

# 2

## Shaping a Safe and Healthy Food and Drink Culture



2.1 Food Safety Commitment

2.2 Food Safety Management

2.3 Supplier management

2.4 Responsible Production Management







2.5 Product R&D and Innovation

2.6 Responsible Marketing and Labeling

## 2.1 Food Safety Commitment

GRI 103-2-103-3, GRI 416-2

Adhering to the spirit of product innovation, our top priority is customer health and safety. Moreover, we continue to develop safe and delicious products and are committed to new product research and development as well as related technology innovation or introduction, creating a variety of innovative and revolutionary leading products.

	Material Topic	Food safety
	Policy and Commitment	“Zero Food Safety Risk” is Uni-President’s core value and commitment
	Goal	<ul style="list-style-type: none"> <li>Establish 3-point food safety management and drug residue goals to strengthen food safety and quality management.</li> <li>Construct a food safety culture and implement food safety awareness to all employees while shouldering the responsibility of food safety as required by consumers.</li> </ul>
	Action Plan	<ul style="list-style-type: none"> <li>Set up a Food Safety Center (FSC) and organize a Food Safety Committee that connects the food safety control of all departments to reduce food safety risks.</li> <li>Establish a quality control laboratory and a food safety laboratory, while proactively gaining TAF and TFDA certifications to strengthen food safety testing capabilities.</li> <li>Formulate a supplier management policy and improve supplier management through on-site assessments, remote video assessment and raw materials supplier visits.</li> <li>Each production plant runs international food safety management systems such as ISO 22000 and FSSC 22000 certification to improve the management capabilities of plants.</li> </ul>
	Evaluation Mechanism	<ul style="list-style-type: none"> <li>Form a Food Safety Audit Team to periodically perform internal food safety risk monitoring inspections, ensuring the implementation status of food safety controls.</li> <li>Continue to maintain the validity of international food safety management systems and laboratory certifications.</li> <li>Comply with food-related laws and regulations</li> <li>Report to the Board of Directors on the implementation status of ethical management and regulatory compliance on an annual basis</li> </ul>
	Grievance Mechanism	<ul style="list-style-type: none"> <li>Establish a Consumer Service Center and provide consumers with multiple channels (0800 hotline, official website, service mailbox and retailer feedback) for product inquiries and complaints.</li> <li>Set up an internal food safety hotline to provide employees with a channel for product-related reporting or complaints. We also have an independent internal reporting mailbox and hotline in place.</li> </ul>

## Annual Management Targets for Food Safety

2021		
Management Target	Achievement	Improvement measures
Customer complaints on Food Safety Point 1 – No anomalies	Achieved	Customer complaints on Food Safety Point 1 – No anomalies, representing 100% achievement rate
The number of points for Food Safety Point 2 issues decreased by 10% from the same period last year.	Achieved	Customer complaints on Food Safety Point 2 decreased by 42% compared to the same period last year, representing a 136% achievement rate
Residue in finished products – No anomalies	Not achieved	<p>Excessive pesticide residues in products due to insufficient knowledge of regulations of the OEM</p> <p>Analysis of the reason: The OEM sent the products exported to Japan to an external unit for testing pesticide residues according to local regulations. The products passed the test, but the OEM failed to consider that there was a difference in the allowable pesticide residue values between Taiwanese and Japanese regulations.</p> <p>Improvement measures: 1. Switching to materials that are specifically for farming. 2. Semi-finished products of each batch are sent to the Food Safety Center for pesticide residue determination. Once testing is passed, these semi-finished products are packaged and produced by the OEM. 3. Additional clause added to the contract to explain “Pesticide Residue Allowance Criteria.”</p>
Public sector audits – No violations	Achieved	Public sector audits – No violations, representing 100% achievement rate



<b>2022 Management Targets</b>	<ul style="list-style-type: none"> <li>• Customer complaints on Food Safety Point 1 – No anomalies</li> <li>• The number of points for Food Safety Point 2 issues decreased by 10% from the same period last year.</li> <li>• Residue in finished products – No anomalies</li> <li>• Public sector audits – No violations</li> </ul>
<b>Mid-to Long-term Goal</b>	<ul style="list-style-type: none"> <li>• Strengthen the promotion of food safety culture of all affiliated companies</li> <li>• Implement 3-point food safety management</li> </ul>

## 2.2 Food Safety Management

GRI 103-2-103-3, GRI 416-1

Food is a necessity for all mankind, and food safety issues alone are enough to cause a stir in society. As we were established over five decades ago, we have extended our businesses from meeting the basic living needs of consumers to taking care of their daily life and providing multiple services for everyday life. As well as this, we have become a leader in the industry that fulfills every aspect of people's lives.

Faced with the high expectations of society and consumers for the food industry, our food safety control system is based on the consistent management regulations. We ensure the safety and health of all products that are provided for the public from the perspective of the value chain, including traceability of raw materials, manufacturing, retail channels, and customer services. We also aim to have great influence on the food industry and bring the industry a positive development.

### 2.2.1 Creating a food safety management mechanism

At Uni-President, we ensure food safety. The Food Safety Management Committee coordinates group management and perform audits on affiliates with the Group's system. In addition, we integrate food safety-related information through the FSC Rapid Alert System (FSCRA) and the Regulatory Identification System. At the same time, we also have a dedicated food safety hotline in place to encourage colleagues to jointly implement the food safety policy.



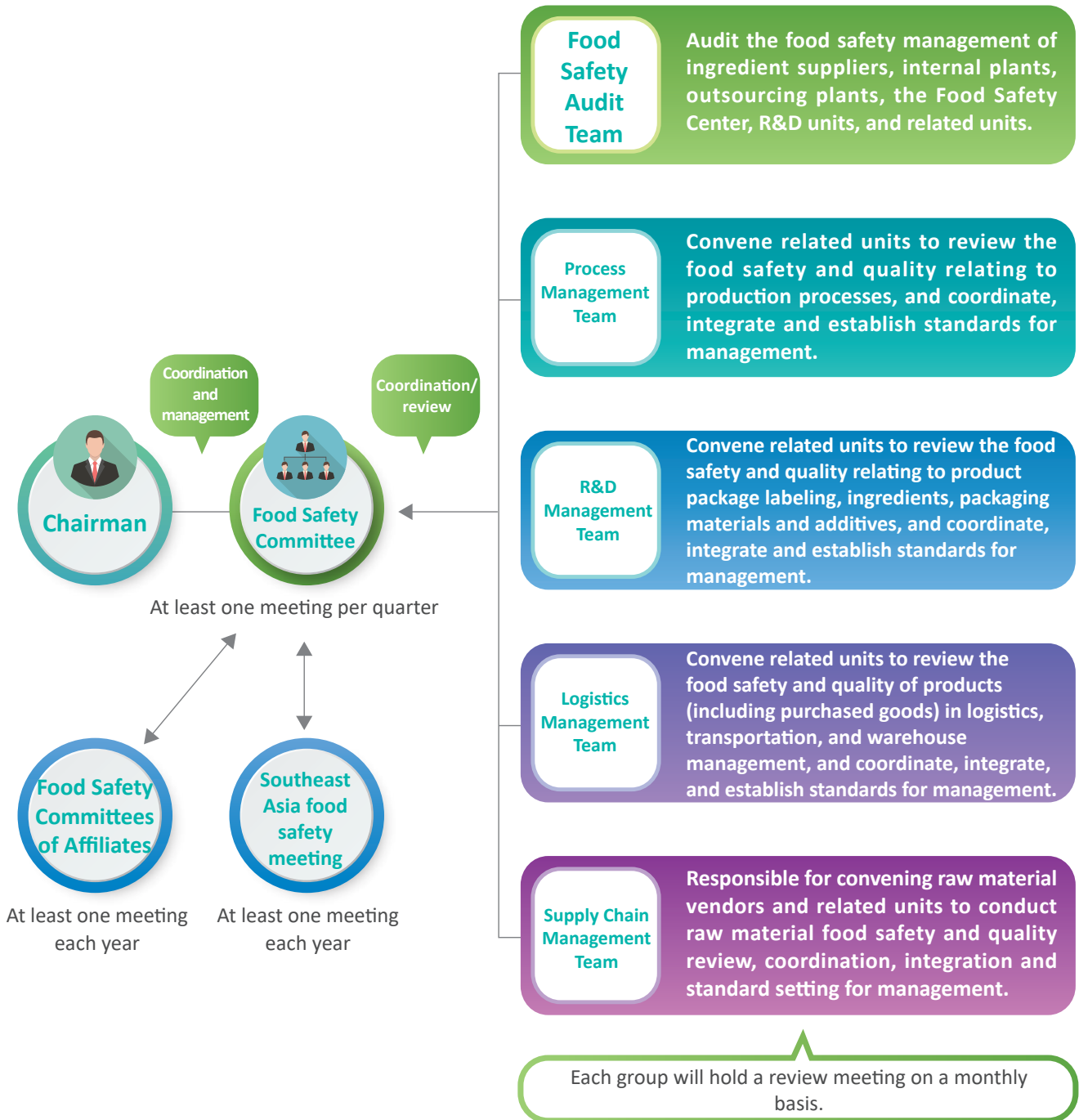
#### Food Safety Management Committee

The chairman of Uni-President is the convener of the committee and appoints the head of the Food Safety Center, Procurement Department, Logistics Group, Central Research Institute, Technical Group, each business unit, Food Safety Audit Team, and Public Affairs Office as members. The Food Safety Committee set up five groups and held at least one food safety meeting every month to discuss and resolve matters related to food safety and quality management. Uni-President establishes operating procedures of the Food Safety Committee in accordance with the "Organizational Structure and Operating Procedures of the Food Safety Committee," which covers 100% of our product types.



The Food Safety Committee held 35 food safety meetings in 2021. 1 Group food safety meeting and 1 Southeast Asia food safety meeting were held on January 11, 2022.

## Procedures, Teams and Responsibilities of the Food Safety Committee



## Food Safety Core Work Priority

Since 2018, Uni-President has set goals each year for tracking and grading customer complaint incidents as well as drug residue management. These goals are distributed into five working groups to implement management targets and performance tracking. To allow more accurate management performance inspection, since 2019, the frequency of incidents have been included in the weighted calculation as a management evaluation indicator. By using the number of points as the management evaluation indicator, the security control risk caused by the target setting of the number of incidents in the past is improved. In 2021, there were no violations in public sector audits; there were no anomalies in customer complaints on Food Safety Point 1; customer complaints on Food Safety Point 2 decreased by 42% compared to the same period last year, representing a 136% achievement rate. There was 1 case of residue in finished products. With a target of zero, this was not achieved and improvements were made.

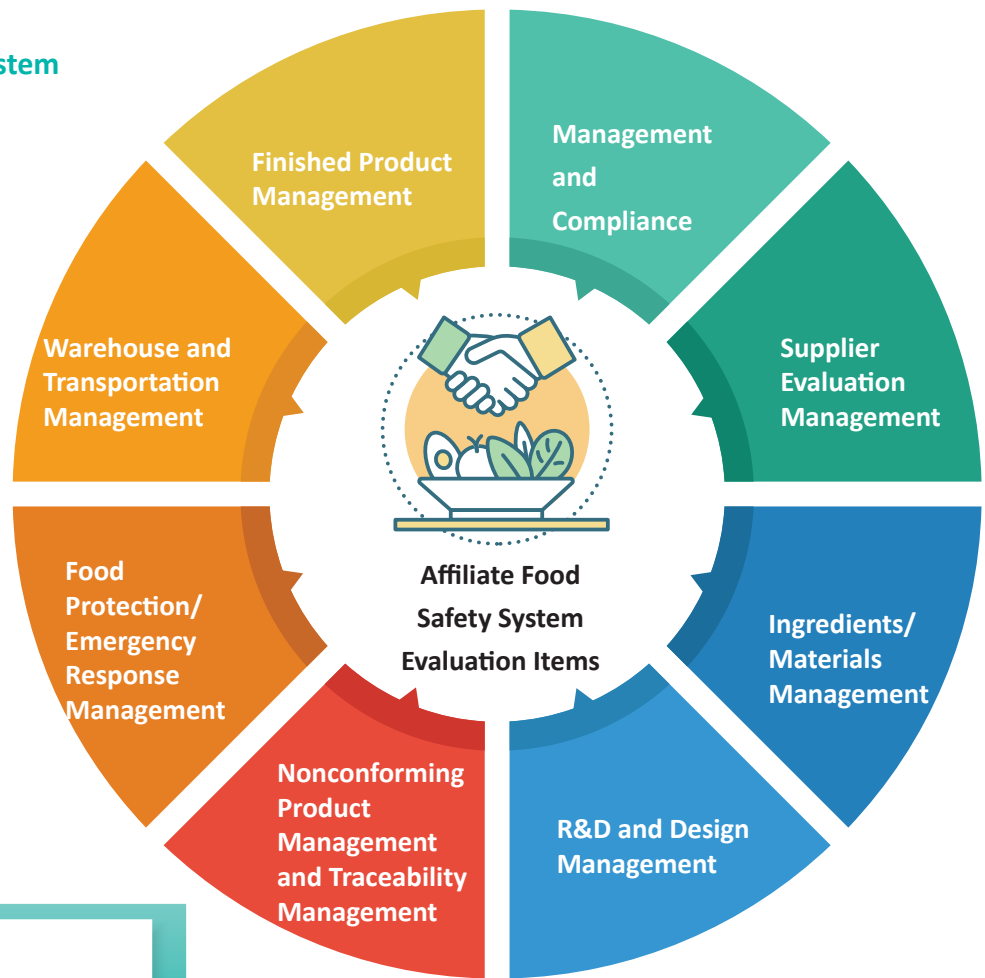
## The Core Working Practices of Food Safety Management

Item/Objective	Tracing and grading of customer complaints	Drug residue management
Management Focus	<ul style="list-style-type: none"> <li>Food Safety Point 1: Incidents that would potentially cause significant harm to the human body</li> <li>Food Safety Point 2: Incidents that would potentially cause minor harm to the human body</li> <li>Food Safety Point 3: Events apart from Food Safety Point 1 and 2</li> </ul>	Drug residue in finished products
Working Teams	Supply Chain Management Team, Process Management Team, R&D Management Team, Food Safety Audit Team, Logistics Management Team	Food Safety Audit Team, R&D Management Team, Supply Chain Management Team
Implementation Details	Production process, R&D, suppliers, warehousing and delivery, quality control and inspection, and project improvement	Supplier source management, pesticide and animal drug residue testing and continuous improvement and optimization of projects

## Audits on Affiliates

In addition to coordinating Uni-President Group's management system by the Food Safety Committee, we also perform audits of affiliates to help with their improvements. Thus, we prepare an annual audit plan for affiliates at the beginning of each year, and these audits are performed in accordance with the "Affiliate Food Safety System Evaluation Items." In 2021, Uni-President's seven affiliated companies were audited, including President Chain Store Corporation, Uni-President Organics Organization, Uni-President Natural Industrial Corporation, President Pharmaceutical Corporation, President Nisshin Corporation, President Kikkoman Inc., and Tait Marketing and Distribution Co., Ltd. With the promotion of the policy for our food safety core work priority, affiliates and suppliers have gradually strengthened their management measures. In 2021, the score received by each affiliate was higher than that of 2020. All deficiencies found during the audit were tracked and improved in the second quarter of 2022.

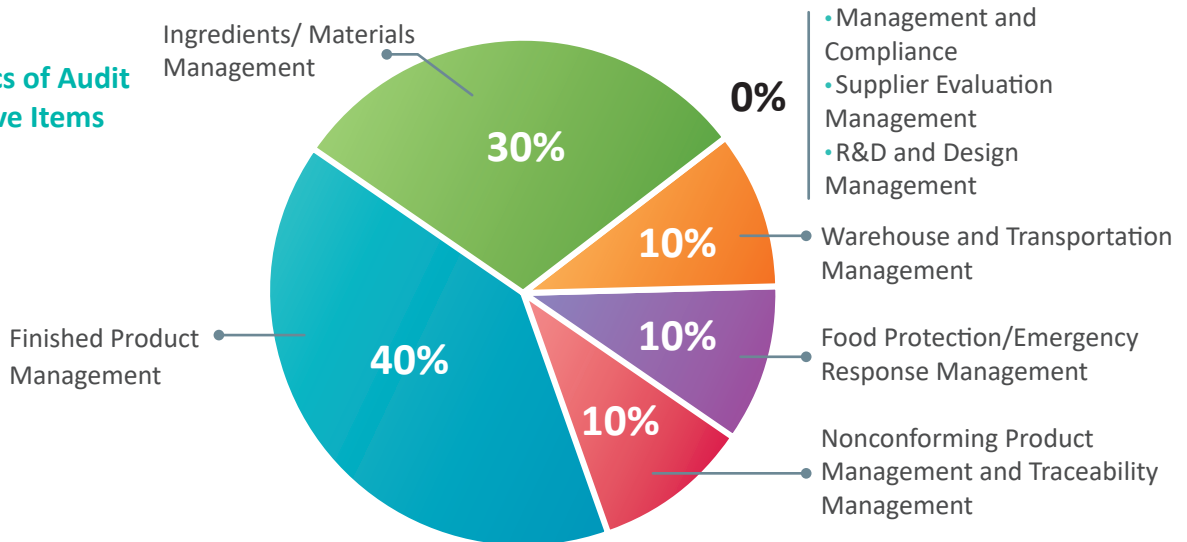
## Affiliate Food Safety System Evaluation Items



### 2021 Audit Results of Affiliates

The total score for audits performed on affiliates increased by 0.57 points from 2020.

### 2021 Statistics of Audit Defective Items



## Regulatory Identification System

In a bid to get a hold on constantly changing food safety regulations, we have set up a “Product Regulatory Change Management Process.” Moreover, we perform identification and inventory with the Regulatory Identification System through the FSC and related units. At the same time, we evaluate the impact of regulatory changes in relation to safety, hygiene, quality, and testing methods and propose countermeasures immediately to ensure all products are in compliance with laws and regulations. By doing this, we are able to effectively control food safety risks and prevent damage to consumer health and the Company’s business reputation.

In 2021, the Food Safety Center supervised 122 cases of food-related regulatory changes, which covers all product categories (100%). The Food Safety Center initiated 117 regulation identifications in accordance with regulatory changes. The standard procedures for regulatory identification for 5 unclosed cases were reviewed by internal units and manufacturers and will be amended before the regulations take effect. This is expected to be completed on 2022/12/31. The Act Governing Food Safety and Sanitation and its enforcement rules promulgated by the Taiwan Food and Drug Administration (TFDA), Ministry of Health and Welfare, are the major laws and regulations applicable to Uni-President products. Please visit the TFDA website for details regarding related laws and regulations (<https://www.fda.gov.tw/TC/law.aspx?cid=62>).

### Food Safety Center

- Collection, registration, and conveyance of regulatory changes

### All Units

- Review whether the Company’s products are in compliance with regulations according to their duties
- Propose countermeasures when a product is not in compliance with regulations
- Follow up to ensure that correction is made on schedule



### 122 cases of regulatory changes monitored:

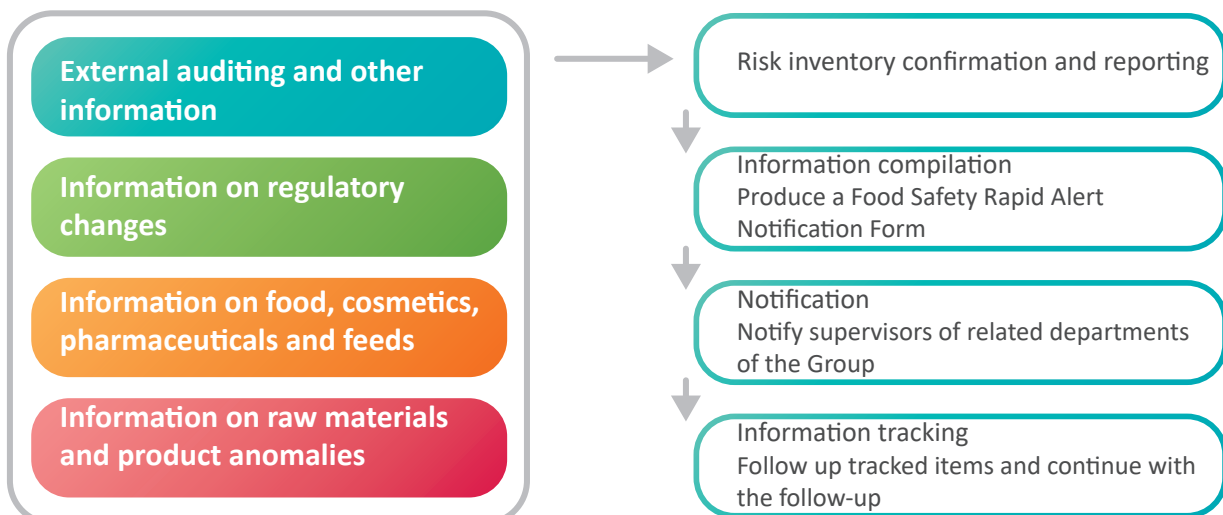
- ✓ 117 cases of regulatory identification completed
- ✓ 5 cases are expected to be confirmed and amended before 2022/12/31

In 2021, there were no fines or penalties imposed for violation of the “Act Governing Food Safety and Sanitation” and its related enforcement rules, measures and guidelines.

## The Food Safety Center Rapid Alert System (FSCRA)

In order to implement good communication on food safety and maintain the efficiency of the plant management mechanism, we have, since 2015, established the Food Safety Center Rapid Alarm (FSCRA) system. The FSCRA system collects information associated with our products on a daily basis and notifies all response units. Through the FSCRA, related units are able to propose countermeasures for food/cosmetics/pharmaceuticals/feeds.

## Operating procedures







#### **2021 List of notifications from the Food Safety Center Rapid Alarm System (FSCRA)**

- Number of notifications in 2021: 365
- Proportion of product category affected: 100%
- Number of cases requiring follow-up: 30

The abovementioned cases have been tracked and solved before January 5, 2022.

### **Food Safety Hotline**

For product safety and label content, Uni-President has established “Employee Participation in Product Safety Measures” to encourage employees to report any concerns regarding advertisement, labels, ingredients, and legal inconsistencies of current Uni-President products through the hotline or mailbox. These reports are processed by the Audit Division, after which, the Food Safety Committee will conduct an investigation alongside related units. Depending on the significance of the report, the responsible units will review and take the necessary actions.

Furthermore, we provide protection and rewards to the employee making the report. The maximum reward can be up to NT\$7.5 million. Employees can express their opinions on all company food products (100%) on the food safety hotline. In 2021, there was one case of employee feedback on the food safety hotline. The case was about the Company regarding misplacement of advertisement. Subsequently, the advertisement was removed to avoid further misunderstanding by consumers and a reward of NT\$11,000 was paid.



#### **2021 Contents of employees’ calls to the food safety hotline and improvement measures**

- Summary of the call: The title of the product on the online shopping platform was not consistent with the current status of the product.
- Improvement measure: The Advertising Unit was required to clearly list all combinations of final images (e.g. pictures, text, position) for this type of “dynamic product advertising formats.” The advertisement can only go online after confirmation of branding, advertising unit and media.

## **2.2.2 Building Food Safety Professional Capacity**

Food safety has been Uni-President’s ongoing and persistent commitment and our ultimate goal is to raise our food safety standards to international levels. Given this, not only have we invested in high-standard professional equipment, but we also make an effort to enhance food testing capabilities and strengthen professional talent. To build food safety professional capabilities, apart from strict internal food safety, we also provide testing services to external parties to help spread our influence of food safety to the outside world, contributing to food safety standards in Taiwan.

### **Certified Laboratories and Testing Items**

As a means to strengthen the control capabilities of food safety, we continue to invest in equipment and additional testing items to enhance our ability. In addition to establishing QC laboratories in each production plant, the FSC has also set up a food safety laboratory. Moreover, efforts have been made for each laboratory to attain TFDA and TAF certifications. For more information on certified laboratories, please refer to ESG Information – TFDA- and TAF-Certified Laboratories.

The QC Section of each plant and the FSC are jointly responsible for the inspection of raw materials and finished products. If an item fails to reach the accepted criteria, it shall be judged as unqualified by the QC Section, and the procurement unit shall be informed to return the product, or it shall be suspended from use. In addition, the procurement unit would require the supplier to propose improvement plans and recurrence prevention measures in order to enhance the stability of the supply quality.

In 2021, the QC Section and Food Safety Laboratory compiled a total of 216 groups of practical testing items (excluding the test items for projects commissioned by external clients) for ingredients, materials, and finished products. These items include the physical and chemical properties and safety factors. All testing methods have been certified by the TFDA or the TAF. In addition, testing is conducted with respect to the methods established by the Ministry of Health and Welfare and the Bureau of Standards, Metrology & Inspection or internationally accepted test methods (e.g. AOAC).



As of December 31, 2021, up to 620 testing items of Uni-President's laboratories have been certified by the TAF and TFDA as food-related testing items.

Note: Please refer to the "List of TFDA- and TAF-Certified Items" in this report for certified items.



#### Anomaly Form of Finished Products and Ingredients/Materials Inspection in 2021

Anomaly rate for finished products:  
0.14%

Anomaly rate for raw materials: 0.27%

Note: The percentage of anomalies found in finished products and ingredients/ materials detected by the food safety and QC laboratories divided by the total number of finished products and ingredients/ materials tested in 2021.



#### 2021 Food Safety Management Expense Statistics

Food safety control expenses <sup>Note 1</sup>: NT\$322.73 million

Percentage of net operating revenue in the individual financial statements : 0.76%

Investment expenditure on R&D and testing equipment <sup>Note 2</sup>: NT\$27.37 million

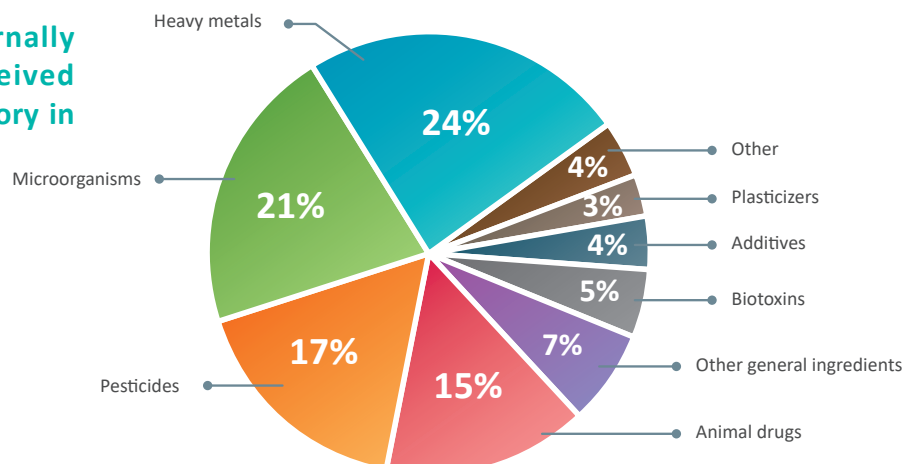
Note 1: Food safety control expenses include laboratory expenses and external inspection fees

Note 2: Expenditure includes the equipment investment of the Central Research Institute, Food Safety Center, and Technical Group

### Expand Food Safety Testing Influence

In order to meet the requirements of food safety in Taiwan, not only do we apply strict measures on ourselves within the Company, but we also share lab technology and resources in related industries by undertaking testing from external units, including food manufacturers, suppliers, schools, catering industry, and agricultural associations. Of these external testing cases commissioned in 2021, most were for heavy metals, microorganisms, pesticides and animal drugs. Uni-President will continue to improve its lab software and hardware facilities as well as the professional testing capabilities of its employees, further contributing to Taiwan's food safety.

#### Analysis of Types of Externally Commissioned Cases Received by the Food Safety Laboratory in 2021



## 2.2.3 Cultivate food safety talent

### Capacity Test Comparison

To ensure the quality of food safety inspection and the capabilities of the inspection unit upon performing tests, we conduct capability comparison between inspection units through test standards, test conditions and homogeneous samples. Finally, the test results from each inspection unit are compiled, analyzed and evaluated so as to understand the inspection capabilities of the Group’s production plants, quality control and OEMs. The autonomous management capacities of inspections are also optimized according to the capacity inspection comparison results.

### Professional licenses and education and training

Uni-President attaches great importance to professional food talent and encourages employees to acquire relevant food licenses to improve their knowledge in the food industry. We have established the “Rewards and Allowances for License and Certificate Acquisition,” which applies to all Uni- President employees. As of December 31, 2021, a total of 140 employees obtained food safety certifications.

Furthermore, to reinforce the soft power, increase food safety awareness, and enhance the food safety knowledge among our employees, we continue to arrange courses related to food safety, hygiene management and testing. At the same time, we strive to develop the external counseling ability of the FSC staff. In 2021, the number of participants in food safety training reached 18,475, with a total training of 37,487.5 hours.



- No. of employees attaining food-safety related licenses in 2021 increased by 6% compared to 2020
- No. of employees receiving education and training on food safety in 2021 increased by 24% compared to 2020
- The total number of training hours in 2021 grew by 20% compared to 2020

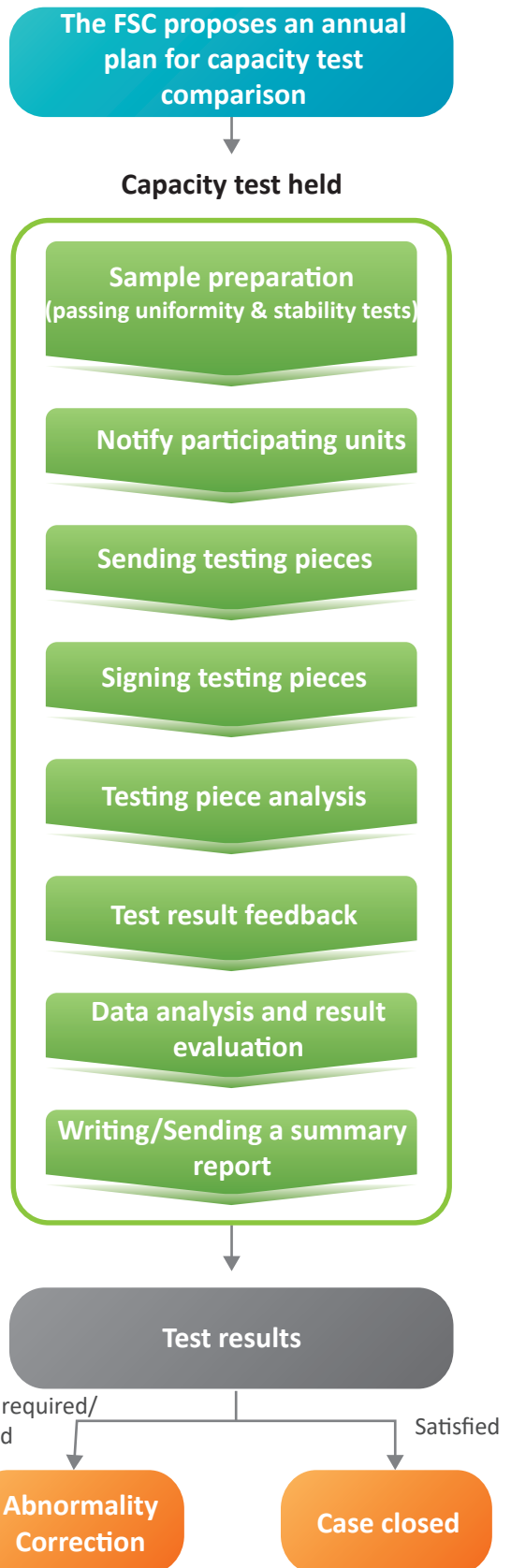
Note: For professional licenses attained within the past 3 years, please refer to Appendix – ESG Information – Food Safety-related Certificates and Licenses



#### 2021 Food Safety Education and Training

- 18,475 employees received training
- Total 37,487.5 training hours

### Operating procedures





### External education and training

In an attempt to increase food safety awareness among the public, we have opened education and training courses available for Uni-President's affiliates, OEMs, raw material suppliers and equipment manufacturers. Through these courses, Uni-President's accumulated experience of food production and quality management for the past five decades can be shared, making an effort to increase the awareness of quality management in society and the food industry.

#### 2021 customized business classes (6 courses in total)

- Food plant cross-contamination prevention practices
- Food plant cleaning and disinfection practice course
- Vector control practice training course
- Food plant sampling and statistical application class
- Education and training on One Point Lessons
- Environmental monitoring and management mechanism

#### Annual routine external courses (10 courses in total)

- Instrument calibration and plant management practice training class
- Food plant cleaning and disinfection practice course
- Vector control practice training course
- Food microbiological testing course
- Food sensory evaluation and practical application course
- Food plant cross-contamination prevention practices
- ISO 22000:2018 food safety management system clause training and revision practice course
- Auditor training practical class
- Food plant sampling and statistical application class
- Environmental monitoring and management mechanism



Vector control practice training course



## 2.3 Supplier Management

GRI 102-9, GRI 308-2, GRI 414-2



In order to provide consumers and society with high quality and safe food products, we make an effort to maintain the taste of our products and reduce food safety hazards. At the same time, we also strive to reduce the use of additives to eliminate food safety risks. The importance of supplier management to stakeholders and Uni-President is undeniable.

### 2.3.1 Supplier Management Mechanism

Uni-President produces a wide variety of products with complex raw materials. We manage suppliers in the production supply chain by establishing the Supplier Code of Conduct and management requirements. Moreover, we effectively reduce food safety risks through on-site assessments, remote video assessment, raw materials supplier visits and supplier traceability checks, as well as a comprehensive track and trace system.

#### Supplier management strategy

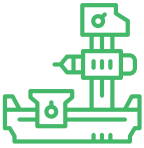

At Uni-President, we ask our suppliers to respect employees, value workplace safety, and take the responsibility for society and the environment. They are also required to comply with the laws and regulations of the countries and regions in which they operate. Moreover, suppliers are encouraged to require their upstream suppliers to endorse and adopt related guidelines.

 <p>Code of Conduct</p>	Code of Ethics	<ul style="list-style-type: none"> <li>• Meet regulatory requirements</li> <li>• Ethical management</li> <li>• Confidentiality obligation</li> <li>• Intellectual property rights protection</li> </ul>
	Labor and Safety	<ul style="list-style-type: none"> <li>• Compliance with relevant regulations</li> <li>• Labor rights protection</li> <li>• Provide a healthy and safe workplace</li> <li>• Occupational Safety and Health Management</li> </ul>
	Social and Environmental Responsibility	<ul style="list-style-type: none"> <li>• Compliance with relevant regulations</li> <li>• Encourage green procurement</li> <li>• Emphasis on operational environmental responsibility</li> </ul>
 <p>Management Requirements</p>	Qualification Review	<ul style="list-style-type: none"> <li>• All suppliers of raw materials must be approved by the evaluation team before procurement</li> <li>• Must be registered on the “Food Business Registration System”</li> </ul>
	Quality Management	<ul style="list-style-type: none"> <li>• Food ingredients and packaging suppliers who come into contact with food must acquire ISO 9000, HACCP, ISO 22000 or FSSC 22000 food safety management system certification.</li> </ul>
	Contract Performance System	<ul style="list-style-type: none"> <li>• CSR terms must be incorporated in the procurement agreement. It may be terminated or revoked immediately when any violation of the CSR policy is involved.</li> </ul>

## Supplier Management Aspect

Through the three major aspects, we review and track deficiencies to improve our grasp of raw material quality as well as supplier operating standards in order to strengthen the control over food safety.

Due to the impact of COVID-19 in 2021, many on-site assessments and inspections of suppliers were affected. In response to the impact brought about by COVID-19, while at the same time keeping on top of the food safety management of high-quality products, since June 2021, we have been conducting remote video assessments. Apart from documents and records which are reviewed, we examine the implementation of plant management focus using video tools. As well as this, we also use mobile phones to directly video or photograph the key points of production sites as an additional aid to assessment.

Management Aspect	Audit Method	
 <p>Audit of Operational Procedures</p>	<p><b>Document review</b></p> <p>Execution frequency: From time to time</p> <ul style="list-style-type: none"> <li>Suppliers of unprocessed agricultural, livestock and aquatic ingredients</li> </ul>	<p><b>On-site assessment/remote video assessment</b></p> <p>Execution frequency: Audit frequency is determined by risk</p> <ul style="list-style-type: none"> <li>Domestic food suppliers (Note)</li> <li>Primary processing factories of agricultural and livestock products</li> <li>Traders</li> <li>Overseas manufacturers</li> <li>Traders (packing plants) of food-grade detergents/chemicals</li> <li>Suppliers of food-grade detergents/chemicals</li> </ul>
 <p>Maintenance of Ingredient/Material Quality</p>	<p><b>Visits to raw material suppliers</b></p> <p>Execution frequency: From time to time</p> <ul style="list-style-type: none"> <li>Domestic food suppliers</li> <li>Primary processing plants of agricultural and aquatic products</li> <li>Traders</li> </ul>	
 <p>Specific Audit Topic (Audit by the Food Safety Audit Team)</p>	<p><b>Supplier Traceability Check</b></p> <p>Execution frequency: Unscheduled audits without warning</p> <ul style="list-style-type: none"> <li>Domestic food suppliers</li> <li>Primary processing plants of agricultural and aquatic products</li> <li>Traders</li> </ul>	

Note: Including outsourcing packaging suppliers with direct contact with foods (products).



## On-site assessment/remote video assessment

We have formulated the “Supplier Assessment Procedures” in accordance with the “Regulations on Good Hygienic Practice for Food” and the “Regulations on Food Safety Control System.” Assessment items of these Procedures are applied based on the type of the suppliers.



## Supplier Assessment Items

<p><b>Manufacturers of food-grade detergents/chemicals</b></p> <ul style="list-style-type: none"> <li>• Management and Regulations</li> <li>• Process and product control</li> <li>• Nonconforming product management and traceability</li> <li>• Environmental health and safety</li> <li>• Employee health and safety</li> <li>• Facilities and Equipment</li> <li>• Disease vector management</li> <li>• Product Protection and Emergency Response</li> <li>• Inspection and testing</li> <li>• Warehouse and transportation</li> <li>• Corporate social responsibility</li> </ul>	<p><b>Domestic food suppliers</b></p> <ul style="list-style-type: none"> <li>• Management and Regulations</li> <li>• Critical control point and hazard analysis food safety systems</li> <li>• Process and product control</li> <li>• Nonconforming product management and traceability</li> <li>• Environmental health and safety</li> <li>• Employee health and safety</li> <li>• Facilities and Equipment</li> <li>• Disease vector management</li> <li>• Food protection and emergency response</li> <li>• Inspection and testing</li> <li>• Warehouse and transportation</li> <li>• Corporate social responsibility</li> </ul>
<p><b>Primary processing plants of agricultural and aquatic products</b></p> <ul style="list-style-type: none"> <li>• Ingredients/materials management</li> <li>• Quality and supply capacity</li> <li>• Plant Health and Safety</li> <li>• Process management</li> </ul>	<p><b>Traders (packing plants) of food-grade detergents/chemicals</b></p> <ul style="list-style-type: none"> <li>• General Management</li> <li>• Warehouse and Transportation Management</li> <li>• Packing process management</li> <li>• Waste management</li> </ul>
<p><b>Overseas manufacturers</b></p> <ul style="list-style-type: none"> <li>• Ingredients/materials, additives, processes, products, and other food safety management</li> </ul>	<p><b>Traders</b></p> <ul style="list-style-type: none"> <li>• Ingredients/materials management</li> <li>• Supply capacity</li> </ul>

In 2021, 168 out of 543 suppliers applicable to the Supplier Evaluation SOP completed the on-site or video evaluation, a 30.9% evaluation completion rate. A score over 60 and without significant deficiencies is required to pass the evaluation. Evaluation items include whether the food safety and hygiene management systems are ineffective and whether the food has immediate safety hazards and can be improved immediately. All suppliers passed the assessment.

Note 1: The 543 suppliers were food ingredient/material suppliers who had business dealings with the Company in 2021 included suppliers not subject to the Supplier Assessment Procedures.

Note 2: The 168 suppliers exclude raw milk (dairy farms), packaging materials that do not come into direct contact with foods, wheat suppliers, and the number of OEMs that import wheat.

Note 3: Video assessments are performed due to COVID-19.

After the assessment, suppliers are requested to fill in the “Raw materials Suppliers Onsite Guidance and Improvement Follow-Up Form” and report the improvement of deficiencies within one week. Suppliers not listed in the qualified supplier list after the review may be subject to another assessment based on the root cause of deficiencies and follow-up result of the improvement. They may be listed as new suppliers when approved. However, suppliers punished (administrative fines) for violation of related laws and regulations will be rejected for a re-evaluation.

On-site assessments performed on overseas suppliers were completed in 2016, with each one passing the assessment. According to Risk Control Principles, as there were no recent major risk incidents, on-site assessments were not required for overseas suppliers in 2021. When necessary, on-site assessments will be proposed for overseas suppliers in the future.

## 2019–2021 On-site Assessment Percentage

On-site Assessment	2019	2020	2021
A. Number of all raw material suppliers <sup>Note 1</sup>	548	540	543
B. Number of suppliers applicable to the Supplier Assessment Procedures	338	336	401
C. Number of domestic suppliers that performed on-site/video assessments <sup>Note 2</sup>	158	135	168
Ratio of on-site/video assessments to all suppliers (=C/A) <sup>Note 3</sup>	28.8%	25.0%	30.9%
Ratio of on-site/video assessments to suppliers applicable to the Supplier Assessment Procedures (=C/B)	46.8%	40.2%	41.9%


Note 1: Food ingredient/material suppliers who had business dealings with the Company for the year included suppliers not subject to the Supplier Assessment Procedures.

Note 2: Excluding suppliers of raw milk (dairy farms), packaging materials that do not come into direct contact with foods, wheat suppliers, and the number of OEMs that import wheat.

Note 3: Video assessments are performed due to COVID-19.

## Visits to raw material suppliers

We periodically perform on-site assessments not only to evaluate whether the operating procedures of suppliers are in compliance with Uni-President’s standards, but we have also classified anomalies in raw materials during incoming acceptance into Food Safety Point 1, Point 2 and Point 3, while conducting corresponding management and tracking.

Classification of Anomalies of Raw materials During Incoming Acceptance	Management Method
 <p>Food Safety Point 1 Food Safety Point 2</p>	The Food Safety Audit Team carries out a supplier on-site visit and follows up improvement
<p>Food Safety Point 3</p>	The QC Section will determine whether or not to initiate unscheduled visits, and based on the key points of the visit, the “Audit Form for Unscheduled Visits on Raw materials Suppliers” will be established. During the visit, if one of the items fails to reach certain qualification criteria, it will be deemed a deficiency. Suppliers with deficiencies are required to complete the Quality Improvement Tracking Form for Raw materials Suppliers within one week.



## Results of visits to raw material suppliers in 2021

Subject for visits	Reason for visits
Suppliers of raw materials rejected by QC for nonconformities during the incoming acceptance, or suppliers of raw materials (excluding raw cheese farmers) with anomalies found during production	Audit of the conformity of ingredients & materials/ processes/ finished products/others.


### 2021 results of the visits

In 2021, the QC Section audited 15 suppliers in 19 visits. Process management was the main cause of defects. Corrections of all defects had already been completed before January 5, 2022.

## Supplier Traceability Check

With reference to the “Food Trace and Track System,” the Food Safety Audit Team formulated the “Inventory of Traceability on Level 2 Raw materials and Production Inspection Measures for Suppliers.” Traceability and production audits are conducted based on the type of manufacturers and traders. There are four audit topics. Among them, the “production history check” refers to the raw materials used by suppliers in production, meaning traceability check for level 2 raw materials. Inventory items include import declarations, import licenses, certificates of ingredient/material origin, COA (Certificate of Analysis), shelf-life, food safety testing reports.

Audit Topic	
	<ul style="list-style-type: none"> <li>✓ Production history check</li> <li>✓ Production process check (for manufacturers)</li> <li>✓ COA of testing report check</li> <li>✓ GHP (Good Hygienic Practices) management (including warehousing) check</li> </ul>

 In 2021, the Food Safety Audit Team audited 298 suppliers on-site in 656 visits. Good Hygiene Practice (GHP) was the main defect. Corrections of all defects were all completed by May 9, 2022.

## Construction of the Food Trace and Track System

With reference to the “Regulations Governing the Trace and Track System of Foods and Relevant Products” promulgated by the Ministry of Health and Welfare, we require food operators to record and trace the supply source or product flow of food and related supply processes. Uni-President has already established traceability data in the written or digital format from raw materials suppliers to outgoing shipments of the finished products on the next level. Uni-President has conducted traceability in accordance with the “Food Traceability Management System” established based on internal regulations, which covers 100% of our product types (excluding animal and aquatic feed).

In 2021, Uni-President has developed the Food Traceability Management System with a total of 447 products, accounting for 100% of all Uni-President food products (excluding feed for livestock and aquatic animals). We also achieved 100% development of the Food Traceability Management System and use of electronic receipts according to the legal requirements.

The complete data has been uploaded to the Ministry of Health and Welfare’s “Food Traceability Management System (Ftracebook)” (<http://ftracebook.fda.gov.tw>).



### Uni-President Group's Supply Chain Information Sharing Platform

As a means to integrate the Group's supply chain resources, the Group's supply chain information sharing platform was planned and created in 2021. Information on current qualified suppliers is integrated and provided to affiliates with access to it. By doing this, not only can repeated assessments of affiliates be reduced, the chance for the Group to use unqualified suppliers is at the same time decreased. Furthermore, the compilation of deficiencies from the Group's supplier assessments can help the Group focus on food safety management priorities.

#### Application Mechanism:

- (1) Information of qualified suppliers from assessments conducted by all affiliates/a list of suppliers that the Company no longer trade with or will not trade with is filed in the platform to integrate the Company's partners.
- (2) The supplier information and assessment status is available on the platform for all affiliates.
- (3) All affiliates engage in exchanges on a regular basis and review current assessment measures (including using the report that has been assessed by the Group).

#### Benefits:

- (1) Quick and accurate search for the Group's qualified suppliers
- (2) Reduce the management procedures and operation of repeated evaluations
- (3) Reduce the risk of using new suppliers that are not on the Group's qualified supplier list

## 2.3.2 Supplier Counseling

As a means to implement control over food safety risks, Uni-President takes a proactive approach to conduct supplier management by performing assessments and audits. Abnormalities occurring during the process are listed as projects for management and counseling for improvement. To reduce food safety risks of suppliers, improvements we make are: source management, workflow optimization, process optimization, equipment enhancement, and pollution prevention of personnel. At the same time, based on the principle of achieving mutual benefit, we continue to reinforce our suppliers to exert our influence as an industry leader.

Project	Counseling content
Project of improvement for abnormal quality of unpasteurized liquid egg	<ul style="list-style-type: none"> <li>✓ Source management of raw eggs: Feed improved and defective products picked out from the farm</li> <li>✓ Sodium hypochlorite solution concentration for washing eggs optimized: Method of operation optimized and a fool-proofing mechanism established</li> <li>✓ Process management optimized: Equipment changes and inspection sampling methods proposed and discussed</li> </ul>
Project	Counseling content
Project of improvement for dried vegetable microbial anomalies	<ul style="list-style-type: none"> <li>✓ Pollution prevention of personnel enhanced: Hand disinfection strengthened and cross-contamination prevented</li> <li>✓ Working environment optimized: Uneven desks replaced with stainless steel desks</li> </ul>

## 2.4 Responsible Production Management

To reduce food safety risks, Uni-President has set up a sound food safety management system and supervises the management effectiveness of each production plant by attaining various production management verifications. We also implement food processing hygiene management in each plant through the self-audit mechanism and monitoring of the Food Safety Audit Team.

### 2.4.1 International Food Safety Management System

Our food production plants have attained various international food safety management certifications. In addition to TQF being the basic certification system required by each plant, based on the foundation of the FSSC 22000, ISO 22000 has higher specification requirements and is a management mechanism endorsed by the Global Food Safety Initiative. Uni-President's food plants have all attained the FSSC 22000 verification apart from essential oil plants, which have attained the ISO 22000 certification.



Uni-President's food production plants have attained the following certifications:

- **HCCP** (Hazard Analysis and Critical Control Point)
- **CAS** (Certified Agricultural Standards)
- **ISO 9001** (Quality Management System)
- **TQF** (Taiwan Quality Food Association)
- **ISO 22000** (Food Safety Management System)
- **FSSC 22000** (Food Safety System Certification)

For detailed product certifications of each plant, please refer to the FSSC 22000 certified items in the Appendix ESG Information – “food products of plants certified by ISO 22000 and FSSC 22000 in 2021.”

In 2021, food products certified by FSSC 22000 accounted for 99.98% of Uni-President's total food products.

The percentage of certification was calculated from dividing the total number of FSSC 22000 certified food products by the total output of food products (unit: the minimum packaging unit of each food product).

### 2.4.2 Plant Self-inspection System

Not only do we improve management standards of all plants through the food safety management system, but we have also established a self-audit system based on the type of the production plants to minimize production risks.

#### 2021 Self-audit Standards and Achievements

Plant Type	Management Standards	Inspection Status
Food Plants	<p>We have established the “Internal Food Plant Quality Audit SOP” based on the “Regulations on Good Hygiene Practice for Food” to implement a three-level management audit mechanism.</p> <ul style="list-style-type: none"> <li>• Level 1: Plant self-audit</li> <li>• Level 2: Audits on all food plants are performed by general plants</li> <li>• Level 3: The Technical Group reviews the audit of all general plants and evaluates the need for spot checks based on the risk</li> </ul>	<p><b>Level 2 Audits</b></p> <ul style="list-style-type: none"> <li>• Total number of food manufacturing factories: 23</li> <li>• Number of audited manufacturing factories: 23</li> <li>• Proportion between the number of audited factories and affected products: 100%</li> </ul> <p><b>Level 3 Audits</b></p> <p>Number of production plants spot checked by the Technical Group: 7</p>
Feed plants	<p>We have established the “Internal Quality &amp; Food Safety Audit Procedures” in reference to ISO 9001 and ISO 22000.</p>	100% <sup>Note</sup>

Note: In 2021, there was only one feed production plant, which had internal audits completed.

## 2.4.3 Food Safety Risk Monitoring Audit

In addition to the self-audit of each plant, we also conduct food safety risk monitoring and audits for internal plants, OEM plants and QC/research units by the Food Safety Audit Team combining the Group's food safety core work priority. By doing so, we can ensure the implementation of food safety control of each production and QC/research unit. The implementation status is reported directly to the President's office, hoping to achieve the goal of zero food safety risk. As of the end of 2021, a total of 42 units were audited, with 299 deficiencies found, which have all be corrected.

### 2021 deficiencies related to food safety risk in the production and QC research units

Unit	Food Safety Point 1 management	Food Safety Point 2 management	Food Safety Point 3 management	Drug residue management of raw materials and finished products	Subtotal
Internal plant	0%	1%	55%	0%	56%
Internal QC Unit	0%	0%	1%	0%	1%
Internal Research Unit	0%	0%	0%	0%	0%
OEM Plant	0%	1%	42%	0%	43%
Subtotal	0%	2%	98%	0%	100%

## 2.4.4 Investment in Equipment Optimization Process

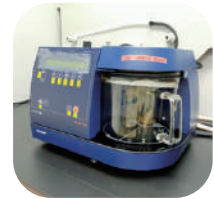
Foods are manufactured through complex processes and as we manufacture a variety of products, we must reduce the number of human operations during the process in order to keep foods safe. At the same time, we have introduced automation technology to improve manufacturing efficiency. Meanwhile, we have also upgraded our inspection equipment to further reduce complicated manpower work in order to ensure that food safety control and operational quality is enhanced.

### Introduction of Equipment to Optimize Production

Project Description	Benefits after Implementation
To reduce loss during process and improve milk yield by production process improvement	<ul style="list-style-type: none"> <li>✓ The cumulative milk production rate in December 2021 reached 96.80%, representing an increase of 0.35% and 385.96 tons of milk compared to the same period last year.</li> <li>✓ The annual target of milk production rate for 2022 is an increase of 0.05% or 55.41 tons of milk.</li> </ul>

## Introduction of Equipment to Strengthen Inspection Capabilities

Equipment Name	GC/MS/MS (Gas Chromatography-Tandem Mass Spectrometry)	Fully automated hydrolysis system
Fees Invested	NT\$5 million	NT\$167 million
Application Benefits	To perform pesticide residue inspection	Raw materials for instant noodles, pet feed and flour, inspection for fat in finished products, as well as 8 nutrition inspection items.



## 2.4.5 Strengthen Logistics Service Management

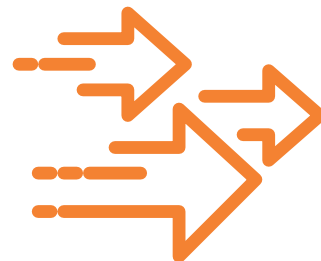
In 1996, Uni-President established a distribution company to integrate the Company’s business and logistics activities, while at the same time managing sales and channel marketing management. With respect to business – we have the most robust sales team with products spanning room temperature, refrigerated and low temperature. We are committed to fulfilling customer needs for channel building, channel marketing and channel management. With respect to logistics – we have built first-tier and second-tier logistics services. We provide transportation, storage and distribution services with a central aim of satisfying our customers under the “punctual, correct, and high-value” principle. As a means to provide stable logistics services, we conduct assessments on our fleet vehicles on a regular basis. The assessment covers personnel management, fleet vehicle management, and operational management. In 2021, 73 fleet vehicles were assessed, with a pass rate of 100%.

We emphasize the importance of the safety and security of our fleets and follow the regulatory requirements. In 2021, the Advanced Driver Assistance Systems (ADAS), dash cams and vision assist systems were installed in all fleet vehicles. By doing this, we provide a safer working environment for our fleet vehicles.

Apart from the introduction of safety equipment system aids, we have also integrated resources of relevant affiliates targeting the operation mode of logistics fleet vehicles, in an effort to make continuous optimization and adjustment. For example, more vehicles would be required for transporting refrigerated products as delivery times must be met. After coordination and integration, we successfully reduced the number of vehicles needed. With this adjustment, a total of 80,000 kilometers can be saved per year.



A total of 73 fleet vehicles were assessed **100%** in 2021 to evaluate the pass rate



With distribution route adjustment, a total of **80,000** kilometers is saved per year.

## 2.5 Product R&D and Innovation

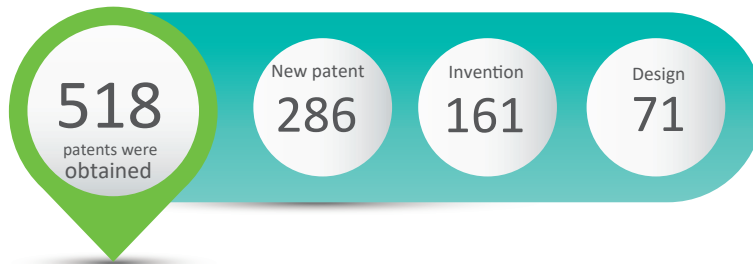
With our overall product development principle being “fun, delicious food that is safe to eat,” we make an effort to stay on top of health trends and cater to the needs of future consumers. Our current products are developed based on the low salt, low sodium and low sugar concept, with no sugar and less added sugar being our future development trend. In 2021, we developed four more sugar-free products compared to 2020. Moreover, due to COVID-19, consumers nowadays pay more attention to what they eat. In 2021, we also developed a new health-certified product that delays aging. At the time, we are in the process of developing products for home needs, including fresh food products, home hotpot products, instant chicken breasts, refrigerated and frozen noodles.



### Information on Patents

Our R&D and technology units often work with affiliates and their patented “instant noodle bowl” is licensed to 7-Eleven for fresh food products. Our R&D unit will continue to promote and develop design services, with a development goal of expanding intellectual property performance.

► By the end of 2021,



► in 2021.



### 2.5.1 R&D Strategy and Goal

The awareness of health and environmental protection among the general public has increased in recent years, leading to food safety being the focus of all industries. In the Group, food safety issues have always been the most important. On par with the business strategies, our top priority is to ensure consumer “food safety.” Due to this, not only have we built a model for managing the safety of various food raw materials, but we have also further combined our core R&D capabilities. For that reason, we hope to become the leader in the industry while serving as a benchmark, guiding Taiwan’s food industry towards the direction of innovative development and technology. While we create new products for consumers, our strategy also incorporates the current environmental awareness to proactively reduce the impact on the environment.

#### Key R&D Strategy for Value Chain:



## Product R&D and Management Targets for the Coming Year

Management Target	2021 Achievement Status	2021 Key Achievements	2022 Targets	Mid-to Long-term Goal
Technical research on the mechanism of delicious products	Achieved and under continuous improvement	<ol style="list-style-type: none"> <li>1. Light bakery products developed</li> <li>2. New delicious yoghurt developed</li> <li>3. Sugar-free grain milk products developed</li> <li>4. Freshly brewed tea developed to meet to the need of consumers</li> </ol>	<ol style="list-style-type: none"> <li>1. To develop spicy flavors for new products</li> <li>2. To develop new fresh food products</li> <li>3. To develop new refrigerated cake and snack products</li> <li>4. To develop new yogurt products</li> <li>5. To develop Taiwan orange juice</li> </ol>	Development towards product refinement and continuous improvement of product quality and flavor.
R&D of technology for new bakery, fresh food and high nutrition healthy products and processes.	Achieved and under continuous improvement	<ol style="list-style-type: none"> <li>1. Delicious strong tea technology developed</li> <li>2. Snack and cake refinement technology upgraded</li> <li>3. Healthy baked products</li> <li>4. Fresh food pouch products developed</li> </ol>	<ol style="list-style-type: none"> <li>1. To develop non-fried noodles</li> <li>2. To improve and upgrade bag technology</li> <li>3. To refine technology for room-temperature plant milk</li> <li>4. To build a low-temperature extraction technology</li> </ol>	Meet consumer demands and improve three major product categories including fresh food, bakery, and nutrition through product R&D

## 2.5.2 Diversified Dietary Trends to Take Into Account Both Health and Taste

As Taiwan's population ages with fewer children, lifestyles are also changing with people tending to eat out nowadays. In addition, with the arrival of the post-pandemic era and consumers' increased health awareness, dietary needs have become more diverse. Due to this, we have taken on the challenge to help consumers to move towards a healthy lifestyle. Given this, product development will require more innovation and we make an effort to develop various types of products aiming to cater for the needs of different consumer groups. In doing this, we hope to become the best partner for people's healthy-eating life.

Health Trends	Description	Number of Products
Health Food Certification	To fulfill consumers' healthy diet and enhance product value, we continue to develop and maintain products (including improving gastrointestinal functions, controlling lipidemic levels, reducing body fat formation, adjusting body to reduce allergic reactions, boosting immunity, regulating blood sugar levels, and delaying aging) with various health effects with reference to the health effects announced by the Ministry of Health and Welfare.	23 products
Elderly-friendly Products	We will continue to improve the quality of existing products designed for the elderly while taking into account their dietary habits and bodily functions, in respect to taste, convenience and nutrition, in the hope to enhance understanding on product functionality related to consumers.	13 products
Sugar-free/no additional sugar products	According to a survey conducted by the Health Promotion Administration, excessive sugar intake not only causes tooth decay, but it also triggers insulin resistance, increased obesity, the chances of metabolic syndrome, while also elevating blood pressure, blood sugar, blood lipids, and increasing the risk of cardiovascular disease. It accelerates body aging and is suspected of increasing the risk of cancer. In an attempt to provide a healthy diet to consumers, we have added four sugar-free/no additional sugar products in 2021.	27 products
Salt and sodium reduction	Studies have pointed out that excessive salt intake can lead to high blood pressure and cardiovascular disease. Extra intake of 1 gram of salt per day (about 1/4 teaspoon) prompts the risk of obesity by over 28%. Taking into account that people may neglect their sodium intake, we are proactively reducing sodium content in our products to provide the public with healthy choices.	None of our 31 products exceed 2,000 mg of sodium per serving. Sodium intake is advised at 2,000 mg per day by the Food and Drug Administration

## Nutritional Health Enhancement Products

### U-Best Lutein + DHA Algal Oil

U-Best Lutein + DHA Algal Oil is a health food developed for “vision systems (eyes and brain).” Not only are the raw materials provided by qualified suppliers/manufacturers, but the production plant has also passed international certifications including ISO 22000 and HACCP.

Awards Won in 2021:

- ✓ 2021 DAVINCI International Innovation and Invention Expo – Gold
- ✓ 2021 Customer Satisfaction by Taiwanese Professors Association – Gold
- ✓ 2021 A.A. Clean Label (the first passed lutein capsule product in Asia Pacific)



### LP33 B1 PLUS

For consumers to easily carry and consume, products are made using room temperature functional materials. Not only is the product made using rose petal extract with probiotics to achieve fast-acting anti-allergy and body adjustment benefits, vitamin B1 is also added to relieve the pain of allergies and mental discomfort.



## Health Concept Products

### Uni Sunshine No-Added Sugar and High-Fiber Oat Milk

The natural sweetness of oats is brought out by the use of enzyme hydrolysis technology. The dietary fiber content meets the high fiber standard of the Ministry of Health and Welfare, promoting intestinal motility.



### Uni Sunshine No-Added Sugar Soy Milk

With “as the focus, Uni Sunshine No-Added Sugar Soy Milk” is the first soy milk in Taiwan to be certified by A.A. Clean Label as 100% additive-free.



### Ruisui Fresh cream (35% milk fat content)

Ruisui Fresh Cream is made with selected premium dairy sources in Taiwan. The milk fat content is 35% and can be widely used in different types of food products including bakery, beverages and meals.



## Salt and sodium reduction products

### Spicy Science Noodles

Designed as a snack, weighing 40 grams per serving. The flavor is spicy and roasted sauce with sodium content maintained at approximately 510mg per serving.





## 2.6 Responsible Marketing and Labeling

GRI 417-2, GRI 417-3

At Uni-President, we have always adhered to the spirit of ethical management and are committed to using its core competencies to create higher value for our products. We hold a sincere attitude when it comes to communicating with consumers and provide accurate product information in order to avoid misunderstandings with our products. Based on this notion, we use “responsible marketing” as our Management Target and adopt stringent standards from product labels to after-sales service so as to protect consumers’ rights.

### 2.6.1 Product Labeling and Creative Review

In the age of innovative marketing, we uphold the principle of transparency and we do not boast. The government’s laws and regulations only provide the minimum standards. When it comes to labeling of raw materials and ingredients, we adopt high standards and have set up a “Packaging Label Review Process.” All business groups, the Central Research Institute, the Marketing Planning Office, the Production Plant, and the QC unit of the FSC are combined to jointly establish 2-tier inspection of key points of primary and secondary review in order to carry out review of package labeling and advertising terms. The review covers trademarks, brand and product names, ingredients and nutrition labels, content weights, factory addresses, shelf life and conditions, place of origin, certification marks, etc.

We understand that product labeling and marketing innovation are the first product information obtained by consumers. By correctly understanding a product, can misunderstanding be avoided. In 2021, out of the 952 items reviewed, 673 were approved and 279 were rejected due to labeling errors in wordings, contents and addresses.

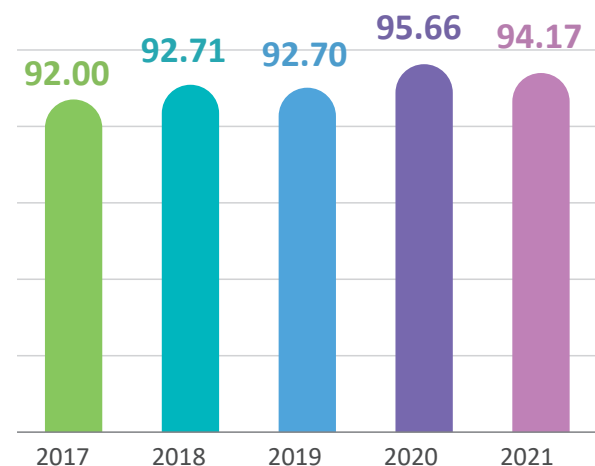
Review Contents	Responsible Unit
Reasonable wording, company services and image, and trademark approval	Marketing & Planning Office – brand management, trademark management unit
Correct labelling and information used is scientifically reasonable	Central Research Institute, QC Unit of the FSC, Production Plant

### 2.6.2 Consumer Inquiry Service

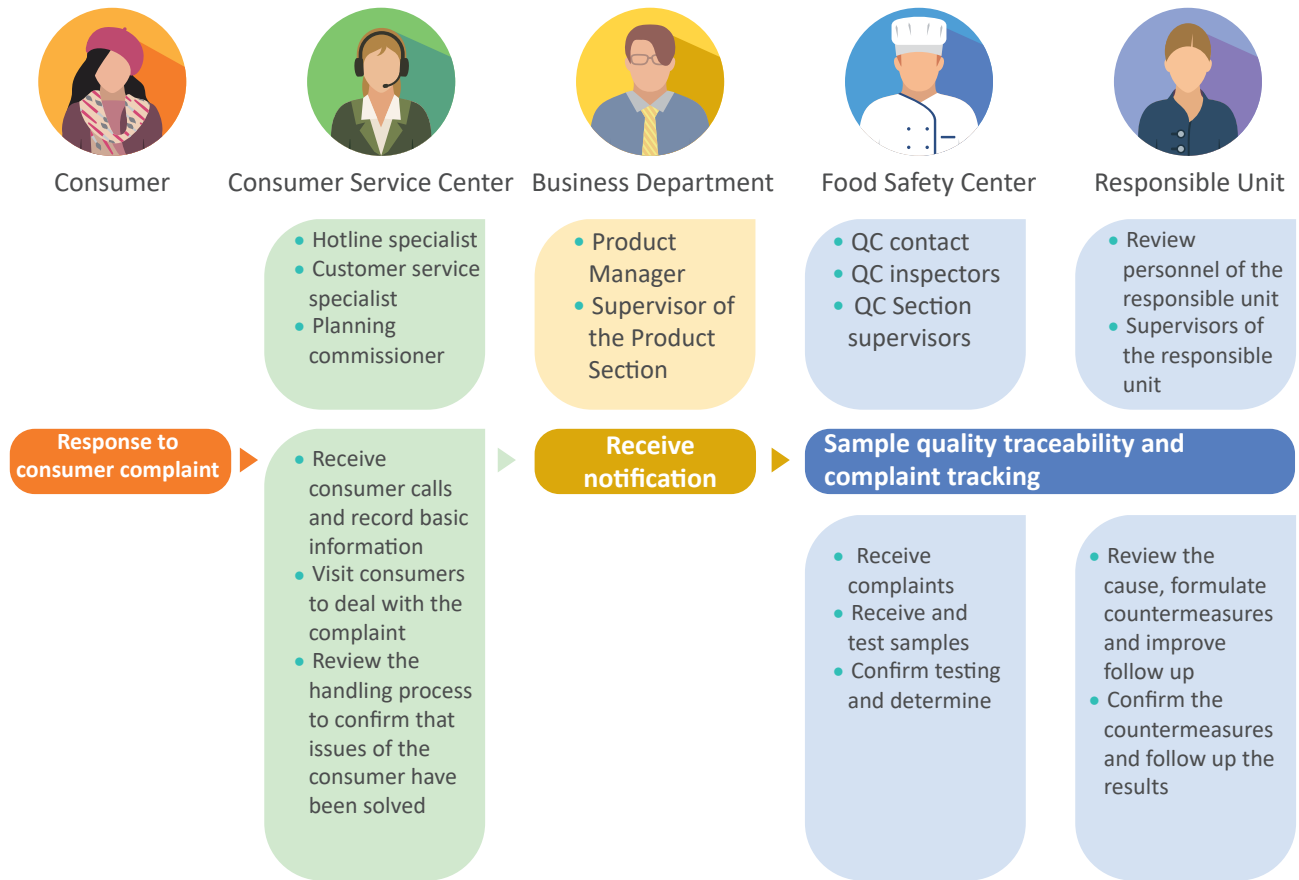
The Consumer Service Center receives comments from our customers via multiple channels (0800 hotline, official website, service mailbox, retail feedback). For those who call us, we vow to return the call within one hour and aim to close a general customer complaint case within 24 hours. We provide consumers with product consulting services, while collecting the views and opinions of customers regarding the use of products. Constructive suggestions will be transformed into practical actions through our systematic management system, enabling us to develop more products that meet the needs of the consumer.

The Consumer Service Center conducts a satisfaction survey after a case is closed in order to evaluate whether the customer is happy with the service provided. This will help us improve and provide better services in the future. We started to refine the calculation method for our satisfaction survey in 2021. The original weighting method was adjusted and we now adopt the method that the difference in scores across all levels is equalized. We continue to uphold an honest and responsible attitude so that consumers can enjoy first-rate satisfaction and services.


Satisfaction Score



## Consumer Service Center Complaint Handling Process



## Take in the feedback of consumers

Issues Received	Understand the Reason	Optimize Measures
A corner of a croissant was missing	The top was broken off due to contact with another piece of dough as it was fermenting.	A special diamond-shaped baking tray was designed to prevent contact with each other after the dough has fermented. 
Rim of Crème Caramel cup was deformed	Due to external pressure or collision, the cup was deformed after leaving the factory. Optimization of cup rim will be proposed to withstand external pressure and collision.	After reviewing with each unit, the angle between the rim and the body of the cup was adjusted to be more rounded. The thickness of the rim was also increased to reinforce the product to become more collision-resistant, reducing the chance of deformation.
Damaged rim of Open! Milk	The product is subject to a damaged rim in the event of squeezing or colliding during transportation or consumer use.	Packaging design improved to increase the thickness of the rim and strengthen the product's collision resistance, reducing the chance of damage. 