

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.

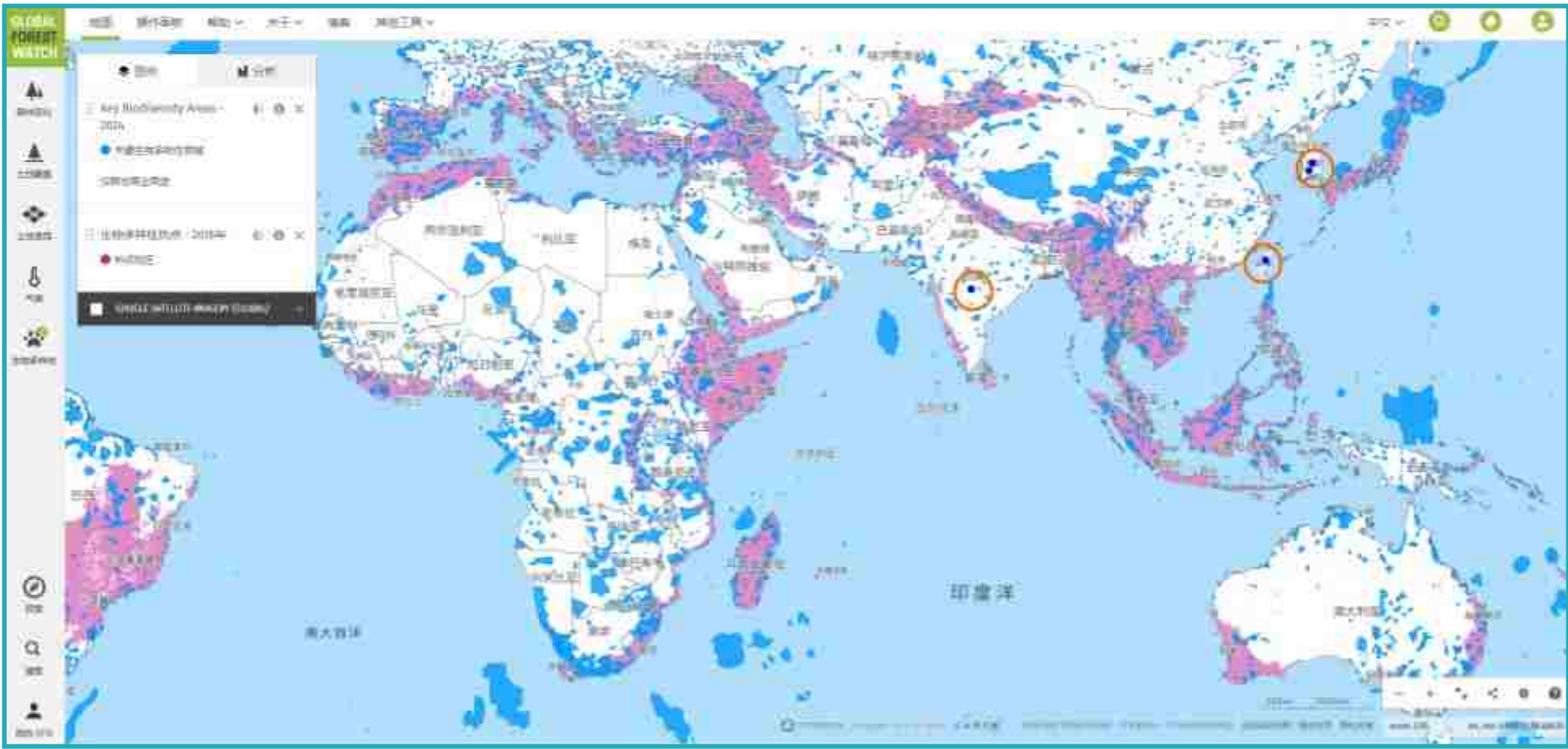
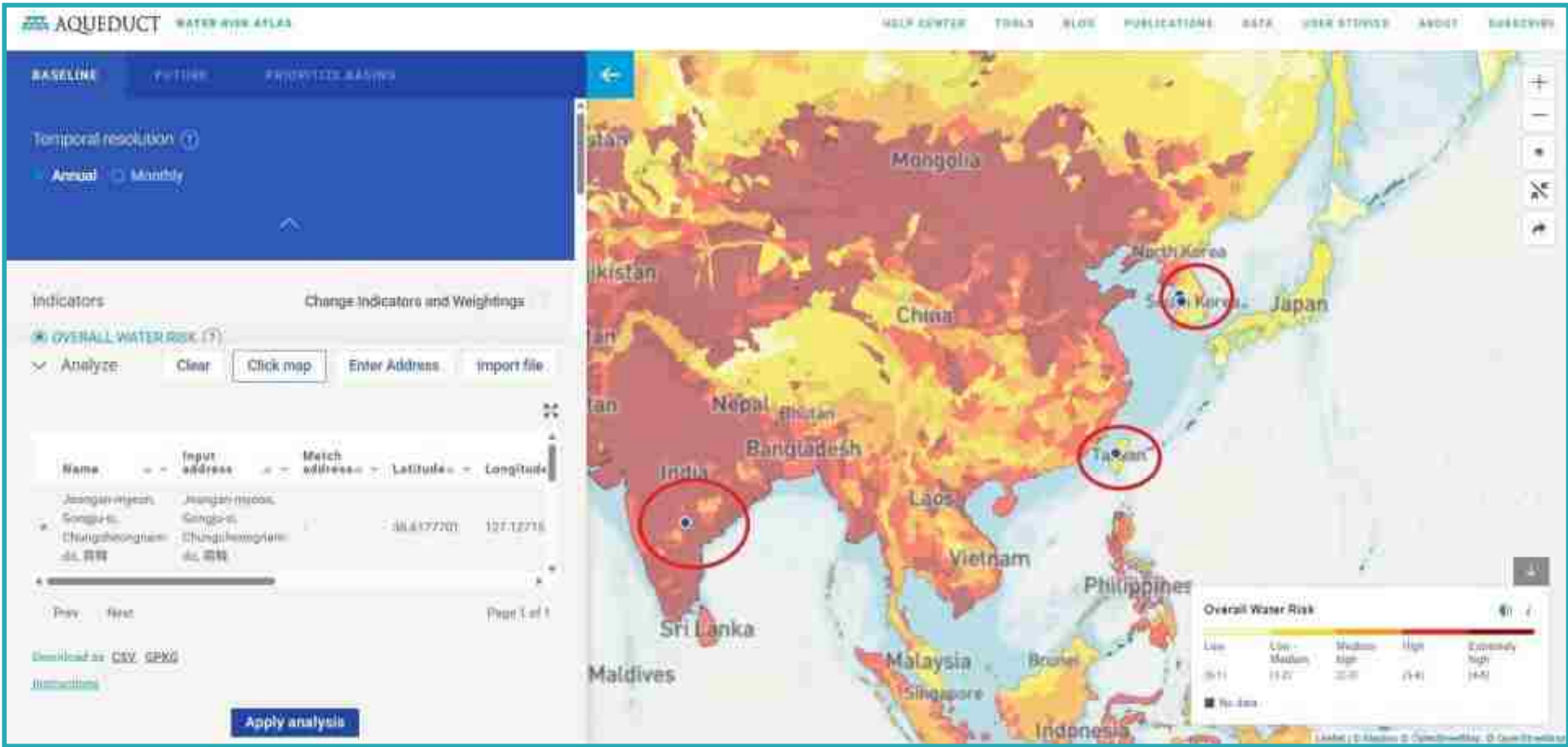
Notes:

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.