



GRAPE KING BIO

# 2020

## GRAPE KING BIO

### ESG Report

TSE 1707



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# Chairman's Message

## Chairman's Message

Established in 1969, Grape King Bio is committed to becoming one of the top health food manufacturers in the Biotechnology Industry. We have a strong and trustworthy 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.

2020 has been a challenging and unprecedented year for companies around the world. I am very proud of our employees who adapted quickly and worked together to ensure that our operations continued to run as smoothly as possible. At Grape King Bio, supporting our communities is very important to us and an extension of our core values. Last year we continued to support disadvantaged and local ethnic groups by donating meals to help with diet and nutrition as well as sponsoring education for children from low-income families.

Since 2014, we have been publishing our independently-verified ESG report, aligned with the Global Reporting Initiative's GRI Standards. Each year we work to improve transparency and add relevant disclosures for our stakeholders. In our 2020 report we have included disclosures in line with the TCFD framework and have also published disclosures according to SASB standards on our website.

Grape King Bio is strongly committed to elimination of inequality and discrimination and has established internal policies and initiatives to

support this commitment. The stability and diversity of our workforce is one of our competitive advantages and we consistently maintain an equal ratio of male to female employees on average. Grape King Bio was proud to receive the Outstanding and Gender Equality awards at the Taoyuan Excellent Enterprise Awards last year.

Grape King Bio continues to find innovative ways to reduce our impact on the environment and our communities. In 2020, we ceased usage of heavy crude oil for boilers at all three factories and set an annual target to reduce energy usage by 1% each year. Our employees are also dedicated to expanding and improving our products while staying on the cutting edge of our industry. In 2020 we applied for 30 patents, received 17 and our employees published 24 journal papers. We utilized our proprietary fermentation technologies to develop a total of 219 new products in 2020 while adhering to rigorous quality standards and inspections.

We welcome your feedback on our 2020 ESG report in order to better communicate what is important to all of our stakeholders. We remain 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 2020

## Governance

	2020	Highlights for 2015-2019
<b>Corporate Governance</b>	<ol style="list-style-type: none"> <li>1. Reorganized the “Corporate Social Responsibility Committee” to form the “ESG Committee”</li> <li>2. The Board of Directors approved the “Code of Ethical Conduct,” “Insider Trading Prevention Management Regulations,” “Dishonesty Prevention Program,” and “Operational Procedures and Code of Conduct for Ethical Management” as part of its proactive initiative to prevent unethical conduct</li> <li>3. Invited to participate in 8 (domestic and overseas) investor conferences</li> <li>4. Adopted SASB indicators for ESG communications with investors in 2020</li> </ol>	<ol style="list-style-type: none"> <li>1. Awarded the Most Influential Health Food Merit Award by ManagerToday Magazine in 2015</li> <li>2. Selected for “Asia’s 200 Best Under a Billion” list by Forbes Magazine in 2015</li> <li>3. Ranked among “Asia Fastest 50: Fastest growing 50 (biotech) companies across Asia Pacific” by BioSpectrum magazine in 2016</li> <li>4. Chairman Andrew Tseng received the highest number of votes in Global Bio &amp; Investment Magazine’s “Taiwan Biomedical Leader” poll in 2018</li> <li>5. 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> </ol>
<b>Product Innovation</b>	<ol style="list-style-type: none"> <li>1. Applied for 30 patents in 2020 and obtained approval for 17 patents</li> <li>2. Received a Gold Medal from Taiwan Innotech Expo</li> <li>3. Ranked 2nd out of 2000 companies in the Biotechnology and Pharmaceutical Industry by CommonWealth Magazine’s Top 2000 Survey</li> <li>4. Received SNQ (Symbol of National Quality) certification for 5 products</li> <li>5. Participated in a total of 30 industry-academia cooperation and commissioned research projects in 2020, with total funds exceeding NT\$28 million</li> <li>6. Utilized fermentation technologies to develop a total of 219 products in 2020</li> <li>7. Published 24 journal papers in 2020</li> </ol>	<ol style="list-style-type: none"> <li>1. 2018 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> </ol>
<b>Food Safety and Supply Chain Management</b>	<ol style="list-style-type: none"> <li>1. Audited 100% of our 210 raw material suppliers</li> <li>2. Built a “Smart supplier multi-channel communication platform” in 2020</li> </ol>	<ol style="list-style-type: none"> <li>1. Received international TAF ISO 17025 certification in 2015</li> <li>2. All production lines obtained third-party ISO 22000, HACCP, and NSF GMP certification in 2017</li> <li>3. Completed internal traceability system for 100% of products in 2018</li> <li>4. Audit ratios for raw materials suppliers in 2019 was 100%</li> </ol>
<b>Customer Satisfaction and Legal Compliance</b>	<ol style="list-style-type: none"> <li>1. 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>2. Increased personnel product knowledge scores by 27% through training courses</li> <li>3. Utilized Martech technology to establish comprehensive lifestyle and health needs for different customer profiles</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> </ol>
<b>Brand Value</b>	<ol style="list-style-type: none"> <li>1. Received Influenza Prevention Alliance Gold Award</li> <li>2. Received TCSA Gold Corporate ESG Report Award</li> </ol>	<ol style="list-style-type: none"> <li>1. Awarded the Most Influential Health Food Merit Award by ManagerToday Magazine in 2015</li> <li>2. Received Superbrands award in 2016</li> <li>3. Received Outstanding Management Award at the 25 National Quality Awards in 2018</li> <li>4. Received Gold award at the 2019 Taiwan Bio Industry Organization Awards</li> </ol>

## Social

	2020	Highlights for 2015-2019
<b>Talent Development and Employee Benefits</b>	<ol style="list-style-type: none"> <li>1. Received Outstanding and Gender Equality awards at the Taoyuan Excellent Enterprise awards</li> <li>2. 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>3. Maintained six consecutive years (2014-2020) without major disasters</li> <li>4. Longtan Branch received I Sports Enterprise certification from the Ministry of Education's Sports Administration in 2020</li> <li>5. 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>6. GKB Learning College courses helped employees with potential enhance their professional skills</li> <li>7. 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>8. Established the "Grape Seed Program" to care for pregnant female employees</li> </ol>	<ol style="list-style-type: none"> <li>1. Received "I Sports Enterprise" certification from the Ministry of Education's Sports Administration in 2017</li> <li>2. Received OHSAS 18001 Occupational Health and Safety and TOSHMS Taiwan Occupational Safety and Health Management System certification in 2017</li> <li>3. Listed in Cheers Magazine's "Top Companies for the Young Generation" in 2018</li> <li>4. Received Silver TTQS (Talent Quality-Management System) certificate from the Ministry of Labor's Workforce Development Agency in 2019</li> <li>5. Founded GKB Learning College (GKBLC) to facilitate departmental planning, structuring, and implementation of departmental training programs for enhancing employee capabilities in 2019</li> </ol>
<b>Community Investment</b>	<ol style="list-style-type: none"> <li>1. A total of 979 volunteers and 815 service hours were invested in community investment projects in 2020</li> <li>2. Participated in the charity sweep event hosted by the communities of Jhensing Village, Lungshing Village, and Beishing Village</li> </ol>	<ol style="list-style-type: none"> <li>1. Commended for corporation contributions to education by the Taoyuan City Government in 2016</li> <li>2. Joined the Taiwan Immunization Vision and Strategy (TIVS) Influenza Prevention Alliance in 2017 and received the "Pandemic Prevention Award"</li> <li>3. Began hosting the "Christmas Wish List Project" in 2017</li> <li>4. Updated multimedia interactive equipment at the Grape King Health and Vitality Power Center and continued to provide free tours in 2019</li> </ol>

## Environmental

	2020	Highlights for 2015-2019
<b>Climate Commitments and Environmental Initiatives</b>	<ol style="list-style-type: none"> <li>1. Began adopting TCFD in 2020 to identify and respond to climate change risks and opportunities for Grape King Bio</li> <li>2. Joined the RE100 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>3. Ceased usage of heavy crude oil for boilers at all three factories in 2020 to reduce emission of particulate pollutants</li> <li>4. Reduced 318kg CO<sub>2</sub>e of carbon emissions in 2020</li> <li>5. Biotech Research Institute began using food sludge as organic fertilizer in 2020 to raise waste recycling rates</li> <li>6. Recycled a total of 3,681 empty plastic product bottles as of 2020</li> </ol>	<ol style="list-style-type: none"> <li>1. Introduced and obtained certification for ISO14000 Environmental Management System in 2017</li> <li>2. Installed solar panels at the Grape King Bio Tourist Factory in 2018, reducing approximately 3,691 kg of carbon emissions</li> <li>3. 100% green paper pulp materials made from FSCTM certified wood materials were used to make all aluminum foil product packaging in 2019</li> </ol>
<b>Energy and Water Management</b>	<ol style="list-style-type: none"> <li>1. Set a 1% energy-saving target for all three factories in 2020</li> <li>2. Longtan Branch began implementing recycling wastewater from MBR and RO equipment in accordance with the Hsinchu Science Park's water conservation program</li> </ol>	<ol style="list-style-type: none"> <li>1. Introduced and obtained certification for ISO50001 system in 2019</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

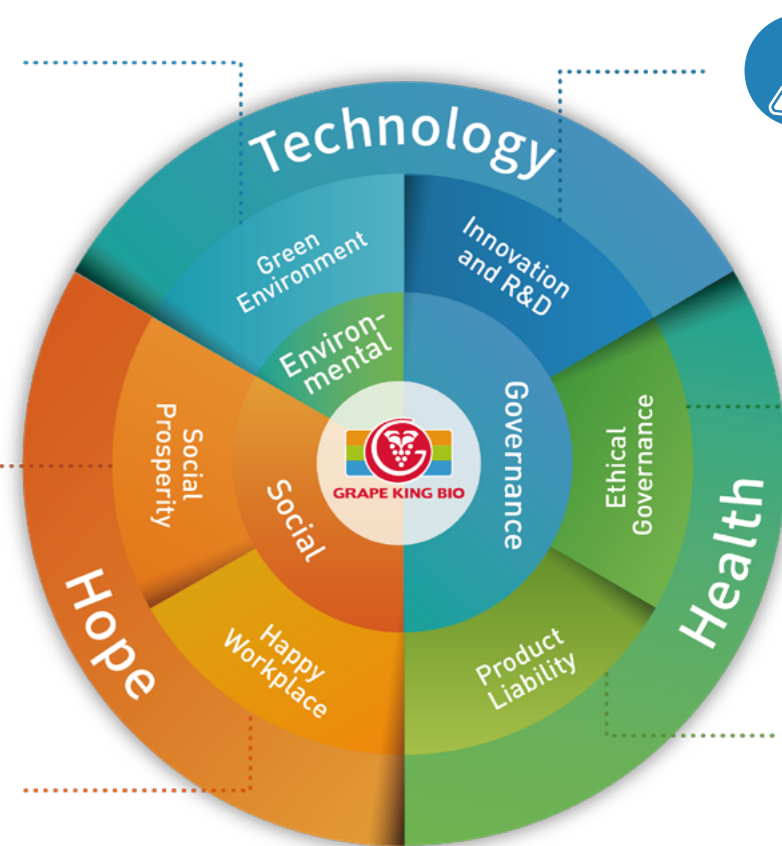
**SDGs : 3、8、10**



**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**

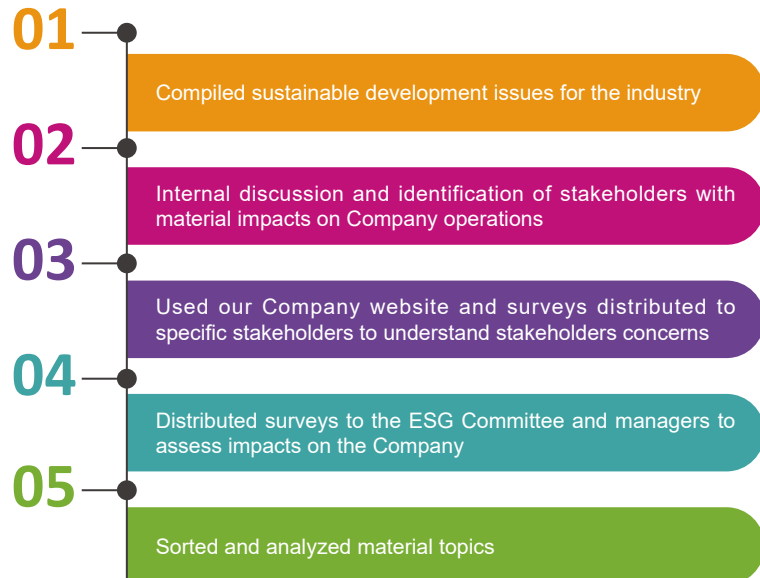
# Response to the United Nations Sustainable Development Goals

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

	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
<b>Measures adopted by Grape King Bio</b>	We support disadvantaged and local ethnic groups in our communities by continuing to donate meals to help with diet and nutrition.	We support the health of our employees through wide-ranging Company-sponsored health activities, and enhance the lives of our consumers and overall health of society through our platform of health foods and supplements.	We work closely with schools on industry-academia collaborations and provide unique internship opportunities to enhance learning and for future employee recruitment	Internally, we formulated clear talent management strategies and regulations to establish a safe workplace environment, provide work opportunities for young people and disadvantaged groups, and protect the rights of our employees. Externally, we maintain a certain ratio for local procurement to drive employment and economic growth within the region	Grape King Bio seeks to provide the most comprehensive care for the health of our consumers by addressing rising trends in chronic lifestyle diseases, aging populations, and considering enhanced awareness of consumer health issues. By integrating our core strengths in R&D along with our fermentation technologies and material development patents of our Bioengineering Center, we create a variety of health supplements for building a healthy and sustainable society	Grape King Bio is strongly committed to elimination of inequality and discrimination and has established internal policies and initiatives to support this commitment	All of our products have passed (1) Product certification and inspections; (2) Hygiene regulations and training; and (3) Product tracking and management	Our climate initiatives were implemented through our six main management strategies: perform compliance obligations, reduce hazard risks, implement environmental protection, build friendly work environments, promote full employee participation, and improve sustainability cycles
<b>Performance for 2020</b>	<ul style="list-style-type: none"> <li>We provided winter and summer meal vouchers to schools, supporting 146 students and providing 5,180 individual meals during the past three years</li> <li>We have donated 1,900 food boxes since 2017, benefiting 1,900 families and 7,600 people</li> <li>Our 2020 charity breakfast program benefited 7,300 people</li> </ul>	<ul style="list-style-type: none"> <li>Professional doctors offer on-site services for 2 hours every month</li> <li>In 2020, we 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>Developed anti-aging, eye care, and anti-depression products targeted for Asian users</li> <li>Our main products contain different types and concentrations of vitamins B, C, D, and E according to product formulation and positioning requirements</li> <li>58% of our products use sugar substitutes for flavoring to reduce sugar content</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a total of 30 industry-academia cooperation and commissioned research projects in 2020, with total funds exceeding NT\$28 million</li> <li>Published 24 journal papers, 2 conference papers, and 19 conference posters</li> <li>88 students participated in Grape King Bio internship programs</li> </ul>	<ul style="list-style-type: none"> <li>Earnings per share (EPS) for 2020 was NT\$9.34</li> <li>The distribution ratio for cash dividends in 2020 was 68.50%</li> <li>The local procurement ratio for 2020 was 53.4%</li> <li>In 2020, 1 intern became a full-time employee</li> </ul>	<ul style="list-style-type: none"> <li>Grape King Bio holds 91 patents. We applied for 30 patents in 2020 and received approval for 17 patents.</li> <li>Developed a total of 219 products in 2020</li> </ul>	<ul style="list-style-type: none"> <li>As of year-end 2020, we have helped to sponsor the education of 34 low-income students</li> <li>Sponsored 7 school club activities to encourage multi-faceted development for children</li> <li>The ratio of starting salaries and benefits is 1:1 for our male and female employees</li> </ul>	<ul style="list-style-type: none"> <li>Implemented inspections of raw materials. Overall qualification rates were 97.35%</li> <li>100% of our 212 suppliers underwent our annual audits</li> <li>100% of our product lines were verified</li> <li>Invested NT\$24,150,002 in food safety management</li> <li>100% of all products were produced by product lines verified under internationally recognized food safety and hygiene management systems</li> <li>100% of our products can be tracked through our internal ERP system</li> </ul>	<ul style="list-style-type: none"> <li>Invested NT\$69,853,080 in environmental protection and management</li> <li>Adopted the Task Force on Climate-Related Financial Disclosures (TCFD)</li> <li>Installed solar power generators which generated around 624 kWh of electricity per year and reduced carbon emissions by around 318 kg CO<sub>2</sub>e each year</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 2020 are shown in the table below. For more information, please refer to our official website: <https://www.grapeking.com.tw/en/csr/stakeholder>.



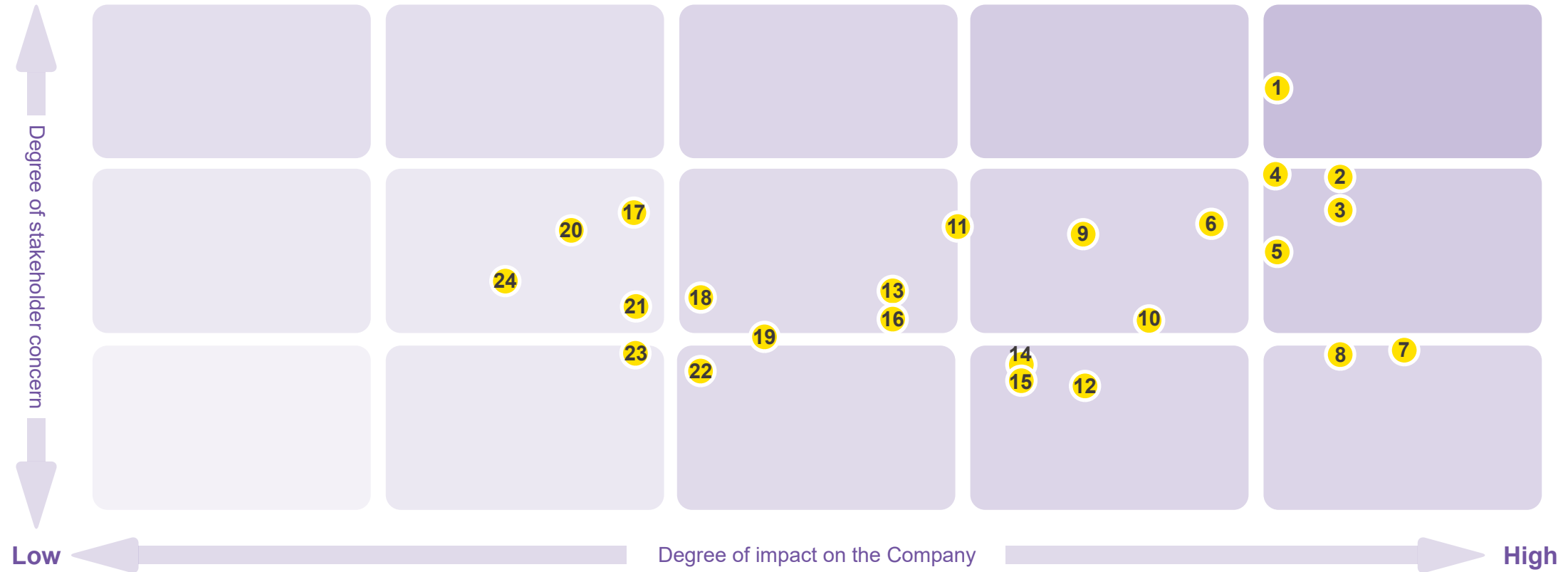
	Main Topics of Concern	Communication Channels	Communication Frequency	Communication Performance for 2020
Shareholders /investors	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Corporate governance and transparency</li> <li>Ethics and integrity</li> <li>Information security</li> <li>Occupational health and safety</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</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</li> <li>Invited to participate in 8 investor conferences</li> <li>Published quarterly financial reports for 2020 and annual report for 2019</li> <li>Released 56 Chinese and English material information disclosures</li> <li>Released 12 sets of unaudited consolidated revenue data (one for each month)</li> </ul>
Clients	<ul style="list-style-type: none"> <li>Ethics and integrity</li> <li>Nutritious and affordable products</li> <li>Customer Service</li> <li>Product liability and safety</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 21,600 product and order queries</li> <li>Official website and mailbox for external communications responded to 1,825 customers</li> <li>Online messaging system responded to approximately 9,125 customers</li> <li>Conducted 800 telephone interviews</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Ethics and integrity</li> <li>Product quality</li> <li>Product liability and safety</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>Audited a total of 212 suppliers</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Talent attraction and retention</li> <li>Talent development</li> <li>Diversity and equality of employees</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>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 9,971 hours</li> <li>Total number of personnel who underwent training during the year was 3,120 people</li> </ul>

	Main Topics of Concern	Communication Channels	Communication Frequency	Communication Performance for 2020
Government	<ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Climate change and energy management</li> <li>• Social participation</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 1,470 official correspondences</li> </ul>
Neighboring communities	<ul style="list-style-type: none"> <li>• Climate change and energy management</li> <li>• Water resource management</li> <li>• Waste Management</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\$1,880,153 in communities</li> <li>• Hosted 5 exchange activities</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Ethics and integrity</li> <li>• Human rights</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 32 press releases</li> </ul>
Academia	<ul style="list-style-type: none"> <li>• Ethics and integrity</li> <li>• Innovation and R&amp;D</li> <li>• Product quality</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 82 domestic colleges</li> <li>• A total of 88 students participated in industry-academia cooperation projects</li> </ul>
Non-profit organizations	<ul style="list-style-type: none"> <li>• Ethics and integrity</li> <li>• Legal compliance</li> <li>• Social participation</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; once a week</li> </ul>	<ul style="list-style-type: none"> <li>• Involved 979 people in social participation</li> <li>• Service hours: 815 hours</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 192 valid responses. Item weights and rankings were calculated according to their level of impact on the Company, and 12 key issues were selected for this year. Each unit integrates these key issues into annual plans and routine business management along with the previously identified issues of concern, and periodically evaluates implementation performance to facilitate continuous improvement.

**High** **Materiality Matrix**



1	Ethics and integrity	2	Product quality	3	Legal compliance	4	Product liability and safety	5	Innovation and R&D	6	Customer service	7	Financial performance	8	Corporate governance and transparency
9	Anti-corruption	10	Supply chain management	11	Occupational health and safety	12	Risk management	13	Waste management	14	Talent attraction and retention	15	Talent development	16	Information security
17	Social participation	18	Sustainable products and services	19	Water resource management	20	Nutritious and affordable products	21	Raw materials	22	Diversity and equality of employees	23	Climate change and energy management	24	Human rights

## Key Issues confirmation and communication

Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Significance for Grape King Bio	Management approach	Our major responses
		Upstream	Grape King Bio	Downstream			
<b>Ethics and integrity</b>	GRI 205: Anti-corruption 2016 (205-3)	●	●	●	All confidential information of the Company and our clients should be kept confidential to maintain our reputation and public order.	<ul style="list-style-type: none"> <li>We ensure employee awareness through a variety of channels.</li> </ul>	<ul style="list-style-type: none"> <li>Promoted topics themed around ethical corporate management and insider trading prevention to directors, supervisors, and all employees through training and internal circulars.</li> <li>Administered ethical corporate management and insider trading prevention tests to section managers and above. A total of 104 people took the test and 100% received a passing grade (80 points and above).</li> <li>Our directors and supervisors participated in courses on ethical corporate management (including courses on corporate tax governance). The total number of participants was 11 and the total training hours were 84 hours.</li> <li>Internal and external trainings on ethical corporate management were also held for employees (including courses on food sanitation and safety regulations, health and safety inspections, practical application of ISO37001 Bribery Prevention Management System, business activities with ethical risks, detection and prevention of fraud, and case studies). The total number of participants was 683 and the total training hours were 1,787 hours.</li> <li>We did not receive any complaints relating to ethical management in 2020.</li> </ul>
<b>Product quality</b>	GRI 416: Customer Health and Safety 2016 (416-2)	●	●	●	Continue to improve quality management systems and ensure product quality adheres to international standards.	<ul style="list-style-type: none"> <li>Require employees to continuously strengthen compliance with relevant EHS regulations while actively pursuing international quality management certifications</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, all 27 staff members (100%) at our inspection center obtained their ISO/IEC 17025 training certificates and achieved our goal for the year. Additionally, 9 of our staff members obtained their training certificates for internal laboratory audits and became qualified auditors.</li> <li>The laboratories of our two factories both passed audits under the new ISO/IEC 17025:2017 standards.</li> <li>Our current inspection items include tests for residues of 380 pesticides, 9 plasticizers, 5 microbes, and 4 heavy metals.</li> </ul>
<b>Legal compliance</b>	GRI 419: Socioeconomic Compliance 2016 (419-1)		●	●	Legal compliance is a fundamental principle of business management, as only law-abiding enterprises can win the trust of consumers.	<ul style="list-style-type: none"> <li>All legal affairs and related documents shall be processed by the Legal Office through its comprehensive review procedures</li> <li>Conduct internal education and training to ensure that all related units understand related regulations</li> </ul>	<ul style="list-style-type: none"> <li>We incurred no major penalties from administrative authorities in 2020</li> </ul>

Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Significance for Grape King Bio	Management approach	Our major responses
		Upstream	Grape King Bio	Downstream			
<b>Product liability and safety</b>	GRI 416: Customer Health and Safety 2016 (416-2)	●	●	●	Conduct multi-faceted supplier audits and realize sustainable management through strict and thorough food safety controls.	<ul style="list-style-type: none"> <li>• Implement internal and external education and training for food safety</li> <li>• Appoint a Hygiene Management Specialist and apply for multiple proactive food safety and sanitation management system certifications</li> <li>• Establish a food safety team to review and manage the quality system</li> <li>• Establish a comprehensive follow-up and traceability system</li> <li>• Use 100% raw material inspections to implement rigorous controls and schedule monthly audits on suppliers and annual evaluations to fully implement supplier risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Compiled with food safety regulations and product labeling</li> <li>• Obtained multiple food safety certifications and laboratory certifications</li> <li>• 100% of the source materials of Grape King Bio's products can be traced through the internal ERP system</li> </ul>
<b>Innovation and R&amp;D</b>	GRI 103: Management Approach (103-1, 103-2, 103-3)		●	●	Continue to realize innovation in R&D through continued investment of resources and effort in different products and services.	<ul style="list-style-type: none"> <li>• Continue to strengthen the R&amp;D capacity of our Bioengineering Center and Innovation and R&amp;D Center</li> <li>• Develop diverse products and customized services</li> <li>• Conduct industry-academia collaborations to strengthen connections between local industries</li> </ul>	<ul style="list-style-type: none"> <li>• Grape King Bio holds 91 patents. We applied for 30 patents in 2020 and received approval for 17 patents.</li> <li>• Developed a total of 219 products in 2020.</li> </ul>
<b>Customer Service</b>	GRI 418: Customer Privacy 2016 (418-1)		●	●	Strive to provide the best service and expend all efforts in building a better future for our customers by connecting each aspect of our services through integration of our products, prices, services, corporate image, customer emotions, and customer experiences.	<ul style="list-style-type: none"> <li>• Establish customer service processing procedures and arrange external training for customer service personnel to increase customer satisfaction</li> <li>• Perform one customer visit each year and use consumer opinions to formulate R&amp;D and sales strategies for the next year</li> <li>• Continue to improve and provide customers with the highest standard of personal information protection</li> </ul>	<ul style="list-style-type: none"> <li>• Complete product refresher training courses to enhance the professionalism of customer service personnel</li> <li>• Conducted interviews with more than 40 customers to understand, optimize, and improve customer experiences and needs during the procurement process. Interview responses were used to build a database of common problems, and we consulted professionals to ensure that our answers to these problems were accurate and consistent.</li> </ul>

Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Significance for Grape King Bio	Management approach	Our major responses
		Upstream	Grape King Bio	Downstream			
<b>Financial performance</b>			●		Financial performance indicates stability and efficiency of operations at a company. We use the gains from our stable operations to benefit investors, employees, and society in general so as to achieve our long-term goal of sustainable development.	<ul style="list-style-type: none"> <li>We realize our goal of sustainable development by creating new products, expanding into new markets, and enhancing internal operational efficiency, thus generating stable growth in our financial performance.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated revenue for 2020 was NT\$9,168,195,000.</li> <li>Earnings per share (EPS) for 2020 was NT\$9.34.</li> </ul>
<b>Corporate governance and transparency</b>	GRI 103: Management Approach (103-1, 103-2, 103-3) GRI 102: General Disclosure (102-18)	●	●	●	Strengthen corporate governance and ESG to enhance management quality and achieve sustainable management.	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The Board of Directors had an excellent performance in 2020, having been able to fulfill its responsibilities efficiently and generating an average score of 4.51 points (out of 5 points).</li> <li>The performance of the Remuneration Committee was also excellent, having been able to fulfill its responsibilities efficiently and generating an average score of 4.26 points (out of 5 points).</li> </ul>
<b>Anti-corruption</b>	GRI 205: Anti-Corruption 2016 (205-2, 205-3)	●	●		We hope our anti-corruption management system can ensure that the costs of raw materials can be reflected in the high quality and affordable prices we exhibit to our consumers.	<ul style="list-style-type: none"> <li>Actively require suppliers to sign anti-corruption clauses and set up multiple representation channels, and regularly implement employee training to ensure that corruption is prevented from the inside out.</li> </ul>	<ul style="list-style-type: none"> <li>Our suppliers have gradually signed our Code of Conduct due to our implementation of the following procedures:               <ol style="list-style-type: none"> <li>Official announcement;</li> <li>New suppliers sign the Code of Conduct when signing their new contract with us;</li> <li>Other suppliers are required to sign together with their renewed contract after their old contracts have expired.</li> </ol> </li> <li>We communicated and promoted our anti-corruption policies to suppliers with whom we have regular transactions to ensure that 100% of our suppliers were made aware of our policies.</li> </ul>



Key Issue	Material Topic (In accordance with GRI Standards)	Topic Boundaries			Significance for Grape King Bio	Management approach	Our major responses
		Upstream	Grape King Bio	Downstream			
Supply Chain Management	GRI308: Supplier Environmental Assessment 2016 (308-1, 308-2)	●	●	●	We continue to communicate with our suppliers and assist them in becoming excellent suppliers in terms of legal compliance, corporate reputation, fulfillment of specification requirements, protection of employee rights, focus on food safety, and environmental protection.	<ul style="list-style-type: none"> <li>Each year, we evaluate and grade all suppliers based on four main aspects: Quality, Cost, Delivery, and Service.</li> </ul>	<ul style="list-style-type: none"> <li>Conducted on-site evaluations for 30 suppliers</li> <li>Audited a total of 212 suppliers</li> </ul>
	GRI 414: Supplier Social Assessment 2016 (414-1, 414-2)						
Occupational health and safety	GRI 403: Occupational Health and Safety 2018 (403-2)		●		Provide our employees with safe, healthy, and friendly workplace environments and systems that comply with regulations, reduce hazard risks, and implement environmental protection.	<ul style="list-style-type: none"> <li>Encourage employees to actively participate in related environmental, safety, and health activities and training while setting up the "Occupational Health and Safety Management Committee" to organize health-and-safety-related affairs and evaluate risks in the workplace</li> </ul>	<ul style="list-style-type: none"> <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>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>Obtained ISO/CNS 45001 Occupational Health and Safety System certification in 2020</li> </ul>
Risk management	GRI 102: General Disclosure (102-30)	●	●	●	Grape King Bio continues to assess and control major potential risks for prevention, and to ensure our competitiveness and value under all circumstances.	<ul style="list-style-type: none"> <li>We assess possible impacts on Grape King Bio from financial, operational, strategic, hazard, and climate change related risks, and allocate appropriate resources for preventive actions.</li> </ul>	<ul style="list-style-type: none"> <li>Prepared for establishment of Risk Management Committee</li> <li>Incorporated climate risks into our risk management system</li> </ul>



2020  
ESG Report

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Appendix



# Governance Performance

## Corporate Governance and Legal Compliance

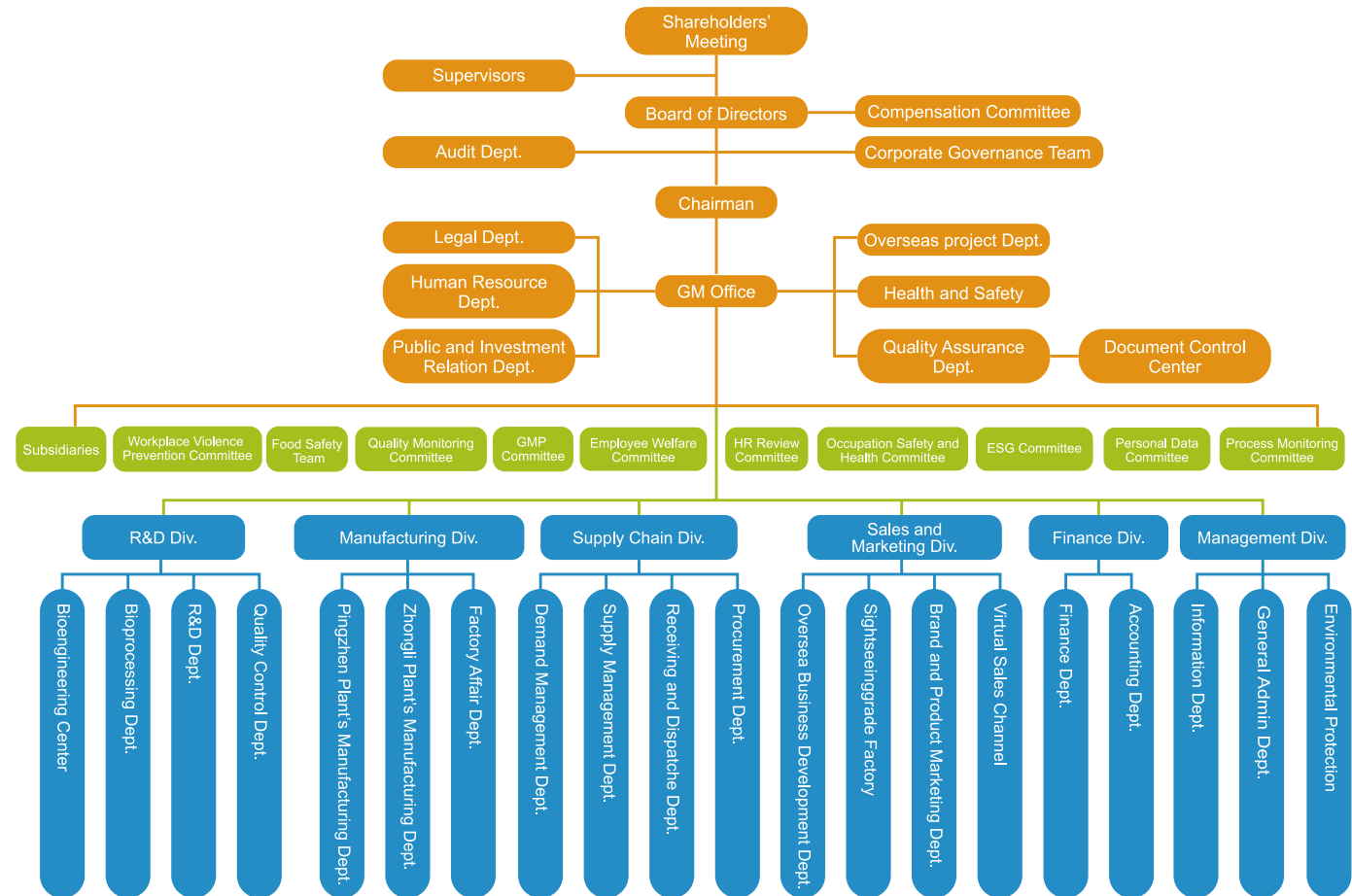
Key issues: Ethics and integrity, corporate governance and transparency, anti-corruption

The Board of Directors is the highest governance unit of the company. We have established 9 directors (including 3 independent directors and 2 female directors) and 2 supervisors in accordance with our Articles of Incorporation (please refer to our annual report for a list of board members). 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 supervisors are responsible for supervising all business aspects of the company in accordance with the Company Act. 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.

## Board Operations

Nine of our directors hold academic degrees, including a doctorate degree in business administration and graduate degrees in marketing, law, and economics. Of our directors, 11% are company employees, 22% 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.)

## Corporate Governance Organization



## Remuneration Committee Operations

We have established a Remuneration Committee composed of three members to strengthen corporate governance and build sound remuneration systems for directors, supervisors, 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 4 meetings were convened in 2020. Grape King Bio formed the 4th Remuneration Committee on June 11, 2018; all Committee members were independent directors of the company.

## Supervisor System Operations

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

## Evaluations of Board Performance

We established procedures for evaluating the performance of our Board and Remuneration Committee on November 11, 2019, and commenced yearly evaluations on the overall operational performance of the Board of Directors and the Remuneration Committee starting from 2019. The aforementioned performance evaluations are conducted by our 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: <https://www.grapeking.com.tw/tw/investor/governance/major-policies>

- Overall Board performance received an "Excellent" rating in evaluation results in 2020, indicating that the Board is able to exercise its duties appropriately. Average evaluation scores for Board performance were 4.51 (out of 5).
- Overall Remuneration Committee performance received an "Excellent" rating in evaluation results in 2020, indicating that the Remuneration Committee is able to exercise its duties appropriately. Average evaluation scores for the Remuneration Committee performance were 4.26 (out of 5).

Board directors, members of the Remuneration Committee, and the Corporate Governance Team did not put forward any other suggestions in 2020. Details of the evaluations were submitted to the Board on January 14, 2021.

## Sustainable Development and ESG Management Framework

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 (R&D Division, Manufacturing Division, Supply Chain, Sales and Marketing Division, Finance Division, and Administration Division) 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 8 (domestic and overseas) investor conferences which spanned a period of more than 3 months (the first investor conference took place in March and the last in November). We did not initiate any investor conferences on our account for 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 2020. 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 89 key suppliers whose total purchases in 2020 ranked among our top 80% and sent them policy promotion surveys. A total of 57 suppliers responded to our survey; the response rate was 64%.
  - Survey results showed that 100% of our suppliers were aware of our trade secrets policy,
  - Nearly 88% 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 point of contact for these mailboxes are the managers of relevant departments.

(2) Hotline for internal complaints and grievances:

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

(3) Hotline for Whistleblower:

Hotline for Whistleblower: +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 2020 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. Trade secrets, patent rights, and trademarks	We have established our Ethical Code of Conduct, Management Procedures for Grievance Reporting, and related regulations for rewards and punishments to assist our employees in understanding how they should handle the problems they face at work.
V. Legal compliance	We have established a Legal Office and Audit Office to ensure implementation of legal compliance and internal control systems, and we also implement supervisory actions by using our independent directors and supervisors to enhance Board effectiveness.

## Social Aspect

### 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.

### VII. Customer interests

1. We have established an Information Security and Personal Information Committee. Our Information Department obtained a third-party ISO 27001 verification certificate for its information security management system in 2020.
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. We also conduct comprehensive reviews of individual cases and provide retraining for our customer service staff accordingly to strengthen responses for abnormal events.

### VIII. Employee safety risks

Grape King Bio hopes to achieve control of related risks through execution of multiple projects and improvement plans. We began conducting assessment and identification processes for occupational safety risks in 2017, and we will design corresponding response measures for identified high-risk occupational safety items.

### 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 so as 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) Conducted medium-scale trial runs in our laboratory to confirm product formulations, filling properties, and applicability prior to on-site batch production trial runs.
- External (sales related):  
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" contains the latest case records and court decisions from administrative and judicial authorities, and allow our colleagues to look up illegal advertising cases.  
The "T9 Copy Review Procedure Request Form" solves problems relating to the current procedures which use email to conduct reviews of advertising copy and speeds the review process of all units. The system displays feedback from all reviewing units to avoid large discrepancies in appropriate phrasing proposed by each unit.



## [Special Report: TCFD]

### Core Elements of Recommended Climate-Related Financial Disclosures



#### Governance

The organization's governance around climate-related risks and opportunities

#### Strategy

The actual and potential impacts of climate-related risk and opportunities on the organization's businesses, strategy, and financial planning

#### Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

#### Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

### 1. Governance

We plan to establish project implementation teams to handle "climate risks," "greenhouse gas issues," and "RE100" under our ESG Committee; the teams should convene once every three months to propose targets, review implementation progress, and suggest amendments. Additionally, the ESG Committee will review team reports once every six months and assist in organizing schedules and relevant resources. The aforementioned processes will all be submitted and reported to our Chairman.

In future, we plan to include "climate change risks" in our risk management processes for handling by a "Risk Committee" which will integrate climate responses into our core risk management mechanisms.

## 2. Strategies

Actual Risks	Immediate		Long-term		
	Description	Increasing severity and frequency of extreme weather events such as typhoons and floods	Climate changes have increased storm severity, which may cause power outages	Changes in rainfall and extreme weather	
	Financial Impacts	Extreme weather events create supply uncertainties and increase raw material costs	Unexpected power outages caused by impacts of weather conditions on Taiwan Power Company's power grid may interrupt our operations and increase manpower needed for emergency repairs, resulting in loss of manpower and time	Impacts supply of water for production processes, which in turn results in unstable production and reductions in sales revenue	Flooding can affect employee lives and work as well as damage factory equipment, interrupting operations and increasing production costs
	Opportunities	Develop more comprehensive raw material supply mechanisms	Formulate management systems for uninterrupted operations	Improve equipment water usage efficiency and utilization of water resources to reduce long-term costs of water usage	Improve response capabilities toward flooding disasters
	Response Measures	Prevent breakdowns in supply chains: We have established four main strategies to prevent pandemic conditions and extreme weather events from impairing supply of imported raw materials and supply shortages within our supply chain. Additionally, we have developed a two-supplier policy to ensure that we can make timely adjustments if supply becomes unstable.	We use underground power cable to connect to power sources from Taiwan Power Company so as to prevent weather conditions from affecting power transmission and distribution from electricity poles. We have also installed emergency generators and UPS backup systems for our main equipment to reduce losses from unexpected power outages.	<ul style="list-style-type: none"> <li>Water shortages: Our Longtan Branch participated in the "Hsinchu Science Park Water Conservation, Energy Conservation, and Carbon Reduction Program" in response to water shortage crises. We have established projects for recovering wastewater from MBR equipment and concentrate water from RO equipment in accordance with suggestions offered by the Hsinchu Science Park water conservation team.</li> </ul>	<ul style="list-style-type: none"> <li>Floods: Data from the National Science and Technology Center for Disaster Reduction's Disaster Risk Adaptation platform showed that Zhongli, Pingzhen, and Longtan, the areas where our factories are located, are RCP 8.5 scenario regions. Combined analysis of hazard, vulnerability, and exposure levels shows that Zhongli has the highest flood risk (level 5) in the future (2036-2065). Apart from implementing existing flood prevention measures at our factories, we will continue to strengthen our response measures to acute flooding disasters.</li> </ul>

Transformation risks	Policies and regulations		Market risks-changes in customer behavior		
	Description	Requirements of domestic and foreign environmental regulations	Trends in national energy policies	In recent years, consumers have an increased awareness of environmental protection concepts which has caused shifts in consumption preferences, meaning that supply of raw materials, production, and packaging processes for products must all comply with environmental protection requirements	
	Financial Impacts	Levy charges and costs of newly purchased equipment to reduce consumption of energy resources	Rising electricity fees and costs from procuring equipment to increase proportion of power from renewable energy	Transition to lightweight product packaging will increase material production costs	Prices of raw materials from local suppliers may be higher, but transportation costs are reduced
	Opportunities	Improve utilization efficiency of energy resources, which will not only enhance our corporate reputation and reduce our environmental impacts, but will also reduce energy costs in the long run.	In addition to joining RE100, Grape King Bio is also actively increasing usage of solar power and other renewable energies.	Reduce environmental burdens of waste from product packaging and enhance our corporate reputation	Encourage development of local suppliers to reduce emission of greenhouse gases during transportation processes
	Response Measures	<ul style="list-style-type: none"> <li>Grape King Bio actively controls consumption of energy resources through management of power usage, water usage, greenhouse gases, and waste emissions in response to environmental regulations. For example, we stopped using heavy crude oil for boilers at all three of our factories starting in 2020.</li> <li>In future, water consumption fees may be levied on major water users, so we plan to reduce water used in production processes and develop ways to recycle water resources.</li> </ul>	Taiwan's energy policies are strongly focused on transition to a low-carbon society, and therefore Grape King Bio needs to increase the proportion of power sourced from renewable energy.	Development of green products (packaging): Grape King Bio strives to develop lightweight product packaging. We currently use lightweight glass bottles, 100% recyclable aluminum cans, and FSCTM (Forest Stewardship Council) certified paper pulp.	Local procurement (suppliers): Development of green products is one of the main focuses at Grape King Bio. We work with suppliers who also emphasize environmental protection, and we prioritize domestic suppliers to reduce environmental impacts during transportation processes. Relevant stipulations are listed in our "Supplier Code of Conduct."

## 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). In terms of related targets, we plan to formulate short-, mid-, and long-term climate targets through our "ESG Committee" to minimize risks and protect the environment.

## Financial Performance

### Key issues: Financial Performance

Our consolidated revenues in 2020 were NT\$9,168,195,000. Grape King Bio continues to uphold shareholder interests by maintaining after-tax profits of NT\$9.34 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	2018	2019	2020
Direct Economic Value Generated	Income*	9,183,321	9,239,070	9,168,195
	Operating costs*	1,854,057	1,673,182	1,631,457
Distributed Economic Value	Employee salaries and benefits* (Note 1)	1,037,443	1,061,781	1,066,383
	Payment made to investors* (Dividends of the current year)	1,427,590	1,417,731	1,450,672
	Payments made to the government* (Note 2)	484,765	528,952	39,106
	Community investment (Note 3)	9,530	11,107	14,514
Retained Economic Value (Generated-Distributed)* (Note 4)		1,890,072	1,938,566	1,895,095

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

Note 2: Paid Income Tax.

Note 3: Expenditures for donations to government institutions as well as other club and neighborly charity expenses. The amount includes the expense of Tseng Shui Chao Welfare Charitable Foundation.

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

\*Values for 2018 were audited by Ernst & Young, and values for 2019 and 2020 were audited by Deloitte.

Unit: NT\$1,000

Market performance indicators	2018	2019	2020
Revenue*	9,183,321	9,239,070	9,168,195
Net profit after tax*	1,890,072	1,938,566	1,895,095
R&D investment	184,569	190,091	252,857
Return on shareholder equity (%)	28.51%	26.92%	24.53%

\*: 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\$9,168,195,000 revenues in 2020, NT\$7,718,865,000 were sourced from direct sales channels.



## 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.

Notices issued by health authorities are first evaluated by our legal department to determine whether it is necessary to submit an appeal or propose improvement measures; the legal department is also responsible for notifying relevant departments. If the authorities request a hearing, this is attended by members of our legal department and personnel from relevant departments.

In 2020, we incurred no major penalties from administrative authorities exceeding one million NTD.

Violation Incidents in 2020	Legal Basis	Subsequent Improvements
An advertisement for our "Grape King Bio Slim Turmeric Complex" product posted on the Grape King online store described changes in physical appearance and functions	In violation of Article 28 of the Act Governing Food Safety and Sanitation	<ol style="list-style-type: none"> <li>1. We immediately notified our marketing department after receiving this violation notice.</li> <li>2. We submitted relevant research reports to the Department of Health</li> <li>3. Relevant units were requested to adjust advertising copy to prevent similar incidents from happening again</li> </ol>
A discrepancy was found between actual bacterial count and package label information for our "Grape King LGG Probiotics" product	In violation of Article 14 of Health Food Control Act	<ol style="list-style-type: none"> <li>1. We immediately notified our marketing department after receiving this violation notice.</li> <li>2. We submitted relevant research reports to the Department of Health, indicating that the labeled bacterial count was reached when the products exited our factory, but bacterial count was reduced during transportation processes and due to environmental conditions at distributor locales.</li> <li>3. After discussion with marketing and sales units, we decided not to file suit to avoid affecting collaborative relations with our distributors.</li> </ol>



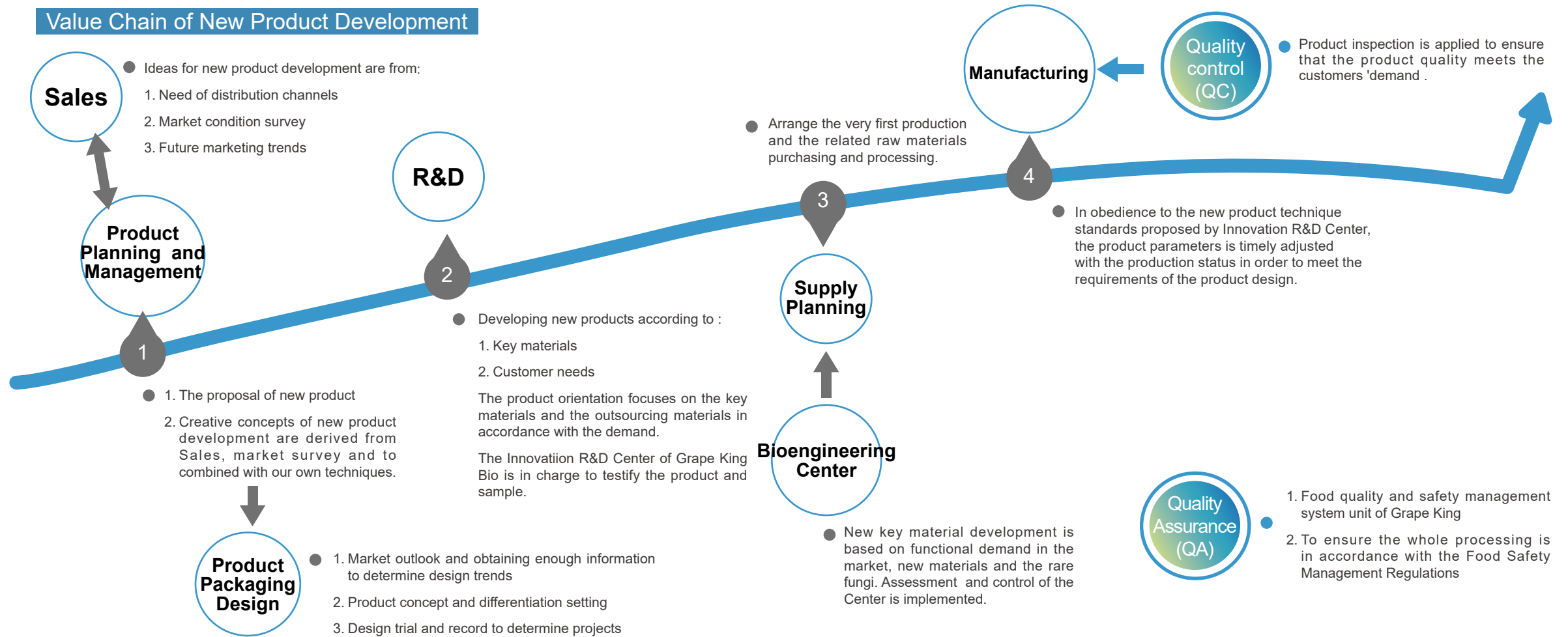


# Product Innovation and Sustainability

## 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\$252,857,000 in innovation and R&D in 2020.

## Major milestones for 2020

Five of our products (Beauty Drink, Livoprobio, Shin Yue Kang, Super 13 Pro & Prebiotics(N) and Marigold Lutein Complex) received SNQ (Symbol of National Quality) certification in the health food group of the health food category.

## 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 2020 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 91 patents; we applied for 30 patents in 2020 and received approval for 17.

## Development and patenting of key materials

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

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

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

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

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

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

Grape King Bio is committed to material development, efficacy verification, and process improvements that strengthen our core technologies. We currently hold 91 patents; we applied for 30 patents in 2020 and received approval for 17.

Patents obtained by Grape King Bio in 2020			
	Patent Title	Country	Patent Number
1	Cordyceps cicadae mycelium active substance and composition for protecting nerve cells	China	ZL 2014 1 0738259.6
2	Reduce cancerous cell drug-fast Antrodia Camphorata mycelium extract and active substance thereof and compositions	China	ZL 2015 1 0212041.1

3	Heripene having pain reduction efficacy, hericium erinaceus mycelium active substance, preparation method for active substance, and pharmaceutical composition including active substance	China	ZL 2015 8 0000569.0
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	Japan	6700374
5	Use of Antrodia Cinnamomea Mycelia Active Substance for Ameliorating Chronic Obstructive Pulmonary Disease	Taiwan	I698243
6	Method of Manufacturing and the Use of Cordyceps Cicadae Mycelia Active Substance for Preventing and/or Improving Acute Lung Injury	Taiwan	I701335
7	Multilayer Antioxidant Coating Lactic Acid Bacteria (Maoc-Lab) Microencapsule	Taiwan	M602044
8	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	USA	US 10835563 B2
9	Antrodia camphorata mycelium active substance and composition for protecting nerve cells	China	ZL 2014 1 0735439.9
10	A Bifidobacterium Lactis GKK2, a Composition Comprising Thereof and its Use for Improving Allergic Asthma	Taiwan	I709408
11	Method of Manufacturing and the Use of Cordyceps Cicadae Mycelia Active Substance for Preventing and/or Improving Acute Lung Injury	Japan	6789339
12	Cordyceps cicadae mycelium active substances, preparation method, pharmaceutical composition and application thereof	USA	US 10865377 B2
13	A Lactobacillus Rhamnosus GKLC1, a Composition and its Use for Improving Alcoholic Injury in Liver, Stomach and/or Intestine	Taiwan	Pending
14	Granular Structure for Encapsulating Probiotics	Taiwan	Pending
15	Infusion device	Taiwan	Pending
16	Calcium-Containing Granular Structure	Taiwan	Pending
17	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	Pending

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. We mainly cater to external OEM/ODM companies, helping them to realize product design concepts and produce samples. Our R&D team utilizes the fermentation technologies at our Biotech Research Institute to satisfy the demands of different customer groups and nutritional needs. Our products can be divided into 7 main categories. We developed a total of 219 products in 2020.

Product Category	Chinese Herbal Range	Health Maintenance Range	Female Beauty Range	Children Healthcare Range	Energy Drink Range	Tourist Factory	Others
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.	The Grape King Museum Factory was established in 2017 and helps to develop popular Grape King Bio products displayed within the museum.	Provide nutrients that cater to customers' needs, such as increasing satiety.
Product Examples	<ul style="list-style-type: none"> <li>• Ling Zhi Essential Drink</li> <li>• Hericium Erinaceus Meal Supplement</li> <li>• Deluxe Antrodia King</li> <li>• Ganoderma Essential Drink</li> <li>• Ginseng Antrodia Essence Drink</li> </ul>	<ul style="list-style-type: none"> <li>• Probiotic King</li> <li>• Lutein Essence Drink</li> <li>• Probiotic Sachets</li> <li>• Joint Health Essence Drink</li> <li>• Vitality Probiotics</li> <li>• Astaxanthin Probiotics Capsules</li> <li>• Carb Controller 2.0</li> <li>• Sliim Turmeric Essence Drink</li> <li>• Night Sliim Turmeric Complex</li> </ul>	<ul style="list-style-type: none"> <li>• Soothing Collagen Drink</li> <li>• Beauty Drink</li> <li>• Anti-Sugar Hyaluronic Acid Powder Sachets</li> <li>• Collagen Fruity Drink</li> </ul>	<ul style="list-style-type: none"> <li>• Ganoderma for Kids</li> <li>• Kids Probiotics</li> <li>• Kids Probiotics Powder Sachets</li> <li>• Kids Lignosus Lung Protection Granules for</li> </ul>	<ul style="list-style-type: none"> <li>• PowerBOMB Energy Drink</li> <li>• Activate Liver Protection Drink</li> </ul>	<ul style="list-style-type: none"> <li>• Creamy Milk Biscuits</li> <li>• Lutein Biscuits</li> </ul>	<ul style="list-style-type: none"> <li>• Hair Nourishment Drink</li> <li>• Enzyme Digestive Drink</li> <li>• Sleep Nourishment Drink</li> </ul>
New products developed in 2020	11	86	20	6	5	2	89

In 2020, 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

We plan to exhibit our product development results early in 2021, allowing our colleagues to better understand the product development process from conceptualization 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

Our R&D team provide professional guidance on raw materials and products based on client market plans and product needs. We also provide our clients with timely after-sales consulting services including guidance on product health and nutritional information and guidance on relevant documentation for client health food products.

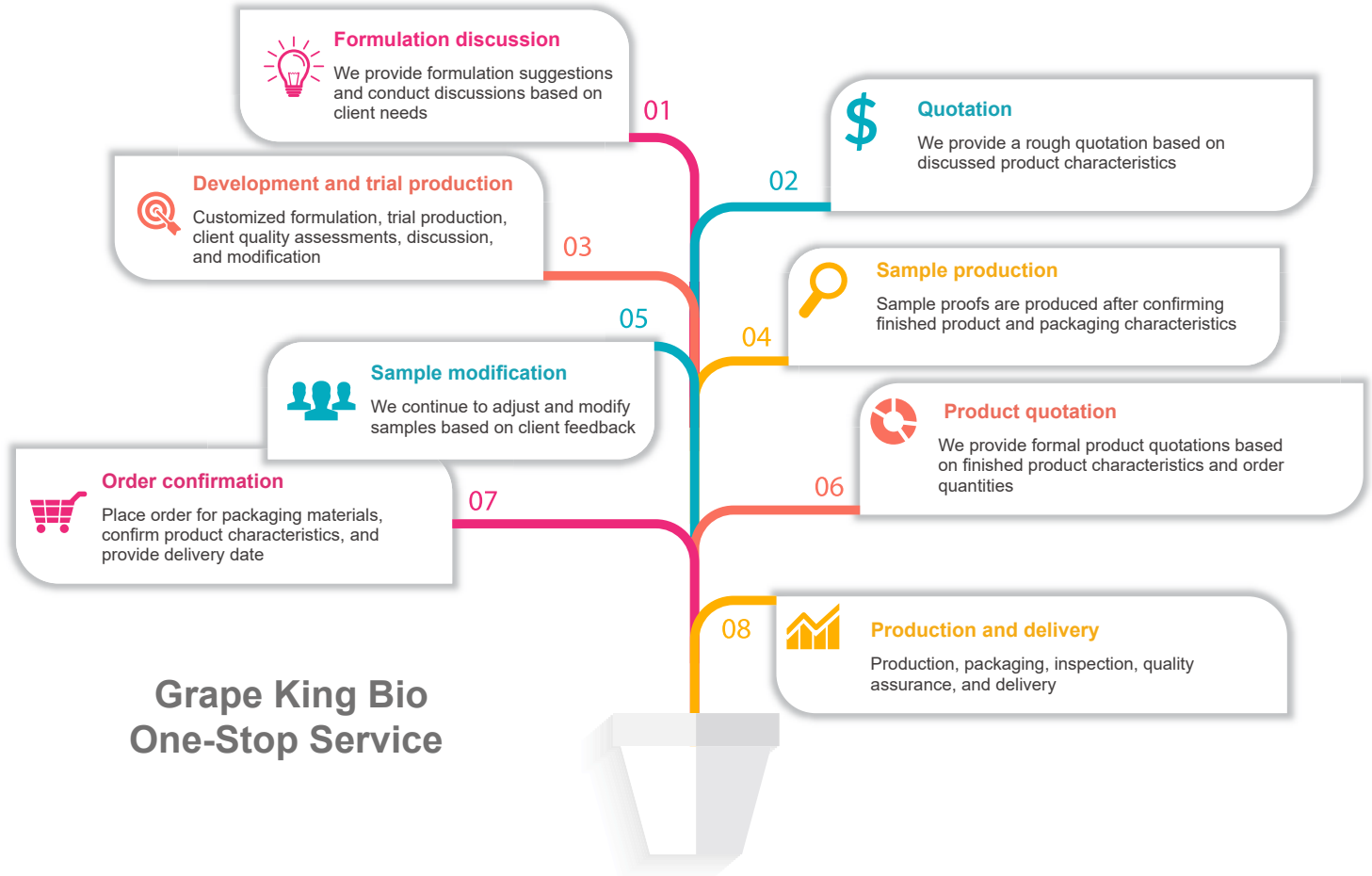
## Cross-Industrial Collaboration

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. In 2020, we conducted a total of 30 industry-academia cooperations and commissioned research projects, with total funds exceeding NT\$28 million.

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 2020, we published 24 journal papers, 2 conference papers, and 19 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

### Nutrition products

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

Adding functional ingredients to snack foods is currently a popular trend in international markets, so we have designed a variety of snacks, beverages, and instant drinks which include functional ingredients to enhance the health of the general public. 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	Udenatured 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.)

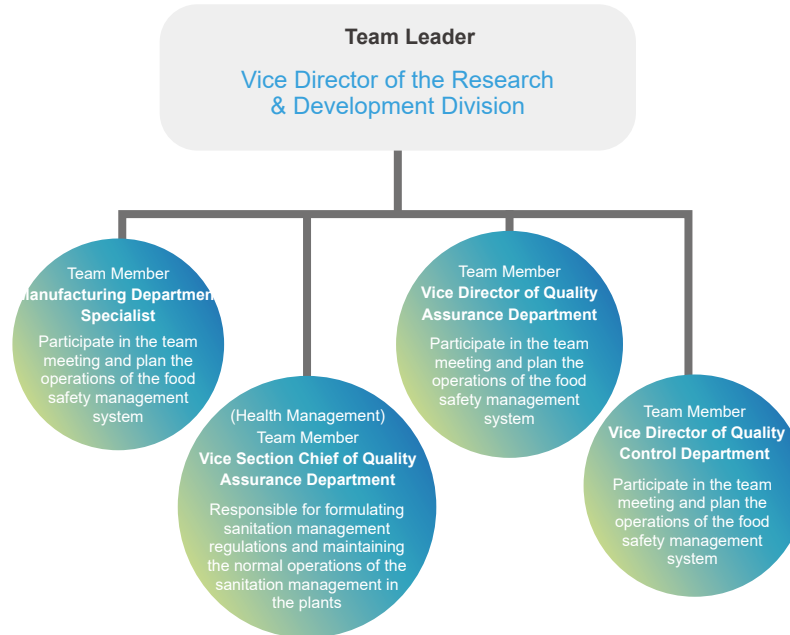




resources, testing materials, equipment depreciation, certification fees, and other expenses.

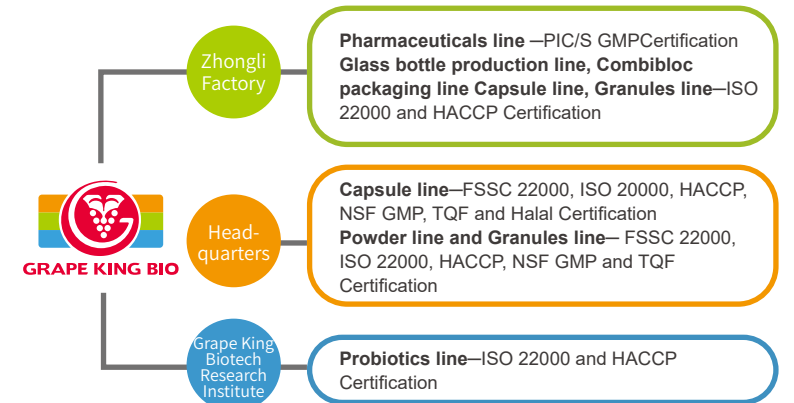
## Food safety management organizations

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 2020, 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 on customer complaints; we also formulated relevant targets for the following year. Our organizational structure for food safety management is shown in the following figure:



## System implementation and QMS Certifications

Grape King Bio received a pharmaceutical manufacturing license from the Ministry of Health and Welfare in October 2014. The management of raw materials starts from the manufacturing stages. 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 has received ISO 22000 and HACCP management system certifications, while our Pingzhen Factory has received ISO22000, HACCP, TQF, NSF GMP, FSSC22000, and halal certifications. Together, these two factories contain production lines for 5 dosage forms. All follow-up inspections of production lines were completed in 2020, achieving an inspection accomplishment rate of 100%. Furthermore, 100% of our products are produced by certified production lines, providing another guarantee of product quality.

## Animal-Friendly Policy

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

## Food Safety and Supply Chain Management

### Food Safety

Key issues: Product liability and safety

In 2020, Grape King Bio invested NT\$24,150,002 (0.263% of net income in 2020) in food safety management fees, including inspection fees, human

## Food safety training

Grape King Bio completed the training of first-line operators at Zhongli Factory and Pingzhen Factory in 2020. 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 Zhongli Factory and Pingzhen Factory completed food safety and hygiene and quality management training in 2020. 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 Zhongli Factory and Pingzhen Factory completed 8 hours of retraining in 2020. 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 2020. 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 2020.

All members of the food safety control management team have currently completed their required 12 hours of training every three years. To prevent future non-compliance, we organized an additional 4 hours of continued training from external lecturers in 2020. The food safety team for our Longtan Branch was established last year, and all team members have obtained qualifications for at least 30 hours of training in food safety control systems.

## Product quality and safety inspections

### Key issues: Product Quality

#### 1. Inspection center

The inspection center at Grape King Bio is a TAF certified laboratory and operates according to ISO/IEC 17025 standards. Our inspection items include inspections of physical and chemical properties, hygiene regulation inspections, and inspections relating to food safety factors. Our inspection techniques have received TAF certification and our laboratory personnel periodically take skills tests conducted by laboratories with third-party certifications to ensure that our inspection center adheres to the highest standards.

In 2019, we implemented new regulations in our inspection center and revised all protocols. We submitted our revision applications in November and are expected to pass the verification in the second quarter of 2020. In response to the World Health Organization's (WHO) promotion of laboratory risk management systems, the Taiwan Centers for Disease Control has listed it as one of the critical national biosafety mechanisms. Our inspection center participated in relevant courses, implemented biosafety risk system standards and was rewarded for Excellence by the Taiwan Centers for Disease Control, which acts as a mark of recognition from government authorities.

In 2020, all 27 staff members (100%) at our inspection center obtained their ISO/IEC 17025 training certificates and achieved our goal for the year. 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

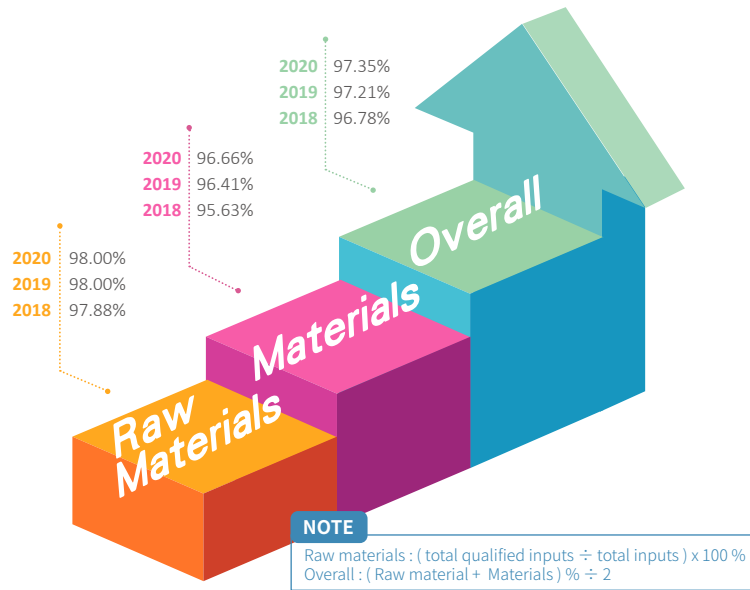
All (100%) of raw materials used at Grape King Bio have passed through incoming material inspections. We own two internationally accredited laboratories which strictly review inspection reports submitted by suppliers and we have also added a number of inspection items relating to food safety. When

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 to prevent reoccurrences.

- 01 Incoming raw materials**  
Suppliers deliver prepared raw materials to each plant in accordance with the purchase order.
- 02 Sampling inspections**  
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.
- 04 Inventory management**  
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 2020 include:

Factory	Item	Target	Achievement Status
Zhongli Factory	Defective label rate for large/small glass bottles	Below -0.85% for large glass bottles; below -1.3% for small glass bottles	Below -0.1% for large glass bottles; below -0.4% for small glass bottles
	Defective seal rate for combibloc packaging	Below 0.0025%	0.0026%*
	Defective fill rate for capsules	Below 0.3%	0.16%
	Defective packaging rate for granule formulations	Below 1.5%	2.1%*

Factory	Item	Target	Achievement Status
Pingzhen Factory	Defective fill rate for capsules	Below 0.45%	0.14%
	Defective packaging rate for granule formulations	Below 2.2%	1.2%
	Defective packaging rate for powder formulations	Below 2.2%	0.8%
Longtan Branch	Annual tank failure rate	Below 5%	1.6%
	Defective packaging fill rate	Below 1%	0%

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

#### 1. Defective seal rate for combibloc packaging:

Looking at our overall production conditions for the past year, we were unable to rule out inconsistencies in packaging material quality and hygiene conditions of production processes. We therefore changed the place of origin for our packaging materials and strengthened our equipment cleaning measures in November.

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

We did not provide immediate feedback to our suppliers when deficiencies occurred, and therefore were unable to facilitate improvement of the situation. We will strengthen internal policies in the future so that immediate feedback can be provided when problems occur and give our suppliers opportunities to improve.

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 2020 are shown below:

Item	Raw Materials			Other Materials
	Procured Raw Materials	Fermented Bio-Products	Processed Materials	
Inspected Items	2407	1128	192	1994
Unqualified Items	268	85	0	66
Special Inspection Items	216	45	0	7
Rejected Items	52	40	0	59
Rejection Rate	2.16%	3.55%	0.00%	2.96%

### 4. Assurance of product safety

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

### Tracking and compliance management

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

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

In response to government policies requiring food manufacturers to establish food tracking and tracing systems, we log product information to the government mandatory tracking system every month. This not only strengthens our self-management but also makes it easy to quickly and completely track products in the event of a food safety incident.

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

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

#### 3. Internal tracing management mechanisms

##### Tracing raw materials

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



trace system.

We 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 May and October of 2020 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 5 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 May and October of 2020, 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**

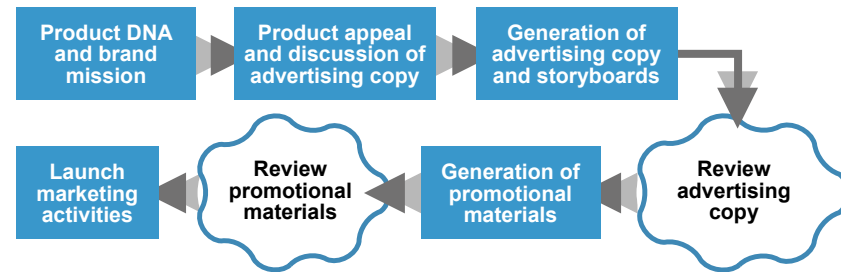
Our product packaging and labels comply with legal requirements and we continue to review and update them as needed. Following the announcement that the "Regulations Governing Food Allergen Labeling" would become effective starting on July 1, 2020, increasing allergen labels from 6 to 11 types, our factories 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**

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" contains the latest case records and court decisions from administrative and judicial authorities, and allows our colleagues to look up illegal advertising cases. The "T9 Copy Review Procedure Request Form" solves problems relating to the current procedures which use email to conduct reviews of advertising copy, and speeds the review process of all units.

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

Grape King Bio tracks items listed on the EU REACH Substances of Very High Concern (SVHC). We have not used any of the 209 items on updated list for 2020. 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\$300,721,000.

**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 our products 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.

### Zero supply shortages

Grape King Bio established the following targets in 2020 to achieve our goal of zero supply shortages:

Targets for 2020	Achievement Status
Order fulfillment rate of more than 90%	99.75%
No supply shortages at Pro-Partner	No incidents of supply shortages
Accounts payable turnover in days>60 days	62 days
Inventory turnover in days<110 days	106 days
Develop second sources for more than 50 raw materials	70 items

Grape King Bio began facing shortages in imported raw materials due to disconnections in global supply chains caused by pandemic impacts in 2020. We have 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.

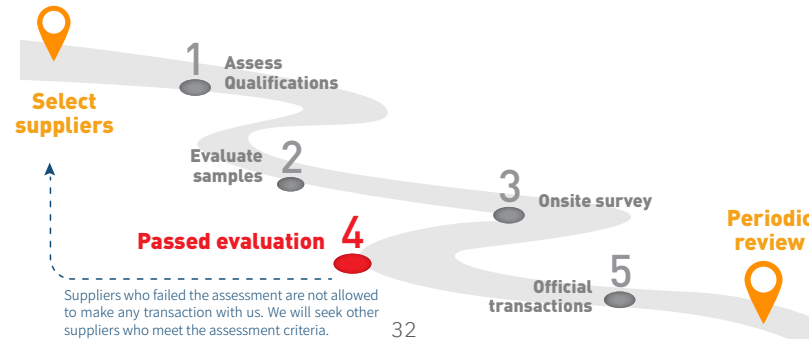
### Local and sustainable procurement

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 2020 is shown below (local procurement ratio of total procurement was 53.40%):



### 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.

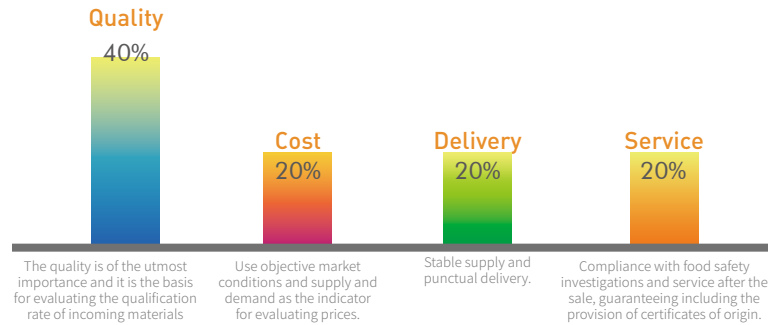
Grape King Bio has formed a cross-departmental team which conducts supplier evaluations. The evaluation team conducts audits and reviews of raw materials suppliers through non-periodic supplier visits to assess whether suppliers comply with relevant laws, monitor improvements, and implement risk management 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.



### Evaluation of existing suppliers

Grape King Bio conducts periodic annual evaluations of our raw material suppliers and commissioned outsourcing factories. Evaluations and scoring are based on the four main aspects of Quality, Cost, Delivery, and Service, and

these aspects are also used as a basis for risk management. Companies that score above 81 were deemed to be Class A (excellent) suppliers, those scoring 65-80 were deemed to be Class B (qualified) suppliers, and those that score less than 65 were deemed to be Class C (unqualified) suppliers. We prioritize on-site visits to existing suppliers that have had major abnormalities in quality and our key suppliers of raw materials. Of our 144 evaluation items, 21 are ESG-related evaluation items.



In 2020, we audited 212 raw material suppliers and achieved an audit ratio of 100%. The results of our rigorous evaluations showed that 185 suppliers were Class A suppliers, 26 suppliers were Class B suppliers, and 1 supplier was a Class C supplier. A total of 211 high-quality suppliers qualified to continue working with Grape King Bio, and we immediately stopped transactions with the 1 unqualified supplier.



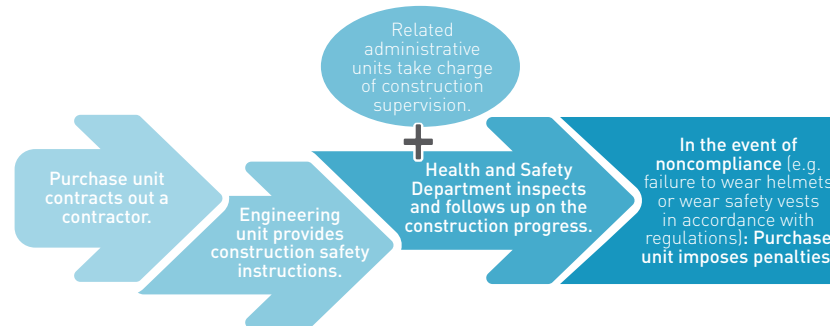
Results of supplier audits for the past three years at Grape King Bio are shown in the following table:

year	2018	2019	2020
Number of raw material suppliers	202	215	212
Audited suppliers	202	215	212
Audit ratio	100%	100%	100%
Class A	136	155	185
Class B	66	59	26
Class C	0	1	1
Audit pass rate	100%	99.5%	99.5%

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

## Contractor management

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



## Customer Service

Key issues: Customer Service

### Investment highlights for 2020:

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

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

## Customer Service Processes

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

1. General queries: We provide product consultation services to offer immediate response to consumer queries.
2. Customer complaints: Customer complaints tend to be complex and require professional handling expertise as well as communication and verification of

information between departments. This year, Grape King Bio adopted a policy to provide progress reports within 4 hours and resolve complaint cases within 24 hours, thus ensuring that customer complaints can be handled in a timely manner.

## Innovative Marketing Strategies

It is necessary for us to strengthen brand and channel links for our private label products. In order to attract outsourcing customers, we also need to build trust by strengthening our professional brand image. We identified the following five main strategies in 2020:

### I. Optimize channel displays:

Product displays at physical channels are the widely available and most direct way for our customers to gain access to our merchandise. We continue to place brand display stands and product pamphlets in stores so that customers can better understand and increase purchases of our products.

### II. Social media marketing:

We strengthened our social media marketing in 2020 by working with various influencers to provide product experiences, descriptions, and user reviews; increasing word-of-mouth marketing; and extensively using social media marketing, generating 42.62% revenue growth in 2020.

### III. Use of new media:

Yeemao, a band composed of Golden Music Awards winner Leo Wang and Taipei Mayor Ko Wen-je collaborator Chunyan, created an exclusive jingle for our PowerBOMB energy drink; the drink was relaunched at the four main convenience stores, generating 95% growth in sales from our main channels. In future, we will continue to utilize new media and different marketing methods to integrate our products into the lives of our consumers.

### IV. 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.

### V. 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 2020, we began actively adding our Antrodia products into our recurring order program. Currently, we have more than 1,000 regular customers and monthly sales have reached NT\$2 million, around 8% of sales of virtual channels. 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 and sales, and enhance consumer experiences.

## Listen to Customer Opinions

We interviewed more than 40 consumers over 4 sessions in 2020 and comprehensively reviewed our customer healthcare needs, purchase processes, and membership system. These interviews provide an in-depth understanding of consumer needs and expectations from the consumer's perspective, and also help us identify directions for improvement and mid- to long-term plans for customer service strategies.

In 2020, our main customer complaints revolved around missing products. The remainder of customer complaints (including order inquiries and activity descriptions) were responded to in accordance with our standard procedures. We strive to provide customer services that adhere to customer-oriented

principles, communicate with our customers in good faith, and solve customer problems in a professional and proactive manner. This is the main reason why we have received less than 10 customer complaints each year for 3 consecutive years.

## Protection of Customer Privacy and Rights

We protect the personal information of our customers and safeguard customer interests using the highest standards. This year, we obtained ISO/IEC 27001:2013 certification and 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 2020, Grape King Bio did not have any major related complaints about infringement of customer privacy or loss of customer information. Other protection measures include the following:

1. Permission for use of personal information for our Grape King online store was upgraded so that all customers have to agree to relevant permissions before we can use their personal information. We use the most rigorous means to ensure that our customers can agree to and understand the regulations for subsequent use of personal information.
2. We prohibit our internal personnel from attaching files containing personal information to emails and instead apply restrictions on file access so that only authorized personnel can access folders containing personal information so as to strictly control the flow of personal information within our company.
3. We periodically change account information and passwords to improve login and access security.





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Appendix



# 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, Chief Executive Officer, and Board of Directors are responsible for overseeing our human rights policy and ensuring that it is enforced. (For more information, please refer to the [Human Rights Policy] section on our website.)

### Recruitment Channels

In 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.

Our recruits in 2020 came from the following sources:

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



## Human Resource Structure

At Grape King Bio, our ratio of male and female employees has long been around 1:1. The male to female ratio of all employees in 2020 was 51:49, and the ratio of new male and female employees for the year was 1:1.3.

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)	15	3.3%	11	2.4%				
	Production line workers	88	19%	47	10.2%				
	Other employees	131	28.4%	169	36.7%				
Employment Type	Full-time employees	234	51%	227	49%				
	Part-time employees	-	-	-	-	234	51%	227	49%
Nationality	Local hires	233	50.54%	227	49.24%				
	Foreign hires	-	-	-	-				
	Foreign nationals (white-collar workers)	1	0.22%	-	-				
	Foreign nationals (blue-collar workers)	-	-	-	-				

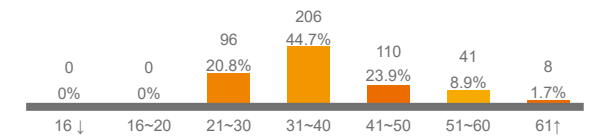
Grape King Bio has established regulations to protect the rights of the disabled and the working rights of indigenous people. Our external recruitment opportunities include positions for indigenous candidates and candidates with disabilities, as well as job opportunities for individuals with Down Syndrome from the Chensenmei Social Welfare Foundation, which is located near our company. We recruited the following number of disabled and indigenous employees in 2020:

Year		2018	2019	2020
Total Employees		398	448	461
Indigenous Employees	Number of employees	1	2	3
	Ratio	0.25%	0.45%	0.65%
Disabled Employees	Number of employees	2	5	5
	Ratio	0.50%	1.12%	1.08%

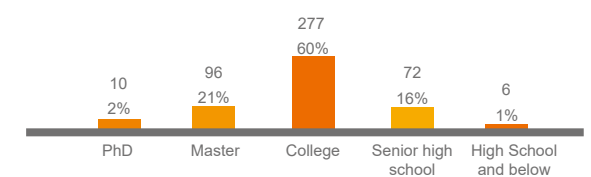
## Distribution of Employee Age and Education Levels in 2020



Age



Education



## Number and Gender Ratio of New and Departing Employees in 2020

Category	Age	Total			
		Male		Female	
		Number of employees	Ratio	Number of employees	Ratio
New Employees	Under 16	0	0%	0	0%
	16-20	0	0%	0	0%
	21-30	14	26%	6	11%
	31-40	20	37%	9	17%
	41-50	0	0%	4	7%
	51-60	1	2%	0	0%
	Above 61	0	0%	0	0%
Total		35	65%	19	35%
Departing Employees	Under 16	0	0%	0	0%
	16-20	0	0%	0	0%
	21-30	6	15%	1	2%
	31-40	12	29%	5	12%
	41-50	2	5%	4	10%
	51-60	3	7%	5	12%
	Above 61	1	2%	2	5%
Total		24	59%	17	41%

## Ratio of New Hires and Turnover Rate in 2020

Item	2018	2019	2020
Ratio of new hires	18.59%	14.29%	11.71%
Turnover rate	9.04%	5.80%	8.89%

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:

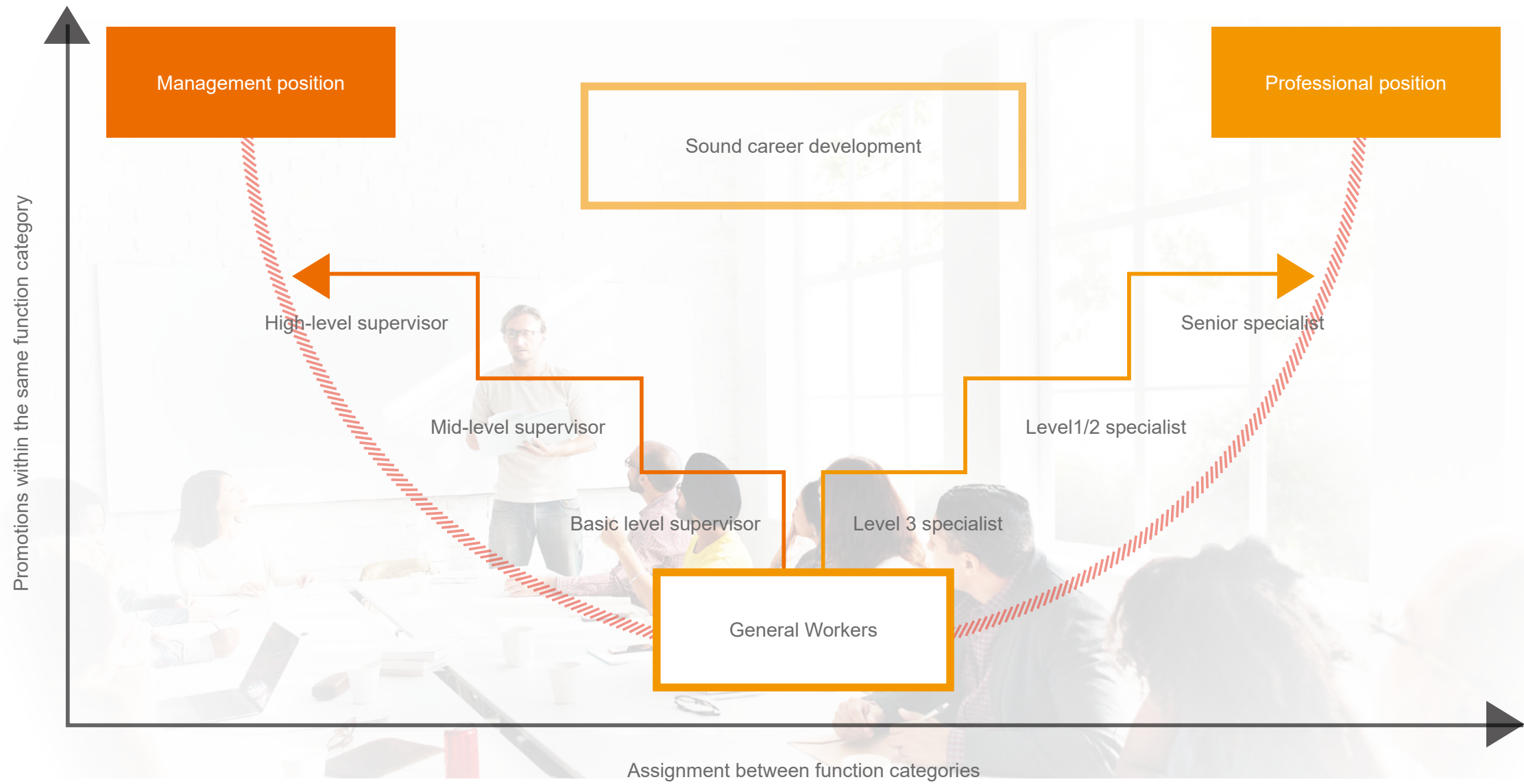
#### (1) Development of corporate learning map

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

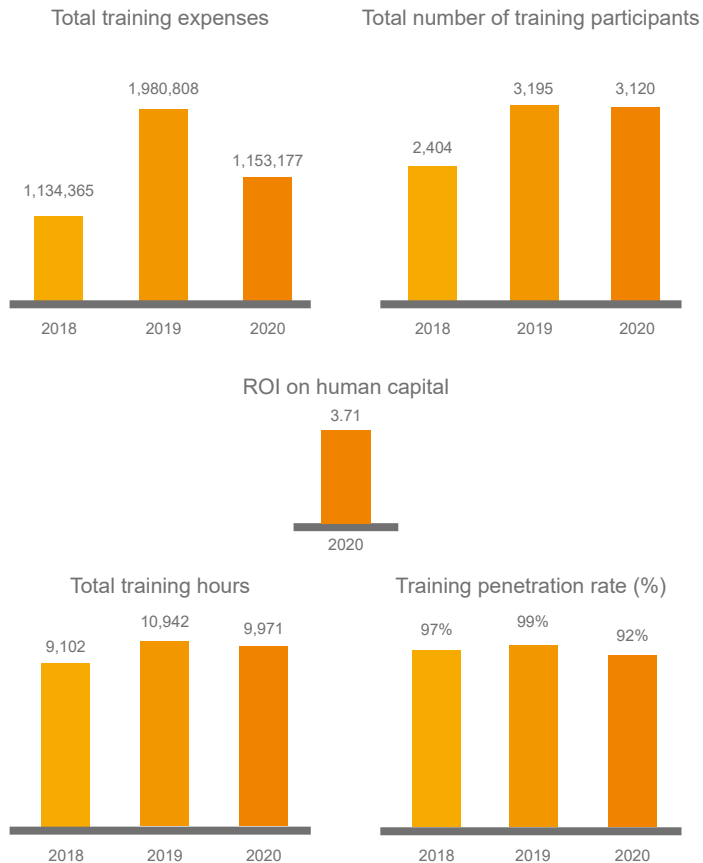
Our employees are required to understand our expectations when entering the Company and base their career development plans on their own ambitions and expertise. We work with our employees to set work targets and formulate learning and development plans each year, assisting them in playing to their strengths 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 2020

Item	Employee Type	Subtotal		Total	
		Male	Female	Male	Female
Total training hours	Executives (managers and above)	390.5	319	5,261	4,710
	Production line workers	1,525.5	342		
	Other employees	3,345	4,048.5		
Total number of training participants	Executives (managers and above)	131	107	1,663	1,457
	Production line workers	468	134		
	Other employees	1,064	1,216		
Training penetration rate	Executives (managers and above)	100%	100%	94%	90%
	Production line workers	94.32%	76.60%		
	Other employees	93.13%	92.90%		
Average training hours	Executives (managers and above)	26.0	29.0	22	21
	Production line workers	17.3	7.3		
	Other employees	25.5	24.0		

## 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 2020, 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 Female-to-male basic salary ratio

Rank	2018	2019	2020
Executive Positions	1:1.38	1:1.32	1:3.4
Professional Positions	1:0.92	1:1.05	1:0.8
General Employees	1:1.17	1:1.12	1:1.2

### Grape King Bio Employee Female-to-male average compensation ratio

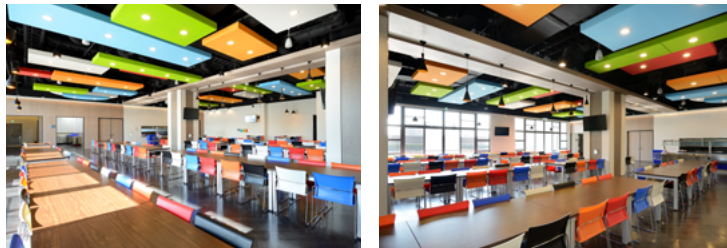
Rank	2018	2019	2020
Executive Positions	1:1.5	1:1.32	1:3.5
Professional Positions	1:0.82	1:1.11	1:0.8
General Employees	1:1.17	1:1.23	1:1.5

### Non-Executive Employees Salary Ratios

	Non-Executive Employees	
	2019	2020
Total salaries of all full-time, non-executive employees (A)	342,082,197	316,490,462
Total number of all full-time, non-executive employees (B)	378	381
Average salary of full-time, non-executive employees (A/B)	904,979	830,684
Median salary	832,145	796,784

### 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. We have also established an employee welfare committee which is responsible for formulating annual budgets, planning group activities and trips, establishing affiliations with other businesses, and organization of year-end banquet activities. Employee welfare committee expenses for 2020 were NT\$ 8,224,566. 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	2018	2019	2020
Number of paternity leave applicants	13	10	10
Number of maternity leave applicants	9	11	7
Number of employees on unpaid parental leave	3	4	9
Rate of employee reinstatement following unpaid parental leave (Reinstatement Rate)	67%	0%	100%
Rate of retention following unpaid parental leave (Retention Rate)	100%	0%	71%

Notes:

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

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

Currently, 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" beginning in 2020 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. The general manager is the highest authority for the team. The team ensures that all employees can be free from physical and mental abuse when conducting their job duties. We require all team members to be objective, fair, and impartial when reporting grievances, and to provide full confidentiality to protect the interests and privacy rights of the victims and the informants.

### Health Management

#### Key issue: Occupational health and safety

Comprehensive employee health promotion measures (total investment: NT\$1,608,000)

- Lose Weight with Grape King Bio: Healthy weight management challenge and health expert competition  
Total participants: **155**; Total weight reduction: **432.9** kilograms;  
Total fat reduction: **228.3%**; total prize money: **NT\$ 96,000**

- Dedicated nurse assisted around **100** employees
- CPR+AED education and training  
Organized a total of **3** sessions at Pingzhen Factory, Zhongli Factory, and Longtan Branch for **88** participants. The satisfaction rate for these sessions were **93.7%**.
- Health lectures on special operations involving noise and dust  
Invited mid- to high-risk units such as the manufacturing department and the raw material warehousing unit at Pingzhen Factory to participate in training courses. The satisfaction rate for these courses was **80.95%**.
- Free influenza vaccinations (Vaxigrip and Fluarix Tetra) for employees  
A total of **208** people received vaccines in **2020**; total vaccination rate exceeded **50%**, which was higher than previous years.
- Sports courses  
A total of **31** people participated in these events. The satisfaction rate for these events were **96.5%**. A total of **60** people participated in physical fitness tests. The satisfaction rate for these tests was **96.87%**.

We regard the health of our colleagues as the most important cornerstone of sustainable operations. In 2020, we invested NT\$1,608,000 in employee health management and health promotion, hosting a total of 38 health promotional activities for 2,679 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.

We also implemented the following health management plans:

### I. Individual Health Resources

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

### II. Environment for physiological health

We have obtained certification for our occupational health and safety system and have formulated relevant health management plans, including the Procedures to Prevent and Manage Human-Induced Hazards, Regulations for Maternal Health Protection of Female Workers, Procedures to Prevent Diseases Caused by Abnormal Workloads, and Procedures to Prevent Illegal Infringement of Rights when Performing Duties. We continue to review and improve these regulations which facilitate comprehensive protection of employee health from four aspects.

### III. Promotion of Mental Health

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 email address, and a whistleblower hotline. Our health management center uses annual "Emotion Thermometer" surveys to screen out high-risk candidates. The health management centers then help to arrange one-on-one doctor interviews and evaluations for these candidates. Where necessary, these cases are transferred to psychiatrists or counselors, and are documented for follow-up.

### 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, care, maternity and breastfeeding consultations, 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 2020, a dedicated nurse assisted around 100 employees.

### V. Strengthened community actions

Our ESG Committee worked with local medical units to organize "community health-building activities" at neighboring communities to teach community residents about health, and also helped to conduct health checks such as measurement of BMI, waist circumference, body fat, and body weight.

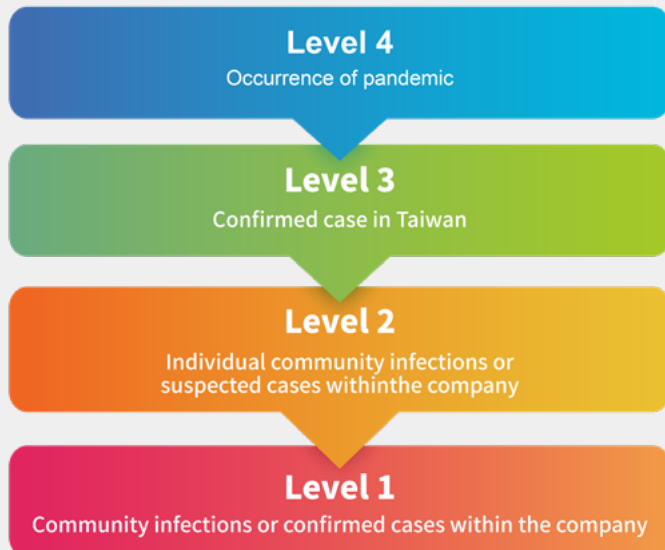
### VI. Development of individual techniques

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.



## Column - Epidemic Prevention Plan

In response to the COVID-19 pandemic of 2020, we updated our sustainable operations plan and established an epidemic prevention plan in April 2020; the prevention plan was divided into 4 levels based on changes in epidemic conditions:



We formulated comprehensive emergency measures for each level and also set up an epidemic prevention team and response procedures for our factories and neighboring communities. Furthermore, we also established notification and tracking mechanisms in hopes of minimizing impacts on our operations while continuing to provide various nutritional products to aid the fight against the epidemic.

## Occupational Safety

Grape King Bio Occupational Safety Committee convenes once every quarter; the meeting is chaired by our 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 2014-2020. Starting in 2020, our Longtan Branch began participating in the Zero Incident Work Hours event hosted by the Ministry of Labor's Occupational Safety and Health Administration, along with our other two factories. Comparisons with the Ministry of Labor's average industrial frequency-severity indicator indexes for 2017-2019 show that our prevention measures for occupational hazards surpass that of our peers.

Item/Year	Gender	2019	2020
Disabling injury frequency rate (Frequency Rate, FR): Number of disabling injuries for every million work hours =Cases resulting in lost work hours (only calculated if the number of lost hours exceeded 8 hours) x 1,000,000/Total work hours	Male	3.04	6.12
	Female	0.00	2.45
	Total	3.04	8.57
Disabling injury severity rate (Severity Rate, SR): Number of workdays lost to disabling injuries for every million work hours =Lost workdays x 1,000,000/Total work hours	Male	27.35	58.77
	Female	0.00	6.12
	Total	27.35	64.89

Lost Time Incident Rate (LTIR) =Cases resulting in lost work hours x 200,000/ Total work hours	Male	0.61	1.22
	Female	0.00	0.49
	Total	0.61	1.71
Occupational injury rate =Number of recorded occupational injury cases (including occupational disease cases) x 200,000/Total work hours	Male	0.61	1.22
	Female	0.00	0.49
	Total	0.61	1.71
Absence rate =Total days absent/Total workdays x 100%	Male	0.02%	0.05%
	Female	0.00	0.00%
	Total	0.02%	0.05%

Note:

1. "Total days absent" includes days of personal leave, sick leave, and injury-on-duty leave
2. Total work hours=Total employees x Daily work hours x Actual workdays per year
3. Diagnosis certificates from a hospital occupational medicine specialist are required to confirm occupational diseases in employees.
4. There was one occupational injury this year. The main cause was a pinch due to improper handling of truck doors.
5. There were no occupational diseases or contractor occupational injuries in 2020.

## Comparison of Disabling Injury Severity Rates with Industry Peers

Food manufacturing industry	Beverage manufacturing industry	Pharmaceutical and medical chemicals manufacturing industry	Grape King Bio
116	119	81	41

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 infirmaries, health management centers, and emergency equipment such as AEDs. Additionally, we conduct periodic emergency training to establish an initial batch of emergency personnel who can be on hand to handle accident and injury events within our factories.

#### Special Physical Examinations Conducted in 2020

Number of employees required to undergo special physical examinations	208
Actual number of employees who underwent special physical examinations	208

Items included in physical examinations: heat, noise, dust, 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 2019 is shown in the following table:

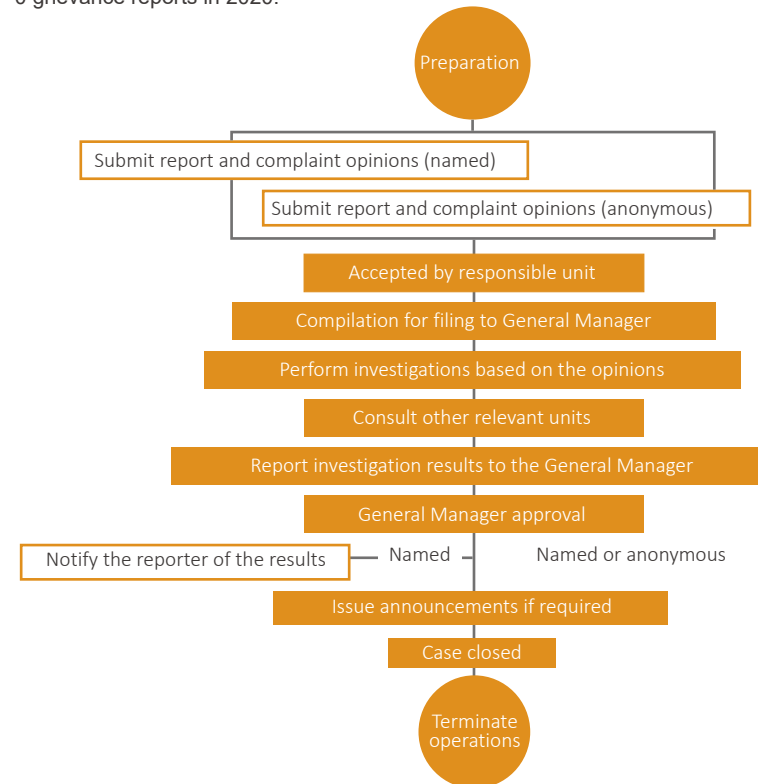
Occupational Safety Training		2018	2019	2020
Participant Type (Employee/ Contractor)	Employees	477	427	286
	Contractors	7	6	21
Total Participants		484	433	307
Hours	Employees	1992	1442.5	1611.5
	Contractors	7	6	21
Total Hours		1,999	1448.5	1632.5



## 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 2020.



### 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 2020, 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 2020, discussions and negotiations were carried out on proposals relating to recruitment numbers for each department, job transfer exams, rotation mechanisms for typhoon days, and so on.

### Non-periodic interviews

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

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

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

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

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

#### (3) Performance interviews:

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

#### (4) Exit interviews:

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

### Internal publications

Grape King Bio's internal publication, "GK Life," was founded in 2019. This biannual publication contains themed reports, encouraging words to employees from the company chairman, information on future company policies and prospects, and the latest information on products. As of 2020, we have published 4 online issues.



### Employee Satisfaction

In 2020, 93.2% of our employees participated in our employee satisfaction survey and overall satisfaction scores were 77.3. Satisfaction scores were highest for the "Ethical value" aspect and lowest for the "Promotion, compensation, and social status" aspect. Because of this, we are planning to organize an event to recognize outstanding personnel 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		
Aspect	2019	2020
All	75.5	77.3
Male	75.3	77.3
Female	75.7	77.3
Overall participation rate	81.7%	93.2%

### 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	2018	2019	2020
Expenses (NT\$ 1000)	9,530	11,107	14,514
Participants	706	1,009	979
Service Hours (hr)	1,166	1,188	815

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
Social Impact	<ul style="list-style-type: none"> <li>Strengthen ties with local talent</li> <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 well-being of the elderly

### Academic Participation

We actively provide field trip opportunities to colleges and universities, and internships for winter and summer vacations and during semesters. A total of 239 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. (One intern became a full-time Grape King Bio employee in 2020.) The number of interns at Grape King Bio factories over the past three years are shown below:

Year	2018	2019	2020
Winter Vacation	25	28	18
Summer Vacation	30	36	42
During Semesters	17	15	28





### Community Development

Relevant activities for 2020 were canceled due to the pandemic, but Grape King Bio continued to interact with local communities under conditions that allowed all to be safe and healthy. In 2020, our expenses for sponsorships and environmental improvement activities came to NT\$1,880,153.

Activity	Description	Invested Resources and Impact
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 2020, we have hosted 5 blood donation events. A total of 450 participants donated 604 bags of blood
"Save the earth with low-carbon diet" World Earth Day activity	This year marked the 50th anniversary of Earth Day. We began promoting concepts relating to low-carbon diets and environmental protection to our employees beforehand and a low-carbon lunch was served on Earth Day	We hosted 2 "Save the earth with low-carbon diet" activities in our factories. The overall number of factory participants was 765 people
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
WildOne Wildlife Conservation Association wildlife ambulance	Wildlife rescue work often encompasses the transportation of sick and injured animals, so we provided ambulances to save precious time in emergency situations	Our Chairman donated wildlife ambulances after gaining first-hand experiences and understanding of wildlife rescue work

2020 Christmas Wish project	Grape King Bio began hosting a series of Christmas projects starting in 2017 to help beneficiaries of different institutes experience warmth and enjoy the festivities	As of year-end 2020, we have supplied gifts to a total of 32 institutes, assisted more than 4,200 people, and accumulated NT\$4.8 million in donations.
Sponsored physical examinations	Remind neighboring residents to be attentive of their own health	Provided site, manpower, material support, and electricity for physical examinations of residents near our Zhongli Factory
Mother's Day pop-up charity event	We invited our colleagues to help the Chensenmei Social Welfare Foundation in collecting 660 handmade flowers	Our colleagues brought flowers handmade by patients with Down's Syndrome. These flowers were then gifted to 22 classes of students at Longgang Elementary School

### Care for the Disadvantaged

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

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 year-end 2020, we have donated a total of 1,900 food and supply boxes, helped 1,900 families, and assisted 7,600 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 2020, we have assisted 146 students and supplied 5,180 meals
Charitable donations	We periodically donate our products to institutes in need	We have donated our Agaricus subrufescens noodles and Ganoderma King essence drinks to 20 institutes, benefiting 7,235 people
Charity breakfast program	Sponsored NT\$50 breakfast expenses for disadvantaged children in rural Tainan	We sponsored 20 disadvantaged children at 2 schools in 2020, providing expenses for 7,300 meals

### Companionship and Assistance

Grape King Bio hosted a series of "Companionship & Respite" activities starting in 2013 and to provide volunteer companionship for individuals with Down Syndrome. This not only provided opportunities for positive social interaction, but also provided assistance to the institute caregivers. We hosted a total of 3 activities in 2020. As of 2020, we have assisted 497 people and provided 1,851 volunteer hours.

### 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 2020, we have assisted 49 elders and supplied 4,074 meals.





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# Environmental Performance

## Climate Commitments and Environmental Initiatives

### Climate Commitments and Environmental Initiatives

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 a responsibility to implement environmental protection actions.

Overall, Grape King Bio invested the following expenses (NTD) in environmental initiatives in 2020:

Environmental Management Items	Zhongli Factory	Headquarters	Grape King Biotech Research Institute	Total
Air Pollution Management	90,000	0	122,865	212,865
Wastewater Management	48,886,692	2,135,482	6,637,051	57,659,225
Waste Management	5,082,781	818,035	4,242,955	10,143,771
Noise Management	0	0	0	0
Total	54,059,473	2,953,517	11,002,871	68,015,861

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

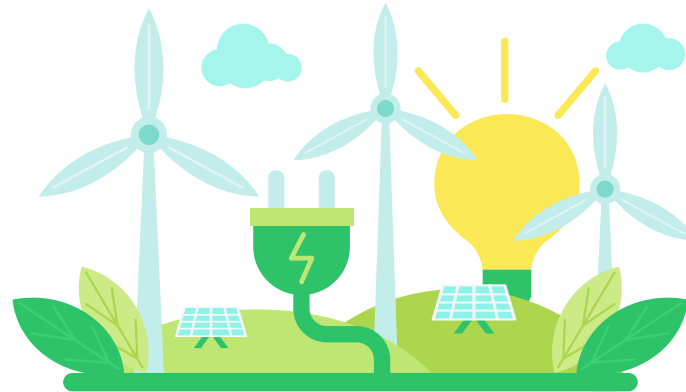
Our Biotech Research Institute was officially launched in 2019. We installed gas collection devices in our production areas and linked these to our gas processing equipment to improve environmental air quality. We began using food sludge as organic fertilizer in 2020 to enhance waste recycling rates 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

### Carbon Reduction Measures

Total consumption of groundwater and tap water at the Zhongli Factory for January to December of 2020 was reduced by 41,102 tons compared with January to December of 2019, reducing approximately 6,576 kg of CO<sub>2</sub>. The following is a summary of our water-saving measures:

- (1) Adjustment and improvement of water supply for process cooling towers.
- (2) Adjustment and optimization of water purification system backwashing times and water volumes.
- (3) Adjustment and optimization of groundwater sand filtration equipment backwashing times and water volumes.



## Management of Energy Resources and Greenhouse Gases

### RE100

We announced our participation in the RE100 renewable energy initiative at the 25th United Nations Climate Change Conference (COP25). Grape King Bio committed to the first stage of 15% usage of renewable energy by 2030 and the second stage of 100% usage of renewable energy by 2035. We hope to work with other member enterprises and communities to achieve renewable energy targets, thus encouraging more companies to join the RE100 initiative.

We installed solar panels at the Grape King Health and Vitality Power Center in 2018 to generate power for all lighting facilities. We generated around 624 kWh of solar power in 2020, amounting to around 0.5% of the Center's total power consumption and reducing carbon emissions by around 318 kg CO<sub>2</sub>e.

### Management of Energy Resources

Grape King Bio completed re-evaluations of the ISO 50001 Energy Management System in September 2020. We convene EHS and Energy Management Committee meetings hosted by our Chairman every quarter to report on implementation status, project progress, internal and external issues, and follow-up items relating to ISO14001/ISO50001 systems, and we continue to adhere to the PDCA energy management system. We set an energy-saving target of 1% for all three factories in 2020 and use 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

In 2020, we compiled energy usage data from our Headquarters (Pingzhen Factory), Zhongli Factory, and Longtan Branch. Total heavy crude oil, natural gas, electric power, diesel, and gasoline energy usage for the past three years is shown in the following table:

Item		Unit	2018	2019	2020
Direct energy use	Fuel oil (heavy crude oil) energy consumption	MWh	10,942	5,136	-
	Natural gas energy consumption	MWh	1,068	10,600	19,423
	Diesel energy consumption	MWh	-	135	125
	Gasoline energy consumption	MWh	-	17	66
Indirect energy use	Electric power energy consumption	MWh	18,416	24,536	28,013
	Renewable energy (electric power) consumption	MWh	-	-	-
Total energy consumption		MWh	30,426	40,424	47,628

1. We began carrying out the diesel and gasoline data inventory in 2019, and therefore there are no data disclosed for the previous year.

## Energy Intensity

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 2018-2020 is shown below. The production weight for 2020 was lower than that for 2019, indicating that our energy efficiency ratios still have room for improvement.

Item	Unit	2018	2019	2020
Total energy consumption	GJ	109,534	145,526	171,463
Production weight	kg	4,639,007	5,222,845	4,919,029
Energy intensity	GJ/kg	0.0236	0.0279	0.0349

## Management of Greenhouse Gases

Item(Unit tCO <sub>2</sub> e)	2018	2019	2020
Scope 1	3,283.77	3,421.58	3,753.74
Heavy crude oil	3,058.73	1,435.74	Ceased usage of heavy crude oil boilers at all three factories
Diesel	-	36.54	33.83
Gasoline	-	4.47	17.14
Natural gas	191.92	1,904.67	3,490.14
Septic system	33.11	40.16	41.33
CO <sub>2</sub> Fire extinguisher	0.018	0.0045	0
Refrigerants	-	-	171.30
Scope 2 Purchased power	9,813.92	13,074.92	14,255.77
Total	13,097.69	16,496.50	18,009.51

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

Note 2: The emission factor for electric power in 2020 was 0.509 kg CO<sub>2</sub>e/kWh

Note 3: The emission factor for electric power in 2018-19 was 0.533 kg CO<sub>2</sub>e/kWh

Note 4: The wastewater plant in the manufactory doesn't use the anaerobic tank

Note 5: There is no complete record of gasoline and diesel data, so greenhouse gas emissions cannot be calculated

Note 6: There is no complete record of refrigerant data, so greenhouse gas emissions cannot be calculated

Note 7: Inventory and verification were performed in accordance with operational controls. The source of the global warming potential GWP is the fifth assessment report of the IPCC (2013).

Note 8: Grape King Bio's main greenhouse gas emissions are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O).

## 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 (2020)	Boiler (E001)		
		2018	2019	2020
Particulate contaminants	<30mg/Nm <sup>3</sup>	47	3	-
Sulfur dioxide	-	190	-	-
Nitrogen oxides	<100ppm	157	28	28

Inspection Items	Standard Range (2020)	Boiler (E002)		
		2018	2019	2020
Particulate contaminants	<30mg/Nm <sup>3</sup>	78	5	-
Sulfur dioxide	-	190	-	-
Nitrogen oxides	<100ppm	137	61	55

Results of Air Pollution Inspections at Grape King Biotech Research Institute

Inspection Items	Standard Range (2020)	Boiler (E001)	
		2019	2020
Particulate contaminants	<30mg/Nm <sup>3</sup>	8	-
Sulfur dioxide	-	-	-
Nitrogen oxides	<100ppm	34	37

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

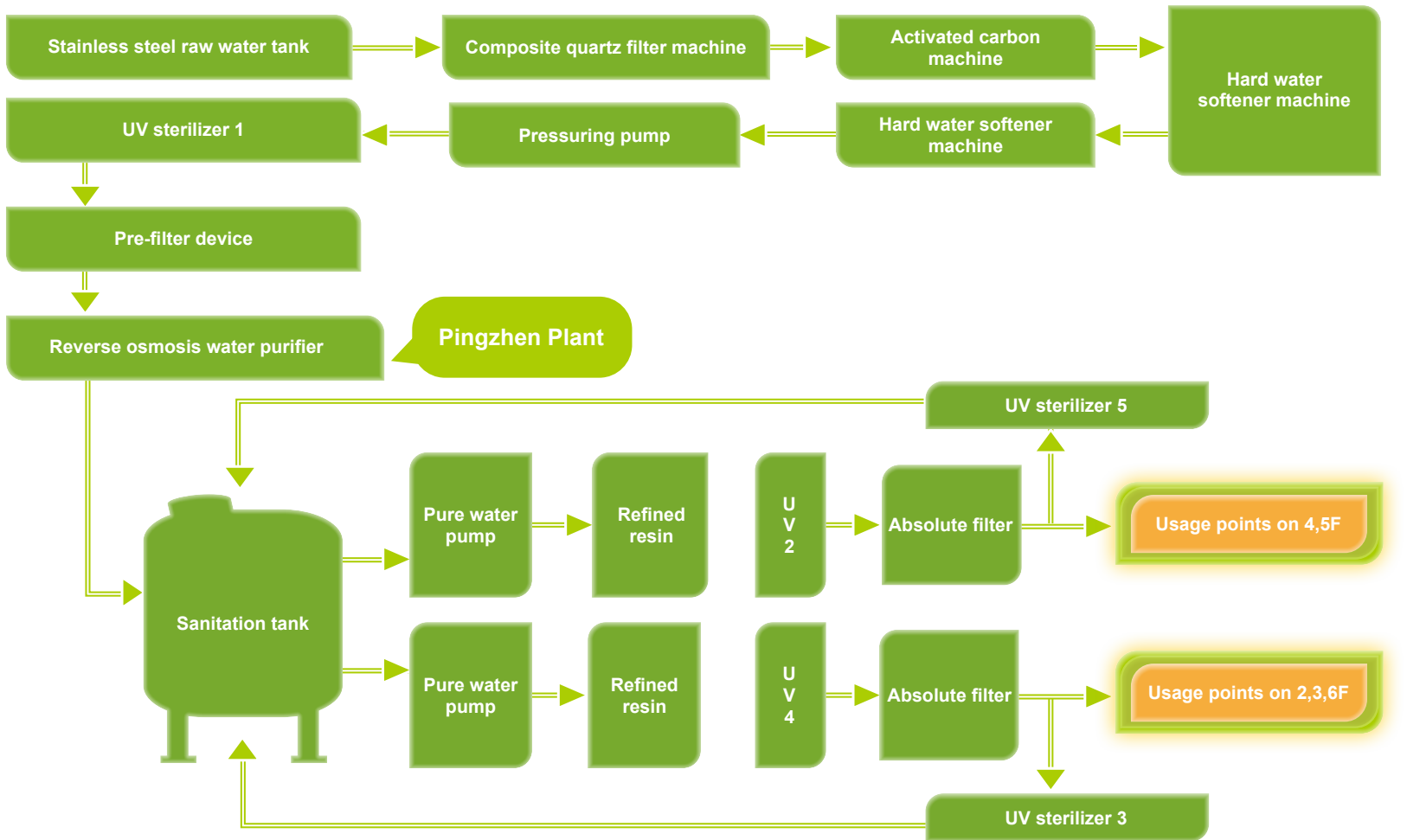
As a food manufacturer, Grape King Bio places very high emphasis on inspection and control of water quality and management of wastewater disposal. We are currently evaluating the implementation of water-saving equipment and the expansion of wastewater processing equipment while increasing water recovery rates to effectively decrease water consumption and wastewater discharge volumes, thus reducing our impacts on the environment.

Year	2018	2019	2020
Groundwater withdrawal (Million liters)	-	-	66.39
Water Usage (Million liters)	246.03	326.70	324.74
Water Use Intensity (million liters/million dollars in revenue)	0.0268	0.0354	0.0354
Disposal Amounts (Million liters)	147.66	229.68	263.16
Wastewater Disposal Intensity (million liters/million dollars in revenue)	0.0161	0.0249	0.0287



## 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 2020, 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 2,530 items were inspected internally this year. Quality assurance specialists periodically collect water samples and perform 11 to 13 inspection procedures under relevant regulations.

### Water Saving Measures

In 2020, Grape King Bio participated in the Hsinchu Science Park Water Conservation, Energy Conservation, and Carbon Reduction Program. A water conservation team from the Hsinchu Science Park visited our Longtan Branch to conduct on-site surveys, offer guidance, and provide recommendations for water-saving measures. We plan to implement projects for recovering wastewater from MBR equipment and concentrate water from RO equipment in 2021.

### 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 2020.

### Waste Management

Grape King Bio conducts waste classification, collection, storage, management, and disposal to effectively manage industrial 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.

Additionally, our Zhongli Factory and Longtan Branch incurred two violations of the Waste Disposal Act in 2020 due to reports of abnormalities in waste output, storage, and disposal volumes. We subsequently adopted improvement measures to increase waste disposal frequencies and reduce monthly storage volumes to avoid similar incidents in future.

Types and disposal method (ton)		2018	2019	2020
General Industrial Waste	Reuse and recycling	-	86.30	1008.00
	Incineration	257.01	291.15	104.13
	Landfill disposal	-	-	-
	Other disposal methods (physical treatment)	-	10.14	15.82
	Other disposal methods (thermal treatment)	-	101.38	641.43
	Total	<b>257.01</b>	<b>488.97</b>	<b>1769.38</b>
Hazardous Industrial Waste	Reuse and recycling	-	-	-
	Incineration	-	-	1.60
	Landfill disposal	6.61	4.79	-
	Other disposal methods	-	-	-
	Total	<b>6.61</b>	<b>4.79</b>	<b>1.60</b>

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

Waste disposal	2018	2019	2020
Recyclable	80.324	96.731	194.85
Recycling rate	25%	17%	21%

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





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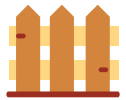
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Appendix



# About the Report

This ESG Report was issued in 2021 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 operations and organizational structure in the Taiwan region, including our Headquarters, Zhongli Factory, Distribution Center, Taipei Sales Office, Grape King Health and Vitality Power Center (Visitors Center), and Grape King Biotech Research Institute. In future, we will gradually expand the scope of this Report to include Pro-Partner Co., Ltd. and Shanghai Grape King Bio Enterprises Corp. to provide more comprehensive and accurate information.



## Company Information within the Reporting Scope

Headquarters	No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City	+886-3-457-2121
Zhongli Factory	No.60, Sec. 3, Longgang Rd., Zhongli Dist., Taoyuan City	+886-3-457-2125
Distribution Center	No. 466, Sec. 2, 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
Grape King Biotech Research Institute	No. 68, Longyuan 1st Rd., Longtan Dist., Taoyuan City	+886-3-499-3090



## Reporting Structure

This Report is based on the “Core” option of the Global Reporting Initiative (GRI) Standards and the AA1000 (2008) Standard. The disclosed financial data was derived from publicly available annual report information certified by independent certified public accountants.



## Independent Assurance

The assurance engagement for the 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 2020 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 7 consecutive years. The disclosure period for this Report spans from January 1, 2020 to December 31, 2020. Previous records and future plans may be included in order to fully disclose related ESG information.

Previous issue date: April 2020



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

Issue date:  
April 2021



## Feedback and Contact Information

If you have any questions regarding the 2020 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.

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

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

E-mail: [CSR@grapeking.com.tw](mailto:CSR@grapeking.com.tw)

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





2020  
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Appendix



# Appendix

**Table 1-Associations**

\*Chairman as member

Association Participation	Management Roles
Taiwan Parenteral Drug Association	Grape King Bio is an association member
Taoyuan City Nurses Association	
Taoyuan Tourism Factory Advancement Association	
Chinese Non-Store Retailer Association	
Taiwan Institute of Directors	Chairman Andrew Tseng serves as Director
The Institute of Internal Auditors, R.O.C.	Grape King Bio is an association member
Taoyuan City Industrial Association	
Taiwan Pharmaceutical Manufacturers Association	Chairman serves as Alternate Director
Center for Corporate Sustainability	
Taiwan Testing and Quality Assurance Society (TTQAS)	Deputy Director Sheng-Jie Xu serves as Director
Taoyuan Pharmacist Association	
Taiwan Quality Food Association (TQF)	
Taiwan Niu-Chang-Chih Industry Association	
International Life Sciences Institute Taiwan (ILSI Taiwan)	Grape King Bio is an association member/Senior Executive Vice President Chin-Chu Chen serves as Director
Association for Taiwan-Japan Cooperation on Industrial Technology (TJCIT)	

\*Chairman as member

Association Participation	Management Roles
Chinese Association for Industrial Technology Advancement	
Taoyuan Importers & Exporters Chamber of Commerce	
Chinese Excellent Management Association (CEMA)	
Taiwan Bio Industry Organization (TBIO)	
NCHU GRAS/Food Grade Heterologous Protein Production Platform	
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 Standing 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 the 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 Director
Food Industry Intelligent Automation Association Taiwan	Grape King Bio is an association member
Taiwan Science Park Association of Science and Industry	
Taiwan Association for Lactic Acid Bacteria	Grape King Bio is an association member/Senior Executive Vice President Chin-Chu Chen serves as Chairman

## Assurance Opinion Statement

**Deloitte.**

勤業眾信

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### INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
Grape King Bio Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix A) in the Corporate Social Responsibility Report ("the Report") of Grape King Bio Ltd. ("the Company") for the year ended December 31, 2020.

#### Responsibilities of Management for the Report

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

#### Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

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

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

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

### Inherent Limitations

The subject matter information includes non-financial information, which is under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

### Independence and Quality Controls

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

### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report are, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

### Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of the Report.

*Deloitte & Touche*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 19, 2021

### Notice to Readers

*For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.*

## APPENDIX A

## SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.A	The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product and service categories and the percentage affected.	Food Safety	The evaluation and improvement in 2020 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 Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.B	The types and number of incidents of violation against the applicable food safety and sanitation laws and noncompliance with product and service information and labeling laws.	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 2020.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.C	The percentage of the purchased volume in accordance with internationally recognized responsible production standards, categorized by standards.	Sustainable Products and Services	The percentage green wood pulp produced by FSCTM accounting for of the whole tetra-pak product in 2020.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.D	The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Food Safety	The percentage of the production volume manufactured in Pingzhen and Zhongli factories certified by an independent third party according to internationally recognized food safety management system standards in 2020.
5.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of	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 2020.

#	Rules/Standards	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
	Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.E			
6.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.F	The product trace and track management conducted voluntarily or according to the applicable laws, and the percentage of such relevant products to the whole products.	Food Safety	The percentage traceable and trackable products that are produced by 5 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 2020.
7.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1.1.G	The food safety laboratories established voluntarily or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	Food Safety	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 2020.
8.	GRI 305-1 : 2016	Direct (Scope 1) GHG emissions	Management of Energy Resources and Greenhouse Gases	The direct GHG emission (by fuel, natural gas, diesel and gasoline) that is defined by GRI Standards (Scope 1), GHG Protocol and GHG inspection of EPA and had occurred in Pingzhen, Zhongli factories and Longtan branch in 2020.
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 and Longtan branch in 2020.
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 2020, 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	30	
(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	22	
(c) The percentage of the purchased volume in accordance with internationally recognized responsible production standards, categorized by standards.	Sustainable Products and Services	27	
(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	28	
(e) The number and percentage of suppliers audited, and the audit items and results.	Supply Chain Management	33	
(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	30	
(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	28	

## 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 this Report	54	
102-2	Activities, brands, products, and services	About this Report	54	No product was banned in certain markets.
102-3	Location of headquarters	About this Report	54	
102-4	Location of operations	About this Report	54	
102-5	Ownership and legal form	About this Report	54	
102-6	Markets served	About this Report	54	
102-7	Scale of the organization	About this Report Financial Performance Product Nutrition Talent Recruitment and Structure	54 22 27 36	Please refer to <a href="#">[link]</a> for information on total capitalization
102-8	Information on employees and other workers	Talent Recruitment and Structure	36	
102-9	Supply chain	Supply Chain Management	23	
102-10	Significant changes to the organization and its supply chain		No significant changes in 2020	
102-11	Precautionary Principle or approach	Risk Management	19	
102-12	External initiatives	Environmental Performance	43	
102-13	Membership of associations	Appendix- Association	56	

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	19	
<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	Corporate Integrity and Business Ethics	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	9	
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	9	
102-43	Approach to stakeholder engagement	Stakeholder Communication and Analysis of Key Issues	9	
102-44	Key topics and concerns raised	Stakeholder Communication and Analysis of Key Issues	12	

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	About this Report Financial Performance	22	
102-46	Defining report content and topic Boundaries	Stakeholder Communication and Analysis of Material Issues	12-15	
102-47	List of material topics	Stakeholder Communication and Analysis of Material Issues	11	
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	54	
102-51	Date of most recent report	About the Report	54	
102-52	Reporting cycle	About the Report	54	
102-53	Contact point for questions regarding the report	About the Report	54	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	54	
102-55	GRI content index	GRI Content Index (Core)	60-61	
102-56	External assurance	About the Report Assurance Opinion Statement	58	
<b>Reporting practiceOther disclosures</b>				
404-1	Average hours of training per year per employee	Talent Cultivation and Performance Appraisals	36	

## Disclosure of 12 Key Issues

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks	
<b>1.Ethics and integrity/ Anti-Corruption</b>					
GRI 103 : Management Approach	103-1	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>Stakeholder Communication and Analysis of Key Issues</li> <li>Appendix Management</li> <li>Guidelines for Material Issues</li> </ul>	9		
	103-2		66		
	103-3				
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance and Legal Compliance	17	No incidents of corruption occurred in 2020
<b>2.Product liability and safety/ Product quality</b>					
GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> <li>Explanation of the material topic and its Boundary</li> <li>Stakeholder Communication and Analysis of Key Issues</li> <li>Product Liability</li> </ul>	9		
	103-2		28		
	103-3		71		
GRI 416: Product liability and safety/ Product quality 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Management of Procurement and Raw Materials</li> <li>Supply Chain Management</li> <li>Food Safety</li> </ul>	22 28 31	

GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks	GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks		
<b>3. Legal compliance</b>					<b>6. 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>• Legal Compliance</li> </ul>	9		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>	9			
	103-2		22			103-2		33			
	103-3		68			103-3		70			
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Legal Compliance	22		GRI 418: Customer Privacy 2016	418-1	<ul style="list-style-type: none"> <li>• Substantiated complaints concerning breaches of customer privacy and losses of customer data</li> </ul>	<ul style="list-style-type: none"> <li>• Listen to Customer Opinions</li> <li>• Protection of Customer Privacy and Rights</li> </ul>	34	
<b>4. Product liability and safety</b>					<b>7. Financial Performance 2016</b>						
GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> <li>• Stakeholder Communication and Analysis of Key Issues</li> <li>• Product Liability</li> </ul>	9		GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> <li>• Stakeholder Communication and Analysis of Key Issues</li> <li>• Corporate governance and transparency</li> </ul>	9			
	103-2		28			103-2		17			
	103-3		71			103-3		67			
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Management of Procurement and Raw Materials</li> <li>• Supply Chain Management</li> <li>• Food Safety</li> </ul>	22 28 31		GRI 201: Financial Performance 2016	201-1 201-2	<ul style="list-style-type: none"> <li>• Direct economic value generated and distributed</li> <li>• Financial implications and other risks and opportunities due to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Financial Performance</li> </ul>	19 22	
<b>5. Innovation and R&amp;D</b>					<b>8. Corporate governance and transparency</b>						
GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> <li>• Stakeholder Communication and Analysis of Key Issues</li> <li>• Innovation and R&amp;D</li> </ul>	9		GRI 103: Management Approach	103-1	<ul style="list-style-type: none"> <li>• Stakeholder Communication and Analysis of Key Issues</li> <li>• Appendix Management Guidelines for Material Issues</li> </ul>	9			
	103-2		23			103-2		66			
	103-3		69			103-3					
The key issue is not covered by an existing GRI Standard			Innovation Management and Patents	24		GRI 102: General disclosures - Governance	102-18	Governance structure	Corporate governance and transparency	17	



GRI Standard	Disclosure	Corresponding Chapter	Page Number(s)	Remarks
<b>9. Anti-corruption</b>				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	9 66	
	103-2	• The management approach and its components		
	103-3	• Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-2	• Communication and training about anti-corruption policies and procedures	12	
	205-3	• Confirmed incidents of corruption and actions taken	19	
<b>10. Supply Chain Management</b>				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	27 68	
	103-2	• The management approach and its components		
	103-3	• Evaluation of the management approach		
GRI 308: Supplier environmental assessment 2016 GRI 414: Supplier social assessment 2016	308-1	• New suppliers that were screened using environmental criteria	27	
	308-2	• Negative environmental impacts in the supply chain and actions taken		
	414-1	• New suppliers that were screened using social criteria		
	414-2	• Negative social impacts in the supply chain and actions taken		
<b>11. Occupational Health-and-Safety</b>				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	70	
	103-2	• The management approach and its components		
	103-3	• Evaluation of the management approach		
GRI 403: Occupational Health-and-Safety 2018	403-2	• Hazard identification, risk assessment, and incident investigation	43	
<b>12. Risk Management</b>				
GRI 103: Management Approach	103-1	• Explanation of the material topic and its Boundary	67	
	103-2	• The management approach and its components		
	103-3	• Evaluation of the management approach		
GRI 102: General disclosures -Governance	102-30	• Effectiveness of risk management processes	15	
<b>Disclosure of Other Topics (Included in the Assurance Opinion Statement)</b>				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	50	
	305-2	Energy indirect (Scope 2) GHG emissions	50	

## Sustainability Accounting Standards Board (SASB) Index

Category	Issue	Disclosed Theme	Code	Accounting Metric	Measurement Unit	Value	Remarks
Environmental	Water and wastewater management	Water management	CG-HP-140a.1	Total water withdrawn	Cubic meters (m <sup>3</sup> )	258.354 thousand m3 from water utilities 66.39 thousand m3 from groundwater	
				Total water consumed	Cubic meters (m <sup>3</sup> )	324,740	
				Percentage of each in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0%	Grape King Bio does not operate in regions with high or extremely high baseline water stress
			CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Qualitative analysis	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.	
Social Capital	Product quality and safety	Product environmental, health, and safety performance	CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	Reported currency	NT\$300,721,000	
			CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Reported currency	N/A	Grape King Bio refers to relevant EPA regulations, strictly controls product quality, and adheres to laws and regulations.
			CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	Qualitative 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	Reported currency	0	Grape King Bio does not currently adopt any green chemistry principles

Category	Issue	Disclosed Theme	Code	Accounting Metric	Measurement Unit	Value	Remarks		
Business models and innovation	Management of product designs and lifecycles	Packaging lifecycle management	CG-HP-410a.1	(1) Total weight of packaging	Metric tons (t)	We aim to conduct full estimations of product weight in 2021 and disclose the results in our 2022 report.			
				(2) Percentage made from recycled and/or renewable materials	Ratio	We aim to conduct full estimations of product weight in 2021 and disclose the results in our 2022 report.			
				(3) Percentage that is recyclable, reusable, and/or compostable	Ratio	We aim to conduct full estimations of product weight in 2021 and disclose the results in our 2022 report.			
			CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Qualitative analysis	Currently, all of our products with aluminum foil packaging (which account for 26.4% 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 before being 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 and 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	Metric tons (t)	0			
				(b) Segregated	Metric tons (t)	0			
				(c) Mass Balance	Metric tons (t)	0			
					Percentage (%)	0%			
		Activity metrics			CG-HP-000.A	Units of products sold and total weight of products sold	Metric tons (t)	We aim to conduct full estimations of product weight in 2021 and disclose the results in our 2022 report.	
					CG-HP-000.B	Number of manufacturing facilities	Number of factories	3 (Note)	About this Report

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	Management Approach	Key issue-Corporate integrity and ethics : Anti-corruption
<b>Policies</b>	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.	<b>Policies</b>	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.
<b>Commitments</b>	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." 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.	<b>Commitments</b>	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
<b>Objectives</b>	Short-term <ul style="list-style-type: none"> <li>We plan to establish an Audit Committee next year.</li> </ul>	<b>Objectives</b>	Short-term <ul style="list-style-type: none"> <li>Implement and promote various Grape King Bio codes of conduct</li> </ul>
	Mid-term <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> <li>We refer to external ESG evaluations to enhance transparency of information disclosures relating to corporate governance.</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>Experts make up more than 50% of members for all Grape King Bio committees</li> <li>Continue to enhance corporate governance.</li> </ul>		Long-term <ul style="list-style-type: none"> <li>Strengthen supervision and management of our subsidiaries; ensure comprehensiveness of our production and R&amp;D cycles and operating procedures</li> </ul>
<b>Responsibilities</b>	1. Corporate Governance Team	<b>Responsibilities</b>	1. Corporate Governance Team
<b>Resources</b>	1. 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 and supervisors 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.	<b>Resources</b>	1. Promotion of internal awareness for all employees through internal website, employee mailbox, bulletin boards, training, and exams (for section managers and above) 2. Drafts of annual audit plans and revised Management Procedures for Grievance Reporting 3. Supplier promotions through warnings on purchase orders and supplier policy promotion surveys
	<ul style="list-style-type: none"> <li>✓ Promoted topics themed around ethical corporate management and insider trading prevention to directors, supervisors, and all employees through training and internal circulars, including Importance of Ethical Management, Confidentiality Procedures for Material Information, Responsibilities and Case Studies Relating to Legal Violations.</li> <li>✓ Administered ethical corporate management and insider trading prevention tests to section managers and above. A total of 104 people took the test and 100% received a passing grade (80 points and above).</li> <li>✓ Our Board of Directors approved the "Code of Ethical Conduct," "Insider Trading Prevention Management Regulations," "Dishonesty Prevention Program," and "Operational Procedures and Code of Conduct for Ethical Management" as part of its proactive initiative to prevent unethical conduct.</li> <li>✓ Our directors and supervisors participated in courses on ethical corporate management (including courses on corporate tax governance). The total number of participants was 11 and the total training hours were 84 hours. Additionally, internal and external trainings on ethical corporate management were also held for employees (including courses on food sanitation and safety regulations, health and safety inspections, practical application of ISO37001 bribery prevention management system, business activities with ethical risks, detection and prevention of fraud, and case studies). The total number of participants was 683 and the total training hours were 1,787 hours.</li> <li>✓ We did not receive any complaints relating to ethical management in 2020.</li> </ul>		<b>Specific performance</b>

Management Approach	Key issue-Risk management
Policies	We identify and respond to various risks relating to finance, operations, strategy, hazards, and climate change.
Commitments	Grape King Bio continues to assess and control major potential risks
Objectives	Short-term <ul style="list-style-type: none"> <li>• Zero major risk issues</li> </ul>
	Mid-term <ul style="list-style-type: none"> <li>• Formulate annual plans based on risk assessment results</li> </ul>
	Long-term <ul style="list-style-type: none"> <li>• Improve risk management systems and procedures while gradually enhancing management of environmental, governance, and social risks</li> </ul>
Responsibilities	1. All units within the Company
Resources	1. A total of 4 auditors in our Audit Office 2. Relevant ISO management systems implemented by various risk management implementation units (please refer to Attachment Table 5)
Specific performance	✓ Prepared to establish Risk Management Committee ✓ Incorporated climate risks into our risk management system

Management Approach	Key issue-Financial performance
Policies	We base our continued investment in raw materials and product R&D on a foundation of sustainable and stable development. This, coupled with our precise sales strategies, helps us maintain optimal capital structure and sound corporate operations, and enhances our financial performance year by year
Commitments	We commit to steady generation of shareholder value through continued R&D, product enhancements, and by winning the trust of our consumers, thus stabilizing our operations and sustaining our profitability. We provide mutual benefits for our shareholders, creditors, and the Company by maintaining a solid financial structure.
Objectives	Short-term <ul style="list-style-type: none"> <li>• Maintain continued revenue growth and stable profit margins</li> <li>• Continue to develop innovation patents and new materials to accumulate R&amp;D expertise</li> <li>• Promote our brand and launch new products to target younger consumers</li> <li>• Continue to cultivate global partners and OEM/ODM clients</li> </ul>
	Mid-term <ul style="list-style-type: none"> <li>• Maintain continued revenue growth and stable profit margins</li> <li>• Maintain R&amp;D momentum and commercialize our innovations</li> <li>• Consolidate our leading position in the Taiwanese healthcare market</li> <li>• Implement multi-brand strategy based on the needs of different target groups</li> <li>• Continue overseas expansion</li> </ul>
	Long-term <ul style="list-style-type: none"> <li>• Maintain continued revenue growth and stable profit margins</li> <li>• Prioritize R&amp;D and innovation to maintain our core competitiveness</li> <li>• Continue to cultivate strategic partners and business opportunities while working to become a world-class enterprise</li> <li>• Continue to strengthen and solidify brand assets and brand image</li> </ul>
Responsibilities	1. All units within the Company
Resources	1. We continue to invest in enhancements for biotechnological equipment and R&D expertise, diversified channels, organizational transformations, and operational innovation.
Specific performance	✓ Consolidated revenue for 2020 was NT\$9,168,195,000. ✓ Earnings per share (EPS) for 2020 was NT\$9.34.

Management Approach	Key issue-Legal compliance	Management Approach	Key issue-Supply chain management	
<b>Policies</b>	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.	<b>Policies</b>	Control of sustainability risks, diversify supply capacity, enhance smart management, and continue to develop innovations.	
<b>Commitments</b>	Enhance employees' legal compliance awareness and performance to protect our corporate image and reduce legal risks	<b>Commitments</b>	We use our corporate influence and work with our collaborative partners to create a sustainable supply chain and embody our "mutual good for all" core value as we continue to improve supply chains in the biotechnology industry and build virtuous cycles.	
<b>Objectives</b>	Short-term <ul style="list-style-type: none"> <li>Implement legal compliance control system and reduce risk of legal violations</li> </ul>	<b>Objectives</b>	Short-term <ul style="list-style-type: none"> <li>Sustainability risk assessments: 80% recovery rate of sustainability self-assessment surveys from key suppliers</li> <li>Strengthen our continuous supply chain: We aim to develop multiple material sources for 50 items (35 raw materials and 15 production materials)</li> <li>Implement a comprehensive supplier evaluation system: Conduct regular annual evaluations for 100% of suppliers</li> <li>Build and promote our smart supplier multi-channel communication platform (60% of our suppliers have joined the platform)</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 the Company's size and business needs</li> </ul>			
<b>Responsibilities</b>	1. Cooperative Entities: Quality Assurance Department—Announcement of food safety regulations Marketing Division—Media events Business Unit—Consumers and channels	<b>Objectives</b>	Mid-term <ul style="list-style-type: none"> <li>Sustainability risk assessments: 90% recovery rate of sustainability self-assessment surveys from key suppliers</li> <li>Strengthen our continuous supply chain: We aim to develop multiple material sources for 150 items (using 2020 values as a reference)</li> <li>Implement a comprehensive supplier evaluation system: Continue to conduct regular annual evaluations for 100% of suppliers</li> <li>Continue to promote our smart supplier multi-channel communication platform and increase supplier participation rate to 80%</li> </ul>	
<b>Resources</b>	Manpower: 1. Worked with the Information Department to establish the "EIP Inquiry System for Advertising Violations" and the "T9 Copy Review Procedure Request Form" to strengthen our colleagues' understanding of illegal advertising phrases and improve efficiency of copy review procedures 2. Worked with the Marketing Division to obtain monetary support from the III (Institute for Information Industry) for internal promotion and systemic management of brand identity, including establishment of brand identity usage guidelines and trademark licensing contract templates. Systems: Intellectual Property Office e-set system (for trademark applications, submissions, and payment)			Long-term <ul style="list-style-type: none"> <li>Sustainability risk assessments: 95% recovery rate of sustainability self-assessment surveys from key suppliers</li> <li>Strengthen our continuous supply chain: We aim to develop multiple material sources for 250 items (using 2020 values as a reference)</li> <li>Implement a comprehensive supplier evaluation system: Continue to conduct regular annual evaluations for 100% of suppliers</li> <li>Continue to promote our smart supplier multi-channel communication platform and increase supplier participation rate to 95%</li> </ul>
<b>Specific performance</b>	<ul style="list-style-type: none"> <li>✓ Worked with the Information Department to establish the "EIP Inquiry System for Advertising Violations" and the "T9 Copy Review Procedure Request Form" to strengthen our colleagues' understanding of illegal advertising phrases and improve efficiency of copy review procedures</li> <li>✓ Worked with the Marketing Division to obtain monetary support from the III (Institute for Information Industry) for internal promotion and systemic management of brand identity, including establishment of brand identity usage guidelines and trademark licensing contract templates.</li> <li>✓ Implemented the Trade Secrets Act 2.0 project, which educated our colleagues and investigated their "reasonable confidentiality measures."</li> <li>✓ Implemented the "Personal Information Protection" project, establishing relevant policies and procedures, and updating the privacy policies on our websites.</li> </ul>			
		<b>Responsibilities</b>	Procurement Department	
		<b>Resources</b>	Financial: Budget of NT\$3 million for our smart supplier management platform Systems: Smart supplier management platform	
		<b>Specific performance</b>	✓ Audited a total of 210 suppliers	

Management Approach	Key issue-Innovation and R&D	
Policies	Combine core capabilities, external research, and innovation units to develop unique Grape King Bio functional materials or formulations in response to consumer demands and market trends.	
Commitments	We strive to ensure product safety and legal compliance while developing products for appropriate target groups.	
Objectives	Short-term	<ul style="list-style-type: none"> <li>In response to our aging society and the ongoing coronavirus pandemic, we screened and researched functional materials for relevant issues such as sarcopenia, kidney damage, prevention of body fat formulation, preventive mechanisms for neurodegenerative disorders, and anti-viral properties.</li> <li>Our Bioengineering Center expects to file more than 10 functional material patent applications in 2021. Our Innovation and R&amp;D Center will also file 1-3 patent applications and submit innovation patents in accordance with product development strategies.</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Complete commercial production on 3 novel biotechnology materials for improving depression, PMS, ADHD, hearing impairments, Parkinson's disease, sleep, and kidney health.</li> <li>Establish specifications and commence pre-clinical animal trials for new plant-based medicines, gradually strengthening our ability to become a sophisticated API manufacturer.</li> <li>Analyze current major health trends and form cross-industry alliances where necessary to design products for specific groups and health needs</li> <li>Develop formulations and products that adhere to environmental protection and sustainability concepts.</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>Complete commercial production for 6 biotechnology cosmetic ingredients with anti-aging, anti-allergy, skin care, and hair care properties</li> <li>Complete commercial production on 6 novel biotechnology materials for improving depression, PMS, ADHD, hearing impairments, Parkinson's disease, sleep, and kidney health.</li> <li>Continue to track food and health industry trends, and form cross-industry alliances with local companies where necessary to develop formulations and products with unique features that comply with the needs of specific groups while adhering to environmental protection and sustainability concepts.</li> </ul>
Responsibilities	Point-of-contact with external parties: Food and Drug Administration of the Ministry of Health and Welfare, Department of Health of Taoyuan City Government	
Resources	Invested approximately NT\$ 4 million in kilogram-class fluid bed spray granulator for development of new dosage forms and formulations in 2020.	
Specific performance	<ul style="list-style-type: none"> <li>✓ Received SNQ (Symbol of National Quality) certification for 3 products</li> <li>✓ Continue to extend the efficacy of key materials such as lactobacillus bacteria, Cordyceps cicadae, Hericium erinaceus, and others</li> <li>✓ We compiled independent proposals relating to current and future market trends at the beginning of 2020 and held an exhibition which showcased our current dosage forms and submitted multiple proposals for diversified products. We also integrated our proprietary materials into formulation designs to provide multiple dosage forms and more product types in the future.</li> </ul>	

Management Approach	Key issue-Customer service	Management Approach	Key issue-Occupational health and safety
<b>Policies</b>	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.	<b>Policies</b>	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 review development trends in the industry and uphold the interests of both labor and management while adopting swift and active response measures to create a safe, healthy, and comfortable work environment and improve employee work safety and quality of life.
<b>Commitments</b>	Use our heartwarming services and clear procedures to offer customer service experiences that fulfill customer needs and solve customer problems.	<b>Commitments</b>	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
<b>Objectives</b>	<b>Short-term</b> <ul style="list-style-type: none"> <li>Conduct face-to-face customer interviews to understand customer needs and suggested improvements for the consumption process so as to establish effective links with our customers</li> <li>Conduct product refresher training courses led by professional nutritionists to enhance product knowledge of customer service personnel</li> <li>Compile frequently asked customer questions and establish a database to ensure consistency and professionalism of our answers for rapid and effective responses</li> </ul>	<b>Objectives</b>	<b>Short-term</b> <ul style="list-style-type: none"> <li>Establish the Grape King Bio occupational health and safety family</li> <li>Establish an operating safety system and optimize the operations environment</li> <li>Promote healthy physical fitness and 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>
	<b>Mid-term</b> <ul style="list-style-type: none"> <li>Implement a voice-activated customer service solution to improve service quality and response efficiency</li> </ul>		<b>Mid-term</b> <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 of Outstanding Healthy Workplace Award</li> </ul>
	<b>Long-term</b> <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>		<b>Long-term</b> <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>
<b>Responsibilities</b>	Related internal collaboration units: Legal Office, Quality Assurance Department, Marketing Section, and Finished Products Section	<b>Responsibilities</b>	Internal responsible unit: Plant nurses and industrial safety units
<b>Resources</b>	Invested in personnel training courses (including external customer service training courses and internal product refresher courses) and established an outbound call management system to manage outbound customer development calls, file contact records, and enhance customer contact experiences and customer satisfaction. We plan to establish a CTI phone management system for effective management and quality improvement of phone customer service	<b>Resources</b>	<ol style="list-style-type: none"> <li>Environmental health and safety improvement fees of NT\$740,000 from various units</li> <li>Strengthen contingency measures: Purchase emergency response cabinet</li> </ol>
<b>Specific performance</b>	<ul style="list-style-type: none"> <li>✓ Conducted product refresher training courses to enhance the professionalism of customer service personnel</li> <li>✓ Conducted interviews with more than 40 customers to understand, optimize, and improve customer experiences and needs during the procurement process. Interview responses were used to build a database of common problems, and we consulted professionals to ensure that our answers to these problems were accurate and consistent.</li> </ul>	<b>Specific performance</b>	<ul style="list-style-type: none"> <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>✓ Pingzhen Factory nurse received first place in the Outstanding Personnel in Occupational Health Services Award hosted by the Ministry of Labor Occupational Safety and Health Administration in 2020</li> <li>✓ Obtained ISO/CNS 45001 Occupational Health and Safety System certification in 2020</li> </ul>



Management Approach	Key issue - Product liability and safety; Product quality	
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>The new production line (soft drink bag line) at the Pingzhen Factory incorporates a food safety control system and other verification systems</li> <li>Continuously promote food safety culture activities, ahead of the deployment of the new version of the FSSC22000 specification</li> </ul>
	Mid-term	<ul style="list-style-type: none"> <li>Introduced nutritional health food GMP system in PingZhen capsule line</li> <li>Combine external inspection energy to optimize inspection procedures and improve inspection efficiency</li> <li>Establishing a food safety history inquiry system</li> </ul>
	Long-term	<ul style="list-style-type: none"> <li>In line with the update of the verification version, the food safety and quality verification system and inspection center continue to improve and refine in line with international 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	External responsibilities: Taiwan Accreditation Foundation (TAF) 、 Taiwan Food and Drug Administration(TFDA) 、 Taiwan Centers for Disease Control(CDC) Internal responsibilities: Food Safety Team, maintenance of various food safety management systems, maintenance of HACCP plans for products, sanitation management procedures, and quality irregularity processing procedures	
Resources	1. Human Resources :Quality control increased by 1 inspector and 1 Vice Section Chief 2. Systema: Laboratory Biorisk Management System; ISO/IEC 17025 compliant 3. Equipments: Purchasing 2 Water Activity Meters, 1 Biosafety Cabinet, 1 Ultraviolet-Visible Spectrophotometer , 1 Fourier Transform Infrared Sepectromter, Bacti-Cinerator, Heat Sealer, Autoclave ,Furnaces and Hygrothermograph ,etc.	
Specific performance	<ul style="list-style-type: none"> <li>✓ Establish Laboratory Biorisk Management System, and was inspected and awarded by the government authorities</li> <li>✓ Increase the laboratory equipment data to enhance data comprehensiveness</li> <li>✓ Laboratory personnel optimized and established 9 inspection methods to add additional checkpoints for evaluating the quality of raw materials</li> <li>✓ Laboratory certification system passed the new version of audit (ISO/IEC 17025:2005 → ISO/IEC 17025:2017)</li> </ul>	



**GRAPE KING BIO**

**Live Healthy, Think Grape King**

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