



# 2021

## GRAPE KING BIO

ESG Report

TSE 1707



This report follows the following international sustainability standards:





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# Chairman's Message



## Chairman's Message

Since its established in 1969, Grape King Bio has been committed to becoming one of the top health food manufacturers in the Biotechnology Industry. We have a strong and reputable position in Taiwan with leading-edge raw material and product innovations. “Technology, Health, and Hope” are the core values of Grape King Bio, which help to guide us in pursuing our vision and mission as a leader in the health food industry.

This year also marked the eighth year that Grape King Bio has been publishing our independently-verified ESG report, aligned with the Global Reporting Initiative’s GRI Standards. Each year Grape King Bio works to improve transparency and add relevant disclosures for our stakeholders. In the 2021 report we have included disclosures in line with the TCFD framework and have also published disclosures according to SASB standards on our website.

I am very proud of our employees for continuously working together in a challenging 2021 to ensure that the Company’s operations run as smoothly as possible. At Grape King Bio, supporting communities is very important to us and is an extension of our core values. In addition to our sustained support for local and national charitable causes, we also donated 300,000 bottles of Probiotic Drinks to Taoyuan City Government, Fire stations, police stations, social welfare agencies, rural schools and food banks. Furthermore Grape King Bio also provided remote teaching equipment to rural areas to help ensure their studies were not severely disrupted due to the local pandemic outbreak.

Under the expectation of sustainable operation, Grape King Bio continues to strengthen its corporate governance focusing on 5 key aspects: reinforcing effective corporate governance structure,



Chairman



protecting shareholders' rights and interests, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and enhancing information transparency. Our Finance Department acts as the administrator for corporate governance and integrity management in order to bolster its structure and assist in formulating the code of conduct for promoting integrity management. Through internal education and evaluations, the values of integrity and ethics are actively implemented and regularly reported to the board of directors every year (see CH1 Integrity Governance for details).

Grape King Bio continues to promote food safety with its PIC/S GMP, ISO22000, HACCP, NSF GMP, TQF, HALAL and ISO/IEC 17025 TAF certified laboratories, FSSC22000 and other international certifications. In 2021, we completed 217 onsite and virtual audits on our vendors and suppliers to ensure raw material safety and ethical sourcing. We currently have strict standards to ensure that consumers can drink and eat our products with peace of mind (see CH2 Product Responsibility for details).

Grape King Bio's Biotechnology Research Institute has used industry-leading fermentation expertise to develop raw materials and products that are beneficial to the society. In 2021 Grape King Bio's R&D achievements were recognized with 33 gold, 2 Silver, 1 Bronze and 7 Special International invention and innovation awards. Furthermore,

Grape King Bio was awarded the "Strategic Excellence Award - Health Industry - Biomedical Health Care Category" from the Best Reviewed Online Awards, the "Innovative Star Award" from Taoyuan City's Gold Medal Enterprise awards and the "Outstanding Taiwanese Brand of the Year in the Marketing Communication Contribution Award" from Taiwan Advertisement Gold Awards.

In order to provide a sustainable environment for the next generation, Grape King Bio deeply understands the urgency to set positive goals for climate change. Our Pingzhen headquarters obtained ISO 14001 environmental management system certification, and adopts the PDCA operation method to continuously promote various Environmental protection measures. The company continues to plan and implement changes in order to reach our RE 100 renewable energy commitment to use 100% renewable energy by 2035. In 2021, through the promotion of energy saving and carbon reduction activities we managed to reduce electricity usage by 3.3%.

We welcome your feedback on our 2021 ESG report in order to better communicate what is important to all of our stakeholders. Grape King Bio remains focused on utilizing our strengths in research and development to offer products that improve the health and overall wellness of consumers and society. "Live Healthy, Think Grape King."





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# Sustainability Performance for 2021

## Governance

	2021	Highlights for 2016-2020
<b>Corporate Governance</b>	<ol style="list-style-type: none"> <li>1. The “ESG Committee” continued to advance the sustainability goals of each ESG working group.</li> <li>2. The “Digital Transformation Committee” was established in 2021 to integrate digital technologies into operational strategies.</li> <li>3. Directors were re-elected in 2021. The 19th and 20th Board of Directors convened a total of 7 times; average attendance rates were 97%.</li> <li>4. An Audit Committee was established to take over supervisor responsibilities, monitoring quality and integrity of corporate accounting processes, auditing processes, financial reporting processes, and financial controls.</li> <li>5. Invited to participate in 7 (domestic and overseas) investor conferences.</li> <li>6. Adopted SASB indicators for ESG communications with investors encompassing information on the household &amp; personal goods and the newly added processed food sectors.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ranked among “Asia Fastest 50: Fastest growing 50 (biotech) companies across Asia Pacific” by BioSpectrum magazine in 2016.</li> <li>2. Chairman Andrew Tseng received the highest number of votes in Global Bio &amp; Investment Magazine’s “Taiwan Biomedical Leader” poll in 2018.</li> <li>3. Established performance evaluation procedures for the Board of Directors and the Remuneration Committee, and commenced yearly evaluations on the overall operational performance of the Board of Directors and the Remuneration Committee starting from 2019.</li> <li>4. The Board of Directors approved the “Code of Ethical Conduct,” “Insider Trading Prevention Management The Board of Directors approved the “Code of Ethical Conduct,” “Insider Trading Prevention Management.</li> </ol>
<b>Product Innovation</b>	<ol style="list-style-type: none"> <li>1. Grape King Bio released 14 new products and Pro-Partner released 8 new products (including 2 functional beverages) in 2021.</li> <li>2. Received SNQ (Symbol of National Quality) certification for 3 products in 2021.</li> <li>3. Continued to extend the efficacy of key materials such as lactobacillus bacteria, Cordyceps cicadae, Hericium erinaceus, and others</li> <li>4. Grape King Bio’s Slim Turmeric Complex received the Nutraceutical Innovation Award.</li> <li>5. Invested NT\$252,857,000 in innovation and R&amp;D in 2021.</li> <li>6. Obtained approval for 32 patents in 2021.</li> <li>7. Developed a total of 227 products in 2021.</li> </ol>	<ol style="list-style-type: none"> <li>1. Received IUFOST Food Research Innovation Award in 2018.</li> <li>2. Officially commenced operations at the Grape King Bio Biotech Research Institute in 2019.</li> <li>3. Applied for 30 patents in 2020 and obtained approval for 17 patents.</li> <li>4. Received a Gold Metal from Taiwan Innotech Expo.</li> <li>5. Ranked 2nd out of 2000 companies in the Biotechnology and Pharmaceutical Industry by Commonwealth Magazine’s Top 2000 Survey.</li> <li>6. Received SNQ (Symbol of National Quality) certification for 5 products.</li> <li>7. Participated in a total of 30 industry-academia cooperation and commissioned research projects in 2020, with total funds exceeding NT\$28 million.</li> <li>8. Utilized fermentation technologies to develop a total of 219 products in 2020.</li> <li>9. Published 24 journal papers in 2020.</li> </ol>
<b>Food Safety and Supply Chain Management</b>	<ol style="list-style-type: none"> <li>1. Implemented HACCP, ISO/FSSC 22000, NSF GMP certification systems on soft bag production line at Pingzhen Factory in 2021.</li> <li>2. 88.76% recovery rate of sustainability self-assessment surveys from key suppliers in 2021.</li> <li>3. Developed multiple material sources for 60 items in 2021.</li> <li>4. Completed launch of SIMP supplier intelligent management platform for 74% of suppliers.</li> </ol>	<ol style="list-style-type: none"> <li>1. All production lines obtained third-party ISO 22000, HACCP, and NSF GMP certification in 2017.</li> <li>2. Completed internal traceability system for 100% of products in 2018.</li> <li>3. Audit ratios for raw materials suppliers in 2019 was 100%.</li> <li>4. Built a “Smart supplier multi-channel communication platform” in 2020</li> </ol>



<p><b>Customer Satisfaction and Legal Compliance</b></p>	<ol style="list-style-type: none"> <li>1. Completed establishment of call management system and telephone customer service satisfaction surveys, enhancing handling efficiency and service quality of customer service calls.</li> <li>2. Completed product education and refresher courses for each quarter, inviting nutritionists to conduct refresher training on new products and common customer queries, thereby improving product service quality.</li> <li>3. Established a database of frequently asked questions which is continuously updated with customer queries for timely understanding of customer needs and to ensure consistency and accuracy of responses.</li> <li>4. Established standard operating procedures for common customer complaints.</li> </ol>	<ol style="list-style-type: none"> <li>1. Initiated comprehensive electronic order handling procedures for Grape King online store in 2019, reducing shipping and handling times to 3 workdays.</li> <li>2. Completed more than 40 consumer interviews in 2020 to identify opportunities for improvement and mid- to long-term plans for customer service strategies.</li> <li>3. Increased personnel product knowledge scores by 27% through training courses.</li> <li>4. Utilized Martech technology to establish comprehensive lifestyle and health needs for different customer profiles.</li> </ol>
<p><b>Brand Value</b></p>	<ol style="list-style-type: none"> <li>1. Received Annual Industry Innovation Award at the Taiwan Bio Industry Organization Awards in 2021.</li> <li>2. Awarded Ingenuity Award by the Excellent Enterprise Award in Taoyuan City in 2021.</li> <li>3. Received Happy Enterprise Gold Award and Special Award from the 1111 Job Bank in 2021.</li> <li>4. Received the “Influenza Prevention Alliance Gold Award” from Taiwan Immunization Vision and Strategy in 2021.</li> <li>5. Received TCSA Gold Corporate ESG Report Award in 2021.</li> <li>6. Designated an Alliance for Protection of Maternal Health Model Institution by the Taoyuan City Government in 2021.</li> </ol>	<ol style="list-style-type: none"> <li>1. Received Superbrands award in 2016.</li> <li>2. Received Outstanding Management Award at the 25 National Quality Awards in 2018.</li> <li>3. Received Gold award at the 2019 Taiwan Bio Industry Organization Awards.</li> <li>4. Received Influenza Prevention Alliance Gold Award in 2020.</li> <li>5. Received TCSA Gold Corporate ESG Report Award in 2020.</li> </ol>

## Social

	2021	Highlights for 2016-2020
<b>Talent Development and Employee Benefits</b>	<ol style="list-style-type: none"> <li>Promoted salon lectures on ethics activities in 2021 to help our colleagues gain a basic understanding of moral and ethical concepts.</li> <li>Established the Management Academy in 2021 to better understand employee duties and tasks through job analyses.</li> <li>Hosted the "Accountability Slogan Competition" in 2021 to encourage accountability in our colleagues.</li> <li>Received consecutive Silver TTQS (Talent Quality-management System) certificate from the Ministry of Labor's Workforce Development Agency in 2021.</li> </ol>	<ol style="list-style-type: none"> <li>Received "I Sports Enterprise" certification from the Ministry of Education's Sports Administration in 2017.</li> <li>Received OHSAS 18001 Occupational Health and Safety and TOSHMS Taiwan Occupational Safety and Health Management System certification in 2017.</li> <li>Listed in Cheers Magazine's "Top Companies for the Young Generation" in 2018.</li> <li>Received Silver TTQS (Talent Quality-Management System) certificate from the Ministry of Labor's Workforce Development Agency in 2019.</li> <li>Founded GKB Learning College (GKBLC) to facilitate departmental planning, structuring, and implementation of departmental training programs for enhancing employee capabilities in 2019.</li> <li>Received Outstanding and Gender Equality awards at the Taoyuan Excellent Enterprise awards.</li> <li>Our Pingzhen Factory nurse received first place in the Outstanding Personnel in Occupational Health Services Award hosted by the Ministry of Labor's Occupational Safety and Health Administration in 2020.</li> <li>Maintained six consecutive years (2014-2020) without major disasters.</li> <li>Longtan Branch received I Sports Enterprise certification from the Ministry of Education's Sports Administration in 2020.</li> <li>Pingzhen Factory, Zhongli Factory, and Longtan Branch received the Healthy Workplace Promotion certification from the Ministry of Health and Welfare's Health Promotion Administration in 2020.</li> <li>GKB Learning College courses helped employees with potential enhance their professional skills.</li> <li>Invested NT\$1,608,000 in employee health management and health promotion, hosting a total of 38 health promotional activities for 2,679 attendees.</li> <li>Established the "Grape Seed Program" to care for pregnant female employees.</li> </ol>
<b>Community Investment</b>	<ol style="list-style-type: none"> <li>Invested 12 support units, 260 person-hours, and NT\$500,000 of funds in the Wufeng Log Mushroom Support Program in 2021.</li> <li>Donated a total of NT\$1.2 million to 10 schools in 2021 after conducting a survey relating to the needs of disadvantaged children on campus.</li> <li>Our Food for the Disadvantaged Program made donations to 3 institutes in 2021, benefiting a total of 12,395 people.</li> </ol>	<ol style="list-style-type: none"> <li>Commended for corporation contributions to education by the Taoyuan City Government in 2016.</li> <li>Joined the Taiwan Immunization Vision and Strategy (TIVS) Influenza Prevention Alliance in 2017 and received the "Pandemic Prevention Award".</li> <li>Began hosting the "Christmas Wish List Project" in 2017.</li> <li>Upgraded multimedia interactive equipment at the Grape King Health and Vitality Power Center and continued to provide free tours in 2019.</li> <li>A total of 979 volunteers and 815 service hours were invested in community investment projects in 2020.</li> <li>Participated in the charity sweep event hosted by the communities of Jhenshing Village, Lungshing Village, and Beishing Village.</li> </ol>

## Environmental

	2021	Highlights for 2016-2020
<b>Climate Commitments and Environmental Initiatives</b>	<ol style="list-style-type: none"> <li>Became the first healthcare enterprise in Taiwan to officially sign on as a TCFD Supporter in 2021.</li> <li>Continued to develop solar power capacity and purchase renewable energy under the RE100 initiative.</li> <li>Organized the "Bottles of Love" charity event in 2021: the Environmental Protection Administration sent 200 kilograms of recycled bottles to be decomposed into reusable plastic pellets in March.</li> </ol>	<ol style="list-style-type: none"> <li>Introduced and obtained certification for ISO14000 Environmental Management System in 2017.</li> <li>Installed solar panels at the Grape King Bio Tourist Factory in 2018, reducing approximately 3,691 kg of carbon emissions.</li> <li>100% green paper pulp materials made from FSCTM certified wood materials were used to make all aluminum foil product packaging in 2019.</li> <li>Began adopting TCFD in 2020 to identify and respond to climate change risks and opportunities for Grape King Bio.</li> <li>Joined the RE 100 renewable energy initiative, committing to the first stage of 15% renewable energy usage by 2030 and the second stage of 100% renewable energy usage by 2035.</li> <li>Ceased usage of heavy crude oil for boilers at all three factories in 2020 to reduce emission of particulate pollutants.</li> <li>Reduced 318kg CO2e of carbon emissions in 2020.</li> <li>Biotech Research Institute began using food sludge as organic fertilizer in 2020 to raise waste recycling rates.</li> <li>Recycled a total of 3,681 empty plastic product bottles as of 2020.</li> </ol>
<b>Energy and Water Management</b>	<ol style="list-style-type: none"> <li>Achieved 3% of energy savings across all three factories in 2021.</li> <li>All (100%) wastewater was discharged according to legal regulations and exceeded average Chemical Oxygen Demand (COD) limits for discharged water by 30% in 2021.</li> <li>Composite wastewater discharge volumes were reduced by more than 3% in 2021.</li> <li>Obtained continued certification of our ISO14001 Management System in 2021.</li> <li>Recycled RO concentrate water for reuse in cooling towers at all three factories in 2021, recycling a total of 13,950 tons of water.</li> </ol>	<ol style="list-style-type: none"> <li>Introduced and obtained certification for ISO50001 system in 2019.</li> <li>Set a 1% energy-saving target for all three factories in 2020.</li> <li>Longtan Branch implemented RO wastewater recycling program in 2020.</li> </ol>





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# Grape King Bio Sustainability Strategy

# Grape King Bio Sustainability Strategy

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



**Focus on energy and resource management  
Build a friendly operating environment**

- Green environment: Management of wastewater, toxic materials, and waste materials
- Climate risks
- Greenhouse gas issues
- RE100

**SDGs : 13**



**Continuously invest in and give back to our local communities  
Contribute to a prosperous society through positive impact**

- Social welfare
- External communication and social participation

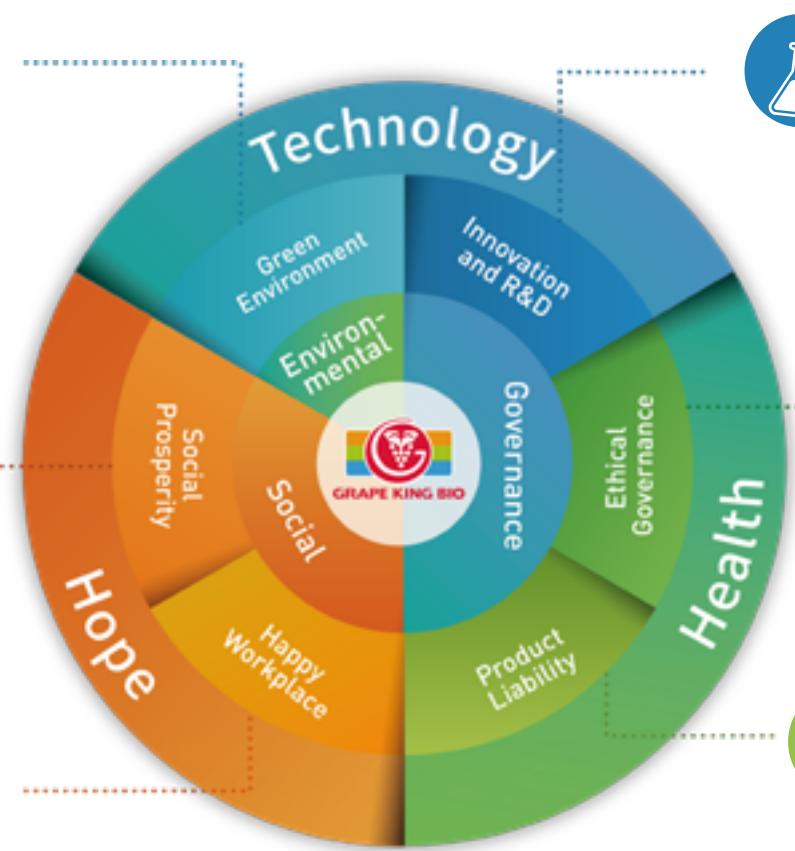
**SDGs : 3、8、10**



**Hire and retain talent who share our values  
Manage career paths and cultivate professional skills**

- Employee diversity
- Development of human capital
- Employee care, salaries, and benefits
- Management of industrial safety

**SDGs : 3、5、8**



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

- Food safety
- Innovation in ingredients and nutrition

**SDGs : 3、4、8、9、12**



**Business philosophy of ethics and integrity  
Stable operations and expansion of overseas markets**

- Corporate governance, relationship with domestic and overseas investors
- Compilation of external assessments
- Supervise implementation performance
- Legal compliance
- Management of water and energy used in production processes
- Information security management
- Compilation and submission of reports

**SDGs : 8、9、16**



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

- Sustainable management of supply chains
- Customer satisfaction
- Product liability
- Brand marketing

**SDGs : 8、9、12**

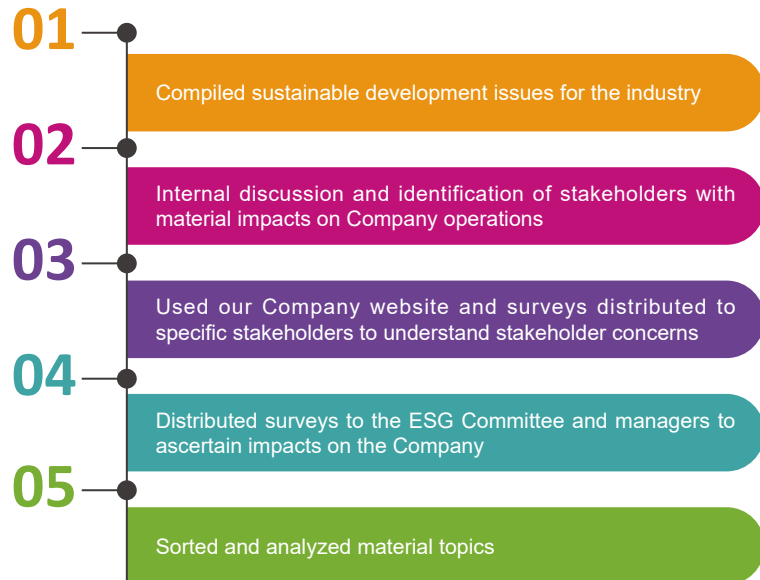
## Response to the United Nations Sustainable Development Goals

	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Theme	Care for disadvantaged schoolchildren	Food for the disadvantaged program	Ingredient innovation and product nutrition	RE100	Sustainable products	Climate change
<b>Targets for 2022-2023</b>	<ul style="list-style-type: none"> <li>• Donate a minimum of NT\$1.25 million each year</li> </ul>	<ul style="list-style-type: none"> <li>• Benefit a minimum of 13,000 people</li> </ul>	<ul style="list-style-type: none"> <li>• Research functional ingredients targeting the following conditions in light of social issues such as aging societies and the COVID-19 pandemic: Enhanced efficacy in COVID-19 vaccines, sarcopenia, kidney damage, lipotrophy, prevention of neurodegenerative mechanisms, and anti-viral properties.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve consumption share of 2% for renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Develop 1-2 products that utilize plastic-free paper and recyclable materials</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain ISO 14064 certification for all factories</li> </ul>
<b>Targets for 2024-2025</b>	<ul style="list-style-type: none"> <li>• Donate a minimum of NT\$1.35 million each year</li> </ul>	<ul style="list-style-type: none"> <li>• Benefit a minimum of 15,000 people</li> </ul>	<ul style="list-style-type: none"> <li>• Mass produce three biotech ingredients to improve depression, addiction, PMS, ADHD, hearing impairments, Parkinson's disease, sleep quality, lung health, and kidney health.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve consumption share of 4% for renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Assess feasibility of recycling procedures for bulk aluminum materials used in products</li> </ul>	<ul style="list-style-type: none"> <li>• Commit to the Science Based Targets Initiative 1.5°C target</li> </ul>
<b>Targets for 2026 and beyond</b>	<ul style="list-style-type: none"> <li>• Donate a minimum of NT\$1.45 million each year</li> </ul>	<ul style="list-style-type: none"> <li>• Benefit a minimum of 17,000 people</li> </ul>	<ul style="list-style-type: none"> <li>• Mass produce six biotech ingredients to improve depression, addiction, PMS, ADHD, hearing impairments, Parkinson's disease, sleep quality, lung health, and kidney health.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve consumption share of 5% for renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Plan to replace current HDPE packaging materials with biodegradable packing materials to reduce usage of plastic containers</li> </ul>	<ul style="list-style-type: none"> <li>• 100% reduction of specific emissions from Scope 2 by 2035</li> </ul>



## Stakeholder Communication and Analysis of Key Issues

Grape King Bio collects feedback from our stakeholders to better understand their needs and expectations and to establish effective communication channels. Feedback from stakeholders contributes to the formulation of our ESG policies and business development. As part of our routine operations, our departments communicate with and solicit feedback from key stakeholders throughout the year. Our scope of communication did not extend to other subsidiaries of our Company. The process of stakeholder negotiation as well as identified stakeholders, communication channels, communication frequency, and communication performance for 2021 are shown in the table below. For more information, please refer to our official website: <https://www.grapeking.com.tw/en/csr/stakeholder>.



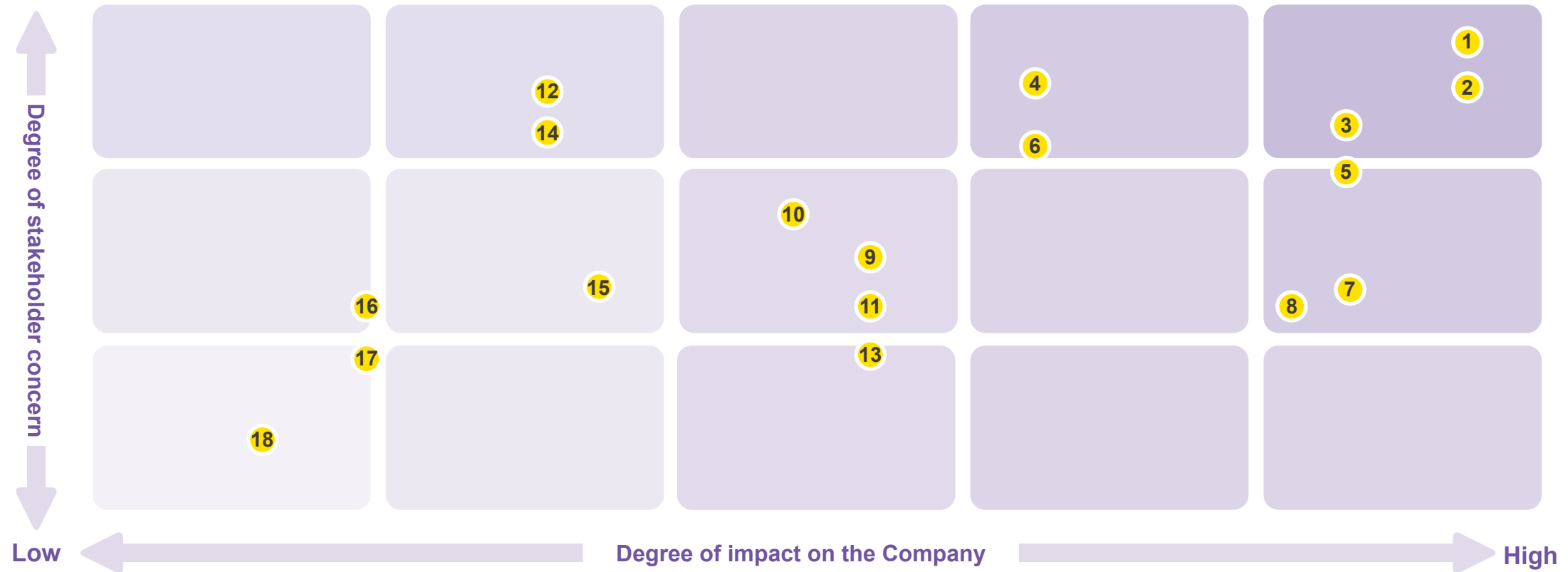
	Main Topics of Concern	Communication Channels	Communication Frequency	Communication Performance for 2021
<b>Shareholders /investors</b>	<ul style="list-style-type: none"> <li>Corporate governance and transparency</li> <li>Legal compliance</li> <li>Waste management</li> <li>Water resource management</li> <li>Marketing and labeling</li> </ul>	<ul style="list-style-type: none"> <li>Convening of AGM</li> <li>Investor conferences</li> <li>Participated in conferences and face-to-face communication meetings hosted by investment institutes</li> <li>Responded to investor and analyst questions via phone, email, and our mailbox for external communication; we also periodically collected suggestions and feedback</li> <li>Annual publication of annual report and ESG Report (renamed Sustainability Report starting from 2021)</li> <li>Released important information disclosures on MOPS and published all corporate news on official website</li> </ul>	<ul style="list-style-type: none"> <li>Once per year</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>Once per year</li> <li>At irregular intervals</li> </ul>	<ul style="list-style-type: none"> <li>Convened 1 regular shareholders meeting and 1 extraordinary general meeting</li> <li>Invited to participate in 7 investor conferences</li> <li>Published quarterly financial reports for 2021 and annual report for 2020</li> <li>Released 88 Chinese and English material information disclosures</li> <li>Released 12 sets of unaudited consolidated revenue data (one for each month)</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>Information security management</li> <li>Product liability and safety</li> <li>Waste management</li> <li>Water resource management</li> </ul>	<ul style="list-style-type: none"> <li>Service hotline for product queries</li> <li>Service outline for outsourcing queries</li> <li>Official website and mailbox for external communications</li> <li>Customer satisfaction surveys</li> <li>Official online shop</li> <li>Telephone interviews</li> <li>Dedicated service hotline and point of contact</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Daily</li> <li>Daily</li> <li>Once per year</li> <li>Daily</li> <li>Daily</li> <li>Daily</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated customer service hotline received 22,300 product and order queries</li> <li>Official website and mailbox for external communications responded to 2,190 customers</li> <li>Online messaging system responded to approximately 9,855 customers</li> <li>Conducted 920 telephone interviews</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Product liability and safety</li> <li>Ethics and integrity</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>Procurement unit hotline</li> <li>Official website and mailbox for external communications</li> <li>Public bidding and opinion exchange and interview meetings</li> <li>On-site supplier audits and guidance</li> <li>Questionnaires, phone, fax, and email</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>1-2 times per month</li> <li>Daily</li> <li>2-3 times per month</li> <li>Daily</li> </ul>	<ul style="list-style-type: none"> <li>Conducted on-site audits on 32 suppliers</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Product liability and safety</li> <li>Information security management</li> </ul>	<ul style="list-style-type: none"> <li>Periodic labor-management meetings</li> <li>Company announcements</li> <li>Internal website</li> <li>Human resource unit</li> <li>Employee suggestion box</li> <li>Mailbox for reports and grievances</li> <li>Publication of relevant regulations on internal company website</li> </ul>	<ul style="list-style-type: none"> <li>Once per quarter</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>Updated non-periodically</li> </ul>	<ul style="list-style-type: none"> <li>Hosted a total of 4 labor-management meetings</li> <li>Our mailbox for grievances received 0 complaints</li> <li>Ratio of employees undergoing annual performance audits reached 100%</li> <li>Total number of training hours for the year was 8,066 hours</li> <li>Total number of personnel who underwent training during the year was 2,398 people</li> </ul>

	Main Topics of Concern	Communication Channels	Communication Frequency	Communication Performance for 2021
Government	<ul style="list-style-type: none"> <li>Information security management</li> <li>Product liability and safety</li> <li>Legal compliance</li> <li>Ethics and integrity</li> <li>Energy management</li> <li>Waste management</li> <li>Water resource management</li> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Exchange of official correspondences</li> <li>Meetings (for example seminars or public hearings)</li> </ul>	<ul style="list-style-type: none"> <li>At irregular intervals</li> <li>At irregular intervals</li> </ul>	<ul style="list-style-type: none"> <li>Received and sent 1,467 official correspondences</li> </ul>
Neighboring communities	<ul style="list-style-type: none"> <li>Water resource management</li> <li>Information security management</li> <li>Energy management</li> <li>Labor rights</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Point of contact with heads of boroughs and neighborhoods</li> </ul>	<ul style="list-style-type: none"> <li>At irregular intervals</li> <li>At irregular intervals</li> </ul>	<ul style="list-style-type: none"> <li>Invested NT\$3,833,418 in communities</li> <li>Hosted 4 exchange activities</li> </ul>
Media	<ul style="list-style-type: none"> <li>Product liability and safety</li> <li>Legal compliance</li> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Press conferences</li> <li>Themed interviews</li> <li>Press releases</li> <li>Public relations companies</li> </ul>	<ul style="list-style-type: none"> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> </ul>	<ul style="list-style-type: none"> <li>Published 24 press releases</li> </ul>
Academia	<ul style="list-style-type: none"> <li>Ethics and integrity</li> <li>Information security management</li> <li>Waste management</li> <li>Water resource management</li> </ul>	<ul style="list-style-type: none"> <li>Industry-academia cooperation activities and meetings</li> <li>Intern training and exchanges</li> <li>Keynote lectures and conferences</li> </ul>	<ul style="list-style-type: none"> <li>At irregular intervals</li> <li>Summer and winter vacations and during semesters</li> <li>At irregular intervals</li> </ul>	<ul style="list-style-type: none"> <li>Collaborated with 33 domestic colleges</li> <li>A total of 45 students participated in industry-academia cooperation projects</li> </ul>
Non-profit organizations	<ul style="list-style-type: none"> <li>Corporate governance and transparency</li> <li>Labor rights</li> </ul>	<ul style="list-style-type: none"> <li>Volunteer activities</li> <li>Official website</li> <li>Official fan page</li> <li>Dedicated service unit</li> </ul>	<ul style="list-style-type: none"> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> <li>At irregular intervals</li> </ul>	<ul style="list-style-type: none"> <li>Involved 899 people in social participation</li> </ul>

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

We sent surveys to our important external stakeholders and collected a total of 142 valid responses. Item weights and rankings were calculated according to their level of impact on the Company, and 9 key issues were selected for this year. Each unit integrates these key issues into annual plans and routine business management along with the previously identified issues of concern, and periodically evaluates implementation performance to facilitate continuous improvement.

**High** **Materiality Matrix**



1	Product liability and safety	2	Legal compliance	3	Ethics and integrity	4	Information security management	5	Corporate governance and transparency	6	Occupational health and safety
7	Talent attraction and retention	8	Customer service	9	Labor rights	10	Marketing and labeling	11	Remuneration and benefits	12	Waste management
13	Innovation and R&D	14	Water resource management	15	Energy management	16	Packaging lifecycle management	17	Nutritious and affordable products	18	Climate risks



# Governance Performance

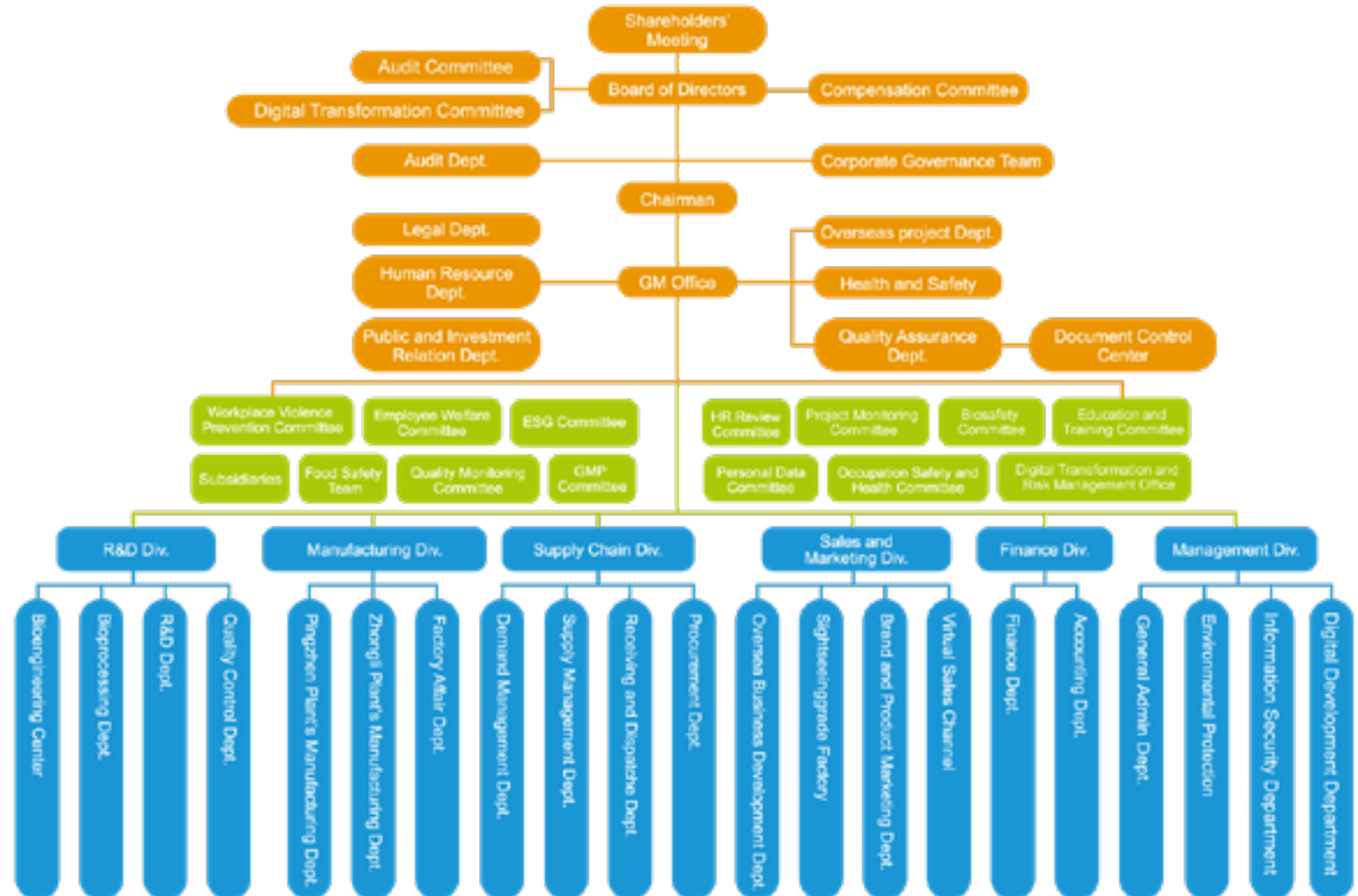
## Corporate Governance and Legal Compliance

Key issues: Ethics and integrity, corporate governance, and transparency

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 Manager 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 shareholder meetings, and conduct other corporate governance matters.

Grape King Bio has also formulated comprehensive corporate governance rules and regulations (please refer to our corporate governance rules and supervisory mechanisms) to ensure sound corporate governance and continued improvement of operational quality.

## Corporate Governance Organization





## Board Operations

Company directors elected the 12 current directors (including 4 independent directors) of the Board in 2021. Our 12 directors hold doctorate degrees in business administration and graduate degrees in marketing, law, and economics. Of our directors, 8% are company employees, 42% are female directors, and 33% are independent directors. In order to perform their due diligence, our board of directors has formulated our “Rules of Procedure for Board of Directors Meetings” and stipulated an obligation to avoid conflicts of interest in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.” Grape King Bio periodically purchases director and officer (D&O) liability insurance for our directors and supervisors to reduce and disperse risk of major damage to the corporation or shareholders resulting from director error or negligence. Grape King Bio conducts annual assessments of CPA independence, and the results are submitted to the Board for approval. (Please refer to our annual report for more information on Board operations.)

## 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.

## Remuneration Committee Operations

We have established a Remuneration Committee composed of three members to strengthen corporate governance and build sound remuneration systems for directors and managers. The Remuneration Committee faithfully performed its duties with the due care required of good administrators and submitted proposals to the Board for discussion. A total of 3 meetings were convened in 2021. Grape King Bio formed the 5th Remuneration Committee on August 2, 2021; all Committee members are independent directors of the company.

## Supervisor System Operations

An Audit Committee was established on July 15, 2021 to take over supervisor responsibilities, including monitoring quality and integrity of corporate accounting processes, auditing processes, financial reporting processes, and financial controls.

## Evaluations of Board Performance

Performance evaluations of overall Board and Remuneration Committee are implemented by the Corporate Governance Team, which is responsible for overall implementation of internal Board and Remuneration Committee self-assessments. Evaluations are conducted via internal questionnaires. Directors submit the results of their self-assessments to the Corporate Governance Team for compilation.

Said performance evaluation results will be submitted to the Board for reference when making decisions relating to Board directors and Remuneration Committee members, when nominating directors, or when selecting Remuneration Committee members.

For more information on our procedures for evaluating Board and Remuneration Committee performance, please refer to the Investor Section of the Grape King Bio company website:

Grape King Bio company website: <https://www.grapeking.com.tw/tw/investor/governance/major-policies>

Results of Board performance evaluations for 2021 are as follows:

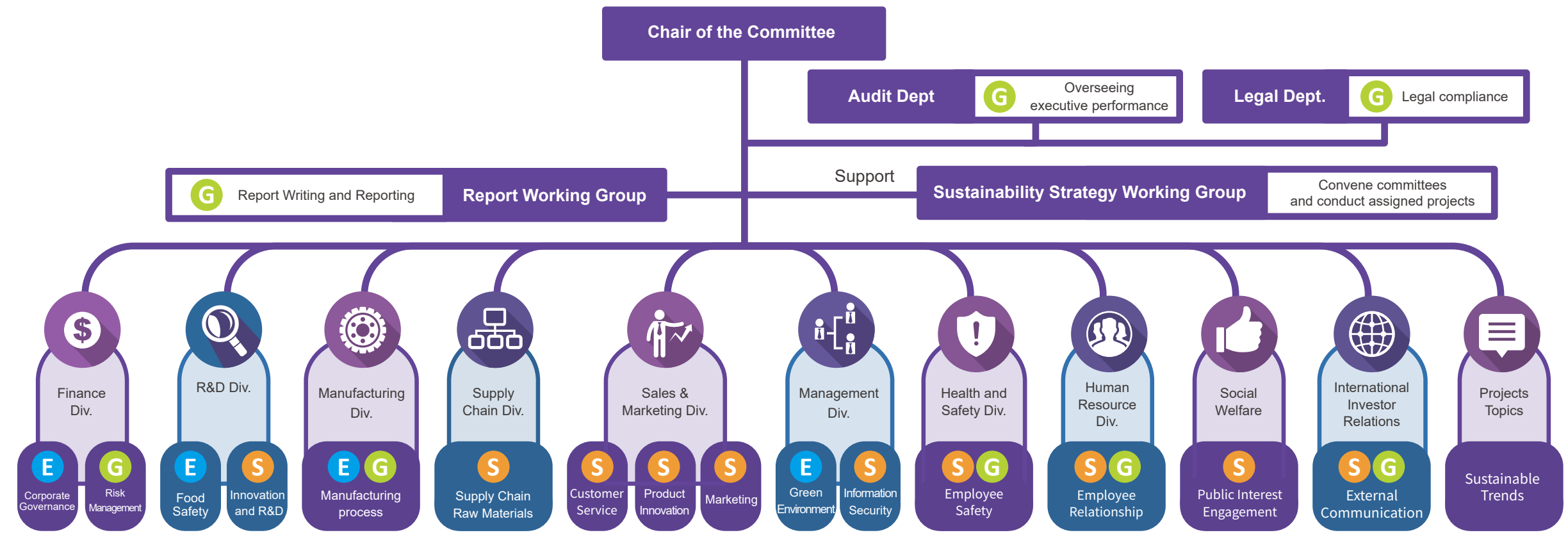
Overall Board performance received an “Excellent” rating, indicating that the Board is able to exercise its duties appropriately. Average evaluation scores for Board performance were 4.62 (out of 5). Overall Remuneration Committee performance received an “Excellent” rating, indicating that the Remuneration Committee is able to exercise its duties appropriately. Average evaluation scores for Remuneration Committee performance were 4.68 (out of 5). Overall Audit Committee performance received an “Excellent” rating, indicating that the Audit Committee is able to exercise its duties appropriately. Average evaluation scores for Audit Committee performance were 4.68 (out of 5). The aforementioned evaluation results were reported to the Board on January 14, 2022.



## ESG Management Framework: ESG Committee

To infuse key core ESG concepts into our business values and culture, we reorganized our “Corporate Social Responsibility Committee” (CSR Committee) in 2020 to form a cross-departmental “ESG Committee” which promotes specific ESG actions through interdepartmental collaborations and internal management mechanisms.

The ESG Committee was established under the General Manager’s office. Our Chairman and General Manager serves as the highest authority of the Committee and senior executives serve as committee members. Representatives from other units (Finance Division, R&D Division, Manufacturing Division, Supply Chain Division, Sales and Marketing Division, Management Division, Health and Safety Department, Human Resource Department, and Overseas Investment Relation Department) also serve as committee members. The ESG Committee convenes periodically to organize and implement annual ESG plans. Apart from convening quarterly meetings with all units and related work teams, committee members also convene mid-year and year-end ESG target discussion meetings and report on ESG implementation results and plans. Implementation results and areas for improvement are periodically submitted to our Chairman and Board for review.



## Emphasis on Shareholder Interests and Stakeholder Rights

We have implemented a shareholder e-voting system to facilitate shareholder mobility and make voting more convenient. The results of all votes on proposals are disclosed in our meeting minutes. This year, we were invited to participate in 7 (domestic and overseas) investor conferences which spanned a period of more than 3 months. We did not initiate any investor conferences this year.

## 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:

### Ethical Code of Conduct



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

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

## Anti-Corruption Measures

Grape King Bio seeks to manage anti-corruption behaviors through rigorous internal controls, internal communication, and our Ethical Code of Conduct. We have infused business values of integrity into our corporate culture through continued promotion. No incidents of anti-corruption occurred in 2021. Externally, we have measures in place to manage anti-corruption in our suppliers. Suppliers involved in anti-corruption incidents will be penalized and removed from our supplier list. For serious violations, legal action will be brought against the employees and suppliers in question, who shall be jointly responsible for any penalties incurred under the Criminal Code of the Republic of China. Our annual promotion measures regarding supplier policies include the following:

1. Of suppliers with whom we continue to have regular transactions, we selected 91 key suppliers whose total purchases in 2021 ranked among our top 80% and sent them policy promotion surveys. A total of 91 suppliers responded to our survey; the response rate was 96.7%.
  - Survey results showed that 100% of our suppliers were aware of our trade secrets policy,
  - Nearly 97.48% 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 added warning notes to our procurement forms for external parties to strengthen promotion of our trade secret and anti-corruption policies. No incidents of anti-corruption occurred in 2020. 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 System

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

(1) Mailboxes for complaints and grievances:

Mailbox for reporting complaints: [companyopinion@grapeking.com.tw](mailto:companyopinion@grapeking.com.tw)

Mailbox for reporting grievances: [employeeopinion@grapeking.com.tw](mailto:employeeopinion@grapeking.com.tw)

The points 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.



## Risk Management

### Key issues: Risk Management

Risks identified by Grape King Bio for 2021 are shown in the following table:

#### Governance Aspect

##### I. Credit risks

Credit risks mainly stem from inability to recover receivables. Grape King Bio categorizes clients according to financial conditions, past transactions, internal ratings, and accounts receivable aging reports; where appropriate, collateral is collected to reduce credit risks from receivables.

##### II. Procurement risks

We have many principles and regulations in place to screen and inspect raw materials starting from the procurement stages, and additional assurance is provided through international and domestic accreditation. Batch management is implemented for purchased materials to provide comprehensive information on the quality of all raw materials.

##### III. Supply chain risks

We track raw material traceability and have established supplier evaluation procedures. 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.

##### IV. Ethics and integrity risks

We have established an Ethical Code of Conduct and formulated the "Procedures for Investigation of Grievance Reports" in October 2021 to regulate and appropriately handle grievance reports.

##### V. 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.

**Food safety risks**  
We adhere to the Act Governing Food Safety and Sanitation and the regulations

##### VI. Food safety risks

We adhere to the Act Governing Food Safety and Sanitation and the regulations set out in international food safety management system standards as potential risks may arise from non-compliance with these requirements. Employee safety risks Grape King Bio hopes to achieve control of related risks through execution

#### Social Aspect

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.

##### VII. Customer interest risks

1. We have established a Personal Data Committee. We incurred no major violations of customer privacy or data breaches in 2021, and we hold valid ISO/IEC 27001:2013 certification. In response to the COVID-19 pandemic, we tested alternate work schedules and work-from-home mechanisms, and also initiated plans for continued operation to reduce infection risks.

2. We implement risk management and information security control measures for the personal information and related information assets held by our Virtual Channel Department to ensure the effectiveness and continued improvement of our information security management system.

3. We have established comprehensive handling procedures targeted to food safety, quality control, and other issues relating to consumer interests.

##### VIII. Employee safety risks

- e risks of poor sales performance and product recalls:
  - (1) Conducted comprehensive market surveys prior to product development to better understand market trends and consumer habits.
  - (2) Tracked market conditions after product launches to understand changes in product trends and develop strategies for future product development.

##### IX. Employee health risks

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.

##### X. Talent recruitment and training risks

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.

#### Economic

##### XI. Product development and launch risks.

###### • 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) Conduct 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):

We took the following actions in collaboration with our sales units to reduce risks of poor sales performance and product recalls:

- (1) Conducted comprehensive market surveys prior to product development to better understand market trends and consumer habits.
- (2) Tracked market conditions after product launches to understand changes in product trends and develop strategies for future product development.

##### XII. Marketing and market risks

We constantly monitor and compile monthly reports on all news, media, and feedback from social networks. We assess risks posed by negative news coverage and issue unified statements in a question-and-answer format to provide information required by the general public, thereby avoiding confusion from ambiguous information.

##### XIII. Review of advertising copy

In conjunction with food safety promotion activities hosted by our Quality Assurance Department, 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 all advertising infractions and penalties issued by the Taipei City Government Department of Health into a database so that all company units can keep abreast of inappropriate words and phrases identified by the administrative authorities when creating or reviewing advertising copy.





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



Starting in 2020, Grape King Bio began adopting the Task Force on Climate-related Financial Disclosures (TCFD) framework proposed by the Financial Stability Board (FSB) and also became the first healthcare enterprise in Taiwan to officially sign on as a TCFD Supporter in 2021. In future, we will not only solidify our commitment toward the Science Based Targets Initiative (SBTi) 1.5°C target, but also plan to implement the Net Zero target to fulfill our responsibilities to the environment and to the Earth as a health expert for all.

### 1. Governance

We stay highly attentive of our climate change risks and opportunities to ensure that we can 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.



**ESG Committee**

Our Chairman serves as the head of the ESG Committee. The ESG Committee convenes once every six months to review progress reports associated with the targets of each project team. Project teams such as the climate change, greenhouse gas, and RE100 implementation teams have been established under the ESG Committee and are dedicated to the actions and goals of their relevant issues.

**Climate change implementation team**  
Convenes once every quarter

Finance Division

Manufacturing Division

Administration Division

Supply Chain

**Greenhouse gas implementation team**  
Convenes once every quarter

Administration Division

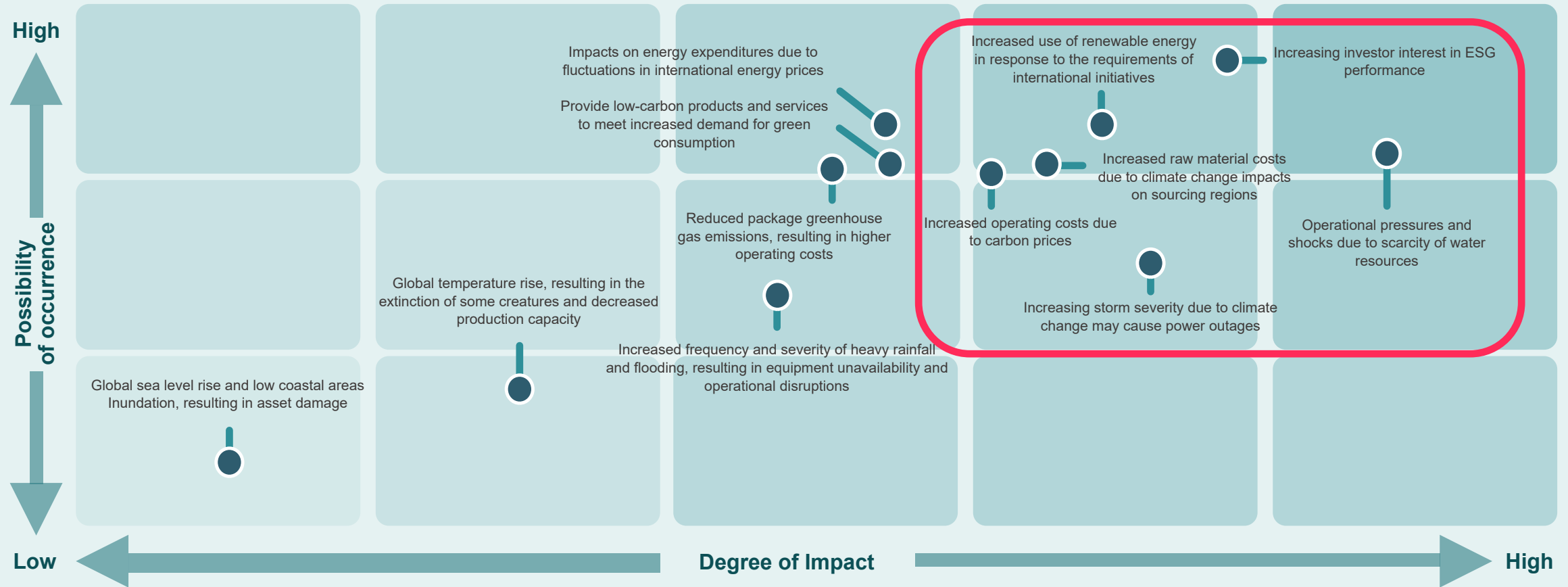
Supply Chain

**RE100 implementation team**  
Convenes once every quarter



**2. Strategies**

In 2021, the 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 using the TCFD questionnaire. We collected a total of 19 responses and used these to build a TCFD materiality matrix which identified our climate risks and opportunities as shown below:



		Immediate	Long-Term
<b>Physical Climate Risks</b>	<b>Description</b>	<p>Increasing storm severity due to climate change may cause power outages: According to the "Statistics on Power Outages Caused by Natural Disasters" report compiled by Taiwan Power Company, Taiwan has experienced many regional power outages over the years 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 indicated that the number of typhoons affecting Taiwan in the mid-21st century and the late 21st century will be reduced by 15% and 55%, respectively, but the proportion of severe typhoons will 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.</p>	<p>Operational pressures and shocks due to scarcity of water resources: The National Science and Technology Center for Disaster Reduction has reported that climate change will lead to more extreme rainfall discrepancies during the wet and dry seasons, estimating that spring rainfall volumes will decrease by 13.2% and the number of consecutive days without rain in the spring will increase by 55.7% during 2046-2065. Taiwan suffered a large-scale drought during the first half of 2021, and therefore 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.</p>
	<b>Possible Timeline</b>	Short-term	Mid- to long-term
	<b>Degree of Impact</b>	High	High
	<b>Financial Impacts</b>	Operational costs and capital expenditures	Operational costs and capital expenditures
	<b>Response Measures</b>	<p>Grape King Bio factories use power transmitted via underground power cables to prevent disruption of power transmission and distribution through aerial cables during 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.</p>	<p>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 2021, 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 13,950 tons.</p>

Transition Climate Risks		Policies and Regulations	Policies and Regulations	Market	Market	Corporate Reputation
	Description	Increased use of renewable energy in response to the requirements of international initiatives: In order to reduce greenhouse gas emissions, the Climate Group and the Carbon Disclosure Project launched the RE100 renewable energy initiative and encouraged enterprises worldwide to participate and commit to 100% of renewable energy usage by 2050.	Increased operating costs due to carbon prices: In order to reduce greenhouse gas emissions, governments worldwide have begun to enact carbon levies on enterprises; enterprises are moving towards low-carbon practices to reduce the risks and costs of carbon emissions.	Increased raw material costs due to climate change impacts 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, and this is raising the costs of agricultural raw materials.	Impacts on energy expenditures due to fluctuations in international energy prices: A report from the International Energy Agency (IEA) indicates that use of coal and petroleum rebounded sharply in 2021 compared with 2020, leading to an increase in crude oil prices and 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.
	Possible Timeline	Short-term	Mid-term	Mid-term	Short- to mid-term	Short- to mid-term
	Degree of Impact	Medium	Low to medium	Medium	Low to medium	Medium to high
	Financial Impacts	Capital expenditures	Operating costs	Operating costs	Capital expenditures	Investments, capital funding, and financing
	Response Measures	Grape King Bio made a commitment to join the RE100 in 2019 and plans to fully use renewable energies by 2035. In 2021, Grape King Bio reduced electricity usage by 3.3% through energy- and carbon-reducing activities. In terms of renewable energy usage, we signed a two-year contract to purchase green energy (solar power) from a renewable energy company and plan to begin utilizing green energy in May 2022.	Although Grape King Bio is not among the first targets for carbon levies under the Environmental Protection Administration's "Climate Change Response Act," we continue to achieve our annual power reduction targets each year through energy- and carbon-reducing activities as part of our responsibilities in mitigating environmental impacts. We expect to implement ISO14064 surveys at all of our factories in 2022, commit to the Science Based Targets Initiative (SBTi) by 2023, and commit to the SBTi 1.5°C target in 2024.	Please refer to Table I for a list of raw materials used in Grape King Bio products. We have established four strategies to prevent stockouts and developed a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable.	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 2035 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 actions in our Sustainability Report (ESG Report). Apart from our ESG Report, we also continue to be ranked in the top 5% of domestic companies by the TWSE Corporate Governance Evaluations. Internationally, our Sustainability and FTSE Russell ratings for 2021 continue to surpass many of our international peers.

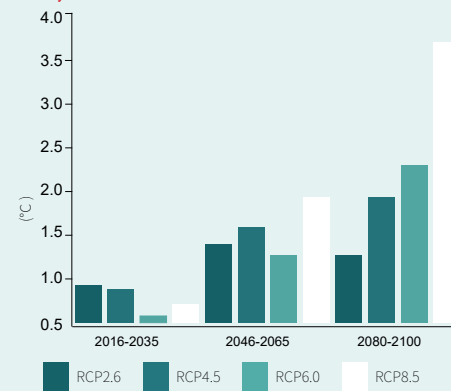
	Market	Energy Efficiency	Products and Services	
<b>Physical Climate Risks</b>	<b>Description</b>	Expand ESG disclosures to attract investor interest: Corporate ESG disclosures are a key factor in the achievement of sustainable development goals. Major investment firms around the world have even formed climate change networks and launched the Climate Action 100+ initiative which prioritizes negotiations with companies that have already committed to net zero emissions and implementation of clean energy transformations.	Reduce risks from greenhouse gas emissions and increase resilience to carbon prices changes: The global economy is moving towards low-carbon practices and sustainable economies, and green and environmental products have gradually become a mainstream consumer trend.	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 levies on enterprises; enterprises are moving towards low-carbon practices to reduce the risks and costs of carbon emissions.
	<b>Possible Timeline</b>	Mid- to long-term	Mid-term	Mid-term
	<b>Degree of Impact</b>	Medium to high	Medium	Medium
	<b>Financial Impacts</b>	Operating costs	Capital expenditures	Operating income
	<b>Response Measures</b>	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 clear 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.

### Analysis of Climate Scenarios

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 (2081-2100) to calculate average changes in daily maximum temperatures (Note 1) and average rate of change in maximum daily 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 during 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 with temperatures 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 224.34 mm, 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 are at risk of flood, and people outdoors may be at risk of emergencies.

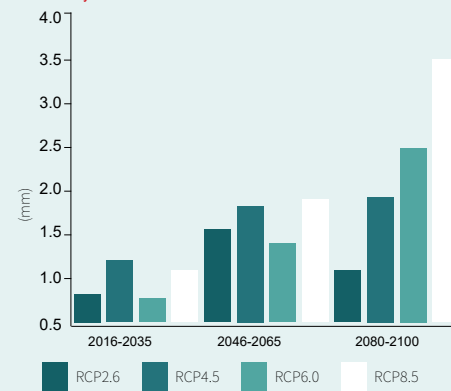
**Taoyuan City : Average change in daily high temperatures**

Base year : 33.4 °C



**Taoyuan City : Average rate of change of annual maximum daily rainfall**

Base year : 186 mm



Item	Strategy
Increased likelihood of heat injuries in employees	<ul style="list-style-type: none"> <li>We conduct annual scenario analyses on the management systems at our factories to understand the conditions, risks, and opportunities faced by factory personnel so we can propose plans for improvements based around these issues.</li> <li>We facilitate regular health checks for our employees.</li> <li>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.</li> </ul>
Increased likelihood of short-duration intense rainfall	<ul style="list-style-type: none"> <li>We continue to evaluate flood prevention measures at our factories and strengthen our responses to acute flooding disasters.</li> <li>We monitor water conditions using real-time information provided by the Water Resources Agency and formulate corresponding countermeasures.</li> </ul>

### 3. Risk management

Apart from project implementation teams that have been established under our “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 (such as water shortages) and formulate related strategies.





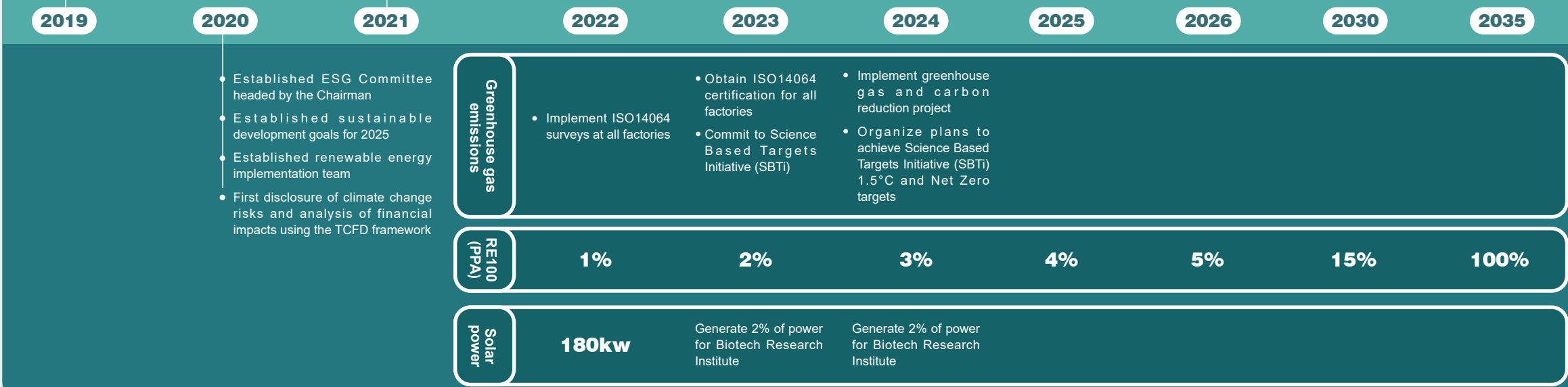
**4. Indicators and targets**

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 the “Environmental Performance” chapter 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
- Became the first healthcare enterprise in Taiwan to become a TCFD Supporter
- Signed first renewable energy power purchase agreement (PPA)
- Established greenhouse gas implementation team



## Financial Performance

### Key issues: Financial Performance

Our consolidated revenues in 2021 were NT\$9,798,246,000. Grape King Bio continues to uphold shareholder interests by maintaining after-tax profits of NT\$8.81 per share, rewarding our shareholders with a stable dividend policy. Consolidated financial information for the past three years are as follows:

Unit: NT\$1,000

Item	Basic Elements	2019	2020	2021
Direct Economic Value Generated	Income*	9,239,070	9,168,195	9,798,246
	Operating costs*	1,673,182	1,631,457	1,942,319
	Employee salaries and benefits* (Note 1)	1,061,781	1,066,383	1,135,753
Distributed Economic Value	Payment made to investors* (Dividends of the current year)	1,417,731	1,450,672	1,508,468
	Payments made to the government* (Note 2)	528,952	39,106	262,288
	Community investment (Note 3)	11,107	14,514	13,817
Retained Economic Value (Generated-Distributed)* (Note 4)		1,938,566	1,895,095	1,947,988

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 neighborly charity expenses. The amount includes the expenses of Tseng Shui Chao Welfare Charitable Foundation.

Note 4: The profit after tax of the current year.

\*Values for 2019-2021 were audited by Deloitte & Touche.

Unit: NT\$1,000

Market performance indicators	2019	2020	2021
Net profit after tax*	1,938,566	1,895,095	1,947,988
R&D investment	190,091	252,857	292,228
Return on shareholder equity (%)	26.92%	24.53%	21.16%
Earnings per share	9.63	9.34	8.81

\*: If there is consolidated data for revenues and net profits after tax, the values listed on consolidated data should prevail.

## 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 to downstream sales through private channels and brand stores, as well as domestic and overseas OEM services. Of our NT\$9,798,246,000 revenues in 2021, NT\$8,000,102,000 were sourced from direct sales channels. Additionally, Grape King Bio invested RMB¥2.25 million in Shanghai Xinquan Biotechnology Co., Ltd. (whose main businesses encompass technological development and consulting in the biotechnology field) in January 2021 to obtain a 45% stake in the company.



## Legal Compliance

### Key issues: Legal Compliance

The employment contract signed by company employees when joining Grape King Bio has clear stipulations on ethical behaviors and prevention of anti-corruption behaviors which prohibit behaviors that are disadvantageous to the company. These stipulations are repeated on employee termination forms. Apart from employment contracts, all of our employees are also required to sign a trade secrets contract.

In 2021, we incurred no major penalties from administrative authorities exceeding NT\$1 million.

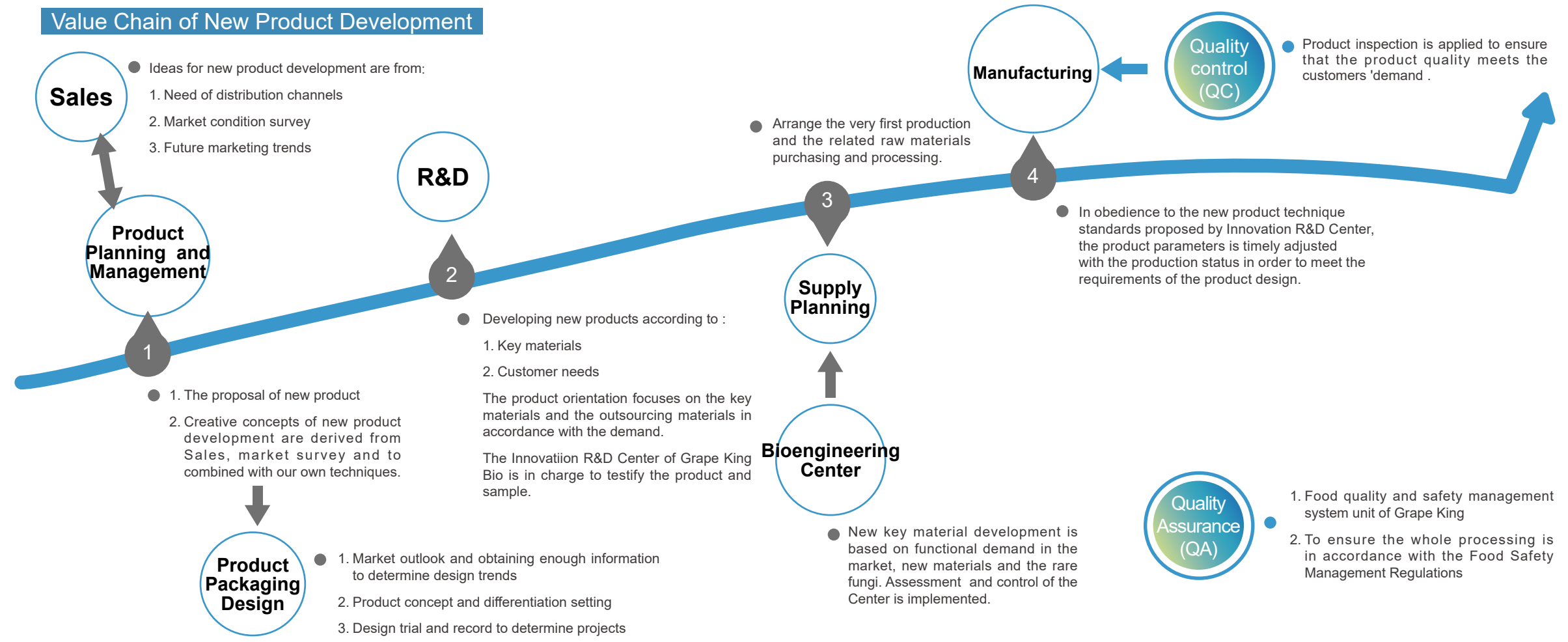
Regulatory Violations in 2021			
Violation Incidents in 2021	Legal Basis	resulting in	Subsequent Improvements
An advertisement for "Deer Placenta Beauty Capsule" placed on the Grape King online store included descriptions of changes in physical appearance and functions	In violation of Article 28 of the Act Governing Food Safety and Sanitation	a fine	<ol style="list-style-type: none"> <li>We immediately notified our marketing department after receiving this violation notice</li> <li>We submitted relevant research reports to the Department of Health</li> <li>Relevant units were requested to adjust advertising copy to prevent similar incidents from happening again</li> </ol>
An advertisement for "Probiotic King" posted on the Grape King online store contained misleading presentations	In violation of Article 28 of the Act Governing Food Safety and Sanitation	a fine	
An advertisement for "FloraGLO Lutein" posted on the Grape King online store contained exaggerated and misleading information	In violation of Article 28 of the Act Governing Food Safety and Sanitation	a fine	

Regulatory Violations in 2021	
Dispute over authorization of Arphic font usage	Arphic fonts were used on company products without clear record of usage authorization. Following negotiations with Arphic, we agreed to purchase a three-year usage license for the database containing said font and pay license fees for using said font in our trademark. Both parties signed an agreement and Arphic agreed not to pursue past transgressions.
Our trademark was used by a competing product	Notification was delivered to said competitor, who agreed to update said product next year and cease usage of said trademark.

# Product Innovation and Sustainability

Innovation and R&D Key issues: Innovation and R&D

## Value Chain of New Product Development



Grape King Bio is committed to innovation and development of different products and services, and we continue to invest our resources and efforts. Grape King Bio invested NT\$292,228,000 in innovation and R&D in 2021.

## Major Milestones for 2021

Three of our products (Pro-Partner Ning Kang Fu Capsule, Happy Probiotics, Pro-Partner Q10) received SNQ (Symbol of National Quality) certification in the health food group of the health food category.

## Grape King Biotech Research Institute (Longtan Branch)

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

Our domestic and overseas collaboration projects and patents obtained in 2021 include:

- Around 40 industry-academia collaboration projects with the Ministry of Science and Technology, the Council of Agriculture, the Ministry of Education, and colleges and universities
- We currently hold 124 patents; we applied for 39 patents in 2021 and received approval for 32.

## Development and patenting of key materials

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

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

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

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

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

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

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

Grape King Bio is committed to material development, efficacy verification, and process improvements that strengthen our core technologies. We currently hold 124 patents; we applied for 39 patents in 2021 and received approval for 32:

Patents obtained by Grape King Bio in 2020			
	Patent Title	Country	Patent Number
1	A Lactobacillus Rhamnosus GKLC1, a Composition and its Use for Improving Alcoholic Injury in Liver, Stomach and/or Intestine	Taiwan	I715177
2	Granular Structure for Encapsulating Probiotics	Taiwan	M605965
3	Calcium-Containing Granular Structure	Taiwan	M605957
4	Use of cordyceps cicadae mycelium active substance for producing compositions for preventing, delaying, or treating change in anterior/posterior chamber volume, change in vitreous humor, and/or retinal detachment	Canada	3032527
5	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Taiwan	I718402
6	Use of Lactobacillus reuteri GKR1 for preparing composition of reducing uric acid	Taiwan	I719691

7	Use of cordyceps cicadae mycelium active substance for producing compositions for preventing, delaying, or treating change in anterior/posterior chamber volume, change in vitreous humor, and/or retinal detachment	Singapore	10201902959U
8	Method of Manufacturing and the Use of Cordyceps Cicadae Mycelia Active Substance for Preventing and/or Improving Acute Lung Injury	Korea	10-2223608
9	Active substances for the treatment of dementia, preparation methods, pharmaceutical combination, and the preparation methods of the pharmaceutical combination	China	2016 1 0002997.3
10	Method for manufacturing and the use of Paecilomyces hepiali mycelia active substance for preventing and/or ameliorating acute lung injury	Taiwan	I723368
11	Uses of treating, preventing or improving bone diseases by Lactobacillus bacteria, pharmaceutical composition and edible composition thereof	Japan	6852111
12	Use of Lignosus rhinocerus mycelia active substance for manufacturing an antiviral composition	Taiwan	I724890
13	Composition for preventing, postponing or treating ocular diseases and its use	Taiwan	I726255
14	Lactobacillus fermentum GKF3, composition containing the same and its use for improving psychataxia	Japan	6869312
15	Concentrate of Phellinus linteus extract, method of manufacturing the same and use of the same for preparing composition of improving sleep	Taiwan	I729928
16	Lactobacillus fermentum GKF3, composition containing the same and its use for improving psychataxia	Taiwan	I731279

17	An active substance of Bifidobacterium lactis GKK2, a composition comprising thereof and its use for promoting longevity	USA	11,058,733 B2
18	Lactobacillus plantarum strain, composition comprising the same, method of producing the same and its use for inhibiting or reducing oral pathogens	Taiwan	I733207
19	Active substance of cordyceps cicadae/sobolifera and use thereof for reducing intraocular pressure	China	2016 1 119508.8
20	An active substance of Bifidobacterium lactis GKK2, a composition comprising thereof and its use for promoting longevity	Taiwan	I740057
21	An active substance of Morchella, its use and a composition thereof for improving the reproductive function	USA	11,116,807 B2
22	A composition for modulation of testosterone and its use	Taiwan	I740199
23	An active substance of Lactobacillus plantarum GKM3, a composition comprising thereof and its use for promoting longevity	Japan	6949906
24	Active substances of Cordyceps cicadae and its uses in preventing, delaying or treating cataract	Canada	2986975
25	Use of preparing a pharmaceutical composition for improving myelination of central nervous system by Hericium erinaceus mycelia extract	Japan	6952812
26	A use of manufacturing a composition of Lactobacillus rhamnosus GKLC1 for preventing and treating the renal function impairment	Taiwan	I745003

27	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	USA	11,197,901 B2
28	Method and composition for preventing, treating or relieving bone diseases	USA	11,185,563 B2
29	Cordyceps cicadae fruiting body extract, method of producing the same and its use for reducing intraocular pressure	Taiwan	I749362
30	Application of cordyceps sobolifera mycelium active substance in preparation of composition for preventing, delaying or treating eye lesions	China	ZL 201811103244.7
31	Lactobacillus brevis GKJOY, composition containing the same and its use for improving psychataxia and promoting nerve function	Taiwan	I750788
32	A Bifidobacterium Lactis GKK2, a Composition Comprising Thereof and its Use for Improving Allergic Asthma	Japan	6985342

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





## Product development and customized services

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








Additionally, the Grape King online store has established a customer service center which compiles consumer feedback through phone or email, big data analysis, and information from market research companies. We also receive information on market needs through our marketing channels and distributors.

### IRC internal R&D team and responsibilities

1. Development of brand and OEM products
2. Development of analytical methods
3. Production trial runs for new products
4. Research on dosage forms and new technologies
5. Application for health food certifications and SNQ (Symbol of National Quality) certifications
6. Product efficacy trials (animal and human trials are outsourced) and stability trials
7. Formulation of specifications for raw materials and finished products
8. Product maintenance and raw material inventory management

## Development of physical products

We launched our "new dosage form development" services in 2017. Our development of new dosage forms is not limited by the available production machinery at our factories, and can be broadly divided into the following categories: the dropping pill category, the jelly (gel) category, the soft capsule category, the tablet (double-layer and chewable) category, and the household goods (shampoo and soap) category. Our R&D team utilizes the fermentation technologies at our Biotech Research Institute to satisfy the demands of different customer groups and nutritional needs. Our products can be divided into 7 main categories. We developed a total of 227 products in 2021.

Product Category	Chinese Herbal Range	Health Maintenance Range	Female Beauty Range	Children Healthcare Range	Energy Drink Range	Others	Tourist Factory
Series							
Description	We use Chinese herbal formulations and our professional capabilities in fungi fermentation to develop products.	These products help to satisfy the requirements of different age groups and nutritional needs, such as for gastrointestinal systems, bones and joints, vision, and cardiovascular health.	Provide supplement based on female customers' nutritional needs.	These products have been developed to satisfy the nutritional requirements of pre-school aged children.	This range of energy drinks can help to replenish energy.	Provide nutrients that cater to customers' needs, such as increasing satiety.	The Grape King Museum Factory was established in 2017 and helps to develop popular Grape King Bio products displayed within the museum.
New products developed in 2021	13	69	24	12	30	78	1

In 2021, Grape King Bio not only conducted routine product development processes, but also developed products along two main focuses:

(1) Technical improvements for existing products; (2) Proposals for new products and development of samples for new dosage forms

Our product development exhibition held in 2021 allowed our colleagues to better understand the product development process from conceptual development to production through product evaluations.

## Customized formulation designs and OEM services

Apart from developing our own products, Grape King Bio provides comprehensive ODM/OEM services and can customize products and formulations to fit client requirements. We can provide tailored and innovative formulations in a wide range of dosage forms and supply customized and innovative products to our clients. Apart from domestic channels, we have also begun to actively develop overseas markets in recent years. Product formulations and packaging types offered under our ODM/OEM services include: glass bottles, PKL combibloc/aluminum drinks packaging, aluminum packaging (flake, powder, and granule), capsules (powder and granule), and pouches (liquid formulations and jelly drinks).

## Professional consulting services

Grape King Bio has established a one-stop service OEM platform which provides integrated services from importing of upstream patented raw materials, cross-category production lines, and back-end packaging of finished products. We provide OEM services for many products such as health foods, beauty drinks, functional drinks, and PKL aluminum foil-packaged beverages.

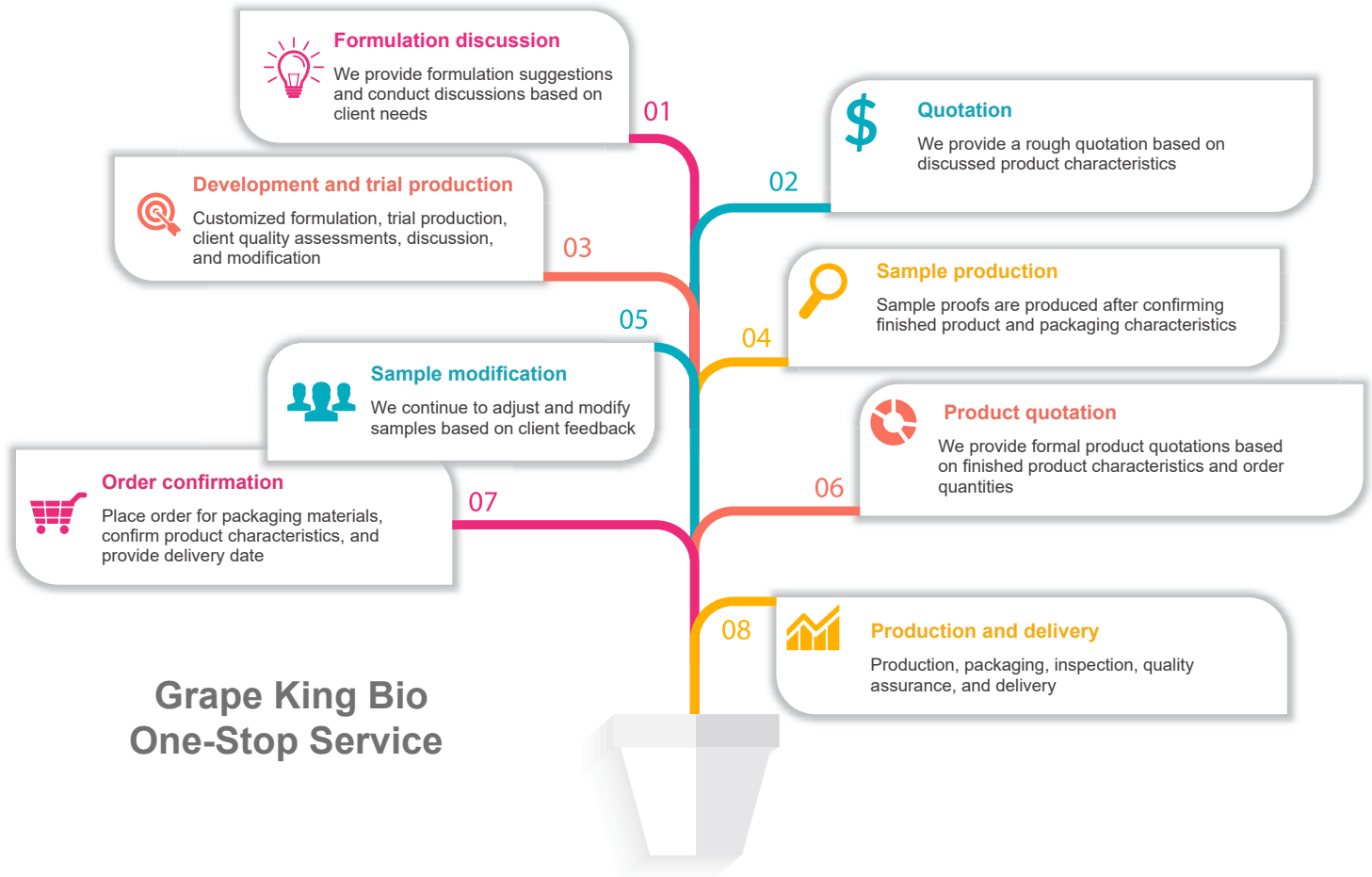
## Cross-Industrial Collaboration

Grape King Bio actively promotes industry-academia collaborations and links new products with professional research of professors from universities and colleges around Taiwan so as to enhance our R&D momentum, verify product efficacy, speed industrial upgrading, and accelerate commercialization and marketization of university research.

The R&D department at Grape King Bio has been invited to speak at industrial, government, and academic institutes. We have provided lectures at more than 100 college departments to share and exchange our more than 20 years of experiences relating to biotechnology and industry development. We also publish our many research results in journals or at conferences. In 2021, we published 30 journal papers, 1 conference papers, and 25 conference posters. This year, we chaired the Taiwan Association for Lactic Acid Bacteria, and promoted research, information exchanges, and industrial applications relating to lactic acid bacteria.

## One-stop service platform

Grape King Bio has established a one-stop service OEM platform which provides integrated services from importing of upstream patented raw materials, cross-category production lines, and back-end packaging of finished products. We provide OEM services for many products such as health foods, beauty drinks, functional drinks, and PKL aluminum foil-packaged beverages.



## Sustainable Products and Services

We hope that every one of our products can be provided to the market at affordable prices to bring nutritional value to our consumers. We also continue to improve our product packaging and many of our products use lightweight packaging materials to reduce resource consumption. Currently, we have implemented a bottle recycling program for more than 30 products. We hope that development of sustainable products can help Grape King Bio shoulder its brand responsibilities and provide better products to our consumers.

Grape King Bio is committed to Humane Care and Animal Testing Policy and we strive to reduce our number of animal experiments. At present, the majority of our experiments are conducted through cell testing for the purpose of obtaining reliable data, and we work to avoid testing on live animals within the scope of regulatory compliance to reduce the discomfort and pain suffered by animals.

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

Product	Comebest Range	PowerBOMB Energy Drink	Ginseng-Clam Plus B	Move Ezii Powder Granules	Imperial Collagen Essence	Tian Qi Maca Essential Drink	Tian Qi Ling Zhi Essential Drink
Product Image							
Target Customers	Blue-collar workers, white-collar workers	Students, white-collar workers	Customers lacking B vitamins and customers wishing to enhance energy metabolism efficiency	Customers lacking calcium	Customers looking to enhance feminine beauty	Customers who wish to enhance physical endurance	Customers who wish to enhance their vitality and physical strength
Nutrients	Inositol, taurine, caffeine, B vitamins, amino acids, minerals	Taurine, caffeine, inositol, Vitamin C, B vitamins	B vitamins, Corbicula fluminea extract, ginseng powder	Undenatured collagen type II, Vitamin D3, calcium, Vitamin K2, soy isoflavones	Collagen, Vitamin C, pearl powder, yeast extract	Maca extract (6X concentrated), Cnidium monnieri extract, zinc gluconate, L-arginine, guarana extract, tian qi flower and leaf extract, concentrated ginseng liquid extract, Vitamin B1	Liquid fermented Ganoderma lucidum mycelium, Ganoderma lucidum sporocarp extract
Effects	Boosts energy (only Gold Comebest drinks), nutrient supplementation	Boosts energy, nutrient supplementation	Rapidly boosts physical strength and provides foundational enhancement of vitality	Helps teeth and bone development and maintains agility	Beauty benefits	Boosts physical endurance	Enhance vitality and provides nourishment

## Green product packaging and recycling

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

1. Lightweight glass bottles: Our Comebest drinks are packaged in beautiful lightweight bottles of uniform thickness. The thickness of our lightweight bottles is only one-half that of traditional glass bottles, and they are also lighter in weight. The material provides better uniformity while maintaining original safety levels. These bottles have significantly reduced not only our glass usage but also the amount of energy needed for transportation.
2. Aluminum can design: Grape King Bio PowerBOMB Energy Drinks are packaged in aluminum cans as aluminum is a 100% recyclable resource that can be recycled and reused multiple times. We will continue to use lightweight materials to make main product containers and reduce the environmental impact of resource mining.
3. Environmentally responsible resource utilization: Aluminum foil packaging at Grape King Bio uses green paper pulp materials made from FSCTM certified wood materials. (In 2020 all of our products with aluminum foil packaging used 100% green paper pulp materials made from FSCTM certified wood materials.)





fees, and a lack of cross-border transportation, raising the costs of raw materials. Rising costs of order fulfillment, changing consumer demands, and increased returns and scraped products have all added to the challenges of effective inventory management. These factors, coupled with increasingly strict regulations, have heightened demand for enhanced quality, and quality issues have in turn raised supply risks. Therefore, the ability to obtain qualified raw materials has now become more important than shortening delivery times. Grape King Bio has established four main strategies to prevent supply shortages:

- (1) Survey delivery dates at places of origin  
Survey all conditions relating to global lockdowns, factory shutdowns, and transportation delays so as to find appropriate solutions.
- (2) Advanced procurement  
Require all purchased items to arrive in advance to prolong usage times and place orders 6-12 months in advance
- (3) Find alternative sources  
Develop local customized production solutions to replace items from factories that were shut down, and find substitutes from non-pandemic areas to replace items from factories that we could not source from.
- (4) Multiple solutions  
Provide advance down payments to retain supply sources at factories who refuse to accept long-term orders, pre-book cargo space for items shipped by sea, or ship items by air.

### Food safety management organizations

The highest food safety management authority at Grape King Bio is our company Chairman, and the director of our manufacturing division serves as the leader of our food safety team. In 2021, we discussed a number of issues relating to achievement of production line quality targets, product recall simulations, adjustments in management systems, promotion of regulations, review of internal and external audits, health monitoring results, and analysis of customer complaints; we also formulated relevant targets for the following year.

Our organizational structure for food safety management is shown in the following figure:

### System Implementation and QMS Certifications



## Food Safety and Supply Chain Management

### Food Safety

Key issues: Product liability and safety

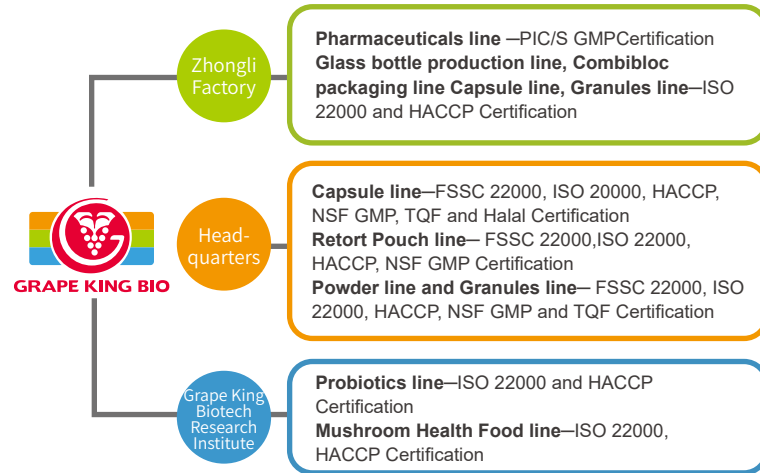
In 2021, Grape King Bio invested NT\$15,655,271 (0.16% of net income in 2021) in food safety management fees, including inspection fees, human resources, testing materials, equipment depreciation, certification fees, and other expenses.

#### Zero Supply Shortages

In the post-pandemic era, supply chains are still faced with a number of challenges including increased delivery times, increased delivery



Grape King Bio received a pharmaceutical manufacturing license from the Ministry of Health and Welfare in October 2014. The management of raw materials starts from the manufacturing stages. Our pharmaceutical production lines have obtained PIC/S GMP certification, and our food production lines have obtained TQF certification, ISO 22000 and FSSC 22000 food safety management certifications, NSF GMP certification, and Halal certification. Additionally, Grape King Bio has established an ISO/IEC 17025 TAF certified lab that ensures the stability of our manufacturing processes and maintains our quality management systems (QMS). In future, we plan to establish GMP systems for health and nutritional foods, as well as add new production lines for sterilized pouches to our already certified systems. Current systems implemented at Grape King Bio factories are shown in the following figure:



Zhongli Factory and Longtan Branch have received ISO 22000 and HACCP management system certifications, our Longtan Branch has received Halal certification, and our Pingzhen Factory has received ISO22000, HACCP, TQF, NSF GMP, FSSC22000, and Halal certifications. Together, these three factories contain production lines for 8 dosage forms. All follow-up inspections of production lines were completed in 2021, achieving an inspection accomplishment rate of 100%. Furthermore, 100% of our products are produced by certified production lines, providing another guarantee of product quality.

## Food safety training

Grape King Bio completed the training of first-line operators at Zhongli Factory and Pingzhen Factory in 2021. Our training covered basic GHP concepts to ensure that all products meet hygiene, safety, and quality requirements.

	Regulated Personnel	Routine Training	Implementation at Factories
Food Handling Personnel	New food handling personnel	Production and manufacturing; management of quality systems; sanitary regulations; and documentation control	New employees are required to complete training and are tested on quality systems, sanitary regulations, and documentation control. Managers in production and manufacturing units also provide training to new employees and test them on their knowledge. Training accomplishment rates were 100%.
	Other food handling personnel	Food safety; hygiene and quality management	All production line operators at Pingzhen Factory Zhongli Factory and Longtan Branch completed food safety and hygiene and quality management training in 2021. Training accomplishment rates were 100%.
Food Safety Control Team	Dedicated hygiene management personnel for food manufacturing factories	8 hours of retraining every year	All hygiene management personnel at Pingzhen Factory Zhongli Factory and Longtan Branch completed 8 hours of retraining in 2021. Training accomplishment rates were 100%.
	Food safety control system team members	12 hours of retraining every 3 years	All team members completed the required 12 hours of retraining every 3 years in 2021. We also arranged for external lecturers to provide 4 hours of continued training this year.

Our Zhongli Factory, Pingzhen Factory, and Longtan Branch have each established one dedicated hygiene management person, all of whom completed 8 hours of training in 2021.

All members of the food safety control management team have currently completed their required 12 hours of training for every three years. The food safety team for our Longtan Branch was established in 2019, and all team members have obtained qualifications for at least 30 hours of training in food safety control systems.

## Product quality and safety inspections

Key issues: Product liability and safety

### 1. Inspection center

The inspection center at Grape King Bio is a TAF certified laboratory and operates according to ISO/IEC 17025 standards. Our inspection items include inspections of physical and chemical properties, hygiene regulation inspections, and inspections relating to food safety factors. Our inspection techniques have received TAF certification and our laboratory personnel periodically take skills tests conducted by laboratories with third-party certifications to ensure that our inspection center adheres to the highest standards. In 2021, laboratory certification for Zhongli Factory was extended and Pingzhen Factory underwent annual supervisory evaluations. Laboratories of both factories successfully passed evaluations.

In 2021, all 28 staff members (100%) at our inspection center obtained their ISO/IEC 17025 training certificates and achieved our goal for 2021. Additionally, 9 of our staff members obtained their training certificates for internal laboratory audits and became qualified auditors. Furthermore, the laboratories at our two factories have both passed audits under the new ISO/IEC 17025:2017 standards.

### 2. Inspections of raw materials

All (100%) of raw materials used at Grape King Bio have passed through incoming material inspections. We own two internationally accredited laboratories which strictly review inspection reports submitted by suppliers and we have also added a number of inspection items relating to food safety. Incoming materials fail to meet our inspection standards, we request our returns and refunds from our suppliers and reinspect the new materials while also urging our suppliers to propose corrective actions for preventing re-occurrence.





### 01 Incoming raw materials

Suppliers deliver prepared raw materials to each plant in accordance with the purchase order.

### Sampling inspections 02

The quality control unit performs inspections of raw materials in accordance with the sampling standards and various inspection standards.



### 03 Quality determination

The quality control unit determines the quality in accordance with inspection results. Qualified materials can be inventoried and disqualified materials shall be returned by the purchase unit.

### Inventory management 04

The warehouse units shall store and use the materials in accordance with the raw materials management regulations.

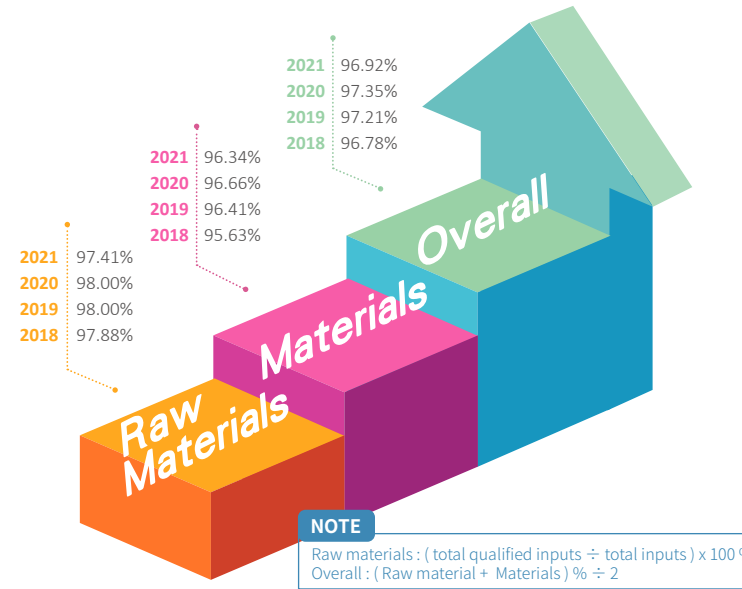


### 05 Material production

The manufacturing units shall collect materials for production in accordance with production orders.

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

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



### 3. Quality inspections and targets

Quality is the foundation of all products, and only products with safe and dependable quality will be trusted by consumers. Grape King Bio has established specific quality targets for continued follow-up and management to ensure stable quality and to protect customer interests. Targets achieved in 2021 include:

Factory	Item	Target	Achievement Status
Zhongli Factory	Defective label rate for large/small glass bottles	Below 0.8% for large glass bottles; below 1.2% for small glass bottles	Below 0.21% for large glass bottles; below 0.27% for small glass bottles
	Defective seal rate for combibloc packaging	Below 0.0025%	0.00093%
	Defective fill rate for capsules	Below 0.28%	0.11%
	Defective packaging rate for granule formulations	Below 2.0%	2.15%

Factory	Item	Target	Achievement Status
Pingzhen Factory	Defective fill rate for capsules	Below 0.4%	0.11%
	Defective packaging rate for granule formulations	Below 2.1%	1.76%
	Defective packaging rate for powder formulations	Below 2.1%	1.20%
Longtan Branch	Annual tank failure rate	Below 4.9%	0.03%
	Defective packaging fill rate	Below 0.9%	0%

We were unable to meet two of our targets for the following reasons:

#### 1. Defective packaging rate for granule formulations:

Zhongli Factory produced a smaller number of batches this year and therefore had a lower denominator base, resulting in a higher likelihood of exceeding standards when defects occur. Most defects were due to problems with source packaging materials, but relevant personnel did not make a distinction between process defects and material defects, which resulted in a higher defect rate. In future, we will provide process technique training for factory personnel and require our employees to pick out defective packaging materials so they can be returned to our warehouses and reported to our suppliers. We hope these implementations can improve the defects in our processes and materials, and we plan to follow-up on improvement progress.

Grape King Bio strictly safeguards product quality and uses precision equipment to conduct multiple inspections of physical and chemical properties, hygiene standards, and issues relating to food safety. Results of product inspections implemented in 2021 are shown below:

Item	Raw Materials			Other Materials
	Procured Raw Materials	Fermented Bio-Products	Processed Materials	
Inspected Items	2,832	913	262	2,227
Unqualified Items	323	36	0	83
Special Inspection Items	261	16	0	18
Rejected Items	62	20	0	65
Rejection Rate	2.19%	2.19%	0%	2.92%

#### 4. Assurance of product safety

Grape King Bio provides capsule, powder, granule, glass bottle, and combibloc packaging products. All products have to pass through multiple checks at the raw material, semi-finished product, end product, and packaging and labeling stages, and products can only be delivered after we have ensured that they are error-free. Current system standards implemented at our company include ISO22000, FSS22000, NSF GMP, and TQF standards, and system regulations also contain requirements relating to product safety, such as physical hazards (sieve inspections, metal detection, X-ray inspections, and others).

### Tracking and compliance management

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

#### 1. Food tracking and tracing system (mandatory)

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

#### 2. Food manufacturer registry platform (mandatory)

We support the "food manufacturer registry platform" established by the government and work to register our products in accordance with regulations within the mandated time periods, thus ensuring that the government and consumers can obtain clear information from Grape King Bio.

#### 3. Internal tracing management mechanisms

##### Tracing raw materials

Batch management is enabled for all raw materials used at Grape King Bio and we can immediately trace material sources. We conduct two simulation drills each year (once every half year) to ensure the effectiveness of our track-and-trace system.

We complete at least two product recall simulation drills in our factories each year in accordance with our "procedures for recalling and destroying finished products." The manager or head of our food safety team is responsible for convening related units to participate in drills. Recall procedures were based on levels of recall, and we retained records for all drills. We completed two drills in June and November of 2021 for 6-10 participants.

##### Systemic internal traceability management

Grape King Bio has established an internal ERP enterprise system and has voluntarily implemented tracking and tracing management mechanisms, which adhere 100% to our factory "product identification and tracing management procedures." Current mechanisms encompass the products manufactured by the 6 food production lines at Zhongli Factory and Pingzhen Factory (100% of which can be managed through the product identification and tracing mechanism). We completed tests in June and November of 2021, and results showed that our system was able to obtain tracking and tracing records of production processes for products within 2 hours.

#### 4. Management of product packaging and labels

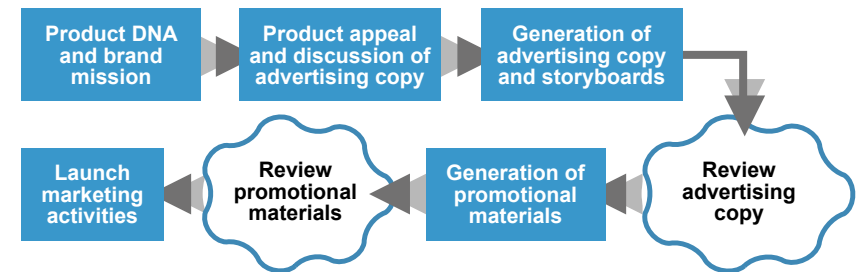
Our product packaging and labels comply with legal requirements and we continue to review and update them as needed. Following the announcement that the "Regulations Governing Food Allergen Labeling" would become effective starting on July 1, 2020, increasing allergen labels from 6 to 11 types, our factories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



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

#### 5. Management of product advertising and marketing

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



#### 6. Compliance with food safety regulations

We strictly abide by the Act Governing Food Safety and Sanitation and Health Food Control Act. Our product review processes are carried out using different procedures at different stages:

Product labeling review stage: Joint review of labeling compliance including proofreads of draft and confirmed content to reduce errors and maintain the positive images of our products.

Advertising copy review stage: Joint review of related advertisements and advertising copy to ensure compliance with the Regulations Governing of Criteria for the Label, Promotion and Advertisement of Foods and Food Products Identified as False, Exaggerated, Misleading or Having Medical Efficacy to reduce the number of violation incidents.

## EU REACH Substances of Very High Concern (SVHC)

Grape King Bio tracks items listed on the EU REACH Substances of Very High Concern (SVHC). Of the 209 listed items, only "acrylamide" is produced when raw materials are processed at high temperatures, and this is strictly inspected and controlled by Grape King Bio in accordance with the "Reference Guidelines for Acrylamide Levels in Foods" of the Food and Drug Administration. Annual sales revenues for related products were NT\$293,511,000.

## Supply Chain Management

### Management of Procurement and Raw Materials

#### Key issues: Supply Chain Management

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

- (1) Raw materials must be legally registered in the government food manufacturer registry system.
- (2) Raw materials imported from foreign countries must be equipped with licenses and imported in their original packaging.
- (3) Raw materials must be approved by our R&D and relevant departments.
- (4) Raw materials must be stored in accordance with regulations, and relevant licenses must be procured.

- (5) Raw materials must provide comprehensive product information for analysis and comparison and packaging and labels cannot be altered or replaced.
- (6) Evaluation procedures must be reimplemented upon the revision of relevant electronic information for raw materials.

We also conduct internal analysis of international ESG issues relating to specific raw materials. Palm oil, for example, is commonly used in the food industry, but causes serious environmental issues and ecological imbalances in places of origin. We have surveyed our products and confirmed that none of them contain palm oil. Grape King Bio will continue to analyze ESG issues relating to raw materials and ensure that our supply chain adheres to our ESG standards. Grape King Bio also actively analyzes laws and regulations related to human rights issues (such as child labor or forced labor) surrounding specific raw materials, and we require our suppliers to adhere to these laws and regulations to ensure that we do not associate ourselves with companies who violate human rights laws.

### Local and sustainable procurement

We have enjoyed mutual growth alongside our supplier partners and are working together to expand the social responsibility benefits in our supply chain. Our map of raw material procurement sources for 2021 is shown below (local procurement ratio was 61.25%):



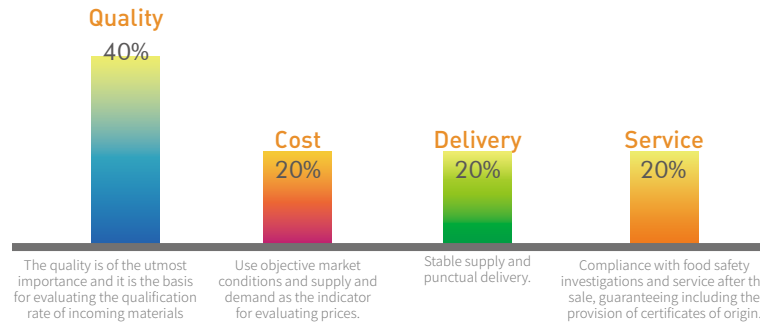
## Audits of new suppliers

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



Suppliers must submit their business registration certificates and factory registration certificates to prove that they are operating legal companies and factories. They must also provide certificates related to raw materials so that we can evaluate the soundness of their systems and plans.

Grape King Bio has formed a cross-departmental team which conducts supplier evaluations. The evaluation team conducts audits and reviews of raw materials suppliers through non-periodic supplier visits to assess whether suppliers comply with relevant laws, monitor improvements, and implement risk management procedures for our supply chain. We continue to work with suppliers who fulfill our criteria. Evaluation procedures include (1) on-site evaluations and (2) tracking of improvements for audited items.



In 2021, we audited 217 raw material suppliers and achieved an audit ratio of 100%. The results of our rigorous evaluations showed that 169 suppliers were Class A, 48 suppliers were Class B suppliers, and 0 suppliers were Class C suppliers. A total of 217 high-quality suppliers qualified to continue working with Grape King Bio. Results of supplier audits for the past three years at Grape King Bio are shown in the following table:

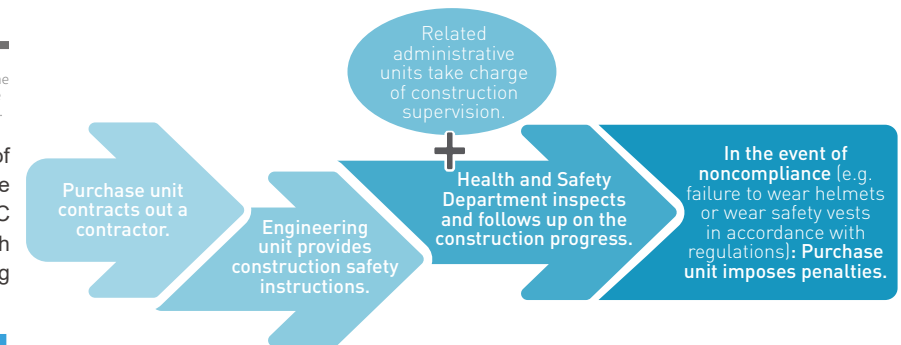
year	2019	2020	2021
Number of raw material suppliers	215	212	217
Audited suppliers	215	212	217
Audit ratio	100%	100%	100%
Class A	155	185	169
Class B	59	26	48
Class C	1	1	0
Audit pass rate	99.5%	99.5%	100%

Score range description: A score of more than 81 is classified as Class A excellent supplier; a score from 65 to 80 is classified as Class B qualified supplier; and a score of less than 65 is classified as Class C suppliers, who are disqualified and no transactions shall be permitted.

## Contractor management

Grape King Bio adheres to government procurement regulations when selecting contractors through procurement evaluation, price comparison, or price negotiation procedures in an open and fair manner. We prioritize

collaborations with domestic suppliers. When selecting contractors, we prioritize purchases of products and equipment with energy efficiency labels, water efficiency labels, and energy-saving properties. We first consider our needs in terms of specifications and functions, then assess transaction risks (including whether companies are legally registered and details of payment conditions) before commencing collaborations.



We have designed "Hazard Prevention Notices" for our contractors. To enhance worker awareness of worksite safety, we actively work to provide safety management guidance to our contractors and strengthen the promotion of work safety measures prior to construction work within our factories.





## Customer Service

### Key issues: Customer Service

#### Investment highlights for 2021:

Customer satisfaction is a motivator for long-term corporate success. As our member base continues to grow, we use various systems and AI tools to help us better understand our customers. We completed establishment of a CTI digital call management system in 2021 to optimize customer service quality and collect customer calls and feedback. We also launched an online post-purchase satisfaction survey at all website usage nodes to collect customer feedback.

Additionally, we also continue to optimize personnel, enhance professional product capabilities, and upgrade customer service capabilities. We hired professional nutritionists to conduct refresher training on our products, and we have also integrated professionals with medical and nutritional backgrounds into our member service teams in hopes of providing better service.

Digital transformation allows customer services to be more closely connected with our current systems. All customer journeys can be completely and effectively recorded and utilized to generate more satisfying customer experiences.

## Customer Service Processes

We have established dedicated units to support the handling of customer service processes, ensuring that customer feedback and be delivered and resolved in a timely and comprehensive manner.

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

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

Results of Customer Satisfaction Surveys			
Category	2019	2020 (Note 1)	2021 (Note 2)
Very Satisfied	-	15%	41%
Satisfied	-	75%	51%
Acceptable	-	5%	7%
Not Satisfied	-	5%	1%
Very Dissatisfied	-	0%	0%

Note 1: Satisfaction figures calculated from interviews conducted with 40 members on satisfaction indicators.

Note 2: We collected 1,380 post-purchase responses from our online customers.

## Innovative Marketing Strategies

As a health food provider, Grape King Bio upholds principles related to health and we work to maintain the health of the general public through provision of different health food products. Increased awareness of health concepts in society have boosted our performance, resulting in a growth rate of 37% from January to December. We identified the following five main strategies in 2021:

### I. Optimize channel displays:

Grape King Bio officially launched Probiotics Drink and Kombucha in June 2021 to improve consumer digestion and metabolism issues, generating intense word-of-mouth discussions and enhancing our reputation. Additionally, we continue to

display humor in our marketing campaigns for ComeBest drinks to innovate our brand and appeal to the youth. Overall beverage sales grew by 21% in 2021.

### II. Social media marketing:

Our virtual channels have accumulated several years' worth of data which can be used for analysis and helps us keep abreast of consumer habits, providing us with material to formulate corresponding promotions. Additionally, we have our own membership system with 120,000 members. Even during the epidemic when people were staying indoors, they were still able to buy our products through our online store, on-site store at our tourist factory, and our OB Department.

### III. Use of new media:

Starting from 2016, Grape King Bio began building a clear brand image overseas under the "Championing Family Health, Together" slogan. We combined our leading fungi and probiotic fermentation technology to expand our overseas OEM brands, thus conveying a brand message to local health foods companies that we could be their best partners, and we are continually striving towards our goal of becoming a renowned health expert. Our OEM sales grew by 84% in 2021.

### Community promotion plans:

We have formulated community promotion plans in response to consumer demands for our star products. Our promotion plans are highly comprehensive and cover a range of activities from experiential marketing aimed at opinion leaders to detailed product descriptions and complete marketing packages.

### IV. Build proprietary data platform:

1. Data system

We continue to optimize our data platforms and are moving to integrate data from multiple sources so that big data scattered in different systems can be brought together and used for process reengineering and formulation of new product strategies.



2. Recurring order program

In 2021, we will continue to promote Antrodia and other products to join recurring order program. Currently, we have more than 1,000 regular customers and the monthly recurring order program of Antrodia products accounts for 70% of the monthly sales of Antrodia products. In future, we will continue to plan activities relating to recurring and repeat orders.

3. CRM system

In response to growing membership numbers, we have implemented a CRM system to collect records of customer journeys. In future, we can use big data analytics to identify potential member needs, implement plans for distribution

## Listen to Customer Opinions

Two types of customer surveys were conducted in 2021:

1. We conducted post-purchase online surveys that included questions on customer journeys, product issues, and health needs, then reviewed survey results each month.
2. Phone surveys were provided following customer service calls and included questions on service attitudes and problem-solving capabilities, helping us better understand the capabilities of our customer service staff and customer perspectives. Customer complaints in 2021 mainly included questions on gift usage and product functions; the remainder of questions were mostly related to privacy issues. We have improved the selection and quality of our gifts in response to customer complaints. In 2021, we continued to uphold our customer-first principles and maintain smooth communications. We handle customer feedback using a professional and positive attitude to ensure that customer complaints can be effectively resolved.

## Protection of Customer Privacy and Rights

We protect the personal information of our customers and safeguard customer interests using the highest standards. Our ISO/IEC 27001:2013 certification remained valid in 2021 and we have established an Information Security and Personal Information Management Committee. Our Chairman serves as the highest authority for the Committee, and senior executives from each department serve as committee members. In 2021, Grape King Bio did not have any major related complaints about infringement of customer privacy or loss of customer information.

We have also established the following information security policies:

1. Information security is a key factor for achieving our operational targets. We need to maintain high levels of information security to ensure the confidentiality, integrity, and accessibility of our information assets.
2. We strive to maintain consistency of information security measures in our operating environments while also balancing account security and information sharing.
3. Our information security management regulations are required to comply with governmental information security laws, regulations, and policy requirements.
4. All information procedures must ensure the security of corporate information to prevent leakage or loss of sensitive and confidential information.
5. We protect our information assets (including software, hardware, network communication facilities, and databases) and adopt appropriate backup and recovery facilities and procedures to prevent damage to information assets that could be caused by unauthorized actions or negligence. We also conduct periodic backup and recovery drills.

and sales, and enhance consumer experiences.

6. We have adopted appropriate information security management measures for all of our projects to ensure that related information is well-protected.
7. We conduct regular information security training to strengthen promotion of related policies.





# Social Performance

# Talent Development and Employee Benefits

## Talent Recruitment and Structure

### Grape King Bio Human Rights Policy

Respect for human rights is a fundamental value we uphold at Grape King Bio. We formulated our human rights policy following the UN Guiding Principles on Business and Human Rights, and by referencing the Universal Declaration of Human Rights, the United Nations Global Compact, and relevant Taiwanese and Chinese human rights and labor laws. We expect our employees, suppliers, and business partners to abide by these principles. We annually conduct internal audits as well as supplier audits in order to identify and prevent human rights risks to people in our business and supply chains. Our Chairman, General Manager, and Board of Directors are responsible for overseeing our human rights policy and ensuring that it is enforced. (For more information, please refer to the [Human Rights Policy] section on our website.)

### Recruitment Channels

In implementing our management ideals relating to diversified talent, we emphasize and advocate equal opportunities for our employees when recruiting, screening, appointing, distributing, deploying, appraising, and promoting job candidates and employees. We do not discriminate or give preferential treatment based on personal factors. Apart from utilizing general recruitment channels, we also attach great importance to the following four channels to recruit talents and increase diversity:

### 1. Industry-government-academia collaborations

We have long collaborated with universities and colleges throughout Taiwan on industry-academia collaborations and internships. In 2018, we began collaborating with the Vocational Training Center of the Veterans Affairs Council to help veterans establish a new set of career goals. We commenced long-term collaborations with the Taoyuan City Government Employment Service Center to maximize exposure for our recruitment information.

### 2. Internal recruitment and rotation

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

### 3. Internal referral

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

### 4. Active recruitment of talent

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

### Human Resource Structure

At Grape King Bio, our ratio of male and female employees has long been around 1:1. The male to female ratio of all employees in 2021 was 46.5%:53.5%, and the ratio of new male and female employees for the year was 1:1.3.

## Current human resource structure at Grape King Bio and Pro-Partner in 2021

Item	Employee Type	Statistics by employee category				Total			
		Male		Female		Male		Female	
		Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio	Number of employees	Ratio
Position	Executives (managers and above)	19	3.1%	16	2.6%	282	46.5%	325	53.5%
	Production line workers	99	16.3%	54	8.9%				
	Other employees	164	27.0%	255	42.0%				
Employment Type	Full-time employees	275	45.3%	316	52.1%				
	Part-time employees	7	1.2%	9	1.5%				
Nationality	Local hires	273	45.0%	317	52.2%				
	Foreign hires	0	0.0%	0	0%				
	Foreign nationals (white-collar workers)	1	0.2%	0	0%				
	Foreign nationals (blue-collar workers)	8	1.3%	8	1.3%				

Our new recruits came from the following sources:

Previous interns	Recruitment agencies	Internal recruitment and rotation	Internal referral	Active recruitment of talent	Job search websites (104, 1111, employment service offices for workers reentering the workforce, and other institutes)
0	16	4	4	17	86

Grape King Bio has established regulations to protect the rights of the disabled and the working rights of indigenous people. Our external recruitment opportunities include positions for indigenous candidates and candidates with disabilities, as well as job opportunities for individuals with Down Syndrome from the Chensenmei Social Welfare Foundation, which is located near our company. We recruited the following number of disabled and indigenous employees in 2021:

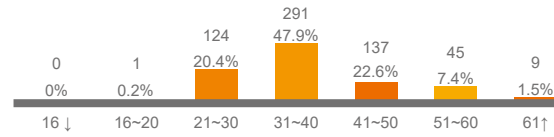
Year		2019	2020	2021 (Note 1)
Total Employees		448	461	607
Indigenous Employees	Number of employees	2	3	5
	Ratio	0.45%	0.65%	0.8%
Disabled Employees	Number of employees	5	5	6
	Ratio	1.12%	1.08%	1.0%

Note 1: Starting from 2021, employees from Pro-Partner were included in calculations.

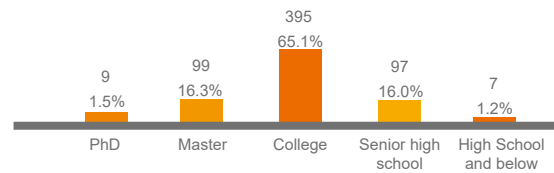
Distribution of Employee Age and Education Levels in 2021



Age



Education



Number and Gender Ratio of New and Departing Employees in 2021

Category	Age	Total			
		Male		Female	
		Number of employees	Ratio	Number of employees	Ratio
New Employees	16-20	0	0.0%	1	0.2%
	21-30	29	23.2%	28	22.4%
	31-40	17	13.6%	24	19.2%
	41-50	5	4.0%	15	12.0%
	51-60	2	1.6%	2	1.6%
	61 above	0	0.0%	2	1.6%
Total		53	42.4%	72	57.6%
Departing Employees	16-20	0	0.0%	1	0.2%
	21-30	19	19.6%	11	11.3%
	31-40	14	14.4%	23	23.7%
	41-50	12	12.4%	13	13.4%
	51-60	2	2.1%	0	0.0%
	61 above	0	0.0%	2	2.1%
Total		47	48.5%	50	51.5%

**Ratio of New Hires and Turnover Rate in 2021**

Item	2019	2020	2021
Ratio of new hires	14.29%	11.71%	20.59%
Turnover rate	5.80%	8.89%	15.98%

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



**Talent Cultivation and Performance Appraisals**

Grape King Bio places high emphasis on the career development of employees. We facilitate internal talent rotation by providing overseas job opportunities, opportunities to execute critical projects, training, and a variety of other opportunities and platforms, encouraging our employees to realize their potential, develop a broader outlook, and build connections.

**Blueprint for Talent Development**

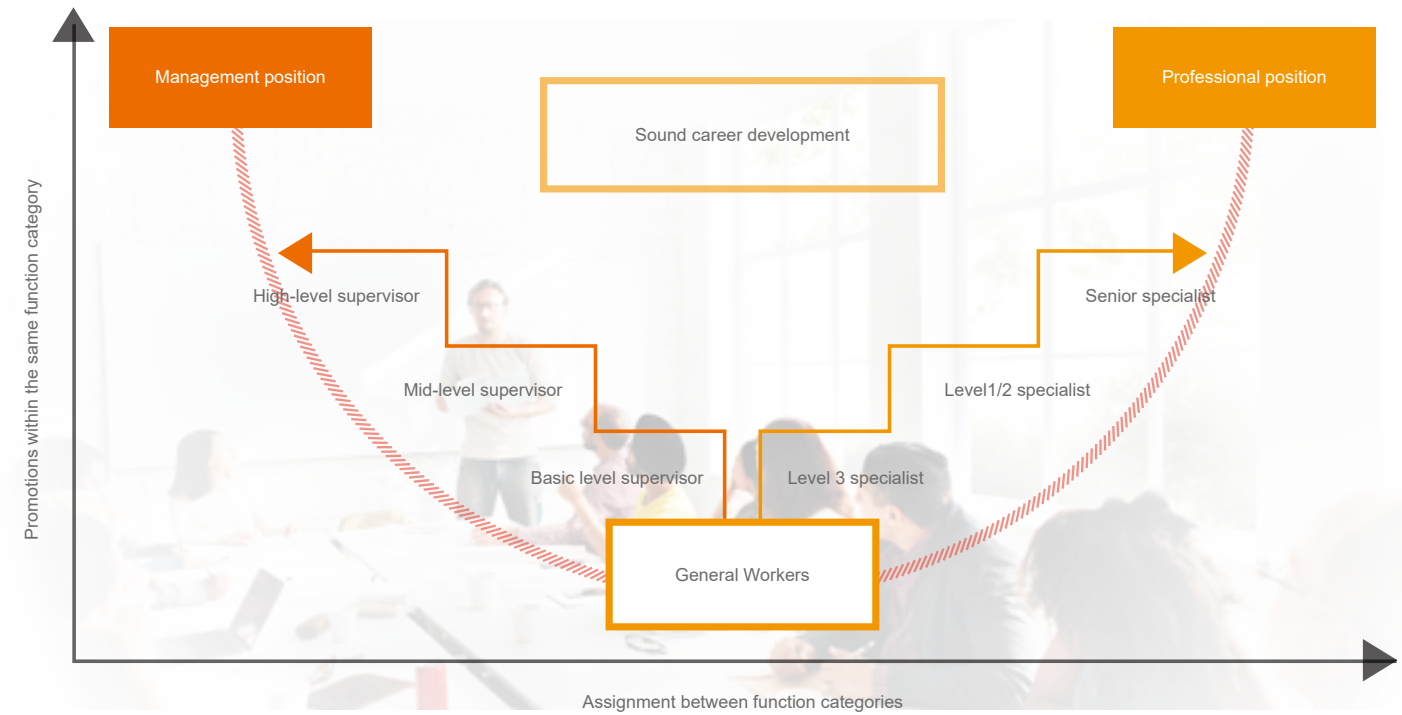
Our employees fall into two main categories: management talent and professional talent. Employees with different talents undergo different types of training under our dual-training program. This enables all of our employees to implement what they have learned. Specific measures of our program include:

**(1) Development of corporate learning map**

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

**(2) Development of individualized learning roadmaps**

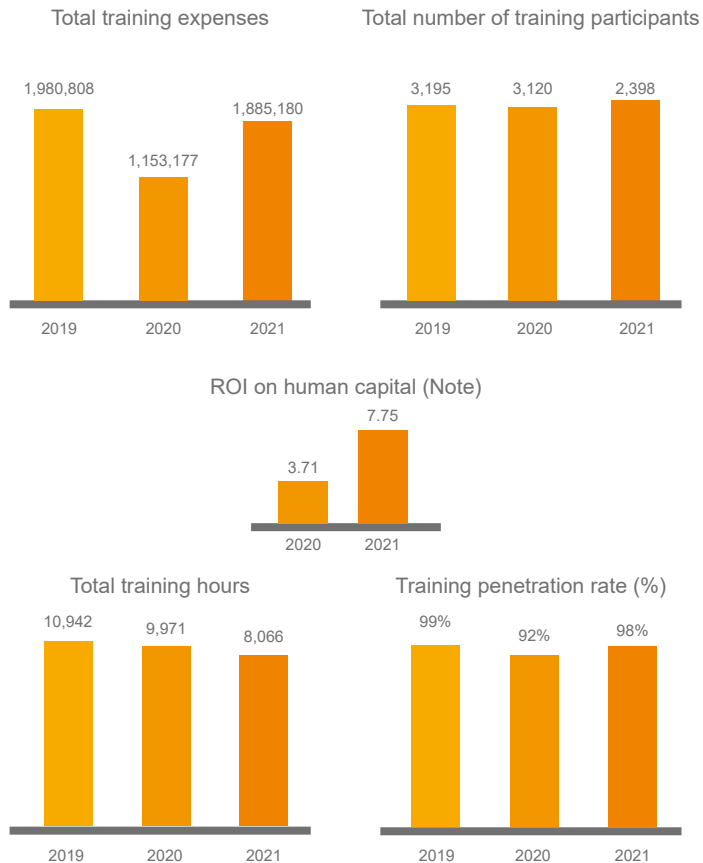
Our employees are required to understand our expectations when entering the company and base their career development plans on their own ambitions and expertise. We work with our employees to set work targets and formulate learning and development plans each year, assisting them in playing to their strengths and realizing their self-worth.





### Employee Training and Development

Grape King Bio has continued to conduct education and training over the years and regularly tracks the results of training. We use indicators such as the Kirkpatrick Model and ROI on human capital to review learning performance for constant improvement of training content and to strengthen the link between company goals and training needs.



### Training Statistics by Position and Gender in 2021

Item	Employee Type	Subtotal		Total	
		Male	Female	Male	Female
Total training hours	Executives (managers and above)	207	115	4,058.5	4,006.5
	Production line workers	1,425	382.5		
	Other employees	2,426.5	3,509		
Total number of training participants	Executives (managers and above)	74	45	1,246	1,152
	Production line workers	447	116		
	Other employees	725	991		
Training penetration rate	Executives (managers and above)	93.3%	100.0%	98.7%	97.1%
	Production line workers	100.0%	96.3%		
	Other employees	98.4%	97.2%		
Average training hours	Executives (managers and above)	13.8	10.5	17.0	16.4
	Production line workers	14.1	7.1		
	Other employees	19.7	19.6		

## Employee Compensation, Benefits, and Health

### Compensation and Rewards

To effectively achieve our two goals of talent retention and motivation, we have designed a competitive compensation system that exceeds industry standards. In 2021, our compensation standards were 1.5 times that of the average industry standards. Grape King Bio determines compensation levels based on employee backgrounds (including education levels and work experience), professional and technical knowledge, years of professional experience, and personal performance.

### Grape King Bio Employee Compensation Ratios for 2021

Rank	Female-to-male basic salary ratio	Female-to-male average compensation ratio
Executive Positions	1:3	1:3
Professional Positions	1:0.667	1:0.852
General Employees	1:3	1:1.5

Notes:

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

### Non-Executive Employee Salary Ratios

Unit: NT\$1,000

	Non-Executive Employees	
	2020	2021
Total salaries of all full-time, non-executive employees (A)	320,324	276,694
Total number of all full-time, non-executive employees (B)	388	370
Average salaries of full-time, non-executive employees (A/B)	826	747
Median salary	776	753

## Employee Benefits

Grape King Bio offers a variety of benefits, including gifts and bonuses for major festivals, employee scholarships, scholarships for children of employees, group insurance, insurance plans for employee dependents, regular physical examinations, and on-site massage services. Employee welfare committee expenditures in 2021 were NT\$6,482,840. In terms of retirement benefits, we have formulated employee retirement plans that adhere to the Labor Standards Act. We also make monthly deposits of pension reserve funds into a designated account following the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.



▲ Employee cafeteria with free daily healthy and balanced meals

## Employee Care

### Unpaid Parental Leave and Maternity Care

Employees can apply for paternity leave, unpaid parental leave, maternity leave, and menstrual leave as needed, and leave is granted in accordance with law. Currently, all employees on unpaid parental leave are female employees.

Item	2019	2020	2021
Number of paternity leave applicants	10	10	9
Number of maternity leave applicants	11	7	16
Number of employees on unpaid parental leave	4	9	5
Rate of employee reinstatement following unpaid parental leave (reinstatement rate)	0%	100%	75%
Rate of retention following unpaid parental leave (retention rate)	0%	71%	67%

Notes:

Reinstatement rate = Actual number of reinstated employees for the current year / Number of employees that should have been reinstated for the current year

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

Currently, around 49% of Grape King Bio employees are female and 176 employees are women of childbearing age. In 2021, 16 of our colleagues are pregnant and 3 colleagues are breastfeeding. Managers and employees can proactively report their pregnancies to the health management center, and occupational health nurses will provide full-range prepartum and postpartum care and carry out various procedures relating to hazard identification and evaluation, suitable work arrangements, management by risk levels, and continued follow-up according to the Regulations for Maternal Health Protection of Female Workers. A well-equipped lactation room has been established at each factory and employees have expressed 90% satisfaction with these lactation rooms. Additionally, we also organized the "Grape Seed Program" to help female employees gain increased awareness of maternal health issues, as well as provide relevant benefits and health education.

### Occupational Violence Handling Team

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

### Reduction of Workplace Human Rights Risks

In order to effectively identify human rights risks, we conduct preventive risk identification and evaluation procedures on the employees of each department every three years so we can provide care for groups at potential risk. We regularly track working hours to ensure that they comply with legal regulations and to prevent conditions of forced labor.

Any routine grievances received are investigated in a fair and just manner, and the rights and privacy of both the victim and the informant are kept fully confidential. We also plan to disseminate policy to managers of all levels to ensure full protection of human rights in the workplace. In 2021, a total of 159 training hours were completed for Grape King Bio's friendly workplace workshops, with 2% of total employees trained.

Violation Incident	Aspect	Improvements for Human Rights Issues	Impact Targets	Progress Evaluation Tools
Excess number of working hours	In violation of Paragraph 2, Article 32 of the Labor Standards Act	<ol style="list-style-type: none"> <li>1. Notified employee unit manager of said situation and required implementation of improvements; the incident was also reported to the GM Office for review.</li> <li>2. Implemented strict management of overtime applications, improved work arrangements, effectively utilized manpower measures by hiring overseas personnel and temporary workers), and carried out work-scheduling improvements.</li> <li>3. The Human Resource Department continues to keep abreast of working hours and overtime applications to prevent our employees from working excess hours.</li> </ol>	Technical and operating process personnel	<ol style="list-style-type: none"> <li>1. Analysis of overtime applications</li> <li>2. Established working hour warning mechanisms</li> </ol>

## Prohibition of Sexual Harassment in the Workplace

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

Sexual harassment incidents			
Year	2019	2020	2021
Number of Incidents	0	0	0

## Health Management

We regard the health of our colleagues as the most important cornerstone of sustainable operations. In 2021, we invested NT\$1,866,438 in employee health management and health promotion, hosting a total of 31 health promotional activities for 1,837 attendees. Certain health promotional activities were canceled or postponed due to the COVID-19 pandemic, and we also implemented a variety of epidemic prevention measures including the Epidemic New Life Movement to ensure that our employees could work in a healthy and safe environment. We also implemented the following health management plans:

### I. Individual Health Resources

**New employees:** We subsidize new employees to receive general physical examinations and physical examinations for specific procedures. Before beginning work, new employees undergo fitness for work evaluations conducted by factory nurses and receive health management, relevant resources, or referrals for abnormal items marked on the results of physical examinations after they begin work.

**Current employees:** We provide free annual physical examinations and health checks for personnel working on specific processes, then analyze the results of these examinations to categorize employee health levels for better management. We also arrange for professional specialists to provide health consultations for employees listed as having potential health risks.

**Health management:** Management by employee health levels, consultations with professional specialists, follow-up treatments, and subsequent follow-up management.

### II. Environment for Physiological Health

We have obtained certification for our occupational health and safety system and have formulated relevant health management plans. In 2021, we established health and safety operational procedures for middle-aged and elderly employees to facilitate comprehensive protection of employee health from four aspects.

All our factories have clinics staffed with factory nurses who provide first-aid for emergency injuries, health consultations, and various health promotion activities. Professional specialists also provide on-site services.

### III. Promotion of Mental Health

**Surveys:** Our HR department has established a variety of grievance channels and uses annual health surveys to screen out candidates at high risk for depression, who then undergo one-on-one interviews and evaluations with occupational health specialists. Where necessary, these cases are transferred to psychiatrists or counselors for subsequent follow-up. In 2021, a total of 19 high-risk personnel received repeated evaluation; occupational health specialists interviewed and evaluated 11 people and continue to track their progress on an irregular basis.

### IV. On-Site Specialists

We employ specialist doctors to provide on-site services for two hours every month, exceeding the requirements set out by law. These specialists provide health consultations, health care, maternity and breastfeeding consultation, worksite visits, evaluations and consultations on occupational injuries, fitness for work evaluations, evaluations for returning workers, and other health management and health promotion tasks. In 2021, dedicated nurses assisted 107 employees.

### V. Strengthened Community Actions

1. Our ESG Committee organized "community health-building activities" at neighboring communities to teach community residents about health and also helped to conduct health checks including measurements of BMI, waist circumference, body fat, and body weight.
2. We worked with local medial units on various health promotion activities.

### VI. Development of Individual Techniques

Supplied "Health Passports" to help employees record changes in body shape and health status, understand the significance of various physiological test results, and enhance their abilities to manage their own health. We assisted all employees in developing regular exercise habits by offering health points (which could be exchanged for gifts) and cash, thus strengthening their healthy behaviors. We conducted periodic emergency training to establish an initial batch of emergency personnel who could be on hand to handle accident and injury events within our factories.

## Occupational Safety

The Grape King Bio Occupational Safety Committee convenes once every quarter; the meeting is chaired by the Company Chairman. We hold "contribute and build a better future for society" as one of our business values, and have obtained certification for our ISO/CNS45001 Occupational Health and Safety System to provide our



employees with safe, hygienic, healthy, and well-equipped work environments and systems. Additionally, we hope our emphasis on education, training, and knowledge dissemination can help all our employees understand the importance of preventing hazards such as environmental pollution, unhealthy events, or injuries.

No major occupational hazards occurred at Grape King Bio from 2014-2021. Comparisons with the Ministry of Labor's average industrial frequency-severity indicator indexes for 2018-2020 show that our prevention measures for occupational hazards surpass that of our peers.

Item/Year	Gender	2020	2021
Disabling injury frequency rate (FR): Number of disabling injuries for every million work hours = Cases resulting in lost work hours (only calculated if the number of lost hours exceeded 8 hours) x 1,000,000 / Total work hours	Male	6.12	1.16
	Female	2.45	0
	Total	8.57	1.16
Disabling injury severity rate (SR): Number of workdays lost to disabling injuries for every million work hours = Lost workdays x 1,000,000 / Total work hours	Male	58.77	5.25
	Female	6.12	0
	Total	64.89	5.25

Lost time incident rate (LTIR): = Cases resulting in lost work hours x 200,000 / Total work hours	Male	1.22	0.23
	Female	0.49	0
	Total	1.71	0.23
Occupational injury rate = Number of recorded occupational injury cases (including occupational disease cases) x 200,000 / Total work hours	Male	1.22	0.23
	Female	0.49	0
	Total	1.71	0.23
Absence rate = Total days absent / Total workdays x 100%	Male	0.05%	0.004%
	Female	0.00%	0
	Total	0.05%	0.004%

Note:

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

## Comparison of Disabling Injury Severity Rates with Industry Peers

Food and feed manufacturing industry	Beverage manufacturing industry	Pharmaceutical and medical chemicals manufacturing industry	Grape King Bio
116	119	81	5.25

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

Source: Ministry of Labor's average industrial frequency-severity indicator indexes for 2018-2020

## Management Procedures for Occupational Safety

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

- Operational safety management:

(1) Avoid use of forced labor

Grape King Bio strictly complies with local labor laws, international regulations, and the Grape King Bio Human Rights Policy. We do not force or coerce unwilling personnel to perform labor or services.

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

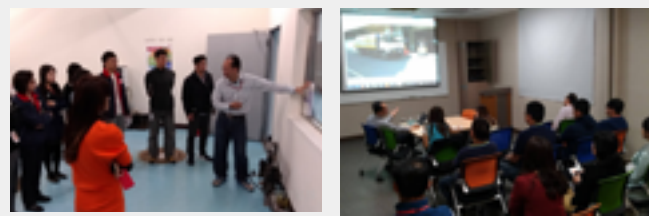
We installed a display case containing protective gear for health and safety measures near our guardhouse. The displayed gear and accompanying descriptions help our employees and contractors better understand how to use the gear, and ensures that the gear is within easy reach during emergencies.





(3) Joint industrial safety inspections

Our factory doctors, factory nurses, and occupational safety personnel conduct on-site inspections of high-risk personnel and units to perform hazard assessments and carry out preventive actions, provide training, or offer suggestions for improvement.



(4) Electrical safety management

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

Temperature(° C)	Remarks
70-85	Temperatures deemed to be at dangerous levels that require checking. If no abnormalities are found, another check should be performed within 7 days.
85-100	Rectifications should be completed within 15 days, and checks should be conducted every 3 days before rectifications are complete. If rectifications are not completed within the given time period, this is considered a significant safety breach.

100-120	Rectifications should be completed within 3 days, and checks should be conducted every day before rectifications are complete. If rectifications are not completed within the given time period, this is considered a major safety breach.
>120	Rectifications should be completed on the same day. If rectifications are not completed within the given time period, this is considered an extreme safety breach.

(5) Health management

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



Special Physical Examinations Conducted in 2021

Number of employees required to undergo special physical examinations	212
Actual number of employees who underwent special physical examinations	212

Items included in physical examinations: heat, noise, dust, ionizing radiation, and chemicals.



Occupational safety training

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

The number of participants and total training hours for occupational safety training at Grape King Bio in 2021 is shown in the following table:

Occupational Safety Training		2019	2020	2021
Participant Type (Employee/ Contractor)	Employees	427	286	536
	Contractors	6	21	2
Total Participants		433	307	538
Hours	Employees	1,442.5	1,611.5	2,008
	Contractors	6	21	2
Total Hours		1,448.5	1,632.5	2,010

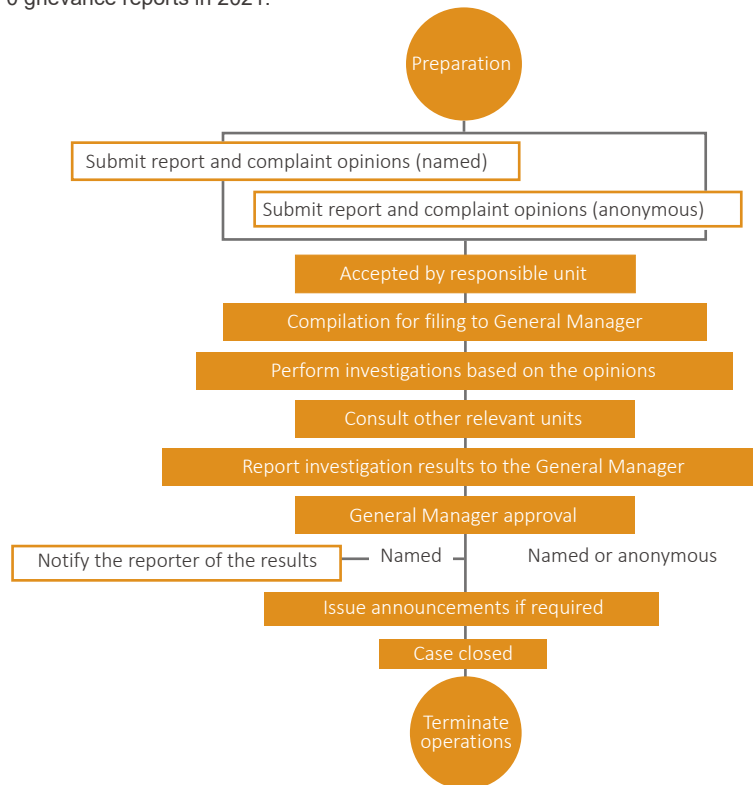




## Employee Communication

### Channels for reporting grievances

Our HR department has established a variety of grievance channels, including a mailbox for reporting grievances, a mailbox for reporting sexual harassment, a labor rights section, an employee feedback section (employeeopinion@grapeking.com.tw), and a whistleblower hotline. We provide a variety of open channels for reporting grievances to prevent illegal or unethical occurrences that violate laws and corporate regulations. We received a total of 0 grievance reports in 2021.



### Strict prohibition of sexual harassment in the workplace

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

### Periodic labor-management meetings

In 2021, we invited labor-management representatives to conduct a total of 6 labor-management meetings. A total of 27 proposals relating to company operations and human resource matters were discussed, and relevant departments were asked to provide further explanation. Follow-up reports of these proposals were then presented at the next labor-management meeting. In 2021, discussions and negotiations were carried out on proposals relating to recruitment numbers for each department, job transfer exams, rotation mechanisms for typhoon days, and so on.

### Non-periodic interviews

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

#### (1) Interviews with new employees:

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

#### (2) On-job interviews:

These interviews help us fully understand employee satisfaction levels towards their jobs.

#### (3) Performance interviews:

These interviews are used to provide timely communications and immediate feedback to employees regarding their work performance.

#### (4) Exit interviews:

These interviews are used to analyze reasons for employee departure and are used as a reference for future improvements at the company.

### Internal publications

Grape King Bio's internal publication, "GK Life," is a biannual publication that contains themed reports, encouraging words to employees from the company chairman, information on future company policies and prospects, and the latest information on products. As of 2021, we have published 6 online issues, and we continue to use this publication to help our colleagues better understand ESG concepts and our corporate sustainability actions.



### Employee Satisfaction

In 2021, 90% of our employees participated in our employee satisfaction survey and overall satisfaction scores were 75. Satisfaction scores were highest for the "Ethical value" aspect and lowest for the "Promotion, compensation, and social status" aspect. Because of this, we organized an event to recognize outstanding personnel and provided travel subsidies in 2021. We hope to enhance employee emotions and strengthen employee engagement through public recognition of their performance as we continue to build a happy workplace environment.

Results of the employee satisfaction survey			
Year	2019	2020	2021
All	75.5	77.3	75.0 (Note)
Male	75.3	77.3	75.4
Female	75.7	77.3	75.1
Overall participation rate	81.7%	93.2%	92.3%

Note: Satisfaction scores for all employees included survey responses that did not specifically indicate respondent gender.

## Community Investment

We are committed to providing financial aid and learning resources to disadvantaged groups. We host and participate in numerous charitable activities to raise employee awareness of and involvement in social welfare. Grape King Bio social participation investments for the past three years are shown in the following table:

Unit: NT\$1,000

Year	2019	2020	2021
Expenses (NT\$ 1000)	11,107	14,514	13,817
Participants	1,009	979	899
Service Hours (hr)	1,188	815	28



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

Focus	Academic Participation	Community Development	Care for the Disadvantaged	Companionship and Assistance	Care for the Elderly
Targets	<ul style="list-style-type: none"> <li>Disadvantaged schoolchildren</li> <li>Teenagers</li> <li>College and university students</li> </ul>	Neighboring communities around factories	Disadvantaged groups	<ul style="list-style-type: none"> <li>Individuals striving for independence</li> <li>Women and children suffering from trauma</li> <li>Physically or mentally disabled individuals</li> </ul>	The elderly
Assistance Provided	<ul style="list-style-type: none"> <li>Financial support</li> <li>Community sponsored scholarships</li> </ul>	<ul style="list-style-type: none"> <li>Long-term provision of local services</li> <li>Support for schools and other institutes</li> <li>Long-term care from volunteer teams</li> </ul>	<ul style="list-style-type: none"> <li>Material and financial donations</li> <li>Meal support and rural companionship</li> </ul>	<ul style="list-style-type: none"> <li>Companion care and respite services</li> <li>Independent living projects</li> </ul>	<ul style="list-style-type: none"> <li>Care for the needs of elders and provide warm companionship</li> <li>Enrich life activities</li> </ul>
Social Influence	<ul style="list-style-type: none"> <li>Enhance local children's right to education</li> </ul>	Promote mutual growth by providing assistance to local neighboring communities	Reduce inequality of social resources	Improve living standards for disadvantaged groups	Improve the health and wellbeing of the elderly

## Academic Participation

We actively provide field trip opportunities to colleges and universities, and internships for winter and summer vacations and during semesters. A total of 212 students have interned at our factories over the past three years. This gave us a chance to screen and recruit excellent new employees. Currently, 10 of our previous interns have become full-time employees following graduation. The number of interns at Grape King Bio factories over the past three years are shown below:

Year	2019	2020	2021
Winter Vacation	28	18	20
Summer Vacation	36	42	0
During Semesters	15	28	25



### Community Development

In 2021, due to the Level 3 epidemic alert and in adherence with government regulations, all of our activities were impacted and suspended, but Grape King Bio continued to interact with local communities under conditions that allowed all participant to be safe and healthy. In 2021, our expenses for sponsorships and environmental improvement activities came to NT\$3,833,418.

Activity	Description	Invested Resources and Impacts
Blood donation event	We have hosted blood donation events since 2018. Borough heads of regions near our Zhongli Factory and Pingzhen Factory were invited to help us promote the event.	As of 2021, we have hosted 7 blood donation events. A total of 450 participants donated 604 bags of blood.

Faith for Animals high-intensity stray sterilization project	We assisted the Faith for Animals association in conducting a high-intensity sterilization project on stray dogs in Taoyuan City in 2020.	We hope to reduce issues relating to stray dogs by achieving our goal of sterilizing more than 80% of female stray dogs in Taoyuan City. As of 2021, we have sterilized 1,400 dogs.
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### Care for the Disadvantaged

Grape King Bio worked with schools, foundations, hospitals, and group homes to provide meal assistance, medical care, learning and companionship support for rural areas, and other forms of assistance.

Activity	Description	Invested Resources and Impact
Meal packages	We worked with the Andrew Charity Association to make periodic donations of food and supply boxes.	As of 2021, we have donated a total of 2,400 food and supply boxes, helped 2,400 families, and assisted 9,600 people.

Winter and summer vacation meal coupons	We worked with the World Peace Association to fund meals for disadvantaged children during winter and summer vacations.	As of 2021, we have assisted 246 students and supplied 7,180 meals.
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Public service quality inspections	In 2021, the certified laboratory at the Grape King Bio Inspection Center used its core skills to assist the Ruth Society for Disability Services in conducting public service quality inspections for the first time.	Inspection items included vegetables from Hope Farm and Moon Festival delicacies
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### Companionship and Assistance

Activity	Description	Invested Resources and Impacts
NVDA co-sharing platform maintenance program	We collaborated with the Taipei Parents' Association for the Visually Impaired and donated funds to maintain normal operations of the Association host computer and website; we also helped to optimize and develop platform functions.	Assisted the visually impaired in obtaining information to help them learn and grow.

### Care for the Elderly

Starting in 2018, Grape King Bio assisted the Hondao Senior Citizen's Welfare Foundation in extending their safety net to provide care for the hungry and malnourished. We also delivered meals for elderly people of 11 administrative districts in Taichung City who were underprivileged, lived alone, or had mobility issues. As of 2021, we have assisted 56 elders and supplied 5,754 meals.





# Environmental Performance



## Environmental Performance

**RE 100**

RE100: Working with Global Enterprises to Achieve 100% Renewable Energy

"Grape King Bio is committed to RE100 targets and will continue to improve energy efficiency and use of renewable energies to generate value from waste, create positive environmental impacts, and maximize benefits from energy consumption."

Grape King Bio joined the international RE100 renewable energy initiative in 2019 and committed to the first stage of 15% usage of renewable energy by 2030 and the second stage of 100% usage of renewable energy by 2035. In 2021, we signed a two-year contract to purchase green energy (solar power) from a renewable energy company and plan to begin utilizing green energy in May 2022.

## Climate Commitments and Environmental Initiatives

The issue of climate change has become an operational focus for corporations seeking to achieve sustainable development. Green operations, environmental protection, and sustainable development are part of Grape King Bio's social responsibility and commitment. Our environmental safety and health management policies stipulate that we have a responsibility to implement environmental protection actions. We have also developed corresponding response actions to the following environmental issues:

### Biodiversity

Formal assessments of potential biodiversity impacts from our operations (including assessments of environmental impacts prior to construction of factories in protected areas)

### Local pollution

- Preventive actions in response to emergencies (for example, we installed overflow protection on diesel storage tanks and conduct regular inspections to avoid oil leakages)
- Minimize and reduce odors generated by our operating facilities

- Implement measures to reduce noise pollution (for example, we conduct autonomous noise assessments for our vehicles and production sites each year and adjust vehicle paths and operating times in accordance with the routines of neighboring communities)
- Implement measures to prevent dust and floating particles

## Hazardous substances and waste materials

- Preventive actions in response to emergencies (for example, we installed overflow protection on diesel storage tanks and conduct regular inspections to avoid oil leakages)
- Minimize and reduce odors generated by our operating facilities
- Implement measures to reduce noise pollution (for example, we conduct autonomous noise assessments for our vehicles and production sites each year and adjust vehicle paths and operating times in accordance with the routines of neighboring communities)
- Implement measures to prevent dust and floating particles:
  - Labeling, storage, processing, and transportation of hazardous substances throughout the company adheres to established procedures: Waste containers and temporary storage areas are labeled in accordance with applicable regulations.
  - Management of pollutants in exhaust emissions such as VOCs, heavy metals, nitrogen oxides, and sulfur oxides: We use clean energy (natural gas) in our boilers.
  - Implement measures to reduce exhaust and air pollutants (such as by installing scrubbers and absorption systems): We regularly maintain the wet scrubbers at our wastewater plants.

### Environmental Management Plans for Grape King Bio Biotech Research Institute (Longtan Branch)

Our Biotech Research Institute was officially launched in 2019. We installed gas collection devices in our production areas and linked these to our gas

processing equipment to improve environmental air quality. We began using food sludge as organic fertilizer in 2020 to enhance waste recycling rates and reduce related environmental burdens.

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

## Management of Energy Resources and Greenhouse Gases

### Management of Energy Resources

Grape King Bio completed re-evaluations of the ISO 50001 Energy Management System in October 2021. We convene EHS and Energy Management Committee meetings hosted by our Chairman every quarter and we continue to adhere to the PDCA energy management system. We set an energy-saving target of 1.5% for all three factories in 2021 and used energy performance indicators and other tools to survey, track, and manage overall power usage of energy-consuming equipment and areas within our factories



### Energy Usage

Production weight was used as a basis for calculating our energy intensity. Energy consumption by production weight at our Pingzhen Factory, Zhongli Factory, and Longtan Branch was calculated in kilograms. Our energy intensity levels for 2019-2021 is shown below.

Item	Unit	2019	2020	2021
Total energy consumption	GJ	145,405	171,317	177,171
Production weight	kg	5,222,845	4,919,029	5,384,000
Energy intensity	GJ/kg	0.0278	0.0348	0.0325
GHG Intensity	kgCO2e/kg	3.16	3.66	3.47

### Management of Greenhouse Gases

Item(Unit:tCO <sub>2</sub> e)	2019	2020	2021
Scope1	3,421.58	3,753.74	3,862.04
Heavy crude oil	1,435.74	Heavy crude oil replaced with natural gas	
Diesel	36.54	33.83	31.54
Gasoline	4.47	17.14	25.83
Natural gas	1,904.67	3,490.14	3,502.21
Septic system	40.16	41.33	54.42
CO2 Fire extinguisher	0.0045	0	0.05
Refrigerants	N/A	171.30	248.00
Scope 2 Purchased power	13,074.92	14,255.77	14,829.39
Total	16,496.50	18,009.51	18,691.43

### Prevention of Air Pollution

Grape King Bio has installed and maintained air pollution prevention equipment to enhance and improve the quality of the environment. All of our factories implement regular maintenance procedures for our equipment to ensure that they operate normally.

#### Results of Air Pollution Inspections at Zhongli Factory

Inspection Items	Standard Range (2021)	Boiler (E001)		
		2019	2020	2021
Particulate contaminants	<30mg/Nm <sup>3</sup>	3	-	-
Nitrogen oxides	<100ppm	28	28	24

Inspection Items	Standard Range (2021)	Boiler (E002)		
		2019	2020	2021
Particulate contaminants	<30mg/Nm <sup>3</sup>	5	-	-
Nitrogen oxides	<100ppm	61	55	52

#### Results of Air Pollution Inspections at Longtan Branch

Inspection Items	Standard Range (2021)	Boiler (E002)		
		2019	2020	2021
Particulate contaminants	<30mg/Nm <sup>3</sup>	8	-	-
Nitrogen oxides	<100ppm	34	37	42

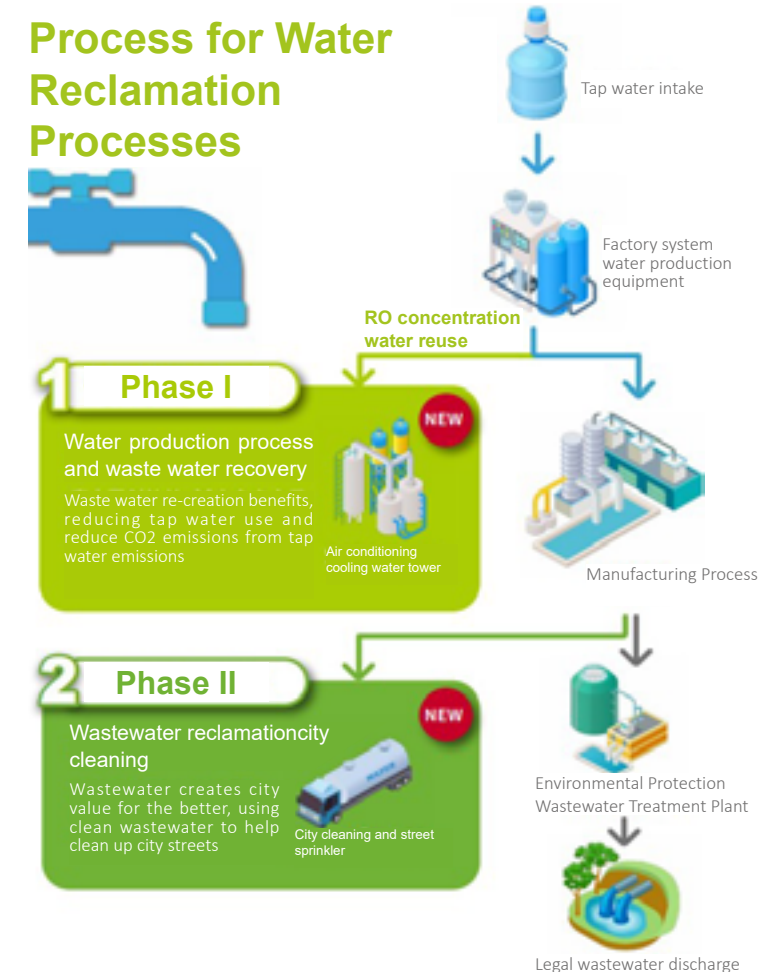
Notes: At present, all boilers at Grape King Bio use natural gas as fuel. We conduct inspections according to regulations, with regular inspections of nitrogen oxide emissions each year, and particulate contaminants measured in the years permits are being renewed.

### Management of Water Resources and Waste Materials

Taiwan experienced an unprecedented level of drought in 2021. In appreciation of our precious water resources, Grape King Bio developed a process water

recirculation system based on a circular economy framework. By making simple adjustments to existing equipment and systems, we were able to recycle concentrated process water originally discharged to wastewater plants for reuse in our factories, thereby reducing wasted water resources and wastewater volumes. In 2021, we recycled 13,950 tons of process water.

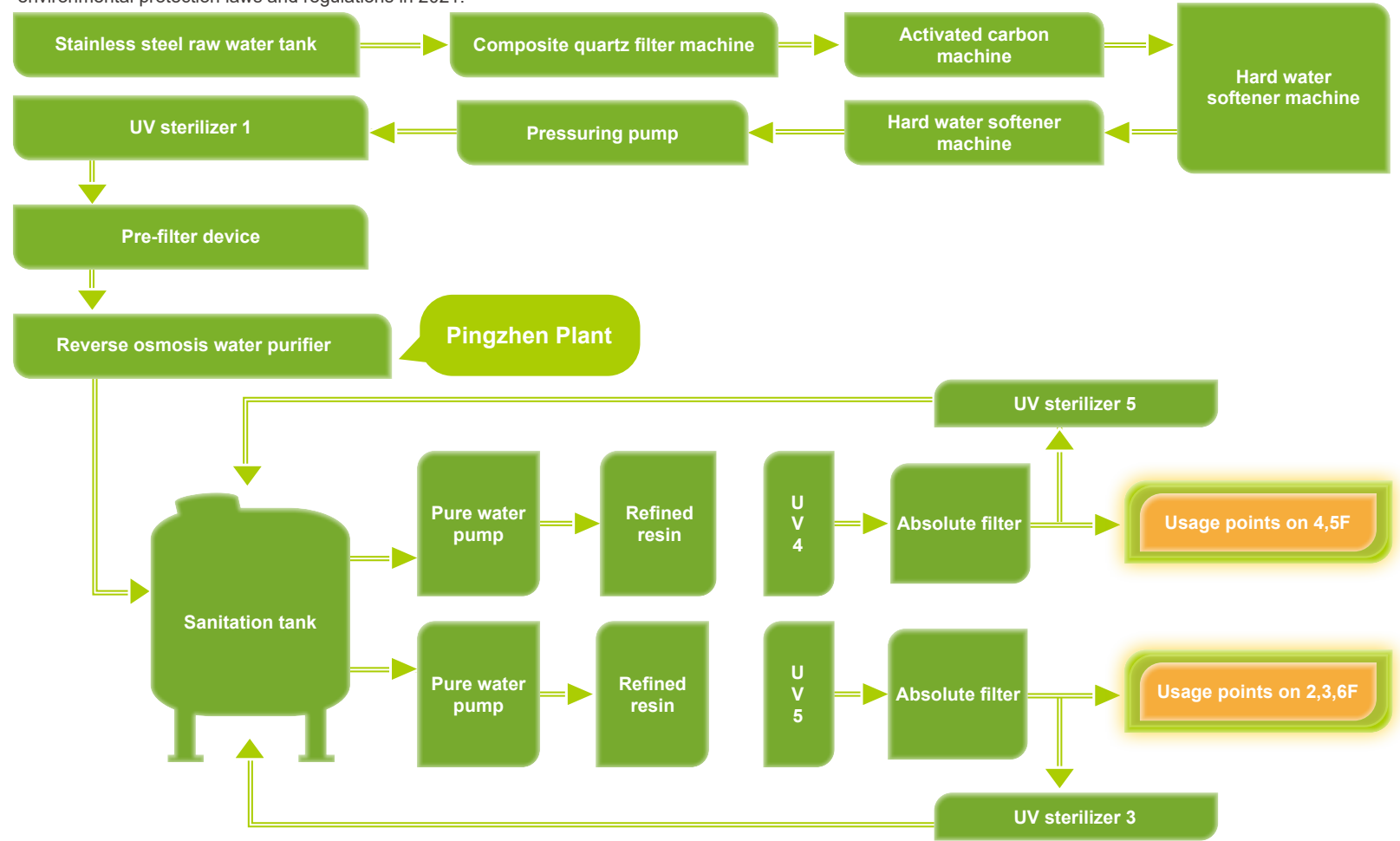
### Process for Water Reclamation Processes



Year	2019	2020	2021
Groundwater Withdrawal (million liters)	-	66.39	72
Water Usage (million liters)	326.70	324.74	280.43
Water Use Intensity (million liters/million dollars in revenue)	0.0354	0.0354	0.0348
Disposal Amounts (million liters)	229.68	263.16	133.714
Wastewater Disposal Intensity (million liters/million dollars in revenue)	0.0249	0.0287	0.0165

## Wastewater Management

Grape King Bio has formulated comprehensive operational procedures for the management of wastewater disposal. All discharged wastewater must pass through specific processing procedures, and water quality is inspected periodically to ensure that it complies with governmental regulations. We incurred no violations of environmental protection laws and regulations in 2021.



## Production and Related Inspections for Pure Water

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

In 2021, Grape King Bio invested NT\$428,000 in outsourced water quality inspections. Grape King Bio conducts internal monitoring procedures in addition to commissioning external institutes to conduct periodic inspections of water quality. A total of 637 items were inspected internally this year. Quality assurance specialists periodically collect water samples and perform 11 to 13 inspection procedures under relevant regulations.

## Wastewater Management

Grape King Bio has formulated comprehensive operational procedures for the management of wastewater disposal. All discharged wastewater must pass through specific processing procedures, and water quality is inspected periodically to ensure that it complies with governmental regulations. We incurred no violations of environmental protection laws and regulations in 2021.

## Waste Management

Grape King Bio conducts waste classification, collection, storage, management, and disposal to effectively manage industrial waste and other types of waste. Disposal, handling, and reuse of waste materials are conducted per environmental laws and regulations. Our Longtan Branch uses food sludge as organic fertilizer to enhance waste recycling rates and reduce waste disposal costs. We incurred no violations of applicable laws and regulations in 2021.

Waste disposal amounts for Grape King Bio in 2021 were as follows:

Types and disposal method (ton)		2019	2020	2021
General Industrial Waste	Reuse and recycling	86.30	1008.00	1517.71
	Incineration	291.15	104.13	37.52
	Landfill disposal	None	None	None
	Other disposal methods (physical treatment)	10.14	15.82	40.78
	Other disposal methods (thermal treatment)	101.38	641.43	366.53
	<b>Total</b>	<b>488.97</b>	<b>1769.38</b>	<b>1962.54</b>
Hazardous Industrial Waste	Reuse and recycling	None	None	None
	Incineration	None	1.60	7.02
	Landfill disposal	4.79	None	None
	Other disposal methods	None	None	None
	<b>Total</b>	<b>4.79</b>	<b>1.60</b>	<b>7.02</b>
<b>Recyclable</b>	<b>96.73</b>	<b>194.85</b>	<b>105.47</b>	







# About the Report

This ESG Report was issued in 2022 by Grape King Bio Inc. (hereinafter referred to as Grape King Bio, the Company, we, us, or our). This Report discloses our achievements relating to ESG key issues for different stakeholders in an open and transparent manner. This Report includes sections on our Operational Performance, Ethical Governance, Product Liability, Innovation and R&D, Happy Workplace, Social Prosperity, and Green Environment. This Report expresses our commitment to the vision we strive for and enables stakeholders to understand our efforts and resolve for sustainable development.



## Scope of this Report

The information disclosed in this Report covers Grape King Bio and Pro-Partner organizational structures in the Taiwan region. For a detailed list of operational locations, please refer to the following table. In future, we will gradually expand the scope of this Report to include Grape King Bio International Investment, Shanghai Grape King Bio Enterprise Corporation, Shanghai Rivershine Ltd., Dongpu Biotech Corporation, GK Bio International SDN. BHD., and Shanghai Changhong Biotechnology Co., Ltd. to provide more comprehensive and accurate information.



## Company Information within the Reporting Scope

	Scope	Address	Phone
Grape King Bio	Headquarters	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-457-2121
	Zhongli Factory	No. 60, Sec. 3, Longgang Rd., Zhongli Dist., Taoyuan City	+886-3-457-2125
	Distribution Center	No. 466, Sec. 2, Xincheng Rd., Zhongli Dist., Taoyuan City	+886-3-453-2121
	Taipei Sales Office	11F, No. 18, Jinzhuang Rd., Neihu Dist., Taipei City	+886-2-2790-3011
	Grape King Health and Vitality Power Center	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-271-2121
	Rivershine Co. Ltd.	5F, No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-457-2121
	Grape King Biotech Research Institute(Longtan Branch)	No. 68, Longyuan 1st Rd., Longtan Dist., Taoyuan City	+886-3-499-3090
	Corporate Headquarters and Taipei Operations Center	No. 18, Jinzhuang Rd., Neihu Dist., Taipei City	+886-2-27922103
	Taoyuan Operations Center	8F, No. 186, Fuxing Road, Taoyuan District, Taoyuan City	+886-3-3328358
	Hsinchu Operations Center	8F, No. 192, Dongguang Rd., East Dist., Hsinchu City	+886-3-5721788
Pro-Partner Co., Ltd.	Taichung Operations Center	7F, No. 758, Zhongming S. Rd., South Dist., Taichung City	+886-4-22655337
	Fengyuan Operations Center	5F, No. 15, Lane 67, Xinyi St., Fengyuan Dist., Taichung City	+886-4-25233218
	Tainan Operations Center	3F, No. 189, Section 1, Yongfu Rd., West Central Dist., Tainan City	+886-6-2132208
	Kaohsiung Operations Center	7F, No. 687, Mingcheng 3rd Rd., Gushan Dist., Kaohsiung City	+886-7-5866738
	Hualien Operations Center	2F, No. 150, Ziyou St., Hualien City, Hualien County	+886-3-8310891
	Pingzhen Logistics Management Center	No. 3, Lane 679, Pingdong Rd., Pingzhen Dist., Taoyuan City	+886-3-4600029



## Reporting Structure

This Report is based on the “Core” option of the Global Reporting Initiative (GRI) Standards, the AA1000 (2008) Standard, and Sustainability Accounting Standards Board standards for the Household & Personal Products and Processed Foods industries. The disclosed financial data was derived from publicly available annual report information certified by independent certified public accountants.



## Independent Assurance

The assurance engagement for this Grape King Bio ESG Report was planned and performed by Deloitte, an independent and credible firm, in accordance with Statements of Assurance Engagements Standards No. 1 (“Assurance Engagements Other than Audits or Reviews of Historical Financial Information”). Deloitte provides limited assurance on the completeness and accuracy of the claims and performance data presented in the 2021 ESG Report based on the Core option of the GRI Standards. The results of limited assurance have been effectively communicated with Grape King Bio’s management. For details on assurance scope and results, please refer to the Independent Assurance Statement in the Appendix.



## Disclosure and Publication

Grape King Bio has voluntarily issued the “Grape King Bio ESG Report” annually since 2014. The Report has been published for 8 consecutive years. The disclosure period for this Report spans from January 1, 2021 to December 31, 2021. Previous records and future plans may be included in order to fully disclose related ESG information.

Current issue released April 2022.

This Report is published solely in digital form to protect the environment.



This Report is published solely in digital form to protect the environment.

Issue date:  
April 2022



## Feedback and Contact Information

If you have any questions regarding the 2021 Grape King Bio ESG Report, you are welcome to contact us using the information listed below so we can continue to make improvements.

### ESG Committee, Grape King Bio Inc.

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Tel: +886-3-4572121 Fax: +886-3-4572128  
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Official website: <https://www.grapeking.com.tw>





# Appendix



## Table 1-Associations

Association Participation	Management Roles
The Institute of Internal Auditors, R.O.C.	Chief Audit Executive Li Yi-Jun serves as Director
Taiwan Quality Food Association (TQF)	Grape King Bio is an association member
Taiwan Niu-Chang-Chih Industry Association	Grape King Bio is an association member/ Senior Executive Vice President Chin-Chu Chen serves as Chairman
International Life Sciences Institute Taiwan (ILSI Taiwan)	Grape King Bio is an association member/ Senior Executive Vice President Chin-Chu Chen serves as Chairman
Association for Taiwan-Japan Cooperation on Industrial Technology (TJCIT)	
Chinese Association for Industrial Technology Advancement	
NCHU GRAS/Food Grade Heterologous Protein Production Platform	
Taiwan Association for Lactic Acid Bacteria	Grape King Bio is an association member/Senior Executive Vice President Chin-Chu Chen serves as Chairman

Association Participation	Management Roles
Taoyuan Importers & Exporters Chamber of Commerce	
Chinese Excellent Management Association (CEMA)	
Taiwan Bio Industry Organization (TBIO)	Grape King Bio is an association member
Institute for Biotechnology and Medicine Industry	Grape King Bio is an association member
Taiwan Functional Food Industry Association	Senior Executive Vice President Chin-Chu Chen serves as Managing Director
Taiwan Association for Food Science and Technology	Grape King Bio is an association member/Senior Executive Vice President Chin-Chu Chen serves as a member of Food Safety Advisory Committee
Taiwan-Japan Business Exchange Association	Grape King Bio is an association member
Health Food Society of Taiwan	Grape King Bio is an association member/ Senior Executive Vice President Chin-Chu Chen serves as Chairman

Association Participation	Management Roles
Food Industry Intelligent Automation Association Taiwan	Grape King Bio is an association member
Botanical Drug Development Consortium	Grape King Bio is an association member
Taiwan Halal Integrity Development Association	Grape King Bio is an association member
Taiwan Association for Traditional and Complementary Medicine(TATCM)	Grape King Bio is an association member
Nutrition Society of Taiwan	Grape King Bio is an association member
Taoyuan City Nurses Association	Xu Xin-Yu is an association member. In accordance with the Nursing Personnel Act, nurses are required to join the association in order to practice in each county or city.
Taiwan Testing and Quality Assurance Society (TTQAS)	Deputy Director Sheng-Jie Xu serves as Director
Taiwan Parenteral Drug Association	Grape King Bio is an association member

Association Participation	Management Roles
Chinese Non-Store Retailer Association	Ended in 2021/03
Taoyuan City Industrial Association	Grape King Bio is an association member
Taiwan Pharmaceutical Manufacturers Association	Grape King Bio is an association member Chairman Andrew Tseng serves as Alternate Supervisor
Allied Association for Science Park Industries	Longtan Branch is an association member
Taiwan Institute of Directors	Chairman Andrew Tseng serves as Director
Center for Corporate Sustainability	Grape King Bio is an association member
Third Wednesday Club	Grape King Bio is an association member
Taoyuan Pharmacist Association	
Taoyuan Tourism Factory Advancement Association	Grape King Bio is an association member/ Fourth term as Managing Director

# Assurance Opinion Statement



APPENDIX A

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.A	The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product and service categories and the percentage affected.	Food Safety	The evaluation and improvement in 2021 regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, which were assessed amid the significant products and service categories, and for the percentage affected.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.B	The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws.	Legal Compliance	The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws in 2021.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.C	The percentage of the purchased volume in accordance with internationally recognized responsible production standards, categorized by standards.	Sustainable Products and Services	The percentage green wood pulp produced by FSCTM accounting for of the whole tetra-pak product in 2021.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.D	The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Food Safety	The percentage of the production volume manufactured in Pingzhen, Zhongli and Longtan factories certified by an independent third party according to internationally recognized food safety management system standards in 2021.
5.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.E	The number and percentage of suppliers audited, and the audit items and results.	Supply Chain Management	The number and percentage of suppliers audited, and the audit items and results in 2021.

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
6.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.F	The product trace and track management conducted voluntarily or according to the applicable laws, and the percentage of such relevant products to the whole products.	Food Safety	The percentage traceable and trackable products that are produced by 6 food production lines in Pingzhen and Zhongli factories and are under the voluntary trace and track management of the company accounting for of all products in 2021.
7.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4.1.1.G	The food safety laboratories established voluntarily or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	Food Safety	The food safety laboratories established according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue in 2021.
8.	GRI 305-1 : 2016	Direct (Scope 1) GHG emissions	Management of Energy Resources and Greenhouse Gases	The direct GHG emission (by fuel, natural gas, diesel and gasoline) that is defined by GRI Standards (Scope 1), GRI Protocol and GHG inspection of EPA and had occurred in Pingzhen, Zhongli factories, Longtan branch and Pro-Partner Co., Ltd. in 2021.
9.	GRI 305-2 : 2016	Energy indirect (Scope 2) GHG emissions	Management of Energy Resources and Greenhouse Gases	The indirect GHG emission (outsourced electricity) that is defined by GRI Standards (Scope 2), GHG Protocol and GHG inspection of EPA and had occurred in Pingzhen, Zhongli factories, Longtan branch and Pro-Partner Co., Ltd. in 2021.
10.	GRI 404-1 : 2016	Average hours of training per year per employee	Talent Cultivation and Performance Appraisals	The average hours of training that the organization's employees have undertaken in Pingzhen, Zhongli factories and Longtan branch in 2021, which were divided by gender and employee category (Managers and above, Production line workers, and Other employees).



## Rules Governing the Preparation and Filing of ESG Report by TWSE Listed Companies

Requirement	Corresponding Chapters	Page No.	Remarks
(a) The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product and service categories and the percentage affected.	Food Safety	36	
(b) The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws.	Legal Compliance	28	
(c) The percentage of the purchased volume in accordance with internationally recognized responsible production standards, categorized by standards.	Sustainable Products and Services	34	
(d) The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Food Safety	36	
(e) The number and percentage of suppliers audited, and the audit items and results.	Supply Chain Management	40	
(f) The product trace and track management conducted voluntarily or according to the applicable laws, and the percentage of such relevant products to the whole products	Food Safety	36	
(g) The food safety laboratories established voluntarily or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	Food Safety	35	

## GRI Content Index (Core)

### General Disclosure

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
<b>Organizational profile</b>				
102-1	Name of the organization	About the Report	61	
102-2	Activities, brands, products, and services	About the Report	61	No product was banned in certain markets.
102-3	Location of headquarters	About the Report	61	
102-4	Location of operations	About the Report	61	
102-5	Ownership and legal form	About the Report	61	
102-6	Markets served	About the Report	61	
102-7	Scale of the organization	About the Report Financial Performance Product Nutrition Talent Recruitment and Structure	61 28 34 44	Please refer to <a href="#">link</a> for information on total capitalization
102-8	Information on employees and other workers	Talent Recruitment and Structure	44	
102-9	Supply chain	Supply Chain Management	35	
102-10	Significant changes to the organization and its supply chain		No significant changes in 2021	
102-11	Precautionary Principle or approach	Risk Management	20	
102-12	External initiatives	Environmental Performance	56	
102-13	Membership of associations	Appendix- Association	64	

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Chairman's Message	2	
102-15	Key impacts, risks, and opportunities	Risk Management	20	
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	Ethical Management and Moral Conduct	19	
102-17	Mechanisms for advice and concerns about ethics	Grievance Reporting System	19	
<b>Governance</b>				
102-18	Governance structure	Sustainable Development and ESG Management Framework	18	
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	Stakeholder Communication and Analysis of Key Issues	12	
102-41	Collective bargaining agreements		Grape King Bio currently has no group agreements	
102-42	Identifying and selecting stakeholders	Stakeholder Communication and Analysis of Key Issues	12	
102-43	Approach to stakeholder engagement	Stakeholder Communication and Analysis of Key Issues	12	
102-44	Key topics and concerns raised	Stakeholder Communication and Analysis of Key Issues	12	

## Disclosure of 9 Key Issues

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
Reporting practice				
102-45	Entities included in the consolidated financial statements	About the Report Financial Performance	61 28	
102-46	Defining report content and topic Boundaries	Stakeholder Communication and Analysis of Material Issues	12	
102-47	List of material topics	Stakeholder Communication and Analysis of Material Issues	12	
102-48	Restatements of information		There are no restatements of information	
102-49	Changes in reporting		There is no significant difference in major topics and boundaries	
102-50	Reporting period	About the Report	62	
102-51	Date of most recent report	About the Report	62	
102-52	Reporting cycle	About the Report	62	
102-53	Contact point for questions regarding the report	About the Report	62	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	62	
102-55	GRI content index	GRI Content Index (Core)	69	
102-56	External assurance	About the Report Assurance Opinion Statement	62 66	
Reporting practiceOther disclosures				
404-1	Average hours of training per year per employee	Talent Cultivation and Performance Appraisals	46	

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
1.Product liability and safety				
GRI 103 : Management Approach	103-1 103-2 103-3	• Explanation of the material topic and its Boundary • The management approach and its components • Evaluation of the management approach	• Stakeholder Communication and Analysis of Key Issues • Product Liability	80
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Liability	36
2.Legal compliance				
GRI 103: Management Approach	103-1 103-2 103-3	• Explanation of the material topic and its Boundary • The management approach and its components • Evaluation of the management approach	• Stakeholder Communication and Analysis of Key Issues • Legal Compliance	80
GRI 307:Environmental Compliance 2016		• Non-compliance with environmental laws and regulations • Incidents of non-compliance concerning the health and safety impacts of products and services	• Wastewater Management • Legal Compliance	58 28
GRI 416: Customer Health and Safety 2016	307-1 416-2 419-1			
GRI 419:Socioeconomic Compliance 2016		• Non-compliance with laws and regulations in the social and economic area		

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks	
<b>3. Ethics and integrity</b>					
GRI 103: Management Approach	103-1 103-2 103-3	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>The management approach and its components</li> <li>Evaluation of the management approach</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Communication and Analysis of Key Issues</li> <li>Corporate Governance and Legal Compliance</li> </ul>	79	
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance and Legal Compliance	No incidents of corruption occurred in 2021	
<b>4. Information security management</b>					
GRI 103: Management Approach	103-1 103-2 103-3	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>The management approach and its components</li> <li>Evaluation of the management approach</li> </ul>	<ul style="list-style-type: none"> <li>Protection of Customer Privacy and Rights</li> </ul>	81	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> <li>Protection of Customer Privacy and Rights</li> </ul>	42	
<b>5. Corporate governance and transparency</b>					
GRI 103: Management Approach	103-1 103-2 103-3	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>The management approach and its components</li> <li>Evaluation of the management approach</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Communication and Analysis of Key Issues</li> <li>Corporate governance and transparency</li> </ul>	78	
GRI 102: General disclosures - Governance	102-18	Governance structure	Corporate governance and transparency	16	

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks	
<b>6. Occupational health and safety</b>					
GRI 103: Management Approach	103-1 103-2 103-3	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>The management approach and its components</li> <li>Evaluation of the management approach</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Communication and Analysis of Key Issues</li> <li>Occupational-Safety</li> </ul>	84	
GRI 403: Occupational Health-and-Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety	50	
<b>7. Talent attraction and retention</b>					
GRI 103: Management Approach	103-1 103-2 103-3	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>The management approach and its components</li> <li>Evaluation of the management approach</li> </ul>	<ul style="list-style-type: none"> <li>Talent Development and Employee Benefits</li> </ul>	83	
GRI 401: Employment 2016		<ul style="list-style-type: none"> <li>New employee hires and employee turnover generated and distributed</li> </ul>	<ul style="list-style-type: none"> <li>Talent Recruitment and Structure</li> </ul>		
GRI 404: Training and Education 2016	401-1 401-2 404-1 405-2	<ul style="list-style-type: none"> <li>Benefits provided to full-time employees that are not provided to temporary or part-time employees</li> </ul>	<ul style="list-style-type: none"> <li>Talent Cultivation and Performance Appraisals</li> </ul>	44 46 47	
GRI 405: Diversity and Equal Opportunity 2016		<ul style="list-style-type: none"> <li>Average hours of training per year per employee</li> <li>Ratio of basic salary and remuneration of women to men</li> </ul>	<ul style="list-style-type: none"> <li>Employee Compensation, Benefits, and Health</li> </ul>		



GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
<b>8.Customer service</b>				
GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> <li>• Stakeholder Communication and Analysis of Key Issues</li> <li>• Customer Service</li> </ul>	81	
	103-2			
	103-3			
GRI 418: Customer Privacy 2016	418-1	<ul style="list-style-type: none"> <li>• Listen to Customer Opinions</li> <li>• Protection of Customer Privacy and Rights</li> </ul>	42	
			42	
<b>9.Labor rights</b>				
GRI 103: Management Approach	103-1	Talent Recruitment and Structure	82	
	103-2			
	103-3			
GRI 406: Non-discrimination 2016 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016 GRI 412: Human Rights Assessment 2016	406-1	<ul style="list-style-type: none"> <li>• Talent Recruitment and Structure</li> <li>• Employee Care</li> </ul>	44	
	408-1			
	409-1			
	412-2			
<b>Disclosure of Other Topics (Included in the Assurance Opinion Statement)</b>				
GRI 305: Emissions 2016	305-1	Management of Energy Resources and Greenhouse Gases	57	
	305-2	Management of Energy Resources and Greenhouse Gases	57	

## Sustainability Accounting Standards Board (SASB) Index

Category	Issue	Code	Accounting Metric	Unit Of Measure	Value
Environmental	Water Management		(1) Total water withdrawn	Thousand cubic meters (m <sup>3</sup> )	71,517
			(2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m <sup>3</sup> )	280,429
			Percentage (%)	0%	
		FB-PF-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Number	0
		CG-HP-140a.2 FB-PF-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	Grape King Bio places very high emphasis on inspection and control of water quality and management of wastewater disposal. We are currently evaluating the implementation of water-saving equipment and the expansion of wastewater processing equipment while increasing water recovery rates to effectively decrease water consumption and wastewater discharge volumes, thus reducing our impacts on the environment.
	Energy Management	FB-PF-130a.1	(1) Total energy consumed	Gigajoules (GJ)	194,528
			(2) percentage grid electricity	Percentage (%)	54.66%
			(3) percentage renewable	Percentage (%)	0.001%

Category	Issue	Code	Accounting Metric	Unit Of Measure	Value
Social Capital	Product Environmental Health, and Safety	CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	Reporting currency	NT\$293,511,000
		CG-HP-250a.2		Reporting currency	N/A
		CG-HP-250a.3	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Discussion and Analysis	The inspection center at Grape King Bio is a TAF certified laboratory and operates according to ISO/IEC 17025 standards. Our inspection items include inspections of physical and chemical properties, hygiene regulation inspections, and inspections relating to food safety factors. Our inspection techniques have received TAF certification and our laboratory personnel periodically take skills tests conducted by laboratories with third-party certifications to ensure that our inspection center adheres to the highest standards.
		CG-HP-250a.4	Revenue from products designed with green chemistry principles	Reporting currency	Grape King Bio does not currently use any materials that adhere to green chemistry principles.
	Food Safety	FB-PF-250a.1	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	The three production lines (the capsule, powder and granule, and sterilized soft bag lines) at Pingzhen Factory are all FSSC 22000 certified in accordance with the Global Food Safety Initiative (GFSI). With regard to food safety inspections, there were no major food safety violations in 2021.
		FB-PF-250a.2	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	Percentage (%) by cost	We conduct annual evaluations on our raw material suppliers to confirm that they have obtained international food safety certifications including HACCP, ISO22000, ISO 14001, and OHSAS 18001. In future, we will include other international GFSI food certification systems in our evaluations.
		FB-PF-250a.3	(1) Total number of notices of food safety violation received, (2) percentage corrected	Number, Percentage (%)	0
		FB-PF-250a.4	(1) Number of recalls issued and (2) total amount of food product recalled	Number, Metric tons (t)	No products were recalled in 2021.

Category	Issue	Code	Accounting Metric	Unit Of Measure	Value
Social Capital	Health & Nutrition	FB-PF-260a.1	Revenue from products labeled and/or marketed to promote health and nutrition attributes	Reporting currency	Grape King Bio and Pro-Partner defines products with health and nutrition attributes as those with Ministry of Health and Welfare Health Food Certification. Total sales revenues for 2021 were NT\$1,535,331,000.
		FB-PF-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	n/a	Safety, efficacy, and stability tests for all related products have passed Ministry of Health and Welfare reviews, ensuring that our products are safe and effective for enhancing health. We also disclose obtained product health food certification information to consumers on product packaging.
	Product Labeling & Marketing	FB-PF-270a.1	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Percentage (%)	0.07%
		FB-PF-270a.2	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Discussion and Analysis	(1) In accordance with the "Regulations Governing Labeling of Packaged Foods Containing Genetically Modified Ingredients," the percentage of genetically modified ingredients in all Grape King Bio products is lower than 3% and are therefore regarded as no-genetically modified products. As a result, our income from genetically modified products was 0. (2) In 2021, all Grape King Bio and Pro-Partner products were non-genetically modified products, and total revenues were NT\$8,913,997,000.
		FB-PF-270a.3	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	Number	3
		FB-PF-270a.4	Total amount of monetary losses as a result of legal proceedings associated with labeling and/or marketing practices	Reporting currency	NT\$160,000



Category	Issue	Code	Accounting Metric	Unit Of Measure	Value	
Business Model & Innovation	Packaging Lifecycle Management	CG-HP-410a.1 FB-PF-410a.1	(1) Total weight of packaging	Metric tons (t)	We aim to conduct full estimations of product weight in 2022 and disclose the results in our 2023 report.	
			(2) percentage made from recycled and/or renewable	Percentage (%)	We aim to conduct full estimations of product weight in 2022 and disclose the results in our 2023 report.	
			(3) percentage that is recyclable, reusable, and/or compostable	Percentage (%)	We aim to conduct full estimations of product weight in 2022 and disclose the results in our 2023 report.	
			CG-HP-410a.2 FB-PF-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	Currently, all of our products with aluminum foil packaging (which account for 29.4% of Pro-Partner revenues) use 100% green paper pulp materials made from FSCTM (Forest Stewardship Council) certified wood materials, ensuring that our paper materials come from legitimate and well-managed forest sources that avoid shifting cultivation and deforestation. Starting in 2019, many Grape King Bio products began using recyclable plastic bottles which could be recovered from consumers and sent to local recycling plants for processing and decomposition into plastic pellets supplied to certified contractors for reuse. We require our contractors to provide tracking information on these plastic pellets to ensure that they can be reused by consumers in other forms. In future, Grape King Bio plans to expand the use of recyclable packaging to other products so as to reduce the environmental impact of product packaging.
	Environmental & Social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d)			0
						0
						0
					0%	

Category	Issue	Code	Accounting Metric	Unit Of Measure	Value
Business Model & Innovation	Environmental & Social Impacts of Ingredient Supply Chain	FB-PF-430a.1	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	Percentage (%) by cost	We conduct annual evaluations on our raw material suppliers and included 21 ESG evaluation items for the first time in 2021. In future, we plan to include evaluation criteria relating to third-party environmental and social certifications.
		FB-PF-430a.2	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	In 2021, we distributed ESG self-evaluation questionnaires to 91 of our key suppliers. All suppliers achieved a qualification rate of 100% on the 21 ESG evaluation items.
	Ingredient Sourcing	FB-PF-440a.1	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	Percentage (%) by cost	According to analysis of global baseline water stress regions from the World Resources Institute, Grape King Bio uses two key ingredients sourced from high baseline water stress regions. We will continue to be attentive of supply conditions and formulate corresponding countermeasures.
Activity Metrics		FB-PF-440a.2	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations	n/a	We conduct annual evaluations on our raw material suppliers and included 21 ESG evaluation items for the first time in 2021 to assess the environmental and social risks of our procured raw materials. We have also established four strategies to prevent stockouts and developed a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable.
		CG-HP-000.A FB-PF-000.A	Units of products sold, total weight of products sold	Number, Metric tons (t)	Total sales volumes for 2021 were 41,809,336 pieces.

Note: Only includes factories in Taiwan; does not include our factory in Shanghai

## Management Approaches for the Key Issues

Management Approach	Key issue-Corporate governance and transparency
Policies	<p>1. Continue to examine changes in the external business environment and improve internal management procedures; in addition to strengthening internal supervision and disclosure of information to external entities, we have established a comprehensive shareholder and stakeholder communication platform to build an effective corporate governance framework.</p> <p>2. Grape King Bio's business philosophies are based on integrity, transparency, and responsibility. We have formulated policies based on ethical principles, which were approved by our Board, and we have established sound corporate governance and risk control mechanisms to create a sustainable business environment.</p>
Commitments	<p>Corporate governance is the cornerstone of sustainable operations. Grape King Bio has formulated the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Dishonesty Prevention Program," "Ethical Code of Conduct," and "Management Procedures for Grievance Reporting." To fully implement our commitment to the key issues of "corporate governance and transparency" and "ethics and integrity," Grape King Bio commits to four main principles: strengthen board and supervisor functions; protect shareholder rights and respect stakeholder rights; implement internal control and internal audit systems; and enhance information transparency.</p>
Objectives	<p>Short-term</p> <ul style="list-style-type: none"> <li>In terms of corporate governance matters, we plan to maintain existing items and formulate methods for enhancement.</li> </ul> <p>Mid-term</p> <ul style="list-style-type: none"> <li>We refer to external ESG evaluations to enhance transparency of information disclosures relating to corporate governance.</li> </ul> <p>Long-term</p> <ul style="list-style-type: none"> <li>Raise ratio of expert committee members to more than 50% for our Remuneration Committee, Audit Committee, and Digital Transformation Committee</li> <li>Continue to enhance corporate governance.</li> </ul>
Responsibilities	<p>1. Corporate Governance Team</p>
Resources	<ol style="list-style-type: none"> <li>Hired lecturers to speak to our directors on topics relating to corporate governance and taxes. Directors also underwent training related to individual needs, including on topics such as corporate management performance and ESG implementation, management of family businesses, future business applications, and digital technologies. Our 12 directors received 97 hours of training, and our corporate governance officer received 12 hours of training.</li> <li>Promotion of internal awareness for all employees through internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above).</li> <li>Drafted annual audit plans and revised Management Procedures for Grievance Reporting.</li> <li>Supplier promotions through warnings on purchase orders and supplier policy promotion surveys.</li> </ol>
Specific performance	<ul style="list-style-type: none"> <li>Corporate governance team: Our Corporate Governance Manager 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 with large shareholdings, providing directors with necessary information for business needs, organizing board and shareholder meetings according to law, handling corporate registrations and changes in registered information, compiling minutes for board and shareholder meetings, and regularly assessing CPA independence and competence.</li> <li>Part-time supervisory unit for ethical management: Responsible for formulation and implementation of ethical management policies and prevention plans. Apart from teaching board members about ethical management and prevention of insider trading, we also delivered circulars themed around ethical management and prevention of insider trading to all employees. Ethical management and insider trading prevention tests were administered to section managers and above to enhance effectiveness of ethical management.</li> <li>Completed periodic audits in complete accordance with our annual audit plan for 2021 and proposed specific areas for improvement.</li> </ul>
Grievance Mechanism	<p>We have established a set of "Management Procedures for Grievance Reporting" 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:</p> <p>Mailbox for reporting complaints: <a href="mailto:companyopinion@grapeking.com.tw">companyopinion@grapeking.com.tw</a></p> <p>Mailbox for reporting grievances: <a href="mailto:employeeopinion@grapeking.com.tw">employeeopinion@grapeking.com.tw</a> The points of contact for all grievances and complaints are the managers of relevant departments.</p> <p>(2) Hotline for internal complaints and grievances:</p> <p>Hotline for reporting complaints: +886-4572121#1999 Hotline for reporting grievances: +886-4572121#1995</p> <p>Our Management Procedures for Grievance Reporting stipulate that employees are protected from undue retaliation during the reporting and investigation process.</p>

Management Approach	Key issue-Corporate integrity and ethics	
Policies	Grape King Bio's business philosophies are based on integrity, transparency, and responsibility. We have formulated policies based on ethical principles, which were approved by our Board, and we have established sound corporate governance and risk control mechanisms to create a sustainable business environment.	
Commitments	We have established our "Ethical Corporate Management Best Practice Principles"; our Finance Department serves as a part-time supervisory unit for ethical management and is responsible for promoting ethical management within the Corporation, reporting implementation results to the Board, and assisting the Audit Office in executing internal controls, to better ensure effective implementation of all regulations.	
Objectives	Short-term	<ul style="list-style-type: none"> <li>Implement and promote Grape King Bio Code of Conduct</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Implement internal control and internal audit systems, and improve our annual audit plans year by year</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>To ensure the implementation of the internal control system is appropriate and effective in order to build a business with business ethics and integrity</li> </ul>
Responsibilities	1. Corporate Governance Team	
Resources	<ol style="list-style-type: none"> <li>Promotion of internal awareness for all employees through internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above).</li> <li>Drafted annual audit plans and revised Management Procedures for Grievance Reporting</li> <li>Supplier promotions through warnings on purchase orders and supplier policy promotion surveys</li> </ol>	
Specific performance	<ul style="list-style-type: none"> <li>□ Apart from directors, we also targeted all employees when promoting topics relating to ethical corporate management and insider trading prevention.</li> <li>□ Administered ethical corporate management and insider trading prevention tests to section managers and above. A total of 110 people took the test and 100% received a passing grade (80 points and above).</li> <li>□ Our directors participated in courses on ethical corporate management (including courses on corporate governance and sustainable management). The total number of participants was 33 and the total training hours were 97 hours. Additionally, internal and external trainings on ethical corporate management were also held for employees (including courses on corporate governance of intellectual property rights, corporate sustainability and human rights development, Act Governing Food Safety and Sanitation and health and safety inspections, sustainable ESG investments, corporate transformation in the post-epidemic era, and auditing practices and management of fraud risks). The total number of participants was 1,337 and the total training hours were 4,192 hours.</li> <li>□ We did not receive any complaints relating to ethical management in 2021.</li> </ul>	

Management Approach	Key issue-Legal compliance	
Policies	Grape King Bio reviews all company operating procedures based on the highest standards available. We constantly pay attention to the latest legal trends and adjust our actions accordingly.	
Commitments	Enhance employees' legal compliance awareness and performance to protect the corporate image and reduce legal risks.	
Objectives	Short-term	<ul style="list-style-type: none"> <li>Implement legal compliance control system and reduce risk of legal violations</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Promote relevant laws and regulations and help relevant personnel understand legal requirements</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>Continue to conduct in-depth understanding of other national laws and regulations to perform risk control according to company size and business needs</li> </ul>
Responsibilities	<ol style="list-style-type: none"> <li>Cooperative entities:</li> <li>Quality Assurance Department-Food safety incidents</li> <li>Marketing Division-Media events</li> <li>Business Unit-Consumers and channels</li> <li>Human Resource Department-Labor-management disputes</li> </ol>	
Resources	Invited law firms with experience in construction lawsuits to provide training on construction topics and explain common construction disputes to reduce risks of future incidents.	
Specific performance	<ul style="list-style-type: none"> <li>Implemented the Trade Secrets Act 3.0 project and promoted "need-to-know" trade secret principles to our colleagues. We also re-established and promoted confidentiality levels based on current conditions.</li> <li>Implemented "Confidential Bubble Registration" project, conducted interviews with each department to understand the different levels and delivery processes of confidential information in each department, and compiled relevant records.</li> </ul>	

Management Approach	Key issue-Product liability and safety	
Policies	Continuous innovation, pursuit of outstanding quality, implementation of social responsibilities, and ensuring customer satisfaction	
Commitments	Develop healthy and high-quality products for consumers that embody the concept of "Live Healthy, Think Grape King"	
Objectives	Short-term	<ul style="list-style-type: none"> <li>Continue to strengthen source management and complete traceability management for all products</li> <li>Continuously promote food safety culture activities in accordance with international FSSC22000 specifications</li> <li>Establish cGMP system at Zhongli Factory</li> <li>Ensure that software at Pingzhen Factory adhere to the requirements of the Australian TGA GMP system</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Combine external inspection energy to optimize inspection procedures and improve inspection efficiency</li> <li>Establish a food safety history inquiry system</li> <li>Ensure that hardware at Pingzhen Factory adhere to the requirements of the Australian TGA GMP system</li> <li>Implement intelligent exception handling system and establish exception/customer complaint digital database to improve quality and processing efficiency</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>Continue to improve and refine food safety, quality verification system, and inspection center in line with international standards and the latest verification standards</li> <li>Continuously stabilize product quality, provide consumers with higher quality and healthier products, and improve the company's brand image</li> </ul>
Responsibilities	<ol style="list-style-type: none"> <li>External responsibilities: Taiwan Food and Drug Administration (TFDA)</li> <li>Internal responsibilities: Food Safety Team, maintenance of various food safety management systems, maintenance of HACCP plans for products, sanitation management procedures, and quality exception handling procedures</li> </ol>	
Resources	<ol style="list-style-type: none"> <li>Human resources: Added 1 microbiology inspector</li> <li>Systems: Extended laboratory ISO22000:2018 certification to include fungi product line in additional to existing lactic acid product line</li> </ol>	
Specific performance	<ul style="list-style-type: none"> <li>Applied for addition of microbiology tests (Enterobacteriaceae, Listeria), with on-site evaluations scheduled for 2022</li> <li>Added fungi product line to existing lactic acid product line under ISO22000:2018 certification; lactic acid product line obtained Indonesian MUI Halal certification</li> <li>Laboratory personnel optimized and established 6 inspection methods to add additional checkpoints for evaluating the quality of raw materials and final products</li> </ul>	



Management Approach	Key issue-Customer service	
Policies	Use data analytics and data systems to support and complete personnel training so as to fulfill customer expectations, build customer loyalty through professional services, and enhance customer satisfaction as our customer numbers continue to grow.	
Commitments	Use our heartwarming services and clear procedures to offer customer service experiences that fulfill customer needs and solve customer problems.	
Objectives	Short-term	<ul style="list-style-type: none"> <li>Ensure service quality through customer interviews and satisfaction surveys following provision of phone support, and include these items in our evaluation system to smooth service processes</li> <li>Conduct product refresher training courses led by professional nutritionists to enhance product knowledge</li> <li>Compile frequently asked customer questions and establish a database to ensure consistency and accuracy of service quality</li> <li>Implement a comprehensive customer call management service solution to improve service quality and response efficiency of phone support</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Ensure smooth service processes and service quality using satisfaction surveys to regularly assess relevant indicators. Our goal is to increase the rate of "complete satisfaction." Our customer service staff participate in training organized by professional institutes each year and obtain related certificates</li> <li>Establish standard operating procedures and categorization systems for customer complaints to enhance efficiency of crisis management</li> <li>Enhance service value and establish connections with consumers through handwritten birthday letters or calls from nutritionists to establish trust and help consumers feel that they are valued</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>Establish a complete customer service and nutritionist team to respond to customer service queries and provide comprehensive health, diet, and lifestyle recommendations</li> </ul>
Responsibilities	1. Related internal collaboration units: Legal Office, Quality Assurance Department, Marketing Section, and Finished Products Section	
Resources	1. Invested in personnel training courses (including external customer service training courses and internal product refresher courses) and use our CRM and CTI systems for customer management and management of support quality. Our systems allow us to compile comprehensive records on customer journeys, customer contacts, and product quality, thereby allowing us to improve customer service experiences and satisfaction.	
Specific performance	<input type="checkbox"/> Built a database of common problems and consulted professionals to ensure that our answers to these problems were accurate and consistent <input type="checkbox"/> Established CTI system to enhance support and call quality <input type="checkbox"/> Conducted post-purchase and post-support satisfaction surveys; regularly reviewed survey results and optimized related processes <input type="checkbox"/> Completed product refresher training courses to enhance the professionalism of customer service personnel <input type="checkbox"/> Established standard operating procedures for customer services processes to categorize customer complaints and corresponding best practices	

Management Approach	Key issue-Information security management	
Policies	Enhance information security understanding and awareness in all employees	
Commitments	Continue to maintain our ISO27001 Information Security Management System to strengthen corporate information security	
Objectives	Short-term	<ul style="list-style-type: none"> <li>Implement information security inspections as well as technical inspections and repairs</li> <li>Conduct drills of continued corporate operation plans</li> <li>Organize information security training and promotion to strengthen employee awareness</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Integrate information security resources to provide corporate trade secrets and assets</li> <li>Enhance system event log visibility to speed responses</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>Establish situation room platform</li> <li>Continue to improve and refine sustainable governance in accordance with the three elements of CIA information security processes</li> </ul>
Responsibilities	1. Entire company	
Resources	1. Manpower: 3 (Information Technology Department) 2. Certification fee: NT\$470,000 3. License fees: NT\$319,000 (Microsoft) 4. Capital expenditures: NT\$932,000 (endpoint management system) 5. System: Endpoint management system 6. Equipment: Disk cabinets	
Specific performance	<input type="checkbox"/> Extended validity of ISO/IEC 27001:2013 certification <input type="checkbox"/> Conducted monthly information security audits by the Information Technology Department <input type="checkbox"/> Promotion of information security concepts and email social engineering drills <input type="checkbox"/> Information security technical inspections and repairs <input type="checkbox"/> Cloud remote backup and recovery tests	

Management Approach	Key issue-Labor rights	
Policies	Implementation and promotion of "Human Capital Strategic Thinking 3.5" framework Grape King Bio upholds core values relating to "Technology, Health, and Hope" and adopts a people-oriented core strategy. We have incorporated human resource analytics, established and promoted our "Human Capital Strategic Thinking 3.5" framework, and implemented our talent management policy of placing appropriate personnel in appropriate positions. We provide a high-quality and healthy workplace environment as well as competitive remuneration and benefits, and we continue to cultivate talent and build a heartwarming workplace environment.	
Commitments	Grape King Bio adheres to international human rights conventions to protect employee freedom of association, and we do not discriminate on the basis of gender, age, pregnancy status, race, political affiliation, or religion.	
Objectives	Short-term	<ul style="list-style-type: none"> <li>• 100% completion of training for prevention of occupational hazards</li> <li>• 100% of new employees passed Code of Ethical Conduct orientation and examinations</li> <li>• We disseminate concepts from our Code of Ethical Conduct to all employees once every year</li> <li>• We maintain a 50:50 gender ratio</li> </ul> <p>Note: The passing grade for the examination is 100.</p>
	Mid-term	<ul style="list-style-type: none"> <li>• ●Maintain 100% completion rate of training for prevention of occupational hazards</li> <li>• ●Maintain 100% pass rate for new employees participating in Code of Ethical Conduct orientation and examinations</li> <li>• ●Achieve 100% completion and pass rate for Code of Ethical Conduct examinations (for section chiefs and above) conducted each year</li> <li>• ●Maintain 50:50 gender ratio</li> </ul> <p>Note: The passing grade for the examination is 100.</p>
	Long-term	<ul style="list-style-type: none"> <li>• Maintain 100% completion rate of training for prevention of occupational hazards</li> <li>• Maintain 100% pass rate for new employees participating in Code of Ethical Conduct orientation and examinations</li> <li>• Achieve 100% completion and pass rate for Code of Ethical Conduct examinations (for all employees) conducted each year</li> <li>• Maintain 50:50 gender ratio</li> </ul> <p>Note: The passing grade for the examination is 100.</p>
Responsibilities	1. Internal communications and collaborations: Facilitate periodic communications with all departments, listen to department needs to identify appropriate talent, implement employee care measures, reduce human resource risks, and establish smooth communication processes	
Resources	1. Monthly/quarterly human resource reports and human resource improvement program	
Specific performance	<ul style="list-style-type: none"> <li><input type="checkbox"/> Organized signing event for human rights declaration on Human Rights Day; the event was attended by our chairman, managers, and other colleagues.</li> <li><input type="checkbox"/> Promoted salon lectures on ethics, used case studies and board games to teach Lawrence Kohlberg's stages of moral development, and used systemic ethical philosophies and roleplays to help our colleagues better understand the concepts and scope of ethics and integrity. In future, we will compile company case studies that can be used for teaching materials.</li> </ul>	

Management Approach	Key issue-Talent attraction and retention	
Policies	<p>Policies Implementation and promotion of "Human Capital Strategic Thinking 3.5" framework</p> <p>Grape King Bio upholds core values relating to "Technology, Health, and Hope" and adopts a people-oriented core strategy. We have incorporated human resource analytics, established and promoted our "Human Capital Strategic Thinking 3.5" framework, and implemented our talent management policy of placing appropriate personnel in appropriate positions. We provide a high-quality and healthy workplace environment as well as competitive remuneration and benefits, and we continue to cultivate talent and build a heartwarming workplace environment.</p>	
Commitments	<p>To effectively enhance our human resources, we not only actively build and promote high-quality training programs and implementation principles, but also work to establish a function-oriented learning map to help all departments cultivate current and reserve personnel, develop key talents, and fully implement our policy of placing appropriate talent in appropriate positions.</p>	
Objectives	Short-term	<ul style="list-style-type: none"> <li>• Use GKB Learning College (GKBLC) framework to organize, establish, and implement training programs for all six departments, completing training for a minimum of one department each year.</li> <li>• Maintain TTQS Silver Award qualifications</li> <li>• Cultivation of 1 person with potential talent in each division and achieve success rates exceeding 80% on this KPI indicator</li> <li>• Promotion and implementation of Learning Passports</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>• Implement GKB Learning College (GKBLC) framework and complete training for a minimum of one department each year.</li> <li>• Maintain TTQS Silver Award qualifications and obtain Gold Award</li> <li>• Cultivation of 2 people with potential talent in each division and achieve success rates exceeding 80% on this KPI indicator</li> <li>• Establish cultivation program for potential and key talent</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>• Establish GKB Learning College (GKBLC) framework</li> <li>• Maintain TTQS Gold Award qualifications</li> <li>• Obtain key talent through cultivation of potential talent and reach achievement rates of 85% or more.</li> </ul>
Responsibilities	<p>1. Internal communications and collaborations: Facilitate periodic communications with all departments, listen to department needs to identify appropriate talent, implement employee care measures, reduce human resource risks, and establish smooth communication processes</p>	
Resources	<p>1. Monthly/quarterly human resource reports and human resource improvement program</p>	
Specific performance	<ul style="list-style-type: none"> <li><input type="checkbox"/> Promoted and implemented TTQS training programs and maintained TTQS Silver Award qualifications</li> <li><input type="checkbox"/> Implemented GKB Learning College (GKBLC) framework to organize, establish, and implement training programs for all six departments. We completed the training program and successfully promoted a deputy manager.</li> </ul>	

Management Approach	Key issue-Occupational health and safety	
Policies	At Grape King Bio, we hold "Technology, Health, and Hope" as our core value and we adopted "Live Healthy, Think Grape King" as our corporate mission. We provide a safe and healthy work environment for our colleagues, adhere to our duties under health and safety policies, reduce hazard risks, encourage all employees to participate in commitments related to friendly work environments, and extend our community to our contractors and suppliers. Our goal is to facilitate mutual benefits for all and realize sustainable operations with safe, friendly, and healthy workplace environments.	
Commitments	We commit ourselves to providing employees with a safe and healthy workplace and continue to promote a sustainable company culture that upholds occupational safety and health.	
Objectives	Short-term	<ul style="list-style-type: none"> <li>• Establish the Grape King Bio occupational health and safety family</li> <li>• Promote healthy physical fitness activities for employees, family members, and the community</li> <li>• Establish an elder-friendly workplace environment in response to our aging society, and establish a maternity-friendly workplace environment in response to decreasing birth rates</li> <li>• Continue to optimize our occupational health and safety management system</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>• Lower disabling injury frequency rate (Frequency Rate, FR) to 50% than that of peers</li> <li>• Promote and participate in the selection of excellent occupational safety and health units</li> <li>• Promote and participate in the selection process for the Outstanding Healthy Workplace Awards</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>• Set an example of a happy enterprise and become a benchmark for healthy workplaces for SMEs in Taiwan</li> <li>• Advance and participate in the Occupational Safety Five-Star Awards: Company Benchmark Award and Occupational Health Special Award</li> <li>• Create a work-life-balanced workplace which allows employees to balance family life, physical health, and mental health</li> <li>• No work-related accidents throughout the year (0 occupational disasters)</li> </ul>
Responsibilities	1. Internal responsible unit: Factory nurses and industrial safety units	
Resources	1. Health and safety improvement fees of NT\$250,000 for all units 2. ISO/CNS 45001 Occupational Health and Safety System certification	
Specific performance	<ul style="list-style-type: none"> <li><input type="checkbox"/> Designated an Alliance for Protection of Maternal Health Model Institution by the Taoyuan City Government in 2021.</li> <li><input type="checkbox"/> Maintained seven consecutive years (2014-2021) without major disasters</li> <li><input type="checkbox"/> Obtained SME on-site health subsidies of NT\$139,200</li> <li><input type="checkbox"/> Obtained subsidies for redesigned duties for the middle-aged and elderly and received NT\$33,600 to purchase semi-automatic trailers</li> <li><input type="checkbox"/> Hosted occupational health and safety week activities</li> <li><input type="checkbox"/> Implemented workplace environment improvements: Improved noise issues and high-temperature working conditions; implemented access restrictions for refrigeration areas</li> <li><input type="checkbox"/> Grape King Bio chairman signed occupational health promotion declaration</li> </ul>	



**GRAPE KING BIO**

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