

- 1. Sustainability Performance
- 2. ESG Overview
- 3. Health Care
- 4. Corporate Governance
- 5. Safe Workplace
- 6. Social Inclusion
- 7. Environmental Protection

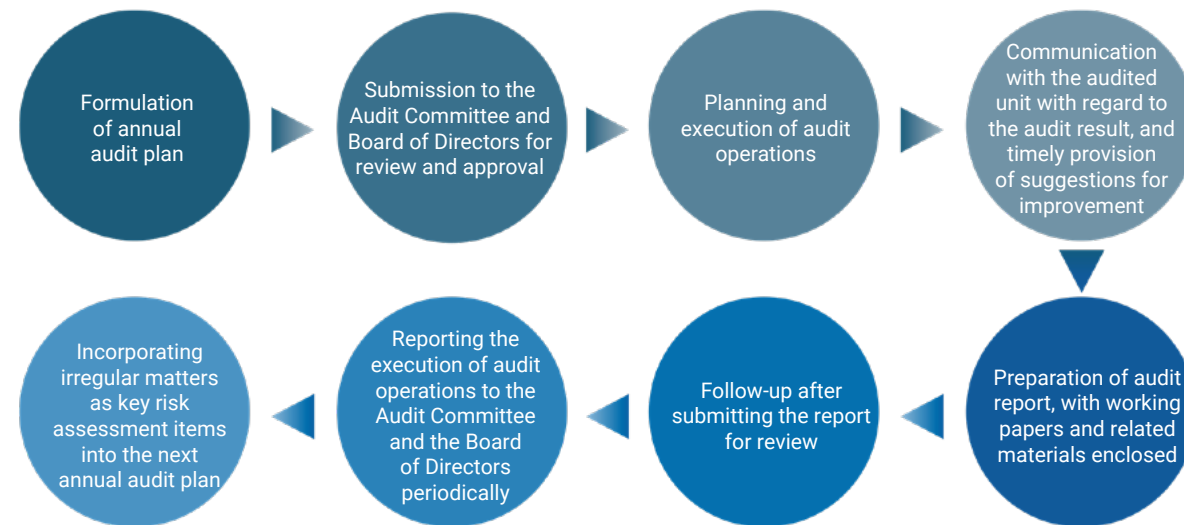
4.3 Internal Audit

In order to ensure that auditors are impartial when performing internal audits, the Audit Office has been established under the Board of Directors. The Audit Office is an independent unit, with an appropriate number of dedicated auditors according to the scale of operation, business development, management needs and other regulatory requirements.

In pursuit of the spirit of independence and objectivity, auditors shall perform audits according to the annual audit plan to ensure the implementation of all internal operations meet regulatory requirements and the internal control system. During routine audits, if the audited unit is unfamiliar with the internal control procedures or operations, the auditor will point out key risks, while also explaining how to effectively control them. Any major violations or concerns of the Company being at risk of significant damage will be truthfully disclosed in the audit report. The auditor regularly reports the internal audit results to the Audit Committee and reviews audit deficiencies for follow-up improvement. The Chief Internal Auditor also periodically attends Board meetings to timely provide the Board with an understanding of potential operational risks. Secondly, the Audit Office assists the Board of Directors and senior management in evaluating the completeness and effectiveness of the internal control system in an independent and objective manner, while providing apt recommendations to reasonably ensure the sustainable implementation of the internal control system. Furthermore, to strengthen the professional capabilities of auditors, continuing education is arranged for auditors and they also attend internal audit courses organized by institutions designated by the competent authorities, in order to enhance and maintain the quality and effectiveness of audits.

Microbio continues to monitor the implementation of various operational systems through auditors. Additionally, the Company has established sound governance practices and risk control mechanisms to create a sustainable management environment. In 2024, a total of 77 items were audited, with no significant non-conformities. All minor non-conformities were addressed and cases closed within the deadline.

Internal Audit Process Flowchart



With reference to the "Codes of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Business Integrity Procedures and Behavioral Guidelines", and "Whistleblowing Policy" of the Company, Ethics Audits were conducted on Microbio, Cotton Field Organic, and Microbio (Shanghai). In 2023, an ethics audit was performed, including a sample review of employee-signed Declarations of Compliance, and no violations were found.

Audit on Microbio's Subsidiaries

Based on the annual audit plan, Microbio conducts supervision and management audits of its subsidiaries annually, and operational audits are also conducted on key subsidiaries. The Audit Office conducted an operational audit on the subsidiaries Cotton Field Organic, Microsoy International and Microbio (Shanghai) in 2024, and the audit results indicated no significant irregularities.