

2015

# Go Beyond Your Wish

遠百，永遠超乎您的期待

企業社會責任報告書



## Report Profile

This is the second CSR report published by Far Eastern Department Stores (FEDS) in both Chinese and English versions. FEDS has also established a CSR website where this report is available for download (<https://www.feds.com.tw/>).

## Reporting Period

This report provides a summary of FEDS' CSR management approaches, material topics, responses, and action performance in fiscal year 2015 (January 01, 2015 to December 31, 2015). Some information was traced back to fiscal year 2013 for readers to understand better and more about activities in fiscal year 2015.

## Reporting Cycle

FEDS will publish the CSR report on an annual basis. The next report (fiscal year 2016) will be published in June 2017.

## Reporting Boundary

Based on financial materiality and Taiwan locality, and taking into consideration that the scope of this report is broader than the previous issue, covering all sales locations in Taiwan of FEDS and the following subsidiaries: The Mall (Ya Tung Department Store Co., Ltd.), city'super (Far Eastern Citysuper Ltd.), and a.mart (Far Eastern Ai Mai Co., Ltd.), they are collectively referred to as the Far Eastern Retail Group (FERG) in this report. The scope of non-financial information and data contained in this report has covered the economic, environmental, and social performances of FERG. Financial information has been disclosed based on the FEDS consolidated financial statements audited by CPAs and the consolidated data produced by FERG based on the report boundary. Please refer to the 2015 consolidated statement for the performance of individual members of the group.

Entities	Locations
Far Eastern Department Store Co., Ltd. (FEDS)	18F, No. 16, Xinzhan Road, Banqiao District, New Taipei City.
Ya Tung Department Store Co., Ltd. (The Mall).	B2F-5F, No. 203 and 1F, No. 209, Section 2, Dunhua South Road, Taipei City.
Far Eastern Citysuper Ltd. (city'super)	7F, No. 64, Section 4, Ren'ai Road, Da'an District, Taipei City.
Far Eastern Ai Mai Co., Ltd. (a.mart)	4F, No. 101, Guixing Road, Banqiao District, New Taipei City.

## Reporting Guidelines and Third Party Assurance

This report has been produced in accordance with the spirit of The Global Compact's Ten Principles, ISO 26000, and Intercontinental Group of Department Stores (IGDS) code of conduct and with reference to the Core option of Global Reporting Initiative (GRI) G4.

In report assurance, this report has been assured by third-party assurance authority to ensure its conformity to the Core Option of GRI G4 and Type 1 Moderate Level of AA1000 (AccountAbility Assurance Standard).

## Contact

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# INDEX

Report Profile	1	Message from the Chairman	4
Highlights in 2015	8	Three Implications of "Go Beyond Your Wish"	8

<b>Chapter 1</b>		
<b>BEYOND OUR WORLD</b>		<b>10</b>
1.1 Company Profile		12
1.1.1 Organization overview		12
1.1.2 Participation in Associations and Initiatives		17
1.2 Business Overview		18
1.2.1 Business Philosophy		18
1.2.2 Corporate Governance		20
1.2.3 Financial Performance		23
1.2.4 Strategy for Sustainable Operations		24
1.3 Risk Management and Contingency		25
1.3.1 FERG Audit System		26
1.3.2 Code of Ethical Business Practice		28
1.4 Stakeholders and Material Topics		28
1.4.1 Stakeholder Identification and Communication		29
1.4.2 Identification of Material Topics		31




<b>Chapter 2</b>		
<b>BEYOND IMAGINATION</b>		<b>38</b>
2.1 Detail-Oriented Low-Carbon Operations		40
2.1.1 All-Round Energy Saving Management		40
2.1.2 New Ideas for Transportation Hubs		43
2.2 Eco-Friendly LOHAS Services		45
2.2.1 Waste to Resources		45
2.2.2 Fashion and Nature Together		47
2.3 Future Imagination of Green Intelligence		49
2.3.1 Low Carbon Management and Green Service		49
2.3.2 Building Green Malls With Intelligence		51
2.3.3 Safe and Thoughtful Services for All Customers		53
2.3.4 Intelligent Management for Zero Risk		56



<b>Chapter 3</b>		
<b>BEYOND SHOPPING</b>		<b>58</b>
3.1 Shopping with Technology		60
3.1.1 Super Experience of Virtual-Physical Integration		60
3.1.2 A Happy Excursion with Cloud Shopping		62
3.2 Dedicated Product Management		63
3.2.1 Maintaining Quality Together		63
3.2.2 Clear Labeling for Consumer Protection		65
3.2.3 Unexaggerated Marketing and Publicity		66
3.3 Happy Life with Safe Foods and Beverages		67
3.3.1 Control for Food Safety First		67
3.3.2 Acclaim for Choice Products		69
3.4 Customer-First Thoughtful Services		70
3.4.1 Customer Satisfaction First		70
3.4.2 True Response to Customer Advice		72
3.4.3 Zero Miss Privacy Protection		72



<b>Chapter 4</b>		
<b>BEYOND HAPPINESS</b>		<b>74</b>
4.1 A Happy Workplace for Adaptive Development		76
4.1.1 Equal Remuneration		76
4.1.2 Welfare Diversity		76
4.1.3 Adaptive Training and Development		79
4.1.4 Encouragement of Development		81
4.2 Labor-Management Relations with Achievement Sharing		82
4.2.1 Diversified and Equal Workforce Structure		83
4.2.2 Maintaining Safe Work Conditions		84
4.3 Cultural and Social Exchange and Fusion with Locals Across the World		88
4.3.1 Befriending Neighbors and Local Cultivation		88
4.3.2 Hub of Technology and Culture		88
4.3.3 Linking Social Care with Love		89



## Message from the Chairman



This is the second CSR report published by FEDS. In this report, we have made a special and innovative highlight: we have extensively expanded the reporting boundary to cover all department stores, top supermarkets, and hypermarkets under the Far Eastern Retail Group (FERG) for stakeholders to understand the CSR concepts and value, the actions and efforts, and goals and visions for sustainable operations of all subsidiaries of FERG in a more elevated retail perspective.

Established nearly half a century ago, we uphold the belief of “running for the aspiration of consumers” to maintain steady growth and pursue continuous breakthroughs and innovations. From a simple department store of less than 16,530m<sup>2</sup>, we gradually expanded store space and added life, fashion, entertainment, and cultural elements to the department store to create mall transformation following market changes. The latest G4 stores (City series) are operated as “department-store-based shopping mall” to provide complete product portfolio, delicate and characteristic foods and beverages, surprising spatial design, and all kinds of fun activities to fulfill consumers’ demand for one-stop shopping. In short, we are the best promotor of life and fashion together with the delicate tastes of our fellow countrymen.

Apart from transforming department stores to keep pace with times, we have invested in hypermarkets, top supermarkets, and other department stores to fulfill the consumption demands of different customer groups and to provide citizens with comprehensive options for daily life consumption through explicit market positioning and differentiation strategy. With the rise of the smart economy, all FERG members have captured the trend of consumption and strengthened the ability to operate malls with digital technology, so as to bring consumers to enter the era of smart retailing through data analysis, mobile commerce, and virtual communities. Looking back at the growth of FEDS, it was a process of incessant breakthroughs and challenges, innovations and transformations to set the best practice for the innovative operations of department stores and the best benchmark for enterprises to continuously pursue sustainable operations with the competition.

In 2015, FEDS performed spectacularly in all aspects of corporate social responsibility. Our effective efforts in promoting the smart energy saving program were rewarded by the “Industry Energy Saving Benchmark” award from the Ministry of Economic Affairs. We are the only department store chain winning this award. The Mega Tower completed and opened at the beginning of the year even won the “Silver Level” green building mark from the Ministry of the Interior. Many environmental and energy saving concepts have been applied to the operations and design of the new-generation City stores. For example, the PV system is used to supply electricity for lighting in public areas and the rainwater harvesting system is used to collect water for irrigation to naturally blend the concept of green operations with space in the mall. In addition, we also support the green power program and participate in green electricity subscriptions to progressively integrate “eco-friendliness and energy saving” in the DNA of business operations.

In social engagement, we arrange one activity almost every two days. While pursuing profits, we spare no effort to participate in pro bono activities. As the most widespread department store chain in Taiwan, we hope every branch can be the convergence platform of pro bono power in the city it is located. With the crowd gathering ability of department stores or malls, we provide the public space inside and outside of the store for local organizations and charities to invite consumers shopping at our stores/malls to support pro bono activities. On special days, we recruit daily life supplies and the required resources and deliver them to “disadvantaged families, children living in remote areas, and seniors living alone” to express our warmest care to warm the entire city. In 2015, we promoted pro bono activities through cooperation with over 60 external units, and over 1,000 employees participated in these activities. The Formosa Fun Coast explosion brought great sorrow across the country and drew the attention of all parts of society. All ten FEDS stores across Taiwan expressed their concerns and care for the victims. Apart from launching activities to pray for the injured at the same time, these stores mobilized employees to donate funds for them to demonstrate the unity strength of FEDS employees and their heart to requite society.

Food safety has become the main concern of consumers in recent years. At FEDS, we impose strict control over food and beverage sanitation and provide consumers with a worry-free dining environment and fresh ingredients. We safeguard the dining safety and health of consumers through the following three rigorous tour inspection mechanism: “well-defined specifications, self-management, and periodic inspection.” All self-imported products sold at the FE21’ World Gourmet Exotic Foods Court must pass all examinations required by the law before slotting. With ethical operations for over two decades, we have established a reputation for high quality and have won trust from consumers. Apart from providing customers with the top and professional products, we will further enforce the “responsible retail” concept and begin to sell fair trade tea and coffee to create opportunities for economically disadvantaged producers in the global economic system, ensure labor rights and benefits, and promote social justice.

In the future, we want to be a twin-engine growing enterprise. The first engine is EPS (earnings per share), we will improve the profitability of FEDS through business strategies and management innovations. The second engine is EGS (environment, governance, and society); we will continuously realize social responsibility for the goal of sustainable operations. Driven by the twin E-engine, FEDS will take hypermarkets, top supermarkets, and other department stores to “Go Beyond Your Wish.”

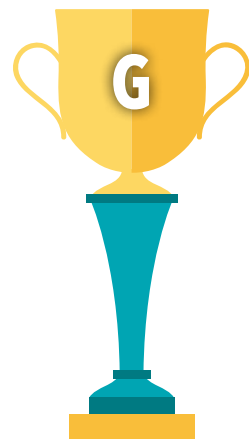
*Douglas Tong Hsu*

Chairman

Far Eastern Department Stores



## Highlights in 2015



- FEDS**
  - Silver Award, Service Industry Category, Taiwan Corporate Sustainability Award, Taiwan Institute for Sustainable Energy.
  - Excellence in Corporate Social Responsibility Award, *Top 50* Large Enterprises, CommonWealth Magazine.
  - Founding member of the Center for Corporate Sustainability which promotes sustainable development of Taiwanese enterprises.
  - Investigations of internal and external stakeholder, strengthening stakeholder engagement and the inclusiveness of the material topics in the report.
  - Top 20%* outstanding enterprises in the 2nd Corporate Governance Evaluation.
  - Won the AIT "Commerce Creation Together" trophy (the only department store chain that won the award).
- FERG**
  - The only CSR report of public companies that covers department stores, top supermarkets, and hypermarkets.



- FEDS**
  - 70% of sales locations passed the Zero Accident Working Hours Certification.
  - Organized *240* CSR-related activities.
  - Donated over NT\$ *14 million* for charities.
  - 3rd Prize, Department Stores & Malls Category, 12th Top Service Awards, Next Magazine
- city' super**
  - Gold Award, Taiwan Service Industry Ratings, Commercial Times.
- a.mart**
  - Traceable Agricultural Products—Aggressive Implementation and Selling Award, Council of Agriculture, Executive Yuan.
- FERG**
  - Nearly *90%* customer satisfaction.
  - Education/training for *26,698.5* man-hours.
  - Parental leave application rate over *70%*.

Completion of the silver level green building FEDS corporate headquarters—Mega Tower.

Industry Energy Saving Benchmark Award, Ministry of Economic Affairs (the only department store chain that won the award).

Purchased *100,000* kWh of green electricity.

Independent PV systems generating over *40,000* kWh of electricity.

2015 Far Eastern Energy Saving Gold Award.

MOEA "Love Water, Save Water" citation.

Taipei City Government: Energy Saving Product Promotion—Aggressive Promotion Award.

3rd Prize, Best Marketing Award and 1st Prize, Popularity Award, Taoyuan City Energy Saving, Emissions Reduction & Environmental Education.

Leader of the hypermarket e-commerce for online-shopping service.

Invested over NT\$ *18 million* in replacing lighting with LED lamps to save up to *67%* energy consumption.

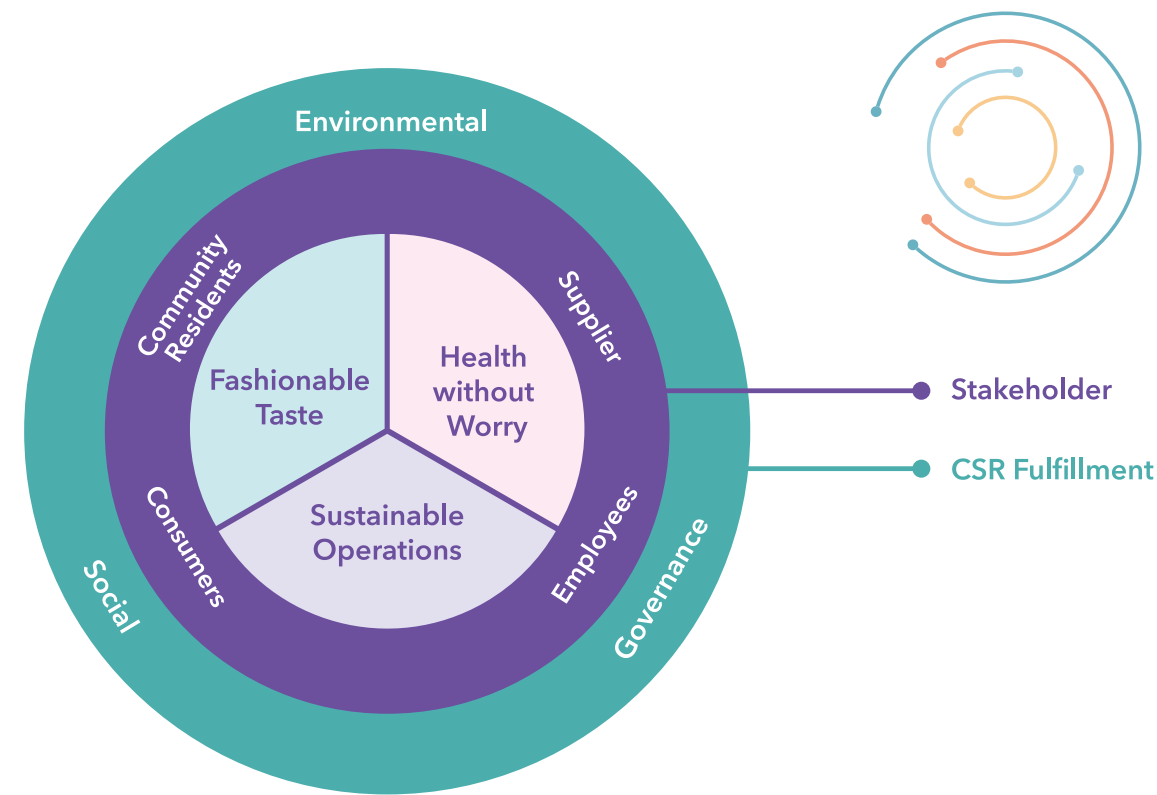


- FEDS**
- city' super**
- a.mart**
- FERG**



### Three Implications of "Go Beyond Your Wish"

1. **The reporting boundary goes beyond your wish**—we included three subsidiaries of different styles in the 2015 report to present our CSR performances in terms of FERG
2. **Operating channels go beyond your wish**—we aggressively extend the CSR management concept to on-line shopping platforms
3. **Reinforcing communication with and response to stakeholders beyond your wish**—we adequately communicate with external stakeholders through the questionnaire survey



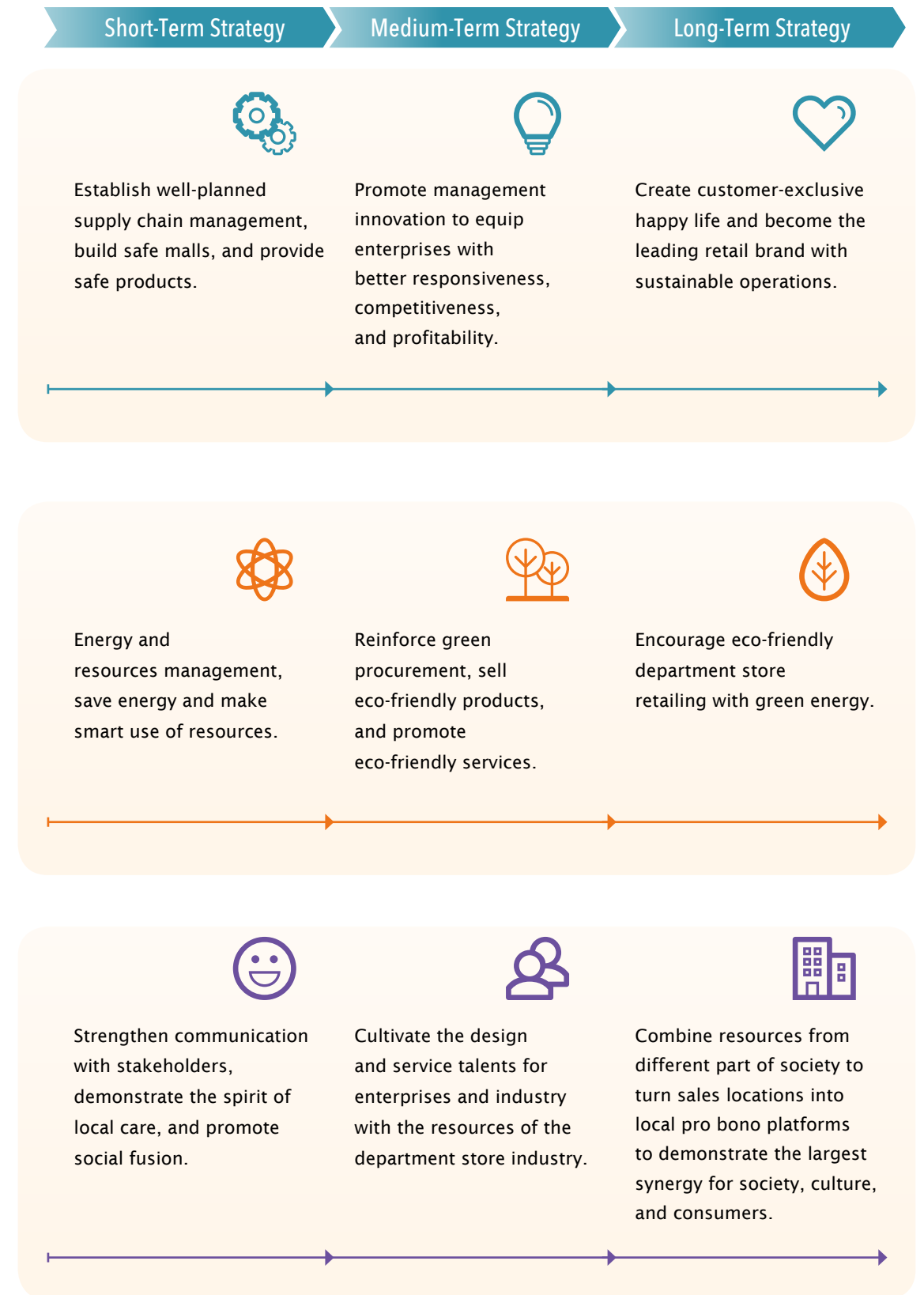
### FEDS CSR Vision

"Go Beyond Your Wish" is not only the theme of our 2015 CSR Report but also the best interpretation of our efforts to promote CSR over the past year. To uphold the aim to "run for the aspiration of consumers," we hope to begin with the value of department store retailing to find the material CSR topics. This shall be done through interactions with stakeholders and training them in the details of routine operations to develop our own competitive strengths. Thus, we will provide consumers with safer products, better quality services, and classier lifestyles.

Since the CSR Committee was established, achieving internal identification and reaching internal consensus are the largest achievements and external recognition and comprehensive external opinions are the greatest pleasure. With this report, we hope that external stakeholders can see our innovations and changes, transformation and growth, and our efforts in optimizing economic, social, and environmental topics. When they read this CSR report, we also hope that they can feel that FEDS is not just FEDS, because we always "Go Beyond Your Wish."



### FEDS Short-, Medium-, and Long-term Strategies







# BEYOND OUR WORLD



▶ *Silver Award* of TCSA service industry category ◀

▶ Excellence in Corporate Social Responsibility Award, *Top 50* Large Enterprises, CommonWealth Magazine ◀

▶ The only CSR report of Taiwan listed company which boundary contains department store, hypermarkets, and supermarkets. ◀

▶ *Founding member* of the Center for Corporate Sustainability which promotes sustainable development of Taiwanese enterprises. ◀

▶ *Investigations of internal and external stakeholder*, strengthening stakeholder engagement and the inclusiveness of the material topics in the report. ◀

▶ *Top 20%* outstanding enterprises in the Corporate Governance Evaluation of TWSE. ◀

## 1.1 Company Profile

By integrating department stores, hypermarkets, malls, supermarkets, and e-commerce, FERG builds an innovative aspect for department store retail for consumers to enjoy diversified, multifunctional shopping experiences.

In the department store business, FEDS has been transforming aggressively in recent years. In addition to improving the shopping functions of original branches, we have built the Top City Taichung Store and Mega City Banqiao Store, two new-generation stores that catch much public attention. With a fashionable appearance, products of different international brands, interesting and interactive high-tech facilities, and theme restaurants, these two next-generation stores have significantly raised our standing in Taiwan's department store business and enabled different consumer groups to find products and services that meet their needs to fulfill their shopping demand. The Mall that has been leading fashion for a long time is located on the tree-shaded Dunhua South Road. With a wild collection of designer label items and elaborate and elegant spatial design, it is always the fashion landmark in Da'an District.

In hypermarkets and supermarkets, according to the 2015 survey of China Credit Information Service Ltd., a.mart Hypermarket is one of the top three membership-free retailers in Taiwan providing quality products at a budget price to satisfy the daily necessity of citizens. city'super imports a wide variety of foreign goods, food ingredients, and delicacies to fulfill the demand of consumers pursuing quality, elegant goods and quality of life.

By integrating department stores, hypermarkets, malls, and top supermarkets, we turn "maximization of the total scale of operations" plus "services for all customer groups" into the brand new high standard of FERG's next-generation stores.

### 1.1.1 Organization Overview

FERG Profile				
	Far Eastern Department Stores Ltd.	Ya Tung Department Store Co., Ltd. (The Mall)	Far Eastern Citysuper Ltd. (city' super)	Far Eastern Ai Mai Co., Ltd. (a.mart)
Establishment	1967	1972	2004	1985
Headquarters location	18F, No. 16 Xinzhan Road, Banqiao District, New Taipei City.	B2-5F., No. 203 and 1F, No. 209, Section 2, Dunhua South Road, Taipei City.	7F., No. 64, Section 4, Ren'ai Road, Da'an District, Taipei City.	4F., No. 101, Guixing Road, Banqiao District, New Taipei City
Employees	1,700	33	382	1,826
Major product or service type	General merchandise retailing	General merchandise retailing	Top supermarket retail	Retail
Major service country or market	Taiwan and Mainland China	Taiwan	Taiwan	Taiwan
Nature and legal form of ownership	FEDS is a company limited by shares and a public company as well. Our TWSE stock code is 2903.	Ya Tung Department Store Co., Ltd. is a company limited by shares.	Far Eastern Citysuper Ltd. is a company limited by shares.	Far Eastern Ai Mai Co., Ltd. (a.mart) is a company limited by shares.

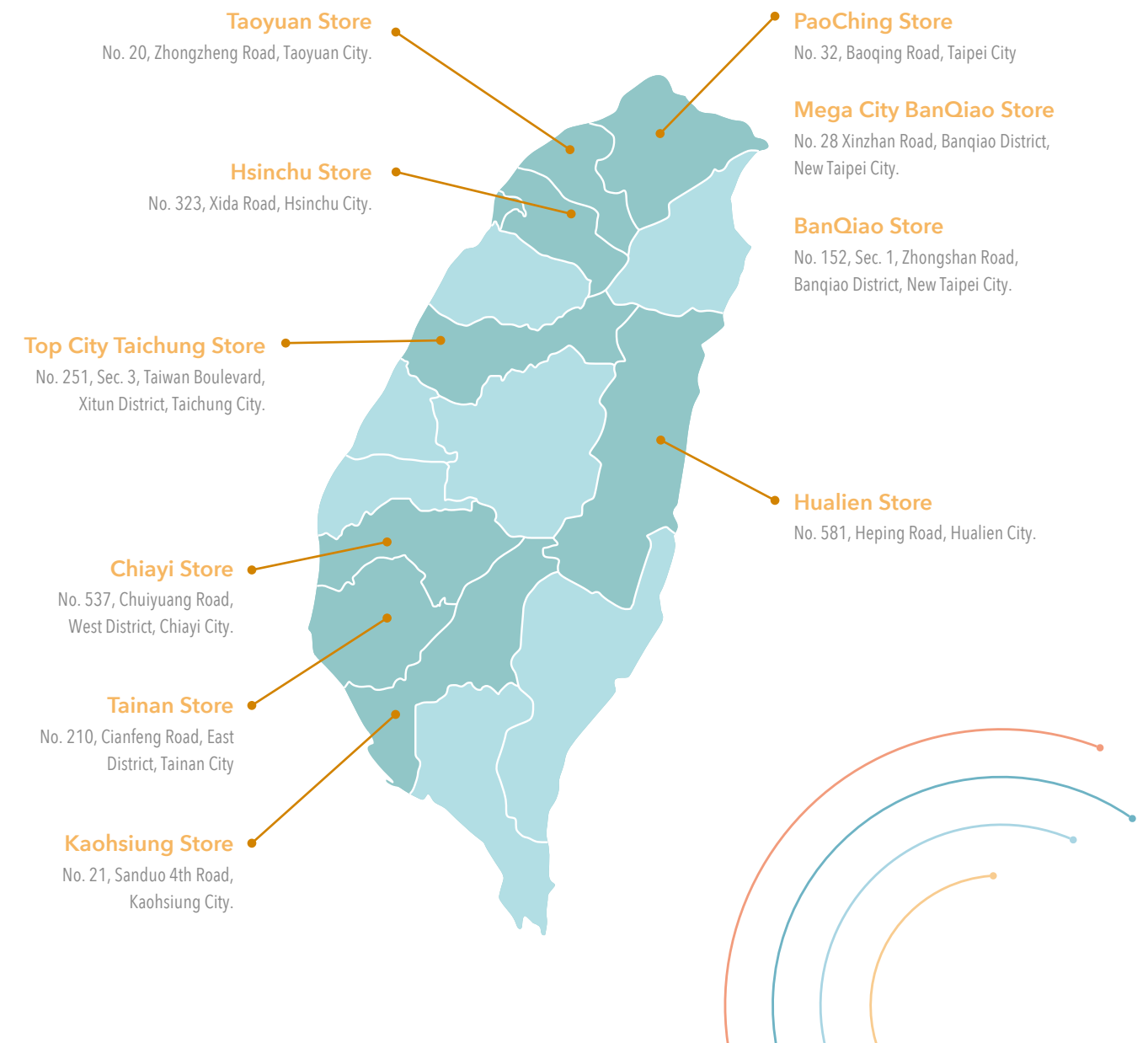
### Far Eastern Department Stores

Founded in 1967, Far Eastern Department Stores Limited (FEDS) is 49 years old and the oldest local, steadily growing department store chain in Taiwan. FEDS shares collective memories with consumers and has become part of the local life. We seek transformation at each stage of growth and wholeheartedly create new experiences and new memories, provide more quality service, and build a happy shopping space for each and every consumer. From providing the public with daily necessities at the beginning of operations to rendering fashion and modern goods today, FEDS has expanded its cope of retailing business from department stores to

supermarkets, hypermarkets, and shopping centers with a total of 54 sales locations across the strait. Aside from being the only publicly offered department store chain in Taiwan, FEDS is the department store chain with the highest sales turnover in Taiwan. During the reporting period of this report, there was no material change in FERG's scale, structure, or ownership.

To maintain growth momentum and competitiveness in the constantly changing macro environment and market trend, we take aggressive actions. Apart from opening new stores, we have spared no effort in making our transformation in pace with times to ensure brand strength and characteristic power.

FEDS Major Taiwan Sales Locations 2015





**The Mall (Ya Tung Department Store)**

Opened in 1994, The Mall located on the tree-shaded Dunhua South Road is managed and operated by Ya Tung Department Store Co., Ltd. Adjacent to Shangri-La's Far Eastern Plaza Hotel and the class A office building Metro Tower, The Mall is Taiwan's first European-styled shopping center.

Featuring a twin-tower architectural design, The Mall is a local landmark with an elevated atrium and 7-storey high water wall. The entire mall is a building emphasizing verticality. From B2 to 5F, there are seven stories and over 700 parking spaces in the basement. The Mall is a success of urban shopping paradise featuring a classy design, peculiar goods, natural, and comfortable space, and an elegant and delicate atmosphere. The Mall has a wild collection of worldwide luxury brands, including luxury brands for apparels, leather goods, lifestyle goods, jewelry, and gourmet foods. We also position The Mall as a multifaceted district shopping center to closely link to the consumption, shopping, and leisure activities in Dunnan shopping area.

The Mall is located in Dunnan shopping area. It is the place with the highest buying power in Taiwan because the major consumer groups are citizens and working people from Da'an and Xinyi districts. These consumer groups are from medium-high income families with higher taste, higher appreciation ability, and stronger buying power. As they prefer elegant but low-profiled goods, the brands in The Mall mostly fall in this category. In addition, European and US businesspersons are the major room guests of Shangri-La's Far Eastern Plaza Hotel, and together with the consumption potential of wealthy merchants from Hong Kong and Singapore and high-class Chinese guests, The Mall can fulfill the shopping demand of both local consumers and hotel guests to create joyous consumption experience for them.

Since the operations began, The Mall has been the coordinator between shopping and life. Apart from introducing international luxurious

items, it brings foreign fashion in Taiwan. With a specifically elevated spatial design, we have created an environment for consumers to approach all refreshing and joyful elements. At The Mall, besides experiencing delicacy, leisure, classy life, and a harmonious and elegant atmosphere, consumers can always enjoy, explore, and discover funs, find inspirations in life, and create beautiful life experience: The Mall, The Good Life.

**city'super (Far Eastern Citysuper Ltd.)**

In 2004, the Far Eastern Group (FEG) introduced Hong Kong's top supermarket brand city'super into Taiwan. With an elaborate shopping atmosphere, sincere customer service, comprehensive top food ingredients, and diversified and peculiar exotic goods, city'super creates a space for quality life experience to fulfill the consumer's total aspiration for shopping.

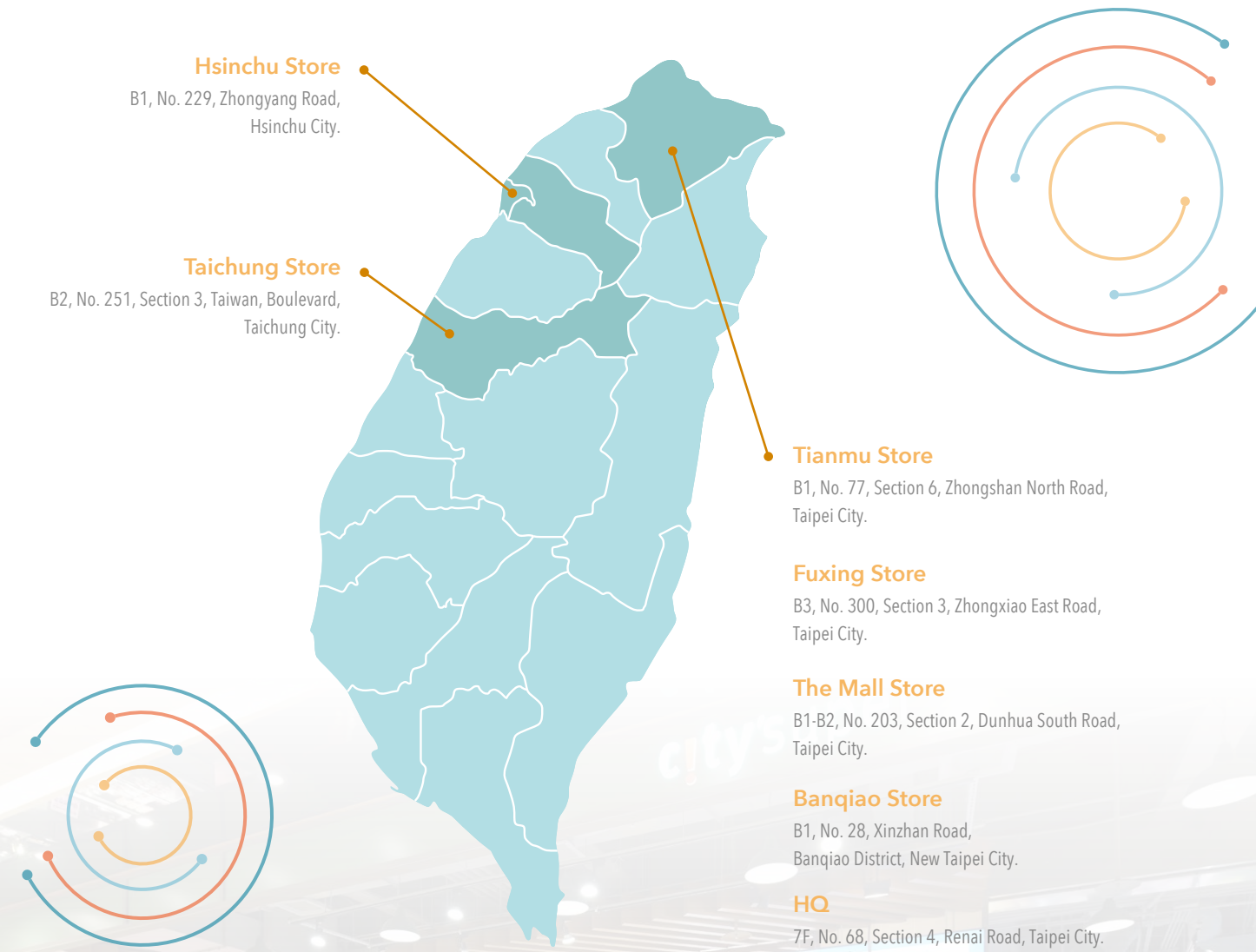
city'super is a large living store that provides busy modern professionals with one-stop shopping service and experience. Starting out from the shop design, we meet the daily necessity needs of consumers with endless surprising living proposals to stimulate rich imaginations toward life and fulfill the aspiration for taste and quality in life. city'super has become an indispensable part of the consumer's daily life. Comprehensive imported food ingredients, complete product ranges, and all kinds of delicate top daily necessities are available at city'super. To share the desire for gourmet foods and taste of life is the central concept of city'super, a unique specialty shop of its kind.

Food Market, with a wild collection of worldwide gourmet foods, is committed to providing top quality food ingredients and delicacies to attract cooking and gourmet food lovers. Besides providing food ingredients, city'super opens the superlife cutlure club cooking school. Equipped with top class kitchenware and advanced equipment, superlife cutlure club led by city'super's executive chef and a

number of famous guest chefs to take customers to taste characteristic dishes around the world through a series of cooking courses to enrich the tasteful and tasty life of consumers. The international food court cooked Deli is another channel for gourmet food for customers to take a break and enjoy quality foods in a comfortable environment during the shopping session.

At city'super, in addition to the hottest, curious, and interesting fashion cosmetics, there are all kinds of cookware and high-tech kitchen utensils exclusively imported by city'super. Quality goods from different parts of the world are regularly displayed for customers to capture seasonal fashion information and to make every time of shopping a big surprise.

city'super Sales Locations in 2015



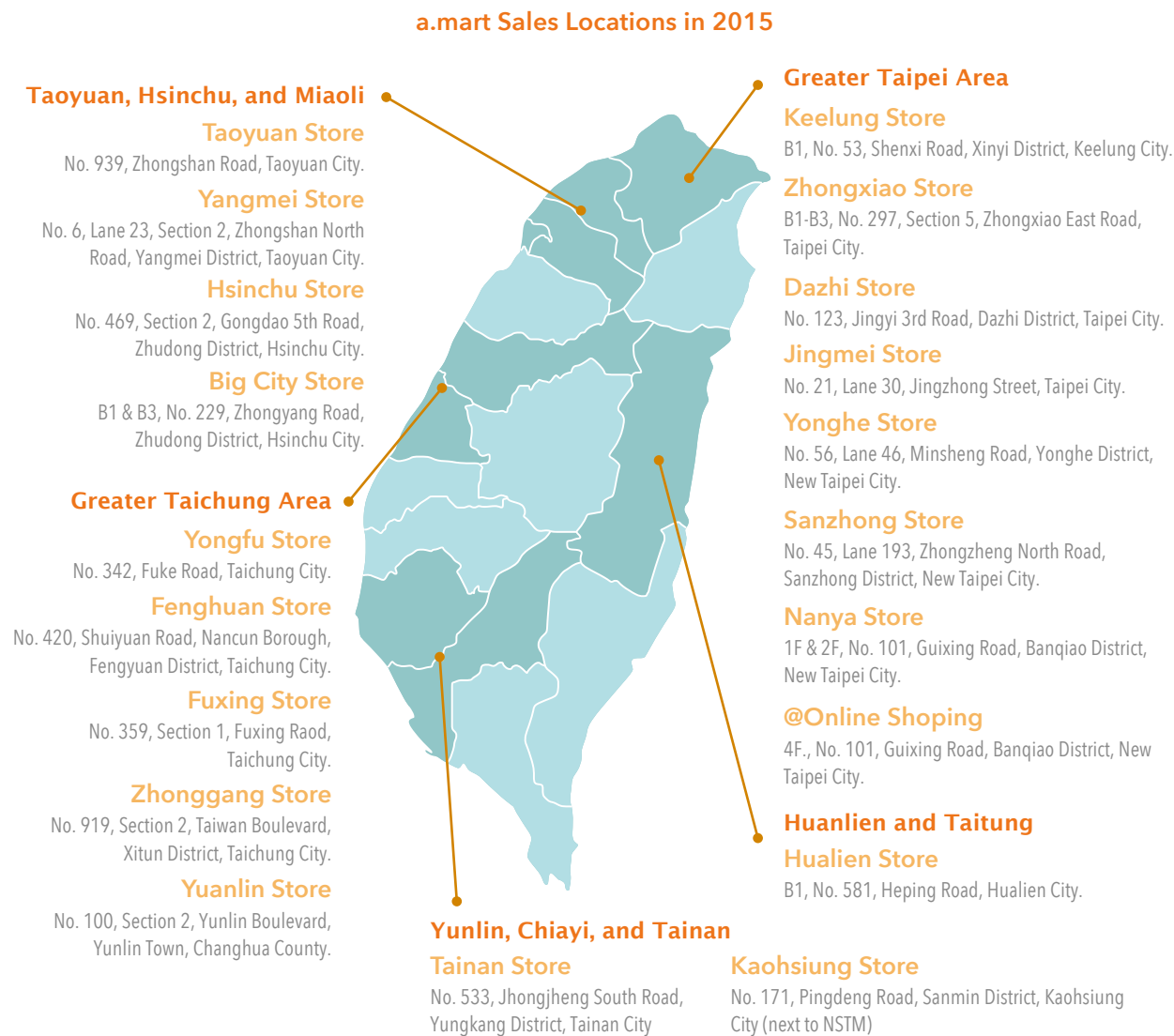


**a.mart (Far Eastern Ai Mai Co., Ltd.)**

As the hypermarket channel under FERG, a.mart was established in 1985 and opened its first store in Jingmei in 1990. a.mart mainly sells fresh foods, snacks, beverages, cooked foods, household cleaning products, articles of daily use, apparels, home electricals, and 3C products. Combining with group resources and outstanding retailing experience, a.mart launches cooperation with all parts of Taiwan to promote the “fresh from farm” concept to balance supply, demand, and commodity prices and become the coordinator between producers and consumers for fresh and safe agricultural products. By 2015, a.mart has opened 19 stores with 1,826 employees across Taiwan, thus becoming the most localized hypermarket chain in Taiwan.

Insisting on providing every family with options for better and higher quality life and services, a.mart aggressively develops e-commerce and integrates virtual channels with physical stores. In addition to the stores located in all parts of Taiwan, a.mart established in 2013 the on-line hypermarket “a.mart Online” based on the strengths including “on-line shopping with physical service,” “one-stop shopping for all daily necessities,” “on-line shopping at hypermarket prices,” and “the most comprehensive fresh ingredients with quality assurance.” Currently, a.mart has established platforms on “Go Happy” and “Yahoo-Kimo Mall” to provide consumers with more convenient and faster on-line shopping services.

Through the management team’s continuous reform, innovation, and expansion, a.mart hopes to extend its “customer first” services and accelerate e-commerce development to become a sustainably operating enterprises that offers more perfect services and healthier goods to customers.



**1.1.2 Participation in Associations and Initiatives**

As the benchmark of public department store retailers, to promote the prosperous development of domestic department store retailers, FERG participates in the Retailers Association of Chinese Taipei (RACT), Taiwan Council of Shopping Centers (TCSC), Taipei City Department Store Association (TDSA), and other associations and national or international advocacy organizations. In addition, each branch participates in over 30 local associations, including department store, home appliance, and rice associations, to improve own operational and management abilities and thrive the economic development of relevant industries to set out a good foundation for sustainable operations.

Under the UN urge for global sustainable development, to improve the literacy and level of corporate sustainability and corporate social responsibility of enterprises in Taiwan and to connect with the world, the Taiwan Institute for Sustainable Energy (TAISE) invited 27 representative domestic enterprises to establish the “Center for Corporate Sustainability” and assigned representatives to be founding consultation directors. As one of the 27 founding members and consultation director of TAISE, FEDS hopes to promote corporate sustainability affairs by combining the power of enterprises and all parts of society.

Associations and National or International Advocacy Organizations	FEDS Status	city's super Status	a.mart Status
Center for Corporate Sustainability	Consultation Director		
Retailers Association of Chinese Taipei	Executive Director	Supervisor	
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Executive Director		
Taiwan Council of Shopping Center	Executive Director Executive Supervisor		
Taipei city Department Stores Association	Director		Member
European Chamber of Commerce Taiwan	Member		
ROC Public Company Shareholder Service Association (RPCSWA)	Member		
Computer Audit Association	Member		
Institute of Internal Auditors, ROC (Taiwan)	Member		
Accounting Research and Development Foundation	Member		
Taipei Measuring Instruments Association			Member
Indoor Air Quality Administration Association	Member		
Chambre de Commerce et d'Industrie France Taiwan (CCIFT)	Member		

As the only member from Taiwan, we participate in the Intercontinental Group of Department Stores (IGDS) to connect with worldwide department stores, learn from the successful experience of foreign department stores, and broaden the international horizon of CSR. We also comply with the IGDS CSR Code of Conduct.

**Foci of the Code of Conduct in the Corporate Social Responsibility for Department Stores Published by IGDS**

<p><b>Corporate Social Responsibility</b></p> <ul style="list-style-type: none"> <li>Dedicated supervisory organization</li> <li>Stakeholder communication</li> </ul>	<p><b>Customer</b></p> <ul style="list-style-type: none"> <li>Ethical corporate management</li> <li>Customer safety</li> <li>Personal information privacy</li> <li>Product labeling</li> </ul>	<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Employee development</li> <li>Non-acceptance of discrimination and sexual harassment</li> </ul>
<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Environmental regulations</li> <li>Energy and resource efficiency</li> <li>Recycling and waste management</li> <li>Impact on ecosystems and natural resources.</li> </ul>	<p><b>Purchasing</b></p> <ul style="list-style-type: none"> <li>Honesty and transparency</li> <li>Long-term reciprocity</li> <li>Anti-corruption and bribery</li> </ul>	<p><b>Communities</b></p> <ul style="list-style-type: none"> <li>Links with local communities</li> <li>Local non-profit organizations</li> <li>Participation in community projects</li> </ul>

## 1.2 Business Overview

The rapidly changing consumption market is the core of competitions and business foundation of the department store retail business. By blending innovation and market differentiation with business philosophy, we create an EPS of high growth. In addition, we enforce CSR in EGS aspects to ensure the sustainable operations of FERG and lead the sustainable performance of the Taiwanese society.

### 1.2.1 Business Philosophy

Under the leadership of the new-generation City stores, we will improve the theme character of malls and expand product portfolios; design experiential marketing activities that attract consumers; improve the ability to attract customers, brand strength, and sales turnover; and continuously open new stores at appropriate times and locations to raise market share. In virtual channel development, we will combine FEG's retailing resources to launch on-line shopping platforms for retailing channels and integrate consumption point collection and bonuses and combine with leading physical retailing channels, including FEDS, a.mart, city'super, and The Mall, to create omni-channel consumption and services with "virtual and physical integration."



### FEDS

In response to the most popular mobile shopping, we aggressively combine our physical channels with virtual channels to achieve omni-channel smart retailing. Moreover, we will improve the cultivation of social networking sites to understand how consumers think and the topics that interest them through listening to social networking sites to shorten the gap with customers, create differentiation, and thereby improve the brand strength and ability to attract customers of malls.



### The Mall

Every year, the Mall plans eight major events and four minor events for customers to experience leisure shopping and enjoy beautiful life concepts. Apart from running fashion brands, we organize different kinds of activities and invite citizens of local communities to participate in these activities. We also combine them with local cultural and creative industries to create an image of fashion with culture together to become a community fashion landmark.



### city'super

Environment, product, and service (E.P.S.) are the main concerns of all business strategies of city'super: Comfortable shopping environment (E), quality and safe products (P), and sincere and thoughtful services (S) for customers. To provide customer service for quality life, city'super make continual innovation of products and services; demonstrate team cooperation and professionalism; and gather original, high-quality, and fashionable goods through universal purchasing.



### a.mart

Become the most localized and excellent hypermarket chain in Taiwan; insist on providing customers with the best service; and become the most trustworthy daily life shopping option of families. In the 21 century, a.mart will overcome all challenges and competitions with clear market positioning and market segmentation. We also address the food safety effect by enforcing supplier and product management and aggressively promote e-commerce for customers to receive quality and convenient products and services. With FEG's strong support, all a.mart employees determinedly promise to make continual innovation and adjustment, pursue progress, and realize the business vision.



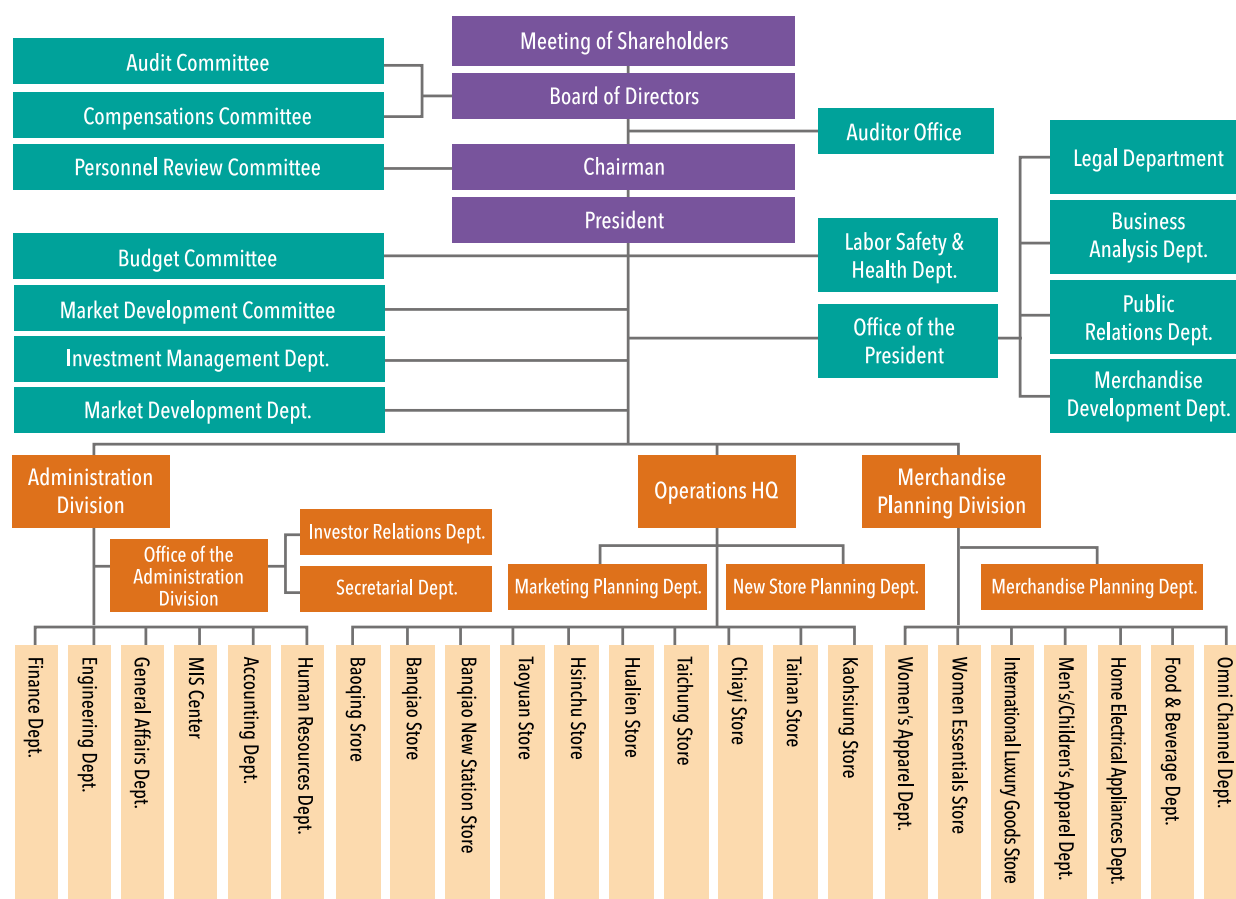


### 1.2.2 Corporate Governance

FERG has established a well-planned governance framework and understands that only a management team upholding ethical management can set a foundation for the continuous development of CSR and win consumer recognition.

FEDS is the core of FERG's governance framework that links to the governance mechanism of each subsidiary. To establish an effective governance framework, FEDS has established the Corporate Governance Best Practice Principles for the reference of governance. This well-established governance framework has enabled FEDS to be rated one of the top 20% outstanding enterprises in the 2nd Corporate Governance Evaluation in 2016. FEDS further passed the Corporate Governance Best Practice Principles to indigenize governance requirements in the core value of FEDS' operations. Despite the continuing stricter regulatory requirements on corporate governance, FEDS insists on legal compliance, progressively raises corporate governance requirements according to the policy of competent authorities, and ensures the sound constitution of the enterprise by amending internal policies and implementing internal control and audits

FEDS Organization Chart



Currently, there are nine seats, including three seats of independent directors, on the Board of Directors (BOD) that holds at least one board meetings quarterly. Relevant minutes and resolutions are all disclosed on the corporate website ([www.feds.com.tw/shareholder.aspx](http://www.feds.com.tw/shareholder.aspx)) to enhance the transparency of operating information and protect the rights and benefits of shareholders. By implementing and supervising business operations, the BOD can better communicate with management. Based on the questions and strategies asked and proposed by management, the BOD gives timely and exact instructions and follows up the performance to ensure policies are exactly implemented and adjusted. All nine board members come from different fields, and their outstanding education background and experience can bring multidimensional views for FEDS to integrate different kinds of strengths in governance and operations to take FEDS toward sustainable operations.

### Major Education Background and Experience of BOD Members

Title	Name	Major Education/Experience
Chairman	Douglas Tong Hsu	<ul style="list-style-type: none"> <li>Honorary Ph.D. of Management, National Chiao Tung University, Taiwan.</li> <li>M.A. in Economics, Columbia University, USA.</li> <li>Chairman of Far Eastern New Century, Far Eastern Department Stores, Asia Cement, Oriental Union, U-Ming Marine, and Far Eastone Telecommunications; and vice chairman of Far Eastern International Bank.</li> </ul>
Director	Ding & Ding Management Consultants Co., Ltd. Represented by: Nancy Hsu	<ul style="list-style-type: none"> <li>Department of Fashion Design, Shih Chien University</li> <li>President, FEDS</li> </ul>
	Far Eastern New Century Corporation Represented by: Nicole Hsu	<ul style="list-style-type: none"> <li>Interior Design Arts, New York School of Interior Design, USA.</li> <li>B.A., Simmons College, Boston, USA</li> <li>Senior Designer, Saradino Group, New York, USA.</li> </ul>
	Far Eastern New Century Corporation Represented by: Yvonne Li	<ul style="list-style-type: none"> <li>M.A. in Accounting, University of Illinois Urbana-Champaign, USA.</li> <li>President, CBO, and CFO of Far Eastone Telecommunications; VP of Citibank; Chairman and President of Far Eastern Info Service (Holding) Ltd.</li> </ul>
	Yuli Investments Corporation Represented by: Philby Lee	<ul style="list-style-type: none"> <li>Department of Accounting, Arizona State University, USA.</li> <li>US Accountant</li> <li>Chairman, Far Eastern Big City Shopping Malls Co., Ltd.</li> </ul>
	Asia Cement Corporation Represented by: Jin-Lin Liang	<ul style="list-style-type: none"> <li>M.A. in Mass Communication, University of Illinois. ISA</li> <li>EMBA, National Taiwan University, Taiwan.</li> <li>Ding Ding Integrated Marketing Service Co. Ltd.</li> </ul>
Independent Director	Eugene You-hsin Chien	<ul style="list-style-type: none"> <li>Ph.D., Mechanical and Aerospace Engineering, New York University, USA.</li> <li>B.S., Department of Mechanical Engineering, National Taiwan University, Taiwan.</li> <li>Minister of Environmental Protection Administration; Minister of the Ministry of Transportation and Communications; Minister of the Ministry of Foreign Affairs; Advisory Committee Member of the National Security Council; ROC Diplomatic Representative to the UK.</li> <li>Independent Director, EVA Airways.</li> </ul>
	Raymond R.M. TAI	<ul style="list-style-type: none"> <li>Honorary LL.D., Fujen Catholic University, Taiwan. M.A., Institute of America, University of Hawaii, USA.</li> <li>Deputy Secretary-General to the President; Representative, Taipei Representative Office in the U.K.; Ambassador Extraordinary and Plenipotentiary to the Holy See.</li> </ul>
	Edward Way	<ul style="list-style-type: none"> <li>MBA, University of Georgia, USA.</li> <li>President of Deloitte Taiwan, Director of Deloitte Touche Tohmatsu, Chairman of United Way of Taiwan</li> <li>Accountant of Georgia State, USA.</li> <li>Person-in-Charge, Yung Chin Industrial Co., Ltd.</li> </ul>

During the 2015 board meeting session, BOD passed FEDS' CSR policy to demonstrate FERG's concern about CSR and the CSR involvement and commitment of the highest governance body. In 2015, BOD held six board meetings with full attendance of seven members, 83% attendance of one member, and 75% attendance of one member. The chairman re-election was also held in the same year, and Chairman Douglas Tong Hsu was elected for another term.

FEDS also re-elected independent directors in 2015. These independent directors will provide objective opinions to the corporate affairs based on their independency and expertise to improve organizational operations and protect shareholder's rights and benefits. The structure of the BOD of FEDS is shown below.

**Gender and Number of BOD Members**

Gender	2013	2014	2015
♂	5	5	4
♀	4	4	5
Total	9	9	9

**Age and Gender Distribution of BOD Members**

Age Group	Gender	2013	2014	2015
30-50	♂	-	-	-
	♀	1	1	1
50+	♂	5	5	4
	♀	3	3	4
Total		9	9	9

In addition to the BOD, FEDS has established the Compensations Committee and audit committee with reference to the "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" and Article 14 of the Securities and Exchange Act.

The committee has three members and is chaired by Independent Director Edward Way. The Compensations Committee is committed to assisting the BOD on carrying out and assessing the overall remuneration and welfare policies of the company and the remuneration of directors and managers. The committee holds at least two committee meetings each year. At the re-election of the committee in 2015, the Audit Committee was established to strengthen governance. The Audit Committee's members are all independent directors and hold at least one committee meeting quarterly. In 2015, each of the Compensations Committee and Audit Committee held two meetings, and the attendance of all members was 100%.

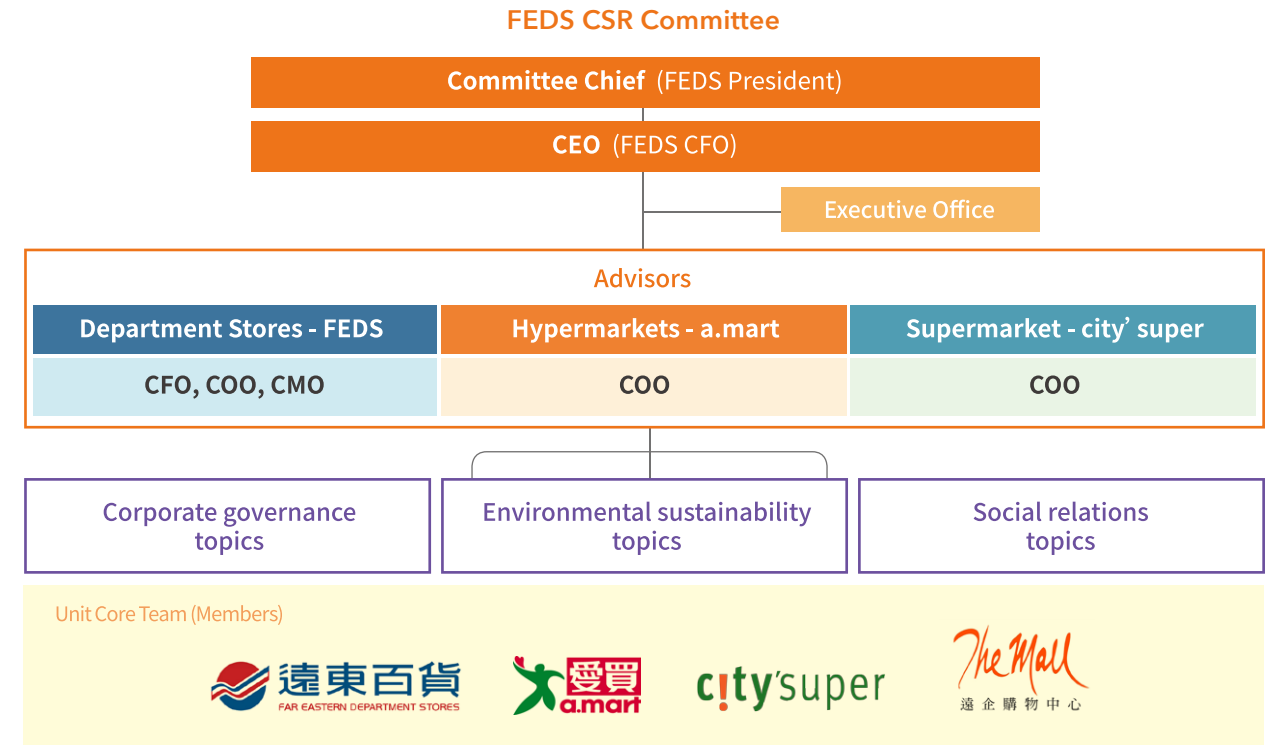
An auditor office is established under the BOD to conduct audits according to the annual audit program, assist the BOD and managers on inspecting and reviewing internal control defects of FEDS and subsidiaries. Please refer to "1.4.1 FERG Audit System" for details regarding the functions and operation of the Auditor Office.

**CSR Committee**

FEDS has long been fulfilling CSR and has taken relevant actions to implement the economic, social, and environmental dimensions of sustainability. Recognizing there are different kinds of risks on the road to sustainable development, to take precautionary actions to effectively and timely handle such risks and to further propose solutions, we have integrated internal resources and established relevant targets and strategies, so as to ensure CSR is implemented at all business units and departments and closely integrated with routine operations. Led by FEDS, the CSR Committee and its operating system were established in 2015. The FERG CSR Committee is chaired by the FEDS president, with the FEDS CFO as the CEO to lead the committee and supervise project progression. The committee includes three topic groups: corporate governance, environmental sustainability, and social relations, with the CFO, COO, CMO, of FEDS, COO of a.mart and city'super as advisors to promote and implement relevant projects. The CSR Executive Office is responsible for communication and coordination work and consolidates project progress and outcomes. As both The Mall and FEDS are in the department store business, the former is under FEDS in CSR operation.

After establishment, the CSR Committee periodically reports the effectiveness of CSR implementation to the BOD, the highest governance body. Immediately after establishment, the CSR policy was promoted at the BOD. FERG's CSR policy was established based on Taiwan's "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and covers governance, environmental, and social aspects, setting a complete framework for promoting ESG and depicting the blueprint of the group's sustainable operations.

In terms of operation, the committee identifies economic, environmental, and social risks with committee members for drawing up relevant strategies and targets. Next, advisors lead respective groups to implement relevant missions and report the outcomes to the CSR Executive Office. After consolidating project outcomes, the CSR Executive Office reports to the top management level and makes recommendations where necessary. Through top-down promotion and bottom-up communication, we hope to effectively achieve our sustainable development vision.



**1.2.3 Financial Performance**

The 2015 financial performance was not as good as it was expected due to effect of the global economic slowdown on Taiwan. According to the statistics of the Directorate General of Budget, Accounting, and Statistics of Executive Yuan, the 2015 economic growth was about 0.75%, which was far lower than 3.74% in 2014. Fortunately, the economic slowdown did not affect the consumption performance in the retailing industry. According to Department of Statistics, Ministry of Economic Affairs, the substantive growth of civilian consumption in 2015 was over 2%, which indirectly pushed the overall sales turnover of the department markets to rise to NT\$318.9 billion, which was 4.2% higher than 2014.

As the leader of Taiwan's department store retail business, FERG aggressive create innovative value to serve customers and drive group sales growth. In 2015, the four members under FERG created a sales of NT\$64.4 billion, which as NT\$700 million higher than 2014, with a growth rate near 1.1%. Although sales slowed down, profit increased. The 2015 EPS was NT\$1.2, 12% up from 2014, suggesting that the agility and innovativeness of FERG's strategies was a success. Please refer to the FEDS Annual Report 2015 for details regarding business performance and financial information. (Annual report download: <http://fedsnews.com.tw/shareholder/tw/2015/20150610001.pdf>).

During the reporting period, no legal actions for anti-corruption behavior, anti-trust, and monopoly practices was reported, and there was neither expense nor loss from relevant litigations.

**Consolidated Financial Performance**

(NT\$1,000)	2013	2014	2015
EPS (NT\$)	1.54	1.07	1.20
Dividend (NT\$)	1.35	1.00	1.00
Total dividend	1,904,818	1,439,196	1,416,940
Cash dividend per share (NT\$)	1.15	1.00	1.00
Stock dividend per share (NT\$)	0.20	-	-
Retained earnings	7,855,535	7,961,851	7,863,493

Note: Consolidate financial performance is summarized based on the information contained in the financial statements presented by FEDS between 2013 and 2015.

**FERG Financial Performance**

(NT\$1,000)	2013	2014	2015
Total sales	61,949,058	63,756,985	64,432,954
Operating revenue (IFRS)	28,480,352	28,073,633	27,772,622
Operating cost	18,081,371	17,190,036	16,823,055
Net operating income	1,099,080	1,560,192	1,460,222
Non-operating income and gains	1,555,854	521,334	922,672
Non-operating expense and loss	293,969	287,151	272,681
Income tax	198,201	264,466	394,000
Net income	2,165,564	1,529,065	1,714,770
<b>Economic value allocated to stakeholders</b>			
a. Employee wage and benefits	2,805,542	2,763,688	1,435,570
b. Investor dividends	51,344,818	1,439,196	1,416,940
c. Fees paid to the government	254,030	458,943	642,862
d. Community investments	17,961	12,075	14,039

Note: FERG financial performance is the consolidated performance of four members: FEDS, Far Eastern Ai Ma, Ya Tung Department Store, and Far Eastern City Super.

**1.2.4 Strategy for Sustainable Operations**

The trend of the retailing industry changes rapidly. To pursue sustainable development, we need to pay continuous attention to current and potential challenges and draw up strategies as early as possible to cope with such changes. The challenges we are facing in the economic, social, and environmental dimensions of sustainability and their countermeasures are tabulated below.

Dimension of Sustainability	Challenge of the Department Store Retail Business	FERG Countermeasures
Economic	Keen competitions from heterogeneous industries: The rise of different styles of retail industries, such as convenience stores and on-line shopping, reduce the consumer's intention to shop at department stores or shopping centers.	<ul style="list-style-type: none"> <li>Change mall operating models and increase the added value of the retail industry, such as organizing various activities to strengthen interaction with customers, providing diversified functions in addition to leisure and shopping, and strengthening catering service and theme decoration to satisfy different leisure, entertainment, and consumption needs of customers in the mall.</li> <li>Introduce unique brands from home and abroad to develop a unique mall culture to attract tourists from home and abroad and consumers with an international fashion taste.</li> <li>Plan the group's smart sales strategy toward omni-channel and capture customer information by listening to social networking sites to provide consumers with more efficient service through virtual-physical integration.</li> </ul>
	Aggressive expansion of competitors and super low price supermarkets to divide market share.	<ul style="list-style-type: none"> <li>Our department stores and top supermarkets secure urban customers, high-end customers, and family customers with product and service differentiation to become the first option for different customer groups in fashion, exotic fashion, and family daily necessity terms.</li> <li>Hypermarkets consolidate the family consumption market with freshness, safety, and direct-from-farm appeals.</li> </ul>
	As food safety is the prime concern of consumers, supplier management becomes the main trend of global department store retailers.	<ul style="list-style-type: none"> <li>Every day, we conduct food safety and hygiene inspection on catering booths and follow strict internal inspection procedures to ensure the quality of foods and beverages to provide first-line control of food safety for consumers.</li> <li>Hypermarkets promote "direct from farm" sources to reduce carbon footprint, establish the food safety control process, and set up laboratories to perform periodic inspection through collaboration with inspection units.</li> <li>Establish food safety control mechanism through collaboration with local farmers and food suppliers to promote sustainable food safety.</li> </ul>

Dimension of Sustainability	Challenge of the Department Store Retail Business	FERG Countermeasures
Social	The department store retail industry changes rapidly in pace with technology, and insider cultivation must cope with the speed of industry transformation.	<ul style="list-style-type: none"> <li>Plan internal and external education and training courses and encourage employees to take such courses to equip them with the innovation ideas and innovation energy required by work skills.</li> <li>Arrange foreign market inspections for employees to understand the latest development trends and service facilities and devices of the department store retail industry; and provide internet marketing, mobile shopping, and big data courses based on the business needs to help employees capture latest and hottest trends of the retail industry.</li> </ul>
	The "sweat department store" story triggers the public's concerns about the labor rights and benefits of booth personnel.	<ul style="list-style-type: none"> <li>Aggressively comply with Taiwan's labor laws and regulations to maintain the labor rights and benefits of employees; and follow the government's "Operation Regulations on the Suspension of Offices and Classes because of Natural Disasters" to not require employees to work on typhoon days.</li> <li>The industrial chain of department stores comprises: booth owners provide products, sales, and booth services; while the department store provide venues, hardware facilities, sales cash flow, issuing invoices. Although a department store has no direct management right on booth personnel, as the department store or mall is the major workplace of these personnel, FEDS still communicate with booth owners the need to follow relevant labor laws and regulations, and the floor manager will also remind booth owners the importance of compliance with labor laws and the labor rights and benefits of booth personnel on his/her periodical visit on booth owners.</li> </ul>
	Communication with external stakeholders	<ul style="list-style-type: none"> <li>Plan holiday marketplaces or fashion shopping areas through collaboration with nearby communities to co-prosper and co-develop with local communities.</li> <li>Improve service quality; enhance the consumer's satisfaction and trust with FERG to strengthen customer loyalty.</li> <li>Fulfill the consumer's right to know while selling them products by providing open and transparent product information and teach them how to use products.</li> </ul>
Environmental	Passage of the Greenhouse Gas Reduction and Management Act	<ul style="list-style-type: none"> <li>Promote mall energy saving and purchase green electricity to do our part to mitigate global warming and make preparation for future GHG management.</li> </ul>
	Rise of environmental awareness	<ul style="list-style-type: none"> <li>Practice the hypermarket plastics reduction movement by reducing the supply of plastic bags, plastic flatware, or plastic packages.</li> <li>Replace paper towels with hand dryers in hypermarket toilettes and use of eco-friendly detergents and eco-friendly recycled paper shopping bags.</li> <li>Pack fresh foods with eco-friendly packaging materials or without package and implement the residual food management plan for unsold foods.</li> <li>Promote reusable eco-friendly shopping bags at hypermarkets.</li> </ul>

**1.3 Risk Management and Contingency**

Besides running a business organization, department store operations involve the management of details. When treating FERG as a system, apart from the internal risks in the system, we need to keep track on the risks in any macro environment change. To us, the scope of risk management covers not only the static institutions within the system but also the dynamic change outside of the system and in the macro environment.

The major operational risks FERG has identified include: financial risk, human resource risk, climate change and global warming, mall operations, food safety, personal information management, and legal compliance. Responsible units within the organization have established management regulations as the first-line of defense and management of different types or risk. In the meanwhile, the Auditor office conducts various audits to ensure the risk management system of each unit is effectively operated and report to the BOD at regular intervals.



Major Types of Risks and Control Mechanisms of FEEG



Financial risk management aims to manage market risk relating to business activities, credit risk, and liquidity risk. The Finance Department analyzes and evaluates market-related market risk factors and proposes and implements relevant contingency strategies to reduce the impact of risks relating to market change. Please refer to the FEDS Annual Report 2015 for details about our financial management policy.

The management of climate change and global warming risks is specified in Chapter 2 "Beyond Imagination." The management of human resource risks is detailed in Chapter 3 "Beyond Shopping." The management of risks regarding mall operations, food safety, and personal information management is respectively described in Chapter 4 "Beyond Happiness." This section mainly discloses the operation of the audit organization, ethical management, and legal compliance of FERG.

1.3.1 FERG Audit System

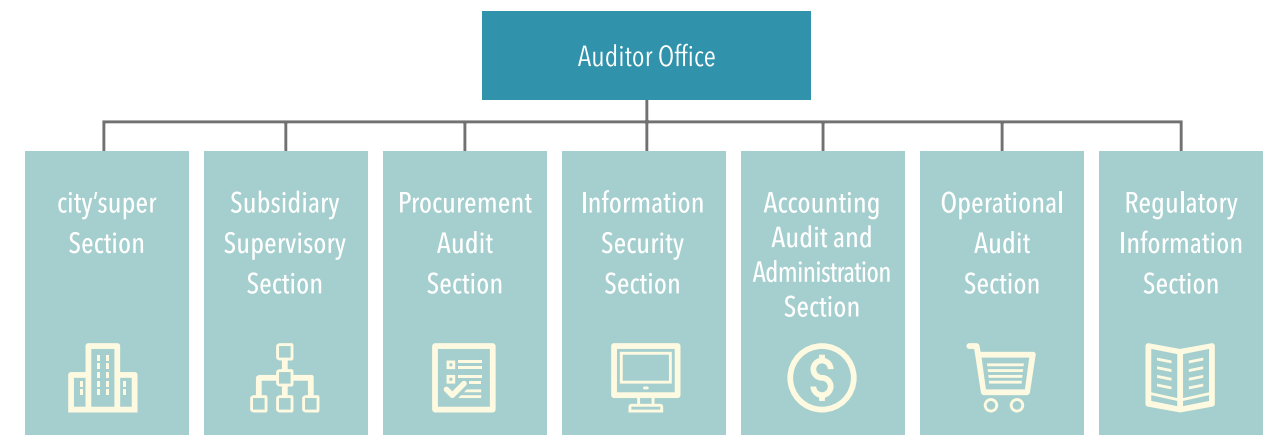
FERG has established risk management policies for all departments to follow. To ensure all FERG members comply with relevant laws and regulations and realize FERG's ethical management culture, we have established the "FEDS Internal Control System," "FEDS Enforcement Rules of Internal Audit," and the "FEDS Internal Audit Handbook." All subsidiaries have also established their own regulations according to the content of the above documents. Apart from implementing the audit program at regular intervals, the Auditor Office formed the internal control system effectiveness review team according to the amendment of the "Items for Judging the Effectiveness of the Internal Control System" by competent authorities in 2015. The team organizes presentations to urge BOD members, all departments and offices of headquarters and administrators of all

branches, and general employees to effectively implement and complete the "Items for Judging the Effectiveness of the Internal Control System" to effectively assist all departments in identifying and controlling risks. They also encourage reporting to the executive management level before reporting to the BOD and the Audit Committee to ensure the risk management system is effectively implemented.

In risk management, FERG places special emphasis on prevention. After identifying risks, the organization will immediately feed them back to the Auditor Office and all departments to pay attention to the occurrence of such risks in routine operations. The Auditor Office will help departments monitor the status of relevant risks through auditing and reporting. In the next few years, FERG will continue to open new stores to reveal our deep affection for Taiwan and keep roots here. The store expansion plan covers Taipei City, Chubei City, and Kaohsiung. Therefore, capital expenditure risk is the main risk at the moment. To effectively control the risk within a bearable scope, FEDS's Auditor Office established the Procurement Audit Section at the end of 2010 to prevent and monitor risks contained in relevant purchasing processes for capital expenditures. In addition to the above organizational internal risks, external risks are our concerns in risk management as well. As the social awareness of food safety soars, to reduce the negative impact of food safety on FERG, relevant departments have tightened food safety control. The Auditor Office has also implemented relevant audit programs and followed up the status improvement of relevant departments to facilitate departments to carry out risk management.

FEDS Auditor Office is the central audit unit of FERG, and it has seven sections: Accounting Audit and Administration Section, Operational Audit Section, Information Security Section, Regulatory Information Section, Procurement Audit Section, Subsidiary Supervisory Section, and city'super Section. Each section implements audit according to the scope of operations of different functions.

Organizational Framework of FEDS Auditor Office






The city'super Section was established by the Auditor Office of the parent company to provide audit guidance of city'super. The Mall and a.mart have their own audit unit that audits the internal system and operating processes of each department and office according to regulatory requirements and systems and the parent company's system requirements to ensure all units implement internal control according to the management system and regulations to minimize operational and management risks. After each audit, an audit report must be submitted to feed back the audit results to the head of relevant departments and decision-making body for the reference of implementation and supervision. Audit results are also reported to the BOD, supervisors (Audit Committee), and parent company FEDS.

In addition to controlling risks by the internal audit system, FERG has established the internal and external reporting hotlines for risk identification outside of the organization. The customer service email on the corporate website receives external reports and forward such reports to management and distribute reports to relevant units according to their nature. Internal reporting channels include the email of the Auditor Office. Either a report is anonymous or not, we conduct a preliminary investigation of all reports before determining the need for further investigations. In 2015, the Auditor Office received no report.

### 1.3.2 Code of Ethical Business Practice

FERG treats customers, the public, and employees with honesty, transparency, and responsibility and realize the integrity-based corporate policy. In the "Code of Ethical Business Practice," the prime directive of organizational operations, we have specified the need to comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, rules and regulations government listed companies, and other laws and regulations relating to business activities, as legal compliance is the prerequisite for ethical operations. The "Code of Ethical Conduct" is established to provide a dependable standard of legal compliance for FEDS employees. Apart from reminding employees the need to comply with relevant laws and regulations, we encourage employees to report any unlawful or unethical act against the "Code of Ethical Conduct." We have also established the informer protection mechanism. In 2015, no offence of anti-corruption was reported at FERG.

#### Status of Implementation of Code of Ethical Business Practice and Code of Ethical Conduct

	Code of Ethical Business Practice	Code of Ethical Conduct
Specification	When conducting business, bribes or other means of obtaining undue or improper advantage are not to be directly or indirectly offered, promised, requested, or accepted. In addition, no other act of defiling ethical conduct, such as ethics, illegal activities, or fiduciary duty, to gain or maintain an improper advantage is allowed.	Specify the ethical conduct standard of directors, managers, and general employees; guides them to behave according to such ethical standards; and enables stakeholders to understand more about the ethical standard of FEDS.
Target Users	All group employees and entities and organizations with direct or indirect donations accumulated over 50%.	All FERG employees.
Applicability	Specify behaviors violating ethical and fair business operations, such as giving or accepting bribes; illegal political contributions; undue or improper charitable donations or sponsoring; undue gifts or treatments; or other undue or improper advantages.	Prevention of conflicts of interest, no pursuit of private ends, non-disclosure duty, fair trade, proper protection and use of corporate assets, legal compliance, and the report of unlawful and unethical behaviors against the "Code of Ethical Conduct" and specifying the rights and obligations of employees during their service at FERG.
Way of Communication	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;">  <p>Intranet</p> </div> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;">  <p>Periodic internal management meeting</p> </div> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;">  <p>Group publications</p> </div> </div>	
Way of Implementation	In addition to the self-control of all unit heads and employees, the audit and internal control system will monitor and control such behaviors at routine business meetings to ensure relevant regulations are exactly implemented within FERG and to minimize the risk of ethical management and anti-corruption. Although education and training for anti-corruption has been arranged for the moment, we will include relevant topics as part of our education and training programs in the future.	

## 1.4 Stakeholders and Material Topics






Based on the service spirit of the department store retail business, we value the opinions and expectations raised by stakeholders and maintain unimpeded and good communication with them. To capture the concerns and topics raised by stakeholders, draw up countermeasures, and aggressively respond to the concerns and topics raised by stakeholders are the basic principles of FERG on the road to sustainable development.

### 1.4.1 Stakeholder Identification and Communication

Stakeholders of FERG come from different parts of society. To locate the most representative stakeholder groups, we have assembled employees of all departments of the four group members to identify stakeholders through open discussions with reference to the AA1000 Stakeholder Engagement Standard. In practice, stakeholders are identified in terms of the following stakeholder attributes: dependency, influence, tension, responsibility, diverse perspectives, and eight major stakeholder groups were identified. To fully reflect the topics and aspects concerned by stakeholders with reference to the characteristics of department store chains, we specifically conducted an external stakeholder survey in 2015 to exactly capture FERG's sustainability topics raised by stakeholders.

FERG has established exclusive and comprehensive communication channels with different stakeholder groups. The table below shows the channel and frequency of stakeholder communication and the material topics raised by stakeholders.

Stakeholder Group	Channel and Frequency of Communication	Material Topics Raised by Stakeholders	Strategy of Communication with Stakeholders
Consumers	<ul style="list-style-type: none"> <li>Customer service helplines and call center (irregularly)</li> <li>E-mail (irregularly)</li> <li>Flyers (regularly)</li> <li>Social media (irregularly)</li> <li>E-commerce marketing tools (irregularly)</li> <li>Satisfaction survey (irregularly)</li> <li>Suggestion box (irregularly)</li> <li>Mall personnel (daily)</li> <li>Marketing activities (irregularly)</li> <li>Corporate website (daily)</li> <li>The press and commercials (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and price</li> <li>Food safety</li> <li>Public safety and health</li> <li>Corporate presence/ PRs</li> <li>Governance</li> <li>Operating performance</li> <li>Marketing activities</li> </ul>	<p>Raise customer satisfaction</p> 
Employees	<ul style="list-style-type: none"> <li>Phone (irregularly)</li> <li>E-mail (irregularly)</li> <li>Unit head (irregularly)</li> <li>Employee welfare committee (EWC) and EWC notice (regularly)</li> <li>Employee suggestion box (irregularly)</li> <li>Employee training (irregularly)</li> <li>Far Eastern Magazine (regularly)</li> <li>Internal bulletin (irregularly)</li> <li>Labor-management meetings (irregularly, daily/quarterly)</li> </ul>	<ul style="list-style-type: none"> <li>Business and investment strategies</li> <li>Employee wages and benefits</li> <li>Occupational safety and health</li> <li>Operating performance</li> <li>Personal information security</li> <li>Governance</li> <li>Supply chain management</li> <li>Employee training and career development</li> <li>Employee wages and benefits</li> <li>Decent work</li> </ul>	<p>Happy workplace</p> 
Supplier	<ul style="list-style-type: none"> <li>Business communication (regularly)</li> <li>Schedule (irregularly)</li> <li>E-mail (irregularly)</li> <li>Face-to-face communication through the procurement window or mall executives (irregularly)</li> <li>Procurement contracts (regularly)</li> <li>Internet (often)</li> <li>Coordination meetings (irregularly)</li> <li>Publicity meetings (irregularly)</li> <li>Procurement unit (often)</li> </ul>	<ul style="list-style-type: none"> <li>Operating performance</li> <li>Supply chain management</li> <li>Product quality and price</li> <li>Effluent and waste management</li> <li>Energy management</li> <li>Corporate presence/PRs</li> </ul>	<p>Quality suppliers</p> 

Stakeholder Group	Channel and Frequency of Communication	Material Topics Raised by Stakeholders	Strategy of Communication with Stakeholders
<b>Partners</b> (booth owners and contractors)	<ul style="list-style-type: none"> <li>Meetings (regularly)</li> <li>Face-to-face communication (often)</li> <li>Phone (daily)</li> <li>Cooperation contracts (often)</li> <li>Morning meetings with booth personnel (often)</li> </ul>	<ul style="list-style-type: none"> <li>Operating performance</li> <li>Customer relationship management</li> <li>Public safety and health</li> <li>Supplier chain management</li> <li>Legal compliance</li> <li>Corporate presence/PRs</li> <li>Product quality and price</li> <li>Governance</li> <li>Ethical management</li> </ul>	<b>Best partners</b> 
<b>Shareholders/ Investors</b>	<ul style="list-style-type: none"> <li>Monthly reports (regularly)</li> <li>Meetings of shareholders (regularly)</li> <li>Annual report (regularly)</li> <li>Phone (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Operating performance</li> <li>Product quality and price</li> <li>Governance</li> <li>Ethical management</li> <li>Risk management</li> </ul>	<b>Create profits</b> 
<b>Government agencies</b>	<ul style="list-style-type: none"> <li>Financial reports (regularly)</li> <li>Fire safety exercise (regularly)</li> <li>Inspections of competent authorities (irregularly)</li> <li>Email (irregularly)</li> <li>Government document (irregularly)</li> <li>Seminars (irregularly)</li> <li>On-site audit (irregularly)</li> <li>Grievances (irregularly)</li> <li>Legal requirements (regularly)</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Product quality and price</li> <li>Public safety and health</li> </ul>	<b>Active cooperation</b> 
<b>Media</b>	<ul style="list-style-type: none"> <li>Press conference (irregularly)</li> <li>Email (often)</li> <li>Communication software (often)</li> <li>Phone interviews (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Customer relationship management</li> <li>Product quality and price</li> <li>Employee wages and benefits</li> <li>Decent work</li> <li>Operating performance</li> <li>Public safety and health</li> <li>Effluent and waste management</li> <li>Marketing activities</li> </ul>	<b>Transparent communication</b> 
<b>Community Residents</b>	<ul style="list-style-type: none"> <li>Publicity materials (irregularly)</li> <li>Banners (irregularly)</li> <li>Personal visits (irregularly)</li> <li>Customer service helplines and call center (irregularly)</li> <li>The media (irregularly)</li> <li>Elected representatives (irregularly)</li> </ul>	<ul style="list-style-type: none"> <li>Public safety and health</li> <li>Regional traffic planning</li> <li>Effluent and waste management</li> <li>Energy management</li> <li>Philanthropy</li> <li>Community investments</li> </ul>	<b>Care and Requit</b> 

### 1.4.2 Identification of Material Topics

To ensure the suitability of report contents and report boundaries, we have referred to the principles for defining report contents and material aspects with reference to the AA1000 Accountability Principles Standard and Global Reporting Initiative (GRI) to identify material topics. The process of material topic identification is as follows:



#### Identification

In consideration of the financial, regional, and business connections of this report, the reporting boundary is based on the Far Eastern Department Stores Co., Ltd., Ya Tung Department Store Co., Ltd. (The Mall), Far Eastern Citysuper Ltd. (city'super), and Far Eastern Ai Mai Co., Ltd. (a,mart). Material topics have been determined with reference to the routine operations of FERG employees, topics of competitor interest in Taiwan, the trend of sustainable development and industry current issues, and the material topics identified last year. A total of 24 material topics raised by stakeholders and high economic, environmental, and social impacts on FERG have been identified. In addition, we have further validated the significance of each material topic in the overall value chain.

#### Prioritization

Material topics are prioritized based on the significance of their economic, environmental, and social impacts within and outside of the organization; their influence on stakeholders; and their response and level of transparency. The level of influence and impact of each topic were identified after statistical and quantitative analysis.

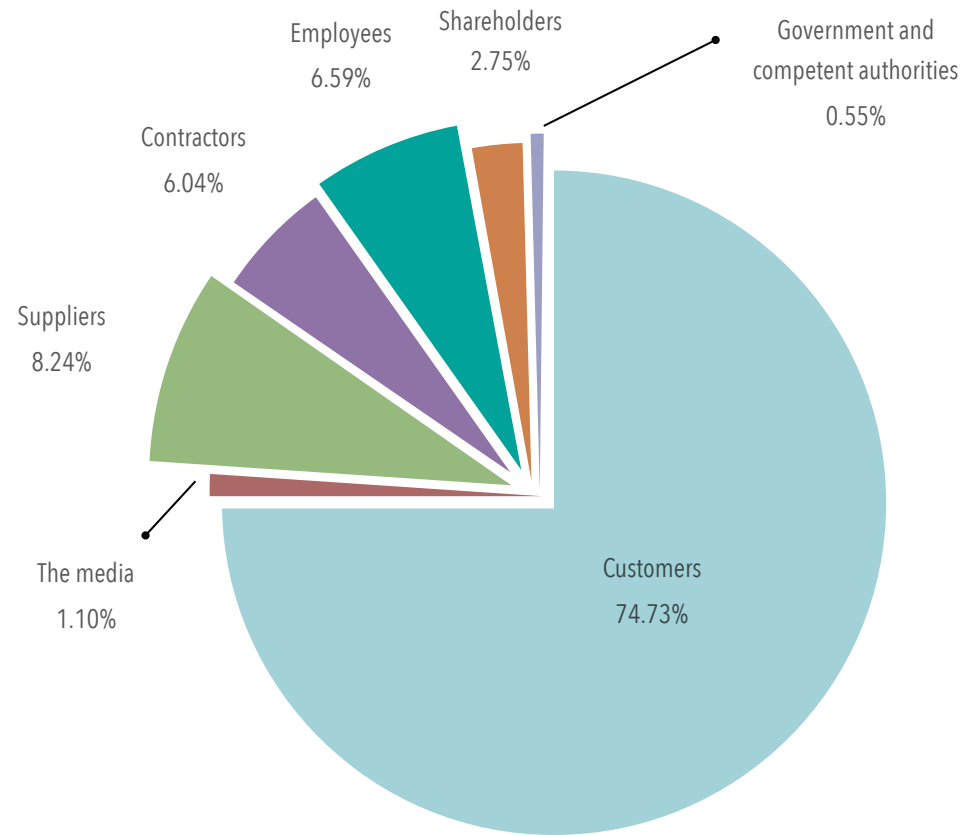
#### Validation

After higher management of FERG and subsidiaries validated the preliminary results of the identification and prioritization, material topics were adjusted based the interpretation and recommendation of top management to ensure the results comply with GRI completeness and stakeholder inclusiveness.

#### Review

In 2015, we designed a questionnaire based on the material topics identified in 2014 to review the materiality of topics raised by external stakeholders. We posted the questionnaire, opened a suggestion box on the corporate website, and provided paper questionnaires at malls. The survey period as between August 2015 and January 2016, and a total of 182 responses were collected. Customers were the major respondent group of the survey, while suppliers and employees were the second and third major respondent groups. This survey also covered stakeholders including booth owners, shareholders, the media, and government agencies and competent authorities. Feedback from the survey can strengthen the real-time and multidimensional two-way communication with stakeholders for us to accurately capture the needs and expectations of stakeholders and actively respond to the concerns and topics raised by stakeholders. In addition, we can re-adjust material topics based on the survey results to confirm the inclusiveness of topics. In 2015, we have expanded the scope of reporting. The review process enables us to validate the report's completeness and inclusiveness of the economic, environmental, and social performances of individuals outside of the organization for the reference of material topic identification in the coming year.

Sources of Respondents Outside Of FERG

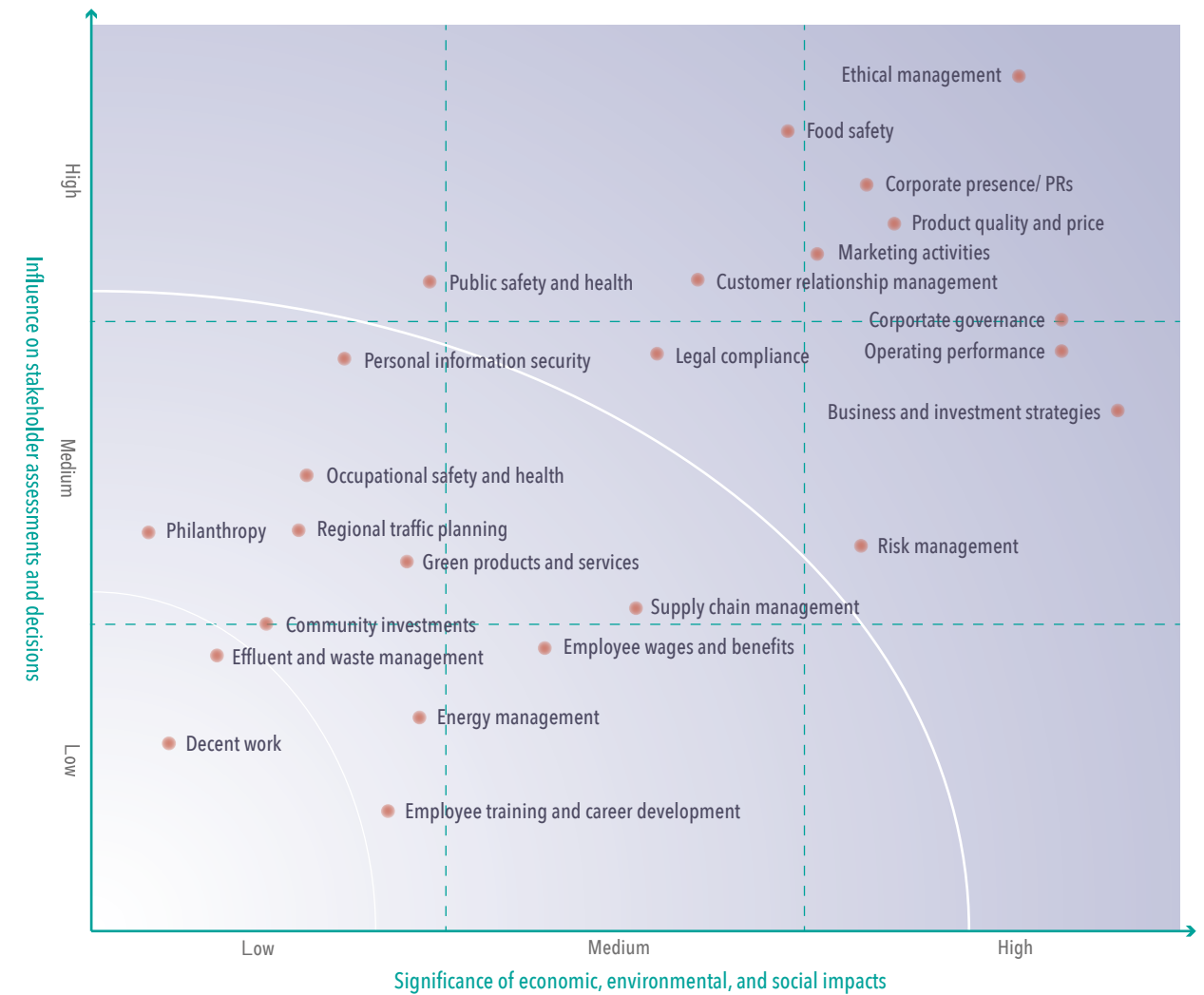


Based on GRI's "Principles for Defining Report Content," we have identified 24 material topics. After prioritization, we found 12 material topics that should be disclosed in top priority and 10 secondary topics in medium priority. Material topics needing immediate disclosures include: ethical management, corporate governance, corporate presence/public relations (PRs), marketing activities, food safety, operating performance, product quality and price, business and investment strategies, customer relationship management, legal compliance, public safety and health, and risk management. By upholding the principle of ethical and fair operations and implementing sound corporate governance and management, we could deal with various risks in the macro environment. To the retail and department store industry, stakeholders have high expectation of the quality of our products and services. While pursuing economic development, we minimize social impacts through community investments and philanthropy. These 12 material topics have been included in our current business plan and sustainable development strategy. In this report, therefore, elaborating the management approaches and performance of these topics will be the central task.

Topics of medium disclosure priority are also significant to FERG, as they are also material aspects enabling us to pursue sustainable development. These topics include: personal information security, supply chain management, employee wages and benefits, green products and services, occupational safety and health, philanthropy, regional traffic planning, community investments, energy management, and employee training and career development. As they are the root of FERG's management, we will introduce in this report our achievements accumulated over time, current status, and future planning of operations. This report does not cover general topics of lower disclosure priority, such as decent work and effluent and waste management. However, details will be given in this report when they present relevant impacts on material topics.

The matrix below presents the 24 material topics disclosed in the FERG CSR Report 2015. The table below shows the material topics and their significance in the value chain and correspondence with the GRI G4 Guidelines.

Materiality Matrix





Material Topic	Corresponding Material Aspects in GRI G4	Corresponding Sections and Chapters	Page	Within Organization					Outside of Organization							
				FEDS	The Mall	city'super	a.mart	Consumers	Supplier	Partners	Shareholders/Investors	Government Agencies	Media	Community Residents		
Material Topics	Ethical management	<ul style="list-style-type: none"> <li>Anti-competitive behaviors</li> <li>Ethics and Integrity</li> </ul>	1.2.3 Financial Performance 1.3.2 Code of Ethical Business Practice	23 28	●	●	●	●		●	●	●	●	●		
	Corporate governance	<ul style="list-style-type: none"> <li>Organizational profile</li> <li>Organizational change during the reporting period</li> <li>Commitments to external initiatives</li> <li>CSR Committee</li> </ul>	1.1 Company Profile 1.1.1 Organization Overview 1.1.2 Participation in Associations and Initiatives 1.2.2 Corporate Governance	12 12 17 20	●	●	●	●		●	●	●	●	●		
	Corporate presence/PRs	<ul style="list-style-type: none"> <li>Market presence</li> <li>Stakeholder engagement</li> <li>Grievance mechanisms for impacts on society</li> </ul>	1.4.1 Stakeholder Identification and Communication 4.1 A Happy Workplace for Adaptive Development 3.4.2 True Response to Customer Advice	29 76 72	●	●	●	●	●	●	●	●	●	●	●	
	Marketing activities	<ul style="list-style-type: none"> <li>Marketing communications</li> </ul>	3.2.1 Maintaining Quality Together 3.2.3 Unexaggerated Marketing and Publicity 3.3 Happy Life with Safe Foods and Beverages	63 66 67	●	●	●	●	●	●	●	●	●	●	●	
	Food safety	<ul style="list-style-type: none"> <li>Products and services</li> <li>Customer health and safety</li> <li>Product and service labeling</li> </ul>	2.3.1 Low Carbon Management and Green Service 2.3.3 Safe and Thoughtful Services for All Customers 2.3.4 Intelligent Management for Zero Risk 3.2.2 Clear Labeling for Consumer Protection 3.3.1 Control for Food Safety First	49 53 56 65 67	●	●	●	●	●	●	●	●	●	●	●	
	Operating performance	<ul style="list-style-type: none"> <li>Economic performance</li> </ul>	1.2.3 Financial Performance	23	●	●	●	●	●	●	●	●	●	●	●	
	Product quality and price	<ul style="list-style-type: none"> <li>Products and services</li> </ul>	2.3.1 Low Carbon Management and Green Service	49	●	●	●	●	●	●	●	●	●	●	●	
	Business and investment strategies	<ul style="list-style-type: none"> <li>Economic performance</li> </ul>	1.2.4 Strategy for Sustainable Operations	24	●	●	●	●	●	●	●	●	●	●	●	
	Customer relationship management	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> </ul>	3.4.1 Customer Satisfaction First	10	●	●	●	●	●	●	●	●	●	●	●	
	Legal compliance	<ul style="list-style-type: none"> <li>(Environmental) Compliance</li> <li>(Social) Compliance</li> <li>(Product) Compliance</li> </ul>	1.3.2 Code of Ethical Business Practice 2.2.2 Fashion and Nature Together 3.2.3 Unexaggerated Marketing and Publicity 3.4.3 Zero Miss Privacy Protection	28 47 66 72	●	●	●	●	●	●	●	●	●	●	●	
	Public safety and health	<ul style="list-style-type: none"> <li>Customer health and safety</li> </ul>	2.3.3 Safe and Thoughtful Services for All Customers 2.3.4 Intelligent Management for Zero Risk 3.3.1 Control for Food Safety First 3.3.2 Acclaim for Choice Products	53 56 57 69	●	●	●	●	●		●		●	●	●	
	Risk management	<ul style="list-style-type: none"> <li>Anti-corruption</li> </ul>	1.3.2 Code of Ethical Business Practice	28	●	●	●	●		●	●	●	●			



Material Topic	Corresponding Material Aspects in GRI G4	Corresponding Sections and Chapters	Page	Within Organization					Outside of Organization							
				FEDS	The Mall	city'super	a.mart	Consumers	Supplier	Partners	Shareholders/Investors	Government Agencies	Media	Community Residents		
Secondary Topics	Personal information security	• Customer privacy	3.4.3 Zero Miss Privacy Protection	72	●	●	●	●	●		●	●				
	Supply chain management	<ul style="list-style-type: none"> <li>• Supply chain description</li> <li>• Procurement practices</li> <li>• Supplier environmental assessment</li> <li>• Supplier assessment for labor practices</li> </ul>	1.4.2 Identification of Material Topics	31												
			2.2.2 Fashion and Nature Together	47												
			3.2.1 Maintaining Quality Together	63	●	●	●	●		●	●	●				
			3.3.1 Control for Food Safety First	67												
			3.3.2 Acclaim for Choice Products	69												
	Employee wage and benefits	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Benefit planning</li> <li>• Status of employee of each location</li> <li>• Employment</li> <li>• Labor/management relations</li> <li>• Diversity and equal opportunity</li> <li>• Equal remuneration for women and men</li> <li>• Labor practices Grievance mechanisms</li> </ul>	4.2.2 Maintaining Safe Work Conditions	84												
			4.1.1 Equal Remuneration	76												
			4.1.2 Welfare Diversity	76	●	●	●	●			●	●	●	●		
	Green products and services	<ul style="list-style-type: none"> <li>• Products and services</li> <li>• Emissions</li> </ul>	4.2 Labor-Management Relations with Achievement Sharing	82												
			2.1.1 All-Round Energy Saving Management	45												
	Occupational safety and health	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> </ul>	2.3.1 Low Carbon Management and Green Service	49	●	●	●	●	●	●	●	●	●	●		
			4.2.2 Maintaining Safe Work Conditions	84	●	●	●	●	●			●	●	●		
Philanthropy	• Indirect economic impacts	2.2.2 Fashion and Nature Together	47	●	●	●	●	●		●						
Regional traffic planning	<ul style="list-style-type: none"> <li>• Indirect economic impacts</li> <li>• Transport</li> <li>• Environmental grievance mechanisms</li> </ul>	4.3 Cultural and Social Exchange and Fusion with Locals Across the World	88										●			
		2.1.2 New Ideas for Transportation Hubs	43													
		2.2.2 Fashion and Nature Together	47	●	●	●	●	●			●		●	●		
Community investments	<ul style="list-style-type: none"> <li>• Local communities</li> <li>• Indirect economic impacts</li> </ul>	3.4.2 True Response to Customer Advice	72													
		4.3 Cultural and Social Exchange and Fusion with Locals Across the World	88	●	●	●	●	●			●	●	●	●		
Energy management	• Energy	2.1.2 New Ideas for Transportation Hubs	43													
Employee training and career development	<ul style="list-style-type: none"> <li>• Training and education</li> </ul>	2.2.2 Fashion and Nature Together	47	●	●	●	●	●			●	●	●	●		
		4.1.3 Adaptive Training and Development	79	●	●	●	●				●	●	●			
Decent work	<ul style="list-style-type: none"> <li>• Non-discrimination</li> <li>• Freedom of associations and collective bargaining</li> <li>• Forced or compulsory labor</li> <li>• Human rights grievance mechanisms</li> </ul>	4.1.4 Encouragement of Development	81													
		4.2.1 Diversified and Equal Workforce Structure	83	●	●	●	●				●	●	●	●		
Effluent and waste management	<ul style="list-style-type: none"> <li>• Overall</li> </ul>	4.2.2 Maintaining Safe Work Conditions	84	●	●	●	●				●	●	●			
		2.1.1 All-Round Energy Saving Management	40	●	●	●	●					●	●	●		
		2.2.1 Waste to Resources	45	●	●	●	●				●	●	●			

Note: Topic that will impact within this boundary.



# BEYOND IMAGINATION



► Electricity from own PV system: > *40,000 kWh*. Green electricity purchases: *100,000 kWh*.  
Support for clean homeland, actions for environmental sustainability. ◀

► *2015 Far Eastern Energy Saving Gold Award* City's super saved *29%* electricity  
with concerted efforts. ◀

► Boosting energy saving efficiency to *67%* with *18+ million* dollar LED bulbs. ◀

► Support the UN's "Water for Life" by organizing the  
*"Taiwan Water, Fountain of Life"* Water Expo at Taipei FE EcoARK. ◀

► Completion of the Mega Tower: *The eco-friendliest department store headquarters in Taiwan*  
and the tallest building in New Taipei City. ◀



## 2.1 Detail-Oriented Low-Carbon Operations

Concerns about climate change intensify as the global average temperature continues to rise. Daring to assume the responsibility for saving resources, FERG constantly designs thoughtful low-carbon services to demonstrate the environmental and LOHAS spirit not only in corners that can be seen but also in details that are invisible.

### 2.1.1 All-Round Energy Saving Management

The scope of operations of FERG covers different types of public spaces, including department stores, supermarkets, and hypermarkets. Due to long-time operations on a daily basis, lighting, air-conditioning, and refrigeration facilities have become the major energy-consuming items. As temperature rises due to climate change, and under the impact of extreme weather events such as rainstorms, droughts, powerful typhoons, and strong cold fronts, FERG is forced to face the risk of soaring energy consumption for air-conditioning. Along with the rising electricity bills every year, saving energy is an immediate and urgent issue to us.

Following the global trend of energy saving and emissions reduction, FERG began promoting energy saving measures in 2012. Through software management and hardware maintenance, FERG hopes to maximize the efficiency rate for bit of energy. As a department store retailer, we need to provide customers with comfortable lighting, refreshing indoor temperature, and fresh air quality, and lighting and air-conditioning have thus become the major sources of energy consumption. Therefore, we promote the "26°C for the indoor" policy to demonstrate our determination to save energy and reduce emissions. We also emphasize the management and maintenance of air-conditioning systems to ensure they can deliver optimal performance.

In addition to the routine management of energy consumption, FERG actively improves the energy efficiency of lighting by replacing high electricity-consuming traditional (incandescent) lamps with light emitting diode (LED) lamps under the LED replacement program. In addition to replacing the hallway and equipment lighting with LED lamps on a yearly schedule based on the building ownership right of each branch, we recommend booth owners to use LED lighting when remodeling their booths. The table below shows the achievement of the LED replacement program over the past three years.

Achievement of LED Replacement Program 2013-2015

	LED Bulb (pcs)	Energy Saving Efficiency	Estimated Electricity Bill Saved (NT\$)	Energy Saved (kWh)	GHG Emissions Reduced (t-CO <sub>2</sub> e)
FEDS	13,056	23.26%	25,790,172	8,596,724	4,478,894
city'super	7,438	67.42%	6,006,090	2,002,030	1,043,057
The Mall	2,000	65.72%	2,402,436	800,812	417,223
a.mart	2,632	51.24%	736,986	245,662	127,990
<b>Total</b>	<b>25,126</b>	<b>-</b>	<b>34,935,684</b>	<b>11,645,228</b>	<b>6,067,164</b>

- Calculation of bulb energy saving efficiency: (Incandescent Bulb Wattage - LED Bulb Wattage) / Incandescent Bulb Wattage.
- Calculation of energy saving capacity: (Incandescent Bulb Wattage - LED Bulb Wattage) x Store Operating Time (kWh) For a term of three years, the total store operating time is 11,880 hours.
- Estimated electricity bill saved is calculated based on energy charge at NT\$3/kWh. The coefficient of GHG emissions is based on the emission factor announced by the Bureau of Energy: 0.521kg-CO<sub>2</sub>e/kWh.

Between 2013 and 2015, we have replaced a total of 25,126 incandescent bulbs with LED bulbs, with a total expense at NT\$18,482,958 and energy saving efficiency at 23.26-67.42%. Calculating at a three-year period (11,880 hours), the total volume of electricity saved is 11,645,228 kWh. Based on the energy charge of NT\$3/kWh, a total of NT\$34,935,684 has been saved over the past three years.

### Highlight Story—Concerns About Energy Saving Effectiveness of city'super

Since 2013, city'super has been replacing cooler/freezer, shelf, and rail lighting with LED lighting fixtures at Tianmu, Fuxing, and Banqiao stores to effectively reduce electricity consumption. In addition, city'super has located the minimum lighting requirement during product replenishment and cleaning to save electricity consumption through field tests and improved cooler/freezer management to minimize electricity consumption in order to practice energy saving from details. Between Q3 of 2014 and Q2 of 2015, city'super has saved up to 16.8% of energy consumption on average, ranking at top of the competition within FEG. With outstanding performance in energy saving, city'super won the 2015 Far Eastern Energy Saving Gold Award.

#### Tips for improving cooler/freezer management

- Strengthen the implementation of the cooler/freezer access management regulations.
- Periodically clean all types of upright/chest coolers/freezers to ensure no product is blocking the air vent to affect cool/cold air ventilation.
- Gradually replace open showcase coolers with glass-door showcase coolers.
- Periodically check and replace the night-time curtain of open showcase coolers to reduce cool air leakage.



2015 Far Eastern Energy Saving Gold Award

In addition to replacing hardware such as light bulbs, FERG improves the energy saving efficiency of lighting by means of smart management. When constructing Mega City, we have already planned LED lighting for the store. In 2015, we progressively increased the two-way control module to strengthen smart management. From the fourth to the eight floors, we installed the multi-loop circuit for hallway lighting to control store hallway lighting by zone and turn on lighting after 5:00 p.m. to save electricity about 4,537 kWh each month. The Mall has also adopted the multi-loop control circuit to control the lintel and embedded lights in the public area with different loops and adjusts the brightness of lighting based the daytime and nighttime needs and the lighting condition of the external environment. Furthermore, The Mall has installed electricity supply timers in areas with energy saving potential, such as the plantation area, to turn on lighting after 6:00 p.m. or when it is cloudy outside. a.mart has also renewed the refrigeration and air-conditioning equipment, such as the chest freezer and a/c cooling tower, of Jingmei, Tainan, and Zhongxiao stores with over NT\$20 million to save electricity up to 733.52 MWh. In addition, a.mart implements elevator and escalator control at non-peak hours to save electricity consumption.

FERG is a non-manufacturing large energy consumer with locations spreading across Taiwan. As electricity consumption plays a vital part in our operating expense, energy saving has always been our major issue in the environmental aspect. To effectively manage the achievements of energy saving and to cooperate with FEG's energy saving policy, FEDS' Engineering Department began taking over electricity management of the company in 2015 to manage and monitor FEDS' electricity consumption. Compared to the total electricity consumption in 2014, FERG saved 1-28% more in 2015. city'super made a great performance by implementing various energy saving measures (e.g. replacing incandescent bulbs with LED bulbs and adjusting a/c temperature), as witnessed by saving 28.53% more than in 2014. a.mart consumed more electricity in 2015 for two main reasons. First, the Nanay Store opened in January 2015. Second, before the Banxin Store closed in November, there were 20 other stores operating between January and October. Electricity consumption was thus higher when compared to only 19 stores in 2014.

FERG Electricity Consumption during 2013-2015

	2013 (MWh)	2014 (MWh)	2015 (MWh)	Difference between 2015 and 2014 (%)
FEDS	215,776	206,186	203,891	-1.11%
city'super	4,706	4,098	2,929	-28.53%
The Mall	1,225	1,146	1,118	-2.44%
a.mart	100,404	105,921	110,982	4.78%
<b>Total</b>	<b>322,111</b>	<b>317,351</b>	<b>318,920</b>	-

Referring to the statistics on the electricity use intensity (EUI, i.e. energy per square meter per year: kWh/m<sup>2</sup>/year) of major building types in 2014 announced by the Bureau of Energy, department stores and hypermarkets were ranked the second and fifth highest in EUI. This suggests that department stores consume huge energy.

When estimating EUI in terms of unit area, it is clear that the energy dependency of FEDS, city'super, and The Mall has reduced significantly. When calculating EUI in terms of transaction volume, although FEDS' 2015 transaction volume is higher than that of 2014, the unit electricity consumption per transaction is 0.41kWh less than that of 2014. This shows that FEDS also saved energy aggressively while boosting sales to maximize energy efficiency of the mall.

EUI of FERG during 2013-2015

	2013 (kWh/m <sup>2</sup> /year)	2014 (kWh/m <sup>2</sup> /year)	2015 (kWh/m <sup>2</sup> /year)	Difference between 2015 and 2014 (%)
FEDS	381	364	354.73	-2.55%
city'super	386	336	240	-4.48%
The Mall	405	370	366	-1.08%
a.mart	342	361	362	0.56%

• The average EUI of each store is calculated based on the area specified in the building use permit, excluding parking lots/garages.

So far, we have not verified greenhouse gas (GHG) emissions. Instead, we simply calculated CO<sub>2</sub> emissions with electricity consumption using the emission factor announced by the Bureau of Energy in 2015. In the future, we will implement GHG inventory by third-party assurance agencies.

CO<sub>2</sub> Emissions of FERG during 2013-2015

	2013 (t-CO <sub>2</sub> e)	2014 (t-CO <sub>2</sub> e)	2015 (t-CO <sub>2</sub> e)	Difference between 2015 and 2014 (%)
FEDS	112,635.07	107,422.91	106,227.21	-1.11%
city'super	2,456.64	2,135.21	1,525.93	-28.53%
The Mall	639.45	597.06	582.48	-2.44%
a.mart	52,410.89	55,184.84	57,821.62	+4.78%
<b>Total</b>	<b>168,142.05</b>	<b>165,340.02</b>	<b>166,157.24</b>	-

• Calculated based on the emission factor at 0.521kg-CO<sub>2</sub>e announced by the Bureau of Energy in 2014.  
 • Data of FEDS, city'super, and a.mart is the sum of electricity consumption of all stores of respective companies, excluding the electricity consumption of headquarters.

Although both the sales turnover and number of visitors increased, the electricity consumption of FEDS between 2013 and 2015 reduced every year. This suggests that our efforts and methods of electricity management were effective. In addition to the brilliant performance in energy saving every year, FEDS is a model of electricity management in the department store retailing industry. Since 2011, its energy saving performance in achieving "save own expense" has been a universally recognized fact. When the Ministry of Economic Affairs

unveiled the "Energy Saving Month" in June 2015, FEDS was awarded the Industry Energy Saving Benchmark Award. In fact, we are the only department store winning this award. Furthermore, FEDS purchased 100,000 kWh green electricity in 2015 with NT\$106,000, making it an example to support the government's energy saving policy.



2015 "Energy Saving Month"— Industry Energy Saving Benchmark Award by Ministry of Economic Affairs

To implement energy saving and emissions reduction, reducing the cost of work, strengthening the horizontal communication of internal management, and improving enterprise responsiveness, reinforcing a paperless environment with IT have been the key policy promoted by FEDS's Administration Department. Therefore, FEDS has developed, upgraded, and optimized the financial form and report, procurement approval, petty cash management, booth contract management, cashier, accounting, and payment systems. Besides replacing obsolete, repeated forms and reports, FEDS has computerized all relevant forms and reports to significantly reduce the time for compiling and checking reports manually. Take the financial reports and forms for example, it is estimated that about 1,270,000 sheets of paper and printing work are reduced in a year. According to the carbon footprint at 0.00424 kg-CO<sub>2</sub>e per sheet of photocopying announced by the EPA on the carbon footprint calculation service platform, we can reduce emissions up to 5,385 kg-CO<sub>2</sub>e every year. This also contributes to energy saving.

FERG spares no effort to promote and implement energy saving measures. Apart from improving the energy saving efficiency of mall and air-conditioning equipment, the most energy-consuming part, FEDS promotes energy saving at headquarters in order to implement the energy saving policy from inside out and contribute to the environment.

**FEDS Energy Saving Rule**

- Turn off unused lighting and unused office equipment at lunch break.
- No improper use of personal appliances is allowed in the office.
- Adjust air-conditioner temperature and speed as appropriate. The last employee leaving the office should turn off the main of the air-conditioner.
- Turn off the reading lamp before leaving the desk.
- Turn off all appliances in the pantry before leaving the office after work.

**city'super Energy Saving Rules**

- Implement proper management of computers and peripherals.
  - Set the power plan of the computer to hibernate after 5-10 minutes.
  - Make sure to shut down the computer and monitor before leaving work.
- Public equipment: Control electricity switches with a color scheme and turn them on and off as scheduled.
- Photocopy and print management: Replace photocopying documents with scanning for filing and print documents on both sides and in black.

• Examples of the energy saving rules of FEDS and city'super.

### 2.1.2 New Ideas for Transportation Hubs

To provide customers with comfortable and safe transportation, Banqiao Store, Mega City, and Hsinchu Store arrange shuttle bus service to pick up customers from the MRT station, railway station, and major local routes; and Chiayi Store arranges shuttle bus services between the store and the parking lot on holidays. As traffic congestion is a common problem in both downtown Banqiao and Hsinchu, apart from effectively relieving the traffic congestion during annual sales, mid-season sales, and other promotional activities, the shuttle bus service can reduce emissions in the surroundings. In addition, encouraging customers to take public transport and shuttle bus can also reduce the environmental impact caused by transport for shopping. In 2015, FEDS spent a total of NT\$9,975,840 on shuttle bus rental.

FERG Shuttle Bus Frequency and Ridership in 2015

	Branch	Frequency/day	Ridership
FEDS	Mega City Banqiao Store	Xinpu Route: 24 buses for weekdays and 42 buses for holidays TPark Route: 10 buses for weekdays and 12 buses for holidays	20 passengers
	Hsinchu Store	72 buses for a week	36 passengers
	Tainan Store	19 buses for weekdays 20 buses for holidays	18 passengers
a.mart	Dazhi Store	Neihu Route: 20 buses for both weekdays and holidays	20 passengers
	Nanya Store	Banqiao Route: 24 buses for both weekdays and holidays	20 passengers
	Taoyuan Branch	Bade Route: 9 buses for both weekdays and holidays	20 passengers

• Tainan Store shut down the shuttle bus service in April 2015; and a.mart shut down the shuttle bus service of Dazhi Store in March 2016.

Although FEDS has provided shuttle bus service to relieve traffic stress, as FEDS stores are located in the city center where traffic is heavy, particularly during peak hours and on holidays, FEDS implements different measures to relieve traffic stress and smoothen nearby traffic, in order to improve driving safety for citizens and attract more customers to shop at FEDS.

Mega City is located at the hub of five major types of public transport and adjacent to the administrative center of New Taipei City. Besides offering free motorcycle parking for citizens seeking government services and residents of Fuqiu Borough, the store hires the voluntary traffic police to direct traffic at major road junctions on major festivals. Mega City also rents parking from nearby office buildings to provide more parking spaces for customers shopping at the store and to shorten their waiting time for parking. Currently, traffic stress on holidays and major festivals has been moderated to affirm our efforts to relieve local traffic stress. In addition, citizens seeking government services and residents of Fuqiu Borough have recognized the store's free motorcycle parking service.

Top City Taichung is also located near the Taichung City Hall. To smoothen local traffic, the Security Control Section of Top City has established the traffic maintenance plan in collaboration with the Taichung City Transportation Bureau and jurisdiction police station and maintains close cooperation for local traffic control to provide customers with a shopping environment with straight-ahead access. On each holiday, Top City hires eleven voluntary traffic officers to direct traffic at nearby road junctions to ensure vehicles can come in the store smoothly. Security personnel also direct vehicles coming in and out the store and monitor the site condition to make opportune adjustment in cooperation with store management personnel. In addition to fulfill its commitment to provide customers with comfortable parking, FEDS has indirectly improve its corporate image. In the future, FEDS will make closer communication and coordination with jurisdiction transportation authorities and local police force and reinforce training for traffic control personnel.

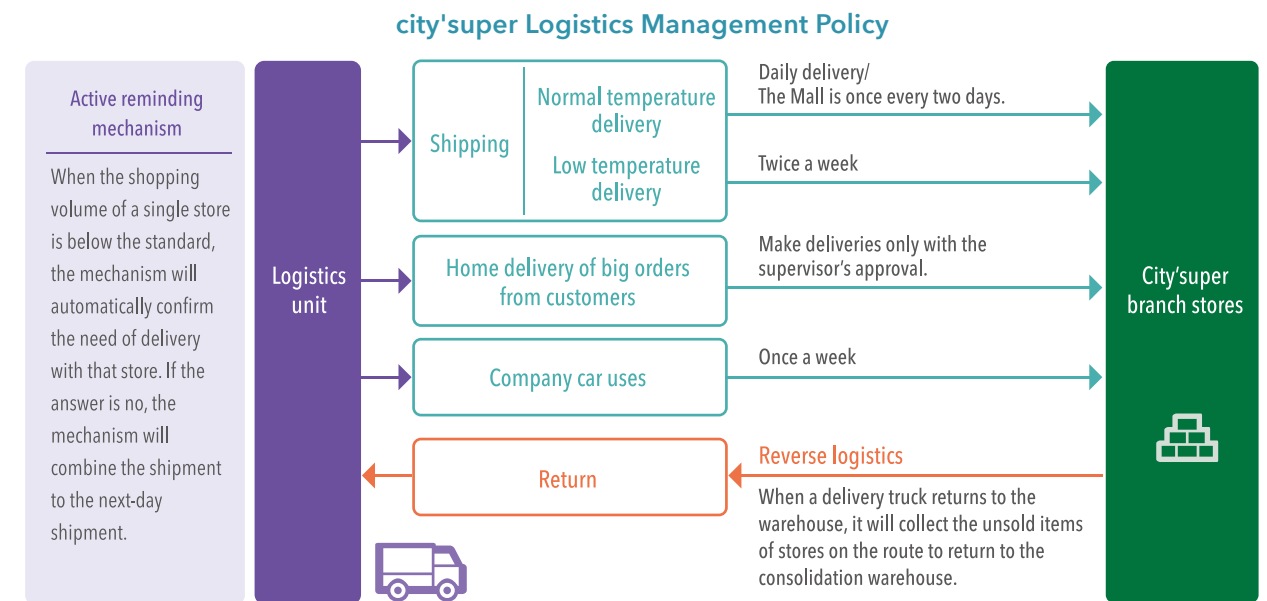
According to the research of environmental authorities, vehicles emit much more GHGs in idling state than in running. Therefore, assistance on relieving the traffic stress in the near neighborhood not only expresses our care for the need of local communities but also supports the anti-idle policy promoted by the government and reduces GHG emissions to demonstrate our determination to assume corporate social responsibility.

In addition, all FEDS branches have rented company cars. Apart from urging employees to use public transport, when they need to attend a meeting or activity, we encourage them to carpool the company car. In 2015, the expense on company car rental was NT\$1,955,322. The Mall and city'super encourage employees to use public transport to prevent increasing environmental load.

Compared to FEDS and The Mall that provide goods delivery service by booth owners only, both city'super and a.mart need to handle the logistics issue. Currently, a.mart distributes products by means of "direct from supplier" and "consolidation warehousing." For on-line shopping, a.mart consolidates products centrally and delivers orders through contract forwarders. To significantly lower suppliers' transportation cost for delivery and GHG emissions, when inputting goods, a.mart cooperates with suppliers to deliver orders in a full truck or

full pallet as much as possible. When shipping products from the consolidation warehouse, the shipment must meet the minimum full truck requirement. Otherwise, the warehouse will combine the shipment with the next-day shipment. Product returns and transfers are shipped back to the consolidation warehouse on the return trip of trucks.

city'super further establishes a complete logistics management policy. In 2015, a total of 533 shipments were made on the following day replace dedicated delivery over the active reminding mechanism. city'super also implements reserve logistics for delivery trucks to collect unsold items from branch stores to the consolidation warehouse for return on their way back to reduce the frequency of collection trips. In 2016, city'super will replace the dedicated refrigerated trucks by installing refrigeration equipment in ordinary delivery trucks to make logistics management more efficient and more flexible.



As a retailing group with stores across Taiwan, besides continuously reinforcing energy saving and carbon emissions at all sales locations, we further extend our efforts outside of each store by assisting on relieving traffic stress nearby stores with smart and flexible methods out of our love for the environment. By doing so, we aim to improve logistics quality and support local government policies in order to build an eco-friendlier, more convenient, and more comfortable LOHAS environment together.

## 2.2 Eco-Friendly LOHAS Services

FERG deeply understands that there is only one Earth, and minimizing resources consumption and pollution is our unchanged commitment for the environment. By exerting our advantages in the routine management of shopping malls, we aim to spread our influence across society.

### 2.2.1 Waste to Resources

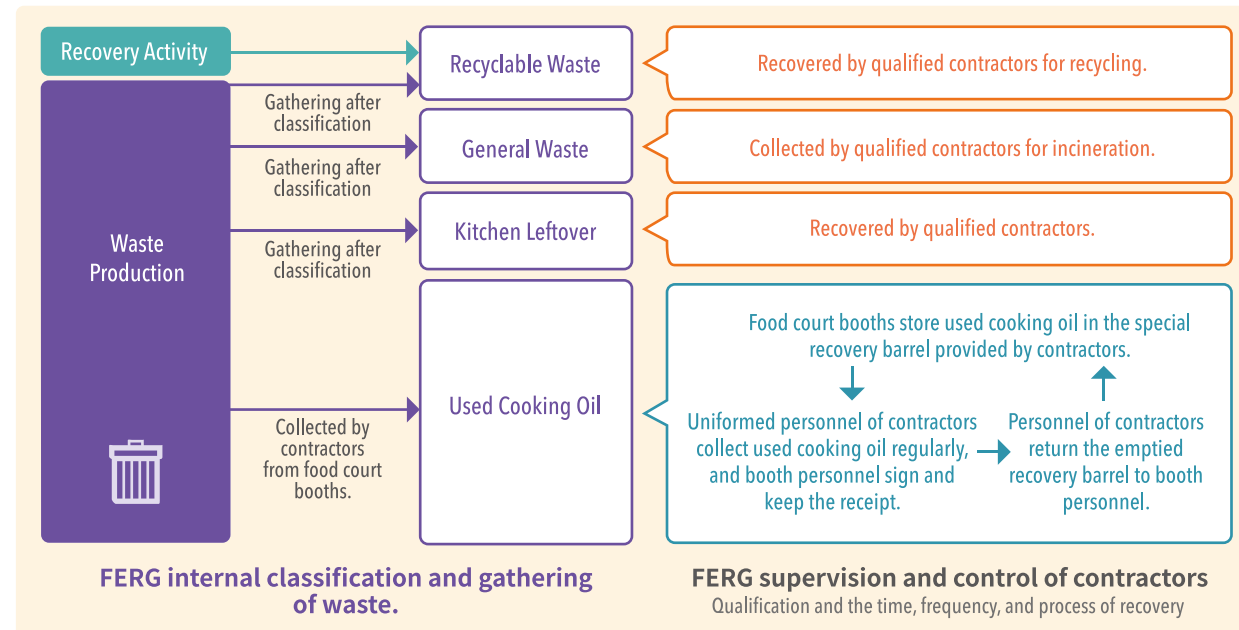
The routine operations of department stores and retailing malls will produce household waste, kitchen leftover, and used cooking oil, which are the focus of FERG's waste disposal. FERG strictly implements garbage classification at offices and in shopping malls to classify general waste into recyclable and non-recyclable waste. After classification and collection, we hire qualified professional waste disposal contractors to recover or incinerate it. All garbage disposal contracts, used cooking oil recovery contracts, and kitchen leftover disposal contracts comply with relevant EPA requirements and regulations.

All food court booths and theme restaurants in FERG stores are equipped with grease extraction ventilators, such as hydro-washing hoods and electro-static precipitators. If the noise of air vents disturbs neighbors, we will request booth or restaurant owners to install acoustic enclosures to reduce noise impact. We also hire professional



contractors to dispose of the kitchen leftovers and used cooking oil produced by food court booths and theme restaurants in the stores. Furthermore, for booths and restaurants consuming a high volume of oil every day, we request them to recover used cooking oil every day. Apart from calculating the amount of used cooking oil recovered, we control the time, frequency, and process of recovery and supervise if contractors are qualified.

FERG Waste Disposal Flowchart



• Due to geographical specificity, the building owner of city'super and The Mall will dispose of the general waste, recovered waste, and kitchen leftover from their stores, while booth owners will recover used cooking oil with their contractors. city'super and The Mall carry out its supervision and management responsibilities over building owners and booth owners.

In addition to actively handle waste produced by the company and booths, FEDS and booth owners encourage customers to value resources by returning products or packaging materials that have been used and are no more in use to our stores for recovery. FEDS and booth owners also co-organize creative environmental activities to turn waste to resources to create new value for waste together with customers. city'super and a.mart provide recovery services for waste batteries and used mobile phones at the information counter to prevent toxic materials contained in waste batteries and electronic waste from bringing hazards to the environment.

Apart from properly handle terminal waste, we care about waste reduction at the source, hoping to maximize the concept of waste to resources and contribute to the "zero waste" society. a.mart and city'super that sell fresh foods increase product sales by specifying the clearance scheme with discount of close-to-expiry fresh food products. In addition, by establishing the scrap data analysis model, both companies effectively reduce potential waste from the source and prevent unnecessary waste of products through item and quantity control at product input, in order to improve management into a model of effective use of resources. In addition, before changing the interior decoration for a new event, FERG must consider the reusability of materials right at the design stage and confirms the status of recovery and reuse of materials after the event. Take The Mall for example, it orderly registers props purchased for display in the asset catalogue for management and reuses them based on the need of different events. In addition, The Mall purchases eco-friendly and reusable props, such as LED lamps and aluminum frames. When hanging banners on the ceiling, The Mall uses aluminum rods in order to reuse them for the next event to prevent unnecessary waste and pollution.

As FERG's 2015 sales increased by 1.1% compared to 2014, the total volume of incinerated waste in 2015 of FEDS was 6,492,000kg, which is 7.77% higher than in 2014 due to an increase in the number of visitors. The total volume of incinerated waste of a.mart at 4,512,000kg also increased by 1.9% compared to 2014. For The Mall and city'super, as waste disposal fee is included in the rent and the building owner has signed independent service contract with contractors, no relevant data is available.

FERG spares no effort in environmental maintenance, and the 2015 environmental expenditure is as follows:

	Expense Item	Expense Amount (NT\$Thousand)
FERG	LED lamp replacement	18,482
	Waste disposal fee	17,052
FEDS	Shuttle bus service	9,976
	Purchase of 100,000 kWh of green electricity.	106
	Adoption of roadside trees	420
a.mart	Renewal of air-conditioning and refrigeration equipment.	20,258
	Waste disposal fee	12,833
The Mall	Greenery adoption	679
		<b>Total 79,806</b>

### 2.2.2 Fashion and Nature Together

Floor or booth remodeling is common to malls. Either construction in the daytime or material transportation in the nighttime will cause noise and dust pollution to affect neighbors. Therefore, FEDS has established the "Contractor Management Regulations" and "Regulations for health and safety management in Demolition/Refurbishment." The Mall has also established the "The Mall Decoration Specifications & Mall Construction Rules" and "On-site Decoration Management Regulations." a.mart has established the "Contractor ESH Management Regulations." FERG requests every supplier and contractor to comply with applicable laws and regulations and the contract specifications and to actively implement self-management, in order to minimize impacts on the environment, safety, and health. In 2015, no environmental impact incident was filed, handled, and resolved through the official grievance mechanism by FERG.

#### Regulations Governing Decoration Contractors of FEDS

Contractor Management Regulations

- Contractors shall comply with the Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act, Noise Control Act, and other applicable environmental regulations. Contractors violating these acts and other applicable environmental regulations shall be punished in accordance with the contract terms and the penalty for violation of these Regulations.
- Nighttime workers shall pay attention of the safety all construction work and open fire work and prevent hazards of environmental noise caused by construction vehicles, workers, and construction work.

- Proper protection, insulation, and handling measures shall apply to the dust, noise, and paint produced during the demolition process. Every day, workers shall clean up the waste, including all garbage and waste, from the demolition work on-site before the end of work and shall not stack them on-site. Every day, workers shall also pack and transport construction waste to the designated storage location for qualified contractors to dispose of it.

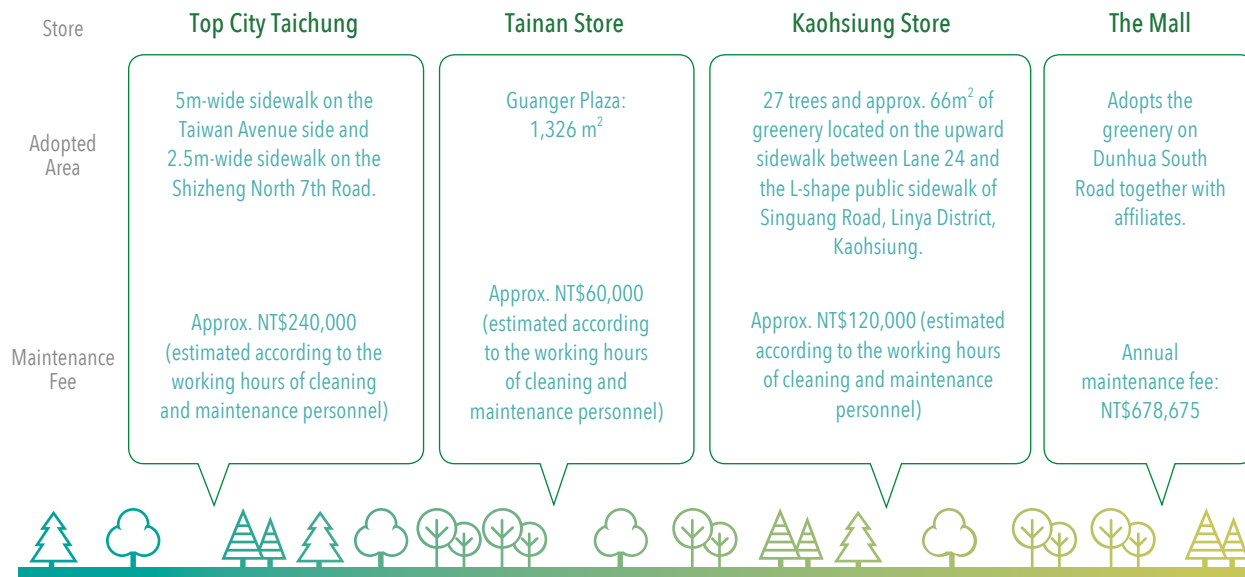
Regulations for Health and Safety Management in Demolition/Refurbishment

In routine operations, the cooling tower outside of the store will produce noise. Therefore, FEDS hires professional contractors to install the noise insulation enclosure on the tower to minimize noise from disturbing neighbors. As the exhaust vent at the store parking driveway may cause air pollution to nearby residents, we have installed active charcoal filters to the vent to actively reduce impact on the nearby environment.

FERG further extends its care for the environment to the roadside trees and greenery around the stores. To flourish cityscape, enhance the maintenance efficiency of public facilities, befriend with local communities, and provide the city with a quality image and comfortable leisure space, both Top City Taichung and Kaohsiung Store adopt roadside trees and greenery around the store; and Tainan

Store adopts the Guanger Plaza Park (Donganfang Cultural Zone). FEDS sends personnel to clean up and maintain all adopted greenery and trim the plants inside as necessary to contribute to the greening of the cityscape, so that citizens can appreciate the thriving roadside trees on their way to the store. Mega City Banqiao also adopted the maintenance and repair of the escalators and elevators linking the underpass of Xinzhan Road.

**Investments in Greenery Adoption by FERG in 2015**



FERG has been promoting the “care for Earth” concept through various environmental activities over time to support international environmental initiatives. With the crowd-gathering advantage of department stores, we invite the public to practice environmental protection with us. Please refer to “4.3.3 Linking Social Care with Love” for details regarding the environmental activities we have organized or participated.

The UN set 2005-2015 as the “Water for Life” decade, while Taiwan experienced the severest drought in the past 67 years in 2015. To make people more aware of the importance of water resources, FEG Chairman Douglas Hsu, Taipei City Mayor Wen-je Ko, Economics Minister John Deng, and NTU Professor Hong-yuan Lee of the Department of Civil Engineering unveiled the “Taiwan Water, Fountain of Life” Water Expo at the ocean-blue-glittering Taipei FE EcoARK, Taipei Expo Park. As one of the organizers, FERG has spared no effort in advocating the global issue of the need for sustainable water resources and urges the public to “value water and love Taiwan.”

**Exhibition Venue of the “Taiwan Water, Fountain of Life” Water Expo**



[Exhibition area on the 1st floor] Rainstorm vs. Drought: An excursion of extreme weather. [Plaza on the 1st floor] Curious Water Experience: Weight of Water. [Exhibition area on the 2nd floor] Uncover the treasure under the city: Water absorption. [Exhibition area on the 3rd floor] Spherical screens display the secret of water.

**2.3 Future Imagination of Green Intelligence**

With the rise of the environmental awareness in modern society, FERG also runs ahead of others to build a green, healthy, and safe shopping paradise by combining technology with fashion and environmental protection.

**2.3.1 Low Carbon Management and Green Service**

Recognizing the environmental care and concerns of customers, we pay special attention to the emission reduction effect of our products and services. With rise of green design, we sell low energy consumption, low hazard, and easy to recover high-efficient products to reduce energy consumption during products’ life cycle. We also actively engage in resource recovery to further create green value for customers and society. By continuously using low-pollution consumables and products, we aim to reduce impacts on the environment. All branded products at any FEDS booths are made by legal manufacturers and examined and approved by relevant government departments. Agency or licensing brands are also examined for compliance before they can be imported or slotted, so as to carefully control the potential environmental impacts of products. To verify the energy efficient products, a.mart look up the energy efficiency certificate number of products from government websites to ensure products comply with relevant laws and regulations to reduce energy consumption. FERG also actively reduce the environmental impact of product packages through the following measures.

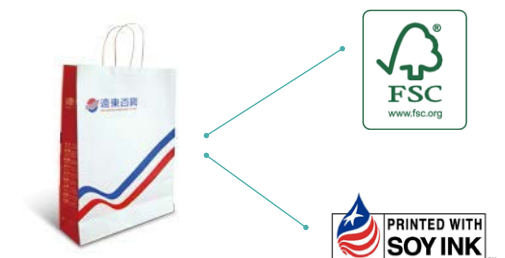
**FERG Package Reduction Measures**

<p>Insistence on no secondary packaging for imported products before slotting and reporting the type and quantity of packages and containers of imported products bimonthly and pay relevant handling fees according to the EPA requirements. Use of paper packaging materials and minimization of the packaging of seasonal gift sets.</p>	<p>Promotion of packaging simplification without affecting product trademarks.</p>	<p>Reduction of plastic trays and packaging boxes. The top management of each store, i.e. shop managers and deputy shop managers, are responsible for implementing the plastics reduction program. A total of 80%, or 32,639kg, of plastic trays or packaging boxes were reduced.</p>	<p>Recovery and reuse of plastic shopping bags in collaboration with the New Taipei City Government in 2015 and the Taipei City Government in 2016 to turn plastic shopping bags into exclusive garbage bags of both cities, convenient and eco-friendly.</p>
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Flyers or leaflets are important marketing tools of department stores and retailers. FERG turns them into an indispensable part of publicity material for environmental protection. FEDS, The Mall, and a.mart print flyers or leaflets with eco-friendly soy ink. Besides making flyers and leaflets eco-friendlier, Mega City Banqiao, Banqiao Store, and Baoqing Store trialed the combined flyer or leaflet for the Mother’s Day event due to their geographical proximity. As a result, they consumed less paper than before, and customers were informed of more product options in a better way within the same shopping area. In addition to sharing crowds, this has stimulated buying, and the sales of each of these three stores increased by 0.4-7.2%. This is a best example of creating a win-win situation for environmental protection and profitability.

As merchandise sold by FEDS is carefully packed in our shopping bags, shopping bags are the most consumed paper products at FEDS. In response to the global trend of low carbon and eco-friendliness and in consideration of tree reclamation and forest conservation, FEDS uses paper bags made of hazard-free materials certified by FSC™ COC and complied with EU environmental directives. FEDS also print shopping bags with soy ink. The Mall further urges customers to reuse paper bags to reduce carbon emissions.

**FEDS' Shopping Bags Are Made by FSC Paper and Soy Ink**





Besides correctly coaching cashiers to pack products with paper bags of suitable size, city'super has launched the "Love Our Earth Card Point Collection" activity to encourage customers to bring their own shopping bags. Customers who do not ask for shopping bags when checking out will get one point from city'super. After accumulating to a certain number of points, they can redeem different gifts. The activity was a big success, and many city'super customers redeemed their gifts heatedly in 2015. In addition to printing paper bags with soy ink, city'super will use paper bags made with more recycled pulp.

FERG wholeheartedly serve every customer. We treat the continuous support of customers as the most value asset. Therefore, we will continuously provide healthy products and services to requite customers. At different events, we offering reusable shopping bags, such as the Mr. White Cloud drawstring bag and Mr. White Cloud folding bag, as gifts for customers to support FEDS' environmental concept in real action while shopping. In 2015, city'super launched the city'super X Eva Armisen cup as the exclusive birthday present for members. This cup made of cornstarch contains no pollution in manufacturing and is decomposable in nature after the end of life. Therefore, it is heatedly sought after by members. As a result, the redemption rate of birthday present in 2015 was higher than that of 2014 by 17%.

To support the government's consumption boost plan, a.mart offered an extra up to NT\$80 million. Besides receiving a maximum government subsidy of NT\$2,000, consumers buying home appliances carrying the water-efficient and energy-efficient marks at a.mart before February 29, 2016 could enjoy up to NT\$10,000 cash discount. a.mart's concerns about environmental protection have earned it the "Outstanding Green Cycle Shop" award from the New Taipei City Government, the "Outstanding Energy Efficient Product Promotion" citation from the Taipei City Government, and the "Best Marketing Green Store" award from the Taoyuan City Government. These awards and citation prove a.mart's excellent performance in promoting industrial waste reduction, resource recycling and reuse, energy saving, emissions reduction, and green products.

**Highlight Story—  
Mega City Banqiao Assisted Low-Income Families To Save Energy Together**

To support the Executive Yuan's policy to promote national energy saving action, Mega City Banqiao offered LED lighting fixtures for low-income families in nearby communities to help local citizens to actively reduce energy consumption with its own resources and know-how. After discussing with the New Taipei City Economic Development Department in October 2015, the head of Fuqiu Borough in Banqiao District finished the demand list on January 4, 2016. Within the following two weeks, Mega City Banqiao offered 100 LED bulbs to the low-income families in the borough. Besides the care for the environment, FEDS wishes to contribute to society with its core business to disseminate the positive energy of service for local communities.



**Redemption Quantity with the Love Our Earth Card in 2015**

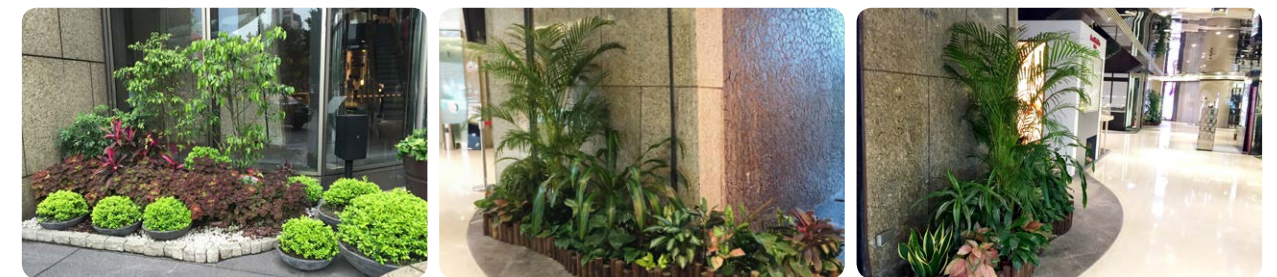
Redemption item	Redemption quantity
10 points 100 points for the super e-card	105
20 points 15 points for the Happy Go Card	220
30 points NT\$50 voucher	680

**Member Exclusive Gifts**



FERG aggressively promotes e-ticket and e-payment and have implemented magnetic parking pass and e-ticket payment policies to reduce resource consumption. Mega City Banqiao, Top City Taichung, Hsinchu Store, Tainan Store, and Hualien Store have also adopted the magnetic parking pass policy to significantly reduce paper ticket consumption in order to contribute to environmental protection. Take Tainan Store for example, after implementing the magnetic parking pass policy in 2013, it has significantly reduced paper consumption compared to 305,000 tickets in 2012 to reduce tree reclamation. Therefore, after evaluating the benefit of magnetic parking pass in 2015, Banqiao Store will complete replacing the system in April 2016. Taoyuan Store and Kaohsiung Store are also evaluating the replacement of the magnetic parking pass. As Chiayi Store has no parking service and Baoqing Store needs manual control because it has only one driveway, the magnetic parking pass is unsuitable for these two stores for the moment.

In addition to fulfilling its environmental commitment through products and services, FERG actively extends environmental protection to the entire value chain. It is our mission to provide customers with a comfortable shopping environment. Therefore, FEDS and The Mall grow a lot of plants in the shopping and office areas to create a natural, comfortable shopping environment and hope to reduce the intensity of CO<sub>2</sub> and improve the air quality of the interior area.

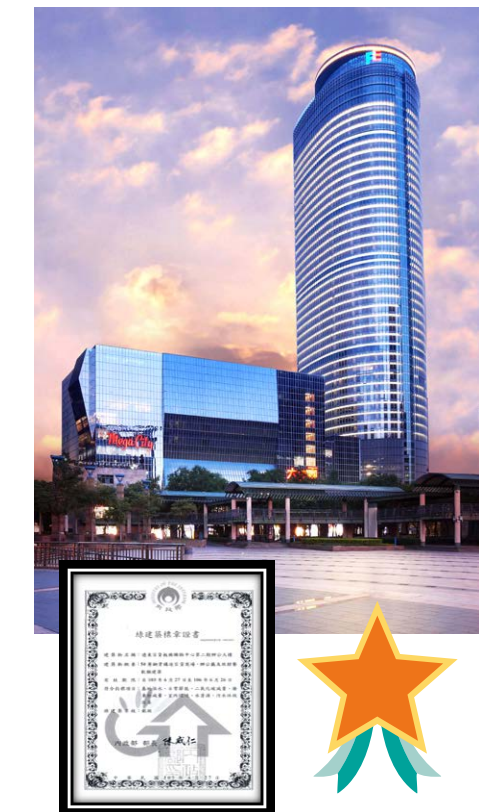


**2.3.2 Building Green Malls with Intelligence**

The construction of the Mega Tower, FEDS Headquarters, sitting next to Mega City Banqiao began in 2010. After its service began in January 2015, it has become the tallest building in New Taipei City. With "360° vision," it is the most brilliant green germ on a crown sitting in the urban center of New Taipei City. The Mega Tower is a 50-storey green building integrating four main foci: ecology, energy saving, waste reduction, and health. Planned and designed by Far Eastern Technical Consultants Co., Ltd., a FEG affiliate, the tower has inherited to FEG's unchanged environmental belief at every stage from design to completion and operation. Therefore, it was recognized by the silver green building label from the Construction and Planning Agency, Ministry of the Interior.

The Mega Tower complies with all the nine indicators of the EEWB Green Building Evaluation System of Taiwan. These including the use of low-e or insulating glass curtain wall system for the exterior wall to effectively insulate heat conduction and cool air effusion. In the daytime, insulating glass enable adequate light to comes in. In the assistance of LED lighting, a large amount of indoor lighting is reduced. Together with the new type of HAVC system, we can create a comfortable indoor environment and enforce daily energy saving. The lightweight design was applied to the structure. The higher floors were constructed with steel reinforced concrete (SRC) structure to effectively reduce

**Certificate of Silver Green Building for the Mega Tower**





the dust produced at the construction stage of reinforced concrete (RC) structures and the consumption of building materials. At the construction stage, we implemented various measures, such as dust prevention and washing, to control particulate matters (PMs) in order to minimize waste production. During the planning and construction periods, we also implemented water conservation, vegetation maintenance, and greening of the construction site. Moreover, we have made various types of eco-design for the office building. To well exploit water resources, we have equipped the building with low-flush toilets, low-flush urinals, and water-saving taps. We have also equipped canteen kitchens with grease separation devices.

Opened in 2011, Top City Taichung looks like a bright and valiant yacht and adopts flexible energy-saving spatial planning and multidimensional design to create the concept of a new-typed eco-friendly and energy-saving multifunctional department store integrating shopping malls, cinemas, and parking. At the higher floors, we create a “future garden” and “VR tropical ocean” with electronic interactive projection technology, making Top City Taichung the only large department store with VR in Taiwan. Although it occupies a gross floor area over 165,290m<sup>2</sup>, it is the eco-friendliest shopping mall. The exterior walls are equipped with LED bulb panels, all construction materials are green materials, and the total area of green building materials is up to 139,127.06m<sup>2</sup>. Arbors and large areas of grass are grown in open landscapes for citizens to enjoy recreation and watch the landscapes and to increase CO<sub>2</sub> exchange. In addition, a total of 3,000 golden dewdrops are grown on the veranda of each floor for facade greening to ensure the building radiates the vigor of green. Green landscapes are also built on the roof to make the building look more beautiful.

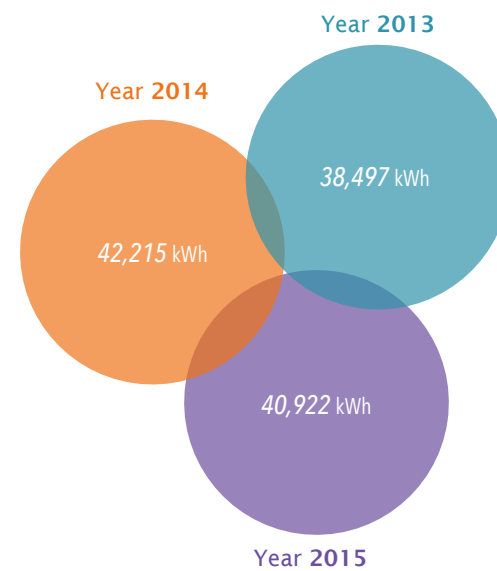


Top City Taichung is even equipped with the PV system to supply electricity for lighting of part of the floors to effectively reduce energy consumption and achieve the goal of environmental protection, sustainable operations, and clean energy use. In short, it sets a benchmark of renewable energy use for department stores. In mall air-conditioning, Top City Taichung is the first to use the energy-saving ice storage air conditioning system to store thermal energy with ice at off-peak hours to reduce electricity load at peak hours, so as to effectively reduce carbon emissions. Compared to the previous year, the 2015 electricity bill was NT\$7.49 million less.

In water saving, Top City Taichung have equipped water saving valves on all taps and built a rain harvest system to collect up to 340 ton of rainwater. After treatment, the harvested rainwater is used for landscape irrigation. On the building site, we have grown over 2,300m<sup>2</sup> of high water-permeable grass bricks to effectively maintain water conservation.

The green energy intelligence combining different types of technologies have enabled Top City Taichung to consume less energy and natural resources even when there are a lot people inside. In recent years, extreme weather events have become increasingly frequent as a result of climate change. As drought becomes increasingly severe in Taiwan, every year we must face the water rationing problem. With effective water

Power Generated of Top City Taichung PV System





conservation and the rainwater harvesting system, however, Top City Taichung could maintain normal water supply in 2015 without wasting any previous water resources. By making detailed planning with green building technology, FERD’s efforts to promote environmental sustainability are fully displayed.


### 2.3.3 Safe and Thoughtful Services for All Customers


As a provider of famous and important entertainment and consumption venues, FERG attracts many customers every day. The crowd is even huge on weekends and holidays. Therefore, the safety and health of customers are always our prime concerns. In recent years, we have been improving the shopping environment and safety facilities in order to build a comfortable, relaxing shopping space for each guest.

Considering that our customers are from different parts of society, to take care of different customer groups, we have made thoughtful planning for mall facilities, customer circulation, and services to provide every customer with a most convenient shopping environment and enable each customer to feel our thoughtful and touching services. We equip information counters and service personnel at each department store, mall, or hypermarket to help customers to solve their problems at any time. We also equip accessible facilities in the store for customers to access every part of the store without obstacle. To support the rising cycling norm, we specifically install bike racks in the store for customers to ride to the store. To express our care for women, infants, and elderly people, we provide nursing/breastfeeding rooms and wheelchairs in every store for customers to use in order to create a shopping environment for families and for all ages. Furthermore, we spare no effort to protect the health and safety of customers. Every FEDS store has first aid personnel and first aid kits to ensure maximum protection for customers.

 ▶ Mega City Banqiao extends care for mothers with children to the parking service: Since 2014, Mega City Banqiao has planned 30 parking spaces for mothers with children and implements 24-hour surveillance with infrared CCTV cameras to ensure the safety of mothers and children.

 ▶ FEDS equips breastfeeding (collecting) rooms in all stores for breastfeeding mothers to enjoy shopping relaxingly. In each breastfeeding (collecting) room there is an emergency alarm to ensure the security and friendliness of in need of breastfeeding (collecting). Mega City Banqiao, Banqiao Store, and The Mall even won the best breastfeeding (collecting) room honor from New Taipei City and Taipei City for many years.

 ▶ To maintain store public safety, FERG equips fire extinguishing equipment, fire alarm equipment, refuge and escape equipment, necessary equipment for fire rescue, and other fire safety equipment recognized by the central competent authority in all stores. All equipment complies with the Fire Services Act and the Standard for Installation of Fire Safety Equipment Based on Use and Occupancy, and FERG has also established relevant management regulations. Please refer to “2.3.4 Intelligent management for zero risk” for the periodic inspection of fire safety equipment.

 ▶ At each store, FEDS equips the automated external defibrillator (AED) as required by the Ministry of Health and Welfare. In addition, each store has appointed AED administrators to enhance first aid efficiency and make more time for rescue when there is a sudden cardia arrest (SCA) case. In 2014, Mega City Banqiao became the first large department store to pass the “AED Safe Venue” in New Taipei City. Every AED administrator has completed mandated training, and AED suppliers also provide AED and CPR (cardiopulmonary resuscitation) training for employees and counter personnel every year to ensure they are familiar with equipment operation and CPR skills. AED suppliers also arrange periodic check of the AED to ensure equipment is ready for use at any time.

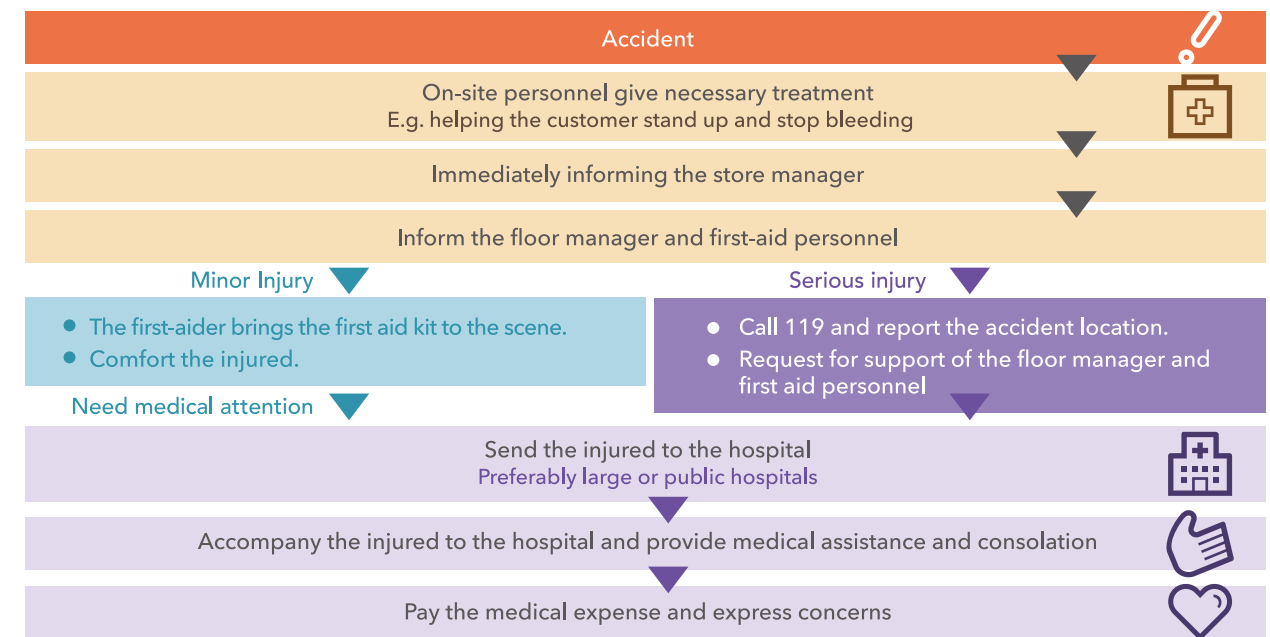
Safety and Convenience Facilities of FERG

Facility	FEDS	a.mart	The Mall	city'super
Convenient and Accessible	Taxi calling/taxi stand	●	●	
	Floor Plan and Directory	●	●	●
	Service/Access Signs	●	●	●
	Bike Rack	●		
	Accessible toilets	●	●	●
	Disabled parking spaces	●	●	●
	Accessible Elevators	●	●	●
	Ramps	●	●	●
Care for Women and Infant	Parking Space for Expectant Mothers	●		
	Female Toiletries at the Reception Counter	●	●	
	Strollers	●	●	●
	Children tracking sticker	●		
	Nursing Rooms/Breastfeeding (Collecting) rooms	●	●	●
	Diapers	●	●	●
Diaper Changing Tables	●	●	●	
Happy Life for Elderly People	Reading Glasses	●	●	
	Shelf-side magnifiers		●	●
	Wheelchairs	●	●	●
	Benches in the store		●	●
	Seat sticks		●	
Care for All	Floor Guide	●		●
	Courtesy Umbrellas	●	●	●
	Lockers	●	●	●
	Free temporary phone charger	●	●	
Nature and Health	Hand Sanitizer Dispensers	●		
	Water Fountains	●	●	
Safety Protection	CCTV Cameras	●	●	●
	Emergency alarm/intercom	●		
	Elevator service bell		●	
	Secure Car Waiting Zone	●		
	Fire equipment	●	●	●
	Refuge and escape equipment	●	●	●
AED and First Aid Personnel	AED	17	19	
	First aid personnel	76	53	
	First aid kits	●	●	●

- Facilities and devices are equipped according to the needs and actual space of each store. Please refer to "2.3.4 Intelligent management for zero risk" for the periodic inspection of facilities and devices.
- Safety and convenience facilities of city'super are equipped by department stores where city'super is located.

To timely capture and handle emergencies and accidents occurred in a mall and thereby to solve or mitigate a potential crisis, we have established the "Mall/Workplace Accident Handling SOP". When a customer is injured in the mall, employees immediately inform professional first-aid workers to provide first aid for the customer with reference to the SOP and accompany the injured to seek medical attention from a large hospital. After each accident, FEDS keeps detailed contact information of the case and maintains a full record of the accident, including the cause, place, date, condition, and treatment of the accident. Relevant units will immediately review the cause of accident. A section chief or higher level officer will follow up and express care to the case to ensure customers are satisfied with our treatment before closing the case. In 2015, one case concerning an insurance claim for a customer that fell occurred at FEDS and six other cases occurred at a.mart. FERG assumed the care responsibility for the victims and handled these cases as best as possible in accordance with the accident handling procedure. In addition, we send personnel to patrol the store regularly to make continual improvement of the store environment. We also remind customers to take care of personal safety through the public address system in order to prevent such accidents from recurrence.

Accident Handling Flowchart



Although we have established a complete emergency handling procedure, FERG never weaken our responsibility for the customer safety, because we understand that "prevention is better cure." Store safety must be maintained from the detail in routine operations in order to provide customers with a safe shopping environment.

We request floor personnel to tour the site every day and take immediate corrective actions after detecting anything unsafe, such as slippery floor, exposed electricity wires, blocked aisles, etc. Floor managers and counter personnel notice if products and props are unstable or damaged and ask for repair or replacement if they are. In addition, when children are running or playing with the escalators or other equipment, floor managers and counter personnel must stop them immediately. Customer service also makes public address to remind customers of things they must be noted. For example, customers carrying strollers, seniors, and persons with disabilities must avoiding using the escalator but must take the lift instead.

Each city'super store has security personnel patrolling the store during the opening hours. In addition, most employees are equipped with walkie-talkies to report to the management and take counter actions immediately after discovery any suspicious person or when there is a situation. City'super also equips CCTV cameras at different parts of the store to ensure customer safety in the store. When a customer loses anything, city'super can retrieve the video recording to help them identify the lost item and provide the required resources for the police after the customer reports to the police.



### 2.3.4 Intelligent Management for Zero Risk

FERG values the shopping experience and feeling of customers at each FERG store. FERG even cares about the safety and health of customers. Therefore, we constantly optimize safety and health hardware and improve management in order to create a zero-risk shopping environment for customers.

Every day, FERG stores clean the store and disinfect escalator handrails and elevator buttons. Stores also implement pest and rat control and store disinfection periodically. For the health of customers, after government agencies, such as the Ministry of Health and Wealth, announce an epidemic, we implement disinfection and monitor employees coming in and out of the store. When an employee is suffers from an epidemic disease, we will help him/her implement voluntary quarantine at home and keep track on his/her condition.

**FERG Periodic Inspection Items**

Frequency	Inspected item	Management method
Daily	<ul style="list-style-type: none"> <li>• Store check and floor patrol to ensure unimpeded emergency exits.</li> <li>• Electricity safety, such as power sources and receptacles. Booth owners shall not install power sources and receptacles without permission.</li> <li>• Control of operation using hazardous substances.</li> <li>• Water chiller operation check (2 hours/day)</li> <li>• Gas and electricity check after opening hours.</li> </ul>	After inspecting equipment and facilities, hand over the checklist to administrative personnel and the responsible units to sign the checklist for confirmation.
	<ul style="list-style-type: none"> <li>• Generators (twice a month)</li> <li>• Replacing or cleaning the filters of the air-conditioning system.</li> <li>• Check and maintenance of the cooling tower.</li> <li>• Water quality and electric shock guards of water fountains.</li> <li>• Cleanliness, hygiene, and safety of water storage tanks.</li> <li>• Self-inspection of fire equipment and escape routes.</li> </ul>	Detailed inspection and maintenance every month.
Quarterly	<ul style="list-style-type: none"> <li>• Periodic inspection of the power supply equipment and motors of the air-conditioning system.</li> </ul>	Periodic inspection
Biannually	<ul style="list-style-type: none"> <li>• Full inspection of fire safety and escape equipment.</li> <li>• Test of indoor CO<sub>2</sub> intensity.</li> </ul>	Full inspection
Annually	<ul style="list-style-type: none"> <li>• Elevators and Escalators</li> <li>• Mechanical Parking Systems</li> <li>• High Voltage Electrical Equipment</li> <li>• Low Voltage Electrical Equipment</li> <li>• Generator</li> <li>• Local Ventilators, Air Purifiers, and Tway Air Exchange</li> <li>• Inspection of air-conditioning equipment</li> <li>• Water Chiller Unit</li> <li>• Cooling Towner</li> </ul>	Full inspection of all equipment every year.

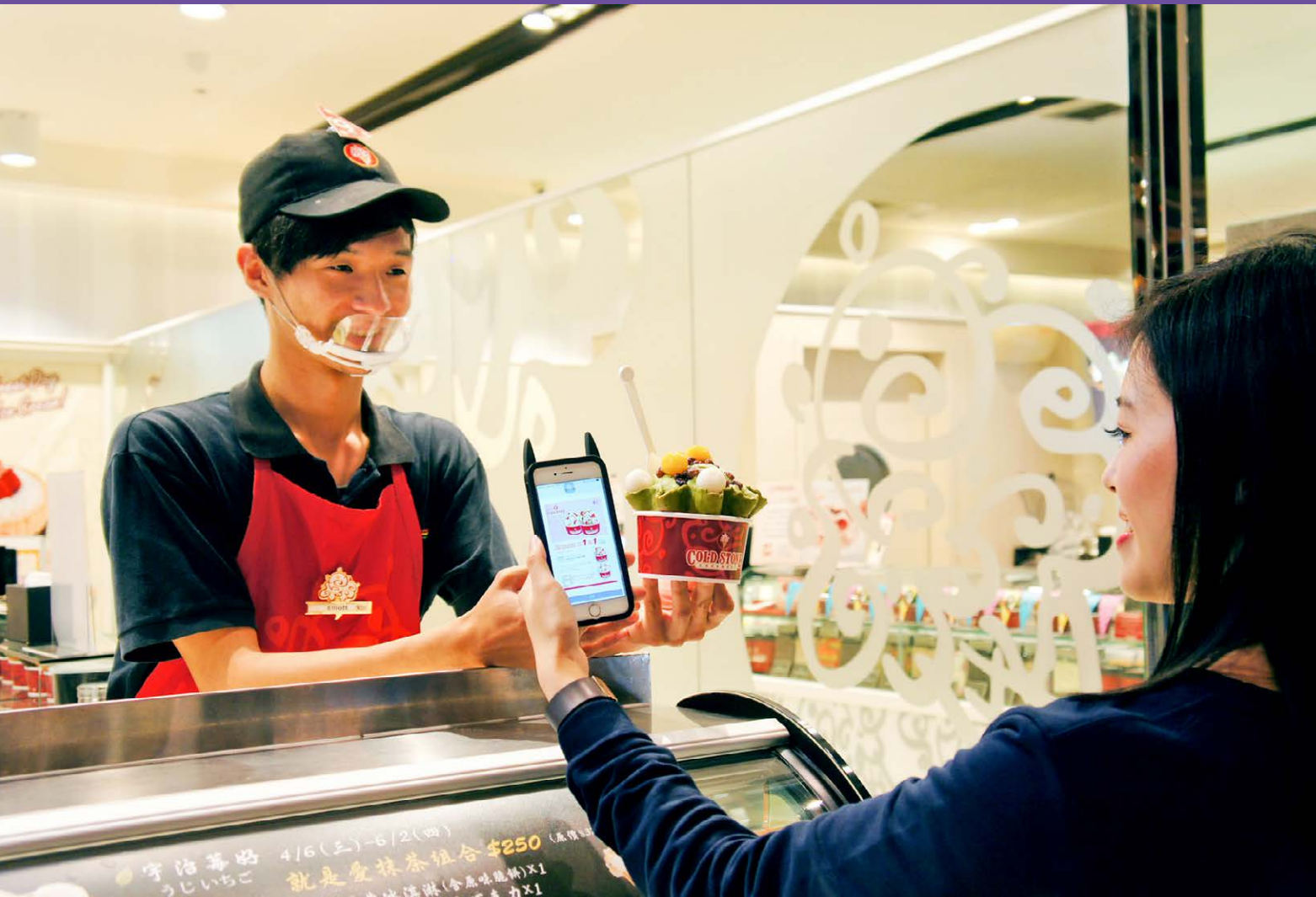
In addition, to ensure store safety, apart from the daily store check and floor patrol, FEDS has established the "Self-Inspection Plan" to require all stores to check all equipment and hardware in the store according to the plan. FEDS also hires external service providers to inspect, maintain, and repair store equipment and hardware. To ensure the indoor air quality of stores, FEDS checks the store temperature regularly and hires external assurance unit to check the indoor CO<sub>2</sub> intensity biannually. In 2015, FEDS further established the Indoor Air Quality Maintenance and Management Program. In environment safety management, FEDS starts from major items and implement from the detail. In addition to complying with the regulatory and statutory requirements, FEDS requests booth personnel and floor managers to implement active management of various equipment and instruments in the store, hoping to minimizing the risk on customer safety and health in the store.

To strengthen the education and awareness of disaster prevention to minimize the risk of accidents on customers, each store implement fire safety assessments and fire exercises periodically, with every employee assigned to a fire task force. Personnel from the local fire station will give training on emergency response to ensure each employee is familiar with their emergency response duty in order to protect store safety. FEDS also cooperates with the periodic inspection of fire safety facilities conducted by competent authorities and makes immediate corrections for any unideal arrangements.

When Taipei City Construction Management Office and Taipei City Fire Department conducted a public safety and fire equipment inspection on The Mall in October 2015, a mistake was found in the safety exist as booth owners inputting goods from there. After making immediate corrections, The Mall passed the re-inspection in the following day. Each of Tainan Store and Top City Taichung was also fined NT\$120,000 for similar mistakes in the public safety inspection. Then, floor managers reminded booth owners of the importance of safety first and reinforce fire safety education on them to prevent similar mistakes from recurrence. When the letter "C" on the signboard of Mega City Banqiao was on fire in the same month, the store immediately put out the fire according to the Fire Emergency Response Procedure to ensure no one was hurt.

The Mall adds fire prevention and first aid courses to new employee training and supports the "Far Eastern Plaza Joint Fire and Protection Training" held biannually. The training includes disaster prevention knowledge, emergency medical services, CRP, and operation of fire extinguishers and fire hydrants. The Mall also arranges the "Public Safety and Protection Exercise" every year for employees and booth personnel to understand how to quickly escape safety in an emergency situation.

To cope with the potential damage caused by natural disasters, such as plume rain, typhoons, and earthquakes, city'super has established the "Typhoon (Disaster) Response Measures." Apart from forming an emergency response team to capture the overall situation of the disaster, check equipment, and make preparation for disaster prevention, the team confirms the latest situation at any time and adjust the opening hours to protect customer and employee safety. In addition, FERG stores provide typhoon (disaster) prevention and protection products and daily necessities to help customers go through the disaster.



# BEYOND SHOPPING



▶ Leader of department store retailing with *omni-channel*: Linking mobile shopping with social networking sites ◀

▶ Leader of hypermarket with the most virtual and physical resources: a. mart provides customers with one-stop shopping *on-line* and *quick delivery* service. ◀

▶ Real-time shopping through technology:

*Innovative 3D virtual fitting room + mobile payment + iBeacon* ◀

▶ *Food safety defense for customers*: Carefully select fresh foods and food products from home and abroad and supervise food court booths with the highest standard ◀

▶ *90%* customer satisfaction from heartfelt services for the aspiration of consumers ◀







The Mall also promotes activities within and outside of the store with social media. In addition to providing information of arts and cultural activities and creativity talks over the Facebook fan club, The Mall publishes information regarding the marketplace activities at Dunnan Plaza and introduces booth owners participating in the marketplace to enrich the content of the fan club page. With the penetrability of this social networking site, The Mall interacts with many Facebook users to enhance fan satisfaction and adhesiveness and let fashion get closer to the public.

Following the trend of ubiquinomics, FERG resolutely establishes a business ecosystem of virtual-physical integration to closely link products, services, and customers together. Besides fulfilling the ubiquitous shopping demand of customers, it realizes the dreamed consumption style of customers and builds a brand beyond smart shopping.

Facebook Fan Club of The Mall



3.1.2 A Happy Excursion with Cloud Shopping

To provide customers with multifaceted and zero distance, zero time-difference consumption experience, and to keep pace with the trend of e-commerce and mobile shopping, FEDS, a.mart and city'super has opened its own on-line shopping sites on the GoHappy shopping platform established by FERG to provide all kinds of quality products for customers to enjoy convenient shopping service ubiquitously. In mobile payment, after launching the Happy Cash e-payment card in 2014, FERG launched cooperation with allPay Electronic Payment Co., Ltd., a subsidiary of MacroWell OMG Digital Entertainment Co., Ltd., to provide the third-party payment function in April 2015 for consumers to pay with credit cards directly from their smartphones to make checkout more convenient and more private.

Besides the GoHappy shopping website, FEDS sets up the platform of individual stores on its corporate website for consumers to shop on-line and collect at store to strengthen online-offline interaction and integration. With this mechanism, consumers will not need to queue for exclusive, discount items but simply finish shopping under their fingertips. By doing so, FEDS successfully achieve low-carbon, green shopping with digital consumption.

After a.mart joined GoHappy in 2013, it has since become the brand with the fastest-growing sales of the platform. In September 2015, a. mart further launched cooperation with Yahoo! Kimo Mall, the largest shopping portal in Taiwan, to become the lead hypermarket chain in virtual-physical resource integration. By integrating on-line shopping with physical service, a.mart enables one-stop shopping of all articles of daily use and provides customers with more convenient on-line shopping services with advantages including wholesale prices, the widest variety of fresh food ingredients and items, and quality assurance. Sales in the past couple of years doubled, the growth in item varieties at 46.33% was rated by EZprice as the highest amongst all Taiwan's B2C on-line shopping platforms in 2015, and the speed of delivery was praised by customers. Along with a.mart's smartphone app "mobile flash shopping," customers can shop easily across virtual-physical integration as well as across screens.

With the strong support of physical stores, a.mart offers nearly 20,000 items on the on-line mall. Together with the quick delivery service introduced by the continuously strengthening logistics system: frozen food orders placed before 9 a.m. are delivered within 12 hours; and orders of regular temperature items placed before 11 a.m. are arrive within 9 hours. With this policy, every customer can enjoy the convenience and satisfaction of "one-stop shopping" in real time. Through continual improvement of on-line shopping services, even orders grow exponentially, a.mart can always maintain a level of service highly praised by customers.

a.mart's On-Line Mall on GoHappy



a.mart's On-Line Mall on Yahoo! Kimo Mall



Either walking in the physical store or browsing across the on-line mall, customers can always feel FERG's unchanged quality service. We have also established rules to govern on-line shopping suppliers to extend our aim to "run for the aspiration of consumers" to cloud shopping. Details regarding the management of on-line shopping suppliers are described in the next section.

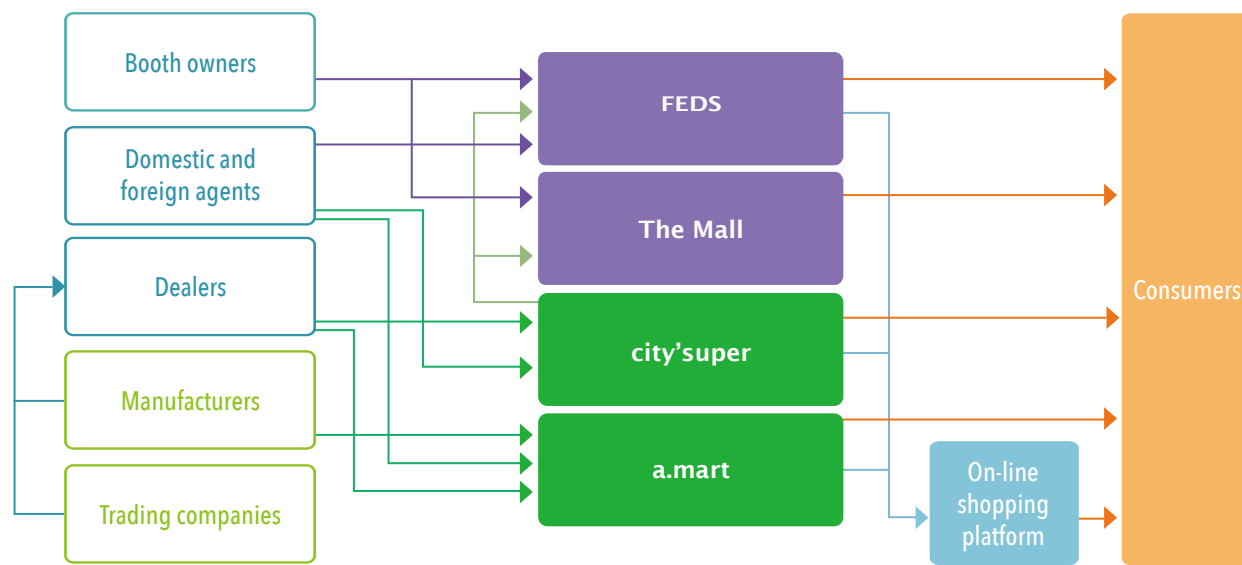
3.2 Dedicated Product Management

At FERG, we take care of each part of product supply with the most dedicated care in order to provide customers with fashion and taste, quality enjoyment, ubiqui- satisfaction, and life with high C/P value.

3.2.1 Maintaining Quality Together

FERG's scope of business covers department stores, hypermarkets, and top supermarkets, with products and services supplied in different ways. To provide customers with high-quality products and services, we have developed different types of management approaches appropriate to respective services. The diagram below shows the relationship between product and service supply at FERG.

Relational Diagram of Product and Service Supply at FERG



Except for a small part of self-imported products, most products and services at FEDS are provided by booth owners. As the quality of their products and services will affect customer satisfaction with FEDS, the selection and management of booth owners are the key missions in FEDS' operations. FEDS and The Mall have signed contracts with booth owners to ensure that their products must be legitimate and do not infringe the rights of others. In addition, they must not display or sell contrabands or break relevant laws and regulations.

Each employee is an important medium delivering service quality to customers. To ensure customers feel consistent service and basic expertise of employees, FEDS has established the Booth Workers' Service Handbook. All sales personnel sent by booth owners must follow this handbook. Furthermore, FEDS performs sampling inspections on the service quality of booth personnel to ensure their service reaches the basic standard. FEDS also requests transporters to follow relevant store requirements in order not to affect shopping environment quality.

a.mart and city'super have many suppliers. To strictly control product quality, they specify in the procurement contract that products must comply with all explicit safety and health specifications and legal requirements. During product acceptance, a.mart and city'super even examine if each product complies with the regulatory and contractual requirements. In addition, by selecting quality suppliers, examining product quality certification (e.g. CAS certification for fresh meat products), assigning professional certification agencies, such as SGS, to perform sampling quality inspections, and establishing the quick screening lab, a.mart performs quality control from operations through product inspection to ensure only safe products are provided.

Comprehensive international products are the main feature of city'super. Therefore, it pays extra attention to the quality management of imported products. For general merchandise, city'super must request foreign agents to provide product compositions to verify if a product complies with Taiwan's import regulations before procurement. For cosmetics and skincare products, city'super asks the Hong Kong agent to verify if they comply with Taiwan's import regulations before purchasing.

When outsourcing the manufacture of own-brand products to OEM manufacturers, a.mart also specifies in the joint procurement contract that suppliers must manufacture relevant products in accordance with a.mart's requirements or the designated standards or specifications. a.mart further requests suppliers to retain the material incoming, R&D, manufacture, QC, shipping, inspection, and health and safety records of such products. Apart from requesting suppliers to submit relevant certification documents and certificates, a.mart may examine and audit such products by either itself or through a third party. The examination and audit may include, but not limited to, the product, R&D, raw materials (ingredients), equipment and tools, manufacture and quality, environmental health and safety, and relevant management processes and documents, in order to provide customers with safe products.

FERG Supply Chain Specifications

Booth Specifications		Product Specifications
<b>Booth owners</b> Contract requires <ul style="list-style-type: none"> <li>Comply with relevant regulations and management system together with FERG.</li> <li>Accept product returns or provide other after-sale services at the consumer's request.</li> <li>Provide complete assistance on handling customer disputes, customer claims, customer complaints, and litigations.</li> <li>Products or services with safety doubts must first be un-slotted and terminated for sales. They will be re-slotted after all safety doubts have been cleared.</li> </ul>	<b>Booth workers</b> Booth Workers' Service Handbook <ul style="list-style-type: none"> <li>Wear FERG's uniform or booth uniform with FERG's approval.</li> <li>Comply with the FERG's attendance requirements.</li> <li>With good service manners.</li> <li>Comply with the business behavior requirements.</li> <li>Maintain store safety and health.</li> <li>Receive fire safety and occupational safety and health education and training.</li> </ul>	<b>Suppliers</b> Contract requirements <ul style="list-style-type: none"> <li>Comply with relevant FERG regulations.</li> <li>Products must comply with the expiry control regulations.</li> <li>Accept product returns and provide quality warranty at the customer's request.</li> </ul>

FERG's Product and Service Requirements for Suppliers of On-Line Shopping Items

Product Quality	Published Information	On-line Transaction	After-sale Service
<ul style="list-style-type: none"> <li>Suppliers must hold a legal license and the right to provide and distribute the product sold before sales.</li> <li>Products must comply with applicable laws and regulations of the competent authority.</li> <li>Foods (including processed foods): The expiry at shipping must at least be half of the total preservation length (except for products sold at special offer).</li> <li>Cosmetics and skincare products: The expiry at shipping must at least be one third of the total preservation length (except for products sold at special offer).</li> </ul>	<ul style="list-style-type: none"> <li>Information accuracy and legitimacy.</li> <li>No claim of the treatment effect, nature of product (drug or health food), or any untrue or false description of product in the on-line shopping information or relevant publicity materials.</li> <li>No use of photographs, pictures or text infringing the intellectual property right of others.</li> </ul>	<ul style="list-style-type: none"> <li>The checkout price includes delivery, packaging, and sales tax. No additional cost should be charged on customers.</li> <li>Suppliers should maintain the minimum safety stock to ensure smooth shipping.</li> <li>Except as otherwise specified in the contract, no rejection or delay of shipping is allowed.</li> </ul>	<ul style="list-style-type: none"> <li>Consumers enjoy a 7-day cooling-off period. Suppliers must unconditionally accept product return during the cooling-off period.</li> <li>Assistance on settling after-sale disputes.</li> <li>Provision of limited warranty against manufacturing or product defects, repair and maintenance.</li> </ul>

### 3.2.2 Clear Labeling for Consumer Protection

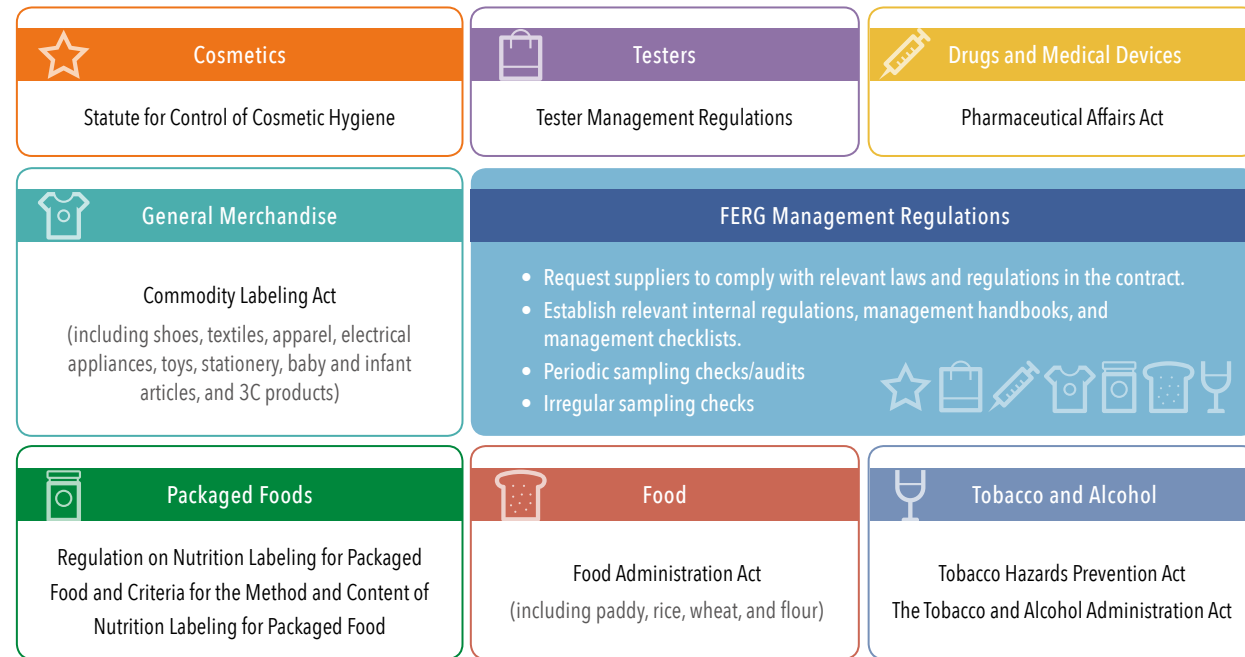
For products sold at FERG, we aggressively promote correct product labeling to protect the rights and benefits of consumers. In doing so, consumers will not be misled by unclear product labeling when shopping products to minimize consumption disputes. Furthermore, by giving transparent and precise product labeling, we hope to provide consumers with unexaggerated and reliable product information to maintain FERG's goodwill and thereby setting a good example for business practices.

In this respect, FERG has established various internal specifications based on the characteristics of different products for management. All products and services sold at FERG stores are labeled according to the applicable rules and regulations announced by competent authorities. Suppliers must comply with relevant product labeling regulations when supply products to FERG. We also audit product labeling regularly and conduct sampling check from time to time to ensure products comply with corresponding labeling requirements.

In 2015, FEDS' auditor office conducted sampling check of the labeling and expiry of slotted cosmetics at cosmetics booths according to the internal management regulations. Results found that the legal compliance rate is over 99%, and products with damaged packages or incomplete labeling were un-slotted immediately. In terms of product labeling, FEDS takes aggressive actions to protect consumer rights and benefits. Clear



product labeling is not only a legal requirement but also a means to protect the basic rights and benefits of customers. With such, we can improve customer satisfaction and minimize customer grievances, product returns/replacements, and transaction disputes arising from unclear product labeling in order to create a win-win situation for both FEDS and customers.



### 3.2.3 Unexaggerated Marketing and Publicity

Leaflets and pamphlets are the major publicity materials of the retailing industry. With the rise of consumption disputes arising from incorrect price listing, ambiguous campaign rules, unlisted restrictions, etc. in recent years, FERG requires clear and correct information disclosures in all publicity materials. Such information includes product prices, certification marks and labels, expiry, and sources of imported products in order to protect the rights and benefits of consumers and minimize consumption disputes.

FERG's publicity materials, either they are advertisements, promotions, or event sponsorships, relevant booths, suppliers, and FERG's responsible units must proofread and confirm them at least three times to ensure there is no price error before publishing. In publicity material production, apart from strict proofreading, FERG requests floor management personnel to confirm information accuracy and ensure compliance with the Fair Trade Act. When there is a publication error, FERG immediately posts the errata in the store and over the corporate website and plans other backup preferential schemes as countermeasures.

After detecting restricted or controversial products are sold in the store, FERG will immediately clarify the incident over digital media (e.g. the corporate website, Facebook fan club, EDM, LINE corporate account, and FEDS mobile app); print media (e.g. leaflets and press releases); and electronic media. Next, we will draw up the follow-up countermeasures and announce to the public after information integration to provide and assist consumers on implementing relevant subsequent procedures.

Take a.mart's price printing error during the mid-season sale 2015 for example, when employees found the error during proofreading after material printing, a.mart immediately produce the errata in the store to inform customers of the error. The Merchandise Department also sent a notice to all stores and improved the proofreading mechanism of the department and the printing house in every process to minimize the chance of recurrence of the same mistake.

For non-compliance with the Act Governing Food Safety and Sanitation and relevant regulations of published publicity materials due to negligence, we will withdraw all such materials and stop selling relevant items immediately after receiving the notice from competent authorities, request suppliers to provide certification

of compliance, and continuously reinforce the education of relevant regulations for employees to prevent the recurrence of similar incidents. For the problem items announced by the government, we will check the list of problem items with government units and notify the Merchandise Department and Operations Department to un-slot such items. Then, the Operations Department will draw up the product return policy for stores to accept product returns from consumers. After completing relevant procedures, including un-slotting relevant items and positing the product return policy, stores will report to relevant government units and disclose relevant information to the media. Although FERG did not violate any regulations relating to marketing and publicity (including advertising, promotion, and sponsoring) in 2015, we are not self-contented but will continue to reinforce internal control and inspections to ensure flawless products and service accuracy.

## 3.3 Happy Life with Safe Foods and Beverages

In addition to shopping services, FERG aims to create a happy life for customers. Therefore, apart from products or services, we care more about the physical and mental health and living quality of customers.

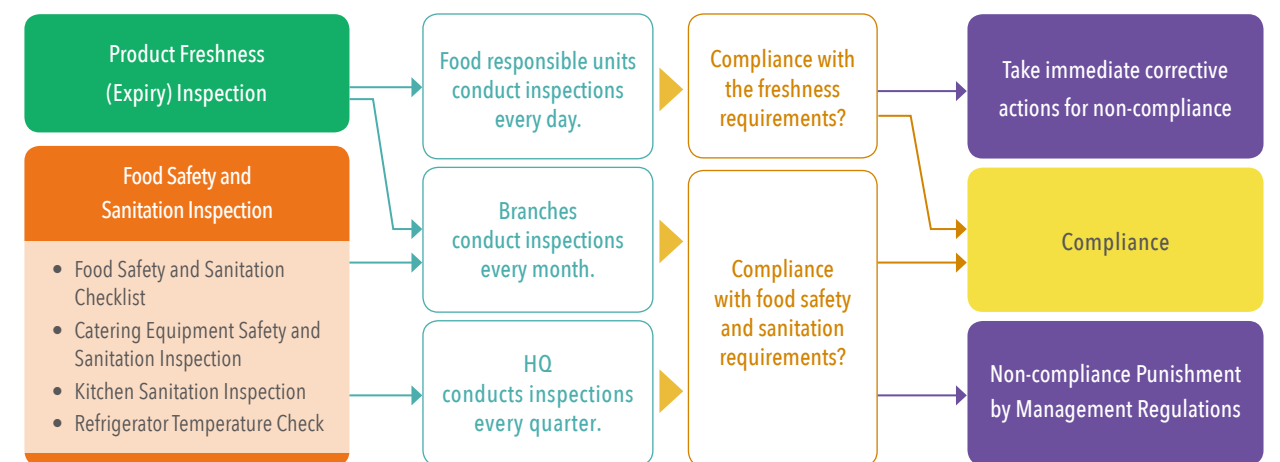
### 3.3.1 Control for Food Safety First

As the sustained effect of the food safety crisis continues to sweep across Taiwan, problem ingredients including cutter oil and illicit food additives have brought about social scare, and the dining out rate dropped significantly. Although people were losing faith in the catering industry, FERG's catering income grew! Given that customers are the most important stakeholder group to FERG, we care about the safety of foods and beverages and safeguard food safety and sanitation on the first line for customers. Therefore, we still earned consumer support even the food safety crisis was out there.

To take care of customers' health, we request all food and beverage booths to comply with all applicable food safety and sanitation regulations in the contract. Furthermore, we conduct preventive food safety and sanitation inspections on foods, oil, and kitchens, immediately restrict the use of doubtful ingredients and oil products, and request booth owners to make immediate corrections.

For food products sold at the store, we reinforce product freshness (expiry) inspection. Every month, we request store personnel to submit the list of close-to-expiry products. Every day, we conduct blanket inspections according to the store freshness inspection map. We also un-slot products for return or scrap according to the established close-to-expiry product criteria. However, to minimize resource waste as much as possible, apart from selling close-to-expiry products with discounts three months before the expiry, store supervisors can discuss with the store manager or officers at the assistant store manager level to clear the product at a lower price based on the actual sales condition. Take city'super Taichung for example, the store is divided into 31 zones and conducts inspections every day, except on holidays. Therefore, it takes 1.5 months to finish one tour inspection of the entire store.

Product Freshness and Food Safety and Health Inspection Process





city'super controls food safety and sanitation right at the beginning of procurement. Before purchasing, products must comply with the Act Governing Food Safety and Sanitation and be equipped with relevant testing reports and proper labeling and instructions. city'super even examine and eat product samples. After products are shipped to the store, each store checks the product expiry and labeling periodically and un-slots close-to-expiry products at the required time to proceed product returns and scraps. In addition, city'super has established the Food Safety Crisis Handling SOP. When there is a food safety crisis, it will immediately activate the SOP and set up internal and external communication channels to ensure the circulation and transparency of the latest information.

a.mart sets the "Information to be Disclosed and Excluded in Mail Ordering Standard Contracts for Food or Catering Services" as the criteria for on-line shopping operations to confirm food, fruit, fresh, and vegetable products comply with legal requirements. a.mart further advances the management process to suppliers by adding the product information input interface on the supply chain platform for suppliers to confirm if product information complies with relevant laws and regulations while slotting new products or maintaining and managing existing products. The short-term target is to complete the provision and revision of information for over 20%, totaling 12,840 items, products by June 2016, in order to ensure the rights and benefits of customers are not damaged. Moreover, a.mart requests suppliers and manufacturers to comply with a.mart's requirements or the safety and health specifications or standards it designates for a.mart's own-brand products. a.mart also specifies that it may inspect and audit such products by itself or through a third party. Each store also implement self-inspection of the expiry of food products according to the Expired Product Management Regulations to ensure customers will not buy expired products.

Apart from ensuring the safety of all food products, FERG further specifies the catering service provided in the store to ensure service providers comply with relevant requirements in order to provide customers with delicious and safety foods and beverages and become the most reliable catering service option of customers.

FERG adopts active management of catering safety. Apart from requesting catering service providers to comply with the Act Governing Food Safety and Sanitation, relevant laws and regulations and operating procedures, FERG inspects the food safety and sanitation of catering service providers every day and establishes an inspection process and a management system for food safety and sanitation. FERG even assigns a dedicated unit to take charge of relevant affairs.

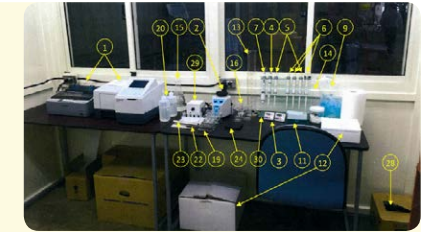
**FERG's Requirements and Standards for In-House Catering Service Providers**

Restaurant safety

- Dining environment**
  - No contact with the floor of ingredients and utensils.
  - Clean tableware and flatware thoroughly every day before store closes.
  - Discard damaged tableware and replace them with new ones.
  - Handle damaged tables and chairs immediately and label and segregate them appropriately before repair or replacement.
  - Perform large-scale disinfection of the whole store and restaurants on each floor twice a month.
  - Request restaurants on each floor to clean grease extraction ventilators once a month and maintain relevant records.
- Ingredient management**
  - Catering service providers must ensure that the composition and quality of foods supplied are safe and secure, and all ingredients used to produce their products have been approved by the Taiwan Food and Drug Administration and comply with national standards and relevant food safety and sanitation requirements.
  - Seasonings and foods are properly covered and stored to prevent foreign objects.
  - Coolers (freezers) must be clean, free of odor and dirt at all times; cooked and raw foods must be segregated appropriately; and temperature control must work properly.
  - Oil used for frying foods must be tested every day to ensure compliance with sanitation standards.
  - Ensure the expiry of qualified foods or additives.
- Kitchen safety and sanitation**
  - Kitchen workers must receive necessary professional training and are informed of the potential hazards in the work environment.
  - Kitchen workers must be alert to the safe use of equipment in the kitchen and boiler room. For example, check if there is a gas leak, wire insulation damage, or short circuit, and implement periodic inspection and maintenance.
  - Workers have good physical and mental health and no symptom that can contaminate foods.
  - Meal serving personnel must wear clean uniforms and masks and keep their hands clean.
  - No smoking, betel nut, eating, drinking or behavior that can contaminate foods during work.
  - FERG arranges smoke pipeline cleaning for catering booths at least thrice a year.
- Owner self-management**
  - Keep the kitchen clean and tidy. Clean properly the cooking hood, stove top, drain, and grease trap every day before store closes.
  - Sanitize the place every day and properly dispose of residual foods, kitchen leftover, and waste.
  - Cover up the kitchen leftover container; the empty (spent) cooking oil containers and waste (containers) in or around the kitchen; and seal and handle them properly after store closes.
  - Clearly label clean and sanitized utensils, store them in specific locations, and assign special staff to manage them.

**Highlight Story—a.mart's Efforts for Food Safety Control**

a.mart verifies if the place of origin, production process, and workplace condition of fresh products, such as bakery products, cooked foods, fruit, and vegetable comply with the required sanitation requirements. At every two to three months, a.mart sends slotted fresh products to SGS, a third party inspection agent, for examination to ensure their compliance with food safety and sanitation requirements. When government inspectors found excessive residual pesticides or chemicals on fresh products in a routine inspection in September 2015, a.mart immediately un-slotted all problem items reported by the government and activated the product return and replacement mechanisms. After that incident, a.mart has since requested all suppliers to submit relevant certification of compliance before slotting products. In February 2016, a.mart set up a quick screening lab in Taoyuan Store in collaboration with SGS to examine relevant products. By establishing a complete control system, a.mart aims to put food safety and sanitation first.



**3.3.2 Acclaim for Choice Products**

Over the past four decades or so, FEDS has been running ahead of customers to choose and control top-quality products for customers to experience a life with quality taste and extraordinary fashion. In 1995, FEDS began to plan the self-imported food booth: FE21' World GourmetExotic Foods Court, with product developing personnel sourcing the best ingredients from all parts of the world. Including coffee, olive oil, red wine vinegars, pasta sauces, etc., all are the best and historical brand of its kind. All imported products are verified with reference to the Act Governing Food Safety and Sanitation announced by the Ministry of Health and Welfare, and only qualified products can be sold in the FE21' World Gourmet Exotic Foods Court.

Insisting on providing consumers with the best products and experience, when there is a problem, we take immediate action to minimize the damage and impact on consumers and take a positive attitude to solve all problems. FEDS imposes strict quality control over all slotted products in order not to disappoint customers' expectation and trust. When the gutter oil scandal broke out in September 2014 in Taiwan, the Italian olive oil and Canadian sunflower oil independently imported by FEDS received heated support from consumers for their high purity and excellent quality. They have been bestsellers until 2015.

**Highlight Story—Make Shopping Environment-Friendly with city'super**

In addition to the top quality products with quality assurance, FEDS aggressively promotes organic and Fairtrade products. Current self-imported organic and Fairtrade products include ICEA-certified organic IRIS pastas. FEDS will also sell MOKAFLO and CORSINI organic Fairtrade coffee.

city'super is a dedicated supplier of top quality products and choose products with strict requirements to provide products from domestic and overseas small farms insisting on quality and limited quantity. city'super also provide numbers of organic products, beverages with carbon footprint indication, and energy-saving bulbs with energy efficiency labeling. Altogether city'super supplies a total of nearly 1,600 items. city'super also distribute eco-friendly products in different parts of the store to blend them with customers' shopping habits and surprise customers with excellent products everywhere when they shop in the store.

**city'super Select Label Products**

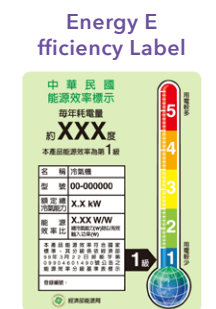
Label	Organic certification	Carbon footprint	Energy-saving label
Quantity (item)	975	6	2

ICEA Organic Certification

Fairtrade Certification

Carbon Footprint Label

Energy E efficiency Label



As a local hypermarket chain, uncovering local character agricultural products and supporting local agriculture are a.mart's due responsibilities. Since 2006, a.mart has realized the importance to promote Taiwan's local good products and provide customers with quality Taiwanese products. In the following year, it joined the "Fun Taiwan" serial activities launched by the Council of Agriculture to become the first private channel to selflessly engage in promoting local agriculture and devotedly support Taiwanese farmers.

With a heart to engage with local agriculture, a.mart sends senior purchasing staff to travel to each corner of Taiwan and develop trust with farmers with expertise and enthusiasm. By skipping the middlemen, a.mart can reduce transportation and time costs. Apart from sourcing the freshest and most in-season local fresh ingredients, this practice enables a.mart to create differentiation from other channels to become the top channel of Taiwan's agricultural products. a.mart also aggressively advocates the "direct from farm" idea to shorten the distance from farm to table for consumers to taste the true taste of foods coming out right from the soil.

Currently, a.mart offers nearly 5,000 items of fresh food for on-line shopping, including 350 items of safety-certified or direct from farm items: traceable agricultural products (TAP), CAS products, GAP vegetable, CAS meat, TAP seafood, and fresh seafood. In the future, a.mart hopes to continuously launch 10-20% great TAP products every season to impose strict quality control from source to store in order to accompany the public to walk through the food safety crisis with great products from small farms in Taiwan and to "Fun Taiwan" together with customers.



### 3.4 Customer-First Thoughtful Services

To maintain long-term and effective customer relationship management (CRM), FERG needs to understand customers from different angles and process customer data to develop products and services appropriate for different customer groups in order to achieve the best customer satisfaction, loyalty, retention, and contribution of revenues without leaking consumer privacy.

#### 3.4.1 Customer Satisfaction First

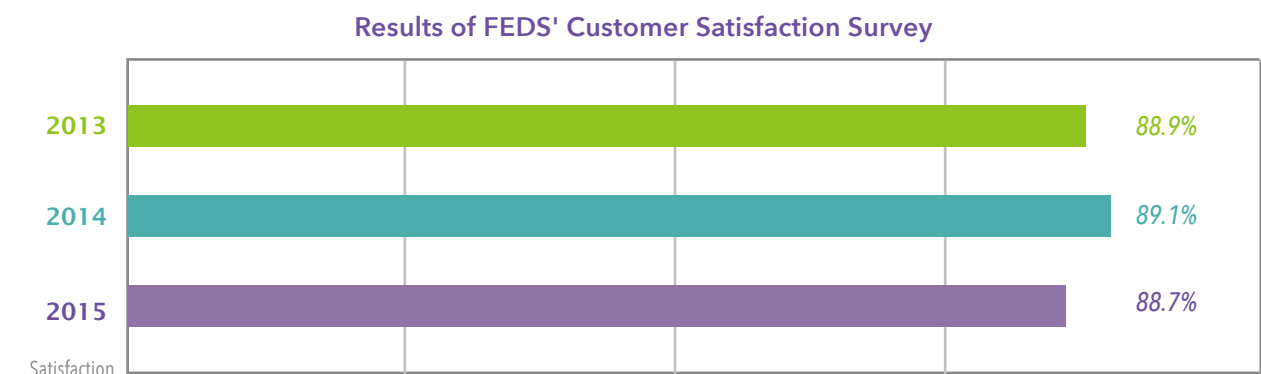
As the benchmark department store retailer, FERG understands that customers are our best tutor, and their feedback provides are the guidelines for our improvement. Therefore, through customer satisfaction survey and various communication channels, we carefully listen to their voices as well as review and improve our operations based on their feedback in order to provide customers with the most satisfactory services.

The customer survey conducted on Happy GO cardholders shows, between 2013 and 2015, FEDS' efforts were recognized by nearly 90% customers for three consecutive years. Whether it is professional knowledge, service attitude, and incident handling efficiency and ability, we have won critical acclaim from customers. FEDS also conducts the customer satisfaction survey at each store on a regularly basis. The survey covers the shopping environment, hardware facilities, service personnel response, catering quality, promotions and discounts, and other related items. The results of customer satisfaction survey are compared with the results of the previous year and improvement is made for items with a lower score. According to the feedback in the customer satisfactory survey and the discussion at the internal management review, we make improvement for items where immediate corrections are possible. For products or environmental aspect requiring long-term planning and discussions, we make careful evaluation and follow up.

Believing that there is always space for improvement, apart from surveying customer satisfaction with service quality, hardware facilities, and product discounts with set items, we have arranged open questions in the questionnaire for customers to share their support and comments with us for the reference of our continuous growth and continual improvement.

In 2015, a.mart conducted a customer satisfaction survey of its Nanya Store with random sampling. Over 90% of existing customers of Banxin Store gave the highest score, 5 points, for Nanya Store in shopping environment planning, facilities, comfort, and environmental sanitation. In addition, up to 90% of respondents put a.mart their first store for daily shopping. The overall satisfaction score is higher than that of the Banxin Store.

a.mart has been focusing on e-commerce development in recent years and opened the on-line store on the Yahoo! Kimo Mall in September 2015 for consumers to shop all kinds of products covering food, clothing, housing, transportation, entertainment, and daily necessities. Within 40 days after the delivery, consumers can rate their satisfaction with product quality, delivery speed, and after-sale services. Customer satisfaction will be accumulated and displayed on the mall's webpage. Customer feedback and complaints will be replied no later than 48 hours. For responses of low satisfaction, customer service personnel will interview respondents one after another to explain to them the causes of dissatisfaction and endeavor to compensate their dissatisfaction in order to raise customer satisfaction. By December 31, 2015, the average customer satisfaction score is 8.7. (Shipping quality: 8.8; delivery speed: 8.8; overall service: 8.6). The score is the average since the store began operations. Besides a positive reinforcement for a.mart to make continual improvement, the score is a guarantee of service quality for potential customers.



#### Highlight Story—Mega City Wins Customer Appreciation for Touching Services.

In the evening on October 3, 2015, near the closing time of Mega City Banqiao, an old lady asked for our help to find her missing husband at the information counter on the first floor. As her husband was old and suffered from mild dementia, the old lady was very worried about his whereabouts. On hearing this, three on-duty staff named Yi-ru Wu, Yin-ru Wang, and Bing-xi Xie, immediately activated the missing person SOP. Apart from calming the old lady, they made an announcement over the PA system and notified the staff on all floors, security guards at all exits, and the personnel of all store booths to pay attention of any old man matching the description. Very soon, a booth staff took the old man to the information counter. On seeing her husband, the old lady burst into tears of joy, and all employees on-site were touched by the deep affection of this old couple.

After that, the old lady wrote a letter to FEDS President Nancy Hsu to express her appreciation for FEDS and the employees who had helped her find her husband. The old lady even praised FEDS' employees well training that helped her quickly, flawlessly, thoughtfully, and warmly solving her problem. President Nancy Hus is very proud of her employees and encourages them to continuously provide customers with hearty, enthusiastic, and touching services in order to turn touching services into FEDS's drive toward sustainable development.

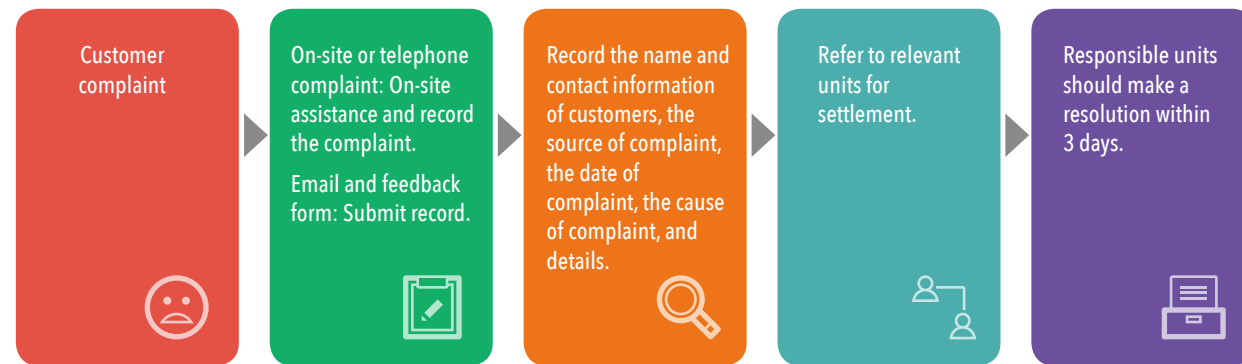
• Source: Far Eastern Magazine (December 2015).

### 3.4.2 True Response to Customer Advice

FERG values customer feedback. Whether it is about the hardware and software or products and services of our stores, customers can always file their dissatisfaction or advice to our information counter, store officers, customer suggestion list, 0800 helplines, and corporate website, or write to the group’s e-mail. Our responsible staff will look into the matter and handle the situation. Even for complaints about products from a booth, we will never shirk our responsibility and will reflect the problems to the booth owner in order to solve the customer’s problems.

From the viewpoint of either CSR or the service industry, customers are always the most important stakeholder group of FERG. Therefore, we must make aggressive response to this most important stakeholder group: customers. Customer service personnel should be quick to respond, attentive to listen, and considerate in order to handle the needs or feedback of customers. After receiving a customer complaint, service personnel should record the content in the “Customer Feedback Form” according to the “Customer Complaint Handling Procedure” and ask relevant units to give appropriate assistance. Responsible units should resolve the case within two to three days in order to handle a consumer complaint within the golden period and respond to the consumer’s problems as quickly as possible.

Customer Complaint Handling Flowchart



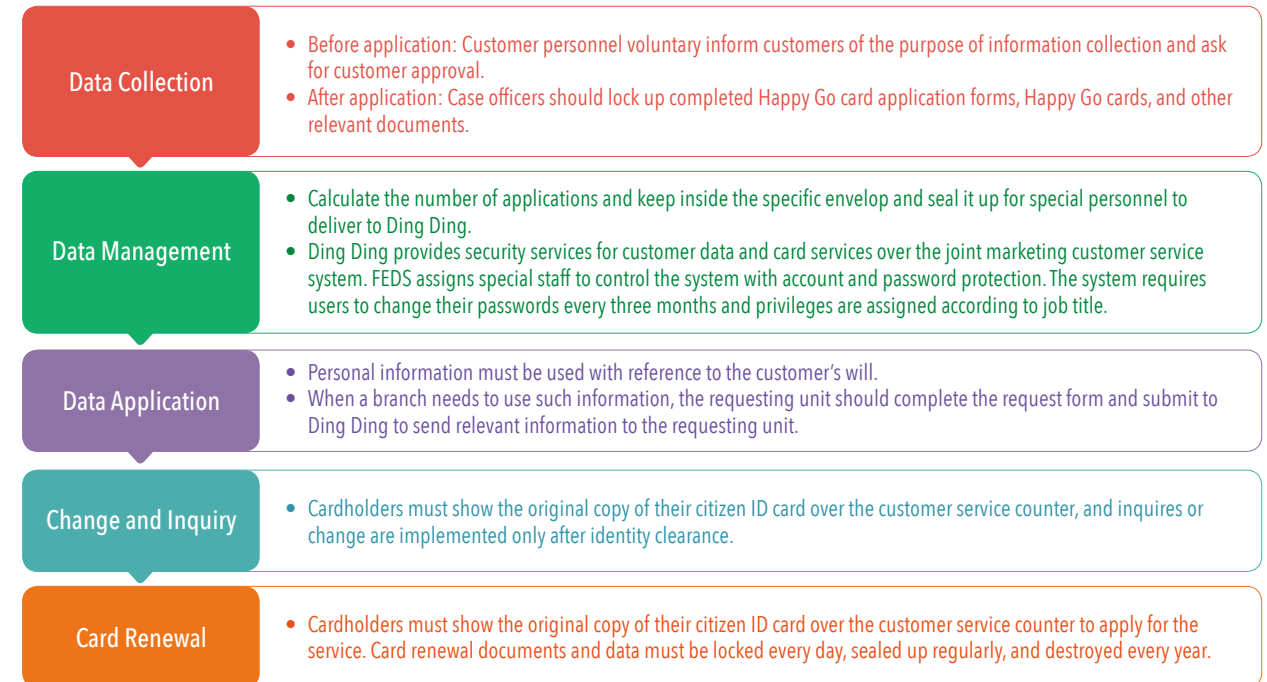
### 3.4.3 Zero Miss Privacy Protection

After the government promulgated the new version of the “Personal Information Protection Act (PIPA)”, in addition to informing customers of its duty of informing; the purpose of collection; and the legal compliance of collection while collecting the personal information of customers, FERG must take appropriate actions to maintain the personal information of customers in its custody. Complying with the regulatory and statutory requirements, we have established strict internal control processes and requirements when collecting and processing personal information. In 2015, no violation concerning breaches of customer privacy or of the PIPA was reported.

In 2005, FERG issued the Happy GO bonus point collection card. In 2015, the number of member reached 12 million, making Happy GO the most issued bonus point collection card in Taiwan. FERG is the major channel of the application for the Happy GO card and one of the major stores for point collection. Therefore, protecting personal information during card application is our most important responsibility in privacy management.

All customer information is stored on the Happy Go card bonus point platform: Ding Ding Integrated Marketing Service Co. Ltd., and only the member number cross-reference file remains at FEDS for matching the Happy Go card bonus points in the future, and there is no way to obtain member data or identify member status. The Happy Go card bonus point platform has passed ISO 27001 (ISMS) certification, complies with the Taiwan Personal Information Protection and Administration System (TPIPAS), and is certified by the Data Privacy Protection Mark (DP Mark). The data of all Happy Go cardholders are protected in the member data service of the Happy Go card bonus point platform after encryption.

To ensure exact compliance with the PIPA, we follow the “Happy Go Bonus Point Card Management Regulations” and have established relevant processes regarding the collection, processing, use, and file security maintenance of customer personal information in order to effectively control personal information protection for card application. Relevant processes are as follows:



FEDS and The Mall request booth owners to sell products and create member data according to the PIPA and not to retain any customer privacy data for subsequent connection. They also request booth owners to sign the PIPA agreement and create relevant files and gather all tax free forms signed by foreigners in a special folder to protect customer privacy.

Take The Mall’s HappyCash card application process for example. Personnel must affix the stamp “for the application of HappyCash Card only” to the photocopy of the applicant’s identity card, keep it in a dedicated envelope, and seal up the envelope. Personnel should also check and re-check the number of envelopes every day and store them in a lock-protected drawer until the designated date of collection for the contract logistics company to collect them. Besides conducting internal audit on employees at planned intervals, The Mall hires mystery shoppers to test, audit, and check employees from time to time. Mystery shoppers also attend the monthly evaluation report meeting held by contract affiliates.

When gathering personal information for the super e-card, city’super informs customers with written documents of the purpose of information collection and legal compliance of collection; and the measures taken to appropriately maintain information security. In addition to providing on-site customer service for consumers through customer service personnel at each store, the Marketing Department of FERG HQ has assigned one full-time employee to take charge of customer relationship management (CRM). All data relating to the personal information of customers will be processed according to the CRM process of the Marketing Department of FERG HQ to maximize protection for customer privacy.

a.mart specifies the need of compliance with the PIPA and non-disclosure agreement by suppliers in the joint procurement contract. When personal information is stolen, leaked, tampered with, or infringed due to the supplier’s failure to process or use personal information according to the PIPA and relevant SOPs established by a.mart, besides taking all contractual responsibilities, suppliers should immediately notify a.mart of and investigate the cause of breaches and follow a.mart’s instructions to make remedy and notify the party involved. In e-commerce, after the cooling period (7 days) of an order, suppliers should encipher the personal information of buyers to ensure it is untraceable in order to maintain customer privacy.

When sending leaflets or handling the return slip of a draw, a.mart gives extra protection to collect the personal information of consumers to prevent theft by interested people. When organizing marketing activities, a.mart will not disclose the full name, contact information, and other personal information of participants. Furthermore, it will not communicate information involving customer privacy over public platforms and maintain records of communication to ensure the rights and benefits of a.mart consumers.





# BEYOND HAPPINESS



▶ Training of **26,699 man-hours** under an adaptive training and development system at FERG in 2015. ◀

▶ FEDS donated over **NT\$14 million** at **240** CSR-related activities. ◀

▶ At least one **company tour** every year to balance work and life for employees. ◀

▶ Friendly workplace for women with a **maternity leave** application rate over **70%** at FERG. ◀

▶ Over **70%** of FEDS stores are **zero-accident certified**. ◀



## 4.1 A Happy Workplace for Adaptive Development

With a scope of operations spanning department stores and retailing, FERG has talents in different fields. Their concerted efforts over time have achieved today's FERG. Treating every employee honestly and fairly, we give employees their due rights and generous benefits for them to create own value and grow with FERG in a healthy, equal, and happy environment with career training and transparent promotion channels.

### 4.1.1 Equal Remuneration

FERG provides an adaptive talent development system, entry salaries higher than the minimal wage, maintains fair performance evaluation, and ensures open and transparent channels for promotion and transfer.

#### Compensation and Benefits

On the road to lead in retailing industry, quality workforce is our key to success. By constantly capturing information relating to compensation and benefits (C&B) in the market, we adjust employee C&B opportunely to retain employees while attracting excellent talents to join FERG at the same time.

Instead of remunerating employees by gender, we salary employees in respect of their academic attainments, work performance, competencies, duty, and expertise. Although the nature of work of employees may vary, we compensate each employee above the statutory minimum wage. In addition to the base salary, we reward employees based on their performance in order to give them positive reinforcement. In 2015, FERG employees were classified by duty into the supervisor, staff, and salesperson categories. The average earning of both women and men supervisors was higher than the national average regular earnings of women and men employees. In the wage proportion between women and men, the overall wage proportion between women and men supervisors at FERG is 87.20% and between women and men staffs is 99.59%, both are close to equal remuneration for women and men. However, the wage proportion between female and male sales personnels is up to 121.31%. Such a result is due to the nature of work, given that female employees are more suitable for sales jobs. For this reason, female sales personnel are more competitive and have higher pay than male sales personnel.

#### Pay Structure Comparison between FEDS Employees and National Standards

Pay Items	Gender	FEDS	The Mall	city'super	a. mart
Supervisor average > Average regular earnings (%)	♂	37.15%	64.93%	12.14%	26.38%
	♀	18.81%	39.01%	0.30%	10.97%
Staff average > Minimum wage (%)	♂	85.93%	67.55%	40.60%	31.13%
	♀	77.93%	84.13%	36.10%	30.28%
Salesperson average > Minimum wage (%)	♂	12.95%	N/A	N/A	N/A
	♀	36.95%	44.96%	N/A	N/A

- National average regular earnings and data are retrieved from the Directorate-General of Budget, Accounting, and Statistics (DGBAS). The minimum wage is NT\$20,008 as promulgated by the Ministry of Labor in 2015.
- Supervisors are employees taking management duties or employees of equivalent grades; salespersons include sales personnel, customer service personnel, and cashiers; and staffs are general employees.
- N/A is short for not applicable or not available.

#### Women to Men Wage Proportion

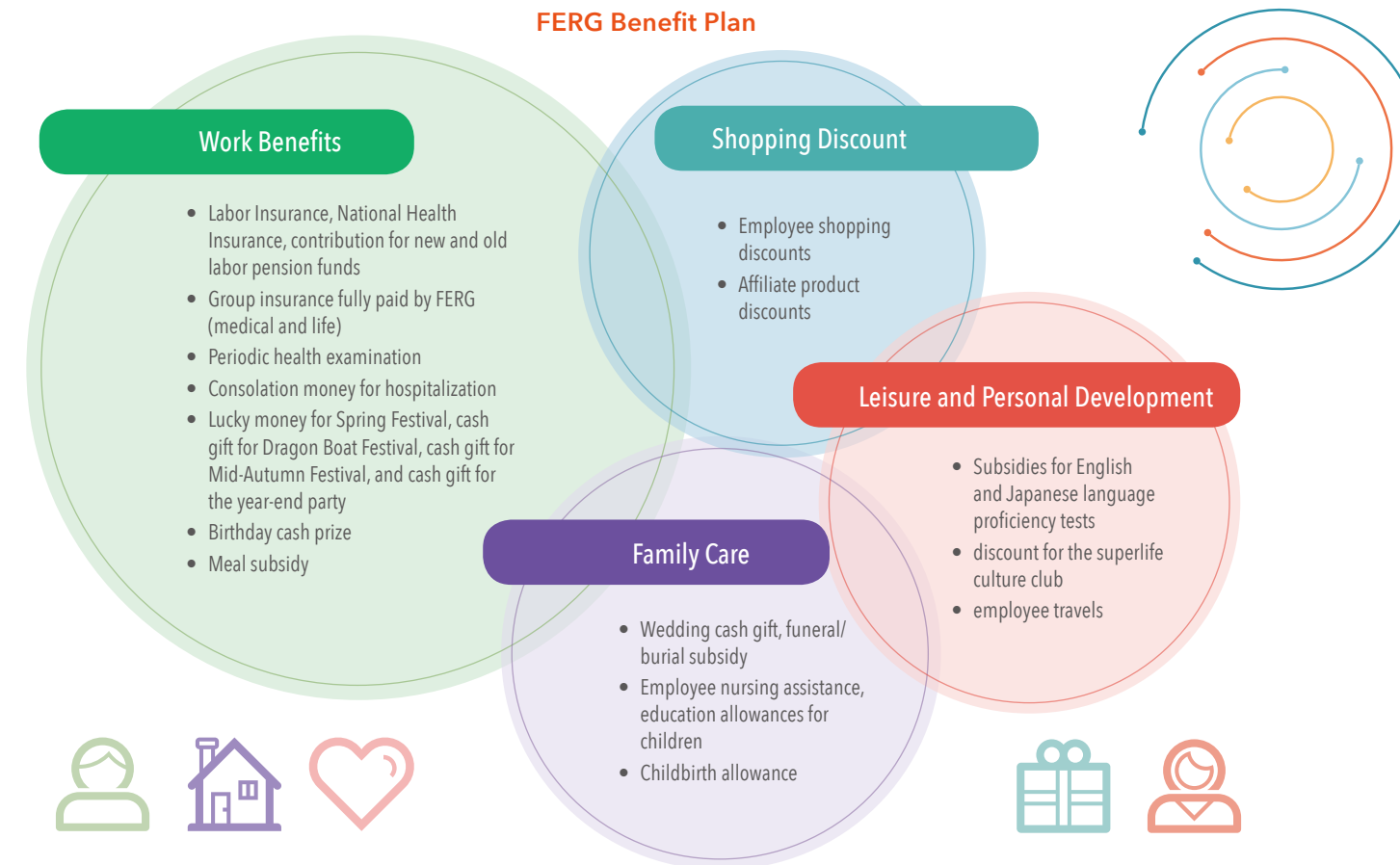
Pay Item	FEDS	The Mall	a. mart	city'super
Average women's wage / Average men's wage	74%	73%	87%	84%

### 4.1.2 Welfare Diversity

FERG offers employees comprehensive benefits that are superior to the statutory requirements for employees to feel free to count on FERG, maintain mental and physical health, and balance work and life.

### Employee Care and Benefits

Aside from the C&B and incentive measures, we support employees' family life by extending organizational benefits to all parts of employees' life. Each FEDS subsidiary has established an employee welfare committee to properly plan various benefits. Apart from all kinds of incentive compensation, such as employee profit sharing, year-end bonus, and allowances for three major folk festivals, there are employee shopping discounts, affiliate product discounts, and other benefits, such as birthday allowance, wedding subsidy, childbirth subsidy, funeral/burial subsidy, consolation money for hospitalization, and education allowance for children.



#### Work Benefits

FERG cares about its employees, in addition to the mandatory Labor Insurance and National Health Insurance, FERG provides group insurance for employees with full organizational funding for employees to enjoy more daily life protection. For employees to have good health and physical strength, we provide annual health examinations superior to the regulatory requirements for all employees for them to follow up their physiological condition and make good personal health management. FEDS also provides employees with comprehensive health insurance coverage, including hospitalization and cancer medical policies in order to reduce the medical expense of employees who need to hospitalize or medical services.

#### Anniversary Incentive Assembly

The anniversary sale is the busiest event of all department stores. Apart from designing monetary incentives, we have planned an incentive assembly for employees to enjoy a great meal together before the anniversary sale in order to appreciate their efforts and contributions. Together with the education of stress relieving exercise and sales education and training, we energize them to showcase their best performance at the anniversary sale.



**Pension**

From the prime time of working life to the departure of their post, we support employees throughout their career. Based on the retirement regulations announced by the Ministry of Labor, FERG has established the "Employee Retirement Regulations" to ensure protect the life of retired employees. Moreover, both FEDS and The Mall have established preferential retirement policies to make organizational workforce renewal and employee career planning more flexible.

For employees qualified for the old pension system (defined benefit plans), we contribute 2% of their base salary as their retirement reserve funds for the retirement reserve fund supervisory committee to manage. We also deposit the sum to the bank account of the committee. Pensions are disbursed according to the seniority and the average wage of employees six months before retirement. For employees qualified for the new pension system (defined contribution plans), we contribute 6% of monthly wage to the employee's individual pension fund accounts at the Bureau of Labor Insurance. Every year, we also hire consulting companies to perform actuarial accounting of the retirement reserve funds in the old system to ensure the pension right of all FERG employees.

**Friendly Workplace for Women**

We understand that aside from the nursery expense, parent employees often worry if their children are well-cared for. For employees to work without worries, FERG has launched cooperation with safe and reliable educational enterprises for employees to have their children day-cared by these education enterprises with a discount for registration fees. We have also created a quality breastfeeding environment. At FERG's department stores, we have built breastfeeding rooms for both employees and customers to achieve maternal friendly desire of FERG. Please refer to "2.3.3 Safe and thoughtful services for all customers" for details.

**Leisure Activities**

To help employees to relieve daily life stress and to boost employee morale, FERG organizes leisure and birthday celebration activities from time to time to fill work with joy. Every year, each company organizes employee tours for employees to relax themselves and create a warm team atmosphere.

In 2015, FEDS took employees to visit Sanyi Duck Factory in Miaoli and visit the wood. FEDS also arranged games for each team to canvass and hail for members in order to strive for glory. The bustle of employees echoed around the valley, and the atmosphere of joy and happiness spread in the air. The activity ended perfectly after a relaxing tea time.

The Mall organized the Taoyuan and Hsinchu one-day tour to promote friendship and team commitment among employees through this relaxing and leisure tour. city'super planned the Hualien two-day tour for employees to walk away from the madding crowd and free their body, mind, and soul in nature. a. mart arranged the Flying Cow Ranch one-day tour for employees across Taiwan to know one another. The birthday celebration is the monthly joy-making moment to cohere employee friendship. FEDS Hsinchu Store also formed a softball team with employees and family that practices every Sunday morning for employees to exercise and keep fit and promote friendship after work.

**FEDS at Sanyi Duck Factory April Snow Path Green Ark Leisure Treasure Hunt One-day Tour**



**The Mall Taoyuan Sian Valley + Digital Sky Café One-Day Tour**



**city'super Hualien Two-Day Tour**



**a. mart Flying Cow Ranch One-Day Tour**



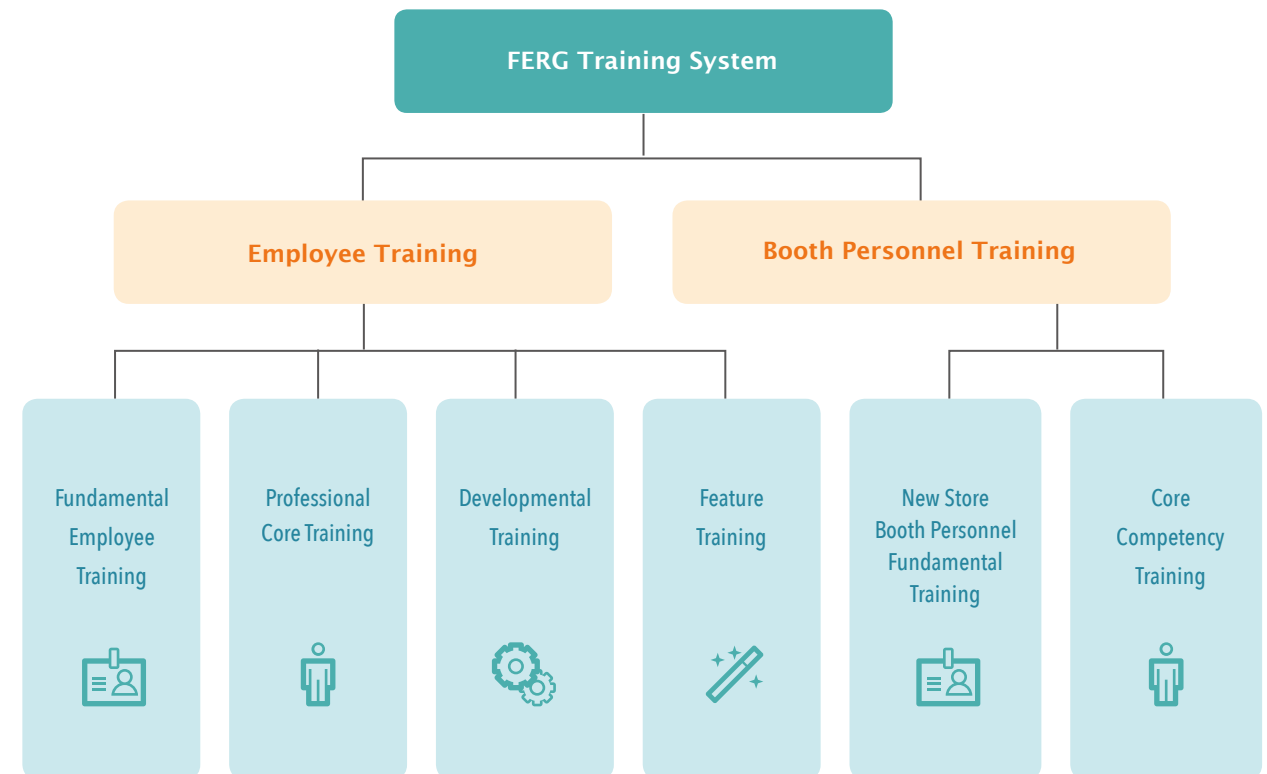
**4.1.3 Adaptive Training and Development**

Utilizing FERG's resources, FERG has devised a comprehensive training system and developed various field-specific courses. Every company has fundamental training, professional core training, developmental training, and other feature training courses. In 2015, FERG provided a total of 26,699 hours of training, with an average of 6.8 hours per employee. Employees can also apply for further education outside of the organization based on business needs. In addition, as booth owners are partners of department stores, the quality of booth personnel is also the key for FERG to improve competitive strength. Therefore, we arrange training for not only internal employees but also booth service personnel. This way, both organizational and non-organizational employees can receive work support and appropriate development.

**Average Training Length of FERG (unit: hours)**

Pay Items	FEDS	The Mall	city'super	a. mart	FERG
Supervisors	9.2	11.3	10.3	6.7	7.0
Non-Supervisors	9	13.8	3.5	3.8	5.9

• a. mart supervisors include store manager, managers, technicians, section personnel.





## Employee Education and Training

### Fundamental Employee Training

For each new employee to show their utmost enthusiasm in his/her post, each FERG subsidiary has the fundamental employee training system and protocol. Through the fundamental employee training, new employees understand the core value, business philosophy, social responsibility, and employee rights of FERG. Moreover, new employees can quickly fuse with the FERG family. Based on the new employee recruitment frequency, FERG administers fundamental education and training courses either half-yearly or yearly. Moreover, FERG will constantly update teaching materials according to the actual situation and work requirements.

### Professional Core Training

Speed and change are the features specific to department store retailing. Daily necessities covering food, clothing, housing, transportation, education, and entertainment; and vogue, fashion, and prestige products and services for pursuing a delicate life are the core expertise of FERG. Based on different business needs, each subsidiary develops own professional core training. Course contents cover the trend of department store retailing, basic service and manners, makeup techniques, guest service skills, labor safety and health, and self-defense skills. These skills enable employees to swiftly apply to routine work, handle crises more efficiently, and help employees to quickly handle things independently.

Between December 2014 and January 2015, FEDS selected employees from different units to visit major department stores and shopping areas in Tokyo, Japan, the fashion center of Asia. In doing so, we hope to understand the latest fashion trend and lifestyle by broadening our international view, to fulfill consumers' demand for elaborate shopping, and thereby turn FEDS the number one brand of fashion and life. In 2015, to develop the core competencies of internal employees, a mart provided fresh food processing training for employees to receive training and technique certification for bread, cooked foods, and meat products. In 2015, a total of 41 employees completed the training and passed the certification.

### Developmental Training

To improve the employee's ability to continuous development, employees can take supervisor professional skill and computer skill training courses arranged by the company to improve their work competencies. In addition, employees can exchange experience and broaden their horizons with employees of other subsidiaries and affiliates at the course to enrich their knowledge and sharpen their skills.

city'super has been improving the living taste of citizens through value creation. Therefore, it puts value creation as the training focus and plan and design training to link talent development. In doing so, city'super enables interested employees to make individual development planning.

#### Example of The Mall

Orientation includes: "Corporate Mission and Vision," "Store Basic Concepts," "Occupational Safety and Health & Fire Equipment Safety." For new employees of floor management and customer service, we specifically planned "Floor Supervisor Duties and Operational Management," "Floor Supervisor Work Items," "Dress Code/Service/Grievance Handling," and other work-related basic training.

#### Example of city'super

city'super sent employees to learn practices overseas, such as Hong Kong, Shanghai, Japan, South Korea, the USA, Europe, and Canada, in order to introduce quality shopping environments, products, and services to customers.



#### Example of city'super

Organized the consensus camp for employees to develop consensus, inspire innovative thoughts, and promote cohesion.



### Feature Training: FEDS Industry-Academia Cooperation Program

In 2015, FEDS offered industry-academia cooperation opportunities for Yu Chang Technical & Commercial Vocational Senior High School by promoting the employment-oriented special program emphasizing practical skill training. With this program, both parties aim to improve the practical skills and employment ability of students, assist students on making future career development, raise employment intention and ratio, and correspond to the talent cultivation needs of the department store retailing industries.

During May 4-26, 2015, FEDS assigned 20 interns to practice at Baoqing Store, Banqiao Store, Mega City Banqiao, and Taoyuan Store to achieve the mission of cultivation for local professional department store talents.



### Feature Training: city'super Situated Learning

Provision of peculiar, high-quality products is one of city'super's differentiation strategies to pursue sustainable operations. Aiming to provide customers with touching points, city'super employees must completely understand the products they sell. city'super arranges different kinds of situated learning. They include the introduction and tasting of top ingredients, such as red wine, sake, cheese, beef, and exotic ingredients and sauces. This way, employees can personally try these ingredients and internalize their experiences before helping customers to improve living taste.



Wine and Sake · Wine Tasting  
Meat · Choice Meat Cooking  
Cheese · À la fromage

Customer · Gold Medal Service  
Beauty and Cosmetics · Cosmetics and Skincare  
Seasonal Fashion Trends and Accessories

### Education and Training for Booth Employees

The personnel of booths at department stores must face customers on the first line. Apart from meeting the booth's brand image, they must achieve the high-standard service quality required by FERG. Therefore, booth personnel of FEDS and The Mall must receive FERG's fundamental training for official employees, core competency training, and basic service manners training. By doing so, we want to optimize service quality and thereby enhance customer satisfaction. In 2015, every FEDS booth staff receive 2.3 hours of training

#### Booth Personnel Training by FEDS



Training hours for booth personnel 24,880 hours



Number of booth personnel trained 12,213 persons

### 4.1.4 Encouragement of Development

FERG has established a training framework for employees to enjoy adaptive development. We have a performance evaluation and promotion system to appropriately reward the contributions and efforts of employees.

### Performance Evaluation

FERG's evaluation system includes full-scale evaluation and reward measures for both new employees and annual evaluation. After new employees work at FERG for three months and a year, officers will interview them based on their work reports and performance evaluation to help them overcome or solve any difficulty or problems they encounter while adjusting to their work, and provide them with guidance. Moreover, FEDS, The Mall, and a. mart issue a performance bonus based on the monthly or quarterly evaluation results in order to supervise the employee's work progress, encourage employees to improve work performance, and thereby optimize FERG's workforce quality and service quality.

FERG	New Employee Evaluation Timeframe	Performance Evaluation
	After three months and one year	Yearly, monthly, and quarterly
	After three months and one year	Yearly and monthly
	After three months	Yearly
	After three months	Yearly and quarterly

### Promotion

FERG offers employees open and transparent promotion or transfer channels: During the employee's service, supervisors will evaluate them according to their education attainments, conduct, work competency, and performance. Transfer of employees shall meet the requirements of the 5 transfer principles in the legal letters of the competent authorities to protect the rights and interests of the employees.

Concerning the regulations governing employee promotion and transfer, apart from arranging training for new employees on their assumption of office, we have specified relevant regulations in the Employee Work Rules, which are disclosed on the intranet for employees to retrieve.

Furthermore, as many first-line service employees are female due to the characteristics of the department store retailing industry, we actively encourage female employees to continue their career after marriage and having childbirth. In 2015, 70% of all female employees qualified for the parental leave applied for the leave and 60% returned to work, with a retention rate of 73%. This shows FERG's care for female employees and achievements in encouraging employees to have children.

Status of Absence of Leave of FERG in 2015

	Number of Employees Qualified for The Parental Leave	Actual Number of Applicants	Application Rate	Expected Number of Reinstated Employees	Actual Number of Reinstated Employees	Return to Work Rate	Number of Employees Who Returned to Work Last Year	Number of Reinstated Employees for One Year in Last Year	Retention Rate
	(A)	(B)	(B/A)	(C)	(D)	(D/C)	(E)	(F)	(F/E)
♂	87	9	10%	7	3	43%	1	1	100%
♀	122	85	70%	53	32	60%	22	16	73%
Total	209	94	45%	60	35	58%	23	17	74%

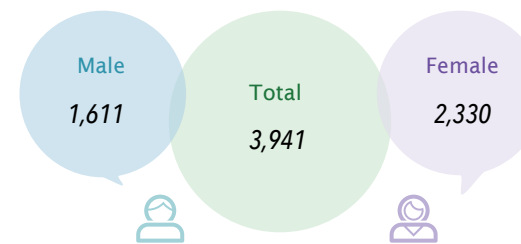
## 4.2 Labor-Management Relations with Achievement Sharing

Employee enthusiasm is the origin of FERG's quality service. To build a safe and comfortable work environment is FERG's commitment for employees. We maintain good communication with employees and offer a well-planned system to achieve an equal and harmonious labor-management relationship and environment to make FERG a solid foundation for employees to build their dreams.

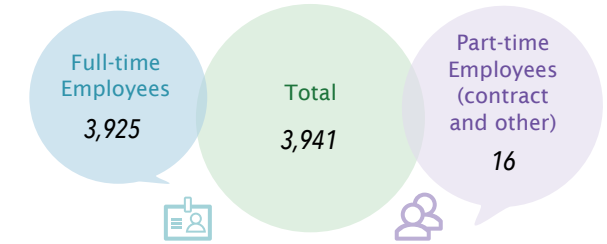
### 4.2.1 Diversified and Equal Workforce Structure

By the end of 2015, FERG had a total of 3,941 official employees and 16 contract and other employees. Contract and other employees enjoy the same education/training, benefits, and labor rights as that of official employees. All employees are Taiwanese citizens, and the male to female ratio is 40% to 60%. In 2015, there were 542 new employees, including 49.6% men and 50.4% women. A total of 1,087 employees resigned, with a turnover rate of about 27.6%. The turnover rate in 2015 was higher because a. mart closed its Banxin Store and opened the Nanya Store. Both events have caused a higher employee dismissal rate. Our fair recruitment policy and harmonious work environment have attracted employees of different backgrounds. In 2015, the group hired 47 people with disabilities and 39 indigenous peoples. At major sales locations, all members of higher management are Taiwanese citizens. Currently, the proportion of male and female supervisors is 71% and 29%.

Gender Distributions of FERG Employees (including full-time and part-time employees)



FERG Labor Contract Statistics



Age Distributions of FERG Employees (including full-time and part-time employees)

Age	Gender	2015
Under 30	♂	382
	♀	565
	Total	947
30-50	♂	998
	♀	1,491
	Total	2,489
Over 50	♂	230
	♀	275
	Total	505

Gender and Age Distributions of Employees Turnover in 2015

Age	Gender	2015	% in Total
Under 30	♂	44	1.12%
	♀	141	3.58%
	Total	185	4.69%
30-50	♂	65	1.65%
	♀	144	3.65%
	Total	209	5.30%
Over 50	♂	9	0.23%
	♀	5	0.13%
	Total	14	0.36%

• Due to system limits, the turnover data of a. mart is not included in this table. Yet the 2015 total turnover data contains a. mart's total 679 resigned employees.

Gender and Age Distributions of New Employees in 2015

Age	Gender	2015	% in Total
Under 30	♂	156	3.96%
	♀	177	4.49%
	Total	333	8.45%
30-50	♂	107	2.72%
	♀	92	2.33%
	Total	199	5.05%
Over 50	♂	6	0.15%
	♀	4	0.10%
	Total	10	0.25%

Gender Distribution of High-ranked Officers

Grade	Gender	2015
VP	♂	8
	♀	1
	Total	9
Jr. VP	♂	16
	♀	5
	Total	21
Manager and Deputy Manager	♂	190
	♀	81
	Total	271



### 4.2.2 Maintaining Safe Work Conditions

We value labor human rights. The labor condition of all employees complies with the legal requirements, and all employees enjoy legal benefits. Moreover, each subsidiary provides unobstructed labor-management communication channels to listen to the voice of employees. In addition to FERG employees, we care about booth employees and request booth owners to maintain the labor rights of their employees according to the law.

#### Reasonable Working Time

To provide customers with convenient and quality service, FERG stores open all year round, except for special circumstances. However, we never sacrifice the employment rights and benefits of employees. FERG adopts the flextime policy according to the labor laws and regulations. Employees work shifts and have holidays in turns. Each department works in cooperation with one another. When there is a major event, management will make arrangements ahead and re-organize shifts to appropriately adjust workforce. More importantly, there is no compulsory or forced labor, and extortion, harassment, or inhumane treatment to force employees to work is strictly prohibited. However, as workload inevitably increases during festivals, we offer overtime pay or paid leaves to employees for their overtime work. We also make appropriate adjustments when organizing monthly shifts for employees to have breaks opportunely. Furthermore, we encourage employees to take a break with annual leave. For example, city'super reminds unit heads of the remaining length of their annual leave at the end of each year to encourage employees to make full use of their annual leave. In 2015, no significant violation of working hour regulations was reported.

FERG puts employee safety first, even when they go to work. Therefore, we comply with the "Operation Regulations on the Suspension of Offices and Classes because of Natural Disasters" promulgated by the government. FERG headquarters provide paid typhoon holidays for employees. Branches will determine the need to open stores based on the weather condition. When employees come to work on typhoon days, we will consider this as overtime work.

#### Ban on Child Labor

We comply with domestic Labor Standards Act to strictly ban the use of child workers under 16 years old. To ensure the mental and psychological health of minor employees, we prevent them from engaging in dangerous work.

#### Protection of Indigenous Rights

We respect equality in work and hire employees regardless of their places of birth and ethnic origins. FEDS and a. mart have stores across Taiwan. The department store and hypermarket in Hualien not only promote regional development but also create job opportunities for locals. Through various pro bono activities for remote areas, we make frequent communication and engagement with local communities and provide local indigenous peoples with opportunities for multiple developments and confidence building. We also cultivate channels of international cultural exchange for indigenous peoples.

#### Labor-Management Communication System

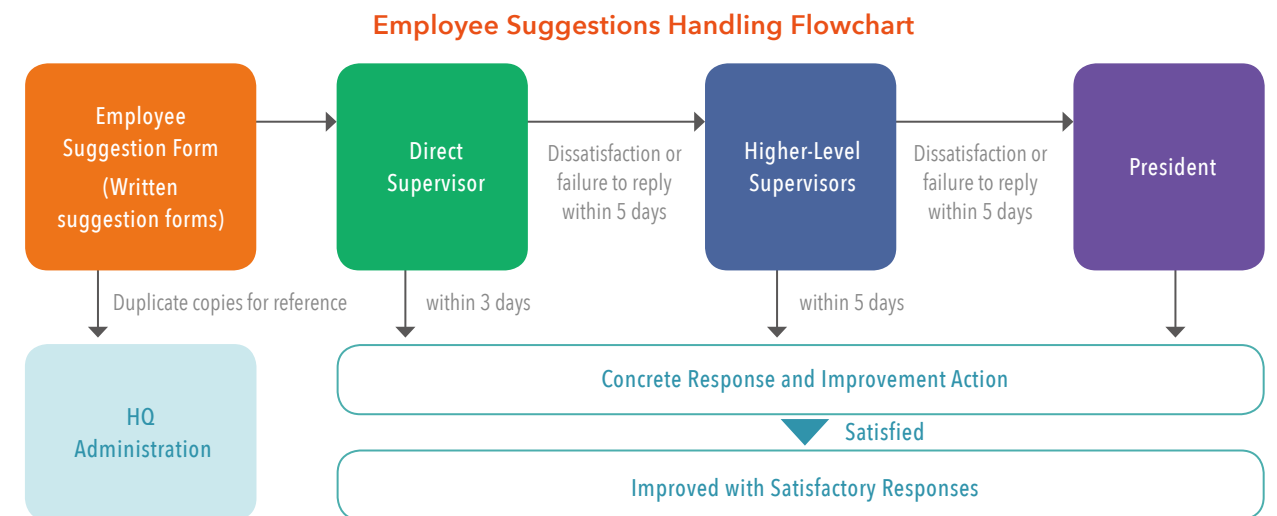
FERG actively supports national labor policies. Every quarter, each branch and major sales locations within the group organize labor-management meetings or hold communication meetings on specific topics from time to time to exchange ideas and opinions in order to promote labor-management relationship and harmony. As the minimum person requirement for labor-management meetings was not met, The Mall expanded the scale of the monthly executive meeting as the labor-management communication channel before 2015. The Mall also held communication meetings from time to time to discuss specific topics. In the future, it will establish and implement the labor-management meeting system in accordance with the Regulations for Implementing Labor-Management Meeting.

When there are significant operational changes that could substantially affect employees, FERG will notify employees of relevant information by following the minimum notice period specified in the Labor Standards Act to protect the rights and benefits of employees. In 2015, there was no such change occurred to the group. Notice periods of relevant consultation or negotiation (collective bargaining) are handled in accordance with the Labor Standards Act for the group and employees to seek the optimal solutions.

We respect the basic labor principles and rights of employees. FEDS has established the Employee Club Management Regulations that were announced and implemented in 2015. Under these regulations, employees are encouraged to establish recreational, healthful, friendship making, and service clubs. By doing so, we aim to protect the freedom of association and the right to collective bargaining of employees. In 2015, no event causing significant threat to the freedom of association and collective bargaining of employees was reported.

#### Employee Grievance Mechanisms

We actively dialogue with employees. On top of the management system and communication meetings, we gather and respond to employee feedback through the grievance mechanism. All FERG subsidiaries have established employee grievance channels. In 1990, FEDS established the "Employee Suggestion Handling Regulations" and a suggestion box to gather suggestions from employees and extend communication management. We encourage all employees to feed back their opinions. Aside from expressing opinions to management or relevant units with a suggestion form through the administrative procedure, we send special staff to listen to their recommendations and solve their problems. Relevant grievance mechanisms are introduced to employees during the pre-service training. The president of FERG is the highest governance officer of employee grievances. Internal grievance mechanisms are not the only channel for employees to feed back to FERG. We always actively address and resolve grievances filed from external channels. In 2015, no significant employee grievance was received from the employee suggestion and grievance box.



#### Secure Workplace

FERG actively eliminates and prevents discriminations, bullies, and sexual harassments of any kind for employees to work safely and without worries. In addition to emphasizing gender equality in both employment opportunities and rights, all FERG subsidiaries have established the "Sexual Harassment Prevention, Grievance, and Discipline Regulations" to respect and fairly treat all employees. If a sexual harassment case is reported, a special unit will accept the grievance and investigate the case. To prevent workplace sexual harassment, The Mall organized 23.4 hours of sexual harassment prevention courses in 2015 for 13 participants. Through complete awareness education and prevention, we have established a gender-friendly work environment. In 2015, no workplace discrimination or sexual harassment was reported.



### Labor and Human Rights of Booth Employees

There are many booths in a department store, most booths are famous local and foreign brands, and booth employees work at different sales locations. Although booth employees are not official FEDS ones, they have been collaborating together with FEDS through time to provide customers with high-quality products and services. In terms of either reality or affection, they are one of us. Therefore, when signing contracts with booth owners, we request them to perform their obligations to protect the labor rights and human rights of booth employees. We also understand their needs through communication channels. After detecting any non-compliance with labor rights, a store will report to the booth owner and request it to maintain the labor rights and dignity of booth employees.

#### Highlight Story—Care for Booth Employees from FEDS

Selling products and services through booth owners and providing venues, hardware facilities and cash flow are the characteristics of the department store industry. Due to the news report on operations on typhoon days, overtime work and long-time standing of booth personnel in 2015, topics concerning the labor practices of booth personnel have become the concerns raised by stakeholders.

Although a department store has no direct authority over the management of booth personnel, as a department store is the major workplace of booth personnel, FEDS has requested in the contract that booth owners must follow labor laws and regulations. After the above events went public, FEDS immediately urged booth owners to comply with relevant labor laws and regulations. When visiting booth owners, floor managers also friendly reminded them the importance of the labor rights and benefits of booth personnel.

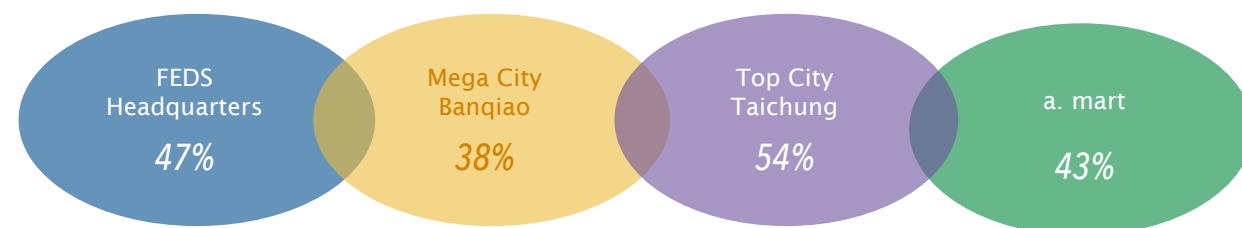
FEDS endeavors to provide a friendly work environment for booth personnel and does not stop them to drink water or sit down when they are on duty. When the Taipei City Department of Labor conducted the “Break Reminder Inspection” on March 21, 2016, FEDS passed all inspection items.

After FEDS President Nancy Hsu chaired the Retailers Association of Chinese Taipei in January 2016, she held conferences on relevant laws and regulations with the association’s influence. By inviting other department stores, booth owners, and booth personnel to the conferences, she made service personnel of the department store retailers to understand better about labor rights and benefits, hoping to extend the CSR of FERG to the entire industry and further improve the labor conditions of booth personnel.

### Occupational Health and Safety

FERG complies with the “Occupational Safety and Health Act” and has established a committee or supervisory mechanism according to relevant regulations. Both FEDS and a. mart have established an occupational safety and health (OSH) committee with over one-third of seats for labor representatives, which comply with the “Occupational Safety and Health Act.” Take FEDS for example, the OSH committee chaired by the president has 17 members. Except for the management representative who is appointed by the president, labor representatives of the committee are elected by all employees. The committee holds one meeting every quarter to review, coordinate, and recommend affairs relating to occupational safety and health. According to the “Occupational Safety and Health Act” promulgated by the Ministry of Labor (MOL), the department store retailing industry is a medium risk industry. Therefore, no official employees of FERG engaged in duties with specific diseases of high incidence rate.

#### Labor Representatives in OSH Committee



• As FEDS Headquarters, Mega City Banqiao, Top City Taichung, and a. mart Headquarters have over 300 employees, we have established an OSH committee in accordance with the law.

### Employee Health and Safety Indicators

Occupational Injury	Gender	FEDS	The Mall	a. mart	city'super
Injury Rate (IR)	♂	0.379	0	5.93	3.47
	♀	0.405	0	3.46	1.02
	Total	0.397	0	4.78	1.71
Occupational Disease Rate (ODR)	♂	0	0	0	0
	♀	0	0	0	0
	Total	0	0	0	0
Absence Rate (AR)	♂	4.68%	0.78%	N/A	0.16%
	♀	0.31%	0.02%	N/A	0.14%
	Total	1.62%	0.81%	0.37%	0.288%
Lost Day Rate (LDR)	♂	1135.88	0	42.28	3.74
	♀	12	0	6.13	0.60
	Total	349.1	0	28.71	1.48
Death	♂	1	0	0	0
	♀	0	0	0	0
	Total	1	0	0	0

- GRI Lost hour rate due to occupational injury (IR)=Total number of injuries/Total hours worked x 200,000.
- GRI Lost hour rate due to occupational disease (ODR)= Total number of occupational disease cases/Total hours worked x 200,000.
- GRI Absence rate (AR)= Total number of missed (absent) days over the period/Total days worked.
- GRI Lost day rate (LDR)=Total number of lost days/Total hours worked x 200,000.
- In 2015, no occupational injury was reported by The Mall.
- Injury frequency and hours included traffic accidents when employees coming to work and returning home after work.
- Death: Total number of employees killed by occupational injury.
- Due to system limitation, AR cannot be obtained from a. mart.

During the reporting period, one elevator mechanic of FEDS Hualien accidentally fell into the elevator shaft and died when performing a routine inspection before the store opened. FEDS was deeply sorry for the loss of the valuable life of this employee. To prevent the recurrence of the same mishap, FEDS held a management meeting to redress the importance of occupational safety and strongly request mechanics to strictly follow all operating procedures in order to protect the occupational safety of employees.

FEDS supports the “Zero Accident Workplace” appeal of the Ministry of Labor and raises the awareness of occupational safety and health in employees and business units in order to eliminate occupational accidents and improve the self-management ability in occupational safety and health of business units. Between 2006 and 2015, FEDS signed up to the “Zero Accident Hour Record” activity to promote occupational safety and health through teamwork and concerted efforts. As a result, it was recognized for its achievements in realizing “Zero Accident Hour Record.”

Store Location	Participation Time	Zero Accident Hours
FEDS Headquarters	2008/10/02~2015/04/30	2,893,127 hours
Banqiao Store	2011/03/03~2015/04/30	1,466,046 hours
Mega City Banqiao	2012/07/02~2015/04/30	1,374,034 hours
Hsinchu Store	2010/10/13~2015/02/28	1,731,129 hours
Tainan Store	2008/10/02~2015/04/30	1,929,871 hours
Kaohsiung Store	2006/11/01~2015/02/28	2,976,911 hours
Taoyuan Store	2008/10/02~2015/02/28	1,988,137 hours
Hualien Store	2010/09/01~2015/02/28	722,339 hours

### 4.3 Cultural and Social Exchange and Fusion with Locals Across the World

On the pursuit of business development, FERG begins with department store retailing. By putting itself in other's shoes, it extends its concerns and care to the whole environment. Besides considering the needs of residents in local communities, it actively exploits its core competencies to assist Taiwanese design talents to improve competitiveness upon the belief "thinking globally and acting locally" in order to let the world see Taiwan and create value for Taiwan's fashion industry.

#### 4.3.1 Befriending Neighbors and Local Cultivation

FERG has sales locations across Taiwan, and local communities are part of our stakeholders. Therefore, through various activities and channels, we maintain good relationships with local residents, which is out due responsibility.

##### Local Community Engagement

Department stores, supermarkets, and hypermarkets, are important places for purchasing daily necessities. FERG that has been acting locally over time to maintain close connections with local borough chiefs to understand and solve the problems of local residents at any time. In routine operations, we also maintain the safety and cleanliness of local communities. Residents living in the neighborhood can share their opinions with us from "Contact Us" on our corporate website. After receiving a grievance, we will actively find the causes, draw up improvement programs, and take real actions to solve the problem. Please refer to "Chapter 2 Beyond Imagination" for our efforts in maintaining the environment around FERG stores.

Crowds and traffic congestion are inevitable around our stores when there is an event, such as Mother's Day, anniversary sale, mid-season sale, and year-end sale. To solve local traffic and parking problems, we hire local volunteer traffic personnel to divert traffic flow and provide parking guidance. For example, when organizing large outdoor events, The Mall must voluntarily report to local borough chiefs and local police substations. It also invites local borough chiefs to help publicize these events, including their themes, places, and times in order not to affect the daily life of residents in local communities. When receiving grievances from locals, The Mall will immediately record them to prevent their recurrences in future events.

We also organize activities with non-profit organizations in local communities, distribute gifts and snacks to vulnerable or under-represented families on specific festivals, or invite local citizens to join festivities. By linking every store with the warp and weft of warmth, we weave a FERG network of happiness across each part of Taiwan.

In July 2015, FEDS created the Sun Baby mascot with a local character as our goodwill ambassador to more actively fuse with local communities. As a result, we have successfully bridged the gap with customers in all parts of Taiwan. Starting from each, FEDS stores, let the sunny smile of the Sun Baby shine and warm all around.

#### 4.3.2 Hub of Technology and Culture

A group integrating department stores, shopping malls, hypermarkets, top supermarkets, and e-commerce. Moreover, a local department store retailer with the longest history in Taiwan, FERG never forgets its mission to provide customers with the most shopping options and the most stunning consumption experience.

To impress customers with a brand new shopping experience, we have made surprisingly changes in the newly opened Top City Taichung and Mega City Banqiao in different ways. These include space, architecture, and booth planning. With the latest interactive projection technology, consumers can excursion the future atrium and undersea view in Top City Taichung. Compared with other department stores in Taichung, Top City Taichung is unique and provides consumers with a differentiated, novel, and fashionable shopping option. A thematic setting is the key feature of Mega City Banqiao. Walking in the store, consumers are like boarding on a gondola sailing in Venice. Entering the Food Republic food court introduced from Singapore, a strong vintage sense of the 50's in Taiwan spreads all around to bring real feelings to consumers while they are shopping.

In 2015, Mega City Banqiao promoted busker shows in collaboration with the New Taipei City Government. A total of 33 different busker groups presented shows, including music, action art, fine arts, etc., turning the Venice Plaza into a place of art.

For consumers to stroll in a new view created by architectural design, we also devote ourselves to extend technology, fashion, and culture to our products and services. By doing so, we aim to introduce worldwide cultures into Taiwan while fostering the local cultural and creative industries. Besides promoting cultural exchange, we enable customers to immerse in a peculiar and charming experience.

Following US culture sweeps across the world, US clothes, articles of daily use, music, and foods have become the focus of global fashion. In 2015, FERG organized a three-week "American Weeks" at all stores in collaboration with the American Institute in Taiwan (AIT) for consumers to feel joy of the US national day with the world without travelling to the USA. city'Super also invited a chef to cook the delicious Angus short ribs. There were also DIY US ice-cream and wine tasting activities. a. mart launched the US Prime beef auction at NT\$1. All incomes from the auction were donated to children living in remote Hualien.

In addition to the US product fair, US culture exploration was another focus of the event. AIT sent a mobile library to Top City Taichung for adult and child consumers to easily explore US culture. As the America Weeks makes significant contributions to promote US products and US cultural, education, and art exchange, FEDS President Nancy Hsu personally received the "Commerce Creation Together" trophy from AIT in September. FEDS is also the only department store retailer to receive this honor among all ten award-winners.

To shorten the gap between neighboring countries, FERG has provided customers with authentic Korean and Japanese cultural experience to correspond to the trend. In March, Mega City Banqiao invited famous South Korean singer to hold an album-signing event. The event attracted a huge crowd on that day. Top City Taichung and Mega City Banqiao also held Korean product fairs and Korean cultural festivals many times. Events of these activities included popular Korean star shows, creative Korean culinary competitions, etc. At Mid-Autumn Festival, we released the special gift boxes. By demonstrating fuller and more delicate Korean foods and culture, we enabled customers to understand more about Korean culture and indirectly boosted sales.

All Made in Japan: Brining True Japan to Taiwan! For customers to really understand the experience the true Japan, FERG invited Japanese artisans to show us local dietary culture. Mega City Banqiao and Top City Taichung organized the Japan Food Art Show and ZipanGood All Made in Japan Show respectively. Mega City Banqiao, Top City Taichung, and Tainan Store even co-organized the Cultural Product Carnival with Hirosaki City, Aomori Prefecture, Japan, known as the kingdom of apples. Hirosaki City Mayor Noriyuki Kasai personally brought different kinds of authentic Hirosaki foods and artifacts to the opening ceremony. At the event venue, they even re-presented the traditional, classic Aomori Nebuta Festival to bring an interesting story to Taiwanese-Japanese cultural exchange.







At Christmas, FERG co-organized 2015 Christmas Celebration with the New Taipei City Government at the new urban center in Banqiao. By combining international class projection technology, Taiwanese music, and illustrations, we built the world's unique projection mapping Christmas tree with 3D surround projection technology. Together with the playground, carnival, and concert, the event became the sweetest Christmas memories of citizens. In winter, the silently brilliant The Mall located next to the five-star Shangri-La's Far Eastern Plaza Hotel located at the urban center always erect a seven-story tall huge Christmas tree in the plaza to spread the warm Christmas atmosphere from FEG. In 2015, we even prepared a Christmas carriage taking families to a brand new year. Hsinchu Store built Taiwan's unique "Charles Bronson Christmas Tree." Hualien Store also created a Christmas city in Eastern Taiwan by erecting a 9-feet-tall happy Christmas tree surrounded by decorations including the Christmas light corridor and warm snow house for citizens in Eastern Taiwan to feel the best Christmas atmosphere. Besides successfully spread the Christmas atmosphere, all stores in Taiwan have linked themselves with love and care to carol in collaboration with local charitable groups and consumers. Please see relevant activities in "4.3.3 Linking Social Care with Love."

In May 2015, Hualien Store officially opened the "Mini Exhibition." It is a mini art space overturning the stereotype of department stores. With the store as a medium and teaming up with local artists, they re-interpreted the diversity of arts and aesthetics, made a perfect blending of art and life, and re-define the spirit and height of department stores.

In addition, Hualien Store co-organized the vegetable charitable sale with the city office and the fruit and vegetable wholesale market before Lunar New Year to assist on the sales of agricultural products. Kaohsiung Store co-organized the "Empower Agriculture" with the local government to start a series of "One Briefcase for Agriculture"

agricultural product promotional activity. This event shaped the new image of fresh, modern agriculture. Tainan Store joined the local marketing activity, including organizing the "Houbi District Industry Marketing Activity 2015" to promote agricultural products from Houbi. We also teamed up with the Taiwan Milkfish Museum to launch the "Fun with Milkfish Party" for citizens to deeply understand the culture of the milkfish industry. Tainan Store also successfully integrated resources from different part of society to promote activities combining public interest, art, and department stores. In 2015, it organized over 130 charitable and cultural activities. It also aggressively promoted city diplomacy to continuously exchange with Japanese cities. These have earned the store the Far Eastern Spirit Award in the corporate image category from FEG.

"Local spirit" is the key DNA of a. mart with 19 stores across Taiwan. Since 2007, it has started cooperation with the Council of Agriculture (COA) to launch the "Fun Taiwan" serial activities, hoping to promote local agricultural products and support the development of Taiwan's agriculture. At the "Fun Taiwan" event during June 17-30, 2015, we promoted over 600 items of TAP vegetable, fruit, and meat. We also launched marketing cooperation with local brands and teamed up with MiCHA Bakery for the public to pre-order cakes. The income was donated to the Pingtung County Association of Aboriginal Cultures and Education to support the after school club, meal, and education of 526 children in remote areas.

Although "a shopping center of elaborate fashion" is what The Mall positions, it never stops cooperation and interaction with local communities and industries. By organizing holiday marketplaces and pre-owned item marketplaces, it supports Taiwan's cultural and creative industries and care for the public interest to become the cohesion power of community citizens. For example, at the Accupass held at the Dunnan Plaza by The Mall has attracted Stray Cats TNR Association, local cultural and creative fashion and accessory artists, and handmade food hawkers to open booths there to demonstrate the warmth of life combining elegance and taste.

city'super gathered a wide variety of peculiar exotic foods and arranged fairs for specialties from the USA, Kagawa and Nagasaki of Japan, South Korea, Australia, France, Italian, Spain, and Israel. It has even opened the Superlife Culture Club cooking class at Tianmu, Taichung, and Hsinchu stores for citizens to learn the cuisine of different countries without travelling overseas.

### 4.3.3 Linking Social Care with Love

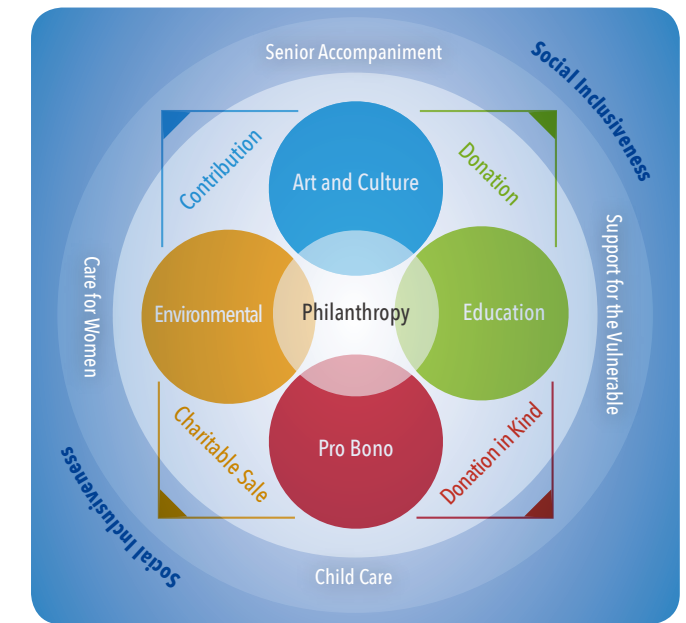
Upholding the spirit "spending on society with what is taken from society" over time, FERG endeavors to contribute to this piece of land. To maintain social stability, prosperity, and progress is the ultimate mission of FERG and our CSR vision.

With channel advantages, FERG actively engages in social contributions and pro bono activities. By combining with the marketing resources of department store retailing, it organizes charitable sales, asks citizens to make donations, and supports pro bono activities in order to demonstrate its social influence through different kinds of activities. We care for the elderly, the young, and the vulnerable. We spread love to remote areas and make faithful contributions without asking for repayment.

We actively make monetary donations and donations in kind for vulnerable or under-represented groups to improve their living quality. We also launched our cooperation with schools, charities, and government agencies to carefully plan and design various kinds of competitions, educational activities, and internship programs. We foster young talented fashion designers and promote all-out health education to cultivate the competitiveness of younger generations at the back stage. FERG provides suitable venues and space to support cultural activities, increases learning opportunities for children in remote areas, and enforce holistic education. We also remind the public to enjoy exercise, care about health, and pay attention to environmental protection in order to learn and growth together with customers. In 2015, we organized 240 social care activities by sponsoring and donating over NT\$14 million. FEDS serves with love for a better life.

As part of the daily life of locals, FERG shares the weal and woe with the public. After the Formosa Fun Coast explosion of June 2016, we initiated donations, charitable sales, and a series of activities to soothe and cheer up the victims and their family. All FEDS employees united together to accompany them walk through the mishap.

### Types of Philanthropic Activities of FEDS



### Highlight Story—Love Unification from FEDS: Let's Go You and We! Soothed and Cheered up the Victims of the Formosa Fun Coast Explosion.

The flammable starch-based powder exploded at the Formosa Fun Coast on June 27 was the public safety incident with the most casualties in recent years. Every citizen in Taiwan felt sorry about that. Besides caring for the victims, FEDS did not forget the trauma of their family. We united together to soothe and cheer up the victim's family with love, care, and efforts. Go on! Taiwan!



- Care**
  - All ten FEDS stores in Taiwan launched the Let's Pray Message Board to pray for the victims.
- Love**
  - FEG donated NT\$20 million.
  - FEDS employees also made monetary donations and recruited booth owners and consumers to join the activity. A total of NT\$1,010,000 was raised.
  - FEDS also organized the summer quilt charitable sale and donated NT\$54,119.
- Efforts**
  - FEG donated 17,000 pieces of high-performance wound dressing for the treatment and after care of victims.

- Percussions from the Atayal Raised NT\$12,600
- New Hopes with AWD
- Love Journey on Mini Train Raised NT\$100,000
- My Guide Dog: TOP Birthday Celebration
- Guide Dogs Go To School Fundraising
- "Piyaway" New Year Concert
- Andrew Food Bank: Good Will with Great Food, Act Fast for Fortune Fundraising
- APPLE Line: Donate Invoice to Show Love Gala Concert
- Send Warmth with Clothes Donation for Happy Go points
- Love in Painting Exhibition Tour
- Hope on Horseback: Cavalia Charitable Sale and Auction Raised NT\$85,100
- Love New Year Eve Dinner
- Blood Donation Recruited 60 dishes
- FEDS Philanthropy: Blood Donation
- Hand in Hand Market
- A Home for Fury Kids: Pet Adoption Activity

- Marie Claire Fashion Well Fairy In Wonderland Makeup Competition
- Marie Claire Fashion Well Fairy In Wonderland Cosplay Industry-Academia Exchange
- Happy Petri Dish: Children Welfare Promotion
- Let Love Rotate: Pre-owned Toy Car Recruitment
- I-Coffee Roll Out Presentation Toy and Book Donation
- Visions as Fairy Tails for the Great Public Service Day
- Love the Kidney and Care for the Kidney Kidney for Life: World Kidney Day Free kidney screening
- World Kidney Day: Love the Kidney and Care for the Kidney-Health For Life Fair
- Citizen Physical Fitness Test Free Physical Fitness Test
- Energy Education & Safeguarding Taiwan with Trees Publicity Activity Seedling donation
- Renewable Energy Mobile Castle: Academia Sinica Energy Promotion Program
- Spring Plum Agricultural Product Activity
- Earth Hour



- Garden of Hope: Care for Feet Donated NT\$10,000
- Baby Potential Art Exhibition
- McDonald's Action Story Stars Meeting: Children Reading Promotion
- World Vision Taiwan: Dreams for Children Illustration Exhibition Raised funds for 130 children worldwide
- Art Therapy Teaching and Experience
- One More Mile: Protecting Abused Women and Children Marketplace Donation
- Dining with Mom Charitable Activity Love meal
- Foot Washing on Mother's Day
- Mom's Health Gathering Free health examination
- Cancer Preventive Screening Tour Cancer Preventive Screening
- Health for Moms Health Examination and Consultation
- Love Mom Free Health Examination and Charitable Sale Raised NT\$30,000
- Flash Violinists
- Sleep Medical Bed Neck & Shoulder Relaxing Meet Free Massage

- Music for You Charitable Concert Invoice recruitment
- Growing Love in Hualien: Love is Everywhere in the Rear Mountain Donated 10 boxes of daily necessities
- Huikuang Guide Dogs: Road Guide for the Blind
- Love Dumpling on Dragon Boat Festival: Dumpling Gift Box Subscription Donated gift boxes worth NT\$24,742
- Hsinchu Environmental Shopping Bags
- AIDS Candlelight Memorial
- Housing Tax Publicity
- Houbi Community Industry Marketing
- MOE Friendly Campus Publicity: Echinacea Campaign Dancing Competition
- Blood Donation
- World Vision Taiwan: Water Resources Recruitment Activity Fund raising
- Red Cross Love Fund Raising Helping Syrian refugees and victims of Nepal earthquake



- Crosstalk from Nowhere
- Sports Shoes for Remote Kaohsiung Sports shoes recruitment
- Love for CCF Tainan from Hiroasaki City Carnival Apple donation
- Garden of Hope Foundation: One Billion Rising Against Violence
- Sweet Heart St. Valentine's Day Chocolate Charitable Sale Sales income NT\$20,720; FEDS donation: NT\$10,000
- Fantastic Lantern Painting
- Light Up Warmth: Love to Huashan on Lunar New Year Donated nearly 50 gift boxes for Lunar New Year
- Great Vegetable Charitable Sale for a Good Year Vegetable charitable sale
- In Love with My Pet Lover Free chip implant
- Five Gods of Wealth Mask Exhibition
- Environmental Installation Art with the Sheep
- 30 Hour Famine Grand Reunion: Running for Kaohsiung
- Hiroasaki City Carnival City Exchange
- Green Peace Charitable Marketplace
- Cavalia: Charitable Show for One Thousand

It is the largest ever charitable event organized by FEG. Children from remote areas and vulnerable or under-represented social groups were invited to see Cavalia. FEG Chairman Douglas Tong Hsu even turned himself into "Professor Hsu" to teach English, hoping that more students from remote areas can see different views of life from a world-class stage.



- Bear Forest Kindergarten Visit on FEDS
- Children's Day Little Driver Fair
- Three Schools' Concert
- Kaohsiung City Summer Youth Service Experience Exhibition
- World Vision Taiwan: Send Happiness and Love to the World Fund raising
- Micro School, Smile Program: Stationery for Children in Remote Townships Donated Muji stationery sets to students of Zhofeng and Gufeng elementary schools
- Youth with Dreams: Apple with Love Concert
- Beloved Mom: Great Mother Citation
- Mother's Day Cake Recruitment Cake subscription of 50 pieces
- Just Love and You: Charitable Sale and Adoption Program
- Big Women's Simple Happiness Pottery Show
- Alice Women's Apparel Show Industry-Academia Exchange
- Coffee: Another Start Mini Exhibition
- Dancing in the Wind: China Youth Corps Roll Out Show
- Love Pet: Hope Pet Adoption Day
- Environmental Milk Caps Competition
- Environmental Golden Brain School



- Send Love to Center for Intellectual Disability at Dragon Boat Festival Dragon Boat Festival Gift Box Subscription
- One-day Floor Manager Duty Experience
- Love in Corners: US Hamburger Charitable Sale
- Roll Out Exhibition of the Fine Arts Gifted Class of Elementary School, National Hsinchu University of Education
- Andrew Food Bank: Let Children No More In Hunger Raised NT\$25,000
- Love on Dragon Boat Festival from FEDS: Donation Ceremony Dragon Boat Festival Gift Box Subscription
- FEDS Dumpling Connections: Send Love to Marginal Families Dumpling donation
- Guide Dog Charitable Sale Charitable Sale
- Sunny Day Workshop
- Multiple Social Enterprise Future Development Plan
- Huashan Social Elderly Charity Foundation Invoice or change donation
- Care for Huashan Social Elderly Charity Foundation: Dumpling Donation on Dragon Boat Festival Donated hundreds of dumplings
- Action Mandarin movie Battle Up! Fan Meeting
- Ching Tien-Love Art Joint Exhibition
- FEDS Philanthropy: Blood Donation
- Domestic Violence Prevention Publicity: Happiness Only
- Kaotongtong Balloon Parade
- Beauty-Hakka: Hakka Image Fabric Creation Exhibition Industry-Academia Cooperation
- Indigo Dying Cultural & Creative Craft Esthetics
- Best of Single Dragon Boat Experience
- The Lukang Renaissance Community Film Exhibition
- Fun Block Great Fun
- Fancy Fantasy Arts & Entertainment
- Stray Animal Garden
- Golden Sand Revival: Taiwan's Pioneered Interactive Sand Sculpture



# FERG Charitable Activities List in 2015

- Child Care
- Support the Vulnerable
- Senior Accompaniment
- Care for Women
- International Activities



- American Dreams: The Golden Glove Heritage  
Donated 30 sets of baseball gloves and bats
- Wow Hamburger Charitable Sale
- Toy and Book Tour Cars: First Time to Chiayi
- Firefighting Experience Camp
- FEDS Philanthropy: Summer Meal
- Paper Creative Installation Art Exhibition: Princess Annie's Fitting Room
- CCG Chiayi Charity Sale  
Donated NT\$11,667
- ICRT LOHAS Tainan Week: Little Customer Service Staff English Camp
- Taiwan Guide Dog Association: Guide Dog Publicity Activity  
Raised NT\$53,434
- Guide Dog Skill Show
- Japanese Product Show Press Conference
- Donation to victims of the Formosa Fun Coast explosion  
FEG donated NT\$20 million and income from summer quilt charitable sale of NT\$54,119
- Jeans modification expert selection
- New Taipei City Workforce Development Agency Charitable Sale  
Raised NT\$21,246



July total 14 events

August total 27 events

- Family Cake DIY
- Abu Happy Home Children and Youth Care Association  
Hamburger Subscription  
Hamburger Subscription
- ROC Down Syndrome Foundation Mid-Autumn Festival Event  
Press Conference  
Donated NT\$30,000
- Children with Disabilities Summer Camp
- National Junior High School Dancing Competition
- Antidrug, Anti Violence, Anti Sex Assault Publicity Activity
- Kid Story House
- Student Aid Fund Raising  
Donation presentation
- Love Student Aid Program: My Stationery Season Charitable Event  
Raised NT\$7,545
- Round the Island Hamburger Van Charitable Sale Sold 150 hamburger
- I-Coffee Roll Out Presentation
- Genesis Social Welfare Foundation: I Love Heroes, Cheer Up  
People In Vegetative State
- Happy Carnival: T-shirt Painting Charitable Activity  
Donated all registration fees
- The yellow shirt of my love: Old Song Concert Together
- Flashy Silver Hair Re-start: Bag Subscription Charitable Activity

- Zumba Carnival Press Conference
- Japanese Illustrator Teaching Activity
- New Taipei City Department of Labor Affairs: Father's Day Social  
Enterprise Charitable Sale  
Raised NT\$47,658
- Give Fury Kids a Father's Love: Pet Adoption Activity  
Pet Adoption and Free Vaccination
- Love Daddy Health Examination  
Free Health Examination
- FEDS Philanthropy: Blood Donation
- Marine Heart and Passion: A Better Future from Lion Club with Love  
Blood donation
- Hand LA SO Cultural and Creative Music Marketplace
- Summer Aquarium Show
- Fish in Fish Aquarium Promotion
- Relax, Hero! Holiday Massage
- Taiwanese Opera Interactive Theatre and e-Invoice Policy Promotion:  
Journey to the West e-Invoice Battle

- Mid-Autumn Festival Love at FEDS Donation Ceremony
- Little Prince Magic Planet Women's Fashion Show Industry-Academia Cooperation
- Mid-Autumn Festival Pomelo DIY
- Fun Oil Game DIY
- Kernel of Wheat Mobile Library: Reading Promotion Activity
- SONY Pink Ribbon Road Running: MOMO Bear Subscription  
Raised NT\$20,000
- Anniversary Sale Promotional Activity: Breaking 2 billion Road Running  
Donated NT\$20,000
- Joint Art Exhibition Closing Ceremony
- Running Water Flows: Goziwei Historical Record Art Exhibition
- Kemji Wu Charitable Concert  
Raised NT\$21,000
- Health League Health Education Publicity
- Attabu II Special Screening
- 248 Agriculture Marketplace
- Syinlu Social Welfare Foundation Preowned Clothes Charitable Sale  
Raised NT\$190,000
- World Alzheimer's Month: Previous Memories Carnival



September total 15 events

October total 21 events

**Highlight Story—a. mart Contributes to Local Communities to Sow the Seed of Hope.**

Local spirit is the a. mart's key DNA. At every festival, it never forget care for the local vulnerable and under-represented social groups. At this Dragon Boat Festival, a. mart donated over 100 dumplings to the Foundation of Hope for vulnerable and under-represented families and women. At Lunar New Year (Spring Festival), all stores launched the New Year Eve Dinner Subscription. This year, over 1,000 dishes were recruited for the vulnerable and under-represented elderly people of "Mennonite Social Welfare Foundation" and "Hondao Senior Citizen's Welfare Foundation" to enjoy a good New Year Eve dinner. "Spending what is taken from communities on communities": a. mart will continue to uphold its local contribution to work for the well-being of local communities.



- Sunshine Social Welfare Foundation: Charitable Art Exhibition and  
Calendar Charitable Sale  
Raised NT\$20,000
- Anti Violence Dancing Competition
- Bag Charitable Auction  
Donated incomes from auction at NT\$12,700
- Little Princes and Little Princesses Catwalk Show
- Halloween Parade
- Let EYE Move On: Guide Dog Charitable Promotion
- Eden Social Welfare Foundation Accessibility Day Promotion Activity
- Huikuang Guide Dog Charitable Art Exhibition and Charitable Sale  
Raised NT\$120,619
- Young Young Show Talent Roll Out Broadway
- Folksong 40 Concert
- New Taipei City Chinese Yam Festival Press Conference and Trade Fair
- Taiwan Lottery Cheer Blood Donation  
Blood Donation
- Double Tenth Karate Show
- Large blood donation social service activity  
Blood Donation
- NTB e-invoice publicity activity
- Phoenix Micro Start-up Loan Roll Out Presentation: Kaohsiung-  
Pingtung-Penghu-Taitung Regional Branch
- Chang Gung Biotechnology Health Talk: Rescuing Worsening Vision
- Say No to Cigarette and Betel Nut Roll Out Presentation
- Baoshan Township Autumn Harvest Concert
- Monsters! Cosplay Gymnastics Competition
- Super Idol Meeting



- Child Welfare League Foundation Children Adoption and Caring Promotion
  - Help Love Fly: Good Time Charitable Sale  
Donation of incomes from the sale
  - X'mas City with Love: A Christmas Holy Lighting Party
  - Comprehensive Charitable Auction Charitable Auction
  - Nantou County Chinai Elementary School: Chinai Philharmonic Concert
  - Bag Charitable Auction Charitable Auction
  - Little Love from Big Cities: Wish Adoption
  - Love for New Dawn: Social Enterprise for Disabilities
  - Send Love to Victims FEDS donated NT\$10,000, tattoo artists donated NT\$6,000, 50% of the income from the event
  - New Taipei City Government: Artistic People with Disabilities Citation
  - Market for the Visually Impaired: Massage by Visually Impaired Masseurs
  - Marrow Angels Charitable Arts Exhibition
  - Health Without Worries: Free Cancer Screening.
  - Bag Charitable Auction Donation of incomes from the auction
- Kaohsiung City Community Evergreen Academy: Learning Achievement Roll Out Exhibition
  - Adults with Intellectual Disability Photography Exhibition
  - New Taipei City Volunteer Day Press Conference
  - All Made In Japan Product Show: Grand Opening Press Conference
  - World Vision Taiwan: Year-End Thanksgiving Charitable Exhibition
  - Multiple GO: Fun with Social Enterprise Holiday Marketplace
  - Light Up Sando Shopping Area with You and I
  - FEDS Philanthropy: New Taipei City Volunteer Photography Exhibition
  - 2015 New Taipei City Christmas City Activity  
FEG sponsored NT\$7 million



- Children and Family Association: Children with Your Accompaniment: Care for Abused Children
  - Children Taiko Charitable Activity
  - Catholic Tainan Diocese: Christmas Tree Lightup
  - FEDS Philanthropy: Charitable Auction Charitable auction
  - World Vision Taiwan: Support from Christmas Angels Fund raising
  - Light for Elementary School Students from Vulnerable and Under-represented Social Groups: Charitable Activity Recruited 150 pairs of sports shoes, free FEDS backpacks, and Christmas presents from Mayor Lai, Ching-Te
  - Christmas Party: Fun for Getting Treat
  - Guarding Angel: Charitable Sale Fair Charitable Sale
  - Love Relay: Charitable Fund-raising Party
  - FEDS Philanthropy: Donation of Incomes from Charitable Sales
  - Send Love to the Poor: Christmas Card Subscription Program
  - ROC Down Syndrome Foundation Christmas Charitable Sale  
Raised NT\$326,404
  - A Warm Christmas Present for Children
  - Christmas Tree Lightup: Love Unification Donated NT\$30,000
  - Send Love with Christmas Presents Wish Adoption
- Space Adventure of One Hundred: Christmas Charitable Trip
  - Love in Painting Prize Presentation Ceremony
  - Clowns x Magic: Enterprise Volunteers Carnival
  - Genesis Social Welfare Foundation: Invoice Recruitment by Little Love Ambassadors Invoice donation
  - Hold Mind Coffee: Good Man for Philanthropy Invoice Donation for Free Coffee
  - Eden Social Welfare Foundation Charitable Haircut  
Raised nearly NT\$9,000
  - FEDS Philanthropy: Christmas Dinner Voucher
  - Toward New Taipei City Gender Equality Year Press Conference
  - Send Love with Charity Only You Can Help the Old Age in Winter  
Donation
  - Save Love and Store Blessing Piggy Bank Adoption  
Change donation
  - Hakka Culture and Art Heritage Promotion
  - Minakami Craft Exhibition from Gunma Prefecture, Japan IN FEDS Tainan
  - Aomori Nebuta Festival of the Hirosaki Cultural Artifact Summer Carnival



Child Care Support the Vulnerable Senior Accompaniment Care for Women International Activities

## GRI G4 Table

All the disclosure indicators has be externally assured. Please refer to "External Assurance Report" in appendix for detail information.

### General Standard Disclosures

Item	Profile Disclosure	Chapter	Page	Note
Strategy and Analysis	G4-1	Message from the Chairman	4	
		Three Implications of "Go Beyond Your Wish"	8	
		1.2.4 Strategy for Sustainable Operations	24	
	G4-2	1.3 Risk Management and Contingency	25	
		1.3.1 FERG Audit System	26	
Organizational Profile	G4-3	1.1 Company Profile	12	
	G4-4			
	G4-5			
	G4-6			
	G4-7			
	G4-8			
	G4-9	1.1.1 Organization Overview	12	
		1.2.3 Financial Performance	23	
	G4-10	4.2.1 Diversified and Equal Workforce Structure	83	There is no labor union, so there is no collective bargaining.
	G4-11			
	G4-12	1.4.2 Identification of Material Topics	31	
		3.2.1 Maintaining High Quality Together	63	
	G4-13	1.1.1 Organization Overview	12	a. mart Banxin Store was shut down in November 2015.
	G4-14	1.2.4 Strategy for Sustainable Operations	24	
		2.3.2 Building Green Malls with Intelligence	51	
	G4-15	1.1.2 Participation in Associations and Initiatives	17	
	G4-16			
	G4-17	1.2.3 Financial Performance	23	
	G4-18	1.4.2 Identification of Material Topics	31	
	G4-19			
G4-20				
G4-21				
G4-22	Report Profile	1		
G4-23				
Stakeholder Engagement	G4-24	1.4.1 Stakeholder Identification And Communication	29	
	G4-25			
	G4-26			
Report Profile	G4-27	Report Profile	1	
	G4-28			
	G4-29			
	G4-30			
	G4-31			
	Three implications of "Go Beyond Your Wish"	8		
G4-32				
G4-33				
Governance	G4-34	1.2.2 Corporate Governance	20	
Ethics and Integrity	G4-56	1.3.2 Code of Ethical Business Practice	28	

Specific Standard Disclosures

Aspects	Profile Disclosure	Chapter	Page	Cause of Non-Disclosures
<b>Economic</b>				
Economic Performance	Disclosure on Management Approach (DMA)	1.2.4 Strategy for Sustainable Operations	24	
	G4-EC1 Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government (by country) and community investments; EVG&D separately at country, regional or market level	1.2.3 Financial Performance	23	
	G4-EC2 Financial implications and other risks and opportunities for the Organization's activities due to climate change	2.3.1 Low Carbon Management and Green Service	49	
		2.3.2 Building Green Malls with Intelligence	51	
		3.1.1 Super Experience of Virtual-Physical Integration 3.1.2 A Happy Excursion with Cloud Shopping	60 62	
G4-EC3 Coverage of the organization's defined benefit plan obligations	4.1.2 Welfare Diversity	76		
Market Presence	Disclosure on Management Approach (DMA)	4.1 A Happy Workplace for Adaptive Development	76	
	G4-EC5 Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	4.1.1 Equal Remuneration	76	
	G4-EC6 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation			
Indirect Economic Impacts	G4-EC7 Development and impact of infrastructure investments and services supported	2.2.2 Fashion and Nature Together	47	
		4.3 Cultural and Social Exchange and Fusion with Locals Across the World	88	
Procurement Practices	G4-EC9 Proportion of spending on local suppliers at significant locations of operation	3.3.2 Acclaim for Choice Products	69	While food safety is material to the retailing industry, and CAS, TAP, and GAP are labels for quality local agricultural products, we provide the proportion of CAS, TAP, and GAP sold at a. mart. in response.
<b>Environment</b>				
Energy	Disclosure on Management Approach (DMA)	2.1.1 All-Round Energy Saving Management	40	
	G4-EN3 Energy consumption within the organization			
	G4-EN5 EUI			
	G4-EN6 Reduction of energy consumption			
	G4-EN7 Reductions in energy requirements of products and services			
Emissions	Disclosure on Management Approach (DMA)	2.1.1 All-Round Energy Saving Management	40	
	G4-EN16 Energy indirect greenhouse gas (ghg) emissions			
	G4-EN19 Reduction of greenhouse gas (ghg) emissions			
Products and Services	Disclosure on Management Approach (DMA)	2.3.1 Low Carbon Management and Green Service	49	
	G4-EN27 Extent of impact mitigation of environmental impacts of products and services			
	G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category			
Legal Compliance	Disclosure on Management Approach (DMA)	2.2.2 Fashion and Nature Together	47	
	G4-EN29 Monetary value of significant fines and total number of non-monetary san			

Aspects	Profile Disclosure	Chapter	Page	Cause of Non-Disclosures
Transport	Disclosure on Management Approach (DMA)	2.1.2 New Ideas for Transportation Hubs	43	
	G4-EN30 Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce			
Overall	Disclosure on Management Approach (DMA)	2.1.1 All-Round Energy Saving Management	40	
	G4-EN31 Total environmental protection expenditures and investments by type	2.2.1 Waste To Resources	45	
Supplier Environmental Assessment	Disclosure on Management Approach (DMA)	2.2.2 Fashion and Nature Together	47	
	G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken	2.3.1 Low Carbon Management and Green Service	49	
		3.2.1 Maintaining Quality Together	63	
		3.3.1 Control for Food Safety First 3.3.2 Acclaim for Choice Products	67 69	
Environmental Grievance Mechanisms	Disclosure on Management Approach (DMA)	2.2.2 Fashion and Nature Together	45	
	G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	3.4.2 True Response to Customer Advice	72	
<b>Social Performances : Labor Practices and Decent Work</b>				
Employment	Disclosure on Management Approach (DMA)	4.2.1 Diversified and Equal Workforce Structure	83	
	G4-LA1 Total workforce by employment type, employment contract and region			
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation			
	G4-LA3 Return to work and retention rates after parental leave, by gender			
Labor/ Management Relations	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	There is no labor union, so there is no collective bargaining
	G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements			
Occupational Health and Safety	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	
	G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs			
	G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender			
	G4-LA7 Workers with high incidence or high risk of diseases related to their occupation			
Training and Education	Disclosure on Management Approach (DMA)	4.1.3 Adaptive Training and Development	79	
	G4-LA9 Average hours of training per year per employee by gender, and by employee category			
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings			
	G4-LA11 Percentage of employees receiving regular performance and career			
Diversity and Equal Opportunity	Disclosure on Management Approach (DMA)	4.2.1 Diversified and Equal Workforce Structure	83	
	G4-LA12 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity			



Aspects	Profile Disclosure	Chapter	Page	Cause of Non-Disclosures
Equal Remuneration for Women and Men	Disclosure on Management Approach (DMA)	4.1.1 Equal Remuneration	76	
	G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation			
Supplier Assessment for Labor Practices	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	
	G4-LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken			
Labor Practices Grievance Mechanisms	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	
	G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms			
<b>Social Performances : Human Rights</b>				
Non-Discrimination	Disclosure on Management Approach (DMA)	4.2.1 Diversified and Equal Workforce Structure	83	
	G4-HR3 Total number of incidents of discrimination and actions taken			
Freedom of Associations and Bargaining	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	
	G4-HR4 Freedom of associations and collective bargaining			
Forced or Compulsory Labor	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	
	G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor			
Human Rights Grievance Mechanisms	Disclosure on Management Approach (DMA)	4.2.2 Maintaining Safe Work Conditions	84	
	G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms			
<b>Social Performances : Society</b>				
Local Community	Disclosure on Management Approach (DMA)	2.1.2 New Ideas for Transportation Hubs 4.3.1 Befriending Neighbors and Local Cultivation	43	
	G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs			
	G4-SO2 Operations with significant actual or potential negative impacts on local communities			
Anti-Corruption	Disclosure on Management Approach (DMA)	1.3.2 Code of Ethical Business Practice	28	
	G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified			
	G4-SO4 Communication and training on anticorruption policies and procedures			
Anti-Competitive behaviors	Disclosure on Management Approach (DMA)	1.2.2 Financial Performance	20	
	G4-SO7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes			
Legal Compliance	Disclosure on Management Approach (DMA)	1.3.2 Code of Ethical Business Practice	28	
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations			
Grievance Mechanisms for Impacts on Society	G4-SO11 Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	3.4.2 True Response to Customer Advice	72	

Aspects	Profile Disclosure	Chapter	Page	Cause of Non-Disclosures
<b>Social Performances : Product Responsibility</b>				
Customer Health and Safety	Disclosure on Management Approach (DMA)	2.3.3 Safe and Thoughtful Services for All Customers 2.3.4 Intelligent Management for Zero Risk 3.3.1 Control for Food Safety First 3.3.2 Acclaim for Choice Products	53	
	G4-PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures			
	G4-PR2 Total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	3.3.1 Control for Food Safety First	67	
Product and Service Labeling	Disclosure on Management Approach (DMA)	3.2.2 Clear Labeling for Consumer Protection	65	
	G4-PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements			
	G4-PR4 Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	3.4.1 Customer Satisfaction First	70	
Marketing Communications	Disclosure on Management Approach (DMA)	3.2.1 Maintaining High Quality Together 3.2.3 Unexaggerated Marketing and Publicity 3.3.1 Control for Food Safety First	63 66 67	
	G4-PR6 Sale of banned or disputed products	3.3.1 Control for Food Safety First 3.3.2 Acclaim for Choice Products	67 69	
	G4-PR7 Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	3.2.3 Unexaggerated Marketing and Publicity	66	
Customer Privacy	Disclosure on Management Approach (DMA)	3.4.3 Zero Miss Privacy Protection	72	
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data			
Legal Compliance	Disclosure on Management Approach (DMA)	3.2.3 Unexaggerated Marketing and Publicity 3.4.3 Zero Miss Privacy Protection	66	
	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			

## External Assurance Report



## ASSURANCE STATEMENT

### SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN DEPARTMENT STORES' CORPORATE SOCIAL RESPONSIBILITY REPORT of 2015

#### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastern Department Stores (hereinafter referred to as FEDS) to conduct an independent assurance of the Corporate Social Responsibility Report for 2015 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the FEDS' CSR Report of 2015 and its presentation are the responsibility of the management of FEDS. SGS has not been involved in the preparation of any of the material included in FEDS' CSR Report of 2015. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all FEDS' stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2013) for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for FEDS and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management at FEDS' headquarter in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. 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 FEDS, 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, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

#### VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within FEDS' CSR Report of 2015 verified is accurate, reliable and provides a fair and balanced representation of FEDS sustainability activities in 01/01/2015 to 12/31/2015.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

#### AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

##### Inclusivity

FEDS 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.

##### Materiality

FEDS 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.

#### GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

##### Principles

The report, FEDS' CSR Report of 2015, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. Disclosures on more governance indicators are encouraged. Further descriptions of the specific goals and targets for each material aspect are recommended. It is also recommended to initiate assessments and management of the potential social risks in FEDS' brand supply chain.

#### Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer  
Taipei, Taiwan  
20 May, 2016  
WWW.SGS.COM



AA1000  
Licensed Assurance Provider  
000-8





*Beyond Our World*



*Beyond Shopping*



*Beyond Imagination*



*Beyond Happiness*



遠東百貨APP



LINE官方帳號



遠東百貨官網



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