



GRAPE KING BIO

2019

GRAPE KING BIO

Sustainability Report

TSE 1707



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Chairman's Message

Chairman's Message

2019 marked the 50th Anniversary of Grape King Bio. Moving forward into the next decade, our operations continue to run smoothly as we expand our business and portfolio of products. Since 2014, we have been working with our accounting and auditing firms to publish our independently-verified Sustainability Report aligned with the Global Reporting Initiative's GRI Standards to ensure transparency.

I personally feel the urgency to tackle the issue of climate change and to protect the environment for the next generation. In 2019, we furthered Grape King Bio's commitment to reduce our impact on the environment by implementing the ISO 50001 energy management system. We also signed on to the international RE100 initiative, one of only four Taiwanese signatories, with a commitment for Grape King Bio to work towards using 100% renewable power by 2035. I am also pleased to share that our Headquarters passed the ISO 14001 environmental management system certification, and adopted the PDCA operation mode to continue to implement additional environmental protection measures (see Environmental Performance for details).

Grape King Bio remains committed to rigorous inspections and checks to ensure raw materials and items procured are safe and of superior quality for our consumers (see Food Safety for details). In addition to numerous local and international certifications received, from raw material food safety management to production and logistics, we also completed a full company audit for 215 of our suppliers.

The Grape King Biotech Research Institute, Hsinchu Science Park-Longtan, officially began mass production in July 2019 with its industry-leading fermentation facility and raw material research and development department. By actively cooperating with various universities and colleges, this new Institute will continue to attract rising stars in the Biotech industry as they grow and develop their skills with Grape King Bio (see Product Innovation and Sustainability and Social Performance for more details).

At Grape King Bio, our employees are paramount to our continued success. To contribute to a positive and safe working environment, our Occupational Health and Safety Committee provides regular health and wellbeing seminars/activities, as well providing full-time nurses on site. This year we obtained the OHSAS 18001, TOSHMS, and healthy workplace certifications. I am also very proud of how many our employees continue to volunteer each year to participate in our community outreach programs and provide meaningful contributions to our neighbors and local schools (See Talent Development and Employee Benefits for details).

We welcome your feedback on our 2019 Sustainability Report in order to better communicate what is important to all of our stakeholders. Technology, Health and Hope continue to be the core values of our mission at Grape King Bio as we work together to improve the health and overall wellness of our customers and society. "Live Healthy, Think Grape King."





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Sustainability Performance for 2019

Environmental

Ongoing 

Climate commitments and environmental initiatives

1. Joined the RE 100 renewable energy initiative, committing to the first stage of 15% renewable energy usage by 2030 and the second stage of 100% renewable energy usage by 2035

- 2. 100% green paper pulp materials made from FSCTM certified wood materials were used to make all aluminum foil product packaging in 2019
- 3. Many products were packaged in recyclable plastic bottles, which could be recycled by consumers and sent for decomposition into plastic pellets, helping to contribute to a more circular economy

Energy and water management

Implemented and completed certification of ISO 50001 energy management system in 2019

Green buildings and clean production

Received Green Building label approval for Grape King Biotech Research Institute and continued to invest in environmental management equipment to enhance overall production capacity and maximize resource usage rates



Governance

Ongoing 

Corporate governance

1. Established performance evaluation procedures for the Board of Directors and the Remuneration Committee, and commenced yearly evaluations on the overall operational performance of the Board of Directors and the Remuneration Committee starting from 2019
2. Invited to participate in 10 (domestic and overseas) investor conferences

Product innovation

1. Established a Biotech Research Institute utilizing state-of-the-art fermentation technology at the Grape King Biotech Research Institute in the Hsinchu Science Park
2. Applied for 38 patents in 2019 and obtained approval for 14 patents
3. Received the Distinguished Enterprise Innovation Award at the sixth National Industrial Innovation Awards
4. Received Outstanding Company of the Year at the 2019 Taiwan Bio Industry Organization Awards
5. Received SNQ (Symbol of National Quality) certification for 5 products
6. Participated in a total of 19 industry-academia cooperation and commissioned research projects in 2019, with total funds exceeding NT\$24 million

Food safety and supply chain management

1. Audited 100% of our 215 raw material suppliers
2. Updated our Grape King Supplier Code of Conduct in October 2019
3. Zero occupational safety incidents for Grape King biotech contractors

Customer satisfaction and legal compliance

1. Initiated comprehensive electronic order handling procedures for Grape King online store in 2019, reducing shipping and handling times to 2 workdays
2. Reduced major customer complaints in 2019 by 60%. Only 2 major customer complaints in 2019 compared to 5 in the previous year

Brand value

1. Received 2019 Happy Enterprises Award in the Manufacturing and Commission Agent Industry from 1111 Job Bank
2. Received Gold TCSA (Taiwan Corporate Sustainability Awards) Medal



Social

Ongoing 

Talent development and employee benefits

1. Received Silver TTQS (Talent Quality-management System) certificate from the Workforce Development Agency, Ministry of Labor
2. Founded GKB Learning College (GKBLC) to facilitate departmental planning, structuring, and implementation of departmental training programs for enhancing employee capabilities
3. Invested NT\$1.25 million in employee health management and health promotion, hosting 37 health promotion activities for a total of 3,088 attendees. The number of employee participants increased by 15.8% compared with the previous year

Community investment

1. Hosted "Christmas Wish List Project" and facilitated collaborations to help disadvantaged groups at 14 locations
2. Updated multimedia interactive equipment at the Grape King Health and Vitality Power Center and continued to provide free tours





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Grape King Bio Sustainability Strategy

Grape King Bio Sustainability Strategy

“Contribute and build a better future for society” is our core CSR philosophy. Grape King Bio believes in a people-oriented corporate culture and has established a blueprint for sustainable strategy under the framework of “Technology, Health, and Hope”. Grape King Bio has formulated six main categories for sustainable development, namely “Innovation and R&D”, “Ethical Governance”, “Product Liability”, “Happy Workplace”, “Social Prosperity”, and “Green Environment”. We will continue to develop corporate strategies for sustainability based on these six categories and use this blueprint as a basis for continued investment in sustainable management at Grape King Bio over the next three years.



Focus on energy and resource management Build a friendly operating environment

- Full mobilization of employees for energy conservation & carbon reduction
- Introduction of environmental management mechanisms and systems for new plants
- Continuous reduction of the environmental impact incurred from the operating process

SDGs : 13



Continuously invest in local communities and give back to the society Create a prosperous society with positive impact

- Academic participation and strengthening competitiveness of future key talents
- Community development and providing local assistance and caring
- Care for the disadvantaged and providing resources and assistance
- Companionship and assistance for better quality of life
- Caring for the elderly and their needs

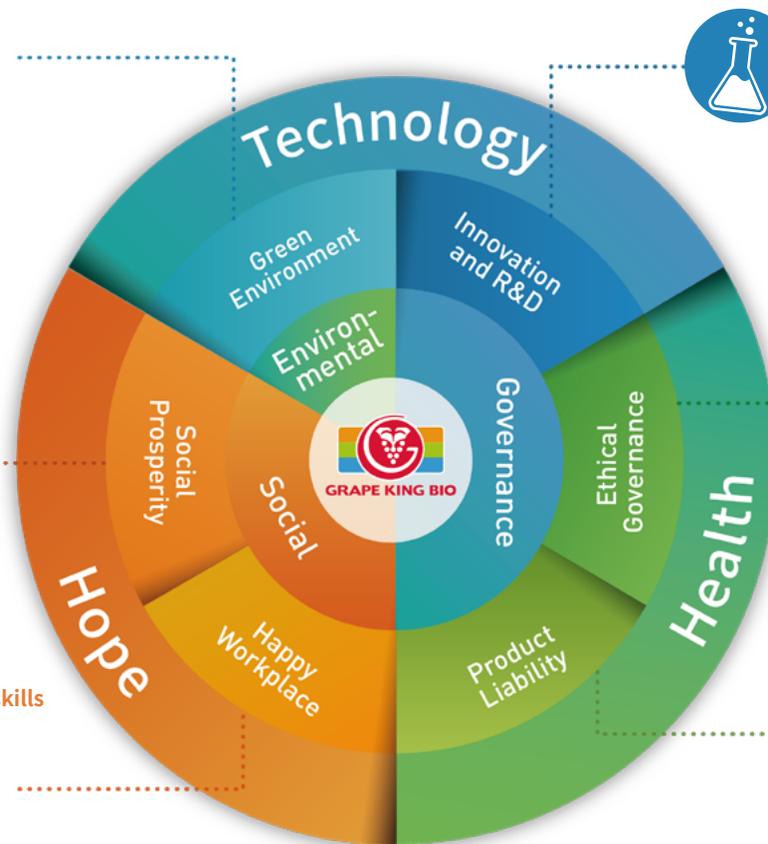
SDGs : 2、4、10



Integrate talents who share the same values Assign appropriate roles for talents and cultivate professional skills

- Expanding diverse recruitment channels
- Inventory skills and position talents
- Providing employees with necessary skill-oriented training courses
- Building a happy work environment
- Paying attention to and improving employees' health and workplace safety

SDGs : 3、10



Conduct market and customer-oriented innovation and R&D Improve brand competitiveness and develop customer service

- Development of key materials and intensive research on the effectiveness of existing materials
- Market-oriented product R&D
- Localized customer service in Taiwan
- Innovative marketing strategies and building Grape King Bio's professional image
- Academic and research collaboration for strengthening connections between the academia and the local industries

SDGs : 4、9



Adopt a business philosophy of ethics and integrity Establish stable operations and expansion of overseas markets

- Governance unit's focusing on ethical management
- Management procedures superior to regulatory requirements
- Regular risk assessment and management
- Regular internal audits and control
- Establishing a solid market for overseas expansion

SDGs : 8



Rigorous scrutiny on our products to ensure food safety Persist on producing high-quality, healthy, and safe products

- Comprehensive management for the production process and product quality
- Inspection standards superior to regulatory requirements
- Systematic tracking and traceability mechanisms
- Stringent sanitation and quality standards
- Enhancing traceability management regarding suppliers and materials

SDGs : 3、8、12

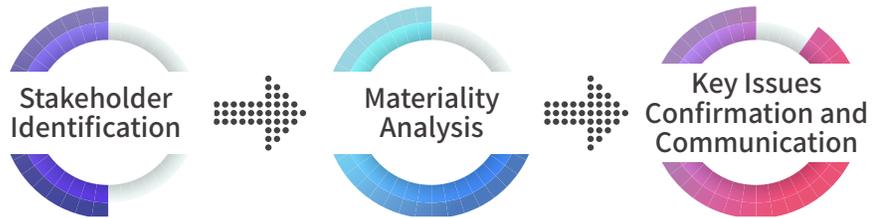
Response to the United Nations Sustainable Development Goals

In 2015, the United Nations listed 17 Sustainable Development Goals (SDGs) as part of its 2030 Agenda for Sustainable Development. We have linked the SDGs to our corporate strategies for sustainability and have set corresponding management measures to reflect our long-term commitment to corporate sustainability and the SDGs.

	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Measures adopted by Grape King Bio	We support disadvantaged and local ethnic groups in our communities by continuing to donate meals to help with diet and nutrition	Grape King Bio strives to enhance the lives of consumers and the overall health of society through our platform of health foods and supplements. We also promote improved health of our employees through wide-ranging company-sponsored health activities	We work closely with schools on industry-academia collaborations and provide unique internship opportunities to enhance learning and for future employee recruitment	Grape King Bio provides work opportunities as part of our talent management strategy to support local youth and members of more disadvantaged groups	Grape King Bio seeks to provide the most comprehensive care for the health of our consumers by addressing rising trends in chronic lifestyle diseases, aging populations, and considering enhanced awareness of consumer health issues. By integrating our core strengths in R&D along with our fermentation technologies and material development patents of our Bioengineering Center, we create a variety of health supplements for building a healthy and sustainable society	Grape King is strongly committed to eliminate inequality and discrimination and has established internal policies and initiatives to support this commitment	All our products have passed certification and inspections, strictly adhere to hygiene regulations and training, and are duly tracked and managed. We will continue to develop high-quality products that comply with consumer health needs and social expectations	Our climate initiatives were implemented through our six main management strategies: perform compliance obligations, reduce hazard risks, implement environmental protection, build friendly work environments, promote full employee participation, and improve sustainability cycles
Performance for 2019	<ul style="list-style-type: none"> Donated 1,600 food boxes during the past three years, benefitting 1,600 families, and 6,400 per person meals We provided winter and summer meal vouchers to schools, supporting 98 students and provided 3,230 individual meals during the past two years 	<ul style="list-style-type: none"> Professional doctors offer on-site services for 2 hours every month In 2019, we invested NT\$1.25 million in employee health management. A total of 37 health promotion activities were hosted for 3,088 participants. The number of employee participants increased by 15.8% compared with the previous year Developed anti-aging, eye care, and anti-depression products targeted to Asian users 58% of our products use sugar substitutes for flavoring to reduce sugar content 	<ul style="list-style-type: none"> Conducted a total of 19 industry-academia cooperation and commissioned research projects in 2019, with total funds exceeding NT\$24 million Published 19 journal papers, 10 conference papers, and 3 conference posters 73 students participated in Grape King Bio internship programs 	<ul style="list-style-type: none"> Earnings per share (EPS) for 2019 was NT\$9.63 The distribution ratio for cash dividends in 2019 was 67.50% The local procurement ratio for 2019 was 69.35% In 2019, 1 intern became a full-time employee 	<ul style="list-style-type: none"> Conducted a total of 19 industry-academia cooperation and commissioned research projects in 2019, with total funds exceeding NT\$24 million Grape King Bio holds 71 patents. We applied for 38 patents in 2019 and received approval for 14 patents. Developed a total of 199 products in 2019 	<ul style="list-style-type: none"> As of year-end 2019, we have helped to sponsor the education of 28 low-income students Sponsored 7 school club activities to encourage multi-faceted development in schoolchildren The ratio of starting salaries and benefit values is 1:1 for our male and female employees 	<ul style="list-style-type: none"> Implemented inspections of raw materials. Overall qualification rates were 97.21% 100% of our 215 suppliers underwent our annual audits 100% of our product lines were verified Invested NT\$26,284,455 in food safety management 100% of all products were produced by product lines verified under internationally recognized food safety and hygiene management systems 100% of company products can be tracked through our internal ERP system 	<ul style="list-style-type: none"> Invested NT\$29,122,596 in environmental protection and management Announced participation in the international RE 100 renewable energy initiative, committing to the first stage of 15% usage of renewable energy by 2030 and the second stage of 100% usage of renewable energy by 2035 Installed solar power generators which generated around 720 kWh of electricity per year and reduced carbon emissions by around 398 kg CO₂e each year Implemented ISO50001 energy management system at our Headquarters

Stakeholder Communication and Analysis of Key Issues

Grape King Bio collects feedback from our stakeholders to better understand their needs and expectations and to establish effective communication channels. Feedback from stakeholders contributes to the formulation of our CSR policies and business development. The stakeholders involved in discussions this year came into contact with the various departments at Grape King Bio as part of routine business. Our scope of communication did not extend to other subsidiaries of our company. The process of stakeholder negotiation as well as identified stakeholders, communication channels, communication frequency, and communication performance for 2019 are shown in the table below. For more information, please refer to our official website: <https://www.grapeking.com.tw/en/csr/stakeholder>.



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Categories of Stakeholders

- Shareholders/ investors
- Customers
- Suppliers
- Employees
- Government
- Neighborhood communities
- Media
- Academia
- Nonprofit organizations

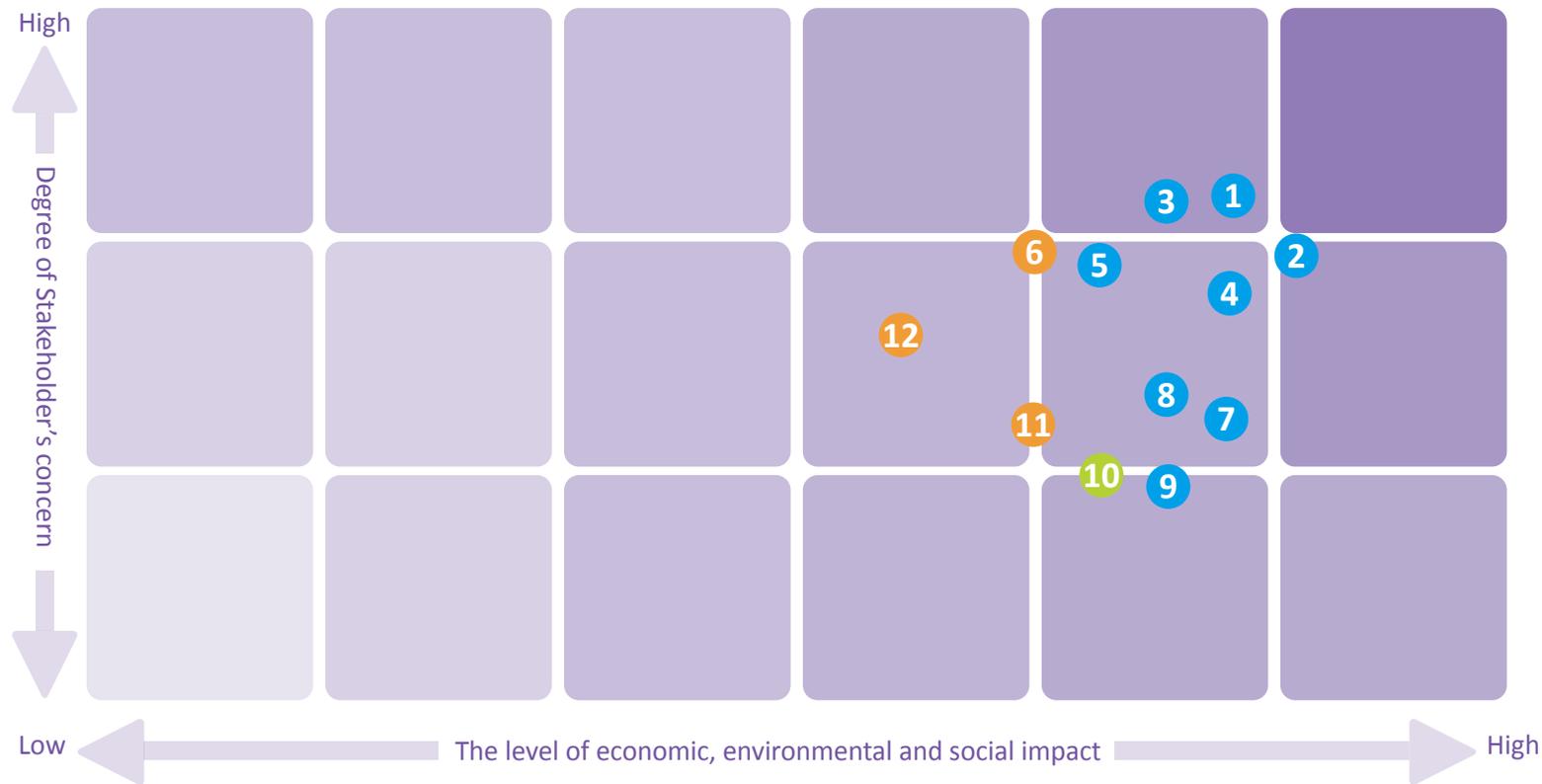
	Main Topics of Concern	Communication Channels	Communication Frequency	Communication Performance for 2019
Shareholders /investors	<ul style="list-style-type: none"> ● Financial performance ● Occupational health and safety ● Innovation and R&D 	<ul style="list-style-type: none"> • Convening of AGM • Investor conferences • Participated in conferences and face-to-face communication meetings hosted by investment institutes • Responded to investor and analyst questions via phone, email, and our mailbox for external communication; we also periodically collected suggestions and feedback • Annual publication of annual report and Sustainability Report • Released important information disclosures on MOPS and published all corporate news on official website 	<ul style="list-style-type: none"> Once per year At irregular intervals At irregular intervals At irregular intervals Once per year At irregular intervals 	<ul style="list-style-type: none"> • Convened 1 regular shareholders meeting • Invited to participate in 10 investor conferences • Published quarterly financial reports and annual reports for 2018 • Released 63 Chinese and English material information disclosures • Released 12 sets of unaudited consolidated revenue data (one for each month)
Clients	<ul style="list-style-type: none"> ● Ethics and integrity ● Legal compliance 	<ul style="list-style-type: none"> • Service hotline for product queries • Service outline for outsourcing queries • Official website and mailbox for external communications • Customer satisfaction surveys • Official online shop • Telephone interviews • Dedicated service hotline and point of contact 	<ul style="list-style-type: none"> Daily Daily Daily Once per year Daily Daily Daily 	<ul style="list-style-type: none"> • Dedicated customer service hotline received 7,591 product and order queries • Official website and mailbox for external communications responded to 985 customers • Online messaging system responded to approximately 6,800 customers • Conducted 62 telephone interviews
Suppliers	<ul style="list-style-type: none"> ● Ethics and integrity ● Product quality ● Supply chain management 	<ul style="list-style-type: none"> • Procurement unit hotline • Official website and mailbox for external communications • Public bidding and opinion exchange and interview meetings • On-site supplier audits and guidance • Questionnaires, phone, fax, and email 	<ul style="list-style-type: none"> Daily 1-2 times per month Daily 2-3 times per month Daily 	<ul style="list-style-type: none"> • Audited a total of 215 suppliers (100%)
Employees	<ul style="list-style-type: none"> ● Talent attraction and retention ● Ethics and integrity ● Talent development 	<ul style="list-style-type: none"> • Periodic labor-management meetings • Company announcements • Internal website • Human resource unit • Employee suggestion box • Mailbox for reports and grievances • Publication of relevant regulations on internal company website 	<ul style="list-style-type: none"> Once per quarter At irregular intervals At irregular intervals At irregular intervals At irregular intervals Updated non-periodically 	<ul style="list-style-type: none"> • Hosted a total of 4 labor-management meetings • Our mailbox for grievances received 0 complaints • Ratio of employees undergoing annual performance audits reached 100% • Total number of training hours for the year was 10,942 hours • Total number of personnel who underwent training during the year was 3,195 people

	Main Topics of Concern	Communication Channels	Communication Frequency	Communication Performance for 2019
Government	<ul style="list-style-type: none"> ● Ethics and integrity ● Talent attraction and retention ● Talent development ● Occupational health and safety ● Product quality ● Product liability and safety ● Product quality 	<ul style="list-style-type: none"> • Exchange of official correspondences • Meetings (for example seminars or public hearings) 	<ul style="list-style-type: none"> At irregular intervals At irregular intervals 	<ul style="list-style-type: none"> • Received and sent 1,654 official correspondences
Neighboring communities	<ul style="list-style-type: none"> ● Product quality ● Product liability and safety ● Information security ● Climate change and energy management ● Water resource management ● Waste management ● Sustainable products ● Nutritious and affordable products 	<ul style="list-style-type: none"> • Community activities • Point of contact with heads of boroughs and neighborhoods 	<ul style="list-style-type: none"> At irregular intervals At irregular intervals 	<ul style="list-style-type: none"> • Invested NT\$15,501,593 in communities • Hosted 8 exchange activities
Media	<ul style="list-style-type: none"> ● Financial performance ● Product liability and safety ● Innovation and R&D 	<ul style="list-style-type: none"> • Press conferences • Themed interviews • Press releases • Public relations companies 	<ul style="list-style-type: none"> At irregular intervals At irregular intervals At irregular intervals At irregular intervals 	<ul style="list-style-type: none"> • Published 25 press releases
Academia	<ul style="list-style-type: none"> ● Product quality ● Product liability and safety ● Ethics and integrity 	<ul style="list-style-type: none"> • Industry-academia cooperation activities and meetings • Intern training and exchanges • Keynote lectures and conferences 	<ul style="list-style-type: none"> At irregular intervals Summer and winter vacations and during semesters At irregular intervals 	<ul style="list-style-type: none"> • Collaborated with 45 domestic colleges • A total of 79 students participated in industry-academia cooperation projects
Non-profit organizations	<ul style="list-style-type: none"> ● Social participation ● Ethics and integrity ● Legal compliance 	<ul style="list-style-type: none"> • Volunteer activities • Official website • Official fan page • Dedicated service unit 	<ul style="list-style-type: none"> At irregular intervals At irregular intervals At irregular intervals At irregular intervals; once a week 	<ul style="list-style-type: none"> • Involved 1,009 people in social participation • Service hours: 1,188 hours

For more information, please also refer to the Grape King Bio investor relations section: <https://www.grapeking.com.tw/en/investor/shareholder/presentation>

We sent surveys to our important external stakeholders and collected a total of 193 valid responses. Item weights and rankings were calculated according to their level of impact on the company, and 12 key issues were selected for this year. Each unit integrates these key issues into annual plans and routine business management along with the previously identified issues of concern, and periodically evaluates implementation performance to facilitate continuous improvement.

Materiality Matrix



- 1** Ethics and integrity(G)
- 2** Product quality(G)
- 3** Product liability and safety(G)
- 4** Legal compliance(G)
- 5** Customer service(G)
- 6** Occupational health and safety(S)
- 7** Innovation and R&D(G)
- 8** Corporate governance and transparency(G)
- 9** Anti-corruption(G)
- 10** Waste management(E)
- 11** Talent attraction and retention(S)
- 12** Nutritious and affordable products(S)

Key Issues confirmation and communication

Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Management approach	Our major responses
		Upstream	Grape King Bio	Downstream		
Ethics and integrity	GRI 205: Anti-corruption 2016 (205-3)	●	●	●	To strengthen the necessity of compliance with the Ethical Code of Conduct and ensure employee awareness. Various education channels are adopted	<ul style="list-style-type: none"> Promote the ethical corporate and management and prevention of insider trading to all employees The Board of Directors approved the “Dishonesty Prevention Program” and actively promoting the prevention of dishonest behaviors Directors and Supervisors participated in courses on ethical corporate management. The total number of participants was 11 and the total training hours were 33 hrs. Internal and external trainings on ethical corporate management were also held for employees. The total number of participants was 604 and the total training hours were 2,276 hrs
Product quality	GRI 416: Customer Health and Safety 2016 (416-2)	●	●	●	Require employees to continuously strengthen the quality management system for compliance with relevant regulations and actively implement various international certifications	<ul style="list-style-type: none"> In 2019, all 27 staff members (100%) at our inspection center obtained their ISO/IEC 17025 training certificates and achieved our goal for the year. Additionally, 8 of our staff members obtained their training certificates for internal laboratory audits and became qualified auditors Our current inspection items include tests for residues of 380 pesticides, 9 plasticizers, 5 microbes, and 4 heavy metals
Product liability and safety	GRI 416: Customer Health and Safety 2016 (416-2)	●	●	●	<ul style="list-style-type: none"> Implement internal and external education and training for food safety Appoint a Hygiene Management Specialist and apply for multiple proactive food safety and sanitation management system certifications Establish a food safety team to review and manage the quality system Establish a comprehensive follow-up and traceability system Use 100% raw material inspections to implement rigorous controls and schedule monthly audits on suppliers and annual evaluations to fully implement supplier risk management 	<ul style="list-style-type: none"> Compliance with food safety regulations and product labeling Obtain multiple food safety certifications and laboratory certifications Supplier evaluation system Our laboratory personnel optimized and established 9 inspection methods 100% of the source materials of Grape King Bio's products can be traced through the internal ERP system

Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Management approach	Our major responses
		Upstream	Grape King Bio	Downstream		
Legal compliance	GRI 419: Socioeconomic Compliance 2016 (419-1)		●	●	<ul style="list-style-type: none"> All legal affairs and related documents shall be processed by the Legal Office in its comprehensive review procedures Conduct internal education and training to ensure that all related units understand related regulations 	In 2019, we incurred no major penalties from administrative authorities exceeding one million NTD
Customer service	GRI 418: Customer Privacy 2016 (418-1)		●	●	<ul style="list-style-type: none"> Establish customer service processing procedures and arrange external training for customer service personnel to increase customer satisfaction Perform a series of customer visits each year and use consumers' opinions to formulate the R&D and sales strategies for the next year Continue to improve and provide customers with the highest standard of personal information protection 	<ul style="list-style-type: none"> The Company arranges training for employees to improve their professional skills, core knowledge, and communication skills. Strengthening our social media marketing and generated 78% of new business in 2019. Implement telephone sales and management system to systematically manage and maintain customer relationship
Occupational health and safety	GRI 403 : Occupational Health and Safety 2016 (403-2)		●		Encourage employees to actively participate in related environmental, safety, and health activities and training, set up the "Occupational Health and Safety Management Committee" to organize health-and-safety-related affairs and periodically evaluate risks in the workplace	<ul style="list-style-type: none"> Provide employees with a safe and healthy workplace and continue to promote sustainable occupational safety and health company culture No major occupational hazards occurred at Grape King Bio from 2014-2019 (5 consecutive years) Various employee healthcare projects
Innovation and R&D	GRI 103 : Management Approach (103-1、103-2、103-3)	●	●	●	<ul style="list-style-type: none"> Continue to strengthen the R&D capacity of our Bioengineering Center and Innovation and R&D Center Develop diverse products and customized services Conduct industry-academia collaboration to strengthen connections between local industries 	<ul style="list-style-type: none"> We currently hold 71 patents; we applied for 38 patents in 2019 and received approval for 14 patents Developed a total of 199 products in 2019.
Corporate governance and transparency	GRI 103 : Management Approach (103-1、103-2、103-3)	●	●	●	Continue to examine changes in the external business environment and improve internal management procedures; in addition to strengthening internal supervision and disclosure of information to external entities, we establish a comprehensive shareholder and stakeholder communication platform to build an effective corporate governance framework	<p>Grape King Bio focuses on the four items below to strengthen corporate governance:</p> <ol style="list-style-type: none"> Strengthen the roles and responsibilities of the Board of Directors and ensure that functions of Supervisors are fully exercised Put emphasis on the interests of shareholders and stakeholders Establish and implement internal control and internal audit systems Strengthen information disclosure and transparency

Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Management approach	Our major responses
		Upstream	Grape King Bio	Downstream		
Anti-Corruption	GRI 205: Anti-corruption 2016		●		Actively require suppliers to sign anti-corruption clauses and set up multiple representation channels, and regularly implement employee training to ensure that corruption is prevented from the inside out.	<ul style="list-style-type: none"> Our suppliers have gradually signed our Code of Conduct due to our implementation of the following procedures: (1) Official announcement; (2) New suppliers sign the Code of Conduct when signing their new contract with us; (3) Other suppliers are required to sign together with their renewed contract after their old contracts have expired. Warning note was added to our procurement forms and content related to anti-corruption were added. Policy promotional materials were randomly sent to suppliers with whom we have regular transactions. A total of 138 suppliers responded to our survey 14 questions and 94.46% of suppliers responded that they were aware of our anti-corruption policy.
Waste management	GRI 306: Effluents and Waste 2016 (306-2)		●		Establish a waste management system and build employee waste management awareness through education. Promote the recycling or lightweight design of the entire product packaging.	In 2019, Grape King Bio launched a recyclable plastic container program on some of our production lines. Capsule bottle containers returned to Grape King Bio by our customers were processed and decomposed into plastic pellets by local recycling plants.
Talent attraction and retention	GRI 403 : Occupational Health and Safety 2016 (403-2)		●	●	<ul style="list-style-type: none"> Apply the Talent Professional Competency Development Program and set up diverse recruitment channels Advanced strategic plans and development goals for employees Provide various communication channels 	<ul style="list-style-type: none"> Introduction of systematic recruitment process and in-depth campus recruitment Founded GKB Learning College (GKBLC) to facilitate departmental planning, structuring, and implementation of departmental training programs for enhancing employee capabilities We surveyed employee satisfaction levels in 2019. We achieved a response rate of 81.7%. Survey results showed that average scores for all categories were higher than 3.5 (out of 5)
Nutritious and affordable products	GRI 103 : Management Approach (103-1 、 103-2 、 103-3)	●	●	●	<ul style="list-style-type: none"> Add consideration of regional nutrient requirements into product design process Strive to control the price of products within the affordable range of the market and put efforts on eliminating the environmental impact of products. 	<ul style="list-style-type: none"> Developed anti-aging, eye care, and anti-depression products targeted to Asian users. The main products are designed according to the product formula and positioning needs, each containing different types and amounts of vitamin B groups, C, D, E, etc. 58% of our products use sugar substitutes for flavoring to reduce sugar content.



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Corporate Governance and Legal Compliance

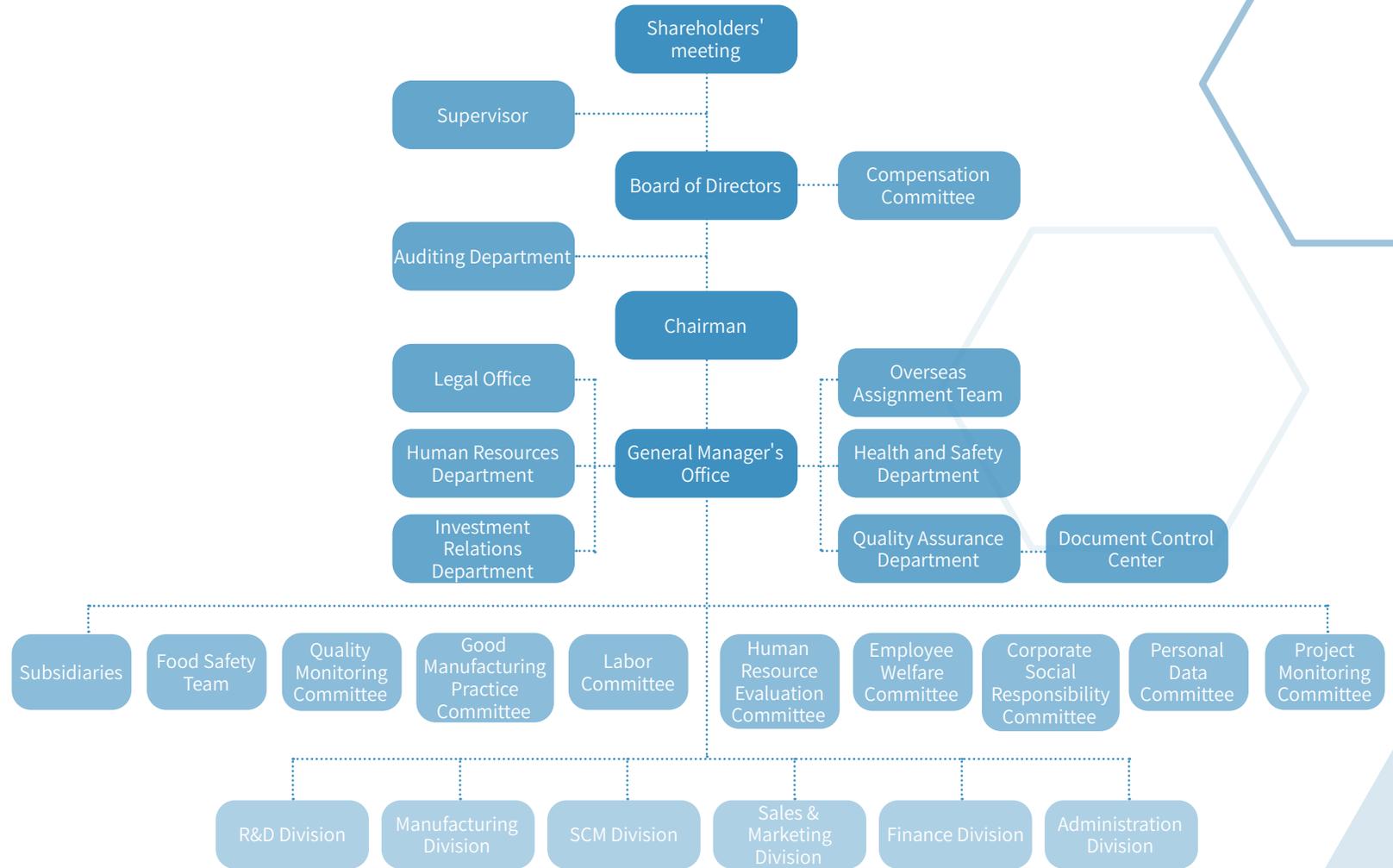
Material Issues: Ethics and Integrity; Corporate Governance and Transparency; Anti-Corruption; Legal Compliance

Grape King Bio established comprehensive corporate governance principles and regulations to facilitate corporate governance and improve management. We formulated the “Ethical Corporate Management Best Practice Principles” and “Dishonesty Prevention Program”. We also formulated the “Corporate Governance Best Practice Principles” and was approved by the Board of Directors. Grape King Bio appointed the CFO as the Corporate Governance Manager and designated the Finance Division as the unit responsible for ethical business management. It is responsible for implementing ethical corporate management to establish a corporate culture of honesty and maintain proper business operations.

Board Operations

Our 9 board directors have work experience and professional backgrounds in business, legal affairs, finance, accounting, and corporate matters. Please refer to [our annual report](#) for more information on director backgrounds. Our ratio of female directors is 22% and our ratio of independent directors is 33%. In order to perform their due diligence, our Board of Directors has formulated our “Rules of Procedure for Board of Directors Meetings” and stipulated an obligation to avoid conflicts of interest in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”. Grape King Bio periodically purchases director and officer (D&O) liability insurance for our directors and supervisors to reduce and disperse risk of major damage to the corporation or shareholders resulting from director error or negligence. Grape King Bio conducts annual assessments of CPA independence, and the results are submitted to the Board for approval. (Please refer to our annual report for more information on Board operations.)

Corporate Governance Organization



Supervisor System Operations

Grape King Bio has elected two supervisors in accordance with the law to supervise the quality and integrity of accounting processes, auditing processes, financial reporting processes, and financial controls implemented at our company. Supervisors are mainly responsible for exercising their duties in accordance with regulations stipulated in the Company Act, and in assisting the Board to enhance the quality of accounting, financial reporting, and internal control procedures.

Remuneration Committee Operations

We have established a Remuneration Committee composed of three members (all independent directors of the company) to strengthen corporate governance and build sound remuneration systems for directors, supervisors, and managers. The Remuneration Committee convened a total of four times in 2019 and proposed recommendations were submitted to the Board for discussion.

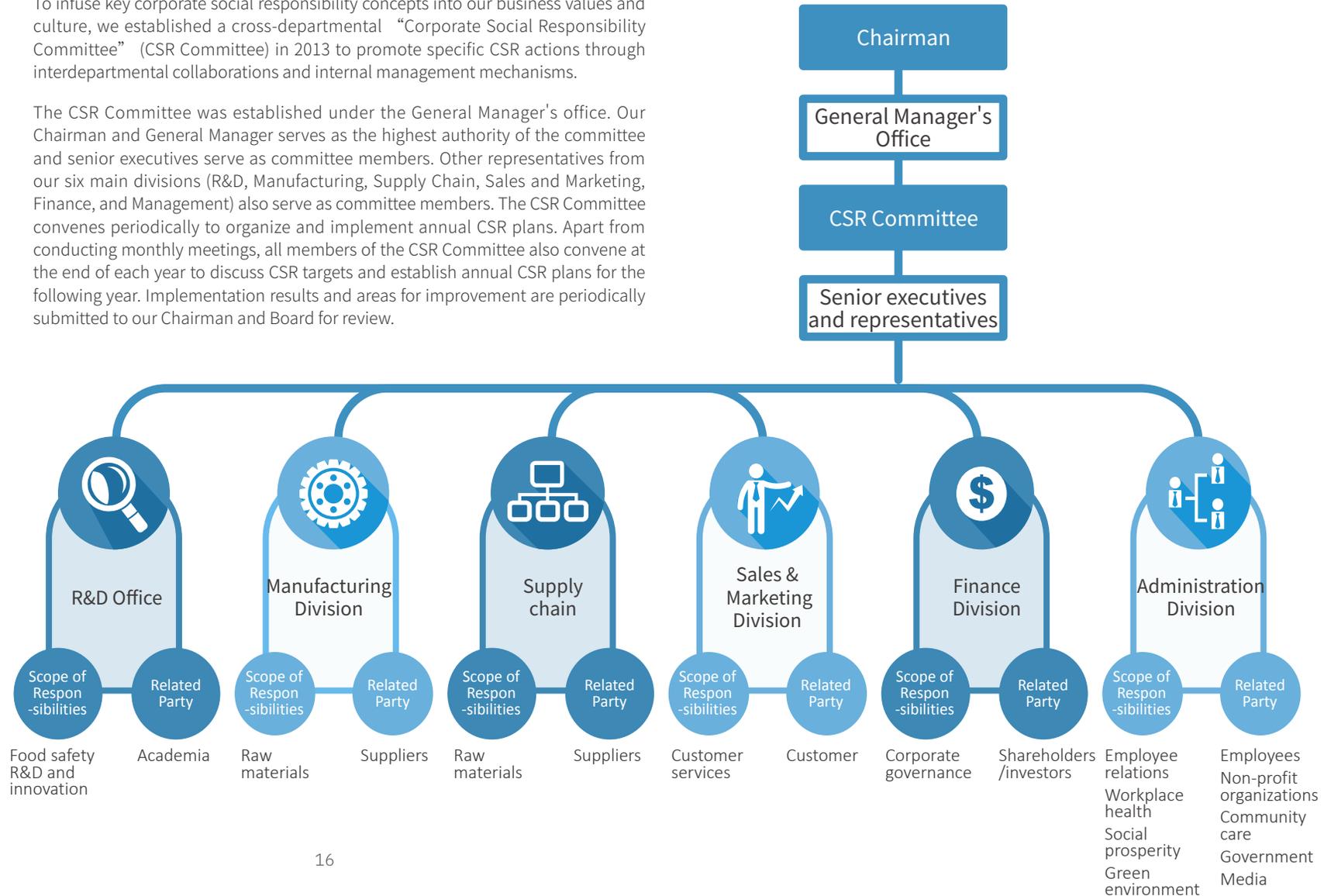
We established procedures for evaluating the performance of our Board and Remuneration Committee on November 11, 2019. These procedures were approved by the Board, and all performance evaluation results will be submitted to the Board for reference when making decisions relating to board directors and remuneration committee members, when nominating directors, or when selecting remuneration committee members. Overall Board performance received an “Excellent” rating in evaluation results, indicating that the Board is able to exercise its duties appropriately. Average evaluation scores for Board performance were 4.52 (out of 5). Overall Remuneration Committee performance received an “Excellent” rating in evaluation results, indicating that the Remuneration Committee is able to exercise its duties appropriately. Average evaluation scores for the Remuneration Committee performance were 4.26 (out of 5). For more information on our procedures for evaluating Board and Remuneration Committee performance, please refer to the Investor Section of the Grape King Bio company website: <https://www.grapeking.com.tw/tw/investor/governance/major-policies>.

Board directors, members of the Remuneration Committee, and the Corporate Governance Team did not put forward any other suggestions in 2019. Details of the evaluations were submitted to the Board in February 2020.

Corporate Social Responsibility Structure

To infuse key corporate social responsibility concepts into our business values and culture, we established a cross-departmental “Corporate Social Responsibility Committee” (CSR Committee) in 2013 to promote specific CSR actions through interdepartmental collaborations and internal management mechanisms.

The CSR Committee was established under the General Manager's office. Our Chairman and General Manager serves as the highest authority of the committee and senior executives serve as committee members. Other representatives from our six main divisions (R&D, Manufacturing, Supply Chain, Sales and Marketing, Finance, and Management) also serve as committee members. The CSR Committee convenes periodically to organize and implement annual CSR plans. Apart from conducting monthly meetings, all members of the CSR Committee also convene at the end of each year to discuss CSR targets and establish annual CSR plans for the following year. Implementation results and areas for improvement are periodically submitted to our Chairman and Board for review.



Emphasis on Shareholder Interests and Stakeholder Rights

We have implemented a shareholder e-voting system to facilitate shareholder mobility and make voting more convenient. The results of all votes on proposals are disclosed in our meeting minutes. This year, we were invited to participate in 10 (domestic and overseas) investor conferences which spanned a period of more than 3 months. We did not initiate any investor conferences on our account for this year.

Ethical Code of Conduct

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

Ethical Code of Conduct



- 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 become involved in abnormal relationships with business-related third parties or other members of staff
- Do not spread false statements
- Do not commit any form of discrimination, sexual harassment, intimidation, threat, theft, corruption, dereliction of duty, or other illegal acts

For more information on our Ethical Code of Conduct, please refer to: https://www.grapeking.com.tw/uploads/policy/20180222101137_45.pdf

Anti-Corruption Measures

Grape King Bio seeks to manage anti-corruption behaviors through rigorous internal controls, internal communication, and our Ethical Code of Conduct. We have infused business values of integrity into our corporate culture through continued promotion. No incidents of anti-corruption occurred in 2019. Externally, we have measures in place to manage anti-corruption in our suppliers. Suppliers involved in anti-corruption incidents will be penalized and removed from our supplier list. For serious violations, legal action will be brought against the employees and suppliers in question, who shall be jointly responsible for any penalties incurred under the Criminal Code. Our annual promotion measures regarding supplier policies include the following:



1. Policy promotional materials were randomly sent to suppliers with whom we have regular transactions, 100% of suppliers responded that they were aware of our policy.
2. A warning note was added to our procurement forms for external parties so to strengthen the promotion of our trade secret and anti-corruption policies.

Grievance Reporting System

We have established a set of “Management Procedures for Grievance Reporting”. Stakeholders can report grievances to our dedicated mailbox or through our hotline, and we have measures in place to provide timely responses, thus ensuring protection of stakeholder interests.

(1) Mailboxes for complaints and grievances:
Mailbox for reporting complaints: companyopinion@grapeking.com.tw
Mailbox for reporting grievances: employeeopinion@grapeking.com.tw; the point of contact for these mailboxes are the managers of relevant departments.

(2) Hotline for internal complaints and grievances:
Hotline for reporting complaints: +886-4572121#1999 | Hotline for reporting grievances: +886-4572121#1995

Procedures for reporting complaints and grievances: Company managers, informant departments, and higher authorities are not allowed to take inappropriate action or retaliation against informants or their close associates.

Risk Management

Risks identified by Grape King Bio for 2019 are shown in the following table:

Governance Aspect	
I. Credit risks	Credit risks mainly stem from inability to recover receivables. Grape King Bio categorizes clients according to financial conditions, past transactions, internal ratings, and accounts receivable aging reports; where appropriate, collateral is collected to reduce credit risks from receivables.
II. Procurement risks	We have many principles and regulations in place to screen and inspect raw materials starting from the procurement stages, and additional assurance is provided through international and domestic accreditation. Batch management is implemented for purchased materials, and product manufacturing dates, expiration dates, production quantities, inspection results of end-products, and other information are carefully documented so as to provide comprehensive information on the quality of all raw materials.
III. Supply chain risks	We have established supplier evaluation procedures and implement a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable and guarantee smooth delivery of supplies.
IV. Trade secrets, patent rights, and trademarks	We protect our trade secrets from leaks through our Ethical Code of Conduct and continued employee training. We receive information on industrial trends, patent rights, and trademarks from time to time, and these are used to ensure our advantages and strengthen our core technologies.

Social Aspect	
I. Food safety risks	We adhere to the Act Governing Food Safety and Sanitation and the regulations set out in international food safety management system standards as potential risks may arise from non-compliance with these requirements. 1. We have established the following management mechanisms to ensure the safety of our food and to meet the requirements of different safety management

standards:

- (1) Within our factories, HACCP standards are used as a basis for assessing potential risks of all production lines and for proposing prevention and monitoring measures.
- (2) Internal audits are conducted each year to ensure system effectiveness and compliance.
- (3) These mechanisms are analyzed and discussed during annual management review meetings and quality/sanitation meetings.
- (4) Grape King Bio has established rigorous management mechanisms and uses state-of-the-art precision inspection equipment and professional quality control specialists to ensure the quality of raw materials and products and help to reduce food safety risks.

II. Talent recruitment and training

We have established policies in response to risks relating to lack of human resources. We have also formulated succession and proxy plans, designed training procedures for internal personnel (including job rotation and job enrichment plans), and increased our recruitment channels (adding industry and government collaborations, internal recruitment, internal referral, and so on) to minimize potential risks.

III. Employee health and safety

We actively strive to improve and strengthen the safety of our workplace environments by hosting general training sessions relating to health and safety. We have also placed a display case containing emergency equipment next to our guardhouse so that our partners and employees can learn to respond rapidly during emergency situations.

IV. Work environment risks

Gas leak detectors have been installed in factory spaces that our gas lines pass through. These detectors are linked to our guardhouse so that alarm signals can be monitored around the clock. Additionally, we also schedule periodic patrols to check on factory operations.

electromechanical air conditioning equipment and office equipment. We have established the following mechanisms to manage potential energy risks:

1. The heavy crude oil boiler burners used at our Zhongli Factory have all been replaced with natural gas burners. After relevant inspections and tests were completed in June 2019, all boilers are now fueled by natural gas and provide steam power for the equipment and machinery on our production lines.
2. Electricity from Taipower is transmitted through underground cables to prevent power outages resulting from weather damage to utility poles. We have also installed emergency generators and UPS (uninterruptible power supply) equipment to reduce damage from unexpected blackouts.

III. Climate-Related Opportunity

Grape King Bio obtained the ISO 50001 energy management system certification in 2019. An initial batch of energy management personnel from each department conducted a comprehensive audit and documentation of all equipment at our Headquarters to monitor the plant's energy usage. Through our effort, we identified the opportunities regarding the room for efficiency improvement.

Legal Compliance

The employment contract signed by company employees when joining Grape King Bio has clear stipulations on ethical behaviors and prevention of anti-corruption behaviors which prohibit behaviors that are disadvantageous to the company. These stipulations are repeated on employee termination forms. Apart from employment contracts, all of our employees were also required to sign a new trade secrets contract in 2019. Grape King Bio also offers training sessions relating to legal knowledge; a total of 290 people participated in these training sessions in 2019.

Notices issued by health authorities are first evaluated by our legal department to determine whether it is necessary to submit an appeal or propose improvement measures; the legal department is also responsible for notifying relevant departments. If the authorities request a hearing, this is attended by members of our legal department and personnel from relevant departments. In 2019, one of our health food advertisements was found to be in violation of the Health Food Control Act. After receiving an official notice from the Department

of Health, our legal department immediately notified our sales and marketing department and requested removal of said advertisement. The updated copy was then subsequently submitted for review through our established procedures. Additionally, management procedures for one of our chemical products were found to be in violation of the Occupational Safety and Health Act. Our legal department notified the relevant units and requested immediate improvements after receiving this notice. In future, we will annually update our list of chemicals for priority management. In 2019, we incurred no major penalties from administrative authorities exceeding one million NTD.

Violation Incidents in 2019	Legal Basis	Subsequent Improvements
"GKM3 are the best probiotics for helping to absorb lipids!" in Common Health magazine	In violation of Article 28 of the Act Governing Food Safety and Sanitation	<ol style="list-style-type: none"> 1. We immediately notified our marketing department after receiving this violation notice. 2. Although Grape King Bio was not mentioned in said issue of Common Health magazine, and consumers had no way of knowing the name of the product containing GKM3, the Department of Health judged the advertisement to be in violation of the regulations and asked relevant units to make adjustments so as to avoid similar incidents from occurring again.
Our list of chemicals for priority management had not been submitted to the authorities for reference, and the list had not been updated on an annual basis	In violation of Paragraph 2, Article 14 of the Occupational Safety and Health Act	In future, Grape King Bio will annually update our list of chemicals for priority management



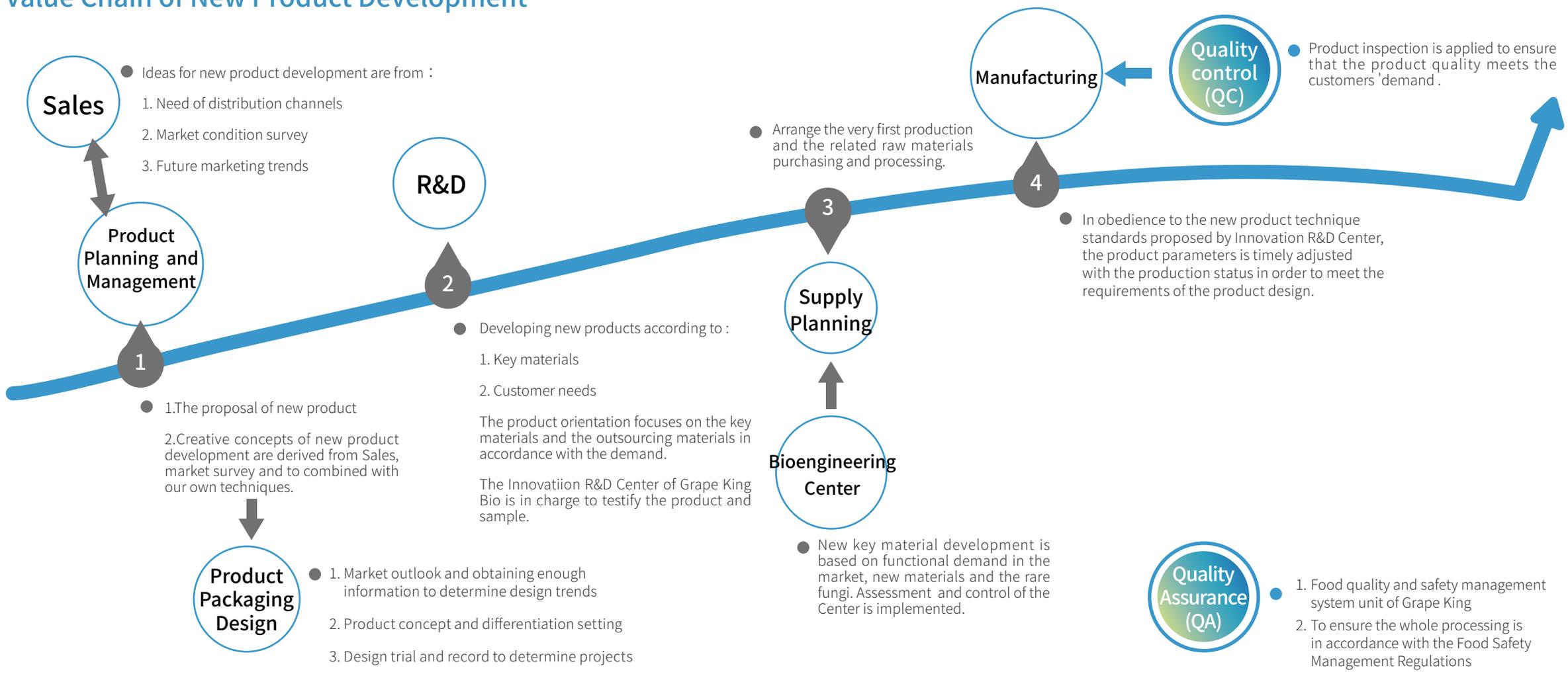
Environmental Aspect

- I. Our current energy sources include heavy crude oil, natural gas, and electricity. Heavy crude oil and natural gas are used in boilers to produce steam for powering factory equipment, while electricity is used to power

Product Innovation and Sustainability

Value Chain of New Product Development

Material Issue: Innovation and R&D, Nutritious and Affordable Products



Innovation and R&D

Grape King Bio is committed to innovation and development of different products and services, and we continue to invest our resources and efforts. Grape King Bio invested NT\$190,091,000 (2.1% of revenues) in innovation and R&D in 2019.

Major milestones for 2019

- Received “Outstanding Company of the Year” award at the Taiwan Bio Industry Organization Awards
- Five of our products (Beauty Drink, Livoprobio, Shin Yue Kang, Super 13 Pro & Prebiotics(N) and Marigold Lutein Complex) received SNQ (Symbol of National Quality) certification in the health food group of the health food category.
- Recognized by the sixth National Industrial Innovation Awards
- Received 2 Gold Medals, 5 Special Prizes, and a Special International Alliance of Innovation and Invention Associations (IAIA) Award at the 18th Malaysia Technology Expo
- Received 2 Gold Medals and 1 Special Award at the Russian Archimedes International Invention Exhibition
- Received Silver Medal at Taiwan Innotech Expo

Grape King Biotech Research Institute

Our Bioengineering Center was established in 1991 and was upgraded to a “Biotech Research Institute” in 2019. The Biotech Research Institute is responsible for developing materials and product production. In terms of R&D, the Biotech Research Institute is responsible for developing and applying our self-developed materials (key components) and actively collaborates with domestic academic and research institutes to develop products, verify product efficacy, and improve processes so as to establish core technologies for our company. Please refer to [our company website](#) for more information.

Our domestic and overseas collaboration projects and patents obtained in 2019 include:

- Around 40 industry-academia collaboration projects with the Ministry of Science and Technology, the Council of Agriculture, the Ministry of Education, and colleges and universities
- We currently hold 71 patents; we applied for 38 patents in 2019 and received approval for 14.

Development and patenting of key materials

Developing ingredients for health and beauty products is one of the main focuses of the R&D team at Grape King Bio. We have developed the following materials:

- Cordyceps cicadae mycelium: Protect renal functions and prevent dry eye syndrome
- Hericium erinaceus mycelium: Rich in Erinacine A, which can trigger the generation of nerve growth factor (NGF) in glial cells
- Tiger milk mushroom (Lignosus rhinoceros), Malaysia's national treasure: Prevents asthma
- Lepista nuda mycelium: Produces antioxidant Ergothionione

Grape King Bio continues to conduct analysis and testing regarding the efficacy of our developed materials:

- ✓ We screen lactic acid bacteria strains with properties to help prevent liver damage from alcohol, reduce blood sugar, delay aging, and prevent depression
- ✓ We continue to analyze Cordyceps cicadae mechanisms for reducing intraocular pressure, fighting kidney damage, and alleviating allergy effects
- ✓ We continue to analyze and research Hericium erinaceus properties for preventing damage to optic nerves, neural damage regeneration, anti-inflammation functions, improving depression and sleep, preventing degenerative joint diseases, and protecting against brain ischemia

Our Biotech Research Institute also accepts OEM and ODM requests, including work on:

- Fungi materials such as Ganoderma lucidum, Agaricus blazei, Antrodia cinnamomea, Cordyceps sinensis, Coriolus versicolor, and others
- Probiotics such as cocci, bacilli, bifidobacterium, saccharomyces, and clostridium
- Other edible microbes, enzymes, and metabolites

Grape King Bio is committed to material development, efficacy verification, and process improvements that strengthen our core technologies. We currently hold 71 patents; we applied for 38 patents in 2019 and received approval for 14:

Patents obtained by Grape King Bio in 2019

	Patent Title	Country	Patent Number
1	Lepista nuda mycelia compositions and preparation methods for inhibiting melanin synthesis	Taiwan	I648055
2	Novellactobacillus paracasei GKS6 for improving metabolic syndromes, its medium, incubation method, use, pharmaceutical composition, and edible composition	Taiwan	I651412
3	Chocolate product containing probiotics	China	8788235
4	An active substance of morchella, its use and a composition thereof for improving the reproductive function	Taiwan	I661830
5	Active substances for preventing hearing deterioration, the composition containing the active substances, and the preparation method thereof	Japan	6533834
6	Active substances of Cordyceps cicadae and its uses in preventing, delaying or treating cataracts	USA	10342833
7	Active substances of Cordyceps cicadae and its uses in inhibiting or reducing allergic reactions	Taiwan	I663980
8	Fermented Antrodia cinnamomea mycelia formulation and its application for heavy metal balance	Taiwan	I664972
9	Uses of treating, preventing or improving bone diseases by lactobacillus bacteria, pharmaceutical composition and edible composition thereof	Taiwan	I664910
10	Active substances of Cordyceps cicadae and its use in reducing intraocular pressure	Taiwan	I666324
11	Active substances for preventing hearing deterioration, the composition containing the active substances, and the preparation method thereof	USA	10405504
12	Pharmaceutical composition for preventing and/or curing metabolic diseases and uses of the same	Taiwan	I672145
13	Active substances of Cordyceps cicadae and its uses in preparing compositions for preventing, delaying, or curing expansion of anterior and posterior chambers in the eye, expansion of vitreous humor, and/or retinal detachment	Taiwan	I674102
14	Water and ethanol extracts of Cordyceps cicadae and their uses in preventing, delaying, or treating cataracts	Taiwan	I678210

We applied for a total of 38 patents and obtained 14 patents in 2019

Note: For more information on our patents, please refer to our company website: <https://www.grapeking.com.tw/en/rd/patent-paper/paper>

Development of physical products

Grape King Bio established an Innovation and R&D Center (IRC) in 2016, gathering together elites from the product development, product planning, material development, quality control, and quality assurance departments. Please refer to [our website](#) for more information.

We launched our “new dosage form development” services in 2017. Our development of new dosage forms is not limited by the available production machinery at our factories, and we mainly cater to external OEM/ODM companies, helping them to realize product design concepts and produce samples. Our R&D team utilizes the fermentation technologies at our Biotech Research Institute to satisfy the demands of different customer groups and nutritional needs. Our products can be divided into 7 main categories. We developed a total of 199 products in 2019.

Product Category	Traditional Chinese Medicine	Healthcare Foods	Feminine Beauty	Child Health	Functional Beverages	Special Healthcare Products	Tourist Factory
Series							
Description	We use Chinese herbal formulations and our professional capabilities in fungi fermentation to develop products.	These products help to satisfy the requirements of different age groups and nutritional needs, such as for gastrointestinal systems, bones and joints, vision, and cardiovascular health.	Provide supplement based on female customers' nutritional needs.	These products have been developed to satisfy the nutritional requirements of pre-school aged children.	This range of energy drinks can help to replenish energy.	Provide nutrients that cater to customers' needs, such as increasing satiety.	The Grape King Museum Factory was established in 2017 and helps to develop popular Grape King Bio products displayed within the museum.
Product Examples	<ul style="list-style-type: none"> • Antrodia King • Ganoderma King • Deluxe Antrodia King • Ganoderma Complex Capsules • Antrodia & Ganoderma Capsules • Cordyceps Sinensis & Ginseng Supplements 	<ul style="list-style-type: none"> • Meal Supplements for the Elderly • Probiotic Sachets • Wild Blueberry Eye Care Granules • Natto Cardiovascular Health Capsules • Anti-Allergy Sachets 	<ul style="list-style-type: none"> • Feminine Beauty Powder Sachets • Collagen Sachets • Imperial Collagen Essence • Moisturizing Jelly • Snow Brightening Essential Drink 	<ul style="list-style-type: none"> • Ganoderma for Kids • IQ King • Marigold Lutein Gummies for Kids 	<ul style="list-style-type: none"> • Comebest Energy Drink • Comebest 200p Energy Drink • PowerBOMB Energy Drink • UV Protection Whitening Drink 	<ul style="list-style-type: none"> • Hericium Erinaceus Chocolate • Alcohol Digestion Sachets • Maca Male Health Capsules • Feminine Probiotics • Sleep-Inducing Health Sachets • Ketogenic Shake Meal Packs 	<ul style="list-style-type: none"> • Agaricus Subrufescens Noodles • Agaricus Subrufescens Cup Soup • Agaricus Subrufescens Capsules
New products developed in 2019	6	80	30	5	2	74	2

Grape King Bio provides comprehensive ODM/OEM services and can customize products and formulations to fit client requirements. We can provide tailored and innovative formulations in a wide range of dosage forms and supply customized and innovative products to our clients. Apart from domestic channels, we have also begun to actively develop overseas markets in recent years. Please refer to [our company website](#) for more information.

Cross-Industry Collaborations

New company products and materials at Grape King Bio are linked with the research capabilities of university professors all over Taiwan. Apart from supplying key materials for Grape King Bio, it also offers commissioned fermentation testing and industrial bulk production platform services to external academic and industrial institutes. This helps us to enhance our R&D capabilities and verify product efficacy, which helps to speed industrial upgrades and makes it possible to industrialize and market the research conducted at universities. We participated in a total of 19 industry-academia collaborations and commissioned research projects in 2019; total project funds exceeded NT\$24 million .

As part of its efforts to support the industry, the Ministry of Economic Affairs (Executive Yuan) accepts applications for major projects every year. Over the past 10 years, Grape King Bio has applied for and completed a total of 9 projects, and has worked to form collaborations and alliances with many technical colleges to develop many new products and conduct efficacy tests. Our total project fees have exceeded NT\$146 million.

The R&D department at Grape King Bio has been invited to speak at industrial, government, and academic institutes, to share and exchange our experiences in industry development. Over the past 3 years, we have been invited to speak at 130 university events, have attended more than 100 thesis and dissertation defenses, have participated in curriculum planning or department development of more than 10 university departments and conducted evaluations on more than 10 university departments. In 2019, we added the following departments to our list of

university evaluation targets: the Department of Microbiology at Soochow University, the Department of Food Science & Technology at Central Taiwan University of Science and Technology, and the Department of Food Science and Biotechnology at National Chung Hsing University. We also publish the results of our research in journal papers or conference papers. We published 19 journal papers, 10 conference papers, and 3 conference posters this year.



Sustainable Products and Services

Nutrition products

Due to customer health considerations, Grape King Bio has reduced sugar usage in some products starting at the product design stages. Additionally, some of our ODM products are made from organic materials with no artificial chemicals, and we are striving to bring more natural and healthy products to our consumers.

The nutrients contained in Grape King Bioproducts have all been designed according to product positioning and customer requirements. The following are some examples of our most popular products:

Product	Comebest Range	PowerBOMB Energy Drink	Ginseng-Clam Plus B	Move Ezii Powder Granules	Imperial Collagen Essence	Tian Qi Maca Essential Drink	Tian Qi Ling Zhi Essential Drink
Product Image							
Target Customers	Blue-collar workers, white-collar workers	Students, white-collar workers	Customers lacking B vitamins and customers wishing to enhance energy metabolism efficiency	Customers lacking calcium	Customers looking to enhance feminine beauty	Customers who wish to enhance physical endurance	Customers who wish to enhance their vitality and physical strength
Nutrients	Inositol, taurine, caffeine, B vitamins, amino acids, minerals	Taurine, caffeine, inositol, Vitamin C, B vitamins	B vitamins, Corbicula fluminea extract, ginseng powder	Vitamin D3, calcium, soy isoflavones	Collagen, Vitamin C, pearl powder, yeast extract	Maca extract (6X concentrated), Cnidium monnieri extract, zinc gluconate, L-arginine, guarana extract, tian qi flower and leaf extract, concentrated ginseng liquid extract, Vitamin B1	Liquid fermented Ganoderma lucidum mycelium, Vitamin C, grape and apple compound extracts, L-arginine, tian qi flower and leaf extract, inositol, Ganoderma lucidum sporocarp extract, B vitamins
Effects	Boosts energy (only Gold Comebest drinks), nutrient supplementation	Nutrient supplementation	Rapidly boosts physical strength and provides foundational enhancement of vitality	Helps teeth and bone development and maintains agility	Beauty benefits	Boosts physical endurance	Enhance vitality and provides nourishment

Green product packaging and recycling

Grape King Bio has long been committed to using lightweight packaging made with environmentally friendly materials that help to reduce environmental damage.

1. Lightweight glass bottles: Our Comebest drinks are packaged in beautiful lightweight bottles of uniform thickness. The thickness of our lightweight bottles is only one-half that of traditional glass bottles, and they are also lighter in weight. The material provides better uniformity while maintaining original safety levels. These bottles have significantly reduced not only our glass usage but also the amount of energy needed for transportation.
2. Aluminum can design: Grape King Bio PowerBOMB Energy Drinks are packaged in aluminum cans as aluminum is a 100% recyclable resource that can be recycled and reused multiple times. We will continue to use lightweight materials to make main product containers and reduce the environmental impact of resource mining.
3. Environmentally responsible resource utilization: Aluminum foil packaging at Grape King Bio uses green paper pulp materials made from FSCTM certified wood materials. (In 2019, all of our products with aluminum foil packaging used 100% green paper pulp materials made from FSCTM certified wood materials.)

In 2019, Grape King launched a recyclable plastic container program on some of our production lines. Capsule bottle containers returned to Grape King by our customers were processed and decomposed into plastic pellets by local recycling plants. Certified contractors then recycled these pellets and made them into various products. We recycled 1,162 bottles in the latter half of 2019 (from June onwards).



Animal-Friendly Policy

Grape King Bio is committed to implementing an animal-friendly policy in our labs, and we are working to reduce our animal testing. Currently, the bulk of our experimental data is obtained through cell testing techniques and we strive to avoid testing on live animals within the limits set by regulations

Food Safety and Supply Chain Management

Material Issues: Product Quality; Product Liability and Safety

Food Safety

Our product liability target for 2019 states: “We hope to achieve 0 product recalls owing to food health and safety issues”. We hope to rigorously control all processes from procurement to sales to ensure the safety of our food products. We have conducted food hygiene and safety and quality management inspections on 100% of our products in terms of operators, operational environments, hygiene management of facilities, and quality assurance systems. 100% of our products has underwent food safety, hygiene and quality management for employees, workplaces, facilities, hygiene management and quality assurance systems.

In 2019, Grape King Bio invested NT\$26,284,455 (0.28% of net income in 2019) in food safety management fees, including inspection fees, human resources, testing materials, equipment depreciation, certification fees, and other expenses. Management expenses and ratios are shown in the following table:

Item	Expenses	Ratio
Human Resources	11,163,015	42.47%
Equipment	8,898,221	33.85%
Consumable Materials	3,897,264	14.83%
External Inspections and Certification	1,408,302	5.36%
Miscellaneous	917,653	3.49%
Total	26,284,455	

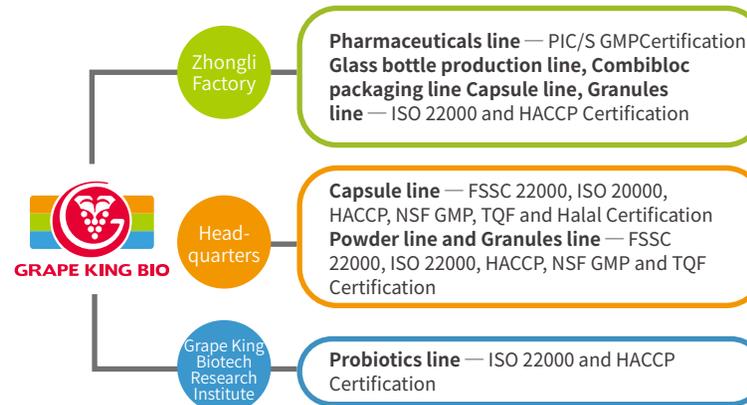
Food safety management organizations

The highest food safety management authority at Grape King Bio is our company Chairman, and the director of our manufacturing division serves as the leader of our food safety team. In 2019, we discussed a number of issues relating to achievement of production line quality targets, product recall simulations, adjustments in management systems, documentation updates, promotion of regulations, review of internal and external audits, health monitoring results, and analysis on customer complaints; we also formulated relevant targets for the following year. Our organizational structure for food safety management is shown in the following figure:



System implementation and QMS Certifications

Grape King Bio received a pharmaceutical manufacturing license from the Ministry of Health and Welfare in October 2014. The management of raw materials starts from the manufacturing stages. With regard to production lines, our pharmaceutical production lines have obtained PIC/S GMP certification, and our food production lines have obtained TQF certification, ISO 22000 and FSSC 22000 food safety management certifications, NSF GMP certification, and halal certification. Additionally, Grape King Bio has established an ISO/IEC 17025 TAF certified lab that ensures the stability of our manufacturing processes and maintains our quality management systems (QMS). Current systems implemented at Grape King Bio factories are shown in the following figure:



Zhongli Factory has received ISO 22000 and HACCP management system certifications, while our Headquarters has received ISO22000, HACCP, TQF, NSF GMP, FSSC22000, and halal certifications. Together, these two plants contain production lines for 5 dosage forms. All follow-up inspections of production lines were completed in 2019, achieving an inspection accomplishment rate of 100%. Furthermore, 100% of our products are produced by certified production lines, providing another guarantee of product quality.

Food safety training

Grape King Bio completed the training of first-line operators at Zhongli Factory and Headquarters in 2019. Our training covered GHP and food safety management concepts. Following updates made to ISO22000, FSSC22000, and NSF GMP regulations, internal and external lecturers were hired to provide training at our factories relating to regulation updates and differences.

	Regulated Personnel	Routine Training	Implementation at Factories
Food Handling Personnel	New food handling personnel	Production and manufacturing; management of quality systems; sanitary regulations; and documentation control	New employees are required to complete training and are tested on quality systems, sanitary regulations, and documentation control. Managers in production and manufacturing units also provide training to new employees and test them on their knowledge. Training accomplishment rates were 100%.
	Other food handling personnel	Food safety; hygiene and quality management	All production line operators at Zhongli Factory, Headquarters, and Grape King Biotech Research Institute completed food safety and hygiene and quality management training in 2019. Training accomplishment rates were 100%.
Food Safety Control Team	Dedicated hygiene management personnel for food manufacturing plants	8 hours of retraining every year	All hygiene management personnel at Zhongli Factory and Headquarters completed 8 hours of retraining in 2019. Training accomplishment rates were 100%. Hygiene management personnel at our Biotech Research Institute completed training preparations this year and have plans to undergo retraining next year.
	Food safety control system team members	12 hours of retraining every 3 years	All team members completed the required 12 hours of retraining every 3 years in 2019.



Zhongli Factory, Headquarters, and Grape King Biotech Research Institute have each established one dedicated hygiene management person. The hygiene management personnel at Zhongli Factory and Headquarters completed 8 hours of training in 2019. We plan to conduct 8 hours of hygiene management training at our Biotech Research Institute next year.

All members of the food safety control management team have currently completed their required 12 hours of training every three years. To prevent future non-compliance, we require team members to undergo at least 4 hours of training every year. The food safety team for our Biotech Research Institute was established this year, and all team members have obtained qualifications for at least 30 hours of training in food safety control systems.

Product quality and safety inspections

1. Inspection center

The inspection center at Grape King Bio is a TAF certified laboratory and operates according to ISO/IEC 17025 standards. Our inspection items include inspections of physical and chemical properties, hygiene regulation inspections, and inspections relating to food safety factors. Our inspection techniques have received TAF certification and our laboratory personnel periodically take skills tests conducted by laboratories with third-party certifications to ensure that our inspection center adheres to the highest standards. In 2019, we implemented new regulations in our inspection center and revised all protocols. We submitted our revision applications in November and are expected to pass the verification in the second quarter of 2020. In response to the World Health Organization's (WHO) promotion of laboratory risk management systems and the Taiwan Centers for Disease Control has listed it as one of the critical national biosafety mechanisms. Our inspection center participated in relevant courses, implemented biosafety risk system standards and was rewarded for Excellence by the Taiwan Centers for Disease Control, which acts as a mark of recognition from government authorities.

In 2019, all 27 staff members (100%) at our inspection center obtained their ISO/IEC 17025 training certificates and achieved our goal for the year. Additionally, 8 of our staff members obtained their training certificates for internal laboratory audits and became qualified auditors.

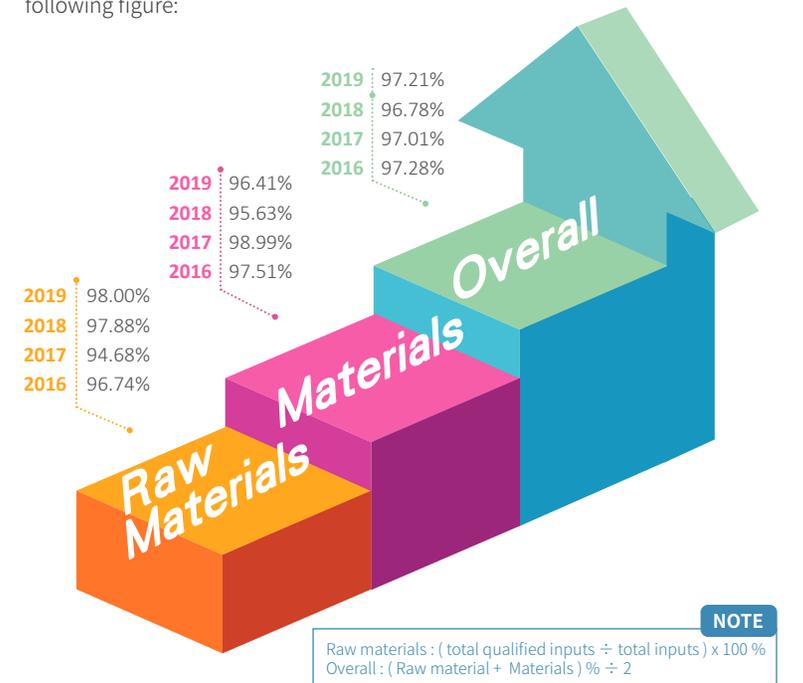
2. Inspections of raw materials

All (100%) of raw materials used at Grape King Bio have passed through incoming material inspections. We own two internationally accredited laboratories, and every batch of raw materials has to pass through laboratory inspections before being used for production. Our current inspection items include tests for residues of 380 pesticides, 9 plasticizers, 5 microbes, and 4 heavy metals. In 2019, our laboratory personnel optimized and established 9 inspection methods, increasing our pesticide residue tests to encompass 380 types of pesticides, patulin, deoxynivalenol, fumonisin, western medicines in food, identification of environmental microorganisms, pathogenic E. coli, hemolytic streptococcus, and sulfur dioxide in food.



Approval criteria for raw materials at Grape King Bio are more stringent than government regulations. This allows us to provide the strictest safeguards for our consumers. If our inspections of incoming materials reveal raw materials that fail to comply with our factory quality criteria, we will conduct reviews of said raw materials in accordance with laws and regulations.

Our inspection results for raw materials for the past 4 years are shown in the following figure:



3. Quality inspections and targets

Quality is the foundation of all products, and only products with safe and dependable quality will be trusted by consumers. Grape King Bio has established specific quality targets for continued follow-up and management to ensure stable quality and to protect customer interests. Targets achieved in 2019 and targets for 2020 include:

Factory	Item	2019 Targets	Achievement Status	2020 Targets
Zhongli Factory	Defective label rate for large/small glass bottles	Below -0.9% for large glass bottles; below -1.4% for small glass bottles	Below -0.31% for large glass bottles; below -0.55% for small glass bottles	Below -0.85% for large glass bottles; below -1.30% for small glass bottles
	Defective seal rate for combibloc packaging	Below 0.0025%	0.00093%	0.0025%↓
	Defective fill rate for capsules	Below 0.3%	0.13%	0.3%↓
Head-quarters	Defective packaging rate for granule formulations	Below 1.5%	0.94%	1.5%↓
	Defective fill rate for capsules	Below 0.5%	0.14%	0.45%↓
	Defective packaging rate for granule formulations	Below 2.3%	1.01%	2.2%↓
Grape King Biotech Research Institute	Defective packaging rate for powder formulations	Below 2.3%	1.11%	2.2%↓
	Annual tank failure rate	-	-	5%↓
	Defective packaging fill rate	-	-	1%↓

Grape King Bio strictly safeguards product quality and uses precision equipment to conduct multiple inspections of physical and chemical properties, hygiene standards, and issues relating to food safety. Results of product inspections implemented in 2019 are shown below:

Item	Raw Materials			Other Materials
	Procured Raw Materials	Fermented Bio-Products	Processed Materials	
Inspected Items	2,142	1,005	142	2,034
Unqualified Items	196	49	1	80
Special Inspection Items	155	24	1	7
Rejected Items	41	25	0	73
Rejection Rate	1.91%	2.49%	0.00%	3.59%

4. Assurance of product safety

Grape King Bio provides capsule, powder, granule, glass bottle, and combibloc packaging products. All products have to pass through multiple checks at the raw material, semi-finished product, end product, and packaging and labeling stages, and products can only be delivered after we have ensured that there are no errors. Current system standards implemented at our company include ISO22000, FSS22000, NSF GMP, and TQF standards, and system regulations also contain requirements relating to product safety, such as control of physical hazards (sieve inspections, metal detection, X-ray inspections, and others).

Tracking and compliance management

Grape King Bio has established strict safeguards of raw material sources and emphasizes inspections of raw materials, process management, and product quality as part of our commitment to guarantee food safety. We have established the following systems, regulations, and actions to achieve optimal efficiency:

- 1. Food tracking and tracing system (mandatory)**
In response to government policies requiring food manufacturers to establish food tracking and tracing systems, we log product information to the government mandatory tracking system every month. This not only strengthens our self-management but also makes it easy to quickly and completely track products in the event of a food safety incident.
- 2. Food manufacturer registry platform (mandatory)**
We support the "food manufacturer registry platform" established by the government and work to register our products in accordance with regulations within the mandated time periods mandated, thus ensuring that the government and consumers can obtain clear information from Grape King Bio.
- 3. Internal tracing management mechanisms**
Tracing raw materials
Batch management is enabled for all raw materials used at Grape King Bio and we can immediately trace material sources. We conduct two simulation drills each year (once every half year) to ensure the effectiveness of our track-and-trace system. We completed 2 drills in 2019.

3. Internal tracing management mechanisms

Systemic internal traceability management
Grape King Bio has established an internal ERP enterprise system and has voluntarily implemented tracking and tracing management mechanisms, which adhere 100% to our factory "product identification and tracing management procedures". Current mechanisms encompass the products manufactured by the 5 food production lines at Zhongli Factory and Headquarters (100% of which can be managed through the product identification and tracing mechanism), and we conduct 2 product tracking and tracing drills every year to ensure the effectiveness of our management mechanisms. We completed drills in May and November of 2019, and results showed that our system was able to obtain tracking and tracing records of production processes for products within 2 hours.

4. Traceability of channel products

We cooperate with the requirements of our sales channels to register production information for our products. For example, Grape King Bio completed the registration of our 4 products sold at FamilyMart on the FamilyMart Food Safety Platform. Registration rates were 100%.

5. Management of product packaging and labels

Our product packaging and labels comply with legal requirements and we continue to review and update them as needed. Legal requirements include elaboration of general ingredients and food additives, nutritional labeling on food packaging, food allergen labeling, genetically modified food labeling, fungi product labeling, and health food labeling and warnings. Following the announcement that the "Regulations Governing Food Allergen Labeling" would become effective starting on July 1, 2020, increasing allergen labels from 6 to 11 types, our factories revised and updated package labeling to provide consumers with the most complete and accurate information when making purchases.



- 1** Fungal product labeling-clearly specifying the parts used, scientific names and cultivation methods of fungi
- 2** Complete labeling of ordinary raw materials and food additives
- 3** Nutrition facts label
- 4** Health food labelling
- 5** Source of allergy labeling
- 6** Warning messages and consumption precautions

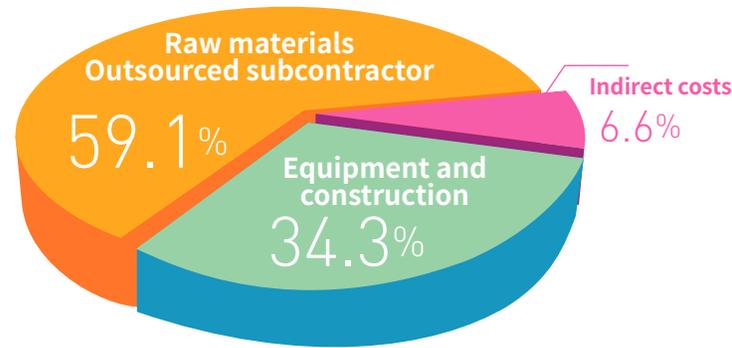
6. Management of product advertising and marketing

All copy on advertisements, websites, or promotional materials are 100% reviewed by our marketing section, product planning section, innovation and R&D center, and our quality assurance department; these units also provide suggestions on ad content. Finally, before the materials are launched, the legal department conducts a review of acceptable wording according to government standards to ensure that there are no legal violations.

7. Compliance with food safety regulations

Product labeling review stage
Joint reviews are conducted to check labeling compliance and there are two proofreading stages to reduce oversights in labeling reviews and to maintain a positive product image.
Ad copy review stage
Joint reviews are conducted on advertisements and promotional materials to check that they comply with the "Regulations Governing of Criteria for the Label, Promotion and Advertisement of Foods and Food Products Identified as False, Exaggerated, Misleading or Having Medical Efficacy" and reduce potential legal violations.

Procurement ratios for Grape King Bio in 2019



Local and sustainable procurement

We have enjoyed mutual growth alongside our supplier partners and are working together to expand the social responsibility benefits in our supply chain. Our suppliers operate responsibly and provide excellent and dependable raw materials, helping us to establish value in our supply chain. Our map of raw material procurement sources for 2019 is shown below (local procurement ratio was 69.35%):



Supplier management

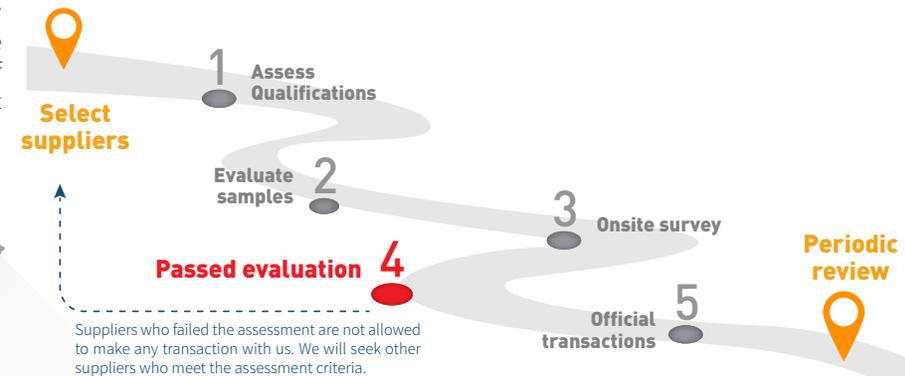
We updated our "Grape King Bio Supplier Code of Conduct" (please refer to [link](#) for more information) in October 2019. Our suppliers have gradually signed our Code of Conduct due to our implementation of the following procedures:

- (1) Official announcement;
- (2) New suppliers are required to sign the Code of Conduct when signing their new contract with us;
- (3) Other suppliers are required to sign the Code of Conduct together with their renewed contract after their old contracts have expired.

Holding consistent values with our suppliers helps to ensure the quality of our products. Management and evaluations of suppliers are divided into the following groups: (1) New suppliers; (2) Existing suppliers; and (3) Contractors.

Audits of new suppliers

We use five main processes to audit suppliers, as shown in the figure below:



Suppliers must submit their business registration certificate and factory registration certificate, factory regulatory documents, production traceability information, product hazard analysis report or certificate of analysis (COA), and must also provide certificates related to raw materials. All suppliers have to pass non-periodic on-site audits by our evaluation team, which assesses

Supply Chain Management

Management of procurement and raw materials

Procurement of all raw materials at Grape King Bio is required to comply with company procurement procedures. We have established the following criteria to strengthen control of raw materials:

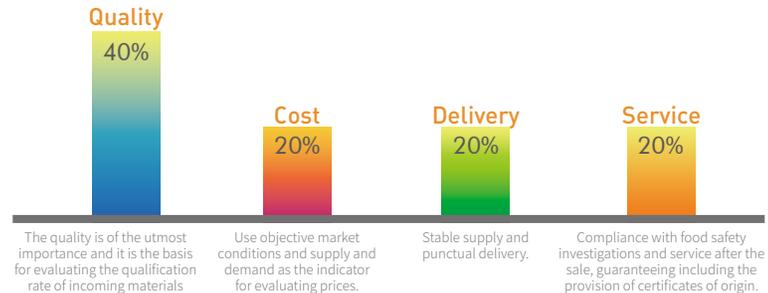
- (1) Raw materials must be legally registered in the government food manufacturer registry system.
- (2) Raw materials imported from foreign countries must be equipped with licenses and imported in their original packaging.
- (3) Raw materials must be approved by our R&D and relevant departments.
- (4) Raw materials must be stored in accordance with regulations, and relevant licenses must be procured.
- (5) Raw materials must provide comprehensive product information for analysis and comparison and packaging and labels cannot be altered or replaced.
- (6) Evaluation procedures must be reimplemented upon the revision of relevant electronic information for raw materials.

items such as health and safety, machinery and equipment conditions, quality design, control of raw materials, process control, product control, abnormality corrections, handling of customer complaints, worker safety, and corporate social responsibility. This helps us to manage risks within our supply chain. Only suppliers that achieve the scores and criteria required by Grape King Bio can continue to partner with us. In 2019, we conducted on-site audits of 40 suppliers (22 of which were new suppliers), and identified 4 unqualified suppliers; all of our suggested improvements were provided to the suppliers.

Suggested improvements mostly fell into two categories, tangible and intangible. The tangible category mainly referred to factory environments and production equipment, including optimization of flow planning and strengthening of disease vector control mechanisms; the intangible category mainly referred to management systems (such as comprehensiveness of processes and standard operations and implementation of recordkeeping procedures) which provided adherence standards for operations and records of all procedures. We currently have no transactions with the 4 unqualified suppliers.

Evaluation of existing suppliers

Grape King Bio conducts periodic annual evaluations of our raw material suppliers and commissioned outsourcing factories. Evaluations and scoring are based on the four main aspects of Quality, Cost, Delivery, and Service, and these aspects are also used as a basis for risk management. Companies that score above 81 were deemed to be Class A (excellent) suppliers, those scoring 65-80 were deemed to be Class B (qualified) suppliers, and those that score less than 65 were deemed to be Class C (unqualified) suppliers. We prioritize on-site visits to existing suppliers that have had major abnormalities in quality and our key suppliers of raw materials. Of our 144 evaluation items, 21 are ESG related evaluation items.



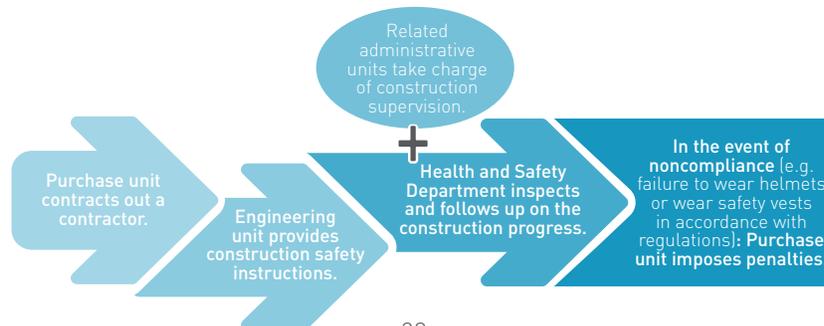
In 2019, we audited 215 raw material suppliers and achieved an audit ratio of 100%. The results of our rigorous evaluations showed that all 214 suppliers were Class B suppliers and above: high-quality suppliers qualified to continue working with Grape King Bio. Results of supplier audits for the past three years at Grape King Bio are shown in the following table:

year	2017	2018	2019
Number of raw material suppliers	203	202	215
Audited suppliers	203	202	215
Audit ratio	100%	100%	100%
Class A	146	136	155
Class B	56	66	59
Class C	1	0	1
Audit pass rate	100%	100%	99.5%

Score range description: A score of more than 81 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.

Contractor management

Grape King Bio adheres to government procurement regulations when selecting contractors through procurement evaluation, price comparison, or price negotiation procedures in an open and fair manner. We prioritize collaborations with domestic suppliers. When selecting contractors, we prioritize purchases of products and equipment with energy efficiency labels, water efficiency labels, and energy-saving properties. We first consider our needs in terms of specifications and functions, then assess transaction risks (including whether companies are legally registered and details of payment conditions) before commencing collaborations.



We have designed “Hazard Prevention Notices” for our contractors. To enhance worker awareness of worksite safety, we actively work to provide safety management guidance to our contractors and strengthen the promotion of work safety measures prior to construction work within our factories. No contractor work safety incidents occurred in 2019.

Customer Service

Material Issue: Customer Service

Investment highlights for 2019:

Web traffic to our online store “Go Grape King, Go Healthy” has continued to grow. Because of this, we initiated comprehensive electronic order handling procedures in 2019, using an ERP system to connect all processes from order generation to shipping. Shipping and processing times were reduced to 3 workdays and accuracy rates were greatly enhanced.

Our target for this year is to enhance our customer service capabilities. Apart from continuing to provide training on customer service attitudes, we have also established standard procedures and provided training regarding online responses as our volume of online messages and social media messages continue to rise. Furthermore, we continue to add customer service personnel to increase response speeds and implement procedures for distributing incoming calls so that customers can be quickly connected to an appropriate point of contact, thus enhancing our service quality.

Customer Service Processes

Customer service handling processes at Grape King Bio is categorized as either general query or customer complaint processes. We have established dedicated units to support the handling of customer service processes, ensuring that customer feedback and be delivered and resolved in a timely and comprehensive manner.

1. General queries: We provide product consultation services to offer immediate response to consumer queries.

2. Customer complaints: Customer complaints tend to be complex and require professional handling expertise as well as communication and verification of information between departments. This year, Grape King Bio adopted a policy to provide progress reports within 4 hours and resolve complaint cases within 24 hours, thus ensuring that customer complaints can be handled in a timely manner.

Innovative Marketing Strategies

It is necessary for us to strengthen brand and channel links for our private label products. In order to attract outsourcing customers, we also need to build trust by strengthening our professional brand image. We identified the following four main strategies in 2019:

<p>I. Optimize channel displays and establish recurring order program</p>	<p>We conduct comprehensive product training to ensure that our store personnel has a better understanding of our products. We also continue to place brand display stands and product pamphlets in stores so that customers can better understand and increase purchases of our products. We began the promotion of our recurring order program in early 2019. Currently, 5 product items have been included in this program. Monthly revenues from the program have now surpassed one million NTD. In the future, we will continue to add more popular products and optimize the ratios of recurring and repeat orders.</p>
<p>II. Social media marketing</p>	<p>We began strengthening our social media marketing in 2019 through the use of product descriptions, word-of-mouth marketing, sharing of user reviews, and so on. All these activities utilize social media marketing techniques and generated 78% of new business in 2019.</p>
<p>III. Community promotion plans</p>	<p>We have formulated community promotion plans in response to consumer demands for our star products. Our promotion plans are highly comprehensive and cover a range of activities from experiential marketing aimed at opinion leaders to detailed product descriptions and complete marketing packages.</p>
<p>IV. Build proprietary data platform</p>	<p>Grape King Bio takes advantage of social media platforms and marketing management techniques to collect a variety of data for analysis and depiction of customer profiles to facilitate more accurate brand marketing. In response to growing membership numbers, we have implemented a CRM system to collect records of customer journeys and to categorize members based on purchase habits, order frequency, and marketing channels. Additionally, we have also mapped out complete plans for membership management.</p>

Listen to Consumer Opinions

We have conducted qualitative and quantitative surveys on member satisfaction levels. Our quantitative surveys were conducted by phone and included questions on our membership system and member product purchases. The results of these surveys were used for big data analysis. Our qualitative surveys were conducted through one-on-one interviews with specific members such as customers who subscribed to our recurring order program or new members.

The number of major customer complaints in 2019 was reduced to 2 cases (relating to refund times and usage of personal information) from 5 cases for the previous year. We received a total of 55 customer complaints this year. Main themes included:

1. Product conditions (changes in product color, broken bottles, product granulation, and so on)
2. Physical conditions after consuming products
3. Order related queries (refund times, credit card errors, erroneous orders, and usage of personal information)

Strict compliance with regulations relating to personal information of customers

This year, one of our customers submitted a complaint to the authorities regarding our personal information usage; the customer did not have a full understanding of our personal information usage procedures and mistakenly assumed that we had leaked their personal information. However, collection, handling, and usage processes for personal information at Grape King Bio all strictly adhere to the regulations of the Personal Data Protection Act. We rigorously control the usage of personal information and comply with processes that allow customers to cease our use of their personal information. With the help of our legal department, we were able to provide a complete response regarding our processes for using personal information, and the authorities.

Optimized refund process in response to customer complaint

One of our customers submitted a complaint to a consumer protection officer regarding delays in our refund process. After receiving notice of this customer complaint, we first collected data on the refund mechanisms used by all major e-commerce sites and also compiled improvement suggestions on our returns and refund processes from our logistics department, finance department, and business department. Interdepartmental cooperation allowed us to reduce our refund times from 21 days to 14 days. These adjustments provided an effective response to customer needs.

Protection of Consumer Privacy and Rights

Grape King Bio has established an Information Security and Personal Information Management Committee. Our Chairman serves as the highest authority for the Committee, and senior executives from each department serve as committee members. In 2019, Grape King Bio did not have any major related complaints about infringement of customer privacy or loss of customer information. Other protection measures include the following:

1. In 2019, we hosted a lecture on the basic concepts and implementation of ISO/IEC 27001:2013 standards, inventoried information assets and personal information, and evaluated relevant risks.
2. Our computer systems are protected with firewalls and antivirus software has been installed on each computer. We conduct periodic system-wide vulnerability scans on our e-commerce site which collects personal information of customers.
3. We periodically conduct system management procedures and update and maintain all digital certificates.
4. We have implemented permission settings that limit access to the personal information of our customers. All data transmissions are encrypted. We also periodically promote awareness of information protection and conduct relevant training.
5. Our e-commerce platform implemented a new system and website processes a. Our contract stipulates that the confidentiality of personal information systems should exceed that of industrial standards for information protection. Additionally, we conduct vulnerability scans of personal information collected by our website once every six months to ensure that information processes are operating normally and information is secure.





2019

Sustainability Report

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Appendix



Social Performance

Talent Development and Employee Benefits

Material Issues: Occupational Health and Safety; Talent Attraction and Retention

Talent Recruitment and Structure

Grape King Bio Human Rights Policy

Respect for human rights is a fundamental value we uphold at Grape King Bio. We formulated our human rights policy following the UN Guiding Principles on Business and Human Rights, and by referencing the Universal Declaration of Human Rights, the United Nations Global Compact, and relevant Taiwanese and Chinese human rights and labor laws. We expect our employees, suppliers, and business partners to abide by these principles. Our Chairman, Chief Executive Officer, and Board of Directors are responsible for overseeing our human rights policy and ensuring that it is enforced. (For more information, please refer to the [\[Human Rights Policy\]](#) section on our website.)

Recruitment Channels

In 2019, Grape King Bio began implementing systemic recruitment procedures based on job duties to place appropriate talent in appropriate positions. When implementing our management ideals relating to diversified talent, we emphasize and advocate equal opportunities for our employees when recruiting, screening, appointing, distributing, deploying, appraising, and promoting job candidates and employees. We do not discriminate based on race, gender, sexual orientation, religion, national origin or give preferential treatment based on personal factors. Apart from utilizing general recruitment channels, we also attach great importance to the following four channels to recruit talents and increase diversity:

1. Industry-government-academia collaborations

We have long collaborated with universities and colleges throughout Taiwan on industry-academia collaborations and internships. We commenced campus recruitments in 2019 to share work and career experiences with students from relevant majors. In 2018, we began collaborating with the Vocational Training Center of the Veterans Affairs Council to help veterans establish a new set of career goals.

2. Internal recruitment and rotation

Regulations for managing job rotations at Grape King Bio are used to respond to our organizational needs and the career development of our colleagues, ensuring that all company personnel can be placed in appropriate positions to maximize their potential.

3. Internal referral

Most candidates referred by our employees exceed average standards. These candidates are then selected through the same fair recruitment and screening processes we use for other candidates.

4. Active recruitment of talent

Many companies find talent by screening through job applications, but we encourage our HR personnel to actively seek out talent that fulfills the criteria needed for our company. We hope to bring excellent and suitable talent, regardless of industry experience or background, into our company.

Our recruits in 2019 came from the following sources:

Previous interns	Veterans	Internal recruitment and rotation	Internal referral	Active recruitment of talent	Job search websites (104, 1111, employment service offices for workers reentering the workforce, and other institutes)
1	0	0	6	3	54



Human Resource Structure

At Grape King Bio, our ratio of male and female employees has long been around 1:1. The ratio of new male and female employees for this year was 1:1.3. The ratios of starting salaries and benefit values for our male and female employees were both 1:1.

Item	Employee Type	Statistics by employee category				Total			
		Male		Female		Male		Female	
		Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio
Position	Executives (managers and above)	16	3.5%	11	2.5%	226	50.4%	222	49.6%
	Production line workers	82	18.3%	48	10.7%				
	Other employees	128	28.6%	163	36.4%				
Employment Type	Full-time employees	226	50.4%	222	49.6%	226	50.4%	222	49.6%
	Part-time employees	—	—	—	—				
Nationality	Local hires	225	50.2%	222	49.6%	226	50.4%	222	49.6%
	Foreign hires	—	—	—	—				
	Foreign nationals (white-collar workers)	1	0.2%	—	—				
	Foreign nationals (blue-collar workers)	—	—	—	—				

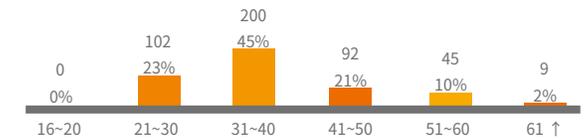
Grape King Bio has established regulations to protect the rights of the disabled and the working rights of indigenous people. Our external recruitment opportunities include positions for indigenous candidates and candidates with disabilities, as well as job opportunities for individuals with Down Syndrome from the Chensenmei Social Welfare Foundation, which is located near our company. We also assist disabled employees in adjusting their work duties if they experience difficulties. We recruited the following number of disabled and indigenous employees in 2019:

Year	2017	2018	2019	
Total Employees	361	398	448	
Indigenous Employees	Number of employees	1	1	2
	Ratio	0.28%	0.25%	0.45%
Disabled Employees	Number of employees	3	2	5
	Ratio	0.83%	0.50%	1.12%

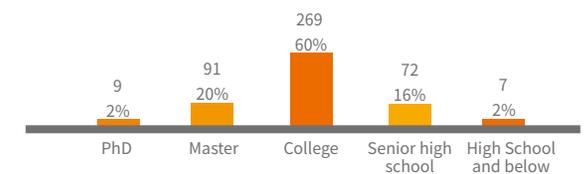
Distribution of Employee Age and Education Levels in 2019



Age



Education



Number and Gender Ratio of New and Departing Employees in 2019

Category	Age	Total			
		Male		Female	
		Number of employees	Ratio	Number of employees	Ratio
New Employees	21-30	19	30%	15	23%
	31-40	10	16%	14	22%
	41-50	1	2%	2	3%
	51-60	—	—	3	4%
	Above 61	—	—	—	—
Total		30	47%	34	53%
Departing Employees	21-30	5	19.2%	5	19.2%
	31-40	7	27%	5	19.2%
	41-50	1	3.9%	1	3.8%
	51-60	1	3.9%	—	—
	Above 61	—	—	1	3%
Total		14	54%	12	46%

Ratio of New Hires and Turnover Rate in 2019

Item	2017	2018	2019
Ratio of new hires	21.61%	18.59%	14.29%
Turnover rate	6.09%	9.04%	5.80%

Note:
 Ratio of new hires= [Total number of new hires for the current year] / [Total employees at the end of the current year]
 Turnover rate= [Total number of departed employees in the current year] / [Total employees at the end of the current year]



Talent Cultivation

Grape King Bio places high emphasis on the career development of employees. We facilitate internal talent rotation by providing overseas job opportunities, opportunities to execute critical projects, training, and a variety of other opportunities and platforms.

Blueprint for Talent Development

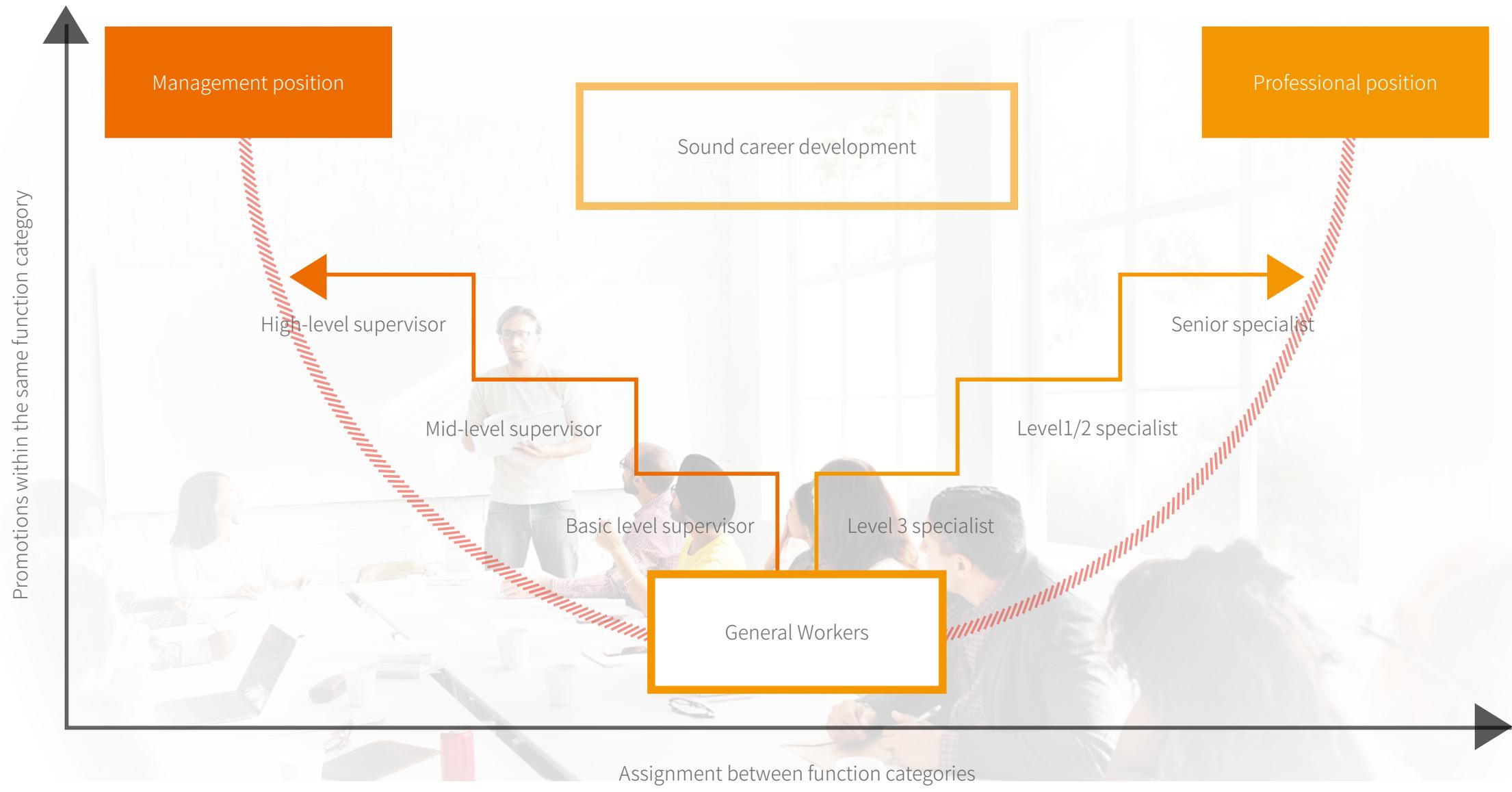
Our employees fall into two main categories: management talent and professional talent. Employees with different talents undergo different types of training under our dual- training program. This enables all of our employees to implement what they have learned. Specific measures of our program include:

(1) Development of corporate learning map

The professional capabilities and job duties of each position within each functional department (production, sales, HR, R&D, and finance) are defined and paired with the current development stage of each employee to identify any gaps in capabilities that require education and training.

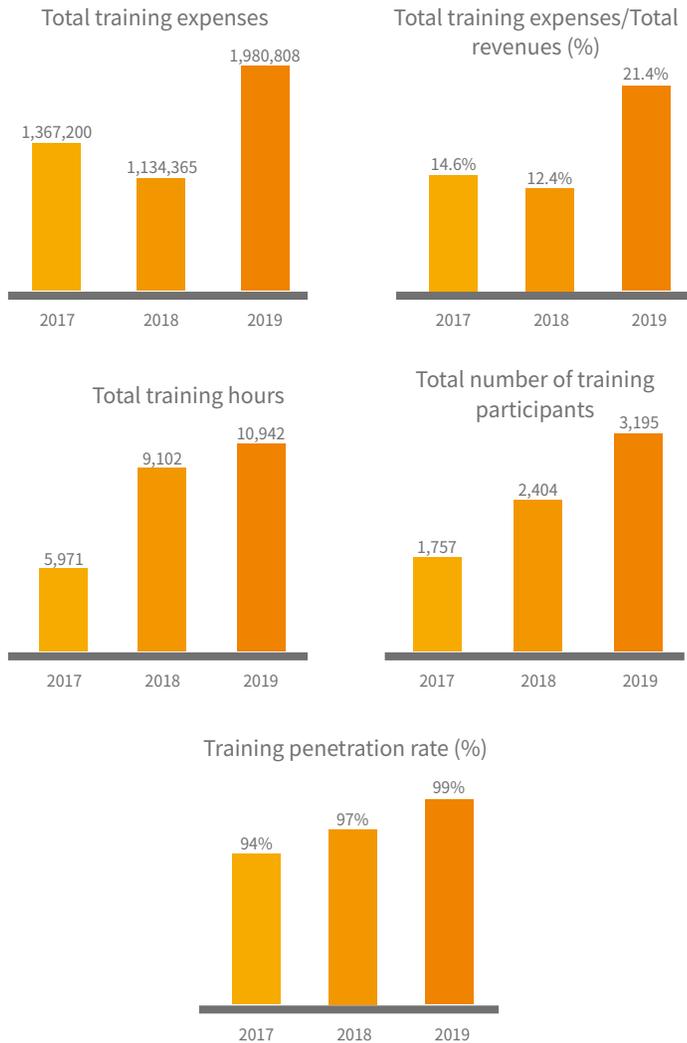
(2) Development of individualized learning roadmaps

We integrated our goals for corporate development with the career prospects of each employee to plan and organize learning roadmaps. These individualized roadmaps ensure that employee aspirations align with company growth.



Employee Training and Development

Grape King Bio Employee Training Statistics for 2019



Training Statistics by Position and Gender in 2019

Item	Employee Type	Subtotal		Total	
		Male	Female	Male	Female
Total training hours	Executives (managers and above)	392.1	362.1	5,848	5,094
	Production line workers	1,417.5	245.8		
	Other employees	4,038.4	4,486.2		
Total number of training participants	Executives (managers and above)	109	87	1,658	1,537
	Production line workers	372	114		
	Other employees	1,177	1,336		
Training penetration rate	Executives (managers and above)	92.86%	100%	99.5%	98.6%
	Production line workers	100%	100%		
	Other employees	100%	98.09%		
Average training hours	Executives (managers and above)	28.0	36.2	27	21
	Production line workers	17.3	5.6		
	Other employees	33.9	28.6		

Performance Appraisals

Managers and their subordinates communicate and formulate individualized annual targets at the beginning of each year, conduct performance follow-ups and adjustments in the middle of the year, and carry out performance appraisals at the end of the year. Performance appraisals are not only linked to bonuses, compensation, position adjustments, promotions, and raises, but are also linked to training plans. We aim to provide manager training courses in 2020 and have also commissioned external consultants to evaluate and optimize our current processes for formulating KPIs, assist managers in adjusting appraisal mechanisms, and optimize establishment of performance goals to ensure that employee behaviors can more closely adhere to performance appraisal results. Results of performance appraisals conducted in 2019 are shown in the following table:

Item	Goal	Frequency	Targets
Appraisals of new employees	Objective evaluations regarding the performance and suitability of new employees	46	Employees recruited within the past 3 months
Year-end appraisals	Achieve corporate targets, enhance corporate performance, and provide objective and fair evaluation on employee performance and development of employee capabilities	418	Management and general administrative personnel/On-site workers



Employee Compensation, Benefits, and Health

Compensation and Rewards

To effectively achieve our two goals of talent retention and motivation, we have designed a competitive compensation system that exceeds industry standards. In 2019, our compensation standards were 1.5 times that of the average industry standards. Grape King Bio determines compensation levels based on employee backgrounds (including education levels and work experience), professional and technical knowledge, years of professional experience, and personal performance.

Grape King Bio Employee Compensation Ratios for 2019

Rank	Female-to-male basic salary ratio	Female-to-male average compensation ratio
Executive Positions	1:1.32	1:1.32
Professional Positions	1:1.05	1:1.11
General Employees	1:1.12	1:1.23
Total	1:1.15	1:1.22

Note:

1. Female-to-male basic salary ratio=Basic salaries of female employees from all ranks/Basic salaries of male employees from all ranks
2. Female-to-male average compensation ratio=Average compensation of female employees from all ranks/Average compensation of male employees from all ranks

Non-Executive Employees Salary Ratios

	Non-Executive Employees	
	2018	2019
Total salaries of all full-time, non-executive employees (A)	255,783,791	300,324,152
Total number of all full-time, non-executive employees (B)	354	343
Average salary of full-time, non-executive employees (A/B)	722,553	875,581
Median salary	N/A	849,807

Employee Benefits

Grape King Bio offers a variety of benefits, including gifts and bonuses for major festivals, employee scholarships, scholarships for children of employees, insurance plans for employee dependents, on-site massage services, employee cafeteria with free daily meals, and employee discounts, and so on. We have also established an employee welfare committee which is responsible for formulating annual budgets, planning group activities and trips, establishing affiliations with other businesses, and organization of year-end banquet activities. Employee welfare committee expenses for 2019 were NT\$7,863,021. In terms of retirement benefits, we have formulated employee retirement plans that adhere to the Labor Standards Act. We also make monthly deposits of pension reserve funds into a designated account following the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.



▲ Employee cafeteria with free daily healthy and balanced meals

Employee Care

Unpaid Parental Leave and Maternity Care

Employees can apply for paternity leave, unpaid parental leave, maternity leave, and menstrual leave as needed. Currently, all employees on unpaid parental leave are female employees.

Item	2017	2018	2019	Note
Number of paternity leave applicants	6	13	10	
Number of maternity leave applicants	5	9	11	
Number of employees on unpaid parental leave	2	3	4	
Rate of employee reinstatement following unpaid parental leave (Reinstatement Rate)	100%	67%	0%	No reinstated employees in 2019
Rate of retention following unpaid parental leave (Retention Rate)	100%	100%	0%	No reinstated employees so the retention rate is 0%

Note:

Rate of employee reinstatement following unpaid parental leave=Actual number of reinstated employees for the current year/Number of employees that should have been reinstated for the current year

Rate of retention following unpaid parental leave=Number of employees reinstated over one year for previous year/Number of reinstated employees for the previous year

Occupational health nurses provide full-range prepartum and postpartum care and carry out various procedures relating to hazard identification and evaluation, suitable work arrangements, management by risk levels, and continued follow-up according to the Regulations for Maternal Health Protection of Female Workers. This is to ensure the physical and mental health of our female employees, as well as provide maternity protection and work equality. A well-equipped lactation room has been established at each factory, and employees have expressed 90% satisfaction with these lactation rooms.

Occupational Violence Handling Team

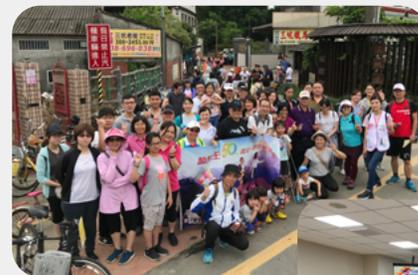
We have established an “occupational violence handling team” specifically for preventing and handling occupational violence. The general manager is the highest authority for the team. The team ensures that all employees can be free from physical and mental abuse when conducting their job duties. We require all team members to be objective, fair, and impartial when reporting grievances, and to provide full confidentiality to protect the interests and privacy rights of the victims and the informants.

Health Management

Comprehensive employee health promotion measures (total investment: NT\$1.25 million)

- **3,088** people participated in our health promotion activities; overall satisfaction rates were 90.45%.
- A total of **127** people participated in our Health Passport Weight Recording activity; total weight reductions came to **330.7 kilograms**. (The ratio of participants with abnormal body fat levels dropped by 7.87% for men and 3.93% for women; the ratio of participants with abnormal waistline measurements dropped by 7.61% for men and 10.24% for women. We provided a total of NT\$56,400 in awards.)
- We currently employ two dedicated nurses.
- In 2019, a total of **112** people participated in our “Collect Points to Earn Money Health Ambassador” and “Health FUN Quarterly Raffle” activities.
- We invested a total of **NT\$75,605** in rewards Participants could collect points through a variety of exercise activities and exchange these for prize money.

- A total of **112** people (including employee dependents) participated in the **Grape King Sankeng Cycling Tour**. Overall satisfaction rates were 100%.
- We invested **NT\$122,400** to provided **influenza vaccines for all employees**. A total of 160 people received vaccinations. The brands and types of vaccines provided in 2019 were:
 - (1) Vaxigrip, a quadrivalent influenza vaccine produced by Sanofi.
 - (2) Fluarix Tetra, a quadrivalent influenza vaccine produced by GSK.
- “**Technological Physical Fitness Tests + Exercise and Health Lectures**” : A total of 24 people attended our exercise and health lectures and overall **satisfaction levels were 93.8%**. A total of 35 people participated in our physical fitness tests. A physical fitness team from the Sports Administration (Ministry of Education) iSport program hosted a series of lectures for our employees to provide health knowledge and teach pre- and post-exercise techniques.



◀ Grape King Sankeng Cycling Tour

Exercise and Health Lectures ▶



Grape King Bio uses the five action areas of the Ottawa Charter for Health Promotion as a guide for implementing various health management and health promotion procedures. We periodically convene the Occupational Health and Safety Management Committee and the Health Promotion Team to formulate relevant health management and health promotion plans, including:

I. Individual Health Resources

1. Physical examinations for new employees: Subsidies for general physical examinations and physical examinations for specific procedures; fitness for work evaluations conducted by occupational health nurses
2. Physical examinations for current employees: Free annual physical examinations (including screening for four major types of cancer, ultrasound examinations, electrocardiograms, and so on)
3. Health management: Management by employee health levels, consultations with professional specialists, follow-up treatments, and subsequent follow-up management

II. Promotion of Mental Health

1. Surveys: Starting in 2016, our health management centers have used annual “Emotion Thermometer” surveys to screen out mid- to high-risk candidates. The health management centers then help to arrange one-on-one doctor interviews and evaluations for these candidates. Where necessary, these cases are transferred to psychiatrists, counselors, or other medical channels, and are documented for follow-up.
2. Lectures: In 2019, we hosted the “Happy Every Day: Occupational Stress Relief and Music Relaxation Health Lecture” , which taught attendees how to convert stress into strength and enhance their occupational capabilities. A total of 35 people participated in this activity. The participation rate was 9.2% and the overall satisfaction rate was 83.2%.

III. On-Site Specialists

We employ specialist doctors to provide on-site services for two hours every month, exceeding the requirements set out by law. These specialists provide health consultations, health services, care, maternity and breastfeeding consultation, worksite visits, evaluations and consultations on occupational injuries, fitness for work evaluations, evaluations for returning workers, and other health management and health promotion tasks.

IV. Activities Designed for Employee Needs

All company employees fill out evaluation surveys regarding the demand for health promotion activities at the end of every year. We then organize employee health management plans and various health management and health promotion activities for the following year based on employee gender, age, and work environment characteristics.

The amount invested in employee health management and health promotion in 2019 was NT\$1.25 million, and a total of 37 health promotion activities were held, with a total of 3,088 participants. Employee participation increased by 15.8% over the last year, and the overall satisfaction rate in 2019 reached 90.45%.

Occupational Safety

Grape King Bio Occupational Safety Committee convenes once every quarter; the meeting is chaired by the company chairman. We hold “contribute and build a better future for society” as one of our business values, and have implemented OHSAS 18001 occupational health and safety management standards to provide our employees with safe, hygienic, healthy, and well-equipped work environments and systems. Additionally, we hope



our emphasis on education, training, and knowledge dissemination can help all our employees understand the importance of preventing hazards such as environmental pollution, unhealthy events, or injuries.

No major occupational hazards occurred at Grape King Bio from 2014-2019. In 2017, we participated in the Zero Incident Work Hours event hosted by the Occupational Safety and Health Administration at the Ministry of Labor. Our Headquarters has already achieved a 960,000 Zero Incident Work Hours record for the second time. Comparisons with the Ministry of Labor’s average industrial frequency-severity indicator indexes for 2015-2017 show that our prevention measures for occupational hazards surpass that of our peers.

Item/Year	Gender	2018	2019
Disabling injury frequency rate (Frequency Rate, FR): Number of disabling injuries for every million work hours = Cases resulting in lost work hours (only calculated if the number of lost hours exceeded 8 hours) x 1,000,000/Total work hours	Male	1.45	3.04
	Female	0.00	0.00
	Total	1.45	3.04
Disabling injury severity rate (Severity Rate, SR): Number of workdays lost to disabling injuries for every million work hours = Lost workdays x 1,000,000/Total work hours	Male	23.12	27.35
	Female	0.00	0.00
	Total	23.12	27.35
Lost Time Incident Rate (LTIR) = Cases resulting in lost work hours x 200,000/Total work hours	Male	0.29	0.61
	Female	0.00	0.00
	Total	0.29	0.61
Occupational injury rate = Number of recorded occupational injury cases (including occupational disease cases) x 200,000/Total work hours	Male	0.29	0.61
	Female	0.00	0.00
	Total	0.29	0.61
Absence rate = Total days absent/Total workdays x 100%	Male	0.02%	0.02%
	Female	0.00	0.00
	Total	0.02%	0.02%

Note:

1. “Total days absent” includes days of personal leave, sick leave, and injury-on-duty leave
2. Total work hours = Total employees x Daily work hours x Actual workdays per year
3. Diagnosis certificates from a hospital occupational medicine specialist are required to confirm occupational diseases in employees
4. There was one occupational injury this year. The main cause was a pinch due to improper handling of truck doors.
5. There were no occupational diseases or contractor occupational injury in 2019.

Comparison of Disabling Injury Severity Rates with Industry Peers

Beverage manufacturing industry	Soft drink manufacturing industry	Pharmaceutical and medical chemicals manufacturing industry	Grape King Bio (2019)
40	37	98	27.35

Disabling injury severity rate = (Total days lost to injury x 106) / Total work hours

Source: Ministry of Labor’s average industrial frequency-severity indicator indexes for 2015-2017

Management Procedures for Occupational Safety

- Operational environment inspections: In 2019, we established an identification map of hazardous equipment for our Biotech Research Institute and we continue to improve and optimize our employee work environments.
- Operational safety management:

(1) Optimize promotion, training, and usage of protective gear

We installed a display case containing protective gear for health and safety measures near our guardhouse. The displayed gear and accompanying descriptions help our employees and contractors better understand how to use the gear, and ensures that the gear is within easy reach during emergencies.



(2) Electrical safety management

We have procured visual IR thermometers following the standard procedures for infrared imaging inspections. Dedicated personnel conduct periodic patrols, record-keeping, and follow-up of electrical equipment to ensure electrical safety within factory areas.

(3) Health management

Personnel who come into contact with noise, chemicals, products, special operational procedures, or foods are required to undergo special physical examinations. We have established dedicated nursing personnel at our factories to handle emergency injuries, exceeding requirements set out by law, and we have also established factory infirmaries, health management centers, and emergency equipment such as AEDs. Additionally, we conduct periodic emergency training to establish an initial batch of emergency personnel who can be on hand to handle accident and injury events within our factories.

Special Physical Examinations Conducted in 2019

Number of employees required to undergo special physical examinations	201
Actual number of employees who underwent special physical examinations	199*

Items included in physical examinations: heat, noise, dust, and chemicals.
*Two pregnant employees were temporarily excluded from physical examinations.



Occupational safety training

Grape King Bio conducts periodic follow-ups and on-job occupational health and safety training to ensure that all operators, operational managers, and contractors complete their required on-job training hours. Additionally, we have conducted 90 hours of training on ISO 14001 and OHSAS 18001 standards to fully implement relevant occupational health and safety procedures.

The number of participants and total training hours for occupational safety training at Grape King Bio in 2019 is shown in the following table:

Occupational Safety Training	Total Participants	Participant Type (Employee/Contractor)		Total Hours	Hours	
		Employees	Contractors		Employees	Contractors
2019	433	427	6	1,448.5	1,442.5	6
2018	484	477	7	1,999	1,992	7
2017	290	276	14	1,197	1,183	14

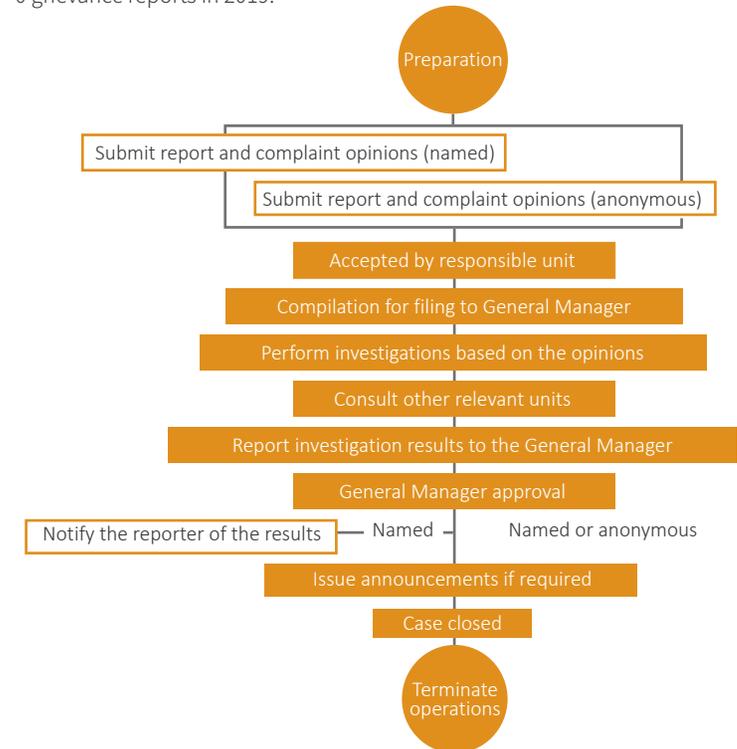


Employee Communication

Multiple Communication Channels

Channels for reporting grievances

Our HR department has established a variety of grievance channels, including a mailbox for reporting grievances, a mailbox for reporting sexual harassment, a labor rights section, an employee feedback section, employeeopinion@grapeking.com.tw, and a hotline. We provide a variety of open channels for reporting grievances to prevent illegal or unethical occurrences that violate laws and corporate regulations. We received a total of 0 grievance reports in 2019.



Strict prohibition of sexual harassment in the workplace

We have established clear measures and regulations for the prevention of sexual harassment which are permanently displayed on our notice boards. Our employees can report sexual harassment incidents through our grievance mailbox. To date, we have received no grievance reports relating to sexual harassment. We will continue our efforts to prevent such incidents from happening.

Periodic labor-management meetings

In 2019, we invited labor-management representatives to conduct a total of 6 labor-management meetings. A total of 27 proposals relating to company operations and human resource matters were discussed, and relevant departments were asked to provide further explanation. Follow-up reports of these proposals were then presented at the next labor-management meeting. In 2019, discussions and negotiations were carried out on proposals relating to recruitment numbers for each department, job transfer exams, rotation mechanisms for typhoon days, and so on.

Non-periodic interviews

Non-periodic interviews are used as a corporate feedback mechanism, allowing us to gain an understanding of employee work status, and to provide employees with opportunities to express their ideas or suggestions.

(1) **Interviews with new employees:** interviews are conducted with new employees of each department within the first three months to assess their suitability and to provide appropriate assistance if necessary.

(2) **On-job interviews:** these interviews help us fully understand employee satisfaction levels towards their jobs.

(3) **Performance interviews:** these interviews are used to provide timely communications and immediate feedback to employees regarding their work performance.

(4) **Exit interviews:** these interviews are used to analyze reasons for employee departure and are used as a reference for future improvements at the company.

Internal publications

Grape King Bio’s internal publication, “GK Life” , was founded in 2019. This biannual publication contains themed reports, encouraging words to employees from the company chairman, information on future company policies and prospects, and the latest information on products.

Employee Satisfaction

We surveyed employee satisfaction levels in 2019. A total of 344 employees participated in the survey and we achieved a response rate of 81.7%. Survey results showed that average scores for all categories were higher than 3.5 (out of 5).

Results of the employee satisfaction survey	
Category	Average Score
Work Satisfaction	3.56
Manager Leadership	3.77
Performance Management	3.54
Identification with Corporation	3.94

- Overall, the scores for “identification with the corporation” were the highest (3.94). Grape King Bio will continue to build and improve mechanisms relating to talent development and training, employee benefits, health management, and safety so as to establish a friendly work environment for employees and increase their level of identification with the company.
- Overall, the scores for the “performance management” category were the lowest (3.54). This was mainly due to the levels of confidentiality surrounding the company’s appraisal and compensation systems. Many employees felt that they lacked a basis for comparison and believed that the systems lacked openness and transparency. Because of this, we have commissioned external consultants to evaluate and optimize our current processes for formulating KPIs and establishing performance goals so as to raise employee satisfaction levels.

Community Investment

We are committed to providing financial aid and learning resources to disadvantaged groups. We host and participate in numerous charitable activities to raise employee awareness of and involvement in social welfare. Grape King Bio established the Grape Volunteer Group in 2013. These volunteers could use time during workdays to organize volunteer activities and paid leave was provided to employees who were willing to spend time participating in volunteer activities outside of work hours. Grape King Bio social participation investments for the past three years are shown in the following table:

	Expenses (NT\$ 1000)	Participants	Service Hours (hr)
2017	7,177	598	439
2018	9,530	706	1,166
2019	11,107	1,009	1,188

Note: Funding includes the public welfare expenditures donated to government authorities, charity expenditure in neighborhoods and other related associations, and the expense of Tseng Shui Chao Welfare Charitable Foundation

Social participation at Grape King Bio falls into five core focuses:

Focus	Academic Participation	Community Development	Care for the Disadvantaged	Companionship and Assistance	Care for the Elderly
Targets	<ul style="list-style-type: none"> Disadvantaged schoolchildren Teenagers College and university students 	Neighboring communities around factories	Disadvantaged groups	<ul style="list-style-type: none"> Individuals striving for independence Women and children suffering from trauma Physically or mentally disabled individuals 	The elderly
Social Impact	<ul style="list-style-type: none"> Strengthen ties with local talent Enhance local children’s right to education 	Promote mutual growth by providing assistance to local neighboring communities	Reduce inequality of social resources	Improve living standards for disadvantaged groups	Improve the health and well-being of the elderly

Academic Participation

We actively provide field trip opportunities to colleges and universities, and internships for winter and summer vacations and during semesters. A total of 210 students have interned at our factories over the past three years. This not only allowed us to build our intangible assets, pass on our experiences to young students, and help students align with industry needs, but also gave us a chance to screen and recruit excellent new employees. Currently, 10 of our previous interns have become full-time employees following graduation. (One intern became a full-time Grape King Bio employee in 2019.) The number of interns at Grape King Bio factories over the past three years are shown below:



Year	Winter Vacation	Summer Vacation	During Semesters
2019	28	36	15
2018	25	30	17
2017	30	34	9

Community Development

We continued our community development efforts in 2019. Every year, around the Chinese New Year period, we donate beverages to residents of neighboring communities around factories and supply funds to the town offices to assist with the organization of festivities. In 2019, our expenses for sponsorships and environmental improvement activities came to NT\$15,501,593.

Activity	Description	Invested Resources and Impact
2019 Christmas Wish project	Assisted many members of the community including children, elderly people, disabled individuals, and women	As of year-end 2019, we have supplied gifts to a total of 29 institutes and assisted more than 3,800 people. Grape King Bio conducted a preliminary analysis of Social Return on Investment (SROI) for this project. Based on the analysis result, we will improve the execution of the project to make a greater and better impact on society.
Sponsored physical examinations	We hosted physical examinations for residents of Zhenxing Village, which is located near Zhongli Factory.	Provided site, manpower, material support, and electricity for physical examinations.

Activity	Description	Invested Resources and Impact
Blood donation event	We have hosted blood donation events since 2018. Residents near Zhongli Factory and Headquarters were invited to participate.	As of 2019, we have hosted 3 blood donation events. A total of 173 employees and nearby residents participated and donated 224 bags of blood. Total investments equaled almost NT\$110,000.
“Save the earth with low-carbon diet” World Earth Day activity	We began promoting concepts relating to low-carbon diets and environmental protection to our employees beforehand. A low-carbon menu was served on Earth Day, and we worked with the Ruth Society for Disabled Services to provide organic vegetables grown by individuals with Down Syndrome.	The overall number of factory participants was 372 people, and we reduced 7,235.19 kilograms of carbon emissions in total.
Faith for Animals high-intensity stray sterilization project	We assisted the Faith for Animals association in conducting a high-intensity sterilization project on stray dogs in Taoyuan City.	Reduced issues relating to stray dogs. Achieved goal of sterilizing more than 80% of female stray dogs in Taoyuan City.
Care for neighboring communities	Purchased homemade gift boxes from the Children Are Us Foundation bakery for Moon Festival.	We purchased a total of 290 gift boxes in 2019 and gifted these to communities around our factories.

Care for the Disadvantaged

Grape King Bio worked with schools, foundations, hospitals, and group homes to provide food assistance, medical care, learning and companionship support for rural areas, and other forms of assistance. We were involved in a total of 19 projects in 2019.

Activity	Description	Invested Resources and Impact
Meal packages	We began working with the Andrew Charity Association starting in 2017 to make periodic donations of food and supply boxes.	As of year-end 2019, we have donated a total of 1,600 food and supply boxes, helped 1,600 families, and assisted 6,400 people.
Winter and summer vacation meal coupons	We began working with the World Peace Association starting in 2018 to fund meals for disadvantaged children during winter and summer vacations.	As of 2019, we have assisted 98 students and supplied 3,230 meals.

Activity	Description	Invested Resources and Impact
Medical resources provision	We worked with the Taipei Veterans General Hospital Department of Social Work Office Foundation assisting disadvantaged patients. We also participated in the “Immediate Rescue Project” hosted by the Taiwan Association of Family Caregivers and provide links to medical’ financial and caregiving resources.	Assisted disadvantaged patients who could not afford medical expenses, provided medical opportunities and developed Caregiver Supporting Services.
Reindeer around the Island project	Starting in 2016, we began raising funds to send Christmas shoeboxes to disadvantaged students at remote schools.	As of 2019, we have gifted a total of 302 Christmas shoeboxes, assisted 302 people, and procured equipment for 9 remote schools.
Learning and companionship at group homes	Starting in 2015, Grape King Bio began co-hosting study camps; our employees served as volunteers to help students in group homes participate in activities.	As of 2019, we have assisted 66 people, supplied 692 volunteer hours, and donated NT\$2.5 million.

Companionship and Assistance

Grape King Bio hosted a series of “Companionship & Respite” activities starting in 2013 and to provide volunteer companionship for individuals with Down Syndrome. This not only provided opportunities for positive social interaction, but also provided assistance to the institute caregivers. We hosted a total of 5 activities in 2019. Grape King Bio also works with a number of external foundations to support single mothers in obtaining additional skills to seek steady employment.

Care for the Elderly

Starting in 2018, Grape King Bio assisted the Hondao Senior Citizen’s Welfare Foundation in extending their safety net to provide care for the hungry and malnourished, providing meals for elderly people who are underprivileged, live alone, or have mobility issues. As of 2019, we have assisted 42 elders and supplied 2,394 meals. Grape King Bio also provides care for elderly people with disabilities, dementia, or who live alone. Starting in 2016, our volunteers helped to visit and care for elderly people and provide deliveries of Chinese New Year dishes. As of 2019, we have assisted 894 people.



2019

Sustainability Report

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Environmental Performance

Climate Commitments and Environmental Initiatives

Green operations, environmental protection, and sustainable development is part of Grape King Bio's social responsibility and commitment. Our environmental safety and health management policies stipulate that we have a responsibility to implement environmental protection actions. Headquarters received ISO 14001 Environmental Management System Certification and adopted the PDCA management to implement environmental protection measures. Grape King Bio did not incur any environmental violations in 2019.

Overall, Grape King Bio invested the following expenses (NTD) in environmental items in 2019:

Environmental Management Items	Zhongli Factory	Headquarters	Grape King Biotech Research Institute	Total
Air Pollution Management	303,725	0	5,588,480	5,892,205
Wastewater Management	11,197,041	1,770,175	3,670,927	16,638,143
Waste Management	3,348,967	765,738	1,784,043	5,898,748
Noise Management	693,500	0	0	693,500
Total	15,543,233	2,535,913	11,043,450	29,122,596

Management Plans for Grape King Biotech Research Institute

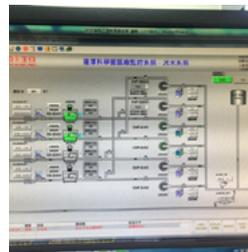
Our Biotech Research Institute was officially launched in 2019 and has already passed Green Building label evaluations. To enhance overall production capacity and maximize resource usage rates, we continue to implement environmental management facilities such as HVAC designs, steam condensate recovery equipment, boiler economizers, and so on.

Green Building HVAC Design

- Multi-split inverter air conditioning systems were installed in lobby meeting rooms
- Automatic speed shifting functions were enabled in air-cooled chillers
- Installed central monitoring systems
- Constant primary flow/variable secondary flow systems were used in chillers
- Control-switching function based on wet-bulb temperatures were enabled in air-cooling towers
- Multifunctional balancing valves were installed on factory iced water pipes

Carbon Reduction Measures

- Installed steam condensate recovery equipment; recovered condensate was used for boiler operations
- Installed economizers on horizontal and once-through boilers; heat from boiler flue gas was transferred for boiler preheating and supply water temperature, which can reduce the fuel consumption of burners
- Recycled rainwater and reclaimed water were used to water vegetation in factories
- Recovery pipelines linked to reclaimed water tanks were installed on freeze-drying equipment to collect defrosted water; this water was then used to flush factory urinals and toilets



Central chiller control panel



Steam condensate recovery tank

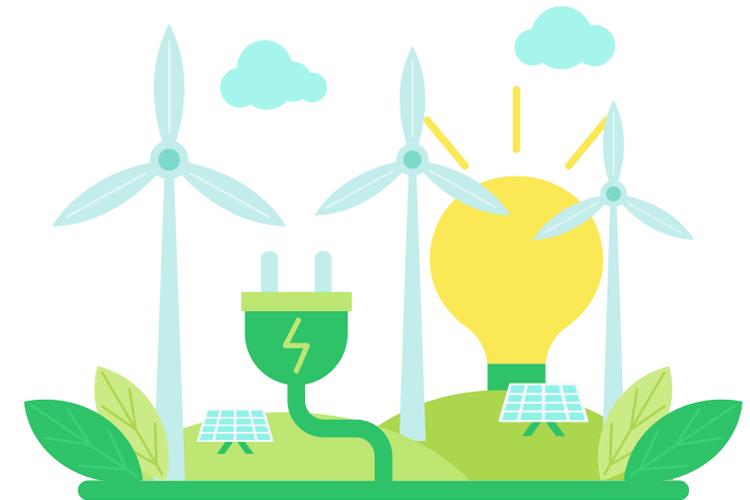


Steam condensate recovery equipment

Management of Energy Resources and Greenhouse Gases

RE100

To respond to international trends in renewable energy and governmental environmental policies, and to prepare for operational impacts stemming from risks related to climate change, we announced our participation in the RE100 renewable energy initiative at the 25th United Nations Climate Change Conference (COP25). Grape King Bio committed to the first stage of 15% usage of renewable energy by 2030 and the second stage of 100% usage of renewable energy by 2035. We hope to work with other member enterprises and communities to achieve renewable energy targets, encourage more companies to join the RE100 initiative, and prompt the Taiwanese market to offer alternate options targeting the green energy demands of enterprises.



Management of Energy Resources

Grape King Bio obtained the ISO 50001 energy management system certification in 2019. We implemented energy auditing processes and established an energy baseline per the certification requirements. We also conducted 110 hours of ISO 50001 training sessions for the initial batch of personnel, with a total of 19 in attendance. An initial batch of energy management personnel from each department conducted a comprehensive audit and documentation of all equipment to monitor the plant's energy usage. A total of 2,448 pieces of equipment were included in the audit. Equipment consuming more than 80,000 kWh were listed as major energy consumption items following the 80/20 principle. In total, 566 pieces of equipment (representing 93% of energy consumption for the entire factory) were placed under management.



Grape King Bio continues to enhance energy efficiency levels of all equipment. We voluntarily participated in the "2019 MOEA Energy Conservation Benchmarking Awards" hosted by the Bureau of Energy in 2019 and received an award celebrating our efforts in enhancing energy efficiency and reducing carbon emissions.

Energy Usage

Total heavy crude oil, natural gas, electric power, diesel and gasoline energy usage of the Headquarters, Zhongli Factory, and Grape King Biotech Research Institute from 2017 to 2019 is shown in the following table:

Item		Unit	2017	2018	2019
Direct energy use	Fuel oil (heavy crude oil) energy consumption	GJ	32,558	39,391	18,489
	Natural gas energy consumption	GJ	4,114	3,845	38,159
	Diesel energy consumption	GJ	-	-	485
	Gasoline energy consumption	GJ	-	-	62
Indirect energy use	Electric power energy consumption	GJ	68,465	66,298	88,328
	Renewable energy (electric power) consumption	GJ	-	-	3
Total energy consumption		GJ	105,137	109,534	145,526

Note:

- The data in the table are converted according to the 【Heating Value of Energy Product Table】 provided by the Bureau of Energy, Ministry of Economic Affairs.
- We carried out the diesel and gasoline data inventory since 2019 therefore there are no data disclosed for the previous two years.
- Inventory and verification were performed in accordance with operational controls. The source of the global warming potential GWP is the fourth assessment report of the IPCC (2007)

Energy Intensity

Production weight was used as a basis for calculating our energy intensity. Energy consumption by production weight at our Headquarters, Zhongli Factory, and Grape King Biotech Research Institute was calculated in kilograms. Our energy intensity levels for 2017-2019 is shown below. The production weight for 2019 was higher than that for 2018, and the energy intensity for 2019 and 2018 is lower than that for 2017, indicating that our energy efficiency has gradually improved.

Item	Unit	2017	2018	2019
Total energy consumption	GJ	105,137	109,534	145,526
Production weight	kg	3,445,563	4,639,007	5,222,845
Energy intensity	GJ/kg	0.0305	0.0236	0.0279

Management of Greenhouse Gases

The main energy sources for Grape King Bio are electric power, heavy crude oil, and natural gas. Electric power was mostly used on common systems equipment and production machinery, while heavy crude oil and natural gas were used as fuel for factory boilers. We completed the conversion of our boiler burners in the latter half of 2019 and changed our fuel sources from heavy crude oil to natural gas, which has lower carbon emissions.

Item(Unit tCO ₂ e)	2018	2019
Scope 1 ^{Note 1}	3,283.77	3,421.58
Heavy crude oil	3,058.73	1,435.74
Diesel	N/A	36.54
Gasoline(L)	N/A	4.47
Natural gas(M ³)	191.92	1,904.67
Septic system (number of employee)	33.11	40.16
CO ₂ Fire extinguisher(kg)	0.018	0.0045
Scope 2 ^{Note 2} Electric power	9,813.92	13,074.92
Total	13,097.69	16,496.50

Note 1: Emission Factors for Greenhouse Gas Inventories (Version 6.0.4)

Note 2: The emission factor for electric power in 2018 was 0.533 kg CO₂e/kWh

Note 3: There is no complete record of refrigerant and anaerobic wastewater data, relevant data collection mechanisms have been planned, and such data will be included in the scope of investigation in the future to enhance data completeness

Note 4: There is no complete record of gasoline and diesel data before 2019, so greenhouse gas emissions cannot be calculated

Note 5: Inventory and verification were performed in accordance with operational controls. The source of the global warming potential GWP is the fourth assessment report of the IPCC (2007).

Note 6: Grape King Bio's main greenhouse gas emissions are carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O).



Prevention of Air Pollution

Grape King Bio has installed and maintained air pollution prevention equipment to enhance and improve the quality of the environment. We are gradually converting our boilers to use natural gas as fuel, and the conversion at the Zhongli Factory was completed in the third quarter of 2019.

Results of Air Pollution Inspections at Zhongli Factory

Inspection Items	Standard Range (2017-2018)	Boiler (E001)			Standard Range (2019)
		2017	2018	2019	
Particulate contaminants	<100mg/Nm ³	50	47	3	<100 mg/Nm ³
Sulfur dioxide	<300ppm	174	190	-	-
Nitrogen oxides	<250ppm	185	157	28	<150ppm

Inspection Items	Standard Range (2017-2018)	Boiler (E002)			Standard Range (2019)
		2017	2018	2019	
Particulate contaminants	<100mg/Nm ³	63	78	5	<100 mg/Nm ³
Sulfur dioxide	<300ppm	186	190	-	-
Nitrogen oxides	<400ppm	159	137	61	<150ppm

Results of Air Pollution Inspections at Grape King Biotech Research Institute

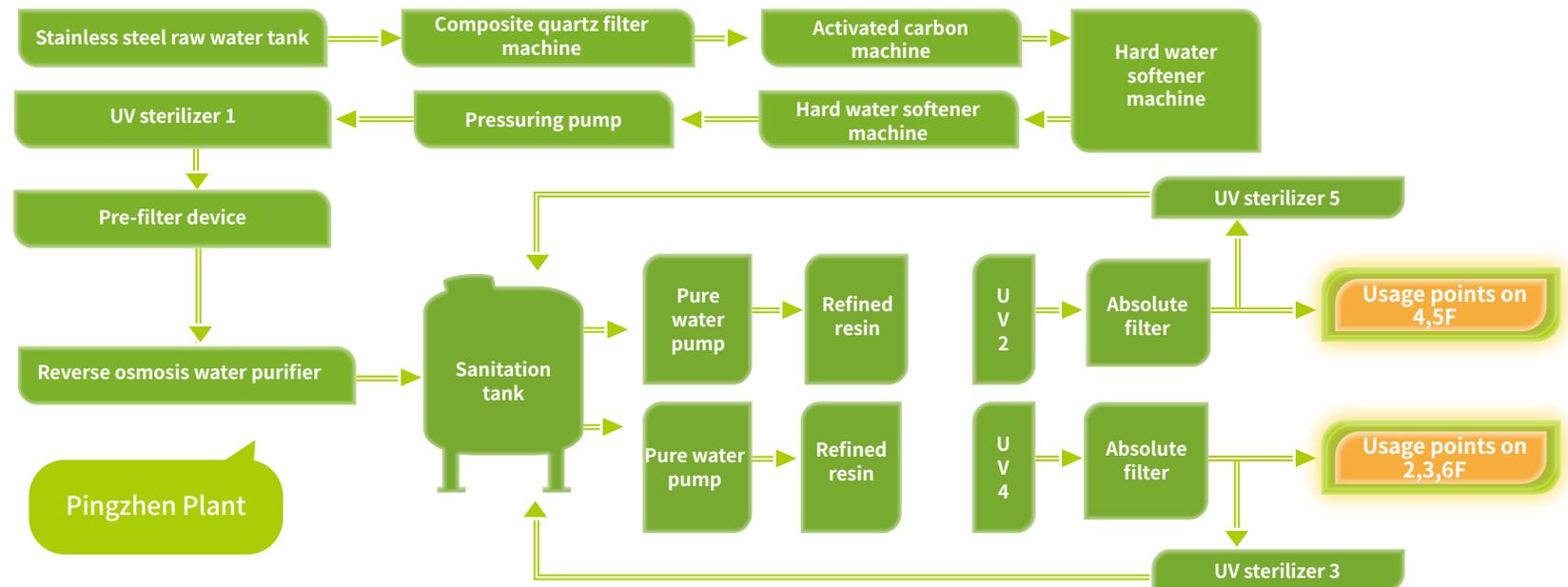
Inspection Items	Standard Range	Boiler (E001)
		2019
Particulate contaminants	<30mg/Nm ³	8
Sulfur dioxide	-	-
Nitrogen oxides	<100ppm	34

Note: According to the regulation, boilers at Zhongli Factory where fuel had converted from crude oil to natural gas, and the natural gas boilers of Grape King Biotech Research Institute do not need to be detected for sulfur dioxide, there are no relevant data and legal standard values.

Management of Water Resources and Waste Materials

Material Issue: Waste Management

As a food manufacturer, Grape King Bio places very high emphasis on inspection and control of water quality and management of wastewater disposal. We are currently evaluating the implementation of water-saving equipment and the expansion of wastewater processing equipment. Rainwater storage tanks with respective capacities of 690 tons and 400 tons were installed at our Headquarters and Grape King Biotech Research Institute; collected water is used in scenarios that do not involve manufacturing processes or contact with personnel. We have revised the cleaning process of the production process following the operating standards of food regulations and evaluated the introduction of water-saving process equipment and expansion of wastewater treatment equipment to reduce the use of water resources.



Year	Water Usage	Water Use Intensity (million liters/million dollars in revenue)	Disposal Amounts (million liters)	Wastewater Disposal Intensity (million liters/million dollars in revenue)
2017	160.14	0.0171	125.42	0.0134
2018	246.03	0.0268	147.66	0.0161
2019	326.70	0.0354	229.68	0.0249

Water Resource Management

Production and Related Inspections for Pure Water

The pure water used in manufacturing processes at Grape King Bio passes through multiple stages to remove impurities and hazardous substances. We continually inspect and monitor water quality to ensure that it adheres to standards of raw materials used for health food manufacturing.

In 2019, Grape King Bio invested NT\$314,000 in outsourced water quality inspections. Grape King Bio conducts internal monitoring procedures in addition to commissioning external institutes to conduct periodic inspections of water quality. A total of 1,642 items were inspected internally this year. Quality assurance specialists periodically collect water samples and perform 11 to 13 inspection procedures under relevant regulations.

Wastewater Management

Grape King Bio has formulated comprehensive operational procedures for the management of wastewater disposal. Measures implemented for wastewater management include:

1. Hygienic requirements for production environments:

To strengthen wastewater management, Grape King Bio requires wastewater disposal sites to perform periodic inspections of water quality. The inspection frequency surpasses that required by law and helps to ensure that all discharged wastewater adheres to environmental laws and regulations.

2. Wastewater treatment regulation compliance:

Wastewater from manufacturing processes pass through biodegradation and chemical processing procedures, and the processed water cannot be discharged until it has reached the standards required by law.

Waste Management

Grape King Bio conducts waste classification, collection, storage, management, and disposal to effectively manage industrial waste and other types of waste. Disposal, handling, and reuse of waste materials are conducted per the environmental laws and regulations. Our environmental management personnel conducts non-periodic on-site visits of our waste handling sites to ensure that disposal and handling of waste materials adhere to relevant regulations. We plan to implement a trial run of using food sludge as organic fertilizer in 2020 at our Grape King Biotech Research Institute, which will enhance re-usage rates of waste materials and reduce fees for waste handling.

Waste disposal amounts for Grape King Bio in 2019 were as follows:

Types and disposal method (ton)		2017	2018	2019
General Industrial Waste	Reuse and recycling	-	-	86.30
	Incineration	260.5	257.01	291.15
	Other disposal methods (physical treatment)	-	-	10.14
	Other disposal methods (thermal treatment)	-	-	101.38
Total		260.5	257.01	488.97
Hazardous Industrial Waste	Reuse and recycling	-	-	-
	Landfill disposal	1.98	6.61	4.79
	Total	1.98	6.61	4.79

Note: Data from the Grape King Biotech Research Institute were added into the 2019 column

Waste disposal	2017	2018	2019
Recyclable	50.8	80.324	96.731
Recycling rate	20%	25%	17%

Note: Data from the Grape King Biotech Research Institute were added into the 2019 column





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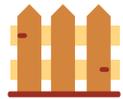
About the Report

Appendix



About the Report

This is the Sustainability Report issued by Grape King Bio Inc. (hereinafter referred to as Grape King Bio, or we) in 2020. This Report discloses our achievements in the ESG key issues to different stakeholders in an open and transparent manner. This Report is divided into sections for Sustainability Blueprint, Governance, Social and Environmental Performance. We hope this Report can express our commitment to the vision we desire for and enable stakeholders to understand our efforts and resolve for sustainable development.



Scope of this Report

The information disclosed in this Report is based on Grape King Bio in Taiwan, including our Headquarters, Zhongli Factory, Distribution Center, Taipei Sales Office, Grape King Health and Vitality Power Center (Visitors Center), and Grape King Biotech Research Institute. It includes Grape King Bio's organization in Taiwan. 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. to provide more comprehensive information.



Company Information within the Reporting Scope

Headquarters	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-457-2121
Zhongli Factory	No.60, Sec. 3, Longgang Rd., Zhongli Dist., Taoyuan City	+886-3-457-2125
Distribution Center	No. 466, Sec. 2, Xinheng Rd., Zhongli Dist., Taoyuan City	+886-3-453-2121
Taipei Sales Office	11F, No. 18, Jinzhuang Rd., Neihu Dist., Taipei City	+886-2-2790-3011
Grape King Health and Vitality Power Center	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-271-2121
Grape King Biotech Research Institute	No. 68, Longyuan 1st Rd., Longtan Dist., Taoyuan City	+886-3-499-3090



Independent Assurance

We cooperated with Ernst and Young to design and develop our Sustainability Report and Sustainability Strategy. The Grape King Bio Sustainability Report's assurance engagement has been planned and performed in accordance with Statements of Assurance Engagements Standards No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" by Deloitte. Deloitte provides limited assurance on the completeness and accuracy of the claims and performance data presented in the 2019 Sustainability Report based on GRI Standards: Core Option. The result of limited assurance has been effectively communicated with Grape King Bio's management. For detailed scope and results of the assurance, please see the Independent Assurance Statement in the Appendix.



Reporting Structure

This Report is based on the Global Reporting Initiative (GRI) Standards: 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.



Disclosure and Publication

Grape King Bio has been voluntarily issuing the "Grape King Bio Sustainability Report" each year since 2014. The Report has been published for 6 consecutive years. The reporting period for information disclosure is from January 1, 2019 to December 31, 2019. Parts of previous records and plans are included to fully disclose related ESG information.

Previous issue date: March 2019



To protect the environment, this Report is only published digitally.

Issue date :
April 2020



Feedback and Contact Information

If you have any questions regarding the 2019 Grape King Bio Sustainability Report, you are welcome to contact us through the information listed below and help us improve.

Corporate Social Responsibility Committee, Grape King Bio Inc.

Address: No.402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City

Tel: +886-3-4572121 Fax: +886-3-4572128

E-mail: CSR@grapeking.com.tw

Official website: <https://www.grapeking.com.tw>



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Appendix

Table 1-Financial Performance

Unit: NT\$1,000

Item	Basic Elements	2017	2018	2019
Direct Economic Value Generated	Income * <small>Note 5</small>	9,388,128	9,183,321	9,239,070
	Operating costs *	1,523,128	1,854,057	1,673,182
Distributed Economic Value	Employee salaries and benefits* <small>Note 1</small>	987,473	1,052,748	1,061,781
	Payment made to investors* (Dividends of the current year)	1,287,001	1,427,590	1,417,731
	Payments made to the government * <small>Note 2</small>	491,592	484,765	528,952
	Community investment <small>Note 3</small>	7,177	9,530	11,107
Retained Economic Value <small>Note 4</small>		1,934,732	1,890,072	1,938,566

Note 1: Including bonuses, pension, payments deducted from salaries on behalf of employees, and other personnel costs. **Note 2:** Paid Income Tax. **Note 3:** Expenditures for donations to government institutions as well as other club and neighborly charity expenses. The amount includes the expense of Tseng Shui Chao Welfare Charitable Foundation. **Note 4:** The profit after tax of the current year. **Note 5:** Starting from 2018, according to IFRS No. 15, the Group reduced its revenue by the consideration paid to its customers. If the basis is comparatively consistent in 2017, the combined income is recorded as NT\$8,546,178,000. **Note 6:** The above amount is the audited final accounts compiled in accordance with IFRS. **Note 7:** The detailed information can be accessed through [our annual report](#).



Table 2-Associations

*Chairman as member

Association Participation	Management Roles
The Institute of Internal Auditors, R.O.C.	
Chinese Association for Industrial Technology Advancement	
Taiwan Niu-Chih Industry Association	Senior Executive Vice President Chin-Chu Chen serves as Director.
Taiwan-Japan Business Exchange Association	
Association for Taiwan-Japan Cooperation on Industrial Technology, TJCIT	
Taiwan Association for Lactic Acid Bacteria	Senior Executive Vice President Chin-Chu Chen serves as Standing Director.
Taiwan Health Food Industry Development Association	Senior Executive Vice President Chin-Chu Chen serves as Director.
Health Food Society of Taiwan	Senior Executive Vice President Chin-Chu Chen serves as Director.
Taiwan Association for Food Science and Technology	Senior Executive Vice President Chin-Chu Chen serves as Director.
International Life Sciences Institute Taiwan	Senior Executive Vice President Chin-Chu Chen serves as Supervisor
Taiwan Halal Integrity Development Association	
Agricultural Chemical Society of Taiwan	Senior Executive Vice President Chin-Chu Chen serves as Director.
Taiwan Pharmaceutical Manufacturers Association *	
Taiwan Quality Food Association (TQF)	
Trans Regional Biotechnology Association*	
Chinese National Association of Industry and Commerce, Taiwan	
Taiwan Parenteral Drug Association	
Taiwan Testing and Quality Assurance Society (TTQAS)	Deputy Director Sheng- Jie Xu served as Director
Institute for Biotechnology and Medicine Industry	
Taoyuan City Industrial Association	
Taoyuan City Chamber of Commerce	
Taoyuan Importers & Exporters Chamber of Commerce	
Taoyuan Pharmacist Association	
Taoyuan City Nurses Association	
Taoyuan Tourism Factory Advancement Association	
Research Center for Biotechnology and Medicine Policy	
Taiwan Accreditation Foundation	

Assurance Opinion Statement

Deloitte.

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
Grape King Bio Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) in the Sustainability Report ("the Report") of Grape King Bio Ltd. ("the Company") for the year ended December 31, 2019.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies and GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditor's Responsibilities for the Limited Assurance Engagement Performed on the Report

We conducted our work on the selected subject matter information (see Appendix A) in the Report in accordance with the International Standard on Assurance Engagements 3000 (revised) (ISAE 3000 (revised)) to issue a limited assurance report on the preparation, in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the Report is not stated fairly, in all material respects, in accordance with the abovementioned reporting criteria.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2020

Notice to Readers

For the convenience of readers, the independent auditor's limited assurance report has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditor's limited assurance report shall prevail.

APPENDIX A

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.A	The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product and service categories and the percentage affected.	Food Safety and Supply Chain Management	The evaluation and improvement in 2019 regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality include environmental bacteria activity test, facility sanitization, training and education for personnel hygiene and food safety, which were assessed amid the significant products and service categories, and for the percentage affected.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.B	The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws.	Corporate Governance and Legal Compliance	The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws in 2019.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.C	The percentage of the purchased volume in accordance with internationally recognized responsible production standards, categorized by standards.	Product Innovation and Sustainability	The percentage green wood pulp produced by FSC™ accounting for of the whole tetra-pak product in 2019.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.D	The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Food Safety and Supply Chain Management	The percentage of the production volume manufactured in Headquarters and Zhongli Factory certified by an independent third party according to internationally recognized food safety management system standards in 2019.

(Continued)

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
5.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.E	The number and percentage of suppliers audited, and the audit items and results.	Food Safety and Supply Chain Management	The number and percentage of suppliers audited, and the audit items and results in 2019.
6.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.F	The product trace and track management conducted voluntarily or according to the applicable laws, and the percentage of such relevant products to the whole products.	Food Safety and Supply Chain Management	The percentage traceable and trackable products that are produced by 5 food production lines in Headquarters and Zhongli Factory and are under the voluntary trace and track management of the company accounting for of all products in 2019.
7.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.G	The food safety laboratories established voluntarily or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	Food Safety and Supply Chain Management	The food safety laboratories established according to the applicable laws, testing items (e.g. pesticides, plasticizers, microorganisms, heavy metals), testing results, relevant expenses and the percentage of such expenses to the net revenue in 2019.
8.	GRI 305-1:2016	Direct (Scope 1) GHG emissions	Management of Energy Resources and Greenhouse Gases	The direct GHG emission (by fuel, natural gas, diesel and gasoline) that is defined by GRI Standards (Scope 1), GHG Protocol and GHG inspection of EPA and had occurred in Headquarters, Zhongli Factory and Biotech Research Institute in 2018 and 2019.
9.	GRI 305-2:2016	Energy indirect (Scope 2) GHG emissions	Management of Energy Resources and Greenhouse Gases	The indirect GHG emission (outsourced electricity) that is defined by GRI Standards (Scope 2), GHG Protocol and GHG inspection of EPA and had occurred in Headquarters, Zhongli Factory and Biotech Research Institute in 2018 and 2019.

(Concluded)

Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Requirement	Corresponding Chapters	Page No.	Remarks
(a) The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product categories and the percentage affected.	Food Safety and Supply Chain Management	23	The coverage for our products and services is 100%
(b) The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws.	Corporate Governance and Legal Compliance	18	
(c) The percentage of the listed company's purchased volume in accordance with internationally recognized responsible production standards, categorized by standards.	Product Innovation and Sustainability	23	
(d) The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Food Safety and Supply Chain Management	24	
(e) The number and percentage of suppliers audited by the listed company, and the audit items and results.	Food Safety and Supply Chain Management	28	
(f) The product trace and track management conducted by the listed company voluntarily or according to the applicable laws, and the percentage of such relevant products to the whole products.	Food Safety and Supply Chain Management	26	
(g) 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.	Food Safety and Supply Chain Management	25	

GRI Content Index (Core) General Disclosure

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organizational profile				
102-1	Name of the organization	About the Report	48	
102-2	Activities, brands, products, and services	Website: About Grape King- Vision and Mission Statement	-	No product was banned in certain markets.
102-3	Location of headquarters	Website: About Grape King- Location Website: Social Responsibility- R&D and Innovation	-	
102-4	Location of operations	Website: About Grape King- Location	-	
102-5	Ownership and legal form	About the Report	48	
102-6	Markets served	Website: About Grape King- Location	-	
102-7	Scale of the organization	Talent Development and Employee Benefits Product Innovation and Sustainability Appendix- Financial Performance	32 21 50	total capitalization please refer to [link]
102-8	Information on employees and other workers	Talent Development and Employee Benefits	32	
102-9	Supply chain	Food Safety and Supply Chain Management	27	
102-10	Significant changes to the organization and its supply chain		Grape King Biotech Research Institute was officially launched in 2019, and is included in the scope of this Report	
102-11	Precautionary Principle or approach	Corporate Governance and Legal Compliance	17	
102-12	External initiatives	Climate Commitments and Environmental Initiatives	43	
102-13	Membership of associations	Appendix- Association		

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
Strategy				
102-14	Statement from senior decision-maker	Chairman's Message	2	
102-15	Key impacts, risks, and opportunities	Corporate Governance and Legal Compliance	17	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	Corporate Governance and Legal Compliance	17	
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance and Legal Compliance	17	
Governance				
102-18	Governance structure	Corporate Governance and Legal Compliance	15	
Stakeholder engagement				
102-40	List of stakeholder groups	Stakeholder Communication and Analysis of Material Issues	8	
102-41	Collective bargaining agreements			Grape King Bio did not set up labor union and has no group agreement
102-42	Identifying and selecting stakeholders	Stakeholder Communication and Analysis of Material Issues	8	
102-43	Approach to stakeholder engagement	Stakeholder Communication and Analysis of Material Issues	8	
102-44	Key topics and concerns raised	Stakeholder Communication and Analysis of Material Issues	8	

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
Reporting practice				
102-45	Entities included in the consolidated financial statements	About the Report Appendix- Financial Performance	48 50	
102-46	Defining report content and topic Boundaries	Stakeholder Communication and Analysis of Material Issues	11	
102-47	List of material topics	Stakeholder Communication and Analysis of Material Issues	10	
102-48	Restatements of information			There are no restatements of information
102-49	Changes in reporting			There is no significant difference in major topics and boundaries
102-50	Reporting period	About the Report	48	
102-51	Date of most recent report	About the Report	48	
102-52	Reporting cycle	About the Report	48	
102-53	Contact point for questions regarding the report	About the Report	48	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	48	
102-55	GRI content index	GRI Content Index (Core)	54	
102-56	External assurance	About the Report Assurance Opinion Statement	48 51	

Disclosure of 12 Key Issues

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
1.Ethics and integrity/ Anti-Corruption				
GRI 103 : Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	57
	103-3	• Evaluation of the management approach	• Corporate Governance and Legal Compliance	17
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance and Legal Compliance	17
2.Product liability and safety/ Product quality				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	58
	103-3	• Evaluation of the management approach	• Food Safety and Supply Chain Management	27
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Corporate Governance and Legal Compliance Food Safety and Supply Chain Management	18 23

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
3. Legal compliance				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	58
	103-3	• Evaluation of the management approach	• Corporate Governance and Legal Compliance	18
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Corporate Governance and Legal Compliance	18
4. Customer service				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	59
	103-3	• Evaluation of the management approach	• Customer Services	29
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Services	29
5. Occupational health and safety				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	59
	103-3	• Evaluation of the management approach	• Talent Development and Employee Benefits	38
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Talent Development and Employee Benefits	38

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
6. Innovation and R&D				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	60
	103-3	• Evaluation of the management approach	• Product Innovation and Sustainability	20
The key issue is not covered by an existing GRI Standard			Product Innovation and Sustainability	20
7. Corporate governance and transparency				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	61
	103-3	• Evaluation of the management approach	• Corporate Governance and Legal Compliance	15
The key issue is not covered by an existing GRI Standard			Corporate Governance and Legal Compliance	15
8. Waste management				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	• Stakeholder Communication and Analysis of Material Issues	11
	103-2	• The management approach and its components	• Management approaches for the key issues	61
	103-3	• Evaluation of the management approach	• Management of Water Resources and Waste Materials	46
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Management of Water Resources and Waste Materials	46

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
9. Talent attraction and retention				
GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> Stakeholder Communication and Analysis of Material Issues Management approaches for the key issues Talent Development and Employee Benefits 	11	
	103-2		61	
	103-3		31	
GRI 401: Employment 2016	401-1	Talent Development and Employee Benefits	33	
GRI 404: Training and Education 2016	401-2			
	404-1			
GRI 405: Diversity and Equal Opportunity 2016	405-2			
10. Nutritious and affordable products				
GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> Stakeholder Communication and Analysis of Material Issues Management approaches for the key issues Product Innovation and Sustainability 	11	
	103-2		62	
	103-3		22	
The key issue is not covered by an existing GRI Standard		Product Innovation and Sustainability	22	
Disclosure of Other Topics (Included in the Assurance Opinion Statement)				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	44	
	305-2	Energy indirect (Scope 2) GHG emissions	44	

Management Approaches for the Key Issues

Management Approach	Key issue—Ethics and integrity; Anti-Corruption
Policies	Grape King Bio shall comply with the operational philosophies of honesty, transparency, and accountability. We established comprehensive Corporate Governance and risk management mechanisms to create an operational environment that is suitable for the Company's sustainable development.
Commitment	The Company has formulated the "Ethical Corporate Management Best Practice Principles" and designated the Finance Division as the unit responsible for ethical business management. It is responsible for implementing ethical corporate management and reporting the implementation status to the Board of Directors. The Audit Department also assists in the implementation of internal control to ensure the effective implementation of various regulations.
Goals	Short-term • Educate employees on the codes of conduct of Grape King Bio
	Mid-term • Implement internal controls and internal audit systems and complete the annual audit plans
	Long-term • Strengthen the supervision and management of subsidiaries; ensure the integrity of the operating procedures for the production cycle and R&D cycle
Responsibilities	Internal responsible units: Finance Division, Audit Department
Resources	Human resource: Strengthen internal awareness—the internal website, employee mailbox, bulletin board, education and training, and tests (management)
	System: Promotion to suppliers—warnings on procurement form, surveys regarding the policy promotion and Supplier Code of Conduct
Grievance Mechanism	Report/complaint mailboxes; internal report and complaint phone number
Actual Achievements	We promote the ethical corporate and management and prevention of insider trading to all employees and the Board of Directors.
	We conduct tests regarding ethical corporate management for manager ranked employees and above. 103 employees have participated and the passing rate was 100% (the qualifying score is 80).
	The Board of Directors approved the "Dishonesty Prevention Program" and actively promoting the prevention of dishonest behaviors.
	Directors and Supervisors participated in courses on ethical corporate management (including corporate governance and sustainable management, etc.) The total number of participants was 11 and the total training hours were 33 hrs. We also conducted internal and external training on ethical corporate management (including food health and safety regulations, food inspection, internal audit guideline on anti-corruption, internal control implementation and analysis, etc.) The total number of participants was 604 and the total training hours were 2,276 hrs.

Management Approach	Key issue - Product liability and safety; Product quality	Key issue - Legal compliance
Policies	Continuous innovation, pursuit of outstanding quality, implementation of social responsibilities, and ensuring customer satisfaction	Grape King Bio reviews the Company's all operating procedures based on the highest standards available. We constantly pay attention to the latest legal trends to adjust our actions.
Commitment	Develop healthy and high-quality products for consumers that embody the concept of "Live Healthy, Think Grape King."	Enhance employees' legal compliance awareness and performance to protect the corporate image and reduce legal risks
Goals	Short-term <ul style="list-style-type: none"> • Continue to strengthen source management and complete traceability management for all products: the traceability is 100% • Management and sanitation personnel of all production lines perform sanitation inspections each day to verify the cleanliness of personnel, machinery, and the environment. • Continue to maintain international accreditation and strengthen our quality management system • Implement a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable and guarantee smooth delivery of supplies 	Short-term <ul style="list-style-type: none"> • Implement the legal compliance control system and reducing the risk of company violations
	Mid-term <ul style="list-style-type: none"> • Regularly execute simulated recalls (2 times a year) and internal audits (once a year) to ensure the effectiveness of the quality management system • Stabilize product quality, optimize the quality management process, enhance efficiency • Improve inspection methods • Complete the signing of the Supplier Code of Conduct of all suppliers within 5 years. 	Mid-term <ul style="list-style-type: none"> • Promote relevant laws and regulations and let relevant personnel understand the legal requirements
	Long-term <ul style="list-style-type: none"> • Continue to ensure that all products meet the food safety standards announced by TFDA • Continue to pay attention to domestic and foreign food safety incidents and conduct independent inspections • Zero product recalls for food quality, sanitation and safety issues • Monitor inspection data, establish product database • Provide professional commissioned inspection service, and ensure customer satisfaction 	Long-term <ul style="list-style-type: none"> • Continue to conduct in-depth understanding of other national laws and regulations to perform risk control according to the company's size and business needs
Responsibilities	External responsibilities: Act Governing Food Safety and Sanitation, Good Hygiene Practice (GHP), Taiwan Quality Food (TQF), ISO 22000 & HACCP Food Safety Management System, FSSC 22000 Food Safety Management System, National Sanitation Foundation's Good Manufacturing Practice (NSF GMP), Halal certification, Health Food Control Act, Food Manufacturer Registration Platform, and laws and regulations published by TFDA Internal responsibilities: Food Safety Team, maintenance of various food safety management systems, maintenance of HACCP plans for products, sanitation management procedures, and quality irregularity processing procedures	Cooperative Entity: Quality Assurance Department—Announcement of food safety regulations Marketing Division—Media events Business Unit—Consumers and channels
Resources	<ul style="list-style-type: none"> • Added quality assurance and quality control personnel • Laboratory Biorisk Management System; ISO/ IEC 17025 revision 	The Company organizes education and training programs on the Copyright Act, Trademark Act, and E-Commerce Law of the People's Republic of China by legal personnel of the Company. All marketing and sales personnel are mandatory to participate Legal staff were sent to Shanghai Grape King for legal training (local regulation training, employee compliance)
Actual Achievements	<ul style="list-style-type: none"> ✓ Establish Laboratory Biorisk Management System, and was inspected and awarded by the government authorities ✓ Increase the laboratory equipment data to enhance data comprehensiveness ✓ Laboratory personnel optimized and established 9 inspection methods to add additional checkpoints for evaluating the quality of raw materials ✓ Supply chain customer order completion rate-> target 98%, actual rate 99.98% ✓ 23.36% of our main material has established two-supplier policy 	<ul style="list-style-type: none"> ✓ Use patent database system to analyze the patent portfolio of our competitors and other related materials, and such information were reported to the executive meeting ✓ Trademark application extends product name application to material name application

Management Approach	Key issue— Customer service	Key issue— Occupational health and safety
Policies	The customer service center is the best communication channel for the enterprise. It can timely and comprehensively grasp the pain points and feedback of customers in the experience process, and immediately inform the corresponding departments to achieve the goal of immediate response to customer needs and customer experience improvement.	"Technology, Health, and Hope" is our core values and we adopted "Live Healthy, Think Grape King" as our corporate mission. We review development trends in the industry and uphold the interest of both labor and management; adopt swift and active response measures to create a safe, healthy, and comfortable work environment and improve employees' work safety and quality of life.
Commitment	With a professional service team, we timely and comprehensively pay attention to each customer's needs and improve customer experience.	We commit ourselves to provide employees with a safe and healthy workplace and continue to promote sustainable occupational safety and health company culture
Goals	Short-term <ul style="list-style-type: none"> • Continue to optimize the CRM system, obtain complete customer information immediately and provide corresponding services • Increase customer service staff to improve response speed and quality, and the internal nutritionists and other resources are served as staunch support for our customer service 	Short-term <ul style="list-style-type: none"> • Implementing the ISO 45001 and systematizing occupational health and safety management • Establish an operating safety system and optimize the operations environment • Promote healthy physical fitness and activities for employees, family members and the community • Strengthen participation in health promotion activities • Form a dedicated team for health promotion activities • Cooperate with local health and medical units
	Mid-term <ul style="list-style-type: none"> • Introduce traffic system, provide a complete voice customer service solution, improve service quality and response efficiency 	Mid-term <ul style="list-style-type: none"> • Disabling injury frequency rate (Frequency Rate, FR) is 80% lower than that of peers • Promote and participate in the selection of excellent occupational safety and health units • Promote and participate in the selection of Outstanding Healthy Workplace Award • Continuously advance the occupational safety and health management system • Create a friendly workplace environment for middle-aged and elderly people in response to an aging society; create a friendly motherhood workplace in response to an underage society
	Long-term <ul style="list-style-type: none"> • Continue to establish a complete customer service team and nutritionist team, respond to customer service related inquiries and provide complete advice on health, diet, and lifestyle 	Long-term <ul style="list-style-type: none"> • Become a benchmark for healthy workplaces for SMEs in Taiwan • Advance and participate in the Occupational Safety Five-Star Awards: Company Benchmark Award and Occupational Health Special Award • Create a work-life-balanced workplace • No work-related accidents throughout the year (0 occupational disasters)
Responsibilities	Related internal collaboration units: Legal Office, Quality Assurance Department, Marketing Section, and Finished Products Section	Internal responsible unit: Plant maintenance and public security
Resources	<ul style="list-style-type: none"> • Recruit customer service personnel to the increase response rate • Introduce digital invoices • CRM system to obtain complete customer information immediately and enhance response efficiency 	<ul style="list-style-type: none"> • Invested NT\$2.12 million in environmental safety and health improvement fees including NT\$400,000 in improvement expenses for the Occupational Safety • Advance the OHSAS18001/TOSHMS follow-up attestation • Grape King Biotech Research Institute invested for safety and sanitation facilities (as of November, purchased emergency response facilities, thermal imaging equipment, gas detectors and other industrial safety equipment)
Actual Achievements	<ul style="list-style-type: none"> ✓ Introduced member telesales management system to systematically manage membership ✓ Completed the establishment of customer service SOP, effectively reducing the number of major customer complaints ✓ Conduct internal education on professional customer service training to improve customer service quality 	<ul style="list-style-type: none"> ✓ Achieved a 960,000 Zero Incident Work Hours record for the second time ✓ No major occupational hazards occurred at Grape King Bio from 2014-2019 (5 consecutive years) ✓ 2019 Headquarters & Zhongli Factory cooperated with the fire brigade to conduct a comprehensive fire drill ✓ Various employee healthcare projects (Please refer to Talent Development and Employee Benefits)

Management Approach	Key issue- Innovation and R&D	
Policies	Develop Grape King Bio's unique functional materials based on its core competencies in response to trends in consumer and market demands	
Commitment	With the Company's commitment to look after public health, Grape King Bio constantly innovates and pursues excellence. We dedicate full efforts to ensuring the safety, premium quality and compliance of products.	
Goals	Short-term	<p>Invest in the research and development of unique materials such as Hericium erinaceus mycelium, lactic acid bacteria, and Cordyceps cicadae and actively collaborates with domestic academic and research institutions in product R&D, function verification, and process improvement. In addition to the patent application, we published the results of our research in domestic and foreign journals. The fermenters in the Grape King Biotech Research Institute inspection were completed and supplemented the production process.</p> <ul style="list-style-type: none"> • The IRC is expected to obtain 507 patents in 2020. • Tailored appropriate product formulas for new production lines to ensure online product quality
	Mid-term	<ul style="list-style-type: none"> • In addition to continuous development in the short-term, we invest in the R&D of unique materials such as the new health food material Morchella vulgaris. We implement product R&D, performance and ingredient analyses, function verification, and process improvement. We publish the results of our research in domestic and foreign journals, and we also apply for patents. • Commit to providing products with environmental protection concepts.
	Long-term	<ul style="list-style-type: none"> • Invest in the research and development of unique materials such as the new health food material Morchella vulgaris and actively collaborates with domestic academic and research institutions in expanding the applications of the materials as well as analyzing the performance and ingredients. • Continue to observe and predict market trends, not only focusing on the food or health food industry but also investing in the development and expansion of the company's business body and business scope through cross-industry cooperation if necessary.
Responsibilities	External competent authorities: Food and Drug Administration of the Ministry of Health and Welfare, Department of Health of Taoyuan City Government	
Resources	<ul style="list-style-type: none"> • Invested NT\$190,091,000 NTD in innovation and R&D • The newly purchased LC-QTOF liquid chromatography quadrupole time-of-flight mass spectrometer is a sharp tool for identifying unknowns., The equipment reaches NT\$ 13 million. This is the latest model in this series and is the first in Greater Chin • Invested a total of about NT\$1.405 million to purchase four types of product testing equipment 	
Actual Achievements	<ul style="list-style-type: none"> ✓ Awarded 6th National Industrial Innovation Award for outstanding innovative enterprises Five of our received SNQ (Symbol of National Quality) certification in the health food group of the health food category. ✓ The continuous expansion of the effectiveness of key materials such as lactic acid bacteria, Cordyceps cicadae, and Hericium erinaceus. ✓ In the beginning of 2019, we made independent proposals and hold results exhibitions on the current and future trends of the market. In addition, we also propose a variety of product types, and use our own materials to formulate formulas, contributing more for our formal production dosage form selections and product appeal. 	

Management Approach	Key Issue- Corporate governance and transparency	Key issue- Waste management
Policies	We continue to monitor changes in the external business environment and to ensure improvements of our internal management procedures. In addition to strengthening internal supervision and disclosure of information to external entities, we also have a comprehensive shareholder and stakeholder communication platform in order to build an effective corporate governance framework.	Fulfill compliance obligations, implement environmental protection, and improve continuously.
Commitment	Grape King Bio focuses on the four items below to strengthen corporate governance: 1. Strengthen the roles and responsibilities of the Board of Directors and ensure that functions of Supervisors are fully exercised 2. Put emphasis on the interests of shareholders and stakeholders 3. Establish and implement internal control and internal audit systems 4. Strengthen information disclosure and transparency	Continue to improve the waste recycling rate and reduce environmental impact.
Goals	Past Compliance with regulations and review the results of Corporate Governance Evaluation System to formulate improvement plans	Short-term <ul style="list-style-type: none"> Plan to implement a trial run of using food sludge as organic fertilizer in 2020 at our Grape King Biotech Research Institute, which will enhance re-usage rates of waste materials and reduce fees for waste handling.
	Current <ul style="list-style-type: none"> To strengthen Corporate Governance, the Board of Directors has appointed the Chief Financial Officer to take charge of Corporate Governance on an irregular basis. The person in charge of Corporate Governance and the Finance Division is responsible for all related matters. The Board of Directors has designated the Finance Division as the unit responsible for ethical business management as well as the establishment and execution of ethical business policies and prevention plans. In addition to specifying the assurance status of the 2018 Sustainability Report to the Board of Directors, we also update the progress of the 2019 Sustainability Report to the Board of Directors. 	Mid-term <ul style="list-style-type: none"> Improve waste recycling rate
	Future We shall continue to study and formulate corporate governance projects to improve corporate governance.	Long-term <ul style="list-style-type: none"> Promote reduce waste from source
Responsibilities	Internal responsible units: Board of Directors and the Finance Division	Environmental department
Resources	We arranged training for all Directors and Supervisors on themes such as corporate governance and tax-related topics. Directors and supervisors also conduct further education based on individual needs and focus on themes such as foreign investment, corporate and shareholder value, etc. The total number of directors and supervisors who conducted training is 11 and the total training hour are 74 hours. The total training hours for the corporate governance officer is 18 hours.	Environmental department
Actual Achievements	<ul style="list-style-type: none"> ✓ Corporate Governance team: The corporate governance officer and the team are 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 Directors and Supervisors' operation, convening Board of Directors' and Shareholders' meetings in compliance with law, application and modification of company registry, producing meeting minutes of Board of Directors' and Shareholders' meetings, and periodically assessing the independence and competence of the CPAs. ✓ Ethical corporate management unit: The unit is responsible for the establishment and execution of ethical business policies and prevention plans. The unit issues ethical corporate management education letters to all employees and conducts ethical management tests for supervisors of sections and above, organizes related education and training for ethical governance issues, and investigates related reports and complaints on ethical corporate management to improve the Company's ethical corporate management performance. 	<ul style="list-style-type: none"> ✓ Disposal, handling, and reuse of waste materials are conducted per the environmental laws and regulations ✓ Environmental management personnel conducted non-periodic on-site visits of our waste handling sites

Management Approach	Key issue -Talent attraction and retention	Key issue - Nutritious and affordable products
Policies	We adopt our corporate mission” Technology, Health and Hope” and core values for upholding human-oriented talent management. We adopt a strategic concept of "appropriate roles for appropriate talent" and provide competitive compensation and welfare systems for employees to enjoy the fruit of their hard work. We will continue to facilitate employee development and breakthrough by building a workplace with multiple communication and feedback channels.	Continue to develop nutritious and affordable products and work to reduce their impact on the environment
Commitment	Grape King Biotech adheres to the International Bill of Human Rights and safeguards the rights and interests of our employees in freedom of association. We do not discriminate based on gender, age, pregnancy, ethnicity, and political and religious tendencies. We implement the "Workplace Violence Prevention Practices" and set up an Occupational Violence Handling Team to protect all colleagues in the execution of their duties from physical and mental violations	Grape King Bio will provide consumers with products that are rich in nutrients and can promote health. We will also strive to control the price of products within the affordable range of the market and put efforts into eliminating the environmental impact of products.
Goals	Short-term "Diversity and communication" <ul style="list-style-type: none"> • New colleagues need to pass the "selection criteria" evaluation • Effectively promote "active employee care plan" 	Short-term • Recyclable or lightweight packaging designs for several key products
	Mid-term "Appropriate roles for appropriate talent " <ul style="list-style-type: none"> • Continue to recruit global talents, provide diversified learning and development opportunities, and implement the concept of enhancing human capital development • Founded GKB Learning College (GKBLC) to facilitate departmental planning, structuring, and implementation of departmental training programs for enhancing employee capabilities 	Mid-term • Phase out products with insufficient nutrient content or those which are unsuitable for market demand • Develop product packaging with eco-friendly concepts or materials
	Long-term Adhere to the corporate mission” Technology, Health and Hope”. Set up a complete human capital development framework in response to the talent training plan and corresponding to the group development plan.	Long-term • Focus on and forecast market trends, and provide high-quality and affordable products through cross-industry cooperation • All packaging of our products can be recyclable or eco-friendly
Responsibilities	Internal communication and collaboration: Facilitate regular communication within different departments and listen to their requirements to seek out the most fitting talents; implement employee care across all sites and reduce human capital risks to establish smooth communication procedures	Biotech Research Institute; Sales
Resources	Monthly manpower management reports	<ul style="list-style-type: none"> • Recruited 3 new personnel in the Grape King Biotech Research Institute • Recruited 3 IRC personnel in Zhongli Factory
Actual Achievements	<ul style="list-style-type: none"> ✓ Received 2019 Happy Enterprises Award in the Manufacturing and Commission Agent Industry from 1111 Job Bank ✓ Received Silver TTQS (Talent Quality-management System) certificate from the Workforce Development Agency, Ministry of Labor (The TTQS passing rate is 45%, 6% of which are qualified for receiving the silver award) 	<ul style="list-style-type: none"> ✓ Developed anti-aging, eye care, and anti-depression products targeted to Asian users. ✓ The main products are designed according to the product formula and positioning needs, each containing different types and amounts of vitamin B groups, C, D, E, etc. ✓ 58% of our products use sugar substitutes for flavoring to reduce sugar content.



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