implementation procedures were formulated.
- ❁ The "Regulations for the Safety and Maintenance of Offices" was formulated to maintain office safety:
 - ✓ Flammable and dangerous items are prohibited.
 - ✓ The last employee leaving the office after getting off work every day or working overtime on holidays should close the doors and windows and turn off air-conditioners and lights in the front of the gate.
 - ✓ After getting off work every day or working overtime on holidays, employees are required to lock the door (ground lock) when there is no one else in the office to prevent thieves from breaking in at night.
 - ✓ We ban smoking inside the Company and on public places in accordance with the Tobacco Hazards Prevention Act.
 - ✓ Employees who borrow parking spaces or office keys should return them afterwards; employees are also prohibited from lending the Company's keycards and keys to personnel who do not work at the Company without consent.
- ❁ To maintain the work environment and employees' personal safety, we have formulated the "Safety and Health Work Rules" and designated an occupational health and safety specialist. The Company's "Safety and Health Work Rules" has been implemented since it was approved by the competent authority.
 - ✓ In principle, the safety and health inspection work is carried out by the operators and supervised by the personnel in charge of management, command, and supervision.
 - ✓ To prevent stacked objects from collapsing or falling, we tie up all stacked objects with ropes or protect them with bollards, set a limited height or change the stacking method.
 - ✓ We stipulate the first aid measures for general first aid, bleeding, electrical shock, fractures, apnea, and cardiac arrests.
 - ✓ In the event of three or more casualties at the same time in an accident in the workplace with one or more victim hospitalized or under the circumstances specified in the announcement made by the central competent authority, we should offer emergency first aid and rescue victims and report to the labor inspection agency within eight hours.
- ❁ We have installed drinking water equipment in alignment with the drinking water standards in the workplace, and we regularly clean and maintain it every 1 to 2 months.
- ❁ We outsource environmental sanitation management and cleaning and maintenance of the workplace to a professional cleaning company to maintain the sanitation quality of the work environment as per the Company's cleaning and maintenance checklist to maintain the quality of our work environment.
- ❁ We implement access control. Employees and visitors entering the Company should pass the card swipe sensor for verification at the elevators of our building in the park and the door of our office.
- ❁ We participate in fire exercises and lectures held by the Management Committee of the Nangang Software Park Phase II every year.
- ❁ We made available an adequate number of fire extinguishers in the workplace.

Fire safety

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

familiarized with the use of facilities and evacuation routes in the park.

Health management

- ❁ The Company attaches great importance to the health of our employees. The Welfare Committee arranges health checkups for all employees every year. In 2022, the Welfare Committee signed an agreement on an employee health checkup project with the health checkup centers in northern, central, and southern Taiwan. Employees can take an annual health checkup at those health checkup centers during a specified period. The Company will pay for the cost of such health checkups to ensure employees' good health. In addition, their family members can also conduct health checkups at a discounted price specified in the health checkup program agreements signed by the Welfare Committee and the health checkup centers. The Company and the Group hold numerous training courses on illnesses every year, and employees can participate freely.
- ❁ The Company has first aid kits in place.
- ❁ Zhongxiao Branch, Taipei City Hospital, set up an outpatient department at the Nangang Software Park Phase II, in which the Company is located.
- ❁ The Company and the Group hold disease training courses from time to time every year, and employees can participate freely.
- ❁ In addition to providing labor insurance and national health insurance for all employees in accordance with the law, we purchase group insurance for all employees to obtain better protection. For group insurance, we have purchased an accident insurance policy of NT\$1 million to NT\$5 million, an injury insurance policy of NT\$20,000 per person, and a hospitalization insurance policy. The general affairs unit purchases a travel safety insurance policy for employees assigned for overseas business trips and adjusts the amount of insurance coverage to ensure employees' safety during travel.
- ❁ During the pandemic, the Company purchased masks and rapid antigen testing kits for employees to use free of charge, and took out additional group epidemic insurance for employees so as to provide them with an additional layer of protection in times of high risk brought about by infectious diseases.

4.4 Benefit Plan

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

Remuneration system

Talents are the Company's most critical asset and the foundation for the Company's competitiveness. To attract and retain the best talent and make employees the best driving force for the Company's sustainable growth, we have formulated a competitive salary and consistent salary evaluation criteria and rules, with the external market competitiveness of our salary and internal fairness taken into account, in compliance with the Labor Standards Act. We decide employee salary based on their academic qualifications, experience, and personal performance and do not differentiate due to gender. We do not offer different starting salaries to new employees due to race, religion, political affiliation, gender, and marital status. We pay appropriate remuneration based on the market value of each professional skill and the contribution of each employee's responsibilities through a reasonable performance management system. In 2022, our female employees accounted for 59.42% of all employees and female top-level managers accounted for 57.14% of all top-level managers.

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

Annual salary raise plan

Salary raises aim to thank employees for their endeavor to achieve strategic goals and also reflect inflation to satisfy employees' basic living needs. The Company implements an annual salary raise plan based on operations every April. However, since the Company was established in 2010, the annual salary raise rate has been 1.5%–4%, and was 3% in 2022. In addition, to motivate employees who have excellent performance and have met the promotion criteria, we offer a fair promotion system.

Diverse benefits

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

■ Bonuses/Subsidies

Item	Description
Birthday cash gift	A birthday cash gift of NT\$1,000 will be provided to each employee in the month of their birthday.
Wedding cash gift	We pay NT\$3,600 to each employee who has served for over three months but less than one year. We pay NT\$6,000 to each employee who has served for over one year. If the couple is both the Company's employees, both of the couple will receive a cash gift.
Childbirth cash gift	When employees have a newborn baby or their spouses gave birth, we pay NT\$3,600 to full-time employees who have passed the probationary period for each newborn baby. If their spouses also work at the Company, we will only pay the cash gift once.
Bonuses on three major holidays	The Welfare Committee pays a cash gift of NT\$1,000 to each employee on the Dragon Boat Festival, the Mid-Autumn Festival, and the Labor Day every year.
Education expense subsidy	There are scholarships and bursaries. To the children of employees who are in school and achieve the required scores, scholarships ranging from NT\$1,000 to NT\$4,000 are awarded depending on the children's level of education. To the children of employees who qualify as members of low-income households, bursaries ranging from NT\$4,000 to NT\$10,000 are given depending on the children's level of education.
Hospitalization condolence allowance	Any employees who have passed the probationary period and are hospitalized due to illness will be offered a condolence allowance of NT\$3,000. Each gift for visit is be limited to the worth of NT\$800.
Disaster relief fund	A relief fund from NT\$5,000 to NT\$30,000 will be offered to an employee who encounters a disaster depending on the situation.
Funeral condolence money	Any employee's parent, children, spouse, or parent-in-law who has pass away: A funeral flower basket of NT\$2,000 and NT\$3,100 will be provided. Any employee's great-grandparents, grandparents, siblings, or grandchildren who has pass away: A funeral flower basket of NT\$2,000 or NT\$1,500 will be provided.
Others	Company dinner parties and year-end party: The Welfare Committee holds various activities from time to time depending on needs and the budget. The Committee is also responsible for planning the year-end party and preparing the gifts at the end of each year.

Leave policy

- Paid leave better than the requirements of the Labor Standards Act
- Travel leave
- Family care leave
- Menstrual leave
- Parental leave
- Maternity leave/pregnancy checkup leave/paternity leave

Unpaid leave policy

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

Well-established pension system and its implementation status

All our employees have adopted the new scheme under the Labor Pension Act, which has been implemented since July 1, 2005. We have adopted a defined contribution plan for employees' length of service. We make a contribution to their pension funds equal to no less than 6% of their monthly salaries to their individual labor pension accounts to provide assurances for their future life after retirement.

(1) Implementation status:

Pension scheme	New scheme
Applicable law	Labor Pension Act
Contribution method	Make a contribution equal to 6% of their insured salary level to their individual account under the Labor Insurance Bureau.
Contribution amount	A total of NT\$4,243,000 was contributed in 2022.
Application for retirement	No employee applied for retirement in 2022.

(2) Retirement criteria:

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

(3) Pension payment standards

Individual pension account system:

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

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

4.5 Employee Engagement

Labor-management meeting

The Company holds labor-management meetings on a regular basis. The Company fully coordinates, communicates, and exchanges opinions about any new or amended measures related to labor-management relations through labor-management meetings to ensure the harmony of labor-management relations, while facilitating labor-management collaboration to improve work efficiency, to build an internal labor-management communication and negotiation mechanism and achieve a win-win outcome.

Diverse communication channels

Employees are TSH's most important asset, and smooth communication can enhance employees' intelligence and narrow the distance between the Company and them, thereby motivating them to work, explore their potential, and create values and competitive advantages for the Company. Therefore, we encourage employees to speak directly and provide diverse communication methods through which to do so, in the hope that their questions or opinions can be expressed and responded to. In addition to labor-management meetings, employees can express their views at the regular large POA, strategy, or departmental meetings or various district, functional, or face-to-face meetings with supervisors at the beginning, in the middle, and at the end of the year; or we raise employees' awareness through regular and irregular announcements in TSH Newspaper, TSH Talk, or TSH TV. As such, both employer and employees can exchange views more effectively. Moreover, the Company has formulated its "Employee Handbook" and various internal regulations, wherein employees' rights and obligations are specified. In this way, the Company spares no efforts in protecting employees' rights and interests. No complaints were made by employees in 2022.

Employee rewards

We have a clear reward and punishment mechanism in place for employees and provide different rewards to those who have outstanding performance or have made special contributions to the Company. We award a gold coin to senior employees who have served for 10 and 20 years at the annual year-end party every year to show our appreciation for their long-term contribution to the Company. At the end of 2022, one

person served for 20 years and one other person for 25 years, making for a total of two employees who received the gold coin. (The Company was incorporated on September 21, 2010, split off from TTY Biopharm Company Limited. To protect the rights and benefits of employees split off from TTY Biopharm Company Limited, the Company signed an employment agreement with the employees to retain their length of service at TTY Biopharm Company Limited.)

Measures to emphasize work-life balance

Travel subsidy

Due to the impact of the COVID-19 pandemic in 2022, the Welfare Committee was unable to organize group trips to overseas destinations and family days; therefore, it announced that each employee would receive a travel subsidy of NT\$13,000 to be used freely.

Happy Family Day

Health and family should be placed before work. This is an important concept upon which TSH bases its care of its employees. Therefore, in addition to various benefits to take care of our employees, the Welfare Committee holds “TSH Family Day” every August to September (around the founding date of TSH). We organize outdoor activities for one day that combine culture, environmental protection, and parent-children interactions, and encourage employees to bring their family members and participate in the activities together, thereby enabling employees and their families to bond and allowing family members of different employees to become closer with one another through such interactive activities. As such, the TSH family is extended to our employees’ family members as well, enhancing the relations among the employees all the while allowing them to experience nature, culture and arts together. In 2022, due to the COVID-19 pandemic, the family day event was suspended.

4.6 Human Rights Protection

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

The Company’s implementation approaches:

- ❁ Provide a safe and healthy workplace to ensure the safety of employees and effectively reduce the risk of occupational accidents.
- ❁ Any form of discrimination is prohibited; discrimination in any form or in treatment on the basis of gender, gender orientation, race, age, marital status, language, ideology, religion, political affiliation, place of birth, appearance, facial features, and disability is prohibited. Equal employment opportunities must be ensured.
- ❁ Employment of child labor and illegal foreign labor is prohibited.
- ❁ Encourage employees to maintain physical and mental health and strike a balance between work and life.
- ❁ Forced labor is prohibited; employees are not restricted from taking a leave, nor are they forced to work overtime.
- ❁ Create a communicative environment and encourage colleagues to communicate with the Company through labor and management meetings.
- ❁ Provide diverse, open communication channels, through which stakeholders such as suppliers and business partners can submit feedback to the Company or report suspected violations.
- ❁ Protect the labor rights of disadvantaged or marginalized groups, and employ physically challenged persons and assign them a job that they are qualified to do so as to help them engage in the workforce. In 2022, the Company employed one person with disabilities, accounting for 1.49% of all employees, in compliance with requirement of the People with Disabilities Rights Protection Act.
- ❁ Regularly review and evaluate relevant risks and review relevant systems and conduct.

5. Environmental protection

- 5.1 Pollution prevention and control
- 5.2 Energy consumption
- 5.3 Energy conservation policy



5. Environmental protection GRI | 3-3, 201-2, 302-1, 305, 306-3, 307-1, 308-1

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

Even though the Company’s position in the industrial value chain is drug development (new product evaluation and design and planning of clinical trial) and marketing, the Company commissions domestic PIC/S GMP factories to produce its drugs, so the Company does not own any factory or R&D laboratory. TSH outsources the production of all its products and operates mainly in offices. Thus, ISO environmental management systems are not applicable to the Company. Even so, the Company still supports the energy conservation and carbon reduction policy of the government, and adopts measures within its operating premises to reduce its environmental impact. In addition, the Company will further assess the potential risks and opportunities accompanying climate change that would impact the Company now and in the future, so as to provide a basis for discussion with suppliers on sustainable development and collaborations.

5.1 Pollution prevention and control

The Company's positioning in the industrial value chain is pharmaceutical development (new product evaluation and clinical trial design and planning) and marketing. The pharmaceutical production and manufacturing are outsourced by the Company to domestic PIC/S GMP certified factories; thus, we do not have our own factories and laboratories. The Company’s main operating activities are within its office at the Nangang Software Park in Taipei City. Given the Company’s operating characteristics, we do not need to consume too much electricity and water. The main sources of pollution in our operations are simply the general domestic waste and the domestic water used by employees in the office. We have strictly implemented resource and waste classification for the general domestic waste to reduce the volume of waste, and the domestic water used by employees is general waste water, which does not cause severe pollution.

Although ISO environmental management system verification does not apply to the Company, our inventory waste stored in outsourced warehouses is handled by professional disposal companies in alignment with the local health bureau's regulations to ensure the minimum impact on the ecological environment.

Since the Company was incorporated in 2010, we have attached great importance to the quality of drugs, and the amount of drug waste is small. In 2022, the amount of drug waste with harmless properties and ingredients totaled 3.7 metric tons, decreasing by 17.04% compared to last year. Since the Company was incorporated on September 21, 2010, the Company has never caused environmental pollution, and will continue to do its best to protect the environment in the future.

5.2 Energy consumption

TSH’s business model is the integrated development and marketing of pharmaceuticals, and the energy consumption mainly consists of three aspects:

- Internal basic operating energy consumption (indirect)
The energy consumed for maintaining the office environment and personnel activities mainly includes water, electricity, paper, and energy used for daily operations.
- Energy consumption in logistics operations
The energy consumption is mainly related to correspondence and delivery of testing specimens and pharmaceuticals.

■ Employee commute

Except for sales personnel who drive their own cars due to their job characteristics, most of our employees take public transportation or ride scooters to work.

5.3 Energy conservation policy

We outsource the production of all of the Company's products and do not have our own factories and laboratories. At present, our operating site is in the office, and we are still committed to implementing energy conservation and environmental protection measures. In response to the energy conservation and carbon reduction policy launched by the government, we have taken measures in our operating site to reduce the impact on the environment and identified our potential risks and opportunities of climate change now and in the future as a topic to be discussed with our suppliers for sustainable development and collaboration.

The main pollution sources in operations are only the general domestic waste and the domestic water used in the office. The specific measures for energy conservation and carbon reduction in the office formulated are as follows, and we will continue to implement them.

- ❁ Adjust the temperature at workplace according to the weather.
- ❁ Turn off the lights in certain areas during break.
- ❁ Turn off the lights and air conditioners in the meeting room or when they are not necessary for reading.
- ❁ Set up food leftover bins and garbage sorting and recycling bins.
- ❁ Reuse recycled paper.
- ❁ Introduce the electronic approval process.
- ❁ Encourage colleagues to bring their own tableware.
- ❁ The Company has made available tea sets, cups and plates to reduce the use of paper cups and disposable tableware.
- ❁ Post slogans promoting energy conservation and carbon reduction in public space such as conference rooms and pantry rooms.

The Company's main source of energy consumption comes from purchased electricity, which accounted for more than 98% of total emissions in the past two years. Other sources of emissions are figurative emissions (e.g. refrigerant and fire extinguishers). Since the Company does not engage in manufacturing processes, it did not produce scope 1 emissions. Scope 1 GHG emissions totaled 0.12 tons for both 2022 and 2021; scope 2 GHG emissions were 18 tons and 13.7 tons in 2022 and 2021, respectively. Water consumed in 2022 and 2021 amounted to 722 tons and 574 tons, respectively, accounting for 0.3% and 0.31% of each year's GHG emissions. No external organization has been engaged for authentication.

6 Social Responsibility

6.1 ESG Sustainability Performance

6.2 Impact of Public Relations and Operations on Communities

6.3 Participation in Associations and External Initiatives

6.4 External Initiatives










6. Social responsibility GRI | 413

The Company continuously strives to achieve the sustainable development goals, improve patients' living quality, and become the best strategic partner in the development and marketing in Asia for international innovative biotech firms. Upholding SDG 3 Good Health and Well-being and SDG 17 Partners for the Goals of the United Nations, the Company is progressing towards sustainable development in terms of all of the three ESG aspects, namely, environment, society, and corporate governance. TSH set up its Sustainable Development Committee under the Board of Directors on August 4, 2022, and had the several operating units assemble the ESG task force. The Committee is responsible for formulating sustainable development strategy, goals, and action plans; the ESG task force is responsible for carrying out the action plans. The Sustainable Development Committee is responsible for reporting on the progress to the Board of Directors every quarter and tracking and managing each sustainable development performance indicator simultaneously.

6.1 ESG Sustainability Performance

E: Sustainable environment

Sustainable Development Goals (SDGs) of the United Nations	Implementation content
	<ul style="list-style-type: none"> Maintained a high-quality supplier management: Regularly inspected suppliers to ensure that the supplier's manufacturing process resulted in little pollution of air, water, soil, chemical substances, etc., so as to ensure the health and safety of the Company's employees and the residents living near partner factories. The Company was not subject to any environmental pollution penalties in 2022.
	<ul style="list-style-type: none"> In 2022, the Company carried out an internal fire safety inspection, and participated in one fire evacuation drill held by Nangang Software Park. Safe management of waste: Hazardous waste – Regularly checked for product life cycle; drugs are scrapped and recycled centrally. Non-hazardous waste – Sorted and recycled according to the Park's policy. Waste was disposed of according to law. The Company did not violate any waste disposal laws or regulations in 2022. The coffee beans and tea bags at the disposal of employees and visitors all bear an International Fairtrade Certification Mark. Dishwashing detergent and hand sanitizer at the disposal of office employees all bear a green product mark.
  	<ul style="list-style-type: none"> Tea cups and mugs that can be repetitively used are provided to office visitors, to reduce the environmental pollution resulting from disposable drinking water bottles. Copy paper ready for use in office bears the FSC™ mark. A total of 4,100 desk calendars of 2023 were printed in 2022 using printer paper that bears the FSC™ mark.
 	<ul style="list-style-type: none"> TSH participated in Step30 by setting up a small collection station. As a result, a total of 806 pieces of clothing and 64 bags were collected and sent to Africa for the needy therein, reducing 3,385.2 kg of carbon emissions.

*Note:

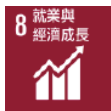
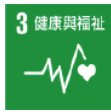
1: Fairtrade International: Formulated the “Fairtrade Standard” for the world to follow. The standard is applicable to importers, exporters, and manufacturers, and requires them to be subject to the monitoring and audit carried out by a certification body. This way, the standard makes the supply chain transparent, and social influence measurable and visible. A product bearing the International Fairtrade Certification Mark denotes that the source of raw materials has been audited by the Fairtrade International. A consumer buying a product bearing the mark is also contributing to the sustainability of the world and democracy of society.

2: Green product: Refers to products made of pure natural food or natural plants that do not contain any chemical additives, or to products that meet environmental requirements during production, use and processing, and are harmless or minimally harmful to the environment as well as conducive to resource regeneration and recycling.

3: FSC “forest management certificate”: A certificate granted to forest management institution confirming that the forest is being managed in a way that preserves the environment and benefits society, while ensuring it sustains economic viability.

S: Social responsibility

Sustainable Development Goals (SDGs) of the United Nations



Implementation content

- ☼ The Company elected to support local small farmers by purchasing 95 rice gift boxes as new year gifts from them. The company supports local production and local consumption; ensures food security; eliminates hunger; promotes sustainable agriculture; and helps reduce carbon dioxide emissions generated during transportation.
- ☼ The Company purchased 87 product items that bear a green product mark, conform to the sustainability standard, and aim for pandemic prevention, and gave out them as Dragon Boat Festival gifts. Those are green products that are properly managed in an environmentally friendly manner, that greatly reduce the chances of discharge into the air or leakage into water and soil, that reduce the negative impact on human health and the environment, and that prevent epidemics and promote health at the same time.
- ☼ The Company gave out Mid-autumn Festival gifts while supporting the community. Since its policy advocates environmental protection, the Company purchased reusable cups as festival gifts, which is a concrete action to support reduction in plastics use. Meanwhile, the Company showed its support for the Smile Angle Bakery of Nextop Charity Foundation by purchasing 75 gift boxes of yolk pastry and nut tart.
- ☼ The Company donated the revenue from the internal charity sale in the amount of NT\$40,330 to the “Aging with You” project of the Double Bliss Welfare and Charity Foundation.
- ☼ The Company provided one dose of vaccine against flu to employees at the Company’s expense, and to their dependents at a subsidized rate.
- ☼ The Company provided one time of health checkup to employees at the Company’s expense, and to their dependents at a subsidized rate.
- ☼ In support of the CDC’s COVID-19 policy, the Company implemented constantly reviewed pandemic control measures. From April to July, the Company implemented a work-from-home scheme, and continuously provided employees with pandemic insurance, vaccination leave, pandemic care leave, and pandemic prevention supplies, e.g. rapid tests, masks, and disinfectant spray.
- ☼ In September and October, the Company separately held the “Health Education Seminar for All Taiwanese on Health-keeping and ‘Heart’ Campaign,” giving health education on three main diseases, namely, angina pectoris, hyperlipidemia, and hypertension. Participants totaled 205 persons for the September session and 236 persons for the October session.
- ☼ The Company set up a health education zone on its official website; the zone features physician specialists who focus on a specific area of medicine giving a talk, and includes three video clips and one set of illustration articles for dummies, allowing the general public to access health knowledge for free.
- ☼ Board of Directors diversity: Female directors account for 28.6% of total board seats.
- ☼ The Company promotes gender equality employment and provides equal employment opportunities to both genders. Currently, employees’ gender ration (men to women) is 3 to 4.
- ☼ The Company continues to establish a friendly workplace and eradicate workplace bullying and sexual harassment. There was no grievance case on sexual harassment in 2022.
- ☼ To provide employees with the opportunities for learning and growth, the Company has forged a learning organization. In 2022, the Company held six group-based study programs; two educational training sessions; the Mentor Program which enrolled 10 employees; and the Golden Star Cultivation Program which enrolled 1 employee.
- ☼ The Company values two-way communication with, and commitment to, employees; it further sets goals for the annual performance evaluation system, and the goals have been fully achieved. Employees will be promoted and given a pay raise according to their performance.
- ☼ The Company donated NT\$30,000 to Hondao Senior Citizen’s Welfare Foundation’s “2022 Pack Your Love in Your Clothing for the Elderly” project, hoping to make a humble contribution to the plan to care for vulnerable elders living alone, thereby delivering warmth and care to the minds of the elderly.

G: CORPORATE GOVERNANCE

SUSTAINABLE DEVELOPMENT GOALS (SDGS) OF THE UNITED

Implementation content



- ☼ The Company held an online/physical awareness session on business ethics, including ethical corporate management, prevention of insider trading, information security, and trade secrets in the year.
- ☼ The Company held an awareness session on prevention of insider trading, and reminded insiders not to trade shares within 30 days/15 days before the annual/quarterly financial statements publication date.
- ☼ The Company was rated among the top 5% in the Corporate Governance Evaluation for TWSE/TPEX-listed Companies.

6.2 Impact of Public Relations and Operations on Communities

The Company maintains excellent public relations with investors, banks, suppliers, media, and government agencies, complies with various laws and regulations, and strictly prohibits bribery and unfair competition.

To ensure the quality of life of the residents around the park, we also abide by and cooperate with the resident regulations of the Management Committee of Nangang Software Park, to maintain the cleanliness and order of the public space in the park and ensure harmony between the park and surrounding residents.

The Company did not have any of the following incidents occurring in 2022:

- There was no case of violating laws and regulations with a huge fine and penalty other than fines and complaint that caused social impact.
- There was no anti-competitive practice or violation of antitrust and monopoly laws in which we were suspected of being involved or for which there was an ongoing lawsuit or the case was closed.
- There was no political contribution, inappropriate charitable donation, or sponsorships in 2022.

6.3 Participation in Associations and External Initiatives

Participation in Domestic Associations

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

- ☼ Taiwan Pharmaceutical Manufacture and Development Association
- ☼ Taipei Pharmaceutical Agents and Distributors Association
- ☼ Institute for Biotechnology and Medicine Industry
- ☼ Taiwan Generic Pharmaceutical Association
- ☼ Taipei Pharmaceutical Business Association
- ☼ The Pharmaceutical Society of Taiwan
- ☼ Taipei Pharmacists Association
- ☼ Precision Medicine Industry Association of Taiwan
- ☼ Taiwan Clinical Research Association

6.4 External Initiatives

There are no economic, environmental, and social regulations, principles, or other initiatives that have been endorsed and signed by the Company and have been formulated by external entities.

Appendix: Comparison of Standards

Appendix: GRI Standards Comparison Table

GRI 2: General Disclosures 2021







GRI Standards	Item of Disclosure	Chapter	Page	Remark
2-1	Information About the Organization	About the Report 1. Brand Vision	2 7	
2-2	Entities Included in the Organization's Sustainability Report	About the Report	2	
2-3	Reporting Period, Frequency, and Contacts	About the Report	2	
2-4	Restatements of Information	About the Report	2	
2-5	External Assurance	About the Report	2	
2-6	Events, Value Chain, and Other Business Relationships	1. Brand Vision	7	
2-7	Employees	4. Happy Workplace	59	
2-8	Non-Employee Workers	4. Happy Workplace	59	
2-9	Governance Structure and Composition	2. Corporate Governance	29	
2-10	Nomination and Selection of the Highest Governance Body	2. Corporate Governance	29	
2-11	Chairman of the Highest Governance Body	2. Corporate Governance	29	
2-12	Role of the Highest Governance Body in Overseeing Impact Management	2. Corporate Governance	29	
2-13	Delegation of Responsibility for Impact Management	1.4 Sustainable Development Committee 2. Corporate Governance	20 29	
2-14	Role of the Highest Governance Body in Sustainability Reporting	1.4 Sustainable Development Committee	20	
2-15	Conflicts of Interest	2. Corporate Governance	29	
2-16	Communication of Significant Events	1.4 Sustainable Development Committee 2. Corporate Governance	20 29	
2-17	Collective Intelligence of the Highest Governance Body	2. Corporate Governance	29	









2-18	Performance Assessment of Highest Governance Body	2. Corporate Governance	29	
2-19	Remuneration policies	2. Corporate Governance	29	
2-20	Process for Determining Remuneration	2. Corporate Governance	29	
2-21	Annual Total Remuneration Ratio	2. Corporate Governance	29	
2-22	Statement of Sustainability Strategy	Message from the Chairman and the General Manager	4	
2-23	Policies and Commitments	1.2 Current Status of Products and Development of New Drugs 2. Corporate Governance 3. Ethical Corporate Management 4.6 Human Rights Protection	13 29 40 66	
2-24	Integration into Policies and Commitments	1.2 Current Status of Products and Development of New Drugs 2. Corporate Governance 3. Ethical Corporate Management 4.6 Human Rights Protection	13 29 40 66	
2-25	Negative Impact Compensation Process	1.2 Current Status of Products and Development of New Drugs 2. Corporate Governance 3. Ethical Corporate Management 4.6 Human Rights Protection	13 29 40 66	
2-26	Mechanism for Soliciting Suggestions and Raising Concerns	3. Ethical Corporate Management	40	
2-27	Compliance	3. Ethical Corporate Management	40	
2-28	Membership in Associations	6.3 Participation in Associations and External Initiatives	73	
2-29	Stakeholder Engagement Methods	3.5 Communication with Stakeholders	52	
2-30	Collective Bargaining Agreements	4. Happy Workplace	59	










GRI 3: Material Topics

GRI Standards	Item of Disclosure	Chapter	Page	Remark
3-1	Material Topic Resolution Process	1.5 Material Topic Analysis	23	
3-2	List of Material Topics			
3-3	Management of Material Topics			

Appendix: SASB Standards Comparison Table

Code	Accounting Metric	Chapter or Section for Reference/Disclosure	Corresponding SDGs	Page
Topic: Safety of Clinical Trial Participants				
HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	1.2 Current Status of Products and Development of New Drugs		13
HC-BP-210a.2	Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)	No such incidents have occurred at TSH Biopharm		-
HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	No such incidents have occurred at TSH Biopharm		-
Topic: Access to Medicines				
HC-BP-240a.1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	1.2 Current Status of Products and Development of New Drugs	 	13
HC-BP-240a.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	No such incidents have occurred at TSH Biopharm		-
Topic: Affordability & Pricing				
HC-BP-240b.1	Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period.	No such incidents have occurred at TSH Biopharm		-
HC-BP-240b.2	Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year.	No such incidents have occurred at TSH Biopharm		-
HC-BP-240b.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year.	1.2 Product Status and New Drug Development–Fair and Reasonable Pricing		13
Topic: Drug Safety				
HC-BP-250a.1	List of products listed in the Food and Drug Administration’s (FDA) MedWatch Safety Alerts for Human Medical Products database.	3.3 Product and Supplier Management		46
HC-BP-250a.2	Number of fatalities associated with products as reported in the FDA			46

	Adverse Event Reporting System.			
HC-BP-250a.3	Number of recalls issued; total units recalled.			46
HC-BP-250a.4	Total amount of product accepted for takeback, reuse, or disposal.			46
HC-BP-250a.5	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type.			46
Topic: Counterfeit Drugs				
HC-BP-260a.1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting.	3.3 Product and Supplier Management		46
HC-BP-260a.2	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products.			46
HC-BP-260a.3	Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products.	No such incidents have occurred at TSH Biopharm		-
Topic: Ethical Marketing				
HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims.	No such incidents have occurred at TSH Biopharm		-
HC-BP-270a.2	Description of code of ethics governing promotion of off-label use of products.	3.3 Product and Supplier Management—Legal and Ethical Compliance in the Product Life Cycle TSH pays attention to every aspect of the pharmaceutical industry chain, and strictly adheres to the laws and regulations that prohibit arbitrary experimentation, manufacturing, sales, and advertising. We also attach great importance to the ethical issues involved in the industry, especially in the implementation of the regulations on the ethics of preclinical animal testing, ethics of clinical trials with human subjects, and ethics of drug marketing during the product life cycle.	 	46
Topic: Employee Recruitment, Developing & Retention				
HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development personnel.	4. Happy Workplace TSH values the worth and contributions of every employee, and adopts a people-centered management approach, cherishing and respecting all employees. In addition to caring about their personal growth, we train them in professional skills and provide them with competitive salaries, benefits and good work environments, enabling TSH employees to achieve balanced career development. At the same time, we are actively recruiting professional talents.	  	59

HC-BP-330a.2	(1) Voluntary and (2) involuntary turnover rate for: (a)executives/senior managers, (b) midlevel managers, (c) professionals, and (d) all others.	4. Happy Workplace The retention rate of employees in managerial positions reached 100% in 2022, and the turnover rate of the Company's employees remains stable.	  	59
Topic: Supply Chain Management				
HC-BP-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third-party audit programs for integrity of supply chain and ingredients.	3.3 Product and Supplier Management– Pharmaceutical Supplier Management The Company's management assessment is carried out through questionnaires filled out by suppliers about outsourced manufacturers, on-site audits, and data review. We also require suppliers to provide official factory inspection reports that were provided within the past three years, factories' valid SOP LIST, PIC/S GMP documents, TFDA's drug master files (DMFs), the original manufacturers' certificates of analysis, and material safety data sheets (MSDS) to evaluate their quality systems and supply quality.	  	46
Topic: Business Ethics				
HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery.	At present, TSH has not had an incident nor any expense related to this matter.		-
HC-BP-510a.2	Description of code of ethics governing interactions with health care professionals.			-
Activity Metrics				
HC-BP-000.A	Number of patients treated.			
HC-BP-000.B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3).	1.2 Current Status of Products and Development of New Drugs–New Drug/New Product Development		13