



GRAPE KING BIO





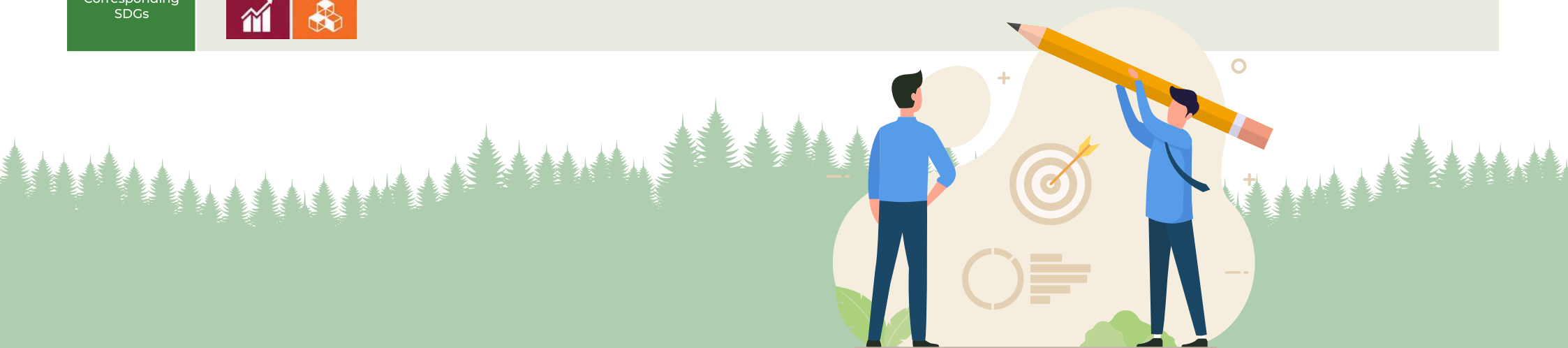
CH1

Ethical Governance

Target Formulation | 1.1 Corporate Governance and Transparency | 1.2 Corporate Integrity and Business Ethics | 1.3 Risk Management | 1.4 Financial Performance | 1.5 Legal Compliance

Target Formulation

	Corporate Governance
Progress achieved in 2024	<ul style="list-style-type: none"> Corporate Governance Evaluation In the 2024 (11th) Corporate Governance Evaluation, there were a total of 8 indicators, which were new, improved, and revised, and they have been achieved, so the existing scores were maintained.
Short-term Targets for 2025-2026	<ul style="list-style-type: none"> Plan to maintain existing items and formulate methods for enhancement in terms of corporate governance matters. Refer to external ESG evaluations to enhance transparency of information disclosures relating to corporate governance.
Mid-term Targets for 2027-2028	
Long-term Targets for 2029 and beyond	<ul style="list-style-type: none"> Ensure more than 50% of members for all corporate committees are experts. (Currently, we have set up the Remuneration Committee, Audit Committee, and Digital Transformation Committee, with plans to potentially establish the Risk Management Committee in the future.) Continue to enhance corporate governance.
Corresponding SDGs	 



1.1 Corporate Governance and Transparency

Chief Financial Officer & Corporate Governance Officer
Nick Hung



Grape King Bio firmly believes that sound corporate governance and strict adherence to related regulations can ensure sustainable operations and establish a brand that wins enduring trust from the public.

Management Approach	Material issue-Corporate governance and transparency	
Policies	To establish sound corporate governance mechanisms, risk controls, and sustainable business environments, Grape King Bio abides by operational philosophies based on integrity, transparency, and responsibility, and has formulated fundamental policies, including the “Corporate Governance Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” “The Programs to Forestall Unethical Conduct,” “Code of Ethical Conduct,” and “Procedures of Whistle-blowing and Complaints,” which have been approved by the Board.	
Commitments	Grape King Bio commits to four principles to integrate corporate governance and transparency into sustainable corporate operations: Strengthen Board functions; Protect shareholder interests and respect stakeholder interests; Implement internal controls and internal audit systems; Enhance information transparency. We have strengthened internal oversight and external information disclosure by continuously assessing changes in the external business environments and improving internal management procedures; we have also established a comprehensive platform for shareholder and stakeholder engagement to build an effective corporate governance framework.	
Targets	Short-term	1. We collaborate with regulatory authorities to transition from corporate governance evaluations to ESG assessments, driving sustainable corporate growth and enhancing market competitiveness. 2. We enhance information transparency and corporate value, while formulating specific measures and actively communicating with shareholders.
	Mid-term	We continue to integrate ethical management and sustainability concepts into our corporate culture to create positive social influence.
	Long-term	We build sound corporate governance frameworks and implement ethical management to promote sustainable operations.
Responsibilities	<ul style="list-style-type: none"> Corporate Governance Team: The dedicated unit for corporate governance is responsible for staying informed about updates and amendments to relevant corporate governance regulations, assessing the Company's actual operational status, and providing improvement suggestions to the Board of Directors and the General Manager for reference. Additionally, the team assists with implementation to further enhance the quality of corporate governance. The dedicated ethical management unit: The dedicated unit for ethical management is responsible for overseeing corporate governance matters related to ethical management, anti-corruption, anti-bribery, prevention of insider trading and legal compliance. It also conducts promotional activities and reports annually to the Board of Directors on the status of its implementation. 	
Resources	<ol style="list-style-type: none"> Appointment of lecturers to provide courses to all directors on Monitoring political and economic risks across the Taiwan Strait in the context of US-China geopolitical rivalry, as well as on related topics such as Artificial Intelligence (AI) leads industrial revolution. Directors also participated in training based on individual needs, covering topics such as Expand Taiwan capital market, CEO lecture, Intellectual property risk prevention and control, Functional role of the audit committee convener, Upgrading and transformation challenge and opportunity in the post-epidemic era, Insider trading prevention, Labor dispute prevention and corporate governance. Our 11 directors received 94 hours of training, and our corporate governance officer received 12 hours of training. Internal awareness for all employees through our internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above, as well as sales personnel) Formulated annual audit plans and the “Sustainable Information Management Regulations” Supplier promotions through warnings on purchase orders and supplier policy promotion surveys 	

1.1 Corporate Governance and Transparency

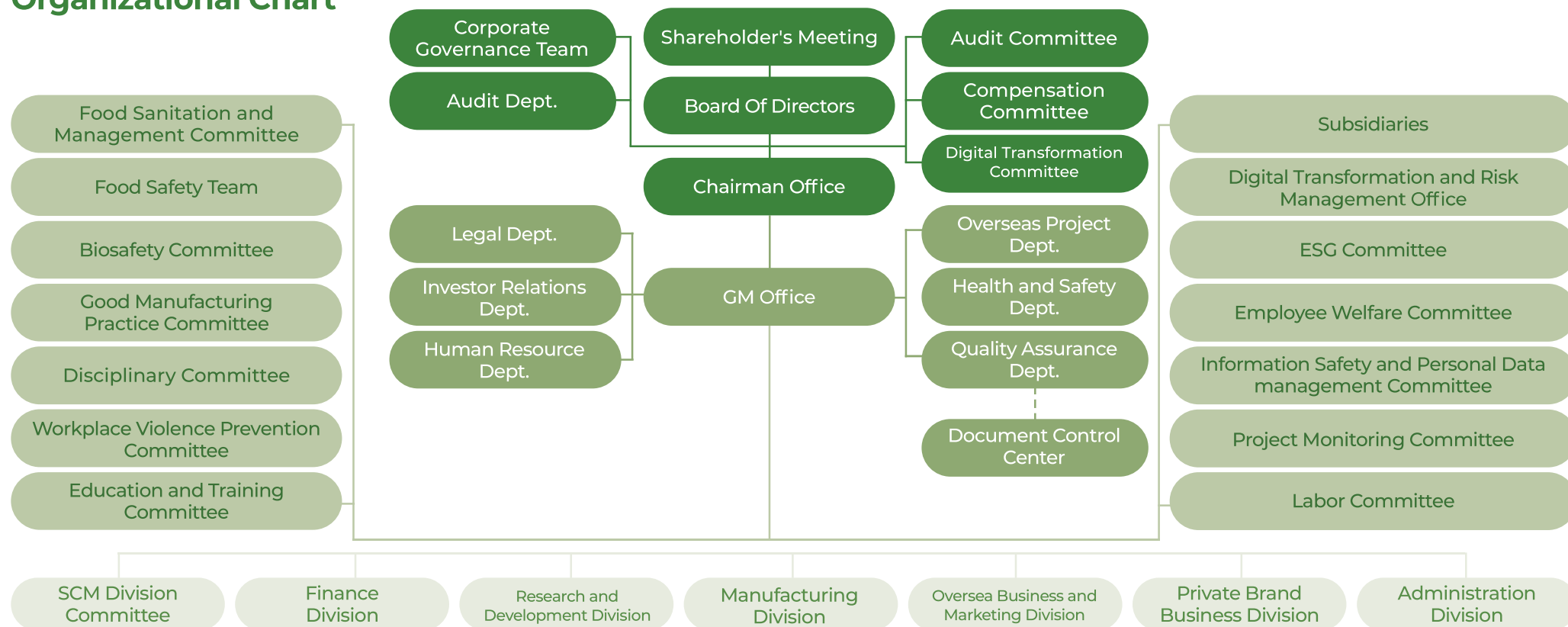
Management Approach	Material issue-Corporate governance and transparency
Specific performance	<p>✓ Corporate Governance Team: Our Corporate Governance Officer and corporate governance team are responsible for providing timely information to shareholders through the Market Observation Post System or our corporate website, keeping track of major shareholders, handling matters related to Board of Directors and shareholders' meetings according to law, compiling minutes for Board of Directors and shareholders' meetings, and regularly assessing CPA independence and competence.</p> <p>✓ The dedicated ethical management unit: The dedicated unit for ethical management conducts regular training and promotion for directors and all employees on ethical management, and administers exams for section managers and above, as well as sales personnel, aiming to enhance the effectiveness of ethical management within the company.</p> <p>✓ We completed periodic audits in accordance with our annual audit plan for 2024 on time and with quality and proposed specific improvement suggestions. The above audits incorporated considerations for Environmental, Social, and Governance (ESG) risk indicators. The internal control system covered operational procedures such as environmental aspects (7 factors), including production processes and product design and development; social aspects (16 factors), including procurement supplier management and wage management; and governance aspects (39 factors), including compliance requirements and risks of unethical conduct.</p> <p>✓ Enhanced information transparency:</p> <ol style="list-style-type: none"> 1. We announced and filed our consolidated and individual financial statements for 2024 within 60 days after the end of the year and also placed these statements on our corporate website (Investors: Financial Statements). 2. Important resolutions of Board of Directors and shareholders' meetings are released on our corporate website in a timely manner. 3. We prepare both Chinese and English versions of our material information, annual reports and shareholders meeting handbooks.
Grievance Mechanism	<p>Grape King Bio supports an open and transparent culture with morals and integrity. We encourage internal and external personnel to report any violations of legal regulations and our corporate policies through related grievance reporting channels. We have also established the "Procedures of Whistle-blowing and Complaints" to ensure that external and internal personnel have a smooth channel for communicating grievances. Stakeholders can report grievances to our dedicated mailbox or through our hotline, and we have measures in place to provide timely responses, thus ensuring protection of stakeholder interests.</p> <p>Our Procedures of Whistle-blowing and Complaints stipulate that employees are protected from undue retaliation during the reporting and investigation process. All reports and complaints are compiled and submitted to the general manager; cases can only be closed following approval by the general manager.</p>



Corporate Governance Units and Operations

The Board of Directors is the highest governance unit of the company. We have established 11 directors in accordance with our Articles of Incorporation. Our directors carry out their duties according to the authority thereof and make decisions on our business policies and other important matters. Our CFO serves as the company's Corporate Governance Officer and works with a Corporate Governance Team to manage corporate governance matters, track and provide timely information to shareholders, provide directors and supervisors with necessary information for business needs, organize board and shareholders meetings, and conduct other corporate governance matters.

Organizational Chart



Grape King Bio has formulated comprehensive corporate governance rules and regulations (please refer to the section on corporate governance regulations and supervisory mechanisms) to ensure sound corporate governance and continued improvement of operational quality according to the following four axes.

1. Strengthen board functions
2. Emphasis on shareholder interests and stakeholder rights
3. Implementation of internal controls and internal audit systems
4. Strengthen information disclosures and transparency

Axis I. Strengthen Board Functions

Board Operations

The nomination and selection of all directors adheres to Article 20 of our Articles of Incorporation. We adopt a candidate nomination system. For the director elections held in 2024, we disclosed detailed review standards and operational procedures for nominating candidates in accordance with relevant regulations and enabled electronic voting to promote shareholder participation. A total of 11 directors (including 4 independent directors and 4 female directors) were elected.

The 21st Board will serve from May 30, 2024 to May 29, 2027. Three functional committees, the “Audit Committee”, “Remuneration Committee”, and “Digital Transformation Committee” have been established under the Board.

The Board of the Company guides corporate strategies, supervises executive managers, is responsible to the Company and corporate shareholders, and adheres to all legal regulations, the Articles of Incorporation, and all corporate governance operations to ensure that it can exercise Board responsibilities. Board members are required to possess the knowledge, capabilities, industrial decision-making, and management abilities to carry out their duties and to achieve Board functions and aims. The term of each Board lasts for three years, and Board meetings are held at least once every quarter. A total of 6 meetings were convened in 2024, with an average attendance rate of 97.1%. Independent directors attended all Board meetings in person (please refer to Chapter 3: the Corporate Governance Report in our 2024 Annual Report for further information).

Board Diversity

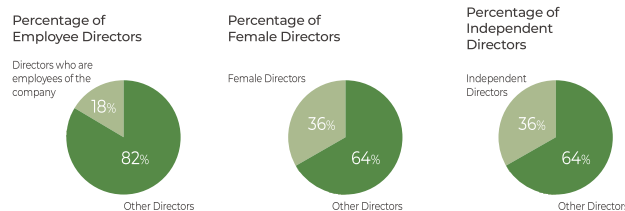
Our company's “Corporate Governance Best Practices Principles” stipulate a policy on diversity. It specifies that the composition of the Board of Directors should be diverse. Except for directors concurrently serving as company executives, who should not exceed one-third of the Board seats, appropriate diversity policies should be formulated based on the operation, business model, and development needs of the Company. This should include, but not be limited to, diversity in basic characteristics and values (such as gender, age, nationality, and culture) and professional knowledge and skills (such as legal, accounting, industry expertise, finance, marketing, or technology, as well as industry experience), and we have established the following diversity targets:

- Gender diversity: The number of seats for each gender should exceed 33%. A total of 4 female directors (including two independent directors) were elected for the current year.
- Domain diversity: Encompasses the four core domains of business management, leadership and decision-making, industrial knowledge, financial accounting, and law.

Please refer to the annual report for specific management goals and achievements regarding the diversity policy for the current year.

The Company's Board members are diversified. The current 11 directors have educational backgrounds that encompass Ph.D. degrees in business management and mechanical engineering, as well as master's degrees in marketing management, law, social studies, and other domains. Each director also has a unique professional background. Shenglin Andrew Tseng, Mei-Ching Tseng, Jia-Fong Chai (representative of Uni-President Enterprises Corporation), Jue-Jia Chang, Chih-Wei Lai, Yen-Shiang Huang, Hsing-Chun Chen specialize in business judgment, leadership and decision-making, business management, and crisis handling, and also possess industry knowledge and knowledge of international markets; Shenglin Andrew Tseng and Jue-Jia Chang have experience in marketing; Mei-Ching Tseng has relevant experience in media; Jia-Fong Chai specializes in business management; Chih-Wei Lai has experience in designing; Yen-Shiang Huang has experience in auditing; Hsing-Chun Chen specializes in early childhood education; and the four independent directors (Chen Jing Ning, Chi J. Yu, Ting-Ju Chen, and Pang-Chung Chin) respectively specialize in social studies, marketing strategy, financial and accounting, and consumer protection.

Directors who are employees of the Company account for 18%, the four female directors account for 36%, and the four independent directors account for 36%. Of the four independent directors, three have served for less than three years and one has served between three to six years, with no consecutive terms exceeding nine years (three terms). The average age of all directors is 56.2 years. Three directors are aged between 61 to 70 years, six are aged between 51 to 60 years, and two are aged between 41 to 50 years; encompassing a wide age range.



Conflicts of Interest Management

As part of their due diligence, the Board has formulated the “Rules of Procedure for Board of Directors Meetings” and stipulated an obligation to avoid conflicts of interest in Article 15 in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” to ensure sound and comprehensive governance. We periodically purchase “director and officer (D&O) liability insurance” for our directors to reduce and disperse the risk of major damages to the Company or shareholders resulting from director error or negligence.

Grape King Bio conducts annual assessments of CPA independence and began conducting assessments of CPA competence using the Audit Quality Indicators

(AQIs) annually starting in 2022; assessment results are submitted to the Board for approval. Our independent directors, internal audit managers, and CPAs meet periodically to ensure that our independent directors can fully exercise their functions and responsibilities, as well as gain a better understanding of financial statements, finances, and business conditions.

Board Functional Committees

The Board established three functional committees, the “Audit Committee”, “Remuneration Committee”, and “Digital Transformation Committee”. These committees assist the Board in carrying out its supervisory and guidance duties, convene meetings in accordance with Board-approved organizational charters, exercise legal rights relating to reviews and discussions of relevant proposals, and submit conclusions and suggestions to the Board for approval.

Audit Committee Operations

Grape King Bio established the Audit Committee on July 15, 2021. Committee members encompass all independent directors, one of whom specializes in finance. The main responsibilities of the Committee include assisting the Board in effectively executing and supervising compliance with the Company Act, Securities and Exchange Act, and other related regulations, assisting the Board with enhancing and overseeing the quality of financial statements, CPA independence and competence, internal controls and risk management. The Committee convenes at least once every quarter, and a total of 4 meetings were convened in 2024, with attendance rates of 100%.

For more information on relevant proposals, please refer to our corporate website:
<https://www.grapeking.com.tw/investor/6258d7e9f0f6d/auditcommittee>



Remuneration Committee Operations

We have established a Remuneration Committee composed of three independent directors to strengthen corporate governance and build sound compensation systems for directors and managers. The Remuneration Committee faithfully performs its duties with the care of a good administrator and is responsible for formulating and periodically reviewing director and manager performance evaluations; assessing remuneration policies, systems, standards and structures; and submitting suggestions to the Board for discussion. The Committee convenes at least twice a year, and a total of 3 meetings were convened in 2024, with attendance rates of 100%.

For more information on relevant proposals, please refer to our corporate website:
<https://www.grapeking.com.tw/investor/6258d7e9f0f6d/6258d97648f63>



Digital Transformation Committee Operations

Grape King Bio established a Digital Transformation Committee on November 3, 2021 to integrate digital technologies into operational strategies, optimize corporate efficiency and processes, and enhance corporate performance and profits. The Committee is composed of three directors (including two independent directors). Committee responsibilities include:

I. Reviewing the strategies, plans, and implementation results of the digital transformation implementation team, and submitting suggestions to the Board or implementation teams; II. Reviewing major expenditures for digital transformation in accordance with the Company's Regulations Governing the Acquisition and Disposal of Assets;

The Committee convenes at least once every half year, and a total of 2 meetings were convened in 2024 to report on the progress of digital transformation projects.

Grape King Bio focuses on digital transformation, gradually improving operational workflows, reducing process time, leveraging system support to enhance operational efficiency and further strengthen decision-making quality through data integration.

In 2023, Grape King Bio introduced new ERP system to reevaluate and modify the operation workflows. Furthermore, the implementation of a BPM system facilitates digitalization of workflows, reduces time costs of internal communication, and enhances data accuracy, integrity, as well as availability, thus laying the groundwork for "digital transformation."



Evaluations of Board Performance

The Board established the "Rules for Performance Evaluation of Board of Directors and Remuneration Committee" on November 11, 2019, and began evaluating overall Board and Remuneration Committee operational performance each year starting from 2019. We established the Audit Committee on July 15, 2021, and renamed the above Rules as the "Regulations for the Performance Evaluation of the Board and Functional Committees," stipulating that the Board of Directors and each functional committee should conduct internal performance evaluations at least once a year.

Overall performance evaluations for the Board encompasses the following five aspects and include a total of 47 evaluation items:

- 1 Participation in the operation of the company
- 2 Improvement of the decision-making quality of the Board of Directors
- 3 Composition and structure of the Board of Directors
- 4 Election and continuing education of the directors
- 5 Internal control

Overall performance evaluations for directors encompasses the following six aspects and include a total of 22 evaluation items:

- 1 Alignment of the goals and missions of the company
- 2 Awareness of the duties of a director
- 3 Participation in the operation of the company
- 4 Management of internal relationships and communication
- 5 The director's professionalism and continuing education
- 6 Internal control

Overall performance evaluations for the Remuneration Committee encompasses the following five aspects and include a total of 19 evaluation items:

- 1 Participation in the operation of the company
- 2 Awareness of the duties of the Remuneration Committee
- 3 Improvement of the decision-making quality of the Remuneration Committee
- 4 Composition of the Remuneration Committee and election of its members
- 5 Internal control

Overall performance evaluations for the Audit Committee encompasses the following five aspects and include a total of 22 evaluation items:

- 1 Participation in the operation of the company
- 2 Awareness of the duties of the Audit Committee
- 3 Improvement of the decision-making quality of the Audit Committee
- 4 Composition of the Audit Committee and election of its members
- 5 Internal control

Overall performance evaluations for the Digital Transformation Committee encompasses the following five aspects and include a total of 18 evaluation items:

- 1 Participation in the operation of the company
- 2 Awareness of the duties of the Digital Transformation Committee
- 3 Improvement of the decision-making quality of the Digital Transformation Committee
- 4 Composition of the Digital Transformation Committee and election of its members
- 5 Internal control

The aforementioned performance evaluations are conducted by our corporate governance team, which is responsible for overall implementation of internal Board, Remuneration Committee, Audit Committee, and Digital Transformation Committee self-assessments. Director self-assessments are compiled by corporate governance team and assessments are conducted using internal questionnaires.

Said performance evaluation results will be submitted to the Board for reference when making decisions relating to directors and members of the Remuneration Committee, Audit Committee, and Digital Transformation Committee; to enhance decision-making quality of the Board, Remuneration Committee, Audit Committee, and Digital Transformation Committee; and also to be used as a reference for nominating director or member candidates for the Remuneration Committee, Audit Committee, and Digital Transformation Committee. For more information on the “Regulations for the Performance Evaluation of the Board and Functional Committees,” please refer to Important Regulations section on the Grape King Bio corporate website: <https://www.grapeking.com.tw/investor/governance/major-policies>

Results of Board performance evaluations for 2024 were as follows:

Overall Board performance received an average score of 4.64 out of 5.

Remuneration Committee performance received an average score of 4.68 out of 5.

Audit Committee performance received an average score of 4.68 out of 5.

Digital Transformation Committee performance received an average score of 4.50 out of 5.

Directors and the corporate governance team did not put forward any other suggestions in 2024.

Performance evaluation results for the Board, individual directors, and functional committees for 2024 were all “Excellent.” Evaluation content and results were reported to the Board on January 18, 2025.

Axis II. Emphasis on shareholder interests and stakeholder rights

Grape King Bio has established a spokesperson, acting spokesperson, shareholder services, and legal personnel who are responsible for handling shareholder suggestions or disputes, as well as dedicated personnel who keep track of directors and major shareholders who hold more than 5% of shares, and report shareholdings each month. We have established regulations and internal controls for our subsidiaries and thoroughly implement risk controls. We have formulated the “Code of Ethical Conduct,” which explicitly prohibits insiders and employees from using undisclosed market information to buy and sell securities. We also organize training for insiders and all employees at least once a year. Insiders and employees are prohibited from engaging in insider trading using undisclosed information to safeguard shareholder interests.

We have implemented a shareholder e-voting system to facilitate shareholder mobility, make voting more convenient, ensure that shareholders are not restricted by time or place limitations placed by shareholders meetings, and provide diverse shareholder channels for voting on proposals. The results of all votes on proposals are disclosed in our meeting minutes. Our shareholders are allowed to fully exercise their rights to enhance our corporate governance performance.

In 2024, we were invited to participate in 5 (domestic and overseas) investor conferences which spanned a period of more than 3 months (the first investor conference took place in January and the last in November) and two of which provided audiovisual link information. We did not voluntarily initiate any investor conferences this year.

We have also established specific investor relations personnel as well as a “Contact Us” mailbox on our website, a customer service hotline, an internal “employee mailbox,” and a “stakeholders” section on our website which provides a communication channel for shareholders/investors, customers, and suppliers. Dedicated personnel are responsible for responding to issues of stakeholder concern.

Axis III. Implementation of internal controls and audit systems

Grape King Bio adheres to the Financial Supervisory Commission’s “Regulations Governing Establishment of Internal Control Systems by Public

Companies” in considering overall corporate operations and activities, establishing internal control systems, and designing and executing internal control systems that have been approved by the Board. In accordance with law, we have established an audit office which assists the Board and our managers in inspecting and reviewing deficiencies in internal control systems, measuring operational performance and efficiency, and providing appropriate suggestions for improvement to ensure reasonable operational performance and efficiency, reliability of financial reporting, and compliance with related regulations.

The audit office formulates annual audit plans based on risk assessments and legal compliance, which are submitted to the Audit Committee for discussion and approval. We review procedures for handling risks from unethical conduct in combination with procurement and payment cycles, as well as sales and collection cycles to ensure that all dedicated units are adhering to the regulations of the Ethical Corporate Management Best Practice Principles. Our internal audit officer also attends Board meetings and reports on implementations of internal audits. No incidents involving corruption, bribery, conflicts of interest, money laundering, or insider trading occurred in 2024.

The audit office formulates annual audit plans based on risk assessments and legal regulations.

Audit reports must be reviewed by independent directors.

Our internal audit officer is required to attend board meetings and report on implementations of internal audits.

In 2024, we integrated sustainability information management into our internal control systems and formulated the “Sustainable Information Management Regulations” in accordance with the Financial Supervisory Commission’s requirements. These measures ensure robust internal controls over transactions and information generated from sustainability initiatives within the organization, enhancing the reliability of such information. Additionally, sustainability information management has been designated as a key audit item in our annual audit plan.

Axis IV. Strengthen information disclosures and transparency

We have established Chinese and English websites which disclose financial, business, and corporate governance information such as our “Ethical Corporate Management Best Practice Principles,” “Corporate Governance Best Practice

Principles,” “Procedures of Whistle-blowing and Complaints,” and “Sustainable Development Best Practice Principles.”

For more information on Grape King Bio corporate governance regulations, please refer to <https://www.grapeking.com.tw/investor/governance/major-policies>



We have established dedicated personnel who are responsible for collecting and disclosing information and have implemented a spokesperson system in accordance with regulations.

When participating in investor conferences, we disclose information on the “Market Observation Post System” in advance and place the presentations on our corporate website so that our stakeholders can gain a timely understanding of Grape King Bio operations.

Investor conference section:
<https://www.grapeking.com.tw/investor/conference>



Remuneration Policy for General Manager

Remuneration policies for the Board, our highest governance unit, are disclosed every year in our shareholders meeting annual reports (For more information, please refer to Chapter 3: the Corporate Governance Report in our 2024 Annual Report). In terms of senior management, we have designed a specific remuneration system for our general manager, which integrates KPIs (Key Performance Indicators) and short-to-medium term incentive systems that are used to determine salary levels for the general manager after review and confirmation by the Remuneration Committee.

The KPIs for 2024 include financial and sustainable metrics such as continuous revenue growth, strengthening food safety, overcoming bottlenecks to increase output value, streamlining audit processes to improve operational efficiency, leading sustainable development benchmarks, and fostering forward-looking digital human capital.

Fixed and variable remuneration	The current remuneration structure for our general manager includes both fixed and variable salary elements. Our remuneration policies are mainly performance-oriented, so all fixed salaries are designed using the results of our salary surveys and are implemented according to the guidelines on PR45-S0 (PR refers to Percentile Rank). Variable remuneration is based on assessments of annual KPIs, achievement of production indicators, and EPS performance.
Signing bonuses or recruitment bonuses	We currently have no signing bonuses or recruitment bonuses.
Severance pay	Severance payments are implemented in accordance with legal regulations.
Clawback policy	Short-term and mid-term strategic target bonuses for the general manager come with a clawback provision. Paid bonuses that do not meet relevant criteria are subject to clawbacks.
Retirement benefits	All of our retirement benefits are implemented in accordance with legal regulations.
ESG links	The remuneration of the General Manager is linked to Key Performance Indicators (KPIs) associated with benchmarks for leading sustainable development. Governance aspects include the implementation of the ISO 37001 Anti-Bribery Management System and compliance with the Taiwan Intellectual Property Management Standards (TIPS); environmental aspects encompass the integration of the ISO 14064, among others.

In 2024, the ratio of the annual total remuneration of the general manager to the median annual total compensation of all other employees is 8.13 times and the ratio of the percentage increase in annual total compensation is 0.55%.

Process to Determine Remuneration

Remuneration Committee meetings are chaired and attended by our independent directors. Meetings are held periodically to discuss remuneration distributions plans for directors and executives.

Apart from periodic reviews regarding the appropriateness of corporate salary structures and policies, our human resources units also review and fully discuss remuneration policies based on requests made by our Remuneration Committee and independent directors. Implementations of related projects may also be outsourced to external consultancy companies. Stakeholders are excluded from selection procedures for external consultants.

1.2 Corporate Integrity and Business Ethics

Management Approach	Key issue: Corporate integrity and ethics	
Policies	The ethical policies approved by the Board strengthen our corporate culture of ethical management and create an operating environment for sustainable development.	
Commitments	We implement ethical management policies and actively prevent unethical conduct, including offering and acceptance of bribes, providing illegal political donations, improper charitable donations or sponsorships, offering or acceptance of improper benefits, infringing upon trade secrets, engaging in unfair competitive practices, and direct or indirect damages to the interests, health, and safety of consumers or other stakeholders.	
Targets	Short-term	Implement and promote various Grape King Bio codes of conduct
	Mid-term	Ensure appropriateness and effectiveness of internal controls to deepen Grape King Bio's business ethics and integrity
	Long-term	The Board of Directors continuously oversees the effective implementation of integrity in operations to establish a business that embodies ethical conduct and integrity.
Responsibilities	Corporate Governance Team: 1. Serves as our dedicated ethical management unit, which is responsible for promoting ethical management within the corporation, regularly reports implementations to the Board, and works with the audit office to execute internal controls to ensure effective implementation of various regulations. 2. Serve as the dedicated corporate governance unit, which is responsible for proposing suggestions related to corporate governance to the Board or General Manager for reference, assisting matters related to the Board and shareholders meetings according to law, and reporting ethical management implementation to the Board each year to protect shareholder interests and to strengthen Board functions.	

Resources

- Promotion of internal awareness for all employees through our internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above, as well as sales personnel)
- Establishment of an annual audit plan and implementation of “Procedures of Whistle-blowing and Complaints.”
- Supplier promotions through warnings on purchase orders and supplier policy promotion surveys

Specific performance

- ✓ In 2023, we achieved ISO 37001 Anti-Bribery Management System certification for the first time. In 2024, we underwent an external audit by BSI, successfully passing the effectiveness assessment of the system's operations, thereby obtaining certification for two consecutive years. (We are the eighth company in Taiwan and the first in the biotechnology sector to achieve this.)
- ✓ The Board of Directors passed the “Anti-Corruption and Anti-Bribery Policy”, aiming to foster a corporate culture of ethical management through the implementation of this policy. In 2024, a total of 821 employee training sessions related to ISO 37001 anti-bribery topics were conducted, amounting to a total of 698 hours.
- ✓ All employees sign the “Employee Integrity Commitment Letter”. In 2024, training was conducted for personnel on the list of medium to high-risk positions, promoting policies related to anti-corruption and anti-bribery, with a total of 151 participants.
- ✓ We communicate topics related to ethical management, prevention of insider trading, and material internal information to directors and all employees regularly.
- ✓ Our directors participated in courses on ethical management. The total number of participants was 32 and the total training hours were 94 hours.
- ✓ Administered tests related to ethical management, prevention of insider trading, and material internal information to section managers and above, as well as sales personnel. A total of 122 people took the tests and 100% received a passing grade (80 points and above).
- ✓ Our directors attended ethical management relevant courses (including courses on TIPS confidential information management, ISO 37001 anti-bribery and anti-corruption, intellectual property rights, cybersecurity risk management, governing trade secrets, and ISO related courses). The total number of participants was 2,730 and the total training hours were 5,782 hours.
- ✓ New employees are required to attend classes related to the Code of Ethical Conduct and anti-corruption when reporting for work, and have to take post-training tests. A total of 117 participants took the tests in 2024.
- ✓ In 2024, we did not receive any reports or complaints relating to ethical management.
- ✓ No instances involving corruption, bribery, conflicts of interest, money laundering, insider trading, or any similar misconduct occurred. Neither were any personnel penalized for bribery or corruption nor were there any ongoing lawsuits or settlements related to such matters.

1.2.1 Ethical Management and Moral Conduct

Grape King Bio attaches great importance to ethical integrity and takes a zero tolerance attitude toward corruption and bribery. Grape King Bio established the “Corporate Governance Best Practice Principles” and appointed the chief financial officer to serve as the corporate governance officer.

Grape King Bio adheres to the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” and “The Programs to Forestall Unethical Conduct.” Our corporate governance team keeps track of competent authority regulations, adding and revising codes of conduct and operational procedures related to competent authority and ethical management where appropriate to establish an ethical corporate culture and enable sound developments. Grape King Bio also implements ethical management through internal training and external agreements signed by suppliers.

Upon onboarding, employees are provided with training on ethics, trade secrets, regulations, and procedures, as well as whistleblowing policies. Additionally, they are required to sign a labor contract, which includes pledges of integrity and confidentiality, thereby clearly communicating the obligations expected of employees. In terms of internal measures, all our directors and managers have signed the “Statement of Compliance with Ethical Management Policies”; we organize training and tests related to the Ethical Corporate Management Best Practice Principles for our directors and employees each year to reinforce the promotion of integrity in business practices.

Grape King Bio implemented the ISO 37001 Anti-Bribery Management System, requiring all employees, business partners, directors, and managers to adhere to the principles of integrity in conducting their duties. They are expected to comply with anti-corruption and anti-bribery policies and regulations. All employees are required to sign the “Employee Integrity Commitment Letter,” and continuous optimization for integrity management is emphasized.

All Grape King Bio employees from the highest-level managers to entry-level staff operate in accordance with our ethical management principles. Statistics on corruption-related incidents in the last three years are as follows:

Corruption, Bribery, and Violations of the Fair Trade Act Related Incidents :

Year	2022	2023	2024
Number of incidents	0	0	0

Ethical Corporate Management Best Practice Principles

We established the “Ethical Corporate Management Best Practice Principles” and revised the “The programs to forestall unethical conduct” in 2020 to stipulate: establishment of risk assessment mechanisms for unethical behaviors, inclusion of requirements to abide by ethical management policies in employment contracts, details related to formulation of ethical management policies and implementation processes, resources and personnel of concurrent ethical management units, frequency of reports to the Board by concurrent ethical management units, formulation of audit plans based on risk assessments of unethical behavior, subsequent actions following investigation of reported grievances, and facilitation of anonymous reports.

Our Code of Ethical Conduct as well as our reporting and complaint system have been publicized to all employees through our corporate website and internal announcements. We also organize annual tests and require new employees to take tests as part of their anti-corruption training. During the training of new employees, anti-corruption courses are included, and all employees are required to pass the test. In 2024, a total of 117 employees passed the test. Our audit plans include audits for unethical behaviors and risky operations to ensure that responsible units are implementing our Ethical Corporate Management Best Practice Principles.

Supplier Ethical Management

Grape King Bio implements contracts for business activities in a fair and ethical manner and strictly abides by relevant laws, regulations, and contract terms. We also comply with our “Code of Ethical Conduct”, “Supplier Code of Conduct” and “Supplier Integrity Commitment Letter” to evaluate the ethical records of our transaction partners. To ensure compliance with anti-corruption regulations, all contracts signed with transaction partners include clauses related to ethical behaviors, prohibiting any bribery, corruption, extortion, and other inappropriate business activities.

For thorough implementation of anti-corruption and ethical management principles, we adhere to Article 9 of our “Ethical Corporate Management Best Practice Principles” (Business activities under ethical management) and include ethical management clauses in our supplier contracts that require our suppliers to comply with our ethical management policies.

Our supplier contracts clearly stipulate that if our suppliers are involved in violations of corporate social responsibility policies, including but not limited to employment of child labor, forced labor, illegal working condition, violation of human rights, discriminatory behaviors or remarks in any form, bribery, violation of environmental protection laws and policies, violations of health and safety laws and policies, or significant environmental or social impacts, Grape King Bio has the right to terminate or rescind said contracts at any time.

Our supplier contracts also stipulate that our suppliers are prohibited from engaging in commercial bribes, intimidation, kickbacks, acceptance or acquiescence of illegal means or inappropriate competition measures to obtain

business; and cannot offer commissions, kickbacks, gratuities, hospitality, or other improper benefits to Grape King Bio personnel. Suppliers who violate the aforementioned agreements not only have to return all premiums and resulting benefits to Grape King Bio, but must also pay punitive damages for breach of contract. Grape King Bio has the right to terminate or rescind transactions without any liabilities, and may also take civil or criminal remedies. Additionally, if Grape King Bio personnel make explicit or implicit requests for bribes, we ask our suppliers to voluntarily report said behaviors and provide relevant proof through the grievance hotline and complaint mailbox in our contracts.

Suppliers are required to comply with the “Grape King Bio Supplier Code of Conduct.” We hope that we, along with suppliers in our supply chain and our downstream suppliers, can jointly bear social, environmental, and ethical responsibilities. Contractors are required to provide “Contractor Guarantee of Compliance with Environment, Health, and Safety Regulations” and abide by environmental health and safety requirements.

Reporting hotline : (03)4572121 #1999
Reporting Mailbox : companyopinion@grapeking.com.tw



Code of Ethical Conduct

All business practices should adhere to our “Code of Ethical Conduct,” “Regulations Governing Trade Secrets,” and “Regulations Governing Gift Giving and Receiving.” All classified business and technical information of our company and clients must be kept confidential to maintain our corporate reputation, uphold moral values, and retain public order. Our Ethical Code of Conduct contains the following stipulations:

- Do not accept bribes and gifts
- Do not harm the rights and interests of the company
- Do not maliciously boycott company policies
- Do not disclose trade secrets
- Do not steal company property or public funds
- Do not seek personal gain by abusing one's position
- Do not become involved in abnormal relationships with business-related third parties or other members of staff
- Do not spread false statements
- Do not commit any form of discrimination, sexual harassment, intimidation, threat, theft, corruption, dereliction of duty, or other illegal acts

For more information, please refer to our Code of Ethical Conduct
<https://www.grapeking.com.tw/en/csr/6259268b4aee6f62592840f274b>



The programs to forestall unethical conduct

In order to implement ethical management policies, build our corporate culture around ethical management, improve our business environments for sustainable development, and actively prevent unethical behaviors, Grape King Bio regularly evaluates the following business activities with higher risks of unethical behaviors in accordance with Article 7 of the “Ethical Corporate Management Best Practice Principles” :

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable gifts or hospitality, or other improper benefits.
5. Infringement of intellectual property rights.
6. Engaging in unfair competitive practices.
7. Damage to stakeholders caused by products and services.



We implement the Board participation and supervision, departmental division of functions, comprehensive and effective internal control structures, and public reporting mechanisms. Our audit office conducts internal audits in accordance with our corporate regulations, and non-compliances are reported to the Audit Committee and the Board. The audit office assists the Audit Committee and the Board in confirming implementations of matters related to anti-corruption, ethical management, and moral values. Our assessment results for 2024 are low risk.

1.2.2 Avoiding Conflicts of Interest and Anti-Corruption

All personnel of our company should avoid conflicts between personal interests and the interests of the company. We also strengthen constraints on external business partners and have established a diverse reporting and complaint system to allow external stakeholders to report and file complaints regarding improper conduct.

The “Ethical Corporate Management Best Practice Principles” include clauses related to conflicts of interest, requiring our directors, managers, and all employees to prevent conflicts of interest and avoid obtaining improper benefits. Our directors and managers have issued letters of commitment declaring that they will adhere to the “Ethical Corporate Management Best Practice Principles” and the “Anti-Corruption and Anti-Bribery Policy,” and will avoid conflicts of interest. Both the “Rules of Procedure for Board of Directors Meetings” and the “Audit Committee Organizational Charter” include provisions regarding the avoidance of conflicts of interest for directors, ensuring that potential conflicts are mitigated.

Our company’s transactions with related persons and related enterprises

comply with Article 17 of the “Corporate Governance Best Practice Principles” and the relevant provisions of the “Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises.” Our business transactions are based on principles of fairness and reasonableness. We have established written regulations for financial transactions between all parties, which clearly stipulate price conditions and payment methods, prohibit unconventional transactions, and strictly forbid the transfer of benefits. Significant transactions between our company and related persons or enterprises must be approved by the Audit Committee and then submitted to the Board of Directors for resolution.

Our company has independent directors who provide objective and impartial advice based on their expertise and experience. When the Board discusses any proposals, the opinions of all independent directors should be fully considered, and their explicit agreement or disagreement, along with the reasons for any opposition, should be recorded in the meeting minutes, ensuring adherence to the principle of avoiding conflicts of interest and effectively protecting the interests of the company. Additionally, a spokesperson system has been established, and a company website has been set up as a channel for disseminating and communicating various information. Stakeholders can reflect their suggestions and issues through the stakeholder area, which will be handled by designated personnel.

Internal Anti-Corruption Measures

Anti-corruption, ethical management, and implementation of moral values are our core values and foundation. Grape King Bio continuously monitors the latest information from regulatory authorities, evaluating and adjusting integrity management-related policies and regulations to ensure that business practices adhere to the highest ethical standards. Our Board provides a guideline for employee compliance by formulating the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” “The programs to forestall unethical conduct,” “Code of Ethical Conduct,” and “Supplier Code of Conduct.” “Anti-Corruption and Anti-Bribery Policy.”

The aforementioned anti-corruption and ethical management measures mainly regulate the following areas:

1. Employees (Including Managers) and Board of Directors :

(1) New employees reporting for work are required to take anti-corruption courses and tests to verify their awareness of anti-corruption matters. Labor contracts signed upon hiring contain relevant clauses for ethical behaviors and anti-corruption preventions. In order to enhance business ethics knowledge in all colleagues, we arranged for all personnel to attend classes themed around “ethics and morals.” Our goal is for all employees to participate in training over the next three years. In 2024, the training participation rate for non-management indirect staff reached 96%, thereby demonstrating our core values centered around ethics

and integrity.

(2) We have formulated regulations for accepting gratuity gifts, which stipulate that all employees are prohibited from accepting gifts. All accepted gifts, regardless of value, should be reported to responsible supervisors.

(3) All employees have a responsibility to report improper behaviors that constitute ethical violations through appropriate channels. Our reporting and complaint channels include internal suggestion boxes, reporting and complaint hotlines, as well as feedback channels via email or our website.

(4) We incurred zero complaints and reports (including anonymous reports) related to ethical management.

(5) All employees are required to sign an “Employee Integrity Commitment Letter.” We disseminate knowledge related to ethical management, reporting and complaint procedures, and our Code of Ethical Conduct to all employees from time to time; organize quizzes; publicize precautions our employees should be aware of when carrying out their duties; strengthen anti-corruption awareness, prevention measures, and implementations; and work to manage and prevent unethical behaviors from occurring.

(6) Each year, the Company distributed an educational letter to all employees and managers, focusing on “Business Integrity, Insider Trading Prevention and Regulations for Handling Material Inside Information” at least once. This included discussions on the importance of integrity, insider trading guidelines, legal responsibilities, and material information regulations. In 2024, 122 individuals comprising executives and relevant staff completed training and achieved a 100% pass rate. Additionally, directors participated in an integrity training course annually, with all directors completing the course in 2024.

2. Business partners:

(1) Before establishing business relations with distributors, suppliers, and other business parties, we first assess the legality and reasonableness of said business behaviors and check whether our transaction targets incurred any ethical management violations in the past. When engaging in business activities, we expressly refuse direct or indirect provision, promise, request, or acceptance of any improper benefits in any form or name, and will cease transactions immediately upon discovering unethical behaviors, and they are required to sign an “Supplier Integrity Commitment Letter”, which includes provisions related to integrity in business operations.

(2) Our distributor contracts contain clear and reasonable stipulations of payment terms, and prohibit bribery, commission fees, kickbacks, gifts, and other matters involving improper benefits.

(3) When making purchases, we require suppliers to strictly comply with the “Supplier Code of Conduct” and also add warnings on external purchase orders to strengthen dissemination of our trade secrets and anti-corruption policies.

Suppliers that violate these policies are punished and removed from our supplier lists.

(4) No corruption incidents or violations of ethical management were incurred by our distributors or suppliers in 2024, and no corruption incident was incurred in which we terminate or discontinue agreements with business partners due to corruption-related legal violations.

3. Anti-corruption and ethical management risk assessments:

(1) Our corporate governance team conducts annual evaluations of business activities that involve high-risk unethical behaviors to ensure that our current internal regulations can effectively reduce corruption and ethical management risks. We have also formulated the program to forestall unethical conduct. Our evaluations for 2024 determined our risk levels to be low; evaluation results were submitted to internal audit units to serve as a reference for formulating audit plans.

(2) Political donations can only be made in accordance with Political Donations Act and after the approval of company's "Verification Authority Form". Additionally, all donations are obtained with legal certificates and recorded in the accounting books for verification. The Company has no internal accounts or secret accounts. In 2024 and 2023, political donations were about NT\$ 0 and NT\$ 200,000, respectively, accounting for about 0% and 0.002% of revenue.

(3) Grape King Bio established the "Anti-Corruption and Anti-Bribery Promotion Task Force," led by the Legal Department, responsible for overseeing the promotion, planning, and consulting across departments. They also evaluate system effectiveness, and reports to the Board of Directors annually.

Our company has implemented ISO 37001 and has conducted a total of 10 training sessions internally (including 2 sessions on operational process risk assessment, 2 sessions on employee position risk assessment, 2 sessions on internal audits, and 4 sessions for personnel in medium to high-risk positions). Participants were designated from 31 departments to serve on the promotion team. Our company intranet provides basic training videos, operational processes, and employee risk assessment form training videos for staff to reference at any time. Each employee is required to sign "Employee Code of Conduct," and directors must provide a "Statement of Compliance with Ethical Management Policies." Externally, we disclose our anti-corruption and anti-bribery policies in both Chinese and English version on our official website and announce these policies on the supplier platform. We also regularly conduct due diligence on suppliers to ensure that business partners understand the corporate culture of the group.

Regarding the company's procedural documents, a total of revisions: 5 procedures and 4 forms.

4. Board oversight:

(1) Our corporate governance team regularly reports on anti-corruption and ethical management implementations to the Board. Implementations and promotions

for 2024 were reported to the Board on January 18, 2025, to help the Board monitor corporate implementations related to anti-corruption, ethical management, and moral values. Our corporate governance team conducts annual reviews of related regulations to determine whether additions or revisions are necessary; these changes are implemented following approval by the Board. In 2024, the Company revised the "Code of Ethical Conduct" and "Corporate Governance Best Practice Principles."

(2) According to Article 10 of the 'Corporate Governance Best Practice Principles,' insiders who become aware of the contents of the Company's financial reports or relevant results, including but not limited to directors, are prohibited from trading shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.

(3) The internal audit office conducts internal control audits in accordance with company regulations, reporting any identified non-compliance issues to the Audit Committee and the Board of Directors. It also assists both bodies in confirming the implementation of matters related to anti-corruption, ethical management, and moral values.

External Anti-Corruption Measures

In terms of supply chain management, if we discover personnel who accept improper benefits such as kickbacks during transactions and do not voluntarily report the same, suppliers involved in anti-corruption incidents will be penalized and removed from our supplier list. For serious violations, legal action will be brought against the employees and suppliers in question, who shall be jointly responsible for any penalties incurred under the Criminal Code of the Republic of China. We also add warnings on external purchase orders to strengthen dissemination of our human rights, environmental, and business ethics policies:

1. For suppliers with ongoing transactions, those classified as significant suppliers of Grape King Bio are based on procurement amounts, where the raw material transaction amount accounts for 80% of the total annual raw material procurement amount, and project suppliers (namely, non-raw material suppliers) with continuous transaction amounts exceeding NT\$ 1 million for two consecutive years. A policy promotion questionnaire was sent to a total of 307 existing raw material suppliers, with 257 suppliers responding, resulting in a response rate of 83.71%.

- Regarding the promotion of trade secrets policies, the awareness rate is statistically recorded at 97.7%.
- Regarding the promotion of anti-corruption policies, the awareness rate is statistically recorded at nearly 90.5%.

For suppliers who are unclear about Grape King Bio's policies, individual promotions will be conducted to uphold the core value of supply chain integrity and build a consensus against corruption.

2. We also announce and promote our trade secrets and anti-corruption policies through our supplier intelligent management platform. No incidents of anti-corruption occurred in 2024. We have established a dedicated mailbox and hotline for anti-corruption to provide suppliers with a means to immediately report Grape King Bio employees who violate procurement guidelines, thereby ensuring protection of supplier interests.

Grievance Reporting and Whistleblower System

We have established "Procedures of Whistle-blowing and Complaints" allowing both internal and external stakeholders (including suppliers and customers) to anonymously report grievances through dedicated mailboxes and hotlines. This system addresses issues such as bullying, discrimination, harassment, bribery (gifts, kickbacks, entertainment), and corruption (embezzlement, fraud, money laundering, insider trading), providing a mechanism for timely feedback to ensure the protection of stakeholder interests. In consideration of our foreign colleagues, we have also posted translations of relevant information on our bulletin board to enhance the effectiveness of awareness and communication.

(1) Mailboxes for reporting and grievances:

Mailbox for reporting complaints: companyopinion@grapeking.com.tw
Mailbox for reporting grievances: employeeopinion@grapeking.com.tw

The point of contact for all grievances and complaints are the managers of relevant departments.

(2) Hotline for complaints and grievances:

Hotline for reporting complaints: +886-4572121#1999
Hotline for reporting grievances: +886-4572121#1995



Procedures for reporting complaints and grievances: Company managers, informant departments, and higher authorities are not allowed to take inappropriate action or retaliation against informants or their close associates. To prevent intentional or malicious reporting and anonymous discrediting, reports verified to be unsubstantiated will not be accepted, and those seeking to discredit others will be punished in accordance with corporate regulations. All reports and complaints are compiled and submitted to the general manager; cases can only be closed following approval by the general manager.

We added a clause related to Article 74 of the Labor Standards Act (Whistleblower Protection Clause) to our internal "Management Procedures for Rewards and Punishments" to clearly convey and effectively protect employee rights to submit reports and complaints.

1.3 Risk Management

Audit Assistant Manager, Audit Department
Chung-Chi, Hung



Our internal control processes rigorously regulate sound corporate operations. Our Board, management team, all employees, and corporate stakeholders familiarize themselves with anti-corruption concepts and monitor the Company to ensure implementation of moral values and ethical management.

Grape King Bio has established a risk management mechanism, with the Board of Directors serving as the highest management and decision-making body, supported by the Audit Committee in overseeing risk management. The Board approves the "Risk Management Policies and Procedures" based on the Company's operational strategies and industry environment, with participation from the Board, Audit Committee, management at all levels, and employees in promoting and executing these policies.

Under this framework, our company conducts regular risk assessments, risk identification, and risk handling activities to identify potential risks that may affect the business. We perform audits and verifications in accordance with standard international risk management frameworks and have obtained certifications for Anti-bribery Management (ISO 37001), Information Security Management (ISO 27001), Environmental Management (ISO 14001), Occupational Health and Safety Management (ISO 45001), Energy Management (ISO 50001), Talent Quality-management System (TTQS), and Taiwan Intellectual Property Management System (TIPS).

To implement the risk management mechanism effectively, our company conducts annual risk assessments, where each unit lists risks based on their likelihood and impact. The results are compiled into a "Risk Management Implementation Report" that is regularly submitted to the Audit Committee and the Board to ensure effective execution of risk control mechanisms. The operational status for the fiscal year 2024 was reported to the Audit Committee and the Board on November 11, 2024, including the identification of five major risks for the year (financial risk, operational risk, strategic risk, occupational health and safety risk, and climate change-related risk) and their corresponding response measures.

Additionally, the Audit Department formulates an annual audit plan based on the results of the risk assessment, reporting quarterly findings, recommendations, and subsequent improvements to the Audit Committee and the Board to ensure the effective implementation of the overall risk management mechanism, with no significant internal control failures reported in the quarters of fiscal year 2024. The five major risks faced by our company and their corresponding response measures are summarized in the table below.

Risk Item	Response Measures
Financial risk	<p>I. Interest rate risks: Our company's interest rate risks stem mainly from changes in interest rates on bank loans. In 2024, our interest payments on bank loans accounted for 0.0001% of net profits before tax. Interest rate changes in 2024 had no significant impacts.</p> <p>II. Exchange rate risks: Exchange rate risks mainly encompass business receivables and payables in foreign currency. At present, we mainly focus on transactions and raw material purchases in local markets, and have few exports or imports, so impacts of exchange rate risks are relatively small.</p> <p>III. Credit risks: Credit risks mainly stem from inability to recover receivables. Grape King Bio categorizes clients according to financial conditions, past transactions, internal ratings and accounts receivable aging reports; where appropriate, collateral is collected to reduce credit risks from receivables.</p>
Operational risks	<p>I. Customer rights risks (1) We established an Information Security and Personal Information Committee and developed standard operating procedures (SOP) for major personal information incidents. We conducted a comprehensive review of information security measures and performed a thorough inventory of all information security processes for virtual channels that come into contact with customer personal information. Our company has implemented ISO 27701 for personal information inventory and risk assessment, and we continue to maintain the validity of our ISO/IEC 27001:2013 certification. (2) We have established comprehensive standard operating procedures targeted to food safety, quality control, and other issues relating to consumer interests. We also conduct comprehensive reviews of individual cases and retrain our customer service staff accordingly to strengthen responses to abnormal events.</p> <p>II. Food safety risks (1) Compliance with laws and regulations: 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 the use of expired materials. (2) Reduce external risks: We establish basic information and related quality records for suppliers and manufacturers, and manage them through a system to serve as a reference during procurement. In the event of a food safety incident, we can utilize the system's search function to clarify and address the issue promptly. (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) Ensure food safety: Grape King Bio focuses on three main axes for food safety management and assurance: I. Hygiene regulations and training; II. Product tracking and management; III. Product quality and inspections.</p>

Risk Item	Response Measures
Operational risks	<p>III. Procurement risks</p> <p>The provision of high-quality products can enhance consumer confidence and willingness to purchase. In practice, to strengthen the management of raw materials, Grape King Bio requires raw material suppliers to comply with the following specifications and undergo regular evaluations:</p> <ol style="list-style-type: none"> (1) Raw materials suppliers must be legally registered in the government food manufacturer registry system. (2) Raw materials suppliers must be approved by our R&D and relevant departments. (3) Raw materials suppliers must provide comprehensive product information for analysis as well as 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 information for raw materials. <p>IV. Supply chain risks</p> <p>We track raw material traceability and have established supplier evaluation procedures that span from initial qualification reviews and sample selection, on-site supplier evaluations, and annual quality tracking of supplied goods. We not only inspect raw materials but also compile basic information and relevant quality records for suppliers and manufacturers to serve as a reference when making purchases.</p> <p>We implement a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable and to guarantee smooth delivery of supplies.</p> <p>V. Risks related to trade secrets, patent rights and trademarks</p> <p>We have established the "Code of Ethical Conduct" and formulated the "Procedures for Investigation of Grievance Reports" to regulate and appropriately handle grievance reports. Implemented action include the following:</p> <ol style="list-style-type: none"> (1) Formulated the Code of Ethical Conduct and Procedures of Whistle-blowing and Complaints (2) Periodically collect stakeholder feedback and provide an anti-corruption hotline and complaint mailbox (3) New employees are required to take anti-corruption courses and tests to verify their awareness of anti-corruption matters (4) In terms of supply chain management, if we discover personnel who accept improper benefits such as kickbacks during transactions and do not voluntarily report the same, suppliers involved in corruption incidents will be penalized and removed from our supplier list. For serious violations, legal action will be brought against the employees and suppliers in question, who shall be jointly responsible for any penalties incurred under the Criminal Code of the Republic of China, with no leniency. <p>VI. Talent recruitment and training risks</p> <p>To promote the flow of talent within our organization, we provide multiple channels for development (such as overseas job opportunities, opportunities to execute critical projects, training, and a variety of other opportunities and platforms) while respecting the career development plans of our employees and the business needs of our company. We encourage our employees to realize their potential, learn new knowledge and skills, develop a broader outlook, and build connections by giving them cross-cultural and cross-domain learning opportunities.</p> <p>Apart from deployments due to organizational needs, employees can also apply for transfers in accordance with our recruitment and selection procedures.</p> <p>Following full communication and confirmation of employee willingness, transfers take effect upon approval by responsible supervisors.</p> <p>During their first three months, new employees have exclusive mentors who help them adapt to corporate environments and duties.</p> <p>VII. Human Rights Risks</p> <p>Respecting human rights is a fundamental value of Grape King Bio. The company's actions regarding "Human Rights Risk Assessment and Management" are detailed in the section "4.1 Human Rights."</p>
Strategic risks	<p>I. Legal compliance risks</p> <p>We have established the legal office and audit office to ensure the implementation of legal compliance and internal control systems, and our independent directors and Audit Committee are responsible for enhancing the Board effectiveness and implementing supervisory actions. We have also established clear and appropriate processes in all departments, including regular tracking of regulatory updates, implementations of self-assessments, education and training, and audits.</p> <p>II. Product development and launch risks</p> <p>Internal:</p> <p>Product designs face risks of discrepancy or failure during on-site batch production trial runs.</p> <p>We used the following methods to reduce risks stemming from this problem:</p> <ol style="list-style-type: none"> (1) Purchased testing equipment (for example texture analyzers) and established a product parameter database to confirm product parameters. (2) Conducted medium-scale trial runs in our laboratory to confirm product formulations, filling properties and applicability prior to on-site batch production trial runs. <p>External (sales related):</p> <p>After products are launched, we take the following actions in collaboration with our sales units to reduce risks of poor sales performance and product recalls:</p> <ol style="list-style-type: none"> (1) Our sales units conduct comprehensive market surveys prior to product development to better understand market trends and consumer habits. (2) Our sales units continuously track market conditions upon product launches to understand changes in product trends and develop strategies for future product development.

Risk Item	Response Measures
Strategic risks	<p>III. Marketing and market risks:</p> <p>For image monitoring, we conduct round-the-clock monitoring of all media news and social media opinions, and compile monthly reports. In the event of news that may negatively impact the company's image, the handling process is as follows: Assess risk levels → Convene related units → Formulate Q&As → Draft unified responses → Continue monitoring.</p> <p>We first assess the risks posed by the news, convene related units to clarify the details of the incident, establish basic Q&As to address the public's inquiries, and issue unified statements to avoid confusion from ambiguous information. Following this, we continue to monitor related information.</p> <p>IV. Advertisement risks:</p> <p>To prevent potential negative impacts from advertising materials, the following explains our advertising copy review mechanism:</p> <p>Our legal office collaborated with our IT Department to establish the "Review of Advertising Copy" section on the Enterprise Information Portal (EIP). This section not only provides internal training videos related to advertising copy but also includes the "Advertising Copy Violations List," which contains information such as penalized entities, product names, violation details, and penalty amounts based on advertising infractions issued by administrative authorities. The legal office regularly updates this database, allowing all units to stay informed about the latest standards for inappropriate words and phrases identified by administrative authorities when creating or reviewing advertising copy, thereby significantly reducing the risk of legal violations.</p> <p>Additionally, the BPM system includes the "OA011 Advertising Copy Review Request Form" to address issues related to the previous email-based review process and to expedite the review process across all units. This system displays feedback from all reviewing units to avoid significant discrepancies in the appropriate phrasing proposed by each unit. The advertising review requesting unit then revise the advertising copy by integrating the input from all reviewing parties.</p>
Occupational Health and Safety Risks	<p>We implemented specific projects for material environmental issues and occupational health and safety management risks. Grape King Bio adopts the following six strategies: (1) Reduce hazard risks, (2) Implement environmental protection, (3) Fulfill compliance obligations, (4) Improve sustainable cycles, (5) Promote full employee participation, (6) Build friendly workplace environments (Please refer to the Chapter 4.5 on occupational safety for details).</p>
Climate Change related risks	<p>(Please refer to the Chapter 6.1 Grape King Bio Climate Actions Under the Task Force on Climate-Related Financial Disclosures (TCFD) section for more information)</p>



1.4 Financial Performance

Grape King Bio builds upon sustainable and steady developments and emphasizes integration with stakeholders. Due to the efforts of all employees, Grape King Bio has won the recognition and confidence of stakeholders. Our revenues and overall operational performance continue to grow. We achieved impressive consolidated revenues and profits over the past three years. Our consolidated revenues in 2024 were NT\$11,160,005 thousand dollars. Grape King Bio continues to uphold shareholder interests by maintaining after-tax earnings of NT\$9.78 per share, rewarding our shareholders with a stable dividend policy. Starting in 2025, we will distribute dividends semi-annually, enabling shareholders to benefit more quickly from business growth. Consolidated financial information for the past three years are as follows:

Consolidated financial information for 2024

Unit: Thousand NTD

Item	Basic Elements	2022	2023	2024
Direct Economic Value Generated	Income*	10,391,231	10,635,464	11,160,005
Distributed Economic Value	Operating costs*	1,909,186	2,099,450	2,502,450
	Employee salaries and benefits* (Note 1)	1,215,309	1,262,422	1,217,010
	Payment made to investors*(Note 2) (Dividends of the current year)	903,638	1,022,148	1,022,148
	Payments made to the government* (Note 3)	423,456	469,813	1,232,997
	Community investment (Note 4)	18,822	19,778	20,521
Retained Economic Value (Generated-Distributed)* (Note 5)		2,169,687	2,141,511	2,171,153

Note 1: Including bonuses, pensions, payments deducted from salaries on behalf of employees, and other personnel costs.

Note 2: This refers to the actual amount of dividends paid to shareholders.

Note 3: Paid income tax.

Note 4: Expenditures for donations to government institutions as well as other associations and community charity expenses. The amount includes the expenses of Tseng Shui Chao Welfare Charitable Foundation.

Note 5: Profits after tax for the current year.

*The financial statements for the years 2022 to 2024 have been audited and certified by Deloitte.

Item	2022	2023	2024
Net profit after tax (thousand NTD)	2,169,687	2,141,511	2,171,153
Consolidated net profit margins	20.88%	20.14%	19.45%
R&D investment (thousand NTD)	289,884	289,455	291,906
Return on shareholder equity	20.12%	18.81%	18.54%
Distribution ratio for cash dividends	70.12%	70.36%	70.55%
Earnings per share(NTD)	9.84	9.81	9.78

Note: This refers to the cash dividend payout ratio of Grape King Bio.

Tax Policies

Grape King Bio specifically established the "Tax Policy" and related tax management responsibilities, approved by the Board of Directors, to effectively implement tax governance in response to international trends, adhering to tax regulations, and ensuring corporate sustainable development. The Board of Directors is the highest authority for tax policies, responsible for approving tax policies to ensure their effective implementation.

I. Legal Compliance

Adhere to the tax laws and regulations of the respective countries where each operational site is located, timely settle tax obligations, and fulfill the social responsibility of taxpayers.

II. Avoidance of Inappropriate Tax Planning

Carefully evaluate various investment structures and transaction models to align with economic substance and legitimate business purposes, refraining from engaging in improper tax arrangements.

III. Related Party Transactions

Adhere to the transfer pricing regulations published by the Organization for Economic Cooperation and Development (OECD) to ensure that related party transactions comply with standard practices and transfer pricing legal requirements.

IV. Tax Risk Assessment

Consider tax implications for significant transaction decisions and day-to-day operational activities. Prudently evaluate and apply various tax regulations, tax incentives, and agreements for tax planning in compliance with regulations.

V. Information Transparency

Comply with relevant regulations and guidelines for tax disclosure, and regularly disclose tax information through public channels to ensure tax transparency.

VI. Relationship with Tax Authorities

Establish a relationship of mutual respect and good interaction with tax authorities based on the principles of mutual trust and legal compliance.

VII. Competency Development

Tax dedicated personnel should continuously enhance their professional competence through education, training, specialized research, or participation in tax seminars.

The income tax expenses for the past three years are as follows:

Our company and its subsidiaries adhere to local regulations when paying various taxes annually. Given that over 90 percent of the group's overall profits are derived from Taiwan, the effective tax rate for both our company and its subsidiaries (as reflected in the consolidated financial statements of the group) closely approximates Taiwan's statutory tax rate of 20%

Unit: Thousand NTD

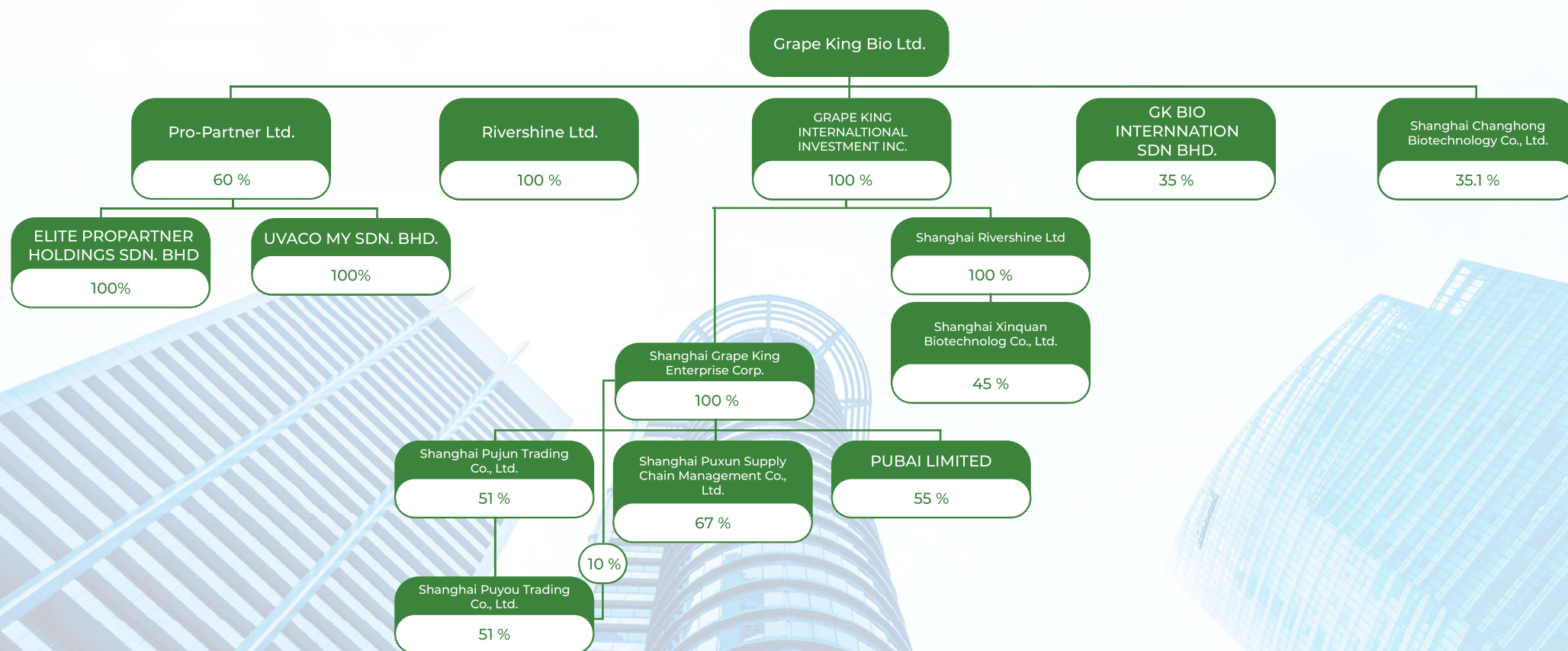
Item	2022	2023	2024
Net profit before tax	2,687,878	2,660,620	2,673,305
Income tax expense	518,191	519,109	502,152
Effective tax rate%	19.27%	19.51%	18.78%



Subsidiaries and Affiliates

Grape King Bio and its subsidiaries are mainly engaged in the manufacturing and sales of beverages and health foods. Our comprehensive industry value chain encompasses upstream development of key raw materials (such as lactic acid bacteria, Ganoderma, and Antrodia cinnamomea mycelium); midstream formulations and packaging; to downstream sales through private channels and brand stores, as well as domestic and overseas ODM services.

In terms of operational models, Grape King Bio uses diverse distribution and direct marketing channels to promote high-quality products to a wider range of users and to achieve our corporate mission of being “Live Healthy, Think Grape King.” Of our NT\$11,160,005 thousand dollars revenues in 2024, NT\$8,834,928 thousand dollars were sourced from direct sales channels.



1.5 Legal Compliance

Chief Legal Officer, Legal Department
Bing-Jyun Cui



Our internal control processes rigorously regulate sound corporate operations. Our Board, management team, all employees, and corporate stakeholders familiarize themselves with anti-corruption concepts and monitor the Company to ensure implementation of moral values and ethical management.

Management Approach	Key issue-Legal compliance	
Policies	Grape King Bio reviews all company operating procedures based on the highest standards available and implements corporate governance and food safety standards through third-party verification at irregular intervals. We constantly pay attention to the latest legal trends and adjust our actions accordingly.	
Commitments	“Ethics and integrity” are our commitment to society. We maintain a good corporate image, ensure smooth business activities, and reduce our violation risks to avoid affecting normal operations.	
Targets	Short-term	Implement legal compliance control system and reduce risk of legal violations. We incorporated third-party verifications to ensure compliance with national standards.
	Mid-term	Promote relevant laws and regulations and help relevant personnel understand legal requirements.
	Long-term	Continue to conduct in-depth understanding of other national laws and regulations to perform risk control according to company size and business needs.
Responsibilities	Cooperative entities: Quality Assurance Department-Food safety incidents Marketing Division-Media events Business Unit-Consumers and channels Human Resource Department-Labor-management disputes	
Resources	1. Collaborated with the IT Department to establish the “trade secrets registration system.” 2. Organized education and training on legal compliance or awareness based on company’s needs. 3. Established a working group to implement the Taiwan Intellectual Property Management System (TIPS) and participate in the certification process. 4. Conducted annual personal data inventory and risk assessment tasks.	

Specific performance	<ol style="list-style-type: none"> 1. Renewed the Taiwan Intellectual Property Management System (TIPS) A-Class Certification in 2024. 2. Organized the seminar on “Key Points of Confidential Information Management Procedures” and conducted training sessions related to the overview of intellectual property rights, the introduction to the corporate intellectual property regulations, and the Trademark Act. 3. Conducted an inventory and risk assessment of critical and substantial personal data stored across a total of 8 units. 4. Delivered a course on “Labor Regulations and Management for Employee Leave, Dismissal, and Occupational Accidents.”
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All documents related to legal disputes are managed by our Legal Office, which works with all departments to establish clear and appropriate regulations, regularly update regulations, conduct self-assessments of implementations, audit training and execute other action plans. We actively implement our Code of Ethical Conduct. The employment contract signed by employees of the company upon joining Grape King Bio has stipulated ethical conduct, the prevention of anti-corruption behaviors and the prohibition of actions that may be detrimental to the company. These provisions are reiterated on employee termination forms. Apart from employment contracts, all our employees are also required to sign a confidentiality contract to reinforce the importance of trade secrets and ensure that our employees understand their obligations. Additionally, our colleagues in the Legal Department continue to attend legal compliance courses. We organized training sessions on “Introduction to Intellectual Property Rights and Corporate Intellectual Property Regulations” for new employees; and a course on “Basic Intellectual Property Education” for our dedicated TIPS units; courses on “Trademark Usage and Trademark Infringement Patterns” and “Trademark Practices” for our marketing planning, OEM as well as overseas business and direct Marketing Departments; and a training session on “Labor Regulations and Management for Employee Leave, Dismissal, and Occupational Accidents” for our human resources and legal office.

In terms of intellectual property rights, our legal office conducts routine searches, analyses, defenses, registrations and applications, maintenance, management, and strategic positioning of domestic and foreign trademarks and patents, as well as periodic internal dissemination meetings or training sessions on trade secrets. In 2023, we officially implemented the Taiwan Intellectual Property Management System (TIPS) and obtained our initial certification. In 2024, we are required to renew the certification. Apart from providing routine training sessions to the dedicated units, we reviewed and supplemented the procedures and forms related to intellectual property. A total of 7 procedure documents were amended, followed by the completion of internal audits for intellectual property and successfully renewed the Taiwan Intellectual Property Management System (TIPS) A-Class Certification in the same year. Externally, we require our sales and marketing personnel to provide image sources, patent information, and trademark authorization basis when submitting copies for review to prevent infringement upon others’ intellectual property rights and portrait rights.

We formulated the “Trademark Management Procedures” to govern corporate trademark management. These Procedures were revised to align with trademark usage review practices, approved and released by our document control center on June 19, 2024.

Trademark management includes the following:

- Before submitting applications: Requesting units should submit an application, followed by the legal office providing suggestions after performing searches and analyses to ensure compliance with trademark identification standards. For raw material trademarks, our Biotech Research Institute, legal office, marketing planning section, and product planning section engage in interdepartmental communication before proceeding with the application.
- When submitting applications:
 - (1) Domestic trademarks: Our electronic application system enables the legal office to submit applications for Taiwanese trademarks directly to the Intellectual

Property Office. In 2024, our legal office submitted a total of 10 trademark applications.

Subsequent payments, corrections, and certificate collection procedures are also handled by the legal office, which greatly reduced service fees paid to commissioned firms.

(2) Overseas trademarks: Applications, payments, corrections, and certificate collection procedures are all handled by commissioned firms.

- After submitting applications: Apart from management of established lists, we incorporated trademark usage status in our databases starting from 2021 to comply with the provisions of the Trademark Act, which states that trademarks should be used for marketing purposes. In 2022, we included usage status for all registered product trademarks in our database to prevent revocation of trademark on the grounds of non-use for a continuous period of three years by a third party. In 2023, we implemented the filling out and record-keeping of relevant forms for procedures prior to trademark, authorization applications, and infringement reporting. In 2024, to enhance the review process for trademark usage, we incorporated an intellectual property review column into our “Design Requirement Form” for corporate designs, with our legal office responsible for overseeing the review. This initiative aims to mitigate the risk of trademark infringement and to protect the company's trademark rights.

For protection of personal data and privacy rights, we have formulated and published the “Personal Data Protection Policy,” and used the EIP system to publicize these policies to all employees. We also update our [corporate website](#), Health and Vitality Power Center, and the privacy rights policies on our Grape King online store according to the changes in the laws and regulations. The “[Contact Us](#)” page on our website includes categories related to privacy rights policies so we can properly handle the concerns of our consumers or website users. Since 2023, for departments handling substantial and sensitive personal data, we have conducted a comprehensive inventory and risk assessment of personal data annually, developed risk management plans for high-risk personal data files based on the assessment results, and implemented relevant improvement measures to enhance personal data protection.

In terms of product labeling and advertising, we conduct reviews to determine whether they violate food regulations through internal system forms, aiming to implement active improvements and achieve zero violations. For notices issued by health authorities, the Legal Office is responsible for gathering relevant information and drafting a statement of opinion, and then evaluating them to determine whether to file an appeal, administrative litigation, or propose improvement measures; the Legal Office is also responsible for notifying relevant departments of the above situation. If the authorities request a hearing, this is attended by members of our Legal Office and personnel from relevant departments. Corresponding departments determine whether the Legal Office should submit appeals for other types of regulatory documents. All incidents are discussed at manager meetings and improvement processes are implemented,

following which final reports are compiled.

We gradually promoted awareness of legal concepts. As of the end of 2024, we incurred one violation of the Act Governing Food Safety and Sanitation, one violation of the Health Food Control Act, one violation of the Labor Standards Act, one violation of the Waste Disposal Act, one violation of the Water Act and three violations of the Water Pollution Control Act but incurred no major penalties from administrative authorities exceeding NT\$1 million.

Handling process for legal cases:

Administration Department
receives the letter

Reviewed by the Legal Office

Discussion between related
responsible units

Discussion in the supervisor
meeting and proposals for
improvement solutions

Legal Compliance Status in 2024

Category	Number of Incidents	Amount of Fine(NT\$)	Legal Basis	Violation Details in 2024	Subsequent Improvements
Marketing and Labeling	1	200,000	In violation of Paragraph 1, Article 14 of the Health Food Control Act	The labeling or advertisement of health foods such as "Grape King Bio Slim Probiotic King" involves false, exaggerated, or misleading content.	1. We immediately notified our business units upon receipt of this violation notice. 2. We presented opinions along with attached relevant research reports to the Department of Health. 3. Relevant departments were requested to adjust advertising copy. 4. The legal office inventoried all advertisements related to Lutein and Slim Probiotics King and requested comprehensive revisions by our business units to prevent further penalties arising from various ad combinations.
	1	40,000	In violation of Article 28 of the Act Governing Food Safety and Sanitation	The labeling or advertisement of health foods such as "Bio Marigold Lutein Extract Jelly" involves false, exaggerated, or misleading content.	
Human Rights	1	20,000	In violation of Paragraph 6, Article 30 of the Labor Standards Act	Failing to register the attendance of workers to the minute for their end time of working on a daily basis.	1. The human resources system is configured to automatically consider employees as present at the company within 15 minutes before or after their scheduled work hours. If they haven't submitted an overtime request to their supervisor in advance, they must personally enter the reason in the system for staying outside scheduled work hours. 2. In the second phase, since the above notification only comes from the employee (without supervisor awareness), the system will be enhanced to route such requests for the supervisor's approval, ensuring the supervisor is informed when an employee stays outside scheduled work hours.
Waste Management	1	6,000	In violation of Paragraph 1, Article 36 of the Waste Disposal Act	Inspections revealed that the antifreeze waste liquid generated from a broken brine chiller at the Zhongli Factory was stored in a low-concentration waste liquid tank, causing odors to spread to the surrounding area.	Since wastewater facilities at the Zhongli Factory were unable to process this odorous antifreeze waste liquid, it was transported to a wastewater treatment plant in the Pingzhen Industrial Zone for proper disposal. As a result, no further odor emissions have been detected in the surrounding area. The improvement was completed on February 6, 2024.
Water Resource Management	4	30,000	In violation of Subparagraph 2, Paragraph 1, Article 30 of the Water Pollution Control Act	During the audit of the Zhongli Factory, it was found that wastewater was being discharged from the rear wall into a drainage ditch. Samples were taken in front of the outlet where the water body was receiving the discharge, and the water quality test using COD test kits showed levels exceeding 250 ppm.	The abnormal piping on the rear wall of the Zhongli Factory has been sealed with PVC caps and cement, and the drains on the factory floor have been repaired to ensure that no abnormal wastewater is discharged from the rear wall of the factory. The improvement was completed on November 30, 2023.
		32,500	In violation of Article 18 of the Water Pollution Control Act	During the audit of the Zhongli Factory, it was found that cooling water from the blowers within the wastewater treatment facility was being discharged into the sludge concentration tank via the stormwater drains, causing the combined collection of wastewater and stormwater without segregation.	We have installed a dedicated pipeline to route the blower's cooling water within the wastewater treatment facility at the factory directly to the sewage collection tank, bypassing the stormwater drains to ensure proper segregation and collection of stormwater and wastewater. The improvement was completed on December 20, 2023.
		126,000	In violation of Paragraph 1, Article 14 of the Water Pollution Control Act	During the audit of the Zhongli Factory, it was found that two unidentified wastewater tanks were not listed in the water pollution control permits as required.	One of the wastewater tanks has been permanently sealed with cement due to long-term non-use (improvement completed on April 28, 2024). The other has been included in the new discharge permit, which is currently under review by the Environmental Protection Department, with approval expected by May 2025.
		20,000	In violation of Article 38 of the Water Act	Well #1 at the Zhongli Factory extracted groundwater in excess of the permitted volume under its water rights registration.	1. Pipeline Remediation Completed: In May 2024, additional pipeline installations were completed, and Well #2 was reactivated on June 25 to distribute extraction loads, ensuring future compliance with water usage regulations. 2. Enhanced Water Management: The plant engineering department conducts daily groundwater meter readings, recording data in both hardcopy logs and public system forms to ensure that well usage complies with regulations and to prevent similar incidents from recurring.