FORMOSA LABORATORIES, INC.

SUSTAINABILITY REPORT 2024

Formosa Laboratories, Inc.

CONTENTS

Message from the Chairman

Since its establishment in 1995, Formosa Laboratories has focused on process development, gradually becoming an internationally recognized manufacturer of Active Pharmaceutical Ingredients (APIs). The company now leads the global market with 30 generic drug products and has expanded into biopharmaceuticals, injectable formulations, and a Contract Development and Manufacturing Organization (CDMO). It demonstrates a strong commitment to quality, innovation, and sustainable practices.

With our steadfast commitment to quality, we not only play a vital role in the global supply chain; we also actively address issues such as energy conservation, carbon reduction, and employment rights. In 2023, the company began using solar-generated green electricity and completed the first phase of its solar energy installation. The second phase is scheduled for completion in 2024. Formosa Laboratories also continues to pass ISO 14064-1 and ISO 14067 certifications, collaborates with the Industrial Technology Research Institute (ITRI) on carbon footprint calculations, and aims to implement energy-saving, water-reduction, and wastewater treatment measures by 2025. Additionally, the Company demonstrates its corporate social responsibility through community activities such as beach cleanups.

The Company has partnered with a human resource consulting firm to improve its compensation and job grading systems. We currently have nearly one hundred foreign employees on staff, and we continue to recruit senior international talent. Through industry-academia collaboration programs, graduate recruitment initiatives, and scholarships, the Company enhances its research and development capabilities, as well as its quality standards. The Board of Directors actively participates in decision-making within the ESG Team and demonstrates a commitment to gender equality and cultural diversity.

Facing growth in the new drug market, Formosa Laboratories' CDMO and injection plant are about to enter the harvest phase. The Company established a presence in Chicago and acquired a U.S. firm to expand its influence across North America, while also incorporating AI in various administrative and R&D tasks to boost efficiency and competitiveness.

During the pandemic, Formosa Laboratories demonstrated its vital role by producing respiratory medications, showcasing its excellent manufacturing efficiency and rapid response capabilities. In recent years, the company has actively adopted precision medicine by investing in related R&D fields to grow its product and technology offerings. In the future, we will continue to promote energy conservation and carbon reduction, enhance talent development, and accelerate international expansion. With innovation and sustainability at its core, the Company aims to build a better future alongside its global customers and partners.

Cheng, Chen-Yu

Chairman 程辰禹

Principles of Report Preparation

Report Overview

Welcome to the third sustainability report published by Formosa Laboratories, Inc. (hereinafter referred to as Formosa Laboratories). This report was prepared in accordance with the 2021 GRI Sustainability Reporting Standards (GRI Standards), with a GRI Index included in the Appendix section. Moving forward, we will continue to publish this report to regularly disclose our ESG performance to the public and to achieve our corporate sustainability vision through concrete actions. This report was released in August 2025, and the next report is scheduled for publication in August 2026.

Boundary and Scope of the Report

The reporting period for this report is from January 1, 2024, to December 31, 2024. The scope of this report is consistent with the previous year, covering Formosa Laboratories, Inc., including our Luchu Plant and Luchu No. 2 Plant. However, this report does not cover subsidiaries such as Formosa Pharmaceuticals Inc., Epione Pharmaceuticals, Inc., Epione Investment Cayman Limited, and SynChem-Formosa, Inc., since the company's main operations are directly managed by Formosa Laboratories, Inc. Therefore, these subsidiaries are outside the scope of this report.

The financial data in this report is based solely on the financial statements of Formosa Laboratories' parent company for 2024. The scope for environmental and social categories also includes Formosa Laboratories, Inc. For information on other affiliated companies, please visit Formosa Laboratories' homepage > Investor > Financials > Annual Reports to access the 2024 Annual Report. There were no major changes in the organizational size, structure, ownership, or supply chain of Formosa Laboratories during the reporting period.

Main Responsible Units and Quality Management Method of the Report

To improve the integrity and credibility of sustainability reporting at Formosa Laboratories, we have established the Rules Governing the Preparation and Filing of Sustainability Reports in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, which aims to ensure the integrity and credibility of the sustainability report.

Operating Procedure	Method	Responsible Unit
Report Compilation	This report is supervised by the Sustainable Development Committee, with the ESG Team overseeing its planning. The data, strategic objectives, performance indicators, and other information disclosed in this report are provided by the respective responsible units and then integrated, compiled, and revised by the ESG Team. Any restatements of information can be found in the appendix, with detailed explanations provided in each chapter.	ESG Team
Internal Assurance	This report is verified upon completion by each department for completeness and accuracy before it is submitted to the senior executives at the relevant departments for approval.	Relevant responsible departments and their senior executives
External Assurance	To enhance the accuracy and credibility of this report, Formosa Laboratories: • Engaged the third-party verification body, AFNOR Asia Ltd., to verify our company's compliance with the AA 1000 Assurance Standard Type 1 and the Moderate Assurance as the verification criteria. This verification ensures that the content of this report adheres to the GRI standards and the AA1000AP (2018) accountability principles. • The financial data has been audited by PwC Taiwan in accordance with the International Financial Reporting Standards (IFRSs), and all figures are presented in New Taiwan dollars. • Engaged SGS Taiwan Ltd. to verify the greenhouse gas emissions data in accordance with the ISO 14064-3 standards, ensuring that the data comply with the ISO 14064-1:2018 Greenhouse Gas Inventory standards. Reasonable assurance was applied to the Scope 1 (Category 1) and Scope 2 (Category 2) emissions data, while limited assurance was applied to the Scope 3 (Categories 3 to 6) emissions data. A verification statement for our company's carbon emissions data for 2023 was issued in 2024, and a verification statement for the 2024 carbon emissions data is expected to be issued in August 2025.	(AFNOR Asia Ltd) AFNOR Asia Ltd. PwC Taiwan SGS Taiwan Ltd.
Approval and Finalization	The final version of this report was first presented to the Sustainable Development Committee for approval and then submitted to the Board of Directors for approval by resolution before it was officially issued.	Sustainable Development Committee and Board of Directors

Contact Information

If you have any suggestions or questions about Formosa Laboratories' 2024 Sustainability Report, please feel free to contact us through the options below. To ensure transparency and fulfill our corporate disclosure responsibilities, we have also uploaded this report to our official website for easy access.

Formosa Laboratories, Inc.

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Stakeholders and Material Topics

Stakeholder Engagement

Formosa Laboratories assesses stakeholder dependence, responsibility, tension, influence, and diverse perspectives based on its operations and industry characteristics, following the five principles outlined in the AA1000 Stakeholder Engagement Standard (SES), 2015 edition. Consequently, six main stakeholder groups have been identified: (1) Employees and Workers, (2) Customers, (3) Investors and Shareholders, (4) Suppliers, (5) Government Agencies, and (6) Local Communities.

To fully understand stakeholders' concerns and identify the actual or potential impacts of their issues, Formosa Laboratories actively engages with various stakeholders through multiple bilateral and ongoing channels in its daily operations. At the same time, we gather and respond to their topics of interest. Additionally, Formosa Laboratories has established the Stakeholder Engagement section on our official website, allowing us to maintain good interaction with stakeholders via our mailboxes for any questions or suggestions related to major topics or report content.

▼ Stakeholder engagement status

Stakeholder	Importance to Formosa Laboratories	Engagement method and frequency	Topic of concern	Communication performance in 2024
 Employees and workers	Employees are the most important asset to a company and the key to operational success for a company. Thus, Formosa Laboratories endeavors to attract more outstanding talent to join us and help the company achieve outstanding economic performance.	• Cross-departmental manager meeting / monthly • Labor-management meeting / quarterly • Occupational Health and Safety Committee meeting /quarterly • Employee health examination / annually • Annual performance review / annually • Employee Welfare Committee meeting / irregularly • Internal company announcement / irregularly • Multiple channels of communication with employees / irregularly	• Economic Performance • Talent Attraction and Retention • Occupational Health and Safety	• Formosa Laboratories received 1 proposal regarding workplace improvement. The proposal was approved.
 Customers	Customers are the driving force behind a company's growth; thus, Formosa Laboratories is committed to establishing good relationships with our business partners, fostering common good in the industry.	• Customer visits / irregularly • Certification inspection / irregularly • Exhibition / irregularly • Official website, phone, and e-mail / irregularly	• Economic Performance • Innovation and R&D • Safety of Pharmaceuticals	• Received 57 customer visits in total. • Underwent 38 official and customer inspections. • Participated in one exhibition event in Taiwan and five international exhibition events.

Stakeholder	Importance to Formosa Laboratories	Engagement method and frequency	Topic of concern	Communication performance in 2024
 Investors/ shareholders	Investors serve as a source of capital for Formosa Laboratories, which stabilizes the company's capital and creates greater investment value.	• Shareholders section on the official website / irregularly • Major announcements / irregularly • Annual report and financial statements / annually and quarterly • Annual general shareholders' meeting / annually • Extraordinary shareholders' meeting / irregularly • Investor conference / irregularly • Spokesperson's phone and mailbox / immediate	• Economic Performance • Occupational Health and Safety • Information Security	• Real-time disclosure of financial information, major announcements, shareholders' meeting minutes, and information about various other activities and events. • Held a shareholders' meeting. • Participated in four investor conferences. • Issued 17 major announcements in both Chinese and English.
 Suppliers	Formosa Laboratories relies on suppliers to provide a steady supply of top-quality raw materials to be used in our products. This helps the company achieve excellent economic performance through mutual trust and cooperation with our suppliers.	• On-site visit / irregularly • Assessment and certification audit / annually • Questionnaire survey / every three years	• Economic Performance • Supply Chain Management	• Completed on-site audits of 30 raw material suppliers and 16 other suppliers (irregularly). • Completed on-site audits of three general affairs suppliers and written audits of 29 general affairs suppliers.
 Government agencies	With a commitment to complying with relevant laws and regulations encouraged by the government, Formosa Laboratories discloses important financial and ESG information according to the law, adhering to various environmental and labor laws and regulations.	• Official document, e-mail, and briefing session / irregularly • Policy promotion by competent and relevant authorities / irregularly	• Occupational Health and Safety • Water Stewardship • Pharmaceuticals • Information Security • Waste Management	• Engaged in correspondence via official documents with the Taiwan Food and Drug Administration and the Department of Public Health under the Taoyuan City Government for a total of 28 times. • Participated in joint toxic chemical disaster prevention activities, with correspondence via 13 official documents. • The authorities conducted a total of four inspections in 2024.
 Local communities	Formosa Laboratories maintains a friendly relationship with local communities and neighborhood, while giving back to them in line with fulfilling corporate social responsibility.	• Official website / irregularly • Participation in community activities / irregularly • Phone and on-site communication / irregularly	• Occupational Healthand Safety • Water Stewardship • Social Participation • Waste Management	• Sponsored 43 local community activities and events in 2024. • Organized a beach cleaning event, with 105 people participating.

Identifying and Ranking Material Topics

Formosa Laboratories identifies Material topics using the four components of the AA1000 AccountAbility Principles 2018 (i.e., inclusivity, materiality, responsiveness, and impact), referencing the sustainability topics listed in the GRI Standards and SASB Standards. These topics are then ranked based on the GRI Universal Standards 2021, after which the impact, management strategies, and practical situations of each topic are disclosed. Formosa Laboratories calibrates our sustainable development goals and strategies according to these results to improve the effectiveness of external communication and provide stakeholders with relevant information for better assessment and decision-making.

The latest assessment was conducted in 2023, during which the company identified Material topics using an impact assessment questionnaire. The relevant results applied to 2023-2024. In a discussion in 2024, the company decided to identify the same Material topics as in the previous year. In 2025, the company will introduce a stakeholder concerns questionnaire to address Material topics relevant to our stakeholders in our business operations.

▼ Process of identifying material topics for 2023-2024 at Formosa Laboratories

Compiling Sustainability Topics	• Compiled and assessed highly relevant sustainability topics based on national policy trends, various international standards, evaluations, and initiatives.
Engaging With the Six Major Stakeholders	• Engaged in real-time communication with stakeholders and collected topics of concern to stakeholders through multiple communication. • Each department was required to hold regular internal meetings to convey stakeholders' opinions and discuss feedback.
Assessing the Impact of the 19 Topics of Concern to Stakeholders	• Focused on the 19 sustainability topics based on the GRI and SASB standards and considerations of the relevance of the chemical industry to Formosa Laboratories. • Analyzed the impact of various topics of stakeholder concerns through the Questionnaire on the Materiality Assessment of Sustainability Topics. • Invited senior executives at or above the level of key business managers from each department to conduct a quantitative assessment of the positive and negative impacts of each topic's severity (scale and scope), likelihood of occurrence, and risk of human rights infringement. • Successfully collected 42 questionnaires, representing a 91.3% response rate in 2023.
2023 Identifying, Ranking, and Examining Material topics	• The results collected from the Questionnaire on the Materiality Assessment of Sustainability Topics were analyzed through both equal-weight and weighted analysis. The topics were then ranked according to the numerical values of positive or negative impact scores, and the additional scores were assigned to Material topics by key executives. Threshold standards for Material topics were established based on this analysis, which is applicable to the 2023 to 2024 period. • Preliminarily identified 12 Material topics based on the analysis results. After further discussions in meetings regarding their relevance, inclusiveness, and comprehensiveness, two topics were removed, and one new topic was added. As a result, a total of 11 Material topics were finalized for 2023.
2024 Identifying the Applicability of Material topics	• Considering there were no significant changes in business operations in 2024, regarding industry issues, trends, and an external sustainability consultant's guideline, the completeness, inclusiveness, and macroscopy of the Material topics in the previous year aligns with the company's sustainability strategy. As a result, it was decided that no adjustments were in identifying Material topics. • Similar to last year, 11 Material topics were covered in 2024.
Confirming the Identified 11 Material topics	• Submitted 11 Material topics to the Sustainable Development Committee and they confirmed this. • Disclosed the impact of each major topic and Formosa Laboratories' corresponding policy and commitments, management approaches, metrics and indicators, and related performance, in this report.
Continuously improving	• Each department set management policies for major topics and incorporated them into daily work plans and annual operational strategies. • Regularly reviewed and evaluated the effectiveness of the management policy, continuously improving sustainable management strategies.

▼ 19 sustainability topics of concern to Formosa Laboratories

Economy/Governance		Environment		Society	
1. Economic performance 2. Ethical corporate management 3. Supply chain management	4. Information security 5. Innovation and R&D 6. Reasonable pricing for mass appeal	7. Response to climate change 8. Water stewardship	9. Waste management 10. Toxic and related chemical substances management	11. Employee diversity and equality 12. Talent attraction and retention 13. Occupational health and safety 14. Safety of pharmaceuticals 15. Safety of participants in clinical trials	16. Counterfeit pharmaceuticals 17. Marketing and labeling 18. Access to pharmaceuticals 19. Social participation

▼ Assessments of the significance and impact of Material topics in 2024

Material topic	Importance of Material topic	Impact assessment of the Material topic	Impact on the value chain			Chapter or subchapter corresponding to management approach
			Upstream Raw material suppliers	Midstream Formosa Laboratories	Downstream Pharmaceutical manufacturers	
Economy/Governance						
Economic Performance	Sound operation and economic growth are the foundation of a sustainable business; thus Formosa Laboratories pursues operational growth to foster employment opportunities and give back to shareholders.	⊕☐ Enhance our company's competitiveness and market presence. ⊕☐ Increase our company's revenue and profit. ⊕■ Create job opportunities. ⊕■ Promote industrial development. ⊖☐ Investment failures result in losses or operational difficulties.		●		
Innovation and R&D	As a company's innovation and R&D capabilities are crucial to its future success, Formosa Laboratories endeavors to create new markets through continuous development of new products to generate profits and improve economic performance.	⊕☐ Increase our company's capital for sustainable operation. ⊕■ Improve people's health and well-being. ⊖☐ Risk of research failure and increased costs.	●	●	●	1.4 Innovation and R&D
Information Security	Formosa Laboratories has established information security measures to protect our intellectual property, research and development technology, and trade secrets and implemented personal data protection.	⊕☐ Stringent information security management system enables our company to operate in a stable manner. ⊖☐ Poor information security management may lead to system interruptions and damage to economic interests.		●	●	2.4 Information Security Management
Supply Chain Management	As the quality and stability of material from suppliers are critical to product quality, Formosa Laboratories must keep a close eye on quality, costs, and delivery to ensure that suppliers comply with relevant regulations.	⊕■ Stable product quality. ⊕■ Ensure the safety of raw materials ⊖☐ Improper supplier management may result in abnormal product quality, delayed delivery, and increased operating costs.	●	●		2.6 Supply Chain Management

Note: Symbols for different types of impacts: ⊕ denotes positive impact, ⊖ denotes negative impact, ■ denotes actual impact, and ☐ denotes potential impact.

Material topic	Importance of Material topic	Impact assessment of the Material topic	Impact on the value chain			Chapter or subchapter corresponding to management approach
			Upstream Raw material suppliers	Midstream Formosa Laboratories	Downstream Pharmaceutical manufacturers	
Environment						
Response to climate change	Following our proactive engagement in energy conservation and carbon reduction issues, Formosa Laboratories has invested heavily in upgrading hardware equipment and building solar power systems, to lay the foundation for the sustainable development of our business.	⊕■ Reduce energy costs through energy saving measures. ⊕□ Receive subsidies for carbon reduction. ⊖■ Investment in low-carbon equipment leads to increased carbon reduction costs. ⊖□ Imposition of carbon fees and taxes lead to increased operating costs.	●	●	●	**3.1 Response to Climate Change**
Water Stewardship	Formosa Laboratories raises awareness of water conservation and strengthens water recycling and wastewater treatment mechanisms, allowing the earth's water resources to be recycled and reused while minimizing the impact of wastewater on the environment.	⊕■ Enhance production efficiency. ⊕■ Reduce environmental impact. ⊖□ Improper management may lead to increased environmental costs resulting in environmental pollution.		●		**3.4 Water Stewardship**
Waste Management	Besides filing reports on our industrial waste, Formosa Laboratories also raises awareness of waste reduction and has revitalized waste clearance and disposal measures to minimize our impact on the environment and local communities.	⊕■ Promote waste reduction and reuse of resources. ⊕■ Reduce our impact on the environment and local communities. ⊕■ Improve the working environment and enhance production efficiency. ⊖□ Improper waste management may lead to penalties and fines due to violations of laws and regulations.	●	●		**3.5 Waste Management**
Toxic and related chemical substances management	In an effort to prevent toxic and related chemical substances from polluting the environment and endangering human health, Formosa Laboratories is obliged to keep track of information on all chemical substances and carry out identification and management of these substances to ensure the safety of workers and the environment.	⊖□ Inadequate management of chemical substances may endanger employees' health. ⊖□ Chemical leaks may cause environmental pollution and residues.		●		**4.4 A Safe Workplace Environment**
Society						
Occupational Health and Safety	It is a company's responsibility to provide a healthy and safe working environment, thus Formosa Laboratories ensures workers' health and safety through the continuous implementation and supervision of the Occupational Health and Safety Management System.	⊕■ A healthy and safe workplace environment can bolster efforts to retain talent. ⊕■ Reduce hazards to the environment and communities. ⊖□ Occupational accidents and risks may affect workers' health and safety.	●	●		**4.4 A Safe Workplace Environment**
Talent Attraction and Retention	Formosa Laboratories attaches great importance to talent recruitment and cultivation, career development, and also offers employees a healthy and safe workplace environment to retain this talent.	⊕■ Enhance the operational competitiveness of our company. ⊕■ Foster employee cohesion ⊖□ Brain drain may cause stagnation of our company's development		●		**Chapter 4 Society**
Social Participation	Following our ongoing effort to keep abreast of the needs of schools and communities around our factories, Formosa Laboratories organizes activities aimed to showing care for disadvantaged groups through engaging in river conservation programs hosted by local governments.	⊕■ Practice corporate social responsibility. ⊕■ Maintain a good relationship with local neighborhoods and communities. ⊕■ Foster the development of the local economy and local communities.		●		**4.5 Social Participation**

Note: Symbols for different types of impacts: ⊕ denotes positive impact, ⊖ denotes negative impact, ■ denotes actual impact, and □ denotes potential impact.

1 About Formosa Laboratories

1.1 Sustainability Performance Highlights

Environment

- Achieved a 11.41% waste recycling rate in 2024 (up 2.62% from the previous year).
- Recycled 142.658 megaliters of water, representing a 31.53% water recycling rate based on the amount of water used in 2024.
- Completed the installation of phase II solar power generation equipment with a total installed capacity of 814.725kW.
- Recorded an energy intensity of 323.24 MJ per Kg of output (down 4.3% from the previous year).
- Recorded a carbon intensity of 8.06 metric tons of CO_2e per NT$ million in revenue (down 1.34% from the previous year).
- Rolled out and implemented five carbon conservation and carbon reduction programs, which are projected to achieve annual reduction performances as follows:
  - Saving 1,995,412 kWh of electricity.
  - Reducing 945.825 metric tons of CO_2e in carbon emissions.

Governance

- Generated an operating revenue of NT$4,731,046,000 (up 8.85% from the previous year)
- Board members received 56 hours of continuing education and training, equivalent to 6.2 hours of education and training per person on average.
- Accumulated 29 inventions, with 16 valid patents still valid for the company as of the end of 2024.
- 611 manufacturers obtained scores above 90 points in the appraisal of raw material suppliers, accounting for 92.3% of all appraised suppliers.
- 100% of our primary raw material suppliers signed the Statement of Use of Hazardous Substances and did not use disallowed minerals.

Social

- Spent NT$2.229 million on training expenses in 2024, involving both internal and external education and training programs that were attended by 4,786 people in total.
- The new employment rate was 21.3% (down by 7.52% compared to the last year), and the turnover rate was 18.6% (down by 3.02% compared to the last year).
- Received a silver award in the appraisal of happiness enterprises organized by 1111 Job Bank.
- Sponsored 43 local community activities in 2024, which amounted to NT$282,000.
- Successfully enrolled 83 people in two blood donation drives in 2024, who donated 123 bags of blood in total.
- Awarded scholarships to employees' children, totaling NT$82,000 to 54 children.

1.2 Company Profile

Following our entry into the Active Pharmaceutical Ingredient (API) manufacturing field in 2000, Formosa Laboratories has become a globally recognized API producer thanks to our strong R&D capabilities and solid quality system management. Currently, we offer dozens of API products and maintain a market network that spans the entire world. Formosa Laboratories provides Contract Development and Manufacturing Organization (CDMO) and Contract Manufacturing Organization (CMO) services, delivering efficient pharmaceutical solutions through our professional project management and technology transfer teams.

Through vertical technical integration, Formosa Laboratories began entering the injection preparation field in 2018 to develop and manufacture APIs and sterile injections, including specialized sterile injections like pre-filled syringe cartridges and large-volume lyophilized products, which comply with international standards for sterile preparation plant design, processes, validation, registration, and verification. Consistent manufacturing of APIs and sterile injections helped significantly reduce manufacturing costs, boosting product profitability and enhancing the company's competitiveness. In 2025, the company started planning to expand its injection facilities and increase production lines. The expansion of the injection plant is expected to be completed by the end of 2026.

Formosa Laboratories continuously updates and ensures our products meet Current Good Manufacturing Practice (GMP) standards, striving to manufacture medicines of the highest quality. We also market APIs, injectable drugs, and contract manufacturing services extensively across Europe, the US, Japan, and around the world.

Formosa Laboratories continue to pass GMP inspection conducted by multiple international organizations

- The United States Food and Drug Administration, US FDA
- European Directorate for the Quality of Medicines and HealthCare, EDQM
- Bundesinstitut fur Arzneimittel und Medizinprodukte, BGV
- Pharmaceuticals and Medical Devices Agency, PMDA
- Taiwan Food and Drug Administration, TFDA
- Comisión Federal para la Protección contra Riesgos Sanitarios, COFEPRIS

Formosa Laboratories (Stock Code: 4746), a corporate entity, was listed on the Taiwan Stock Exchange in 2011. For more details on the ownership of Formosa Laboratories, please refer to the section on ownership structure and the list of major shareholders in the Capital Overview chapter in Formosa Laboratories' 2024 Annual Report.

▼ Basic profile of Formosa Laboratories

Name of company	Formosa Laboratories, Inc.
Date of incorporation	December 29, 1995
Location of headquarters	No. 36, Heping Street, Kengkou Village, Luzhu District, Taoyuan City 338002, Taiwan
Floor area	45,508 square meters
Number of employees	927 people
Paid-in capital	NT$1,202,559,630
Primary products	APIs, Injectable, and CDMO services
Net sales in 2024	NT$4,605,182,000 (standalone)
Sales volume of primary products in 2024	131,590.13 Kg in domestic sales and 983,695.62 Kg in export sales.

Note: Please refer to1.5 Economic Performance for more details on Formosa Laboratories' operating and financial status for the past three years.

▼ Participation in industry associations and organizations important to Formosa Laboratories

No.	Name of organization	Membership status
1	Taiwan Bio Industry Organization (Taiwan BIO)	Member
2	Taiwan Innovative Drug Alliance (TIDA)	Member
3	Taiwan Pharmaceutical Manufacture's Association (TPMA)	Member
4	Taiwan Parenteral Drug Association (TPDA)	Member
5	Taiwan Research Based Biopharmaceutical Manufacturers Association (TRPMA)	Member

▼ Operating locations of Formosa Laboratories

Name of operating location	Address	Phone number
Headquarters	No. 36, Heping Street, Kengkou Village, Luzhu District, Taoyuan City 338002, Taiwan	(03) 3240895
Luzhu Plant	No. 36, 36-1 Heping Street, Kengkou Village, Luzhu District, Taoyuan City 338002, Taiwan No. 398, Section 2, Youguan Road., Luzhu District, Taoyuan City 338002, Taiwan	(03) 3240895
Luzhu No. 2 Plant	No. 36, 36-1 Heping Street, Kengkou Village, Luzhu District, Taoyuan City 338002, Taiwan	(03) 3240895

▼ Affiliate companies of Formosa Laboratories

Name of company	Address	Primary business or production items
Formosa Pharmaceuticals, Inc.	8F.-6, No. 57, Fuxing N. Road., Songshan District, Taipei City	R&D of biotech and new pharmaceuticals
Epione Pharmaceuticals, Inc.	No. 36, Heping Street, Luzhu District, Taoyuan City 338002, Taiwan	R&D of biotech and new pharmaceuticals
Epione Investment Cayman Limited	4rd Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands	Investment company
Epione Investment HK Limited	21/F, Central 88, No.88 Des Voeus Road Central, Hong Kong	Investment company
Activus Pharma Co., Ltd	Takanashi Bldg. 3F, 2-15-7 Nihonbashi Ningyo-Cho, Chuo-Ku, Tokyo 103-0013, Japan	R&D of biotech and new pharmaceuticals
Shanghai Epione Enterprise Co., Ltd.	Room 1009, 10F, No. 1108, Caobao Road, Minhang District, Shanghai	Wholesale, import/export, and commission agent of chemical raw materials and products
SynChem-Formosa, Inc.	1400 Chase Ave. Elk Grove Village, IL 60007 USA	Provision of high-quality organic synthesis and process development services.

1.3 Products and Services

Formosa Laboratories owns various manufacturing facilities at our factories, including general APIs, High Potency API s (HPAPIs), Antibody-Drug conjugates (ADCs), Fermentation, Peptides, and Injectables (INJs). In addition to setting up pilot plants for scaled-up production with a wide range of equipment designed to meet different process needs and provide batch reaction sequential process design, Formosa Laboratories also has different types of kilogram-level to ton-level reaction equipment to accommodate customers' production requirements across various processes and capacities. Moreover, Formosa Laboratories has introduced new technologies, as evidenced by establishing an independent peptide synthesis laboratory for product development and adopting continuous microfluidic reactors for API products and CDMO services, all aimed at continuously enhancing our production capacity and quality.

▼ Introduction to Formosa Laboratories' products and major progress in 2024

Generic API	• Marketed dozens of API products across the globe, with our “cholesterol and phosphate binder” product maintaining a leading position in the market. • Expanded our efficiency and capacity with a stable supply chain and high-quality production standards to meet customer needs. • Conducted the 9th GMP on-site factory inspection by the Food and Drug Administration (FDA) of the United States. • Conducted the 6th GMP on-site factory inspection by PMDA of Japan.
Injectable	• In 2024, the injection product Eribulin passed FDA factory inspection. • Provided commercial production services for small- and large-molecule liquids for injection and lyophilized injectable drugs. • A licensing and sales contract for the Eribulin Injectable was signed with the relevant American drug manufacturer in the United States.
CDMO	• Established international locations through strategic alliances as our customers span across the global pharmaceutical market. • Provided a flexible and efficient one-stop service from APIs to formulation filling services. • Provided CDMO services for ADCs and peptides.

1.4 Innovation and R&D

▼ Management of material topics “Economic Performance” and “Innovation and R&D” at Formosa Laboratories in 2024

Material Topic	Economic Performance	Innovation and R&D
Disclosures in accordance with the GRI Standards	GRI 201-1 Direct economic value generated and distributed	Custom topic
Corresponding SDGs		
Policy or commitment	Formosa Laboratories focuses on one-stop R&D and manufacturing in addition to manufacturing APIs, UV filters, and injectable products using the most advanced technology, to provide complete and efficient customized services while maintaining good relationships with our business partners. Further, Formosa Laboratories continues to engage in innovation and R&D with the intention of contributing to efforts in improving people's health. This will foster social well-being and enhance our economic performance.	
Tracking management mechanism	• The Accounting Department must regularly report the status of tax-related management to financial supervisors. • Establish a new product development team, who are tasked with holding regular meetings to report the progress of each project and compile annual summaries and achievements. • Continue to conduct various assessments and reporting, commercialization, and evaluation of economic benefits during the development of microfluidic processes and keep a close eye on the filing and auditing of changes to manufacturing processes by regulatory entities. • Conduct feasibility assessments, propose quotations, and confirm deliverables and schedules for CDMO-commissioned R&D projects based on the standardized form as well as regularly report R&D outcomes to the President and the professional team to set R&D directions.	
Metrics and targets	**Short-term targets ▶**	• Continually screen suitable APIs to conduct research on synthesis approaches annually, select at least three suitable development targets, draft appropriate patent response strategies, and include them in the Company's new product development stage. • Evaluate and screen products suitable for use in microfluidic processes. • Continue to expand our CDMO business by developing a one-stop model that integrates various processes ranging from API and pharmaceutical R&D and manufacturing to testing and registration. • In 2025, the Company initiated planning to expand the injection plant and increase production lines. It is expected that the expanded injection plant will be completed by the end of 2026. • Continually screen product processes, introduce AI data collection, engineer automated management, and carry out application work to improve the efficiency and precision control of product manufacturing.
	Medium-term targets ▶	• Complete the development of manufacturing processes for at least one target API and provide pilot samples for customers to conduct dosage form research. • Conduct planning and prepare for the development of microfluidic process and mass production of corresponding products and carry out production and regulatory filings. • Assist customers in entering Phase III clinical trials or planning for future mass production after product launch with CDMO services. • Continue to invest in the development of ADC biologics and sustained-release injectable platform.
	Long-term targets ▶	• Assist CDMO customers to complete Phase III clinical trials and successfully launch their products, thereby becoming the main supplier of APIs and OEM partner for customers. • Commercialize microfluidic products based on market conditions. • Build a small-scale pilot plant for R&D and mass production to test the feasibility of scaling up the process and to improve the success rate of technology transfer.
Actions and outcomes in 2024	• Generated a net revenue of NT$4,605,182,000 and a net income of NT$157,268,000 in 2024. • Sustained a total of 16 effective patents in 2024. • Reported a total of NT$581,503,000 in R&D costs in 2024, which accounted for 12.63% of our operating revenue, up 0.65% from the previous year. • In 2024, the injection product Eribulin passed FDA factory inspection. • Initiated using automated process management to reduce manpower demands and enhance production efficiency and effectiveness.	

R&D Outcomes

Formosa Laboratories conducts safety assessments following relevant regulations and standards across all R&D phases in three main areas: one-stop R&D and manufacturing, development and application of microfluidic processes, and selection of generic drug targets with development of corresponding manufacturing methods, to ensure the health and safety of users. Additionally, Formosa Laboratories reported a total of NT$581,503,000 in R&D expenses in 2024, representing 12.63% of our operating revenue, an increase of 0.65% from the previous year.

▼ R&D investment at Formosa Laboratories for the past three years (unit: NT$ thousands)

Year	2022	2023	2024
Investment amount	471,194	577,774	581,503
Proportion to operating revenue	12.39%	13.29%	12.63%

Note: The data above are sourced from Formosa Laboratories' parent company's only financial statement.

▼ Three major R&D areas at Formosa Laboratories

One-stop R&D and manufacturing	With regards to preparation R&D, Formosa Laboratories focuses on a customized R&D and CDMO service model for difficult-to-synthesize APIs, which encompasses formulation and process R&D, batch scale-up, and delivery batch production. At present, the proprietary products involved in our one-stop R&D and manufacturing include Eribulin and Gadoterate Meglumine, while Ferric Carboxymaltose (FCM) is currently under development. For CDMO-commissioned R&D projects, Formosa Laboratories conducts feasibility assessment, proposes quotations, and confirms deliverables and schedules based on the standardized form For R&D projects are, R&D outcomes or project milestones are regularly reported to the President and the project team for joint decision-making on future R&D directions. The project team also regularly assesses the progress, execution efficiency, and cost of each R&D project, with the expectation to keep the overall average budget under control.
Development and application of microfluidic processes	Fluid miniaturization using microfluidic technology can enhance the efficiency of drug screening as it possesses several advantages such as low cost, reduced reagents and space, and rapidity. Currently, a modularized process of the microfluidic process laboratory has been verified and entered the stage of volume production. It is expected that two new production lines will be added and relevant application work will be conducted in 2025. Through process automated management, the Company will develop its cost advantage and market competitiveness and actively satisfy customer requirements.
Selection of generic drug targets and development of corresponding manufacturing processes	A generic drug is an approved drug that is manufactured by another pharmaceutical company using the same ingredients and processes after the original manufacturer's patent has expired. In an effort to achieve our targets, we assessed the option of setting up the New Product Development (NPD) Team, whose members consist of experts in various fields such as marketing, interpretation of patent claims, chemical synthesis, process technology, experimental analysis, and the development of the supply chain. They would carry out comprehensive discussions and select targets, as well as convene meetings on a regular basis. The NPD Team uses annual summaries, in coordination with company operations and market developments, as a reference for future development.

Patent Portfolio

Formosa Laboratories has dedicated patent engineers who conduct a thorough review of patent distributions in each country, focusing on markets where new products will be launched during development. Besides actively developing our own technologies and ensuring that our manufacturing processes do not infringe on competitors' patents, Formosa Laboratories has also established the Freedom-to-Operate (FTO) Analysis Management Regulations. Additionally, the company encourages employees to apply for patents in accordance with the Patent Application Management Regulations. As a result, Formosa Laboratories has so far created a total of 29 inventions, with 32 patents approved by the end of 2024, and currently holds 16 valid patents.

▼ Status of patents acquired by Formosa Laboratories over the past three years

Country	Number of new patents			Cumulative number of valid patents as of 2024
	2022	2023	2024	
Taiwan	2	0	0	5
USA	0	1	0	7
China	0	0	0	1
Germany	0	0	0	1
Japan	0	0	0	2
Total	2	1	0	16

1.5 Economic Performance

Operations Overview

Formosa Laboratories is committed to not only upgrading API technologies and services and branching out into injectable R&D and manufacturing in the downstream sector, with R&D and manufacturing for existing APIs, but also offering customized R&D and CDMO services with high efficiency and confidentiality. The company strives to maintain strong collaboration with its partners.

In 2024, Formosa Laboratories experienced an increase in overall sales compared to 2023, primarily driven by higher shipments of cholesterol and phosphate binders, and respiratory agents, along with the impact of the soaring US dollar.

▼ Analysis of sales by region at Formosa Laboratories over the past three years

Sales region	2022		2023		2024	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
India	918,782	24.15	1,031,114	23.72	1,056,918	22.95
USA	190,339	5	269,315	6.2	485,726	10.55
Netherlands	377,799	9.93	577,197	13.28	588,641	12.78
Taiwan	419,148	11.02	295,097	6.79	365,307	7.93
Japan	228,751	6.01	311,977	7.18	262,690	5.7
Germany	231,162	6.08	306,894	7.06	250,629	5.44
China	220,018	5.78	241,396	5.55	210,789	4.58
Switzerland	280,347	7.37	272,054	6.26	197,055	4.28
Other countries	937,799	24.66	1,041,246	23.96	1,187,427	25.79
Total	3,804,145	100	4,346,290	100	4,605,182	100

▼ Analysis of the sales market for Formosa Laboratories' primary products over the past three years

Product category	Primary sales market	Sales of primary products as a percentage of total sales		
		2022	2023 [Note]	2024
Cholesterol and phosphate binders	India, Netherlands, Switzerland, and Japan	33.98%	36.25%	35.57%
Vitamin D derivatives	Germany, Denmark, India, and Taiwan	18.43%	18.61%	17.81%
Respiratory agents	India, China, and USA	9.39%	11%	12.5%
CDMO services	Taiwan, USA, Spain, and Japan	13.54%	10.97%	8.59%
Anti-inflammatory and analgesic agents	Canada, India, and USA	5.94%	4.79%	4.58%
Central nervous system agents	Italy, USA, and Taiwan	4.73%	4.46%	4.47%
Others	Taiwan, Spain, and USA	13.99%	13.92%	16.48%

Note: The data in 2023 were restated due to previous misreporting.

Financial Reporting

In 2024, Formosa Laboratories reported operating revenue of NT$4,605,182,000, an increase of 5.96% from 2023, marking a record high in revenue since our founding, while posting a net income after tax of NT$157,268,000. The net profit after tax per share reached NT$ 1.31. The growth in operating revenue was driven by higher shipments of steroids, respiratory system medications, and cholesterol phosphate binders, as well as the significant appreciation of the US dollar against the exchange rate. For more detailed information, please refer to "Official Website of Formosa Laboratories (Financial Reports)."

▼ Economic value retained at Formosa Laboratories (unit: NT$ thousands)

Item		2022 年	2023 年	2024 年
Direct economic value generated	Revenue [1]	3,804,145	4,346,290	4,605,182
	Non-operating income [2]	144,486	18,665	(2,454)
Economic value distributed	Operating expenses [3]	2,419,812	2,626,111	2,727,405
	Employee wages and benefits [4]	951,949	995,415	1,144,019
	Distributions to investors [5]	147,611	276,124	405,817
	Payments to government [6]	25,369	204,621	156,333
	Community investment [7]	930	875	936
Economic value retained [8]		402,960	261,809	168,218

Notes:
1. Revenues include net sales plus revenues from financial assets and sales of assets.
2. Non-operating income includes interest on loans, dividends from investments, royalties, income from assets, and gains from tangible and intangible assets.
3. Operating costs include property rent, license fees, facilitation payments, royalties, payments for contract workers, training expenses, and personal protective equipment.
4. Employee wages and benefits include salaries, employee taxes, unemployment funds, pensions, insurance, company vehicles, private health coverage, housing subsidies, interest-free loans, public transportation assistance, educational grants, and redundancy payments.
5. Payments to providers of capital include interest payments on all types of debt and borrowings to the Board of Directors, shareholders, and lenders, as well as unpaid dividends owed to preferred shareholders.
6. Payments to the government include business tax, income tax, and property tax.
7. Community investments include donations to charitable organizations, arts and educational activities, and community recreational facilities.
8. Economic value retained equals the direct economic value generated minus the economic value distributed.

Financial Subsidies from the Government

In 2024, Formosa Laboratories received a NT$125,000 financial subsidy from the work-life balance program launched by the Ministry of Labor, R.O.C.

2 Governance Structure

2.1 Policy Commitments

2.2 Governance Structure

- Composition of the Board of Directors
- Recusal Due to Conflict of Interest
- Continuing Education and Training for the Board of Directors
- Performance Evaluation for the Board of Directors
- Sustainable Development Committee

2.3 Risk Management

- Risk Impact and Response Strategies

2.4 Information Security Management

2.5 Compliance with Laws and Regulations

- Complaint and Suggestions Channels

2.6 Supply Chain Management

- Supplier Risk Assessment
- Supplier Evaluation
- Supplier Audit

2.7 Value Chain Management

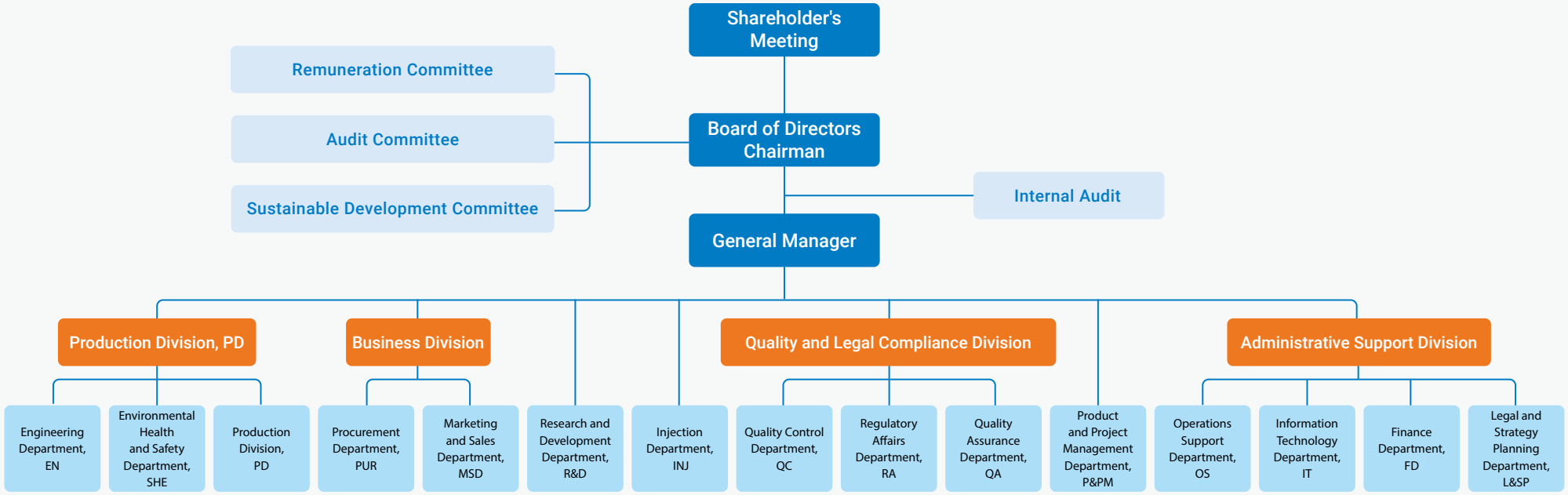
- Pharmaceutical Quality Management
- Customer Service
- Exchanges through International Exhibitions

2.1 Policy Commitments

In an effort to practice corporate social responsibility and achieve effective corporate governance, Formosa Laboratories has not only implemented the Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, but also manages its operations based on various important rules and regulations. These include the Ethical Corporate Management Best Practice Principles, the Corporate Governance Best Practice Principles, and the Code of Ethical Conduct, all aimed at fulfilling our responsibility toward business ethics. The aforementioned rules and regulations are available on the official website of Formosa Laboratories. Additionally, we have developed the Human Rights Policy in line with our commitment to treat all stakeholders with dignity, fairness, and respect. Furthermore, Formosa Laboratories has established an internal audit unit responsible for executing operations according to the audit plan approved by the Board of Directors, ensuring the implementation of ethical corporate management and compliance with business ethics, thereby reducing operational risks.

As a global citizen, Formosa Laboratories not only follows corporate governance principles based on honesty, transparency, and integrity, but also actively works on social and environmental issues, such as talent development, energy conservation, and carbon reduction, to strengthen sustainability efforts that keep society progressing. This commitment helps us become a responsible corporate citizen with social influence, contributing to building a better future for generations to come.

▼ Organizational structure of Formosa Laboratories



Note: Please refer to Formosa Laboratories' 2024 Annual Report for more details on the corporate governance structure of Formosa Laboratories and the duties and responsibilities of each department at Formosa Laboratories.

2.2 Governance Structure

Composition of the Board of Directors

To strengthen the functions of the Board of Directors, the number of members was increased to nine, including four independent directors. Since the Board meets at least once each quarter, it held four meetings in 2024, with all members attending every meeting.

Formosa Laboratories has established the Corporate Governance Best Practice Principles and the Procedures for Election of Directors, which specify that the Board of Directors should include members with diverse industrial experiences, professional backgrounds, and competencies, as well as the voices of different groups. Of the nine members on the 10th Board of Directors, five (56%) have backgrounds in medicine or chemistry, while four (44%) specialize in finance or business administration. Additionally, female directors occupy two seats on the Board, accounting for 22% of the total, and no more than one-third of the directors also serve as managers at Formosa Laboratories.

Additionally, through regular internal and external performance evaluations, we assess the performance of the Board of Directors and its members. The evaluation results are used as the basis for the election or nomination of directors. Moreover, the results of individual directors' performance evaluations are also used to determine their compensation. The Remuneration Committee reviews relevant indicators and metrics to enhance corporate governance and improve decision-making efficiency.

Please refer to Formosa Laboratories' 2024 Annual Report for more details on the core competency indicators related to the diversity of the Board of Directors and functional committees. You can also find detailed information about Formosa Laboratories' corporate governance on their official website.

▼ Composition of the 10th Board of Directors at Formosa Laboratories

Title	Name	Gender	Age
Chairman	Cheng, Chen-Yu	Male	60~75
Director	Fang, Pel-Wei (Representative of Augusta Inc.)	Female	<50
Director	Shie, Hung-Min (Representative of Yuan Qing Investment Inc.)	Male	50~60
Director	Lee, Chien-Hung (Representative of Hygica Biotech Ltd.)	Male	50~60
Director	Hu, Yi-Kan (Representative of Heng Lang Limited Corporation)	Male	<50
Independent Director	Chen, Yi-Fen	Female	60~75
Independent Director	Lu, Ta-Jung	Male	60~75
Independent Director	Chaung, Tza-Zen	Male	60~75
Independent Director	Chang, Ting-Jung	男	<50

Note: The term of office of the 10th Board of Directors started from June 23, 2022, and will expire on June 22, 2025.

Recusal Due to Conflict of Interest

Formosa Laboratories uses a candidate nomination system for electing directors, where the Chairman also serves as the President of the company. Some directors at Formosa Laboratories also sit on the boards of other companies. The Board of Directors has established the Rules of Procedure for Board Meetings following the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. These rules outline the principles of director recusal in cases of conflict of interest and emphasize that board members must exercise high levels of self-discipline and prudence, acting as good administrators and faithfully fulfilling their duties. Additionally, the rules specify that directors must not participate in discussions or votes on matters where they have an interest or represent a legal entity that could harm the company's interests. They are also prohibited from exercising voting rights on behalf of other directors and must abstain from discussions and voting on such issues. Please refer to Formosa Laboratories' annual report for more details on the implementation of director recusal from proposals due to conflict of interest.

Continuing Education and Training for the Board of Directors

To stay current with global trends in business management, Formosa Laboratories has established a continuous education and training program for directors. This includes annual training courses to strengthen governance knowledge and skills. Additionally, we regularly send out updates on relevant laws and regulations from authorities so that independent directors can stay informed about matters related to Formosa Laboratories. We also enhance information dissemination and educational programs based on each director's needs and feedback. In 2024, the Board of Directors completed a total of 56 hours of training, consisting of 35 hours on governance and 21 hours on finance and accounting, averaging 6.2 hours per person. For more details on directors' continuing education and training, please refer to Formosa Laboratories' annual report.

Performance Evaluation for the Board of Directors

To improve the efficiency of board operations, Formosa Laboratories has established the Rules for Performance Evaluation of the Board of Directors, requiring self-assessments of the board, individual members, and functional committees annually. The performance evaluation indicators for the Board cover five areas: "participation in the operation of the company," "improvement of the quality of the Board of Directors' decision-making," "composition and structure of the Board of Directors," "election of directors and continuing education and training for directors," and "internal control." The Audit Committee and the Remuneration Committee review and recommend on the remuneration standards and the specific amounts of compensation based on the evaluation results.

According to the results of self-assessments of the Board of Directors and functional committees for 2024, The Board of Directors has fulfilled its responsibilities in guiding and supervising the company's operations, and overall, the Board's functioning was sound. Additionally, Formosa Laboratories engages the Taiwan Investor Relations Institute, a professional and independent organization, to conduct an external evaluation of the Board's performance every three years. The most recent evaluation took place in 2023, and the Board of Directors either made improvements based on the recommendations in the report or included those recommendations in its schedule to ensure compliance with governance standards at Formosa Laboratories. The evaluation report is available on Formosa Laboratories' official website.

Sustainable Development Committee

To promote energy conservation and reduce carbon emissions while fulfilling corporate social responsibility and improving corporate governance, Formosa Laboratories established the Sustainable Development Committee in accordance with the Sustainable Development Best Practice Principles in 2022. On November 10, 2023, the Board of Directors approved the reappointment of three directors, including two independent directors, as members of the committee. These members are responsible for coordinating and advancing ESG activities to meet Formosa Laboratories' annual goals and are required to report regularly to the Board. The committee is led by Chairman Cheng, Chen-Yu, with the CEO acting as a steering committee member. The committee oversees three executive teams—the ESG Team, the Risk Management Team, and the Ethical Corporate Management Team—that handle planning, integration, and implementation of related initiatives.

This committee's task forces under it have the following main responsibilities and participating units:

Team	Job Responsibilities	Participating Units
ESG Team	The Vice President of EN serves as the team leader and takes responsibility for promoting the resolutions or instructions of the Committee as well as business related to three aspects, i.e., E (Environment), S (Social), and G (Governance).	EN, SHE, FD, PD, OS, R&D, PUR, Internal Audit, etc.
Risk Management Team	The assistant manager of SHE serves as the team leader and takes responsibility for promoting and coordinating relevant procedures involving risk assessment, to reduce the impact of risk incidents in corporate operations if any.	SHE, FD, PD, OS, QC, PUR, IT, Internal Audit, etc.
Ethical Corporate Management Team	The Vice President of FD serves as the team leader and takes responsibility for developing and supervising the implementation of ethical corporate management policies and preventive programs.	SHE, FD, MSD, PUR, L&SP, Internal Audit, etc.

We convened two meetings of the Sustainable Development Committee on March 12, 2024, and August 9, 2024, respectively, and reported the planning and progress of ESG goals to the Board of Directors on the same dates. No major incidents were reported.

▼ Organization chart of the Sustainable Development Committee at Formosa Laboratories

2.3 Risk Management

At Formosa Laboratories, we identify the risks facing our business lines through the respective departments, and have the department heads analyze these risks and implement response strategies. Formosa Laboratories has established a risk management organizational structure in accordance with the Risk Management Policy and Procedure. In 2023, the Board of Directors approved creating the Risk Management Team and placed it under the Sustainable Development Committee. The team's performance or achievements, once compiled, are reported to the Board of Directors annually. When the Risk Management Team announces a significant risk, the relevant organizational management unit shall prepare in advance by developing response measures according to the business continuity plan (BCP).

▼ Risk management organization structure at Formosa Laboratories

Board of Directors	The Board of Directors, as the highest decision-making body for risk management, holds ultimate responsibility for the company's overall risk management. It is tasked with ensuring compliance with applicable laws and regulations, and with promoting and overseeing the effective implementation of risk management throughout Formosa Laboratories.
Sustainable Development Committee	The Sustainable Development Committee is the highest-level organization at Formosa in charge of rolling out various initiatives such as promoting sustainable operation, enhancing corporate governance, realizing environmental protection, and fulfilling corporate social responsibility. They also oversee the implementation of risk management by the Risk Management Team, which is under its purview, and propose improvements and recommendations concerning risk management policies and procedures. The Sustainable Development Committee shall submit reports on the execution status or outcomes of the Risk Management Team to the Board of Directors at least once a year.
Risk Management Team	Composed of the heads of each department, the Risk Management Team is a unit in charge of implementing risk management under the purview of the Sustainable Development Committee. The team is responsible for implementing and coordinating relevant procedures such as cross-departmental risk assessment with top-level managers or various units to minimize the impact of risk events on the operations of Formosa Laboratories when such events occur. The Risk Management Team shall report the implementation status or outcomes of risk management to the Sustainability Committee on a regular basis.
Various risk management units (in various departments)	Each risk management function at Formosa Laboratories is expected to have a thorough understanding of the risks associated with its respective operations. Unit heads are responsible for risk management, including the analysis and monitoring of risks within their areas of responsibility, to ensure that risk control mechanisms and procedures are effectively implemented

▼ Business continuity plan process flow at Formosa Laboratories

Risk Impact and Response Strategies

▼ Types of risk and corresponding response strategies at Formosa Laboratories

Type of risk	Risk factor	Response strategy and action	Responsible department
Strategic and Operational Risks	1. Margin compression due to competition from China and India in the API (Active Pharmaceutical Ingredient) industry. 2. Government-driven price reductions and cost control in response to an aging population. 3. Rising raw material and production costs driven by environmental protection trends. 4. Political instability leading to potential supply chain disruptions or increased shipping costs, prompting customers to turn to third-party suppliers. 5. Power failure causing loss of temperature control in cold storage, resulting in the deterioration of critical samples from customers or the company.	1. Increase procurement volume and lower procurement price. 2. Set up the Project Management Department to control time and budget for new product development. 3. Procure raw materials from lower-priced regions or locally. 4. Identify multiple sources of suppliers or engage in transshipment through a third location. 5. Connect the generator for continuous power supply. Installed a temperature monitoring system for the temperature changes in each area.	MSD PUR WH
Market risk	1. Destructive price wars launched by competitors with a low-price strategy resulting in poor product sales.	1. Conduct negotiations with suppliers to obtain lower supply prices. 2. Improve manufacturing processes to reduce manufacturing costs.	PUR R&D PD
Financial risk	1. Interest rate risk arising from credit facilities. 2. Exchange rate risk due to the use of the US dollar for payments and collections. 3. Risk of non-performance of contract by customers. 4. Risk of tightened credit facilities.	1. Keep abreast of economic trends and interest rate changes in a timely manner to secure preferential interest rates. 2. Take measures like timely exchange swap, forward exchange transaction, or conversion of financing currency for hedging. 3. Analyze credit risk management for customers. 4. Answer questions from banks appropriately and immediately update the forecasted cash flow statement.	FD
Legal risk	1. Enactment of laws and regulations on air, water, waste gas, and greenhouse gases by the government. 2. The government changes labor conditions.	Regularly review relevant laws and regulations, and implement evaluation and checking.	SHE HR
Climate change risk	1. Risk of water shortage. 2. Failure of environmental protection equipment caused by strong typhoons. 3. Risk of heat stroke among workers. 4. Increased energy consumption in air conditioners due to rising temperatures. 5. Rising temperatures affect the activity of biological strains in wastewater plants, causing water discharge to exceed standards. 6. Regulatory and reputational risks that may arise from laws and regulations.	Please refer to 3.1 Response to Climate Change for more details.	SHE EN OS FD
Supply chain management risk	1. Human rights and environmental risks among suppliers. 2. Legal risks among suppliers. 3. Environmental safety risk among suppliers.	Please refer to 2.6Supply Chain Management for more details.	PUR OS
Occupational safety risk	1. Lack of disaster prevention awareness and inadequate disaster relief. 2. Building use changes due to operational needs, causing firefighting equipment to be non-compliant with regulatory requirements. 3. Occurrence of occupational accidents or occupational diseases among employees. 4. Fire prevention.	1. Please refer to 4.4 A Safe Workplace Environment for more details. 2. Promote Process Safety Management (PSM) that complies with the plant's operations.	SHE
Information security and personal data risks	1. Risk of personal data breaches. 2. Risk of leaked confidential documents. 3. Hacking of intranet and extranet sites or theft of confidential information.	Please refer to 2.4 Information Security Management for more details.	IT

2.4 Information Security Management

▼ Management of material topic “Information Security” at Formosa Laboratories in 2024

Material topic	Information Security	
Disclosures in accordance with the GRI Standards	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.	
Corresponding SDGs		
Policy or commitment	To ensure the confidentiality, integrity, and availability of digital assets, the implementation of information security can ensure uninterrupted operations at Formosa Laboratories. In the future, we will continue to enhance employees' awareness of information security and establish a security framework that complies with regulations and customer requirements.	
Tracking management mechanism	As Formosa Laboratories is a GMP-certified manufacturer, the securities of information systems at Formosa Laboratories are subject to inspections by the customers (from time to time). Formosa Laboratories engages PwC Taiwan to conduct inspections of our information systems annually.	
Metrics and targets	**Short-term targets ▶**	• Schedule the document management system to go online in the first quarter of 2025. • Replace software and hardware for end-of-service virtual platforms in laboratories.
	Continuing targets ▶	• Execute social engineering drills and information security education and training annually, to strengthen employees' awareness of information security. • Establish an information security framework that complies with regulatory and customer requirements, and continually review and improve the security of systems and networks.
Actions and outcomes in 2024	• In 2024, no major information security incidents took place at Formosa Laboratories, and no violations of customer privacy or loss of customer information were reported at Formosa Laboratories. • Introduced multiple information security protection and network management systems: new-generation firewall, IPS (Intrusion Prevention System), MDR (Managed Detection and Response), LibreNMS (Network Management System), Graylog… • Implemented two social engineering drills and two information security lectures.	

To strengthen information security management as outlined in the Information Security Policy, the Information Technology Department is responsible for coordinating and managing all security-related activities. This includes regularly conducting vulnerability scans, checking the effectiveness of protection systems, performing related tests, and assessing information security risks, which are then reported to the IT manager. Additionally, Formosa Laboratories conducts internal security training for employees annually and organizes security drills for specific departments, such as email social engineering exercises and remote recovery simulations.

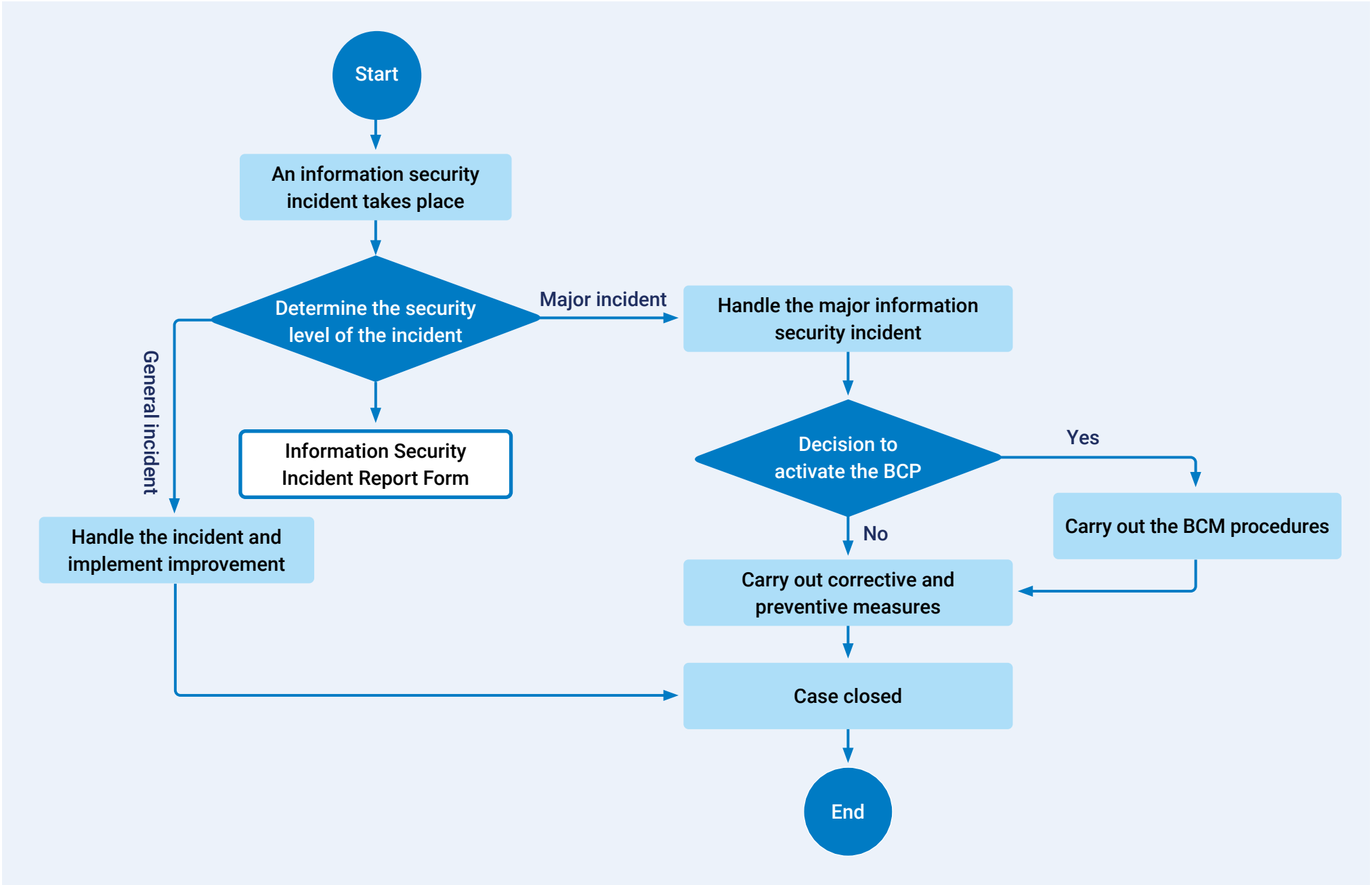
In 2024, we conducted two social engineering drills and hosted two information security-themed lectures. Additionally, the videos from these lectures were used as required training courses for employees to continually enhance their awareness of information security.

As Formosa Laboratories is a GMP-certified manufacturer, we conduct information security inspections in strict accordance with the cGMP system. For example, Formosa Laboratories has implemented a comprehensive training program for production automation, office automation, partial automated control, quality management, research and development, and injectables. Additionally, Formosa Laboratories is subject to factory inspections conducted by the US FDA and TFDA every year, as well as periodic inspections of our information security systems by PwC Taiwan annually, and we are inspected by our customers approximately 30 to 40 times each year.

▼ Information security measures and key digital technology programs in 2024

 **Information security management measures**	• Added two-factor authentication on the server. • Continued to step up system control for critical documents. • Conducted social engineering drills and held information security lectures annually. • Regularly review one-time permission for the GMP information system and computer validation status annually. • Continued to replace Windows computer systems that reach the end of service.
 **Introduction of digital technology**	• Collaborated with the Ministry of Economic Affairs on process analytical technology (PAT). • Improved the Laboratory Information Management System (LIMS) process. • Continued to assess the application of AI systems in the biotech industry.
 **Key projects in 2024**	• Replaced the old system with a new-generation firewall and IPS in the third quarter of 2024. • Introduced an information network security solution called MDR (Managed Detection and Response) in the fourth quarter of 2024, to detect and address network security threats in real-time. • Updated the SPAM email protection system. • Introduced LibreNMS (Network Management System) to improve network management efficiency, reduce costs, and ensure the stability and reliability of the network. • Introduced Graylog to provide highly efficient and centralized log management solutions, realize real-time monitoring, analysis and alarm of log data, and improve system reliability, security, and compliance.
 **Key projects in 2025**	• It is expected that the document management system will go live in the first quarter of 2025, to ensure the security of confidential and sensitive data and continually implement digital transformation. • VPN connection users will be upgraded to dual-factor verification. • SPAM Mail will be upgraded to HA (High Availability) architecture, to strengthen information security level. • The virtual server system platform will be replaced soon due to End of Service. • The information security mechanism for the OT (Operational Technology) production line will be strengthened.

▼ Procedures for reporting and handling information security incidents



2.5 Compliance with laws and regulations

Formosa Laboratories strictly adheres to the high-level controls and regulations imposed by the competent authorities on the pharmaceutical industry, whether in procurement and supply, sales, labor management and welfare, environmental protection, or corporate governance. Each department stays updated on changes in laws and regulations at all times. In addition to establishing the Legal and Strategy Planning Department to provide immediate legal assistance and consultation to all departments, Formosa Laboratories also organizes training and awareness programs on various laws and regulations periodically. In 2024, no major violations of laws and regulations were reported at Formosa Laboratories [Note] .The administrative penalties imposed involved minor violations of laws such as the Fire Services Act, environmental laws, or minor deficiencies in compliance with these laws. Specifically, Formosa Laboratories received nine penalties totaling NT$648,750 in fines, with improvements made or underway to address all deficiencies.

Note: Any single incident or the same incident that results in a total fine of NT$1 million or more, or any incident that significantly disrupts the operations of Formosa Laboratories, shall be disclosed in our company's sustainability report.

Complaint and Suggestions Channels

Formosa Laboratories has established a complaint channel on our official website in accordance with the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct. This channel allows stakeholders to report any improper conduct. According to the CO-198 Ethical Corporate Management Whistleblowing Management Regulations, we have formed the Ethical Corporate Management Team under the Sustainable Development Committee. This team encourages anyone to submit reports if they have concern about crimes or other violations of laws and regulations within our company. We have also clearly outlined the whistleblowing channels and methods, the obligations of whistleblowers, the process for handling whistleblowing cases, and measures to protect whistleblowers, with the goal of ensuring all employees strictly follow the code of professional ethics.

Internal and external personnel can directly report any illegal activities to Formosa Laboratories by submitting a report through our public whistleblowing mailbox (ethic@formosalab.com). The entity responsible for managing a whistleblowing report must keep the whistleblower's identity and the incident confidential and shall not disclose such information to any third party not involved in the investigation, unless necessary for the investigation, to prevent unfair or unfavorable treatment of the whistleblower. Besides the whistleblowing mailbox, other employee assistance matters can be addressed via internal communication channels within our company. In 2024, Formosa Laboratories received a single opinion proposal with recommendations to improve the work environment, all of which were reviewed and closed. Over the past three years, the company has not received any whistleblowing reports related to violations of business ethics.

▼ Statistics on complaints and suggestions at Formosa Laboratories over the past three years

Year		2022		2023		2024	
Type of case	Recommended channel of communication	Number of cases	Closure rate	Number of cases	Closure rate	Number of cases	Closure rate
Malpractice elimination cases (e.g., specific matters involving fraud, violations of laws and regulations, or other major breaches of professional ethics)	Whistleblowing mailbox ethic@formosalab.com	0	N/A	0	N/A	0	N/A
Unlawful infringement, sexual harassment, etc. in the workplace	1. Head of department/unit 2. Personnel unit	1	100%	0	N/A	0	N/A
Opinions and proposals (e.g., improvement proposals, employee opinions, creative proposals, employee behavior management, labor relations, etc.)	1. Head of department/unit 2. Creative idea mailbox 3. eportal / communication zone and proposals 4. Employee satisfaction survey 5. Labor-management meeting	8	100%	4	100%	1	100%

2.6 Supply Chain Management

Formosa Laboratories mainly develops manufacturing processes for APIs and Produces and sells APIs. In the biopharmaceutical industry, Formosa Laboratories is a specialized API manufacturer in the midstream sector, purchasing chemical raw materials and natural substances from suppliers and selling them to downstream pharmaceutical companies. Committed to supply chain management, Formosa Laboratories conducts quality screening of new suppliers and regularly performs supplier risk assessments, evaluations, and audits to ensure raw material safety.

▼ Management of material topic "Supply Chain Management" at Formosa Laboratories in 2024

Material topic	Supply Chain Management	
Disclosures in accordance with the GRI	GRI 308-1 New suppliers that were screened using environmental criteria GRI 414-1 New suppliers that were screened using social criteria	
Corresponding SDGs		
Policy or commitment	To strengthen sustainability management within the supply chain, Formosa Laboratories conducts evaluation and unscheduled audits on suppliers and contractors in accordance with our company's Qualification Certification Procedure for Raw Materials and Materials Suppliers and the Contractor Safety and Health Management Measures. These evaluations are carried out by an Evaluation Team through either document reviews or on-site assessments.	
Tracking management mechanism	• Conduct data collection and selection for supplier qualification. The questionnaire for key raw material suppliers is updated every three years. • Conduct supplier evaluations and audit management. An annual audit plan for the following year is developed in the fourth quarter of each year and must be approved by the Head of the Quality Assurance Department by the end of January. Upon approval, the audit plan is implemented accordingly. • Provide guidance and support to suppliers who fail to meet the requirements to help them implement necessary improvements. If a supplier violates relevant regulations and fails to rectify the issue within the specified timeframe, Formosa Laboratories reserves the right to evaluate contract termination in order to mitigate supply chain risks.	
Metrics and targets	**Continuing targets ▶**	• Have 100% of our primary raw material suppliers sign the Statement of Use of Hazardous Substances and the Declaration of Non-Use of Disallowed Minerals. • Conduct annual evaluation and audits of specific suppliers to perform due diligence and assist suppliers in correcting deficiencies. • Conduct annual supplier evaluations to increase the proportion of suppliers scoring 90 points or above, and require suppliers scoring below 60 points to implement improvements within a specified time frame.
	Medium- and long-term targets ▶	• Implement a more comprehensive supplier screening and evaluation system incorporating environmental and social criteria.
Actions and outcomes in 2024	• 611 manufacturers obtained scores above 90 points in the appraisal of raw material suppliers, accounting for 92.3% of all appraised suppliers. • Completed on-site audits of 46 raw material suppliers. • Completed on-site audits of three general affairs suppliers and written audits of 29 general affairs suppliers, with no major deficiencies found among these suppliers. • 100% of our primary raw material suppliers signed the Statement of Use of Hazardous Substances and did not use conflicting minerals. • Required new suppliers to sign the relevant statements and declarations to ensure the quality and origin of raw materials meet safety standards, 100% of newly approved key raw material suppliers complied with this requirement.	

Supplier Risk Assessment

Besides requiring raw material suppliers to sign the Statement of Use of Hazardous Substances and the Declaration of Non-Use of Conflict Minerals, Formosa Laboratories follows our internal SOP for the Supplier Qualification and Assessment Certification Procedures. Simultaneously, this policy is included among the items required in supplier procurement management, as primary raw material suppliers must commit that the products or components they supply, along with their implementation of corporate governance and human rights protections for workers, align with Formosa Laboratories' ESG management philosophy. We also actively support suppliers that do not meet the requirements by implementing improvement programs. In case of any violation of relevant rules and regulations, Formosa Laboratories reserves the right to terminate or cancel our contract with the supplier to reduce supply chain risk.

Additionally, CO-202 Regulations Governing General Affairs Suppliers have been developed to manage the company's general affairs suppliers and ensure the stability and reasonableness of supply quality, quantity, prices, and so on.

Additionally, Formosa Laboratories continues to require new suppliers to sign relevant declarations and statements to ensure that the quality and source of raw materials meet safety standards and that they do not use unregulated hazardous substances. In 2024, 24 new suppliers signed these statements and declarations, representing 33% of all new suppliers for the year. Besides requiring suppliers to sign these documents, Formosa Laboratories completed the design of an ESG questionnaire for suppliers in 2024, including issues such as environmental protection, labor conditions, occupational health and safety, and human rights in the evaluation process. It is expected that questionnaires will be distributed to suppliers every three years starting in 2025, with the goal of establishing a more comprehensive supplier assessment system.

All of our primary raw material suppliers have signed the Statement of Use of Hazardous Substances, Halal Declaration, Allergen Declaration, Melamine Declaration, Genotoxic Impurity Declaration, and the Conflict Minerals Free Declaration.

Note: Primary raw materials refer to raw materials that can form the main structure of a product (API).

Supplier Evaluation

The Procurement Department conducts supplier evaluation according to the Raw Material and Material Supplier Evaluation Procedures. A supplier evaluation form is created regularly in the first quarter of the following year, based on the transaction history from the previous year. Weighting is assigned to each item in the evaluation form according to its impact on operations. Suppliers with scores below 60 points must make improvements within the specified time frame. Suppliers that fail to make necessary improvements will be disqualified from the vendor list.

▼ Results of raw material supplier evaluations at Formosa Laboratories over the past three years

Vendor category	Score	2022	2023	2024
Suppliers	Above 90 points	94.1%	92.7%	92.3%
	76 to 90 points	4.9%	5.8%	6.5%
	60 to 75 points	1.0%	1.1%	0.6%
	Below 60 points	0.1%	0.4%	0.6%
Number of suppliers evaluated		526	537	662

Note:
There may be some errors in the data shown in the table above because the percentages have been rounded to one decimal place.

Supplier Audit

To ensure that all suppliers meet the company's requirements for workers' human rights, occupational health and safety, environmental protection measures, and other standards, the Procurement Department and the Quality Assurance Department develop an annual audit plan for raw material suppliers each year. The Quality Assurance Department is responsible for conducting the audits to verify that the management and quality systems of the raw material suppliers comply with regulations. If any deficiencies are identified during the audits, suppliers must respond with corrective and improvement measures within one month of receiving the relevant audit report.

Supplier category	Raw material suppliers	General affairs suppliers
Audit system	An annual supplier audit plan is scheduled in accordance with the Supplier Audit Management procedure, and audits are conducted in line with the plan.	The General Affairs Section is responsible for selecting, evaluating, and performing management assessment of general material suppliers of Formosa Laboratories according to Regulations Governing General Affairs Suppliers, including suppliers of group meals, drinking water, etc. Also, it randomly selects suppliers for on-site audits every year.
Audit results in 2024	• In 2024, it was expected that 39 suppliers were included in the audit plan. However, the audit activities for this year were canceled for nine suppliers due to different factors like failure of the suppliers to coordinate the audit and adjustment of the product development schedule in the plant. The remaining 30 suppliers completed the audit as planned. Besides this, irregular supplier audits were implemented for 16 suppliers. • Expected number of suppliers audited (including irregularly audited) in the audit plan: 55 • Actual number of suppliers audited: A total of 46 audits were performed, including 30 audits performed per the audit plan and 16 irregular audits. • Achievement rate: 83.6% • Audit findings:The audit findings identified major deficiencies in the quality systems of two suppliers. The company has communicated with them and is currently awaiting confirmation of the completion of their corrective actions.	• Completed on-site audits on three general affairs suppliers. • Completed written audits on 29 general affairs suppliers. • No major deficiencies and risks were reported in the audit results.

▼ Status of raw material supplier audits at Formosa Laboratories over the past three years

Audit method [Note 2]	2022	2023	2024
Expected number of suppliers audited on-site	39	32	55
Actual number of suppliers audited	16 [Note 1]	20+5 (irregular)	30+16 (irregular)
Achievement rate	41.0%	78.1%	83.6%
Audit findings	No ineligible suppliers	One ineligible supplier. The cooperation with this supplier was suspended, and they were required to improve within a time limit.	Two ineligible suppliers. The cooperation with these suppliers was suspended, and they were required to improve within a time limit.

Notes:

1. The audit activities for this year were canceled due to different factors like the COVID-19 pandemic or the adjustment of the product development schedule in the plant.
2. Information restatement: The information was restated due to misreporting in 2022 and 2023.

2.7 Value Chain Management

Pharmaceutical Quality Management

To ensure stable product quality and protect users' health and safety, Formosa Laboratories has invested an abundance of resources in R&D, production, storage, transportation, and sales to the end-use stage in building a quality management system for our own products. Formosa Laboratories has also recorded our quality commitments in our quality manual. All our production processes have gone through stringent validation to ensure the safety of our pharmaceutical products.

Raw material supplier management	Formosa Laboratories requires all raw material suppliers to complete verification before engaging in procurement with them and conducts on-site audits of primary raw material suppliers to confirm that their quality management systems and production management meet the relevant requirements. In order to continuously track the level of supply and stability of each supplier, Formosa Laboratories performs annual audits of key suppliers, provides guidance, or carries out re-audits when necessary.
Production management	Formosa Laboratories has developed a quality management system and a production management system in compliance with GMP regulations across various countries and regions including Taiwan, Europe, the US, Japan, and South Korea. At the same time, Formosa Laboratories assesses the option of banning hazardous substances and implements control of hazardous substances in accordance with regulatory requirements. Formosa Laboratories also conducts stringent stability tests and annual reviews before launching our products into the market to ensure that our products are safe, consistent, and effective and do not pose any risk to users' health and environmental safety. In 2024, Formosa Laboratories underwent official and customer audits 42 times, all of which yielded positive reviews, as well as passed the GMP compliance certification process in Taiwan, the US, and Japan. No violations of health and safety laws and regulations related to products and services were reported at Formosa Laboratories.
Production management	All our products are subject to their own safety controls and are labeled with detailed and specific information in accordance with the law. Labeling for all materials are subject to strict control to prevent labeling errors and eliminate the possibility of counterfeit and substandard drugs, and simultaneously complies with local laws and regulations on product information and labeling. No violations of laws and regulations concerning product and service information and labeling were reported at Formosa Laboratories during the reporting period.
Sales and distribution management	Our factories are equipped with a high-standard quality management system. In addition, some of our employees have obtained a GDP Pharmaceutical and Medical Device Distribution Manager License. Strict control regulations have been put in place for product tracking, shipping conditions, temperature control, and anti-counterfeit labels. At the same time, vehicles and equipment used for distribution, storage, or handling of pharmaceutical products are equipped appropriately to prevent damage to pharmaceutical products or other risks of hazardous substances. All our distribution activities have passed the Good Distribution Practice (GDP) inspection conducted by the TFDA under the Ministry of Health and Welfare, with a view to ensuring the quality of pharmaceutical products in the distribution process.

Customer Service

Formosa Laboratories considers customer feedback a vital foundation for enhancing customer relationship development. We gather insights about customer needs through various channels, including video conferences, business visits, and participation in exhibitions. During customer visits, we begin by surveying customer needs. If there is a service deficiency, we identify the issues customers face, investigate them with the relevant department, and then implement corrective and preventive actions (CAPA) to explain the situation to customers. Regarding customer suggestions, we regularly review and analyze them in meetings and propose appropriate improvement plans to establish a comprehensive procedure to address customer needs.

To ensure excellent customer service and maintain high product quality, Formosa Laboratories adopts a two-stage investigation process in the event of customer complaints. Investigations are conducted based on structured procedures and findings, with issue clarification carried out at each stage to develop effective preventive measures, stabilize product quality, and reduce the risk of recurrence. For any complaints initiated by customers due to abnormalities related to activities performed under GMP standard operating procedures (SOPs), the company responds in accordance with those procedures.

Stage 1 focuses on verifying whether the complaint is substantiated. The investigation is completed within 10 days, and a report is provided to the customer.

Stage 2 aims to identify the root cause of the issue and propose corrective and preventive actions (CAPA). This phase is completed within 30 days.

▼ Execution rate of investigations of customer complaints at Formosa Laboratories in the last three years

Year	2022	2023	2024
Number of customer complaints	18	19	15
Execution rate*	94.4%	94.7%	86.7%

*Execution rate: Number of customer complaints investigated within the operation schedule/Total number of customer complaints in this year.
Information restatement: The information was restated due to the adjustment of the data calculation method.

Exchanges through International Exhibitions

By participating in international exhibitions, Formosa Laboratories has been able to maintain active communication and interaction with customers, suppliers, and industry peers. This not only helps us stay updated on the latest trends and technological advancements in the global pharmaceutical industry, but also allows us to keep track of changes in market demand and consumer preferences. In 2024, Formosa Laboratories participated in a total of six international exhibitions, gaining valuable experience throughout the process. We aim to transform this experience into "nutrients" for our product development and operational strategies, with the goal of consistently increasing our product value and maintaining our core competitive edge in a highly competitive market.

▼ List of international exhibitions Formosa Laboratories participated in in 2024

Location	Exhibition Event	Event Period
USA	DCAT week	2024/03/18~03/21
	Bio US	2024/06/03~06/06
Japan	CPhI Japan	2024/04/17~04/19
China	CPhI China	2024/06/20~06/21
Taiwan	Bio Asia	2024/07/25~07/28
Europe	CPhI WW 2024	2024/10/08~ 10/10

▼ Formosa Laboratories participation at DCAT week 2024 in the United States

▼ Formosa Laboratories participation at Bio US 2024, San Diego, in the United States

▼ Formosa Laboratories' participation at CPhI Japan 2024 in Japan

3 Environment

3.1 Response to Climate Change

- Four Pillars of the TCFD Recommendations
- Financial Impact of Climate-related Risks and Opportunities
- Net-zero and Low-carbon Transition Vision

3.2 Energy Management

3.3 Greenhouse Gas Emissions

- Energy Conservation and Carbon Reduction

3.4 Water Stewardship

- Enhancing Water Efficiency
- Minimizing the Impact of Water Discharge

3.5 Waste Management

- Waste Impact Management
- Waste Statistics

3.1 Response to Climate Change

▼ Management of material topic “Response to climate change” at Formosa Laboratories in 2024

Material topic	Response to Climate Change	
Disclosures according to the GRI Standards	GRI 201-2 Financial implications and other risks and opportunities due to climate change GRI 302: Energy 2016 (302-1, 302-3, and 302-4) GRI 305: Emissions 2016 (305-1 to 305-5)	
Corresponding SDGs		
Policy or commitment	Formosa Laboratories implements greenhouse gas inventories and external assurance in line with the policies and initiatives promoted by government agencies to achieve energy conservation and carbon reduction targets while strengthening our resilience to climate change.	
Tracking management mechanism	Formosa Laboratories established response policies and preventive measures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which seeks to prepare for climate disasters in advance and prevent potential financial losses.	
Metrics and targets	Continuing targets ▶	Continue to conduct greenhouse gas inventories and pass the ISO 14064-1 verification process.
	Short-term target ▶	1. Annual electricity-saving rate: 1~3% 2. Promote carbon footprint tracking for one product per year and obtain ISO 14067 verification.
	Medium- and long-term targets ▶	1. Obtain the ISAE 3410 Assurance Engagements on Greenhouse Gas Statement. 2. Roll out and implement greenhouse gas inventories at the subsidiaries listed in our consolidated financial statements. 3. Complete the ISAE 3410 Assurance Engagements on Greenhouse Gas at the subsidiaries listed in our consolidated financial statements.
Actions and outcomes in 2024	• By replacing high-energy consumption equipment and changing operational behaviors, the estimated annual electricity savings could reach 1,995,412 kWh, and the carbon reduction might be approximately 985.734tCO_2e in 2024. • Completed the installation of phase 2 of the solar power facilities. The total installed capacity of phase 1 and phase 2 solar power facilities is 814.725 KW. • Energy intensity decreased by 4.30% compared to the previous year, and renewable energy accounted for 0.73% of total energy consumption. • Since 2015, the average annual electricity saving rate has been 1.71%, and in 2024, it reached 1.93%. • In 2024, Formosa Laboratories' product Benzonatate "F.L" received ISO 14067:2018 verification, with a carbon footprint of 38.983 kgCO_2e per kilogram.	

Four Pillars of the TCFD Recommendations

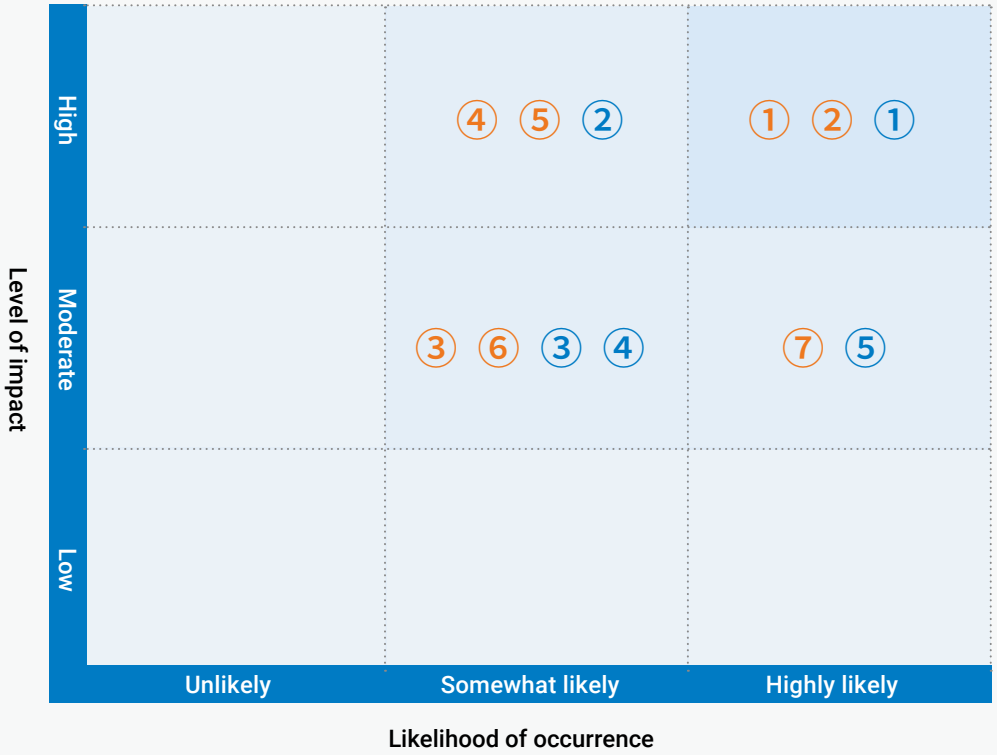
▼ Components of climate-related financial disclosures

Component	Action Plan
 Governance	• The Sustainable Development Committee is responsible for evaluating the impact of global warming caused by climate change in collaboration with senior leaders from each business unit. They will analyze the various risks to the company and develop risk response strategies, management policies, and implementation plans based on the materiality assessment. They will regularly review the outcomes.
 Strategy	• Formosa Laboratories considers the potential impacts of climate change on our operations and has developed risk response and mitigation strategies. This includes actively promoting green energy and environmental protection policies, expanding renewable energy use, and developing innovative carbon reduction technologies. Additionally, Formosa Laboratories has established energy conservation and carbon reduction measures, while increasing efforts in waste reduction and green procurement. • Please see the "Financial Impact of Climate-related Risks and Opportunities" section for more details on the main short-, medium-, and long-term risks and opportunities facing Formosa Laboratories.
 Risk Management	• Climate-related risk management has been incorporated into the company's Risk Management Policy and Procedure, covering risk identification, analysis, assessment, response, monitoring, and review. Each step clearly states its scope, includes quantitative assessment methods, and suggests potential risk response options. • The Sustainable Development Committee reviews and discusses management operations during the Annual Board Meeting.
 Metrics and targets	• Introduce the ISO 14064-1 Greenhouse Gas Inventory and ISO 14067 Carbon Footprint standards and complete the third-party verification process. Please refer to the ：Net-zero and Low-carbon Transition Vision section for more details. • Continue to promote various measures such as energy conservation, carbon reduction, and resource consumption reduction, including: ◦ Annual electricity saving rate: 1%. ◦ Installing solar power generation facilities (completed in 2024) and acquiring renewable energy certificates (RECs). ◦ Please refer to the corresponding subchapters under Chapter 3 Environment for more detail.

Financial Impact of Climate-related Risks and Opportunities

Formosa Laboratories evaluates climate risks and opportunities by analyzing their impact level and likelihood of occurrence. Specifically, impact level is categorized into high, moderate, and low, while likelihood is categorized into unlikely, somewhat likely, and highly likely. This process aims to identify and analyze moderate- and high-risk items and ultimately develop appropriate response measures to address these risks.

▼ Climate-related risk and opportunity matrix



▼ List of climate-related risks and opportunities

Climate Risks	Climate Opportunities
① Renewable energy-related legal risk ② Carbon reduction-related legal risk ③ Technology and market risk ④ Reputational risk ⑤ Acute physical risk ⑥ Physical risk arising from changes in precipitation patterns ⑦ Physical risk arising from rising mean temperatures	① Enhanced resource efficiency ② Use of diverse energy sources for carbon reduction ③ Product and service opportunities ④ Market opportunities ⑤ Enhanced resilience

▼ Financial Impact of Climate-related risks and corresponding response actions

Type	Climate-related risk	Impact period	Potential financial impact	Adaptation and response action
Transition risk	**Policies and Regulations**			
	Renewable energy-related laws and regulations	Short to medium term	• In accordance with the Renewable Energy Development Act, Formosa Laboratories must supply over 10% of Taipower's contracted capacity (7,500 kW) in renewable electricity within five years.. • In an effort to build a renewable energy power generation system, Formosa Laboratories will invest NT$40 million in the construction of Phase I and II solar power generation facilities.	• Phase I of the solar power generation facility was completed and put into operation in June 2023, while Phase II is scheduled for completion in December 2024. These facilities have a total installed capacity of 814.725 kW.
	Local carbon reduction-related laws and regulations	Medium term	• In response to the Climate Change Response Act, carbon fee collection will start in 2026, resulting in higher operating costs for domestic companies. • Increased counseling and manpower costs due to the implementation of the carbon inventory, with annual guidance and verification fees of NT$300,000 and NT$230,000, respectively.	• Implement carbon inventories and the ISO 14064-1 verification process while clarifying the direction for carbon reduction and setting reduction targets. • Conduct greenhouse gas inventory data collection and assessment electronically to enhance efficiency.
	International carbon reduction-related laws and regulations	Medium term	• Rising costs and expenses due to the enforcement of international laws and regulations related to carbon reduction, such as the Carbon Border Adjustment Mechanism (CABM) in the EU and the Clean Competition Act (CCA) in the US. • In light of product exports and customer needs, Formosa Laboratories collaborated with the Industrial Technology Research Institute (ITRI) on the introduction of product carbon footprint (ISO 14067), which led to an increase of NT$260,000 in verification costs.	
	Technology / Marketing			
	R&D in low-carbon products or services	Medium to long term	• In response to the global trend of carbon reduction, the company is investing in research and development of low-carbon technologies and products to meet market demand, which may lead to increased investment costs or risks of loss. • The conversion efficiency of renewable energy (solar power generation) might fall short of expectations because of climate or other factors, leading to sunk costs.	• Manage R&D costs, set R&D goals, review progress, and assess whether to cut losses based on R&D results. • Reduce the risk of R&D failure through various methods focused on process improvement, such as increasing yield and lowering solvent or energy use, which also helps cut the organization's carbon footprint. • Collaborate with other companies to develop new products and reduce the risk of investment loss.
	Reputation			
	Reputational damage	Medium term	• Failing to meet stakeholder expectations for energy conservation and carbon reduction at Formosa Laboratories could harm our company's brand image and reputation.	• Continue monitoring external trend changes and strengthen resilience to climate change through internal controls.

Type	Climate-related risk	Impact period	Potential financial impact	Adaptation and response action
Physical risk	**Acute**			
	Extreme weather events such as typhoons and floods	Short term	• Disaster losses: Loss of assets or materials caused by malfunction or damage to environmental protection equipment and machinery, disruption of personnel attendance, interruption of supply chain transportation, etc., which can also impact production operations and capacity. • Damage prevention: Formosa Laboratories must allocate an insurance budget of NT$24 million annually based on expected losses from risks. The purchase of sandbags, pumps, and other equipment also adds to the costs of disaster prevention tools and facility development.	• Set up a spare parts system and perform repairs promptly when equipment fails. • Develop a system with multi-skilled workers to avoid production disruptions caused by employee attendance problems. • Engage with a wide array of material suppliers to prevent disruption of material supply. • Dredge ditches regularly to ensure proper drainage and reduce the risk of flooding.
	Chronic			
	Changes in precipitation patterns	Short term	• Rising manufacturing costs caused by the need to buy tap water during droughts or water shortages. • The estimated daily cost for water purchase is NT$900,000 (NT$900 multiplied by the estimated water consumption of 1,000 tons per day).	• Implement water conservation measures and adopt recycling systems to improve water efficiency. • Currently, Formosa Laboratories has invested NT$766,334 in installing jacketed water recycling devices, with other water recycling measures to be evaluated and assessed continuously in the future.
	Rising mean temperatures	Long term	• The high-temperature work environment on the production line impacts employees' health, making it more difficult to recruit workers and leading to higher employee turnover. • Increased electricity bills caused using air conditioning and refrigeration systems in the office and operational areas. • Increased costs for warehouse air-conditioning equipment, including insulation works, higher procurement of refrigeration and air-conditioning units, and increased energy consumption. • Increased R&D costs due to higher measured temperatures amid rising temperatures. • Return of goods due to failure to control temperature during transportation could lead to increased costs and losses from the returned goods. • The activity of biological strains in wastewater plants is vulnerable to temperature increases, which can lead to effluents surpassing statutory standards.	• Add the stability test and raise the test temperature to 70 degrees Celsius, as rising temperatures could impact product quality during transportation, to ensure quality remains unaffected under high temperatures. • To reduce our warehouse temperatures, we have spent about NT$1.6 million on installing thermal insulation blankets. Additionally, air-conditioning units have been installed in the dock area to maintain temperatures below 25 degrees Celsius, with an estimated total cost of NT$5 million. • Use refrigerated transportation to reduce the risk of product damage, which results in a 50% increase in transportation costs. • Prevent high temperatures caused by direct sunlight by using heat shields when the outdoor temperature exceeds 35 degrees Celsius, and record temperatures during transportation.

▼ Financial Impact of Climate-related opportunities and corresponding response actions

Type	Climate-related opportunity	Potential financial impact	Response action
Resource efficiency	• Recycling and reuse of paper and waste • Switching to more efficient electrical equipment • Reduced water consumption	• Decreased consumption of supplies • Lowered electricity uses and carbon outputs • Reduced water consumption costs	• Implement the BPM digital signature system to permanently decrease paper usage. • Implement energy conservation programs, including replacing old and high-energy electrical appliances, purchasing equipment with energy-saving labels or adopting variable frequency drives, and participating in Taipower's demand response virtual power plant program, among others, which are estimated to save NT$8,680,000 per year, i.e., estimated electricity consumption × NT$4.00 per kWh of electricity, based on energy conservation measures in 2024. • Continue to evaluate the implementation of recycling equipment or efficiency improvement measures, such as Chiller heat recovery system, cleanroom air conditioning load shedding, and other related measures.
Energy sources	• Use of low-carbon energy sources • Self-generated low-carbon energy sources and renewable energy sources • Adopting energy conservation measures • Development or expansion of low-carbon products and services	• Saving on energy costs • Reduced operating costs • Gradually developing or expanding low-carbon products and services can help Formosa Laboratories gain an advantage in collaboration with international pharmaceutical companies and boost our competitiveness.	• Our solar power system is expected to produce 966,902 kWh of electricity annually for our use, saving approximately NT$3,860,000 each year compared to buying electricity directly from Taipower.
Products and services	• Development or expansion of low-carbon products and services	• Gradually developing or expanding low-carbon products and services can help Formosa Laboratories gain an advantage in collaboration with international pharmaceutical companies and boost our competitiveness.	• Implement carbon footprint verification for representative products based on strategy to enhance product competitiveness and meet export demand. • In 2024, Formosa Laboratories received the ISO 14067:2018 verification statement for our product Benzonatate “F.L.”, with a carbon footprint of 38.983 kgCO_2e /kg.
Market	• Receiving incentives from the public sector	• Receiving grants can assist Formosa Laboratories in boosting our revenue.	• Monitor and apply for relevant energy conservation incentives and grants.
Resilience	• Assessing climate change risks and mitigation strategies to improve our company's resilience against climate change.	• Lowered losses caused by climate change	• Continue staying informed about climate change developments to effectively plan and implement response measures.

Net-zero and Low-carbon Transition Vision

Formosa Laboratories has been conducting greenhouse gas inventories since 2021 in line with the government's 2050 net-zero transition policy and global carbon reduction trends. After collecting information on the organization's carbon emissions using the methodology specified in the latest ISO 14064-1:2018 standards in 2022, Formosa Laboratories has gradually developed its sustainable development pathway and established short-, medium-, and long-term targets to address climate risks. This enables us to continuously review energy policies and develop relevant rules and regulations.

01 Set reduction targets

Short-term target

- Annual electricity-saving rate: 1%.

Medium-term target

- Continuously replace the original equipment with energy-efficient equipment and improve the carbon emission reduction targets each year.

Long-term target

- Achieve net-zero emissions in 2050

02 Implement reduction strategies

Implement carbon reduction strategies and track progress

- Purchase green electricity for use at Formosa Laboratories
- Set up renewable energy sources
- Replace equipment with energy-efficient ones
- Innovate and optimize manufacturing processes
- Adopt low-carbon supply chain strategies

03 Achieve carbon neutrality

Declaration of Achievement in Carbon Neutrality

- Purchase carbon credits
- Verify reduction outcomes

Sustainability Development Pathway

3.2 Energy Management

Energy intensity compared to the previous year
↓ 4.30%

Renewable energy as a percentage of energy consumption
0.73 %

Continue to optimize resource efficiency in addition to expanding production capacity and growing revenue

To maintain temperature and humidity control of raw materials and products in the biotech and pharmaceutical industries, air conditioning must be used for extended periods in plant buildings and warehouses, leading to relatively high electricity consumption. To reduce energy use and improve the utilization of renewable energy, our installed capacity of green electricity (solar photovoltaics) already exceeded 10% of Taipower's contracted capacity (7,500kW) in 2024. In addition to continually assessing various renewable energy options and participating in the operation of Taipower's virtual power plant standby capacity, we plan to achieve over 1% energy savings each year. This aims to strengthen our resilience against climate change and lower operational risks. In recent years, as business turnover and production capacity steadily grew, overall energy consumption increased. However, by implementing multiple energy-saving measures, we managed to achieve an average annual energy-saving rate of 1.71% from 2015 to 2024.

▼ Energy-Saving Performance of Formosa Laboratories Over the Past Three Years

Year	Annual electricity savings (kWh)	Annual electricity usage (kWh)	Annual electricity savings rate	Average annual electricity-saving rate (%) Note 1
2022	1,720,680.67	52,095,200	3.20%	1.74
2023	711,391	55,127,582	1.27%	1.68
2024	1,159,645.67	58,826,179	1.93%	1.71

Notes: 1. Average annual electricity savings rate: The statistical scope refers to the average electricity-saving rate over the period from 2015 to 2024.
2. Data source: Data registered and declared on the network of Industrial Energy Efficiency and Conservation

In 2024, Formosa Laboratories used a total of 359,727,752 MJ of energy, with renewable energy making up 0.73%. The company reported an energy intensity of 323.24 MJ per kg, calculated based on production volume in kilograms. Despite increased electricity consumption due to plant expansion and higher production capacity, this figure remained lower than in previous years.

▼ Solar power generation system

▼ Use of energy sources within the organization (Unit: megajoules or MJ)

Type of energy source		2022	2023	2024
Non-renewable	Purchased electricity	187,542,720	197,069,760	209,139,840
	Diesel	140,640	158,220	1,638,456
	Natural gas	105,575,022	114,393,799.8	135,010,184
	Heavy oil (eco-friendly RTO)	10,295,883	11,304,900	11,304,900
Renewable energy	Solar power	-	1,389,535.2	2,634,372
Total energy consumption (MJ)		303,554,265	324,316,215	359,727,752
Production volume (kg)		883,911.25	960,190.30	1,112,873.76
Energy intensity (MJ / kg)		343.42	337.76	323.24
Annual energy intensity growth or reduction rate (%)		-	-1.65%	-4.30%

Notes: 1. The scope of the energy survey covers the entire area of the office premises at Formosa Laboratories' headquarters, Luzhu Plant, and Luzhu No. 2 Plant.
2. The energy conversion factors were taken from the Greenhouse Gas Emission Factor Management Table Version 6.0.4 published by the Ministry of Environment, where 1 cubic meter of natural gas – 10.5 kWh of electricity; 1 liter of diesel = 8,400 kCal = 35.16 MJ; 1 kWh of electricity = 3.6 MJ; 1 liter of heavy oil = 41.87 MJ.
3. There was no data on solar power in 2022 because electricity generation using solar energy only started at the end of June 2023.

3.3 Greenhouse Gas Emissions

Formosa Laboratories has been conducting greenhouse gas inventories in accordance with ISO 14064-1:2018 standards since 2022. Additionally, Formosa Laboratories performs a greenhouse gas inventory each year, starting with 2022 as the base year, and undergoes third-party verification to monitor our carbon emission hotspots and reduction results. In 2024, the total greenhouse gas emissions at Formosa Laboratories were 58,958.07145 metric tons of CO_2e. The increase in emissions was mainly due to equipment and instrument procurement for plant expansion and a rise in overall electricity consumption. However, the Scope 1 and 2 greenhouse gas emission intensity was 8.06 metric tons of CO_2e per NT$ million, remaining lower than the previous year.

▼ Greenhouse gas emissions at Formosa Laboratories over the past two years (Unit: metric tons of CO_2e)

Type of greenhouse gas			2022 (Base Year)	2023	2024
Scope 1	Category 1	Diesel, natural gas, and heavy oil (Fugitive emissions, Process)	7,744.8849	8,421.5202	9,592.5913
Scope 2	Category 2	Purchased electricity	25,787.1240	27,042.3504	27,536.7456
Total Scope 1 and 2 greenhouse gas emissions			33,532.0089	35,463.8706	37,129.3369
Greenhouse gas emission intensity (metric tons of CO_2e per NT$ million in revenue)			8.81	8.16	8.06
Scope 3	Category 3.1	Transportation and Distribution	90.5594	77.3076	83.3132
	Category 3.2	Transportation and Distribution	685.3870	1,801.2831	1,364.1758
	Category 3.5	Business Travel	60.0650	-	93.6440
	Category 4.1	Purchased Goods and Services	3,039.3764	11,757.2569	12,085.5685
	Category 4.1	Fuel and energy-related activities (excluding activities in Scope 1 or Scope 2)	6,379.6527	7,241.6595	7,865.2977
	Category 4.3	Waste generated in operations	996.8719	207.9325	330.4504
Total greenhouse gas emissions			44,783.9213	56,549.3102	58,951.7865

Notes:
1. Greenhouse gas emissions were compiled using the operational control method. The entire area of Formosa Laboratories, including Luzhu Plant and Luzhu No. 2 Plant, was used as the boundary. Greenhouse gas inventories were conducted following the methodology specified in the ISO 14064-1:2018 standards. Only some items in Categories 3 and 4 were surveyed in the Scope 3 greenhouse gas emissions inventory (Categories 3 to 6).
2. The data varied because the global warming potential (GWP) for each type of greenhouse gas was estimated using the GWP values from the IPCC Sixth Assessment Report, which differed from the values in the IPCC Fourth Assessment Report as adopted by the Ministry of Environment.
3. The electricity carbon emission factors published by the Energy Administration were used in the data above, where the factors for 2022 and 2023 were 0.495 and 0.494 kg of CO_2e per kWh, respectively, and for 2024 they were 0.474 of CO_2e per kWh.
4. Greenhouse gas emission intensity = Scope 1 and 2 greenhouse gas emissions (tons of CO_2e) per unit of revenue (NT$ million). The source of revenue data was Formosa Laboratories' standalone financial statements, where Formosa Laboratories generated a revenue of NT$3,804.145 million in 2022, NT$4,346.290 million in 2023 and NT$4,605.182 million in 2024, which were rounded to two decimal places.
5. Formosa Laboratories received the ISO 14064-1 Greenhouse Gas Verification Statement after third-party organization SGS Taiwan verified the greenhouse gas inventory data for 2022 and 2024.
6. The business travel activity data for 2023-2024 includes only self-driving vehicles, and the related greenhouse gas emissions are categorized as Category 1, so no relevant data is available.

Energy Conservation and Carbon Reduction

In 2024, Formosa Laboratories continued replacing equipment with high energy consumption. The estimated annual electricity savings reached 1,740,710 kWh, and the carbon reduction could amount to approximately 825.096 tons of CO_2e. Additionally, the Phase 2 solar power generation facilities were completed in December 2024. The subsequent self-generated and self-used electricity was expected to reach 966,902 kWh annually, with ongoing carbon reduction benefits. Moving forward, we will keep implementing energy-saving projects, promote environmentally friendly and green practices during daily office activities, and evaluate and purchase renewable energy to reduce electricity consumption each year, achieving our goals of energy saving and carbon reduction.

▼ Estimated performance of energy conservation and carbon reduction action plans at Formosa Laboratories in 2024

No.	Action plan	Explanation of reduction	Reduction in energy consumption (MJ)	Reduction in carbon emissions (metric tons of CO_2e)
1	Energy efficiency of the automatic warehouse in building M	Estimated to save approximately 129,600 kWh of electricity each year	466,560	61.430
2	Switch to variable frequency temperature control for cooling towers	Estimated to save approximately 186,495 kWh of electricity each year	671,382	88.399
3	RG-0903/RG-D03 Replace old chillers with new ones	Estimated to save approximately 315,431 kWh of electricity each year based on the power change	1,135,552	149.514
4	Installation of phase 2 solar power generation facilities	Estimated to save approximately 78,234 kWh of electricity each year based on the power change	281,642	37.083
5	Upgrade the wastewater aeration system and replace it with an air-floating blower.	Estimated to save approximately 1,030,950 kWh of electricity each year based on the power change	3,711,420	488.670
		Total	6,266,556	825.096

Notes: 1. The energy conservation action plans listed in the table above mainly focus on electricity saving, while the scope of carbon reduction includes Scope 2 greenhouse gas emissions.
2. The amount of energy conserved was estimated by the difference in electricity usage before and after implementing each action plan, then converted to megajoules using the formula: 1 kWh = 3.6 MJ.
3. Reduction amounts were calculated based on the following formula: Amount of electricity saved (kWh) × Electricity carbon emission factor published by the 2024 Energy Administration, Ministry of Economic Affairs (0.474 kg of CO_2e per kWh of electricity), which were rounded to three decimal places.

3.4 Water Stewardship

▼ Management of material topic “Water Stewardship” at Formosa Laboratories in 2024

Material topic	Water Stewardship
Disclosures according to the GRI Standards	GRI 303: Water and Effluents 2018
SDGs Corresponding SDGs	
Policy or commitment	Formosa Laboratories not only complies with laws and regulations but also conducts regular testing and monitoring to implement water stewardship daily, demonstrating our commitment to valuing natural resources.
Tracking management mechanism	Water withdrawal: • Conduct water consumption surveys. • Install flow meters to monitor, track, and record the amount of water withdrawn. • Perform routine maintenance on monitoring devices. Water discharge: • Monitor the quality and quantity of effluents. In case of any anomalies, redirect effluents back to the wastewater treatment unit for additional processing before discharging them again. • Assess the performance of wastewater treatment units and enhance their treatment capacity. • Provide education and training to improve employees' skills in operation, maintenance, and response.
Metrics and targets	Continuing targets ▶ • Committed to source reduction and recycling. • Evaluate the use of recycled and reclaimed water to conserve resources and enhance water efficiency continuously. • Ensure that the effluent quality complies with the rules and regulations issued by the Ministry of Environment.
Actions and outcomes in 2024	• Recycled 142.658 megaliters of water, representing a 31.53% recycling rate based on the amount of water withdrawn in 2024. • Recorded a 14.67% increase in the amount of water recycled and a 2.44% increase in the recycling rate in 2024 compared to 2023. • The water quality test conducted in 2024 showed that the water discharged from Formosa Laboratories met the effluent standards outlined in environmental laws and regulations.

Enhancing Water Efficiency

The process water used accounts for a relatively large part of the plant's total water consumption at Formosa Laboratories, with the remaining water primarily being domestic and sourced from tap water. Additionally, flowmeters have been installed to monitor, measure, and record water intake. The monitoring equipment is also maintained regularly to ensure accurate and efficient use of relevant information.

▼ Statistics on water consumption at Formosa Laboratories over the past three years (Unit: megaliters)

Water consumption statistics	2022	2023	2024
Total amount of water withdrawn (A)	442.254	427.639	452.421
Total amount of water discharged (B)	331.540	306.714	313.184
Total amount of water consumed (A - B)	110.714	120.925	139.237

Notes: 1. Water withdrawal and discharge volumes are based on water meter readings.
2. All withdrawn water was classified as freshwater, sourced exclusively from third-party supplied tap water. No surface water, groundwater, seawater, or produced water was used.

Since 2015, following the implementation of a water recycling system, Formosa Laboratories has developed a mechanism to reuse treated water for cooling systems, scrubbers, and vacuum systems.
In 2024, the water recycling ratio was effectively improved through standardized recycling by stages and control and optimization of electrical conductivity. The recycled water volume reached approximately 142,658,000 megaliters, and the recycling rate was calculated as 31.53% based on the annual water intake; the recycled water volume increased by 14.67%, and the recycling ratio rose by 2.44% compared to 2023, demonstrating significant and continuous improvements in water efficiency. In the future, we will continue to evaluate and enhance the water recycling system and its efficiency to further improve water use.

▼ Statistics on Recycled Water Volume Over the Past Three Years (Unit: megaliters)

Water consumption statistics	2022	2023	2024
Total amount of water withdrawn (A)	442.254	427.639	452.421
Total amount of water recycled (B)	115.014	124.411	142.658
Water recycling rate (B/A)	26.01%	29.09%	31.53%

Minimizing the Impact of Water Discharge

Formosa Laboratories has established wastewater treatment units to monitor and control the quality and quantity of effluents according to the water quality standards and limit values specified in the Effluents Standards issued by the Ministry of Environment. All the treated effluents are freshwater, which is discharged into Haihu Creek (surface water). Formosa Laboratories discharged 313.184 megaliters of water in 2024.

In 2024, we enhanced the aeration system of the biological tank to enhance COD reduction capacity and efficiency. We regularly outsource effluent quality testing, and in 2024, all water quality tests met regulatory standards.

3.5 Waste Management

▼ Management of material topic “Waste Management” at Formosa Laboratories in 2024

Material topic	Waste Management	
Disclosures according to the GRI Standards	GRI 306: Waste 2020	
Corresponding SDGs		
Policy or commitment	Formosa Laboratories continuously implements waste reduction and resource recycling through end-of-pipe treatment and process management. Moving forward, the company will keep evaluating the feasibility of reducing source and resource consumption based on the 4Rs of environmental protection within the framework of the circular economy.	
Tracking management mechanism	• Assess the waste management implementation based on the performance of the ISO 14001 environmental management system. If any deficiencies are found, propose improvement plans according to applicable rules and regulations, and carry out preventive or corrective measures. • Select waste treatment service providers carefully, regularly visit their facilities to assess the actual status of waste treatment and recycling, and periodically evaluate their efficiency through assessments and audits. • Regularly monitor the status of waste clearance and disposal by waste treatment service providers. Also, use the Ministry of Environment's reporting platform and obtain the certificate of proper treatment to ensure effective tracking. • Periodically conduct external audits using vehicle tracking.	
Metrics and targets	Continuing targets ▶	• Properly implement the end-of-pipe treatment process and continue developing comprehensive manufacturing methods aimed at reducing waste.
	Long-term targets ▶	• Continue to promote waste reduction based on the 4Rs of environmental protection in the circular economy, and also monitor the flow of waste to ensure compliance with laws and regulations, along with proper treatment or recycling of waste. • Require suppliers to establish waste reduction and recycling targets to decrease waste output throughout the value chain.
Actions and outcomes in 2024	• Produced 1,546.4400 metric tons of waste in 2024, with an 11.41% recycling rate. • Made a total of seven visits to waste treatment facilities in 2024, during which no anomalies were identified, and the waste clearance and disposal procedures were found to be in compliance with the relevant standards.	

Waste Impact Management

All the industrial waste generated from pharmaceutical manufacturing at Formosa Laboratories is sorted, cleaned, and disposed of according to the Waste Disposal Act to prevent leaks during production, storage, transportation, and disposal. We also carefully choose waste clearance and disposal service providers and regularly conduct on-site audits. In 2024, Formosa Laboratories visited the waste treatment facilities of these providers seven times, finding no issues and confirming compliance with standards. For more information on waste impact analysis and management practices, please visit Formosa Laboratories' official website.

▼ Waste production process at Formosa Laboratories

Input: Raw materials	Pharmaceutical manufacturing activities	Output: Waste
Common organic solvents, halogenated organic solvents, toxic chemicals, and highly reactive raw materials	→	Hazardous, general, and highly active industrial waste

Waste Statistics

▼ Total amount of waste at Formosa Laboratories in 2024 (Unit: metric tons)

Composition of waste	Amount of waste	Total amount of waste diverted from disposal (recycling and reuse)	Total amount of waste directly disposed of (incineration, landfilling, and physical treatment)
Hazardous waste	540.3700	0	540.3760
General industrial waste	1,006.0700	176.4900	829.5800
Total amount of waste	1,546.4400	176.4900	1,369.9500

Notes: 1. No waste was used in Formosa Laboratories' factories, as 176.4900 metric tons of waste diverted from disposal were recycled and reused.
2. Of the waste directly disposed of from Formosa Laboratories, 1,019.5600 metric tons were treated by incineration, while 0 metric tons were landfilled, and an additional 350.3900 metric tons were treated by other means tons.

▼ Status of Waste Treatment Summary Over the Past Three Years (Unit: metric tons)

Category	Treatment site	Treatment method	2022	2023	2024
Hazardous industrial waste	Off-site	Recycling and reuse	0	0	0
		Incineration	15.9750	236.7296	274.3000
		Landfilling	-	0	0
		Others (final disposal)	45.0600	271.4400	266.0700
General industrial waste	Off-site	Recycling and reuse	339.4960	152.8450	176.4900
		Incineration	219.0400	574.6000	745.2600
		Landfilling	190.7500	89.1000	0
		Others	687.6500	415.0800	84.3200
Total amount of waste			1,497.9710	1,739.7946	1,546.4400
Recycling rate [Note 3]			22.66%	8.79%	11.41%

Notes: 1. Treatment site: Off-site (outsourced treatment).
2. Treatment method: Recycling and reuse (made into new materials through reprocessing), incineration, landfilling, and other disposal methods.
3. Recycling rate (%) = Total amount of waste recycled/Total amount of waste ✳ 100%.
4. Hazardous industrial waste and general industrial waste are classified according to the Waste Disposal Act and the Standards for Defining Hazardous Industrial Waste in Taiwan.
5. Information restatement: The information was restated to ensure all data had 4 decimal places and due to data misreporting from 2022 to 2023.

4 Social

4.1 Workforce Overview

- Statistics on Human Resources
- New Hires and Departures
- Parental Leave

4.2 Talent Development

4.3 Talent Retention

- Welfare Measures
- Incentive Rewards

4.4 Workplace Environment

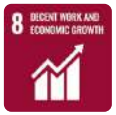
- Occupational Health and Safety Management
- Contractor Occupational Health and Safety Management
- Hazardous Substances Management
- Hazard Identification and Risk Prevention
- Occupational Health and Safety Education and Training
- Formosa Laboratories Self-rescue Team
- Accident Response Management
- Health Examination
- Statistics on Work-related Injuries and Illnesses
- A Healthy Workplace

4.5 Social Participation

- Local Community Care and Interaction
- Supporting Social Welfare Organizations
- Calling for Blood Donations to Help People in Need
- Safeguarding the Beauty of the River and Ocean
- Nurturing Industrial Talents
- Campus Empowerment and Industry-Academia Exchanges
- Providing Scholarships
- Sponsoring Industry Activities and Events

4.1 Workforce Overview

▼ Management of material topic “Talent Attraction and Retention” at Formosa Laboratories in 2024

Material topic	Talent Attraction and Retention	
Disclosures according to the GRI Standards	GRI 202-1 Ratios of standard entry-level wage by gender compared to local minimum wage GRI 401-1 New employee hires and employee turnover GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Corresponding SDGs		
Policy or commitment	Valuing talent attraction and retention, Formosa Laboratories has established the Human Rights Policy and is dedicated to creating a friendly workplace culture that promotes diversity and equality. It enhances our talent's competitiveness through various communication channels, initiatives for physical and mental health, education and training systems, and compensation and incentive policies.	
Tracking management mechanism	• Monitor turnover rates annually to assess employee retention and identify unusual situations. • Create a talent development system based on the Talent Quality Management System (TTQS) to monitor employee training progress and assess their performance in external training, such as certifications earned and sharing knowledge within the organization. • Require employees who have been with Formosa Laboratories for three months to have their qualifications evaluated by their supervisors, including work performance and learning progress, to decide whether to convert them to full-time status, extend their probation, or end their employment if they are not suitable for the position. • Regularly evaluate the competitiveness of salaries at Formosa Laboratories and adjust our pay levels according to industry pay rates. • Establish channels for reporting workplace violence and sexual harassment, and hold regular labor-management meetings to promote open communication between Formosa Laboratories and our employees.	
Metrics and targets	Short-term targets (2025) ▶	• Through Employee Assistance Programs (EAPs), aimed at understanding employees' work adaptation and organizational relationships and the emotional and stress-related issues they encounter, assisting employees in solving problems, and creating a caring and supportive work environment. • Promote continuing education and training through a promotion system for migrant workers, maintain the ratio of the standard entry-level wage to the local minimum wage, and provide equal career opportunities to people of different genders or age groups.
	Medium- and long-term targets (2026 and beyond) ▶	• Develop a diversified incentive system that is linked to market salary rates, as well as improve performance and various management systems.
Actions and outcomes in 2024	• Recorded a new hire rate of 21.3%, an decrease of 7.52% from the previous year, and a turnover rate of 18.6%, a decrease of 3.02% from the previous year. • Recruited a total of 48 interns from 2022 to 2024, with 12 of them remaining afterward to join our team. • Spent NT$2.229 million on training expenses in 2024, including both internal and external education programs attended by a total of 4,786 people. • No significant risks or incidents of discrimination, child labor, forced labor, or other violations of labor rights were reported at Formosa Laboratories. • Continually participated in “TALENT, in Taiwan” Taiwan Talent Sustainability Action Alliance to improve talent sustainability indicators. • Received a Silver Award in the Happiness Enterprises appraisal conducted by 1111 Job Bank.	

Talent Sustainability, Building the Chemical Competitiveness of Formosa Laboratories

Formosa Laboratories joined "TALENT, in Taiwan" Taiwan Talent Sustainability Action Alliance" in 2022. In 2024, the Company continued to address six talent sustainability indicators. By joining this alliance, we are committed to building talent sustainability to retain key talent and strengthen corporate competitiveness. Additionally, Formosa Laboratories, a company that has prioritized workplace talent value for the long term, earned a silver award in the happiness enterprise assessment conducted by 1111 Job Bank, highlighting its excellent achievements in creating a positive workplace.

- Meaning and value
- Physical and mental health
- Diversity and inclusion
- Talent Development
- Incentive and Rewards
- Organizational communication

▼ 2024 Taiwan Talent Sustainability Label

▼ 2024 Happiness Enterprise Silver Award

Statistics on Human Resources

Formosa Laboratories is committed to developing a diverse and talented workforce and promoting diversity and mutual prosperity. However, it prohibits discrimination based on employees' various identities. By the end of 2024, the company employed a total of 927 people, an increase of 25 from the previous year. In terms of gender, there were 629 male employees (67.9%) and 298 female employees (32.2%), with a male-to-female supervisor/manager ratio of 2.075:1. Additionally, the company employs people with disabilities in accordance with the law. In 2024, there were six employees with disabilities, five employees with indigenous status, and 98 foreign employees from seven countries: Canada, India, Vietnam, Malaysia, the Philippines, Indonesia, and Thailand.

▼ Types of employees hired by Formosa Laboratories in 2024

Employee category (Unit: persons)	Male	Female	Total
Full-time employees (indefinite contracts)	625	294	919
Contract employees (fixed-term contracts)	4	4	8
Total by gender	629	298	927

Notes: 1. All our employees are full-time workers who work 40 hours a week. There are no part-time or temporary employees at Formosa Laboratories.
2. Contract employees listed here are on fixed-term agreements, while foreign employees are on indefinite contracts.

▼ Changes in the number of workers at Formosa Laboratories over the past three years

Worker category	2022	2023	2024
Employees	836	902	927
Non-employee workers	23	17	17
Total	859	919	944

Notes: 1. The number of people is calculated based on the count of people on December 31 of each year.
2. Non-employee workers are individuals who are not directly employed by Formosa Laboratories, but whose work is managed by them. In 2024, Formosa Laboratories employed a total of 17 non-employee workers (excluding contract construction workers), including seven environment cleaners, three catering workers, and seven security guards.

▼ Distribution of employee diversity by job category at Formosa Laboratories in 2024

Job category/ Diversity category	Gender		Age		
	Male	Female	30 years old and below	31 to 50 years old	51 years old and above
Management level	58.8%	41.2%	0.0%	17.6%	82.4%
Management positions	67.3%	32.7%	0.9%	80.5%	18.6%
Professional positions	68.1%	31.9%	34.9%	61.9%	3.3%

Notes: 1. At Formosa Laboratories, 17 employees are top-level executives; 113 employees hold management positions from deputy director up to just below top-level executive; while 797 employees have professional roles.
2. The data shown in the table above are as of December 31, 2024.

New Hires and Departures

In 2024, Formosa Laboratories hired 197 new employees, representing a 21.3% new hire rate, with a male-to-female ratio of 1.56:1 among new hires. Young employees aged 30 years and under made up 58.4% of the new workforce. Regarding employee retention, 172 employees left the company, resulting in an 18.6% turnover rate and a 9.4% progressive turnover rate, with a male-to-female ratio of 2.02:1. Additionally, since launching an internship program in 2022, Formosa Laboratories has invited talents to join through early employment offers and onboarding incentives. In 2022, the company recruited 9 interns; in 2023, 19 interns; and in 2024, 20 interns, with 12 of them continuing on as full-time employees.

We will not only increase efforts to ensure work-life balance but also continue to strengthen our supervisors' and managers' skills, offer employees career development opportunities, and establish a comprehensive incentive and reward system. Additionally, we aim to listen to our employees through regular satisfaction surveys and two-way communication, aiming to support employee retention.

▼ New hire and turnover rates at Formosa Laboratories over the past two years

Year	2022	2023	2024	Description
New hire rate	25.2%	28.8%	21.3%	Number of new employees in the current year/ Total number of employees at the end of the year ✳ 100%
Turnover rate	24.5%	21.6%	18.6%	Number of departed employees in the current year/Total number of employees at the end of the year ✳ 100%
Progressive turnover rate	19.6 %	11.2%	9.4%	Number of departed employees in the current year/(Number of employees at the beginning of the year + Progressive number of new employees) ✳ 100%

▼ Distribution of new employees and departed employees by gender and age at Formosa Laboratories in 2024

Category		Male		Female		Subtotal	
		Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
New employees	30 years old and below	57	28.9%	58	29.4%	115	58.4%
	31 to 50 years old	60	30.5%	18	9.1%	78	39.6%
	51 years old and above	3	1.5%	1	0.5%	4	2.0%
	Subtotal	120	60.9%	77	39.1%	197	100.0%
Departed employees	30 years old and below	49	28.5%	31	18.0%	80	46.5%
	31 to 50 years old	60	34.9%	26	15.1%	86	50.0%
	51 years old and above	6	3.5%	0	0.0%	6	3.5%
	Subtotal	115	66.9%	57	33.1%	172	100.0%

Notes: 1. The percentage of new employees for each category (i.e., number of new employees for each category/total number of new employees ×100%) is rounded to one decimal place.
2. The percentage of departed employees for each category (i.e., number of departed employees for each category/total number of departed employees ×100%) is rounded to one decimal place.
3. The statistics on new employees include 24 migrant workers.
4. Departed employees refer to those who have left Formosa Laboratories either voluntarily or due to termination, retirement, or death while on duty. Specifically, the number of departed employees includes 9 migrant workers, 2 short-term contract workers whose contracts have expired, and 20 interns.

Parental Leave

At Formosa Laboratories, all employees who have been employed for at least six months may apply for unpaid parental leave before each of their children turns three years old, but not for more than two years. Employees on unpaid parental leave may continue to participate in social insurance. At the same time, Formosa Laboratories will continue to support employees and safeguard their jobs while they are on unpaid parental leave. These employees will also receive a gentle reminder one month before their parental leave ends to return to work.

▼ Statistics on employees on unpaid parental leave at Formosa Laboratories in 2024

	Male	Female	Total
Number of employees on parental leave to be reinstated in 2024 (c)	0	3	3
Actual number of employees on parental leave who were reinstated in 2024 (d)	0	1	1
Reinstatement rate among employees on parental leave (d/c)	N/A	33.33%	33.33%
Actual number of employees on parental leave who were reinstated in 2023 (e)	2	4	6
Number of employees on parental leave who continued to work at Formosa Laboratories after reinstatement in 2023[2] (f)	1	3	4
Retention rate among employees on parental leave (f/e)	50.00%	75.00%	66.67%

Notes: 1. These figures are based on the number of employees who have previously applied for maternity or paternity leave over the past three years (2022 to 2024).
2. The actual reinstatement date occurs in 2023 and is within one year after returning to work at Formosa Laboratories.

4.2 Talent Development

Formosa Laboratories plans a comprehensive on-the-job training system by developing an OJT (On the Job Training) learning map to enhance new employees' immediate work skills and help employees understand their personal development and growth directions. The company evaluates salary adjustments, rewards, transfers, etc., annually based on employees' work performance, learning progress, career development, ongoing education plans, and other related assessment results. This approach aims to support the organization's human capital development.

We have specialists developing empowerment programs that include new employee training, professional skills for various roles, leadership development for middle and senior managers, as well as quality, environment, safety, and health training. These programs are delivered through multiple learning channels such as in-person classes, online videos, and digital platforms, complemented by a feedback system to continuously improve training management at Formosa Laboratories.

In 2024, a total of 291 employee education and training courses were attended by 4,786 participants at Formosa Laboratories. Specifically, each employee averaged 12.4 hours of training, with male employees receiving an average of 11.2 hours and female employees 14.6 hours. Formosa Laboratories spent a total of NT$2.229 million on training programs throughout the year. Additionally, a self-learning subsidy program was established to support employees in language and degree studies, with the total subsidies provided by Formosa Laboratories between 2022 and 2024 amounting to NT$65,200.

▼ Overview of Employee Training Over the Past Three Years

Item	2022	2023	2024
Number of training courses [1]	182	253	291
Number of participants	2,782	4,886	4,786
Total number of employees in training [2] (A)	816	920	906
Total training hours (B)	9,390.7	9,978.84	11,234.2
Average training hours per person (B/A)	11.5	10.85	12.4
Training expenses (NT$)	1,741,499	1,827,927	2,228,829

Notes: 1. Training courses refer to education and training sessions conducted at Formosa Laboratories and attended by employees outside the company. The types of training include core, professional, general knowledge, and labor safety and health management programs.
2. Statistics on the number of employees in training were gathered using data on all employees who attended education and training courses, regardless of whether they had left Formosa Laboratories or not. Therefore, these figures differ from the total number of employees at year's end.

4.3 Talent Retention

Welfare Measures

The welfare system established by Formosa Laboratories for full-time employees not only covers basic rights guaranteed by laws and regulations, such as labor and health insurance, special leave, maternity leave, and parental leave, but also includes the provision of life insurance, medical insurance, disability insurance, pensions, wedding and childbirth gifts, funeral subsidies, employee dormitories, and free meals. Please refer to the table below for more details on Formosa Laboratories' welfare measures. Additionally, foreign employees are entitled to various bonuses and benefits provided to local employees. Formosa Laboratories also supports promotion and continuing education opportunities for migrant workers while respecting their multicultural needs.

▼ Welfare measures for full-time employees

Basic benefits	**Insurance**	• Labor and health insurance, along with group insurance services for employees and their dependents.
	Pension system	• Employees covered by the old pension system under the Labor Standards Act: Monthly contributions equal to 2% of employees' total salary are made to the pension fund. • Employees subject to the new pension system under the Labor Standards Act: Monthly contributions are made at 6% of employees' monthly salary, based on the Table of Monthly Contribution Wages of Labor Pension approved by the Executive Yuan, and are deposited into employees' individual pension accounts. • For details on the pension system, please refer to Page 35-P37 of 2024 Parent Company Only Financial Statements.
Incentives and bonuses	**Incentive system**	• Incentive bonuses for employees upon completing operations, projects, or passing FDA inspections. • NT$1,500 in commendation bonus, NT$3,000 in minor merit bonus, and NT$6,000 in major merit bonus.
	Employee share ownership trust	Employees can withdraw or receive shares gained from company awards after ending their contract, provided they have been part of the trust for five years.
	Periodic bonuses	Year-end bonuses, performance bonuses, dividends, holiday bonuses, birthday cash gifts, dinner party stipends, annual dinner participation bonuses, and scholarships for employees' children.
	Aperiodic bonuses	Referral bonus, annual dinner raffles, and birthday raffles.
Health promotion	**Meals**	Complimentary milk and coffee available daily, along with an employee cafeteria.
	Health examination	Free annual health exams for employees, on-site doctor consultations, and free blood pressure measurements using a tunnel-type blood pressure monitor.
Comprehensive facilities	**Hardware facilities**	Dormitories for employees who live far from the company, a parking lot for cars and scooters, breastfeeding rooms, fitness equipment, and a library for reading and borrowing books.
Employee Welfare Committee	**Welfare fund**	• Source of funding: Contributions of 0.5% of employees' monthly salaries and 0.05% of Formosa Laboratories' total monthly operating income are deposited into a dedicated account managed by the Employee Welfare Committee, which is established by both Formosa Laboratories and our employees. • Use of funds: Allowances and subsidies for various purposes such as weddings, funerals, childbirth, insurance premiums, funds and subsidies for club activities, as well as funds and subsidies for company and department activities and events.
Annual activities and events		• Quarterly birthday parties and annual dinners. • Irregular activities convened by the Company, e.g., Family Day and 30th anniversary series activities.

Scholarships for Employees' Children

Scholarships are awarded to employees' children at the annual year-end dinner to motivate them to excel academically and pursue their dreams. Specifically, Formosa Laboratories provides NT$5,000 for each university student, NT$3,000 for each high school or vocational student, NT$2,000 for each middle school student, and NT$1,000 for each elementary school student. In 2024, 45 employees applied for scholarships, and 54 children received awards. Additionally, two special awards were given to children who participated in national or international competitions in sports, music, arts, or related fields and earned top honors. A total of NT$82,000 was awarded.

▼ Continuing education and training and welfare system for migrant workers

Welfare measure	Specific implementation details
Continuing education and promotion	• In 2023 and 2024, a total of 10 employees advanced to the level of intermediate technicians. Foreign migrant workers were encouraged to seek promotion and remain with the company.
Compensation and benefits	• Provide salaries, bonuses, year-end prizes, and benefits comparable to those of local employees. • A time deposit service was offered to foreign migrant workers who may opt to have NT$3,000 automatically transferred from their monthly salary into their savings accounts.
Culture and living	• Conduct training on interpretation and document translation for new migrant workers, covering various languages such as Indonesian, Thai, and English. • Provide dedicated dormitories for migrant workers that have a good environment, quality facilities, and comprehensive management. • Offer a wide variety of food and beverages at the employee cafeteria while considering the food cultures of foreign employees in meal preparation. • Coordinate with manpower agencies to prepare gifts for migrant workers during major festivals in Taiwan, and invite them to share in the festive atmosphere.

Incentive Rewards

Formosa Laboratories adopts a career development approach by designing a job grade structure based on job responsibilities, offering employees diverse opportunities for growth, promotion, and job rotation. Additionally, the company aligns this structure with the market's fixed salary system and provides a 'Diverse Salary Scale.' Salaries are adjusted according to an employee's responsibilities, expertise, and individual performance, while also considering the latest salary trends in the industry. Information about the salaries of full-time employees who are not in managerial positions is available through the Employee Benefits and Salary Statistics section of the Public Information Observation Station (MOPS).

To boost employee morale, Formosa Laboratories offers various bonuses, such as performance bonuses and project achievement bonuses. Additionally, it has established the Employee Share Ownership Committee, which encourages employees to contribute 3% of their salary monthly to the employee share ownership trust, allowing them to share in the benefits of share price appreciation.

▼ Comparison between standard entry-level wages and employee compensation levels at Formosa

Year	Standard entry-level wage/ Local minimum wage		Ratio of the total compensation of the highest-paid employee to the median of the total compensation of other employees	
	Male	Female	Total annual compensation	Ratio of the percent change in total compensation
2022	1.4	1.5	12：1	1.15：1
2023	1.4	1.5	10：1	-9：1
2024	1.4	1.4	11：1	3.3：1

Notes:1. Frontline employees: In 2022 and 2023, this category included technicians, skilled workers and dispatched operators of the Company at job grades 1-3; in 2024, this category included direct personnel at job grades 5~7. (Currently, the minimum job grade is grade 5 due to the adjustment of the classification of employees' job grades in 2024.)
2. The standard salary includes the base salary, perfect attendance bonus, job allowance, certificate allowance, and other regular compensation.
3. The minimum wages in Taiwan from 2022 to 2024 were NT$25,250, NT$26,400, and NT$27,470, respectively.
4. The calculation of annual compensation includes base salary, overtime pay, various bonuses, meal allowances, job or transportation allowances, and employee remuneration for the current year.
5. Ratio of percent change in total compensation: Percent change in the total compensation of the highest paid employees/Percent change in the median of the total compensation of the remaining employees, as compared to the total compensation in the previous year.

4.4 Workplace Environment

▼ Management of material topics “Toxic and Concerned Chemical Substances Management” and “Occupational Health and Safety” at Formosa Laboratories in 2024

Material topic	Occupational Health and Safety, and Toxic and Concerned Chemical Substances Management	
Disclosures according to the GRI Standards	GRI 403: Occupational Health and Safety 2018	
Corresponding SDGs		
Policy or commitment	Following our commitment to strictly adhere to occupational health and safety laws and regulations, Formosa Laboratories ensures that our work processes comply with safety standards based on the ISO 45001 occupational health and safety management system and the hazardous substance process management system. Based on hazard identification and risk assessment results at each unit, our employees are required to use personal protective equipment and other measures to minimize the risk of occupational accidents, thereby ensuring that our employees remain safe and healthy.	
Tracking management mechanism	• Continue to pass internal audits for the ISO 45001 Occupational Health and Safety Management System and high-potency active pharmaceutical ingredients (HPAPI). • Comply with PSCI requirements and audits.	
Metrics and targets	Short-term targets (2025) ▶	• Zero serious workplace safety accidents. • Number of occupational accidents ≦ 11 • Improve the safety culture and promote zero-disaster Kanban boards. • Standardize safety facilities for storage tanks and support planning for predictive maintenance. • Strengthen the inspection and audit system and link it with BBS (Behavior-Based Safety). • Introduce a contractor and chemical software electronic management system. • Safety inspections and improvement projects for hazardous materials and buildings are scheduled for completion by the end of 2025. • Schedule a high-speed water mist automatic fire extinguishing system in the manufacturing process area for completion by the end of 2025.
	Medium-term targets (2026 to 2027) ▶	• Number of occupational accidents in 2026 ≦ 8; number of occupational accidents in 2027 ≦ 6.
	Long-term targets (2027 and beyond) ▶	• Zero accidents in the manufacturing processes. • Number of occupational accidents ≦ 5; frequency-severity indicator (FSI) ≦ 0.3.
Actions and outcomes in 2024	• A total of 14 recordable occupational injuries were reported in 2024, with no fatal occupational accidents. • Established an exhaust system management mechanism to perform exhaust system diagnostics and plan complete explosion-proof zones. • Established a PSM (Process Safety Management) system, completed the risk assessment system, conducted an inventory of key equipment (including local exhaust systems, explosion-proof zones and equipment, and high-risk fluid pipelines), and implemented PSI and MI management. • Organized defensive driving training to reduce future traffic accidents outside the plant.	

Occupational Health and Safety Management

Formosa Laboratories has implemented various occupational safety programs and adopted ISO occupational health and safety management standards and requirements to regulate all workers, customized synthesis and mass production of APIs, and specialty chemicals at our Luzhu Plant and Luzhu No.2 Plant, covering 100% of our workforce. Additionally, a total of 16 occupational health and safety management programs have been developed in accordance with the relevant laws regulations, which are detailed on Formosa Laboratories' official website.

Formosa Laboratories has established the Occupational Health and Safety Committee in accordance with the Regulations Governing Occupational Health and Safety Management. The committee is made up of the workplace safety unit, top-level managers from various departments, and labor representatives from labor-management meetings. It includes 20 members: one medical professional, 1 occupational health and safety staff member, 11 department heads, and 7 labor representatives, who make up more than one-third of the total membership. The committee's role is to enhance the occupational health and safety environment through planning and action. They meet quarterly. In 2024, the committee's resolutions included standardizing procedures for storage tank safety facilities to support predictive maintenance planning and promoting zero-accident signage.

Contractor Occupational Health and Safety Management

According to the contractor management program at Formosa Laboratories, we not only hold contractor toolbox meetings from time to time, but also implement pre-entry safety and health training, audit, and penalties for violations. Formosa Laboratories implements the following measures to control contractors and provide them with the relevant guidance:

1. Evaluation and classification management	Contractors must achieve at least a Grade B in the safety and health assessment to qualify at Formosa Laboratories and must undergo regular re-evaluations. (Grade A: once every two years; Grade B: once a year; Grade C: unqualified vendor)
2. Signing of declaration	The contract signed with the winning contractor must include in-plant safety and health regulations and the contractor safety and health declaration.
3. Pre-entry qualification review	Before entering the factory, employees must purchase labor insurance and provide education and training records before being issued factory entry identification cards.
4. Education and training programs	Formosa Laboratories periodically conduct education and training for contractors, requiring personnel entering the factory to undergo retraining at least once a year.

Hazardous Substances Management

The operation of Formosa Laboratories' hazardous substances process management system includes verifying the storage of raw materials, reviewing the part number of finished products, assessing whether the chemicals are regulated by law and classifying them, and establishing a chemical inventory while implementing systematic management and control based on the hazards and risks of different chemicals and relevant regulatory requirements. To minimize the risk of direct contact with chemicals or hazards to our personnel, Formosa Laboratories has installed local exhaust ventilation devices and established a schedule for the use of personal protective equipment based on the results of hazard identification and risk assessment for each unit, strengthening the enforcement of personal protective measures.

Additionally, Formosa Laboratories regularly updates the List of Chemicals Hazardous to Pregnant Workers at All Factories and identifies the types and quantities of substances that pose health risks or are carcinogenic, mutagenic, or toxic to reproduction (CMRs). We also involve factory nurses and unit supervisors to conduct fitness-for-duty assessments and provide refresher training on hazard awareness to ensure our staffs are equipped with safety knowledge and emergency response skills.

▼有害物質列管種類

Regulated characteristic	Type
Chemicals that is hazardous to female workers under 18 years old and who are pregnant or have given birth within the past year.	7
Substances that are carcinogenic, mutagenic, or toxic to reproduction (CMRs)	42
2024 Record Keeping of Priority Management Chemicals	25
Permit for Toxic and Hazardous Chemicals	7
Registration Documents for Toxic and Hazardous Chemicals	12
Approval Documents for Toxic Chemical Substances	71
Approval Documents for Concerned Chemical Substances	6
Category A Industrial Precursor Chemicals	5

Hazard Identification and Risk Prevention

Formosa Laboratories helps various units identify hazards, assess risks, and set risk levels based on occupational accident records. Currently, the most significant hazards include physical risks from noisy operations and hazards from improper contact with hazardous substances. Therefore, we provide protective equipment, increase education and training efforts, and conduct regular health examinations. For other occupational safety risks, Formosa Laboratories enhances specialized education and training for dedicated operation units and engineering staff, while establishing management goals and monitoring them consistently. We also review and update the schedule for using protective equipment each year, require personnel to wear appropriate protective gear according to the schedule, and perform automatic machinery inspections to ensure continued effectiveness of safety measures. For more details on hazard identification, risk assessments, and improvement measures, please visit our official website.

Occupational Health and Safety Education and Training

In addition to implementing emergency response measures, Formosa Laboratories regularly conducts workplace safety training for new employees, contracted workers, and provides refresher training for existing staff. We also create an emergency response plan every year. In 2024, we offered specialized training for units and personnel involved in higher-risk operations or chemical handling. Additionally, we enhanced team-based response drills, with each team performing regional joint defense exercises. Given the recent increase in traffic accidents among employees, we introduced new defensive driving courses to help reduce the chances of such incidents.

▼ Occupational health safety and training for employees at Formosa Laboratories in 2024

Worker category	Type of training	Training programs in 2024
New employees	General Training	General Labor Safety Training.
	Special Training	Hazard Awareness Education Training, Forklift, Self-propelled aerial work platform, and other training programs.
Existing employees	Firefighting and Emergency Response Training	Emergency Response Command Course, Evacuation and Evacuee Guidance Course, Fire Extinguisher Course, First Aid Course, Safety Protection Course, Fire Alarm and Communication Course, Evacuation Drill.
	Special Training	Education and training on general knowledge of hazards, fit test of respiration protection tools, and in-plant construction management, including descriptions of forms and processes related to construction management.
Contractors	General Training	Safety and health training for contractors in the factory.

Formosa Laboratories Self-rescue Team

Formosa Laboratories has established a self-rescue team to improve the emergency response capabilities of all employees. The goal of the self-rescue team is to protect our employees' lives, reduce disaster-related losses, and ensure the company can respond quickly during emergencies. We hold relevant training and meetings every month and also participate in no-warning mission training organized by government agencies. Through ongoing training, practical exercises, and the acquisition of necessary disaster relief equipment, we aim to enhance the professionalism and teamwork of the self-rescue team, ensuring we can provide effective emergency support in any unforeseen situation, safeguarding everyone's safety and maintaining the company's stability.

▼ Unannounced nationwide joint response training organized by the Environmental Protection Bureau

▼ In-plant chemical disaster response drill

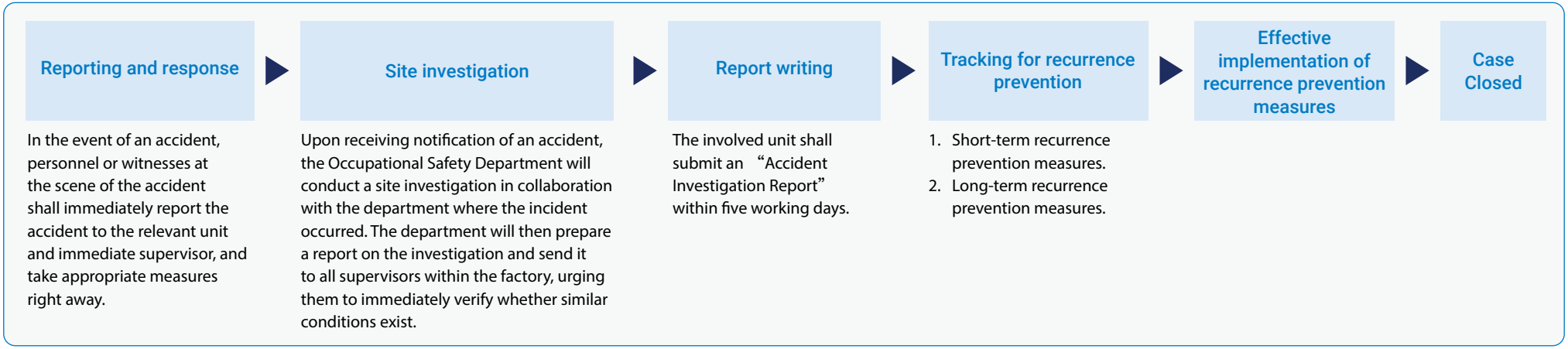
Accident Response Management

To effectively prevent workplace accidents and reduce the risk of recurrence, we have established the CO-328 Accident Emergency Response and Reporting Procedure. In addition, in accordance with Article 18 of the Occupational Safety and Health Act, Formosa Laboratories ensures workers' right to withdraw from potentially hazardous work environments. If workers believe their safety is at risk, they have the right to leave the work site. In the event of an uncontrollable accident or imminent injury, each building will implement emergency response measures, and, if necessary, activate the factory evacuation plan, prioritizing worker safety.

We conduct autonomous plant fire (chemical) disaster drills every year to train response team members and ensure they master relevant skills. Additionally, at least one pre-announced emergency measures test is organized annually to assess the effectiveness of practical operations and the emergency response plan. In 2024, the emergency drills included a full-plant evacuation, a plant fire (chemical) disaster drill, and escape drills for earthquakes and power failures. Through these drills, employees are expected to respond quickly and appropriately when relevant accidents occur.

At the same time, we hold review meetings after incidents or drills to document relevant deficiencies. We continuously review and update response procedures and measures annually, and check emergency response facilities and plan for the necessary emergency and first-aid equipment (e.g., firefighting tools, public address systems, fire extinguishers, stretchers, etc.). We perform regular monthly maintenance and inspections to ensure these devices remain effective.

▼ Accident reporting and handling process



Health Examination

Formosa Laboratories performs annual health check-ups for all employees, including general health screenings and specialized exams for those involved in hazardous operations. Additionally, employees working with the HPAPI manufacturing process undergo hormone testing every six months. We also implement tiered health management in accordance with legal requirements. Based on the results, factory nurses and medical specialists provide health education and follow-up care, and may perform on-site assessments of suspected work-related illnesses when necessary. Employees classified as Level 3 or higher in the special health examination results will undergo ongoing monitoring and reclassification. Employees at Level 4 will receive work hazard control measures and relevant management actions, with consultation and guidance from medical professionals. In 2024, a total of 216 special health examinations were conducted, and no employees were classified as Level 3 or higher for health management.

Statistics on Work-related Injuries and Illnesses

In 2024, Formosa Laboratories reported 14 recordable work-related injuries, with "contact with hazardous materials" being the most common type, accounting for six cases. No severe injuries or fatalities occurred. Work-related illness data are based on employees classified under Level 4 health management, according to specific health exams. No work-related illnesses were reported.

▼ Statistics on work-related injuries and illnesses among workers at Formosa Laboratories over the past three years

Year		2022		2023		2024	
Worker information	Worker category	Employees	Non-employee	Employees	Non-employee	Employees	Non-employee
	Number of people	850	50	891	50	931	50
	Total hours worked	1,685,056	99,200	1,769,704	99,200	1,825,048	99,200
Work-related injuries	Number of fatalities	0	0	0	0	0	0
	Fatality rate	0	0	0	0	0	0
	Number of severe work-related injuries	0	0	1	0	0	0
	Severe injury frequency rate	0	0	0.12	0	0	0
	Number of recordable work-related injuries	14	0	12	0	13	1
	Total recordable injury frequency rate	13.5	0	6.78	0	7.67	0
	Major types of work-related injuries	Cuts and abrasions, contact with hazardous materials, falls, and object collapse	-	Contact with hazardous materials, burns or scalds, abrasions	-	Contact with hazardous materials, burns or scalds, abrasions, self-falls, strains	Contact with hazardous materials
Work-related illnesses	Number of recordable work-related illnesses	4	-	2	-	-	-
	Major type of work-related illness	Noise	-	Noise	-	-	-

Notes:
1. Work-related injuries refer to accidental injuries that happen when workers are performing their duties or are at the workplace. Statistics on such injuries do not include "commuting accidents" that occur while traveling to and from work.
2. The number of employees is the average of the reported monthly occupational accidents throughout the year. The number of non-employee workers includes the total of dispatched and resident contract workers, plus an average of 10 to 30 general construction contract workers, totaling about 50 people each month.
3. Total hours worked refers to the total number of hours worked by all workers for the entire year. Specifically, the number of hours worked by employees is determined based on the number of actual hours worked and the number of hours worked overtime, whereas the number of hours worked by non-employee workers is estimated using the following formula: 8 hours per day × 50 people per day × Number of working days throughout the year.
4. Severe work-related injuries refer to injuries (other than fatalities) that cause disability or prevent a return to the pre-injury level of health within six months.
5. Other recordable work-related injuries refer to injuries (excluding commuting injuries), regardless of whether they involve work-related injury leave. Meanwhile, the number of recordable work-related illnesses is determined based on the count of workers under Level 4 health management, according to special health examination results. However, no fatal cases were reported at Formosa Laboratories. Details about work-related injuries among non-employee workers were omitted from this report because the related information was difficult to obtain.
6. Fatality rate = Number of fatalities caused by work-related injuries × 1,000,000 ÷ Total hours worked.
7. Severe work-related injury rate = Number of severe work-related injuries × 1,000,000 ÷ Total hours worked.
8. Total recordable injury frequency rate (TFIFR) = Number of recordable work-related injuries (including the number of severe work-related injuries, the number of fatalities, and the number of other recordable work-related injuries) × 1,000,000 ÷ Total hours worked.
9. Method for calculating rates in Items 6 to 8: Calculated to two decimal places.
10. The 1,000,000-hour-worked rate refers to the number of work-related injuries per 500 full-time workers within one year, based on the assumption that full-time workers work 2,000 hours a year.
11. Measures to reduce noise-induced occupational diseases: Reduce exposure time, adjust work schedules, and implement time management for exposure.

▼ Statistics on disabling injury frequency and severity rates among workers at Formosa Laboratories over the past three years

Year	Worker category	Number of work days lost due to disabling injuries	Disabling injury frequency rate (FR)	Disabling injury severity rate (SR)	Frequency-severity indicator (FSI)
2022	Employees	13.50	8.31	8	0.26
	Non-employee	0	0	0	0
2023	Employees	68.85	6.78	38	0.51
	Non-employee	0	0	0	0
2024	Employees	36.3	7.67	19	0.39
	Non-employee	0	0	0	0

Notes: 1. The number of workdays lost is calculated by dividing the number of hours workers are unable to work by 8 hours, based on work-related accident or injury leave (≦ 1 hour) taken by workers, excluding sick leave and menstrual leave.
2. Disabling injury frequency rate (FR) - Number of disabling injuries × 1,000,000 ÷ Total hours worked (calculated to two decimal places without rounding).
3. Disabling injury severity rate (SR) = Number of workdays lost due to disabling injuries × 1,000,000 ÷ Total hours worked (calculated to two decimal places without rounding).
4. Frequency-severity indicator (FSI) = $\sqrt{}$ [(FR × SR) ÷ 1,000] (calculated to two decimal places, with the third decimal place rounded up).
5. Restatement of information: The original disability injury severity rates (SR) for 2022-2023 were 8.01 and 38.90. These values have been corrected by rounding to the nearest integers, as per the annotated formula.

A Healthy Workplace

To help employees achieve a balance between work, health, and life, Formosa Laboratories launched Employee Assistance Programs (EAPs) in March 2023. In partnership with professional management firms and counseling centers, the company combines internal and external resources to support employees in adapting to work, managing organizational relationships, and handling personal emotional stress. The program offers comprehensive support in areas such as medical consulting, psychological counseling, work management, finance, taxation, and legal concerns, fostering a caring and supportive work environment. Additionally, based on health examination results and employee needs, annual health promotion activities are organized to enhance the implementation of a healthy workplace. The Health Promotion Seal, certified by the Health Promotion Administration, Ministry of Health and Welfare (HPA), is set to be renewed successfully in 2024.

▼ Health promotion activities and resources at Formosa Laboratories in 2024

Service resources	Establish a medical office with factory nurses, arrange for a doctor to be stationed at the factory once a month, offer consultation services on group insurance and life insurance, and introduce EAPs.
Psychological counseling	Offer counseling services at reduced rates in partnership with professional counseling clinics.
Information sharing	Post the latest health information and knowledge regularly on bulletin boards and the company intranet.
Blood donation	Organize two blood donation drives each year to encourage our employees to donate blood for the public good.
Vaccination	In 2024, the company organized influenza and COVID-19 vaccinations. A total of 153 person-times participated in the activities across 2 batches.
Weight reduction activities	We organized a weight loss challenge with 15 teams and 51 participants, who collectively lost 125.6 kilograms. The top three teams will win prize money ranging from NT$4,500 to NT$6,500.
Aerobic rhythm exercise	In partnership with the Taoyuan City Luzhu Civil Sports Center, a total of 12 aerobic classes were held, involving 240 participants.
Health lectures	In 2024, we organized four relevant health promotion lectures, covering themes such as health-preserving medicated diet, burnout prevention, acupuncture point pressing, and aromatherapy relaxation. The lectures attracted a total of 120 person-times.
Points collection activity	To encourage employees' self-directed exercise and participation in company-organized activities, we promoted a points-based lottery activity, with a total of 226 employees joining in the points collection. Specifically, employees could exchange 5 points collected for a single lottery ticket. The lottery was held during the year-end dinner, and 52 employees won. The prizes included an Apple iPad Air, a foldable electric scooter, an Apple Watch, and more, with a total value nearing NT$100,000.

▼ Statistics of Employee Assistance Programs (EAPs) at Formosa Laboratories

Case type/ Year	2023 (Q2-Q4)	2024 (Q1-Q4)
Health consulting	0	1
Psychological consulting	6	6
Legal consulting	2	1
Management consulting	0	0
Financial consulting	0	0
Others (description of EAP services)	0	1
Total	8	9

▼ Vaccination activities

▼ Aerobic rhythm activity

▼ Health promotion lectures

4.5 Social Participation

At Formosa Laboratories, employees are actively encouraged to participate in social welfare activities and events related to social care, environmental protection, and education promotion while maintaining friendly relationships with local communities and neighborhoods. Besides organizing various activities to support disadvantaged groups, Formosa Laboratories also enhances industry-academia collaboration and exchanges to develop industry talent, aiming to fulfill corporate social responsibility and consistently expand our influence.

▼ Management of material topic "Social Participation" at Formosa Laboratories in 2024

Material topic	Social Participation	
Disclosures in accordance with GRI Standards	GRI 203-1 Infrastructure investments and services supported	
Corresponding SDGs		
Policy or commitment	Formosa Laboratories actively participates in community development and related activities organized by social welfare organizations through business activities, in-kind donations, corporate volunteering, and other social welfare services, with the aim of promoting community growth.	
Tracking management mechanism	Keep records of donations at Formosa Laboratories and document our company's involvement in annual community activities and events regularly.	
Metrics and targets	Continuing targets ▶	• Participate in (including donations to) local activities and events at least 10 times each year (✓ 430% achievement rate in 2024). • Contribute at least NT$100,000 in actual charitable donations each year (✓ 282% achievement rate in 2024).
	Medium- and long-term targets (three to five years) ▶	Improve the public image and social impact of Formosa Laboratories.
Actions and outcomes in 2024	• Sponsored 43 local community activities in 2024, which amounted to NT$282,000. • Conducted company visits for students from one school, with a total of 61 students and teachers touring the Formosa Laboratories factories. • In 2024, we participated in 13 campus activities and expanded our cooperation with 6 new schools. • Offer an annual NT$200,000 scholarship for each student in partnership with the Doctoral Program in Pharmaceutical Sciences at National Taiwan University, aiming to foster industrial talent.	

Local Community Care and Interaction

Formosa Laboratories has a long-standing commitment to supporting local neighborhood and village activities, temple events, and school programs. It also promotes various community development initiatives and environmental protection efforts. Additionally, the company sends gifts and souvenirs to local officials, neighborhood and village leaders, police stations, and fire stations during Taiwan's three major festivals (Lunar New Year, Dragon Boat Festival, and Mid-autumn Festival) to thank them for their dedication to the community throughout the year and to maintain good relationships with local residents.

▼ An appreciation trophy awarded by Kengkou Village in the Luzhu District

▼ 2024 Chengsheng Temple-Lord Guan Energy Conservation and Carbon Reduction Advocacy Activity

▼ Kengkou Village Environmental Protection Volunteer Team Observation and Learning Activity for Environmental Protection

Supporting Social Welfare Organizations

Formosa Laboratories hosts charity bazaars, group purchases, and donation events each year to raise funds for social welfare programs. We encourage all employees to actively join and support these efforts, turning their commitment into real actions for the public good.

Calling for Blood Donations to Help People in Need

Donating blood is not only a kind act of showing love, helping each other, and saving lives, but also an important way for many people to extend their lifespan. Regular blood donation can boost metabolism, promote smoother blood flow, and benefit others. Therefore, it is an act that promotes health and creates a win-win situation. With our long-standing commitment to the belief that "donating a bag of blood helps save a life," we at Formosa Laboratories organize two blood donation drives each year, encouraging our employees to donate blood and share love in the spirit of mutual help. We urge our employees to roll up their sleeves and donate blood, aiming to meet medical demand and prepare for critical moments while injecting positive energy into society.

▼ Results of Blood Donation Activities in the Past Three Years

Year	2022	2023	2024
Number of participants	76	89	83
Outcome (number of bags of blood collected)	113	135	123

Supporting the Elderly at Hongdao Senior Citizens' Welfare Foundation: Charity Sale

- Event date: December 10 to 24, 2024
- Details: Formosa Laboratories asked our employees to collect items and donate them for a charity sale, with proceeds donated to Hondao Senior Citizens' Welfare Foundation.
- Total donations raised: NT$31,500

▼ Colleagues responded and participated in the blood donation activity

Safeguarding the Beauty of the River and Ocean

To demonstrate our commitment and passion for protecting marine resources, Formosa Laboratories encourages our employees each year to participate in activities like river cleanup, coastal protection, and environmental education. These efforts help maintain water-friendly environments across Taoyuan and Luzhu districts and promote sustainable management of ecological resources.

Formosa Laboratories responded to the Clean Creek and Ocean Protection Initiative by launching the "Guarding Rivers Clean Creek" program. On May 18, 2024, we adopted the "Haihu Creek" waterway. Through this creek cleaning activity, we aimed to raise awareness among employees and their families about the seriousness of river pollution and encourage them to consider ways to reduce waste at the source. During the event, employees worked tirelessly alongside the company to protect the river, restoring the natural beauty of clean rivers and streets. A total of 225 kilograms of household waste was collected. The event also promoted interaction between the public and private sectors, environmental organizations, and the community, helping to strengthen social awareness of environmental protection. A total of 105 participants took part in the activity.

▼ Achievements of beach or creek cleaning activities of Formosa Laboratories in the last two years

Year	2023	2024
Number of participants	171	105
Weight of waste (kg)	757	225
Activity Location	Taoyuan Zhuwei Fish Harbor	Haihu Creek

▼ Photos from river cleanup events organized by Formosa Laboratories as part of their commitment to protecting water ecosystems.

Nurturing Industrial Talents

Formosa Laboratories is dedicated to nurturing talent in the biotechnology and pharmaceutical fields. We actively participate in internship orientations, job fairs, and classroom presentations at various universities and colleges. Additionally, Formosa Laboratories has applied to join the government's 2024 International Talent Recruitment (Internship) Program and will collaborate with Taipei Medical University to hire three international students from India, Malawi, and Indonesia. During their studies, each student will receive a monthly living allowance of NT$12,000 plus internship opportunities. After completing their master's degrees, the students will be offered positions at the company, enabling us to develop talent that aligns with industry needs early on.

Campus Empowerment and Industry-Academia Exchanges

Formosa Laboratories actively engages in industry-university exchange opportunities by sharing industry insights and internship information through campus talks. Additionally, we organize student visits to our company, where faculty and students are introduced to how our factories operate, industry trends, core competencies, and the workplace environment. These visits give students the chance to gain firsthand knowledge of the pharmaceutical industry, industry standards, and key practices, providing clearer guidance for their future studies. This experience benefits both faculty and students by allowing them to return with valuable insights.

Formosa Laboratories will share industry knowledge with three universities in 2024: National Cheng Kung University, Lunghwa University of Science and Technology, and Yuanpei University of Medical Technology. Additionally, Formosa Laboratories invites 30 faculty and students from China Medical University to visit the Formosa Laboratories facilities, expanding students' employment prospects.

▼ Industry information sharing session at the Department of Chemistry, National Cheng Kung University

▼ Certificate of Appreciation from the School of Pharmacy, College of Pharmacy, China Medical University


感謝狀

茲感謝

台耀化學股份有限公司

熱心推動藥學教育，提供本校藥學系學生參訪之機會，有助於職場接軌，增進學習效果，有助於與職場接軌，嘉惠學子，貢獻殊偉。

特此

表彰謝忱

中國醫藥大學藥學院藥學系

系主任 連倉城

中華民國 113 年 9 月 6 日

▼ Internship information session at Yuanpei University of Medical Technology

▼ Internship Information Session of the Department of Semiconductor Engineering, Lunghwa University of Science and Technology

▼ Faculty and Students of the School of Pharmacy, College of Pharmacy, China Medical University, Visit

Providing Scholarships

Currently, Formosa Laboratories offers scholarships totaling NT$1 million for up to five years. We provide NT$200,000 in scholarships annually for each student, in collaboration with the Doctoral Program in Pharmaceutical Sciences at National Taiwan University. We are now supporting our second doctoral student, who is in the fourth year of the program, through this scholarship initiative.

Sponsoring Industry Activities and Events

Sponsoring the National Taiwan University Journal of Pharmacy: Formosa Laboratories has been consistently sponsoring the National Taiwan University Journal of Pharmacy since 2016, aiming to support the promotion, activities, and growth of NTU's Department of Pharmacy and the biotech and pharmaceutical sectors in Taiwan.

Appendix

- GRI Index
- Climate-related Information of TWSE/TPEx-listed Companies
- Independent Third-party Verification Statement

GRI Index

General Disclosures

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
GRI 1: Foundation 2021 **Statement of use: Content spanning the period from January 1, 2024 to December 31, 2024 as reported by Formosa Laboratories, Inc. in compliance with the GRI Standards.** **GRI Sector Standard: N/A**			
GRI 2: General Disclosures 2021			
GRI 2-1	Organizational details	1.2 Company Profile	P.13
GRI 2-2	Entities included in the organization's sustainability reporting	Principles of Report Compilation	P.4
GRI 2-3	Reporting period, frequency and contact point	Principles of Report Compilation	P.4
GRI 2-4	Restatements of information	Operations Overview Supplier Audit Customer Service Waste Statistics Statistics on Work-related Injuries and Illnesses	P.19 P.34 P.36 P.54 P.69
GRI 2-5	External assurance	Principles of Report Compilation	P.4
GRI 2-6	Activities, value chain and other business relationships	1.3 Products and Services 2.6 Supply Chain Management	P.15 P.32
GRI 2-7	Employees	4.1 Workforce Overview	P.56
GRI 2-8	Non-employee workers	4.1 Workforce Overview	P.56
GRI 2-9	Governance structure and composition	Governance Structure; Please refer to Formosa Laboratories' 2024 Annual Report for more details.	P.23
GRI 2-10	Nomination and selection of the highest governance body	Procedures for Election of Directors	-
GRI 2-11	Chair of the highest governance body	Composition of the Board of Directors	P.23
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Committee	P.25
GRI 2-13	Delegation of responsibility for managing impacts	Sustainable Development Committee 2.3 Risk Management	P.25 P.26
GRI 2-14	Role of highest governance body in sustainability reporting	Principles of Report Compilation Identifying and Ranking Material Topics	P.4 P.8
GRI 2-15	Conflicts of interest	Recusal Due to Conflict of Interest	P.24
GRI 2-16	Communication of critical concerns	Sustainable Development Committee (No events of critical concerns reported at Formosa Laboratories)	P.25
GRI 2-17	Collective knowledge of the highest governance body	Continuing Education and Training for the Board of Directors	P.24
GRI 2-18	Evaluation of the performance of the highest governance body	Performance Evaluation for the Board of Directors	P.24
GRI 2-19	Remuneration policy	Regulations Governing Remuneration for Directors/Supervisors, Members of Functional Committees, and Managers	-
GRI 2-20	Process to determine remuneration	Remuneration Committee Charter	-
GRI 2-21	Annual total compensation ratio	Incentive Rewards	P.63
GRI 2-22	Statement on sustainable development strategy	A Message from the Chairman	P.3
GRI 2-23	Policy Commitments	2.1 Policy Commitments	P.22
GRI 2-24	Embedding policy commitments	2.1 Policy Commitments Sustainable Development Committee	P.22 P.25
GRI 2-25	Processes to remediate negative impacts	Complaint and Suggestions Channels	P.31
GRI 2-26	Mechanisms for seeking advice and raising concerns	Complaint and Suggestions Channels	P.31
GRI 2-27	Compliance with laws and regulations	2.5 Compliance with laws and regulations	P.31
GRI 2-28	Membership associations	1.2 Company Profile	P.13
GRI 2-29	Approach to stakeholder engagement	Stakeholder Engagement	P.6
GRI 2-30	Collective bargaining agreements	No collective bargaining agreements have been signed as no labor union has been formed.	-

Disclosure of Material Topics

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
GRI 3: Material Topics 2021			
GRI 3-1	Process to determine material topics	Identifying and Ranking Material Topics	P.8
GRI 3-2	List of material topics	Identifying and Ranking Material Topics	P.8

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
Economic Performance			
GRI 3-3	Management of material topics	1.4 Innovation and R&D	P.16
GRI 201: Economic Performance 2016			
GRI 201-1	Direct economic value generated and distributed	1.4 Innovation and R&D	P.16
GRI 201-3	Defined benefit plan obligations and other retirement plans	Welfare Measures	P.62
GRI 201-4	Financial assistance received from government	Financial Reporting	P.20
Innovation and R&D			
GRI 3-3	Management of material topics	1.4 Innovation and R&D	P.16
Custom topic	-	-	
Information Security			
GRI 3-3	Management of material topics	2.4 Information Security Management	P.28
GRI 418: Customer Privacy 2016			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4 Information Security Management (0 case)	P.28
Supply Chain Management			
GRI 3-3	Management of material topics	2.6 Supply Chain Management	P.32
GRI: 308 Supplier Environmental Assessment 2016			
GRI 308-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Supplier Risk Assessment	P.33
GRI: 414 Supplier Social Assessment 2016			
GRI 414-1	New suppliers that were screened using social criteria	Supplier Risk Assessment	P.33

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
Response to climate change			
GRI 3-3	Management of material topics	3.1 Response to Climate Change	P.39
GRI 201: Economic Performance 2016			
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Financial Impact of Climate-related Risks and Opportunities	P.41
GRI 302: Energy 2016			
GRI 302-1	Energy consumption within the organization	3.2 Energy Management	P.46
GRI 302-3	Energy intensity	3.2 Energy Management	P.46
GRI 302-4	Reduction of energy consumption	Energy Conservation and Carbon Reduction	P.49
GRI 305: Emissions 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	3.3 Greenhouse Gas emissions	P.48
GRI 305-2	Energy indirect (Scope 2) Greenhouse gas emissions	3.3 Greenhouse Gas emissions	P.48
GRI 305-3	Other indirect (Scope 3) Greenhouse gas emissions	3.3 Greenhouse Gas emissions	P.48
GRI 305-4	GHG emissions intensity	3.3 Greenhouse Gas emissions	P.48
GRI 305-5	Reduction of GHG emissions	Energy Conservation and Carbon Reduction	P.49
Water Stewardship			
GRI 3-3	Management of material topics	3.4 Water Stewardship	P.50
GRI 303: Water and Effluents 2018			
GRI 303-1	Interactions with water as a shared resource	Enhancing Water Efficiency	P.51
GRI 303-2	Management of water discharge-related impacts	Minimizing the Impact of Water Discharge	P.51
GRI 303-3	Water withdrawal	Enhancing Water Efficiency	P.51
GRI 303-4	Water discharge	Minimizing the Impact of Water Discharge	P.51
GRI 303-5	Water consumption	Enhancing Water Efficiency	P.51

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
Waste Management			
GRI 3-3	Management of material topics	3.5 Waste Management	P.52
GRI 306: Waste Water and Waste 2016			
GRI 306-3	Significant Spill	Waste Statistics	P.54
GRI 306: Waste 2020			
GRI 306-1	Waste generation and significant waste-related impacts	3.5 Waste Management	P.53
GRI 306-2	Management of significant waste-related impacts	3.5 Waste Management	P.53
GRI 306-3	Waste generated	Waste Statistics	P.54
GRI 306-4	Waste diverted from disposal	Waste Statistics	P.54
GRI 306-5	Wasted directed to disposal	Waste Statistics	P.54
Toxic and Concerned Chemical Substances Management			
GRI 3-3	Management of material topics	4.4 A Safe Workplace Environment	P.64
GRI 403: Occupational Health and Safety 2018			
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazardous Substances Management	P.65

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
Talent Attraction and Retention			
GRI 3-3	Management of material topics	Chapter 4 Social	P.56
GRI 202: Market Presence 2016			
GRI 202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Incentive Rewards	P.63
GRI 401: Employment 2016			
GRI 401-1	New employee hires and employee turnover	New Hires and Departures	P.59

GRI code	Disclosure item	Corresponding chapter or subchapter	Page
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Welfare Measures	P.62
GRI 401-3	Parental leave	Parental Leave	P.60
Occupational Health and Safety			
GRI 3-3	Management of material topics	4.4 A Safe Workplace Environment	P.64
GRI 403: Occupational Health and Safety 2018			
GRI 403-1	Occupational health and safety management system	Occupational Health and Safety Management	P.65
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification and Risk Prevention	P.66
GRI 403-3	Occupational health services	Health Examination	P.68
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety Management	P.65
GRI 403-5	Worker training on occupational health and safety	Occupational Health and Safety Education and Training	P.66
GRI 403-6	Promotion of worker health	A Healthy Workplace	P.71
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Hazardous Substances Management	P.65
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety Management	P.65
GRI 403-9	Work-related injuries	Statistics on Work-related Injuries and Illnesses	P.69
GRI 403-10	Work-related illnesses	Statistics on Work-related Injuries and Illnesses	P.69
Social Participation			
GRI 3-3	Management of material topics	4.5 Social Participation	P.72
GRI 203: Indirect Economic Impacts 2016			
GRI 203-1	Infrastructure investments and services supported	4.5 Social Participation	P.72

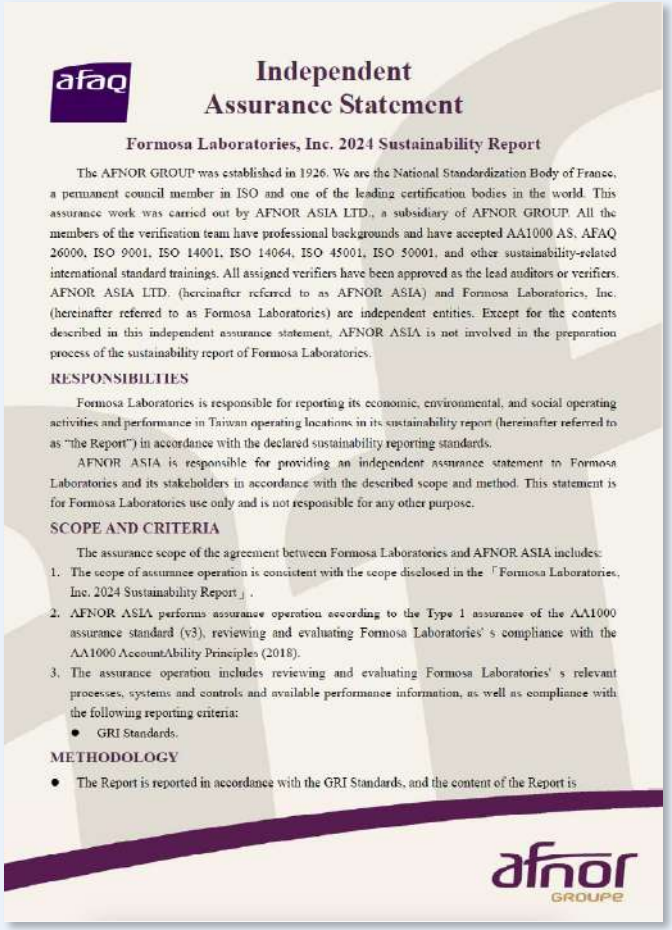
Climate-related Information of TWSE/TPEx-listed Companies

Implementation of Climate-Related Information

▼ Risk and opportunities caused by climate change to Formosa Laboratories and corresponding response measures

	Item	Corresponding chapter/subchapter or description
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	3.1 Response to Climate Change > Four Pillars of the TCFD Recommendations
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short-, medium- and long-term).	3.1 Response to Climate Change > Financial Impact of Climate-related Risks and Opportunities
3	Describe the financial impact of extreme climate events and transition actions.	3.1 Response to Climate Change > Financial Impact of Climate-related Risks and Opportunities
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	3.1 Response to Climate Change > Four Pillars of the TCFD Recommendations
5	If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and major financial impact.	Scenario analysis has not been employed to assess resilience to climate change risk.
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	3.1 Response to Climate Change > Financial Impact of Climate-related Risks and Opportunities
7	If internal carbon pricing is used as a planning tool, state the basis for setting the price.	There is currently no “internal carbon pricing” mechanism in place. However, the company plans to progressively implement such a system in the future to drive low-carbon production processes, promote technological innovation, and optimize internal supply chains, thereby supporting the company's transition to a low-carbon economy.
8	If climate-related targets have been set, specify the activities covered, the scope of greenhouse gas emissions, projected plans, and annual progress. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, specify the source and quantity of carbon credits or RECs to be offset.	The current target is to achieve a 1% annual reduction in electricity consumption. For other climate-related goals, please refer to Low-carbon Transition Vision.
9	Greenhouse gas inventory and verification status, reduction targets, strategies, and detailed action plans.	Greenhouse gas inventory and assurance are conducted on an annual basis based on the ISO 14064-1:2018 standard. • Please refer to 3.3 Greenhouse Gas Emissions for more details on inventory. • Please refer to the Principles of Report Compilation for more details on assurance. • Please refer to Low-carbon Transition Vision and Energy Conservation and Carbon Reduction for more details on reduction targets, strategies, and specific action plans.

Independent Third-party Verification Statement



Independent Assurance Statement

Formosa Laboratories, Inc. 2024 Sustainability Report

The AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This assurance work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR ASIA LTD. (hereinafter referred to as AFNOR ASIA) and Formosa Laboratories, Inc. (hereinafter referred to as Formosa Laboratories) are independent entities. Except for the contents described in this independent assurance statement, AFNOR ASIA is not involved in the preparation process of the sustainability report of Formosa Laboratories.

RESPONSIBILITIES

Formosa Laboratories is responsible for reporting its economic, environmental, and social operating activities and performance in Taiwan operating locations in its sustainability report (hereinafter referred to as "the Report") in accordance with the declared sustainability reporting standards.

AFNOR ASIA is responsible for providing an independent assurance statement to Formosa Laboratories and its stakeholders in accordance with the described scope and method. This statement is for Formosa Laboratories use only and is not responsible for any other purpose.

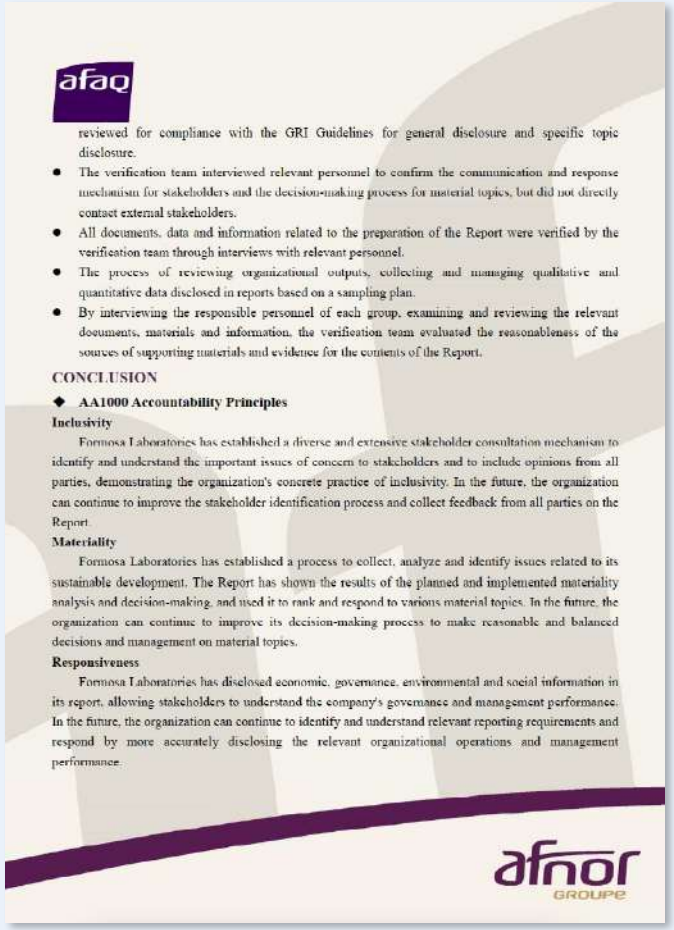
SCOPE AND CRITERIA

The assurance scope of the agreement between Formosa Laboratories and AFNOR ASIA includes:

1. The scope of assurance operation is consistent with the scope disclosed in the 「Formosa Laboratories, Inc. 2024 Sustainability Report」.
2. AFNOR ASIA performs assurance operation according to the Type 1 assurance of the AA1000 assurance standard (v3), reviewing and evaluating Formosa Laboratories' s compliance with the AA1000 AccountAbility Principles (2018).
3. The assurance operation includes reviewing and evaluating Formosa Laboratories' s relevant processes, systems and controls and available performance information, as well as compliance with the following reporting criteria:
   - GRI Standards.

METHODOLOGY

- The Report is reported in accordance with the GRI Standards, and the content of the Report is



reviewed for compliance with the GRI Guidelines for general disclosure and specific topic disclosure.

- The verification team interviewed relevant personnel to confirm the communication and response mechanism for stakeholders and the decision-making process for material topics, but did not directly contact external stakeholders.
- All documents, data and information related to the preparation of the Report were verified by the verification team through interviews with relevant personnel.
- The process of reviewing organizational outputs, collecting and managing qualitative and quantitative data disclosed in reports based on a sampling plan.
- By interviewing the responsible personnel of each group, examining and reviewing the relevant documents, materials and information, the verification team evaluated the reasonableness of the sources of supporting materials and evidence for the contents of the Report.

CONCLUSION

◆ **AA1000 Accountability Principles**

Inclusivity

Formosa Laboratories has established a diverse and extensive stakeholder consultation mechanism to identify and understand the important issues of concern to stakeholders and to include opinions from all parties, demonstrating the organization's concrete practice of inclusivity. In the future, the organization can continue to improve the stakeholder identification process and collect feedback from all parties on the Report.

Materiality

Formosa Laboratories has established a process to collect, analyze and identify issues related to its sustainable development. The Report has shown the results of the planned and implemented materiality analysis and decision-making, and used it to rank and respond to various material topics. In the future, the organization can continue to improve its decision-making process to make reasonable and balanced decisions and management on material topics.

Responsiveness

Formosa Laboratories has disclosed economic, governance, environmental and social information in its report, allowing stakeholders to understand the company's governance and management performance. In the future, the organization can continue to identify and understand relevant reporting requirements and respond by more accurately disclosing the relevant organizational operations and management performance.

Impact

Formosa Laboratories has provided the necessary resources to monitor and measure the impact of its operations on the overall environment. The identified impacts and management measures have been disclosed in the Report. In the future, the organization can continue to provide resources to collect and measure relevant information to demonstrate its positive actions to improve sustainability and impact.

◆ **Global Reporting Initiative Sustainability Reporting Standards**

Based on the results of the review, it is confirmed that the general disclosures, specific topic disclosures, and material topics management disclosures in the Report have complied with the requirements of the GRI Standards. In the future, the organization can combine other international reporting requirements to continuously compile and disclose the operational performance of each operating location and provide sufficient sustainability information to stakeholders.

ASSURANCE OPINION

AFNOR ASIA has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by Formosa Laboratories and the facts seen during on-site verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization. In our opinion, the information and data presented in the Report by Formosa Laboratories provides a fair and balanced representation. We believe the focuses on economic, social, and environmental indicators in Formosa Laboratories in 2024 are well represented.

ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

For and on behalf of AFNOR：

AA1000
Licensed Report
000-84/V3-9BS6J

Dr. August Tsai
The Director for Certification and Assessment
Jun.29.2025

Verification team: Jheng-Hao Jhan (Lead Verifier), Wen Yi Yen (Verifier), YU TAI CHIANG (Verifier).

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