



CH BIOTECH
R&D Co., Ltd.

2022
ESG REPORT





CH Biotech
R&D Co., Ltd.

Contents

Editorial Principles	06
Message from the Chairman	07
2022 ESG Performance	08
Corresponding to the United Nations Sustainable Development Goals (SDGs)	10

01 Corporate Sustainable Development 14

1.1 Establish CH Biotech Sustainable Value	16
1.2 About CH Biotech	18
1.3 Stakeholders	19
1.4 Identification of Material Issues	22

02 Corporate Governance Performance 26

2.1 Operating Performance	27
2.2 Corporate Governance	29
2.3 Risk Management	34

03 Friendly Environment 43

3.1 Environment Management	44
3.2 Energy Management	46
3.3 Water Resource and Effluent Management	50
3.4 Waste Management	53
3.5 Greenhouse Gas Management	54

04 Supply Chain Management 57

4.1 Supply Chain	59
4.2 Raw Material Purchase Strategy	60
4.3 Supplier Evaluation	61



05 **R&D and Innovation** **63**

- 5.1 Sustainable Agriculture 64
- 5.2 Net Zero Emissions 68
- 5.3 Quality Management 69
- 5.4 Customer Service 71

06 **Human Resource** **72**

- 6.1 Human Rights Protection 73
- 6.2 Labor Relations 74
- 6.3 Career Development 78
- 6.4 Remuneration and Benefits 81
- 6.5 Occupational Safety 86

07 **Social Development and Care** **92**

- 7.1 Community Events 93
- 7.2 Charity Donations 96

Appendix **98**

- Appendix 1 Membership Associations 99
- Appendix 2 GRI Standards Index 100
- Appendix 3 SASB Standards Index 105
- Appendix 4 Independent Assurance Statement 107



◆ Editorial Principles

CH Biotech R&D Co., Ltd. (herein referred to as "CH Biotech") has been committed to the promotion and improvement of sustainable development for a long period of time. To allow stakeholders supporting CH Biotech to further understand various efforts and outcomes of CH Biotech in the implementation of sustainable development, we sincerely welcome you to review the fourth ESG Report issued by CH Biotech.

Report Scope

The disclosure scope of this report covers CH Biotech and its subsidiary. Information about sustainability and performance is also synchronously disclosed on the Sustainability Section of CH Biotech's official website. The content includes economic, environmental, social and corporate governance factors. The financial information disclosed mainly refers to the consolidated revenue, which is consistent with the financial statements. With regard to the economic aspect, the product information and financial data of operating performance disclosed adopts the International Financial Reporting Standard (IFRS). After such information and data are audited by KPMG Taiwan, the information of financial statements audited by certified public accountants (CPAs) shall prevail. The source of data refers to the 2022 Consolidated Financial Statements (including subsidiary of CH Biotech) certified by CPAs. As for the environmental aspect, social aspect and corporate governance aspect, the information mainly refers to the information disclosure for CH Biotech Corporate Headquarters and R&D Center (No. 89, Wenxian Rd., Nantou City, Nantou County) and the Zhangbin Plant (No. 10, Zhangbin W. 4th Rd., Xianxi Township, Changhua County). In addition, part of the information on CH Biotech's subsidiary is disclosed according to the topics.

Report Period

Chinese and English reports are prepared annually for public disclosure. The information disclosure period of this report is for the year of 2022 (January 1 to December 31, 2022), and its content includes the performance in the aspects of economy, environment, society and corporate governance. In June 2022, we issued the version of last year. In May 2023, we issued the version of this year.

Report Data Description

CH Biotech prepares this report in a prudent and rigorous manner and continues to improve the data collection process and scope, with an aim to increase the quality of various data and information year after year. Some of the historical data of this report may be different from the report of last year, and the reason of such difference is explained in the following:

Chapter	Difference Explanation
Friendly Environment	Updated historical data: The 2021 greenhouse gas emissions data is updated to the data verified by the external institution.
Supply Chain Management	Updated historical data: The presentation method of the supplier evaluation data in the 2021 report is adjusted, and the data is updated in this report.

Report Preparation Guidelines

This report is prepared in accordance with the GRI 2021 Standards issued by the Global Reporting Initiative (GRI), and the standards issued by the Sustainability Accounting Standards Board (SASB) is also referenced for supplemental content disclosure. In addition, comparison table for relevant chapters is also enclosed at the end of this report to facilitate the quick search by all stakeholders.

Report Management Process

- **Internal audit:** Department head reviews the accuracy of each chapter content and information → Auditing Office audits the information accuracy.
- **External verification:** The reference standards and verification unit for the financial data and environmental data of this report are as follows respectively

Financial data:

Reference standards: International Financial Reporting Standard (IFRS)

Verification unit: [KPMG Taiwan]

Environmental data:

Reference standards: ISO 14064-1: 2018

Verification unit: [SGS Taiwan Ltd.]

Report Assurance

For this report, SGS Taiwan Ltd. is entrusted to perform assurance in accordance with the GRI 2021 Standards issued by the Global Reporting Initiative (GRI) and AA 1000AS v3 Type 1 Moderate Level Assurance. The Assurance Statement is provided in Appendix 4 of this report.

Report Responsible Unit: Corporate Sustainability Execution Team

The electronic version of this report is available for download from CH Biotech's official website. If you have any questions or comments, please contact us via:

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ESG Report Online Questionnaire



To ensure that the information disclosed in the report meets the expectation of stakeholders with respect to their concerned issues, please kindly complete the following questionnaire to let us know your concerns related to CH Biotech.

◆ Message from the Chairman

Global warming gives rise to climate change, and natural disasters incurred by extreme climate have significant impacts on the agricultural production. During the beginning of 2020, the COVID-19 pandemic spread worldwide. In addition, the important food production country, Ukraine, is still at war and the food production has not yet been recovered, which drives substantial increase of energy and raw material prices. The trading and agricultural production are affected seriously in a global scale, which make food production and safety an important issue requiring immediate global attention. While facing the violent and diverse changes of the future natural environment, along with the global consensus on net zero emissions, what CH Biotech needs to do is to not only develop innovative technologies to increase the crop yield and quality agrochemical products but also adopt innovative thinking in the development and implementation of sustainable products of circular agriculture.

Despite the challenging greater environment, CH Biotech continues to uphold the business model of "R&D in Taiwan, made in the U.S. and global marketing" under adverse circumstance. In 2021, we successfully overcame the impact from the COVID-19 pandemic and the Company's revenue reached a new high of NT\$1 billion. Nevertheless, we do not feel complacent and continue to innovate with hard working. And as such in 2022, we reached new record highs in numerous financial indicators while achieving our solid commitment in food safety and the core value of ethical management. Furthermore, in 2022, we established the Corporate Sustainability Execution Team for the promotion of various sustainability issues to make greater contribution to the sustainable development of the industry and society. Also, we implemented the ISO14064-1: 2018 greenhouse gas inventory and obtained the greenhouse gas inventory verification statement issued by SGS Taiwan Ltd.

CH Biotech fulfills the corporate social responsibility by paying attention to the two major issues of "Reduction of climate change impact" and "Social care" in 2022.

In prospect, CH Biotech will continue to fulfill the corporate social responsibility and be dedicated to the development of agricultural biotech new pharmaceuticals with features of precision, high-efficacy, eco-friendliness and capable of protecting food safety. We will also continue to make contribution to society and collaborate with all parties to achieve extraordinary sustainability performance.

Reduction of climate change impact

According to the latest evaluation report released by the United Nations' Intergovernmental Panel on Climate Change (IPCC) in August 2021 and February 2022, people need to not only slow down the global temperature rising through actual actions, such as carbon reduction, but also to increase the "climate resilience" at the same time as the trend of temperature rising is inevitable. How the environment and our society respond to the negative impact due to high temperature will require more precise scientific forecasting. As an agricultural biotech new pharmaceutical development company, CH Biotech pays great attention to the "Reduction of climate change impact" and is committed to developing agricultural biotech new pharmaceuticals capable of achieving greater benefits and providing higher security to the environmental and food safety. In addition, CH Biotech has its own greenhouse gas emission condition under control and voluntarily implements greenhouse gas reduction related program progressively in response to relevant changes timely.

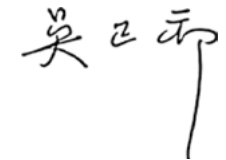
In 2022, to link up with the world, the government announced the "Taiwan's Pathway to Net-Zero 2050 and Strategies" and declared the policy for continuous promotion of net zero carbon emissions. CH Biotech's agricultural biotech products, regardless of using on field crops, such as soybeans, corn, wheat, or on high economic crops like fruit trees and ornamental plants, all rely on the "health soil." CH Biotech actively engages in the academic exchange to start translating the "Recarbonizing Global Soils-A technical manual of recommended management practices" announced by the Food and Agriculture Organization of the United Nations in September from English to Chinese in 2021. The Company consecutively printed a total of 10,000 sets of the English and Chinese versions of the manual in February 2022. Meanwhile, online resources for the download of Chinese-version electronic book is also available at free of charge. The manuals are reference books for all people caring about the sustainable development and land health in Taiwan. Through the book, the Company expects that relevant industries in Taiwan will join us to value health soil and starting from agriculture to achieve the government's goal of "Net-Zero Carbon Emissions by 2050."

The products of CH Biotech can achieve farmland low-carbon cultivation. The application area of the Company's sustainable type of products worldwide has reached 46.74 million acres, equivalent to a cultivation area around 24 times the size of Taiwan. Aside from generating the output value above hundred million of US dollars for farmers, the Company's products also help Taiwan and global main agricultural countries to adopt a healthier and more sustainable method for crop cultivation, thereby promoting the eco-friendly virtuous cycle. To CH Biotech, sustainable products are more than outcomes of innovations but also drive the Company's revenue growth and help the Company to realize the vision of corporate social responsibility.

Social care

With regard to the "Social care" aspect, affected by the pandemic in recent years, the economic growth slows down, plus severe inflation, increased price index, depressing overall economic, plunging consumer confidence, such that affecting the contribution to the social welfare resource. In view of such situation, CH Biotech fully engages in the social care related issues by joining various public welfare activities. In recent years, the Company has irregularly participated in social charity donations, charity purchase of agricultural products, vegetables and fruits and other public welfare activities. In 2022, the Company made a call for internal employees to organize the blood donation public welfare activity - "One person per bag, join CH Biotech in blood donation," bringing warmth and care through donation during the post-pandemic era.

Chairman



◆ 2022 ESG Performance

Environmental

- Published the UN FAO's Recarbonizing Global Soils Technical Manual in both Chinese and English versions for a total of **10,000** sets to promote the concept of carbon reduction and carbon fixation
- Implemented the **ISO 14064-1: 2018** greenhouse gas inventory system
- Greenhouse gas emissions reduced by **3.90%** from 2021
- Electricity consumption reduced by **5.70%** from 2021
- Water consumption reduced by **22.34%** from 2021
- Liquefied natural gas consumption reduced by **15.06%** from 2021
- Sewage discharge volume increased by **1.01%** from 2021
- Industrial waste disposed reduced by **16.69%** from 2021
- Constructed 661.5 KW solar power generation equipment
- Sludge test data and wastewater quality discharge lower than regulatory standards
- **Zero** violation of environmental protection related laws and regulations

Social

- Employees remuneration and benefits expenses occupied **18.03%** of the annual turnover
- Employee average salary in 2022 increased by **4.05%** from 2021
- Total education training hours in 2022 increased by **65.37%** from the preceding year
- Full-time employees **100%** participated in the performance evaluation in 2022
- Held the 3rd term of "CH Biotech Innovation Award" with total award money reached NT\$**1.44** million
- Sponsored the "Taiwan Entomological Society CH Biotech Innovation Award"
- Club and community public welfare donation expenses reached NT\$**29,126** thousand
- School and enterprise visits totaled **74** units with a total of 2,006 person-time
- Organized a blood donation activity and with a total of **94** bags of blood collected
- **No** occurrence of human rights violation or discrimination events
- **Zero** violation of any laws and regulations and no complaints and major incidents
- **No** occurrence of occupational diseases

Corporate Governance

- Consolidated revenue reached NT\$1,434,115 thousand, a growth of **40.81%**
- Consolidated net income after tax reached NT\$465,423 thousand, a growth of **59.67%**
- Gross profit **79.11%**, and EPS NT\$**4.79**
- New suppliers **100%** signed the Supplier Corporate Social Responsibility Statement
- Developed 1 new customer, obtained 1 EPA technical-grade registration certificate and 2 product registration certificates
- Convened 1 Shareholders' Meeting, 7 Board meetings, 7 Audit Committee meetings and 4 Remuneration Committee meetings
- Average attendance rate of the Board of Directors in 2022 reached **96.83%**
- Ethical management course attendance rate of employees reached **100%**
- Directors continuing education hours **100%** complied with the requirements
- **Zero** violation of economic and social regulations and no penalty fine events
- **No** negative material information



The Central Taiwan Science Park
"Outstanding Supplier Innovative Product Award"



The National Innovation Awards
"Outstanding Enterprise Innovation Award"



Taiwan Corporate Sustainability Awards
"Growth through Innovation Award"
and
"Corporate Sustainability Report Award Bronze Prize"

◆ Corresponding to the United Nations Sustainable Development Goals (SDGs)

To implement the sustainability policy, CH Biotech responds to the 17 SDGs put forth by the United Nations with practical actions, aligns our system with the international standards, and adopts systems to save energy, reduce carbon emissions, improve environmental performance with methodology and technology, in order to be consistent with the concept of circular economy, reduce waste and make good use of resources and energy.



2.4 Ensure a sustainable food production system, increase resilience to climate change, gradually improve the quality of land and soil, and enhance the agricultural output quality.		
Policy	Ensure food safety, end hunger and promote sustainable agriculture.	2022 Achievement
Corresponding Chapter	5.1 Sustainable Agriculture, 5.3 Quality Management	
Action Plan	Precisely design new product functions based on modern technologies.	
Targets	Continue to develop precise and high-efficacy sustainable agrochemical products, and establish a carbon reduction benefit platform for the carbon reduction potential assessment during the early stage of developing active ingredient products and to be used as the assessment basis for the development of safe, high-efficacy and low-carbon agrochemical products capable of generating long-term profits.	

- Developed "energy saving and carbon reduction" technologies and products:
 1. Released MegaGro 2.0 (Radiate NEXT).
 2. Performed the efficacy test, product registration and field test of the new product Foliar Nitrogen Assimilation.
- Developed "system immune induction type" technologies and products: Performed the registration and application for the new products of Strive and Disease Suppression.
- Developed circular agricultural products: Developed products capable of converting agricultural residues into oligosaccharides and peptides products that are beneficial to improving crop yield and quality through innovative physical, chemical, and biological technologies, thereby recycling and reusing them in the food production.



4.4 Enhance skills required by young people and adults for their jobs.		
Policy	Understand employees' professional competency in order to improve the team's strength and employees' job skills, and promote life-time learning.	2022 Achievement
Corresponding Chapter	5.1 Sustainable Agriculture, 6.3 Career Development	
Action Plan	<ul style="list-style-type: none"> • Arrange employees to participate in professional seminars, education trainings and on-job trainings. • Establish an industry-academia collaboration mechanism, and work with universities and colleges to provide internship programs. 	
Targets	Short-term targets: Continue to arrange professional seminars, education trainings and on-job trainings. Medium- and long-term targets: Continue to expand the influence of industry-academia collaboration.	

- Organized 8 professional seminars in 2022.
- A total 19 undergraduate students participated in the 2022 university and college internship program.
- Organized the 3rd term of the "CH Biotech Innovation Award" in 2022, and the total prize reached NT\$1.44 million.
- A total 6 employees participated in the on-job training programs in 2022 (4 employees in the continuing education for doctorate degree and 2 employees in the continuing education for master degree).
- Planned for diverse training programs for employees' learning development, and the total number of education training hours in 2022 reached 4,285.5 hours.



5.1 End all forms of discrimination against women and girls. 5.5 Eliminate discrimination against women and protect their equal rights, such as participation in decision-making.			
Policy	Gender equality, diversity and respect, and equal rights protection.	2022 Achievement	
Corresponding Chapter	6.2 Labor Relations		
Action Plan	Establish fair and reasonable personnel employment system and regulations, actively create quality working environment, advocate for prevention of workplace bullying, and promote the human rights concept of respect, inclusion, freedom, equality and justice, in order to eliminate any illegal discrimination.		
Targets	Properly protect employees' rights and interests at work, and work hard to provide fair, diverse and friendly working environment to employees.		
			<ul style="list-style-type: none"> • Provided equal job opportunities regardless of gender and other factors. • Provided equal pay for equal work and equal opportunities for promotion to all employees in the Company, regardless of gender or nationality. • Formulated the "Regulations for Workplace Sexual Harassment Preventive Measures, Complaints and Punishments" and set up a complaint hotline. • Provided employees with paternity leave, parental leave, prenatal checkup, family care leave, and menstrual leave as per the Labor Standards Act and the Act of Gender Equality in Employment. • Reinstatement rate of employees on unpaid parental leave reached 100% in 2022.



6.3 Reduce the release of pollutants, chemical substances, and discharge of wastewater, and increase the percentage of water reuse.			
Policy	Duly control the quality of sewage and monitor sewage discharge data.	2022 Achievement	
Corresponding Chapter	3.3 Water Resource and Effluent Management		
Action Plan	<ul style="list-style-type: none"> • Adopt water resource management policies, including measurement, reduction and reuse. • Install water meters to monitor the water resource consumption. • Periodically review the water consumption of each department. • Ensure effluent data to comply with the national effluent standards. 		
Targets	Short-term targets: Reduce total water consumption by 10% and ensure effluent water quality to be lower than the national effluent standards. Medium- and long-term targets: Promote energy saving policy according to the operating status of the Company.		
			<ul style="list-style-type: none"> • Water consumption in 2021 was 62,534 cubic meters, and it was 48,567 cubic meters in 2022, a reduction of 22.34%. • Sewage discharge volume in 2021 was 4,832 cubic meters, and it was 4,881 cubic meters in 2022, an increase of 1.01%. • In addition to cooperating with the effluent water quality monthly inspection by SGS, the entrusted institution of the Central Taiwan Science Park Bureau, CH Biotech also increased the number of inspections, and the effluent data was lower than the national effluent standards. • Installed the Zhangbin Plant wastewater and sewage treatment equipment with an investment of NT\$1,867 thousand. • The wastewater and sewage treatment equipment maintenance expense in 2022 was NT\$257 thousand. • There were no violations of environmental protection related laws and regulations in 2022.



8.2 Technological upgrade and innovation to improve productivity. 8.5~8.8 Guarantee labor rights and realize dignity at work.			
Policy	Self-develop agricultural biotech new pharmaceuticals based on the R&D and innovation three key core technologies, and properly obtain the property rights on key ingredients through intellectual property rights planning.	2022 Achievement	<ul style="list-style-type: none"> • Obtained 1 EPA technical-grade registration certificate in the U.S. in 2022. • Obtained 2 product registration certificates in the U.S. in 2022. • Filed a total of 8 invention patent applications in 2022. • Male and female employee ratio 47: 53 in 2022.
Corresponding Chapter	5.1 Sustainable Agriculture, 5.3 Quality Management		
Action Plan	<ul style="list-style-type: none"> • Develop safe and high-efficacy agrochemical new pharmaceutical product active ingredients, and grasp exclusive technical-grade registration opportunities. • Continue to cultivate talents in various fields, implement equal pay for equal job among all male and female employees, and continue to head toward a diverse culture. 		
Targets	<ol style="list-style-type: none"> 1. Ensure the fundamental research, product design, technology R&D, product prototyping and testing, R&D record and document preservation, and acquisition and maintenance of intellectual property rights during the R&D process, establish product efficacy and field test information, and develop appropriate application methods for products. During the product sales stage, provide detailed efficacy information as well as sufficient and complete information on the product's environmental impact, residual assessment and safety related data. 2. Male and female employee ratio 1: 1. 		



12.4~12.6 Reduce, recycle and reuse chemicals and waste and disclose sustainable development information.			
Policy	Implement resource recycle and reuse and reduce waste generation, in order to achieve the goal of treasuring available resources and attaining friendly environment.	2022 Achievement	<ul style="list-style-type: none"> • Released the fourth ESG Report. • Disposed of industrial waste 15.857 tons in 2022, a decrease of 16.69% from 2021. • Entrusted legitimate institution to perform sludge test in 2022, and the test result complied with the regulatory requirements. • Entrusted a waste disposal company reviewed and qualified by the Environmental Protection Administration, Executive Yuan for waste treatment related operations, and signed a waste disposal entrustment contract with the company. • Environmental protection management personnel of the Company irregularly performed waste disposal plant field visit, in order to ensure that the waste disposal and treatment processes meet relevant regulations. • Industrial waste disposal expense in 2022 was NT\$673 thousand.
Corresponding Chapter	3.4 Waste Management		
Action Plan	Enhance waste classification, duly report waste disposal direction, implement available resource recycle and reuse, reduce waste treatment expenses, and increase resource use efficiency.		
Targets	<p>Short-term targets: Reduce the waste treatment expense by 1% annually.</p> <p>Long-term targets: Establish proper waste treatment model.</p>		



16.5 Reduce all forms of corruption and bribery.

Policy	Adhere to the business philosophy that balances integrity, equality, and profits and prevent any corruption.	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">2022 Achievement</p> <ul style="list-style-type: none"> • Convened a total of 7 Board meetings, 7 Audit Committee meetings and 4 Remuneration Committee meetings in 2022. • Amended the Corporate Governance Best Practice Principles for Companies, Sustainable Development Best Practice Principles, Rules of Procedures for Shareholders' Meetings, Regulations Governing Procedure for Board of Directors Meetings, and established the Standard Operating Procedures for Handling Requests from Directors. • The total number of hours of ethical education training organized for employees in 2022 was 448 hours. • The total number of hours of education training organized for directors in 2022 was 60 hours. • Entrusted the "Taiwan Corporate Governance Association" to perform the board performance evaluation, reviewing the effectiveness of the Company's corporate governance mechanism.
Corresponding Chapter	2.2 Corporate Governance	
Action Plan	Adopt the highest ethical and moral standards to conduct business activities, and eliminate any unethical and illegal conducts, in order to seek the best operational performance.	
Targets	<p>Short-term targets: Implement CH Biotech's various corporate governance related regulations.</p> <p>Medium- and long-term targets:</p> <ul style="list-style-type: none"> • Enhance the corporate governance related information disclosure transparency referring to the external ESG evaluation content. • Develop sustainable operation model with respect to environmental protection, social responsibility and corporate governance. 	



01



Corporate Sustainable Development

- 1.1 Establish CH Biotech Sustainable Value
- 1.2 About CH Biotech
- 1.3 Stakeholders
- 1.4 Identification of Material Issues



◆ Sustainable Operation Management Approach

- **Material Topic** : Sustainable operation
- **Corresponding GRI** : CH Biotech self-specified topic
- **Violation Status** : There were no violation and negative information in 2022.



Short-term targets

Plan the production of amino acid peptide product, expand the market share and enhance competitiveness.

Medium-term targets

Continue to analyze the social economic development and the development trend of agricultural production, develop agricultural biotech new pharmaceuticals with market competitiveness, and expand the application function and market scope in order to promote the stable growth of the Company. It is expected to include the U.S. subsidiary in the greenhouse gas inventory in 2023.

Long-term targets

Continue to grow stably and protect the rights and interests of stakeholders, achieve social welfare, and reduce environmental impact.

Implementation Status

- Established the Corporate Sustainability Execution Team in July 2022, and convened a total of 6 Corporate Sustainability Execution Team meetings.
- Established the Greenhouse Gas Inventory Inspection Team in 2022, and convened a total of 2 Greenhouse Gas Inventory meetings and organized 1 education training.
- Introduced the ISO 14064-1: 2018 greenhouse gas inventory system in 2022, and stipulated the "Greenhouse Gas Inventory Procedure."

Sustainable Operation Management Approach

Reason of Materiality	The sustainable operation of an enterprise is to implement the concept of social responsibility such that during the operation and profit seeking of an enterprise, it is still necessary to value the factors of the environment, society and corporate governance and to include such factors in the management of operating activities. Accordingly, the advance of the economy, environment and society can be promoted through the corporate civic power, thereby achieving the goal of sustainable development.
Meaning to CH Biotech	CH Biotech upholds the principle of R&D and innovation, and continues to create corporate value and profit, thereby enhancing the corporate governance capability. In addition, the Company values environmental protection, community welfare and workplace safety, provides proper working environment to employees and pursues corporate sustainable development.
Policy	Establish the "Sustainable Development Best Practice Principles," and designate the responsible unit to set up the Corporate Sustainability Execution Team in the business strategic planning. Stipulate material topic coping strategies, and seek to implement corporate social responsibility in the organization operation through systematic processes.
Evaluation Mechanism	Convene Corporate Sustainability Execution Team meetings periodically, and establish stakeholder communication channels in order to consolidate relevant comments.
Responsibility and Complaint Filing Mechanism	President acts as the convener, and with department heads and designated personnel to form the team in order to formulate coping strategies for material issues of stakeholder's concern. For any questions or comments, please contact us at info@chbio.com.tw.
Positive Impact	1. Develop products with market competitiveness, in order to promote the Company's stable growth. 2. Develop products capable of mitigating the impact of climate change on food production to stabilize the food supply. 3. Develop products capable of increasing agrochemical product use efficiency to achieve sustainable agricultural development.
Negative Impact	Greenhouse gas emissions due to corporate operations.

1.1 Establish CH Biotech Sustainable Value

Global warming gives rise to climate change, among which the agriculture is most impacted. Crops cannot adapt and grow swiftly under violent climate change, leading to agricultural loss. Agricultural loss then affects the entire food supply chain, causing impact on the global food safety. To cope with the climate change, it is hard for agriculture to follow the conventional or current methods for cultivation and production, and it is necessary to undergo transformation to adopt production methods capable of adapting to climate change. According to the report announced by the Bill & Melinda Gates Foundation in 2022, agriculture improvement is the long-term solution to solve the food crisis, and it further informs countries around the world that innovation is the key to fight against extreme climate and global pandemic.

During the early establishment stage of CH Biotech, the Company has foreseen that agricultural improvement is the global inevitable trend. Accordingly, the Company is dedicated to the development of eco-friendly agricultural biotech new products capable of increasing the production yield of agricultural products, improving flavor while meeting food safety and environmental protection requirements at the same time.

CH Biotech upholds the core philosophy of "R&D innovation, precision agriculture, and quality first" and establishes the sustainable value with stakeholders jointly. Based on the sustainable strategic principles and approaches, we further extend the core content to develop 8 key topics to serve as CH Biotech's goals to achieve our vision of sustainability.



Sustainability policy

To cope with the global climate change, to stably increase crop production quality, and to achieve sustainable agriculture value, CH Biotech has upheld the core philosophy of "R&D innovation, precision agriculture, and quality first" since the establishment. The Company provides solutions to the present difficulties faced by the agriculture and continues to develop innovative and sustainable type of agrochemical products capable of increasing crop production yield and quality, thereby creating corporate sustainable value of CH Biotech and contributing to society continuously.



Sustainability Principle

Implement ethical management, develop sustainable environment, care social welfare, and establish friendly workplace

Sustainability Mission

Provide solutions to present difficulties faced by the agriculture.

Sustainability Vision

Continue to develop innovative and sustainable type of agrochemical products capable of increasing crop production yield and quality, thereby creating corporate sustainable value of CH Biotech.

Sustainability Strategy

Environmental aspect

Integrate various R&D core resources, develop innovative and energy-saving sustainable products, increase agrochemical product use efficiency, and actively promote sustainable agricultural development.



Social aspect

Continue the industry-academia internship collaboration programs, increase practical experience of agricultural students, establish healthy and happy workplace for employees, and achieve social inclusive culture and value.



Corporate governance aspect

Enhance the job functions of the Board and directors, implement internal control and audit system of the Company, increase information transparency and security, and create operational values and protect the rights and interests of shareholders.



Long-term Targets

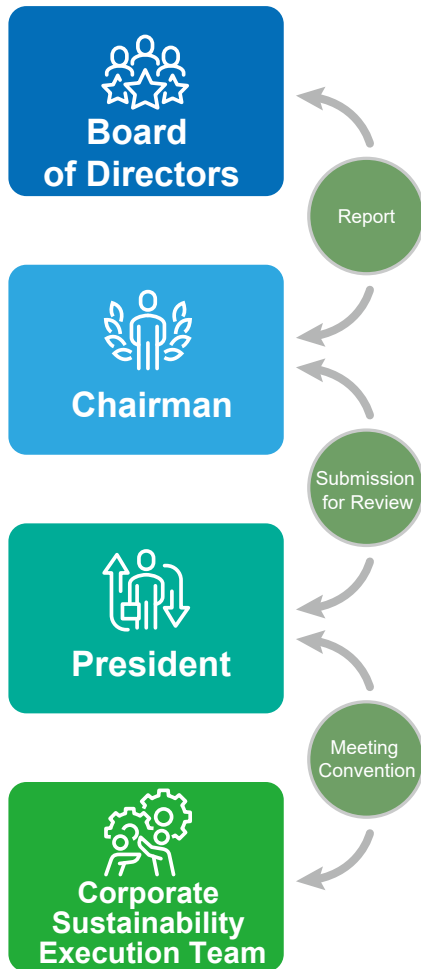
Continue to grow stably and protect the rights and interests of stakeholders, achieve social welfare, and reduce environmental impact.

Short-term Actions

Actively respond to the United Nations Sustainable Development Goals (SDGs), and establish sustainable action plans periodically.

Corporate Sustainability Execution Team

To promote and manage the corporate social responsibility, in 2022, CH Biotech established the "Corporate Sustainability Execution Team" with the President acting as the convener and department heads and designated personnel forming the team to convene the corporate sustainable implementation meetings periodically. At least two meetings are required to be convened annually. In 2022, a total of 6 meetings were convened. The meeting agenda includes proposals related to ESG report preparation schedule, energy policy, waste policy, sustainability performance, greenhouse gas inventory progress and so on.



The Board of Directors of CH Biotech is the highest supervision unit for the corporate sustainability management. To implement corporate sustainability related policies, sustainability related plans and implementation status are reported to the Board of Directors in a regular basis every year.

To strengthen the corporate sustainability performance and to implement sustainable development policies, the Chairman approved the establishment of the Corporate Sustainability Execution Team. The President is responsible for the coordination which facilitates the lateral communication among the governance architecture of each department and different departments.

The President acts as the convener of the Corporate Sustainability Execution Team with responsibility of establishing corporate sustainability policies and planning and supervising the corporate sustainability implementation performance.

Department heads and designated personnel form the Corporate Sustainability Execution Team with responsibility of integrating sustainability issue related information and tracking the implementation progress, thereby promoting CH Biotech's corporate sustainable development. The impacts of various topics and issues on the Company as well as response methods are reviewed and reported through periodic team meetings, in order to achieve the sustainable goal and vision of the Company.

1.2 About CH Biotech

CH Biotech R&D Co., LTD. was established in November 29, 2013 and became an emerging-stock enterprise in 2015. The Company focuses on the R&D, manufacturing and sales of plant growth regulators and fertilizers. Being an agricultural new pharmaceutical biotech company, we specialize in regulating plant gene expression and physiological metabolism to control the growth and development of crops, thereby increasing the crop quality and production yield. Our global locations include the Corporate Headquarters and R&D Center in Taiwan, the fermentation plant (the Zhangbin Plant) in the Changhua Coastal Park and the production center in California, USA. For major milestones of CH Biotech, please refer to the Company History section of the 2022 Annual Report.

Location	Address	Number of Employees	Main Business
Corporate Headquarters and R&D Center	No. 89, Wenxian Rd., Nantou City, Nantou County	115 people	Research, development and sales of agricultural biotech new pharmaceuticals
Zhangbin Plant	No. 10, Zhangbin W. 4th Rd., Xianxi Township, Changhua County	0 people	Turn agricultural wastes into functional new pharmaceutical products via fermentation technology or subcritical hydrolysis technology
U.S. Production Center	601 Kettering DR. Ontario CA 91761, U.S.A	26 people	Production site

Number of Employees: Up to December 31, 2022

1.3 Stakeholders

CH Biotech identifies stakeholders and analyzes issues concerned by stakeholders via diverse communication channels or platforms, establishes management approaches according to selected material issues, and reviews the implementation effectiveness periodically, in order to respond to and satisfy the demands and expectations of stakeholders. By doing so, the Company plans the sustainable development strategies and fulfills the commitment to the stakeholders as well as respects and protects their rights and interests. We use aforesaid information as the reference basis for the disclosure in this report. CH Biotech has diverse mechanisms that allow us to interact and communicate with stakeholders, including labor-management meetings, supplier evaluation, distributor meetings and shareholders' meetings. We communicate with stakeholders through various channels to understand their needs, their expectations to the Company and their concerned issues about the sustainable development. We not only respond to these matters immediately but also use them as a reference for promoting our sustainable development plan.

Stakeholder identification and communication channels

The Corporate Sustainability Execution Team continues to adopt the five main principles of AA1000 Stakeholder Engagement Standard (SES) in 2021 to identify eight types of stakeholders, and they are: employees, shareholders/investors, suppliers, customers, government agencies, non-government organizations, community residents, external evaluation institutions or research institutes.

Stakeholders	Concerned Issues	Meaning to CH Biotech	Communication Channels and Frequency	Corresponding Chapter	2022 Implementation Status and Response
Employees	<ul style="list-style-type: none"> • Remuneration and Benefits • Occupational Health and Safety • Labor Relations 	Employees are important assets of CH Biotech. We believe that healthy employees and safe working environment are key to creating safe products trustworthy to customers. In addition, retention of outstanding talents, improvement of employees' competitiveness and establishment of happy workplace are supreme goals of CH Biotech.	<ul style="list-style-type: none"> • Labor-management meetings and Employee Welfare Committee meetings: Quarterly. • Employee communication mailbox: Instantly. • Company intranet bulletin board: Irregularly. • Department head meetings and departmental internal meetings: Irregularly. • Education training: Irregularly. • Internal audit: Irregularly. 	6.2 Labor Relations 6.4 Remuneration and Benefits 6.5 Occupational Safety	<ul style="list-style-type: none"> • Convened 5 labor-management meetings • Convened 11 Employee Welfare Committee meetings • Employees accepting annual performance evaluation reached 100% • Total number of hours of trainings in 2022 was 4,285.5 hours • Total number of person-time of trainings in 2022 was 847 person-time • A total 6 employees under the on-job training programs in 2022 (4 employees in the continuing education for doctorate degree and 2 employees in the continuing education for master degree) • A total of 0 case through the complaint mailbox • A total of 0 occupational safety incident in 2022 • The total of wedding gift money, maternity allowance and funeral subsidy applied in 2022 was NT\$168 thousand for a total of 14 person-time • Employee average salary in 2022 increased by 4.05% from 2021 • Employee intranet bulletin board published 96 messages
Shareholders/ Investors	<ul style="list-style-type: none"> • Corporate Operation • Corporate Governance and Ethical Management • Risk Management • Sustainable Operation 	CH Biotech values shareholders and investors highly. The Company discloses the Company's business performance transparently. In addition, through communication with shareholders and investors, the Company collects feedback and responses timely in order to maintain consistency for information obtained among shareholders, investors and the management as much as possible, thereby achieving the maximum profit for shareholders and investors as well as improving their rights and interests.	<ul style="list-style-type: none"> • Annual shareholders' meeting, annual report, financial statements, ESG report: Annually. • Company's website, Market Observation Post System (MOPS), spokesperson direct line and mailbox: Instantly. 	1.1 Establish CH Biotech Sustainable Value 2.1 Operating Performance 2.2 Corporate Governance 2.3 Risk Management	<ul style="list-style-type: none"> • Convened 1 annual shareholders' meeting • Released 2022 Q2, Q3 and annual financial statements • Publicly announced revenue 12 times, and published 15 material messages in Chinese • Entrusted the "Taiwan Corporate Governance Association" to perform the Board performance evaluation • Distributed cash dividends of NT\$1.5 per share and distributed stock dividends of NT\$1.5 per share

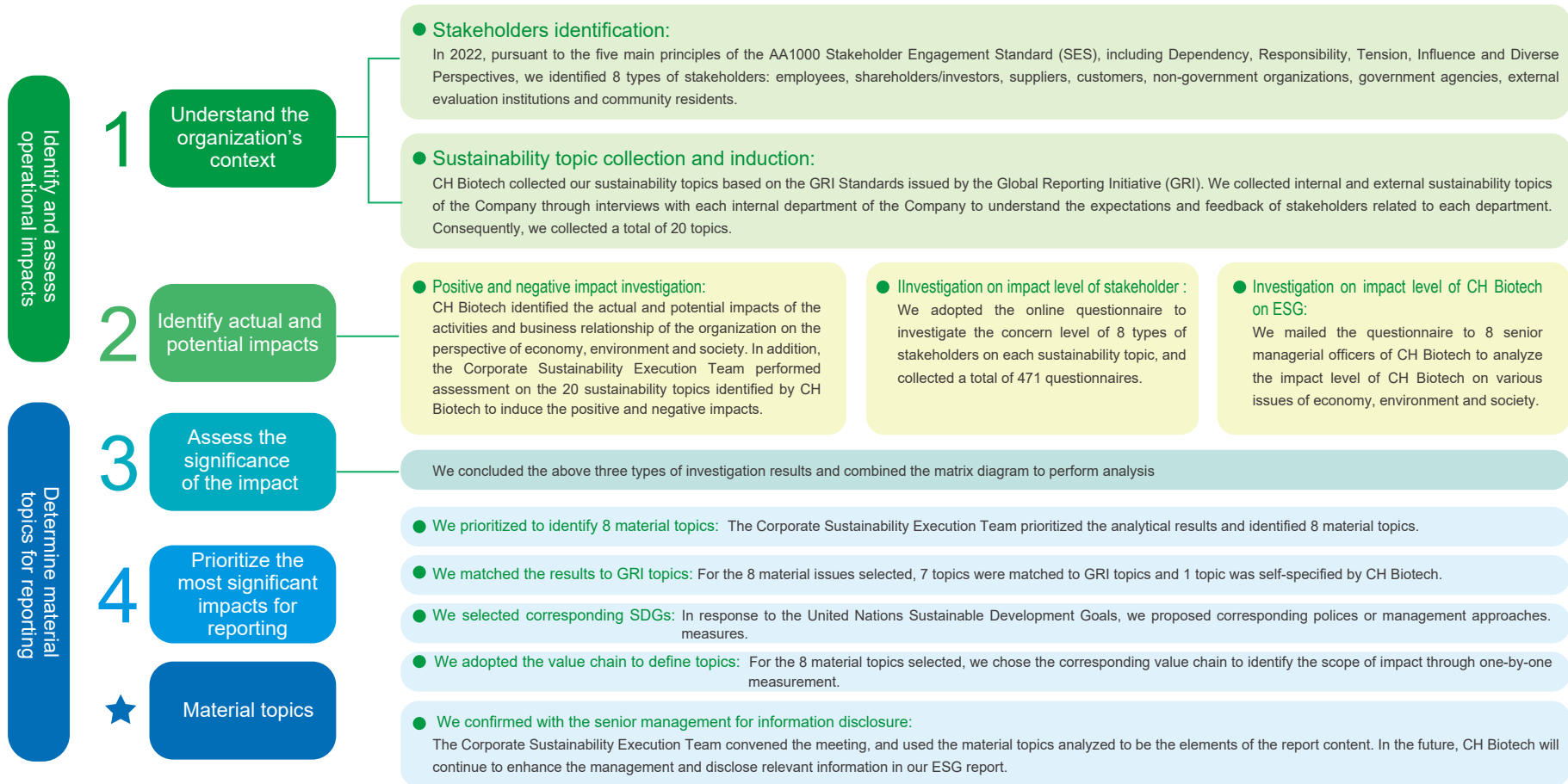
Stakeholders	Concerned Issues	Meaning to CH Biotech	Communication Channels and Frequency	Corresponding Chapter	2022 Implementation Status and Response
Suppliers	<ul style="list-style-type: none"> • Environmental Management Policy • Sustainable Operation • Waste Management • Customer Service Satisfaction • Supplier Management 	Suppliers are important partners of CH Biotech. Through continuous communication and management, we drive suppliers to head toward the corporate sustainable development and to be our long-term partners.	<ul style="list-style-type: none"> • Supplier evaluation and audit: Annually. • Supplier visit: Irregularly. • Communication through corporate website, e-mail and telephone: Instantly. 	3.1 Environment Management 1.1 Establish CH Biotech Sustainable Value 3.4 Waste Management 5.4 Customer Service 4.3 Supplier Evaluation	<ul style="list-style-type: none"> • Invited 57 existing raw material suppliers to sign the "Supplier Corporate Social Responsibility Statement," and the signing ratio in 2022 was 40% • Raw material supplier periodic evaluation achievement rate of 75% • Evaluated new raw material suppliers • Added 3 new raw material suppliers
Customers	<ul style="list-style-type: none"> • Sustainable Operation • Customer Service Satisfaction • Product Quality and Responsibility • Food Safety 	Customers serve as the basis for the corporate sustainable development of CH Biotech. CH Biotech aims to provide high quality and high yield products to customers to enhance customer loyalty. In addition, for the sustainability of the environment, the Company actively develops circular economy and energy-saving as well as carbon reduction products. Further, the Company continues to communicate with customers to increase customer satisfaction for the co-existence and co-prosperity between the Company and customers.	<ul style="list-style-type: none"> • Distributor meetings and corporate website information: Periodically. • Communication through telephone and e-mail: Instantly. • Seminars: Irregularly. 	1.1 Establish CH Biotech Sustainable Value 5.2 Quality Management 5.4 Customer Service	<ul style="list-style-type: none"> • Added 1 new customer • Obtained 1 EPA technical-grade registration certificate and 2 product registration certificates • Organized approximately 40 online distributor meetings.
Government agencies	<ul style="list-style-type: none"> • Environmental Management Policy • Water Resource and Effluent Management • Air Pollution Management • Energy Management 	CH Biotech adheres to relevant laws and regulations established by the government and various agencies to operate business. In addition, the Company also accepts the audit and supervision of competent authorities.	<ul style="list-style-type: none"> • Issuance of official documents/ letters: Instantly. • Organization of seminars and implementation of labor/ environmental protection inspection: Irregularly. • Organization of fire safety seminars: Semi-annually. • Implementation of fire inspection: Annually. 	3.1 Environment Management 3.2 Energy Management 3.3 Water Resource and Effluent Management 3.4 Waste Management 3.5 Greenhouse Gas Management	<ul style="list-style-type: none"> • Performed environmental inspections as required by the competent authorities and the results all met relevant government regulations • Labor inspection without any violations • Organized a total of 2 fire safety seminars • Implemented a total of 2 fire safety drills

Stakeholders	Concerned Issues	Meaning to CH Biotech	Communication Channels and Frequency	Corresponding Chapter	2022 Implementation Status and Response
Non-government organizations	<ul style="list-style-type: none"> Customer Health and Safety Sustainable Agriculture 	Non-government organizations include industrial, government and academic cross-department members to gather professional knowledge from various fields. CH Biotech collaborates with these organizations based as the partner, jointly addressing agricultural and food safety issues.	<ul style="list-style-type: none"> Release of relevant information on the Company's official website: Instantly. 	5.1 Sustainable Agriculture 5.3 Quality Management	<ul style="list-style-type: none"> Participated in 3 public welfare activities Organized 1 blood donation activity Co-organized 9 forums and meetings
Community residents	<ul style="list-style-type: none"> Water Resource and Effluent Management Air Pollution Management Waste Management Greenhouse Gas Emissions and Inventory 	CH Biotech aims to achieve co-existence and co-prosperity with the local community. Through visits, the Company understands the community needs, and further invests in charity and public welfare activities to create a better society and environment.	<ul style="list-style-type: none"> Organization of seminars, sharing sessions, community and school visits: Irregularly. Communication through telephone: Instantly. 	3.3 Water Resource and Effluent Management 3.4 Waste Management 3.5 Greenhouse Gas Management 7.1 Community Events	<ul style="list-style-type: none"> Organized 2 community resident visits Opened the Company for public visits 5 times Organized 1 farmer cupping seminar and 1 field sharing session in 2022. Organized community, senior high school and above and industrial group visits for a total of 74 units and a total of 2,006 person-time
External evaluation institutions or research institutes	<ul style="list-style-type: none"> Customer Health and Safety Corporate Operation Risk Management Sustainable Operation 	CH Biotech examines the operational risk management performance of corporate management through external evaluation to be in line with the global trend of sustainable development and environmental friendliness.	<ul style="list-style-type: none"> Company's official website: Instantly. Organization of Industry-academia collaboration, seminars, keynote speeches and visits: Irregularly. Establishment of awards: Annually. 	5.3 Quality Management 2.1 Operating Performance 2.3 Risk Management 1.1 Establish CH Biotech Sustainable Value	<ul style="list-style-type: none"> In 2022, the Company received 4 awards, including "Outstanding Supplier Innovative Product Award" of the Central Science Park, "Outstanding Enterprise Innovation Award" of the National Industrial Innovation Awards, and "Growth through Innovation Award" and "Corporate Sustainability Report Award Bronze Prize" of Taiwan Corporate Sustainability Awards Engaged in 12 industry-academia collaboration programs A total 19 undergraduate students participated in the 2022 university and college internship program Organized 1 seminar, and invited 10 scholars and government officials to deliver keynote speeches Organized the 3rd term of "CH Biotech Innovation Award"

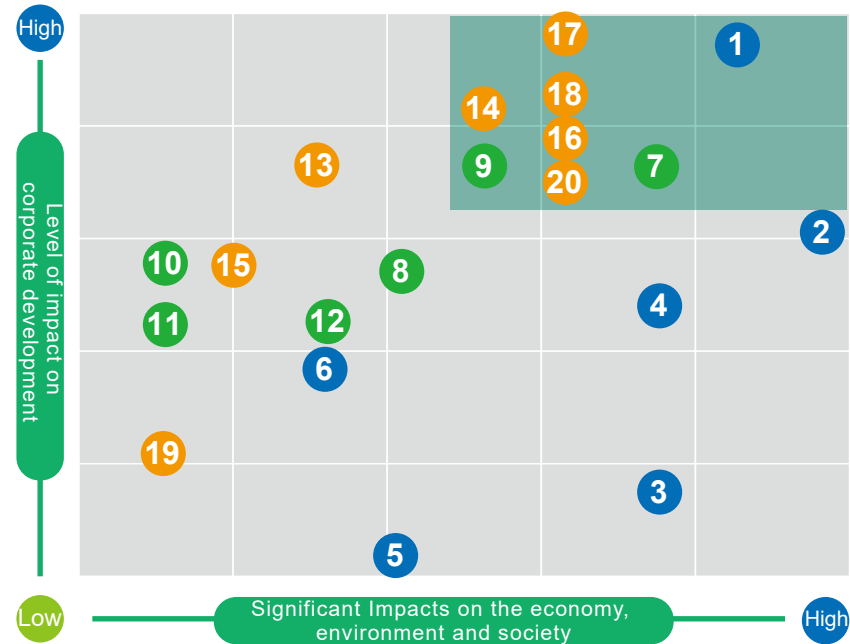
1.4 Identification of Material Issues

Materiality assessment process

CH Biotech aims to identify sustainability topics through systematic analytical model, and the sustainability topics identified include internal and external issues. External issues cover, such as, SDGs, GRI Standards, stakeholder communication process feedback, ESG award regulations. Internal issues encompass CH Biotech's business management core philosophy, sustainable development policies and corporate regulations and systems. The sustainability issues concerned by stakeholders are collected through the "Corporate Sustainability Execution Team," and the assessment process regarding their materiality is performed according to the sustainability context, materiality, integrity and inclusiveness.



Material topic matrix and value chain impact assessment
















In the aspect of materiality, CH Biotech uses the 2D matrix and value chain impact assessment to prioritize, and selected 8 material topics and arranged their positive and negative impact sequence. In 2022, 8 material topics identified included: Sustainable Operation, Environment Management, Water Resource and Effluent Management, Labor Relations, Remuneration and Benefits, Occupational Health and Safety, Product Quality and Responsibility and Food Safety. After the assessment by the Corporate Sustainability Execution Team and sequential arrangement of positive and negative impacts, we concluded the 2022 assessment result in the following. In addition, we attached the 2021 material topic list for reference.

2022		2021
Material topics positive sequence	Material topics negative sequence	Material topic list
S Product Quality and Responsibility	E Environment Management	G Economic Performance
G Sustainable Operation	G Sustainable Operation	G Social Development and Care
S Food Safety	E Water Resource and Effluent Management	G Procurement Practices
E Environment Management	S Occupational Health and Safety	G Anti-corruption
S Occupational Health and Safety	S Labor Relations	G Tax
S Remuneration and Benefits	S Remuneration and Benefits	E Biodiversity
S Labor Relations	S Food Safety	E Emissions
E Water Resource and Effluent Management	S Product Quality and Responsibility	S Occupational Health and Safety
		S Training and Education

- 1 Sustainable Operation
 - 2 Corporate Operation
 - 3 Corporate Governance and Ethical Management
 - 4 Risk Management
 - 5 Supplier Management
 - 6 Customer Service Satisfaction
 - 7 Environment Management
 - 8 Energy Management
 - 9 Water Resource and Effluent Management
 - 10 Air Pollution Management
 - 11 Waste Management
 - 12 Greenhouse Gas Emissions and Inventory
 - 13 Human Rights Protection
 - 14 Labor Relations
 - 15 Talent Cultivation
 - 16 Remuneration and Benefits
 - 17 Occupational Health and Safety
 - 18 Product Quality and Responsibility
 - 19 Social Participation and Social Welfare
 - 20 Food Safety
- Economic aspect ● Environmental aspect ● Social aspect

Materiality comparison

For the 8 material topics identified with respect to each stakeholder, the corresponding topics are shown in the table.

Stakeholders	Employees	Shareholders/ Investors	Customers	Suppliers	Government organizations	Non- government organizations	External evaluation institutions or research institutes	Community residents
Concerned Issues	14 16 17	1 2 3 4	1 6 18 20	1 7 18 20	7 8 9 10	1 20	1 2 4 20	9 10 11 12
Corresponding GRI Material Topic	401, 402, 407	201, 205	416, 417	416, 417	302, 303, 305, 306	416	201, 205, 416	303, 305, 306
Self-specified Material Topic		Sustainable Operation	Sustainable Operation	Sustainable Operation	Environment Management	Sustainable Operation	Sustainable Operation	
SASB Material Topic	<ul style="list-style-type: none"> • Workforce Health & Safety • Operational Safety, Emergency Preparedness & Response 				<ul style="list-style-type: none"> • Energy Management • Water Management 			<ul style="list-style-type: none"> • Greenhouse Gas Emissions • Air Quality • Water Management • Hazardous Waste Management
Corresponding SDGs	   	 	 	 	 	 	 	 

CH Biotech's value chain impact assessment

CH Biotech examines the positive and negative impacts of each material topic from the value chain perspective.

Positive Impact	Raw Material Administrative Support	Product Manufacturing	Warehousing and Transportation	Marketing and Sales	Customer Service
Sustainable Operation	Positive and actual	Positive and actual	Positive and potential	Positive and actual	Positive and actual
Environment Policy	Positive and potential	Positive and potential	Positive and potential	Positive and actual	Positive and potential
Water Resource and Effluent Management	Positive and potential	Positive and potential	Positive and potential	Positive and actual	Positive and potential
Labor Relations	Positive and potential	Positive and potential	Positive and potential	Positive and potential	Positive and potential
Remuneration and Benefits	Positive and potential	Positive and potential	Positive and potential	Positive and actual	Positive and potential
Occupational Health and Safety	Positive and potential	Positive and potential	Positive and potential	Positive and potential	Positive and potential
Product Quality and Responsibility	Positive and actual	Positive and actual	Positive and potential	Positive and actual	Positive and actual
Food Safety	Positive and actual	Positive and actual	Positive and potential	Positive and actual	Positive and actual

Negative Impact	Raw Material Administrative Support	Product Manufacturing	Warehousing and Transportation	Marketing and Sales	Customer Service
Sustainable Operation	Negative and potential	Negative and potential	None	None	None
Environment Policy	Negative and potential	Negative and potential	Negative and potential	Negative and potential	Negative and potential
Water Resource and Effluent Management	Negative and potential	Negative and potential	Negative and potential	Negative and potential	Negative and potential
Labor Relations	Negative and potential	Negative and potential	Negative and potential	Negative and potential	Negative and potential
Remuneration and Benefits	None	Negative and potential	Negative and potential	None	None
Occupational Health and Safety	None	Negative and potential	Negative and potential	None	None
Product Quality and Responsibility	None	Negative and potential	None	None	None
Food Safety	Negative and potential	None	None	None	None

Note: For the assessment, the Corporate Sustainability Execution Team members adopt the questionnaire to perform score evaluation. The assessment result is listed separately according to the positive and negative impacts. For score above 1 point, it refers to positive and actual impact; for score of 0~1 point, it refers to positive and potential impact; for score of 0 point, it refers to temporary without impact; for score of 0~-1 point, it refers to negative and potential impact; and for score below 1, it refers to negative and actual impact.

02

Corporate Governance Performance

- 2.1 Operating Performance
- 2.2 Corporate Governance
- 2.3 Risk Management



Corporate Governance Performance

2.1 Operating Performance

Financial performance in the most recent three years

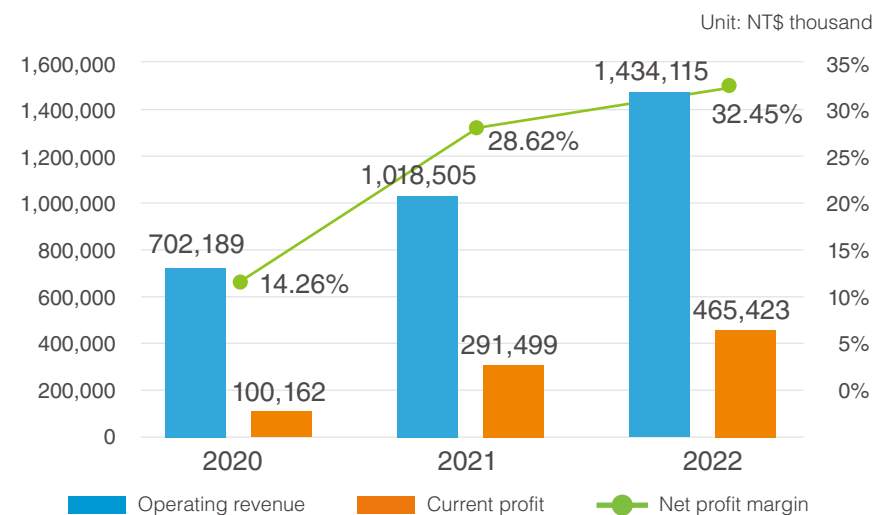
In 2022, due to the Russian-Ukrainian War, the crop price increased, driving the production need for crop in North America. In addition, with the increasing market demand from low-carbon agricultural customers and benefit increase of new customers and new products, the revenue of CH Biotech in 2022 increased from last year.

Business plan implementation results

Unit: NT\$ thousand

Item \ Year	2020	2021	2022
Net operating revenue	702,189	1,018,505	1,434,115
Operating cost	112,182	170,558	299,523
Operation gross profit	590,007	847,947	1,134,592
Operating expenses	444,933	488,679	623,537
Operating income	145,074	359,268	511,055
Non-operating revenue and expenses	(17,680)	382	54,742
Net profit before tax	127,394	359,650	565,797
Income tax expenses	27,232	68,151	100,374
Current profit	100,162	291,499	465,423

Note: The consolidated gross profit accounts for 79.11% of the consolidated operating revenue; the consolidated net profit accounts for 35.64% of the consolidated operating revenue; the consolidated net profit after tax accounts for 32.45% of the consolidated operating revenue.



Direct economic value generated and distributed by the organization

Unit: NT\$ thousand

Item	Basic element	2020	2021	2022
Direct economic value generated	Income	702,189	1,018,505	1,434,115
	Operating cost	112,182	170,558	299,523
Economic value distributed	Employee salary and benefits (Note 1)	186,806	222,784	258,554
	Payments to investors (Note 2)	88,440	42,210	253,260
	Payments to government (Note 3)	17,398	27,208	90,181
	Investments in communities (Note 4)	1,525	5,138	29,126
Retained economic value (Note 5)		100,162	291,499	465,423

Note 1: Include bonuses, labor and health insurance, pensions, and other HR expenses

Note 2: Distributed cash dividends and stock dividends

Note 3: Income tax actually paid for the current year

Note 4: Expenditures for donations to clubs and communities

Note 5: Net profit after tax for the current year

Tax and tax rate reporting

Unit: NT\$ thousand

Item	Year		
	2020	2021	2022
Net operating revenue	702,189	1,018,505	1,434,115
Net profit before tax	127,394	359,650	565,797
Income tax expenses	27,232	68,151	100,374
Income tax in Taiwan	27,232	65,541	97,566
Income tax in the U.S.	0	2,610	2,808
Actual income tax paid	17,398	27,208	90,181
Consolidated effective tax rate (income tax expenses/net profit before tax)	21.38%	18.95%	17.74%
Consolidated cash payment tax rate (amount of income tax paid/net profit before tax)	13.66%	7.57%	15.94%

Main product information

Main product revenue information (including amount and percentage)

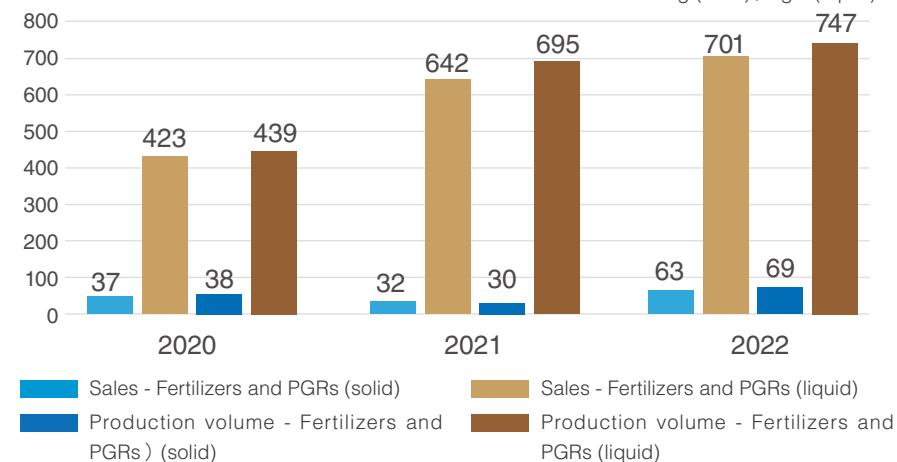
Unit: NT\$ thousand

Category	2020		2021		2022	
	Revenue amount	Percentage	Revenue amount	Percentage	Revenue amount	Percentage
Plant growth regulators (PGRs)	476,466	67.86%	711,846	69.89%	1,111,439	77.50%
Fertilizers	221,212	31.50%	301,854	29.64%	317,417	22.13%
Others	4,511	0.64%	4,805	0.47%	5,259	0.37%

Product sales and production volume information

CH Biotech's sales and production volume of agrochemical products

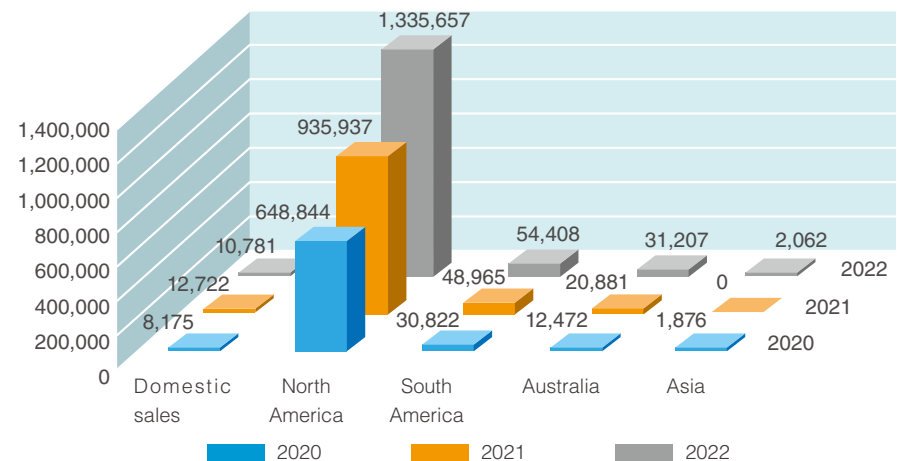
Unit: 10³Kg (solid) / Kgal (liquid)



Product sales region information

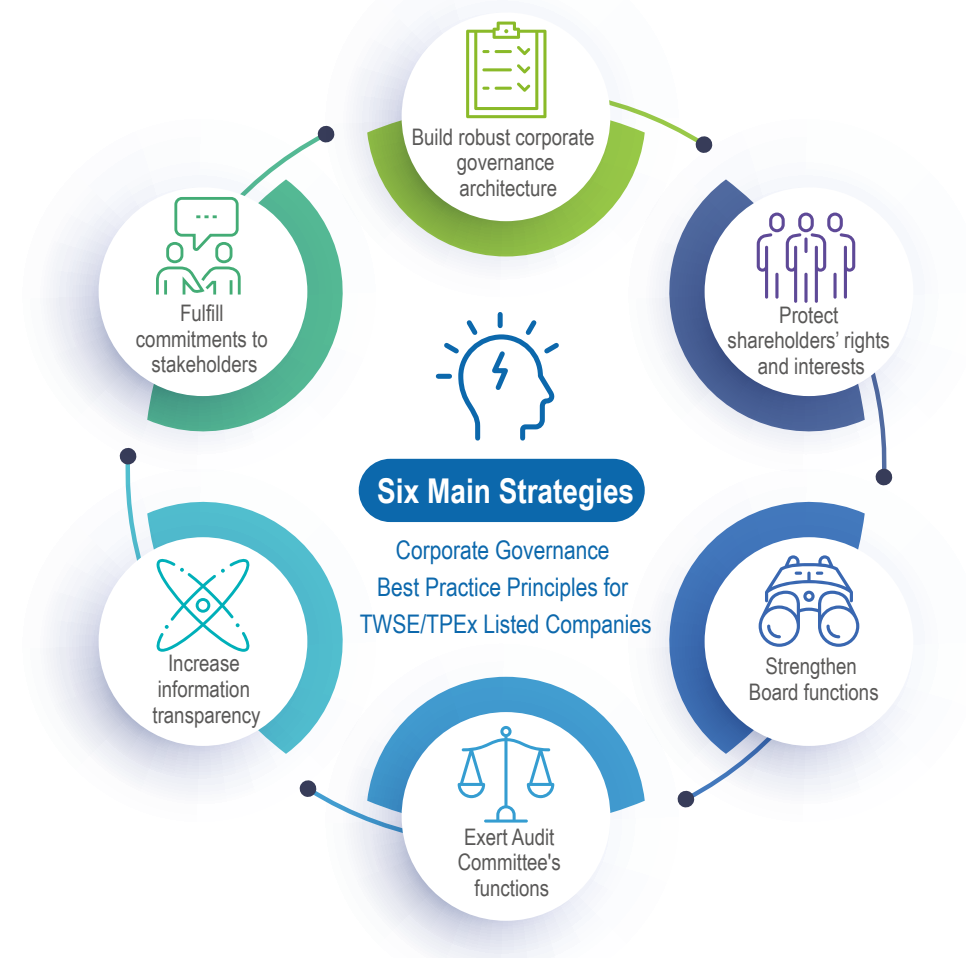
Information on annual product sales region

Unit: NT\$ thousand

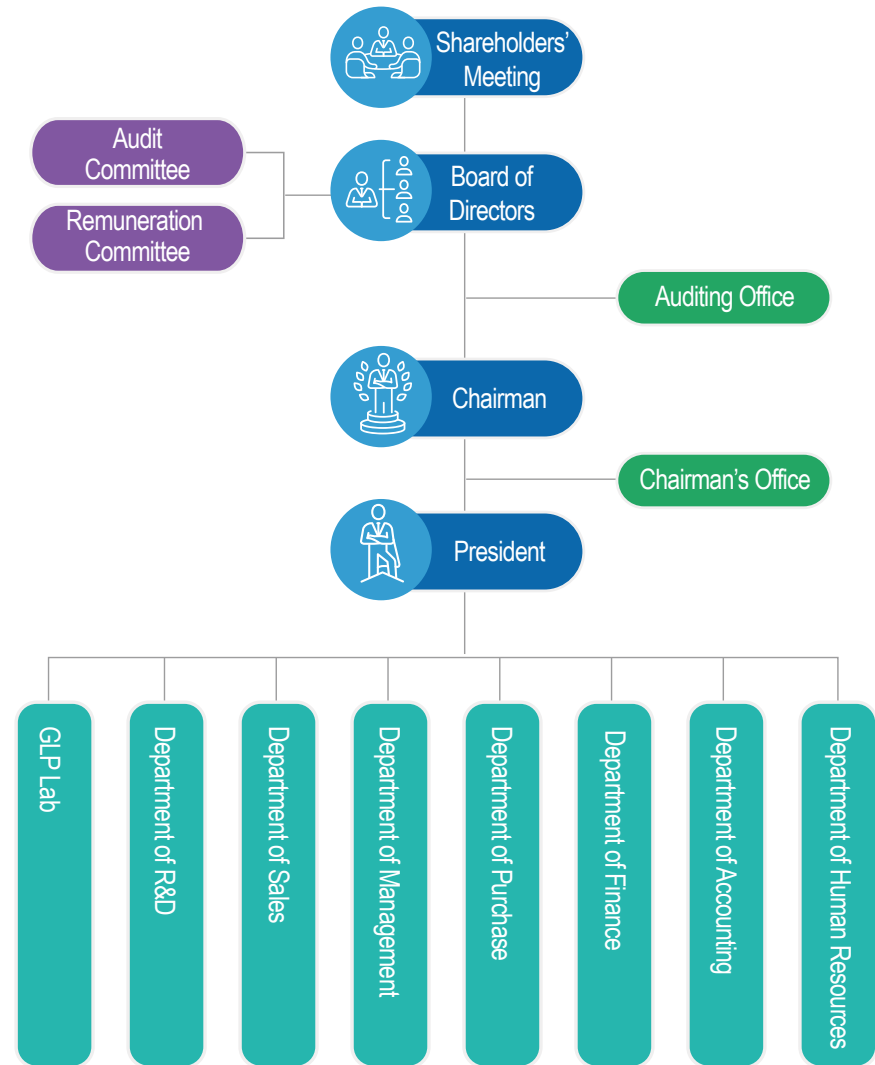


2.2 Corporate Governance

Since the establishment, CH Biotech has focused on the rights and interests of shareholders and investors. We deeply believe that a robust corporate governance architecture is the cornerstone for our sustainable operation. For CH Biotech's corporate governance policy, relevant organization charters and regulations are established according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" announced by the Taiwan Stock Exchange Corporation (TWSE). In addition, the policy is divided into six main strategies which are implemented through different hierarchy levels for the promotion and establishment of various decisions and supervisory management on the organizational, environmental and social impacts according to the corporate governance architecture.



Company Organizational Chart



Corporate Governance Officer

CH Biotech's Corporate Governance Officer is mainly responsible for handling matters related to the Board meetings and shareholders' meetings in accordance with the law, preparing the minutes of the board of directors' meetings and shareholders' meetings, assisting directors in taking office and taking continuing education courses, providing directors with materials required to perform duties, assisting them with compliance as well as dealing with other matters stipulated in the Articles of Incorporation or contract. The continuing education hours of the Corporate Governance Officer in 2022 reached the statutory requirements 12 hours. Please refer to CH Biotech's official website for relevant subjects and number of hours.

Corporate Governance Officer: Chief Financial Officer

Purpose of establishment	Continuing education
CH Biotech establishes the corporate governance unit according to the laws in order to protect the rights and interests of shareholders and to strengthen the Board function.	<ul style="list-style-type: none"> Corporate Governance Officer participates in continuing education courses periodically in order to cope with the amendment of relevant laws and to obtain corporate governance related knowledge, thereby conveying the corporate governance concept precisely. In 2022, the total continuing education hours of the Corporate Governance Officer reached 96 hours, and the Corporate Governance Officer obtained the certificate of ISO 14064-1: 2018 Chief Auditor for GHG Inventory.
Implementation status	Scope of duties
<ul style="list-style-type: none"> Prepare meeting documents and issue notices seven days prior to the convention of Board meetings and committee meetings Distribute the signed meeting minutes to almeeting members within twenty days afterthe meeting after the meeting minutes is signed Provide new information and regulatory promotion to directors, and arrange annual continuing education courses for directors Assist independent directors to communicate with the Chief Internal Auditor, CPAs or other internal units Amend corporate governance related rules according to the latest laws and submit such amendment for resolution Perform company registration and registration alteration Handle shareholders' meeting related matters according to the laws and provide sufficientinformation to shareholders 	<ul style="list-style-type: none"> Handle board of directors' meeting and shareholders' meeting related matters according to the laws Prepare meeting minutes for the board of directors' meetings and shareholders' meetings Assist directors in taking office and continuing education courses Provide documents necessary for directors to perform duties Assist directors to comply with regulations Other matters specified according to the Articles of Incorporation or contracts

Shareholders' Meeting

Protection of shareholders' rights and interests

To implement comprehensive corporate governance and to protect the rights and interests of shareholders, CH Biotech provides diverse meeting participation channels to shareholders for them to exercise their rights adequately, thereby improving the corporate governance performance. For the voting of proposals at a shareholders' meeting, shareholders may adopt the electronic voting method to exercise the shareholders' right. In 2022, we held 1 session of annual shareholders' meeting.

CH Biotech also continues to improve the integrity and timeliness of information to be disclosed, including:

- Release material information on major resolutions adopted right after a board of directors' meeting or a shareholders' meeting is concluded.
- Disclose various types of information in English, including the shareholders' meeting handbook, the shareholders' meeting notice, the annual report and the annual financial reports.
- Announce financial reports and relevant information on shareholders' meetings regularly for stakeholders to keep abreast of the Company's operating status in real time.

Establish the "Rules of Procedures for Shareholders Meetings"	CH Biotech establishes the "Rules of Procedures for Shareholders Meetings" according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to detail the handling process for shareholders' meeting affairs.
Entrust professional stock affairs agency institution	CH Biotech entrusts a professional stock affairs agency to handle shareholders' meeting affairs according to the regulations of the competent authority, in order to ensure the legality, effectiveness and safety of the convention of shareholders' meetings.
Implement spokesperson system	CH Biotech designates the spokesperson to provide external speeches uniformly, in order to ensure that information related to stakeholders can be disclosed timely and appropriately.
Set up Chinese and English websites & investor mailbox	CH Biotech sets up Chinese and English websites and investor mailbox to provide website inquiries for various financial and business information.

Board of Directors

CH Biotech's highest governance unit is the board of directors. The Chairman acts as the chair and managerial officers attend the meeting for the decision making and supervision of CH Biotech's sustainability issues on the aspects of the economy, environment and society. The board of directors' meetings are convened at least once quarterly according to the regulations in order to supervise the Company's risk management system and effective operation of the mechanism. CH Biotech currently has 9 directors (including 3 independent directors). The board members are equipped with diverse backgrounds and experience, such that the board decision making process is optimized. The board members are professional individuals above 50 years old with extensive experience in various fields. Please refer to the 2022 Annual Report for details on director's profiles.

All board members uphold the principle of high self-discipline, avoid conflict of interest, and exercise their rights according to the "Regulations Governing Procedure for Board of Directors Meetings" established by CH Biotech. When a director or managerial officer engages in conduct within the business scope of the Company for himself/herself or for others, it is necessary to obtain the approval of the shareholders' meeting in advance according to the regulatory requirements.

A total of **7** sessions of board of directors' meeting were convened in 2022
 Average actual attendance rate **96.83 %**

Number of Board Members: **9** directors

Independent Directors: **3** independent directors

Independent Director Ratio: **33.33 %**

Term of Office: July 6, 2021~July 5, 2024



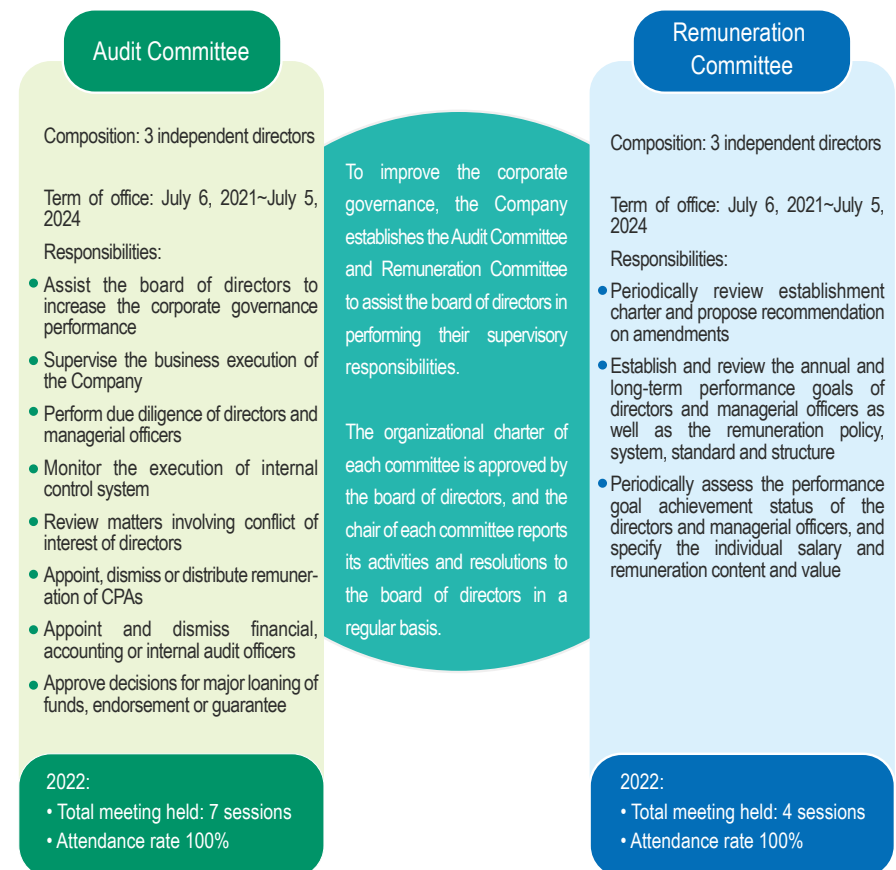
Regulations Governing Procedure for Board of Directors Meetings of Public Companies	CH Biotech establishes the "Regulations Governing Procedure for Board of Directors Meetings" according to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."
Directors' supervisory duties	Under the assistance of the Corporate Governance Officer and functional committees - Audit Committee and Remuneration Committee, directors perform their supervisory duties.
Director's performance evaluation	<p>The board performance and the performance of individual directors are evaluated according to the "Procedures for Performance Evaluation of Board of Directors" of CH Biotech. For the 2022 self-evaluation of the board of directors, individual directors and functional committees, the average scores of the self-evaluation were above 90 points. In addition, we entrusted the "Taiwan Corporate Governance Association" to complete the external performance evaluation.</p> <div style="text-align: center;"> </div> <div style="display: flex; align-items: center;"> <div style="flex: 1;"> <ul style="list-style-type: none"> • Improve the operations of board of directors and functional committees • Use as reference for election or nomination of directors • Use as reference for determining individual remuneration </div> <div style="flex: 2;"> </div> </div> <p>* Since 2020, the Company has entrusted an external professional independent institution or a panel of external expert and scholar to conduct the Company's board performance evaluation at least once every three years. In addition, improvement and revision for relevant system and management process are made according to the recommendation.</p>

Director's nomination and election	Perform director nomination and election according to the diversity, independence and professionalism and experience of directors.
Directors' recusal from conflict of interest	If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. For the implementation status of directors' recusal from proposals of conflict of interest, please refer to the corporate governance status described in the 2022 Annual Report.
Directors' liability insurance	To establish a sound corporate governance mechanism and to reduce the risks borne by directors and the Company, we purchased directors' liability insurance for all directors in 2022 for an insured amount of USD 3 million. The insurance period was from March 10, 2022 to March 10, 2023. The purchase was reported to the board of directors on April 13, 2022.
Director's continuing education	<ul style="list-style-type: none"> To enhance the board function, relevant courses of the economy, environment, society, law, risk management, sustainability and so on are arranged periodically on an annual basis to increase the knowledge according to the "Corporate Governance Best Practice Principles for Companies." In 2022, a total of 9 directors participated in the sustainable development issue courses organized, and the total continuing education hour was 60 hours. Director continuing education hours 100% comply with the requirements.
Director's remuneration system	CH Biotech's director remuneration is paid in accordance with the Articles of Incorporation. Directors' remuneration is determined according to their participation in the operation of CH Biotech and contribution value along with the consideration of the common standards adopted in the same industry. The remuneration system is reviewed timely to maintain the balance between corporate sustainable operation and risk management, and the board of directors is authorized to determine the remuneration of directors.
Managerial officer's remuneration policy	<ul style="list-style-type: none"> According to Article 26 of the "Articles of Incorporation" of CH Biotech, "If there is surplus profit in one fiscal year, the company shall allocate three (3) to ten (10) percent as remuneration for employees. However, the company shall first cover accumulated losses if there is any." The remuneration of managerial officers includes the salary paid monthly, three-holiday gift money, annual performance bonus, and other rewards distributed according to the profitability of the current year. For the amount of remuneration received by each managerial officer, in addition to the reference to the common standards for the remuneration and benefits adopted in the same industry, the Company's business performance, individual duty and contribution shall be considered in order to provide reasonable remuneration. The scope covering shall be consistent with the remuneration of managerial officers specified in the Regulations Governing Information to be Published in Annual Reports of Public Companies. °

Functional Committee

To improve the corporate governance, CH Biotech has further established the Audit Committee and Remuneration Committee to assist the board of directors in performing their supervisory responsibilities. The organizational charter of each committee is approved by the board of directors, and the chair of each committee reports its activities and resolutions to the board of directors on a regular basis.

To align directors' performance with the sustainability vision and short-, medium- and long-term strategic goals of the Company, we evaluate their required core competency and enhance their accountability. In addition, we link the performance to the remuneration and retain and attract key talents to join the board of directors. The Remuneration Committee flexibly incorporates the sustainable operation strategic goals into the indicator when determining remuneration of directors according to the Articles of Incorporation and relevant regulations, thereby achieving the substantial linkage effect along with the variable compensation and the win-win situation.



Internal Auditing

CH Biotech has established the "Enforcement Rules for Internal Audit" in order to review and assess the internal control system execution status, to measure the operating effect and efficiency, and to provide improvement recommendations timely, such that the internal control system can be reasonably assured for continuous and effective implementation. The scope of audit includes all business operations of CH Biotech and its subsidiary. Risks identified through inspecting the audit plan or project audit implemented depending upon the needs can be used as the basis for the assessment of the effectiveness of the overall internal control system and for the issuance of the internal control system statement.

The internal auditing office is an independent unit under the board of directors. In addition to attending the board of directors' meeting for routine meeting reports, the Chief Internal Auditor may also report to the Chairman, Audit Committee and independent directors periodically or when it is considered necessary.

In 2022, a total of 90 times of internal audit were performed, and a total of 6 deficiencies were reported. All deficiencies have been improved completely. For the rest of the operation, there has been no major abnormalities after auditing.

Communication between independent directors and the Chief Internal Auditor

- CH Biotech's Chief Internal Auditor regularly reports on the audit results to the members of the Audit Committee and reports on and discusses the audit business with the independent directors at the Audit Committee meetings.
- The Chief Internal Auditor attended in total 5 Audit Committee meetings and proposed 14 items put forth for communication in 2022, which were then submitted to the board of directors after discussion and approval. In addition, audit meetings were held on April 13, 2022 and December 29, 2022 respectively.

Ethical Management and Codes of Ethical Conduct

CH Biotech has established the internal control system and various management regulations, including the "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct." The Chief Internal Auditor and external professional personnel (CPAs) irregularly inspect the execution status in order to sufficiently reduce risks generated on the Company during duties performed by relevant personnel, thereby protecting the rights and interests of investors and shareholders.

In various training courses, such as the personnel training, job professional training and department head training, CH Biotech incorporates relevant regulations and rule of law concept of various businesses in order to facilitate senior managerial officers and staff to fully understand legal concepts necessary for each business.






In addition, CH Biotech designates the Department of Finance to establish and implement the ethical management policy and prevention plan and reports the status to the board of directors periodically on an annual basis.

Education training	Ethical management education training is arranged periodically in order to convey the ethical management concept to all employees, managerial officers and directors. To achieve the training outcome, in 2022, all employees took a test and 100% passed it.
The Company encourages new suppliers to sign the "Corporate Social Responsibility Statement"	<ul style="list-style-type: none"> • 2020: 98 suppliers • 2021: 216 suppliers • 2022: 274 suppliers Accumulated number of suppliers signing the statement reaches 64.62%
Recusal of conflict of interest and anti-corruption	If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.
Legal compliance	<ul style="list-style-type: none"> • CH Biotech adheres to the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, the regulations related to listing on TWSE/TPEX or other laws and regulations on business conduct as well as environmental protection related laws and regulations. • CH Biotech had no violation of laws and regulations in 2022.
Compliance: "Ethical Corporate Management Best Practice Principles"	Prohibition - Acceptance of bribery and kickback, provision of illegal political donation, provision of improper donations or sponsorship, acceptance of unreasonable presents, hospitality or other improper benefits, infringement of intellectual property rights, engagement in unfair competitive practices, damage caused to the rights or interests of stakeholders in the course of provision of products and services, insider trading and violation of non-disclosure agreement.
Compliance: "Codes of Ethical Conduct"	Prevention - Conflicts of interest, pursuit of personal gain, violation of confidentiality, violation of fair trade, damage and improper use of company assets, violation of laws and regulations, concealment of illegal conducts or violation of Codes of Ethical Conduct, violation of disciplinary measures.
Prevention of insider trading:	The "Procedure for Handling Material Inside Information" is established to prevent improper leakage of information and to ensure consistency and correctness of information disclosed to the public.
Complaint	Complaint channels are established to facilitate sufficient communication with stakeholders and reduce negative impacts. In 2022, there were no complaint cases. Complaint mailbox: info@chbio.com.tw

2.3 Risk Management

Risk management process

CH Biotech has established relevant risk management strategies according to the "Regulations Governing Risk Management" approved by the board of directors on August 6, 2021. The risk management process includes: risk identification, risk measurement, risk control, risk response and risk report.

	Risk identification	It shall include the risk change status of operating activities (such as operation, finance, climate change and others) of CH Biotech to identify risks that may cause impacts.
	Risk measurement	After risk factors being identified by each risk management unit, proper measurement procedures shall be formulated to be the basis for risk management.
	Risk control	Each risk management unit shall propose appropriate countermeasures and report to the management once major risks that may cause business threats are found after each unit conducts risk control for the risks it faces within the power of scope.
	Risk response	For risks encountered, appropriate countermeasures shall be adopted and the implementation result shall be also recorded.
	Risk report	The risk management implementation result shall be reported to the board of directors at least once annually.

The risk management operation status of CH Biotech is summarized in the following:

Risk identification	Risk item	Risk management strategy	Actual implementation status
Operating risk	Sales concentration	CH Biotech adopts key core technologies and recruits R&D talents to accelerate product development and continues to communicate with main customers to stay informed of crop growers' needs immediately, in order to establish a virtuous cycle. To solve the problem of sales concentration to Nutrien Group, in addition to selling to existing non-Nutrien customers. The Company also actively develops new customers to increase the source of sales revenue.	<ul style="list-style-type: none"> In 2022, 1 new customer was added. In 2022 and 2021, the sales amount to non-Nutrien customers were NT\$235,535 thousand and NT\$115,413 thousand, accounting for 16.42% and 11.33% of the total revenue respectively.
	Raw material supply risk	CH Biotech purchases materials early in a planned manner and adopt local procurement strategies to reduce the risk of delays in international shipping, while purchasing materials from multiple suppliers to diversify the raw material supply risk to stabilize the supply as needed for business development.	<ul style="list-style-type: none"> In 2022, the total number of raw material suppliers was 39 suppliers, distributed in various countries, with 31 suppliers in the U.S., 6 suppliers in China, 1 supplier in Taiwan and 1 supplier in Brazil. In 2022, there was no single raw material supplier with purchase percentage exceeding 30%.
Financial risk	Interest rate fluctuations	CH Biotech, in order to reduce the impact of interest rate change, regularly evaluates bank financing rates and maintains close relationships with banks to obtain favorable financing conditions. At the same time, CH Biotech observes the trend of deposit rate changes of new Taiwan dollars and foreign currency deposits on the market, and make good use of financial scheduling of the spreads between the new Taiwan dollars and foreign currency to reduce the risk of interest rate fluctuations.	<ul style="list-style-type: none"> In 2022, the interest expense incurred due to bank loans was NT\$16,810 thousand, accounting for 1.17% of the operating revenue.

Risk identification	Risk item	Risk management strategy	Actual implementation status
Financial risk	Exchange rate fluctuations	CH Biotech, in order to effectively reduce the impact of exchange rate fluctuations on the overall profit, uses natural hedging as the main strategy for exchange rate risk control in terms of foreign change position. The dedicated staff of the Department of Finance will estimate the situation in terms of daily foreign currency balances and weekly capital, and will contact the financial institutions according to the development of international political and economic situations to collect real-time foreign exchange information and fully grasp the trend of foreign exchange fluctuations. Except for foreign currency positions retained for foreign currency requirements, the rest will amount will be sold at an appropriate time to reduce the exchange risk. In addition, the Company adjusts product quotations timely to reduce the negative impact of changes in exchange rate on the Company's profits and losses.	<ul style="list-style-type: none"> In 2022, the net exchange gain (loss) was NT\$62,277 thousand, accounting for 4.34% of the operating revenue.
	Engaging in high-risk and highly leveraged investments, loans to others, endorsements, guarantees and derivatives transactions	CH Biotech focuses on the core business operation based on the conservatism principle, so the Company has not engaged in high-risk, high leveraged investments, loaning funds to others, endorsements, guarantees and derivatives transactions.	<ul style="list-style-type: none"> In 2022, the Company did not engage in high-risk, high leveraged investments, loaning funds to others, endorsement, guarantees and derivatives transactions.
Climate change	Water resource management	CH Biotech has two rainwater recycling pools at the Nantou R&D Center for watering of plants in the plant and experimental irrigation in the greenhouse. In addition to recycling tap water and rainwater, CH Biotech obtains the right to use reclaimed water of the Sewage Plant on Zhongzheng Road to supply water officially and uses the reclaimed water for plant irrigation to reduce the consumption of tap water.	<ul style="list-style-type: none"> In 2022, the water consumption was 48,567 cubic meters, a decrease of 22.34% from 2021.
	Carbon emission management	CH Biotech, in order to cope with the increase of global awareness on climate change and the emerging policy for collection of domestic and foreign carbon tax and carbon fee, invests resources in the greenhouse gas inventory and verification to get to know the greenhouse gas emission sources and to further manage such sources.	<ul style="list-style-type: none"> In 2022, the Company executed the first greenhouse gas inventory voluntarily according to the ISO14064-1: 2018 and obtained the SGS verification statement. The Company plans to install solar power equipment on the roof of the Corporate Headquarters and R&D Center.
Compliance	Violation of laws	CH Biotech's management operations comply with relevant laws and regulations at home and abroad, and we pay attention to important domestic and international policy development trends and changes in laws and regulations to keep abreast of the relevant information to respond to any potential impacts, thereby ensuring smooth operations. Moreover, we establish a corporate culture of ethical management and convey relevant regulations and rule of law concept to our employees and directors through education training and tests. Moreover, we require all employees to refrain from committing or instructing others to commit illegal or immoral acts for any reason, thereby ensuring our stakeholders' rights and interests and avoiding damage to business assets, fines, and reputation.	<ul style="list-style-type: none"> In 2022, there were no penalty fines due to violation of laws and regulations in social and economic aspect.
Environmental safety and health	Occupational safety incidents	CH Biotech provides employees with a safe and healthy work environment in accordance with the Occupational Safety and Health Act and relevant regulations. The Company regularly reviews and maintains a safe and healthy workplace to reduce the harm of the work environment to employees' safety and health.	<ul style="list-style-type: none"> In 2022, there was 1 relevant occupational incident.

Risk identification	Risk item	Risk management strategy	Actual implementation status
Environmental safety and health	Emergency accidents	CH Biotech implements the "Fire Rescue and Emergency Response Drill" annually according to the "Technical Guidelines on Emergency Response Measures" of the Ministry of Labor. Through periodic drills, the loss due to occurrence of accidents is reduced and the safety of life and property is protected.	<ul style="list-style-type: none"> In 2022, a total of 2 sessions of fire safety seminars and 2 sessions of fire safety drills were organized.
	Environment management and policy	CH Biotech is located in the Chung Hsing Park, a research-oriented park with low environmental impact, under the Central Taiwan Science Park. CH Biotech does not engage in mass production activities in the park; therefore, the Company does not generate excessive exhaust gas, wastewater or industrial waste. The Company further sets up exhaust gas and wastewater treatment facilities and transports and disposes of waste as per the competent authority's standards. All our environmental data meet the government regulations.	<ul style="list-style-type: none"> In 2022, there were no penalty fines due to violation of laws and regulations in environmental aspect. In 2022, the sewage discharge volume was 4,881 cubic meters, an increase of 1.01% from 2021. The sewage inspection result complied with the effluent quality standard specified by the laws and regulations. In 2022, the industrial waste disposed was 15.857 tons, a decrease of 16.69% from 2021.
Human resource	Insufficient supply of human resource, turnover rate	CH Biotech adopts diverse and open recruitment channels and provides scholarships to cultivate potential talents, and also works with various universities for internship programs to attract talents and improve our hiring efficiency. The Human Resource Department prepares the "Annual Training Plan Table" according to the annual education training needs of each department and set training targets to improve employees' professional skills and management capabilities, enhance their qualities, morale, commitment, and potential, in order to align the corporate growth with their career development plans.	<ul style="list-style-type: none"> At the end of 2022, the number of on-job employees was 115 people, among which new employees accounting for 23.48%; the number of resigned employees was 23 people, accounting for 20.01%. In 2022, the total number of employee education training hours was 4,285.5 hours, an increase of 60.09% from 2021.
	Remuneration and benefits	CH Biotech's provision of salary complies with relevant labor laws and refers to the market salary standards. To retain talents effectively and to provide incentives and rewards, CH Biotech designs a salary system that is competitive and superior to the industry standards. In addition, the Company prevents any discrimination due to nationality, gender, race, religion, political inclination and marital status of employees.	<ul style="list-style-type: none"> In 2022, the employee salary and welfare expenses were NT\$258,554 thousand, an increase of 16.06% from 2021.
	Labor relations	CH Biotech, in order to provide a harmonious environment for the discussion of employee benefits and internal labor- management issues, establishes the Employee Welfare Committee to handle various employee benefits and hold labor- management meetings on a regular basis in accordance with the Labor Standards Act. In addition, the Company hires dedicated medical care personnel to proceed to the plant periodically to provide the services of health consultation and health seminars.	<ul style="list-style-type: none"> In 2022, a total of 5 labor management meetings were convened. In 2022, a total of 0 complaint case were filed through the employee complaints mailbox. In 2022, the total number of employees interviewed by occupational physician and nurses was 66 person-time, and a total of 2 health promotion activities were organized.

Risk identification	Risk item	Risk management strategy	Actual implementation status
Professional ethics	Corruption and fraud, property loss, reputation damage	CH Biotech's "Ethical Corporate Management Best Practice Principles" and "Codes of Ethical Conduct" regulate directors, managerial officers, employees, and substantial controllers to not directly or indirectly offer, promise, request or accept any undue benefits when performing duties, including rebates, commissions, facilitation payments or not to provide or receive improper benefits to or from clients or other stakeholders.	<ul style="list-style-type: none"> • In 2022, a total of 5 labor management meetings were convened. • In 2022, a total of 0 complaint case were filed through the employee complaints mailbox. • In 2022, the total number of employees interviewed by occupational physician and nurses was 66 person-time, and a total of 2 health promotion activities were organized.
Others	Quality management	CH Biotech is committed to the improvement of the R&D quality. Through the establishment of the R&D circular management system and with product packaging labels complying with the laws and detailed product instructions, the R&D information and data can be used for product safety and applicability.	<ul style="list-style-type: none"> • In 2022, there were no occurrence of customer claims for compensation due to product issues.
	Food safety	CH Biotech develops safe and high-efficacy agrochemical products to increase the crop yield and quality. In addition, by obtaining the product registration certificates at the target market, we ensure that the composition ingredients of products developed comply with the environmental and food safety regulations of the target market.	<ul style="list-style-type: none"> • In 2022, 1 EPA technical-grade registration certificate and 2 product registration certificates were obtained.
	Cybersecurity risk	<ol style="list-style-type: none"> 1. Multi-layer cybersecurity protection <ol style="list-style-type: none"> (1) Account and access rights management: Account and permissions management are conducted according to job functions; passwords are updated mandatorily every three months. (2) Network security: Advanced firewall technology is adopted to avoid external attacks; network firewall and control are strengthened to prevent viruses or worms from spreading across the network. (3) Device security: Endpoint anti-virus measures are established to protect computers from virus and malware regularly; computer peripheral control is set up and is not allowed to be used without approval. (4) Application security: Application firewall mechanism is adopted to avoid information security loopholes caused by business-to-business applications; application management and control mechanism is strengthened continuously. (5) Cybersecurity monitoring and operations: Intrusion detection and defense mechanism is adopted to avoid continuous external malicious attacks; intrusion detection and defense mechanism is strengthened continuously. 2. Cybersecurity propaganda and education training: Cybersecurity propaganda and education are conducted continuously in order to enhance employees' awareness on information security. 	<ul style="list-style-type: none"> • In 2022, there were no complaints due to infringement of customer privacy, and the Company did not receive any relevant complaint documents from external and supervisory agencies. • In 2022, a total of 26 cybersecurity propaganda notices were published. • In 2022, the ISO 27001 kickoff meeting was convened in November.

Task Force on Climate-Related Financial Disclosures (TCFD)

To enhance the climate change issue management, CH Biotech refers to the Task Force on Climate-Related Financial Disclosures (TCFD) framework announced by the Financial Stability Board (FSB) in order to disclose the climate change management of the Company with respect to the "governance," "strategy," "risk management" and "metrics and targets" and to identify the financial impacts of short-, medium- and long-term climate risks and opportunities.



Governance

1. In August 2022, CH Biotech established the Corporate Sustainability Execution Team under the President's Office. The sustainability implementation meetings are convened monthly with the President acts as the chair, and the introduction of the TCFD disclosure framework is one of the discussion topics.
2. The "Regulations Governing Risk Management" was established after being approved by the board of directors. The risk management of each level of CH Biotech includes climate change, and the risk management implementation results are reported to the board of directors at least once per year.



Strategy

1. Short- and medium-term strategy: To cope with the increase of global awareness on climate change and the emerging policy for collection of domestic and foreign carbon tax and fee, CH Biotech invests resources in greenhouse gas inventory and verification in order to get to know the greenhouse gas emission sources and to further manage such sources.
2. Long-term strategy: With regard to the extreme climate and physical risk uncertainty affecting the growth of crops, CH Biotech sets budget which accounts for approximately 12~30% of the revenue for R&D. In the future, the investment ratio will be maintained at a certain level depending on the operating status to ensure the competitive advantages of CH Biotech.



Risk Management

1. According to the "Pathway to Net-Zero 2050 and Strategies," CH Biotech defines the "short-term" as within three years, "medium-term" refers to 3 to 8 years (by 2030), and "long-term" refers to 8 years and above (by 2050).
2. CH Biotech identified 5 climate risks and 2 climate opportunities according to the TCFD disclosure framework through monthly sustainability implementation meeting, and reviewed the impacts of the risk/opportunity events identified on the financial benefits of CH Biotech.



Metrics and Targets

The Company promotes the greenhouse gas emission inventory according to the ISO 14064 and establishes the "Greenhouse Gas Inventory Procedure." The year of 2021 is set to be the base year for CH Biotech to execute the greenhouse gas inventory and verification annually.

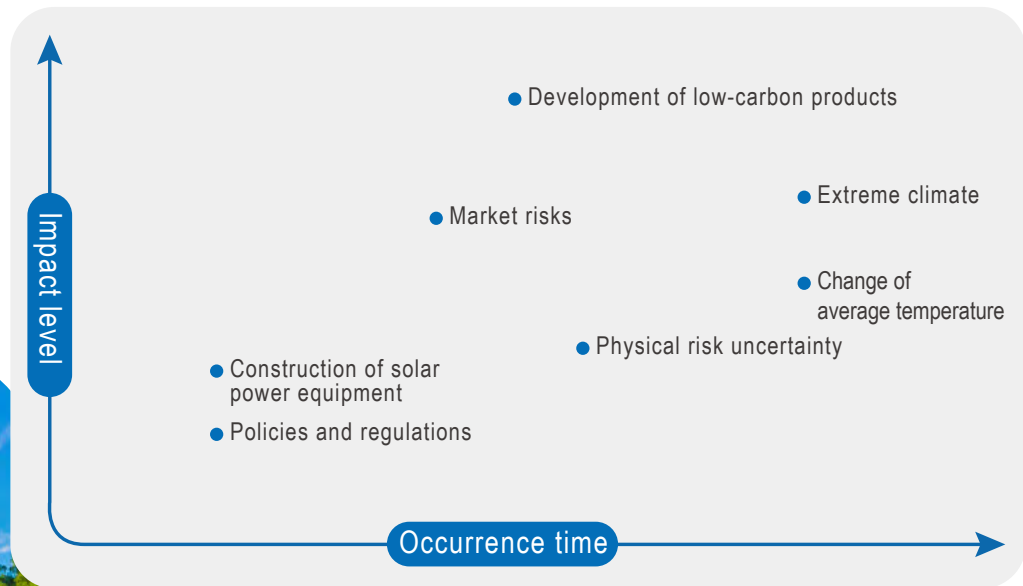
Risk and opportunity

Category	Item	Explanation	Financial impact	Strategy
Transition risk	Policies and regulations	The "Greenhouse Gas Reduction and Management Act" has been amended to be the "Climate Change Response Act," and the implementation of domestic carbon tax policy has impacts.	Increase of operating cost	CH Biotech is not a major carbon emission company, so, in the short term, the carbon tax collection has no major financial impacts on the Company. In addition, to effectively manage the greenhouse gas emissions, CH Biotech voluntarily implements the ISO 14064-1: 2018 greenhouse gas inventory system and third-party verification
	Market risks	Customers whom we sell products to have carbon reduction demands.	Decrease of revenue Increase of operating cost	CH Biotech continues to engage in industry-academia collaboration with domestic universities, colleges and institutions and organize agriculture professional seminars and education trainings, in order to increase the exchange opportunities of R&D personnel with experts and scholars in different fields, thereby simulating R&D personnel to integrate sustainable agriculture potential products from different perspectives to secure the market competition advantages of CH Biotech.
Physical risk	Extreme climate	Extreme climate causes decrease of crop yield and increase of agricultural loss.	Decrease of revenue	CH Biotech invests R&D resources in various agricultural biotech new pharmaceutical products annually, and uses the decoded genetic data of target crops in conjunction with the crop scientific technologies of metabolomics and phenotyping, in order to allow the products of CH Biotech to enhance the fertilizer utilization rate, such that under extreme climate, the crop yield and quality can still be ensured, and the growth of crops can be induced effectively, thereby achieving the maximum yield and quality of crops.
	Change of average temperature	Increase of global temperature causes insects' metabolic rate and reproductive rate to increase, intensifying the pest and plant diseases.	Decrease of revenue	CH Biotech performs the R&D of immunity-inducing products that are capable of inducing crops' immunity to form all-round defense against pests and diseases.
	Physical risk uncertainty	The uncertainty of climate change cannot be reliably predicted such that the stability of upstream and downstream of the supply chain are affected.	Decrease of revenue Increase of operating cost	CH Biotech maintains more than two suppliers for the main raw material purchase, and also actively develops new suppliers. Up to the present day, there has been no supply shortage or interruption affecting the upstream and downstream of the supply chain. In addition, the Company adopts the early purchase plan and local purchase strategy in order to reduce the risk of delay in international shipping.

Category	Item	Explanation	Financial impact	Strategy
Transition opportunity	Development of low-carbon products	With the increase of global awareness on sustainability, consumers' behavior has changed, and we take the lead to invest capital and R&D energy to seize opportunities in the market to develop innovative low-carbon products.	Increase of revenue Increase of product value	<ol style="list-style-type: none"> Shor-term targets: Enhance the knowledge and skills of R&D personnel in the development of high- efficacy and low-carbon agrochemical products. Medium- and long-term targets: Establish a carbon reduction benefit evaluation platform in order to provide carbon reduction potential assessment during the early stage of developing active ingredient products, and continue to develop safe, high-efficacy and low-carbon agrochemical products capable of generating long-term profit.
	Construction of solar power equipment	With the construction of solar power equipment, the renewable energy consumption can be increased, and the external purchase of electricity can be reduced, and therefore achieving the carbon reduction effect. In addition, in combination with the sales of remaining electricity, we generate additional profit.	Increase of capital expenditure Decrease of operating cost	CH Biotech, in order to increase the renewable energy consumption and to reduce carbon emissions, plans to construct 661.5KW solar power equipment on the roof of the Corporate Headquarters and R&D Center. The maximum annual power generation is estimated to be 881,283 kWh, and the annual carbon reduction can reach approximately 442 tons.

Risk matrix

The Corporate Sustainability Execution Team of CH Biotech identified 5 climate risks and 2 climate opportunities according to the TCFD disclosure framework. In addition, through the assessment of the impact level and the occurrence time from short to long term on CH Biotech, we created the climate risk and opportunity matrix.



Cybersecurity

CH Biotech aims to develop new pharmaceutical formula capable of assisting the global agricultural production, in order to increase the international position of Taiwan in the agricultural biotech field and to provide the technical solution for a new generation of "Precision Agriculture" in the market. CH Biotech actively reinforces the cybersecurity and confidential information protection mechanism, and improve the cybersecurity protection for all product information requirements. In addition to daily cybersecurity operation management, the Company performs incident emergency response and recovery practice irregularly, in order to ensure the emergency response capability during critical time. In addition, for important mainframes, 24-hour cybersecurity monitoring mechanism is implemented in order to protect important information. In case of discovery of vulnerability, we fix it immediately, and we control potential risk conditions.

To continue to improve the cybersecurity resilience of CH Biotech, the Company plans to organize information security awareness education training courses periodically, implements the Company's concept on cybersecurity, protects relevant rights of stakeholders, establishes diverse communication channels and introduces latest cybersecurity safety standards.

Cybersecurity process

Plan

- Establish and adjust cybersecurity management strategies and coping mechanisms based on the cycle.
- Increase employee cybersecurity awareness.
- Establish information security organization.
- Plan asset inventory check and risk assessment.
- Plan to establish physical and environmental security.
- Plan the business continuity planning.
- Organize internal audit and manage review meeting.
- Submit to the international information security management system (ISO/IEC 27001) for verification.

Act

- The responsible personnel analyze the behavior and put forth improvement plans for any complaints about violation of customer privacy.
- The responsible personnel analyze the behavior and put forth improvement plans for any complaint documents from external and regulatory agencies.



Do

- Sign the non-disclosure agreement and the non-compete clause.
- Count the number of times of cybersecurity propaganda.
- Implement XDR endpoint 24-hour protection mechanism.
- Start the ISO27001 introduction kickoff meeting.
- Obtain the "ISO 27001 information security management system risk assessment" certification of completion.

Check

- Whether there is any complaint about violations of customer privacy.
- Whether there is any complaint document from external and supervisory agencies.

Specific management plan

Network security	<ul style="list-style-type: none"> • Adopt new network security solution and implement network information flow in/out inspection. • Continue to strengthen the network architecture planning, and prevent hackers or computer viruses to conduct cross-site attacks.
Device management	Introduce endpoint computer extended detection and response technologies, and perform 24-hour monitoring and protection, in order to reduce impacts due to internal and external attacks.
Enhanced data security backup	Enhance computer file server high availability backup mechanism, in order to reduce impacts of data loss or damage.
Review and continuous improvement	Arrange relevant cybersecurity education training and case propaganda, in order to increase employees' cybersecurity awareness.

Cybersecurity short-, medium- and long-term plans

Short-term plan	<ul style="list-style-type: none"> • Implement network penetration test annually. • Implement network vulnerability scan annually. • Implement mail social engineering drill and test annually. • Obtain the external certification of ISO 27001 information security management system (ISMS) in 2023. • Organize employee cybersecurity awareness security education training annually. • Introduce information security management system (ISMS).
Medium- and long-term plan	<ul style="list-style-type: none"> • Continue to enhance the information security of CH Biotech to ensure the confidentiality, integrity and availability as well as compliance of information. • Protect relevant rights and interests of customers, shareholders, employees and suppliers of CH Biotech. • Obtain the ISO 27001 third-party verification of the Information security management system (ISMS) annually.

03

Friendly Environment

- 3.1 Environment Management
- 3.2 Energy Management
- 3.3 Water Resource and Effluent Management
- 3.4 Waste Management
- 3.5 Greenhouse Gas Management



3.1 Environment Management

◆ Environment Management Management Approach

- **Material Topic :** Environment management
- **Corresponding GRI :** CH Biotech self-specified topic
- **Violation Status :** In 2022, the Company was inspected by the Environmental Protection Bureau of Nantou County and Changhua County and the Central Taiwan Science Park Bureau. All examination indicated that the Company complied with the Waste Disposal Act without any violations.



- Short-term targets** Complete the construction of solar power generation equipment.
- Medium-term targets** Reduce energy consumption by 10%.
- Long-term targets** Promote energy saving continuously according to the Company's operating status.

Implementation Status

- Electricity consumption reduced by 5.70% from 2021.
- Greenhouse gas emissions reduced by 155.637 tons of CO₂e from 2021.
- Total environmental management expense was NT\$4,338 thousand.

Environment Management Management Approach	
Reason of Materiality	Environmental protection is the most important subject worldwide. CH Biotech is located in the Chung Hsing Park, a research-oriented park with low environmental impact, under the Central Taiwan Science Park. Under normal operation, pollution of operating activities that may cause environmental impact on the park shall be avoided. CH Biotech does not engage in mass production activities in the park, and further installs air pollution and wastewater treatment facilities to reduce the environmental pollution caused by operating activities.
Meaning to CH Biotech	To fulfill corporate social responsibility and to achieve friendly environment, CH Biotech improves energy efficiency and transforms production process with the aim to establish an environment of low carbon emissions.
Policy	CH Biotech complies with environmental protection related regulations and guidance of competent authorities to cooperatively promote environmental protection related operation management. The Company installs exhaust gas and wastewater treatment equipment and also disposes of wastes following the competent authority standards.
Evaluation Mechanism	CH Biotech complies with government laws and competent authority's environmental quality monitoring.
Responsibility and Complaint Filing Mechanism	CH Biotech's Department of Management is responsible for the environment management. For any comments related to environmental pollution, please submit comments to CH Biotech via the complaint mailbox: info@chbio.com.tw.
Positive Impact	CH Biotech's Corporate Headquarters and R&D Center and Zhangbin Fermentation Plant are mainly R&D centers and laboratories. Under the Company's policy and effective actions, the consumptions of water and electricity decrease year after year, which complies with the national overall energy saving policy. Since the Company is a R&D company, no large volume of exhaust gas, wastewater and industrial wastes are generated. Consequently, no pollution is made to the environment in Nantou and Changhua.
Negative Impact	To observe the national laws and regulations, CH Biotech installs exhaust gas and wastewater treatment facilities and entrusts qualified vendor to handle industrial waste treatment, such that relevant expenses of the Company increase, and partial profit is affected.

CH Biotech is located in the Chung Hsing Park, a research-oriented park with low environmental impact, under the Central Taiwan Science Park. As CH Biotech does not engage in mass production in the park and is mainly responsible for coordinating the business strategy, product design and development and sales of the organization, the amount of exhaust gas, wastewater, and business waste is small. In addition, we, in pursuit of sustainable development, continue to make improvements in the managerial, environmental, safety, and energy saving aspects and are committed to environmental protection, energy conservation, carbon reduction, and greening, with the aim to reduce operating costs and environmental pollution and provide all employees with a safe and comfortable workplace.

Environment management organization

To effectively promote environment management policy of CH Biotech, the Department of Management, acting as the responsible unit, continuously advances the environment management, implementing various environmental business. In response to the international trend of net zero emissions, and to effectively manage the corporate carbon emission status, the Company introduced the ISO 14064-1: 2018 greenhouse gas inventory system in 2022. Through the GHG inventory, we anticipate locating major emission sources, and by energy efficiency improvement and R&D process adjustment, we reduce our GHG emissions effectively to reduce impacts on the environment.

Environmental investment

To cope with the strategy of sustainable operation, CH Biotech sets up exhaust gas and wastewater treatment related equipment, and transports and disposes waste as per the competent authority's standards. All our environmental data meet the government regulations, and there has been no violations of laws and regulations. In 2022, to improve the environmental protection mechanism, the Company further installed the pollution control equipment at the Zhangbin Plant. Relevant expenses for CH Biotech's pollution control, environment management and other expenditure are summarized in the following:

Unit: NT\$ thousand

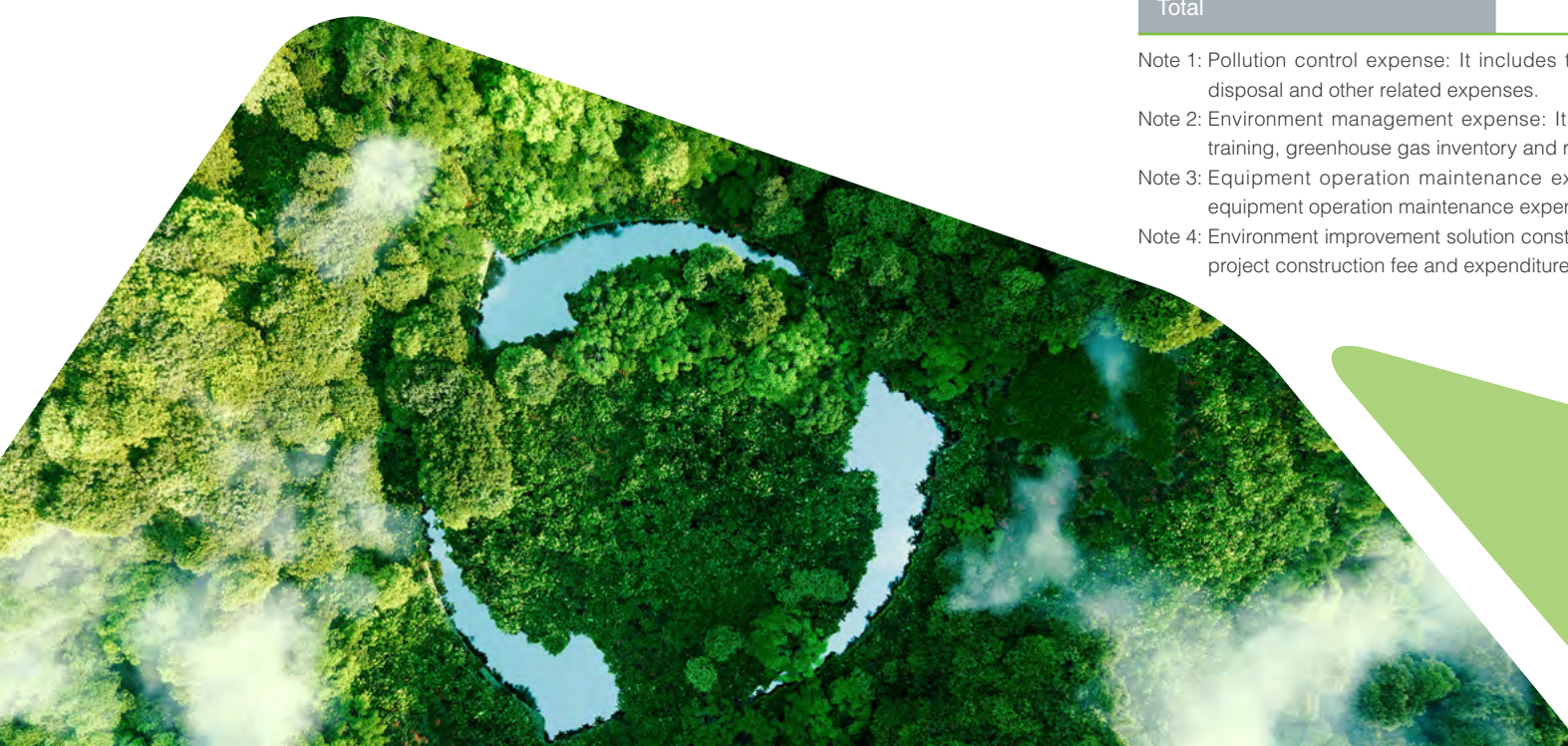
Category	2020	2021	2022
Pollution control expense	897	821	673
Environment management expense	684	1,602	1,856
Equipment operation maintenance expense	693	332	257
Environment improvement solution construction fee	0	0	1,867
Total	2,364	2,419	4,338

Note 1: Pollution control expense: It includes the air pollution control, water pollution control, waste disposal and other related expenses.

Note 2: Environment management expense: It includes personnel, environmental protection related training, greenhouse gas inventory and related expenses.

Note 3: Equipment operation maintenance expense: It includes environmental protection related equipment operation maintenance expenses.

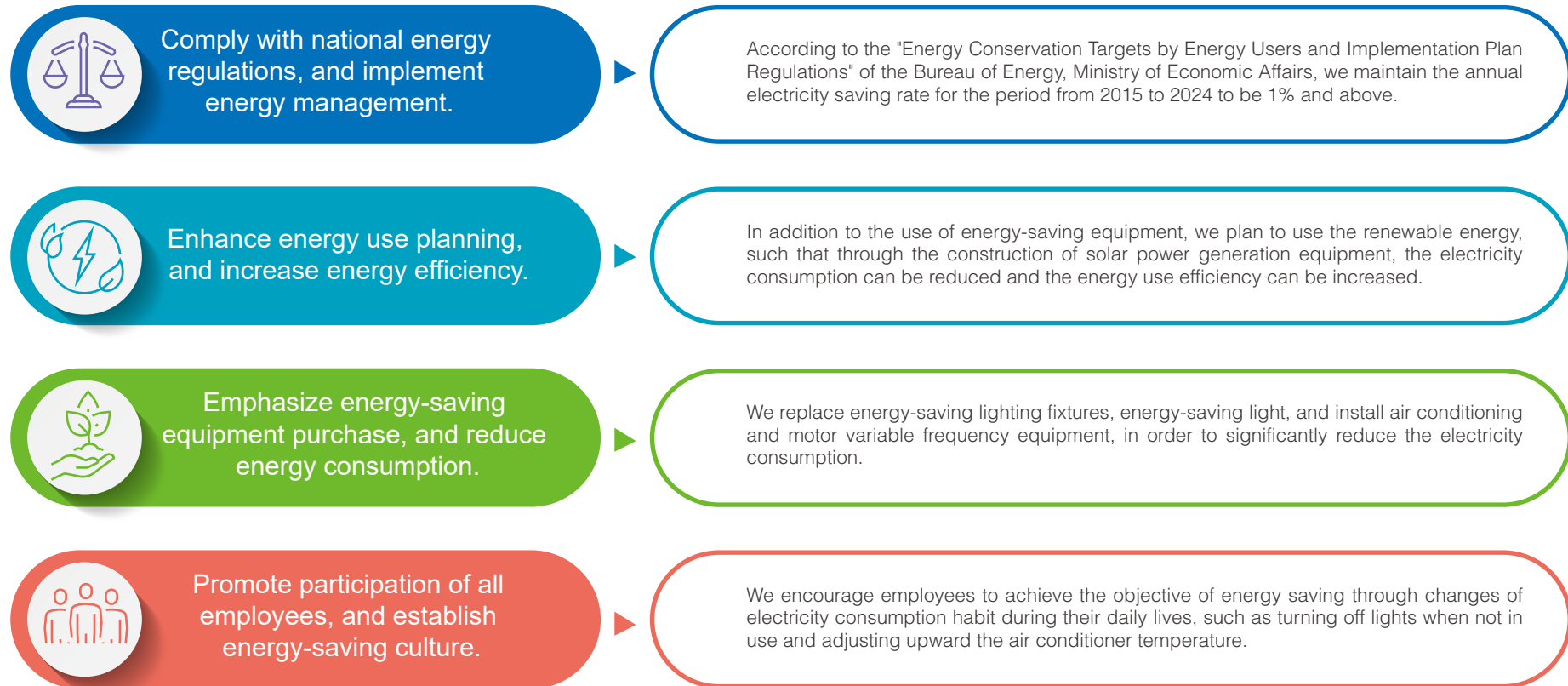
Note 4: Environment improvement solution construction fee: It includes environment improvement related project construction fee and expenditure.



3.2 Energy Management

As a corporate citizen, CH Biotech deeply understands the importance of energy saving. To establish the energy saving culture for the organization, the Company actively maintains good relationship with stakeholders, including employees and society. We are committed to reducing the impact of energy consumption during the operating process on our operating cost and natural environment to improve the international corporate image, to jointly pursue sustainable development and to actively implement energy management and various energy saving initiatives and actions.

CH Biotech's energy management policy is as follows:



Promote renewable energy

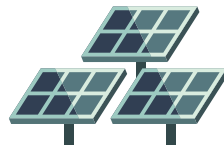
In response to the government's policy goal of achieving the solar photovoltaic installation capacity to 20GW and the net zero emissions by 2025, in December 2022, CH Biotech planned the construction of 661.5KW solar power generation equipment on the roof of the Nantou Corporate Headquarters and R&D Center. The maximum annual power generation is estimated to be 881,283 kWh, and the annual carbon reduction can reach approximately 442 tons. After conversion, the result is equivalent to the planting of 24,000 trees, the tree amount of 4.1 units of Da'an Park. The construction of solar power generation equipment is expected to be completed in July 2023. By using the renewable energy, we anticipate reducing our carbon emissions to achieve environmental sustainability.



Environmentally sustainable development



Environmental Benefits after Installation of Solar Power Equipment



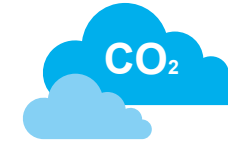
Site scale

661.50 kW



Number of households obtaining power supply

245 households



Annual carbon reduction amount

Approximately 442 tons



Tree planting

Approximately 24,000 trees

Equivalent to the tree amount of **4.1** units of Da'an Park!

Economic and Investment Benefit Analysis

Save electricity bill	Through reduction of contract capacity and Taipower electricity consumption, an amount of approximately NT\$3.6 million of electricity bill can be saved annually.
Reduce use of air conditioning	Through solar panel's thermal insulation characteristic, the indoor temperature can effectively reduce by 3~5 degrees, such that the air conditioning electricity consumption can be reduced.
Prolong life span of roofs	Through the reinforcement measures implemented before the system construction, the roof leakage prevention can be effectively enhanced and the life span of building roofs can be prolonged.
Obtain high return of investment	After the deduction of the expenses for construction, module recycle, operation management, insurance and so on, along with the electricity expense saved, the investment can be returned in approximately 12 years.

Increase energy usage

After the implementation of energy saving and electricity saving measures, in comparison to 2021, the electricity consumption in 2022 was reduced by 5.70%.

To implement energy management and to continuously achieve the goal of electricity and energy saving, CH Biotech analyzes the power consumption equipment of the Company to review relevant causes and effects for relevant solutions. In comparison to 2021, under the Company's energy saving measures, such as the replacement of energy-saving lighting fixtures and bulbs and the installation of air conditioner and motor variable frequency

equipment, we control the office temperature and encourage employees' energy saving behaviors. Hence, the overall electricity consumption in 2022 was substantially reduced by 5.7% on year and the liquefied natural gas consumption 15.06% year-on-year.

The energy used by CH Biotech in 2022 included electricity, gasoline, diesel, liquified natural gas and liquefied petroleum gas, and the total heating value was 24,019 GJ, a decrease of 1,485 GJ from 2021.

CH Biotech's electricity consumption statistics

Year	Calculation scope	Electricity consumption (kWh)	Total electricity consumption (kWh)	Heating value (GJ)
2020	Zhangbin Plant	0	6,820,913	24,520
	Corporate Headquarters and R&D Center	6,801,800		
	Employee dormitories	19,113		
2021	Zhangbin Plant	6,480	6,793,789	24,422
	Corporate Headquarters and R&D Center	6,758,611		
	Employee dormitories	28,698		
2022	Zhangbin Plant	42,560	6,406,448	23,030
	Corporate Headquarters and R&D Center	6,326,304		
	Employee dormitories	37,584		

Note 1: The Zhangbin Plant started to consume electricity after the acquisition of the use permit in 2021; therefore, there was no electricity consumption record in 2020.

Note 2: The numbers disclosed in this section are rounded to integer, and standard rounding is applied to values less than integer. For percentages, they are rounded to two decimal places.

CH Biotech's energy consumption status

Year Category	2020		2021		2022	
	Consumption amount	Heating value (GJ)	Consumption amount	Heating value (GJ)	Consumption amount	Heating value (GJ)
Electricity (kWh)	6,820,913	24,520	6,793,789	24,422	6,406,448	23,030
Gasoline (L)	29,369	958	23,080	752	20,701	675
Diesel (L)	720	25	3,986	140	4,325	152
Liquefied natural gas (cubic meter)	6,400	241	5,052	190	4,291	161
Liquefied petroleum gas (kg)	4	0	0	0	24	1
Total		25,744		25,504		24,019

Note 1: Source of information: Energy product unit heating value table of the Bureau of Energy, MOEA.

Note 2: 1 kcal=4.18 kJ; 1 kWh of electricity=860 kcal; 1L of gasoline=7,800 kcal; 1L of diesel=8,400 kcal; 1 cubic meter of liquefied natural gas=9,000 kcal; 1L of liquefied petroleum gas=6,635 kcal; 1kg of liquefied petroleum gas=1.818L.

CH Biotech's energy saving measures

In 2022, to cooperate with the energy saving measures of the Bureau of Energy, CH Biotech implemented the energy saving projects for our lighting fixtures, air conditioners and chiller units. In addition, we used the energy saved on our own for the cooling water pump and chilled water pump operation adjustment. Accordingly, the amount of electricity saved for the whole-year was calculated as 387,341 kWh, with the electricity saving rate 5.70%.

Unit: kWh

	Total number of months of energy-saving implementation	Daily electricity consumption before improvement	Daily electricity consumption after improvement	Energy amount saved
T5 lighting fixture	11	126	89	12,380
VFD AHU-1-2	11	58	31	9,154
VFD AHU03	6	155	78	14,147
VFD AHU3-8	9	208	104	28,461
VFD AHU3-5-6	1	208	104	3,162
VFD 8	6	208	104	18,974
Air conditioner chiller unit	12	6,304	5,674	230,133
Cooling water pump	12	720	648	26,280
Chilled water pump	12	540	486	19,710
Total electricity saved			362,401	
Electricity (kWh) saved in 2022			387,341	
Electricity saving rate in 2022			5.70%	

3.3 Water Resource and Effluent Management

◆ Water Resource and Effluent Management Management Approach

• **Material Topic :** Water resource and effluent management



• **Corresponding GRI :** GRI 303 Water and Effluents

• **Violation Status :** In 2022, the Company was inspected by the Environmental Protection Bureau of Nantou County and Changhua County and the Central Taiwan Science Park Bureau. All examination indicated that the Company complied with the Waste Disposal Act without any violations.

Short-term targets
Reduce total water consumption by 10% and ensure effluent water quality to be lower than the national effluent standards.

Medium- and long-term targets
Promote energy saving policy according to the operating status of the Company.

Implementation Status

- Nantou Corporate Headquarters' reclaimed water consumption decreased by 12,947 cubic meters from the preceding year.
- Total tap water consumption decreased by 1,020 cubic meters from the preceding year.
- Total water consumption decreased by 13,967 cubic meters from the preceding year.

Water Resource and Effluent Management Management Approach	
Reason of Materiality	Water is an essential substance for all eco-system operation in the Earth environment, and the operation management of water resource is an important subject to sustainable development. In addition, water pollution refers to the contamination of water sources (lake, river, ocean, aquifer and groundwater). If pollutant is not processed for the removal of hazardous substances but discharges directly or indirectly to the water, water is thus contaminated.
Meaning to CH Biotech	Climate change has significant impact on the water resource. By understanding its own water consumption status, CH Biotech is able to reduce the impact of operating activities on the local community and environment, thereby conducting effective water resource management through this material topic.
Policy	CH Biotech complies with environmental protection related regulations and guidance of competent authorities, and also cooperatively promotes environmental protection related operation management. The Company installs wastewater treatment equipment and also disposes of wastes (waste liquid) following the competent authority standards.
Evaluation Mechanism	CH Biotech complies with government laws and competent authority's environmental quality monitoring.
Responsibility and Complaint Filing Mechanism	In 2022, the Company was inspected by the Environmental Protection Bureau of Nantou County and Changhua County and the Central Taiwan Science Park Bureau. All examination indicated that the Company complied with the Waste Disposal Act without any violations.
Positive Impact	CH Biotech's water consumption is relatively low and we continue to reduce the tap water consumption, so our water consumption does not affect the water usage in Nantou and Changhua. For the landscape irrigation of CH Biotech's Nantou Corporate Headquarters and R&D Center, we use reclaimed water from the Sewage Plant on Zhongzheng Road, reclaimed rainwater and reclaimed water from laboratory water purification equipment, such that the tap water consumption is reduced significantly. All sewage undergoes the treatment by the sewage treatment equipment and the Sewage Plant of the Central Taiwan Science Park, and the effluent is not discharged freely that causes environmental pollution.
Negative Impact	To observe the national laws and regulations, CH Biotech installs wastewater treatment equipment and entrusts qualified vendors to handle industrial waste (wastewater) treatment, such that relevant expenses of the Company increase substantially, and partial profit is affected.

Water resource management

CH Biotech's Corporate Headquarters and R&D Center is located at the Zhongxin New Village. The acquisition of water resource is from third parties (Taiwan Water Corporation and the Sewage Plant on Zhongzheng Road). Our Zhangbin Plant is located in the Changhua Coastal Park, and the acquisition of water resource is provided by Taiwan Water Corporation. In 2022, CH Biotech's total water consumption was 48,567 cubic meters.

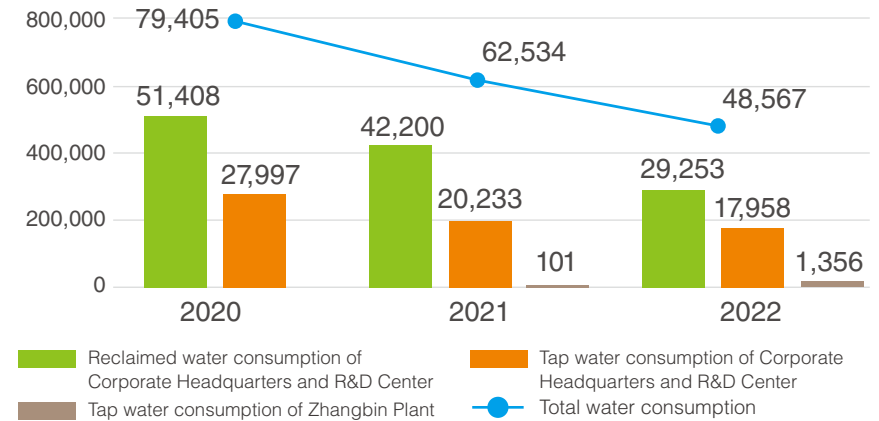
To cope with the impact of climate change on water resource, CH Biotech's Corporate Headquarters and R&D Center has two rainwater recycling pools: one is with the volume of approximately 530 tons for plant irrigation, and the other with the volume of 450 tons is used for experimental irrigation in the greenhouse. Moreover, three rainwater recycling pools are constructed in the Zhangbin Plant with the volume of approximately 200 tons for plant irrigation. In addition to recycling tap water and rainwater, CH Biotech obtains the right to use reclaimed water of the Sewage Plant on Zhongzheng Road from the Central Taiwan Science Park Bureau to supply water officially and uses the reclaimed water for plant irrigation to reduce the consumption of tap water.

In addition, after analysis, the largest tap water consumption of the Corporate Headquarters and R&D Center refers to the water for filling the air conditioning cooling tower. In 2022, the cooling water tower average transpiration statistics indicated that approximately 50 tons of water was required daily during summer, and approximately 20 tons of water was required daily during winter. Accordingly, CH Biotech is planning for "Reclaimed Water Use Plan" in 2023, transporting the reclaimed water through pipes to the condensation pool, and the water in the condensation pool will flow into the cooling water tower for joint cooling. It is estimated that more than 15 tons of tap water can be saved per day, approximately 450 tons of tap water can be saved per month, and approximately 5,400 tons of tap water can be saved annually, thereby achieving the benefit of caring environment sustainably.

- In 2022, the reclaimed water consumption of Corporate Headquarters and R&D Center was 29,253 cubic meters, a decrease of 30.68% from 2021.
- In 2022, the tap water consumption of Corporate Headquarters and R&D Center was 17,958 cubic meters, a decrease of 11.24% from 2021.
- In December 2021, the Zhangbin Plant started to calculate the water consumption fee, and the water consumption was 101 cubic meters. In 2022, the tap water consumption was 1,356 cubic meters.
- In 2021, the total water consumption of CH Biotech was 62,534 cubic meters, and it was 48,567 cubic meters in 2022, a decrease of 22.34%.

Water Consumption Statistics

Unit: cubic meter



Note: Reclaimed water refers to the reclaimed water usage in the Chung Hsing Park.

The total area of Nantou Corporate Headquarters and R&D Center is 4.56 hectare. After deduction of the building and road area, the overall green belt area is 1.47 hectare, accounting for 32.2% of the total area. The entire green belt area uses reclaimed water and reclaimed rainwater for irrigation in order to reduce the tap water consumption.

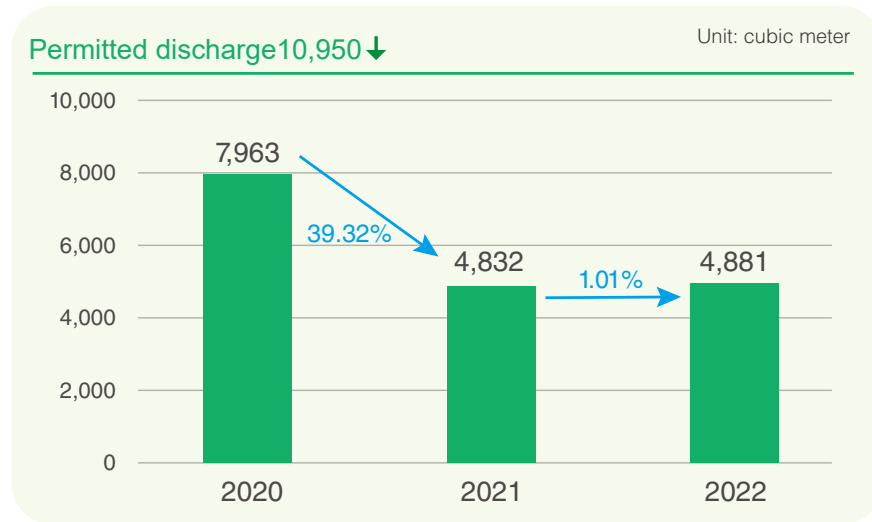


Effluent management

Nantou Corporate Headquarters sewage discharge

CH Biotech Nantou Corporate Headquarters' sewage is sent to the Sewage Plant on the Zhongzheng Road through pipelines according to the planning of the Chung Hsing Park. In 2022, the effluent discharge was 4,881 cubic meters, an increase of 1.01% from 2021. The Central Taiwan Science Park Bureau sends personnel to test the relevant sewage discharge data every month, and all data is in alignment with the relevant water indicators stipulated by the laws and regulations.

Effluent Discharge



Nantou Corporate Headquarters sewage inspection

According to the "Zhongxin New Village Advanced Research Park Development Plan - Environmental Impact Outline" dated July 2011, the effluent quality in the park must comply with the maximum limit of water quality standards: $BOD \leq 25\text{mg/L}$, $SS \leq 25\text{mg/L}$, $COD \leq 80\text{mg/L}$. To truly control the effluent water quality, CH Biotech entrusts qualified institution to perform wastewater quality test annually in order to ensure that sewage discharged complies with the test standards. The test results on July 20, 2022 indicated compliance with the effluent water quality standard specified by the laws and regulations.

Test items	COD	BOD	SS
Test standards	< 80	< 25	< 25
Test results	10.8	3.8	17.2

Note: COD refers to Chemical Oxygen Demand; BOD refers to Biochemical Oxygen Demand; SS refers to Suspended Solid.

Zhangbin Plant sewage discharge

CH Biotech's Zhangbin Plant is in Xianxi Township, Changhua County inside the Changhua Coastal Park. It is equipped with a complete wastewater treatment facility. Presently, it is mainly an experimental area without any production. Accordingly, it does not emit exhaust gas or discharge wastewater.

CH Biotech's U.S. Subsidiary sewage discharge

The production process of CH Biotech's U.S. subsidiary only involves raw material dissolving, stirring, mixing and packaging without emission of exhaust gas. As for the wastewater, it holds a zero-discharge license issued by the city government. Its wastewater is mainly boiler washing water, stored in buckets, that does not contain hazardous substances, and about 10,000 gallons of wastewater is produced a year for irrigation or being naturally evaporated.

3.4 Waste Management

CH Biotech, in order to fulfill the responsibility of a corporate citizen, deeply understands the importance of waste management to environmental protection. To implement the waste management across the Company, we actively invest in the garbage and hazardous waste reduction as well as resource recycle and reuse. We are committed to reducing wastes generated during the research and operation in order to ease the burden on the natural environment and to pursue sustainable development jointly.

CH Biotech establishes various management mechanisms for waste sorting, collection, and treatment in accordance with government laws and regulations. We entrust a third party to handle the disposal of wastes in the plant. First, we seek a qualified waste management company (including license, operating status, code for waste that can be treated, license validity and other basic information) based on the information disclosed by the Environmental Protection Administration, Executive Yuan. After confirming that a company is qualified, we sign a contract regarding the waste management. In addition, we dispatch personnel from time to time every year to go with the trucks of the company to see if the company disposes of waste in accordance with the regulations to ensure the smooth operation of waste management. In 2022, the industrial waste disposed in total was 15.857 tons (generation of hazardous wastes of 2.60208 tons; non-hazardous wastes of 13.255 tons), a decrease of 16.69% from 2021.

Waste Disposal Data

Unit: ton

Category	Item	Disposal method	2020	2021	2022
Hazardous wastes	B-0199 Mixtures of other aforementioned chemicals or waste containers	Z05	0.25	0.905	0.3
	C-0202 Waste liquid with the pH value lower than (equal to) 2.0	Z02	0.72	0.63	0.665
	C-0301 Waste liquid which sparkles at less than 60° C (excluding alcohol waste with the volume concentration of ethanol less than 24%)	Z05	0.52	0.995	0.905
	C-0599 Infectious waste mixture	Z05	0.69084	0.61444	0.73208
Non-hazardous wastes	D-0102 Plant residue	Z05	3.29	4.12	4.14
	D-0499 Other waste glass, ceramics, bricks, clay and other mixtures (waste soil)	Z06	11.25	3.85	1.69
	D-1503 Non-hazardous waste acid	Z02	0	0.795	0.18
	D-1504 Non-hazardous organic waste liquid or waste solvent	Z05	0.16	0.495	0.905
	D-1801 (H-0002) General waste from business activities	Z05	9.85	6.63	6.34
Total			26.731	19.034	15.857

Note 1: Disposal method: Z02-chemical treatment; Z05-incineration treatment; Z06-physical treatment

Note 2: In 2022, the hazardous wastes generated in total was 2.60208 tons; non-hazardous wastes 13.255 tons.

Sludge test

The Company entrusts a qualified institution to perform the sludge test. The test results on July 20, 2022 indicated compliance with laws and regulations.

Test items	Mercury	Arsenic	Cadmium	Barium	Chromium	Copper	Lead	Selenium	Hexavalent chromium
Test standards	< 0.2	< 5.0	< 1.0	< 100	< 5.0	< 15.0	< 5.0	< 1.0	< 2.5
Test results	ND	< 0.072	ND	1.81	ND	< 0.054	ND	ND	ND

Note: ND refers to lower than the detection limit.

3.5 Greenhouse Gas Management

According to the latest evaluation report released by the United Nations' Intergovernmental Panel on Climate Change (IPCC) in August 2021 and February 2022, people need to not only slow down the global temperature rising through actual actions, such as carbon reduction, but also to increase the "climate resilience" at the same time as the trend of temperature rising is inevitable. How the environment and our society respond to the negative impact due to high temperature will require more precise scientific forecasting. As an agricultural biotech new pharmaceutical development company, CH Biotech pays great attention to the "Reduction of climate change impact" and is committed to developing agricultural biotech new pharmaceuticals capable of achieving greater benefit and providing greater security to the environmental and food safety. In addition, CH Biotech has its own greenhouse gas emission condition under control and voluntarily implements greenhouse gas reduction related program progressively in response to relevant changes timely.

Action Plan

Greenhouse Gas Inventory

CH Biotech is not a fixed pollution source control subject under the first category of enterprises requiring inventory registration on greenhouse gas emissions. Nevertheless, the Company voluntarily performed the first greenhouse gas inventory according to the ISO 14064-1:2018 in 2022. The scope of inventory refers to, under the control method, the greenhouse gas emissions of CH Biotech's Corporate Headquarters and Zhangbin Plant. In addition, to make sure that the inventory data complies with the MRV principle (Measurable, Reportable and Verifiable), CH Biotech entrusts an independent third-party verification body to perform verification and issue the verification statement.

Greenhouse Gas Policy Statement

global warming, the Earth's climate and environment are affected by greenhouse gas and become degraded gradually. As a citizen of the Earth, CH Biotech, to fulfill the corporate responsibility for environment protection, will strive to do the following:

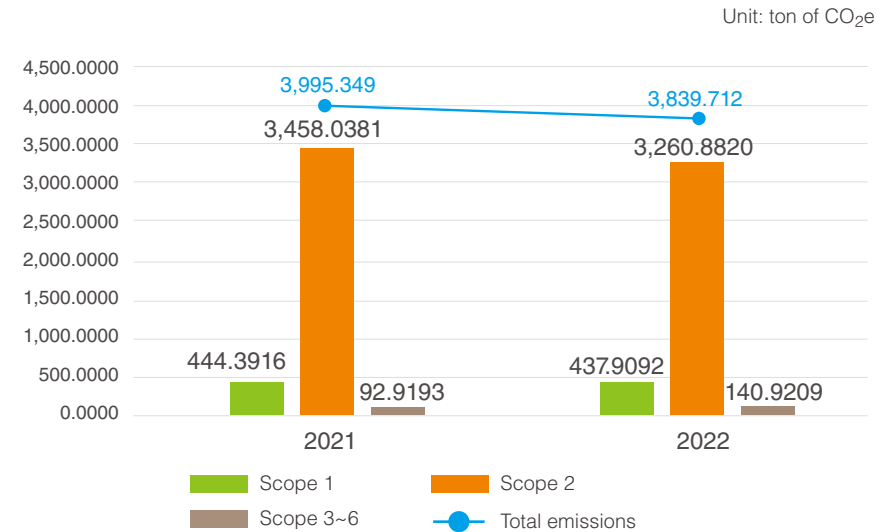
- Devote to CH Biotech's greenhouse gas inventory in order to truly control the greenhouse gas emission status.
- Set greenhouse gas voluntary reduction goal and relevant plans according to the inventory result, and actively promote various energy reduction measures, including use of equipment of high energy efficiency and energy saving design, in order to achieve the most optimal energy use efficiency for the sustainable development goal.

Implementation Outcome

Greenhouse Gas Emissions

CH Biotech's greenhouse gas emissions in total in the base year 2021 was 3,995.349 tons of CO₂e. Scope 1 direct greenhouse gas emissions was 444.3916 tons of CO₂e, accounting for 11.12%; Scope 2 indirect greenhouse gas emissions was 3,458.0381 tons of CO₂e, accounting for 86.55%; Scope 3 emissions generated due to employee commute and business trips was 90.3178 tons of CO₂e, accounting for 2.26%; Scope 4 emissions generated from treatment of solid and liquid wastes was 2.6015 tons of CO₂e, accounting for 0.07%.

In 2022, the greenhouse gas emissions in total was 3,839.712 tons of CO₂e, a reduction of 155.637 tons of CO₂e and a decrease of 3.90%, from the base year 2021. Scope 1 direct greenhouse gas emissions was 437.9092 tons of CO₂e, accounting for 11.40%; Scope 2 indirect greenhouse gas emissions was 3,260.8820 tons of CO₂e, accounting for 84.93%; Scope 3 emissions generated due to employee commute and business trips was 138.4426 tons of CO₂e, accounting for 3.61%; Scope 4 emissions generated from treatment of solid and liquid wastes was 2.4783 tons of CO₂e, accounting for 0.06%.



Note 1: To identify and quantify the direct greenhouse gas emission and reduction amount directly related to the organization operation, CH Biotech adopts the control method to define the boundary of greenhouse gas, and calculates according to the emission factor method. The GHG types cover carbon dioxide (CO₂), methane (CH₄), nitrous oxide(N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). Greenhouse gas annual emissions=Annual usage amount (annual activity data)×Emission factor×Global warming potential (GWP). The emission factor refers to the original factor announced by United Nations' Intergovernmental Panel on Climate Change (IPCC) 2006 report and the heating value provided by the Environmental Protection Administration. Accordingly, the emission factor used by CH Biotech refers to the greenhouse gas emission factor management table 6.0.4 version announced by the Environmental Protection Administration or the material balance. For the global warming potential (GWP) used during the calculation process, the latest global warming potential of the 5th evaluation report in 2013 issued by IPCC is adopted.

Note 2: As 2021 was the first year of CH Biotech's greenhouse gas inventory, we set the year 2021 to be the base year.

Verification Statement

2021

聲明書編號 TW22/00507GG

溫室氣體查驗聲明書

2021 年溫室氣體排放資訊

正瀚生技股份有限公司

南投縣南投市文獻路 89 號

經本公司依據 ISO 14064-3:2006 完成查驗並符合下列標準要求

ISO 14064-1:2018

直接溫室氣體排放量	444.3916 公噸二氧化碳當量
間接溫室氣體排放量	3,550.9574 公噸二氧化碳當量
直接與間接溫室氣體排放量	3,995.349 公噸二氧化碳當量

簽署人



鮑柏宇
知識與管理事業群副總經理
日期: 2022年11月25日
版次:1

TGP56A-15-6 2207
台灣檢驗科技股份有限公司
新北市五股區(新北產業園區) 五股路 136 之 1 號
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第1頁 共6頁

2022

聲明書編號 TW23/00067GG

溫室氣體查驗聲明書

2022 年溫室氣體排放資訊

正瀚生技股份有限公司

南投縣南投市文獻路 89 號

經本公司依據 ISO 14064-3:2006 完成查驗並符合下列標準要求

ISO 14064-1:2018

直接溫室氣體排放量	437.9092 公噸二氧化碳當量
間接溫室氣體排放量	3,401.8029 公噸二氧化碳當量
直接與間接溫室氣體排放量	3,839.712 公噸二氧化碳當量

簽署人



鮑柏宇
知識與管理事業群副總經理
日期: 2023年04月04日
版次:1

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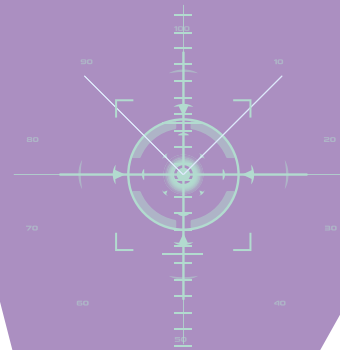
04

Supply Chain Management

4.1 Supply Chain

4.2 Raw Material Purchase Strategy

4.3 Supplier Evaluation



◆ Supply Chain Management

Suppliers have a significant position in the corporate sustainable development. To maintain the quality of production raw materials, CH Biotech has established the new supplier evaluation and existing supplier evaluation mechanism. In addition, with the professional knowledge and technical support of the R&D unit, the Company communicates with the suppliers timely in order to ensure raw material quality.

CH Biotech aims to fulfill the management of raw material purchasing and production in order to reduce the impact on society and the environment, thereby heading toward the Company's goal of corporate sustainability and long-term development. Hence, the Company advocates CH Biotech's relevant sustainability strategy to the existing 57 raw material suppliers and also invites suppliers to jointly promote the sustainability topic by signing the "Supplier Corporate Social Responsibility Statement." In 2022, the ratio of suppliers signing the Supplier Corporate Social Responsibility Statement was 40%. In the future, the Company will continue to request existing raw material suppliers to sign the statement and puts the statement signing as an evaluation item for 2023.

Supplier Corporate Social Responsibility Statement



Ethical management

Comply with the Ethical Corporate Management Best Practice Principles, the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, the regulations related to TWSE/TPEx or other laws and regulations in line with local business conducts, as the basic pre-condition for the implementation of ethical management.



Labor rights and human rights

Observe international human rights conventions, such as gender equality, the right to work and the prohibition of discrimination aside from complying with local laws and regulations on labor and human rights.

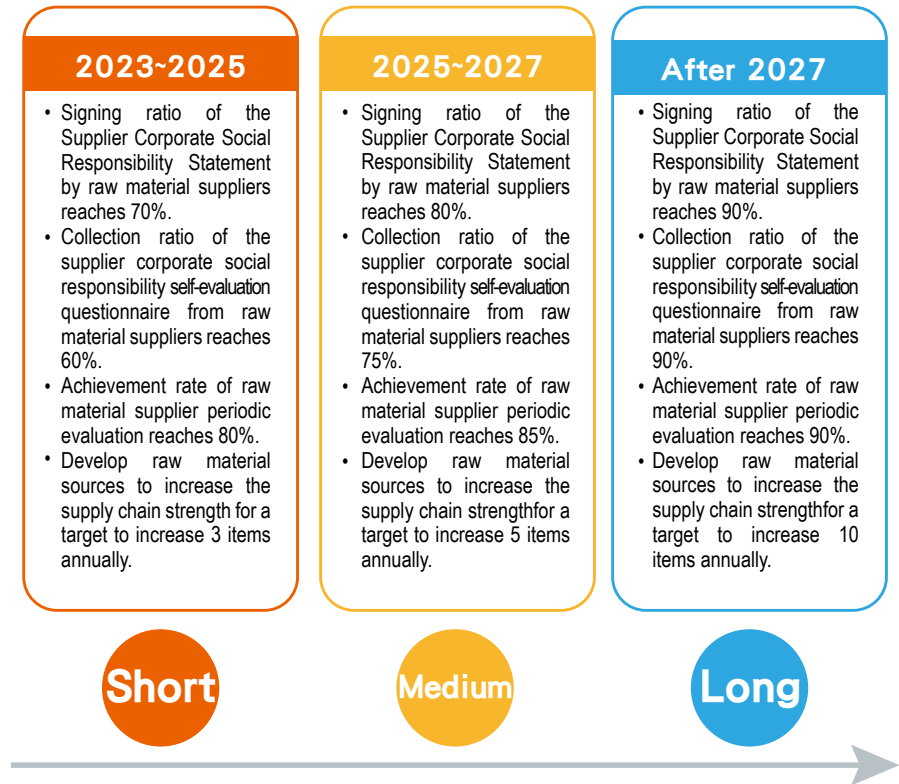


Environmental protection

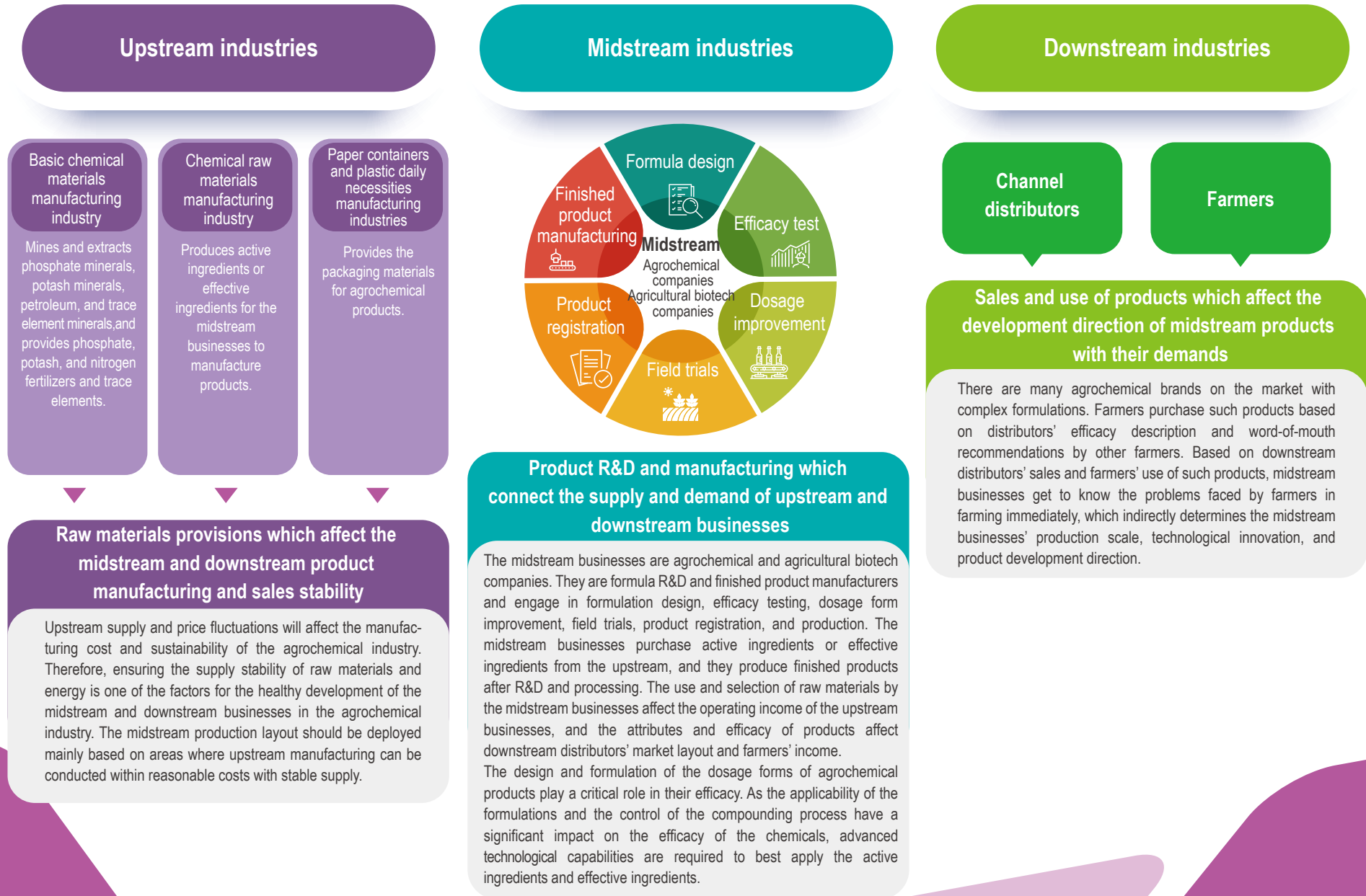
Conform to relevant local laws and regulations or international conventions for the disposal of waste, exhaust gas, wastewater and pollutants that cause environmental hazards, pay close attention to environmental protection, energy conservation and carbon reduction, and improve local procurement and resource use efficiency, jointly creating a sustainable environment.

2022 implementation status and future goals

To grasp the implementation outcomes of supplier corporate social responsibility in order to assess sustainability risks, CH Biotech completed a supplier corporate social responsibility self-evaluation questionnaire in September 2022 for raw material suppliers to self-evaluate their corporate social responsibility implementation outcomes.

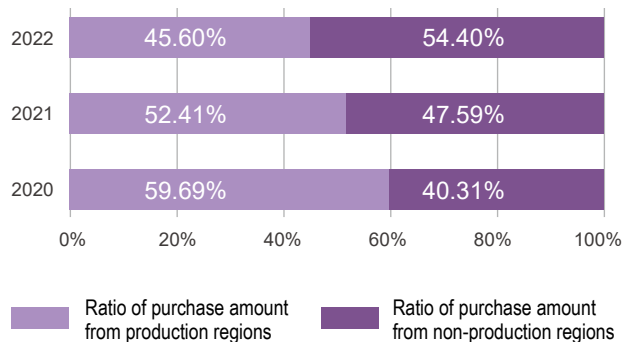


4.1 Supply Chain



4.2 Raw Material Purchase Strategy

To ensure the code of conduct of cooperating suppliers and to protect the human rights environment, CH Biotech implements sound management mechanism to maintain the stable supplies and services of raw material suppliers.

Qualified suppliers	All raw materials are required to be evaluated, and only suppliers passing the evaluation may become the raw material suppliers of CH Biotech. CH Biotech's raw materials purchase is ranked according to the score of the qualified suppliers, in order to be the basis for risk control.												
Sustainable procurement	CH Biotech values the labor interests and human rights, environmental protection and ethical management. Accordingly, the Company chooses to purchase from raw material suppliers that have signed the Supplier Corporate Social Responsibility Statement with CH Biotech in priority.												
Quality assurance	<ul style="list-style-type: none"> Suppliers are required to provide raw material production supporting documents to verify the raw material quality data. Quality inspection is performed when materials arrive before them being accepted and stored in the warehouse after the materials quality is assured. New suppliers are required to provide the raw material samples for the Department of R&D to perform quality related tests. 												
Local procurement	<p>To improve the development of raw material industries in the production regions, and to reduce the transportation cost and environmental impact, CH Biotech chooses to purchase from raw material suppliers of the production regions first.</p>  <table border="1"> <caption>Ratio of purchase amount from production regions and non-production regions</caption> <thead> <tr> <th>Year</th> <th>Ratio of purchase amount from production regions</th> <th>Ratio of purchase amount from non-production regions</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>45.60%</td> <td>54.40%</td> </tr> <tr> <td>2021</td> <td>52.41%</td> <td>47.59%</td> </tr> <tr> <td>2020</td> <td>59.69%</td> <td>40.31%</td> </tr> </tbody> </table> <p>Note: In 2022, the items and quantities purchasing from non-production regions were lower than 2021. However, to reduce the risk of supply shortage, in 2022, the Company procured 20% amount of raw materials from non-production regions as the safety stock. Consequently, the purchase amount in non-production areas increased from 2021.</p>	Year	Ratio of purchase amount from production regions	Ratio of purchase amount from non-production regions	2022	45.60%	54.40%	2021	52.41%	47.59%	2020	59.69%	40.31%
Year	Ratio of purchase amount from production regions	Ratio of purchase amount from non-production regions											
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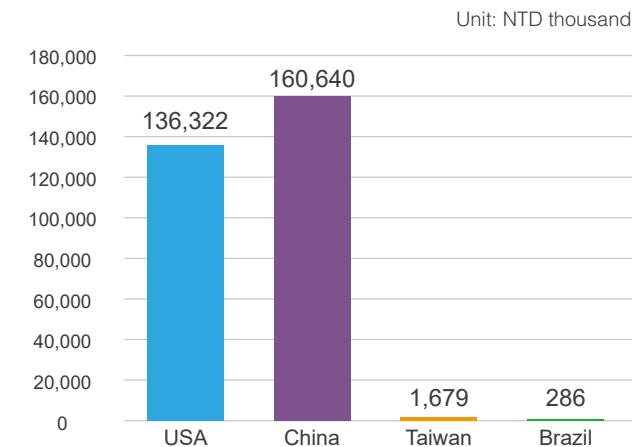
Zero supply shortage control

After the COVID-19 pandemic outbreaks in 2020, the global supply chain was in chaos, causing delay in delivery and increase of supply shortage risk. Although, presently, the global supply chain becomes stable gradually, in view of the impact of COVID-19 pandemic on the supply, the Company adopts the following countermeasures to prevent accidental supply shortage and marine transportation risk:

- More suppliers: There are more than two suppliers for each important raw material, in order to reduce the risk of supply shortage. The Company also actively develops new suppliers to ensure the stable supply.
- Safety stock policy: Purchase materials from non-production region has longer delivery time and marine transportation and port congestion risks. Since 2022, non-production region raw materials purchased has increased with an additional 20% amount as the safety stock.
- Early planning: For purchase of raw materials, the Company inquires the information of raw material production status, inventory, unit price and delivery half a year early, and conducts the procurement 1~2 months in advance.

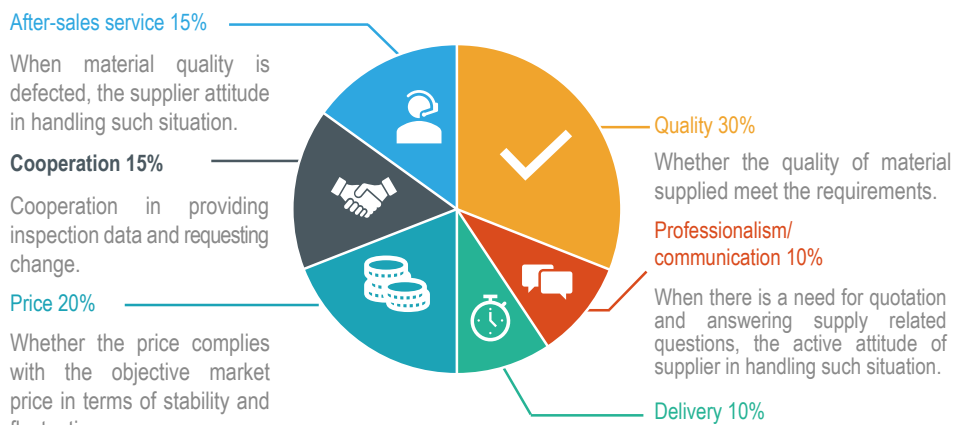
Distribution of suppliers

In 2022, CH Biotech's raw material suppliers were distributed in the U.S., China, Taiwan and Brazil. The supplier purchase amount of each region is demonstrated as below:

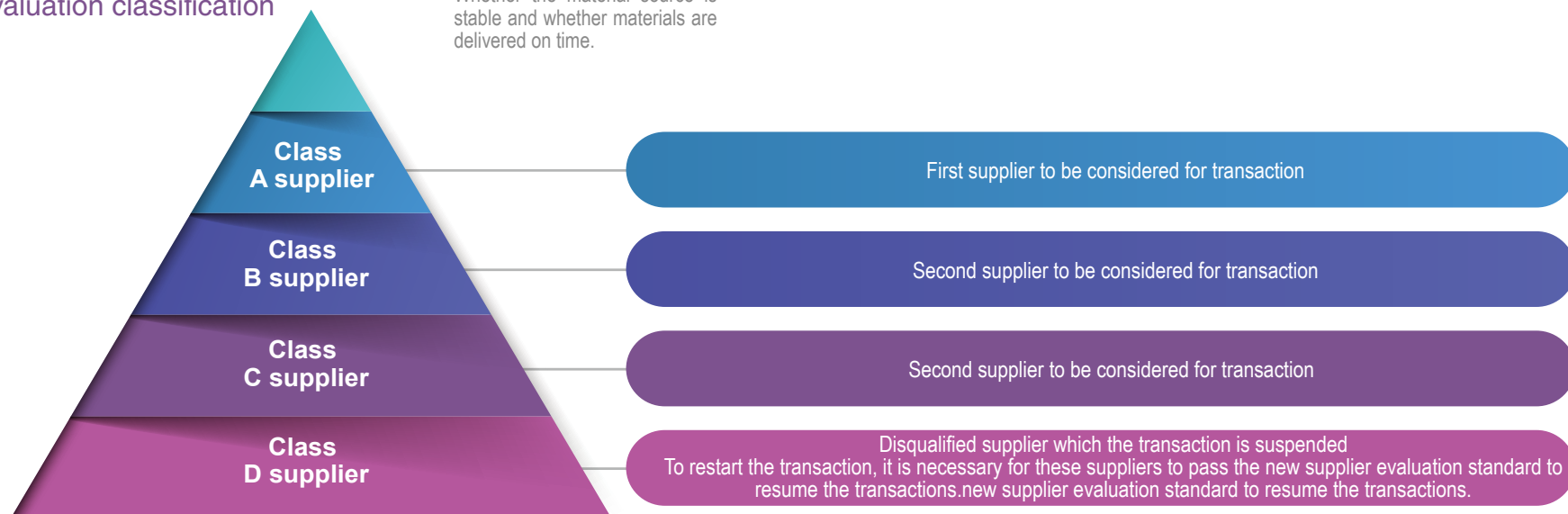


4.3 Supplier Evaluation

CH Biotech performs the evaluation on suppliers periodically on an annual basis, and the evaluation is performed with respect to the quality, price, cooperation, professionalism, delivery and after-sales service. Disqualified suppliers are listed as suppliers temporarily suspended for transaction. Once passing the new supplier evaluation standard and is evaluated as qualified, the original disqualified suppliers are then to be qualified to conduct transactions with the Company again.



Annual evaluation classification



In 2022, there were 57 existing raw material suppliers, and evaluation was performed on the raw material suppliers with transaction records. The total number of evaluated and audited suppliers was 43, and the evaluation percentage reached 75%. After rigorous evaluations, a total of 43 raw material suppliers passing the evaluation continued to be qualified suppliers of CH Biotech. Presently, there are 34 Class A suppliers (79%), 6 Class B suppliers (14%), and 3 Class C suppliers (7%), and no disqualified suppliers.

The raw material supplier evaluation result conducted by CH Biotech in the most recent three years is shown in the following table:

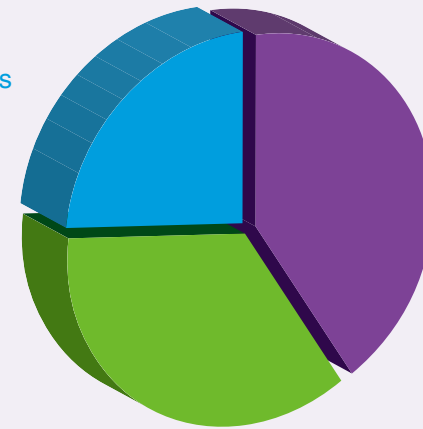
Year	2020	2021	2022
Raw material suppliers	56	55	57
Number of suppliers evaluated	45	46	43
Percentage	80%	84%	75%
Class A	21	18	34
Class B	18	16	6
Class C	4	11	3
Class D	2	1	0
Percentage of qualified suppliers	96%	98%	100%

Raw material supplier type

In 2022, the raw material suppliers referred mainly to suppliers providing production raw materials and packaging materials. As the raw material types are diverse, suppliers are majorly traders/distributors. Packaging materials are mostly customized according to the customer demands, so packaging material suppliers mainly refer to manufacturers. The type and number of suppliers for raw materials and packaging materials are shown in the following diagram. Whether suppliers signing the Corporate Social Responsibility Statement is expected to be listed as part of the supplier evaluation items in 2023. In 2025, the supplier sustainability performance will be evaluated according to the supplier corporate social responsibility self-evaluation questionnaire, and the supplier sustainability performance will also be listed as part of the supplier evaluation items.

Raw material manufacturers
9 suppliers

Raw material traders/
distributors
14 suppliers



Packaging material manufacturers
16 suppliers

Supplier evaluation

CH Biotech pays highly attention to raw material quality and suppliers' social responsibility and sustainable development. In 2022, there were 3 new suppliers. The evaluation steps for new suppliers are as follows:



05

R&D and Innovation

- 5.1 Sustainable Agriculture
- 5.2 Net Zero Emissions
- 5.3 Quality Management
- 5.4 Customer Service



5.1 Sustainable Agriculture

◆ Product Quality and Responsibility Management Approach

- **Material Topic** : Product quality and responsibility
- **Corresponding GRI** : GRI 417 Marketing and Labeling
- **Violation Status** : In 2022, there were no violations of marketing and labeling, and no claims filed due to product issues.



Short-term targets
 Develop appropriate application methods for products. During product sales, the information for product efficacy, environmental impact, residual assessment and safety impact will be addressed as much as possible. In addition, provide product packaging labels and product instructions indicating use precautions, ingredients, applicable plants, and methods of use.

Medium- and long-term targets
 Enhance the link of R&D information and data to product applicability, and expand product applicable plants and methods of use.

Implementation Status

- Completed the grant of 1 patent application in Taiwan, the grant of 1 patent application in Brazil, and filed 8 patent applications in Taiwan, Australia, Canada, Brazil, Chile, Argentina, Uruguay and the U.S.
- Completed the laboratory efficacy verification for 4 products.
- Translated and published FAO's "Recarbonizing Global Soils: A Technical Manual of Recommended Management Practices."
- Maintained close contact with channel distributors to obtain customer feedback on the product use status.

Product Quality and Responsibility Management Approach	
Reason of Materiality	Product development success depends on the R&D quality requirements. R&D information and data have important key values to the R&D quality in the agricultural biotech industry. The R&D information and data are able to assist the establishment of complete product use instructions and labels, thereby increasing product use safety and applicability.
Meaning to CH Biotech	CH Biotech provides global agricultural biotech new pharmaceutical development service and is committed to ensuring the applicability and efficacy of products and securing the product use safety.
Policy	Establish R&D circular management system, ensure that the fundamental research, product design, technology research and development, product prototyping and test, R&D records, and documents are saved during the R&D process, and also ensure that acquisition, maintenance, and use of intellectual property rights comply with the R&D management standards and procedures.
Evaluation Mechanism	The application instructions of R&D products comply with the U.S. national food safety law and international food safety regulations.
Responsibility and Complaint Filing Mechanism	CH Biotech periodically tracks the product quality and customer use condition, and also voluntarily applies for product liability insurance of US\$5 million for products. The insurance coverage scope is worldwide, and for any bodily harm or property loss to the product users due to using CH Biotech products, the insurance company will bear the indemnification liability within the range of the insured amount.
Positive Impact	1. Continue to develop high quality product, receive great recognition from customers, and establish long-term partnership. 2. Induce product to comply with international safety regulations for sales in various countries.
Negative Impact	Greenhouse gas emissions associated with the product development and manufacturing processes.

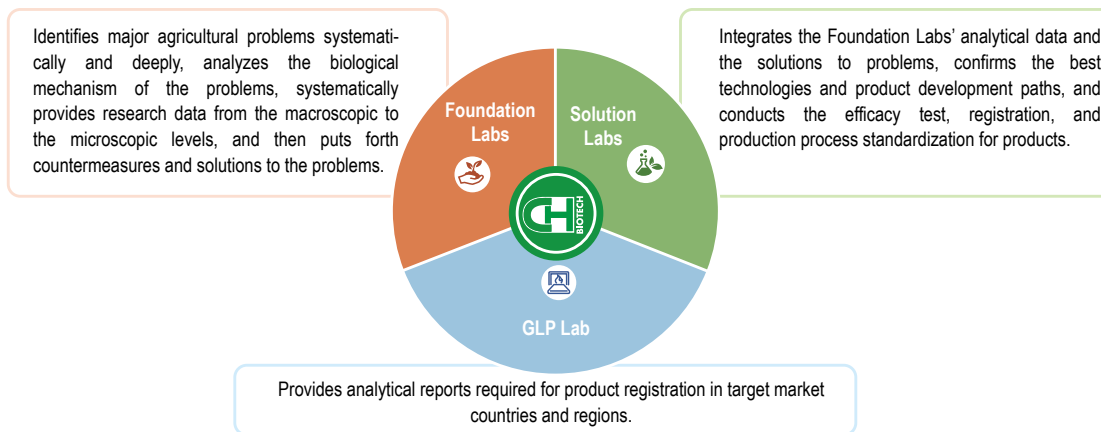
The extensive global economic development has impacted the nature and ecological environment as well as the agricultural production system. CH Biotech believes that the development of sustainable agriculture requires a balance between profitable manufacturing business, natural resources, living things, and the environment. CH Biotech also believes that it is necessary to avoid traditional over fertilization on a large scale and to replace the chemical pesticides with natural, low-toxic, and low-carbon agricultural biotech new pharmaceutical products, which will be the key trend for the future.

With innovative core key technologies, CH Biotech actively develops numerous sustainable types of agrochemical products capable of facilitating the absorption of fertilizer in soil by plants and resilience to environmental and biotic stress of crop, with the effect of increasing the yield and the carbon sink of crops. On the premise of ensuring crop yield and quality, such an effort can effectively reduce farmers' consumption of agrochemical products, such as fertilizers and pesticides, which is conducive to realizing low-carbon farming and reducing the impact on living things and the environment. CH Biotech's products are safe and improve crop yield and quality, such that the products gain trust and support from various distributors and farmers.

In recent years, CH Biotech focuses on the research and development of agricultural waste recycled products. The nutrients remained in the agricultural wastes are transformed into oligosaccharides and peptides products, such that they can be recycled and reused in the food production system, thereby contributing the agricultural circular economy to the outcome of agricultural net zero carbon emissions.

R&D Center

CH Biotech has established a fully-equipped global R&D center at the Chung Hsing Park in Nantou. The Center consists of "Foundation Labs," "Solution Labs," and "GLP Lab." The three functional facilities are integrated seamlessly, which collect data and feedback for making corrections, while integrating multi-faced data, conducting efficacy and drug injury evaluation for mainstream products in order to propose upgrade and solutions.



Foundation Labs

- Seed Storage and Plant Production Lab/ Phytotron:** Establishes growth models of various crops under diverse climate conditions.
- Phenotyping and Morphology Lab:** Judges causes of problems from appearances.
- Physiological Functioning Lab:** Determines causes of problems from physiological processes.
- Metabolic Functioning Lab:** Finds causes of problems from gene regulation.
- Gene Regulation and Signaling Lab:** Decides causes of problems from gene expression.
- Greenhouse:** Tests the efficacy of products on various crops under various climate conditions and conducts tests for small-scale precision agriculture.

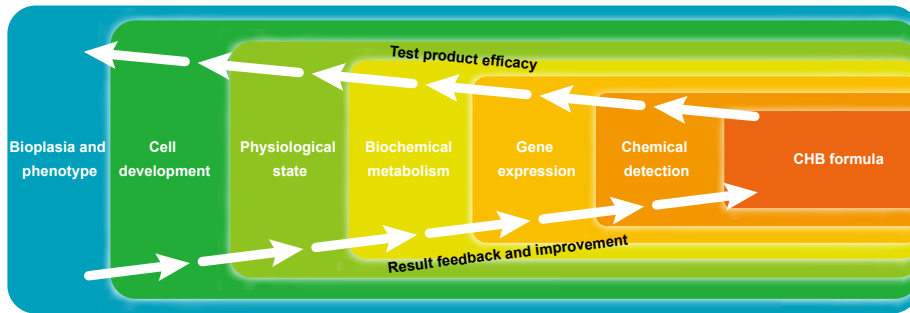
GLP Lab

- It is a lab in alignment with the OECD GLP standards.
- Establishes an internationally recognized standardized process based on the requirements and details of product registration and tests and analyzes such products. The analytical data is recognized by international registration institutions to be directly used for product registration in the countries of production and sales.

Solution Labs

- Biotic Interaction Lab:** Seeks crop disease resistance and beneficial environmental biological interaction to improve crop growth.
- Ornamental Quality Lab:** Controls the configuration, fragrance and color of ornamental and horticultural crops.
- Flavor Quality Lab:** Includes the Flavor Compound Center, and controls the flavor and quality of beverage crops and food crops (coffee, tea, cocoa, and wheat).
- Biological and Organic Lab:** Develops and utilizes natural resources in response to trends in food safety and environmental protection.
- Agriculture Innovation Lab:** Develops novel agrochemical process and application materials.
- Agronomy Lab:** Develops and constructs high-efficiency and high-quality fertilizers for crops.
- Chemical Innovation Lab:** Develops technical products that regulate crop yield and quality (growth regulators and growth stimulating hormone).
- Chemical Analysis Lab:** Functions as a testing center for the R&D center.
- Formulation Lab:** Confirms the content of product active ingredients and formulation stability, solves problems of product processes and automated production line, and measures various physical and chemical properties.
- Plasma Nano Lab:** Develops the applications of plasmonic technology and nanotechnology in agriculture.

CH Biotech screens for potential active ingredients, combinations, and dosage forms with next-generation genomic sequencing technology. Chemical testing and analysis are performed firstly in the early development stage, which confirms the content of active ingredients and the stability of the formulations. Then, we verify the product efficacy at the levels of gene expression, biochemical metabolism, physiological state, cell development, and growth phenotype. These results provide feedback for improving formulations timely and shortens the product commercialization time.



Education training of R&D team

CH Biotech values the improvement of R&D competency of the R&D team and arranges professional seminars of different fields. Internal or external employee training for skills and knowledge are arranged specified to the requirements of R&D personnel

2022	
Professional seminars	8
Internal education training courses	16, in total 313 hours
External education training courses	70, in total 1,993 hours

Current status on acquisition of the U.S. EPA registration certificates

The U.S. is the major country of manufacturing and sales of CH Biotech's products. Complying with the "Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)" and the "Federal Food, Drug, and Cosmetic Act (FFDCA)," agrochemical product registration review and approval are applied to the U.S. EPA.

Since the safety regulations for agrochemical products in the U.S. are relatively rigorous and comprehensive, supporting with large amount of high-tech data and environmental assessments are required for application. These high standards are essential to prevent significant impacts on non-target organisms after the application of such products in the field. Once the U.S. EPA agrochemical product registration certificate is obtained, the product is then equipped with the criteria for entering the mainstream market in the U.S., and such registration may also accelerate the registration of the product in other countries for market launch.

CH Biotech focuses on the export market in the North America, and applies for the U.S. EPA technical-grade registration certificates (referring to effective ingredient raw materials necessary for processing finished agrochemical) and product registration certificates. In 2022, the Company has obtained 1 technical-grade registration certificates in the U.S., and up to the present day, the Company has obtained 12 technical-grade registration certificates in the U.S., ranked No. 2 in the acquisition of the U.S. technical-grade registration certificates. To improve the pharmaceutical development opportunities and to surpass other competitors in the technical-grade registration certificates, the Company has also obtained 17 product registration certificates consecutively.

Core technology

 Precision new pharmaceutical development

 Full-function verification platform

 Complete field test

Intellectual property

12 U.S. EPA technical-grade registration certificates

17 U.S. EPA product registration certificates

7 Invention patents granted with patent rights

13 Invention patent applications in process

R&D and innovative products in 2022



Develop energy saving and carbon reduction products

For the present demands of agricultural production for energy saving and carbon reduction, the Company develops products equipped with the functions of “reducing carbon emissions of crop production process,” “protecting food production under climate change” and “reducing energy investment in crop cultivation.”

Actual outcome:

- Released the MegaGro2.0 (Radiate NEXT).
- Performed the efficacy test of the new product of Foliar Nitrogen Assimilation as well as its registration and field test.



R&D of systemic immune induction type of products

In response to the stringent environmental protection requirements which impose greater restrictions on the use of traditional Insecticides and fungicides, the Company develops products capable of inducing self-immune system of crops in order to allow crops to have defense capability against pests.

Actual outcome:

- Applied for the registration and conducted field trials of new products, Strive and Disease Suppression.



R&D of circular agricultural products

As the remaining materials generated during the agricultural production process are currently mostly handled via the incineration and burying method which causes increase of carbon emission and environmental pollution., the Company aims to develop technologies for recycle and reuse of the remaining materials.

Actual outcome:

- Developed new technologies capable of converting agricultural residues into products of oligosaccharides and peptides that are beneficial to improving crop yield and quality through innovative physical, chemical, and biological technologies, thereby recycling them for the use in the food production.

R&D expense and outcome in the most recent three years

Unit: NT\$ thousand

Year	R&D expenses	Achievements
2020	193,336	<ul style="list-style-type: none"> • Obtained 2 patents in Taiwan, and 1 U.S. patent under examination • Obtained 1 EPA registration certificate • Completed the laboratory efficacy verification for 6 new products
2021	221,483	<ul style="list-style-type: none"> • Obtained 1 patent in Taiwan, 4 U.S. patent applications in process, and applied for 1 U.S. provisional patent • Obtained 5 EPA registration certificates • Completed the laboratory efficacy verification for 5 new products
2022	272,414	<ul style="list-style-type: none"> • Obtained 1 patent in Taiwan, 1 patent in Brazil, and 8 patent applications in process • Obtained 1 EPA technical-grade registration certificate and 2 product registration certificates • Completed the laboratory efficacy verification for 4 new products

5.2 Net Zero Emissions

To cope with the global warming and climate crisis, countries around the world and Taiwan have set up the goal of 2050 net zero transformation. EU "Green New Deal" further proposes the goal of pesticide reduction by 50%, fertilizer reduction by 20% and fertilizer loss reduction by 50% in 2030. In view of the above, except for the major contributors of carbon emissions, such as traditional industries and technology industries, agricultural industry offers biological carbon fixation in plants during the process of photosynthesis, which will be an essential part to assist the achievement of net zero carbon emissions goal.

Through the improvement of soil health, increase of agricultural biodiversity, enhancement of carbon capture and storage, growth of soil water retention, and reduction of reliance on synthetic fertilizers, all of the agriculture lands, pastures and farmlands achieve contribute to carbon fixation. To promote the concept of soil carbon fixation, CH Biotech has printed 10,000 sets of Chinese and English versions of the "Recarbonizing Global Soils-A technical manual of recommended management practices" published by the Food and Agriculture Organization (FAO) of the United Nations in 2021, and distributes the books to individuals, agencies and organizations with needs at free of charge. In addition, the Chinese version of electronic book is available for download. A total of NT\$10,302 thousand was invested in this project.

The manual is the first document adopting the standard method to collect soil management measures in various major environments and their impacts on soil organic carbon. Through actual case studies, the advantages, drawbacks and feasibility of these measures are analyzed, making the manual a comprehensive soil carbon fixation reference book. The Chinese version of the manual was translated by our R&D personnel with master and doctorate degrees. CH Biotech invests in this project to promote the soil carbon sink issue of "supporting eco-system sustainability with agriculture" in order to assist Taiwan in achieving the long-term goal of sustainable cycle in net zero carbon emissions.

In response to the trend of net zero emissions, CH Biotech also develops various low-carbon products, such as OnWard capable of increasing the effect of plants' carbon dioxide absorption and synthesis of carbohydrate, such that it is equipped with the function of increasing yield and reducing carbon emissions, making it advantageous to the realization of low-carbon cultivation. Another product Radiate NEXT is a new type of plant growth regulator applied to leaves, and it contains four key active ingredients capable of allowing plants to generate greater energy and effective conversion, in order to increase the crop's capability in nutrient and water absorption, thereby ensuring the quality and yield of grains and fruits, and increasing the competitiveness of products.

In recent years, CH Biotech operates with diverse strategies, and in the Zhangbin fermentation plant develops sustainable cycle agricultural products with the use of physical, chemical and biological innovative technologies to transform remaining agricultural substances into products capable of increasing crop yield and quality. The product contains oligosaccharides and peptides ingredients, such that through recycle and reuse method, they are returned back to the food production process. Taking chicken feather as an example, feather contains 80% of protein, and previously it is mostly treated

as waste or is cooked, grinded and fermented. The drawbacks include lengthy processing time and extensive labor with odor. CH Biotech uses the subcritical hydrolysis system for treatment and has found the most optimal combination of three main parameters of atmospheric pressure, temperature and time, such that the processing time requires only 20 to 30 minutes. By analyzing the molecular weight and distribution of hydrolysis solution, the Company is able to find the key ingredients capable of increasing crop's self-immune system. Accordingly, CH Biotech "re-assembles waste protein into the best source for nitrogen fertilizer."

Responding to the trend of net zero emissions, CH Biotech continues to pay attention to the corporate transformation risks and opportunities and engages in the R&D and innovation of new carbon reduction products, which further demonstrates the importance of "talent recruitment and cultivation." Since 2015, CH Biotech has teamed up with numerous universities/colleges and professional institutions in Taiwan for diverse industry-academia collaboration programs, and an amount exceeding NT\$30 million has been invested in these programs for a total of 25 projects. Through scholarship rewarding, internship cooperation, establishment of doctorate program of industry-academia collaboration, sponsorship in establishing degree programs, organization of industrial lecturer seminars or other methods, theories and practices in the field are integrated. These efforts provide an industrial incubation platform for remarkable academic outcomes in Taiwan, encourage greater number of young students and scientists to participate in agricultural biotech related R&D works to study agricultural biotech innovation and environmental sustainability researches further. By linking the rich R&D energy of the academia in Taiwan with the enormous business opportunities in the international agricultural biotech market, we aim to improve the prospective leadership of Taiwan's influence in the global agriculture market.

In September 2022, CH Biotech further partnered with National Chung Hsing University to establish the "Circular Economy Research Academy" with an annual budget of NT\$25 million for 8 consecutive years (2022~2029 academic years), in total a donation of NT\$200 million. The purpose of this program is to bring industry related knowledge to the campus. At present, four degree programs, including Plant Health Care, Specialty Crops and Metabolomics, Biological and Sustainable Technology and International Precision Agribusiness Development, have been established for master and doctoral students to foster high-end talents for key industries in Taiwan.

5.3 Quality Management

◆ Food Safety Management Approach

- **Material Topic** : Food safety
- **Corresponding GRI** : GRI 416 Customer Health and Safety
- **Violation Status** : In 2022, there were no violations causing penalty fines and warnings or events violating voluntary regulations.



Short-term targets

Products in the market pass the non-target organism toxicity tests for freshwater fish and freshwater invertebrates. Relevant test reports are reviewed by the U.S. EPA and obtain the pesticide registration certificates. Labels are updated according to the regulations.

Medium- and long-term targets

Increase the fertilizer use efficiency, reduce carbon emission generated by crops and fertilizer usage amount, and reduce the hazard of pesticides and fertilizers on living things and the environment through development of enhanced efficiency fertilizers.

Implementation Status

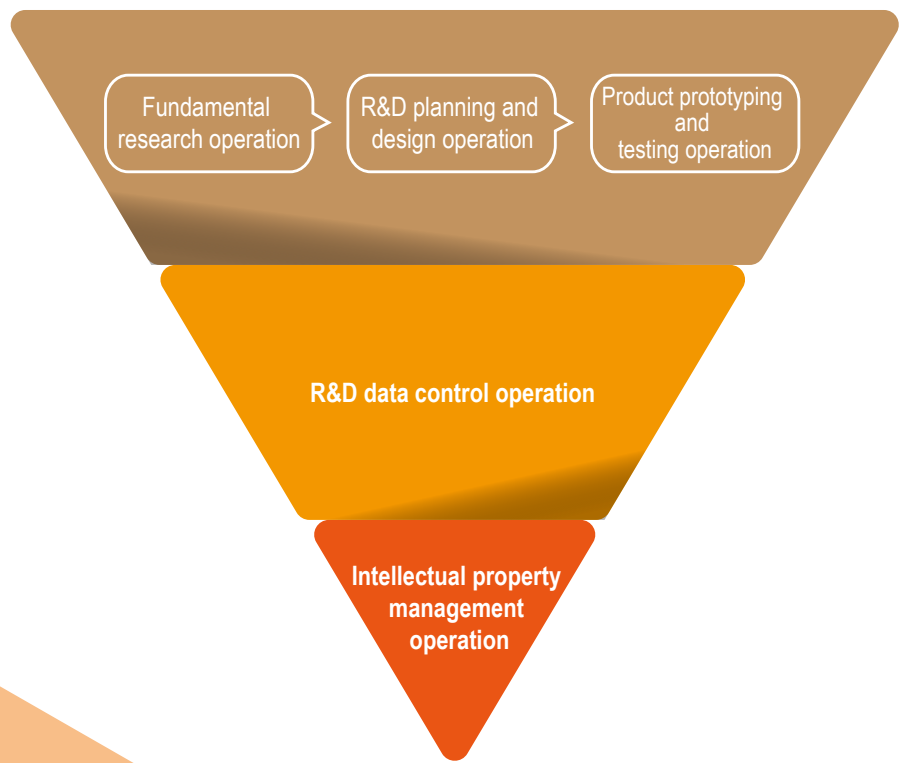
- Obtained 1 patent in Taiwan and 1 patent in Brazil.
- Obtained 1 EPA technical-grade registration certificate and 2 product registration certificates.
- Completed the laboratory efficacy verification for 4 products.

Food Safety Management Approach	
Reason of Materiality	The purpose of reducing the amount of agrochemical products is to achieve food safety and environmental protection as well as to effectively reduce the greenhouse gas and carbon dioxide emissions. However, with the declining consumption of such products, how to ensure that food production will not decrease and even increase has become an important issue to be addressed for the development of new agrochemical products with respect to the sustainable development of CH Biotech.
Meaning to CH Biotech	Rapid climate change will affect the supply of food. CH Biotech continues to develop agrochemical products to ensure the global food production yield while paying attention to the food quality and safety.
Policy	Increase crop yield and quality through the development of safe and high-efficacy agrochemical new pharmaceutical products (such as plant growth regulators).
Evaluation Mechanism	Ensure that the components of the developed products are in compliance with the environmental and food safety regulations in the international and target markets and obtain product registration certificates in the target markets for the newly developed products.
Responsibility and Complaint Filing Mechanism	CH Biotech's Department of R&D is responsible for the R&D, the President is responsible for the supervision and management, and CH Biotech's subsidiary is responsible for the production. For customers having any doubts on the Company's product quality, they may contact us via: info@chbio.com.tw
Positive Impact	1. Increase crop yield and ensure stable supply of food globally. 2. Reduce the usage amount of agricultural fertilizers during planting, and reduce the impact of fertilizers on the environment.
Negative Impact	Consumers' concern on agrochemical product residual left on foods.

The stability of agrochemical product quality is crucial to the use effect by the end farmers. CH Biotech's products have gained recognition from international distributor customers for a long period of time for its outstanding and stable R&D quality. In addition, CH Biotech has become the designated supplier of Nutrien, the No. 1 largest distributor for global agrochemical products in the world. To ensure our R&D quality, CH Biotech has established the R&D circular management system. To reduce the risks of misuse or improper storage of products by users, CH Biotech's all products have complete packaging labels and product instructions clearly indicating the use precautions, ingredients, applicable plants and methods of use.

R&D circular management system

The Company has established a comprehensive R&D circular management system. Accordingly, we collect research data from the initial stage, demonstrate a products' functional mechanism, and acquire intellectual property rights once developmental stage is completed. R&D meetings are convened periodically to track the R&D progress and to find any potential adverse effect during the R&D process, thereby proposing correction and improvement strategies to secure stable R&D quality.



Product package labeling management

For product package labels, CH Biotech follows the regulatory requirements and continues to review and update the contents. The content includes active and other ingredients, EPA registration number and EPA establishment number, and caution and so on. In addition to product package labels, product instructions are also provided to indicate the use precautions, ingredients, applicable plants and methods of use.



- 1 Active and other ingredients
- 2 Caution
- 3 EPA registration number and EPA establishment number
- 4 Net contents
- 5 First-aid

GLP Lab

CH Biotech establishes laboratory in accordance with the Good Laboratory Practice (GLP) of Organization for Economic Cooperation and Development (OECD). In addition, the Company also establishes internationally accepted standard operation according to the product registration requirements and particulars for testing and analysis. The authenticity, accuracy, and traceability of the data produced by CH Biotech during the R&D process are crucial, as the data is not only an important basis for product development but also an important guarantee for data quality. To ensure the accuracy, authenticity, and reproducibility of the data, our R&D personnel need to undergo solid training before doing experiments.

CH Biotech GLP Lab implements regulation and evaluation according to the "Laboratory Personnel Training and Ability Assessment Management Procedures." After training, researchers are required to pass an internal ability and qualification assessment. Only passing the assessment can they perform specific tests or operate instruments. For each ability and qualification item they passed, they need to receive retraining and reassessment at least once a year. All researchers' training is recorded in writing for examination. The quality assurance personnel or the dedicated personnel will perform practical, written, or oral tests from time to time. If the researchers fail the tests (80 points or higher), they need to receive retraining to improve their qualities and abilities.

GLP Lab performs physical and chemical experimental researches according to the OECD GLP Standard and issues experiment research reports.



5.4 Customer Service

The objective of CH Biotech is to become a global leader in agriculture industry and to provide innovative, sustainable and value-driven products of fertilizers and plant growth regulators for global agriculture. Such goal needs to be achieved through direct and indirect establishment of meaningful and long-term relationship with customers. These customers include various chemical/fertilizer manufacturers, wholesalers, distributors and retailers. The networks support CH Biotech in the following aspects:

- To achieve thorough and comprehensive understanding on the promotion of the broad market trend of CH Biotech's business and research strategies as well as specific grower demands.
- To cooperate with partners in the handling of the latest chemical classification and new market definitions as well as the government laws for product registration.
- To jointly organize education training through various contact points in order to expand the influential power of CH Biotech, and to further enhance our knowledge basis through co-sponsored field test protocols.

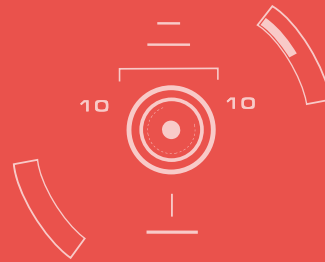
The key to establish and maintain the fundamental relationship refers to communication, cooperation and consistency.

Communication	The Department of Sales of CH Biotech satisfies customer demands through various channels, including grower training, field trips, video conferences and telephone meetings. Distributor meetings are also held periodically on an annual basis. In 2022, approximately 40 online distributor meetings were organized.
Cooperation	In addition to periodic communication, CH Biotech cooperate with customers in various product life cycles, including formula development, product registration and relevant researches, field test plans, product information and education, business announcement and marketing materials, and product improvement.
Consistency	Customers can expect that the products and teams of CH Biotech are reliable. With regard to the product and quality assurance/quality control, the laboratory performs inspection, testing and product approval via rigorous quality control system before product is prepared for delivery. In addition, the standard operation procedure undergo periodic review is implemented to deal with customer complaints timely.

06

Human Resource

- 6.1 Human Rights Protection
- 6.2 Labor Relations
- 6.3 Career Development
- 6.4 Remuneration and Benefits
- 6.5 Occupational Safety



◆ Human Resource

6.1 Human Rights Protection

To fulfill corporate social responsibility and to protect the basic human rights of all employees and stakeholders, CH Biotech respects and complies with the internationally accepted human rights regulations, including internationally accepted human rights standards of the "United Nations Universal Declaration of Human Rights," "United Nations Global Compact," "United Nations Guiding Principles on Business and Human Rights," and "United Nations International Labour Organization," in order to eliminate any conducts infringing and violating human rights. In addition, the Company also ensures that all internal and external members of the Company are treated reasonably and fairly with dignity.

Human rights policy

The Company has established the "Employee Work Rules," "Regulations for Recruitment and Employment," "Regulations for Workplace Sexual Harassment Preventive Measures, Complaints and Punishments" with contents explicitly specifying the protection of human rights of employees, including regulatory requirements, employment freedom, humane treatment, prohibition of improper discrimination and harassment. Our human rights education and promotion are implemented in all operations through human resource management.

Employee selection, training and retention policy

The employee selection, training and retention policy adopted by CH Biotech are established with human rights protection as the highest principle. During the employment of new employees, employees are not required to pay any fees, and during the employee resignation or termination of employment, no disciplinary actions are imposed. CH Biotech also protects employees from any restriction on the movement within the area of the Company, and prohibits any forced overtime work.

Item	Assessment subject	Management directives
No forced labor	All employees	Respect employees' willingness, prohibit forced labor, and set up complaint channels.
Prohibition on child labor	Potential employees	Only job applicants of 18 years old and above are accepted, and identity verification is performed when employees are onboard.
Diversity, inclusion and equal opportunity	All employees	Prohibit from any discrimination. Employees are from discrimination due to race, age, gender, sexual orientation, disability, pregnancy, political opinion and religious belief.
Salary and working conditions	All employees	1. Provide reasonable salary to employees according to laws and regulations. 2. Provide various welfare measures under the premise of securing employees' living and increasing work performance.
Harmonic labor relations	All employees	Labor-management meetings are convened quarterly, and meeting notice mails are sent to all employees for employees to give opinions and submit proposals.

- CH Biotech will implement the "Human Rights Due Diligence" during 2023~2025, and improvement measures will be proposed according to the survey result in order to reduce the possibility of human rights risks.

6.2 Labor relations

◆ Labor Relations Management Approach

- **Material Topic :** Labor relations
- **Corresponding GRI :** GRI 402 Labor Relations
- **Violation Status :** No complaint cases in 2022.



Short-term targets

- Convene labor-management meeting at least once quarterly.
- Handle employee communication and feedback 100%.

Medium- and long-term targets

- Assist employees to maintain physical and mental health as well as work and living balance.
- Provide smooth communication channel, and commit to promoting harmonic labor-management relations.

Implementation Status

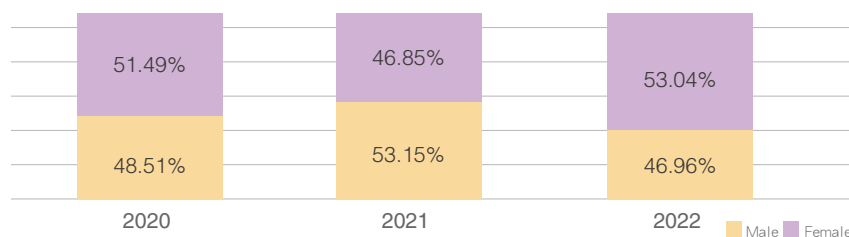
- No occurrence of sexual harassment complaint cases.
- 5 labor-management meetings were convened in 2022, and 100% of employee communication and feedback were handled.

Labor Relations Management Approach	
Reason of Materiality	Employees are the most important assets of CH Biotech, and we invest sufficient resources to develop human resource in order to activate the organization. In the future, we will continue to improve the manpower quality to continuously improve the operational competence and performance.
Meaning to CH Biotech	Employees are important assets of the Company, and harmonic labor relations can increase the cohesion and productivity of employees, thereby improving the Company's image and performance, with the aim to achieve personal growth and stable development of the Company.
Policy	Comply with labor laws and relevant regulations, properly protect employees' rights and interests at work, and commit to providing equal, diverse and friendly working environment to employees, properly protect the rights and interests of employees at work, and establish harmonic labor-management relations and comprehensive system.
Evaluation Mechanism	Perform communication channel and issue reporting system evaluation annually.
Responsibility and Complaint Filing Mechanism	1. Establish the "Regulations for Workplace Sexual Harassment Preventive Measures, Complaints and Punishments" and the "Preventive Plan for Illegal Infringement During Execution of Job Duties," and set up a complaint channel: Auditing Office of CH Biotech. ☎ 049-7009198 Ext. 86961 ✉ timlin@chbio.com.tw 2. Through the convention of labor-management meetings quarterly and irregular internal meetings of each department, a smooth internal communication channel is established to review issues.
Positive Impact	CH Biotech provides multiple communication channels to allow employees to increase adaptability at work, and employee care is implemented across the Company to reduce human resource risks for a smooth communication process.
Negative Impact	For the communication channel or method established by the Company, if they tend to focus on the business and operation, communication gap may occur between the labor and management such that issues cannot be solved effectively.

Ch Biotech encourages diverse and open workplace culture, and respects the uniqueness of each employee. During the recruitment of employees, the professional competency required for each position is the priority concern for the selection of talents. In addition, any discrimination due to race, color, nationality, gender, marital status, age, disability, family status, sexual orientation, religious belief, etc. is prohibited.

Employee overview

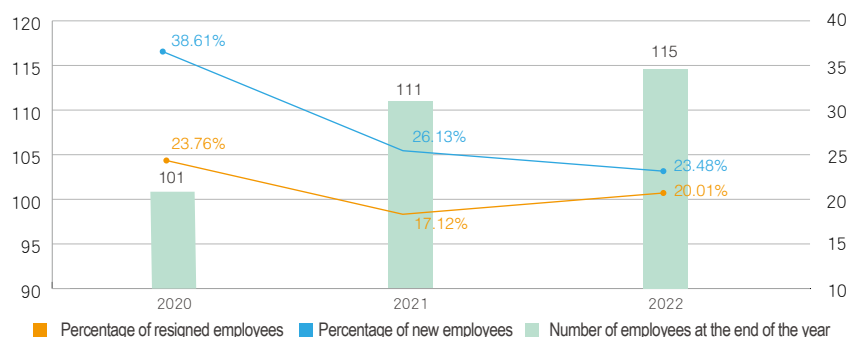
In 2022, the male-to-female ratio of male and female employees was 47: 53. The ratio of male and female employees is close, indicating that gender substantial equality is implemented during the employee career development. Any discrimination due to gender, age, religious belief, race, nationality, political inclination and marital status for employees at work is prohibited. All employees of CH Biotech are full-time employees.



Note: The table information excludes 19 interns and CH Biotech subsidiary's employees.

Employee structure

In 2022, there were 27 new employees, accounting for 23.48% of all employees; 23 employees resigned, accounting for 20.01% of all employees. According to the statistics in the last three years, the fluctuation in CH Biotech's new employee and resigned employee is relatively stable. CH Biotech hires employees based on the principles of talent selection for proper positions, in order to help talents to achieve long-term career development in the Company and to increase the competitiveness of the Company, facilitating the continuous improvement of employees.



Note: Ratio of new employees=Number of new employees/Number of employees at the end of the year. Ratio of resigned employees=Number of resigned employees/Number of employees at the end of the year. The table information excludes 19 interns and CH Biotech subsidiary's employees.

Number of male and female new employees/resigned employees and age ratio

Category	Group	2022		Male		Female		Total	
		Number of persons	As a percentage of new (resigned) male employees	Number of persons	As a percentage of new (resigned) female employees	Number of persons	As a percentage of all employees		
New employees	29 years old or under	6	60.00%	9	52.94%	15	13.04%		
	30-49 years old	3	30.00%	8	47.06%	11	9.57%		
	50 years old or above	1	10.00%	0	0.00%	1	0.87%		
	Total	10	100.00%	17	100.00%	27	23.48%		
Resigned employees	29 years old or under	6	42.86%	4	44.45%	10	8.70%		
	30-49 years old	5	35.71%	3	33.33%	8	6.96%		
	50 years old or above	3	21.43%	2	22.22%	5	4.35%		
	Total	14	100.00%	9	100.00%	23	20.01%		

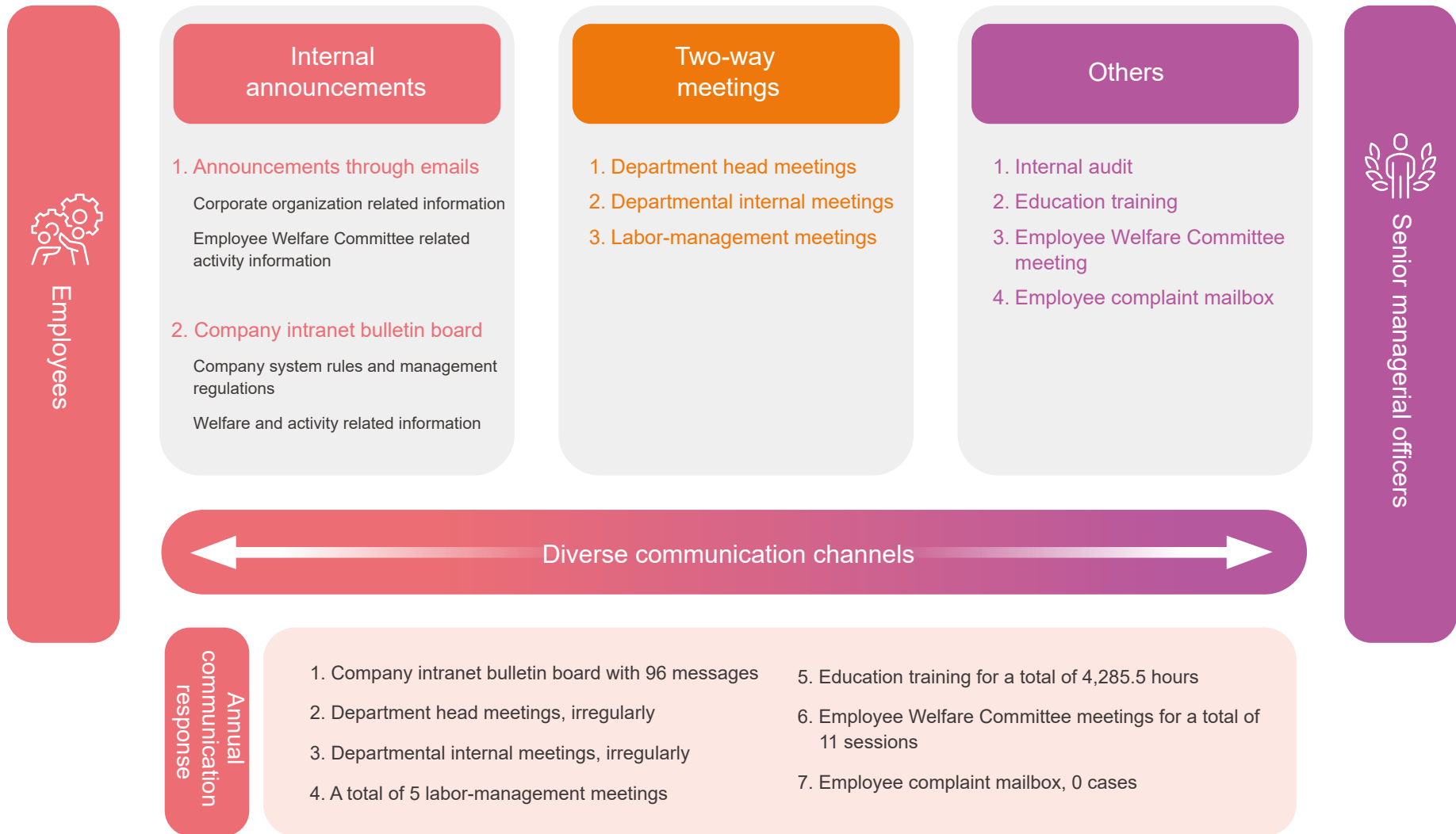
Note: The total number of on-job employees at the end of the year is 115; the table information excludes 19 interns and CH Biotech subsidiary's employees.

Workers who are not employees

To increase the R&D dynamics, in 2022 CH Biotech signed consultant contracts with 6 professional consultants to count on their expertise in different fields to promote various research projects.

Diverse communication channels

For harmonic employee relationship, CH Biotech establishes diverse communication channels for employees, maintains smooth two-way communication and actively listens to and responds to employees' comments. In addition to daily communication channels, through periodic communication meetings and employee compliant channel, the communication between the Company and employees is smooth, timely and transparent. Employees' suggestions and opinions are used as the basis for company improvement, and legitimate rights and interests of individual employee are protected.



Implementation of workplace sexual harassment prohibition action

The Company establishes the "Regulations for Workplace Sexual Harassment Preventive Measures, Complaints and Punishments" to allow employees to file complaints via the sexual harassment complaint mailbox. Presently the Company has no occurrence of sexual harassments related complaint cases, and will continue to promote relevant education and to maintain the record. Workplace sexual harassment incidents in total:

	2020	2021	2022
Number of cases	0	0	0

Rights, interests and protection

Although CH Biotech has not established a union, the Company allows employees to express opinions and provide feedback through periodic communication meetings, labor-management meetings and Employee Welfare Committee meetings to address employees' issues.

Shortest advance notice period for operational change

To secure labor relations and labor condition, in case where the Company is subject to termination of business, transfer, loss, running-down of business, business nature change such that there is a need to reduce labor or any employee is confirmed to be incompetent to his/her job, advance notice is made according to the seniority. The advance notice period is in accordance with the following rules:

Advance notice period	Seniority
10 days in advance	Above 3 months but less than 1 year
20 days in advance	Above 1 year but less than 3 years
30 days in advance	3 years or above

Friendly workplace

With sound labor condition and communication mechanism, the Company has established an equal and positive workplace free of harassment, discrimination and health hazard, in order to protect the labor conditions and rights of employees.

CH Biotech has established the "Preventive Plan for Illegal Infringement During Execution of Job Duties" to announce the "Declaration for Prohibition of Workplace Violence" to all employees, showing the Company's determination in the "Zero Tolerance" for any workplace violence. To effectively prevent and handle workplace violence and properly plan and adopt necessary safety and health measures, the Company has also established the "Workplace Illegal Infringement Prevention and Complaint Handling Committee" to protect all employees from any physical or mental illegal infringements during performance of job duties.

Employee diversity and equal opportunity

CH Biotech provides a safe working environment with dignity to employees. We implement diverse employment, and equal salary and promotion opportunities, in order to ensure that all employees are free from any discrimination, harassment or unfair treatment due to race, gender, religious belief, age, political inclination and any other conditions protected by applicable regulations. CH Biotech respects the diversity of employees, and in 2022, there were no violations related to the right to work and human rights.

Employee ethnicity ratio table

Unit: %

Category	As a percentage of all employees
ROC	95.65
Foreign nationality	4.35
Indigenous people	0.87

Note: The table information excludes 19 interns and CH Biotech subsidiary's employees.

Female diversity indicator

Unit: %

Indicator	Percentage
Number of female employees over total number of employees	53.04
Number of female officers over total number of officers	47.05
Number of female managerial officers over total number of managerial officers	42.86

Note: Managerial officers refer to the managerial officers specified in the Securities and Futures Bureau, Ministry of Finance, Tai-Tsai-Zheng-III-Zi No. 0920001301 Letter dated March 27, 2003 and Articles 22-2, 25, 28-2, 157 and 157-1 of the Securities and Exchange Act; the table information excludes 19 interns and CH Biotech subsidiary's employees.

6.3 Career Development

To develop the skills and abilities that employees must have during the performance of their duties, to enhance the quality, virtue, morale, and commitment of manpower, and to unleash employee potential, it is necessary to align business growth with employees' career development plan.

Policy	Explanation	Actions
Establish management system	Strictly comply with labor laws and relevant regulations to protect employees' rights and interests.	Performance evaluation is performed annually, and rewards are provided to those with outstanding performance in order to retain talents and to increase employee loyalty.
Equal pay for equal work	All employees, regardless of gender or nationality, are entitled to equal pay for equal work and equal opportunities for promotion.	Establish various reasonable personnel management system.
Diverse learning channels	Provide diverse learning methods and encourage employees to continue to advance professional knowledge.	<ul style="list-style-type: none"> Regularly offer education training for employees. Improve employees' professional knowledge and cultivate outstanding talents, and encourage employees' on-job training.

Talent development and retention

Regulations for education training

CH Biotech has established the "Regulations for Education Training" as the compliance basis for employee education training, in order to improve the employee quality of CH Biotech, to enhance employee knowledge and skills and to establish proper working attitude, thereby improving job quality and performance and aligning employees' growth with the cooperate development goal.

Since the onboarding of employees, CH Biotech invests sufficient resources in internal staff and implements learning development with diverse training programs, such as new employee orientation, on-job training, self-learning, etc., in order to enhance the employability.

On-job training of employees

The Company has established the "Regulations for On-job Training of Employees" with an aim to improve the professional knowledge of CH Biotech employees and to cultivate outstanding talents, to encourage the on-job training of employees. For those satisfying the criteria specified in the regulations, they may get on-job training during working hours.

CH Biotech lecture class

The Company irregularly organizes lectures and invites professional lecturers from the industry to provide lectures at the International Conference Hall of CH Biotech. The course content is diverse, including "Plant Pathology Discussion" and "Circular Economy Carbon Credits."



Academy of Circular Economy, National Chung Hsing University

Collaboration method :

CH Biotech provides the academy operation budget and internship field. National Chung Hsing University handles the teacher planning and course training. For students enrolled in the study program, each master student receives NT\$8,000 scholarship per month and each doctorate student receives NT\$16,000 scholarship per month.

Investment amount :

NT\$25 million per year for eight consecutive years, for a total donation amount of NT\$200 million.

Number of employees under continuing education program :

4 employees are in the pursue of doctorate degree programs and 2 employees are in the pursue of master degree programs, for a total 6 employees in the continuing education program.

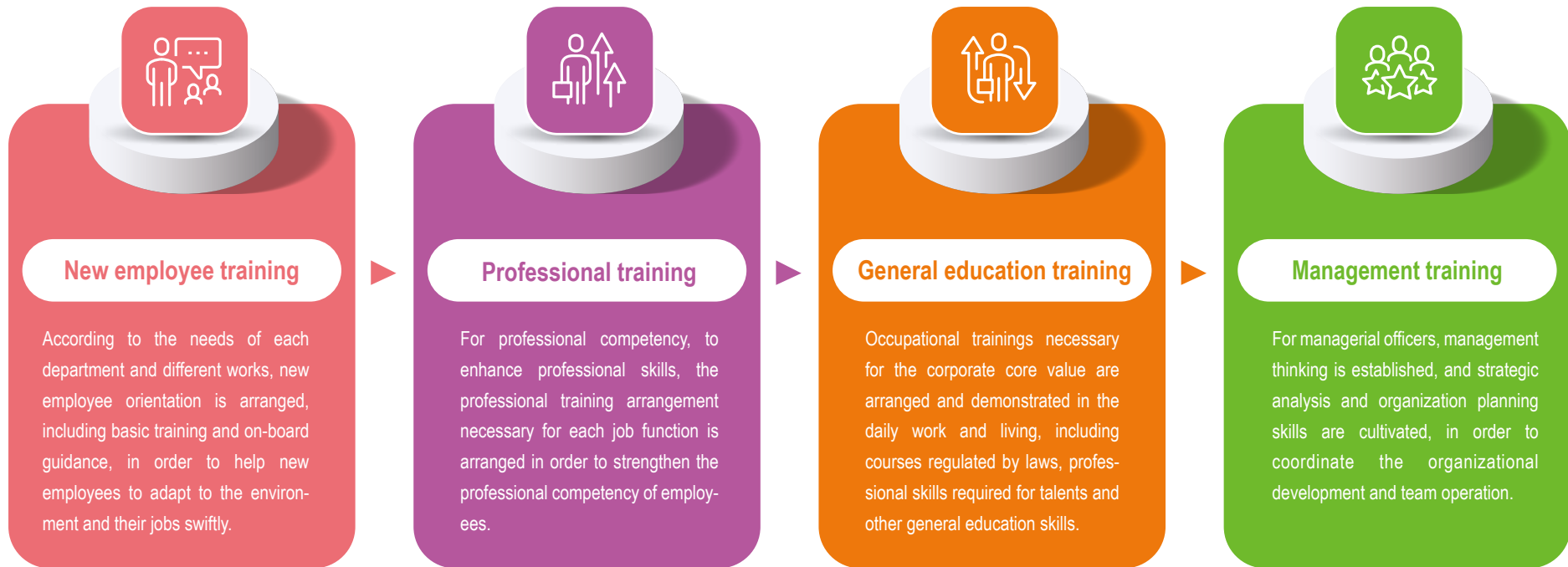


President Tsai Ing-wen presented at the opening ceremony of Academy of Circular Economy

Education training

To cooperate with CH Biotech's long-term development direction, to improve the quality of personnel and to cultivate talents, the Department of Human Resource performs employee training demand survey during the fourth quarter of each year, and the "Annual Training Plan Table" is prepared according to the demand submitted by each department. This is to establish the training goal, to enhance employee professional techniques and management abilities, to enhance quality, morale, and commitment of employees, and to unleash employee potential, thereby aligning the Company's growth with employee career development plans.

In addition to the existing general education training and education training courses highly related to job functions, to allow employees to continue to develop skills that advance with changes in time and to enhance the awareness of "self-learning," CH Biotech encourages employees to engage in self-learning, and making it possible for employees to flexibly select professional technical courses and competency advancement programs. The Company also provides full subsidy to support employees in the participation of training courses organized by external institutions.



Total training amount

CH Biotech provides the greatest support to employees despite the impact of the pandemic. In 2022, CH Biotech's revenue was NT\$1,434,115 thousand, and the total annual training amount was NT\$1,082 thousand, such that the annual training amount reached 0.08% of the total revenue.

Unit: NT\$ thousand; %

Year	2020	2021	2022
Total annual training costs	1,356	688	1,082
Total revenue	702,189	1,018,505	1,434,115
Percentage of total training costs/total revenue	0.19%	0.07%	0.08%

Note: The table information excludes 19 interns and CH Biotech subsidiary's employees.

Education training hours statistics

In 2022, the total employee training hours reached 4,285.5, and the average training hours per person was 37.3 hours, an increase of 60.09% from the average number of training hours in 2021. For employees with high learning intention and development potential, CH Biotech provides subsidies for enrollment in master/doctorate degree programs in universities in Taiwan, in order to foster outstanding corporate talents.

Year		2020		2021		2022	
Category	Gender	Number of hours of education training received		Number of hours of education training received		Number of hours of education training received	
		Total number of hours	Average number of hours	Total number of hours	Average number of hours	Total number of hours	Average number of hours
Managerial officers	Male	8	1.3	40	8	34	8.5
	Female	139	34.8	83	20.8	427	142.3
Non-managerial positions	Male	1,040	24.2	1,349.5	25	2,420.5	48.4
	Female	1,017	21.2	1,119	23.3	1,404	24.2
Total		2,204	21.8	2,591.5	23.3	4,285.5	37.3

Note 1: The table information excludes 19 interns and CH Biotech subsidiary's employees.

Note 2: The number of education training hours in 2022 includes the number of on-job training hours of employees.

6.4 Remuneration and Benefits

◆ Remuneration and Benefits Management Approach

- **Material Topic** : Remuneration and Benefits
- **Corresponding GRI** : GRI 401 Employment
- **Violation Status** : No violations in 2022.



Short-term targets

- Implement the "general employee health examination" once every 3 years.
- Turnover rate lower than 17%.
- Sign with enterprise special contract stores, and increase the number of special contract stores.

Medium- and long-term targets

- Turnover rate lower than 16%.
- Establish reward plan linked to the sustainability performance, in order to actively retain talents of outstanding performance.

Implementation Status

- Convened a total of 11 Employee Welfare Committee meetings.
- Organized the Halloween road running event, and all participants received rewards.
- The total of wedding gift money, maternity allowance and funeral subsidy applied in 2022 was NT\$168 thousand for a total of 14 person-time.
- Employees average salary in 2022 increased by 4.05% from 2021.
- Reinstatement rate of employees on unpaid parental leave reached 100%.

Remuneration and Benefits Management Approach

Reason of Materiality	The Company provides salary superior to the statutory standard and focuses on employee benefits to make employees feel secured at work in order to share business outcomes.
Meaning to CH Biotech	Talent recruitment and retention are one of the key factors for corporate success. The Company is committed to the establishment of harmonic and stable working atmosphere and provides various welfare measures, in order to allow employees to have no worries at work and to grow together with the Company.
Policy	Establish comprehensive human resource system, including salary, reward, promotion and benefit system. By providing generous salary and good benefits, the Company creates friendly working environment for employees in order to achieve sustainable growth with employees jointly.
Evaluation Mechanism	Perform welfare and management measures evaluation annually.
Responsibility and Complaint Filing Mechanism	Conduct planning, execution and review of various welfare plans through quarterly Employee Welfare Committee meetings. Complaint mailbox: info@chbio.com.tw
Positive Impact	Comprehensive system (external incentives including salary, rewards, promotion and benefits, etc.) will increase the work performance and loyalty of employees.
Negative Impact	Remuneration and benefits lower than the peers in the industry will directly affect the employment contribution and output, such that the Company's performance cannot be achieved, causing high personnel turnover rate, thereby affecting the overall business performance of the Company.

Remuneration management

To allow all employees to have better living quality, CH Biotech provides reasonable remuneration system and upholds the fair and just principle to accommodate employee with appropriate job rank and salary, so that employees are able to receive proper return.

As the market consumer price index increases and talent competitions in the industry become more severe, to retain outstanding talents, CH Biotech adjusted the salary structure in October 2022, such that the average salary in 2022 increased by 4.05% from 2021.

CH Biotech believes that employees are the greatest assets of the Company. Accordingly, the Company provides diverse and competitive salary and career development opportunities. The employees' salary complies with relevant labor laws, and the salary is superior to the basic wage specified in the Labor Standards Act.

Unit: NT\$

2022 Taiwan basic wage	Average salary of CH Biotech
NT\$25,250	NT\$74,324

Note 1: The average salary of CH Biotech does not include the salary of "Managerial Officers." Managerial officers refer to the managerial officers specified in the Securities and Futures Bureau, Ministry of Finance, Tai-Tsai-Zheng-III-Zi No. 0920001301 Letter dated March 27, 2003 and Articles 22-2, 25, 28-2, 157 and 157-1 of the Securities and Exchange Act.

Note 2: The table information excludes 19 interns and CH Biotech subsidiary's employees.

Employee remuneration

Unit: NT\$

Disclosure item	2021	2022
Employee salary median	NT\$52,200	NT\$47,885
Employee salary average	NT\$71,428	NT\$74,324

Note: The table information excludes 19 interns and CH Biotech subsidiary's employees.

Remuneration and performance evaluation of managerial officers

The policy for payment of managerial officers' remuneration is established according to the "Regulations for Remuneration and Performance Evaluation of Managerial Officers" and the salary standard for the job position in the market of the same industry, the responsibility scope of such job position in the Company and the contribution to the business objectives of the Company are considered for the salary payment. After the salary and performance evaluation of managerial officers are submitted for review hierarchically and to the Chairman for approval, it is then submitted to the Remuneration Committee for review, followed by approval of the Board of Directors for the payment thereof.

The salaries of general employees are paid in accordance with the "Regulations for Salary Approval" and are determined according to educational background/experience, professional knowledge and skills, professional seniority and individual performance, such that no salary difference is made due to the gender of employees.

Equal salary system

CH Biotech believes that employees are the greatest assets of the Company. Accordingly, the Company provides diverse and competitive salary and career development opportunities. The salary payments comply with the equality principle, such that different treatment or any form of discrimination due to employees' gender, age, religious belief, race and political inclination and other factors is prohibited.



Leave system

Under the impact of the COVID-19 pandemic, CH Biotech provides leaves related to epidemic control, vaccination, etc. according to the laws and regulations. In addition, to satisfy the epidemic control needs, relevant epidemic control supporting measures are taken, such as flexible office locations.

Parental leave

CH Biotech is committed to creating a friendly workplace. Except for providing cash gifts for childbirth and breastfeeding rooms, employees are entitled to maternity leave, paternity leave, family care leave and other leave rights according to the "Act of Gender Equality in Employment" and have the right to apply for unpaid parental leave when there is a need to take care of young children, in order to share employees' burden of balancing work and childcare.

	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of people eligible for unpaid parental leave	6	5	11	7	5	12	9	6	15
Number of employees on unpaid parental leave	1	-	1	0	1	1	-	-	-
Number of employees who should be re-instated during the reporting period after the end of unpaid parental leave (a)	1	-	1	-	-	-	-	1	1
Number of employees who were reinstated during the reporting period after the end of unpaid parental leave (b)	1	-	1	-	-	-	-	1	1
Reinstatement rate after the end of unpaid parental leave (= b/ a*100%)	100%	-	100%	-	-	-	-	100%	100%
Number of employees who are still employed 12 months after re-instatement from unpaid parental leave (c)	-	-	-	1	-	1	-	-	-
Reinstatement rate after the end of unpaid parental leave (= c/last year b*100%)	-	-	-	100%	-	100%	-	-	-

Note: The table information excludes 19 interns and CH Biotech subsidiary's employees.



Employee benefits

CH Biotech provides diverse benefits, such as festival gifts or gift money, employee cafeteria, and employee shopping discounts, etc. In addition to the employees' basic benefits according to the relevant laws and regulations, the Company has also established the Employee Welfare Committee. According to the Employee Welfare Committee charter, Employee Welfare Committee members are elected by all employees, and Employee Welfare Committee meeting is convened once every three months, while extraordinary meetings may be convened when it is necessary. The committee is responsible for the stipulation of the budget for the current year, planning and organization of activities, signing of special contract stores, year-end party arrangement and so on.



Health care

- We implement the "general employee health examination" every three years for all in-service employees (regardless of age), which is superior to what is stipulated in the law. We ask in-service employees to go to qualified hospitals that participate in the health insurance program for special health checkups on a regular basis depending on their jobs.
- We set up fitness facilities, such as table tennis table, in the Company to encourage employees to exercise more.
- We hire on-site doctors and nurses to provide medical care and consultation services.



Leave

- Paid leave, marriage leave, bereavement leave, official leave, occupational injury leave, paternity check and paternity leave, maternity leave, sick leave, menstrual leave, personal leave, family care leave and anti-pandemic leave



Insurance

- Labor insurance/National Health Insurance
- Pension
- Group insurance



Family care/Continuing education

- Group insurance for employee' family members at their own expenses
- Funeral condolence money
- Wedding allowances
- Childcare cash gifts
- Subsidies for continuing education training expenses for employees
- Unpaid parental leave system



Recreation

- Club activities
- Cash gifts or gifts (gift certificates) upon the Labor Day, the Dragon Boat Festival, and the Mid-Autumn Festival
- Year-end party and lottery activities
- Year-end bonus (depending on the Company's earnings)
- Employee dividends (depending on the Company's earnings)
- Employee discounts when purchasing the products of the Company's affiliates
- Special contract stores



Amenities

- Employee cafeteria, staff dormitory, and staff lounge
- Provision of free Chinese group meals
- Subsidies for missed meal allowances
- Staff uniform
- Library
- Free parking space
- Breastfeeding rooms and shower rooms
- Healing greenhouse cafe

A happy enterprise caring physical and mental health of employees

The Corporate Headquarters and R&D Center of CH Biotech located in Nantou is bright with elevated space design and has artworks full of humanistic spirit. The Corporate Headquarters and R&D Center of an area of 4.56 hectare is designed to have modern and streamline appearance, and the public areas at the first floor includes a library, a display area, coffee research offices and a healing greenhouse cafe.

CH Biotech indicates that "research works are cold, and by creating a warm atmosphere and environment, people are working with full energy and may not easily feel exhausted." Accordingly, the Company established the smart healing greenhouse cafe as the recreation space for employees. The healing greenhouse is constructed with the assistance of the College of Bio-Resources and Agriculture of National Taiwan University based on the "Taiwan Forest" planning and design theme. Its interior is planted with 14 types of Taiwan native plants, such as Fragrant Maple and Chinese Hackberry, along with more than 140 types of other landscape plants, such as Sweet Osmanthus and Logwood. In addition, there is a large water screen generating great number of negative ions to simulate Xitou's forest environment, allowing employees to taste specialty coffee and waffle while enjoying the forest healing experience.

In addition to the employee afternoon tea at the healing greenhouse cafe, the lunch at CH Biotech is offered at the employee cafeteria for free. With large French windows and garden landscape of green plants, it creates the atmosphere of a landscape restaurant. The kitchen provides meal of four dishes with one soup and snack that is both nutritious and healthy. CH Biotech provides warm and friendly working environment for R&D personnel to exploit their expertise in a comfortable environment, in order to create innovative and unique products.

Retirement

The retirement benefits comply with the employee retirement regulations specified in the Labor Standards Act, and the pension is appropriated monthly for depositing in dedicated accounts according to the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.

Regarding the pension allocation status, for employees under the old pension system, CH Biotech appropriates 6% of the total salary as the pension reserve on a monthly basis for depositing in dedicated accounts at the Bank of Taiwan. For employees under the new pension system, the appropriation method is made according to the labor pension appropriation classification table for employees on a monthly basis, and 6% of pension is allocated for depositing in the personal accounts of employees at the Bureau of Labor Insurance.

Health promotion

To encourage employees to exercise more, the Company set up table tennis tables and automatic table tennis ball machine at the courtyard for employees to exercise after work, in order to strengthen their body health and to relieve from work stress. In addition, the Company also organizes various events irregularly, such as the "2022 HAPPY HALLOWEEN CH Biotech Road Running" event to promote physical health and cohesion of employees through dressing and road running.



6.5 Occupational Safety

◆ Occupational Health and Safety Management Approach

- **Material Topic** : Occupational Health and Safety
- **Corresponding GRI** : Occupational health and safety
- **Violation Status** : In 2022, the Company was under the review of the Nantou County Government and the competent authority, and we were confirmed to be compliant without any violations.



Short-term targets

- Frequency severity indicator (FSI) < 0.3
- Disability injury frequency rate (FR) < 4
- Disabling injury severity rate (SR) < 21
- Non-disabling injury event < 3
- Employee safety and health training completion rate: 100%

Medium- and long-term targets

- Establish ISO 45001: 2018 system
- Zero occupational safety accidents

Implementation Status

- No occurrence of occupational diseases
- Frequency severity indicator (FSI) = 0.00/ Disability injury frequency rate (FR) = 0.00/ Disabling injury severity rate (SR) = 0.00/ Non- disabling injury event = 1
- Establish the "Safety and Health Policy"
- Stipulate the "Regulations for Safety and Health of Contractors" and the "Preventive Plan for Illegal Infringement During Execution of Job Duties"
- Establish the "Labor/Construction/Equipment Purchase Flow Chart"

Occupational Health and Safety Management Approach	
Reason of Materiality	Providing healthy and safe working environment is the obligation of the Company, and is also one of the most important issues related to employees at work. Establishment of comprehensive safety and health management mechanism and culture is able to reduce the occurrence of incidents and to mitigate the impact of compliance and on corporate continuous operation. In addition, employees working at a healthy, safe and secured environment is able to increase the corporate cohesion and productivity.
Meaning to CH Biotech	Establishment of comprehensive safety and health management mechanism and culture is able to reduce the occurrence of incidents, and it is the Company's obligation to provide healthy and safe working environment.
Policy	Stipulate the "Occupational Safety and Health Management Plan" and organize safety and health education training in accordance with the "Occupational Safety and Health Education and Training Rules." Regularly inspect and maintain mechanical equipment or devices automatically and strengthen the management of mechanical equipment or devices. In addition, perform hazard identification and risk assessment for critical operations or matters of higher potential hazards.
Evaluation Mechanism	Report the performance and improvements for the promotion of occupational safety and health affairs in cooperation with the quarterly convention of labor-management meetings, and perform continuous review and improvement according to the PDCA process.

Occupational Health and Safety Management Approach

Responsibility and Complaint Filing Mechanism	The Department of Management of CH Biotech acts as the dedicated unit for the promotion of occupational safety and health, and also handles the communication and deficiency improvement related to occupational safety and health issues. In addition, the Auditing Office handles complaint case related matters.
Violation Status	In 2022, the Company was under the review of the Nantou County Government and the competent authority, and we were confirmed to be compliant without any violations.
Positive Impact	<ol style="list-style-type: none"> 1. Establish the Company's image for employee care which facilitates the Company's talent recruitment and retention. 2. Create a healthy and safe working environment to improve employee cohesion and make their family members feel at ease. 3. Improve the corporate image of the Company which facilitates the cooperation with investors and orders winning. 4. Reduce large amount of indemnification (compensation) expense due to employee injuries. 5. Drive local contractors to value safety and health regulations and to fulfill corporate social responsibility at the same time with increase in resource investment. 6. Implement the source control principle, and request the occupational safety and health staff to submit review comments before labor/construction/equipment purchase, in order to eliminate contractors nonconforming with regulatory requirements from entering the worksite to reduce construction risks.
Negative Impact	<ol style="list-style-type: none"> 1. Increase time and investment cost in enterprise activities and in purchase of various labor, construction and equipment due to safety and health requirements. 2. Affect the operating efficiency, which causes labor-management gap, before employees establish consensus for the increased safety and health requirements. 3. Since the Company's location is relatively remote, the quality of local contractors may be inconsistent; the higher the safety and health requirements, the harder for contractor quotation, which impacts the construction progress.

Employees are the most important assets of CH Biotech, and we value employees' rights and comments. We also set the safety and health of employees as the priority indicator for performance measurement. Accordingly, we promote employee physical and mental health and increase safety awareness, hoping to establish a safe, healthy and comfortable working environment. In 2022, the Company established the "Safety and Health Policy" and posted on the Company's website.



Occupational safety and health management mechanism and responsibilities

To effectively prevent occupational accidents and to promote employees' safety and health, we formulated the "Occupational Safety and Health Management Plan" as the annual safety and health management guideline, along with the responsibilities of managers at all levels for management, giving instructions and supervision for managers at all levels.

Presently, at the quarterly labor-management meetings, suggestions about the safety and health policy formulated by the employer are brought about and employee occupational safety regulations and COVID-19 pandemic control measures are reviewed, coordinated, and being advised. Moreover, the "Preventive Plan for Illegal Infringement During Execution of Job Duties" has been established (amended) for the year. The Department of Management takes over the responsibility for formulating, planning, supervising, and promoting safety and health management matters and instructs relevant departments to implement relevant tasks accordingly.

Regarding the contractor operation safety requirements, the "Regulations for Safety and Health of Contractors" was newly established and the "Labor/Construction/Equipment Purchase Flow Chart" was announced in 2022. In addition to regulating that contract operations shall comply with the laws and regulations, we explicitly specify the management responsibilities and penalties. Furthermore, through the establishment of the purchase flow chart, prior to the purchase process, the concept of "source control" is adopted. The safety and health personnel provide relevant safety and health regulatory review comments in advance, in order to reduce disputes after contract signing, and to demonstrate the Company's emphasis on the safety and health, thereby eliminating contractors nonconforming with the laws and regulations from entering the worksite to reduce construction risk.

Identification, assessment and control of work environment or operational hazards

To increase the awareness and attention of personnel at all levels to safety and health, we have conducted hazard identification and risk assessment, entrusted external institutions, and invited experts and lecturers to organize education training since 2021 for critical operations and tasks with high potential hazards. For the assessment operation completed in 2022, a total of 471 operational risks were reviewed; among them, 50 medium and high-risk improvement strategies are established. We also continue to head toward the establishment of the ISO 45001: 2018 system in order to achieve the goal of zero occupational accidents. We continue to identify hazards, assess risks and implement necessary control methods to control risks to an acceptable level.

To internalize the safety and health awareness of employees at all levels and contractors in their value systems, for the safety and health education training, CH Biotech implements intensive promotion, subsequent investigation and statistical analysis methods on the occupational accidents, false alarms, emergency handling for events affecting physical and mental health, in order to reduce accident costs as well as to prevent the occurrence of similar accidents by enhanced management.

CH Biotech sees employees as the most important assets of the Company. To ensure employees' exercise of the "right to refuse work" when they encounter danger, according to Article 18 of the Occupational Safety and Health Act, when laborers discover there is a concern of a threat of imminent danger while executing their duties, under conditions in which the safety of other workers is not jeopardized, they may terminate work of their own accord and withdraw to safe locations, and immediately report to their direct supervisors, and the employers shall not dismiss, reassign, not pay wages for the period of work on halt, or otherwise impose unfavorably treatment on laborers taking actions prescribed.



Health check, management and promotion

To secure employees' health and safety, understand their health conditions, prevent occupational injuries and diseases and effectively keep abreast of their health, CH Biotech provides general health check and special health check in accordance with the laws.

1. General health check: CH Biotech's general health check is better than what is required by laws as we provide employees under the age of 65 with health check once every three years; in addition, for employees above the age of 65, the health check is performed annually according to the regulations.
2. Special health check: For those who engage in operations with particular hazards to health, we provide special health check every year according to the laws (9 employees had special health check in 2022).
3. Vaccination: To ensure employees' health and for epidemic control, the Company encourages employees to complete the vaccination. Up to December 2022, the percentage of employees completing the vaccination of three dosages has reached above 94%.

To prevent accidents and to mitigate and reduce the possibility of life-threatening incidents, CH Biotech sets up 2 first-aid personnel according to the law; and to provide safe working environment to employees, in 2022, the Company purchased eight-in-one indoor air quality detectors and numerous safety and health equipment with an investment of approximately NT\$125 thousand for employees to work safely. In response to important issues of occupational safety and health as well as labor health, CH Biotech hires contracted occupational medicine physicians 3 times annually and nurses 3 times monthly according to the laws in order to provide workplace illegal infringement health education, health hazard assessment and consultation, health examination result analysis and evaluation; in addition, the Company consecutively disseminates the educational promotion on maternity protection, human factor hazard, illegal infringement, and abnormal workload. Furthermore, the Company organized the "Hazard General Education and Emergency Response Education" in June and December 2022, and organized an employee health counselling seminar of "Prevention of Illegal Infringement at Workplace" in July, with an aim to establish employees' awareness on safety and health hazard prevention. (In 2022, a total of 66 person-time employee was interviewed by the occupational physician and nurses and 2 health promotion activities were organized with a total of 213 person-time participants).

To keep abreast of employees' operational environment and to evaluate their exposure to hazards in the work environment, CH Biotech has a work environment monitoring program based on the "Labor Workplace Monitoring Implementation Regulations" and monitors the work environment every six months, to get to know workers' exposure at various types of jobs gradually by adopting an effective sampling strategy year by year to ensure that they are not exposed to various hazards.

To fulfill the corporate responsibilities, CH Biotech incorporates contractors in the health management and requests them to provide and submit supporting documents for periodic physical examination, labor insurance (occupational accident insurance) of personnel, in order to utilize the power as a corporate to drive local contractors to value employee health protection and security.



Safety and health education training

CH Biotech organizes safety and health education training in accordance with the "Occupational Safety and Health Education and Training Rules" with an aim for employees to understand unsafe behaviors and unsafe equipment at various jobs to achieve the goal of zero accidents.

The general safety and health education training requires new employees to complete the training on the first day of work or in-service employees to complete the training within two days before the change of job. The content includes an overview of the Company's safety and health status, job-related safety and health management introduction, fire safety measures and first aid knowledge, introduction to escape routes and emergency response.

In-service personnel need to receive general safety and health education training or special safety and health education training depending on their job category and department. In particular, for the personnel in the Department of R&D who may be exposed to chemicals, professionals offer education training on the safety of the operations involving organic solvents, specific chemical substances, and toxic chemicals to enhance their concept of safe operations to achieve the goal of zero occupational accidents in 2022.

2022 Safety and health education training and emergency response drill statistical table

Trainee	Course type	Course title	Person-time of trainees
New employees	General and special safety and health education training and hazard general education training	<ul style="list-style-type: none"> • General safety and health education training for new employees (17 persons) • Special safety and health education training (26 persons; including the safety and health work rules) • Hazard general education training for new employees 	43
In-service employees	General safety and health education training	<ul style="list-style-type: none"> • Education on maternity health protection • Education on employees' obligations for safety and health • Workplace safety and health precautions • Contract management - labor/construction/equipment purchase flow chart 	95
	Special safety and health education training	<ul style="list-style-type: none"> • Hazardous chemical safety and health education • Hazardous substance transportation & labeling safety and health education • Hazard prevention and emergency response 	108

Work safety education training for contractors

According to the "Technical Guidelines for Contracting Management," we offer the work safety education training to contractors to reduce work safety accidents during construction, and stipulates the "Regulations for Safety and Health of Contractors" which the content includes: sub-contracting, contract signing, communication and coordination before the kick-off of daily work and during construction, worksite entry management, construction period management, supervision of safety and health performance, case closure and record keeping management. In addition, contractors are required to sign the work safety commitment and safety contract. By clearly stipulating relevant safety and health regulations, we ensure the safety of construction operations. (In 2022, a total of 1,214 sessions of work safety education training for contractors were held with a total of 3,655 person-time participants).

Emergency response

As per the "Technical Guidelines for Emergency Response Measures," we hold the Fire Rescue and Emergency Response Drill every year with an aim for employees to stay calm and respond quickly when an accident occurs through daily exercises, thereby effectively reducing losses from accidents and protecting the safety of life and property.

2022 Emergency response drill statistical table

Trainee	Course type	Course title	Person-time of trainees
In-service employees/non-employee workers	Fire Rescue and Emergency Response Drill	Self-defense Fire Organization Training	203

Investigation into occupational accidents and data analysis

Based on the premise of "safety first and life first," CH Biotech requires all units to implement hazard identification and self-management properly, to reduce occupational hazards, promote safety and health in the workplace, and maintain workers' safety and health. Occupational accidents threaten employee life and safety, and correspondingly, enterprises suffer financial losses due to occupational accidents (such as compensation for victims, loss of facilities and good-neighborliness expenses); the amount of these losses increases the burden and cost of the Company.

The Company' occupational safety and health staff performs daily inspections of the plant and audits employees' work environment, safety protection measures, and contracted operations safety. Through the management by walking around, the relevant staff checks whether there are any abnormality and whether personnel comply with relevant safety and health regulations and the on-site 6S principles (Sort, Set in Order, Shine, Standardize, Sustain, and Safety), correcting any non-compliance immediately, and raising people's awareness of relevant regulations to ensure all workers' safety in the plant.

In 2022, the statistics indicated that CH Biotech had only one occupational accident. Due to the contact with an interviewee such that 1 staff was infected by COVID-19; however, fortunately, this case did not cause group infection. To prevent any future incidents and to protect employee safety, the Company requested that all interviewees must provide a negative test result in order to enter the plant. The subsequent control outcome was good with successful implementation of epidemic prevention works (according to the announcement of the Occupational Safety and Health Administration, Ministry of Labor, COVID-19 confirmed cases are not included in the recordable occupational injuries; nevertheless, CH Biotech still discloses the incident voluntarily).

To achieve the goal of zero accidents and to protect the work safety of employees and contractors we will continue to strengthen the management for emergency response to occupational accidents and follow-up investigation methods, in order to prevent accidents and reduce losses in the event of an accident.

2022 Occupational injury statistical table

	Total
Number of fatalities due to occupational injuries	0
Occupational injury fatality rate	0
Number of serious occupational injuries (excluding fatalities)	0
Serious occupational injury rate	0
Number of recordable occupational injuries	1
Recordable occupational injury rate (disabling injury frequency rate (FR))	0
Occupational disease rate (ODR)	0

Note: According to the announcement of the Occupational Safety and Health Administration, Ministry of Labor, COVID-19 confirmed cases are not included in the recordable occupational injuries.



07

Social Development and Care

7.1 Community Events

7.2 Charity Donations



◆ Social Development and Care

CH Biotech actively participates in social care issues and aims to contribute efforts in providing return and warmth to society. Through various charity events and donations, the Company connects internal staff with the external organizations, in order to attract more people's attention to the social care issues and to contribute their time in relevant events.

7.1 Community Events

CH Biotech actively participates in social care issues and aims to give a helping hand to bring warmth to society. Through participation in various charity events and donations, the Company looks forward to achieve promotional and encouragement effects to connect internal staff with the external organizations, attracting more people's attention to the social care.

"One person per bag, join CH Biotech in blood donation" event

Affected by the COVID-19 pandemic, people's willingness in blood donation decreases such that a lot of blood banks are facing shortage in all types of bloods. As there are a great number of patients in Taiwan in need of blood transfusion and emergency needs, CH Biotech initiated the first term of "One person per bag, join CH Biotech in blood donation" event, and a total of 94 bags of blood were raised. Our employees and their relatives were called to join such event and to contribute efforts to society. In addition, the Company invited neighboring government agencies and community residents, including the National Conscription Agency, Nantou Motor Vehicles Office, Zhongxin Branch and Guangming Branch of Nantou County Police Department, to participate in the event jointly.



Community resident visits

CH Biotech is located at the Zhongxin New Village. Since its inception, the Company has invited community residents to visit annually. In 2022, the Neixing Village Chief and the Yingbei Village Chief led the Neighborhood Chiefs and village residents to visit the Company, and a tour was arranged to introduce the Company's environment, the laboratories and the healing greenhouse cafe. Through the visit, the Company communicated and exchanged opinions with community residents to fully understand their needs and feedback. For questions raised by community residents, the Company provided detailed explanations and also actively promoted CH Biotech's policies. By doing so, community residents understand CH Biotech's commitment and contribution to them, and the friendship also brings positive effects.



100,000 lamps lit up by CH Biotech in winter

For two consecutive years, CH Biotech has opened the Company gate to welcome community residents and employee family members to celebrate the Christmas holiday together. In 2022, the Company set up three LED Christmas trees and installed artistic lamps and decorations at the plant. In addition, during the opening, the Company provided hot coffee, allowing visitors to enjoy the atmosphere of a merry Christmas. It also demonstrated CH Biotech's determination in providing return and contribution to the local community and achieving sustainable development.



Care for social development, and reduce gap between industry and academia

In recent years, CH Biotech has actively implemented care to social development. With the "Corporate Headquarters and R&D Center" in Nantou as the main focus, the Company adopts the corporate visit model to guide university and college undergraduates of agriculture related departments to walk into an agricultural biotech company to understand how the industry works, thereby reducing the gap between industry and academia.

The corporate visit discussion issues are mainly related to the contemporary international trend of agricultural biotech industry market. Through interactive and sharing conversation with CH Biotech's professional R&D personnel, students can understand the market demand and the R&D dynamics of CH Biotech. In 2022, there were nearly thirty schools that had visited the Company and more than one hundred students were involved.

In the future, CH Biotech hopes to implement care to social development through corporate visits continuously to help students to learn CH Biotech's determination in sustainable development. Also, by providing internship opportunities to undergraduates of universities and colleges through the organization of such event, CH Biotech assists the government in cultivating outstanding agricultural technical talents and to satisfy the manpower needs of the industry. Moreover, the care to the social development is embodied to contribute efforts to the sustainable development of Taiwan.



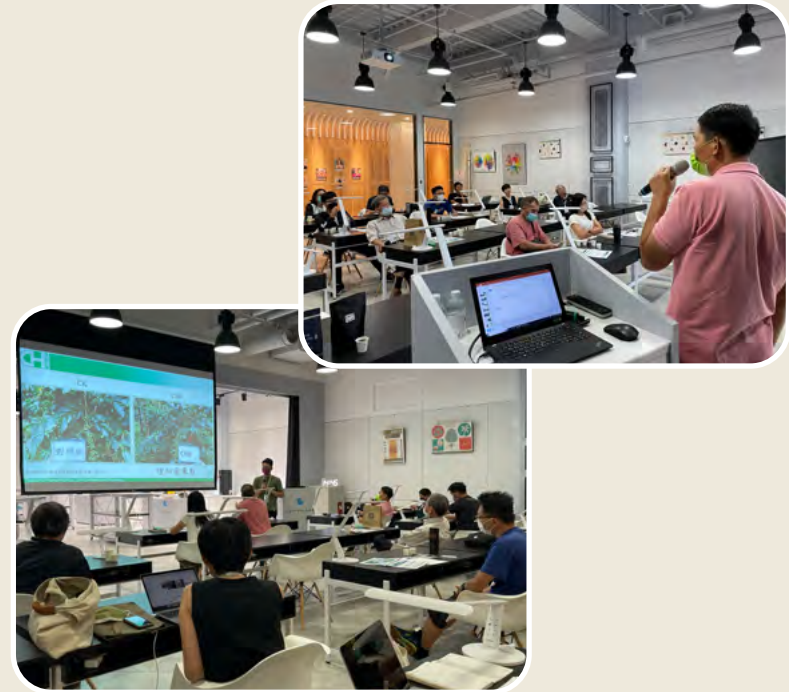
Visit by Students of Professional Master Program of Agricultural Business Management, National Chung Hsing University

Local coffee farmers sharing session

CH Biotech's Flavor Compound Center collaborates with the owner of coffee manor at the highest altitude in Taiwan (SEN YUE High Pk). Through scientific method, the Center assists the coffee manor to improve the planting and growing process in order to overcome the frostbite issue easily to be occurred at high altitude. In addition, after the harvesting of coffee beans, raw bean quality chemical analysis and coffee cupping are performed to determine the coffee bean quality level and the commercial value.

The owner of the coffee manor, through the collaboration with CH Biotech, successfully achieved outstanding performance in international competitions. In 2022, the manor owner obtained the Private Collection Auction (PCA) qualification, allowing the manor owner to receive economic recognition and support from international buyers via the ACE global membership website. In addition, the manor owner also achieved remarkable results in the Taiwan raw bean competition and the Truemeiyuan Taiwan Specialty Coffee Review.

This year, CH Biotech invited the manor owner to share his planting experience from field management to post-processing with coffee farmers from all over the place and discuss the importance of each stage. Our researchers, based on the investigation results of coffee manor at high altitude, summarized the notes of coffee growth management, including fertilizer management, trimming skills, and post-processing physical and chemical data results, in order to convey the most complete coffee growing experience. Through the field sharing sessions, CH Biotech Flavor Compound Center's core spirit of "connecting Taiwan's coffee industry with the world" is achieved and it "conveys proper knowledge via science" to strengthen Taiwan's coffee industry chain, helping farmers to improve field management in a scientific way and comprehensively upgrade Taiwan's coffee industry.



Neighborhood sharing meeting

CH Biotech makes it possible for neighborhood residents to have an on-site visit to a local enterprise in order to improve social image, to promote corporate social responsibility and to facilitate the public to learn the culture of a local company. CH Biotech uses the coffee industry chain as an example, from coffee tree field management, post-processing, baking and prototyping, sensation cupping and chemical analysis, to introduce the R&D capability and core value of the Company one by one, maintaining good interaction with the public.



7.2 Charity Donations

Egret Foundation

The founder of the Egret Foundation Dr. Hsiu-I Lu cared the local village and culture and was dedicated to the promotion of art and culture education as well as related local activities to reduce the gap between urban and rural areas and to improve the cultural level of the public. After Dr. Hsiu-I Lu passed away, Egret Foundation Honorary Chairman Ms. Yu-Hsiu Chen preserves his spirit with the theory of "Diamond Taiwan" to integrate Taiwan's wonderful DNA of "Hometown Fashion" to create various artistic works and living style output, helping Taiwan to stand out in the trend of globalization through unique Taiwan exquisite life pattern. After the establishment of the foundation, music events, rural music concert tours and year-end charity music concerts are organized irregularly, and Taiwanese and foreign well-known musicians are invited to perform. Accordingly, through education of art performance, the foundation aims to achieve the effect of spirit inspiration and society purification.



Donation to Liang-shean Tang Social Welfare Foundation

Chou Chen, a senior citizen in Nantou Puli, established the "Liang-shean Tang Social Welfare Foundation" to promote social welfare. The foundation particularity focuses on the children, teenagers and their family members and promotes the all-around care services from prevention to recovery in order to guide the development of children, teenagers and their family, thereby reducing social issues related to children and teenagers. Chou Chen was not afraid of illness and stress and received great support and recognitions from a lot of people.

In recent years, to promote the business philosophy of "gain from society and return to society," CH Biotech actively participates in various public welfare events and emergency relief activities to share love, make contribution to society and fulfill our social civic responsibilities.



Donation to Taiwan Fund for Children and Families Nantou Branch

"Timely assistance, warm care, Christ's love, professional social workers" is the service philosophy of the Taiwan Fund for Children and Families (TFCF) to seek benefits for children. Over the past years, TFCF cares disadvantaged children and particularly provides living aids to children of low-income families and protects children under child abuse and with special needs. The professional social workers of TFCF actively intervene and provide guidance, helping children to have proper family care, to receive physical and mental protection and to grow in a healthy environment.

In the last three years, due to the pandemic impact, it was difficult for the public welfare organizations to conduct physical fund-raising events, such that the revenues of these organizations from donation decreased significantly but the subjects requiring assistance and the expenses incurred continued to increase. To demonstrate the Company's care in social welfare and to fulfill the social civic responsibilities, the Company participated in the "2022 Winter Warmth Charity for Children Carnival" organized in December by Nantou Branch of TFCF. Through donation, the Company provides substantial aids to TFCF to help the foundation to continue to promote diverse services to stabilize society.





Appendix

Appendix 1 Membership Associations

Appendix 2 GRI Standards Index

Appendix 3 SASB Standards Index

Appendix 4 Independent Assurance Statement



◆ Appendix 1 Membership Associations

Participation in membership associations

Name of membership association	Title
Taiwan Safe and High-Quality Agriculture Extension Association	Member
Agronomy Society of Taiwan	Member
Taiwan Society for Horticultural Science	Member
Taiwan Entomological Society	Member
Taiwan Bio Industry Organization	Member
Industry Liaison Office, National Taiwan University	Member
Taiwan Phytopathological Society	Member
Taiwan Stock Affairs Association	Member
International Coffee Research Institute	Member
Alliance for Corporate Sustainability Impact, Tunghai University	Member

◆ Appendix 2 GRI Standards Index

Instruction of Use: CH Biotech R&D Co., Ltd. prepares report according to the GRI Standards, and the report period is from 2022.01.01~ to 2022.12.31

Use of GRI 1: GRI 1 Foundation 2021

Applicable GRI Sector Standards: None

GRI Standards	Disclosure	Corresponding Chapter	Remarks/Omission
GRI 2 : General Disclosures 2021	2-1 Organizational details	Editorial Principles 1.2 About CH Biotech	
	2-2 Entities included in the organization's sustainability reporting	Editorial Principles 1.2 About CH Biotech	
	2-3 Reporting period, frequency and contact point	Editorial Principles	
	2-4 Restatements of information	Editorial Principles	
	2-5 External assurance	Editorial Principles	
	2-6 Activity, value chain and other business relationships	2.1 Operating Performance 4.1 Supply Chain	
	2-7 Employees	1.2 About CH Biotech 6.2 Labor Relations	
	2-8 Workers who are not employees	6.2 Labor Relations	
	2-9 Governance structure and composition	2.2 Corporate Governance	
	2-10 Nomination and selection of the highest governance body	2.2 Corporate Governance	
	2-11 Chair of the highest governance body	Chair of the highest governance body is not the highest management of CH Biotech	
	2-12 Role of the highest governance body in overseeing the management of impacts	1.1 Establish CH Biotech Sustainable Value	
	2-13 Delegation of responsibility for managing impacts	1.1 Establish CH Biotech Sustainable Value	
	2-14 Role of the highest governance body in sustainability reporting	1.1 Establish CH Biotech Sustainable Value	

GRI Standards	Disclosure	Corresponding Chapter	Remarks/Omission
GRI 2 : General Disclosures 2021	2-15 Conflict of interest	2.2 Corporate Governance	
	2-16 Communication of critical concerns	2.2 Corporate Governance	
	2-17 Collective knowledge of the highest governance body	2.2 Corporate Governance	
	2-18 Evaluation of the performance of the highest governance body	2.2 Corporate Governance	
	2-19 Remuneration policies	2.2 Corporate Governance 6.4 Remuneration and Benefits	
	2-20 Process to determine remuneration	2.2 Corporate Governance 6.4 Remuneration and Benefits	
	2-21 Annual total compensation ratio	6.4 Remuneration and Benefits	
	2-22 Statement on sustainable development strategy	1.1 Establish CH Biotech Sustainable Value	
	2-23 Policy commitments	1.1 Establish CH Biotech Sustainable Value	
	2-24 Embedding policy commitments	1.1 Establish CH Biotech Sustainable Value	
	2-25 Processes to remediate negative impacts	1.4 Identification of Material Issues	
Material topics			
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	1.4 Identification of Material Issues	
	3-2 List of material topics	1.4 Identification of Material Issues	
GRI 303: Water and Effluents 2018			
GRI 3	3-3 Water and effluents management approach	1.4 Identification of Material Issues 3.3 Water Resource and Effluent Management	

GRI Standards	Disclosure	Corresponding Chapter	Remarks/Omission
GRI 303	303-1 Interactions with water as a shared resource	3.3 Water Resource and Effluent Management	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
	303-4 Water discharge		
	303-5 Water consumption		
GRI 401: Employment 2016			
GRI 3	3-3 Labor relations management approach	1.4 Identification of Material Issues 6.4 Remuneration and Benefits	
GRI 401	401-1 New employee hires and employee turnover	6.2 Labor Relations	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.4 Remuneration and Benefits	
	401-3 Parental leave	6.4 Remuneration and Benefits	
GRI 402: Labor/Management Relations 2016			
GRI 3	3-3 Labor/management relations management approach	1.4 Identification of Material Issues 6.2 Labor Relations	
GRI 402	402-1 Minimum notice periods regarding operational changes	6.2 Labor Relations	
GRI 403: Occupational Health and Safety 2018			
GRI 3	3-3 Occupational health and safety management approach	1.4 Identification of Material Issues 6.5 Occupational Safety	

GRI Standards	Disclosure	Corresponding Chapter	Remarks/Omission
GRI 403	403-1 Occupational health and safety management system	6.5 Occupational Safety	
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		
	403-10 Work-related ill health		
GRI 416: Customer Health and Safety 2016			
GRI 3	3-3 Customer health and safety management approach	1.4 Identification of Material Topics 5.3 Quality Management	
GRI 416	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	5.3 Quality Management	
GRI 417: Marketing and Labeling 2016			
GRI 3	3-3 Marketing and labeling management approach	1.4 Identification of Material Topics 5.1 Sustainable Agriculture	
GRI 417	417-1 Requirements for product and service information and labeling	5.1 Sustainable Agriculture	
	417-2 Incidents of non-compliance concerning product and service information and labeling		


GRI Standards	Disclosure	Corresponding Chapter	Remarks/Omission
Sustainable Operation			
GRI 3	3-3 Sustainable operation management approach	1.4 Identification of Material Topics 1.1 Establish CH Biotech Sustainable Value	
CH Biotech Self-specified Topics	Sustainable operation disclosure	1.1 Establish CH Biotech Sustainable Value	
Environment Management			
GRI 3	3-3 Environment management management approach	1.4 Identification of Material Topics 3.1 Environment Management	
CH Biotech Self-specified Topics	Environment management disclosure	3.1 Environment Management	
GRI 302	302-1 Energy consumption within the organization	3.2 Energy Management	
GRI 303	303-1 Interactions with water as a shared resource	3.3 Water Resource and Effluent Management	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
	303-4 Water discharge		
	303-5 Water consumption		
GRI 305	305-1 Direct (Scope 1) GHG emissions	3.5 Greenhouse Gas Management	
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions		

Appendix 3 SASB Standards Index

Topic	Matric	Category	2022 Disclosure	Unit of Measure	Code	Corresponding Chapter
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	437.9092 metric tons (t) CO ₂ -e	Metric tons (t) CO ₂ -e	RT-CH-110a.1	3.5 Greenhouse Gas Management
	Percentage covered under emissions-limiting regulations	Quantitative	0%	Percentage (%)		
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	Discussion and Analysis	Please refer to 3.5 Greenhouse Gas Management for details	n/a	RT-CH-110a.2	3.5 Greenhouse Gas Management
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	Quantitative	No testing was performed in 2022; and it is expected to be performed in 2023.	Metric tons (t)	RT-CH-120a.1	3.5 Greenhouse Gas Management
Energy Management	Total energy consumed	Quantitative	24,019 Gigajoules (GJ)	Gigajoules (GJ)	RT-CH-130a.1	3.2 Energy Management
	Percentage grid electricity		100%	Percentage (%)		
	Percentage renewable		0%	Percentage (%)		
	Total self-generated energy		0%	Percentage (%)		
Water Resource Management	Total water withdrawn	Quantitative	0 thousand cubic meters (10 ³ m ³)	Thousand cubic meters (10 ³ m ³)	RT-CH-140a.1	3.3 Water Resource and Effluent Management
	Total water consumed		48.567 thousand cubic meters (10 ³ m ³)	Thousand cubic meters (10 ³ m ³)		
	Percentage of each in regions with High or Extremely High Baseline Water Stress		0%	Percentage (%)		
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0 cases	Number	RT-CH-140a.2	3.3 Water Resource and Effluent Management	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	Please refer to 3.3. Water Resource and Effluent Management for details	n/a	RT-CH-140a.3	3.3 Water Resource and Effluent Management

Topic	Metric	Category	2022 Disclosure	Unit of Measure	Code	Corresponding Chapter
Hazardous Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	2.60208 metric tons; 100%	Metric tons (t), Percentage (%)	RT-CH-150a.1	3.4 Waste Management
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	Please refer to 7.1 Community Events and 7.2 Charity Donations for details	n/a	RT-CH-210a.1	7.1 Community Events 7.2 Charity Donations
Workforce Health & Safety	Total recordable incident rate (TRIR)	Quantitative	0%	Rate	RT-CH-320a.1	6.5 Occupational Safety
	Fatality rate		0%	Rate		
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	Please refer to 6.5 Occupational Safety for details	n/a	RT-CH-320a.2	
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	Please refer to 2.2 Corporate Governance for details	n/a	RT-CH-530a.1	2.2 Corporate Governance
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Quantitative	0 cases	Number, Rate	RT-CH-540a.1	6.5 Occupational Safety
	Number of transport incidents	Quantitative	0 cases	Number	RT-CH-540a.2	6.5 Occupational Safety

Appendix 4 Independent Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE CH BIOTECH R&D CO., LTD.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by CH BIOTECH R&D CO., LTD. (hereinafter referred to as CH BIOTECH) to conduct an independent assurance of the Corporate Sustainability Report for 2022 (hereinafter referred to as the SR Report). The scope of the assurance, based on the SGS ESG and Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification 2023/03/06-2023/03/27. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all CH BIOTECH's Stakeholders.

RESPONSIBILITIES
 The information in the CH BIOTECH's Sustainability Report of 2022 and its presentation are the responsibility of the directors or governing body (as applicable) and management of CH BIOTECH. SGS has not been involved in the preparation of any of the material included in the SR Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all CH BIOTECH's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
 The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

Assurance has been conducted at a moderate level of scrutiny.

TWLPP 5008 Issue 2207

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Universal Standard (2021) (Reference)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Universal Standards (2021) listed in the GRI content index where the organization has referenced for the preparation of the reported information.

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability team members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
 Financial data drawn directly from independently audited financial accounts, has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
 The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from CH BIOTECH, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION
 On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.
 We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2207

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)**INCLUSIVITY**

CH BIOTECH has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, CH BIOTECH may collect more feedback from its various stakeholders to integrate the engagement results into governance, strategy and decision-making process across the organization.

MATERIALITY

CH BIOTECH has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

IMPACT

CH BIOTECH has disclosed the organization's impacts on stakeholders and on the organization itself. Measurements and evaluations on potential impacts, such as direct and indirect, intended and unintended, and positive and negative impacts and the relevant management process to address these impacts are to be further described in future report.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, CH BIOTECH's CS Report of 2022, complies with the Requirements for reporting with reference to the GRI Standards set out in Section 3 of GRI 1. The significant impacts are assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to CH BIOTECH's contributions to sustainability development. For future reporting, CH BIOTECH is encouraged to prepare for the transition to reporting in accordance with the GRI Standards, with more comprehensive details of its management processes on the identified impacts on the economy, environment, and people, including impacts on their human rights.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephan Pao
Knowledge Deputy General Manager
Taipei, Taiwan
06 May, 2023
WWW.SGS.COM

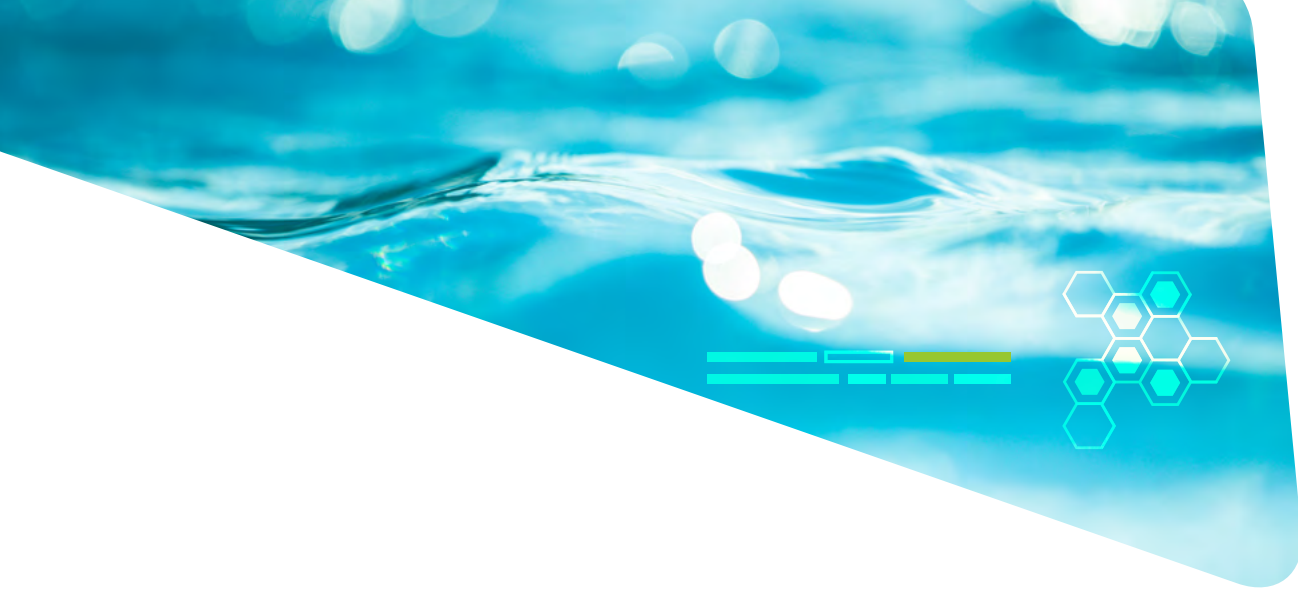


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