



Sustainable Responsibility Report
2023

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About this Report



Thank you for reading the 2023 Sustainable Responsibility (hereinafter referred to as SR) Report of Allied Biotech Corporation (hereinafter referred to as Allied Biotech). The main purpose of this report is to disclose our current Environmental, Social, and Governance actions, performance, and future strategies to the general public and our stakeholders. This report covers issues relating to our operational status, corporate governance, product development and innovation, quality management, employee relations, social prosperity, and green environment. We hope that this report can aid our stakeholders in understanding the efforts we have made toward sustainable corporate development, our social responsibilities, and our commitment to continued progress.

Report Period and Scope

Allied Biotech plans to publish a SR report each year. We have voluntarily compiled and issued Chinese versions of our SR reports since 2016; this is our eighth annual report. The data and content disclosed in the English version of this SR report were taken from the Chinese version of our 2023 SR Report (from January 1 to December 31, 2023). In order to fully present information relevant to our corporate social responsibilities, the content in this report may also touch on our mid- to long-term operational prospects and projects. The information in this report mainly concerns our headquarters in Taiwan and our factory located in the Taoyuan Guanyin Industrial Park.

Publication Years

Current issue: 2023

Publication of next issue: 2024

Contact Us

If you have any questions or suggestions regarding the content and activities in this report, please feel free to contact us.

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Words from the Chairman

In the post-pandemic era of 2023, even though international tourism and trade have recovered, the Russo-Ukrainian War and the Israeli-Palestinian War continue to affect the global economy. Thanks to the long-term efforts of our team, business performance improved slightly in 2023, and we continued to generate profits.

In 2024, we will continue to improve and make progress in accordance with the following six major business strategies in hopes of achieving significant growth in our performance and profits in this post-pandemic era:

1. Focus on R&D and Production: be Scientific, Professional, and Precise:

Focus on every aspect of R&D and manufacturing, ensure product safety, and commit to the development and investment of energy recycling. At the same time, conduct customer-oriented new product development based on market demand and market intelligence, where R&D resources are concentrated.

2. Expand the Market and Focus on Performance:

Select target markets to intensively develop, and effectively increase market share, market awareness, and customer satisfaction.

3. Inspire Colleagues' Potential and Create a Happy Workforce:

Maximize the potential of each colleague, create high-performance results with high-quality talents, and implement training of thinking and growth.

4. Enhance Management to Create Value:

Ensure effective management and create a strong, cohesive company culture where everyone believes in and strives for the benefit of the company and our stakeholders.

5. Commit to Energy Conservation and Waste Reduction for Sustainable Development:

We aim for zero-waste production and an environmentally friendly work place through continuous improvement in the resource recycling process and energy conservation.

6. Sustainable Management that Enables Corporate, Social, and Environmental Growth:

Formulate corporate ESG strategic guidelines that correspond to UN SDGs in hopes of realizing community care and environmental protection while maintaining stable growth, thereby achieving our vision for sustainable management.

As a manufacturer of a full range of carotenoids, Allied Biotech strives to continue innovative development and manufacture with precision and specialized technology. We will continue to focus on the development of safe food additives and the preventive medicine market, and hope to contribute to areas that are beneficial to human health through carotenoids.

Allied Biotech Corporation
Chairman

楊正利

2023 Highlights

Environmental



3 NEW
Palm Free
Products

Our customer product development department and formulation plant collaborated to complete mass production of 3 new Palm Free products.



↓ **5.93%**
Electricity
Usage
Intensity

Electricity usage intensity per unit of product revenue in 2023 was 12.7 kWh/thousand NTD of revenue, a decrease of 5.93% compared with 2022.



98.32%
The Reduction
Rate of VOCs

RTO Efficiency: the reduction rate of VOCs reached 98.32%, exceeding the regulated standard of 95%.



**Water
Saving**

Since 2022, there has been no need to use recycled water for wastewater equipment cleaning, effectively achieving water-saving goals.



80.1%
Carbon Reduction
from Solvent Recycle

Annual carbon reduction benefits from solvent recycling reached 80.1% in 2023.



↓ **129,971kg**
Carbon Emissions

From March 2020, all boilers in our synthesis plants began using LPGs in place of crude oil, allowing us to reduce 129,971 kg of carbon emissions in 2023.

2023 Highlights

Social



All employee salaries are at least 1.09 times higher than regulated standards.



According to records taken by the Occupational Health and Safety Administration, the Allied Biotech Taoyuan factory accumulated a total of 2,568,426 injury-free working hours from July 1, 2011 to December 31, 2023.



In 2023, the occupational health and safety personnel at the Allied Biotech Taoyuan factory were presented with an outstanding personnel award by the Occupational Health and Safety Advisory Group of the Taoyuan City Labor Inspection Office.



Average salary increases over the past three years reached 2-3%.



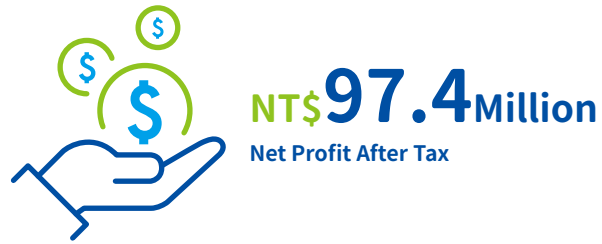
Our overall training hours in 2023 were increased by 38.4% compared with 2022. Total training hours in 2023 reached 3,109.5 hours.



In 2023, Allied Biotech engaged in industrial bill negotiations and food safety activities for a total of 112 hours.

2023 Highlights

Governance



Our 2023 net profit after tax was NT\$ 97.4 million, marking our eighth consecutive profitable year.



In 2023, Allied Biotech invested nearly NT\$25 million (around 3-4% of total revenues) in research and development.



In 2023, we completed 30 internal audit reports and no major abnormalities were found.



All raw materials and finished products were inspected and were found to comply with quality control standards.



According to our supplier assessments, all suppliers are well-qualified in on-time delivery and material quality.



On-time delivery rates of raw materials have been maintained at more than 90% since 2015.

Ch1 Sustainable Business

- 1.1 About Allied Biotech
- 1.2 Corporate Governance
- 1.3 Risk Management



Company Profile

Established in 2001, Allied Biotech Corp. is headquartered in Taipei. In 2002, a factory in Guanyin Industrial Park was purchased. Allied Biotech was initially engaged in the manufacturing and sales of miscellaneous food products, precision chemical materials, and environmental chemicals.

With years of experience in the industry, Allied Biotech has continued to develop the latest technologies and products. We are currently one of the leading carotenoid companies to produce a full range of carotenoid products, including β -Carotene, β -Apo-8'-Carotenal, Lycopene, Lutein, Canthaxanthin, and Coenzyme Q10. We are selling products in the form of healthcare products, food, and cosmetics globally. From the upstream R&D and production to downstream sales, our company provides a wide range of technical and customer-oriented services. Allied Biotech stands out on the market and continues to expand sales territory, and has become a leading domestic manufacturer of food and healthcare products in nutraceuticals.

Allied Biotech will continue to focus on R&D and innovation, as well as manufacture with precision and specialized technology. Our goal is to become a leading carotenoid manufacturer in the world and contribute to areas where carotenoids are beneficial to human health. We hope that with our base in Taiwan, we will be leading relevant domestic industries and manufacturers to establish a health care product system that meets international standard and create wellness for society as a whole.

Financial Performance

Our consolidated revenues for 2023 were NT\$720.4 million; consolidated net operating profits were NT\$97.4 million. We have been profitable for eighth consecutive years.

Allied Biotech at a Glance

Established Year	2001
Capital	NT\$ 953.9 million
2023 Revenue	NT\$ 720.4 million
Net Profit after Tax	NT\$ 97.4 million
Total Number of Employees (as of Year-End 2023)	169

1.1 About Allied Biotech

Business Presence

Taipei Headquarters	Responsible for marketing and sales (except for Europe), as well as coordinating shipments and sales with subsidiaries
Taoyuan Factory	Responsible for all product R&D and manufacturing
European Subsidiary	Responsible for sales in Europe
Shanghai Subsidiary	Responsible for sales in China



Product, Market, and Company Vision

As a supplier of carotenoid products, Allied Biotech provides a wide range of technical and customer-oriented services from the upstream R&D and production to downstream sales. The company's business is export-based. Customers are located all over the world, with more than 80% of the sales in Europe and the Americas. The brand has successfully entered the international market and continues to expand its sales territory. Our products are raw materials for food, healthcare supplements, and cosmetics-related products. Our main products are carotenoid products, including β -Carotene, β -Apo-8'-Carotenal, Lycopene, Lutein, Canthaxanthin, and Coenzyme Q10. We are committed to R&D, production, and sales of preventive medical products (Nutraceuticals), and possess the capabilities to produce precision chemical materials and environmental agents.

1.1 About Allied Biotech

With the vision of "continuous innovation and R&D, focusing on the development of biotechnology and becoming a leading player in the international safe food additives and preventive medicine industry," we have formulated sustainable development strategies and goals for the short-term, mid-term, and long-term respectively.

Goals and Vision

Short-Term	Through continuous R&D and innovation and manufacturing with specialized precision technology, we are committed to the development of safe food additives and nutraceuticals market, and focus on target market development to effectively increase market share and performance growth.
Mid-Term	Our goal is to become a leading carotenoid manufacturer in the world and contribute to areas where carotenoids are beneficial to human health. We will also strive to develop product categories other than synthetic carotenoids, with the hope of expanding our business.
Long-Term	To become a leading manufacturer in the food additives and nutraceuticals industry, leading domestic manufacturers to establish food safety and health care product systems that meet international standards, enhancing biochemical technology of domestic manufacturers, improving international competitiveness, and the creation of wellness for society as a whole.

Allied Biotech's Major Milestones

Year	Milestone
2001	• Allied Biotech Corporation was founded and was initially engaged in the manufacturing and sales of miscellaneous food products, precision chemical materials, and environmental chemicals.
2002	• Purchased a factory at Guanyin Industrial Park. • Acquired Kosher certification.
2003	• Initial Public Offering approval by the Securities and Futures Commission of the Ministry of Finance. • Acquired Halal certification.
2006	• Completion of development and mass production of Canthaxanthin.
2007	• In addition to continuing the certification of ISO 9001 quality management system, Allied Biotech also acquired the certification of ISO 22000 food safety management system and HACCP. • Completion of development and mass production of β -Apo-8'-Carotenal.
2010	• Listed on the Taiwan OTC and began trading as an emerging stock on April 29. • Completion of development and mass production of Lycopene.
2011	• Successfully acquired the US patent on Lutein production technology.
2012	• Successfully acquired the EU patent on Lutein production technology.
2014	• Reelection of chairman Cheng-Li Yang.
2016	• Successfully acquired the US patent on Lycopene production technology.
2018	• Successfully acquired the EU patent on Lycopene production technology.

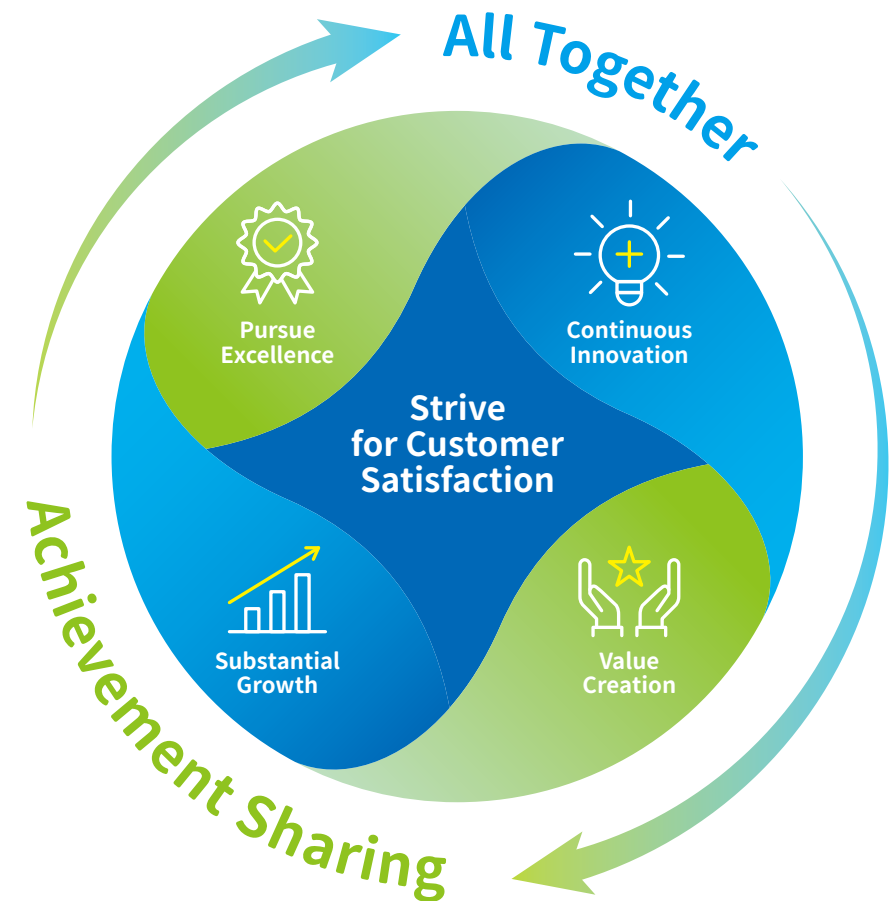
1.1 About Allied Biotech

Allied Biotech's Awards and Accolades

Year	Award
2003	• Received the Market Penetration Award from Frost & Sullivan Company.
2005	• Received the Product Line Strategy Award from Frost & Sullivan Company. • Listed in Deloitte's 2005 Taiwan Fast 50 for Fast Revenue Growth.
2013	• Received the Silver Medal Award of Technology Commercialization in the Taipei BioTech Awards.
2017	• Listed as a benchmark Bio-Agriculture company in the 2017 BioTaiwan Highlights by the Institute for Biotechnology and Medicine Industry.

Business Ethos

In the course of its business, Allied Biotech attaches great importance to the value of "sharing accomplishments," hoping to inspire employees' enthusiasm for work as well as to promote adherence to the three central ideas of "sense of empathy," "learning for growth," and "being nice to others." In pursuit of excellence, continuous innovation, rapid growth, and value creation, we hope to improve operating performance while satisfying customer needs.


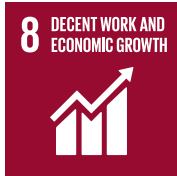


Responses to the UN Sustainable Development Goals

Sustainable development is the most important indicator of Allied Biotech's business strategy. Allied Biotech continues to innovate and develop new products, using our professional expertise to produce top quality products while focusing on our target markets. We hope to achieve steady performance growth year over year, thereby generating more localized job opportunities. Apart from promoting economic growth, we consider ourselves to be a global citizen. We are aware that global climate change and global warming have a serious impact on the environment and ecology. Allied Biotech has developed a full range of RSPO (Roundtable on Sustainable Palm Oil) certified or Palm Free products to reduce the use of palm oil-related raw materials. By doing so, the local ecology and species damage caused by the destruction of rainforests for the purpose of planting palm trees will be avoided.

Also, starting from the R&D stage of product development, Allied Biotech has considered the types and amounts of waste that may be generated in the production process. We strive to reduce the amount of waste before mass production in order to create an environmentally friendly production and work place to achieve our sustainable development goals. We also continue to implement water conservation programs at our factory, reducing wastewater discharge through process improvements, and utilizing recycled water in certain production processes. Waste solvents from production undergo processing to remove residual acids and impurities, following which the waste is distilled and collected for recycling and reuse in production processes after they are tested and confirmed to comply with quality control standards. We will continue development and improvement of our production processes to reduce usage of palm oil materials, wastage of water resources, generated waste, and air pollutants in order to achieve our sustainable development goals.

Allied Biotech's Responses to the UN Sustainable Development Goals

SDGs	Allied Biotech Practices
 Good Health & Well-Being	Allied Biotech is committed to innovative R&D and is dedicated to manufacturing high-quality products that meet the international standards of food safety and health wellness. With specialized technology, we hope to contribute to areas that are beneficial to human health in terms of carotenoids, and to enhance human well-being.
 Decent Work & Economic Growth	Allied Biotech produces high-quality products with specialized technology and focuses on the target market to create more local employment opportunities, promote economic growth, build a good working environment, and enhance employee benefits.
 Life on Land	Allied Biotech is developing a full range of Palm Free products. We hope that, by reducing the use of palm oil-related raw materials, the deforestation and incineration of rainforests for the purpose of planting palm trees will be reduced. In turn, local ecological and species loss caused by the destruction of rainforests can be avoided.

1.2 Corporate Governance

Regulatory Compliance

Policies and Commitments	Compliance with requirements of stock trading regulations, the Company Act, accounting standards, Act Governing Food Safety and Sanitation, Occupational Safety and Health Act, human resource laws, and relevant international laws and standards; thorough implementation of regulatory requirements; regular attention to revisions in laws and regulations; and execution of related solutions.	
Objectives	Short-Term	<ul style="list-style-type: none">• Compliance with the Occupational Safety and Health Act and related laws and regulations; maintain operations of our food safety group; monitor and respond to food safety events; and adhere to human resource and labor laws.• Continued tracking of regulatory updates and revision of internal control regulations as necessary.
	Mid- and Long-Term	<ul style="list-style-type: none">• Internal requirements relating to occupational health and safety as well as food safety should surpass legal requirements, and we plan to actively participate in discussions and negotiations relating to industrial bills, provide suggestions from an industrial perspective, and assist promotion of relevant bills.• Strive to establish systems that protect labor interests and achieve mutual benefits for employees and enterprises. Our aim is to meet the highest standards of the industry.
Communication	We have set up an official website message board, direct telephone access to our spokesperson, an inbox for external communications, and a reporting mechanism for employee feedback: electronic employee appeal forms were officially launched in March 2017.	



Board Operations

The Board of Directors (Board) is the highest governance unit at Allied Biotech. It is composed of 3 corporate directors, 5 individual directors (male to female ratio is 4:1), and 3 independent directors (male to female ratio is 3:0). All Board members execute their duties in accordance with the Company Act, the Allied Biotech Articles of Incorporation, and other relevant laws.

Major Motions Passed by the Board in 2023

Month	Major Motions
2023.02	<ul style="list-style-type: none">• Approved distribution of employee compensation and director remuneration for 2022: Employee compensation: NT\$5,762,066/ director remuneration: NT\$2,881,033.• Approved distribution of stock dividends for 2022: Cash dividends for surplus profits: NT\$1.2 per share; total cash (stock) dividends distributed to shareholders: NT\$114,461,545.

Functional Committees

Remuneration Committee

Allied Biotech has established a Remuneration Committee composed of 3 members who were elected. The Committee is mainly responsible for providing suggestions to the Board from a professional and objective manner regarding director and manager salaries and remuneration as well as welfare policies and systems.

Audit Committee

Allied Biotech has established an Audit Committee made up of 3 independent directors with professional industrial expertise, accounting and finance expertise, or legal expertise; Committee members were elected. The Committee is convened at least once every quarter, and is mainly responsible for overseeing Company financial statements; selection and dismissal of CPAs; independence and performance of CPAs; internal control systems; legal compliance; risk controls; selection and dismissal of financial, accounting, and internal audit managers; trading of major assets and derivatives; and major capital loans, endorsements, and guarantees.



1.2 Corporate Governance

Integrity and Ethical Management

Corporate Ethics

Policies and Commitments	Integrity management formulates ethical policies based around a transparent and responsible philosophy to establish corporate governance and risk control systems, and ensure accounting accuracy and appropriateness of financial statements, thereby building a business environment for sustainable development.	
Objectives	Short-Term	<ul style="list-style-type: none">• The Audit Committee monitors the appropriateness of financial statements.• Maintain a good business model which adheres to our "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," and "Code of Practice for Corporate Governance."• Enforce legal compliance in internal management and external commercial activities.
	Mid- and Long-Term	<ul style="list-style-type: none">• Strengthen codes of practice for corporate governance and internal audit systems.• Aim to build a sustainable corporation, establish transparent and open operating environments, provide investors with trustworthy financial statements, and strive to be recognized as an excellent enterprise by the corporate governance evaluations.
Communication	We have set up an official website message board, direct telephone access to our spokesperson, and an inbox for external communications.	



Ethical Corporate Management Best Practice Principles

Allied Biotech has formulated the Ethical Corporate Management Best Practice Principles and requires our directors and senior management team to issue a statement of compliance with ethical management policies. Our employment conditions also require our employees to comply with ethical management policies. To improve upon our ethical management, we have also established a dedicated unit under the Board which is responsible for formulating and overseeing implementation of ethical management policies and programs for preventing violations. The unit reports to the Board at least once every year, and strictly prohibits actions that may directly or indirectly damage the interests, health, and safety of consumers and other stakeholders.

We have established strict regulations regarding our directors, managers, employees, mandataries, and other persons with material control that prohibit them from offering and accepting bribes; providing illegal political contributions; accepting improper charitable donations and sponsorships; infringing upon trade secrets, trademarks, patents, copyrights, and other intellectual properties; and engaging in unfair competition. We also regulate behaviors relating to the development, procurement, manufacturing, provision, and sales of our products and services which directly or indirectly impact the rights, health, and safety of our consumers and other stakeholders.

Code of Ethical Conduct

Allied Biotech ensures that director and manager conduct adhere to ethical standards through the Code of Ethical Conduct; we prevent conflicts of interest and opportunities to realize personal interests, comply with confidentiality responsibilities and fair trade, protect and appropriately utilize corporate assets, comply with laws and regulations, and encourage reporting of any illegal or unethical actions. We use a variety of channels, such as e-mail messages and announcements, to reinforce the necessity of compliance with the Code of Ethical Conduct and to ensure that all employees understand its importance.

Code of Practice for Corporate Governance

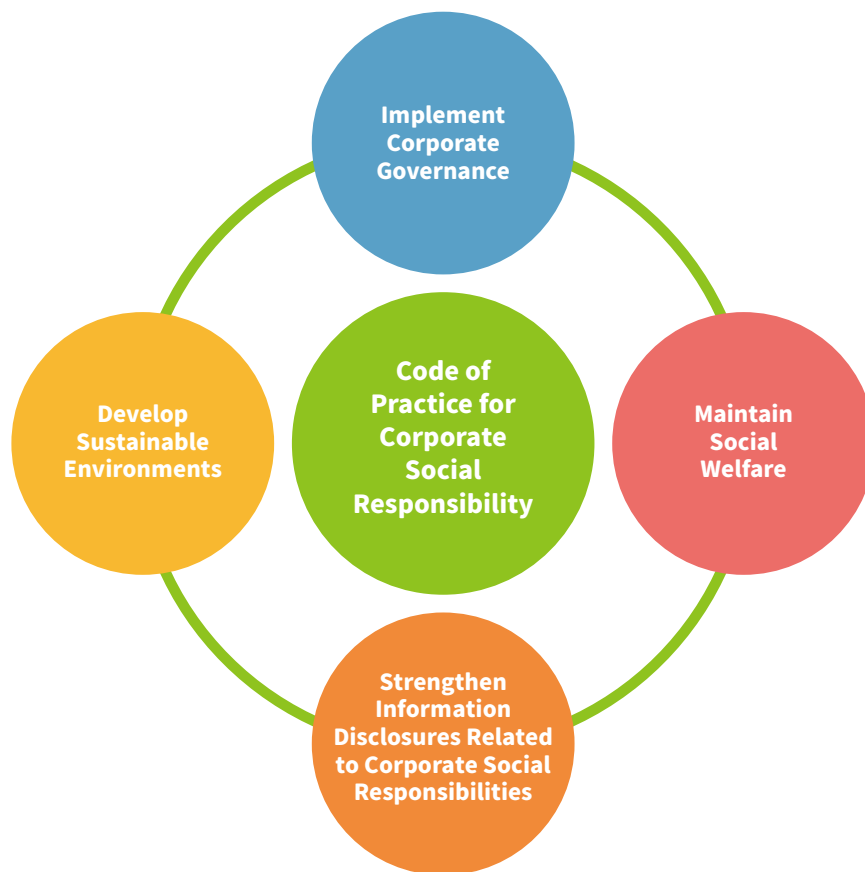
Allied Biotech has formulated the Code of Practice for Corporate Governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Our corporate governance systems comply with legal regulations, our Articles of Incorporation, contracts signed with TWSE and TPEX, and other regulated items to strengthen the establishment of effective corporate governance structures, protect shareholder interests, reinforce Board functions, respect stakeholder interests, and enhance information transparency.

Additionally, with regard to reporting mechanisms for unethical/illegal behaviors or issues pertaining to the integrity of our organization, we have established a suggestion and feedback platform. Employee appeals are directly delivered to the head of the human resource department via e-mail, forming a smooth communication channel for exchanging feedback with our employees.

1.2 Corporate Governance

Code of Practice for Corporate Social Responsibility

Allied Biotech has established the Code of Practice for Corporate Social Responsibility in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies to manage economic, environmental, and social risks and impacts.



Product Quality Management Teams

Food Safety Team

Allied Biotech have established a food safety team for the purposes of strengthening product quality. Members from the team are appointed by the president, and include personnel from different departments. The team is responsible for formulating, implementing, and maintaining the HACCP system. Food safety team meetings are convened every six months and the system is evaluated on a regular basis. Relevant team tasks include preparation of Company HACCP plans and relevant information; implementation of HACCP programs; documentation management; verification of supervision, inspection, and monitoring process accuracy and system audits; collection of customer feedback related to product quality; selection and evaluation of suppliers; formulation of supplier evaluation systems; inspection of environment, production, and equipment hygiene and safety to ensure that they meet requirements; HACCP training for employees; and consultation of relevant laws and regulations. We did not incur any penalties for violations of product and service health and safety regulations or product labeling requirements in 2023.

Hygiene Management Committee

Allied Biotech has established a Hygiene Management Committee for the purposes of ensuring that our operating environments, operators, and production processes comply with food safety regulations. The Committee is composed of managers from various departments. Hygiene management personnel are responsible for compiling and analyzing hygiene inspection results and improvements which are reported to the Hygiene Management Committee each month. The Committee convenes periodically to track hygiene management performance. Committee members may conduct joint hygiene inspections if necessary.

1.3 Risk Management



Risk Management

Policies and Commitments	Establish a sound risk management culture and environment, formulate good risk control mechanisms, identify potential risks to the Company, and form relevant contingency measures.	
Objectives	Short-Term	<ul style="list-style-type: none"> • We strive to establish a comprehensive risk control mechanism which is jointly implemented by management personnel and employees of all levels. Apart from compliance with relevant laws and regulations, we also evaluate the probability and impacts of potential risks that may be encountered during operational activities, identify major risk issues, and effectively manage these risks through continued monitoring and improvement. • Strengthen systematic personnel management, information security promotion, and education and training to improve system hardware and software, network environments, and safety management, thus building a foundation for sustainable management.
	Mid- and Long-Term	<ul style="list-style-type: none"> • Apart from possible risks that may be encountered during operational activities, we also refer to international management trends, include major global risk issues in our risk management evaluations, and formulate relevant contingency measures. • Continue to implement a variety of information security management measures and reduce potential system security risks to achieve sustainable system operations.



The items for determining effectiveness of internal control systems at Allied Biotech adhere to the regulations set out in the "Regulations Governing Establishment of Internal Control Systems by Public Companies." Our audit team is subordinate to the Board, and the appointment and removal of auditing managers is subject to approval by the Audit Committee and the Board. The audit team conducts various auditing tasks in accordance with annual audit plans approved by the Board, and compiles periodic audit reports which are submitted for approval. After audit items have been completed, the report is resubmitted to the Audit Committee for review at the end of the next month and internal audit performance is reported to the Board. In 2023, we completed 30 audit reports and no major abnormalities were discovered.

Faced with increasing globalization in operational scope, global economic impacts, and growing challenges, Allied Biotech has identified possible risks to sustainable development in daily operations, and has formulated relevant management strategies and response measures to reduce the risk of interruptions to our operations. We keep abreast of operational risks within our enterprise and minimize risks through risk transfer, mitigation, and prevention, seeking to find new opportunities in these operational challenges.



1.3 Risk Management


Risk Category	Potential Risks	Control Strategies and Response Measures
 Market Risks	<ul style="list-style-type: none">• Entry of new competitors: several new carotenoid suppliers have recently emerged in China.	<ul style="list-style-type: none">• Fully integrate our R&D, production, and marketing teams to accelerate technical R&D and develop innovative, differentiated, unique, competitive, top-quality products, thereby adjusting product portfolios in response to changes in current trends and increasing our market competitiveness.• Enhance our product technology platform to provide comprehensive services (Total Solution), reduce pressures of price competition, enhance product and brand value, strengthen brand marketing, and avoid competition on price.• Combine external resources, seek out strategic partners, and grasp business opportunities to expand our operational scope and performance.
 Currency Risks	<ul style="list-style-type: none">• Allied Biotech customers are mainly international companies; 80% of our revenue comes from American and European markets. Most of our transactions are conducted using US dollars or Euros. Therefore, changes in exchange rates impact greatly on our profitability but the overall factors have not constituted the risk of profitability yet.	<ul style="list-style-type: none">• Allied Biotech adopts hedging strategies to manage currency risks and regularly assess exchange rate fluctuations to keep abreast of international currency trends. Our foreign currency positions stemming from import and export businesses are offset through natural hedging methods, and we actively adjust our foreign currency positions through spot markets.• We adhere to the “Regulations Governing the Acquisition and Disposal of Assets” to appropriately utilize spot and forward foreign currency transactions for hedging purposes.

1.3 Risk Management

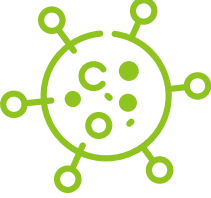
Risk Category	Potential Risks	Control Strategies and Response Measures
 Water Risks	<ul style="list-style-type: none">• Our factory mainly uses tap water, and average monthly water usage was around 4,651 metric tons in 2023. Water supplies have a great impact on factory operations as tap water is used for all factory production processes. Therefore, our production capacity is highly correlated with adequate water supplies.	<ul style="list-style-type: none">• Apart from conserving water as part of our daily routine, we also try to save water through process improvements. During water shortages, we implement response measures and water distribution plans to maintain production.
 Climate Change Risks	<ul style="list-style-type: none">• Revisions in environmental laws and policies: Many countries have revised environmental laws related to waste and greenhouse gas emissions in response to climate change, which may increase operational costs (such as emissions taxes and processing fees).• Increases in energy prices: Greenhouse gas reduction requirements may cause energy (electricity/petroleum) prices to rise, which may increase raw material costs and operational costs.	<ul style="list-style-type: none">• Continued R&D and process improvement, and reduction of wastewater discharge through recycling of water resources and waste solvents.• We also seek to improve current levels of waste reduction through periodic projects, and we continue to research how generated waste can be transformed from hazardous to non-hazardous industrial waste to further strengthen our recycling and reuse levels.• We have also installed Regenerative Thermal Oxidizers (RTOs) at our factory. RTOs can effectively treat VOC emissions, and residual heat can be recycled and reused. In future, we plan to install steam heating equipment which will allow us to recycle residual heat and substitute it for electricity to reduce electricity consumption and save energy.

1.3 Risk Management


Risk Category	Potential Risks	Control Strategies and Response Measures
 Environmental Risks	<ul style="list-style-type: none">• Leakage of chemicals and raw materials and failure of air pollution processing equipment during production processes may cause environmental impacts.• Toxic chemicals used in our pipelines and stored in our tanks are at risk for leakages and may cause environmental impacts.• Negligence and equipment failure may cause wastewater to flow to neighboring regions, causing water pollution.• Environmental impacts may trigger protests from residents.	<ul style="list-style-type: none">• Formulate and implement well-designed operating procedures and training, and regularly review implementation effectiveness. Air pollutant processing equipment are inspected by dedicated personnel before, during, and after operations, and undergo periodic maintenance to ensure that they continue to operate normally.• In accordance with relevant regulations, we take out operator liability insurance when there is a need to use large amounts of registered toxic chemicals. We have installed detection and alarm systems in storage and production areas. These are regularly calibrated to ensure that they are operating normally. We also provide employee training on toxic chemicals and establish an emergency response unit.• Discharging of wastewater is conducted in accordance with relevant regulations. We conduct inspections during every shift and have conducted factory-wide employee training to prevent water pollution incidents.• Production units are required to conduct inspections during every shift to prevent environmental pollution incidents from occurring.
 Product Quality Risks	<ul style="list-style-type: none">• Food quality incidents have occurred frequently in recent years, and therefore it is important to manage the quality and safety of upstream raw materials and establish effective management systems to meet quality requirements.	<ul style="list-style-type: none">• The Allied Biotech factory has obtained certification for many international management systems including ISO 9001, ISO 22000 Food Safety Management System, HACCP certification, FSSC 22000 Food Safety System certification, and TFDA Food Health and Safety Management System. Our raw materials and products have undergone many inspections and received many international certifications that ensure our product quality.

Risk Category	Potential Risks	Control Strategies and Response Measures
<div data-bbox="188 564 344 734">  </div> <div data-bbox="152 751 385 778"> <p>Industrial Safety Risks</p> </div>	<ul style="list-style-type: none"> • Flammable chemicals used at our factory may leak due to negligence, faulty pipelines, or packaging issues. If leakages are not contained in a timely manner, these chemicals may be ignited by static electricity, sparks, or high equipment surface temperatures, causing fires or explosions. • Toxic gases may leak during production processes due to improper storage, delivery, or production. Personnel who are exposed to these substances may suffer injuries or fatalities. • Failure to shutdown factory machinery during inspection and maintenance, inappropriate operations, and removal of protective measures may cause injuries and fatalities due to pinch-point hazards, induction, or falls. • Failure to apply for permits and conduct environment inspections when undergoing hot work, working in confined spaces, or conducting other high-risk operations during routine factory and contractor processes may cause fires, explosions, or hypoxia poisoning and other serious industrial safety incidents. • Failure to adhere to safety operational procedures during production processes may cause minor injuries. 	<ul style="list-style-type: none"> • Implement and evaluate on-site hazard identification training. • Implement fire controls throughout our factory. • Require industrial safety personnel and on-site engineers to conduct routine inspections of plant areas. • Immediate updating of regulations and on-site inspections to ensure compliance with regulations. • Implement static removal measures during operations and when transporting materials. • Inspect explosion-proof equipment in explosion-proof production areas. • Regularly maintain and calibrate emergency shutdown equipment for hazardous chemicals and pre-operation gas detectors. • Use and maintain personal protective equipment. • Provide emergency response equipment and conduct regular drills. • Ensure that repair and maintenance work comply with safety regulations. • Implement safety checks and entry management for contractors. • Inspect appropriateness of chemicals, fire equipment, and public hazards. • Conduct safety inspections of public buildings and employee dormitories. • As of December 2023, our Taoyuan Factory has accumulated 2,568,426 injury-free working hours.

1.3 Risk Management

Risk Category	Potential Risks	Control Strategies and Response Measures
 Pandemic Risks	<ul style="list-style-type: none">• There were severe shortages of raw materials from 2020 due to the COVID-19 pandemic.• The spread of the pandemic caused risks of personnel infections and cluster infections, resulting in operational interruptions and impairment of personnel health.	<ul style="list-style-type: none">• We immediately adopted emergency response measures and procured raw materials from multiple suppliers. This, combined with the safety stock we maintain at all factories, allowed our production processes to remain unaffected by the pandemic.• We maintained the “Coronavirus Epidemic Prevention Team” to implement management and tracking measures. We also required all departments to formulate COVID-19 prevention and response plans; appoint backup personnel in advance to support personnel in self-isolation, self-quarantine, or other emergency conditions; and formulate related regulations to ensure the health and safety of employees and maintain sufficient levels of manpower.• Our human resources department formulated epidemic employee leave guidelines, provided consulting services, and established an emergency contact system.• Immediate updating of regulations and on-site inspections to ensure compliance with regulations.• Our general affairs department and health and safety department were responsible for strengthening environmental infection controls and epidemic prevention measures; monitoring, recording, and managing symptoms of employees and other personnel who enter company grounds; preparation of epidemic prevention resources, and keeping informed of epidemic conditions to provide professional information for reference by the epidemic prevention team.

1.3 Risk Management

Risk Category	Potential Risks	Control Strategies and Response Measures
 Information Security Risks	<ul style="list-style-type: none">• Sudden power outages may damage system hosts.• Cyberattacks and malicious emails may cause leakages of confidential information and system virus infections.	<ul style="list-style-type: none">• In order to strengthen corporate responses to future risks from power outages and cyberattacks, we continued to replace various equipment in 2023. In 2023, we replaced the firewalls of our Shanghai branch office and changed the ERP host storage site to solve issues associated with insufficient host storage space, reducing the possibility that host operations may be suspended due to storage space issues.• We change passwords when deleting malicious emails, and check whether automatic forwarding settings have been enabled. The information technology department also continues to track and observe subsequent developments.• We implement segregated storage for factory confidential documents to diversify risks.

Information Security

To implement corporate information security policies and respond to changes in internal and external environments, Allied Biotech regularly assesses and strengthens system architecture to ensure continued effectiveness of system designs and implementations. The information technology department regularly organizes employee information security promotions and internal information security training for thorough management of systems and access to confidential corporate information. We also formulated the “Regulations for Management of Information Security and Crisis Handling” and formed a “Handling Team for Major Information Security Crises” to carry out corresponding measures for information security risks.

Allied Biotech aims to build a secure information environment. Our chairman and president are responsible for determining information security tasks, the crisis handling team formulates information security incident handling measures and the information technology department is responsible for implementing information security policies, incident handling measures, assessments, routine system maintenance, and information security promotions.

COVID-19 pandemic impacts from 2020 to 2022 resulted in frequent cyberattacks, malicious emails, and fraudulent business contacts. The information technology department shared actual cases reported by employees for information security promotion, reminding our colleagues to adopt an attitude of “bold assumption and reasonable doubt” when examining information from unknown origins. We organized 14 information security promotion activities from 2020 to 2023; the number of suspicious cases reported by our colleagues peaked in 2017 (32 cases) and dropped to an average of 3 cases from 2020 to 2023 due to these activities, achieving remarkable results.

Additionally, in order to prevent malicious attacks, we replaced outdated firewalls in our branch offices and implemented upgrades for our ERP system. We changed server storage sites for the first stage of upgrades and completed system transfers mid-2023. In 2023, we invested a total of NT\$600,000 in equipment replacements and upgrades.

Only 3 malicious email incidents occurred in 2023. Our colleagues reported said incidents to the information technology department at the first instance and deleted relevant emails. We change passwords when deleting common types of malicious emails, and check whether automatic forwarding settings have been enabled. We also continue to track and observe subsequent information security developments.



Ch2

Product

- 2.1 Product Innovation
- 2.2 Quality Management
- 2.3 Customer Services



Product Development and Innovation

Policies and Commitments	Allied Biotech is committed to product development and innovation focused on safe food additives and preventive medicine; we not only keep pace with current product and technology trends, but also work to enhance our worldwide brand visibility.	
Objectives	Short-Term	<ul style="list-style-type: none">• Continue to optimize existing production technologies while reducing costs.• Promote substitution of uncertified materials with RSPO certified materials to protect tropical rainforests.• Continued tracking of regulatory updates and revision of internal control regulations as necessary.
	Mid- and Long-Term	<ul style="list-style-type: none">• Develop new products and technologies, and obtain patents to protect our R&D results.• Promote Palm Free formulas in hopes of utilizing raw materials which require no sacrifices from tropical forests.• Develop Sugar Free formulas in hopes of creating sugar-free products that are beneficial for the health of our customers.

With years of experience in the industry, Allied Biotech has continued to develop the latest technologies and products, and is currently one of the leading carotenoid companies to produce a full range of carotenoid products. We sell products in the form of healthcare products, food additives, and cosmetics globally. From upstream R&D and production to downstream sales, we provide a wide range of technical and customer-oriented services.

Commitment to Product Development and Innovation

Through continuous innovation and precise product positioning, Allied Biotech maintains a competitive business advantage. Over the years, the investment supporting innovation and development, on average, amounts to 3-4% of its total turnover. In 2023, we invested about NT\$ 25 million in product development and innovation. Superior product quality and innovative technology are essential for maintaining Allied Biotech as a leading carotenoid manufacturer. We also hold a number of EU and US patents on Lutein and Lycopene.

We also stay abreast of market trends and adjusts research and development directions at any time. The current global trend is in the direction of "GREEN." Our development and production processes for new products not only focus on innovation and efficiency, but also consider carbon neutrality and carbon emission issues. We strive to reduce carbon emissions, optimize production processes, purify and recycle waste (such as ammonium chloride, magnesium carbonate, and triphenylphosphine oxide) to decrease the carbon footprints and environmental impacts of our products.

Additionally, in order to provide environmentally friendly and cruelty-free products in line with customer demands, Allied Biotech has developed a full range of RSPO (Roundtable on Sustainable Palm Oil) certified or Palm Free products to reduce the use of palm-oil-related raw materials. Currently, more than 95% of Allied Biotech products adhere to Palm Free or RSPO principles.

We continually respond to global market changes and needs by studying new market trends and actively investing in R&D personnel. Functional health foods are becoming more important as global populations continue to age. Our R&D department began investing in process developments for zeaxanthin and β -Apo-8-carotenoic acid ethyl ester in 2020. We have completed the development stage of laboratory processes and are currently working on scaling up and optimization processes so that Allied Biotech products can be more diversified. In 2023, we completed mass production of 3 new products; product quality and cost-effectiveness for these products all complied with expected targets. In future, our development of new products will not only continue to adhere to Palm Free and Animal Free principles, but also focus on demand for "Natural" products.

2.1 Product Innovation

Allied Biotech Products

Product	Description
Altratene® β -Carotene	The Altratene® β -Carotene product line comes in water-soluble powder, emulsion, oil suspension, and tablet formulations suitable for food and beverage products, as well as dietary supplement products and cosmetics. Altratene® β -Carotene products offer a full spectrum of yellow to reddish orange shades, creating a vibrant and appealing color in various applications.
Altratene® β -Apo-8'-Carotenal	Altratene® β -Apo-8'-Carotenal powder-based and oil-in-water fluid emulsion products are commonly used in beverages or other food applications to replace artificial colors like Allura Red or Ponceau 4R. In addition, Altratene® β -Apo-8'-Carotenal oil solution and oil suspension products are designed for processed cheeses, dressings, and soup applications to achieve a light orange shade.
Lycotene® Lycopene	Lycotene® Lycopene products come in water-soluble powder, emulsion, oil suspension, and tablet formulations in a range of fine red colors and are used as a nutrient for food, dietary supplements, and pharmaceutical products.
Lutene® Lutein	Lutene® Lutein powder products are water-soluble and can be used as dietary supplements and food colorants with a bright yellow color. On the other hand, Lutene® Lutein oil suspension products are mainly used in soft gel capsules and oil/fat-based applications.
Lutene® Lutein Ester	Lutene® Lutein Ester products are in water-soluble powder and can be used as dietary supplements and food colorants with a yellow color.
Canthatene® Canthaxanthin	Canthatene® Canthaxanthin powder and emulsion products come in shades of reddish orange and are used as a colorant in food and beverage applications. Canthatene® Canthaxanthin powder is also commonly used as a feed additive in the poultry and aquaculture industries.
NanoQ® Coenzyme Q10	NanoQ® Coenzyme Q10 water-soluble powder products are suitable for innovative food products and nutritional beverages.



Quality Management

Policies and Commitments	<p>Policies Top Quality and Safety First.</p> <p>Objectives Meet product quality requirements from customers.</p> <p>Commitments Achieve quality objectives, implement solutions, review appropriateness and evaluate deficiencies during Management Review Meetings to ensure that all quality management personnel have a full understanding of quality related policies and management systems, and are able to utilize their understanding in their respective positions, so as to establish an efficient quality management system that complies with international standards. Our commitments to quality requirements include:</p> <ul style="list-style-type: none"> • Continuous improvement and quality enhancement. • Protect product quality to establish an ethical management system. • Comply with international regulatory requirements. • Quality assurance is part of our commitment to society. • Strengthen training and set "zero quality deficiencies" as our priority. 				
Objectives	<table> <tr> <td data-bbox="324 885 593 1220">Short-Term</td><td data-bbox="593 885 2060 1220"> <ul style="list-style-type: none"> • Inspect each batch of raw materials, conduct on-site inspections of production processes, and check each batch of finished products to ensure product quality. • Participate in external quality management activities to reduce occurrences of quality deficiencies and strengthen personnel training. • Participate in external certified inter-laboratory comparisons to confirm the accuracy of our inspections, and organize external inspection training courses for QC personnel to enhance inspection capabilities, reduce occurrences of quality deficiencies and strengthen personnel training. • Maintain FSSC 22000, ISO 9001, KOSHER, and HALAL certifications, and comply with international regulatory requirements for product quality and food safety standards. • Strengthen voluntary inspections and reduce occurrence of quality deficiencies as 1% errors will result in 100% of losses. </td></tr> <tr> <td data-bbox="324 1220 593 1340">Mid- and Long-Term</td><td data-bbox="593 1220 2060 1340"> <p>Formulate annual quality objectives according to corporate development strategies and market conditions, and implement PDCA improvement activities to ensure achievement of quality objectives.</p> </td></tr> </table>	Short-Term	<ul style="list-style-type: none"> • Inspect each batch of raw materials, conduct on-site inspections of production processes, and check each batch of finished products to ensure product quality. • Participate in external quality management activities to reduce occurrences of quality deficiencies and strengthen personnel training. • Participate in external certified inter-laboratory comparisons to confirm the accuracy of our inspections, and organize external inspection training courses for QC personnel to enhance inspection capabilities, reduce occurrences of quality deficiencies and strengthen personnel training. • Maintain FSSC 22000, ISO 9001, KOSHER, and HALAL certifications, and comply with international regulatory requirements for product quality and food safety standards. • Strengthen voluntary inspections and reduce occurrence of quality deficiencies as 1% errors will result in 100% of losses. 	Mid- and Long-Term	<p>Formulate annual quality objectives according to corporate development strategies and market conditions, and implement PDCA improvement activities to ensure achievement of quality objectives.</p>
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Mid- and Long-Term	<p>Formulate annual quality objectives according to corporate development strategies and market conditions, and implement PDCA improvement activities to ensure achievement of quality objectives.</p>				

2.2 Quality Management

Customer Health and Safety

Policies and Commitments	<div> <div>Policies</div> <ul style="list-style-type: none"> • Use legal and safe raw materials. • Evaluate and select qualified suppliers to ensure quality and safety of raw materials and products. <div>Commitments</div> <ul style="list-style-type: none"> • Zero food safety incidents. • Provide customers with safe products of stable quality that can be used without cause for concern. </div>	
Objectives	Short-Term	<ul style="list-style-type: none"> • Inspect each batch of procured raw materials. • Conduct on-site inspections of production processes and check each batch of finished products to ensure product quality and safety. • We continue to conduct training for on-site personnel according to GHP principles; managers of production units conduct health and safety checks during each shift and daily QA patrols to implement food safety policies and ensure food safety.
	Mid- and Long-Term	<ul style="list-style-type: none"> • Regular supplier evaluations and visits to domestic suppliers. • Continued screening of top-quality raw material suppliers. • Maintain FSSC 22000, ISO 9001, KOSHER, and HALAL certifications, and comply with international regulatory requirements for product quality and food safety standards.



Quality Control

Allied Biotech has established rigorous internal quality control policies and processes; we supervise, measure, and conduct data analysis during the production of all products, while also implementing internal and external audits, preventive measures, and management reviews to strengthen product quality, eradicate hazards, and ensure that our finished products are delivered to our customers under the best conditions.

Due to the unique nature of our products, we have made considerable investments in resources and time to ensure the quality of our production processes and finished products. Through internal and external inspections, we ensure that no prohibited chemicals are added to or exists in our finished products. In 2023, we commissioned the SGS Taiwan Ltd. and SuperLab company to conduct external quality inspections and external laboratory comparisons. In 2023, a total of 698 items (296 raw materials and 402 finished products) were inspected, and no quality abnormalities were found.

Quality Management Procedures



2.2 Quality Management

Certificates

Allied Biotech meets the requirements of the ISO 9001 Quality Management System standard, the ISO 22000 Food Safety Management System standard, the HACCP certification (Hazard Analysis and Critical Control Point System), the FSSC 22000 Food Safety System certification, and the TFDA Food Safety and Sanitation Management System certification.

Allied Biotech products have also passed many international certifications reflecting the company's commitment to this agenda. We put our resources into addressing needs such as Kosher and Halal certifications to meet the regulations of destination countries.

In addition, the company's product design and use of raw materials comply with the following regulations to ensure customers' health and safety: R.O.C health regulations of the Act Governing Food Safety and Sanitation, as well as JECFA (The Joint FAO/WHO Expert Committee on Food Additives), USP (The United States Pharmacopeial Convention), EFSA (European Food Safety Authority), HACCP, and GMP related regulations and principles. Also, our products are in compliance with non-GMO and allergen-free specifications, and we are actively developing a Palm Free/RSPO series.

Supply Chain Management

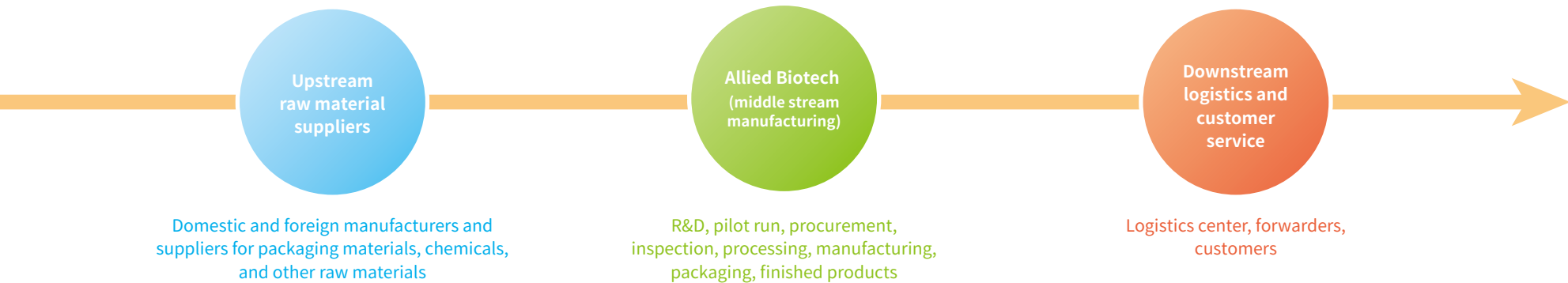
Allied Biotech products are all manufactured at our factory at Taoyuan Guanyin Industrial Park. The supply chain provides raw materials for carotenoid production.

Our supply chain management is carried out at different levels which include rigorous supplier reviews and follow-up supplier audits. Suppliers must go through sample tests, documentation evaluations, and site evaluations if necessary before becoming our suppliers.



2.2 Quality Management

Allied Biotech Value Chain



We require all of our raw material suppliers to provide original manufacturer product certifications such as Kosher, Halal, and ISO certificates, as well as legally acquired source certificates including original manufacturer test reports, import declarations, and TFDA issued product import permits to prove the legality of their raw materials.

Due to the unique nature of our products, almost all the raw materials used come from foreign manufacturers, through Taiwanese agents and distributors. When the goods arrive at our factory, a certificate of analysis (COA) must be provided. We also rigorously examine product packaging and labeling, take a sample of each batch of raw materials to test and inspect, and review the supporting documents to ensure quality and legality of the raw materials.

We conduct regular audit assessments of suppliers every year. The auditing items include the supplier's delivery capability, product quality, service, and documentation as the four major evaluation principles. Suppliers that do not meet the eligibility criteria will be excluded from procurement considerations for one year. After one year, should there be a need to procure from the supplier, it must be re-evaluated with the assessment conditions for a new supplier.

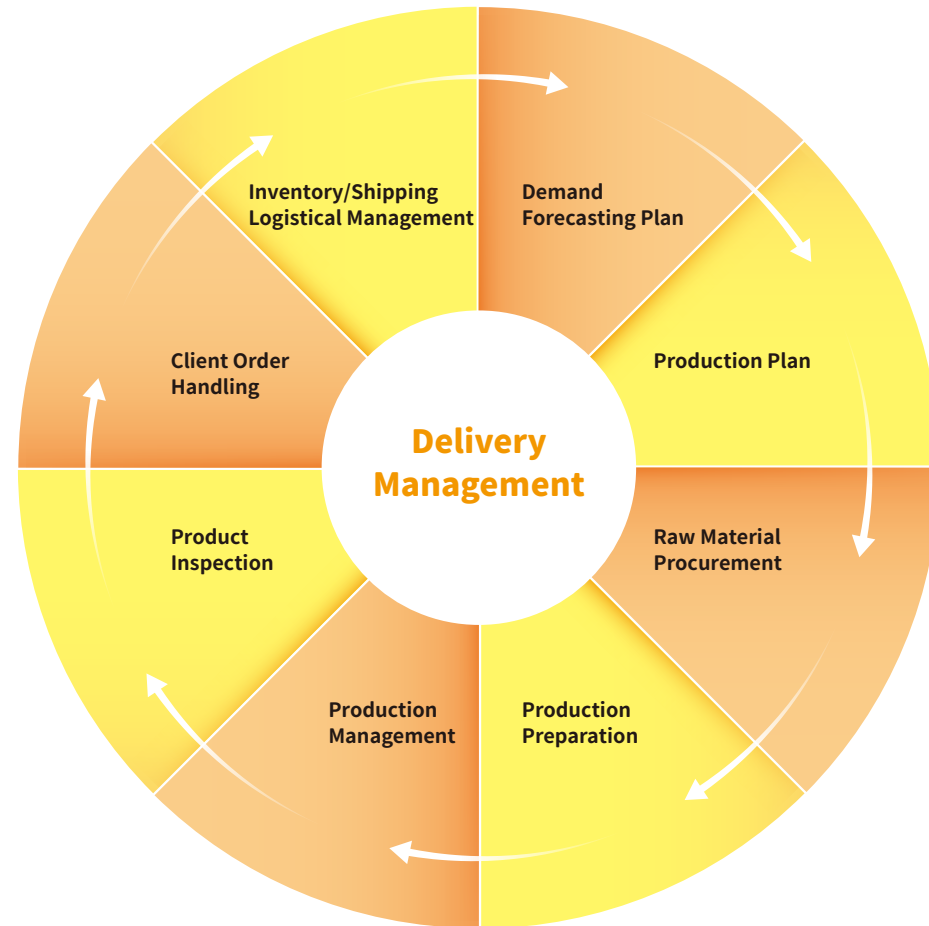
Target achievement rates of raw material deliveries from 2016-2023 surpassed 90%, meeting our quality requirements. In 2018, there was only one incident where raw materials were returned because of failure to pass appearance inspections. All raw materials passed inspections in 2023, showcasing supplier excellence in deliveries and material quality. We replaced supplier evaluations with a supplier scoring system in 2017. Scoring results are divided into four levels (A, B, C, D). All suppliers received A ranking from 2018-2023, and no suppliers failed to pass evaluations.

2.2 Quality Management

Delivery Management

Allied Biotech adheres to strict delivery management processes and adopts rigorous attitudes regarding deliveries to ensure that our clients receive our high-quality products in a timely manner. Our raw materials are all procured from long-term and stable contacts with no supply shortages, and we continually develop new raw material supply sources to maintain at least two suppliers for each type of raw materials. We also established a safety stock mechanism and stay abreast of market changes in raw materials.

There were severe shortages of raw materials since 2020 due to the COVID-19 pandemic. We immediately adopted emergency response measures and procured raw materials from multiple suppliers. This, combined with the safety stock we maintain at all factories, allowed our production processes to remain unaffected by the pandemic.



2.3 Customer Services

Customer Satisfaction

Policies and Commitments	We utilize our innovative expertise in product development to provide diligent customer services, dedicate ourselves to developing products that meet customer demands, and commit to providing customers with safe products of stable quality. We hope to serve as a long-term trusted partner for our customers.	
Objectives	Short-Term	<ul style="list-style-type: none">• Continually develop new products to meet the needs of different customer applications.• Offer close collaboration and rapid responses when providing support on product applications, and assist customers in solving various product problems.
	Mid- and Long-Term	<ul style="list-style-type: none">• Customize products to meet customer needs.• Utilize the excellent R&D capabilities we have developed over the years and work with our customers to develop innovative products and achieve mutually beneficial results through collaboration.
Appeal Process	We conduct customer satisfaction surveys every year. In 2023, we established an online google form survey and set the suggestion box as a mandatory response item to better understand customer needs. We have also established a “Customer Feedback Management System” and a website customer service mailbox to maintain contact with existing or potential customers.	
Specific Actions	<p>Marketing</p> <ul style="list-style-type: none">• As the coronavirus pandemic eased in 2023, we strengthened our social media marketing by posting product animations on platforms such as Facebook and LinkedIn to interact with consumers and potential customers, while also promoting our products offline through exhibitions in Shanghai, Thailand, Dubai, and Germany. <p>Specific Performance</p> <ul style="list-style-type: none">• There is no infringement of customer privacy in 2023.• The domestic customer satisfaction score this year was 9.47 (out of 10 points), and the foreign customer satisfaction score was 9.08 (out of 10 points).	



Channels for Customer Communication

Allied Biotech is dedicated to developing products that meet customer demands while assisting customers in solving any issues and offering product application knowledge. We conduct customer satisfaction surveys every year, and have also established a website customer service mailbox to maintain contact with existing or potential customers. We have also formulated “Customer Feedback Management System” to handle customer complaints.

When we receive a complaint from a customer, we will reply to the customer's current processing status as soon as possible, and will not close the case until the customer accepts our handling measures. When a customer complaint requires detailed analysis and testing, the initial reply must be completed within 5 days, and the final report must be completed within 2 weeks.

Quality Management Procedures



Ch3 People

- 3.1 Workforce Data
- 3.2 Compensation and Benefits
- 3.3 Talent Development
- 3.4 Health and Safety
- 3.5 Social Participation



3.1 Workforce Data

Allied Biotech believes that high-quality human assets are one of the key factors for the success of the company. Based on Allied Biotech's corporate philosophy, our continuous investment in human capital also helps us gradually move toward our business objectives. Allied Biotech continues to use established recruitment processes in 2023 to select, screen, and appoint talent. Our overall talent recruitment plan is moving toward more standardized operational procedures which enhance efficiency and prioritize recruitment quality.

Workforce Structure

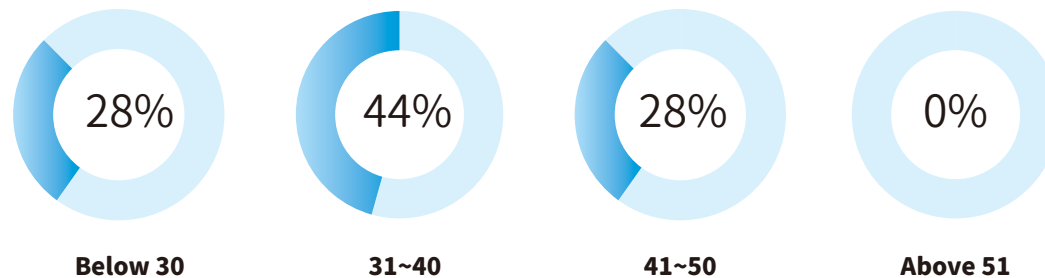
Employee Composition

Allied Biotech attaches great importance to stable and long-term personnel development supplemented by establishment of clear performance targets, driving managers and employees of all levels to expend full efforts in completing their tasks and reviewing their own performance. Stable human resource planning allows us to effectively build employee commitment.

We had 169 employees in 2023. We currently hire no contractors and our ratio of male to female employees is around 8:2. In 2023, Allied Biotech hired a local employee with disabilities to clean public areas and dormitories in the Taoyuan factory.

In 2023, we hired 25 full-time employees. Most of our new recruits were under 40 years of age, making up 72% of new recruits; 20 employees resigned over the past year, bringing our overall turnover rate to 12%. Additionally, Allied Biotech is currently facing a transition in employee age groups; in future, we will strengthen transfer and cultivation of work skills and corporate culture in our mentorship system to quickly fill our talent gaps.

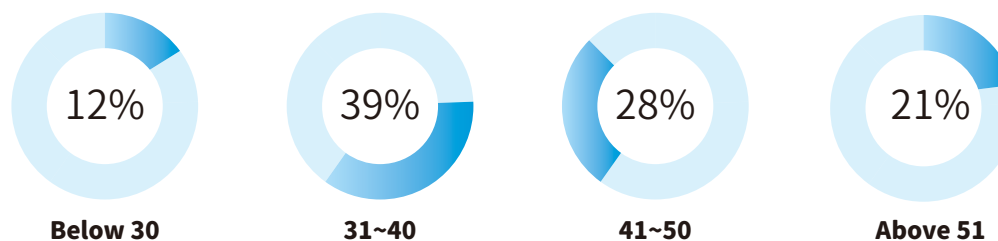
New Recruits in 2023 (Total 25 Employees)



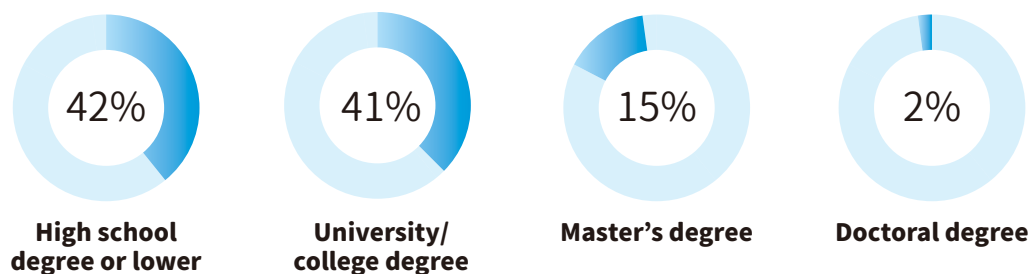
3.1 Workforce Data

In terms of age distribution, the highest proportion of employees are aged between 31 and 50 years of age, accounting for 67% of all personnel. In terms of education levels, 58% of our employees hold a college degree or higher; of these, university/college degree makes up the largest proportion at 41%. In terms of job positions, the largest proportion of employees are made up of entry-level staff and managers, respectively accounting for 42% and 34% of all personnel. We have worked to flatten our corporate structure in recent years for the purposes of building up a solid internal organizational structure, which is why we have a higher number of office units and a relatively high proportion of management personnel.

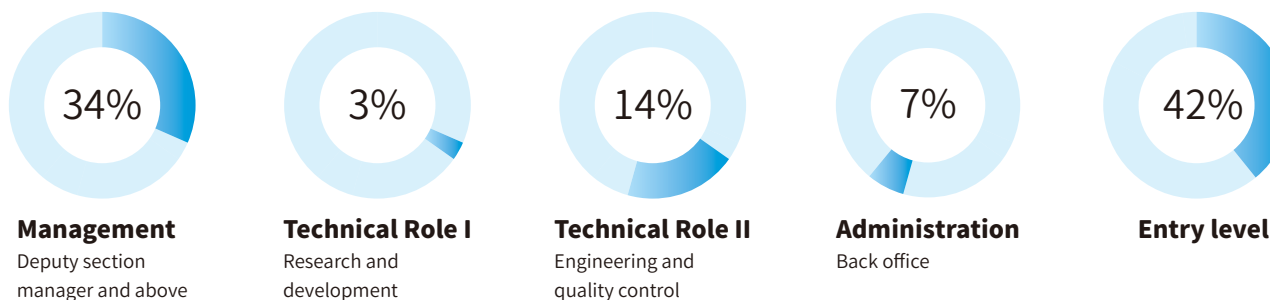
Employee Age Distribution in 2023



Distribution of Employee Education levels in 2023



Distribution of Employee Job Positions in 2023



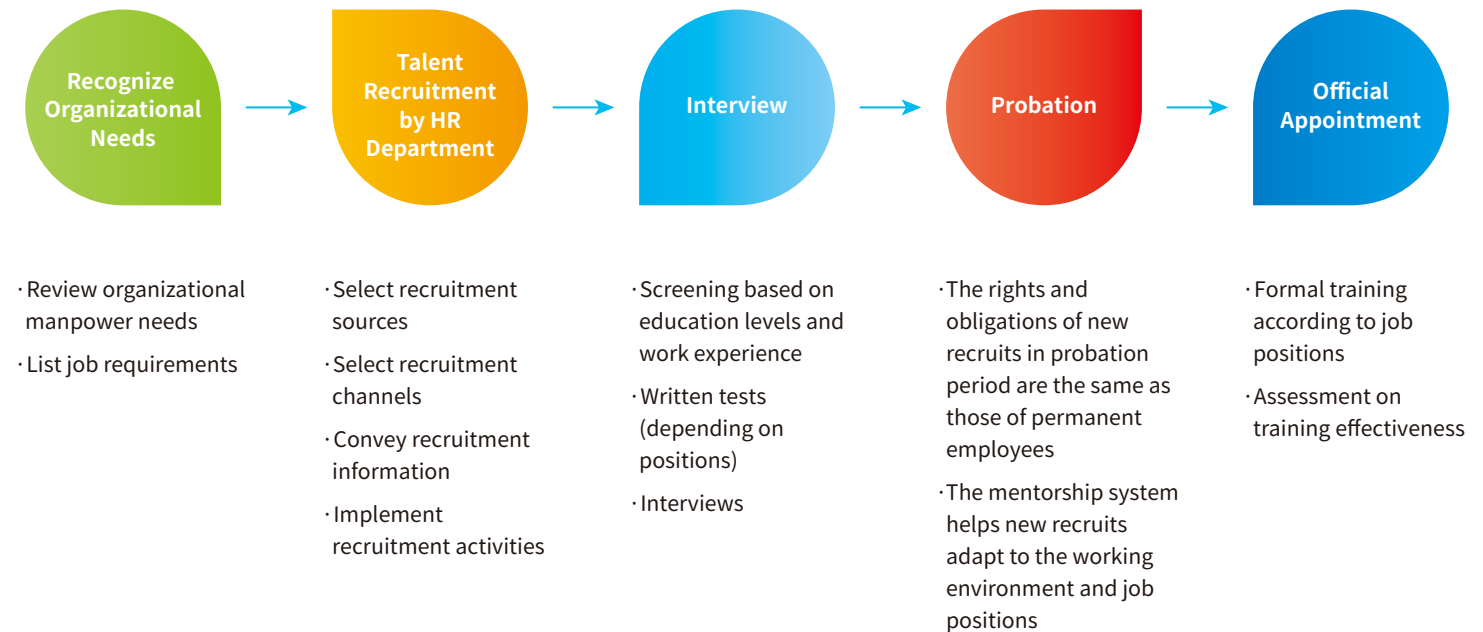
Employment Policies

Allied Biotech does not discriminate on the basis of race, class, language, ideology, religion, political affiliation, ancestral home, birthplace, gender, sexual orientation, age, marital status, physical appearance, facial features, physical or mental disabilities, or previous union membership regarding recruitment, selection, deployment, allocation, appraisal, promotion, pay, retirement, severance, resignation, dismissal, training, and benefits for personnel of all levels. No discriminatory incidents occurred during the period covered by this report.

In 2022, we launched a bonus for retained new employees. New recruits receive a bonus of NT\$3,000 after completing their three-month probation period and a bonus of NT\$8,000 after working at the company for one year. Both referrals and referees can receive these bonuses, and we hope that this measure can effectively build employee engagement and stabilize employee turnover.

Employment Process

We believe that putting people in positions suitable for their talents can make the best use of their strengths and maximize their value, thereby enhancing the company's production value, profitability, and even shareholder benefits. Therefore, we are committed to selecting suitable talents for Allied Biotech using the following procedures:

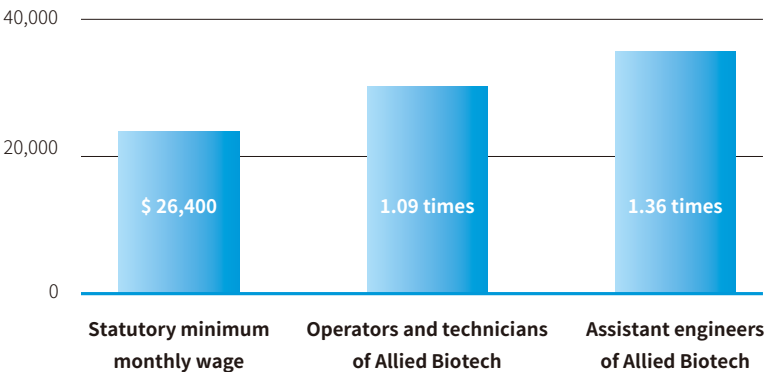


3.2 Compensation and Benefits

Salary and Compensation

Allied Biotech provides competitive compensation packages and appraisal systems. The starting salaries of our entry-level staff (including operators and technicians) and assistant engineers are all at least 1.09 times higher than statutory minimum monthly wage for 2023, displaying the level of importance that Allied Biotech attaches to employee well-being. New recruits of all levels at Allied Biotech are paid according to the salary levels listed in our job position and salary scale charts. Salaries of those with relevant experience or who deserve special merits may be adjusted as appropriate. Additionally, we make salary adjustments each year based on operational performance; relevant indices released by the Directorate-General of Budget, Accounting and Statistics; and conditions of related industries. For example, our salary adjustments over the past two years referred to consumer price indices and inflation indices. In 2022 and 2023, all employees received special salary adjustments of NT\$1,100 and NT\$1,500 respectively, and additional salary increases based on personal performance. Total salary adjustments = Special salary adjustments (fixed) + Performance salary adjustments. Therefore, entry-level employees received relatively higher salary adjustments. Average salary adjustments over the past three years have reached 2-3%.

Entry-Level Staff Wage Standard



Employee Care

Allied Biotech has established relevant policies on labor and human rights to comply with government regulations, which are implemented on all employees. We have not incurred any violations or penalties relating to labor and human rights laws over the past three years. We did not incur any violations of our commitment to protect the human rights of our employees in 2023, and we have also passed relevant labor inspections conducted by governing authorities. Furthermore, our employee labor conditions adhere with the latest revisions made to the Labor Standards Act and related regulations. Starting in 2023, we helped our employees reduce living costs by offering a monthly accommodation allowance of NT2,000. Employees who rent accommodation could apply for this allowance to improve their quality of life. Our commitment to the maintenance of labor and human rights are as follows.

Compensation and Benefits	Salaries are negotiated between Allied Biotech and its employees, but shall not be lower than statutory minimum wage. Allied Biotech will not withhold labor wages for liquidated damages or indemnification. An employee welfare committee has been established to provide holiday bonuses, birthday bonuses, annual company trips, year-end parties, and other benefits.
Prohibition of Child Labor	Article 44 of the Labor Standards Act stipulates that no child labor or underage workers (between 16 and 18 years of age) are permitted to engage in any potentially dangerous or hazardous job tasks. Therefore, we ensure that all employees have reached statutory working age.
Working Hours and Overtime	The regular working hours may not exceed 8 hours a day and 40 hours a week. If there is a need for overtime work, employee consent must be received and overtime pay or compensatory leave must be provided to employees. When an employee is unable to work outside of regular working times due to health or other legitimate reasons, the employer shall not force him/her to work.
Sexual Harassment Prevention	According to the Act of Gender Equality in Employment, when employers become aware of the occurrence of sexual harassment, effective correctional and remedial measures must be implemented immediately. Allied Biotech has established measures for sexual harassment prevention, incident reporting and disciplinary action. All these measures mentioned above are regularly communicated and promoted in the workplace.

Employee Health Checks

To ensure the physical health of all employees in the workplace, we carry out annual health checks for our factory employees. In addition to statutory inspection items, abdominal ultrasounds and bone mass density tests are also included in annual health checks. We hope that employee health check reports can provide an early warning for lifestyle modifications to maintain physical health. A total of 96 employees at our Taoyuan Factory underwent health examinations in 2023.

Employee Welfare Committee

According to the Organization Regulations on Employee Welfare Committee, an ex officio member is appointed, and the rest of the members are subject to elections. According to the Organization Regulations on Employee Welfare Committee and the Employee Welfare Fund Act, the Employee Welfare Committee reviews, promotes, and supervises employee welfare activities, and also engages in planning, custody, and use of the employee welfare fund.

Employee Welfare

Category	Content	
Bonus	<ul style="list-style-type: none"> • Year-end bonuses • Profit sharing with stock bonuses • Labor Day bonuses / Birthday bonuses 	
Insurance	<ul style="list-style-type: none"> • Labor insurance, health insurance, employee group insurance (life insurance, accident insurance, and occupational insurance) 	
Fundamental Welfare	<ul style="list-style-type: none"> • Daily shuttle services from Taipei to Taoyuan factory • Employee canteen at Taoyuan factory • Annual domestic company trips 	
Incentives	<ul style="list-style-type: none"> • Newcomer referral bonus • Performance bonus • Production bonus 	<ul style="list-style-type: none"> • Shift allowance • Double-time wages on holidays • Comprehensive promotion system
Leave	<ul style="list-style-type: none"> • Annual leave • Paternity leave 	<ul style="list-style-type: none"> • Family care leave • Menstrual leave
Subsidies	<ul style="list-style-type: none"> • Marriage allowance • Maternity benefit 	<ul style="list-style-type: none"> • Funeral subsidies • Accommodation allowance

Parental Leave

To provide sufficient support in balancing their life and work, Allied Biotech offers employees parental leave in accordance with legal regulations. 1 employee who applied to extend parental leave without pay in 2023, no other employees have applied for parental leave without pay; said employee is scheduled to be reinstated in 2025.

Foreign Employee Care

The “Foreign Worker's Living Care Service Plan” has been established to provide benefits and effective management of foreign employees in terms of their daily life and accommodation.

In 2022, the government launched the “Retention Program for Long-Term Employment of Immigrant Workers.” Employers can apply to retain mid-level technical personnel (foreign workers engaged in mid-level technical work who have worked in Taiwan for more than six years, or overseas Chinese and foreign students with associate/specialist degrees and above who meet salary or technical criteria). Since the program launched in 2022, 5 migrant workers at Allied Biotech have been approved as mid-level technical personnel.

Pension System

Allied Biotech has established a solid pension system. Based on the Labor Pension Act, Allied Biotech contributes 6% of the employees’ monthly wage to Labor Pension Reserve Fund every month. Employees may apply for pension payments from the date of eligibility.

3.2 Compensation and Benefits

Employee Trip in 2023

- Time: October 28-29, 2023 (a two-day trip)
- Locations: Sun-Link-Sea Vacation Resort, Wv Siv Farm, The M Village, Xitou Nature Education Area

We planned an employee trip around the Sun-Link-Sea Vacation Resort and Xitou Nature Education Area so our employees could enjoy nature and travel through beautiful forestlands.



Group Photo of Employee Trip in 2023

Internal Communication

Allied Biotech focuses on facilitating open communication in the workplace. When encountering any problems at work or providing feedback about the company, we encourage our employees to directly inform their unit supervisors who will then report to the president.

Additionally, Allied Biotech has established an "Employee Appeal and Feedback Mechanism" and set up electronic employee appeal forms which were officially launched online in March 2017. Employees can submit appeals through this channel, and relevant electronic forms will be delivered to the head of the human resources department, who will handle the matter according to the nature of the appeal. The head of the human resources department will then report to president or chairman. We have received no employee appeals as of December 31, 2023, though we will continue to follow up on relevant matters and ensure smooth communication with our employees.

The "mid-year/year-end appraisal mechanism" also allows employees to provide feedback to the Company. Through this mechanism, supervisors can communicate directly with employees to ensure their opinions are heard and handled.

Future Plans

- Continued provision of additional and more effective channels for internal communication
- Periodic review and resolution of employee-reported problems

3.3 Talent Development

Career Development

Allied Biotech career development ideals:

- Utilize existing employee training to reduce gaps in necessary skills, enhance job-related skills, improve performance, and create learning motivation so that our employees can possess the capabilities to execute their jobs and gain job satisfaction.
- Implement training in stages for the needs of different ranks and job functions, and offer external or self-organized internal training to our employees.
- Adhere to the skills required by our corporate operational targets to realize mutual growth for our employees and the entire organization.

Training

Talent Training Practices

Allied Biotech has formulated a comprehensive talent development system which speeds employee learning through five main methods. The system is regularly reviewed and adjusted, and serves as a basis for adjustment of employee development policies.



Development of
Core Skills



Mentorship
Teaching



Training for
New Recruits



Training in
New Technologies



Professional
Performance
Appraisals

Our training programs include training for new recruits, training in general knowledge and skills, technical training, and management training. Different training programs are provided based on employee needs and job requirements.

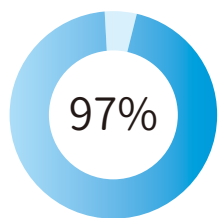
During training, the "Performance Evaluation Chart for Internal Training" is used to assess the learning results of attendees, and to determine whether training objectives and needs have been achieved. For outsourced training sessions, unit managers are required to fill out a "Comprehensive Training Evaluation Chart" within three months after training has concluded to assess how attendees are applying what they have learned in their work; manager feedback aids with planning for more appropriate lecturers and more effective training.

3.3 Talent Development

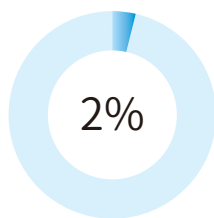
Training Implementation

Impacts from the COVID-19 pandemic were much reduced in 2023 compared to 2022, and therefore total employee training hours increased compared with 2022. In terms of trainee numbers, the proportion of trainees and training hours for technical training courses were the highest at 97% of total training hours. In order to comply with the requirements of occupational health and safety regulations, as well as need to enhance various professional skills, factory personnel at our Taoyuan Plant received a considerable amount of professional skills training from internal and external training units. It was necessary to adjust course schedules and implement epidemic prevention measures during the pandemic. In future, after the pandemic has been controlled, we will take inventory of relevant courses to ensure that professional personnel meet their requirements and to enhance employee knowledge, skills, and management capabilities for continued business operations.

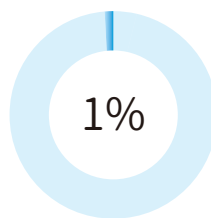
Training Hours in 2023 (Total 3,109.5 hours)



Technical Training



Management Training



Training for New Recruits



Occupational Health and Safety

Policies and Commitments	Policies "Safety first"; maintain health and safety management in the workplace; promote safe production environments; protect employee health and safety.	
	Commitments Allied Biotech is dedicated to providing employees with safe workplace environments, occupational health and safety training, and health benefits and systems to prevent occurrence of occupational hazards while protecting the health and safety of our staff during work activities, thereby allowing our employees to achieve a work-life balance.	
Objectives	Short-Term	<ul style="list-style-type: none">• Implement epidemic prevention plans• Improve process environments• Personnel health and safety training• Monitor workplace environments• Special health checks for prevention of occupational diseases
	Mid- and Long-Term	<ul style="list-style-type: none">• Substitution with safe chemicals• Upgrading of hazardous equipment• Ensure workplace environments adhere to permissible exposure limits• Safety appraisal systems for personnel promotion

Maintenance of safety conditions and safe workplace environments is one of the basic elements for protecting personnel safety. We consider "top quality, safety first" to be our core ideal for production-related operations. In 2023, we continued to participate in the injury-free working hours competition hosted by the Occupational Health and Safety Administration. As of December 2023, our Taoyuan Factory has accumulated 2,568,426 injury-free working hours.



Future Plans

- Maintain our injury-free working hours record and continue to build a safe workplace environment for our employees
- Continue to organize personnel safety training
- Continue to convene Health and Safety Committee meetings to discuss work safety issues and regulations

3.4 Health and Safety

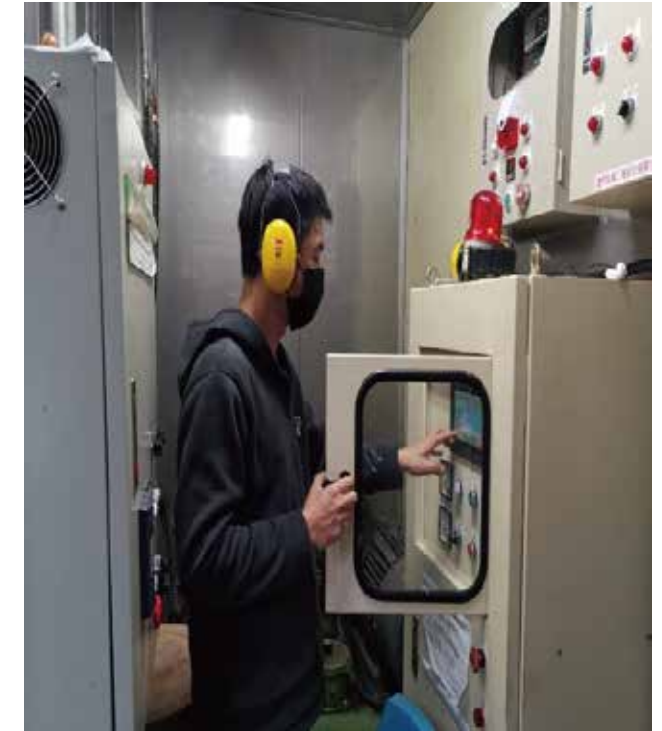
Occupational Health and Safety

Governing authorities have conducted non-periodic occupational health and safety inspections over the past few years. In 2023, 1 occupational injury incident occurred at Allied Biotech, and the competent authorities imposed a fine of NT\$60,000. We have reinforced safety training and completed equipment improvements to prevent other occupational injuries from occurring.

We have established a first-level occupational health and safety management unit at our Taoyuan Factory; the unit is mainly responsible for formulating, planning, and overseeing occupational health and safety regulations and systems; promoting management of occupational health and safety tasks; guiding implementation in relevant units; reviewing health and safety codes of practice from time to time; and facilitating revisions alongside labor representatives. Additionally, we comply with the requirements of occupational health and safety management regulations, occupational health and safety management plans, and voluntary inspection plans to prevent occupational hazards from occurring.

To ensure the physical and mental health of all employees in the workplace, we carry out annual preventive health checks relating to noise and other special operational environments, thus protecting our employees from suffering adverse effects. Furthermore, we have formulated emergency response programs in preparation for announcements of serious epidemic conditions made by the Centers for Disease Control to prevent epidemics from spreading and to protect the safety of our employees. Apart from implementing regular health checks on our factory employees in accordance with legal regulations, Allied Biotech has also implemented regular health checks on employees at our Taipei headquarters.

Wear soundproof protective gear when entering noisy places

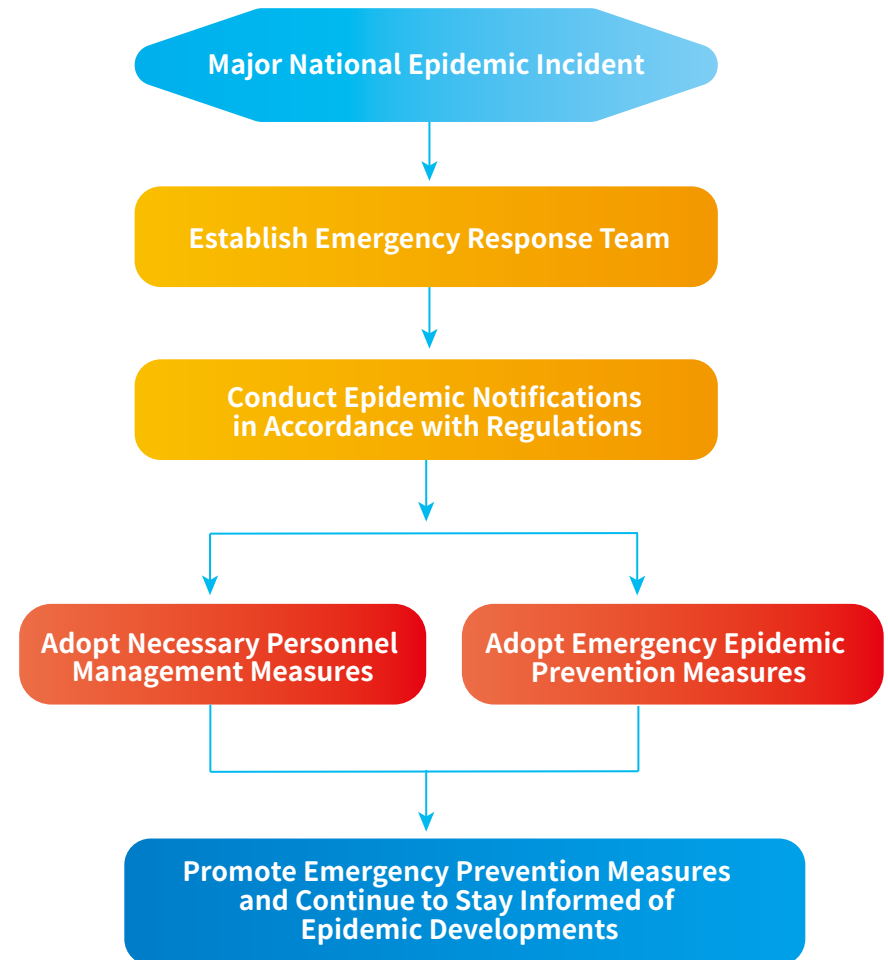


Responses to the COVID-19 Pandemic

In May 2022, as local epidemic conditions worsened, the team was renamed the “Coronavirus Epidemic Prevention Team.” convened by President Ching-Hui Lin with first-level managers served as contact windows and synthesis plant director and formulation plant director were served as deputy supervisors to aid supervision of various epidemic prevention matters. In 2023, as pandemic conditions normalized, the Central Epidemic Command Center announced that COVID-19 had been reclassified as a Class IV disease from a Class V disease, and the Central Epidemic Command Center was disbanded on May 1, 2023.

In response to the “new normal of epidemic prevention,” we continued to maintain our “Coronavirus Epidemic Prevention Team” for management and tracking, and also required all departments to establish coronavirus prevention response plans, plan backup candidates in advance for employees requiring emergency home quarantine, and formulate related regulations to protect employee health and safety as well as ensure sufficient manpower.

Currently, personnel entering our factory no longer need to take body temperature measurements or wear masks, and sick personnel adhere to general leave requirements. However, Taoyuan Factory employees still have separate meal periods and eat bento boxes, although the partitions used for epidemic prevention in our dining rooms have been removed. If the epidemic recurs or if similar situations occur in the future, we will immediately initiate epidemic prevention response plans in accordance with regulations announced by competent authorities. Our factory will implement epidemic prevention tasks according to plan and we will continue to adjust our preparations and responses.



Statistics on Work-Related Injuries

We are focused on improving unsafe environments and actions in the workplace, providing adequate and effective personal protective equipment, and helping each employee understand the importance of safe operational procedures. In 2023, 1 disabling injury incident occurred in our factories. Apart from making immediate improvements, we also organized 3 additional accident prevention training courses and implemented equipment improvements. The total number of work hours at our factory for 2023 was 189,736 hours.

Our factory conduct annual preventive health checks for occupational diseases; these periodic checks prevent occurrence of occupational diseases and reduce damages. In 2023, occupational doctors and nurses provide health services on a total of 52 occasions. A total of 74 employees were examined, and 4 were categorized as requiring Level 3 management. Following re-examination by an occupational health specialist, 1 were diagnosed to be job-related and categorized as requiring Level 4 management and 3 were determined to be unrelated to their jobs, and they were deemed to be suited for their current positions. We continue to limit exposure times in noisy environments and require our personnel to use soundproofing equipment during work. All personnel exposed to workplaces with noise involvement undergo annual noise and hearing examinations. We also conducted health checks to prevent occupational diseases from vinyl chloride. A total of 51 employees were examined, and 2 were categorized as requiring Level 3 management. Following re-examination by an occupational health specialist, their conditions were determined to be unrelated to their jobs, and they were deemed to be suited for their current positions. All relevant personnel continue to undergo annual health checks related to vinyl chloride.

Health and Safety Committee

We have established a Health and Safety Committee at our Taoyuan factory. As the number of personnel at our factory do not meet regulated requirements, Committee meetings are convened non-periodically. Labor representatives make up one-third of Committee members. Review of false alarms, revision of work safety regulations, safety management of production processes, and risk evaluations are fully discussed and implementation methods are approved during the meetings.

Fire Hydrant Training



Fire Extinguisher Training



3.4 Health and Safety

Labor Safety Training

Allied Biotech conducts annual health and safety training at our factory. Our training courses include periodic employee health and safety training and non-periodic occupational health and safety training organized by external units. In 2023, our comprehensive training program for all employees included occupational health and safety courses, emergency response drills for toxic chemical substances, promotion of environmental laws and regulations, and fire drills. We hosted a total of 8 training sessions which were attended by 204 participants.

Additionally, we established health and safety training for dangerous and hazardous materials that new recruits have to complete prior to entering our factory. We hosted a total of 15 training sessions in 2023 which were attended by 23 attendees.

External training and refresher training are conducted according to professional management and operational tasks, including training for operators of stackers with loads of more than 1 metric ton, Level B boiler operators, managers of operations involving specific chemical substances, managers of oxygen-deficient operations, managers of operations involving organic solvents, and operators of hazardous equipment. In 2023, we sent 40 attendees to 9 training sessions. In 2023, the competent authorities conducted 4 occupational health and safety audits and discovered 1 violation of the Occupational Safety and Health Act, imposing a fine of NT\$60,000. Our factory implemented immediate improvements of said deficiency, conducted health and safety training, and revised safety operational standards to prevent other occupational injuries from occurring.

Employee Educational Training



Employee Health Check



3.5 Social Participation

Allied Biotech supports social welfare activities and encourages employee participation as part of our contributions and commitments to society. Faced with the COVID-19 pandemic since 2020, we were the first enterprise to provide epidemic prevention resources to neighboring communities and encourage participation in our colleagues. Organization and participation in these activities increased our interactions with the whole community, and we also participated in activities organized by schools to demonstrate our social participation. Additionally, we are attentive to formulation and discussion of industrial bills, and have joined many discussions and seminars. We hope that our participation in diversified social activities can demonstrate our determination and passion for social interaction, and bring about more proactive actions in future. In 2023, Allied Biotech was mainly involved in the following four types of social participation:

1. Donations of epidemic prevention resources
2. Support cultural heritage
3. Participation in bill negotiations and food safety activities
4. Participation in community activities

Donations of Epidemic Prevention Resources

Although the impact of the COVID-19 pandemic has slowed down in 2023, Allied Biotech continued to use the rubbing alcohol distributed to enterprises to produce 560 liters of 75% rubbing alcohol for donation to Yisheng Elementary School in Fuxing District, Taoyuan City; Qiao-Ai Elementary School in Daxi District, Taoyuan City; and Caota Elementary School in Guanyin District, Taoyuan City.

Participation in Bill Negotiations and Food Safety Activities

Allied Biotech utilizes our expertise as a professional industry player to actively participate in discussions and negotiations of industrial bills, thus realizing our corporate social responsibilities. We have participated in multiple meetings and briefings, allowed full discussion of relevant issues and assisted promotion of these bills. In 2023, 10 Allied Biotech employees participated in these events; the total number of discussion hours was 112 hours.



Certificate of Appreciation from
Qiao-Ai Elementary School

3.5 Social Participation

Support Cultural Heritage

Allied Biotech supports community development and cultural heritage with practical actions. In 2023, Allied Biotech sponsored the Taoyuan City Qiao-Ai Elementary School Wagi Maoloh Choir under a program which aimed to discover and cultivate indigenous students with musical talents as well as promote integration of traditional indigenous music and modern music.

This program encompassed musical training, cultural exchanges, and performance activities; the courses incorporated traditional indigenous songs and dances, focusing mainly on Amis and Atayal songs supplemented with songs from other tribes to ensure that students could gain an in-depth understanding of their cultural heritage and pass on this legacy while learning modern music. To support choir activities, Allied Biotech provided a sponsorship of NT\$150,000 in 2023 to purchase traditional costumes, accessories, musical instruments, and other equipment to ensure that the choir could be at its best during all performances.

In 2023, the Wagi Maoloh Choir performed well in many local singing competitions, was invited to perform at the 2023 Taoyuan Indigenous Music Festival, and conducted a cultural exchange in Sabah (Malaysia) to showcase Taiwanese aboriginal music and culture to the world.

Allied Biotech will continue to support choir developments to help students attain musical achievements while promoting indigenous cultural heritage and development so these precious cultural legacies can continue to shine for new generations, generating more positive social impacts, and bringing hope and opportunities to more children.

Participation in Community Activities

We make it our mission to support development and activities in neighboring communities, not only acting as a consultant for the Caota Volunteer Firefighting Squad, but also continuing to serve as the leader of the Health and Safety Promotion Association of the Guanyin Industrial Park. We joined the Guanyin Industrial Park Safety and Health Family and received a medal. Allied Biotech continues to regularly participate in community activities such as: community patrol team, Xietian Temple activity, Earth god Christmas activities and charity activities. Furthermore, the Taoyuan City Fire Department convened the Taoyuan City Government Department of Health, Department of Environmental Protection, Police Department, Guanyin District Office, Northern Region Environmental Incidents Specialist Team, and Guanyin Industrial Park Service Center to conduct a tabletop fire drill at our Taoyuan Factory, simulating disaster scenarios and helping all municipal units understand disaster response capabilities and horizontal communication channels during incidents to minimize disaster scope.



2023 Qiao-Ai Elementary School cultural exchange activity in Sabah, Malaysia



Received Safety and Health Family medal

Ch4 Environment

- 4.1 Environmental Responsibility
- 4.2 Climate Actions
- 4.3 Management of Raw Materials
- 4.4 Climate Change and Energy Management
- 4.5 Water Management
- 4.6 Waste Management and Pollution Control



Fulfill Environmental Protection Responsibilities and Prevent Environmental Pollution

Our environmental policy is to fulfill our environmental protection responsibilities, continue to improve the environment, and prevent occurrence of environmental pollution incidents. In order to realize our commitment to green operations and sustainable development, we have formulated short-, mid-, and long-term environmental sustainability targets, and regularly review our performance evaluation systems.

Our initial investments in environmental protection were focused on infrastructure equipment for protecting the environment, and we gradually optimized processing equipment and processes each year. Our recent investments in environmental protection continue to optimize our processes, and we supplemented these investments with reuse of resources. Allied Biotech invested NT\$2,650,000 in project expenditures for replacing air suspension blowers to reduce operational noise, improve air quality, and lower wastewater processing volumes in 2023.

Reduce Environmental Impacts of Products and Services

Allied Biotech is attentive to environmental impacts that may arise from our R&D processes, raw materials, product development, suppliers, and overall operations; we also strive to reduce our environmental impacts and strengthen our environmental protection actions.

- **R&D processes:** We comprehensively consider all possible waste types and volumes that may be generated during production processes, and work to reduce waste prior to mass production processes.
- **Raw materials:** In terms of raw material management, we store all liquids in storage tanks, and our suppliers deliver all liquid materials in tanker trucks which can directly pour materials into our storage tanks.
- **Product development:** Since 2022, we developed environmentally friendly and cruelty-free products in line with client demands, and we continue to develop Palm Free products and use RSPO-certified materials. Currently, more than 95% of Allied Biotech products adhere to Palm Free or RSPO principles, and all of our products contain no animal ingredients. In 2023, our customer product development department and formulation plant collaborated to complete mass production processes for 3 new Palm Free products; the quality and cost for these products all complied with expected targets. Additionally, our customer product development department actively develops and uses environmentally friendly processing agents, and our formulation plant actively invests in equipment corresponding to these changes in processing agents. We plan to gradually replace packaging and pallets for outbound products with biodegradable and environmentally friendly materials.
- **Suppliers:** We evaluated supplier features relating to environmental impacts, including environmental management systems, emergency response plans, prior involvement in environmental pollution incidents over the past two years, and whether packaging materials can be recycled and reused. Evaluation results are taken into consideration during supplier selection and auditing processes.
- **Chemicals used in production processes:** We optimize solvents and chemicals used in production processes by replacing toxic solvents or solvents that are difficult to purify and recycle. We also increased recycling rates and reduced wastewater and waste liquids by improving our equipment, adjusting production parameters, and switching to easily degradable chemicals to reduce environmental impacts.
- **Overall operations:** Starting in 2020, we also began planning improvements for our existing distillation equipment. We extracted VOCs from high-concentration wastewater for processing through RTOs to produce clean energy (air vapor) and reduce COD levels in wastewater. In 2023, we treated 350MT of high-concentration COD wastewater, and RTO treated VOC generated an additional 2,563MT of steam. Our new distilling equipment, which officially commenced operations in the third quarter of 2022, improved solvent recycling rates and solvent purities, reducing outsourced incineration amounts and increasing carbon reduction benefits. In 2023, we purified and recycled 44.3MT of dichloromethane and 22.2MT of n-heptane. In terms of waste solvents generated during production processes, we used equipment enhancements and adjustments in process parameters to increase our product yields, reactivity, and recycling rates while reducing wastewater and effluent volumes. Additionally, we also plan to improve RTO exhaust systems by installing collection tanks for exhaust gases to reduce VOC emissions during switches in dual RTO systems, thereby enhancing our compliance with emission standards. We completed installations of solvent storage tanks in the third quarter of 2023, reducing the need for 280 waste solvent canisters.

4.2 Climate Actions

Allied Biotech is fully aware that climate change, a major global challenge, poses a serious issue. We have incorporated climate change issues into corporate sustainable development strategies and actively promote climate change management tasks to improve corporate operational resilience. In 2019, we identified climate change risks for the first time to enable continued management. In 2023, we adopted the Task Force on Climate-Related Financial Disclosures (TCFD) framework and prioritized identification of climate-related physical and transition risks. In future, we will continue to implement scenario analyses and financial impact analyses for major risks and opportunities to provide stakeholders with relevant and reliable financial information so we can jointly achieve environmental protection and sustainable development.



Climate Change Governance Framework

The Board of Directors is our highest decision-making unit for climate risk and opportunity strategies, and is mainly responsible for approving related policies as well as supervising and maintaining the effectiveness of climate management systems. The Board possesses oversight responsibilities for all climate-related risks and opportunities, and regularly reviews and assesses corporate climate strategies and goals to ensure compliance with corporate sustainable developments. All units are responsible for implementing routine management of climate-related risks and opportunities, reporting regularly to the Board, and formulating and implementing specific strategies and action plans in response to climate change challenges.

Strategic Plans and Implementations

Allied Biotech understands that climate change will affect operational costs and acquisition of raw materials, and has therefore evaluated possible increases in future energy prices. Apart from implementing energy and carbon reduction projects, we have also incorporated considerations of raw materials and supply chains. In the face of recent climate disasters, we have formulated adaptation strategies and implemented multiple climate actions for various environmental aspects to build complete climate change governance structures and strategies, allowing us to stand firm in the face of changing climate environments.

Climate Change Risk Management

To manage climate change risks, we incorporated existing risk management frameworks and used composite risk identification, management, and monitoring processes to establish comprehensive risk management systems, ensuring effective responses to all potential risks and adherence to sustainable management goals. We ensure effective control and management of potential impacts through corporate risk management systems and processes based on TCFD framework guidelines. Each unit is responsible for management of risks related to their own business aspects, and reports risk management progress and achievements to senior managers and the Board on a regular basis.

4.2 Climate Actions

	Category	Description	Degree of Impact	Timeline of Occurrence	Potential Financial Impacts	Opportunities	Response/Adaptation Actions
Physical Risks	Acute Disasters	<ul style="list-style-type: none"> • Extreme climate incidents: Heavy rainfall, typhoons, earthquakes, pest infestations 	High	Short-term	<ul style="list-style-type: none"> • Heavy rainfall events increase flooding risks and repair costs • May cause shipment delays • May cause damage to local operational equipment or personnel injuries, increasing operational costs • May disrupt raw material sources, obstruct production operations, interrupt product shipments, and affect operating income 	<ul style="list-style-type: none"> • Improve resource usage efficiency in production processes to reduce operational costs and enhance production resilience 	<ul style="list-style-type: none"> • All raw materials are procured from long-term contacts with no supply shortage risks, and we continually develop new material sources to maintain at least two suppliers for each type of raw material. We have also established safety stocks and stay abreast of market changes in raw materials • We strive to reduce energy intensity to lower energy reliance; our energy use intensity in 2023 was slightly reduced compared to 2022
	Chronic Disasters	<ul style="list-style-type: none"> • Changes in average temperatures • Water shortage 	Low	Long-term	<ul style="list-style-type: none"> • Rising temperatures affect employee work environments • Decreased availability of water resources affect production volumes and may even interrupt production processes • Long-term climate changes reduce energy supplies and increase operational costs 	<ul style="list-style-type: none"> • Incorporate renewable/low-carbon energies to reduce potential carbon costs • Adopt green/smart building designs for new factories to reduce routine operational costs and increase use efficiency of natural resources 	<ul style="list-style-type: none"> • We installed regenerative thermal oxidizers (RTOs) in our factory; RTOs not only effectively treat VOC emissions, but also make it possible to recycle and reuse residual heat as a substitute for electricity used for heating, reducing electricity consumption and enabling environmental protection and energy savings • Continued R&D and process improvements, and reduced wastewater discharge through recycling of water resources and solvents • Our factories have continually promoted water conservation plans since 2015. We made the switch to sludge dewatering screw presses in 2021 and therefore no longer need large amounts of recycled water for cleaning, effectively reducing our water consumption

4.2 Climate Actions

	Category	Description	Degree of Impact	Timeline of Occurrence	Potential Financial Impacts	Opportunities	Response/Adaptation Actions
Transition Risks	Policies and Regulations	<ul style="list-style-type: none"> Carbon taxes/ carbon fees Fuel taxes/ energy taxes Volume control/ mandatory reporting of emission trading 	Moderate	Short-term	<ul style="list-style-type: none"> Carbon taxes in overseas markets, carbon fees in Taiwan, and energy related taxes will increase operational costs Investing resources to inventory, verify, and disclose organizational greenhouse gas emissions and carbon footprints over a product's entire lifecycle increases operational costs 	<ul style="list-style-type: none"> Optimize production processes to reduce organizational carbon emissions and product carbon footprints can reduce operational carbon costs Establish carbon capital and participate in carbon trading markets to reduce risks from rising energy prices 	<ul style="list-style-type: none"> Inventoried and analyzed greenhouse gas emission conditions and hotspots, and continue to strengthen management of greenhouse gas emissions through energy and carbon reduction measures and projects Strengthened energy and carbon reductions in office areas Installed LED lights and high-efficiency water chillers to improve energy conservation efficiency and effectiveness Work to improve current waste reduction levels through periodic projects and continue to research how generated waste can be transformed from hazardous to non-hazardous industrial waste to further strengthen our recycling and reuse levels
		<ul style="list-style-type: none"> Uncertainties from new regulations and standards International conventions/ voluntary agreements 	Low	Medium-term	<ul style="list-style-type: none"> Investing corporate resources in response to new laws, to align with international conventions, or to set carbon reduction goals will increase operational costs Various countries have revised their environmental laws to strengthen regulations associated with waste and greenhouse gas emissions, which may increase operational costs 	<ul style="list-style-type: none"> Adopt governmental green energy incentive policies to reduce initial investment costs 	

4.3 Management of Raw Materials

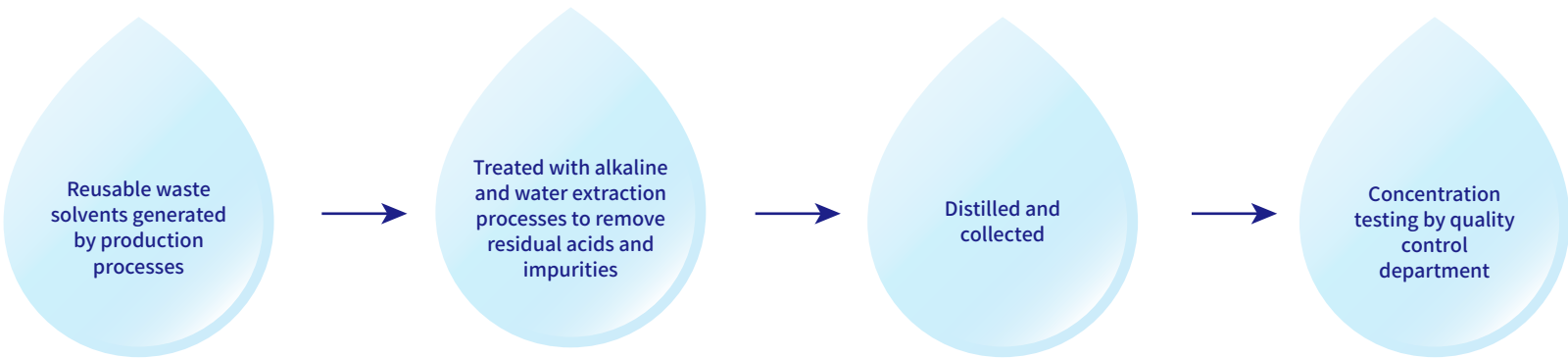
Allied Biotech mainly produces health foods and food additives. Therefore, the raw materials used directly in our products are not renewable materials. However, we recycle and reuse supplementary raw materials in order to enhance resource usage efficiency.

We mainly recycle solvents from our synthesis plant for reuse. The waste solvents generated through various production processes are first subjected to alkaline and water extraction processes to remove residual acids and impurities, following which the waste is distilled and collected for concentration testing by our quality control department. Materials which comply with standards are then reused in our production processes.

Usage of Raw Materials and Renewable Materials

Year	2021	2022	2023
Total Usage of Raw Materials (kg)	2,609,170.93	2,426,451.58	2,293,410.77
Total Usage of Renewable Materials (Recycled Solvents) (kg)	677,034.00	678,450.00	661,058.00
Ratio of Renewable Materials (%)	25.95%	27.96%	28.82%

Our new distilling equipment commenced operations in the third quarter of 2022 and purified 44.3MT of recycled dichloromethane and 22.2MT of n-Heptane in 2023. Solvent recovery can also reduce the amount of waste liquids sent for outsourced incineration, thus reducing carbon emissions by more than 70% each year. Carbon reduction benefits in 2023 reached 80.1%.







4.4 Climate Change and Energy Management

Energy Usage Management

The primary energy sources used at Allied Biotech are electric power, liquefied petroleum gas, and natural gas. Electricity is mostly used to power our air-conditioning systems and production machinery.

Allied Biotech is committed to reduction of crude oil usage and pollution. In April 2020, we first used liquefied petroleum gas to replace heavy crude oil as boiler fuel, and therefore used no heavy crude oil in 2021. In June 2022, we used natural gas to replace liquefied petroleum gas as boiler fuel, and therefore our usage of liquefied petroleum gas dropped significantly. Fuel for all factory gas-powered equipment was changed to natural gas in mid-June of 2023.

In 2023, internal electricity usage at our factories amounted to 9,181,800 kWh and (13.5 kWh/ thousand NTD of revenue), demonstrating the results of our continued investments in and management of energy efficiency. Overall energy consumption within our organization in 2023 amounted to 50,706 GJ, and our energy usage intensity was 0.0704 GJ/thousand NTD of revenue, a slightly decrease compared with 2022 (0.0705 GJ/thousand NTD of revenue).

Electric Power	Consumption (kWh) / Per Year		
	2021	2022	2023
	9,745,000	9,665,400	9,181,800
Liquefied Petroleum	Consumption (kg) / Per Year		
	2021	2022	2023
	325,234	184,539	9,686
Diesel Oil	Consumption (Liters) / Per Year		
	2021	2022	2023
	6,000	7,200	6,300
Natural Gas	Consumption (Cubic Meter) / Per Year		
	2021	2022	2023
	0	315,180	505,891

Notes : Electricity costs for our Taipei office include electricity usage in the amenity spaces of our office building and in the Allied Biotech offices. As these did not affect electricity usage at our factory, we have not included these costs in our calculations.

4.4 Climate Change and Energy Management

Management of Greenhouse Gases

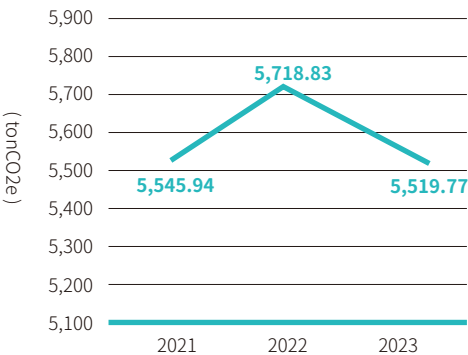
Allied Biotech has begun conducting simplified organizational greenhouse gas inventories in recent years, including identification of emission sources, establishment of activity intensity data, and recording of emissions data to calculate our greenhouse gas emissions. Allied Biotech’s GHG emissions include Scope 1 and Scope 2 emission sources. Our direct GHG emissions stem from sources we own or control, such as factory chimneys, production processes, and ventilation equipment, as well as emissions from fixed heating sources, production processes, and transportation equipment we own or control.

Allied Biotech continues to strengthen management of greenhouse gas emissions through energy and carbon reduction measures and projects. Our greenhouse gas emission was decreased by 3.5% in 2023 compared with 2022 and greenhouse gas intensity was increased by 8.3% in 2023 compared with 2022.

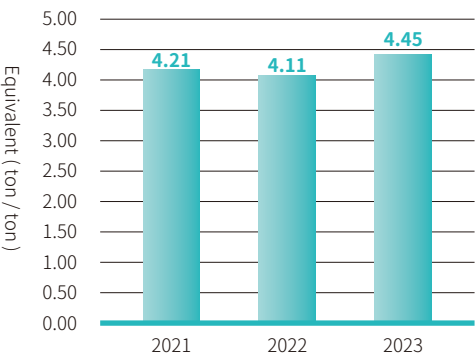
Energy and Carbon Reduction Measures and Performance

Allied Biotech achieves energy and greenhouse gas management through the implementation of energy-saving and carbon-reduction measures. We require a large number of refrigerated areas to store our products during the production processes, which necessitate a high amount of electricity usage. Therefore, we consider introduction of technologies for maintenance and optimization of factory equipment to be an important energy-saving measure. In future, we will reduce and manage greenhouse gas emissions through energy- and carbon-reducing programs, and we have already formulated a two-year plan to achieve our energy and carbon reduction targets.

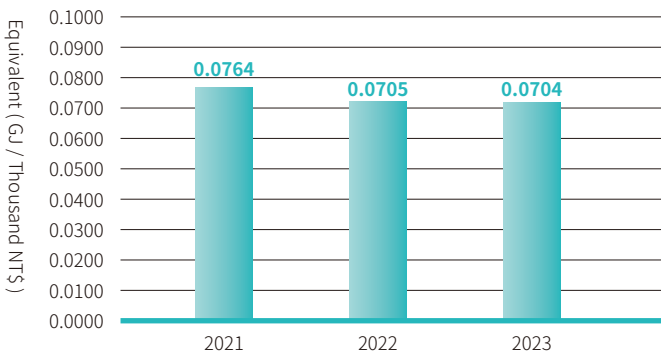
Greenhouse Gas Emissions



Greenhouse Gas Intensity



Energy Usage Intensity



Notes:

1. Based on the calculation of the electricity emission coefficient announced by the Energy Bureau in May 2024 the electricity emission coefficient in 2023 was 0.494 CO2e/kWh, in 2022 was 0.495 CO2e/kWh, and in 2021 is 0.509 CO2e/kWh.
2. Greenhouse gas emission intensity=greenhouse gas emissions/production volume

4.5 Water Management

With the increasingly serious climate change migration, water resources have become an important issue that cannot be ignored. Regarding the operation of Allied Biotech, this issue affects the entire company, and our water consumption is increasing day by day. It is necessary to pay attention to and do an effective water management.

Future Plans

- Maintain water usage intensity
- Maintain water-saving measures and performance
- Manage indicators of poor performance through regular follow-up and review, and organize reduction plans

Water Resource Management

Water resources used at Allied Biotech are mainly sourced from tap water supplied by Taiwan Water Corporation. This water is mainly used in our production processes, including the water circulation systems of our cooling towers, RO water systems, and washing water for direct production processes. Water is also used in non-production processes for wet scrubbers in pollution prevention facilities, for washing sludge dewatering filter presses, and for domestic use by employees (for example cleaning of staff canteens and employee washroom usage). Tap water usage in 2023 was 55,812 tons/year. We began implementing water-saving plans at all factories starting in 2015, encompassing process improvements and reduction of domestic water usage. Tap water usage in 2023 was increased by 15% compared with 2022, mainly due to our new production processes.

Unit: Million ML

Water withdrawal volumes	2021	2022	2023
Recycled water	1.49	0.00	0.00
Water from third-party sources	49.98	47.95	55.81
Total water withdrawal volumes	51.47	47.95	55.81
Discharged water volumes	2021	2022	2023
Ground water	36.68	34.72	40.87
Total discharge volumes	36.68	34.72	40.87
Water consumption	2021	2022	2023
Total water consumption	14.49	13.23	14.94

Notes:

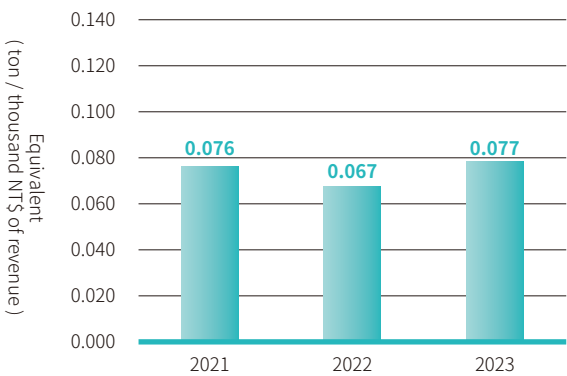
1. 1 Million ML=1,000 tons

2. Water consumption=total water withdrawal volumes – total discharge volumes

Water Usage Intensity

In 2023, our internal water consumption volumes amounted to 55,812 tons and product revenues amounted to NT\$ 720,431,000, resulting in a water usage intensity of 0.077 tons per thousand NTD in revenue. As we initiated new production processes in 2023, our water resource usage increased by 7,861 tons compared with 2022, and unit water usage intensity also increased by 15% compared with 2022. In future, Allied Biotech will continue to improve water resource usage efficiency to reduce water consumption.

Water Usage Intensity

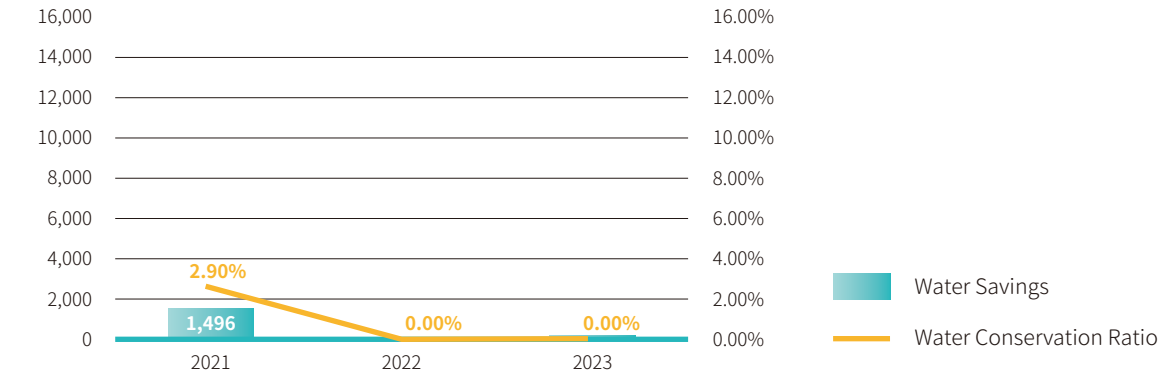


Water-Saving Measures and Performance

Our improvement measures for water conservation have always focused on evaluations of water usage benefits. Allied Biotech began promoting factory-wide water-saving plans (including process improvements and reduction of domestic water usage) in 2015, other water-saving measures for domestic water usage included installation of water-saving devices and reduction of toilet flush volumes.

Water-saving measures in recent years included improvements of wind-resistant nets on cooling towers, which effectively prevented side winds from scattering cooled water to the ground. Our water recycling program has been changed to sludge dewatering screw presses in 2021 and therefore no longer need large amounts of recycled water for washing processes, effectively reducing our water consumption and we no longer needed to wash wastewater equipment using recycled water in 2022. Our future goal is to implement water-saving measures and review our water efficiency each year to meet our water conservation targets.

Water-Savings



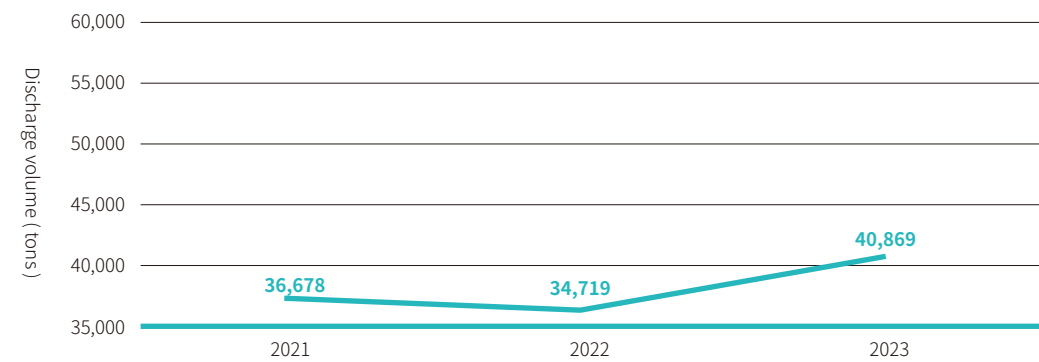
Treatment of Wastewater Discharge

The wastewater treatment plant at our factory was completed and commenced operations in 1998. It has operated stably since then, and we continue to facilitate updates. Use of advanced oxidization treatments to reduce wastewater pollution levels was an improvement highlight we assessed in 2017. Our factories conducted system tests and ozone experiments; preliminary results indicated that our processes effectively reduced COD values by 50%. Allied Biotech fully supports improvements made to wastewater discharge volumes, which not only ensure that our wastewater discharge comply with regulated standards, but also reduce our operational risks. Experiments for this project was completed in 2018, and preparatory improvement tasks were implemented in 2019. We initiated this project in 2020, effectively reducing wastewater pollution values.

Procedures for handling risks of excessive wastewater discharge

- Establishment of checkpoints and inspection highlights
- Listed as handover items for each shift
- Regular equipment maintenance
- Training for sand filter operators
- Monthly testing of alarm systems

Wastewater Discharge Volumes



COD and SS Levels of Discharged Wastewater

Unit: mg/L

Water Quality Indicator	Average Monthly Level			Monthly Discharge Limit
	2021	2022	2023	
COD (Chemical Oxygen Demand)	377	429	330	560
SS (Suspended Solids)	43	12	10	480

4.6 Waste Management and Pollution Control

Waste and Wastewater

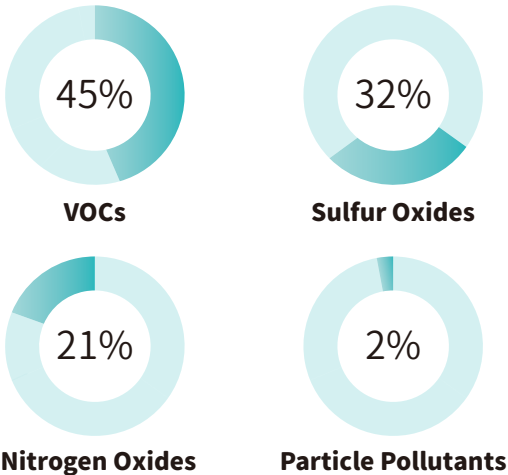
Policies and Commitments	To prevent environmental pollution incidents, all wastewater and waste generated during production activities are treated according to legal regulations. Our waste is classified, disposed, and handled in accordance with legal requirements, and recyclable waste is recycled and reused to reduce process wastes, allowing us to fulfill our responsibilities toward the environment.	
Objectives	Short-Term	<ul style="list-style-type: none">• Ensure that wastewater and waste comply with legal regulations• Reuse of process waste• Optimization of waste water extraction equipment
	Mid- and Long-Term	<ul style="list-style-type: none">• Reduction of wastewater pollution sources• Increase in waste reuse ratios• Waste reutilization

Management of Air Pollutants

Our facilities for prevention and control of stationary pollution sources have obtained an operating license from the governing authorities, and is operated according to said license. We conduct periodic inspections in compliance with legal requirements and analyze and follow up on inspection results to ensure that all gases emitted within our factory adhere to regulated standards, minimize our air pollutants, and reduce our impacts on the surrounding environment. In 2023, we invested NT\$6.3 million in an air pollution improvement project for Building C. We hope to reduce environmental impacts from production when the project is completed in 2024, which will not only lower costs, but also enable us to achieve our carbon reduction and environmental protection goals.

Currently, air pollutants generated by our factories include particle pollutants, sulfur oxides, nitrogen oxides, and VOCs. These are collected by our exhaust hoods and air ducts, then sent to our air pollution control equipment, which includes wet scrubbers, activated carbon towers, cyclone separators, and pulse jet baghouses. All prevention and control equipment are included in daily inspections and regular annual maintenance to ensure that they continue to operate normally. Changes in production processes are all conducted in accordance with revisions made to our licenses to comply with legal requirements. Emissions of Nitrogen Oxides were decreased significantly by 31.2% in 2023.

Ratio of Air Pollutant Emissions in 2023 (Total 7.35 t)



Future Plans

- Follow-up of actual air pollution improvements after installation of RTOs
- Follow-up of trends in total air pollution emissions and reduction of emission intensity
- Continue strengthening of air pollution and waste management to achieve zero-waste targets

4.6 Waste Management and Pollution Control

Management of Industrial Waste

Allied Biotech makes prior consideration of possible waste types and volumes generated by production processes during research and development stages, and we attempt to reduce waste before commencing mass production processes. This not only decreases removal and handling costs, but is also better for the environment. Our factory takes great care when outsourcing removal and handling of generated waste. Waste removal and handling companies must hold licenses issued by environmental protection authorities, and their vehicles must be GPS-enabled to facilitate subsequent route analysis and follow up on abnormal factory entry and exit times. Factory personnel who have obtained professional certification for waste handling issued by the Environmental Protection Administration are responsible for monitoring waste removal vehicles to prevent leakages, ensure compliance with odor requirements, assess appropriateness of handling methods, and screen capabilities to ensure that waste removal companies adhere to existing standards. During contracted waste handling periods, our personnel may accompany waste removal vehicles to treatment plants from time to time to confirm whether waste is treated according to regulations, and to prevent illegal waste dumping.

General industrial waste generated by factories is mainly composed of domestic waste, process sludge, and waste liquids; hazardous industrial waste is mainly composed of flammable waste liquids. All our industrial waste is handled by legal disposal companies. Recyclable waste such as paper, metals, and plastics are categorized and stored in separate areas pending irregular notification to certified disposal companies who deliver said waste to certified disposal institutes for recycling and reuse. The majority of domestic waste undergoes physical treatments, organic sludge mainly undergoes thermal treatments, and process sludge undergoes incineration or thermal treatments.

Our waste disposal volume for 2023 amounted to 788.01 tons, a slightly increase compared to 747.3 tons for 2022. Allied Biotech actively promotes waste sorting and resource recycling systems while reducing industrial waste volumes and environmental impacts through process improvements. In 2019, we launched a project to install equipment for treating copper waste liquids in our synthesis plant. We commenced operations of recycling equipment for copper sludge in 2020 to facilitate effective recycling and reuse of wastewater containing copper. We therefore generated no wastewater containing copper in 2021 and 2022. However, we outsourced treatment of copper waste liquids in 2023 due to changes in copper waste treatment procedures and improvements in treatment equipment, and therefore some copper waste liquid was generated.

Additionally, starting in 2022, we began reusing and recycling solvents from combustible waste liquids passing through our distilling towers and a small amount of decomposable waste liquids were treated by internal treatment plants. We also plan to recycle sludge resources and conducted laboratory tests in 2023 to restore process sludge for resale to suppliers and to enable sustainable circulation of environmental resources. We outsourced waste testing in 2023, and some waste liquid was classified as combustible waste liquid following testing, increasing our combustible waste liquid disposal volumes for the year.

4.6 Waste Management and Pollution Control

Waste Reduction Targets

Allied Biotech continues to promote measures for reducing and reusing waste. We began implementing our wastewater sludge dryer project in 2018 and commenced trial runs in 2019, using sludge dryers to effectively reduce waste volumes. We proposed a project to upgrade sludge dewatering presses in 2020, and completed installation and testing of the new equipment in 2021, effectively reducing sludge water content and washing water while improving our commitment to environmental protection. We recycle waste resources and reduce waste generated through our production processes to create mutual benefits for our company and the environment.

In terms of actual implementation, our R&D unit works with our production, industrial safety and environmental protection units to assess feasibility of back-end waste handling and estimate waste removal fees when evaluating new products, while also proposing actual actions for reducing, reusing, or recycling waste. We also seek to improve current levels of waste reduction through periodic projects, and we continue to research how generated waste can be transformed from hazardous to non-hazardous industrial waste. We further strengthen our recycling and reuse levels to achieve our zero waste targets.



Regenerative Thermal Oxidizers (RTO)

In order to treat VOC (volatile organic compounds) emissions more efficiently and conserve energy, we invested NT\$ 34,580,000 in 2018 to import relevant equipment for environmental protection to ensure that our treated VOC emissions can be more eco-friendly.

Regenerative thermal oxidizers (RTOs) are one of the most economic and effective methods for treating VOC emissions as they do not require additional fuel during treatment, and residual heat can be recycled and reused, currently providing the heat needed for the evaporation and sludge drying equipment at our synthesis plant. Recycled residual heat serves as a substitute for electric power while reducing electricity consumption, conserving energy, and being eco-friendly, bringing us one step further toward our goal of sustainable operations.

Actual RTO Treatment Benefits in 2023

- Legal regulations stipulate that pollution prevention and control equipment should reduce VOCs by 95%. However, tests conducted in 2023 indicate that the RTOs installed in our factory can effectively reach reduction levels of 98.32%, which complies with and exceeds legal requirements. We will continue to formulate improvement plans to reduce dispersion of exhaust emissions from incomplete combustion when RTO valves change positions.
- Recovery of residual heat generated steam outputs of 2,563,020 kg/year in 2023. The boilers in our synthesis plants began using LPG starting in March 2020 and no longer use crude oil, thus reducing our annual carbon emissions by 129,970.59 kg/year in 2023. Our actual performance exceeded our expectations, and we greatly improved upon the levels of air pollution caused by use of crude oil. The air pollution declaration fee greatly reduced to NT\$ 5,211.

Sustainable Responsibility Report

2023



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