

# CH2

## Product Liability

## Target Formulation

### Food Safety

#### Targets for 2023-2024

- Continue to strengthen source management, monitor the effectiveness of traceability information in the SAP system, and complete traceability management for all products
- Yungfeng new factory has obtained the second tier quality control, ISO22000, and HACCP verification
- Preparation for TGA GMP verification of soft capsule production line in Pingzhen Plant

#### Targets for 2025-2026

- Integrate external inspections to optimize inspection procedures and improve inspection efficiency
- Establish a food safety history tracking system

#### Targets for 2027 and beyond

- Continue to improve and refine food safety quality verification systems and inspection center in line with international standards and the latest verification standards

#### Corresponding SDGs



### Sustainable Supply Chain Management

- Sustainability risk assessment: Make the recovery rate of key supplier sustainability self-assessment questionnaires reaches 80%.
- Strengthen Zero supply shortages keeping stocked target of the supply chain: It is expected to complete 50 multi-source solutions of materials (35 items of raw materials + 15 items of materials).
- Implement a comprehensive supplier evaluation system: 100% of suppliers conduct annual regular evaluation.
- Establish and promote an intelligent multi-communication platform for suppliers, and make the online rate of suppliers reach 60%.

- Sustainability risk assessment: Make the recovery rate of key supplier sustainability self-assessment questionnaires reaches 90%.
- Strengthen Zero supply shortages of the supply chain: It is expected to complete 150 multi-source solutions of materials(based on the year 109).
- Implement a comprehensive supplier evaluation system: Maintain 100% of suppliers conduct annual regular evaluation.
- Establish and promote an intelligent multi-communication platform for suppliers, and make the online rate of suppliers reach 80%.

- Sustainability risk assessment: Make the recovery rate of key supplier sustainability self-assessment questionnaires reaches 95%.
- Strengthen Zero supply shortages of the supply chain: It is expected to complete 250 multi-source solutions of materials(based on the year 109).
- Implement a comprehensive supplier evaluation system: Maintain 100% of suppliers conduct annual regular evaluation.
- Establish and promote an intelligent multi-communication platform for suppliers, and make the online rate of suppliers reach 95%.



## 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	1. Continue to strengthen source management and complete traceability management for all products 2. Continuously promote food safety culture activities in accordance with international FS52000 specifications 3. Establish cGMP system at Zhongli Factory 4. Ensure that the software at Pingzhen Factory adhere to the requirements of the Australian TGA GMP system
	Mid-term	1. Integrate external inspections to optimize inspection procedures and improve inspection efficiency 2. Establish a food safety history tracking system 3. Ensure that the hardware at Pingzhen Factory adhere to the requirements of the Australian TGA GMP system 4. Establish an intelligent exception handling system and digital exception/customer complaint database to improve quality and processing efficiency
	Long-term	1. Continue to improve and refine food safety, quality verification system, and inspection center in line with international standards and the latest verification standards 2. Continuously stabilize product quality, provide consumers with higher quality and healthier products, and improve Grape King Bio’s brand image
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	Human resources: Added 1 microbiologist inspector Systems: Extended laboratory ISO22000:2018 certification to include fungi product line in additional to existing lactic acid product line Equipment: Purchased phase contrast microscopes, laminar flow benches, refractive index detectors, and diluters for lactic acid bacteria	
Specific performance	✓ Passed 12 microbiological and chemical capability tests ✓ Laboratory personnel optimized and established 9 inspection methods (4 microbiological tests and 5 chemical tests)	

Food safety has always been an important issue of public concern. In recent years, there has been an increased emphasis on food safety, and it is not only consumers who are requiring significant enhancements in quality. Grape King Bio also continues to rigorously inspect and refine food sources through the following axes.

**(1)Regulatory compliance:**

We review raw materials and food additives to ensure that they adhere to legal regulations. Raw materials are inspected and undergo quality control processes after entering factories. The expiration dates of raw materials are tracked when they enter warehouses to prevent use of expired materials.

**(2)Reduce external risks:**

We maintain basic information and related quality records for suppliers and manufacturers to serve as a reference when making procurements. If any food safety incidents occur, we can use the search function on our systems to enable clarification and handling at the first instance.

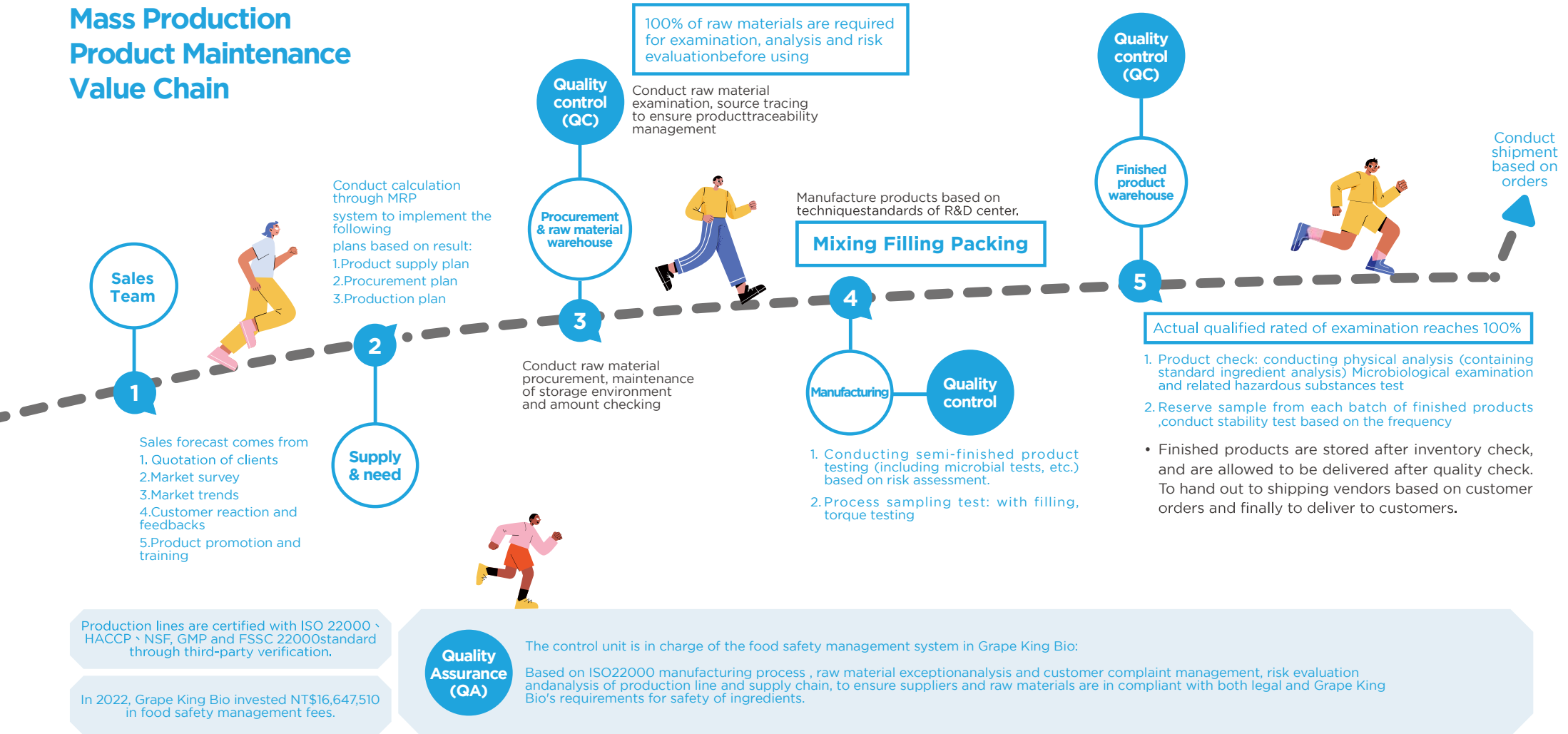
**(3)Enhance internal management:**

We maintain records of product manufacturing dates, expiry dates, production quality, and product inspections which can be used to track the quality of all raw materials used in relevant products.

**(4)Grape King Bio focuses on three main axes for food safety management and assurance:**

1. Hygiene regulations and training; 2. Product tracking and management; 3. Product quality and inspections.

# Mass Production Product Maintenance Value Chain



## 2.1 Management of Procurement and Raw Materials

### 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.

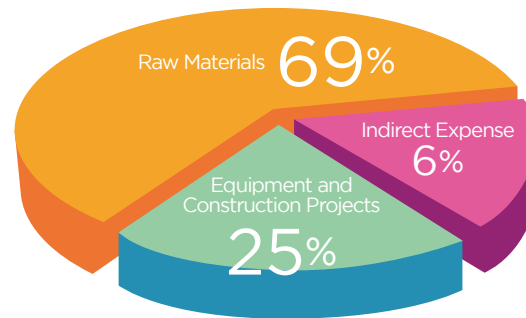
#### Local and Sustainable Procurement

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 2022 is shown below:

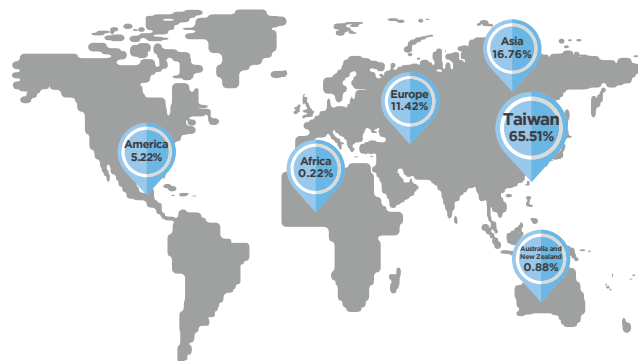
We have enjoyed mutual growth alongside our supplier partners and are working together to expand the social responsibility benefits in our supply chain and operate our businesses responsibly. Our suppliers provide us with high-quality raw materials and help us jointly establish the Grape King Bio value and supply chain. Our map of raw material procurement sources for 2022 is shown below (local procurement ratio was 65.51%):

#### 2022 Allocation of Purchase Amount



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 2022 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	4,350.67

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 2022. Targets for 2022:

- (1) Target client order completion rate of 99%; actual achievement: 99%
- (2) Zero supply shortages at Pro-Partner; actual achievement: no supply shortages.
- (3) Maintain 50 raw material reserve items; actual achievement: 59 items.
- (4) Target recovery rate of 85% for sustainability self-assessment surveys from key suppliers; actual achievement: 88.76%.
- (5) Target SIMP system launch progress rate: 70%; actual achievement: 72.09%.

## 2.2 Supply Chain Management



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.

Subject	[Policy Advocacy] Maintain Integrity and Celebrate the Festival		
Start Date	August 23, 2022	End Date	September 10, 2022
Announcement Top Placement	Yes	Link	
Contact Name	Grape King Bio-Procurement Officer	Contact Phone	(03)457-2121
Announcement Message Content	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!		
Announcement Targets	Corporate Zone; Vendor Zone		

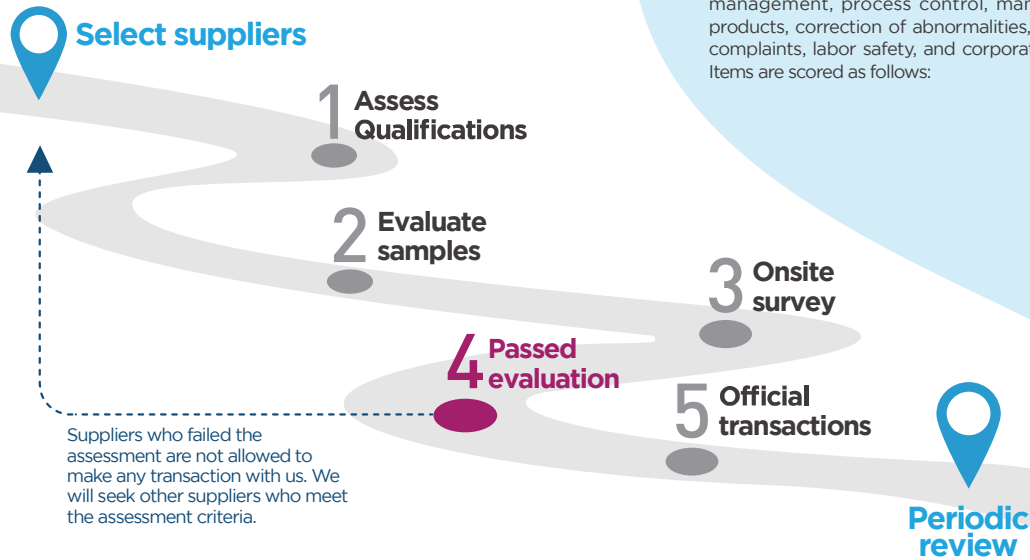


## 2.2.1 Audits of New Suppliers

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. Tracking improvements for audited items

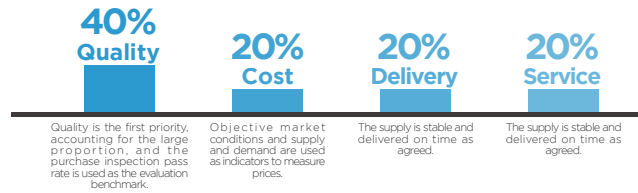
After conducting on-site evaluations, we ask suppliers to respond to and discuss our suggested improvements before conducting a second review of overall evaluation results and responses. We halt collaborations with suppliers who have major deficiencies or incompetencies until improvements are implemented. In 2022, we evaluated 56 suppliers (including 34 new suppliers). Due to severe pandemic conditions and in consideration of supplier epidemic prevention measures, evaluations for 3 new suppliers were conducted via videoconferencing, and we achieved similar results as our on-site evaluations. Two new material suppliers failed to pass our on-site evaluations. As these supplied items were not unique or exclusive, we ceased transactions with unqualified suppliers in accordance with corporate regulations. Results of supplier evaluations for the year are shown in the following table:

2022 On-Site-Evaluations		Evaluation Categorization		ESG Level		Total Number of Evaluated Suppliers
Raw Materials	New Suppliers	A	8	A	8	On-site evaluations: 27
		B	6	B	6	
		C	0	C	0	
	Existing Suppliers	A	11	A	9	Self-evaluations: 0
		B	2	B	4	
		C	0	C	0	
Other Materials	New Suppliers	A	5	A	4	On-site evaluations: 16
		B	2	B	3	
		C	2	C	2	
	Existing Suppliers	A	6	A	5	Self-evaluations: 0
		B	1	B	1	
		C	0	C	1	
Outsourcing	New Suppliers	A	9	A	Temporarily excluded from evaluations	On-site evaluations: 11 (Including 3 evaluations conducted via videoconferencing)
		B	2	B		
		C	0	C		
	Existing Suppliers	A	2	A		Self-evaluations: 2
		B	0	B		
		C	0	C		

## 2.2.2 Evaluation of Existing Suppliers

### 1. Annual Evaluations

#### Evaluation criteria for food raw material suppliers and outsourced factories



#### Evaluation standards for suppliers of pharmaceutical raw materials



Grape King Bio conducts regular annual evaluations of raw material suppliers and outsourcing vendors. Evaluations and scoring are based on four main aspects: Q (Quality), C (Cost), D (Delivery), and S (Service/Cooperation), and 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 key suppliers of raw materials. Of our 144 evaluation items, 21 are ESG-related evaluation items. In 2022, we distributed ESG self-evaluation questionnaires to 80 of our key suppliers. All suppliers achieved a qualification rate of 100% on the 21 ESG evaluation items. In future, we will continue to track supplier ESG performance.

In 2022, we audited 284 raw material suppliers and achieved an audit ratio of 100%. The results of our rigorous evaluations revealed that 243 suppliers were Class A suppliers, 41 suppliers were Class B suppliers, and 0 suppliers were Class C suppliers. A total of 284 high-quality suppliers qualified to continue working with Grape King Bio. Results of supplier audits for the past three years at Grape King Bio are shown in the following table:

Year	2020	2021	2022
Total number of suppliers	212	217	284
Audited suppliers	212	217	284
Audit ratio	100%	100%	100%
Class A	185	169	243
Class B	26	48	41
Class C	1	0	0
Audit pass rate	99.5%	100%	100%

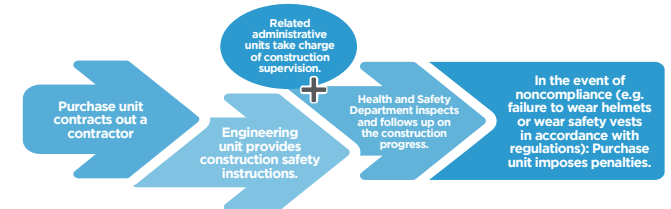
\*Categorization: Suppliers with a score of more than 81 are classified as Class A (excellent) suppliers; suppliers scoring from 65 to 80 are classified as Class B (qualified) suppliers; and suppliers with a score of less than 65 are classified as Class C (unqualified) suppliers; no transactions are permitted with unqualified suppliers.  
Notes on figures for 2022: Note 1: If a vendor simultaneously supplied raw materials, other materials, and outsourced services, they were evaluated separately due to the differences in vendor attributes.

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.

### 2.2.3 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.





## 2.3 Food Safety

Vice Division 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.

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 2022 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 2022, Grape King Bio invested NT\$16,647,510 (0.16% of net revenues in 2022) 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	7,783,096	47%
Equipment	4,034,952	24%
Consumables	3,016,868	18%
External inspections and verifications	1,636,402	10%
Miscellaneous	176,192	1%
Total	16,647,510	



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



Safety Management  
Hazard Analysis and Critical Control Points (HACCP)



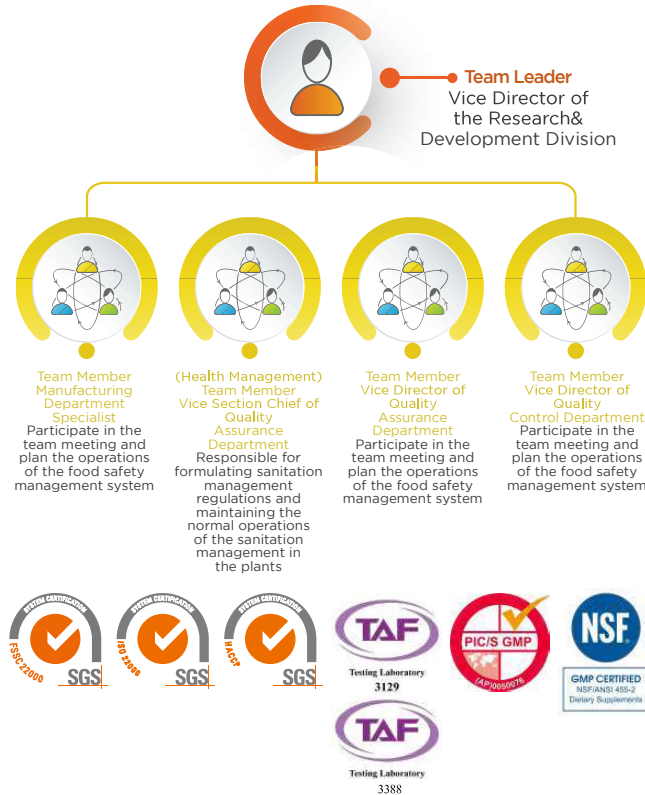
Health Management Good Hygiene Practice (GHP)



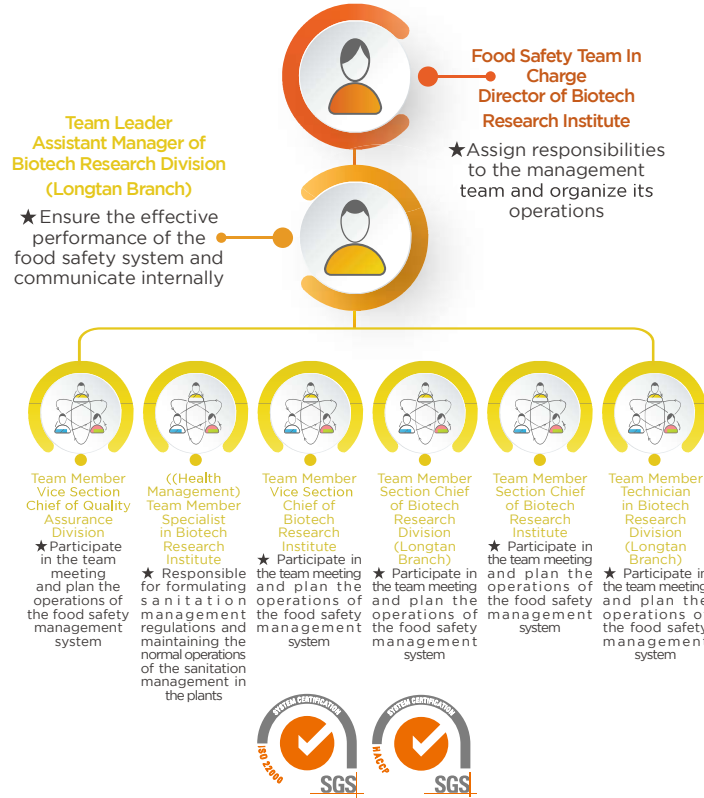
## 2.3.1 Systemic Food Safety Protections

### 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:

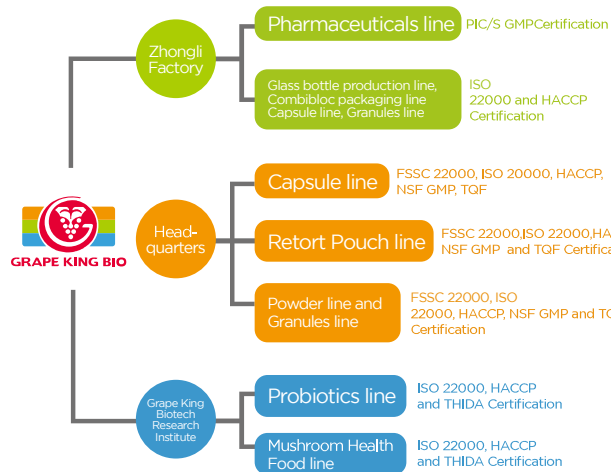


Our food safety management system requires relevant units to conduct timely reviews of target achievement rates every year. We convene one management review meeting each year. In 2022, we discussed a number of issues relating to achievement of production line quality targets, product recall simulations, 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 internal audits to inspect regulatory compliance of food safety management systems and PIC/S GMP 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 2022, 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. Add Warnings on Food Products to Protect Vulnerable Groups

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.

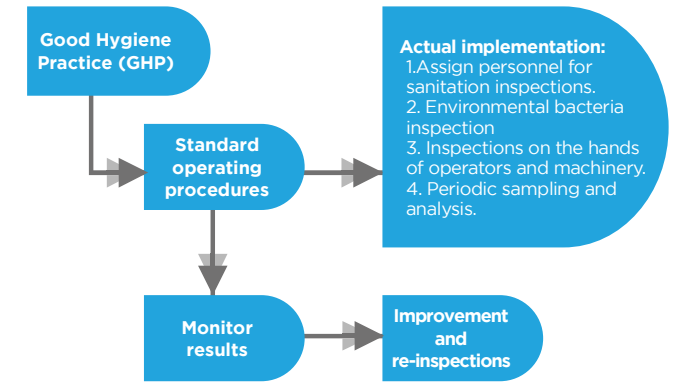
### 2.3.2 Food Safety Training

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. Grape King Bio completed 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.



(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 2022. 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 2022. 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 2022.



(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 2022.

(3) Organizational Food Safety Training

All members of the food safety control management team have currently completed their required 12 hours of training for every three years. 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.

## 2.3.3 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.

Grape King Bio hopes to achieve the target of “zero recalls due to quality or sanitation concerns” through cross-departmental collaborations with our quality management units to maintain overall effectiveness of corporate quality systems.



## 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.



### Inspection Items and Frequencies

Our current inspection items include tests for residues of 380 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 2022, including:

1. Methoxsalen
2. 380 pesticide residual analyses
3. Optimization of deoxynivalenol recovery rates
4. 5 microbiological USP tests

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

(1) Product inspection frequencies:

1. Drinks:
  - 1-1 Cold drinks: Monthly inspections.
  - 1-2 Hot drinks: Bimonthly 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: Bimonthly inspections.

(2) Equipment test frequencies:

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

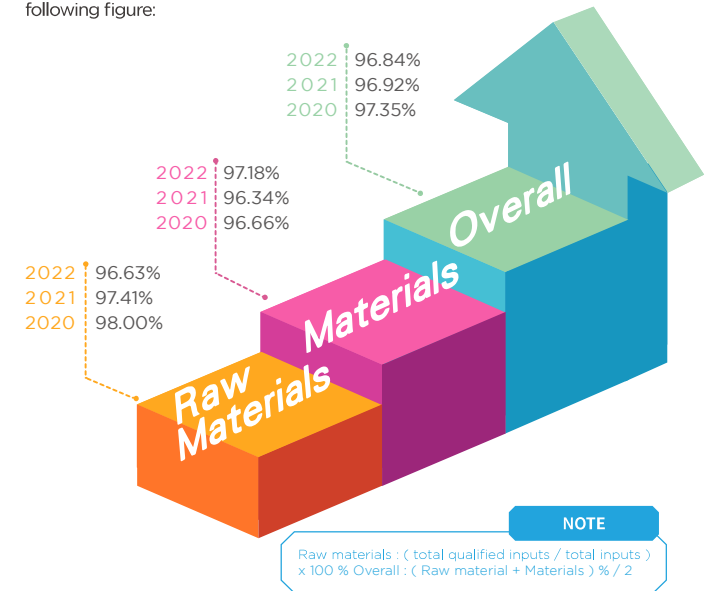
Inspection items for raw materials and products at Grape King Bio include the following categories:

<b>Microbiological hazard inspections</b>	Bacterial count, <i>Escherichia coli</i> , coliform levels, Enterobacteriaceae, <i>Staphylococcus aureus</i> , <i>Salmonella</i> , mold, yeast, and <i>Candida albicans</i>
<b>Chemical hazard inspections</b>	Plasticizers, heavy metals, mycotoxins (aflatoxin, ochratoxin, patulin), food processing aids, pesticide residuals
<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.

Our inspection results for raw materials for the past 4 years are shown in the following figure:



### 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 our achievements for 2022. Targets achieved in 2022 include:

Factory	Item	Targets	Achievement Status
Zhongli Factory	Defective label rate for large/small glass bottles	Below 0.7% for large glass bottles; below 1.2% for small glass bottles	Below 0.35% for large glass bottles; below 0.30% for small glass bottles
	Defective seal rate for combibloc packaging	Below 0.0025%	0.00097%
	Defective fill rate for capsules	Below 0.28%	0.074%
	Defective packaging rate for granule formulations	Below 2.0%	0.87%
Pingzhen Factory	Defective fill rate for capsules	Below 0.4%	0.074%
	Defective packaging rate for granule formulations	Below 2.1%	1.44%
	Defective packaging rate for powder formulations	Below 2.1%	1.23%
Longtan Branch	Annual tank failure rate	Below 4.9%	0.03%
	Defective packaging fill rate	Below 0.9%	0%

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 2022 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	2,910	1,010	327	4,638	2,195
Number of qualified pieces	2,610	939	325	4,625	2,118
Number of unqualified pieces	300	71	2	13	77

### 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 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, FSS22000, 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). Product recalls incurred from 2016 to 2022 included: 4 recalls of capsule products, 1 recall of granule products, and 1 recall of glass bottle products; all were Class 3 product recalls and did not cause any health hazards to consumers.

#### One factory product recall was requested by the Department of Health in 2022.

Description:

Sampling tests of empty capsules conducted by the Department of Health revealed trace amounts of hazardous substances which did not adhere to sanitation standards. We therefore recalled affected products in accordance with the instructions provided by the Department of Health. This was a Class 3 product recall, and no hazardous substances were discovered in related products during inspections conducted by independent third-party units. This incident had no impacts on consumer health and carried extremely low safety risks.

Factory implementations:

After receiving a letter from the Department of Health on November 2, 2022 our quality assurance unit immediately ceased using said batch of raw materials and executed relevant recall procedures in accordance with the "Product Recovery and Disposal Procedures." Affected items and product batches involved in the recall included: Cxxx capsules (Batch no. 20250813 C9)

and Grape King Bio Gxxx capsules (Batch no. 20250831 S7); 2026 bottles and 7282 bottles were recalled for each product, weighing a total of 908 kilograms. This incident involved non-compliance of raw materials. Our suppliers have submitted an appeal to the Food and Drug Administration, and recalled products will be disposed of in accordance with the results of said appeal.

Future preventive measures:

1. Strengthen management of raw material sources, work with suppliers to adjust manufacturing processes, and provide inspection reports for hazardous raw materials at fixed frequencies.
2. Strengthen factory management through inspection and monitoring of raw materials and pollutants to ensure product quality.

### 2.3.4 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.



## 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 May and November of 2022 for 6-10 participants.

## Systemic internal traceability management

Grape King Bio has established an internal ERP 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 May and November of 2022, 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

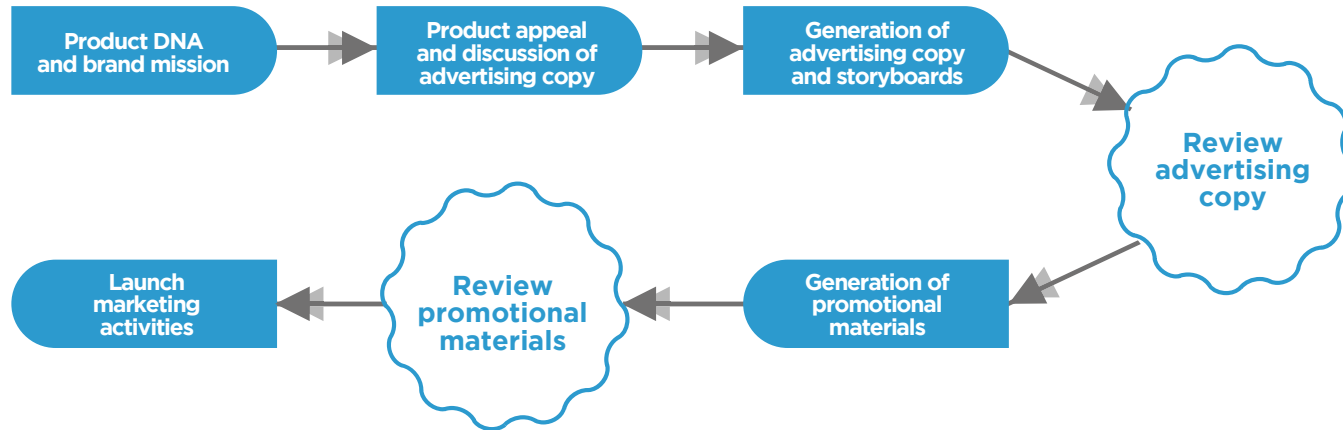
Grape King Bio's product packaging labels adhere to regulatory requirements, and we continue to review and update our regulations as needed. Our regulations encompass complete labeling of general raw materials and food additives, nutritional labeling on food packaging, allergen labeling, genetically 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 Source of allergy labeling
- 6 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 ERP system. The innovation and R&D center, quality management department, product planning section, and Biotech Research Institute jointly review the regulatory 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 209 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\$293,511,000.

## Promotion of Food Safety Culture

COLUMN

Background:

An awareness of food safety culture has gradually sprung up in international food safety systems, and even international standards recognized by the Global Food Safety Initiative (GFSI) have begun to promote a culture of food safety. As a “health expert for the entire family” that strives to provide healthy and high-quality products to consumers, Grape King Bio actively participates in this initiative and aims to enhance food safety culture within the Company so that we can take pride in producing excellent products.

Aim:

Everyone has different understandings and definitions of food safety and quality, and some may even hold erroneous or inappropriate views. The goal of food safety culture promotions is to cultivate accurate food safety and quality concepts in our colleagues to gradually build awareness of quality that translates into actions and quality verifications for daily tasks.

Event name: Grape King Bio Food Safety Day on June 7, 2022

Participants: All Company personnel

Event format: Online food safety survey, and promotion via photos, check-ins, and social media uploads

Event description:

(1) Personnel who received full marks (100 points) on our online survey during the event period (May 30 to noon of June 2, 2022) will obtain a Food Safety Day gift.

(2) Check-in posters have been installed in all factories. We invited all colleagues to take photos, check in, and upload content to social media during the Food Safety Day event period to share this event with their friends and families.