

Advertising copy review stage: Joint review of related advertisements and advertising copy to ensure compliance with the 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.

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.

Supply Chain Management

Management of Procurement and Raw Materials

Key issues: Supply Chain Management

Procurement of all raw materials at Grape King Bio is required to comply with company procurement procedures. 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 imported from foreign countries must be equipped with licenses and imported in their original packaging.
- (3) Raw materials must be approved by our R&D and relevant departments.
- (4) Raw materials must be stored in accordance with regulations, and relevant licenses must be procured.

- (5) Raw materials must provide comprehensive product information for analysis and comparison and packaging and labels cannot be altered or replaced.
- (6) Evaluation procedures must be reimplemented upon the revision of relevant electronic information for raw materials.

We also conduct internal analysis of international ESG issues relating to specific raw materials. Palm oil, for example, is commonly used in the food industry, but causes serious environmental issues and ecological imbalances in places of origin. We have surveyed our products and confirmed that none of them contain palm oil. Grape King Bio will continue to analyze ESG issues relating to raw materials and ensure that our supply chain adheres to our ESG standards. Grape King Bio also actively analyzes laws and regulations related to human rights issues (such as child labor or forced labor) surrounding specific raw materials, and we require our suppliers to adhere to these laws and regulations to ensure that we do not associate ourselves with companies who violate human rights laws.

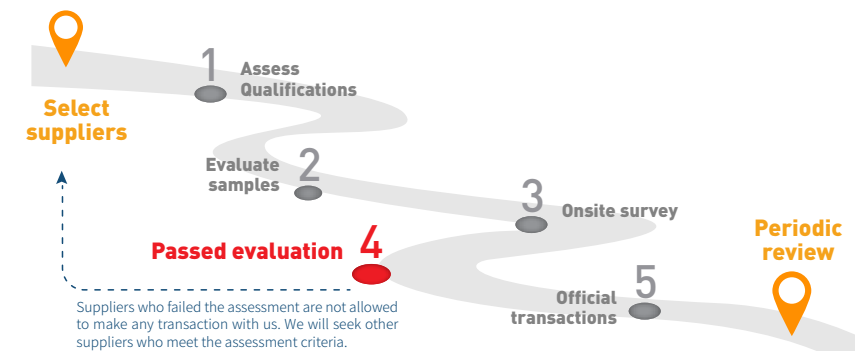
Local and sustainable procurement

We have enjoyed mutual growth alongside our supplier partners and are working together to expand the social responsibility benefits in our supply chain. Our map of raw material procurement sources for 2021 is shown below (local procurement ratio was 61.25%):



Audits of new suppliers

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



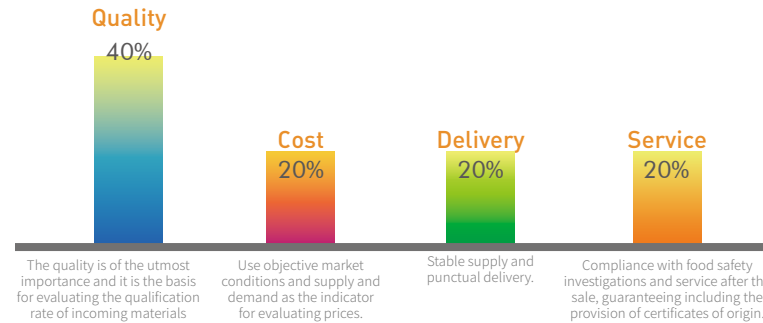
Suppliers must submit their business registration certificates and factory registration certificates to prove that they are operating legal companies and factories. They must also provide certificates related to raw materials so that we can evaluate the soundness of their systems and plans.

Grape King Bio has formed a cross-departmental team which conducts supplier evaluations. The 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 continue to work with suppliers who fulfill our criteria. Evaluation procedures include (1) on-site evaluations and (2) tracking of improvements for audited items.



Evaluation of existing suppliers

Grape King Bio conducts periodic annual evaluations of our raw material suppliers and commissioned outsourcing factories. Evaluations and scoring are based on the four main aspects of Quality, Cost, Delivery, and Service, and these aspects are also used as a basis for risk management. Companies that score above 81 were deemed to be Class A (excellent) suppliers, those scoring 65-80 were deemed to be Class B (qualified) suppliers, and those that score 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 our key suppliers of raw materials. Of our 144 evaluation items, 21 are ESG-related evaluation items. In 2021, we distributed ESG self-evaluation questionnaires to 91 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 2021, we audited 217 raw material suppliers and achieved an audit ratio of 100%. The results of our rigorous evaluations showed that 169 suppliers were Class A, 48 suppliers were Class B suppliers, and 0 suppliers were Class C suppliers. A total of 217 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:

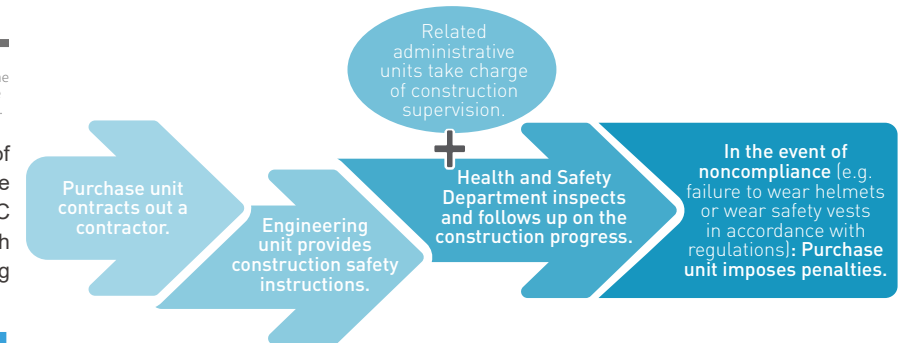
year	2019	2020	2021
Number of raw material suppliers	215	212	217
Audited suppliers	215	212	217
Audit ratio	100%	100%	100%
Class A	155	185	169
Class B	59	26	48
Class C	1	1	0
Audit pass rate	99.5%	99.5%	100%

Score range description: A score of more than 81 is classified as Class A excellent supplier; a score from 65 to 80 is classified as Class B qualified supplier; and a score of less than 65 is classified as Class C suppliers, who are disqualified and no transactions shall be permitted.

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. To enhance worker awareness of worksite safety, we actively work to provide safety management guidance to our contractors and strengthen the promotion of work safety measures prior to construction work within our factories.

