



BRAND QUALITY
with Asian Advantages



ScinoPharm Taiwan, Ltd.

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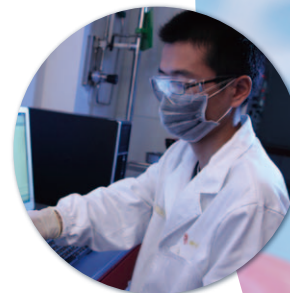
2015

ScinoPharm Taiwan, Ltd.

Corporate Social Responsibility Report



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2015

Corporate Social
Responsibility Report



Contents

About This Report	2	2.3 Supplier and Contractor Management	34
Letter from the Chairman	3	2.4 Patent Issues	38
Letter from the Chief Executive Officer	4	Chapter 3. Environmental Protection	39
2015 CSR Performance Highlights	5	3.1 Health, Safety, and Environmental Protection Policy	39
Chapter 1. Corporate Governance	7	3.2 Management and Use of Energy and Resources	40
1.1 Company Overview	7	3.3 Management of Greenhouse Gases	44
1.2 Shareholding Structure of Main Shareholders	8	3.4 Pollution Prevention	46
1.3 Overview of Operations	11	Chapter 4. Friendly Work Environment	49
1.4 Scope of Business	13	4.1 Personnel Overview	49
1.5 Corporate Governance	18	4.2 Employee Benefits and Care	54
1.6 Ethical Management	24	4.3 Health Promotion and Activities	58
1.7 Promotion of Corporate Social Responsibility	25	4.4 Safe Working Environment	61
1.8 Risk Management	26	Chapter 5. Social Contribution and Participation	69
1.9 Awards & Recognitions	27	5.1 Social Contribution	69
1.10 Communications and Negotiations with Stakeholders	28	5.2 Social Participation	70
1.11 Identification of Important Stakeholder Issues	30	Appendixes	71
Chapter 2. Product Responsibility and Patents	33	Global Reporting Initiative (GRI) Comparison Sheet	72
2.1 Product Laws and Regulations	33		
2.2 Product Safety and Consumer Satisfaction	33		

About This Report

Editorial Policy

ScinoPharm Taiwan, Ltd. (hereinafter referred to as simply ScinoPharm) was founded in 1997, and is committed to the development and manufacturing of high potency and high quality generic off-patent APIs. ScinoPharm upholds corporate citizenship philosophies of giving back to the community, maintaining that pharmaceutical manufacturing can be an industry with a conscience. This Corporate Social Responsibility Report is a full disclosure of all the significant issues we have faced and the actions we have taken along our path to sustainable management, and serves as a response to all the issues of concern to our stakeholders.

Scope of this Report

This report focuses on the economic, environmental, labor rights, product, and social activities, and performance of ScinoPharm from January 1, 2015, to December 31, 2015.

Material Aspects and Boundaries

The disclosed performance indicators and material aspects and boundaries of this report are limited to ScinoPharm Taiwan, Ltd., and do not extend to ScinoPharm (Changshu) Pharmaceuticals, Ltd., ScinoPharm Shanghai Biochemical Technology, Ltd., ScinoPharm (Kunshan) Biomedical Technology, Ltd., SPT International, Ltd., or ScinoPharm Singapore Pte, Ltd. During the period covered by this report, no major changes were made in company size, structure, or ownership.

Report Guidelines

The information on corporate social responsibility, related operating strategies, goals, and specific measures provided within this report was identified, implemented, and disclosed in accordance with the "Core" level of the GRI (Global Reporting Initiative) G4 guidelines. Surveys and systemic data analysis were used to identify the issues of concern to our stakeholders, and the results serve as the basis for this CSR report. A comparison of the relevant sections is listed in the appendix for ease of search and retrieval.

Starting from 2016, ScinoPharm's Corporate Social Responsibility Report will be published in accordance with the provisions set out in Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies of the Taiwan Stock Exchange Corporation.

The statistical data disclosed in this report were collected and analyzed by ScinoPharm. Financial data (shown in TWD) was taken from financial statements signed off by PricewaterhouseCoopers (PwC). This report has not been verified or guaranteed by an impartial third party.

Publication

Our Corporate Social Responsibility Reports are published annually, and electronic versions of this report can be downloaded via our website. Current issue: Published August, 2016.

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Letter from the Chairman

Implementing Corporate Values of Ethical Management Into A People-Oriented Corporate Culture

Since its founding, ScinoPharm has upheld corporate morals of ethical management, sound and prudent operating values, and commitment to quality and safety, providing clients with trustworthy services, and thus establishing long-term partnerships. After several years' effort, ScinoPharm has now become the largest active pharmaceutical ingredient (API) company in the country.

ScinoPharm strives to maintain core corporate values of ethical management and is conscientious about complying with governmental policies, taking the initiative in response to laws and regulations relating to environmental, social, and safety issues. In response to the environmental, social, and economical challenges we face our considerations and actions are comprehensive and in-depth. Though our overall strategies, indicators, implementation programs, and related measures are guided by our current technologies and resources and the need to comply with current laws and regulations, we pledge to maintain focus on carrying out our corporate goals of sustainability, social responsibility, and integrity.

We have integrated our core morals into our corporate governance, committing to open and transparent operations as we balance the values of our stockholders, employees, the community, and all our stakeholders. ScinoPharm continues to establish an effective corporate governance framework and related ethical standards to achieve our goals of corporate governance; we have already established our Code of Conduct, Code of Ethics, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Code of Conduct, and so on.



In June 2016, ScinoPharm became the only publicly listed biotechnology company that had ranked in the top 5% of TWSE Corporate Governance Evaluations for two consecutive years, (alongside other companies in our corporate group, Uni-President Enterprises Corporation, President Securities Corporation, and President Chain Store Corporation), which is a testimony to our efforts in sustainable operations.

Our corporate culture is people-oriented, and thus we are exceptionally focused on harmonious labor relations, and are active in opening channels for communication, encouraging employees to participate in corporate management and strategic decisions, and granting them the right to access information and express opinions. We are continually augmenting employee benefits and rights, providing employees with opportunities to learn and develop, and allowing them to grow alongside the company in a workplace environment that challenges them.

Looking to the future, we will continue to actively improve on employee training and care of our employees, and will also continue to contribute to society and implement our corporate social responsibilities while intensifying all aspects of our corporate development and generating maximum value for our company, stockholders, and employees as we strive to achieve our goal of becoming a world-class API company.

Chairman

Kuo Hwei-Cheng

Letter from the Chief Executive Officer

Solidifying Corporate Fundamentals and Leading Industrial Innovation

Our flexible business capacity and corporate culture of integrity and efficiency, our knowledge of business dealings in the international market, and the deep level of trust our clients place in us have all become accumulated strengths in our development within the pharmaceutical industry. To ensure our market leadership, we reinforced our global advantages in high-end oncology products and sought out CRAM business opportunities while simultaneously developing new products and adding to our product portfolios.

ScinoPharm vertically integrated with downstream manufacturing companies to accelerate our expansion into regions of the industrial value chain with higher added value, and we are also utilizing strategic alliances to speed the development and marketing of products and advances in our vertical integration capabilities. Furthermore, our Changshu plant in Jiangsu has officially begun operations and is expected to enhance ScinoPharm's supply capacities for the global market; this expanded capacity and our strong R&D and technical capabilities are all competitive strengths in a highly competitive international market. ScinoPharm has nearly 400 clients worldwide, including leading international brand pharmaceutical companies and the top generic pharmaceutical companies; our products are sold to the United States, Europe, Japan, Israel, India, Central and South America, and other regions, and ScinoPharm has now become one of the most important API suppliers for the pharmaceutical industry.

As a national representative of the pharmaceutical industry, we have established a "Occupational Safety and Health Committee" and a "Sustainable Management Committee" for environmental



protection: the former committee was established in accordance with the Procedures for Management of Occupational Safety and Health, and serves as our highest EHS decision-making authority; the latter committee was established to promote policies relating to environmental protection, health and safety, energy conservation, water conservation, and management of greenhouse gases, to enhance ScinoPharm's sustainable competitiveness. We propose annual sustainable management programs and review past implementations to provide a basis for internal reviews. The challenges ScinoPharm face mainly stem from rapid changes in the industrial environment and the unpredictability of natural disaster events. We have therefore begun to improve upon our internal risk management models to strengthen employee handling of emergency situations within an ever-changing environment and to solidify ScinoPharm's abilities to face challenges and manage risk.

In the future, we will strive to apply our connections within the industry, utilize flexible strategies, and strengthen our internal resource integrations and innovative R&D capabilities. We will continue to improve and contribute to society by implementing plans for sustainable operations, fulfilling our corporate social responsibilities, and enhancing quality of life for all individuals.

Chief Executive Officer

Yang Tzu-Chen

ScinoPharm Taiwan, Ltd.

2015 Corporate Social Responsibility Report



2015 CSR Performance Highlights

◎1

Ranked in top 5% of TWSE Corporate Governance Evaluations for publicly listed companies



◎2



Awarded A++ in the Information Disclosure and Transparency Ranking for two consecutive years

◎3

Year over year profitability growth of 30%



◎4



Energy use per million units of production output reduced by 12%

◎5



Greenhouse gas emissions reduced by 20 tons

◎6

Solvent recovery rates increased by 7% overall solvent recovery rates reached 12% of all solvents used



◎7

14 patents protecting product manufacturing processes and polymorphs were filed in 2015 as of 2015, ScinoPharm holds 265 patents worldwide for 52 inventions



1. Corporate Governance

1.1 Company Overview

ScinoPharm (ScinoPharm Taiwan) was founded in 1997, and is an international pharmaceutical raw materials company that provides a comprehensive array of development and manufacturing services for Active Pharmaceutical Ingredients (API) and intermediates. ScinoPharm's professional technical team supplies high-value, high-quality products to generic drug and new drug developer companies, and also provides competitive commercial production services for innovator drug companies; our one-stop-shop service not only fulfills market demand for diversified solutions, but also meets client demands for timeliness and convenience. Additionally, ScinoPharm has branched out into injectable formulations for oncology and peptide drugs as part of our "Double A" (API + ANDA) strategy, vertically integrating services to provide one-stop-shop solutions for our clients. ScinoPharm targets several market segments in the global pharmaceutical industry:

Custom Synthesis for early phase pharmaceutical activities, including the supply of gram quantities for use as building blocks, drug screening, purity

standards, etc. ScinoPharm can supply CGMP materials beginning at the IND stage and continuing through clinical needs as well as launch and post-launch supply requirements.

Generic API manufacturing with products provided years before originator/brand patents expire. Processes are guaranteed to be non-infringing, and products are supplied at price-competitive levels. Exclusive or semi-exclusive supply arrangements can be provided.

Brand company outsourcing services are available utilizing ScinoPharm's complete scale of CGMP-qualified equipment, built and operated to Western API standards.



1.2 Shareholding Structure and Main Shareholders

As of April 30, 2016, ScinoPharm has issued 731,082,860 shares, and has a total of 28,484 shareholders, of which the majority are corporate institutions; our shareholder structure and top ten shareholders are as shown below:

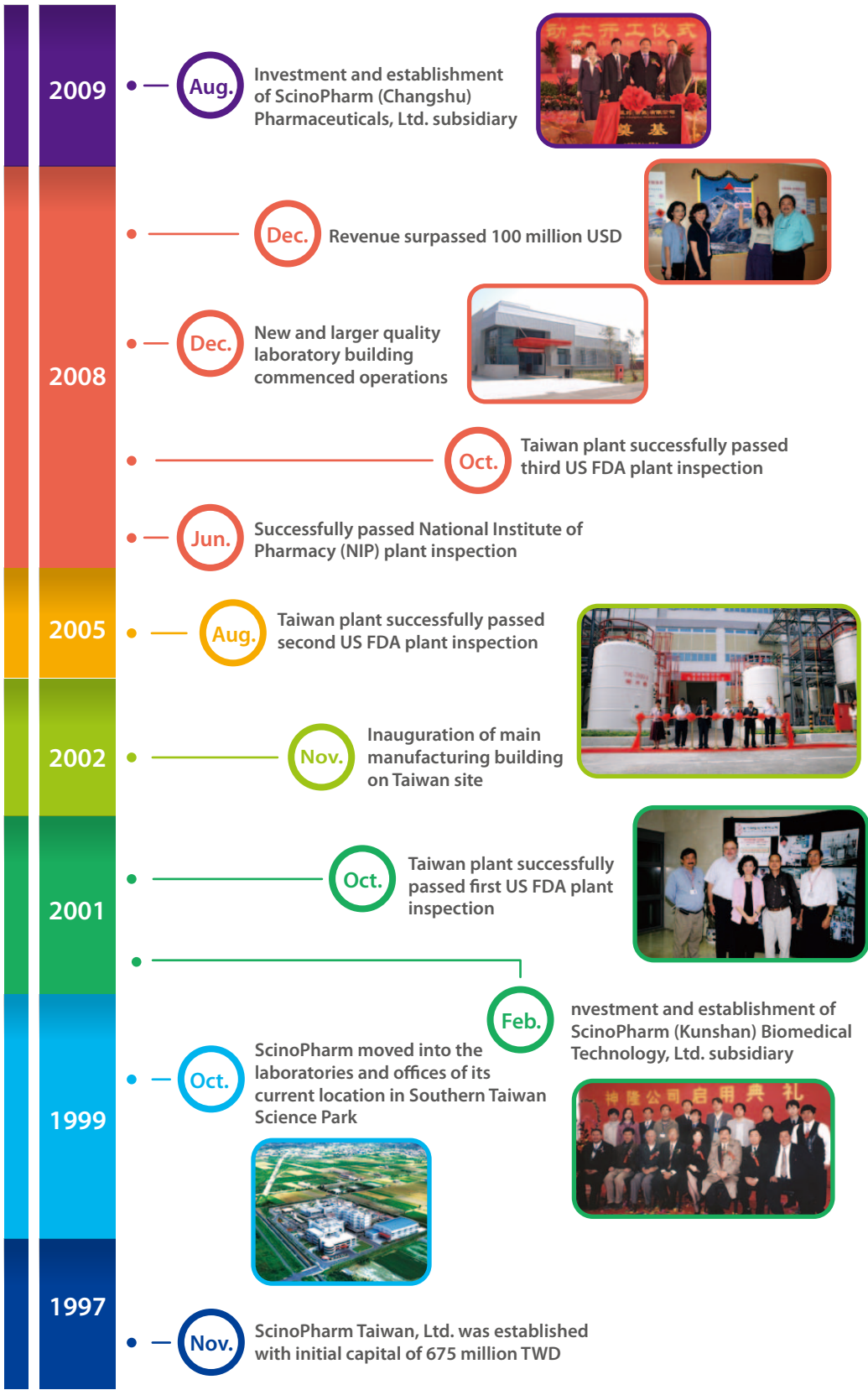
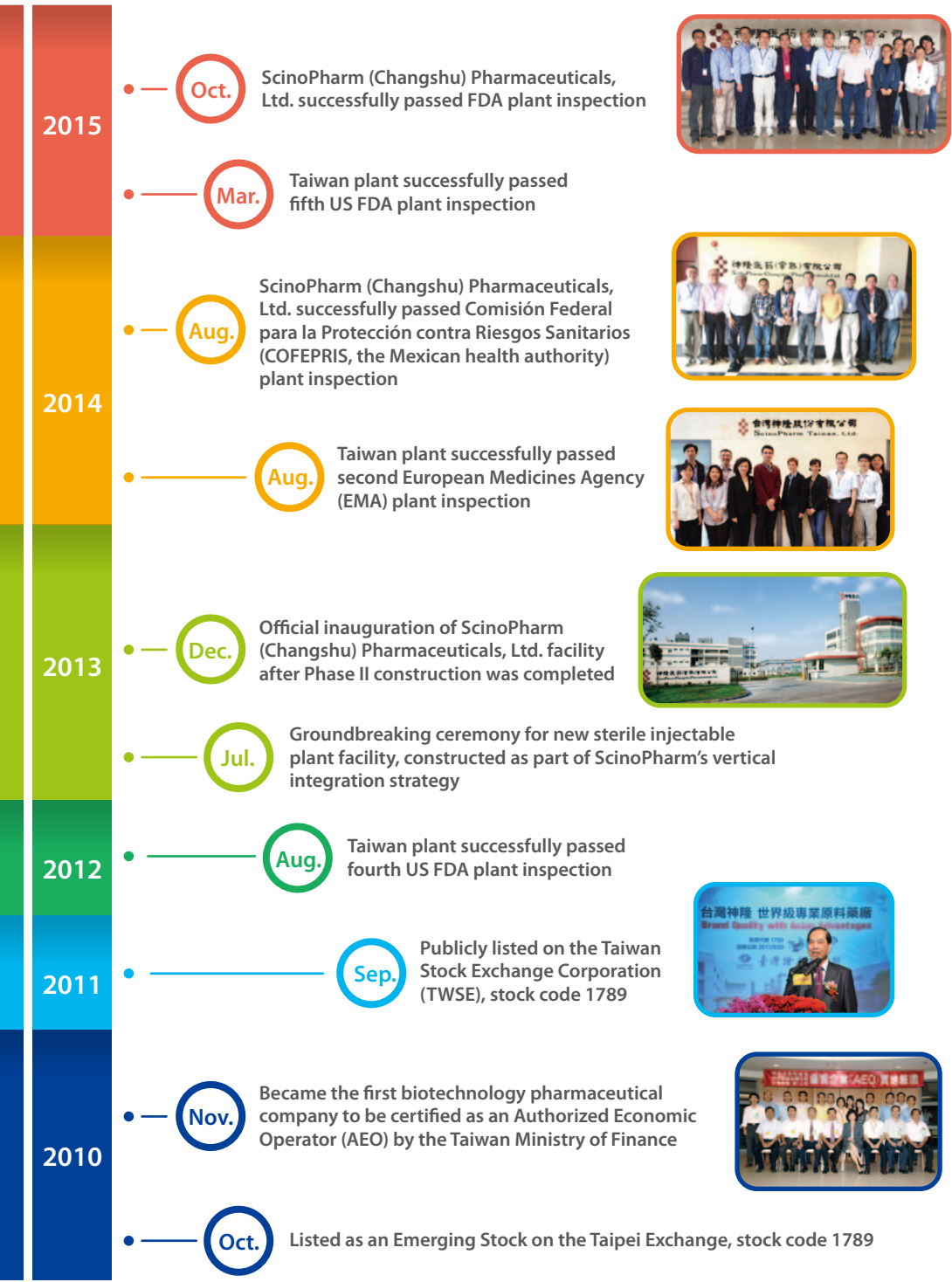
Stockholder Structure

Category	Percentage
Other corporations	61%
Individuals	17%
Governmental institutions	14%
Foreign institutions and foreign investors	6%
Financial institutions	2%

Shareholding Percentages

Shareholders	Shareholding percentage
Uni-President Enterprises Corporation	37.94%
National Development Fund, Executive Yuan	13.85%
Taiwan Sugar Corporation	4.12%
President International Development Corporation	3.63%
Tainan Spinning Co., Ltd.	2.98%
Prince Housing and Development Corporation	2.98%
Tung Yu Investment Co., Ltd.	2.16%
Kao Chyuan Investment Co., Ltd.	1.88%
Kai Yu Investment Co., Ltd.	1.87%
Kai Nan Investment Co., Ltd.	1.76%
Other	26.83%

Milestones in ScinoPharm History



1.3

Overview of Operations

Operating Strategy

To maximize profits for the company and our shareholders and employees while maintaining short- and long-term income, we have implemented the following strategies to fulfill market needs:

- Short-term : In order to maximize future profits, developed APIs are carefully chosen to fulfill the needs of generic drug companies; for brand pharmaceutical company CMO work, drugs with clinical potential are carefully chosen based on its mechanism of action and market potential. Production capacity at our Tainan plant is supplemented by the expanded production capacity of our Changshu plant in China, strengthening our capacity and allowing us to provide high-quality customized services. Our strategic alliances allow us to collaborate with manufacturers and develop products from our existing APIs while acquiring knowledge from drug manufacturers to develop new derivatives for developed APIs.
- Mid-term : To increase the value of ScinoPharm's oncology APIs, we utilized our injectables plant in Tainan to satisfy the one-stop-shopping needs of many of our customers. Through strategic alliances, we formed channel partnerships and expanded our markets, creating joint profits and increasing our gross margins. Our Chinese production lines have now been placed into production, increasing the product supply we provide to the global market; we have also formed strategic collaborations in accordance with Chinese laws and regulations to speed the development of drug products and increase our output. Additionally, we also collaborated with our Japanese clients to expand into Japanese generic markets and utilized distributors to expand into other developing markets.
- Long-term: Expansion into new drug markets through comprehensive integration of all R&D and manufacturing capabilities developed for APIs to injectables, and integration of internal APIs R&D and manufacturing capabilities with external departments researching special formulations.

Financial Performance

Due to fierce market competition and factors relating to the supply of raw materials, ScinoPharm's consolidated revenues in 2014 fell compared to the peak figures of 2013. Consolidated revenues for 2015 were 3.955 billion TWD, slightly less than the 4.098 billion TWD of the year before; profitability in 2015 was higher than the previous year due to cost control, process optimization, and enhancement of management efficiency, as well as growing sales for our high-gross-margin anti-cancer drug products: our consolidated profits after tax were 635 million TWD, up by 31% from the previous year's 484 million TWD, and earnings per share after tax was 0.87 TWD, indicating that company operations are resuming momentum. A summary of our financial performance for the past three years are shown in the table below; for detailed financial information, please refer to our financial reports or our website.

Unit: thousand TWD

Year	2013	2014	2015
Total Assets	11,484,228	11,371,820	12,221,595
Total Debt	1,840,974	1,991,549	2,364,602
Shareholders' Equity	9,643,254	9,380,271	9,856,993
Paid-In Capital	6,759,272	7,029,643	7,310,829
Operating Income	5,088,245	4,097,844	3,955,207
Gross Profit	2,542,533	1,600,566	1,676,654
Operating Income	1,397,500	559,442	749,703
Net Profit Before Tax	1,408,513	602,209	802,884
Net Profit After Tax	1,273,404	484,143	634,965
Earnings per share (TWD)	1.88	0.69	0.87

Note: All of the above figures represent consolidated information and were reported in accordance with International Financial Reporting Standards (IFRS).

Direct compensation provided to company stakeholders is shown in the table below:

Unit: thousand TWD

Year	2013	2014	2015
Operating cost	2,545,712	2,497,278	2,278,553
Employee benefits	960,155	840,422	762,122
Income tax expenses for current period	285,704	174,470	177,130
Cash dividends (TWD per share)	811,113	140,592	219,325
	1.2	0.2	0.3
Stock dividends (TWD per share)	270,371	281,186	292,433
	0.4	0.4	0.4

Note: All of the above figures were taken from consolidated financial reports and were compiled in accordance with International Financial Reporting Standards (IFRS).

Our investment tax credits and government grants are as shown in the table below:

Unit: thousand TWD

	Decree	Item	2013	2014	2015
Tax Credit (Note 1)	Article 10 of the Statute for Industrial Innovation	R&D expenditure	968.53	1,032.85	1,643.89
	Article 6 of the Statute for Upgrading Industry	R&D and personnel training expenditure	0	0	0
	Article 9 of the Statute for Upgrading Industry	Five-year tax exemption	5,121.234	2,534.18	0
Government Grants	e.g., Technology Development Programs (TDP) (Note 2)		1,653.57	0	0

Note 1: Tax credits for 2015 have not yet been approved by the National Taxation Bureau.
Note 2: Grant amounts received for each year.

The amounts of income tax paid over the last three years are as shown in the table below:

Unit: thousand TWD

Year	2013	2014	2015
Income Tax Paid	309,532	287,647	103,122

1.4 Scope of Business

◎ Scope of Business

(1) Our scope of business includes the following:



We research, develop, produce, manufacture, and sell the following products, as well as provide relevant advisory, consultancy, and technical services while handling international trade matters associated with these products:

1. APIs
2. Protein drugs
3. Oligonucleotides
4. Peptides
5. Injectable products
6. Small molecule drugs

(2) Product proportions for main products in 2015

Unit: thousand TWD; %

Main Products	2015	
	Revenue	Product proportion
Manufacturing and sales of APIs	3,818,975	97%
Revenue from technical services	133,662	3%
Other	2,570	-
Consolidated revenues	3,955,207	100%

(3) Current services

At the time it was established, ScinoPharm's main services consisted of providing APIs for global generic pharmaceutical companies. However, our technical capabilities in analysis and organic synthesis have matured, and we have developed specific synthesis technologies for different medical treatments, so we can now provide a full range of customized R&D and outsourcing services for the synthesis, process development, and commercial production of simple molecules, complex natural molecules and derivatives and other important chemical compounds such as peptides or nucleic acids. Additionally, we have also added injectable-related services to our roster for further business development opportunities. A summary of our services are as follows:

Drug Development Technologies	During the development process of new drugs at the screening stage or the molecular optimization stage for drug candidates, ScinoPharm can use its developed or developing chemical synthesis capabilities and platform technologies as a basis to identify active metabolites and help clients design and synthesize chemical compounds for new experimental drugs and related derivatives. Our drug development capabilities can aid our clients in improving on the chemical composition, solubility, and effectiveness of existing market drugs. We also provide extended development services for new drug candidates that were unsuccessful in Phases II and III of clinical trials. Our experimental drug compounds can be used to build relevant databases, which on the one hand can expand the scope of patents, and on the other hand can improve on research and development or existing processes.
Chemical Process Development	Our chemical process development services include development of synthetic routes and scale-ups of experimental drug compounds. Some compounds may prove unsuitable for large-scale production as their production processes are too expensive, environmentally damaging, or present safety concerns. ScinoPharm's R&D personnel can design or improve production methods and processes to make them suitable for medium or large scale production. Services we provide to clients include process development, improvement of existing processes, development of new methods and processes, production of APIs, process development, production of single-isomer molecules, and also development of purification techniques associated with the above products.
CGMP Manufacturing Services	ScinoPharm provides chemical synthesis and production services for APIs and intermediates in accordance with US and internationally recognized CGMP standards. Products sold or used in clinical trials in the United States must be produced using facilities and processes that comply with CGMP regulations formulated by the US FDA. Located in the Southern Taiwan Science Park, ScinoPharm has sufficient production capacity and isolated controlled-access storage areas that allow us to manufacture products according to international CGMP regulations. We provide batch production services for initial clinical trials (10 kg or less) as well as Phase II and III clinical trials (10 to 100 kg) and commercial batches (kilogram to ton level). Our clients include brand name pharmaceutical companies, generic drug manufacturers, and drug development companies, and we also provide small molecule and peptide API for any stage of clinical trials.

Analytical Services 	Analytical chemistry techniques must be used for quality inspection after manufacturing of compounds. Therefore, analytical chemistry techniques play a decisive role in the pharmaceutical industry. Our analytical services not only include purity testing, development and validation of analytical methods, and stability testing, but also cover regulatory services encompassing applications to health authorities, chemistry manufacturing control documentation, and the writing of technical reports. ScinoPharm's analytical services are geared to helping clients comply with the US FDA's CGMP regulations, which state that both new drugs and drugs sold on the market must be supported by thorough analytical information. Our services include: ● Development and validation of analytical methods ● Physical properties tests, including polymorphs and particle size distribution ● High-performance liquid and gaseous chromatography to analyze product purity and content of related isomers ● High-performance liquid- or gas-chromatography mass spectrometry and nuclear magnetic resonance (NMR) spectrometry to identify structures of impurities. ● Stability testing for APIs and formulations ● Collection of documents for ANDA, NDA, DMF, and other regulatory applications and organization of analysis information required
Development and Manufacturing of Injectable Products 	ScinoPharm is a global leading provider of APIs for cancer drugs, with both our product ranges and customer bases at the forefront of the industry. In recent years, we have observed strong market demand for sterile injectable products and have accordingly formulated a vertical integration strategy, constructing an injectable facility at our Tainan site to serve as a one-stop shop for all R&D and manufacturing services for APIs needed for sterile injectable products.

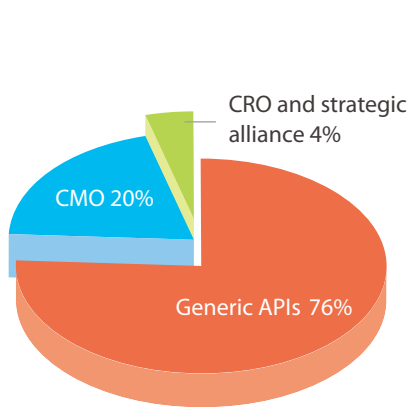


(4) Planned products for development

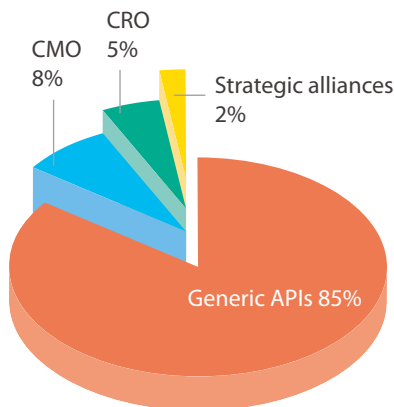
Planned products	Application
SPT1312	Osteoporosis preparation
SPT1348	Gastrointestinal drug
SPC1357	Hepatitis drug
SPC1361	Anticoagulant
SPT1388	Cancer drug
SPT1394	Cancer drug
SPT1400	Cancer drug
SPT1401	Psychiatric drug
SPT1411	Anticoagulant

Our main sources of revenue stem from the development, production, and sales of generic APIs, accounting for approximately 85% of overall revenues in 2015. Our CRO and CMO services for new drug APIs account for 15% of overall revenue.

2014

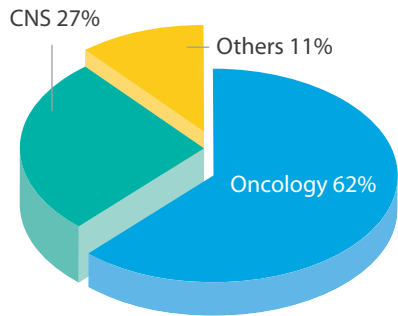


2015

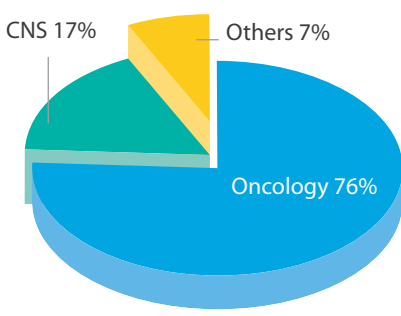


A breakdown of product categories show that generic oncology APIs account for the highest proportion of our overall revenues at more than 75%; these are followed by central nervous system (CNS) APIs, which account for almost 17%. Other products we manufacture include cardiovascular drugs, hormones, gastrointestinal drugs, muscle drugs, antivirals, respiratory medication, and peptides.

2014

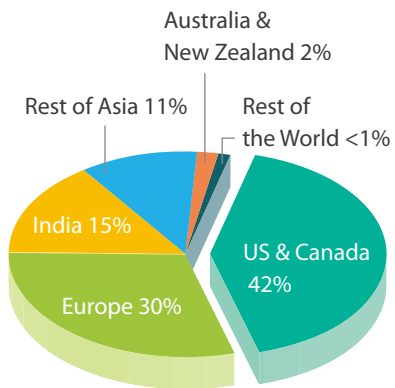


2015

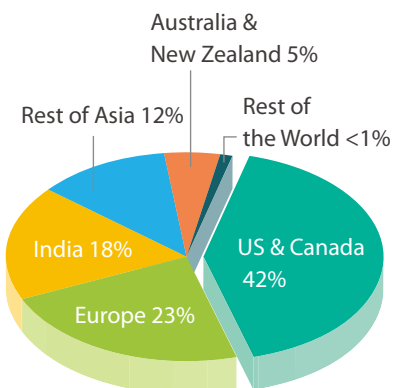


In terms of global business development and distribution, North America and Europe are our primary markets for generic drugs. India, which is mainly viewed as a gateway to our European market, also accounts for more than 15% of our revenues. Additionally, Japan and China have future potential as emerging markets of generic drugs and have been listed as our primary targets for expanded development.

2014



2015

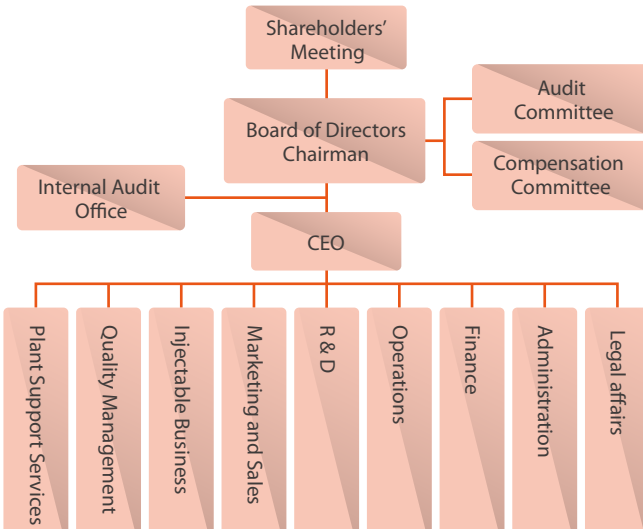


1.5 Corporate Governance

ScinoPharm upholds principles of integrity in business management, actively promoting operational transparency to safeguard the interests of stakeholders. In addition to establishing a sound and efficient Board of Directors, we also established the Compensation Committee, the Audit Committee, and the Nominations Committee in 2011, 2012, and 2014, respectively, in order to strengthen corporate governance. Our current governance structure includes Shareholders' Meeting, Board of Directors, the Audit Committee, the Compensation Committee, and the Internal Audit Office, which are respectively governed by our "Corporate Governance Best Practice Principles", "Rules Governing Shareholders' Meetings", "Rules Governing the Meeting of the Board of Directors", "Audit Committee Charter", "Compensation Committee Charter", "Nominations Committee Charter", and "Rules Governing the Scope of Powers of Independent Directors", as well as by our internal control and audit policies.

The Board of Directors is the decision-making authority for the company; the Chairman is the head of the shareholders and the Board of Directors. The CEO is responsible for the implementation of Board decisions, the management of company operations, and the supervision of senior managers and relevant business units; the organization structure of the company is as shown in the figure below. For more details on our management team, please refer to our annual reports or our website.

Organization Chart



Board of Directors



The Board of Directors is composed of 15 directors (including 3 independent directors), elected for a three-year term. On June 13, 2012, the Board voted to replace the Board of Supervisors with an Audit Committee. Candidates for directors are presented through nomination and are chosen by the Board from the list of nominees. To provide sustainable management and corporate management functions, Board directors are chosen for their integrity as well as their expertise,

prominence, and experience in business, legal affairs, finance, accounting, or corporate affairs.

ScinoPharm's current directors were elected on June 23, 2015; there are currently 12 male directors and 3 female directors, with the average age being 61.45. Board directors are listed in the table below; academic credentials and background information on our Board directors are disclosed in our annual reports, and important decisions of the Board are disclosed in our annual reports and our website.

Board of Directors

Title	Name
Chairman	Uni-President Enterprises Corp.
	Representative: Kao-Huei Cheng
Director	Uni-President Enterprises Corp.
	Representative: Chih-Hsien Lo
Director	Uni-President Enterprises Corp.
	Representative: Tsung-Ming Su
Director	Uni-President Enterprises Corp.
	Representative: Kun-Shun Tsai
Director	Uni-President Enterprises Corp.
	Representative: Tsung-Pin Wu
Director	Uni-President Enterprises Corp.
	Representative: Yung-Fa Chen
Director	National Development Fund, Executive Yuan
	Representative: Po-Wu Gean
Director	National Development Fund, Executive Yuan
	Representative: Ming-Shi Chang

Our Board of Directors Meeting convenes at least once every quarter. Our directors are independent from corporate management, possess the professional knowhow, abilities, and qualities necessary for their position, and act in accordance with laws and regulations, company bylaws, and shareholders' meeting resolutions to advise and counsel on operational guidelines, financial planning, and technical development; a total of seven Board meetings were held in 2015, with average attendance rates of 91.43%; please refer to our annual reports for relevant attendance records.

In accordance with the "Procedure for Meeting Proceedings of the Board of Directors", when matters brought up in Board of Directors' Meetings conflict with the interest of directors themselves or with the corporations they represent, the directors involved are not allowed to join the discussion or to vote on relevant issues. They are required to avoid discussions and voting processes, and are not allowed to exercise their right to vote on behalf of other directors when such matters occur. No

Title	Name
Director	Kao Chyuan Investment Co., Ltd.
	Representative: Shiow-Ling Kao
Director	President International Development Corp.
	Representative: Chiou-Ru Shih
Director	Tainan Spinning Co., Ltd.
	Representative: Chien-Li Yin
Director	Taiwan Sugar Corporation
	Representative: Chin-Jung Yang
Independent Director	Wei-Cheng Tian
Independent Director	Ih-Jen Su
Independent Director	Wei-Te Ho

Note: The representative of the Taiwan Sugar Corporation was replaced by Mr. Kuo-Hsi Wang on January 11, 2016.

conflicts of interest occurred in 2015, or have ever occurred in the company's history.

Additionally, to protect directors from personal liability and property damage caused by third party litigation resulting from implementation of company affairs, ScinoPharm has provided liability insurance for all its directors.

Director remuneration is determined by the provisions of the Company Act; following evaluation by the Compensation Committee, the Board of Directors are granted authority to set remuneration rates according to company profitability as well as participation and contribution levels of directors to company affairs in comparison to other companies in the same industry; director remuneration relating to revenue surpluses is determined according to the Company Act, and is distributed following a report to the Board of Directors and approval from the Shareholders' meeting.

Training undertaken by directors and independent directors in 2015

As of 2015/12/31

No.	Title	Name	Organizer	Name of training course	Total training hours in 2015
1	Institutional Shareholder Representative	Kao-Huei Cheng	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	9.0
			Taiwan Corporate Governance Association	Corporate Governance Trend to Create Win-Win Opportunities	
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	
2	Institutional Shareholder Representative	Chih-Hsien Lo	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	6.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	
3	Institutional Shareholder Representative	Tsung-Ming Su	Securities & Futures Institute	Briefing on Law-Abiding for Share Trading by Internal Staff of Listed Companies	6.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	
4	Institutional Shareholder Representative	Kun-Shun Tsai	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	15.0
			Taiwan Corporate Governance Association	Practical Operations of Independent Directors and Functional Committees	
			Securities & Futures Institute	Briefing on Law-Abiding for Share Trading by Internal Staff of Listed Companies	
			Taiwan Stock Exchange	International Symposium on "Corporate Governance, Financial Supervision and Laws"	
5	Institutional Shareholder Representative	Tsung-Pin Wu	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	12.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	
			Securities & Futures Institute	Operations of Cross-Strait "Free Economic Zones" and Move-in Decision-making by Taiwan Businesses	
			Securities & Futures Institute	Impact of IFRS Accounting Architecture on Taiwan's Taxation	
6	Institutional Shareholder Representative	Yung-Fa Chen	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	12.0
			Taiwan Corporate Governance Association	Practical Operations of Independent Directors and Functional Committees	
			Securities & Futures Institute	Briefing on Law-Abiding for Share Trading by Internal Staff of Listed Companies	
			Taiwan Corporate Governance Association	Multinational Acquisition – a Key for Upgrading Industry Growth	

Training of directors and managers

ScinoPharm encourages its directors and independent directors to continue learning new information on corporate governance; training undertaken by all directors and independent directors in 2015 are in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and are as shown in the following table:

No.	Title	Name	Organizer	Name of training course	Total training hours in 2015
7	Institutional Shareholder Representative	Chien-Li Yin	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	6.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers Vs Securities Fraud, False Information and Asset Embezzlement	
8	Institutional Shareholder Representative	Shiow-Ling Kao	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	6.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers Vs Securities Fraud, False Information and Asset Embezzlement	
9	Institutional Shareholder Representative	Chiou-Ru Shih	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	6.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers Vs Securities Fraud, False Information and Asset Embezzlement	
10	Institutional Shareholder Representative	Po-Wu Gean	Securities & Futures Institute	Briefing on Law-Abiding for Share Trading by Internal Staff of Listed Companies	6.0
			Taiwan Academy of Banking and Finance	Corporate Governance – Corporate Social Responsibility for Opening Up Future Competitiveness	
11	Institutional Shareholder Representative	Ming-Shi Chang	Taiwan Corporate Governance Association	Discussion on Legal Responsibility of Independent Directors – Outsider but with More Responsibility?	12.0
			Securities & Futures Institute	Briefing on Law-Abiding for Share Trading by Internal Staff of Listed Companies	
			Taiwan Corporate Governance Association	Management and Practice on Operations and Effectiveness of Decision by Board of Directors	
			Taiwan Corporate Governance Association	Legal Aspects of Trade Secrets Protection for Business Engagement	
12	Institutional Shareholder Representative	Chin-Jung Yang	Taiwan Corporate Governance Association	Risk Management and Practice on Operations and Effectiveness of Decision by Board of Directors	6.0
13	Independent director	Ih-Jen Su	Taiwan Academy of Banking and Finance	Corporate Governance – Corporate Social Responsibility for Opening Up Future Competitiveness	6.0
			Securities & Futures Institute	Corporate Social Responsibility Report – Seminar to Unveil the Value of Sustainable Management	
14	Independent director	Wei-Cheng Tian	Taiwan Academy of Banking and Finance	Corporate Governance – Corporate Social Responsibility for Opening Up Future Competitiveness	6.0
			Securities & Futures Institute	Corporate Social Responsibility Report – Seminar to Unveil the Value of Sustainable Management	
15	Independent director	Wei-Te Ho	Securities & Futures Institute	Briefing on Law-Abiding for Share Trading by Internal Staff of Listed Companies	6.0
			Taiwan Academy of Banking and Finance	Corporate Governance – Corporate Social Responsibility for Opening Up Future Competitiveness	

To enhance manager understanding of corporate governance concepts and implement the true spirit of corporate governance, ScinoPharm also encourages managers to attend training courses on corporate governance hosted by external institutions. Corporate governance training programs undertaken by managers in 2015 are as follows:

Training undertaken by managers in 2015

As of 2015/12/31

No.	Title	Name	Organizer	Name of training course	Total training hours in 2015
1	CFO & Vice President Finance	Patricia Chou	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	9.0
			Securities & Futures Institute	Leadership Forum on Corporate Ethics by Listed Companies	
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	
2	Vice President Administration	Tsung-Jung Yen	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	6.0
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	
3	Head of financial department	Chih-Hui Lin	Taiwan Corporate Governance Association	A Look at Corporate Governance Appraisal from Board of Directors	18.0
			National Cheng Kung University	Follow-up Advanced Study by Accounting Executives	
			Taiwan Corporate Governance Association	Business Judgment of Directors, Supervisors, Managers vs Securities Fraud, False Information and Asset Embezzlement	

Audit Committee



On October 7, 2009, the Board of Directors approved a motion to set up the "Nominating Committee for Independent Directors". The "Rules Governing the Scope of Powers of Independent Directors" were established on April 27, 2011, to guide independent directors in their scope of responsibilities. The "Audit Committee Charter" was established on April 26, 2012, to provide a code of conduct for the Audit Committee which was later formed. On June 13, 2012, a motion was approved at the Shareholders' Meeting to replace our Board of Supervisors with the Audit Committee.

In accordance with the "Audit Committee Charter", the Audit Committee is composed of all independent directors; following the election of directors by the Shareholders' Meeting in 2015, the current members of the Audit Committee are Wei-Te Ho, Wei-Cheng Tian, and Ih-Jen Su, the three independent directors; their average age is 62.

All independent directors possess high levels of business, legal, financial, or accounting knowhow, such that they are qualified to lecture in the relevant departments of public or private colleges and universities.

The Audit Committee convenes at least once every quarter and is responsible for implementing the fair presentation of financial statements, approving the election or dismissal of accountants and auditing their independence status or performance, effectively implementing internal controls and company adherence to relevant laws and regulations, and managing potential corporate risk.

The Audit Committee convened a total of 6 times in 2015; the average attendance rate was 94.44%.

Compensation Committee

The Compensation Committee acts with due care to exercise the following duties, and also submits relevant recommendations in good faith to the Board of Directors for discussion :

- (1) Establishment and periodic review of compensation policies, systems, standards, and structures, and performance evaluations for directors and executive managers.
- (2) Periodic assessment and establishment of compensation for directors and executive managers.

In exercising the above duties, the Compensation Committee is required to act in accordance with the following principles:

- (1) The performance of directors and executive managers should be evaluated and remunerated according to industry standards, taking into consideration individual performance, company performance, and connection to future risks.
- (2) Directors and executive managers should not be advised to engage in acts beyond the company's risk tolerance for the sake of compensation.
- (3) The ratio of dividends paid to directors and executive managers for short-term performance and the payment time of performance pay should take into consideration the characteristics of the industry and the nature of the business involved.

The Compensation Committee convened a total of 3 times in 2015; the average attendance rate was 88.89%.

Internal Audit Office

The internal audit office answering to the Board of Directors was established to handle internal audit matters. Taking into consideration company scale, business conditions, management needs, and related laws and regulations, one full-time auditor was put in charge of internal audits. The internal auditor is independent from management and exercises audit duties from a position of objectivity and fairness. In addition to attending Board Meetings and reporting to the Board of Directors, the internal auditor is also required to make regular reports to the Audit Committee.

In order to assess the effectiveness of internal control policies, the internal audit office uses the results of risk evaluations to prepare annual audit plans that determine audit items for each month/quarter. Audit working papers and related information are included in the audit report. In addition to periodic audits, departments within the company and company subsidiaries are required to self-assess the effectiveness of their internal control policies; these self-assessments are then reviewed by the internal audit office, which provides timely recommendations for improvement. This assists the Board of Directors and managers in assessing and reviewing the effectiveness of internal control policies, and in measuring operational performance and efficiency to prevent potential risks and ensure stability of business operations.

The Internal Audit Office is aware that the establishment, implementation and maintenance of internal management policies is the responsibility of the Board of Directors and the managers of the company, and thus have established an internal auditing system. In order to implement internal management and auditing practices, the objective of this system is to ensure that reports of business performance and efficiency (including profitability, performance, and security of assets) are reliable, timely, transparent, and comply with relevant laws and regulations.

1.6 Ethical Management

Code of Conduct and Regulations

Integrity is ScinoPharm's core business principle, and our goal is to establish a diverse, equal, and mutually respecting workplace environment. In order to realize the operation and promotion of corporate governance, ScinoPharm has established "Rules Governing Shareholders' Meetings", "Rules Governing the Meeting of the Board of Directors", "Audit Committee Charter", "Compensation Committee Charter", and "Rules Governing the Scope of Powers of Independent Directors", as well as internal control and audit policies. To help executive managers and all ScinoPharm employees understand the laws and regulations they should comply with in the workplace, the moral obligations they should fulfill, and the company's expectations of how employees should interact with business partners and suppliers, ScinoPharm has established "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Code of Conduct", "The Code of Ethics and Conduct", and "ScinoPharm Code of Conduct", in hopes of providing guidance for the actions of all managers and employees, to enhance the morality of managers and employees, and to ensure the sustained positive management and development of ScinoPharm.

Additionally, to increase employee understanding of corporate governance and to prevent potential occurrences of insider trading, ScinoPharm established "Procedures for Handling Material Insider Information" and "Procedures for Prevention of Insider Trading", arranged for managers and directors to participate in external corporate governance training programs, and also invited personnel from relevant authorities to host seminars regarding related topics. Furthermore, in order to ensure that publicly disclosed financial and business information comply with all necessary requirements, and to help our employees better understand related laws and regulations, we also established "Regulations for Processing Publicly Disclosed Information Reflecting Declarations"; emails were sent to all ScinoPharm employees

when the above regulations were promulgated and when subsequent amendments are made to the regulations. These regulations were also posted to our company website.

Appropriate Communication Channels and Mechanisms

Appropriate communication channels and mechanisms have been established between ScinoPharm's internal employees and external shareholders and investors. ScinoPharm encourages its management team and its employees to maintain a smooth flow of communication; the management team can open dialogues with employees through labor-management meetings and quarterly meetings with employees. We have also set up an employee communication mailbox with relevant protective measures. For details please refer to our website www.scinopharm.com.tw → Investor Relations → Corporate Governance → "ScinoPharm Code of Conduct" and "The Code of Ethics and Conduct" in our Regulations for Moral Conduct.

Since our listing on the TSEC, we have commissioned a stock transfer agent to handle our stock-related affairs, and have also appointed a spokesman, set up an investor relations department, and hired personnel dedicated to dealing with matters relating to shareholders. Additionally, we communicate with our shareholders through our annual general meetings, periodically host investor conferences, and on occasion are invited to participate in investment forums organized by external investment institutions to describe and update the investing public on current business operations. Relevant annual reports and investor conference presentations are uploaded to the Market Observation Post System (MOPS) as per regulations, and can also be found on the Investor Relations section of our website.

ScinoPharm is committed to its pursuit of sustainable management, and we strive to establish open, transparent, and effective communication channels with all our stakeholders so as to understand each

other's needs. We use this principle as a reference when preparing our CSR policies or planning relevant activities. We have placed a "Stakeholders" page on our website and also established a "whistleblowing system", providing a way for stakeholders to report wrongdoing. All reports are handled with care by designated personnel and will be used to strengthen and improve our corporate governance.

Principles for participation in public affairs

ScinoPharm has always maintained a neutral stance on public policy and has never taken part

in any lobbying activities or provided political contributions. Charitable contributions should be made to charity institutions, and should not be surreptitious attempts in bribery; sponsorships should not be made to commercial transaction partners or persons having conflicting interests with company personnel; relevant regulations are set forth in the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Code of Conduct".

1.7 Promotion of Corporate Social Responsibility

For purposes of sustainable management and the fulfillment of our corporate social responsibilities, our Board of Directors approved a "Corporate Social Responsibility Best Practice Principles" on June 18, 2014, to provide guidelines for realizing corporate social responsibilities. Revisions were made to the "Corporate Social Responsibility Best Practice Principles" on March 25, 2015.

ScinoPharm's implementation of corporate social responsibilities is supervised by the CEO under authority granted by the Board of Directors. The CEO is responsible for reporting back to the Board of Directors. The implementation of corporate social responsibilities is undertaken by two departments; compliance with labor laws, ensuring employee benefits, social participation, public welfare contributions, and disclosure of corporate social responsibility information is planned and implemented by the Administration and Human Resources Department; EHS affairs are managed by the Workplace Health and Safety and Environmental Protection, who are responsible for the planning, supervision, and management of production risk, EHS maintenance, and health enhancement within the company.

ScinoPharm has also established the "Occupational Health and Safety Committee" and the "Sustainable Management Committee". The former committee, established in accordance with Procedures for

Management of Occupational Safety and Health, is the highest decision-making authority on EHS matters; the CEO coordinated all sales personnel, senior plant managers, department managers and employee representative to review company EHS affairs every quarter and propose future plans for improvement. The latter committee is responsible for integrating and promoting company affairs relating to environmental protection, health and safety, energy-saving, water-saving, and management of greenhouse gases, and the enhancement of sustainable competitiveness; the Vice President of Production serves as the coordinator of the committee and oversees five teams: Distribution, Health, Safety, Waste Reduction, and Energy Saving; every year, the committee proposes sustainable management programs and reviews implementation performance for internal audit purposes. Ensuring employee health, establishing a safe and friendly work environment, and environmental protection are all corporate goals for ScinoPharm, and we hope that these can build a strong foundation for the company.

Additionally, ScinoPharm has established the "Staff Benefits Committee" and "Labor Conferences" to review, promote, and supervise employee benefits, and coordinate labor relations and enhance labor-management cooperation.

1.8 Risk Management

ScinoPharm ensures and enhances stakeholder value through management of operational, financial, regulatory, and other risks, striving to control and minimize the level of loss or damage from all possible risks. Our risk management mechanisms include evaluations and the formulation of appropriate strategies by relevant departments. Projects that impact majorly on business operations, investment plans, financing projects, acquisitions or dispositions of assets, endorsements, and major loans are all implemented only after they have been approved by the Board of Directors. The internal audit office uses risk assessment results to prepare its audit plan and implements audits accordingly to manage and control risk.

The following is a description of our currently identifiable risks and the relevant departments responsible for the implementation of risk management:

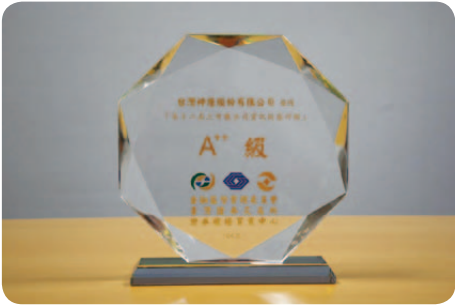
Risk Type	Department	Assessment and implementation
Strategic and market risk	Marketing, sales, and relevant units	Prior conduction of risk assessment based on changes in laws, policies, and market trends; performance tracking post-performance to amend company strategies in accordance with market changes, where necessary, so as to ensure that company strategies are in line with future corporate developmental and operational goals.
Procurement risk	Procurement, sales and relevant units	1. Observe price trends of key raw materials and adjust safety stock and sale prices as needed 2. Active development of multiple key raw material supply channels and maintenance of supplier relations to avoid material shortages.
Financial risk	Financial and accounting units	1. Timely analysis and strategy establishment and implementation based on financial market, capital planning, and management factors. 2. As most of our products are exported, 90% of our revenue is paid for with foreign currency; exchange rate risks are met with a set ratio of forward exchange contracts paired with natural hedging of revenues and expenses. We do not arbitrage or invest in risky assets. 3. We prepare for potential interest rate risks by establishing credit through appropriate financial planning measures and maintaining close relationships with financial institutions 4. Integration and planning of funding requirements for the financial group, and overall consideration of the impact of changing interest and exchange rates and laws and regulations, as well as utilization of suitable financial channels to enhance the efficiency of funds.
Litigation and legal risk	Legal, compliance, and relevant units	1. Timely analysis, evaluation, and implementation of appropriate response measures to meet litigation needs and changes in laws, policies, and markets faced by ScinoPharm and our clients. 2. Ensure that production processes, production quality, and external audits meet the requirements of law through training programs and internal GMP audits.

Risk Type	Department	Assessment and implementation
Environmental risk	Industrial safety and environmental protection, manufacturing, and production units	1. In view of gradually worsening climate change and the growing impact of environmental change on human survival, environmental protection issues have been added to ScinoPharm's risk assessment items. 2. Active participation in the Carbon Disclosure Project (CDP) to do our best for environmental protection
Industrial safety risk	Industrial safety and environmental protection, manufacturing, and production units	1. Ensure that the treatment of waste gases, sewage, waste liquids and solids and environmental maintenance equipment follow all proper procedures; monitor relevant data changes constantly in order to respond accordingly. 2. Strengthen staff understanding of industrial safety and environmental protection through training and regular drills. 3. Analyze and evaluate constantly according to changes made in laws and policies and prepare appropriate response actions.

1.9 Awards & Recognitions



Time	Award
August 2015	Awarded "CSR 100 Companies" in the Commonwealth "Excellence in Corporate Social Responsibility Awards"
July 2015	Awarded Outstanding Export/Import Performance by the Bureau of Foreign Trade, MOEA, for 2014
June 2015	Rated top 5% in the first Corporate Governance Evaluation by TWSE
June 2015	Awarded 4 th "National Industrial Innovation Award" by the Ministry of Economic Affairs (MOEA)
April 2015	Rated A ⁺⁺ for two consecutive years in the Information Disclosure and Transparency Ranking results by TWSE



Rated A⁺⁺ for two consecutive years in the Information Disclosure and Transparency Ranking results by TWSE



Awarded Outstanding Export/Import Performance by the Bureau of Foreign Trade, MOEA, for 2014



Awarded 4th "National Industrial Innovation Award" by the Ministry of Economic Affairs (MOEA)



Rated top 5% in the first Corporate Governance Evaluation by TWSE

1.10 Communications and Negotiations with Stakeholders

ScinoPharm is committed to its pursuit of sustainable management, and strives to establish open, transparent, and effective communication channels with all our stakeholders so as to understand each other's needs. In order to understand the economic, environmental, and social issues of concern to our stakeholders, we conducted surveys to collect suggestions from communication channels within and without the company for future reference when planning information disclosure initiatives.

In 2015, GRI G4 was used as the main material aspects of ScinoPharm, and AA1000 Stakeholder Engagement Standard (SES) was used as a reference for the five main principles for stakeholder engagement meetings: Dependence, Responsibility, Influence, Multiple Viewpoints, and Tensions. We evaluated correlation and impact level of the stakeholders on our company to define our major stakeholders, including shareholders/ investors, employees, clients, governmental institutions, community members, trade associations, suppliers/ contractors, and news media. As ScinoPharm is a company with a business to business (B2B) business model, we do not count average consumers among our stakeholders.

We provide a variety of communication channels and disclose relevant information to maintain an open dialogue with our stakeholders. We place high emphasis on the issues of concern to our stakeholders and include them within our corporate social responsibility management programs, which we then convert into concrete commitments and action initiatives, thus enhancing and improving our CSR performance.

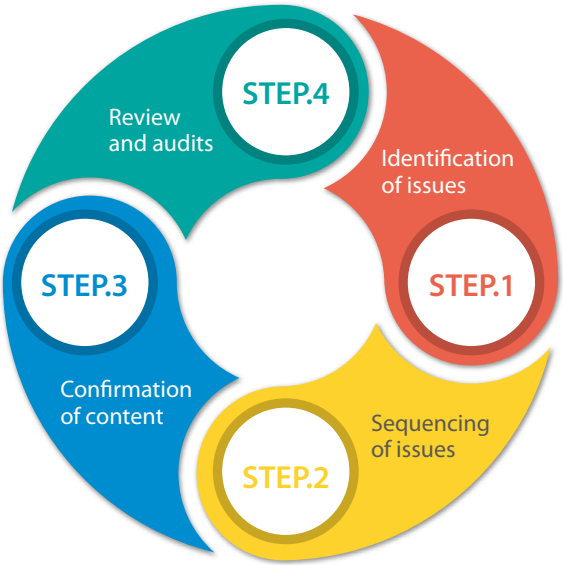
Communication channels and issues of concern for stakeholders

Category	Main responsibilities	Issues of concern	Communication channels and frequencies
Shareholders/ investors	Information transparency	● Patent ● Compliance with environmental regulations ● Economic performance ● Labor relations ● Compliance with product regulations	● Annual shareholders' meetings ● Important information disclosed according to authority regulations ● Periodic financial reports and annual reports ● Quarterly investor conferences ● Information disclosed on the company website

Category	Main responsibilities	Issues of concern	Communication channels and frequencies
Employees 	Healthy workplace Equality Respect for human rights	● Compliance with environmental regulations ● Occupational health and safety ● Education and training ● Economic performance ● Client privacy	● Periodic labor-management communication meetings ● Quarterly staff meetings ● Internal website & publications ● Department safety meetings ● GMP training ● Internal recruitment/ employee rotation
Clients 	Safe and high-quality products	● Product labeling and customer satisfaction ● Anti-trust behavior ● Evaluation of supplier impact on the community ● Marketing communication ● Compliance with social laws and regulations	● Phone calls, e-mails ● Client visits or plant audits ● CPhI Exhibition Trade Shows ● Information disclosed on the company website
Government 	Compliance with regulations	● Child labor ● Compliance with environmental regulations ● Occupational health and safety ● Labor relations ● Employer relations	● Periodic review of regulations ● Assisting in the development of related regulations ● Promotion of regulations ● Response to social welfare activities
Community/ Non-profit organizations 	Social participation and support of neighboring communities	● Compliance with social laws and regulations ● Compliance with environmental regulations ● Wastewater and waste products ● Emissions ● Equal pay for all genders	● Participations in charity events ● ScinoPharm art seminars ● Publication of CSR report
Suppliers 	Fair procurement	● Wastewater and waste products ● Compliance with environmental regulations ● Procurement practices ● Client privacy ● Compliance with product regulations	● Non-periodic inspections of supplier plants ● Periodic safety meetings with contractors ● Phone calls, e-mails
News media 	Information transparency	● Compliance with social laws and regulations ● Compliance with environmental regulations ● Corporate development planning ● Compliance with product regulations ● Patents ● Marketing communications	● Press releases ● Irregularly held press conferences ● Irregularly hosted factory visits and networking dinners
Trade associations 	Community maintenance and community participation	● Wastewater and waste products ● Biodiversity ● Emissions ● Water ● Products and services	● Non-periodic networking activities ● Periodic publications ● Periodic meetings with other companies within the industry

1.11

Identifying Issues of Concern for Our Stakeholders



We employed systemic analysis methods to identify the issues of concern to our stakeholders, which can be used as a reference for information disclosure purposes, allowing us to effectively communicate with our stakeholders, and continue to improve our operational performance. We distributed surveys on the concern levels of major issues to stakeholders such as investors, employees, clients, suppliers/contractors, and governmental institutions and received 135 responses; we also distributed surveys on the impact levels of major issues to our managers and received 10 responses. We analyzed our survey responses using quantitative analysis incorporated with industrial considerations and held internal meetings to define the major social

responsibility managerial issues for ScinoPharm, using the four steps of "Identification of issues", "Sequencing of issues", "Confirmation of content" and "Review and audits" to determine our major issues.

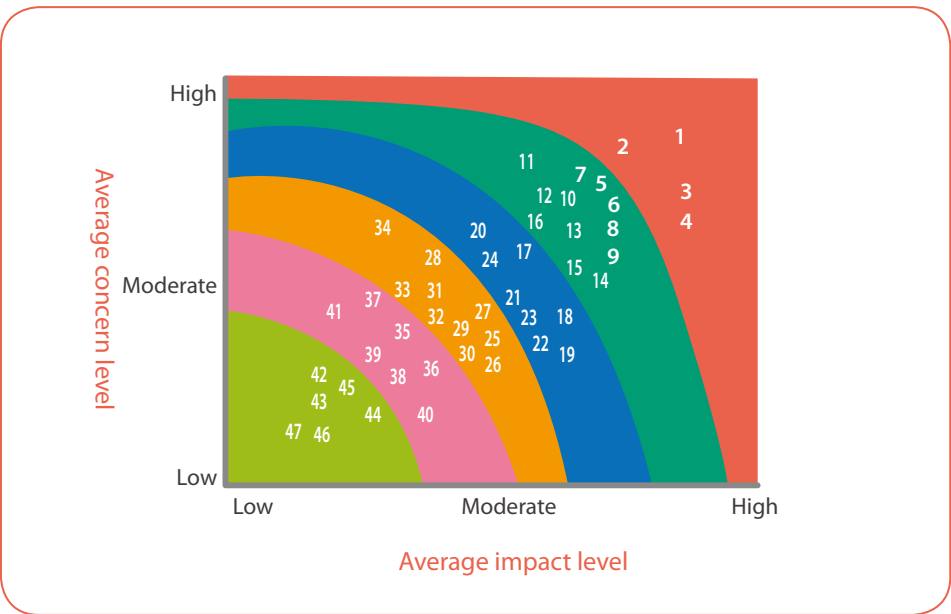
Impact level survey

Company managers	Actual survey responses
Department head	5
CEOs, VPs and above	5
Total	10

Concern level survey

Stakeholders	Actual survey responses
New media	4
Stockholders/investors	18
Government organizations	3
Suppliers/contractors	17
Employees	71
Community members	12
Trade associations	7
Clients	3
Total	135

CSR Substantive analysis graph



No.	Material aspects	Topic
1	Compliance with environmental regulations	Environmental
2	Compliance with social laws and regulations	Social (Society)
3	Economic performance	Economical
4	Customer health and safety	Social (Product responsibility)

No.	Material aspects	Topic
5	Compliance with product regulations	Social (Product responsibility)
6	Waste water and waste product	Environmental
7	Patents	Social (Product responsibility)
8	Occupational health and safety	Social (Labor behaviors and appropriate labor)

No.	Material aspects	Topic
9	Labor relations	Social (Labor behaviors and appropriate labor)
10	Client privacy	Social (Product responsibility)
11	Product and service labeling	Social (Product responsibility)
12	Emissions	Environmental
13	Transportation	Environmental
14	Water	Environmental
15	Education and training	Social (Labor behaviors and appropriate labor)
16	Marketing communication	Social (Product responsibility)

No.	Material aspects	Topic
17	Overall circumstance	Environmental
18	Labor-management relations	Social (Labor behaviors and appropriate labor)

19	Energy	Environmental
20	Biodiversity	Environmental
21	Anti-bribery	Social (Society)
22	Local community	Social (Society)
23	Appeal mechanisms for environmental issues	Environmental
24	Indirect economic impact	Economical

33	Evaluation of supplier labor practices	Social (Labor behaviors and appropriate labor)
34	Child labor	Social (Human rights)

No.	Material aspects	Topic
35	Coerced labor	Social (Human rights)
36	Investment	Social (Human rights)
37	Anti-trust behavior	Social (Society)
38	Non-discrimination	Social (Human rights)
39	Evaluation of supplier human rights	Social (Human rights)
40	Freedom of association and collective negotiation	Social (Human rights)
41	Procurement	Economical

No.	Material aspects	Topic
42	Appeal mechanisms for human rights issues	Social (Human rights)
43	Raw materials	Environmental
44	Security	Social (Human rights)
45	Evaluation	Social (Human rights)
46	Aborigine rights	Social (Human rights)
47	Public policy	Social (Society)

Major issues of concern to stakeholders:

Major issues	Internal	External				Related sections
	ScinoPharm	Suppliers	Clients	Community	Government	
Compliance with environmental regulations	⊙			⊙	⊙	3.1 Health, Safety, and Environmental Protection Policy
Economic performance	⊙		⊙			1.3 Overview of Operations
Compliance with social laws and regulations	⊙		⊙		⊙	1.6 Ethical Management
Waste water and waste product	⊙			⊙		3.4 Pollution Prevention
Customer health and safety	⊙	⊙	⊙			2.2 Product Safety and Consumer Satisfaction
Compliance with product regulations	⊙	⊙	⊙		⊙	2.1 Product Laws and Regulations
Patent	⊙		⊙			2.4 Patent Issues
Occupational health and safety	⊙					4.3 Health Promotion and Activities 4.4 Safe Working Environment
Emissions	⊙			⊙	⊙	3.2 Management and Use of Energy and Resources
Energy	⊙					3.4 Pollution Prevention

* : indicates importance

2. Product Responsibility and Patents

2.1 Product Laws and Regulations

More than 95% of ScinoPharm's products are sold in foreign countries. Drug safety and efficacy are directly related to user safety, and thus are subject to scrutiny from governmental institutes of all countries. As an internationally acclaimed API supplier, compliance with regulations of drug authorities in each country is one of the most important prerequisites; any violation of drug laws and regulations in any country would result in significant operational risk. ScinoPharm did not

violate any relevant drug authority regulations for exporting countries in 2015. In order to register drug products in highly-regulated Western countries, ScinoPharm has already registered 55 Drug Master Files (DMF) with the FDA and 20 European DMFs in almost 30 European countries as of year-end 2015, of these, 10 products have already received CEP (COS) certifications and have been approved for use in the EU. Currently, ScinoPharm has 733 files registered globally.

2.2 Product Safety and Consumer Satisfaction

All ScinoPharm plants comply with the CGMP, the most rigorous international standard; all equipment and manufacturing processes comply with US FDA regulations, and are capable of producing kilogram- to ton-level batches. Our production lines have the capability to produce high-potency APIs for injectable products, and our production facilities are equipped with negative pressure rooms and advanced glove boxes to completely isolate contact between raw materials and operating personnel, thus ensuring product quality and personnel safety.

Furthermore, in terms of technology for mass production of peptide products, in addition to traditional solid-phase peptide synthesizer, ScinoPharm has also established platform technologies for quasi-solid-phase peptide synthesis. In other words, ScinoPharm has successfully developed solid-phase and quasi-solid-phase peptide synthesis techniques that

comply with CGMP standards and are suited for production; different technologies can be utilized according to different peptide characteristics, making our peptide synthesis capabilities highly adaptable. Quality is the foundation that the global drug industry is built upon: ScinoPharm has passed official CGMP inspections from several different countries and more than 300 client inspections; we strictly enforces workplace health and safety measures and protection measures for intellectual property rights, resulting in consistent reliability and endorsements from our clients.

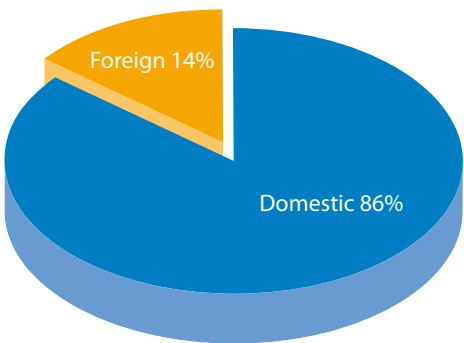
Our customer service email (also displayed on our company website) is info@scinopharm.com. In order to quickly respond to customer inquiries and improve customer satisfaction, our sales department responds to all product related emails within 24 hours.

2.3 Supplier and Contractor Management

ScinoPharm's main suppliers consist of raw material suppliers and non-raw-material suppliers (including logistics companies and contractors that implement relevant tasks). In management terms, ScinoPharm's Procedures for Supplier Review is applied to review of APIs, intermediaries, and suppliers and contracted providers of APIs, but the Procedures are not applicable for review of software suppliers. Annual reviews of suppliers and contracted service providers are set by ScinoPharm's Compliance Department. The suppliers reviewed, reviewers, and sequence of reviews is determined by the Production and Material Management Office and the head of the Compliance Department according to production and project schedules.

Suppliers and procurement ratios in 2015

Suppliers: 692 ; Domestic: 596 ; Foreign: 96



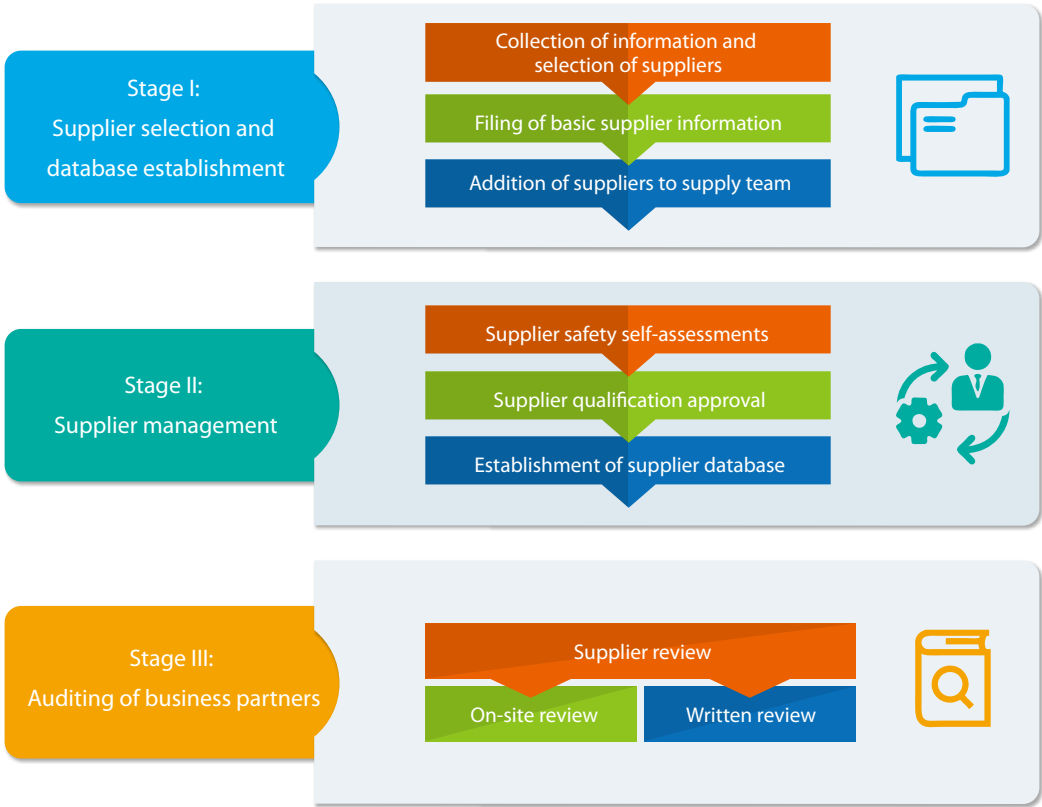
Unit: thousand TWD

Suppliers and procurement ratios	Domestic	Amounts purchased	Foreign	Amounts purchased	Ratio of total costs
Raw material suppliers	42	134,391	48	862,303	64%
Non-raw material suppliers	554	458,087	48	98,943	36%

Raw material suppliers

ScinoPharm's policy is to purchase raw materials from reliable suppliers, and our evaluations are mainly focused on quality, price, and delivery dates, as well as suppliers' long-term capabilities.

Type	Unit Responsible	Relevant procedures
Existing raw material suppliers	Compliance Department	Non-periodic reviews
New raw material suppliers	Quality Control Department, Procurement Department, Production and Material Management Department	Approval for supplier collaboration on a trial basis Price negotiations



Procurement costs of critical and non-critical raw materials

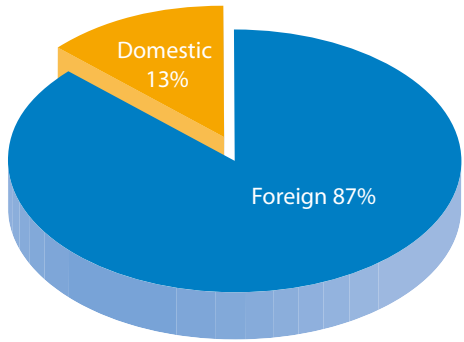
Unit: thousand TWD

Source	Total amount (NT\$)	Total weight (Tons)
Domestic	134,391	3,477
Foreign	862,303	98
Total	996,694	3,575

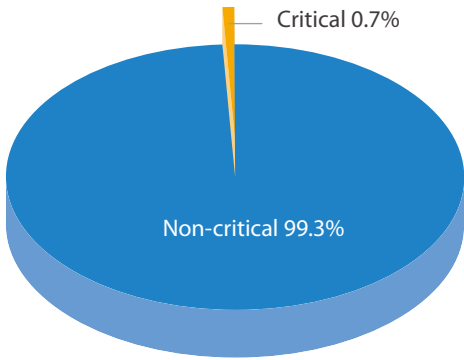


Ratio of bulk drugs procured domestically and abroad

Amount of domestic and foreign procurement



Procurement ratio for critical and non-critical raw materials



Source	Total weight (Tons)	Weight ratio
Critical	25	0.7%
Non-critical	3,550	99.3%

Logistics Companies

All suppliers selected to provide logistics services hold international ISO9001 and OHSAS18001 certifications, as well as AEO Excellence Awards from the Customs Administrations (Ministry of Finance) for customs/warehousing companies.

Contractors implementing relevant tasks

ScinoPharm is committed to the safety and health of plant employees and to its corporate responsibilities. Working together with its business partners, ScinoPharm seeks to establish higher environmental, safety, and health standards for the entire industry. Prior to being granted access to the firm's plant facilities, third-party manufacturers are issued the "ScinoPharm Contractor Safety, Health, and Environmental Management Program Manual," and must acquire full familiarization with the content of this manual. ScinoPharm has also designed a strict appraisal and monitoring regime that is in place prior to, during, and after all contractor operations, as follows:



ScinoPharm's Procedures for Business Partner and Supply Chain Safety Management regulate planning, negotiation, operations, management, and optimization of our supply chain, the goal being to ensure that our clients can receive the products they need at the right time and right place, in the correct amounts, qualities, and statuses. To decrease risks associated with our supply chain, ScinoPharm takes all necessary actions against events that threaten the safety of the supply chain, and strives for continual improvement through policy, procedure, and technology utilization.

ScinoPharm not only fulfills its own corporate social responsibilities, but is also aware that concepts of sustainable management must be implemented into its supply chain. Traditional supplier reviews are clearly inadequate in the current climate and should be expanded to include concepts of sustainable development in order to comprehensively manage supply chain risk and enhance corporate value.

2.4 Patent Issues

ScinoPharm has established an internal system for patent proposals, patent applications, and analysis of patent infringements to ensure that company innovations can receive appropriate evaluation from the patent management team. To enhance the quality of patent applications, patent specifications, and patent infringement analysis reports, as well as maximize profits for the company, strategies relating to patent application and patent infringement analysis are determined according to technical and market characteristics.

Internal mechanisms

The patent management team holds two types of decision-making meetings: 1) Technology Evaluation Meetings and 2) Patent Function Meetings, and has a coordinator responsible for compiling meeting conclusions. Each patent application or patent infringement analysis case is assigned to a patent engineer and relevant personnel and departments are coordinated depending on case characteristics, to implement relevant patent applications and analysis reports, a process which can take several years.

External mechanisms

Following internal discussions previously described, the patent management team has to determine the country or region appropriate for the patent application; applying for foreign patents usually takes 3 to 5 years. In terms of intellectual property, excepting the patents irrelevant to our long-term development that are no longer maintained, ScinoPharm had 52 inventions patented as of year-end 2015, and holds over 265 patents worldwide.

As a Taiwanese APIs company representative, ScinoPharm has to ensure that products provided to clients do not infringe upon the patents of others. For this reason, we have established a Procedure for Patent Infringement Analysis:

1. If clients request to see patent infringement analysis reports for products during the sales process, ScinoPharm is required to provide legal proof that said product does not infringe upon any patents. To confirm the patent status of said product, the Legal Affairs Department will research patents and update analysis reports according to the needs of the Marketing and Sales Department.
2. After completing patent research and updating of analysis reports as described above, the Legal Affairs Department and the Marketing and Sales Department will discuss the country or region for application of said legal proof.
3. After confirming the country or region for application, external law firms in said area will be contacted for consultation on conflicts of interest and estimated legal fees. External law firms are chosen for their area of expertise, conflicts of interest (or lack thereof), estimated fees, time needed to complete reports, and other factors.
4. After analysis reports have been completed, the Legal Affairs Department will provide proof of non-infringement to the client based on the content of the patent infringement analysis report.



Patents from various countries

3. Environmental Protection

3.1 Health, Safety, and Environmental Protection Policy

In order to achieve our corporate mission of "Utilizing happy and high-performance employees to establish a world-class pharmaceutical company with sound business ethics that can provide customers with high-quality products and our objective of doing no harm, ScinoPharm lists safety, health, and environmental protection as its three core values, insisting on a safe, hygienic, and healthy work environment, and appropriate disposal of waste materials. We comply with environmental protection (EHS), health, and safety related laws and regulations, and are committed to continuous improvements that can help us avoid hazardous environments, behaviors, and equipment; our responsibilities extend to preventive measures for workplace disasters to ensure employee safety, and our EHS commitments are as follows:

- ◎ Compliance with national EHS laws and regulations as well as advanced international EHS standards.
- ◎ Enhanced interactions with stakeholders to establish a channel for communicating policy and relevant announcements, and to provide appropriate responses.
- ◎ Incorporating EHS concepts into daily work assignments and business affairs.
- ◎ Strengthened EHS promotion and training to enhance employee understanding, implementation, and participation in EHS policies.
- ◎ Implementation of a Responsible Care System to ensure that all chemical products and manufacturing processes used from R&D to production are appropriately handled, stored, transported, and disposed of.

- ◎ Implementation of appropriate preventive measures and process management systems to minimize impact from hazardous processes or materials.
- ◎ Continuous improvement of EHS performance through risk identification, risk assessment, and improvement programs.
- ◎ Sharing and contribution of EHS experiences.

No major pollution leakages or major violations of environmental protection laws resulting in penalties from relevant institutions occurred in 2015. Aforementioned major events are defined in accordance with Paragraph 3, Clause 26 of Article 4 in the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, namely, events "where the administrative fines for one single event have accumulated to NT\$1 million or more".



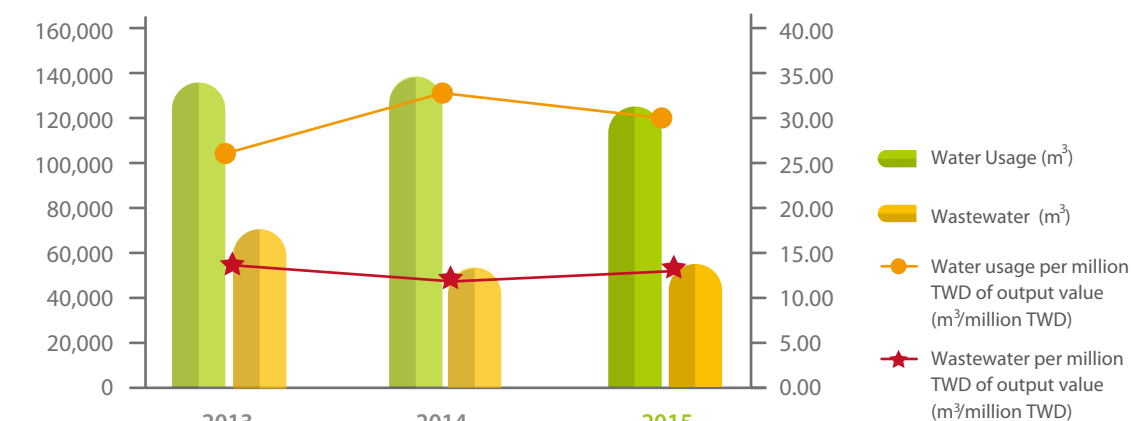
3.2 Management and Use of Energy and Resources

Water Resources

The water used at ScinoPharm's Tainan plant is sourced from the Nanhua Reservoir, the Zengwen Reservoir, and the Wushantou Reservoir, and is routed through the Taiwan Water Corporation. ScinoPharm's water usage has no major impact on its water sources.

Overview of Annual Water Usage at ScinoPharm

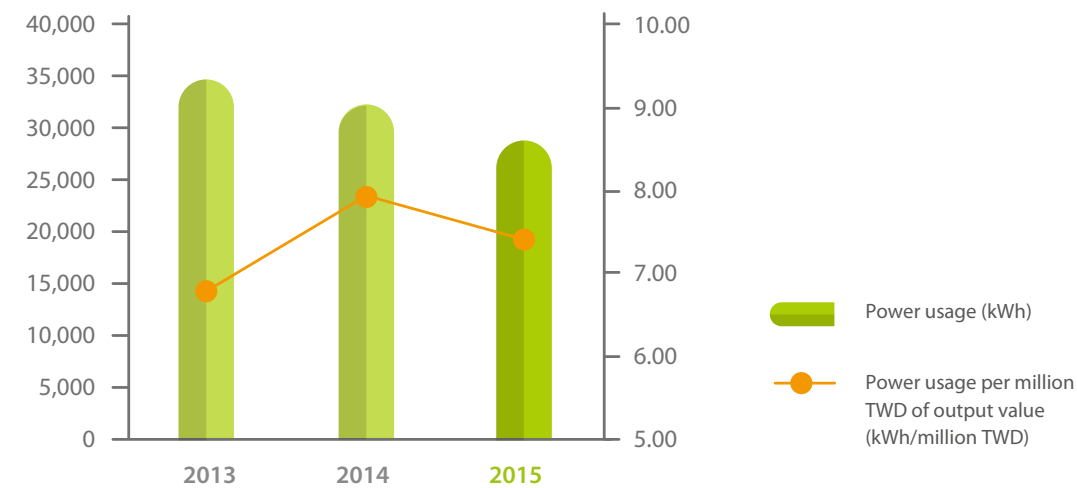
Year	Water usage (m ³)	Wastewater (m ³)	Water usage per million TWD of output value (m ³ /million TWD)	Wastewater per million TWD of output value (m ³ /million TWD)
2013	134,563	70,294	26.47	13.83
2014	137,694	57,261	33.65	13.99
2015	125,991	55,136	32.33	14.15



ScinoPharm's water usage and annual output value (m³/million TWD)

Power Usage

Year	Power usage (kWh)	Revenue (million TWD)	Power usage per million TWD of output value (kWh/million TWD)
2013	34,577	5,084	6.80
2014	32,431	4,092	7.92
2015	28,928	3,897	7.42

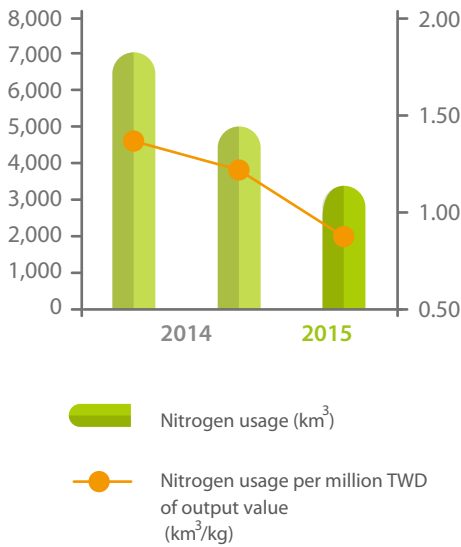
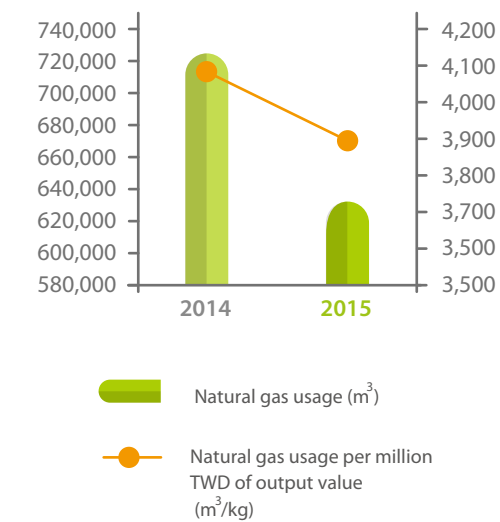


Natural gas usage

Year	Natural gas usage (m³)	Natural gas usage per million TWD of output value (m³/million TWD)
2014	723,155	4,092
2015	631,038	3,897

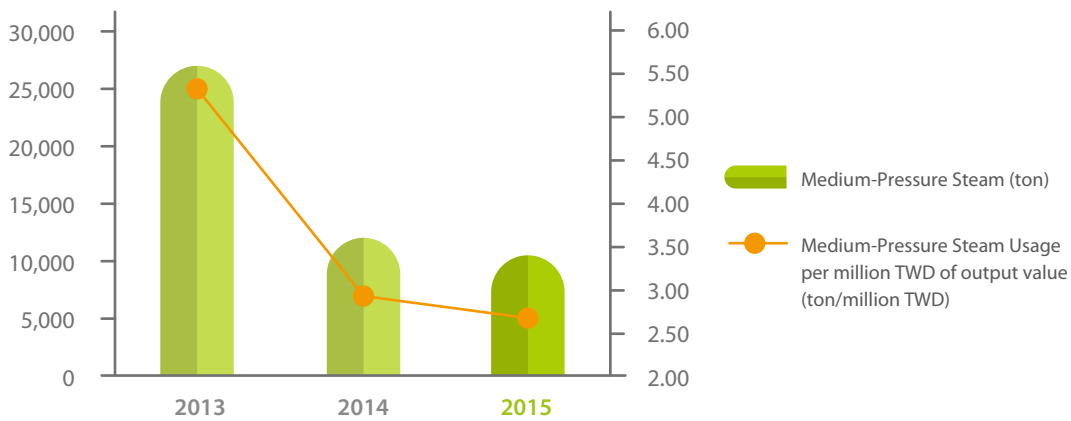
Nitrogen usage

Year	Nitrogen (km³)	Nitrogen usage per million TWD of output value (km³/million TWD)
2013	7,068	1.39
2014	5,017	1.23
2015	3,452	0.89



Medium-Pressure Steam Usage

Year	Medium-Pressure Steam (ton)	Medium-Pressure Steam Usage per million TWD of output value (ton/million TWD)
2013	27,138	5.34
2014	12,004	2.93
2015	10,475	2.69



Water-Saving Measures

We are an API chemical pharmaceutical company, and all wastewater generated during the production process is treated and disposed of in compliance with all governing regulations and laws relating to on-site wastewater treatment facilities. ScinoPharm is committed to the recovery of air-conditioning condensate and the recycling of reverse osmosis (RO) concentrate wastewater, and it uses air-conditioning cooling towers. The annual water-recycling rate averages 83%, and the 80% of water is recycled during the manufacturing process. The full-plant emission rate is about 41%. Details are as follows:

1. Air-conditioning condensate and recycling discharge that has been purified is sent to cooling towers, which can save approximately 30,000 tons of water per year.

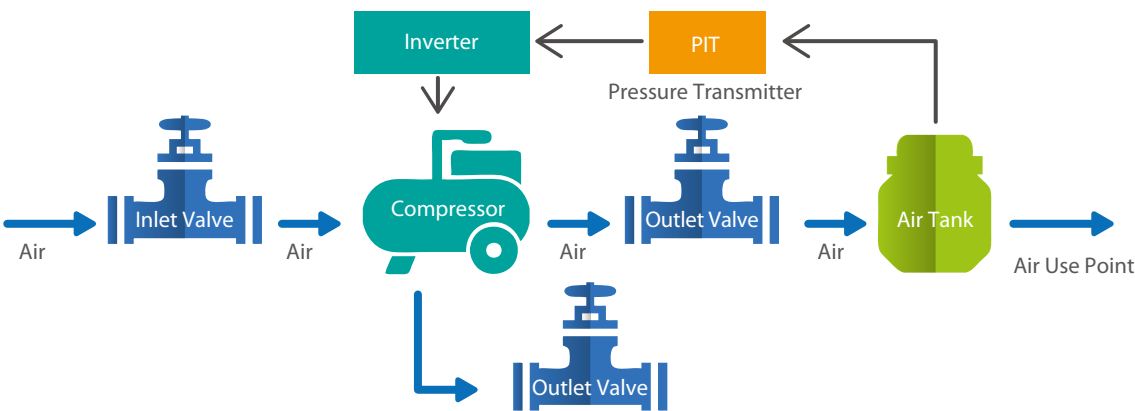
RO Concentrate Recovery



- 2. Increasing the concentration of the water in the cooling tower reduces the amount of cooling water discharge.
- 3. The cooling tower is fitted with a drift eliminator, reducing dispersion and evaporation loss.
- 4. Company bathrooms are fitted with water-saving faucets.
- 5. Sludge dewatering equipment sends washing water through a system filter for re-use, saving approximately 5,000 tons of water per year.

Power-Saving Measures

- 1. Compressor control changed to frequency converters, as shown in this diagram :



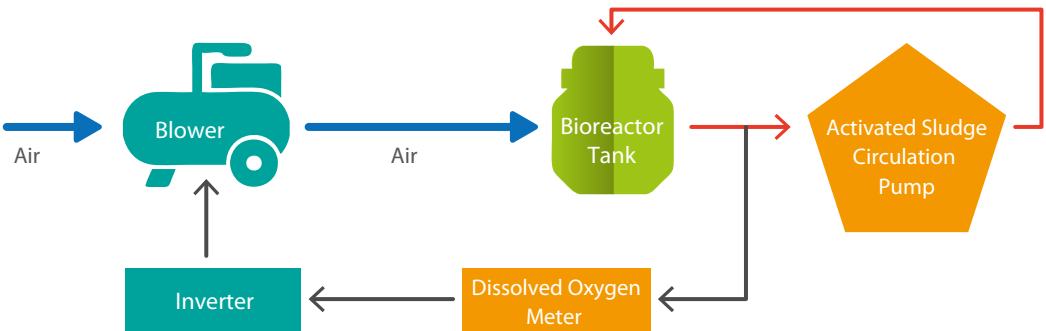
- 2. Temperature of central air-conditioning in the office and other non-processing areas was increased from 22°C to 25°C .
- 3. Dissolved oxygen controllers were installed for the wastewater treatment facility (ventilators changed to frequency inverter control).



Dissolved Oxygen Meters

Inverter

Blowers



- 4. Cooling towers with low efficiency were overhauled: In the first half of 2014, we paired heat dissipation fans with wet-bulb temperature controls for efficiency optimization.

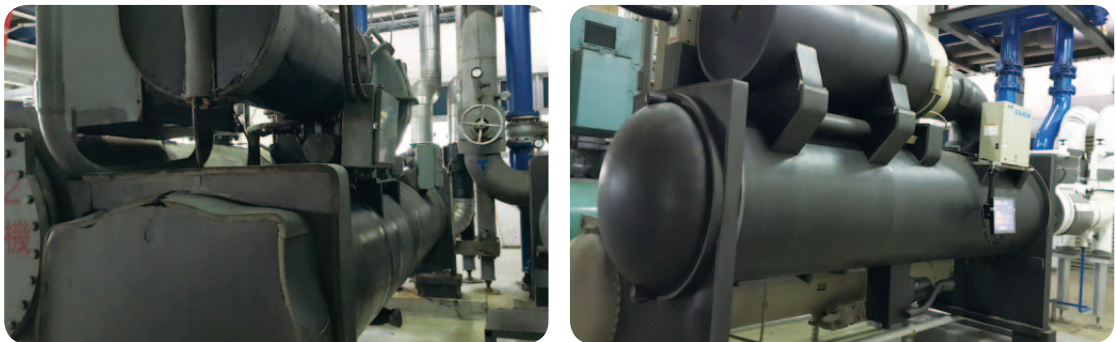


Old cooling tower

New cooling tower

Increased heat dissipation efficiency

- 5. Chillers with low efficiency rates were overhauled: we replaced our 15-year-old, low-efficiency, 750-ton chiller with a new 800-ton chiller starting from June 2014.



Old Chiller

New chiller

3.3 Management of Greenhouse Gases

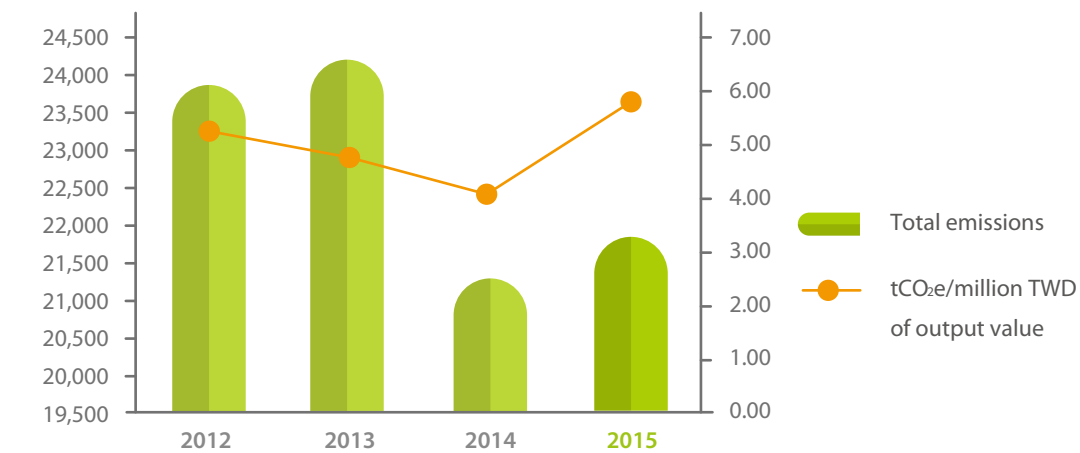
A history of ScinoPharm's annual greenhouse gas emissions are as follows: (tCO₂e refers to carbon dioxide equivalent in tons)

- 2012: 23,846 tCO₂e (7,158 tCO₂e direct, 16,689 tCO₂e indirect)
- 2013: 24,212 tCO₂e (7,524 tCO₂e direct, 16,689 tCO₂e indirect)
- 2014: 21,291 tCO₂e (4,602 tCO₂e direct, 16,689 tCO₂e indirect)
- 2015: 21,836 tCO₂e (1,974 tCO₂e direct, 19,863 tCO₂e indirect)

As ScinoPharm's plant greenhouse gas emissions have not yet reached the Environmental Protection Administration standards where it is necessary to disclose emission amounts, ScinoPharm keeps its own records of relevant emissions information in accordance with current laws and regulations.

Greenhouse gas emissions records

Unit: tCO ₂ e/year				
Item	2012	2013	2014	2015
Total Emissions	23,846	24,212	21,291	21,836
Direct Emissions(Category I)	7,158	7,524	4,602	1,974
Indirect Emissions(Category II)	16,689	16,689	16,689	19,863
Output Value (million TWD)	4,572	5,084	5,212	3,798
tCO ₂ e/million TWD of output value	5.2	4.8	4.1	6



The ever-growing greenhouse effect has a major effect on the ecosystem. As part of our efforts in environmental protection, ScinoPharm has been active in establishing a systemic record of greenhouse gas emissions since 2012, examining sources of greenhouse gas emissions within the plant and calculating equivalent CO₂ emission amounts. We have a deep understanding of the impact global warming can have on our operational activities, and thus we are committed to energy-saving measures. Through efficient management of all greenhouse gas outputs, we have decreased our CO₂ emissions to lower our impact on global warming. In 2015, the solar panels placed on the rooftop of our Administration building generated 37,916 Wh, reducing greenhouse gas emissions by 20,019.6 kg CO₂e. The electricity emission factor used here is in accordance with the Greenhouse Gas Emissions



Air pollution monitored by a control room



Actual monitoring of air pollution

Factor Management Chart (version 6.0.2) published by the Environmental Protection Administration; the electricity emission factor for 2015 was set as 0.528 kg CO₂e/ kWh.

ScinoPharm has also been invited to participate in the Carbon Disclosure Project (CDP), initiated by internationally-acclaimed corporate investment institutions; the project has assembled a total of

822 corporate investment institutions worldwide, and controls assets amounting to 95 trillion USD.

Additionally, measures promoted by ScinoPharm and its subsidiaries (for example, employee carpools and employee shuttle buses) reduce fuel consumption and help us achieve our goals of energy conservation and carbon reduction.

3.4 Pollution Prevention

Waste Treatment

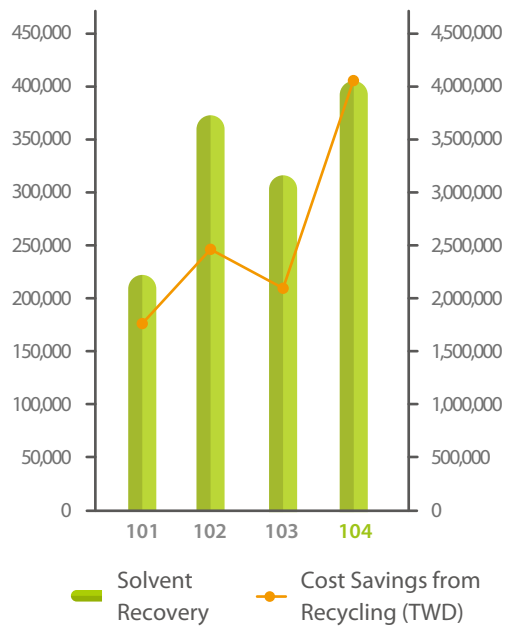
ScinoPharm is able to treat or clean all waste materials generated within the plant, including biodegradable wastewater, waste solvents, solid waste, and air pollutants. Both hazardous and general solid waste materials are transported to the Southern Taiwan Science Park's Resource Recycling Center for incineration. All air pollutants emitted by lab or plant facilities, such as particulate pollutants, acidic gases, alkaline pollutants, and organic vapors, undergo scrubber removal techniques. The feasibility of solvent recovery is at the forefront of company process assessments.

Waste generation

Unit: ton			
Year	2013	2014	2015
Waste Acid	34.75	46.98	0.36
Hazardous Waste Solvents	6149.92	6389.35	3389.43
Solid Wastes	217.31	155.82	125.47
General Waste Compounds	71.67	20.27	11.58
Waste Sludge	119.07	51.04	124.73
Reported Toxic Chemical Waste	13.51	5.41	4.38

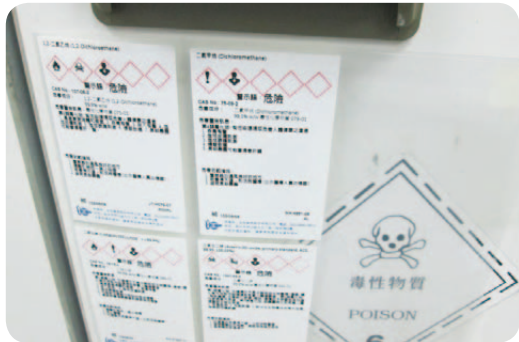
Solvent recovery and recycling cost savings

Unit: ton		
Year	Solvent Recovery	Cost Savings from Recycling (thousand TWD)
2013	373.70	2,473
2014	316.69	2,096
2015	405.61	4,080



Toxic Chemical Substance
Management

In addition to identifying dedicated personnel in accordance with laws and regulations, ScinoPharm's toxic substance management control system involves the establishment of specialized management personnel for each department. All personnel adhere to stipulated rules for the documenting of amounts used, and the storage locations for all substances are clearly labeled. These storage areas are locked during non-work hours.



All toxic substances are labeled and stored appropriately

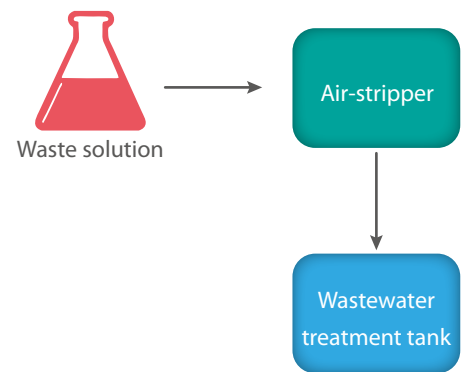
Air-Stripper

As a result of on-going increases in production capacity, the total amount of waste solvents created has also increased. ScinoPharm's air-stripper tower is used to process waste solvents with high moisture content.

After air-stripping, the condensed waste solvent is disposed of by Southern Taiwan Science Park or given to a qualified contractor to reduce the amount of waste solvents. Wastewater from the air-stripper is sent to a water-treatment plant for processing.



Air-stripper



Recycling of Wastewater

In accordance with investigations carried out by the Southern Taiwan Science Park Administration regarding overall water recycling rates in 2015, ScinoPharm participated in a survey which was used to calculate the recycling rates for wastewater.

Year	Wastewater recycling rate (%)	Wastewater recycled during manufacturing processes (%)	Full-plant emission rate (%)
2014	68.9	64.7	41.2
2015	80.75	83.15	41

Recycling rates (R2) =

Total water circulated

+

Total water recycled

-

Total cooling water circulated

Total water circulated

-

Total cooling water circulated



x 100%



Wastewater processing tank

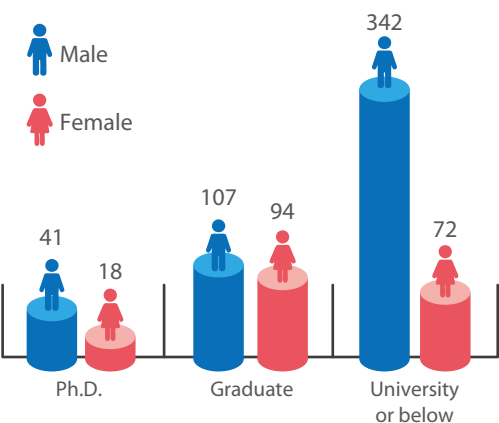
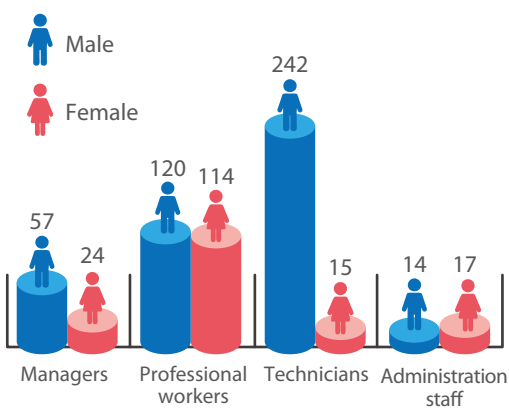
4. Friendly Work Environment

4.1 Personnel Overview

Employees are our most important partners in our business operations. Having an adequate number of appropriate personnel is the only way for a company to continue its development and progress. ScinoPharm maintains a friendly, open, and fair attitude in establishing a safe work environment that respects diversity and gender equality. Providing our employees with a better work environment and work conditions is how we ensure sustainable management.

As of year-end 2015, ScinoPharm has a total of 602 employees, including 81 managers, 234 professional workers, 30 administrative

staff, and 257 technicians. ScinoPharm is a globally-acclaimed bulk drug company which is knowledge-intensive, technology-intensive, and has high-quality human resources; 90% of our employees hold university degrees (or higher): 9% of our employees hold Ph.D. degrees, and 31% hold graduate degrees, demonstrating that our team comprises of top-grade professionals. More than 60% of our employees are Tainan locals, and our management team (vice president and above) is completely made up of Taiwanese nationals, reflecting ScinoPharm's strong roots within the community.



Diverse Hiring of Employees

ScinoPharm is an international pharmaceutical company with clients all over the globe. We have striven to establish a diverse work environment for our employees since the very beginning.

We offer our employees fair opportunities in recruitment, job placement, and career development; we recruit employees based on required qualifications for job responsibilities and in compliance with our publicly disclosed company processes and policies for recruitment. We do not discriminate on the basis of gender, age, race, religion, nationality, or other factors. "Placing right people in the right positions and employing people based on talent" is

the directive ScinoPharm endeavors to achieve when designing policies for employee recruitment, compensation, performance management, and training, and we also strive to be diverse in our hiring. Our corporate family of employees hails from different backgrounds. We not only have Taiwanese employees, but also 22 employees from 7 other countries, namely, United States, Japan, Singapore, India, Thailand, Malaysia, and Indonesia; foreign employees make up 3.7% of all employees.

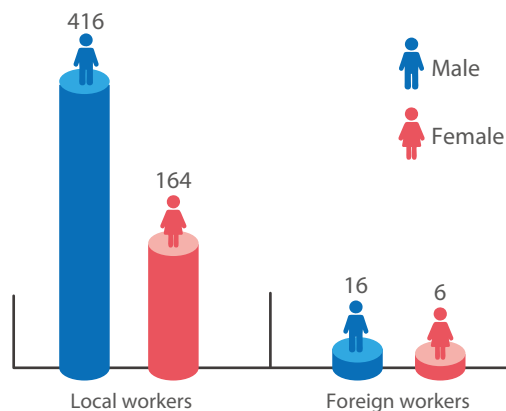
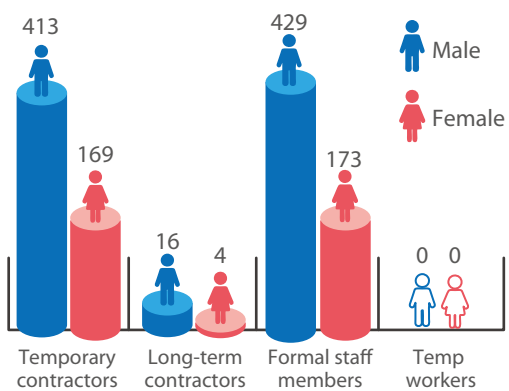
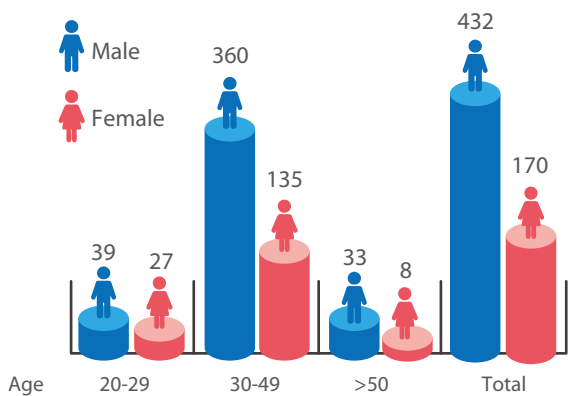
Additionally, as part of our corporate social responsibilities, we also have 7 disabled persons in our workforce (more than that required by law), and we provide appropriate work based on their skills and abilities.



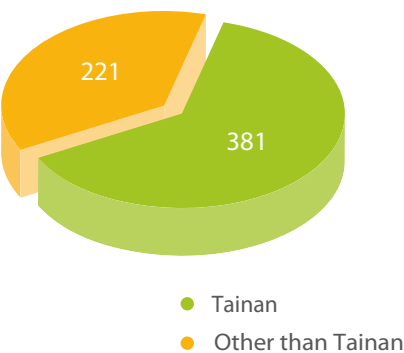
Diverse Hiring of Employees



A Friendly Work Environment



Number of employees by place of residence



Providing Opportunities for the Next Generation

ScinoPharm employs both domestic and foreign workers; we target both experienced professionals and fresh graduates with potential for associate trainee positions. Adding local talent to our management team is the focus of our recruitment policy.

Overall Remuneration

ScinoPharm's staff remuneration policy is based on industry conditions, overall remuneration standards, demands of the labor market, and our operational performance. ScinoPharm is a knowledge- and technology-intensive company; in order to recruit and retain talent and fulfill our goal of providing our staff with competitive remuneration and benefits, our remuneration policy has to satisfy stockholder interests as well as offer reasonable compensation to our employees.

ScinoPharm determines salary rates based on job duties, relevant qualifications, and market standards. We uphold the principle of equal pay for equal work and do not discriminate on the basis of location, race, religion, gender, marital status, political beliefs, or union associations. Our overseas operations comply with local labor laws and we conduct periodic assessments of salary standards within the industry to ensure that our salaries are competitive within the market and can help us to recruit high-quality talent. Our Changshu plant in Jiangsu and our Shanghai office have also established appropriate remuneration policies in accordance with local regulations, local talent pools, and market conditions.

In 2015, the average salaries of our managers and general staff for both male and female employees surpassed the national average (regular) salaries for male and female employees. The gender wage ratios for female and male employees showed that the gender wage ratio for managers was 106%, and the ratio for general staff was 101%, indicating that male and female salaries

are very close to equal. Employee remuneration, the best form of encouragement for employees, is determined based on individual performance or achievement of specific goals. In 2015, we continued organizational transformation procedures, and under the personnel allocations we planned in accordance with order volumes and business development, the redundancy rates for that year were 15%. Though we are facing operational challenges in the short term and our revenue figures reveal room for improvement, ScinoPharm continues to earn profits and we still pay employee dividends in accordance with annual operational performance to reflect our sincerity and our belief that we exist and prosper only because of our employees.

Multiple Channels for Communication

At ScinoPharm, we are deeply aware that our current success is the outcome of the joint efforts of all our employees, and therefore we spare no effort in establishing and maintaining labor-management relations. The use of various internal channels for communication increases opportunities for our team members to participate in discussions relating to company operations and other corporate affairs.

ScinoPharm utilizes email, an internal website, and internal corporate publications to deliver information and conduct surveys. We have also established a suggestion box in the staff lounge. We conduct quarterly staff meetings with all of our employees to promote understanding of recent corporate events and business developments, and also to provide a means for our employees to participate and voice suggestions.

Additionally, all members of the management team play an important role in bridging gaps for internal communication. Through regular or occasional communication with executives of each department, employee concerns can be passed on to and handled by relevant units; during this process, the management team also has an opportunity to clarify related company measures that have been taken, which can be helpful in promoting mutual trust between managers and employees, and in expanding a foundation for consensus.

We are concerned not only with internal communication, but also with external opinions, for which we have established a dedicated email address. All persons within or without the company who have suggestions on corporate governance or who wish to report on relevant corporate affairs can get in contact using the dedicated "whistleblowing system" email address on our publicly-accessible company website. Cases are reviewed, investigated, and processed in accordance with our regulations and procedures relating to ethical management, corporate social responsibility, and our "Code of Ethics and Conduct". This ensures that our personnel have guidelines for handling these matters, and also safeguards the interests of the company and our shareholders.



Internal corporate publication
《ScinoPharm News》

Maintaining Equality and Human Rights

Our corporate culture is one that shows respect for every employee. We provide a platform of equal opportunities that allows our employees to play to their strengths, gain experience, and grow, thus combining their personal career development with our corporate goals and creating a win-win situation. We are committed to establishing a corporate culture that is diverse, equal, and filled with mutual respect and trust.

In addition to our focus on a compassionate management style, our human resource policies comply with the Taiwanese Constitution (which guarantees protection of human rights), the Act of Gender Equality in Employment (which guarantees gender equality in the workplace), as well as international human rights agreements. Our labor contracts also comply with local laws and regulations; we prohibit the use of child labor and any form of inequality in terms of recruitment, review, or promotion due to discrimination against employees based on gender, race, marital status, religion, political affinity, sexual orientation, rank, nationality, age, or other factors. We protect our employees' freedom of association and encourage active participation in corporate or club activities to promote harmonious relations within the workplace. As our corporate culture promotes mutual respect and gender equality, no incidences of discrimination were reported in 2015.

Our childcare leave without pay policy allows our employees to fulfill both family and work responsibilities. Average return ratios (calculated using childcare leave without pay applications in 2015 and number of returning employees at year-end) were more than 70%.

2015	Total	Male	Female
Number of applications for childcare leave without pay	12	6	6
Number of employees scheduled to return from childcare leave without pay	11	5	6
Number of actual employees returning from childcare leave without pay	8	5	3
Return ratios	72.7%	100%	50%
Retention rates	83.3%	100%	80%

In the interest of maintaining harmonious labor relations, ScinoPharm pays special attention to the work efficiency of our employees; we believe that improving work efficiency is the only way to help our employees achieve a good work-life balance. We conduct periodic reviews into the job responsibilities of our employees. When staff members are unable to complete assigned tasks within a reasonable amount of time, we not only reach out to said employees and their managers, but also assist managers in reallocating assignments according to individual capacity and in providing additional training or reassessment of job duties. We hope that enhancing individual efficiency can improve overall efficiency. If overtime is necessary due to seasonal factors, preparation for shift changes, or complementary work, company regulations clearly stipulate that working hours may only be extended following approval from a labor-management meeting, and relevant matters such as the calculation of overtime pay and severance processing are all handled in accordance to labor laws and regulations and Article 16 of the Labor Standards Act. No major labor grievances or regulation violations were reported in 2015.

In accordance with our focus on work efficiency, we pay special attention to the utilization of employee talents and the cultivation of varied skills. In addition to vocational training, we also provide our employees with opportunities to gain diversified work skills and experience. If our employees need to adjust their place of work or job duties due to business operations or developmental needs, we not only abide by

the five principles of job transfers as stipulated by the Labor Standards Act and the authority for labor affairs, but also fully communicate with employees in advance of job transfers to protect employee rights and show them our sincere intentions regarding the nurturing of talent.

The importance we place on human rights is also reflected in our supplier management policies; all of our collaborating suppliers also comply with domestic and foreign human rights agreements and regulations. To date, under this policy, there have been no incidences of human rights violations which have impacted on our operations. Our corporate culture of mutual respect, our humane management style, and our multiple channels for communication have minimized the risks of discrimination and labor management disputes and allowed us to maintain harmonious labor relations.



4.2 Employee Benefits and Care

To create a pleasant and challenging work environment, we had to satisfy principles of both legality and competitiveness when establishing our employee benefits policies to recruit and retain talent, enhance employee satisfaction, and increase work efficiency.

ScinoPharm's Employee Welfare Committee was established in accordance with relevant laws and regulations. The Employee Welfare Fund is fully funded by ScinoPharm and monthly funds are provided for employee use. Our retirement policy is implemented in the following manner: employees who joined the company prior to June 30, 2005 (inclusive) comply with our previous policy where the company places monthly payments into a pension fund (2% of the monthly salaries for all employees under this policy are paid into a pension reserve account). A Pension Reserve Supervisory Committee was established and operates in accordance with relevant regulations. The pension reserve fund is able to fully fund the pensions of all employees who fulfill retirement requirements as of 2016. For employees who

joined ScinoPharm after July 1, 2005, current laws and regulations state that companies should place payments of not less than 6% of monthly salaries into individual pension funds, and employees can further choose to pay 0%-6% of their monthly salaries into their own pension funds.

Other than the aforementioned government-mandated benefits and labor and health insurance, ScinoPharm also provides other employee welfare benefits such as group insurance, annual employee health checks, and in-depth health checks for senior staff. Employees can pay for their relatives to be covered by the company's group insurance and extend their insurance benefits to family members. In addition to helping our employees maintain their physical health, ScinoPharm has also integrated professional resources for the promotion of employee support programs which assist staff members in relieving stress. We hope that these preventive measures can enhance the work efficiency of our employees. Other employee welfare measures include:

Employee welfare measures	● Vacation days: Our employees are entitled to annual leave of 10 days per year, surpassing the number of vacation days mandated by the Labor Standards Act; new employees are entitled to annual leave during the first year of their employment ● Bonuses: Senior staff bonuses and bonuses for Chinese New Year, Dragon Boat Festival, and Lunar Festival ● Grants: including subsidies for employee trips, marriage grants, maternity allowance, injury benefits, funeral grants, grants for further education, childcare support, and scholarships for employees and employee offspring ● Employee buses: employee shuttle buses for daily commute and weekly shuttle buses to the high-speed-rail train station ● Employee support: professional EAP counseling services ● Other: periodic employee health promotion activities, stress-relieving massages and other services
Employee facilities	Employee canteen, staff lounge, employee store, automatic vending machines, automatic coffee machines, KTV Room, library, infirmary, lactation rooms, free parking lots, pregnant and disabled parking
Employee activities	● Corporate and Employment Welfare Committee activities: employee trips, year-end party, factory parties, family day activities, Happiness Month; company clubs include the table tennis club, basketball club, badminton club, camping club, hiking club, cycling club, board game club, choir, jogging club, and others. ● Employee discounts: ScinoPharm has contracts with many stores to provide discounts and offer high-quality and favorably priced goods and services to our employees; contract stores can be divided into the following six categories: 99 dining venues, 173 lodging venues, 40 daycare facilities, 36 medical facilities, 12 entertainment venues, and 20 transportation companies ● Resident factory services: including banking, insurance, travel agents and many other on-site services



Camping club--Family camping activity



Hiking club--Hiking activity

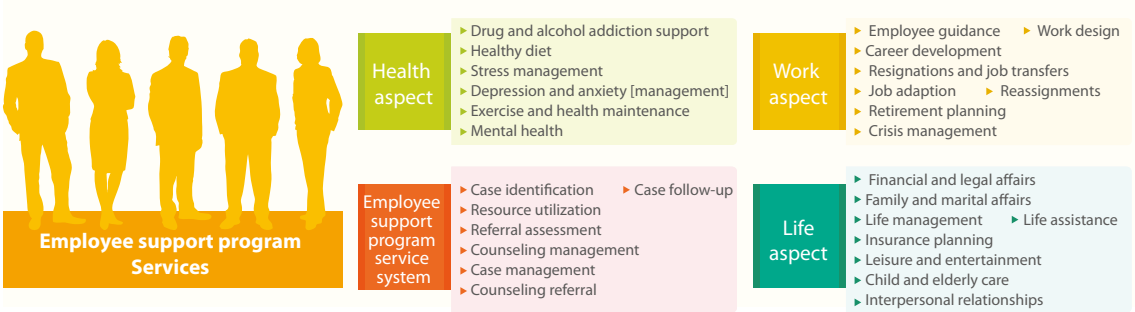


ScinoPharm Family Day



Cycling club--Cycling activity

To do our part for the environment, ScinoPharm provides employee shuttles to make commuting more convenient. We also subsidize employees who carpool, working together to decrease the energy consumption and air pollution that comes from driving to work.



Lectures on stress relief



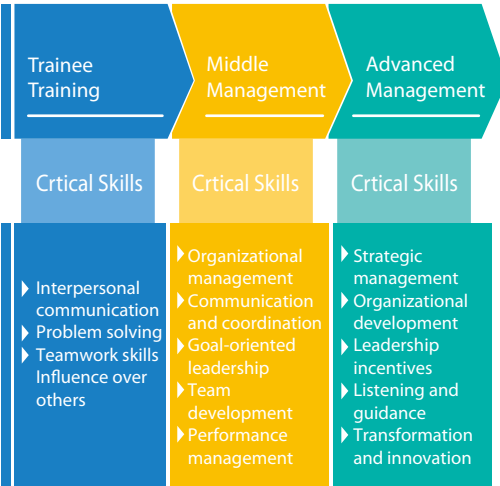
Employee support program cards

Comprehensive training program and policies

ScinoPharm respects every staff member and firmly believes that employees are our most important asset. We provide our staff with a comprehensive training program so that all our employees, at any stage in their careers, can be trained in the skills that they require for their job duties.

When nurturing talent, we have always placed emphasis on an international perspective. In order to comply with the developmental needs of our human resources, we established a Professional Management Training (PMT) program when ScinoPharm was founded. We separate all managers and employees by their job functions and developmental needs, and use our five core management categories as a foundation for systematically generating a three-stage training program that is divided sequentially into trainee training, mid-level management, and advanced management courses. Our layered and differentiated training framework takes into account both theory and practical application to give our employees the best and most comprehensive training. Training courses are personally taught by internal senior staff and integrates internal and external resources so that our staff can continuously learn and improve their knowledge and skills, thus developing alongside the company.

Diagram of PMT training program levels and job responsibilities



Comprehensive education and training program

Additionally, in line with our human resource management strategies, long-term organizational development, and our focus on the enhancement of individual efficiency, we also provide a series of workshops and coaching sessions customized for individual learning. Other training programs include those geared towards professional skills, regulatory compliance, and self-efficacy:

Category	Courses
Professional Management Training	Basic concepts and techniques of leadership, basic concepts and techniques of management, labor-related laws managers should be aware of, stress management, organizational management, performance management, problem analysis and problem solving, negotiation techniques, conflict management, time management, basic concepts of financial statements, presentation techniques...and so on.
GMP training	Annual GMP quality training
Health, safety and environmental training	Industrial health and safety and environmental protection training, fire-fighting training, CPR training, annual industrial safety meeting.
Professional and technical training	Prevention of asphyxiation in the workplace, forklift operator training, specified high-pressure equipment, Six Sigma analysis, chemical engineering operations training and operations training for all types of testing and analysis equipment
Human rights policies relating to business operations	Code of conduct, financial and corporate governance, sexual harassment prevention, labor-related laws
Language and other training	Training of new employees, international etiquette, language courses, communication techniques, goal setting target, health-related lectures, compliance with government regulations, and industry-related lectures

At ScinoPharm, all of our employees participate in training activities according to the needs of their job responsibilities, individual skills and career development, and areas of interest. Our records show that, for 2015, 14,515 of our employees participated in a total of 32,975 hours of training. At ScinoPharm, all of our employees participate in training activities according to the needs of their job responsibilities, individual skills and career development, and areas of interest. Our records show that, for 2015, 14,515 of our employees participated in a total of 32,975 hours of training.

	2014	2015
Total training hours (B)	22,050	32,975
Average training hours per employee (C=B/A)	32.71	54.78
Total employees (A)	674	602

Year		2014			2015		
Rank	Category	Number of people in training	Total training hours	Average training hours	Number of people in training	Total training hours	Average training hours
Managers and trainee managers	Professional Management Training	520	2184	4.20	314	1272	4.05
Production personnel/Process Engineers/Analysts and researchers	GMP training	315	3684	11.70	9630	24210	2.51
Employees of all ranks	Health, safety and environmental training	1155	2345	2.03	961	1922	2.00
	Professional and technical training	5253	5257	1.00	2820	3805	1.35
	Human rights policies relating to business operations	22	100	4.50	164	292	1.78
	Language and other training	3074	8480	2.76	626	1474	2.35

Diversity in Career Development

At ScinoPharm, every employee has opportunities to exercise their talents. We encourage a corporate culture that learns and innovates, inspiring the maximum potential of our employees and helping them to face different challenges.

In line with our corporate plans for globalization, we offer diverse opportunities for employee development. Job rotation experiences are complemented by performance assessment policies and supplemented with an Individual Development Plan and suitable training courses that help our employees realize their potential.

Every year we conduct mid-year and annual assessments of all employees and keep track of their performances to enhance staff efficiency and provide references for further guidance and training programs. New employees are also subject to performance reviews and are eligible to receive employee dividends.

4.3 Health Promotion and Activities

1. Health Promotion

Healthy employees are the most important cornerstone for the sustainable development of any company. In order to create a vibrant, healthy, and friendly workplace, ScinoPharm is committed to the promotion of activities that bring health to our employees' bodies, minds, and spirits, and our activities all comply with the Occupational Safety and Health Act and Procedures for Protection of Occupational Health. ScinoPharm has also established internal regulations for the management of employee health, including Procedures for Health Management and Employee Health Management Practices.

Planning process of annual health promotion activities



2. Annual Health Checks

ScinoPharm hosts a 3-day employee health check every year during August or September. The health check items are as stipulated by the Labor Safety and Health Act, and our evaluations of employee health risk is based on our pharmaceutical processes.

A total of 515 ScinoPharm employees participated in health checks in 2015. An analysis of irregularities in health checks reports showed that most irregularities stemmed from hypertension, hyperlipidemia, hyperglycemia, obesity (BMI>=24), and other such factors. The World Health Organization has reported that compared to individuals of healthy weight, obese individuals are three times more likely to develop diabetes, metabolic syndrome, and dyslipidemia, and twice as likely to develop cancer and hypertension. According to statistics from the National Health Insurance Administration, eight out of the national's top ten causes of death are linked to obesity; therefore, ScinoPharm's occupational health promotion activities in 2015 placed special emphasis on weight management.

Additionally, according to Article 2 of the Procedures for Organizational Management of Occupational Health and Safety and Automatic Inspections, ScinoPharm is a Class I company with significant risk, and specific hazards that require regulation in our operational activities are noise, radiation, and organic solvents, DMF and Hexane. According to the Rules for Protection of Occupational Health (recently revised by the Occupational Safety and Health Administration on March 23, 2016), ScinoPharm is involved in the manufacturing, disposal, and utilization of formaldehyde, and therefore will conduct checks for this starting on January 1, 2017, in accordance with relevant laws and regulations.

Changes in our production processes have required recent use of DMF and Hexane. These processes are temporary and are separate from our usual production procedures; these temporary processes last less than 3 months and are not repeated during the course of the year. In consideration of the high usage volume and high-risk operations at our production plant, both new and old employees at the plant are required to undergo special health checks. Additionally, to ensure that our personnel are not exposed to hazards, we conduct concentration detections of organic solvents (including, but not limited to, DMF, Hexane, formaldehyde, and toxic chemicals) at our production plant and laboratory every six months.

In 2015, results of our special health checks measured against health management levels showed that most employees were at Level 2, no employees were determined to be Level 3, and no employees were determined to have reached the level for occupational disease.

3. Workplace Health Promotion Activity Plan

We consider our employees to be our most valuable assets, and have accordingly planned a series of activities for the promotion of employee health. To cultivate and encourage health management in our employees and promote an active lifestyle for all staff members, ScinoPharm places special focus on employees with chronic disease or employees with high risk of chronic disease in hopes of improving the overall physical and mental fitness of our staff, increase interactions between co-workers, enhance corporate spirit, and create a pleasant workplace. We are also committed to supporting our employees in controlling their body fat and weight, building good exercise and diet habits, maintaining the best body shape, decreasing risk factors for diabetes, hypertension, dyslipidemia, metabolic syndrome, heart disease, and so on.

Health promotion activities in 2015 included:

Items	Frequency
Power walking activity for all staff	Weekly
Rewards for group participation in outdoor activities	Self-determined
Mobile shift work	Determined by the shift department
Intensive weight management class	Scheduling determined by each group

4. Maternity Protection Health Management

Occupational Health and Safety Act, ScinoPharm evaluates the risk of pregnant and post-childbirth employees using an internal "Maternity Health Management Record Chart", and also arranges for medical counseling and assessments with an occupational physician. If the job duties of a department require the handling of cytotoxic chemical substances, employees should put forward a "personnel special health needs processing table" and a "staff configuration table" for professional evaluation by an occupational physician who will provide suggestions to department managers about appropriate reassignments during pregnancy and first year of breastfeeding. The HSE department tracks the conditions of employees until one year after childbirth and performs risk assessments before closing each case.

Additionally, ScinoPharm also hosts regular health promotion activities for maternity health protection, for example Pap smears and lectures on pregnancy health.

5. Employee First Aid Training (CPR + AED Training)

In recent years, cardiovascular diseases have become an increasing threat to national health. To enhance the quality of emergency medical care, ScinoPharm purchased and installed an "automated external defibrillator (AED)" in the infirmary on the first floor of the administrative building. If the guard house receives notification of emergency injuries during nighttime, HSE personnel are immediately notified, and relevant units will then determine the extent of the injuries and call 119 for ambulances to collect injured personnel at the injury site. Employees who have undergone CPR+AED Training will commence first-aid procedures before ambulances arrive. Infirmary personnel are responsible for checking, maintaining, and managing AED equipment. In order to fulfill our Workplace Health and Safety Certification requirements, we organize CPR+AED training courses each year and strive to train 70% of our employees.



Actual use during training



Automated external defibrillator (AED)

6. 2013~2015 Occupational Injury Statistics

Number of people, number of events, number of deaths, lost work days, and frequency and severity rates of disabling injuries from 2013-2015.

Statistical data from the HSE Department

Year	2013	2014	2015
Disabling injuries (people)	1	2	2
Disabling injuries (events)	1	2	2
Number of deaths	0	0	0
Disabling injuries (lost work days)	13	189	82
Frequency of disabling injuries (FR)	0.65	1.53	1.68
Severity of disabling injuries (SR)	8	145	68
Frequency-Severity Indicator (FSI)	0.072	0.471	0.338

7. Factory On-Site Medical Service

Factory on-site medical services are provided once each month. In addition to employee health-abnormality testing, case management, pregnancy assessment, etc., plant inspections and work-site observations are also conducted.

4.4 Safe Working Environment

ScinoPharm is located within the Southern Taiwan Science Park, which was chosen because it is an important national developmental area, and authorities had already conducted overall assessments of grounds and neighboring areas before founding the Park. ScinoPharm is committed to the establishment of comprehensive guidelines for environmental and occupational health and safety management; we are also committed to the development of a code of conduct and working principles for our environmental and occupational health and safety management. ScinoPharm's occupational health and safety management system has been designed in accordance with TOSHMS (Taiwan Occupational Safety and Health Management System) and PDCA (Plan-Do-Check-Action) principles:

Implementation criteria and responsibilities for our safety management system are stipulated in SOP CP-0001. To ensure CGMP adherence, applicable environmental, health, and safety practices have been put in place, and the Taiwan Responsible Care Association (TRCA) program has been adopted for ScinoPharm's stringent regime of norms and responsibilities.

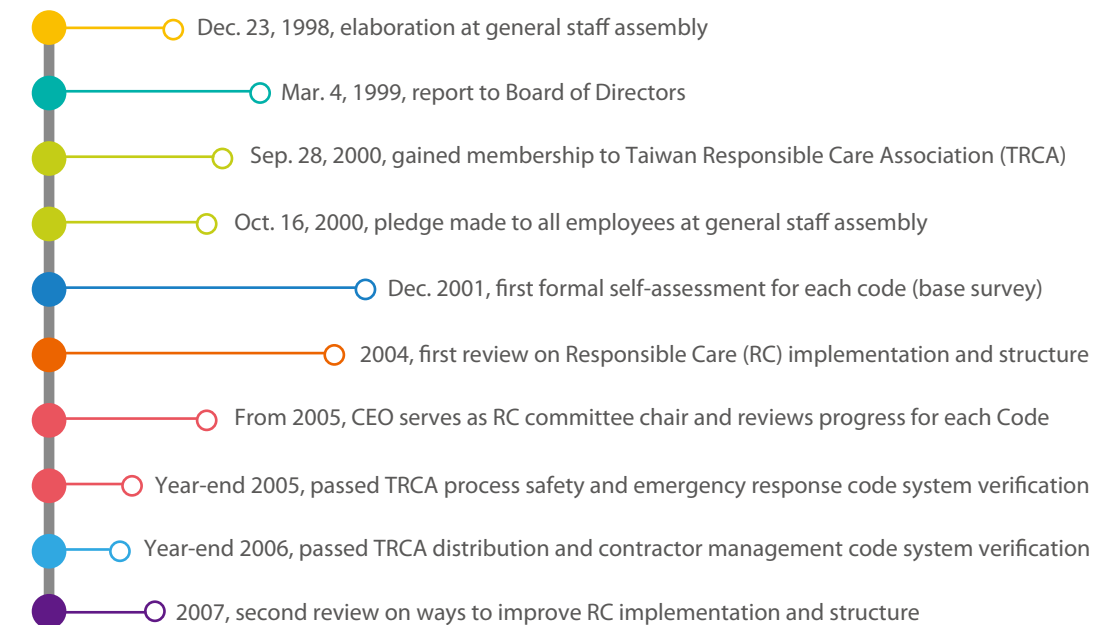
In terms of responsible care, the SOP GP-0095 RC stipulates the following:

- ◎ Applies only to systemic audits; system establishment and execution should be allocated to relevant departments
- ◎ Reports on implementation of responsible care should be presented at monthly staff meetings or senior management meetings at least once a year
- ◎ Executives at manager level and above must serve as coordinator more than once
- ◎ Company employees with potential should serve on the Policy Committee at least once
- ◎ Actions plans should be implemented into the annual work plans for each department
- ◎ Incentives for participation in responsible care (certificates/written acknowledgements/performance appraisals)
- ◎ Continuous improvement of implementation practices (SOP/Training/TRCA meetings/Factory inspections)

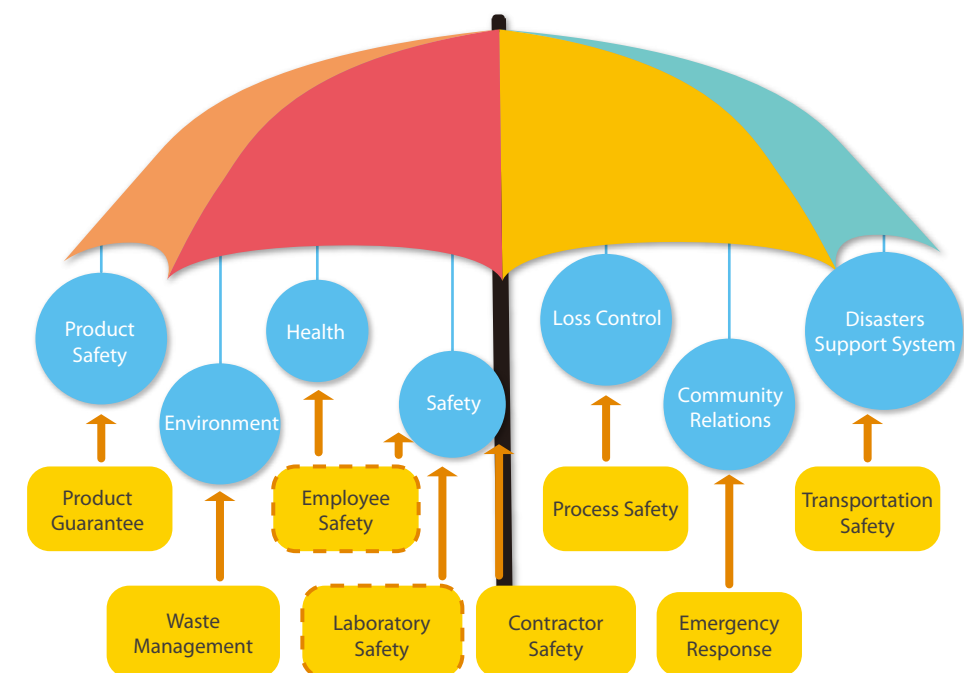


ERT personnel practice drill

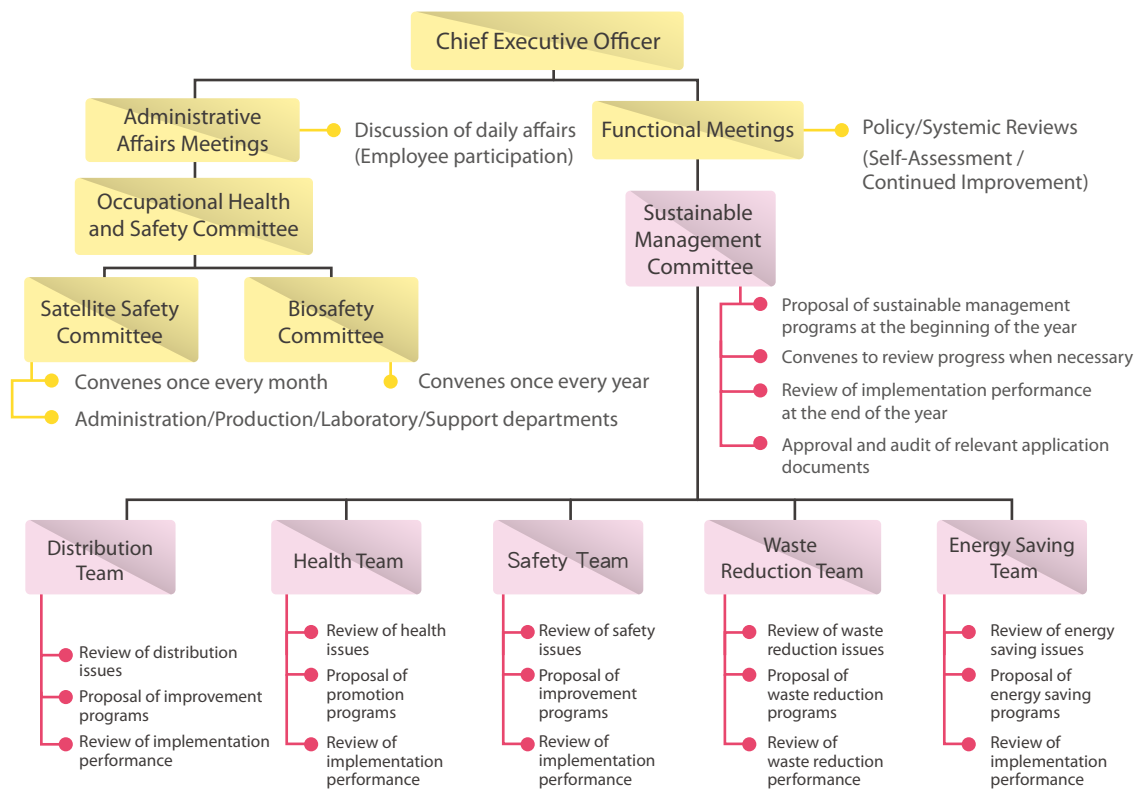
ScinoPharm Taiwan's Responsible Care history :



Responsible Care Regime Management System Architecture



ScinoPharm Safety and Health Committee Organizational Structure and Operating Mechanism



Matters for Deliberation by Corporate Safety Committee (according to law)

- Rules pertaining to safety and health
- Safety and health education implementation plans
- Prevention of damage to machinery, equipment, raw materials, and other materials
- Measures to be taken in light of workplace environment monitoring results
- Health management affairs issues.

Satellite Safety Committee Task Description (administrative/support/laboratory/production departments)

- Intensive meetings (once per month) for immediate response and resolution on aforementioned deliberative matters pertaining to relevant departments
- Communication of safety committee safety policy/Deliberation of departmental safety meeting resolutions
- Discussion of safety inspections, accidental incidences, safety improvement proposals, and other matters

Corporate Safety Committee Task Description Review

- Recommendations on safety and health policy planning (proposed by HSE department or safety committee)
- Recommendations on compliance with safety and health laws and regulations (proposed by HSE department or safety committee)
- Review of annual company safety and health implementation program (proposed annually by HSE department at the beginning of the year)
- Recommendations and appraisals of significant positive safety behaviors (proposed by HSE department)
- Deliberations on subsidiary center safety resolutions (explanation given by subsidiary meeting delegates)

Emergency Response

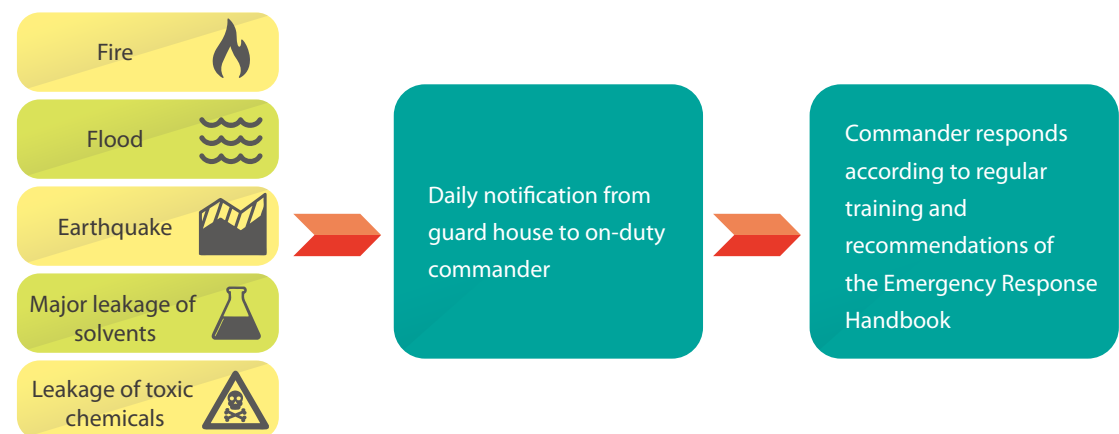
In 2005, in order to enhance employees' emergency response capabilities in the face of critical incidents, ScinoPharm set up an emergency response center tasked with first-instance handling of crises within plant facilities and with reducing crisis injuries and subsequent impact. The emergency center is fitted with all necessary response equipment: SCBA, fire-fighting clothing, A-grade fire-protection clothing, and other emergency equipment, so that in the first moments after an incident occurs relevant personnel are fully apprised of the situation, outfitted in appropriate safety equipment, and able to take immediate action to address said incident.

ScinoPharm has an Emergency Response Team (ERT) in place, which undergoes specialist fire-fighting training each month, and periodically commissions outside fire experts to lecture at the plant facilities. Emergency response drills adhering to specified themes are carried out regularly to strengthen practical response

experience. During periodic drills, the entire plant is required to participate in guidance drills to ensure that all personnel are familiar with assembly points and routines.

According to internal SOP GP-0022 Emergency Response Procedures, after the guard house has notified ERT commanders of an incident, the commander will respond according to regular training and recommendations of the Emergency Response Handbook, depending on the nature of the situation (fire, earthquake, flood, leakage... and so on). Each plant has a team of 4 Emergency Response professionals who work in 4- or 3-shift rotations to ensure that there is always at least one person on-site, and it is estimated that at least 10 certified personnel will always be on hand to lead other non-ERT personnel in managing crises at the first moment. In emergency situations, ERT personnel can be immediately gathered and the commander can then allocate assignments for rescue operations.

Activation process of Emergency Response Team



ERT commander & vice commander training courses

No.	Courses
1	Introduction of ScinoPharm response system ● Response systems for fires, leakages, earthquakes, typhoons ● Time for activation of each response system ● Role of commander
2	Introduction of ScinoPharm's ERT resources ● Internal resources-Response personnel, response equipment and placement ● External resources-Response center, response team, and fire department
3	Scenario simulation ● Simulations for different disaster scenarios ● Review of risks for each plant
4	Training with ERT members ● Disaster analysis and scenario simulation ● Practical drills-Personnel allocation by commander following notification of disaster situation
5	Participation in practical drills involving entire plant ● Biannual external drills for entire plant ● Biannual internal drills for entire plant ● Annual nighttime drill ● Annual unannounced drill of emergency escape flow

ScinoPharm requires all personnel and all long-term on-site resident contractors to undergo live-use fire extinguisher training annually, ensuring familiarity with initial-phase emergency response technique.

Workplace Monitoring

Workplace monitoring is undertaken in all areas within ScinoPharm plants every six months to determine whether workplace measurement regimes are being properly executed, thus ensuring the validity of test results. Before monitoring, the HSE department works with testing personnel on a joint assessment of optimal workplace sampling strategy and planning.

To ensure good working environments, we strictly control the distribution of hazardous substances and keep up-to-date on possible exposures to effect optimal workplace assessments and improvements.

In terms of measurement methodology, representative measurement factors and sampling points are chosen for workplace sampling. Data results are then analyzed and evaluated to gain an understanding of the dosage impacts and long-term cumulative effects, heightening recognition of risk factors present in the working environment. Data results are systematically used as our framework of

reference in environmental impact assessment, effecting engineering protection, and in selection of personal protective equipment.

The manufacturing of APIs primarily involves batch production, and chemicals and chemical reactions in each project can vary widely. According to the Regulation on Measurement of Labor Working Environment currently in place, specified operations conducted within short time spans require no measurement of working environment. However, due to considerable variations in production scheduling and our conservative stance regarding the protection of our employees, workplace measurement is conducted regardless, with annual measurement items determined by the chemicals used in product manufacturing at the time.

Measurement items include physical and chemical agents; physical agents include noise, and chemical agents include isopropanol, acetone, ethyl acetate, methanol, toluene, acetonitrile, dimethylformamide, dichloromethane, and so on.

Inspection results of operational environment from 2013-2015 are shown in the table below:

Year	2013 First Half	2013 Second Half	2014 First Half	2014 Second Half	2015 First Half	2015 Second Half
Physical Agents	Noise level of 90.7dBA	Noise level of 92.9dBA	Noise level of 91.7dBA	Noise level of 92.7dBA	Noise level of 99.1dBA	Compliance
Chemical Agents	Methanol: 279ppm (short-term allowable)	Compliance	Compliance	Compliance	Compliance	Compliance

To ensure that employees can carry out tasks in a safe work environment, we apply effective administrative management and hardware improvements for items that do not comply with regulations.

Procedures for handling complaints from members of the public on factory perimeters

In line with our spirit of responsible care, to ensure that our products can be appropriately handled during the entire production cycle, and to avoid exposing or polluting our personnel and environment, we have established procedures in accordance with our HSE Management Manual for handling complaints from member of the public on factory perimeters. These procedures are applicable for any appeal, complaint, or suggestion from neighboring members of the public regarding odors, black smoke, or other environmental or safety issues that may be related to ScinoPharm production processes. These appeals, complaints, or suggestions are handled by the HSE department in tandem with the Human Resources and Administration Office and other relevant departments. ScinoPharm did not receive any environmental complaints in 2015.

Process Hazard Analysis

ScinoPharm's process hazard analysis program has hazard prevention as its core focus. Different departments engage in joint consultation and discussion to enable timely detection and correction of potential hazards in our process design. Process hazard analysis is applicable to new processes (including all stages from product R&D to mass production), as well as process trial runs or process changes and modifications.

The process assessment team analyzes production process and current public system conditions, using hazard assessment methods to identify potential risks and consequences of process hazards and formulate effective and appropriate method of control and disposal. Process hazard analysis procedures can be divided into four phases:

1. Lab Hazards: Potential Hazards during Lab Procedures & Relevant Protection Measures

The primary focus here is hazard analysis pertaining to risks arising from the nature of the chemicals used or the chemical reactions that may occur during the R&D process. Risk to our employees during the experimental process is reduced through protected processes, personal protection, and administrative management practices. This analysis should be conducted prior to the launch of experimentation.

2. Inherent Hazards: Chemical-Inherent Fire / Explosion / Health / Environmental Hazards

The focus here is on investigation and analysis of hazards inherent to process chemicals used – fire, explosion, health, environmental. This analysis must be conducted after the experimental synthetic pathways have been largely determined.

3. Interactive Hazards: Risks in Chemical Interactions and Structural Materials

Potential runaway reaction hazards are assessed. The focus is on the compatibility of different process chemicals and structural materials used during the manufacturing process and possible reaction hazards. This analysis must be conducted after the experimental synthetic pathways have been largely determined.

4. Operational Hazards: Personnel operational hazards, such as usage of incorrect materials, sequence errors, response and disposal, and public system failure.

A review is undertaken of possible hazards and potential impacts that may arise during operations to identify the reliability of safety measures and develop viable solutions. This analysis must be undertaken prior to production or system launch.

Hazardous Machinery and Equipment/Apparatus Management

Hazardous machinery and equipment is inspected by contractors approved by our occupational safety and health administrators before application can be made for re-examination and certification by a labor inspection agency. These machinery and equipment can only be placed into operation after appropriate certification has been issued.

We require employees who handle hazardous machinery and equipment to pass relevant training and have also established "Safety Regulations for Handling Heavy Machinery" and "Safety Regulations for Handling Boilers" in our Employee Health and Safety Regulation Manual to regulate operational procedures for our employees.

Our inspection methods for hazardous machinery and equipment complies with the Taiwan Occupational Safety and Health Act and related laws and regulations, as well as our "Automatic Inspection Operating Procedures", which was designed in accordance with actual on-site conditions and serve as a guideline for the inspection and maintenance of hazardous machinery and equipment. If maintenance is required, all maintenance and repairs adhere strictly to the maintenance manuals for each type of machinery or equipment.

Hazardous Equipment and License Statistics

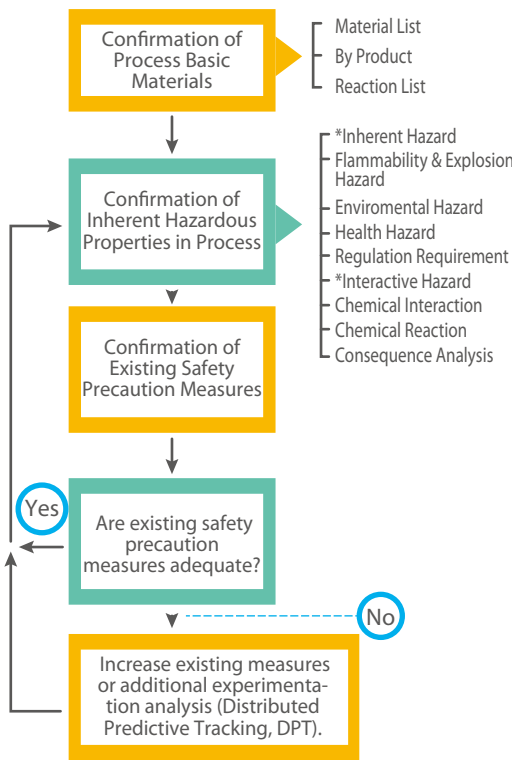
Number of hazardous machinery owned by ScinoPharm in 2015

Type	Number (Units)
Class 1 Pressure Vessels	81
Specified high-pressure equipment	88

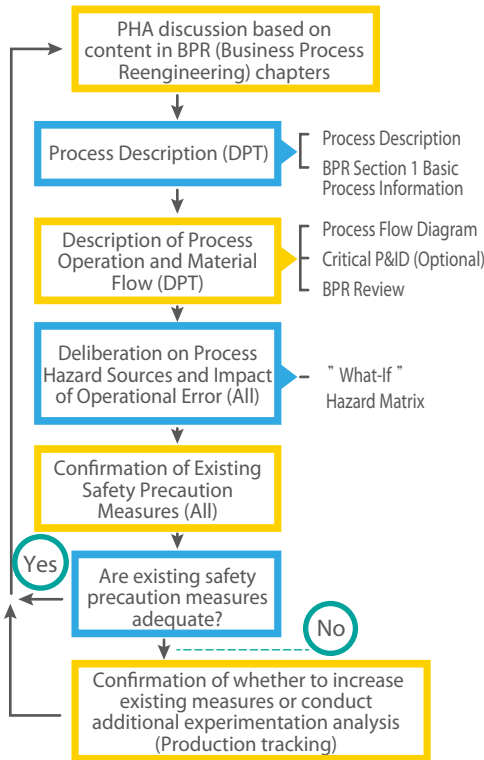
Qualified Operator Licenses

Type	Number (Units)
Class 1 Pressure Vessels	69
Specified high-pressure equipment	93

PHA (Preliminary Hazard Analysis) I & II



PHA (Preliminary Hazard Analysis) III



ScinoPharm safety training

5. Social Contribution and Participation

5.1 Social Contribution

Through participation in college recruitment activities and job fairs, we do our part to cultivate talent, actively collaborating with colleges and universities in the country and providing internship opportunities. We do this to, on the one hand, allow students to experience workplace culture from an early age and develop industrial skills, and also to build a network between students from different schools majoring in the same subjects, thus converging the different abilities of students. In 2015, our interns came from 6 different universities and graduate schools around the world, including Ohio State University (USA), National Chung Cheng University, National Central University, China Medical University, and Chang Jung Christian University; students were assigned to different departments based on their areas of study, and special instructions helped to assist students in learning and adapting to the workplace, providing support and counseling on students' internship performance. Students who performed outstandingly were given priority for relevant vacancies.

Additionally, ScinoPharm initiates social welfare activities every year, combining the strengths of our company and our employees in hosting charity sales for social welfare groups that work with handicapped children and children from disadvantaged families; social welfare groups we have worked with include the Lu Wei Intellectual Disability Center, the St. Theresa Opportunity Center, the World Peace Organization, and others. In 2015, we collaborated with the Sun Young Care Association to host the "Share Happiness Share Love" charity event. As part of this activity, we took children from disadvantaged families lacking in educational resources (who were being supported by the Association), to the Sinte Chihua Nursing Institute in Tainan City where a joint birthday party was hosted for all disabled and disadvantaged children. We hoped that the children of Sun Young could understand that they are healthy and have the ability to help others. In addition to the above activities, we also encourage our employees to donate blood so that they can contribute and help others no matter how busy they might be at work.



ScinoPharm Share Happiness Share Love charity event



Encouraging employees to donate blood

List of Social Welfare Activities Initiated by ScinoPharm				
Time	Activity	Resources	Achievement	Social Impact
2015	ScinoPharm art seminars	Activity budget of half a million TWD	Hosted for 6 consecutive years. In 2015, we invited luminaries such as Zi-Qian Guo, Hao-Yi Wang, Daisy L. Hung, Sheng-Tong Dai, to lecture and provide rich life experiences and food for the soul	ScinoPharm has been a long-term sponsor of art related activities. These activities enhance the aesthetics and spirit of those working in the Southern Taiwan Science Park, and are some of the biggest annual events of the Park.
2015	Share Happiness Share Love	Donated resources 15 cans of washing powder 15 cans of washing-up liquid 2 cans of body wash 10 cans of disinfectant 1000 razors 6 paid volunteers	Directly reached almost 100 people (Sinte Chihua Nursing Institute + Sun Young Care Association)	Sun Young Care Association supports children who are disadvantaged, lack education resources, or who come from dysfunctional families. ScinoPharm organized a trip for the children of Sun Young, taking them to the Sinte Chihua Nursing Institute in Tainan City to help disabled children celebrate a joint birthday party. The goal of this activity was to not only bring care and happiness to the children at the Nursing Institute, but also to let the children at Sun Young understand that despite their disadvantages, they are physically and mentally healthy, and that they have the ability to help others, which is a deeply meaningful lesson.
2014	"Show love by donating receipts in exchange for house plants" charity event	Trees donated: 11000 Rice donated: 1000 kg 11 paid volunteers	Directly reached almost 50 people (St. Raphael Opportunity Center + National Museum of Taiwan History)	To enhance public awareness of tree-planting and green environmental practices and to strengthen the collaboration between the National Museum of Taiwan History and ScinoPharm, a "Friendly Forest Planting Ceremony" was hosted. This, combined with the donation of receipts and charity sales, directly helped disadvantaged groups and enhanced the public social welfare image for both parties.

5.2 Social Contribution

ScinoPharm is an active participant in the activities of industry associations, taking on supervisory roles and participating and sponsoring association activities, thus promoting industrial development and communication. ScinoPharm managers serve directorial roles at both the Chemical Society Located in Taipei and the Chemical Society Located in Kaohsiung.

Group Membership
The Allied Association for Science Park Industries
Taiwan Pharmaceutical Manufacturers Association
Academia-Industry Consortium for Southern Taiwan Science Park
Taiwan Bio Industry Organization
Chinese Pharmaceutical Manufacture and Development Association
Chemical Society Located in Taipei
Taiwan Generic Pharmaceutical Association
Taiwan Biotechnology Industrial Alliance
Chemical Society Located in Kaohsiung
Taiwan Parenteral Drug Association
Small Molecule Drug Development Industry Alliance
Institute for Biotechnology and Medicine Industry
Cross-Strait CEO Summit
The Pharmaceutical Society of Taiwan
Trans Regional Biotechnology Association
Taipei Biotech Association

In terms of art-related activities, ScinoPharm supports the national arts by sponsoring the Aaeon Foundation, which is responsible for the promotion of public art and the planning of artwork displays. Additionally, to enhance the aesthetics and spirit of Southern Taiwan Science Park workers, ScinoPharm has hosted art seminars for 6 consecutive years, inviting great lecturers to provide rich life experience and food for the soul. In 2015, ScinoPharm planned a series of art seminars with a "Relax After Work" theme, inviting drama, self-help, food, and travel experts such as Zi-Qian Guo, Hao-Yi Wang, Daisy L. Hung, Sheng-Tong Dai to give our busy workers a chance to relieve stress after work.



ScinoPharm art seminar activities with Southern Taiwan Science Park locals

Appendix
Global Reporting Initiative (GRI G4) Comparison Chart

* indicates material aspects

Aspect	Number	G4 Indicator Description	Corresponding Section	Page Number	Note
1. Strategy and Analysis					
Core	G4-1	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Letter from the ChairmanLetter from the Chief Executive Officer and President	3 4	
Overall	G4-2	Provide a description of key impacts, risks, and opportunities	1.8 Corporate Governance	26	
2. Organizational Profile					
Core	G4-3	The name of the organization	About This Report	2	
Core	G4-4	Primary brands, products, and services	1.4 Scope of Business	13	
Core	G4-5	Location of the organization's headquarters	1.1 Company Overview	7	
Core	G4-6	Number of and names of countries where the organization operates	About This Report 1.1 Company Overview	2 7	
Core	G4-7	The nature of ownership and legal form	1.2 Shareholding Structure of Main Shareholders	8	
Core	G4-8	Markets served	1.4 Scope of Business	13	
Core	G4-9	Report the scale of the organization	1.1 Company Overview	7	
Core	G4-10	Description of employee composition	4.1 Personnel Overview	49	
Core	G4-11	The percentage of total employees covered by collective bargaining agreements	4.1 Personnel Overview	49	
Core	G4-12	Describe the organization's supply chain	2.3 Supplier and Contractor Management	34	
Core	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	1.1 Company Overview	7	
Core	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	1.8 Corporate Governance	26	
Core	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	3.3 Greenhouse gas (GHG) emissions	44	
Core	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	5.2 Social Participation	70	
3. Identified Material Aspects and Boundaries					
Core	G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	1.3 Overview of Operations	11	
Core	G4-18	Explain the process for defining the report content and the Aspect Boundaries	1.11 Identification of Important Stakeholder Issues	30	
Core	G4-19	List all the material Aspects identified in the process for defining report content	1.11 Identification of Important Stakeholder Issues	30	
Core	G4-20	For each material Aspect, report the Aspect Boundary within the organization	1.11 Identification of Important Stakeholder Issues	30	
Core	G4-21	For each material Aspect, report the Aspect Boundary outside the organization	1.11 Identification of Important Stakeholder Issues	30	
Core	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	About This Report	2	
Core	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	About This Report	2	
4. Stakeholder Engagement					
Core	G4-24	List stakeholder groups engaged by the organization	1.10 Communications and Negotiations with Stakeholders	28	
Core	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	1.10 Communications and Negotiations with Stakeholders	28	
Core	G4-26	Report the organization's approach to stakeholder engagement	1.10 Communications and Negotiations with Stakeholders	28	
Core	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	1.10 Communications and Negotiations with Stakeholders	28	
5. Report Profile					
Core	G4-28	Reporting period	About This Report	2	
Core	G4-29	Date of most recent previous report	About This Report	2	
Core	G4-30	Reporting cycle	About This Report	2	
Core	G4-31	The contact point for questions regarding the report or its contents	About This Report	2	
Core	G4-32	Report "in accordance" option chosen and external assurance	About This Report	2	
Core	G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	About This Report	2	
6. Corporate Governance					
Core	G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	1.5 Corporate Governance	18	
7. Ethics and Integrity					
Core	G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	1.6 Ethical Management	24	

Aspect	Number	G4 Indicator Description	Corresponding Section	Page Number	Note
Economic performance indicators					
*Market Position	G4-DMA	Management Approach	1.3 Overview of Operations	11	
	G4-EC1	Direct economic value generated and distributed	1.3 Overview of Operations	11	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	4.2 Employee Benefits and Care	54	
	G4-EC4	Financial assistance received from government	1.3 Overview of Operations	11	
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	4.1 Personnel Overview	49	
Procurement Policy	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	2.3 Supplier and Contractor Management	34	
Environmental Performance Indicators					
*Energy	G4-DMA	Management Approach	3.2 Management and Use of Energy and Resources 4.4 Safe Working Environment	40 61	
	G4-EN3	Energy consumption within the organization	3.2 Management and Use of Energy and Resources	40	
	G4-EN5	Energy intensity	3.2 Management and Use of Energy and Resources	40	
Water Resources	G4-EN8	Total water withdrawal by source	3.2 Management and Use of Energy and Resources	40	
	G4-EN9	Water sources significantly affected by withdrawal of water	3.2 Management and Use of Energy and Resources	40	
*Emissions	G4-DMA	Management Approach	3.3 Greenhouse gas (GHG) emissions	44	
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	3.3 Greenhouse gas (GHG) emissions	44	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.3 Greenhouse gas (GHG) emissions	44	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	3.3 Greenhouse gas (GHG) emissions	44	
*Effluents and Waste	G4-DMA	Management Approach	3.4 Pollution Prevention	46	
	G4-EN24	Total number and volume of significant spills	3.1 Safety and Health Management System	39	
*Compliance with Environmental Laws	G4-DMA	Management Approach	1.5 Corporate Governance	18	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	3.1 Safety and Health Management System	39	
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	4.4 Safe Working Environment	61	
Labor Practices and Work Performance Indicators					
Employment	G4-LA2	Benefits provided to full-time employees at significant locations of operation	4.2 Employee Benefits and Care	54	
Labor relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	4.1 Personnel Overview	49	
*Occupational Health and Safety	G4-DMA	Management Approach	4.4 Safe Working Environment 4.3 Health Promotion and Activities	61 58	
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	4.3 Health Promotion and Activities	58	
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	4.2 Employee Benefits and Care	54	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group and other indicators of diversity	4.1 Personnel Overview	49	
Human Rights Performance Indicators					
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	4.2 Employee Benefits and Care	54	
Social Performance Indicators					
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	4.4 Safe Working Environment	61	
Public policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	1.6 Ethical Management	24	
*Compliance with General Laws and Regulations	G4-DMA	Management Approach	1.5 Corporate Governance	18	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	1.6 Ethical Management	24	
Product liability performance indicators					
*Customer Health and Safety	G4-DMA	Management Approach	2.1 Product Laws and Regulations	33	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	2.1 Product Laws and Regulations	33	
*Compliance with Product Laws and Regulations	G4-DMA	Management Approach	1.5 Corporate Governance 2.1 Product Laws and Regulations	18 33	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	2.1 Product Laws and Regulations	33	
Self-Determined Indicators					
*Patent	G4-DMA	Management Approach	2.4 Patent Issues	38	
	PT1	Types and numbers of patent applications and approved patents at the time of the report	2.4 Patent Issues	38	