

## 7.4 Packaging Materials Management

In the face of global resource shortages and plastic pollution issues, countries around the world are promoting the Extended Producer Responsibility (EPR) system, requiring manufacturers and brand owners to bear the management responsibility for the entire lifecycle of packaging, including environmental considerations during the design stage, the establishment of recycling mechanisms, and the improvement of recycling effectiveness. The (European Union) EU passed the draft amendment to the "Packaging and Packaging Waste Regulation" (PPWR) at the end of 2023, setting the goal for all packaging to achieve the "Recyclable Design" by 2030, and to gradually increase the proportion of recycled materials used. The United Nations (UN) is also drafting the "Global Plastics Treaty", requesting enterprises to take action in the reduction of plastics and increase of recycling. In 2022, Taiwan's Ministry of the Environment issued the "Guidelines for Packaging Reduction in Internet Shopping", requiring packaging materials used by large-scale e-commerce retailers to meet the principles of reduction, to be recyclable, and to be non-toxic. Since 2023, the Ministry of Environment has officially included e-commerce businesses of a certain scale to be under the government's management scope, and also requires enterprises to implement packaging reduction measures in accordance with the guidelines, including:

- The number of e-commerce shipments, the weight of packaging materials, and the method of use shall be disclosed annually.
- Recyclable or reusable materials (such as recycled cartons, cushioning materials, and eco-friendly tapes) shall be used in priority.
- Excessive packaging and disposable plastics shall be reduced.
- Recycling and reuse mechanisms (such as recycling bins and reusable bags) are encouraged.

The Group actively responds to the above trends and promotes packaging reduction and reuse plans in stages according to the operational roles of the parent company and its subsidiaries. The manufacturing end is handled by Microbio to focus on the introduction of lightweight and recycled materials during product packaging design. The retail end is promoted by Cotton Field Organic to strengthen the plastic reduction actions and recycling and reuse mechanisms for logistics, retail stores and e-commerce shipping, etc., in order to fully implement the goal of a circular economy.

### • Packaging management commitment

To demonstrate its commitment to sustainable packaging management, the Group has established the following specific management goals for the production end and the distribution end:

Item	Commitment content	Starting year	Achievement deadline / progress	Applicable subject
Packaging weight reduction goal	Cotton Field Organic sets 2023 as the base year, and the goal is to achieve a 35% reduction in the average weight of the packaging materials used by e-commerce operators by 2026.	2023	12% achieved in 2024	Cotton Field Organic (retail)
Use of recycled materials	<ul style="list-style-type: none"><li>- Paper packaging: Recycled paper pulp &gt;90% (Microbio and Cotton Field Organic)</li><li>- Glass bottles: Recycled content ratio shall not be less than 50% (Microbio)</li><li>- Cushion/plastic boxes &amp; bags: Recycled materials &gt;25% (Cotton Field Organic's e-commerce operators)</li></ul>	Long-term	Under continuous implementation	Depending on the material
Introduction of certified materials	Introduction of FSC-certified color boxes since 2024	2024	Under implementation	Microbio and Cotton Field Organic
Prohibition of hazardous packaging materials	Prohibition of all packaging materials containing harmful substances such as PVC	Long-term	Continuous compliance with laws and regulations	Microbio and Cotton Field Organic
Plastic reduction and alternatives	<ul style="list-style-type: none"><li>- No provision of disposable plastic bags;</li><li>- Promote customers to bring their own bags;</li><li>- Comply with the Plastics Reduction Guidelines of the Ministry of Environment in Taiwan.</li></ul>	Long-term	Under continuous implementation	Cotton Field Organic (retail)

• Packaging Reduction Measures at the Production Stage

- As the manufacturing core of the Group, Microbio continuously advances packaging management through two approaches: reducing packaging materials from the design stage and incorporating recycled materials.
- **Glass bottles (100% recyclable; ~50% recycled content):** Proprietary health products use 100% recyclable glass bottles, with a virgin-to-recycled material ratio of approximately 1:1.
  - **High Recycled-Content Cartons:** Product outer cartons are made with over 95% recycled pulp.
  - **Carton Weight Reduction Project:** In 2023, a carton lightweighting assessment was initiated. After passing drop tests and quality inspections, the lightweight cartons were fully adopted. By 2024, material weight was reduced by 6.3%, saving approximately 0.844 metric tons of paper.

• Packaging Management for Retail and E-Commerce

With a retail brand centered on organic, green, and environmentally friendly values, Cotton Field Organic actively pursues packaging decarbonization and circularity, and implements the "Targets and Measures for Restrictions on Internet Shopping Packaging" announced by the Ministry of Environment in Taiwan, in order to optimize the packaging efficiency across all operations from retail stores to logistics. Since the fourth quarter of 2021, the packaging for organic vegetables has used 100% environmentally friendly and biodegradable materials, in order to effectively reduce the environmental impact of single-use plastic packaging. We also continue to assess the packaging materials used for all products and promote the carbon reduction action of "no over-packaging". Our physical retail stores do not actively provide paper bags, and the packaging policy primarily focuses on the e-commerce shipping stage. In addition, our scope of packaging commitment excludes products delivered directly by suppliers. These products retain their original manufacturers' packaging, and the Group provides guidance and promotes the packaging policy only. The Cotton Field Organic's performance in e-commerce packaging management measures and lightweight design are summarized in the following:

Shipping type		Packaging use characteristics		Sustainable management measures		
Home delivery (company's own logistics center)		High consumption amount of cartons, tapes and cushioning materials		Promote lightweight cartons, use recycled paper materials, and reduce the use of cushioning materials or replace them with environmentally friendly alternatives		
Self-pickup (retail stores)		No additional packaging required		Encourage consumers to bring their own bags; retails stores provide no free plastic bags		
Direct delivery from suppliers		Manufacturer's packaging, and without the Group's packaging materials		Promote suppliers to follow plastic reduction principles and to use recyclable or environmentally friendly packaging materials in priority		
Selected stores with express delivery		Products are shipped from retail stores and delivered by the delivery platform		Retail stores are encouraged to use simple and recycled cartons for packaging and to cooperate with delivery personnel to use their own boxes, in order to prevent excessive packaging or use of disposable packaging materials		

Year	Number of shipments	Total weight (g)	Average weight (g/case)	Papers (Cartons) (g)	Plastics (Tapes/cushioning materials) (g)	Average weight reduction ratio
2023 (Base year)	7,464	1,758,612	235.6	1,551,878	199,294	-
2024	18,778	3,904,481	207.9	3,448,939	455,542	12%