

2017

GRAPE KING BIO

Corporate Social Responsibility Report



GRAPE KING BIO



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About the Report

This is the Corporate Social Responsibility (CSR) Report issued by Grape King Bio Inc. (Grape King Bio) in 2017, which will disclose our achievements in the CSR material issues to different stakeholders in an open and transparent manner. This report is divided into the topics listed as follows, which express our commitment to Grape King Bio's vision: Sustainable Commitments, Business Operation, Corporate Governance, Food Safety, R&D, Employee Relations, Social Contributions and Green Environment. We hope this report can express the vision we desire to enable our stakeholders to understand our efforts in recent years and our continued commitment to sustainable development.



Scope of this Report

The information disclosed in this report is based on Grape King Bio in Taiwan. Including our Pingzhen Headquarters, Zhongli Factory, Longtan Logistic Center, Taipei Sales Office and Grape King Health and Vitality Power Center (Visitors Centre). In the future, we will gradually expand the scope, to include Rivershine Co. Ltd., Pro-Partner Co. Ltd. and Shanghai Grape King Bio Enterprises Corp.



Issuing Period and Cycle

This is the fourth year Grape King Bio has issued the Corporate Social Responsibility report. The reporting period for information disclosure is January 1st, 2017, to December 31st, 2017.



Independent Assurance

The Grape King Bio CSR report's assurance engagement has been planned and performed in accordance with ISAE 3000 by Ernst & Young. Ernst & Young provides a 'limited level' assurance opinion on the completeness and accuracy of the claims and performance data presented in the 2017 CSR report base on GRI G4 Core option. The result of 'limited level' assurance has been effectively communicated with Grape King Bio's management. For detail scope and result of the assurance, please see the Independent Assurance Statement at Appendix.



For Eco-friendly reasons, the report is only published digitally. Please go to the official website to download the PDF file. (<https://www.grapeking.com.tw/en/home>)

Issue date:
March 2018



Company Information within the Reporting Scope

Business	Address	Phone No.
Headquarters (Pingzhen Jinling Plant)	No.402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-457-2121
Zhongli Longgang Plant	No.60, Sec. 3, Longgang Rd., Zhongli Dist., Taoyuan City	+886-3-457-2121
Longtan Logistic Center	No.146, Lane 545, Sec. 2, Zhongyuan Rd., Longtan Dist., Taoyuan City	+886-3-272-7997
Taipei Sales Office	No.10, Lane 27, Linyi St., Zhongzheng Dist., Taipei City	+886-2-2351-9696
Grape King Health and Vitality Power Center (Visitors Centre)	No.402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886 -3- 271-2121



Reporting Structure

This report is based on the Global Reporting Initiative (GRI) G4 Core Option and the AA1000 (2008) standard, with the disclosed financial data derived from the public annual report information audited by independent certified public accountants, Ernest and Young Taiwan.



Contact Us

If you have any questions regarding the Grape King Bio CSR Report 2017, you are welcome to contact us through the information listed below:

Grape King Bio Inc. Corporate Social Responsibility Committee

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Chairman's Message

Chairman's Message

Grape King Bio is heading into its 49th year and our operations are running smoothly as holdings and profits continue to grow each year. In addition to implementing the three new strategies project - "new products, new marketing, and new customer groups", Grape King Bio has also adopted an intensified rebranding campaign to complete the mission of "Live Healthy, Think Grape King." Since our establishment, we have always regarded Corporate Social Responsibility as an essential part of Grape King Bio's business strategies. We believe that in addition solid corporate governance and operational performance, we as a company should express our gratitude towards social support that continues to prompt us in our advancement towards the goal of sustainable environment and social welfare.

We shall continue to formulate our CSR Report this year and adopt the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4) in hopes of allowing the general public and stakeholders to better understand Grape King Bio's achievements in corporate social responsibility and sustainable development.

Grape King Bio has been infused with the concept of CSR since it was formed. Examples include the establishment of the Grape King Bio Baseball Team, Golf Team, long-term community support programs, and subsidies for emergency relief for local schools. In addition, we have also been involved in multiple disaster-relief activities, children's welfare. Over the past few decades we also had a number of industry-academic collaborations with universities across Taiwan for many years. We established the Corporate Social Responsibility Committee in 2013, and began the development of our CSR strategies under the framework of Grape King Bio's core values of "Technology, Health, and Hope" in accordance with the philosophy of a "healthier society." The strategy is divided into five major items: Food Safety, Research and Innovation,

Employee Relations, Social Prosperity, and Green Environment, which are all mentioned in our Report.

In the future, Grape King Bio shall continue to advance in accordance with the spirit of innovation and development and provide consumers with better products and experiences. In addition to already implementing supply-chain management to optimize inventory and customer orders, we will also established a new R&D plant in Longtan Plant in Hsinchu Science Park, which shall be completed at the end of 2018. In addition, the completion of the new manufacturing plant, offices, and the "Health and Vitality Power Center" Visitor Centre allows members of the general public to personally experience our corporate mission of "Live Healthy, Think Grape King."





Performance Snapshot

80 products can be 100% traced internally

Five production lines in the plant have all been verified, with a completion rate of 100%

The production lines finished the third-party verification of ISO 22000, HACCP, and NSF GMP

we received ISO14001/OHSAS18001/TOSHMS verification

The number of Grape King Bio's participants increased 67% from the previous year to 598 participants. The number of service hours also increased to 439 hours.



The Return to Work Ratio and Retention Ratio or unpaid parental leave were 100%.

Our salary level was 1.5 times higher than average industry standards

A total of 23 commissions in 2017, we engaged in over NT\$30 million worth of industrial-academic collaboration agreements

Our Innovation R&D Center has developed 126 products

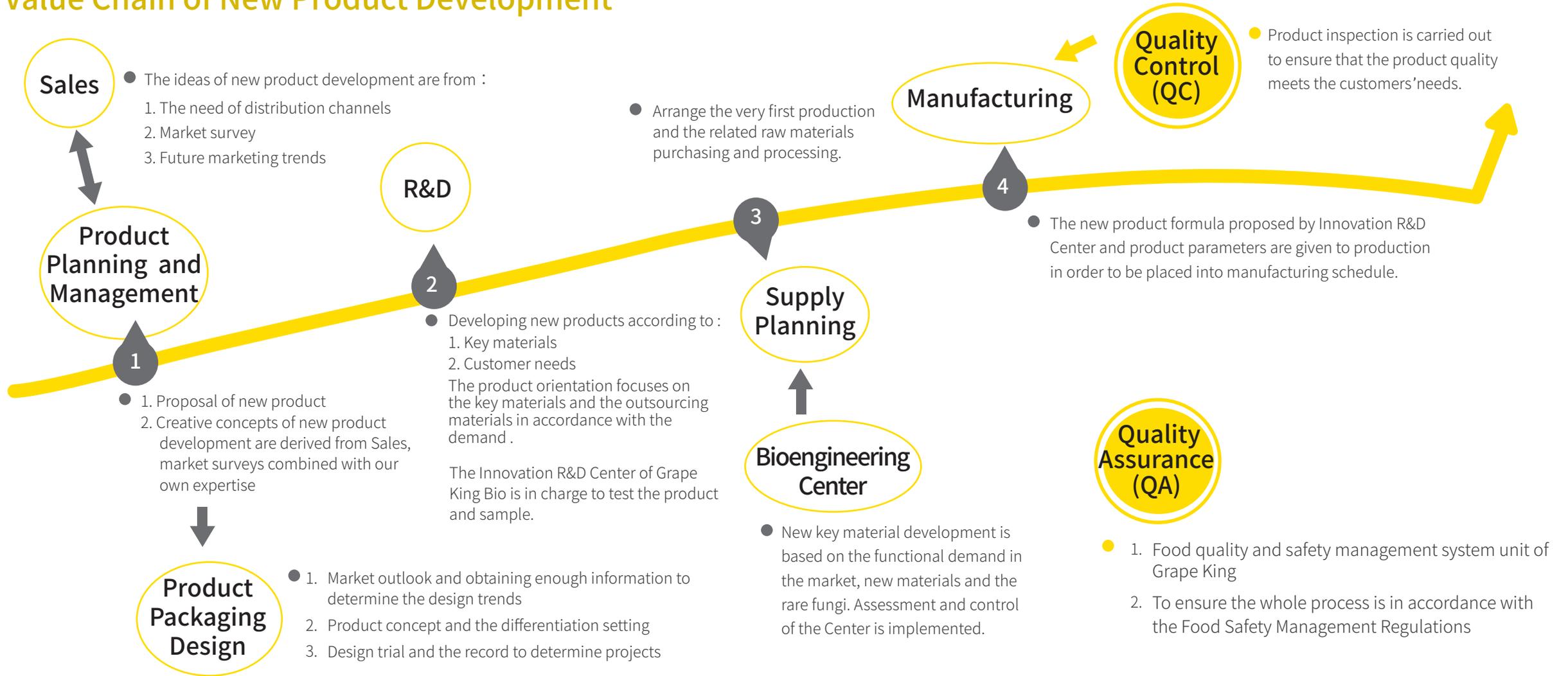
Obtained 6 patents

Invested NT\$770,862 in employee health management 18 health promotion activities were organized in 2017 with a total of 1,801 participants.

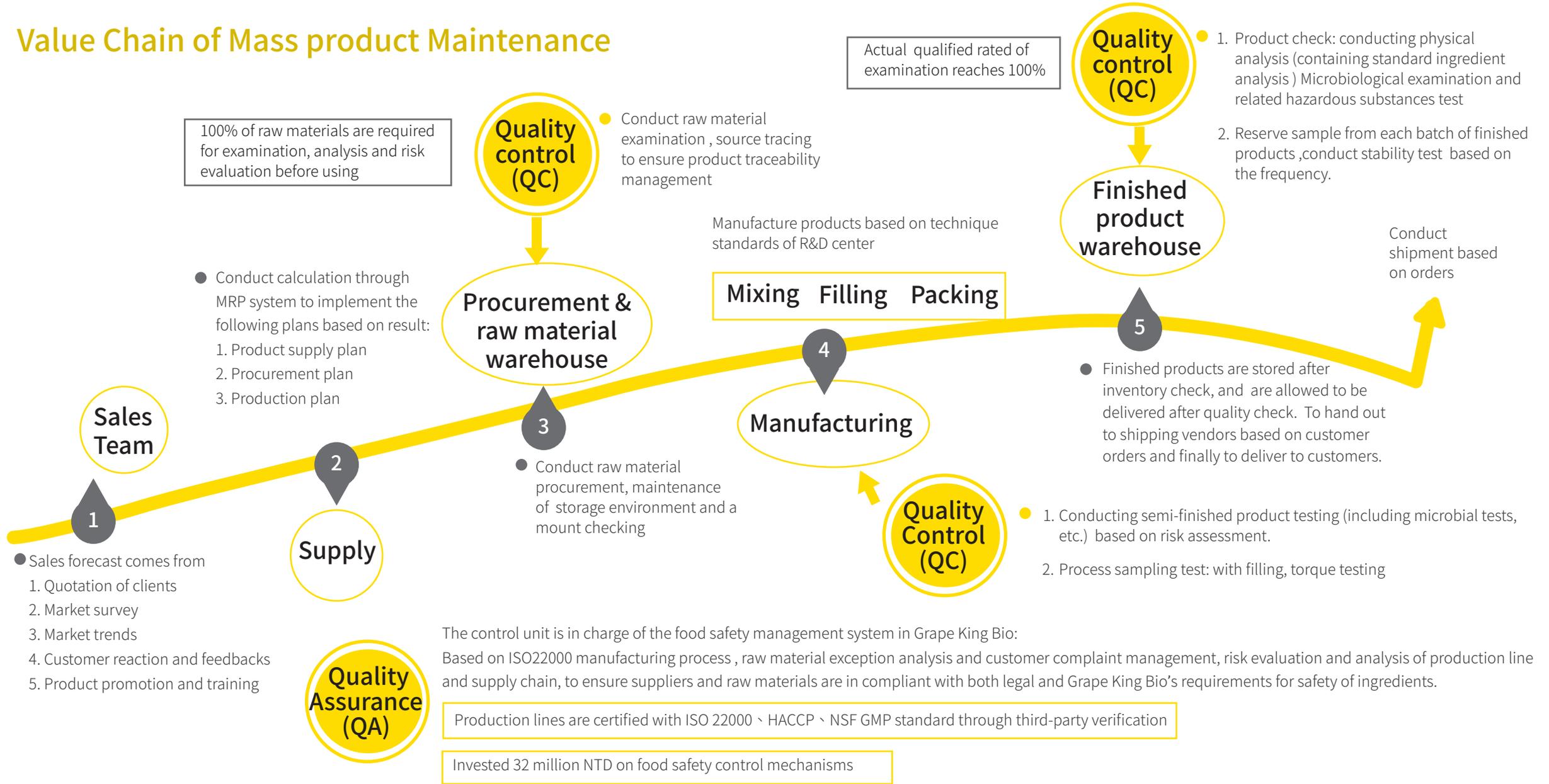


Grape King Bio Value Chain

Value Chain of New Product Development



Value Chain of Mass product Maintenance





1.0

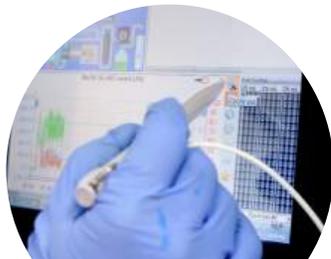
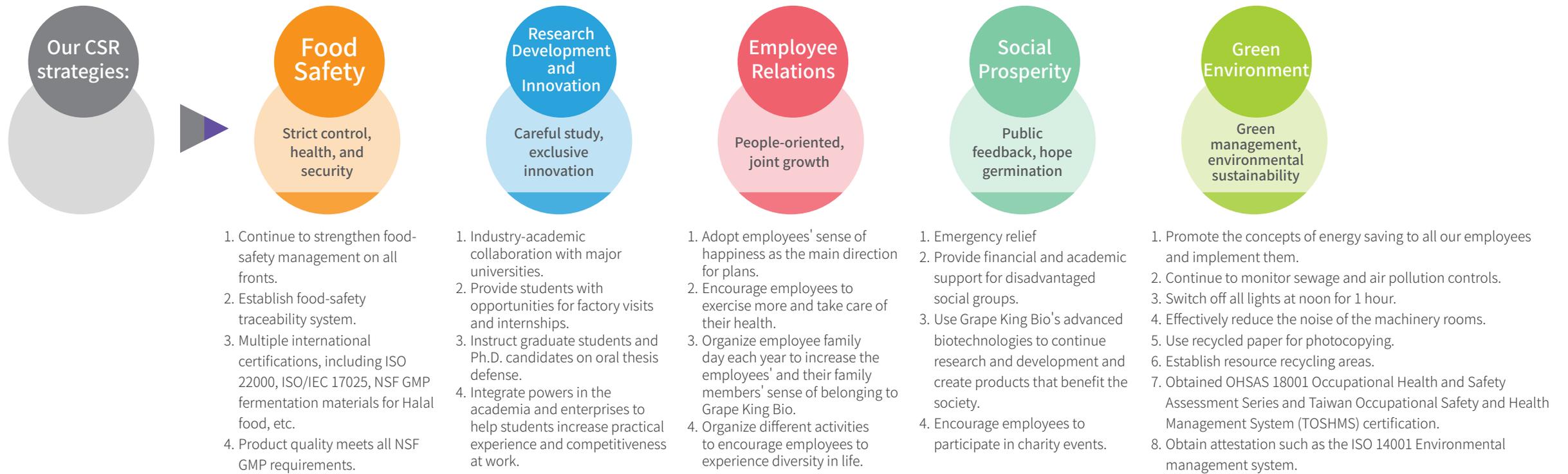
Sustainable Development Blueprint

- 1.1 Sustainability Goals and Commitments
- 1.2 Corporate Social Responsibility Committee
- 1.3 Stakeholder Communications

1.1 Sustainable Development Goals and Commitments

Grape King Bio has been dedicated to more than just corporate governance and operational performance since its establishment. We have also continuously advanced toward goals in a sustainable environment and social welfare.

Our Philosophy : Dedication and ambition to help uplift the society



CSR Commitments

- Improve corporate governance; comply with regulations and business ethics and code of conduct.
- Invest in innovative R&D; continuously develop and create new products beneficial to society.
- Carry out environmental protection; uphold the concept of environmental protection and energy conservation for undertaking various production activities.
- Create a friendly work environment; provide employees with a healthy and superior workplace.
- Promote our goal of sustainable development; conduct company operational activities with employee career development taken into consideration.
- Promote social welfare; actively encourage the company and employees to participate in social welfare activities.

Respond to the United Nations Sustainable Development Goals (SDGs)

The United Nations developed a set of 17 Sustainable Development Goals (SDGs) in 2015 for guidance on sustainable development for the year 2030. The environmental, economic, and social goals seek to guide the international society to create a more equitable world. In 2017, Grape King Bio conducted a comprehensive review of its actions and their connections to SDGs and concluded five directions for the Company to adopt: SDG3 (Good Health and Well-Being for People), SDG4 (Quality Education) \ SDG8 (Decent Work and Economic Growth), SDG9 (Industry, Innovation and Infrastructure), and SDG12 (Responsible Consumption and Production). To ensure our contributions to the five goals, we evaluate the impact of current operations on SDGs and aim to gradually establish corresponding control measures based on Grape King Bio's sustainable development strategies in order to implement our commitment for fulfilling SDGs.

SDG	Grape King Bio's Actions	Actual Performance in 2017	Corresponding Chapter
	<p>Grape King Bio has adopted "Live Healthy, Think Grape King" as its core corporate goal. We have developed multiple healthy food products and provided employees with comprehensive healthcare. We use the continuous improvement of product development and diverse and comprehensive health promotion activities to improve the quality of life for external product users and internal employees in order to improve the health and benefits of the entire society.</p>	<p>Grape King Bio provides health food products that are suitable and effective for different consumer groups based on the nutrients they lack and specific functional substances. We have developed a total of 126 new products in 2017 and 13 were mass produced. Professional medical specialists provide services for 2 hours at the plant once each month. Grape King Bio invested NT\$770,862 in employee health management in 2017. 18 health-promoting activities were organized in 2017 with a total of 1,801 participants.</p>	<p>4.2 Product Development 5.2 Employee Benefits and Care - Employee Healthcare (column)</p>
	<p>Effectively use our advanced knowledge in biology and technologies for close collaboration with schools on industry-academic collaboration, and provide internship opportunities in order to pass on experience to young students and connect with the industry. Grape King Bio actively provides disadvantaged students with scholarships and community activities to help them receive equitable opportunities for education and to encourage diversity in development. We hope that our contributions can help students obtain necessary knowledge and skills which would ultimately contribute to sustainable development.</p>	<p>There were 23 industry-academic collaboration projects in 2017 and the total amount exceeded NT\$30 million. A total of 20 papers were published in journals and 12 papers were published in seminars. Grape King Bio sponsored 4 school clubs. 73 students participated in the Grape King Bio Internship Program.</p>	<p>7.1 Academic Participation</p>
	<p>Grape King Bio has built a secure work environment through the establishment of clear talent management strategies and regulations with the aim of providing young people and disadvantaged social groups with opportunities for work. We also protect labor rights and have created a comprehensive and productive work environment. The economic and employment impact of Grape King Bio has also been expanded to nearby areas through local procurement in specified minimum proportions. We share the economic benefits created by Grape King Bio to advance the employment development and economic growth of the overall region.</p>	<p>The ratio of local procurement was 45% in 2017. The number of new employees was 21.88% which was a substantial increase of 8.42% from 2016. The separation rate declined to 6.37% compared to the previous year. Expenditures of the Employee Welfare Committee in 2017 prior to December 31, 2017: NT\$6,609,301. The Environmental Safety and Health Policy was drafted, issued, announced, and implemented in 2017. Dedicated personnel were assigned to take responsibility. Grape King Bio obtained ISO14001/OHSAS18001/TOSHMS attestation in 2017.</p>	<p>3.1 Raw Material Management 5.1. Employee Policies and Human Resources Structure 5.4 Diverse Communication 5.5 Occupational Safety</p>
	<p>Grape King Bio provides consumers with comprehensive care for their health and integrated the society's concerns for chronic diseases, an aging society, and the increase in consumer health awareness to provide suitable and effective products that form the basis of Grape King Bio's research and development. We also integrate the fermentation technologies of the Biotechnology Center and material development to provide diverse nutrition supplements in order to create a healthy and sustainable society.</p>	<p>Filed 16 patent applications Obtained 6 patents Developed 126 new products Mass-produced 13 new products</p>	<p>4.2 Product Development 4.4 Patents</p>
	<p>The rigorous controls on product safety are our commitment to consumers. In addition to the strengthening of and quality management the inspection system, our products have undergone</p> <ol style="list-style-type: none"> 1. Product certification and inspections; 2. Health regulations and training; 3. Product traceability and management. <p>In the future, we aim to continue to follow market trends and develop high-quality products that meet health requirements of consumers and the expectations of the society so that our products can be truly beneficial to the society.</p>	<p>Implemented 4,426 raw materials inspections and the overall qualification rate was 91.51% 100% of the 202 suppliers passed the annual audit 100% of the production line obtained certification Invested NT\$32 million in food safety management and control 100% of all products were produced on production lines that received international food safety and health management certification</p>	<p>3.3 Product Liability</p>

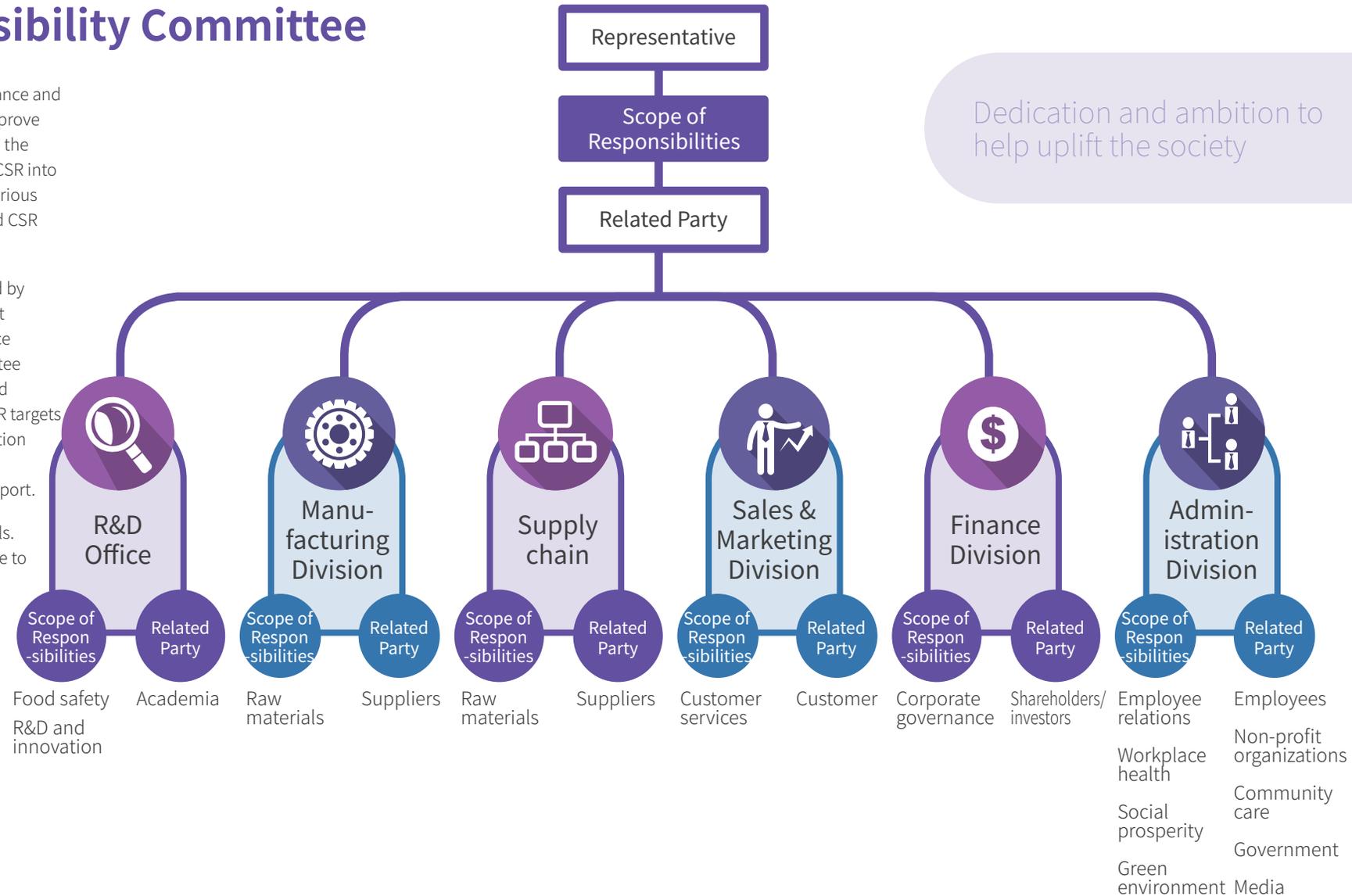
1.2 Corporate Social Responsibility Committee

As we continue to grow, we have focused on more than simply Corporate Governance and Operational Performance. CSR has become the best way for Grape King Bio to improve relations with stakeholders and to demonstrate our performance. We established the inter-departmental "CSR Committee" in 2013 to fully infuse the core concepts of CSR into management and business culture. We have also used the concerted efforts of various departments and implemented internal management systems to advance related CSR efforts.

The CSR Committee is established under the GM Office. The Committee is chaired by senior executives and representatives of six major units (Research & Development Division, Manufacturing Division, SCM Division, Sales & Marketing Division, Finance Division, and the Administration Division) serve as committee members. Committee meetings are convened from time to time for the committee members to plan and execute annual CSR plans. The CSR Committee organizes meetings to discuss CSR targets at the end of each year and formulate CSR plans for the following year for integration across departments. The Committee also periodically reviews and reports on the implementation and direction of improvement and draft and amends the CSR Report.

"Dedication and achievement to help uplift society" is at the core of our CSR ideals. In addition to becoming a leader of health products under this ideal, we also hope to build a better society through continuous dedication.

Dedication and ambition to help uplift the society



1.3 Stakeholder Communications

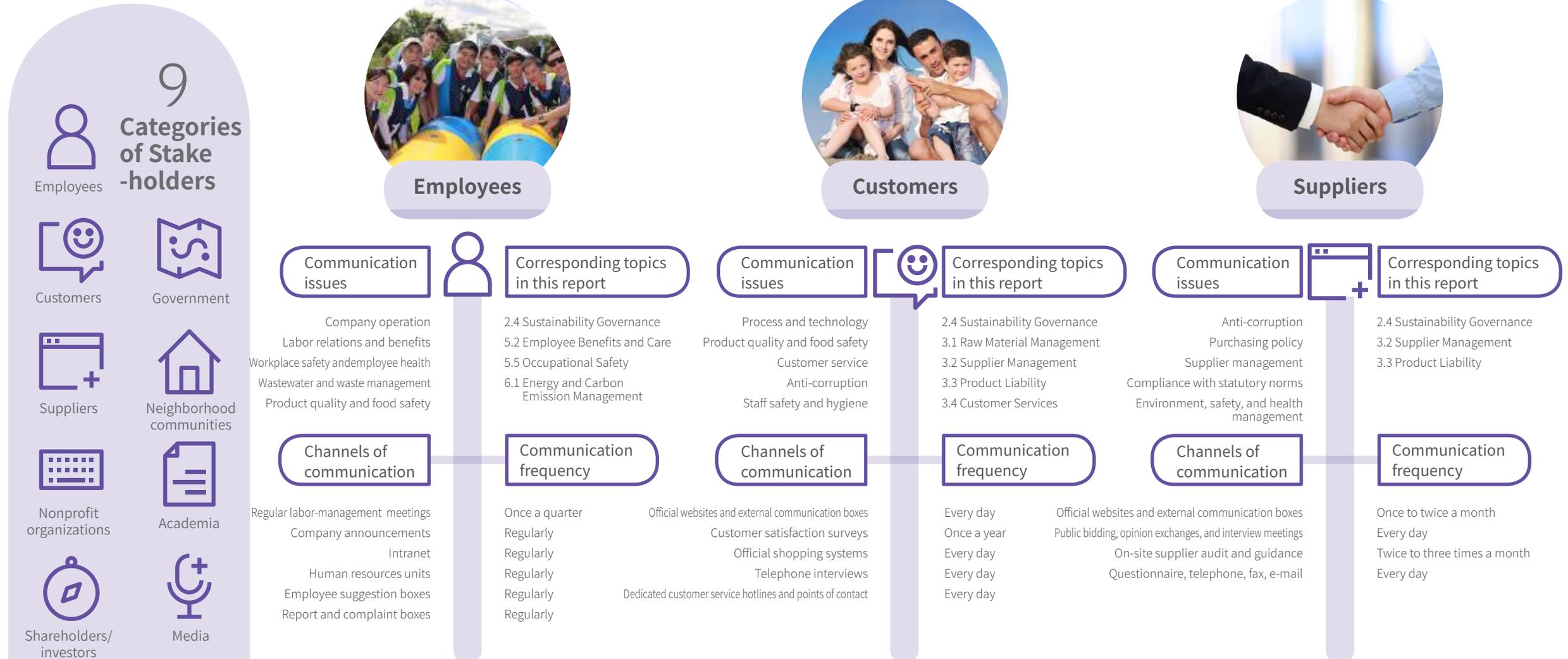
Scope of Communication with Stakeholders

Grape King Bio's ultimate goal is to pursue sustainable development. Stakeholders are an important group of people who are constantly affected by Grape King Bio. Their actions can also deeply affect the decision-making process of Grape King Bio. In order to thoroughly comprehend the opinions of our stakeholders, we established a transparent and effective communication channel. Grape King Bio not only persists in collecting feedback from the daily business operation and stakeholders but also endeavors to communicate and react in a prompt manner, which is used as a reference for drawing up CSR policies and related plans. The negotiations we conducted throughout the past decades with the stakeholders did not include any of our subsidiaries other than Grape King Bio.



1 Identification of Stakeholders > 2 Material Analysis > 3 Implementing the Material Issues > 4 Interaction with Stakeholders

Channels of Communication with Stakeholders

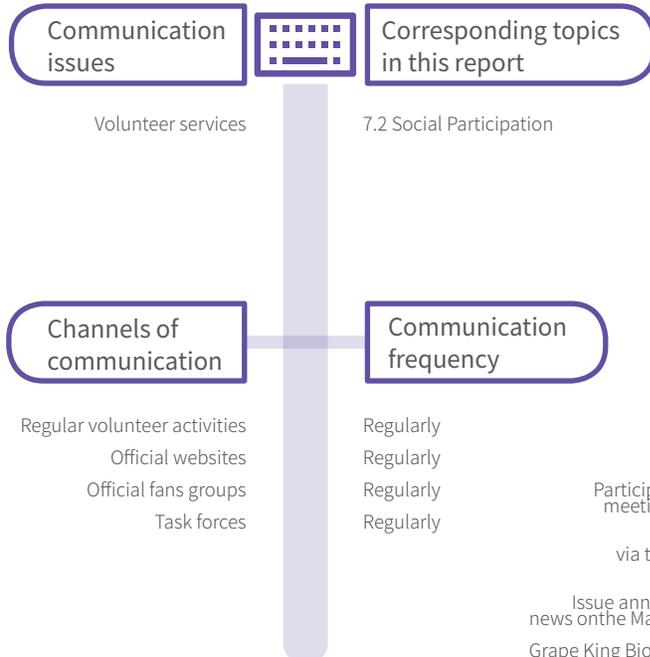


1 Identification of Stakeholders > 2 Material Analysis > 3 Implementing the Material Issues > 4 Interaction with Stakeholders

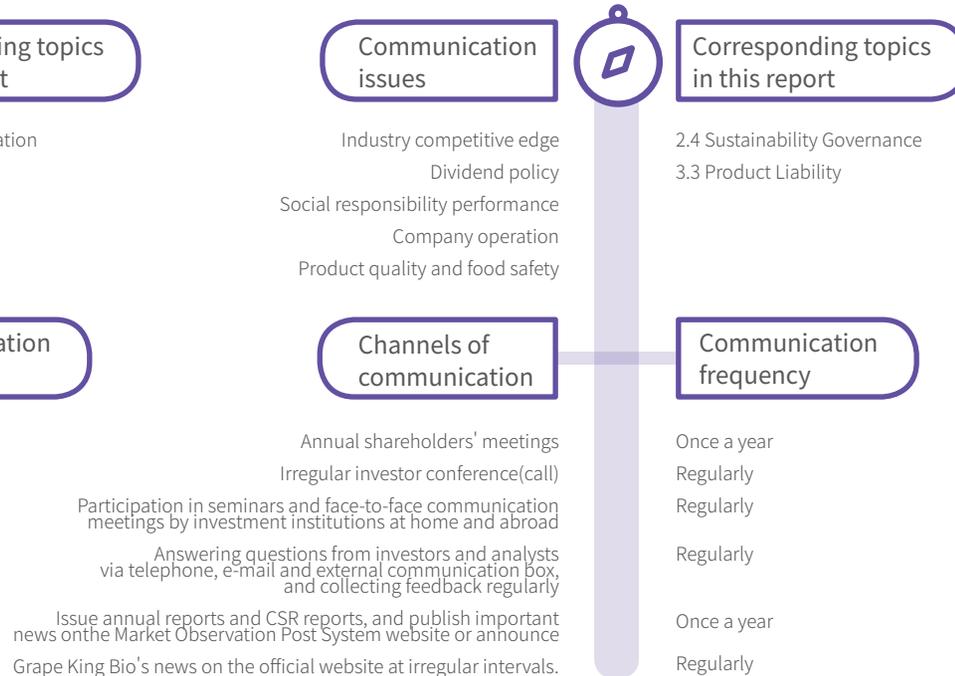
Channels of Communication with Stakeholders



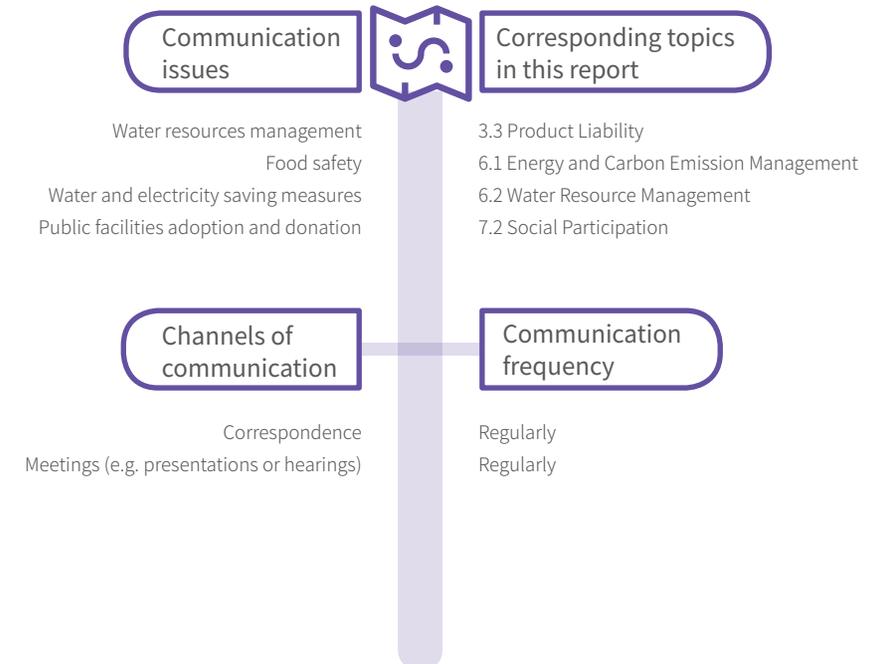
NPOs



Shareholders/Investors



Government

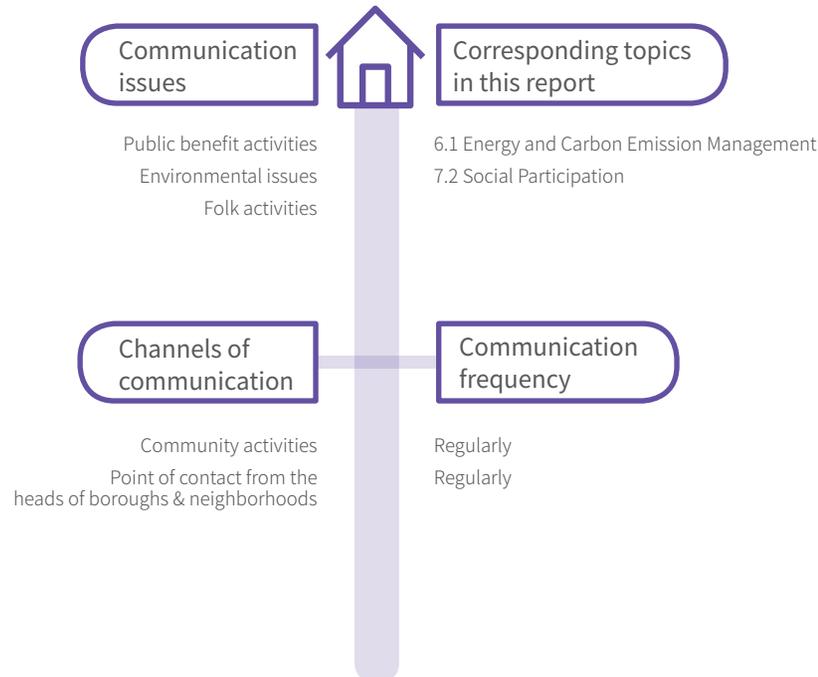


1 Identification of Stakeholders > 2 Material Analysis > 3 Implementing the Material Issues > 4 Interaction with Stakeholders

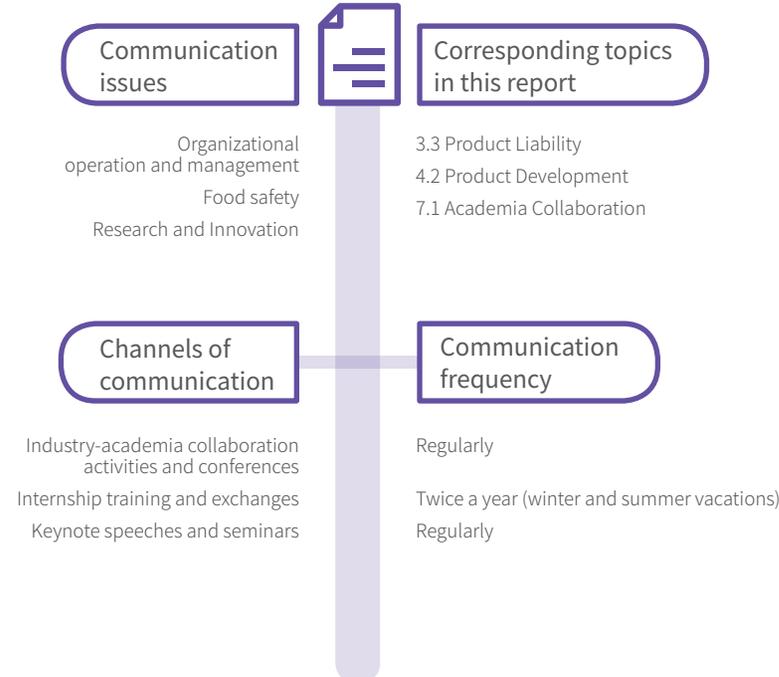
Channels of Communication with Stakeholders



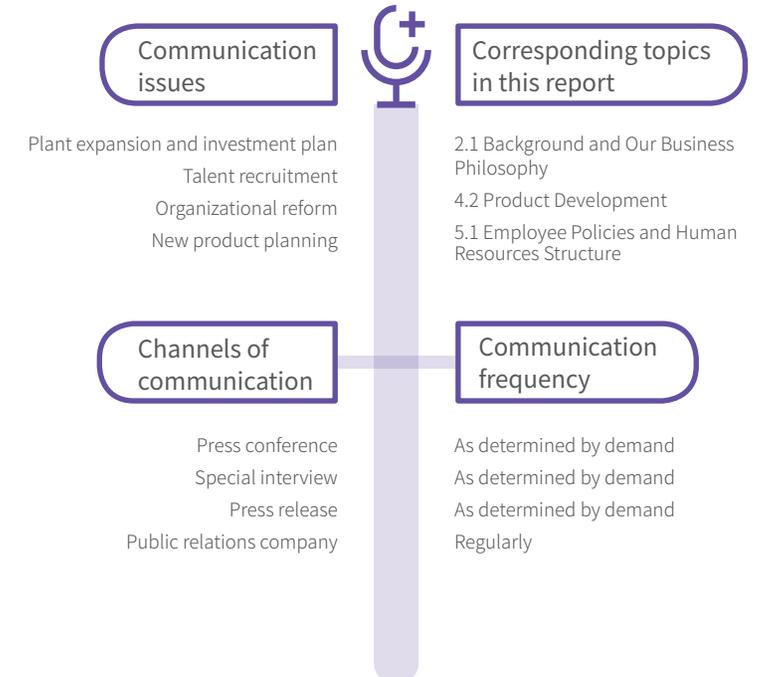
Neighborhood Communities



Academia

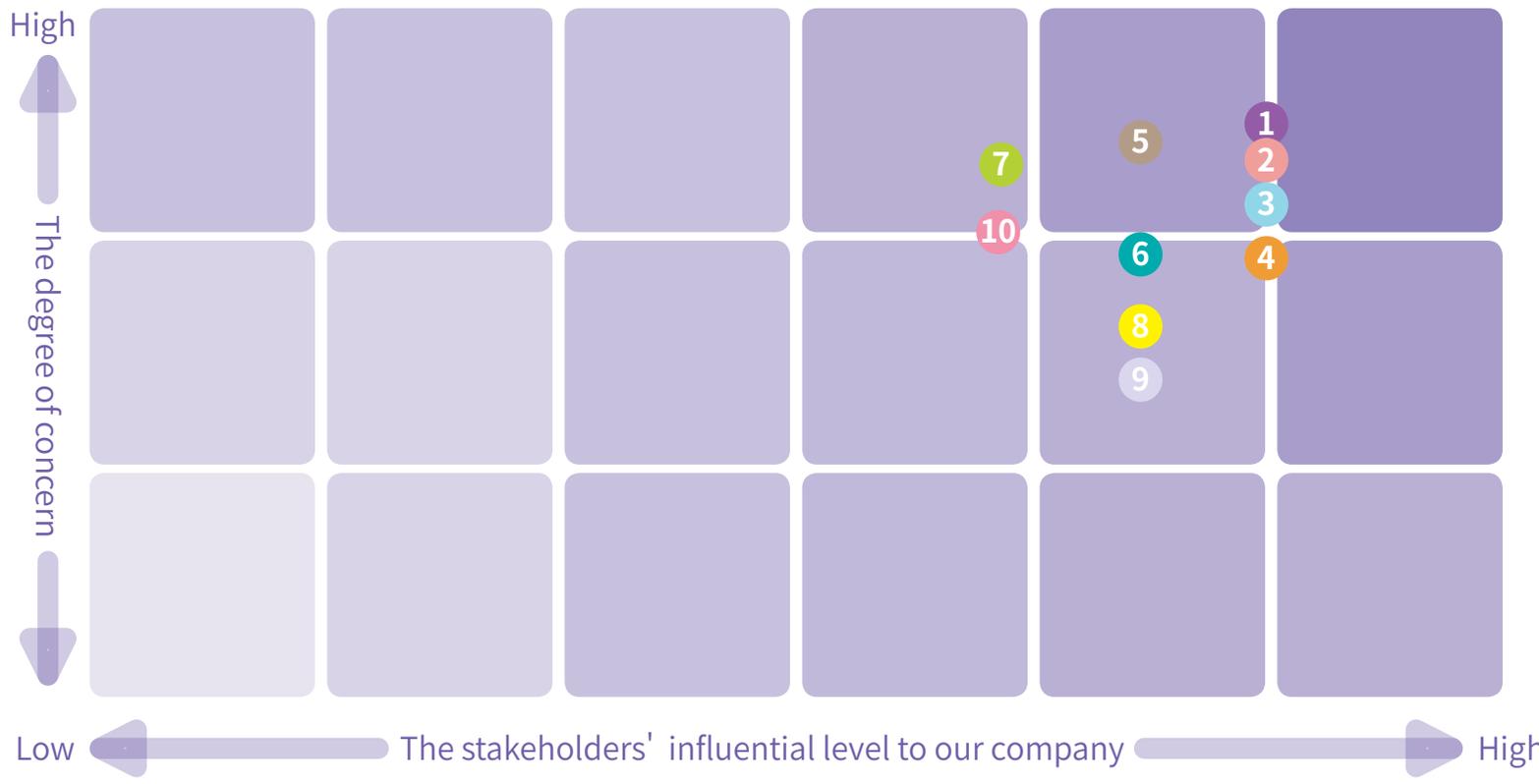


Media



1 Identification of Stakeholders > 2 Material Analysis > 3 Implementing the Material Issues > 4 Interaction with Stakeholders

2017 Materiality Matrix of Grape King Bio



- 1 Product Quality
- 2 Food Safety
- 3 Sustainable Development Strategy
- 4 Corporate Governance
- 5 Ethics and Integrity
- 6 Legal Compliance
- 7 Energy Conservation
- 8 Anti-corruption
- 9 Risk Management
- 10 Customer Services

1 Identification of Stakeholders > 2 Material Analysis > 3 Implementing the Material Issues > 4 Interaction with Stakeholders

Implementing the Material Issues

In order to ensure the sustainable development of the company, we included the material issues in our annual business strategy or daily business operation for continual improvements.

1 Identification of Stakeholders > 2 Material Analysis > 3 Implementing the Material Issues > 4 Interaction with Stakeholders



Material Issue	Significance to Grape King Bio	Management Approach
1 Product Quality 	Emphasis on food safety and assessment of suppliers' conditions from different aspects. Improve organizational quality management system to improve product quality and increase customer's trust and satisfaction of the Company.	<ul style="list-style-type: none"> Establish rigorous product quality inspection and management procedures from the procurement of raw materials Improve the professional expertise of customer service personnel and optimize customer service procedures and quality.
	Corresponding Chapter 3.3 Product Liability	Key Response Summary Food/drug management system Environment and equipment sanitation requirements & sanitation education and training Quality inspections and product line verification Product traceability management

Material Issue	Significance to Grape King Bio	Management Approach
2 Food Safety 	Food safety is the primary issue for food producer. Stringent food safety management is fundamental and indispensable for our sustainable corporate development.	<ul style="list-style-type: none"> Implement internal and external education and training for food safety Apply the Hygiene Management Specialist and multiple proactive food safety and sanitation management system certifications Schedule audits on suppliers and annual evaluations to fully implement supplier risk management Use 100% raw material inspections, rigorous controls, and continuous supplier
	Corresponding Chapter CH3 Food Safety	Key Response Summary Obtain multiple food safety certifications Production line with food safety and sanitation management system accreditation Supplier evaluation system Compliance with food safety regulations and product labeling

Material Issue	Significance to Grape King Bio	Management Approach
3 Sustainable Development Strategy 	Grape King Bio has been dedicated to more than just corporate governance and operational performance since its establishment. We have also continuously advanced toward goals in a sustainable environment and social welfare.	<ul style="list-style-type: none"> The CSR Committee is responsible for management and implementation of our CSR efforts Organize CSR target discussion meetings at the end of each year to formulate plans for the sustainable development strategy of the following year
	Corresponding Chapter CH1 Sustainable Development Blueprint	Key Response Summary 5 major sustainable development goals: food safety, research and innovation, employee relations, social prosperity, and environmental preservation. We have achieved results this year in all five areas as a response to SDGs requirements.

Material Issue	Significance to Grape King Bio	Management Approach
4 Corporate Governance 	We seek to protect shareholder interests, establish a comprehensive stakeholder communication platform, and increase the quality of the disclosure of non-financial information to strengthen the Company's governance information disclosure.	<ul style="list-style-type: none"> Strengthen the functions of the Board of Directors and establish a comprehensive stakeholder communication platform based on related company governance principles. Establish rigorous company governance and supervision procedures and internal auditing systems to ensure that the operations of the corporate governance organization and related information disclosure meet all stakeholder requirements.
	Corresponding Chapter 2.4 Sustainability Governance	Key Response Summary Grape King Bio focuses on (1) the establishment of an effective company governance structure; (2) protection of shareholder interests; (3) strengthening of the roles and powers of the Board of Directors; (4) implementation of the functions of supervisors; (5) respecting the rights of stakeholders, and (6) the enhancement of information transparency.

Material Issue	Significance to Grape King Bio	Management Approach
5 Ethics and Integrity 	All confidential business and technical information of the Company or customers should be kept confidential in order to maintain our reputation, goodwill and morals, and public order.	<ul style="list-style-type: none"> Grape King Bio has adopted various education channels such as the organization of education sessions, messages posted on our internal website, and announcements to strengthen the necessity of compliance with the Code of Conduct so all employees are aware of the importance.
	Corresponding Chapter 2.4. Sustainability Governance	Key Response Summary We established related corporate governance principles that require all employees to uphold the principles of honesty, rigorousness, and professionalism in related operations of their duties.

Material Issue	Significance to Grape King Bio	Management Approach
7 Energy Conservation 	The focus on energy management is our policy for sustainable development and we adopt environmental impact evaluation and P-D-C-A operations to establish management goals and improvement plans.	<ul style="list-style-type: none"> Establish environmental management policies, organize periodic energy conservation meetings, use energy usage improvement plans, recycled energy, process waste reduction, information management system development, and performance improvement to reduce the impact of Grape King Bio's daily operations on energy
	Corresponding Chapter 6.1 Energy and Greenhouse Gas Management	Key Response Summary Grape King Bio has passed ISO 14001 environment management system verification and obtained the certification. We have also established the following environment management policies:

Material Issue	Significance to Grape King Bio	Management Approach
9 Risk Management 	The biotechnology industry is characterized by high technical entry barriers, high cost, and fierce competition. Grape King Bio actively implements risk management in response to such characteristics for operations in the changing industrial environment.	<ul style="list-style-type: none"> Grape King Bio classifies different risks based on their nature, and related departments perform periodic risk assessment and review
	Corresponding Chapter 2.5 Risk Management	Key Response Summary Grape King Bio classifies risks into innovation and R&D, public relations and marketing, environmental, and food safety risks. We have established response measures based on the identified risks.

Material Issue	Significance to Grape King Bio	Management Approach
6 Legal Compliance 	Compliance with regulations is a basic principle of corporate development. Only a law-abiding company can win the hearts of consumers.	<ul style="list-style-type: none"> All legal affairs and related documents are processed along with the participation of the Legal Department in its comprehensive review procedures. Internal education and training ensure that all units understand related regulations
	Corresponding Chapter 2.6. Compliance	Key Response Summary Grape King Bio did not experience any major penalties this year. Please refer to Chapter 3.3.3 for a comprehensive view of the legal compliance status concerning food safety as well as follow-up improvement measures.

Material Issue	Significance to Grape King Bio	Management Approach
8 Anti-corruption 	Integrity is the most important foundation for Grape King Bios sustainable development. Grape King Bio is committed to abiding by the laws and ethical standards of the country of operations and we prevent illegal and unethical conduct and violations of government regulations or company policies to guarantee the sustainable development of company operations.	<ul style="list-style-type: none"> Rigorous internal control system, internal communication, Code of Conduct, and management of all operating procedures. Use continuous promotion of the honest management ideas to strengthen the construction of corporate culture (establish dedicated mailbox and hotline) Work only with suppliers that meet regulations for ethical conduct
	Corresponding Chapter 2.4. Sustainability Governance	Key Response Summary In 2017, we educated all employees on the Code of Conduct and awareness of corruption and administered tests (all employees have achieved 100% test results)

Material Issue	Significance to Grape King Bio	Management Approach
10 Customer Services 	Grape King Bio is committed to providing customers with the best experience and to satisfy customers in all areas. We connect services and use the sum of products, prices, services, its image, the feeling it generates, and the experience provided to create a better future for customers.	<ul style="list-style-type: none"> Arrange external training for customer service staff We perform a series of customer visits each year and uses consumers' opinions to formulate the R&D and sales strategies for the next year Grape King Bio continues to improve and provides customers with the highest standard of private information protection to protect their interests We have dedicated units to help customers process service procedures to ensure customer opinions can be delivered and resolved in a timely and comprehensive manner We set our goals for providing service procedures, service attitude, and professional consultation of the highest quality to increase customer satisfaction
	Corresponding Chapter 3.4. Customer Services	Key Response Summary Grape King Bio carries out a series of visits to 20-30 individuals to fully understand consumers' ideas and opinions and compile the results into plans for next year. Grape King Bio arranges professional studies for employees to improve their professional skills, core knowledge, and communication skills.



2.0

About Grape King Bio

- 2.1 History and Our Business Philosophy
- 2.2 Honors and Awards in 2017
- 2.3 Service and Business Locations
- 2.4 Sustainability Governance
- 2.5 Risk Management
- 2.6 Compliance

2.1 History and Our Business Philosophy

Business Philosophy

Over the past 48 years, Grape King Bio has been constantly improving ourselves with cutting-edge technology and innovative R&D, which has made us recognized as one of the leaders in the biotech industry. To continue strengthening food and drug safety management, an electronic pedigree system for food safety has been set up. In addition, international quality certifications, such as PIC/S GMP, and ISO22000, ISO/IEC 17025 TAF certification laboratories, and fermentation raw material Halal, are our promises to consumers and the stock listing is our commitment to the public. Grape King Bio has established our "smiling curve" from upstream R&D innovation through midstream manufacture processes to downstream branding channels. This business model developed so far has achieved remarkable results and has won many awards in Taiwan and overseas over the previous decades.

"Technology, Health, Hope" has always been Grape King Bio's spiritual guidance. We understand that biotechnology is the mainstream of the 21st century and we strive to pursue the goal of becoming a pioneer in this industry. For this reason, with "Live Healthy, Think Grape King" as the mission, Grape King Bio employees are working together to bring growth and prosperity to the company, thus providing a richer life for the public so as to jointly embrace a promising future.

Milestones

1960

1969 China Fuso Seiko Pharmaceutical Industries Ltd. was founded. The popular energy drink, "ComeBest", was first produced.

1970

1971 Grape King Foods Co. Ltd. was founded to manufacture foods and pharmaceutical products.
1979 China Fuso Seiko Pharmaceutical Industries Ltd. and Grape King Foods Co. Ltd. were merged to form a new company Grape King Inc.

1980

1981 Haifeisi Cosmetics Co., Ltd. was incorporated into Grape King Bio Enterprise Co., Ltd.
1982 Grape King Inc. was approved by Securities Management Commission, Ministry of Finance, to become a public listed company.
1987 Officially certified by Department of Health as an approved GMP pharmaceutical manufacturer.

1990

1991 The Bioengineering Center was established to research, develop and manufacture mushroom based raw material products.
1991 Pingzhen Distribution Center was established, which was 3,000 sq.ft.
1993 Grape King established Pro-Partner Enterprise to sell a premium range of health food products.
1994 Shanghai Grape King was founded to manufacture and sell various health and beauty products.
1997 Shanghai Grape King began operations.
1998 Pro-Partner Enterprise was registered with the Fair Trade Commission of Taiwan, officially recognized as a legal Multilevel Marketing company.

2000

2002 Grape King Inc. company name was changed to Grape King Biotechnology Inc.
2005 Grape King Bio acquired cGMP certification.
2008 Construction of "Biotech Product Automation Production Packaging Factory" and "Brewery Plant"

2010

2010 Grape King expands the fermentation facility by installing 2 new 40T and 6 500L fermenters.
2013 Pro-Partner Enterprise bought a new building in Neihu, Taipei City, as a new logistics center and education & training center.
2014 Grape King Bio became PIC/S GMP and ISO22000 certified.
2014 Yunnan Baiyao Group signed a MOU with Grape King Bio.
2015 Grape King Bio became ISO 17025 certified from TAF.
2015 A new range of Grape King's products were launched:
"Tian Qi Ling Zhi Essential Drink"
"PowerBOMB Energy Drink"
"Ganoderma for Kids"
"Marigold Lutein complex"
2016 PingZhen factory operated in September.
2016 Grape King's new product were launched:
"Snow Brightening Essential Drink"
"Tian Qi Maca Essence Drink"
2017 Grape King Health and Vitality Power Center opened in July.
2017 Grape King Bio became TOSHMS (Taiwan Occupational Safety and Health Management System), ISO 14001 Environmental Management System and OHSAS 18001 (Occupational Health and Safety Assessment Series 18001).



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2.2 Honors and Awards in 2017

Enterprise



Grape King Bio has been ranked No.3, for the 4th year in a row, on the Common Wealth Magazine (issue 622) Taiwanese "Pharmaceutical and Biotechnology Industry" listings. From the Common Wealth Magazine (issue 622) overall Manufacturing Rankings, Grape King has been ranked 307, out of 2000 companies.

Grape King has been certificated by Sports Administration, Ministry of Education for the Sports Enterprise

Product



Ganoderma King received "First Prize" at Yahoo! Health Brand Awards.

Probiotics range was presented with an "Excellent Award" at Yahoo! Health Brand Awards.

Grape King Bio's Marigold Lutein QQ for Kids was awarded with an Innovative Product Concept Award from the Taiwan Association for Food Science and Technology.



Techniques & Patents



Gold medal and Special awards were received for Cordyceps patent "Cordyceps cicadae mycelia for the amelioration of dry eye" at the 2017 New Exhibition of Inventions in Geneva, Switzerland.

Bronze Award was received for Hericium erinaceus patent "A novel compound, erinacine S, isolated from the mycelia of Hericium Erinaceus for pain treatment" at the 2017 New Exhibition of Inventions in Geneva, Switzerland.

Cordyceps patent "Cordyceps cicadae mycelia for the amelioration of dry eye" was awarded a Gold Medal at 2017 Shanghai International Invention Exhibition.

Hericium erinaceus patent "A novel compound, erinacine S, isolated from the mycelia of Hericium Erinaceus for pain treatment" was awarded a Silver medal award at 2017 Shanghai International Invention Exhibition.

Both Gold Medal and Special Awards were received for "Cordyceps cicadae mycelium active substances, preparation method, pharmaceutical composition and application thereof" at "INPEX 2017".

Silver Medal was received for "Cultivation method for preventing rapid degradation of erinacine A during fermentation of Hericium erinaceus mycelium" at "INPEX 2017"

"Cordyceps cicadae mycelium active substances, preparation method, pharmaceutical composition, and application thereof" was awarded 1 silver medal at 2017 Taipei International Invention Show & Technomart.

"The heripene, the active substance of the mycelium of Hericium erinaceus for decreasing the pain, the producing method and the pharmaceutical composition thereof" was awarded 1 silver medal at 2017 Taipei International Invention Show & Technomart.

"Cultivation method for preventing rapid degradation of erinacine a during fermentation of Hericium Erinaceus mycelium" was awarded a Gold Medal at iENA2017 International Trade Fair at Nuremberg.

"A pharmaceutical or food composition of Antrodia Cinnamomea extract reducing drug-resistance in cancer cells" won the Gold Medal and the Special Prize at iENA2017 International Trade Fair at Nuremberg.

"Probiotic encapsulation technology significantly improves the survival of probiotic cells in intestinal tract" was awarded a gold medal at the 2017 IIIC International Innovation and Invention Competition.

"Manipulation of "Erinacine A" which can ameliorate age by submerged fermentation of Hericium erinaceus mycelium" was awarded a gold medal at the 2017 IIIC International Innovation and Invention Competition.

"Discovery of anti-UV composed in Lepista nuda mycelium-Ergothioneine" was awarded a Silver medal at the 2017 IIIC International Innovation and Invention Competition.

"Antrodia cinnamomea mycelium for improving nonalcoholic steatohepatitis (NASH)" was awarded Gold and Special Prizes at the Seoul International Invention Fair 2017.

"Cordyceps cicadae mycelium for preventing, delaying and treating cataract" was awarded Silver Prize at the Seoul International Invention Fair 2017.

"Hericium erinaceus for preventing age-related hearing loss" was awarded Bronze Prize at the Seoul International Invention Fair 2017.

Grape King Bio has been awarded the "14th National Innovation Award" for fermentation of Cordyceps Cicadae fermented Mycelium.

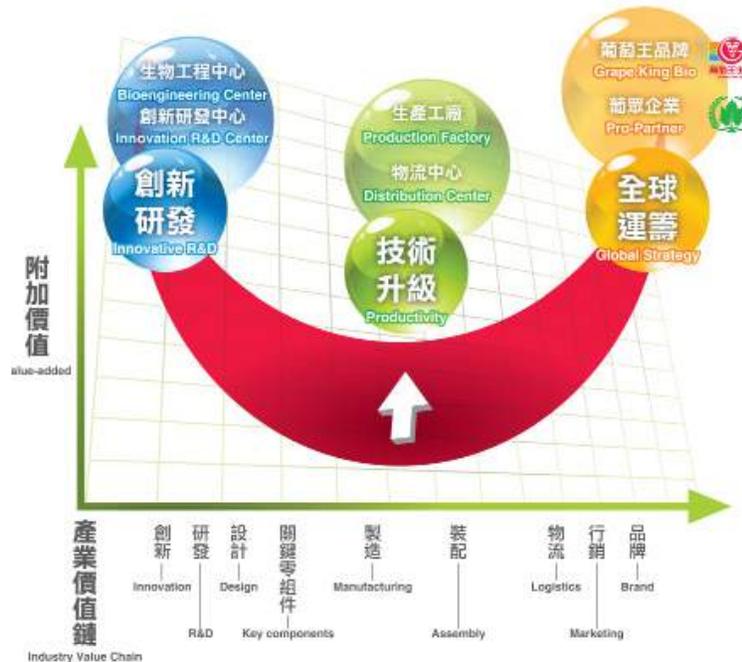


2.3 Service and Business Locations

Business and Strategies

Grape King Bio has been based in Taoyuan for more than forty years, providing local employment opportunities, with about 99% of our staff Taiwanese. Grape King Bio supports Taiwan's industries by taking procurement action, with 45% of the raw materials purchased in the year stemming from Taiwan. For sustained profitable growth, Grape King Bio provides consumers with high-quality products by conducting strict quality inspections pursuant to laws and regulations. We constantly develop new premium products and actively build channels to increase visibility in the market as well as providing more stable production capacity to meet market demand.

Looking forward to the future, we will continue to orient towards sustainable operation, making donations and offering support for disadvantaged groups in terms of finance and learning. Moreover, we actively participate in public welfare activities and provide services to the locals, improving employee, channel, and consumer satisfaction at an overall level and fulfilling our CSR. Our aim is to build the best health food and biotech brand with a happy workplace for Grape King employees. Grape King Bio owns its own health food and energy drink brands and offers health food and medication ODM/OEM services. The advantages of Grape King Bio business are detailed as follows using the "smiling curve":



(1) Top left: R&D and Technology

Grape King Bio is committed to the development of health food and our raw materials. Our Bioengineering center was set up in 1991 for research and development of key components. With more than ten years of experience in R&D over our rivals, we can maintain a leading edge in the industry. In addition to own research and development, we also accept original equipment manufacturing (OEM), including mushroom raw materials, probiotics, and other raw materials for fermentation.

(2) Mid area: Assembly and Manufacture

Grape King Bio started with the manufacture of pharmaceutical drugs which was followed by energy drinks and health food to cGMP specifications. In recent years we have obtained a number of international certifications, such as PIC/S GMP and ISO22000, ISO/IEC and 17025 TAF certification laboratories. We have installed a one-stop OEM platform where upstream patent raw materials were imported to cross type production lines and back-end product packaging is integrated.

(3) Top right: Logistics, Marketing, and Branding

Grape King Bio views our brand which remained firm for more than 48 years in the market as our most important asset. Our new products continue to be introduced, such as Tian Qi Ling Zhi Essence Drink, PowerBOMB Energy Drink, Ginseng Clam PlusB, Snow Brightening Essential Drink and Gold Comebest Energy Drink. The tourism factory {Grape King Health and Vitality Power Center} launched this year can provide us more opportunities to interact with our consumers. We have a total of 9 business locations with over 200 thousand members across Taiwan. In addition to the outstanding performance of our own brand, our multi-level marketing subsidiary Pro-Partner was placed 66th place in the 2013 world rankings. In 2016, our turnover exceeded NT\$8 billion for the first time, which came in the 2nd place among the top ten domestic marketing companies for the 3rd consecutive year in Taiwan.



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Current Business Locations

Grape King Bio's locations are concentrated in the northern region, and Taoyuan is the main center of operations for production, R&D, and logistics. Grape King Bio has more than 15,000 distributors across Taiwan and the main sales channels can be divided into physical and virtual channels:

Physical channels include:



- Hypermarkets
- Chain supermarkets
- Modern drugstores
- Chain drugstore
- Traditional drugstores
- Convenience stores
- Distributor channels

Virtual channels include:



- Grape King Bio's stores
- External websites
- Direct sales members
- Television shopping

The Pingzhen Plant that was opened in September 2016 included new office buildings and factory buildings, and the Plant was established as the Head Office. In addition, the "Health and Vitality Power Center" tourist factory located in the Pingzhen Plant was officially opened at the end of July 2017 for consumers to experience our story and philosophy at any time. The old Zhongli Plant remains focused on R&D and production. The Logistics Center is established in Longtan. In addition, the new fermentation plant, which began construction in early 2016 in the Longtan Plant in Hsinchu Science Park, is expected to be completed at the end of 2018.

Headquarters in Pingzhen
established in September, 2016
(Including our new office building and
factories)



Health and Vitality Power
Center
Launched at the end of July, 2017



Zhongli Longgang Plant
Equal attentions are paid to R&D and
Production

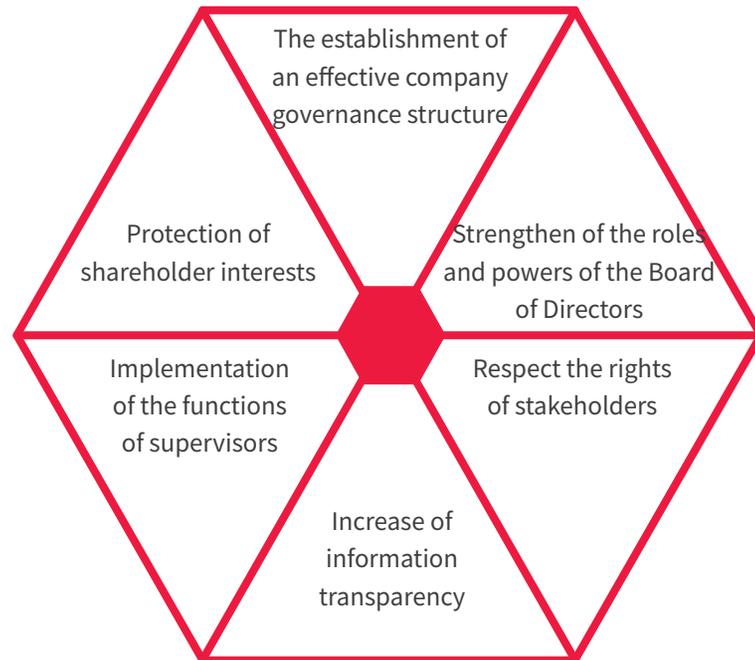


Longtan Biotechnology Plant
Construction has begun in early 2016 in
the Longtan Plant in Hsinchu Science
Park and it expected to be completed
at the end of 2018

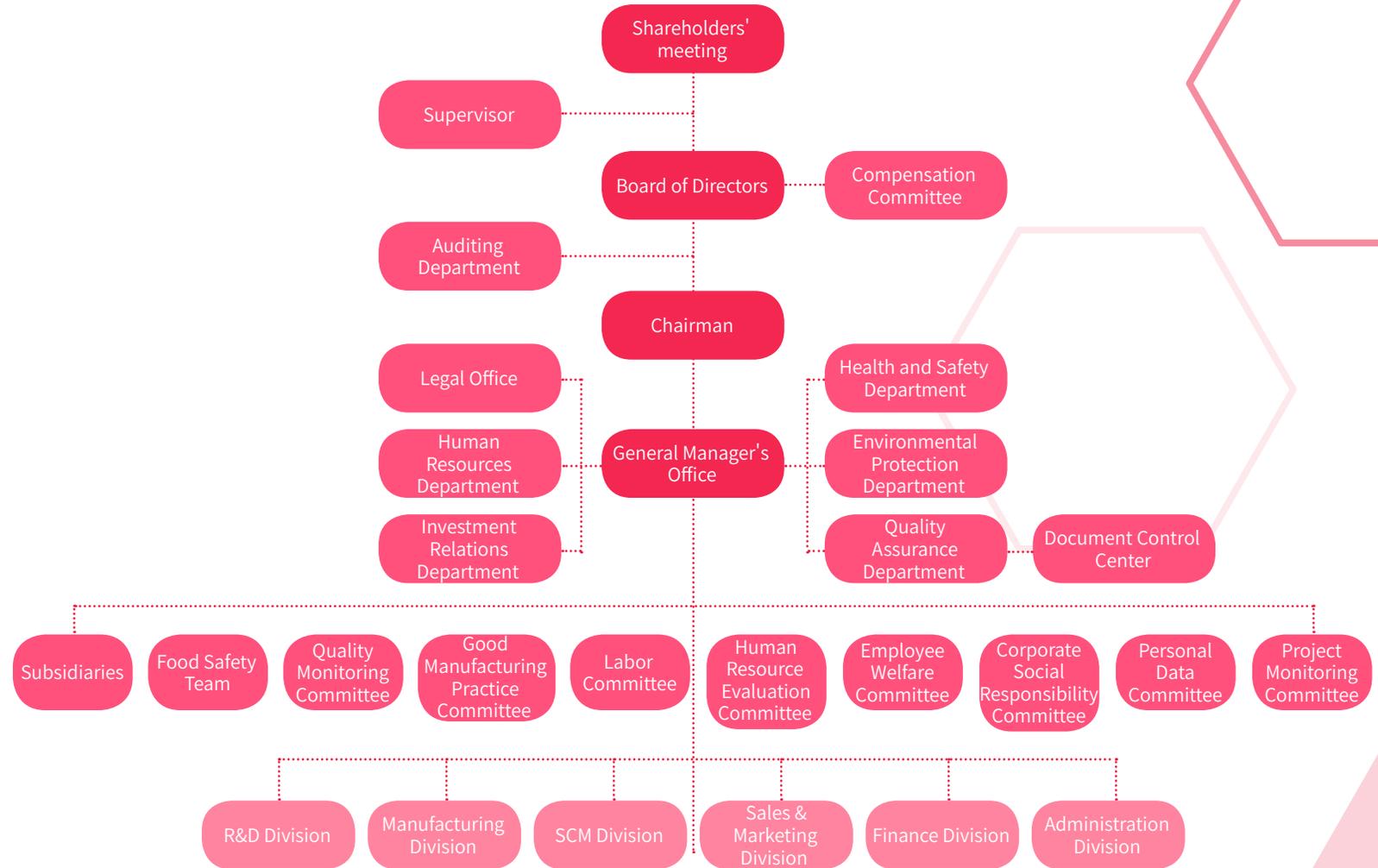


2.4 Sustainability Governance

The Corporate Governance strategy of Grape King Bio complies with laws and the Articles of Associations and it also focuses on (1) the establishment of an effective company governance structure; (2) protection of shareholder interests; (3) strengthening of the roles and powers of the Board of Directors; (4) implementation of the functions of supervisors; (5) respecting the rights of stakeholders, and (6) increase of information transparency. We shall continue to strengthen the performance of the Board of Directors in order to improve the roles and functions of the Board of Directors; perform company governance evaluations to build Grape King Bio's governance culture; establish a comprehensive stakeholder communication platform to promote shareholder activism; increase the quality of the disclosure of non-financial information to strengthen our governance information disclosure.



2.4.1 Corporate Governance Organization



2.4.2 Implementation of Corporate Governance

Grape King Bio has established the following regulations to ensure the effective implementation of the Company's sustainability governance policies:

Establish an effective corporate governance structure:

Grape King Bio has established the "Corporate Governance Best Practice Principles" to provide regulations on the establishment of an effective company governance structure, protection of shareholder interests, strengthening of the roles and powers of the Board of Directors, implementation of the functions of supervisors, respecting the rights of stakeholders, and increase of information transparency. The Finance Division of Grape King Bio is the unit responsible for corporate governance, and it is responsible for providing information to shareholders on the Market Observation Post System or company website promptly, assisting in updating the list of major shareholders, providing information required for director/supervisor's operations, convening board/shareholder meetings in compliance with the law, apply for and changing company registry, producing meeting minutes of board/shareholder meetings, and periodically assessing the independence and competence of the CPA, and other corporate governance affairs.

Establish the Corporate Governance Best Practice Principles

Protection of shareholders' equity

We have designated a spokesperson, acting spokesperson, shareholder service agency, and legal affairs dedicated to handling shareholders' suggestions or disputes. Grape King Bio has also assigned dedicated personnel to monitor the shareholding status of directors, supervisors, and major shareholders with more than 10% of shares at all times and report on the shareholding status each month. We have established monitoring and control methods and internal controls for subsidiaries and strictly enforced risk management. Our "Code of Ethics" expressly prohibits Grape King Bio's insiders from using information that has not been disclosed on the market to purchase and sell securities. We have also implemented at least one education session for

Implement an Electronic Voting System in the 2017 Shareholders Meeting

insiders to prevent them from performing operations with information that has not been disclosed on the market to protect shareholder interests.

In addition, we also implemented an electronic voting system in the 2017 Shareholders Meeting and disclosed the results of the votes of all proposals in the minute book in order to facilitate shareholder activism, make voting more convenient, and free shareholders from the time and regional restrictions for the organization of Shareholder Meetings. This measure provides shareholders with diverse channels for voting on the proposals and allows shareholders to fully exercise their rights to effectively improve corporate governance performance.

Strengthen the roles and powers of the Board of Directors:

The term of the Board of Directors is three years, and at least one board meeting shall be held every quarter to formulate company strategies or decide major business items. In addition to compliance with Grape King Bio's "Corporate Governance Best Practice Principles," the Board of Directors is Grape King Bio's highest governance body and its members are diverse. The members include PhDs in corporate management, university professors, and Independent Directors who have extensive experience in the industry. The Board of Directors also has two female Directors. A total of seven Board of Directors meetings were organized in 2017, and the average attendance rate was 78 percent. Please refer the Annual Report for the number of individual attendees, absences, the attendance rate of the Directors, and detailed information on other operations of our Governance Committees.

The Board of Directors is Grape King Bio's highest governance body and its members are diverse

Grape King Bio also evaluates the independence of the certifying CPA every year and submits the results to the Board of Directors for approval. Independent Directors' communicate with internal auditors and CPAs face-to-face periodically in order to fully implement the exercise of the powers of Independent Directors and gain advanced knowledge of the Company's financial reports and the financial and business status. We also purchase "Liability Insurance Policies for Director, Supervisor, and Important Employees" periodically to reduce and control the risk of major damage caused to the Company and shareholders for errors or negligence of Directors.

Ensure functions of supervisors are fully exercised:

Grape King Bio has elected two Supervisors in accordance with regulations to supervise the Company's execution of related accounting, auditing, and financial report procedures and the quality and loyalty of financial control. Their main duties are to exercise their duties in accordance with the Company Act and help the Board of Directors improve the quality of the Company's accounting, financial reports, internal control operating procedures, etc. The internal auditing supervisor files the Internal Audit Report for Grape King Bio and delivers the report to the Supervisors for review and to assist in the performance of the Supervisors' duties.

Exercise the duties and supervise the Company's execution and the loyalty

Respect the interests of stakeholders:

Grape King Bio has established a designated contact window for investor relations. It has established a "Contact Us" mailbox for opinions, consumer service hotline, and our internal "employee mailbox" as well as the "Stakeholder Area" on our website to provide shareholder services and communication channels for investors, product consulting services, OEM services, suppliers, employees, report mailbox, and CSR issues. Responsible individuals at each department are assigned to respond to issues of concern of the stakeholders.

Establish Stakeholder Area on the website and responsible individuals at each department are assigned to respond to issues of concern of the stakeholders

Improving information transparency:

Grape King Bio has established a Chinese and English website to disclose information regarding the Company's financial, business and corporate governance information. It also assigned designated personnel to be responsible for information collection and disclosure and implemented the spokesperson system in accordance with regulations. In the event of an institutional investor conference, we will disclose the information on the "Market Observation Post System" and provide the information on our website.

Establish a Chinese and English website and implemented the spokesperson system

2.4.3 Corporate Governance Principles

Grape King Bio has established related Corporate Governance Principles as follows:

Ethical Corporate Management Best Practice Principles:

Foster a corporate culture of ethical management and sound development and establish good business practices.

We consider ethical management to be an important principle for Grape King Bio's sustainable development, and it shall maintain honesty and credibility with customers, employees, and the general public. It shall specify the content of products carefully, pay attention to monitoring products, uphold commitment and credibility of contracts with employees, maintain principles for correct conduct, and create correct culture values.

Corporate Governance Best-Practice Principles:

Build a sound corporate governance system

A good company relies on good systems to operate. Grape King Bio has established multiple regulations for compliance with Corporate Governance Best-Practice Principles so that we are able to build a comprehensive system to increase the efficiency and performance of corporate governance and to adopt practical improvements and corrections that infuse the system into our core values.

Corporate Social Responsibility Code of Practice:

Build sustainable development targets and fulfill corporate social responsibilities

Grape King Bio establishes sustainable development goals and adopts various methods that meet the values of Grape King Bio to take part in related CSR activities. It also established multiple systems and goals to facilitate the sustainable development of the Company.

Ethical Code of Conduct and Report/Complaint Management Procedures:

Protect the Company's assets, rights, and image to effectively prevent the illegal and unethical behavior.

Grape King Bio supports and requires all employees to uphold the principles of honesty, rigorousness, and professionalism in related operations of their duties. They may not take part in any illegal or inappropriate activities, and they may not participate or encourage others to conduct activities or facilitate relations that may compromise their duties or professional judgments. Professional practices should adhere to the "Ethical Code of Conduct." All confidential business and technical information of the Company or customers should be kept confidential in order to maintain our reputation, good will and morals, and public order.

Ethical Code of Conduct

We have adopted various education channels such as the organization of education sessions, messages posted on the Company's internal website, and announcements to strengthen the necessity of compliance with the Ethical Code of Conduct so that all employees are aware of its importance.

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 business secrets

Do not steal company property or public funds

Do not seek personal gain by abusing one's position

Do not get involved in an abnormal relationship with a business-related third party or our staff member

Do not spread false statements

Do not commit any form of discrimination, sexual harassment, intimidation, threat, theft, corruption, dereliction of duty, and other illegal acts

Anti-corruption Policy and Implementation

Grape King Bio is committed to adhering to the laws and ethical standards of the country where it conducts business operations. It has adopted a rigorous internal control system, internal communication, and an Ethical Code of Conduct to regulate actions and it uses continuous promotion of ethical

management ideas to infuse them into the corporate culture of Grape King Bio. Grape King Bio strictly prohibits any immoral or corruption actions and has adopted actions as deterrence against corruption. The implemented actions include:

1. Establishment of the Ethical Code of Conduct and Report/Complaint Management Procedures
2. Periodic collection of opinions provided in feedback of external business stakeholders
3. Inclusion of anti-corruption lectures into the education programs for new employees and the use of tests to verify the results of education

Grape King Bio has educated all employees on the Ethical Code of Conduct and awareness of corruption and administered tests. The tests are only passed if the participant scores full marks and all employees have achieved 100% test results.

In the event that any related employee collects kickbacks or other illegitimate interests in the transaction process and fails to actively notify the Company, the supplier shall be punished and removed from the list of suppliers. For gross violations, the employee and supplier shall face prosecution and shall be liable for related penalties in accordance with the Criminal Code. No violations shall go unpunished.

There was no corruption in Grape King Bio in 2017. We have established an anti-corruption email and telephone hotline to provide suppliers with channels to report on employees in violation of procurement regulations and to ensure that the rights of suppliers are protected.



Report and complaint mailbox:

- a. Report mailbox: companyopinion@grapeking.com.tw
- b. Complaint mailbox: employeeopinion@grapeking.com.tw

The recipient is set as the supervisor of the department of the unit responsible for complaints.



Internal report and complaint phone number:

- a. Report telephone number: (03) 4572121#1999
- b. Complaint telephone number: (03) 4572121#1995

2.4.4 Financial Performance

Grape King Bio adopts sustainable and steadfast development as the basis for maintaining good relations with stakeholders while respecting and maintaining their legal rights and interests. We also provide stakeholders with related information for them to make judgments and decisions based on our business and financial status. Information on Grape King Bio's consolidated financial performance in the most recent three years is as follows:

2017 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unit: NT\$ thousand

	2015	2016	2017
Operating Revenue	7,247,855	9,185,021	9,388,128
Operating Costs	862,714	1,265,989	1,523,444
Operating Expenses	4,572,725	5,685,010	5,610,389
Economic Value distributed to stakeholders			
Employee Wages and Benefits	758,228	907,250	987,473
Distributed Dividends	1,089,830	1,086,208	1,287,001
Income Tax	324,474	346,568	491,592

Note: The financial information listed in the table above are assured by the accounting firm EY

Joint Venture and Subsidiaries

The main businesses of Grape King Bio and its subsidiaries are the production and sales of beverages and healthy food products. Grape King Bio's independent and comprehensive industrial chain includes the upstream development of key materials such as lactic acid bacteria, Lingzhi, Antrodia cinnamomea, midstream production, and packaging, to independent downstream channels and brand marketing. It also provides good domestic and international OEM services.

Grape King Bio's subsidiaries in 2017 consist of one investment holding company, two subsidiaries in Taiwan, and two subsidiaries in Mainland China. The subsidiaries in Taiwan include Pro-Partner Ltd. and Rivershine Ltd. In addition, we invested in Mainland Chinese Companies including Shanghai Grape King Enterprises Corp. and Shanghai Rivershine Ltd.

2.5 Risk Management

The biotechnology industry is characterized by high technical entry barriers, high cost, and fierce competition. Grape King Bio implements active management in response to such characteristics for operations in the changing industrial environment.

We classify different risks based on their nature and divide them into innovation and R&D, food safety, public relations and marketing, and environmental risks. Related departments perform periodic risk assessment and review and establish the following management policies in response to the risks:

Risk Item	Response Measure
Innovation and R&D risks	<ol style="list-style-type: none"> Insufficient raw materials for fermentation To prevent such risks, Grape King Bio gathers the Manufacturing Division, Research and Development Division, SCM Division, and Sales & Marketing Division for production and sales meetings each week to jointly discuss response measures and follow up on the status. The attendance rate is 100%. Risks of failed operations Provide employees in the Research and Development Division and Bioprocessing Department with employee training from time to time. The attendance rate is 100%. Product Development Internal: After the laboratory completes the product design, there may be risks of failure to meet expectations or product failure when the product enters mass production onsite. The following measures are adopted to address this issue in the system: (1)Purchase test equipment (ex. physical properties analyzer) and create a product parameter database to verify product parameters. (2)Verify the product formula in trial production in the laboratory before onsite trial production in order to verify product formula, filling and other properties. External: (more relevant on the business side) Products may face risks of poor sales performance or recall after they are placed on the market. Therefore, we perform the following actions in concert with sales outlets to lessen such risks: (1)The sales end should conduct a comprehensive market survey before product development and focus on changes in market trends and consumer habits.

Risk Item	Response Measure
Public relations and marketing risks	<ol style="list-style-type: none"> Implement full media news monitoring, social media opinions monitoring, and monthly reports. Initiate weekly public opinion collection in the event of a major incident that breaks out on the news to quickly respond to consumer requirements. Review the effectiveness of advertisements every week and evaluate their performance based on the actual sales each month. Organize business meetings every six months to adjust marketing strategies in accordance with major trends. Discuss marketing plans for the following year in November each year to improve the accuracy of marketing strategies. Customer service personnel training is one of Grape King Bio's key measures to improve service quality. We will also add external training in the future. We have organized related courses on statistics in 2017 and we plan to organize courses on communication skills.
Environmental risks	<ol style="list-style-type: none"> Grape King Bio currently uses heavy oil, natural gas, and electric power as sources of energy to produce steam in the boiler. The energy is used to power all process equipment, electrical equipment, and air-conditioning equipment in all plants. The potential risks in our use of energy include (1) environmental pollution caused by black smoke when heavy oil is not fully incinerated in the boiler and (2) sudden power blackouts caused by weather or natural disasters to the TPC grid. We have established the following management mechanisms for potential risks: (1)Grape King Bio expects to replace all existing heavy oil burners with gas burners to prevent black smoke and CO2 generated by incomplete incineration. (2)Adopt an underground power cable design for incoming power from TPC to prevent weather and natural disasters from affecting the transmission and distribution grid on utility poles. Set up emergency generators and UPS uninterruptible power supply system to provide backup power and reduce losses caused by sudden blackouts.

Risk Item	Response Measure
Food safety risks	<ol style="list-style-type: none"> Food safety regulatory compliance risks Grape King Bio adheres to the "Act Governing Food Safety and Sanitation" and international regulations on food safety management systems. Failure to comply with such requirements would result in potential risks. We have established the following management mechanisms to ensure food safety and meet the requirements of different safety management systems: (1)Adopt the HACCP system in the plants to assess all potential risks on the production line and provide preventive monitoring measures. (2)Perform internal auditing each year to ensure the validity of the system. (3)Analyze and review results in annual management review meetings and quality and sanitation meetings. (4)Use the state-of-the-art inspection instruments and professional quality management personnel to control materials and products.

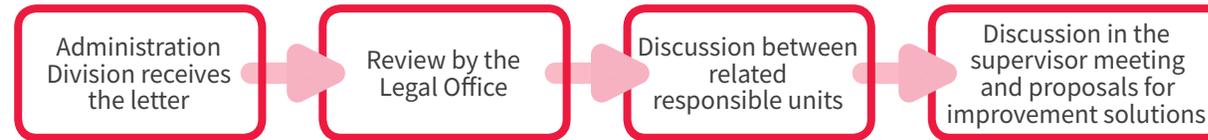
2.6 Compliance

All legal affairs and related disputes of Grape King Bio are processed by the Legal Office in its comprehensive review procedures. Grape King Bio did not experience any major penalties involving more than NT\$1 million in 2017. Please refer to Chapter 3.3.3 for the compliance to regulations concerning food safety.

Grape King Bio retains comprehensive internal document issuance and reception processing procedures. For an official letter issued by the authority responsible for health and sanitation, the Administration Division shall collect the document, perform an evaluation, and provide recommendations on the necessity of filing complaints or improvement measures. It shall also notify related departments of the content of the official letter issued by the authorities. If the authorities request an interview, the Legal Office shall assign personnel to accompany related units and personnel to the interview.

Documents concerning other regulations shall be collected by the Administration Division and delivered directly to the corresponding Department. The Department shall determine whether to file a complaint with the Legal Office or process related penalties independently if it considers the official document to be reasonable and correct. Related items shall be discussed in supervisor meetings and the procedures shall be improved. A case closed report shall be formulated.

The handling procedure for penalty from the Health Bureau:





3.0 Food Safety

- 3.1 Raw Material Management
- 3.2 Supplier Management
- 3.3 Product Liability
- 3.4 Customer Services

Food safety has always been the most important issue to Grape King Bio. We are committed to our sanitation requirements and we maintain strict management at all levels. Grape King Bio has also obtained PIC/S GMP accreditation.

The four major food safety policies of Grape King Bio include: continuous innovation, the pursuit of outstanding quality, social responsibility, and ensuring customer satisfaction. We hope to develop more high-quality products, implement the annual quality targets established in the factories, and organize charity events from time to time to give back to society. If the general public understands Grape King Bio's dedication to food safety, customers will have more confidence in the product. The food safety targets set by Grape King Bio for 2018 are as follows:

1. Pingzhen Jinling Plant- to obtain the FSSC22000 Food Safety System Certification
2. Pingzhen Jinling Plant- to obtain the TQF accreditation, Secondary Quality Control verification as well as the Extension Program Verification conducted by the Food and Drug Administration for the Malaysian Government.
3. Establish the Grape King Bio Biotechnology Inspection Center
4. Build a Food Safety Traceability Platform

We hope to implement strict controls in all steps in the procurement of raw materials, processing, packaging, and sales in order to achieve food safety, satisfy customers, and create value for Grape King Bio.





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To reach the goal of food safety, we took gradual steps for improvement in hopes of providing consumers with the highest level of food safety protection. Grape King Bio's value chain is specified in the diagram below:

Control over Raw Materials

The selection and inspection for raw materials start with the establishment of multiple principles and regulations in the procurement of materials before implementing international and domestic accreditation for tiered controls. This ensures that the Company purchases safe raw materials which are included in the batch number management and traceability system for the most effective systematic management.

Supplier Inspections

We have implemented a supplier evaluation program for regular materials from the initial qualifications review and evaluation of samples to onsite surveys for suppliers and annual supply quality review. Each qualified supplier is required to undergo a series of inspections. In addition, we implement a second source (second supplier) system so that we are able to replace suppliers that fail to provide stable supplies to ensure the smooth supply of materials.

Development and Research of the Biotechnology Center

The Center is responsible for innovation, development of raw materials, and quality control for bacteria strains. We have received multiple awards and accreditation and Grape King Bio remains an important institution for product safety and research.

Product Inspection and Traceability

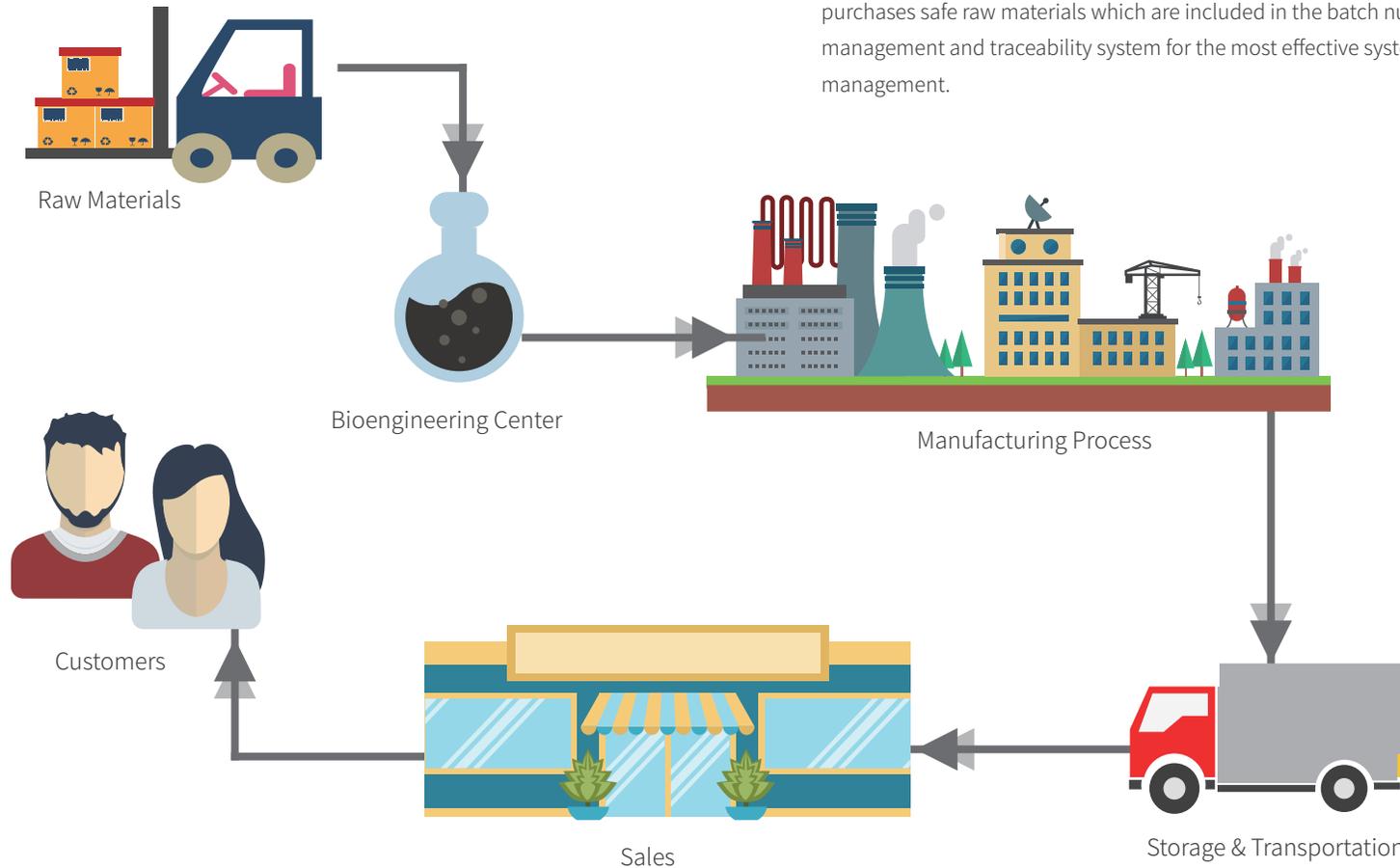
The products produced by Grape King Bio have undergone strict plant sanitation management and has passed multiple tests for agricultural safety to ensure product quality and safety so that consumers are able to purchase products safely. We also value product and channel traceability and we have established a management platform.

Product-Related Management

In addition to the internal quality of products, management regulations have also been established for the external packaging, promotion, and usage safety in order to build a comprehensive product management system.

Customer Services

We establish customer service targets to improve the procedures and quality of customer services. We are committed to producing high-quality products that satisfy customers in order to create an outstanding brand on the market.



3.1 Raw Material Management

3.1.1 Procurement Strategy

All purchases of raw materials by Grape King Bio must meet the Company's procurement policies, which is committed to implementing local procurement instead of adopting price as the sole criterion for the purchase of materials. This would allow suppliers to provide higher quality raw materials and improve the quality of the products of Grape King Bio. This would contribute to consumers' peace of mind when making purchases. This strategy allows us to create a scenario where all three parties (suppliers, Grape King Bio, and consumers) ultimately win.

1. Procurement Regulations

The supply of high-quality products increases consumer confidence and willingness to make purchases. In practice, Grape King Bio's measures for strengthening control over raw materials include:

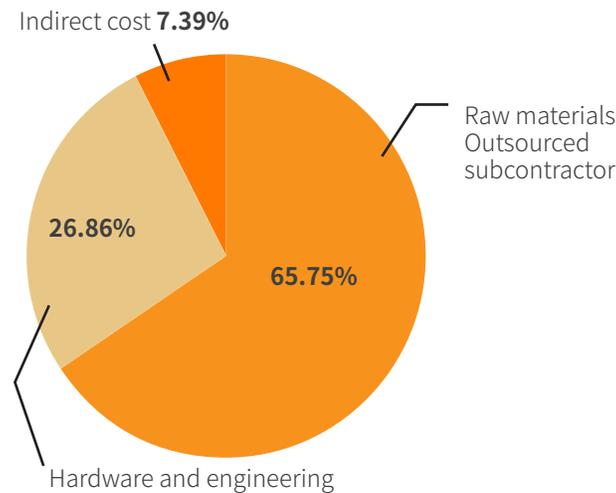
All raw materials suppliers must meet the following requirements:

-  (1) They must be legally registered in the government's food industry registry system.
-  (2) They must be approved by R&D and related departments.
-  (3) They must provide comprehensive product information for analysis and comparison and they may not alter the packaging or replace labels.
-  (4) Raw materials imported from foreign countries must be provided with licenses and imported with the original manufacturer's packaging.
-  (5) Raw materials must be stored in accordance with regulations and provided with related licenses.
-  (6) Changes in any raw material-related information shall require the reimplementation of the evaluation procedures.

2. Local Procurement

Grape King Bio is dedicated to the development and purchase of green products and also values food safety and environmental protection as well as suppliers that protect labor rights. Grape King Bio prioritizes such companies in procurement. Considering the cost of transportation and environmental protection issues, we purchase from domestic suppliers whenever possible to reduce the impact on the environment during the transportation process. This strategy also helps the development of the upstream raw materials industry in Taiwan. Grape King Bio's distribution of purchases in 2017 are as follows :

2017 the percentage of money spent for purchasing



Grape King Bio seeks common growth with supplier partners to jointly expand the benefits of social responsibility in the supply chain, manage their business operations in a responsible manner, and supply us with high-quality raw materials in order to create a value chain dedicated to Grape King Bio.

3.1.2 Raw Material Inspections and Traceability

To accurately inspect raw materials and lower the risks of hazardous factors in food safety, Grape King Bio has applied and passed the test of ISO/IEC 17025 laboratory accreditation in 2015. We have received the certificate issued by Taiwan accreditation Foundation (TAF) and has increased the inspection items with each passing year with a view of ensuring food safety and enhance the consumers' level of confidence.

Classification of purchase versus raw material expenses- categorized according to geographical distribution



Our inspection capabilities include general physical, chemical, and food safety factors inspections. In addition to adopting TAF accreditation requirements, we also reference the methods established by the Ministry of Health and Welfare and the Bureau of Standards, Metrology, and Inspection of the Ministry of Economic Affairs, Executive Yuan as well as other internationally recognized inspection methodology (e.g. AOAC) etc. The results of the inspections we performed in 2017 are as follows:

Raw Materials Inspections	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Number of Inspections	153	173	256	286	275	283	240	201	251	79	239	158	2594
Disqualified Items	16	17	27	22	20	26	27	23	12	12	50	21	273
Special Approval Items	13	9	18	19	14	17	19	12	9	10	13	19	172
Rejected Items	3	8	9	3	6	9	8	11	3	2	37	2	101
	1.96%	4.62%	3.52%	1.05%	2.18%	3.18%	3.33%	5.47%	1.20%	2.53%	15.48%	1.27%	3.87%

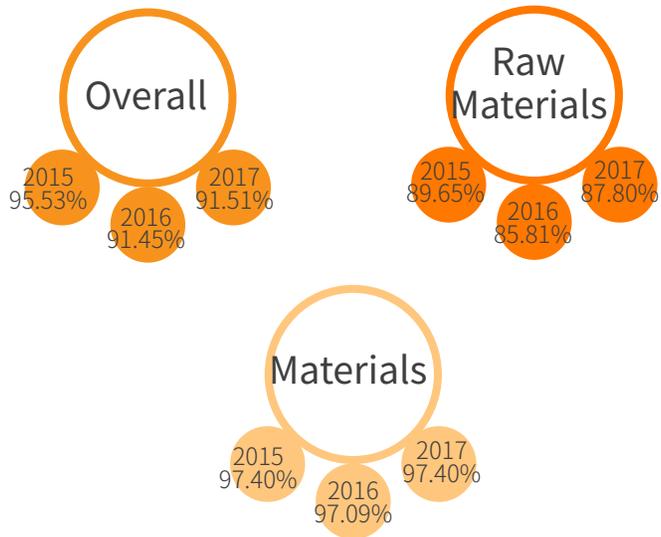
Materials Inspections	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Number of Inspections	129	147	214	163	174	138	128	121	118	144	217	139	1832
Disqualified Items	5	3	11	5	7	7	3	5	6	10	13	8	83
Special Approval Items	1	1	1	0	1	0	1	1	0	3	0	0	9
Rejected Items	4	2	10	5	6	7	2	4	6	7	13	8	74
Rejection Rate	3.10%	1.36%	4.67%	3.07%	3.45%	5.07%	1.56%	3.31%	5.08%	4.86%	5.99%	5.76%	3.94%

All raw materials of Grape King Bio have undergone three major inspections including traceability management, incoming inspections, risk substance inspections to provide the strictest form of quality management. Grape King Bio does not solely rely on the related inspection documents and reports submitted by suppliers but we also implement inspections in accordance with laws and regulations. In the event that materials do not meet acceptable standards in the incoming inspections, the Quality Control Department notifies the procurement unit to request a return and we urge the supplier to formulate an improvement plan and measures to prevent reoccurrence in order to improve the stability in the quality of products.



Grape King Bio has established a batch control system for accepting shipments in order to facilitate traceability management. The autonomous inspections provide real-time monitoring for contamination from raw materials to the final product and we facilitate continuous monitoring to lower the occurrence of food safety risks. Moreover, we use complementary check approaches to ensure raw materials are safe so that all purchased goods can be regarded as genuine safe products with high quality.

Statistics regarding the pass rate of the raw material assessment



3.2 Supplier Management

The quality of raw materials is controlled by the Quality Control Department. We adopted multiple factors when considering raw materials suppliers, including legal sources, reputation, protection of employee interests, and emphasis on food safety and environmental protection. Only a set of values consistent with those of the suppliers could ensure the quality of our products. Our management and review of suppliers can be divided into (1) new suppliers; (2) existing suppliers; and (3) engineering contractors.

We conduct audit and review of the raw material suppliers. For supply chain risk management, our suppliers usually undergo unscheduled on-site audits and evaluations by Purchasing, Manufacturing, Quality Control and Quality Assurance Departments for regulatory compliance. Only suppliers that meet our criteria are qualified as our official suppliers.

3.2.1 Evaluation of New Suppliers

We are committed to using five major steps for evaluating suppliers. These include (1) qualifications assessment; (2) sample assessment; (3) onsite survey; (4) qualified in assessments; and (5) formal transactions. Legal and honest businesses are selected in the qualifications assessment and the specifications of samples provided must meet internal requirements for selection of suppliers.

The supplier's documents are subsequently reviewed and the supplier is required to provide business incorporation and factory registration certificates to verify that it is a legal company and factory. The supplier shall also provide accreditation certifications for us to assess whether the supplier's systems are comprehensive. Grape King Bio shall later formulate an inter-departmental team for supplier evaluation.



1. Onsite audit

The supplier shall provide relevant documents such as internal control documents, production records, product hazard analysis or Certificate of Analysis (COA), along with plant tour. Additionally, we also check the supplier's safety and hygiene monitoring practices, machinery and equipment status, quality design, raw material control, process control, finished product control, nonconformance corrective actions, customer complaint handling, labor safety and corporate social responsibility.

Functions and duties for onsite survey of suppliers



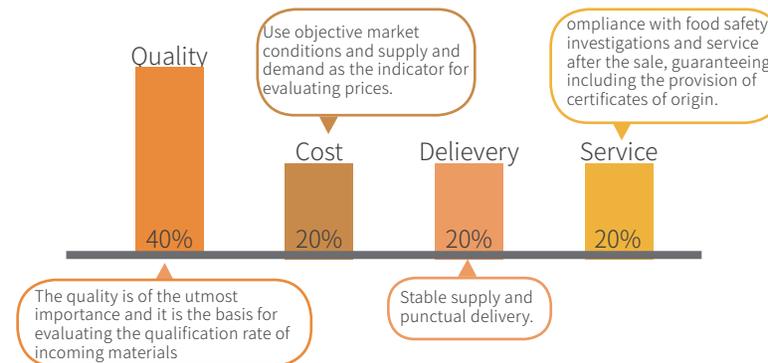
2. Audit counseling

After the onsite audit process, Grape King Bio will issue a list for improvements for the supplier, and both parties will communicate on the items to be improved, followed by a second review based on the overall evaluation and the responses to the list. If a major noncompliance issue is identified during the review process, we will suspend our transaction with the supplier, and resume future collaboration based on the amendment progresses.

3.2.2 Evaluation of Existing Suppliers

1. Annual Evaluation:

Grape King Bio conducts annual evaluations on our raw material suppliers and outsourced subcontractors (as shown in the above picture) based on four major assessment criteria, Q (Quality), C (Cost), D (Delivery) and S (Service/ cooperation) where the final grading will be given based on risk management procedures. Suppliers with a score of 81 or above are classified as Class A-Superior Suppliers, while the ones with a score of 80 to 65 are classified as Class B-Qualified Suppliers. For those with a score less than 65, they will be classified as Class C-Unqualified Suppliers. Existing suppliers with severe quality issues or key materials producers will be prioritized in the arrangements for site visits.



We will suspend purchasing from any unqualified suppliers. In the meantime, we provide consultation and assistance for goal setting so that suppliers can improve their performance to meet our expectations. By virtue of the evaluation process and consultation mechanisms, early detection of the potential problems can be generated and we can work together with suppliers to develop appropriate solutions for continuous improvement.

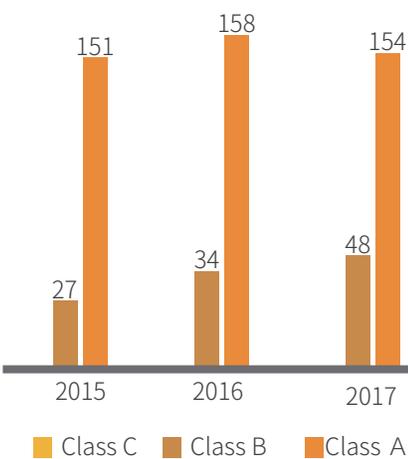


In 2017, the number of raw material supplier audited was 202 and the audit percentage reached 100%. With thorough assessments and scrutiny; all suppliers were classified as Class B or above and regarded as excellent suppliers of Grape King Bio. (Note: The annual evaluation performed in 2017 evaluated the suppliers' performance in 2016)

Year	2015	2016	2017
Total number of raw material suppliers	178	192	202
Supplier audited	178	192	202
% of supplier audited	100%	100%	100%
Class A	151	158	154
Class B	27	34	48
Class C	0	0	0
Pass rate	100%	100%	100%

Total number of audits each year

The annual evaluation performed of each year



2017 Audited a total of 202 suppliers
 2016 Audited a total of 192 suppliers
 2015 Audited a total of 178 suppliers
 Score range description: A score of more than 80 is classified as Class A excellent supplier; a score from 65 to 80 is classified as Class B qualified supplier; and a score of less than 65 is classified as Class C suppliers, who are disqualified and no transactions shall be permitted

The percentage of audits in each year is 100%. There were no Class C suppliers and 100% of the suppliers passed the audit.

3.2.3 Engineering Contractor Management

Grape King Bio selects our engineering contractors based on government procurement law and conducts the process in an open and fair manner, evaluation.



Therefore, in practice, we set a "Hazard Prevention Notice" for our engineering contractors prior to the construction process. We proactively promote our Notice through consultation, inspection, and announcement so as to remind our contractors on their safety management and to strengthen workers' safety awareness and ensure their safety in the workplace. There were no contractor safety-related accidents in 2017.

3.3 Product Liability

There have been frequent food safety incidents within the industry in recent years therefore consumers have paid increased attention to food safety issues. In addition to consumer demand for better quality, food producers also draw lessons from food safety incidents at other manufacturers and imposed strict controls and self-discipline on internal management and product quality. With regard to product liabilities, Grape King Bio focuses on three major parts: 1. Product certification and inspections; 2. Health regulations and training and 3. Product traceability and management.

Grape King Bio's Food Safety Policy and Quality Targets in 2018 are listed as follows:

Plant area	Item	Target
Zhongli Plant	Large/small volume glass bottle	Labeling defect rate under 0.9%/under 1.4%
	Combibloc packaging line	Seal defect rate under 0.0026%
	Capsule line	Filling defect rate under 0.3%
Pingzhen Plant	Granules line	External packaging defect rate under 1.5%
	Capsule line	Filling defect rate under 0.5%
	Granules line	External packaging defect rate under 2.4%
Pingzhen Plant	Powder line	External packaging defect rate under 2.4%

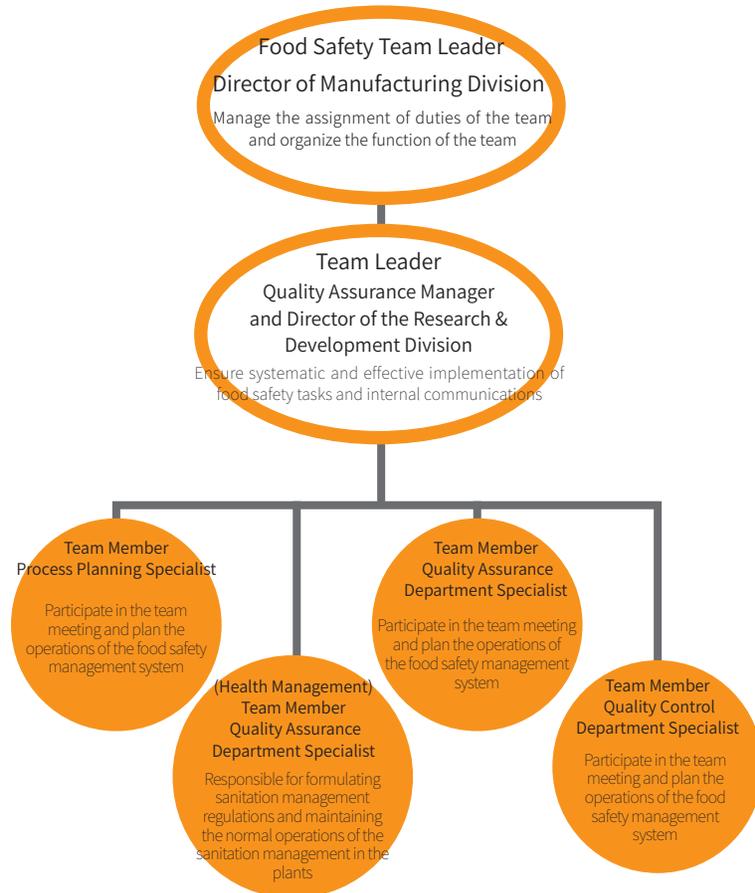
The food safety management system we established also requires all related units to review the target achievement ratio each year. The goals of Grape King Bio's food safety policies are: continuous innovation, the pursuit of outstanding quality, implement social responsibilities, and ensure customer satisfaction. In addition to compliance with legal and regulatory requirements, Grape King Bio also continues to make improvements to satisfy customers and shoulders the responsibilities for meeting social expectations.

3.3.1 Product Accreditation and Inspections

Grape King Bio obtained the Quality Manufacturing Certification (MOHW Pharmaceuticals Plant License No. AP0050076) issued by the Ministry of Health and Welfare in October 2014. The pharmaceuticals production line passed the PIC/S GMP accreditation and the food production line passed the ISO 22000 Food Safety Management System accreditation, National Sanitation Foundation's NSF GMP accreditation, and Halal certification. In addition, Grape King Bio also established an ISO/IEC 17025 TAF compliant laboratory to ensure the maintenance of the quality management system and stability in the manufacturing process.



1. Structure of Grape King Bio's Food Safety Team



The Food Safety Team discussed quality targets, simulated product recall, changes in the management system, document updates, education on regulations, internal and external inspections and reviews, results of sanitation monitoring, and customer complaint analyses in the management review and discussion meeting this year. We also established related goals for the next year

and reviewed the regulations to be promulgated or drafted for review this year to ensure compliance with regulations.

2. Food Safety Inspection

Grape King Bio inspects every batch of products throughout the eight major inspection categories. To ensure the effectiveness and safety of products as well as the level of quality, each product series will retain at least a batch of samples and go through the inspection process until the expiration of the product. We use advanced instruments to inspect the risks of residual pesticide for all raw materials. Effective from 2018, the number of items to be inspected are increased from 310 to 373 in accordance with TW FDA's announcement of latest regulations.

	Test items	Reference
Physical properties	Appearance, color difference, dimension, weight, thickness	Internal specification
Chemical properties	Specific gravity, pH, moisture, ash content, acid value, Brix	Internal specification
Microbiological tests	Bioburden, Coliform bacteria, Escherichia coli, moulds and yeast, Staphylococcus aureus	Food borne microbiological tests (CNS)
Heavy metal tests	Arsenic, Lead, Cadmium, Mercury, Copper, Antimony, Tin	Circular letter Notice 1031901169: Heavy metal test method guideline, 25th August 2014
Plasticizer test	BBP, DBP, DEHP, DNOP, DINP, DIDP, DMP, DEP, DIBP (9 items)	Food phthalate plasticizer test method – Amendment 25th March 2014
Pesticides residue analysis	Multiresidue Analysis of 373 pesticides	Circular letter Notice 1061901690 Amendment – Food pesticide residues test method - Pesticides multiresidue Analysis method, 31st August 2017 Circular letter Notice 1031900979 Amendment – Food mycotoxins test method - Ochratoxin A test method, 22nd July 2014
Mycotoxin residue analysis	Ochratoxin A and Aflatoxin tests	Circular letter Notice 1021950329 Amendment – Food mycotoxins test method - Aflatoxin test method, 6th Sep 2013
Water quality test	pH, Turbidity, residual chlorine, Conductivity, total hardness, Chloride, bioburden, Escherichia coli	Water bioburden test method - filtration method (NIEA E205.57B) Detection of Escherichia coli in drinking water - Multi-tube fermentation (NIEA E231.53B)

3. Food Safety and Sanitation Accreditation

Grape King Bio's Zhongli Plant officially implemented ISO 22000 and HACCP management systems in 2013. In 2014 and 2015, our glass bottle line, combibloc line, capsule line and granule line were certified through third-party audit and our powder line complies with system requirements. Both capsule and granule lines were relocated to Pingzhen plant for capacity expansion, and the powder production line was also moved to Pingzhen plant to which ISO 22000, HACCP, NSF GMP were introduced. To demonstrate our strong commitment to enhancing food safety, our quality systems were certified through a third-party audit and the certificate was issued in the first quarter of 2017. Grape King Bio owns five production lines certified with 100% accomplishment rate. The production output produced by certified production lines is 100%.

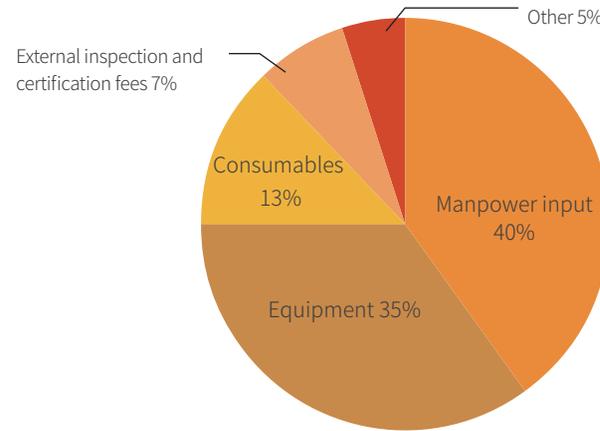
4. Certified Laboratory

Grape King Bio's laboratory received ISO/IEC17025 TAF certification in 2015, which is more stringent than ISO 9000/14001. The certification ensures the accuracy of laboratory test methods and system suitability for laboratory comparison, to assure our customers the credibility of the test reports.

The Zhongli Longgang Plant has passed 6 inspections and accreditation in 2017 including accreditation for the aerobic plate count, coliform bacteria, Escherichia coli, mold and yeast, caffeine, and preservatives. The Pingzhen Jinling Plant has received the accreditation for ochratoxin and lactobacillus in November 2017.

5. Quality Inspection and Project Expenditure

In 2017, Grape King Bio invested NTD 32.0 million in food safety-related controls, the expenses included inspection fees, manpower, consumables, hardware depreciation, certification fees and other expenses, which accounted for about 0.34% of our net revenue. The expenses for each item are listed below:



3.3.2 Sanitation Regulations and Training

Grape King Bio adheres to government regulations when performing internal education and training for food safety and also assigns personnel for external training to improve the internal safety and sanitation levels of food products. In addition, we also continue to educate all employees on related regulations through internal lecturers. The Quality Control Department is responsible for advancing sanitation awareness and to jointly advance self-inspection mechanisms through training of sanitation management personnel in each manufacturing unit in order to facilitate continuous improvement and improvement in quality.

1. Sanitation Environmental Requirements

(1) Adopt Good Hygiene Practice (GHP) as basic principles

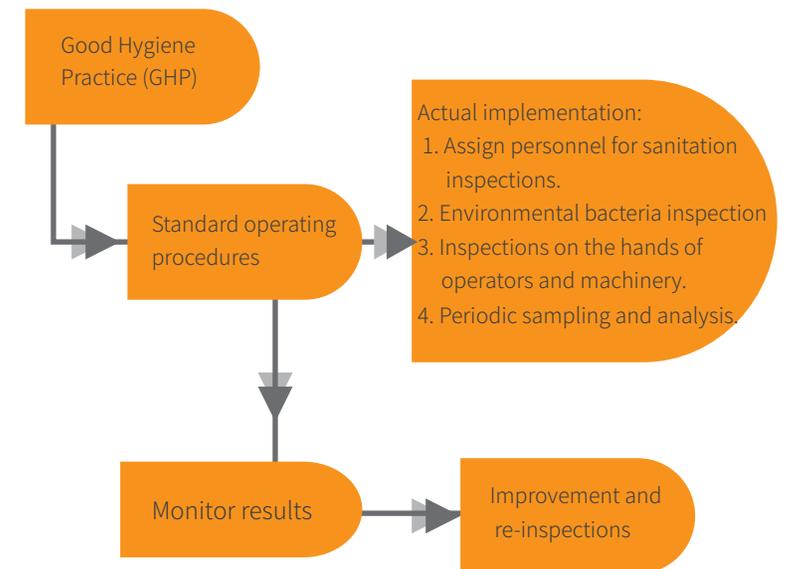
Related management regulations have been established for the sanitation

management of the surrounding environment of the plant, environment of the plant, operations personnel, and machinery and equipment.

(2) Assign personnel for sanitation inspections

In addition to periodic inspections for the sanitation of the plants, Grape King Bio also adopts environmental bacteria inspections at fixed intervals as well as periodic sampling sanitation inspections for the hands of operators and machinery in operations. At least 700 inspections are performed each month through periodic and multiple sampling methods to monitor and prevent hazardous factors in the environment that may cause contamination.

If the inspection results show signs of noncompliance, improvement and re-inspections are immediately performed. The actual compliance ratio (including improvements) is up to 100 percent. The results of annual inspections are also analyzed and discussed in the quality and sanitation meetings in hopes of maintaining quality and making gradual improvements each year to improve quality.



2. Training Regulations and Implementation Status

(1) Compliance with Good Hygiene Practice (GHP)

Grape King Bio abides by the regulations of the Good Hygiene Practice (GHP) and provides education and training to new employees in food manufacturing to ensure that employees meet requirements for sanitation and quality management. Current employees are provided education and training for food safety each year. The education and training provide them with intensified knowledge of sanitation and allow them to understand the reasons for the requirements and to actively perform sanitation management.

(2) Increased diverse education and training for comprehensive food safety management

In response to the different food safety management systems adopted by Grape King Bio, in addition to the basic GHP, we also added education and training for the NSF, GMP, TQF, FSSC 22000, and Halal certification in 2017. All departments and related departments in the entire food security management system jointly participate in the education of the food safety provisions and management system in order to implement the operations of the system and improve the quality management system.

We provide a wide range of products. To comply with GHP Low-acid and Acidified Canned Food regulatory requirements, Grape King Bio has set up sterilization management personnel, sterilization operators, seal inspectors and seal operators, respectively. The aforementioned personnel has all obtained qualified certifications or training certification to ensure the quality of canned products. Our training status regarding Grape King Bio's food safety commitments which conducted in 2017 are listed below:

	Mandatory Personnel	Routine Education and Training	Plant Implementation Status
Food Processing Operating Staff	New Food Processing Personnel	Production, quality and sanitation management, and document control	In 2017, training was provided by the unit supervisor of production; training for quality, sanitation and document controls was provided by the quality departments. Tests were administered after courses.
	Employed Personnel	Food safety, sanitation, and quality management	In 2017, training was provided the quality departments and tests were administered after courses.
Food Safety Team	Hygiene Management Specialist of the Food Production Plant	8 hours of repeated training each year	8 hours/year training completed in 2017
	Food Safety Control System Work Team Members	12 hours of repeated training every 3 years	12 hours/3 years repeated training completed in 2016

Canned food product education and training			Plant Conditions
Education and training	Low acid canned foods operator (995)	Acid canned foods (glass bottle line + Antrodia)	Training completed in 2016 and obtained training certification
Sterilization technical management personnel	Trained and certified	Trained and certified	
Sterilization operator	Trained and certified	Training certification	
Sealing inspector	Trained and certified	Training certification	
Sealing operator	Trained and certified	Training certification	

(3) Establishment of the Hygiene Management Specialist

In addition to internal training for food production staff, we also set up hygiene management specialists in accordance with "Measures for the Establishment of Sanitary Managers in Food Manufacturing Plants." Each year Grape King Bio participates more than 8 hours in hygiene and sanitary training course organized by the food hygiene authority. We have allocated three hygiene and sanitary managers who have already completed the required training to our factories in Zhongli and Pingzhen in 2017.

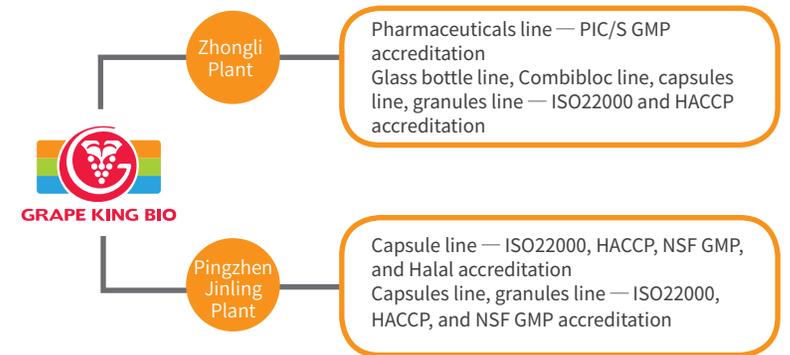
(4) Establishment of the Food Safety Team

Grape King Bio has also set up a Food Safety & Control committee (HACCP) to plan and to maintain the operation of food safety. Committee members have attended at least 30 hours of certified food safety and control related training programs and have accumulated 12 hours of related training courses within 3 years. The qualifications of our HACCP team members are all complied with the "Regulations on Food Safety Control System".

(5) Full Implementation of Food Safety and Sanitation

Grape King Bio has established related management regulations for personnel, site of operations, sanitation management, and quality assurance systems in accordance with the "Act Governing Food Safety and Sanitation." We also strictly adhere to related regulations to implement food safety and quality management. Therefore, 100 percent of our products have received comprehensive food safety, sanitation, and quality management. In addition, our Zhongli and Pingzhen Plants have obtained the following accreditation and therefore 100 percent of all products were produced on production lines that received international food safety and

health management accreditation.



3.3.3 Product Traceability and Management

Grape King Bio has established the following systems, regulations, and codes of conduct to achieve maximum efficiency in effectively implementing product management and maintaining customer satisfaction.

1. Food safety traceability system.
2. Food manufacturer registration and product traceability and management.
3. Internal traceability management system.
4. Channel product traceability.
5. Product packaging and labeling management.
6. Product advertisements publicity management.
7. Food safety regulatory compliance.
8. Product us age safety traceability and improvement.

1. Food Safety Tracking System

In order to strengthen our supplier management system and to ensure the quality of our products, Grape King Bio has set up a "Food Safety Retrospective Management System" since 2015 in order to impose strict control on raw materials, production process quality of our final products. We then integrate documents related to our products, OEMs, raw materials for ODM products, additives, and suppliers and archive them onto our intranet platform. With this, we can increase the traceability of various products to put our commitment to "Compliance," "External risk reduction," "Internal management enhancement" into practice, and to realize our promises to assure food safety.



1. Regulatory compliance:

Perform QC of purchased raw materials and control the validity to avoid misuse of expired raw materials; verify food additives to ensure the use of legitimate food additives.

2. External risk reduction:

Build suppliers and manufacturers' portfolios and their qualifications to

use as a reference when purchasing. When a food safety incident occurs, we can rapidly refer to our database for verification and provide an instant response.

3. Internal management enhancement:

To ensure all quality attributes and product information for raw materials can be fully traced and managed. Information such as product manufacturing date, expiration date, the total amount of production, and product test records should all be provided.

The government has set up a compulsory registration system for food industry manufacturers to register their product-related information. In addition to strengthening the self-management of manufacturers, the health authority can provide the regulatory agency with a quick and effective way of tracking the flow of raw materials and final products as well as potential causes of any food safety incidents.

2. Food Industry Registration System, Product Tracking, and Management

Registration Status

In addition to the self-improvement of the quality system, Grape King Bio also focuses on corporate responsibility. In conjunction with the government led Food Industry Registration platform, Grape King Bio has successfully registered our Zhongli Plant/manufacturing plant and retail registration in 2014 and completed the registration of Pingzhen Jinling Plant/ manufacturing plant, incorporation/business registration and retail registration in 2016. In addition, registration for catering venues was also completed in 2017 after the opening of the tourism factory, so that the Ministry of Health and Welfare could have better management of the food industry.

3. Internal Traceability Management System

Grape King Bio built an ERP system and conducts voluntary traceability management based on product identification and our traceability management

procedures. Currently, the system is capable of tracking all five production lines in both Zhongli Plant and Pingzhen Plant. Internally, we conduct product traceability training twice a year to simulate and to verify the implementation of such management system. The system was tested in April and November 2017 and the results showed it was able to track traceability records in production process within 2 hours.

FMIS Food Production Process Management Platform

We also introduced FMIS food industry process management platform collaborating with the government to promote the Food Safety Cloud Project. Until 2017, we had registered 80 products produced since 2014 and the registration coverage rate was 100 percent. We will continue to work on connecting the ERP system to the FMIS system in order to facilitate batch updates.

4. Channel Product Traceability

In addition to the construction of a private cloud database and the government-sponsored public cloud initiative, our system is also designed to meet requirements of sales channel by incorporating system-based automation technologies to avoid manual labor input. For example, in 2017 Grape King Bio has successfully launched six products on the Family Mart online platform, and all these products are fully registered with the traceability program with a 100 percent achievement rate.

Grape King Bio complies with government policies for "operators in the manufacturing, processing, blending, and import of soybeans" and established a food traceability management system. Products required for reporting to the mandatory information system were reported in April 2016, and are registered in the food traceability information system each month. The electronic invoice system that was adopted on January 1, 2017, also enabled the plants to effectively verify the quantities, amount, and flow of products to facilitate traceability in the event of a food safety incident.

5. Product Labeling

Grape King Bio complies with regulatory requirements in packaging and labeling, continues to update labeling content, food nutrition labeling, food

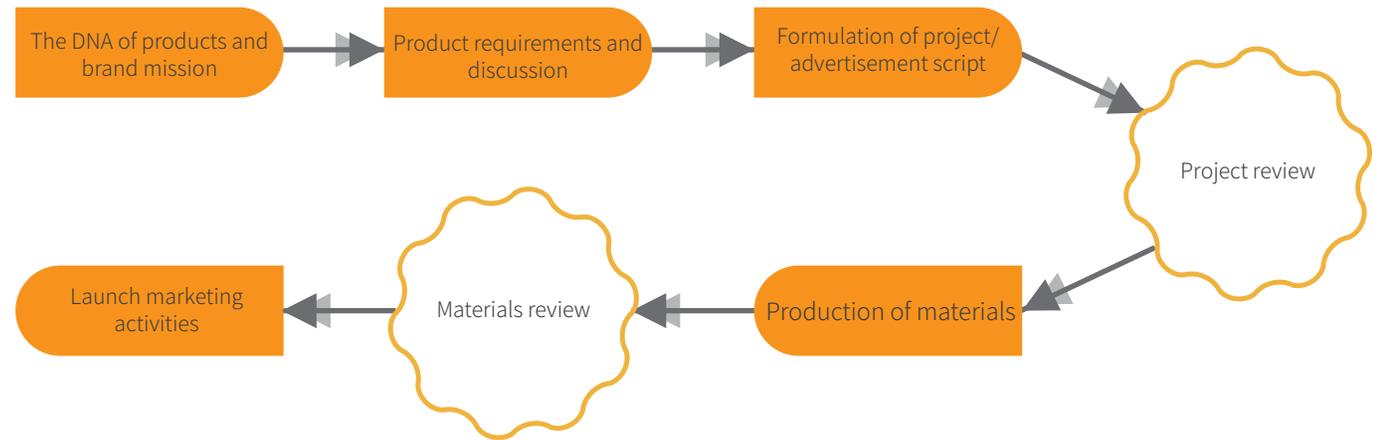
allergen labeling, genetically modified food labeling, Fungi food labeling, warning statements, food additives, and general material Labeling. We also revised our product packaging and labeling information to adhere to regulatory requirements so as to provide complete and correct information for consumers and to provide consumers with indispensable information and reasonable understanding of products during their purchases.

6. Product Advertisements Publicity Management

Grape King Bio upholds our mission of "Live Healthy, Think Grape King" continuing to gain trust from all levels of consumers. In order for consumers to fully comprehend our integrity and sincere attitude, we set up internal management procedures for advertisements and publicity in response to customers' needs and to avoid the possibility of a violation. All advertisements and production for the website and printed materials are reviewed by the Marketing and Planning Section, Product Planning Section, Innovation & Research Center, and the Quality Assurance Department who also provide recommendations before the Legal Department reviews the wording in accordance with the government's assessment standards. The publications can only be used if no violations were found. The legal affairs units of Grape King Bio also promote education and training on advertisement and labeling for related units on August 15, 2017, to ensure that the units understand the regulatory requirements. (Detailed publication review procedures are as follows)



- 1 Fungal product labeling-clearly labeling the parta
- 2 Complete labeling for food additives and ordinary raw materials
- 3 Warning phrase
- 4 Nutrition facts label
- 5 Fungal product labeling-clearly specifying scientific names
- 6 Fungal product labeling-clearly specifying the cultivation methods of fungi



7. Food Safety Compliance Status

In terms of advertisement and promotion, Grape King Bio received two official letters from the Department of Public Health in 2017 and was punished with fines. The business units are subsequently requested to provide product training to TV shopping channels and remind them of regulatory requirements.

In terms of product labeling, we received letters specifying two mislabeled products. The two products were in violation of the Act governing food safety and sanitation and Grape King Bio was punished with fines. We then corrected the existing products and immediately replaced the old packaging to comply with the regulatory requirements. Detailed violations and subsequent improvement measures are described in the table below:

Violations in 2017	Level	Subsequent improvement
The product labeling of "Grape King Original Ganoderma King Capsules" and "Original Antrodia King Mycelia Capsules" did not meet regulations	Mislabeling	Regulations were verified as violations after receiving the letter, but the quality of the content itself is unquestioned and harmless to human health. Corrections were implemented in accordance with health authorities and the labeling of the two products was revised to prevent future violations.
The external packaging of "Youth Lutein Marigold Extract Capsule" did not specify the content of lutein	Mislabeling	The labeling of the content of lutein was verified as required for the product after receiving the letter. It was part of the "Packaged Food Product Nutrient Declaration Compliance Q&A" issued by the TFDA. The Q&A was not officially announced and the Company did not immediately obtain information from the announcement. Grape King Bio recalled products and corrected the labeling. The labeling of the product was revised to prevent future occurrences.
"Grape King Bio Tian Qi Maca Essence Drink 6 bottles/box" product commercial was suspected of violation of Article 28 of the Act Governing Food Safety and Sanitation	Advertisement was suspected of exaggeration	The Grape King Bio business unit subsequently provided product training to TV shopping channels and reminded them of regulatory requirements to prevent exaggerations from occurring again.
"Grape King Bio Health Antrodia Liver Protection Dual-Use Set" product commercial was in violation of Article 28 of the Act Governing Food Safety and Sanitation	Advertisement was suspected of exaggeration	

We also use the ERP system to request reviews from related units for the Innovation & Research Center, business units/Sales and Marketing Division, Procurement Section, Quality Assurance Department, Quality Control Department, Product Planning Section, and Bioengineering Center to review the related labeling. The preliminary and final drafts are both reviewed by the units to reduce errors in labeling review and to maintain a positive image of the product.

8. Product Usage Safety Traceability and Improvement

We improved the aluminum cap design for glass bottle products to reduce the possibility of cutting consumers' fingers when they open the bottles. Grape King Bio monitors the changes in quality in the product sales period and performed stability tests for all products to prevent harm that could be brought to human safety, health, environment, and the product itself. We have adopted continuous verification, review, and control of product production procedures for the consumption purpose, methods, manufacturing methods, procedures, formulation of the final products, and consumption volume to ensure the quality and safety of the products. Customer satisfaction is also the goal of our present and future efforts and we hope to use the goal as a basis to create growth for Grape King Bio and provide the general public with a richer life.



3.4 Customer Services

3.4.1 Customer Service Goals

Grape King Bio has continued to optimize and enhance customer service quality by being committed to providing customers with the best service. In order to satisfy customers' needs, we strive to connect each link from goods, prices, services, images, feelings, to experience and based on Grape King Bio's core values of "technology, health, and hope," create a better future for our customers.

We have set up our goals to provide customer service with the highest quality.

1. We improve service quality such as "service process," "service attitude," "professional knowledge" and "protection of consumers' personal information and rights and interests."
2. We enhance our service quality and therefore raise our customer satisfaction through customer and service-oriented development processes.
3. We provide various types of services based on social trends and the interests of different ethnic groups in order to improve customer satisfaction in the "Service Quality" and "Empathy" dimension.
4. We encourage employees to attend internal training programs to acquire professional knowledge.
5. We strive to protect our customers' personal information and safeguard their rights and interests to the highest standard.

3.4.2 Customer Service Process

Grape King Bio's customer service-processing procedures are divided into general consultation and customer complaint processing. We have dedicated units to ensure customer opinions can be delivered and resolved in a timely and comprehensive manner.

1. General consultation: Grape King Bio provides customers with product consultation services to immediately respond to related questions of the consumers.
2. Customer complaints: For customers who call to file complaints, we aim to "actively notify customers of the processing status within one hour and close the case within 24 hours." We hope to use the procedures above to quickly respond to customer complaints and fully resolve the issues .

Responsible Units	Operators	Customer service center	Business Department	Quality Assurance Division	Responsibility	Sales/Finance Department	Logistics Center
Responsible Personnel	Operators Nutritionist	Product Manager Channel / Distribution Manager Channel/ Distribution Personnel	Quality Management staff in charge Quality Managing staff Quality Manager	Managers and other reviewing personnel	Staff in charge	Staff in charge	
Issues to be addressed	-Product Inquiries -Event Inquiries -Product Ordering	-Receiving calls from customers -Creating customer database	Product Ordering Procedure			Issuing invoices	Distribution
	-Complaints and Comments	1. Initial calls from customers Creating customer database Record all complaints and comments Solve customer complaints immediately	3. Receiving notifications Complaints will then be handled through the customer service process	4. Handling cases Confirm and determine the complained issues	5. Tracing the sample quality and tracking the complaint cases	6. Returns/Refunds/ Discounts	7. Tally/Shipping and Returning
Case Closure		13. Reply to customers Close the case	12. Reply to Operators	11. Investigating on related documents Quality Abnormality Form Report Reply to Business Department Manager	10. Reasons reviewing Solutions planning Improvement tracking Solutions confirming Effectiveness	9. Inform the staff in charge Inform the Sales/Finance Department to void the invoice	8. Inform the staff in charge immediately when receiving the returns

3.4.3 Customer Satisfaction

Grape King Bio has long endeavored to build our brand. For all consumers, we stress integrity, product quality, and customer satisfaction, while at the same time supplying safe products, safeguarding the rights of customers, offering accurate product information, providing high-quality after-sales service, giving necessary guidance, and endowing customers with the right to make independent choices.

We use CRM to filter out consumers who have used Grape King Bio's products for long periods of time and interview these consumers with the aim of understanding their incentives for using Grape King Bio's products and areas where we can make improvements. We perform a series of visits for 20 to 30 people and use the opportunity to allow customer service personnel to understand our consumers and to compile more accurate data and trends for the Company for research, development, and sales.

3.4.4 Customer Privacy

Grape King Bio provides customers with the highest standard of private information protection to protect their interests. The comprehensive protection measures are as follows:

1. Our computer systems are equipped with comprehensive firewall protection and each computer is equipped with anti-virus software to prevent the hacking and computer virus infections. We also perform system-wide vulnerability scans, hacking detection, and code review to minimize external hacking and the chances of losing internal data.
2. The digital security certificates of Grape King Bio's system are periodically managed, maintained, and updated.
3. Access to each personal computer requires an account and password and operators who are not designated to operate the computers are unable to access information. In addition, all letters containing personal information are encrypted.
4. Customer service personnel have fixed procedures for responding to questions. They verify the identity of the customer immediately for customer inquiries. If information or answers cannot be immediately provided, they would provide a response within the pledged time to ensure customers are able to obtain related information. The personal information and customer privacy are kept confidential and customers' privacy is never infringed upon.



4.0 Innovation and R&D

Important Events

- 4.1 Bioengineering Center
- 4.2 Product Development
- 4.3 Memberships of Associations
- 4.4 Patents

Continuous research development and innovation is a major task for sustainable corporate development and Grape King Bio is fully committed to an investment of resources in different products and services. The development of research and applications of the Bioengineering Center involves cooperation with domestic and foreign institutions to develop multiple products and elements and attract cooperation from other associations. The Center has applied for multiple patents and its outstanding performance and contributed to the glorious achievements of Grape King Bio.

Important Events

Important Events in 2017

Awarded the Innovative Product Award from the Taiwan Association for Lactic Acid Bacteria — Super 13 Pro & Prebiotics

Awarded the SNQ Symbol of National Quality Label for Health and Nutrient Food — Pai Ko Si

Awarded the SNQ Symbol of National Quality Label for Health and Nutrient Food — Beauty Drink

Awarded the SNQ Symbol of National Quality Label for Health and Nutrient Food — Ching Ming Liang

Awarded the SNQ Symbol of National Quality Label for Health and Nutrient Food — Huo Yi Kang

Awarded the Mr. Tseng Tung Commemorative Patent Invention Award from the Taiwan Association for Food Science and Technology — Vice President Chin-Chu Chen

Awarded the Outstanding Technical Staff Award from the Taiwan Association for Food Science and Technology — Section Chief Shi-Wei Lin

(Please refer to Chapter 2.2 for records of honors & awards)

4.1 Bioengineering Center

The Bioengineering Center was founded in 1991 for Research & Development and production of mushroom raw materials. R&D is responsible for the development and application of self-owned materials (key parts and components). Grape King Bio works with academic and research institutes in Taiwan on raw material and product development, performance verification and process improvement as an effort to establish our core technology.

The patents obtained in domestic and foreign collaboration projects in 2017 include:

- 9 Technology Development Policy projects with the Department of Industrial Technology and the Industrial Development Bureau of the Ministry of Economic Affairs.
- Approximately 20 Industry-University Cooperative Research Projects with the Ministry of Science and Technology, Council of Agriculture, and Ministry of Education.
- Grape King Bio currently holds 45 patents in the United States, China, and Taiwan for *Anurodia cinnamomea*, *Anurodia salmonea*, lactic acid bacteria, antibiotics, *Hericium erinaceus*, *Clitocybe nuda*, and *Cordyceps cicadae*.

Grape King Bio's fermentation facility is the largest in our industry in Taiwan, which includes six 1-ton tanks, one 2-ton tank, one 3-ton tank, three 5-ton tanks, one 10-ton tank, three 20-ton tanks, three 40-ton tanks and one 50-ton tank, as well as several smaller, 100-liter level tanks, with a total 50 tanks and adding up to 285 tons of fermentation production.

We plan to expand the fermentation capacity by 105 tons in the Longtan Plant in Hsinchu Science Park in 2018 and introduce automatic freezing and drying process to reduce the contamination rate and maintain quality stability. At the downstream production end, we have a wide variety of equipment which includes membrane concentration, freeze dryer, centrifuge, fluid bed spray granulator and filter press. This helps produce raw materials for health food products that will be branded as Grape King Bio, Pro-Partner, Grape King Shanghai and various OEM partners.



4.2 Product Development

Grape King Bio provides diverse services and products and we have never stopped the research and development of products. We have created a variety of different products from research and development for the demands of different people and remain focused on the development of formula design and biotechnology materials. Grape King Bio has achieved great results and shall continue to make improvements in the future.

4.2.1 Development of Actual Products

With the ever-increasing health issues such as chronic health conditions, falling fertility rate, as well as an aging population, general consumers have begun to pay close attention to what they eat and how daily diet can influence health. As a result, the nutritional value and functionality of products are becoming increasingly important.

Grape King Bio starts to evaluate substances and materials that are different from those seen in the market and tries to develop unique formulas, hoping that in the near future health food that features both palatability and functionality can be developed. In addition, we added "new dosage product development" operations in 2017. The development of new dosage products is not limited to the current in-plant production machinery and it can generally be classified into three categories: dropping pills, gel (gelatine) type, soft capsules and tablets (double-layered and chewable tablets). They are mainly used for other OEM plants for product design and sample production.

The product development team utilizes the fermentation techniques of the Bioengineering Center according to age groups or nutritional needs. They develop products featuring certain functions to embody the concept of "Health experts to take care your family." Our products can be categorized into 8 series and we have developed 126 products in 2017.

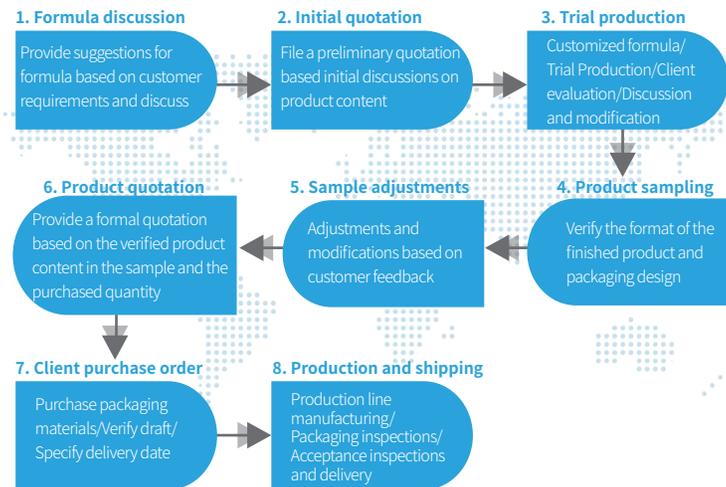
Product	Chinese Herbal Range	Health Maintenance Range	Female Beauty Range	Children Healthcare Range	Energy Drink Range	Tourist Factory	Nutrient Supplements	Domestic Consumables
Series								
Description	Products are developed based on Chinese herbal medicine and they include Grape King Bio's professional technologies in the fermentation of fungi to provide consumers with a full range of health products	These products maintain normal physiological functions and satisfy the requirements of different age groups and nutrition demand. Popular topics include the gastrointestinal system, bones and joints, vision and cardiovascular health and lactic acid bacteria products are suitable for all ages	Women love to maintain their beauty and female consumers care about simple and quick solutions to supplementing their daily requirements for nutrition in their busy lives	The greatest wish of parents is the health and growth of their babies and Grape King Bio develops products for the nutrient requirements of pre-school age children	"ComeBest, drink before you do it!" is a classic advertising line of Grape King Bio. A series of energy drinks quickly provide energy and plenty of flavors to choose from	Grape King Bio's tourism factory was established in 2017 and we helped develop products characteristic of Grape King Bio to attract consumers and provide them with better and convenient food products.	Modern people's diets are unbalanced and they often consume high-calorie food but still feel hungry. We provide the right amount of supplementary nutrients for consumers to increase and extend the sense of being full	Grape King Bio responds to multiple requirements of customers and works with external OEMs to develop products for domestic use that bring us closer to the lives of the general public.
Product Examples	Original Antrodia King Original Ganoderma King Coriolus Versicolor King Gold Cordyceps King Ginseng Clam Essence Double-layered tablets Tian Qi Original Ganoderma King Essence Drink	Probiotics King LGG special probiotics Marigold Lutein Complex Q10 Natto King Glucosamine King Slim Turmeric Complex	Snow Brightening Essential Drink Cranberry Q10 Queen Imperial Collagen Essence Amino Beauty Capsule	Ganoderma for Kids IQ King Marigold Lutein QQ for Kids	Comebest Energy Drink Gold Comebest Energy Drink Comebest 200p Energy Drink PowerBOMB Energy Drink	Antrodia Latte Coffee Ganoderma Latte Coffee Specialty tea eggs LGG soft serve Comebest soft serve Baby Rolls	Meal Replacement Pack Pumpkin seed protein supplement	Soap Shower gel Shampoo Hair conditioner Tampons
New Products Developed in 2017	24	38	21	6	7	20	3	7
Trial mass production (tied to Department targets)								

4.2.2 Formula Design Services

1. Grape King Bio provides customized formula design and OEM services and we have constructed an integrated platform

Apart from the development of self-owned products, Grape King Bio's product development team provides ODM/OEM service as well. We are capable of customizing products and recipes for our clients. Our current clients cover well-known direct sale or franchise corporations around the world. Grape King Bio's OEM service covers health improvement products, cosmetic drinks, functional drinks and PKL-packaged drinks. The dosage forms and package types of our ODM/OEM products include glass bottles, PKL Combibloc -packed drinks, aluminum foil pouch (for flakes, powder, and pellets) and capsules (for powder and pellets).

We have established a one-stop service OEM platform to provide integrated services from the import of upstream patented materials to categorized production line and back-end product packaging. Our product OEM services include: Health food products, beauty drinks, energy drinks, PKL Combibloc-packed drinks etc. Our one-stop service flow is illustrated as follows:



2. Professional consultation services

Grape King Bio's R&D team provides professional marketing strategy consultation on raw materials and products based on clients' needs. We also implement strict controls of raw materials and product quality regulations to ensure the stable quality of products and provide customers with related after-sales consultation services. E.g. health and nutrition consultation for marketed products as well as related health food product document consultation services for customers.

4.2.3 Material Development

The development of new materials for health improvement and cosmetics is one of our R&D team's focuses, the materials we have developed are listed as follows:

- Cordyceps cicadae mycelium: Protects kidney functions and fights dry eye syndrome
- Hericium erinaceus mycelium: It is rich in Erinacine A and induces nerve growth factor (NGF)
- Malaysian national treasure Lignosus rhinoceros: Helps fight asthma
- Clitocybe nuda mushroom mycelium: Generates antioxidant ergothioneine

The Bioengineering Center also accepts OEM requests including:

- Fungus materials (e.g. Ganoderma, Agaricus subrufescens, Antrodia, Caterpillar fungus, Coriolus versicolor etc.)
- Probiotics (e.g. Coccus, Bacillus, Bifidobacterium, yeast, and Clostridium butyricum etc.)
- Other edible microbes, enzymes, and metabolites

4.3 Membership of Associations

Participation in external organizations and participation format in 2017		
Associations participated	Associations participated	Associations participated
International Life Science Institute Taiwan	Supervisor	●
Taiwan-Japan Cooperation on Industrial Technology		●
Health Food Society Taiwan	Director	●
Taiwan Association for Food Science and Technology	Supervisor	●
Taiwan Agricultural Chemistry Society	Director	●
Mycological Society of Taiwan	Supervisor	●
Biochemical Engineering Society of Taiwan	Supervisor	●
Taiwan Lactobacillus Society	Standing Director	●
Taiwan Testing and Quality Assurance Society (TTQAS)	Director	●
Health Food Society Taiwan	Standing Director	●
Taoyuan Pharmacist Association		●
Research Center for Biotechnology and Medicine Policy		●
Institute for Biotechnology and Medicine Industry		●
Taiwan-Japan Cooperation on Industrial Technology		●
Taiwan Halal Integrity Development Association		●
Taiwan Quality Food Association		●
Taiwan Accreditation Foundation		●
The Institute of Internal Auditors, R.O.C.		●
Taiwan Pharmaceutical Manufacturers Association		●
Taoyuan City Industrial Association		●
Taoyuan City Chamber of Commerce		●
Taoyuan Importers & Exporters Chamber of Commerce		●
Taiwan Institute of Directors		●
Chinese National Association of Industry and Commerce, Taiwan		●
Taoyuan Tourism Factory Advancement Association		●

4.3 Patents

Grape King Bio is dedicated to the research and development of materials, function verification, and improvement of the process to strengthen the Company's core capabilities. We currently hold 45 patents. Grape King Bio has filed 16 patent applications in 2017 and obtained 6 patents. Please refer to our website for detailed information on patents:

<https://www.grapeking.com.tw/tw/rd/patent-paper/patent>

Patents obtained by Grape King Bio in 2017		
Patent Name	Country	Patent No.
1 Probiotic embedding particles	ROC	I587863
2 Encapsulation of lactic acid bacteria using Hericium erinaceus mycelium for induction of nerve growth factor synthesis	China	ZL 201620459984.4
3 Active substances for the prevention of hearing loss, preparation methods, pharmaceutical combination, and the preparation methods of the pharmaceutical combination	ROC	I595880
4 Production methods of purified maleic acid derivatives using high-performance centrifugal partition chromatography	ROC	I598332
5 Cordyceps cicadae active material and its usage in the promotion of liver cell growth	ROC	I601824

6	Active substances for the treatment of dementia, preparation methods, pharmaceutical combination, and the preparation methods of the pharmaceutical combination	ROC	605819
7	Antrodia mycelium fermentation used to improve non-alcoholic fatty liver disease, its preparation methods, and usage	ROC	Pending

Total number of patents applied: 16





5.0 Employee Relations

- 5.1 Employee Policies and Human Resources Structure
- 5.2 Employee Benefits and Care
- 5.3 Employee Training and Development
- 5.4 Diverse Communication
- 5.5 Occupational Safety



5.1 Employee Policies and Human Resources Structure

5.1.1 Policies and Goals

Since our founding, Grape King Bio has been consciously committed to human resource development and continued to adjust and improve our HR scope. Employees are our most important assets and the following policies and goals are established as guidelines for our employment policy:

1. HR policies :

- Recruitment policy: Emphasize being active, positive, honest and acting with integrity, teamwork, and getting the right person for the right position.
- Training policy: Ensure quality training systems; progress in both business and personal careers.
- Employment policy: Establish a system which boosts the effectiveness and flexibility of management.
- Policy for maintaining talent: Experience commitment and trust; provide incentives for keeping talent.
- Assessment policy: Objective-oriented management, payment by performance; a clear distinction between rewards and reprimands.

2. HR goals:

- Improve HR structure and bring out the best in our team.
- Optimize recruitment quality and speed through multiple recruitment channels.
- Introduce objective-oriented performance management and establish a friendly competition company culture.
- Separate employees with good performance from those who require improvement and encourage all employees to do their best.
- Provide a healthy payroll system and create a sense of happiness for employees.

5.1.2 Recruitment Channels

Grape King Bio does not tolerate any discrimination in the recruitment, selection, employment, assignment, allocation, performance assessment or promotion of job applicants. We hire disabled individuals in accordance with the percentage required by the laws. In addition, we provide job opportunities to the mentally disabled children from the Chensenmei Social Welfare Foundation and conduct this recruitment process on a long-term basis.

In general, our talents are recruited through job agencies, headhunters, career fairs and government employment services. In addition to effectively utilizing the channels mentioned above, Grape King Bio values the following channels:

(1) Cooperation between industrial and academic sectors

We have long-term partnerships with many universities and colleges through industrial-academic cooperation and help young students acquire professional knowledge through internships. During the process, we seek out candidates whom we work well with and whom we deem as promising. They are then invited to join us as valuable partners.

(2) Internal recruitment

When a position becomes available, we do not only seek external candidates. We search within our corporation and encourage employees to apply for promotion.

(3) Referral by employees

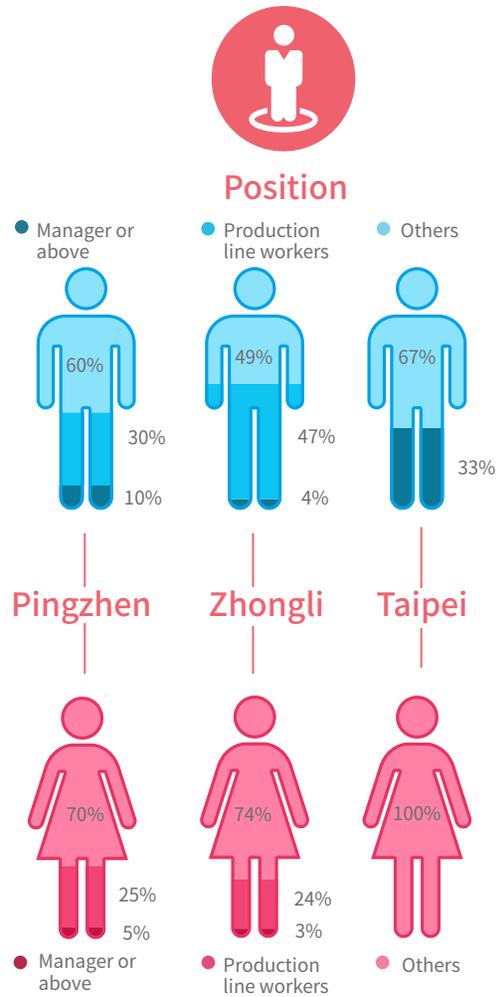
Those who are referred by current employees are usually guaranteed with a certain level of sophistication. Therefore, we encourage internal referrals and offer a fair and consistent selection procedure in order to make the most out of employees' referrals.

(4) Actively seeking new talent

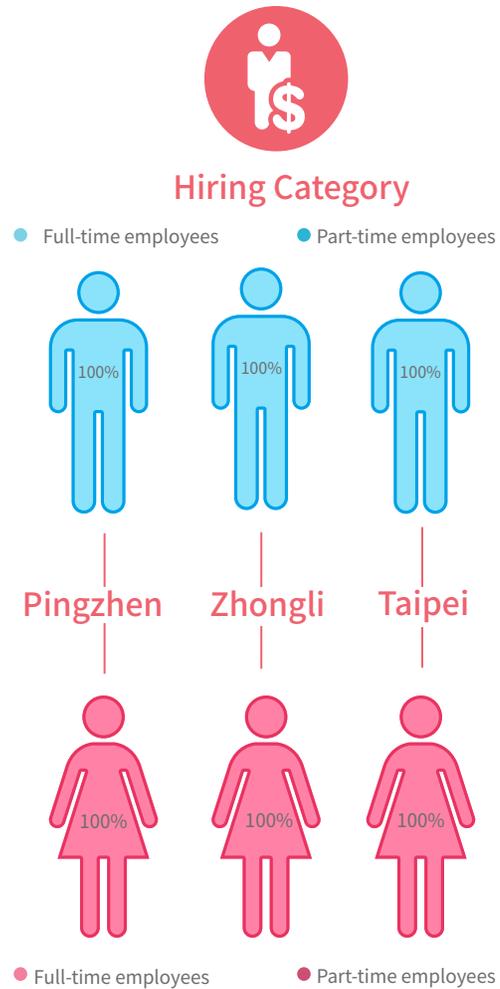
While most companies wait for resumes from applicants, we actively encourage our HR staff to utilize external resources and search for candidates who meet the company's requirements. Regardless of what business they are in or what background they have, we are always interested in recruiting them as long as they are suitable and qualified talents.



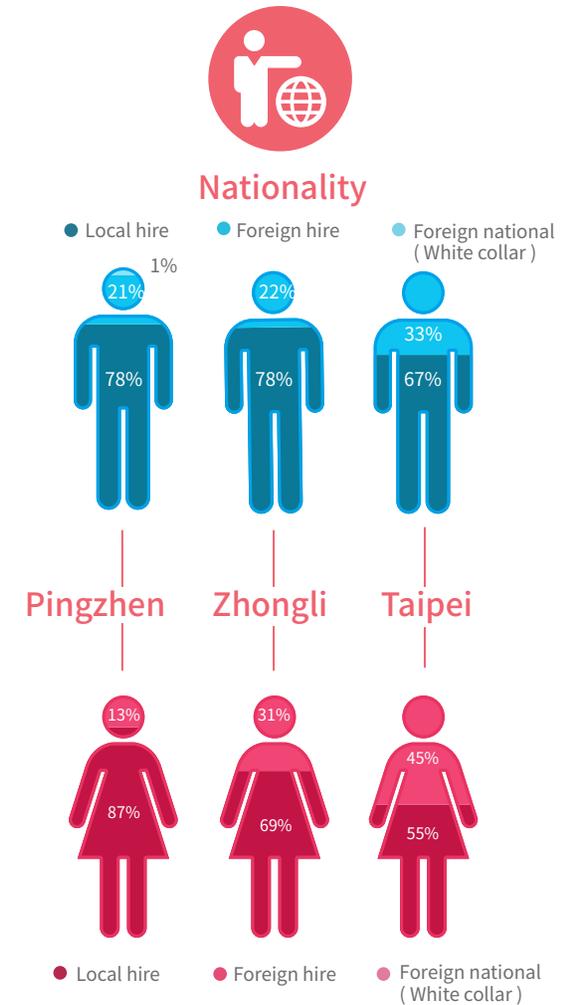
2017 Grape King Bio has the following employment structure :



Note: In 2017, employees in Longtan plant are calculated and managed under the Pingzhen plant.



Note: In 2017, employees in Longtan plant are calculated and managed under the Pingzhen plant.

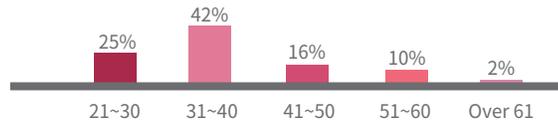


Note: In 2017, employees in Longtan plant are calculated and managed under the Pingzhen plant.

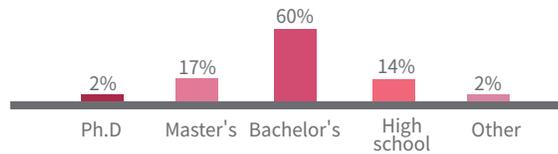
2017 Grape King Bio employee education and age distribution



Age



Educational Level



We hire physically or mentally challenged and indigenous employees to ensure equal rights are provided to all ethnic groups

		2015	2016	2017
Total number of employees		293	321	361
Indigenous employees	Number	1	1	1
	Percentage	0.34%	0.31%	0.28%
Physically or mentally challenged	Number	3	3	3
	Percentage	1.02%	0.93%	0.83%

Grape King Bio's recorded employment ratio (M: F) in Recent years are listed below:

Recorded employment ratio (M: F) in recent years are listed below			
Item	2015	2016	2017
All workers, M:F	50% : 50%	49% : 51%	50% : 50%
New recruits by year, M:F	68% : 32%	45% : 55%	64% : 36%
Starting salary ratio for new male and female recruits (with the same job description)	01:01	01:01	01:01
Welfare input value ratio, M:F	01:01	01:01	01:01

Grape King Bio's ratio of new hires in 2017 was 21.88 percent, a substantial increase of 8.42 percent from 2016. The separation rate declined 6.37 percent from the previous year. We provide domestic employment opportunities and a stable work environment for employees. Grape King Bio's ratio of new employees and separation rate in the most recent three years are as follows:

Item	2015	2016	2017
Ratio of New Hires	20.40%	13.46%	21.88%
Separation rate	7.75%	7.37%	6.37%

Note: Ratio of new hires = [total new hires of the current year]/[total employees at the end of the current year]; Separation rate = [number of people resigning in the current year]/[number of employees at the end of the current year]





2017 Distribution of new recruits / resigned workers by gender

Distribution of new recruits / resigned workers by gender																	
Category	Age	Pingzhen				Zhongli				Taipei				Total			
		Male		Female		Male		Female		Male		Female		Male		Female	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
New Recruits	21~30	2	14%	6	43%	10	71%	5	36%	0	0%	1	17%	12	41%	12	41%
	31~40	9	64%	1	7%	10	71%	6	43%	1	17%	1	17%	20	69%	8	28%
	41~50	5	36%	1	7%	4	29%	1	7%	0	0%	0	0%	9	31%	2	7%
	51~60	1	7%	0	0%	0	0%	1	7%	0	0%	0	0%	1	3%	1	3%
	Over 61	0	0%	0	0%	0	0%	1	7%	0	0%	0	0%	0	0%	1	3%
Resigned Workers	21~30	5	36%	1	7%	1	13%	3	38%	0	0%	1	17%	6	21%	5	17%
	31~40	4	29%	3	21%	3	38%	1	13%	1	17%	3	50%	8	28%	7	24%
	41~50	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	51~60	0	0%	2	14%	0	0%	0	0%	0	0%	0	0%	0	0%	2	7%
	Over 61	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%

Note: In 2017, employees in Longtan plant are calculated and managed under the Pingzhen plant.



5.1 Employee Benefits and Care

5.2.1 Salary and Welfare

1. Competitive Overall Salary and Benefit System

Every year, we compose a budget plan for the distribution of pay raises, mid-year bonuses, year-end bonuses and other rewards. These bonuses and rewards are distributed at specific time points. A well-defined system (including salary level based on job title, performance assessment and management system, and change management system) is established to provide a transparent pay raise policy, promotion changes, bonuses, and rewards. Our payroll policy is to be better than the industry's average. The following statistics are provided:

Item	2015	2016	2017
Salary level	Salary level>1.5	Salary level>1.5	Salary level>1.5
Month and number of pay raise	Pay raise in either April or October		
Year-end bonus	Distributed at the beginning of the year		
Mid-year bonus	Distributed in the middle of the year		
Average annual pay	20 months or more of the monthly salary		
Holiday bonus and gift	Holiday bonus or gift on Chinese New Year / Labor Day / Dragon Festival / Zhongyuan Ghost Festival / Moon Festival / birthday		
Remark	Salary level = average pay of a worker ÷ average salary level of the industry		

(1) Parental Leave

All our regulations have been composed in accordance with the law, including paternity leave, parental leave, maternity leave, sick leave etc. Our employees can evaluate their situation and apply for leave according to their needs. We grant leaves according to regulatory laws. The following data are provided: Those who requested parental leave are all female workers and there were 41 employees who qualified for parental leave.

2017 Number of Employees Who Took Parental Leave of Absence, Return to Work Ratio and Retention Ratio

Item	2015	2016	2017
No. of workers requesting paternity leave	8	5	6
No. of workers requesting maternity leave	6	7	5
No. of workers requesting parental leave	4	3	2
Return to Work Ratio	100%	100%	100%
Retention Ratio	100%	100%	100%

Note:
 Return to Work Ratio= Number of Employees that actually returned from parental leave in 2017/ Number of Employees that should return from parental leave in 2017
 Retention Ratio= Number of Employees that returned from parental leave in 2016 who worked for a full year in 2017/ Number of Employees that returned from parental leave in 2016

(2) Retirement system and its implementation

We have a complete set of employee retirement rules established according to the Labor Standards Act and we allocate the required amount every month to every designated bank account according to the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds. For any employee who:

- Is 55 years old or older and has provided his/her service for 15 years or more
- Has provided his/her service for 25 years or more
- Is 60 years old or older and has provided his/her service for 10 years or more

may request retirement. We award 2 base points for every year of service and 1 base point for every year of service from 15 years and beyond. No more than 45

base points can be accumulated. Less than half a year of service is considered half a year and less than a full year but more than half a year of service is considered a full year.

 **\$22,993,476**

Labor pension preparatory fund account

 **8 人**

Number of employees retired in 2017

2. Welfare Committee

Grape King Bio follows basic regulations by providing employees with basic welfare and also has a well-established Welfare Committee. According to the Regulations Governing the Organization of the Employee Welfare Committee, the Committee shall hold a meeting every three months, and an ad hoc meeting shall be called when necessary. Its duties include (1) Compilation of the budget of the current year; (2) Planning group recreational and tour activities; (3) Inspiring employees' participation; (4) Signing contracts with partner stores.

The Committee shall expand activities next year by organizing badminton matches, bowling, and movie screenings. Total expenditures of the Employee Welfare Committee in 2017: NT\$6,609,301.

After the government's announcement of the one fixed day off and one flexible rest day regulations, we have implemented related policies in accordance with regulations. However, due to our rapid increase in capacity and the relative inflexibility of the schedule adjustments caused by the policy, we have made corresponding strategic adjustments as follows:

1. 2018 personnel supplementary program.
2. Supervise employees' overtime work hours with the department supervisor and plant medical service each month to prevent overwork and negative impact on health.
3. Educate department supervisors on labor laws.



Dedicated column: Employee Healthcare

One full-time registered nurse provides services to a total of approximately 380 employees (including the Zhongli Plant, Pingzhen Plant, Longtan Plant, and Taipei Office). Professional medical specialists provide services for 2 hours at the plant once each month. Grape King Bio invested NT\$770,862 in employee health management in 2017. 18 health promotion activities were organized in 2017 with a total of 1,801 participants.

1. Objectives

Grape King Bio regards employee health as a crucial part of our corporate responsibility and places great emphasis on employees' health management. To take care of employees' health, we have planned comprehensive health inspections and organized related health promotion activities so that all employees could receive comprehensive health care and our ultimate goal is to promote independent health management for all employees.

 Comprehensive healthcare: We organize periodic regular and special health examinations for a hazardous environment. We also work with local Health Centers to organize examinations for four types of cancers. We organize personal health examination report consultation programs after the annual health examination for employees to learn more about their own health and provide follow-up and reference services in order to achieve the goal of early discovery and early treatment.

 Health promotion program: We use the results from surveys on employees' lifestyles, health requirements, and health promotion activities at the end of each year and results of the annual employee health examination to plan labor health management programs for the following year. We also organize various health promotion activities for employees to establish health knowledge and skills and promote their physical and mental health.

 Professional specialist physician onsite service: We exceed regulatory requirements and appoint licensed professional specialist physicians to provide onsite services once each month for employees to enjoy professional medical consultation services in the Plant. We have also established a health management center and appointed a full-time registered nurse to provide services onsite and provide emergency response and care as well as employee health consultation services. We also established AED and other emergency equipment for use in emergencies.

2. Health Risk Management

We survey all our employees to understand their employees' lifestyle, health requirements, and demand for health promotion activities in order to discover employees' health issues and related health requirements. Appropriate health examination plans are planned each year based on the gender, age group, and work environment of employees in hopes of discovering potential and existing health issues at early stages. Related health management plans are as follows:

Event	Contents
1. Establish health management plans each year	We use the results from surveys on employees' lifestyles, health requirements, and health promotion activities to plan labor health management programs for the following year. We also organize various health promotion activities for employees to establish correct health knowledge and skills and promote their physical and mental health.
2. Promote health seminars	We arrange and implement various health management and health promotion programs as well as health seminars in accordance with the labor health management plan of the year.
3. Provide comprehensive care for specific cases	Tiered health management measures are implemented in accordance with results of health examination of the current year (including annual health inspections and special operations health examinations). We arrange specialist physicians for employees on the health risk list to provide health consultation, health care, and health education, and to encourage them to pursue follow-up treatment at hospitals or treatment facilities based on individual requirements in order to obtain continuous and comprehensive health care.
4. Evaluate related workplace hazards and make improvements	Filter out items that require improvements based on items that are abnormally high in the health examination results. Establish improvement plans based on the results of risk assessments. Evaluate whether there are related physical, chemical, or human-factor hazards at the workplace and work with occupation safety personnel and plant medical services to implement various preventive and improvement plans.

5. Establish related measures and regulations for health management	Establish various health management measures such as standards for selecting and assigning workers, standards for evaluating restoration of work, operating regulations for female workers and maternity health protection, operating procedures for preventing diseases caused by abnormal workload, management procedures for human-factor hazards, health management procedures, and operating procedures for employee health examination.
6. Appropriate arrangements for disadvantaged groups	Compile a list of employees with disabilities and follow up on their health status from time to time and assign appropriate work for them. Provide maternity care for pregnant colleagues and provide related instructions during pregnancy period and breastfeeding instructions. Evaluate the characteristics of the work environment and assign appropriate work.
7. Follow up on injuries of employees	Assist employees who suffered occupational injuries and conduct investigations on occupational injury incidents. Evaluate the employees' return to work and health care and follow up on related injury and illness conditions.
8. Promote voluntary health management awareness	Promote independent health management and establish a personal health passport. Establish various reward measures to encourage employees to actively monitor personal blood pressure, blood sugar, uric acid level, weight, body fat etc. and provide appropriate health instructions and guidance on drug use.





Dedicated column: Employee Healthcare

(1) Health Promotion Advancement Scope

Grape King Bio arranges and implements various health management and health promotion measures in accordance with the labor health management plan of the year and encourages participation from all employees.

I. Individual health resources

1. We provide subsidies for new employees with respect to regular health examination and special health examinations for specific work. The plant medical service evaluates the selection of employees and provides resources for health management implementation plans during the employment period for abnormal items discovered in the health examination.

2. We provide free annual health examinations and health examinations for special operations each year. We implement tiered employee health management measures by analyzing the results of health examinations and arranging specialist physicians for employees on the health risk list to provide health consultation. We also arrange follow-up treatment at hospitals or treatment facilities based on individual requirements in order to provide the best care for employees.

II. Physical health work environment

1. We work with plant physicians, plant nurses, and occupational safety personnel to conduct onsite work environment surveys for high-risk employees and units. We evaluate whether there are any possible hazards and perform related prevention, education, training, or engineering improvement measures.

2. We evaluate and implement various health protection measures for pregnant employees and other employees with disabilities and assign appropriate work arrangements for them.

III. Team Building work environment

1. We provide subsidies for department dinner parties so that supervisors and employees have opportunities to spend time together and communicate. We also establish SOP for preventing illegal violations in the performance of duties.

2. We appoint a psychiatrist to provide services onsite and provide all employees with consultation channels for psychological challenges. The Human Resource Department also established various complaint channels including a complaint mailbox, sexual harassment prevention mailbox, labor rights, mail, telephone number etc.; the service satisfaction rate of the psychiatrist's onsite service is 88.2 percent.

(2) Health Promotion Implementation

According to the results of the employee health examination in recent years, approximately 60 percent of employees are at high-risk for metabolic syndrome and 30-40 percent are overweight.

To help employees cope with the hazards caused by obesity and metabolic syndrome, Grape King Bio is dedicated to building an environment from top to bottom that encourages exercise. The Chairman Andrew Tseng led our supervisors and employees to participate in all kinds of sports and we have appointed a full-time registered nurse to take charge of employee health promotion affairs. We also organize various sports events, courses, and competition and we set up a gym at the office for employees to exercise and cultivate their independent health management capabilities. We continuously arrange a series of healthy aerobic courses throughout the year and encourage employees to cultivate regular exercise habits. The overall satisfaction rate of health promotion activities was 95 percent and the overall satisfaction rate of employees participating in health and weight management challenges was also high at 93 percent.

We evaluate the performance of each health management and health promotion activity at the end of each year and adjust related activities in the following year to increase employees' health awareness and health management.



Specialist physicians provide onsite services: We exceed regulatory requirements and appoint licensed professional specialist physician to provide onsite services for two hours each month. The physician provides health consultation, health care, pregnancy breastfeeding care and consultation services, workplace inspections, occupational injury assessment and consultation, work assignment evaluation, return to work.



Health requirements assessment: We use the results from surveys on employees' lifestyles, health requirements, and health promotion activities at the end of each year and results of the annual employee health examination to plan labor health management programs for the following year. We also organize various health management and health promotion activities for employees based on the labor health management plan of the current year. We obtained (1) exercising corporate certification, (2) Taoyuan City high quality breastfeeding room certification, (3) healthy workplace certification in 2017.



The health promotion activity this year was "year-round healthy aerobics and fresh air for life": "Grape King Bio's 2017 Fat for Cash Health Program" health weight loss challenge provides higher bonuses to increase employee participation. About 150 employees (approximately 50 percent) registered for the weight-loss competition and 74 employees participated in 17 groups. The number of participants increased by 17 percent from that in 2016.



5.3 Employee Training and Development

5.3.1 Human Resource Development

We value the career development of all employees and we encourage them to grasp all kinds of opportunities for learning. Employees are also happy to provide feedback to us with the knowledge they have acquired and a positive learning cycle is formed in the organization. We also actively introduce various management systems.

For example, the objective-oriented performance management system effectively separates good performance from bad and the performance assessment is fair and transparent. By implementing a performance bonus weighing mechanism, we encourage workers to drive themselves towards the established objectives and beyond. A reward and punishment system is established so that good performance is rewarded and poor performances must meet disciplinary actions. A role model system is established to allow excellent workers to transfer their positive ambitions to the workplace and stimulate a sense of honor that encourages employees to look up to outstanding employees and to learn from them. The following are descriptions of the aforementioned measures:

1. Objective-oriented performance management system

It is provided to separate good performance from bad with the fair and transparent performance assessment; a performance bonus is implemented to encourage workers to set goals.

The objective-oriented performance management system explained in the following:

(1) Objectives are set through a top-down process

At the beginning of the year, the GM office comes with the annual business objectives based on the future development of the

company. The department heads receive the objective related to their departments and supervise those working under him/her to get the job done according to the duties of individual positions.

(2) Objectives are achieved from a bottom-up approach

Every department achieves its departmental objective collectively with the achievement of personal objective and the achievement of departmental objective adds up to the achievement of company objective.



2. Duo System

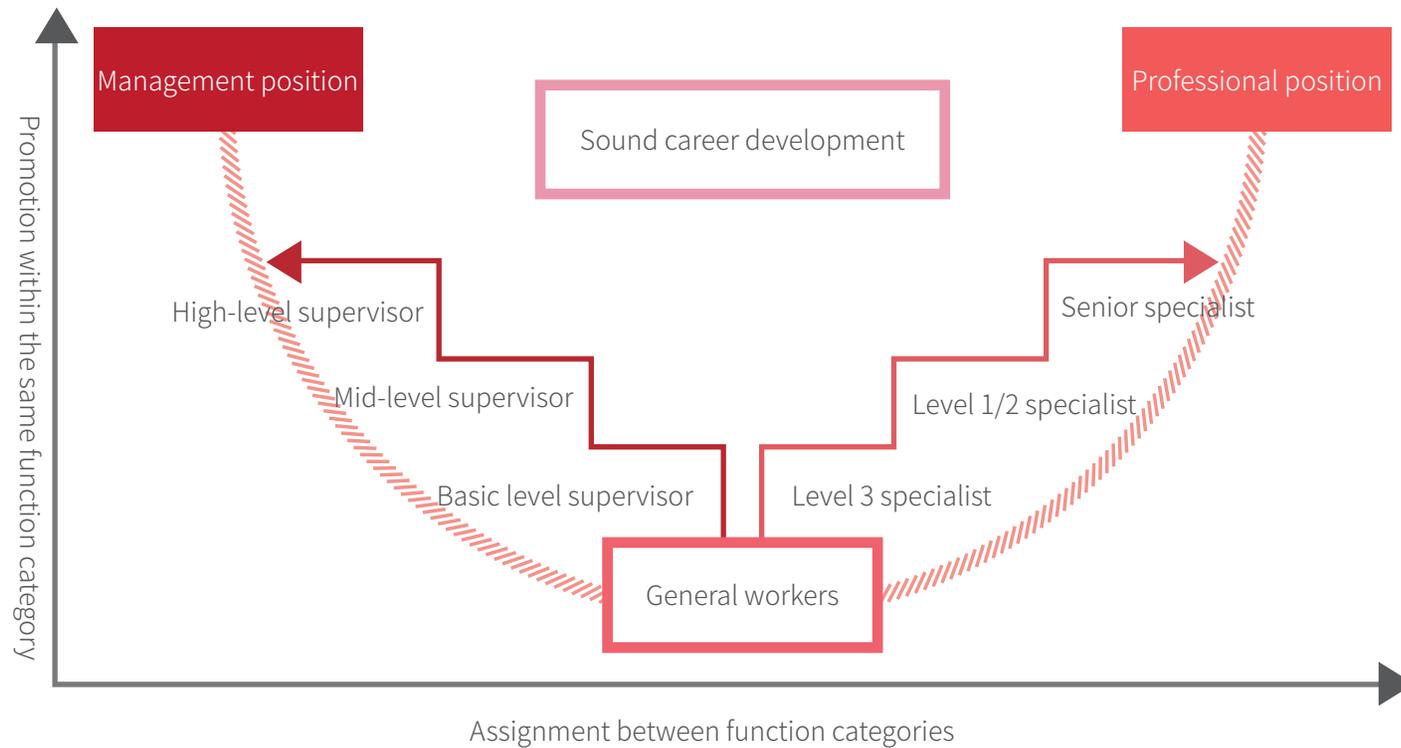
We organize our talents into two categories: management talents and professional talents. These groups are given the opportunity to choose their learning path so that every individual is able to put what they have learned to good use.

(1) Development of our learning roadmap

The professional ability and competency required for every function category (production, marketing, HR, R&D, and finance) are clearly defined, and the current development of workers is compared to identify the skills and knowledge gap before providing the proper training.

(2) Develop personal learning roadmap

The direction in which we are heading towards is combined with the career development of every worker to picture their learning roadmap according to each individual. This is to ensure that the path of growth of individuals and that of the company can be transformed from parallel lines that never intersect into intertwining paths that are developing in the same direction.



3. Performance assessment-bidirectional communication and mutual trust

At the beginning of the year, the personal objective of each individual worker is established through communications between the department head and the individual worker. Performance tracking and adjustments are conducted in the middle of the year and performance assessment at the end of the year. The assessment result is linked to not only the bonus, salary, job assignment, promotion and pay raise, but also to future training needs. Workers and their supervisors maintain good communications throughout the performance assessment to ensure that the assessment results are credible and complete. Our implementation status for assessments in 2017 is shown in the table below:

Item	Objective	Time(s)	Target(s)
Evaluation of new employees	Objectively evaluate the performance and suitability of new employees on the job.	66	New employees within their first 3 months
Year-end evaluation	Evaluate employees' performance and develop employee capabilities objectively and fairly to achieve company goals, improve company performance.	361	Management and regular administrative personnel/onsite operators

5.3.2 Training Plans

Our strategic configuration and development objectives are based on our missions (the corporate soul), visions (the company's objectives for individual stages) and core values (shared behavioral values). Our training needs are confirmed and training objectives and plans established through gap analysis (status quo and gaps). We regard education and training as the most cost-efficient investment instead of regarding it as cost and we hope to inspire employees' maximum potential with education and training.

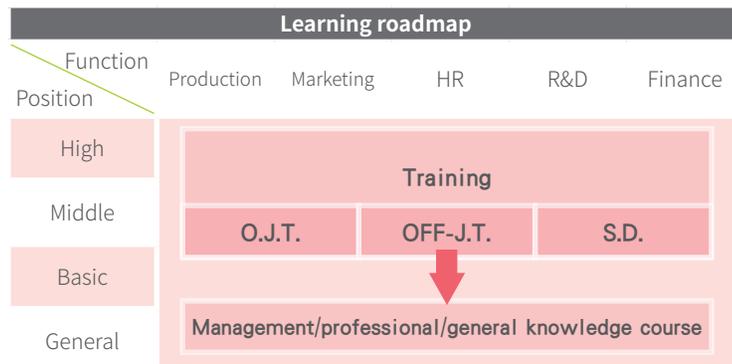


1. Training Objectives



2. Training Type

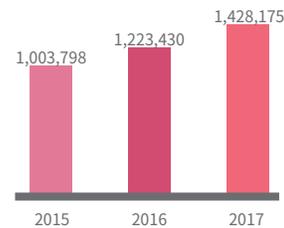
- (1) There are internal and external training programs depending on where the training takes place.
- (2) There are management courses, professional courses and general knowledge courses depending on the nature of their needs.



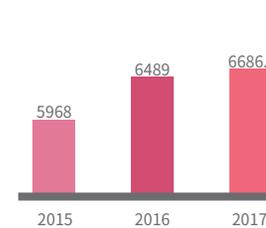
Statistics on Grape King Bio's training participants and hours based on employee categories in 2017 are shown in the table below:

Category	Employee category	Pingzhen		Zhongli		Taipei		Total by region		Total	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Annual total hours of training	Manager or above	103	115.5	48.5	18.5	14	9	165.5	143	3315	3372
	Production line workers	220	99.5	769	106	0	0	989	205.5		
	Others	917	1413.5	1177	1525.5	66.5	84.5	2161	3023.5		
Annual total number of trainees	Manager or above	37	23	30	10	6	4	73	37	979	1055
	Production line workers	72	45	203	36	0	0	275	81		
	Others	273	441	339	475	19	21	631	937		
Annual Training coverage	Manager or above	85.7%	100.0%	100.0%	100.0%	100.0%	100.0%	89%	100%	91%	96%
	Production line workers	85.2%	91.3%	90.9%	93.3%	0.0%	0.0%	88%	92%		
	Others	89.8%	97.4%	100.0%	94.2%	100.0%	83.3%	95%	95%		
Annual average hours of training	Manager or above	8.6	9.6	4.0	1.5	1.2	0.8	13.8	11.9	276	281
	Production line workers	18.3	8.3	64.1	8.8	0.0	0.0	82.4	17.1		
	Others	76.5	117.8	98.0	127.1	5.5	7.0	180.1	252.0		

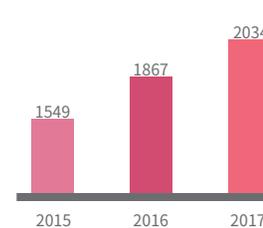
Total annual training cost(NTD)



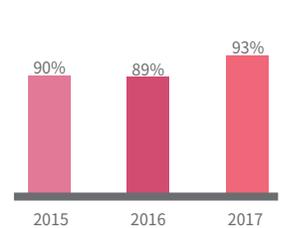
Total annual training hours



Total annual training participants (no. of people)



Total annual training prevalence (%)



3. Providing Incentives while Retaining Talents

In order to keep talent and provide incentive rewards, we have designed incentive rewards at four different periods of the year. The year-end bonus is distributed in January, job assignment and pay raise in April, a mid-year bonus in July, and job assignment and pay raise in October. It is designed so as to separate good performance from poor performance and link excellence with incentive measures in order to improve our overall performance. It also connects future potential and salary changes, which encourages employees to improve themselves. The following items are taken into account when deciding the rewards:

- (1) Bonus and pay: the annual performance and objective achievement of a worker are considered together with the annual profits of the company.
- (2) Changes and pay raise: the factors for consideration are whether the current pay of a worker is reasonable, his/her performance at work, future potential, annual pay raise budget, salary balance inside and outside of the company, and price level.

4. Internal Rotations

Grape King Bio's employee rotation management regulations are implemented in response to our organizational requirements and employees' career development for all employees to meet their requirements for jobs and maximize their potential. All our employees have opportunities for changes in position level, job level, special changes, and rotations. Internal employees may apply for changes based on the status of job openings in the company and provide related written information to the Human Resource Department. Employees that pass the written review shall be required to pass two interviews before the General Manager makes the final decision to complete the internal rotation. We adopt an open perspective on implementing internal rotation for employees and we adopt rigorous procedures to control related operations in order to guarantee the rights of employees and the company.

5.4 Diverse Communication

5.4.1 Labor-management Communication Mechanisms and Processing Employee Complaints

1. Establish employee complaint channels

Grape King Bio has provided several functioning channels for reporting complaints in order to prevent any illegal and unethical misconduct that violate the rules of the company or the government. Any individual is welcome to file a report or complaint one of the following channels:

- (1) Complaint telephone line
- (2) Suggestion boxes
- (3) Complaint emails (email)

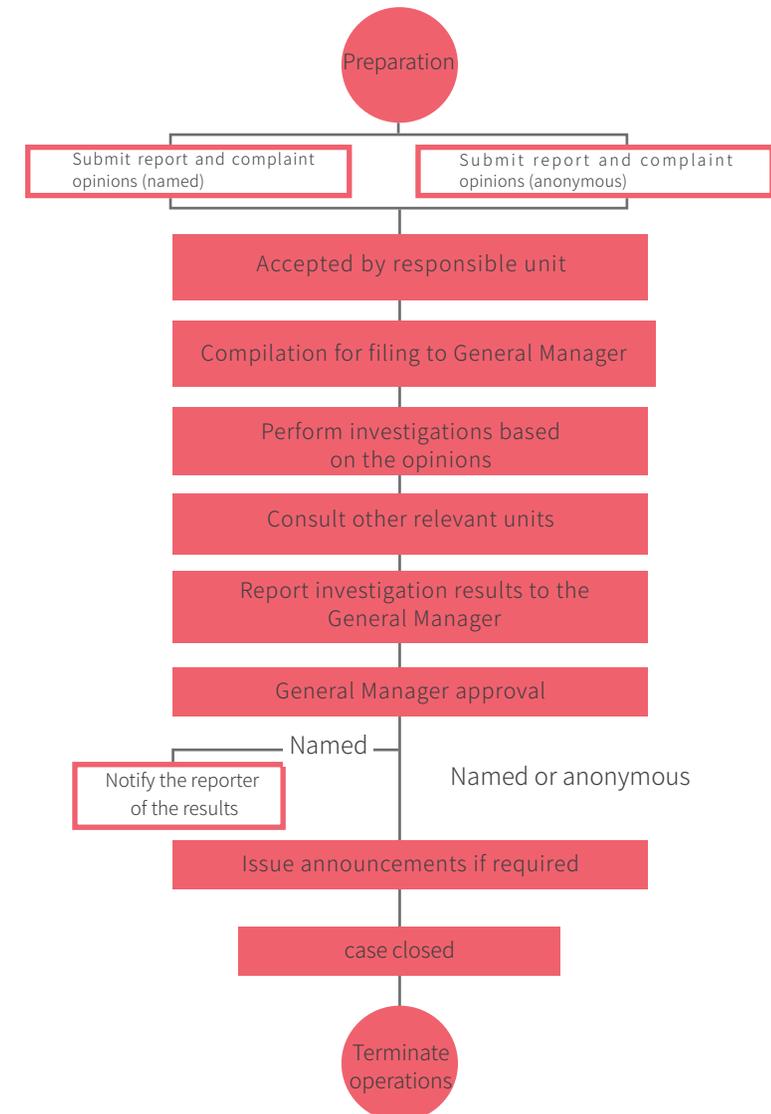
2. Sexual harassment in the workplace is strictly forbidden

Grape King Bio has regulations implemented to prevent sexual harassment occurrences and it is publicly disclosed for transparency. Any sexual harassment can and should be reported through the report systems. Fortunately, we have not received any complaints about sexual harassment.

3. Regular employer-employee meetings

Grape King Bio calls for employer and employees meeting on a regular basis to allow both sides to express their thoughts about the company, ensuring that voices from different functional departments can be heard.

Report and complaint procedures



4. Prevent forced labor

Grape King Bio keeps a close eye on the working hours of every department, making sure that no law is violated and that no one is forced to work more than he/she should.

5. Unscheduled meetings

We organize periodic labor-management meetings each quarter to communicate on various labor-management issues and we also organize interviews from time to time such as interviews for new employees, on-the-job interviews, and departure interviews so that the company is able to understand the employees' work status on a regular basis or for the employee to express their views or opinions through such channels as feedback mechanisms to the company.

They are divided into new employee, on-the-job, performance, and departure interviews:

- (1) New employee interview: Understand how new employees adapt to each department and provide appropriate assistance if necessary
- (2) On-the-job interview: Fully understand the current employees' satisfaction with the job
- (3) Performance interview: Communicate with employees on their work performance and provide immediate feedback
- (4) Departure interview: Analyze the reasons for departure and use them as the basis for improvements

5.5 Occupational Safety



The Environmental Safety and Health Policy was drafted, issued, announced, and implemented in 2017.

We obtained OHSAS18001/TOSHMS attestation in September 2017.

Appointed dedicated personnel responsible for environmental, safety, and health issues.

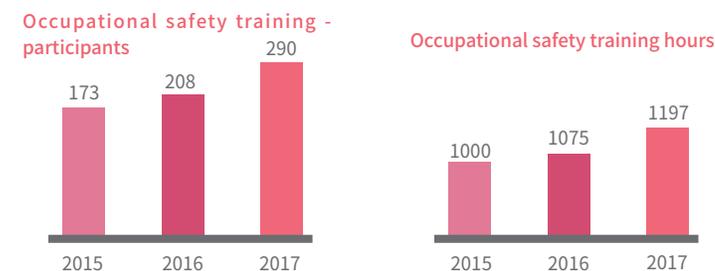
Grape King Bio provides employees with safe and healthy work environments, and we have provided opportunity management and target control for environmental safety and health risks. We also provide employees with consultation, time, and resources to encourage employees to actively participate in environmental, safety, and sanitation activities. We have strengthened education and training for all employees to understand the importance of preventing environmental pollution, unhealthy activities, injuries, and illnesses and we continue to strengthen our resolve and faith for improvements for the goal of sustainable development.

Grape King Bio is committed to performing its compliance obligations, reducing hazardous risks, implementing environmental protection, and building a friendly work environment. We promote full participation from employees and adopt the PDCA management model to gradually complete improvements regarding risks and opportunities. We have established an Occupational Safety and Health Committee to be responsible for planning and implementing related operations in safety and health. The Committee consists of 17 members including 7 labor representatives who account for 41 percent of total seats. We also formulated and announced Grape King Bio's Environmental Protection, Safety, and Health Policy in 2017 and obtained ISO14001/OHSAS18001/TOSHMS attestation in September 2017 and we hope to achieve sustainable development with environmentally friendly, safe, and healthy operations.



5.5.1 Employee Occupational Safety Training

To prevent occupational accidents, Grape King Bio constantly tracks and provides on-job training regarding occupational health and safety. We ensure that workers and their supervisors have enough training hours in accordance with law and we actively participate in external training to stay updated with the latest knowledge regarding the industry's labor safety. The occupational safety training personnel and hours are compiled in the table below:



Grape King Bio provides multiple occupational safety training courses that include training for machinery operators, fire safety training, workplace safety training, hazardous materials & special operations safety training and emergency response drills. We also implement 90 hours of training specifically for ISO14001 and OHSAS 18001 in hopes of using comprehensive education and training programs to fully implement occupational health and safety measures for all employees.

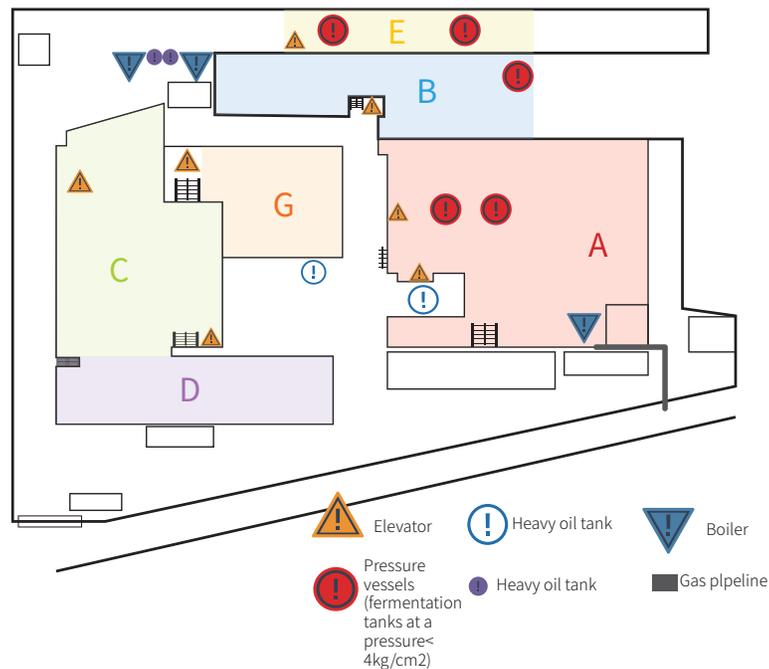
5.5.2 Provide Employees with a Safe and Healthy Work Environment

1. Risk assessment:

Each department evaluates potential risks that may occur in routine and non-routine activities based on their level of hazard, impact range and frequency of occurrence. We then devise risk stratification and a control mechanism for constant improvement.

2. Work environment inspection:

Sampling strategies, evaluation, and control methods are identified and established according to the current work environment in the production facilities. Inspection results are accessed by workers and others involved, helping them stay aware of the hazards and dangers of the working environment.



3. Employees' safety and health management:

(1) Confined space:

The "Management rules for working in a confined space" is established for cleaning and maintaining confined spaces such as the inside of a fermentation tank. The rules require the use of gas detectors, anti-falling gears, and good ventilation to keep workers safe before any work starts.

(2) Chemical and toxic substance:

We have a set of rules established for the use of chemical and toxic substances in R&D and quality checks. We keep emergency supplies at hand, participate in nation-wide chemical disaster defense organizations and improve our ability regarding emergency response.



(3) High occupation risk health management for the person in charge:

We provide special operations, meals and physical exams for workers who are exposed to noise, chemicals, and products. We are moving towards the goal of providing annual physical exams for every Grape King Bio worker. We exceed regulatory requirements and appoint dedicated healthcare personnel (detailed in 4.2.2 Employee Healthcare). We have our health management center and emergency first aid kits such as AEDs installed in our plants.



(4) Occupational hazards:

We did not experience major occupational hazards from 2015 to 2017. There were no records of occupational hazards in our plants in 2017 and there were only two labor injuries which were caused by traffic accidents on the way to and from work. We participated in the Zero Occupational Hazard Hours event organized by the Occupational Safety and Health Administration, Ministry of Labor and we hope to advance toward the goal of "zero occupational hazards" in workplace safety in the future. ◦

Grape King Bio's occupational hazards and injury statistics in 2017 are as follows:

All Plants	Occupational Hazards		Work Days Lost	Total Occupational Injuries	Total Absent Days	Work Loss Rate	Absence Rate
	Injuries	Deaths					
Female	2	0	6	2	6	6.13	6.13
Male	0	0	0	0	0	0	0
Total	2	0	0	2	0	3.2	3.2

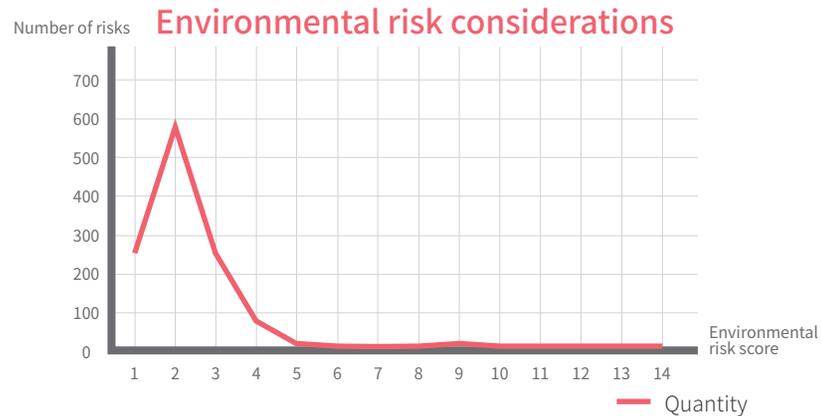
Occupational injury category: The two occupational injuries were both traffic accidents on the way to and from work.

5.5.3 Occupational Safety Risk Assessment

1. Environment and safety assessment

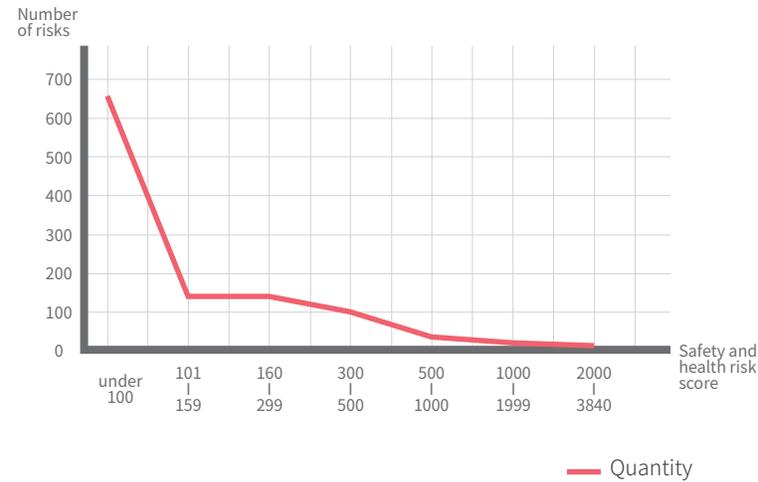
Grape King Bio began occupational safety risk assessments and appraisals in 2017 and we design corresponding occupational safety response strategies for the top 25 percent identified risk items. We have implemented 30 projects in 2017.

With regard to the assessment of environmental risks, we have accumulated 1,185 assessments for related environmental risks this year. There were a total of 360 cases with related risk assessment of higher than 2 points and they shall be evaluated, placed under evaluation and observation, included into consideration for major environmental issues, and processed in specific projects based on actual conditions.



In terms of safety and sanitation risks, a total of 1,055 risks were detected this year. Risks with a score of higher than 160 shall be included in the occupational safety and health risk management. A total of 267 cases were inspected and discussed and projects were designed for specific items.

Safety and health risk considerations



We perform specific projects for risks that include major environmental concerns and occupational safety and health management. Grape King Bio adopts the following six types of response strategies:

- (1) Lower hazardous risk
- (2) Implement environmental protection
- (3) Perform compliance obligations
- (4) Improve sustainable cycles
- (5) Advance full participation from employees
- (6) Build a friendly work environment

We execute multiple engineering and improvement plans to control related risks. Grape King Bio implemented a total of 30 project management items and invested a total of approximately NT\$25,082,480 to fully improve management of environmental risks and occupational safety and health risks.

2. Occupational safety management procedures

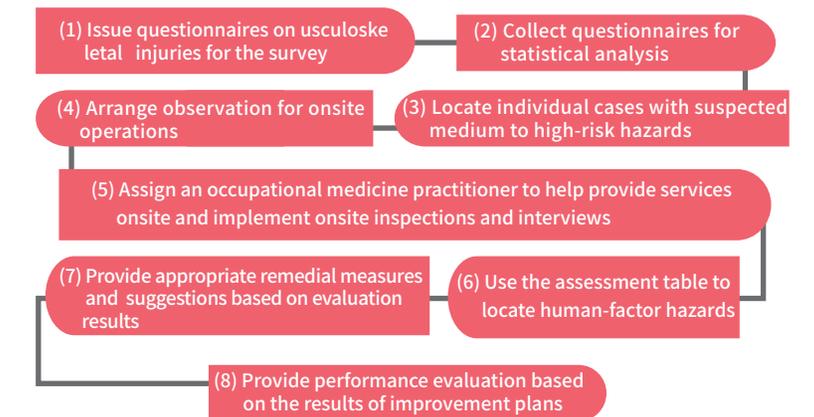
I. Operating Procedures for Preventing Diseases Caused by Abnormal Work Load

- (1) We use employee health examination data (including the survey) and work hour data analysis
- (2) High-risk group identification and evaluation
- (3) Physician interview and health instructions
- (4) Schedule adjustments or reduction and adjustment of work content
- (5) Health examination
- (6) Health management and health promotion
- (7) Performance assessment
- (8) Improvements and other matters related to safety and health

II. Human-Factor Hazards Management Procedures

We have established the "Human Factor Hazard Prevention and Management Procedures" to provide employees with a good work environment, maintain the health of employees, prevent human-factor hazards, and prevent injuries and diseases from repetitive use of muscles in order to effectively reduce the risks of musculoskeletal injuries of employees.

Human-factor hazards management procedures (human-factor hazard evaluation procedures)





6.0 Green Environment

- 6.1 Energy and Greenhouse Gas Management
- 6.2 Water Resource Management
- 6.3 Waste Management
- 6.4 Green Products



Environmental Policy

Green management is an international trend focusing on sustainable development. The impact of climate change on the global economy, society, and environment are becoming increasingly serious, so to demonstrate our resolve for green management, environmental protection, and corporate sustainable development, our Pingzhen Jinling Plant passed the ISO 14001 environment management system certification in 2017 and obtained the certificate. We have also established the following environment management policies:

1. Perform compliance obligations: Abide by related regulations and compliance obligations in environmental, safety, and sanitation tasks.
2. Reduce hazardous risks: Improve safety in the work environment, prevent illnesses and injuries, and reduce the risks of hazardous incidents.
3. Implement environmental protection: Actively reduce waste, prevent inherent risks, and optimize energy conservation.
4. Build a friendly work environment by actively organizing health promotion activities to improve the physical and mental health of employees.
5. Advance full employee participation: Implement education and training and increase the environmental safety and sanitation awareness of each employee and ensure their participation.
6. Continuous sustainability improvements: Adopt the PDCA management model to gradually complete improvements regarding risks and opportunities and ensure sustainable development in a friendly environment and safe and healthy operations.



We adhere to the concept of sustainable development and actively engage in environmental protection, such as saving resources, conducting secondary energy recovery, reducing waste, and enhancing efficiency. We formulate policies for the following five topics and implement actual measures to create effective green management : (1) Energy; (2) Greenhouse gas; (3) Water resources; (4) Waste; (5) Product sustainability. We have proactively set up sustainable development mechanisms in fulfilling our corporate social responsibility to embark on environmental protection work; so as to improve environmental quality, pursue green management and to pursue sustainable development. There were no environmental fines imposed on the company as we did not violate any of environmental laws in 2017.

Overall Environmental Protection Investment Plans and Expenses

Grape King Bio invested a total of NT\$18,808,022 in environmental management in 2017 (the expenses included equipment maintenance and environmental management expenditures).

Environmental Protection Management Item	Zhongli Plant expenses	Pingzhen Plant expenses
Air pollution management expenses	258,209	/
Waste water management expenses	12,070,123	432,524
Waste management expenses	3,276,658	537,458
Noise management expenses	154,000	2,079,050
Total	15,758,990	3,049,032

We uphold the spirit of ISO 14001 environmental management system and implement PDCA management to continue advancing environmental protection improvements. The environmental protection measures planned and implemented this year are as follows:

1. ISO14000 environment management system: We introduced the environmental management systems and use continuous improvement to sustain long-term operations.
2. Green procurement: We purchase new machinery and equipment that meet environmental protection, energy conservation, and water conservation requirements approved by government authorities.
3. Introduction of energy conservation measures: We set up solar panels on the roof of the tourism factory and guard post to power the areas.
4. Introduction of clean energy: Natural gas is adopted as the fuel for boilers in new plants to reduce pollution.
5. Advancement of green buildings: New factories are planned, designed, and constructed based on green building regulations.
6. Advancement of a friendly environment: We increased noise protection for common equipment to reduce the impact of noise.

6.1 Energy and Greenhouse Gas Management

1. We aim to upgrade the boiler system of the Zhongli Plant to a gas-fired system in 2018 to increase the use of low-carbon natural gas and increase the proportion of our natural gas consumption from 4 percent to more than 35 percent.
2. As Pingzhen Plant is a newly established plant, we aim to save 1 percent of electricity on average from 2017 to 2019. We shall also organize periodic energy conservation meetings to formulate related energy usage improvement measures.

6.1.1 Energy Usage Status

Grape King Bio's primary source of energy is electric power and heavy oil. Electric power is mainly used for production machines and the heavy oil is consumed for boilers in the plants. Zhongli Plant consumed a total of 19,014 thousand kilowatt-hours in 2017, which was a 38 percent increase from 2016. We consumed a total of 810 kiloliters of fuel oil in 2017, which was an 18 percent decrease from 2016. We consumed a total of 109,186 cubic meters of natural gas in 2017, which was a significant increase from 2016.

Item		Unit	2016	2017
Direct Energy	Fuel oil (heavy oil) consumption	kiloliter	991	810
		GJ	41,334.61	33,785.1
	Natural gas consumption	cubic eters(m^3)	36,040	109,186
		GJ	1,357.12	4,149.07
Indirect Energy	Electricity consumption	thousand kWh	13,738	19,014
	Energy consumption	GJ	49,456.8	68,450.4
Total energy consumption		GJ	90,791.41	106,384.57

6.1.2 Energy intensity

We use our total revenue as the basis for calculating energy intensity, and we use GJ to calculate the energy consumed for the revenue per unit at Pingzhen and Zhongli Plants. The energy intensity of 2016 and 2017 are displayed as follows. The energy intensity increased slightly comparing with 2016 due to the inclusion of data from the Pingzhen Plant.

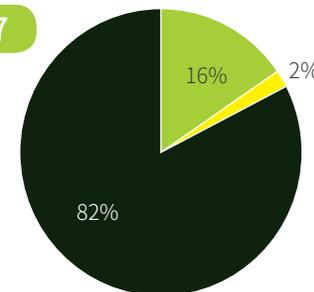
Item	Unit	2016	2017
Total energy consumption	GJ	90,791.41	106,384.57
Energy intensity	GJ/revenue per NTD thousand	0.0099	0.0113

Due to the new addition of information from Pingzhen Plant in 2017, CO2 emissions are higher than the previous year:

Item	Unit	2016	2017
Fuel oil (heavy oil)	Ton- Carbon dioxide equivalent	2,923	2,390
Natural gas		75	228
Electricity		6,055	12,131
Total carbon emissions		9,053	14,749
Carbon emissions intensity	Ton/ revenue per NTD thousand	0.00099	0.00157

Carbon emissions in 2017

- Fuel oil (heavy oil)
- Natural gas
- Electricity



Zhongli Plant Air Pollutant Inspection Value					
Test Item	Standard Value	Boiler (E001)			
		2014	2015	2016	2017
Particulates	<100mg/ Nm ³	96	40	73	50
Sulfur dioxide	<300ppm	211.49	203.52	167	174
Nitrogen oxides	<400ppm	212.91	214.66	189	185

Zhongli Plant Air Pollutant Inspection Value					
Test Item	Standard Value	Boiler (E002)			
		2014	2015	2016	2017
Particulates	<100mg/ Nm ³	82	88	70	63
Sulfur dioxide	<300ppm	211.2	177.89	174	186
Nitrogen oxides	<250ppm	246.06	178.27	169	159



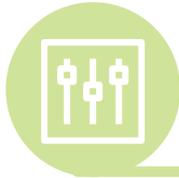
6.1.3 Energy Management Measures

Table of Grape King Bio's four major system control measures



Electrical system

Set reasonable contractual content, boost power factors, implement power monitoring systems and demand control systems, install power frequency conversion equipment.



Air-conditioning system

Control the temperature of the cold room, air conditioning time control, review the efficiency of air conditioning for replacement, improvement of air-conditioning design, regular maintenance and cleaning of equipment



Lighting system

The use of energy-efficient lamps, installation of automatic sensors and timing control devices, reduction of the lamp height.



Others

Advocacy of energy conservation, load control, discontinuation of the secondary load.

In addition to performing regular and unscheduled inspections in accordance with the SOP, we have formulated annual maintenance plans and projects to prevent equipment malfunctions from occurring and to maintain the normal

operations of the system. The management measures are divided into the following categories:

1. Operating mode adjustments and improvement

(1) Improve electricity use and safety

- We replaced the low-voltage capacitor of the incoming electricity room and improve the low-voltage power factor to more than 96 percent.
- We installed a bypass for the electricity distribution panel in the incoming electricity room to reduce overloading of the circuit, reduce reactive power, and improve safety for electricity use.
- We installed variable frequency converters for new power equipment to improve the operations and lower electricity consumption.
- We replaced lighting in public areas and operating areas with high-efficiency LED lighting.
E.g. we replaced all lighting in laboratories with LED energy-saving panel lighting equipment to reduce approximately 64 kWh of power consumption each day.
- We adopted two-way lighting control switch designs for lighting in the entire office building and the visitor corridor and packaging area in the process area. Use PLC software to set automatic lighting times.
- We installed energy conservation switches for parking spotlights in the underground parking garage so that personnel is able to manually switch on the lights and the lights shall be automatically switched off after the set time.
- We installed electricity consumption monitoring and control equipment and use the electric meter installed on the panel in the electric power room to display the current electricity consumption status of the equipment and accumulated electricity consumption volume.

(2) Reduced air compressor operating pressure and reduced air compressor load.

(3) Adopted natural gas as the fuel for boilers.

2. Equipment replacement, update, and maintenance

(1) Replacement of related piping and equipment in the chiller room

- We replaced the chilled water pipelines, valves, and insulation to improve the efficiency of the chiller and reduce the load of the chiller. Performance improved by approximately 10 percent.
- We replaced the old chiller with a new chiller that has a COP/EER value of 5.15 for energy efficiency.
- We replaced the heat exchanger to improve the performance of the chiller.
- Noise reduction improvement construction in the chiller room.
- Ambient temperature improvement construction in the chiller room.
- Boiler burners and environmental improvement construction (as the installation of gas pipelines must comply with the road expansion construction of roads outside the plant, the burner is expected to be completed in the second quarter of 2019).

(2) Replacement of air-conditioning equipment

- Older air-conditioning equipment was replaced with models that have higher EER values
- The air-conditioning system in the office area is equipped with heat recovery ventilator, which is used along with the indoor air-conditioning unit to precool/preheat external air to increase the efficiency of the air-conditioning system and lower the total load and energy consumption of the air-conditioning system.

(3) Replacement of motor equipment

- We replaced traditional motors of brine pumps with IE3 high-efficiency motors
- Variable frequency converters are installed within the power supply panels on the equipment motor end. They can be used to adjust the motor speed based on changes in the load.

(4) Regular maintenance of system equipment

We cleaned the boiler pipelines, replaced filters of air-conditioning cabinets, cleaned parts of the chiller, replaced chilling tower radiators, and replaced chilling towers along with production lines.

3. System setup and upgrade

(1) Boiler steam heat recovery system

We established steam condensation recovery equipment to supply water to the boiler. It reduces fuel consumption and facilitates recycled use of the cooling water. It increased boiler water feed temperature by approximately 12 degrees Celsius and improved boiler burning efficiency by approximately 2 percent.

(2) Central monitoring and control system

We established the central monitoring and control system to monitor the operating status of the common system and we set the start and stop time of the equipment and immediate preclusion of alarms in the event of equipment malfunction to reduce the unnecessary energy consumption of the equipment.

A central monitoring and control system is established in the Pingzhen Plant to monitor and remotely control the air-conditioning system and the cooling water system of the chiller to monitor the temperature and humidity of the process areas for irregularities and perform electricity consumption analyses.

6.1.4 Future Plans

Plans to be implemented in 2018

- Install a small-scale solar panel power supply system on the roof of the tourism factory to provide lighting for all lighting equipment on the second floor. This will save a total of NT\$34,020 in electricity charges each year.
- The new Longtan Plant that has obtained the usage license complies with the government's energy conservation and carbon reduction policy and installed variable frequency converters on common system equipment (e.g. chiller, air-conditioning cabinets, and pump motors) and installed digital meters on power source panels to record the current energy consumption status of the equipment. The monitoring and control system stores and analyzes energy consumption to reduce energy waste.
- We plan to obtain ISO 50001 certification within three years, establish an

energy management system with assistance from external units, obtain external accreditation for the energy management system, and obtain third-party certification for ISO 50001. The plans will achieve three objectives, including reducing energy costs, carbon emissions, and improving company image.

- Energy conservation plans for electrical facilities have been taken into consideration in the design and construction stage of our Longtan Plant. The plans are implemented along with related green facilities of the Plant and we aim to obtain Green Building Label certification.

6.2 Water Resource Management



As a food producer, Grape King Bio places great emphasis on the management of water quality inspections, controls, and wastewater discharge. Therefore, the pure water used in the manufacturing process must undergo complex

treatment procedures to remove the impurities and harmful substances in water before being inspected for its quality on a regular basis. We want to ensure the water quality meets the standard before it can be used as raw materials for healthy food. On the other hand, the wastewater produced during production is being monitored in order to implement the wastewater treatment and ensure that the wastewater discharge meets the requirements of the laws and regulations.

We did not violate any regulations for water resource management in 2017 and therefore did not experience environmental protection penalties. Related management measures are as follows:

- (1) Recruitment of additional environmental protection specialists:
To increase the management efficiency of various environmental protection businesses, we recruited a new environmental protection specialist in 2017 and we shall continue to add dedicated environmental protection personnel when necessary.

- (2) Wastewater diversion management: New machines and equipment are adjusted with the process for repairs on wastewater pipelines to increase the efficiency of processing wastewater.
- (3) Odor processing equipment: We plan to install exhaust processing equipment in the Zhongli wastewater treatment plant to reduce odors.
- (4) Noise prevention equipment: We completed the installation of noise prevention equipment at the Pingzhen wastewater treatment plant to reduce the impact of noises.

6.2.1 Water consumption status and inspections

Grape King Bio's water resource consumption in the past three years are as follows:

Year	Total Water Consumption (Ton)	Water Consumption Intensity
2015	123,284	0.0170
2016	155,577	0.169
2017	160,144	0.0171

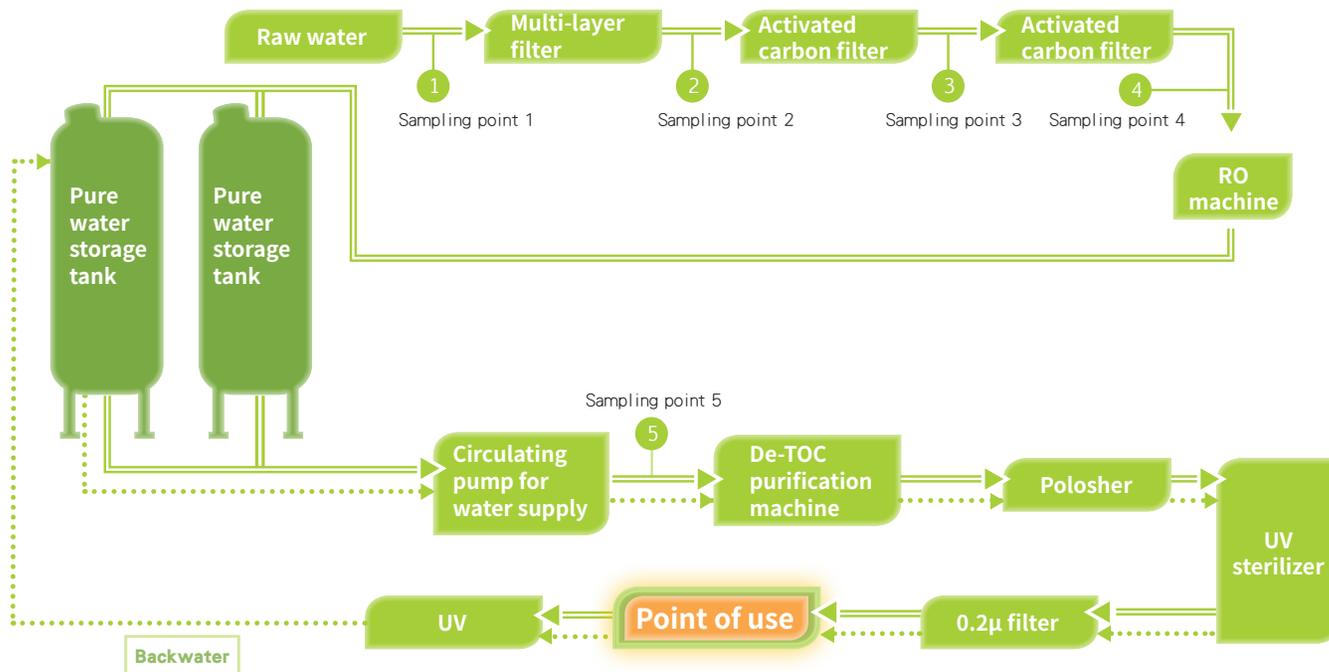
(Note: Pingzhen Plant was inaugurated at the end of 2016, the 2015 and 2016 statistics included only the Zhongli Plant)

In 2017, Grape King Bio invested NT\$314,000 in outsourcing the water quality inspection, which accounted for about 0.96 percent of our total inspection fees in 2017. In addition to commissioning the external organization to inspect the water quality regularly, Grape King Bio also performed internal inspections independently and divided the water quality inspection into three categories: raw water, points of water quality systems, and drinking/mixing water, with a total of 694 internal water quality inspections completed. The inspectors from our QC Department take samples from each sampling point at regular intervals and perform 20 inspections in accordance with regulations. We will invest NT\$1 million in a total organic carbon (TOC) analyzer in 2018 to achieve instantaneous online water quality monitoring in order to provide consumers with reliable products.

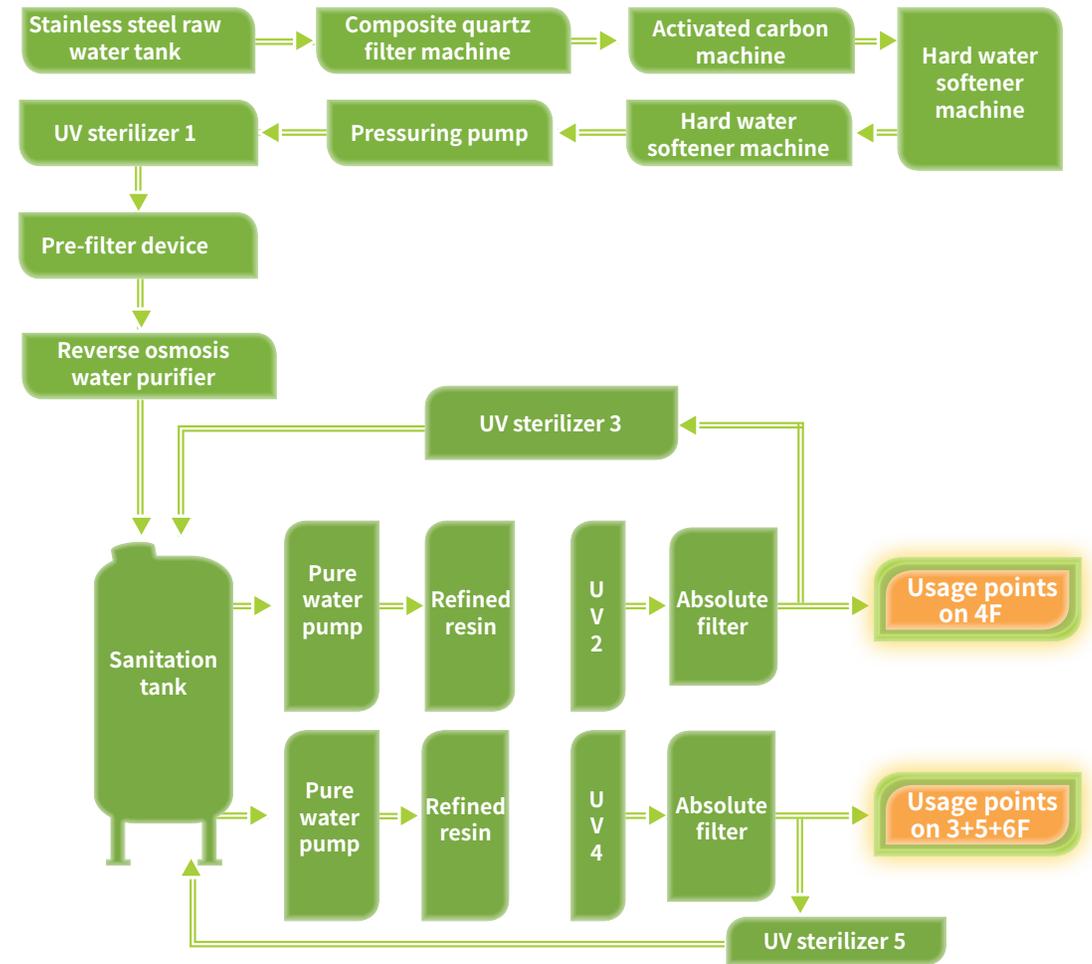
6.2.2 Pure Water Manufacturing and Inspection

- (1) The impurities are removed from raw water by using a quartz sand filter
- (2) The calcium and magnesium ions in water are filtered by a water softener.
- (3) The peculiar smell and color of the water are filtered out by activated carbon.
- (4) Heavy metals, bacteria, harmful substances, and dead bacteria in water are removed to meet the requirements for pure water, through RO reverse osmosis, de-TOC purification machines, and UV germicidal lamps.

Zhongli Plant



Pingzhen Plant



2. Water resource related inspections

External Inspection Item Description

External Inspections	Inspection Intervals	Test Item
Raw water	One inspection each year	External inspections are performed for 68 inspection items in accordance with the drinking water quality standards.

Internal Inspection Item Description

Internal Inspections	Inspection Intervals	Test Item
Raw water (sampling point 1)	One inspection every 2 weeks	pH value, turbidity, residual chlorine, total hardness, total solids, conductivity, chloride, total plate count, Escherichia coli
Water quality system points (sampling points 2-5)	One inspection every 2 weeks	Sampling point 2 :turbidity Sampling point 3 :residual chlorine Sampling point 4:residual chlorine Sampling point 5 : pH value, turbidity, total hardness, total solid, Electrical conductivity, total plate count, Escherichia coli
Drinking water	One inspection every 2 weeks	External appearance, pH value, residual chlorine, turbidity, total dissolved solids, total hardness, chloride, nitrate nitrogen, nitrite nitrogen, ammoniacal nitrogen, total plate count, Escherichia coli, coliform bacteria

6.2.3 Wastewater and sewage discharge management

Information on Grape King Bio's wastewater discharge in the most recent three years are as follows:

Year	Total Waste Water and Sewage Discharge (Ton)	Waste Water and Sewage Discharge Intensity (Ton/ revenue per NTD thousand)
2015	98,922	0.136
2016	116,487	0.0127
2017	125,419	0.0134



(Note: Pingzhen Plant was inaugurated at the end of 2016, the 2015 and 2016 statistics included only the Zhongli Plant)

Status of wastewater quality inspections conducted by Grape King Bio Plants in 2017:

Test Item	Standard Value	Zhongli Plant Inspection Value		Pingzhen Plant Inspection Value	
		2017 (Jan-Jun)	2017 (Jul-Dec)	2017 (Jan-Jun)	2017 (Jul-Dec)
PH (acidic and basic value)	6-9	7.9	8.3	7.2	7.3
COD (chemical oxygen demand)	<100	33	39	25	24.9
BOD (biochemical oxygen demand)	<30	13	4.1	7.1	6.8
True color chromaticity	<550	41	31	ND	<0.5
SS (suspended solids)	<30	8.3	12.5	2.9	9.9
Water temperature	<38°C (May-September) <35°C (October-April)	30.9	24.5	25.4	28.6
Oil/fat	<10	n/a	n/a	0.8	<0.5
Escherichia coli group	<200000	n/a	n/a	980	<10

We have implemented the following wastewater management measures:

● **Observe Regulations and Increase Further Utilization**

In terms of preventing water pollution, in addition to abiding by regulatory compliance, the research evaluation has been carried out in terms of additional value.

(1) Compliance :

We appoint a contractor to operate our wastewater treatment plant to process wastewater and sewage to meet legal requirements for discharge before discharging the wastewater. We continue to strengthen wastewater and sewage management, and require the wastewater treatment plant to inspect the water quality each day and carry out water quality inspections at a frequency higher than legal requirements to ensure that we meet environmental protection regulations for discharged water.

(2) Increase added value :

We perform research on the added value of centrifugal liquid evaluation being applied to livestock feed and composting tests.

(3) Water conservation improvement for the process :

Water conservation designs are applied to new machinery and equipment in the planning process to reduce the consumption of water resources and wastewater discharge.

(4) Reuse of intermediate water :

Water that has been used in the plant are used in non-production processes and water usage that does not come in contact with personnel.

● **Optimize and improve wastewater ancillary equipment**

Grape King Bio focuses on the management of the quality of discharge water and evaluates the impact of the odor from the wastewater treatment plant

and noise. We also plan odor processing equipment and completed noise prevention equipment in order to improve the quality of the environment.

6.2.4 Future plans

We plan to add washing tower facilities at the Zhongli Plant in 2018 to reduce odors from the wastewater treatment plant. In addition, we also periodically inspect :

1. The number of environmental pollution prevention plans: We use the management measures in the environmental management system to propose improvements and follow up on improvements.
2. Compliance with legal environmental protection reports: We periodically follow up on related environmental protection reporting operations to verify whether they have been fully implemented.

6.3 Waste Management

Grape King Bio and suppliers agree on the reuse of recyclable resources. We review recyclable items and recycle waste as much as possible. We store low quantities of resources for collective recycling and we also establish storage areas for various wastes to prevent secondary contamination. Related waste management measures are as follows:

● **Explicitly label each item**

The waste bins are labeled with items for classification and they are placed in the resource recycling and storage area for collective recycling in order to effectively reduce the total amount of general waste.

● **Establish recycling methods for all products**

(1) Food waste :

Establish dedicated food waste recycling bins for collective processing and reuse and reduce the sanitation issues of processing food waste with waste.

(2) e-waste :

Waste from computer products are evaluated for the feasibility of reuse by the Information Technology Section. Reusable resources are disassembled before the products are recycled by dedicated recycling companies.



6.3.1 Waste Management Implementation Status

Grape King Bio carries out sorting work for the daily waste, which is divided into three categories: general waste, recyclable waste, and hazardous waste. Contractors are commissioned to collect and process these three categories of waste on a regular basis. In addition, valuable waste, such as waste computers, metals, etc., is handled by recyclers to improve the availability of resources. The waste is processed as follows:



● General waste

Most of the general waste is domestic refuse, which is not recyclable.

Processing method: Regularly collected by a waste services company every week and transported to an incineration plant in the district for disposal. These garbage collection operators are required to hold legal business licenses. Waste removal is reported to the environmental protection bureau by issuing manifests, as required by law. Waste collection vehicles should also be fitted with GPS to help incineration plants and audit units for verification.

● Recyclable Waste

The recyclable waste generated from production and daily life, which can be classified into four categories: paper, plastic, glass, and metal.

Processing method: Stored in a specific place. Some of the cartons used for packaging are reused after recycled by suppliers. Glass bottles are also recycled by suppliers as renewable resources. As for paper, plastic etc., are handled by recycling centers.

● Hazardous Waste

Environmentally hazardous waste, such as pharmaceuticals, lubricating oils, chemical liquid agents, etc.

Processing method: Stored in a specific zone with anti-overflow measures. Grape King Bio has appointed special environmental protection personnel for management and requested the disposal firm to deal with harmful waste to prevent secondary pollution. The firm is also required to hold a waste disposal business license and apply to the Department of Environmental Protection for collection work.

6.3.2 Waste Processing Volume

The total amount of general waste, recyclable waste, and hazardous waste processed by Grape King Bio and the recycling rate in the most recent three years are provided in the following table:

Type of waste (ton)	2015	2016	2017
General Waste	144.7	227.65	260.51
Hazardous Waste	1.13	2.07	1.97
Recyclable Waste	73,086	55.64	62.8
Recycling rate	34%	20%	20%

(Note: Pingzhen Plant was inaugurated at the end of 2016, the 2015 and 2016 statistics included only the Zhongli Plant)



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6.4 Green Products

We place great emphasis on the development of the sustainable supply chain. Since the use of food packaging is heavy, procurement of lightweight, small size, recyclable and reusable packaging materials can not only reduce the consumption of packing materials but also cushion the environmental impacts of abandoned products. In an attempt to alleviate the harm to the environment, Grape King Bio has long been committed to lightweight packing materials and eco-friendly material design.



● Lightweight glass bottles

Since November 2012, Grape King's Comebest Energy Drink has been bottled in a lightweight container with uniform thickness and attractive packaging. The lightweight glass bottle is about half as thick as a traditional glass bottle, and the packaging safety is maintained with the uniformity of the bottles. The use of packing materials for lightweight bottles can not only significantly reduce the usage of glass but also significantly lower the energy required for shipment.

● Recycling aluminum cans

Grape King Bio uses aluminum cans as a packaging material of our PowerBOMB Energy Drink since aluminum is a 100 percent recyclable raw material which can be recycled and reproduced. Grape King shall continue to adopt recyclable aluminum as packaging to reduce the environmental impact of resource excavation.

● Adoption of materials that meet environmental responsibilities

Our aluminum foil packages are made of green pulp raw materials from the forest area certified by FSCTM. In 2017, the total amount of sales of this range of products accounted for 27.03% of the total revenue of the year, indicating our efforts to produce eco-friendly products (In 2017, this line of products with aluminum foil packages fully used green pulp raw materials from the forest area certified by FSCTM).

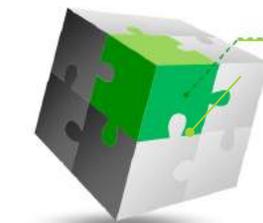
Lightweight glass bottle is about half as thick as a traditional glass bottle.

Recycling aluminum cans



Aluminum is a 100% recyclable and can be reproduced

Lightweight glass bottles



Green procurement

To produce aluminum foil package series, Grape King Bio has used 100% green paper pulp purchased from the woodlands certified by FSC.



7.0 Social Prosperity

- 7.1 Academic Participation
- 7.2 Social Participation

With regard to the society, we are committed to providing disadvantaged groups with financial and learning donations and support in order to use our advanced biotechnologies to continue research and development and create products that benefit society. We organize and participate in numerous charitable activities to encourage our employees to pay attention to social welfare and contribute to their communities. Grape King Bio spent a total of NT\$8,144,549 on CSR investment in 2017 (the 2017 expenses include expenses for the foundation).

7.1 Academic Participation

Grape King Bio has close ties with many schools, and our long history and advanced technologies make us a key partner in active academic collaborations with multiple schools. In addition, Grape King Bio also helps young people who encounter difficulties and provide opportunities:

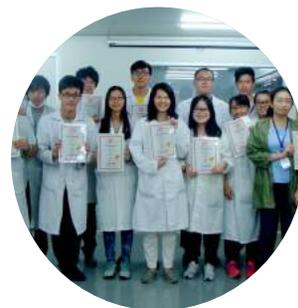
1. Student internships and exchanges
2. Academic involvement in the biotechnology sector (e.g. seminars and thesis publications)
3. Create love and care in academia

7.1.1 Student internships and exchanges

Grape King Bio provides in-house courses for universities and colleges in addition to internship opportunities during summer/winter vacation and semesters. During the past three years, a total of 221 individuals have attended our internship programs at our factories. These programs not only enhance the intangible assets of the company but also pass relevant experience to young students and help them keep up with the industry trends. Up to now, ten interns have come on as staff after graduation. The number of students participated in our internship programs during the past 3 years are listed below:

Year	Winter vacation	Summer vacation	During the semester
2017	30	34	9
2016	19	39	4
2015	30	48	8

As an expert in fermentation technology in Taiwan, Grape King Bio upholds the concept of experience inheritance. We are open to extracurricular activities and visits from students of related departments in order for them to understand the connection between theoretical knowledge and practical application. Over the past three years, 126 visits were been paid to the factory, with a total of 4,128 visitors.



7.1.2 Academic Collaboration in the Biotech Industry

1. Connect with universities to create cooperation

Grape King Bio has been actively promoting the cooperation between academia and the industry. We hope to link our product development with the research expertise of faculty members nationwide, boost our R&D capability, verify the efficacy of products, and accelerate industrial upgrading as well as the industrialization and marketization of R&D achievements by colleges and universities. There were a total of 23 commissions in 2017 and has engaged in over NT\$30 million worth of industrial-academic collaboration agreements, all of which were paid at Grape King Bio's expense. In addition, with an aim of contributing to the thriving development of national Biotechnology industries, we:

- Forged an industry-academic technical alliance with National Chung Hsing University with respect to a safety-level/food-grade protein production platform.
- Formed a minor industry-academic alliance with National Chiao Tung University regarding a Biotech and pharmaceutical service platform for

biotech product development.

- Signed a memorandum of understanding on industry-academic collaboration with Hungkuang University of Science and Technology.

2. Pursue special projects

The Ministry of Economic Affairs of the Executive Yuan accepts a large number of project applications annually in order to assist the development of the industry. Over the past ten years, Grape King Bio has applied and completed a total of nine projects and has worked with several scientific and technological institutions in academia to jointly carry out a number of development and experiments for new products. With a total funding of NT\$146 million injected, we have obtained many achievements.

3. Participate in various lectures and thesis publications

Grape King Bio has been invited to speak at various industrial, governmental, and academic institutions, among which we delivered lectures in over 100 departments at universities; handing down more than 20 years of experience of biotechnology and industry development to the students, sharing and exchanging industrial development experiences. Over the past three years, Grape King Bio has been invited to deliver over 130 speeches at colleges and universities. Additionally, we have participated in over 100 students' oral examinations for master's thesis or doctoral dissertation defenses, in curriculum planning or department development of more than 10 departments, and in evaluations of over 10 university departments. The R&D results of Grape King Bio have been fruitful and we constantly publishing journals and presented at seminars. In 2017 Grape King Bio has published 20 journal papers and 12 symposium papers.



4) Assist in product test services

Grape King Bio is renowned for our fermentation expertise. There are 50 tanks in the factory that are used on a regular basis to conduct mass production



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tests and quantitative fermentation test platform services for academic and industrial purposes. This closes the connection between industry and academia, promotes the industrialization of research and development achievements in academia and the quantification in the industry, and boosts our international competitiveness.

7.1.3 Create Love and Care in the Academia

● Charity fund for emergency relief

Since 2007, Grape King Bio has shown our concern for local school children by giving annual emergency allowances for elementary and junior high schools (e.g., Pingzhen Junior High School, Long-Xing Junior High School, and Long-Gang Elementary School). Furthermore, we collaborated with schools in arranging visits to underprivileged families at the end of each year, assisted the children in fulfilling their dreams.

We started providing assistance to the charity fund for emergency relief for the local "Zhongli Junior High School" in Zhongli District in 2017 in hopes of helping more disadvantaged school children. We are committed to helping children obtain an education so that their education is not affected by the low-income status of their family or special conditions that cause difficulties. We hope all our efforts help school children in need.



● Sponsoring Clubs and Associations

Grape King Bio not only cultivates talent in the academic field but also emphasizes the importance of club activities, motivating students to learn in fields beyond their studies and to achieve diversified development.

1. Pingzhen Junior High School's orchestra club, martial arts club, and table tennis club

As of 2013, we financed them and provided assistance in the operation of clubs and provided resources for students; sparing no effort in the development of diversified talents. Grape King Bio continued sponsorship in 2017 in hopes of providing more assistance.

2. Long-Xing Junior High School's orchestra camp

We sponsored the students of five elementary schools—Puren, Futai, Longgang, Beishi, and Linsen elementary schools—in Long-Xing's school district, providing them with the opportunity to learn and play a musical instrument and develop their musical talents, thus enhancing community's music education. In addition, Grape King Bio also expanded its aid to two other schools in 2017.

3. Children in Zhongli Junior High School physical education class

We provide subsidies for Taekwondo and the bicycle team in order to provide them with space for training, coaches, and training courses, as well as welfare and training for disadvantaged children.

4. University of Taipei Table Tennis Team

Grape King Bio assists players from disadvantaged families with long-term training plans so that players do not have to worry about living expenses and tuition fees while competing. We support outstanding players with potential in future games and opportunities to achieve great results in the country and in foreign countries.



● Grape King Bio Scholarships

Since 2014, Grape King Bio has offered junior and senior high school scholarships to encourage and motivate youths to continue their education. In 2017, we continued to sponsor students living in poverty, in hopes that they commit to their studies. One of the students receiving sponsorship from Grape King Bio Scholarship this year was a student at Yuda High School who has worked hard and was accepted into the Department of Japanese, Tamkang University. A teacher from Yuda High School sent a letter to thank us for our dedication to the students. Grape King Bio shall continue to assist outstanding students from poor families with education and we hope to add scholarships for university students so that talent cultivation shall no longer be restricted by environmental issues and we could do more for society.



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7.2 Social Participation

In an effort to further interact with our communities, Grape King Bio established our own volunteer team in 2013, calling on our staffs to take part in volunteering activities. In addition, in order to encourage more employees to participate in social welfare, we not only hold volunteering activities during workdays but also provide the employees who have joined such activities during holidays with compensatory day-offs. The number of Grape King Bio's participants in 2017 grew from 358 in the previous year to 598. The number of service hours also grew from 335 hours in 2016 to 439 hours in 2017.

Grape King Bio demonstrates high levels of concern and cares for multiple social groups and we organize a series of activities to ensure we reach our corporate sustainability targets. The main focus of care:

- (1) Care for children (2) Physically or mentally challenged (3) Elderly and women (4) Neighboring communities (5) Social issues (e.g. stray dogs) .

7.2.1 Children care

(1) Experience in Helping the Underprivileged

Through visiting local schools and meeting students, we discovered that the majority of underprivileged families are unable to afford tuition fees and provide their children with the life they deserve. Thus, apart from offering emergency subsidiaries, Grape King Bio has organized a series of "Little Grape Day Trips." We also continue to encourage school children to experience life away from home to strengthen their confidence and to cultivate their capacity for gratitude and care for others. We hope it would strengthen emotional bonds between parents and children and inspire the children's hope for the future.

Grape King Bio arranged a tour of Grape King Bio's production line and consultation services this year to help students in special education programs at the local Long-Xing Junior High School. We also provide an interactive experience in the tourism factory and help students understand the operations of the factory production line and reception services.

(2) Children's Home Activities

Ti-Hwei Children's Home is a private orphanage located in Tianmu, Taipei that acknowledges the importance of education through experience and advocates "learning through doing" practices. We host summer vacation outdoor adventure camps every year for these children.

In 2017, Grape King Bio's employees served as volunteers and participated in the "Ti-Hwei Children Flash Music Oceanside Festival" and provided assistance to help students venture outdoors. They used a music activity experience to help children get used to playing to an audience and build confidence in themselves.

(3) Children Care in Remote Areas

Children in remote areas are also targets of Grape King Bio's endeavors. We organized the "Reindeer Goes Around the Island" project in 2016 and collected Christmas shoe boxes to help disadvantaged school children in schools in remote areas and help spread warmth and happiness. We continued the Christmas shoebox donations for the second year in 2017 and made donations to a total of 39 school children in two schools (Yushan Elementary School and Waishe Elementary School). In addition, Grape King Bio also donates to three schools in Pingtung (Guhua Elementary School, Chingshan Elementary School, and Wutan Elementary School) to help supply the schools that are located in indigenous tribal areas with school sports uniforms and equipment in order to strengthen their health conditions and competitiveness in sports.

Grape King Bio also donated illustrated book sets of indigenous peoples' stories which have been translated into the languages of the Atayal, Paiwan, Bunun, and Amis people and English to fully display the mother languages of the indigenous people. Grape King Bio hopes to encourage reading and further improve the education of students with the rich culture of the indigenous peoples.

(4) Food Package Assistance

Grape King Bio worked with Andrew Charity Association in 2017 and donated

200 boxes of food and 200 boxes of limited edition Grape King Baby Rolls from the tourism factory. The supplies were delivered to disadvantaged families in Taoyuan and Hualien. The supplies included rice, noodles, dry cookies, Grape King Bio nutrition products, and books for children.

Grape King Bio supervisors led a team of volunteers to concentrate the supplies and pack them into boxes. The children were not only provided with nutrition but also spiritual food.





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7.2.2 Care for the Physically or Mentally Challenged

1. Classroom for the Mentally Challenged

Grape King Bio encourages our employees to participate in volunteer services by hosting charity events during workdays and helping people with intellectual disabilities from the Chensenmei Social Welfare Foundation, both parties can understand and learn from each other. For this reason, from 2013 to 2017, Grape King Bio has organized a series of "Classes for People with Mental Disability" activities, including baking cakes and garden activities, nostalgic trips, and handmade gift bazaars every Mother's Day.

In 2017, Grape King Bio volunteers took children with mental disabilities to experience farm life. This increased the opportunities for mentally challenged children who rarely have a chance to go outside and interact with other people, which may ultimately improve their mental health.

2. Mentally Challenged Children Plant Fruit Trees

Canaan Disability Home takes in patients with severe disabilities from low-income or disadvantaged families and uses green therapy courses for growing fruit trees to help the mentally challenged children of Canaan Disability Home learn to farm. The mentally challenged children worked hard together and weeded, flipped the earth, and applied fertilizers in the green therapy course on gardening. They also worked hard in the fields and their teachers saw a reduction in negative behavior such as self-harming and aggression.

3. Colors of the Music for the Visually Impaired

Grape King Bio sponsored the creation of "Braille Music Sheets" for music and allowed visually impaired people who lack such materials to use the Braille Music Sheets free of charge. This also improved the competitiveness of visually impaired musicians.

7.2.3 Care for the Elderly and Women

1. Elderly Care Services

Grape King Bio aims to devote ourselves to diversify public welfare promotion, we hosted a special exhibition "My dear, I am old" in 2016, focusing the situation of the elderly in Taiwan and challenging fear and prejudice towards aging. In 2017, Grape King Bio has again promoted the concept of helping the elderly return to the workplace through Santa Claus Training Schools, motivating seniors to stay energetic and embrace new challenges.

2. Charity New Year's Dishes

Grape King Bio cares for elderly with dementia and mobility issues as well as local underprivileged elderly who live in solitude. From 2016 to 2017, we expect the local underprivileged elderly living alone to not feel excluded and alone on family reunion night, so our volunteers were set out to remote areas to visit senior citizens and serve New Year's dishes, making sure that they could feel our love and care and have a warm Chinese Festival on Lunar New Year Eve.

3. Rebuild Women's Healthy New Life

The issue of sexual assault and domestic violence has gained attention in recent years and Grape King Bio worked with the Garden of Hope Foundation to help rebuild the lives of traumatized women, providing assistance



and helping with their children's education and housing. We encourage them to perform outdoor activities in order to facilitate the development of the physical, mental, and spiritual health of the victimized women, girls, and children who bore witness to violence. We organized day trips to farms and a variety of ecological resources and environmental education to provide the ladies with sufficient relaxation and growth. We also work with the Taipei Women's Rescue Foundation to help victimized women who are not eligible for government subsidies and provide them with emergency relief for expenses related to accommodations and hospitalization.

4. Charity Health Examination

Grape King Bio maintains good relationships with our neighborhoods. From the past few years until now, we have offered home visits, manpower, and material resources for resident health checks in Zhenxing Borough. In 2014, we organized the "Elder Gardening Experience" activity, which combines with activities with health check-ups. This not only enables residents to have a better understanding of health issues but also lets seniors participate in gardening activities. This can provide senior citizens with a sense of accomplishment, a sense of duty and enhances their physical and mental health. The ultimate objective of the events is to safeguard Grape King Bio's relationships with citizens, create harmony, and establish good interaction with the local communities.



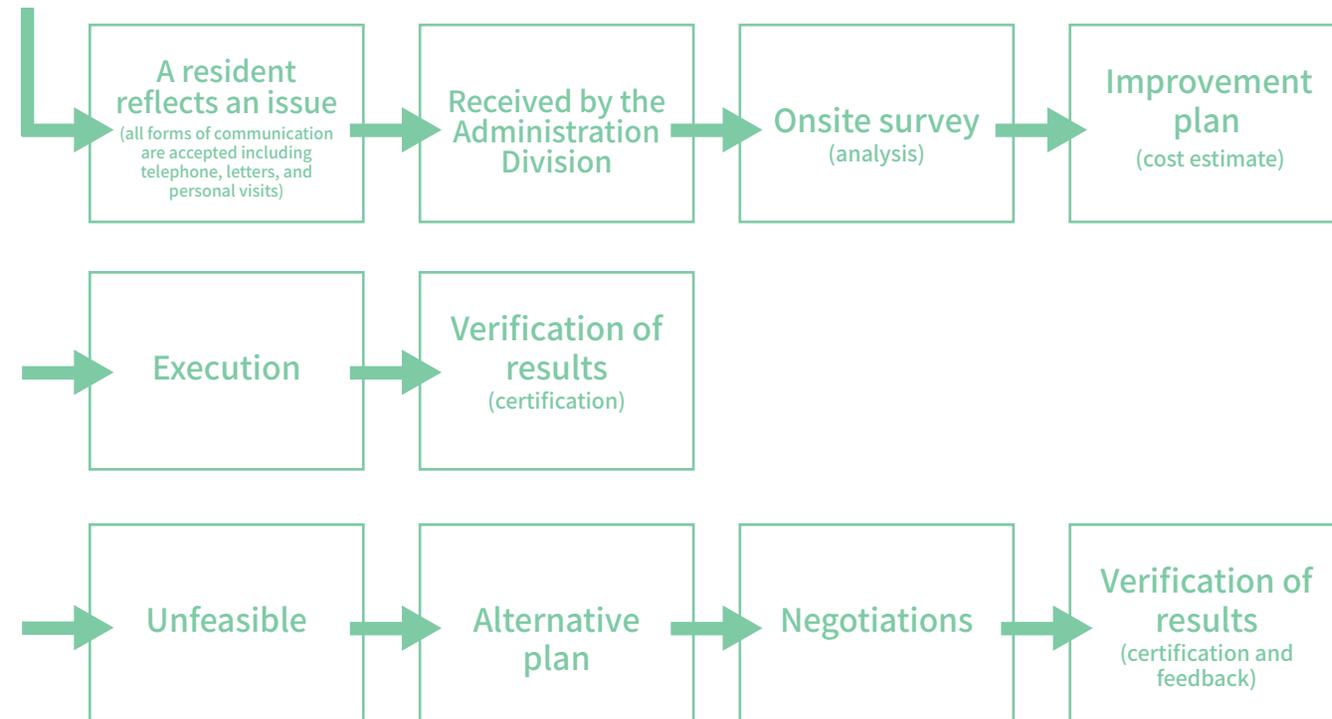
7.2.4 Care for Neighboring Communities

Grape King Bio has built great relationships with local communities. We provide and maintain the security surveillance equipment for the communities each year and sponsor the cleanup programs organized by the Heads of Neighborhoods and cleaning volunteers. We also give out gifts to neighboring residents on important holidays and seek to understand the residents' opinions of the plants in order to continue to maintain our relations with the communities.

Pingzhen Plant has been operating for two years and Grape King Bio adopted Zhongli Plant's model of success and actively engaged the local Pingzhen communities. In addition to providing resources, we also invited residents to

tour the plant and we let them understand the production status of companies and related environmental protection equipment in order to resolve their doubts in the Plant. We remain dedicated to managing the effect of our Plant on the lives of local residents and we have negotiated with the local Heads of Neighborhoods and residents to perform improvements on issues they have filed. We provide an active response to local residents to advance toward the goal of achieving mutual benefit for the Plants and the communities. Grape King Bio invested a total of NT\$2,526,760 in environmental improvements in 2017 (including equipment noise improvements and reconstruction surrounding roads and fences). We also invested a total of NT\$1,189,680 to sponsor gifts & gift money in local communities for Dragon Boat Festival and Mid-Autumn Festival.

Communication procedures





7.2.5 Social Issues

1. Dog's Home Adoption

Grape King Bio takes a diverse approach so that we can take care of various charities. Since 2013, we began addressing stray dog issues by assisting the Bali Dog's Home construction plan, which acts as a temporary shelter for stray dogs. In addition, Grape King Bio has helped promote the concept of "adoption over purchase." We collected warm clothing from our staff so that the dogs can live through cold winter.

The Dog's Home was damaged in a fire in May 2017. The 60-year-old owner of the Dog's Home, "Aunt Cheng," who also lives there, was bitten by panicked dogs in the rescue process during the fire and suffered second-degree burns on 8 percent of her hips and thighs. Nine dogs were lost in the fire. Grape King Bio made an emergency donation to help Aunt Cheng rebuild the Dog's Home and buy food. We then donated a motorcycle to help rebuild the Dog's Home and to provide transportation for food in order to help relieve her difficulties. We shall continue to make investments and actively advance toward goals in a sustainable environment and social welfare in order to implement our corporate social responsibilities.

2. Mid-Autumn Festival Supplies Donations

As many families receive excessive amounts of mooncakes for the Mid-Autumn Festival, Grape King Bio encourages staff to donate extra Mid-Autumn Festival mooncake gift boxes and supplies of other gifts, regardless of the amount, to help local families in Taoyuan have a heartwarming Mid-Autumn Festival and allow them to feel the solicitude from the society.

3. Happy Times in Heartwarming Christmas Feast

To help more disadvantaged charitable institutions, Grape King Bio organized the "Happy Times Heartwarming Christmas Feast" series of events in 2017 for the elderly, children, mentally challenged children, and women. We hope to spread the joy of Christmas to every corner of the society and let the residents of different institutions experience the holidays and enjoy a Christmas feast. Grape King Bio also organized heartwarming feasts to encourage more people to care for disadvantaged groups and help those in need. (There were a total of 13 recipients in the heartwarming Christmas feast event including: Baby Development Center, Hondao Senior Citizen's Welfare Foundation, Eden Social Welfare Foundation, World Peace Foundation, Chung-Li Junior High School, Ping-Jen Junior High School, Long-Xing Junior High School, Long-Gang Junior High School, Ti-Hwei Children's Home, Chensenmei Social Welfare Foundation etc.)

4. Grape King Charity Volunteers Team

Grape King Bio established the Grape King Charity Volunteers Team in 2013 to advance the social welfare and arrange employees to participate in volunteer activities. To encourage more employees to participate in social welfare, we not only use working hours to organize volunteer activities but also provide flexible time off to employees who are willing to participate in volunteer activities during non-office hours. In 2017, Grape King Bio Charity Volunteers Team accompanied children with mental disabilities to experience the outdoors and brought them warmth. The activities increased the opportunities for mentally challenged children who rarely have opportunities to go outside to interact with other people. In addition, Grape King Charity Volunteers Team also helped students in special education with tours and explanations so that these students with developmental disabilities are able to comprehend the social work environment and operating procedures in factories before they graduate. This would encourage students to develop their future careers.





Appendix

- CSR Assurance Statement from CPA
- GRI Guidance
- Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies
- Material Issues Related to Grape King Bio Core Values

CSR Assurance Statement from CPA



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English Translation of a Report Originally Issued in Chinese

Assurance Report of Independent Auditors

To GRAPE KING BIO LTD.

1. Scope

We have been engaged by GRAPE KING BIO LTD. (“GRAPE KING”) to perform a limited assurance engagement in relation to and report on selected sustainability performance indicators included in GRAPE KING’s 2017 Corporate Social Responsibility Report (“the Report”).

Regarding the sustainability performance indicators selected by GRAPE KING and their applicable criteria, please refer to appendix A.

Management responsibility

GRAPE KING is responsible for the preparation of 2017 corporate social responsibility report in accordance with adequate criteria, including referencing to Global Reporting Initiatives (“GRI”) G4 Guidelines and Sector Disclosures, and for the design, execution and maintenance of internal controls in regard with report preparation to support the collection and presentation of the Report.

Independent Auditor’s Responsibility

Our responsibility is to plan and perform limited assurance engagement in accordance with the SAES NO. 1 Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by Taiwan Accounting Research and Development Foundation.

2. Assurance

The procedures performed in limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement so that the level of assurance is substantially lower than reasonable assurance engagement. While we considered the effectiveness of GRAPE KING’s internal controls when determining the nature and extent of procedures, our review was not designed to provide assurance on internal controls.

To conclude for limited assurance, our procedures performed included:

- Interviewing with GRAPE KING’s management and personnel to understand the GRAPE KING’s implementation of overall corporate social responsibility and reporting process;



- Understanding the main stakeholders of GRAPE KING and their expectations and needs as well as interaction protocols by interview or examination of documentation and how GRAPE KING responded to those expectations and needs;
- Performing analytical procedures on selected sustainability performance indicators; gathering and checking other supporting documentation and management information obtained; testing on sample basis if necessary;
- Reading GRAPE KING’s corporate social responsibility report to ensure the implementation of overall corporate social responsibility and reporting process is consistent with our understanding.

3. Limitations

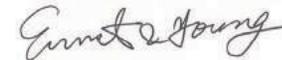
Non-financial information contained within corporate responsibility reports are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

4. Quality and Independence

We are in conformity with Taiwan SAS No. 46 “Quality Control for Public Accounting Firms” to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations. We are also in conformity with related independence and other ethics requirements in Taiwan’s Norm of Professional Ethics, which basic principles are integrity, objectivity, professional competence and due care and professional behavior.

5. Conclusion

Based on our procedures and obtained evidence, nothing has come to our attention that causes us to believe that any material modifications or adjustments should be made to the selected sustainability indicators in accordance with applicable criteria.


Ernst & Young
March 8, 2018
Taipei, Taiwan, Republic of China

Notice to Readers

The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.



English Translation of a Report Originally Issued in Chinese

Appendix A:

Number	Page No.	Article title	Remarks	Applicable benchmarking	Other Information
1	41	Product Accreditation and Inspections	Effective from 2018, the number of items to be inspected are increased from 310 to 373 in accordance with TW FDA's announcement of latest regulations.	Company information	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.A.
2	43	Product Liability	The exclusive personnel for the production lines of canned food have been trained and obtained the certificates of training with the pass-through rate of 100%.	Company information	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.A.
3	46	Product Liability	In 2017, violations against Act Governing Food Safety and Sanitation and Health Food Control Act included two exaggeration cases and two mislabel incident.	Company information	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.B.
4	77	Green Products	To produce aluminum foil package series, Grape King Bio has used 100% green paper pulp purchased from the woodlands certified by FSC.	Company statistics	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.C.



5	43	Product Liability	Grape King Bio owns five production lines certified with 100% accomplishment rate. The production output produced by certified production lines is 100%.	Company statistics	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.D
6	40	Supplier Management	In 2017, the number of raw material supplier audited was 202 and the audit percentage reached 100%.	Company statistics	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.E
7	44	Product Liability	In 2017, a total of 80 products could be traced through the internal tracking process. The tracking and traceability rate was 100%.	Company statistics	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.F
8	42	Product Liability	In 2017, Grape King Bio has invested NT\$32 million, representing 0.34% of net operating revenue (NT\$9.388 billion), in food safety control fees, including inspection fees, consumables for human resource commitment, instrument depreciation, certification fees, and other expenditures.	Company statistics	"Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" Article4.1.1.G

Appendix — GRI (Global Reporting Initiative) G4 Content Index

Category / Aspect	No.	GRI Disclosures	Corresponding Chapters	Page No.	Remark
1. Strategy and Analysis					
Core	G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Chairman's Message	4	
2. Organization Profile					
Core	G4-3	Report the name of the organization	About the Report	2	
Core	G4-4	Report the primary brands, products, and services	2.3 Service and Business Locations	25	
Core	G4-5	Report the location of the organization's headquarters	About the Report	2	
Core	G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	About the Report	2	
Core	G4-7	Report the nature of ownership and legal form	About the Report	2	
Core	G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	2.3 Service and Business Locations	26	
Core	G4-9	Report the scale of the organization	2.3 Service and Business Locations 2.4 Sustainability Governance 5.1 Employee Policies and Human Resources Structure	25 30 56	
Core	G4-10	Report the total number of employees by various categories	5.1 Employee Policies and Human Resources Structure	55	
Core	G4-11	Report the percentage of total employees covered by collective bargaining agreements	5.1 Employee Policies and Human Resources Structure	55	
Core	G4-12	Describe the organization's supply chain	Grape King Bio Value Chain	8	
Core	G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	There were no changes occurred.	31	
Core	G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	2.5 Risk Management		

Core	G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	We did not participate in any externally developed economic, environmental and social charters, principles or other advocacies signed or recognized by the organization.		
Core	G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	4.3 Memberships of Associations	51	
3. Identified Material Aspects and Boundaries					
Core	G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents	About the Report	2	
Core	G4-18	b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	1.3 Stakeholder Communications	14	
Core	G4-19	a. Explain the process of defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	1.3 Stakeholder Communications	18	
Core	G4-20	List all the material Aspects identified in the process for defining report content	Appendix	92	
Core	G4-21	For each material Aspect, report the Aspect Boundary within the organization, report any specific limitation regarding the Aspect Boundary within the organization	Appendix	92	
Core	G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	There is no financial restatement.		
Core	G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	About the Report	2	
4. Stakeholder Engagement					
Core	G4-24	Provide a list of stakeholder groups engaged by the organization	1.3 Stakeholder Communications	16	
Core	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	1.3 Stakeholder Communications	14	



Core	G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	1.3 Stakeholder Communications	16	
Core	G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	1.3 Stakeholder Communications	19	
5. Report Profile					
Core	G4-28	Reporting period (such as fiscal or calendar year) for information provided	About the Report	2	
Core	G4-29	Date of most recent previous report (if any)	About the Report	2	
Core	G4-30	Reporting cycle (such as annual, biennial)	About the Report	2	
Core	G4-31	Provide the contact point for questions regarding the report or its contents	About the Report	2	
Core	G4-32	Report the 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report, if the report has been externally assured	About the Report	2	
Core	G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	About the Report	2	
6. Governance					
Core	G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	2.4 Sustainability Governance	27	

7. Ethics and Integrity					
Core	G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	2.4 Sustainability Governance	29	
Economic Performance Indicators					
Economic Performance	G4-EC1	Direct economic value generated and distributed	2.4 Sustainability Governance	30	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	5.2 Employee Benefits and Care	58	
	G4-EC4	Financial assistance received from government	2.4 Sustainability Governance	30	
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	5.2 Employee Benefits and Care	58	
Indirect Economic Impact	G4-EC7	Development and impact of infrastructure investments and services supported	7.2 Social Participation	81	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	3.1 Raw Material Management	36	
Environmental Performance Indicators					
Energy	G4-EN3	Energy consumption within the organization	6.1 Energy and Greenhouse Gas Management	70	
	G4-EN5	Energy intensity	6.1 Energy and Greenhouse Gas Management	70	
Water	G4-EN8	Total water withdrawal by source	6.2 Water Resource Management	72	



Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	6.1 Energy and Greenhouse Gas Management	70	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	6.1 Energy and Greenhouse Gas Management	70	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	6.1 Energy and Greenhouse Gas Management	70	
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	6.2 Water Resource Management	74	
	G4-EN23	Total weight of wastes by type and disposal method	6.3 Waste Management	75	
Overall	G4-EN31	Total environmental protection expenditures and investments by type	CH6 Green Environment	69	

Social Dimension Performance Indicators

Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	5.1 Employee Policies and Human Resources Structure	56	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	5.2 Employee Benefits and Care Company Information within the Reporting Scope	58	
	G4-LA3	Return to work and retention rates after parental leave, by gender	5.2. Employee Benefits and Care	58	

Occupational health and safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	2.4 Sustainability Governance 5.5 Occupational Safety	27 65	
	G4-LA6	Type of injury and rates of injury, occupational diseases lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	5.5 Occupational Safety	66	

Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	5.3 Employee Training and Development	63	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	5.3 Employee Training and Development	63	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	5.3 Employee Training and Development	62	
Employee Diversity and Equal Opportunity	G4-LA12	Report the percentage of individuals within the organization's governance bodies	5.1. Employee Policies and Human Resources Structure	55	
Equal Remuneration	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	5.2 Employee Benefits and Care	56	
Local communities	G4-SO1	Report the percentage of operations with implemented local community engagement, impact assessments, and development programs	7.2 Social Participation	81	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	2.4 Sustainability Governance	29	
	G4-SO4	Communication and training on anti-corruption	2.4 Sustainability Governance	29	
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	2.6 Compliance	32	
			3.3 Product Liability	46	

Product Responsibility Performance Indicators

Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	3.3 Product Liability	44	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	3.3 Product Liability	46	

Requirement	Corresponding Chapters	Page No.	Remarks
Product and Service Labeling	G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	2.6 Compliance 44 4.2 Product Development	32 44
	G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	3.3 Product Liability	46
	G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	3.3 Product Liability	46
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	3.4 Customer Services	47
	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	2.6 Compliance	32

Appendix - Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

Requirement	Corresponding Chapters	Page No.	Remarks
The main categories and the percentage of products being evaluated and improved regarding the company's personnel, work environment, hygiene management of facilities and quality control system to safeguard food sanitation, safety, and quality.	3.3 Product Liability	41	Effective from 2018, the number of items to be inspected are increased from 310 to 373 in accordance with TW FDA' s announcement of latest regulations.
	3.3 Product Liability	43	The exclusive personnel for the production lines of canned food have been trained and obtained the certificates of training with the pass-through rate of 100%.
The applicable laws related to the management of food safety and sanitation which the listed company shall comply, and the types and number of incidents of violation by the listed company against the aforesaid laws.	3.3 Product Liability	46	In 2017, violations against Act Governing Food Safety and Sanitation and Health Food Control Act included two exaggeration cases and two mislabel incident.
The percentage of the listed company's purchased volume in accordance with internationally recognized responsible production standards.	6.4Green Products	77	To produce aluminum foil package series, Grape King Bio has used 100% green paper pulp purchased from the woodlands certified by FSC.



The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	3.3 Product Liability	43	To produce aluminum foil package series, Grape King Bio has used 100% green paper pulp purchased from the woodlands certified by FSC.
The number and percentage of suppliers audited by the listed company, and the audit items and results	3.2 Supplier Management	40	In 2017, the number of raw material supplier audited was 202 and the audit percentage reached 100%.
The product trace and track management conducted by the listed company voluntarily or according to the applicable laws, and the percentage of such products to the whole products	3.3 Product Liability	44	In 2017, a total of 80 products could be traced through the internal tracking process, the tracking and traceability rate was 100%.
The food safety laboratories established by the listed company voluntarily or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	3.3 Product Liability	42	In 2017, Grape King Bio invested NTD3.2 million in food safety control expenses, including inspection fees, consumables for human resource commitment, instrument depreciation, certification fees, and other expenditures, accounting for 0.34% of the 2017 annual net operating revenue of Grape King Bio

Material issues related to Grape King Bio core values

● Boundary regarding the impacts of the specific issue

	Material issues	Internal	External		
		Grape King Bio	Customers	Suppliers	Communities
1	Product Quality	●	●	●	
2	Food safety	●	●	●	
3	Sustainable development strategy	●	●	●	●
4	Corporate Governance	●			
5	Ethics and Integrity	●			
6	Legal Compliance	●		●	●
7	Energy Conservation	●			
8	Anti-corruption	●			
9	Risk management	●	●	●	
10	Customer Services	●	●		



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