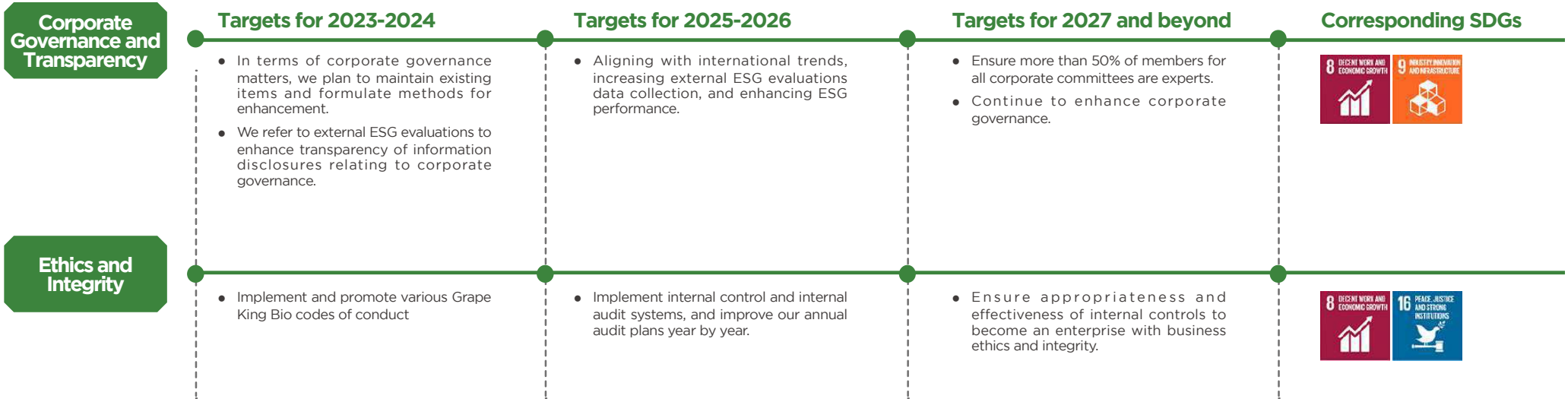


CH1

Ethical Governance

Target Formulation



1.1 Corporate Governance and Transparency



Chief Financial Officer
Nick Hung

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

Management Approach	Key issue-Corporate governance and transparency	
Policies	To establish sound corporate governance mechanisms, risk controls, and sustainable business environments, Grape King Bio abides by operational philosophies based on honesty, transparency, and responsibility, and has formulated a number of fundamental policies, including the “Corporate Governance Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” “The programs to forestall unethical conduct,” “Code of Ethical Conduct,” and “Procedures of Whistle-blowing and Complaints,” which have been approved by the Board.	
Commitments	Grape King Bio aims to achieve sustainable business operations, and we implement corporate governance and transparency by pledging to strengthen four cornerstone principles: “Board functions, protection of shareholder interests and respect for stakeholder interests, implement internal controls and internal audit systems, and enhance information transparency.” We continue to examine changes in external business environments and improve internal management procedures; we have also established a comprehensive shareholder and stakeholder communication platform to build an effective corporate governance framework.	
Targets	Short-term	<ul style="list-style-type: none"> We adhere to the “Corporate Governance 3.0 Sustainable Development Roadmap” issued by the Financial Supervisory Commission in enhancing sustainable corporate developments and strengthening market competitiveness. We refer to domestic and overseas ESG evaluations to enhance information transparency.
	Mid-term	<ul style="list-style-type: none"> We continue to integrate ethical management and sustainability concepts into our corporate culture to create positive social influence.
	Long-term	<ul style="list-style-type: none"> We build sound corporate governance frameworks and implement ethical management to promote sustainable operations.
Responsibilities	Corporate Governance Team	
Resources	<ol style="list-style-type: none"> Hired lecturers to speak to all directors on topics relating to corporate governance, taxes, and the Regulations Governing Establishment of Internal Control Systems by Public Companies. Directors also underwent training related to individual needs, including on the following topics: Thinking outside organizational frameworks-key considerations for corporate transformation strategies, industrial changes in Taiwan following reorganization of global supply chains, factors affecting international order and corporate governance responses, corporate social responsibility-discussion of corporate governance related to human rights policies. Our 12 directors received 75 hours of training, and our corporate governance officer received 12 hours of training. Promotion of internal awareness for all employees through our internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above and sales personnel). Formulated annual audit plans and revised Procedures for Handling Material Inside Information Supplier promotions through warnings on purchase orders and supplier policy promotion surveys 	

Management Approach	Key issue-Corporate governance and transparency	
Specific performance	<ul style="list-style-type: none"> Our Corporate Governance Officer and corporate governance team are responsible for providing timely information to shareholders through the Market Observation Post System or our corporate website, keeping track of major shareholders, organizing board and shareholder meetings according to law, compiling minutes for board and shareholder meetings, and regularly assessing CPA independence and competence. Began conducting assessments of CPA appropriateness using the Audit Quality Indicators (AQIs) starting in 2022 Performance evaluation results for the Board, individual directors, and functional committees for 2022 were all “Excellent” Invited to participate in 6 (domestic and overseas) investor conferences Completed periodic audits in accordance with our annual audit plan for 2022 and proposed specific areas for improvement. Enhanced information transparency: <ol style="list-style-type: none"> Enhanced information transparency in accordance with the “Corporate Governance 3.0 Sustainable Development Roadmap.” We announced and filed our consolidated and individual financial reports for 2022 within 60 days after the end of the year, and also placed these reports on our corporate website (Investors: Financial Reports). Important resolutions of board and shareholders meetings are released on our corporate website in a timely manner. We prepare both Chinese and English versions of our material information, annual reports, shareholders meeting handbooks, and minutes of shareholders meetings. 	
	<p>Grape King Bio supports an open and transparent culture with morals and integrity. We encourage internal and external personnel to report any violations of legal regulations and our corporate policies through related grievance reporting channels. We have also established the “Procedures of Whistle-blowing and Complaints” to ensure that external and internal personnel have a smooth channel for communicating grievances. Stakeholders can report grievances to our dedicated mailbox or through our hotline, and we have measures in place to provide timely responses, thus ensuring protection of stakeholder interests.</p> <p>Our mailboxes and hotlines for complaints and grievances are as follows:</p> <p>(1) Mailboxes for complaints and grievances: Mailbox for reporting complaints: companyopinion@grapeking.com.tw Mailbox for reporting grievances: employeeopinion@grapeking.com.tw The points of contact for all grievances and complaints are the managers of relevant departments.</p> <p>(2) Hotline for internal/external complaints and grievances: Hotline for reporting complaints: +886-4572121#1999 Hotline for reporting grievances: +886-4572121#1995</p> <p>Our Procedures of Whistle-blowing and Complaints stipulate that employees are protected from undue retaliation during the reporting and investigation process. All reports and complaints are compiled and submitted to the general manager; cases can only be closed following approval by the general manager.</p>	
Grievance Mechanism		

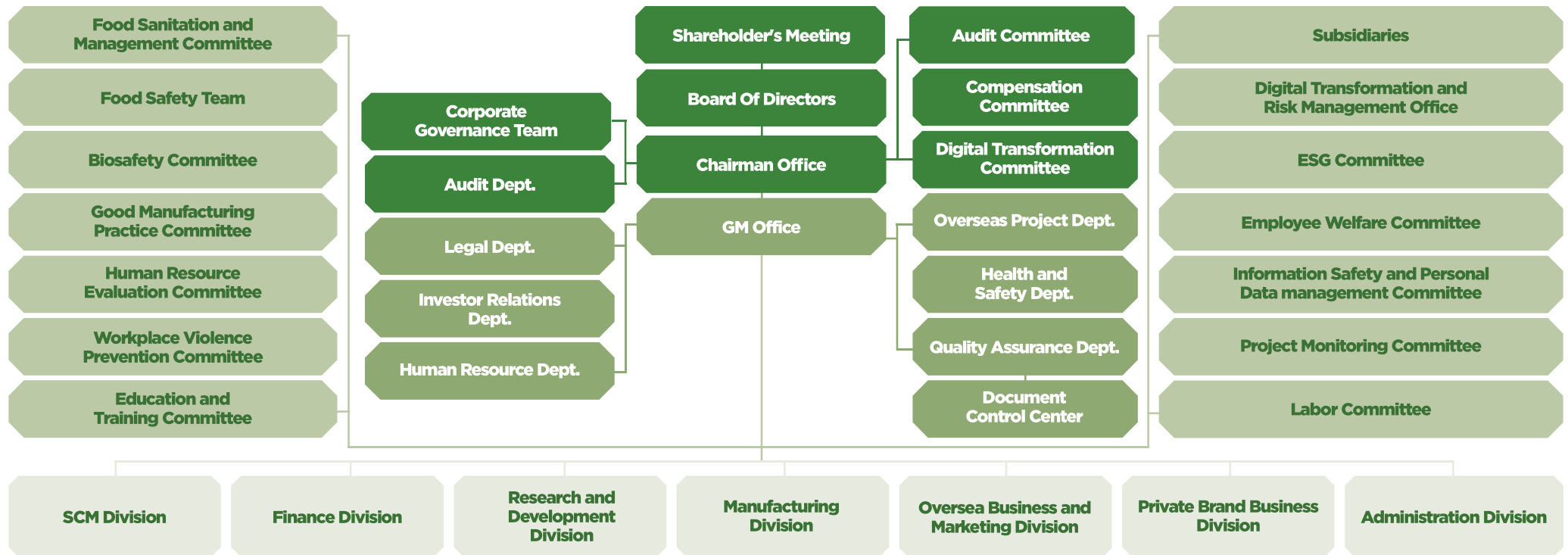
Corporate Governance Units and Operations

The Board of Directors is the highest governance unit of the company. We have established 12 directors (including 4 independent directors and 5 female directors) in accordance with our Articles of Incorporation. Our directors carry out their duties according to the authority granted to them and help to determine our business policies and other important matters. Our CFO serves as the company's Corporate Governance Officer and works with a Corporate Governance Team to manage corporate governance matters, track and provide timely information to shareholders, provide directors and supervisors with necessary information for business needs, organize board and shareholders meetings, and conduct other corporate governance matters.

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

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

Organizational Chart



Axis I. Strengthen board functions

Board Operations

Nomination and selection of all board directors adheres to Article 20 of our Articles of Incorporation. We adopt a candidate nomination system. For the director elections held in 2021, we disclosed detailed review standards and operational procedures for nominating candidates in accordance with relevant regulations, and enabled electronic voting to promote shareholder participation. A total of 12 directors (including 4 independent directors) were elected. We adopted the cumulative voting system and the number of candidates adhered to the regulations of the Articles of Incorporation. Directors were elected based on the number of votes (and voting rights) received. Directors took office immediately after the election held on the day of the shareholders meeting. There was no handover period, and the previous directors were released from office immediately after the election.

The 20th Board will serve from July 15, 2021 to July 14, 2024. The Board is composed of 12 directors with rich industrial expertise, 4 of them are independent directors. Three functional committees, the Audit Committee, Remuneration Committee, and Digital Transformation Committee have been established under the Board. The members of the Audit Committee and Remuneration Committee are all independent directors. Independent directors make up more than half of Digital Transformation Committee members. The 4 independent directors possess expertise in finance and accounting, business management, law, and social studies, as well as the knowledge, capabilities, and competencies required to perform their duties. Grape King Bio Chairman Shenglin Andrew Tseng possesses business management capabilities and rich experience in operational judgment, and is thus able to lead the company and maximize shareholder interests.

The Board guides corporate strategies, supervises executive managers, is responsible to the company and corporate shareholders, and adheres to all legal regulations, the Articles of Incorporation, and all corporate governance operations to ensure that they can exercise Board responsibilities. Board members are required to possess the knowledge, capabilities, industrial decision-making, and management

abilities to carry out their duties and to achieve Board functions and aims.

The Board passed the “Corporate Governance Best Practice Principles” on November 10, 2015, and a diversification policy was established in Article 20 (Overall Required Competencies of the Board of Directors). The composition of the board members should be diversified. The number of directors who serve as part-time managers should not exceed one-third of board seats, and it is necessary to draft appropriate diversification guidelines according to company operations, business models, and developmental needs, ideally including but not limited to two main aspects: Basic standards and values (gender, age, nationality, and culture), and professional knowledge and capabilities (such as professional law, accounting, industry, finance, marketing, or technology capabilities as well as industrial expertise). We have established the following diversity targets:

- Gender diversity: The number of seats for each gender should exceed 33%, and we aim to achieve our target of 4 female directors.
- Domain diversity: Encompasses the four core domains of business management, leadership and decision-making, industrial knowledge, and law.

Grape King Bio Board members are diversified. The current 12 directors have educational backgrounds that encompass a Ph.D. in Business Management, as well as master's degrees in marketing management, law, economics, social studies, and other domains. Each director also has a unique professional background. Shenglin Andrew Tseng, Mei-Ching Tseng, Kao Shioh Ling (representative of Uni-President Enterprises Corporation), Jue-Jia Chang, Chih-Wei Lai, Yen-Shiang Huang, Chih Sheng Chang, Hsing-Chun Chen specialize in business judgment, leadership and decision-making, business management, and crisis handling, and also possess industry knowledge and knowledge of international markets; Shenglin Andrew Tseng and Jue-Jia Chang have experience in marketing; Mei-Ching Tseng has relevant experience in media; Kao Shioh Ling specializes in business management; Chih-Wei Lai has experience in designing; Yen-Shiang Huang has experience in auditing; Chih Sheng Chang worked as a professional manager; Hsing-Chun Chen specializes in early childhood education; and the four independent Directors (Feng-I Lin, Ching-Pu Chen, I-Fan Miao, and Chen Jing Ning) respectively specialize in finance and accounting,

business management, law, and social studies.

Directors who are employees of the Company account for 8%, the five female directors account for 42%, and the independent directors account for 33%. Of the four independent directors, one has served for less than three years, one has served between three to six years, and the remaining two have served between six to nine years, with no consecutive terms exceeding nine years (three terms). The average age of all directors is 57.3 years. Four directors are aged between 61 to 70 years, six are aged between 51 to 60 years, and two are aged between 41 to 50 years; encompassing a wide age range. The term of each Board lasts for three years, and Board meetings are held at least once every quarter. A total of 6 meetings were convened in 2022, with an average attendance rate of 99%. Independent directors attended all Board meetings in person (please refer to our 2021 and 2022 Annual Report for further information).

As part of their due diligence, the Board has formulated the “Rules of Procedure for Board of Directors Meetings” and stipulated an obligation to avoid conflicts of interest in Article 15 in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” to ensure sound and comprehensive governance.

We periodically purchase director and officer (D&O) liability insurance for our directors to reduce and disperse risk of major damage to the Company or shareholders resulting from director error or negligence.

Grape King Bio conducts annual assessments of CPA independence and began conducting assessments of CPA appropriateness using the Audit Quality Indicators (AQIs) starting in 2022; assessment results are submitted to the Board for approval. Our independent directors, internal audit managers, and CPAs meet periodically (at least once a quarter) to ensure that our independent directors can fully exercise their functions and responsibilities, as well as gain a better understanding of financial reports, finances, and business conditions.

Board and Committee Structure

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

Audit Committee

Grape King Bio established the Audit Committee on July 15, 2021. Committee members encompass all independent directors, one of whom is an expert in finance. The main responsibilities of the Committee include assisting the Board in effectively executing and supervising compliance with the Company Act, Securities and Exchange Act, and other related regulations, assisting the Board with enhancing and overseeing the quality of financial statements, CPA independence and appropriateness, and internal controls. The Committee convenes at least once every quarter, and a total of 5 meetings were convened in 2022, with attendance rates of 100%. (For more information on relevant proposals, please refer to our corporate website: <https://www.grapeking.com.tw/investor/6258d7e9f0f6d/auditcommittee>)

Remuneration Committee Operations

We have established a Remuneration Committee composed of three independent directors to strengthen corporate governance and build sound remuneration systems for directors and managers. The Remuneration Committee faithfully performs its duties with the care of a good administrator, and is responsible for formulating and periodically reviewing director and manager performance evaluations; assessing remuneration policies, systems, standards, and structures; and submitting suggestions to the Board for discussion. The Committee convenes at least twice a year, and a total of 3 meetings were convened in 2022, with attendance rates of 100%. (For more information on relevant proposals, please refer to our corporate website: <https://www.grapeking.com.tw/investor/6258d7e9f0f6d/6258d97648f63>)

Digital Transformation Committee Operations

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

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

The Committee convenes at least once every year, and a total of 2 meetings were convened in 2022 to elect the convener and chairman of the first Digital Transformation Committee, and to report on the progress of digital transformation (ERP) projects.



(For more information on relevant proposals, please refer to our corporate website: <https://www.grapeking.com.tw/investor/6258d7e9f0f6d/6268e10416eb8>)



Evaluations of Board Performance

The Board established the "Rules for Performance Evaluation of Board of Directors and Remuneration Committee" on November 11, 2019, and began evaluating overall Board and Remuneration Committee operational performance each year starting in 2019. We established the Audit Committee in July 15, 2021, and renamed the regulations to "Rules for Performance Evaluation of Board of Directors and Functional Committees."

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

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



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

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

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

- 1 Participation in the operation of the company
- 2 Awareness of the duties of the Remuneration Committee
- 3 Improvement of quality of decisions made by the Remuneration Committee
- 4 Makeup of the Remuneration Committee and election of its members
- 5 Internal control

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

- 1 Participation in the operation of the company
- 2 Awareness of the duties of the Audit Committee
- 3 Improvement of quality of decisions made by the Audit Committee
- 4 Makeup of the Audit Committee and election of its members
- 5 Internal control

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

- 1 Participation in the operation of the company
- 2 Awareness of the duties of the Digital Transformation Committee
- 3 Improvement of quality of decisions made by the Digital Transformation Committee
- 4 Makeup of the Digital Transformation Committee and election of its members
- 5 Internal control

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

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

Results of Board performance evaluations for 2022 were as follows:

Overall Board performance received an average score of 4.60 out of 5.

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

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

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

Board directors and the corporate governance team did not put forward any other suggestions in 2022. Performance evaluation results for the Board, individual directors, and functional committees for 2022 were all "Excellent." Evaluation content and results were reported to the Board on January 6, 2023.

Axis II. Emphasis on shareholder interests and stakeholder rights

We have established a spokesperson, acting spokesperson, shareholder services, and legal personnel who are responsible for handling shareholder suggestions or disputes, as well as dedicated personnel who keep track of directors and major shareholders who hold more than 10% of shares, and report shareholdings each month. We have established regulations and internal controls for our subsidiaries and thoroughly implement risk controls. Our "Code of Ethical Conduct" specifically prohibits insiders from using undisclosed market information to buy and sell securities, and we organize training for insiders at least once a year. We prohibit insiders from conducting transactions using undisclosed market information to protect shareholder interests.

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

This year, we were invited to participate in 6 (domestic and overseas) investor conferences which spanned a period of more than 3 months (the first investor conference took place in February and the last in December). We did not voluntarily initiate any investor conferences this year.

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

Axis III. Implementation of internal controls and audit systems

Grape King Bio adheres to the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems

by Public Companies" in considering overall corporate operations and activities, establishing internal controls, and designing and executing internal controls that have been approved by the Board. In accordance with law, we have established an audit office which assists the Board and our managers in inspecting and reviewing internal control deficiencies, measuring operational performance and efficiency, and providing appropriate suggestions for improvement to ensure reasonable operational performance and efficiency, reliability of financial reporting, and compliance with related regulations. In July 2021, we established an Audit Committee, which is composed of all independent directors and aims to assist the Board in enhancing corporate governance performance. The audit office formulates annual audit plans based on risk assessments and legal compliance, which are submitted to the Audit Committee for discussion and approval. We review procedures for handling risks from unethical behaviors in combination with procurement and payment cycles as well as sales and collection cycles to ensure that all responsible units are adhering to the regulations of the Ethical Corporate Management Best Practice Principles. Our internal audit officer also attends board meetings and reports on implementations of internal audits. No incidents related to corruption or fraud occurred in 2022.



Axis IV. Strengthen information disclosures and transparency

We have established Chinese and English websites which disclose financial, business, and corporate governance information such as our "Ethical

Corporate Management Best Practice Principles," "Corporate Governance Best Practice Principles," "Procedures of Whistle-blowing and Complaints," and "Sustainable Development Best Practice Principles." (For more information on Grape King Bio corporate governance regulations, please refer to <https://www.grapeking.com.tw/investor/governance/major-policies>).

We have established dedicated personnel who are responsible for collecting and disclosing information, and have implemented a spokesperson system in accordance with regulations. When participating in investor conferences, we disclose information on the "Market Observation Post System" in advance and place the presentations on our corporate website so that our stakeholders can gain a timely understanding of Grape King Bio operations. (Investor conference section: <https://www.grapeking.com.tw/investor/conference>)

Remuneration Policy for General Manager

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

Fixed and variable remuneration	The current remuneration structure for our general manager includes both fixed and variable salary elements. Our remuneration policies are mainly performance-oriented, so all fixed salaries are designed using the results of our salary surveys and are implemented according to the guidelines on P45-50. Variable remuneration are based on assessments of annual KPIs, achievement of production indicators, and EPS performance.
Signing bonuses or recruitment bonuses	We currently have no signing bonuses or recruitment bonuses.
Severance pay	Severance payments are implemented in accordance with legal regulations.
Clawback policy	Short-term and mid-term strategic target bonuses for the general manager come with a clawback provision. Paid bonuses that do not meet relevant criteria are subject to clawbacks.
Retirement benefits	All of our retirement benefits are implemented in accordance with legal regulations.
ESG links	The remuneration for our general manager is linked to assessments of corporate targets, production indicators, EPS performance, and strategic project targets.

In 2022, the ratio of the annual total remuneration of the general manager to the median annual total compensation of all other employees is 10.21 times and the ratio of the percentage increase in annual total compensation is 1.085 times.

Process to Determine Remuneration

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

Additionally, our human resources department also implements, reviews, and discusses remuneration and benefits. Our human resources managers have worked at human resource consultancy companies and implemented actual consultancy projects related to salary evaluations and remuneration systems. Apart from periodic reviews regarding the appropriateness of corporate salary structures and policies, our human resources units also review and fully discuss remuneration policies based on requests made by our Remuneration Committee and independent directors. Implementations of related projects may also be outsourced to external consultancy companies. Project execution is entrusted to external consultant teams following assessments of submitted proposals. Stakeholders are excluded from selection procedures for external consultants.

1.2 Corporate Integrity and Business Ethics

Management Approach	Key issue—Corporate integrity and ethics
Policies	Formulated ethical policies approved by the Board to strengthen our corporate culture of ethical management and create an operating environment for sustainable development.
Commitments	We implement ethical management policies and actively prevent unethical behaviors. Our corporate governance team serves as our dedicated ethical management unit, is responsible for promoting ethical management within the corporation, regularly reports implementations to the Board, and works with the audit office to execute internal controls to ensure effective implementation of various bylaws.
Targets	Short-term Implement and promote various Grape King Bio codes of conduct
	Mid-term Implement internal control and internal audit systems, and improve our annual audit plans year by year
	Long-term Ensure appropriateness and effectiveness of internal controls to become an enterprise with business ethics and integrity

Responsibilities	Corporate Governance Team
Resources	<ol style="list-style-type: none"> Promotion of internal awareness for all employees through internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above). Drafts of annual audit plans and revised Procedures of Whistle-blowing and Complaints Supplier promotions through warnings on purchase orders and supplier policy promotion surveys
Specific performance	<ul style="list-style-type: none"> ✓ Apart from directors, we also targeted all employees when promoting topics relating to ethical management, prevention of insider trading, and material internal information. ✓ Administered tests related to ethical management, prevention of insider trading, and material internal information to section managers and above. A total of 120 people took the tests and 100% received a passing grade (80 points and above). ✓ The Board approved the “Procedures for Handling Material Inside Information” to enhance transparency of corporate information. ✓ Our directors participated in courses on ethical corporate management (including courses on corporate governance and sustainable management). The total number of participants was 27 and the total training hours were 75 hours. ✓ Our directors attended ethical management courses (including corporate governance seminars, training courses on corporate governance and compliance with intellectual property laws, as well as courses on internal auditor legal compliance and fraud prevention associated with information security and personal privacy, case studies on corporate M&As and corporate governance, introduction to the Personal Data Protection Act and management of private information, detection of corporate fraud and liabilities, forensics and big data analysis), making for a total of 1,311 person-hours and 3,761 hours. ✓ New employees are required to attend classes related to the Code of Ethical Conduct and anti-corruption when reporting for work, and have to take post-training tests. A total of 97 participants took the tests in 2022. ✓ We did not receive any reports relating to ethical management in 2022.

1.2.1 Ethical Management and Moral Conduct

Grape King Bio established the “Corporate Governance Best Practice Principles” and appointed the chief financial officer to serve as the corporate governance officer. We have established a corporate governance team to serve as the dedicated corporate governance unit, which is responsible for proposing corporate governance suggestions to the board or general manager, assisting the board and shareholders meeting with related matters, and reporting ethical management implementation to the board each year to protect shareholder interests and to strengthen board functions.

Grape King Bio adheres to the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and

Guidelines for Conduct,” and “The programs to forestall unethical conduct.” Our corporate governance team keeps track of competent authority regulations, adding and revising codes of conduct and operational procedures related to competent authority and ethical management where appropriate to establish an ethical corporate culture and enable sound developments. Grape King Bio also implements ethical management through internal training and external agreements signed by suppliers.

In terms of internal measures, all our directors and managers have signed the “Statement of Compliance with Ethical Management Policies”; we organize training and tests related to the Ethical Corporate Management Best Practice Principles for our directors and employees each year, and we have established publicly accessible reporting channels for timely submission of suggestions to our managers.

Externally, we require our suppliers to strictly abide by the “Supplier Code of Conduct” and make non-periodic public announcements through our supplier intelligent management platform. We have strengthened our trade secrets and anti-corruption policies; prohibit commercial bribery, intimidation, kickbacks, acceptance or acquiescence of illegal means or inappropriate competition measures to obtain business; and require our suppliers to abide by our ethical rules to prevent unethical business behaviors and to protect the interests of both parties. All Grape King Bio employees from the highest level managers to entry-level staff operate in accordance with our ethical management principles. Statistics on corruption-related incidents in the last three years are as follows:

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

Year	2020	2021	2022
Number of incidents	0	0	0

Ethical Corporate Management Best Practice Principles

We established the “Ethical Corporate Management Best Practice Principles” and revised the “The programs to forestall unethical conduct” in 2020 to stipulate: establishment of risk assessment mechanisms for unethical behaviors, inclusion of requirements to abide by ethical

management policies in employment contracts, details related to formulation of ethical management policies and implementation processes, resources and personnel of concurrent ethical management units, frequency of reports to the board by concurrent ethical management units, formulation of audit plans based on risk assessments of unethical behavior, subsequent actions following investigation of reported grievances, and facilitation of anonymous reports.

Our Code of Ethical Conduct as well as our reporting and complaint system have been publicized to all employees through our corporate website and internal announcements. We also organize annual tests and require new employees to take tests as part of their anti-corruption training. Additionally, our audit plans include audits for unethical behaviors and risky operations to ensure that responsible units are implementing our Ethical Corporate Management Best Practice Principles. Suppliers are required to comply with the "Grape King Bio Supplier Code of Conduct"

Supplier Ethical Management

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

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

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

Our supplier contracts also stipulate that our suppliers are prohibited from engaging in commercial bribes, intimidation, kickbacks, acceptance

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

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

Code of Ethical 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:

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

For more information, please refer to our Code of Ethical Conduct.

The programs to forestall unethical conduct

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

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

We implement board participation and supervision, departmental division of labor, comprehensive and effective internal control structures, and public reporting mechanisms. Our audit office conducts internal audits in accordance with our corporate regulations, and non-compliances are reported to the Audit Committee and the Board. The audit office assists the Audit Committee and the Board in confirming implementations of matters related to anti-corruption, ethical management, and moral values. Our assessment results for 2022 revealed that our risks were low.



1.2.2 Avoiding Conflicts of Interest and Anti-Corruption

All personnel should avoid conflicts between personal and corporate interests and possible impacts arising from the same. We established internal regulations for accepting and sending gratuity gifts, formulated our “Code of Ethical Conduct,” and set up reporting and complaint management procedures. Externally, we strengthened our regulations on all suppliers and have established diverse reporting and complaint systems for external stakeholders to report misconducts.

Our “Ethical Corporate Management Best Practice Principles” include clauses related to conflicts of interest which require our directors, managers, and all employees to avoid conflicts of interest and improper benefits. Our directors and managers all issued letters of commitment declaring that they will abide by the “Ethical Corporate Management Best Practice Principles” and avoid conflicts of interest.

Our transactions with related persons and related enterprises comply with Article 17 of the “Corporate Governance Best Practice Principles.” Our business transactions are based on principles of fairness and reasonableness. We have established written regulations for financial transactions between all parties, which contain clear stipulations of price and payment conditions, prohibition of unconventional transactions, and strict prohibition of pay-to-play situations. Transactions with significant related persons and related enterprises have to be approved by the Audit Committee before submission to the Board for deliberation.

Our Rules of Procedure for Board of Directors Meetings and Charter of the Audit Committee both stipulate that directors should avoid conflicts of interest. When a director at a board meeting has a stake in a matter under discussion in the meeting, that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director.

We have created independent directors who propose suggestions based on their professional expertise and experiences from a fair and objective perspective. The Board should fully consider independent

director opinions when discussing any proposal, note their agreeing or dissenting opinions in meeting minutes, and avoid conflicts of interest to effectively protect corporate interests. None of our board members hold shares in our major suppliers, and we have established a spokesperson and a corporate website to serve as our channel for transmitting and communicating various information. Shareholder suggestions and other issues can be reported through the stakeholder section on our website, and are handled by dedicated personnel.

Grape Kin Bio has established comprehensive internal controls and operational regulations, and provides training for all employees based on their scope of work to facilitate effective division of labor and prevent internal conflicts of interest. We have also set up publicly accessible reporting channels, fair and appropriate investigation mechanisms, and reporting systems for relevant parties to reduce conflicts of interest from happening and mitigate related impacts.

Internal Anti-Corruption Measures

Anti-corruption, ethical management, and implementation of moral values are our core values and foundation. Our Board provides a guideline for employee compliance by formulating the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for Conduct,” “The programs to forestall unethical conduct,” “Code of Ethical Conduct,” and “Supplier Code of Conduct.”

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

1. Employees

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

(2) We have formulated regulations for accepting gratuity gifts, which stipulate that all employees are prohibited from accepting gifts (including improper meals, kickbacks, bribes, and hospitality) which are obviously more expensive or more frequent than market or business practices. All

accepted gifts, regardless of value, should be reported to responsible supervisors.

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

(4) Our Procedures of Whistle-blowing and Complaints stipulate that employees are protected from undue retaliation during the reporting and investigation process.

(5) We incurred zero complaints and reports (including anonymous reports) related to ethical management and no anti-corruption incident happened in 2022.

(6) We disseminate knowledge related to ethical management, reporting and complaint procedures, and our Code of Ethical Conduct to all employees from time to time; organize quizzes; publicize precautions our employees should be aware of when carrying out their duties; strengthen anti-corruption awareness, prevention measures, and implementations; and work to manage and prevent unethical behaviors from occurring.

2. Business partners:

(1) Before establishing business relations with distributors, suppliers, and other business parties, we first assess the legality and reasonableness of said business behaviors and check whether our transaction targets incurred any ethical management violations in the past. When engaging in business activities, we expressly refuse direct or indirect provision, promise, request, or acceptance of any improper benefits in any form or name, and will cease transactions immediately upon discovering unethical behaviors.

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

(3) When making purchases, we require suppliers to strictly comply with the “Supplier Code of Conduct” and also add warnings on external purchase orders to strengthen dissemination of our trade secrets and anti-corruption policies. Suppliers that violate these policies are punished and removed from our supplier lists.

(4) No corruption incidents or violations of ethical management were incurred by our distributors or suppliers in 2022.

3. Anti-corruption and ethical management risk assessments:

(1) Our corporate governance team conducts annual evaluations of business activities that involve high-risk unethical behaviors to ensure that our current internal regulations can effectively reduce corruption and ethical management risks. We have also formulated a The programs to forestall unethical conduct.

(2) Donations related to politics can only be made in accordance with Political Donations Act and after the approval of company's "Verification Authority Form". Additionally, all donations are obtained with legal certificates and recorded in the accounting books for verification. The company has no internal accounts or secret accounts. In 2022 and 2021, political donations will be about NTD 770,000 and NTD 0, respectively, accounting for about 0.007% and 0% of revenue.

(3) Our evaluations for 2022 determined our risk levels to be low; evaluation results were submitted to internal audit units to serve as a reference for formulating audit plans.

4. Board supervisions:

(1) Our corporate governance team regularly reports on anti-corruption and ethical management implementations to the board. Implementations and promotions for 2022 were reported to the board on January 6, 2023 to help the board monitor corporate implementations related to anti-corruption, ethical management, and moral values. Our corporate governance team conducts annual reviews of related regulations to determine whether additions or revisions are necessary; these changes are implemented following approval by the board. In 2022, we established the "Procedures for Handling Material Inside Information" and revised the "Corporate Governance Best Practice Principles" and "Procedures of Whistle-blowing and Complaints."

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

(3) The audit office assists the Audit Committee and the Board in confirming implementations of matters related to anti-corruption, ethical management, and moral values. Our corporate governance team conducts annual reviews of related regulations to determine whether additions or revisions are necessary; these changes are implemented following approval by the board.

5. Anti-corruption and ethical management training

(1) We delivered a dissemination letter ("Ethical management, prevention of insider trading, and handling of material information") to all employees and managers which explained the importance of ethical management, scope and components of insider trading, legal liabilities for violations, regulations related to internal material information, and specific examples.

(2) Administered tests related to ethical management, prevention of insider trading, and material internal information to section managers and above. A total of 120 people took the tests and 100% received a passing grade (80 points and above).

Handling of Improper gifts

(1) All employees are prohibited from accepting gifts which are obviously too expensive or more frequent than market or business practices.

(2) All received gifts should be reported to responsible supervisors, regardless of value.

(3) Employees faced with direct or indirect offers or promises to provide improper benefits should return or refuse said benefits and report the same to their direct supervisors or responsible units. Benefits that cannot be returned should be transferred to the dedicated unit for handling on the day of receipt.

External Anti-Corruption Measures

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

1. We manage suppliers with ongoing transactions based on procurement values. Raw material suppliers are ranked by procurement values from large to small, and the top 80% of raw material suppliers, as well as non-raw material suppliers with procurement values exceeding NT\$1 million for two consecutive years, are listed as our key suppliers. We distributed a total of 80 policy dissemination surveys to our key suppliers in 2022. All 80 of these suppliers responded to this survey, achieving a response rate of 100%.

- Survey results showed that 100% of our suppliers were aware of our trade secrets policy.

- Nearly 97.59% of suppliers were aware of our anti-corruption policy. Following our promotional efforts for individual suppliers, 100% of suppliers were made aware of our policies.

2. We also announce and promote our trade secrets and anti-corruption policies through our supplier intelligent management platform. No incidents of anti-corruption occurred in 2022. We have established a dedicated mailbox and hotline for anti-corruption to provide suppliers with a means to immediately report Grape King Bio employees who violate procurement guidelines, thereby ensuring protection of supplier interests.

Grievance Reporting and Whistleblower System

We have established "Procedures of Whistle-blowing and Complaints ." 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. In consideration of our foreign colleagues, we have posted translations on our bulletin board to enhance effectiveness of awareness and communications.

(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 all grievances and complaints 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. To prevent intentional or malicious reporting and anonymous discrediting, reports verified to be unsubstantiated will not be accepted, and those seeking to discredit others will be punished in accordance with corporate regulations. All reports and complaints are compiled and submitted to the general manager; cases can only be closed following approval by the general manager.

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

1.3 Risk Management

Chief Auditor
Yi Chun Lee



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



We have established risk management mechanisms; implement risk assessments, risk identification, and risk handling activities; conduct audits and verifications in line with standard international risk management frameworks; and have obtained Information Security Management (ISO 27001), Environmental Management (ISO 14001), Occupational Health and Safety Management (ISO 45001), Energy Management (ISO 50001), and Talent Quality-management System (TTQS) certifications.

Risk Item	Response Measures
Financial risks	<ol style="list-style-type: none"> Interest rate risks: Interest rate risks stem mainly from changes in interest rates on bank loans. In 2022, our interest payments on bank loans accounted for 0.09% of net profits before tax. Interest rate changes in 2022 had no significant impacts. Exchange rate risks: Exchange rate risks mainly encompass business receivables and payables in foreign currency. At present, we mainly focus on transactions and raw material purchases in local markets, and have few exports or imports, so impacts of exchange rate risks are relatively small. Credit risk: 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.
Operational risks	<p>I. Customer interests risks</p> <ol style="list-style-type: none"> We established an Information Security and Personal Information Committee as well as standard operating procedures for major personal information incidents. We further conducted a comprehensive review of information security measures and a comprehensive inventory of all information security processes for virtual channels that come into contact with the personal information of customers. We extended validity of our ISO/IEC 27001:2013 certification. We have established comprehensive handling procedures targeted to food safety, quality control, and other issues relating to consumer interests. We also conduct comprehensive reviews of individual cases and retrain our customer service staff accordingly to strengthen responses for abnormal events. <p>II. Food safety risks</p> <p>(1) Compliance with laws and regulations: We review raw materials and food additives to ensure that they adhere to legal regulations. Raw materials are inspected and undergo quality control processes after entering factories. The expiration dates of raw materials are tracked when they enter warehouses to prevent use of expired materials. (2) Reduce external risks: We maintain basic information and related quality records for suppliers and manufacturers to serve as a reference when making procurements. If any food safety incidents occur, we can use the search function on our systems to enable clarification and handling at the first instance. (3) Enhance internal management: We maintain records of product manufacturing dates, expiry dates, production quality, and product inspections which can be used to track the quality of all raw materials used in relevant products. (4) Grape King Bio focuses on three main axes for food safety management and assurance: 1. Hygiene regulations and training; 2. Product tracking and management; 3. Product quality and inspections.</p> <p>III. Procurement risks</p> <p>Procurement regulations: Supply of high-quality products can increase consumer confidence and willingness to purchase. In practice, Grape King Bio's rigorous raw material management measures include: Our raw material suppliers are required to comply with the following regulations</p> <ol style="list-style-type: none"> Raw materials must be legally registered in the government food manufacturer registry system. Raw materials must be approved by our R&D and relevant departments. Raw materials must provide comprehensive product information for analysis and comparison, and packaging and labels cannot be altered or replaced. Raw materials imported from foreign countries must be equipped with licenses and imported in their original packaging. Raw materials must be stored in accordance with regulations and relevant licenses must be procured. Evaluation procedures must be reimplemented upon the revision of relevant electronic information for raw materials. <p>IV. Supply chain risks</p> <p>We track raw material traceability and have established supplier evaluation procedures that span from initial qualification reviews and sample selection, on-site supplier evaluations, and annual quality tracking of supplied goods. We not only inspect raw materials, but also compile basic information and relevant quality records for suppliers and manufacturers to serve as a reference when making purchases. We implement a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable and to guarantee smooth delivery of supplies.</p> <p>V. Trade secrets, patent rights, and trademarks</p> <p>We have established an Ethical Code of Conduct and formulated the "Procedures for Investigation of Grievance Reports" to regulate and appropriately handle grievance reports. Implemented actions include the following:</p> <ol style="list-style-type: none"> Formulated Code of Ethical Conduct and Procedures of Whistle-blowing and Complaints Periodically collect stakeholder feedback and provide an anti-corruption hotline and complaint mailbox New employees are required to take anti-corruption courses and tests to verify their awareness of anti-corruption matters In terms of supply chain management, if we discover personnel who accept improper benefits such as kickbacks during transactions and do not voluntarily report the same, suppliers involved in anti-corruption incidents will be penalized and removed from our supplier list. For serious violations, legal action will be brought against the employees and suppliers in question, who shall be jointly responsible for any penalties incurred under the Criminal Code of the Republic of China, with no leniency. <p>VI. Talent recruitment and training risks</p> <p>In order to promote flow of talent within our organization, we provide multiple channels for development (such as overseas job opportunities, opportunities to execute critical projects, training, and a variety of other opportunities and platforms) while respecting the career development plans of our employees and the business needs of our company, giving our employees cross-cultural and cross-domain learning opportunities, encouraging them to realize their potential, learn new knowledge and skills, develop a broader outlook, and build connections. Apart from deployments due to organizational needs, employees can also apply for transfers in accordance with our recruitment and selection procedures. Following full communication and confirmation of employee willingness, transfers take effect after approval by responsible supervisors. During their first three months, new employees have exclusive mentors who help them adapt to corporate environments and duties.</p>

<p>Strategic risks</p>	<p>I. Legal compliance risks We have established a Legal Office and Audit Office to ensure implementation of legal compliance and internal control systems, and our independent directors and Audit Committee are responsible for enhancing board effectiveness and implementing supervisory actions. We have also established clear and appropriate processes at all departments, including regular tracking of regulatory updates, implementations of self-assessments, education and training, and audits.</p> <p>II. Product development and launch risks</p> <ul style="list-style-type: none"> Internal: Product designs face risks of discrepancy or failure during on-site batch production trial runs. We used the following methods to reduce risks stemming from this problem: (1) Purchased testing equipment (for example texture analyzers) and established a product parameter database to confirm product parameters. (2) Conducted medium-scale trial runs in our laboratory to confirm product formulations, filling properties, and applicability prior to on-site batch production trial runs. External (sales related): After products are launched, we take the following actions in collaboration with our sales units to reduce risks of poor sales performance and product recalls: (1) Our sales units conduct comprehensive market surveys prior to product development to better understand market trends and consumer habits. (2) Our sales units track market conditions after product launches to understand changes in product trends and develop strategies for future product development. <p>III. Marketing and market risks: Assess risk levels → Convene related units → Formulate Q&As → Draft unified responses → Continue monitoring In terms of our image, we constantly monitor and compile monthly reports on all news, media, and feedback from social networks. We assess risks posed by negative news coverage, convene related units to clarify incident details, and issue unified statements in a question-and-answer format to provide information required by the public, thereby avoiding confusion from ambiguous information, following which we continue to monitor related information.</p> <p>IV. Advertisements: Review of advertising copy: Our Legal Office collaborated with our Information Office to set up the "EIP Inquiry System for Advertising Violations" and the "T9 Copy Review Procedure Request Form." The "EIP Inquiry System for Advertising Violations" compiles and updates all advertising infractions and penalties issued by administrative authorities into a database so that all units can keep abreast of inappropriate words and phrases identified by the administrative authorities when creating or reviewing advertising copy. The "T9 Copy Review Procedure Request Form" solves problems relating to the current procedures which use email to conduct reviews of advertising copy and speeds the review process of all units. The system displays feedback from all reviewing units to avoid large discrepancies in appropriate phrasing proposed by each unit.</p>
<p>Hazard risks</p>	<p>I. Employee safety risks Environment and safety assessments Grape King Bio hopes to achieve control of related risks through execution of multiple projects and improvement plans. We began conducting assessment and identification processes for occupational safety risks in 2017, and we will design corresponding response measures for identified high-risk occupational safety items. We set management goals for high-risk environmental and occupational health and safety factors identified from risk assessments. Grape King Bio continues to implement the ISO/CNS 45001 Occupational Health and Safety Management System to reduce possible EHS risks year over year. We also implemented specific projects for material environmental issues and occupational health and safety management risks. Grape King Bio adopts the following six strategies: (1) Reduce hazard risks, (2) Implement environmental protection, (3) Fulfill compliance obligations, (4) Improve sustainable cycles, (5) Promote full employee participation, (6) Build friendly workplace environments. Grape King Bio established the "Grape King Bio Health and Safety Family" in 2022 under the guidance of the Taoyuan City Government Department of Labor. In future, we will regard contractors, suppliers, and other partners as part of our community; lead SMEs in enhancing health and safety; and provide information and consulting services related to implementation and management of health and safety laws.</p> <p>II. Employee health risks In response to the coronavirus pandemic, our general manager formed an emergency response and epidemic prevention team which is responsible for preventing, consulting on, and announcing epidemic matters, as well as convening response meetings in accordance with pandemic conditions. We distribute questionnaires to all company employees at the end of each year to survey their lifestyles, health needs, and demands for health promotion activities to identify their health problems and health needs. We formulate appropriate health check programs (including checks for special procedures) each year based on employee gender, age, and characteristics of operational environments for early detection of potential and existing health problems. We implement various measures in accordance with our labor health management plans each year and actively encourage all colleagues to participate in our program.</p>
<p>Climate change risks</p>	<p>(Please refer to the TCFD section for more information)</p>

Grape King Bio Climate Actions Under the Task Force on Climate-Related Financial Disclosures (TCFD)

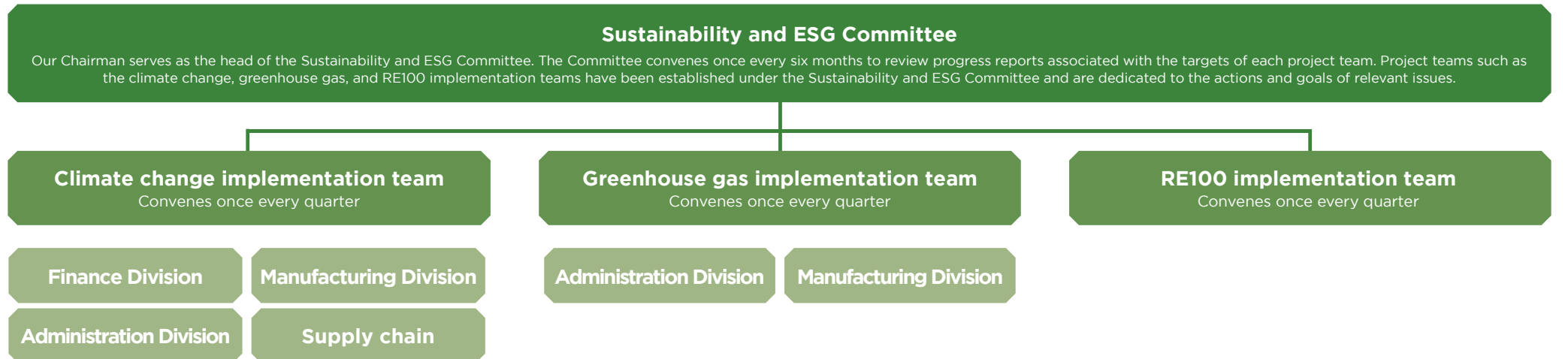
The Global Risks Report 2023 issued by the World Economic Forum in 2023 stated that, of the top ten risks for the next ten years, six are environmental risks, namely, “Failure to mitigate climate change,” “Failure of climate-change adaptation,” “Natural disasters and extreme weather events,” “Biodiversity loss and ecosystem collapse,” “Natural resource crises,” and “Large-scale environmental damage incidents.” The Emissions Gap Report 2022 released by the United Nations Environment Programme in October 2022 also pointed out that if current carbon emissions from various nations remain the same, global temperatures will rise by 2.8°C by the end of the century. The world is still far from ideal carbon emissions levels, and therefore the report warned that “the window of climate opportunity is about to close.”

Recognizing the urgency of global climate change issues, Grape King Bio began adopting the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) starting in 2020, using this framework to assess impacts caused by climate change, identify climate risks and opportunities, and mitigate and management impacts to the Company from environmental changes. We became the first healthcare enterprise in Taiwan to officially sign on as a TCFD Supporter in 2021. In 2022, we will begin to formulate Science Based Targets initiative (SBTi) 1.5°C commitments and goals. In future, we plan to incorporate net zero emissions targets into our long-term goals and vision while actively adhering to the National Development Council’s “Taiwan 2050 Net Zero Emissions Path” and fulfilling our responsibilities to the environment and the earth as an RE100 member and a health care expert for the nation.

1. Governance

We stay highly attentive of our climate change risks and opportunities to ensure that we fulfill our responsibilities to society, the environment, and all our stakeholders. All members of our management team from our chairman to senior managers consider climate change to be an important corporate issue and work to monitor and manage climate topics using an effective governance framework.

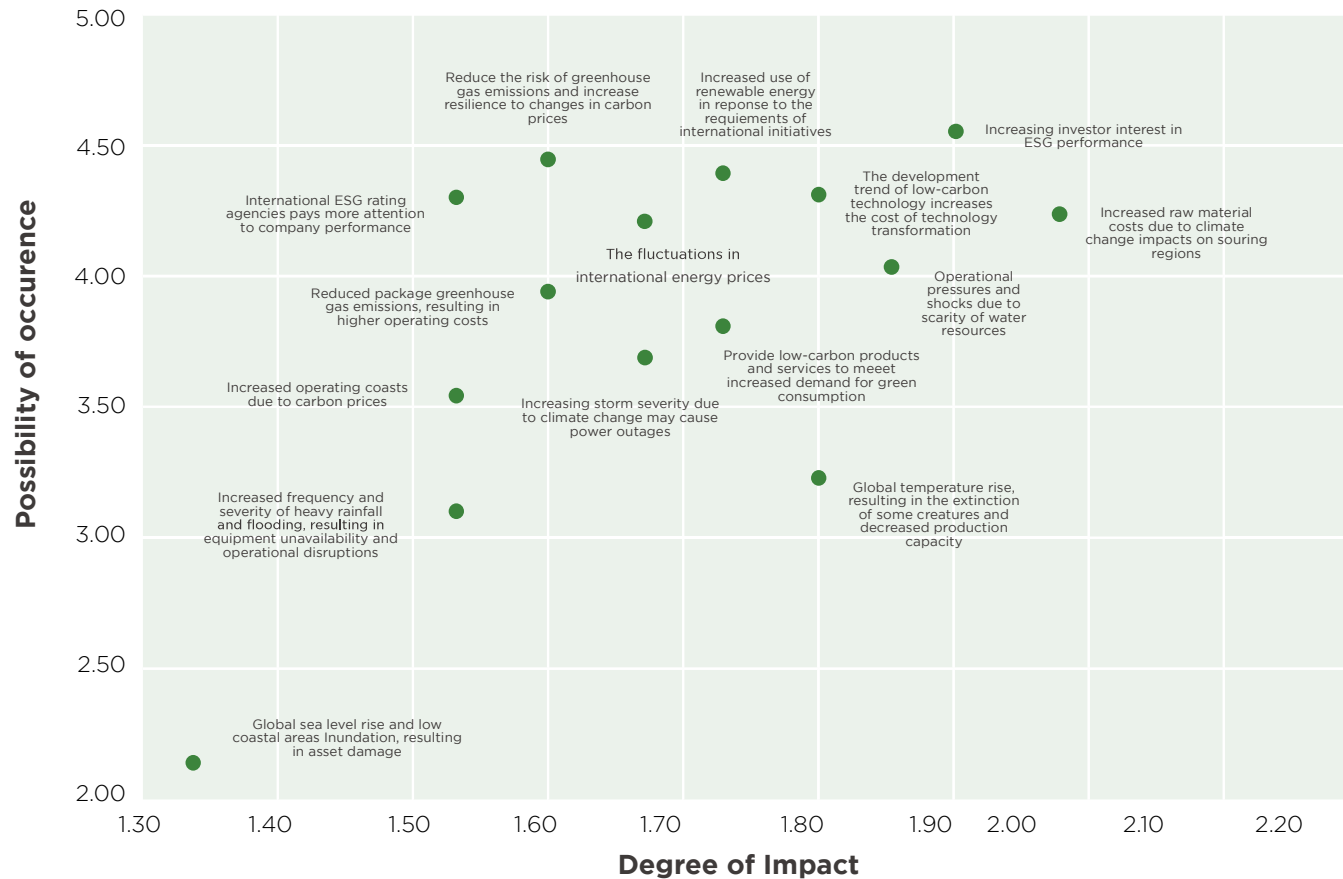
Additionally, we actively participate in industry initiatives associated with sustainability and climate change. We joined related associations, and our chairman serves as a director of the Taiwan Center for Corporate Sustainability and attends quarterly director meetings. We also work with other enterprises to mitigate climate change issues through our efforts, actions, and contributions.



2. Strategies

The Sustainability and ESG Committee invited the heads and executives of each implementation team to assess the current major climate risks and opportunities faced by Grape King Bio through the TCFD questionnaire. We collected a total of 15 responses and used these to build a TCFD climate change risks and opportunities matrix which identified our climate risks and opportunities as shown below:

Climate Risk and Opportunity Matrix



Additionally, as there are no internationally accepted definitions regarding timelines and financial impacts of climate risks and opportunities, we use the following definitions based on consensus reached by internal and external experts and internal managers:

Timeline

Short-term	Within 1 year
Short to medium term	1-3 years
Mid-term	3-5 years
Medium to long term	5-10 years
Long-term	More than 10 years

Level of financial impacts

Material	5% of net profits before tax
High	3.75%-5% of net profits before tax
Medium	0.25%-3.75% of net profits before tax
Low	0.25% of net profits before tax

Analysis of Climate Risks and Opportunities

Physical Climate Risks		Acute Risk	Chronic Risk
	Description	Increasing frequency of natural disasters due to climate change, which may cause power outages: According to the "Statistics on power outages caused by natural disasters" compiled by Taiwan Power Company, Taiwan has experienced many regional power outages over the years which were caused by heavy rains or typhoons. The Updated Report for Evaluation and Analysis of Climate Change in Taiwan released by the Academia Sinica Research Center for Environmental Changes Anthropogenic Climate Change Center also suggested that the number of typhoons that would affect Taiwan in the middle of the 21st century and the late 21st century will be reduced by 15% and 55%, respectively, but the proportion of severe typhoons would be increased by 100% and 50% in those same two time periods. The increased number of severe typhoons could result in more frequent power outages.	Operational pressures and shocks due to scarcity of water resources: The National Science and Technology Center for Disaster Reduction has suggested that climate change will lead to more extreme rainfall discrepancies during the wet and dry seasons, estimating that spring rainfall will decrease by 13.2% and the number of consecutive days without rain in the spring will increase by 55.7% from 2046-2065. Taiwan suffered a large-scale drought during the first half of 2021. The first half of 2023 also brought the most severe drought on record in the south of Taiwan for 30 years, Taoyuan City and many other regions saw a reduction in water pressure, restrictions on water supply, and suspended irrigation. Continued changes in future rainfall characteristics may impact reservoir water volumes and in turn affect corporate water usage.
	Timeline	Short to medium term	Short-term
	Level of financial impacts	Medium	Medium
	Financial impacts	Operational costs and capital expenditures	Operational costs and capital expenditures
	Response Measures	Grape King Bio factories use power transmitted via underground power cables to prevent disruption of power transmission and distribution through aerial cables from natural disasters. We have also installed emergency generators and UPS backup systems for our firefighting systems and important equipment to reduce losses from unexpected power outages.	Grape King Bio developed a process water recirculation system by making simple adjustments to existing equipment and systems to recycle concentrated process water originally discharged to wastewater plants for reuse in our factories, thereby reducing wasted water resources and wastewater volumes. In 2022, all RO concentrate water at our three factories (Pingzhen Factory, Zhongli Factory, and Longtan Branch) was recycled for reuse in cooling towers, and the total amount of water recycled was 34,071 tons.

Transition Climate Risks		Policies and Regulations	Market	Market	Market	Corporate Reputation
	Description	Increased use of renewable energy in response to the requirements of international initiatives: A report issued by the International Energy Agency (IEA) stated that, in order to achieve global sustainability, use of renewable energy should be increased from 25% in 2019 to 50% in 2030.	Development trends of low-carbon technologies and increased costs from technological transformations: The World Economic Outlook Report stated that innovative R&D technologies are important measures that can improve product designs, reduce overall greenhouse gas emissions over product life cycles, and enhance product efficiency. At present, many countries have incorporated circular economy concepts into policy planning, and actively promote use of alternative materials (such as recycled aluminum and plastics) in corporate production to reduce environmental impacts from products.	Increased raw material costs due to the impacts of climate change on sourcing regions: A report from the Food and Agriculture Organization of the United Nations (FAO) indicates that continual changes in weather and rainfall patterns are causing agricultural losses of US\$220 billion each year from just plant diseases and pests alone, thus raising the costs of agricultural raw materials.	Impacts on energy expenditures due to fluctuations in international energy prices: Use of coal and petroleum rebounded sharply in 2021 compared with 2020, leading to an increase in crude oil prices for that year. In 2022, the Russia-Ukraine war caused oil and natural gas prices to rise, highlighting the volatility of international energy prices.	Increasing investor interest in ESG performance: At present, investors of multinational enterprises are paying increasing attention to the Environmental (E), Social (S), and Governance (G) performance of these corporations. There is therefore a need for these companies to continually enhance their sustainability actions and performance to attract investors.
	Timeline	Short to medium term	Short to medium term	Short to medium term	Short to medium term	Short to medium term
	Level of financial impacts	Medium	Medium	Medium	Medium	Low
	Financial impacts	Capital expenditures	Capital expenditures	Operating costs	Capital expenditures	Investments, capital funding, and financing
Response Measures	Grape King Bio made a commitment to join the RE100 in 2019. We plan to achieve our first-stage target of 15% renewable energy usage by 2030 and achieve full use of renewable energies by 2035. We achieved a 1.44% of energy savings across all three factories in 2022. Additionally, we completed installation of our solar photovoltaic system at Longtan Factory, which is expected to generate 183,960 kWh of electricity over its first year of operations. We also purchased a cumulative 300,000 kWh of green electricity.	We actively work to reduce the environmental impacts from our product lifecycles. In terms of sustainable packaging, recyclable plastic materials are one of the main packaging products used by Grape King Bio, and we will continue to establish recycling sites. We also continue to assess and develop products which use packaging made from plastic-free paper materials and recyclable materials.	In 2022, Grape King Bio established four strategies to prevent stockouts, including completion rates of customer orders, Pro-Partner's continuous supply goals, raw materials and spare components assessment goals, recovery rates of sustainability self-assessment surveys from key suppliers, and SIMP promotion rates. For more information, please refer to 2.1.1 Procurement Strategy.	Grape King Bio has established energy management policies in response to the impacts of fluctuations on international energy prices. Our Pingzhen Headquarters has not only obtained ISO14001 Environmental Management System certification, but also began implementing the ISO50001 Energy Management System in 2019. Additionally, our participation in RE100 is a commitment to achieve 100% renewable energy usage by 2025 and implement our goals for reduction of carbon emissions.	Grape King Bio actively responds to the ESG performance requirements of international investors. We continue to implement sustainability actions in all aspects and publicly disclose these in our Sustainability Report (ESG Report). Apart from our Sustainability Report, we also continued to be ranked in the top 5% of domestic companies by the TWSE Corporate Governance Evaluations. Internationally, our Sustainalytics and FTSE Russell ratings for 2022 continue to surpass many of our international peers.	

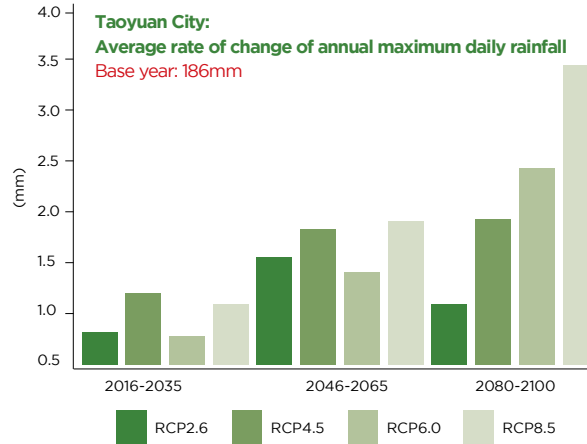
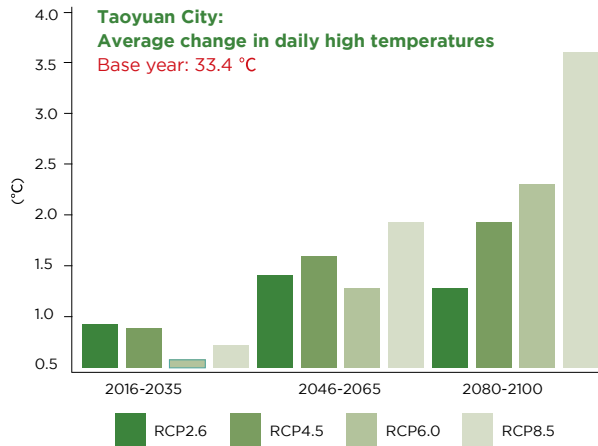


Climate Opportunities		Market	Energy Efficiency	Products and Services
	Description of opportunity	Expand ESG disclosures to attract investor interest: Corporate ESG disclosures are a key factor in the achievement of sustainable development goals. Major investment firms around the world have even formed climate change networks and launched the Climate Action 100+ initiative which prioritizes negotiations with companies which have already committed to net zero emissions and implementation of clean energy transformations.	Reduce risks from greenhouse gas emissions and increase resilience to carbon levy changes: The World Economic Outlook (WEO) Report points out that one important measure to reduce overall greenhouse gas emissions and improve product efficiency is through innovative research and development technologies and product design improvements. Currently, many countries have incorporated the concept of a circular economy into their policy planning and actively promote the use of alternative materials (such as recycled aluminum, recycled plastic, etc.) in corporate production to reduce the environmental impact of products.	Provide low-carbon products and services to meet increased demand for green consumption: In order to reduce greenhouse gas emissions, governments worldwide have begun to enact Carbon tax on enterprises; enterprises are moving towards low-carbon practices to reduce the risks and costs of carbon emissions.
	Timeline	Short-term	Short to medium term	Short to medium term
	Level of financial impacts	Medium	Low	Low
	Financial impacts	Operating costs	Capital expenditures	Revenues
	Response Measures	Faced with the impacts of climate change, Grape King Bio has committed to join the RE100 initiative, signed on as a TCFD Supporter, and prepared disclosures based on the TCFD framework in response to global climate targets and to strengthen our own emphasis on climate change risks.	Grape King Bio continues to implement sustainable actions. The FSCTM certified materials used in our aluminum foil products and our "Bottles of Love" initiative help to mitigate our environmental and climate impacts while enhancing consumer health.	To better integrate sustainability concepts into product development, we plan to develop 1-2 sustainable products that use plastic-free paper, recyclable materials, and raw materials and formulation designs that adhere to the spirit of the SDGs. Additionally, we have established energy management policies, our Pingzhen Headquarters has obtained ISO14001 Environmental Management System certification and began implementing the ISO50001 Energy Management System in 2019, and our participation in RE100 is a commitment to achieve 100% renewable energy usage by 2035 and implement our goals for reduction of carbon emissions.



Scenario Analysis

Grape King Bio and Pro-Partner's main production bases are Pingzhen Factory, Zhongli Factory, and Longtan Branch located in Taoyuan City. We adopted the RCP2.6, RCP4.5, RCP6.0, and RCP8.5 proposed by IPCC AR5 and used publicly available data taken from the Taiwan Climate Change Projection Information and Adoption Knowledge Platform (TCCIP) to run analyses in Taoyuan City (where our main production bases are located) for the short-term (-2035), medium term (2046-2065), and up to the end of the current century (2080-2100) to understand the average changes in daily maximum temperatures (Note 1) and average rate of change in daily maximum rainfall volume for the year (Note 2) for the different scenarios. Compared with the base period (1986-2005), Taoyuan City is expected to see an average rise in temperature of 1.9°C and reach maximum temperatures of 35.3°C this century under the worst-case scenario (RCP8.5). Research conducted by Academia Sinica based on information taken from the National Health Insurance Research Database shows that the number of days where the temperature was higher than 34°C has increased, and this has increased the number of emergency patients suffering from heat stroke and other associated conditions. Additionally, maximum daily rainfall volumes will increase by 35.34 mm, reaching 221.34mm, increasing the risks of short-duration intense rainfall. Current municipal drainage systems may not be able to drain the excess water in a timely manner, so cities and factories at risk of flood, and people outdoors may be at risk of emergencies.



Based on the aforementioned analysis, Grape King Bio has established the following strategies:

Item	Strategy
Increased likelihood of heat injuries in employees	<ul style="list-style-type: none"> We conduct annual scenario to analyze the management systems at our factories so we can understand the conditions, risks, and opportunities faced by factory personnel and propose plans for improvement based around these issues. We facilitate regular health checks for our employees. Our chairman signed a workplace health promotion declaration in 2021, and we continue to host occupational health and safety activities each year to help our employees build their safety inspection, emergency first-aid, and health management capabilities.
Increased likelihood of short-duration intense rainfall	<ul style="list-style-type: none"> We continue to evaluate flood prevention measures at our factories and strengthen our responses to acute flooding disasters. We monitor water conditions using real-time information provided by the Water Resources Agency and formulate corresponding countermeasures.

Note:
 1.Average changes in maximum daily temperatures: The maximum temperature for each day in degrees Celsius.
 2.Average change rate in maximum daily rainfall volumes for the year: Rainfall volumes on day in the year with maximum rainfall in mm.

3.Risk Management

Apart from project implementation teams that have been established under our "Sustainability and ESG Committee," we also plan to form a "Risk Management Committee" to manage responses to climate risks. In terms of processes for identifying and assessing risks, we currently use a bottom-up approach where frontline units report on-site climate issues and formulate related strategies.



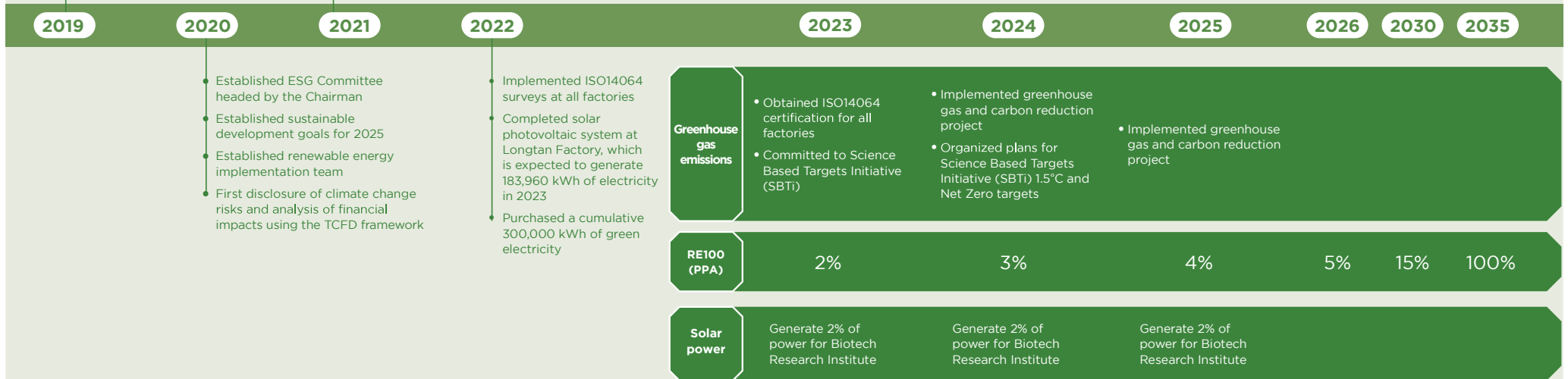
4. Metrics and Targets

Grape King Bio is a company with many food manufacturing factories. Therefore, energy usage, greenhouse gas emissions, water usage, and waste management are all indicators that have direct impacts on operations (please refer to CH6 for historical data). Please refer to the following image for information on our timeline of climate change responses, future plans, and targets:

Grape King Bio climate change timeline

"As a leader in Taiwan's biotech healthcare industry, Grape King Bio has a responsibility to fulfill environmental commitments. In future, we will continue to work towards the Science Based Targets Initiative (SBTi) 1.5°C and Net Zero targets."

- Biotech Research Institute obtained Taiwan Green Building label
- Became the fourth enterprise in Taiwan to join the RE100 initiative
- First health care enterprise in Taiwan to become TCFD Supporter
- Signed first renewable energy PPA
- Established greenhouse gas implementation team



1.4 Financial Performance

Grape King Bio builds upon sustainable and steady developments; emphasizes integration with stakeholders; adheres to the four food safety policies of “continuous innovation, pursuit of excellence, fulfillment of social responsibilities, and customer assurance”; strengthens source management of raw materials from suppliers; implements rigorous management mechanisms and expanded quality management and inspections; and strengthens employee commitment to product health and safety to ensure customer satisfaction and safety. Due to the efforts of all employees, Grape King Bio has won the recognition and confidence of stakeholders. Our revenues and overall operational performance continue to grow. We achieved impressive consolidated revenues and profits over the past three years. Our consolidated revenues in 2022 were NT\$10,391,231,000. Grape King Bio continues to uphold shareholder interests by maintaining after-tax profits of NT\$9.84 per share, rewarding our shareholders with a stable dividend policy. Consolidated financial information for the past three years are as follows:

Consolidated financial information for 2022 Unit: Thousand NTD

Item	Basic Elements	2020	2021	2022
Direct Economic Value Generated	Basic Elements*	2020	2021	2022
Distributed Economic Value	Operating costs*	1,631,457	1,942,319	1,909,186
	Employee salaries and benefits* (Note 1)	1,066,503	1,135,765	1,215,309
	Payment made to investors* (Dividends of the current year)	1,450,672	1,508,468	1,486,415
	Payments made to the government* (Note 2)	39,106	262,288	423,456
		14,514	13,817	18,822
Retained Economic Value (Generated-Distributed)* (Note 4)		1,895,095	1,947,989	2,169,687

Note 1: Including bonuses, pensions, 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 community charity expenses. The amount includes the expenses of Tseng Shui Chao Welfare Charitable Foundation.

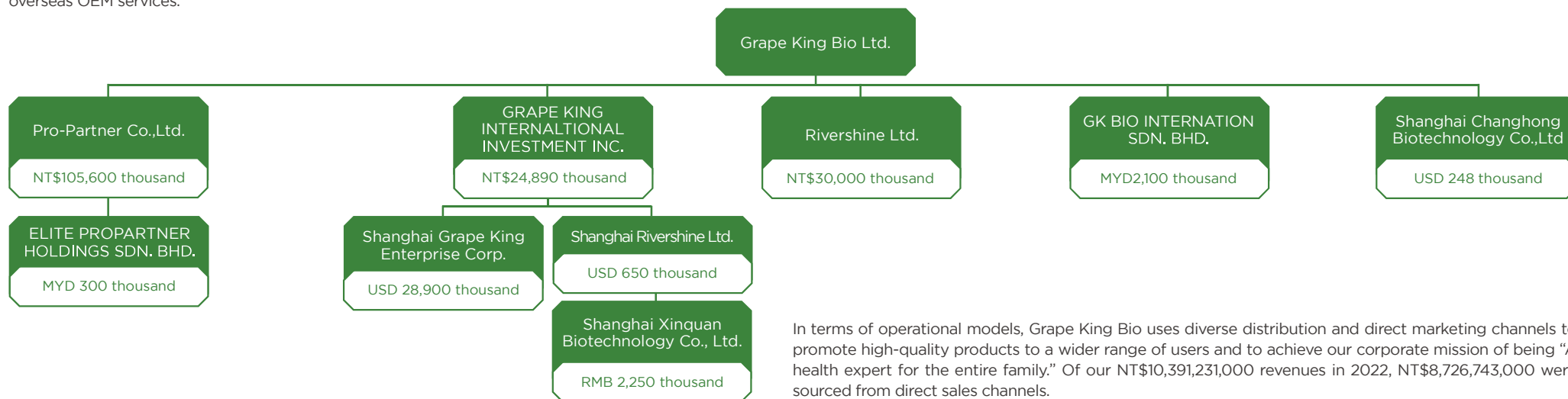
Note 4: Profits after tax for the current year.

*Values for 2020-2022 were audited by Deloitte.

Item	2020	2021	2022
Net profit after tax (thousand NTD)	1,895,095	1,947,989	2,169,687
Consolidated net profit margins	20.67%	19.88%	20.88%
R&D investment (thousand NTD)	252,857	292,228	289,884
Return on shareholder equity	24.53%	21.16%	20.12%
Distribution ratio for cash dividends	68.52%	69.24%	70.12%
Earnings per share	9.34	8.81	9.84

Joint ventures and subsidiaries

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



In terms of operational models, Grape King Bio uses diverse distribution and direct marketing channels to promote high-quality products to a wider range of users and to achieve our corporate mission of being “A health expert for the entire family.” Of our NT\$10,391,231,000 revenues in 2022, NT\$8,726,743,000 were sourced from direct sales channels.

1. Grape King Bio reinvested in Shanghai Grape King Bio Enterprise Corporation through the subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. in the British Virgin Islands. In July 2022, Shanghai Grape King Bio Enterprise Corporation used its earnings to increase its capital to US\$1,000,000.
2. Grape King Bio invested an additional MYR 1,200,000 in GK BIO INTERNATION SDN. BHD. in September 2022, increasing our stock holding ratio to 35% from 30%.
3. PRO-PARTNER LTD., a subsidiary of Grape King Bio, reinvested and established ELITE PROPARTNER HOLDINGS SDN,BHD, with a 100% shareholding ratio
4. Grape King Bio invested Shanghai Changhong Biotechnology Co., Ltd. directly, and it has been in the process of liquidation since November 2022.

Governmental subsidies

Item	Subsidy Item	Amounts
1	SME on-site health subsidies	NT\$92,000
2	Taoyuan City Government-Subsidy to redesign jobs for middle-aged and aged people in 2022	NT\$141,000
3	Ministry of Economic Affairs Industrial Development Bureau iPAS corporate digital talent cultivation program	NT\$3,000,000
4	Ministry of Economic Affairs Industrial Development Bureau Industry Innovation Platform project-Subsidy for fungal meat project	NT\$6,500,000

1.5 Legal Compliance

Chief Legal Officer
Bing-Jyun Cuei



“

Grape King Bio strictly complies with the regulatory requirements of markets where we operate, adopting the most rigorous attitude to requirements from competent authorities to ensure smooth business activities.

”

Management Approach	Key issue-Corporate integrity and ethics	
Policies	Grape King Bio reviews all company operating procedures based on the highest standards available and implements corporate governance and food safety standards verified by third parties. We constantly pay attention to the latest legal trends and adjust our actions accordingly.	
Commitments	"Ethics and integrity" are our commitment to society. We maintain a good corporate image, ensure smooth business activities, and reduce our violation risks to avoid affecting normal operations.	
Targets	Short-term	Implement legal compliance control system and reduce risk of legal violations. We incorporated third-party verifications to ensure compliance with national standards.
	Mid-term	Promote relevant laws and regulations and help relevant personnel understand legal requirements
	Long-term	Continue to conduct in-depth understanding of other national laws and regulations to perform risk control according to company size and business needs
Responsibilities	Cooperative entities: Quality Assurance Department-Food safety incidents Marketing Division-Media events Business Unit-Consumers and channels Human Resource Department-Labor-management disputes	
Resources	1. Invited TSMC's deputy chief legal officer to discuss registration of trade secrets with our legal office 2. Preparatory procedures for establishing trade secrets registration system	
Specific performance	1. Worked with the information office to plan establishment of a "trade secrets registration system" that is scheduled to launch in 2023. 2. Completed inventory of evidence of use for trademarks registered in Taiwan and built an evidence of use specimens list. 3. Organized education and training related to intellectual property rights and food advertising laws	

All documents related to legal disputes are managed by our legal department, which works with all departments to establish clear and appropriate regulations, regularly update regulations, conduct self-assessments of implementations, audit training inspections, and execute other action plans. We actively implement our Code of Ethical Conduct. 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 are also required to sign a trade secrets contract for repeated dissemination and to ensure that our employees understand their obligations. Additionally, our colleagues in the legal department continue to attend legal compliance courses. We organized two training sessions ("Introduction to intellectual property rights and corporate intellectual property regulations") for new employees; our marketing department organized a course on "Cases with similar trademarks"; our marketing, overseas outsourcing, and marketing planning departments hosted a course on "Trademark identification and identity"; and our food advertising review department and advertising department organized a training session related to "Introduction to food advertisement laws and case analyses."



In 2022, we submitted trademark applications for our raw materials following interdepartmental communications with our Biotech Research Institute, legal office, marketing planning section, and product planning section. Trademarks were reviewed for labeling errors and to determine whether product labels violated food regulations. We aim to implement active improvements and incur zero violations.

We formulated the “Trademark Management Procedures” based on this trademark application process. These Procedures were approved and released by our document control center on October 4, 2022, and stipulated that:

- Before submitting applications: Requesting units should ask the legal office to provide suggestions after conducting searches and analyses to ensure compliance with trademark identification standards.

- When submitting applications:

(1) Domestic trademarks: Our electronic application system enables the legal office to submit applications for Taiwanese trademarks directly to the Intellectual Property Office. In 2022, our legal office submitted a total of 12 trademark applications. Subsequent payments, corrections, and certificate collection procedures are also handled by the legal office, which greatly reduced service fees paid to commissioned firms.

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

- After submitting applications: Apart from management of established lists, we incorporated trademark status of use information in our databases starting from 2021 to meet the stipulations of the Trademark Act, which state that trademarks should be used for marketing purposes. In 2022, we included status of use information for all registered product trademarks in our database to prevent third parties from filing claims to cancel our trademarks due to more than three years of non-usage.

In terms of intellectual property rights, the legal office conducts routine searches, analyses, defenses, registrations and applications, maintenance, management, and strategic positioning of domestic and foreign trademarks and patents, as well as periodic internal

dissemination meetings for the Trade Secrets 2.0 Project. All departments actively conduct reasonable investigations of confidentiality measures. Externally, we request our sales and marketing personnel to provide image sources when submitting copy for review to prevent violations of copyrights and portrait rights.

For protection of personal information and privacy rights, we formulated and released the “Personal Information Protection Policy,” and used the EIP system to publicize these policies to all employees. We also regularly update our corporate website, Health and Vitality Power Center, and the privacy rights policies on our Grape King online store. The “Contact us” page on our website includes categories related to privacy rights policies so we can properly handle the concerns of our consumers or website users.

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.

Corresponding departments determine whether the legal department should submit appeals for other types of regulatory documents. All incidents are discussed at manager meetings and improvement processes are implemented, following which final reports are compiled.

We gradually promoted awareness of legal concepts. As of year-end 2022, we incurred two violations of the Act Governing Food Safety and Sanitation, and one violation of the Waste Disposal Act, with a total of 3 regulatory violations, but incurred no major penalties from administrative authorities exceeding NT\$1 million.

Handling process for legal cases:



Legal Compliance Status in 2022

Legal Violations Incidents in 2022				
Violation Incidents in 2022	Legal Basis	Category	Amount of Fine(NT\$)	Subsequent Improvements
Health mark number-Slim Probiotics King Judgment passed on November 30, 2022	In violation of Paragraph 1, Article 14 of the Health Food Control Act	Fine	100,000	1.We immediately notified our marketing department after receiving this violation notice. 2.We submitted relevant research reports to the Department of Health 3.Relevant units were requested to adjust advertising copy.
Health mark number-Antrodia King Judgment passed on December 9, 2022	In violation of Paragraph 1, Article 14 of the Health Food Control Act	Fine	100,000	1.We immediately notified our marketing department after receiving this violation notice. 2.We submitted relevant research reports to the Department of Health 3.Relevant units were requested to adjust advertising copy. 4.The legal office inventoried all advertisements for Antrodia King on the Grape King online store and requested comprehensive revisions by our business units to prevent further fines for different ad combinations.
Longtan Factory Judgment passed on September 13, 2022	In violation of Paragraph 2, Article 28 of the Waste Disposal Act	Penalty	6,000	1.Our Longtan Factory generates a maximum of 197 tons of sludge each month, which is more than 100 tons, and therefore Article 28 of Waste Disposal Act requires us to employ at least one treatment technician with Class B qualification or higher. 2.Hired a new Class B waste disposal technician
Commercial Disputes in 2022				
Credit card disputes	In April 2022, the legal office was notified by the sales department that an online store member had purchased products using a credit card, but the cardholder had filed a dispute after the products had been delivered. Said products had been delivered to Hong Kong through a third-party logistics company, and payment could not be obtained. All products were recovered on December 13, 2022.			
Copyright of "Round Folk M" font	On September 30, 2022, we received a letter from Morisawa Taiwan Inc. which stated that the boxes, packaging, and bottles of our "Snow Brightening Essential Drink" used the "Round Folk M" font created by said company and infringed upon their copyright. We commissioned Exp Branding Consultant Group, a third-party company, to design this product. Exp Branding Consultant Group has yet to respond to Morisawa Taiwan or Grape King Bio regarding subsequent handling of this matter. Grape King Bio is currently in talks with a representative from Morisawa Taiwan and is actively following up on this matter.			