CCSB

2022

1964

1998

2022

SUSTAINABILITY REPORT

中化合成 永續報告書

CHUNGHWA CHEMICAL SYNTHESIS&
BIOTECH CO., LTD.

Contents

Message From the Chairman

With "honesty, selflessness, mutual aid, and friendliness" as its corporate cultural spirit and business philosophy, CCSB strives for the research and development of APIs to satisfy more medical needs. We are committed to robust management strategies. As we achieve our operational objectives, we combine ESG (Environmental, Social, Governance) with company strategies and operations in order to progressively facilitate the implementation of various ESG initiatives.

It is our belief that implementing a good corporate governance structure and effective internal control system during the process of pursuing corporate growth and creating corporate value is the real way to enhance our business quality and competitiveness. CCSB has developed the "Regulations Governing and Procedures for Self-evaluation or Peer Evaluation by the Board of Directors" to carry out the performance evaluation of the Board of Directors annually, and has appointed the Corporate Governance Head to proactively fulfill the corporate governance and social commitment by strengthening the functions of the Board, protecting the rights of the shareholders and stakeholders, and improving information transparency.

We acknowledge that employees are the most precious asset of the Company. Given this, we strive to build an inclusive, diverse, and innovative working environment that enables our colleagues to maximize their potential. We provide fair appointment, performance management, talent nurture, and organize versatile education and training courses, while encouraging our colleagues to achieve a healthy work–life balance In order to continuously attract and motivate talent, we have launched the Employee Stock Ownership Plan to invite the employees to become the Company' s long-term shareholders who can enjoy the fruits of the business together.

As a means to create a sound living environment and fulfill corporate social responsibility, CCSB has switched to using low-pollution natural gas to reduce greenhouse gas (GHG) emissions. Meanwhile, we also take a proactive approach to promote various environmental protection measures to enhance energy efficiency, improve air pollution, and reduce waste emissions. In 2022, our total environmental expenditures reached NT$53.44 million. We also promoted many energy efficiency initiatives, saving 473,567 kWh of electricity and reducing 241.046 metric tons of CO_2e.

As one of the largest API manufacturers in Taiwan, CCSB' s operations are in strict compliance with the cGMP system, which is officially recognized in the U.S., E.U., and Japan. We have also been certified by many international and Taiwanese official agencies. Not only does this prove our international competitiveness, but it also demonstrates CCSB' s commitment to becoming "the most trusted health business in the Chinese world."

We were honored with the Gold Quality Award in the Taiwan BIO Awards by the Taiwan Bio Industry Organization. This award meant that our efforts were recognized. Moreover, we also shared our successful experience and innovative technologies on the international exhibition platform, expanding CCSB' s international exposure.

Upholding the spirit of giving back to society what we take from it, we contribute to the communities, neighborhoods and local organizations as well. The Company has long been adopting the Shulin Longevity Parent-Child Park, and has been devoted to the promotion of community care events. During the pandemic, we donated supplies to the front-line paramedical personnel at the Fire Department of the New Taipei City Government, making contributions to disease prevention and national health.

At CCSB, we persist in facing challenges with integrity and pragmatism. Our goal is to continue to develop APIs, establish a quality and happy enterprise, and maintain a sustainable global environment. We march forward towards this goal by maximizing company value and shareholder interests, implementing corporate governance, fulfilling corporate governance, while keeping the environment sustainable.

Chairman

Chapter 1

About the Report

1.1 Report Overview

➢ About the Report

The Report, the tenth ESG Report of Chunghwa Chemical Synthesis & Biotech Co., Ltd. (stock code 1762; hereinafter referred to as "CCSB," "the Company," "We"), has been prepared in accordance with the GRI Sustainability Reporting Guidelines 2021 released by the Global Reporting Initiative (GRI), and the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of Taiwan Stock Exchange. In light of the increasing responsibility and mission with respect to sustainability of shareholders, employees, and relevant stakeholders, CCSB upholds the principle of honesty, transparency, openness and sustainable progress, and explains to our stakeholders its 2022 economic, environmental and social performances in the Report.

The Report covers company overview and detailed disclosure of our efforts in terms of corporate governance, climate action, environmental sustainability, product responsibility, and employee care in order to fulfill our commitment to implementing sustainable development.

For information on financial analysis and operation overview, please refer to the 2022 annual report. All financial information is based on the financial report attested by the CPA. For relevant information, please visit the "Investors" section on CCSB' s website.

➢ Reporting Period

The Report discloses information on economic, environmental and social performances of 2022 (January 1 to December 31, 2022). To strive for completeness and comparability, some performance data were backdated to December 31, 2020 and earlier.

➢ Scope and Boundaries of the Report

The boundary of the Report is Chunghwa Chemical Synthesis & Biotech Co., Ltd., with the scope of disclosure accounting for 97.55% of the consolidated net income of CCSB. Unless otherwise indicated, disclosures in the Report are parent company only information.

➢ Preparation Principle

The Report has been prepared with reference to the GRI Sustainability Reporting Guidelines 2021 released by the Global Reporting Initiative (GRI) and the industry standards of the Sustainability Accounting Standards Board (SASB), disclosing the operations strategy, investment and performance of CCSB in sustainable development to stakeholders.

➢ Information Calculation Basis

The information and statistics in the Report are from the results of surveys and compilations. Some financial figures in Business Performance are based on the financial statements attested by the CPA. All financial figures in the Report are expressed in New Taiwan dollars. The collection, measurement and calculation of all the data and information for the indicators were subject to the requirements of local laws and regulations. Matters not specified in the local laws and regulations were then subject to international standards, or the standards or regular methods in the industry when no international standards were applicable.

➢ Report Management

The Report was released after the contents and information of each chapter were reviewed by the head of each department to ensure their accuracy, and checked and approved by the chair of the Sustainable Development Committee.

Information Released	Standards Followed	Verification/Assurance Organization
Financial data	Annual financial report	PwC Taiwan
Sustainability data	Independent limited assurance was conducted on selected information in accordance with the TWSAE3000,"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information."	PwC Taiwan

➢ Issuance

An ESG is released annually. With the paperless operations adopted to protect the environment, the whole report is presented in an electronic manner and available on CCSB' s website for all stakeholders.

The Report was released in September 2023

Next report is scheduled to be released in September 2024

CCSB' s ESG website

➢ Contact for the Report

Please contact us via the following means if you have any questions regarding the Report.

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Contact Points:

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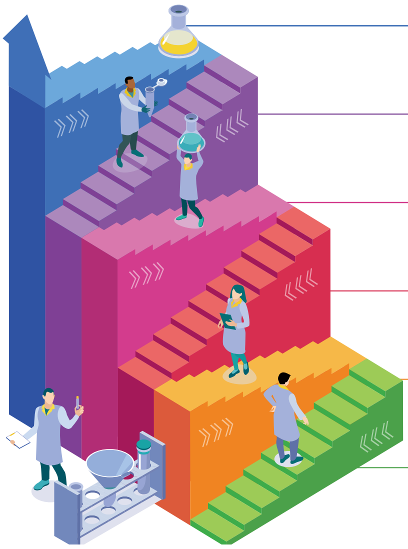
1.2 Analysis of Material Issues

➢ Identification Process of Material Topics

CCSB followed the Chinese version of the Sustainability Reporting Guidelines 2021 published by GRI, corporate sustainability trends and domestic and important international regulatory development. Identification was conducted by collecting issues of concern of peer industries in both Taiwan and overseas to identify common topics in the industries using an intersection approach. The materiality principle was adopted to systematically identify material stakeholders and material sustainability topics, which were managed with goals set as the basis for preparing the ESG report and responding to stakeholders. We first identified the material stakeholders, who were then surveyed. To identify the material sustainability topics for 2022, the internal ESG Team assessed the degree of impact and likelihood of occurrence of the topics based on the results of the survey.

Based on the AA1000 SES (Stakeholder Engagement Standard), we conducted the disclosure of stakeholder identification and specific topics to precisely grasp the material environmental, social and corporate governance issues of concern to stakeholders. We also developed corresponding management policies and actions to respond to the demands and expectations of stakeholders.



Identifying stakeholders	7	major stakeholders
Collection of sustainable issues	14	topics
Surveying and Analyzing the Degree of Concern and Impact of Material Sustainability Topics	92	online questionnaires
Ensuring material topics	11	material topics
Responding to sustainability topics	11	management policies
Continuous review	10	ESG Report Released

➢ Step 1 Identification of Stakeholders

We followed the five major aspects of the AA1000 SES namely dependency, responsibility, level of concern, influence, and diverse perspectives and sent out stakeholder identification questionnaires to the colleagues of the task forces. According to the importance, 7 types of stakeholder groups were categorized: investors, employees, suppliers, customers, government agencies, banks, and neighboring communities and social welfare organizations.

➢ Step 2 Collection of Sustainability Topics

In order to practice sustainability and respond to the international development trends, identification was carried out by taking into account the GRI guidelines, combined with the CCSB's strengths and business philosophy, and corporate information of peer industries collected. Through an intersection approach, we identified 14 topics that were common to the industry.

Aspects	Sustainability Issues	
Governance/ Economy	❖ Economic Performance	❖ Ethical management
	❖ Corporate Governance	❖ Legal Compliance
Environment	❖ Climate actions	❖ Customer health and safety
	❖ GHG and Energy Management	❖ Product quality and responsible manufacturing
	❖ Water Resource Management	❖ R&D Innovation
	❖ Waste management	
Society/ Employee	❖ Employment	❖ Occupational Health and Hygiene
	❖ Talent cultivation and development	

➢ Step 4 Determining Material Topics

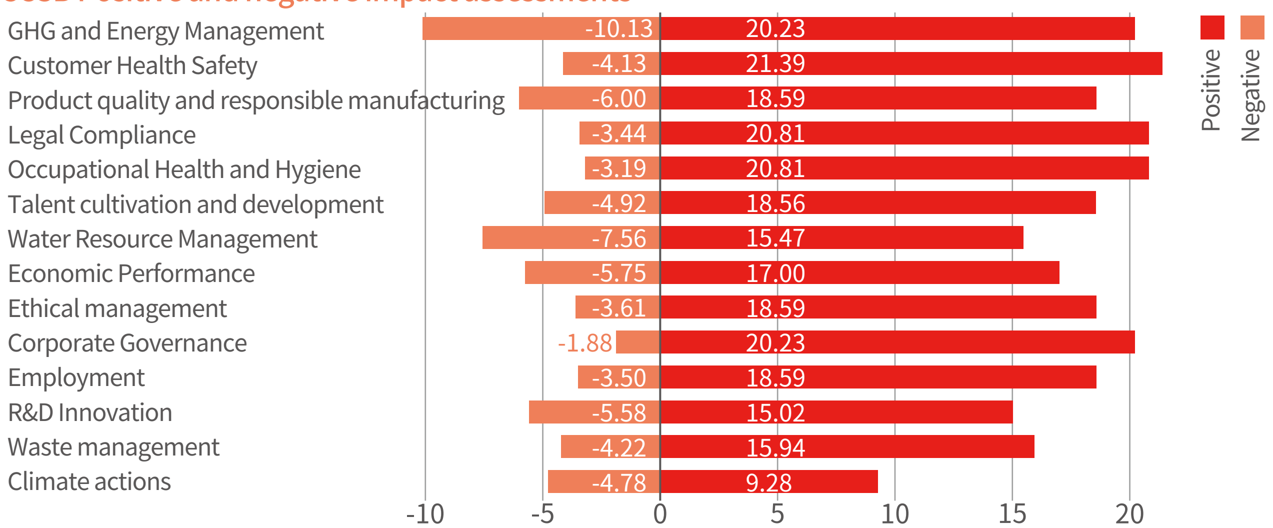
The quantitative results were compiled by the task force, and were discussed and adjusted by the ESG Group at internal meetings. Considering the overall strategy to promote sustainable development, topics that posed both positive and negative impact on the economy, environment, society and CCSB were defined as material topics. In the future, the performance results and effectiveness will be examined each year to evaluate the management objectives and indicators of each material topic. Based on the discussion results of internal meetings, the ESG Group selected the following material topics for 2022:

Aspects	Material Topics	
Governance/ Economy	❖ Legal Compliance	❖ Ethical management
	❖ Economic Performance	❖ Corporate Governance
Environment	❖ GHG and Energy Management	❖ Customer Health Safety
	❖ Water Resource Management	❖ Product quality and responsible manufacturing
Society/ Employee	❖ Employment	❖ Occupational Health and Hygiene
	❖ Talent cultivation and development	

➢ Step 3 Surveying and Analyzing the Degree of Concern and Impact of Material Sustainability Topics

Among the 7 types of stakeholders identified, we carefully selected representative targets and conducted a questionnaire. We identified the level of concern and impact of the 14 substantiality topics. In 2022, we collected 92 online questionnaires (including 8 internal stakeholder questionnaires). In addition to stakeholder feedback, we also took into consideration the overall peer trends and situation, while the degree of impact was scored based on the probability of positive and negative occurrences as well as the scale of the impact.

CCSB Positive and negative impact assessments



➢ Step 5 Responding to Sustainability Topics

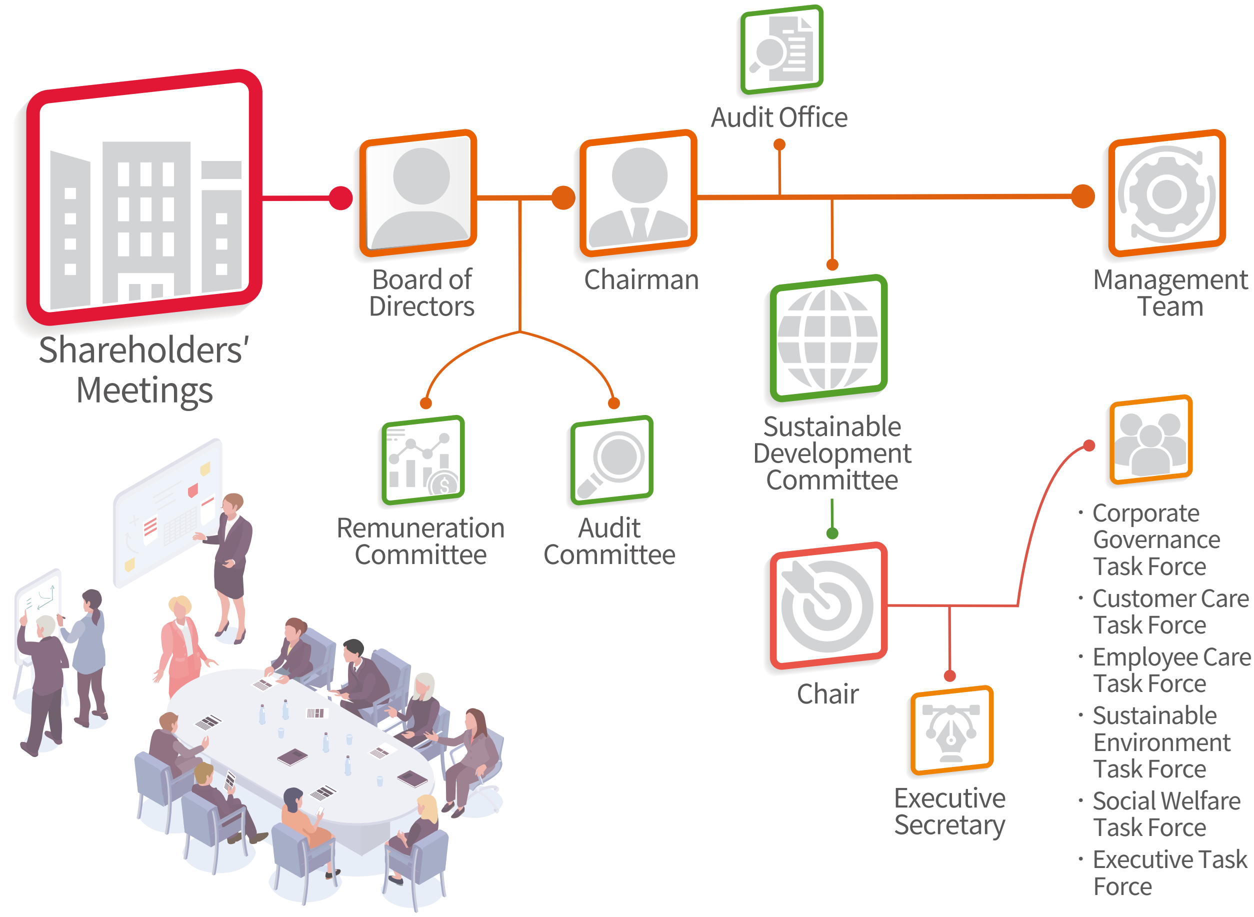
Pursuant to the definition of GRI 2021, CCSB analyzed the 11 sustainability topics from the perspective of positive and negative impacts, taking into account external economy, environment, society, and CCSB' s internal suggestions. The following explains the potential impacts we faced under each material topic and countermeasures.

Aspects	2022 Material Topics	Corresponding GRI Standard	Materiality to the Company and Countermeasures	Economic, Environmental and Social Impact Boundaries		Corresponding Chapter
				Within the Organization	Outside the Organization	
Governance/Economy	Economic Performance	GRI 201-1 GRI 201-4	The Company' s financial information on revenues, expenses and profits, including measures to manage the risks and opportunities arising from climate change.	CCSB	Investors, Banks	2.2 Economic Performance
	Corporate Governance	GRI 2-9 GRI 2-10 GRI 2-11 GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-15 GRI 2-16 GRI 2-17 GRI 2-18 GRI 2-19 GRI 2-20 GRI 2-21	Information transparency of the Company' s internal governance, composition and operation of the Board of Directors, operation of the functional committee, and corporate governance.	CCSB	Investors, Government Agencies, Banks	3.1 Corporate Governance
	Ethical management	GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1	The Company' s compliance with the Ethical Corporate Management Best Practice Principles, Code of Conduct, assessments of corruption risks, including communication training on anti-corruption policies and procedures.	CCSB	Investors, Employees, Supplier, Customers, Government Agencies	3.2 Ethical Corporate Management
	Legal Compliance	GRI 2-27	The laws and regulations for the Company' s violations of social and economic areas cover significant fines and non-monetary sanctions for violating laws and regulations in social and economic areas and significant fines and non-monetary sanctions.	CCSB	Investors, Employees, Customers, Government Agencies, Banks	3.3 Legal Compliance
Environment	GHG and Energy Management	GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-5 GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4	GHG management covers inventories and reduction of the organization; energy management covers internal/external energy consumption, energy intensity, energy saving measures and the use of renewable of the organization. Effective management of GHG and energy by the Company can mitigate the impact of climate change. Given this, the Company' s focus for issues is the decrease of GHG, ozone depleting substances, energy consumption and reduction of energy demand for products and services, and management measures.	CCSB	Employees, Suppliers, Customers, Government Agencies, Nearby Communities and Social Welfare Groups	5.2 GHG and Energy Management

Aspects	2022 Material Topics	Corresponding GRI Standard	Materiality to the Company and Countermeasures	Economic, Environmental and Social Impact Boundaries		Corresponding Chapter
				Within the Organization	Outside the Organization	
Environment	Water Resource Management	GRI 303-1 GRI 303-2 GRI 303-3 GRI 303-4 GRI 303-5	The Company' s annual water use data and management measures included solutions of water conservation, sources of water intake, location of effluents and quality inspection of wastewater. The Company' s effective measures for managing the use of water and wastewater treatment were able minimize the impact on the ecology of local waters.	CCSB	Government Agencies, Nearby Communities and Social Welfare Groups	5.3 Water Resource Management
Environment	Customer Health Safety	GRI 416-1 GRI 416-2	The Company assessed the impact of its products and services on customer health and safety; whether there were non-compliance incidents concerning the health and safety of products and services	CCSB	Customer, Government Agencies	6.1 Customer Health Safety
Environment	Product quality and responsible manufacturing	Self-established Topics	The Company' s top criterion is "pursuit of excellent quality." As pharmaceutical products are directly related to the health and safety of users, they are subject to strict reviews and supervision by health authorities of all government worldwide. Pharmaceutical products can only be sold in the market and continuously supplied to after they have been verified and certified.	CCSB	Customer, Government Agencies	6.2 Product Quality and Responsible Manufacturing
Society/Employee	Employment	GRI 2-7 GRI 2-8 GRI 2-30 GRI 401-1 GRI 401-2 GRI 401-3 GRI 201-3	The Company discloses employee ratio and benefits, including ratio of new and departed employees, employee benefit policy, parental leave policy, and payroll benefits.	CCSB	Employee, Government Agencies	7.1 Employment
Society/Employee	Talent cultivation and development	GRI 404-1 GRI 404-2 GRI 404-3	At CCSB, we have programs to help with the employee' s career development. These include programs for education and training courses, average number of training hours received by employees each year and enhancing employee function, and transition assistance programs. Information on the ratio of the periodic receipt of performance and career development reviews is also available.	CCSB	Employees	7.2 Talent Cultivation and Development
Society/Employee	Occupational Health and Hygiene	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10	The Company' s internal and contractors' occupational safety management policies, as well as the operation of the Safety and Health Committee jointly assembled by labor and management, such as statistics on the rate of work-related injuries, occupational diseases and occupational injuries, disaster prevention advocacy and management measures for employee health.	CCSB	Employees, Nearby Communities and Social Welfare Groups	7.3 Occupational Health and Hygiene

1.3 Stakeholder engagement

➢ Sustainable Development Committee



In order to promote sustainable development more systematically and efficiently, CCSB established the “CSR Committee” in 2014, which has been further renamed “Sustainable Development Committee” in December 2021 to conform with the amended laws and regulations. The committee serves as the top sustainable development decision-making center in the Company, implementing the matters related to sustainable development and fully disclosing the Company’ s major considerations, management approach, performance indicators and measurement methods of the indicators in the “economic,” “social” and “environmental” aspects. The Sustainable Development Committee is made up with members of different departments, such as the President’ s Office, and Accounting and Finance, HR, Management, Business, Procurement, Quality Assurance, Manufacturing, Safety and Health, and Audit departments. By coordinating company resources, the Committee reviews the status of legal compliance and execution effectiveness of sustainable development from the aspects of corporate governance, product responsibility, sustainable environment, employee care, and social welfare. Twice a year, the Committee regularly reports to the Board of Directors the implementation status and future plans for sustainable development. The report contains sustainability issues and response action plans and implementation effectives, including corporate governance, product responsibility, sustainable environment, employee care, and social welfare. The Board of Directors listens to the report, evaluates the progress and implementation of the strategies with advice provided. Where necessary, the Board of Directors urges the management team to make adjustments and enhance the responsibility of sustainable development through the expertise of members of each task force. At the same time, we continue to communicate with stakeholders such as investors, employees, supplier, customers, government agencies, banks, nearby communities, and social welfare groups by continuing to release ESG reports.

Stakeholder	Issue of Concern	Communication Channel/ Format	Communication Frequency	Responding Chapters
Investors	❖ Economic Performance ❖ Occupational Health and Hygiene	❖ Annual Shareholders' Meeting ❖ Company Website and Market Observation Post System ❖ Investor Hotline ❖ Investor Conference	❖ Once a Year ❖ Unscheduled, at Any Time ❖ Unscheduled, at Any Time ❖ Twice a Year	Chapter 2 Corporate Overview 7.3 Occupational Health and Hygiene
Employees	❖ Economic Performance ❖ Legal Compliance ❖ Occupational Health and Hygiene	❖ Labor Conference ❖ Employee Welfare Committee ❖ President Mailbox ❖ Company Bulletin Board ❖ Company Website	❖ Four Times a Year ❖ At Least Once a Quarter ❖ Unscheduled ❖ Unscheduled ❖ Unscheduled	Chapter 2 Corporate Overview 3.3 Legal Compliance 7.3 Occupational Health and Hygiene
Suppliers	❖ Economic Performance ❖ Supply Chain Management	❖ Supplier Visit and Certification Audit ❖ Supplier Satisfaction Survey ❖ Telephone or Email Communication	❖ Unscheduled ❖ Unscheduled ❖ Unscheduled	Chapter 2 Corporate Overview 6.3 Supply Chain Management
Customers	❖ Legal Compliance ❖ Supply Chain Management ❖ Occupational Health and Hygiene	❖ Customer Visit and Certification Audit ❖ Corporate Website, Telephone, and Email Communication	❖ Unscheduled ❖ Unscheduled	3.3 Legal Compliance 6.3 Supply Chain Management 7.3 Occupational Health and Hygiene
Government Agencies	❖ Legal Compliance ❖ GHG and Energy Management ❖ Water Resource Management ❖ Waste Management ❖ Occupational Health and Hygiene	❖ Participation in the Various Policy and Regulation Related Seminars, Forums, Briefings, and Training Courses ❖ Market Observation Post System ❖ On-site Plant Audit ❖ Official Document and Telephone Communications	❖ Unscheduled ❖ Released According to Regulations ❖ Unscheduled ❖ Unscheduled	3.3 Legal Compliance Chapter 5 Environmental Sustainability 7.3 Occupational Health and Hygiene
Banks	❖ Economic Performance ❖ Corporate Governance	❖ Document Exchanges and Telephone Communications ❖ Personal Visits ❖ Company Website	❖ Unscheduled ❖ Unscheduled ❖ Unscheduled	Chapter 2 Corporate Overview 3.1 Corporate Governance
Nearby Communities and Social Welfare Groups	❖ GHG and Energy Management ❖ Waste management ❖ Water Resource Management ❖ Legal Compliance ❖ Occupational Health and Hygiene	❖ Visit the neighborhood or township chief nearby the plant, care for the community residents, and implement the community affinity work ❖ Charitable Event	❖ Unscheduled ❖ Unscheduled	Chapter 5 Environmental Sustainability 3.3 Legal Compliance 7.3 Occupational Health and Hygiene

Investors Section

At CCSB, we are keen on fulfilling our responsibility for sustainable development. To understand the expectations and needs of stakeholders, in addition to the proactive interaction with relevant stakeholders in our daily business, we have also set up an open communication channel on the company website. The communication issues of stakeholders are distributed to each responsible unit for response.

We will continue to work hard towards the goal of creating sustainable environmental, social and governance value.

1.4 Sustainable Performance

CCSB is committed to corporate sustainability development and focusing on the promotion of corporate governance and the development of a sustainable environment, while also striving for social welfare with its corporate strength. Furthermore, we take a proactive approach to promote UN’s SDGs, which are incorporated in the Company’s objectives. In addition to reinforcing its core business, we hope to help solve global problems and create a better future.

Aspects	Governance/Economy	Environment	Society/ Employee
United Nations Sustainable Development Goals	SDG 12: Responsible consumption and production SDG 17: Partnerships for the goals	SDG 3: Good health and well-being SDG 6: Water and sanitation SDG 7: Affordable and clean energy SDG 12: Responsible consumption and production SDG 13: Climate action	SDG 3: Good health and well-being SDG 4: Quality education SDG 8: Decent work and economic growth
Company Actions and Annual Results	❖ The attendance of the functional committees in 2022 was 100% ❖ There are two female directors on the Board, accounting for 29% of all directors. ❖ CCSB holds 25 pharmaceutical product licenses issued by the Taiwan FDA and 26 Pharmaceutical Product Master Files (DMFs) approved by the U.S. FDA. ❖ The percentage of local suppliers in 2022 was 75%.	❖ In 2022, three energy efficiency actions were completed, saving 473,567 kWh of electricity per year, equivalent to reduction of 241.046 metric tons of CO_2e. ❖ According to Aqueduct Water Risk Atlas, a water resources assessment tool of the WRI (World Resources Institute), no risk of water withdrawals from medium to high water stress areas were identified in 2022. ❖ Wastewater discharge in 2022 met the regulatory standards. ❖ Waste recovery and reuse accounted for 28.24% of the total waste. ❖ There were no violations of laws or regulations related to products and services or health and safety in 2022.	❖ In 2022, the percentage of general and special health checkups was 100%. ❖ A total of 230 employees participated in employee share ownership trust (ESOT), with a total incentive payment of NT$3,713,000 distributed. ❖ In 2022, employees received a total of 877 hours of training by a professional training organization.

The Company upholds the business philosophy of honesty, selflessness, mutual aid, and friendliness. We will incorporate the business philosophy with the operations strategy to contribute to people’s health.

Chapter 2

Corporate Overview

2.1 About CCSB

➢ Company Profile

Company name	Chunghwa Chemical Synthesis & Biotech Co., Ltd.
Chairman	Yi-Zhen Xie Wang
Date of foundation	May 19, 1964
Number of employees	358 employees
Share capital	NT$775,600,000 (as of December 31, 2022)
Location	New Taipei City, Taiwan

Chunghwa Chemical Synthesis & Biotech Co. Ltd. (CCSB) was founded in 1964, with its headquarters located in New Taipei City. It is one of the largest manufacturers of active pharmaceutical ingredients (API) in Taiwan. CCSB has developed more than 30 APIs. In the future, the Company will focus on the development of unique techniques and special products, such as anticancer, immunosuppressive drug or high-potency products and peptide APIs with high gross profit, to facilitate new customer development and achieve the goal of product differentiation. Currently, the Company has 10 plants for synthetic products and 2 plants for biotechnology products that are in accordance with the cGMP regulations.

In 1984, we were the first API manufacturer in Taiwan that passed the U.S. FDA inspection. Later on, the Company has also been certified by the drug certification units of German, France and Japan through their official plant inspections, and has been inspected and recognized by many drug companies in Europe, the U.S., Japan and India. So far, we have had 26 pharmaceutical products registered under FDA. With a view to expanding the business in North America and providing better services for the locals, we established the sales office, Pharmaports LLC, in the U.S. in 1999.

➢ CCSB Important Milestones and Awards

2022
Received the Golden Quality Award for Outstanding Biotechnology Industry from Taiwan Bio Industry Organization.

2021
- Ranked top 20% among the listed companies in the 7th "corporate governance evaluation" for TWSE/TPEx listed companies of Taiwan Stock Exchange.
- Received the honor of being selected as a constituent stock of Taiwan Stock Exchange's "Corporate Governance 100 Index" again.

2020
- Ranked top 20% among the listed companies in the 6th "corporate governance evaluation for TWSE/TPEx listed companies of Taiwan Stock Exchange."
- Received the honor of being selected as a constituent stock of Taiwan Stock Exchange's "Corporate Governance 100 Index."

2018
Awarded the Gold Medal Prize for "Manufacturing Technology Award" by the Ministry of Economic Affairs and the Ministry of Economics.

2016
- Obtained the "ISO 50001 certification."
- Awarded the Gold Medal Prize for "Manufacturing Technology Award" by the Ministry of Economic Affairs and the Ministry of Economics.

2015
Received the certificate of appreciation given by the New Taipei City Government for the "Clean Energy Conservation and Carbon Reduction Plan."

2010
Listed on TPEx.

2009
OTC stock.

2003
Company renamed as Chunghwa Chemical Synthesis & Biotech Co., Ltd.

1999
Completed 4 new cGMP plants and established an office in the U.S.

1998
- Built 2 cGMP biotech plants.
- Received the Silver Award for National Pharmaceutical Quality.

1997
Received the 5th Excellent Biotech Award.

1995
Received the 3rd Biotech Award.

1990
Establish an R&D center to produce synthetic, biotechnology and pharmaceutical products.

1984
Approved by FDA as the first GMP API plant in Southeast Asia.

1964
Established China Chemical Synthesis & Biotech Co., Ltd.

➢ Product Services

Since established in 1964, CCSB has successfully launched products in the pharmacological categories of lipid-lowering, immunosuppression, muscle relaxation and ACE-Inhibitor antihypertensive agents. The Company is innovative, flexible, and attentive to detail behind modern technology. The Company' s products in the chemical synthesis and biotechnology areas have been certified by the health authorities in the U.S. and Germany.

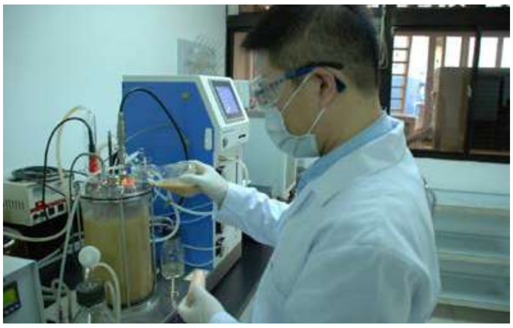
Biotech (including under development) products

- Caspofungin Acetate (CAS; antifungal medication)
- Mycophenolate Mofetil (MMF; immunosuppressive drug)
- Pneumocandin B0 (PNB0; antifungal intermediate)
- Everolimus (EVE; immunosuppressive drug, anticancer drug)
- Mycophenolate Mofetil HCl (MMF- HCl; immunosuppressive drug)
- Rapamycin (Sirolimus) (RAPA; immunosuppressive drug)
- Midostaurin (MID; the drug for treating acute myeloid leukemia.)
- Mycophenolate Sodium (MPA-NA; immunosuppressive drug)
- Tacrolimus (FK506; immunosuppressive drug)

Non-biotech (including under development) products

- Carfilzomib (CFZM; Ixazomib Citrate)
- Favipiravir (FVP; influenza antiviral medication)
- Ribociclib (RIB; breast cancer medication)
- Tofacitinib Citrate (TOF; rheumatoid arthritis medication)
- Difelikefalin Acetate (DFK; hemodialysis-induced scratching)
- Ozanimod HCl (OZH; medicine for multiple sclerosis)
- Sugammadex Sodium (SGM; anesthesia recovery medication)
- Baricitinib (BA; rheumatoid arthritis medication)
- Ethyl Icosapentate (EPAE; Lower triglyceride)
- Palbociclib (PB; breast cancer medication)
- Trandolapril (TDP; antihypertensive medication)

Immunosuppressive drugs Rank Top 3 Market Share in U.S.



Currently, the main immunosuppressive drug in the market are Tacrolimus, Mycophenolate Mofetil and Rapamycin(Sirolimus) derivatives. The Company has successfully developed APIs for these three products, and commercial shipments have commenced. In particular, Tacrolimus is the Company' s product of the year. The Company is also a major supplier in the U.S. market, currently ranking top three in U.S. market share. In addition, for Everolimus developed by Novartis and Sirolimus developed by Pfizer, the generic drugs have entered commercial supply. The Company has obtained Everolimus ANDA with 180-day market exclusive sales rights. With the successive launch of existing Paragraph IV customers in the U.S. market, the demand for this product will continue to grow. With regard to the fish oil raw materials drug EPAE, given the market factors, the launch of EPAE in the U.S. market had been advanced ahead of schedule to 2021, with the Company being the main supplier in the U.S. market. The Company ranks number three in terms market share in the U.S.

The Company has successfully boosted productivity and satisfied customers' needs in line with customer requirements. Although in addition to the Company there are peers who want to cut into such product market, the Company' s products are of high quality, and cGMP inspection records are excellent and trusted by customers. By taking these competitive advantages, the Company continues to grow with mass production and shipment.

In the Company, the very competitive edge lies upon immunosuppressive drug which has been mass-produced and shipped. Amidst strain optimization, process improvement, improved purity, reduced and lowered amount in residuals and impurities, the quality already significantly excels equivalents available from other international suppliers. Where the Company puts forth maximum possible efforts to continually cut its costs, this is the very flagship product highly competitive in the markets.

The Company has passed the U.S. FDA and European PIC/S regulations and their requirements for plant inspection

After obtaining Europe-France Methocarbamol plant inspection certification in June 2019, the Company' s plant passed subsequent plant inspection by the Taiwan Food and Drug Administration (TFDA) in March 2020. The U.S. Food and Drug Administration (FDA) presented the cGMP system certification in September 2021. The post-market supervisory plant inspection of Mycophenoalte Mofetil was conducted in November 2022. In addition to the official plant inspections verification in Taiwan, the United States and Japan, our Company has further successfully passed the plant inspection certification for the biotechnological plants based on Pravastatin by the Japanese Competent Authority (PMDA) and the strictest pharmaceutical certification unit in Europe, the Cologne Pharmaceutical License Management Office.

We have met the cGMP standards of various global pharmaceutical companies. Being listed on the certification platforms will encourage global drug companies from Europe, the U.S. and Japan to work with us.

Competitive foreign sales

A Drug Master File (DMF) mainly introduces manufacturers' company profiles, organizational charts, chemistry, manufacturing and control (CMC) in quality control and assurance, stability tests, product specifications and impurity profiles. In general, the sales of API in a particular country requires DMF registration with FDA. When downstream drug companies prepare medicine and apply for certification, the FDA reviews the DMF of the API manufacturers to make sure the API meet the local requirements. Since a DMF requires approval from the FDA, registering more DMF with the FDA can demonstrate the R&D, production and foreign sales capabilities of a company. Up to December 31, 2022, we completed the DMF registration with the U.S. FDA for 26 products and received many orders for foreign sales. We will continue to develop new products, obtain their DMF registrations and improve our competitiveness in foreign sales.

An API manufacturer that is equipped with bio-fermentation and chemical synthesis technologies and equipment.

Currently, most API manufacturers still use the chemical synthesis approach as it offers steady manufacturing processes, short product time and relatively simple equipment requirements. However, as the barriers to entry are lower for this type of manufacturing process, there are more competitors in the market. The concept of bio-fermentation is similar to the production of yogurt in which cell strains, animal and plant tissues, enzymes and bacterial species used in biotransformation, fermentation and purification are used to manufacture API. Since fermentation requires longer processing time, as well as the consideration of humidity, temperature and strain quality, product prices tend to be higher. The process involves many conditions and complex factors, so there are fewer capable manufacturers which offer API based on fermentation.

We are one of the few companies in Asia which possesses both bio-fermentation and chemical synthesis technologies and equipment. To improve our market competitiveness, we develop API medicine using bio-fermentation or a mixture of bio-fermentation and chemical synthesis in anticipation of the future growth in biotechnology medicines.

Enters the part of market in which small batches of API are used for R&D.

Smaller pharmaceutical companies tend to use smaller batches of API for clinical trials when developing new drugs. These short-term and small-batch orders may not contribute greatly to the revenue, but the collaboration can provide future business opportunities. In other words, once their products enter large-scale clinical trials or obtain commercialization approval, they become an important source of orders for API manufacturers.

We have worked with drug companies to provide them with API and they are in the third stage of clinical trials. Once they successfully obtain marketing authorization, we will benefit from the increased sales and improve our competitiveness.

Participation in Associations and External Organizations

CCSB actively takes part in relevant associations and the activities thereof and express opinions, developing the Company' s professional leadership in the aspects of R&D, manufacturing and operations with all the Company' s senior managers as the important opinion leaders in the industry. In 2022, associations and organizations CCSB participated in are as follows:

Name of Association	Region (Taiwan/other countries)	Role
Taiwan Pharmaceutical Manufacturer' s Association	Taiwan	Member
Taiwan Pharmaceutical Manufacture and Development Association	Taiwan	Member
Taiwan Parenteral Drug Association	U.S.	Member
Institute of Internal Auditors – Taiwan	Taiwan	Member
Taiwan Bio Industry Organization	Taiwan	Member

2.2 Economic Performance

➢ Management Policy for Material Topic – Economic Performance

Material Topics	Economic Performance
Materiality	Robust management and profitability are the Company' s operational objectives. Continuous profitability reinforces the trust of investors, employee and the value chain, which is also the key to the Company' s sustainability.
Policy and Commitment	❖ The Company complies with the Sustainable Development Best Practice Principles. ❖ The Company has passed the U.S. FDA and European PIC/S regulations and their requirements for plant inspection. ❖ Many products have been certified for DMF and proven competitive in foreign sales. ❖ An API manufacturer that is equipped with bio-fermentation and chemical synthesis technologies and equipment. ❖ Enters the part of market in which small batches of API are used for R&D.
Goals	Short-term business development plan With our incessant efforts, we shall continuously enhance the Company' s unique fermentation and chemical synthesis technology to distinguish ourselves from other peers that have only chemical synthesis or fermentation technology-related products, to boost our multiple choices of new product development items, and to enhance our competitive edge in the global market. We shall also strengthen our niche products including notably Everolimus, Tacrolimus, Ethyl Icosapentate (EPAE) and Caspofungin. Through process optimization to surge production capacity amidst our advantageous position to minimize costs, we shall significantly increase our market share in the entire world market. Long-term business development plan We will continually boost our R&D momentum and adjust R&D strategies to further develop products at high prices, with high technical threshold, with few competitors but high profitability. Through such efforts, we will successfully enhance the Company' s productivity and operating benefits.
Responsible Unit	The "Sustainable Development Committee," chairman and each senior manager
Resources Invested	❖ Major capital expenditures on fermentation and fish oil production lines. ❖ Increase market share through process optimization to increase market share and reduce costs. ❖ Invest in R&D to develop high potency and high margin products such as Peptide.
Complaint Mechanism	The Company has a spokesperson system and website in place to establish channels to communicate with stakeholders.
Action Plan	❖ Establish a biotech and non-biotech mass production base and accumulate experience to help develop markets in Europe, the U.S., and Japan for emerging biotech and non-biotech products, such as Ozanimod HCl and Difelikefalin acetate Peptide series. ❖ The implementation status of sustainable development is reported to the Board of Directors twice a year. The Board of Directors listens to the report, evaluates the progress and implementation of the strategies with advice provided. Where necessary, the Board of Directors urges the management team to make adjustments.
Effectiveness evaluation	❖ Up to December 31, 2022, we completed the DMF registration with the U.S. FDA for 26 products and received many orders for foreign sales. We will continue to develop new products, obtain their DMF registrations and improve our competitiveness in foreign sales. ❖ In 2022, we passed on-site inspections by customers from Europe (France, Greece, Poland, Romania, Turkey, Ireland), the U.S., Japan, India, as well as the official TFDA on-site inspection. ❖ The Company will develop unique key technologies to develop special products, such as high-growth products such as anti-cancer, high potency and peptide drugs.

➢ Operations strategy

Short-term business development plan

With our incessant efforts, we shall continuously enhance the Company' s unique fermentation and chemical synthesis technology to distinguish ourselves from other peers that have only chemical synthesis or fermentation technology-related products, to boost our multiple choices of new product development items, and to enhance our competitive edge in the global market. We shall also strengthen our niche products including notably Everolimus, Tacrolimus, Ethyl Icosapentate (EPAE) and Caspofungin. Through process optimization to surge production capacity amidst our advantageous position to minimize costs, we shall significantly increase our market share in the entire world market.

The Company will ensure the compliance with regulations, strengthen the inspection of raw materials and API intermediate suppliers, ensure the legal compliance of the upstream suppliers, and make sure that the raw materials correspond with the latest requirements of the official drug regulatory authorities of all countries and the supply is intact, thereby ensuring that the quality of the products of the Company and the domestic validation of the cGMP plant continuously pass the inspection of the U.S. FDA, Japan PMDA and E.U. EMA.

To develop CDMO/CMO business, the Company will rally to the participation in domestic and foreign major drug companies' new drug R&D plans, through which to enter into early-stage joint R&D relations, such as pre-clinical and various clinical stages' intermediary, products' trial, manufacturing process development and related work, in anticipation to form a strategic alliance with major pharmaceutical plants for joint growth.

For purchase of major raw materials, we have duly established a second supplier mechanism and tried hard to promote the outsourcing of fermented intermediates, releasing the production capacity of fermented intermediates to increase the production of fermented APIs and, in turn, reduce unit costs and enhance market share.

The Company will develop solvent recovery technology and continuously introduce various management systems and mechanisms in response to the increasingly strict environmental protection requirements. We will also implement waste and discharge reduction practices to reduce the operating cost and fulfill our green social responsibility.

Long-term business development plan

We shall continually boost our R&D momentum and adjust R&D strategies to further develop products at high prices, with high technical threshold, with few competitors but high profitability. Through such efforts, we could successfully enhance the productivity and operating benefits at the current business premises.

The Company will develop unique key technologies to develop special products, such as high gross margin products like anticancer drugs, high-potency drugs and peptide APIs, to support the development of new customers and enhance the niche and appeal of product differentiation.

We will develop key technologies such as hydrogenation, optical splitting, asymmetric synthesis and organometallic reactions.

The Company will integrate chemical synthesis and microbial fermentation technology to develop biotechnology and semi-synthetic products in the fields of cancer, immunosuppression and antifungals, and strengthen product features to facilitate market competition.

By increasing our long-term investment into China Chemical and Pharmaceutical Co., Ltd., we shall constantly strengthen the strategic alliance between the business undertakings of both parties. Taking Tacrolimus SD20 as the very blueprint, we shall expand the scope to cover other new products on the existent grounds to lay out the market over the entire world.

➢ Business Performance

Business performance is a major concern for investors as it reflects a company' s business management results. CCSB believes that continuous and steady profit growth is a key to corporate sustainable management and demonstrates the fulfillment of sustainable development. In order to let the stakeholders know the overall operations of the Company, we hold a shareholders' meeting annually, and update the financial information audited by a third party in the investors section of the Company' s website regularly; such financial information includes the consolidated financial statements which have the disclosed boundaries that include all the subsidiaries under CCSB. In addition, we communicate with the stakeholders through investor conferences as well to ensure that the investors clearly know our operation policies. In face of the challenges in the global industrial environment, CCSB upholds the business philosophy of honesty, selflessness, mutual aid, and friendliness to create competitive advantages and business efficiency and thereby drive the continuous profit growth of the Company.

In 2022, the Company' s turnover was NTD 2,117,144 thousand and the net profit after tax was NTD 466,140 thousand. Please refer to the Company' s annual financial statements on the Market Observation Post System and the Company' s official website for the details of our operational and financial performances.

Unit: NTD thousand

Item	2020	2021	2022
Generation of direct economic value A	1,603,436	2,032,839	2,216,366
Operating revenues Note 1	1,603,436	2,032,839	2,216,366
Distribution of direct economic value B	1,517,687	1,702,179	1,886,520
Operating costs Note 2	710,416	820,194	966,720
Business expenses Note 2	194,520	279,512	245,132
Staff salaries and benefits Note 3	369,733	396,521	441,760
Payments to providers of capital Note 4	121,097	104,149	110,540
Payments government Note 5	121,121	99,173	119,948
Community Investment Note 6	800	2,630	2,420
Economic value retained A-B	19,927,095	34,955,220	37,698,061

Note:The above financial information is consolidated and was prepared in accordance with the IFRS.

Note 1:Including consolidated net operating revenues and non-operating revenues for each year.

Note 2:Including consolidated operating costs, operating expenses and non-operating expenses, excluding employee benefit expenses for each year.

Note 3:Including bonuses, pensions, labor and health insurance, and other employment expenses.

Note 4:Including cash dividends and financial costs distributed in the year.

Note 5:Including profit-seeking enterprise income tax, stamp duty and other taxes.

Note 6:Public welfare expenditures of donations to government agencies and public welfare organizations.

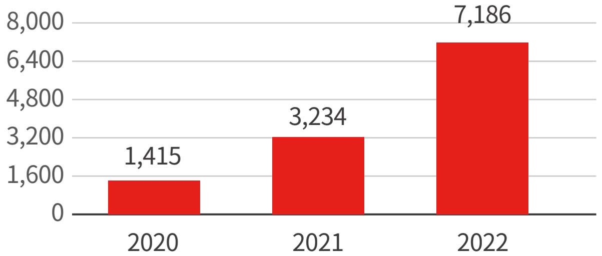
The subsidies from the government received by the Company are as follows:

▌Tax exemption Note 1

Law: Article 10 of the Statute for Industrial Innovation

Items offset: R&D expenditures offset

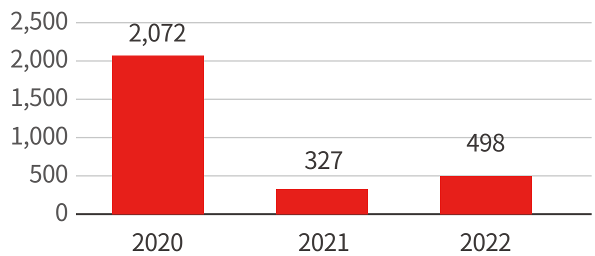
Unit: NTD thousand



▌Government subsidies Note 2

Items offset: Restructuring and upgrade programs of the pharmaceutical industry, equipment subsidies by MOEA, subsidies for overseas exhibitions, and subsidies for domestic travels

Unit: NTD thousand



Note 1:Tax exemptions for 2022 have not yet been approved by the National Taxation Bureau.

Note 2:Subsidies received in the year.

Note 3:The above financial information is consolidated information.

➢ Percentage of operating revenue (number on the consolidated financial report)

Our sales in 2022 grew by approximately 9% from the same period last year; the amount of foreign sales grew by approximately 13% in 2022 from the same period last year. Where the market scale of generic drugs continues to expand, the Company would continually develop new products and vigorously improve production efficiency to gradually gain added market share.

Operating revenues

The amount of product sales in 2022 amounted to NTD 2,117,144 thousand

The amount of product sales in 2021 amounted to NTD 1,934,702 thousand

Percentage of domestic and foreign sales

2022: Domestic sales totaled NTD 117,892 thousand; foreign sales totaled NTD 1,999,252 thousand

2021: Domestic sales totaled NTD 172,509 thousand; foreign sales totaled NTD 1,762,193 thousand

Percentage of by product

2022: Biotech products NTD 1,041,449 thousand; non-biotech products NTD 1,069,280 thousand; labor income NTD 6,415 thousand

2021: Biotech products NTD 852,641 thousand; non-biotech products NTD 1,077,545 thousand; labor income NTD 4,516 thousand

Percentage of sales area

Percentage of top three customers

	Customers in the U.S.	Customers in India	Customers in India
2022	52%	10%	7 %
2021	53%	9%	7%

With the philosophy of integrity management, CCSB has developed the structure and practices of corporate governance in accordance with the Company Act, Securities and Exchange Act, and other related laws and regulations. We actively promote the transparency of operations, and manage our business with protecting the rights of stakeholders as the principle.

Chapter 3

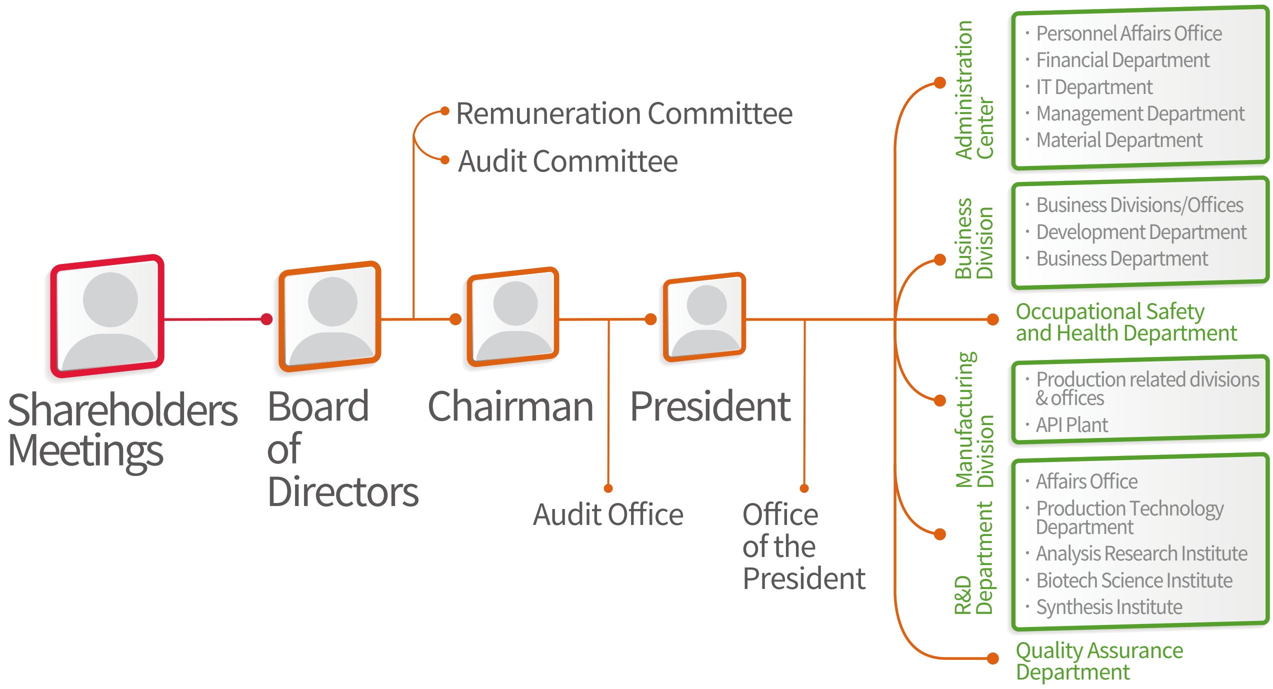
Corporate Governance

3.1 Corporate Governance

➢ Management Policy for Material Topic – Corporate Governance

Material Topics	Corporate Governance
Materiality	With the philosophy of integrity management, CCSB has developed the structure and practices of corporate governance in accordance with the Company Act, Securities and Exchange Act, and other related laws and regulations. We actively promote the transparency of operations, and manage our business with protecting the rights of stakeholders as the principle.
Policy and Commitment	❖ At CCSB, we place importance on corporate governance and pursue sustainable growth and corporate ethical management. At the same time, we continue to enhance the corporate governance structure and uphold information transparency in conjunction with effective internal control systems to protect the rights and interests of stakeholders. ❖ CCSB' s formulation of its Procedures for Establishment of Internal Control Systems took into consideration the design system of the Company' s operating activities as a whole. These Procedures are thoroughly implemented and are reviewed at any time to respond to changes in the internal and external environments, ensuring that the system is continuously effective. ❖ CCSB' s "Corporate Governance Best Practice Principles," approved by the Board of Directors, are implemented. The operating performance is enhanced through a comprehensive management mechanism, achieving the goal of sustainability.
Goals	Short-term goal: Enhancing corporate governance and continuing to improve information transparency. Medium to long-term goal: Achieving sustainable development with a robust corporate governance structure and implementing ESG.
Responsible Unit	Board of Directors, Audit Committee, Remuneration Committee, corporate governance unit
Resources Invested	❖ In 2022, a total of five Audit Committee meetings were held. ❖ In 2022, a total of three Remuneration Committee meetings were held. ❖ In 2022, a total of nine Board meetings were held.
Complaint Mechanism	❖ Inside the Company: Establish regular labor–management meetings, employee suggestion boxes, and company website for employees to provide suggestions; and retain dedicated personnel to handle such suggestions. ❖ Outside the Company: The Company shall establish a spokesperson system, website, etc., and a channel of communication for the stakeholders.
Action Plan	❖ CCSB engaged "Taiwan Investor Relations Institute" to conduct external evaluation of the performance of the Board of Directors in 2022. ❖ CCSB examines the independence and suitability of the CPAs on an annual basis.
Effectiveness evaluation	❖ Internal evaluation: CCSB' s agenda working group completed the 2022 evaluation of the performance of the Board of Directors. The scores of the evaluation ranged between 97.52 and 98.35. The results of the 2022 evaluation of the performance of the Board of Directors indicate good operation of the Board of Directors, Audit Committee, and Remuneration Committee. The results of the performance evaluation were submitted to the meeting of the Board of Directors held on March 7, 2023. ❖ External evaluation: CCSB engaged "Taiwan Investor Relations Institute" to conduct external evaluation of the performance of the Board of Directors in 2022. The evaluation focused on five aspects: the composition and professional development of the Board, decision-making quality of the Board, effectiveness of the operation of the Board, internal control and risk management, and level of the Board' s participation in corporate social responsibility. The overall evaluation, recommendations, and improvement plans were submitted to the meeting of the Board of Directors held on March 7, 2023.

Corporate Governance Structure



Regarding corporate governance, we espouse the philosophy of integrity management, actively promoting the transparency of operations and managing our business with protecting the rights of stakeholders as the principle. As the Company considers adequate information disclosure an essential element of corporate governance, material information is disclosed in compliance with the Guidelines for Online Filing of Public Information by Public Companies to fully achieve the information transparency. Furthermore, the Company also discloses related information through CCSB website, investor conferences, shareholder service hotline and spokesperson, so that all the stakeholders can get the information for reference. In April 2023, TWSE announced the results of the 2022 (9th) Corporate Governance Evaluation and CCSB was ranked 21-35% among listed companies. We will continue to strengthen corporate governance and implement sustainable corporate development.

Board Structure and Operation

The Board of Directors is the highest decision-making body of the Company. The Board of Directors is responsible for guiding the Company' s strategies and supervising management and being responsible for the Company and shareholders. The Board of Directors complies with laws and regulations and the provisions of the Articles of Incorporation and is in charge of corporate governance operations and arrangements, as well as the economic, social, and environmental aspects of the Company. Moreover, the Board of Directors serves as a governance role in the Sustainable Development Committee.

Nomination and Selection of the Highest Governance Body

The Company has adopted the "Procedures for Election of Directors and Supervisors" and "Corporate Governance Best Practice Principles" and taken diversity into consideration in determining the composition of the board of directors. To implement the diversity of the board of directors of the Company, the directors of the Company are based on professionalism and dedication. As expressly provided for in Article 20 of the Company' s "Corporate Governance Best Practice Principles" (The overall capabilities required for the Board of Directors): The Board of Directors shall be organized in a diversified, comprehensive and multifaceted manner. The directors concurrently serving as the Company' s managerial officers shall not exceed one-third of the total number of director seats. Besides this, toward the board of directors' operations, operating style and requirements in development, the Company should work out diversified, comprehensive and multifaceted policies which should include standards/criteria of the two major aspects below:

Basic Conditions and Values

Gender, age, nationality and culture.

Professional Knowledge and Skills

Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

The members of the Board are disciplined with the kinds of knowledge, skills, and education necessary for their performance of professed duties. The Board shall be capable of performing the following for achieving the goal of corporate governance:

Rules for Elections of Directors

The candidate nomination system has been adopted for the nomination and selection of all directors of the Company pursuant to the provisions of Article 17 of the Articles of Incorporation. For the election of directors in 2022, seven directors (including three independent directors) were elected under the requirements of the candidate nomination system, that discloses the examination criteria and operating procedures. With the cumulative voting system adopted, the persons receiving more votes representing the right to vote are elected in accordance with the quotas set forth in the Company’s Articles of Incorporation.

Composition of Directors with Diverse Backgrounds

Pursuant to the Articles of Incorporation, the Company has appointed seven directors, three of whom are independent directors, accounting for more than one-third of the total seats of the Board. This is on par with the requirements in the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.” The members of the Board have a diverse range of backgrounds covering biotechnology and finance, etc. Two of the members are female directors, accounting for 29% of the Board. The diversity of and gender equality in the composition of the Board of Directors have thus been promoted. In order to fulfill the responsibility of supervision, the Board of Directors has established the “Rules of Procedures Governing Board of Directors Meeting” according to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.” The principle of the directors’ recusal of conflict of interest has also been specified and properly implemented according to the laws and regulations to ensure the thoroughness of robust governance mechanism. Moreover, complete handling regulations and control mechanism with respect to the other operational functions have been developed as well.

The Chairperson of the Company doesn't concurrently serve as the member of the management team, and is only responsible for supervising the management team in the Board. In addition, the internal auditors are subordinate to the Board. They can be present in the Board of Directors meetings and report to the Board directly to ensure the correspondence between the Company's operations and the Board's resolutions. For the detailed background information about our Board members, please refer to our 2022 Annual Report, which can be accessed on the website (http://www.ccsb.com.tw).

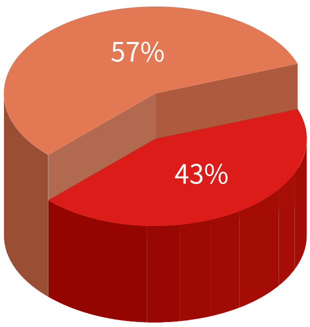
List of Board Members

Title/Name	Gender	Primary academic background	Professional skills
Chairman			
China Chemical & Pharmaceutical Co., Ltd. Representative: Yi-Zhen Xie Wang	Female	❖ Department of Philosophy and Department of Business Management, Fu Jen Catholic University ❖ Chairman of China Chemical & Pharmaceutical Co., Ltd.	Business management
Director			
China Chemical & Pharmaceutical Co., Ltd. Representative: Hou-Kai Wang	Male	❖ Bachelor of Science, Leonard N. Stern School of Business, New York University ❖ Private Equity Investment Manager, KKR & Co. ❖ Private Equity Investment Manager, Baring Private Equity Asia ❖ M&A Analyst of Healthcare Industry, Lazard Frères & Co.	Finance, investment, business management
Wang Ming-Ning Memorial Foundation Representative: Chung-Hsin Huang	Male	❖ Chemical Engineering Department of Chung Yuan University ❖ President of China Shaoguan Pharmaceutical ❖ Vice President of Business Department, CCSB Biotech Administrative Center ❖ CCSB President	Chemical, sales, business management
Wang Ming-Ning Memorial Foundation Representative: Hou-Jie Wang	Male	❖ Department of Psychology, University of Southern California ❖ Director of China Chemical & Pharmaceutical Co., Ltd.	Business management
Independent Director			
Kuo-Chiang Wang	Male	❖ Bachelor of Accounting, National Chung Tsing University (Now National Taipei University) ❖ Master's Degree from the NCTU Executive Master of Business Administration ❖ Acting President of Dafeng Cable Co., Ltd. ❖ President of Taiwan Digital Broadband Cable TV Co., Ltd. ❖ Assistant Professor of National Taipei University of Technology	Finance and accounting, business management
Chih-Hsien Chang	Female	❖ Department of Agricultural Economics, National Taiwan University ❖ Master of Statistics, Stanford University, U.S.A. ❖ Special assistant to the hosting architect of Partners Architects Planners ❖ Vice President of Chia Hsin Asset Management Development Co., Ltd. (subsidiary of Chia Hsin Cement Corporation) ❖ Vice President of Robeco Investment Management Group Asia Investment Management Center (Hong Kong) Greater China Marketing ❖ Supervisor of ADLINK Technology Inc.	Finance, business management
Hsin Kuan	Male	❖ University of Pennsylvania Biology B.A. ❖ M.S. in Biotechnology, Johns Hopkins University ❖ Chairman, Allied Industrial Corp., Ltd. ❖ Chief Executive Officer and Board Director, CG Oncology (Eternal Facial Biotechnology Co., Ltd.)	Biotechnology, investment, business management

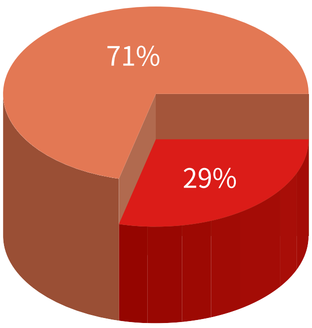
The Board members (including independent directors) are nominated in accordance with the CCSB' s Articles of Incorporation, the Company Act, and the Securities and Exchange Act. After reviewing the nomination list, the directors are elected by the shareholders. According to the election results, the directors elected shall elect the chairman of the Board from among themselves.

Seven directors including three independent directors were elected at the annual general meeting held in May 2022. The number of independent directors accounts for 43% of the total directors, which exceeds the statutory requirement. The diverse policy was also taken into account, so that the current Board of Directors younger and more diverse.

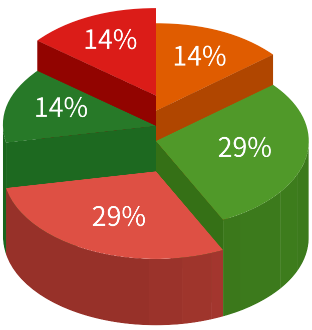
Independent director ratio in 2022



Director gender ratio in 2022



Director age ratio in 2022



Functional Committees

Audit Committee

In May 2016, the Company established the Audit Committee to take over the responsibilities of supervisors. The committee aims to support the Board to exercise its functions and powers to supervise the Company' s compliance with the Company Act, Securities and Exchange Act and other pertinent laws and regulations. Meanwhile, the Company' s internal audit reports are also provided to the Audit Committee to strengthen the internal supervising function. The Company' s current Audit Committee consists of three independent directors. The Audit Committee' s main responsibilities are overseeing the fair presentation of the Company' s financial statements, the appointment (dismissal), independence, and appropriateness of the CPAs, the effective implementation of the Company' s internal control system, the Company' s compliance with applicable laws and regulations, and the control and management of the Company' s existing or potential risks. An Audit Committee meeting must be held once every quarter. In 2022, a total of five meetings were held, and the actual attendance rate of the independent directors was 100%. No independent directors expressed dissenting opinions on the internal audit report.

Remuneration Committee

In 2011, the Company established the Remuneration Committee responsible for the suggestion, assessment and supervision of the Company' s remuneration for the directors, and managers and related policies, to assist the Board in managing the remuneration. The Remuneration Committee will, based on its professionalism, evaluate the top governance personnel and high-level managers' remuneration according to the Company' s operating performances. The Company' s current Remuneration Committee consists of three independent directors. In 2022, a total of three meetings were held, and the actual attendance rate of the convener and members was 100%.

Internal Audit

The Company has set up an internal audit unit subordinate to the Board of Directors to be in charge of the internal audits. A dedicated internal audit supervisor and a dedicated internal audit person have been appointed based on the Company' s scale, operations, management requirements and relevant regulations. The internal audit person acts independently and performs the duties properly from an objective and fair position, while the audit supervisor needs to be present in the Board meetings to deliver reports.

The internal audit unit draws up the annual audit plans according to the risk assessment results, defines the items to be audited for each month/quarter to check the effectiveness of the Company' s internal control system, and makes audit reports with the working papers and relevant materials attached. Besides performing regular audits, the unit also urges all the internal units in the Company and the subsidiaries to periodically make self-assessments on the effectiveness of the internal control system. The internal audit unit will then review the self-assessment reports submitted by the units and the subsidiaries and provide timely suggestions for improvement, in order to support the Board of Directors and the managers to assess and review the effectiveness of the internal control system, and measure the operating performances and efficiency. It is hoped that the potential risks can thereby be avoided and the reasonable and robust operating results can be ensured.

Name of Governance Unit	Composition	State of Operation in 2022
Board of Directors	7 directors, including 3 independent directors	98.41% actual attendance
Audit Committee	All 3 independent directors are members	100% actual attendance
Remuneration Committee	All 3 independent directors are members	100% actual attendance

➢ Board Performance Evaluation and Remuneration Policy

Board Performance Evaluation

To implement corporate governance and enhance the competence of the Company' s Board of Directors and functional committees, CCSB has established a performance evaluation system designed to strengthen the operational efficiency of each organization. On June 24, 2019, the "Rules and Procedures for Self-evaluation by the Board of Directors or Peers" were approved, which were renamed as the "Rules and Procedures for Performance Evaluation of the Board of Directors" approved by the meeting of the Board of Directors on November 9, 2020. These Rules and Procedures explicitly outline that the performance evaluation of the Board of Directors as a whole, individual board members, and functional committees shall be conducted at least every three years by an external professional independent organization or a team of external professional experts or scholars. The results of the performance evaluation of the Board of Directors and each functional committee in 2022 were "good." In April 2022, the Company engaged Taiwan Investor Relations Institute, an external independent corporate governance evaluation organization, to carry out the evaluation of the performance of the Board of Directors. The results for the 2022 performance evaluation have been submitted to the Board of Directors, which will serve as a basis for future improvement.

In the performance evaluation report, "Taiwan Investor Relations Institute" made the following overall evaluations and recommendations:

Overall Evaluation

- The Board of Directors has a robust structure;
- The professional knowledge, skills and experience of the directors meet the requirements of the development of the Company' s operations;
- The Board of Directors has sound operational efficiency and the directors recuse themselves from the motion if their interests are involved;
- The independent directors have built good communication channels with the head of corporate governance and head of audit, enabling all independent directors to obtain the necessary information in a timely manner;
- The Company is active in promoting ESG and regularly reports the annual implementation plans and results to the Board of Directors.

Recommendations

- Establish a system to allow the newly appointed directors to understand the Company quickly: it is recommended that seminars on company operations, the industry, and business overview can be planned for the newly appointed directors so as to provide the information necessary for them to carry out their duties and better understand the company;
- Formulate succession planning for Board members and key management: it is recommended that succession plans are to be formulated for Board members (including at least the chairman) and key management (including at least top managers, such as the president). The status of the operation (e.g. relevant training, status of training, scheduled timeframe for succession) of the succession plans should be disclosed on company website or annual report;
- Appoint a dedicated head of corporate governance: it is recommended to appoint a dedicated head of corporate governance whose responsibility is overseeing corporate governance-related matters so as to better improve the company' s corporate governance;
- Evaluate the independence and suitability of the CPAs by referring to the Audit Quality Indicators (AQI): it is recommended that when appointing CPAs or conducting an annual evaluation of the CPAs in 2023, the AQI information should be obtained from the CPA firm as a reference for the evaluation. This will evaluate the audit quality of the CPA firm and the audit team in a more effective and objective manner, ensuring the credibility of the Company' s financial reports.

Evaluation methods

Internal evaluation: Performed once a year
External evaluation:Performed every three years by an external professional independent organization or a team of external professional experts or scholars.

Performance Evaluation Items of the Board of Directors

- Level of their participation in the Company's business operation
- Performance in upgrading the Board of Directors' quality in policymaking process
- Composition and structure of the Board of Directors
- Election and refresher and higher education program for directors
- Internal control

Performance Evaluation Items of the Board Members

- Mastery of the Company's targets and missions
- Awareness of the directors' responsibilities and powers
- Level of their participation in the Company's business operation
- Management and communications of internal relationship
- The directors' expertise and continued refresher and higher education programs
- Internal control

Performance Evaluation Items of the Functional Committees

- Level of their participation in the Company's business operation
- Awareness of the responsibilities and powers of the functional committees
- Performance in upgrading the policymaking quality of the functional committees
- Composition of the functional committees and selection of the members
- Internal control

2022 Evaluation Results

- Internal evaluations of the Board of Directors and each functional committee – results – "Good"
- For the overall evaluations and recommendations of the external professional organization, please refer to Board Performance Evaluation and Remuneration Policy – Board Performance Evaluation (I)

Remuneration Policy of the Board of Directors

The remuneration to the directors and managers is determined in accordance with the Company' s Remuneration Committee Charter. Performance of the directors and managers is regularly evaluated and the remuneration amounts recommended and the remuneration policy are submitted to the Board of Directors for discussion and ratification. The remuneration to directors is determined with reference to the industry standard, taking into account the Company' s operating performance and individual directors' level of participation in the Company as well as their contribution values. In accordance with the provisions of the Company' s Articles of Incorporation depending on the profitability of the year, no more than 3% of the profits shall be distributed as the remuneration to directors.

Continuous Education of the Directors

Directors of CCSB receive continuous education each year in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." In 2022, the directors actively participated in sustainable development trends, corporate governance and information security governance trends, as well as other external education and training courses and seminars. The accumulated training hours of directors in 2022 totaled 66, with each director receiving 9 hours of training, exceeding the regulatory recommendation. Through the all-round courses, we continued to enhance the professionalism of management, with a focus on educational courses related to environmental protection, social responsibilities and corporate governance. The topics for external professional courses included the "Professional Course of Concept Analysis of ISSB S2 Guidelines – Climate-related Information Disclosure," "Reading of TCFD Report: Professional Course of Mastering Information Key Points," "Cross-domain Management Practices for Net Zero Emissions," "ESG Trends for Sustainable Finance and Investment," "2022 Prevention of Insider Trading Seminar," "Corporate Governance and Sustainable Development Class," and "Information Security Governance Trends and challenges." Depending on the overall status, we will continue to arrange continuous education for directors as well as professional courses related to environmental protection, social responsibilities and corporate governance in the future. Continuous education of directors in 2022 is disclosed in page 69 of CCSB' s 2022 annual report.

➢ Independence and Management of Conflicts of Interest of Directors

The Rules for Board Meetings of the Company explicitly outline provisions on recusal. Where a motion involves interests of a director or legal entity he/she represents at a board meeting, he/she shall explain the important contents of his/her interests. If the interests of the director may be harmful to the interests of the Company, the director or the proxy shall not participate in discussion or voting, and shall recuse himself/herself from the meeting at the time of discussion and voting. The director may not exercise voting rights on behalf of another director.

Currently, the Company has three independent directors, accounting for 43% of all directors. All external directors are independent with no conflicts of interest.

3.2 Ethical Corporate Management

➢ Management Policy for Material Topic – Ethical Corporate Management

Material Topics	Ethical management	
Materiality	We have adopted preventive measures for the conduct of directors and employees and organize relevant education and training and advocacy. By doing this, our directors and employees fully understand the importance of integrity. Our company regulations also set forth various rules and penalties for violating the procedures and norms, which are implemented accordingly.	
Policy and Commitment	The Board of Directors and management of the Company shall actively implement the integrity management policy and ensure actual execution during internal management and external business activities. The Company has published the integrity management policy on its website and annual reports to enable the suppliers, customers, or other business-related organizations and personnel to clearly understand the Company' s business integrity philosophy and to regulate matters that should be observed by the Company' s personnel when performing businesses. When signing external contracts, the Company and its subsidiaries shall observe the principle of honesty and mutual benefit to negotiate reasonable contract contents, and actively fulfill the contractual commitments.	
Goals	Short-term goal: Promoting and implementing the Company' s rules for conduct.	Medium to long-term goal: Internalizing the concept of ethical management and building an enterprise with business ethics and integrity.
Responsible Unit	In the faithful implementation of good faith management policies in the Company, the General Manager' s Office teams up with the Human Resources Department and Department of Finance in the enactment of the "Procedures for Ethical Management and Guidelines for Conduct." The General Manager' s Office is in charge of hands-on implementation. On a regular basis every year, the General Manager' s Office would report to the Board of Directors about the results of performance to help the Board of Directors check and ensure whether or not the Company' s good faith management policy has been put onto faithful enforcement.	
Resources Invested	❖ In order to carry out the ethical management, the Company has included the "Code of Conduct for Employees" and the "Procedures for Ethical Management and Guidelines for Conduct" into the pre-employment education and training courses for new recruits, and announced to the new colleagues that the Company values integrity. Up to December 31, 2022, a total of 29 training sessions were held with 69 people participating. The training completion rate was 100%, totaling 163 hours. ❖ To implement ethical value and corporate sustainable development, the Quality Assurance Department, R&D Department and other related departments participated in cGMP (current Good Manufacturing Practice) education and training courses in 2022, with 6,986 people participated, totaling 8,198 hours.	
Complaint Mechanism	The Company has established a reporting and complaint channel in the "Rules for Handling Complaints of Illegal and Unethical or Dishonest Conduct" and established a dedicated unit to take charge of the relevant matters. All business integrity violation related matters shall be handled according to the relevant regulations.	
Action Plan	❖ The "Rule and Procedure of the Board of Directors" formulated by the Company has clearly defined the recusal principle so any Board of Directors with any conflicts of interests can recuse himself/herself from participating or voting in the meeting. ❖ The Company has also clearly defined the conflicts of interests prevention policy in the "Code of Conduct for Employee Work Practices." Employees can use the employee suggestion box and the Company website to reflect their opinions. The Company has also established a spokesperson system externally, which is in charge of external communications. ❖ The Company has included the "Code of Conduct for Employees" and the "Procedures for Ethical Management and Guidelines for Conduct" into the pre-employment education and training courses for new recruits, and announced to the new colleagues that the Company values integrity.	
Effectiveness evaluation	The implementation status of ethical management in 2022 was submitted to the meeting of the Board of Directors on December 22, 2022. No employees had any misconduct of ethical management in 2022. In addition to the efforts to proclaim "integrity and faithfulness" as the very core value to all colleagues of the Company, the Company further announces the key issues as key points for attention in the educational and training programs oriented to newly hired employees. Our employees respond and communicate with management and personnel department through multiple channels.	

➢ Deepen Anti-corruption and Ethical Conduct

Integrity and ethics are the core values and attitude that CCSB employees must have. In order to stick to the Company' s policy of integrity management, the "Code of Conduct for Employee Work Practices," "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" have been established to specify the matters to be noticed when the Company, the Group, and the directors, managers, employees and suppliers of the organization perform duties. These are the guidelines for ethical conduct that strictly prohibit briberies or corrupt behaviors such as kickbacks, commissions, and facilitating payment to fulfill the ethical management policy of the Company. Related announcement and dissemination have been conducted so that the importance of ethical behaviors is fully understood. All the relevant behaviors shall be aligned with the business regulations and be approved by the senior supervisors in the Company beforehand; such behaviors shall not impose negative impact on the customers, distributors and suppliers, or conflict with their laws and regulations. In addition, the Company has established a customer evaluation mechanism, engaged in fair business activities, and fulfilled and complied with the contracts in a transparent manner in order to provide fair and reasonable results to each customer and vendor.

In order to carry out the ethical management, the Company has included the "Code of Conduct for Employees" and the "Procedures for Ethical Management and Guidelines for Conduct" into the pre-employment education and training courses for new recruits, and announced to the new colleagues that the Company values integrity. Up to December 31, 2022, a total of 29 training sessions were held with 69 people participating. The training completion rate was 100%, totaling 163 hours, including "Procedures for Ethical Management and Guidelines for Conduct" and other relevant precautions.

Number of people receiving ethical management-related courses and the total number of people in 2022:

Ratio of courses related to ethical management				
Course type	Number of people trained	Total	Training percentage	Total number of training hours
Procedures for Ethical Management and Guidelines for Conduct [Note 1]	69	69	100%	163

Note 1:The "Procedures for Ethical Management and Guidelines for Conduct" have been included in the education and training for newcomers.

Note 2:CCSB promotes to current directors and managers via e-mail from time to time, the confidentiality of material information, prevention of insider trading, scope of internal material information, confidentiality, open operations and violation handling. For the newly appointed directors of the 22nd Board and the managers newly appointed in 2023, the Company provided reading on and promoted the "Securities Market Regulations for TWSE-listed Companies and their Directors, Supervisors and Major Shareholders," the "Compliance Brochure for Directors and Supervisors," the "Compliance Brochure for Independent Directors," and the "Laws and Regulations and Cautions Related to Shareholding Changes of Company Insiders" on May 25, and September 12, respectively. The above contents included the definition of insider trading, the constituent elements of insider trading and bylaws.

➢ Ethical Management Risk Assessment

In order to enhance ethical conduct and reinforce the management of unethical conduct, the President' s Office coordinated the HR Department, Finance Department and other relevant departments to formulate the Procedures for Ethical Management and Guidelines for Conduct, which are implemented by the President' s Office and Personnel Office. The implementation results are regularly reported to the Board of Directors, with the 2022 results reported to the meeting of the Board of Directors on December 22, 2022 (5th meeting of the 22nd Board).

➢ Management of Ethical Management

Relevant Regulations

Enactment of the "Procedures for Ethical Management and Guidelines for Conduct"

At CCSB, we emphasize the importance of ethics and integrity. We explain the importance of adhering to the Principles of Ethics of the Company to gain the public's trust, ensuring the Company's sustainable growth and development.

Enactment of the "Rules for Handling Complaints of Illegal and Unethical or Dishonest Conduct"

For more details, please refer to the Complaint Mechanism and Reporting of Unethical Conduct.

Education and Training

Employee Education and Training

Ethics and integrity are included in the performance evaluation items of employees at the end of the year. This conveys the importance of ethics to the entire company.

In 2022, no fines were imposed due to anti-corruption or anti-competitive business.

➢ Complaint Mechanism and Reporting of Unethical Conduct.

At CCSB, we adhere to the ethical management principle and carry out business activities in a fair and transparent manner. We have set up concrete procedures for a reporting system for illegal and unethical conduct. The implementation is explained as follows:

Setting up whistleblowing email and hotline

We have disclosed the whistleblowing email on the Company's website for internal and external personnel.
Email: report@ccsb.com.tw

Dedicated unit for control

We have set up a dedicated unit for control. Where a grievance raised involves a director or a senior manager, the independent directors shall be made aware. Standard operating procedures shall be established for investigating such a grievance.

Retaining investigation results and relevant documents

Written documents for grievance acceptance, investigation process, and investigation results should be retained. if any litigation arises before the end of the retention period, the relevant documents shall be retained until the conclusion of the litigation.

Whistleblower protection measures

Personnel handling grievances raised keep the identity of the whistleblower and the content of the grievance confidential. These personnel are committed to protecting the whistleblower so he/she is not mistreated as a result of the report.

Through the promotion of the above policy, we prevent the occurrence of corruption. In 2022, we did not receive any grievances due to anti-corruption matters.

3.3 Legal Compliance

➢ Management Policy for Material Topic – Legal Compliance

Material Topics	Legal Compliance	
Materiality	The API industry is subject to a high degree of relations. In addition to complying with the existing regulations, we pay close attention to any changes in laws and adopt countermeasures in a timely manner. Our operations are in compliance with laws and regulations related to corporate governance, environmental protection, and labor rights to protect the rights and interests of stakeholders.	
Policy and Commitment	As we strive for sustainability, regulatory compliance is an indispensable foundation. At CCSB, we continue to improve the rigor and transparency of internal management as well as improving the implementation of laws and regulations on corporate governance and other aspects.	
Goals	Short-term goal: ❖ The basic goal is to meet the compliance criteria of the Labor Standards Act, and laws and regulations associated with the environment and corporate governance.	Medium to long-term goal: ❖ Establishing a compliance system that proactively identifies, completely reviews, and responds to changes according to the laws and regulations on each department’ s responsibilities.
Responsible Unit	Board of Directors, Audit Committee, and Remuneration Committee	
Resources Invested	The Company has provided the relevant legal information to the directors and managers as well as the professional knowledge training course information to the relevant units on an irregular basis. The Company’ s directors have completed the advance study hours as required by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies” in 2022 and the information is disclosed in the Market Observation Post System. In an effort to protect the rights and interests of our shareholders, we have taken out liability insurance for all directors since August 2016. Insurance renewal for 2022 has been submitted to the meeting of the Board of Directors on August 9, 2022.	
Complaint Mechanism	The Company has established a Stakeholders area on its website and created the handling window for the Investors area. In addition to the spokesperson and the acting spokesperson, the Company has also established the Stock Handling Unit to undertake the stock related problems and suggestions from the Company’ s shareholders and stakeholders. If a legal issue is involved, the Company will employ attorneys to handle the matter and protect the interests of the stakeholders.	
Action Plan	❖ All new employees must sign a confidentiality contract when joining the Company. The contents of the contract shall include the protection of the Company’ s business secrets and information security. This prevents the leakage of business secrets causing damage to the Company. ❖ Auditors perform audits in accordance with major cycles and key operations. This ensure the implementation situation of colleagues, effectively reducing the risk of violating the laws. ❖ Stakeholder communication channels are established on the Company’ s website. Employees may raise a grievance regarding unlawful conduct via these channels.	
Effectiveness evaluation	❖ The Company regularly hold labor–management meetings to facilitate harmonious labor relations. ❖ An Employee Welfare Committee has been set up to proactively promote various employee welfare plans. ❖ We enhance communication with investors through shareholders’ meetings, investor conferences, the spokespersons mechanism.	

Corporate operations strictly in line with laws and regulations are not only the fulfillment of social responsibility but also one of the keys to sustainable management. As a means to ensure that we are on par with relevant laws and regulations, we implement the policy to comply with laws and regulations. We facilitate inter-departmental collaboration, provide regular education and training, and promote the idea that while each department is making an effort to maintain economic performance, they must also keep abreast of the development of laws and regulations. Apart from this, the departments within the Company pay attention to whether the formulation and development of laws may have an impact on the Company. Additionally, we have an internal control system that meets the law, policy and regulations so that each department is able to implement various regulations. In 2022, no fines were imposed on CCSB due to violating laws or regulations in relation to corporate governance, biotechnology and pharmaceuticals, environment, or labor. There were no major non-conformities found in internal audits and no cases of disputes.

Course name	Total training hours	Total number of people trained
cGMP Training	8,198	6,986
SOP Training	612	358
Specialized training	877	181
Instrument Training	499	340
New-hire Training	163	69
Work safety	265	19
Others	546	730

Chapter 4

Climate action

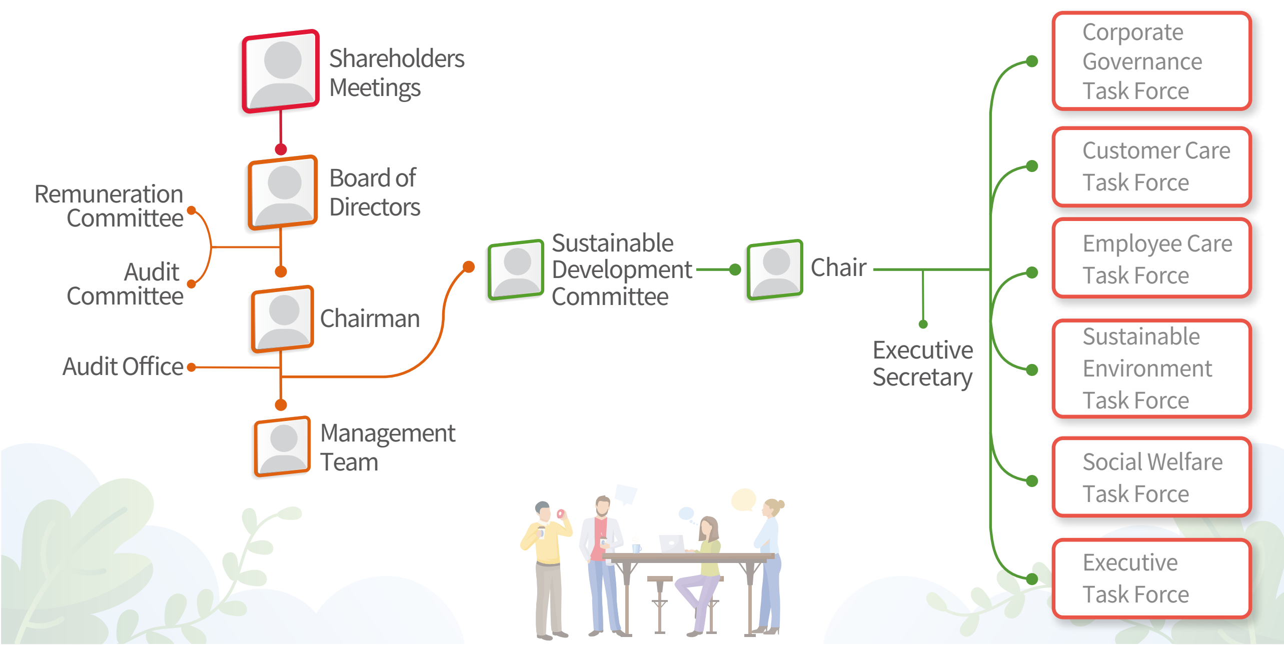
4.1 Climate Governance

In recent year, the environmental and social problems derived from climate change have become increasingly alarming. It is no doubt business operations around the world have been impacted by extreme weather. Given this, mitigating climate risks and adapting to climate change have become pressing issues for governments, enterprises, and societies. At CCSB, we keep a close eye on global climate action-related trends. In 2022, by following the Task Force on Climate Related Financial Disclosure (TCFD), we assessed and identified all climate risks and opportunities related to our own operation, with corresponding measures disclosed. This chapter provides an overview of climate-related governance, strategy, risk management, indicators, and targets of the Company. The responsibilities and strategies that CCSB should have in the face of climate risks are presented in this chapter, reinforcing the communication with stakeholders.

We have been committed to implementing the Company' s sustainable development while at the same time strengthening the governance of climate-related risks and opportunities. The Sustainable Development Committee is the Company' s highest-level decision making center. The Committee is responsible for the proposal and implementation of the policy, system or relevant management policies as well as concrete promotion plans for sustainable development. Aside from this, the Committee also reports the performance results to the Board of Directors twice a year, so that the Board of Directors is able to keep abreast of sustainability-related trends, implementation progress, and response situations regarding climate governance issues in a timely manner.

The chair of the Sustainable Development Committee is the Chairman of the Board. The Committee consists of members across departments, including the Corporate Governance Task Force, Customer Care Task Force, Employee Care Task Force, Sustainable Environment Task Force, Social Welfare Task Force, and Executive Task Force. Each task force, according to its scope of responsibilities, evaluated the likelihood of the occurrence of climate-related risks and opportunities and the degree of their impacts. As well as this, each task force formulated necessary action plans to be implemented in order to actively manage each risk and opportunity, enhancing CCSB' s climate governance performance.

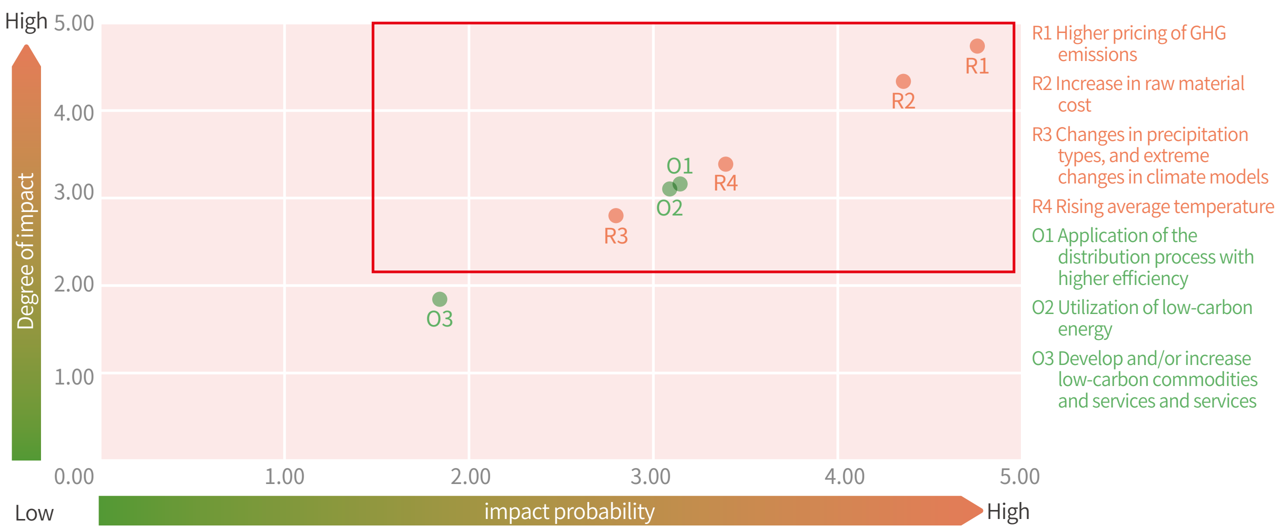
Organizational Chart of the Sustainable Development Committee



4.2 Climate Change Risks and Management Strategies

At CCSB, we regard climate actions as our priority. We integrate climate actions with the Company' s operations and take proactive approaches to address climate-change issues while also reducing GHG emissions. To identify climate issues linked to the Company' s operations, the President' s Office, and Accounting and Finance, HR, Management, Business, Procurement, Quality Assurance, Manufacturing, Safety and Health, and Audit departments collect climate-related issues. The main evaluation method is analyzing the general situation of the industry and international sustainability trends. We followed the TCFD guidelines and divided the issues into physical risks, transition risks, and opportunities, with the short-term risks occurring within one to three years, medium-term occurring within three to five years, and long-term occurring after five years. Colleagues of each department were engaged to conduct an evaluation on the degree of impact (5 levels) and the probability of occurrence (5 levels) of the proposed climate issues. With quantified scoring results, each department' s evaluations were compiled into a matrix to better grasp material risks and opportunities, with management policies developed to reduce or avoid potential impacts.

Matrix of Materiality of CCSB' s Climate Risks and Opportunities



➢ Identification Results of the Climate-related Risks and Opportunities

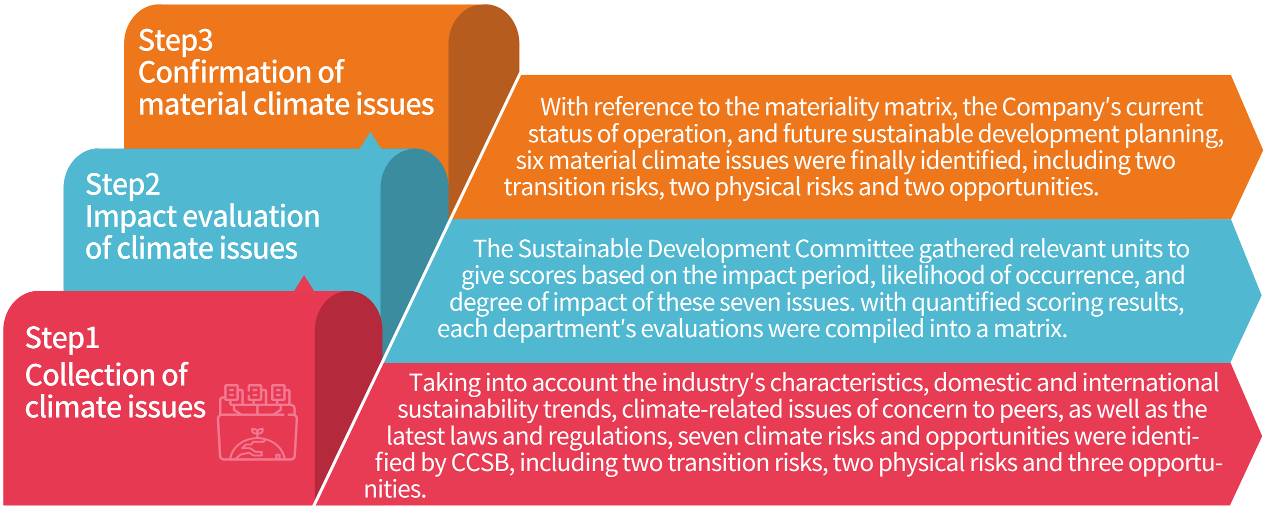
In 2022, CCSB identified six material issues from climate risks and opportunities, including two transitional risks, two physical risks and two opportunities. Each department of CCSB completed the collection and evaluation, and defined the probability of occurrence, the degree of impact (including financial aspects), and the impact period of each climate risk and opportunity issue. Based on the results, future response strategies were formulated.

Aspects	Issue	Impact Period	Risk/Opportunity Impact on CCSB	Countermeasures	Potential Financial Impact
Transition risk – policy and regulatory risk	Higher pricing of GHG emissions	Medium Term	❖ CCSB' s main electricity consumption is electricity from Taipower. If the pricing of electricity rises in the future in response to GHG emissions, operating costs are bound to be increased, resulting future adjustments to future sales price. ❖ If carbon levy laws and regulations come into effect in the future, CCSB' s operating costs are expected to be affected.	❖ Stocktaking the energy-consumption equipment in the plant. Where replacement is needed, energy-saving equipment will be first considered. ❖ Promote in-house energy-saving programs and establish management objectives and raise energy-saving awareness among colleagues.	Higher operating costs

Aspects	Issue	Impact Period	Risk/Opportunity Impact on CCSB	Countermeasures	Potential Financial Impact
Transition risk – market risk	Increase in raw material cost	Long-term	❖ It is likely that frequent occurrence of extreme climate events such as typhoons and heavy rainfall due to climate change in recent years may result in an increase in imported raw materials, transportation costs, affecting product delivery schedules and leading to increased operating costs.	❖ Two or more raw material suppliers are maintained while giving priority to domestic procurement in order to reduce procurement risk. ❖ Centralized procurement will reduce transportation cost as shipment frequency is reduced. Actively develop new suppliers to not only increase the bargaining advantage, but also avoid stock-out risk.	Higher operating costs
Physical – long-term risk	Changes in precipitation types, and extreme changes in climate models	Long-term	❖ The decrease in number of rain days, increase in number of heavy rain days, and increase in number of days with high temperatures compared to previous years, the overall water consumption strategy will be affected. Although the impact of the drought will be relatively small as CCSB plants are located in northern Taiwan; however CCSB must cope with the increase in operating costs arising from future droughts.	❖ In addition, to promote the water-saving concept to colleagues in the short-term, we will gradually make plans for the circular economy, e.g. water recovery equipment.	Decrease in revenue Higher operating costs
Physical – long-term risk	Rising average temperature	Long-term	❖ There is a global trend for the average temperature to rise in recent years, resulting in an increase in electricity bills for frequent use of internal cooling and refrigeration facilities, such as air-conditioning, central air-conditioning, chilled water dispensers.	❖ We expect to gradually replace high energy-consuming facilities and invest in equipment with a high energy conversion rate to improve the efficiency of energy use.	Higher operating costs
Opportunity – resource efficiency	Application of the production and distribution process with higher efficiency	Long-term	❖ It was assessed that as the production and distribution of raw materials and products had a higher degree of impact on CCSB, this was also an opportunity for corporate sustainability transformation.	❖ Stocktaking the energy-consumption equipment in the plant. Where replacement is needed, energy-saving equipment will be first considered.	Lower operating cost Higher revenue
Opportunity – energy sources	Utilization of low-carbon energy	Long-term	❖ In response to the wave of low carbon, in addition to the net zero targets set forth by the national policy, customers these days choose suppliers based on whether they are “sustainable.” If there are practical actions to achieve sustainability targets, it is more promising for suppliers to increase the competitiveness of their products.	❖ Changing CCSB’ s energy ratio has always been our long-term goal. We must gradually plan to use renewable energy sources, such as wind power and solar power when purchasing electricity.	Higher revenue Higher operating costs

In 2022, CCSB' s Sustainable Development Committee worked with an external consultant team to conduct a complete identification of climate change-related risks and opportunities: We followed the TCFD guidelines and divided the climate issues into physical risks, transition risks, and opportunities. Colleagues of Sustainable Development Committee-related departments were engaged to evaluate the impact period, likelihood of occurrence, and degree of impact of each risk and opportunity. Through the “Matrix of Materiality of CCSB' s Climate Risks and Opportunities,” two transition risks, two physical risks and two opportunities were finally identified, with relevant targets and strategies planned. In the future, the implementation status and target achievement will be regularly monitored. The detailed identification process is as follows:

➢ Identification Process of the Climate-related Risks and Opportunities



4.3 Indicator and Goal

In the face of climate change issues, CCSB continues to keep a close eye on alternations in domestic and international laws and regulations to understand sustainability trends in order to make early plans. At the same time, we carry on tracking climate-related management indicators. Since we released the 2013 corporate social responsibility report, we, by referring to the “Guidance Manual for Greenhouse Gas Inventory” announced by the Environmental Protection Administration, Executive Yuan, conduct GHG inventories for Scope 1 and Scope 2 of the previous year. Through GHG inventories, we are able to have a clear understanding of the carbon emission data and carbon reduction performance of the Company' s current operation. This facilitates the evaluation of actions plans for improvement with climate targets set.

2022 Achievement of the Annual Climate Targets

Goals	Achievement Situation
Total electricity consumption decreased by 1% from the previous year	2022 target achieved

CCSB believes that environmental protection is as important as industrial development, and that sustainable coexistence with the environment is the only path to the sustainable development of economy and society. Thus, the Company continues to proactively adopt different environmental measures to contribute to environmental sustainability.

Chapter 5

Environmental Sustainability

5.1 Environment Policies

CCSB believes that environmental protection is as important as industrial development, and that sustainable coexistence with the environment is the only path to the sustainable development of economy and society. Thus, the Company has proactively adopted different environmental measures to contribute to the environmental sustainability.

As required by the competent authorities, CCSB regularly reports its environmental data, such as reporting and payment of air pollution emissions, waste removal disposal volume, registration of toxic chemicals and new chemicals, and reporting of effluent monitoring. The total expenditures for air pollution, waste treatment, water pollution prevention, toxic chemical management, new chemical registration, and environmental investment equipment-related expenses totaled NT$53.44 million in 2022.

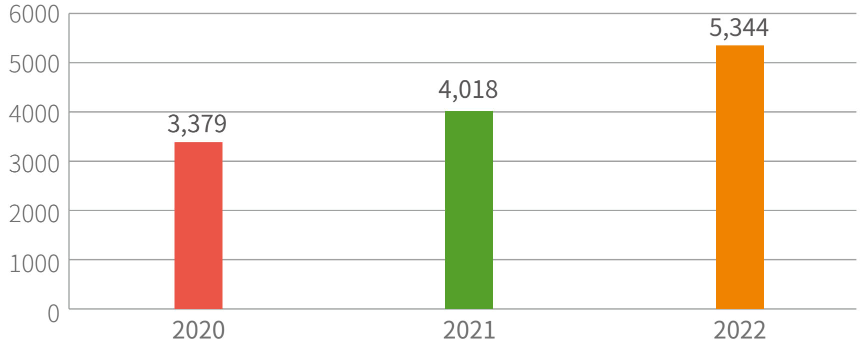
➢ 2022 Environmental Pollution Control Measures and Equipment Expenditures

Unit: NTD 10,000

Investment Category	Description	Content	Amount
Waste Disposal	Cost of waste treatment outsourced	Outsourcing waste included domestic waste	3,777
Water Pollution Prevention	Water pollution control fees, investment in wastewater treatment chemicals, wastewater detection agent	Water pollution control fees, investment in wastewater treatment chemicals, wastewater detection agent	1,378
Air	Air pollution control fees	Air pollution-related expenses	83
Toxic Chemicals	Toxic release testing fees	Toxic release testing and review fees	25
New Chemicals	New chemical registration fees	New chemical registration and extension fees	2
Water Resources Management Equipment	Vacuum pump and water recovery system	Wastewater discharge designed by the original vacuum pump manufacturer is approximately 20l/min, after adopting the system, the vacuum pump wastewater discharge is approximately 0.4l/min, effectively saving water resources	79
Total Environmental Expenditure			5,344

➢ Environmental Pollution Control Measures and Equipment Expenditures for the Most Recent Three Years

Unit: NTD 10,000



▲Vacuum pump and water recovery system

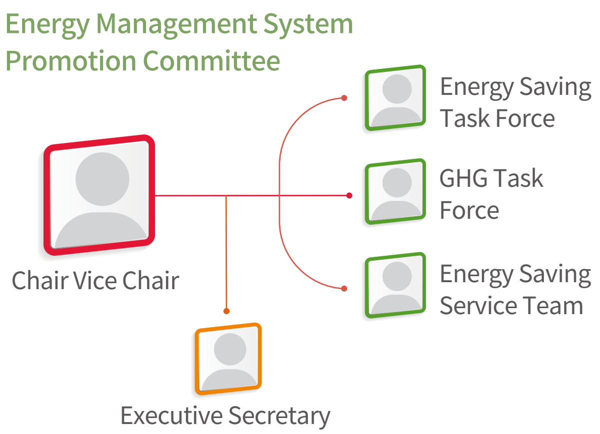
5.2 GHG and Energy Management

➢ Management Policy for Material Topic – GHG and Energy Management

Material Topics	GHG and Energy Management		
Materiality	Issues related to GHG and energy management have been of great concern. With increasing global warming becoming a fact, GHG impacts have posed a threat to the survival of mankind. With the Kyoto Protocol adopted and proactive global energy-saving and GHG reduction efforts, reducing GHG emissions is now a global trend. In response to climate change, many countries around the world have declared net-zero emissions. The E.U. and the U.S. are also planning to adopt carbon tariffs on imported products. Given this, carbon reduction is not only an environmental protection issue, but also an economic one. Moreover, industries across the sector cannot ignore the operational risks arising from GHG issues. Due to this, the government has enacted various laws to regulate carbon emissions of enterprises, including restricting the amount of carbon emissions each year and levying air pollution fees. With the industries facing carbon reduction challenges, only by early understanding of GHG issues can enterprises find a way for sustainability in the business environment of stricter restrictions on carbon emissions. Practicing ESG strategies and promoting low-carbon operations have become global trends. More proactive actions must be taken for improving energy efficiency and reducing carbon footprint.		
Policy and Commitment	At CCSB, we closely monitor the international climate change trends and place emphasis on GHG reduction. At the same time, we adopt energy-saving measures to improve energy consumption management and equipment efficiency to achieve the purpose of “GHG reduction.” Meanwhile, to minimize the impact of climate change, we will continue to conduct GHG inventories and promote reduction. We will also invest in various types of energy management systems and innovative technological equipment to promote energy efficiency measures.		
Goals	❖ Electricity saving rate: More than 1% per year from 2023 to 2030. ❖ GHG emission intensity: Down by 4% by 2025 and 10% by 2030. ❖ Energy intensity: Down by 4% by 2025 and 9% by 2030. ❖ A third-party ISO 14064-1 verification is expected to be obtained in 2023. ❖ A third-party verification of 2023 GHG Inventory Report (ISO 14064-1:2018) is expected to be obtained in 2024.		
Responsible Unit	❖ “Energy Management System Promotion Committee”: Promotion of in-plant energy-saving plans. ❖ “GHG Inventory Committee”: Enforcement of in-plant GHG inventories.		
Resources Invested	❖ Establish the “Energy Management System Promotion Committee” and the “GHG Inventory Committee” ❖ Use energy-saving equipment ❖ Systemize energy management		❖ Invest in renewable energy ❖ Enhance product energy efficiency ❖ Introduce GHG inventories
Complaint Mechanism	❖ GHG Inventory Committee	❖ Tel: 02-8684-3318 ext. 889	❖ Email: eric.lin@ccsb.com.tw
Action Plan	❖ The following approaches have been taken to control and reduce GHG emissions. • Optimization of processes and equipment. • Execution of GHG inventories in compliance with ISO 14064-1:2018 and competent authority standards.		• Introduction of innovative carbon reduction management methods. • Continue to promote GHG reduction measures.
	We will carry on implementing various energy efficiency measures, with the target of saving electricity consumption by ≧ 1% per year to facilitate the energy efficiency plans.		
Effectiveness evaluation	❖ Tracking and evaluation mechanism • Promote GHG inventories each year. • Hold a regular Energy Task Force meeting at least once a month.		❖ Achievement of targets for 2022 (compared to 2021): • Annual electricity saving rate of 2.49%.

➢ Energy Management

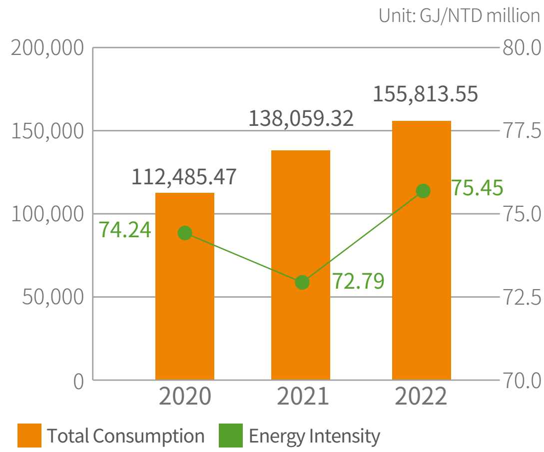
Climate change is not only likely to cause direct impacts on the business activities through natural disasters, but also likely to bring indirect impacts such as higher raw material prices or disruption of supply. In an attempt to effectively minimize energy costs and further show our determination to stay environmentally friendly, the Company established an "Energy Management System Promotion Committee" in 2016 to promote the work related to energy saving and carbon reduction in the plants. Through the implementation of the Energy Management System Promotion Committee, the Company successfully achieves energy conservation, carbon reduction and continuous improvement.



Energy Structure

The energy consumption of the operational and production sites of CCSB consume non-renewable energy, in particular purchased electricity, accounting for approximately 54% of CCSB' s total energy use. The remain non-renewable energy uses are natural gas and diesel fuel, mainly used for boiler combustion to generate stream for the manufacturing process, emergency power generators for power outages, regular maintenance or emergencies, and equipment such as forklifts The increase in production in 2022 resulted in a slight increase in energy consumption compared to the previous two years, with total energy consumption amounting to 155,813.55 GJ, and an energy intensity of 75.45 GJ/NTD million.

Types of Non-renewable Energy	2020	2021	2022
Purchased power (GJ)	61,972.99	73,965.88	84,277.19
Liquefied Natural Gas (GJ)	50,252.57	63,788.51	70,974.44
Diesel Fuel (GJ)	259.91	304.93	561.92
Total Energy Consumption (GJ)	112,485.47	138,059.32	155,813.55
Turnover (NTD million)	1,515.14	1,896.63	2,065.20
Energy Intensity (GJ/NTD million)	74.24	72.79	75.45



Note 1:Calorific value of liquefied natural gas = 8,000kcal/L, calorific value of diesel fuel = 8,400kcal/L, calorific value of electricity = 860kcal/kWh. source of coefficients: Table of calorific values of product units by the Energy Administration, Ministry of Economic Affairs.

Note 2:Energy Intensity (GJ/NTD million) = Total Energy Consumption (GJ) ÷ Turnover (NTD million)

➢ GHG Emissions

The increasing global warming and greenhouse effect have made considerable impacts on the ecological environment and human survival. As people at home and abroad have placed more and more emphasis on the issue of regulating GHG emission control, the Company has not yet included in the regulated implementation and hence there is no need to disclose relevant information on a regular basis. However, the Company continues to pay attention to changes in domestic and foreign laws and regulations in order to formulate early countermeasures for carbon management and make plans. Therefore, we take the initiative to conduct GHG inventories. In 2022, the total GHG emissions were 15,941.75 metric tons of CO_2e and the GHG emission intensity was calculated as 7.72 metric tons of CO_2e/NTD million).

CCSB' s GHG Emission Structure

Unit: Metric tons of CO_2e

Item \ Year	2020	2021	2022
Scope 1: Direct GHG emissions	2,846.86	3,629.66	4,028.60
Scope 2: GHG emissions between energies	9,087.30	10,455.57	11,913.15
Total emissions	11,934.16	14,085.23	15,941.75
Emission intensity (metric tons of CO_2e/NTD million)	7.88	7.43	7.72

Note 1 Scope 1 source inventory includes natural gas, diesel and septic tanks.

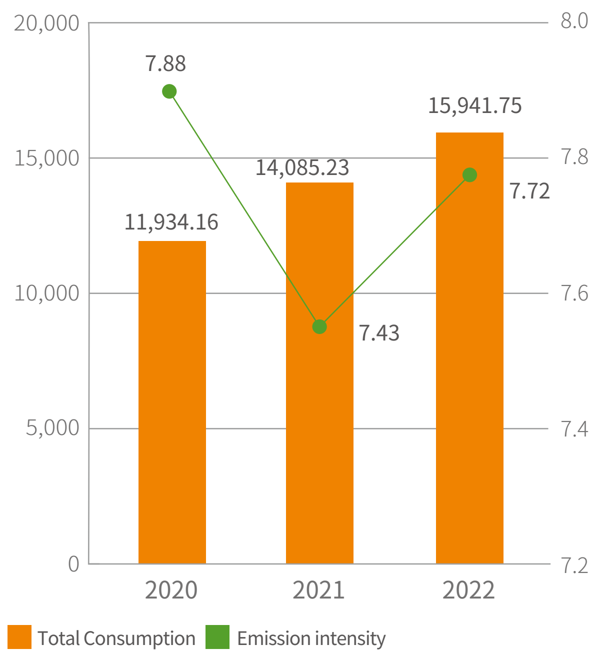
Note 2:Source of emission factors: With reference to the Greenhouse Gas Emission Factor Management Table version 6.0.4 published by the Environmental Protection Administration, Executive Yuan.

Note 3:Electricity coefficients from 2020 to 2021 were based on coefficient of 0.502kgCO_2e/kWh by the Energy Bureau of published Ministry of Economic Affairs in 2020; Electricity coefficients in 2022 were based on the coefficient of 0.509kgCO_2e/kWh published by the Energy Bureau of the Ministry of Economic Affairs in 2021.

Note 4:GHG types included in the calculation: carbon dioxide, methane and nitrous oxide.

Note 5:Emission intensity (metric tons of CO_2e/NTD million) = Scope 1 + Scope 2 emissions (metric tons of CO_2e) ÷ Turnover (NTD million)

CCSB' s GHG Emissions and Intensity



➢ Energy Efficiency Measures and Effectiveness

As an energy user, CCSB follows the "Energy-saving Targets and Implementation Plans for Energy Users" published by the Energy Administration, Ministry of Economic Affairs. Our energy-saving target is an annual saving rate of more than 1%, and have carried out numerous energy-saving measures. In 2022, we replaced old and high energy-consuming equipment by high energy efficiency ones; the equipment replaced included air compressors, dryers, and cooling towers. Moreover, we made adjustments to energy efficiency of ventilators by reducing their operating frequency to lower energy use. The total electricity saved from the energy efficiency action plans was 473,567 kWh, amounting to 1,705.23 GJ, reducing 241.046 metric tons of CO_2e. Compared to the energy efficiency measures carried out that saved 390,530 kWh of electricity in 2021, a further 83,037 kWh of electricity was reduced, amounting to a total of 299.00 GJ, a reduction rate of 21.26%. CCSB will continue to make every effort to promote energy efficiency measures and convey their efficiency.

CCSB' s Energy Efficiency Key Measures

- ☑ Control AC temperature in summer
- ☑ Unplug the appliances or equipment that will not be used for a long while
- ☑ Replace into energy conserving equipment and devices that require low water, energy and heat consumption
- ☑ Replace inverters in ventilators

CCSB' s 2022 Energy Efficiency Actions

Energy Efficiency Actions	Description of Actions	Electricity Saving Volume (Unit: kwh)	Power Saving Power (Unit: GJ)	Carbon Reduction Volume (Unit: metric tons of CO_2e)
Area 07 – Replaced air compressors and high consumption air dryers	Area 07 – Fixed-frequency air compressors were replaced with 150 HP energy-saving variable-frequency ones for fermentation production; high-consumption air dryers were replaced with zero-air-consumption ones.	246,354	887.08	125.394
Occupational Safety and Health Department – Energy saving of ventilator adjustment	60HZ frequency of 60HP ventilator was adjusted to 50HZ.	221,367	797.10	112.676
300RT ice water machine and cooling towers in the Research Building upgraded	❖ 15HP cooling fans changed to 10HP ❖ Upgraded the cooling water towers and the water temperature can be lowered by about 2° C	5,846	21.05	2.976
Total		473,567	1,705.23	241.046

Note: Electricity coefficient was based on the coefficient of 0.509kgCO_2e/kWh published by Energy Administration, Ministry of Economic Affairs in 2021.

▲ 07 Area – Replacement of air compressors

▲ 07 Area – High consumption air dryers

▲ 60HZ frequency of 60HZ ventilator of the Occupational Safety and Health Department was adjusted to 50HZ

▲ 300RT ice water machine and cooling towers in the Research Building upgraded.

5.3 Water Resource Management

Management Policy for Material Topic – Water Resource Management

Material Topics	Water Resource Management	
Materiality	Water resources are indispensable to CCSB' s process. Process water, cooling water, vacuum pump water, and equipment cleaning rely on stable water suppliers. Given this, CCSB is committed to promoting reasonable water consumption and implementing water-saving, recycling and reuse measures. Wastewater discharge is strictly controlled to ensure it is in line with the requirements of the Effluent Standards.	
Policy and Commitment	Although our plant is situated in the north, water resources are relatively abundant. However, as there have been several droughts in recent years due to climate change, we are aware that water resources are limited. We strive to rationally use water resources while continuing to enhance the efficiency of wastewater treatment, reducing the burden on the environment.	
Goals	Short-term goal (2023) ❖ Compliance rate (%) of discharge standard of wastewater treatment = 100%. ❖ A set of vacuum pump and water recovery system set installed is expected to reduce water consumption by 25 metric tons per day. Medium-term goal (2024–2025) ❖ Establishment of an on-site vacuum pump and water recovery and water-saving management facilities: Six sets of vacuum pump and water recovery systems established are expected to reduce water consumption by 156 metric tons per day. Long-term goal (2025–) ❖ Evaluate the feasibility of process wastewater recovery.	
Responsible Unit	Occupational Safety and Health Department	
Resources Invested	Purchase vacuum pump and water recovery systems	
Complaint Mechanism	Occupational Safety and Health Department	
Action Plan	Drainage: ❖ Continue to maintain and invest in wastewater treatment facilities to enhance wastewater treatment efficiency.	Water intake: ❖ Perform water use information surveys. ❖ Establish vacuum pump and water recovery systems.
Effectiveness evaluation	At least one meeting is held to track the efficiency of wastewater treatment, the progress of project improvement and effectiveness of improvement, as well as applications of water resources.	

➢ Water Resource Structure and Use

The "Aqueduct Water Risk Atlas," a risk assessment tool, of the World Resources Institute was used to identify the overall water risk classification of the plant, and "Low-Medium(1-2)" (Note) was the result. In 2022, the total water intake was 83.241 million liters, used mainly for production and manufacturing as well as water consumption of employees. Water was withdrawn from non-water stressed areas, posing insignificant impact on water resources.

As a means to prevent the risk of shortage of water due to changes in precipitation patterns caused by climate change, we upgraded water recovery equipment in 2022, with contingency plan formulated for water shortages. In the event of a dry period, we will make adjustments on par with the government agency' s policy to achieve the water-saving target set by the government, ensuring that the supply of water will not affect the Company' s operations.

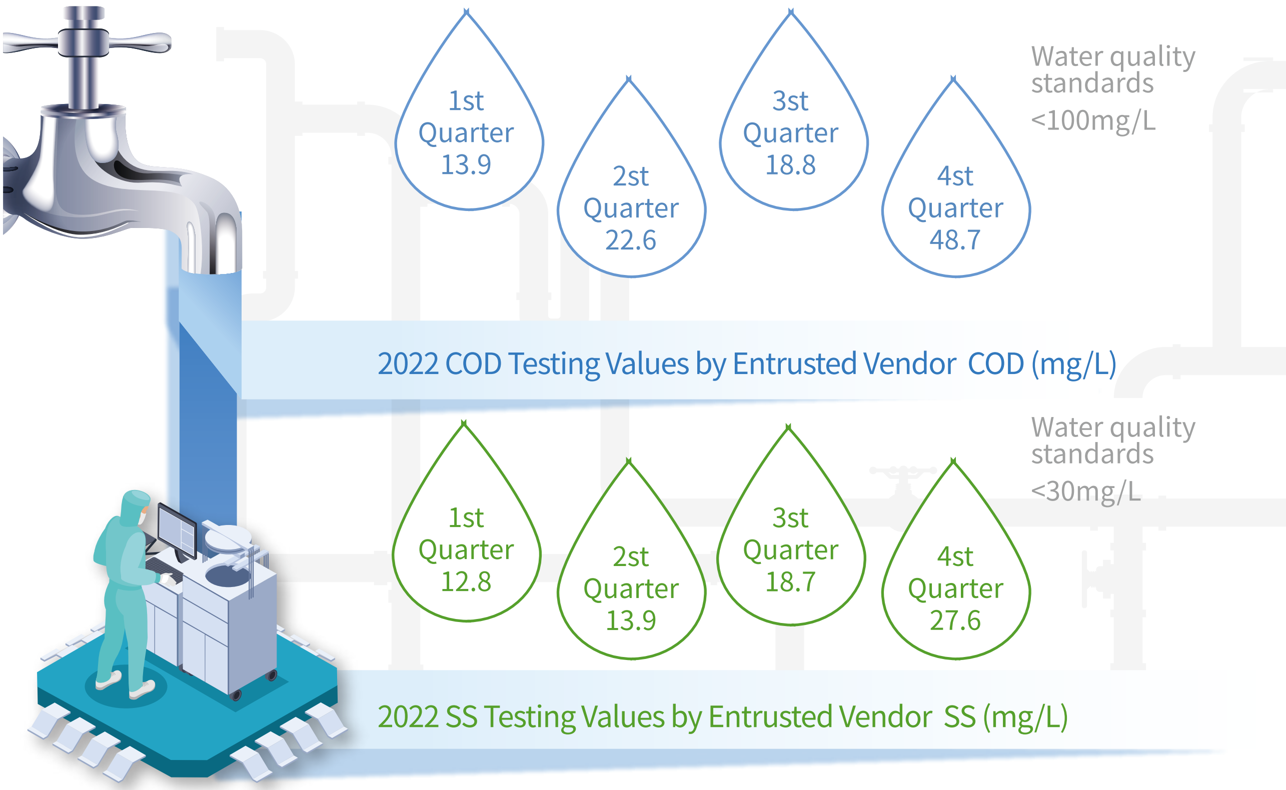
Note: Aqueduct Water Risk Atlas: https://reurl.cc/yyjme2

➢ Water Pollution Prevention Management

Regarding the API production of the Company, the manufacturing processes are changed based on the requirements of the customers' orders. Each product requires different order and number of the necessary process facilities according to the process characteristic. The types and amount of wastewater used in the manufacturing process of APIs used may vary from product to product due to the response characteristics.

Inorganic salts, such as sodium chloride, acids, alkalis, metals, salts, and catalysts are added in the manufacturing process of APIs. After organic synthesis reaction, process wastewater is generated when the aqueous phase is extracted and separated from the organic phase. As well as containing up to 20-40% organic solvents, such as acetone, ethanol, ethyl acetate, methanol, butanol, toluene, tetrahydrofuran, and other chemicals, process wastewater also contains a variety of raw materials, intermediates, and finished products of organic compounds.

As required by law, the plant is equipped with wastewater treatment equipment. Wastewater generated from the process and domestic sewage is guided into the treatment tank in the plant. Wastewater meeting the national regulatory water quality standards, after sedimentation, is discharged into the Dahan River. At CCSB, we monitor the chemical oxygen demand (COD), concentration of hydrogen ions (pH) and suspended solids (SS) of effluents on a daily basis, and entrust a qualified testing company to conduct water quality tests. In 2022, the water quality values for each quarter were below the upper limit of the COD and SS test values set forth by law (COD<100mg/L; SS<30mg/L), meeting the discharge standards for effluents and fulfilling corporate social responsibility.

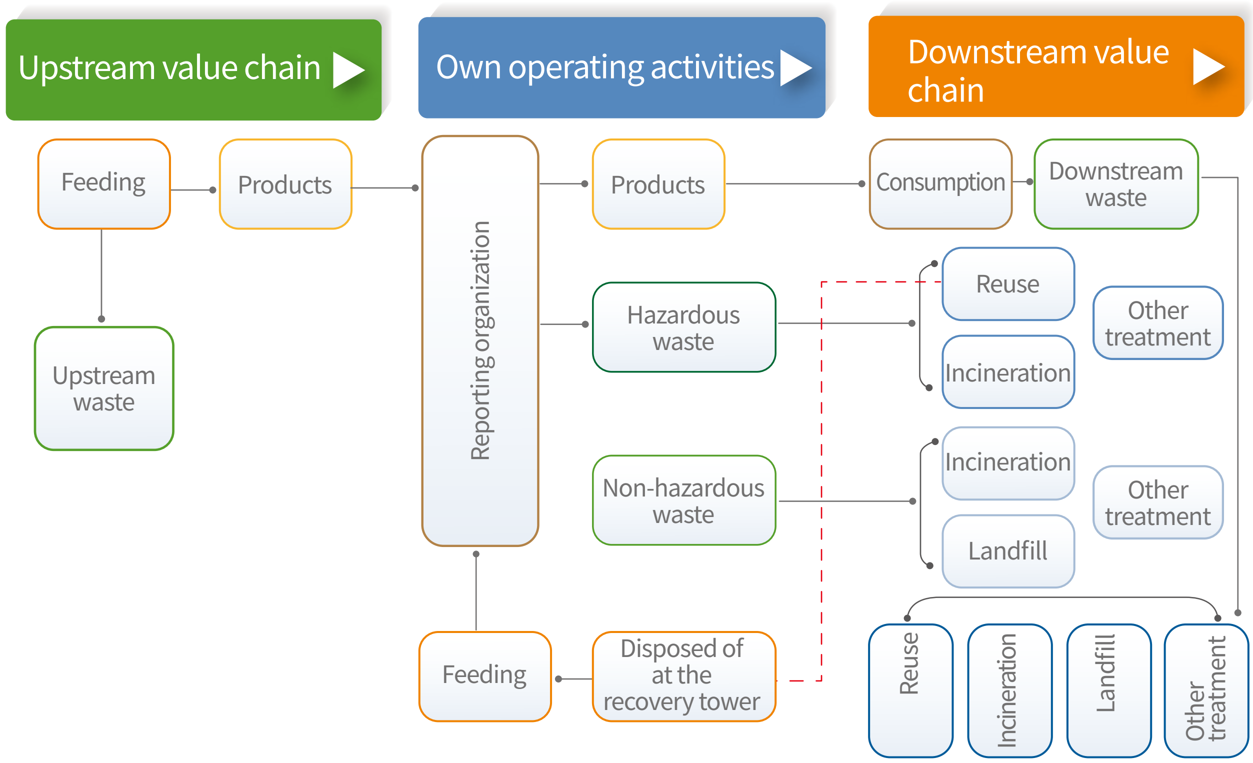


➢ Water-saving Measures and Efficiency

Water-saving Measure	Approach	Water-saving Efficiency
Vacuum pump and water recovery system	Increase in vacuum pump and water recovery systems	Wastewater discharge designed by the original vacuum pump manufacturer is approximately 20 l/min, after adopting the system, the vacuum pump wastewater discharge is approximately 0.4 l/min, effectively saving water resources.

5.4 Waste Management

Flow Chart of CCSB' s Value Chain Waste



➢ Management of Waste Contractors

Prior to entrusting an external professional legal entity to remove waste, we conduct a qualification evaluation to ensure that their waste removal process meets the requirements of the Waste Disposal Act. Upon signing a contract, we request the entity to take samples of waste for Toxicity Characteristic Leaching Procedure (TCLP). Furthermore, we ensure the status of operations of the waste treatment vendor, fulfilling the responsibility of managing waste at the source. After waste disposal, proper documents must be provided to ensure completion. Pursuant to the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance, waste regulated will be checked again for confirmation. For hazardous industrial waste removal and treatment, the Company follows the removal truck and visits the plant at least once year to audit the operation of the waste treatment plant. In 2022, the audit results met the regulatory requirements.

The types and quantities of waste chemical solutions generated from the process vary greatly due to the different reaction characteristics of the solvents used in the production of APIs. Based on this, hazardous industrial waste discharged from the process plant includes organic and inorganic waste liquids. As required by law and the regulations, these waste liquids are placed at the storage area in the plant and are removed by a professional legal entity which will be transported to a qualified and professional waste treatment vendor for waste disposal.

➢ Waste Output Structure

In 2022, the total amount of waste was 2,073.85 metric tons, non-hazardous waste was 524.79 metric tons, and hazardous waste was 1,549.06 metric tons. As there is no way of treatment on-site, waste generated is removed by an entrusted qualified waste treatment entity for reuse, incineration, landfill and other types of treatment. CCSB is doing its utmost to promote recovery and reuse and collect and treat reusable or recyclable resources as much as possible. In 2022, waste reused accounted for 28.24% of all waste, amounting to 585.57 metric tons, while the remaining 71.76% of waste was treated by incineration, landfill, and other treatment methods, totaling 1,488.28 metric tons.

Total Waste by Direct/Transfer Disposal

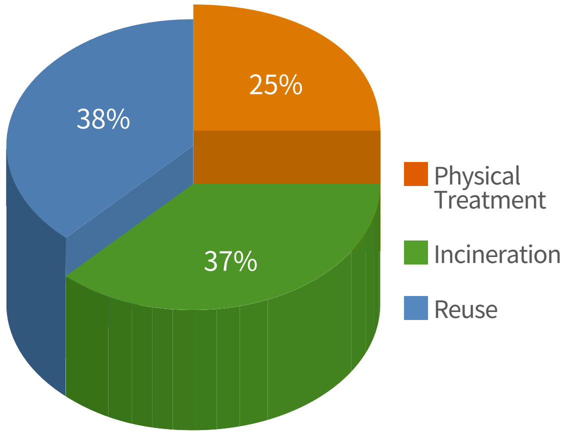
Types of Waste	Breakdown	Total (metric tons)	Disposal by Transfer	Directly Disposed Of		
			Reuse	Incineration	Landfill	Other treatment
Hazardous Industrial Waste	The flash point of the waste liquid is below 60° C (excluding alcoholic waste with ethanol concentration less than 24% by volume)	1,549.06	585.57	578.34	-	385.15
	Percentage		37.80%	37.34%	0.00%	24.86%
Non-hazardous Industrial Waste	Organic sludge	524.79	-	-	13.78	341.91
	Other general industrial waste not categorized		-	-	-	167.56
	Waste wood		-	1.54	-	-
	Percentage		0.00%	0.29%	2.63%	97.08%
Total weight of waste	Total	2,073.85	585.57	579.88	13.78	894.62
	Percentage		28.24%	27.96%	0.66%	43.14%

Note: Other treatments include heat treatment and physical treatment.

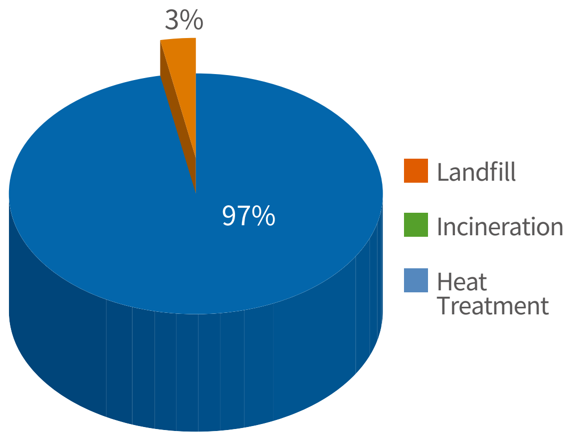
Total Waste Generated by Breakdown of Waste

Treatment Method	Breakdown	Total Weight of Waste (metric tons)	Percentage
Reuse	The flash point of the waste liquid is below 60° C (excluding alcoholic waste with ethanol concentration less than 24% by volume)	585.57	28.24%
Incineration (non-energy recovery)		578.34	27.89%
Physical Treatment		385.15	18.57%
Heat Treatment	Organic sludge	341.91	16.49%
Landfill		13.78	0.66%
Heat Treatment	Other general industrial waste not categorized	167.56	8.08%
Incineration (energy recovery)	Waste wood	1.54	0.07%
Total Weight of Waste Generated		2,073.85	100.00%

Hazardous Industrial Waste



Non-hazardous Industrial Waste



Statistics of Total Waste for the Past Three Years

Unit: metric tons

	2020	2021	2022
Hazardous Industrial Waste	1,280.77	1,367.52	1,549.06
Non-hazardous Industrial Waste	301.56	386.38	524.79
Total weight of waste	1,582.33	1,753.90	2,073.85

➢ Waste Reduction Project

Project Name	Project Description	Details	2022 Performance
E-approval on Procurement System	Written procurement request form and unified procurement form were switched to electronic forms.	Reduce the use of paper.	Switching from writing on paper to electronic approval, reducing the use triplicate.

CCSB keeps the products in line with international standards, and applies modern technologies with innovation, flexibility and attentiveness as the foundation. More than 30 APIs have been successfully developed. Adhering to the philosophy of "honesty, selflessness, mutual aid, and friendliness," CCSB aims at becoming a major API supplier in the world with the most competitive prices and best quality. We continuously pursue higher product and service quality and develop personnel with greater ability. CCSB will carry on improving its cGMP system to provide the best product quality to customers.

Chapter 6

Product Responsibility

6.1 Customer Health Safety

➢ Management Policy for Material Topic – Customer Health Safety

Material Topics	Customer Health Safety	
Materiality	CCSB is of great concern to many countries' governments as 90% of its APIs are sold overseas. As an important international supplier of APIs, it goes without saying that CCSB must comply with the regulations of the pharmaceutical authorities of these countries. Any serious violation of regulations of pharmaceuticals will result in putting the Company at significant operational risk.	
Policy and Commitment	In order to ensure the safety and efficacy of the use of API, health authorities around the world strictly regulate the quality control of pharmaceuticals in terms of production and transportation processes. As a midstream manufacturer in the pharmaceutical product supply chain, CCSB is committed to ensuring the overall pharmaceutical product quality and customer safety. In addition to the cautious control during the internal operations, the Company has also received the "pharmaceutical licenses" for all the pharmaceuticals externally sold, making sure that the pharmaceutical products are not incompliant with any regulations or voluntary principles regarding the impacts on health and safety during their life cycle. At CCSB, we will continue to strive to pursue the goals of excellent quality, services and talent so as to become a competitive and major supplier of high quality Active Pharmaceutical Ingredients (API).	
Goals	Short-term goal: Our products meet the "Good Manufacturing Practice for International Medical Products (PIC/S GMP)" and the "Good Distribution Practice (DGP)" to ensure that pharmaceutical product manufacturing and distribution processes meet the standards and to provide safe APIs to downstream manufacturers.	Medium to long-term goal: Continue to obtain or renew GMP certificates in various countries.
Responsible Unit	QA Department and all internal colleagues in the Company	
Resources Invested	CCSB has established a Quality Assurance Affairs Department, consisting of Quality Assurance (QA) section, Quality Control (QC) section, and Regulatory Affairs section, staffed with qualified and experienced professionals responsible for supervising and managing product quality and safety, as well as handling domestic and international drug registration matters.	
Complaint Mechanism	To ensure the immediate handling of customer complaints to protect the rights and interests of customers while also maintaining company reputation, we have adopted the "Customer Complaint Handling Procedure." There is also a special line for the Business Department and email in place for customer complaints. Hotline: 02-8684-3318 Email: ccsb@ccsb.com.tw	
Action Plan	❖ CCSB organizes GMP courses each year to share information on the latest regulations, trends, and plant deficiencies, with corresponding employee evaluation completed. ❖ We have adopted the "Complaint Handling Procedure." Upon receiving a quality defect event (customer complaint), the Quality Assurance Department in CCSB follows the "Customer Complaint Handling Procedure" to initiate an investigation into the cause of the issue and conduct an evaluation. For more severe cases (those meeting the criteria for level one harm, i.e. those with significant quality abnormalities that pose a risk to patient health and safety), relevant customers and pharmaceutical regulatory authorities should be proactively and promptly notified in accordance with the timeframe set forth in the "Procedures for Recall of Pharmaceutical Products."	
Effectiveness evaluation	❖ CCSB adopts the following mechanisms to conduct routine reviews and audits: ◈ In accordance with the "Annual Product Quality Review," we regularly conduct a product review including relevant quality issues, such as deviations and customer complaints. ◈ A review meeting of management is convened at least twice a year for the discussion of material quality issues. ◈ Regularly track the implementation status and effectiveness of improvement plans for material quality events (including deviations, customer complaints, regulatory/customer inspection results). ❖ Achievement situation of the annual goals of 2022: ◈ There was no occurrence of material quality events in CCSB. ◈ There was no violation of regulations of the authority in charge of pharmaceutical products.	

As a midstream of the pharmaceutical industry chain, it is CCSB' s responsibility to safeguard the quality of pharmaceutical products and the health and safety of customers. Therefore, we have formulated strict Procedures for Sample Retention and Control, which are thoroughly implemented. All drugs on the market have been licensed with drug permit licenses in compliance with the "Pharmaceutical Affairs Act." Moreover, CCSB makes sure the health and safety of its drugs do not violate relevant regulations or standards in compliance with Taiwan Food and Drug Administration (TFDA), international PIC/S GMP standard, and Good Distribution Practice (GDP). In 2022, there were no events of CCSB violating any law and regulations in relation to products and services or health and safety. In addition to striving for customer satisfaction, we place great emphasis on customer health and safety, building up a foundation of mutual trust.

CCSB's International PIC/S GMP Pharmaceutical Standard Certification ▶

➢ Customer Health

CCSB manufactures and sells APIs in the pharmaceutical industry chain. Given the fact that APIs affect the efficacy of pharmaceutical products, the impurities contained have a significant impact on the safety of pharmaceutical products as they directly affect the user' s health and safety. As a means to ensure the efficacy and safety of the pharmaceutical products, all segments in pharmaceutical manufacturers, including API manufacturers and finished product manufacturers, have very stringent requirements when it comes to the quality of raw materials. CCSB is engaged in the sales of pure APIs (pure substances) and only sells them after the "pharmaceutical licenses" for such APIs have been obtained to ensure the quality of all products, providing customers with quality and safe products. As of the end of 2022, CCSB holds 25 pharmaceutical product licenses issued by the Taiwan FDA and 26 Pharmaceutical Product Master Files (DMFs) [Note] approved by the U.S. FDA.

Note: The above statistics include those that have been discontinued, but the licenses have not yet expired.

➢ Sample Retention and Control

For all the products of CCSB, the samples of finished products and important semi-finished products are retained and controlled in batches according to the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), in order to guarantee drug use safety. With stringent sample retention and testing procedures in place, we verify the stability of product quality, trace the quality of products and raw materials, and handle quality issues. In doing this, we ensure that our products are in compliance with regulations or voluntary guidelines on health and safety during the product' s life cycle, doing our utmost to provide top-class quality products to our customers.

▲ CCSB' s Samples of Finished Products and Important Semi-finished Products Are Retained and Controlled in Batches

➢ Product Health/Safety Assessment

R&D

Prior to commercial production, relevant assessments are conducted in accordance with the "Procedures for Process Validation," including:

1. Assessment of possible sources of contamination (impurities)
2. Assessment of specification suitability
3. Assessment of the product quality control strategy
4. Other risk assessment, e.g. cross contamination risk assessment

Certification

Regularly inspected by regulatory units from different countries, including GMP inspection of APIs by the Ministry of Health and Welfare.

Manufacturing and Production

A review meeting of management is convened for the discussion of material quality issues.

Regularly track the implementation status and effectiveness of improvement plans for material quality events (including deviations, customer complaints, regulatory/customer inspection results).

Conducting an "Annual Product Quality Review" in accordance with the established procedure allows for an annual quality assessment of products to identify potential adverse events or trends.

Storage, Transportation and Supply

GDP inspection of APIs by the Ministry of Health and Welfare.

Regularly conduct an assessment on qualified transport companies, and on-site audits when necessary, in accordance with the "Good Distribution Practice."

Product Types Assessed	Life Cycle Stage of Products Assessed	Assessment Standards	Percentage of Products Assessed	Assessment Benefits
Products under development	R&D	API development (ICH Q11)	0.12%	We work on design to develop products that meet customers' needs and regulatory requirements.
Commercial production	Certification	Good Manufacturing Practice for Medical Products (PIC/S GMP, ICH Q7)	99.88%	With quality management meeting international standards, after certification, we are able to supply to the market in a sustainable manner.
	Manufacturing and Production	Good Manufacturing Practice for Medical Products (PIC/S GMP, ICH Q7)		
	Storage, Transportation and Supply	Good Distribution Practice for Medical Products (PIC/S GDP)		

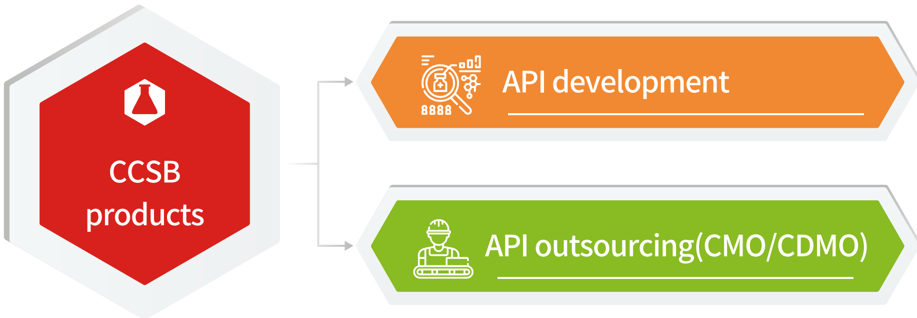
6.2 Product Quality and Responsible Manufacturing

➢ Management Policy for Material Topic – Product Quality and Responsible Manufacturing

Material Topics	Product quality and responsible manufacturing
Materiality	The Company' s top criterion is "pursuit of excellent quality." As pharmaceutical products are directly related to the health and safety of users, they are subject to strict reviews and supervision by health authorities of all government worldwide. Pharmaceutical products can only be sold in the market and continuously supplied to after they have been verified and certified.
Policy and Commitment	About product quality: ❖ Continuously adhere to international pharmaceutical quality standards, including "Good Manufacturing Practice for Medical Products" and "Good Distribution Practice for Medical Products." ❖ Establishing quality management policies and operating procedures that comply with international standards. ❖ Strictly adhere to relevant regulations, such as "Pharmaceutical Affairs Act." About responsible manufacturing: ❖ In terms of the entire manufacturing process, which includes supplier management, raw material management control, procedure management control, finished goods storage, and transportation management, we establish corresponding manufacturing management procedures in strict compliance with "Good Manufacturing Practice (GMP) for Medical Products" and "Good Distribution Practice (GDP) for Medical Products" standards for the production process.
Goals	CCSB continuously pursues: ❖ Satisfying customer needs, including meeting quality expectations, while simultaneously adhering to all relevant regulatory requirements. ❖ Enhancing product quality through systematic methods and standardized procedures to meet regulatory requirements in different markets. ❖ Continuously improving the quality system to maintain or enhance the ability to meet customer or regulatory requirements.
Responsible Unit	Quality Assurance Affairs Department, Manufacturing Division, and R&D Department
Invest in resources	About product quality: ❖ Establish a Quality Assurance Affairs Department, consisting of Quality Assurance (QA) section, Quality Control (QC) section, and Regulatory Affairs section, staffed with qualified and experienced professionals responsible for supervising and managing product quality and safety. ❖ Establish an R&D Department, consisting of Biotech Science Institute, Synthesis Institute, Analytic Institute, and Production Technology Department, equipped with professional and experienced R&D personnel, responsible for establishing robust process in accordance with the Quality by Design (QbD) concept. About responsible manufacturing: ❖ Establish a Manufacturing Division, in addition to the production units, which includes departments for facilities management, public facilities, production management, calibration, and warehousing operations, the Division is staffed with trained and certified professionals. These said departments are in charge of production and manufacturing, maintenance of production equipment and support systems, and warehouse management.
Complaint Mechanism	The Company has set up dedicated business department hotline and email inbox to provide customer compliant handling services. Hotline: 02-8684-3318 Email: ccsb@ccsb.com.tw

Material Topics	Product quality and responsible manufacturing
Action Plan	❖ In accordance with the International Council of Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) Pharmaceutical Quality Systems, especially ICH Q10, the principles of quality management, encompassing the four key elements of process performance and product quality monitoring, correction and prevention systems, change management system, and management review, should be appropriately applied across various stages of the active pharmaceutical ingredient lifecycle. This includes product development, technology transfer, commercial production, and product discontinuation. ❖ In order to incorporate the concepts of product quality and production safety into daily operations, the Company places significant importance on employee training. Apart from the mandatory external training and certification required for key personnel as per regulations, all employees are required to complete job-specific educational training and pass assessments corresponding to their roles. ❖ Conducting an "Annual Product Quality Review" in accordance with the established procedure allows for an annual quality assessment of products to identify potential adverse events or trends. ❖ Following the principles of ICH Q9 Quality Risk Management, the appropriate control methods should be determined through risk assessment to achieve the goal of quality risk management. ◈ For the production and manufacturing process in CCSB, which includes supplier management, raw material management control, procedure management control, finished goods storage, and transportation management, an overall process review and risk analysis should be conducted using Failure mode and effects analysis (FMEA). This ensures that all risks are effectively managed and controlled throughout the entire process.
Effectiveness evaluation	CCSB adopts the following mechanisms to conduct routine reviews and audits: ❖ Regular management review meetings are convened to discuss significant quality issues, which may arise from deviations, customer complaints, changes, trends, and regulatory inspection results, etc. These meetings are held at least twice a year. ❖ Regular internal audits are conducted at least four times a year. ❖ Regular significant system reviews are conducted, including deviations, customer complaints, changes, regulatory inspections, and customer inspection results, etc. Achievement situation of the annual goals of 2022: ❖ Passed the Ministry of Health and Welfare's GMP and GDP audits for APIs. ❖ Passed the U.S. FDA's GMP audit for APIs. ❖ No significant violations of relevant pharmaceutical good practice regulations occurred.

➢ Product Production and Manufacturing Process



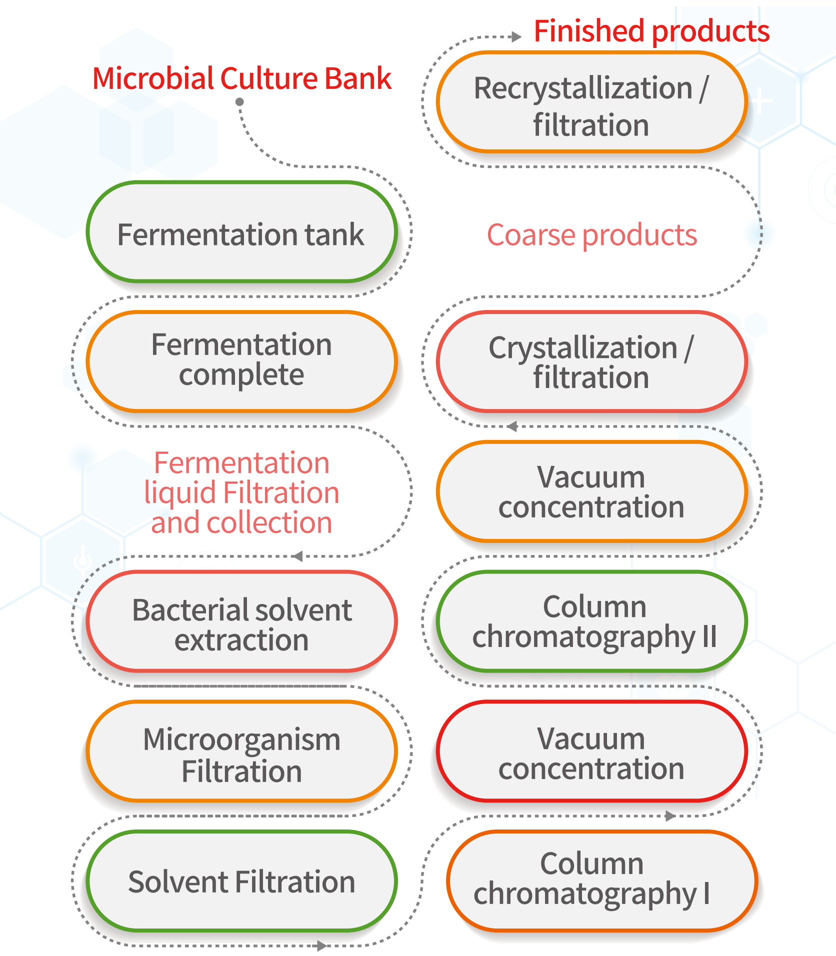
API development

The development of APIs can be categorized into two methods, biotechnology fermentation and chemical synthesis:

Biotechnology

By utilizing modified microbial strains, a fermentation process is employed to enable the production of APIs with desired metabolites. Subsequently, a series of purification processes are implemented to meet the specifications of drug purity and impurities in accordance with the pharmaceutical standards.

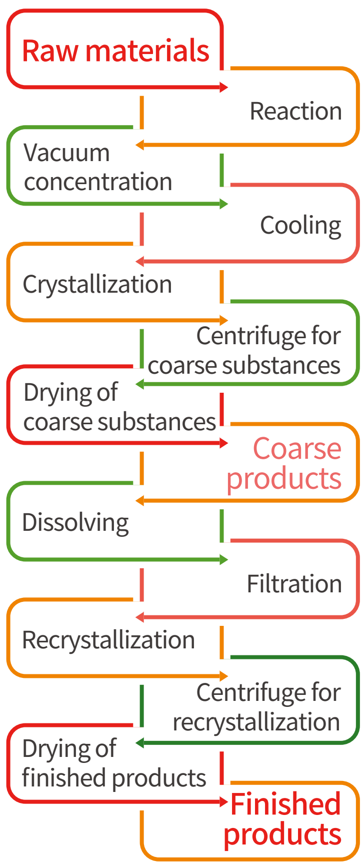
Fermentation Flowchart



Chemical synthesis

With mature and advanced chemical synthesis R&D techniques and knowledge, combined with state-of-the-art synthetic purification equipment, the synthesis process for product items are optimized, and product quality becomes more consistently stable.

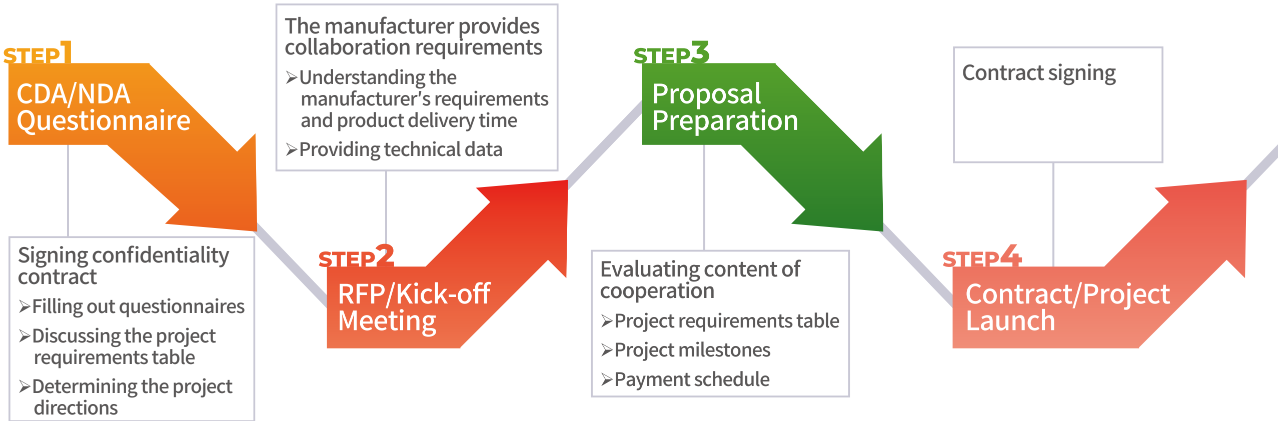
Synthesis Flowchart



API Outsourcing (CMO/CDMO)

Based on the compound structure or synthetic pathway provided by the customer, laboratory-scale production is completed at the gram or hundred-gram level. After confirming the feasibility of the design pathway, individual reactions are gradually optimized, several small-batch process validations are conducted to ensure product quality and yield stability. With this foundation, production batches are then gradually scaled up to the kilogram level to meet customer requirements.

API outsourcing flowchart



➢ Product Quality and Safety Management Organization and Operating Procedures

Quality and Safety Organization

CCSB has established a Quality Assurance Affairs Department, consisting of Quality Assurance (QA) section, Quality Control (QC) section, and Regulatory Affairs section, staffed with qualified and experienced professionals responsible for supervising and managing product quality and safety, as well as handling domestic and international drug registration matters. Furthermore, they report directly to the President and are responsible for quality assurance, quality control, and regulatory affairs. They are involved in all matters related to quality, including reviewing and approving quality-related documents.

Quality Safety Operating Procedures

CCSB’ s operating procedures are designed based on international standards such as PIC/S GMP. Internally, the Company has established a quality manual and quality-related standard operating procedures, along with over 2,500 documents including various projects and reports, ensuring the quality and safety of its products.

➢ Product Quality and Safety Education and Training

In order to promote the importance of quality and safety at CCSB and to ensure that colleagues possess relevant knowledge about Good Manufacturing Practice for Medical Products (GMP) as per PIC/S standards, a series of courses are organized. All company personnel are required to participate in these courses, particularly new employees who are encouraged to attend relevant training programs. Additionally, periodic arrangements are made for colleagues to participate in external training courses. In 2022, a total of 542 participants attended these courses, accumulating a total of 1,356 hours of training. This reflects the Company’ s commitment to product quality and safety throughout the organization.

▲ CCSB offers courses related to Good Manufacturing Practice for Medical Products (GMP) as per PIC/S standards.

Types of Education and Training	Following regulations/ standards	2022 Course name	2022 Number of participants in the course	2022 The total course hours attended
Good Manufacturing Practice for Medical Products (GMP) course	Pharmaceutical Inspection Co-operation Scheme Good Manufacturing Practice for Medical Products (PIC/S GMP)	Annual training of Good Manufacturing Practice for Medical Products (GMP) of 2022	324	324
New-hire Training	Pharmaceutical Inspection Co-operation Scheme Good Manufacturing Practice for Medical Products (PIC/S GMP)	Training on Good Manufacturing Practice for Medical Products (GMP) for new quality-related personnel.	69	138
External Training	Pharmaceutical Inspection Co-operation Scheme Good Manufacturing Practice for Medical Products (PIC/S GMP)	Depending on external training courses	149	894
Total			542	1,356

➢ Product Quality and Safety Monitoring and Improvement Tracking

CCSB has established a "Product Quality Review" procedure and conducts an annual review of product quality to ensure that existing processes can consistently produce products that meet quality standards. We continue to monitor process performance and product quality through a monitoring systemNote to maintain control status and comply with Good Manufacturing Practice for Medical Products (GMP) for pharmaceuticals, identifying areas for improvement as needed.

In recent years, CCSB has successfully passed customer and regulatory authority inspections without significant findings or deficiencies. In 2022, a total of four internal audits were conducted, revealing 54 discrepancies. These discrepancies were categorized as minor, with no major or critical issues identified. Additionally, all of these discrepancies had corrective plans submitted within the specified timelines.

Through the "Corrective and Preventive Actions (CAPA) Management" procedure, a systematic review and investigation of the root causes of errors are conducted. Appropriate measures are taken to prevent the recurrence of similar situations. This process addresses corrective and preventive actions stemming from product quality reviews, customer complaints, non-conformances, deviations, audits, and other investigation and monitoring activities. Internal tracking processes and system tracking of the results are employed to eliminate non-conformities or reduce them to an acceptable level of risk. Simultaneously, regular management review meetings are convened to discuss significant quality issues, which may arise from deviations, customer complaints, changes, trends, and regulatory inspection results, etc. These meetings address the corrective and preventive actions related to such said issues and aim to continuously improve the pharmaceutical quality system.

Note: The monitoring system includes product quality feedback from both internal and external sources, such as customer complaints, non-conformances, deviations, and various audits.

Statistics on customer and regulatory authority inspection within CCSB

Year	2018	2019	2020	2021	2022
The number of regulatory authority inspections	2	1	2	3	3
Authority	Food and Drug Administration, Ministry of Health and Welfare (Taiwan) Food and Drug Administration (U.S.)	ANSM (France)	Food and Drug Administration, Ministry of Health and Welfare (Taiwan)	Food and Drug Administration, Ministry of Health and Welfare (Taiwan)	Food and Drug Administration, Ministry of Health and Welfare (Taiwan) Food and Drug Administration (U.S.)
Number of Customer Inspections	14	20	4	9	16

➢ Product Storage and Transportation

Warehousing Management

CCSB complies with Good Distribution Practice (GDP) and has established a series of standard operating procedures for the storage and management of raw materials, intermediates, and APIs. These procedures ensure that product quality is not affected by environmental factors.

Item	Raw materials	Intermediates	APIs
Storage Management	Storage Management Practices (WH01) Raw Material Management Practices (WH02) Good Storage Management Practices (WH19)	Storage Management Practices (WH01) Finished Product Management Practices(WH03) Good Storage Management Practices (WH19)	Storage Management Practices (WH01) Finished Product Management Practices(WH03) Shipping Management Practices (WH07) Good Storage Management Practices (WH19) API Transportation Management Practices (WH21)

Shipping and Transportation Management

- A standard document titled "Good Distribution Practice (GDP)" is established, which outlines the requirement to engage qualified contracted transportation provides for product distribution to ensure that products are maintained under appropriate environmental conditions.
- Before using contracted transportation providers, a validation/assessment (Note) process is carried out to ensure that the services provided meet quality requirements.
- Properly store product distribution records for traceability purposes.

Note: Contracted suppliers, including transportation providers, undergo an annual validation or assessment for the previous year to confirm their compliance with in-house outsourcing requirements to identify and related deviations.

➢ Product Traceability, Anti-Counterfeiting, and Storage Procedures

CCSB assigns a batch number to each batch of products and maintains records of incoming inspection, production, and quality control for at least 8 years. In the event of a quality issue, the records serve as reference information to trace the production and quality control status of the product at that time. This information is valuable for investigating deviations, customer complaints, and other abnormal events. CCSB also maintains product distribution records, including relevant shipping documents, to ensure the traceability of products.

To maintain product traceability in the supply chain and prevent counterfeiting, an inspection is carried out before shipment in accordance with the procedure of the "Shipping Management Practices":

☑ Confirm that the finished product packaging is intact and free from damage.

☑ Confirm that anti-counterfeiting labels or seals (bearing the "CCSB" mark) have been affixed of inserted.

In 2022, CCSB had no incidents related to the discovery, seizure, arrest, or initiation of criminal prosecution involving counterfeit drugs.

According to the "Customer Approval Procedures," the recipients of product shipments (i.e. customer qualification) must also undergo confirmation. CCSB sells APIs to pharmaceutical manufacturers in countries including the U.S.A., Canada, E.U., Japan, South Korea, and Taiwan. All these recipients have been confirmed to be a part of the legal supply chain.

Upon receiving a quality defect event (customer complaint), the Quality Assurance Department in CCSB follows the "Customer Complaint Handling Procedure" to initiate an investigation into the cause of the issue and conduct an evaluation. For more severe cases (those meeting the criteria for level 1 Hazards, i.e. those with significant quality abnormalities that pose a risk to patient health and safety), relevant customers and pharmaceutical regulatory authorities should be proactively and promptly notified. Based on the frequency and severity of customer complaint events, the handling is classified as follows:

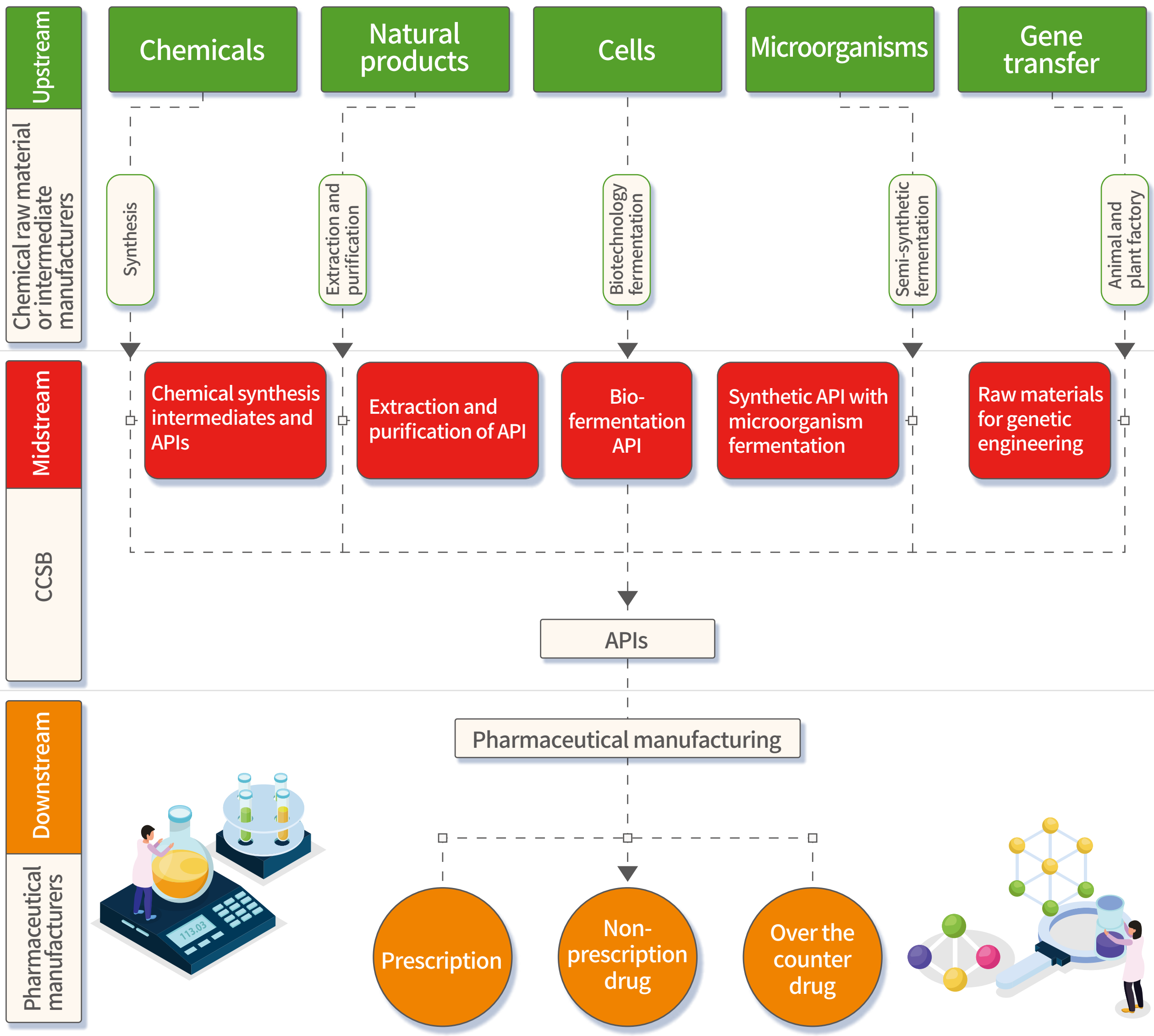
Level	Frequency of Occurrence	Severity of Hazards	Reporting and Processing Deadlines
Level 1 Hazards	No such occurrence	Products that affect product quality and have the potential to harm the end user (patient) after being formulated, or products that have been officially listed as prohibited drugs.	Within 48 hours from the date of recall confirmation, customers are notified by telephone or email as a preliminary step, and formal written notifications, including domestic and foreign pharmaceutical regulatory authorities, are completed within 72 hours.
Level 2 Hazards	No such occurrence	May affect product quality but does not pose a risk to the end user (no patient harm concern).	Customer notifications are completed within two weeks from the date of recall confirmation.

6.3 Supply Chain Management

➢ Industry Supply Chain

The Company is an API manufacturer in the midstream of the pharmaceutical industry. Different drug characteristics require different manufacturing methods, which include biological fermentation, chemical synthesis and extraction and purification or a mixture of these processes. Based on product requirements, the Company purchases raw chemical materials or intermediates from upstream suppliers and manufactures APIs to be sold to downstream drug makers who add in the related excipients to manufacture convenient dosage forms. As APIs possess curative effects, they directly impact the health and safety of medicine users. To ensure the effectiveness and safety of drugs, drug manufacturers in all aspects of the pharmaceutical industry (APIs and formulation) demand strict requirements on the quality of raw materials. Government agencies in all countries also provide regulations for the major intermediates of APIs. To comply with the cGMP of the FDA and maintain stability of quality, companies from upstream to downstream are usually long-term strategic partners.

The upstream, midstream, and downstream supply chain status in the industry where CCSB is situated is as follows:



➢ Supplier management and evaluation

Supplier Management Policy

The suppliers of CCSB can be primarily categorized into raw material suppliers and process auxiliary material suppliers, with a major presence in Taiwan and China. A smaller portion of suppliers comes from Europe and America, and the local procurement ratio reaches 70 percent. In 2022, there were a total of 101 collaborative partners, out of which 78 were raw material suppliers, comprising 58 agents and 20 manufacturers. There were a total of 23 process auxiliary material suppliers.

In order to ensure that the quality of the APIs aligns with product specifications, intended efficacy, and safety, one of CCSB policies is to source from trusted suppliers. This is achieved through a rigorous procurement process, including the management of raw material sourcing and acceptance procedures. Therefore, raw material suppliers undergo scrutiny and appropriate audits, and the provided raw materials must be validated as suitable by the R&D unit and on-site inspections before they can be used in the production process. To ensure the continuous operation of CCSB, strengthening and stabilizing the supply chain is also one of our policies. This involves confirming whether suppliers can deliver on time and, while maintaining trust with existing suppliers, actively exploring the possibility of other suppliers to diversify procurement risks and maintain supply chain flexibility.

Supplier Management Mechanism

CCSB adheres to a business philosophy aimed at implementing sustainable development and encourages our supplier partners to join in promoting environmentally friendly and safe working conditions and ethical standards. The Company takes responsibility for investigating supplier-related risks. Therefore, the supplier management process is carried out through three main aspects: “Supplier Evaluation,” “Supplier Auditing,” and “Local Procurement.” The goal is to promote the development of sustainable value chain through “Supplier Evaluation” and “Supplier Auditing,” both upstream and downstream, while actively expanding domestic procurement through “Local Procurement” to reduce transportation time and carbon footprint.

CCSB conducts an annual supplier evaluation to assess the quality and stability of suppliers in delivering raw materials that comply with regulations and meet safety and health standards. This evaluation involves reviewing performance ratings and audit results, as well as tracking the non-conformance rate of raw materials. When signing contracts with major suppliers, the contents should align with the “Sustainable Development Best Practice Principles” and include a commitment to adhere to the sustainability policies of both parties. Suppliers are expected to share the same values as we do and cooperate in ensuring labor safety and health, environmental protection, ethical standards, and a focus on human rights. This not only guarantees product quality but also contributes to the mutual benefit of the business and society.

The management process and related mechanisms for suppliers are shown in the following diagram:

Supplier Evaluation

Evaluation items: Written reviews, sample testing, and plant assessment.

Assessment questionnaire: The degree of focus on environmental, human rights, and ethical issues.

Supplier Auditing

Audit aspect: Regularly conduct audits based on five aspects, which include the supplier's annual performance, material risk, quality systems, incoming batches, and sustainable procurement.

Auditing unit: The auditing unit is composed of members from different functional departments, including Material, Production, Quality Assurance Departments, and Research Institute, who are responsible for conducting the audit operations.

Auditing guidance: Categorized based on the characteristics and risk levels of the suppliers, and during the annual supplier auditing, providing guidance based on the audit-generated evaluation results.

Local Procurement

Formulate procurement objectives and continue to promote or maintain the local procurement ratio to achieve long-term objectives.

➢ Supplier Evaluation

In accordance with the "Qualified Manufacturer Evaluation Standards," CCSB requests raw material samples, relevant data, and manufacturer questionnaire from raw material manufacturers through the Material Department. The raw materials are then subject to laboratory testing by the Quality Control Department, followed by sample evaluation conducted by the Research Institute. The Quality Assurance Department reviews the manufacturer's questionnaire, relevant data, and conducts plant assessments. Only after a successful review, the on-site trial production can take place. After the on-site trial production assessment is conducted by the Research Institute, the Quality Assurance Department consolidates the evaluation results. Once the qualification criteria are met, the supplier's name will be added to the list of approved raw material manufacturers. First-tier raw material manufacturers, after passing the assessment, formally initiate the signing of a quality contract with the Quality Assurance Department.

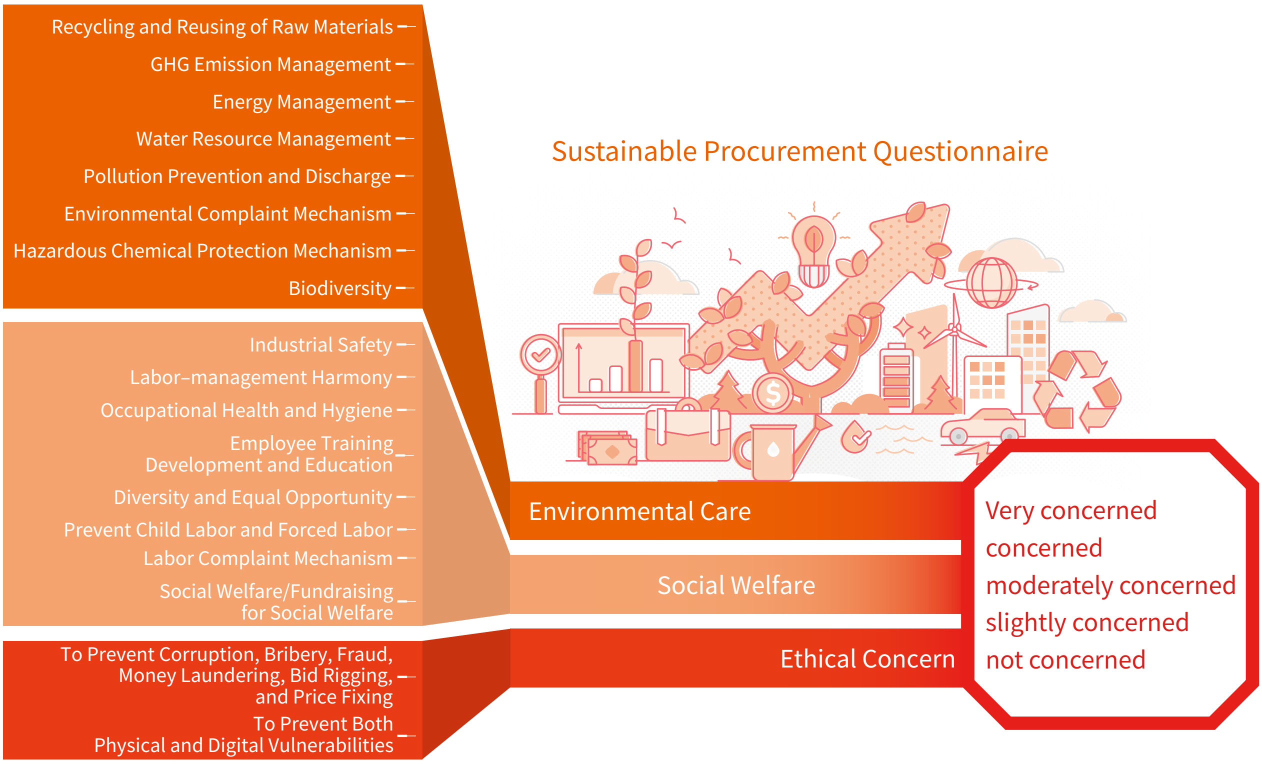
The Material Department sends the "Supplier Sustainable Procurement Declaration" to suppliers for their signatures, confirming their commitment to adhere to the Company's Supplier Code of Conduct. Additionally, an annual "Sustainable Procurement Questionnaire" is regularly issued to suppliers to facilitate the assessment of the supply chain's focus on environment, human rights, and ethical concerns. The Company expects all suppliers to work alongside us in reducing harm and achieving sustainable growth.

New Suppliers

Year	2020	2021	2022
Number of New Suppliers	9	9	16

According to the Qualified Manufacturer Evaluation Standards, suppliers that are deemed qualified are required to complete a "Sustainable Procurement Survey Questionnaire." They are asked to select their level of concern regarding environment, human rights, and ethical issues. The Material Department gives scores based on their levels of concern and categorizes the suppliers as "Excellent Suppliers," "Ongoing Observation Suppliers," or "High-Risk Suppliers." High-risk suppliers are closely monitored for subsequent improvements, and procurement from them is suspended until improvements are made. Furthermore, to ensure that suppliers have a thorough understanding of our sustainable procurement policy and to promote the "Supplier Sustainable Procurement Declaration," all qualified suppliers are required to sign and commit to adhering to the Declaration. This is done to maintain a strong and cooperative relationship within the supply chain.

CCSB requires suppliers to sign the "Sustainable Procurement Questionnaire"



Main Suppliers

CCSB conducts annual visits to key partner suppliers. In 2022, we have audited 13 suppliers (2 on-site factory audits, 2 remote factory audits, and 9 audits in paper-formed documents).

Year	2020	2021	2022
Number of Primary Suppliers [Note]	12	14	13

Note: Primary suppliers are defined as those with annual procurement amounts exceeding ten million a year.

➢ Supplier Auditing

Supplier Auditing Rules

The Quality Assurance Department conducts an annual assessment of raw material manufacturers in the first quarter of each year. The risk level of the raw material manufacturers is determined based on the annual assessment results, which include performance, raw material risks, quality systems, and incoming batches assessment. Qualified manufacturers undergo factory assessments and determine the frequency of these assessments based on their risk level as per the annual assessment results. For qualified direct packaging material manufacturers, the annual assessment includes evaluating the qualification rate and the severity of deviations. When necessary, physical factory inspections may be conducted, or a change of manufacturer may be considered. For manufacturers with high-risk profile, such as in cases of repeated or serious customer complaints, the Quality Assurance Department may conduct an assessment and promptly arrange for physical factory inspections when necessary.

Aspects	Evaluation Items	Evaluation Criteria
Economic governance	Annual performance	Qualified manufacturers are given an annual performance score (out of 100 points), with evaluation items including annual qualification rate and the severity of deviations.
	Raw material risks	The raw materials are classified into three levels based on their material grade: first-grade (primary material), second-grade, and third-grade materials.
	Quality systems	Quality systems are categorized based on whether the manufacturer has GMP/ISO 9001 certification or other quality system certifications.
	Number of incoming batches	Incoming batches are divided into two categories based on the quantity of purchased items for the current year: Numbers less than 10 and numbers greater than or equal to 10.
Environment/ Society	Sustainable Procurement	Scored based on the content provided in the questionnaire response.

Supplier Auditing Results

CCSB rates suppliers based on five criteria: annual performance, raw material risks, quality systems, incoming batch assessments, and sustainable procurement over the past year. Suppliers are categorized into different levels based on their evaluation scores. For suppliers with lower scores, we request improvement plans to be submitted. Based on the annual evaluation results, a schedule for physical factory audits of suppliers is arranged.

Supplier Rating Levels and Handling:

Supplier overall ratings range from A to C, with A indicating the best (lowest risk level). If a supplier/outsourcer receives a C rating for two consecutive years, an assessment will be conducted to determine whether it is necessary to suspend, reduce, or terminate the supply. The annual assessment results also impact the frequency of on-site audits.

In 2022, evaluations were conducted for 278 suppliers, with the following evaluation results for raw material suppliers: grade A accounting for 99.6%, grade B for 0.4%, and grade C for 0.0%. However, for supplier validation procedures, internal review standards are followed, with each relevant department overseeing the process and implementing supplier auditing plans.

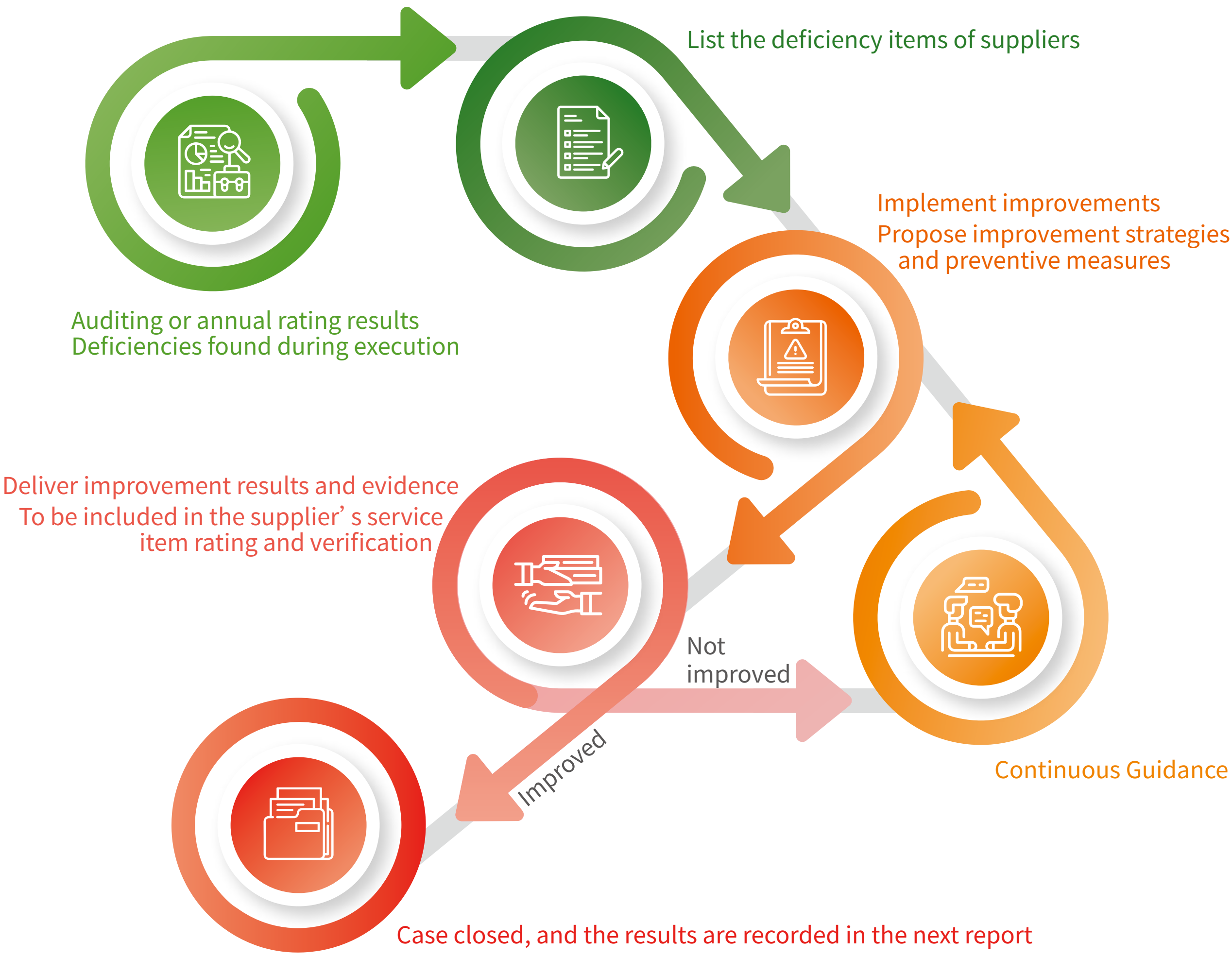
Supplier Overall Rating Results

Unit: number of suppliers

Level	2020	%	2021	%	2022	%
A	247	98.8%	263	99.6%	277	99.6%
B	2	0.8%	1	0.4%	1	0.4%
C	1	0.4%	0	0.0%	0	0.0%
Total	250	100.0%	264	100.0%	278	100.0%

Supplier Auditing Guidance

CCSB will communicate the auditing results to the supplier. In the case of deficiencies that need improvement, the supplier is requested to submit improvement and preventive measures, which will be included in the next supplier service evaluation.



In 2022, there were total of 11 requirements for continuous improvement and enhancement of product quality. All suppliers achieved 100% on-time completion of the improvements. The percentage of no recurring abnormalities in enhancing product quality capabilities in 2022 reached 100%.

Item	The number of quality improvement and enhancement initiatives	Improvements completed on schedule	The percentage of no recurrent abnormalities
Suppliers	11	100%	100%

In 2023, suppliers will also be continuously required to enhance quality and pursue continuous improvement, effectively managing quality control to enhance the quality of the Company’ s products.

Local Procurement

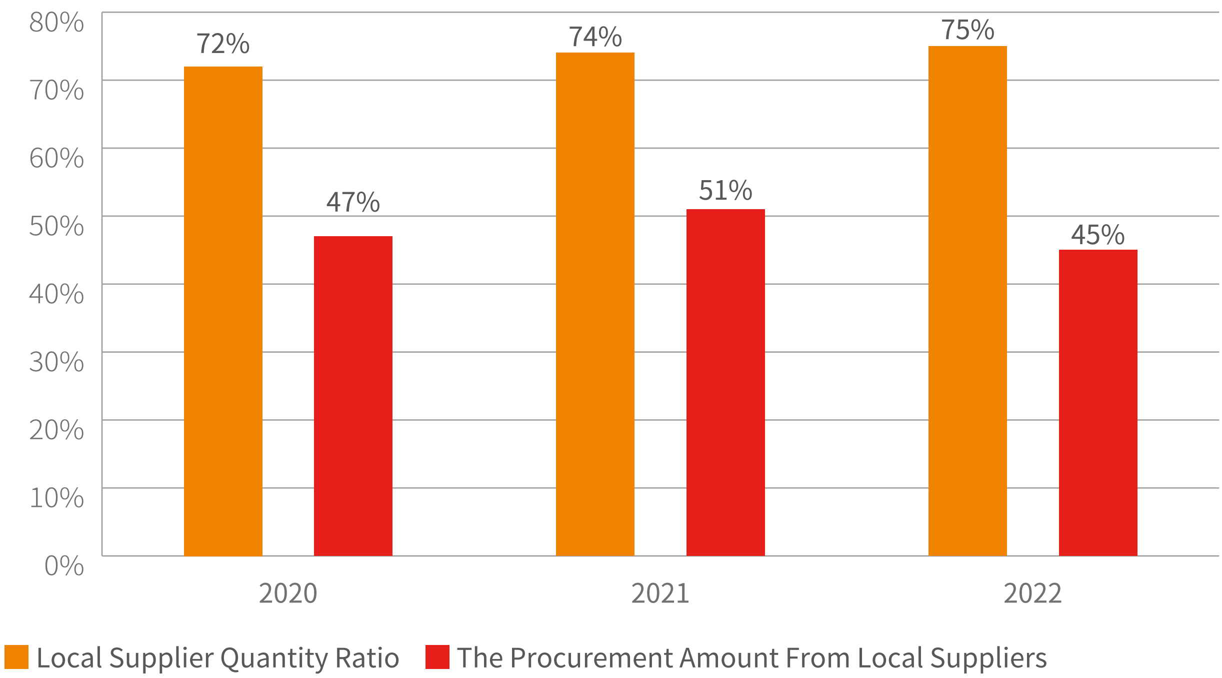
"Procuring locally, supplying locally" is a principle of CCSB. To reduce the environmental impact of product transportation, we are committed to reducing carbon emissions in the supply chain. This includes efforts to shorten the distance of raw material transportation and minimize GHG emissions. In terms of sustainability strategy and creating mutually beneficial relationships with suppliers, we prioritize companies registered in Taiwan for procurement and considers Asian neighboring countries such as China and Hong Kong as secondary options.

In our sustainability strategy, we aim to create mutually beneficial relationships with suppliers. In terms of procurement, we continue to prioritize local businesses. In 2022, the percentage of localized suppliers increased to 75%. In the future, the Company will be even more proactive in promoting local procurement, assisting local suppliers in improving their technology and quality, and building an efficient and competitive pharmaceutical supply chain. This approach also aims to reduce transportation time and carbon footprint.

Number and Amount of Local Suppliers

Year	Total Number of Local Suppliers	Total Number of Suppliers	Percentage	The Procurement Amount From Local Suppliers (in NTD thousand)	The Procurement Amount From Suppliers (in NTD thousand)	Percentage
2022	76	101	75%	317,071	708,190	45%
2021	70	95	74%	442,700	861,450	51%
2020	75	104	72%	261,139	551,852	47%

Note: The total number of suppliers here refers to those suppliers who were involved in procurement for the current year and does not encompass all qualified suppliers.



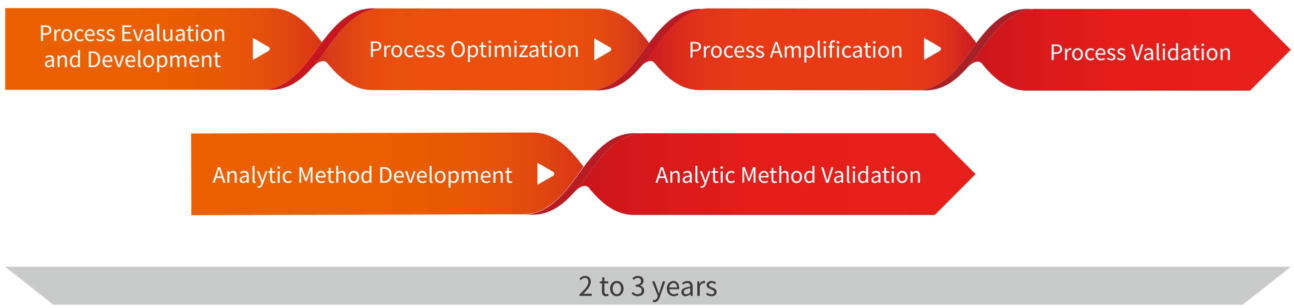
6.4 R&D Innovation

Having a strong R&D team, CCSB is an API manufacturer with bio-fermentation and chemical synthesis technologies and equipment that enters the part of market in which small-batches of API are used for R&D. To suit the requirements of different technology fields, CCSB' s R&D team covers the units of Synthesis, Bioscience and Production Technology Department.

➢ Research and Development Process

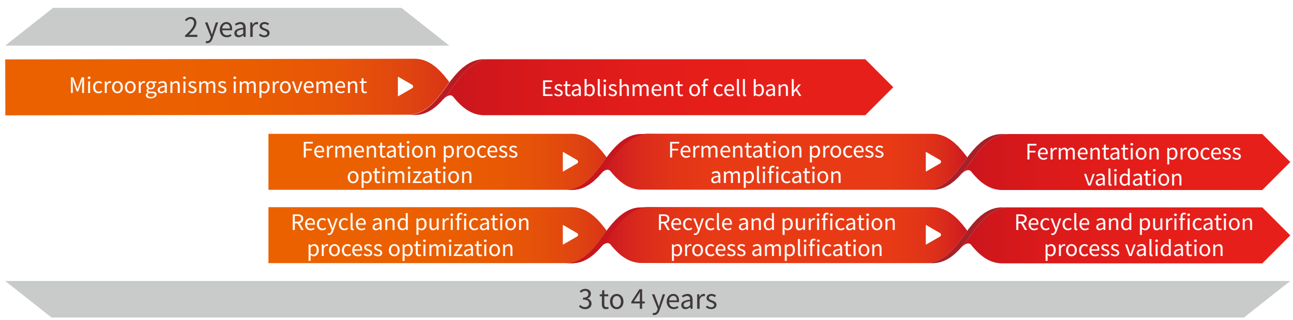
Synthesis Institute

R&D Process for Small Molecule and Peptide Products



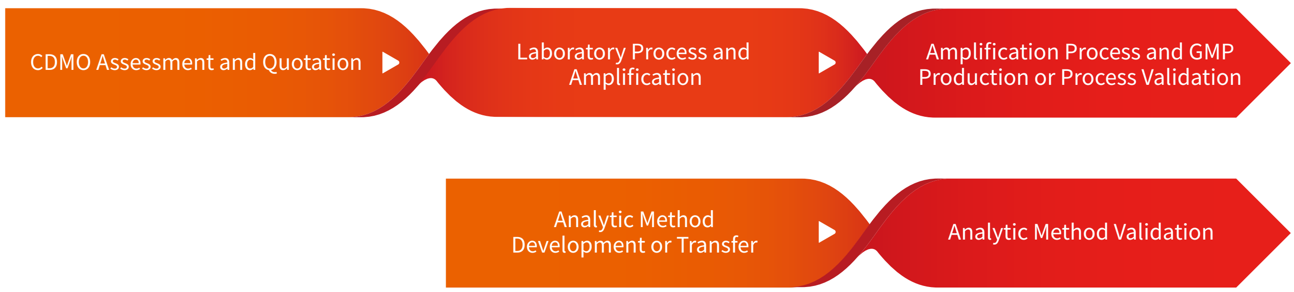
Biotech Science Institute

The development process of fermented products

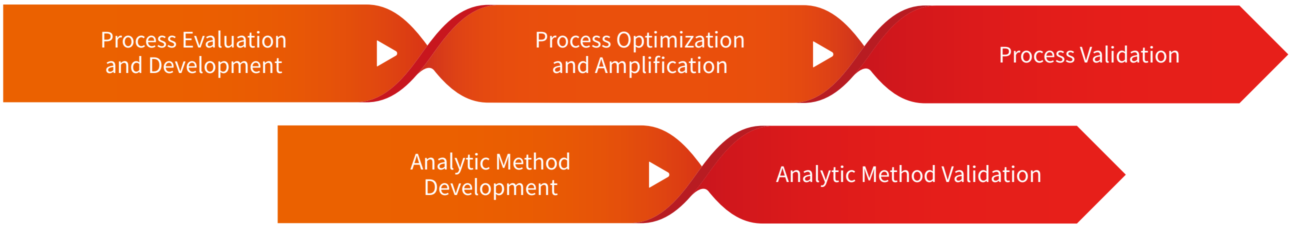


Production Technology Department

CDMO Process



Small Molecules Process Development Workflow



Existing process optimization and amplification

➢ R&D Resource Investment

CCSB possesses a strong R&D team in both synthetic and biotechnology. We are one of the few pharmaceutical manufacturers in Taiwan that combines expertise in synthetic processes and bio-fermentation processes. This positions us as a solid backbone for the continuous development of new products. In 2022, the R&D team comprised 69 individuals. Over the past three years, we have cumulatively invested more than NTD 713,192 thousand in R&D. Each year, the expenditure on R&D accounts for approximately 11% to 14% of the annual operating income. In 2022, the R&D expenses reached NTD 244,789 thousand, representing 11.56% of the operating income.

R&D personnel and expenditure statistics for 2022

Unit: number of people

Year	2020	2021	2022
R&D manpower	75	73	69

Unit: NTD thousand

Year	2020	2021	2022
R&D funds	215,729	252,674	244,789
Annual operating revenues	1,543,589	1,934,702	2,117,144
R&D percentage	13.98%	13.06%	11.56%

➢ R&D achievements in 2022

Synthesis Institute

- Completion of the process development for the JAK kinase inhibitor API Tofacitinib Citrate.
- Completion of the process development of the API Difelikefalin for the treatment of moderate to severe pruritus.
- Completion of the experimental and amplification planning for the process development of the API Setmelanotide for the treatment of genetic obesity.
- Completion of the experimental and amplification planning for the process development of the anti-epileptic drug API Eslicarbazepine Acetate.
- Completion of the laboratory process development for the API Eltrombopag olamine for the treatment of idiopathic thrombocytopenic purpura.

Biotech Science Institute

- The new process for the immunosuppressive API Tacrolimus has been successfully validated, resulting in increased factory fermentation capacity relief and cost reduction.
- Completion of the process for the oral breast cancer API Palbociclib has been successfully validated, achieving a purity level of over 99%, and a DMF of the U.S. has been submitted.
- Completion of the process for the anticoagulant drug Edoxaban has been optimized, achieving a purity level of over 99%.
- Completion of the process for the multiple sclerosis API Ozanimod has been successfully validated, achieving a purity level of over 99%.
- Completion of the laboratory amplification process development for the anti-epileptic API Brivaracetam, achieving a purity level of over 99%.
- Completion of the development of a new synthetic pathway for the cancer drug Trilaciclib, and patent applications have been filed in both the U.S. and Taiwan for this novel synthesis route.

Production Technology Department

- Completion of the process testing and validation for the 200MT and 300MT production of EPAE.
- Development of the CAS MRTS process and optimization of the existing process.
- Development of the EVE MRTS process
- Completion of the TGI002 contract manufacturing project with two batches of 10 kilograms each.
- Completion of the SHB003 contract manufacturing project.
- Completion of the OBI002 contract manufacturing project with laboratory process amplification.

➢ Future R&D plans

CCSB continues to enhance R&D capabilities, adjust R&D strategy, and remain committed to supplying high-quality new APIs for global development challenges, both in patented and non-patent drugs. Leveraging core advantages in chemical synthesis and microbial fermentation process development, the Company is continuously working on the development of new products such as immunotherapies, anticancer drugs, cardiovascular medicines, and medications for rheumatoid arthritis, addressing the evolving needs of the pharmaceutical industry.

Synthesis Institute

Name of R&D Project	Projected R&D Expenses for 2023
Eslicarbazepine Acetate	Excluding the commercialization programs, the Company estimates to additionally invest about NTD 48,000 thousand.
Setmelanotide	
Eltrombopag olamine	
Selumetinib Sulfate	
Ruxolitinib Phosphate	

Biotech Science Institute

Name of R&D Project	Projected R&D Expenses for 2023
Trilaciclib	Excluding the commercialization programs, the Company estimates to additionally invest about NTD 43,000 thousand.
Brivaracetam	
Edoxaban	
A40926	
Dalbavancin	

"Employee care" is an absolutely essential element that CCSB is duty-bound to ensure sustainable development. Employees are the most valued and significant assets of the Company. CCSB, within an environment that promotes equality, equity, and safety, complements this with a sound training and payroll benefits system to offer employees opportunities for career development and self-realization.

Chapter 7

Employee Care

7.1 Employment

➢ Management Policy for Material Topic – Employment

<table>
<tr><th>Material Topics</th><th colspan="2">Employment</th></tr>
<tr><td>Materiality</td><td colspan="2">CCSB is committed to providing our employees with a high-quality, safe, and healthy working environment, and is dedicated to enabling all employees to maximize their potential and grow in sync with the Company.</td></tr>
<tr><td>Policy and Commitment</td><td colspan="2">CCSB adheres to UN human rights policies, implements workplace diversity in employment, ensures equal opportunities, training, benefits, performance evaluations, and promotions. Through diverse and effective channels for negotiation, we strive to foster positive and constructive employment relationship.</td></tr>
<tr><td>Goals</td><td>Short-term Objective
❖ Zero cases of recruitment violations, harassment, discrimination, or employee human rights-related complaints have been reported.</td><td>Mid- and Long-term Objective
❖ Zero cases of recruitment violations, harassment, discrimination, or employee human rights-related complaints have been reported.</td></tr>
<tr><td>Responsible Unit</td><td colspan="2">Personnel Affairs Office</td></tr>
<tr><td>Resources Invested</td><td colspan="2">Labor Conference: Providing a communication channel for employees
Employee complaints mailbox: Providing a channel for employee complaints
Employee welfare committee: Providing a friendly workplace and benefits for employees</td></tr>
<tr><td>Complaint Mechanism</td><td colspan="2">Chun Chieh, Liao of the Personnel Office Email: hr@ccsb.com.tw Hotline：02-86845311#600</td></tr>
<tr><td>Action Plan</td><td colspan="2">❖ Establishing and implementing human rights management guidelines that prohibit forced labor, child labors, discrimination, promote diversity in employment, respect privacy, prioritize employee health, safety and working balance.
❖ The Company has an “Employee Complaints Mailbox” with dedicated units responsible for promoting and handling employee complaints. Regular Labor conferences are also held, where employees can voice their opinions to departmental labor representatives and propose suggestions during these meetings.
❖ The Company conducts performance evaluations for all employees annually. New employees also undergo probationary and year-end performance assessments in accordance with the Company’ s policies.</td></tr>
<tr><td>Effectiveness evaluation</td><td colspan="2">❖ In 2022, there were no reported cases of recruitment violations, harassment, discrimination, or employee human rights-related complaints.
❖ Labor conferences are held quarterly, with a total of four of these conferences conducted in 2022.
❖ In 2022, a total of 69 new employees were hired, including one employee with disabilities.
❖ The participation rate in 2022 performance evaluations was 100%
❖ In 2022, there were six female executives, which is the same number as in 2021.</td></tr>
</table>

CCSB employs fair, just, and transparent selection process to recruit suitable talent while also maintaining employee rights. Our employment policies do not discriminate based on gender, race, socioeconomic status, age, marital or family status, and we ensure equality and fairness in employment, working conditions, remunerations, benefits, training, performance evaluations, and promotion opportunities.

Employees are valuable assets for the Company, and to ensure their job satisfaction, the Company not only offers competitive overall remuneration packages (including base salary, allowances, and employee cash bonuses and rewards) but also provides training mechanisms for employee growth and development. Additionally, the Company goes beyond legal standards to offer benefits tailored to meet the needs of our employees.

➢ Human Resources

CCSB complies with labor-related laws for employee recruitment and employment. We mainly hire local people, and recruit through transparent selection procedures with equal opportunities as the principle. We do not discriminate due to the job seeker’ s race, religion, skin color, nationality, age, gender, gender orientation or disability. Child labor is prohibited, and the Company hires people based on their ability and matches them to appropriate positions. The Company also protects minority groups such as foreign workers, female staff, vegetarians and the underprivileged, respecting their needs in daily activities and religions. These codes of conduct are clearly displayed in the Company’ s policies and regulations and the relationship between supervisors and subordinates. As of the end of 2022, the Company had a total of 358 employees, all of whom were full-time employees. This includes 291 employees hired locally in Taiwan and 67 foreign migrant workers. In addition to Taiwanese nationals, employees come from countries such as India, Indonesia, and Malaysia. Regarding the on-site operators, the male employees accounted for a higher ratio due to the industrial characteristics and on-site operational processing requirements. The male employees made up 73% of the total number employees, while the female employees made up 27%. The female supervisors accounted for 21%. All of them were full-time employees.

➢ Distribution of Female Employees

CCSB ensures gender equality in terms of work rights, with an equal distribution of male and female employees in the workforce. The Company places particular emphasis on the advancement and development of female colleagues, especially when it comes to promotion opportunities. However, due to the nature of the pharmaceutical industry, there is a higher proportion of male employees in leadership and R&D positions within the Company. CCSB aims to increase the willingness of female employees to take on leadership roles and gradually raise the proportion of women in the workforce. The Company has set a target of 21% female executives for 2023, with the objective of achieving 22% by 2025 and 23% by 2030.

Employment Status of CCSB Employees in 2022

Category		Male	Female	Total
Labor Contract	Full-time	263	95	358
	Contractual	-	-	-
	Hourly or part-time employees without guaranteed hours	-	-	-
	Total	263	95	358
Labor Type	Full-time	263	95	358
	Part-time	-	-	-
	Total	263	95	358

Note 1:The total number of people is calculated as of December 31, 2022.
Note 2:The employee headcount data for CCSB is compiled from the AS400 system implemented within the Company.
Note 3:CCSB does not employ contractual, hourly, or part-time employees.

The Composition of CCSB Employees in 2022

Category		Male		Female		Total	
		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Age	Under 30 years old	99	37.6%	23	24.2%	122	34.1%
	30 to 50 years old	127	48.3%	45	47.4%	172	48.0%
	Above 50 years old	37	14.1%	27	28.4%	64	17.9%
Job Title	Senior Manager	8	3.0%	1	1.0%	9	2.5%
	Mid-level Manager	15	5.7%	5	5.3%	20	5.6%
	Specialists	68	25.9%	72	75.8%	140	39.1%
	Technicians	105	39.9%	17	17.9%	122	34.1%
	Foreign migrant workers on fixed-term contracts	67	25.5%	-	-	67	18.7%
Total		263		95		358	

Note 1:The total number of people is calculated as of December 31, 2022.
Note 2:The employee headcount data for CCSB is compiled from the AS400 system implemented within the Company.
Note 3:Senior Managers – Managers at the level of Assistant Manager and above, Middle management level – Mangers at the level of (Deputy) Managers, Specialists – Employees below the level of (Deputy) Managers, Technicians – Shift workers related to production and clerical staff, Foreign migrant workers on fixed-term contracts – Foreign migrant workers.

2022 New Hires and Departures of CCSB

Through performance management, CCSB takes the performance evaluation results as the basis for bonus distribution and remuneration adjustment, and implements a fair promotion system to provide the employees with channels for career development as well as self-fulfillment and further boost employee retention. In 2022, 44 employees resigned; if the 5 migrant workers returning to their countries due to the completion of employment period are excluded, it would be 39 employees resigning. The turnover rate was 10.9%, with males accounting 82%, and females accounting for 18%. There were no involuntary departures among the employees whatsoever. To keep in line with the requirements of the Company' s business and organizational development, 69 new hires were employed in 2022, with males making up 85.5% and females making up 14.5%.

New employees

Category		Male		Female		Total	
		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Age	Under 30 years old	43	72.9%	8	80.0%	51	73.9%
	30 to 50 years old	15	25.4%	2	20.0%	17	24.6%
	Above 50 years old	1	1.7%	-	-	1	1.5%
Job Title	Senior Manager	1	1.7%	-	-	1	1.4%
	Mid-level Manager	-	-	-	-	-	-
	Specialists	12	20.3%	10	100.0%	22	31.9%
	Technicians	24	40.7%	-	-	24	34.8%
	Foreign migrant workers on fixed-term contracts	22	37.3%	-	-	22	31.9%
Total		59		10		69	

Resigned employees

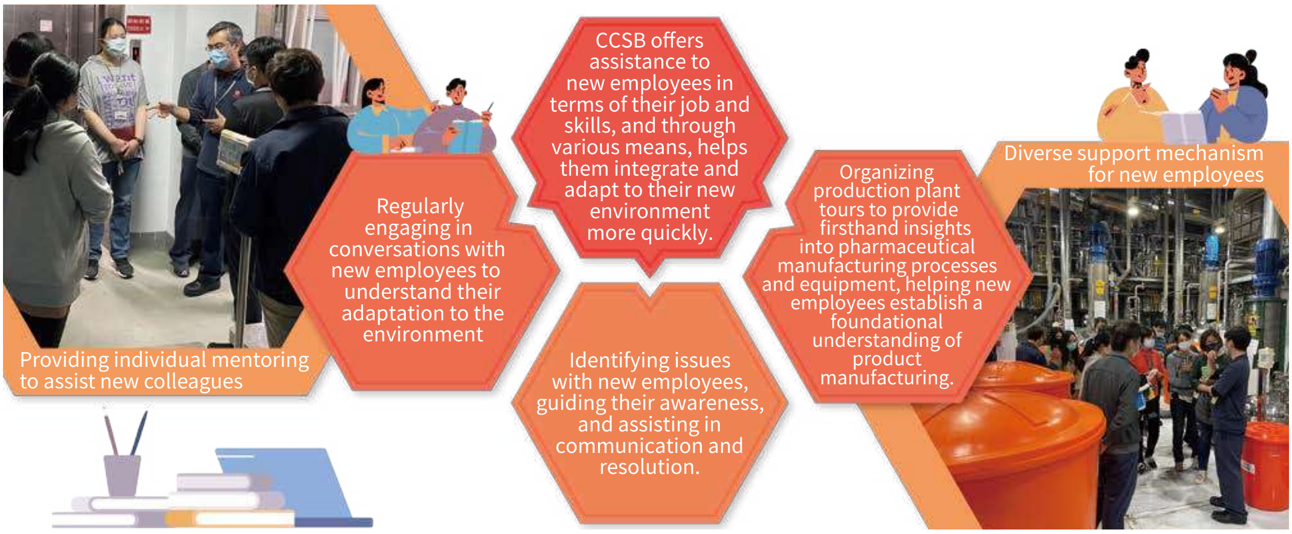
Category		Male		Female		Total	
		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Age	Under 30 years old	20	54.1%	3	42.9%	23	52.3%
	30 to 50 years old	14	37.8%	3	42.9%	17	38.6%
	Above 50 years old	3	8.1%	1	14.2%	4	9.1%
Job Title	Senior Manager	-	-	-	-	-	-
	Mid-level Manager	1	2.7%	-	-	1	2.3%
	Specialists	13	35.1%	7	100.0%	20	45.4%
	Technicians	18	48.7%	-	-	18	40.9%
	Foreign migrant workers on fixed-term contracts	5	13.5%	-	-	5	11.4%
Total		37		7		44	

Note 1:The total number of people is calculated as of December 31, 2022.

Note 2:The employee headcount data for CCSB is compiled from the AS400 system implemented within the Company.

Note 3:Senior Managers – Managers at the level of Assistant Manager and above, Middle management level – Mangers at the level of (Deputy) Managers, Specialists – Employees below the level of (Deputy) Managers, Technicians – Shift workers related to production and clerical staff, Foreign migrant workers on fixed-term contracts – Foreign migrant workers.

Diverse support mechanism for new employees



Diversity in Hiring at CCSB in 2022

CCSB supports the employment of individuals with disabilities, respects the employment rights of people with disabilities, and complies with relevant legal regulations. In accordance with Article 38 of the "People with Disabilities Rights Protection Act" (referred to as the Disability Rights Act), CCSB has employed three individuals with disabilities. The Disabilities Rights Act encourages employers to promote individuals with severe disabilities of higher, counting each hire as equivalent to two positions for quota calculations. Therefore, as of the end of 2022, CCSB has employed three colleagues with disabilities. Among them one had severe disabilities, which exceeds the ratio mandated by the Disability Rights Act [Note 3].

In addition to evaluating the nature of job positions, CCSB provides employment opportunities for individual with disabilities. The Company also regularly arranges for physicians to provide healthcare and actively cooperates with the Ministry of Labor' s Job Redesign Program. This includes placing personnel in office buildings with elevators and installing handrails in restrooms to establish a disability-friendly workplace environment.

In line with the globalization and multinational operating policies, CCSB employs foreign workers. Recognizing the time required for foreign workers to adapt to their new environment, the Company not only provides dormitory and new employee orientation training but also appoints dedicated committee representative from the welfare committee to assist with welfare matters. Additionally, the Company organizes annual events such as corporate sports family day and employee travel activities to promote cultural exchange and interaction among employees. CCSB continues the efforts to create a diverse and friendly workplace environment while staying attentive to changes in government policies and regulations, readily adapting to updates as necessary.

Category	Number of employees			Number of People Required by Law [Note 3]
	2020 [Note 4]	2021 [Note 5]	2022	
Individuals With Disabilities	1	1	3	3
Foreign Employees	54	52	69	-
Total	55	53	72	-

Note 1: The total number of people is calculated as of December 31, 2022.

Note 2: The employee headcount data for CCSB is compiled from the AS400 system implemented within the Company.

Note 3: CCSB has continuously employed 1 colleague with disabilities (severe) from 2020 to 2022, which can be counted as equivalent to 2 statutory positions.

Note 4: In 2020, CCSB had a headcount of fewer than 300 employees, and employing 1 colleague with disabilities (severe) could be counted as equivalent to 2 statutory positions, which complied with the requirements of the Disability Rights Act. However, towards the end of the year, an increase in new hires caused the number of employees to exceed 300. Therefore, 3 individuals with disabilities were recruited in parallel, but it was not possible to hire 1 suitable individual with disabilities immediately.

Note 5: In 2021, CCSB had an employee count exceeding 300. Employing 1 colleague with disabilities (severe) could be counted as equivalent to 2 statutory positions. The statutory requirement was 3 positions, leaving a shortfall of 1. Throughout the year, the Company continuously sought assistance from the municipal government' s disability employment counseling organizations for recruitment but was unable to successfully hire a suitable individual with disabilities by the end of the year. Consequently, a fixed monthly amount was paid as a supplementary fee to employ individuals with disabilities to cover the shortfall.

➢ R&D Recruitment Policy

CCSB R&D team consists of personnel of synthesis, biotechnology, analysis, and production technology departments. Our R&D personnel are the core of the R&D team. By providing consistent opportunities for development and growth, and positive working environment, CCSB ensures that R&D personnel are able to reach their potential to enhance the Company' s R&D capability for new products.

- The Company recruits R&D personnel with a requirement of having a Master' s or Ph.D. degree.
- The research areas include organic synthesis, microbial fermentation, and related analytical fields.
- In addition to professional skills and R&D practical experience, we place particular emphasis on the integrity, stability, and teamwork of our R&D personnel.
- The training of R&D personnel focuses on the development of core technical competencies. This is achieved through internal and external technical exchanges within the Company to acquire technical knowledge and stay updated on future trends.

➢ Employee Salary and Benefits

Employee Salary

The Company recruits newly hired employees by offering wages that are more than the minimum wage level promulgated by the Ministry of Labor, and attracts superior talent to join the Company with a competitive overall salary system (with the ratio of the average salary of our Taiwanese new employees to the minimum wage specified in the Labor Standards Act being 1.55:1 in 2022) to stay competitive in the overall aspects.

Salary and Promotion Linked to Performance

Employee salary is based on education, experience, job position held, market standards, and personal performance. There shall be no differential treatment with regard to gender, race, religion, political stance, place of birth, registered residency, disabilities, marital status, etc. The ratio of the starting salaries for male and female newcomers with the same conditions is 1:1; there is never any bias due to gender.

In order to enhance employee job performance and understand the capabilities and adaptability of organizational members, the Company conducts employee performance assessments twice a year. When considering salary adjustments, promotions and transfers, employee performance evaluations are a critical factor in the decision-making process.

The Company determines the remuneration and salary for the Taiwanese employees through the remuneration system framework of "high performance, high contribution, high remuneration." Therefore, the salary of an employee is determined based on his/her experience, contribution, etc. There is never differential treatment due to age, gender, race, or religion.

Performance evaluation process

Assessment Target

Employee evaluations are categorized into four groups based on management levels, each pf which utilizes a different performance assessment form.

Type 1: Senior Managers, Managers at the assistant president level and above

Type 2: Mid-level Managers, Managers at the Manager and Deputy Manager level and above

Type 3: Entry-level Manager, Directors and Managers at Section Chief levels

Type 4: Regular Employee

Assessment Method

Mid-year Evaluation

All levels of supervisors should regularly assess the job performance of their subordinates and maintain records. The HR Department will conduct the mid-year performance evaluation process in early July each year, involving the completion of the "Interview Record Form" or the "Key Performance Indicators Checklist" for reference in the annual performance evaluation.

Annual Performance Evaluation

From December to early January of the following year, the annual performance data is collected, assessment forms are completed, and decisions are made regarding performance evaluation ratings.

CCSB Annual Performance Evaluation Statistics of 2022

Category	Male			Female		
	Number of Participants Undergoing Performance Evaluation	Total	Percentage	Number of Participants Undergoing Performance Evaluation	Total	Percentage
Senior Manager	7	7	100%	-	-	-
Mid-level Manager	15	15	100%	5	5	100%
Specialists	67	67	100%	69	69	100%
Technicians	99	99	100%	17	17	100%
Fixed-term contract for Foreign workers	67	67	100%	-	-	-
Total	255	255	100%	91	91	100%

Note 1:The assessment targets regular employees who have completed their probationary period, excluding the Chairman and consultants.

Note 2:Senior Managers – Managers at the level of Assistant Manager and above, Middle management level – Mangers at the level of (Deputy) Managers, Specialists – Employees below the level of (Deputy) Managers, Technicians – Shift workers related to production and clerical staff , Foreign migrant workers on fixed-term contracts – Foreign migrant workers.

Average basic salary and average remuneration ratio of male and female employees by job level in 2022

Category	Average basic salary		Average remuneration	
	Male	Female	Male	Female
Senior Manager	0.76	1.00	0.77	1.00
Mid-level Manager	1.12	1.00	1.14	1.00
Specialists	1.08	1.00	1.12	1.00
Technicians	1.13	1.00	1.20	1.00
Foreign migrant workers on fixed-term contracts	Note 1	Note 1	Note 1	Note 1

Note 1:There are no female employees among the foreign workers on fixed-term contracts, therefore, there is no relevant ratio data.

Note 2:Senior Managers – Managers at the level of Assistant Manager and above, Middle management level – Mangers at the level of (Deputy) Managers, Specialists – Employees below the level of (Deputy) Managers, Technicians – Shift workers related to production and clerical staff, Foreign migrant workers on fixed-term contracts – Foreign migrant workers.

The year-end bonus and remuneration adjustment of the same standards are annually determined for all the full-time employees based on the Company' s overall operations. This helps encourage the entry-level employees to be continuously dedicated to their work and specialties and enhance the Company' s business performance. The means and medians of the salary for full-time employees in non-managerial positions in the past three years are shown below:

	2020	2021	2022
Average number of full-time employees in non-managerial positions (person)	279	307	342
Mean of salary for full-time employees in non-managerial positions (thousand dollars)	963	962	967
Median of salary for full-time employees in non-managerial positions (thousand dollars)	859	848	885

Employee benefits

Being a great family with human-centered values, CCSB places considerable importance on the employees' work environment, treatment and benefits. Thus, we have developed the employee dividend system and various incentive mechanisms to enhance the management and operation efficiency and further achieve the goal of profit sharing. In order to build up a quality work environment, the Company provides the employee cafeteria, dormitories, free parking lot, and other convenient facilities. In terms of recreation and leisure activities, the Company has jointly held sports games and family days with affiliates since 2009. Aimed at the employees and their family members, these events facilitate the employees' rapports with their family members and promote their recognition as well as understanding of the Company.

CCSB regularly organizes sports and family day activities

CCSB provides employees with free parking bays

In addition to the matters specified by the Labor Standards Act and relevant laws and regulations, CCSB has also organized health checks for the employees, established the Employee Welfare Committee, planned for the annual employee benefits and managed the benefit payment balance. The Employee Welfare Committee, consisting of passionate employees recommended by different units, develops generous benefit measures for the employees. The following are some examples:

Payroll benefits

- Gifts for four main national holidays (Lunar New Year, Labor Day, Dragon Boat Festival and Mid-Autumn Festival)
- Birthday gifts
- Gifts for retirement
- Incentive of 100% ESOP (Employee Stock Ownership Plan) for employees having served for one year
- To enhance the professional knowledge and skills of our employees, the Company provides financial assistance for on-the-job education. We encourage colleagues to pursue formal educational background-related degree or attend part-time courses at colleges and universities to improve their professional knowledge

Marriage and child welfare benefits

- We encourage employees to have children through various measures, including marriage congratulation gifts, maternity leave, prenatal checkup leave, gifts for newborn babies, parental leave, and lactation rooms
- In consideration of the needs of employees with young children (under the age of 2), female employees are allowed to take 1 hour of breastfeeding (pumping) leave each day
- We offer scholarships for child education to provide more sound support for employee families in terms of childcare

Healthcare and emergency assistance

- Regular annual general checks and special job-related health examinations are conducted, with one full-time nurse and one contracted physician available. A dedicated nursing room is established to actively monitor and care for the health of employees
- We offer free group insurance, consolation for medical care, and consolation for funerals to assist colleagues in times of emergency

Activity benefits

- There is an Employee Welfare Committee that organizes activities such as employee trips, year-end banquets, and family day events
- Established diversified clubs with activity subsidies provided

Friendly working environment

- There is an employee cafeteria and meal allowances are provided
- Summer and winter uniforms, work safety shoes and sportswear distributed annually
- The Company provides ample parking spaces for cars and motorcycles, which are available and free of charge for employees to use
- Discounts on purchases of goods from affiliated businesses and special offers from contracted vendors
- Complimentary freshly grounded coffee is provided

Leave benefits

- Employees who have completed a certain period of service are entitled to special leave each year as stipulated by labor laws and regulations
- New employees can advance and use 2 days of special leave after completing their probationary period or after 3 months of employment for foreign migrant workers

The implementation status of welfare benefits in 2022

- NTD 2,810,410 — Employee Welfare Committee distributed an allowance[Note]
- 225 participants — completed Regular general health checks
- 40 participants — completed Regular specialized operation health checks
- NTD 24,000 — Club subsidy amount
- NTD 379,000 — Employee application for on-the-job Advance training subsidy amount
- 100% — Free group insurance
- 67 foreign workers — Providing employee dormitory accommodation for foreign workers on fixed-term contracts
- 230 individuals / NTD 3,713,000 — Employee share ownership trust, total of Attend; The Company allocated in bonuses

Note: The Employee Welfare Committee allowance includes birthday vouchers, festival bonuses, scholarships, wedding and funeral compensations, retired employee support, employee trips and club subsidies.

Club Activities

CCSB' s Steady and Deliberate Work club

CCSB' s Yoga Club

Trips

Parental leave

CCSB places strong emphasis on addressing the development needs of our employees at various stages of their careers. We are delighted to support our employees as they navigate through the significant milestones in their lives. We actively encourage and provide assistance to our employees in raising their children. The Company strictly adheres to the provisions of the "Act of Gender Equality in Employment," ensuring the rights of our colleagues to take parental leave without pay. In 2021, a total of four employees applied for parental leave without pay. At the end of their respective leave periods, three of them returned to work, resulting in a reemployment rate of 75%. The Company remains committed to monitoring the reintegration of returning colleagues into the workforce, in order to assist employees in achieving a balance between their work and family life.

Statistics for parental leave without pay in 2022

Item	Male	Female	Total
Employees (A) eligible for parental leave without pay in 2022	-	-	-
Employees (B) who actually applied for parental leave without pay in 2022	-	-	-
Employees (C) expected to return to work after parental leave without pay in 2022	-	-	-
Employees (D) who actually returned to work after parental leave without pay in 2022	-	-	-
Employees (E) who actually returned to work after parental leave without pay in 2021	2	2	-
Employees (F) who remained employed for twelve months after returning from parental leave in 2021	1	2	3
The parental leave without pay application rate (B/A)	-	-	-
The reemployment rate (D/C)	-	-	-
The retention rate (F/E)	50%	100%	75%

Labor–management Communication

The Company values the employees' opinions, and makes efforts to build an environment for open communication, maintain good communication methods and ensure harmonious labor–management relations. On September 8, 2004, we established the Labor–Management Committee consisting of five elected labor representatives and five appointed management representatives. The labor and management representatives hold labor–management conferences every three months to encourage the employees to voice their opinions in an open and transparent manner at any time. The matters discussed in the meetings include the review of the implementation status of the resolutions in the last meeting, labor dynamics, production plans, operation overview, other matters to be reported, extempore motions, etc. The supervisors and related departments are required to give prompt responses in order to achieve the goal of two-way communication and labor right protection. In 2022, a total of four labor conferences were held. Due to effective communication channels, the labor–management relationship remained harmonious, and there were no disputes of areas of significant concern that required coordination between labor and management. Whenever the Company has made any major business decisions, briefings are also held to explain such matters to the employees.

Number of Labor Disputes

Item	2020	2021	2022
Number of employee complaints notified by the government letters and labor dispute mediation cases	0	0	0
Number of cases solved and closed	0	0	0

Note: The labor dispute mediation refers to the mechanism of intervention by an impartial third party whom the employee applies to the Labor Affairs Bureau for to deal with the matter through external mediation.

New Recruit Symposiums

In order to help the new hires get used to the Company's environment and culture better, new recruit symposiums are organized. Aside from responding to the questions and understanding their requirements, the Company also allows the new hires from different departments to interact and share opinions with each other through the symposiums so that they are able to adapt themselves to the workplace faster and carry out their work more smoothly. The orientation meeting for new employees in 2022 was temporarily suspended due to the pandemic.

Smooth Complaint Channels

The Company attaches great importance to the smooth flow of the Company' s internal communication channels. In addition to holding various meetings that can strengthen adequate communication among the different departments, the Company also encourages the employees to share various opinions or suggestions with their direct supervisors or department heads. A "President Mailbox" is also available in the employee public space for the employees to report any problems with the Company' s operations and current status or provide improvement suggestions. This mailbox can be used anonymously or by name, and the President personally handles the complaints. To ensure that all the employees are aware of this communication channel, related information is provided in the job descriptions of newcomers so that they may speak freely at all times. There were no internal complaints in 2022. In terms of online communication channels, a "CCSB Employee Discussion Forum" is established in the Company' s system which serves as a platform for announcements and for employees to voice their opinions and concerns. In addition, the employees can file complaints via "Stakeholders' Area" of the Company' s website. The management will conduct investigation and handle issues in accordance with the relevant regulations to protect the interests of the Company and employees.

Retirement benefits plan

CCSB allocates retirement benefits plan for all regular employees, with a participation rate of 100% in the retirement plan. In accordance with the old "Labor Standards Act" and the new "Labor Pension Act," CCSB provides employees who joined the Company on or before June 30, 2005, with retirement benefits based on the old pension system. The Company also deposits the required amounts as per the relevant regulations and commissions actuaries to conduct annual calculations at the end of each year. This practice ensures the protection of employees' future retirement benefit rights and interests and guarantees sufficient allocations.

The implementation status of retirement benefit allocations in 2022

Retirement plan options	Retirement benefit allocation ratio	Employee participation rate in the retirement benefit plan
Old system: Company retirement account	Employer 2%; employee 0%	14.5%
New system: Individual retirement account	Employer 6%; Employee 0 to 6%	85.5%

As of December 31, 2022,

Old system:Total recognized expenses for labor retirement preparation fund amounted to NTD 705 thousand

New system:Total retirement benefit allocation for:labor amounted to for the entire fiscal year NTD 10,515 thousand

Labor–management relations assurance

The Company strictly adheres to the relevant provisions of the "Labor Standards Act." In the event of significant operational changes that require employee termination, we aim to protect the rights of employees and minimize the impact of major operational changes. In 2022, we did not experience any significant operational changes that required such action. In addition, after receiving the aforementioned notice, employees who are seeking alternative employment may take leave during working hours, but the maximum leave hours per week shall not exceed two days of working time. Regular salary payments will still be made during the leave period.

Employee tenure	Notice period
Continuing to work for more than three months but less than a year	Ten days' advance notice
Continuing to work for more than a year but less than three years	Twenty days' advance notice
Continuing to work over three years	Thirty days' advance notice

7.2 Talent Cultivation and Development

➢ Material Topic of Management Policy – Talent Cultivation and Development

<table>
<tr><th>Material Topics</th><th colspan="2">Talent cultivation and development</th></tr>
<tr><td>Materiality</td><td colspan="2">CCSB actively invests resources in talent cultivation to enhance employee management, expense, and core competencies.</td></tr>
<tr><td>Policy and Commitment</td><td colspan="2">Talent is one of the foundations for delivering excellent products and fostering innovation within the Company. CCSB actively nurtures employee knowledge and skills, strengthens core expertise, and develops advantages in innovative R&D to meet the needs of business growth and enhance the overall competitiveness of the Company.
To help new employees quickly understand the Company' s culture, integrate into the team, grasp the Company' s core values and work environment, unit supervisors will assign dedicated personnel to assist and mentor them.</td></tr>
<tr><td>Goals</td><td>Short-term Objective
Annual cGMP education and training, as well as safety and health education for new employees, achieved a 100% completion rate.</td><td>Mid- and Long-term Objective
The annual training plan achieved a 90% completion rate, with an average of 30 hours of training per person.</td></tr>
<tr><td>Responsible Unit</td><td colspan="2">Personnel Affairs Office</td></tr>
<tr><td>Resources Invested</td><td colspan="2">Training expenditure amounted to NTD 379,000.</td></tr>
<tr><td>Complaint Mechanism</td><td colspan="2">Email: hr@ccsb.com.tw and the Company' s complaint mailbox</td></tr>
<tr><td>Action Plan</td><td colspan="2">❖ We provide educational training for new employees to help them integrate quickly into the team, understand the Company' s core values and work environment, and unleash their full potential as soon as possible, thereby assisting the Company in managing related tasks.
❖ We offer professional-related education and training opportunities, providing a diverse range of learning channels and development resources, including job-specific training, general skill development, cGMP and regulatory compliance education, and individualized work guidance.
❖ To enhance the professional knowledge and skills of our employees, the Company provides financial assistance for on-the-job education. We encourage colleagues to pursue formal educational background-related degree or attend part-time courses at colleges and universities to improve their professional knowledge.
❖ To enhance the managerial skills of our supervisors, the Company organizes professional management training courses for them.</td></tr>
<tr><td>Effectiveness evaluation</td><td colspan="2">❖ cGMP education and training: A total of 6,986 participants were trained, with a total teaching time of 8,198 hours.
❖ The number of participants in professional competency training was 181, with a total investment of 877 hours. For SOP training, there were 358 participants, with a total investment of 612 hours.
❖ New employee education and training: A total of 69 participants were trained, with a total teaching time of 163 hours.</td></tr>
</table>

To enhance the employees' professional and technical capabilities and improve work efficiency and product quality, CCSB provides an Annual Education and Training Plan according to the work requirements. In addition to conducting the employee training based on the plan, internal courses on management and professional skills are provided from time to time. The employees are also sent to external organizations to receive training to strengthen their professional capabilities. In 2022, the total expenditure on talent development and educational training for new and existing employees amounted to NTD 379 thousand, with an average increase of 3.1 hours of training per person compared to 2021.

Providing dedicated assistance and guidance to new employees.

To help new employees quickly understand the Company’s culture, integrate into the team, grasp the Company’s core values and work environment, CCSB’s unit supervisors will assign dedicated personnel to assist and mentor them, enabling new employees to quickly leverage their full potential and assist the Company in managing relevant tasks.

The assigned personnel must possess the following qualifications:

1. A substantial understanding of the Company’s environment and job responsibilities.
2. Possessing optimistic, enthusiastic, and positive personality traits.
3. We recommend that the assigned personnel hold the same job grade as their new colleagues or one grade higher or lower.

➢ CCSB Complete Training Program

Technicians	Mid-level Manager	Senior Manager	Specialists	Foreign migrant workers on fixed-term contracts
cGMP Training	Annual Consensus Camp	Annual Consensus Camp	cGMP Training	cGMP Training
SOP Training	cGMP Training	cGMP Training	SOP Training	SOP Training
Specialized training	SOP Training	SOP Training	Specialized training	Specialized training
Instrument Training	Specialized training	Specialized training	Instrument Training	Instrument Training
New-hire Training	Instrument Training	New-hire Training	New-hire Training	New-hire Training
Occupational safety training	New-hire Training	Other training	Occupational afety training	Occupational safety training
Other training	Occupational safety training		Other training	Other training
	Other training			

Course	Course Content	Course Duration	Number of Male Participants	Number of Female Participants	Total Number of Participants Trained	Completion Rate
cGMP Training	Training required by cGMP-related regulations, including both new employee orientation and periodic cGMP concept training.	8,198	5,426	1,560	6,986	100%
SOP Training	Teaching employees the knowledge and skills related to various job processes within their job scope, nurturing them to perform their work clearly and correctly according to standard operating procedures.	612	261	97	358	100%
Specialized Training	❖ Provide training based on the skill requirements of each department to enhance job-related knowledge and work quality. ❖ Professional certification: Planned and implemented by respective responsible unit based on operational and regulatory requirements, and according to certification guidelines, self-plan for retraining or re-certification as necessary.	877	135	46	181	100%
Instrument Training	Various responsible units' courses on instrument operation, calibration, and management as needed for their respective roles.	499	211	129	340	100%
New-hire Training	To help new employees become familiar with the work environment quickly, introductory courses are conducted, including company orientation, explanation of HR management systems and benefits, cGMP training, and occupational health and safety training.	163	59	10	69	100%
Occupational Safety Training	The Occupational Safety and Health Department provides training courses based on the safety and health education needs of each department, conducts awareness programs on relevant laws and regulations, and offers training related to occupational safety, environmental safety, and fire drills.	265	19	-	19	100%
Others	❖ Cultivating employees to acquire the latest knowledge and skills from the industry, government, and academia to enhance their qualifications and productivity. ❖ Conducting discussion and awareness education courses for handling deviations and abnormal issues in job execution.	546	495	235	730	100%

Average training hours per employee over the past three years

Gender	Item	2020	2021	2022
Male	Training hours (in hours)	8,986	7,233	9,023
	Participants (person)	221	238	263
	Average training hours (in hours)	40.7	30.4	34.3
Female	Training hours (in hours)	2,377	2,037	2,137
	Participants (person)	86	92	95
	Average training hours (in hours)	27.6	22.1	22.5
Total	Training hours (in hours)	11,363	9,270	11,160
	Participants (person)	307	330	358
	Average training hours (in hours)	37.0	28.1	31.2

The number of trained participants by job level in 2022

Job Title	Male			Female		
	Total Number of Hours	Total	Average Number of Training Hours per Person	Total Number of Hours	Total	Average Number of Training Hours per Person
Senior Manager	62	8	7.8	-	1	-
Mid-level Manager	216	15	14.4	76	5	15.2
Specialists	1,740	68	25.6	1,815	72	25.2
Technicians	4,272	105	40.7	246	17	14.5
Foreign migrant workers on fixed-term contracts	2,733	67	40.8	-	-	-
Total	9,023	263	34.3	2,137	95	22.5

➢ Talent Development Highlight Project

2022 cGMP Education and Training	
Project Description	To ensure the manufacturing quality of APIs, the Quality Assurance unit regularly organizes comprehensive cGMP plant-wide education and training. These courses cover the latest cGMP regulations, discussions of inspection case, etc., all aimed at enhancing the overall awareness of quality management in the plant.
Implementation Method	Physical course
Frequency of Implementation	Once per year
Participation Rate	100%
Project Benefits	Enhancing employee quality management awareness to produce high-quality APIs.

➢ New Employee Training Program

We help new hires learn about the work environment, understand the Company' s regulations and history, pay attention to work safety and know the work of every department, environmental management substances, professional capabilities and requirements, labor laws, safety and health training and cGMP training, so that they can understand and evaluate the environment and policies better. In 2022, a total of 7 education and training sessions on general safety and health were held, with a total of 46 participants. A total of 7 general education and training sessions on hazards were held, with a total of 43 participants.

Resources invested in new employee training

Item	2020	2021	2022
Training course budget	Note	Note	Note
Number of Hours of Training Courses	120	162	163

Note: New employee training courses are all conducted by internal instructors, with no related expenses incurred.

➢ In-service Employee Training Program

The Company conducts training based on the education and training program every year, providing education on the existing task and position and knowledge and skills needed for additional specialty so that they can perform better in their positions. The Company' s professional licenses in the safety and health category include: organic solvent supervisor, specific chemical operation supervisor, anoxic operation supervisor, forklift operator, stationary crane operator, boiler operator, specific high-pressure equipment operator, fire protection management personnel, security personnel, first aid personnel, and so on. In 2022, 8 people received in-service training, 10 received training for new trainees.

➢ Contractor Operations Training Program

CCSB complies with the Occupational Health and Safety regulations and has established the "Contractor Operations Management Regulations" to define the responsibilities of the Company' s responsible units and contractors and to outline the relevant environment, health, and safety considerations. In 2022, education and training was implemented for contractors entering the plant for operations, with a total of 79 individuals. Before commencing construction, they were required to sign a notice regarding environmental hazards and factors. This is necessary in order to prevent work-related hazards and maintain a safe working environment.

7.3 Occupational Health and Hygiene

➢ Management Policy for Material Topic – Occupational Health and Hygiene

Material Topics	Occupational Health and Hygiene
Materiality	CCSB considers the ISO 45001 Occupational Health and Safety Management System framework, and established relevant standard operating procedures to continuously improve the workplace, machinery and equipment, and safe operating methods. Personnel are trained to cultivate excellent safety behaviors, ensuring the ongoing implementation of work-related injury prevention and management. This is done to safeguard the safety and health of employees and stakeholders, with the goal of achieving zero accidents.
Policy and Commitment	❖ Implementing various management plans within the scope of the Occupational Health and Safety Management System to create a safe workplace. ❖ Complying with all environment, health, and safety-related regulations and other requirements, and effectively communicating such information to employees. ❖ Aligning with the establishment of objectives and plans, and following sustainable development trends to achieve continuous improvement. ❖ Implementing education and training to convey to all personnel working for the organization or their representatives, ensuring they understand their participation in the execution of the management system. ❖ Enhancing interaction with employees, the public, suppliers, and stakeholders to raise awareness of individual responsibilities and provide appropriate responses.
Goals	In 2022, the Occupational Safety and Health Administration announced the industry-specific Frequency-severity Indicator (FSI: 0.25) as the management benchmark.
Responsible Unit	Occupational Safety and Health Department and Occupational Health and Safety Committee
Resources Invested	External courses are provided and paid for by the Company. A total of 31 participants were trained in accordance with the regulations, amounting to NTD 174,400.
Complaint Mechanism	The channels for reporting workplace sexual harassment or unlawful workplace violations and seeking consultation on workplace violence are as follows: ❖ Complaint hotline: 02-86845311#600 ❖ Complaint Email: hr@ccsb.com.tw ❖ Complaint Mailbox: Set in the cafeteria The complaint channels for Article 32 of the Labor Inspection Act are as follows: ❖ Complaint hotline: 02-22523299 ❖ Fax: 02-22523770
Action Plan	The Company places great importance on the safety of all employees, aiming to prevent industrial accidents and material losses, and to achieve the goal of zero accidents. We also maintain ongoing safety inspections to reduce unsafe factors and environmental hazards.
Effectiveness evaluation	The industry-specific Frequency-Severity Indicator (FSI: 0.25) decreased by 1% In 2022, there were no work-related or traffic accidents during employee commuting to and from work.

➢ Occupational Health and Safety Committee

CCSB formed the Occupational Health and Safety Committee according to Article 23 of the "Occupational Safety and Health Act." Vice President Guo-Xian Zeng serves as the chairperson. There are nine members in total, four of which are labor representatives (account for 44.4%). Meetings are held regularly each year to discuss issues associated with occupational safety. CCSB is in the biotechnology and pharmaceutical industry, and none of our employees engage in operations with high risks or incidence rate of diseases. In accordance with the Occupational Safety and Health Act, we, apart from making efforts to enhance our corporate value, place high emphasis on employees' health management and promotion. Starting from caring for employees' health, we expect to build a sustainable healthy corporate culture to fulfill corporate social responsibilities.

Occupational Safety and Health Policy

1. Better than what is required by the Occupational Health and Safety Act, we provide employees with an annual free health check. Moreover, we arrange suitable health check programs based on the characteristics of the working environment, including health checks for special operations.

2. The Company installs strict access control day and night and is in contract with a security firm to safeguard offices and plants.

3. Smoking is prohibited in the plants. Full-time cleaners are hired to clean the office rooms, plants and warehouses.

4. In accordance with the Occupational Safety and Health Guidelines, a professional inspection agency is appointed to check the industrial lifts and elevators every six months and issue certificates. Industrial lift vendors are hired to perform professional inspections and maintenance of lifts on a monthly basis.

5. Professional inspection agency is commissioned to handle the inspections and maintenance of boilers, high-pressure equipment and Class 1 pressure vessels once a year and issue certificates.

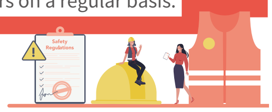
6. In accordance with the occupational safety and health guidelines, all the responsible departments conduct daily, monthly, quarterly, semi-annual or annual inspections of forklifts, lifts, ventilation system, storage tanks, high- and low-voltage electrical equipment, firefighting equipment, etc., and carry out maintenance and checks based on the inspection plans.

7. In accordance with the requirements of the "Occupational Safety and Health Act," specialized testing organizations are invited to perform chemical exposure assessment in the production areas every six months to ensure the employees' health.

8. The employees are given personal protective gears which include goggles, protective clothing and gloves, work safety shoes, respiratory protection equipment and others, and they are required to wear the gears in their daily work.

9. In accordance with the "Fire Services Act" and regulations for environmental protection, professional fire technicians are appointed to inspect fire safety. The Company has organized emergency response teams and installed emergency and rescue equipment. Drills related to firefighting, toxin control and air emergencies are performed every six months so that the employees can be familiar with the use of fire protection system and escape system.

10. Education and training regarding safety and health are arranged for the employees and contractors on a regular basis.



➢ Occupational Health and Safety Management System

CCSB identifies any hazards due to working duties and environment that might result in physical and mental injuries. We take a variety of measures to assess, monitor, eliminate, avoid, and prevent potential risks to create a safe and healthy working environment.

In accordance with the structure of ISO 45001 Occupational Health and Safety Management System, CCSB has combined the regulations associated with Occupational Safety and Health Act and directions regulations announced by Occupational Safety and Health Administration with the internal management system. The structure is applicable to all workers' activities. In 2022, the number of employees covered by the internal audit under the Occupational Health and Safety Management System is 358.

➢ Occupational Safety and Injury Prevention

Occupational Injury Management

The Company had five occupational disaster case in 2022. It was traffic accident during employees commuting to work, and five employees were injured. In response to traffic accidents during employees commuting to work, we have enhanced the promotion of traffic safety to increase employees' awareness of daily safety and emphasize the importance of driving safety, in order to reduce the incidences of occupational accidents. We will continue to promote injury prevention programs to reach the objective of zero incidents.

2022		
Category	Employees	Other non-employee workers
Total Number of Hours Worked Note 1	642,288	-
Number of General Occupational Injuries Note 2	5	-
Number of Serious Occupational Injuries Note 3	-	-

2022		
Category	Employees	Other non-employee workers
Number of Fatalities	-	-
Total Number of Recordable Occupational Injuries (number of people)	5	-
Total Number of Lost Workdays [Note 4]	10	-
Disabling Frequency Rate From General Occupational Injuries [Note 5]	7.78	-
Disabling Frequency Rate From Severe Occupational Injuries	-	-
Disabling Frequency Rate of Fatalities	-	-
Disabling Injury Severity Rate [Note 6]	15.57	-
Frequency-severity Indicator [Note 7]	0.35	-

Note 1: Total hours worked by all employees.
Note 2: The number of workers who are unable to work due to injury, permanently or temporarily, and whose lost time is within 180 days.
Note 3: The number of workers who have lost any body parts or their functions due to injuries, and whose lost time is within 180 days.
Note 4: The number of off-work days due to injury. The lost workdays do not include the day of accident and the day of return to work.
Note 5: Disabling frequency rate = Number of injured people x 1,000,000 ÷ total number of hours worked.
Note 6: Disabling injury severity rate = Total lost workdays x 1,000,000 ÷ total number of hours worked.
Note 7: Frequency-severity indicator = √ (disabling frequency rate * disabling injury severity rate/1,000).

Risk Assessment Process

CCSB has formulated the Procedure Manual for Occupational Accidents and Investigation Operations. In the event of an accident, we are required to inform the supervisor immediately according to the standard operating procedure; in the event of a major incident, we will instantly inform Office of Labor Inspection and Environmental Protection Department. We regularly review accidents and prevention procedures for improvement.

All hazardous factors on work sites are assessed and identified for possible risks and improvements with an aim to provide a well-structured working environment. With respect to relevant prevention programs, we execute a series of management and long-term tracking for improvement.

Hazard Identification

1. Physicians are invited to work sites of plants to identify, assess, and control risks.
2. Unscheduled on-site identifications at the workplace are conducted to propose improvements. A patrol mechanism formed with relevant departments has been established to review and improve the defects found each month.
3. An operating environment inspection is conducted every six months in accordance with regulations to grasp the data of chemicals concentration in the plants.

Assessing Risks

1. Customizing an automatic inspection plan that regularly checks and maintains machinery, equipment, and chemicals to discover hazards.
2. Categorizing high risk hazards as priorities after pre-incident examination, hazard identification, and analysis and assessment; arranging improvement plans, which will be tracked until improvements are made.
3. In accordance with the requirements of the “Occupational Safety and Health Act,” specialized testing organizations are invited to perform chemical exposure assessment in the production areas every six months to ensure the employees’ health.

Risk Control

The results of scheduled/unscheduled inspections, examinations, assessment, and monitoring indicate that all hazardous factors are below the regulated standard value and fully operational.

In 2022, CCSB did not have any occupational hazards with risks of severe occupational injuries. We identified general occupational risks, including fires, explosions, and contacts with harmful matters. Relevant management regulations have been formulated to control and handle the risks.

Description of Risks	Response Measures		
Fire	❖ Fire extinguishing equipment ❖ Pre-operation inspection	❖ Education and training ❖ Full monitoring of personnel	❖ Safety operations regulations
Explosion	❖ Establish equipment and facilities conforming to safety and health standards ❖ Regular maintenance for machinery and equipment	❖ Pre-operation inspection for machinery and equipment ❖ Education and training	❖ Full monitoring of personnel ❖ Safety operations regulations
Exposure to harmful substances	❖ Non-operators are banned from entering particular operating sites involving chemicals.	❖ Pre-operation inspection ❖ Education and Training	❖ Full monitoring of personnel ❖ Safety operations regulations

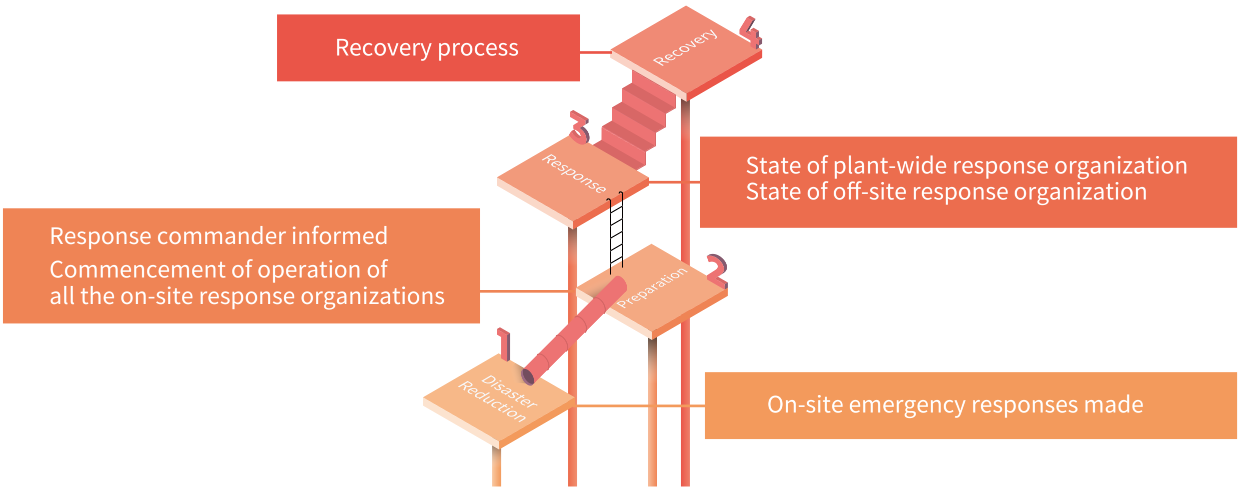
Accident Investigations and Subsequent Handling Process

CCSB has formulated an emergency response plan, which categorizes accidents in the plants into level one, two and three based on the defined standards. In the event of an accident, the responsible unit makes notifications according to the level of the incident. An investigation report after the incident will be compiled and operations of regulations for prevention and improvement will be proposed.

Meetings on occupational safety and health are held on a regular basis. Supervisors of all departments, occupational health nurses, occupational safety personnel and labor representatives attend the meetings to discuss relevant establishment, implementation, evaluation of improvements regarding on-site working environment. Each month, an occupational investigation report is formulated to provide suggestions and coordinate the occupational safety and health management plan. Meetings are held so as to address work accidents in a timely manner, reducing their incidence.

Emergency Response System

Emergency response is the last line of defense for safety and security. The response mechanism includes four stages: disaster reduction, preparation, response, and recovery. To enhance our employees' emergency response capabilities in the event of an emergency, emergency response plans have been developed. Every year, the Company performs regular emergency response drills with specific topics to reinforce employees' practical experience of response. We also correct and review the deficiencies year by year to make the emergency response plans more complete and practical for the current state. This way, crises arising in the plants can be tackled at once and the damage and subsequent impacts caused by the crises mitigated. The drills on fire protection, prevention of toxic chemical-induced disasters, and unexpected air emergencies were conducted, with a total of 86 participants on May 27 and December 16, 2022, respectively.



Disaster Prevention Drills

Training of Occupational Safety and Health

CCSB arranges education and training of occupational safety and health on a regular basis, including new employee orientation, ongoing education and training for on-the-job employees and courses on general knowledge of hazards. We regularly sign up our employees for external training courses to improve their adaptability and create a safe working environment. All employees will acquire the ability to identify dangers on job sites to reduce accidents.

Moreover, to act in concert with the requirements set forth in the Occupational Safety and Health Act, CCSB has established the "Regulations on Contractors' Operations." Contractors will receive education, training, and hazard notification when they enter the plants so as to prevent hazards while maintaining the safety of the working environment.

Name of Training Courses	Description of Training Courses	Participating Units	Number of Sessions Held	Number of Participants
Autonomous disaster prevention drill (fires, toxic chemical disasters, air pollution disasters)	Instructions and simulations of emergency response measures during disasters	Plant-wide	3	86
General safety and health education and training for new employees	For new employees to understand the concept of safety and health	New employees	7	46
General education and training on hazards	Reinforce the awareness of hazards regarding chemicals	New employees	7	43
Education and training (GMP included) for contractors	Pre-construction education and training for contractors	Contractors	15	81
Initial training for type 1 pressure vessel operators	Education and training for related operators	Personnel arranged for external training	External training	1
Initial training for supervisors of organic solvents	Education and training for related operators	Personnel arranged for external training	External training	1
Initial training for operators of forklifts weighing over a ton	Education and training for related operators	Personnel arranged for external training	External training	4
Initial training for supervisors of oxygen deficiency operations	Education and training for related operators	Personnel arranged for external training	External training	1

Name of Training Courses	Description of Training Courses	Participating Units	Number of Sessions Held	Number of Participants
Initial training for supervisors of specific chemicals operations	Education and training for related operators	Personnel arranged for external training	External training	3
Initial training for fire protection managers	Education and training for related operators	Personnel arranged for external training	External training	1
Retraining for class b boiler operators	Retraining upon expiration	Personnel receiving retraining upon expiration	Retraining	2
Retraining special equipment operators of high-pressure gases	Retraining upon expiration	Personnel receiving retraining upon expiration	Retraining	1
Retraining for first-aiders	Retraining upon expiration	Personnel receiving retraining upon expiration	Retraining	1
Retraining for supervisors of organic solvents	Retraining upon expiration	Personnel receiving retraining upon expiration	Retraining	2
Retraining for security supervisors	Retraining upon expiration	Personnel receiving retraining upon expiration	Retraining	1
Retraining for occupational health and safety managers	Retraining upon expiration	Personnel receiving retraining upon expiration	Retraining	1

Self-directed Drills
(fires, toxic chemicals disasters, and air pollution disasters)

General safety and health education and training

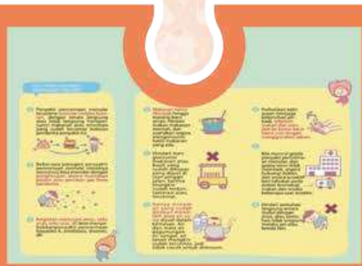
General education and training on hazards

➢ Health Promotion and Employee Care

In order to strengthen workplace health services and enhance the quality of employee health, a nurse and a contract physician have been appointed to regularly provide six in-factory services per year, including health consultation, healthcare, occupational disease prevention, exceptional workload, human-induced hazard prevention, work resumption assessment, and other health management and health promotion work. Meanwhile, in-plant nursing room has been established. There are health measurement instruments such as height and weight scale, forehead thermometer and blood pressure monitor, and first aid kit for primary treatment when any slight accident takes place.

An AED (Automated External Defibrillator) was installed in the reception room in February 2022.

2022 Health Promotion Activities and Promotion



First-aid Course and Training: CPR + AED Teaching

Understanding CPR procedures and AED through the courses and become familiar with the complete first-aid procedures with simulated situations and practice training.

Number of sessions:
Twice a year

Participant: All employees

Number of participants: 60

CPR + AED Certificates

Assisting personnel with acquiring first-aid certificate, familiarizing themselves with emergency treatment, and obtaining the correct first-aid ability.

Number of sessions:
Twice a year

Participants:
Production Department Supervisors and Duty Managers

Number of participants: 11

Preventions of Intestinal Infectious Diseases

Foreign employees' diets and hygiene tend to contract intestinal infectious diseases. Thus, we advocate relevant information, including disease introduction, transmission routes, symptoms, and prevention measures to protect foreign migrant workers from contracting diseases.

Number of times: Once a year

Participant: Foreign employees

Number of participants: 67

Prevention Measures for COVID-19 Pandemic

COVID-19 Measures	Content of Measures
Control on visitors and outsourcing personnel	Visitor regulations were posted at the security office entry and hand sanitizers provided. Visitors and outsourcing personnel must fill out personnel health information registration prior to entering the plant. The yellow vaccination card and a negative proof of rapid lateral flow test taken on that day must be shown prior to entering the plan, and body temperature is required to be taken to protect employee safety.
Flexible personnel allocation and working approaches	To ensure the Company' s proper operation, mechanisms of home-offices and split operations were implemented to reduce the number of people working at the same time and lower operating risks.
Adjustment of dining pattern and environment	COVID-19 dining measures were implemented, such as no-talking during meals and checkerboard seating with partitions to maintain social distance. The original meal pattern of buffet was changed to providing individual meal boxes, with disinfection conducted after meal.
Reinforcing COVID-19 measures in migrant employees' dormitory	Diversion approach was taken for migrant employees of the same shift to share one room, where the space between beds was extended for social distancing. Isolation rooms were also provided for quarantine. Daily health inspection and access records of migrant workers were conducted. In addition, specially assigned personnel assisted them in purchasing supplies to lower their needs for going out.
Formulating a list of vaccination for employees	We encouraged employees to receive COVID-19 vaccinations in accordance with CDC's suggestions and provided vaccination leave in compliance with the government' s policy. Furthermore, we regularly investigated employee vaccination rate and the list of those who were unvaccinated and their reasons. Those who were willing to be vaccinated were provided with vaccination information.
Establishing COVID-19 Pandemic Monitoring	A COVID-19 pandemic survey was performed. If employees, their family members, or contacts were tested positive with COVID-19, they must report the facts to their supervisors and COVID-19 workers immediately to be registered and managed. Health inspection was reinforced and proper prevention measures taken, which were adjusted on a rolling basis in accordance with the CDC principles.

Leisure Activities and Physical Education

CCSB aims to improve its employees' physical and mental health with a variety of measures, such as corporate softball games, sports day/family day, and numerous clubs (Yoga Club, Slow Softball Club, Table Tennis Club, Golf Club, and Soft Fire Makes Sweet Malt Club).

Occupational Diseases

CCSB provides special health checks for operators engaging in tasks with special health hazards. The check items include ionizing radiation, dimethylformamide, and n-Hexane. In 2022, 40 participants received special health checks for special workplace operators, where 3 of them (dimethylformamide and n-Hexane) have been listed into level 2 health management. Personal health instructions are provided, which are not associated occupational diseases.

To stick to the philosophy of "Giving back to society what we take from it," CCSB establishes friendly relationships with neighborhoods and communities in an active manner. By engaging in the long-term development of relationships with the neighborhoods, promoting community care events and continuously taking part in charity donation events, we contribute to and show our care for the place and society. Six charity or donation activities were organized in 2022.

Chapter 8

Social Welfare

8.1 Social Welfare and Community Participation

In 2022, the COVID-19 pandemic was severe, where New Taipei City had the most positive cases. To benefit others, we donated body wash and hand sanitizers to the Fire Department of New Taipei City Government for the front line medical staff of field units, contributing to the prevention of COVID-19 and people' s health in Taiwan.

➢ Donation of Anti-pandemic Supplies

CCSB donated anti-pandemic supplies to help New Taipei City boost COVID-19 prevention momentum

⅄ 2022 Community Participation

Unit: NTD

Social Issues	Group Name	Donation Item	Amount
Medical Treatment	Fire Department, New Taipei City Government	Donated 80 boxes of Green body wash and 39 boxes of Green hand sanitizers.	180,000
Community	Dong Shan Village, Shulin District, New Taipei City	Sponsorship of Community Participation	40,000

➢ Adoption of Shulin Longevity Parent-Child Park

Aside from being devoted to the business operations, CCSB also makes plans for assisting communities and puts such plans into practice to enhance the health and safety of communities. In 2003, the Group' s affiliate, CCPC, turned its old factory in Shulin with an area of 11,049 m2 into a community park in response to the changes in the industrial park. The community park was donated to the government of Taipei County (now New Taipei City). In order to extend the affiliate' s contribution to the local community, the Company has adopted the "Longevity Parent-Child Park" for 16 consecutive years since 2007. NTD 500,000 is donated every year from 2017 to 2022 to maintain the quality of life and environment quality of the community.

CCSB chronically adopted the Longevity Parent-Child Park

➢ Charity Donation

CCSB, apart from community participation, pays close attention to social issues such as medical treatment and social care, actively takes part in social charitable events to fulfill the responsibility of sustainable development, delivers our contribution and care to the local, and returns the care to society.

⅄ 2022 Donation and Sponsorship

Unit: NTD

Social Issues	Group Name	Donation Item	Amount
Medical Treatment	Wang Ming-Ning Memorial Foundation	Donation of encouraging medical academic research and medical education development	1,500,000
	Motor Neuron Disease (MND) Association	Donation of medical treatment and care for MND patients	100,000
Society	China Chemical and Pharmaceutical Concern Society	Donation of consolation for poor households in Shulin, Banqiao, and Yingge.	100,000

Appendix I: GRI Index table

Statement of Use	CCSB compiled an ESG report in accordance with the GRI Standards. The scope of data and information starts from January 1 to December 31, 2022
Version of Use of GRI 1	GRI 1: Foundation 2021
Application of GRI Business Standards	GRI Standard 2021

GRI Standard	Disclosure	Page	Corresponding Chapters/ Additional Information
GRI 2 : General Disclosures (2021)			
GRI 2 : General Disclosures (2021)	2-1 Detailed information of the organization	15	2.1 About CCSB
	2-2 Entities included in the organization ESG report	5	1.1 Report Overview
	2-3 Reporting period, frequency, and contacts	5-6	1.1 Report Overview
	2-4 Restatements of information	-	In 2022, there were no consolidation, merger, reporting period, nature of the operation, and measurement.
	2-5 External assurance	6	1.1 Report Overview
	2-6 Activities, value chain, and other business relations	65	6.3 Supply Chain Management
	2-7 Employees	77	7.1 Employment
	2-8 None-employee workers	77	7.1 Employment
	2-9 Governance structure and formation	26	3.1 Corporate Governance
	2-10 Nominating and selecting the highest governance body	26	3.1 Corporate Governance
	2-11 Chair of the highest governance body	26	3.1 Corporate Governance
	2-12 Characters of highest governance unit in supervising impact management	11 26	1.3 Stakeholder engagement 3.1 Corporate Governance
	2-13 Person in charge of impact management	11 26	1.3 Stakeholder engagement 3.1 Corporate Governance
	2-14 Highest governance body' s role in sustainability reporting	11 26	1.3 Stakeholder engagement 3.1 Corporate Governance
	2-15 Conflicts of interest	32	3.1 Corporate Governance
	2-16 Communication of key material events	11	1.3 Stakeholder engagement
	2-17 Collective knowledge of highest governance body	32	3.1 Corporate Governance
	2-18 Evaluating the highest governance body' s performance	30-31	3.1 Corporate Governance
	2-19 Remuneration policies	30-31	3.1 Corporate Governance
	2-20 Process for determining remuneration	30-31	3.1 Corporate Governance
	2-21 Annual total compensation ratio	-	The highest annual total remuneration is classified information of the organization, and thus is not disclosed.
	2-22 Declaration of sustainable development strategy	2	Message From the Chairman
	2-23 Policy and commitment	-	Management Policy for Material Topic

GRI Standard	Disclosure	Page	Corresponding Chapters/ Additional Information
GRI 2 : General Disclosures (2021)	2-24 Inclusion of policy and commitment	-	Management Policy for Material Topic
	2-25 Procedures for recovering from negative impact	-	Management Policy for Material Topic
	2-26 Mechanism for seeking suggestions and proposing doubts	35	3.2 Ethical Corporate Management
	2-27 Legal Compliance	36	3.3 Legal Compliance
	2-28 Membership of associations	19	2.1 About CCSB
	2-29 Stakeholder engagement policy	12	1.3 Stakeholder engagement
	2-30 Collective bargaining agreements	84	7.1 Employment
GRI 3: Material Issues (2021)			
GRI 3: Material Issues (2021)	3-1 Process of determining material topics	7-8	1.2 Analysis of Material Issues
	3-2 List of material topics	9-10	1.2 Analysis of Material Issues
Economic Performance			
3-3 Management of material topics		20	2.2 Economic Performance
GRI 201 (2016): Economic Performance	201-1 Direct economic value generated and distributed	22	2.2 Economic Performance
	201-3 Defined benefit plan obligations and other retirement plans	85	2.2 Economic Performance
	201-4 Financial assistance received from government	22	2.2 Economic Performance
Corporate Governance			
3-3 Management of material topics		25	3.1 Corporate Governance
GRI 2 (2021) : General Disclosures	2-9 Governance structure and formation	26	3.1 Corporate Governance
	2-10 Nominating and selecting the highest governance body	26	3.1 Corporate Governance
	2-11 Chair of the highest governance body	26	3.1 Corporate Governance
	2-12 Characters of highest governance unit in supervising impact management	11 26	3.1 Corporate Governance
	2-13 Person in charge of impact management	11 26	3.1 Corporate Governance
	2-14 Highest governance body' s role in sustainability reporting	11 26	3.1 Corporate Governance
	2-15 Conflicts of interest	32	3.1 Corporate Governance
	2-16 Communication of key material events	11	1.3 Stakeholder engagement
	2-17 Collective knowledge of highest governance body	32	3.1 Corporate Governance
	2-18 Evaluating the highest governance body' s performance	30-31	3.1 Corporate Governance
	2-19 Remuneration policies	30-31	3.1 Corporate Governance
	2-20 Process for determining remuneration	30-31	3.1 Corporate Governance
	2-21 Annual total compensation ratio	-	The highest annual total remuneration is classified information of the organization, and thus is not disclosed.

GRI Standard	Disclosure	Page	Corresponding Chapters/ Additional Information
Ethical management			
3-3 Management of material topics		33	3.2 Ethical Corporate Management
GRI 205 (2016): Anti-corruption	205-1 Operations assessed for risks related to corruption	-	A corruption risk assessment has not yet been performed, so it is not applicable.
	205-2 Communication and training about anti-corruption policies and procedures	34	3.2 Ethical Corporate Management
	205-3 Confirmed incidents of corruption and actions taken	35	3.2 Ethical Corporate Management
GRI 206 (2016): Anti-competitive Behavior	206-1 Legal actions for anti-competitive behaviors, anti-trust, and monopoly practices	-	In 2022, CCSB was not fined for any anti-competitive behaviors, anti-trust, and monopoly practices.
Legal Compliance			
3-3 Management of material topics		36	3.3 Legal Compliance
GRI 2 (2021) : General Disclosures	2-27 Legal Compliance	37	3.3 Legal Compliance
GHG and Energy Management			
3-3 Management of material topics		45	5.2 GHG and Energy Management
GRI 302 (2016): Energy	302-1 Energy consumption within the organization	46	5.2 GHG and Energy Management
	302-3 Energy intensity	46	5.2 GHG and Energy Management
	302-4 Reduction of energy consumption	47-48	5.2 GHG and Energy Management
GRI 305 (2016): Emissions	305-1 Direct (Scope 1) GHG emissions	46-47	5.2 GHG and Energy Management
	305-2 Energy indirect (Scope 2) GHG emissions	46-47	5.2 GHG and Energy Management
	305-4 GHG emissions intensity	46-47	5.2 GHG and Energy Management
	305-5 Reduction of GHG emissions	47-48	5.2 GHG and Energy Management
Water Resource Management			
3-3 Management of material topics		49	5.3 Water Resource Management
GRI 303 (2018): Water and Effluents	303-1 Interactions with water as a shared resource	49	5.3 Water Resource Management
	303-2 Management of water discharge-related impacts	50	5.3 Water Resource Management
	303-3 Water withdrawal Disclosure	49	5.3 Water Resource Management
Customer Health Safety			
3-3 Management of material topics		55	6.1 Customer Health Safety
GRI 416 (2016): Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	57	6.1 Customer Health Safety
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	In 2022, CCSB had no violations of health and safety regulations related to products and services.

GRI Standard	Disclosure	Page	Corresponding Chapters/ Additional Information
Product quality and responsible manufacturing			
3-3 Management of material topics		58-59	6.2 Product Quality and Responsible Manufacturing
Not Applicable for Self-Established Topics	Product production and manufacturing process	60-61	6.2 Product Quality and Responsible Manufacturing
	Product Quality and Safety Management Organization and Operating Procedures	61	6.2 Product Quality and Responsible Manufacturing
	Product Quality and Safety Education and Training	61-62	6.2 Product Quality and Responsible Manufacturing
	Product Quality and Safety Monitoring and Improvement Tracking	62-63	6.2 Product Quality and Responsible Manufacturing
	Product Storage and Transportation	63	6.2 Product Quality and Responsible Manufacturing
	Product Traceability, Anti-Counterfeiting, and Storage Procedures	64	6.2 Product Quality and Responsible Manufacturing
Employment			
3-3 Management of material topics		76	7.1 Employment
GRI 2 (2021) : General Disclosures	2-7 Employees	77	7.1 Employment
	2-8 None-employee workers	77	7.1 Employment
	2-30 Collective bargaining agreements	84	7.1 Employment
GRI 401(2016): Employment Relations	401-1 New employee hires and employee turnover	78	7.1 Employment
	401-2 Benefits provided for all employees	82-83	7.1 Employment
	401-3 Parental leaves	83-84	7.1 Employment
GRI 201 (2016): Economic Performance	201-3 Defined benefit plan obligations and other retirement plans	85	7.1 Employment
Talent cultivation and development			
3-3 Management of material topics		86	7.2 Talent Cultivation and Development
GRI 404(2018): Talent Attraction and Retention	404-1 Average hours of training per employee each year	88-89	7.2 Talent Cultivation and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	87-90	7.2 Talent Cultivation and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	80-81	7.2 Talent Cultivation and Development
Occupational Health and Safety			
3-3 Management of material topics		91	7.3 Occupational Health and Safety
GRI 403(2018): Occupational Health and Safety	403-1 Occupational health and safety management system	92	7.3 Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	93-95	7.3 Occupational Health and Safety
	403-3 Occupational health services	97	7.3 Occupational Health and Safety

GRI Standard	Disclosure	Page	Corresponding Chapters/ Additional Information
GRI 403(2018): Occupational Health and Safety	403-4 Worker participation, consultation, and communication on occupational health and safety	95-97	7.3 Occupational Health and Safety
	403-5 Worker training on occupational health and safety	95-96	7.3 Occupational Health and Safety
	403-6 Promotion of worker health	98	7.3 Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	97	7.3 Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	92	7.3 Occupational Health and Safety
	403-9 Work-related injuries	92-93	7.3 Occupational Health and Safety
	403-10 Work-related ill health	98	7.3 Occupational Health and Safety
Other Topics			
GRI 200: Economy			
GRI 2 (2021) : General Disclosures	2-6 Activities, value chain, and other business relations	65	6.3 Supply Chain Management
GRI 204 (2016): Procurement Practices	204-1 Proportion of spending on local suppliers	71	6.3 Supply Chain Management
GRI 300: Environment			
GRI 201 (2016): Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	40-42	4.1 Climate Governance
GRI 306 (2020): Waste	306-1 Causes of Waste and Waste-Related Evident Impact	51	5.4 Waste Management
	306-2 Management of Waste-Related Evident Impact	51	5.4 Waste Management
	306-3 Causes of Waste	52	5.4 Waste Management
	306-4 Treatment and Transferring of Waste	52	5.4 Waste Management
	306-5 Direct Treatment of Waste	52	5.4 Waste Management
Self-established Topics			
Not Applicable for Self-Established Topics	Environment Policies	44	5.1 Environment Policies
	R&D Innovation	72	6.4 R&D Innovation
	Public Welfare	100	8.1 Social Welfare and Community Participation

Appendix II. Reference table of SASB Standards – Disclosure Standards of Biotechnology & Pharmaceuticals

Metric Code	Metric	Category	Disclosure Content/Description and Corresponding Chapters	Corresponding SDGs
Safety of Clinical Trial Participants				
HC-BP-210a.1	Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials	Discussion and Analysis	CCSB did not conduct and clinical trials	3 GOOD HEALTH AND WELL-BEING
HC-BP-210a.2	Number of FDA Sponsor Inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2)Official Action Indicated (OAI)	Quantification	0 (No such incidents occurred in the reporting year)	
HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries.	Quantification	0 (No such incidents occurred in the reporting year)	
Access to Medicines				
HC-BP-240a.1	Description of actions and initiatives to promote access to healthcare products for priority diseases and in priority countries as defined by the Access to Medicine Index	Discussion and Analysis	CCSB exports products to lower middle-income countries such as India, Vietnam, and Jordan.	3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS
HC-BP-240a.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Program (PQP)	Discussion and Analysis	In the reporting year, CCSB did not manufacture any products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Program (PQP).	
Affordability and Pricing				
HC-BP-240b.1	Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/ or provisions to delay bringing an authorized generic product to market for a defined time period	Quantification	0 (No such incidents occurred in the reporting year)	3 GOOD HEALTH AND WELL-BEING
HC-BP-240b.2	Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio	Quantification	0 (No such incidents occurred in the reporting year)	
HC-BP-240b.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	Quantification	0 (No such incidents occurred in the reporting year)	

Metric Code	Metric	Category	Disclosure Content/Description and Corresponding Chapters	Corresponding SDGs
Drug Safety				
HC-BP-250a.1	List of products listed in the Food and Drug Administration’s (FDA) MedWatch Safety Alerts for Human Medical Products database	Discussion and Analysis	CCSB products are not included in the List of products listed in the FDA MedWatch Safety Alerts	3 GOOD HEALTH AND WELL-BEING; 17 PARTNERSHIPS FOR THE GOALS
HC-BP-250a.2	Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System	Quantification	0 (No such incidents occurred in the reporting year)	
HC-BP-250a.3	Number of recalls issued, total units recalled	Quantification	0 (No such incidents occurred in the reporting year)	
HC-BP-250a.4	Total amount of product accepted for take-back, reuse, or disposal	Quantification	0 (No such incidents occurred in the reporting year)	
HC-BP-250a.5	Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type	Quantification	0 (No such incidents occurred in the reporting year)	
Counterfeit Drugs				
HC-BP-260a.1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	Discussion and Analysis	**Chapter 6.2 Product Quality and Responsible Manufacturing** Product Traceability, Anti-Counterfeiting, and Storage Procedures With an aim to prevent counterfeit drugs from entering CCSB supply chain and markets in any way, policies for tracing products and preventing counterfeiting are formulated in all plants. For detailed policy, please refer to the chapter.	3 GOOD HEALTH AND WELL-BEING
HC-BP-260a.2	Procedures used to remind clients and collaborating vendors about the potential or known risks of counterfeit drugs	Discussion and Analysis	**Chapter 6.2 Product Quality and Responsible Manufacturing** Product Traceability, Anti-Counterfeiting, and Storage Procedures If a risk involving counterfeit drugs occurs, CCSB has formulated countermeasures to instantly grasp the track of counterfeit drugs and conduct subsequent processing. For detailed measures, please refer to the chapter.	
HC-BP-260a.3	Number of criminal proceedings from assaults, confiscation, arrests and/or counterfeit products	Quantification	0 (No such incidents occurred in the reporting year)	

Metric Code	Metric	Category	Disclosure Content/Description and Corresponding Chapters	Corresponding SDGs
Marketing Ethics				
HC-BP-270a.1	Total loss resulted from legal proceedings from false marketing content	Quantification	0 (No such incidents occurred in the reporting year)	3 GOOD HEALTH AND WELL-BEING 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
HC-BP-270a.2	About ethics management applied for product labeling	Discussion and Analysis	**Chapter 6.1 Customer Health and Safety** CCSB sells its APIs to downstream pharmaceutical manufacturers after production and never directly to users. All drugs on the market have been licensed with drug permit licenses in compliance with the “Pharmaceutical Affairs Act.” Moreover, CCSB makes sure the health and safety of its drugs do not violate relevant regulations or standards in compliance with Taiwan Food and Drug Administration (TFDA), international PIC/S GMP standard, and Good Distribution Practice (GDP).	
Employee recruitment, cultivation, and retention				
HC-BP-330a.1	Elaborate the talent recruitment and retention of scientists and R&D employees	Discussion and Analysis	**Chapter 7.1 Employment Relations** R&D Employee Recruitment Policy CCSB R&D team consists of personnel of synthesis, biotechnology, analysis, and production technology departments. Our R&D personnel are the core of the R&D team. By providing consistent opportunities for development and growth, and positive working environment, CCSB ensures that R&D personnel are able to reach their potential to enhance the Company’ s R&D capability for new products.	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
HC-BP-330a.2	(a) Senior managers, (b) Middle managers, (c) Professionals, and (d) Others (1) Voluntary departure rate, (2) Non-voluntary departure rate	Quantification	**Chapter 7.1 Employment Relations** 2022 New Hires and Departures of CCSB In 2022, the total voluntary departure rate was 10.9%. For data according to job positions, please refer to chapter	
Supplier Management				
HC-BP-430a.1	Confirming the percentage of (1) physical facilities and (2) facilities of tier 1 suppliers that participate in the Rx-360 International Pharmaceutical Supply Chain Consortium Audit Program or an equivalent third-party audit plan in order to ensure the integrity of supply chain quality and drug ingredients	Quantification	**Chapter 6.3 Supply Chain Management** (1) 0%; (2) 0% CCSB has not yet participated in the Rx-360 International Pharmaceutical Supply Chain Consortium Audit Program. Currently, with respect to supplier management, we conduct written audits or on-site inspections on all suppliers on a regular basis in accordance with the in-plant SOP.	3 GOOD HEALTH AND WELL-BEING 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Metric Code	Metric	Category	Disclosure Content/Description and Corresponding Chapters	Corresponding SDGs
Business Ethics				
HC-BP-510a.1	Loss resulting from legal proceedings associated with corruption and bribery	Quantification	0 (No such incidents occurred in the reporting year)	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
HC-BP-510a.2	Elaborate the ethical regulations that medical and healthcare professionals must comply with when interacting	Discussion and Analysis	**Chapter 3.2 Ethical Corporate Management** Conducted based on CCSB ethical corporate operation procedures and guidance for conduct. Please refer to the chapter.	
Activity Index				
HC-BP-000.A	Number of patients in treatment	Quantification	CCSB sells its APIs to downstream pharmaceutical manufacturers after production and never directly to users, and thus the number of patients cannot be estimated.	3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS
HC-BP-000.B	(1) Amount of drugs in product portfolios (2) Amount of drugs under RD (stage 1-3)	Quantification	Currently, CCSB has 29 API products in the product portfolios, including 1 antifungal drug, 6 immunosuppressive drugs, 3 anticancer drugs, 3 cardiovascular drugs, 6 peptide drugs, 1 antiviral drug, 2 immunomodulators, and 7 others. **Chapter 6.4 R&D Innovation** For details of drugs under R&D, please refer to the chapter.	

Appendix III. Index Table of Climate-related Information

Disclose climate-related information according to Attached Table 2 of Article 4-1 of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."

Item	Disclosure content	Page	Corresponding Chapters/ Additional Information
1	The Board of Directors and Management' s supervision and governance of risks and opportunities regarding climate.	39	4.1 Climate Governance
2	Identify how climate-related risks and opportunities affect the Company' s business, strategy, and finance (short-term, mid-term, and long-term).	40-41	4.1 Climate Governance
3	The impact of extreme climate incidents and transition operations on finance.	40-41	4.1 Climate Governance
4	How the identification, assessment, and management process integrate into the overall risk management system.	42	4.1 Climate Governance
5	When scenario planning is used to conduct and assess climate risks, please state the used scenarios, parameters, hypotheses, factors, and main financial impacts.	-	Scenario planning has not been used.
6	For any transition plans that cope with climate-related risks, please state the content and the indicators and goals used to identify and manage physical risks and transition risks.	42	4.1 Climate Governance
7	For any internal carbon pricing used as a planning tool, please state the basis of price establishment.	-	No carbon pricing tools are used.
8	For any set goals associated with climate, please state information such as covered activities, scopes of greenhouse gas emissions, arranged schedules, and yearly progress. For carbon offset or Renewable Energy Certificates (RECs) used to achieve relevant goals, please state the source and number of reduced carbon credit that were offset, and the number of RECs.	-	We expect to acquire a third-party ISO 14064-1 verification in 2023, and the Greenhouse Gas Inventory Report verified by a third party in 2024.
9	Greenhouse gas inspection and assurance.	-	Each year, with reference to the "Guidance Manual for Greenhouse Gas Inventory" published by the Environmental Protection Administration, CCSB conducts an independent GHG inventory of Scope 1 and Scope 2 of the previous year. We expect to acquire a third-party ISO 14064-1 verification in 2023, and the Greenhouse Gas Inventory Report verified by a third party in 2024.

Appendix IV. Summary Table of Assurance Items

Number	Assurance Target	Key Performance Indicator	Page	Applicable Standards
1	Total number of participants and amount of time of education and training regarding ethical corporate management in 2022.	In 2022, 69 participants engaged in courses and training of ethical corporate management, with the total hour of 163 hours.	34	The number of people who finished the education and training regarding ethical corporate management arranged by the Company in 2022 and the total amount of time.
2	The ratio of female middle/ high level supervisors in 2022.	In 2022, the female middle/high level supervisors account for 21%.	76	The ratio of female supervisors to all middle/high level supervisors on December 31, 2022. Note: Supervisors are personnel with a job title above general (deputy) manager.
3	2022 disabling frequency rate of employees.	There were 5 occupational accidents in 2022, with the employee disabling frequency rate of 7.78.	92	Statistics of employee work-related injuries in 2022 according to the Company.
4	Number of activities of social welfare and community participation in 2022.	In 2022, 6 charity or donation activities were held.	100	Number of activities of social welfare and community participation in 2022.
5	Total amount of reported waste in 2022.	In 2022, the total amount of waste was 2,073.85 metric tons, non-hazardous waste was 524.79 metric tons, and hazardous waste was 1,549.06 metric tons.	53	The total amount of processed industrial waste in 2022 uploaded onto the Industrial Waste Reporting and Management System (IWR&MS) in accordance with the Waste Disposal Act and reporting regulations prescribed by the competent authority.

Appendix V.CPA Limited Assurance Report

CPA Limited Assurance Report

Zi-Kuai-Zong-Zi No. 22011604

To Chunghwa Chemical Synthesis & Biotech Co., Ltd.,

We have been appointed by CCSB (hereafter referred to as "the Company") to conduct assurance procedures for the key performance indicators (hereafter referred to as "selected KPIs") selected by the Company, which are reported in the 2022 ESG Report. We have completed the assurance and issued a limited assurance report

Target Information and Applicable Standards

The target information of this assurance case is the aforementioned selected KPIs. The selected KPIs and the applicable standards are listed in the "Summary Table of Assurance Item" on Page 101 of the 2022 ESG Report. The reporting scope of the selected KPIs stated in the preceding paragraph is stated in "Reporting Scope and Boundary" on Page 5 of the ESG Report.

Management's Responsibility

Management's responsibility is in accordance with the selected KPIs in the ESG Report, which has been prepared based on appropriate standards, with the necessary internal control associated with the selected KPIs maintained to prevent material misstatements in the selected KPIs due to fraud or mistakes.

CPAs' Responsibility

We performed assurance works on the selected KPIs in accordance with the "Assurance Engagement Other than Auditing and Reviews of Historical Financial Information" of TWSAE 3000 to discover whether the aforementioned information was prepared in accordance with the applicable standards in all material respects and whether corrections were required. A limited assurance report has been issued.

The assurance work performed by us was in accordance with the principles in the preceding paragraph, including identifying fields where material misstatements might occur in the selected KPIs, as well as the design of the fields mentioned previously and performing procedures. Cases where the assurance degree of obtaining limited assurance engagements is evidently lower than obtaining reasonable assurance engagements have relatively small scopes based on the different nature and time of performing procedures of limited assurance engagements and different reasonable assurance engagements.

We determined the scope of assurance works based on the fields and materiality of identified risks, and designs and performed the following assurance procedures according to the specific circumstances of this case:

- The individuals who engaged in compiling the selected KPIs were interviewed to understand the process of compiling the above information and relevant internal control so as to identify fields with material misstatements.

- Based on the understanding of the above matters and identified fields, we searched, observed, and inspected the samples of selected KPIs to obtain evidence of limited assurance.

This report does not provide any assurance of the effectiveness of the design or implementation of the 2022 ESG Report as a whole and its related internal controls.

CPAs' Independence and Quality Management Regulations

We, as well as the accounting firm, have conformed to regulations in the Code of Ethics for Professional Accountants regarding independence and other codes of ethics, where the basic principles are integrity, impartiality, objectivity, professional competence and due professional care, confidentiality and professional conduct.

We applied the "Quality Management for Accounting Firms" of Standards on Quality Management No. 1. Therefore, maintaining a complete quality management system includes policies and procedures associated with compliance of codes of ethics, professional principles, and applicable regulations.

Inherent Limitations

Numerous assurance items in this case involved non-financial information, which is subject to more inherent limitations compared to assurance of financial information. The qualitative interpretation of the relevance, materiality and correctness of information is subject to individual assumptions and judgments.

Conclusion of Limited Assurance

According to the procedures performed and evidence acquired, we did not find any selected KPIs that required correction, and the information prepared was in accordance with the applicable standards in all material respects

Other Matters

The Company's website maintenance is Management's responsibility. As to any changes in the assurance report regarding selected KPIs or applicable standards after its announcement on the Company's website, we will not bear the responsibility for re-performing assurance on such information.

PwC Taiwan

September 27, 2023

pwc 資誠

會計師有限確信報告

資會綜字第 22011604 號

中化合成生技股份有限公司　公鑒：

本事務所受中化合成生技股份有限公司（以下稱「貴公司」）之委任，對　貴公司選定西元 2022 年度永續報告書所報導之關鍵績效指標（以下稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

標的資訊與適用基準

本確信案件之標的資訊係 貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於　貴公司西元 2022 年度永續報告書第 101 頁之「確信項目彙總表」。　前述所選定之關鍵績效指標之報導範圍業於永續報告書第 5 頁之「報告書範疇與邊界」段落述明。

管理階層之責任

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

會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」，對所選定之關鍵績效指標執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

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

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

- 對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程，以及攸關之內部控制，以辨認重大不實表達之領域。
- 基於對上述事項之瞭解及所辨認之領域，對所選定之關鍵績效指標選取樣本進行查詢、觀察、檢查等測試，以取得有限確信之證據。

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
110208 臺北市信義區基隆路一段 333 號 27 樓
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pwc 資誠

此報告不對西元 2022 年度永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

會計師之獨立性及品質管理規範

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

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

先天限制

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

有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現所選定之關鍵績效指標在所有重大方面有未依適用基準編製而須作修正之情事。

其它事項

貴公司網站之維護係　貴公司管理階層之責任，對於確信報告於　貴公司網站公告後任何所選定之關鍵績效指標或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師 林柏全

2 0 2 3 年 9 月 2 7 日

C C S B
中化合成生技