

# CH2

# Product Liability

# Target Formulation

	Targets for 2024-2025	Targets for 2026-2027	Targets for 2028 and beyond	Corresponding SDGs
<b>Food Safety</b>	<ul style="list-style-type: none"> <li>The Pingzhen Factory's FSSC22000 verification has been updated to version 6.0.</li> <li>The soft capsule production line at Pingzhen Factory obtained second-tier quality control, GMP (Good Manufacturing Practice), ISO22000, FSSC22000, NSF GMP verifications.</li> <li>The fermentation production line at Grape King Bio Park obtained ISO22000 verification (Valid until the first quarter of 2025).</li> </ul>	<ul style="list-style-type: none"> <li>Integrate external inspection resources to optimize inspection procedures and enhance inspection efficiency.</li> <li>Maintain customer emotional relationship by consistently meeting customer requirements in food safety and quality management, creating mutual benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve and refine food safety, quality verification system, and inspection center in line with international standards and the latest verification standards.</li> <li>Continuously stabilize product quality, provide consumers with higher quality and healthier products, and improve Grape King Bio's brand image.</li> </ul>	
<b>Sustainable Supply Chain Management</b>	<ul style="list-style-type: none"> <li>Sustainability risk assessment: Make the recovery rate of significant supplier sustainability self-assessment questionnaires reaches 95%</li> <li>Strengthen Zero supply shortages keeping stocked target of the supply chain: It is expected to complete 150 multi-source solutions of materials(based on the year 2020)</li> <li>Implement a comprehensive supplier evaluation system: 100% of suppliers conduct annual regular evaluation.</li> <li>Continuously promote an intelligent multi-communication platform for suppliers, and make the online rate of suppliers reach 90%.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability risk assessment: Make the recovery rate of significant supplier sustainability self-assessment questionnaires reaches 98%.</li> <li>Strengthen Zero supply shortages keeping stocked target of the supply chain: It is expected to complete 250 multi-source solutions of materials (based on the year 2020)</li> <li>Implement a comprehensive supplier evaluation system: Maintain 100% of suppliers conduct annual regular evaluation.</li> <li>Continuously promote an intelligent multi-communication platform for suppliers, and make the online rate of suppliers reach 95%.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability risk assessment: Make the recovery rate of significant supplier sustainability self-assessment questionnaires reaches 100%.</li> <li>Strengthen Zero supply shortages keeping stocked target of the supply chain: It is expected to complete 400 multi-source solutions of materials (based on the year 2020)</li> <li>Implement a comprehensive supplier evaluation system: Maintain 100% of suppliers conduct annual regular evaluation.</li> <li>Continuously promote an intelligent multi-communication platform for suppliers, and make the online rate of suppliers reach 98%.</li> </ul>	
<b>Product Liability</b>	<ul style="list-style-type: none"> <li>Plan to develop 2-4 products for prevention and mitigation of various health problems faced by the public.</li> <li>Plan to develop 1-2 functional snack foods.</li> <li>Plan to develop 1-2 sustainable products that use plastic-free paper, recyclable materials, and raw materials and formulation designs that adhere to the spirit of the SDGs.</li> <li>Develop 1-3 pet food products.</li> <li>Continuously establish and discuss the feasibility of establishing widespread recycling sites for recyclable plastic materials.</li> <li>Evaluate or replace current materials with more environmentally friendly materials such as FSC certified paper and vegetable-based inks for printing.</li> <li>Implement plastic reduction actions such as removing plastic liners from product, replacing plastic straws with feasible alternatives for PKL products, using lightweight PET bottles, and eliminating plastic fillings from capsule products.</li> <li>Develop strategies to reduce the environmental impact of packaging across the company, including reducing product weight and packaging material usage.</li> </ul>	<ul style="list-style-type: none"> <li>Develop products aimed at common diseases among the elderly, such as Alzheimer's disease, Parkinson's disease or sarcopenia.</li> <li>Design affordable health supplements to enable people to maintain their health at an economical price.</li> <li>Evaluate the recyclability of aluminum foil which is a material extensively used by our company.</li> <li>Plan product packaging reduction by eliminating outer boxes for capsule products.</li> <li>Increase the proportion of recycled materials used in packaging.                             <ol style="list-style-type: none"> <li>Increase the use of environmentally friendly materials in products</li> <li>Utilize recyclable plastics such as rPET (recycled PET) material.</li> </ol> </li> <li>Set targets to reduce packaging waste and mitigate the impacts of the packaging materials on the environment; plan to reduce packaging and replace disposable cartons with reusable plastic crates for Grape King Bio's online shopping products.</li> </ul>	<ul style="list-style-type: none"> <li>Plastic packaging does not decompose easily, which can lead to accumulation of plastic waste. We plan to replace current HDPE packaging materials with biodegradable packing materials to reduce usage of plastic containers.</li> <li>Continuously develop products aimed at current health needs of local consumers.</li> </ul>	

## CH2 Product Liability

Director of Manufacturing Division and General Manager of Pro-Partner subsidiary  
**Mei-Ching Tseng**



*Grape King Bio and Pro-Partner prioritize and emphasize customer health and safety. We will continue to improve our food production systems to bring the best products to the public*

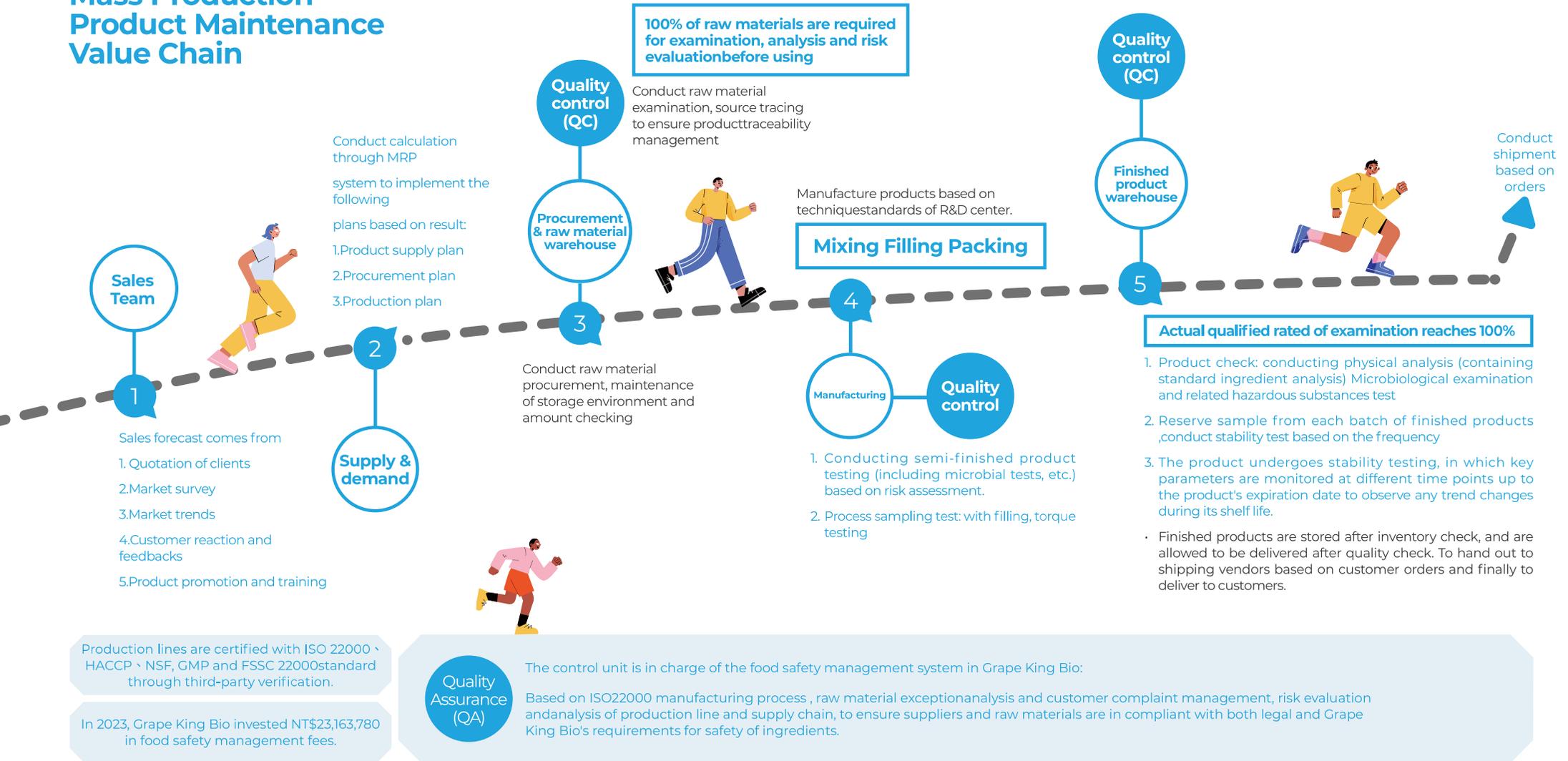


Management Approach	Key issue-Product liability and safety	
Policies	Continuous innovation, pursuit of outstanding quality, implementation of social responsibilities, and ensuring customer satisfaction	
Commitments	Develop healthy and high-quality products for consumers that embody the concept of “Live Healthy, Think Grape King”	
Targets	Short-term	<ul style="list-style-type: none"> <li>Continue to strengthen source management and complete traceability management for all products</li> <li>Continuously promote food safety culture activities in accordance with international FSSC22000 specifications</li> <li>Establish cGMP system at Zhongli Factory</li> <li>Ensure that the software at Pingzhen Factory adhere to the requirements of the Australian TGA GMP system</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Integrate external inspections to optimize inspection procedures and improve inspection efficiency</li> <li>Establish a food safety history tracking system</li> <li>Ensure that the hardware at Pingzhen Factory adhere to the requirements of the Australian TGA GMP system</li> <li>Establish an intelligent exception handling system and digital exception/customer complaint database to improve quality and processing efficiency</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>Continue to improve and refine food safety, quality verification system, and inspection center in line with international standards and the latest verification standards</li> <li>Continuously stabilize product quality, provide consumers with higher quality and healthier products, and improve Grape King Bio's brand image</li> </ul>
Responsibilities	External responsibilities: Taiwan Food and Drug Administration (TFDA) Internal responsibilities: Food Safety Team, maintenance of various food safety management systems, maintenance of HACCP product plans, sanitation management procedures, and processing procedures for quality issues	
Resources	<ul style="list-style-type: none"> <li>Human resources: Added 1 microbiologist inspector and 1 chemical testing inspector</li> <li>Systems: Extended laboratory ISO22000:2018 certification to include fungi product line in addition to existing lactic acid product line</li> <li>Equipment: Purchased phase contrast microscopes, laminar flow benches, refractive index detectors, and diluters for lactic acid bacteria</li> </ul>	

Management Approach	Key issue-Product liability and safety
Specific performance	<ul style="list-style-type: none"> <li>✓ Passed 15 microbiological and chemical capability tests</li> <li>✓ Laboratory personnel optimized and established 4 inspection methods</li> </ul>

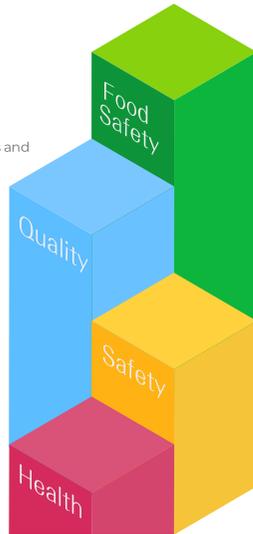


# Mass Production Product Maintenance Value Chain





Act Governing Food Safety and Sanitation and other laws and regulations  
 ISO22000, FSSC22000, NSF GMP,  
 TQF, and ISO/IEC17025 TAF certified  
 laboratories



Concerns over food hygiene and safety may trigger product recalls, be reported on the news, and leave a bad impression on consumers. Therefore, Grape King Bio's product liability target for 2023 is to "incur zero product recalls due to concerns over product hygiene and safety." We hope to ensure food safety through rigorous control of all phases from procurement to sales, and 100% of our products have undergone food hygiene, food safety, and quality management procedures that encompass control of operating personnel, locations, facility hygiene, and quality assurance systems. In 2023, Grape King Bio invested NT\$23,163,780 (0.22% of net revenues in 2023) in food safety management fees, including inspection fees, human resources, testing materials, equipment depreciation, certification fees, and other expenses. Management fees and expense ratios for each item are shown as follows:

Item	Fees	Ratio
Human Resources	10,522,034	46%
Equipment	5,780,252	25%
Consumables	3,970,880	17%
External inspections and verifications	2,397,251	10%
Miscellaneous	493,363	2%
Total	23,163,780	



## 2.1 Sustainable Supply Chain



Supply Chain Director  
**Ryan Chou**



*Our supply chain focuses on controlling material quality, sustainability, and health at the source, and we fulfill our commitment to customers through rigorous supplier evaluations and audits*



We revised our “Grape King Bio Supplier Code of Conduct” (please refer to the [LINK](#)) for more information) in October 2019 and gradually required all suppliers to sign the Supplier Code of Conduct by adopting the following methods:

- (1) Official promotions and announcements
- (2) New suppliers are required to sign the Supplier Code of Conduct when signing contracts
- (3) Suppliers are required to sign the Supplier Code of Conduct when renewing contracts



We maintain product quality by ensuring that our values align with those of our suppliers. We use our “Supplier Management Platform” to disseminate ESG issues (such as our no-gift policy) to our vendors. For example, just before Moon Festival in 2022, we used our SIMP (Supplier Intelligent Management Platform) to remind all vendors of our no-gift policy, significantly reducing gift-giving behaviors from our suppliers. Additionally, we regularly manage and review our suppliers, which include: (1) new suppliers, (2) existing suppliers, (3) project contractors.

<b>Subject</b>	[Policy Advocacy] Maintain Integrity and Celebrate the Festival		
<b>Start Date</b>	August 23, 2022	<b>End Date</b>	September 10, 2022
<b>Announcement Top Placement</b>	Yes	<b>Link</b>	
<b>Contact Name</b>	Grape King Bio-Procurement Officer	<b>Contact Phone</b>	(03)457-2121
<b>Announcement Message Content</b>	Dear Suppliers, As the Mid-Autumn Festival approaches, our company's procurement department kindly requests that no gifts or invitations be offered. We respectfully decline any form of gifts or banquets. We appreciate your cooperation in avoiding any potential inconvenience. Please take note of this announcement and thank you for your understanding. Wishing you a joyful Mid-Autumn Festival!		
<b>Announcement Targets</b>	Corporate Zone; Vendor Zone		



## 2.1.1 Procurement Strategy

### Procurement Regulations

Procurement of all raw materials at Grape King Bio is required to comply with corporate procurement procedures committed to local procurement. We have established the following criteria to strengthen control of raw materials:

-  (1) Raw materials must be legally registered in the government food manufacturer registry system.
-  (2) Raw materials must be tested and approved by our R&D and relevant departments.
-  (3) Raw materials must provide comprehensive product information for analysis and comparison, and packaging and labels cannot be altered or replaced.
-  (4) Raw materials imported from foreign countries must be equipped with licenses and imported in their original packaging.
-  (5) Raw materials must be stored in accordance with regulations and relevant licenses must be procured.
-  (6) Evaluation procedures must be reimplemented upon the revision of relevant electronic information for raw materials.

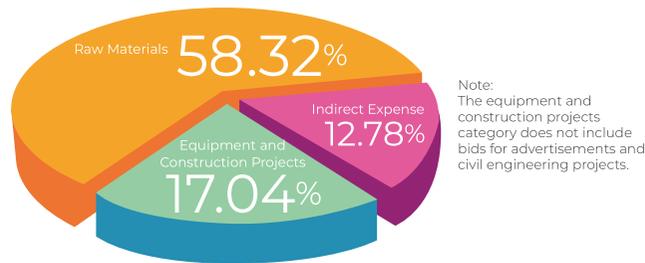
### Local and Sustainable Procurement

Grape King Bio prioritizes suppliers who are committed to development and procurement of green products, emphasize food safety and environmental protection, and protect labor rights. Additionally, in consideration of delivery costs and environmental issues, we strive to procure materials from domestic suppliers to reduce environmental impacts from the transportation process while also driving industrial development of upstream materials in Taiwan. When applying for and assessing equipment purchases, we fill out assessment charts for equipment with heavy energy consumption to verify the types of energy used and energy consumption levels.

The distribution ratios of Grape King Bio's purchase amounts for 2023 is shown below:

We have enjoyed mutual growth alongside our supplier partners and are working together to expand the social responsibility benefits in our supply chain and operate our businesses responsibly. Our suppliers provide us with high-quality raw materials and help us jointly establish the Grape King Bio value and supply chain. Our map of raw material procurement sources for 2023 is shown below

(local procurement ratio was 58.32%) :



Note: The equipment and construction projects category does not include bids for advertisements and civil engineering projects.

### Geographic distribution of raw material sources



Besides, the materials used by Grape King Bio for 2023 is shown below:

Item	Weight (ton)
The total weight of raw materials, auxiliary materials in the process, semi-finished products or components ( Note 1)	0
The total weight of the material used for packaging	486.69

Note 1: Because we are food industry, there are no raw materials, auxiliary materials in the process, semi-finished products or components.

### Zero Supply Shortages

To maintain operations of Grape King Bio enterprises, we established preventive measures in advance and prioritized stability of supply chains. We first established internal demand, supply, and inventory management procedures, after which we assessed and verified which suppliers were located in areas exposed to epidemic risks, supplier inventory conditions, and the land, sea, and air transportation capabilities of our logistics providers. We also confirm our suppliers are able to provide timely deliveries, maintain supplier relationships built on mutual trust, and actively seek out alternatives and second or third suppliers to disperse our procurement risks and ensure flexibility.

Many supply chains successfully overcame the challenges brought about by the pandemic, but as all countries are gradually opening their borders and ushering in the post-pandemic era, we are still faced with a number of challenges, including prolonged supplier delivery times, increases in delivery costs, and transnational supply shortages, which have caused raw material costs to rise. Rising costs of order fulfillment, changing consumer demands, and increased returns and discarded products have all added to the challenges of effective inventory management. These factors, coupled with increasingly strict regulations, have heightened demand for enhanced quality, and quality issues have in turn raised supply risks. Therefore, the ability to obtain qualified raw materials has now become more important than shortening delivery times. To fulfill increasingly complex consumer expectations, supply chains still need to overcome the aforementioned difficulties and various customer-related challenges. Grape King Bio established four main strategies to prevent supply shortages in 2023, including inspecting the delivery dates at source, deploying advanced procurement strategies, finding alternative sources, and developing diversified solutions. Targets for 2023:

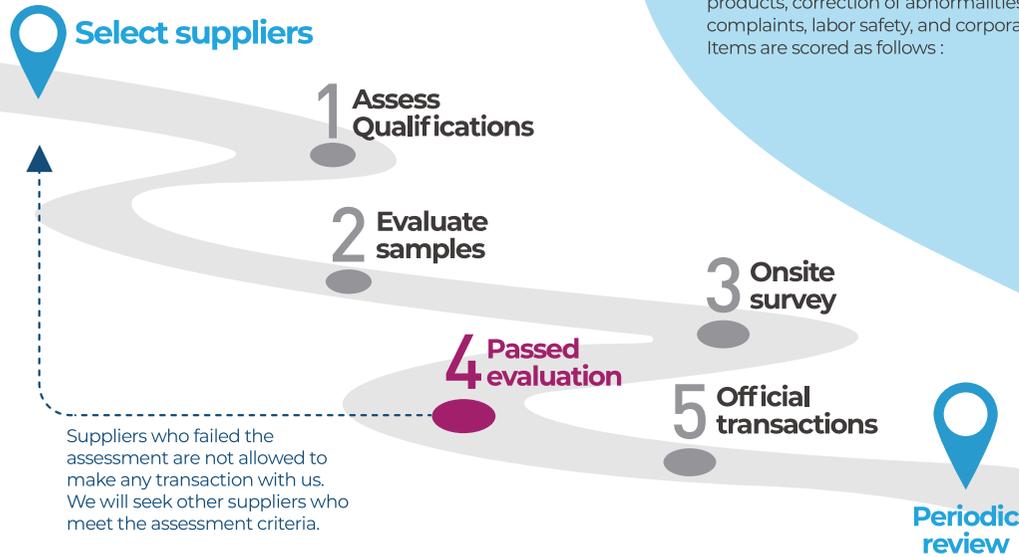
- (1) Target client order completion rate of 99%; actual achievement: 98.99%.
- (2) Zero supply shortages at Pro-Partner; actual achievement: no supply shortages.
- (3) Maintain 50 raw material reserve items; actual achievement: 53 items.
- (4) Target recovery rate of 90% for sustainability self-assessment surveys from significant suppliers; actual achievement: 100%.
- (5) Target SIMP system launch progress rate: 80%; actual achievement: 89.94%.

## 2.1.2 Audits of New Suppliers

Raw material quality is managed by our quality control department, and we also implement multifaceted procedures on our raw material suppliers. We review supplier conditions based on legality, reputation, adherence with factory sample specifications, protection of employee rights, emphasis on food safety, and environmental actions, after which we conduct reviews of written materials. Suppliers must submit their business and factory registration certificates to prove that they are operating legal companies and factories. They must also provide certificates related to raw materials so that we can evaluate the soundness of their systems and plans.

Grape King Bio has formed a cross-departmental team which conducts supplier evaluations. Our evaluation team conducts audits and reviews of raw materials suppliers through non-periodic supplier visits to assess whether suppliers comply with relevant laws, monitor improvements, and implement risk management procedures for our supply chain. We only continue to work with suppliers who fulfill our criteria. Evaluation procedures include (1) on-site audit and (2) follow-up tracking.

We use five main processes to audit suppliers, as shown in the figure below.



## Supplier evaluation team duties and responsibilities



### 1. On-site audit

Suppliers are required to provide relevant factory management and control documentation, production history, analysis of product hazards, Certificates of Analysis (COA), and other information. We also conduct actual inspections of production and operation areas to evaluate health and safety, status of mechanical equipment, quality and designs, raw material management, process control, management of finished products, correction of abnormalities, handling of customer complaints, labor safety, and corporate social responsibility. Items are scored as follows:



## 2.1. Tracking improvements for audited items

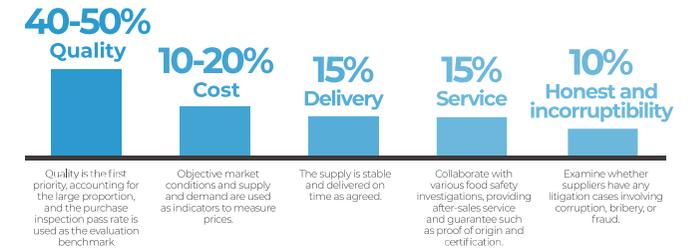
After conducting on-site evaluations, we ask suppliers to respond to and discuss our suggested improvements before conducting a second review of overall evaluation results and responses. We halt collaborations with suppliers who have major deficiencies or incompetencies until improvements are implemented. In 2023, we evaluated 72 suppliers (including 22 new suppliers). No suppliers failed to pass our on-site evaluations. The results of supplier evaluation conducted by Grape King Bio for 2023 are shown in the following table :

2023 On-Site-Evaluations		Evaluation Categorization		ESG Level		Total Number of Evaluated Suppliers
New Suppliers	Raw Materials	A	3	A	3	On-site evaluations : 4
		B	1	B	1	
		C	0	C	0	
	Other Material	A	6	A	3	On-site evaluations : 12
		B	6	B	9	
		C	0	C	0	
	Outsourcing	A	4	A	Temporarily excluded from evaluations	On-site evaluations : 6
		B	2	B		
		C	0	C		

After the supplier has completed the initial on-site evaluation and become an existing supplier of Grape King Bio, we continue to conduct on-site evaluations at existing suppliers from time to time to ensure that the supplier maintains its internal quality management system, as well as other systems including environmental hygiene, food safety are effectively implemented, which is to prevent slackness and encourage continuous improvement among our suppliers.

2023 On-Site-Evaluations		Evaluation Categorization		ESG Level		Total Number of Evaluated Suppliers
New Suppliers	Raw Materials	A	23	A	23	On-site evaluations : 34
		B	11	B	9	
		C	0	C	0	
	Other Material	A	6	A	5	On-site evaluations : 13
		B	7	B	4	
		C	0	C	4	
	Outsourcing	A	4	A	Temporarily excluded from evaluations	On-site evaluations : 4
		B	0	B		
		C	0	C		

78 of our significant suppliers. All suppliers achieved a qualification rate of 100% on the 21 ESG assessment items. In the future, we will continue to track supplier ESG performance.



In 2023, we audited 220 material suppliers and achieved an audit ratio of 100%. The results of our rigorous evaluations revealed that 214 suppliers were Class A suppliers, 6 suppliers were Class B suppliers, and 0 suppliers were Class C suppliers. A total of 220 high-quality suppliers are qualified to continue working with Grape King Bio. The results of supplier audits conducted by Grape King Bio for the past three years are shown in the following table :

Year	2021	2022	2023
Total number of suppliers	217	284	220
Audited suppliers	217	284	220
Audit ratio	100%	100%	100%
Class A	169	243	214
Class B	48	41	6
Class C	0	0	0
Audit pass rate	100%	100%	100%

\*Categorization : Suppliers with a score of more than 81 are classified as Class A (excellent) suppliers; suppliers scoring from 65 to 80 are classified as Class B (qualified) suppliers; and suppliers with a score of less than 65 are classified as Class C (unqualified) suppliers; no transactions are permitted with unqualified suppliers.

Notes on figures for 2023 : If a vendor simultaneously supplied raw materials, other materials, and outsourced services, they were evaluated separately due to the differences in vendor attributes.

## 2.1.3 Regular Evaluation of Existing Suppliers

### 1. Annual Evaluations

Grape King Bio conducts regular annual evaluations of raw material suppliers and outsourcing vendors. Apart from the four main aspects including Q (Quality), C (Cost), D (Delivery), and S (Service/Cooperation), evaluations and scoring are based on ethics and integrity considerations which are incorporated in response to ISO 37001 in 2024. These aspects are also used as a basis for risk management. Companies that scored above 81 were deemed to be Class A (excellent) suppliers, those that scored between 65-80 were deemed to be Class B (qualified) suppliers, and those that scored less than 65 were deemed to be Class C (unqualified) suppliers. We prioritize on-site visits to existing suppliers that have had major abnormalities in quality and significant suppliers of raw materials. Of our 144 evaluation items, 21 are ESG-related evaluation items. In 2024, we distributed self-assessment questionnaires for ESG to



We cease procurement from unqualified suppliers, provide assistance in the form of consultations and counseling, and set clear goals and timelines for improvement so that suppliers can improve their current conditions and meet Grape King Bio expectations. These evaluation cycles and counseling mechanisms facilitate early detection of potential problems as we work with our suppliers to continually improve and refine relevant issues.

Supplier Screening	2022	2023
Total number of Tier-1 suppliers	229	220
Total number of significant suppliers in Tier-1	52	49
% of total spend on significant suppliers in Tier-1	45%	56.5%
Total number of significant suppliers in non Tier-1	28	29
Total number of significant suppliers (Tier-1 and non Tier-1)	80	78

1. Suppliers: Our suppliers can be categorized into raw material suppliers, subcontractors, and project suppliers.
2. Tier-1 suppliers: Tier-1 suppliers are raw material suppliers who directly provide raw materials and other materials to our company, and supplier evaluations are conducted every year.
3. Significant suppliers: We define significant suppliers as those whose raw material transaction amounts make up the top 80% of the total raw material procurement amount for the year, and project suppliers with transaction amounts more than 1 million for two consecutive years.
4. Non Tier-1 Significant suppliers: These are significant suppliers other than the Tier-1 significant suppliers.



## 2.1.4 Contractor Management

Grape King Bio adheres to government procurement regulations when selecting contractors through procurement evaluation, price comparison, or price negotiation procedures in an open and fair manner. We prioritize collaborations with domestic suppliers. When selecting contractors, we prioritize purchases of products and equipment with energy efficiency labels, water efficiency labels, and energy-saving properties. We first consider our needs in terms of specifications and functions, then assess transaction risks (including whether companies are legally registered and details of payment conditions) before commencing collaborations.



We have designed “Hazard Prevention Notices” for our contractors and implement a strategy that combines counseling, auditing, and dissemination as we actively work to provide safety management guidance to our contractors, strengthen promotion of work safety measures, and enhance worker awareness of labor safety prior to construction work within our factories to ensure that we maintain safety protections and labor safety in workplace environments.



## 2.2 Food Safety and Responsibility

Director of R&D Division  
**Sheng-Chieh Hsu**



“

*Our food safety management system strictly manages achievement of quality objectives for all production lines to ensure that our products adhere to or even exceed regulatory requirements.*

”

Deputy Director of Quality Control Department and Inspection Center  
**Shu-Xing Yeh**



### Product Liability Policies and Commitments

Protection of public health is a foundation of Grape King Bio operations. We consider product liability as one of the most important operational and production components, which is why we have set rigorous quality and sanitation standards for all stages of production. We have formulated four major food safety policies: “Continue innovation, pursue excellent quality, implement social responsibilities, and ensure customer safety.” We hope to develop more high-quality products that adhere to factory-mandated annual quality targets. We also organize non-periodic charitable activities that give back to society, bring warmth to the public, and build customer confidence in Grape King Bio products.



### Responsible Marketing Policy

Grape King Bio upholds a responsible marketing approach. Our goal is to promote healthy lifestyles through clear labeling and responsible marketing, transparently conveying our product and nutrition information, and promoting our products according to strict guidelines, especially in the practices of marketing ethics, advertising, and sales. Our marketing policy includes:

- Providing accurate and balanced information about products/services
- Refraining from exaggerating statements about environmental and social impacts
- Safeguarding the vulnerable (such as children) in the market
- Avoiding the dissemination of false information about competitor products/services



## 2.2.1 Systemic Food Safety Protections

### 1. Food Safety Management Organizations

The highest food safety management authority at Grape King Bio is our Chairman, and the director of our manufacturing division serves as the leader of our food safety team. Our organizational structure for food safety management is shown in the following figure:



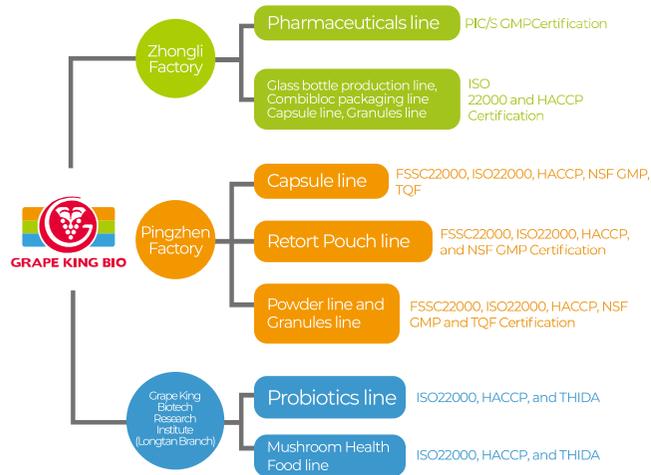
The organizational structure at our Longtan Branch is shown below:



Our food safety management system requires relevant units to conduct timely reviews of target achievement rates every year. We convene one management review meeting each year. In 2023, we discussed a number of issues relating to achievement of production line quality targets, product recall simulations, adjustments in management systems, documentation updates, promotion of regulations, review of internal and external audits, sanitation monitoring results, and analysis on customer complaints; we also formulated relevant targets for the following year. In terms of food safety audits, dedicated personnel conduct monthly sanitation compliance inspections on production lines, and project teams conduct annual self-internal audits to inspect regulatory compliance of food safety management systems and PIC/S GMP and GDP compliance of pharmaceuticals.

## 2. System Implementations and Certifications

Grape King Bio received a pharmaceutical manufacturing license from the Ministry of Health and Welfare in October 2014. Management of raw materials starts from the manufacturing stage. Our pharmaceutical production lines have obtained PIC/S GMP certification, and our food production lines have obtained TQF certification, ISO 22000 and FSSC 22000 food safety management certifications, NSF GMP certification, and Halal certification. Additionally, Grape King Bio has established an ISO/IEC 17025 TAF certified lab that ensures the stability of our manufacturing processes and maintains our quality management systems (QMS). Current systems implemented at Grape King Bio factories are shown in the following figure :



Pingzhen Factory, Zhongli Factory and Longtan Branch have received ISO 22000 and HACCP management system certifications and our Pingzhen Factory has received FSSC 22000, TQF and NSF GMP certifications. Together, these three factories contain production lines for 8 dosage forms. All follow-up inspections of production lines were completed in 2023, achieving an inspection accomplishment rate of 100%. Furthermore, 100% of our products are produced by certified production lines, providing another guarantee of product quality.

## 3. Guidelines for Food Safety Labeling with Sanitation Regulations

Grape King Bio rigorously controls the safety of produced foods. For groups that require special attention, such as infants, pregnant women, and breastfeeding mothers, our product development team first confirms requirements related to raw materials, dosage forms, and functions, then includes relevant warnings on product labels.

(1) Usage of raw materials: If public government websites carry a warning for a raw material, we will include the same on product labels. For example, our factories use Anrodia cinnamomea, and legal regulations require products which use this ingredient to carry the following warning : “Infants, pregnant women, and breastfeeding mothers intending to consume this product should consult a physician or healthcare professional.”

(2) Dosage forms: Products meant for children or other specific users (such as gummy candies or jellies) will carry safety warnings.

(3) Functional requirements: Products are labeled as appropriate (for example, vegetarian, vegan, or lacto-vegetarian) after verification of formulations.

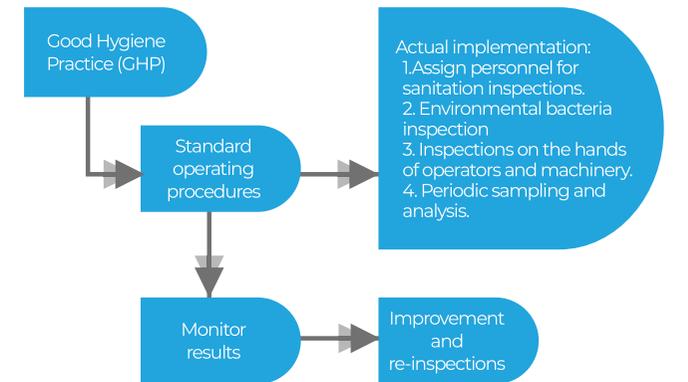


## 2.2.2 Food Safety Training

Grape King Bio's internal food safety training implementations adhere to government regulations. We also organize external training for employees to strengthen internal food health and safety measures. Additionally, we continue to disseminate knowledge of related regulations to entry-level employees through internal lecturers, our quality department promotes concepts related to sanitation, and hygiene management personnel from our manufacturing units receive training. We promote self-evaluation mechanisms and continue to make improvements and enhance quality.

### 1. Personnel Training and Inspections Aligned with Sanitation Regulations

(1) Based on GHP (Regulations on Good Hygiene Practice for Food) Grape King Bio adheres to the “Regulations on Good Hygiene Practice for Food” and we provide training for new food personnel to ensure that they comply with sanitation and quality management requirements during production procedures. Our employees undergo annual food safety and sanitation training to strengthen their awareness of sanitation concepts, understanding of requirements, and voluntary hygiene management.



(2) Sanitation Inspections by Designated Personnel

Our Manufacturing Division designates hygiene management personnel to each production line to conduct daily sanitation inspections, while hygiene managers conduct monthly inspections.

(3) Monitoring of Production Line Environments:

We conduct periodic settle plate tests, as well as inspections of operator hands, machinery, and equipment. If our inspections reveal non-compliance items, we carry out immediate improvements and re-inspections to achieve an overall inspection compliance rate of 100% (including improvements). The results of annual inspections are analyzed and discussed during quality and sanitation meetings to facilitate improvements year over year so that we can continue to enhance product quality.

## 2. Annual Food Safety Training Performance

(1) Systemic Training

Grape King Bio completed the training of first-line operators at Zhongli Factory and Pingzhen Factory in 2022. Our training covered basic GHP concepts and strengthened personnel understanding of food safety management systems to ensure that all products meet sanitation, safety, and quality requirements.

	Regulated Personnel	Routine Training	Implementation at Factories
Food Handling Personnel	New food handling personnel	Production and manufacturing; management of quality systems; sanitary regulations; and documentation control	New employees are required to complete training and are tested on quality systems, sanitary regulations, and documentation control. Managers in production and manufacturing units also provide training to new employees and test them on their knowledge. Training accomplishment rates were 100%.
	Other food personnel	Food safety, hygiene and quality management	All production line operators at Zhongli Factory, Pingzhen Factory, and Longtan Branch completed food safety, sanitation management, and quality management training in 2023. Training accomplishment rates were 100%.
Food Safety Control Team	Dedicated hygiene management personnel for food manufacturing factories	8 hours of retraining every year	All hygiene management personnel at Zhongli Factory, Pingzhen Factory, and Longtan Branch completed 8 hours of retraining in 2023. Training accomplishment rates were 100%.
	Food safety control system team members	12 hours of retraining every 3 years	All team members completed the required 12 hours of retraining every 3 years in 2023.



(2) Training for Hygiene Management Personnel

Our Zhongli Factory, Pingzhen Factory, and Longtan Branch each have one dedicated hygiene management person; all management personnel completed 8 hours of training in 2023.

(3) Organizational Food Safety Training

All members of the food safety control management team have currently completed their required 12 hours of training. The food safety team for our Longtan Branch was established in 2019, and all team members have obtained qualifications for at least 30 hours of training in food safety control systems.

Grape King Bio actively participates in food safety activities. We are a member of several food-related associations, including the Taiwan Quality Food Association, Taiwan Association for Food Science and Technology, and Taiwan Functional Food Industry Association, and our senior managers serve as directors for multiple associations. We continue to strengthen industrial food safety by working with various corporate organizations and by supporting and using association-formulated safety guidelines for processed foods and drinks. We also participate in industrial initiatives as part of our emphasis on food safety.

## 2.2.3 Product Quality and Safety Inspections

### 1. Inspection Center

The inspection center at Grape King Bio is a TAF certified laboratory and operates according to ISO/IEC 17025 standards. Our inspection items include physical and chemical properties, compliance with sanitation regulations, and food safety factors. Our inspection technicians have received TAF certification and our laboratory personnel periodically take capabilities tests conducted by laboratories with third-party certifications to ensure that our inspection center adheres to the highest standards.

In 2019, we implemented new regulations in our inspection center and revised all protocols. We submitted our revision applications in November and passed verifications in the second quarter of 2020. In 2021, we renewed the certificate for our lab at Zhongli Factory and the lab at Pingzhen Factory underwent annual supervisory evaluations. The labs at both factories successfully passed all inspections. In 2022, all 30 staff members (100%) at our inspection center obtained their ISO/IEC 17025 training certificates and achieved our goal for the year. Additionally, 9 of our staff members obtained their training certificates for internal laboratory audits and became qualified auditors. Furthermore, the laboratories at our two factories both passed audits adhering to the new ISO/IEC 17025:2017 standards.

In 2023, the Pingzhen Factory's certification extension of the Inspection Center was approved. As of 2023, there are 8 items in the biological field and 4 in the chemical field for a total of 12 certified items for the Zhongli Factory and Pingzhen Factory.



## 2. Inspections of Raw Materials

### Inspection Processes for Incoming Raw Materials

All (100%) of raw materials used at Grape King Bio have passed incoming material inspections. We own two internationally accredited laboratories which strictly review inspection reports submitted by suppliers and we have also added a number of inspection items relating to food safety. For incoming materials that fail to meet our inspection standards, we request returns and refunds from our suppliers, reinspect new materials, and also urge our suppliers to propose corrective actions for preventing re-occurrence.

**01 Incoming raw materials**

Suppliers deliver prepared raw materials to each plant in accordance with the purchase order.

**Sampling inspections 02**

The quality control unit performs inspections of raw materials in accordance with the sampling standards and various inspection standards.

**03 Quality determination**

The quality control unit determines the quality in accordance with inspection results. Qualified materials can be inventoried and disqualified materials shall be returned by the purchase unit.

**Inventory management 04**

The warehouse units shall store and use the materials in accordance with the raw materials management regulations.

**05 Material production**

The manufacturing units shall collect materials for production in accordance with production orders.

### Inspection Items and Frequencies

Our current inspection items include tests for residues of 410 pesticides, 9 plasticizers, 5 microbes, and 4 heavy metals. We also adhere to the new law (microbiological tests for food) promulgated in July 2021 to evaluate product risks and have also established inspection frequencies for Staphylococcus aureus, Salmonella, and Listeria monocytogenes. Our inspection program exceeds government requirements and we conduct batch-by-batch inspections. We implement risk assessments following multiple batch inspections to adjust inspection frequencies, reduce equipment wear, and achieve a better balance between quality and inspection costs. Laboratory personnel optimized and established 4 inspection methods in 2023, including:

1. Inspection of ethylene oxide in food
2. Microbiological examination of cosmetics
3. Testing procedures for lutein, zeaxanthin, and beta-carotene
4. 4 microbiological USP tests

**Inspections of foods sold at our Tourist Factory**

(一) Product inspection frequencies:

1. Drinks:
  - 1-1 Cold drinks: Bimonthly inspections.
  - 1-2 Hot drinks: Quarterly inspections.
2. Ice cubes: Monthly inspections.
3. Ice products: Biweekly inspections from July to September, and monthly inspections for the rest of the year.
4. Cooked foods: Quarterly inspections.

(二) Equipment test frequencies:

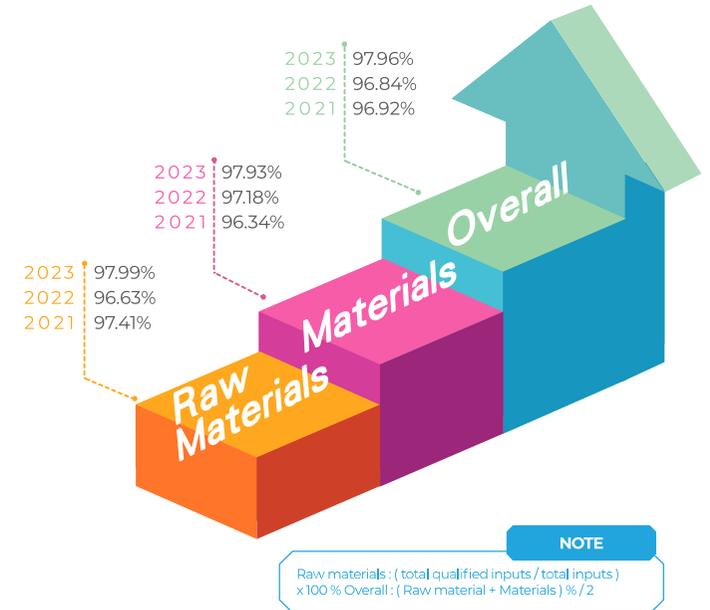
1. Coffee machines: Quarterly inspections.
2. Ice makers: Biweekly inspections from June to September, and monthly inspections for the rest of the year.
3. Soft serve ice cream machines: Biweekly inspections from July to September, and monthly inspections for the rest of the year.

Inspection items for raw materials and products at Grape King Bio include the following categories:

<b>Microbiological hazard inspections</b>	Bacterial count, Escherichia coli, coliform levels, Enterobacteriaceae, Staphylococcus aureus, Salmonella, mold, yeast, Candida albicans, Monocytogenes Listeria and Pseudomonas aeruginosa
<b>Chemical hazard inspections</b>	Plasticizers, heavy metals, mycotoxins (aflatoxin, ochratoxin A, patulin), food processing aids, pesticide residuals, Sulfur Dioxide, Deoxyribonucleic Acid of Clostridium perfringens, and Ethylene Oxide
<b>Physical hazard inspections</b>	Foreign body inspections

### Inspection Results

Approval criteria for raw materials at Grape King Bio are more stringent than government regulations. This allows us to provide the strictest safeguards for our consumers. If our inspections of incoming materials reveal raw materials that fail to comply with our factory quality criteria, we will conduct reviews of said raw materials in accordance with laws and regulations.



Grape King Bio strictly controls the quality of products, using precision instruments to carry out a number of inspections, including physical and chemical properties, hygiene standards, food safety issues related inspections, in 2023 we performed the following product inspection results:

Item	Raw Material				Other Material
	Purchased raw materials	Biotechnology ferments	Manufacturing processing (premix)	Manufacturing processing (semi-finished products)	
Number of inspection pieces	2,337	1,280	321	2,436	2,226
Number of qualified pieces	2,290	1,238	321	2,435	2,180
Number of unqualified pieces	47	42	0	1	46

### 3. Quality Inspections and Targets

Quality is the foundation of all products, and only products with safe and dependable quality will be trusted by consumers. Grape King Bio has established specific quality targets for continued follow-up and management to ensure stable quality and to protect customer interests. The following table shows the target achievements that have all been met in 2023:

Factory	Item	Targets	Achievement Status
Zhongli Factory	Defective label rate for large/small glass bottles	Below 0.65% for large glass bottles	Below 0.33% for large glass bottles
	Defective seal rate for combibloc packaging	Below 0.0020%	0.0013%
	Defective fill rate for capsules	Below 0.25%	0.11%
Pingzhen Factory	Defective packaging rate for granule formulations	Below 2.0%	2.42%
	Defective fill rate for capsules	Below 0.35%	0.037%
	Defective packaging rate for granule formulations	Below 2.0%	1.02%
	Defective packaging rate for powder formulations	Below 2.0%	1.35%
Longtan Branch	Annual tank failure rate	Below 2.0%	0.91%
	Defective packaging fill rate	Below 3.0%	0.03%
	Defective packaging fill rate	Below 0.5%	0%

only be delivered after we have ensured that they are error-free. We aim to lower our potential risks of product recalls to zero. We also increase product inspection quantities, items, and frequencies (including bottle labels and printed adhesive seams for boxed products) for clients with stricter packaging requirements. Current certification systems adopted by Grape King Bio include ISO22000, FSSC 22000, NSF GMP, and TQF standards. System regulations also contain requirements relating to product safety, such as physical hazards (sieve inspections, metal detection, X-ray inspections, and others).The costs incurred due to recalls and the recall expenses for the year 2023 are both zero dollars.Grape King Bio aims to meet the goal of "zero recalls due to quality or sanitary concerns" by maintaining the effectiveness of the overall quality system through collaboration between the quality management unit and cross-functional teams.In 2023, the number of product lines recalled is zero, and both the number of product removals and the total weight of products removed are zero.

### 2.2.4 Tracking and Compliance Management

Grape King Bio has established strict safeguards of raw material sources and emphasizes inspections of raw materials, process management, and product quality as part of our commitment to guarantee food safety. We have established the following systems, regulations, and actions to achieve optimal efficiency.

1. Food tracking and tracing system (ftracebook )
2. Food business registration platform ( fadenbook )
3. Internal tracing management mechanisms
4. Management of product packaging and labels
5. Management of product advertising and marketing
6. Compliance with food safety regulations

#### 1. Food Tracking and Tracing System

In response to government policies requiring food manufacturers to establish food tracking and tracing systems, we log product information to the government ftracebook system every month. This not only strengthens our self-management but also makes it easy to quickly and completely track products in the event of a food safety incident.

### 4.Assurance of Product Safety

Grape King Bio continually monitors potential quality changes that may occur during product sales periods to ensure that we provide excellent products held to the highest standards. We work to prevent possible hazards to human safety, health, the environment, and our products. We constantly and rigorously verify and audit product functionality, consumption methods, manufacturing processes, final product forms, and intake volumes to ensure product quality and safety. We strive to achieve full customer satisfaction both now and in the future.

Grape King Bio provides capsule, powder, granule, glass bottle, combibloc packaging and sterilized soft bag products. All products have to pass through multiple checks at the raw material, semi-finished product, end product, and packaging and labeling stages, and products can



## 2. Food Business Registration Platform

We support the “Food business registration platform” established by the government and work to register our products within the mandated time periods in accordance with regulations, thus ensuring that the government and consumers can obtain clear information from Grape King Bio. Our registered information is shown in the table below:

Food Manufacturer Registry Information			
Registration Category	Food Manufacturer Registration Number	Registered Name	Registered Address
Company/ Business Registration	H-111880517-00000-6	Grape King Bio Ltd.	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City
Factory/ Manufacturing Site	H-111880517-00003-9	Grape King Bio Ltd. Pingzhen Jinling Factory	No. 402, Sec. 2, Jinling Rd., Beixing Vil., Pingzhen Dist., Taoyuan City
Catering Business	H-111880517-00006-2	Grape King Bio Ltd. Tourist Factory	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City
Retail Business	H-111880517-00004-0	Grape King Bio Ltd.	No. 402, Sec. 2, Jinling Rd., Beixing Vil., Pingzhen Dist., Taoyuan City
Retail Business	H-111880517-00002-8	Grape King Bio Ltd.	No. 60, Sec. 3, Longgang Rd., Zhongli Dist., Taoyuan City
Factory/ Manufacturing Site	H-111880517-00001-7	Grape King Bio Ltd.	No. 60, Sec. 3, Longgang Rd., Zhenxing Vil., Zhongli Dist., Taoyuan City
Factory/ Manufacturing Site	H-111880517-00007-3	Grape King Bio Ltd. Longtan Factory	Hsinchu Science Park No. 68, Longyuan 1st Rd., Longtan Dist., Taoyuan City
Company/ Business Registration	H-128113878-00000-3	Grape King Bio Ltd. Longtan Branch	No. 68, Longyuan 1st Rd., Longtan Dist., Taoyuan City
Factory/ Manufacturing Site	H-128113878-00001-4	Grape King Bio Ltd. Longtan Branch	No. 68, Longyuan 1st Rd., Longtan Dist., Taoyuan City

## 3. Internal Tracing Management Mechanisms

### Tracing raw materials

Batch management is enabled for all raw materials used at Grape King Bio so we can immediately trace material sources. We conduct two simulation drills each year (once every six months) to ensure the effectiveness of our track-and-trace system.

Our factories conduct at least two recall simulation drills each year in accordance with the “Product Recovery and Disposal Procedures.” The manager or head of our food safety team is responsible for convening related units to participate in drills. Recall procedures are based on different recall classes, and we retain records for all drills. We completed two drills in June and December of 2023 for 6-10 participants.

## Systemic internal traceability management

Grape King Bio has established an internal SAP system and voluntary tracking management mechanism which adheres 100% to the “Product Identification and Tracking Management Procedures.” Current mechanisms encompass the products manufactured by the 6 food production lines at Zhongli Factory and Pingzhen Factory (100% of which can be managed through the product identification and tracing mechanism). We conduct two product tracking simulation drills each year to verify our management systems. We completed system tests in June and December of 2023, and results showed that our system was able to obtain tracking and tracing records of production processes for products within 2 hours.

## 4. Packaging and Labeling Management

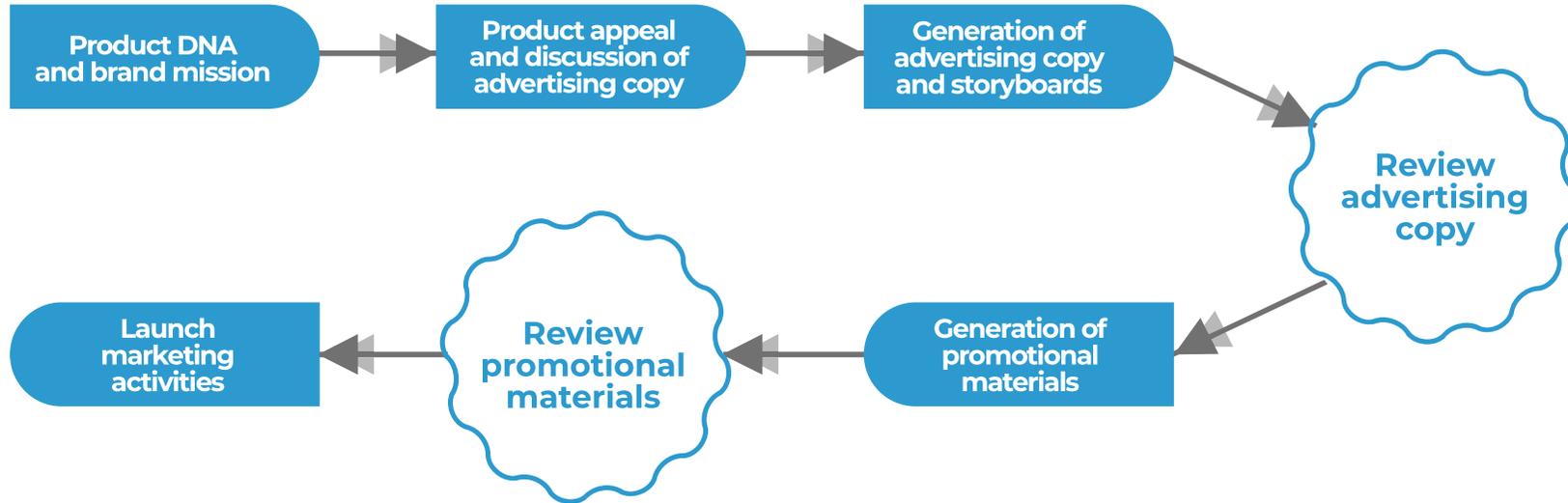
Grape King Bio's product packaging labels adhere to regulatory requirements, and we continue to review and update our regulations as needed. Our regulations encompass complete labeling of general raw materials and food additives, nutritional labeling on food packaging, allergen labeling, genetically modified food labeling, fungal product labeling, health food labeling, and warning messages to provide our consumers with necessary awareness and information when purchasing products.

- 1 Fungal product labeling—clearly specifying the parts used, scientific names and cultivation methods of fungi
- 2 Complete labeling of ordinary raw materials and food additives
- 3 Nutrition facts label
- 4 Health food labelling
- 5 Warning messages and consumption precautions



## 5. Management of Product Advertising and Marketing

Grape King Bio strives to be “A health expert for the entire family.” As it is difficult to gain the trust of consumers, we work to demonstrate our sincerity and attentiveness in our advertisements. We have established an internal management process to handle consumer needs and reduce the possibility of legal violations. All copy on advertisements, websites, or promotional materials are 100% reviewed by our marketing section, product planning section, innovation and R&D center, and our quality assurance department; these units also provide suggestions on ad content. Finally, before the materials are launched, the legal department conducts a review of acceptable wording according to government standards to ensure that there are no legal violations.



## 6. Compliance with Food Safety Regulations

We strictly abide by the Act Governing Food Safety and Sanitation and Health Food Control Act. Our product review processes are carried out using different procedures at different stages:

Product labeling review stage : Joint review of labeling compliance which includes proofreading of drafts and confirmed content to reduce errors and maintain the positive images of our products.

Advertising copy review stage : Joint review of related advertisements and advertising copy to ensure compliance with “Regulations Governing of Criteria for the Label, Promotion and Advertisement of Foods and Food Products Identified as False, Exaggerated, Misleading or Having Medical Efficacy” to reduce the number of violation incidents.

Internal reviews of product labels are jointly conducted by related units using the BPM system. The innovation and R&D center, business unit/division, quality management department, product planning section, Biotech Research Institute and legal office periodically review the legal compliance of product labels and proofread drafts and confirmed content to reduce errors and maintain the positive images of our products.

### • EU REACH Substances of Very High Concern (SVHC)

Grape King Bio tracks items listed on the EU REACH Substances of Very High Concern (SVHC). Of the 240 listed items, only “acrylamide” is produced when raw materials are processed at high temperatures, and this is strictly inspected and controlled by Grape King Bio in accordance with the “Reference Guidelines for Acrylamide Levels in Foods” of the Food and Drug Administration. Annual sales revenues for related products were NT\$308,875,000.

## 2.3 Sustainable Products

Grape King Bio continues contributing to society and the environment through product development. We hope that every one of our products can be provided to the market at affordable prices to bring nutritional value to our consumers. We also continue to improve our product packaging. At present many of our products use lightweight packaging materials to reduce resource consumption. Currently, we have implemented a bottle recycling program for more than 30 products. Recycled bottles are transferred to waste treatment companies for decomposition into pellets for further use. We hope that development of sustainable products can help Grape King Bio shoulder its brand responsibilities and provide better products to our consumers.

Grape King Bio is committed to animal-friendly testing policies and we strive to reduce our number of animal experiments. At present, the majority of our experiments are conducted through cell testing for the purpose of obtaining reliable data, and we work to avoid testing on live animals within the scope of regulatory compliance to reduce the discomfort and pain suffered by animals. We hope that these actions enable us to co-exist with the earth as well as reduce emotional burdens for animal lovers when buying our products.

Additionally, we care about the health of vulnerable groups and have established a Tourist Factory in Taoyuan to give back to the community and the public. We provide affordable products so that those in need can purchase Grape King Bio health products at economical prices.



### 2.3.1 Product Nutrition

The nutrients contained in Grape King Bio products have all been designed according to product positioning and customer requirements. The following are some examples of our most popular products:

Product	Comebest Range	PowerBOMB Energy Drink	Probiotics King (Granule)	Sliim Probiotics King	Deluxe Antrodia King	Snow Brightening Essential Drink	Kombucha
Product Image							
Target Customers	Blue-collar workers, white-collar workers	Students, white-collar workers	All age groups	Weight loss group	Liver protection, blood pressure regulation group	Female beauty group	Student group, office workers
Nutrients	Inositol, taurine, caffeine, B vitamins, amino acids, minerals	Taurine, caffeine, inositol, Vitamin C, B vitamins	Probiotics, prebiotics, pineapple enzyme	GKM probiotics	Antrodia camphorata mycelium	Mixed vegetable and fruit fermentation liquid, collagen, lactic acid bacterium glutamate fermentation product, cranberry extract, vitamin C, green tea extract, ferrous glycinate, rice germ extract	Corn-based soluble fiber, kombucha fermentation liquid, inulin fiber, pineapple enzyme, lactic acid bacteria fermentation filtrate
Effects	Boosts energy, nutrient supplementation	Boosts energy, nutrient supplementation	Promote bowel regularity and boost metabolism	Not easy to form body fat	Liver protection, blood pressure regulation	Nourishing and beautifying	Promote bowel regularity and boost metabolism

Grape King Bio has taken into account the health conditions of the product user group, and some products have started to reduce sugar use from the product design side. Products like the Kombucha Double Fiber Drink and the Marigold Lutein Essence Jelly have been optimized and upgraded with a low-sugar formula. Also, the Kombucha Double Fiber Drink is promoted as low calorie, hoping to bring a healthier product to consumers.

Furthermore, as the current international trend has leisureized health food products, various types of snacks, drinks, or brewing bags are being planned and various functional ingredients are added. The aim is to provide health support while people are enjoying snacks. For example, the Shu-Wei-Guo Chewy Candy helps with stomach health care; the Kombucha Double Fiber Drink contains dietary fiber and helps bowel movements; the Marigold Lutein QQ Jelly maintains bright eyes; the Probiotics Gummy for Kids can boost immunity while enjoying the soft candy.

## 2.3.2 Green Product Packaging and Recycling

Grape King Bio has long been committed to using lightweight packaging made with environmentally friendly materials that help to reduce environmental damage.

**1.FSC Paper Materials :** Grape King Bio's Carb Controller 2.0print box and foil package series of products use 100% Forest Stewardship Council (FSC™) certified green pulp for packaging production. This ensures that the paper source comes from legally and correctly managed forests, thus avoiding over-deforestation.

**2.Soy Ink Printing :** Grape King Bio's Carb Controller 2.0print box uses soy ink printing, which reduces fossil fuel consumption, volatile organic compound (VOCs) emissions and air pollution. Soy is a renewable plant resource. Planting soy helps maintain carbon balance and protects the soil. Soy has excellent biodegradability, can quickly decompose in the natural environment, and reduces pollution to soil and water sources, and reduces pressure on landfills.

**3.Plastic Reduction Action :** Evaluations are being made for PET bottle lightweighting to reduce plastic use. The plan is to reduce 26% of plastic per bottle; Grape King capsule products reduce the use of disposable plastics.

**4.Environmental Responsibility :** Starting in 2019, many of Grape King Bio's products use recyclable plastic bottles. After the products are returned by consumers, they are given to Taiwanese environmental technology manufacturers to be decomposed into plastic granules and provided to certified environmental manufacturers for reuse. We require environmental manufacturers to provide the flow of plastic granules for Grape King Bio's verification to ensure that the plastic granules can be reused by consumers in other forms. In the future, Grape King Bio will also expand recyclable product packaging to more product series to decrease the impact of product packaging on the environment.

