

2024 SUSTAINABILITY REPORT

Environmental · Social · Governance

lotus
PHARMACEUTICAL



Contents

Foreword

■ Letter from the Chairman	03
■ About This Report	04
■ ESG Highlights	05
■ Annual Awards and Honors	06
■ About Lotus	07
■ Economic Performance	08

Chapter 1 Sustainable Management 11

1.1 Sustainability Strategy	12
1.2 Stakeholder Identification and Engagement	14
1.3 Material Topic Identification and Analysis	16
1.4 Management Approach to Material Topics	19

Chapter 2 Corporate Governance 22

2.1 Corporate Governance Structure	23
2.2 Risk Management and Internal Audit	28
2.3 Integrity Management and Regulatory Compliance	30
2.4 Information Security Management	32
2.5 Supply Chain Management	35

Chapter 3 Product Overview and Safety 40

3.1 Diverse Products Portfolio	41
3.2 Improving Drug Accessibility	42
3.3 Patents and Research Achievements	42
3.4 Safety of Participants in Clinical Trials	44
3.5 Drug Quality	45
3.6 Drug Safety and Recall	48

Chapter 4 Employee Wellbeing and Social Engagement 51

4.1 Human Resources Overview	52
4.2 Human Rights Policy	56
4.3 Talent Development	60
4.4 Safe and Healthy Workplace Environment	63
4.5 Community Engagement	69

Chapter 5 Environmental Sustainability 71

5.1 Task Force on Climate-related Financial Disclosures, TCFD	72
5.2 Greenhouse Gas Emission Management	77
5.3 Energy Management	79
5.4 Water Resource Management	80
5.5 Waste Management	81

Appendix 82

GRI Standards Index	83
Sustainability Accounting Standards Board (SASB) Index	85
TCFD Four Pillars Index	86
Limited Assurance Report by Certified Public Accountants (CPA)	87
ISO 14064 Greenhouse Gas Verification Report	88

Letter from the Chairman

Dear Stakeholders,

In 2024, the world continued to undergo profound shifts, including geopolitical instability, rising climate risks, and changes in the global economic structure. Amid these uncertainties, our commitment remained steadfast: to safeguard human health.

Lotus is a leading global pharmaceutical company with a diverse product portfolio that includes complex generics, branded medicines, new chemical entities (NCE), and 505(b)(2) drugs. We firmly believe that health is a right, not a privilege. We strive to enhance global access to medicine through a diverse portfolio of products. To achieve this mission, we embed sustainability across our operations, guided by four pillars: Access to Medicine, Employee Development, Environmental Sustainability, and Corporate Governance.

Access to Medicine

We are committed to ensuring global access to high-quality medicines. In 2024, we received regulatory approvals for several key products, including Nintedanib (Ofev®) for lung cancer in the UK and Canada, Pomalidomide (Pomalyst®) for blood cancers in the UK and EU, and Enzalutamide for prostate cancer in the UK. Through the strategic acquisition to expand the Thailand market and strengthened collaborations with leading global pharmaceutical companies, we are accelerating market access in emerging regions as well, providing affordable, high-quality medicines to more patients.

Employee Development

Diversity, Equity, and Inclusion (DEI) are integral to our culture and business success. To meet the growing global demand for medicines, Lotus' leadership team is composed of professionals from the pharmaceutical industry worldwide. Our diverse workforce—with employees from 23 countries—brings varied perspectives and professional experience that strengthen our global pharmaceutical services. We uphold a culture of equality, where no individual faces discrimination based on gender, race, nationality, or age. As of 2024, 44.4% of our senior management at key operational locations are women, and 55% of newly appointed managers are women—demonstrating our ongoing commitment to gender equality.

Environmental Sustainability

As we expand our global footprint, Lotus has surpassed Taiwan's regulatory requirements by extending our greenhouse gas monitoring and verification to include India and Singapore, alongside our principal operations in Taiwan and Korea. From manufacturing through to logistics, we actively pursue carbon-reduction opportunities and strengthen our resource management practices to minimize our environmental impact and to safeguard the planet.

Corporate Governance

We expanded the scope of our Audit Committee to become the Audit and Risk Committee in early 2025. Moving forward, the Committee will not only review climate risk-related assessments but also play a key role in strengthening the company's overall risk management framework. Additionally, we held our first supplier summit to enhance collaboration across the value chain, aligning all partners with our sustainability objectives and driving shared progress toward meaningful environmental and social impact.

Looking Forward

Our new brand tagline—“Confidence in Every Dose”—reflects our commitment to pharmaceutical quality and to our responsibilities in society, the environment, and governance. We will continue expanding access to medicines, fostering inclusion, advancing environmental stewardship, and enhancing governance transparency. Together with our partners, we aim to drive sustainable progress and remain a trusted force for all stakeholders.

Chairman Vilhelm Róbert Wessman



About This Report

Report Overview and Issuance Frequency

Welcome to the Sustainability Report of Lotus Pharmaceuticals Co., Ltd. (hereinafter referred to as "Lotus," "the Company," or "we"). We publish annual reports in both Chinese and English, which are available for viewing and download in the [CITIZENSHIP](#) of our website. This report communicates to our stakeholders the Company's efforts and performance over the past year in areas including corporate governance, product safety, environmental sustainability, employee care, and social engagement. It also outlines our future improvement plans as we actively fulfill our commitment to corporate sustainability.

Reporting Period	Date of Previous Report	Date of Current Report	Next Scheduled Reporting Date	Reporting Frequency
January 1, 2024 to December 31, 2024	August 2024	August 2025	August 2026 (*According to the schedule announced by the competent authority)	Published Annually

Scope of Reporting

The financial data in this Report is sourced from our 2024 consolidated financial statements for the disclosure of Taiwan headquarters and certain subsidiaries. The disclosure scope includes information from Taiwan headquarters, Nantou R&D Center, and manufacturing plant, as well as key subsidiaries such as Alvogen Korea, and its two plants at Gongju and Hyangnam, Lotus International Pte. Ltd, Alvogen Pharma India Pvt Ltd., Meishi Pharma Services Private Limited and Norwich Clinical Services Private Limited. The scope of the disclosure will be denoted in the paragraph if it differs from the previous statement. For more detailed information on affiliated companies, please refer to our [2024 Annual Report](#).

Compilation Guidelines

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 (hereinafter referred to as "GRI 2021").

It also includes disclosures based on the Sustainability Accounting Standards Board (SASB) indicators for the Biotechnology and Pharmaceutical Industry, as well as climate-related financial information aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB).

In addition, we have complied with the Taiwan Stock Exchange Corporation (TWSE) Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, addressing industry-specific sustainability disclosure indicators for the biotechnology and pharmaceutical sector, and disclosing climate-related information in accordance with Article 4-1. For further details, please refer to the appendix index.

Report Quality Management

Internal Control Management Procedure	1. The Corporate Governance Division is responsible for overall planning → 2. Each responsible unit provides disclosure contents → 3. The Corporate Governance Division summarizes and compiles the data → 4. The Sustainability and Risk Management Team confirms and reviews the final version of the report → 5. The report is presented to the Board of Directors for approval before publication.
External Assurance and Verification	- Quality assurance: Limited assurance of selected indicators in the sustainability report was conducted by Grant Thornton Taiwan in accordance with TWSAE3000. The assurance report, scope, and independent opinion statement are provided in Appendix P87. ° - Financial data: The financial data has been audited and verified by KPMG in accordance with the International Financial Reporting Standards (IFRS) and the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as approved and issued by the Financial Supervisory Commission. Data is uniformly expressed in New Taiwan Dollars (NTD). - Greenhouse gas data: Verified by Grant Thornton Taiwan, and an assurance certificate for the inventory report has been obtained. For details, see Appendix P88.

Restatements of information

Restatements of information in this year's report: Complaint and whistleblowing cases at Lotus in 2023, water intensity (million liters per employee) for 2022 and 2023, and outsourced waste disposal at Lotus in 2023.

Information

Lotus Pharmaceutical Co., Ltd.

Website: <https://www.lotuspharm.com/>

Address: 17F, No.277, Songren Rd., Xinyi Dist., Taipei City

Contact person: Corporate Governance Division

Tel: +886-2-27005908

Email: investor@lotuspharm.com or [contact us](#) online

ESG Highlights

Environmental



Expanded scope of 2024 TCFD and Greenhouse Gas Inventory
Taiwan, South Korea, India and Singapore.



9% decrease in greenhouse gas emission intensity compared to last year in Taiwan and Korea.



2% decrease in water intensity compared to last year in Taiwan and Korea plants.

Social



Acquired **67** marketing approvals.



Launched a total of **87** SKUs in global markets.



44.4 % of executives are female in Taiwan, Korea, Singapore, and India.



Added 1 day of **paid volunteer leave** in 2024 .



Contributed over **NT\$26 million** to social engagement, including medical foundations and nonprofits.

Governance



Achieved **double-digit revenue growth** for 6 consecutive years.



MSCI ESG rating upgraded from BBB to **A.**



45% female Board members.



Held the **1st** global supplier conference.

Annual Awards and Honors

Environmental

21st Century Foundation
2024 Net-Zero Industry
Competitiveness Awards-
Excellence Award

Social



104 Corporation
Best Retention Award



Three Excellence Awards at the 2024 HR Asia Awards

Best Companies to Work for in Asia
(three consecutive years)

Diversity, Equity & Inclusion Awards
Most Caring Company Awards

Business Weekly and 104 Corporation
"Top 100 DEI Enterprises for Senior Talent" Survey

Aged Friendly Employer



Alyssa® received the Symbol of
National Quality (**SNQ**) certification

Governance



Taiwan Bio Industry Organization
**Outstanding Company of
the Year 2024**

< Cheers >

**Hidden Top Companies in Taiwan's
22 Counties and Cities**

CommonWealth Magazine Top 2000 TW Listed
Companies Survey

**Ranked 29th among Top 50
Operation Performance Companies**
**Ranked 1st in the Pharmaceutical
and Biotechnology Industry**
**Ranked 211th among Manufacturing
Companies**

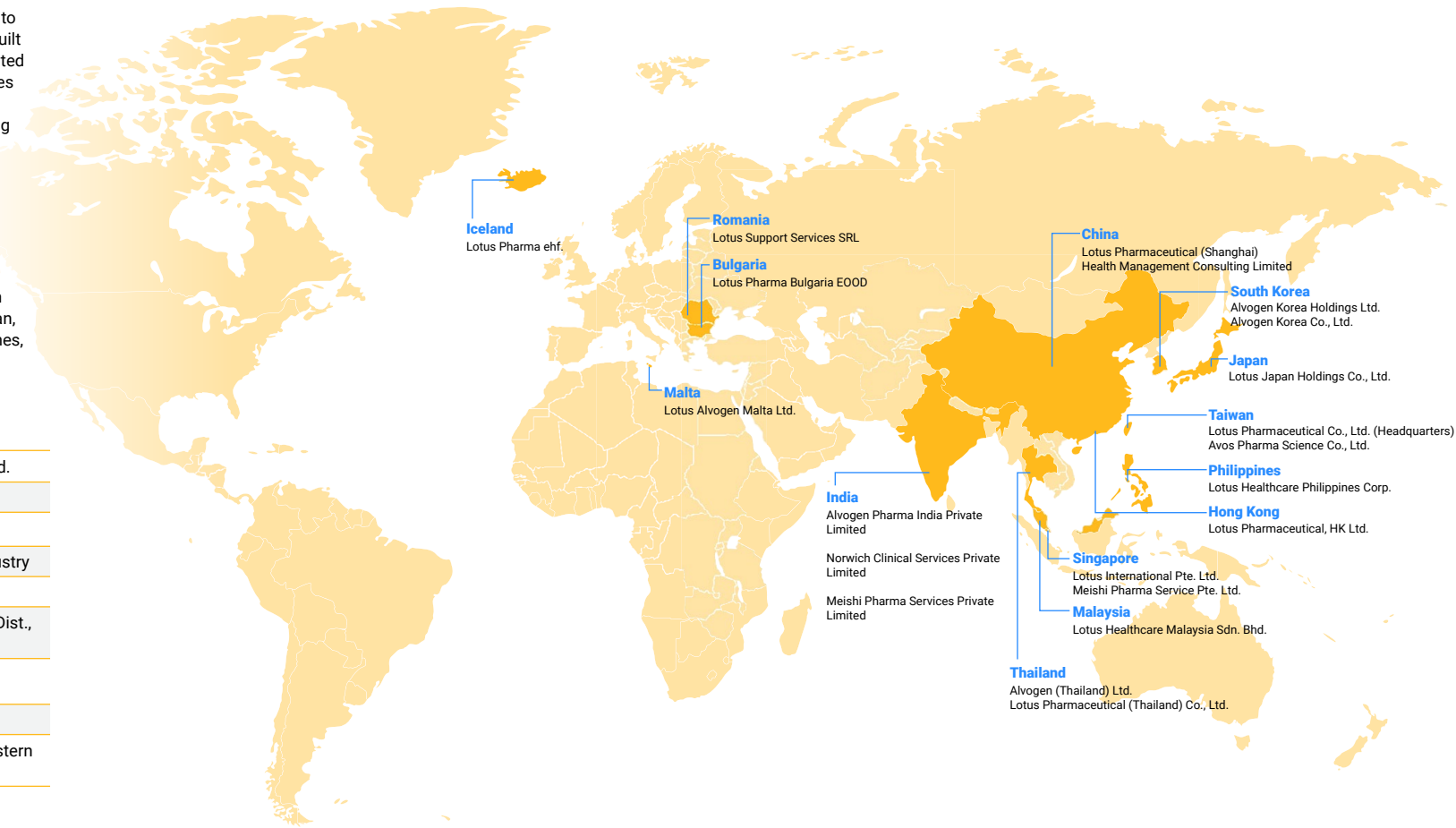
About Lotus

Lotus Pharmaceutical, established in 1966, is a leading global pharmaceutical company, focused on commercializing both novel and generic pharmaceuticals to enhance global access to medicine through a diverse portfolio of products. Lotus has built strategic partnerships in key global markets, including the United States, Europe, Japan, mainland China, and Brazil, and operates more than 100 pharmaceutical projects involving over 250 commercialized products. Through in-house R&D and licensing - in collaborations, the company has successfully introduced highly competitive oncology drugs, complex generics, 505(b) (2) products, new chemical entities (NCEs), and biosimilars. Its therapeutic portfolio includes treatments for oncology & immunology, central nervous system, primary care & lifestyle, woman healthcare, and nephrology. Lotus' operating headquarters is located in Taiwan, with manufacturing and research and development centers in both Taiwan and South Korea. Its Asian operations extend to Taiwan, South Korea, Singapore, India, Thailand, Vietnam, the Philippines, Malaysia, China, Hong Kong, and Japan, while its European presence includes Iceland, Malta, Bulgaria, and Romania.

▼ Lotus Basic Information

Company Name	Lotus Pharmaceutical Co., Ltd.
Stock Code	1795
Sector	Private sector
Industry	Biotechnology and Medical Industry
Listing Date	December 16, 2019
Headquarters	17F, No.277, Songren Rd., Xinyi Dist., Taipei City
Total Number of Employees Worldwide	1,609
Paid-in Capital	NTD 2,658,138,120
Main Business Activities	Manufacturing and Retail of Western Medicines

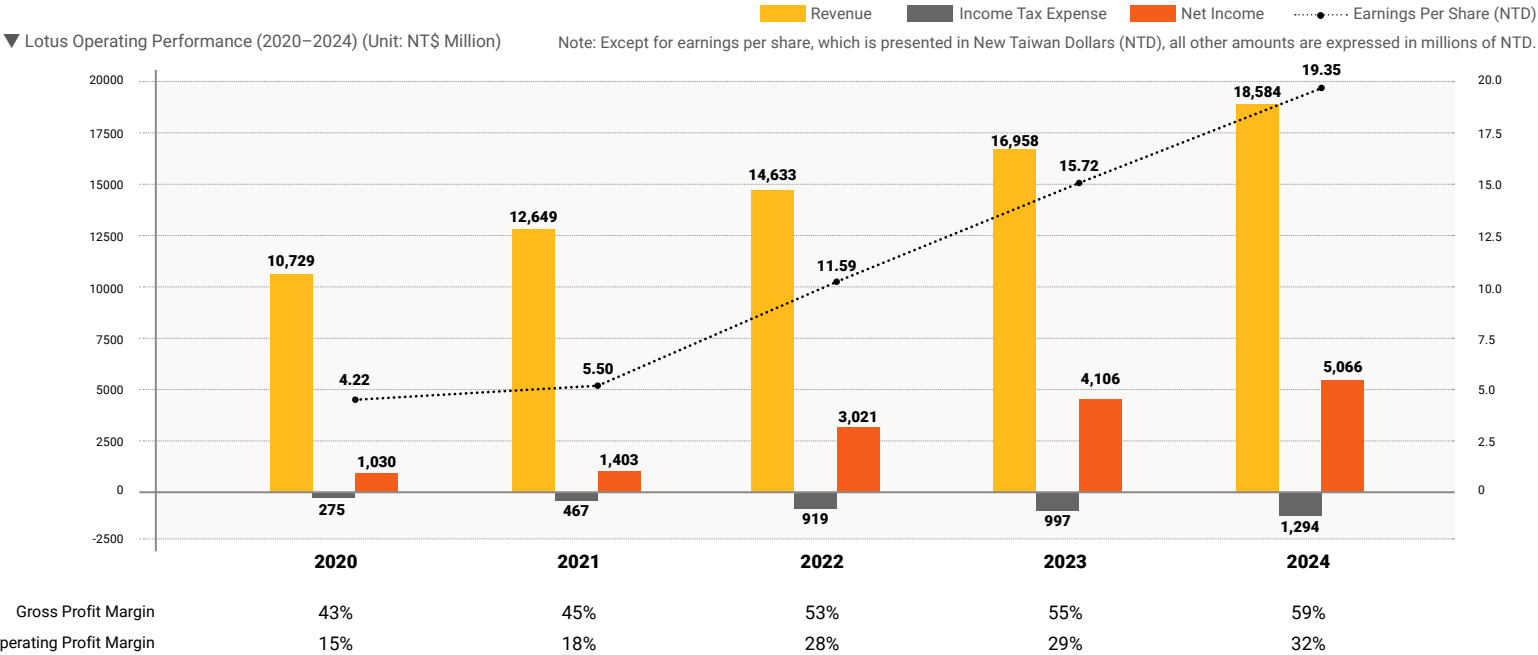
▼ Lotus's Global Operating Base



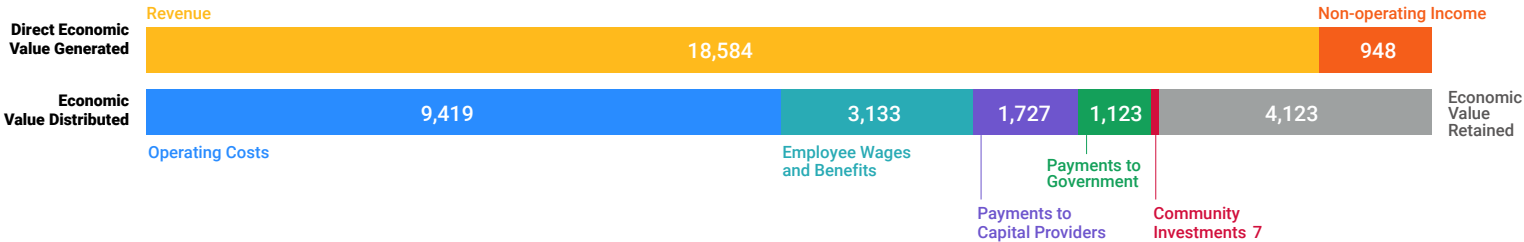
Economic Performance

In 2024, Lotus achieved record-high financial and operational results, with revenue reaching NT\$18.584 billion, representing a 10% year-over-year growth. This marks the sixth consecutive year of double-digit revenue growth, driven by increased export performance in Asian and other global markets

The annual net profit of the Company grew from NT\$ 4.106 billion in 2023 to NT\$ 5.066 billion in 2024, presenting an annual growth rate of 23%. The earnings per share reached NT\$ 19.35. The Company also achieved its highest-ever gross margin of 59% and operating profit margin of 32%. Please refer to Lotus's [2024 Annual Report](#) for detailed financial and performance information.



▼ Direct Economic Value Generated and Distributed by the Organization (Unit: NT\$ Million)



Note: Economic Value Retained = Direct Economic Value Generated – Economic Value Distributed

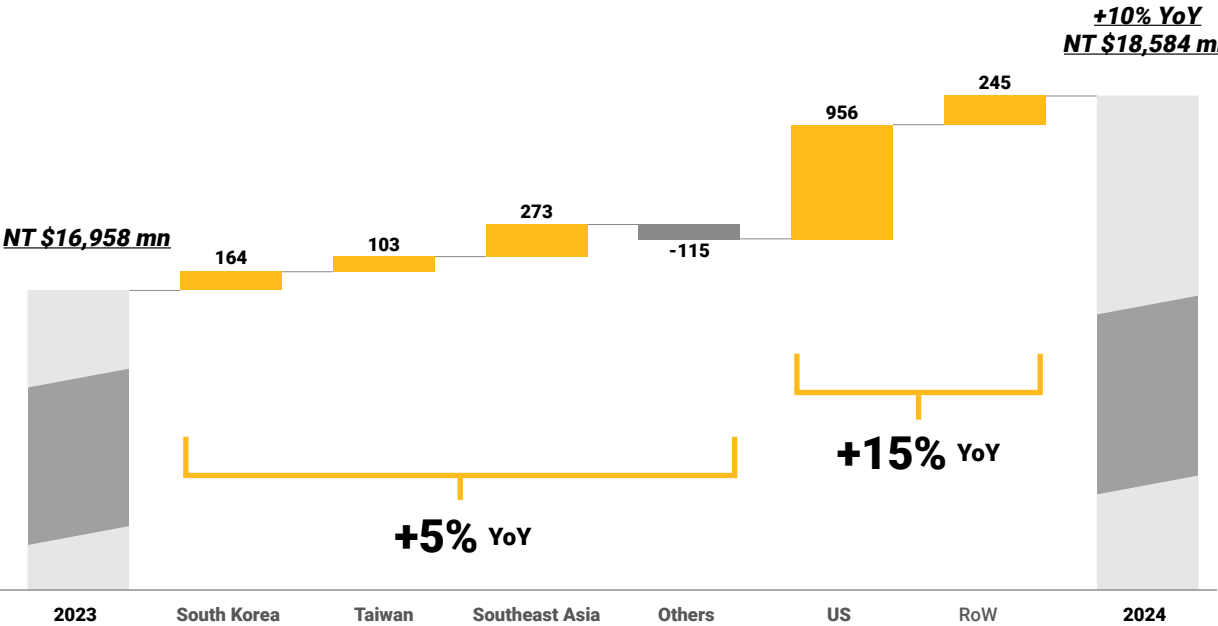
Two-Pronged Market Expansion: Asian and Export Businesses

Asian business growth of 5% YoY

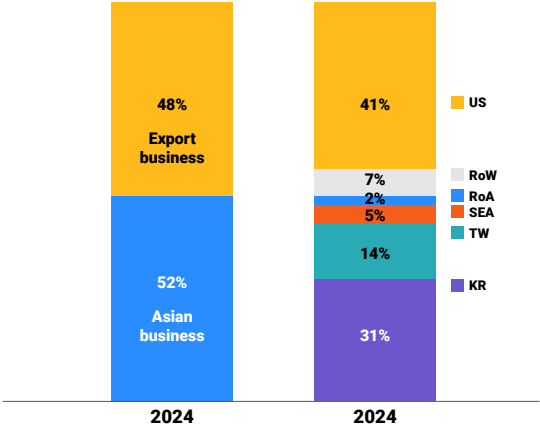
- Growth in the Asian markets in 2024 was mainly driven by the acquisition of Teva Pharma Thailand. This strategic move introduced NATEAR, a leading ophthalmic product in the region, and strengthened Lotus' presence in the pharmacy channel.
- The Company launched a total of 66 new SKUs in Asia in 2024.

Export business growth of 15% YoY

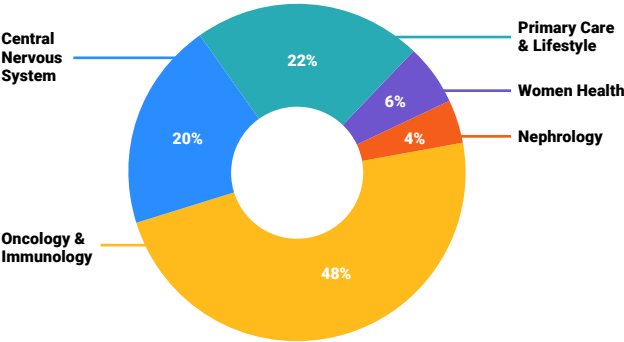
- Driven by strong demand for Lenalidomide in the United States and other markets, along with the launch of new oncology products such as Enzalutamide, operating revenue increased by 15% year-over-year.
- The Company launched a total of 21 new SKUs in global export markets in 2024.



▼ 2024 Revenue Breakdown by Market



▼ 2024 Revenue Breakdown by Therapeutic Area



Lotus continued to expand its global markets and actively promote product marketing and business development in 2024, showcasing strong growth momentum. Key operating results are as follows:

The Company filed 132 global submissions, secured 67 market approvals, and launched 87 products covering 31 INNs.

Key Products and Market Approval:

- Nintedanib (generic of Ofev®): Approved in the UK and Canada.
- Pomalidomide (generic of Pomalyst®): Approved in the UK and EU.
- Enzalutamide: Approved in the UK.

Research & Development

- Initiated 10 projects.
- Filed 2 dossiers.
- 26 projects are ongoing.

The Company signed 20 licensing deals, and 26 out-licensing agreements with international partners.

Business Development (BD):

- Acquisition of Teva Pharma Thailand.
- Acquisition of commercial rights for the anti-inflammatory drug Alpha Choay in Vietnam and Cambodia.
- Acquisition of commercial rights for the Aflibercept biosimilar in key Southeast Asian markets including Thailand, Vietnam, and the Philippines.
- Signing of three co-development agreements for first-to-file (FTF) products.

Out-licensing Agreements

- Signing of 26 licensing agreements with global pharmaceutical companies (e.g., Sandoz and Galenicum), with product sales territory expanded to over 160 markets.



Chapter 1

Sustainable Management

1.1 Sustainability Strategy

1.2 Stakeholder Identification and Engagement

1.3 Material Topic Identification and Analysis

1.4 Management Approach to Material Topics



1.1 Sustainability Strategy

At Lotus, our mission is to enhance global access to medicine through a diverse portfolio of products. In pursuit of this mission—and our commitment to environmental and social sustainability, we established the Sustainability and Risk Management Workforce in 2024. This team is responsible for building internal management mechanisms for sustainability, formulating short-, medium-, and long-term goals and strategies, and overseeing cross-functional execution and outcomes. Through systematic internal governance, we aim to minimize the potential social and environmental impacts of our products.

Our sustainability strategy is built on four pillars: minimizing environmental impact, expanding our product portfolio, fostering a culture of diversity, equity, and inclusion (DEI), and strengthening stakeholder relationships. These strategic directions are anchored by four focus areas: environmental sustainability, access to medicine, employee development, and corporate governance.

Together, these efforts support Lotus' sustainable growth and our aspiration to become a global leader in oral generic oncology medicines and high-barrier drug development. We also continue advancing branded drugs, biosimilars, and 505(b)(2) products, building an international pharmaceutical platform to address unmet medical needs.

▼ ESG Strategy Framework



1.1.1 Sustainability Governance

To strengthen sustainable development management, Lotus has established its own Sustainable Development Practice Principles in alignment with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. In 2024, the Company established the ESG and Risk Management Workforce, composed of senior executives from cross-departmental teams. This dedicated team is responsible for formulating sustainability and risk strategies, setting short-, medium-, and long-term goals, coordinating internal departments, engaging with external stakeholders, managing disclosures and communications, and monitoring the progress of related projects.

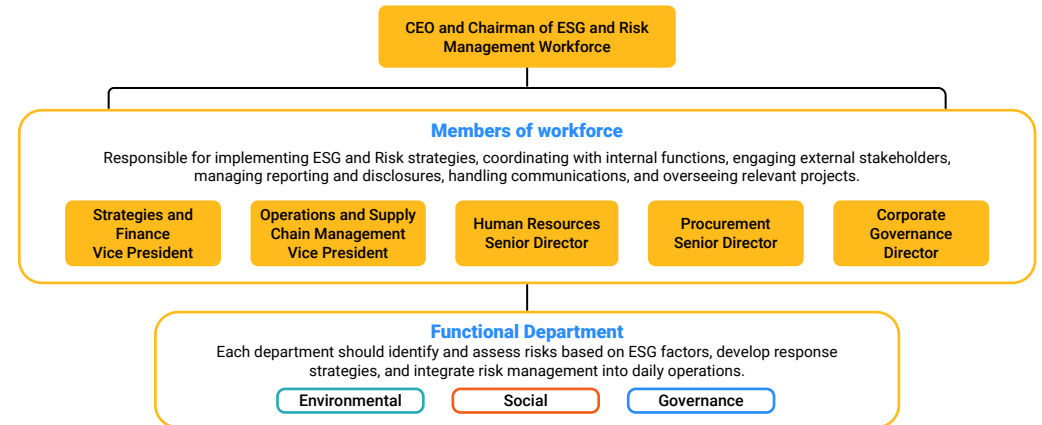
To ensure the successful implementation of the ESG and Risk Management Workforce's annual objectives, each department is required to identify and assess risks based on the three ESG dimensions and relevant international standards and regulations. Serving as a cross-functional communication platform, the ESG and Risk Management Workforce leads functional teams in developing sustainable development plans, gradually implementing related strategies and goals, and regularly tracking progress to achieve effective sustainability management.

Additionally, starting in 2025, the Audit Committee's role will be expanded to the "Audit and Risk Committee." Going forward, the committee will not only review climate-related risk information but also enhance the overall risk management of the company.

Annual Report from the ESG and Risk Management Workforce to the Board of Directors:

- The ESG and Risk Management Workforce will report ESG performance achievements, including climate change-related issues, to the Board of Directors annually.
- Each functional department shall convene a meeting every year and report to the chairperson of the workforce.

▼ Organizational Structure of the ESG and Risk Management Workforce



1.1.2 External Initiatives and Participation in Public Associations

▼ International Initiatives Supported

ESG	1. United Nations 17 Sustainable Development Goals (SDGs) — Advocate integration of social, economic, and environmental dimensions to advance global sustainability efforts. 2. United Nations Global Compact (UNGC) — Promotes sustainable governance focusing on human rights, labor, environment, and anti-corruption in organizational development.
Environment	1. Task Force on Climate-related Financial Disclosures (TCFD) — Assists investors and decision-makers in understanding climate-related risks, opportunities, and financial impacts..
Society	1. International Labour Organization (ILO) — Focuses on improving working and living conditions and safeguarding employee rights. 2. Social Accountability 8000 (SA8000) — Ensures supply chain partners comply with international standards on human rights, environment, and ethics. 3. Responsible Business Alliance (RBA) — Ensures safe working environments and respectful treatment of workers across the supply chain.
Governance	1. United Nations Convention against Corruption (UNCAC) — Establishes governance systems to prevent corruption. 2. Principles for Responsible Investment (PRI) — Facilitates investor access to ESG information and its integration into investment decisions. 3. Principles for Responsible Supply Chain Management (PSCI) — Ensures pharmaceutical supply chains meet high ethical, environmental, and social responsibility standards.

▼ Significant Engagement with Key Associations and Initiatives

No.	Name of Association	Qualification
1	Taiwan Parenteral Drug Association	Member
2	Taiwan Pharmaceutical Manufacturer's Association	Member
3	Taipei Pharmaceutical Business Association	Member
4	Taipei Pharmaceutical Agents and Distributors Association	Member
5	Taiwan Bio Industry Organization	Member
6	Taiwan Pharmaceutical Manufacture and Development Association	Director
7	Taiwan Pharmaceutical Marketing & Management Association	Director
8	Institute for Biotechnology and Medicine Industry	Member
9	Taiwan Generic Pharmaceutical Association	Member
10	The Pharmaceutical Society of Taiwan	Member
11	Taipei Biotech Association	Member

1.2 Stakeholder Identification and Engagement

The company identifies its stakeholders through interactions across various departments, assessing the extent to which they are impacted by the company's activities, products, and services. This assessment is guided by the five stakeholder attributes defined in the AA1000 Stakeholder Engagement Standard (SES): dependence, responsibility, interest, influence, and diverse perspectives. Based on this analysis, the company develops key management policies and implementation plans to address stakeholder needs and expectations.

Lotus continuously tracks market trends and reviews stakeholder groups annually. After internal interviews and confirmation in 2024. The local community was incorporated into the category of patients and non-profit organizations, resulting in one fewer category compared to 2023. In 2024, there are seven key stakeholders, including government agencies, shareholders/investors, employees, healthcare institutions or customers, suppliers and partners, patients and non-profit organizations, and the media.

1.2.1 Stakeholder Engagement

The company engages with stakeholders through regular business interactions, routine surveys, and interview analyses across all functions. Since stakeholders' concerns vary depending on the nature of each business, the company utilizes diverse communication channels to accurately understand their needs and expectations, and adjusts operational management accordingly. Appropriate responses are provided to address their key concerns.

▼ Lotus Stakeholder Communication Channels and Results

Stakeholder	Concerned Topics	The Importance to Lotus	Engagement Method	Communication Frequency	Communication Performance	Chapter
Government agencies (note)	• Drug quality and safety • Drug accessibility • Corporate governance and ethical operations • Information security and privacy • Supply chain management	Ensure that Lotus' operations comply with government regulations on corporate governance, environmental protection, occupational health and safety, and drug marketing authorization, as these directly impact business stability and market access.	• On-site visits, phone calls, official correspondence, information disclosure, email, and earnings calls	• Irregular	• The Company received 772 electronic official documents and sent 944 outgoing documents in 2024, totaling 1,716 documents. • All 12 directors (including independent directors) engaged in continuous education on 18 occasions totaling 87 hours, complying with Financial Supervisory Commission regulations. • In alignment with the Financial Supervisory Commission's (FSC) Sustainability Roadmap for TWSE/TPEx-listed companies, the 2024 greenhouse gas (GHG) inventory and third-party assurance were completed across major operational sites. In parallel, the TCFD framework has been implemented to address climate change. The GHG inventory and assurance details are shown in the table below:	3.5 Drug Quality 3.2 Improving Drug Accessibility Chapter 2 Corporate Governance 2.5 Supply Chain Management
					<table><tr><td>GHG Inventory</td><td>Taiwan: Lotus Pharmaceutical Co., Ltd. South Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private</td></tr><tr><td>GHG Third-Party Assurance</td><td>Taiwan: Lotus Pharmaceutical Co., Ltd. South Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited.</td></tr></table> • The Lotus Taiwan and Korea factories completed a total of 8 inspections. The Taiwan Nantou factory received approval in all 3 inspections. The Korea Hyangnam factory received approval in all 3 MFDS inspections. The Korea Gongju factory underwent 2 MFDS inspections, with one receiving approval, while the other did not meet the required standards due to inconsistencies in some data from the Alvogen Korea outsourced laboratory. After verification, it was confirmed that the product quality was unaffected. The company subsequently reviewed and strengthened the management processes for outsourced laboratories, actively making improvements to ensure future compliance with relevant regulations.	
GHG Inventory	Taiwan: Lotus Pharmaceutical Co., Ltd. South Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private					
GHG Third-Party Assurance	Taiwan: Lotus Pharmaceutical Co., Ltd. South Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. Singapore: Lotus International Pte. Ltd. India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited.					
Shareholders/ investors	• Corporate governance and ethical operations • Drug quality and safety • Drug accessibility • Talent attraction and retention • Business performance • Information security and privacy protection • Supply chain management	Provide funding for business expansion and R&D, hold expectations for financial stability and growth performance, and enhance market trust and the company's overall appeal.	• Annual general meetings/annual reports • Quarterly financial reports • Announcement of operations overview • Material Information Announcements, Press Releases, Investor Conferences, Official Company Website, Phone, and Email	• Annually • Quarterly • Monthly • Irregular	• Held 1 annual general meeting. • Held 4 earnings release • Invited to attend 10 investor meetings/ forums. • There were 67 public announcements made on the Market Observation Post System from January to December 2024.	Chapter 2 Corporate Governance 3.5 Drug Quality 3.6 Drug Safety and Recall 4.3 Talent Development Economic Performance 2.5 Supply Chain Management

Stakeholder	Concerned Topics	The Importance to Lotus	Engagement Method	Communication Frequency	Communication Performance	Chapter
Employees	- Drug quality and safety - Talent attraction and retention - Occupational Safety and Health - Information security and privacy - Climate action	Employees are not only valuable assets of the Company, but also the driving force behind its operations. A positive work environment and development opportunities help attract and retain top talent, thereby enhancing the Company's overall competitiveness.	- Labor-management meetings and remuneration committee meetings - Employee engagement surveys and performance evaluations - Emergency response drills, HR announcements, internal employee portal, two-way communication conferences, town hall meetings, department meetings, internal and external training programs, online learning - Labor unions (Korea)	- Quarterly - Annually - Irregular	4 labor-management meetings were held in Taiwan. - In the 2024 employee engagement survey, a total of 1,482 questionnaires were sent to employees worldwide, and 1,268 were collected, with a response rate of 87%. The 2024 survey results showed improvements in both engagement and employee experience. 7 townhalls two-way communication meetings were held. - Korean labor union: Total of 28 meetings held from January to December 2024	3.6 Drug Safety and Recall 4.3 Talent Development 4.4 Safe and Healthy Workplace Environment 2.4 Information Security Management 5.1 Task Force on Climate-related Financial Disclosures, TCFD
Medical institutions and customer	- Corporate governance and ethical operations - Drug quality and safety - Waste and hazardous chemical management - Drug accessibility - Information security and privacy protection	Medical institutions and customers are important partners of Lotus. The company is committed to continuously delivering high-quality products and excellent services to provide patients worldwide with better, safer, and more affordable medicines, thereby improving patient health.	Exhibitions, product presentations, academic events and lectures, clinical trials, factory visits, audits, visits, emails, written correspondence, pharmacovigilance and adverse event reporting, drug quality educational sessions	Irregular	- Lotus Taiwan organized a total of 333 academic events related to medical products, with 12,985 participants. These events included 134 focused on oncology drugs and 199 on non-oncology drugs. 2 major factory visits were organized in Taiwan to provide medical professionals involved in drug quality a deeper understanding of the high-quality products offered by Lotus.	Chapter 2 Corporate Governance 3.6 Drug Safety and Recall 5.5 Waste Management 3.2 Improving Drug Accessibility 2.4 Information Security Management
Suppliers and partners	- Waste and hazardous chemical management - Drug accessibility - Business performance - Information security and privacy protection - Drug quality and safety - Corporate governance and ethical operations	Ensure the stability of raw materials and manufacturing processes, reduce costs, and enhance supply chain efficiency through collaboration to support long-term business development.	Supply chain management and audits	Contract-based	- The Procurement Department planned to audit 25 suppliers in 2024 (13 from Taiwan, 10 from Korea, and 2 joint suppliers), achieving 100% completion of the audits with no significant deficiencies or risks identified. - The Quality Department planned to audit 135 suppliers in 2024, performing on-site audits for 30 and document-based audits for 104 suppliers, achieving a 99% completion rate. with no significant deficiencies or risks. - For the first time, we organized two global supplier conferences to strengthen engagement with our worldwide partners.	5.5 Waste Management 3.2 Improving Drug Accessibility Economic Performance 2.4 Information Security Management 3.6 Drug Safety and Recall Chapter 2 Corporate Governance
Patients and non-profit organizations	- Corporate Governance and Ethical Operations - Drug quality and safety - Waste and hazardous chemical management - Drug accessibility - Cyber security and privacy protection	Patient needs guide the direction of pharmaceutical R&D, while collaboration with non-profit organizations deepens the company's commitment to social responsibility and strengthens the brand's influence in the areas of health and social impact.	Educational lectures, CSR activities, phone, and email	Irregular	- Lotus Taiwan held 142 activities for patients with cancer and other diseases in Taiwan, reaching 11,312 participants, among which 136 activities were held for patients with osteoporosis, breast cancer, and colorectal cancer. - Two free diagnosis and pharmacist lectures were held in remote areas of Nantou, serving 357 residents. The lectures were attended by 300 participants. - Through cooperation with One-Forty, we organized a workshop on dementia care for migrant workers at Nantou Yumin Hospital with almost 20 migrant workers attending. - Lotus Taiwan donated 7 types of medicines to the 31th Love Knows No Boundaries Free Medical Service for free clinics in Cambodia. - We donated NT\$ 100,000 to support the "Children's Brilliant Concert & Taiwan Girls' Day" of the Garden of Hope Foundation, paying attention to the rights and interests of children and young girls. - We donated NT\$ 400,000 to support the Extremely Early Intervention Program for Children Aged 0-3 of the Maria Social Welfare Foundation during the employee family day in combination with public donations. - The subsidiary in South Korea cooperated with Good People International, donating KRW 20 million and female hygiene products to help 200 women and teenagers from low-income backgrounds. - The subsidiary in South Korea has held kimchi and bread volunteer activities for more than 10 consecutive years, and cumulatively donated KRW 3.5 million to support this program.	Chapter 2 Corporate Governance 4.4 Safe and Healthy Workplace Environment 3.2 Improving Drug Accessibility 2.4 Information Security Management
Media	- Corporate governance and ethical operations - Drug quality and safety - Business performance - Drug accessibility - Information security and privacy protection	As a communication bridge, the media amplifies the dissemination of the company's image and R&D achievements, enhancing public awareness and strengthening brand influence.	Press release, media interview, market observation post system (MOPS), company website, Spokesperson and media contact mailbox	Irregular	There were a total of 24 press releases related to the Company's operations disclosed on the website from January to December 2024.	Chapter 2 Corporate Governance 3.6 Drug Safety and Recall Economic Performance 3.2 Improving Drug Accessibility 2.4 Information Security Management

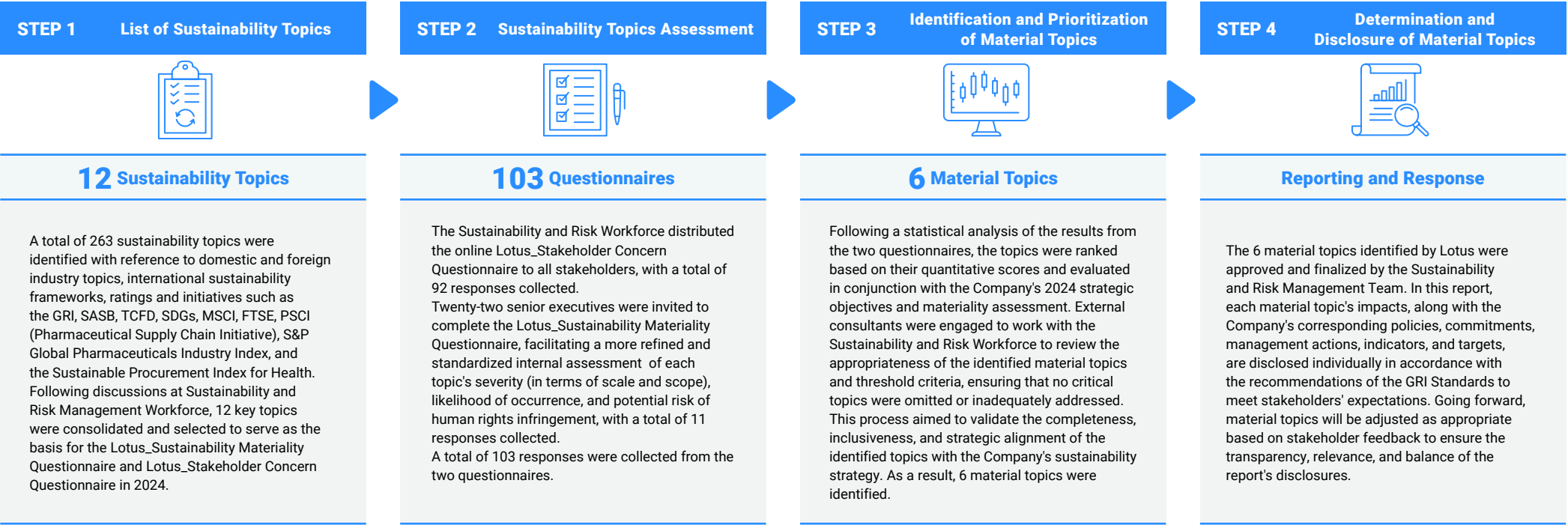
Note: Center for Drug Evaluation, Ministry of Health and Welfare, Environmental Protection Bureau, Environmental Protection Agency, Ministry of Labor, Fire Brigade, Industrial Development Bureau, Economic Development Bureau, Health Bureau, Securities and Futures Bureau, TWSE, etc.

1.3 Material Topic Identification and Analysis

To pursue corporate sustainable development, Lotus continuously monitors global sustainability trends, relevant disclosure standards, and material topics identified by international benchmarks and domestic peers. The company plans to reassess and update its material topics every two years.

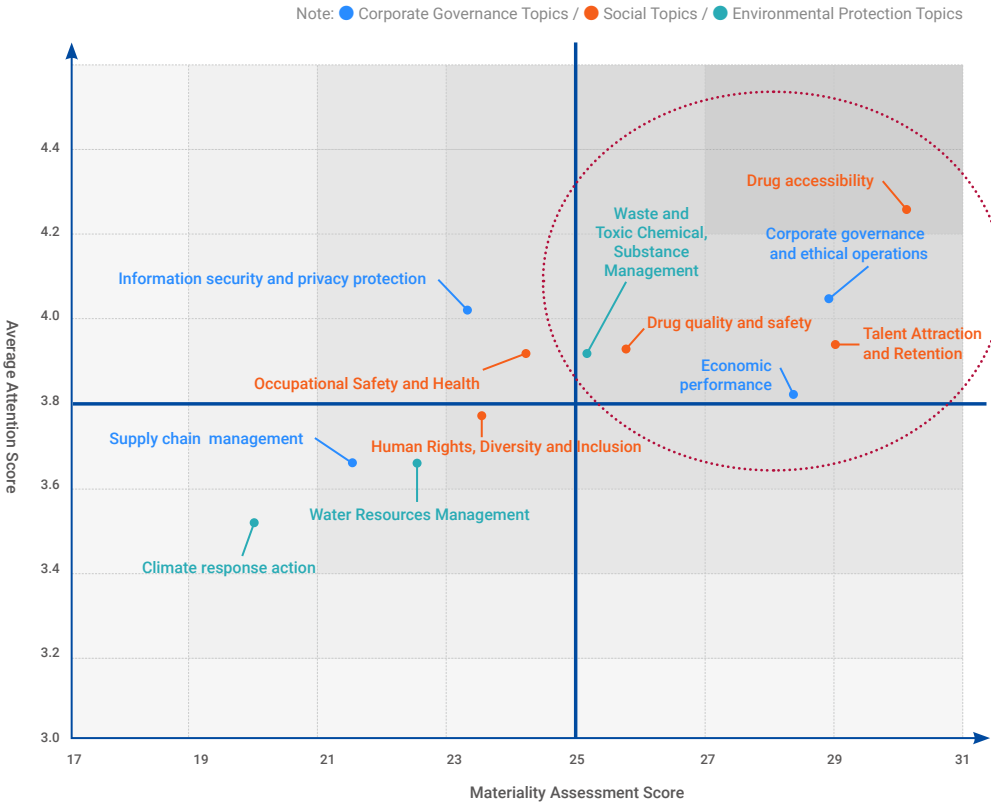
Lotus follows the guidance and principles of GRI 3: Material Topics in the GRI Standards and re-identified material topics in 2024. We scored the positive and negative sustainable impacts for each topic, and conducted statistical analysis after recovering the Lotus_Sustainability Materiality Questionnaire and Lotus_Stakeholder Concern Questionnaire. We identified six material topics – 1 environmental topic, 3 social topics, and 2 economic/governance topics – after communications and interviews with senior supervisors and holding discussions at Sustainability and Risk Management Workforce.

▼ Lotus 2024 Material Topic Determination Process



1.3.1 Materiality Matrix

Lotus identifies and discloses material topics following the analysis process outlined in GRI 3, prioritizing topics with significant negative impacts. In addition, stakeholder concerns and pharmaceutical industry-specific indicators from domestic and international ESG rating frameworks (MSCI, FTSE, PSCI, and S&P Global) are incorporated to comprehensively assess the materiality of each topic. This multi-faceted and objective evaluation enables us to better meet stakeholder expectations, strengthen corporate resilience, and continuously advance sustainable development.



1.3.2 Updates to Material Topics

Through the Lotus_Sustainability Materiality Questionnaire and Lotus_Stakeholder Concern Questionnaire, Lotus conducted surveys and statistical analysis to evaluate the materiality of 12 sustainability topics, ultimately identifying the top 6 as the material topics for 2024. Compared to the previous year, the level of concern for each topic shifted. Notably, the ranking of “Drug Accessibility” declined, while the other 5 topics moved up in priority. Given the high degree of relevance between “Human Rights, Diversity and Inclusion” and “Talent Attraction and Retention,” these topics were integrated into a single theme: “Talent Development, Diversity and Inclusion,” to ensure a more systematic and effective strategy for advancing employee development, equity, and inclusion. Through these adjustments, Lotus Pharmaceutical continues to refine its sustainability strategies, respond to stakeholder expectations, and deepen its commitment to corporate social responsibility.

▼ Updates of Lotus Material Topics 2024

Material topics 2023			Material topics 2024		Updates
01	Drug Accessibility	01	Drug Quality and Safety		Up
02	Drug Quality and Safety	02	Corporate Governance and Ethical Operations		Up
03	Human Rights, Diversity and Inclusion	03	Talent Development and Diversity & Inclusion (Talent Attraction and Retention + Human Rights and Diversity & Inclusion)		Renamed from "Human Resource Development" with an elevated priority, now managed together with the "Human Rights and Diversity & Inclusion" topic.
04	Legal Compliance	04	Business Performance		Up
05	Information security and Privacy Protection	05	Drug Accessibility		Down
06	Corporate Governance and Ethical Operations	06	Waste and Hazardous Chemical Management		Up
07	Business Performance	07	Occupational Safety and Health		Up, disclosure of general topic
08	Waste Water and Waste	08	Information security and Privacy Protection		Down, disclosure of general topic
09	Climate Action	09	Human Rights, Diversity and Inclusion		Down, consolidated under the "Talent Attraction and Retention" topic for integrated management.
10	Products and Services	10	Water Resource Management		Down, disclosure of general topic
11	Human Resources Development	11	Supply Chain Management		Addition of new topic, disclosure of general topic
12	Occupational Safety and Health	12	Climate Action		Down, disclosure of general topic
13	Doctor-Patient Relationship and Social Care				

1.3.3 List of material topics

Through the aforementioned impact evaluation and analysis, Lotus further considered both positive and negative impacts and identified 6 material topics that have significant implications for the external environment, economy, and society. These include 1 environment-related topic, 3 society-related topics, and 2 topics related to the economy and governance.

▼ Material Topics, Impact Scope, and Level of Involvement

● Direct impact ○ Contributing impact ▲ Business impact

No.	Material topics	Positive and Negative impact	GRI Correspondence	Significance and Importance to Lotus	Value chain impact			Chapter
					Up-stream	Lotus Pharmaceutical	Down stream	
1	Drug quality and safety	(+) : Quality and safety standards ensure patients receive effective and safe treatment, build their trust in the drugs, and promote positive treatment outcomes, thereby enhancing Lotus's reputation and market competitiveness. (-) : Substandard drugs may cause treatment failure, side effects, or health risks, undermining patient health and trust, while exposing Lotus to legal liabilities and harming business development.	416-1 416-2	*Actual positive impact The key is to control quality and safety. We have well-established standards and monitoring measures to ensure compliance and safety. At Lotus, quality is our core value, and every member is accountable for ensuring the highest quality of production.		▲	●	3.5 Drug Quality
2	Corporate governance and ethical operations	(+) : Good corporate governance and ethical operation enhance company transparency and credibility, attracting investors and partners, and promoting sustained business growth and development. (-) : Lack of effective corporate governance and ethical operation can lead to financial opacity, poor decision-making, and ethical risks, causing doubt and distrust among investors and consumers, which may undermine stable business operations.	205-1 205-2 205-3 206-1	*Actual positive impact Healthy corporate governance and ethical operations are the foundation of Lotus' sustainable competitive advantage. This foundation not only ensures compliant and stable corporate operations but also helps deepen stakeholders' trust and support.	○	▲	○	2.1 Corporate Governance Structure 2.3 Integrity Management and Regulatory Compliance
3	Talent Development and Diversity & Inclusion	(+) : Establishing a work environment that respects human rights and promotes diversity, equity, and inclusion (DEI) helps attract and retain top pharmaceutical talent and skilled professionals worldwide, thereby enhancing drug diversity to meet the varied medical needs of different patients. (-) : Ignoring human rights and DEI in the workplace leads to discrimination and unfairness, which restricts innovation and diversity of talent. As the Company expands, failure to establish a DEI-inclusive work environment will result in difficulties recruiting diverse talent, thereby affecting the long-term development of the business.	401-1 401-2 401-3 404-1 404-2 404-3 405-1 406-1	*Potential negative impact In a highly competitive global pharmaceutical market, talent is a key asset driving innovation and sustainable development. Lotus firmly believes that establishing a work environment that respects human rights and emphasizes DEI not only helps attract and retain outstanding pharmaceutical talent and professionals worldwide, but also fosters the exchange of diverse perspectives, improves product diversity, and more precisely meets the pharmaceutical needs of different patients.	○	●	▲	4.1 Human Resources Overview 4.2 Human Rights policy 4.3 Talent Development
4	Economic performance	(+) : Positive economic performance ensures consistent revenue growth, effective cost control, and capital allocation, contributing to sustainable development and ever-growing market share. (-) : Weak economic performance may lead to funding shortages, operational challenges, and reduced market competitiveness, consequently impeding long-term growth and sustainability.	201-1 201-2	*Actual positive impact Stable operating performance is the foundation of sustainable corporate development. Sound economic performance not only brings stable income growth and efficient cost management, but also helps optimize capital allocation and resource use, enabling Lotus to continually invest in R&D, innovation, and strategic plans to expand its footprint in global markets and further improve overall competitiveness and influence.	○	▲	○	Economic Performance 5.1 Task Force on the Climate related Financial Disclosures
5	Drug Accessibility	(+) : Improving drug accessibility enables patients to obtain treatment options at reasonable prices, which not only helps alleviate the medical burden resulting from disease and illness, but also promotes the realization of health rights and medical equity, thereby improving the overall social health and the effectiveness of disease control. (-) : If drug prices are relatively high or difficult to obtain, the public will lose the opportunity for timely treatment, which can weaken the public health defenses and widen the health disparities.	Self-established Topic	*Actual positive impact Drug accessibility enables timely provision of necessary treatments to patients, helping to rapidly control medical conditions, reduce healthcare costs, and improve patients' quality of life and overall health.		▲	●	3.2 Improving Drug Accessibility
6	Waste and Hazardous Chemical Management	(+) : Effective management of waste and hazardous chemicals can reduce environmental pollution, prevent occupational injuries, and protect public health. Compliance with environmental regulations also lowers the risk of fines and enhances the company's reputation for sustainable development. (-) : Managing waste and hazardous chemicals requires investment in facilities and technology, which may increase operating costs. If not properly managed, waste and hazardous chemicals can cause environmental pollution and resource wastage.	306-1 306-2 306-3 306-4 306-5	*Potential negative impact The drug R&D and production processes require the use of various chemical raw materials, resulting in the generation of different types of waste. Proper management of such waste and hazardous chemicals not only affects environmental protection and regulatory compliance but also directly influences the company's sustainable development and market competitiveness.	○	●	○	5.5 Waste Management

*Note: Blue columns represent economy governance-related topics, green for the environment, and orange for society topics.

1.4 Management Approach to Material Topics

Material Topics	Drug Quality and Safety	3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
GRI Correspondence	GRI 416-1 、 GRI 416-2	
Commitments and Policies	Ensure products meet the highest quality standards and take responsibility for the safety of patients and users.	
Metrics and Targets	Short-term goals - Enhance quality control throughout the production process to ensure every batch meets strict quality standards. - Strengthen training and education to increase employees' awareness and execution of quality control. - Establish a comprehensive quality management system (QMS) to ensure strict monitoring and management of all production and inspection procedures. Mid- to long-term goals: - Continuously improve the quality management system (QMS) to adapt to evolving market demands and regulatory requirements, ensuring drug quality and safety.	
Effectiveness Tracking Mechanism	- Conduct regular internal quality reviews and assessments to ensure the effective operation of the quality management system (QMS). - Implement routine monitoring and inspections of the production environment to guarantee quality and safety throughout the manufacturing process. - Collect and promptly respond to customer feedback regarding product quality. - Strengthen supplier management to ensure that raw materials and auxiliary ingredients meet quality standards.	
Actions and Measures	- Lotus did not incur any monetary losses from litigation related to misleading marketing content in 2024. - The total duration of product quality education and training reached 1,288 hours, with 617 participants in 2024. - The Lotus Taiwan and Korea factories completed a total of 8 inspections. The Taiwan Nantou factory received approval in all 3 inspections. The Korea Hyangnam factory received approval in all 3 MFDS inspections. The Korea Gongju factory underwent 2 MFDS inspections, with one receiving approval, while the other did not meet the required standards due to inconsistencies in some data from the Alvogen Korea outsourced laboratory. After verification, it was confirmed that the product quality was unaffected. The company subsequently reviewed and strengthened the management processes for outsourced laboratories, actively making improvements to ensure future compliance with relevant regulations. - A total of 1,356 participants completed annual training on drug safety reporting in 2024. - There were no reports of counterfeit drugs, nor any litigation involving accusations of counterfeit products manufactured in-house by Lotus during 2024. - We proactively recalled a batch of Desud Plus 2/0.5mg Sublingual Tablets totaling 13,150 tablets in 2024.	

Material Topics	Corporate Governance and Ethical Operations	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
GRI Correspondence	GRI 205-1 、 GRI 205-2 、 GRI 205-3 、 GRI 206-1	
Commitments and Policies	Establish a transparent and responsible corporate governance structure, and adhere to the principle of integrity to ensure the legality and ethics of all business activities.	
Metrics and Targets	Short-term goals - Improve a healthy corporate governance structure, including Board member composition, terms, and internal control mechanisms, to enhance the company's transparency and accountability. - Implement ethical business practices by establishing a risk assessment mechanism to ensure all business activities meet ethical standards. - Strengthen employee training to raise awareness and reinforce the importance of corporate governance and integrity in daily operations. Mid-long-term goals - Enhance the efficiency and transparency of corporate governance, ensure appropriate Board member rotation and diversity, and support the company's long-term and steady growth. - Continue to strengthen internal control mechanisms, build a robust risk management system, and proactively prevent and address potential ethical risks and non-compliance.	
Effectiveness Tracking Mechanism	- Set up an independent internal audit function to regularly review and assess corporate governance and business activities. - Conduct regular thematic training on corporate governance and ethical operation to ensure employees understand and comply with relevant policies and commitments. - Maintain whistleblowing channels to promptly address issues and implement effective preventive measures.	
Actions and Measures	- The Board of Directors convened a total of 10 Board meetings in 2024, with a director average attendance rate of 93.6%. - Female directors make up 45% of the Board at Lotus. - The Company received no major penalties in 2024 for violations of corporate governance, anti-corruption, or fair-trade regulations, and there were no instances of insider trading violations by managers. - The Company was not involved in any violations of anti-competition regulations in 2024. - A total of 40 internal audit items were carried out in 2024, with no major non-conformities found. - In 2024, the Company received a total of four complaints: one case involved noncompliance with existing regulations and was investigated; the remaining three were related to employee behavior rather than regulatory violations, and were referred to the Human Resources Department and have since been closed. - In 2024, the Company received no sexual harassment complaints or reports. The scope of the grievance and reporting mechanisms included Taiwan, South Korea, India, and Singapore.	

Material Topics	Talent Development and Diversity & Inclusion	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
GRI Correspondence	GRI 401-1 、 GRI 401-2 、 GRI 401-3 、 404-1 、 GRI 404-2 、 GRI 404-3 、 GRI 405-1 、 GRI 406-1			
Commitments and Policies	Create a work environment of equity, diversity and inclusion, provide employees with opportunities for sustainable development, and support their professional growth and welfare.			
Metrics and Targets	Short-term goals (1~2 years) - Promote the volunteer leave policy to encourage employee participation in community service. Employees may apply for two days of paid volunteer leave per year, supporting their involvement in public welfare and reinforcing the company's commitment to corporate social responsibility. - Launch a new talent development program to nurture future leaders: Implement a three-year leadership development plan aimed at cultivating high-potential employees capable of taking on future managerial roles. - Improve employee engagement scores: Continue to enhance the work environment and communication mechanisms to strengthen employees' sense of belonging. The goal is to increase the engagement score by 5% using 2023 employee survey results as the baseline. Medium-term goals (3~5 years) - Expand volunteer leave benefits by increasing paid volunteer leave to three days per year, further supporting employees' participation in social services and fostering positive values. - Establish a systematic talent reserve mechanism to lay the foundation for sustainable organizational development; target 25% of program participants to qualify as department supervisors upon completing the three-year development plan. - Deepen employees' sense of identity and participation by increasing employee engagement by over 10% compared to 2023. Long-term goals (Over 5 years) - Implement a comprehensive volunteer culture by granting employees four days of paid volunteer leave annually, deepening corporate social responsibility and encouraging sustained participation in public welfare activities. - Establish a stable leadership succession pipeline by continuously optimizing training content and evaluation mechanisms to ensure successors possess core leadership capabilities. Aim for 50% of program participants to qualify for department supervisor positions, demonstrating the effectiveness of talent development. - Achieve steady growth in employee engagement by increasing participation by 15% compared to 2023, reflecting the Company's commitment to creating an attractive workplace environment and fostering a diverse and inclusive corporate culture.			
Effectiveness Tracking Mechanism	- Regularly track the implementation of the employee training plan and evaluate training outcomes to enable timely adjustments. - Regularly review the progress of the talent development plan to ensure goals are met and adjust the plan accordingly. - Regularly collect and analyze employee engagement survey results, develop improvement measures, and monitor their effectiveness. - Evaluate the effectiveness of the performance evaluation system annually and make necessary adjustments to enhance fairness and accuracy. - Regularly provide human rights training and organize multicultural exchange activities to foster a positive corporate culture.			
Actions and Measures	- The R&D talent retention rate was 82.5% in 2024. - The employee turnover rate was 13.4% in 2024. - In 2024, education and training sessions focusing on human rights policies, sexual harassment prevention, and grievance management were conducted, with a total of 2,373 participants receiving 5,934 hours of training. - The employee engagement survey response rate reached 87% in 2024, with the average score improving by 5% compared to 2023. Improvements were observed in both engagement and employee experience dimensions. - In 2024, Lotus employees received an average of 25 hours of talent development training. - Volunteer leave was introduced in 2024, granting employees one paid day per year for volunteering. In 2024, 24 employees applied for this leave, totaling 192 hours of volunteer service.			

Material Topics	Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH
GRI Correspondence	GRI 201-1 、 GRI 201-2	
Commitments and Policies	Implement effective cost control and operational efficiency measures to ensure continual growth of economic performance.	
Metrics and Targets	Short-term goals - Continually improve operational efficiency to meet short-term goals. - Optimize production costs to maximize profit margins. Mid-long-term goals - Continually improve operational efficiency to meet mid-term goals. - Expand product portfolio and market reach to diversify revenue streams.	
Effectiveness Tracking Mechanism	- Regularly review and analyze the production cost structure, and implement corresponding cost-saving measures. - Regularly assess supply chain efficiency and delivery timelines, and propose improvement measures. - Regularly review the effectiveness of investment projects to ensure their rationality and impact.	
Actions and Measures	- In 2024, the Company delivered a strong revenue performance, reaching NT\$18.584 billion, with an annual growth rate of 10%. This marked the sixth consecutive year of double-digit revenue growth. - Net profit reached NT\$5.066 billion in 2024, representing a 23% year-on-year growth, with earnings per share (EPS) of NT\$19.35. - The Company also achieved its highest-ever gross margin of 59% and operating profit margin of 32% in 2024.	

Material Topics	Drug Accessibility	3 GOOD HEALTH AND WELL-BEING	10 REDUCED INEQUALITIES
GRI Correspondence	Custom Topic		
Commitments and Policies	To ensure broader patient access to essential medicines and improve health outcomes, Lotus promotes the production, distribution, and availability of pharmaceuticals to meet healthcare needs and enhance quality of life.		
Metrics and Targets	Short-term goals - Enhance production efficiency and reduce production cycles to meet patients' medicines needs. - Expand sales networks and partnerships to diversify distribution channels and improve the accessibility of pharmaceutical products. Mid-long-term goals - Establish a stable supply chain to ensure sufficient raw material supply and adapt to changing market demands. - Increase R&D investment to develop new drugs, enhance product variety and quality, and meet patients' needs. - Expand strategic partnerships to enrich and diversify the product portfolio.		
Effectiveness Tracking Mechanism	- Regularly monitor production efficiency and cycle time, and develop corresponding improvement plans. - Regularly track R&D progress to ensure timely launch of new products. - Regularly follow up on strategic partnership progress to ensure commercialization of diverse drugs locally and improve drug accessibility. - Regularly conduct internal meetings and reviews to assess goal achievement and promptly adjust strategies and measures.		
Actions and Measures	- Filed 132 global submissions, secured 67 market approvals, and launched 87 products covering 31 INNs in 2024. - The Company signed 20 business development (BD) licensing agreements and 26 out-licensing cooperation agreements with international partners in 2024. - Lotus' oncology drugs are estimated to be used by at least 235,000 patients as of 2024. - As of 2024, the Company has successfully sold or registered drug licenses in 58 developing and least-developed countries.		

Material Topics	Waste and Hazardous Chemical Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
GRI Correspondence	GRI 306-1 、 GRI 306-2 、 GRI 306-3 、 GRI 306-4 、 GRI 306-5	
Commitments and Policies	Comply with environmental protection regulations and commit to the effective management and treatment of waste and hazardous chemicals generated during pharmaceutical production to minimize negative environmental impact.	
Metrics and Targets	Short-term goals - Increase waste classification and recycling rates to meet target levels. - Regularly review and update wastewater and waste treatment facilities to ensure compliance with standards and regulations. Mid-long-term goals - Increase waste reuse rates. - Continuously improve the efficiency and effectiveness of wastewater and waste management processes.	
Effectiveness Tracking Mechanism	- Regularly monitor and assess waste classification and recycling rates. - Regularly inspect and assess waste treatment facilities, and document improvement measures. - Regularly update and review environmental protection regulations to ensure company policy compliance. - Regularly conduct training and awareness programs to enhance employee understanding and commitment to waste management.	
Actions and Measures	- Conduct monthly random and regular inspections of waste classification quantities and contents, with rolling adjustments to waste management mechanisms. - Although total waste generation increased in 2024 due to business growth and increased revenue, we will actively focus on waste reduction measures and management practices to effectively control waste volumes going forward.	

Chapter 2

Corporate Governance

- 2.1 Corporate Governance Structure
- 2.2 Risk Management and Internal Audit
- 2.3 Integrity Management and Regulatory Compliance
- 2.4 Information Security Management
- 2.5 Supply Chain Management



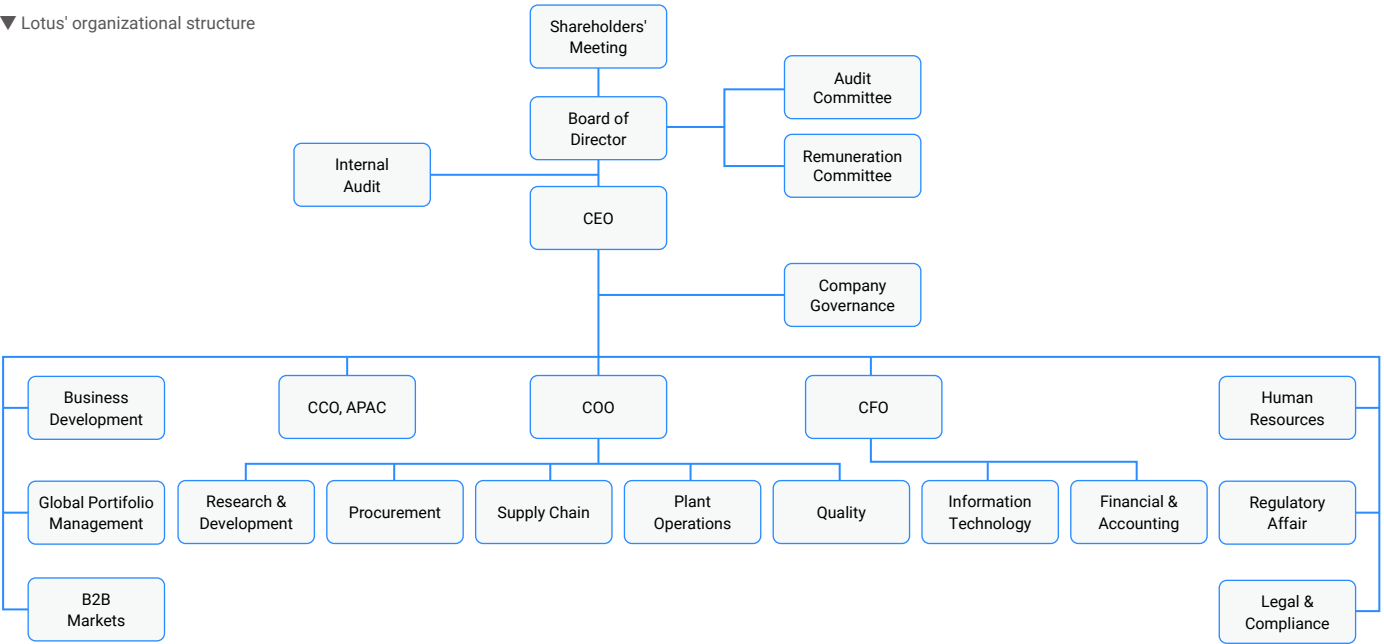
2.1 Corporate Governance Structure

Lotus has implemented [the Corporate Governance Best Practice Principles](#) in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. These principles serve to safeguard shareholders' rights and interests, reinforce the authority of the Board of Directors, uphold the responsibilities of independent directors, respect the rights and interests of stakeholders, and improve transparency of information dissemination. In accordance with these regulations, the composition of the Company's Board of Directors should take into account its business scale and the shareholdings of its major shareholders, while also considering operational needs. The appropriate number of directors, no fewer than five, should be determined, with consideration of diversity.

The number of independent director seats shall not be fewer than three and shall constitute at least one-fifth of the total directorship. The election and appointment of independent directors must guarantee their autonomy and expertise, and independent directors are prohibited from transitioning into non-independent roles during their term.

The Company has formed an Audit Committee and a Remuneration Committee within the Board. To enhance supervisory functions and bolster management mechanisms, the Board of Directors may institute additional functional committees based on the company's scope and nature of operations, as well as the size of the directorate. Board Members are expected to diligently oversee corporate affairs, exercising their authority with a high degree of self discipline and prudence. It is recommended that Board Members participate in specialized training programs related to corporate governance to continually augment their professional and legal expertise.

▼ Lotus' organizational structure



2.1.1 Board Oversight and Management of Impacts

In 2024, Lotus held a total of 10 Board meetings, averaging one meeting every 1.2 months. The overall attendance rate of directors reached 99.1%, and the actual attendance rate, excluding proxy attendance, was 93.6%. For details on individual director attendance, please refer to page 19 of the [2024 Annual Report](#). The Board meetings primarily focused on reviewing business performance and discussing key matters such as significant investments, major whistleblower reports, material negative impacts, public opinion, and the company's sustainability strategies. The Board also designated and confirmed the departments responsible for relevant issues, and continued to monitor and oversee their progress and resolution in subsequent meetings. Throughout 2024, the Board discussed 56 proposals across nine key areas, including monitoring business performance, preventing conflicts of interest, ensuring compliance with relevant laws and regulations, and facilitating communication about significant matters.

▼ Number of proposals discussed at Lotus' Board of Directors meetings in 2024

Operations management	8
Business transactions	1
Personnel appointments and dismissals	5
Remuneration	10
Shareholder meetings and the election of directors	7
Related party transactions	7
Finance and accounting	8
Internal control	2
Amendments to the rules and regulations	8
Total	56

Policy commitment

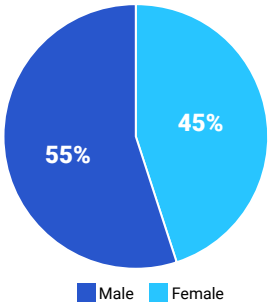
In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, Lotus' Board of Directors has instituted the Lotus Code of Business Conduct and Ethics, Procedures for the Code of Business Conduct and Ethics, and Sustainable Development Best Practice Principles. It has also implemented internal controls to ensure the Company's adherence to relevant laws and regulations, as well as to oversee and steer the various departments' actions and responses to social and environmental concerns. To facilitate this, the internal audit unit, which reports to the Board of Directors, is responsible for executing, scrutinizing, and refining the internal control system, thereby ensuring alignment with Lotus' commitment to sustainable development.

2.1.2 Professional Diversity of the Board

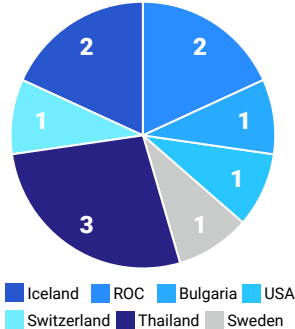
The composition of Lotus' Board of Directors emphasizes professionalism, diversity, and independence.

Professionalism	Lotus places particular emphasis on ensuring that Board Members possess financial expertise. The company has set a target of 40% of directors with financial expertise, and the current proportion is 45%.
Diversity	Lotus directors hail from seven different countries and female directors currently constitute 45% of the Board, surpassing the target of 30% set to be achieved by 2025.
Independence	Lotus adheres to relevant laws, ensuring that its directors do not fall under any of the situations outlined in Article 30 of the Company Act, and neither they nor their spouses or underage children hold shares in the Company.

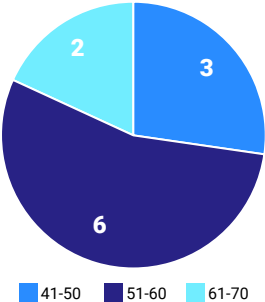
Board of Directors' Gender



Board of Directors' Nationality



Board of Directors' Age



▼ Lotus' Board Members in 2024

Title	Nationality or Place of Registration	Name	Gender	Age	Tenure (year)	Professional ability							
						Operational Judgment	Finance and Accounting	Operation and Management	Crisis Management	Industrial Knowledge	International Market Perspective	Leadership	Decision-making ability
Chairman	Iceland	Vilhelm Róbert Wessman	M	51~60	3	V	V	V	V	V	V	V	V
Director	Bulgaria	Petar Antonov Vazharov	M	51~60	3	V		V	V	V	V	V	V
Director	Iceland	Árni Hardarson	M	51~60	3	V		V	V	V	V	V	V
Director	USA	Oranee Tangphao Daniels	F	51~60	3	V		V	V	V	V	V	V
Director	Switzerland	Yves Hermes	M	51~60	3	V	V	V	V		V	V	V
Director	Thailand	Nat Ativitavas (Note 1)	M	41~50	3	V		V	V	V	V	V	V
Director	Thailand	Krisana Winitthumkul (Note 1)	F	61~70	3	V		V		V	V	V	V
Director	Thailand	Tharisanw Tiansawat (Note 1, 2)	F	41~50	3	V	V	V	V		V	V	V
Independent Director	Sweden	Karl Alexius Tiger Karlsson	M	41~50	3	V	V	V	V	V	V	V	V
Independent Director	R.O.C	Jennifer Wang	F	51~60	3	V		V	V		V	V	V
Independent Director	R.O.C	Ivy Yang (Note 4, 5)	F	61~70	3	V	V	V	V		V	V	V

Notes:1. Representative of Innobic LL Holding Co., Ltd.
2. Wanida Boonpiraks was appointed as representative of Innobic LL Holding Co., Ltd., replacing Phannalin Mahawongtikul, on August 21, 2024.
3. Tharisanw Tiansawat was appointed as representative of Innobic LL Holding Co., Ltd., replacing Wanida Boonpiraks, on October 21, 2024.

4. Ivy Yang was an Independent Director on June 13, 2024.
5. Independent Director Hjorleifur Palsson resigned on June 13, 2024.
6. It's the information of the book closure date (April 28,2025) of the 2025 Annual General Meeting of the Shareholders.

2.1.3 Board Nomination and Selection

Lotus' Rules for the Election of Directors clearly outlines the procedures and criteria for the nomination, qualification, and election of director candidates.

Lotus operates a candidate nomination system and procedures for director elections, which are conducted at a shareholders' meeting. The election process utilizes cumulative voting, where each share holds voting rights corresponding to the number of seats to be filled. These voting rights can be aggregated to support a single candidate or divided among multiple candidates. In the election of directors, the voting rights for independent directors and non-independent directors shall be calculated separately, based on the voting rights for the number of seats set forth in the Articles of Incorporation of the Company. Candidates who acquire more votes, based on the number of votes received, shall win the seats. If two or more persons acquire the same number of votes, they shall draw lots to decide who shall win the seat; the chair shall draw lots on behalf of any candidate who is not present.

Lotus' Board of Directors approved on March 14, 2024, with the full re-election of 11 directors, including independent director candidates Karl Alexius Tiger Karlsson, Jennifer Wang, and Ivy Yang, at the 2024 Annual General Meeting of the Shareholders.

On April 30, 2024, following review of the Board of Directors, the eight directors and three independent director nominated candidates were assessed for their diversity, independence, academic and professional background, industry experience, and skills relevant to organizational impact. These candidates meet the requirements set forth in Article 2, 3, 4 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 108, 203 of the Company Act.

Lotus convened a Board Meeting to elect the chair following the Annual General Meeting of the Shareholders on June 13, 2024. Vilhelm Róbert Wessman provided professional and comprehensive guidance and suggestions on the company's operational management and investment decision-making during his tenure as chairman of our company. He brings expertise in operational judgment, business management, strategic leadership, crisis management, and other key competencies, all of which have contributed significantly to the Company's operational performance. The directors in attendance unanimously elected Director Vilhelm Róbert Wessman as Chair of the 22nd Board of Directors. For more information on the diversity and core competency indicators of the Board and its committees, please refer to page 9 of [the 2024 Annual Report](#).

Conflicts of Interest

The chair of Lotus Group's highest governance body is Chair Vilhelm Róbert Wessman. The chair does not hold any other executive management position. Lotus Group complies with Article 29, Paragraph 1 of the Company Act, which stipulates that company executives must not engage in activities that conflict with the company's interests. The lifting of specific executives' non-compete restrictions requires approval of the general meeting of shareholders.



2.1.4 Board Performance and Continuing Education

Board Performance

Lotus consistently provides transparent disclosures regarding the attendance status and attendance rates of its directors. In accordance with the [Procedures for Performance Evaluations of the Board of Directors](#), the Board's performance undergoes annual internal evaluations and must be assessed by an external independent professional institution or a panel of external experts and scholars at least once every three years. In 2024, the Company commissioned the Taiwan Investor Relations Institute (TIRI) to conduct its first external Board performance evaluation. Key evaluation dimensions included Board composition, decision-making quality, operational effectiveness, internal controls, and the Board's engagement in sustainability matters. The purpose of this evaluation was to provide a comprehensive and objective review of the Board's operations from an independent external perspective, along with actionable recommendations for improvement to enhance corporate governance and long-term performance. The results of the evaluation were presented to the Board on March 6, 2025.

After interviewing the chair, the chairs of the functional committees, the corporate governance officer, and chief audit executive, TIRI commended the diversity and sound structure of the Company's Board Members, comprising professionals with expertise across different countries and industries. The Board, and the Remuneration and Audit Committees all hold regular meetings, with strong attendance by all directors and independent directors, who actively participate in discussions. In response to future regulatory developments, TIRI recommended that the Company continue to strengthen its corporate governance framework and sustainability performance.

▼ Lotus' external evaluation recommendations for the Board

TIRI's recommendations		Lotus' improvement measures		
Upgrading the sustainability and risk management team to a functional committee at Board level.	Risk management has been merged with the Audit Committee, which, as of 2025, is now called the Audit and Risk Committee, and implementation is reported to the Board at least once a year.	According to TWSE's regulations, starting in 2027, independent directors must constitute at least one-third of the Board. The re-election of the Board for the next term will be included in the plan.		
Reporting the implementation of risk management to the Board of Directors at least once per year.				
Ensuring that independent directors account for at least one-third of all Board directorships.				
Planning and formulating specific measures to enhance corporate values and reporting them to the Board of Directors.	The relevant information is planned to be gradually disclosed by the end of 2025.			
Disclosing the promotion of sustainable development and ethical management on the Company website.	The content was disclosed on Lotus' website in January 2025.			
Actively promoting environmental and social governance.	Environmental	In 2024, the first greenhouse gas emissions inventory and assurance for 2023 were completed in Korea and Taiwan, with the relevant information transparently disclosed in advance of Taiwan's regulatory requirement.		
	Social	1. Two volunteer medical services were held in rural areas of Nantou in 2024. 2. Collaborated with a nonprofit organization dedicated to migrant worker education, to hold a workshop to enhance migrant workers' understanding of dementia care. 3. Lotus Korea has donated hygiene products to low-income women and adolescents, distributed bread, and gifted kimchi for over 10 years. 4. Subsidiaries are encouraged to organize public welfare activities focused on health care to expand positive social impact.		

▼ Board performance evaluation results in 2024

Evaluation Aspects		Number of indicator	Average score
A	Board of Directors - Composition and Professional Development	11	4.48
B	Board Decision-Making Quality	11	4.52
C	Board Operational Effectiveness	9	4.45
D	Internal Control and Risk Management	12	4.48
E	Board Engagement in Corporate Social Responsibility (CSR)	9	4.50

▼ Functional committees performance evaluation results in 2024

Evaluation Aspects		Number of indicator	Average score
A	Level of Participation in Company Operations	4	5.00
B	Understanding of Functional Committee Responsibilities	10	4.56
C	Improving the Decision-Making Quality of Functional Committees	7	4.86
D	Composition of Functional Committees and Selection of Members	6	5.00
E	Internal Control	4	4.67

Directors' Continuing Education

All 11 current directors meet the requirements of the Guidelines for Continuing Education of Directors and Supervisors of Listed Companies. Including one former director, the continuing education status of a total of 12 directors, including courses such as ESG education and training. For details, please refer to page 31 of [2024 Annual Report](#) : Status of Directors' Continuing Education in the Most Recent Year.

Total Number of Training Sessions	Total Number of Training Hours
18 times	87 hours

2.1.5 Remuneration Policy for Directors and Senior Management

- Remuneration Policy for Directors:** According to the Company's Articles of Association, the remuneration of all Lotus directors, including independent directors, is determined by the Board based on their level of participation in Company operations and the value of their contributions. This is assessed irrespective of the Company's profitability and is benchmarked against prevailing industry standards.
- Remuneration Policy for Senior Management:** According to the Company's Articles of Association, manager remuneration shall be handled in accordance with Article 29 of the Company Act and shall be determined by the Board of Directors with the consent of more than half of the directors present. The compensation package for senior managers consists of both fixed and variable components. The variable portion typically accounts for approximately 30% to 40% of an individual's annual salary. In accordance with the Company's Performance Evaluation Guidelines, variable compensation is determined based on an annual performance review that considers each manager's contribution to business operations, sustainability efforts, and management of future operational risks. Payouts are based on the final performance assessment results of each senior executive.

▼ Parameters for salary evaluations

Financial indicators	The financial performance of the Company, such as ROE, budget achievement rate, total assets, and revenue, etc.
Strategic indicators	Based on the main objectives of future mid- to long-term strategies, such as achieving key strategic targets in the product roadmap, digital transformation, and sustainable commitment.
Sustainability and internal control indicators	Emphasis on sustainable commitments, integrity, regulatory compliance, and risk management, along with the practical initiatives in various ESG focus areas.
Management indicators	Human resource indicators, talent development, and the promotion of occupational health and safety.

2.1.6 Functional Committee

To establish a comprehensive corporate governance framework, the Board of Directors of the company has endorsed the functions of independent directors and professionals, which includes the Audit Committee and Remuneration Committee. These functions are within the scope of their authority to supervise and review relevant activities. An independent internal auditing unit has also been instituted under the purview of the Board. This unit is tasked with examining, assessing, and advising on internal controls, supporting the Board and management in reviewing the Company's internal control system and issuing pertinent audit reports. The contents of these reports are expected to be accurate and timely. The internal auditor is responsible for aiding each audited unit in enhancing compliance with relevant laws and regulations, thereby promoting corporate governance and improving operational performance. The Audit Committee broadened its functions in 2025 and became the Audit and Risk Committee. The committee is required to report risk management implementation to the Board at least once a year. The Company also discloses information with the principles of accuracy, timeliness, and fairness. Information related to operations, finance, the Board, and shareholder meetings is provided on the Company's website and the open information network declaration system of the Securities and Futures Institute to ensure that shareholders have access to up-to-date information about the Company.

Functional Committees	Responsibilities	Professionalism	Members	Meetings Held in 2024	Attendance rate
Audit Committee (Note 1)	The Audit Committee's responsibilities are wide-ranging and encompass various key areas. These include oversight of financial statements, audits, internal control systems, significant asset acquisitions or disposals, derivative transactions, substantial capital loans and endorsements, issuance of securities, compliance with relevant laws and regulations, transactions involving managers and directors with related parties and potential conflicts of interest, reports from fraud investigations, risk management, and the appointment, dismissal, or certification of CPAs. The committee is also responsible for overseeing the appointment and dismissal of finance, accounting, or internal audit supervisors.	Audit Committee members demonstrate professional expertise, encompassing industry-specific knowledge, accounting proficiency, and financial analysis skills.	Three independent directors	9 times	92.6%
Remuneration Committee	The responsibilities of the Remuneration Committee involve strict adherence to the duty of care of a good administrator, faithful fulfillment of their duties and rights, and the presentation of recommendations regarding the compensation of directors and managers to the Board for deliberation.	Remuneration Committee members possess professional capabilities, including industry knowledge, accounting, financial analysis skills, and legal expertise.	Three independent directors	5 times	93.3 %

Note 1: For more details regarding the Remuneration Committee, please refer to page 21 of 2024 Annual Report: Composition, Responsibilities, and Operation of the Remuneration Committee.

2.2 Risk Management and Internal Audit

Lotus' internal control system is built around a risk management framework. Each department and process owner is responsible for designing and implementing control measures and executing related risk management tasks. The internal audit function adopts a risk-based approach in developing the annual audit plan, aiming to verify the effectiveness of risk mitigation efforts across key operational processes.

2.2.1 Risk Management

In terms of structure, risks are classified into four major categories: financial, legal, market and operations, and R&D. Different executing units are responsible for first-line risk management, which involves identifying, assessing, monitoring, and responding to risks. A tiered authorization system has been implemented based on departments and functions to ensure all operations are carried out in compliance with internal regulations.

The second line of defense includes the Legal Department, which serves as the dedicated compliance unit for the group, and the Quality Management Department, which oversees GMP compliance and monitors adherence to quality policies. The third line of defense is the internal audit function, an independent unit that evaluates the design and effectiveness of internal controls. Identified risk items are reported to the Board and the Audit Committee, supporting their assessment of operational risks and supervision of the company's overall risk management policy, thereby contributing to the achievement of corporate objectives.

▼ Risk management measures

Risk Aspects	Risk categories	Risk description	Risk corresponding measures
Operations	Declining demand and prices and market competition	- The pharmaceutical industry in Taiwan is mainly composed of small and medium sized enterprises that largely produce generic drugs with expired patents, and price competition is fierce. - Taiwan's national health insurance system adjusts drug prices, creating price pressure on the domestic pharmaceutical industry.	- Focus on leveraging competitive advantages in the specialized drug market and optimizing the global export product layout. This involves enhancing domestic sales performance for existing licensed drugs and products, consolidating fundamental performance, and maximizing cash inflow. These initiatives are aimed at supporting the sustainable growth momentum of the Company. - Import potential products through our global resource network of strategic partnerships, and search internationally for original or generic drug product lines to introduce them to Taiwan and international channels. - Lotus is dedicated to enhancing the evaluation of newly developed products, allocating resources to product development with the highest ROI, actively refining R&D project management, enhancing the R&D success rate, streamlining the R&D process, and striving to be the first to file and first to market essential generic drugs. This pursuit aims to maximize the benefits of post-R&D market sales.
	Changes in raw material prices	Fluctuation of raw material procurement costs	- Properly use the integration advantage and economies of scale to reduce raw material procurement costs. - Purchase the same raw materials with strategic partners and propose full demand to suppliers to increase order quantity and obtain lower-priced raw materials. - Establish a second supplier system to diversify any potential risks.
Finance	Interest rates and exchange rates	Interest expenses on financing loans	- Continuously adjust long-term borrowing and continue to negotiate borrowing conditions with banks, and use other ways of obtaining capital that may reduce future interest costs. - The recognized exchange benefits of the Company in previous years have been lower than 1% of annual operating income, so there is currently no significant impact from exchange rate fluctuations. If necessary, foreign exchange forwards or options will be used for exchange rate hedging.
Occupational Safety and Health	Water rationing	Force majeure such as safety maintenance, machinery failure, natural disasters, etc. may result in water rationing.	Improve water storage and save water.
	Power rationing	In the event of inadequate power supply, uncontrollable variables such as safety maintenance, equipment malfunctions, and natural disasters may lead to power allocation issues, potentially impacting the risk associated with PIC/S GMP	Reduce the load when encountering power rationing.
Environment	Business waste	Improper treatment of production waste may have negative impacts on the environment.	- Recyclable waste should be disposed of following recycling instructions. - The remainder will be handled by the contracted clearing agent.
	Toxic substance spillages	The risk of highly toxic substance spillages during pharmaceutical processing.	Establish and practice emergency response procedures.

2.2.2 Internal Audit

The internal audit function is an independent unit reporting directly to the Board of Directors. It is staffed with qualified auditors who execute audit tasks on a monthly basis according to the audit plan and present audit reports to the independent directors for review. The audit supervisor submits progress reports to the Board and the Audit Committee on a quarterly basis, reviewing audit findings, improvement measures, and the status of deficiency follow-ups. Internal audit assists the Board and committee in assessing the effectiveness of the Company's internal control system, thereby ensuring better governance and enhancing operational performance.

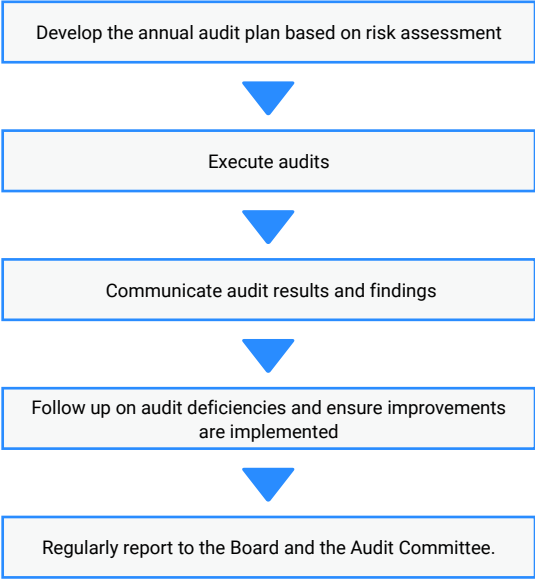
The Board approved the Sustainability Information Management Procedures and Procedures for the Preparation and Assurance of the Sustainability Report in 2024, integrating sustainability information management into the Company's internal control and audit mechanisms.

Internal audit carried out 40 audit projects in 2024 with no significant non-compliance issues. Minor non-compliance items and observations have been followed up and resolved in accordance with regulations.

▼ Lotus' internal control system

1.Establishment basis	2.System design and modifications	3.Regular assessment and reporting
		
Lotus Group has established an internal control system in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and with reference to the COSO Internal Control Framework. Considering industry characteristics, actual operational conditions, and group-level management needs, the company has established eight major operational cycles, implemented computerized information system management, and developed various management control procedures mandated by regulatory authorities.	The establishment and revision of internal control measures are carried out by process owners or relevant departments, taking into account risk control and cost-effectiveness. These controls are regularly reviewed to respond to changes in both the internal and external environment, ensuring their ongoing effectiveness. Any establishment or modification of the internal control system must be approved by the Audit Committee and the Board.	Each department conducts a self-assessment of internal controls annually to review implementation effectiveness and evaluate whether the existing control systems remain effective. Internal audit then performs a review of the results. The internal audit team is responsible for issuing audit reports following the execution of the annual audit plan, ad-hoc audit projects, and follow-up audit procedures. These results are presented to management, and progress is reported on a quarterly basis to the Audit Committee and the Board.

▼ Lotus' internal audit process



2.3 Integrity Management and Regulatory Compliance

2.3.1 Integrity Business Operation Policy

To ensure a corporate culture of integrity and establish a robust framework for sound business practices, Lotus has established comprehensive governance policies and guidelines that apply to all corporate entities, directors, executives, employees, and business partners. These include the [Corporate Governance Best Practice Principles](#), [the Code of Business Conduct and Ethics](#), the Procedures for [the Code of Business Conduct and Ethics](#), [a Human Rights Policy](#), Procedures for Handling Material Inside Information and Prevention of Insider Trading, Procurement Operation Management, and the [Supplier and Social Responsibility Ethical Commitment Letter](#). Internal audit submits quarterly audit reports on ethical operational compliance and proposes enhancements to the Audit Committee and the Board of Directors. Lotus Korea also obtained ISO 37001 certification in 2020 and established an anti-bribery management system in line with the ISO 37001 standard. The certification has been renewed annually since its initial approval.

In 2024, corruption risk assessments were conducted at all major operational sites in Taiwan and Korea, covering 100% of these locations. No significant corruption risks were identified. No employees were subject to disciplinary actions or dismissal due to corruption, and no contracts with business partners were terminated or not renewed due to violations related to corruption. No political contributions were made in 2024 either.

▼ Communication of anti-corruption policies and procedures

Category	Communication channels/methods	Number of people communicated with	Total in this category	Communication coverage
Insiders (global) (note1)	Monthly email delivery	14	14	100%
Employee (Taiwan)	Physical class / Online class	733	765	95.8%
Board of Directors (Korea)	BOD meetings, email, management review, and anti-bribery pledge from BOD members	6	6	100%
Employee (Korea)	Email and Company website	453	453	100%
New suppliers	The Supplier Social Responsibility and Ethical Commitment Letter	48	48	100%

Notes: 1. Based on mailing records from December 2024.

2. The communication coverage for employee categories is calculated as the number of people communicated with / the total number of employees in that category.

▼ Anti-corruption policies and procedures training

Category	Training Topic	Number of Participant	Total for the Category	Proportion of Participants
New Insiders (Global)	Explanation of regulations to prevent insider trading	2	2	100%
Employee (Taiwan)	Anti-bribery and Lotus' Code of Business Conduct	733	765	95.8%
Employee (Korea)	Anti-corruption and ethical management online training	453	453	100%

Note: The training participation ratio for employee categories is calculated as the number of participants / the total number of employees in that category.

2.3.2 Complaint and Suggestion Channel

Integrity and responsible business practices form the foundation of sustainable corporate management. To this end, we have established various channels for reporting, lodging complaints, and offering suggestions. We encourage stakeholders to report unethical or immoral behavior, lodge complaints, or provide input regarding the impact of our operations on the environment, economy, society, and human rights.

Lotus has established a dedicated "[Contact Us](#)" page on its official website. Internal and external personnel may reach out to Lotus by completing the online forms provided or by sending an email to info@lotuspharm.com for any suggestions, questions, or requests for information related to the Company. The following communication channels are also available:

- Complaint mailbox for violations of professional ethics: lotus.speakup@lotuspharm.com; Tel.: (02) 2700-5908
- Dedicated mailbox for sexual harassment prevention: MyHR@lotuspharm.com; Tel.: (049) 2250611#2543

Instances of unlawful behavior or harassment should be reported to the Company without delay. We also provide an option for anonymous reporting. The unit handling the reports will maintain the confidentiality of the whistleblower's identity and case details. No information will be shared with unrelated third parties unless required for investigative purposes, thereby protecting individuals from unfair or adverse treatment. The Regulations for "Prevention, Correction, Grievance and Punishment of Sexual Harassment at Workplace" outline the protection mechanisms, complaint-handling procedures, and standards for dealing with violations.

▼ Lotus complaints and reports (for the past three years)

Year	Complaint /Report Type / Description	Processing result
2022	0	No complaints or reports received.
2023	One case related to integrity / unauthorized payment	After the company and the involved employee reached a settlement, the prosecutor decided not to pursue prosecution.
2024	Four speak up received: - One case of non-compliance - Three cases related to employees' inappropriate behaviors	The non-compliance complaint remains under investigation as of the report date. The three employee conduct cases were classified as HR matters, referred to the HR department, and has since been closed.

Restatements of information: In 2023, one complaint was reported through a channel other than the designated mailbox mentioned above. Therefore, an additional explanation has been included in this year's report.

Note: No sexual harassment complaints or reports were received in 2024. The scope of investigation covered Taiwan, Korea, India, and Singapore.

2.3.3 Legal Compliance

Compliance with legal requirements is of utmost importance to the Company. Given the complex regulatory environment of the pharmaceutical industry, companies must adhere to the laws, regulations, industry standards, and regulatory requirements of different countries and regions. This not only ensures the safety, efficacy, and quality of our products but also helps build public trust in the Company and its brand image. Compliance also reduces risks by preventing penalties, lawsuits, and reputational damage resulting from non-compliance, thereby protecting the Company's interests and supporting sustainable growth. To ensure lawful operations, the Company has established internal policies and procedures covering all aspects such as product development, manufacturing, and marketing. Employees receive professional training and education to understand and comply with relevant laws and regulations. The Company also maintains an effective monitoring system to regularly review and assess compliance, alongside a compliance reporting mechanism that enables anonymous reporting of violations. Most importantly, the Company actively cooperates with regulatory authorities by complying with their oversight and promptly responding to their requests and recommendations.

▼ Lotus' legal compliance-related education and training in 2024

Training courses	Training audience	Training hours
Corporate governance-related Course	All employees	2,728
Occupational health and safety related course	All employees, special operations personnel	10,644
Human rights and equality related course	All employees	5,934
Pharmaceutical product regulation-related course	All employees, special operation personnel	2,617

▼ Lotus' legal compliance implementation across four aspects in 2024

Aspect	Legal compliance	Legal compliance implementation
Governance	Corporate governance, integrity management, fair trade, securities trading	In 2024, there were no penalties for material violations of regulations governing corporate governance, anti-corruption, or the Fair Trade Act, and no managerial personnel were found to have violated insider trading regulations. In 2024, there were no violations of anti-competitive behavior.
Environment	Air pollution prevention, water pollution prevention, waste disposal, toxic and priority chemical substances	In 2024, there were no major penalties related to environmental pollution.
Social	Employment conditions and equal employment, contracts, union organization, employee relations, occupational health and safety	In 2024, there were no incidents of discrimination. There were also no violations of the regulations listed in the left-hand column that resulted in significant penalties.
Product	Product health and safety, advertising and labeling of products and services, personal data protection, food and drug administration laws	In 2024, there were no complaints regarding violations of consumer privacy or loss of personal information. In 2024, the Korea Gongju factory received one administrative penalty due to inconsistencies in some data from the outsourced Alvogen Korea laboratory. After verification, it was confirmed that product quality was unaffected. The Company subsequently reviewed and strengthened management processes for outsourced laboratories, actively making improvements to ensure future compliance with relevant regulations.

Note: A major penalty is defined as a single instance fine exceeding NT\$1 million.

2.4 Information Security Management

2.4.1 Information Security Organizational Chart

Lotus has established an information security team, with the chief information officer concurrently serving as the chief information security officer, functioning as the highest authority on information security matters. The team includes one dedicated information security engineer. The team's system framework encompasses four major domains: network security, computer security, physical security, and the Security Information and Event Management platform. The responsibilities of the information security team encompass the formulation of relevant policies and measures, the establishment and maintenance of systems, regular system testing, organization of cybersecurity training and drills, and information security incident management. For instance, Lotus conducts quarterly phishing drills to assess and enhance employees' awareness of cybersecurity protection.

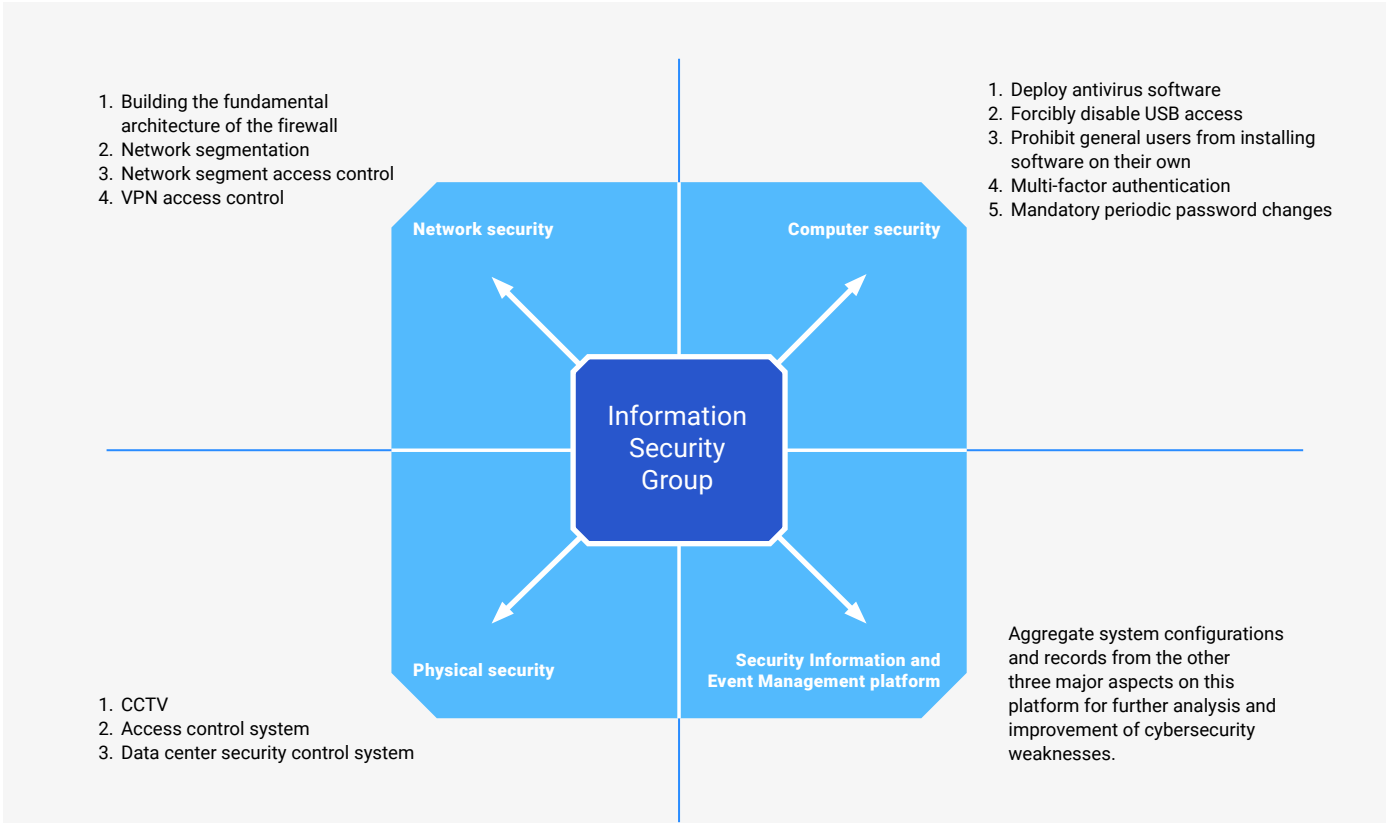
▼ Lotus Information security personnel composition

Chief information security officer	The Chief Information Officer (CIO) concurrently serves as the chief information security officer and has an information security group under her.
Information security engineer	One

Responsibilities

- Develop information security policies and standard operating procedures.
- Establish and maintain the corporate information security system.
- Conduct regular penetration testing and improvement of information security vulnerabilities.
- Conduct information security training and drills.
- Report and handle urgent information security incidents.

▼ Information security framework



2.4.2 Information Security Management Policies and Measures

Five Major Information Security Policies

1. Ensure the security of the Company's data, systems, equipment, and network communication, and prevent external intrusion and damage.
2. Ensure that access permissions to system information accounts and modifications to the system are authorized through the Company's prescribed procedures.
3. Implement the destruction process, media storage from decommissioned computers which should be destroyed to avoid accidental data leaks
4. Monitor the security status and activity logs of information systems, effectively manage and respond to information security incidents.
5. Maintain the availability and integrity of data and systems, and ensure the ability to restore normal operations in the event of a disaster or damage.

Examples of Specific Measures

The Company's internal systems are all located within a virtual network that is isolated from external networks, thereby prohibiting direct access. Multiple network security defense systems are in place, including firewalls and intrusion prevention systems responsible for filtering network traffic in and out, effectively preventing external cyberattacks. The email security management system instantly blocks suspicious website URLs and spam. Internally, hosts and endpoints are equipped with antivirus software on the central console, which consistently updates virus codes and identifies malicious behavior characteristics in real-time. This proactive approach enables the interception of viruses, ransomware, and malicious programs, significantly minimizing the risk of damage from hacker attacks.

Develop Specific Management Plans and Invest Resources

Lotus regularly reviews internal information security standards and has established a framework for cybersecurity risk management. When planning the deployment of cybersecurity and allocating relevant resources, careful consideration is given to cybersecurity policies and objectives, ensuring the provision of the resources required to establish, implement, maintain, and continuously enhance the cybersecurity maintenance plan. For example, to achieve the goal of reducing risk losses caused by business interruption and seeking compensation, the information security team analyzes the degree of internal and external risks based on asset values, vulnerabilities, threats, and impacts. This risk assessment is subsequently used to formulate security enhancement initiatives to strengthen measures, ensuring and enhancing the overall information security environment.

Information security management measures and results

Management measures	Implementation and results
Compliance with cGMP standards	Establish data security management practices and systems according to cGMP regulations and undergo regular inspections by regulatory authorities such as the FDA and other government agencies overseeing food and drug safety.
Formulation of management measures	Information Security Management Measures have been drafted, including SOP_02294 Information Management System Security Control Operations, SOP_02298 Information Management System Disaster Recovery Plan, SOP_02295 Management Procedure for Computer Data and System Backup of Information Management System and SOP_02300 Operating Procedure for Archives Recovery Test.
Periodic drills	Since Q4 2022, the Company has been conducting phishing email drills and tests every quarter. The phishing rate decreased gradually from 32.80% in Q4 2022 to 5.9% in Q4 2024, showing a consistent decline and indicating that the training has been effective.
Training	• All new employees are required to undergo basic cybersecurity guidance training upon joining. • All current employees shall receive cybersecurity awareness emails semi-annually. • All employees are required to complete online cybersecurity training semi-annually.
Construction, maintenance, and operation of the information security management system	• To discover and fix vulnerabilities in Lotus' various network service operating systems, devices, equipment, or applications, IT began evaluating commercial vulnerability scanning software or tools from January to February 2024. The procurement of the vulnerability scanning software (Tenable Nessus Expert) was completed in February 2025, and vulnerability scanning operations have been executed. Based on the scanning reports, IT initiated fix vulnerability remediation. After remediation, the software rescanned to confirm that the vulnerabilities had been fixed. • According to the firewall vendor (Fortinet)'s announcement in June 2024, the Company's next-generation firewall (FortiGate) had a high-risk firmware vulnerability that attackers could exploit to perform malicious network attacks. IT completed all firmware upgrades in July 2024 and confirmed that the vulnerabilities were fixed through third-party vulnerability scanning software. • To quickly obtain enterprise-shared cybersecurity threat intelligence (such as malicious IPs, malicious network links, or product vulnerabilities) and proactively block them in our cybersecurity defensive systems to prevent cyberattack from impacting company operations, we joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) in October 2024 and implemented blocking actions in our cybersecurity systems/devices based on the provided threat intelligence.
Conduct a disaster recovery drill	Annual disaster recovery drills are conducted for critical systems to verify the recoverability of relevant backups. The success rate of the 2024 drills reached 100%.

2.4.3 Security Incident Notification and Handling

In light of the ongoing global threats and attacks targeting information security, Lotus not only conducts regular phishing email simulations and maintains its information security management system but has also established a series of management measures for handling security incidents. Internally, the company has implemented the SOP_02298 Information Management System Disaster Recovery Plan, which outlines procedures for incident reporting and tracking, and requires the IT department to assess the severity of incidents and formulate appropriate response measures. Lotus did not experience any major information security incidents involving data breaches in 2024. There were four minor incidents, none of which resulted in data leaks, violations of information security policies, or other significant cybersecurity impacts. Moving forward, Lotus will continue to strengthen its information security capabilities to mitigate the risks of potential breaches.

Levels of Impact of Information Security Incidents

Level A	If the impact on the business exceeds four hours and affects the entire company, the highest responsible supervisor of the Company must be notified within 30 minutes, and a company wide email notification issued.
Level B	If the impact on the business exceeds four hours and affects a single department, the highest responsible supervisor of the factory should be notified within 30 minutes, and an email notification issued.
Level C	If it affects IT's daily operations, the highest responsible IT supervisor should be notified within 30 minutes, and an email notification issued.

Security Incident Risk Notification Procedures

Incidents reflected	In the event of a security incident for information system users at each unit, IT system administrators should report the fact to the immediate supervisor of the Company through the internet, phone, fax, or email within 30 minutes. If independent recovery is not feasible, IT system administrators should promptly request assistance.
Put under surveillance and control	The IT department needs to establish internal records to manage abnormal events and evaluate possible factors based on the situation to seek solutions for immediate assistance in an emergency response.
Assessment and response	In the event of an information security incident, IT should evaluate it according to the event level and impact scope specified in the SOP_02298 Information Management System Disaster Recovery Plan and report the incident to the immediate supervisor, including an evaluation of the potential losses, an assessment of the support required, and contingency measures taken.
Relief from surveillance and control	Once the system returns to normal operation, the IT department must be notified to remove it from monitoring.

2.4.4 Personal Data Protection

According to the Personal Data Protection Act, Lotus established the Personal Data Protection Management Measures in 2013.

▼ Types of data and management and responsible units

Data nature	Data type	Responsible unit for case management
General case	HR data	Human resources
Others	Personal data related to court litigation / government agency proceedings	Legal and compliance department

▼ Information security incidents in 2024

Personal data leaks	0
Personal data theft	0
Personal data loss	0
Others	0



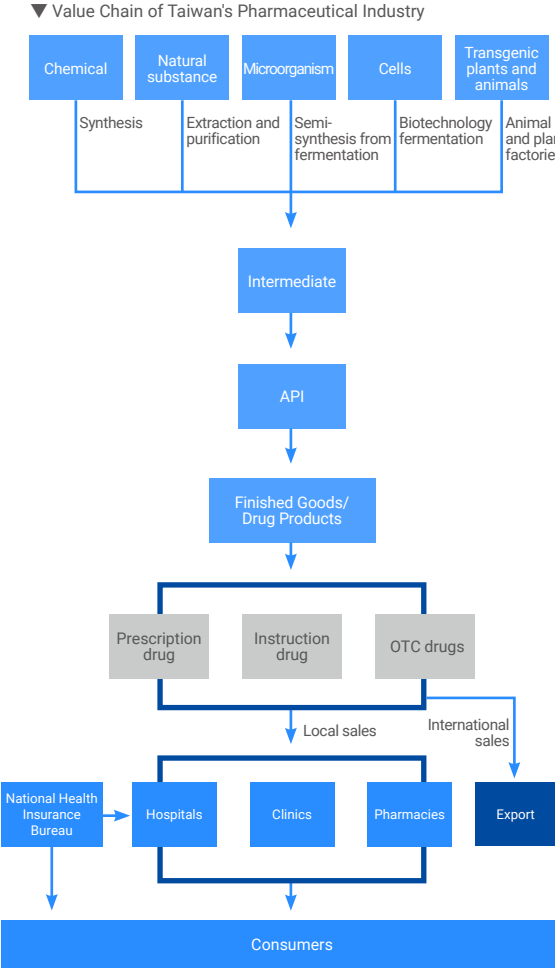
2.5 Supply Chain Management

The upstream pharmaceutical supply chain includes raw material suppliers that provide various substances such as chemicals, natural plants, minerals, microbial species, and tissue cells. Moving along the chain, there are API (active pharmaceutical ingredient) suppliers for both Western and Chinese herbal medicinal sources. The production process of these APIs involves fermentation cultivation, extraction, separation, and purification of natural substances, organic synthesis, and the purification of common chemicals. Further downstream, there are suppliers of pharmaceutical preparations from both Chinese and Western sources. The manufacturing process for these preparations includes adding binders, disintegrants, adhesive agents, and other excipients to APIs to create user-friendly dosage forms for patients. Finally, at the end of the supply chain, there are medicine agencies and distributors responsible for sales.

2.5.1 Sustainability Value Chain of Pharmaceutical Industry

Examining Lotus' supply chain based on the industrial structure of the pharmaceutical industry, the upstream segment can be categorized as suppliers collaborating with Lotus, encompassing raw material manufacturers and APIs agents; while the downstream segment encompasses Lotus's customers, consisting of domestic distributors and a variety of sales channels.

Lotus is dedicated to integrating upstream, midstream, and downstream services. Upstream, Lotus builds stable partnerships to ensure the quality and consistency of raw material supplies, involving implementing supplier qualifications, rigorously selecting trustworthy and reliable suppliers, maintaining smooth communication channels with these partners, and regularly assessing and evaluating their performance. Downstream, Lotus is committed to developing various sales channels to meet the diverse needs of customers. This includes direct sales, strategic partnerships, and licensing agreements. By effectively managing both upstream and downstream operations, Lotus leverages the company's experienced internal resources and capabilities, which include expertise in development preparation, global registration, global licensing, Taiwan-based production, and the global supply chain. This integrated approach has allowed Lotus to create a comprehensive system that provides tailored services to customers and enhances the company's value in the pharmaceutical value chain.



Manufacturing of pharmaceutical raw materials and development of new drugs:

Raw materials include general chemicals, natural animal and plant extracts, microbial species, fermentation, tissue cells related to proteins produced through genetic engineering or cell fusion, etc. Among these, general chemicals account for the majority of raw materials. The manufacturing of pharmaceutical raw materials includes processes such as synthesis, extraction, fermentation, and tissue culture.

API industry:

API manufacturing involves various processes, including organic chemical synthesis, extraction, and purification of natural plant compounds, microbial fermentation, and semi-synthesis after fermentation. The main technological process include recovery, extraction, separation, purification, and formulation. When producing API from common chemicals, the primary technological process involved are complex organic synthesis, as well as separation and purification. API produced in Taiwan mainly focus on exportation.

In response to increased concerns about drug safety, the Food and Drug Administration takes proactive measures to supervise the use of APIs. It mandates that all pharmaceutical preparations and drugs must utilize APIs certified under Good Manufacturing Practices (GMP) and undergo source registration. This ensures that the APIs, as pharmaceutical raw materials, fully adhere to regulated cGMP quality standards and maintain a level of quality equivalent to pharmaceutical-grade standards.

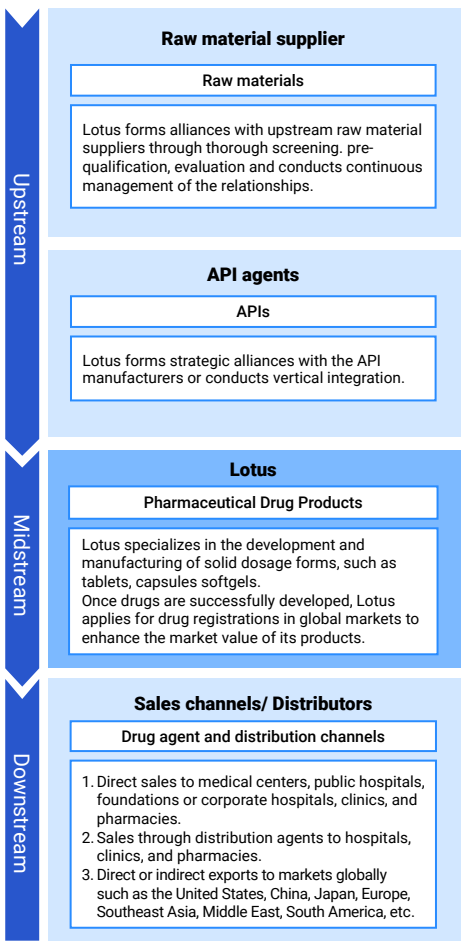
Production of Western pharmaceutical preparations:

Incorporating excipients such as binders, disintegrants, and adhesive agents into the APIs to create patient user friendly dosage forms for use. During this production stage, adherence to Good Manufacturing Practice (GMP) specifications as per the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (PIC/S) is essential and necessary.

Operating pharmaceutical distribution channels:

Selling to consumers through marketing channels such as hospitals, clinics, and pharmacies, or exporting to international markets.

▼ Value Chain of Lotus



2.5.2 Supplier Management

Lotus supervises the selection of its raw material suppliers and partners

The Company has been following the cGMP system and has always responded to government policies and international trends by implementing PIC/S GMP standards. The Company also continues to implement vertical integration plans, from partnering with upstream raw material manufacturers, to collaborating with downstream distributors/partners, and has enjoyed successful experiences with global partners. The Company also has a supplier management program and implements it throughout the supply chain end-to-end process, from planning to delivery.

Supplier communication

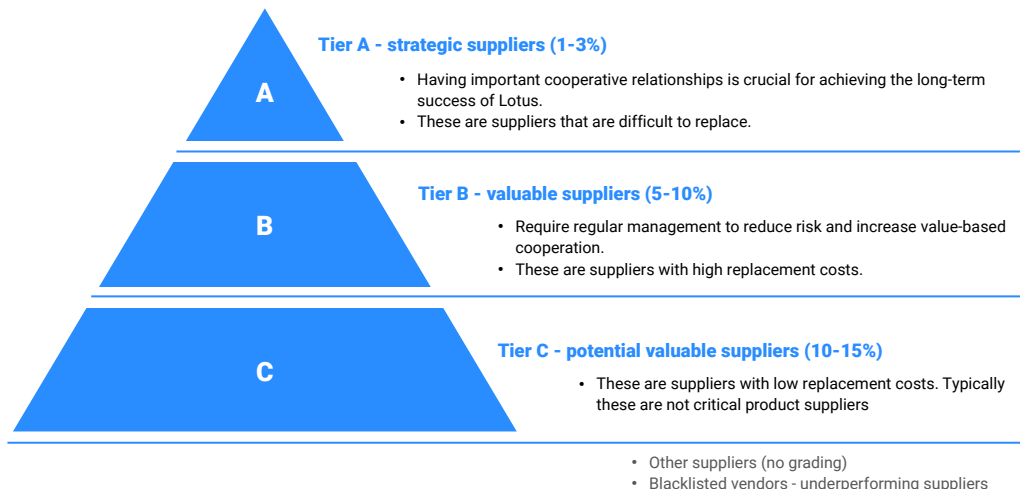
Lotus Pharmaceutical is committed to responsible and sustainable procurement. In 2024, we held our first global Supplier Conference to promote communication among partners. The conference comprised two sessions and was attended by nearly 100 suppliers. We shared our sustainable development goals, quality management requirements, and compliance standards to ensure that our suppliers work with us to uphold environmental, social, and governance (ESG) principles. European contract manufacturing organizations (CMOs) are required to comply with the Corporate Sustainability Reporting Directive (CSRD) (Directive (EU) 2022/2464) published by the European Parliament and the Council on December 14, 2022. This directive requires companies of a certain size to regularly disclose their ESG performance in accordance with the European Sustainability Reporting Standards (ESRS) to enhance corporate social responsibility and promote the inclusion of sustainable development into their core businesses.

We also encouraged our suppliers to conduct greenhouse gas emissions assessments, reduce carbon emissions, and take social responsibility actions. A performance evaluation mechanism was established to jointly enhance supply chain resilience and competitiveness, advancing toward a sustainable future.



2.5.3 Supplier Management Plans

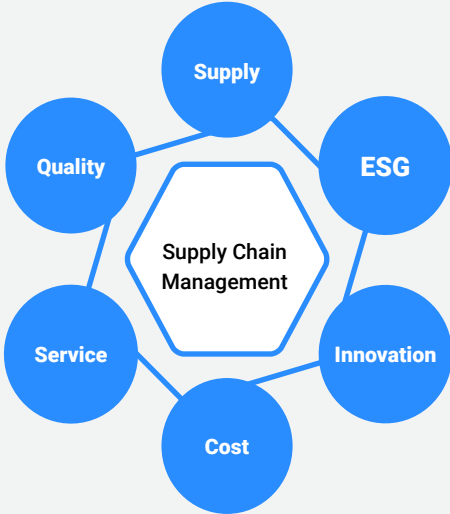
- **Cross-functional Execution:** An annual performance review of relevant suppliers is conducted by a cross-functional team through supplier visits and audits. The cross-functional collaboration has also expanded and strengthened partnerships between Lotus and its suppliers.
- **Categorized Supplier Grade:** Suppliers of different types are classified into grades A, B, and C based on the Lotus supplier management program.
- **Risk Mitigations:** Different frequencies are defined and different risk management actions implemented for Grade A, B, and C suppliers depending on supplier type. For example, for direct raw material suppliers, short-, medium-, and long-term material demand planning is implemented based on strategic purchasing; for dual sources / sites material supply, risk mitigation plans are implemented.
- **Feedback:** Feedback is provided to suppliers based on the review results to enhance communication and partnership, and to support suppliers in improving their performance.
- **Supplier Management Program Database:** According to the execution results of the supplier management program, a vendor watchlist and preferred list of suppliers for internal use have been created to mitigate risk, and for the Supply Risk Committee (SRC) to have a reference when defining future strategic procurement strategy and implementation.



2.5.4 New Supplier Selection and Evaluation

The supplier and raw materials qualifications procedures include criteria such as lead time, quality, customer complaints, and professional relationship. Suppliers who meet requirements are listed as approved suppliers, and the Company may then procure materials from them regularly. We have rigorously screened the qualifications of our new API suppliers. The review process includes evaluations of by IP and Analytical teams patent certificates, analyses and supervision by the technical document review viz DMF by respective departments, sample evaluations, development and testing, supplier quality system review, production review, trial production, biological equivalence study trial drug submissions, and handling API-related regulatory requirements. If a new supplier imposes a significant negative impact on environmental and social sustainability, Lotus Pharmaceutical marks this supplier as ineligible as an ESG and social sustainability indicator. ESG-related indicators were incorporated into the pre-qualification review for new suppliers in 2024. Suppliers are required to sign a [Supplier Social Responsibility and Ethical Commitment Letter](#) to ensure their understanding of Lotus' sustainability standards and goals in areas such as employment and human rights, health and safety, environment considerations, and ethical standards.

▼ Six performance aspects of new Lotus suppliers

Six performance aspects of new Lotus suppliers				
				
Evaluation aspect	Evaluation indicator	Score proportion	Evaluation unit	
Supply	• Lead time • Order confirmation • Delivery performance	20%	Procurement Department	
Quality	• Complaints • Major deviation • OOS, OOT, stability issue • Audit observation • Warning letter issue	20%	Quality Department	
Service	• Filing • Response time • Pipeline	15%	Regulatory Affairs Department/Plant Operation Department	
Cost	• Pricing • Cost optimization initiatives	20%	Procurement Department	
Innovation	• Technical capabilities • Problem solving • Management commitment	15%	Plant Operation Dept. (including Technical Service Department)	
ESG	• ESG Report Availability • ESG Questionnaires Completion • Pre-Qualification Completion	10%	Procurement Department	

2.5.5 Supplier Risk Assessment

To mitigate risks and continuously improve the overall quality of the supply chain, Lotus Group requires all suppliers to sign the Lotus Group Standard Purchase Order Terms and Conditions. New suppliers must also sign the Supplier Social Responsibility and Ethical Commitment Letter to ensure that the products or components they supply, along with their corporate governance and protection of human rights, align with our ESG management philosophy. Lotus Group actively supports suppliers who fail to meet these requirements and assists them in implementing improvement plans while promoting improvements in employee health and safety, human rights, and corporate social responsibility. We are committed to reducing supply chain risks. In case of any violations of relevant regulations, Lotus Group reserves the right to terminate or dissolve the contract and encourages supplier partners to work together to enhance corporate social responsibility.

Environmental Risks	• Provide relevant ESG information Provide relevant ESG information in accordance with the requirements of end customers to meet market operation and marketing needs. For instance, Lotus has furnished ESG management standards and information related to environmental protection and wastewater discharge to Vinorelbine API raw material suppliers. • 100 % of suppliers confirm to sign the "Standard Purchase Order Terms and Conditions" Include the Lotus Standard Purchase Order Terms and Conditions in all supplier order terms, specifically Clause 12 on restricted substances: The seller's goods, materials, and processes must comply with all government safety restrictions on toxic and hazardous substances. In 2024, the response rate was 100%, including 48 new suppliers.
Social Risks	• 100% of contractors signed the Contract Notice Agreement Contractors must sign the Contract Notice Agreement. Personnel entering the company and engaged in operations must be legally employed workers who comply with regulations to ensure the health and safety of contracted business personnel and our employees, and security of our premises and facilities. • 100% of new suppliers signed the Supplier Social Responsibility and Ethics Commitment Letter In 2024, Lotus incorporated ESG-related indicators into the pre-qualification review of new suppliers who are required to sign Supplier Social Responsibility and Ethics Commitment Letter to ensure that suppliers understand the sustainable development norms and objectives in areas across employment and human rights, health and safety, the environment, animal welfare, moral standards, and the prevention of bribery and corruption. All 48 new suppliers signed this commitment letter in 2024.
Governance Risks	• Review whether the supplier qualifies for cGMP drugs according to the Manufacturer/ Vendor Qualification Operation Procedure. 1. Preliminary review of supplier qualification: In addition to product and process quality requirements, it is also necessary to check the supplier's relevant work safety regulations, work safety meetings, and work safety inspections, and require the supplier to comply with the relevant environmental, occupational health, and safety regulations in the quality commitment letter. 2. Detailed selection process: The cross- functional focus is on Total Cost Ownership (TCO) to select the most suitable suppliers via a comprehensive evaluation based on professional knowledge, and from the aspects of professional pharmaceutical processes, quality, delivery time, IP and cost. 3. If a specific supplier fails to pass the prequalification process, they will not be introduced as a new supplier. Lotus gradually conducted the qualification review of its suppliers starting in 2023 and completed 100% of the qualification review for grade A suppliers in 2024. By 2025, the company aims to complete the qualification review of 80% of grade B suppliers. • 15 New Suppliers Signed the Quality Agreement After the Procurement Department prequalifies new suppliers, the Lotus quality teams conduct a site audit of key direct material suppliers, and enter quality agreements. With quality agreements, the suppliers are required to ensure their operations fully comply with regulations, and follow registration, thus guaranteeing the suppliers' commitment and conformity to all quality related requirements. In 2024, a total of 15 new suppliers signed the Quality Technical Management Agreement.

2.5.6 Supplier Evaluation and Audits

- **Annual assessment:** Evaluate the annual quality performance of suppliers, prepare statistics of abnormal situations of various finished products, and discuss and decide on the subsequent disposal of suppliers.
According to the supplier management program, we define suppliers as either Grade A, B, or C based on their delivery, quality, service, cost, and innovation. Strategic procurement and relevant risk management plans have been updated based on evaluation and risk identification results.
- **On-site Audits:** In accordance with the Manufacturer/Vendor Qualification Approval Procedures, regular on-site inspections of raw material suppliers and domestic outsourced manufacturers are conducted.
- **Management:** Two-way communication with suppliers through internal supplier meetings, supply market communication meetings, and supplier performance feedback meetings.

Supplier Audits

Procurement conducted on-site audits of 25 suppliers (13 suppliers in Taiwan, 10 in Korea, and two inter-entity suppliers) in 2024, achieving a completion rate of 100%. The audit results did not identify any major deficiencies or risks. The quality function planned to conduct 135 on-site audits. Actual audits completed included on-site audits for 30 suppliers and document audits for 104 suppliers, achieving a completion rate of 99%. The audit results did not identify any major deficiencies or risks. If deficiencies are discovered, such as undefined upper and lower limits for process operation data or undefined control measures for finished product returns, suppliers are required to submit corrective action plans within one month after the audit in accordance with the Company's regulations.

▼ Lotus Supplier Audit Execution in 2024

Supplier Category			Supplier
Estimated number of audits	Procurement	Level A	12
		Level B	5
		Level C	8
	Quality	Level A	19
		Level B	13
		Level C	103
Total			160
Actual number of audits completed	Procurement	Level A	12
		Level B	5
		Level C	8
	Quality	Level A	19
		Level B	13
		Level C	102
Total			159
Rate	Procurement		100%
	Quality		99%
	Total		99%

Note: Procurement audits refer to on-site visits to suppliers. Quality audits include both on-site and desktop audits of suppliers, including those providing raw materials, packaging materials, and contract services.

Supplier Evaluation

▼ Lotus Supplier and Contractor Evaluation Results in 2024

Level	Supplier	Contract Manufacturing Organization
Level A	26	9
Level B	27	6
Level C	25	5

2.5.7 Sustainable Procurement

Local procurement (including the import of foreign raw materials by agents in Taiwan) is adopted as much as possible at Lotus' important operating sites (including the operation boundary mentioned in this report), to reduce carbon emissions generated in long-distance transportation and support local business development. In 2024, local procurement accounted for approximately 43% of the total expenditure (note 3). In the future, Lotus will continually maintain this level, further evaluate the feasibility of enlarging the ratio of local procurement and establish concrete targets.

▼ The ratio of local procurement of Lotus in 2024 (Unit: NT\$ 1,000)

Area	Taiwan	Korea	India
Local procurement amount of raw materials	268,590	2,269,499	0
Local general procurement amount	488,120	15,706	9,615
Total local procurement amount	757,710	2,285,205	9,615
Total procurement amount	3,480,488	3,656,170	10,699
Ratio of local procurement amount	22%	63%	90%

Notes: 1. The amount of raw materials purchased locally includes the purchasing amount of contract manufacturing organizations (CMOs).
2. Only an office is located in Singapore, and the impact of the overall amount is limited. Therefore, data regarding local procurement is not disclosed.
3. The calculation method of the ratio of local procurement to total expenditure: (Sum of the total local procurement amounts in each region / Sum of the total procurement amounts in each country) * 100%

Chapter 3

Product Overview and Safety

- 3.1 Diverse Products Portfolio
- 3.2 Improving Drug Accessibility
- 3.3 Patents and Research Achievements
- 3.4 Safety of Participants in Clinical Trials
- 3.5 Drug Quality
- 3.6 Drug Safety and Recall



3.1 Diverse Products Portfolio

Lotus focuses on the commercialization of novel medicines and complex generics, offering patients better, safer and more accessible medicines. The Company operates a leading R&D and manufacturing platform in Asia and is the only pharmaceutical manufacturer in Taiwan certified by the US FDA, EU EMA, Japan PMDA, China NMPA, and Brazil ANVISA. Lotus has established partnerships in major global markets, including the United States, Europe, Japan, mainland China, and Brazil, and operates more than 100 pharmaceutical projects, covering over 250 commercialized products. Through in-house R&D and external licensing partnerships, Lotus has successfully introduced highly competitive oncology medicines, complex generics, 505(b)(2) medicines, NCE medicines, and biosimilars, strengthening product portfolios and enhancing market competitiveness. Lotus remains continually committed to innovation and R&D and to promoting global business expansion to enhance global access to medicine.

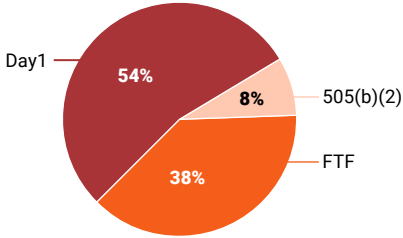
3.1.1 Key Products of Lotus

In 2024, Lotus' key business activities included the manufacturing and sales of a broad range of pharmaceutical products. The Company continues its transformation into a fully integrated international pharmaceutical company with a diverse portfolio that includes branded drugs, new chemical entities (NCEs), 505(b)(2) products, biosimilars, and complex generics. Key products in 2024 included Lenalidomide for multiple myeloma, Buprenorphine/Naloxone for addiction treatment, Goserelin for breast cancer, Phentermine/Topiramate for weight management, and Pemetrexed for lung cancer.

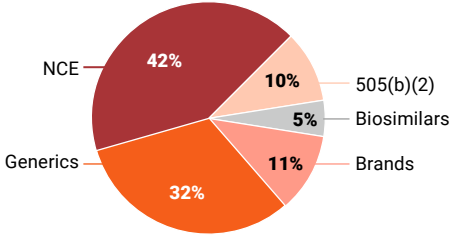
▼ Diversified Product Portfolio Through In-house R&D and Business Development

Product type	R&D Pipelines	Business development (BD) Pipelines
Cancer and Immunology	19	4
Central Nervous System	0	2
Primary Care & Lifestyle	6	11
Women healthcare	0	1
Nephrology	1	1

Product Type in RD Pipelines



Product Type in BD Pipelines



INN	Indications	Key Markets
Lenalidomide	Multiple myeloma	USA
Buprenorphine/Naloxone	Abstinence	USA
Goserelin	Breast cancer	South Korea
Phentermine/Topiramate	Anti-obesity	South Korea
Pemetrexed	Lung cancer	Taiwan
Tadalafil	Male sexual dysfunction	Taiwan
Vinorelbine	Breast cancer and non-small cell lung cancer	Europe
Calcium Polystyrene Sulfonate	Kidney disease	South Korea
Enzalutamide	Prostate cancer	Europe
Orlistat	Anti-obesity	South Korea

3.2 Improving Drug Accessibility

Lotus's mission is to enhance global access to medicine through a diverse portfolio of products. In recent years, we have actively advanced our "2x2" operational strategy of two-way market expansion and two-way product development to enhance access to medicines.

The "two-way market expansion" refers not only to our dual-track approach of expanding across both Asian and the European and US markets, but also to our ongoing operational transformation. Lotus has evolved from a company primarily focused on the local R&D, manufacturing, and commercialization of complex generics into a fully integrated international pharmaceutical company with a diversified portfolio. This includes branded medicines, new chemical entities (NCEs), biosimilars, and complex generics. We aspire to become a key enabler of appropriate and affordable treatments for patients worldwide.

In terms of "two-way product development," the global trend of population aging has driven a sharp increase in demand for critical care and chronic disease management, alongside a steady rise in healthcare expenditures. Meanwhile, cancer remains one of the leading causes of death worldwide. In response, Lotus has prioritized the R&D and manufacturing of high-barrier oncology complex generics to provide patients around the world with affordable and accessible treatment options, ensuring appropriate therapies for all.

In parallel, we have partnered with international strategic collaborators to bring a broad range of branded drugs, new chemical entities (NCEs), biosimilars, and complex generics from the European and U.S. markets into Asia. This approach not only introduces more innovative treatment options but also enriches the therapeutic choices available to patients in Asia, ensuring access to high-quality medicines that are tailored to their specific needs.

To facilitate the successful launch of our products and enhance public access to medicine, the Regulatory Affairs team submitted 132 applications globally and received 67 market approvals. A total of 87 products (covering 31 INNs) were successfully launched. Notably, marketing authorizations were granted for Nintedanib (generic of Ofev®) in the United Kingdom and Canada, Pomalidomide (generic of Pomalyst®) in the United Kingdom and the EU, and Enzalutamide in the United Kingdom.

In business development, we signed 20 licensing agreements, including two acquisition projects in Southeast Asia: the acquisition of Teva Pharma Thailand and the commercial rights to Alpha Choay in Vietnam and Cambodia. We also secured the commercial rights for the Aflibercept biosimilar in key Southeast Asian markets including Thailand, Vietnam, and the Philippines. In addition, we entered into three joint development agreements for potential first-to-file (FTF) products. On the out-licensing front, we signed 26 agreements with global pharmaceutical partners such as Sandoz and Galenicum, expanding our product sales territories to over 160 markets.

3.3 Patents and Research Achievements

3.3.1 Global R&D Centers

World-class R&D Centers and Production Facilities

Lotus operates research and development centers in Taiwan and South Korea, specializing in the formulation of specialty generic drugs. The company is dedicated to the research and development of complex generics that are challenging to replicate and require advanced technical expertise. Lotus' R&D team is led by experienced scientists from leading pharmaceutical companies worldwide, possessing comprehensive capabilities spanning from laboratory research to product delivery. The company has also accumulated extensive experience in both local and international markets, progressing from proof-of-concept to successful product launch.

In 2024, R&D expenses totaled NT\$774 million. The R&D centers demonstrated outstanding performance by initiating 10 new projects and submitting two drug approval applications. Currently, 26 R&D projects are ongoing.

Global R&D staff

More than **300**

Global R&D centers

2

▼ R&D Investment (Unit: NT\$ Thousand)

Item/Year	2021	2022	2023	2024
R&D Expenses	595,925	520,449	720,826	773,894
Net operating income	12,649,189	14,632,772	16,957,971	18,584,227
Ratio of R&D Expenses to Net Operating Income	4.71%	3.56%	4.25%	4.16%

Note: R&D expenses exclude capitalized development cost and account for approximately 10% of net revenue.



3.3.2 Research and Development of Oral Oncology Drugs

As of the end of 2024, the Company has been conducting research and development on over 10 oral oncology drugs.

▼ Overview of Lotus' Oral Oncology Drug R&D Projects

INN	Indications	Target markets	Current progress
Vinorelbine Softgel	Non-small cell lung cancer	Global	Lotus has already obtained drug certificates in Taiwan, Southeast Asia, New Zealand, the European Union, and some Latin American countries, and is currently developing global markets simultaneously.
Enzalutamide Softgel	Prostatic cancer	Global	Lotus has already obtained drug certificates in Taiwan and some Latin American countries and is currently developing global markets simultaneously.
Lenalidomide	Blood cancer	Global	Has already been approved by the United States and launched in Taiwan, Europe, the United States, and Japan.
Pazopanib	Advanced hepatocellular carcinoma, advanced renal cell carcinoma, and differentiated thyroid carcinoma	Global	Have already obtained EU approval and obtained drug certificates in Taiwan and some European countries.
Sunitinib	Gastrointestinal stromal tumor	Global	Have already obtained EU approval, and obtained drug certificates in Taiwan, European, South American, and Southeast Asian countries.
Midostaurin	Acute myeloid leukemia	Global	Have already obtained Taiwan's approval and the US FDA's temporary approval and are currently applying for drug certificates from other countries.
Pomalidomide	Blood cancer (chronic myelogenous leukemia)	Global	Have already obtained a drug certificate in Taiwan and launched in Canada and are currently applying for drug certificates in other countries.
LP677	Liver cancer and thyroid cancer	Global	Clinical stage
LP715	Lung cancer	Global	Have already passed clinical trials and are currently applying for drug certificates
LP120	Lymphatic leukemia	Global	Development stage
LP773	Breast cancer	Global	Have already passed clinical trials and are currently applying for drug certificates
LP723	Chronic myelogenous leukemia	Global	Have already passed clinical trials and are currently applying for drug certificates
LP745	Primary myelofibrosis	Global	Development stage
LP754	Myeloid leukemia	Global	Have already passed clinical trials and are currently applying for drug certificates
LP757	Kidney cancer, liver cancer and thyroid cancer	Global	Development stage
LP764	Primary myelofibrosis	Global	Have already passed clinical trials and are currently applying for drug certificates

3.3.3 Special Dosage Form Development

Leadership Position – The first pharmaceutical company in Taiwan to obtain U.S. FDA approval for a pharmaceutical softgel dosage form

In addition to developing small-molecule generic drug formulations such as tablets, hard capsules, and granules, Lotus' Taiwan R&D team has been investing in the development of high-barrier pharmaceutical softgel formulations since 2009. Designed as a technology platform for highly active pharmaceutical ingredients (APIs), softgels aim to enhance bioavailability and are expected to significantly advance oncology and hormone therapies. Once a softgel formulation is successfully developed, it presents a high entry barrier for competitors, making it difficult to replicate and offering strong potential for market leadership.

Currently, Lotus is investing in the development of several new pharmaceutical softgel products expected to deliver high value. These include treatments for non-small cell lung cancer, prostate cancer, acute myeloid leukemia, idiopathic pulmonary fibrosis, transthyretin amyloidosis, lupus nephritis, and autoimmune diseases of the central nervous system. Lotus has successfully combined two high-barrier technologies—high-potency oncology drugs and pharmaceutical softgel formulations—establishing itself as a leading generic drug manufacturer in the Asia-Pacific region.

▼ List of research and development cases for special mechanism or special dosage form

INN	ndications	Target markets	Current progress
LP654/ LP655	Idiopathic pulmonary fibrosis	Global	In application, approved in the United States and Canada
AK-R218	Type II diabetes	Global	In application
LP117	Rheumatoid arthritis	Global	In application, approved in the EU and APEC
LP711	Women's healthcare	Global	In application, approved in the EU and APEC
LP614	Hyperthyroidism	Global	The US FDA's approval
LP678	Transthyretin amyloidosis	Global	Already passed clinical trials and is currently applying for drug certificates
LP679	Transthyretin amyloidosis	Global	Development stage
LP693	Lupus nephritis	Global	Already passed clinical trials and is currently applying for drug certificates
LP751	Multiple sclerosis	Global	Already passed clinical trials and is currently applying for drug certificates

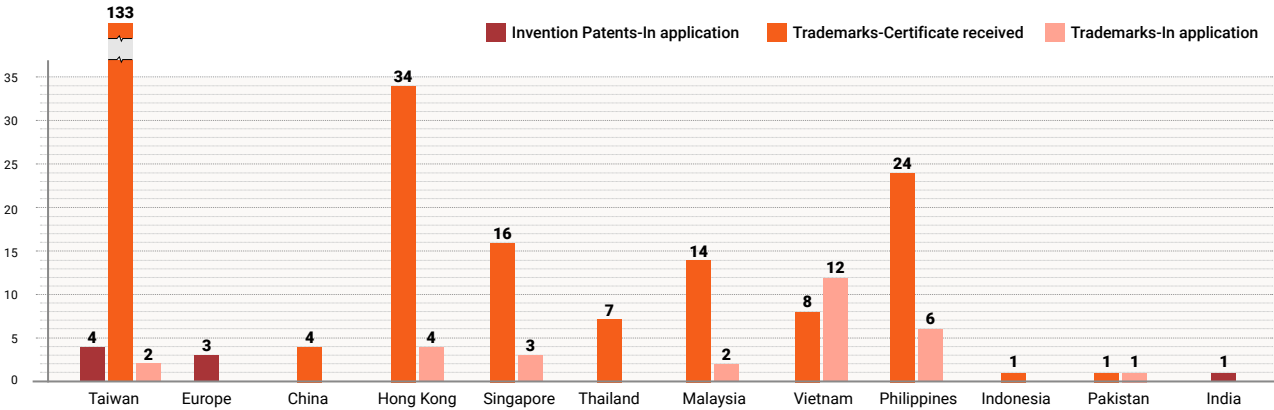
3.3.4 Patent and Trademark Layout

By the end of 2024, the Company had a total of **8** invention patents applied for and still valid, **242** trademarks approved for registration, and **30** trademarks under application.

▼ Number of patents and trademarks applied for by Lotus

Items	2023 / Cases	2024 / Cases
Invention patents applied for and still valid	10	8
Trademarks approved	193	242
Trademarks under application	28	30

▼ Region distribution of patent and trademark applications for Lotus



3.4 Safety of Participants in Clinical Trials

All clinical trials conducted by Lotus are reviewed and approved by an Institutional Review Board (IRB). Before submitting a clinical trial to IRB, we prepare and complete an informed consent form (ICF) in accordance with regulatory and ethical requirements. Once the ICF is approved, the CRO presents the ICF to participants and explains it to them individually, to explain and ensure their understanding of the study processes. A study is initiated only after participants voluntarily consent to participate in the study. Our procedures strictly follow the standard operating procedures (SOPs) at clinical study sites.

Additionally, after a final report is submitted to the FDA, the agency reviews all documents related to participant safety. Periodically, the FDA conducts on-site inspections of CROs to evaluate whether the study data complies with Good Clinical Practice (GCP) guidelines.

The important aspects of clinical trial management include:

- Preventing bias in reporting.
- Ensuring the study proceeds in an organized and systematic manner.
- Overseeing trial design and identifying potential errors.
- Ensuring accurate documentation and evaluation of the trial.
- Collaborating with diverse teams.

3.5 Drug Quality

3.5.1 Drug Quality Management Policy

Lotus is committed to upholding high-quality standards and adheres strictly to all applicable regulatory and industry standards, with "quality" as a core value and a responsibility for every Lotus employee. We firmly believe that only through the combined efforts of all relevant personnel as a team can we achieve the highest quality. To comply with the regulations of domestic and foreign authorities on drug manufacturing and sales, 100% of Lotus's branded drugs have been verified by health authorities in various countries for their therapeutic effects, quality, and safety. Labels, instruction sheets, and packaging of drugs are also confirmed and approved by various competent authorities. The regulatory department ensures that the content submitted for review and posting meets the requirements of relevant regulations. Additionally, to ensure continuous improvement in product quality, all changes to products post-launch undergo rigorous change management control procedures, including comprehensive risk assessment and testing to validate product quality. Furthermore, as per the requirements of respective national laws and regulations, local health authority reviews and approvals are required before implementing changes. Regarding product use, to mitigate risks of drug misuse and improper storage, in addition to clearly stating medication precautions, ingredients, indications, and usage on the instruction sheet (i.e. drug instructions), business personnel clearly explain the method of use and precautions of the drug during product sales. In terms of market channels, Lotus employs product appearance and batch number management, anti-counterfeit labels, anti-counterfeit unseal labels, and product serial number management, etc., and collaborates with governments to enhance border inspections to prevent counterfeit drugs from entering the market. Lotus did not incur any monetary losses due to legal litigation stemming from misleading marketing content in 2024.

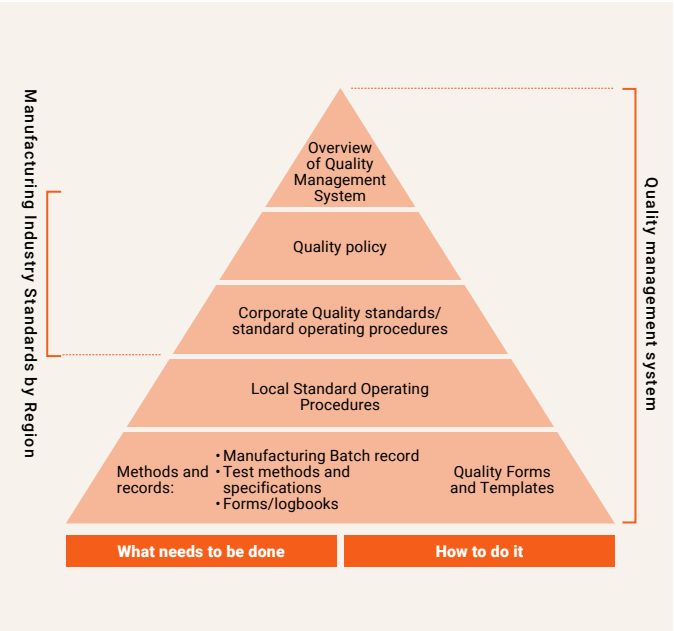
3.5.2 Quality Management Strategy and Objectives

Lotus is committed to establishing appropriate quality management systems and processes to uphold the Company's operational quality culture. The Company also focuses on maintaining quality and promoting specific maintenance and improvement actions to ensure that our decisions align with the three major aspects outlined in the diagram on the right:

Product Quality	Health and Safety of Patients and Consumers	Protecting the Reputation and Business of Lotus
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3.5.3 Internal Quality and Safety Management Organization and Standard Operations

Lotus has a comprehensive quality management policy and has developed standard operating procedures (SOPs) for each region, along with various protocols and reporting requirements. The quality department is responsible for managing and supervising processes to ensure that the manufacturing environment, raw materials, semi-finished products, and finished products comply with the GxP regulations of Good Manufacturing Practice for Medicines. The high manufacturing quality at Lotus is maintained through batch production records, specific analysis methods, specifications, records, and quality forms.



3.5.4 Continuous Improvement of Product Quality

1. Having sufficient resources and well-trained qualified personnel.
2. Establish and continuously improve the Lotus Quality Management System (QMS) to ensure the implementation of robust systems and processes that comply with applicable regulatory requirements of Lotus and various countries.
3. Continuously evaluate, monitor, and improve the quality system of Lotus.
4. Select appropriate suppliers and contractors and implement effective third-party management.

Training theme	Total participants	Training person-hours (hour)	Total hours
Site GMP training	546	2	1,092
Internal audit training	44	2	88
Risk management	27	4	108
Total	617	-	1,288

3.5.5 Reliable Processes and Quality ControlControl

Lotus operates three manufacturing factories: the Nantou site in Taiwan, the Gongju site in South Korea, and the Hyangnam site in South Korea. All sites adhere to the "PIC/S: Guide to Good Manufacturing Practice for Medical Products" (PIC/S GMP) and "Good Distribution Practice" (GDP) regulations established by the International Pharmaceutical Inspection Cooperation Scheme (PIC/S). These standards govern the manufacturing, import, export, storage, and transport of drugs, to provide customers with safe and effective medication. Since 2009, the Nantou site in Taiwan has consistently passed inspections by the Taiwan Food and Drug Administration, confirming compliance with PIC/S standards. Additionally, it has obtained GMP approvals from the top ten advanced countries, including the EMA and US FDA.

In addition to implementing quality management, Lotus conducts an annual GMP internal audit. Furthermore, customer audits or inspections by domestic and foreign health authorities are conducted.

▼ Categories of Inspections Passed by Lotus

Taiwan TFDA	Have passed all inspections since 2009 and complies with PIC/S specifications.
Europe EMA	Have passed multiple EU inspections since 2012.
Japan PMDA	Have passed multiple Japan GMP inspections since 2013.
USA FDA	Have passed multiple FDA inspections since 2010 and most recently the 2024 inspection, achieved VAI outcome.
Brazil ANVISA	It has passed Brazil GMP inspections since 2021.
Egypt EDA	It has passed Egypt GMP inspections since 2021.
Belarus EAEU	It has passed Belarus GMP inspections since 2023.
Turkey TMMDA	It has passed Turkey GMP inspections since 2023.
Ministry of Food and Drug Safety (MFDS) of the Republic of Korea	Korean sites have been subject to a GMP inspection and approval every three years since 1992.

▼ 2024 Product Quality Inspection Time

Factory	Audit/factory inspection/ verification date	Audit/factory inspection/ verification unit	Audit/factory inspection/ verification conclusion
Taiwan Nantou plant	April 8 to 12, 2024	USFDA	Approval
	July 15 to 19, 2024	Brazil ANVISA	Approval
	September 10 to 12, 2024	Taiwan TFDA	Approval
Korea Gongju plant	October 18, 2024	MFDS	Approval
	November 05, 2024	MFDS	Administrative sanction (Note)
Korea Hyangnam plant	February 26, 2024	MFDS	Approval
	June 20, 2024	MFDS	Approval
	August 20 to 22, 2024	MFDS	Approval

Note: Some data from the contracted laboratory of Alvogen Korea was inconsistent, however it was confirmed that product quality was not affected. The Company subsequently reviewed and strengthened the management process of the contract laboratory to make active improvements and guarantee regulatory compliance in the future.

3.5.6 Drug Storage, Transportation and Supply Management

To ensure the quality of drugs from manufacturing completion to the customer, health authorities worldwide have expanded their requirements for drug quality beyond Good Manufacturing Practice (GMP) for production to include Good Distribution Practice (GDP) for transportation and the supply chain. Lotus applied for GDP certification from the Ministry of Health and Welfare on September 30, 2016, and received approval in 2017. To prevent quality issues arising from improper management of drug storage and during transportation processes, and to ensure the safety of medication users, Lotus has implemented a comprehensive drug transportation and supply management policy. This includes selecting qualified logistics companies and customs brokers for transporting all raw materials, semi-finished products, and finished products, Lotus maintains a dedicated storage warehouse to safeguard product quality. Detailed records of batch numbers, dates, locations, and quantities of all delivered drugs are kept for traceability to strengthen management and control across the drug transportation and supply chain, ensuring the quality and integrity of products during transportation, distribution, and storage.

Labeling	Product storage		Raw material and packaging material distribution	Transportation and supply		
						
Labeling tags	Storage area management	Storage method	Material distribution	Transportation	Shipping principle	Documents and records
After receiving the goods into the ERP system, labeling tags are printed and affixed to the materials, and the barcode reader can display the real-time status of all materials accordingly.	As per SOP specifications, perform cleaning and pest prevention-related operations at a predetermined frequency. The temperature and humidity of the warehouse area are continuously monitored by the respective monitoring and alarm system, and temperature and humidity verification and validation operations are routinely conducted in each storage area (including cold room and freezers). Different categories of materials in the warehouse are stored according to storage requirements and placed in different areas, shelves, or levels.	To ensure quality, materials must be placed on pallets, not directly on the ground.	The material preparation group shall prepare materials according to production work orders or material requisitions for miscellaneous materials. After completing the material preparation, the materials are provided to the manufacturing site for production or pack	A logistics company that passes the company's audit will handle the transportation of raw materials and drugs. For exports, it is necessary to verify if transportation verification is required for the transportation route. For the export of finished products, it must first be checked whether the transportation route of the finished products requires transportation verification. If there are any changes or deviations between the transportation route and the currently verified transportation route, a risk assessment or investigation is necessary. This includes but is not limited to whether the shipping study protocol and related contents need to be re-examined and modified. If necessary, a change control should be initiated to control and update the SOP.	The domestic market implements the principle of “First Expired, First Out” (FEFO). The export market is managed based on the principle of shipping the batches that have been produced, tested and released first.	There are clear documents that can trace the batch number, date, location, and quantity of shipped drugs during transportation and shipping.



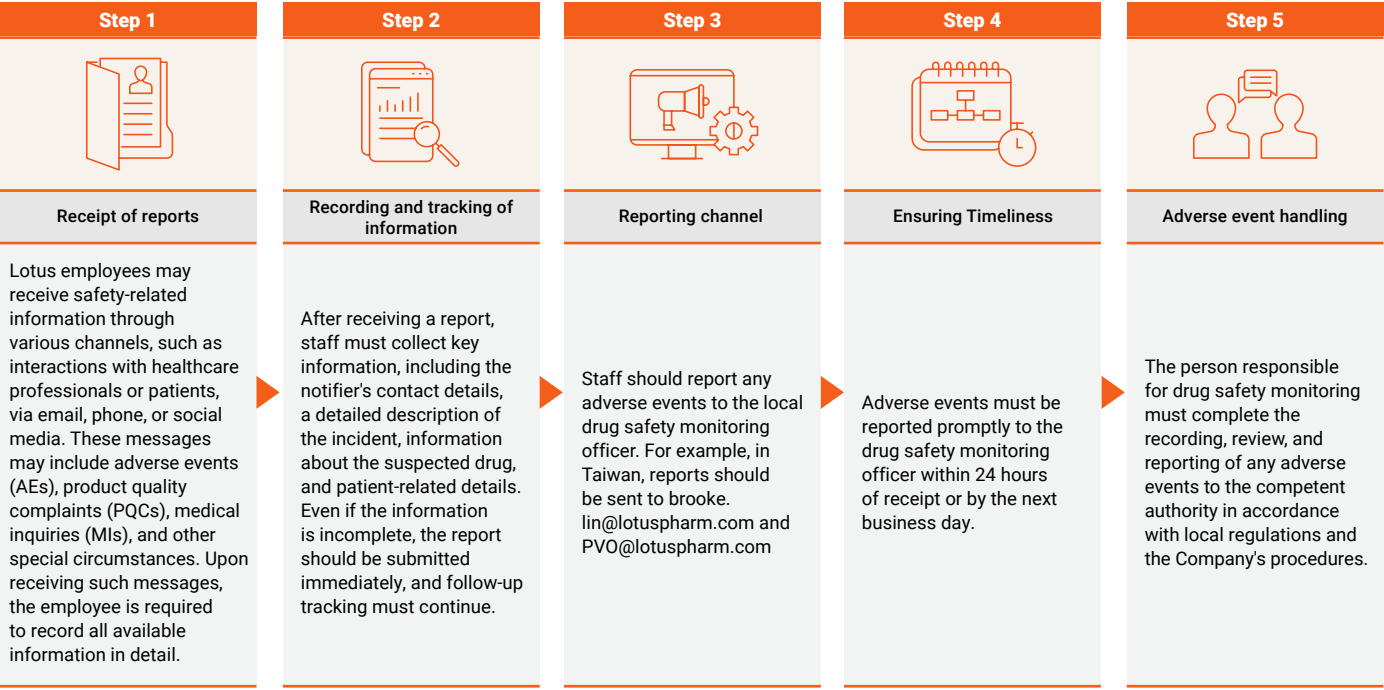
3.6 Drug Safety and Recall

3.6.1 Global Drug Safety Monitoring Mechanism and Reporting Mechanism

Monitoring Mechanism

Lotus established its Global Drug Safety Monitoring Center in Taiwan in 2021 and introduced a set of drug safety standards in 2022 to ensure that its products comply with global pharmacovigilance regulations and to monitor the safety of its medicines. To meet regulatory and reporting requirements across different countries and regions, Lotus has dedicated pharmacovigilance teams based in Asia, Europe, and the United States. The company has also completed the required Pharmacovigilance System Master Files (PSMFs) for product registrations in both Europe and Asia. Within Lotus' pharmacovigilance system, all adverse events and special cases related to its products are systematically documented, analyzed, and compiled. Serious adverse events, including fatalities, are reported within the required timeframe. In 2024, Lotus received a total of 60 product adverse events in Taiwan, with one reported death.

▼ Drug Safety Reporting Process



Reporting Mechanism

Lotus is proactively committed to drug safety monitoring and management to safeguard public health and safety. To identify potential drug safety issues that may arise from large-scale clinical use after a product launch, and to ensure timely action when such issues occur, Lotus actively collects, evaluates, and studies drug safety information. We gather suspected adverse drug reaction data through various channels and provide updated drug information and risk management tools to relevant authorities and patients to mitigate the risk of adverse reactions.

Notably, within our drug safety monitoring system, we regularly review safety alerts from all countries where our products are registered, assessing and responding to alerts related to Lotus product ingredients. In 2024, we identified 15 safety alerts in Taiwan and promptly implemented corresponding countermeasures.

Additionally, to ensure all employees are well-versed in the reporting mechanism, we conduct regular drug safety reporting training sessions and keep records of all training activities. In 2024, a total of 1,356 employees completed the company-wide annual drug safety reporting training. These ongoing efforts and measures demonstrate Lotus's strong commitment and responsibility toward drug safety. If patients or healthcare professionals have any concerns about their health or treatment methods, they should promptly inform their physician to seek better management options.

If patients or healthcare professionals discover adverse reactions to the Company's drugs and have concerns about the safety of the products, they are welcome to contact the Company through the following methods:

Email: info@lotuspharm.com
Tel.: +886-2-27005908 #1820

▼ Drug Safety Monitoring Training in 2024

Training theme	No. of participants	Training person-hours (hour)
Drug safety monitoring training	1,356	1

3.6.2 Counterfeit Drug Blocking Mechanism

Lotus has established an internal anti-counterfeit drug mechanism and investigation procedures to address suspected counterfeit and prohibited drug issues related to the Company. Upon receiving any customer complaints or reports regarding suspected counterfeit drugs, Lotus will initiate an investigation within one working day, notify the Quality Department personnel, suspend sales of the suspected counterfeit products, and commence the investigation. Based on the findings, Lotus will implement corrective, preventive, and improvement measures.

Lotus did not receive any reports of counterfeit drugs in 2024 nor were there any litigation cases involving accusations of counterfeit drugs for products manufactured in-house. However, a total of 2 counterfeit drug cases were discovered for other drugs. These cases were reported and the counterfeit drugs were destroyed through the border inspection mechanism. To combat counterfeit drug crimes, Lotus initiated one criminal lawsuit, demonstrating its firm determination and achievements in blocking counterfeit drugs.

Anti-counterfeit Education and Training

For product anti-counterfeiting design, we apply product codes on the product exterior, print batch numbers, and attach anti-counterfeit labels, tamper-evident seals, and serialized numbers to enhance Lotus product identification. During sales, customer codes are also marked to facilitate traceability. We collaborate with law firms and aviation police units to strengthen border inspections, actively preventing counterfeit and substandard drugs from entering the market supply chain.

At the same time, Lotus has established the “Suspected Falsified and Counterfeit Medicinal Product Handling Procedure” for employees to review and follow, with the aim of raising awareness of counterfeit drug prevention and enhancing vigilance among relevant personnel. This procedure outlines the definitions of falsified and counterfeit medicinal products, methods of identification, reporting procedures, handling processes, and other relevant information, ensuring that such issues can be addressed promptly and effectively in the Company's daily operations.

In 2024, the procedure was accessed a total of 103 times, reflecting the Company's commitment to raising employee awareness of counterfeit drug issues, as well as employees' dedication to self-education and vigilance. These efforts help Lotus more effectively safeguard the quality and safety of its products.



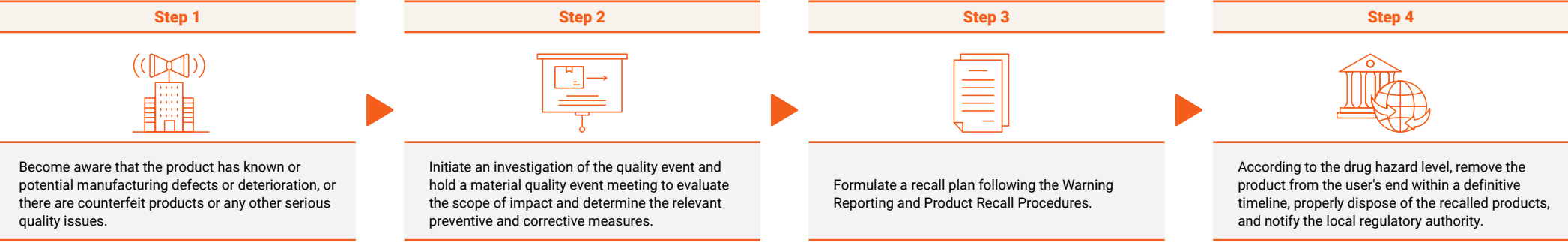
3.6.3 Drug Recall Mechanism

Lotus bears relevant responsibility for drug recalls, adhering to the requirements of relevant regulatory authorities. The Company has established the Warning Reporting and Product Recall Procedures for such instances. All drug recall reporting, tracking, and closure activities, as well as the execution of matters related to drug and medical device recall, must be conducted per these procedures.

Lotus' established comprehensive and effective standard operating procedure for product recall operations is followed when it is confirmed that a specific product is defective, affecting patient safety, or that counterfeit or prohibited drugs are in circulation. The quality assurance unit is responsible for initiating the drug recall protocol. This involves investigating the event and holding a material quality event meeting to evaluate the scope of the impact and determine corresponding measures. The business unit recalls affected products and transfers them to the warehouse unit for destruction in compliance with the requirements for defective product recall. If no actual recall is executed in a given year, a recall drill must be held.

In 2024, Lotus voluntarily recalled a batch of Desud sublingual tablets 2/0.5mg, totaling 13,150 tablets, in Taiwan. This voluntary recall was implemented because of unspecified impurity above specification at the 12-month timepoint stability study (shelf-life is 24 months). Adhering to the commitment to quality and patient safety, we proactively communicated with Taiwan Food and Drug Administration (TFDA) and decided to perform a voluntary recall after consultation with the authorities. This product is only marketed in Taiwan and hence does not involve other markets. Lotus' voluntary recall of its products in Taiwan demonstrated our unwavering commitment to the highest quality standards.

▼ Drug Recall Process



Chapter 4

Employee Wellbeing and Social Engagement

- 4.1 Human Resources Overview
- 4.2 Human Rights Policy
- 4.3 Talent Development
- 4.4 Safe and Healthy Workplace Environment
- 4.5 Community Engagement



4.1 Human Resources Overview

All employment practices at Lotus comply with the Labor Standards Act or equivalent labor regulations in each region of operation. In Taiwan, the Company employed 765 permanent contract employees in 2024, with 51.6% being female. Among new hires during the year, 52.7% were women. In South Korea, Lotus employed 455 employees, approximately 29% of whom were female, while 58.5% of new hires in 2024 were women. In India, the Company had 191 permanent contract employees, with 38.2% being female, a figure influenced by local demographic and employment trends. Among new hires in India during 2024, 48.0% were female. In Singapore, there were 21 permanent contract employees, approximately 66.7% of whom were female.

▼ Types of employees hired by Lotus in each region in 2024

Employees category		Taiwan		South Korea		India		Singapore		Subtotal		Total
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Contract type	Permanent employees	370	395	318	115	118	73	7	14	813	597	1,410
	Temporary employees	0	0	5	17	0	0	0	0	5	17	22
Working hours	Employees without guaranteed working hours	0	0	0	0	0	0	0	0	0	0	0
	Full-time employees	370	392	323	128	118	73	7	13	818	606	1,424
	Part-time employees	0	3	0	4	0	0	0	1	0	8	8
Total number of employees		370	395	323	132	118	73	7	14	818	614	1,432
Percentages (%) of male and female employees in each region		48.4%	51.6%	71.0%	29.0%	61.8%	38.2%	33.3%	66.7%	57.1%	42.9%	-

Notes: 1. The statistical range includes Lotus employees in Taiwan, South Korea, India and Singapore.
2. The number of employees refers to those employed as of the end of the year.
3. Temporary employees are defined as employees hired under fixed-term contracts.
4. Part-time employees are defined as those who work less than eight hours per day.

▼ Non-employee workers at Lotus in 2024

	Taiwan		South Korea		India		Singapore		Subtotal		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Total of non- employees	4	4	6	12	4	1	7	3	21	20	41

Notes: 1. Non-employee workers in Taiwan include dispatched workers in manufacturing and IT, interns, and employee cafeteria staff.
2. Non-employee workers in South Korea include security guards, employee cafeteria staff, and cleaning personnel.
3. Non-employee workers in India include security guards and cleaning personnel.
4. Non-employee workers in Singapore include business development and regulatory affairs personnel.

4.1.1 Diverse and Inclusive Employment Opportunities

At Lotus, all decisions related to recruitment, promotions, managerial appointments, and compensation are based on individual competencies, potential, and performance. Factors such as gender, race, nationality, social background, age, marital status, language, religion, political affiliation, or place of birth do not influence these decisions. As of 2024, 44.4% of our senior management in Taiwan, South Korea, Singapore, and India are women, reflecting our commitment to gender equity at the leadership level. In the same year, 55.0% of newly promoted managers were women, further highlighting our dedication to equal opportunities. In addition, there were four Indigenous employees in Taiwan and a total of nine employees with disabilities across Taiwan and South Korea. We remain committed to supporting the professional development of Indigenous peoples and individuals with disabilities.

To support local development and prosperity, we have actively hired local residents as senior executives at key operating sites, including Taiwan and South Korea. Among the 54 executives at division level or above, 41 are local residents, accounting for 75.9% of all senior management.

Additionally, to meet the global demand for medicines, Lotus has actively recruited pharmaceutical professionals worldwide. As of 2024, our employees come from 23 countries. With diverse perspectives and professional expertise, we provide better localized services to global patients, healthcare professionals, and customers.

▼ Distribution of categories of employee positions of Lotus in 2024

Position / Diversity Categories		Gender		Age		
		Male	Female	Under 30	31-50	51 above
Senior management	Number	30	24	0	32	22
	Ratio	55.6%	44.4%	0.0%	59.3%	40.7%
Middle management	Number	66	32	1	79	18
	Ratio	67.3%	32.7%	1%	80.6%	18.4%
First-line management	Number	48	24	4	57	11
	Ratio	66.7%	33.3%	5.5%	79.2%	15.3%
Regular employees	Number	674	534	244	883	81
	Ratio	55.8%	44.2%	20.2%	73.1%	6.7%
Number of employees in each diversity category		818	614	249	1,051	132
Ratio to the total number of all employees		57.1%	42.9%	17.4%	73.4%	9.2%

Notes: 1. The statistical scope includes Lotus employees in Taiwan, South Korea, India and Singapore.
2. Gender: Gender to be recognized by the employees themselves.
3. Employee category: Classification of employees per rank (e.g., senior executives, middle executives, etc.) and function (e.g., technology, administration, production, etc.).

4.1.2 Personnel Turnover

Faced with global population aging and rising demand for biopharmaceuticals, Lotus recruited 366 new employees in 2024 across Taiwan, South Korea, Singapore, and India, accounting for 25.6% of the total workforce. The turnover was 183 employees, representing 13.4% of the total. To help new hires smoothly integrate into the company, we provide a comprehensive onboarding and training program that helps them quickly understand our corporate culture and work processes, and lays a solid foundation for their career development. Lotus is also committed to recruiting and developing professional talent in R&D and pharmaceuticals to maintain our leading position in a highly competitive market. The retention rate of our R&D personnel reached 82.5% in 2024.

The retention rate of R&D personnel

82.5 %

▼ Statistics on the distribution of new employees per region and age

Age	Gender	Taiwan	South Korea	India	Singapore	Total	
						Number	Percentage
Under 30	Male	40	6	7	0	53	53.0%
	Female	56	12	17	0	85	56.7%
31-50	Male	77	16	19	1	113	17.8%
	Female	79	14	7	2	102	24.5%
51 Above	Male	5	0	0	0	5	6.1%
	Female	1	5	0	2	8	16.3%
Number of new employees in each region		258	53	50	5	366	25.6%
New employee entry rate in each region		33.7%	11.6%	26.2%	23.8%	-	-

Note: New employee entry rate = Number of new employees in each category / Total number of employees in this region at the end of the period.

▼ Resigned employees' regional and age distribution statistics

Age	Gender	Taiwan	South Korea	India	Singapore	Total	
						Number	Percentage
Under 30	Male	16	2	4	0	22	22.4%
	Female	22	4	5	0	31	22.8%
31-50	Male	37	17	9	1	64	10.4%
	Female	38	12	6	1	57	14.3%
51 Above	Male	5	0	1	0	6	8.1%
	Female	1	1	0	1	3	7.1%
Number of employees in each region who left the Company		119	36	25	3	183	13.4%
Turnover rate in each region		16.4%	8.0%	14.9%	15.4%	-	-

Notes: 1. Statistics are as of December 31, 2024. Turnover rate = Number of employees in each category who have left the Company / [(Number of employees at the beginning of the period + Number of employees at the end of the period) in this category / 2].
2. The total numbers of new employees and employees who have left the Company do not include those who left for reasons other than voluntarily, e.g., those whose employment was terminated due to death, retirement, severance, dismissal, or expiration of the contract term or internship, or new employees who resign in less than 90 days.

▼ Resignation rates of voluntary and non-voluntary resignation of all employees in 2024

Grade	Total number of employees of this grade	Number of employees who resigned voluntarily	Number of employees who resigned non-voluntarily	Voluntary resignation rate	Non-voluntary resignation rate
Senior management	54	6	1	11.7%	1.9%
Middle management	98	9	0	9.5%	0.0%
First-line management	72	4	0	5.6%	0.0%
Regular employees	1,208	164	19	14.3%	1.7%

Note: The statistical range includes Lotus employees in Taiwan, South Korea, India and Singapore.

4.1.3 Parental Leaves

Considering the continuous decline in birth rates in Taiwan and South Korea in recent years, Lotus actively enhances the workplace childcare environment by providing childbirth bonuses and childcare subsidies, and encourages employees to return to work after parental leave. These efforts aim to alleviate the pressures employees face related to childbirth and childcare, while fulfilling our social responsibility. In 2024, a total of 27 employees from Lotus Taiwan, South Korea, and Singapore applied for parental leave, while no employees applied in Lotus India. Among those who took parental leave, the return-to-work rates were 62%, 71%, and 100% for Taiwan, South Korea, and Singapore, respectively, demonstrating a strong commitment to workforce reintegration.

▼ 2024 Parental Leave Statistics

Year	Taiwan			South Korea			India			Singapore		
Item	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees qualified for parental leave applications in 2024(a)	16	18	34	94	19	113	0	0	0	1	5	6
Number of parental leave applications in 2024(b)	6	7	13	3	10	13	0	0	0	0	1	1
Parental leave applications rate(b/a)	38%	39%	38%	3%	53%	12%	NA	NA	NA	0%	20%	17%
Expected number of employees reinstated in 2023(c)	7	6	13	1	6	7	0	0	0	0	1	1
Actual number of employees reinstated from parental leave in 2024(d)	5	3	8	1	4	5	0	0	0	0	1	1
Reinstated rate from parental leave (d/c)	71%	50%	62%	100%	67%	71%	NA	NA	NA	NA	100%	100%
Actual number of employees reinstated from parental leave in 2023(e)	3	2	5	0	4	4	0	0	0	0	0	0
Actual number of employees reinstated from parental leave in 2023 and have worked continuously for at least one year(f)	3	1	4	0	3	3	0	0	0	0	0	0
Retention rate after parental leave (f/e)	100%	50%	80%	NA	75%	75%	NA	NA	NA	NA	NA	NA

Notes: 1. The application rate of parental leave is calculated as the actual number of employees applying for parental leave in the year/the number of employees eligible for parental leave in the year*100%.
2. The reinstatement rate after parental leave is determined by the number of employees reinstated in the year after parental leave /the number of people expected to apply for reinstatement in the year after parental leave *100%.
3. The retention rate after parental leave is determined by the number of employees reinstated in the previous year after parental leave and continuing working for a year/the number of people reinstated in the previous year after parental leave *100%.



4.2 Human Rights Policy

As a globally operating and responsible company, we are committed to respecting and complying with the "Universal Declaration of Human Rights", "The International Covenant on Civil and Political Rights", "The International Covenant on Economic, Social, and Cultural Rights" and "The International Labour Organization's Declaration on Fundamental Principles and Rights at Work". We abide by relevant international and domestic regulations and have a "Human Rights Policy" to safeguard employees' basic human rights and create a friendly environment. In addition, the DNA of Lotus embodies the spirit of "respecting and valuing cultural differences" and "welcoming diverse perspectives," which are incorporated into our annual performance evaluations to encourage employees to demonstrate the spirit of our DNA.

To prevent workplace sexual harassment, Lotus established the policy "Prevention, Correction, Grievance and Punishment of Sexual Harassment at Workplace" in 2005, in accordance with the Act of Gender Equality in Employment and the Guidelines for Establishing Measures of Prevention, Complaint, and Punishment of Sexual Harassment at Workplace. The policy has since undergone four revisions in recent years. The company implements training on "Lotus Human Rights Policy, Sexual Harassment Prevention, and Employee Complaint Management" to all employees in Taiwan to reaffirm policies on human rights, safeguard employees' basic human rights, and foster a work environment of equity, mutual understanding, and respect for all.

▼ 2024 Human Rights Training

Human Rights-Related Training Courses	Objects	No. of participants	Training hours
Human Rights Policy, Sexual Harassment Prevention and Complaint Management of Lotus	All employees in Taiwan	351	351
Understanding of Gender Equity and Sexual Harassment Prevention Act	Management, Human Resources, and Legal Departments in Taiwan	86	129
Sexual harassment prevention	All employees in South Korea	442	1,326
Personal Data Protection Act	All employees in South Korea	442	1,326
Physical challenge cognition improvement	All employees in South Korea	442	1,326
Workplace bullying prevention training	All employees in South Korea	442	1,326
Sexual harassment prevention	Employees in India	132	132
Workplace bullying prevention training	Newly Commenced Staff (NCS) in India	36	18

Note: The statistical range includes Lotus employees in Taiwan, South Korea, India and Singapore.



4.2.1 Due Diligence

Lotus conducts an employee engagement survey annually to understand employee opinions and identify potential high-risk issues. In the 2024 employee engagement survey, a total of 1,482 questionnaires were sent to employees worldwide, and 1,268 were returned, resulting in a response rate of 87%. The results showed improvements in both engagement and employee experience.

We also hold various employee forums and discussions to hear employee feedback and assist in addressing related concerns. Multiple channels are provided for reporting inappropriate workplace behavior. Our Human Resources team compiles employee-related data monthly, including working hours, for analysis and discussion, and takes appropriate measures accordingly. There were no incidents of discrimination at Lotus in 2024.

▼ Mitigation and Management Measures or Action Plans for High Human Rights Risks

Topics of Concern	Mitigation and Management Measures or Action Plans
Respect for human rights in the workplace	1. Recruitment, staffing, promotion, managerial appointments, and salary decisions are all based on competencies, potential, and performance, without discrimination based on gender, race, nationality, social class, age, marital status, language, religion, political affiliation, or place of birth. 2. In 2024, a total of 2,373 participants received training on human rights policy, sexual harassment prevention, and grievance management, accumulating a total of 5,934 training hours. 3. A complaint channel and investigation procedures for illegal infringement at the workplace have been established: MyHR@lotuspharm.com
Prohibition of Forced Labor and Child Labor	1. Prohibition of any form of forced labor, slavery, or human trafficking. 2. Prohibition of child labor employment, with age verification during recruitment and staffing.
Provision of a safe and healthy workplace	1. The company complies with the laws and regulations on labor safety and health, and has successfully established a designated unit responsible for occupational safety health, hired full-time occupational health nurses, provided employee healthcare-related services and information, planned and promoted various health promotion activities and pandemic prevention policies, and prevented the occurrence of occupational injuries and diseases, including the implementation of four major prevention and protection plans in the workplace: the human hazard prevention plan, the prevention plan for diseases due to abnormal workload, the prevention plan for illegal infringement during the performance of duties, and the maternal health protection plan. 2. The construction of a corporate safety culture requires not only the attention and investment of the management at all levels but also the participation and practice of all employees. We encourage employees to report any concerns or incidents that may affect safety and health at any time and provide rewards to establish a safer work environment. 3. Promoting employee health: The company arranges annual health checks for all employees and provides free physical examination items that are superior to regulatory requirements. When planning the health check items, the major causes of death are referred to, in the hope of early discovery and treatment through regular screening to reduce the impact of these diseases on employees. 4. The company arranges mandatory training for employees in accordance with relevant legal and regulatory requirements. 5. The Nantou Plant cooperates with Changhua Christian Hospital and the director of the Department of Occupational Medicine provides regular on-site services, including follow-up management, health guidance, and consultations for employees with abnormal results following health checkups, assessments of maternal health hazards, prevention of occupational injuries and diseases, assessment and management of employees exposed to high occupational health risks, health education, protection of physical and mental health, health promotion measures, and first aid and emergency response, etc.
Remuneration and Benefits	1. The company complies with all remuneration-related laws, including minimum wage and statutory benefit requirements. 2. The company hires temporary workers, dispatches workers, and outsources labor services following local laws. 3. The company collects monthly data on employees and working hours, discusses the results with department managers, and implements measures to reduce employee overtime.

Follow-Up Actions After the Employee Engagement Survey

In response to key issues identified in the annual Employee Engagement Survey: work efficiency, cross-functional collaboration, and satisfaction with the overall work experience.

The company has launched a series of improvement initiatives aimed at fostering a more supportive and effective work environment:

1. Clear Career Development Roadmaps

To enhance employee motivation and engagement, we have established more transparent career ladders for Engineering, Quality Management, and Manufacturing departments to help employees clearly plan their future career development direction. We also plan to expand this initiative to other departments, ensuring that all employees can plan their development within the company.

2. Leadership Enhancement Program

Through the "Gear Up" program and group coaching courses, we comprehensively enhance the leadership and team management capabilities of mid-level managers, thereby strengthening the collaboration and communication efficiency between departments.

3. “Better Lotus” Project

The "Better Lotus" project was launched to encourage employees to form teams, propose improvement suggestions, plan and implement them. The Company provide incentives bonuses based on implementation results.

Through these actions, we expect to see meaningful positive changes reflected in future surveys and will continue to listen to employee feedback as a key driver for organizational progress.

4.2.2 Protection of Employment Rights and Interests

The Company has established relevant personnel policies that fully comply with the local labor laws and regulations of each country where it operates. Dedicated personnel are responsible for handling employee-related matters in accordance with these policies. In accordance with laws and regulations such as the International Covenant on Human Rights, the Act of Gender Equality in Employment, the Sexual Harassment Prevention Act, the Personal Data Protection Act, and the Maternal Labor Health Protection Plan, the Company maintains a good working environment to safeguard employees' labor rights.

▼ Description of the relevant measures adopted by Lotus covering employment rights and interests

	Area	Daily working hours	Weekly working hours	Maximum overtime hours
Working hours	Taiwan	8	40	• The total working hours per day shall not exceed 12 hours, and monthly overtime shall not exceed 46 hours. Employees shall not be forced to work overtime.
	South Korea	8	40	• Weekly overtime shall not exceed 12 hours. • Pregnant employees shall not work overtime. Employees who have given birth within the past year shall not work more than 2 hours of overtime per day, and their total weekly overtime shall not exceed 6 hours.
	India	8	48	• Weekly overtime shall not exceed 12 hours. • Female employees are encouraged to leave the workplace prior to 6:30 p.m. every day. If they are required to stay at work for longer, approval from Company management must first be obtained and written consent submitted.
	Singapore	8	40	• Monthly overtime shall not exceed 72 hours.
Measures for managing resignation and retirement	• If it becomes necessary to terminate the employment relationship with an employee, the Company complies with the labor laws and regulations of the relevant country, provides advance notice of contract termination, and grants severance pay and job-seeking leave. • Penion in South Korea: An additional 30 days of average salary is provided for every four years of service.			
Labor-management agreement	• Taiwan: Lotus does not currently have a labor union or signed any collective agreement in Taiwan. In accordance with Article 83 of the Labor Standards Act, the Company regularly holds labor-management meetings to provide protection for the employees' basic rights and interests, and promote employee communication and participation through channels like employee-employer meetings, the Remuneration Committee, employee engagement surveys and performance reviews to ensure that employees' voices are reflected in the enterprise's decision-making. The Company may convene interim meetings when needed to conduct two-way communication and negotiation with employees, focusing on issues like the promotion of holds labor-management cooperation, coordination of holds labor-management relationships, improvement of employment conditions, and employees' wellbeing. • South Korea: Lotus has established a labor union and 66.8% of employees have joined it. According to relevant laws, the collective agreement applies to 100% of employees. The Company convenes an employee committee meeting once every quarter in each workplace (the Seoul headquarters, and GongJu and HyangNam Plants), and a health and safety committee meeting once every quarter in workplaces with more than 50 employees (the Seoul headquarters and the HyangNam Plant). Additional meetings can be convened as necessary to resolve issues like the promotion of labor-management cooperation, coordination of labor-management relationships, improvement of working conditions, and employee wellbeing. These meetings have promoted two-way communication and negotiation.			
Major operational changes	• Major operational changes affecting employees' rights and interests, along with corresponding response measures, are implemented only after discussion at labor-management meetings. • In 2024, Lotus completed an acquisition in Thailand. After the acquisition is completed, we informed employees in accordance with the principles of fairness and transparency. Based on an evaluation of business demand and employee competencies, we adjusted the organizational structure as necessary to enhance overall operational efficiency. For employees affected by these changes, the Company provided notification at least one month prior to any adjustments—exceeding the requirements set by local regulations—to ensure they had ample time to adapt.			

4.2.3 Remuneration Policy

Lotus references industry salary trends every year, and regularly provides competitive salary adjustments based on the performance evaluation results of each employee. It balances salaries with consistent salary adjustment standards to enable employees to work with peace of mind and focus on displaying their strengths. In addition to a basic salary, we provide various bonus and incentive plans to outstanding employees. To attract and retain key talent, and to motivate employees to achieve the company's medium and long-term goals, the Board of Directors and shareholders have approved the issuance of restricted stock options to relevant talent. This initiative actively supports the goal of retaining critical talent who continue to contribute to the company's success. Through these competitive compensation systems, we not only retain top talent but also attract more exceptional individuals, thereby fostering a high-performance corporate culture.

In response to business growth and capacity expansion in 2024, the company hired nearly one hundred additional frontline employees in Taiwan, increasing the proportion of frontline staff. This resulted in a slight decrease in the average salary. Moving forward, the company will participate in market salary surveys and ensure competitive employee compensation through new hire salary setting, annual salary adjustments, bonuses, and other remuneration activities.

▼ Remuneration of employees of Lotus Taiwan in the last 3 years (unit: NT\$)

Year	Number of full-time non-management employees	Total salary of full-time non-management employees	Average salary of full-time non-management employees	Median salary of full-time non-management employees
2022	546	598,404,324	1,095,143	773,710
2023	591	675,483,861	1,142,951	839,723
2024	680	750,018,346	1,102,968	814,702

▼ Salary levels of frontline employees in important operating sites of Lotus in 2024

Average standard salary/local basic wage of frontline employees		
	Male	Female
Taiwan	2.12	1.93
South Korea	3.03	2.26
India	5.21	3.91
Singapore	3.30	4.95

Notes: 1. "Important operating sites" as defined by the Company are the operational boundaries disclosed in this report.
2. The Company sets the salaries of its employees and other workers with reference to basic wage announcements by the Ministry of Labor each year to ensure minimum thresholds are met.
3. Frontline employees: Non-management employees.
4. Standard salary: Including basic salary, meal allowances, and other regular payments.

4.2.4 Employee Benefits

Lotus firmly believes that talent is an important asset. In addition to providing fair and competitive remuneration, a good workplace environment and diverse benefits are also key to attracting and retaining talent. Beyond legal compliance, Lotus strives to enhance employees' workplace experience and take care of their work life from multiple perspectives. Besides remuneration, the Company offers employees accident and medical group insurance, as well as vacation and health check programs that exceed statutory requirements, comprehensively safeguarding employee health. The various benefits enjoyed by Taiwanese employees are described as follows:

▼ Benefits for Lotus Employees

Category	Description	
Remuneration and benefits	- Highly competitive salary level within the industry - Annual merit increase policy - Year-end bonus and performance bonus - Group insurance, including life insurance, accident insurance, major illness insurance, injury medical insurance, hospitalization medical insurance, and cancer insurance	
Team building	- Annual leave policy that exceeds statutory requirements - Health check scheme that exceeds statutory requirements - Various subsidies: - General subsidies for birthdays, key festivals, and employee travel - Family-related subsidies: marriage, childbirth, childcare, hospitalization, injury and illness, funeral, and family emergency subsidies - Lotus Day: This annual corporate activity gets people working closer together through interesting activities and unforgettable memories. - Funds for team-building activities of each department: Funds are allocated to enable each department to hold team-building activities, e.g., dinners, outdoor activities, or workshops. By participating in these activities, team members have the opportunity to interact with each other in a relaxed atmosphere and strengthen communication and cooperation, thereby improving work efficiency and enhancing overall team morale. - Yellow Friday: We hold a "Yellow Friday" activity every month, allowing employees to enjoy a relaxing moment in their busy work. - Club activities: We have various clubs such as gourmet food, travel, and cycling clubs that enrich employees' after-work life and bring them more enjoyment. - Company milestone achievement celebration: When the Company achieves specific objectives, we hold celebration events to share the achievements and success with our employees. - Hold various important religious/nationality festivals and celebrations to promote interaction and mutual understanding among employees of different nationalities. - Diversified activities: As part of its corporate social responsibility, the Company holds public welfare activities like beach and mountain clean-up activities, free medical treatment for people in remote rural areas, care for people with dementia, and donations to vulnerable groups.	
Other benefits	- Flexible working hours - Comprehensive benefits and activities organized by the Employee Welfare Committee - Free nutritious and delicious lunch (Nantou plant) - Free coffee and beverages	- Employee discounts on company products - Parking lot (Nantou plant) - Nursing room
Benefits for migrant workers	- Taiwan's plan to hire migrant workers from 2024, offering salaries and benefits exceeding statutory requirements, and covering the domestic intermediary service fees typically borne by migrant workers to reduce their financial burden. - The Company is committed to providing a safe and comfortable accommodation environment that complies with international standards to assure migrant workers' quality of life and welfare. Our dormitories for migrant workers strictly meet the requirements of relevant regulations concerning residential environment, health and safety, and privacy protection. - Residential environment: Each employee enjoys appropriate living space where basic living facilities are provided, such as clean drinking water, sufficient sanitary facilities, and appropriate ventilation and lighting. - Health and safety: The dormitories are equipped with firefighting equipment, regular safety inspections are conducted, and necessary health and first-aid resources are provided. - Freedom and privacy: Employees may enter or leave the dormitories freely, and we guarantee that their privacy is not infringed upon. - Through these measures, we guarantee that our migrant workers are respected and treated fairly. We will continue to improve employees' residential and living environment to comply with our commitment to social responsibility.	

4.3 Talent Development

To enhance employee retention, Lotus is dedicated to building a diverse talent pool and implementing a robust talent development system, which is key to sustainable organizational growth. We have established a comprehensive training framework based on employees' career paths and talent development plans, covering new hires, professional skills, key talents, management trainees, and management competencies.



▼ Talent Development System

New employee training	- Provide new employees with training and orientation. - A mentor is assigned to each new indirect employee, supporting them in quickly adapting to the company and their new job responsibilities.
Professional competency training	- Training plans are scheduled annually based on organizational and employee development needs, market trends, etc. - Internal and external professional lecturers are invited to enhance employees' professional competencies. - Employees can also enroll in various courses offered by external training institutions based on organizational or task requirements, course fees and transportation expenses are paid by the company.
Management competency training	- After interviewing with senior management, a series of management training sessions is planned. - External lecturers are invited to provide comprehensive management competency development courses for managers, - Aimed to assist them in improving their management abilities.
Key Talent development	- Collaborate with key talents to design and plan employee development programs. - Development methods include external training, serving as an internal trainer, project planning and execution, departmental rotation, coaching programs, and overseas assignments. - Appropriate methods are selected based on individual willings and development status to cultivate talents.
trainee development plan	- Recruit management trainees every year to cultivate pharmaceutical talents in Taiwan. - The management trainee development plan includes a series of training courses and internal rotations across departments. - We aim to develop management trainees into international pharma professionals within four years.

▼ 2024 Implementation of Employee Continuing Education and Training

Item	Number of sessions	Total Participants	Total hours	Total Expense (NT\$)
New employee training	4,776	9,432	11,732	928,474
Professional competency training	278	8,901	19,156	1,540,255
Management competency training	15	219	1,569	2,547,787
Self-development training	238	820	3,406	2,092,504
Total	5,307	19,372	35,863	7,109,020

Note: The statistical range includes Lotus employees in Taiwan, South Korea, India and Singapore.

▼ Average Training Hours by Position Level and Gender in 2024 (Unit: Hours)

Classification	Definition of management at all levels	Taiwan		South Korea		India		Singapore		Average number of training hours
		Male	Female	Male	Female	Male	Female	Male	Female	
Senior management	Division head and above	13.5	12.3	27.0	40.0	10.2	7.3	0	0	15.6
Middle management	Department head	33.7	46.3	31.6	40.1	23.1	-	0	0	34.9
First-line management	Section lead	22.8	35.8	28.6	41.0	-	-	0	0	28.3
Regular employees		18.4	17.6	35.2	46.4	14.3	25.5	0	0.5	24.4
Total average		19.9	19.8	34.4	45.6	14.7	24.5	0.2	0.4	25.0

Note: The statistical range includes Lotus employees in Taiwan, South Korea, India and Singapore.

4.3.1 Employee Performance Evaluations and Promotion Policy

Lotus' performance evaluation system is based on the Lotus DNA and Star Map performance management indicators. This system encourages employees to demonstrate the culture and values expected by the Company while achieving their work objectives, and helps them better understand and align with the Group's operational goals. Annual performance evaluations comprehensively assess employees' contributions and professional capabilities in their current roles, as well as their proactive efforts and development potential. Based on these evaluations, Lotus provides fair promotion opportunities. In 2024, a total of 8% of female employees in Taiwan and South Korea received promotions. Among them, the promotion rate for mid-level female managers was 21% in Taiwan and 18% in South Korea. For male employees, the promotion rates were 11% in Taiwan and 7% in South Korea, respectively. These figures reflect Lotus's ongoing commitment to promoting gender equality and diversity and inclusion at its major operating sites, fostering a career development environment that supports upward mobility for talent.

4.3.2 Succession Planning

Lotus' succession planning focuses on the continual development and inheritance of corporate governance and management. Succession planning of Board members includes the implementation of diverse policies, arrangements of annual training hours, and regular internal and external performance evaluations to assure their core value and professional capabilities. The Company holds strategic meetings with management to ensure that senior executives can effectively formulate and execute strategies, actively carry out talent review, and cultivate the leaders of tomorrow to comply with the Company's values and core competencies. Through regular evaluation and development planning, the Company also ensures that employees with potential are able to assume important positions in a timely manner. Furthermore, we provide practical experience through business expansion and cross-departmental collaboration to cultivate future global management professionals.

▼ 2024 Performance Evaluation and Promotion Statistics

Classification	Area	Taiwan				South Korea				India				Singapore			
		Performance evaluation (proportion)		Promotion (proportion)		Performance evaluation (proportion)		Promotion (proportion)		Performance evaluation (proportion)		Promotion (proportion)		Performance evaluation (proportion)		Promotion (proportion)	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior management	Division head and above	100%	100%	0%	8%	100%	100%	0%	0%	100%	100%	0%	0%	100%	100%	0%	0%
Middle management	Department head	97%	100%	0%	21%	100%	91%	11%	18%	100%	NA	0%	NA	NA	100%	NA	0%
First-line management	Section lead	97%	95%	6%	9%	100%	100%	18%	0%	NA	NA	NA	NA	NA	100%	NA	100%
Regular employees	—	94%	91%	13%	7%	95%	83%	7%	7%	95%	100%	11%	14%	100%	67%	0%	11%
Total		95%	92%	11%	8%	96%	85%	7%	8%	96%	100%	10%	14%	100%	79%	0%	14%

Notes: 1. The statistics cover Lotus employees in Taiwan, South Korea, India, and Singapore.
2. NA indicates that the number of employees in this category is 0. Therefore, the proportional calculation does not apply.
3. Employees undergoing a performance evaluation: Taiwan region: Direct employees for the full year and indirect employees who joined between January to September.
Non-Taiwan regions: Full-time employees who joined between January to September.

Succession planning for Board members	Succession planning for management
- Diverse composition: Covering gender, age, nationality, and professional background, etc. - Continuous Learning: At least 6 hours of training courses are arranged annually. - Performance evaluation: Internal evaluations are conducted every year and external professional evaluations every three years as the basis for reappointment and selection.	- Talent qualifications: Emphasizing operational capabilities, professional performance, and competencies consistent with the Company's values. - Strategic meetings: Senior executives regularly convene strategy formulation and execution meetings. - Talent review: Identifying key positions, planning training programs, and developing a pipeline of future leaders. - Succession Pipeline: Department heads nominate high-potential candidates to build a management talent pool. - Leadership development: Evaluating talent with excellent performance and arranging coaches and development plans. - Practical experience: Accumulating management experience through task-oriented projects and cross-departmental collaboration. - Global Talent Development: With headquarters based in Taiwan and a global outlook, cultivate management professionals with international perspectives.

4.3.3 Cooperation of Industry-Government-University

Lotus has deeply developed in Taiwan for many years, with our core technology rooted here. Our investment in Taiwan is not limited to the introduction of the latest R&D and manufacturing equipment, and we have spared no effort in cultivating talents in Taiwan's pharmaceutical industry. Lotus collaborates with multiple universities and colleges in Taiwan through industry-academia cooperation, internship programs, corporate mentoring, and corporate seminars, to attract the active participation of elite students, enabling them to apply their knowledge to practical workplace scenarios and plan their careers in advance.

Cooperation of Industry-Government-University Plan	Description	Achievements
Cooperation of Industry-Government-University	TOP Special Class courses co-sponsored by the Department of Biomedical Sciences & Engineering, National Central University and 104 Career College	Advice from enterprises was provided to students, enabling them to have a better understanding of the demand of enterprises through interaction and lay a better foundation for job-seeking during their studies. A total of 40 students participated in this program.
	Industry-University Cooperation Contract with the STEM Program of National Taiwan University	1. In collaboration with the Ministry of Education and the National Development Council, implement the new annual special program for international students to promote their enrollment in Taiwan and encourage them to stay after graduation. 2. The program is currently open for enrollment.
	Cooperation Memorandum with the College of Pharmaceutical Sciences, National Yang Ming Chiao Tung University	To solidly cultivate the next-generation outstanding interdisciplinary talent specializing in life sciences, biomedical engineering, medical humanities, and intelligent healthcare. One intern was admitted.
	MS/MBA Dual Major Talent Cultivation Program of the Chang Gung University College of Management	1. In coordination with the MS/MBA Dual Major Talent Cultivation Program of the Chang Gung University College of Management, Lotus Pharmaceutical proposed a joint talent cultivation plan, and will provide scholarships to sponsor two program students during their studies. These two students would then work at Lotus for one year after graduation. 2. Two students were admitted to the program, which started in September 2024.
Internship Program and Corporate Mentor	In collaboration with leading pharmacy-related departments in Taiwan, including China Medical University, National Taiwan University, National Yang Ming Chiao Tung University, Chang Gung University, Chung Hwa University of Medical Technology, and Jen-Teh Junior College of Medicine, Nursing and Management. Lotus offers internship programs that allow students to gain early exposure to industry practices, pharmaceutical processes, and GMP standards. These programs not only enhance students' knowledge and technical skills but also serve as a strategic initiative to cultivate pharmaceutical talent with the competencies required by global pharmaceutical companies.	1. The actual number of interns is 16, distributed across research and development, regulatory affairs, quality, manufacturing, and marketing. 2. Corporate mentors from various departments selflessly share the challenges they face in the workplace and the knowledge they have gained, to cultivate interns' professional skills and proactive attitude, serving as a reference for their career planning. 3. One intern was retained after completion of their internship.
Corporate Introduction	The company holds a corporate introduction at well-known domestic pharmaceutical universities (including National Taiwan University, National Yang Ming Chiao Tung University, Taipei Medical University, Kaohsiung Medical University, China Medical University, National Chung Hsing University, National Central University, Chang Gung University, Chung Hwa University of Medical Technology, Jen-The Junior College of Medicine, Nursing & Management etc.) to recruit freshmen to enhance the team's manpower. Also, through the sharing of career selection and planning by senior employees, students can understand the ecology of the pharmaceutical industry and career development and prepare in advance for courses and employment.	The company organized 13 corporate introduction sessions to help students understand the pharmaceutical manufacturing process and career development of pharmaceutical talents and guide them in thinking about how to connect with what they have learned in class.

4.4 Safe and Healthy Workplace Environment

Our company adheres to relevant occupational safety and health management regulations and follows the PDCA (Plan-Do-Check-Act) continuous improvement cycle. We have established management procedures and related documents in compliance with these regulations. Additionally, we regularly conduct compliance assessments of regulations, hazard risk evaluations, and operational controls to ensure strict adherence to the latest regulations and requirements.

4.4.1 Occupational Safety and Health Management Structure and Policy

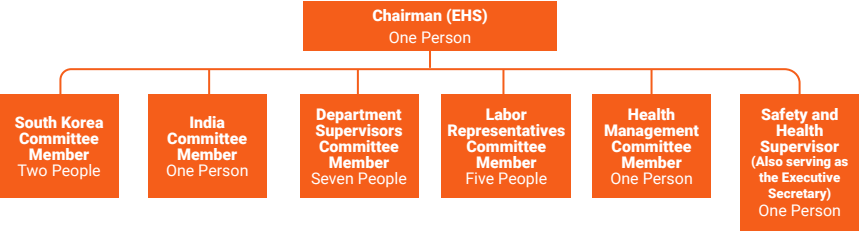
▼ Lotus' Environmental, Safety, and Health Policy

Regulatory compliance	Comply with local environmental and occupational safety and health regulations, customer requirements, and other related international regulations.
Created the EHS Management System	Through EHS risk assessment, target management, continuous improvement, and regular management review, we aim to prevent and manage the factory environment, operation safety, and employee health, improving the effectiveness of EHS management, and ensuring the effectiveness of system operation.
Employee Training	Improve and implement daily environmental/energy/occupational health and safety management, education, and communication for all employees and external stakeholders.
Energy and Natural Resource Management	Through the participation of all staff, we aim to cherish the energy and natural resources together to achieve the goals of energy saving, carbon reduction, and zero incidents.

4.4.2 Overview of the Composition and Operation of the Workplace Safety Committee

Lotus has established an Occupational Safety and Health Committee. The committee members include supervisors for decision-making, as well as labor representatives selected from all departments. The members and organizational structure of the Committee are shown below. The Occupational Safety and Health Committee convenes quarterly meetings to report and discuss relevant items of the annual occupational safety and health management plan, including: "Coordination and Suggestion of Occupational Safety and Health Management Plan", "Review of Countermeasures for Labor job site Monitoring Results", "Review of Health Management and Health Promotion Matters", "Review of Various Safety and Health Proposals", "Review of Autonomous Inspection and Safety and Health Assessment Items of Business Units", "Review of Preventive Measures Against Hazards Caused by Machinery, Equipment and Raw Materials", "Review of the Occupational Disaster Investigation Report", "Assessment of On-site Safety and Health Management Performance" and "Review of Safety and Health Management Items of Contracted Business". Each committee member, including labor representatives from various departments, can raise issues related to occupational safety and health during the meeting. The occupational safety unit will lead in tracking the progress of improvement and report it in the regular meeting. A regular meeting is held quarterly. Topics discussed include hazard identification and elimination, risk assessment, accident investigation and audits, as well as the establishment and management of audit standards for contractors and suppliers.

▼ Occupational Safety and Health Committee in Lotus



▼ Composition of Occupational Safety Committee

Area	Employer (number of people)	Employees (number of people)	Occupational safety and health personnel	Number of meetings in 2024
Taiwan	7	5	3	4
South Korea	2	5	3	4
India	1	25	0	0

Note: Since the Indian laboratory was planned for construction at the end of 2024, relevant personnel will join the Occupational Safety Committee in 2025.

Operations Related to the Management of Listed Chemical Drugs

Units using chemicals in the Nantou Plant of Lotus, the main usages of these chemicals, and GHS hazard graphical types are shown in the table below. Personnel using chemicals in the plant have received necessary training according to statutory and regulatory provisions. During operations, necessary protective equipment is provided to relevant personnel, and the operating environment is regularly monitored. Furthermore, EHS personnel are assigned to conduct regular patrolling based on the actual execution status.

▼ List of Chemical Use and Hazards

Chemical using/ warehousing unit	Main usage	GHS hazard graphical types
QC/AR LAB	For experiment/ R&D	
MN	Manufacturing	
WH	Warehousing	
EHS	Wastewater treatment	
ENG	Generator/ Cooling tower	

4.4.3 Workplace Safety and Accident Prevention Mechanism

The handling status of occupational safety and health training courses in 2024 is as follows: The course scope includes three categories, namely safety, health, and fire prevention. Apart from the regular on-the-job training for occupational safety, as well as fire prevention training required by law, additional courses were organized based on the specific on-site occupational risks. Environmental safety and health training for new employees has already been incorporated into Lotus's talent cultivation system. While fire drills are legally mandated, Lotus ensures these training activities are diligently scheduled to avoid unnecessary repetition and to ensure the effective implementation of each step.

▼ OSH training of employees in Taiwan in 2024

Classification	Courses	Objects	Total Participants	Total hours
Safety	Access Control and Emergency Escape Safety Awareness Record	Personnel at the Nantou Plant	116	58
	G Building Emergency Evacuation Route Awareness Campaign	Nantou Plant personnel in this area	107	54
	Chemical Spill Emergency Response Drill	Laboratory personnel	7	7
	In-service occupational safety training	Personnel at the Nantou Plant	544	2,176
Health	Want to lose weight? Even people who eat out often can do it easily	Personnel at the Nantou Plant	94	47
	2024 Lotus Workplace Health Exercises	Personnel at the Nantou Plant	44	44
Fire Fighting	Fire prevention organization and training in the first half of the year	Fire prevention personnel at the Nantou plant	124	496
	Fire prevention organization and training in the second half of the year	Fire prevention personnel at the Nantou plant	127	508
	Evacuation drill for all staff for hire fighting	Personnel at the Nantou Plant	404	202

▼ OSH training of employees in South Korea in 2024

Classification	Courses	Objects	Total Participants	Total hours
Safety	Regular safety and health training for workers	Workers	1,655	6,480
	Safety and health training when hiring	New Employee	43	344
	Management supervisor training	Team (or Part) Supervisor	17	272
	Training for Dangerous Goods Safety Management	Dangerous Goods Safety Management	2	16
	Training for Electrical Safety Management	Electrical Safety Manager	2	42
	Training for Boiler Safety Management	Boiler Safety Manager	2	7
	Training for gas safety management	Gas safety manager	2	4
Health	Workers health training	Workers	2,700	2,700
Fire Fighting	Fire safety management training	Plant fire safety management	2	6
Environment	Training for Environmental engineer (Atmospheric)	Environmental engineer (Atmospheric)	2	14
	Training for Environmental Engineer (Water)	Environmental engineer (Water)	2	14
	Training for Environmental engineer (Waste)	Environmental engineer (Waste)	2	4

▼ Lotus Nantou Plant - Self-Defense Fire Safety Team Drill Photos



Firefighting training course on the use of indoor fire hydrants



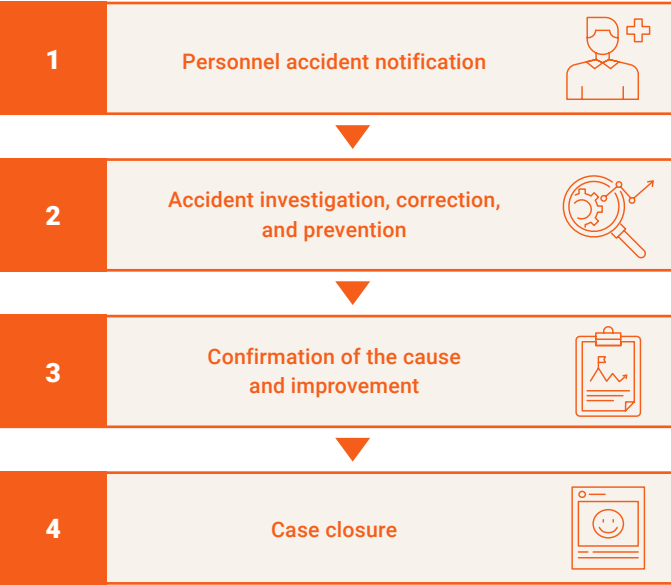
Fire extinguisher training course



Comprehensive training (drill)-counting of people after evacuation and reporting to the commander

4.4.4 Occupational Safety Hazard Identification and Risk Assessment Mechanism

Lotus regularly conducts various operations in the plant and is committed to improving high-risk items. To prevent risks from escalating, we promote the Work Safety Express card activity in the factory. Employees who observe any unsafe behavior or environment can use their mobile phones to scan a QR code and report the issue they see. After review by the Work Safety Unit, a reward of NT\$100 is granted for each reported item. The occupational safety unit will then monitor the responsible unit's progress in implementing improvements and maintain the confidentiality of the reporting personnel. If occupation-related injuries or accidents occur, the occupational safety unit immediately takes necessary emergency rescue measures upon receiving notification of the accident. The accident unit and relevant personnel will be convened for investigation depending on the circumstances to prevent the accident from reoccurring. The accident investigation process is as follows:



4.4.5 Work-related inJuries Statistics

▼ Occupational safety and health accidents at Lotus Taiwan in the past two years

Year	Objects	Total working hours	Number of people			Ratio		
			The number of fatal accidents	The number of recordable work-related injuries	The number of high-consequence work-related injuries	The fatality rate	The rate of recordable work-related injuries	The rate of high-consequence work-related injuries
2023	Employees	1,293,968	0	2	0	0	1.54	0
2024	Employees	1,443,405	0	3	0	0	2.08	0

Notes: 1. The statistics cover sites in Taiwan, including the Taipei office, Taichung office, Kaohsiung office, Central Taiwan Innovation Campus office, and the Nantou Plant.
2. The statistical benchmark for occupational disasters does not include "commuting disasters" that occur during commuting hours.
3. Recordable work-related injuries refer to work-related injuries that prevent workers from continuing their normal work, requiring them to leave the workplace for more than 1 day. This category also includes fatalities resulting from work-related injuries.
4. Total Recordable Injury Frequency Rate (TRIFR) = Number of recordable work-related injuries × 1,000,000/Total working hours (calculated to 2 decimal places, not rounded off).
5. High-consequence work-related injuries refer to injuries that cause death or prevent workers from fully recovering to their pre-injury health status within 6 months.
6. Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries × 1,000,000/Total working hours (calculated to 2 decimal places, not rounded off).
7. Non-employee workers at Lotus have not been involved in any fatal accidents or occupational accidents in the past two years.

▼ Occupational safety and health accidents at Lotus South Korea in the past two years

Year	Objects	Total working hours	Number of people			Ratio		
			The number of fatal accidents	The number of recordable work-related injuries	The number of high-consequence work-related injuries	The fatality rate	The rate of recordable work-related injuries	The rate of high-consequence work-related injuries
2023	Employees	914,321	0	1	0	0	1.09	0
2024	Employees	854,816	0	0	0	0	0	0

Notes: 1. The statistical boundary focuses on sites in South Korea, including the Alvogen Korea HQ, Gongju plant, Hyangnam plant, Seoul Sales Office、Busan Sales Office、Gwangju Sales Office、Daegu Sales Office、Daejeon Sales Office、Jeonju Sales Office、Jeju Sales Office、Wonju Sales Office
2. The statistical benchmark for occupational disasters does not include "commuting disasters" that occur during commuting hours.
3. Recordable work-related injuries refer to work-related injuries that prevent workers from continuing their normal work, requiring them to leave the workplace for more than 1 day. This category also includes fatalities resulting from work-related injuries.
4. Total Recordable Injury Frequency Rate (TRIFR) = Number of recordable work-related injuries × 1,000,000/Total working hours (calculated to 2 decimal places, not rounded off).
5. High-consequence work-related injuries refer to injuries that cause death or prevent workers from fully recovering to their pre-injury health status within 6 months.
6. Rate of high-consequence work-related injuries = Number of high-consequence work-related injuries × 1,000,000/Total working hours (calculated to 2 decimal places, not rounded off).
7. In the last two years, non-employee workers of Lotus South Korea were not involved in any fatal accidents or occupational accidents.

▼ Statistics of occupational safety and health accidents occurring at Lotus Taiwan in the last 2 years

Year	Objects	Disabling Accident	Work Days Lost	Disabling Injury Frequency Rate	Disabling Injury Severity Rate	Frequency-Severity Indicator	Category of injury
2023	Employee	2	55	1.54	42.50	0.25	1. When moving materials with a cart, the operator couldn't pass through the ramp construction area, and subsequently pulled the cart up the stairs, resulting in a wrist injury. After the accident occurred, the company immediately set up a temporary ramp to transport the materials and speed up construction with a shortened construction period. Meanwhile, the company notified employees to report to their supervisors route blockages and to avoid attempting to pass forcefully. 2. During cleaning, a staff member sustained a cutting injury from equipment burrs at the manufacturing site. After the accident occurred, all equipment and cabinets were inspected, and the engineering department was assigned to assist with the deburring. Moreover, vendors were instructed to ensure deburring upon acceptance of new equipment and cabinets.
2024	Employee	3	93	2.08	69.91	0.40	1. A QC colleague suffered a sprain when moving a material box. The method for moving material boxes was adjusted after investigation, and the boxes were placed at an appropriate height. The relevant SOP was revised, and training and promotion of people should lift boxes have been shared with relevant personnel. 2. An ENG colleague suffered a burn while inspecting the pipeline. A relevant warning sign was posted on the pipeline and a pressure gauge was added to check residual pressure after a site survey. Personnel are required to wear high-temperature resistant gloves during operation. 3. A colleague fell while closing a pipeline valve at a high place after the end of the manufacturing of the production line. The height of the pipeline was reduced to the extent that the valve could be closed by standing on the ground after evaluation.

Notes: 1. Number of working days lost: Number of days of absence from work (number of rest days); the calculation benchmark includes work-related injury leave due to occupational disaster but does not include sick leave and menstrual leave).
2. Disabling Frequency Rate (FR) = Number of person-times with disabling injury × 1,000,000/Total experienced working hours (calculated to 2 decimal places, not rounded off).
3. Disabling Severity Rate (SR) = (Number of days lost due to disabling injury × 1,000,000)/Total experienced working hours (rounded number, not rounded off).
4. Frequency-Sevurity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1,000]}$.
5. The statistical benchmark of disabling accidents does not include “commuting disasters” occurring during commuting hours.
6. In the last two years, non-employee workers of Lotus Taiwan were not involved in any occupational safety and health accidents occurring.

▼ Statistics of occupational safety and health accidents occurring at Lotus South Korea in the last 2 years

Year	Objects	Disabling Accident	Work Days Lost	Disabling Injury Frequency Rate	Disabling Injury Severity Rate	Frequency-Severity Indicator	Category of injury
2023	Employee	1	35	1.09	38.28	0.01	An accident resulting in a crack in the finger bone
2024	Employee	0	0	0	0	0	No occupational safety incidents occurred

Notes: 1. Number of working days lost: Number of days of absence from work (number of rest days); the calculation benchmark includes work-related injury leave due to occupational disaster but does not include sick leave and menstrual leave).
2. Disabling Frequency Rate (FR) = Number of person-times with disabling injury × 1,000,000/Total experienced working hours (calculated to 2 decimal places, not rounded off).
3. Disabling Severity Rate (SR) = (Number of days lost due to disabling injury × 1,000,000)/Total experienced working hours (rounded number, not rounded off).
4. Frequency-Sevurity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1,000]}$.
5. The statistical benchmark of disabling accidents does not include “commuting disasters” occurring during commuting hours.
6. In the last two years, non-employee workers of Lotus South Korea were not involved in any work-related injuries.

4.4.6 Workplace Health Promotion Action

To maintain a safe working environment, the company has appointed three occupational safety and health management persons in Taiwan per the law to conduct regular workplace safety inspections and has allocated occupational health medical personnel at the Nantou plant. Every month, occupational medical doctors conduct on-site diagnoses with one dedicated nurse and hold health activities and training. The following six health promotion actions were conducted in 2024. In Korea, the company has appointed an occupational health and safety representative as required by law to conduct regular workplace safety inspections and allocated occupational health medical personnel. Monthly on-site diagnoses are conducted by occupational physicians with the support of a dedicated nurse. Health activities and training sessions are also regularly held. Four health promotion initiatives were conducted in 2024.

▼ Lotus Pharmaceutical's Workplace Health Promotion Action in Taiwan

Action plan	Description	Achievement	No. of participants																
Scheme 1 Health Management and Occupational Disease Prevention	The company provides various occupational health services in compliance with the Occupational Health Protection Rules and the Occupational Health and Safety Act, hires occupational health monitoring nurses, provides employee healthcare-related services and information, and plans, implements, and promotes various health promotion activities and pandemic prevention policies to prevent occupational injuries and diseases, including four major prevention and protection plans in the workplace. The Company cooperates with Changhua Christian Hospital to arrange regular on-site services by a physician of the Occupational Medicine Department to provide abnormal health check results tracking management, health guidance and consultations, maternal health hazard assessments, occupational injury disease prevention, assessment and management of employees with high occupational health risks, health education, physical and mental health protection, health promotion measures, emergency rescue, and emergency response.	- On-site services by factory physicians and nurses. - Free psychological counseling referral services from government agencies. - Referral services for specialized medical institutions. - Exclusive space in the medical room. - Promotion of the four major plans for workplace health.	- Establishment of breastfeeding rooms for maternal health protection in the workplace. - Enhance maternity protection at the workplace, provide joyful gifts to employees who are expecting a baby to extend our care to all staff members. - Health knowledge promotion. - Setting up basic first aid kits. - A total of 530 colleagues participated in the survey, among which 11 were related to workload and management, 1 to ergonomics hazard prevention, and 8 to work-related psychological stress care. Counseling and follow-up have been provided to the aforementioned colleagues. 13 individuals in the maternity protection program. 6 joyful gifts provided. 3 individuals referred for psychological counseling. 2 individuals referred to specialized medical institutions. - Monthly updates of health education information on the workplace safety and health promotion wall. - In addition to the first aid kit in the medical room, 15 basic first aid kits are prepared and placed in appropriate fixed locations in each unit. Designated personnel manage and maintain cleanliness, with regular checks at least every six months.																
Scheme 2 Ministry of Health and Welfare's Safe Workplace Certification	The Nantou Plant enhances employees' autonomous emergency rescue skills through CPR and AED training every year and has set up AED to provide a secure working environment. On July 22, 2020, it passed the "Safe Workplace" certification of the Ministry of Health and Welfare. In July 2023, it passed the certification again, demonstrating its dedication to a safe environment.	- The Nantou plant is equipped with an automatic external defibrillator. - Cardiopulmonary resuscitation and automatic external defibrillator training are conducted every year (including practical exercises).	- The factory hired qualified management personnel for maintenance and regularly checks and uploads the information. - It obtained certification and passed the extension of qualification in 2023, the validity period is until 2025. Nantou Plant conducted Cardiopulmonary resuscitation and automatic external defibrillator training every year (including practical exercises); the training completion rate is 71% in 2022, 75% in 2023 and 73% in 2024.																
Scheme 3 Employee Health Check	The Company arranges free health checks for all employees every year, with health check items that exceed those required by law. During health check-up program planning, the major causes of death are considered in the hope of early detection and early treatment through regular screening to reduce the impact of these diseases on employees. The results of health checks of all employees and special health checks are collected and organized, and interviews with the factory doctor are arranged for employees with abnormal results to receive advice.	- An employee health check that exceeds regulatory requirements is conducted every year. - Screening of high occupational health risk employees for special health examinations for hazards. - On-site assessment of health management grading and suspected work-related diseases.	- The factory doctor and occupational health monitoring nurses conduct regular case tracking and management. - The establishment of a cloud-based health cloud tracking system is expected. - Trend analysis of results of health checkup. - Number of employees health checks 530 in 2024. - Number of special hazard health examinations 115 in 2024. - For employees who are comprehensively determined to be abnormal, the physician conducted on-site evaluations and determined that there was no relevance to their work; medical consultation and health education have been completed for all of them. - Top three abnormalities in health checkup rankings were mild fatty liver, overweight, and hypercholesterolemia. - The number of individuals with abnormal cancer screening results in 2024 was 3 people. Early detection through screening allowed colleagues to receive early treatment.																
Scheme 4 National Health Administration's Healthy Workplace Certification/Health Promotion Logo	In 2024, the Company earned the National Health Administration's Health Workplace Certification/Health Promotion Logo. To improve the physical health of all employees, the medical room plans health promotion activities based on abnormal results of annual health checks. At least two health promotion activities are held each year, with gym coaches specially invited to demonstrate and lead health exercises.	2021 National Health Administration's Healthy Workplace Certification/Health Promotion Logo and the company obtained renewal of certification again in December 2023, the validity period is until 2026. - NT\$2,000 employee sports fund subsidy was provided in 2023. - On Yellow Friday every month, a diverse psychological stress relief activity is held at the employee restaurant.	- Provision of regular tests of clean drinking water/ water dispensers. - Provision of toilet paper and cushion sanitizer at toilets. - Employee Health Weight Loss Competition. - Pushin Ranch Family Day Event. - In addition to the A and B meals designed by the team dietitian, healthy meal options are also provided. - A total of 301 people applied for the sports fund subsidy in 2024. - Over 600 people participated in the 2024 Family Day event. - A total of 342 kilograms were lost in the 2024 weight loss competition.																
Scheme 5 Influenza vaccination	In response to the pandemic period, the company encouraged employees to get vaccinated to coordinate with the COVID-19 and influenza vaccines held by the health bureau.	In 2024, influenza vaccination was held in Pingshan Service Center once.	The number of vaccinated employees was recorded by the health bureau.																
Scheme 6 Near miss	Fill out and report near-miss incidents by taking photos of the Near Miss QR code, including unsafe behaviors (e.g., violation of operating processes, disabling safety protection measures, and using the wrong tools) or unsafe environments (e.g., tangled wires, insufficient lighting, lack of protection), etc.	For each incident reported by employees and confirmed as a near-miss incident, a gift card worth NT\$ 100 was provided as a reward. Each incident was investigated and then submitted to the relevant problem-related department for further evaluation of improvement measures. Additionally, the conditions submitted by each unit and the progress of problem improvements are summarized every quarter.	In 2024, 35 cases were notified and all of them were improved. <table> <tr> <th>Event classification</th><th>Number of cases</th><th>Event classification</th><th>Number of cases</th></tr> <tr> <td>Environmental protection</td><td>1</td><td>Prevention of insects and rats</td><td>3</td></tr> <tr> <td>Fire protection</td><td>4</td><td>Safety</td><td>23</td></tr> <tr> <td>Health</td><td>4</td><td>Total</td><td>35</td></tr> </table>	Event classification	Number of cases	Event classification	Number of cases	Environmental protection	1	Prevention of insects and rats	3	Fire protection	4	Safety	23	Health	4	Total	35
Event classification	Number of cases	Event classification	Number of cases																
Environmental protection	1	Prevention of insects and rats	3																
Fire protection	4	Safety	23																
Health	4	Total	35																

Note: The operating site of the statistics is in Taiwan

Employee Healthy Weight Loss Competition

- **Number of participants:** Nearly 100 employees participated in this activity.
- **Duration of the activity:** 9 weeks. Continual health actions were encouraged.
- **Accumulated weight loss:** The total weight loss of all participants exceeded 342kg.
- **Employee feedback:**
 1. Improved mental health and sleep quality
 2. Established self-discipline and mutual assistance motivation through teamwork
 3. Most participants continued to maintain healthy living habits after the end of the activity.

To encourage employees to cultivate good dietary and exercise habits and improve their physical and mental health, Lotus held a nine-week "Employee Healthy Weight Loss Competition" in 2024. This activity attracted the enthusiastic participation of many colleagues. Through group and individual competitions and by recording daily healthy behavior and comparing initial weight and final weight, we inspired our employees' spirit of perseverance and mutual assistance in the journey of weight loss.

Participants effectively improved their physical and mental health by sticking to a diet with less oil, salt and starch, giving up sugary drinks, increasing protein and vegetable intake, and combining regular exercises like brisk walking, jogging, and gym workouts. According to employee feedback, many not only achieved weight management goals, but also felt improvements in their physical fitness and sleep quality, and positive changes in their overall quality of life.

Group and individual awards were handed out in this competition. Those who recorded their healthy actions and achieved their weight loss goals received rewards like supermarket coupons to encourage them to remain motivated and promote teamwork. Many participants indicated that they had established a long-term sustainable healthy lifestyle even if they did not lose much weight, which was the most valuable gain from this activity.

Lotus will continue to promote the workplace health promotion plan and assist employees in creating a healthier and more energetic workplace environment through diversified activities and resources.

▼ Photos of the healthy weight loss competition



▼ Lotus Pharmaceutical's Workplace Health Promotion Action in Korea

Action plan	Description	Achievement	No. of participants
Industrial hygiene inspection	A government-certified industrial hygiene engineer in Korea visits to inspect the hygiene management status and provide recommendations for improvements.	Meet the standards required by the government and record details for management	2 participants in total
Health counseling conducted by a nurse	A government-certified occupational health nurse visits monthly to check employees' health, record and manage the details.	Ensure compliance with government requirements.	84 participants in total
Health consultation with a doctor	A government-certified occupational health doctor visits quarterly to provide health consultations for employees, record and manage health data.	Promote employee well-being, and ensure compliance with legal requirements.	18 participants in total
Health-related education.	Doctors are invited to the company to provide education on various health management methods and exercise techniques.	Contributes to maintaining the health of employees and their families.	270 participants in total

4.5 Community Engagement

Lotus' sustainable development goals from a social perspective are patient-oriented. In addition to strictly controlling product quality and services and complying with government regulations and relevant industry provisions to ensure product quality, and the health, safety, and privacy of customers, the Company also focuses on developing more product portfolios and provides local care based on its main business. In 2024, we donated more than NT\$ 26 million to medical disease-related societies, foundations, and non-profits to support academic communication in the field of medicine and promote social wellbeing activities.

4.5.1 Academic Activities

In 2024, we actively held a total of 333 academic activities with medical professionals in Taiwan, attended by 12,985 participants; 134 academic activities were related to tumor drugs with themes covering medications for multiple cancers like colorectal cancer, breast cancer, and lung cancer, with 510 medical professional participants. As for non-tumor drugs, we held 199 academic activities focusing on sexual dysfunction, osteoporosis, and Parkinson's disease, attended by 12,475 medical professionals. We also held two large workshop activities in 2024, allowing medical professionals involved in drug quality to have a deeper understanding of the high-quality products provided by Lotus.

4.5.2 Patient Activities

With respect to patient care, we attended and organized several health promotion activities in 2024, providing valuable information and support for patients and their family members. These activities covered multiple areas, including Parkinson's, tumors, and osteoporosis. When sharing knowledge on tumors, we expanded the scope of our patient activities from lung cancer to breast cancer and colorectal cancer, hoping to help more patients with our social impact. In 2024, we held three lectures on tumor medicine, 136 lectures on osteoporosis screening and education, two series of lectures on healthcare for patients with Parkinson's disease, and one health education lecture on male health. The total number of activities reached 142, attended by 11,312 participants, where they learned valuable information on treatment, medication, and exercise. We will continue to hold more such activities to provide support, knowledge, and care, and to jointly create a healthier and warmer community.

▼ 2024 Disease Health Education Advocacy

Name of activity	Theme and content of activity	Results and benefits
Lung cancer patient activity	This activity was hosted by Chung Shan Medical University Hospital. Experts from this hospital were invited to share new knowledge and treatment experience on lung cancer, introduce the latest Da Vinci's minimally invasive thoracoscopic surgery, and give advice on appropriate diet for cancer patients.	A total of 300 participants attended
Colorectal cancer patient activity	Professional physicians were invited to explain the latest treatment trends, treatment experiences, and health management knowledge, and arranged for patients to share their treatment experiences to enhance confidence and quality of life.	A total of 30 participants attended
Patient activity of the Breast Cancer Division of Taichung Veterans General Hospital	This activity was held at Taichung Veterans General Hospital. Experts from this hospital were invited to share new knowledge on breast cancer, and they also shared how to release stress through physical stretching, aromatherapy, and music appreciation with patients, helping them improve their ability to take care of themselves and live despite the disease.	A total of 50 participants attended
Osteoporosis screening and health education lectures	Lotus Pharmaceutical held as many as 136 osteoporosis patient activities in medical institutions and public sports centers in the north, center and south Taiwan. These activities aimed to enhance patients' understanding of osteoporosis through education, bone density screening, and mobile bone density vehicles. Professional medical information was also shared, allowing participants to gain a deep understanding of the causes and preventive measures of osteoporosis.	A total of 10,592 participants attended
Education promotion lecture of the Parkinson's Alliance of Taiwan	According to clinical observations, fewer than 5% of patients with Parkinson's disease who had speech barriers have received speech therapy. To improve public awareness of the need for early speech therapy for patients with Parkinson's, professional speech therapists were invited to this activity to share with the public how patients could improve their communication skills and the importance of receiving speech therapy early.	A total of 120 participants attended
Patient activity of the Taiwan Tulip Movement Disorder Association	Physicians and nurses were invited to attend this activity. Through Q&A and discussion, they helped clarify medical staff's doubts about patients with Parkinson's disease, communicated with patients with Parkinson's disease, and shared experiences of daily self-care.	A total of 120 participants attended
Male health education lecture	This activity was co-organized by Lotus and the Taiwanese Association for Andrology and Sexual Medicine to accord with the World Men's Health Day. It provided male citizens with correct concepts of disease prevention and treatment, and advocated the concept and determination to combat counterfeit drugs sold online through physical activities.	A total of 100 participants attended

▼ Photos of disease prevention and health education and publicity activities



4.5.3 Social Care

Adhering to the mission of "enhancing global access to medicine through a diverse portfolio of products", Lotus not only continues to advance drug R&D, but also partners with the top global pharmaceutical companies to introduce high-quality drugs to the Taiwanese market. The Company also pays attention to public health as well as the rights and interests of children and women, and engages in diversified cooperation with non-profit organizations. In Taiwan, Lotus concentrates on improving public health and wellbeing and brings medical resources to remote rural areas with Nantou Factory as the hub. In response to the increasing population with dementia in Taiwan and in consideration of the important role played by foreign migrant workers in the care system, the Company has cooperated with One-Forty, a non-profit focusing on migrant worker education, and held dementia care training workshops for migrant workers. In South Korea, the Company pays attention to children's wellbeing, and collaborates with multiple non-profits to hold a range of public welfare activities around the plant and offices, thereby actively giving back to the local community. At the same time, we encourage employees to participate in public welfare activities to give back to society. In 2024, we introduced a new "volunteer leave" policy, allowing employees to take one paid day off per year to engage in volunteer activities organized or approved by competent authorities that serve the public interest. In 2024, a total of 24 employees applied for volunteer leave, contributing a total of 192 hours of volunteer service.

▼ 2024 Lotus Social Participation Status

Region	Event Name	Partners	Investment	Output	Impact
Taiwan	Free clinics activity for the remote rural areas in Nantou	Nantou Youth Society Group	We donated NT\$ 900,000 to the Nantou Youth Society Group. The value of the products donated by Lotus reached NT\$ 278,000.	We held two free clinic activities in Dongpu Township and Lugu Township of Nantou. Twenty-five Lotus volunteers participated in these activities, a total of 357 local residents received free clinic services from various specialties, and 300 residents attended pharmacist lectures.	To narrow the gap of medical devices in remote rural areas, enable the elderly in remote rural areas of Nantou to receive proper medical care, and enable local residents to acquire more proper, professional and complete medical care.
	One-Forty Migrant Worker Dementia Care Empowerment Program	One-Forty	We donated NT\$ 800,000 to One-Forty.	We partnered with Nantou Yumin Hospital to hold a dementia care training workshop. On the day of the activity, about 20 foreign migrant workers participated in the training.	Support the 2024-2025 One-Forty Migrant Worker Dementia Care Empowerment Program to provide families living with dementia in Taiwan with better care.
	Donating medicines to support free clinics to care for people in Cambodia	Federation of Taiwan Pharmacists Association (FTPA) and Formosa Budding Hope Association	We donated seven types of drugs, amounting to NT\$ 360,000.	We provided medical resources for approximately 2,000 local patients.	Through cooperation with the Federation of Taiwan Pharmacists Associations and Formosa Budding Hope Association, Lotus Pharmaceutical donated drugs to the 31st Love without Borders Free Medical Team, which used the drugs during its free clinic services in Siem Reap Province, Cambodia.
	The "Children's Brilliant Concert & Taiwan Girls' Day" of the Garden of Hope Foundation	The Garden of Hope Foundation	We donated NT\$ 100,000 to the Garden of Hope Foundation.	We assisted with holding an activity.	Lotus Pharmaceutical pays attention to the rights and interests of women and children and has supported the "Children's Brilliant Concert & Taiwan Girls' Day" co-organized by the Garden of Hope Foundation and Nantou County Government, calling on the public to jointly safeguard the interests and rights of children and women.
	The Extremely Early Intervention Program for Children Aged 0-3 of the Maria Social Welfare Foundation	Maria Social Welfare Foundation	We donated a total of NT\$ 400,000.	We assisted with holding an activity.	In 2024, our employee family day was combined with a public welfare initiative. Colleagues were invited to jointly support the Extremely Early Intervention Program for Children Aged 0-3 of the Maria Social Welfare Foundation. With their supporting actions, the Maria Social Welfare Foundation is able to provide young children with sufficient early intervention resources during the golden ages of 0-3.
South Korea	Donation of Sanitary Products for Low-Income Women and Adolescents	Non-Governmental Organizations (NGO)	Employees from Lotus South Korea voluntarily donate a portion of their monthly salaries, with approximately 270 employees participating in the donation every year. Female sanitary products worth KRW 20 million	Approximately 200 women benefit annually from this initiative.	This initiative has been running since 2020 (5 years as of 2024). Through this activity, we support the local community's healthy lifestyle, especially the health rights of low-income women and adolescents.
	Bread Sharing Volunteer Activity with Underprivileged Children	Yeongdeungpo Branch, Korea Red Cross	A total of KRW 500,000 was donated to pay the costs of raw materials.	20 executives and employees participated.	This activity has been running since 2014 (11 years as of 2024). With assistance from baking experts, the participants made bread together and distributed it to the vulnerable groups.
	Kimchi Making Volunteer Activity for 12 Consecutive Years	Timothy Community Children Center in Yeongdeungpo District	The cost of making kimchi was about KRW 3 million.	About 15 executives and employees participated.	This activity has been running since 2013 (12 years as of 2024). Executives and employees made kimchi personally to support families that cannot afford nutritious food for children and adolescents.
	Enterprise talent donation	Social welfare center for vulnerable children	The budget for the activity was approximately KRW 500,000.	About 10 executives and employees participated.	This activity has been running on and off since 2017. Employees voluntarily helped children grow with their talents.

▼ Photos of activities



Chapter 5

Environmental Sustainability

- 5.1 Task Force on Climate-related Financial Disclosures, TCFD
- 5.2 Greenhouse Gas Emission Management
- 5.3 Energy Management
- 5.4 Water Resource Management
- 5.5 Waste Management



In terms of the environment, Lotus' sustainable development goal is to reduce the environmental impact of its overall operations. In addition to the EHS Department, which ensures factory operations comply with environmental regulations, the Engineering Department has implemented an energy management policy aiming to improve energy efficiency by 1–2% annually based on standard production capacity, continuously enhancing environmental protection efforts. Lotus has established an EHS Department and formed an Environmental, Health and Safety (EHS) Management Committee, as well as developed an EHS Guidelines Manual to oversee and manage the environmental impact of waste generated by the pharmaceutical manufacturing sites. Since 2021, Lotus has calculated and recorded greenhouse gas emissions, water consumption, and total waste weight at its manufacturing plants and R&D centers in accordance with standards announced by the Bureau of Energy. Furthermore, Lotus completed the 2024 greenhouse gas inventory and assurance for its major operating locations following the Sustainable Development Roadmap issued by the Financial Supervisory Commission.

5.1 Task Force on Climate-related Financial Disclosures, TCFD

The frequency of disasters caused by climate change has increased considerably. In response to the natural disaster and relevant financial loss associated with climate change, Lotus has implemented TCFD recommendations for climate-related financial disclosure established by FSB in 2015 to voluntarily provide information on our policies and preventions of climate-related financial risks. We provide details of relevant financial implications and identify business opportunities after appropriate climate adjustment and disaster recovery to enhance our overall climate resilience in responding to future climate risks. In 2024, TCFD disclosures were newly required of the operating sites in South Korea, Singapore and India.

▼ The Four Pillars of the TCFD

Governance	The Corporate Governance Department convenes the ESG and Risk Management Workforce regularly to discuss, decide, evaluate, and supervise climate related issues and matters. After identifying climate-related impacts, meetings are held with senior executives to discuss the potential harms of risks and propose improvement suggestions and measures to adapt and mitigate climate-related financial risks. The Chairman of the ESG and Risk Management Workforce affirms the short-term, medium-term, and long-term objectives. The ESG and Risk Management Workforce reports ESG performance annually. Including climate change-related issues, to the Board of Directors.	
Strategy	Lotus will actively promote green energy and environmental protection policies, reduce electricity consumption and carbon footprint throughout our operations, manufacturing and distribution process. In response to the impact of climate change and greenhouse effect on the environment, measures have been taken to conserve energy, carbon reduction, and implement green procurement, products with energy-saving and environmentally friendly labels are purchased, and energy conservation and carbon reduction are implemented in operations.	
Risk Management	To identify and evaluate significant impacts or risks related to operation, our Corporate Governance Department regularly assess climate change risks, understand specific potential financial impact, and provide a basis for policy formulation and goals to establish comprehensive climate management procedures, including steps such as identification, assessment, management, recovery, adaptation, and continuous monitoring. For the process, please refer to "Climate risk verification and assessment and management flow chart" for more detail.	
Metrics and Targets	Short-term Goals - Implement ISO 14064-1 greenhouse gas verification standard and gradually expand the inventory scope to comply with the regulations of relevant countries. - Set carbon reduction goals with 2022 as the base year, including an annual reduction of 1% of greenhouse gas emissions and electricity consumption. - Improve relevant units' understanding of the inventory items of Scope 3 of greenhouse gas emissions.	
	Mid-term Goals - Reduce carbon emissions from the main operating sites in Taiwan and South Korea by 36%. - Disclose the carbon reduction goals, strategies and action plan for 2026. - Complete the carbon inventory and assurance work of merged companies in 2028	- Gradually advance the carbon inventory plan for Scope 3. - Improve boiler operation efficiency and plan to replace the diesel boilers with natural gas boilers. - Purchase energy-saving equipment, improve the energy utilization structure, and promote the adoption of energy-saving and carbon reduction measures.
	Long-term Goals Realize net-zero emissions in 2050.	

5.1.1 Climate Risk Management

To identify and assess significant impacts or risks related to operations, the ESG and Risk Management Workforce holds regular meetings to evaluate climate change risks based on ESG factors to understand specific potential financial impacts to establish the foundation for formulating response strategies and relevant objectives. By establishing sound climate management procedures, we can review climate change-related response measures regularly.

▼ Climate Risk Management Process

Risk Management	Process content
Risk Identification and Assessment	In accordance with TCFD framework, the Company identifies and evaluates climate risks and responsive measures in a cross-departmental way, invites representatives from each competent department and external experts to evaluate "physical risks", "transition risks", and "opportunities" in climate change issues, and generates "Climate Risk and Opportunity Matrix" as an evaluation tool to address the occurrence rate of climate risk incidents and the degree of impact on operations.
Risk Monitoring and Control	Each competent department shall determine the priority of risk control through "Climate Risk and Opportunity Matrix", establish and execute corresponding climate risk control plans on this basis, and include the effectiveness of risk control in periodic self-evaluation. Relevant implementation results will be reviewed by the ESG and Risk Management Workforce and reported to the Board of Directors for verification.
Risk Communication	In accordance with the TCFD framework, the Company evaluates the expected impact loss and possible benefits resulting from climate risks and opportunities, and regularly discloses them on its annual sustainability report, to maintain continual communication with stakeholders.

▼ Climate Risk and Opportunity Identification Process

Step 1 Establish a list of climate risks
Refer to international trends, conduct extensive industrial research, have insight into climate risks and opportunities, and establish a list to check and confirm eight climate risks and one climate opportunity.
Step 2 Collect, evaluate, and analyze opinions
Collect the climate risk issues from main operating sites in Taiwan, South Korea, India and Singapore, discuss with external consultants and responsible colleagues from each internal department, and conduct evaluations and analyses of the likelihood of such risks and financial impact.
Step 3 Identify and sort key factors
Through matrix analysis, the climate-related risks and opportunities for Lotus in 2024 were prioritized, and key factors were identified.
Step 4 Responsive actions and strategic development
Include climate-related risk and opportunity factors in operation decision-making and development projects, check Lotus' current response measures, and develop future strategies, metrics and targets to thoroughly implement climate risk management.

5.1.2 Identification and Evaluation of Climate-Related Risks and Opportunities

In accordance with the TCFD framework and based on the results of the first inventory in 2024, Lotus considered the characteristics of the pharmaceutical industry and its own sustainable strategic operation goals, conducted materiality identification of four transition risks, four physical risks, and one opportunity, and presented the related risks and opportunities in a climate risk matrix. Three levels have been classified, i.e., short-term, medium-term and long-term, financial impact has been classified into five levels on the basis of the operating revenue of NT\$ 18.584 billion in 2024, i.e., extremely low (short-term, negligible), low (less than 0.1%), relatively low (0.1%~0.5%), medium (0.5%~1%) and high (greater than 1%). The result of the risk level is calculated by multiplying the likelihood by the financial impact. Identifying key items based on the risk level helps the Company properly manage future climate change risks and establish subsequent responsive measures and strategies, effectively enhancing the Company's risk resilience.

▼ Climate-related Risks and Opportunities Lists

Transition Risks	
①	Transition-Policy and Legal (carbon fees/carbon tax)
②	Transition-Policy and Legal (Net-zero and carbon neutrality policies)
③	Transition-Policy and Legal (increase in electricity fees due to renewable energy policies)
④	Transition-Market Changes (improved threshold for the acquisition of raw materials)
Physical Risks	
①	Physical- Immediate (extreme high temperatures)
②	Physical- Immediate (delay in deliveries due to flooding and days of heavy rain)
③	Physical- Immediate (increased personnel costs due to typhoon leave)
④	Physical-Long-term (water shortages in South Korea/ India, restrictions on water consumption)
Climate Opportunities	
①	Resource efficiency

▼ Climate-related Risk and Opportunity Matrix (likelihood * financial Impact)

Likelihood	Financial impact				
	Extremely low 1	Low	Very low 3	Medium	High
	Short-term 3	① ① ② ③ ①	② ③ ①		
	Mid-term 2	④			
Long-term 1	④				

Note 1: ● Transition risk ● Physical risk ● Climate opportunity

Note 2: dark grey background: Above 10; medium risk/grey background: 6~9; low risk/light gray background: 1~5.

In accordance with the matrix above, all climate-related risks and opportunities of Lotus are categorized as medium- or low-risk. After further evaluation by the Sustainability and Risk Management Team and external consultants, we identified two transition risks and one climate opportunity. Financial impact data is subsequently disclosed through scenario analysis, and response measures and short-, medium- and long-term goals established. The Sustainability and Risk Management Team shall then re-identify significant climate risks and opportunities every two years in principle, and regularly collect information on risks and opportunities at routine meetings every year. If any potential changes to the significant risks and opportunities originally determined occur or are indicated based on relevant information, the team shall initiate the re-identification procedure as needed.

▼ Results of Climate Risk and Opportunity Identification

Type	Risk and Opportunity Item		No.	Risk level	Included or not	Description
Transition Risks	Policy and Legal Risks	Carbon fee/carbon tax	①	Low	X	The pharmaceutical industry is not subject to the regulations governing carbon fees/carbon tax as adopted in the main operating sites. Therefore, no impact is expected in the short term.
		Net zero and carbon neutrality policies	②	Medium	V	
		Renewable energy policies	③	Medium	V	
Physical Risks	Market Changes	Improved threshold for the acquisition of raw materials	④	Low	X	The costs of raw materials and manpower involved in the pharmaceuticals and products annually imported in the world have increased. During the pandemic, we had already begun taking response measures to adjust product portfolios and expanded and diversified raw material supply chains to reduce risks.
		Extreme high temperatures	①	Low	X	Lotus needs cold chain distribution for only one pharmaceutical product. Therefore, no impact is expected in the short term.
	Immediate	Delay in deliveries due to flooding or rainstorms	②	Low	X	In 2024, there was one case of delayed delivery in Taiwan. There was flooding at Dubai Airport and goods were stranded in Taipei. The delivery was re-routed via an alternative airline, leading to an additional expense of TWD 141,825. Since the financial impact of this case was extremely low, it was determined that no significant impact is expected in the short term.
		Typhoon (typhoon leave)	③	Low	X	In 2024, six days of typhoon leave were provided in Taiwan, causing a personnel cost of TWD 123,169. Three orders were delayed due to the typhoon leave, and all flights corresponding to these delayed orders were rescheduled, without extra expenses being incurred. No regulation on typhoon leave applies in South Korea, Singapore and India.
	Long-term	Water shortages	④	Low	X	All operating sites are located outside regions with high water stress. Therefore, no impact is expected in the short term.
Climate Opportunities	Efficiency resource	Use of energy-saving equipment	①	Medium	V	

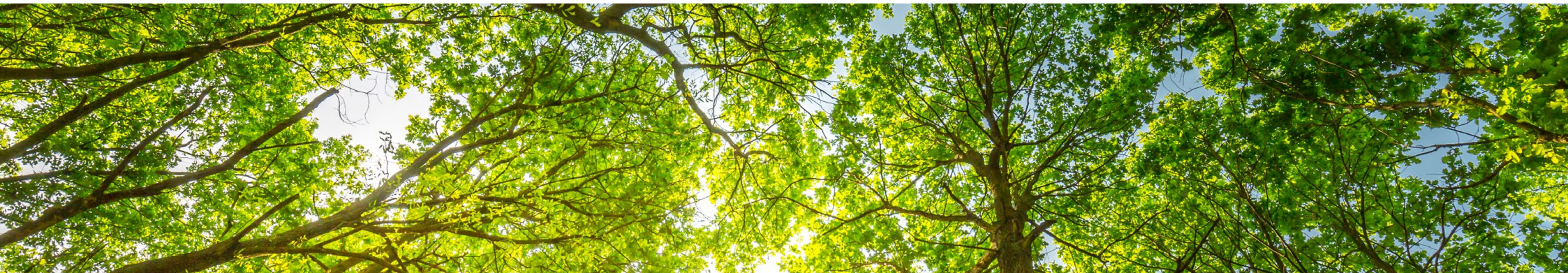
5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts

In 2024, after reviewing the risks and opportunities related to climate change, the Company promoted risk assessments at relevant operational levels based on the functions of each unit, identified potential transition and physical risks, and identified appropriate scenarios for potential financial impact disclosures. We have organized and disclosed the potential impact of risks and opportunities on our business, strategies, and finance in the following table, and calculated the estimated financial impact. Following risk review, the Company analyzed the financial impact of climate change on our financial position and annual adaption and response measures. "Climate-related risks and financial impact" and "climate-related opportunities and financial impact" are disclosed as follows:

▼ Financial Impact of Lotus' Climate-related Risks and Opportunities and Responsive Strategies

Type	Risk and opportunity item		Risk description and financial impact	Duration of the impact	Adaption and response measures	Scope of the impact		
						Upstream	Lotus	Downstream
Transition Risks	Policies and regulations	Net-zero and carbon neutrality policies	Net-zero and carbon neutrality policies shall be implemented according to the carbon reduction goals established by the State. The competent authority requires annual disclosure of greenhouse gas emissions and assurance, resulting in increased operating costs.	Short-term	1. Conduct carbon inventory and assurance for each operating site in response to the national carbon reduction goals adopted in these sites. 2. Pay attention to Scope 3 inventory and collaborate with suppliers to implement relevant carbon inventory plans. 3. Set carbon reduction strategies.	V	V	V
		Renewable energy policies	According to the data provided by Taipower, if nuclear power is replaced with renewable energy, and fire coal is replaced with natural gas in Taiwan in the future, power generation costs will increase by at least 40%, resulting in increased expenses.	Short-term	1. Replace energy-consuming equipment for energy conservation and carbon reduction. 2. Take energy-saving and carbon reduction measures from sources like processes and transportation to reduce the environmental impact and power consumption, thereby lowering the risk of increased costs of power generation in the future.	V	V	
Climate opportunities	Resource efficiency	Use of energy-saving equipment	The promotion of energy performance management and the replacement of energy-consuming equipment can reduce power consumption and operating costs.	Short-term	1. Reduce disposable waste, implement a classification system, and establish resource recycling management indicators for branch companies to drive resource sustainability. 2. Establish energy-saving and carbon reduction measures, further promote energy-saving management and waste reduction in offices and public areas, implement green procurement by purchasing products with energy-saving and environmentally friendly labels. 3. Continually replace the public facilities and equipment in the plants with energy-saving variable-frequency equipment and LED lighting. 4. Implement long-term planning for an energy monitoring system to review power consumption in plants, and conduct energy regulation within an allowable scope to save energy more effectively.	V	V	V

Note: "Short-term" indicates a time frame of 1 to 3 years; "medium-term" refers to 3 to 5 years; and "long-term" refers to a period exceeding 5 years.



5.1.4 Climate Risk Assessment and Scenario Analysis

Transition Risks -IEA NZE2050 Scenario

Scenario
IEA Net Zero Emissions by 2050 Scenario
Achieving net-zero emissions by 2050 and realizing a target of a maximum global average temperature increase of 1.5° C above the level prior to industrialization globally. The demand for coal declines by 55% by 2030, and global energy intensity declines by at least 4% annually from 2020 to 2030. In 2050, global coal consumption will decrease by 90%.

Renewable Energy Policy – Increased Power Costs

Lotus has estimated the financial impact of future power costs in response to the scenario analysis of international and domestic related regulations.

If estimated based on purchased electricity of 20,331,571kWh in Taiwan with an increase of 0.68, and purchased electricity of 7,219,178kWh in South Korea with an increase of 0.31, energy costs could increase to NT\$ 18 million in 2025 (mainly impacting the plants in Taiwan and South Korea). In consideration of this scenario analysis, Lotus will continue to take various energy-saving measures to address the potential impact of purchased electricity to reduce the impact on power.

Physical Risks-RCP 8.5 Scenario

Although physical risks were not identified as significant risks in this identification process, the Company has still conducted preventive risk assessment by using scenarios simulated with scientific tools based on the extremely high greenhouse gas emission scenario of RCP 8.5.

The estimated impact of the risks of extreme high temperatures, flooding, and water shortages on the Company are described separately below based on the scenarios simulated with scientific tools.

- Risk of extreme high temperatures: The [Climate Analytics](#) tool is used to evaluate the potential impact of global warming on extreme high-temperature incidents, including the frequency and intensity of heat waves.
- Risk of flooding: The [Climate Central](#) tool is used to measure the impact of rising sea levels and climate change on coastal and low-lying regions in terms of the risk of flooding, and to provide relevant data and models.
- Risk of water shortages: The [Aqueduct Water Risk Atlas](#) – Water Stress tool is used to evaluate water resource stress and the risk of water shortages around the world, and to analyze water resource management challenges and potential solutions.

▼ Simulation Conditions of Scientific Scenarios of Lotus' Physical Risks

Physical Risks	Description of risk factor	Taiwan		South Korea		Singapore		India	
		2030	2050	2030	2050	2030	2050	2030	2050
Immediate	Extreme high temperatures	Medium risk	High risk	Low risk	Low risk	Low risk	Low risk	High risk	High risk
Immediate	Flooding: Resulting in interruptions in the supply chain or delivery delays	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Long-term	Water shortages: Restriction on water consumption	(Medium) low risk	(Medium) low risk	(High) low risk	(High) low risk	(Medium) low risk	(Medium) low risk	(Extremely high) high risk	(Extremely high) high risk

▼ Identification Results of Lotus' Physical Risks

Physical Risks	Identification and assessment results
Extreme high temperatures	The climate change data of the regions where Lotus is located indicates that the impact of high temperatures will be insignificant in the future, or the existing air-conditioning, ventilation and cooling systems are adequate enough to address the rising temperature. Therefore, the impact of high temperatures on operations is insignificant.
Flooding: Resulting in interruptions to supply chains or delivery delays	According to simulation data, the main plants and supply chain facilities of Lotus Pharmaceutical are located in high-altitude regions that are not vulnerable to flooding. Therefore, the risk of flooding is relatively low. Although the place where Lotus Singapore is located is near a region with a high flooding risk, it is only an office area rather than the plant operating site, and the Company does not have any plans to establish a plant in Singapore. Therefore, the impact of flooding on production and operations is not significant after assessment.
Water shortages: Restrictions on water consumption	The current supply of Lotus' water resources is stable. Scientific models predict that the risk of water shortages will emerge in South Korea and India in the medium- to long-term. We will continue to monitor water resource policies adopted in operating regions in the future and establish response strategies to reduce the risk of water shortages.

5.1.5 Environmental Management Objectives

Net-zero and carbon neutrality policies – Greenhouse gas inventory and assurance

According to Lotus' dedicated roadmap in the section dedicated to IFRS Sustainability Disclosure Standards, the timeline for Lotus's greenhouse gas inventory and assurance project as required by regulations is shown in the diagram below. Lotus introduced ISO 14064-1:2018 carbon emission inventory in 2024 and has conducted inventory verification of greenhouse gas emissions of the main operating sites of Lotus in Taiwan and South Korea since 2023. The Company also obtained a third-party assurance report in 2024. The Company's internal energy consumption and carbon emissions will be identified through standardization of processes to further control the energy consumption and carbon emissions of major equipment and facilities. Furthermore, the Company plans to complete the inventory information and assurance of consolidated subsidiaries prior to the statutory time limit, and gradually complete greenhouse gas reduction targets and strategic actions. Lotus did not face significant sanctions or penalties in 2024 for violating environmental regulations. It required each operating site, while carrying out operating activities and internal management, to strive to achieve environmental management goals and continue implementing relevant action plans. In the future, Lotus will continue assessing the method of establishing a dedicated responsible unit for environmental related risks to further improve its environmental governance responsibilities and response to external risks.

Period	Short-term (2024-2025)	Mid-term (2026-2030)	Long-term (~2050)
Greenhouse Gas	• Our Company has adopted the ISO 14064-1 greenhouse gas inventory standard. The scope of the 2024 inventory and assurance is provided in chapter 5.2. Moving forward, we will gradually expand the inventory scope to comply with regulatory requirements in various countries. • Establish carbon reduction targets with 2022 as the base year. • Reduce greenhouse gas emissions by 1% annually. • Pay attention to Scope 3 greenhouse gas emissions and enhance awareness and understanding across relevant departments.	• Reduce carbon emissions by 36% compared to the baseline year. • Disclose carbon reduction targets, strategies, and concrete action plans in 2027 . • Complete the disclosure of 2027 greenhouse gas emissions information and assurance for combined companies in 2028. • Gradually implement a carbon inventory program • Evaluate boiler operational efficiency and plan to replace existing diesel boilers with natural gas boilers.	• Achieve net-zero emissions by 2050.
Energy (power consumption)	• Reduce electricity consumption per capita by 1% annually.	• Purchase energy-saving equipment to improve the energy usage structure. • Continue promoting energy-saving and carbon reduction measures.	• Plan for an energy monitoring system.
Water Resource	• Reduce water consumption per capita by 1% annually.	• Confirm the water consumption process and optimize water consumption procedures to reduce water consumption.	• Plan a water recovery system.
Waste	• Reduce waste generation per capita by 2% annually.	• Continually optimize classification through in-house education and training, and strengthen classification implementation to improve waste recovery rate.	• Circular economy with waste



5.2 Greenhouse Gas Emission Management

Lotus introduced ISO 14064-1:2018 carbon emission inventory in 2024, checked the greenhouse gas emissions for its main operating sites in 2023, and obtained a third-party assurance report in 2024. The Company's internal energy consumption and carbon emissions are identified through standardization processes to further control the energy consumption and carbon emissions of major equipment and facilities. To further understand the carbon emissions from global sites, we increased the greenhouse gas emission inventory of our operating sites in India and Singapore in 2024.

[Greenhouse gas management target]

Reduce greenhouse gas emissions by 1% annually

Items	Scope
GHG inventory	- Taiwan: Lotus Pharmaceutical Co., Ltd. (Nantou Plant, Taipei Headquarters Office, Taichung Office, and Kaohsiung Office) - South Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. (Kongju Plant, Hsiangnan Plant, South Korea Headquarters Office, Seoul Office, Wonju Office, Busan Office, Daegu Office, Jeonju Office, Gwangju Office, Daejeon Office, and Jeju Office) - Singapore: Lotus International Pte. Ltd. - India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited, Norwich Clinical Services Private Limited
GHG Third-Party Assurance	- Taiwan: Lotus Pharmaceutical Co., Ltd. (Nantou Plant, Taipei Headquarters Office, Taichung Office, and Kaohsiung Office) - South Korea: Alvogen Korea Holdings Ltd., Alvogen Korea Co., Ltd. (Kongju Plant, Hsiangnan Plant, South Korea Headquarters Office, Seoul Office, Wonju Office, Busan Office, Daegu Office, Jeonju Office, Gwangju Office, Daejeon Office, and Jeju Office) - Singapore: Lotus International Pte. Ltd. - India: Alvogen Pharma India Private Limited, Meishi Pharma Services Private Limited

▼ 2024 GHG Emissions (Unit: ton CO₂e)

Scope	Description	Taiwan	South Korea	India	Singapore	Total
Scope 1 (Direct GHG emission)	Stationary Combustion	921.6855	867.9933	NA	NA	1,789.6788
	Mobile Combustion	9.8980	21.2285	NA	5.3245	36.4510
	Direct Fugitive Emissions	362.4494	482.2164	NA	1.2582	845.9240
Scope 1 emissions (ton CO ₂ e) in total		1,294.0329	1,371.4381	NA	6.5827	2,672.0538
Scope 2 (Indirect Energy Emissions)	Purchased electricity	9,636.6764	3,177.8508	24.5693	3.8934	12,842.9899
Total carbon emission (ton CO ₂ e)		10,930.709	4,549.289	24.569	10.4761	15,515.044
GHG emission intensity (Scope 1 + Scope 2) (ton CO ₂ e / Revenue in the millions)		0.588	0.245	0.001	0.001	0.835
Data coverage rate						89%

Notes: 1. Scope 1: The main emission sources are the combustion of natural gas, diesel, and gasoline, as well as energy consumption generated due to the diffusion of sewage septic tanks and refrigerant equipment.
2. Scope 2: The main source of emission is the external purchase of electricity.
3. The Global Warming Potential (GWP) ratio is cited for the greenhouse gas emission coefficient of carbon dioxide equivalent, mainly based on the "Greenhouse Gas Emission Coefficient Management Table 6.0.4 Edition" announced by the Environmental Protection Agency of the Executive Yuan.
4. GHG emission intensity (ton CO₂e / revenue) = Scope 1+ Scope 2 / Operating revenue NT\$ 18,584 million in 2024.
5. The data coverage rate is calculated as the number of employees in operating sites with carbon emissions calculated(1,432)/ the total number of employees of Lotus (1,609 in 2024).

▼ Greenhouse Gases Emission in the last 3 years (Unit: Tons CO₂e)

Total Greenhouse Gases Emission	2022	2023	2024
Scope 1	10,662	3,310.3169	2,665.4710
Scope 2	10,647	12,129.5761	12,814.5272
Total Greenhouse Gases Emission	21,309	15,439.8930	15,479.998
Annual Revenue (NTD Millions)	14,633	16,958	18,584
GHG emission intensity (Scope 1 + Scope 2) (ton CO ₂ e / Revenue in the millions)	1.46	0.91	0.83

Note: In order to ensure the comparability of annual data, the emission inventory data for the past three years covers the main operating bases in Taiwan and South Korea.

5.2.1 2024 Energy and Carbon Reduction Project

In 2024, the Company reduced its energy consumption by adopting the following three energy-saving action plans.

Action plan	Type of emission reduction	Description of reduction effectiveness	Calculation formula of carbon reduction	Reduction of carbon emissions (compared to 2023)
Replacement of oil firing boilers with natural gas boilers	Diesel	In Taiwan, two diesel boilers were replaced in Taiwan, and the boiler efficiency improved from 90% to 93% and 96% respectively.	Emissions from boiler combustion = Fuel consumption rate * daily boiler combustion duration (1.2h) * 365 (days/year) * Fuel CO ₂ emissions coefficient (Note 1)	Reduction of the carbon emissions by 80t CO ₂ e
HVAC energy-saving	Electric energy and Liquefied Natural Gas (LNG)	In South Korea, the consumption of liquefied petroleum and electricity for HVAC was reduced through the seasonal adjustment of indoor humidity and maintenance of the humidity within the allowable range in South Korea. Approximately 222,357kWh of electricity and 141,154m³ of liquefied natural gas are saved annually.	Reduced electricity emissions = electricity saved * electricity emission coefficient (Note 2) Reduced fuel emissions = reduced fuel consumption * emission coefficient (Note 2)	Reduction of carbon emissions by 483t CO ₂ e
Adoption of high-performance temperature-controlled packaging (Va-Q-pal) in transportation	Emissions from transportation	The traditional active cold chain equipment (Envirotainer RKN-e1) relies on electricity, resulting in an increase in energy consumption and carbon emissions. To reduce the environmental impact of the supply chain, Lotus used Va-Q-pal in 2024. Vacuum insulation panels and phase-change materials are used for this product, with a lighter weight, thus effectively reducing energy consumption and fuel consumption during air transportation.	The carbon emissions per EUR pallet for the RKN-e1 container are approximately 61.5t CO ₂ e; the carbon emissions per EUR pallet for the Va-Q-Pal container are approximately 16.0t CO ₂ e; therefore, the use of each Va-Q-Pal can reduce emissions by 45.5t CO ₂ e per pallet. Based on an assessment of the Taipei-Dubai-Malta (TPE-DXB-MLA) one-way route, a total of 21 pallets were used in 2024; therefore a total of 955t CO ₂ e was reduced (45.5tCO ₂ × 21).	Reduction of the carbon emissions by 955t CO ₂ e

Notes: 1. The fuel consumption rate of the two diesel boilers was 128L/hr and 55/hr respectively, while that of natural gas boilers was 113.6Nm³/hr and 43.9Nm³/hr respectively.
The emission coefficients of diesel and natural gas are 2.606kgCO₂/L and 1.879kgCO₂/m³ respectively with reference to the Greenhouse Gas Emission Coefficient Management Table 6.0.4 issued by the Ministry of the Environment.
2. The local emission coefficients of South Korea are adopted, with the emission coefficient of electricity and the emission coefficient of liquefied natural gas as 0.424kgCO₂/kWh and 2.75kgCO₂/m³ respectively.
3. Only applicable for single EUR pallet-stacked goods. Besides, the recyclability of RKN-e1 containers is not considered in the reduction assessment.



5.3 Energy Management

The production process and temperature and humidity control of the clean room air conditioning of the Company require the use of boiler equipment. The main fuels for boiler equipment are natural gas and diesel; diesel generators are used for emergency power generation. Therefore, electricity, premium diesel, and natural gas are indispensable energy resources in the production and operations of the Company. The scope of statistics for Lotus 2024 is as follows:

- Taiwan: Nantou Plant, Taipei Headquarters Office, Taichung Office, and Kaohsiung Office;
- South Korea: Kongju Plant, Hsiangnan Plant, South Korea Headquarters Office, Seoul Office, Wonju Office, Busan Office, Daegu Office, Jeonju Office, Gwangju Office, Daejeon Office, and Jeju Office.
- India: Meishi Pharma Services Pvt Ltd 、 Meishi Pharma Services Private Limited
- Singapore: Lotus International Pte. Ltd

▼ Internal Energy in the last 2 years (Scope 1 + Scope 2) Usage (Unit: Kilojoules KJ)

Type of energy		2023	2024
Non-renewable energy	Externally purchased electricity	91,245,600,000	99,328,512,257
	Diesel	754,810,959	507,524,639
	Natural gas	26,489,637,555	647,639,195
	Total	118,490,048,515	100,483,676,091
Energy consumption intensity	Electricity consumption per capita (kilojoules/ person)	80,676,923	69,363,486
	Energy consumption per unit operating income (kilojoule/NT\$ million)	6,987,266	5,406,999
Data coverage rate		80%	89%

Notes: 1. The inventory scope adopted in 2023 included Taiwan and South Korea. In 2024, the inventory scope was expanded to Singapore and India.
2. Unit conversion of non-renewable energy: For purchased electricity, 1kWh=3,600kJ; for diesel, 1L=40,197.627985kJ; for liquefied petroleum gas, 1m3=1,055.06kJ.
3. Electricity consumption intensity = purchased electricity / the total number of employees. In 2023, the total number of employees in Taiwan and South Korea was 1,131; in 2024, the total number of employees in Taiwan, South Korea, Singapore and India was 1,432.
4. Energy consumption per unit operating revenue = total energy consumption / operating revenue. Operating revenue was NT\$ 16,958 million in 2023 and NT\$ 18,584 million in 2024, respectively.
5. The data coverage rate is calculated as the number of employees of operating sites with carbon emissions calculated / the total number of employees of Lotus (1,406 in 2023 and 1,609 in 2024).

[Energy management target]

Reduce electricity consumption per capita by 1% annually

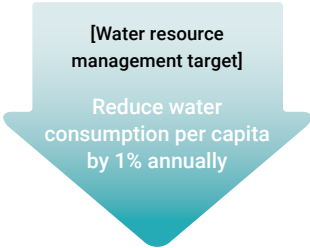


5.4 Water Resource Management

During operations, the Company strictly follows water resource management and waste disposal procedures to effectively monitor water usage. Wastewater generated from production processes is treated and reported in compliance with relevant environmental regulations and national standards. Our dedicated wastewater treatment system processes the effluent before it is discharged to the Nangang Industrial Zone sewage treatment facility, ensuring that discharge quality meets all applicable standards.

We prioritize the prevention and control of wastewater pollution, the reduction of environmental impact, and the assurance of environmental safety as fundamental principles in our production and R&D activities. For Lotus, water is a critical resource essential for raw material cultivation, manufacturing processes, and research experiments.

Based on our assessment, all Lotus factories are situated in low water stress areas with no immediate risk of water shortages. Water supply is sourced solely from local municipal water plants, with no use of groundwater and no adverse impact on local water resources. Additionally, our wastewater discharge meets local effluent standards.



▼ Total Water Withdrawal from all Areas in Megaliters in the past 3 years (Unit: megaliters)

	2022	2023	2024
Total water withdrawal	58.122	111.572	117.884
Total water discharge	30.822	86.66	93.201
Water consumption	27.300	24.912	24.683
Water consumption per capita (Million Liters/person)	0.055	0.099	0.097

Notes: 1. The statistical range included Nantou Plant in Taiwan and Kongju Plant and Hsiangnan Plant in South Korea.
2. The water consumption is based on the monthly water bill of the water company.
3. Water Consumption = Total Water Withdrawal - Total Water Discharge
4. Water Intensity = Total annual water withdrawal (Million Liters) / Number of employee. Total of employees: 1,315 people in 2022; 1,406 people in 2023; 1,609 people in 2024.
5. Restatements of information – The denominator for the water intensity in 2022 and 2023 is revised to reflect the number of employees within the scope of the inventory.

[2024 Highlight Project] Assessment of Post-treatment Active Pharmaceutical Ingredient (API) in Wastewater Management

The proper treatment of wastewater generated during the manufacturing process of the pharmaceutical industry is essential to environmental protection, especially as wastewater may contain chemicals with significant environmental hazards. However, no definite discharge standards have been established to regulate active pharmaceutical ingredients (APIs) in Taiwan. Therefore, enterprises have to proactively conduct self-monitoring and risk assessments to ensure that wastewater discharge does not harm the environment. To this end, Lotus has analyzed lenalidomide contained in the wastewater treated by the in-house sewage treatment plant to assess its potential environmental impact, thereby assuring responsible wastewater management and compliance with sustainable development goals.

- **Wastewater analysis results:** The potential toxicity of lenalidomide to aquatic organisms was assessed mainly in accordance with the classification standards in the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). The result indicated that the concentration of lenalidomide from wastewater was significantly lower than the Predicted No-Effect Concentration (PNEC), showing an extremely low impact on the living environment of aquatic organisms.
- **Conclusion:** This analysis shows that active monitoring and strict management can effectively control the potential risks of APIs on ecology and promote more responsible sustainable development of water resources.



5.5 Waste Management

Random and monthly inspections of the quantity and content of classified waste and adjustments to the waste management mechanism on a rolling basis. The manufacturing of the Company's drugs involves multiple processes, including raw material extraction, drug packaging, and product disposal after use. There are risks of waste accumulation and environmental pollution during the process. To effectively manage the Company's waste, we examine the different stages of waste production, and removal, treatment, recycling, and incineration from the perspective of product lifecycles, review detailed processes, and manage them with systematic policies. We inspect the quantity and content of classified waste on a monthly basis and randomly, and adjust the waste management mechanism as needed.

Lotus' waste management is broadly categorized into two types: general industrial waste and hazardous industrial waste. Waste is entrusted to licensed waste collection and treatment contractors for proper disposal, including recycling, landfilling, or incineration. Compared to 2023, Lotus Pharmaceutical's revenue grew by approximately 10%, and production volume increased by about 50% in 2024. Correspondingly, waste generation rose by 34%. In response, the company will continue to actively monitor waste reduction initiatives and management practices to effectively control waste volume.

[Waste reduction target]

Reduce waste generation per capita by 2% annually

▼ Treatment of waste of Lotus in the last 2 years (Unit: Tons CO₂e)

Year			2023		2024	
Categories	Treatment site	Treatment method	Output (t)	Ratio (%)	Output (t)	Ratio (%)
Hazardous industrial waste	offsite	Incineration	48.85	99.55%	68.69	100%
		Other	0.22	0.45%	N/A	N/A
	Subtotal hazardous industrial waste		49.07	100%	68.69	100%
General industrial waste	offsite	Recycling	31.16	8.06%	37.04	7.19%
		Incineration	306.19	79.20%	413.25	80.24%
		Landfilling	38.53	9.97%	37.38	7.26%
		Other	10.73	2.77%	27.35	5.31%
	Subtotal general industrial waste		386.61	100%	515.02	100%
Total Waste (mt)			435.68	-	583.70	-
Waste generation per capita (ton/person)			0.385		0.478	
Waste generation per unit of revenue (metric tons/Million NTD)			0.026		0.031	

Notes: 1. The statistical scope includes Taiwan Nantou Plant, South Korea Gongju Plant, South Korea Hyangnam Plant.

2. In Taiwan, The classification of hazardous industrial waste and general industrial waste is based on the determination under “Waste Disposal Act” and “Standards for Defining Hazardous Waste” ; In Korea, it is classified according to the guidelines “Waste Classification System and Classification Method (2023)” issued by National Institute of Environmental Research (National Institute of Environmental Research).

3. Waste generation intensity = Total waste (ton)/Number of employees. Total number of employees in Taiwan and South Korea: 1,131 in 2023; 1,220 in 2024.

4. Unit waste generation per unit of revenue = Total waste/ Revenue. Revenue in 2023 was 16,958 million dollars; Revenue in 2024 was 18,584 million dollars.

5. In 2024, the for compiling waste statistics was revised.To maintain data comparability, the 2023 data was also adjusted accordingly and restated.

Appendix

- GRI Standards Index
- Sustainability Accounting Standards Board (SASB) Index
- TCFD Four Pillars Index
- Limited Assurance Report by Certified Public Accountants (CPA)
- ISO 14064 Greenhouse Gas Verification Report



GRI Standards Index

Usage Statement	Lotus Pharmaceutical Co., Ltd. has followed the GRI guidelines for the period from January 1, 2024 to December 31, 2024.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Industry Standards	None

GRI 2 : General Disclosures 2021

GRI Standard	Disclosure Item	Corresponding Chapter	Page
1. The organization and its reporting practices			
GRI 2-1	Organizational details	About Lotus	P. 7
GRI 2-2	Entities included in the organization's sustainability reporting	About This Report>Scope of Reporting	P. 4
GRI 2-3	Reporting period, frequency, and point of contact	About This Report>Report Overview and Issuance Frequency > Information	P. 4
GRI 2-4	Restatements of information	About This Report>Restatements of information	P. 4
GRI 2-5	External assurance	About This Report>Quality management methods of the report Limited Assurance Report by Certified Public Accountants (CPA) ISO 14064 Greenhouse Gas Verification Report	P. 4 P. 87 P. 88
2. Activities and Workers			
GRI 2-6	Activities, value chain and other business relationships	2.5.1 Value Chain of Lotus	P. 35
GRI 2-7	Employee	4.1 Human Resources Overview	P. 52
GRI 2-8	Workers who are not employees	4.1 Human Resources Overview	P. 52
3. Governance			
GRI 2-9	Governance structure and composition	2.1.2 Professional Diversity of the Board	P. 24
GRI 2-10	Nomination and selection of the highest governance body	2.1.3 Board Nomination and Selection	P. 25
GRI 2-11	Chair of the highest governance body	2.1.3 Board Nomination and Selection	P. 25
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	1.1.1 Sustainability Governance	P. 12
GRI 2-13	Delegation of responsibility for managing impact	1.1.1 Sustainability Governance	P. 12
GRI 2-14	Role of the highest governance body in sustainability reporting	About This Report>Quality management methods of the report 1.1.1 Sustainability Governance	P. 4 P. 12

GRI Standard	Disclosure Item	Corresponding Chapter	Page
GRI 2-15	Conflicts of interest	2.1.3 Board Nomination and Selection>Conflicts of Interest	P. 25
GRI 2-16	Communication of critical concerns	2.1.1 Board Oversight and Management of Impacts	P. 23
GRI 2-17	Collective knowledge of the highest governance body	2.1.4 Board Performance and Continuing Education	P. 26
GRI 2-18	Evaluation of the performance of the highest governance body	2.1.4 Board Performance and Continuing Education	P. 26
GRI 2-19	Remuneration policies	2.1.5 Remuneration Policy for Directors and Senior Management 4.2.3 Remuneration Policy	P. 27 P. 59
GRI 2-20	Process to determine remuneration	2.1.5 Remuneration Policy for Directors and Senior Management	P. 27
GRI 2-21	Annual total compensation ratio	Wage Disclosure Protection	-
4. Strategy, policies and practices			
GRI 2-22	Statement on the sustainable development strategy	Letter from the Chairman 1.1 Sustainability Strategy	P. 3 P. 12
GRI 2-23	Policy commitments	Policy commitment	P. 23
GRI 2-24	Embedding policy commitments	Policy commitment	P. 23
GRI 2-25	Processes to remediate negative impacts	2.3.2 Complaint and Suggestion Channel	P. 30
GRI 2-26	Mechanisms for seeking advice and raising concerns	2.3.2 Complaint and Suggestion Channel	P. 30
GRI 2-27	Compliance with laws and regulations	2.3.3 Legal Compliance	P. 31
GRI 2-28	Membership associations	1.1.2 External Initiatives and Participation in Public Associations	P. 13
5. Stakeholder Engagement			
GRI 2-29	Approach to stakeholder engagement	1.2.1 Stakeholder Engagement	P. 14
GRI 2-30	Collective bargaining agreements	4.2.2 Protection of Employment Rights and Interests>Labor-management agreement	P. 58

GRI 3: Material Topics 2021

GRI Standard	Disclosure Item	Corresponding Chapter	Page
GRI 3-1	Process to determine material topics	1.3 Material Topic Identification and Analysis	P. 16
GRI 3-2	List of material topics	1.3.2 Updates to Material Topics 1.3.3 List of material topics	P. 17 P. 18
GRI 3-3	Management of material topics	1.3.3 List of material topics 1.4 Management Approach to Material Topics	P. 18 P. 19

Material Topics

GRI Standard	Disclosure Item	Corresponding Chapter	Page
1. Drug Quality and Safety			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P. 19
GRI 416-1	Assessment of the health and safety impacts of product and service categories	3.5.1 Drug Quality Management Policy	P. 45
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3.3 Legal Compliance	P. 31
2. Corporate Governance and Ethical Operations			
3-3	Management of material topics	1.4 Management Approach to Material Topics	P. 19
GRI 205-1	Operations assessed for risks related to corruption	2.3.1 Integrity Business Operation Policy	P. 30
GRI 205-2	Communication and training about anti-corruption policies and procedures	2.3.1 Integrity Business Operation Policy	P. 30
GRI 205-3	Confirmed incidents of corruption and actions taken	2.3.1 Integrity Business Operation Policy	P. 30
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3.3 Legal Compliance	P. 31
3. Talent Development and Diversity & Inclusion			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P. 19
GRI 401-1	New employee hires and employee turnover	4.1.2 Personnel Turnover	P. 54
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.4 Employee Benefits	P. 59
GRI 401-3	Parental leave	4.1.3 Parental Leaves	P. 55
GRI 404-1	Average hours of training per year per employee	4.3 Talent Development	P. 60
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	4.2.2 Protection of Employment Rights and Interests>Measures for managing resignation and retirement	P. 58
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	4.3.1 Employee Performance Evaluations and Promotion Policy	P. 61
GRI 405-1	Diversity of governance bodies and employees	2.1.2 Professional Diversity of the Board 4.1.1 Diverse and Abundant Employment Opportunities	P. 24 P. 53
GRI 405-2	Ratio of basic salary and remuneration of women to men	Wage Disclosure Protection	-
GRI 406-1	Incidents of discrimination and corrective actions taken	2.3.3 Legal Compliance 4.2.1 Due Diligence	P. 31 P. 57
4. Business Performance			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P. 19
GRI 201-1	Direct economic value generated and distributed	Economic Performance	P. 8
GRI 201-2	Financial implications and other risks and opportunities due to climate change	5.1 Task Force on Climate-related Financial Disclosures, TCFD	P. 72
5. Drug Accessibility			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P. 19

GRI Standard	Disclosure Item	Corresponding Chapter	Page
6. Waste and Toxic Chemical, Substance Management			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P. 19
GRI 306-1	Waste generation and significant waste-related impacts	5.5 Waste Management	P. 81
GRI 306-2	Management of significant waste-related impacts	5.5 Waste Management	P. 81
GRI 306-3	Waste generated	5.5 Waste Management	P. 81
GRI 306-4	Waste diverted from disposal	5.5 Waste Management	P. 81
GRI 306-5	Waste directed to disposal	5.5 Waste Management	P. 81

Other Revelations

GRI 204-1	Proportion of spending on local suppliers	2.5.7 Sustainable Procurement	P. 39
GRI 302-1	Energy consumption within the organization	5.3 Energy Management	P. 79
GRI 302-3	Energy intensity	5.3 Energy Management	P. 79
GRI 303-3	Water withdrawal	5.4 Water Resource Management	P. 80
GRI 303-4	Water discharge	5.4 Water Resource Management	P. 80
GRI 303-5	Water consumption	5.4 Water Resource Management	P. 80
GRI 305-1	Direct (Scope 1) GHG emissions	5.2 Greenhouse Gas Emission Management	P. 77
GRI 305-2	Energy indirect (Scope 2) GHG emissions	5.2 Greenhouse Gas Emission Management	P. 77
GRI 305-4	GHG emissions intensity	5.2 Greenhouse Gas Emission Management	P. 77
GRI 305-5	Reduction of GHG emissions	5.2 Greenhouse Gas Emission Management	P. 77
GRI 308-1	New suppliers that were screened using environmental criteria	2.5.5 Supplier Risk Assessment	P. 38
GRI 403-1	Occupational health and safety management system	4.4.1 Occupational Safety and Health Management Structure and Policy	P. 63
GRI 403-2	Hazard identification, risk assessment, and incident investigation	4.4.4 Occupational Safety Hazard Identification and Risk Assessment Mechanism	P. 65
GRI 403-3	Occupational health services	4.4.6 Workplace Health Promotion Action	P. 67
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.2 Overview of the Composition and Operation of the Workplace Safety Committee	P. 63
GRI 403-5	Worker training on occupational health and safety	4.4.3 Workplace Safety and Accident Prevention Mechanism	P. 64
GRI 403-6	Promotion of worker health	4.4.6 Workplace Health Promotion Action	P. 67
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4.3 Workplace Safety and Accident Prevention Mechanism	P. 64
GRI 403-9	Occupational injuries	4.4.5 Work-related inJuries Statistics	P. 65
GRI 414-1	New suppliers that were screened using social criteria	2.5.5 Supplier Risk Assessment	P. 38
GRI 415-1	Political contributions	2.3.1 Integrity Business Operation Policy	P. 30
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	2.3.3 Legal Compliance	P. 31
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3.3 Legal Compliance	P. 31

Sustainability Accounting Standards Board (SASB) Index

Code	Accounting Metric	Category	Disclosure Item
Topic: Safety of Clinical Trial Participants			
HC-BP-210a.1	Discussion, by region, of management process for ensuring quality and patient safety during clinical trials	Discussion and Analysis	The monitoring of risk assessment in clinical trials is overseen by the Contract Research Organization (CRO). The standard operating procedure employed in these trials includes the execution of necessary quality assurance and quality monitoring at the clinical study sites. To date, all trials conducted through the CRO have been compliant with Good Clinical Practice (GCP) standards.
HC-BP-210a.2	Number of inspections related to clinical trial management and pharmacovigilance that resulted in: (1) entity voluntary remediation or (2) regulatory or administrative actions taken against the entity	Quantitative	N/A (No relevant measures were taken during the report preparation period.)
HC-BP-210a.3	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Quantitative	N/A
Topic: Access to Medicines			
HC-BP-240a.1	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	Discussion and Analysis	- Lotus promotes the treatment of priority diseases and is dedicated to developing high-quality, affordable generic drugs, especially difficult-to-develop anti-tumor generics, to provide patients with effective treatment options. It is estimated that by 2024, at least 235,000 patients will use Lotus' anti-tumor drugs. - According to the 2024 Access to Medicine Index Methodology, Lotus provides medicines to countries with priority healthcare needs. As of 2024, the company has successfully sold medicines or obtained marketing authorization in 58 developing and least developed countries.
HC-BP-240a.2	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	Discussion and Analysis	Although Taiwan is not a member of the World Health Organization (WHO) and thus not eligible to apply for the WHO Prequalification Program (PQP), as of 2024, Lotus has sold or registered 17 drugs containing ingredients qualified under the PQP in countries worldwide.
Topic: Affordability & Pricing			
HC-BP-240b.1	Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period	Quantitative	3.
HC-BP-240b.2	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	Quantitative	In the United States, two of the drug varieties provided by Lotus are generic drugs. Information related to these drugs is unavailable due to confidentiality agreements with the original manufacturers.
HC-BP-240b.3	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous reporting period	Quantitative	In Taiwan, 90% of drugs are covered by the NHIA, while only 10% are non-NHIA covered drugs. Drug price changes are adjusted according to Taiwan's National Health Insurance prices.

Code	Accounting Metric	Category	Disclosure Item
Topic: Drug Safety			
HC-BP-250a.1	Products listed in public medical product safety or adverse event alert databases	Discussion and Analysis	No related matters.
HC-BP-250a.2	Number of fatalities associated with products	Quantitative	In Taiwan's TFDA Adverse Drug Reaction Reporting System, there was a total of 1 local death suspected to be related to our products.
HC-BP-250a.3	(1) Number of recalls issued, (2) total units recalled	Quantitative	No related matters. TFDA 1, totaling 13,150 pieces recalled.
HC-BP-250a.4	Total amount of product accepted for take-back, reuse, or disposal	Quantitative	No drugs have been recycled.
HC-BP-250a.5	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	Quantitative	N/A, 0
Topic: Counterfeit Drugs			
HC-BP-260a.1	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	Discussion and Analysis	For product design, Lotus has implemented various measures to ensure product integrity, such as affixing product codes, printing batch numbers, applying anti-counterfeit labels and unseal labels, and printing serial numbers. When selling products, we label customer codes to assist in traceability.
HC-BP-260a.2	Discussion of process for alerting customers and business partners to potential or known risks associated with counterfeit products	Discussion and Analysis	safety guidelines and provide instructions for anti-counterfeiting identification features. Provide a toll-free service hotline for reporting counterfeit drugs.
HC-BP-260a.3	Number of actions that led to raids, seizure, arrests, or filing of criminal charges related to counterfeit products	Quantitative	Lotus was not involved in any lawsuits in which it was accused of producing counterfeit drugs.
Topic: Ethical Marketing			
HC-BP-270a.1	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Quantitative	No related matters.
HC-BP-270a.2	Description of code of ethics governing promotion of off-label use of products	Discussion and Analysis	When engaging with medical professionals, Lotus is obligated to adhere strictly to legal and ethical standards. This entails ensuring that all promotional activities and product labels are accurate, comprehensive, fair, objective, and clear, thereby preventing any form of misinformation directed at the public. In its interactions with medical personnel and institutions, the Company is committed to upholding all activities in alignment with legal and moral guidelines. It is mandated not to advocate for the use of products in a manner inconsistent with their registered usage or for unregistered purposes, which includes refraining from discussing personal experiences related to the unregistered therapeutic use of products.

Code	Accounting Metric	Category	Disclosure Item
Topic: Employee Recruitment, Developing & Retention			
HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development staff	Discussion and Analysis	The Company recruits key talents globally through diverse channels to enhance its R&D capabilities. It also offers a range of comprehensive support programs and R&D incentives to attract talent and bolster their retention. In 2024, the Company achieved a 82.5% retention rate for its R&D personnel.
HC-BP-330a.2	(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, (c) professionals, and (d) all others	Quantitative	For relevant contents, refer to > 4.1.2 Personnel Turnover>Resignation rates of voluntary and non-voluntary resignation of all employees in 2024
Topic: Supply Chain Management			
HC-BP-430a.1	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit programme or equivalent third-party audit programmes for integrity of supply chain and ngredients	Quantitative	Lotus does not participate in the Rx-360 organization but regularly conducts supplier reviews every year, as per relevant SOP, to ensure the quality of the supply chain and the legitimacy of drug components. For relevant contents, refer to > chapter 2.5 Supply Chain Management
Topic: Business Ethics			
HC-BP-510a.1	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Quantitative	No related matters.
HC-BP-510a.2	Description of code of ethics governing interactions with health care professionals	Discussion and Analysis	Lotus places great emphasis on upholding quality, effectiveness, safety, and value in its sales practices. When collaborating with medical professionals, Lotus strictly adheres to legal and ethical standards, ensuring that all promotional activities and product labels are accurate, comprehensive, fair, objective, and clear to prevent any misleading information. Engaging with medical staff and institutions is a vital aspect of Lotus' business operations, encompassing support for medical research, education, and specialized development, all while observing and complying with applicable laws and Lotus' internal policies. Whether involved in research or business partnerships with medical professionals, the Company is obligated to ensure that all its undertakings align with legal and ethical norms. Lotus aligns itself with industry guidelines, regulations, and its own policies by providing meals and entertainment, thus adhering to applicable laws. Additionally, the Company dutifully collects, reports, and discloses payments and any other compensation provided to medical professionals in accordance with legal obligations. All employees are required to adhere to Lotus' policies and relevant procedures, guaranteeing that their interactions with individuals or institutions regarding Lotus products meet high ethical standards.
Activity Metrics			
HC-BP-000.A	Number of patients treated	Quantitative	In 2024, approximately 235,241 patients were treated with Lotus' anti-tumor drugs.
HC-BP-000.B	Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	Quantitative	The product portfolios contain a total of 246 drugs marketed and sold globally. 26 R&D projects are ongoing.

TCFD Four Pillars Index

Core Elements	Recommended Disclosures	Chapter	Page
Governance	Describe the board's oversight of climate related risks and opportunities.	5.1 Task Force on Climate-related Financial Disclosures, TCFD	P. 72
	Describe management's role in assessing and managing climate-related risks and opportunities.	5.1 Task Force on Climate-related Financial Disclosures, TCFD	P. 72
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts	P. 74
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts	P. 74
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	5.1.4 Climate Risk Assessment and Scenario Analysis	P. 75
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	5.1.2 Identification and Evaluation of Climate-Related Risks and Opportunities	P. 73
	Describe the organization's processes for managing climate-related risks.	5.1.1 Climate Risk Management	P. 72
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	5.1.1 Climate Risk Management	P. 72
Metric and Target	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	5.1.5 Environmental Management Objectives	P. 76
	Disclose greenhouse gas (GHG) emissions, and the related risks.	5.2 Greenhouse Gas Emission Management	P. 77
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5.2 Greenhouse Gas Emission Management	P. 77

Limited Assurance Report by Certified Public Accountants (CPA)



INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

To Lotus Pharmaceutical Co., Ltd.

We have been engaged by Lotus Pharmaceutical Co., Ltd. (the "Company") to perform assurance procedures and issue a limited assurance report in respect of the specific performance indicators selected by the Company and reported in the 2024 Sustainability Report (the "Assurance Subject Matter Information").

Assurance Subject Matter Information and Applicable Criteria

Details of the Assurance Subject Matter Information and the applicable criteria are listed in Appendix 1: 'Summary of Assurance Subject Matter Information'.

Management's Responsibilities

Management of the Company is responsible for preparing the Sustainability Report and Assurance Subject Matter information in accordance with GRI Standards issued by the Global Reporting Initiative and other criteria designed by the Company. This responsibility includes designing, implementing and maintaining the necessary internal controls relevant to the preparation of the Assurance Subject Matter Information disclosed in the Sustainability Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

We planned and executed our work in accordance with the TWSAE3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in order to issue a limited assurance report on whether the Assurance Subject Matter Information (as described in Appendix 1) are free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Company's 2024 Sustainability Report.

Independence and Compliance of Quality Management

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Our firm applies the Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5F, No.21, Sec. 6, Zhongxiao E. Rd.,
Nangang Dist., Taipei 115025, Taiwan
T +886 2 2789 0887 F +886 2 2789 1005
www.grantthornton.tw

總 所：115025 台北市南港區忠孝東路六段21號5樓 電話：(02) 2789-0887 傳真：(02) 2789-1005
新竹所：300190 新竹市東區慈雲路118號7樓之3 電話：(03) 563-1919 傳真：(03) 666-1960
台中所：403023 台中市西區博館路117號6樓 電話：(04) 2323-9448 傳真：(04) 2323-2353
高雄所：806516 高雄市前鎮區美芝路三號8樓16樓之1 電話：(07) 222-5556 傳真：(07) 330-2969



Summary of Work Performed

We have performed limited assurance work on the Assurance Subject Matter Information. Our main assurance procedure included:

- Performed inquiries with relevant personnel to understand the operational processes and information systems used to collect and prepare the Assurance Subject Matter Information;
- Based on the understanding obtained above, procedures including inquiries, observation, inspection and recalculation were performed on selected samples of the Assurance Subject Matter Information to obtain sufficient and appropriate limited assurance evidence.

The work described above is based on our professional judgment, including identifying the scope of material errors or misrepresentation of the assurance target information, assessing the potential risks, designing adequate and appropriate assurance procedures, and evaluating the presentation of the Assurance Subject Matter Information for assurance. We believe that the work performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from and is less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent Limitations

Since some of the Assurance Subject Matter Information involves non-financial information, it may be subject to more inherent limitations than financial information. The interpretations of relevance, materiality and accuracy on such information involve significant judgments, assumptions and interpretations made by the management of the Company, which may be interpreted differently by different stakeholders.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Assurance Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for re-performing any assurance work for any change of the Assurance Subject Matter Information or the criteria applied by the Company after the issuance date of this report.

Grant Thornton Taiwan

Grant Thornton Taiwan
Taipei, Taiwan (Republic of China)
August 12, 2025

Appendix 1: Summary of Assurance Subject Matter Information					
No.	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
1	Waste (1) Volumes of Hazardous industrial waste generated (2) Volumes of General industrial waste generated	5.5 Waste Management	◆ Lotus Pharmaceutical Co., Ltd. (Nantou Factory) (No. 30, Chengcong 1st Rd., Nantou City, Nantou County 540033, Taiwan) ◆ Alvogen Korea Co., Ltd. (Gyeongju Factory) (55-8, Jeongnonggongdan-gil, Jeongnong-ryeon, Gyeongju-si, Chungcheongnam-do, 32511, Korea) ◆ Alvogen Korea Co., Ltd. (Hyangnam Factory) (36, Jeyakgongdan 2-gil, Hyangnam-eup, Hwasong-si, Gyeonggi-do, 18622, Korea)	The volumes of waste generated in 2024 for the scope listed on the left are as follows: ◆ Volumes of Hazardous industrial waste generated: 68.69 mt ◆ Volumes of General industrial waste generated: 515.02 mt Note: In Taiwan, the classification of hazardous industrial waste and general industrial waste is based on the determination under "Waste Disposal Act" and "Standards for Defining Hazardous Industrial Waste"; In Korea, it is classified according to the guidelines "Waste Classification System and Classification Method 2023", issued by National Institute of Environmental Research. The volumes of waste generated in 2023 for the scope listed on the left are as follows: ◆ Volumes of Hazardous industrial waste generated: 49.07 mt ◆ Volumes of General industrial waste generated: 386.61 mt Note: In Taiwan, the classification of hazardous industrial waste and general industrial waste is based on the determination under "Waste Disposal Act" and "Standards for Defining Hazardous Industrial Waste"; In Korea, it is classified according to the guidelines "Waste Classification System and Classification Method 2023", issued by National Institute of Environmental Research.	GRI 306-3 Waste generated

3

No.	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
2	Employee performance evaluation and promotion statistics	4.3.1 Employee Performance Evaluations and Promotion Policy	◆ Lotus Pharmaceutical Co., Ltd. and all of its business locations. ◆ Alvogen Korea Co., Ltd. and all of its business locations.	For the year 2024, the performance evaluation rate by gender was 95% for males and 92% for females. For the year 2024, the promotion rate by gender was 11% for males and 8% for females. Note: Employees undergoing a performance evaluation include all direct employees for the full year and indirect employees who joined between January and September. For the year 2024, the performance evaluation rate by gender was 96% for males and 85% for females. For the year 2024, the promotion rate by gender was 7% for males and 8% for females. Note: Employees undergoing a performance evaluation are full-time employees who joined between January and September.	Other criteria designed by the Company
3	Incidents of major violations of environmental regulations resulting in administrative fines imposed by the government	2.3.3 Legal Compliance	◆ Lotus Pharmaceutical Co., Ltd. and all of its business locations. ◆ Alvogen Korea Co., Ltd. and all of its business locations.	The assurance subject matter information under the scope on the left for the year 2024 details 0 incidents in which the Company was subject to administrative fines of NTSI million or more for violations of environmental regulations, including those related to air pollution prevention, water pollution prevention, waste disposal, and toxic and priority chemical substances. Note: A major penalty is defined as a single instance fine exceeding NTSI million.	GRI 2-27 Compliance with laws and regulations

4

ISO 14064 Greenhouse Gas Verification Report



溫室氣體聲明確信報告

美時集團股份有限公司 公鑒：

本執業人員受託執行美時化學製藥股份有限公司、Alvogen Korea Holdings Ltd.、Lotus International Pte. Ltd.、Meishi Pharma Services Pvt Ltd 及 Meishi Pharma Services Private Limited (以下簡稱「美時集團」) 西元 2024 年 1 月 1 日至 12 月 31 日溫室氣體聲明之有限確信案件，該溫室氣體聲明包含溫室氣體盤查報告書 (以下簡稱「溫室氣體聲明」) 之類別 1 直接溫室氣體排放及類別 2 能源間接溫室氣體排放，請詳附件一「確信標的資訊彙總表」。

公司對溫室氣體聲明之責任

美時集團之責任係依照國際標準組織 (International Organization for Standardization, ISO) 發布之「ISO 14064-1:2018 組織層級溫室氣體排放與移除之量化及報告附指引之規範」(以下稱 ISO 14064-1:2018) 編製溫室氣體聲明，且設計、付諸實行及維持與溫室氣體聲明編製有關之內部控制，以確保溫室氣體聲明未存有因於舞弊或錯誤之重大不實表達。

如美時集團溫室氣體聲明所述，溫室氣體之量化受先天不確定性之影響，此主要係因用以決定排放係數之科學知識並不完整，以及報導之數值須彙總不同氣體之排放。

執業人員之獨立性及品質管理

本執業人員已遵循會計師職業道德規範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、保密與專業行為。

本會計所隸屬會計師事務所遵循品質管理準則，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之政策或程序。

執業人員之責任

本執業人員之責任係依照確信準則 3410 號「溫室氣體聲明之確信案件」規劃及執行溫室氣體聲明之類別 1 直接溫室氣體排放及類別 2 能源間接溫室氣體排放之有限確信案件，基於所執行之程序及所獲取之證據，對第一段所述美時集團之溫室氣體聲明是否未存有重大不實表達取得有限確信，並作成有限確信之結論。

依確信準則 3410 號之規定，本有限確信案件工作包括評估美時集團採用 ISO 14064-1:2018 編製溫室氣體聲明之妥當性、評估溫室氣體聲明導因於舞弊或錯誤之重大不實表達風險、依情況對所評估風險作出必要之因應，以及評估溫室氣體聲明之整體表達。有關風險評估程序 (包括對內部控制之瞭解) 及因應所評估風險之程序，有限確信案件之範圍明顯小於合理確信案件。



本執業人員對第一段所述美時集團溫室氣體聲明所執行之程序係基於專業判斷，該等程序包括查詢、對流程之觀察、文件之檢查、分析性程序、對量化方法與報導政策是否適當之評估，以及與相關紀錄之核對或調節。基於本案件情況，本執業人員於執行上述程序時：

1. 已透過查詢，取得對美時集團與排放量及報導攸關之控制環境及資訊系統之瞭解，但並未評估特定控制作業之設計、取得該等控制作業付諸實行之證據或測試其執行有效性。
2. 已評估美時集團建立估計方法之適當性及一致性。然而，所執行程序並未包含測試估計所依據之資料或單獨建立執業人員之估計，以評估美時集團所作之估計。
3. 已實地訪查美時集團台灣及韓國地區之營運據點，以評估排放源之完整性、資料蒐集方法、排放源資料及該等據點所適用之攸關假設。對於執行實地訪查據點之選擇，已考量該等據點之排放對總排放之貢獻及排放源性質。所執行程序不包含測試該等據點用以蒐集及彙整設施資料之資訊系統或控制。

相較於合理確信案件，有限確信案件所執行程序之性質及時間不同，其範圍亦較小，故於有限確信案件所取得之確信程度亦明顯低於合理確信案件中取得者。因此，本執業人員不對美時集團溫室氣體聲明在所有重大方面，是否依照 ISO 14064-1:2018 編製，表示合理確信之意見。

有限確信之結論

依據所執行之程序與所獲取之證據，本執業人員並未發現第一段所述美時集團西元 2024 年 1 月 1 日至 12 月 31 日溫室氣體聲明之類別 1 直接溫室氣體排放及類別 2 能源間接溫室氣體排放在所有重大方面未依照 ISO 14064-1:2018 編製之情事。

其他事項

對於本確信報告出具後，美時集團對任何確信標的資訊或適用基準之變更，本執業人員將不負就該等資訊重新執行確信工作之責任。



附件一：確信標的資訊彙總表

報告邊界		排放量(二氧化碳當量/年)				
類別	內容說明	美時化學製藥股份有限公司	Alvogen Korea Holdings Ltd.	Lotus International Pte. Ltd.	Meishi Pharma Services Pvt Ltd & Meishi Pharma Services Private Limited	合計
類別 1	固定排放	921,6855	867,9933	-	-	1,789,6788
	直接溫室氣體排放	9,8980	21,2285	5,3245	-	36,4510
	移動排放	362,4494	482,2164	1,2582	-	845,9240
類別 2	造氣排放	9,636,6764	3,177,8508	3,8934	24,5693	12,842,9899
	能源間接溫室氣體排放					
合計		10,930,709	4,549,289	10,476	24,569	15,515,044

SF, No.21, Sec.6, Zhongxiao E. Rd.,
Nangang Dist., Taipei 115025, Taiwan
T +886 2 2789 0887 F +886 2 2789 1005
www.grantthornton.tw

總 所：115025 台北市南港區忠孝東路六段21號5樓 電話：(02) 2789-0887 傳真：(02) 2789-1005
新北分所：30516 新北市東區經國路118號7樓之3 電話：(03) 563-1919 傳真：(03) 666-1960
台中分所：403023 台中市西區西門路117號6樓 電話：(04) 2323-2448 傳真：(04) 2323-2353
高雄分所：806616 高雄市前鎮區民權二路8號16樓之1 電話：(07) 223-4556 傳真：(07) 330-2969

正大聯合會計師事務所

會計師：羅裕民

會計師：劉慧萍

事務所之地址：台北市南港區忠孝東路六段21號5樓

2025 年 6 月 2 日