lotus
PHARMACEUTICAL

Environmental
Social
Governance

Confidence in Every *dose*

2025 Sustainability Report

Contents

Chairman's Message

Chairman
Vilhelm Róbert Wessman

In 2025, geopolitical shifts continued to reshape the global landscape, presenting increased challenges for businesses. As an international pharmaceutical company, Lotus recognizes that providing high-quality and affordable medicines in a changing environment is not only a responsibility, but a core commitment. Amid persistent unmet medical needs worldwide, we firmly believe that health is a right, not a privilege. Guided by this mission, we are committed to expanding global access to medicines through a diversified portfolio.

Lotus has established a global portfolio that includes complex generics, brands, 505(b)(2), NCEs, and biosimilars, with strong capabilities in oncology, immunology, and central nervous system disorders. In 2025, revenue reached NT$20.5 billion, marking the seventh consecutive year of double-digit growth. The successful integration of Alvogen US has positioned Lotus among the top 20 specialty pharmaceutical companies globally. These achievements reflect not only our solid financial performance, but also tangible progress in expanding access to medicines.

To deliver our mission, we continue to embed sustainability into our operations, focusing on environmental management, advancing growth through talent and global reach, and strengthening governance and risk oversight to support long-term competitiveness.

Access to Medicines and Talent Development

Expanding access to medicines is central to Lotus' mission. In 2025, we submitted 114 regulatory filings globally, obtained 100 approvals, and successfully launched 214 products, continuing to improve access to high-barrier specialty medicines. As our market footprint expands, we continue to invest in talent to support long-term growth.

- **Deepening Presence in Asia and Expanding Global Reach**

In Asia, we deepen our presence in Southeast Asia, with Thailand demonstrating solid growth momentum. We also completed the integration of Alphachymotrypsine Choay® in Vietnam and Cambodia, strengthening our position in specialty and branded generics while expanding patient access in these markets.

In the United States, we completed the integration of Alvogen, establishing a direct operating and U.S.-based manufacturing platform. This has broadened our product portfolio, reduced exposure to tariffs and market uncertainties, and strengthened supply chain resilience, ensuring a stable supply of medicines while enhancing the diversification and stability of our global operations.

- **Developing Talent and Strengthening Organizational Resilience**

Since 2024, we have launched our "Talent Development Program" in Taiwan, adopting a structured three-year approach to cultivate high-potential leaders.

From 2025, the program has been extended across our global operations, establishing a framework that balances global consistency with regional relevance. Through sustained investment in talent, we continue to strengthen leadership capabilities, support employee development, and reinforce organizational resilience.

Environmental Management and Climate Action

As Lotus continues to grow globally, we are strengthening our environmental governance by broadening the scope and depth of our greenhouse gas management. In 2025, emissions data were subject to third-party assurance, reinforcing data integrity and credibility of our disclosures.

We also initiated biodiversity assessments across key suppliers to better understand potential impacts along our value chain. This broader perspective enables us to more effectively identify climate-related risks and opportunities, while reinforcing operational resilience and our ability to respond in a dynamic environment.

Governance and Risk Oversight

Integrity and disciplined risk management are fundamental to Lotus' sustainable growth. In early 2025, we expanded the Audit Committee into an "Audit and Risk Committee," strengthening Board oversight across operations, R&D, product quality, environmental matters, and information security.

We have embedded sustainability metrics into executives' performance to ensure alignment between strategy and execution. In addition, we have extended ESG governance among key partners across the value chain, strengthening operational stability and responsiveness.

Looking Ahead

As Lotus expands its global footprint, we are further integrating sustainability into governance and management planning. With access to medicines as our core mission, we will continue to align environmental management and social responsibility, extend our impact across the value chain and work with global partners to create long-term, sustainable value for patients, shareholders, and all stakeholders.

About This Report

Report Overview and Publication Frequency

Welcome to the Sustainability Report of Lotus Pharmaceutical 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 Sustainability section 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	January 1, 2025 to December 31, 2025
Date of Previous	August 2025
Date of Current	August 2026
Next Scheduled Reporting Date	August 2027 *In accordance with the timeline announced by the competent authority.
Reporting Frequency	Published Annually

Scope of Reporting

The financial data presented in this report is derived from Lotus' consolidated financial statements for the year 2025. The reporting boundary is based on the Group's global operations. However, the U.S. operations were not included in this sustainability disclosure, as the acquisition was completed in December 2025. Where the reporting boundary differs from the above, such differences are clearly specified in the relevant sections. Consolidated Business Report of Affiliates: The information is available at the Market Observation Post System (MOPS).

Reporting Frameworks and Guidelines

This report is prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 ("GRI 2021"), and incorporates the Sustainability Accounting Standards Board (SASB) Standards for the Biotechnology & Pharmaceuticals industry, as well as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It also complies with Article 4-1 of the Taiwan Stock Exchange Corporation (TWSE) Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies by disclosing climate-related information. For further details, please refer to the Appendix.

Internal Review and External Assurance

Internal Control Procedure	1. The Corporate Governance Division is responsible for overall planning → 2. Each responsible unit provides disclosure data → 3. The Corporate Governance Division consolidates and compiles the data → 4. The Sustainability and Risk Management Task Force reviews and approves the final version of the report → 5. The report is submitted 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 performed by Grant Thornton Taiwan in accordance with TWSAE 3000. The assurance report, scope, and independent assurance statement are provided in Appendix Page 94. • Financial Data: The financial data has been audited 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 (FSC). All financial data is presented in New Taiwan Dollars (NTD). • Greenhouse Gas Data: Verified by Grant Thornton Taiwan, and an assurance certificate has been obtained. For details, please refer to Appendix Page 96.

Restatements of Information

2.5.7 Local Sourcing > 2024 local sourcing ratio in Taiwan and Korea, 5.5 Water Management > Lotus water intensity for the past 3 years.

Contact Information

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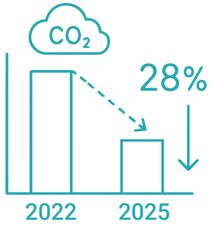
ESG Highlights

Environmental

Initiated Scope 3
Greenhouse Gas Inventory
Prioritizing Categories 1, 3 and 4

28% reduction in GHG emissions across major operating sites (Taiwan and Korea) compared to 2022



Biodiversity Survey

Across **4** Manufacturing and R&D Sites and **30** key suppliers (53 sites)

Social

2025
Gained
100 Marketing Approvals
Launched
214 SKUs
Across Global Markets

Gender Equality

46.1% female workforce and
39.1% female in management

Contributed
NT$39.95 million
to community engagement initiatives

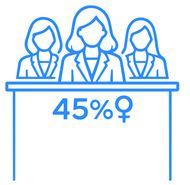
Governance

Achieved **Double-Digit Revenue Growth**
for 7 consecutive years

30% Sustainability KPIs
linked to senior management performance

Board Diversity

45% female board members



About Lotus

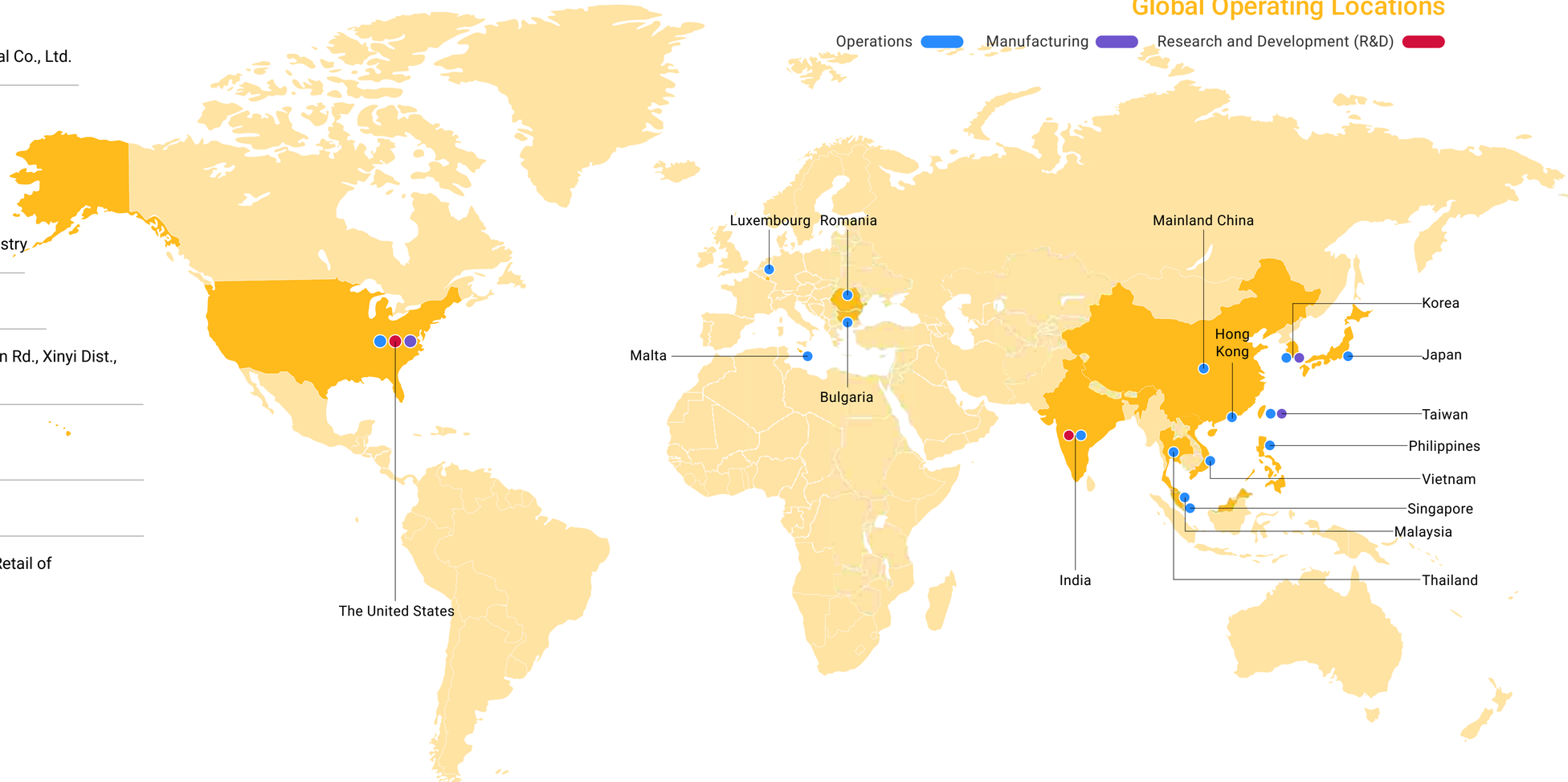
Lotus Pharmaceutical, established in 1966, is a leading global pharmaceutical company, focused on commercializing both novel and generic pharmaceuticals to enhance global access to medicine through a diverse portfolio of products. Lotus has built strategic partnerships in key global markets, including the United States, Europe, Japan, mainland China, and Brazil, and operates more than 100 pharmaceutical projects involving over 300 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), new chemical entities (NCEs), and biosimilars. Its therapeutic portfolio includes treatments for oncology & immunology, central nervous system, primary care & lifestyle, and cardiovascular diseases.

Lotus has established a strong global footprint, with a direct presence in the United States and across key markets in Asia. Across Asia, our commercial reach spans Taiwan, Korea, Singapore, Thailand, Vietnam, Malaysia, the Philippines, Hong Kong, China, India, and Japan. This presence is supported by strategically located manufacturing facilities in Taiwan, the United States, and Korea, as well as research and development hubs in India and the United States. Beyond these markets, Lotus further extends its global reach through long-standing partnerships with leading regional companies across Europe, Australia, and other parts of Asia.

Lotus Basic Information

Company Name	Lotus Pharmaceutical Co., Ltd.
Stock Code	1795
Sector	Private sector
Industry	Biotechnology and Pharmaceutical Industry
Listing Date	December 16, 2019
Headquarters	17F, No. 277, Songren Rd., Xinyi Dist., Taipei City
Total Number of Employees Worldwide	1,585
Paid-in Capital	NT$ 2,668,738,120
Main Business Activities	Manufacturing and Retail of Western Medicines

Global Operating Locations



Economic Performance

In 2025, Lotus achieved record-high financial and operational results, with revenue reaching NT$20.5 billion, representing a 10% year-over-year growth. This marks the seventh consecutive year of double-digit revenue growth, driven by the strong performance in Asian markets, in particular Southeast Asia (+91% YoY), as well as the consolidation of Alvogen in December 2025, which led to a revenue contribution of NT$994 million after intercompany eliminations.

Net profit amounted to NT$4,720 million, and earnings per share (EPS) was NT$18.14. Excluding the impact of Alvogen, adjusted net profit would have been NT$5,111 million, up 1% from the previous year. The corresponding EPS would be NT$19.64, representing a 2% growth compared to the prior year. These adjusted figures demonstrate the underlying strength of Lotus' core business. Please refer to Lotus' 2025 Annual Report for detailed financial and performance information.

Revenue
NT$ **20.5** billion
achieving double-digit growth for 7 consecutive years.

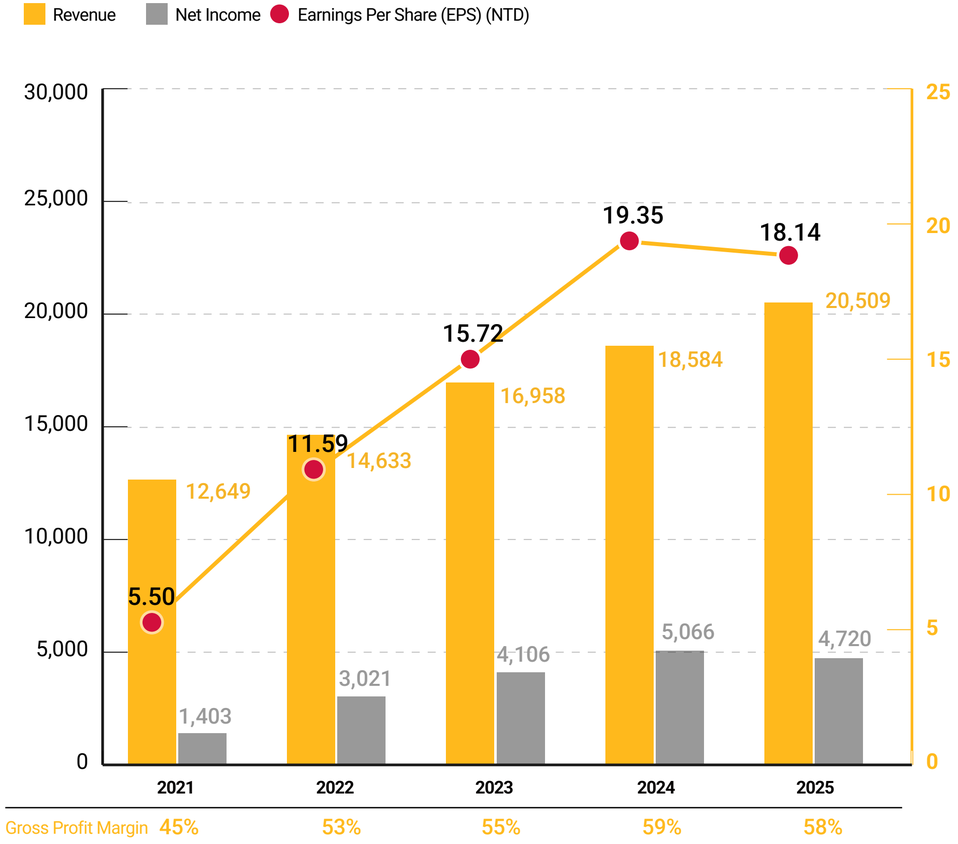
Net Profit
NT$ **4.7** billion
with EPS of NT$18.14.

Asia Market Growth
+12 %
with Southeast Asia at +91%.

Product Launches
214
covering 40 INNs.

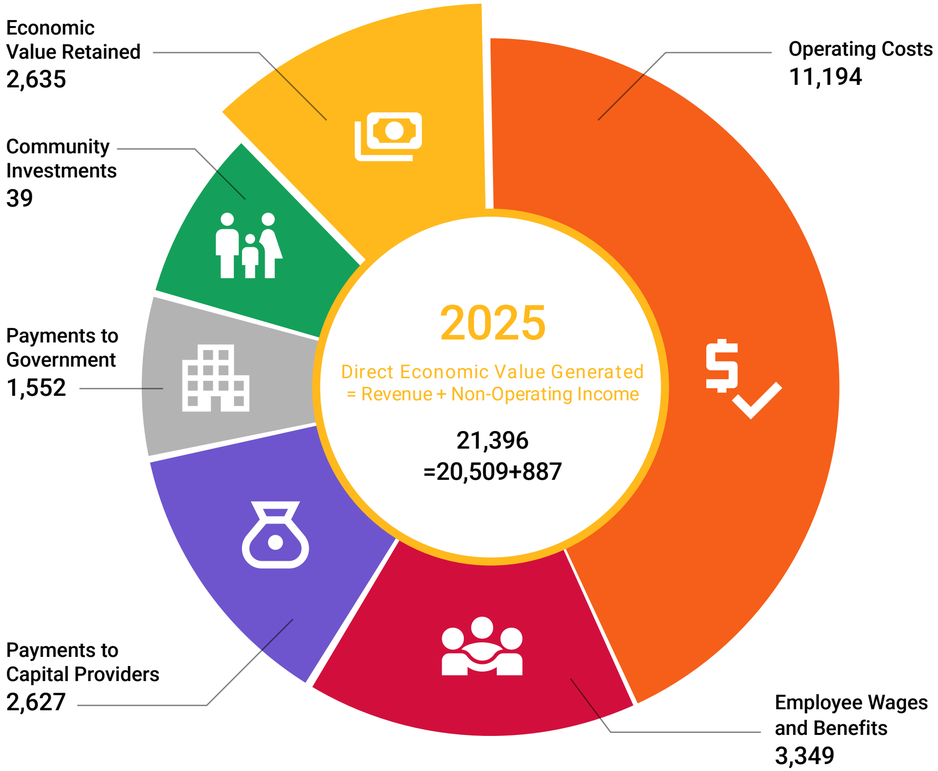
BD Agreements
48 deals

Financial Performance (2021–2025) (Unit: NT$ million)



Note: Except for earnings per share, which is presented in New Taiwan Dollars (NTD), all other amounts are expressed in NT$ millions.

Direct Economic Value Generated and Distributed by the Organization (Unit: NT$ million)



Notes
1. Economic Value Retained = Direct Economic Value Generated – Economic Value Distributed
2. Economic Value Distributed, including operating costs, employee wages and benefits, payments to capital providers, payments to government, and community investments.

Chapter 1
Sustainable Management

1.1 Sustainability Strategy

Lotus is guided by its mission to enhance global access to medicines through a diversified product portfolio. Sustainability is integrated into the Company's core business strategy to support long-term growth while addressing environmental and social issues and balancing business development with social impact.

To advance sustainability, Lotus has established four strategic pillars: minimizing environmental impact, expanding a diversified product portfolio to enhance access to medicines, fostering a diverse, equitable and inclusive workplace, and strengthening stakeholder engagement. These pillars align with the Company's operational priorities and global business strategy.

Lotus focuses on four key areas, including environmental sustainability, access to medicines, employee development, and corporate governance, supported by short, medium, and long term priorities and action plans. Sustainability is embedded into operations and decision making, with progress regularly monitored to support effective execution and continuous improvement.

Leveraging its R&D capabilities and global partnerships, Lotus continues to optimize its product portfolio, including complex generics, oral oncology products, biosimilars, new chemical entities, branded products, and 505(b)(2) products, to address diverse market needs and enhance access to medicines.

External Initiatives and Participation in Public Associations

International Initiatives Supported

ESG	1. United Nations 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. 2. Task Force on Nature-related Financial Disclosures (TNFD) - Helps companies and financial institutions assess, manage, and disclose risks and opportunities arising from their dependencies on nature.
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. Pharmaceutical Supply Chain Initiative (PSCI) - Ensures pharmaceutical supply chains meet high ethical, environmental, and social responsibility standards.

Significant Engagement with Key Associations and Initiatives

No.	Name of association	Role
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

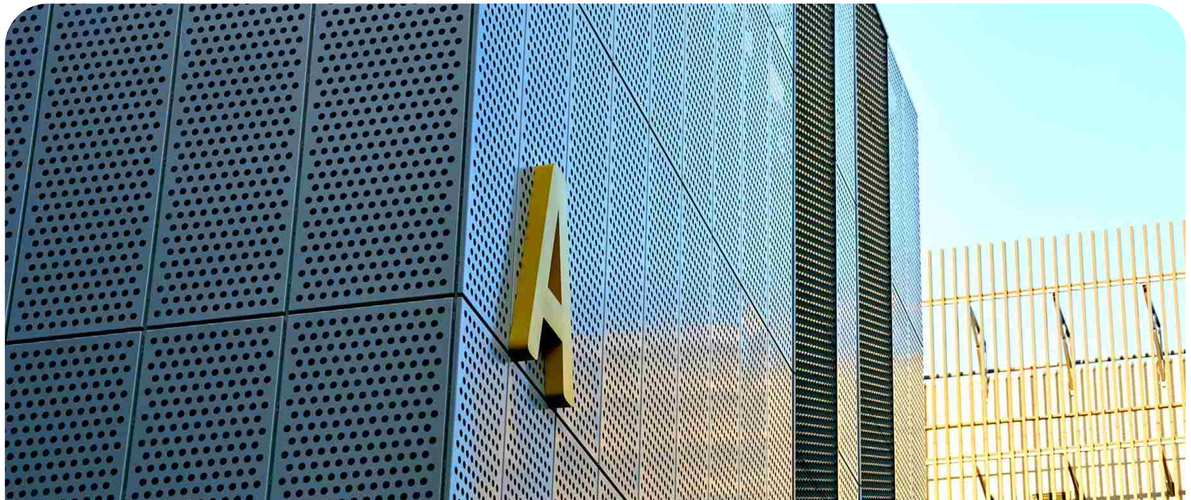
1.1.1 Sustainability Governance

Lotus has established a Sustainability and Risk Management Task Force composed of cross-functional senior executives. The Task Force sets sustainability and risk related strategies, defines short, medium, and long term priorities, and oversees the Company's overall approach to sustainability and risk management.

The Sustainability and Risk Management Task Force serves as a cross-functional governance platform that integrates global developments and internal insights, coordinates sustainability initiatives, and monitors progress on a regular basis. Functional departments identify and assess ESG-related risks in line with applicable international standards and regulatory requirements. These are incorporated into the Company's risk management framework, strengthening the integration of sustainability considerations into business decision making.

In 2025, Lotus strengthened governance through 3 cross-functional ESG meetings. Key outcomes included alignment on Scope 1 and Scope 2 GHG boundaries, assurance, and reduction targets, as well as evaluation of the Scope 3 implementation timeline. The Company also confirmed plans for gender pay ratio and executive compensation disclosures, and integrated ESG metrics into executive performance management. Policies on marketing ethics, human rights, and data privacy are regularly reviewed and updated in line with evolving international expectations.

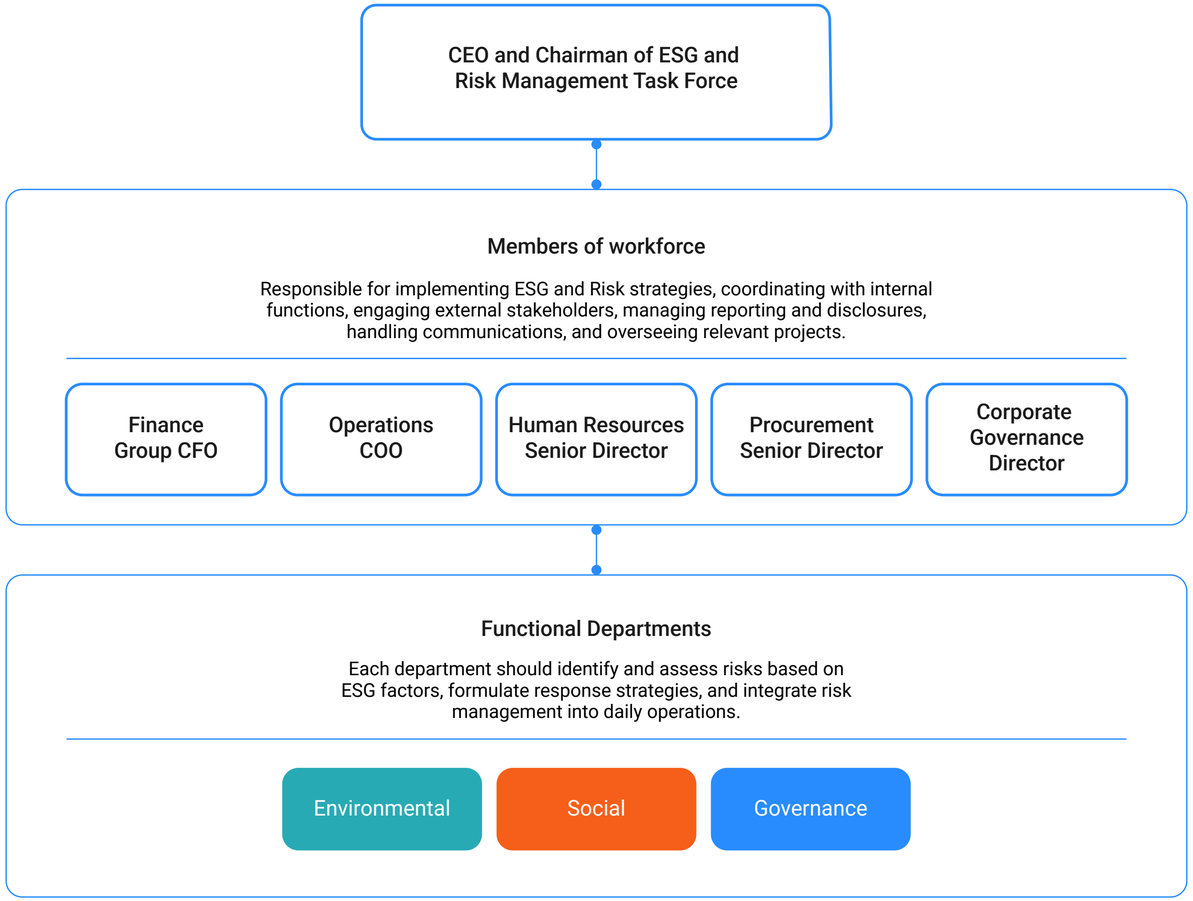
The Board of Directors oversees the Company's risk management through the Audit and Risk Committee. The Committee regularly reviews climate related risks and continues to enhance oversight of the Company's risk management framework.
The Sustainability and Risk Management Task Force reports to the Board of Directors at least annually on sustainability performance and key risk issues, including climate related matters. Functional departments also report regularly to support effective implementation and continuous improvement.



- **Annual Reporting by the Sustainability and Risk Management Task Force to the Board of Directors:**

1. The Sustainability and Risk Management Task Force reports annually to the Board of Directors on ESG performance, including climate-related matters.
2. Functional departments periodically report implementation progress to the Chairperson of the Task Force.

Organizational Structure of Sustainability and Risk Management Task Force



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. In 2025, the Company maintained the same seven key stakeholder groups as in 2024, 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

<table>
<tr><th>Stakeholders</th><th>Concerned Topics</th><th>Response Approach | Frequency | Channels</th><th>2025 Stakeholder Engagement Results</th></tr>
<tr><td>Government Agencies</td><td>• Drug Quality and Safety
• Access to Medicines
• Corporate Governance and Ethical Operations
• Cyber Security and Privacy Protection
• Supplier Management</td><td>• Visits (as needed)
• Phone calls (as needed)
• Official correspondence (as needed)
• Regulatory filings (as needed)
• Emails (as needed)
• Regulatory supervision and inspections (as needed)
• Corporate Governance Division
- Email: info@lotuspharm.com
- Tel.: +886-2-2700-5908</td><td>• The Company received 676 electronic official documents and issued 840 documents, totaling 1,516.
• All directors complied with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." A total of 20 training sessions were completed by 12 directors (including former directors), with a total of 94.6 hours.
• In alignment with the Financial Supervisory Commission's (FSC) Sustainability Roadmap, the Company completed 2025 greenhouse gas (GHG) inventory and third-party assurance across major operational sites. The TCFD framework was also adopted to strengthen climate-related risk management. The scope of GHG inventory and third-party assurance is presented in the table below.
<table>
<tr><th>Scope</th><th>Taiwan</th><th>Korea</th><th>Other Asia</th></tr>
<tr><td>GHG Inventory (Scope 1 & 2)</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>GHG Third-Party Assurance (Scope 1 & 2)</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table>
Note: Other Asian regions include operating sites in Singapore, India, Thailand, the Philippines, Vietnam, Malaysia, China, Japan, and Hong Kong.
• The Korea Gongju plant completed three regulatory inspections in 2025, all of which were successfully approved.</td></tr>
<tr><td>Shareholders /Investors</td><td>• Corporate Governance and Ethical Operations
• Drug Quality and Safety
• Access to Medicines
• Talent Attraction and Retention
• Business Performance
• Cyber Security and Privacy Protection
• Supplier Management</td><td>• Annual general meeting (annually)
• Quarterly financial reports (quarterly)
• Monthly revenue reports (monthly)
• Material information disclosures (as needed)
• Press releases (as needed)
• Earnings calls (quarterly)
• Investor meetings (as needed)
• Corporate website (as needed)
• Phone calls (as needed)
• Emails (as needed)
• Investor Relations: investor@lotuspharm.com</td><td>• Held 1 annual general meeting.
• Conducted 5 investor conferences.
• Participated in 2 external investor meetings/forums.
• Conducted 30 meetings with 31 institutional investors.
• Disclosed 77 material information announcements via the Market Observation Post System.</td></tr>
</table>

Stakeholder	Concerned Topics	Response Approach | Frequency | Channels	2025 Stakeholder Engagement Results
Employees	• Drug Quality and Safety • Talent Attraction and Retention • Occupational Health and Safety • Cyber Security and Privacy Protection • Climate Action	• Internal website or internal email announcements (as needed) • Two-way communication meetings (quarterly) • Labor-management meetings (quarterly) • Employee engagement surveys (every two years) • Performance reviews (annually) • Labor union (Korea) (as needed) • Human Resources Office: MyHR@lotuspharm.com • Ethics violation reporting (Speak Up): lotus.speakup@lotuspharm.com • Sexual harassment grievance hotline: +886-49-200-9276 ext. 2004	• Global: Conducted 11 global town halls to enhance two-way communication. • Taiwan: Held 4 labor-management meetings. • Korea: Held 32 labor union meetings.

Medical Institutions and Customers	• Corporate Governance and Ethical Operations
	• Drug Quality and Safety
	• Waste and Hazardous Chemicals Management
	• Access to Medicines
	• Cyber Security and Privacy Protection
		• Product briefings (as needed)
		• Scientific activities (as needed)
		• Site visits, audits, and visits (as needed)
		• Emails and written correspondence (as needed)
		• Pharmacovigilance reporting (as needed)
		• Pharmacovigilance contact
		Email: lotus.pv@lotuspharm.com
		Tel.: +886-2-8786-1880
			• In Taiwan, organized 733 academic events, with total participation of 10,271 healthcare professionals (HCPs):
			  • 295 oncology-related events
			  • 438 non-oncology events
			• In Korea, conducted 21 academic events covering topics such as breast cancer and weight management with 1,062 HCPs participants.

Suppliers and Partners	• Waste and Hazardous Chemicals Management • Access to Medicines • Business Performance • Cyber Security and Privacy Protection • Drug Quality and Safety • Corporate Governance and Ethical Operations	• Supplier management and audits (as needed) • Supplier meetings (as needed) • Lotus supplier portal (as needed) : URL: https://vbr.lotuspharm.com/auth/login	• To strengthen our supply chain understanding, we maintain regular communication through daily meetings, conference calls, supplier visits and emails. Furthermore, in 2025, we engaged with 94 suppliers (including 23 from Taiwan, 8 from Korea, 30 from India, and 33 from the rest of the world) via formal meetings. • Through face-to-face discussions and site observations, we gained a deeper understanding of our suppliers' ESG practices, including their efforts to improve energy efficiency, reduce environmental impact, strengthen waste management, explore more sustainable production solutions, and jointly advance more sustainable and responsible business practices. • In 2025, the Quality Department planned to conduct 78 supplier audits and completed 84 on-site audits and 42 document audits, achieving a 100% completion rate. One minor deficiency was identified in a new supplier; however, as the related product is used only for small-scale R&D and pilot bioequivalence (BE) batches, it had no impact on commercial products. Corrective and preventive actions were implemented within one month following the audit. No material deficiencies or risks were identified among other suppliers. • Held 2 global supplier conferences, with 56 suppliers in attendance. • Lotus has held a Global Supplier Conference for two consecutive years, offering both in-person and online participation to enhance supplier engagement and broaden communication and outreach. The conference agenda highlighted Lotus' commitment to ESG, covering topics including cybersecurity, social responsibility, ethical standards, and environmental protection.
Patients and NGOs	• Corporate Governance and Ethical Operations • Drug Quality and Safety • Waste and Hazardous Chemicals Management • Access to Medicines • Cyber Security and Privacy Protection	• Health education seminars (as needed) • Community outreach activities (as needed) • Phone calls and emails (as needed) • Consumer healthcare consultation hotline (Taiwan OTC products) Tel.: 0800-259-889 (Taiwan only)	Taiwan • Patient Education Initiatives: Conducted 135 patient education programs covering oncology and non-oncology topics, reaching 10,863 participants, enhancing disease awareness and supporting patient self-management. • Rural Medical Outreach: Under the Lotus Volunteer Medical Service program, conducted two medical outreach services in Nantou, Taiwan, contributing NT$1.3 million in cash and NT$445 thousand in medical resources. A total of 35 volunteers were mobilized, serving 500 individuals in underserved communities. • Access to Medicines for Vulnerable Populations: Donated NT$1.4 million (2025–2026) to support the Street Medicine Program by the Charitable Service Association, with 75 outreach sessions planned to help individuals experiencing homelessness reconnect with healthcare services. • Social Inclusion: Partnered with One-Forty to provide dementia care training for migrant caregivers and published care guidebooks in three languages (Indonesian, Vietnamese, and Filipino). Korea • Medicine Donations: Leveraging core pharmaceutical supply capabilities, donated medicines valued at over KRW 1.11 billion, enhancing access to medicines for vulnerable populations. • Community Engagement: Partnered with Good People International, with employee contributions totaling KRW 20 million to provide hygiene products. Continued Kimchi and Bread volunteer programs for 13 consecutive years, supporting local communities. Thailand • Marine Conservation: Launched the Rak Talay ("Love the Sea") initiative, mobilizing 90 employees to participate in marine conservation activities.
Media	• Corporate Governance and Ethical Operations • Drug Quality and Safety • Business Performance • Access to Medicines • Cyber Security and Privacy Protection	• Press releases (as needed) • Media interviews (as needed) • Market Observation Post System (MOPS) disclosures (as needed) • Corporate website (as needed) • Media contact: investor@lotuspharm.com	• Published 33 press releases related to corporate operations on the Company website.

1.3 Materiality Assessment

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. In 2025, the material topics identified in 2024 were retained, with ongoing tracking and management in place.

Lotus follows the guidance and principles of GRI 3: Material Topics and conducted a materiality reassessment in 2024. The positive and negative sustainability impacts of each topic were evaluated, and statistical analysis was conducted based on responses collected through the Lotus Sustainability Materiality Questionnaire and the 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 management and holding discussions at the Sustainability and Risk Management Task Force meetings. For further details on the 2024 materiality assessment process, please refer to Lotus' 2024 Sustainability Report, Page 16.

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 the Lotus Stakeholder Concern Questionnaire, Lotus conducted surveys and statistical analyses to evaluate the materiality of 12 sustainability topics, ultimately identifying the top 6 as the material topics for 2024. In 2025, the Company continued to adopt the same material topics and maintained the same ranking as in 2024.

Updates of Lotus Material Topics 2025

	Material Topics 2024	Material Topics 2025	Updates
01	Drug Quality and Safety	Drug Quality and Safety	No changes
02	Corporate Governance and Ethical Operations	Corporate Governance and Ethical Operations	
03	Talent Development and Diversity & Inclusion (Talent Acquisition and Retention & Human Rights, Diversity and Inclusion)	Talent Development and Diversity & Inclusion	
04	Business Performance	Business Performance	
05	Access to Medicines	Access to Medicines	
06	Waste and Hazardous Chemicals Management	Waste and Hazardous Chemicals Management	

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 environmental topic, 3 society topics, and 2 economic and governance topics.

Material Topics, Impact Scopes, and Levels of Involvement

● Direct impact ○ Contributing impact ▲ Business impact

No.	Material Topics	Positive and Negative Impacts	GRI	Significance and Importance to Lotus	Value Chain Impacts			Chapter
					Up-stream	Lotus	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' 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 Maintaining high standards of quality and safety is critical. 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.		▲	●	3.2 Drug Quality and Safety
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 Sound 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 a& 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 portfolio 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 Rights Policies 4.2 Workforce Overview 4.3 Talent Development
4	Business 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 Climate-Related Risks and Opportunities
5	Access to Medicines	（＋）：Improving access to medicines 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.	Company-specific Topic	*Actual positive impact access to medicines 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.		▲	●	3.1 Product Portfolio and Patient Access
6	Waste and Hazardous Chemicals 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.	○	●	○	5.6 Waste Management

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

1.4 Management Approach to Material Topics

Material Topics	Drug Quality and Safety 
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 2025 Target Progress	**Short-Term Goals:** ☑ Strengthen in-process quality control to ensure every batch meets stringent quality standards. ☑ Enhance training and education to reinforce employees' awareness and execution of quality control. ☑ Establish a comprehensive quality management system to ensure all production and testing processes are strictly monitored and controlled. **Medium- to Long-Term Goals:** • Continuously improve the quality management system to adapt to evolving market and regulatory environments, ensuring product 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 materials meet quality standards.
Actions and Measures	• Pharmaceutical quality management training recorded 634 participants, with 1,261 total training hours. • Successfully completed the first third-party on-site audit by the Pharmaceutical Supply Chain Initiative (PSCI) with no major findings; only minor observations were noted, all of which have been addressed and reported. • Added an adverse event reporting channel on the corporate website to enhance reporting accessibility and strengthen pharmacovigilance management. • A total of 1,296 employees completed annual company-wide pharmacovigilance training.

Material Topics	Corporate Governance and Ethical Operations 
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 2025 Target Progress	**Short-Term Goals:** ☑ Strengthen corporate governance structure, including board composition and tenure, and internal control mechanisms to enhance transparency and accountability. ☑ Uphold integrity-based management by establishing ethical risk assessment mechanisms to ensure all business activities meet ethical standards. ☑ Enhance employee training to increase awareness and emphasis on corporate governance and ethical conduct. ☑ Maintain at least 40% female board representation by 2028. ☑ Maintain 40% of board members with financial expertise. **Medium- to Long-Term Goals:** • Improve governance efficiency and transparency by promoting appropriate board rotation and diversity to support long-term sustainable development. • Continuously strengthen internal control systems and establish robust risk management frameworks to 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 operations 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	• Female board representation reached 45%. • Board representation with financial expertise reached 45%. • Sustainability performance was linked to executive management performance evaluation. • ISO 37001 Anti-Bribery Management System in Korea successfully renewed certification.

Material Topics	Talent Development and Diversity & Inclusion 
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 an equitable, diverse, and inclusive workplace, provide employees with opportunities for sustainable development, and support their professional growth and well-being.
Metrics and Targets 2025 Target Progress	**Short-Term Goals:** ☑ Promote volunteer leave: Introduce a paid volunteer leave policy offering 2 days per year to encourage employee participation in social initiatives and fulfill corporate social responsibility. ☑ Launch talent development program: Establish a three-year"Talent Development Program"to cultivate high-potential employees as future department leaders. ☐ Improve employee engagement scores: Enhance the work environment and communication mechanisms to strengthen employee belonging; target a 5% increase from the 2023 survey baseline. Employee engagement surveys are conducted every two years. As the survey was completed in 2024, no survey was conducted in 2025. Progress against the related targets will be reviewed and evaluated during the next survey cycle in 2026. **Mid-Term Goals:** • Expand volunteer leave benefits: Increase paid volunteer leave to 3 days per year to further support employee involvement in community service and foster positive values. • Achieve succession pipeline outcomes: Build a structured talent pipeline to support sustainable organizational development; target 25% of program participants to qualify for department leadership roles upon completion of the three-year program. • Deepen employee engagement: Achieve an improvement of over 10% in employee engagement scores compared to 2023. **Long-Term Goals:** • Embed a volunteer culture: Provide 4 days of paid volunteer leave annually to strengthen CSR culture and encourage long-term employee participation in social initiatives. • Establish a strong leadership pipeline: Continuously optimize training content and evaluation mechanisms to ensure successors possess core leadership capabilities; target 50% of program participants to qualify for department head positions. • Sustain growth in engagement: Increase employee engagement scores by 15% compared to 2023, demonstrating a consistently attractive workplace and a strong commitment to diversity and inclusion.
Effectiveness Tracking Mechanaism	• 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	• Starting in 2025, employees are entitled to apply for 2 days of paid volunteer leave each year. • Employee retention rates (2025): Taiwan 75.5%, Korea 94.2%, R&D personnel 89.5%. • Global training statistics: 19,067 participants, 36,085 total training hours, and total expenditure of NT$ 8,061,654. • Awarded the TTQS Bronze Award by the Workforce Development Agency. • Promoted a healthy workplace environment, receiving certifications from the Ministry of Health and Welfare for "Safe Workplace," "Health-Promoting Workplace," and "Breastfeeding Room Friendly." • Succession planning objectives were established under the Talent Development Program. The Company aims for 25% of participants to be qualified as successors for department head positions by 2028 (mid-term target) and 50% by 2033 (long-term target), following completion of the three-year succession development program.

Material Topics	Business Performance 
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 2025 Target Progress	**Short-Term Goals:** ☑ Operational efficiency management: Regularly monitor indicators such as operating margin, expense ratio, and production efficiency; continuously optimize performance through budget-to-actual variance analysis. ☑ Cost control mechanisms: Establish cost analysis and monitoring systems; regularly review the structure of raw material, manufacturing, and operating costs. **Medium- to Long-Term Goals:** • Revenue diversification: Strengthen revenue stream diversification to enhance overall business resilience. • Enhanced risk management: Establish and continuously refine risk identification, assessment, and monitoring mechanisms, with regular reporting to management.
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	• Lotus achieved record-high financial and operational results, with revenue reaching NT$20.5 billion, representing a 10% year-over-year growth. • Asian business grew by 12% YoY: consolidated Revenue increased 10% YoY. • The Company filed 114 global submissions, secured 100 market approvals, and launched 214 products covering 40 International Nonproprietary Names (INNs). • The Company signed 48 licensing deals, and 19 out-licensing agreements with international partners.

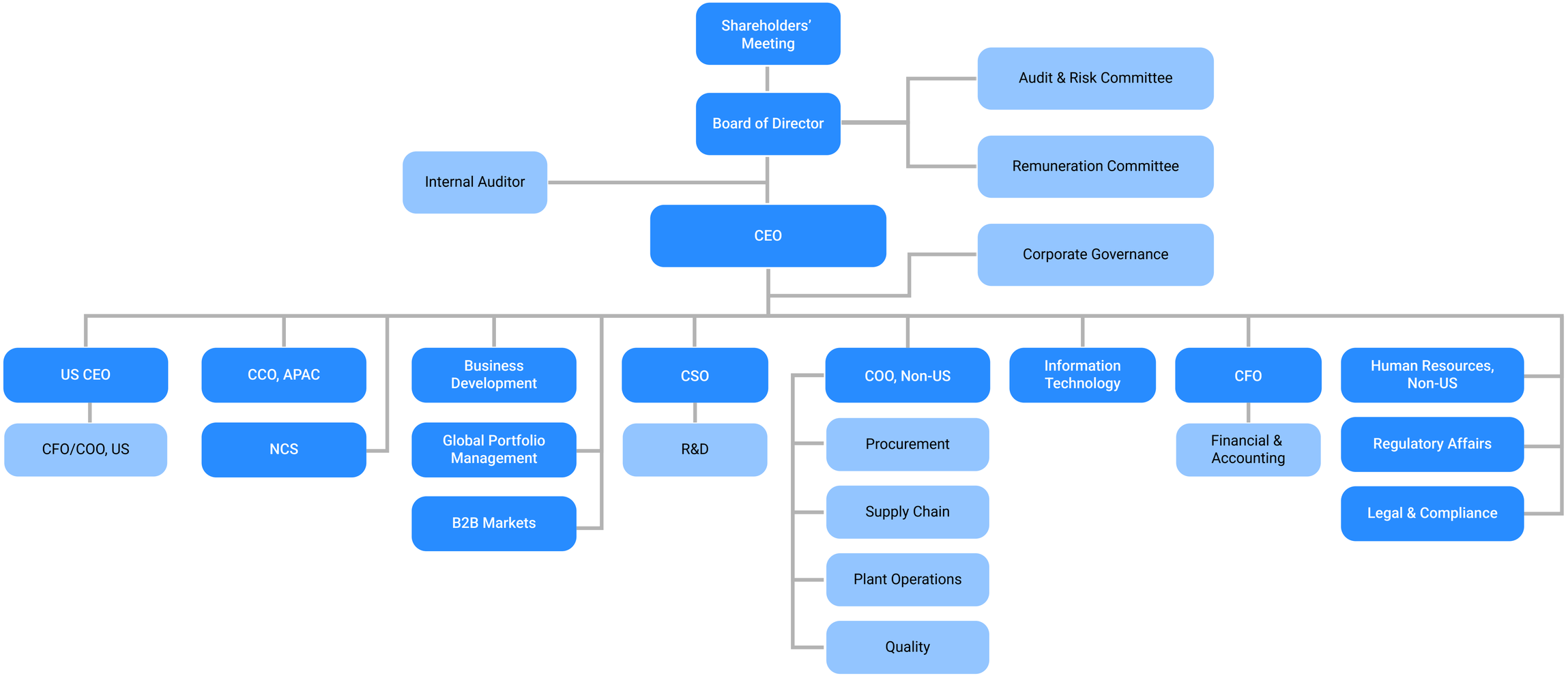
Material Topics	Access to Medicines 
GRI Correspondence	Self-established Topic
Commitments and Policies	To ensure broader patient access to essential medicines and improve health outcomes, Lotus promotes the production, distribution, and availability of pharmaceuticals to meet healthcare needs and enhance quality of life.
Metrics and Targets 2025 Target Progress	**Short-Term Goals:** ☑ Expand access to medicines and market coverage through strategic licensing and regional partnership mechanisms. ☑ Strengthen pre-launch readiness, product introduction processes, and supply planning; align with regulatory timelines to enhance product accessibility and supply stability across markets. **Medium- to Long-Term Goals:** • Continuously expand the product portfolio and therapeutic areas to enhance the diversity of treatment options across disease areas. • Develop an affordable product portfolio to improve both accessibility and affordability of medicines for patients across different markets. • Strengthen supply capacity and market accessibility through diversified product sourcing and strategic partnerships. • Enhance supply chain resilience and diversify raw material sources to improve responsiveness to demand fluctuations and ensure stable supply.
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 access to medicines. • Regularly conduct internal meetings and reviews to assess goal achievement and promptly adjust strategies and measures.
Actions and Measures	Taiwan • Hosted 733 medical products-related academic events in 2025, reaching 10,271 healthcare professionals. • Organized 135 patient engagement events (oncology and non-oncology), reaching 10,863 participants and significantly enhancing public health literacy. • Conducted 2 free medical outreach clinics in rural Nantou, contributing NT$ 1.3 million in cash and NT$ 445,000 in products, mobilizing 35 volunteers to serve 500 residents. • Donated NT$ 1.4 million to support the Charitable Service Association “Street Medicine Program,” expected to deliver 75 outreach clinics and help homeless individuals reconnect with public healthcare services. Korea • In 2025, 21 professional academic events were held, with a total of 1,062 healthcare professionals (HCPs) participating. • Donated medicines valued at over KRW 1.11 billion to enhance access to medicines for vulnerable populations.

Material Topics	Waste and Hazardous Chemicals Management 
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 2025 Target Progress	**Short-Term Goals:** ☑ Establish an integrated management system for waste and hazardous chemicals to ensure full compliance with regulatory requirements. ☑ Conduct regular inventories of waste and hazardous chemicals usage to strengthen data management and risk identification. ☑ Enhance classification, storage, and outsourced treatment management to ensure safe handling of waste and hazardous chemicals, and establish traceability mechanisms. ☑ Strengthen personnel training and operational management to reduce environmental and occupational safety risks. **Medium- to Long-Term Goals:** • Continuously review waste generation and implement reduction measures to minimize environmental impact. • Strengthen management and record-keeping systems for waste and hazardous chemicals to improve efficiency and data integrity.
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	• "The Assessment of Active Pharmaceutical Ingredients (APIs) in Treated Wastewater” project is being continuously implemented to ensure that wastewater discharge does not pose harm to the environment. • Despite continued capacity expansion, waste generation intensity per unit of revenue in Taiwan and Korea remained stable in 2025, in line with 2024 levels. • Since 2025, Lotus has conducted external assurance of waste management data for two consecutive years, covering the most recent three-year period (2023–2025), to enhance the transparency and credibility of environmental disclosures. • In 2025, environmental hazardous waste audits at the Nantou plant in Taiwan were incorporated into the internal audit procedures, and on-site inspections were completed by the internal audit team in May 2025.

Chapter 2
Corporate Governance

2.1 Corporate Governance Structure

Lotus has established a corporate governance structure centered on the Board of Directors. Through a diverse and independent Board composition, the Company ensures professional and objective decision-making. In addition to emphasizing conflict of interest management, performance evaluation, and ongoing director training, the Board is responsible for overseeing the Company's overall operational strategy, major risks, and sustainability-related matters to ensure the effective functioning of the governance mechanism.
The Board has established functional committees, including the Audit and Risk Committee and the Remuneration Committee, responsible for financial oversight, risk management, and compensation decisions, while monitoring risks related to product quality, regulatory compliance, and the supply chain. ESG targets are progressively incorporated into senior management performance evaluation and remuneration to ensure implementation and reinforce accountability.

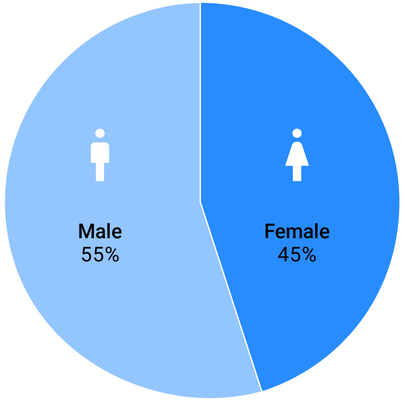


2.1.1 Professional Diversity of the Board

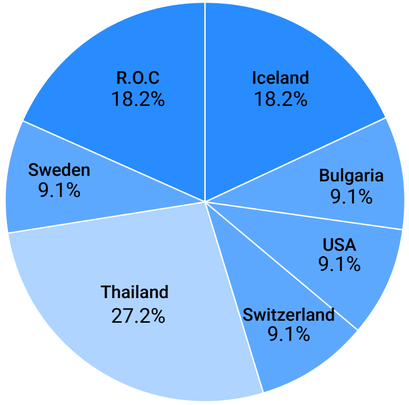
The composition of Lotus' board of directors emphasizes professionalism, diversity, and independence.

- 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, exceeding the target no less than 40% set to be achieved by 2028.
- 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. Among the Company's 11 directors, excluding the 4 representatives of corporate directors, all remaining directors serve in their individual capacities. In addition, no single corporate director accounts for more than one-third of the total Board seats. Accordingly, the Company maintains a sound Board structure with an appropriate level of independence.

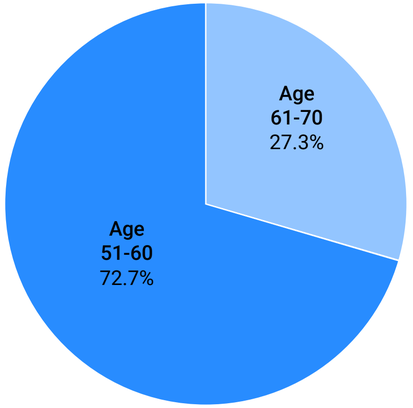
Board of Directors' Gender



Board of Directors' Nationality



Board of Directors' Age



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

Notes:
1. Representative of Alvogen Emerging Markets Holdings Ltd.
2. Representative of Innobic LL Holding Co., Ltd.
3. On December 1, 2025, Innobic LL Holding Co., Ltd. appointed Orakul Suebsiri as its representative, replacing Thariswan Tiensawat.
4. Information as of the book closure date (April 18, 2026) for the 2026 Annual General Meeting of Shareholders.

2.1.2 Board Nomination and Selection

The nomination and election of directors are conducted in accordance with the Company's Rules for the Election of Directors and applicable laws and regulations. The Company adopts a candidate nomination system, under which directors are elected by the shareholders' meeting. Each term of office is three years. Independent directors may not serve more than three consecutive terms. In selecting director candidates, in addition to meeting the number of seats stipulated in the Articles of Incorporation, the Board reviews candidates' independence, diversity, academic and professional background, industry experience, and professional expertise, with the aim of ensuring an appropriate Board composition and effective governance capability.

On March 14, 2024, the Board of Directors approved the full re-election of 11 directors at the 2024 Annual General Meeting, including 3 independent director candidates: Karl Alexius Tiger Karlsson, Jennifer Wang, and Ivy Yang.To enhance the stability of Board shareholding, the Board of Directors approved the by-election of one corporate director and its designated representative on March 6, 2025. The by-election was subsequently concluded at the 2025 Annual General Meeting.

Board Succession Planning: This includes the implementation of diversity policies, arrangements for annual continuing education hours, and regular internal and external performance evaluations to ensure the Board's core values and professional competencies.

Diverse composition: Covering gender, age, nationality, and professional background, etc.

Continuing education: At least six hours of continuing education 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.

Conflicts of Interest

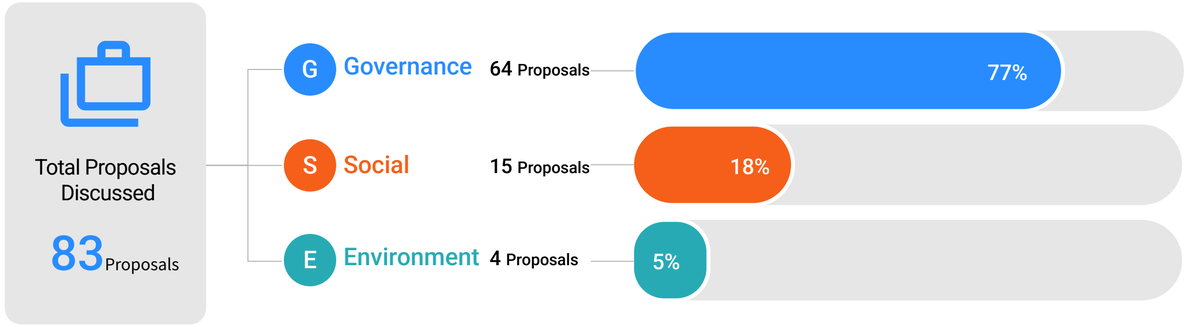
To ensure the independence of the Board's oversight and decision-making, directors and senior management are required to proactively disclose any potential conflicts of interest related to the Company's business in accordance with internal policies. They must recuse themselves from the discussion and voting of relevant matters and may not exercise voting rights on behalf of other directors. The conflict of interest management mechanism covers situations that may affect decision-making independence, including directors' other positions, relationships with related parties, and related transactions.

Information regarding directors' other board positions, the existence of controlling shareholders, and relationships or transactions with related parties has been disclosed in the Company's annual report and the Market Observation Post System for stakeholders' reference.

2.1.3 Board Oversight of Impacts

In 2025, Lotus held a total of 12 board meetings, averaging one meeting per month. The overall attendance rate of directors reached 98.5%, and the actual attendance rate, excluding proxy attendance, was 91.7%. For details on individual director attendance, please refer to page 22 of the 2025 Annual Report.The Board meetings primarily focused on reviewing business performance and discussing key matters such as significant investments, significant whistleblowing cases, material negative impacts, public opinion, and Company's sustainability strategy. 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 2025, the Board discussed 83 reports and proposals across 3 key areas, including monitoring business performance, preventing conflicts of interest, ensuring compliance with relevant laws and regulations, and facilitating communication on significant matters.

Number of Proposals at Lotus Board of Directors Meetings in 2025



2.1.4 Board Performance Evaluation and Education

Board Performance

Lotus regularly discloses directors' attendance records and attendance rates. In accordance with its Procedures for Performance Evaluation of the Board of Directors, the Board conducts an internal performance evaluation annually and engages an external independent professional institution or a panel of external experts and scholars to conduct an evaluation at least once every 3 years.

In 2024, the Company commissioned the Taiwan Investor Relations Institute (TIRI) to conduct its first external Board performance evaluation. In 2025, the evaluation was conducted internally.

Board performance evaluation results in 2025

Evaluation Aspects	Number of Indicators	Average Score
A | Board of Directors - Composition and Professional Development	11	4.36
B | Board Decision-Making Quality	12	4.42
C | Board Operational Effectiveness	11	4.27
D | Internal Control and Risk Management	11	4.37
E | Board Engagement in Corporate Social Responsibility (CSR)	9	4.36

Functional Committee Performance Evaluation Results in 2025

Evaluation Aspects	Number of Indicator	Audit and Risk Committee Average Score	Remuneration Committee Average Score
A | Level of Participation in Company Operations	4	5.00	5.00
B | Understanding of Functional Committee Responsibilities	10	4.59	4.48
C | Improving the Decision-Making Quality of Functional Committees	7	4.81	4.67
D | Composition of Functional Committees and Selection of Members	6	4.92	5.00
E | Internal Control	4	4.75	4.84

Individual Board Member Self-Assessment Results in 2025

Evaluation Aspects	Number of Indicators	Average Score
A | Company Vision and Responsibilities	3	4.67
B | Roles and Responsibilities	3	4.73
C | Involvement	8	4.63
D | Internal Communication	3	4.58
E | Development	3	4.64
F | Internal Control	3	4.70

Directors' Continuing Education

All 11 current directors comply with the Guidelines for Continuing Education of Directors and Supervisors of Listed Companies. Continuing education records for a total of 12 directors, including one former director, are disclosed on page 41 of the 2025 Annual Report under the section "Status of Director Continuing Education in the Most Recent Year," and include courses such as ESG-related

Board of Directors Continuing Education Courses in 2025

Total Number of Training Sessions	Total Number of Training Hours	Board of Directors' Training Completion Rate
20 times	94.6 hours	100%

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.
- To strengthen performance-driven management for senior executives, the Company ensures that its compensation system is aligned with overall performance, long-term development goals, and shareholders' interests, while adhering to the principles of fairness, integrity, and transparency. The performance framework incorporates 70% financial and 30% sustainability indicators to reflect the Company's mission, sustainability strategy, and organizational development direction. The compensation structure for senior executives consists of 3 key components: fixed salary, short-term incentives, and long-term incentives (retention programs), balancing market competitiveness, organizational stability, and long-term value creation
- Bonus Clawback Policy for Improper Benefits: The Company has established a bonus clawback mechanism for improper benefits. If managers or employees violate laws, professional ethics, or are involved in negligence or other misconduct that adversely affects the Company's operations, interests, or reputation, the Board of Directors or the relevant authority may approve adjustments to bonus payouts or require the clawback of bonuses already paid.

Compensation Structure Disclosure

Category	Core Description	Design Purpose
Base Salary	Provides stable cash compensation based on roles, skills, experience, market benchmarks, and internal equity.	Ensures fairness and stability in compensation, attracting and retaining senior talent aligned with the company's strategy and values.
Short-Term Incentives	The bonuses are awarded based on annual financial performance indicators such as revenue growth rate and EBITDA, as well as sustainability metrics. These include both company-wide and departmental performance targets. Each indicator is assigned a specific weighting, with performance tiers linked to corresponding bonus levels. If the overall achievement rate falls below target rate which is defined by the Company and approved by BoD, no bonus will be granted for that year. All awards are subject to review and approval by the Remuneration Committee.	This system is designed to strengthen executives' commitment to annual goals and sustainable development. Bonus levels are adjusted based on actual performance, aligning with shareholder interests and ESG commitments.
Long-Term Incentives	The company adopts equity-based incentive tools, currently in the form of Restricted Stock Awards (RSA), Treasury shares, and plans to gradually expand the long-term incentive mechanism. The vesting period is either 3 or 5 years from the date of contract signing. If individual performance and company business goals meet expectations, the granted shares will be vested over the 3 or 5 years period. Treatment of Unvested Shares Upon Termination • In cases of voluntary resignation, termination or retrenchment with cause(s): all unvested shares will be cancelled. • For leave of absence (e.g., maternity or parental leave): ≤ 3 months: counted as full-year service, >3 months: shares will be prorated based on actual service days • Retirement: all unvested shares will be granted on the date of confirmation. • Death: all unvested shares will be granted on the date of confirmation. • Permanent illness, incapacity, or disability (excluding cases due to drug or alcohol dependency): all unvested shares will be granted on the date of confirmation.	To align the interests of the core management team with those of shareholders, jointly committed to building long-term value for the company. To attract and retain outstanding talent capable of executing the business plans and key objectives defined by the Board of Directors and shareholders.

Performance Evaluation Criteria and Weighting

Evaluation Category	Indicators	Weightage
Financials	• Revenue • EBITDA	70%
Sustainability	1. Access to Medicines 2. Product Quality 3. Talent Attraction and Retention 4. Compliance 5. Climate Response Actions	30%

Note: Climate response action included only in responsible executives' KPIs.

Alignment with Corporate Mission and Sustainability Strategy

Category	Description
Environmental Responsibility	Includes concrete actions such as carbon emission reduction, wastewater and waste management, and regulatory compliance to achieve environmental sustainability goals and address global climate risks.
Medicine Accessibility	Committed to improving access to medicines in emerging markets, addressing unmet medical needs, and advancing health equity in line with the company's mission.
Organizational Culture and Talent Development	Enhances employee training mechanisms, improves retention rates, and promotes pay equity disclosure to foster an inclusive and sustainable workplace.
Stakeholder Engagement	Maintains transparent and constructive communication with labor unions, government agencies, investors, suppliers, and customers to build trust and long-term partnerships.

2.1.6 Functional Committees

To establish a comprehensive corporate governance framework, the Company's Board of Directors has, within its authority, established functional committees composed of independent directors and professionals, including the Audit and Risk Committee and the Remuneration Committee, to assist the Board in exercising its supervisory and review responsibilities. In addition, an independent Internal Audit function has been established under the Board of Directors. The Internal Audit unit is responsible for examining, evaluating, and providing advisory services on the internal control system, assisting the Board and management in reviewing and assessing the effectiveness of internal controls, and issuing audit reports that are reliable and timely. Through these activities, Internal Audit supports audited units in strengthening compliance with applicable laws and regulations, thereby enhancing corporate governance and improving operational performance.

In 2025, the Audit Committee expanded its scope and was renamed the Audit and Risk Committee, which reports the implementation of risk management to the Board of Directors at least once a year. Ms. Ivy Yang, Independent Director and Chair of the Audit and Risk Committee, previously served as CFO of Taiwan DBS Bank and has extensive practical experience in risk management. Throughout her career, she has actively participated in the operations and decision-making of various risk management committees, including serving as Chair of the Basel Capital Management Committee, as well as a member of the Credit Risk Management Committee, Operational Risk Management Committee, Market and Liquidity Risk Management Committee, and Sustainability Committee. Her professional expertise and practical experience in risk management further strengthen the oversight functions of the Company's Audit and Risk Committee.

The Company adheres to the principles of accuracy, timeliness, and fairness in information disclosure. Information related to operations, financial performance, the Board of Directors, and shareholders' meetings is disclosed on the Company's website and through the Market Observation Post System, ensuring that shareholders have timely access to the Company's latest information.

Functional Committees	Responsibilities	Professionalism	Members	Meetings Held in 2025	Attendance Rate
Audit and Risk Committee (Note)	Oversee financial statements and internal controls, review material transactions and the use of funds, ensure regulatory compliance, prevent related-party transactions and conflicts of interest, and supervise auditors and risk management.	Audit and Risk Committee members demonstrate professional expertise, encompassing industry-specific knowledge, accounting proficiency, and financial analysis skills.	3 Independent Directors	13 times	92.3%
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 senior managers to the board for deliberation.	Remuneration Committee members possess professional capabilities, including industry knowledge, accounting, financial analysis skills, and legal expertise.	3 Independent Directors	5 times	93.3%

Note: For more details regarding the Audit and Risk Committee, please refer to page 25 of the 2025 Annual Report: Composition, Responsibilities, and Operation of the Audit and Risk 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 accordance with its Risk Management Policy, Lotus has established a comprehensive risk management framework in compliance with applicable laws and internal regulations. The framework systematically identifies, assesses, responds to, and monitors material risks to mitigate potential impacts on operations and sustainable development. Lotus' risk categories include operational, financial, strategic, compliance, information security, business integrity, and environmental and climate-related risks. A total of 11 risks were identified, comprising 2 high-risk, 6 medium-risk, and 3 low-risk items. Overall, the risk profile is primarily medium risk, with high-risk items subject to enhanced oversight and regular reporting to the Board to strengthen governance and operational resilience.
Risk management implementation was reported to the Board on December 18, 2025.

Lotus Risk Categories and Mitigation Measures

Risk Management Aspect	Scope of Risk Management	Risk Identification	Risk Analysis	Risk Level	Risk Response and Monitoring
Corporate Governance	Operational Risks	Declining Demand & Prices and Market Competition	Global generic drug market competition remains intense; price pressure and declining margins may affect product line profitability and market share.	Medium	Expand product portfolio to strengthen market competitiveness. • Entered into multiple licensing agreements (including Serplulimab, Qelbree®, LNZ100, and Euronam) to secure regional rights to differentiated therapies and enhance competitiveness. • Expanding global MA application and product portfolio, with 127 SKUs to launch in Q3 2025 to boost competitiveness.
		Changes in Raw Material Prices	Volatility in raw material procurement costs; diversified sourcing required.	Medium	• 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.
	Financial Risks	Interest Rates and Exchange Rates	Interest expense burden from loan financing.	High	• Interest rate and FX risks have been disclosed in the Company's Q2 2025 financial statements (p. 32–33). • Continuously adjust debt portfolio and leverage to minimize the impact of exchange rate volatility.
	Legal Compliance Risks	Pharmaceutical Quality Management	Production or supply chain non-compliance may lead to product quality issues not meeting GMP or legal standards.	Low	• As of December 2025, 2 voluntary product recalls were conducted at the Hyangnam Plant in Korea.
	Information Risks	Cybersecurity	Potential data leakage or third-party cyberattacks could cause confidential information exposure or system interruption.	High	• Conducts semiannual cybersecurity training and phishing simulations to enhance employee awareness, while prohibiting USB and other external storage devices to prevent data breaches and cyber intrusions. • The Company launched a firewall replacement project at the end of 2023 and completed it in mid-2024, upgrading from traditional firewalls (Cisco ASA) to next-generation firewalls (Fortinet). In addition to standard firewall functions, the new system incorporates features such as intrusion prevention and malware protection, effectively enhancing overall network security.

Lotus Risk Categories and Mitigation Measures

Risk Management Aspect	Scope of Risk Management	Risk Identification	Risk Analysis	Risk Level	Risk Response and Monitoring
Operational Value Innovation	Strategic Risks	Pharmaceutical R&D	Drug development entails long cycles and high costs, with risks of clinical failure or regulatory rejection that may cause delays or losses.	Medium	• Enhance R&D capabilities. • As of Q4 2025, the R&D pipeline comprises 64 projects: 22 Improved New Drugs (505(b)(2)), 20 Generics (Gx), 5 Complex Generics, 10 New Chemical Entities (NCE-1), and 7 projects with First-to-File (FTF) potential. • The new R&D center in Hyderabad, India, officially launched in July 2025, will accelerate drug development and enhance global competitiveness.
Social Prosperity	Integrity Risks	Integrity Management	• Potential threat of unethical behavior or misconduct if internal controls are ineffective. • Failure to communicate with stakeholders in a timely and effective manner.	Medium	• Established a code of conduct and compliance policies, with regular employee training and strengthened internal audit and whistleblowing mechanisms. • The Legal Department provides an annual report on ethical business practices and grievance cases. • Regularly revises the Procedures for Code of Business Conduct and Ethics to prevent regulatory gaps, fraud, and reputational risks. • Enhance the disclosure of stakeholder communication and engagement records. • Promote community engagement initiatives surrounding the Nantou plant, including free medical
Environmental Protection	Other Emerging Risks	Water Rationing	Force majeure such as safety maintenance, machinery failure, natural disasters, etc. may result in water rationing.	Low	• None of the Company's major operating sites (Taiwan, Korea, Singapore, and India) are located in water-stressed areas. Therefore, no material short-term impact is expected.
		Power Rationing Waste and Hazardous Chemicals	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.	Low	• Promote energy efficiency management and replace outdated equipment to reduce power consumption and operating costs.
		Waste and Hazardous Chemicals	Improper disposal or mishandling of waste may lead to environmental impacts.	Medium	• Established and implemented emergency response procedures, completing a full-scale disaster prevention and response drill in 2025. • Enhanced auditing of hazardous waste management, with a chemical spill emergency response drill planned by the end of 2025.
		Environment & Climate	Climate change, natural disasters, and infectious diseases represent uncontrollable external risks.	Medium	• In 2025, there were no typhoon-related leave days, compared to six in 2024, resulting in no additional personnel costs. • Climate data for the regions where Lotus operates indicate that future temperature increases are expected to have limited impact, and existing air conditioning, ventilation, and cooling systems are sufficient to mitigate rising temperatures; thus, high temperatures are not expected to significantly affect production or operations.

2025 Highlight Project: Completed Third-Party PSCI Audit

In 2025, Lotus underwent its first on-site third-party audit conducted under the Pharmaceutical Supply Chain Initiative (PSCI). Through an independent audit mechanism, the audit assessed the Company's management practices and implementation across key areas, including labor and human rights, occupational health and safety, environmental protection, and business ethics. The audit results indicated that no major non-conformities were identified; only a limited number of minor findings were noted, all of which have been addressed and reported as completed. By participating in the PSCI Audit, Lotus continues to strengthen responsible supply chain management, mitigate potential ESG risks, and enhance overall operational resilience and sustainability performance.

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 Internal Audit Director submits progress reports to the Audit and Risk Committee and the Board 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. On November 7, 2024, the Board approved the Sustainability Information Management Procedures and the Procedures for the Preparation and Assurance of the Sustainability Report, integrating sustainability information management into the Company's internal control and audit mechanisms as part of its corporate governance and risk management framework.

In 2025, the Company conducted a total of 42 internal audits, with no material non-conformities identified. Minor non-conformities and observations were addressed through corrective actions and tracked to closure in accordance with internal procedures.
Beginning in 2025, Lotus incorporated sustainability information into its annual internal audit plan. Audit scope and procedures are determined based on a risk-based approach. Sustainability-related audits are generally conducted in alignment with the Company's annual audit schedule and are adjusted as necessary in response to operational conditions and regulatory requirements. The 2025 audit results indicate that the overall risk level of the Company's sustainability information management framework is classified as low risk, and no material non-conformities were identified.

Lotus Internal Control System

1. Establishment Basis

Lotus 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 controls, and developed various management control procedures mandated by regulatory authorities.

2. System Design and Modifications

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 and Risk Committee and the board.

3. Regular Assessment and Reporting

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 Function 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 and Risk Committee and the board.

Lotus Internal Audit Process

Develop the annual audit plan based on risk assessment → Conduct audits → Communicate audit results and findings → Follow up on audit findings and ensure timprovements are implemented → Regularly report to the Audit and Risk Committee and the Board.

2.3 Integrity Management and Regulatory Compliance

In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, Lotus has instituted the Lotus Code of Business Conduct and Ethics, the Procedures for Code of Business Conduct and Ethics, and the 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 manage 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 reviewing and evaluating the effectiveness of the internal control system, thereby ensuring alignment with Lotus' commitment to sustainable development.

Major Internal Policies

The Company's key internal policies and related management systems are disclosed on the official website under the Corporate Governance section and are continuously updated in response to regulatory developments and operational needs. Stakeholders may visit the Company's website to access the most up-to-date information.

Shareholders' Meetings	Board of Directors & Functional Committees	Internal Policies
• Rules and Procedures of Shareholders Meeting	• Rules for Election of Directors • Rules and Procedures of Board of Director Meeting • Audit and Risk Committee Charter • Remuneration Committee Charter • Procedures for Performance Evaluation of t he Board of Directors	• Article of Incorporation • Corporate Governance Best Practice Principles • Procedures for Handling Material Inside Iformation and Prevention from Insider Trading • Procedures for Code of Business Conduct and Ethics • Procurement Operation Management • Standard Purchase Order Terms and Conditions • Procedures for Acquisition or Disposal of Assets • Procedures for Loaning of Funds and Making of Endorsements Guarantees • Sexual Harassment Prevention Policy • Human Rights Policy • Risk Management Policies and Procedures • Personal Data Protection Act

2.3.1 Business Ethics

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 Code of Business Conduct and Ethics, the Human Rights Policy, the Procedures for Handling Material Inside Information and Prevention from Insider Trading, the Procurement Operation Management, and the Supplier Social Responsibility and Ethical Commitment Letter. Internal audit submits quarterly audit reports on ethical operational compliance and proposes enhancements to the Audit and Risk 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 was successfully renewed in 2025.

In 2025, corruption risk assessments were conducted across all global operational sites, excluding the United States, covering 100% of the Company's operational locations. No significant corruption risks were identified. No employees were subject to disciplinary actions or dismissal due to corruption. No political contributions were made in 2025. In supplier management, all suppliers are required to adhere to the Lotus Standard Purchase Order Terms and Conditions. In 2025, all Tier A and Tier B suppliers completed the signing of the Supplier Social Responsibility and Ethical Commitment Letter. Furthermore, following the launch of the Supplier Portal in April 2025, all new suppliers are required to register through the platform and review and acknowledge the Supplier Social Responsibility and Ethical Commitment Letter and the Confidentiality Agreement. This ensures their understanding of and compliance with Lotus' sustainability standards and objectives, including those related to labor and human rights, health and safety, environmental protection, animal welfare, and ethical conduct.

Communication of Anti-Corruption Policies and Procedures in 2025

Category	Communication Channels and Methods	Number of Individuals Covered	Total in Category	Coverage Rate
Insiders (Global) (note1)	Monthly email communications	14	14	100%
Employees (Taiwan)	In-Person Training / Online Training	647	687	94.2%
Board of Directors (Korea)	Board meetings, email, management review, and anti-bribery pledge from BOD members	6	6	100%
Employees (Korea)	Email and company website	451	451	100%

Notes:1. Based on mailing records from December 2025. | 2. The communication coverage for employee categories is calculated as the number of people communicated with / the total number of employees in that category.

Training of Anti-Corruption Policies and Procedures in 2025

Category	Training Topics	Employees Trained	Total in Category	Training Coverage
New Insiders (Global)	Insider Trading Compliance Training	2	2	100%
Employees (Taiwan)	Anti-Bribery and Code of Business Conduct Training	647	687	94.2%
Employees (Korea)	Anti-Corruption and Ethical Management Online Training	451	451	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 Grievance Mechanism

Integrity and responsible business conduct form the foundation of sustainable corporate operations. Accordingly, the Company has established multiple grievance, whistleblowing, and suggestion mechanisms to encourage stakeholders to report unethical or improper conduct, or to raise concerns, lodge complaints, or provide feedback regarding any actual or potential impacts of the Company's operations on the environment, economy, society, or human rights.
Lotus has established a dedicated "Contact Us" page on its official website, through which both internal and external stakeholders may submit suggestions, inquiries, or requests for information by completing an online form or contacting the Company via email at info@lotuspharm.com

The following reporting channels are also available:
Ethics and Compliance Reporting Mailbox: lotus.speakup@lotuspharm.com; Tel.: +886-2-2700-5908
Sexual Harassment Reporting Mailbox: MyHR@lotuspharm.com; Tel.: +886-49-200-9276 ext. 2004

Stakeholders may directly report unlawful conduct or harassment to the Company through the above channels. An option for anonymous reporting is also available. The responsible unit shall maintain strict confidentiality regarding the identity of the whistleblower and the reported case, and shall not disclose such information to unrelated third parties unless required for investigation purposes, in order to prevent any unfair or adverse treatment. The Sexual Harassment Prevention Policy clearly defines the protection mechanisms, case-handling procedures, and standards for addressing violations.

Lotus Complaints and Grievance Cases in the Past 3 Years

Year	Complaint / Report Type / Description	Processing Results
2023	1 case involving an integrity issue / unauthorized payment	Following a settlement between the Company and the employee involved, the prosecutor decided not to pursue prosecution.
2024	4 complaints received: • 1 case of non-compliance • 3 employee conduct cases	• The complaint regarding non-compliance with the existing policies was investigated and closed with no evidence of non-compliance found. • The 3 employee conduct cases were determined to be personnel management matters and were referred to the HR Department for handling. All cases have been closed.
2025	2 complaints received: • 1 case related to performance appraisal criteria. • 1 case involving workplace misconduct	• The issue related to performance appraisal criteria was determined to be a personnel management matter and referred to the HR Department. The case has been closed. • No substantiated evidence of workplace misconduct was identified. The case has been closed due to no further response from the complainant.

2.3.3 Legal Compliance

Legal compliance is fundamental to Lotus' operations. Given the highly regulated nature of the pharmaceutical industry, the Company complies with applicable laws, regulations, and industry standards across all operating locations to ensure product quality, patient safety, and operational compliance, while supporting access to medicines.

Lotus has established a compliance management framework covering the entire product lifecycle, including research and development, clinical trials, manufacturing, quality management, regulatory affairs, marketing practices, and supply chain management. The framework is supported by training programs, regular audits, ongoing monitoring, and anonymous reporting mechanisms. In addition, the Company continuously responds to regulatory requirements and inspections by competent authorities and integrates compliance risks into its overall risk management framework to support sound operations and long-term value creation.

In 2025, one significant compliance case (defined as a single fine exceeding NT$1 million) was concluded through the judicial process. The case was related to a 2022 Korean Fair Trade Act matter involving Alvogen Korea. The Company recognized a related financial impact of NT$16.35 million in 2025 in accordance with accounting standards. Alvogen Korea continued to provide Fair Trade Act and compliance training, achieving a 100% completion rate among relevant personnel in 2025. There were also 3 penalty cases during the year, each resulting in a fine of less than NT$100,000, including 1 environmental regulatory violation related to administrative errors in regulatory reporting and 2 cases related to overtime payment administration. All cases were reviewed, and corrective actions were implemented. The Company continues to strengthen its management systems and internal controls to enhance compliance management effectiveness.

Lotus Compliance-Related Education and Training in 2025

Training Courses	Training Audience		Training Hours
Corporate governance-related Course	General Courses	All employees	3,079.3
	Specialized Courses	Relevant personnel	
Occupational health and safety related course	General Courses	All employees	10,419.0
	Specialized Courses	Relevant personnel	
Human rights and equality related course	All employees		4,596.0
Pharmaceutical product regulation–related course	General Courses	All employees	5,734.5
	Specialized Courses	Relevant personnel	

2.3.4 Ethical Marketing Policy

The Company is committed to conducting product marketing and promotion in an ethical, transparent, and responsible manner. All marketing activities comply with applicable laws, industry standards, and ethical principles, and are designed to avoid misleading or improperly influencing patients, healthcare professionals, and other stakeholders.

Clear marketing ethics and promotional guidelines are in place, requiring all marketing content to be evidence-based and consistent with approved product labeling and indications. Misleading claims and improper promotional practices are strictly prohibited. The Company has also established specific codes of conduct governing interactions with healthcare professionals to prevent inappropriate transfers of value and potential conflicts of interest.

From a governance perspective, the Company establishes a cross-functional review and oversight mechanism covering medical, compliance, and relevant functions to conduct pre-approval and ongoing monitoring of marketing and promotional activities. The Company also provides regular training to employees and relevant third parties on marketing ethics and regulatory compliance. In addition, we have established a whistleblowing mechanism (including ethics reporting channels covering marketing ethics, regulatory compliance, and misconduct) to investigate and remediate suspected violations of marketing ethics or regulations, thereby continuously strengthening internal controls and risk management.

In response to the growth of digital marketing and emerging technologies, the Company also addresses related risks by incorporating responsible marketing and data protection principles into its management framework, ensuring that marketing practices remain ethical, compliant, and aligned with corporate governance standards. In 2025, there were no incidents of non-compliance with marketing communications regulations.

2.4 Information Security Management

Lotus has established an information security management framework applicable across its global operations to ensure the confidentiality, integrity, and availability of information assets, with information security risks integrated into the Company's overall risk management system. The Company implements its information security program in alignment with applicable regulations and recognized standards, supported by defined roles and oversight mechanisms.For manufacturing environments, enhanced controls are applied in line with pharmaceutical industry requirements, including tiered access management, segregation of access rights, and protection of critical systems to reduce the risks of unauthorized access and operational disruption. These practices are aligned with cGMP requirements and are subject to inspections by regulatory authorities, including the FDA.

2.4.1 Information Security Governance Structure

To strengthen information security governance, Lotus has established a clear information security management structure, led by the Chief Information Officer, who oversees information security matters. A dedicated governance mechanism supports the implementation of information security policies and controls.

The Company regularly reviews information security risks and management effectiveness, and includes information security governance and major security matters within the Board's oversight, with reporting to the Board at least annually, to ensure effective implementation.

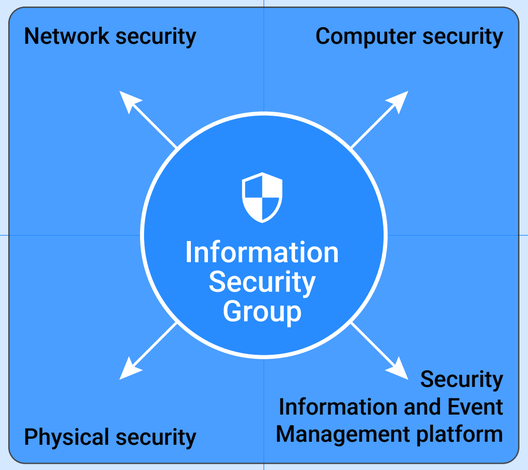
Information Security Governance Structure

Item	Description
1. Information Security Lead	The CIO oversees information security management and governance
2. Management Mechanism	A dedicated information security function supports policy development and implementation
3. Scope	Covers network security, endpoint security, physical security, and security monitoring
4. Key Responsibilities	Includes policy development, system maintenance, security testing, training, and incident response
5. Board Oversight	Reported to the Board at least annually

Information security framework

1. Building the undamental architecture of the firewall
2. Network segmentation
3. Network segment access control
4. VPN access control

1. Deploy antivirus software
2. Forcibly disable USB access
3. Prohibit general users from installing software on their own
4. Multi-factor authentication
5. Mandatory periodic password changes



1. CCTV
2. Access control system
3. Data center security control system

Aggregate system configurations and records from the other three major aspects on this platform for further analysis and improvement of cybersecurity weaknesses.

2.4.2 Information Security Management Policies

Lotus regularly reviews internal information security standards and has established a framework for cybersecurity risk management. When planning cybersecurity initiatives 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 plan. For example, to reduce potential losses and liabilities arising from business interruptions and seeking compensation, the information security team assesses internal and external cybersecurity 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.

	5 Major Information Security Policies	2025 Information Security Management Outcomes
01	Ensure the security of the Company's data, systems, equipment, and network communication, and prevent unauthorized access and malicious attacks.	An Intrusion Prevention System (IPS) has been implemented to prevent unauthorized access and malicious activities.
02	Ensure that user access rights and system changes are properly authorized in accordance with the Company's established procedures.	An IT HelpDesk system is in place to ensure that all account access and system changes are subject to proper authorization and approval.
03	Ensure that storage media, including hard drives from decommissioned computers, are securely destroyed to prevent unauthorized disclosure of information.	All computer storage media are managed in accordance with the SOP_02302: File and Hardware Destruction Procedures. No storage media were decommissioned in 2025.
04	Monitor the security status and activity logs of information systems, effectively manage and respond to information security incidents.	Security events are centrally monitored through security platforms (e.g., FortiGate and Microsoft Defender), with prompt response and remediation actions implemented when incidents occur.
05	Maintain the availability and integrity of data and systems, and ensure the timely recovery of normal operations in the event of a disaster or disruption.	Critical systems are regularly backed up in accordance with the 3-2-1 backup principle, ensuring data resilience and recovery capability.

Information Security System Operations and Disaster Recovery

In 2025, Lotus continued to strengthen the operation and vulnerability management of its information security management system. Core network services, system infrastructure, and applications were regularly reviewed, with vulnerability scanning tools used for risk assessment, remediation, and re-scanning to ensure timely control of high-risk vulnerabilities. Potential risks related to critical security systems and externally disclosed threats were also assessed and addressed in accordance with vendor advisories and threat intelligence, enhancing overall security resilience. The results of the vulnerability scans are summarized below.

Vulnerability risk level	Critical	High	Medium	Low
Quantity	2	23	125	19

Critical and high-risk vulnerabilities have been remediated, while medium and low-risk findings have been addressed with corresponding mitigation measures following assessment. In October 2024, Lotus applied for membership in the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) to stay informed of emerging threats and adjust protection measures accordingly. In addition, disaster recovery drills for critical systems are conducted annually to verify data backup and restoration capabilities. In 2025, the disaster recovery drill success rate reached 100%.

2.4.3 Information Security Safeguards and Controls

Lotus prioritizes cybersecurity awareness by conducting regular information security training and social engineering drills to enhance employees' ability to identify and respond to cyber risks and reduce incidents caused by human factors. At the same time, the Company continues to strengthen information security protection and controls, covering areas such as AI system implementation management, personal digital device usage policies, and public network access controls. Through systematic management and risk assessment mechanisms, Lotus safeguards the security and stability of its information assets, systems, and data, while minimizing potential impacts on operations and data protection.

Responsible Artificial Intelligence (AI) Policy

The Company is committed to the responsible and ethical use of artificial intelligence (AI). AI applications are managed under existing data governance, information security, and compliance frameworks, and overseen by the IT function. Key principles include:

- Ensuring data privacy and security, while avoiding adverse impacts on individual rights.
- Preventing misuse, bias, or inaccurate outputs, with human oversight in critical decision-making.
- Maintaining quality management and review processes as the primary framework, with AI positioned in a supportive role.
- Periodically assessing risks and implementing appropriate controls.
- Applying AI in limited areas such as operational efficiency and data analysis, and not replacing professional medical judgment or regulatory decision-making.
- Monitoring regulatory developments and industry practices, and refining governance approaches as needed.

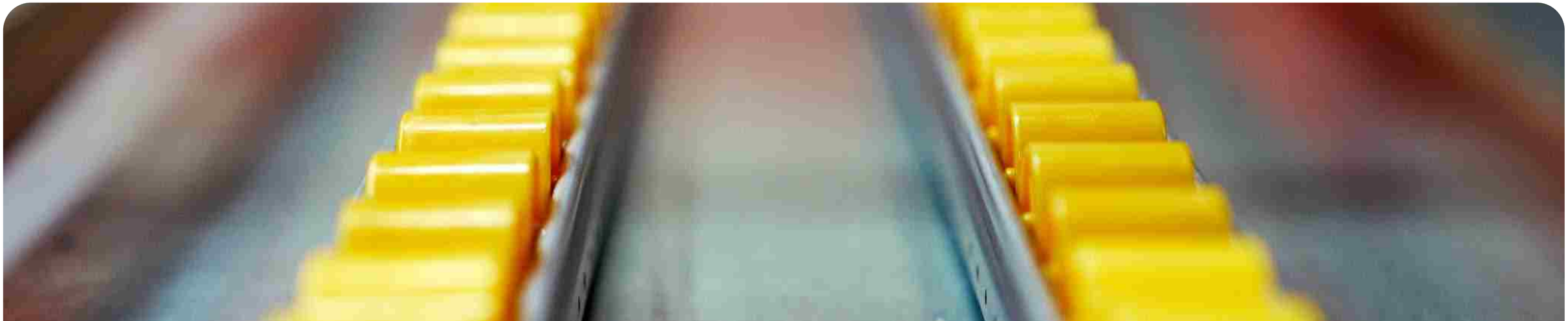
Cybersecurity Insurance

As external cybersecurity threats continue to escalate, companies face increasing risks of cyberattacks and operational disruptions. Lotus closely monitors the potential impacts of cybersecurity incidents on operations, financial performance, and reputation. To mitigate potential losses from major cyber incidents and enhance overall cybersecurity resilience, the Company has obtained cybersecurity insurance starting in the fourth quarter of 2025, ensuring access to necessary external support and minimizing operational impact in the event of a significant cybersecurity incident.

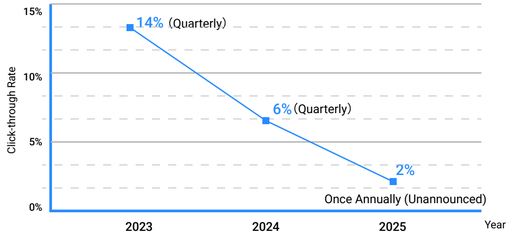
Information Security Audit

In the fourth quarter of 2025, Lotus conducted an information security audit in accordance with its annual audit plan. This audit was conducted pursuant to Article 9 of the Regulations Governing Establishment of Internal Control Systems by Public Companies and the Cybersecurity Control Guidelines for Listed and OTC Companies.

The audit scope covered several critical controls, including identity and access management, network and firewall controls, cybersecurity incident reporting and response procedures, malware prevention, disaster recovery testing, and information security awareness training and record management. The audit results confirmed that all existing control points have been effectively implemented and no material risks were identified. Through periodic audits and quantitative management, Lotus continues to strengthen its cybersecurity governance and risk management effectiveness, demonstrating a steadfast commitment to information security governance.



Information Security Control Measures and Results

<table>
<tr><th>Item</th><th>Control Measures</th><th>2025 Implementation Results</th></tr>
<tr><td>Information Security Training</td><td>Lotus implements role-based, tiered information security training programs for employees, including introductory training for new hires, company-wide online information security courses, specialized training for information security teams, and enhanced training with case sharing for employees who do not pass social engineering drills. All training programs include post-training assessments to evaluate learning effectiveness.</td><td>
Lotus 2025 Information Security Communication and Training Overview
<table>
<tr><th>Training Categories</th><th>Target Audience</th><th>Number of Participants</th><th>Training Hours</th><th>Completion Rate</th></tr>
<tr><td>Basic Information Security Awareness Training</td><td>New Hire</td><td>262</td><td>1 hr</td><td>100%</td></tr>
<tr><td>Information Security Awareness Emails</td><td>All employees</td><td>1,574</td><td>10 mins</td><td>100%</td></tr>
<tr><td>Online Information Security Training</td><td>All employees</td><td>1,574</td><td>10 mins</td><td>89.51%</td></tr>
<tr><td>Information Security Professional Training</td><td>Information Security Team</td><td>9</td><td>1hr</td><td>100%</td></tr>
<tr><td>Enhanced Information Security Awareness Training</td><td>Simulation failures (employees)</td><td>155</td><td>1hr</td><td>95.48%</td></tr>
</table>
Assessment Results After Completion of Information Security Training
<table>
<tr><th>Year</th><th>2024</th><th>2025</th></tr>
<tr><td>Completed (Training & Assessment)</td><td>697</td><td>1,406</td></tr>
<tr><td>Participants (Training & Assessment)</td><td>1,131</td><td>1,574</td></tr>
<tr><td>Completion Rate</td><td>61.63%</td><td>89.33%</td></tr>
</table>
</td></tr>
<tr><td>Social Engineering Drills</td><td>At least 1 unannounced phishing email drill is conducted annually, with mandatory follow-up training for employees who fall victim to simulated attacks. Drill outcomes and identified risk patterns are regularly reported at monthly management meetings.</td><td>
Since Q4 2022, quarterly phishing simulations have been conducted. The click-through rate decreased from 14% in 2023 to 2% in Q4 2025, demonstrating the effectiveness of ongoing training.
Continuous improvement measures include targeted training for high-risk groups, enhancing the realism of simulation scenarios, and integrating real-time awareness reminders to further mitigate information security risks.
Lotus Social Engineering Drill Results (2023–2025)


</td></tr>
<tr><td>AI System Adoption</td><td>Lotus is progressively adopting AI-assisted systems to enhance operational efficiency and service quality, under a prudent and controlled governance approach.
The use of AI is restricted to company-level and approved business applications, and employees are prohibited from using unauthorized AI tools.</td><td>In 2025, Microsoft Copilot for Enterprise was introduced as a company-wide AI-assisted tool. In compliance with information security policies and awareness requirements, employees may access the service using their corporate Microsoft 365 accounts. All accounts are subject to the Company’s identity authentication, role-based access control, and access management mechanisms.</td></tr>
<tr><td>Personal Digital Devices</td><td>The Company has established policies governing the use of personal digital devices (e.g., USB devices) to mitigate information security risks.
Only company-issued devices are permitted to connect to corporate systems. Unauthorized personal devices are prohibited unless approved for business purposes and used within defined scopes.
USB devices are subject to a default-deny policy and system-level controls to prevent unauthorized data access.</td><td>In 2025, the Company continued to enforce controls over the use of personal digital devices. A total of 148 applications for business use of personal devices were approved, all subject to formal review and restricted to defined scopes.
Physical controls in production environments were further strengthened. USB ports are blocked by default and can only be enabled upon request with proper authorization.</td></tr>
<tr><td>Wireless Network</td><td>The Company manages wireless network access for corporate devices based on defined access controls and has established governance measures for the use of personal devices on external wireless networks.
Controls include identity authentication, time-bound access, and network segmentation to mitigate unauthorized access risks. Approved personal or external devices may access the guest wireless network for a limited period under IT management. Any abnormal or security-related activities are promptly blocked.</td><td>In 2025, a total of 35 applications for guest wireless access by employees or external personnel were approved. All access was managed within defined timeframes and in accordance with identity authentication and network segmentation controls, with usage regularly monitored by the IT function.
During the year, 14,292 anomalous or potentially security-related connection attempts were detected and promptly blocked, effectively mitigating unauthorized access risks and maintaining the security and stability of the Company’s network environment.</td></tr>
<tr><td>Proprietary AI Tools</td><td>Performance testing is conducted on invoice recognition accuracy and chatbot response quality, supported by employee feedback mechanisms to enable ongoing refinement and interface optimization. All AI tools are developed and deployed in accordance with the Company’s information security policies and IT governance standards.</td><td>In 2025, the Company deployed a customized enterprise AI invoice recognition system for travel expense reimbursement, enabling automated data capture, reducing manual input and review, and improving operational efficiency. In January 2026, the Company introduced the “IT Knowledge Assistant,” a virtual chatbot integrated into internal communication platforms as a global IT support tool, providing real-time responses, standardizing support processes, and enhancing user experience.</td></tr>
</table>

2.4.4 Security Incident Response and Reporting Mechanism

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 2025. There were 3 minor incidents, none of which resulted in data leaks, violations of information security policies, or other significant cybersecurity impacts. Upon identification of the incidents, the Company immediately implemented containment measures, including restricting system access, conducting antivirus scans, and removing malicious software. Follow-up monitoring and corrective actions were also carried out to prevent recurrence.

Levels of Information Security Incident Impact

Major Information Security Incidents	An incident caused by malware infection, data leakage, or cyber intrusion that affects 3 or more individuals, or involves critical systems, and results in a significant impact on company operations or information security.
Level A	If the impact on the business exceeds 4 hours and affects the entire company, the Company's highest responsible executive must be notified within 30 minutes, and a company wide email notification issued.
Level B	If the impact on the business exceeds 4 hours and affects a single department, the highest responsible supervisor of the factory must be notified within 30 minutes, and an email notification issued.
Level C	If it affects IT's daily operations, the highest responsible IT supervisor must be notified within 30 minutes, and an email notification issued.

Information Security Incident Reporting Procedures

Incident Reporting	In the event of a cybersecurity incident, the designated IT system owner shall report the incident to management within 30 minutes. Where recovery cannot be completed independently, the incident shall be promptly escalated for support.
Incident Tracking and Management	The IT function shall document and track the incident, assess possible causes, and identify appropriate solutions to supporttimely incident response and resolution.
Assessment and Response	In the event of an information security incident, the IT function shall assess the incident level and impact scope in accordance with SOP_02298 Information Management System Disaster Recovery Plan. The assessment shall include incident details, potential loss evaluation, support requirements, and response measures implemented, which shall be reported to the appropriate management level.
Incident Closure	Once the system returns to normal operation, the IT department must be notified to remove it from monitoring.

2.4.5 Personal Data Protection

Lotus has established a personal data protection management mechanism in accordance with its Personal Data Protection Management Policy, which governs the collection, processing and use of personal data, as well as the protection of data subject rights, to ensure compliance with applicable laws and regulations while safeguarding personal data security and privacy. The Policy is publicly available on the Company's website for stakeholder reference.

To raise employee awareness, personal data protection is incorporated into the Company's Anti-Corruption and Business Conduct training program. In 2025, the participation rate in Taiwan reached 94.2%. No material personal data breaches occurred during the year. Lotus will continue to strengthen employees' awareness of personal data protection and information security and enhance its personal data protection management.

In July 2026, the Company revised its Personal Data Protection Management Policy and established the Personal Data File Security Maintenance Plan to further strengthen its personal data protection governance framework. The Plan applies to the Company, affiliated entities under its actual control, all personnel, business partners, and domestic and overseas third parties entrusted by the Company to process personal data, including cloud service providers and system service providers. It also defines the responsibilities of the Legal Department, Information Technology, Internal Audit, and other relevant functions, and establishes management mechanisms for personal data assessment, security and maintenance, cross-border data transfer, and incident notification and response. Personal data protection and information security risk assessments are conducted at least once annually to support the continuous improvement of personal data protection management.

Personal Data Types and Responsible Management Units

Data Nature	Data Type	Responsible Unit for Case Management
General	HR Data	HR Department
Other	Personal data related to court litigation or government agency proceedings	Legal Department

Personal Data Protection Cases in 2025

Type	Items
Personal Data Leaks	0
Personal Data Theft	0
Personal Data Losses	0
Other	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. In addition, a reporting channel for unethical conduct (Email: lotus.speakup@lotuspharm.com) is available on the Company's official website, serving as a supplementary mechanism for identifying and monitoring potential risks within the supply chain.

2.5.1 Sustainability Value Chain

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 excipient manufacturers, and APIs manufacturers; while the downstream segment encompasses Lotus' 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 product development, global regulatory 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.

Value Chain of Lotus

Value Chain Stag	Upstream		Midstream	Downstream
Managed Entity	Excipient Manufacturers	API Manufacturer	Lotus	Sales Channels/ Distributors
	Raw Materials	APIs	Pharmaceutical Drug Products	Drug Agent and Distribution Channels
Role in the Value Chain	Lotus forms alliances with upstream raw material suppliers through thorough screening, pre-qualification, evaluation and conducts continuous management of the relationships.	Lotus forms strategic alliances with the API manufacturers through market scanning and selecting the best fit followed by pre-qualification and term sheets and continuously managing relationships.	Lotus specializes in the development and manufacturing of solid dosage forms, such as tablets, capsules, and softgels. Once drugs are successfully developed, Lotus applies for drug registrations in global markets to enhance the market value of its products.	1. Direct sales to medical centers, public hospitals, foundations or corporate hospitals, clinics, and pharmacies. 2. Sales through distribution agents to hospitals, clinics, and pharmacies. 3. Direct or indirect exports to markets globally such as the United States, China, Japan, Europe, Southeast Asia, Middle East, South America, etc.
Key Management Focus	Supplier qualification and document review; quality and regulatory compliance management; supplier segmentation based on supply criticality and substitutability ; audits planned and conducted with CAPA follow-up.		cGMP- and PIC/S GMP-based manufacturing and quality management systems to ensure product quality, regulatory compliance and supply continuity.	Partner management and contractual requirements; regulatory and compliance management across sales and distribution channels.

2.5.2 Supplier Management

Lotus has long implemented a current Good Manufacturing Practice (cGMP) management system and established a robust supply chain quality and compliance framework in accordance with PIC/S GMP requirements, serving as the foundation for supplier onboarding and ongoing management. Building on this foundation, the Company has further strengthened its supplier management system by integrating ESG, human rights, labor conditions, occupational health and safety, and business ethics requirements into regular performance evaluation, risk assessment, and ongoing management processes. This approach ensures product quality and supply stability while effectively managing sustainability-related risks.

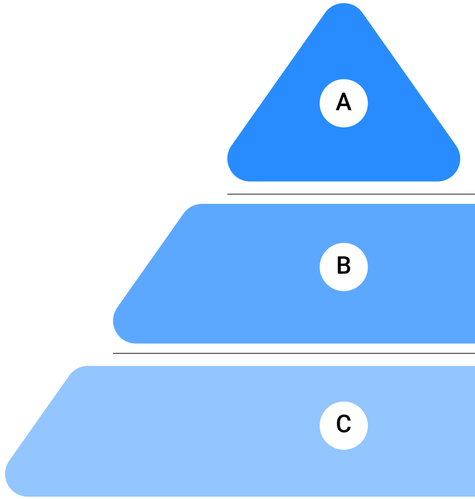
Supplier communication

Lotus Pharmaceutical is committed to responsible and sustainable procurement. The Company hosted its first Global Supplier Conference in 2024 and continued the initiative in 2025, organizing two sessions with participation from 56 suppliers. Through these conferences, Lotus communicates its sustainability goals, quality management expectations, and compliance standards, fostering alignment and a shared understanding of its sustainability commitments and management requirements among suppliers.
For Contract Manufacturing Organizations (CMOs), Lotus conducts supplier qualification reviews and audits in line with quality and regulatory requirements. Manufacturing activities and quality performance are managed through quality agreements, performance reviews, and partnership management mechanisms.

As many European CMOs are subject to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), Lotus progressively gathers ESG-related management information as part of its collaboration with CMOs, which serves as input for risk assessment and partnership management.
Through these mechanisms, Lotus continues to strengthen supplier management while ensuring quality and regulatory compliance, maintaining supply stability, and supporting overall supply chain resilience.

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.
- **Supplier Segmentation:** Suppliers of different types are segmented into Tier A, B, and C based on the Lotus supplier segmentation criteria.
- **Risk Management Measures:** 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 Database:** According to the execution results of the supplier management program, a vendor watchlist and preferred supplier list 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.



Tier A - strategic suppliers

- Having important cooperative relationships is crucial for achieving the long-term success of Lotus.
- These are suppliers that are difficult to replace.

Tier B - valuable suppliers

- Require regular management to reduce risk and increase value-based cooperation.
- These are suppliers with high replacement costs.

Tier C - potential valuable suppliers

- These are suppliers with low replacement costs. Typically these are not critical product suppliers

Other suppliers (no grading)

- Watchlisted vendors - underperforming suppliers

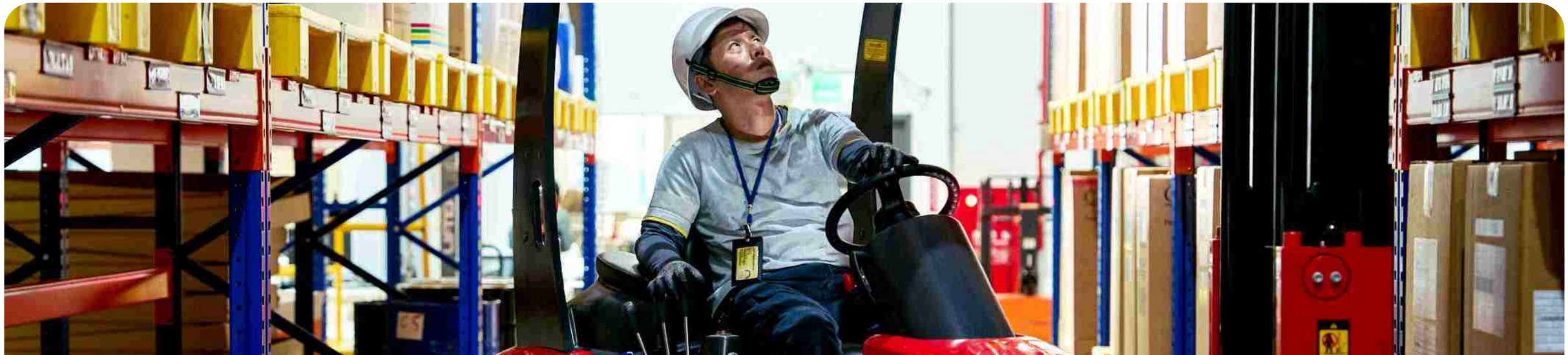
2.5.4 New Supplier Selection

New suppliers are evaluated through supplier qualification procedures based on supplier type. Suppliers who meet the 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 patent certificates by the IP and Analytical teams, technical document reviews including DMF assessments by relevant departments, sample evaluations, development and testing, supplier quality system reviews, production reviews, trial production, bioequivalence study submissions, and handling API-related regulatory requirements.

If a new supplier imposes a significant negative impact on environmental and social sustainability, suppliers identified as having significant negative environmental or social impacts will be deemed ineligible under Lotus' ESG and sustainability evaluation criteria. Lotus has included supplier ESG status evaluation in SMP scorecard since 2024. All Tier A and B suppliers are required to sign a Supplier Social Responsibility and Ethical Commitment Letter, and all the new suppliers are required to register, read, and consent to the content of the Supplier Social Responsibility and Ethical Commitment Letter via the Supplier Portal, which was launched in April 2025, to ensure their understanding of Lotus' sustainability standards and goals in areas such as labor and human rights, health and safety, environment considerations, animal welfare, and ethical standards.

Summary of the Lotus Supplier Social Responsibility and Ethical Commitment Letter

Environmental	• Comply with environmental regulations and obtain all required permits. • Properly manage wastewater, air emissions, waste, and hazardous substances. • Implement energy management measures, enhance resource efficiency, and manage environmental risks. • Biodiversity Conservation • Responsible Minerals	Social	• Prohibit forced labor and child labor, respect human rights, and ensure non-discrimination. • Ensure compliance with labor laws and regulations relating to wages and working hours. • Establish occupational health and safety and employee health management mechanisms. • Freedom of Association • Data Privacy and Security • Animal Welfare	Governance	• Ethical Business Conduct



2.5.5 Supplier Evaluation and Audits

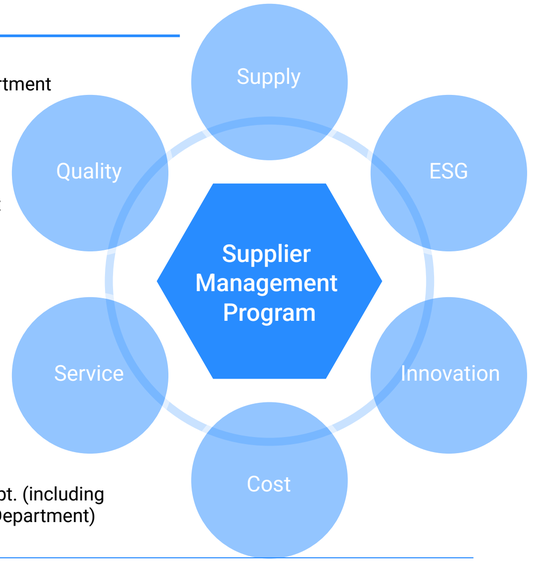
- Annual Evaluation and Supplier Management Program: Supplier quality performance is evaluated annually, including statistical analysis of deviations and non-conformities related to raw materials and services. Based on the assessment results, appropriate supplier management actions are determined, including corrective actions, performance improvement plans, or termination of business relationships.
- 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.
- Supplier Engagement and Management: Lotus maintains two-way communication with suppliers through supplier conferences, supplier visits, market exchange meetings, and supplier performance review meetings.

Supplier Evaluation

According to the supplier management program, we define suppliers as either Grade A, B, or C based on their delivery, quality, service, cost, innovation and ESG. Strategic procurement and relevant risk management plans have been updated based on evaluation and risk identification results.

Key Assessment Dimensions for 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
Cost	• Pricing • Cost optimization initiatives	20%	Procurement Department
Innovation	• Technical capabilities • Problem solving • Management commitment	15%	Plant Operation Dept. (including Technical Service Department)
ESG	• EHS/Labor/Human rights compliance • Greenhouse gas reduction achievement / Green energy consumption • Hazardous substances management	10%	Procurement Department / EHS Department



Lotus Supplier and CMO Segmentation Results in 2025

Levels	Suppliers	Contract Manufacturing Organization
Level A	37	2
Level B	27	3
Level C	23	1

Supplier Audits

In 2025, the Quality Unit planned to conduct 78 audits. A total of 84 on-site audits and 42 document audits were completed, achieving a completion rate of 100%. Among the 84 suppliers audited on-site, 11 were Class A, 10 were Class B, and 3 were Class C according to the procurement classification system. The remaining 60 suppliers were subject to routine periodic audits conducted by the Quality Unit based on product categories, with an audit cycle of once every two to three years. One deficiency was identified in a new supplier; however, as the product is used only for small-scale R&D and pilot bioequivalence (BE) batches, there is no impact on existing products. Corrective and preventive actions (CAPA) were implemented within one month following the audit. No major deficiencies or risks were found in other suppliers.

Lotus Supplier Audit Execution in 2025

Responsible function	Levels	Estimated number of audits	Actual on-site number of audits completed	Rate	Audit results
Quality	A	11	11	100%	All 24 on-site audited suppliers were qualified
	B	10	10		
	C	3	3		
	other	54	60	Conduct routine audits on a 2 to 3-year cycle.	

2.5.6 Supplier Risk Assessment

To mitigate risks and continuously improve the overall quality of the supply chain, Lotus Group requires all suppliers to adhere to 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 face challenges 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.

Furthermore, to systematically assess suppliers' management practices across ESG dimensions, Lotus included supplier ESG evaluation in SMP scorecard in 2024. During 2025, ESG assessments were conducted for Tier A, Tier B, and Tier C suppliers, covering key topics including environmental management (such as greenhouse gas emissions, waste and hazardous substances management), labor and human rights regulatory compliance. Leveraging our assessment outcomes, Lotus implements a risk-based management framework for our supplier. Upon identifying potential risks or management gaps, we mandate comprehensive corrective actions, which are integrated into both performance evaluations and future procurement strategies. By maintaining a robust architecture of preventative measures, continuous monitoring, and post-assessment optimization, Lotus ensures holistic risk mitigation while fortifying the quality and sustainable resilience of our global supply chain.

Lotus Supplier Risk Assessment Approach

Prevention	☑ Supplier Management Program ☑ Supplier Qualification Review and Document Verification
Ongoing monitoring	☑ On-site Audits and Third-Party Reviews ☑ Supplier ESG Evaluation ☑ Cross-Functional Assessment
Corrective Actions	☑ Corrective Action Tracking and Supplier Relationship Management ☑ If corrective actions are not completed or major violations occur, the cooperation may be terminated or dissolved in accordance with applicable requirements.

Lotus Supplier Performance and Risk Evaluation Results in 2025

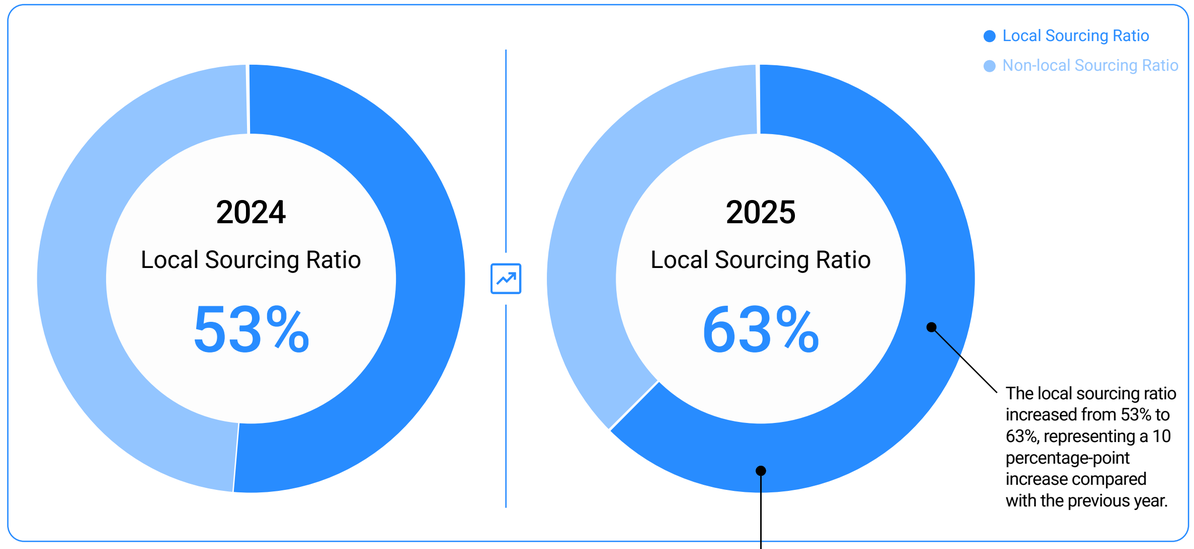
Tier	Number of Suppliers	Number of Svuppliers Evaluated	Achivement Rate	Evaluation Results
A	37	37	100%	Performance and risk evaluations were completed for all suppliers across all tiers.
B	27	27	100%	
C	23	23	100%	
Other	4	4	100%	
Total	91	91	100%	

Lotus Supplier Evaluation Status in 2025

Environmental Risks	• "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.
Social Risks	• 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. • Supplier Social Responsibility and Ethical Commitment Letter All Tier A and B Suppliers are required to sign a Supplier Social Responsibility and Ethical Commitment Letter, and all the new Suppliers are required to register, read, and consent to the content of Supplier Social Responsibility and Ethical Commitment Letter via the Supplier Portal, which was launched in April 2025, to ensure their understanding of Lotus' sustainability standards and goals in areas such as labor and human rights, health and safety, environment protection , animal welfare, and ethical standards.
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 occupational health and safety policies, meetings, and 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. • 29 New Suppliers Signed the Quality Agreement（Supplier QTA） 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 comply with regulatory and registered product specifications , thus guaranteeing the suppliers' commitment and conformity to all quality related requirements. In 2025, a total of 29 new suppliers signed the Quality Technical Management Agreement.

2.5.7 Local Sourcing

Lotus prioritizes local sourcing wherever feasible at its major operating sites (including the reporting boundary covered in this report), including the procurement of imported raw materials through local agents in Taiwan. This approach helps reduce carbon emissions associated with long-distance transportation while supporting local economic development. In 2025, local sourcing accounted for more than 63% of the Company's total procurement expenditure. Lotus will continue to maintain this level, while further evaluating opportunities to increase the proportion of local sourcing and set specific targets for future improvement.



Taiwan

Local Sourcing Ratio

23%

Total Procurement Amount

3,212,622

Korea

Local Sourcing Ratio

92%

Total Procurement Amount

4,345,126

India

Local Sourcing Ratio

78%

Total Procurement Amount

42,183.73

The Ratio of Local Sourcing of Lotus in 2024-2025 (Unit: NT$ thousand)

Year	2024			2025		
Local Sources of The 3 Regions	53%			63%		
Area	Taiwan	Korea	India	Taiwan	Korea	India
Local Sourcing Amount of Raw Materials	268,590	3,189,477	0	294,633	3,815,108	6,432.48
Local General Procurement Amount	488,120	177,418	9,615	430,681	184,486	26,433.26
Total Local Sourcing Amount	756,710	3,366,895	9,615	725,314	3,999,594	32,865.74
Total Procurement Amount	3,480,488	4,258,755	10,699	3,212,622	4,345,126	42,183.73
Ratio of Local Sourcing Amount by Region	22%	79%	90%	23%	92%	78%

Notes:

1. The amount of raw materials purchased locally includes the purchasing amount of contract manufacturing organizations (CMOs).
2. The Company's primary operations, manufacturing, and R&D activities are concentrated in Taiwan, Korea, and India. Other overseas locations mainly serve sales and administrative functions and are therefore excluded from the primary procurement statistics due to limited procurement activities.
3. The calculation method of the ratio of local sourcing to total expenditure: (Sum of the Total Local Sourcing Amounts in Each Region / Sum of the Total Procurement Amounts in Each Country) * 100%.
4. Calculation method of the local sourcing ratio for the three regions: (Sum of the Total Local Sourcing Amounts in the 3 regions / Sum of the Total Procurement Amounts in the 3 regions) * 100%.
5. Restatement of Information: To standardize the definition and data collection methodology for local sourcing, the 2024 local sourcing data for Korea were restated. In Taiwan, only the procurement amount was adjusted, with no impact on the local sourcing ratio or overall trend.

Chapter 3
Access to Medicine and Patient Safety

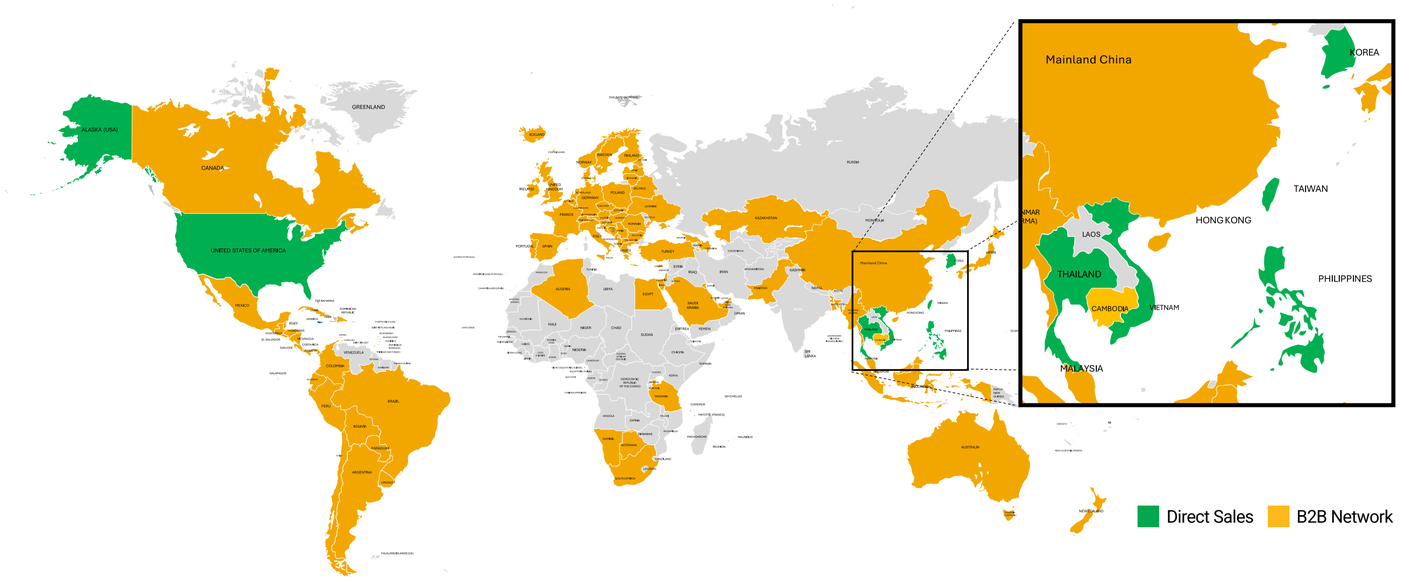
3.1 Product Portfolio and Patient Access

Guided by the Company's core brand value of "EQUALITY," Lotus is committed to addressing the medical needs of patients across different regions through a diversified product portfolio, enhancing access to medicines and enabling patients to obtain safe, effective, and affordable medicines options. As a pharmaceutical company with strong capabilities in drug manufacturing and production, Lotus commercializes its products across global markets in compliance with applicable regulatory requirements. Taking into account product characteristics as well as local regulatory environments and medical systems, the Company manages product launches and supply planning across different markets, facilitating stable access to a diverse range of treatment options.

Looking ahead, Lotus will continue to enhance the efficiency of global regulatory submissions and market launch execution, strengthen end-to-end capabilities from development to commercialization, and accelerate improvements in product accessibility in response to diverse market needs. Through these efforts, Lotus aims to further support equitable access to essential healthcare services for patients worldwide, aligning with the United Nations Sustainable Development Goal (SDG) 3.8, Universal Health Coverage.

Global Market Presence and Access to Medicines

- Lotus Footprint with 90+ Markets Worldwide.
- Generic products accounted for 76% of Lotus' total revenue in 2025. This reflects the Company's continued focus on providing affordable medicines and addressing public health needs.



2025 Portfolio Development-to-Launch Highlights

Key Products and Market Approval:

- Nintedanib (generic of Ofev®): Approved in Switzerland, New Zealand and South Africa.
- Pomalidomide (generic of Pomalyst®): Approved in the UK and EU.
- Enzalutamide: Approved in New Zealand and Korea.

Powering a Diverse Product Portfolio

114 SKUs | Filings

- 2 505(b)(2)
- 1 FTF/NCE-1
- 6 NCEs
- 8 Biosimilars
- 97 Complex Gx

Accelerating Global Access to Medicines

100 SKUs | Approvals

- 3 505(b)(2)
- 2 NCEs
- 1 Biosimilar
- 94 Complex Gx

Extending the Reach of Medicines to Patients

214 SKUs | Launches

- 3 505(b)(2)
- 5 Biosimilars
- 2 Brands
- 204 Complex Gx

3.1.1 Product Portfolio, R&D and Commercial Expansion Overview

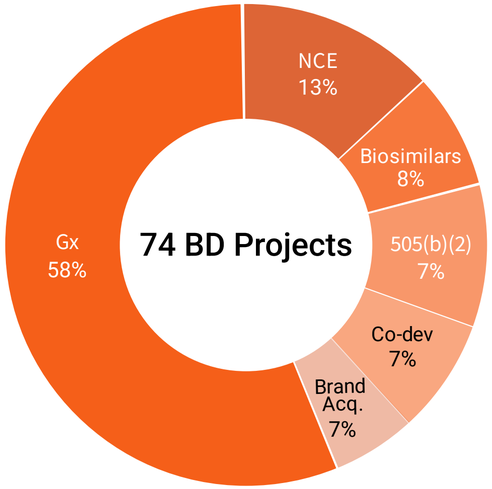
Lotus continues to expand its global presence through research and development, business development, and strategic partnerships. Leveraging its core capabilities across research and development, manufacturing, regulatory affairs, commercialisation, and supply chain, the Company enhances product value and strengthens its market competitiveness. As of 2025, the Company has a total of 138 specialty pharmaceutical projects across various stages of development and business development, representing a target market opportunity of approximately US$120 billion and demonstrating strong growth momentum. On the R&D front, Lotus is advancing a total of 64 projects across a diverse range of product types. The pipeline is led by 505(b)(2) products, alongside first-to-file opportunities, NCE-1 pathways, complex formulations, as well as products launched at patent expiry, continuously enhancing product differentiation and technological barriers.

On the business development front, the Company has built a portfolio of 74 projects spanning new chemical entities (NCEs), biosimilars, 505(b)(2) products, co-development programmes, branded product acquisitions and generics. Business development complements Lotus' internal research and development capabilities by filling pipeline gaps through strategic in-licensing and acquisitions. This approach enables the Company to accelerate portfolio expansion and capture growth opportunities across multiple therapeutic areas and markets.

In 2025, the Company signed 48 business development deals and entered into 19 out-licensing partnerships with international partners. Through its diversified product strategy and cross-regional collaboration, Lotus continues to deepen and broaden its portfolio, enhance access to medicines, and address unmet medical needs globally.

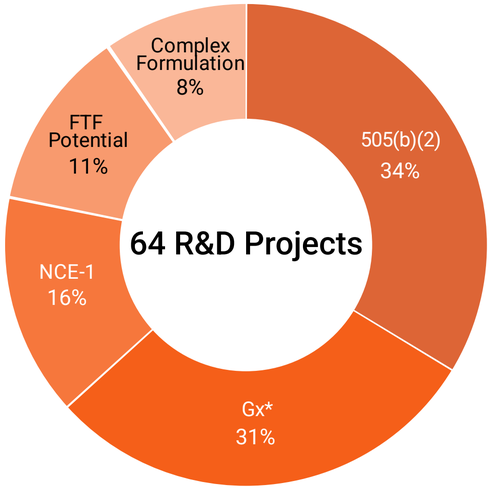
Global BD Deals by Pharmaceutical Categories

505(b)(2) → 5	• 1 Under Negotiation • 4 Signed
NCE → 10	• 4 Under Negotiation • 6 Signed
Biosimilars → 6	• 3 Under Negotiation • 3 Signed
Co-dev → 5	• 1 Under Negotiation • 4 Signed
Brand Acq. → 5	• 4 Under Negotiation • 1 Signed
Gx → 43	• 13 Under Negotiation • 30 Signed



R&D Pipeline by Pharmaceutical Categories

505(b)(2) → 22	• 16 Proof of Concept • 1 Under Development • 5 Dossier Filed
FTF Potential → 7	• 1 Under screening • 2 Under Development • 4 Dossier Filed
NCE-1 → 10	• 4 Under Screening • 4 Under Development • 2 Dossier Filed
Complex Formulation → 5	• 3 Under Screening • 2 Dossier Filed
Gx* → 20	• 5 Under Screening • 5 Under Development • 10 Dossier Filed



Global Business Development and Licensing Achievements

Business Development (BD):
- Exclusive Licensing Agreement with Henlius for Anti-PD-1 mAb HANSIZHUANG® (Serplulimab) in Korea.
- Exclusive License Agreement With Supernus Pharmaceuticals for Qelbree® (viloxazine) in Major APAC Countries.
- Exclusive License and Commercialization Agreement with LENZ Therapeutics for VIZZ (aceclidine) for the treatment of presbyopia in Korea and Southeast Asia.
- Asset Purchase Agreement with a Vietnamese pharmaceutical company for five drug assets, including trademarks and marketing authorizations in Vietnam.
- License and Supply Agreement with Adalvo for Semaglutide injection (Wegovy and Ozempic 2 mg generic) for weight loss and diabetes in multiple Asian markets.

Out-licensing Agreements
- Signing of 19 licensing agreements with global pharmaceutical companies (e.g., Sandoz and Galenicum), with product sales territory expanded to over 160 markets.

Targeting US$50bn+ Market through R&D

Research & Development
- Initiated 3 projects.
- Submitted 23 applications.
- 64 projects are ongoing.

3.1.2 Diversified Product Portfolio and Therapeutic Areas

Lotus is committed to enhancing access to medicines by leveraging a diversified product portfolio to address healthcare needs across different markets. The Company combines in-house R&D with external partnerships to build a portfolio that includes generics, branded products, 505(b)(2) products, biosimilars, and new chemical entities (NCEs), expanding treatment options for patients.

Lotus focuses on areas of high disease burden and unmet medical needs. The overall portfolio is predominantly centered on non-communicable diseases (NCDs), which are closely aligned with the key disease areas highlighted by the Access to Medicine Foundation. From a therapeutic perspective, the portfolio focuses on oncology and immunology, central nervous system disorders, primary care and lifestyle (primarily obesity treatment), and cardiovascular diseases.

Oncology and immunology products account for approximately 46% of the portfolio, representing a major component of its product mix. Building on this focus, Lotus develops technically complex generic oncology products to provide high-quality and competitively priced treatment options, thereby improving patient access to medicines. The Company adjusts its portfolio and commercialization strategies based on local healthcare systems, reimbursement environments, and patient needs, supporting the sustained availability of essential medicines across different markets while gradually expanding product availability.

As of 2025, Lotus has successfully commercialized products or obtained marketing authorization in 50 developing and least developed countries, improving the availability of medicines in these markets.

Diversified Product Portfolio

- Generics
- Brands
- 505(b)(2)
- Biosimilars
- NCEs

Key Therapeutic Areas and Revenue Contributions

Therapeutic Areas	Revenue Breakdown
Oncology & Immunology	46%
Basic Care & Quality of Life	23%
Central Nervous System	18%
Cardiovascular	4%
Others	9%

3.1.3 Responsible Pricing

With respect to pricing and affordability, the Company adopts a responsible pricing approach in accordance with applicable regulatory requirements and local healthcare system frameworks, supporting access to medicines across different markets while contributing to the long-term sustainability of local systems. Pricing decisions take into account local healthcare systems, reimbursement environments, market competition, and patient needs, adopting a market-specific approach.

For complex generic products, the Company leverages manufacturing efficiency and supply chain capabilities to provide high-quality and relatively affordable treatment options, supporting long-term patient needs. Pricing and commercialization strategies are aligned with local regulatory and reimbursement environments to enhance product availability across markets.

3.2 Drug Quality and Safety

In accordance with its Quality Management Policy, Lotus is committed to maintaining high-quality standards and complying with all applicable regulatory requirements and industry standards. Quality is a core value of the Company and a shared responsibility of all employees.

3.2.1 Drug Quality Management

Quality is a core value of the Company and a shared responsibility across the organization. All branded products are approved by the competent health authorities in each market for efficacy, quality, and safety, and all product labeling, package inserts, and packaging information are reviewed and approved in line with regulatory requirements. The Regulatory Affairs function ensures that all submissions for regulatory review and registration comply with applicable laws and standards. To ensure continuous improvement in product quality, all post-marketing product changes are subject to stringent change control procedures, including risk assessments and, where necessary, relevant studies, and are implemented only after review and approval by the competent health authorities. To support safe and appropriate use, package inserts clearly specify indications, ingredients, dosage and administration, and precautionary information, complemented by clear explanations provided by sales representatives during product promotion. Across distribution channels, Lotus applies robust product protection and traceability measures, including batch number control, anti-counterfeit labels, tamper-evident seals, and product serialization.

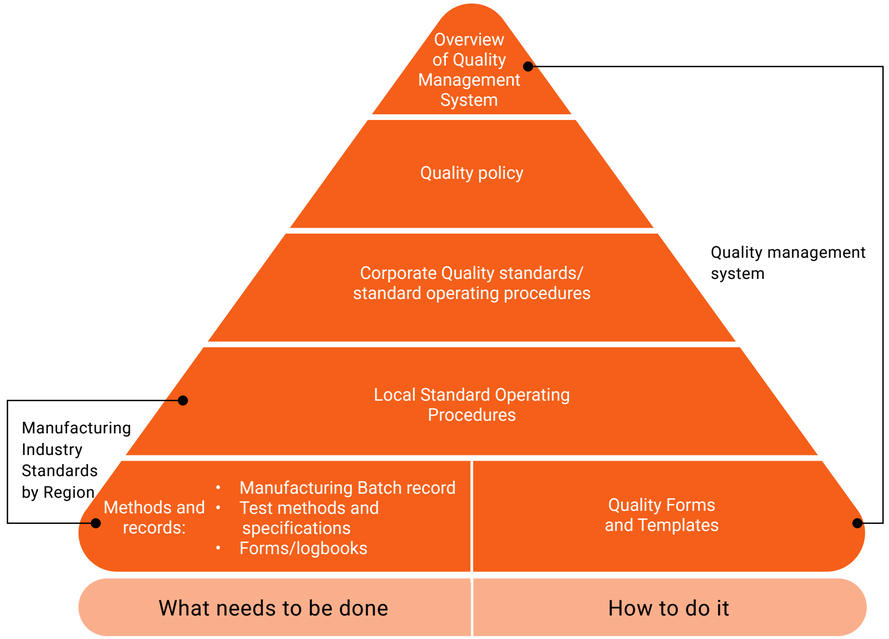
Quality Management Strategy and Objectives

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	Patient and Consumer Health and Safety	Protection of the Company's Reputation and Business

3.2.2 Quality Management System and Training

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. Lotus maintains high manufacturing quality through batch production records, validated analytical methods, product specifications, and standardized quality documentation.



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.

Lotus 2025 Quality Management Education and Training

Training Themes	Total Participants	Training Hours per Participant	Total Hours
Site GMP Training	543	1.5	814.5
Internal Audit Training	10	8	80.0
ISO Risk Management	41	7	287.0
GMP Risk Management	40	2	80.0
Total	634	-	1,261.5

3.2.3 Regulatory Compliance and Quality Audits

Lotus operates three manufacturing sites: the Nantou site in Taiwan, the Gongju site in Korea, and the Hyangnam site in Korea. All sites adhere to the PIC/S Guide to Good Manufacturing Practice for Medical Products (PIC/S GMP) and the Good Distribution Practice (GDP) requirements established by the International Pharmaceutical Inspection Co-operation 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 conducted 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.

2025 Product Quality Inspection

Factory	Audit/Factory Inspection/ Verification Date	Audit/Factory Inspection/ Verification unit	Audit/Factory Inspection/ Verification Conclusion
Korea Gongju Plant	January 07~09, 2025	Ministry of Food and Drug Safety (MFDS)	Approval (GMP Certificate Renewal)
	May 08, 2025	Ministry of Food and Drug Safety (MFDS)	No Administrative Sanction (For-cause Audit)
	December 19, 2025	Ministry of Food and Drug Safety (MFDS)	Approval (For Imported Product)

Note: No official inspections were conducted at the Nantou site in Taiwan or the Hyangnam site in Korea in 2025.

Drug Storage, Distribution 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 the Good Manufacturing Practice (GMP) for production to include the Good Distribution Practice (GDP) requirements covering storage, transportation, and distribution activities. 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 Methods**	**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.	Cleaning and pest control activities are performed at defined frequencies in accordance with SOP requirements.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 packaging.	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.

Product Labeling

Lotus complies with pharmaceutical regulations and relevant requirements in each operating jurisdiction and has established comprehensive product information and labeling management mechanisms. These ensure that products meet regulatory requirements for ingredient disclosure, origin, safe use, and risk information across all stages of R&D, manufacturing, marketing, and market authorization.

All products (100%) are labeled in accordance with registration and review requirements, with complete disclosure of required information on outer packaging labels. All packaging content complies with approvals issued by the U.S. Food and Drug Administration and the Taiwan Food and Drug Administration (TFDA). In 2025, there were no violations related to product health and safety or product labeling regulations.

3.2.4 Pharmacovigilance

Lotus is committed to implementing a robust pharmacovigilance system, continuously monitoring the safety of its products post-marketing to promptly identify and assess adverse reactions, and to take appropriate risk management measures to ensure patient safety while maintaining a balanced benefit–risk profile. In 2025, an adverse event reporting channel was added to the Company's official website to further enhance reporting accessibility and strengthen pharmacovigilance practices.

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 2025, two fatal adverse event cases involving the Company's products were reported to the Taiwan National Adverse Drug Reaction Reporting System. Based on the available information, no causal relationship between the reported cases and the Company's products could be established. The overall benefit–risk profile of the products remains favorable, and their quality and safety continue to be well maintained.

Drug Safety Reporting Process

Step 1 → Receipt of Reports

Lotus employees may receive safety-related information through various channels, such as interactions with healthcare professionals or patients, via email, phone, or social media. These messages may include adverse events (AEs), product quality complaints (PQCs), medical inquiries (MIs), and other special circumstances. Upon receiving such messages, the employee is required to record all available information in detail.

Step 2 → Recording and Tracking of Information

After receiving a report, staff must collect key information, including the notifier's contact details, a detailed description of the incident, information about the suspected drug, and patient-related details. Even if the information is incomplete, the report should be submitted immediately, and follow-up tracking must continue.

Step 3 → Reporting Channel

Staff should report any adverse events to the local drug safety monitoring officer. For example, in Taiwan, reports should be sent to lotus.pv@lotuspharm.com. In addition, reports may be submitted through the Report a Side Effect section on the Company's official website.

Step 4 → Ensuring Timeliness

Adverse events must be reported promptly to the drug safety monitoring officer within 24 hours of receipt or by the next business day.

Step 5 Adverse Event Handling

The person responsible for drug safety monitoring must complete the recording, review, and reporting of any adverse events to the competent authority in accordance with local regulations and the Company's procedures.

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 during post-marketing 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 2025, we identified 11 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 2025, a total of 1,296 employees completed the annual company-wide pharmacovigilance training. These ongoing efforts and measures demonstrate Lotus' 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 experience or become aware of 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: lotus.pv@lotuspharm.com
Tel.: +886-2-8786-1880

Lotus Pharmacovigilance Training in 2025

Training Theme	Number of Participants	Training Person-hours (Hour)
Pharmacovigilance Training	1,296	1

3.2.5 Product Safety Incident Management and Recall Mechanisms

Lotus conducts product recalls in accordance with applicable regulatory requirements. 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 has established comprehensive and effective product recall procedures, which are implemented when a product is confirmed to be defective, poses a risk to patient safety, or involves counterfeit or prohibited drugs 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.

2025 Lotus Product Recall Statistics

Factory	Recall Date	Recall Classification	Justification
Hyangnam Plant, Korea	2025.03 - 2025.06	Class 2 recall	Cinacet tablets – Cinacalcet Hydrochloride: Voluntarily recalled 11 batches, totaling 255,187 tablets, following the internal identification of potential impurity risks during quality testing.
	2025.09 - 2025.11	Class 2 recall	Fropine Capsules – Fluoxetine Hydrochloride: Voluntarily recalled 1 batch, totaling 1,819 capsules, following the internal identification of potential impurity risks during quality testing.

Drug Recall Process

Step 1 → **Step 2** → **Step 3** → **Step 4**

- **Step 1**: Become aware that the product has known or potential manufacturing defects or deterioration, or there are counterfeit products or any other serious quality issues.
- **Step 2**: Initiate an investigation of the quality event and hold a material quality event meeting to evaluate the scope of impact and determine the relevant preventive and corrective measures.
- **Step 3**: Formulate a recall plan following the Warning Reporting and Product Recall Procedures.
- **Step 4**: Based on the recall classification, remove affected products from the market within the required timeframe, properly dispose of recalled products, and notify the relevant regulatory authority.

3.2.6 Anti-counterfeiting Management

The Company has established procedures and preventive mechanisms to identify and assess risks related to suspected counterfeit products. When such risks are identified or reported, a cross-functional response mechanism is activated, with quality and relevant commercial functions jointly evaluating the situation and determining appropriate response actions. Where necessary, sales of the affected products may be suspended and investigations initiated, followed by the implementation of corrective and preventive actions based on the findings. As appropriate, customers and business partners are informed through formal communication channels to raise awareness of identified counterfeit risks and to provide guidance on recommended response measures. These processes are embedded in the Company's quality management framework to safeguard product integrity, patient safety, and regulatory compliance. Lotus did not receive any reports of counterfeit drugs in 2025 nor were there any litigation cases involving accusations of counterfeit drugs for products manufactured in-house or in-licensed products.

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 2025, 93 users completed training, 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.

3.3 R&D Capabilities

3.3.1 Dedicated R&D Function

Lotus' R&D function plays a key role within the Company's operations, responsible for pharmaceutical development and pre-launch technical readiness activities. R&D planning is aligned with the Company's product strategy and market demand to ensure that products are developed in compliance with applicable regulatory and quality requirements and are prepared for commercialization and subsequent supply.

The Company's R&D efforts focus on small-molecule products, with an emphasis on high-barrier products, including oncology and immunology therapies, and complex generics. Core R&D activities include dosage form and formulation development, analytical method development, and process-related technical evaluations to meet regulatory and manufacturing requirements across target markets.

Throughout the R&D process, manufacturing, quality, and regulatory considerations are integrated through cross-functional collaboration. R&D resources are allocated based on product characteristics and project needs, with investments primarily directed toward product development, process readiness, and manufacturing feasibility assessments to support the Company's diversified product portfolio in multiple markets.

Global R&D Centers

Lotus' Asia R&D Center is located in Genome Valley, Hyderabad, India, and officially commenced operations in July 2025. The center is responsible for pharmaceutical development and pre-launch technical readiness.

R&D Workforce Overview

Lotus deploys R&D personnel in accordance with product development and technical requirements, with a total of 285 R&D staff. R&D staff possess experience in pharmaceutical development and technical support, and continuously enhance their capabilities in addressing diverse product types and regulatory requirements through internal training and cross-functional collaboration.

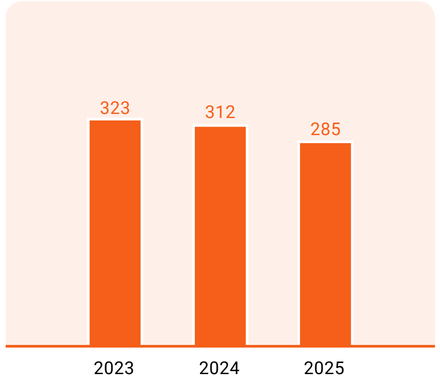
R&D Expenditures

Lotus invests in R&D in line with product development and regulatory readiness needs. Expenditures are primarily directed toward product development, process optimization, and technical capabilities. R&D resources are deployed based on product characteristics and project requirements to ensure efficient development progress and compliance with technical and regulatory requirements for commercialization and manufacturing. In 2025, Lotus invested NT$987 million in R&D and initiated 64 projects.

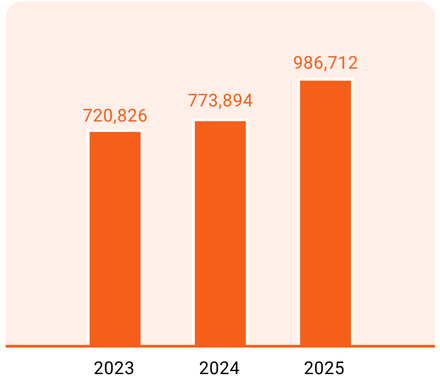
R&D Personnel and Expenditures for the Past 3 Years (Unit: NT$ thousand)

Item/Year	2023	2024	2025
R&D Personnel	323	312	285
R&D Expenses	720,826	773,894	986,712
Net Operating Revenue	16,957,971	18,584,227	20,509,474
Ratio of R&D Expenses to Net Operating Income	4.25%	4.16%	4.81%

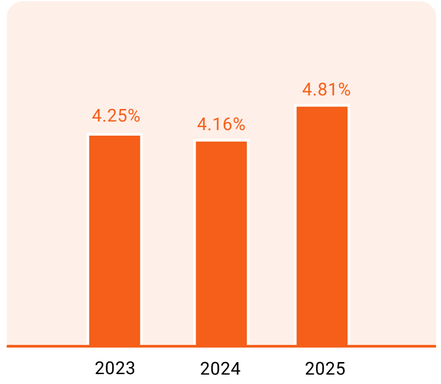
Note: R&D expenses exclude capitalized R&D cost and account for approximately 10% of net revenue.



R&D Personnel（Unit: Number of people）



R&D Expenditures (Unit: NT$ thousand)



Ratio of R&D Expenses to Net Operating Revenue（Unit: %）

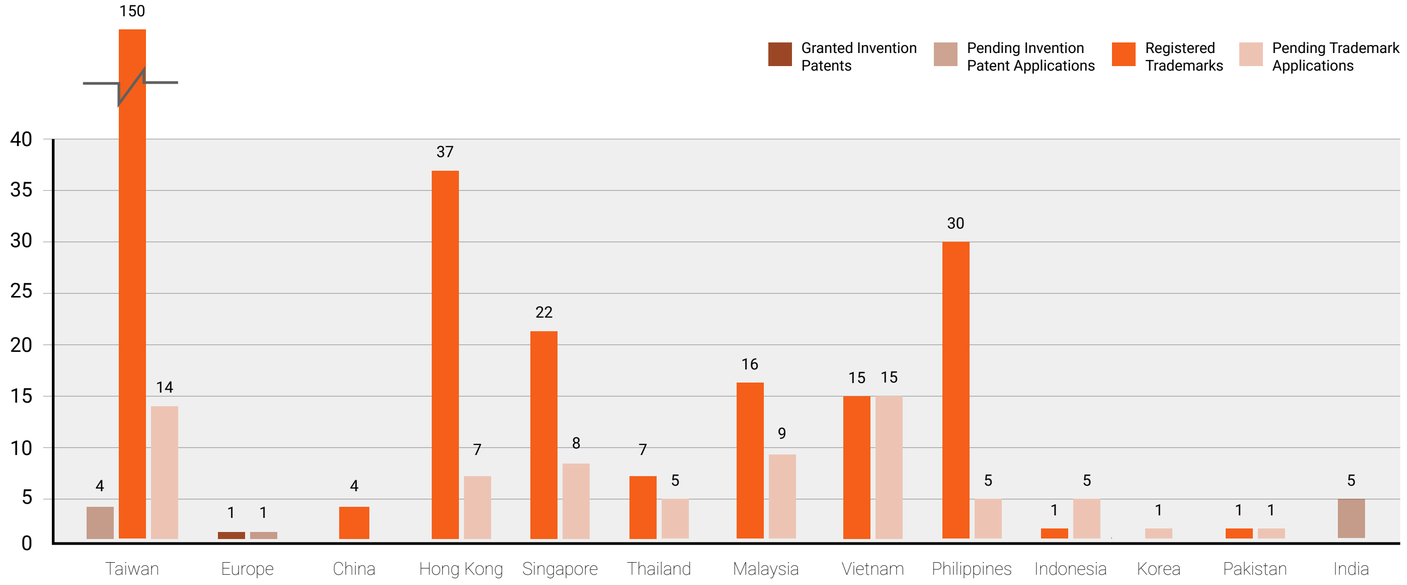
3.3.2 Patent and Trademark Layout

As of the end of 2025, the Company held 12 valid invention patents, 283 registered trademarks, and 70 trademark applications pending approval.

Patent and Trademark Status of Lotus

Item	2023 / Cases	2024 / Cases	2025 / Cases
Valid Invention Patents	10	8	12
Registered Trademarks	193	242	283
Pending Trademark Applications	28	30	70

Regional Distribution of Patent and Trademark Portfolio



Note: In addition to the regions listed above, 1 invention patent is currently under the Patent Cooperation Treaty (PCT) application process and has not yet entered any specific region.

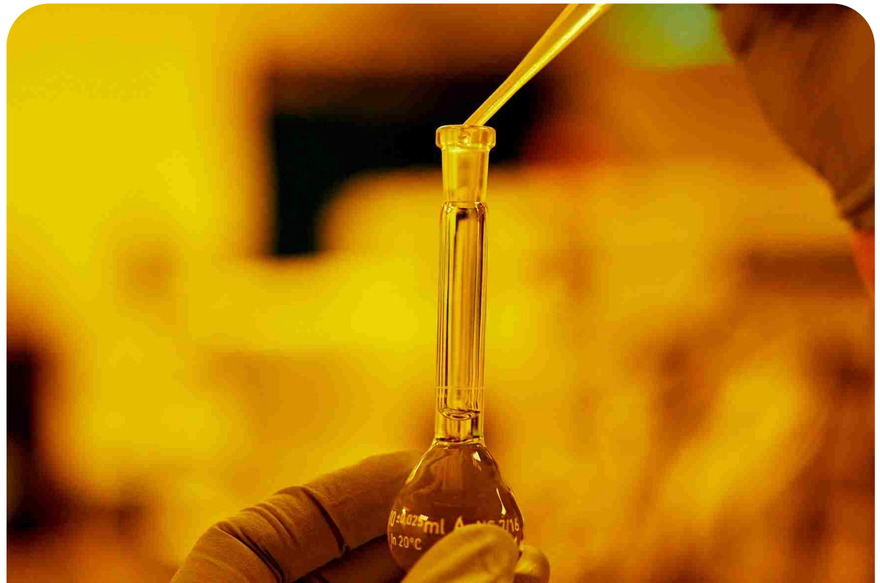
3.4 Clinical Trials and Participant Safety

Lotus places strong emphasis on protecting the health, safety, and human rights of participants in clinical research. Clinical activities are conducted in accordance with applicable regulations and Good Clinical Practice (GCP), with established management and oversight mechanisms to ensure compliance with ethical and regulatory requirements.

Clinical research activities are centrally managed and conducted by Norwich Clinical Services in India, in accordance with applicable local regulatory requirements at each study location. All clinical studies require prior approval from Ethics Committees (ECs), and informed consent procedures (ICF) are implemented to ensure that participants fully understand the study and voluntarily agree to participate.

Clinical research operations are governed by internal management systems and standard operating procedures (SOPs), and are subject to regulatory oversight and inspection. Study results are submitted to regulatory authorities and may be reviewed through audits or inspections to ensure compliance with GCP.

In 2025, no clinical trials were terminated due to violations of GCP.



Chapter 4

Human Rights, People, and Social Engagement

4.1 Human Rights Policies

As a global and responsible company, Lotus is committed to respecting internationally recognized human rights standards, including 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. The Company also complies with applicable regulations and has established a Human Rights Policy to safeguard employees' fundamental rights and foster an inclusive workplace.

Lotus' corporate DNA reflects respect for cultural diversity and diverse perspectives, and is embedded in annual performance evaluations.

To prevent workplace sexual harassment, Lotus established a Workplace Sexual Harassment Prevention Policy in 2005 and has revised it 4 times since then. The Company provides related training to employees in Taiwan to promote a fair and respectful work environment.

In 2025, the Human Rights Policy was expanded to cover suppliers, customers, patients, and other stakeholders. The Legal Department serves as the responsible function for human rights governance and due diligence. The Company strictly prohibits child labor and forced labor and adopts appropriate measures to ensure compliance with applicable laws and international human rights standards.

2025 Human Rights Training

To strengthen employees' awareness of human rights and uphold the Company's commitment, Lotus implements human rights training across its global operations. Training programs are designed in accordance with the Company's Human Rights Policy and international standards, and are tailored to local regulatory requirements and operational risks.

In 2025, human rights training was delivered across global sites, covering employees at all locations. A total of 1,252 employees completed the training, achieving an 80.2% completion rate against a target of 1,561 participants, with total training hours reaching 6,907, covering topics such as Human Rights Policy, Sexual Harassment Prevention, Personal Data Protection Act, Disability Inclusion Awareness, Code of Business Conduct and Ethics, Workplace Misconduct, and Employee Grievance Management.

The Company manages its key human rights risks, including occupational safety and health, forced labor and child labor, labor rights, and wages and benefits, in accordance with applicable local regulations at each operating site, as well as established internal policies and procedures.

Overall, occupational safety and health is a primary focus for the Company due to its close linkage to manufacturing and operational activities and its potentially significant impacts. Other human rights risks are managed under existing systems, and the Company continues to mitigate these risks through structured management and monitoring mechanisms.

Mitigation and Management of Key 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. 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 and 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 Taichung Veterans General 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.

4.1.1 Due Diligence

The Company adopts a comprehensive approach to understand employees' experiences and needs in the workplace, using these insights to continuously improve human resource management and the working environment. In addition to conducting regular employee engagement surveys, the Company integrates on-site health examinations with employee surveys to monitor employees' physical and mental well-being and identify potential risks. Appropriate follow-up support is provided as needed. The Company also organizes employee forums on an ad hoc basis to listen to frontline feedback. Multiple grievance mechanisms are in place, allowing employees to report inappropriate workplace behaviors (such as sexual harassment and workplace bullying), ensuring that all cases are properly addressed. For reported cases, the Company conducts investigations and takes appropriate actions in accordance with established procedures, while continuously strengthening training and preventive measures. In addition, the human resources team regularly compiles and analyzes employee-related data (such as working hours). Through internal reviews and discussions, the Company adjusts management measures as needed to foster a safer, healthier, and more supportive working environment.

Workplace Harassment Risk Assessment	In 2025, Lotus Taiwan conducted a workplace violence risk assessment. At the Nantou plant, a survey was distributed alongside health check arrangements, with a total of 362 employees completing the questionnaire. A total of 24 employees were identified as having higher psychosocial health risks. Healthcare professionals provided care, health education, and follow-up support, including psychological support, active listening, identification of stressors, counseling sessions, and arrangements for physician consultations or medical referrals. One training session was conducted, and a total of 29 service instances were provided.
Workplace Sexual Harassment Complaints	In 2025, one workplace sexual harassment complaint was received in other Asian regions. The case was promptly handled in accordance with relevant workplace misconduct prevention policies. The Company reaffirmed its zero-tolerance stance toward sexual harassment, provided necessary counseling and guidance to the employees involved, and strengthened related training and awareness programs. The case has been resolved with no further incidents reported.
Workplace Bullying and Discrimination Complaints	In 2025, no incidents of discrimination occurred at Lotus.
Employee Engagement Survey	The Company conducts an employee engagement survey every two years to gather insights from employees and identify potential areas of concern. The 2024 survey achieved a response rate of 87%. In 2025, the Company continued improvement actions on 3 key focus areas: work efficiency, cross-department collaboration and employee experience.

2025 Employee Engagement Survey Follow-up Actions

To address key issues identified in the latest employee engagement survey, including gaps in work efficiency, cross-department collaboration, and employee experience, the Company has initiated targeted improvement actions and established a unified tracking mechanism. Each action is assigned a responsible owner, defined timeline, and regular progress updates to ensure effective execution.
Improvement actions are aligned with three key dimensions：work efficiency, cross-department collaboration, and employee experience. Given the integrated nature of organizational initiatives, certain actions contribute to multiple dimensions. Representative actions and their corresponding dimensions are presented below.

Improvement Initiative	Work Efficiency	Cross-Department Collaboration	Employee Experience
Career Development Roadmap	✓		✓
Leadership Development Program	✓	✓	✓
Better Lotus Program	✓	✓	✓
Employee Well-being, Engagement & Recognition Initiatives			✓
Company Townhall Meetings		✓	✓
Process Optimization	✓	✓	✓

Representative improvement initiatives include:

- Better Lotus：The program encourages employees to form cross-functional teams to propose improvement initiatives, identifying opportunities for operational and process optimization through collaboration across departments, and developing actionable solutions. In 2025, a total of 14 proposals were submitted, with selected initiatives being progressively implemented following evaluation. Through this program, cross-functional communication and collaboration are continuously strengthened, problem-solving efficiency is enhanced, and employee engagement and a culture of continuous improvement are reinforced.
- Leadership Development Program：In response to employee feedback on leadership and communication, the Company continues to implement structured leadership development programs to strengthen managers' capabilities in performance management, team leadership, and cross-functional collaboration. Key initiatives include performance review and goal setting, group coaching, and the GEARUP series covering topics such as R&R / RACI, talent development, and cross-functional communication and conflict management. These initiatives aim to enhance leadership effectiveness and overall organizational performance. As a result, improvements have been observed in the quality of goal setting and ongoing feedback by managers, as well as in team communication and cross-functional collaboration, further strengthening employee engagement and organizational cohesion.

The Company will continue to review improvement trends based on annual survey results to support ongoing enhancement efforts.

4.1.2 Labor Rights and Workplace Protection

Lotus values employees' fundamental labor and human rights. In accordance with international human rights standards, the Gender Equality in Employment Act, the Sexual Harassment Prevention Act, the Personal Data Protection Act, and the Maternal Health Protection Program, the Company has established consistent labor and human rights policies applicable across all global operations. The Company has implemented personnel regulations in compliance with local labor laws in each jurisdiction, administered by designated personnel to ensure that management practices meet, at a minimum, local regulatory requirements and align with Lotus' core values and sustainability commitments.

Lotus' Labor Rights Protection Measures

Working Hours	The Company has established working hours, rest periods, and leave policies in accordance with local labor laws at each operating site, ensuring that regular working hours, overtime, and related approval processes comply with applicable regulations. Overtime arrangements are made based on operational needs, with overtime pay or compensatory leave provided in accordance with applicable laws. All related policies are clearly defined in internal regulations and communicated to employees through internal channels to ensure transparency.
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. • Pension in Korea: An additional 30 days of average salary is provided for every four years of service.
Labor-Management Agreement	• The Company promotes harmonious labor–management relations by establishing appropriate communication mechanisms in accordance with local regulations. It respects employees' rights to freedom of association and expression, and ensures that participation in labor–management dialogue does not result in adverse treatment. • 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 such as promoting labor-management cooperation, coordinating labor-management relations, improving working conditions, and enhancing employee well-being. • Korea: Lotus has established a labor union and 63.6% 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 well-being. These meetings have promoted two-way communication and negotiation.
Major operational changes	• Major operational changes affecting employees' interests, along with corresponding response measures, are discussed and implemented following consultation at labor-management meetings. • In 2025, in support of the operation of the R&D center in India, the Company carried out an integration of R&D personnel. For employees affected by the organizational adjustments, the Company communicated the planned changes four months in advance and provided necessary support measures. The integration was successfully completed in July 2025. • In the fourth quarter of 2025, the Company completed an acquisition in the United States. Following completion of the acquisition, the Company communicated relevant information to employees in accordance with the principles of fairness and transparency, and made timely organizational adjustments in line with its development strategy to enhance overall operational efficiency.

4.1.3 Employee Benefits

Lotus regards talent as a key asset to the Company. To respond to global talent competition and support organizational development, we are committed to providing competitive total rewards and establishing a localized management framework within a consistent structure, supporting employees' long-term development while strengthening our ability to attract and retain talent.In terms of employee care, the Company provides comprehensive benefits to all full-time employees. In addition to statutory social insurance coverage, employee benefit programs are designed to exceed regulatory requirements, taking into account local legal frameworks, industry practices, and employee needs across each operating location. Details are as follows:

1. Leave Policies Beyond Statutory Requirements
The Company offers leave arrangements that go beyond local labor regulations. In addition to statutory annual leave, employees are entitled to additional or flexible leave options to promote work–life balance and support employees' physical and mental well-being, as well as their long-term development. Starting from 2025, employees are eligible to apply for two days of paid volunteer leave per year.

2. Insurance coverage Beyond Statutory Requirements
The Company provides all statutory social insurance in accordance with applicable laws and further enhances employee protection by offering group medical insurance and accident insurance. These additional coverages strengthen employees' healthcare and risk protection, resulting in an overall level of protection that exceeds basic legal requirements.

3. Employee Benefits Beyond Leave and Insurance
In addition to leave and insurance, the Company offers a range of employee benefit initiatives, including health management and employee support programs. These include regular health examinations, mental health support mechanisms (such as an Employee Assistance Program, EAP), and initiatives promoting physical and mental well-being. In Taiwan, regular health examinations are provided to employees who meet annual eligibility criteria. Newly hired employees in the same year are not included in the annual check-up program, as they have already completed pre-employment health examinations in accordance with legal requirements. In 2025, the participation rate for health examinations at the Nantou plant in Taiwan reached 95%, demonstrating a high level of employee engagement in health management initiatives. The Company continues to enhance employee health and well-being through ongoing optimization of its systems and programs.

4. Family-Friendly Benefits and Caregiving Support
To promote employees in building families and raising children, Lotus Taiwan introduced childbirth subsidy and newborn maternity leave subsidy in 2026, in addition to providing various family care leave benefits in accordance with local regulations. Through these practical benefits, the Company supports employees during important life milestones. Employees with at least 1 year of service are eligible for a childbirth subsidy of NT$ 50,000 for their first child and NT$ 80,000 for their second child. For the third child and each additional child thereafter, an extra NT$ 10,000 is provided. In the case of multiple births, an additional NT$ 10,000 is granted for each additional newborn. In addition, female employees receive a newborn maternity leave subsidy of NT$ 100,000 upon completion of their maternity leave, helping to ease the financial burden associated with early childcare. Employees with less than 1 year of service are also eligible for childbirth subsidy and newborn maternity leave subsidy, with benefit amounts determined in accordance with the Company's policy.

Benefits for Lotus Employees (Taiwan)

Category	Benefit Item	Description
Total Rewards	Compensation and Incentives	Annual salary adjustments and performance-based incentives, providing market-aligned compensation to support talent retention.
	Leave Policy	Leave benefits exceeding statutory requirements to support rest and work-life balance.
	Employee Care Allowances	Festive and birthday allowances to enhance employee care and organizational engagement.
	Insurance Coverage	Group medical and accident insurance to strengthen employee protection.
Employee Well-being	Health Management	Annual health examinations and follow-ups to support employee health management.
	Medical Support	On-site physician consultations, occupational health nurses, and health seminars to enhance health awareness.
	Employee Assistance Program, EAP	Psychological support, counseling, stress management, and medical referrals to support employee well-being.
Work-Life Balance & Support	Leave Benefits	Volunteer leave and birthday leave to support diverse employee needs.
	Family Support	Allowances for marriage, bereavement, hospitalization, and childcare to ease family burdens.
	Lifestyle Benefits	Travel and fitness subsidies to encourage a healthy lifestyle.
	Emergency Assistance	Emergency financial assistance (NT$ 50,000) with follow-up care linked to the EAP.
Employee Engagement & Culture	Employee Activities	Events such as Lotus Day, Yellow Friday, clubs, and celebrations to enhance team cohesion.
	Employee Volunteering	Volunteer activities such as beach clean-ups, mountain clean-ups and volunteer medical services to enhance employee engagement and community connection.
Workplace & Safety	Occupational Safety	GMP-compliant protective equipment and safety gear to ensure a safe workplace.
	Workplace Facilities	Employee cafeteria (Nantou Plant), coffee machines, rest areas, and nursing rooms to enhance workplace experience.
Employee Communication & Voice	Communication Channels	Multiple communication channels, such as employee surveys, roundtable meetings and town hall meetings are used to gather feedback and drive continuous improvements.

4.1.4 Remuneration Policy

Lotus reviews industry compensation trends annually and provides regular salary adjustments based on individual performance evaluations to maintain market competitiveness. The Company ensures internal equity through consistent compensation practices, enabling employees to focus on their roles and fully leverage their strengths. In addition to base salary, Lotus offers a range of bonus and incentive programs to reward high-performing employees. To attract and retain key talent and to align employee incentives with the Company's medium- and long-term objectives, Lotus has established restricted stock award programs (RSAs), as approved by the Board of Directors and shareholders. The Company's Articles of Incorporation stipulate that, where profits are generated in a given year, no less than 1% shall be allocated for employee compensation, including salary adjustments and bonuses. Through these competitive compensation mechanisms, Lotus aims to both retain high-performing talent and attract new talent, thereby fostering a high-performance culture. In 2025, the Company accrued NT$55,296,128 from pre-tax profit for employee compensation. Salary adjustments and bonus distributions were determined based on employees' tenure and performance. Looking ahead, Lotus will continue to participate in market compensation benchmarking surveys to ensure the ongoing competitiveness of its remuneration practices.

Lotus Taiwan Employee Remuneration Over the Past Three Years (Unit: NT$)

Year	2023	2024	2025
Number of Full-Time Non-Management Employees	591	680	660
Total Salary of Full-Time Non-Management Employees	675,483,861	750,018,346	768,156,574
Average Salary of Full-Time Non-Management Employees	1,142,951	1,102,968	1,163,874
Median Salary of Full-Time Non-Management Employees	839,723	814,702	824,859

Gender Pay and Remuneration Ratio in Major Operating Regions 2025

Region	Taiwan				Other Asian Regions				Europe			
Item	Monthly Base Salary		Annual Compensation		Monthly Base Salary		Annual Compensation		Monthly Base Salary		Annual Compensation	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Executives(Note 1)	1	0.32	1	0.3	1	0.33	1	0.14	1	-	1	-
Senior Management (BU Division Lead)	1	0.8	1	0.95	1	1.5	1	1.71	1	0.55	1	0.63
Middle Management (Division Head Level and Above)	1	0.9	1	0.9	1	1.06	1	1.11	1	0.39	1	0.35
General Employees	1	0.91	1	0.92	1	0.65	1	0.69	1	0.73	1	0.71

Notes:
1. Executives refer to decision-makers responsible for formulating the company's overall strategy and overseeing global or cross-regional business operations.
2. Calculation method: Average Female Compensation by Category / Average Male Compensation by Category.
3. Base salary: Includes regular pay such as base salary and meal allowances.
4. Compensation: Refers to total annual remuneration, including base salary, meal allowances, year-end bonuses, performance bonuses, overtime pay, and stock-based income.

4.2 Workforce Overview

Lotus recognizes its workforce as a critical foundation for sustainable growth and is committed to establishing a compliant, fair, and attractive human resources management framework to support its global operations and organizational expansion. All employment practices comply with the Labor Standards Act or equivalent local regulations across operating locations. Employment terms, including working hours, leave, and compensation, are clearly defined through formal written contracts to safeguard employees' rights and mitigate labor-related risks.

As of the end of 2025, the Company employed a total of 1,585 employees globally, with males and females accounting for 53.9% and 46.1%, respectively. Women represented 39.1% of management positions. The Company continues to focus on workforce diversity and gender balance, promoting organizational stability, talent development, and fair opportunities for employee development and career advancement through its human resources management practices. In 2025, the proportion of women in management positions was equivalent to 84.8% of the proportion of women in the overall workforce, reflecting meaningful female participation and representation in management positions.

Workforce changes over the past 2 years primarily reflect the impact of the Company's acquisition strategy. Lotus completed the acquisition of a subsidiary in Thailand in 2024 and a U.S. subsidiary in December 2025. The integration of acquired entities has progressively expanded the Company's workforce, with employees of the U.S. subsidiary to be included in workforce statistics starting from 2026. Through ongoing integration of global talent and resources, the Company continues to enhance its international operational capabilities and organizational resilience.

Workforce Trends for the Past 3 Years

Workforce Type	2023	2024	2025
Employees	1,131	1,432	1,585
Non-Employee Workers	36	41	46
Total	1,167	1,473	1,631
Reporting Scope	Taiwan, Korea	Taiwan, Korea, Singapore, India	Lotus Global Operating Sites(Note 5)

Notes:
1. Employee numbers are calculated based on headcount.
2. Data are based on year-end headcount as of December 31 of each reporting year.
3. Non-Employee workers include security personnel, cafeteria staff, sanitation workers, dispatched IT personnel, interns, and accountants.
4. The year-on-year increase in the number of workers is attributable to the inclusion of additional subsidiaries within the reporting scope.
5. Workforce statistics for global operating sites in 2025 exclude the U.S. sites acquired in December 2025.

Employment Types by Region in 2025

Employment Types		Taiwan		Other Asian Regions		Europe		Subtotal		Total
		Male	Female	Male	Female	Male	Female	Male	Female	
Contract Type	Permanent Employees	312	375	523	303	15	31	850	709	1,559
	Temporary Employees	2	3	3	18	0	0	5	21	26
Working Hours	Employees without Guaranteed Working Hours	0	0	0	0	0	0	0	0	0
	Full-Time Employees	314	375	526	316	15	31	855	722	1,577
	Part-Time Employees	0	3	0	5	0	0	0	8	8
Total Number of Employees		314	378	526	321	15	31	855	730	1,585
Percentage of Male and Female Employees by Region (%)		45.4%	54.6%	62.1%	37.9%	32.6%	67.4%	53.9%	46.1%	

Notes:
1. Employee statistics for global operating sites in 2025 exclude the U.S. sites acquired in December 2025.
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 of Lotus in 2025

	Taiwan		Other Asian Regions		Europe		Subtotal		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Total Number of Non-Employee Workers	5	11	16	13	0	1	21	25	46

Notes:
1. Non-Employee Workers in Taiwan include IT dispatched workers, interns, security personnel, cafeteria staff, and cleaning personnel.
2. Non-Employee Workers in Other Asia Regions include security personnel, cafeteria staff, and cleaning personnel.
3. The Non-Employee Worker in Europe is an accountant.

4.2.1 Diverse and Inclusive Employment Opportunities

Lotus is committed to providing equal employment opportunities. All employment-related decisions, including recruitment, hiring, promotion, and compensation, are based on individual capability, potential, and performance. The Company continues to foster a diverse and inclusive workplace, ensuring that employees from different backgrounds have equal access to development opportunities. As of 2025, the Company maintains a balanced gender structure, with male and female employees accounting for 53.9% and 46.1%, respectively. At the management level, women represent 33.3% of senior executives and 40.4% of senior managerial positions, indicating meaningful female representation across management levels.
Among general employees, women account for 47.0% of the workforce, reflecting a balanced talent structure. Lotus continues to promote fair development and advancement opportunities for employees of all genders through its talent development and promotion mechanisms, further strengthening gender diversity and balance across the organization.

In addition to promoting gender diversity, the Company actively advances inclusive employment opportunities for diverse groups. As of 2025, the Company employs 3 Indigenous employees in Taiwan and a total of 9 employees with disabilities across Taiwan and Korea, and continues to enhance related support measures. While the Company complies with applicable regulations on the employment of persons with disabilities, its Taiwan operations did not meet the statutory quota in 2025 and therefore paid the required levy. In parallel, the Company has strengthened its recruitment efforts—by continuously posting vacancies, proactively sourcing and inviting candidates for interviews, and deepening collaboration with employment service agencies—to progressively improve hiring outcomes and further advance corporate social responsibility and workplace inclusion.

To support local development, Lotus actively cultivates and appoints local talent to senior leadership roles at key operating locations, including Taiwan and Korea. In 2025, among 40 executives at division level or above, 32 are local nationals, representing 80% of such positions. In addition, the Company continues to recruit pharmaceutical professionals globally. As of 2025, employees come from 26 countries. Leveraging diverse backgrounds and professional expertise, Lotus strengthens its global operational capabilities and enhances its ability to serve local markets.

Distribution of Employee Categories by Gender and Age in 2025

Position / Diversity Category		Gender		Age		
		Male	Female	Under 30	31-50	51 and above
Executives(Note 1)	Number	6	3	0	5	4
	Ratio	66.7%	33.3%	0%	55.6%	44.4%
Senior Management (BU Division Lead)	Number	34	23	1	40	16
	Ratio	59.6%	40.4%	1.7%	70.2%	28.1%
Middle Management (Department Leads)	Number	72	46	0	95	23
	Ratio	61.0%	39.0%	0%	80.5%	19.5%
General Employees	Number	743	658	201	1,086	114
	Ratio	53.0%	47.0%	14.4%	77.5%	8.1%
Total	Number	855	730	202	1,226	157
	Ratio	53.9%	46.1%	12.7%	77.4%	9.9%

Note.
1. Executives refer to decision-makers responsible for formulating the company's overall strategy and overseeing global or cross-regional business operations.
2. Employee statistics for global operating sites in 2025 exclude the U.S. sites acquired in December 2025.

4.2.2 Personnel Turnover

Regarding workforce stability and organizational development, Lotus monitors employee retention and turnover as key indicators of talent stability and workforce management effectiveness. In 2025, retention and voluntary turnover rates were 75.5% and 19.7% in Taiwan, and 94.2% and 3.3% in Korea, respectively. The Company also conducts regular employee surveys and maintains multiple communication channels, such as feedback mechanisms and internal communication platforms, to better understand employee experience and organizational climate, and to support continuous improvement.

Hiring and Retention

In response to global population aging and rising demand for pharmaceutical products, Lotus recruited 318 new employees in 2025, representing 20.1% of the total workforce. To support new hires in adapting to the organization, the Company provides structured onboarding and training programs to help them understand corporate culture and work processes and facilitate their integration.

Lotus is also committed to recruiting and developing professional talent in R&D and manufacturing to support its competitiveness in a dynamic market. In 2025, the retention rate of R&D personnel reached 89.5%. To reflect the underlying retention of the R&D workforce, this indicator excludes the impact of organizational restructuring resulting from the Company's strategic reallocation of R&D resources, including the relocation of the R&D center from Taiwan to India.

2025 New Employee Statistics

Category		Total	
		Number of People	Percentage
Age	Under 30	75	23.6%
	31-50	234	73.6%
	51 and above	9	2.8%
Gender	Male	163	51.3%
	Female	155	48.7%
Region	Taiwan	171	53.8%
	Other Asian Regions	139	43.7%
	Europe	8	2.5%
New Hire Rate		20.1%	

Note: New Hire Rate = Total Number of New Employees (318) / Total Year-End Headcount (1,585).

Employee Turnover

In terms of human resource management, the Company closely monitors employee turnover and analyzes employee turnover trends to understand organizational stability and changes in workforce structure, serving as a key basis for optimizing recruitment and retention strategies. In 2025, voluntary resignations totaled 210 employees, representing 13.2% of the workforce, a slight increase compared to 2024. Overall, from 2024 to 2025, turnover rates declined in Europe and other parts of Asia, except for Taiwan, indicating an overall improvement in workforce stability. The increase in turnover in Taiwan primarily reflects higher mobility among specific employee segments. Overall, employees aged 31–50 accounted for a larger proportion of departures. As the Company recruits talent from diverse locations, some employees, at different life stages (such as marriage, childcare, and caring for parents), choose to pursue opportunities closer to their home locations due to family-related considerations, contributing to workforce mobility within this segment. The Company will continue to enhance workforce planning, strengthen career development, and optimize total rewards and benefits to improve employee retention and organizational stability.

Regional and Age Distribution of Employee Turnover (2024–2025)

Gender	Percentage by Gender		Age	Percentage by Age Group		Gender	2024 Taiwan	2024 Other Asian Regions	2024 Europe	2024 Total Number	2024 Total Percentage	2025 Taiwan	2025 Other Asian Regions	2025 Europe	2025 Total Number	2025 Total Percentage
	2024	2025		2024	2025											
Male	49%	48.1%	Under 30	26%	21.9%	Male	16	6	0	22	10.8%	13	3	0	16	7.6%
						Female	22	9	0	31	15.2%	23	7	0	30	14.3%
			31-50	68.6%	75.2%	Male	37	33	1	71	34.8%	51	26	3	80	38.1%
Female	51%	51.9%				Female	38	31	0	69	33.8%	54	24	0	78	37.1%
			51 and above	5.4%	2.9%	Male	5	1	1	7	3.4%	2	3	0	5	2.4%
						Female	1	2	1	4	2.0%	1	0	0	1	0.5%
Number of Employee Turnover by Region							119	82	3	204	100%	144	63	3	210	100%
Percentage by Region							58.3%	40.2%	1.5%	-	-	68.6%	30.0%	1.4%	-	-
Employee Turnover Rate by Region							16.4%	10.9%	8.8%			19.7%	7.7%	7.1%		

Notes:
1. Voluntary turnover rate = Number of employees who voluntarily left the Company during the year ÷ [(Beginning headcount + Ending headcount) ÷ 2].
2. Employee turnover statistics exclude involuntary separations, including termination due to death, retirement, severance, dismissal, expiration of fixed-term contracts or internships, and employees who resigned within 90 days of employment.

2025 Voluntary and Involuntary Employee Turnover Rates

Category	Total Number of Employees of This Category	Voluntary Leavers	Involuntary Leavers	Voluntary Turnover Rate	Involuntary Turnover Rate
Executives(Note 1)	9	0	2	0%	25.0%
Senior Management (BU Division Lead)	57	3	6	5.5%	11.0%
Middle Management (Department Leads)	118	10	11	8.3%	9.2%
General Employees	1,401	197	101	14.0%	7.2%
Total	1,585	210	120	-	-

Notes：
1. Executives refer to decision-makers responsible for formulating the Company's overall strategy and overseeing global or cross-regional business operations.
2. Statistics are as of December 31, 2025. Employee statistics for global operating sites in 2025 exclude the U.S. sites acquired in December 2025.
3. In 2025, the proportion of involuntary turnover increased compared to the previous year, primarily due to organizational adjustments related to the relocation of the R&D center from Taiwan to India.

4.2.3 Parental Leaves

To support employees in balancing work and family responsibilities during parenting stages, Lotus continues to enhance its parental leave policies and related support measures, including childbirth incentives and childcare subsidies. The Company encourages employees to return to work after parental leave to maintain workforce stability and continuity. In 2025, a total of 37 employees took parental leave. Of those, 86.4% returned to work after their leave, indicating that the Company's parental support measures help facilitate employees' return to work and support workforce continuity. The retention rate of employees 12 months after returning from parental leave was 80%, further reflecting workforce stability. Employees eligible for parental leave represented approximately 76.7% of the Group's workforce in 2025, based on applicable local laws and regulations across operating locations.

Lotus complies with local regulations: in Taiwan, eligible employees are entitled to up to 2 years of parental leave, with a government-subsidized allowance equivalent to 80% of the average insured salary for the first 6 months. In Korea, employees may apply for up to 1 year and 6 months of parental leave in accordance with local laws. Through these comprehensive benefits, Lotus supports employees in balancing career development and family responsibilities.

2025 Parental Leave Statistics

Year	Taiwan			Other Asian Regions			Europe			total		
Item	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees eligible for parental leave in 2025 (a)	26	39	65	111	109	220	1	3	4	138	151	289
Employees taking parental leave in 2025 (b)	2	12	14	4	16	20	0	3	3	6	31	37
Parental leave applications rate (b/a)	7.7%	30.8%	21.5%	3.6%	14.7%	9.1%	0%	100%	75%	4.3%	20.5%	12.8%
Employees expected to return from parental leave in 2025 (c)	3	10	13	3	6	9	0	0	0	6	16	22
Employees returned from parental leave in 2025 (d)	3	9	12	2	5	7	0	0	0	5	14	19
Parental leave reinstatement rate (d/c)	100.0%	90.0%	92.3%	66.7%	83.3%	77.8%	NA	NA	NA	83.3%	87.5%	86.4%
Employees returned from parental leave in 2024 (e)	4	3	7	1	7	8	0	0	0	5	10	15
Employees retained for 12 months after returning from parental leave (f)	2	2	4	1	7	8	0	0	0	3	9	12
Parental leave retention rate (f/e)	50.0%	66.7%	57.1%	100.0%	100.0%	100.0%	NA	NA	NA	60.0%	90.0%	80.0%

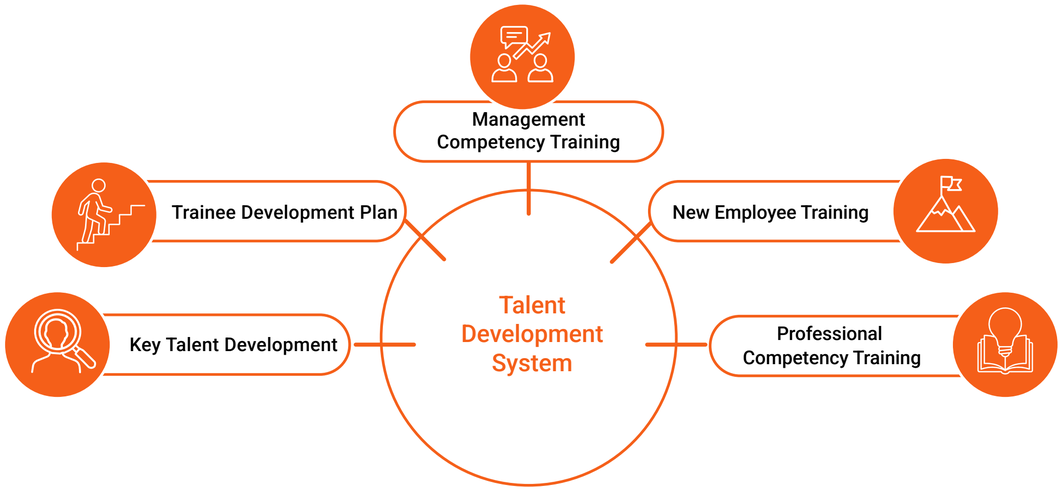
Lotus received certification from the Nantou County Government in 2025 for its breastfeeding-friendly facilities, supporting work–family balance and a gender-friendly workplace.

Notes:
1. Parental leave application rate = Employees taking parental leave / Employees eligible for parental leave*100%.
2. Parental leave reinstatement rate = Employees returned from parental leave / Employees expected to return from parental leave *100%.
3. Parental leave retention rate = Employees retained for 12 months after returning from parental leave / Employees returned from parental leave in the previous year *100%.

4.3 Talent Development

Lotus is committed to strengthening workforce capabilities and enhancing talent development to support long-term operations and sustainable growth. The Company has established a structured talent development framework aligned with different career stages and functional needs to build professional capabilities and develop a leadership pipeline. Through continuous enhancement of training systems and career development pathways, Lotus strengthens organizational capabilities and develops key talent and future leaders, supporting organizational resilience and long-term competitiveness.

To enhance managerial and leadership competencies across all levels, Lotus promotes managerial capability development through a range of management development mechanisms, such as job rotation and project-based assignments, together with the GEARUP learning series. The curriculum includes practical courses on Managerial Roles and Responsibilities, Performance Review and Goal Setting, High-Performance Team Building, Talent Development, and Cross-Functional Communication and Negotiation, comprehensively strengthening managers' daily management and leadership capabilities. Additionally, Lotus has launched a Succession Plan for key talent, focusing on cultivating high-potential employees to continuously strengthen the organization's future leadership pipeline and operational management capabilities.



2025 Talent Development Performance

Average Training Hours per Employee (Global):
22 hours

Training Program Satisfaction (Taiwan):
4.7 /5.0

Professional Certifications Obtained (Taiwan):
56

Middle Management Promotion Rate (Taiwan):

Male	Female
24%	29%

Annual Awards and Honors

HR Asia Awards 2025

- Best Companies to Work for in Asia (Taiwan)
  - four years in a row
- Diversity, Equity & Inclusion Awards
  - 2nd time winner
- Sustainable Workplace Awards
  - 1st time
- HR Asia Tech Empowerment Awards
  - 1st time

TTQS Bronze Award by the Workforce Development Agency, Taiwan (2025)

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
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 4 years.

2025 Employee Training and Development Programs

Item	Training Sessions	Total Participants	Training Hours	Training Expenses (NT$)
New Employee Training	2,943	10,649	10,422	856,984
Professional Competency Training	266	7,424	19,381	1,503,937
Supervisor Talent Training	34	281	2,236	3,794,667
Self-Development Training	157	713	4,046	1,906,066
Total	3,400	19,067	36,085	8,061,654

Note：Statistics cover employees at Lotus' global operating sites and exclude employees of the U.S. operations acquired in December 2025.

2025 Average Training Hours by Employee Category and Gender (Unit: hour)

Category	Definition	Taiwan		Other Asian Regions		Europe		Average Training Hours
		Male	Female	Male	Female	Male	Female	
Executive	Responsible for formulating the company's overall strategy and overseeing global or cross-regional business operations	4.0	19.0	0.4	0.0	0.5	0	4.9
Senior Management	BU and Division Lead	24.2	18.3	8.9	24.3	0.3	0	16.2
Middle Management	Department Lead	37.1	35.1	22.9	27.1	0.3	0	26.1
General Employees		23.0	20.4	24.6	20.9	0.5	0.5	22.0
Overall Average		23.9	21.2	23.7	21.3	0.4	0.3	22.0

Note: Employee statistics for global operating sites in 2025 exclude the U.S. sites acquired in December 2025.

4.3.1 Succession Planning

Lotus is committed to building a sustainable leadership pipeline to support the Company's long-term development and leadership continuity. Through a regular talent review process, high-potential employees are identified as succession candidates. The Company collaborates with external advisor Willis Towers Watson (WTW) to implement LIFO (Life Orientations Assessment) and Saville Assessment tools to support the identification of leadership potential and development needs.

Based on assessment outcomes and key position requirements, individual development plans are established for succession candidates. These plans are supported through structured development initiatives, including leadership training, cross-functional assignments, and group coaching, to strengthen strategic thinking and leadership capabilities. The Company conducts regular reviews and adjustments to ensure that succession development remains aligned with organizational needs, continuously strengthening leadership development and talent continuity.

In 2025, succession planning objectives were established under the "Talent Development Program." The Company aims for 25% of participants to qualify as successors for department head positions by 2028 (mid-term target) and 50% by 2033 (long-term target), following completion of the three-year succession development program.

Succession Planning for Management

- 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 providing coaching and development plans.
- Practical Experience: Accumulating management experience through task-oriented projects and cross-departmental collaboration.
- Global Talent Development: Cultivating management professionals with international perspectives through a Taiwan-based and global outlook.

4.3.2 Employee Performance Evaluations and Promotion Policy

Lotus' performance evaluation system is based on the Lotus DNA and Star Map performance management indicators. The system encourages employees to demonstrate the culture and values expected by the Company while achieving their work objectives, and helps align individual goals with the Group's operational direction. Performance evaluation results also serve as a basis for talent development, compensation adjustments, and promotion decisions, helping ensure fairness, consistency, and transparency in talent management processes.

In 2025, employee performance evaluation coverage exceeded 90% across Lotus' operating sites, while management-level evaluation coverage reached 99%, demonstrating the Company's continued efforts to promote talent management and employee development through structured mechanisms. Lotus values diversity and equal opportunities, and bases promotion decisions on employee performance, professional capabilities, and development potential. In 2025, the promotion rate was 11% for female employees and 10% for male employees. Among middle management employees in Taiwan, the promotion rate was 29% for women and 24% for men, reflecting the Company's continued commitment to providing fair development and promotion opportunities through a consistent talent management mechanism.

2025 Performance Evaluation and Promotion Statistics

Area		Taiwan				Other Asian Regions				Europe				Total average			
Category	Definition	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
Executives	Responsible for formulating the company's overall strategy and overseeing global or cross-regional business operations	100%	100%	0%	0%	100%	100%	0%	0%	100%	NA	0%	NA	100%	100%	0%	0%
Senior Management	BU and Division Lead	100%	100%	25%	0%	100%	100%	16%	0%	100%	100%	33%	0%	100%	100%	21%	0%
Middle Management	Department Lead	100%	100%	24%	29%	100%	100%	9%	0%	100%	86%	25%	14%	100%	98%	14%	15%
General Employees		95.4%	93.3%	10%	15%	95%	89%	8%	7%	86%	83%	0%	0%	95%	91%	9%	11%
Overall Average		95.9%	93.9%	12%	16%	96%	90%	8%	7%	93%	84%	13%	3%	96%	92%	10%	11%

Notes:
1. Employee statistics for global operating sites in 2025 exclude the U.S. sites acquired in December 2025.
2. NA indicates that no employees were in this category; therefore, no calculation applies.
3. Employees included in the performance evaluation statistics: Taiwan – direct employees employed throughout the year and indirect employees who joined on or before September 30, 2025; Non-Taiwan regions – full-time employees who joined on or before September 30, 2025.

4.3.3 Industry-Government-Academia Collaboration

Lotus has maintained a strong presence in Taiwan for many years and continues to support the development of local pharmaceutical talent and industry engagement. Through internship programs, corporate mentoring initiatives, and company information sessions, Lotus collaborates with universities and colleges across Taiwan to help students better understand pharmaceutical industry practices, connect academic knowledge with workplace applications, and explore future career paths at an early stage. Through industry-academia collaboration, Lotus aims to cultivate pharmaceutical talent with international perspectives and practical capabilities, contributing to the long-term development of Taiwan's pharmaceutical industry.

Highlights of Lotus Taiwan's Industry-Government-Academia Collaboration in 2025

Industry-Government-AcademiaCollaboration Plan	Description	Achievements
Internship Program and Corporate Mentor	Lotus collaborates with pharmaceutical-related departments at Chung Hwa University of Medical Technology to provide internship opportunities, enabling students to gain early exposure to industry technologies, pharmaceutical manufacturing processes, and GMP requirements. In addition to enhancing students' professional knowledge and technical skills, the program helps cultivate future pharmaceutical talent with the competencies required by international pharmaceutical companies.	• Talent Recruitment and Development: Partnered with a leading pharmaceutical college to recruit three interns. • Cross-Functional Process and Multidisciplinary Learning: The internship program covers core practical areas, including process expertise, production line operations, and GMP batch management. It also provides diverse professional courses and learning opportunities, enabling interns to build and deepen their overall understanding of manufacturing systems through hands-on participation and observation.
Company Information Sessions	The Company participates in campus job fairs and corporate introduction sessions at well-known domestic pharmaceutical universities to attract and recruit young talents 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 11 corporate introductions. • Including National Taiwan University, National Tsing Hua University, National Yang Ming Chiao Tung University, Taipei Medical University, Kaohsiung Medical University, China Medical University, Chia Nan University of Pharmacy & Science, National Chung Hsing University, Chang Gung University, Chung Hwa University of Medical Technology, Jen-The Junior College of Medicine, Nursing & Management. • Program Impact: Enabled students to gain an understanding of pharmaceutical manufacturing processes, apply their learning in practice, and explore career development opportunities in the pharmaceutical industry.

4.4 Occupational Health and Safety

Lotus is committed to providing a safe and healthy working environment and safeguarding employees' occupational safety as well as their physical and mental well-being. Occupational safety and health management is embedded into the Company's operational governance, with management responsible for its implementation and oversight. The Company adopts a preventive and risk-based approach to occupational safety management, supported by a structured system covering hazard identification, risk assessment, incident prevention, and continuous monitoring. This approach enables the Company to systematically mitigate operational risks and enhance workforce safety and protection.

To further enhance the maturity of its OSH management system and align with international standards, Lotus Taiwan initiated ISO 45001 training in the fourth quarter of 2025, further strengthening its existing management framework. The Company plans to complete the implementation of ISO 45001 and obtain third-party certification in 2026.

4.4.1 Occupational Safety and Health Management Structure and Policy

The Company has established an occupational safety and health management structure with clearly defined roles and responsibilities across all levels of the organization. Management is responsible for overall strategic direction and oversight, while each operating site is responsible for implementation and day-to-day management in accordance with local regulatory requirements and operational needs. Each site complies with applicable local occupational safety and health regulations and internal management practices, and implements OSH measures through established management processes and control mechanisms to ensure effective implementation and continuous operation.

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.
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.
EHS Management System	Provide environmental, energy, occupational safety and health training, communication, and awareness programs for all employees and external personnel to strengthen EHS management and performance.
Energy and Natural Resource Management	Promote the efficient use of energy and natural resources through the participation of all employees to achieve energy conservation, carbon reduction, and zero workplace accidents.

4.4.2 Operations of the Occupational Safety and Health Committee

Lotus has established an Occupational Safety and Health (OSH) Committee comprising senior management, employee representatives (including labor representatives), and representatives from each operating site to oversee and support the implementation of OSH management. The Committee convenes on a quarterly basis to review and discuss the annual OSH management plan, covering key areas such as hazard identification and risk assessment, workplace environment and health management, incident investigation and audits, as well as contractor and supplier safety management.
Action items raised during the meetings are tracked and monitored by the OSH function through established follow-up mechanisms, with progress regularly reported at subsequent meetings.

Composition of Occupational Safety and Health Committee

Area	Employer (Number of People)	Employees (Number of People)	Occupational Safety and Health	Number of Meetings in 2025
Taiwan	7	5	3	4
Korea	5	5	3	4
India	1	1	1	4

Management of Controlled Chemicals

The table below presents the departments using chemical substances at the Nantou Plant, their primary purposes, and the corresponding GHS hazard pictograms. Employees who handle chemicals receive the required training in accordance with applicable regulations. Appropriate personal protective equipment (PPE) is provided during operations, and the working environment is regularly monitored. In addition, EHS personnel conduct routine inspections to verify compliance and ensure the effective implementation of chemical safety management measures.

Overview of Chemical Use and Hazards

Department	Purpose	GHS Hazard Pictograms
GMP LAB	Lab/R&D	
MN	Production	
WH	Storage	
EHS	Wastewater treatment	
ENG	Electric generator Cooling tower	

4.4.3 Workplace Safety and Accident Prevention Mechanism

To reduce occupational risks and strengthen workplace safety management, the Company has established workplace safety and accident prevention mechanisms, supported by training programs, risk awareness initiatives, and emergency response drills to enhance employees' safety awareness and response capabilities. In 2025, the Company conducted occupational safety and health training covering safety, health, and fire prevention. In addition to legally required on-the-job OSH training and fire safety drills, additional training programs were developed based on site-specific operational risks. Environmental, health, and safety training for new employees has also been integrated into the Company's talent development framework to ensure fundamental safety knowledge and competencies. The Company further strengthens emergency preparedness through practical fire drills, ensuring effective execution of response procedures and enhancing overall workplace safety performance.

Employee OSH Training in Taiwan (2025)

Category	Courses	Objects	Total Participants	Total Hours
Safety	Production Line Morning Meeting (Safety Briefing)	Nantou Plant personnel	572	286
	Hazards Awareness/Occupational Safety Training	Laboratory personnel	32	32
	Workplace Violence Prevention Training	Lotus personnel	74	74
	Occupational Safety Refresher Training	Lotus personnel	340	1,020
Health	Nutrition for Fat Loss and Muscle Gain	Nantou Plant personnel	132	132
	2025 Lotus Workplace Health Exercises	Nantou Plant personnel	143	143
Fire Safety	Fire Prevention Organization and Training in the First Half of the Year	Nantou Plant fire prevention personnel	202	808
	Fire Prevention Organization and Training in the Second Half of the Year	Nantou Plant fire prevention personnel	135	540
	Fire Evacuation Drill for All Staff	Nantou Plant personnel	307	154

Employee OSH Training in Korea (2025)

Category	Courses	Objects	Total Participants	Total Hours
Safety	Regular Safety and Health Training for Workers	Workers	1,669	6,600
	Safety and Health Training for New Employees	New employees	28	224
	Management Supervisor Training	Team and Department Supervisors	18	288
	Boiler Safety Management Training	Boiler safety managers	1	7
	Gas Safety Management Training	Gas safety managers	2	6
Health	Workers Health Training	Workers	43	14
Fire Safety	Fire Safety Management Training	Plant fire safety managers	24	82

4.4.4 Occupational Safety Hazard Identification and Risk Assessment Mechanism

Lotus regularly conducts hazard identification and risk assessments and requires improvement actions for high-risk items. To prevent risks from escalating, we promote the Near Miss Reporting Program 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. Reports may include unsafe behaviors, such as violating operating procedures, bypassing safety protection devices, or using improper tools, as well as unsafe conditions, such as exposed wiring, inadequate lighting, or insufficient safeguards. After review by the EHS team, 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. In 2025, a total of 22 near-miss cases were reported, and all corrective actions were completed.

The Accident Investigation Process

① Incident Reporting → ② Incident Investigation and Corrective & Preventive Actions (CAPA) → ③ Root Cause Verification and Corrective Action Follow-up → ④ Case closure

2025 Near-Miss Incident Statistics

Near-Miss Category	Health	Safety	Total
Number of Near-Miss Incidents	1	21	22

4.4.5 Occupational Injury Statistics

Occupational injury statistics from 2023 to 2025 show that Lotus maintained stable occupational safety performance, with no employee fatalities or serious incidents. While recordable injury rates varied slightly due to changes in workforce size and working hours, overall risk level remained controlled. In 2025, the recordable injury rate was 0.77 in Taiwan and 0 in Korea. The Company will continue to strengthen OSH management through continuous improvement, preventive measures, and training. No occupational injury incidents involving non-employees, including contractors and visitors, were reported over the past three years. The Company also monitors safety performance using normalized indicators based on workforce size and working hours to ensure comparability across regions.

Lotus Taiwan Occupational Injury Statistics for the Past 3 Years

Year	Category	Total Hours Worked	Number of People			Ratio		
			Number of Fatalities	Number of Recordable Injuries	Number of High-Consequence Work-Related Injuries	Fatality Rate	Total Recordable Injury Frequency Rate (TRIFR)	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
2025	Employees	1,293,296	0	1	0	0	0.77	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. Occupational injury statistics exclude commuting accidents.
3. Recordable 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 Injuries × 1,000,000 / Total Hours Worked (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 Hours Worked (calculated to 2 decimal places, not rounded off).
7. No fatal or occupational injury incidents involving non-employee workers were reported at Lotus Taiwan over the past 3 years.

Lotus Korea Occupational Injury Statistics for the Past 3 Years

Year	Category	Total Hours Worked	Number of People			Ratio		
			Number of Fatalities	Number of Recordable Injuries	Number of High-Consequence Work-Related Injuries	Fatality Rate	Total Recordable Injury Frequency Rate (TRIFR)	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
2025	Employees	819,573	0	0	0	0	0	0

Notes:
1. The statistical boundary focuses on sites in 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, and Wonju Sales Office.
2. Occupational injury statistics exclude commuting accidents.
3. Recordable 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 Injuries × 1,000,000 / Total Hours Worked (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 Hours Worked (calculated to 2 decimal places, not rounded off).
7. No fatal or occupational injury incidents involving non-employee workers were reported at Lotus Korea over the past 3 years.

Lotus Taiwan Lost Time Injury Frequency and Severity Rates for the Past 3 Years (LWDC)

Year	Category	Lost Time Injuries	Lost Workdays	Lost Time Injury Frequency Rate	Lost Time Injury Severity Rate	Frequency-Severity Indicator	Injury Category
2023	Employees	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.
	Non-Employee Workers	0	0	0	0	0	
2024	Employees	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.
	Non-Employee Workers	0	0	0	0	0	
2025	Employees	1	4	0.77	3	0.05	A TS employee slipped and fell on the steps near the entrance to the production area during rainy conditions. An on-site investigation identified that the surface became slippery when wet. Anti-slip strips were subsequently installed, along with guardrails on both sides. All corrective actions have been completed.
	Non-Employee Workers	0	0	0	0	0	

Notes:
1. Number of lost workdays: Number of days away 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. Lost Time Injury Frequency Rate (LTIFR) = Number of Lost Time Injuries × 1,000,000/Total Hours Worked (calculated to 2 decimal places, not rounded off).
3. Lost Time Injury Severity Rate (LTISR) = (Number of Lost Workdays Due to Injury ×1,000,000)/Total Hours Worked (rounded number, not rounded off).
4. Frequency-Severity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1{,}000]}$.
5. The statistical benchmark of lost time injury accidents does not include "commuting disasters" occurring during commuting hours.

Lotus Korea Lost Time Injury Frequency and Severity Rates for the Past 3 Years (LWDC)

Year	Category	Lost Time Injuries	Lost Workdays	(LTIFR) Lost Time Injury Frequency Rate	(LTISR) Lost Time Injury Severity Rate	(FSI) Frequency-Severity Indicator	Injury Category
2023	Employees	1	35	1.09	38.28	0.01	An accident resulting in a crack in the finger bone.
	Non-Employee Workers	0	0	0	0	0	
2024	Employees	0	0	0	0	0	No lost time injuries occurred.
	Non-Employee Workers	0	0	0	0	0	
2025	Employees	0	0	0	0	0	No lost time injuries occurred.
	Non-Employee Workers	0	0	0	0	0	

Notes:
1. Number of lost workdays: Number of days away 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. Lost Time Injury Frequency Rate (LTIFR) = Number of Lost Time Injuries × 1,000,000/Total Hours Worked (calculated to 2 decimal places, not rounded off).
3. Lost Time Injury Severity Rate (LTISR) = (Number of Lost Workdays Due to Injury ×1,000,000)/Total Hours Worked (rounded number, not rounded off).
4. Frequency-Severity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1{,}000]}$.
5. The statistical benchmark of lost time injury accidents does not include "commuting disasters" occurring during commuting hours.

4.4.6 Workplace Health Promotion Action

To enhance employee health and fulfill its responsibility for employee well-being, Lotus continued to implement workplace health promotion initiatives in 2025 through a systematic approach integrating policy development, health management measures, and employee engagement, thereby promoting employees' physical and mental well-being. The Company implemented a Workplace Violence Prevention Program to mitigate psychological and physical safety risks. In addition, through structured health management practices, Lotus obtained certifications from the Ministry of Health and Welfare, Taiwan, including Safe Workplace, Health-Promoting Workplace, and Breastfeeding Room Friendly certifications, demonstrating its ongoing commitment to health promotion and a supportive work environment. In 2025, the Company encouraged employees to establish regular exercise habits through health promotion activities, contributing to increased physical activity and supporting the reduction of obesity-related risks. In addition, safety and health assessments were conducted for middle-aged and senior employees to evaluate job-related risks and develop improvement measures, supporting the health and safety needs of employees across different age groups.

Health Examination Participation Rate at the Nantou Plant, Taiwan

95%

405 employees

CPR and AED Training Completion Rate at the Nantou plant, Taiwan

81%

Work-Related Psychological Stress Support

24 employees

Referral to Psychological Counseling

0 employees

Exercise Subsidy Program

296 applicants

Employee Family Day

860 participants

Online Walking Challenge

255 participants

74,949,293 total steps accumulated

40.1% average increase in physical activity

Health-Promoting Workplace Certification

Safe Workplace Certification by the Ministry of Health and Welfare, Taiwan

Lotus Taiwan Workplace Health Promotion Initiatives

Employee Health Examinations	CPR and AED Training	Health Management and Work-Related Ill Health Prevention	Diverse Employee Health Promotion Activities
• Health Examination Participants (2025): 405 • Special Hazard Health Examination Participants (2025): 68 • 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 examination 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. • Continuous follow-up in 2025, 2 employees have been surgically treated, and 1 employee will need regular follow-up.	The 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, • 73% in 2024, • 81% in 2025.	• A total of 405 colleagues participated in the survey, among which 3 were related to workload and management, 10 to ergonomics hazard prevention, and 20 to work related psychological stress care. Counseling and follow-up have been provided to the aforementioned colleagues. • 10 individuals in the maternity protection program. • 13 joyful gifts provided. • 0 individuals referred for psychological counseling. • 0 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, 10 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.	• A total of 296 people applied for the exercise subsidy in 2025. • A total of 860 participants attended the 2025 Family Day event. • In 2025, 255 employees participated in the Lotus Taiwan online walking challenge, with a total of 74,949,293 steps recorded.

Note: The operating site of the statistics is in Taiwan.

Lotus Taiwan Online Walking Challenge

- Number of Participants：255
- Activity Period：2025/06/19~2025/08/09
- Results：During the 52-day event, participants recorded a total of 74,949,293 steps. Participants' physical activity increased by an average of 40.1%, and the initiative resulted in a total carbon reduction of 31.48 metric tons.

Health examination results from 2023 to 2025 showed that the most common findings among employees were mild fatty liver, overweight, and high cholesterol, indicating obesity-related health risks. Shift work schedules have also contributed to irregular lifestyles, affecting participation in health-related activities. In 2024, the weight management program resulted in a total weight reduction of 342 kg, with the prevalence of fatty liver and elevated BMI decreasing by ≥1%. However, the participation rate among shift workers remained low at 5%. In 2025, the introduction of an online walking program increased overall employee participation to 42%, with shift worker participation rising to 14.8%. Average daily steps increased by 40.1%, and the prevalence of high cholesterol decreased from 49.9% to 42.9%, indicating clear improvement.

Lotus Taiwan Safety and Health Survey for Middle-Aged and Senior Employees

- Number of Respondents ：108
- Age Group ：45 and above
- Response Rate ： 100%
- Findings：A total of 14 employees were identified for regular follow-up.

In 2025, Lotus conducted a safety and health survey for middle-aged and senior employees (108 individuals), covering workplace environmental risks, job demands, physical and mental health conditions, and support needs. The results indicated that, due to age-related physiological decline, these employees have lower adaptability and resilience to risks such as noise, high temperatures, ergonomic hazards, and slips, trips and falls, highlighting the need to strengthen health management. In addition to providing health examinations exceeding regulatory requirements, the Company incorporated mental health assessments and cancer screening, along with health promotion initiatives such as disease prevention campaigns and health seminars. Following the health examinations, 14 employees were placed under follow-up management by occupational health nurses, including 9 cases of overwork-related risk management, 1 case of ergonomic hazard prevention, 3 cases of work-related psychological stress support, and 1 case requiring follow-up for abnormal cancer screening results. Furthermore, 5 employees were supported in participating in community service programs through public welfare initiatives, promoting physical and mental well-being as well as quality of life.

2025 Middle-Aged and Senior Employees Health Management (108 Individuals)

Lotus Taiwan Psychological Counseling and Mental Health Support

- Psychological Stress Support：24
- Referred for Psychological Counseling：0

The Company prioritizes employees' physical and mental well-being by integrating the results of workplace harassment and abuse risk assessments into its Employee Assistance Program (EAP). Employees identified as higher risk receive targeted screening and individualized support through needs assessment and health education to help identify stressors and strengthen coping capacity. Support measures include psychological support, counseling, stressor identification, medical referrals where necessary, and training to enhance awareness of workplace harassment and abuse prevention and available mental health resources.

Lotus Korea Workplace Health Promotion Initiatives

Action Plan	Description	Achievement	Number 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 workers, 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 supports SDG 3: Good Health and Well-being through its social engagement initiatives, focusing on patient support and community health programs. The Company collaborates with medical associations, foundations, and non-profit organizations to advance disease awareness, patient support programs, and community health initiatives, strengthening support systems for patients and caregivers.

In addition, Lotus provided pharmaceutical donations in Korea to support underserved populations and regions with limited access to medical resources, helping improve treatment accessibility, reduce the financial burden on patients, and enhance public health outcomes.

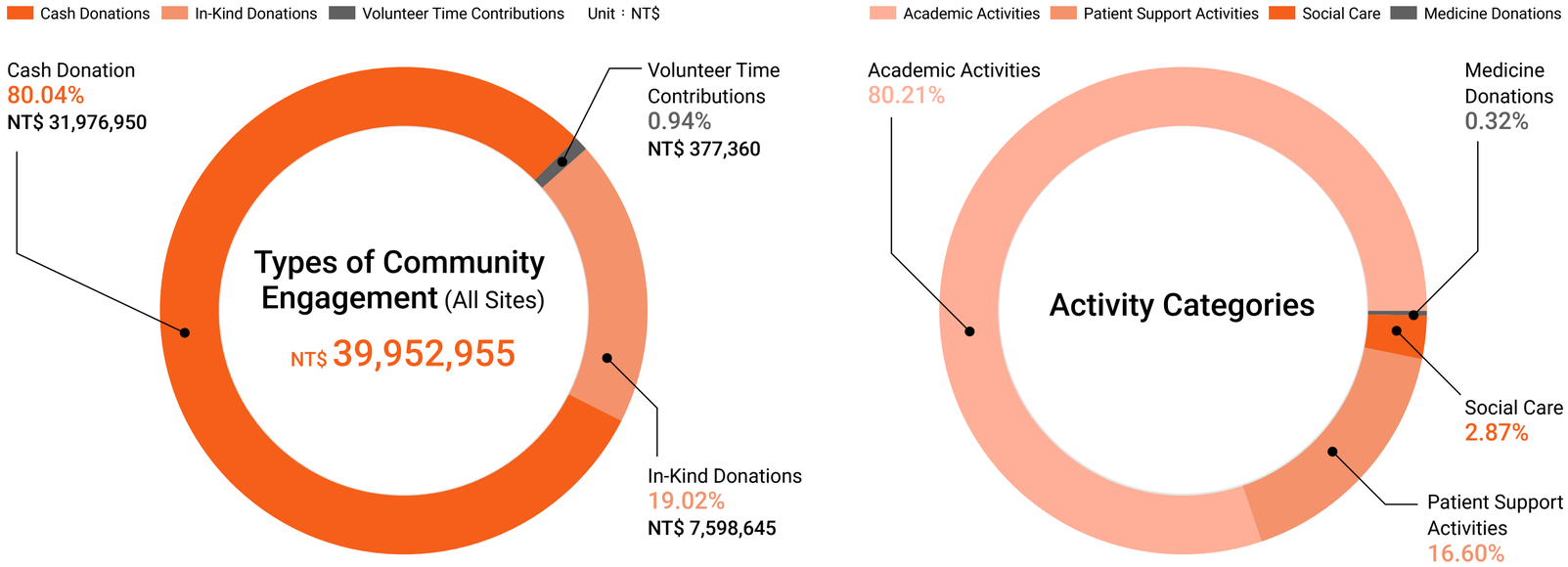
In 2025, Lotus contributed over NT$39.95 million to healthcare and community-related initiatives in Taiwan, supporting academic exchange, patient support programs, and community outreach activities, addressing diverse health needs across communities.

Lotus 2025 Social Initiatives and Number of Beneficiaries

Social Contributions	NT$ 39,952,955
Number of Beneficiaries	285,043
Total Employee Volunteer Hours	890

Notes:
1. Scope of statistics includes: Taiwan, Korea, and Thailand.
2. The monetary value of time contributions is estimated by multiplying total employee volunteer hours by the median hourly wage, reflecting the value of employees' contributions to community activities.
3. Activity category percentages are calculated based on the number of events.

Lotus 2025 Community Engagement Types and Activity Categories



4.5.1 Medicine Donations

Lotus remains committed to fulfilling its social responsibilities in the communities where it operates. In 2025, Lotus Korea enhanced access to medicines by donating 29 pharmaceutical products, including tablets, capsules, and transdermal patches, in response to local healthcare needs.
Through partnerships with the Children's Medical Aid Foundation, the College of Pharmacy at Sungkyunkwan University, and the Global Sharing of Life Organization, the total value of donated medicines exceeded KRW 1.11 billion.
This initiative not only supported the health and well-being of vulnerable populations, but also demonstrated the Company's commitment to leveraging its core pharmaceutical expertise to give back to local communities.

2025 Korea Pharmaceutical Donations

Recipient Organization	Number of Meds	Target Population	Total Market Value, KRW
Children's Medical Aid Foundation	11	Low-income children	166,057,728
Pharmacy College Development Fund	6	Pharmacy education in Korea	2,297,440
Global Life Sharing	12	Vulnerable groups	942,717,420
Total	29	-	1,111,072,588

4.5.2 Academic Activities

In 2025, Lotus continued to deepen its presence in the Asia-Pacific pharmaceutical market. Across its two core markets, Taiwan and Korea, the Company organized a total of 754 professional academic events, engaging 11,333 healthcare professionals (HCPs). Through cross-regional knowledge exchange, Lotus promoted the appropriate use of medicines and strengthened engagement with local healthcare systems, contributing to improved patient treatment outcomes.

In Taiwan, Lotus organized 733 academic events in 2025, with a total of 10,271 HCP attendances. In the oncology segment, 295 events were conducted, attracting 1,496 participants and covering key therapeutic areas such as metastatic colorectal cancer, breast cancer, lung cancer, and neuroendocrine tumors. In the non-oncology segment, 438 events were held with 8,775 HCP participations, focusing on clinical topics including osteoporosis, Parkinson's disease, sexual dysfunction, and hemorrhoids and varicose veins.

In Korea, the team (Alvogen Korea) conducted 21 academic events with a total of 1,062 HCP participation. Key highlights included academic symposia on breast cancer treatment and a series of forums on weight management related to Qsymia, fostering in-depth engagement with clinicians and endocrinology specialists. In addition, through participation in Pharm Expo, Lotus engaged with 771 pharmacists, strengthening product awareness among community pharmacists.

Lotus 2025 Global Academic Engagement Highlights

Region	Category	Events	HCPs	Key Themes
Taiwan	Oncology	295	1,496	Colorectal, Breast, Lung Cancer, NET
	Non-Oncology	438	8,775	Osteoporosis, Parkinson's, ED
Korea	Oncology	1	74	Breast Cancer Academic Exchange
	Non-Oncology	20	988	Qsymia, Pharm Expo

Photos from the 2025 Lotus Academic Exchange Event

4.5.3 Patient Support Activities

Lotus is committed to enhancing access to medicines through a diversified product portfolio, while continuously improving patients' awareness of disease management and overall quality of life. In 2025, a range of patient education and screening initiatives were implemented across Taiwan and Korea, reaching a total of 11,071 patient visits. Through the provision of professional medical information, screening services, and face-to-face care guidance, barriers to accessing healthcare resources were reduced, strengthening access to both medicines and care services, and promoting health equity.

In Taiwan, efforts focused on strengthening self-management capabilities among elderly and chronic disease populations, reaching 10,863 patient visits. For osteoporosis, 133 screening and education sessions were conducted across Taiwan, combining bone density testing and preventive education to support 10,743 individuals in enhancing early prevention and self-management. In addition, in collaboration with Kaohsiung Smart Growth Association and Taiwan Movement Disorder Society, speech communication training and professional medical consultations were provided to 120 patients with Parkinson's disease, strengthening their disease management capabilities.

In Korea, an integrated care program for chronic kidney disease (CKD) patients was implemented, serving 208 patients. In partnership with BAYADA Home Health Care, professional nurses conducted visits to 21 nephrology hospitals and clinics to deliver face-to-face education. The program covered disease awareness, treatment options, safe dialysis practices, and dietary management, supporting patients in improving treatment adherence and overall quality of care.

Lotus 2025 Global Patient Education and Disease Awareness Initiatives

Region	Program	Description	Impacts & Results
Taiwan	Osteoporosis Screening & Education	Held 133 sessions across Taiwan, providing bone density screenings and patient education.	Enhanced awareness of osteoporosis prevention among 10,743 individuals.
	Parkinson's Disease Care (Kaohsiung Smart Growth Association)	A specialist provided speech communication training and encouraged early-stage speech intervention for patients with Parkinson's disease.	A total of 40 patients participated.
	Parkinson's Disease Care (Taiwan Movement Disorder Society)	Conducted one patient forum with expert-led medical Q&A, addressing patient concerns and daily care practices.	A total of 80 patients participated.
Korea	CKD Management Campaign	Nurses conducted on-site clinic visits, delivering face-to-face training on dialysis and dietary management.	Enhanced awareness among 208 CKD patients of treatment options and medication effectiveness.

Photos from Lotus 2025 Disease Awareness and Health Education Campaigns

4.5.4 Social Care

Lotus aligns its core capabilities with local needs to advance community initiatives focused on health promotion and support for vulnerable groups. Efforts center on improving access to healthcare resources, strengthening disease prevention and health awareness, and partnering with non-profit organizations and local stakeholders to expand social impact. In Taiwan, the Nantou plant serves as a hub for extending healthcare resources to underserved areas. In response to the growing prevalence of dementia and the critical role of migrant caregivers, Lotus collaborates with One-Forty to deliver dementia care training, and supports street medicine programs led by the Charitable Service Association to extend basic healthcare services to vulnerable populations. In Korea, initiatives focus on children's well-being, with community programs implemented in collaboration with non-profit partners around operational sites.

Following the introduction of volunteer leave in 2024, the program was enhanced in 2025 to provide 2 days of paid volunteer leave per year. In Taiwan, 28 employees contributed 240 hours through volunteer leave, while 37 employees in Korea participated in company-organized activities, contributing 148 hours. Additionally, employees in Taiwan and Thailand voluntarily contributed 502 hours to community initiatives, bringing the total volunteer service hours to 890, demonstrating strong employee engagement in social impact.

2025 Lotus Social Engagement Activities by Regions

Region	Event Name	Investment	Output	Impact
Taiwan	Free Clinics Activity for the Remote Rural Areas in Nantou	Donated NT$1.3 million to the Nantou Youth Return Service Association, along with Lotus pharmaceutical products valued at NT$445,000.	Two free clinics were conducted in Dongpu and Lugu, Nantou, with 35 Lotus volunteers delivering services across 500 patient visits.	Helped narrow healthcare access disparities in rural Nantou by providing elderly residents with more comprehensive and professional medical services.
	One-Forty Migrant Worker Dementia Care Empowerment Program	Donated NT$800,000 to One-Forty from 2024 to 2025.	In collaboration with Nantou Yumin Hospital, Lotus co-hosted dementia care training workshops, with nearly 20 migrant caregivers participating. Dementia care manuals in three languages (Indonesian, Vietnamese, and Filipino) reached a total of 194,923 views among migrant caregivers. In addition, 3 dementia care videos generated 64,087 total views, providing caregivers with essential knowledge and practical guidance on dementia care.	Supported the 2024–2025 "One-Forty Migrant Caregiver Dementia Care Empowerment Program," enhancing the quality of care for families affected by dementia in Taiwan.
	Street Medical Outreach	Donated NT$1.4 million to Taiwan Charitable Service Association for its 2025–2026 "Street Medicine Program."	A total of 75 street outreach sessions are planned at major stations in Taipei, New Taipei, Taoyuan, and Taichung, serving homeless and economically disadvantaged populations.	Enhanced access to medical services for vulnerable populations through integrated follow-up and referrals, helping individuals reconnect with public resources and move toward independence.
	Lotus Family Day	Donated NT$200,000 to Maria Social Welfare Foundation.	Organized an event.	Through active support, Lotus helped the Maria Social Welfare Foundation provide early intervention resources to children aged 0–3 during this critical developmental stage.
	Employee-Driven Volunteer Initiatives	29 employees from the Regulatory Affairs Department volunteered at the Eden Social Welfare Foundation tee-ball event.	Accompanied approximately 280 athletes with disabilities, supporting their participation in and enjoyment of sports activities.	Upheld the principles of the Convention on the Rights of Persons with Disabilities (CRPD) by promoting equal access to sports and recreation, and through companionship-based engagement, enhancing social participation and confidence among individuals with disabilities.

Free Clinics Activity for the Remote Rural Areas in Nantou

One-Forty Migrant Worker Dementia Care Empowerment Program

Street Medical Outreach

Lotus Family Day

2025 Lotus Social Engagement Activities by Regions

Region	Event Name	Investment	Output	Impact
Other Asia	Thailand : Marine Conservation Initiative (Partner: Naval Civil Affairs Department of the Royal Thai Navy)	Engaged 90 volunteers.	Conducted one juvenile crab release initiative in Thai waters, with a total of 90 volunteer service hours	Supported marine ecosystem restoration and biodiversity conservation, strengthened engagement with local authorities, and fostered environmental stewardship among employees.
	Korea : Sanitary Products Donation Program for Low-Income Women and Adolescent Girls	Approximately 270 employees voluntarily donate from their monthly salaries, contributing a total of around KRW 20 million annually.	Provided approximately 200 beneficiaries with “Girls’ Care Kits” containing sanitary pads, hand cream, and other essential items.	Through six consecutive years of support, Lotus has supported the healthy development of economically disadvantaged young women.
	Korea : Bread Sharing Initiative for Children from Low-Income Families	15 executives and employee volunteers participated, with KRW 700,000 donated to cover ingredient costs.	Since 2014, marking its 12th year in 2025, Lotus has baked and hand-delivered bread to local communities every May.	Provided immediate food assistance to local communities, enhancing community well-being.
	Korea : Making Kimchi	15 executives and employee volunteers participated, with KRW 3,000,000 in production costs.	Since 2013, Lotus has prepared and delivered handmade kimchi to vulnerable families every November for 13 consecutive years.	Improved nutrition for vulnerable populations, provided winter support, and strengthened community connections.
	Korea : Skills-Based Volunteer Initiatives	Engaged 10 executives and employees, with KRW 730,000 allocated to support the initiative.	Since 2017, Lotus has visited social welfare centers every May during Family Month, engaging children in flower basket-making activities.	Through festive activities, children were supported in expressing love and strengthening family bonds.

Thailand: Marine Conservation Initiative

Korea: Making Kimchi

Korea: Skills-Based Volunteer Initiatives

Korea: Bread Sharing Initiative for Children from Low-Income Families

Chapter 5
Environmental Sustainability

5.1 Climate-Related Risks and Opportunities

While expanding access to medicines globally, Lotus also integrates environmental management into its daily operations and decision-making processes. The Company continuously reviews its energy use, greenhouse gas emissions, water resources, and waste management, and implements relevant measures to reduce environmental impacts. The Company's GHG inventory system was originally established in accordance with ISO 14064-1:2018. To align with international disclosure expectations, the Company has adopted the GHG Protocol Corporate Standard as its primary basis for GHG quantification and disclosure, effective from fiscal year 2025 onwards, establishing the foundation for Scope 1 and Scope 2 emissions management. In addition, a preliminary assessment of Scope 3 emissions has been conducted to support future management planning.

As climate change intensifies and extreme weather events become more frequent, Lotus references the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to continuously identify and assess climate-related risks and opportunities. Climate considerations are progressively integrated into the Company's risk management and operational decision-making processes to enhance organizational resilience, maintain a stable supply of medicines, and support access to medicines. For detailed TCFD-related information, please refer to Lotus' 2024 Sustainability Report, p. 72–76.

The Four Pillars of the TCFD

Governance	Strategy	Risk Management	Metrics and Targets
• The Company has integrated climate-related risks and opportunities into its corporate governance framework. Relevant matters are reviewed by the Audit and Risk Committee, with final oversight by the Board of Directors. • At the management level, the Sustainability and Risk Management Task Force is responsible for the identification, assessment, and management of climate-related issues, as well as the development of response measures. Implementation progress is regularly reported to the Board by the Chief Operating Officer.	• 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.	• The Company has established a climate-related risk management mechanism and integrated climate-related risks into its overall risk management framework. To identify the potential impacts of climate change on operations, the Sustainability and Risk Management Task Force regularly identifies, assesses, and manages climate-related risks and opportunities, and conducts materiality assessments based on the likelihood of occurrence (short-, medium-, and long-term) and the degree of financial impact, in order to formulate corresponding response strategies, targets, and mitigation measures. Relevant risks are managed through the Company's existing risk management mechanisms, reviewed by the Audit and Risk Committee, and reported to the Board of Directors for oversight.	**Short-term Goals (2026)** • Expand Scope 1 and Scope 2 GHG inventory coverage across global operations. • Reduce water and electricity intensity in Taiwan and Korea by 1% annually. **Mid-term Goals(2028)** • Complete GHG inventory and third-party assurance for merged entities. • Reduce GHG emissions at major operating sites (Taiwan and Korea) by 30% compared to the 2022 baseline. • Implement energy efficiency and low-carbon transition measures. **Long-term Goals(2030+)** • Reduce GHG emissions at major operating sites (Taiwan and Korea) by 36% compared to the 2022 baseline. • Continue evaluating and planning feasible pathways toward long-term net-zero emissions.

5.1.1 Climate Risk Management

To identify and assess significant climate change-related impacts and operational risks, Lotus has established the Sustainability and Risk Management Task Force as the dedicated body responsible for climate risk management. The Task Force conducts regular assessments and internal reviews of climate-related risks to understand potential financial impacts and to support the development of response strategies and related objectives. Through a structured climate risk management process, the Company seeks to mitigate climate-related impacts and regularly reviews the effectiveness of its response measures.

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 Sustainability and Risk Management Task Force and reported to the Board of Directors for verification.
Risk Communication	In accordance with the TCFD framework, the Company evaluates the expected financial impact and potential benefits arising from climate-related 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	Step 2 Collect, evaluate, and analyze opinions	Step 3 Identify and sort key factors	Step 4 Responsive actions and strategic development
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.	Collect the climate risk issues from main operating sites in Taiwan, 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.	Through matrix analysis, the climate-related risks and opportunities for Lotus in 2024 were prioritized, and key factors were identified.	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.

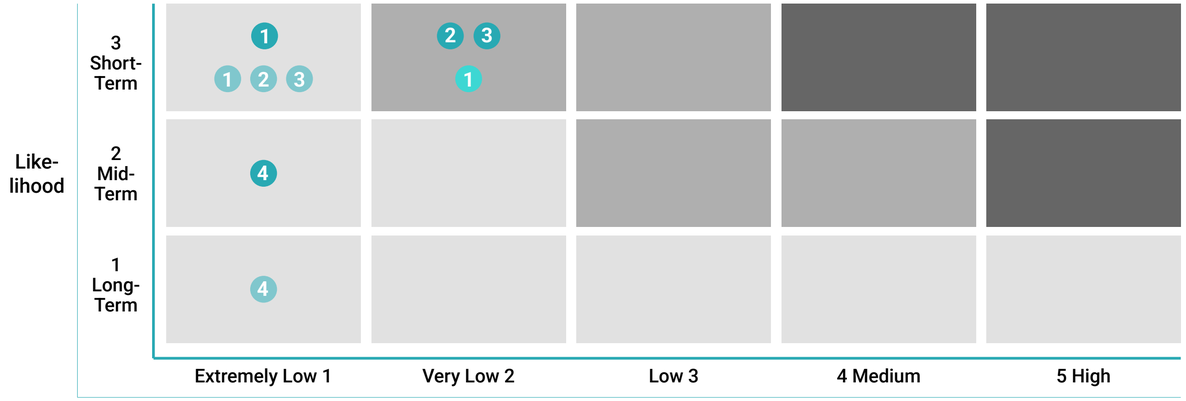
5.1.2 Climate-Related Risk and Opportunity Assessment

In accordance with the TCFD framework and based on the results of its initial climate risk assessment conducted in 2024, Lotus considered the characteristics of the pharmaceutical industry and the Company’s sustainability strategy and business objectives to identify climate-related material topics, including 4 transition risks, 4 physical risks, and 1 climate-related opportunity.

Climate-Related Risks and Opportunities

Transition Risks	Physical Risks	Climate Opportunities
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 (Increased difficulty in sourcing raw materials)	1 Physical- Immediate (Extreme heat) 2 Physical- Immediate (Delivery delays caused by flooding and heavy rainfall) 3 Physical- Immediate (Increased personnel costs due to typhoon leave) 4 Physical-Long-term (Water shortages in Korea/India, restrictions on water consumption)	1 Resource Efficiency

Climate-Related Risk and Opportunity Matrix (Likelihood * Financial Impact)



Notes:

1. Transition risk Physical risk Opportunity
2. Risk level : High Risk : Above 10 Medium Risk : 6~9 Low Risk : 1~5

Based on the results of the climate risk matrix, all identified climate-related risks and opportunities were assessed as medium or low risk. Following further evaluation by the Sustainability and Risk Management Task Force and external consultants, Lotus identified 2 transition risks and 1 climate-related opportunity as material topics. Financial impacts are further assessed and disclosed through scenario analysis, forming the basis for corresponding response strategies and short-, medium-, and long-term targets.

In principle, the Sustainability and Risk Management Task Force reassesses material climate-related risks and opportunities every 2 years and regularly collects relevant information through its annual meetings. If new information indicates potential changes to previously identified material risks or opportunities, the Task Force may initiate a reassessment process as needed.

5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts

In 2025, 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 to assess potential financial impact. 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 the risk review, the Company analyzed the financial impacts of climate change on its financial position and developed annual adaptation and response measures. “Climate-related risks and financial impact” and “climate-related opportunities and financial impact” are disclosed as follows:

Financial Impacts of Climate-Related Risks and Opportunities and Responsive Strategies

Type	Risk and Opportunity Item		Risk Description and Financial Impacts	Duration of Impacts	Adaptation and Response Measures	Scope of the Impact		
						Up stream	Lotus	Down stream
Transition Risks	Policies and Regulations	Net-Zero and carbon neutrality policies	Net-zero and carbon neutrality policies are implemented in line with national carbon reduction targets. The competent authority requires annual disclosure of greenhouse gas emissions and assurance, resulting in increased operating costs.	Short-Term	1. Complete Scope 1 and Scope 2 GHG inventories and third-party assurance for operating sites in Taiwan and other Asian regions by 2025. 2. The Company will prioritize the identification of material Scope 3 emission sources and progressively expand inventory coverage based on the results of the materiality assessment, while continuously enhancing data quality and completeness. 3. Establish carbon reduction strategies.	✓	✓	✓
		Renewable energy policies	According to the data provided by Taipower, if nuclear power is replaced with renewable energy, and coal-fired power generation is replaced with natural gas in Taiwan in the future, power generation costs will increase by at least 40%, resulting in increased expenses.	Medium-Term	1. Gradual replacement of energy-intensive equipment to achieve carbon reduction goals. 2. Source-level carbon reduction and energy efficiency measures, spanning manufacturing and logistics, are implemented to reduce environmental impact and energy consumption, and mitigate future electricity cost risks.	✓	✓	
Climate Opportunities	Resource Efficiency	Use of energy-saving equipment	Improved energy performance management and the replacement of energy-intensive equipment can reduce electricity consumption and operating costs.	Short-Term	1. Advance energy efficiency by adopting energy-efficient equipment, optimizing the energy mix, and implementing continuous carbon reduction initiatives.	✓	✓	✓

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 and Scenario Analysis

Transition Risks - IEA NZE2050 Scenario

Renewable Energy Policy – Increased Power Costs

In response to renewable energy policies and evolving electricity pricing trends, Lotus conducted scenario analysis based on international low-carbon transition scenarios. As the energy mix shifts from fossil fuels to renewable energy, operations in Taiwan and Korea are exposed to risks of rising electricity costs.

Given that the Company’s greenhouse gas emissions are primarily derived from Scope 2 (purchased electricity), operations are highly dependent on electricity usage, making operating costs sensitive to changes in electricity prices. The financial impacts are mainly reflected in production and operational electricity expenses, which may further affect the overall cost structure.

To mitigate potential impacts, the Company will continue to implement energy-saving initiatives and energy efficiency management, while optimizing equipment and processes to enhance energy performance and strengthen operational resilience.

Physical Risk - RCP 8.5 Scenario

The Company conducted a physical climate risk scenario analysis in 2024 based on the RCP 8.5 high-emissions scenario, covering risks such as extreme heat, flooding, and water stress. The assessment indicated that overall physical risks across major operating sites are low to moderate, with certain locations exposed to higher water stress risks, but no significant short-term operational disruptions identified. For related analysis details, please refer to page 75 of the 2024 Sustainability Report.

In 2025, a review of operational footprints, supply chain structure, and key assumptions indicated no material changes. Accordingly, the analysis was not re-performed, and the Company continues to adopt the previous assessment results.

The Company has established a regular review mechanism and will update the assessment as appropriate in response to significant operational changes or updates in climate scenario assumptions (e.g., climate models or policy developments), to ensure effective climate risk management.

5.1.5 Environmental Management Indicators and Targets

To ensure consistency and traceability of environmental management indicators, Lotus has established a dedicated Environment, Health, and Safety (EHS) unit and formed an Environmental, Health and Safety Management Committee. In accordance with the EHS Guidelines Manual, the Company centrally manages and oversees environmental impacts arising from pharmaceutical manufacturing operations.

The Company continuously conducts systematic inventories and records of greenhouse gas emissions, water consumption, and waste generation at its manufacturing sites and R&D centers. It has also established environmental management indicators and annual targets as the basis for performance tracking, trend analysis, and continuous improvement. All operating sites are required to integrate these environmental management objectives into daily operations and internal management, and to implement relevant action plans. Regarding greenhouse gas management,The Company's GHG inventory system was originally established in accordance with ISO 14064-1:2018. To align with international disclosure expectations, the Company has adopted the GHG Protocol Corporate Standard as its primary basis for GHG quantification and disclosure, effective from fiscal year 2025 onwards, establishing a foundation for Scope 1 and Scope 2 emissions accounting. A preliminary assessment of Scope 3 emissions has also been conducted to support future management planning in 2025.

Period	SDGs	2025 Status	2026 Targets	2028 Targets	2030 Targets
Greenhouse Gas		☑ Achieved : Completion of inventory and assurance for Taiwan and other Asian regions. ☑ Achieved : 28% reduction in GHG emissions across Taiwan and Korea sites compared to the 2022 baseline. ☑ Achieved : Initiation of training programs related to Scope 3 inventory.	• Expansion of Scope 1 and 2 inventory across global sites to ensure regulatory compliance. • Aim to achieve a 29% reduction in GHG emissions across Taiwan and Korea sites compared to the 2022 baseline. • Assessment of Scope 3 boundaries in Taiwan.	• Disclose 2027 GHG inventory data and assurance results for consolidated companies in 2028 to ensure regulatory compliance. • Aim to achieve a 30% reduction in GHG emissions across Taiwan and Korea sites compared to the 2022 baseline. • Progressively conduct inventories of key Scope 3 categories in Taiwan.	• Aim to achieve a 36% reduction in GHG emissions across Taiwan and Korea sites compared to the 2022 baseline. • Progressively inventory key Scope 3 categories in Taiwan and improve data quality.
Energy (Power Consumption)		Due to the expanded inventory boundary, energy intensity increased slightly by 0.29% in 2025. The Company will continue to improve energy efficiency..	• Reduce electricity intensity by 1% annually.	• Reduce electricity intensity by 1% annually.	• Reduce electricity intensity by 1% annually.
Water Resource		Water intensity in Taiwan and Korea rose by 8.20% YoY in 2025, mainly due to capacity expansion and increased production. We remain committed to monitoring water consumption at each plant site to ensure efficiency.	• Reduce water intensity in Taiwan and Korea by 1% annually.	• Reduce water intensity in Taiwan and Korea by 1% annually.	• Reduce water intensity in Taiwan and Korea by 1% annually.
Waste		Waste intensity per unit of revenue in Taiwan and Korea remained stable in 2025 (compared to 2024).	• Reduce waste generation per unit of revenue in Taiwan and Korea by 2% annually.	• Reduce waste generation per unit of revenue in Taiwan and Korea by 2% annually.	• Reduce waste generation per unit of revenue in Taiwan and Korea by 2% annually.

5.2 Greenhouse Gas Emissions Management

Lotus' GHG inventory system was originally established in accordance with ISO 14064-1:2018. To align with international disclosure expectations, the Company has adopted the GHG Protocol Corporate Standard as its primary basis for GHG quantification and disclosure, effective from fiscal year 2025 onwards, and obtained third-party assurance. In 2025, the Company further strengthened GHG management and demonstrated tangible decarbonization progress. GHG emission intensity decreased year-over-year at both Taiwan and Korea sites, reflecting improved carbon efficiency per unit of output; notably, Korea also achieved a reduction in total emissions, indicating effective implementation of mitigation measures. While total emissions at the Taiwan site increased due to record-high revenue, the emissions structure continued to improve, with reductions in Scope 1 mobile and fugitive emissions compared to the previous year. Overall, total GHG emissions across Taiwan and Korea decreased by 28% in 2025 compared to the 2022 baseline.

In 2025, the Company conducted its first Scope 3 greenhouse gas (GHG) inventory in accordance with the GHG Protocol, and began progressively expanding the disclosure of value chain emissions. The inventory primarily covered operations in Taiwan, with total emissions of 17,077 tCO2e included within the reporting boundary. The disclosed emissions mainly comprised Category 1 (Purchased Goods and Services), Category 3 (Fuel- and Energy-related Activities), and Category 4 (Upstream Transportation and Distribution). For Category 1 (Purchased Goods and Services), the inventory covered APIs and primary packaging procured in Taiwan. Going forward, the Company will continue to expand the inventory boundaries and related disclosures based on emission significance and data completeness, thereby enhancing the completeness of its Scope 3 GHG inventory.

Item	Scope 1 + Scope 2	Scope 3	Greenhouse Gas Emissions in Taiwan and Korea
Greenhouse Gas Inventory	☑ Taiwan (GHG Inventory and Assurance) ☑ Korea (GHG Inventory and Assurance) ☑ Other Asian Regions (GHG Inventory and Assurance)	☑ Taiwan: Initiated training and inventory ☐ Korea ☐ Other Asian Regions	Reduced by 28% in 2025 (Base year: 2022)

2025 Scope 1 and Scope 2 GHG Emissions (Unit: tCO_2e)

Scope	Description	Taiwan	Korea	Other Asian Regions	Total
Scope 1 (Direct GHG Emission)	Stationary Combustion	997.3857	981.3553	13.8038	1,992.5448
	Mobile Combustion	5.4346	19.2559	10.8055	35.4960
	Direct Fugitive Emissions	314.0464	135.7245	17.1582	466.9291
Scope 1 Emissions (tCO_2e) in Total		1,316.8667	1,136.3357	41.7675	2,494.9699
Scope 2(Indirect Energy Emissions)	Purchased Electricity	9,737.6033	3,200.7211	879.9998	13,818.3242
Scope 2 Emissions (tCO_2e) in Total		9,737.6033	3,200.7211	879.9998	13,818.3242
Total GHG Emissions (Scope 1 + Scope 2) (tCO_2e)		11,054.4700	4,337.0568	921.7673	16,313.294
				Data Coverage Rate	97.1%
				GHG Emission Intensity (Scope 1 + Scope 2) (tCO_2e / NT$ million revenue)	0.8359

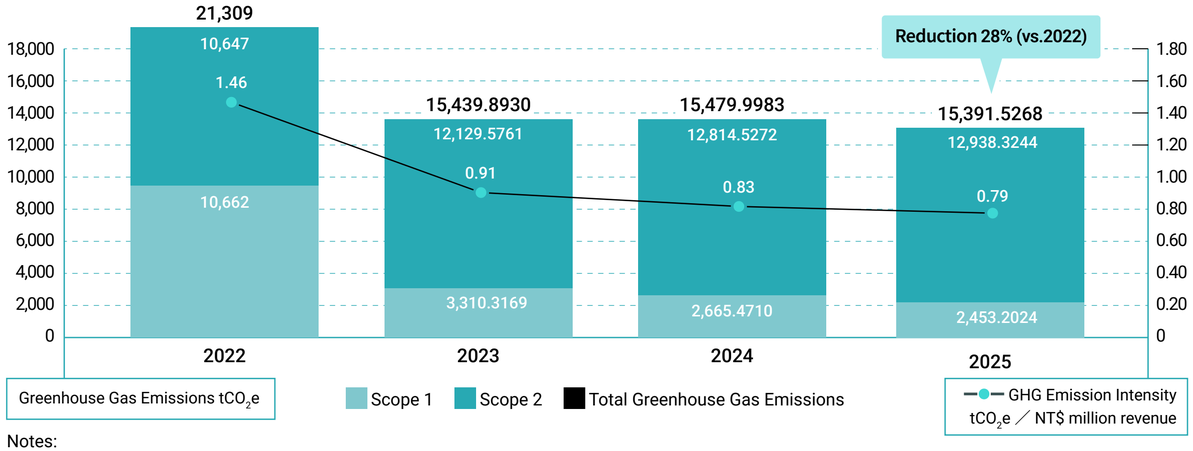
Notes:
1. Scope 1: The main emission sources include the combustion of natural gas, diesel, and gasoline, as well as fugitive emissions from septic tanks and refrigerant equipment.
2. Scope 2: The main emission source is purchased electricity.
3. The GHG emission factors, electricity emission factors, and Global Warming Potential (GWP) values used in the calculations are primarily based on methodologies announced by the Ministry of Environment.
4. GHG Emission Intensity (tCO_2e / revenue) = (Scope 1 + Scope 2) / Operating Revenue (The 2025 calculation excludes NT$994 million in revenue from the U.S. subsidiary consolidated since December 2025. This ensures consistency with the GHG inventory boundary covering Taiwan, Korea, and Asia, resulting in a reporting revenue of NT$19,515 million.)
5. The data coverage rate is calculated as the number of employees at sites included in the GHG inventory (1,539) divided by the Company's total workforce (1,585 in 2025).
6. Other Asian regions include operating sites in Singapore, India, Thailand, the Philippines, Vietnam, Malaysia, China, Japan, and Hong Kong.

Lotus Taiwan 2025 Scope 3 GHG Emissions (Unit: tCO_2e)

Scope	Description	Taiwan
Scope 3 (Other Indirect Emissions)	Category 1 Purchased Goods and Services	12,960
	Category 3 Fuel - and Energy-Related Activities	3,567
	Category 4 Upstream Transportation and Distribution	550
Total Scope 3 Other Indirect Emissions (tCO_2e)		17,077

Note: The inventory scope for Category 1 (Purchased Goods and Services) includes APIs and primary packaging procured in Taiwan.

Recent GHG Emissions at Major Sites in Taiwan and Korea (tCO_2e)



Notes:
1. Emission intensity is calculated based on revenue (tCO_2e per NT$ million). The 2025 calculation excludes NT$994 million in revenue from the U.S. subsidiary consolidated since December 2025. This ensures consistency with the GHG inventory boundary covering Taiwan, Korea, and Asia, resulting in a reporting revenue of NT$19,515 million.
2. The decrease in emission intensity in 2025 was mainly driven by energy efficiency improvements and optimized utility operations across major sites.

5.2.1 Energy and Carbon Reduction Project

In 2025, the Company reduced its energy consumption by adopting the following 4 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 2024)
Improvement of Fire Extinguisher Management in the Korea Plant	Fugitive Emissions	HALON fire extinguishers were newly included in the fugitive emissions inventory boundary in 2024, resulting in the recognition of related emissions. In 2025, no discharge occurred. Through strengthened equipment management and regular inspections, fugitive emission risks were reduced, and emissions remained low.	2025 Purchase Fugitive - 2024 Usage Emissions.	Reduction of carbon emissions by 348.5 tCO_2e.
HVAC Energy-Saving in the Korea Plant	Electric Energy and Liquefied Natural Gas (LNG)	In Korea, energy consumption for HVAC systems was reduced by seasonally adjusting indoor humidity and maintaining it within an appropriate range. Annual savings amounted to approximately 222,357 kWh of electricity and 141,154 m³ of liquefied natural gas (LNG).	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 483.0 tCO_2e.
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 increased energy consumption and carbon emissions. To reduce the environmental impact of the supply chain, the Company continued to adopt Va-Q-Pal packaging in 2025. This solution utilizes vacuum insulation panels and phase-change materials, offering a lighter weight and effectively reducing energy consumption and fuel usage during air transportation.	The carbon emissions per EUR pallet for the RKN e1 container are approximately 61.5 tCO_2e, while those for the Va-Q-Pal container are approximately 16.0 tCO_2e, resulting in a reduction of about 45.5 tCO_2e per pallet. Based on the Taipei–Malta (TPE–Malta) one-way route assessment, a total of 7 pallets were used in 2025; therefore, the total reduction is calculated as 45.5 × 7 = 318.5 tCO_2e.	Reduction of carbon emissions by approximately 318.5 tCO_2e.
Taiwan Emission Management Optimization	Mobile Combustion	Optimized fleet management, increased adoption of remote communication, and enhanced control of equipment and refrigerant leakage effectively reduced controllable direct emissions. Both mobile and fugitive emissions decreased compared to 2024, indicating improved emission management efficiency.	Reduction of mobile emissions = 2025 mobile emissions − 2024 mobile emissions Reduction of fugitive emissions = 2025 fugitive emissions − 2024 fugitive emissions.	Mobile emissions reduced by approximately 4.4792 tCO_2e (≈45%) Fugitive emissions reduced by approximately 47.7837 tCO_2e (≈13%) Total reduction: approximately 52.2629 tCO_2e.

Notes:
1. HALON-type fire extinguishers (including HALON-1211 and HALON-1301) were newly included in the inventory boundary in 2024, resulting in the recognition of related emissions. In 2025, no discharge occurred; strengthened management and regular inspections reduced fugitive emission risks, keeping emissions low.
2. The local emission coefficients of Korea are adopted, with the emission coefficient of electricity and the emission coefficient of liquefied natural gas as 0.424kgCO_2e/kWh and 2.75kgCO_2e/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.

Internal Energy Consumption for the Past 3 Years (Unit: kJ)

Type of Energy		2023	2024	2025
Non-Renewable Energy	Externally Purchased Electricity	91,245,600,000	99,328,512,257	104,671,207,157
	Diesel	754,810,959	507,524,639	434,497,487
	Natural Gas	26,489,637,555	647,639,195	718,971,511
	Total	118,490,048,515	100,483,676,091	105,824,676,155
Energy Consumption Intensity	Energy Intensity (kilojoule/NT$ million revenue)	6,987,266	5,406,999	5,422,735
	Data Coverage Rate	80%	89%	97.1%

Notes:
1. The inventory scope adopted in 2023 included Taiwan and Korea. In 2024, the inventory scope was expanded to Singapore and India. In 2025, the scope was expanded to include other Asian regions.
2. Unit conversion of non-renewable energy: For purchased electricity, 1kWh=3,600kJ; for diesel, 1L=40,197.627985kJ; for natural gas, $1m^3$=1,055.06kJ.
3. Energy Intensity (kilojoule/NT$ million) = Total Energy Consumption / Annual Revenue (2023: 16,958; 2024: 18,584; 2025: 19,515 NT$ million). The 2025 energy intensity calculation excludes NT$994 million in revenue from the U.S. subsidiary consolidated since December 2025. This ensures consistency with the GHG inventory boundary covering Taiwan, Korea, and Asia.
4. Data coverage (%) = employees at energy-calculated sites / total headcount (2023: 1,406; 2024: 1,609; 2025: 1,585).

5.4 Air Emissions Management

Lotus operates pharmaceutical manufacturing facilities at its Nantou plant in Taiwan and the Gongju and Hyangnam plants in Korea. The manufacturing processes may generate air pollutants including Volatile Organic Compounds (VOC), Sulfur Oxides (SOx), Nitrogen Oxides (NOx), and Particulate Matter (PM). The Company strictly complies with relevant regulations including Taiwan's Air Pollution Control Act and Korea's Clean Air Conservation Act, and regularly commissions qualified third-party inspection agencies to conduct air quality inspections at the exhaust emission outlets of each plant, ensuring that air pollutant concentrations comply with applicable regulatory limits and remain below statutory emission standards.

In terms of pollution control facilities, each plant is equipped with exhaust gas treatment equipment to reduce air pollutant emissions from production operations. Additionally, Lotus continues to enhance equipment efficiency and upgrade end-of-pipe pollution control technologies. Air pollution management is integrated into the plant's Environmental Health and Safety management system, with regular tracking of annual emission indicator trends to achieve continuous improvement goals.

Air Emissions at the Lotus Nantou Plant

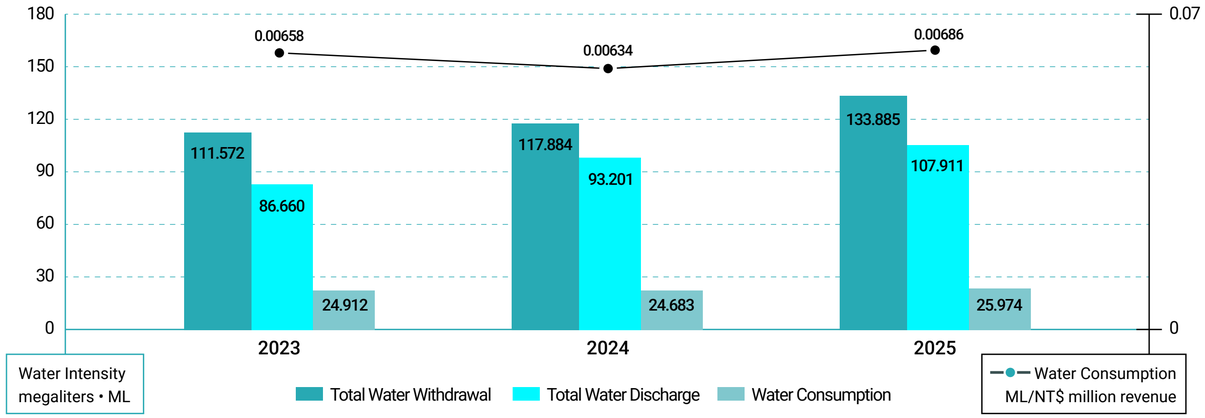
Item	2023	2024	2025
VOC	10.951	9.605	6.201
SOx	0	0	0
NOx	0.652	0.786	0.774
PM	0.029	0.029	0.023
Total	11.632	10.420	6.998
Emission Intensity (t / NT$ million revenue)	0.005	0.004	0.003

Notes:
1. Both the Gongju and Hyangnam plants in Korea manage and monitor air pollutants in compliance with local regulations. Because the plants' emissions fall below the government's threshold for mandatory reporting of total emission quantities, they are only required to conduct periodic concentration monitoring for items such as THC, SOx, NOx, and dust. All test results meet local legal standards.
2. Emission Intensity = Total Air Emissions / Revenue. Taiwan revenue was NT$ 2,413 million in 2023, NT$ 2,516 million in 2024, and NT$ 2,571 million in 2025.

5.5 Water Management

Water resources are an important operational resource in Lotus' business processes. Based on the assessment conducted, all sites are located in areas with low water resource risk, and water is primarily sourced from municipal water supplies and groundwater. In 2025, the total water withdrawal of the Taiwan and Korea sites was 133.885 million liters, of which 91.70% was sourced from municipal water and 8.30% from groundwater. Water intensity in 2025 increased by 8.20% compared with 2024, mainly due to increased production capacity and higher manufacturing activities, which led to greater overall water demand. Lotus will continue to promote water conservation management and improve water use efficiency to reduce the impact of its operations on water resources.

Total Water Withdrawal in Taiwan and Korea for the Past 3 Years (Unit: megaliters)



Notes:
1. The statistical range included Nantou Plant in Taiwan and Gongju Plant and Hyangnam Plant in Korea.
2. Total Water Consumption = Total Water Withdrawal + Reused Water Volume. Figures are based on monthly water utility bills and groundwater meter readings. As there is no reused water volume, total water withdrawal equals total water use.
3. Water Consumption = Total Water Withdrawal - Total Water Discharge
4. Restatement of Information: Water intensity was recalculated based on revenue, and the related 2023 and 2024 data were restated accordingly. Water withdrawal, discharge, and consumption data were not affected.
5. Water Intensity = Total Annual Water Withdrawal (million liters) / Annual Revenue (2023: 16,958; 2024: 18,584; 2025: 19,515 NT$ million. The 2025 water intensity calculation excludes NT$994 million in revenue from the U.S. subsidiary consolidated since December 2025. This ensures consistency with the inventory boundary covering Taiwan, Korea, and Asia.

Wastewater Discharge Management

During operations, the Company follows established water resource and waste management procedures to monitor water usage across all sites. Process wastewater from the Nantou plant in Taiwan and the Korea plants (Gongju and Hyangnam) is treated through dedicated treatment systems to ensure compliance with local industrial park requirements and environmental regulations.

In 2025, regular water quality testing was conducted at all major sites. The Nantou plant in Taiwan completed testing in November, with results meeting the discharge standards of the Nangang Industrial Park. The Korea plants conducted annual testing in accordance with local Class V wastewater discharge regulations. All results were below regulatory limits, demonstrating the Company's ongoing efforts in wastewater management and environmental protection.

Water Quality Inspection Results at Major Operating Sites in 2025

Site	Taiwan (Nantou Plant)	Korea Plants
Testing Item	pH value, water temperature, biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended solids (SS), ammonia nitrogen, true color, free residual chlorine.	• Hyangnam Plant : pH , biochemical oxygen demand (BOD), suspended solids (SS), total organic carbon (TOC) • Gongju Plant : pH , biochemical oxygen demand (BOD), total organic carbon (TOC)
Discharge Standard	Wastewater Discharge Standards for Users of the Nangang Industrial Park Sewerage System.	Wastewater discharge complies with applicable Class V wastewater discharge standards in Korea.
Testing Frequency	Semi-annually	Yearly
Results	Compliant	Compliant

Note: Testing was conducted by Eurofins Sun Dream Environmental Technical Corporation; results sourced from the wastewater discharge testing report.

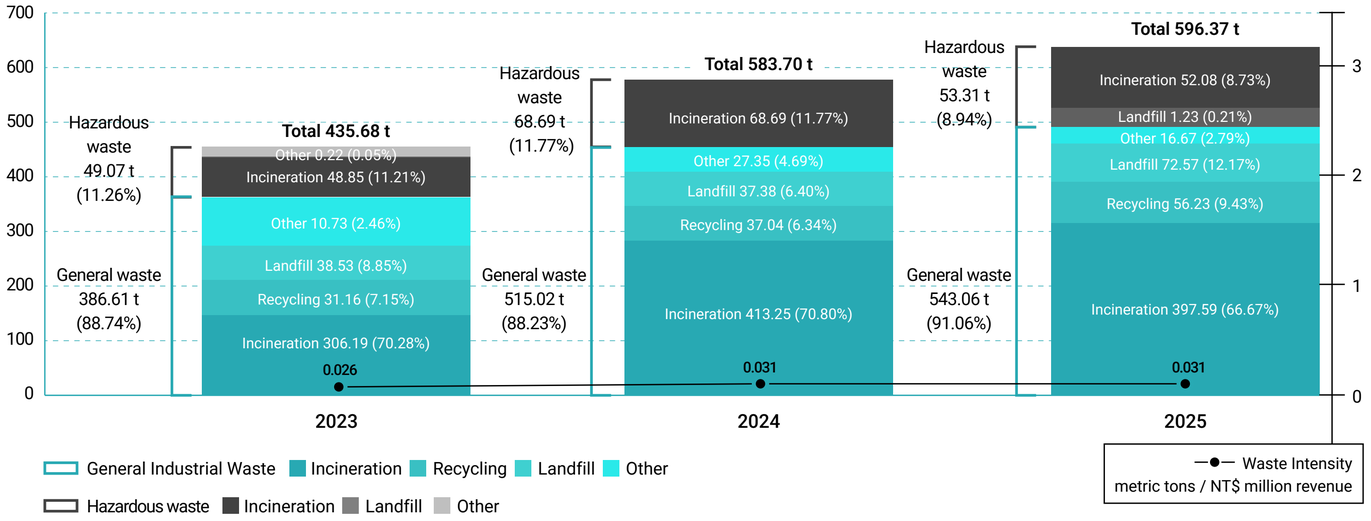
5.6 Waste Management

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. The quantity and composition of classified waste are regularly reviewed through monthly inspections and spot checks, and the waste management mechanism is continuously refined based on review results.

The 2025 internal audit procedures have incorporated the audit of hazardous industrial waste management at the Nantou Plant in Taiwan. This ensures that the generation, storage, and outsourced disposal processes of hazardous industrial waste comply with local regulations. The company conducts internal audits in accordance with the annual audit plan approved by the Board of Directors, with the on-site inspections completed by the internal audit team in May 2025. Regarding the 2 improvement recommendations identified during the audit, all relevant units have tracked and closed these items, implementing rolling adjustments to ensure the effectiveness and compliance of the management system. In addition, starting from 2025, the Company has conducted external assurance for waste data covering the most recent 3 years (2023–2025) for 2 consecutive years, enhancing the transparency and credibility of environmental information disclosure.

- **Inputs and Outputs**
  During pharmaceutical manufacturing, quality control (QC), and R&D activities, Lotus generates both general and hazardous industrial waste, including laboratory chemical waste and materials with potential infectious risks. The Company implements waste management measures and regularly tracks waste volumes and categories to support continuous improvement and waste reduction initiatives.
- **Inputs and Outputs**
  Waste is classified as general or hazardous based on its characteristics and is handled by licensed contractors for recycling, incineration, or final disposal. Traceability is ensured through standardized procedures and a triplicate manifest system, with contractors required to provide photographic records of each treatment stage for verification. Waste classification, quantities, and contents are reviewed monthly through both routine and random checks. Management measures are continuously refined to strengthen oversight, reduce environmental risks, and ensure compliance with applicable regulations.

Lotus Waste Treatment for the Past 3 Years (Unit: t)



Notes:
1. The statistical scope includes Taiwan Nantou Plant, Korea Gongju Plant, Korea Hyangnam Plant.
2. In Taiwan,hazardous industrial waste and general industrial waste are classified in accordance with the Waste Disposal Act and the Standards for Defining Hazardous Industrial Waste. In Korea, waste is classified in accordance with the Waste Classification System and Classification Method (2023) issued by the National Institute of Environmental Research.
3. Waste Intensity = Total Waste/ Annual Revenue (2023: 16,958; 2024: 18,584; 2025: 19,515 NT$ million). The 2025 waste intensity calculation excludes NT$994 million in revenue from the U.S. subsidiary consolidated since December 2025. This ensures consistency with the inventory boundary covering Taiwan, Korea, and Asia.

Recycling Campaign in Korea

5.7 Biodiversity

Amid growing attention to biodiversity issues, while the Company's pharmaceutical raw materials do not directly depend on natural resources, its active pharmaceutical ingredient (API) sourcing and manufacturing processes remain closely linked to water resources and the environment. In 2025, Lotus followed the LEAP approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Under the Locate (L) phase, the Company systematically identified its interfaces with nature, covering 4 owned operational sites (the Nantou plant in Taiwan, 2 plants in Korea, and 1 laboratory in India) and 30 key supply chain locations (a total of 53 sites), forming the foundation for subsequent risk management and sustainability strategies.

Implemented in accordance with the TNFD LEAP approach, with a focus on Locate (L) Steps L1–L4

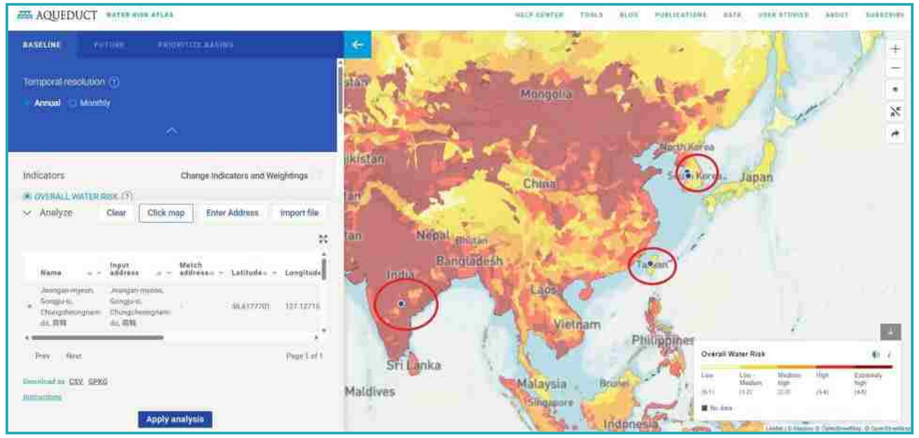
L1 Span of the business model and value chain	L2 Dependency and impact screening	L3 Interface with nature	L4 Interface with sensitive locations
The Company has identified that its value chain primarily comprises upstream active pharmaceutical ingredient (API) sourcing and chemical raw material procurement, manufacturing operations, as well as downstream product use and end-of-life treatment stages. It has further determined that nature-related dependencies and impacts are mainly concentrated in the upstream supply chain and manufacturing processes.	The Company conducted a preliminary assessment of its activities and identified that manufacturing processes and the API supply chain have a high relevance to water resources, with particular attention to the environmental impacts of operational management on water pollution and chemical emissions, which have been identified as potentially material nature-related issues.	The Company further mapped the geographic distribution of relevant activities and identified that one owned site (the laboratory in India) and 13 key supply chain locations are situated in areas with higher water stress risk(Note 1); additionally, 11 locations are in areas of higher biodiversity sensitivity.(Note 2)	Through the integration of indicators including water resource stress and biodiversity hotspots, the Company has identified 1 medium-risk supplier(Note 3), which has been designated as a priority target for further risk assessment and management.

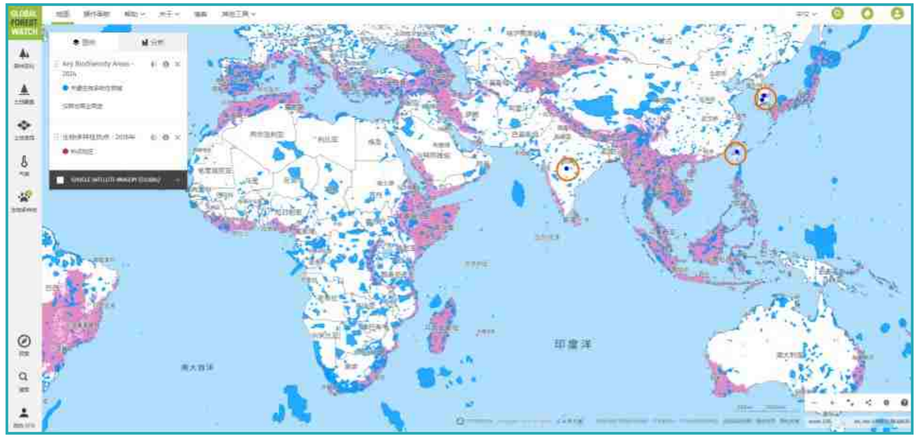
Notes:
1. Areas with higher water stress risk: 4 in China, 3 in India, and locations in Vietnam, Thailand, Spain, Malta, Israel, and Cyprus.
2. Areas of higher biodiversity sensitivity: locations in Vietnam, Thailand, 3 in Japan, Singapore, Germany, Greece, Malta, Israel, and Spain.
3. Environmentally sensitive area: Thailand.

The Company's core business is pharmaceutical research and manufacturing, with its primary interface with the natural environment arising from water resource management in its production processes. Overall, the Company's impacts on biodiversity are largely indirect, managed through wastewater treatment processes and the careful control of active pharmaceutical ingredients (APIs) and antibiotic residues, so as to minimize their potential impacts on aquatic ecosystems. In addition, wastewater from all owned operational sites is treated through centralized processing systems to ensure compliance with local discharge standards, while the Company continues to monitor and oversee key suppliers' wastewater management practices to further reduce potential environmental impacts.

Based on the results of the TNFD LEAP – Locate phase assessment, no high-risk areas have been identified across the Company's current operational sites and supply chain. One supply chain location in Thailand has been classified as a medium-risk area. Upon evaluation, the supplier is a publicly listed company operating within the Rojana Industrial Estate, an officially designated and regulated industrial zone in Thailand. Accordingly, the overall risk level is assessed as acceptable, and the supplier has been designated as a priority target for ongoing monitoring. The Company will continue to strengthen its identification, monitoring, and management of biodiversity-related issues through its risk assessment and management mechanisms.

Water Risk and Biodiversity-Sensitive Area Assessment Results for Lotus' 4 Owned Operating Sites





Note: Water risks were assessed using the Aqueduct Water Risk Atlas. Biodiversity-sensitive areas were identified and assessed based on Global Forest Watch and site-specific coordinates verified through Google Maps.

Appendix

GRI Standards Index

Sustainability Accounting Standards Board (SASB) Index

TCFD Disclosure Index

Climate-Related Information

Limited Assurance Report by Certified Public Accountants (CPA)

GHG Protocol Corporate Standard Verification Report

GRI Standards Index

Usage Statement	Lotus Pharmaceutical Co., Ltd. has followed the GRI guidelines for the period from January 1, 2025 to December 31, 2025.
GRI 1 Used	GRI 1: Foundation 2021
GRI Sector Standards Used	None

GRI 2 : General Disclosures 2021

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GRI 2-2	Entities included in the organization's sustainability reporting	About This Report > Scope of Reporting	P.04
GRI 2-3	Reporting period, frequency, and point of contact	About This Report > Report Overview and Publication Frequency > Contact Information	P.04
GRI 2-4	Restatements of information	2.5.7 Local Sourcing > 2024 local sourcing ratio in Taiwan and Korea 5.5 Water Management > Lotus water intensity for the past 3 years	P.41 P.85
GRI 2-5	External assurance	About This Report > Internal Review and External Assurance Limited Assurance Report by Certified Public Accountants (CPA) GHG Protocol Corporate Standard Verification Report	P.04 P.94 P.96
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GRI 2-8	Workers who are not employees	4.2 Workforce Overview	P.58
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GRI 2-13	Delegation of responsibility for managing impact	1.1.1 Sustainability Governance	P.10
GRI 2-14	Role of the highest governance body in sustainability reporting	About This Report > Internal Review and External Assurance 1.1.1 Sustainability Governance	P.04 P.10
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GRI 2-21	Annual total compensation ratio	Not disclosed due to confidentiality considerations	
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GRI 2-24	Embedding policy commitments	2.3 Integrity Management and Regulatory Compliance	P.28
GRI 2-25	Processes to remediate negative impacts	2.3.2 Grievance Mechanism	P.29
GRI 2-26	Mechanisms for seeking advice and raising concerns	2.3.2 Grievance Mechanism	P.29
GRI 2-27	Compliance with laws and regulations	2.3.3 Legal Compliance	P.29
GRI 2-28	Membership associations	1.1 External Initiatives and Participation in Public Associations	P.09
5. Stakeholder Engagement(Company-specific Topic)			
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GRI 2-30	Collective bargaining agreements	4.1.2 Labor Rights and Workplace Protection > Labor-Management Agreement	P.56

GRI 3: Material Topics 2021

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Material Topics

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GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3.3 Legal Compliance	P.29
2.Corporate Governance and Ethical Operations			
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GRI 205-2	Communication and training about anti-corruption policies and procedures	2.3.1 Business Ethics	P.28
GRI 205-3	Confirmed incidents of corruption and actions taken	2.3.1 Business Ethics	P.28
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3.Talent Development and Diversity & Inclusion			
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GRI 405-1	Diversity of governance bodies and employees	2.1.1 Professional Diversity of the Board 4.2.1 Diverse and Inclusive Employment Opportunities	P.20 P.59
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GRI 406-1	Incidents of discrimination and corrective actions taken	2.3.3 Legal Compliance 4.1.1 Due Diligence	P.29 P.55
4.Business Performance			
GRI3-3	Management of material topics	1.4 Management Approach to Material Topics	P.16
GRI 201-1	Direct economic value generated and distributed	Economic Performance	P.07
GRI 201-2	Financial implications and other risks and opportunities due to climate change	5.1.2 Climate-Related Risk and Opportunity Assessment 5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts	P.79 P.80
5.Access to Medicines			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P.17

GRI Standards	Disclosure Item	Corresponding Chapter	Page
6.Waste and Hazardous Chemicals Management			
GRI 3-3	Management of material topics	1.4 Management Approach to Material Topics	P.17
GRI 306-1	Waste generation and significant waste-related impacts	5.6 Waste Management	P.86
GRI 306-2	Management of significant waste-related impacts	5.6 Waste Management	P.86
GRI 306-3	Waste generated	5.6 Waste Management	P.86
GRI 306-4	Waste diverted from disposal	5.6 Waste Management	P.86
GRI 306-5	Waste directed to disposal	5.6 Waste Management	P.86

Other revelations

GRI Standards	Disclosure Item	Corresponding Chapter	Page
GRI 204-1	Proportion of spending on local suppliers	2.5.7 Local Sourcing	P.41
GRI 302-1	Energy consumption within the organization	5.3 Energy Management	P.84
GRI 302-3	Energy intensity	5.3 Energy Management	P.84
GRI 303-3	Water withdrawal	5.5 Water Management	P.85
GRI 303-4	Water discharge	5.5 Water Management	P.85
GRI 303-5	Water consumption	5.5 Water Management	P.85
GRI 305-1	Direct (Scope 1) GHG emissions	5.2 Greenhouse Gas Emissions Management	P.82
GRI 305-2	Energy indirect (Scope 2) GHG emissions	5.2 Greenhouse Gas Emissions Management	P.82
GRI 305-3	Other indirect (Scope 3) GHG emissions	5.2 Greenhouse Gas Emissions Management	P.82
GRI 305-4	GHG emissions intensity	5.2 Greenhouse Gas Emissions Management	P.82
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GRI 403-1	Occupational health and safety management system	4.4.1 Occupational Safety and Health Management Structure and Policy	P.66
GRI 403-2	Hazard identification, risk assessment, and incident investigation	4.4.4 Occupational Safety Hazard Identification and Risk Assessment Mechanism	P.68
GRI 403-3	Occupational health services	4.4.6 Workplace Health Promotion Action	P.71
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.2 Operations of the Occupational Safety and Health Committee	P.66
GRI 403-5	Worker training on occupational health and safety	4.4.3 Workplace Safety and Accident Prevention Mechanism	P.67
GRI 403-6	Promotion of worker health	4.4.6 Workplace Health Promotion Action	P.71
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.67
GRI 403-9	Occupational injuries	4.4.5 Occupational Injury Statistics	P.69
GRI 414-1	New suppliers that were screened using social criteria	2.5.4 New Supplier Selection	P.38
GRI 415-1	Political contributions	2.3.1 Business Ethics	P.28
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	2.3.3 Legal Compliance	P.29
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.3.3 Legal Compliance	P.29

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	Clinical research is managed by Norwich Clinical Services and conducted in compliance with Good Clinical Practice (GCP) and applicable local regulatory requirements, with ethics approval, informed consent, and regulatory oversight to ensure participant safety and data integrity.
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	In 2025, the Company underwent 1 inspection related to clinical trial management and 1 inspection related to pharmacovigilance conducted by regulatory authorities: • Voluntary Action Indicated (VAI): 1 inspection • Official Action Indicated (OAI): 0 inspections No inspections resulted in regulatory or administrative actions. The pharmacovigilance inspection conducted by the Taiwan Food and Drug Administration (TFDA) resulted in VAI, while the clinical trial management inspection conducted by the U.S. Food and Drug Administration (USFDA) at Norwich Clinical Services resulted in No Action Indicated (NAI).
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 access to treatments for priority diseases through its product portfolio and geographic expansion. The portfolio is primarily focused on non-communicable diseases (NCDs), including oncology and immunology, central nervous system disorders, primary care and lifestyle, and cardiovascular diseases, which are aligned with the key disease areas highlighted by the Access to Medicine Foundation. The Company develops technically complex generic oncology products to provide high-quality and competitively priced treatment options. It is estimated that at least 580 thousand patients will benefit from these products by 2025. As of 2025, Lotus has commercialized products or obtained marketing authorization in 50 developing and least developed countries, improving the availability of medicines in these markets.
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	As of 2025, Lotus has no products listed on the World Health Organization (WHO) List of Prequalified Medicinal Products under the Prequalification of Medicines Programme (PQP). The Company has 19 products commercialized or registered across multiple countries that contain active pharmaceutical ingredients used in medicines covered under the WHO PQP.
Topic: Affordability & Pricing			
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	Due to changes in the product portfolio resulting from acquisitions and structural adjustments, the portfolio is not directly comparable. Therefore, weighted average list price and net price changes are not disclosed; related information is subject to commercial confidentiality.
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.
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 2025, two fatal adverse event cases involving the Company's products were reported to the Taiwan National Adverse Drug Reaction Reporting System. Based on the available information, no causal relationship between the reported cases and the Company's products could be established. The overall benefit–risk profile of the products remains favorable, and their quality and safety continue to be well maintained.
HC-BP-250a.3	(1) Number of recalls issued, (2) total units recalled	Quantitative	(1) 2 recalls occurred in Korea; (2) 257,006 units.
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	Continually reinforce medication 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	0 New Taiwan Dollars.
HC-BP-270a.2	Description of code of ethics governin 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.

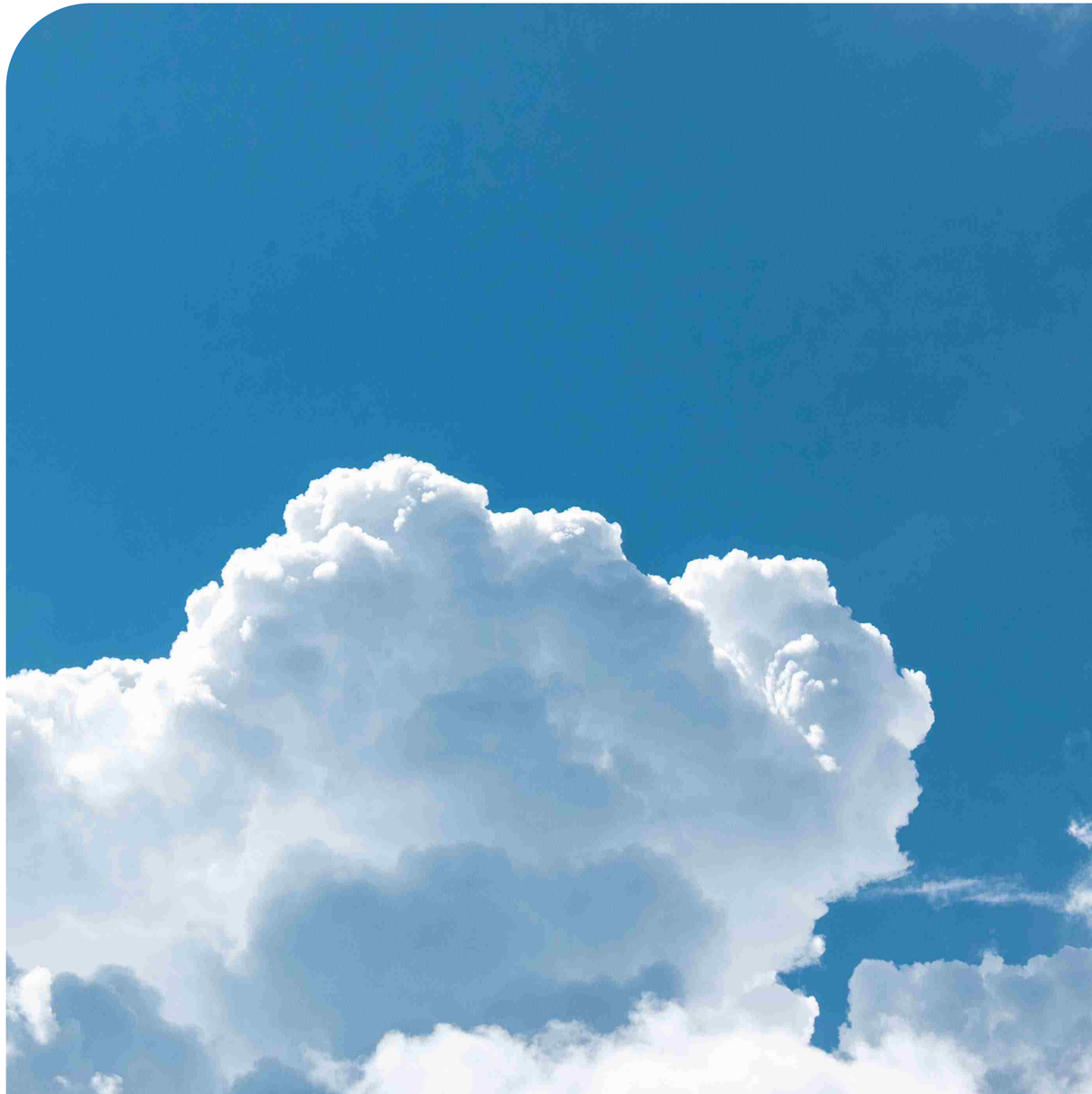
Code	Accounting Metric	Category	Disclosure Item
Topic: Employee Recruitment, Developing & Retention			
HC-BP-330a.1	Discussion of talent recruitment and retention efforts for scientists and research and development staff	Discussion and Analysis	The Company recruits key talent globally through multiple channels to strengthen its R&D capabilities. It also provides a range of supporting programs and R&D incentives to attract and retain talent. In 2025, the retention rate of R&D personnel reached 89.5%. To reflect the underlying retention of the R&D workforce, this indicator excludes the impact of organizational restructuring resulting from the Company's strategic reallocation of R&D resources, including the relocation of the R&D center from Taiwan to India.
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 > 4.2.2 Personnel Turnover > 2025 Voluntary and Involuntary Employee Turnover Rates
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 ingredients	Quantitative	The Company's Nantou plant in Taiwan has undergone a third-party audit conducted under the Pharmaceutical Supply Chain Initiative (PSCI) to strengthen supply chain quality 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	0 New Taiwan Dollars.
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 2025, approximately 586,239 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 310 drugs marketed and sold globally. • As of 2025, Lotus did not have any drug candidates in Phases 1–3 clinical development. The Company's R&D activities primarily focus on generic and 505(b)(2) drug development. Generic drug development relies on bioequivalence (BE) studies rather than traditional Phase 1–3 clinical trials. In 2025, Lotus had a total of 64 R&D projects in progress, including 28 BE studies conducted to support product development and regulatory submissions.

TCFD Disclosure Index

Core Elements	Recommended Disclosures	Chapter	Page
Governance	Describe the board's oversight of climate related risks and opportunities	5.1 Climate-Related Risks and Opportunities	P.78
	Describe management's role in assessing and managing climate-related risks and opportunities.	5.1 Climate-Related Risks and Opportunities	P.78
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.80
	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.80
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	5.1.4 Climate Risk and Scenario Analysis	P.80
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	5.1.2 Climate-Related Risks and Opportunities Assessment	P.79
	Describe the organization's processes for managing climate-related risks	5.1.1 Climate Risk Management	P.79
	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.79
Metrics and Targets	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 Indicators and Targets	P.81
	Disclose greenhouse gas (GHG) emissions, and the related risks.	5.2 Greenhouse Gas Emissions Management	P.82
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5.2 Greenhouse Gas Emissions Management	P.82

Climate-Related Information

	Item	Chapter / Description
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	5.1 Climate-Related Risks and Opportunities
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts
3	Describe the financial impact of extreme weather events and transformative actions.	5.1.3 Climate-Related Risks, Opportunities, and Financial Impacts
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	5.1.1 Climate Risk Management 5.1.2 Climate-Related Risks and Opportunities Assessment
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5.1.4 Climate Risk and Scenario Analysis
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	5.1.5 Environmental Management Indicators and Targets
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated	Lotus currently does not employ carbon pricing tools. Discussions on relevant matters will be held in the future.
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company has established climate-related reduction targets covering major operating sites (Taiwan and Korea), with Scope 1 and Scope 2 greenhouse gas emissions as the management boundaries. Using 2022 as the base year, the Company has set a target to reduce emissions by 36% by 2030 and is implementing annual reduction plans accordingly. As of 2025, greenhouse gas emissions at major operating sites have been reduced by 28% from the base year, and progress remains on track to meet the target. In consideration of changes in the operational scope, greenhouse gas inventory boundaries and reduction targets will be reviewed and adjusted as appropriate. The Company does not currently utilize carbon offsets or renewable energy certificates (RECs) as part of its reduction approach.
9	Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	5.2 Greenhouse Gas Emissions Management Appendix>GHG Protocol Corporate Standard Verification Report 5.1.5 Environmental Management Indicators and Targets 5.2.1 Energy and Carbon Reduction Project



Limited Assurance Report by Certified Public Accountants (CPA)

正大聯合會計師事務所 Grant Thornton

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 2025 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 the Biotechnology & Pharmaceuticals Sustainability Accounting Standard (HC-BP) issued by the Sustainability Accounting Standards Board (SASB), 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) is 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 2025 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.

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正大聯合會計師事務所 Grant Thornton

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 14,2026

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Limited Assurance Report by Certified Public Accountants (CPA)

Appendix 1: Summary of Assurance Subject Matter Information

No	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
1	Volumes of waste generated	5.6 Waste Management	◆Lotus Pharmaceutical Co., Ltd. (Nantou Factory) (No. 30, Chenggong 1st Rd., Nantou City, Nantou County 540033, Taiwan) ◆Alvogen Korea Co., Ltd. (Gongju Factory) (55-8, Jeongannonggongdanji-gil, Jeongan-myeon, Gongju-si, Chungcheongnam-do, 32511, Korea) ◆Alvogen Korea Co., Ltd. (Hyangnam Factory) (36, Jeyakgongdan 2-gil, Hyangnam-eup, Hwaseong-si, Gyeonggi-do, 18622, Korea)	The total volume of waste generated in 2025 for the scope listed on the left is 596.37 t. 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

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No	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
2	Water Use	5.5 Water Management	◆Lotus Pharmaceutical Co., Ltd. (Nantou Factory) (No. 30, Chenggong 1st Rd., Nantou City, Nantou County 540033, Taiwan) ◆Alvogen Korea Co., Ltd. (Gongju Factory) (55-8, Jeongannonggongdanji-gil, Jeongan-myeon, Gongju-si, Chungcheongnam-do, 32511, Korea) ◆Alvogen Korea Co., Ltd. (Hyangnam Factory) (36, Jeyakgongdan 2-gil, Hyangnam-eup, Hwaseong-si, Gyeonggi-do, 18622, Korea)	The total water use in 2025 for the scope listed on the left was 133.885 million liters. Note: Total Water Consumption = Total Water Withdrawal + Reused Water Volume. Figures are based on monthly water utility bills and groundwater meter readings. As there is no reused water volume, total water withdrawal equals total water use.	GRI 303-3 Water withdrawal

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No	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
3	Number／Rate of work-related injuries	4.4.5 Occupational Injury Statistics	◆Lotus Pharmaceutical Co., Ltd. ◆Alvogen Korea Co., Ltd.	The number and rate of work-related injuries for 2025 are shown in the table below.	GRI 403-9 Work-related injuries

Scope	Lotus Taiwan - Employees	Lotus Korea - Employees
Number of Fatalities	0	0
Number of Recordable Injuries	1	0
Number of High-Consequence Work-Related Injuries	0	0
Fatality Rate	0	0
Total Recordable Injury Frequency Rate (TRIFR)[1]	0.77	0
Rate of High-Consequence Work-Related Injuries[2]	0	0
Lost Time Injuries	1	0
Lost Time Injury Frequency Rate（LTIFR）[3]	0.77	0
Lost Time Injury Severity Rate（LTISR）[4]	3	0
Frequency-Severity Indicator（FSI）[5]	0.05	0

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No	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
				Note： 1. TRIFR = Number of Recordable Injuries × 1,000,000 / Total Hours Worked (calculated to 2 decimal places, not rounded off). 2. Rate of High-Consequence Work-Related Injuries = Number of High-Consequence Work-Related Injuries × 1,000,000/Total Hours Worked (calculated to 2 decimal places, not rounded off). 3. LTIFR（FR） = Number of Lost Time Injuries × 1,000,000/Total Hours Worked (calculated to 2 decimal places, not rounded off). 4. LTISR（SR） = (Number of Lost Workdays Due to Injury ×1,000,000)/Total Hours Worked (rounded number, not rounded off). 5. FSI = √[(FR × SR) ÷ 1,000]. 6. No work-related injuries involving non-employee workers were reported at Taiwan and Korea in 2025.	

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No	Assurance Subject Matter	Report Corresponding Chapter	Scope	Assurance Subject Matter Information	Applicable Criteria
4	**HC-BP-510a.1** Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Sustainability Accounting Standards Board (SASB) Index	◆Lotus Pharmaceutical Co., Ltd. ◆Alvogen Korea Co., Ltd.	The total amount of monetary losses resulting from legal proceedings associated with corruption and bribery was NT$0 in 2025.	SASB Standards HC-BP Biotechnology & Pharmaceuticals
	HC-BP-270a.1 Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Sustainability Accounting Standards Board (SASB) Index		The total amount of monetary losses as a result of legal proceedings associated with false marketing claims was NT$0 in 2025.	

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GHG Protocol Corporate Standard Verification Report

正大聯合會計師事務所
Grant Thornton

溫室氣體聲明確信報告

美時化學製藥股份有限公司　公鑒：

本執業人員受託執行美時化學製藥股份有限公司（以下簡稱「美時公司」）西元 2025 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」）範疇一直接排放及範疇二能源間接排放，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

美時公司之責任係依照溫室氣體盤查議定書－企業會計與報告標準「The Greenhouse Gas Protocol － A Corporate Accounting and Reporting Standard」（以下簡稱「GHG Protocol - Corporate Standard」）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導因於舞弊或錯誤之重大不實表達。

如美時公司溫室氣體聲明所述，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溫室氣體之排放。

執業人員之獨立性及品質管理

本執業人員及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密與專業行為。

本執業人員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書面政策或程序。

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範疇一直接排放及範疇二能源間接排放之有限確信案件，基於所執行之程序及所獲取之證據，對第一段所述美時公司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公司採用 GHG Protocol - Corporate Standard 編製溫室氣體聲明之妥適性、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公司溫室氣體聲明之範疇一直接排放及範疇二能源間接排放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、

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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，取得對美時公司與排放量化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. 已評估美時公司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，以評估美時公司所作之估計。
3. 已實地訪查 4 個據點，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公司溫室氣體聲明之範疇一直接排放及範疇二能源間接排放在所有重大方面，是否依照 GHG Protocol - Corporate Standard 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公司西元 2025 年 1 月 1 日至 12 月 31 日溫室氣體聲明之範疇一直接排放及範疇二能源間接排放在所有重大方面有未依照 GHG Protocol - Corporate Standard 編製之情事。

其他事項

對於本確信報告出具後，美時公司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。

正大聯合會計師事務所

會計師：羅裕民

會計師：曾雅婷

事務所之地址：台北市南港區忠孝東路六段 21 號 5 樓

中　華　民　國　1　1　5　年　5　月　1　9　日

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附件一：確信標的資訊彙總表

報告邊界	排放量 (二氧化碳噸當量/年)
範疇一：直接排放	2,494.9699
範疇二：能源間接排放	13,818.3242
範疇一及範疇二 合計	16,313.294

西元 2025 年 1 月 1 日至 12 月 31 日溫室氣體聲明有限確信報告之組織邊界包含：

- 美時化學製藥股份有限公司
- Alvogen Korea Holdings Ltd.
- Norwich Clinical Services Private Limited
- Meishi Pharma Services Private Limited
- Lotus International Pte. Ltd.
- The Representative Office Of Lotus International Pte. Ltd. In Ho Chi Minh City.
- Lotus Pharmaceutical (Thailand) Co., Ltd.
- 艾特士(上海)健康管理諮詢有限公司
- Lotus Healthcare Philippines Corp.
- Lotus Pharmaceutical HK Ltd.
- Lotus Japan Holdings Co., Ltd.
- Lotus Healthcare Malaysia sdn. Bhd.