

About This Report

Sustainability to Far Eastern Department Stores

Far Eastern Department Stores Ltd. was founded in 1967. As the longest-running company in the Taiwan department store industry, FEDS has been steadily growing ever since. As a benchmark for listed department store companies, FEDS keeps pace with the times and has never stopped innovating and growing. We create values of sustainability from the inside out with ideals of inclusivity to build a sustainable growth model for the economy, environment and society.

The purpose of publishing this Report is to communicate with stakeholders how Far Eastern Department Stores implement "sustainability management and governance", not only to create an "innovative department store benchmark", but also to provide "safe product management" and services with "efficient environmental protection operations". We aim to create "A healthy and happy workplace", while investing in public welfare with "heartwarming social welfare" to fulfill our corporate social responsibilities.



Report download page

This report can also be found and downloaded on the corporate social responsibility website (<https://www.feds.com.tw/CSR/ReportDownload>).

Reporting Period



This report has been published annually since 2015. The Report discloses the performance information, management policies, major topics and responses of FEDS in terms of the economy, environment, society, and governance in 2020 (January 1 to December 31, 2020), so that stakeholders can understand our efforts made towards each aspect. Some content in the report refers to previous years to improve the comprehensiveness of the information.

First issue date: August 2015.
Current issue date: June 2021.
Next issue date: June 2022.

Scope of this Report



Subsidiaries of FEDS cover different industries, such as department stores, wholesalers, shopping malls and high-end supermarkets. The scope of this report is based on the relevance of financial significance with Taiwan's locality and sustainable strategies, and covers all stores of the following companies in Taiwan:

FEDS	(Far Eastern Department Stores Ltd.)
The Mall	(Ya Tung Department Stores Co., Ltd.)
a.mart	(Far Eastern Ai Mai Co., Ltd.)
city'super	(Far Eastern City Super Co., Ltd.)
FE SOGO	(Pacific SOGO Department Stores Co., Ltd.)

The financial information in this Report was verified by an accountant. If the scope of the performance information differs, it will be specifically explained in the report. Because FE SOGO publishes its own corporate sustainability report, please refer to its 2020 Corporate Sustainability Report for non-financial information related to FE SOGO.

Report Guidelines



This report was prepared with reference to the GRI Standards issued by the Global Reporting Initiative (GRI), and the preparation adopts the core disclosure principle. In the report assurance section, the Report has been verified by a third-party verification unit to confirm that it meets the core items of the GRI Standards and AA1000 (Account Ability) Type 1 Moderate Level.

Contact Information



Anita Wang,
Business Analysis Team
Address: 16th Floor,
No. 16, Xinzhan Road,
Banqiao District, New
Taipei City
Tel: (02)7727-8168
Ext. 8532
E-mail: csr@feds.com.tw
Website: <http://www.feds.com.tw/csr/opinion>

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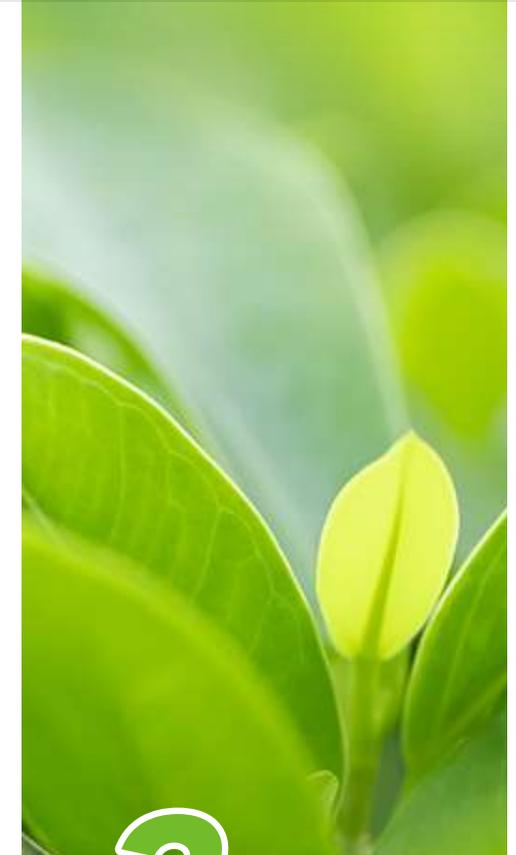
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Message from the Chairman

Create New Retailing Embrace New Normal

2020 was a turbulent year, affected by the coronavirus pandemic, all industries were facing severe challenges than before, in particular the retail industry had to deal with the impact unprecedentedly. Given the changes in consumer behaviors and rapid developments of operating environment due to the pandemic, FEDS, with its innovative spirit, healthy financial structure, and excellent human capital, is quickly reallocating its resources and strategies to respond with agility in order to move towards a nimbler, more flexible, and sustainable operating model.

Digital Transformation Build Featured Digitized Shopping Mall

Under the pandemic, operating environment of the retail industry is moving towards “The New Normal”. Digital transformation of the industry has become extremely vital, such as: Apply AI in physical stores, optimize customer experiences, or analyze shopping data to find merchandise and services that attract consumers, and create new value for the corporations. Since the establishment of the Digital Lab in 2018, FEDS has actively engaged in retail digitization by focusing on three directions in “digital operation, digital experiences, and digital management” and expanded the application of digital technologies into each phase of “Customer Journey” by satisfying the various needs and desires of consumers, and creating warm, convenient, and featured digitized shopping malls.

Shopping Experiences Enrich Sales Efficiencies and Diversities

Shopping experiences has always been an important factor of physical channels. For consumers the current definition of shopping is no longer simply to satisfy their shopping needs, compared with purchase of merchandises, the shopping experiences allow consumers to feel happier, more blessed, and more willing to spend more. FEDS continued to introduce different types of popular brands and restaurants, sponsor diversified events including international exhibitions, gourmet fairs, culinary classes, and craftsman shows to provide unceasing new experiences, new discoveries, aiming to enrich the experiences of department store space, embrace the experienced economy, and create new retail opportunities.

Virtual and Physical Integrations Establish More Convenient Shopping Model

The arrival of the 5G era has elevated significantly on users’ online experiences, and opened up opportunities for retail innovations. Equipped with speed, latency, and connections, 5G enables the retail industry to seize every contact channel and opportunities with consumers effectively in order to provide more convenient, speedy, and personalized products and services, thus maximizes

the convenience of consumers’ online and offline shopping experiences. If retail operators can be consumer-oriented, integrate seamlessly across physical and virtual channels, so to establish more convenient shopping models, exert maximum influence, and achieve prosperous developments.

Safe Shopping Deploy Secured Shopping Environment

After going through the coronavirus pandemic, consumers will pay more attention on the sanitation and safety of the shopping environment. FEDS, together with the general public, has been committed to epidemic prevention, and fully activated high-spec epidemic prevention measures. Aside from the increasing frequencies of sterilizing sales space, the Company also requires all staff to measure body temperature daily, wear masks, and implement staff health management, also establishes the “FEDS Quick Pick Up” area allowing consumers to check merchandises and make payment swiftly in the open area. In compliance with the government’s epidemic prevention regulations, the Company has been monitoring diligently over each shopping process, ensuring both epidemic prevention and shopping quality, thus providing customers a safe shopping environment to ensure public health.

Fulfilling the vision of “Sustain for a Good Life”, in 2020 Far Eastern Department Stores continued to expand stores, delivered outstanding performances in environmental protection, corporate social responsibilities, corporate governance, and sustainable developments, and received 34 domestic and international major awards. Based on its long-term commitment to sustainable operations, FEDS will continue to advance with times by engaging in innovation transformation, diversification, and readjusting its path to accelerate digital network, so as to keep elevating its sustainable competitiveness, and open new sustainable opportunities.



Far Eastern Department Stores
Chairman **Douglas Tong Hsu**

Message from the President

Leading Innovation Delivering Sustainability

The coronavirus pandemic in 2020 has brought forth the “New Normal” globally. Far Eastern Department Stores (FEDS) has been following this trend, adjusting its pace, facing new changes by adopting the mindset of “Innovation for Sustainability”, maintaining organization tenacity, and accumulating capability to win over adversity. We have not only assessed our management systems, operating services, and staff training, as well as prepared preemptive measures; but also committed to driving environmental sustainability, corporate governance, and inclusive society, creating sustainable benchmark, leading sustainable operations with innovative spirits, and creating a better tomorrow for the general public.

Boost Revenues Achieve Milestones

For the department stores sector, the pandemic may seem like a crisis, but it can also bring opportunities. By keeping open-minded and perseverance, we may be able to turn crisis into opportunities. With advanced deployments of various epidemic prevention measures, FEDS has engaged in digital media and social platforms to communicate with consumers, actively integrate online and offline channels, provide abundant merchandise mix, convenient shopping services, boost shopping momentum and also outperform. In 2020, the Company registered annual revenues of NT\$47.8 billion, up 7.7% year-over-year, marking historical high, continued to consolidate its leadership position in the retail industry.

Energy Saving and Carbon Reduction Build Low-Carbon Environmental-Friendly Department Stores

“Retail is Detail”, FEDS is committed to promoting environmental sustainability, the island-wide 11 branch stores of FEDS have refined their daily operating processes so to create green value for the society through our products and services, instill the green operating culture, and fulfill with the low-carbon environmentally friendly spirit. During the past three years, the Company has promoted altogether 81 significant energy conservation projects, invested over NT\$44 million in procuring energy-saving facilities, the accumulated saving amounting to 5.63 million watts. We also expanded to introduce in 2020 the ISO management system, conducted greenhouse gas inventory, water footprint accounting, complied with government’s greenhouse gas reduction and water resource management requirements, lowered the consumption of natural resources across operations, progressing forward as a leading sustainable department store.

Happy Workplace Promote the Employee Health and Wellness Project

Employee health and wellness are important assets for enterprises. FEDS provides a comprehensive health care measures beyond regulations, creates a friendly, safe, and supportive environment, allowing employees to work happily and efficiently, as well as establishing an inclusive and sustainable workplace for employees. The Company continued to promote “Staff Health and Wellness UP” project in 2020, executed 10 employee health and wellness programs, effectively lowered staff absence rate by 14%, delay of work rate also dropped 82%, accumulated no occupational disaster work hours exceeding 25.58 million hours, +17% year-over-year. Through a comprehensive staff health and wellness initiatives, we help employees focus on health management, and build a happy workplace for them to enjoy the balance between work and life.



Social Caring Sponsored 600 CSR Events

Following the concept of “Giving back and Making Contribution to the Society”, FEDS has turned each retail hub into CSR platforms in respective cities, and has long dedicated to initiatives concerning women, children and the under-privileged, environmental education, and children’s education in remote areas. By collaborating with local governments and non-profit associations through sponsorships, donations (substances), charity sales, we have engaged in 600 CSR activities in 2020, over 72% as compared to that of the previous year. Under the pandemic, I also encourage staff to fulfill their social commitments. In 2020, FEDS staff volunteer services amounted to 970 hours, grew 78% year-on-year. Our people contribute back to the society with their passion to help those in need.

Change is the constant essence of the retail industry. Facing complex and changing operating environments, FEDS continues to embrace new challenges, create game play, also commit to Environment (E), Society (S), and Governance (G) to establish benchmark as Taiwan’s best ESG sustainable role model in the department stores sector. Looking forward into the sustainable operation of our next phase, based on its core competence, FEDS starting from the “win-win approach”, will join forces with more stakeholders to fulfill environment friendliness, engage in CSR endeavors, and become the leading retail brand of sustainability.

Far Eastern Department Stores
President **Nancy Hsu**

Creating Sustainable Value

With the vision of "Sustain for a Good Life", FEDS will expand its stores, continue to innovate and grow, and implement corporate governance, environmental protection, and charity care under the leadership of the Board of Directors and senior management team in 2020. With the great results of these sustainable actions, we will continue to create sustainable value for stakeholders, society and the environment, create a sustainable benchmark for the department store industry, lead the sustainable development of the department store industry, and create a sustainable future together.

A Sustainable Culture Based on Giving Back

After 53 years of local development, as the oldest and most widely distributed department store chain in Taiwan, FEDS keeps pace with the times to "innovate, transform, and diversify" operations. At the same time, "giving back" is the basic value of the company. We use our brand advantages and channel resources to exert industrial influence, implement sustainable localization actions, and actively work for the sustainable development of Taiwan's economy, environment, and society, and create a triple-win environmental (E), social (S), and corporate governance (G) sustainable growth model.



Set Sustainability Goals and Implement Actions

Starting from the department store industry, FEDS has expanded its promotion of the power of sustainable development to society as a whole, and connects the United Nations Sustainable Development Goals (SDGs) with Taiwan's sustainability goals through the spirit of "Thinking Globally, Acting Locally" and implements sustainable actions to continue to create sustainable value.

Sustainability Strategies and Goals

Aspects of sustainability	Strategy	Action	Major achievements in 2020	2025 Goals	2030 Goals
Environmental (E)	Promote energy saving and carbon reduction measures, implement green consumption, create green value through products and services, and create green department stores which are fashionable and environmentally friendly.	Improve EUI efficiency	12% ↑	15% ↑	20% ↑
		Reduces carbon emissions	13% ↓	15% ↓	20% ↓
		Reduce the amount of waste	Zero growth of waste	6% ↓	9% ↓
		Increase recycling	1% ↑	7% ↑	10% ↑
		Green energy	1 solar farm established	Completed 3 solar farms	20% usage Green energy
Social (S)	Establish a happy workplace, cultivate and retain key professionals, and at the same time, use the role of a local "public welfare platform" to participate in society and fully implement the benefits of social welfare.	Cultivate management and operation professionals	Each employee was trained for 14.7 hours	Design 70 training courses for management trainees	Establish a talent pool for management trainees
		Employee health plans	10 plans for improving employee health	Submit 1 new project every year	Submit 1 new project every year
		Social welfare activities	Hold 600 social welfare activities	Hold more than 500 social welfare activities every year	Hold more than 500 social welfare activities every year
Governance (G)	Accelerate the continuous growth of the company through management and innovation, to create high-end department stores for our customers and become a leading sustainable retail brand.	Strengthen risk management	The device inspection app has been enabled, and the utilization rate is 100%	Establish an optimized management platform to improve the risk management mechanisms	Establish an optimized management platform to improve the risk management mechanisms
		Promote management innovations	56 management innovation actions	Submit 3 new projects every year	Submit 3 new projects every year
		Accelerate the implementation of digitization	Establish (upgrade) 84 management information systems	The degree of digitization for various operations has reached 80%	The degree of digitization for various operations has reached 80%
		Improve corporate governance	Top 20% of companies for corporate governance	Execute 1 corporate governance project every year	Execute 1 corporate governance project every year

Thinking Globally and Responding to the UN's Sustainable Development Goals

In 2020, FEDS responded to the 6 UN Sustainable Development Goals (SDGs) that are most important to us by utilizing our core abilities. We responded to one more goal than the previous year, and adopted 43 sustainable practices to contribute to global sustainable development.



Provided resources to disadvantaged families and organized agricultural product markets to promote sustainable agriculture

- 118 small farmers' markets, selling 4,403 specialty agricultural products.
- Mega City Banqiao Store held a Mother's Day cake sale, so that disadvantaged families can enjoy the holiday with love, and a total of NT\$20,000 was raised for the event.
- To increase public awareness of children with no one to depend on, the Taoyuan store donated 200 kilograms rice to the children's home, hoping that children can grow up healthily.
- Hsinchu Store held the "Donating Rice to Share the Love" event, raising 1,563 kilograms of white rice to help the elderly in rural communities.
- On the eve of the Mid-Autumn Festival, Chiayi store collected 53 boxes of mooncakes and delivered them to families in need in the West District of Chiayi City.
- Tainan Store worked with counter vendors to care for disadvantaged families by donating 100 meal coupons, and invited 32 people from caring families to enjoy a meal.
- 166 packs of rice were donated to the Kaohsiung store and they were donated to the Andrew Food Bank.
- For 13 consecutive years, 150 rural schoolchildren are invited to enjoy a five-star hotel meal every year.



Promote a healthy atmosphere and improve social welfare for the general public

- All 11 stores in Taiwan have been awarded the "Healthy Workplace Certification".
- 46 blood donation events were held and 2,462,500 CC of blood was collected.
- Organized the National Secondary School Dance Competition for three consecutive years and the event in Xinyi A13 attracted nearly 1,000 teenagers to participate.
- Organized 54 soccer matches, inline skating, parent-child rhythmic exercises and other children's sports events.
- All 11 stores in Taiwan have obtained the "Safe Space Certification".
- Paoching Store has been selected as a friendly store for 5 consecutive years.
- Hualien store became a dementia-friendly store.
- The excellent bathrooms of the Hualien store were selected as one of the top 50 high-quality public toilets in the country.



Established a gender-friendly environment and culture

- There are 5 female directors which accounts for 56% of all directors.
- Taoyuan Store partnered with the Taoyuan Women's Development Center to organize the "Women Power x Unlimited Creativity with Love Exhibition" to increase public awareness of gender equality issues.
- Top City Taichung Store cooperated with the Garden of Hope Foundation to organize a heart-warming market and provide services such as counseling for sexual harassment prevention and counseling for abused women.
- Tainan Store responded to the "Tainan Sexual Equality Month" campaign for the second year, focusing on "Gender Equality, Love Is No Obstruction" and calling for the implementation of an inclusive spirit for diverse genders.





Provide excellent employment opportunities and enhance corporate productivity

- 193 new personnel were recruited.
- By promoting academia-industry cooperation, a total of 188 interns have been trained.
- Operations have reached a new height, with revenue of NT\$47.8 billion, showing a growth of 7.7%.
- Earnings per share continued to grow by 10%.
- To invest in Taiwan, we opened 3 new stores across Taiwan, creating thousands of job opportunities.
- The "average salary" of full-time employees who are not in managerial positions increased by 1.5%.
- In the past 4 years, employee benefits have increased by 31% cumulatively.
- Regarding digital learning, 3,944 employees took part in online education and training courses.



Green consumption, improved resource sustainability, and reduced consumption were promoted

- Won the New Taipei City Government's Green Procurement Enterprise Award for 4 consecutive years.
- Ranked 5th in the country in terms of growth rate for the promotion of electronic invoices.
- 6 stores now provide power sharing rental services with 260 mobile power supplies.
- Environmental protection activities such as empty bottle recycling and second-hand product recycling, were promoted and 47,979 HAPPY GO points were given away.
- The reduction of packaging materials has decreased packaging costs by 9%.
- Promoted the eight major actions of green consumption based on the principles of "3R, 3E".



Implemented energy savings and carbon reduction in response to climate change and its impact

- Promoted 27 large-scale energy management projects.
- In response to the International Earth Hour event, Taiwan's electricity savings reached 120,000 kWh, setting a new record high.
- Upgraded the parking management system, reducing carbon emissions by 5,210 kg.
- More than 70% of employees leaving the office for business take public transportation.
- Shuttle buses were implemented and carried 239,000 people.
- Completed the planning of the second solar power generation system.
- In response to the "21 Days of Green Living" event and with the theme of "I shall change for the climate", want to implement green thinking in the daily lives of the public and take action together.
- To celebrate Arbor Month and encourage people to plant trees together, Hsinchu Store collaborated with the Forestry Bureau to donate 1,400 saplings.



Localization of Actions to Link Taiwan's Sustainable Development Goals

In July 2019, the National Sustainable Development Committee of the Executive Yuan integrated the 17 United Nations Sustainable Development Goals (SDGs) and referred to the six major transformation actions recommended by the TWI2050 (The World in 2050) plan: "Strengthen human resource capabilities", "Circular Economy", "Energy Transition and Accelerating Decarbonization", "Sustainable Food and Agriculture Systems and Ecological Conservation", "Smart Cities and Rural Areas" and "Digital Revolution". After refinement of the goals, the 18 cores goals for sustainable development in Taiwan and 143 specific goals and corresponding indicators were proposed. FEEDS integrates the government's sustainable development goals through its partnership with the government. We have implemented sustainable actions in terms of the 6 sustainability aspects and 11 sustainability issues, and we are moving towards sustainable development.

Key measures for sustainable development in Taiwan	Aspects of sustainability implemented by FEEDS	Sustainability issues of importance to FEEDS	Major achievements in 2020
 Strengthened human resources	A healthy and happy workplace	Attracted and retained talent Talent cultivation and development Occupational safety and health	<ul style="list-style-type: none"> ▲ Established a talent pool of deputy management staff (16 people) ▲ The average training hours per supervisor was 19 hours (↑ 52%) ▲ Resignation rate 7.8% (↓ 34%) ▲ Achieved zero occupational accidents and zero work injuries in the workplace
 Circular economy	Safe product management	Supply chain management Water and waste management	<ul style="list-style-type: none"> ▲ Suppliers signed 277 CSR commitment statements (↑ 24%) ▲ 937 tons of recycling (↑ 1%) ▲ 3,370 tons of food waste recycled (↑ 11%) ▲ Water consumption is better than industry performance (↑ 18%)
 Energy transformation	Efficient environmental protection operations	Energy management Green products and services	<ul style="list-style-type: none"> ▲ Actively established 43,705kWh of solar power (↑ 16%) ▲ Improved power efficiency EUI to 320 (↑ 1%) ▲ Established 29 electric vehicle charging stations (↑ 7%) ▲ Invested NT\$34,199 thousand in energy saving projects (↑ 4.7 times)
 Sustainable agriculture and ecological conservation	Innovative department store benchmark	Store safety and services Green products and services Water and waste management	<ul style="list-style-type: none"> ▲ Organized 118 farmers' markets (↑ 19%) ▲ Organized 52 environmental protection events (↑ 24%) ▲ Green procurement accounted for 97.7% (↑ 2%) ▲ Responded to 5 international environmental protection initiatives (unchanged)
 Smart cities and rural areas	Heartwarming social welfare	Charity and social participation	<ul style="list-style-type: none"> ▲ Invested NT\$22,824 thousand in social welfare (↑ 3.6 times) ▲ Organized 600 social welfare events (↑ 72%) ▲ Cared for 2,051 children in rural areas (↑ 21%)
 Digital revolution	Sustainability management and governance	Customer service and communication Business performance and innovation strategies	<ul style="list-style-type: none"> ▲ A total of 84 management digital systems (↑ 29%) ▲ Implemented 56 management innovation projects (↑ 12%) ▲ 74 electronic forms (↑ 37%) ▲ Provided 11 mobile payment tools (↑ 10%)



Six Major Capitals and Sustainable Value Creation Chain

FEDS adheres to a sustainable culture with the value of "giving back", connecting the upstream to downstream of the value chain, including the construction and operation of department stores, the entry of counter vendors, and the procurement of self-operated goods to customer service, to satisfy every consumer and expand social influence. FEDS creates the greatest sustainable value in every link of the value chain.

Resource investment

Financial capital

- NT\$ **14.169 billion** in capital

Human resource capital

- **1,357** employees
- Salary and welfare expenses of NT\$ **328,122** thousand

Intelligent capital

- A total of **36** digital transformation team members, IT and legal staff

Social capital

- Public welfare expenditure of NT\$ **22,824** thousand

Natural capital

- NT\$ **34,199** thousand invested in energy conservation projects
- NT\$ **33,034** thousand of green purchases

Operating capital

- Operating cost of NT\$ **4,405,831** thousand

Resource generation

Financial capital

- Total assets of NT\$ **128.4 billion**
- Total market value of NT\$ **34.276 billion**
- Consolidated revenue of NT\$ **114.8 billion**

Human resource capital

- The total hours of employee education and training increased by **28%**
- Employee turnover rate was reduced by **34%**
- Employee productivity increased by **14%**
- The proportion of female executives at the manager (deputy manager) level increased by **17%**

Intelligent capital

- Management of **84** digital systems
- Taking inventory of **388** new laws and regulations
- **980,000** followers on social media

Social capital

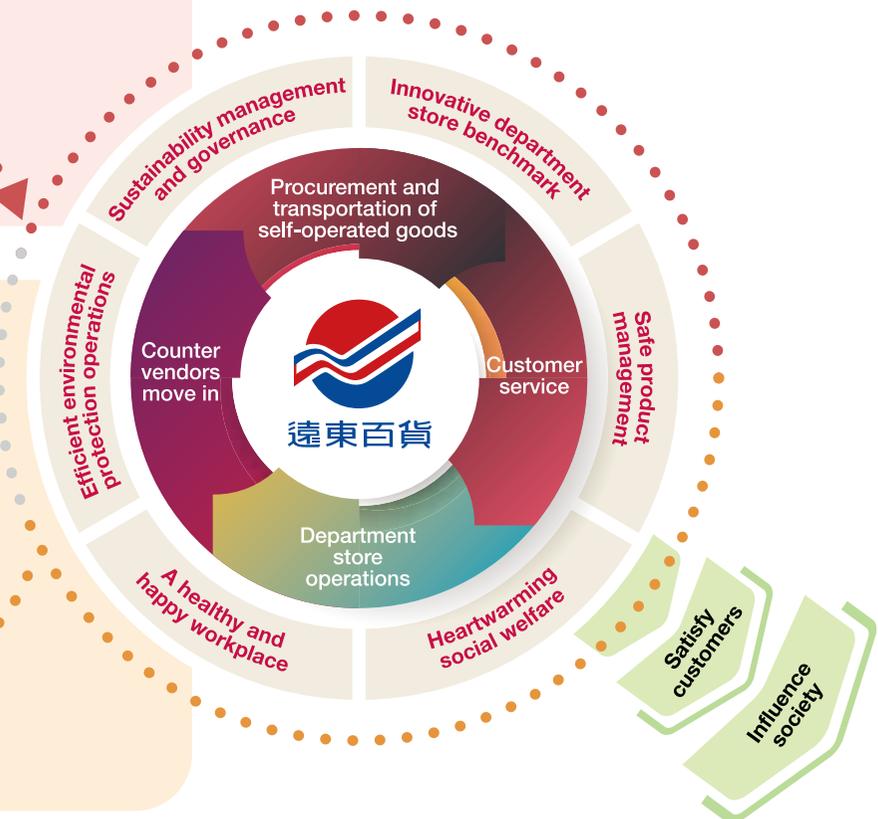
- **600** charity events were held
- Sponsored **11,319** square meters of green parkland
- Employees invested **970** volunteer hours

Natural capital

- Power consumption was reduced by **2.02 million kWh**
- EUI efficiency increased by **1%**
- Increased recycling by **6** tons

Operating capital

- **46** business locations in Taiwan and China



ESG Key Achievements

Environmental (E)

27 energy saving projects, saving **2,022,393** kWh of electricity



EUI increased by **8.7%** in 5 years



Established solar power systems, generating **44,000 kWh** per year



Electricity consumption of NT\$1 sales, reduced by **6.4%** in 5 years



The pass rate of equipment inspection in each store is **99.1%**

Upgraded the parking system to protect **3,095** trees



Total **2,642** tons of waste recycled in three years



Water consumption is **18%** better than the industry performance



72% of employees leaving the office for business take public transportation



Reduced packaging costs by **9%**



"local production, local consumption" **118** agricultural markets

Green procurement accounted for **97.7%**



Social (S)

The new product introduction rate of Gourmet increased by **17%**

Customer accident rate decreased by **7%**



The cooperation program has trained **188** interns in total



Accumulated over **7.5 million** hours of accident-free working hours in three years

Employee benefits have increased for 4 consecutive years, with a cumulative increase of **31%**

The average training hours of managers increased by **52%**



For responsible retail,
156kg
coffee certified
by the International
Rainforest Alliance™
was introduced

The number of supplier
CSR commitments
increased by
24%

Responded to
9 international
sustainability
activities

Held
600 public
welfare activities,
increasing the
total by
72%

325
employees served
as volunteers

Received **167**
certificates of gratitude,
doubling
the number
than before

Governance (G)

Revenue was
NT\$ **47.8 billion**,
an increase of
7.7%

EPS NT\$ **1.38**,
an increase of
9.5%

Opened
3 more stores
across Taiwan

Digital management,
implemented
84
systems in total

56
action projects
to promote
management
innovations

Established
ESG management
indicators **50**

Employee
productivity
increased by
14%

Cash flow allowable
ratio reached
2.11 times

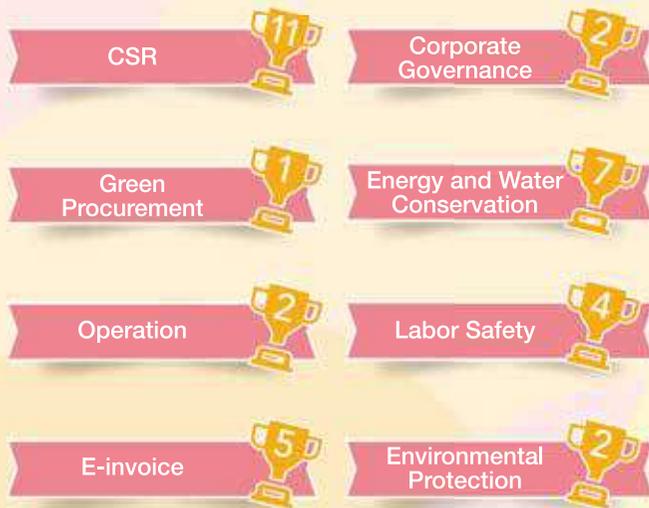
The proportion of
female directors
is **56%**, which is
4.2 times
higher than the
average proportion of
listed companies

Participated in
public associations at
home and abroad **45**

The number of
trainees
increased by
81%
for risk management
training

The growth rate of
issuing E-invoices
ranked **fifth**
in the country

Awards and Honors



Awarded during first time participation

Asia Responsible Enterprise Awards

Enterprise Asia

The only department store to win twice in three years

National Sustainable Development Award

Executive Yuan

Awarded during first time participation

National Enterprise Environmental Protection Award

Environmental Protection Administration, Executive Yuan

Awarded for four consecutive years

Taiwan Top 50 Corporate Sustainability Award

Taiwan Institute for Sustainable Energy

No. 1 in the wholesale and retail industry

Corporate Sustainability Report Awards - Platinum

Taiwan Institute for Sustainable Energy

Awarded for two consecutive years

Enterprise Sustainability Excellence Case - Gender Equality Award

Taiwan Institute for Sustainable Energy

Awarded during first time participation

Enterprise Sustainability Excellence Case - Climate Leadership Award

Taiwan Institute for Sustainable Energy

Awarded for five consecutive years

Enterprise Sustainability Excellence Case - Innovative Growth Award

Taiwan Institute for Sustainable Energy

Awarded during first time participation

Enterprise Sustainability Excellence Case - Creative Communication Award

Taiwan Institute for Sustainable Energy

Awarded for six consecutive years, FEDI is the only company in the department store industry to win

CommonWealth Top 50 Corporate Citizenship Award

CommonWealth Magazine

Awarded for two consecutive years

2020 CSR Elite Award

SGS

Awarded for four consecutive years

Green Procurement Enterprise Award

New Taipei City Government

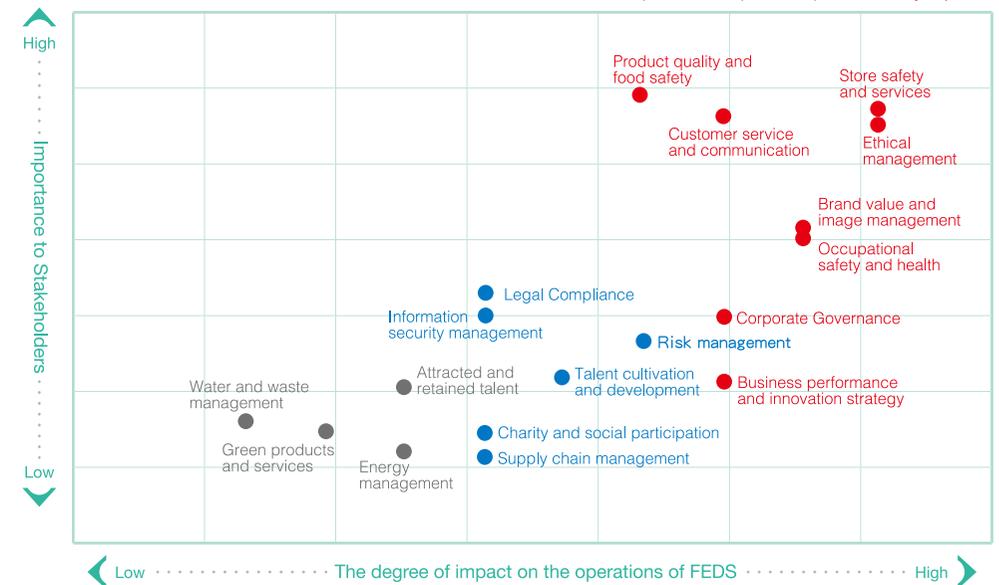


Identification of Material Topics

FEDS refers to the AA1000 Accountability Principles and Standards, the Global Reporting Initiative (GRI) guidelines, international sustainable development trends, and the major topics of the domestic industry as the principles for the disclosure of the report and the judgment of the topic. In order to make the content of the report more in line with the needs and expectations of stakeholders, we conducted an annual questionnaire survey and collected 482 questionnaires. 18 major topics were compiled, of which 8 key topics and 6 important topics were listed as highly concerning topics. The topics will be disclosed and explained in depth in the report.

 Identification	<ul style="list-style-type: none"> Collect concerns of the 8 types of stakeholders 18 topics was compiled based on the material topics identified last year, daily operating conditions, the current events and industrial trends etc. 	8 types of stakeholders 18 material topics
 Sort	<ul style="list-style-type: none"> Quantified the degree of attention of stakeholders towards various issues. 16 internal questionnaires for the CSR committee were used to evaluate the ESG impact on each topic within and without the organization. Evaluations were carried out by using the response, influence, and transparency of stakeholders as indicators. 	Questionnaires for 16 department heads
 Analysis	<ul style="list-style-type: none"> To analyze the degree of concern for each issue, a total of 482 questionnaires were collected, which was an increase of 37% from last year. The top three groups from whom the questionnaires were collected are: Consumers (42%), employees (34%), suppliers and counter vendors (12%), taking into account the representation of internal and external stakeholders. 	482 questionnaires
 Confirmation	<ul style="list-style-type: none"> The CSR Executive Office evaluates the analysis results and submits to the chairman of the CSR Committee for approval. The 18 topics are divided into 8 key topics and 6 important topics. The management policies and performance of these 14 topics will be disclosed and explained first. We will continue to communicate with stakeholders and confirm the appropriateness of the annual material topics matrix accordingly. 	8 key topics 6 important topics

Material topic matrix



No.	Key Topics	Changes	No.	Important Topics	Changes	No.	Basic Topics	Changes
1	Store safety and services	↑ 4	9	Risk management	↓ 5	15	Attracted and retained talent	↓ 3
2	Ethical management	↑ 4	10	Legal Compliance	↓ 9	16	Energy management	↓ 1
3	Customer service and communication	↑ 4	11	Information security management	↑ 5	17	Green products and services	—
4	Product quality and food safety	↑ 1	12	Talent cultivation and development	↑ 1	18	Water and waste management	—
5	Brand value and image management	↓ 3	13	Charity and social participation	↓ 2			
6	Occupational safety and health	↑ 8	14	Supply chain management	↓ 4			
7	Corporate Governance	↓ 4						
8	Business performance and innovation strategies	↑ 1						



Changes in the order of major topics and explanations

Key Topic



- Workplace safety and health, business performance and innovation strategies have been elevated from important topics to key topics. FEDS will pay more attention to the safety and health of the work environment, and at the same time, demonstrate innovations and changes in business management, continue to create a happy workplace for employees, and create excellent operational performance.
- The importance of store safety and service, ethical management, customer service and communication has been greatly increased. We will continue to create a sustainable business environment, strengthen real-time communication between digital marketing and customers, provide exclusive consumer services, and maintain good customer relationships.

Important Topic



- The importance of regulatory compliance and risk management has been adjusted from key topics to important topics. We will continue to implement regulatory compliance to reduce systemic and non-systemic risks that our operations may face and ensure the company's sustainable governance.
- Information security has been promoted from a basic topic to an important topic. In the face of frequent global information security incidents, we will strengthen corporate information security and personal data management by establishing a sound management process to protect information security.

Basic Topic



- Talent attraction and retention have been moved from an important topic to a basic topic. Employees are an important asset of the company and the key to creating sustainable competitiveness. FEDS continues to recruit outstanding talent, and through the performance appraisal system, the company retains important professionals within the organization.

◆ Description of 1 major news event of the company

News	Handling procedure	Review and improvements
On September 13, 2020, FEDS Xinyi A13 suffered a power outage in the building due to abnormal power supply at 18:35 in the evening.	The evacuation of customers was immediately initiated in the store, and the escalators and elevators were checked at the same time. The fire department, Taipower and other units were also notified as soon as possible to assist in the safe evacuation of the customers. The power outage did not cause any injuries.	<ol style="list-style-type: none"> 1. The fault was an abnormality in the PT on Taipower's end, and Taipower had completed emergency repairs in the evening of the same day. 2. The emergency response procedures for power outages were re-examined and rehearsed. 3. A monitoring signal that is sent back to the central control room and an uninterruptible power system (UPS) to the elevators were added to prevent the elevator door from becoming stuck.

◆ Responding to 3 major industry issues in the news

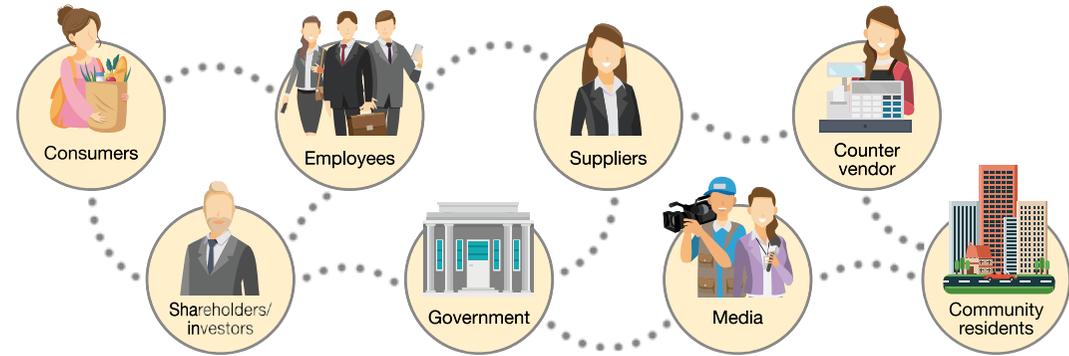
After analyzing the major news stories of the department store industry in 2020, three topics of concern to stakeholders were identified and the information is as follows:

News	Key descriptions	The management mechanisms of FEDS
 Ethical management of counters	Due to the COVID-19 pandemic impacting economic development, counter vendors closed without warning, affecting the rights and interests of consumers and counter staff.	In the initial stage of vendor recruitment, the Product Division will conduct credit checks, select vendors with good reputations and sound structures to cooperate, and will also sign contracts to ensure the integrity of the counter vendors through legal documents. If a possible abnormality is discovered, the legal team and related units will activate mechanisms to discuss countermeasures to ensure the normal operation of the department store.
 Public environment safety	In April 2020, a large fire broke out in a well-known KTV in Taipei City, which caused heavy casualties. Because of this, the issue of fire safety inspections in public places has attracted great attention from the public.	The Management Division has established management procedures to actively inspect various fire safety and public facilities. Potential safety risks are identified through monthly management meetings and periodic project audits and improvement plans are put forward to highlight safety and maintain the safety of department stores.
 Protection of labor rights	From November to December 2020, the Taipei City Labor Inspection Office conducted inspections of labor conditions to protect the labor rights of employees in department stores.	We established a management system and working environments that meet or even exceed the labor laws and regulations. We also established a smooth communication channel to listen to the voices of our employees and provide feedback to achieve a harmonious and win-win relationship between labor and management.

Communication with Stakeholders

Adhering to the service ideals of the department store industry, FEDS attaches great importance to the opinions of stakeholders. We refer to AA1000 stakeholder discussion and the five major standards: Influence, level of attention, responsibility, dependence, and diverse perspectives. We use the five standards to identify the eight types of important stakeholders, in order to maintain smooth and good communication with them and understand the topics of interest to the stakeholders. Furthermore, we developed response strategies to actively respond through actions.

◆ Stakeholders



◆ Principles for Communication with Stakeholders

Stakeholders	Importance to FEDS	Material topics of concern	Channels and frequency of communication	Communication strategy	Corresponding chapters
 Consumers	Meeting customer needs and expectations, driving timely innovation and growth, and aiming for sustainable operation.	Customer service and communication Product quality and food safety Store safety and services Ethical management Information security management	<ul style="list-style-type: none"> • TV commercials/event DM (irregular) • Social media (irregular) • Satisfaction survey (irregular) • Customer service hotline/ suggestion mailbox (Instant) 	We operate with the wishes of consumers in mind to improve customer satisfaction and create good sustainable living.	Innovative department store benchmark Safe product management
 Employees	Employees are an important asset of the company and an important factor in creating sustainable competitiveness.	Store safety and services Ethical management Product quality and food safety Occupational safety and health Customer service and communication	<ul style="list-style-type: none"> • Internal announcement (irregular) • Training and education (irregular) • Departmental meetings/ management meetings (weekly/ monthly) • Employee suggestion box (irregular) 	We created a healthy and happy workplace, so that employees can work with peace of mind and grow together with the company.	Safe product management
 Suppliers	The cooperation and support of excellent suppliers are key for creating a comfortable and safe shopping environment.	Ethical management Customer service and communication Store safety and services Brand value and image management Product quality and food safety	<ul style="list-style-type: none"> • Coordination meeting (irregular) • Promotion meeting (irregular) • Telephone/email (instant) 	Through a comprehensive evaluation system, we choose high-quality suppliers to create a sustainable supply chain.	Sustainability management and governance Innovative department store benchmark

Stakeholders	Importance to FEEDS	Material topics of concern	Channels and frequency of communication	Communication strategy	Corresponding chapters
 Counter vendor	By providing popular products and personable services, we are working together to create sustainable and fashionable department stores.	Customer service and communication Store safety and services Product quality and food safety Ethical management Regulatory compliance	<ul style="list-style-type: none"> Sales visits (irregular) Morning meetings (Daily) Merchants' friendly association (annual) Telephone/email (instant) 	We aim to become the best partner for counter vendors, in order to provide high-quality goods and services, and create great shopping experiences for the customers.	Innovative department store benchmark Safe product management 
 Shareholders/ investors 	We create high-value returns to become a good investment target through the protection of shareholder rights and interests.	Corporate Governance Product quality and food safety Business performance and innovation strategy Ethical management Customer service and communication	<ul style="list-style-type: none"> Board of Directors/ Functional Committee meetings (Quarterly) Shareholders' meetings (annual) Investor conferences (irregular) Market Observation Post System (monthly) 	We aim to create excellent profit performance while fulfilling our social responsibilities, to achieve sustainable management.	Sustainability management and governance Safe product management 
 Government	The government formulates laws and regulations to improve the business environment of the industry.	Regulatory compliance Store safety and services Customer service and communication Product quality and food safety Ethical management Corporate Governance	<ul style="list-style-type: none"> Symposiums/seminars (irregular) On-site audits/safety inspections (irregular) Telephone/email (instant) 	We comply with various laws and regulations and actively cooperate with relevant policies to ensure stable operations.	Sustainability management and governance Innovative department store benchmark Safe product management 
 Media	The company's goodwill and image are affected by media coverage.	Store safety and services Customer service and communication Product quality and food safety Charity and social participation Corporate Governance Regulatory compliance	<ul style="list-style-type: none"> Press conference (irregular) Telephone/email (instant) 	We carefully maintain channels important to the transparent communication with stakeholders.	Innovative department store benchmark Safe product management 
 Community residents 	Provide local care as a good neighbor, and fulfill the role of corporate citizenship.	Product quality and food safety Ethical management Occupational safety and health Information security management Customer service and communication	<ul style="list-style-type: none"> In-person visits (irregularly) Telephone/email (instant) 	Listening to feedback and communicating with care to reduce the operational impacts on the surrounding residents.	Safe product management Sustainability management and governance A healthy and happy workplace 

Order of major topics and identification of impact scope

Importance	Topics		Meaning to FEDS	Disclosed items	Corresponding chapters	Page	Scope of impact							
	Order	Topics					FEDS	Consumers	Suppliers	Partners	Shareholders/ investors	Government	Media	Community residents
Key	1	Store safety and services	Inspect the health and safety of public facilities and establish an inspection and management mechanism	416 Customer health and safety	2.3 Optimized space	58	●	●		●		●	●	●
Key	2	Ethical management	We comply with the free market system to avoid business conduct regulations that violate the law or the principle of customer integrity	102 Integrity and ethics: 102-16~17 205 Anti-corruption	1.3 Comprehensive risk management	39	●		●	●	●	●	●	
Key	3	Customer service and communication	We aim to maintain customer relationships and customer satisfaction, and communicate product and service information to the customers	102 Stakeholder communication: 102-43~44 417 Marketing and labeling	1.3 Comprehensive risk management 2.3 Optimized space 4.1 Carefully selected high-quality products 5.1 Better salary and benefits than others in the industry	39 58 81 95	●	●	●	●			●	●
Key	4	Product quality and food safety	Attach importance to product quality and food safety management, and provide products at the best price	102 Stakeholder communication: 102-43~44 416 Customer health and safety 417 Marketing and labeling	1.3 Comprehensive risk management 4.1 Strict selection of high-quality meals 4.2 Safe and delicious food and beverage 4.3 Supply Chain Management	39 81 84 88	●	●	●	●		●	●	
Key	5	Brand value and image management	Communicate our corporate brand value and image	102 Stakeholder communication: 102-40、 102-42~44 202 Market position	5.1 Better salary and benefits than others in the industry 6.1 Global response to initiatives 6.2 Transnational window into culture 6.3 Local social welfare and care	95 112 114 116	●	●	●	●			●	●
Key	6	Occupational safety and health	Improve the safety of the working environment and allow employees to work with peace of mind and protect their health	403 Occupational safety and health	5.3 Considerate and friendly workplace	103	●	●		●		●	●	
Key	7	Corporate Governance	We aim to achieve excellent corporate governance by strengthening the operation of the Board of Directors, ethical management, internal controls, anti-corruption policies, etc.	102 Organization profile: 102-1~15 102 Governance: 102-18~28、30-35	1.2 Steady sustainable governance	33	●		●		●		●	
Key	8	Business performance and innovation strategies	Implement innovations to create excellent business performance	201 Economic Performance	1.1 Forward-facing innovative management 3.2 Real-time smart proper	23 70	●	●	●	●	●	●	●	
Important	9	Risk management	Identification of and control measures for systemic and unsystematic risks	102-15 Key impacts, risks and opportunities	1.3 Comprehensive risk management	39	●		●	●	●	●	●	
Important	10	Regulatory compliance	Comply with the laws and regulations related to the company's operations	307 Regulatory compliance related to environmental protection 419 Social and economic regulatory compliance	1.3 Comprehensive risk management	39	●	●	●	●	●	●	●	●

Topics			Meaning to FEDS	Disclosed items	Corresponding chapters	Page	Scope of impact							
Importance	Order	Topics					FEDS	Consumers	Suppliers	Partners	Shareholders/ investors	Government	Media	Community residents
Important	11	Information security management	Properly manage personal information and establish an information security management process	418 Customer privacy	1.3 Comprehensive risk management	39	●	●		●		●	●	
Important	12	Talent cultivation and development	Cultivate staff's professionalism to obtain better working capabilities, and establish excellent staff development mechanisms	404 Training and education	5.2 Integrated talent cultivation	99				●	●	●	●	
Important	13	Charity and social participation	Public welfare and charity investment to develop and prosper with the local communities		6.1 Global response to initiatives 6.2 Transnational window into culture 6.3 Local social welfare and care	112 114 116	●	●		●	●	●	●	●
Important	14	Supply chain management	In addition to quality control of suppliers, it also includes sustainable management of labor conditions, environmental protection, etc.	102 Organization profile: 102-9~10 204 Procurement practice 308 Supplier environment assessment 414 Supplier social assessment	4.3 Supply Chain Management	88	●		●	●	●			
Basic	15	Attracted and retained talent	Provide salaries and benefits better than peers the industry, so that employees can receive incentive and competitive treatment	201 Economic Performance 202 Market position 401 Labor relations 402 Employer-employee relations 405 Employee diversity and equal opportunity 406 Non-discriminant 407 Freedom of association and group negotiation 409 Forced or compulsory labor	1.3 Comprehensive risk management 5.1 Better salary and benefits than others in the industry 5.2 Integrated talent cultivation 5.3 Considerate and friendly workplace	39 95 99 103	●			●	●	●	●	
Basic	16	Energy management	Promote energy management and implement energy-saving measures	302 Energy	3.1 Energy saving green intelligence 3.3 Persistent green actions	65 75	●	●	●	●	●	●	●	●
Basic	17	Green products and services	Products and services combined with green concepts to reduce the impact on the environment	305 Emissions	3.3 Persistent green actions 4.1 Carefully selected high-quality products	75 81	●	●	●	●		●	●	
Basic	18	Water and waste management	Review the company's water consumption, waste water discharge, and the amount of waste generated from operations, and formulate management goals and measures	306 Waste water and waste	3.2 Real-time smart property management	70	●			●		●	●	●

Sustainability Management and Governance



Far Eastern Department Stores is the oldest chain department store with the widest distribution of stores in Taiwan. With 53 years of development in Taiwan, FEDS has been progressing with the times to create a new form of department store for the Taiwanese people with a development model that includes innovation, transformation, and diversification, to meet the all-round life needs of consumers, and establish the best sustainable model for Taiwan's department store industry. FEDS is leading the sustainable development of the department store industry to create a sustainable future together.

1

1.1 Forward-Facing Innovative Management	23
1.2 Steady Sustainable Governance	33
1.3 Comprehensive Risk Management	39

In response to **7** material topics

- Ethical management
- Corporate governance
- Risk management
- Legal compliance
- Information security management
- Brand value and image management
- Business performance and innovation strategy

1.1 Forward-facing Innovative Management

In 2020, the executive management of Far Eastern Department Stores led the team to continue innovating and transforming, created outstanding performances, implemented forward-looking vision, planned innovative strategies, continued to expand stores, and built digital department stores, so that department stores are not only department stores, but also the heart of urban areas. We want to improve the quality of life of the people, and also energize the local economy. FEDS's passion for change and innovation has created a solid foundation for the modernization of Taiwan's department store industry. Thereby, positioning FEDS as the corporate benchmark for innovative operations in department stores.

1.1.1 Creating a new model for department stores through innovative transformations

FEDS follows the trends, transforms with the times, and innovates new department store business models. So far, we have become into a fifth-generation store. Each generation of store has different characteristics. and we continue to add innovative elements to the main structure of the department store to fully meet the needs of different generations of consumers. Living needs have led FEDS to repeatedly use innovative business models and mall designs to establish an innovative benchmark for the transformation and improvement of department stores in Taiwan.

Smart store, innovative debut of FEDS XinYi A13

On January 19, 2020, FEDS officially opened its newest fifth-generation store, FEDS XinYi A13. It was established in the XinYi district, which has the highest density of department

stores in the world. With the concepts of "Refresh Your Experience" and "Third Place", the store integrates unique lifestyle trends such as fashion, dining, home, etc., to provide the most important leisure venue for modern people to live and work, and it uses digital technology to create the only smart mall in Taiwan for customers of all ages. The store has successfully established itself in the international XinYi area, displaying a new generation of retail models with both entertainment and experience, and leading Taiwan's department store business structure to a new milestone.

Information of FEDS

<p>Year established 1967</p> <p>Capital NT\$14.169 billion</p> <p>Location of headquarters Banqiao District, New Taipei City</p> <p>Products and services General Merchandise Retail Trade</p>	<p>Sales market Taiwan and China</p> <p>Number of employees 1,357</p> <p>Primary affiliates FE SOGO a.mart city/super The Mall</p>	<p>Business locations 46</p> <p>Stock Code 2903</p>
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FEDS XinYi A13 is the first department store to introduce the exclusive "Customer Journey" to solve issues faced by consumers when browsing and shopping. It allows consumers to experience the convenience and charm created by the implementation of technology throughout their experience, from entering the store, browsing, shopping, to leaving the store. In the next step, we will gradually introduce the "digital shopping experience" to existing stores and the unopened Zhubei store, so that we can provide the wonderful shopping experience to more customers.

◆ The development history of store types

Time	1967	Since 1980s		2011	2019
Store type	First generation	Second generation	Third generation	Fourth generation	Fifth generation
Floor area	Under 16,500 m ²	Over 33,000 m ²		Over 99,000 m ²	42,9000 m ²
Features	Provide high-quality imported products.	Provide products with diverse features.	Adding elements of culture, education, and entertainment to the department stores	Creating themed spaces by developing international luxury goods.	The first Customer Journey provides a unique shopping experience.
Highlights	<ul style="list-style-type: none"> Created the first business model that combined department stores with supermarkets. Co-organized the first product exhibition with the US Department of Commerce. 	<ul style="list-style-type: none"> Established the only self-operated food counter in the department store called World Gourmet. Created the first "Mid-year Celebration" promotion in Taiwan, which has been adopted by various department stores. 		<ul style="list-style-type: none"> Created a "Retail Mall" to improve the experience on the floor. 	<ul style="list-style-type: none"> The only smart mall in Taiwan for customers of all ages.
Representative store	The first store opened on Yongsui Road in 1967	Except for the Chiayi store, the floor space in the stores is more than 10,000 pings	Hsinchu store/Tainan store/Kaohsiung store	Mega City BanQiao store/Top City Taichung store	FEDS XinYi A13

Diversified operations to meet all-round retail needs

While promoting innovation and growth in the department store industry, FEDS also expanded its retail operations. At present, FEDS retail group has four major business types, including department stores, shopping malls, hypermarkets, and high-end supermarkets, providing people in Taiwan with a full range of consumption options. In 2020, there are 46 business locations in Taiwan and China, with a total business volume of NT\$114.8 billion, total assets of NT\$128.4 billion, and 61,169 shareholders. FEDS became the most unique and complete large-scale retail group on both sides of the strait.



Main Operating Locations of FEDS Retail Group



Continue to open stores to expand the new retail layout

Large department store openings continued to be held in Taiwan in 2020, and new competitors continued joining the retail market. Far Eastern Department Stores adheres to a diversified retail layout and continues to open stores in order to meet the comprehensive needs of customers. Following the grand opening of FEDS XinYi A13 in January 2020, we will open another store in Chubei and construction started in March 2020. The Chubei store will become the first large-scale department store in Hsinchu County after the opening; The a.mart, a subsidiary of FEDS, planned to open the new a.mart 3.0 concept store in the Taichung Shuinan Economic and Trade Park. It officially opened on September 23, 2020. FEDS retail group increased its investment and opened three more stores across Taiwan.

Regarding deployment in Taiwan and China, in addition to adjusting operating strategies for existing stores and upgrading department store types and business models to better meet the needs of local consumer groups, we have also successively evaluated suitable investment locations and M&A targets in key cities and emerging business districts. We will continue to expand store deployment and scale.

◆ In 2020, FEDS retail group opened three more stores



Increased investment in Taiwan, Chubei Store is under construction

FEDS Chubei Store held the beam installing ceremony on March 23, 2020. Due to the COVID-19 pandemic and considering the priority of epidemic prevention, the beam installing ceremony was held by internal personnel in a simple and solemn manner in accordance with customs, and no external VIPs or partners attended. The Chubei Store has a base area of about 20,130 square meters and a total floor area of about 141,900 square meters. It is a green building with the characteristics of a Hakka walled village and has the most beautiful rooftop garden in Taiwan. A substantial area on the first floor is reserved as a public welfare space to express support for local communities and fulfill corporate social responsibilities.

Using digital technology to move towards smart new retail

Technological innovation has accelerated the changes in new retail. FEDS references the development trends of the department store industry in Europe and the United States to establish a steady operation with "digitalization". FEDS makes good use of digital technology, uses data to drive retail, adjusts its business model, and responds to consumer needs, innovating the customer shopping experience. In addition to setting up a digital transformation team, we actively use digital technologies to re-examine our operations, management, and service processes to enhance the customer experience. We also shift our targets on to personalized marketing, enhancing customize services, and creating a new shopping journey for consumers. We will move towards a business model that meets customer expectations and establish a new benchmark for smart retail.

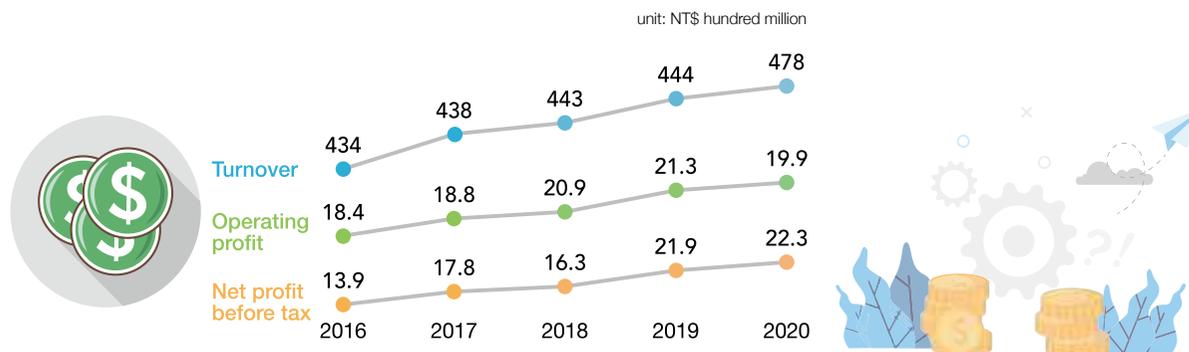


1.1.2 Soaring above retail headwinds to achieve record-breaking business performance

Facing the development trends of diversification, digitization, and intelligentization in the retail environment, FEDES has taken the lead with precise vision, planned new strategies with new thinking, and built new capabilities with new strategies, continued to focus on goods, management, and services. We aimed to inject new elements in our stores, accelerate the pace of corporate growth, catch the eyes and understand the needs of consumers, and create the best business performance within the industry.

Continued growth pushes performance to new heights

In the first half of 2020, COVID-19 pandemic affected people's willingness to leave their homes, and physical department stores were affected by the diminishing crowds and their performance declined. Starting in the second half of the year, as the pandemic slowly resided, customers began returning to the stores, and because people were unable to go abroad, domestic consumption was driven by the crowds. The business performance of FEDES continued to expand, with annual turnover reaching NT\$47.8 billion, showing growth of 7.7% and growth for 17 consecutive years. Our operating profit was NT\$1.98 billion, becoming a rare example of success in the department store industry.



◆ Financial performance table (IFRS)

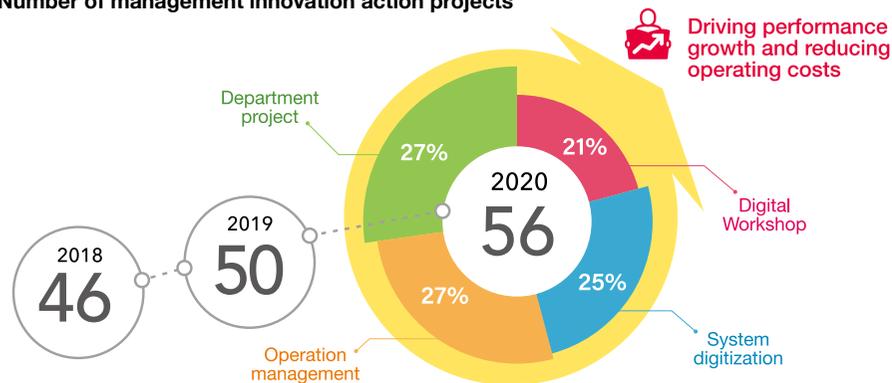
unit: NT\$ thousand

Item	2018	2019	2020	
Operating ability	Total assets	103,746,341	130,511,105	128,423,769
	Total liabilities	66,055,951	91,607,298	88,635,481
	Total shareholder equity	37,690,390	38,903,807	39,788,288
	Operating revenue	39,242,551	37,896,062	37,287,949
	Net profit after tax (Affiliated to the parent company)	1,318,150	1,781,843	1,939,139
Economic value of distribution	Employee remuneration and benefits	3,729,211	3,658,429	3,603,031
	Distribution of shareholder dividends	1,577,000	1,299,152	2,469,435
	Interest paid	278,753	223,010	208,441
	Paying government income tax	549,618	334,652	626,394
Profitability	Community investment	12,920	4,950	22,824
	Return on assets (%)	1.91	2.14	2.49
	ROE (%)	4.42	5.67	6.46
	Earnings per share (EPS) (NT\$)	0.94	1.26	1.38

Management innovations to increase enterprise productivity

FEDS integrates innovative and differentiated thinking into its business strategy, and continues to promote various management innovation actions. In 2020, 56 projects were implemented. Through cross-departmental project cooperation and planning, specific action plans were drawn up. In addition to driving continuous improvement in operating performance, the effectiveness of the management implementation reform has also greatly reduced operating costs, allowing FEDS to continue to grow in a changing environment. We fought against the current and achieved magnificent results.

◆ Number of management innovation action projects



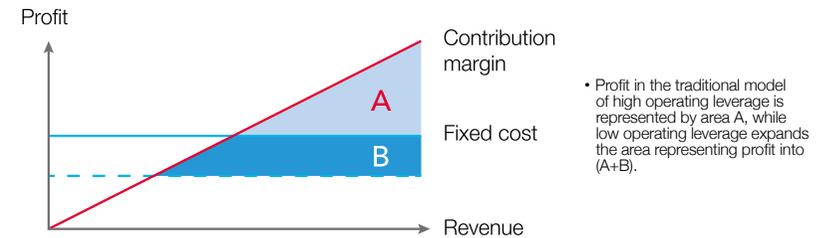
Management Innovation 1 Established a new business model with low operating leverage

The department store industry is an industry with high operating leverage. The stimulation of rapid revenue growth can drive a rapid increase in operating profits. Therefore, the primary operating goal of the traditional department store industry is to increase revenue. However, the profit structure of department stores has been affected by the increasing popularity of online shopping, fast fashion, dining and other low-margin categories, causing the overall gross profit margin to decline year by year.

Facing the challenges to the traditional high operating leverage business model, FEDS discarded the traditional thinking of "performance growth can drive the growth of gross

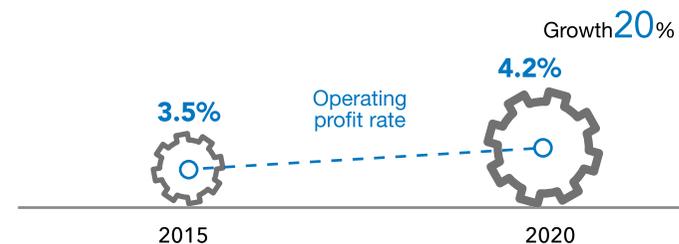
profit and operating profit", and instead considered the perspective of actual profitability. With management innovation actions, FEDS improved employee productivity and equipment operation efficiency. Moreover, FEDS accelerated digitization and implemented 84 management information systems in 2020, with the number increasing by 29% compared with the previous year to establish a new business model with low operating leverage to prepare for the future of big data in retail.

◆ Establish a low operating leverage model to increase profitability



Management Innovation 2 The productivity improvement plan improves organizational efficiency

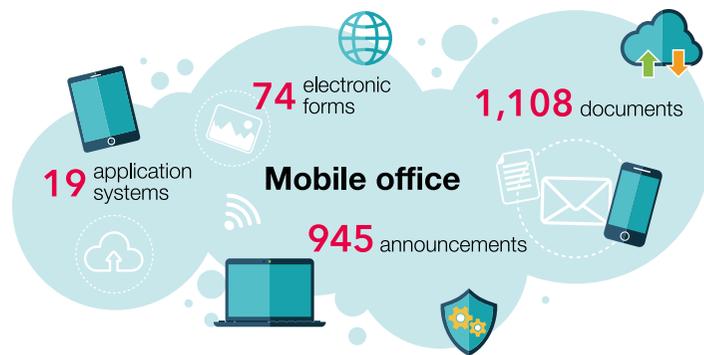
Facing major changes from transformation of the industry, FEDS has taken the lead in the rapid development of changes in the industry. Since 2015, the "Productivity Improvement Project" has been launched. By starting from the three actions of "establishing digitized systems, adjusting organizational personnel, and increasing store space", FEDS have incorporated innovative thinking into management actions, greatly improving organizational productivity and operational efficiency, driving the operating profit rate from 3.5% in 2015 to 4.1% in 2020, a growth of 17%, and we hope to reach 5% in the next three years.



Management Innovation 3 Building a mobile office and moving towards agile management

FEDS established the "EIP Task Force" in December 2018 to create the Company Operations Office (EIP). In October 2019, the EIP was fully launched, allowing all employees and counter personnel to work together without location restrictions. In 2020, we continued to integrate 19 application systems and digitized 74 paper forms, representing an increase of 43% compared to last year, and issued 945 announcements to allow employees to receive company information immediately, and 1,108 documents were completed on the system platform. The system has effectively shortened the work process and time, and also allows employees to significantly increase their mobile productivity in a digital environment.

Mobile office

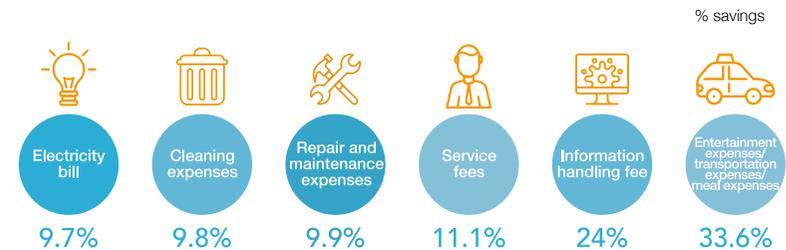


Management Innovation 4 Using KPIs for budget management

A budget management committee was established in 2015 to set up a budget management plan for the seven major operating expenses in order to reduce fixed costs. The seven expenses include: Repair expenses, cleaning expenses, information processing expenses, electricity expenses, entertainment expenses, transportation expenses, and meal expenses. The accounting department tracks the budget adherence status of each department and store every month, reviews the reasons for overspending, and uses monthly KPI data to

effectively manage and control operating expenses. In 2020, due to the impact of the COVID-19 pandemic, the management unit flexibly strengthen the budget controlling, and the cost control effect was remarkable, with the saving effect reaching between 9% and 34%. In the future, we will continue promoting budget management and to increase operating profit rate to 5% is our target.

Effectiveness of operating expenses saving control



Management Innovation 5 Build a repair cost model to control planned repairs

The important infrastructure and equipment essential to the stable operation of a department store include good air-conditioning, lighting and other mechanical and electrical equipment. Therefore, FEDS allocates a certain amount of budget to the maintenance and repair of the equipment every to ensure that the equipment can be well-maintained. In order to allow various maintenance and repair work to be managed on schedule and avoid unnecessary waste, the management unit established a task force to analyze the historical repair data of the past 5 years, hoping to target the expenditures resulting from regular maintenance, fixed repairs, and demand changes of different equipment. A more complete implementation plan and management procedures have been established. Through the establishment of a repair cost model, the company's repair expenses can be efficiently predicted and executed in a planned manner. At present, the task force has completed the first version of the forecast model. It is expected that in 2021, a statistical regression analysis will be integrated to test the accuracy of the cost forecast model.

Management Innovation 6 Stable cash flow, CF adequacy Ratio up to 2.11 times

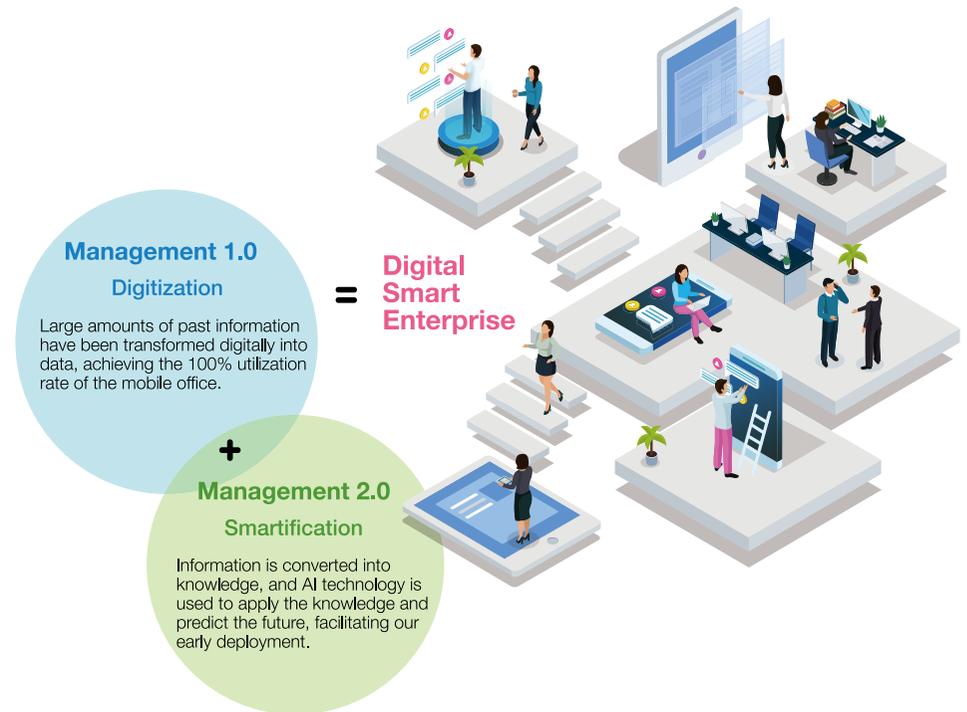
Abundant operating cash is an important foundation for the stable growth of a company. FEDS has controlled the operating cash flow allowable ratio, and uses the cash flow allowable ratio to measure whether the cash generated by the company's operations is sufficient to meet the company's operating growth needs. If the ratio is greater than 100%, it means the cash generated by the company's operations is sufficient to meet the company's long-term business growth, which can reduce the dependence on external fundraising and reduce corporate capital costs. The allowable cash flow ratio of FEDS has exceeded 100% in recent years and reached 211% in 2020.

Cash flow adequacy ratio



Retail big data, moving towards management 2.0

Peter Ferdinand Drucker, the father of management, once said: "Knowledge will replace land, labor, capital, and equipment to become the most important factor of production." In the 53-year history of FEDS, we have accumulated many knowledge assets. These knowledge assets are also precious corporate wisdom and are important core knowledge for FEDS to maintain its competitive advantage. On the basis of long-term continuous promotion of digitization by the management unit, important documents and data related to operation and management have been informatized and have become data that can be effectively used, shared, analyzed, and predicted. In the next step, FEDS will launch the "Management 2.0 Project", which will store and classify the large amounts of data accumulated and owned by the Company for extended periods in the spirit of knowledge management, and then use AI technology for automated management and application, so that FEDS will gradually move forward, and become a "digital smart enterprise."



1.1.3 Contribution is the core value to drive sustainable development

FEDS incorporates "giving back" as the core value of our operations, and deepens sustainability within the Company. In order to consolidate internal consensus and strengthen new concepts of sustainability, FEDS incorporates CSR (corporate social responsibility) awareness into its corporate culture through information sharing, events, etc. FEDS hopes to inject sustainability into FEDS corporate brand value, and implement sustainable thinking.

The comprehensive sustainable growth model leads to sustainable operations

As the oldest department store in Taiwan, for 53 years, FEDS has been advancing with the times in innovation, transformation, and reengineering. At the same time, it has taken into account economic growth, environmental sustainability, and social integration in the process of operating to create a triple win sustainable growth model for the economy, environment, and society, leading the department store industry into a new era of sustainable development.



Corporate Social Responsibility Committee implants the DNA of Sustainability

FEDS's Corporate Social Responsibility Committee was established in 2015. Its members cover three subsidiaries of a.mart, city'super, and The Mall. The chairman is the president of FEDS, and the vice president, chief financial officer of the management division serves as the chief executive officer, directing the operations of the committee and supervising the project. The Executive Office is responsible for the overall project implementation performance, cross-departmental communication on CSR matters and resource integration, the publication of corporate social responsibility reports.



Corporate Social Responsibilities policies

In accordance with the "Far Eastern Department Stores Corporate Social Responsibility Policy", the disclosure of corporate social responsibility information is an important principle for implementing corporate social responsibility. The Executive Office compile and publish the "Corporate Social Responsibility Report" every year to publicly disclose environmental, social and governance performance with contents covering inclusiveness, substantiveness, and responsiveness, so as to achieve effective communication with stakeholders. In order to ensure that the information disclosure complies with the three principles of completeness, materiality, and communication, the report preparation process undergoes rigorous reviews and checks. Starting with the convening of the editorial meeting, the dedicated personnel of each department would report sustainable performance based on business operations, and the Executive Office is responsible for the overall planning and editing, and report to the chairman for the final approval.



◆ Report preparation process



Regular senior management meetings implement sustainable performance

FEDS focuses on the targets of corporate sustainable development through regular senior management meetings, and we continue improving our ability to create sustainable value. Through weekly Management Division meetings, monthly operation meeting, and other meetings, sustainable issues such as energy management, operation services, human resources, mall safety, etc., we reviewed and discussed to ensure environmental sustainability, social welfare and corporate governance actions are effectively implemented.

Key topics	Content	2020 results
Public facilities and fire safety	Implementing inspections of various equipment to improve the safety of the stores	<ul style="list-style-type: none"> Strengthened store patrols and on-site firefighting education Completed a weekly inspection management form Monthly management meetings to review abnormal events
Epidemic prevention management	Tracing the epidemic situation to make operation, service, and management plans	<ul style="list-style-type: none"> Launched covid-19 preventions for a safe shopping environment Established a health management notification system for all staff Established an epidemic response team to implement the plans
Drones and store management applications	Drone technology can be used in the cleaning and security of shopping malls	<ul style="list-style-type: none"> Completed the evaluation of the drone patrol plan Completed the construction of the smart toilet image
FEDS APP Project	Accepting the suggestions from frontline customer service staff and promote the FEDS APP to improve customer satisfaction	<ul style="list-style-type: none"> Completed the optimization of the FEDS APP's efficacy Completed the digitization of credit card rewards Completed the digitization of vouchers and coupons
Procurement management	Integrating the procurement needs of stores, the advantages of control procurement	<ul style="list-style-type: none"> Simplified the procedures and reduced negotiation procedures of stores Effectively saved expenses and reduced prices through large purchasing quantity
Sustainable KPIs	Establishing sustainability KPIs and implement sustainability values into work	<ul style="list-style-type: none"> Held 11 discussion meetings Implement 59 sustainable management KPIs in 2021

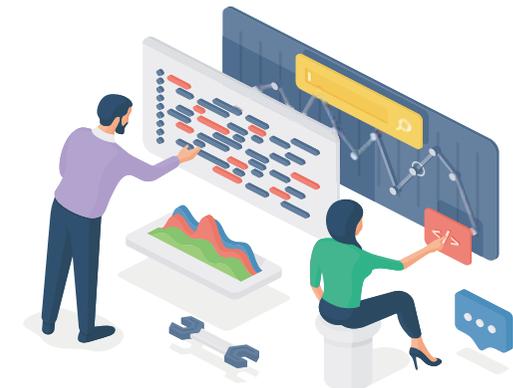
Sustainability UP plan enhances the ability to create sustainable value

FEDS has promoted the "Sustainability UP plan" since 2018, and continued promoting and investing to strengthen employees' awareness of sustainability in 2020, to establish a sustainable working culture, and improves the sustainable development of FEDS. It also drives the sustainable performance of Taiwanese society.

Sustainability UP **1**

Sharing new knowledge about international sustainability trends

The CSR Executive Office regularly shares sustainability issues and development trends at management meetings. On September 23, 2020, FEDS participated in the "AREA Asian Corporate Social Responsibility Award and Sustainability Summit", learning topics such as climate risk, responsible supply chain, circular economy and other international CSR experience. The information was shared with 22 executives and employees, expanding their vision of sustainability.

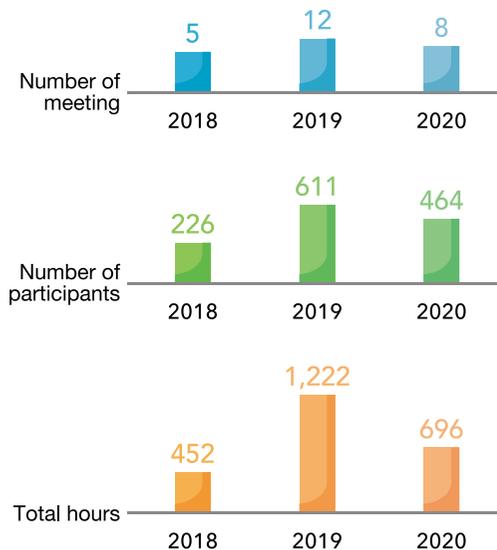


Sustainability UP 2

Regular cross-functional sharing and communication

In order to strengthen cross-functional CSR communication, 8 sharing meetings were held in 2020. 464 participants were from 5 departments including the management department of HQ to discuss for the total hours of 696 hours. Feds held the "Rising Star Program" and awarded 5 groups and 6 individual colleagues who performed well in the program.

Sustainability sharing meeting



Sustainability UP 3 Training sustainability lecturers

In order to improve employees' knowledge of how benchmark companies promote sustainable actions, and also improve the performance of the FEDS's sustainable governance, sustainable environment, and sustainable society, we encourage employees to participate in corporate sustainability training courses and serve as volunteer reviewers for the Taiwan Corporate Sustainability Awards (TCSA) Corporate Sustainability Report Award. In 2020, 31 employees qualified as reviewers and actually participated in the review work.

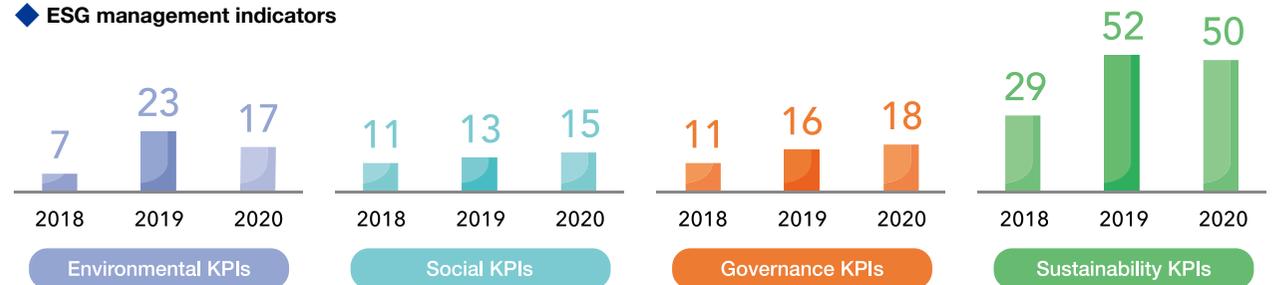
Sustainability UP development plan achievements



Sustainability UP 4 Implementing sustainable management KPIs

In order to implement the spirit of "Retail is Detail", FEDS established 50 ESG KPIs to implement sustainable value into practical operations. We regularly track the performance of each KPI every month and add new ones at the end of the year based on the Company's future business goals or revising. We hope to establish a positive cycle of continuous improvement through sustainable performance management, and create the good performance of FEDS sustainable operation.

ESG management indicators



1.2 Steady Sustainable Governance

Corporate governance is an important foundation for corporate sustainability. FEDS has a good governance structure, implements corporate governance through specialization, FEDS attaches importance to the functions of the Board of Directors, improves information transparency, and sets up various committees to improve governance efficiency and decision-making quality. We actively join in the domestic and foreign associations to influence the retail industry, moving towards sustainable governance, protecting the rights of shareholders and stakeholders.

1.2.1 Organization specialization and emphasizing stakeholders' right and benefit

FEDS has "Corporate Governance Principles" to help establish a good corporate governance system, connecting the governance mechanisms of our subsidiaries to ensure corporate governance efficacy. FEDS has three main divisions: Management Division, Operation Division, and Product Division. The divisions are responsible for management, operations and business solicitation, FEDS has also established functional committees to develop relevant governance strategies and plans to enhance the vision and functions of corporate governance, and ensure the Company's long-term development and profitable growth.



Corporate
Governance
Principles



FEDS
Organizational
Chart

Set up the corporate governance officer to promote corporate governance

In May 2019, BOD of FEDS approved the position of a "Corporate Governance Officer", served by the junior vice president of the accounting department for supervising and executing corporate governance businesses. The main responsibilities and implementations in 2020 are as follows:

- 1 The Board's agenda was notified to the directors 7 days in advance, and the minutes was delivered within 20 days after the meeting.
- 2 Handled shareholder meetings in accordance with the law, and prepared meeting notices, meeting handbooks, and minutes etc.
- 3 Formulated the director's annual training with 5 courses.
- 4 Confirmed that the meetings of the Board of Directors and shareholders meet the requirements of the corporate governance principles.
- 5 Announced 47 major company messages and reviewed the legality and correctness of the content.
- 6 Arranged 4 communication meetings between independent directors, the audit officer, and CPAs.



Improve information transparency to strengthen communication with stakeholders

FEDS appointed specialized personnel responsible for company information collection and disclosure. FEDS can communicate with the stakeholders directly through spokesperson, IR staff and e-mail at any time. We also hold institutional investor conference for investors to express their opinions. These are good opportunities to improve the quality of corporate governance. Annual financial report would be announced within three months after the end of the fiscal year. The "Investor Relations" (https://www.feds.com.tw/shareholder/shareholder_en.html) and "Stakeholder Identification" (https://www.feds.com.tw/CSR_en/Stakeholder) sections on the company's website (<http://www.feds.com.tw>) have disclosed corporate governance information and strengthen information transparency.

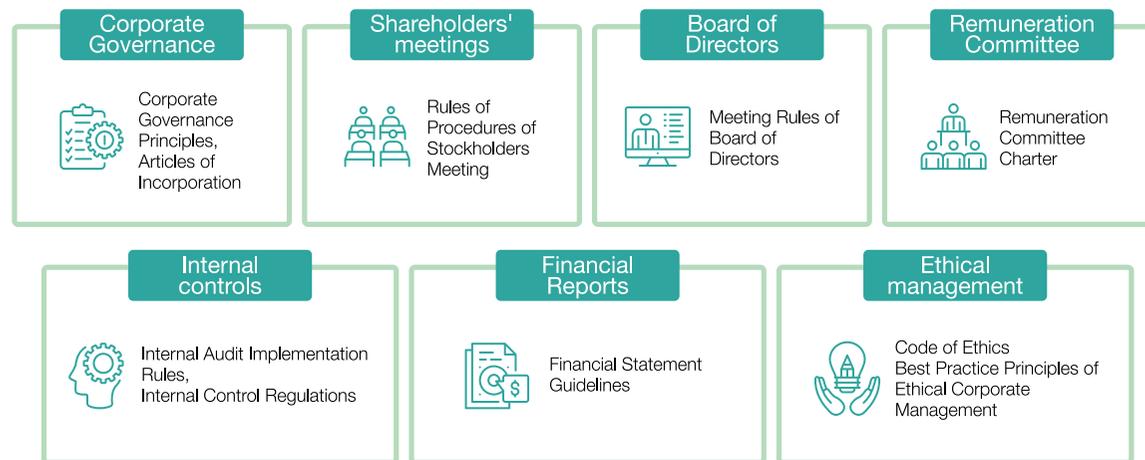
Ranked in the top 20% of the corporate governance evaluation

FEDS has established complete corporate governance standards and various functional committees to help improve corporate governance efficiency and decision-making quality. In 2020, 10 corporate governance-related standards were revised. Among them, in order to strengthen corporate governance and improve the remuneration system for directors and managers of the Company, the "Remuneration Committee Rules" were revised so that directors, managers of relevant departments of the company, internal auditors, accountants, legal advisers or other personnel should be invited to attend the meeting and provide relevant and necessary opinions, but should leave the meeting during discussion and voting.

In the 2020 Corporate Governance Evaluation, FEDS ranked among the top 20% of companies. Following the "Corporate Governance 3.0-Sustainable Development Blueprint" issued by the Financial Supervisory Commission in August 2020, we have continued to improve our corporate governance mechanisms.



Articles of Incorporation revised in 2020



Operating status of the corporate governance related committee

Name	Types of resolutions		
	Economic	Environmental	Social
Board of Directors	★	★	★
Audit Committee	★		
Remuneration Committee	★		★
Budget Committee	★		
Market Development Committee	★		
CSR Committee	★	★	★
HR Arbitration Committee			★

Number of important resolutions passed by the BOD



1.2.2 Diversified directors with professional knowledge

There are 9 board members of FEDS, 3 of which are independent directors. All directors have extensive knowledge of operations and management, decision-making and industrial knowledge. The Board of Directors was convened 4 times in 2020 for fully communicate with management to ensure the implementation of the operating policies. At the same time, regular performance evaluations of directors were made every year to confirm the diverse backgrounds and competence of directors to improve the corporate governance, and enrich the sustainable development of the Company.

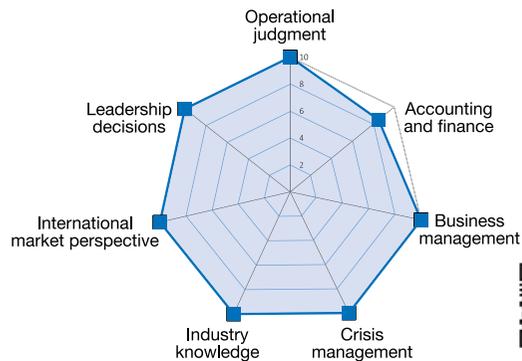
More than half of directors are female, satisfying industry needs

FEDS emphasizes to gender equality and includes this in the selection of directors. In 2020, there were 5 female directors, accounting for more than 50% of the BOD, which is much higher than the average female director ratio of listed companies in Taiwan. The department store industry is dominated by female consumers which allows us to care female more, meets their needs, and increase public attentions to gender equality issues.



Note: The source of the data is the 2020 statistics of the Taiwan Stock Exchange.

Diversity of the Board of Directors

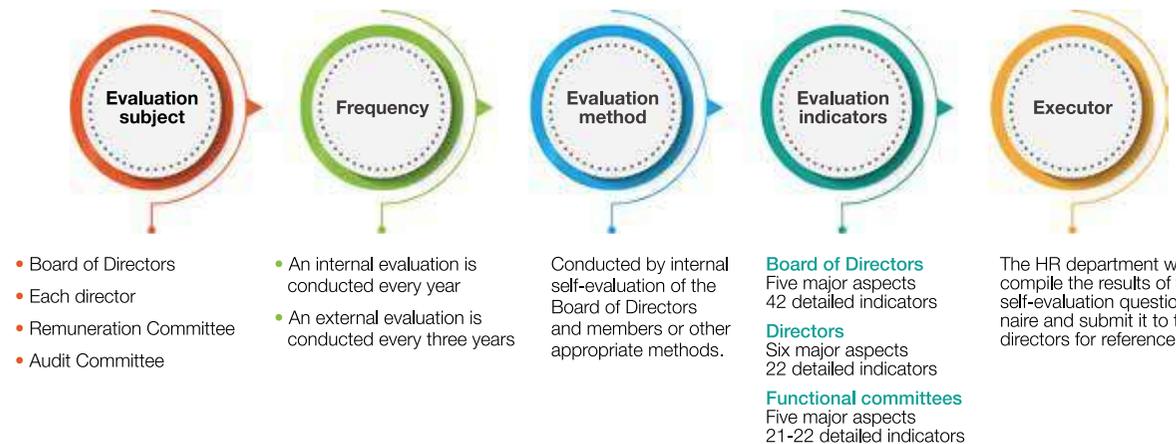


Conducting regular performance evaluations and performance exceeded the standard

FEDS has formulated the "Board of Directors Performance Evaluation Measures" to enhance corporate governance and the functions of the Board of Directors. The board performance evaluation was conducted in November 2020. The evaluation period was from June 22, 2019 to June 21, 2020. All directors and the Board of Directors, Audit Committee, and Remuneration Committee respectively conducted internal evaluations in questionnaires. The evaluation results are divided into "Achieved 90% or more - exceeding the standard", "Achieved 80%-90% - meeting the standard" and "Under 80% % - improvements needed", totaling three grades.

The results for the directors, the Board of Directors and the functional committees have all been deemed as "exceeding standards", which showed that the directors and functional committees did their duty very well, effectively improving the decision-making quality of the board. The evaluation results would be reported to the Board of Directors in the first quarter of 2021, and individual performance evaluation results would be used as a reference for director nomination. In the future, professional training courses for directors will be continuously held, and external performance evaluations will be arranged at least every three years to improve the objectiveness and functional efficiency of the board's evaluation.

Board of Directors performance evaluation guidelines



◆ Board performance evaluation results

Year	2018			2019			2020		
Evaluation subject:	Board of Directors	Directors	Functional committees	Board of Directors	Directors	Functional committees	Board of Directors	Directors	Functional committees
Performance result	★	★	★	★	★	★	★	★	★

Note: There are three grades for the performance results: Exceed the standard (★), meet the standard (◎), Need improvements (○)

FEDS pays directors' remuneration in accordance with Article 27 of the company's Articles of Incorporation. If there is a profit in the current year, no more than 2.5% shall be allocated as directors' remuneration. The actual distribution rate and amount of directors' remuneration are subject to the Board of Directors performance evaluation, the company's operating results and future business risks, and other factors, and then are reported to the shareholders meeting. In 2020, FEDS paid a total remuneration for directors of NT\$57,433 thousand. The proportion of net income for directors is 1.97%, and for independent directors is 0.18%. For more information, please refer to Annual Report.

◆ Remunerations to directors, president, and vice presidents in 2020

Under NT\$1,000,000	Ding Yu, Dong
NT\$1,000,000 ~NT\$1,999,999	Edward Wei and Eugene Chien
NT\$5,000,000 ~NT\$9,999,999	Chee Ching, Nicole Hsu, Jin-Lin Liang, and Phiby Lee
NT\$15,000,000 ~NT\$29,999,999	Douglas Hsu and Nancy Hsu

Directors and managers continue to training to improve their professionalism

To ensure that the directors and managers of the company can understand the corporate governance laws and the competitive environment of industry, FEDS has planned various professional courses to help them keep up with the times. In 2020, all directors completed 6 hours of training, and the corporate governance officer completed 9 hours of training. The topics of the training cover financial information analysis, financial crisis warning and corporate governance. In the future, we will continue to plan diversified professional courses to enhance professionalism and decision-making, to improve corporate governance functions, and ensure the sustainable operation of the company. For details about the training of directors and managers, please refer to the 2020 Annual Report of the company.



2020 Annual Report

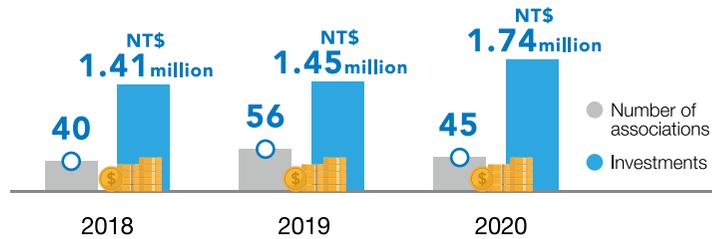
1.2.3 Participate in public associations to exert industrial influence

As Taiwan's oldest department store with the widest operating locations, and being the only listed department store, FEDS actively participates in domestic and foreign associations, expanding its contributing its influence. To be the only Taiwan representative of IGDS, FEDS communicates with international department stores every year. In addition, FEDS also serves as directors and supervisors in six associations to promote the development of the industry and become a staunch force for the internationalization and modernization of Taiwan's department store industry.

Partnering with peers to prosper industrial development

In 2020, FEDS joined 45 domestic and foreign industry associations, and spent NT\$1.74 million to promote the development of the industry with industrial partners. We are also founding members of three associations which include Retail Association of Chinese Taipei, the Republic of China Shopping Center Association, Taiwan Council of Shopping Center, and Center of Corporate Sustainability Research. FEDS joined the Sustainable Development Goals Alliance (A.SDGs), becoming a key force in leading the department store industry and driving sustainable development.

◆ Associations participation



Joined IGDS to enhance international vision and visibility

The Intercontinental Group of Department Stores (IGDS) was established in Switzerland in 1946. It has always been the world's largest department store association and one of the most unique and dynamic retail networks since its establishment. As of 2020, the group includes 43 members from 36 countries. The total sales of member companies exceeded US\$100 billion.

FEDS joined IGDS in 1988, which is the first Asian company to join the group and the only department store from Taiwan. By participating in the Global Department Store Summit (GDSS) and World Department Store Forum (WDSF) held by IGDS every year, we can comply with international trends and standards, not only bring world's famous brands into Taiwan, but also marketing Taiwan's department store industry to the world to improve the internationalization and popularity of the department store industry in Taiwan. Due to the COVID-19 pandemic in 2020, the 7th World Department Store Forum (WDSF) which was originally scheduled to be held in Seattle, USA at the end of May has been postponed to June 2021.

◆ Participation in IGDS activities

Year	2016	2017	2018	2019	2020
Event topics	Create new retail for the future	A new digital and physical experience	Redefining the power of luxury	The urban role of department stores	Retail from the inside out
FEDS participants (events)	20	6	6	3	Event postponed



Compliance with IGDS CSR guidelines together with global members

In 2003, IGDS established the CSR Code for its members to follow. As a member of IGDS, FEDS with the other 43 members agreed that we should effectively manage corporate operations, balance the benefits of stakeholders, and pay attention to the impact of retail business on the environment, and establish responsible retail and purchase, principles around the world, while fulfilling corporate social responsibility.



Communities

- Strengthen the relationship between local community
- Support at least one NGO
- Encourage employees to participate in social welfares



Suppliers

- Interaction with suppliers based on honesty
- Pursue long-term and stable relationship
- No corruption



Employees

- Respect employees and provide a healthy and safe workplace
- Develop the professional skills of employees
- Do not discriminate against employees based on race, gender, religion, nationality, or political stance



Customers

- Provide a safe consumer environment
- Customer safety is the first priority
- Collect customer opinions and treat customers fairly
- Provide customers with sufficient information



Managing responsibilities

- At least one senior person is assigned to ensure compliance with corporate social responsibility standards, implement interactions and communication with stakeholders and solicit feedback from stakeholders



Environment

- Operational processes shall comply with environmental laws
- Promote long-term strategy to reduce the impact on the ecosystem: Energy efficiency, recycling, waste management, transportation efficiency
- Take actions to protect the local environment and communities
- Communicate environmental policies with employees and stakeholders

Communicate with industrial leaders through department store associations

Nancy Hsu, president of FEDS, has served as the chairwoman of Retail Association of Chinese Taipei (RACT) since January 2016. The first member meeting of the eighth term was held on August 20, 2020 to elect 15 directors and 5 seats Supervisors, with members from FEDS, Hanshin Department Store, 101 Shopping Center and other department store representatives. President Nancy Hsu received the support of the new Board of Directors and was re-appointed as the eighth chairwoman of the board. She continued to lead the association as a platform for the exchange of opinions among department stores, play the role of an industry think tank, and provide the government with appropriate department store retail policy recommendations to enhance industrial innovation and added value. As of 2020, Retail Association of Chinese Taipei included 6 group members, 26 group representatives, and 64 individual members to organize 19 events.

◆ Statistics of the department store retail business association activities over the years



◆ 2020 events type of Retail Association of Chinese Taipei



Note: Due to the COVID-19 pandemic, overseas market visits were not organized and there was no participation in international retail conferences.



A member conference of RACT was held to award outstanding department stores employees

On August 20, 2020, RACT held the member meeting to award 11 excellent department store employees. RACT organized more than 70 activities, including overseas market inspections, and participated in the Asia-Pacific Retail Conference in the past 4 years. RACT has allowed Taiwan's department store industry to shine on the international stage.



1.3 Comprehensive Risk Management

FEDS has risk management to identify business risks and threats over the long term. It has functional committees, responsible departments, and management regulations to control risk. The audit office also evaluates each departments in accordance with the articles of incorporation, internal control system, and relevant laws and regulations. With regard to potential risks of the unit's business, the annual audit plan is implemented to reduce the company's operating risks and achieve zero corruption, zero major complaints, and zero data leakage in 2020.

1.3.1 Ethical Management Reduces Risk

FEDS abides by the principles of honesty, transparency and responsibility, bases its policies on the principle of good faith and establishes sound corporate governance, risk control and management mechanisms. In order to implement ethical management, FEDS has established the "Code of Ethics", "Best Practice Principles of Ethical Corporate Management", "Report and Disciplinary Measures for Violation of Ethical Behavior and Integrity Management", in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and the Governance Act. Regulations above as the behavior standards followed by all employees, also require each unit to self-evaluate and perform business behaviors in the annual internal control self-evaluation. No major corruption have been identified in 2020.

In order to strengthen corporate culture and operating mechanisms of ethical management, FEDS revised the "Code of Ethics" in 2020, clearly stipulating that directors and senior managers shall issue a statement of compliance with the ethical management policy, and implement it in internal management and business activities. The corporate governance supervisor and the human resources department are responsible for the formulation and supervision of the ethical management policy and prevention plan. The supervisor and human resources department shall also report to the Board of Directors regularly (at least once a year) to create a sustainable operating environment.



Code of Ethics

◆ Implementation of ethical management and behavior in 2020



◆ 2020 ethical management project review and mechanisms



Project audit

Value the integrity and ethics of partners

In 2020, the Audit Office will review the HG points accumulation operations of 11 branches, and strengthen the compliance of the counter staff to the "Happy GO Card Management Measures", and reduce the risks of ethical behavior.



Control self-assessment system CSA

Internal control self-assessment lists integrity and ethical values as key items

- Self-assessment items: "Integrity and ethical value" is an important item.
- Targets: Includes board members, senior executives, supervisors, and employees.
- Content: Review self-performance and risk level with regard to control objectives and control points.



Constructing a new era of digital AI audits and green audits

In 2017, Far Eastern Department Stores established a digital audit innovation talent development program and established the Digital Auditor Team, actively deploying and launching mid- and long-term digital audit transformation projects, and holding related education, training and conferences for a total of 30 sessions. The number of participants was 282 people and 101 audit components and 355 audit programs have been developed, leading into the new era of AI green audit.

In 2017, we and integrated FEDS group, and implemented the internal control self-assessment system CSA.

- **Improving Corporate Governance Review quality**
From 2017 to 2020, the system issued 20,824 self-assessment questionnaires, and the recovery rate reached 99.3%.
- **Continued training and education**
In 2020, new CSA training will be added to FEDS Xinyi A13.

Smart audit



2019

The automated smart digital audit analysis system ACL was implemented in 2019.

- **Big Data & Data Analytics**
Connect to the database for big data analysis.
- **Cultivate all-round talent for digital audits**
More than 50% of colleagues have obtained computer software audit licenses.

2017



Digital transformation

• **Continuous data verification analysis**

Automatically produce audit abnormality reports every month, which are analyzed and verified by 5 groups.

• **Digital Audit Seed Staff**

Starting from July 2020, there were 2 digital audit discussion and reading clubs per month, to develop 7 digital staff's skills.

• **Flexible application of AI audits**

As of December 2020, five types of automated audit programs, including supplier management, have been developed to save time, labor, and protect the environment.

AI green audit



2021

• **Expansion of the interface database**

• **Continuous component development**

The 7 digital audit trainees are promoted to be coaches, leading 7 groups of students to jointly optimize the number of audit components developed.

2020



Continuous audit

Cloud online internal control self-assessment system CSA

Automated smart digital audit analysis system ACL

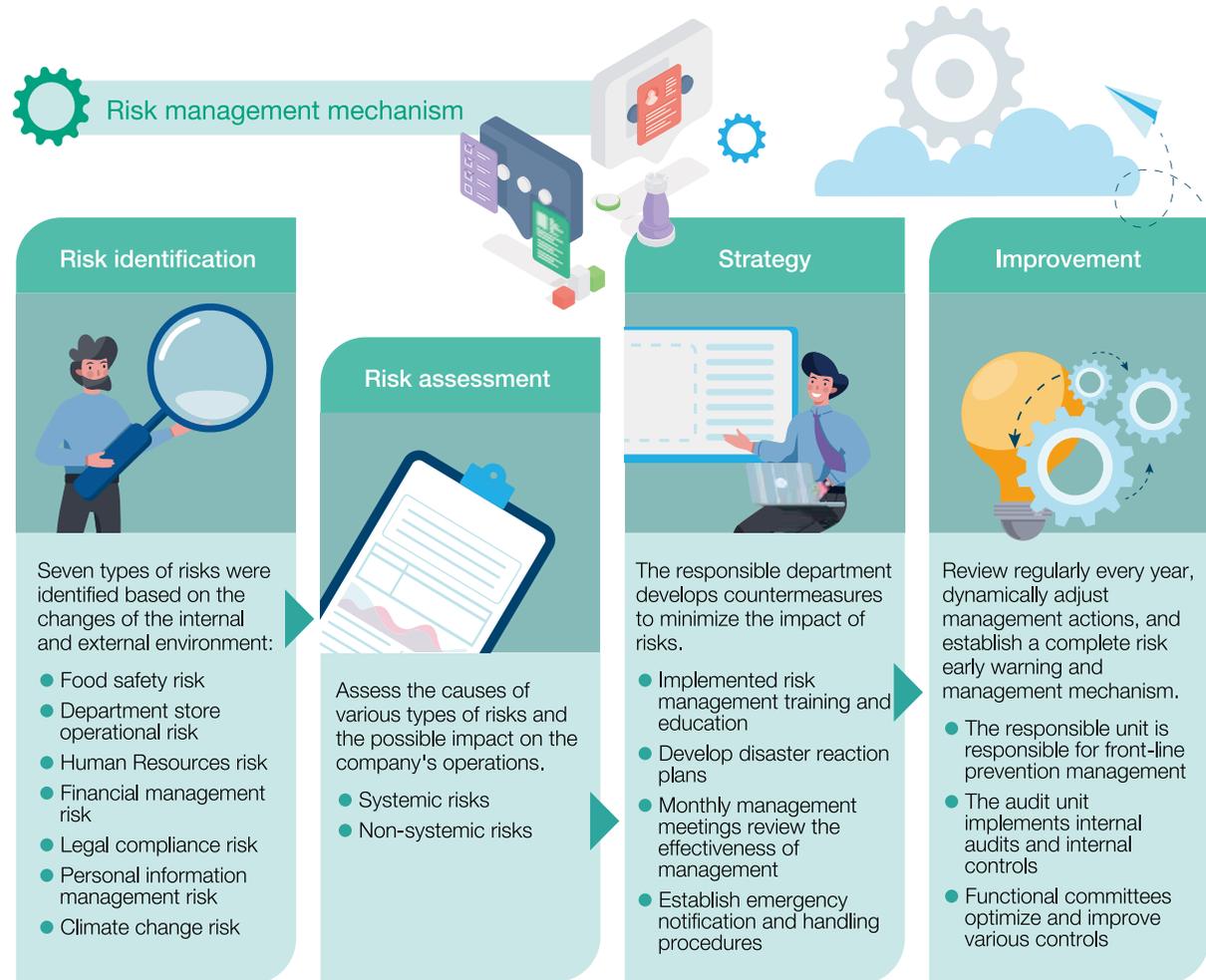
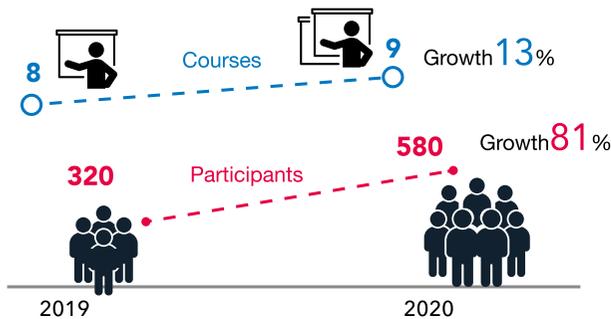
Optimize ACL

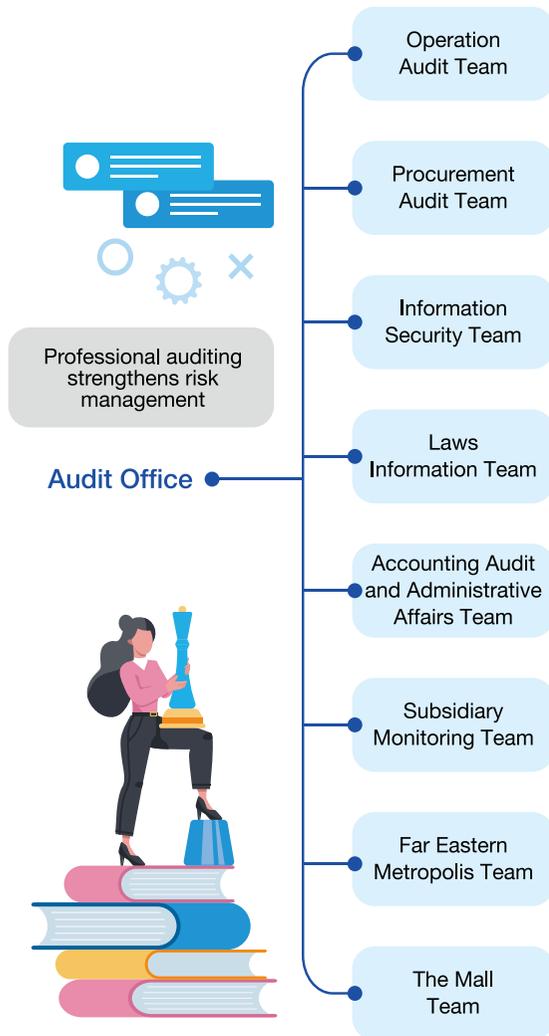
1.3.2 Systematic and non-systematic risk management and response

FEDS has established risk management to ensure that the company engages in the development of various businesses under a sound risk management system, and reduces the impact on customers and the socioeconomic environment. We also implemented measures to prevent risks from occurring, minimize the impact of risks, and prevent recurrence through regular analysis and evaluation of various business activities and operational risks.

FEDS's scope of risk management is not limited to the static management system within the organization, but also includes focus on the impact of dynamic changes in the external environment on business operations. The responsible unit or a cross-departmental functional organization will conduct comprehensive risk management and response based on the reason for "systematic risk" and "non-systematic risk" for each risk type.

◆ Risk management training course for managers





Risk type	Control focus
 Legal compliance risk	<ul style="list-style-type: none"> Carry out the annual audit plan and internal audit reporting operations. Revise the internal control systems and internal audit implementation guidelines. Consolidate the special areas of the financial management committee, the stock exchange and other transaction laws and letters every month, and keep up to date with the latest news from the competent authority, and perform inspections in accordance with the latest regulations in a timely manner.
 Commodity safety risks	<ul style="list-style-type: none"> Inspect the quality and safety of the products sold and displayed in the store.
 Department store operational risks	<ul style="list-style-type: none"> Ensure safe operations in department stores and provide safe shopping environments. Draw up fixed assets of stores to reduce the risk of loss of operating assets.
 Financial management risk	<ul style="list-style-type: none"> Remind and advise the financial management unit to comply with the requirements of the competent authority in due course. Remind the subsidiary to perform financial management related operations in accordance with the regulations of the competent authority when appropriate. Perform audits of accounting operations, including capital loans, back guarantees, asset acquisition and disposal, and store financial/treasury security control measures, in accordance with the laws and regulations.
 Human resources management risk	<ul style="list-style-type: none"> The payment of benefits and allowances conforms to the principle of fairness.
 Personal information management risk	<ul style="list-style-type: none"> Guarantee FEDS members and consumers' personal data application/deletion operations are in line with legal requirements. To verify the effectiveness of personal asset protection against FEDS APP, strengthen protection management and control. Protect personal data security in the cloud, verify cloud service security mechanisms, and strengthen personal data protection measures.
 Procurement acceptance payment management risk	<ul style="list-style-type: none"> The unit price of audited project changes is reasonable. Sample and check the authenticity of the business data of the quotation manufacturers, and the inspection and supervision of various capital expenditures to ensure the quality of the suppliers. There were 31,815 procurement negotiations, acceptance inspections and supervision cases during/after payment in the past 5 years.
 Subsidiary supervision risk	<ul style="list-style-type: none"> Perform supervision and analysis of subsidiaries. Check the operation/financial management/purchasing bargaining supervision of city'super and The Mall.

Financial risk management team monitors the changes in capital and currency markets

The systemic risks related to financial management are mainly affected by political, economic or social factors, such as: Cross-strait relations, economic fluctuations, inflation, etc., which will affect the overall market. In 2020, as the world faced the COVID-19 pandemic. FEDS paid close attention to the situation of the pandemic and is committed to increasing the allowable ratio of operating cash flow to reduce the impact of systemic risks faced by financial affairs.

The non-systematic risks faced by financial management are mainly caused by individual factors such as operational negligence and accidents, These factors can lead to losses in the value of company assets or liabilities. FEDS has formulated a management mechanism to avoid such non-systematic risks. We regularly hold weekly risk management team meetings to review changes in the value of assets and liabilities, and adjust parts exposed to risk in a timely manner. Operations involving capital loans to others, endorsement guarantees, and acquisition of disposal assets must be handled in accordance with the "Operating Procedures" approved by the Board of Directors and the shareholders' meeting to comply with risk control management. Through the establishment of the management mechanism and the company's internal measures, the occurrence of non-systematic risks can be prevented. Significant losses to the company's operations can be avoided and the shareholders' rights and interests will not be endangered.



The launch of the capital scheduling system will bring flexibility to capital management

In June 2020, the "capital scheduling system" was launched to digitize and automate the existing paper sign-off process, effectively improving the efficiency of accounting operations, reducing the possibility of human errors, and helping to improve risk control capabilities.

The legal risk management team implements zero fines and zero violations

FEDS has always been focused on the revisions and changes of various laws and regulations,

and we are compliance with legal through the three aspects of "establishing systems, implementing management, and training employees", to reduce the impact of systemic legal risks. Regarding the operations, processes, products, services and other details of department store operations, FEDS has formulated relevant measures to strictly abide by the laws and regulations, and the responsible units shall implement management actions. Education and training have also been organized to enhance the employees' understanding of legal compliance, reduce the company's risks and liabilities for violating laws and regulations, and avoid unnecessary financial losses and loss of goodwill.

In the event of a violation of laws and regulations, FEDS adopts a proactive attitude to deal with the violation and complete improvements, At the same time, we will discuss the issues during relevant meetings, and establish future preventive measures to serve as a warning for each store to avoid the recurrence of related incidents. In 2020, there was 1 major violation and 6 violations with no penalties (fines), for all of which follow-up improvement work has been completed.

Major violations and fines in 2020

Unit	FEDS XinYi A13	a.mart head office	a.mart Taoyuan store
Faults	Violation of Paragraph 1, Article 77 of the Building Act	In violation of Paragraph 1, Article 28 of the Act Governing Food Safety and Sanitation	Violation of Paragraph 1, Article 7 of the Water Pollution Control Act
Fine	NT\$300,000	NT\$240,000	NT\$1.302 million

Corrections and improvements	FEDS XinYi A13	a.mart head office	a.mart Taoyuan store
	<ul style="list-style-type: none"> During the opening period, a large number of imported goods are required to be moved into cabinets for display or storage in the warehouse as soon as possible Intensify daily inspections of the fire-fighting facilities on the floor and ensure the passages are kept unblocked. 	<ul style="list-style-type: none"> The product is immediately removed from the shelves and the copy is reviewed, and the non-compliant text is deleted. The online shopping system has added sales related keywords into the verification mechanism to prevent similar situations from happening again. 	<ul style="list-style-type: none"> Added grease interception tank Implement sewage treatment system improvements A sewage discharge permit was obtained in August 2020

Note: Major violations refer to fines exceeding NT\$150,000.



In order to improve the risk prevention and management of managers at all levels, FEDS established a legal team to promote laws and regulations, and conduct the evaluation of legal compliance. Regulatory News is announced to managers at all levels. Starting from March 2020, the "Regulatory News" announcement has further compiled 114 laws and regulations that are relevant to the company's operation and management, so that the managers of all units can more precisely understand various regulatory changes. Starting from October 2020, we have also strengthened the promotion of laws and regulations, and important regulations introduced by the government are announced to colleagues after compilation.

In order to strengthen our colleagues' awareness of intellectual property rights protection and implement legal compliance, the legal team held "trademark and copyright case study" training for each branch's marketing director in August 2020. The number of participants was 56. After class, teaching materials were provided to each store to help each store organize internal promotion and explanation.

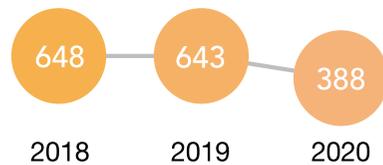


The Information Security Committee identifies the source of trade secret risks

FEDS attaches great importance to the information security management system, and has established strict internal procedures and regulations in terms of corporate information security and personal data management. In the face of frequent global data leaks and information security incidents, we have established an information security management committee, with the vice president of the management department acting as the chairman and leading legal affairs, information centers, management units, etc, in order to prudently protect corporate information security. We have also adopted the standards set by the International Standards Organization in the PDCA continuous improvement process management model (plan, do, check, action), and introduced external measurement tools from information security companies for verification, thereby implementing corporate information security management. In 2020, there were no violations of information security, and no leaks, theft or loss of customer data.

The information center has set up information security-related AD management for network equipment, system account life cycle and account authority management, data access records and remote backup, network communication security (antivirus/email) and other management methods, and the center carries out personal inventory and de-identification of personal information and maintenance of information security policies. At the same time, it also ensures the appropriateness and effectiveness of information security regulations and operating procedures through annual audits by the internal auditing unit and external accountants.

◆ Number of regulatory new cases



◆ Statistics for complaint management

Governance	Environmental	Social	Product
<ul style="list-style-type: none"> No cases related to the violation of integrity and corruption have been received. No major reports have been received. 	<ul style="list-style-type: none"> There are no environmental impact cases that have been filed and handled through the appeal mechanism. 	<ul style="list-style-type: none"> There has been no endangerment of the freedom of association and collective negotiation. No major employee complaints have been received. 	<ul style="list-style-type: none"> No complaints of violations of product regulations have been received.

In order to strengthen information security, we reduced internal human related information security risks through advocacy and education. The contents of the information security advocacy mainly included: Antivirus, data backup, use of legal software, and e-mail usage regulations, etc. With the effective implementation of internal information security regulations and education, there were no infringements of information security nor leaks, theft or loss of customer data in 2020.

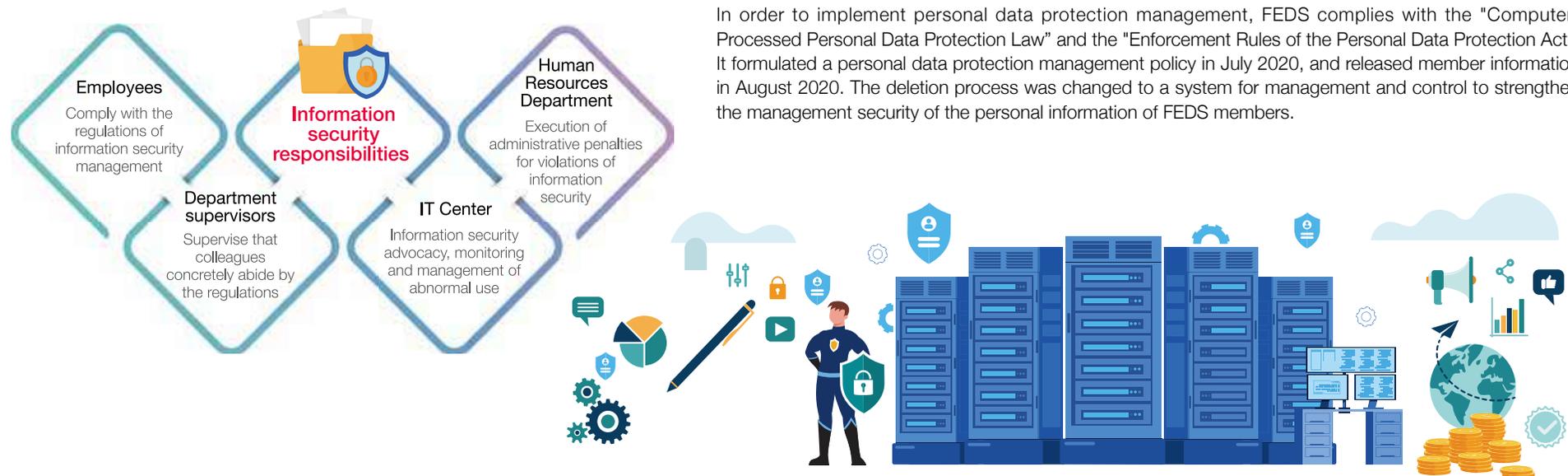
In July 2020, in order to effectively manage the computer facilities of the store offices and maintain system performance and safety, we formulated the "FEDS store Server Room Management Measures" and revised the "FEDS Network Management Measures". The SSL-VPN application procedure was added to meet the needs of employees working at home or performing specific services in a non-company network environment, and to improve the standardized management of network usage to ensure the company's information security.

The Personal Data Management Committee protects personal data

FEDS has established a Personal Data Management Committee to review the use and storage of personal data by various units within the company to ensure that all personal data are properly protected and managed to comply with the Personal Information Protection Act.

Regarding the personal data of the customers with the "Happy Go Points Card", FEDS only keeps the membership number for future correspondence with the Happy Go points platform. The company cannot obtain member information or identify member in any way. In accordance with FEDS's "Happy Go Points Card Management Measures", the relevant procedures for the collection, processing, utilization and file security maintenance of customer personal data are established to effectively control the protection of customer data during the card application process. FEDS stores customer information in the Happy Go points platform-Happy Go Co., Ltd. The Happy Go Card bonus points platform has obtained ISO 27001 (ISMS) certification and complies with the Taiwan Personal Data Protection Management Regulations (TPIPAS), and obtained the Data Privacy Protection Mark (DP Mark). All customer information is strictly encrypted and kept on the Happy Go points platform.

In order to implement personal data protection management, FEDS complies with the "Computer-Processed Personal Data Protection Law" and the "Enforcement Rules of the Personal Data Protection Act". It formulated a personal data protection management policy in July 2020, and released member information in August 2020. The deletion process was changed to a system for management and control to strengthen the management security of the personal information of FEDS members.



Task force on climate-related financial disclosures and moving towards low-carbon retail

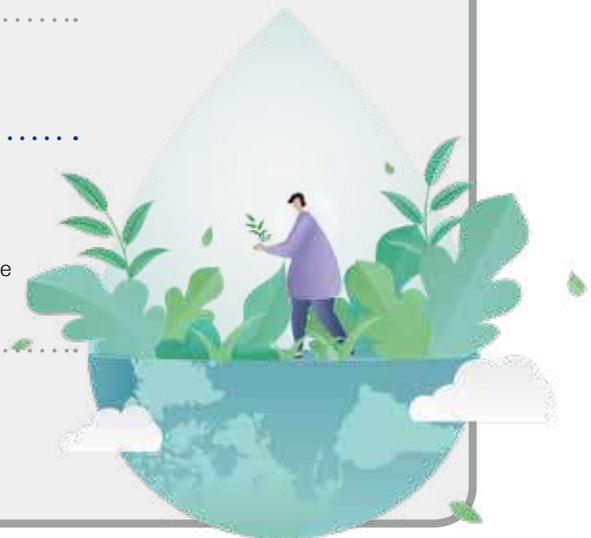
The World Economic Forum (WEF) released the "2020 Global Risk Report". The top five risks are all related to environmental crises. Among them, the "extreme climate" risk has ranked first for four consecutive years. With the increasing risks of climate change, FEDS regards the risks of climate change as an important business risk and opportunity, in order to respond to the government's request and international trends for accelerating low-carbon transitions, and also respond to the issues on investors' minds.

Since 2019, FEDS has referenced the TCFD framework to disclose information about climate change, helping us to more accurately assess the challenges and opportunities that climate risks may bring to business operations, and refine existing management practices, and find solutions that adhere to the actual situation in the future. We will develop a strategy, respond to the financial impact of risks and opportunities, and move towards sustainable development.



◆ Climate change risks, opportunities, and financial impacts

Risk type	Risk content	Level of influence	Financial impact	Type of opportunity	Description of opportunity	Response measures in 2020	
Transformation risks	Policies and regulations	Increase in greenhouse gas emission costs	Medium to long term	<ul style="list-style-type: none"> • Increase in operating costs • Decrease in asset value 	Energy source	<ul style="list-style-type: none"> • Build green department stores to reduce energy consumption • Use green energy to reduce carbon emissions 	<ul style="list-style-type: none"> • Promote energy-saving and carbon reduction solutions • Introduce management systems to save electricity through technology • Build solar power stations • Track water consumption and improve water usage efficiency • Strengthen online shopping services and develop omnichannel
	Policies and regulations	Duty of report for emissions	Medium to long term	<ul style="list-style-type: none"> • Increase in operating costs 	Energy source		
	Markets	Customer behavior changes	Short term	<ul style="list-style-type: none"> • Decrease in revenue 	Products and services	<ul style="list-style-type: none"> • Develop green products and services 	
	Markets	Increase in material costs	Short term	<ul style="list-style-type: none"> • Increase in operating costs 	Resource Efficiency	<ul style="list-style-type: none"> • Adopt more efficient energy generation methods 	
Physical risk	Extreme	Typhoons, floods, droughts	Medium to long term	<ul style="list-style-type: none"> • Decrease in revenue • Increase in operating costs • Decrease in asset value 	Operational flexibility	<ul style="list-style-type: none"> • Resource substitution and diversification • Establish a climate risk response plan 	
	Long-term	Rising average temperature	Short term	<ul style="list-style-type: none"> • Decrease in revenue • Increase in operating costs 	Markets	<ul style="list-style-type: none"> • Strengthen online shopping services 	



Innovative Department Store Benchmark



Facing technological innovations and changing consumption habits, FEDS keeps pace with the times to create an innovative benchmark store benchmark, accelerate the pace of digital transformation, and focus on "digital operations, digital experience, and digital management" to create a new shopping journey for customers. By linking products, services and customers through the digital experience, we provide a high-quality shopping environment, considerate professional services, and a better life with smart retail for customers.

2

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- 2.2 Professional Services 55
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In response to **4** material topics

- Customer service and communication
- Store safety and services
- Brand value and image management
- Business performance and innovation strategy

2.1 Digital Transformation of FEDS

In order to cater to the technology savvy youth of Generation Z, the three major aspects of has developed for operation, digital experience, and digital management—to provide customers with a one-of-a-kind digital consumer experience. Officially opened in January 2020, FEDS XinYi A13 stands out for being the only fully-intelligentized mall in Taiwan, for customers of all ages which offers a brand new consumer journey. Customers can get to experience the many benefits having technology integrated into the consumer journey, thereby making FEDS the leader of digital department stores.

2.1.1 Embracing digital transformations and sprinting towards digital retail department stores

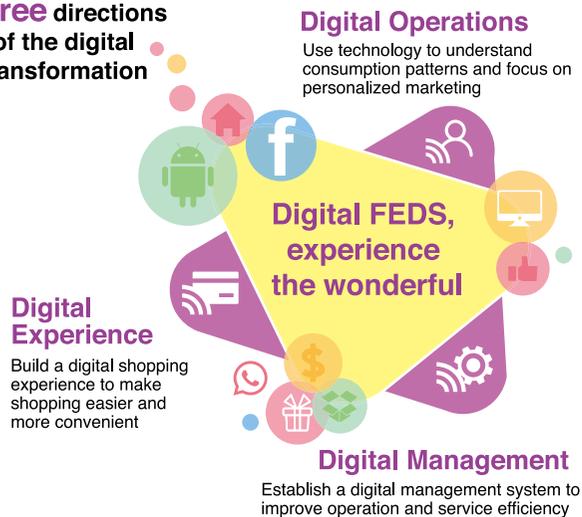
With the development of technological innovations, FEDS has accelerated its digital transformation and technology deployment, integrating the three key advantages of online shopping: "shopping convenience, product diversity, and precise services". We combine digital technologies and experiences of the five senses to provide a new type of digital retail department store to satisfy the customers' need for an exciting life.

Digital operations use technology to better understand consumers

In 2020, FEDS collected more detailed customer consumption records through the three core systems of POS, FEDS APP, and customer relationship management (CRM), and combines the information with AI big data analysis to better understand each customer's different consumption habits and shopping needs, and carry out precision marketing to provide each customer with exclusive consumption information, event services, and shopping discounts to improve customer satisfaction.

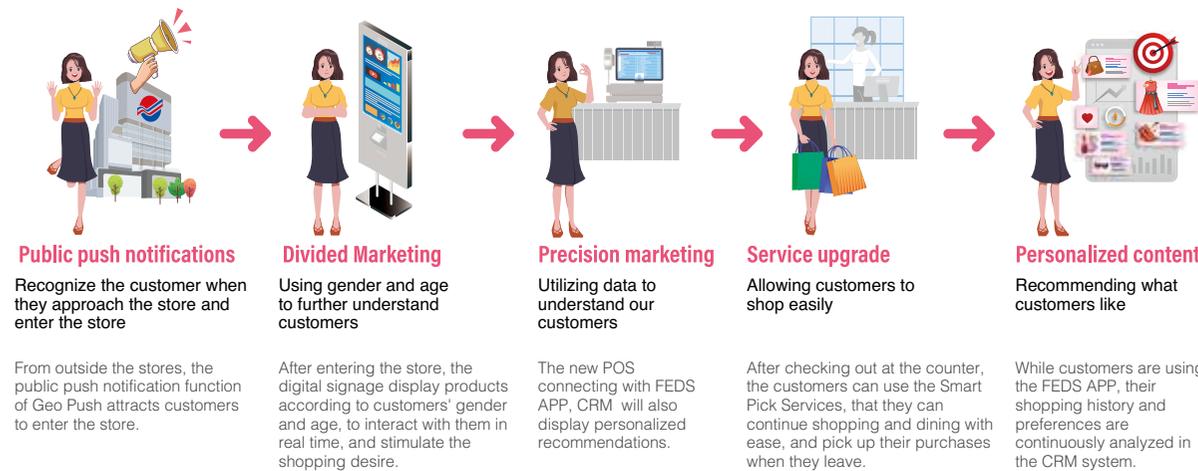
FEDS also uses the 4R marketing strategy (Right Time, Right Way, Right Person, Right Service) to provide the right people with the right services at the right time and in the right way, so that when customers shop in the store, they are able to experience customized services. Through digital operations, the utilization of technologies can help us understand consumption habits and profiles, and focus on personal marketing. FEDS reversed the traditional retail model, transforming itself into a technological retail department store, leading consumers to a better life of smart retail.

Three directions of the digital transformation



Digital experiences create a more convenient shopping journey

Starting from meeting the needs of customers, FEDS has long been committed to researching customer shopping habits and optimizing the customer shopping experience. In order to face the impact of online shopping on physical stores, we started with the concept of browsing, clicking, shopping and other customer online trajectories in the online world, and designed a Customer Journey with the customer's shopping thinking, which is the first in the department store industry. and through big data analysis and application, let customers experience the charm of how technology is implemented in the customer journey. In this customer journey, we outline the consumption trajectory and actual needs of customers before, during and after entering the store, and adds hardware facilities and software services from the perspective of department store operations to solve the various issues faced by customers when shopping. We designed 5 major digital experiences from the standpoints of the public, crowds, and individuals.



Digital management accelerates digitization and improves organizational efficiency

FEDS is committed to the promotion of digitization, and is working hard to establish a paperless environment paperless environment, and actively improve the efficiency of employees and the effectiveness of equipment. In 2020, we have successfully built and upgraded 84 digital management systems, which is an increase of 19 from the previous year, and established an Enterprise Information Portal (EIP) to allow all employees and counter personnel to be independent of physical restrictions and work together, The creation of a mobile office, greatly increases mobile productivity.



The first green building among hypermarkets in Taiwan

Starting from August 18, 2020, a.mart Shuinan store has attracted more than 210,000 people. The Shuinan store is a new 3.0 store. Combined with the shopping center concept, the store has fully upgraded the various displays in the store. Regarding customer service, the shelf height was reduced to 120~150 cm, and the number of shelves was reduced by 30%, making the aisles more spacious, and an open kitchen was set up to make food security more transparent and provide valet cooking services, etc., As we become "service and experience" oriented, customers will be able to experience the fun of one-stop shopping while visiting the retail stores. A.mart's Shuinan Store represents a.mart's separation from the impression of the traditional mass merchandising store "shelf jungle" and transforms into a new type of store with new mass retail 3.0. It is also the first green building mass retail store in Taiwan.



84 sets of digital systems

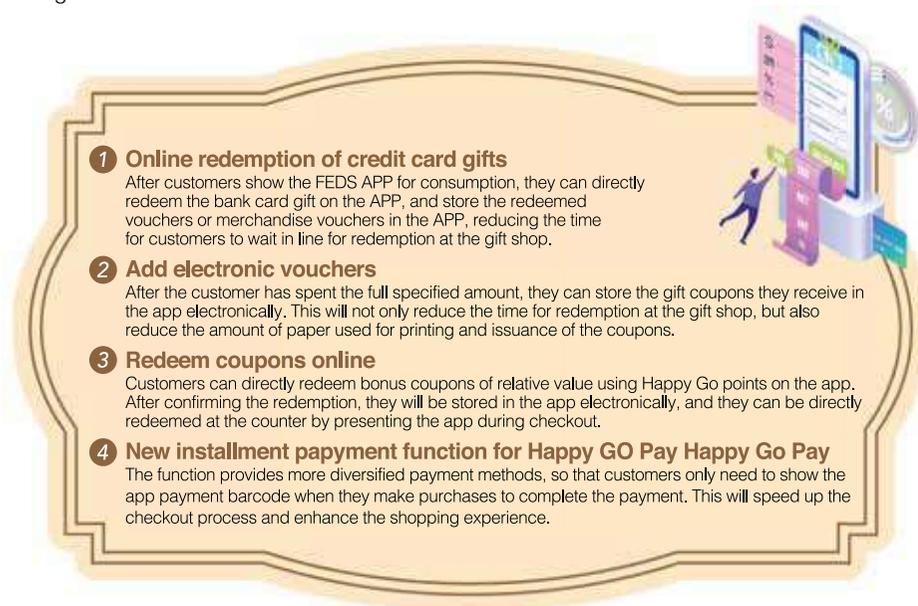


2.1.2 The only smart department store in Taiwan, FEDS XinYi A13, Debuts its innovations

FEDS XinYi A13, officially opened on January 19, 2020, and is a new smart mall created by FEDS by integrating technology and digital services. It is the only smart mall in Taiwan for customers of all ages, allowing customers to enjoy shopping convenience and customized services brought by technology when they enter, shop in, and exit the store.

The revitalized FEDS APP is completely new and perfect

FEDS APP is one of the three core systems of the FEDS's smart mall. In December 2019, FEDS XinYi A13 By referring to the TCFD risks list, the energy conservation team assesses related risks that affect operating costs, and formulates related risk response management procedures to reduce impacts, and regularly reviews risk measures and performance related to climate change.



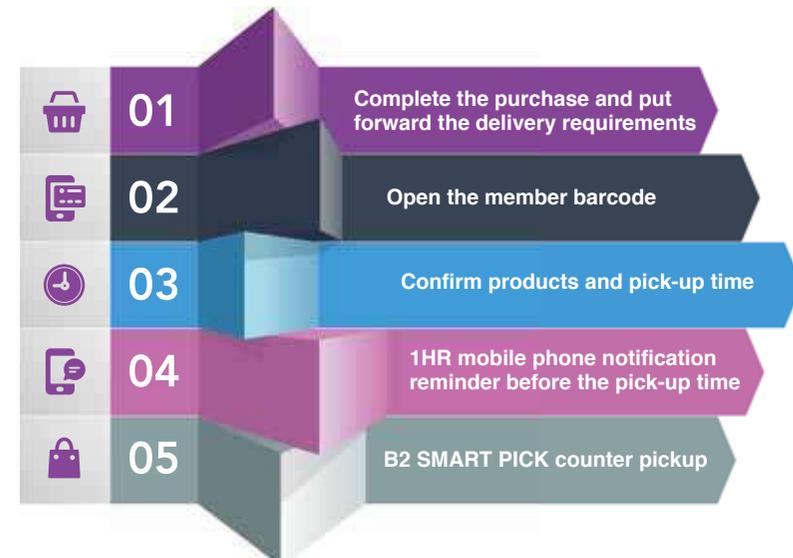
- 1 Online redemption of credit card gifts**
 After customers show the FEDS APP for consumption, they can directly redeem the bank card gift on the APP, and store the redeemed vouchers or merchandise vouchers in the APP, reducing the time for customers to wait in line for redemption at the gift shop.
- 2 Add electronic vouchers**
 After the customer has spent the full specified amount, they can store the gift coupons they receive in the app electronically. This will not only reduce the time for redemption at the gift shop, but also reduce the amount of paper used for printing and issuance of the coupons.
- 3 Redeem coupons online**
 Customers can directly redeem bonus coupons of relative value using Happy Go points on the app. After confirming the redemption, they will be stored in the app electronically, and they can be directly redeemed at the counter by presenting the app during checkout.
- 4 New installment payment function for Happy GO Pay Happy Go Pay**
 The function provides more diversified payment methods, so that customers only need to show the app payment barcode when they make purchases to complete the payment. This will speed up the checkout process and enhance the shopping experience.

FEDS APP will continue to listen to the voices of customers, optimize and launch more convenient services, attract more customers to download and use, the app, and become the customer's smart shopping assistant.

The first Smart Pick service for department stores

Have you ever encountered a situation like this? After checking out at a certain counter, you want to keep shopping at the next counter or go enjoy a meal, but you do not want to carry all your shopping! In FEDS XinYi A13, we are the first department store to provide the convenient Smart Pick service. As long as you join FEDS app membership, you can apply for the service by asking the counter staff after the purchase is completed. Simply show your FEDS app member QR CODE and the counter staff will assist in completing the application. We want to make your shopping experience as easy as possible.

◆ Service application procedure



Interactive billboards intimately recommend popular new products

FEDS XinYi A13 has installed 19 sets of multi-functional interactive screens in the entire building, enabling a new digital communication method. We have digitized our service experience in the hopes of creating a visual and sensory experience for the customers. After the customer actually enters the store, they will be able to see the large DXD interactive screen next to the customer service center on the 1st floor. In addition to the 3D navigation system, the most important function of this screen is to "know the customer" through the recognition of gender and age. The screen will display different product combinations, according to the information. When customers get on/off the escalator, they will also see the multifunctional interactive screen we set up to provide instant messaging.

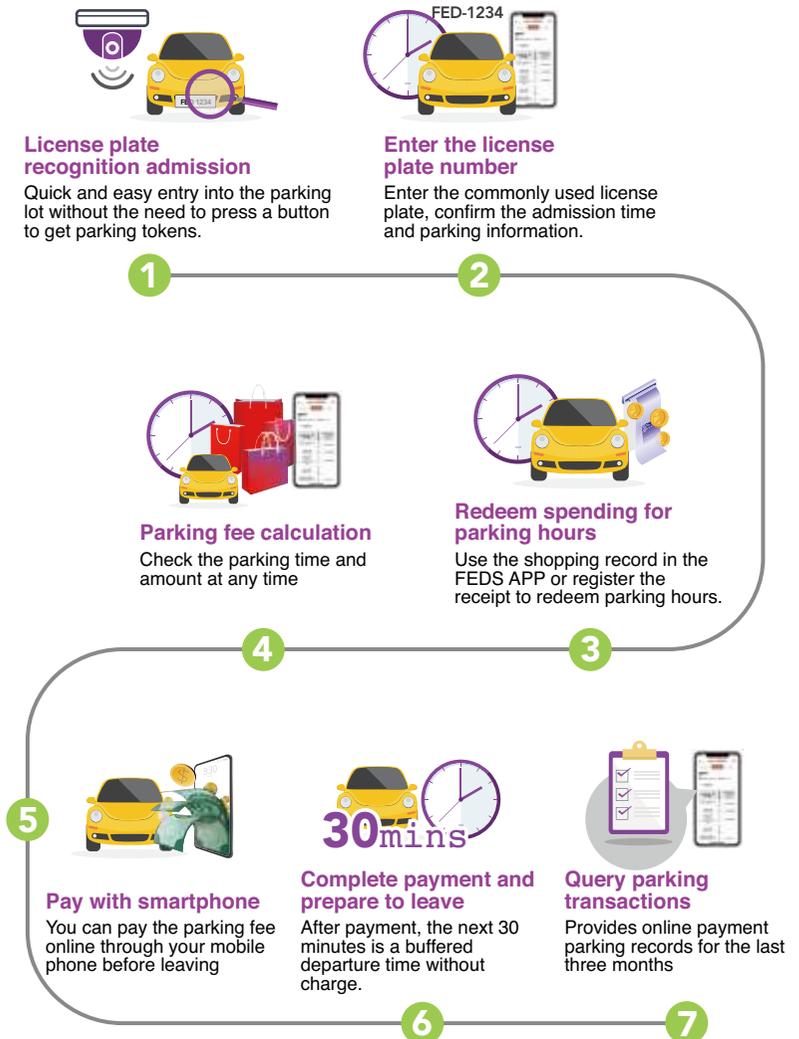
Smart parking saves 5 times the waiting time

FEDS XinYi A13 has launched a new intelligent parking system service. Through the FEDS app, customers can check remaining parking spaces, learn about parking discounts, use location navigation, and directly enter the store with license plate recognition after arrival. After entering the store, they can also record frequently used license plates in the app. Members can show their member barcode when making purchases to get parking discounts. Additionally, members can pay for parking online through their phone, eliminating the need for visiting the service counter and providing a fast and convenient process.

◆ Service application procedure



◆ Smart parking service functions



2.1.3 Promote E-invoice to win the "Outstanding Organization Award" for two consecutive years

FEDS has responded to the E-invoice policy promoted by the government by utilizing the resources of all our stores throughout Taiwan to provide E-invoice services to consumers, helping to promote ideas of energy saving and paper reducing consumption practices in order to progress towards a new lifestyle of smart environmental protection. Since October 2018, all 10 stores in Taiwan have been mobilized to promote the "New Smart Environmental Protection, Let's Do E-Invoicing Together" program. The results have been remarkable after just one year of implementation, and our growth rate for cloud-based invoicing ranked first among physical stores nationwide in 2019. In 2020, FEDS continued to promote cloud-based invoicing in all 11 stores across Taiwan and helped guide consumers in developing the habit of storing E-invoice on their personal electronic devices. The rate of E-invoice reached a new record high of 39%, and on November 24, 2020, FEDS was again awarded the Outstanding Parent Institution Award by the Ministry of Finance for the National Business E-invoice Competition.

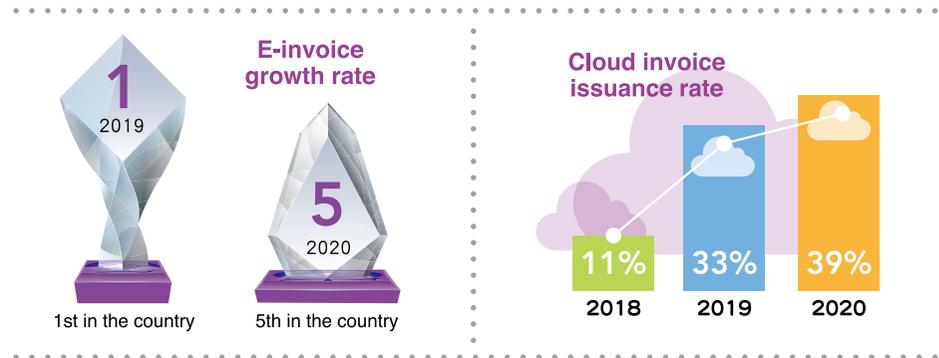
◆ 2020 Ministry of Finance E-invoice competition results

Store	E-invoice ratio	Growth
PaoChing Store	39.23%	11.04%
Mega City Banqiao Store	39.75%	11.81%
Banqiao Store	36.95%	10.28%
Taoyuan Store	39.75%	12.48%
Hsinchu Store	40.88%	11.67%
Top City Taichung Store	41.17%	13.67%
Chiayi Store	40.65%	3.50%
Tainan Store	42.50%	2.47%
Kaohsiung Store	36.00%	10.21%
Hualien Store	37.67%	8.32%

Note: The information is compiled from the section of the National Enterprise E-invoice Issuance Competition of the Ministry of Finance.

◆ Five benefits of cloud invoices

- Time saving**
The issuance of cloud invoices can save 6 seconds for each transaction.
- Effort saving**
Cloud invoices eliminates the need to replace the cash register invoice paper, which improves checkout efficiency.
- Paper saving**
Transaction records are stored in the cloud, saving 50% of paper consumption.
- Space saving**
Digital accounting saves storage space for invoice copies required by tax laws.
- Energy savings**
Reduce the printing of invoices, saving energy and reducing carbon emissions.



◆ Environmental benefits of E-invoice in 2020

- 10,253,591張** Number of Cloud Invoices
- 854,466張** Saves A4 paper
- 103 棵** Rescued trees
- 15,380 Kg** Reduces carbon emissions

Note: 1. According to the data of the Construction and Planning Agency for rescued trees, 24 trees with an average height of 12 feet and diameter of 15 to 20 centimeters need to be felled per ton of pulp.
2. Carbon emissions refer to the product carbon footprint information website for carbon emissions, and each piece of A4 paper emits 6.8g of carbon.

2.1.4 Expanding mobile payment methods to create a new consumer life

Green consumption and technological intelligence are FEDS's sustainable commitments to a better life. According to the statistics of the Financial Supervisory Commission, the number of users of mobile payment in Taiwan in 2020 has exceeded the 10 million mark. As a pioneer in third-party payment in the domestic large-scale department store industry, FEDS is committed to providing consumers with convenient services and building a more complete mobile payment environment in 2020. We provide 11 types of diversified payment tools, integrated Group's resources to promote Happy GO Pay, and simplified the checkout process to makes shopping and payment easier and faster for consumers, and to create a new way of mobile consumption.

◆ FEDS's 11 mobile payment tools



◆ FEDS APP + HAPPY GO Pay Easy Checkout

01 Download and register, data authentication
Download the FEDS APP to register as a member, and complete the verification after receiving the mobile phone SMS authentication code.

02 Identity authentication
Bring your ID card to the customer service center of each store to confirm the membership information.

03 HAPPY GO Pay can be used directly in FEDS APP
1. Complete HAPPY GO online verification
2. HAPPY GO Pay activated
3. Go to the homepage of HAPPY GO Pay and bind the credit card to be used

04 Open FEDS APP, you can accumulate consumption records by member barcode, and use HAPPY GO Pay to checkout.

For details about the service functions, please refer to the official website description: <https://www.feds.com.tw/-/Event/Detail/10739>

2.2 Professional Services

FEDS adheres to the concept of "operating with the wishes of customers", constantly innovating and seeking change, through solid training, improving service quality, introducing ISO 9001 quality system, establishing good service procedures and design, so that FEDS can provide high quality, professional services with warmth. As digital technologies continue to develop, we have also strengthened communications on social media platforms, listened to customer opinions attentively, and seized every opportunity to create good services.

2.2.1 Construct a complete service system through ISO certification

Starting in 2007, FEDS began introducing ISO 9001 certification for quality management system, starting from the Paoching Store. We can maintain excellent product and service quality and ensure the key elements of customer satisfaction through the establishment of a quality management system, in order to maintain the long-term trust between FEDS and customers.

In 2020, Bell International Certification Company approved the ISO9001: 2015 re-evaluation. The scope of the re-evaluation included the quality management system process, the operating environment of customer-related operations, and the management of contractors. The certified stores include: Paoching Store, Banqiao Store, Hsinchu Store, Tainan Store and Kaohsiung Store, a total of five subsidiaries.

◆ Passed ISO service certification



2.2.2 Solid training creates moving services

Perfect service comes from solid training. The first-line service staff of FEDS receives one-

on-one on-site education and training, and abides by the principles of service. The basic requirements of service include punctuality, grooming, and cleanliness. The staff greets every customer with a cordial, professional and enthusiastic attitude.

Basic courses such as company culture introduction, attendance regulations, insurance benefits, fire safety, occupational safety, etc., are arranged for new employees on the day of orientation and then the unit supervisor and senior colleagues will conduct work guidance and experience teaching to help the new employees acclimate to the situation quickly.

The initial training of customer service staff focuses on basic courses such as store knowledge, floor introduction, service specifications, service etiquette, etc. they are familiar with the basic courses, they can learn about gift exchange operations, announcement training, customer complaints, etc., through the experience teaching and course management of senior colleagues. They also learn about the gift certificate exchange process, foreign currency exchange, customer response and system optimization operations and other work matters, to ensure and improve the quality of service.

In addition to the courses mentioned above, FEDS also organizes developmental courses covering topics such as health, stress relief, and seasonal fashion information from time to time to promote the diversified development of colleagues. In 2020, there were a total of 203 service personnel in FEDS, with a total number of 2,972 trained persons and a total of 2,915.5 hours of training.

◆ Training of service personnel

 <p>New employee training</p> <ul style="list-style-type: none"> • Corporate culture • Attendance standards • Insurance and benefits • Occupational safety 	 <p>Personal development</p> <ul style="list-style-type: none"> • Stress relief • Health management • Popular information • External training
 <p>Professional skills</p> <ul style="list-style-type: none"> • Store information and details • Service and etiquette • Customer complaint handling • Gift redemption operation • System operations such as cash register operations 	 <p>Inheritance of experience</p> <ul style="list-style-type: none"> • Customer complaint handling experience • Customer service standards • Service philosophy

2.2.3 Social marketing creates a safe shopping atmosphere during the pandemic

In 2020, when the world was impacted by COVID-19, especially in the first half of the year, customers were full of anxiety and fear about entering and leaving public places. FEDS has strengthened its connection with life and social issues and emphasizes "sympathy" with the general public. We immediately implemented pandemic advocacy simultaneously with the government to show the public the safety of our stores and fulfill our social corporate responsibilities.

FEDS implemented a three-stage community strategy in 2020. The first stage was coordinated with the opening of FEDS XinYi A13. We integrated the power of the entire Taiwanese community through multimedia and live broadcasting. In the first year of operation, we have gained 28,000 fans, making FEDS XinYi A13 the newly opened department store with the greatest increase in fans in recent years. FEDS XinYi A13 focused the entertainment of the XinYi district and won the "Outstanding Popularity Award" of the Internet thermometer in the first half of 2020.

In response to the immediate outbreak, the second stage made rapid adjustments to keep up with epidemic prevention. We uploaded epidemic prevention videos in the fan group, held livestream tours, created supportive stickers, synchronized pink masks, supported Taiwan Can Help, etc., to act as a calming force and increase the confidence in the epidemic prevention measures of FEDS stores. We will survive the difficult epidemic with Taiwan.

In the second half of the year, due to the slowdown of the pandemic, the focus of community operations in the third phase has returned to consumption and products combined with issues related to life: Such as the triple stimulus vouchers, FUN coupons, sports stimulus vouchers, etc. Content production is geared towards connecting with the lives of customers and reducing the pure business communication model. Although LINE is not yet connected to FEDS CRM members, it still aims to increase the opening rate and click-through rate, and implement precise marketing based on the gender, age, and content of the members.

◆ Awards and Recognition

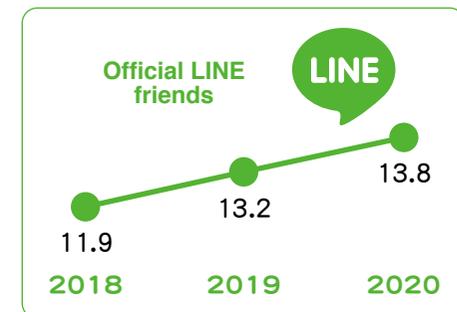
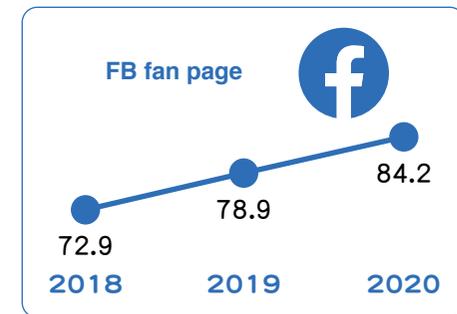
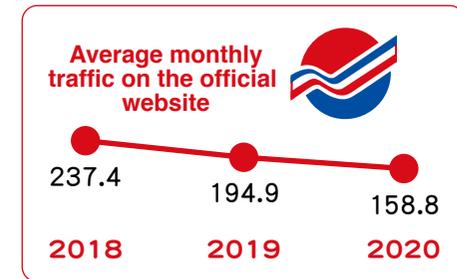


2020.12
Outstanding
Popularity
Award
of Internet Image Star



◆ Number of followers on social media

unit: Ten thousand people



2.2.4 Listen attentively and quickly respond to customer opinions

As the benchmark for department store retail, FEDS understands that customers are our best teachers. Customer opinions remind us that we can always make improvements related to service, merchandise, and management. In order to provide a friendly and pleasant shopping experience, FEDS has established "Customer Satisfaction Procedures", "On-site Customer Opinion Handling Measures", "Customer Commodity Service Management Regulations", "Customer Opinion Procedures" and other standards, so that solutions can be effectively provided for customer comments and increase their satisfaction with the company. FEDS also listens to our customers' voices through diversified channels, reviews and improves issues mentioned in customer suggestions, and strives to provide customers with the most satisfactory service.

◆ Customer feedback channel

 <p>On-site response</p> <p>Service counter, customer service center, floor supervisor, customer opinion form</p>	 <p>Tel</p> <p>Customer service toll-free number</p>	 <p>Official website</p> <p>FEDS online comments, email</p>	 <p>FEDS APP</p> <p>Click on "Contact Us"</p>
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◆ Customer opinion processing procedure



In 2020, FEDS received a total of 882 customer feedbacks. Among them, the number of feedbacks on goods and services increased by 205 compared with last year. Among them, 88 were from FEDS XinYi A13, which was opened in 2020, and the remaining 117 were from companies in northern parts of Taiwan. The opinions focused on the malls' temperature and the lack of manpower training in two major categories.

The feedback from customers is handled properly in accordance with the internal procedures, and after that, we find out the problem points and make improvements to avoid recurring incidents. Regarding the temperature in the stores, HQ and each store have conducted on-site investigations and proposed improvement plans. Regarding the response to the service attitude category, personnel education and training have been strengthened to improve the proficiency and service quality of related operations.

◆ Customer feedback statistics

years	2018	2019	2020
Customer praise (A)	62	73	68
Number of customer opinions (B)	673	609	814
Customer feedback (C=A+B)	735	682	882
Percentage of praise (A/C)	8%	11%	8%
Percentage of feedback (B/C)	92%	89%	92%



2.3 Optimized Space

The fashionable and novel shopping environment of FEDS, contains care and ingenuity that caters to the needs of all customers. We start from the four concepts of "safety, convenience, health, and environmental protection" to create a friendly, comfortable, clean and bright department store space. In 2020, eight special department store safety enhancement actions were completed, so that customers can shop at FEDS with peace of mind.

2.3.1 Established a smart property management APP group, department store management moves towards wisdom

FEDS services many customers every day. We always care about the health and safety of customers, and we constantly make improvements to the shopping environment and safety equipment of the stores to create a comfortable shopping space for customers. With the increasing popularity of smart technology development and application, FEDS established a "Smart Property Management App Team" in 2018, which combines FRID and NFC technology with smart mobile devices to effectively control and implement store staff on duty, inspection, maintenance, etc. We work to greatly improve the safety of various equipment and reduce the probability of abnormal risks occurring. The data collected through the app is used in big data analysis, assisting the head office in decision-making analysis, establishing predictive models, strengthening the management efficiency of chain department stores, and helping us move towards new areas of department store AI and intelligence. For more information about the Smart Property Management app, please refer to the chapter "3. Efficient environmental protection operations".

2.3.2 Convenient facilities provide a comfortable shopping environment for customers of all ages

Considering that the customers of FEDS come from all walks of life, in order to cater to the needs of different customer groups, we start from the shopping environment that is most concerned by the four major customers of "safety, convenience, health, and environmental protection." A lot of meticulous planning has been made to show the caring for customers, and special attention to the individual needs of women, infants, and elderly, and strive to create a comfortable shopping environment suitable for the whole family and all ages.

◆ Full-service facilities

Safe and secure
AED facilities, safe waiting areas, escalator service bells, etc.

Accessibility
Bicycle racks, barrier-free facilities, taxi-hailing services, etc.

Environmentally friendly and healthy
Electric vehicle charging, finger disinfection machine, etc.

Maternal and Child Care
Strollers, nurseries, special parking spaces for pregnant women, etc.

Elderly care
Wheelchairs, rest chairs, etc.

Other Services
Love umbrella, locker, power bank, etc.

For detailed service facilities of each branch, please refer to the official website (<https://www.feds.com.tw>).

With the increase in the use of consumer electronics by the public, the demand for mobile chargers has also increased. To solve the problem of customers running out of power for their devices, we provided power bank rental in 6 stores in 2020. "The rental service allows customers to rent instead of purchase, and experience a convenient rental experience, without causing excessive waste of resources, reducing the high environmental pollution caused by batteries during recycling, and sharing convenience while also contributing to the environmental protection of the earth.



FEDS XinYi A13	70	Top City Taichung Store	20
Mega City Banqiao Store	75	Tainan Store	45
Hsinchu Store	20	Kaohsiung Store	30

Power Bank Total 260

In order to immediately grasp the accidents in the department stores, and establish a review and improvement system to avoid accidents from recurring, FEDS established the "Operational Standards for Handling Accidents in Business Places" in March 2018, and completed the construction of the "Online Incident Reporting System" in November 2019, simplifying the notification channels and allowing relevant units to understand the details of the incident in real time and intervene to provide assistance in due course. In addition to setting up complete accident handling standards, FEDS also dispatched personnel to inspect the scene regularly from the perspective of prevention, and broadcast timely to remind customers to pay attention to their own safety to avoid accidents.

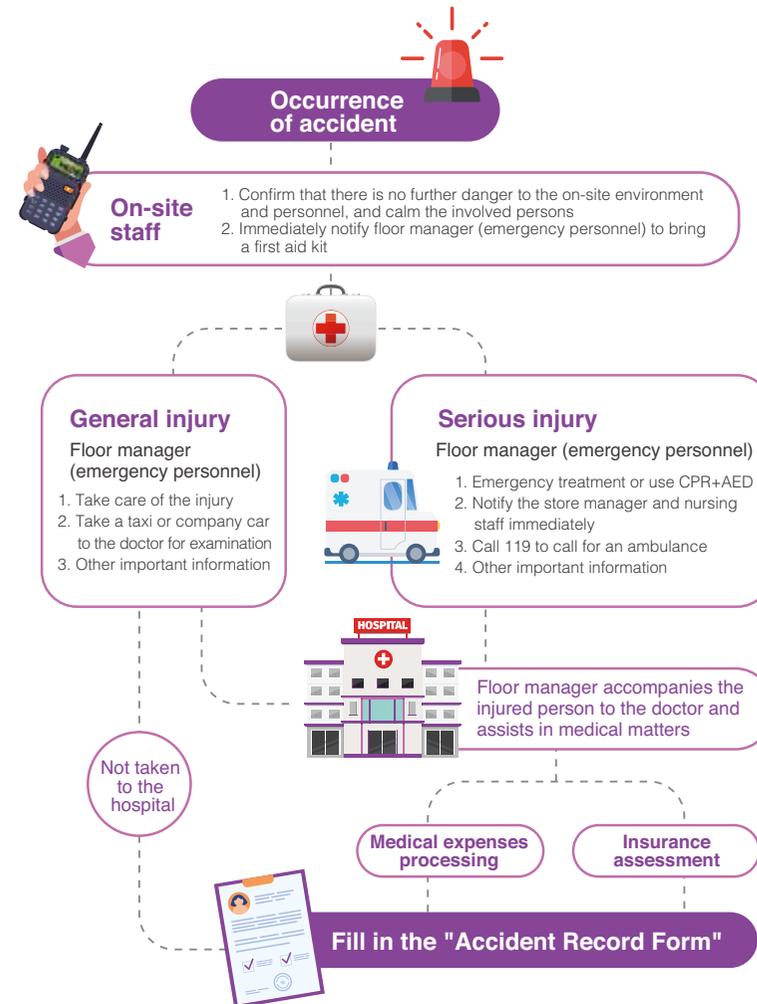
In 2020, the highest proportion of accidents in each store occurred to customers (73%), followed by counter vendors (16%). We carefully analyze the basic, direct, and indirect causes of each accident, and put forward preventive countermeasures and improvement suggestions, hoping to effectively reduce accidents and make the shopping environment comfortable and safe.

◆ Standard operating procedure for accidents

years	2018	2019	2020
Employees	12.7%	7.5%	6.6%
Customers	78.9%	75.4%	73.1%
Counter vendor	5.6%	13.2%	15.6%
Contracted vendor	2.8%	3.9%	4.7%



◆ Standard operating procedure for accidents



◆ Accident improvement countermeasures

party involved	Major accident categories	Reason of occurrence	Strategies for improvement
 Employees	Crushing due to mishandling of objects	Inadvertently crushing toes when handling equipment	<ul style="list-style-type: none"> - Remind employees to pay attention to their surroundings - Use a trolley to assist in handling
	Cuts	Cuts when using a utility knife	<ul style="list-style-type: none"> - Remind employees to pay attention to the force applied and direction of use - Use other tools to assist in holding the object down
	Tripping	The floor is slippery or has protrusions	<ul style="list-style-type: none"> - Remind employees to pay attention to the working environment - Do not use your phone while walking
 Counters staff	Tripping	The floor is slippery or has protrusions	<ul style="list-style-type: none"> - Remind employees to pay attention to their work - Do not use your phone while walking
	Burns	Scalded by hot water when cooking food	<ul style="list-style-type: none"> - Promote compliance with work safety - Burn treatment and reporting
	Falling	Careless use of ladders	<ul style="list-style-type: none"> - Promote the use of certified ladders - Wear safety helmets and work in pairs
 Customers	Tripping	<ul style="list-style-type: none"> - Missed a step on the ladder - Unstable stance on the escalator - Picking up items - Counter height difference - Running 	<ul style="list-style-type: none"> - Make announcements to remind customers to pay attention to safety - Pay more attention when the floor manager inspects the floor - Mark the ground to point out height differences - Ask customers not to run
	Slipping	Slippery floor	<ul style="list-style-type: none"> - Cleaners strengthen floor and toilet inspections - Ask counter personnel to pay attention to water stains - Signs must be placed during cleaning - Confirm that the ground is dry before removing the sign
 Contractor	Crushing	A security colleague was on duty at night and was accidentally crushed by a door	<ul style="list-style-type: none"> - Immediately carry out inspection and strengthen maintenance work
	Cuts	Construction workers were cut by machinery	<ul style="list-style-type: none"> - Remind personnel that protective covers should be used with hand tools
	Animal attack	Security personnel caught stray cats that ran into the store and were scratched	<ul style="list-style-type: none"> - Remind personnel that equipment should be used to capture the animal - Be careful to avoid direct scratches and bites from animals

2.3.3 Childcare-friendly spaces and nursery rooms passed evaluation and certification

FEDS strives to create a friendly environment for childcare to meet the child-raising needs of employees and customers. Nursery rooms have been established in each store of FEDS, and the location markings and facilities of the nursery rooms have also been certified by the county and city governments.

◆ Nursery review



Note: 1. There are no competitions in Taoyuan, Taichung and Kaohsiung.
2. FEDS XinYi A13 and Hualien Store will plan to participate.

◆ Other meritorious deeds

★ Set up 147 priority parking spaces for women and children

In order to allow pregnant women and parents with young children to have convenient parking spaces, a total of 147 women and children-friendly parking spaces have been established in convenient and safe places such as near the elevators, pedestrian entrances or management rooms in the parking lots of each FEDS store. Clear direction guidance, identification signs, parking spot markings have been implemented to help guide pregnant women and parents with young children when parking.

★ Becoming a dementia-friendly store

Since 2018, the National Health Administration has actively promoted the dementia-friendly community project, inviting businesses willing to help to assist the elderly with dementia in a timely manner. With the help of the community and neighbors, we will take care of the rapidly increasing number of dementia patients together and achieve the vision of a dementia-friendly Taiwan. In July 2020, FEDS Hualien Store completed the training course for dementia-friendly organizations in response to the Hualien County Government's friendly community policy, and joined the ranks of dementia-friendly organizations.

★ Selected as a friendly store for six consecutive years

Paoching Store is adjacent to the Taipei City's tourist attraction Ximending business district. It has been selected as a "Friendly Store" by the Taipei City Department of Commerce for six consecutive years. It provides 9 friendly services, including convenient payment, friendly toilet/feeding friendly, Japanese friendly, barrier-free friendly, English friendly, mobile device charging, Korean friendly, fair trade friendly, so that visitors and customers can feel as if they were at home, improving the friendly image of Taipei City. The store has become an important partner in the development of the friendly city.

★ Provide a high-quality toilet environment

FEDS provides customers with a clean and tidy toilet environment in the stores. In 2020, each branch participated in the Environmental Protection Agency's "Quality Public Toilet Program", and the evaluation results were excellent or above. Six stores have been awarded during the event. The public voted as the "Five-Star Premium" level, among which FEDS Hualien Store ranks among the top 50 high-quality public toilets in the country.

Subsidiary	Public toilet rating	Popular appraisal (*)
FEDS XinYi A13	Excellent	
Paoching Store	Excellent	
Mega City Banqiao Store	Excellent	Five-star excellence
Banqiao Store	Excellent	
Taoyuan Store	Excellent	Five-star excellence
Hsinchu Store	Excellent	Five-star excellence
Top City Taichung Store	Excellent	Five-star excellence
Chiayi Store	Excellent	
Tainan Store	Gifted class	
Kaohsiung Store	Excellent	Five-star excellence
Hualien Store	Excellent	Five-star excellence

Note: (*) The results are from the public evaluation of the "National Green Living Public Toilet Evaluation, Comparing and Enjoying Green Points" organized by the Environmental Protection Agency in 2020.

2.3.4 11 stores in Taiwan obtained AED safe place certification

All 11 stores of FEDS in Taiwan have installed "Automatic External Cardiac Defibrillator" (AED) and obtained the "AED Safe Place" certification. In 2014, Mega City Banqiao became the first department store in New Taipei City to pass the AED certification. In 2020, all 18 AED administrators of FEDS completed training in accordance with the law and participated in AED and cardiopulmonary resuscitation (CPR) courses, so that all managers can understand machine operation and first aid measures. In addition, in 2020, 45 FEDS's emergency personnel were required in accordance with the law, and the actual number was 86, which far exceeds the standards prescribed by laws and regulations, which shows that FEDS is dedicated to safeguarding customer safety.

◆ Number of AED facilities and first responders

Item \ Unit	AED		Emergency personnel		
	Quantity	Management personnel	Statutory number of people	Actual number of people	More than the statutory number of people
Headquarters	1	2	4	8	4
FEDS XinYi A13	2	1	3	4	1
Paoching Store	1	1	3	4	1
Mega City Banqiao Store	3	1	6	7	1
Banqiao Store	2	4	3	3	0
Taoyuan Store	1	1	2	19	17
Hsinchu Store	1	1	5	8	3
Top City Taichung Store	4	1	9	12	3
Chiayi Store	1	2	1	2	1
Tainan Store	2	2	3	7	4
Kaohsiung Store	1	1	4	7	3
Hualien Store	1	1	2	5	3
Total	20	18	45	86	41



8

Actions to Ensure the Safety in Department Stores

In 2020, FEDS launched a peace-of-mind action plan which was focused on eight major aspects related to mall safety, including fire protection, security, cleaning, lifting equipment, and access control management, to ensure a completely safe shopping environment in the stores.

Implement fire safety inspections to ensure equipment safety

According to the regulations of the Ministry of the Interior's "Fire Safety Equipment Inspection and Declarations", the inspection and declaration of fire safety equipment in department stores shall be completed every six months and shall pass re-inspection. In May 2020, the "Fire Safety Maintenance Checklist" was formulated to include 64 inspection items in 16 categories, and 11 stores across Taiwan carried out a two-week physical examination of fire safety equipment. Improvements for all defects found in each store were completed in September and December of the same year.

Inspect water quality every quarter to promote safe drinking

According to the Environmental Protection Agency's "Measures for the Use, Management and Maintenance of Fixed Equipment for Continuous Water Supply of Drinking Water", regular maintenance of drinking fountains is carried out every month, and drinking water quality inspections are implemented every 3 months. In 2020, the water quality was inspected 4 times and 111, 122, 121, and 122 points were inspected respectively, and the test results all comply with laws and regulations.

Regularly monitor air quality to maintain customer health

According to the "Labor Work Environment Monitoring Implementation Measures" of the Ministry of Labor, an external and qualified monitoring agency shall be entrusted to perform environmental carbon dioxide concentration monitoring every 6 months, and the monitoring results in 2020 have all passed.

Ensure the safe operation of escalators and reduce accidents

According to the "Automatic Inspection Plan" established by the company, the elevators and escalators are regularly maintained and inspected, and protective poles are set up on both sides of the escalator to prevent falling. In the event of an accident, the emergency button can also be pressed. Protective panels have been installed between the escalator and the building to reduce the occurrence of accidents through extensive safety protection mechanisms.

Position security personnel to strengthen security and patrols

According to the daily, weekly, and monthly operation cycles of the head office management unit, each store is requested to inspect or count the maintenance personnel's duty records, personnel roster, duty performance and other operation forms, and regularly review them in the monthly assistant store manager meetings. In terms of implementation, each store has over 60,000 people on duty for security throughout the year, and the General Affairs Department also conducts random inspections from time to time to ensure that on-site security management is implemented correctly.

Improve department store clean management and strengthen environmental cleanliness

For the floor and wall, entrance and exit glass, door frames and accessories, customer rest area and other items, a store cleaning checklist, cleaning detailed inspection list and other management forms were formulated to implement various cleaning and disinfection operations inside and outside the store to create a clean and comfortable shopping environment. In 2020, each branch employed an average of 595 janitors per day, and the total number of janitors for the year reached 214,000.

On-site exercises for disaster prevention education to improve resilience

All 11 stores in Taiwan have appointed "fire prevention managers" in accordance with the law to coordinate fire protection plans and disaster prevention related matters. Each store holds more than two disaster prevention education trainings per year (semi-annually or quarterly) to enhance the disaster prevention knowledge and response abilities of all employees. In response to the serious KTV fire in Taipei City in April 2020, in order to strengthen the knowledge and abilities of all personnel related to disaster prevention (relief), we organized fire safety education and training in July of the same year. The training had 79 participants.

Equipment inspection to prevent abnormal occurrence

In 2020, app was launched, so that the inspection mechanisms of the mechanical and electrical maintenance personnel of each store can be more reliable, managed and tracked. With the patrol management analysis table, if a piece of equipment shows three abnormal signals in a week, the management personnel shall immediately inspect the equipment on site and determine the cause of the abnormality and perform follow-up treatment, reducing the chance of abnormalities in the electromechanical equipment, and ensuring safe and efficient operation.



FEDS Carefully Deploys a Safe Shopping Environment for Epidemic Prevention

At the beginning of 2020, with the impact of the "novel coronavirus" (COVID-19), FEDS fully cooperated with the government's anti-epidemic policy and completed various checks. We started the "New Epidemic Prevention Life" and "New Epidemic Prevention Attitude" campaigns for the public, in order to implement epidemic prevention, ensure service quality, and provide a safe shopping environment for the customers.

Preemptive Preparation of Epidemic Prevention



Monitoring and management

- Establish an independent health management mechanism for employees.
- Employees take their body temperature daily.
- Front-line service personnel wear masks.
- Publish health management statistics every week.



Epidemic prevention in the store

- Alcohol sanitizers are equipped at entrances and floors.
- Set up instruments to measure the body temperature of customers.
- Increase the frequency of disinfection in each store.
- Strengthen epidemic prevention broadcasts to remind related matters.
- Provide free masks for customers who do not wear masks.
- Stop renting baby carriages to reduce the risk of infection.
- The elevator floor buttons are equipped with anti-epidemic copper stickers.



Convenient shopping

- Set up a "quick pick-up" area.
- Provide telephone appointment pick-up to reduce the risk of group gathering.
- Commodities are delivered in the special area, and checkout in a ventilated area.
- About 70% of 120 restaurants in Taiwan provide take-out and delivery services.



Maintain Social distance

- The restaurant food streets and movie theaters take the checkerboard seating.
- Epidemic prevention partitions are set up at the dining table in the food streets.
- The queuing line is marked and separated by 1.5 meters.



Shuttle bus

- The drivers wear masks.
- After each trip, the all seats are disinfected.
- Passengers are prohibited to talk on the shuttle bus, and the seat adopts an independent plum seat.



FEDS has adopted comprehensive anti-epidemic measures to create a safe shopping environment, working with the public to prevent and help fight the epidemic, and protect the health of the people.

Efficient Environmental Protection Operations



Retail is Detail. All 11 FEDS stores in Taiwan are focused on the details of daily operations to create green value through products and services, actively create a culture of green operation, and implement the ideas of low-carbon operations and environmental protection. We are committed to maintaining the relationship between department store operations and environmental sustainability, creating a win-win relationship, building a sustainable and fashionable environmentally friendly department store for customers, and contributing to global warming and climate change improvements.



3.1 Energy Saving Green Intelligence	65
3.2 Real-Time Smart Property Management	70
3.3 Persistent Green Actions	75

In response to **4** material topics

- Legal Compliance
- Energy management
- Green products and services
- Water and waste management

3.1 Energy Saving Green Intelligence

Using the idea of "green, environmentally friendly operations" as a starting point, FEDES implements energy saving and carbon reduction measures in our operating processes and details, and combines new energy technologies and management technologies to implement various energy plans and management actions to improve energy efficiency and achieve energy management goals. We aim to fully improve our ability to respond to global warming and climate change.

3.1.1 Sustainable environment and energy management

FEDES has been implementing energy management actions since 2012. With the engineering department as the core, it has established an energy conservation team, established KPI management indicators, and held monthly management assistant store meetings to regularly track, review, and improve, to improve the efficiency of each point of energy use, and work together to achieve the company's power-saving goals.

FEDES has stipulated a "Energy Policy", to guarantee the fulfillment of our corporate citizenship responsibilities, in order to do our part in protecting the environment:

- I. Committing to energy-saving improvement actions to improve energy efficiency.
- II. Continuously improving the management system to enhance energy management performance.
- III. Promoting green consumption experience to establish a low-carbon shopping environment.
- IV. Making good use of innovative smart technology to create a fashionable and environmentally friendly department store.

◆ Important results of environmental sustainability

2016	2017	2018	2019	2020
<p>Achieving waste reduction</p> <p>Incineration waste reduced by 576 metric tons (-9%) in 10 stores.</p> <p>Responding to environmental initiatives</p> <p>Educated the public to cherish water resources and organized the "Taiwan Water, Fountain of Life" exhibition, which attracted more than 300,000 visitors.</p> 	<p>Importing ISO management systems</p> <p>The head office and Mega City Bancqiao Store introduced ISO 50001 energy management to improve energy efficiency.</p> <p>Becoming a smart energy saving partner</p> <p>Responding to the Energy Conservation Month for three consecutive years, and received the "Smart Energy Saving" Partner Award from the Executive Yuan.</p> 	<p>Energy saving management for technology</p> <p>Mega City Bancqiao Store established a "real-time energy performance indicator platform" and became the first department store in Taiwan to introduce it.</p> <p>Achieving energy saving milestones</p> <p>The five-year energy-saving plan successfully reduced energy consumption by 12% compared to five years ago.</p> 	<p>Inventory of greenhouse gases</p> <p>Using Hualien Store as the test store, we introduced ISO 14064-1 greenhouse gas inventory, to fulfill our greenhouse gas management commitments.</p> <p>Disclosing TCFD information</p> <p>Assess and manage climate change-related indicators and their implementation to achieve low-carbon retail.</p> 	<p>Tracking our water footprint</p> <p>Using Taoyuan store as the test store, we introduced ISO 14046 water footprint to reduce water consumption and improve water efficiency.</p> <p>Implementing water-saving improvements</p> <p>Hualien Store and Kaohsiung Store were both awarded the "Water Conservation Counseling Implementation Improvement Award" from the Ministry of Economic Affairs.</p> 

◆ Main energy conservation measures in 2020

 <p>Air conditioning energy savings</p> <ul style="list-style-type: none"> • Shorten the running time of air-conditioners in some stores. • Control the outlet temperature from the cooling water tower during non-summer times. • Equip a magnetic suspension centrifugal ice water host. • The air conditioners are equipped with frequency converters. • Improved the cooling efficiency of air conditioners. 	 <p>Lighting energy savings</p> <ul style="list-style-type: none"> • Continue replacement with LED lights. • Installed induction lighting in the parking lots. 	 <p>Energy conservation of elevators</p> <ul style="list-style-type: none"> • Equipped with frequency conversion control. • Change the operation mode during off-peak hours.
 <ul style="list-style-type: none"> • Energy saving measures apply to each store. • Among them, the magnetic centrifugal ice water console is only installed in the Bancqiao store and Hsinchu store. Frequency converters in air conditioners are only installed in the Tainan store. 		

◆ Supporting investments in green energy

unit: kWh

Item	Year	2016	2017	2018	2019	2020	Subtotal
 Purchased green power		100,000	100,000	50 T-REC	30 T-REC	-	280,000
 Solar power generation		34,955	36,784	42,757	37,773	43,705	195,974
Total		134,955	136,784	92,757	67,773	43,705	475,974

Note: Each Renewable Energy Certificate (T-REC) is 1,000 degrees.

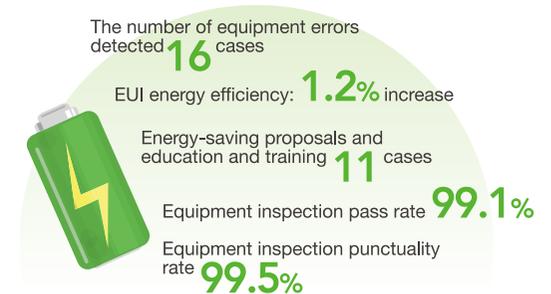
◆ Awards and Recognition



3.1.2 Managing the energy efficiency of the service industry through the ideas of the manufacturing industry

Each store operates for 10 to 11 hours each day. The long-term operating requirements make energy management an important issue for FEDS. We use "the idea of the manufacturing industry to manage the energy usage efficiency of the service industry". We promote various energy-saving actions by establishing complete key performance indicators (KPIs), and we hold monthly assistant store manager meetings to track the performance of various performance indicators. In 2020, new categories such as equipment inspection punctuality, equipment inspection pass rate, and repair acceptance management, were added to the energy management KPI. It is hoped that this will strengthen the reliability of the equipment in each store and improve operating efficiency. Please refer to Appendix II for the environmental performance of subsidiaries.

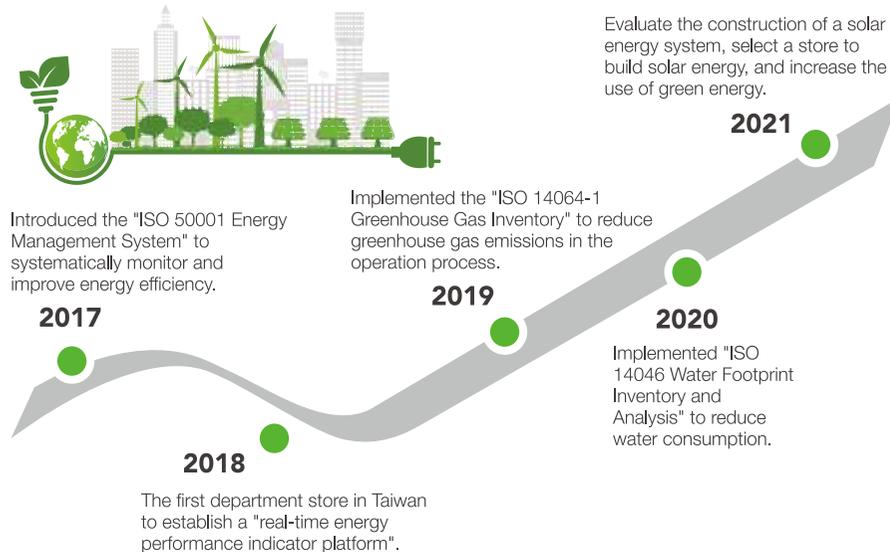
◆ Energy management results in 2020



In order to reduce energy consumption and solve the challenges of climate change, FEDS Headquarters and Mega City Banqiao Store took the lead in introducing the ISO 50001 energy management system in 2017, hoping to improve energy efficiency and reduce energy consumption costs through a systematic management process. In November 2020, we continued to pass the regular review of the ISO 50001 energy management system and followed the PDCA principles to develop solutions to continuously optimize energy use and carry out more effective energy-saving actions according to the improvement suggestions given after the review.

In order to further improve energy efficiency, the Construction Department took stock of the air-conditioning equipment of 11 stores. Among them, 19 units are over 20 years old and have a high risk of stable operation. In order to improve the energy-saving effect of the air-conditioning system, the Construction Department has drawn up a plan to replace old equipment in stages. In 2020, 3 units were replaced. In 2021, there will also be 3 units that will be replaced in a new replacement plan, which states more than 30% of the old units will be replaced in 2 years.

◆ Schedule for the introduction of important environmental management projects



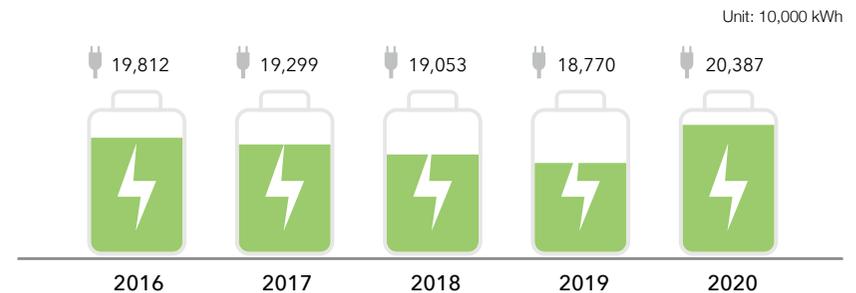
Energy-saving management meetings are held to implement energy-saving improvements

On December 10, 2020, the Construction Department gathered 25 equipment supervisors and staff from HQ and 11 stores to participate in the annual energy management meeting. In addition to reviewing the implementation of the annual energy performance indicators of each store, the energy-saving plans for the following year and the key points of the plans were discussed. Outstanding stores were also invited to share their energy-saving practices. We aimed to make continuous improvements to optimize energy management efficiency through "management" and "education".

3.1.3 An exemplary department store in energy saving and carbon reduction results

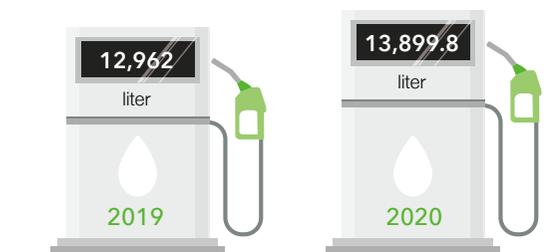
In 2020, the annual average temperature across Taiwan reached a record high. It increased by 0.07 degrees from 2019. FEDS continues to implement energy plans and management actions to improve its ability to respond to climate change. Since FEDS Xinyi A13 officially opened in January 2020, the total electricity consumption of 11 stores in Taiwan in 2020 increased by 16.17 million kWh compared with the previous year, reaching 203.87 million kWh. If the new store opening is excluded, for the electricity consumption in 10 stores, the total amount was 178.96 million kWh, a decrease of 8.74 million kWh from the previous year, and the power saving rate reached 4.7%. The energy saving effect is excellent.

◆ Energy consumption-electricity

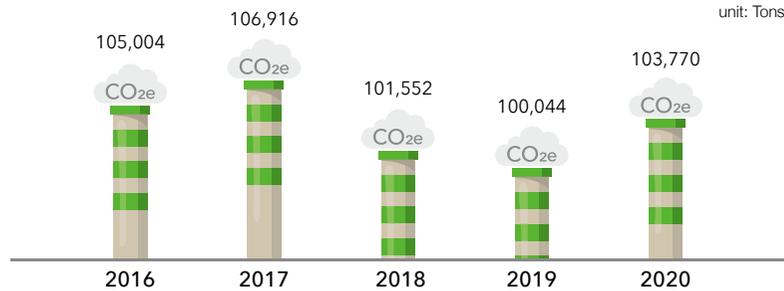


Note: In 2020, electricity consumption statistics added a new store: FEDS Xinyi A13.

◆ Energy consumption-gasoline

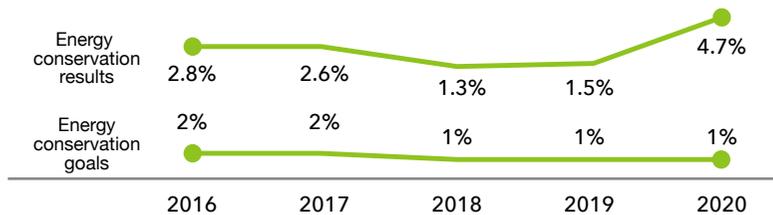


◆ Carbon dioxide emissions



Note: The carbon emissions are calculated based on the electricity carbon emission coefficient announced by the Bureau of Energy. The 2020 coefficient has not yet been announced, so the 2019 coefficient of 0.509 kg CO₂e/kWh has been used.

◆ Achieved annual energy saving goals



Note: The 2020 power saving target is based on the existing 10 stores, excluding Xinyi A13.

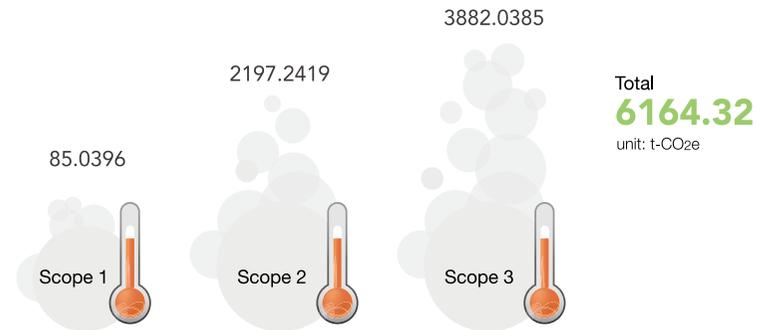
In 2020, each store implemented 27 large-scale energy saving projects, effectively saving 2,022,393 kWh of energy. Among them, Mega City Banqiao Store changed the operation mode of 3 passenger elevators, and replaced 2,997 LED lamps on the 3rd and 8th floors. It also controlled the outlet temperature of the cooling water during non-summer periods. It effectively saved about 430,000 kWh of electricity from air conditioning, lighting, and elevators. The effect of the energy saving project ranks first among the branches.

◆ Energy conservation projects and results

Year	2018	2019	2020
Energy conservation projects (Unit: cases)	19	35	27
Actual invested amount (Unit: NT\$ thousand)	4,218	6,057	34,199
Energy savings (Unit: kWh)	1,455,459	2,155,100	2,022,393

In order to seek opportunities to reduce greenhouse gas emissions, FEDS took the Hualien store as a model store and obtained ISO 14064-1 : 2018 GHG inventory certification in June 2020. The internal energy consumption and carbon emissions of the Hualien store are calculated through a standardized process, and 6 energy improvement projects were implemented, which are "Import ISO 50001 Energy Management System", "Apply for Energy Technology Service Industry (ESCO) Energy Saving Project", "Replace old energy-consuming air conditioners", "Cooling towers are changed to wet bulb control", "Department store lighting is replaced with LED lights", and "Implementation of counters' power saving incentives", helping Hualien store reduce carbon emissions by 188,330Kg.

◆ Greenhouse gas emissions

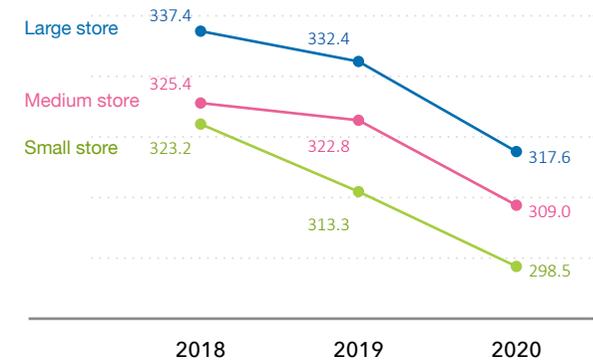


Note: The scope of the verification includes four categories: "Fuel for vehicles", "emergency generator diesel", "refrigerant loss" and "carbon dioxide fire extinguisher replenishment".

◆ Awards and Recognition



◆ The EUI of various store types is gradually reducing



Note: Store types are classified based on the comprehensive consideration of factors such as turnover, type of business, and physical size.

◆ EUI reduced by 6.4% in 5 years

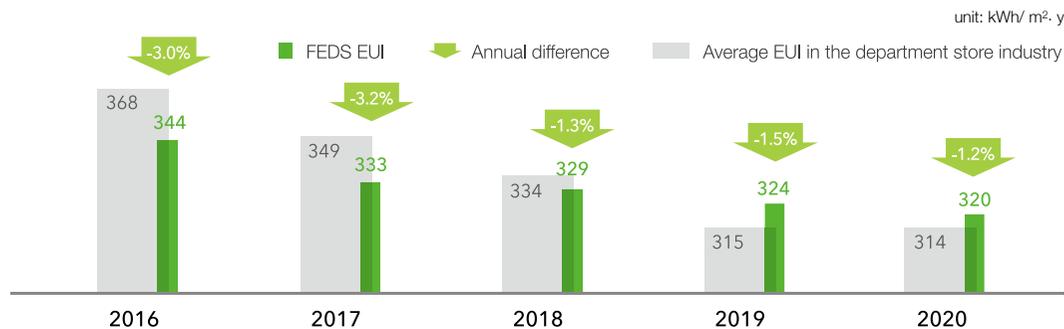


Note: Electricity usage intensity = Electricity usage (10,000 kWh) ÷ Turnover (100 million).

3.1.4 Excellent performance in energy usage intensity (EUI)

The annual energy usage intensity per unit area (EUI) is one of the important energy management indicators for FEDS. Our management target refers to the average EUI of the department store industry, and the EUI is tracked and managed by the energy conservation team on a weekly basis. Looking at the actual EUI performance figures, we can see that as turnover increases annually, FEDS's dependence on energy has decreased year by year. EUI has decreased from 344 in 2016 to 320 in 2020, showing a decrease of 7.0%. There are large-scale cinemas in 6 FEDS stores. The daily opening hours are more than 4 hours longer than other department store peers. In the case of longer power consumption, EUI's power consumption efficiency is still comparable to that of other department stores. The average performance of the department store industry keeps pace, demonstrating the excellent energy-saving performance of FEDS.

◆ Energy intensity has been reduced for five consecutive years



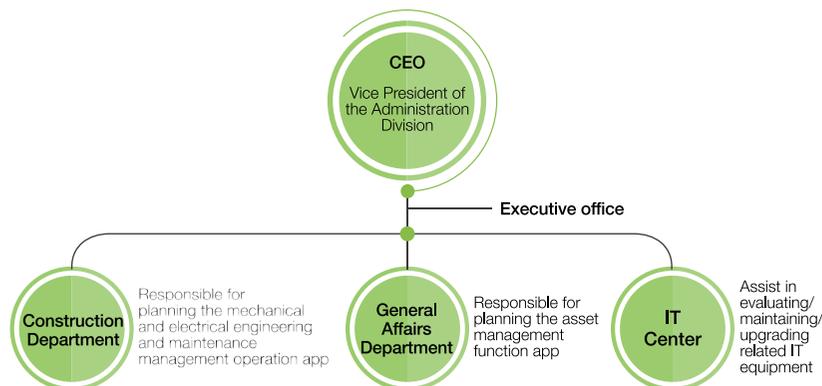
Note: The average EUI data of the department store industry (excluding the surface area of parking lots in the city) adopts the "Annual Report on Energy Audits for Non-Manufacturing Industries" of the Bureau of Energy of the Ministry of Economic Affairs.

3.2 Real-Time Smart Property Management

With the advance if technology, excepting the scale, location, and market share of the stores, FEDS also focuses on using technology to manage the stores. As the listed department store benchmark, FEDS plays a leading role, especially in technology. We have established a task force to increase the technological capabilities of FEDS in a planned way, transformed the traditional department store business model based on labor, and use digital technology to enhance the environmental management efficiency of department stores. FEDS's operations are becoming instant, mobile, and intelligent.

3.2.1 Strengthen the technological power of department stores to promote smart inspection

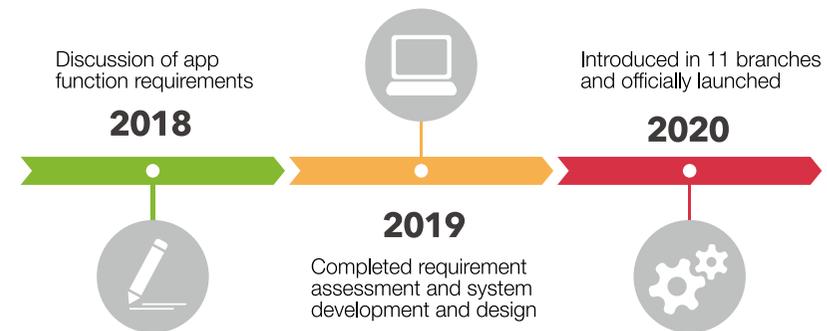
FEDS established the "Smart Property Management App Team" in 2018 to introduce the concept of big data and the Internet of Things into the asset and equipment management of department stores. It hopes to provide more data on-the-spot through the smart app, reducing the manpower and time required for the inspection of various equipments and assets, effectively improving the efficiency of operations, and upgrading the digital management of department store, thereby laying a solid foundation for the future of smart retail. In 2020, the functions "equipment inspection" and "asset management" were completed for the FEDS's digital smart app. In the future, the app will be gradually expanded to include more business functions, enabling department store management to be more mobile and intelligent.



3.2.2 Inspection app enhances the inspections

In 2020, the 11 branches of FEDS introduced the mechanical and electrical equipment inspection app in two phases, which effectively solved the problems that the mechanical and electrical equipment management staff may experience, which include inadequate inspections, improper inspections, equipment maintenance information cannot be uploaded immediately, a large number of paper verification forms that the maintenance personnel must fill in, and other shortcomings. By using the various equipment data recorded by the "digital inspection system" in the inspection app, the system will automatically respond to the set specifications in real time and inform the user of any abnormalities in the equipment. The system will prompt the manager to enter the site to handle the situation in a timely manner in order to prevent the occurrence of accidents. The system can effectively improve the suitability and reliability of the equipment.

◆ The schedule of Inspection app



◆ Features of the inspection app



3.2.3 Property management app accelerates management efficiency

FEDS operating bases are distributed throughout Taiwan. Each piece of major equipment at each operating base is an important asset to the company. In order to avoid printing lots of paper documents during the control, inquiry and inventory of various assets, in 2018, the "Smart Property Management app Team" began to plan the property management app to manage the company's assets. Work Smart, with a more immediate, accurate, fast, and environmentally friendly operation procedure. The property management app was commissioned to an outside IT firm to complete the system development and online testing at the end of 2020, and it is expected to complete the introduction to each store in March 2021.

In the property management app, managers can use a scanner or mobile phone to scan the asset barcode or QR Code to understand the management history and status of the asset or equipment. The manager can also record any verification or abnormal operations in the backend system through the internet, achieving the four major management benefits of "mobile inventory, digitized operations, instant and accurate data transmission, and fast compilation and query of data in the backend". In addition to asset management, the property management app also contains functions such as company vehicle management, labor management, and cleaning inspections, allowing the HQ management unit to remotely control the operating dynamics of the store and improve management efficiency.

◆ Property management app function



Facing the era of smart retail, FEDS combines new technologies to achieve the goal of improving the efficiency of company asset and equipment management, solving the management pain points of chain department store operating bases scattered in various places, and allowing HQ to understand branch offices with real time management and information, and promote further digitization of logistics management.

3.2.4 Smart parking management reduces waiting times for parking

Since 2013, FEDS has successively upgraded the parking management equipment of 11 stores in Taiwan, moving towards paperless and smart system management, in order to achieve the energy saving, carbon reduction and environmental protection goals. We upgraded one store a year, and took 5 years to implement parking coins in stores using parking tickets. This greatly reduced the amount of paper used for parking tickets, and the replacement was completed in 2018. In 2019, FEDS Xinyi A13 launched a new smart parking service that uses license plate recognition to allow vehicles to directly enter the parking lot, reducing ticket collection and parking time, which reduced vehicle carbon emissions. We aim to apply considerate digital technologies to the customers' shopping experience. In 2020, FEDS launched the intelligent shutdown upgrade project, and completed the planning of introducing intelligent parking services into two large stores of Top City Taichung Store and Mega City Banqiao Store. It is expected to complete the construction of related software and hardware equipment in 2021.

◆ Parking management system upgrades implementation schedule



◆ Environmental benefits of upgrading the parking management system

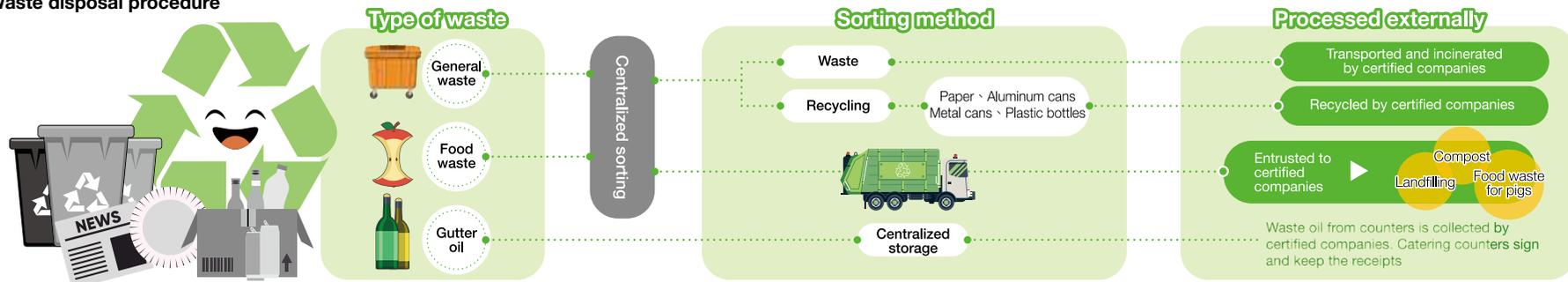
year	2018	2019	2020
Sheets of paper saved (Unit: Ten thousand)	438.7	385.2	429.8
Rescued trees (Unit: Trees)	3,159	2,773	3,095
Amount of carbon reduction (Unit: kg)	4,520	3,969	4,428

Note: 1.The number of sheets of paper saved is calculated using A4 specifications.
 2. The number of rescued trees is based on the data published by the Construction and Planning Agency. 24 trees with an average height of 12 feet and a diameter of 15 to 20 centimeters are needed to make 1 ton of pulp.
 3. Carbon emission is calculated using the product carbon footprint information website, and each piece of A4 paper emits 6.8g of CO2.

3.2.5 Strengthen classification management to reduce environmental hazards

The environmental management goals of FEDS include reducing resource consumption and environmental pollution. For the daily operations of department stores, we regard "garbage, food waste, and waste oil" as the focus of department store waste treatment. At the same time, we also cooperate with government policies to promote plastic reduction actions, including: Restrict the use of plastic shopping bags, disposable tableware, plastic straws, etc., to reduce the environmental impact from plastic waste. FEDS implements a classification system in HQ office and department stores, classifies garbage into general garbage and recycling to achieve the goal of waste reduction through strengthened classification management, garbage removal, food waste removal, waste cooking oil recycling, and waste oil fume emission, which all comply with EPA regulations.

◆ Waste disposal procedure



In 2020, the proportion of catering counters in the department store business structure has continuously increased, resulting in a continuous increase in waste. In order to effectively control the growth of waste, FEDS has set up resource recycling management indicators based on the local government's management policy for daily waste since 2018, and reduced the total amount of waste by increasing the amount of recycling. In 2020, the amount of paper recycled was 937 tons, showing an increase of 1%, and the number of recycled tons increased by 6 tons. In 2021, FEDS will increase the effectiveness of the monthly recycling of aluminum cans and plastic bottles, and strengthen the implementation of "resource sustainability" and "zero waste".

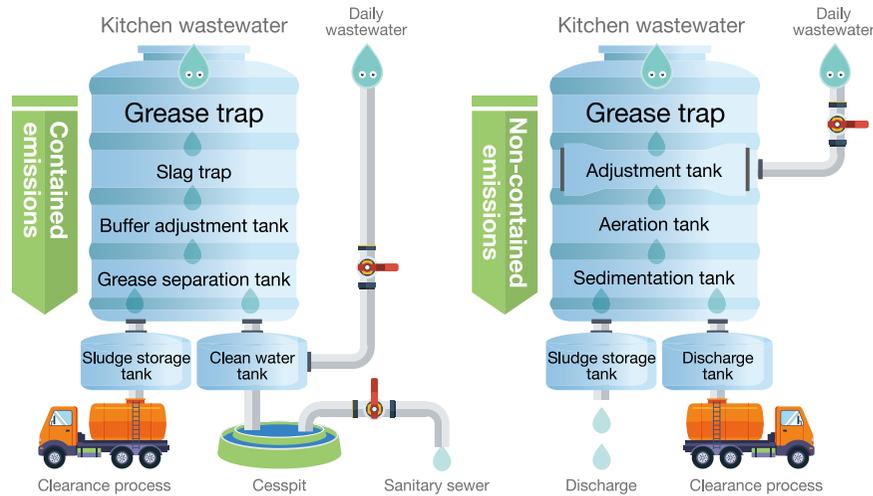
◆ Amount of recycling



Note: The statistics refer to the amount of paper recycled.

There are more than 480 food and beverage counters in all 11 stores of FEDS in Taiwan. Before the waste water from food and beverage counters enters the sewage tank, it passes through the large oil interceptors to filter out food scraps and oil. The tanks are cleaned several times a day, and the food scraps are placed in kitchen waste bins and waste oil is stored in special bins. The sludge (including special tanks) in the oil interception tanks is collected and cleaned at scheduled times every month, and then sent to the designated sewage treatment plant by a certified cleaning company using a special tanker.

◆ Waste water (sewage) disposal procedure

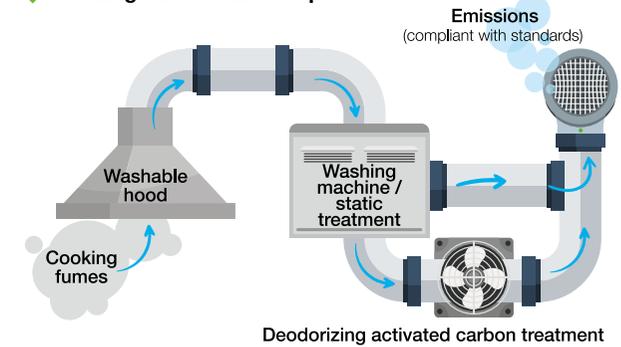


Waste water (sewage) classification treatment does not pollute the environment

Waste water (sewage) treatment is an important process to prevent water pollution. The waste water (sewage) generated in the department stores will be passed through the sludge and oil interception treatment equipment and degreasing and deodorizing agents will be added before it is discharged to the county and city sewage system. In addition to the simple treatment method mentioned above, the discharged waste water (sewage) is treated in a sewage treatment tank after mixing using biological treatments, sedimentation, dosing and filtering. The water is only discharged after reaching the regulatory standards.

In order to prevent cooking fume exhaust gas from polluting the air quality and disturbing the lives of the people in the surrounding communities, FEDS adopts a water-purifying fume exhaust hood system, a non-traditional end washing machine system. The advantage is that the front of the kitchen is treated with water to avoid the accumulation of grease in the vertical fume exhaust pipe, and can simultaneously have the three functions of kitchen cooling, saving air-conditioning waste, and fire prevention, greatly improving environmental protection benefits. For Mega City Banqiao, which is located in a mixed residential and commercial area, activated carbon was added to the exhaust equipment to filter the smoke and to strengthen the filtration of clean air and reduce the impact on the environment and health.

◆ Cooking fumes emission process



◆ Waste statistics

year	2018	2019	2020
General waste	5,916	6,576	7,056
Food waste	-	3,025	3,370

unit: Tons

Note: Food waste has been counted since 2019.

3.2.6 Water resources are managed to improve water-saving performance

The main water source of FEDS and its stores comes from local reservoirs. In response to the water shortage crisis that may be caused by climate change risks, FEDS promotes water-saving management, regularly reviews water consumption and improves water use equipment. It also set water resources management indicators in 2019. Starting from January 2020, we regularly tracked the effectiveness of water management of each store every month. At the same time, we combined water-saving technologies to promote various water-saving measures such as water-saving publicity, water reduction, rainwater storage, and water recycling. We will implement all-round water conservation and work together to achieve the 1% water saving goal.

◆ Branch offices promote water-saving measures

Rainwater recycling and utilization

Three stores (FEDS Xinyi A13/Mega City Banqiao Store/Top City Taichung Store) are equipped with rainwater recovery systems with a capacity of nearly **2,135** kilograms.

Inspections and leak detection

All 11 stores have carried out pipeline leak detection, with a pass rate of **100%**.

Installing water-saving equipment

All **11** stores have installed water-saving faucets and water-saving toilets.



Water saving announcement

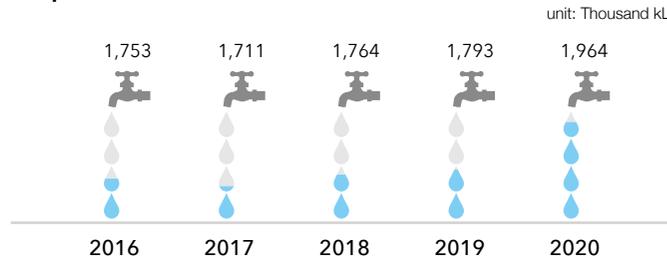
Water saving is announced to employees by meetings and slogans in **11** stores.

Reducing the amount of water discharged from the air conditioning water tower

All 11 stores were reduced, effectively saving **1.3%** of water.

In 2020, the total water consumption of each store was 1,964 kiloliters, and the existing 10 stores (excluding FEDS Xinyi A13) consumed 1,679 thousand kiloliters of water, which was a 6% annual reduction. The four main categories of water usage are: "Air conditioning cooling water, kitchen water, toilet water, irrigation and other water uses", of which more than 90% of water consumption is used for air conditioning cooling water, kitchen water, and toilet water. Considering the water usage for cleaning food and ingredients and maintaining the cleanliness of dining areas, we have not included kitchen water usage in the scope of water conservation. For air conditioning cooling water and water for toilets, the two categories are included in the water conservation measures of each store.

◆ Water consumption of each store



Note: In 2020, water consumption statistics added a new store: FEDS Xinyi A13.

◆ Water usage efficiency exceeds industry performance



Note: 1. Water consumption value= water volume per square meter (liter/square meter . days).
2. Data resource Water Resources Agency, Ministry of Economic Affairs in 2020.



Implement water-saving counselling to improve performance

In order to save water, the Ministry of Economic Affairs assists water users whose annual water consumption exceeds 12,000 units with conducting water-saving potential analysis and water efficiency improvement measures, and rewards those who have achieved excellent results and substantial water-saving improvements. FEDS Hualien Store and Kaohsiung Store participated in the Water Resources Agency's Water Conservation Counselling Program in 2019, and actively implemented water conservation plans based on the water conservation suggestions put forward by the counselling team. The effectiveness of the water conservation measures were demonstrated in 2020. In the Kaohsiung store, measures such as water valve adjustments for water equipment, toilet flush valve replacement, water tower cooling fin replacement, and conductivity adjustments were implemented to successfully save 30% of toilet water and 23% of cooling water, which achieved excellent water saving effects. Hualien store and Kaohsiung store both won the "Water Conservation Counseling Implementation Improvement" award from the Ministry of Economic Affairs in December 2020.



3.3 Persistent Green Actions

Using the core abilities of the company as a starting point, FEDS incorporates the spirit of environmental protection into operating procedures, creating green value for society through products and services to build sustainable and fashionable green department stores. In 2020, FEDS continued to "support green transportation, build green buildings, adopt parks and green spaces, and promote green consumption", four major green environmental protection actions, and regard the stakeholders as an important partner for FEDS to implement green values.

3.3.1 Supporting green transportation to promote energy saving and carbon reduction

More than 70% of employees use public transportation

With stores around Taiwan, FEDS encourages employees to take public transportation to ease traffic congestion and achieve energy conservation and carbon reduction. Since 2017, from the start of public transportation promotion, more than 30,000 employees on used public transportation during business trips. In 2020, 9,173 employees were sent on business trips, 72% of whom used public transportation. In addition, 697 video conferences and 66 video interviews were used to reduce the carbon footprint caused by transportation.

◆ The use of public transportation by people on business trips

year	2017	2018	2019	2020
Number of riders	7,580	8,144	7,824	6,605
Usage ratio	74%	78%	75%	72%

◆ Number of video conferences and video interviews

year	2018	2019	2020
Video conference	258	659	697
Video interview	36	47	66



Provided 239,000 customers with shuttle bus transportation

From the perspective of environmental sustainability and consideration for customers, there are shuttle buses at Banqiao Store, Mega City Banqiao Store, and Hsinchu Store, transporting MRT stations, train stations and major local transportation routes, which are convenient for shoppers. The buses reduce the environmental impact caused by transportation during shopping, and provide a more environmentally friendly and comfortable living environment in the surrounding neighborhoods. We will flexibly adjust the schedule according to the number of passengers. In principle, we will not run empty vehicles. Please refer to announcements on the official website (<https://www.feds.com.tw>) for the daily schedule. The total number of passengers in 2020 reached 239,000.

◆ Number of shuttle bus riders

year	unit: Thousand		
	2018	2019	2020
Number of riders	117	60.3	23.9

Established 29 electric vehicle charging stations

As awareness of environmental protection continues to increase, more and more customers choose electric vehicles as a means of transportation in order to protect the environment and reduce pollution. According to research data, electric vehicles can reduce emissions of greenhouse gases and suspended particulates, reducing the impact of air pollution and slowing the effects of climate change, which provides substantial benefits to environmental protection. FEDS has 29 electric vehicle charging stations in 8 stores. The number of charging stations increased by 7% compared with the previous year. Together with customers, they responded to the government's green transportation policy and created a sustainable low-carbon life.

◆ Locations and number of electric vehicle charging stations



Preemptively manage traffic during events to reduce the impact on transportation

FEDS stores attract a large number of people during the anniversary events. In order to alleviate traffic congestion, FEDS meet with the police in charge, the staff of every county and city transportation bureau, and the surrounding businesses to communicate and coordinate before the beginning of the anniversary sales. Traffic control measures that can effectively relieve vehicular traffic including adding guide signs, appointing more traffic volunteers, adding more shuttle buses and contracted parking lots, etc., effectively minimize the impact on traffic in the local community during the anniversary sales.

◆ Major traffic maintenance measures for the anniversary celebration

- A** Establish clear guidance signs to ensure smooth traffic flow
- B** Plan the appointment of volunteers to guide traffic
- C** Add contracted parking lots to increase parking spaces
- D** Promote the use of public transportation to reduce the number of vehicles
- E** Stipulate threshold for traffic cut-off to relieve congestion
- F** Plan vehicle diversion routes to increase speed



Fully update company vehicles to reduce air pollution

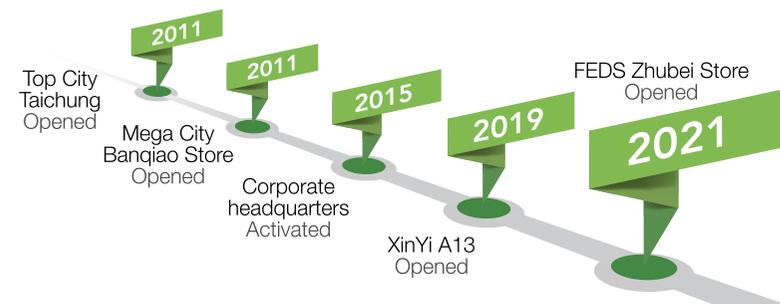
At present in Taiwan, about 33% of Particulate Matter (PM2.5) sources are mobile pollution sources such as automobiles and motorcycles. Old vehicles emit high air pollutants. Therefore, promoting environmentally friendly and low-carbon transportation is the key to improving air pollution. FEDS HQ and its stores operate 19 company vehicles in total, with an average service life of 11.6 years. In 2020, we have replaced 3 company vehicles with new environmentally friendly vehicles, and will replace 2 more vehicles in 2021. The remaining 14 vehicles will be replaced over a course of three years to support green transportation and reduce air pollution.

3.3.2 Build green landmarks to create a sustainable city

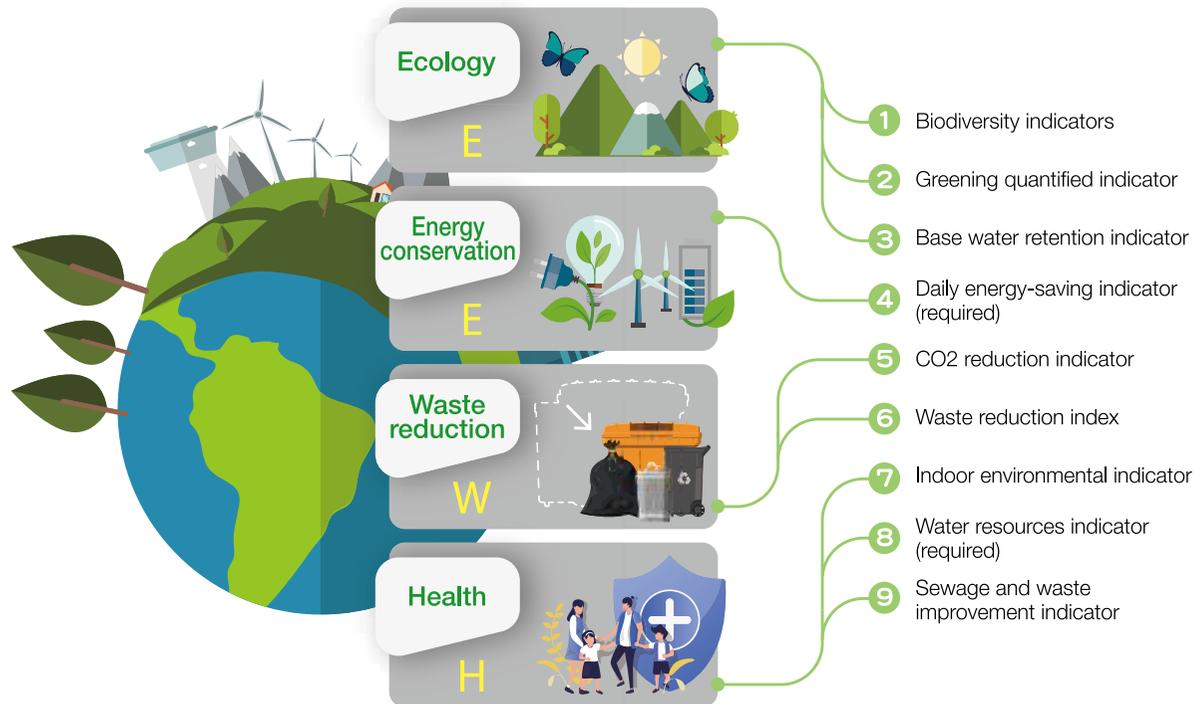
Environmentally friendly silver-level green building corporate headquarters

As a trailblazer, FEDS was the first to incorporate the concepts of green building into the design of department stores to create a new type of environmental protection and energy saving with the four main principles of Ecology, Energy Saving, Waste Reduction and Health. The concept department store exceeds the normal expectations for department stores, by becoming a beautiful part of the city. At present, 5 department stores and buildings have been built with the concept of green buildings, and the HQ building has also received the green building silver label.

◆ A member which incorporates the idea of green buildings



◆ Nine major indicators for green buildings

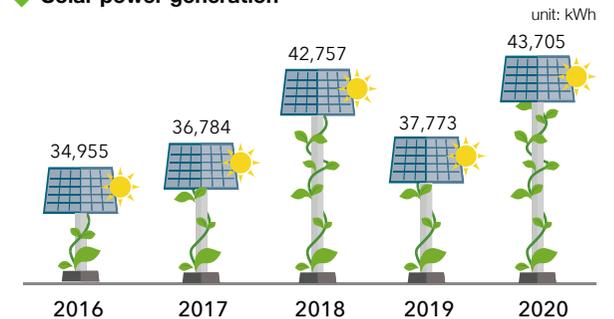


Low-carbon operation, fashionable and environmentally friendly department store

FEDS integrates the spirit of environmental protection into the space details of every mall. Top City Taichung, Mega City Banqiao Store, FEDS Xinyi A13, and Chubi Store (expected to open in 2021) that have been opened since 2011 are all planned as environmentally friendly and energy-saving green department stores aim at low-carbon operations to reduce the impact of mall operations on the environment.

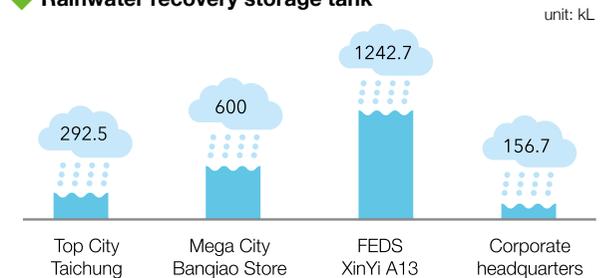
FEDS Xinyi A13, opened in 2020, not only has a rainwater recycling system, but also uses Low-E glass on the 4th floor to allow a large area of "natural lighting" for the purpose of saving lighting and energy. It also implements "three-dimensional greenification" on the walls of the mall, in order to reduce the indoor temperature and improve the comfort of the environment by adding nature to the space. We have also created an urban oasis on the top floor by planting a large area of grassland, which in turn achieves energy-saving and carbon reduction effects. The green environment also achieves several environmental benefits such as purifying the air, reducing the greenhouse effect, and increasing biodiversity.

◆ Solar power generation



Note: Statistics from Top City Taichung.

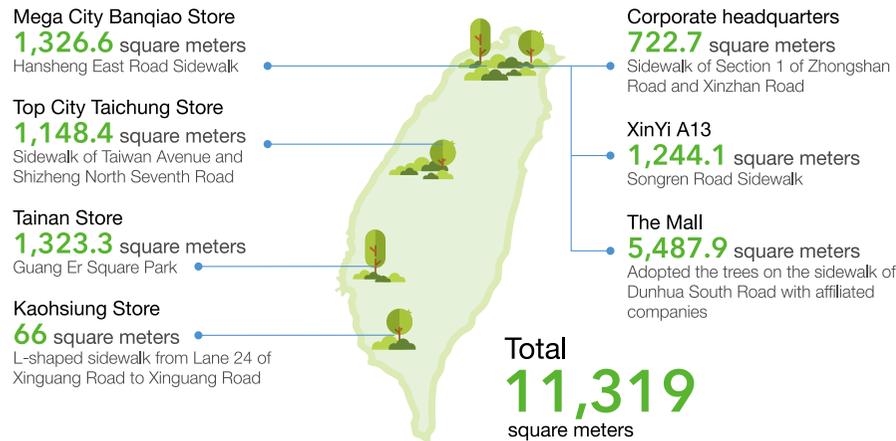
◆ Rainwater recovery storage tank



Adopting green spaces to maintain the green scenery of the city

In order to respond to urban greening and provide a high-quality cityscape, FEDS adopts the sidewalk trees and park green areas around the mall every year, and regularly sends staff to green, beautify, and clean the environment. In 2020, the total area adopted reached 11,319 square meters, providing a more tidy place for the local community, a comfortable green environment, but also contributing to the urban landscape.

◆ Adopt trees and green spaces along the road



3.3.3 Promote green consumption through products and services

In 2020, FEDS continued to promote the "Three Rs, Three Es" in the consumption process, including: Reduce, Reuse, Recycle, Economic, Ecological, and Equitable, to work together with customers to reduce the impact of customer behavior on the environment, improve the sustainable use of resources, and change the world with consumption power.

◆ Green consumption results



8 Major Green Consumption Actions



Supporting fair trade through responsible retail

Starting in 2016, FEDS World Gourmet has introduced Italian fair trade coffee that has obtained the EU organic agricultural product certification mark, in order to implement responsible retail through the three fair trade principles of "friendly to small farmers, friendly to the environment, and friendly to the customers". As of 2019, the sales volume of fair trade coffee totaled 833 kg. In 2020, due to government regulations, EU countries that have not signed bilateral organic equivalence mutual recognition treaties with Taiwan have abolished their equivalence recognition announcements. Therefore, since January 2020, we stopped the sale of fair trade organic coffee.

Encouraging local consumption through agricultural markets

Shortening the distance for transporting food to reduce carbon footprint is one of the methods to ensure environmentally friendly consumption. FEDS leverages its channel strength to promote "local production and local consumption", assisting in marketing local high-quality agricultural products, so that customers can purchase nearby. In 2020, 118 agricultural product markets were held and 1,142 stalls were assembled to sell up to 4,403 merchandise items. The number of shows and booths both increased by about 20% compared with the previous year.

Green procurement promotes green business opportunities

FEDS has been named an "Excellent Enterprise in Green Purchasing" by the New Taipei City Government for four consecutive years. In 2020, green procurement accounted for 97.7%. Green procurement is the best tool to implement green consumption, and it further promotes a green circular economy. FEDS supports green procurement by giving priority to green products that are low-polluting, energy-saving, and beneficial to the environment and human health. We build environmentally-friendly green department stores through green procurement actions, pursuing environmental sustainability, and fulfilling our corporate social responsibilities.

The eco-friendly paper bags comply with environmental protection policies

Paper bags are the most consumed paper products in department stores. In response to the international trend of environmental protection, the raw pulp used in FEDS shopping bags have been certified by the FSC, comply with EU environmental protection directives, and the bags are printed with high-cost environmentally friendly inks.

Reduced packaging minimizes environmental waste

Using the concept of green packaging as a starting point, FEDS strives to reduce the use of packaging materials and reduce the impact on the environment. In 2020, the cost of packaging materials was reduced by 9%, which shows our efforts towards environmental protection and conserving resources.

Reduced printing minimizes paper consumption

FEDS strengthened its digital channels such as FEDS's app and official website to deliver scheduled activities and discount information to customers, gradually reducing the amount of publicity products printed, and extending the spirit of environmental sustainability from physical stores to online channels. In 2020, due to the new opening of Xinyi A13 and the addition of two new marketing activities, the number of marketing materials printed increased by 14%. If the aforementioned two factors are deducted, the volume of printed paper in existing stores decreased by 2%.

Environmentally friendly uniforms protect the environment and ecology

In order to protect the health of employees and reduce the pollution created during the clothing production process, FEDS's staff uniforms have gradually shifted towards fabrics that meet the environmental protection mark certification OEKO-TEX STANDARD 100 starting in 2016, to ensure that the uniforms do not contain harmful substances. As of 2020, a total of 2,807 environmentally friendly uniforms have been produced and distributed.

Recycling bins were established to encourage recycling and reuse

Since 2014, Paoching Store, Mega City Banqiao Store, and Tainan Store have responded to the environmental protection activities promoted by the local government, setting up environmental protection bags, paper bags, and used book recycling bins in the malls to encourage people to bring the environmental protection bags, paper bags and old books to each store and put them into recycling bins to reduce the use of new paper bags and maximize resource sharing and utilization efficiency.



Safe Product Management



FEDS provides high-quality products and delicious meals with a careful and cautious attitude, so that customers can consume and eat with ease. With comprehensive supply chain management and continuous improvement of the supplier evaluation system, it is hoped that suppliers can work with FEDS to attach importance to social responsibilities such as health and safety, labor human rights, environmental protection and ethical requirements, and establish a sustainable supply chain for the companies.

4

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In response to **3** material topics

- Supply chain management
- Product quality and food safety
- Store safety and services

4.1 Carefully Selected High-quality Products

In order to allow customers to shop safely, the 13 categories of commodities sold in FEDS are inspected, labelled and managed in accordance with relevant government laws and regulations, and internal management measures are formulated as auxiliary norms to implement the rigor of commodity management and ensure the quality of commodities. FEDS is the only department store in the department store industry that has a self-operated food counter, "World Gourmet". In 2016, we imported fair trade coffee, promoted the concept of "responsible retail", and changed the world with the power of consumption.

4.1.1 Commodity Safety Committee provides safe products

FEDS has established a "Commodity Safety Committee", which is responsible for managing product safety and promoting related projects to reduce operational risks. FEDS's products are mainly divided into 13 categories. Each product category is inspected in accordance with government laws and regulations before being put on sale at counters to ensure that products meet safety standards and to protect customers' rights and interests. Among the products, 30% of products with higher risk are targeted, such as: catering, food, and cosmetics that are perishable and have a direct impact on customers' health, the contract will force the counter vendors to comply with government regulations, formulate management measures, and perform random inspections.

For the management of product labeling, FEDS continues moving forward from the source of the products to good labeling management, including the production batch number, manufacturing date, and expiration date labeling of genuine cosmetics and trial products, etc., all of which

are managed under effective traceability of manufacturers to reduce consumption disputes and achieve a triple win situation for vendors, customers, and companies. In addition, if the audit finds deficiencies, the responsible unit will improve and strengthen the promotion to vendors at each counter, and then the floor supervisor will conduct daily audits and work with the counter vendors to achieve the improvement goals.

In 2020, FEDS formulated the "Management and Control of Self-operated Cosmetics Invoicing" and "Measures for On-site Commodity Inventory" to strictly manage products, and conduct a quarterly inventory of self-operated cosmetics and a semi-annual inventory of all products in the store, mobilizing about 388 people and 1,038 people respectively. The product loss rate is less than 0.03%. Confirming the status of commodities through commodity inventory provides customers with the highest quality products, reduces customer complaints and spillover costs, and is also conducive to maintaining accurate inventory, in order to show real-time inventory management performance, and also allow the commodity department to formulate the best stocking strategy. In 2021, FEDS will continue to conduct product labeling management and commodity inventory, and achieve the goal of "zero missing labels" for products.

◆ Thirteen categories of FEDS



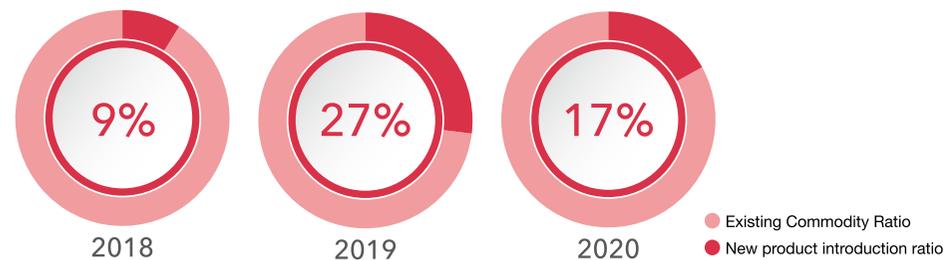
◆ Regulations and management methods related to products



4.1.2 The only self-operated food counter in the department store offers exotic delicacies

FEDS carefully monitors the merchandise management process, and strives to create a stylish, sophisticated, and secure life experience for customers. In 1995, FEDS established its own food counter, World Gourmet. In the twenty-five years since its establishment, all products sold at FEDS have been personally scrutinized and selected by expert product development personnel, to ensure that top ingredients are selected from all over the world, from olive oil, coffee, and biscuits to cereals, etc. The products are provided by established, well-known international brands, allowing customers to enjoy well-known exotic foods without going abroad. In 2020, FEDS World Gourmet sold a total of 460 items, of which 76 items were newly introduced that year, with a new product introduction rate of 17%.

◆ New product introduction ratio

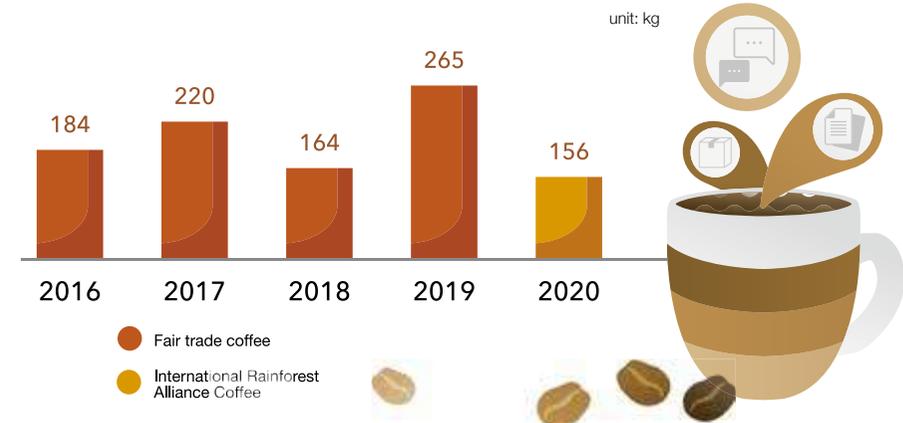


All imported goods sold in World Gourmet are inspected and certified in accordance with the Act Governing Food Safety and Sanitation of the Ministry of Health and Welfare. The products are not subjected to secondary packaging to ensure that the quality of the products is the same from the place of production to the place of sale. It can maintain consistency and reduce the risk of deterioration. In 2020, we introduced high-quality French tea and Italian coffee and pasta, especially MANTOVA PURE olive oil and extra virgin olive oil. In 2020, more than 57,000 bottles were sold. Customers eagerly snatched up the safe products.

4.1.3 Introduced fair trade coffee to implement responsible retail

In addition to quality-guaranteed imported top-level gourmet products, FEDS has been promoting the concept of responsible retail since 2016. From 2016 to 2019, we introduced coffee with the "FAIRTRADE" and "ECOCERT" logo for sale. The production of the coffee, from the soil, coffee tree, roasting to delivery, is in line with international standards, allowing customers to drink and enjoy high-quality coffee, while also protecting the profits of small coffee farmers in developing countries and providing "guaranteed purchase prices" to improve their living conditions. The cumulative sales reached 833 kg. However, since 2020, due to the amendment of the government decree, the import of European organic agricultural products has been suspended. FEDS has shifted to the import of 156 kg of BRISTOT Rainforest Coffee, which is certified by the BRISTOT Rainforest Alliance to ensure that the planting causes less environmental pollution and waste, protects natural environment and animal habitats, and protects farmers' rights and competitiveness. We hope that by introducing certified products, we can exert the power of FEDS, implement corporate social responsibilities, and invite customers to change the world, and invite customers change the world with the power of consumption.

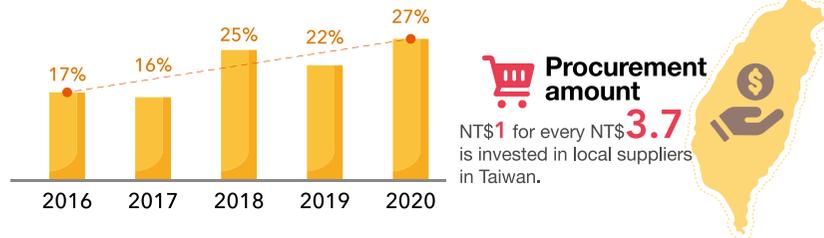
◆ Trade volume of coffee over the years



4.1.4 Increase the proportion of local procurement to uncover high-quality ingredients

FEDS supports local suppliers and promotes the localization of the supply chain. Partnerships with local suppliers can minimize import procedures, and can also provide high-quality products that better meet customer needs and create local employment opportunities in Taiwan. The proportion of goods purchased by FEDS World Gourmet from domestic suppliers has been increasing year by year. In 2016, it only accounted for 17%. By 2020, the proportion has reached 27%, which is equivalent to NT\$1 for every NT\$3.7 purchase amount spent on Taiwan's local goods, and practical actions are taken to show that we attach importance to local development and support Taiwan's suppliers. FEDS will continue to use its core product selection capabilities in 2021 to increase the proportion of procurement from local suppliers.

◆ Proportion of domestic procurements made by self-operated counters in the past



4.1.5 Strictly control product safety and protect customer rights

Regarding the "Disputed Commodity Handling Process" and "Procedures for Handling Problematic Products or Erroneous Products on Shelves", FEDS has established a complete process. In our internal control operations, 27 operation control points for self-operated merchandise management have been established, and the authority inspect the control points regularly. The authority shall ensure product safety and quality, and safeguard customer rights and interests.

The internal control process of merchandise management includes the monthly regular reporting meetings to the president by the Merchandising Division, Operation Division and Administration

Division. The merchandise safety committee updates the latest news, once a suspected merchandise incident occurs, the process can be activated immediately. The authority will develop a response plan as soon as possible to deal with the incident, and then generalize and disclose it to avoid the recurrence of related incidents and reduce the impacts and harms to the customers. There were no disputes over problematic products in 2020.

◆ Product dispute handling procedure



◆ Problematic or Erroneous Products Handling Procedures



4.2 Safe and Delicious Food and Beverage

FEDS is committed to providing customers with an excellent dining experience and becoming a social environment that cannot be replaced by e-commerce. We ensure customers can be certain of their food and catering safety via three management mechanisms: clear regulations, independent management, and regular inspections.

4.2.1 Food Safety Management Committee to ensure food safety

In recent years, the department store industry has been instrumental in catering trends, introducing multinational catering, and introducing multinational catering and attracting customers through food. Food safety has also become a societal issue of public concern. FEDS's Food Safety Management Committee is the first line of defense for the food safety of customers, and ensures that they are provided with safe and high-quality catering services. Thanks to the efforts of the Food Safety Management Committee, FEDS's food and beverage performance has improved year over year, demonstrating our customers' trust in our food and beverage safety.

To promote the plastic limit policy, on August 8, 2020, the Environmental Protection Administration announced the revision to announced the revision to announced the revision to "Disposable Tableware Use Restrictions" for the department store industry, shopping centers and mass retail store industry. Non-reusable tableware shall not be provided to customers in dining areas of the stores. In 2011, FEDS installed washing equipments in Top City Taichung Store and Mega City Banqiao Store, prompting 90% catering counters of the two stores to not use disposable tableware. In 2020, all 11 stores in Taiwan further followed the new policy and was actively announced to manufacturers in advance. We provided guidance and completely banned disposable tableware, and encouraged restaurants to promote the benefits of customers bringing their own environmentally friendly tableware and environmentally friendly straws to the public.

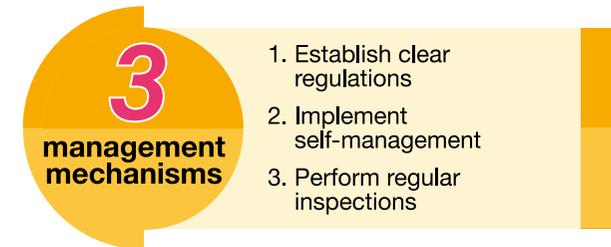


Clearly label imported pork and beef from the US so that customers can buy without worries

Starting from January 1st, 2021, American pork and American beef over 30 months old and containing ractopamine is approved for import. In order to ensure the public's right to know, products containing American pigs and American cattle must be clearly labeled in all major stores selling fresh produce and catering stores. Therefore, in 2020, FEDS also advanced the deployment of food safety labels by imitating the previous deployment of the plastic restriction policy and communicating with manufacturers and industry players in advance to implement comprehensive labeling at each catering counter in response to the consumer's values.

4.2.2 Three management mechanisms to control food safety and health

In recent years, FEDS's catering performance has improved year by year, and according to the analysis of major issues that customers care about, food safety ranks fourth, which shows the trust and requirements of customers for FEDS's catering safety. In order to allow customers to "eat with ease", FEDS pays more attention to food and catering safety, adopting a triple mechanism of "clear regulations, autonomous management, and regular inspections", becoming the first line of defense for customers, protecting customers' health, and building a safe restaurant network.



Management mechanism 1 Establish clear regulations and ensure compliance and execution

FEDS follows the concept of "safety comes from discipline, and discipline comes from management". The management regulations are clearly listed in the catering counter contract, requiring vendors to observe the catering safety aspects such as "dining environment", "food safety", and "kitchen management" to ensure compliance with relevant regulations, including: tableware should be cleaned before closing every day, the oil used for frying should be inspected daily, the ingredients and condiments should be covered and stored, and the expiration dates of products should be checked, and the kitchen waste should be properly disposed. In accordance with the food safety and sanitation process, management mechanisms should be established for each step of the process, requiring vendors to manage themselves, and then FEDS inspects regularly to create a healthy and safe dining space for customers.

◆ FEDS's requirements for catering vendors

Dining environment 

- Ban melamine tableware
- Restrict the use of disposable plastic tableware and straws
- Food and utensils must not directly put on the ground
- Properly clean the tableware before closing
- Chipped or damaged tableware shall be immediately replaced
- Damaged tables and chairs must be thrown immediately
- Large-scale disinfection every month

Food management 

- All ingredients must comply with food safety and hygiene regulations
- Properly store food, ingredients and frying oil
- Store seasonings and food in a container with a lid
- Keep the refrigerator clean. The temperature is controlled. Raw and cooked foods are stored separately the separated
- Daily inspection of frying oil
- Ensure that the expiration dates of certified food and additives are clearly marked
- Check the quality of drinking water and ice cubes every season

Kitchen safety and health 

- Catering staff shall be train with the necessary professional training and wear sanitary caps
- Pay attention to catering equipment safety and conduct regular inspection and maintenance
- The staff are in good health and have no symptoms that could contaminate food
- Kitchen equipments and utensils must keep clean and free of bacteria
- Catering staff shall wear clean work clothes and keep their hands clean
- The staff must not engage in behaviors that may contaminate the food.
- Use dedicated sockets for electrical appliances and extension cords shall not be used

Management mechanism 2 Implement self-management to protect food safety

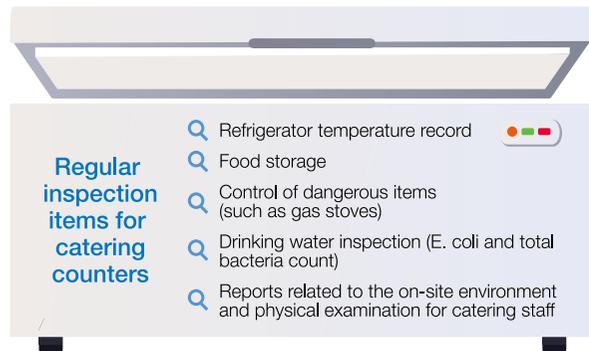
The Operation Division of HQ has formulated the "Commodity Management Operation Method", which regulates the daily and monthly inspections of various food safety, requiring the compliance of the supermarkets and food counter vendors and floor supervisors of the 11 branches. The Labor Safety Department checks checks the electricity usage and environmental safety of catering counters twice a year. In accordance with the relevant standards of the government's food safety laws and regulations, the auditing unit should preventively inspect food and kitchen safety. If suspected ingredients, oils, or operations are found, they will be immediately thrown away.

Vendor Self-management Q Checking List

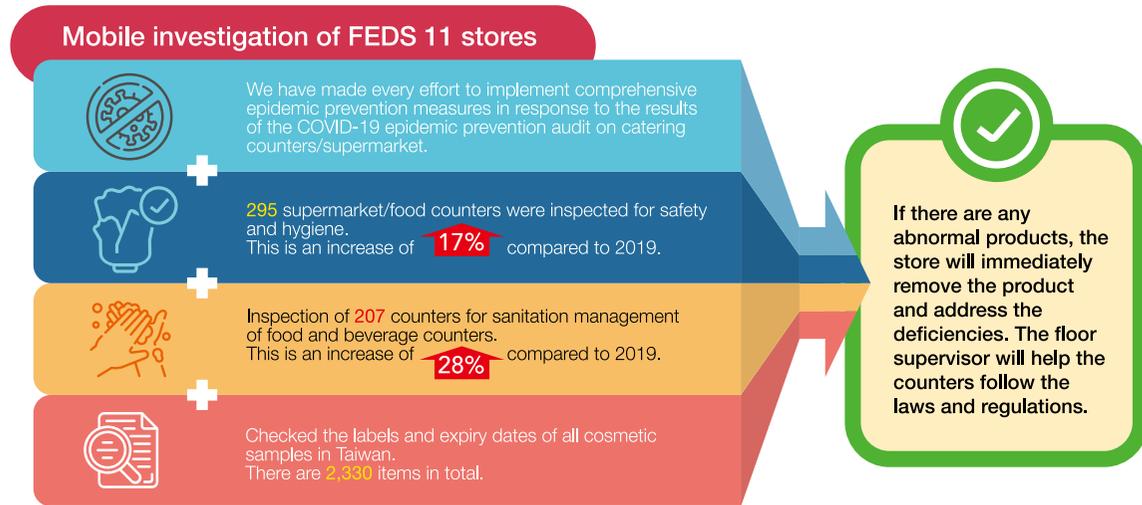
- The kitchen should keep tidy and clean
- Before closing, clean the fume exhaust pipe, hood / stove / drain / oil trough
- Daily disinfections are conducted regularly, and kitchen waste and garbage shall be properly disposed of
- Food waste bins should be covered
- After closing, the waste container should be properly sealed and transported for disposal
- Cleaning and disinfection supplies should be clearly marked, stored in a fixed place and managed by appointed personnel
- Product liability insurance is required

Management mechanism **3** Perform regular inspections

FEDS is committed to providing high-quality food hygiene. In accordance with the "Regulations on Good Hygiene Practice for Food", "Drinking Water Quality Standards" and "Drinking Water Equipment Maintenance and Management Measures", we regularly check whether we meet the requirements of laws and regulations every month, and this serves as an improvement record and reminder for catering practitioners. The F&B Department and Merchandise Development Department of supermarkets also follow internal control operations every year. According to the food safety procedures set by FEDS, we check whether the catering counters provide product inspection certificates and product safety commitments. In 2020, inspections were checked for more than 90% of catering counters. The number of inspections increased by 28% compared with 2019. The number of inspections on supermarkets and food also increased by 17% compared with the previous year. The implementation results are shown in the following table.



◆ The results of the auditing in 2020



4.2.3 Introduce special catering services, providing safe gourmet dining

FEDS has been operating catering counters for a long time and adjusts its counters in response to customer preferences. We introduced popular specialties, exotic cuisines and themed restaurants, established popular indicators in the department store catering market, led the new trends in dining and brought them into the mainstream. The benefits of the "stay economy" in the catering industry in department stores help to increase the customer capacity of the department stores.

In order to provide customers with good food and beverage quality, FEDS requires the catering counter vendors in the counter contract to ensure that the ingredients and quality of the food sold are safe and sound, and the raw materials for its product manufacturing have also gained the approval of the Food and Drug Administration of the Ministry of Health and Welfare, and are in line with national standards and relevant food safety and hygiene regulations, without any illegal addition, use, or other non-compliance with laws and regulations. At the same time, if the catering counter operates under a catering category designated by the Good Hygiene Practices, the proportion of its kitchen staff holding a Chinese food cooking certificate and a chef certificate should meet the legal requirements. FEDS cooperates with catering counter vendors to provide safe and delicious high-quality catering through rigorous regulations.



Launch of anti-pandemic gourmet lunch boxes

The COVID-19 social distancing programs directly affect the flow of people in the dining and entertainment parts of the department stores. In response to the new ways of life under the nation's epidemic prevention measures, FEDS launched take-out and delivery services. 70% of the food and beverage counters of FEDS in Taiwan have joined the delivery service. Restaurants have also launched bento boxes, not only in the store, but also in the adjacent area outside the store. They are sold from trolleys, which are extremely popular with the community. Taking Mega City Banqiao Store as an example, the B1 food street has become a bento street, with restaurants such as Golden Sanmai, Tim Ho Wan, Xinpuyuan, Food Republic, Japanese EN, and Hai Sushi all launching bento boxes, allowing customers to enjoy the delicious food and maintain a safe distance for epidemic prevention at the same time.



Promote customized services to provide valet cooking services



City'super, a subsidiary of FEDS, expanded the scope of its valet cooking services in 2020. In response to the busy lifestyles of small families and unmarried professionals, it launched an all-Taiwan butcher shop on the eve of the Mid-Autumn Festival to provide valet cured meats and customized butchering services. Professional advice can be provided by the butchers and customized packaging gift boxes containing all kinds of meat products were offered. At the same time, it also cooperated with the Canadian Beef Association and the Japanese Government Fisheries Promotion Unit (JFOODO) to launch high-quality meat products and fresh fish paired with vegetables from small farmers, allowing customers to buy good ingredients in a convenient one-stop shop, driving the sales of high-end meat, fresh and home barbecues. Sales have grown by 50% to 60% compared to the same period last September, showing that all kinds of valet services are indeed part of the trend of meeting customer needs.



Rigorously selected products delivered directly to the home, the delivery service has achieved great results

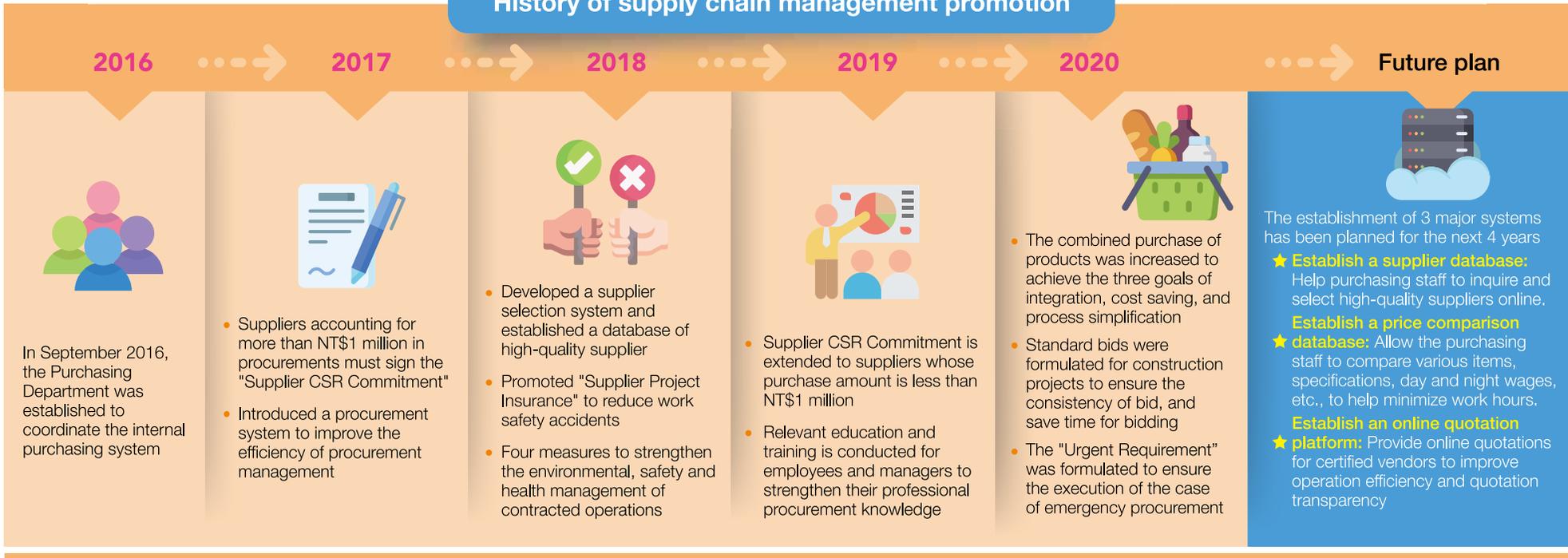
With the changing lifestyles of customers, A mart cooperates with delivery platforms to provide an additional channel to purchase carefully selected products from our stores. Since 2019, a. mart has been cooperating with Foodpanda to offer delivery services from Banqiao Nanya Store. Up to 2020, it has expanded to 14 stores except the Taoyuan Store. Nearly 50 types of products and more than 4,000 items are for sale, including fresh ingredients, snacks, daily necessities, etc., with a maximum of 41,000 orders per month. A mart cooperates with delivery platforms to strengthen the five major advantages of mass retail stores: "excellent prices", "diverse products", "fast speeds", "long service hours", and "multiple types of service methods", making it more convenient for customers to purchase products, and also further attracting consumers under the age of 35 who enjoy online shopping and frequent convenience stores.



4.3 Supply Chain Management

In addition to the counter vendors in the mall, FEDS also works with various partners who assist in the operation of the mall. The partners can be divided into five categories: construction, administration, IT, publicity, and labor. Through the supplier management and evaluation system, we ensure that the suppliers comply with laws and regulations during the process of providing products and services, and, together with FEDS, attach importance to social responsibilities such as health and safety, labor rights, environmental protection and ethical requirements. In order to establish a sustainable supply chain for the company, FEDS holds an annual vendor networking meeting, inviting more than a hundred vendors to share their growth results and future developmental visions. At the same time, it praises the outstanding performances of counter vendors, and hopes to work together to innovate products and services. We want to give customers a fresh shopping experience and upgrade the business model of the department store industry.

History of supply chain management promotion



4.3.1 High-quality suppliers are selected by Supplier Management Committee

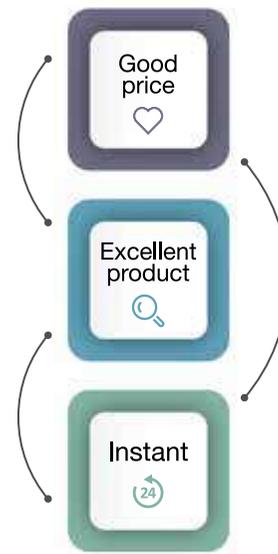
The Purchasing Department of FEDS developed a supplier selection system in 2018. The first step is to select Supplier Selection Committee members to form a "Supplier Project Selection Committee", which is selected in a fair, just and open manner. And then, the Committee will select high-quality suppliers to establish a vendor database for the Purchasing Department. Starting from 2019, we have conducted education and training programs for the supplier management office, purchasing department, and management trainees. In 2020, the Purchasing Department planned to establish a supplier database system, which is expected to be completed in 2024. The database will distinguish business categories, scales, grades, etc. of suppliers. In addition to assisting procurement staff to check vendors' information and performing bidding operations, they can also select high-quality suppliers directly from the system.

In order to support the local industry and shorten the lead time and after-sales service, FEDS prefers to cooperate with local suppliers. In 2020, the number of local suppliers and the purchase amount accounted for more than 90% of the overall purchase scale. We carefully select suppliers who comply with environmental sustainability and labor laws and whose quality meets the standards. We follow the requirements of the Far Eastern Group's Joint Purchasing Center for supplier credit investigations and other requirements. The suppliers sign CSR commitments clearly pointing out the actions of labor rights, health and safety, environmental protection, etc., in order to strengthen the supplier's sustainable management mechanism. In 2020, 100% of new suppliers have been screened based on this principle, and a security supplier was screened out for having a negative impact on health and safety. Improvements have been completed through meetings between the two parties and strengthened safety advocacy.

◆ Supplier selection process



◆ Procurement objectives

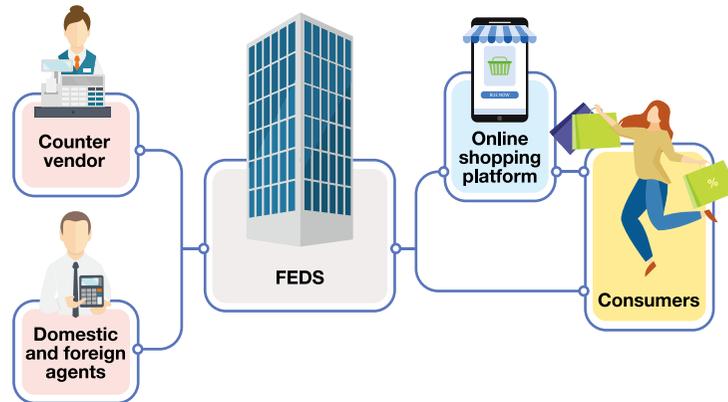


◆ Supplier selection criteria and quantity

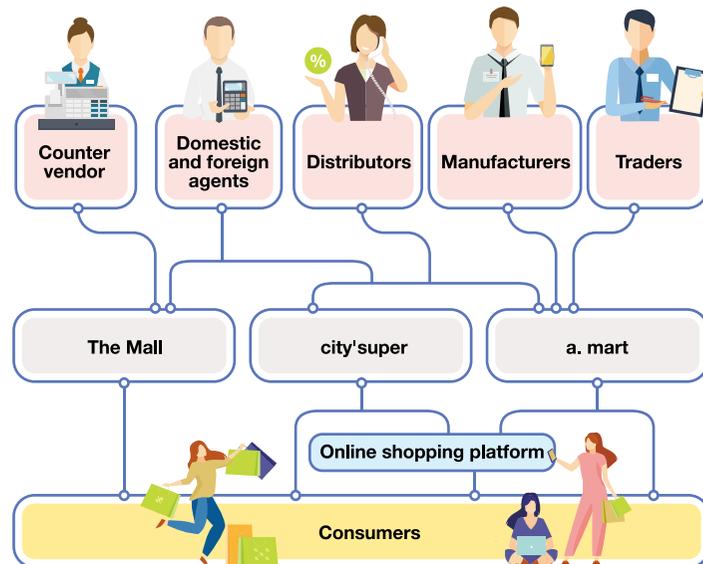
	Health and safety	Labor and human rights	Environmental	Ethics
Total number of suppliers screened	219	219	219	219
The number of suppliers that have (or may have) a negative impact identified	1	0	0	0
Number of improved suppliers	1	0	0	0
Number of terminated suppliers	0	0	0	0



◆ Supply chain diagram



◆ Subsidiary supply chain diagram



4.3.2 Obtained 277 supplier CSR commitments

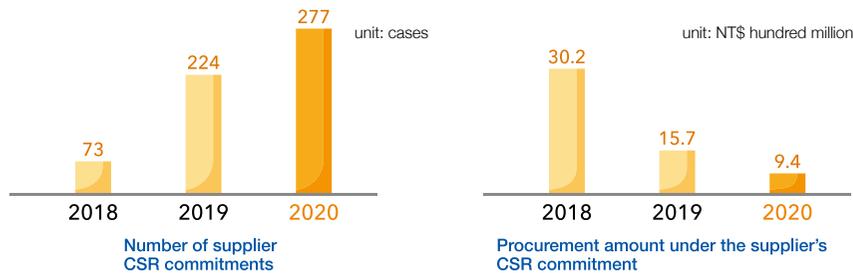
FEDS formulated the "Supplier CSR Commitment Letter" in 2017, which stipulates that all cooperating suppliers who undertake business with FEDS and with a total procurement amount of up to NT\$1 million must sign the "Supplier CSR Commitment" when the contract is signed. Together with FEDS, we have made a total of 32 sustainability commitments in four categories, including labor and human rights, health and safety, environment, and ethics.

◆ Supplier social responsibility commitment indicators



FEDS uses the "Supplier CSR Commitment" as one of the supplier selection criteria, and integrates the four procurement phases of "request, purchase, inspection, and payment" through the BPM system to achieve timely, collaborative and effective procurement management. If the supplier fails to fulfill the social responsibility commitment, it will be dealt with in accordance with the contract (such as being placed on the watch list, suspension of power, termination of the contract, etc.). In 2019, suppliers continued to be required to sign the "Supplier CSR Commitment", and the commitment has been extended to suppliers with a procurement amount of less than NT\$1 million. The "Green Environmental Protection and Social Responsibility" indicator was also included as one of the common evaluation items for supplier evaluations in order to establish sustainable supply chain management.

In 2020, FEEDS has effectively obtained 277 signed "Supplier CSR Commitment" from suppliers, an increase of 24% compared to 2019. Among them, there were 118 suppliers with a procurement amount of more than NT\$1 million, and the total procurement amount for suppliers who signed was about NT\$940 million, accounting for 57% of the total annual procurement amount. The total number of signatories was 219, an increase of 107% from 2019. In order to ensure that suppliers meet the requirements and standards of FEEDS, the Purchasing Department regularly inspects and visits important contractors and suppliers in their construction and manufacturing sites every year. Once any standards is violated, we will discuss solutions with the suppliers and proceed to improve the shortcomings and deal with them in accordance with the contract. In September 2020, the Purchasing Department, together with General Affairs Department and the IT Department, visited seven equipment vendors of "parking lot system" in northern Taiwan to conduct factory evaluations. After the evaluations, no major deficiencies were found and further procurement of related equipment was implemented.



Expanding the scope of procurement in response to the government's green procurement

FEEDS spares no effort in environmental protection. In addition to actively looking for environmentally-friendly products that have obtained green certification every year, we are gradually increasing our purchasing power. In 2020, there were 8 more green projects than in 2019, and the procurement amount also increased by 20% compared with 2019. We also promise that the procurement amount in 2021 will increase by 5% compared to 2020, in order to actively respond to the government's expectations and contribute to environmental sustainability.

4.3.3 An online appraisal system was established to improve supplier management

In order to improve the service quality of suppliers, the Purchasing Department, Construction Department and General Affairs Department cooperated to plan the "acceptance control process" and reported in the management meeting in August 2019. The process states that if there is a delay or the vendor violates labor health and safety regulations, the Purchasing Department will invite suppliers, property management units of HQ and the stores, and related business units to convene an inter-departmental coordination meeting to review deficiencies in accordance with the "Supplier Evaluation Form", and to develop improvement methods, including suspension of rights, fines and other measures.

FEEDS further incorporated the supplier evaluation mechanism into the BPM system in 2020. When the procurement case is reviewed and accepted, the property management unit of HQ and the store and the relevant business units will focus on the four major criteria of quality, delivery, service, and industrial safety. Evaluation is conducted face-to-face, and four grades are given: "Excellent, Good, Needs Improvement, and Needs Immediate Improvement". If it is listed as "Needs Improvement", the supplier shall explain the deficiencies and immediately propose improvement measures. If it is listed as "Needs Immediate Improvement" for 2 consecutive months, we will evaluate the termination of the contract with the supplier and include it in the suspension list. In 2020, a total of 7,619 procurement cases were evaluated. Among which, 99% of suppliers were rated as good or better, one supplier was added to the watch list, and one was suspended.





Promote construction insurance to reduce work safety accidents

In order to protect the labor safety of suppliers, for example: insurance related items and licenses shall be clearly recorded on the project bid sheets for operations in high places such as water, exterior window washing, oil interception tank washing, and electrical and mechanical operations. The contractor must provide the information and the information must be confirmed before work can begin.

In order to further reduce the risk of accidents in construction, we completed the "Construction Insurance Reference Standard" in December 2018, requiring construction contractors in the four major categories of electrical and mechanical, air-conditioning, fire protection, and decoration to follow the requirements of the "Construction Insurance Reference Standard" in the bidding documents after procurement and distribution. There were a total of 84 construction procurement cases in 2020, 100% of which were insured by construction insurance. The insured includes FEDS, contractors and their primary and secondary contractors. The insurance period is one year from the scheduled start date. The insurance coverage includes: construction (installation) project loss insurance, third party accident liability insurance, employer's liability insurance, etc.



4.3.4 Supervise the contractor's compliance with the environmental safety and health regulations to improve operational safety

◆ Contractor categories:



FEDS has established "Contractor Management Regulations", "Operating Environment Monitoring Regulations", "Automatic Inspection Plan" and other management measures, which are aimed at the frequent floor modification operations of department stores, including decoration construction, material handling, waste disposal, etc. We establish clear management and operating specifications for the noise and dust pollution in construction to improve the internal environmental safety of the stores and reduce the impacts on nearby residents and the surrounding environment.

In order to maintain the safety of floor construction and in accordance with the "Contractor Management Regulations", the "Construction Entry Application Form" must be completed for all projects in advance and approval must be given before entering the site. In October 2019, in order to increase the efficiency, the Labor Safety Department has converted the "Construction Entry Application Form" into a digital document. The front - and back - end staff at the store can apply at any time on the EIP system. The construction application must be attached to the project insurance policy and the staff roster provided by the contractor. The staff must have the insurance be trained, and manage their health, and health management. In January 2020, we also required the contractor to read the "Hazardous Factors Notification Form" and sign the form before they enter the site. The "Hazardous Factors Notification Form" states the 16 hazards that may occur during construction, as well as potential hazards and corresponding safety protection measures according to various operating activities or methods, and through the written confirmation procedures on site, we clearly inform all contractors and their personnel of the expected safe behavior.

◆ The contractor shall abide by the safety and health regulations and policies

Operating activities	Potential hazards	Necessary safety measures
Electric welding, gas welding, heat melting	Burns, radiation hazards, electric shock, burning, fire and explosion	Seven items including personal protective equipment
Hanging operations	Overturning, bending of boom, falling objects, electric shock	Eight items including crane operator certification
Repair and maintenance	Bumps, puncture wounds, falls	Eight items including work gloves
Overhead work	Falling, collapsing scaffolds, falling objects	Eight items including ladders that meet the requirements
Electrical work	Electric shock, fire	Six items including leakage circuit breaker
Confined spaces	Hypoxia, poisoning, electric shock	Nine items including hazard confirmation in the space



Training for security companies to protect department stores and customers

FEDS's mall access and access pathways are managed via a 24-hour security monitoring system and access control system, and external security companies are entrusted to conduct patrols. Security personnel serving in FEDS should receive more than one week of pre-employment professional training and more than four hours of on-the-job training per month. The training in 2020 included: legal knowledge, human rights advocacy, duty skills, reception etiquette and other courses. The number of participants totaled 311, and the total training hours were 684 hours. Through the implementation of education and training, FEDS maintains the professional skills of security personnel and ensures the safety of stores and customers.



Employee training

Inspection patrols, conflict prevention training, customer service and handling of customer complaints, promotion of laws and regulations, etc.

Pre-employment training

Crisis management, disaster prevention and protection training, security principles when on duty, grappling, practical mixed boxing skills or self-defense techniques, summary of laws and regulations, etc.



FEDS joins hands with vendors to face all challenges



The FEDS's Annual Vendors' Association was held at the Shangri-La Far Eastern, Taipei on October 15, 2020. With the theme of "One Heart Together Working for the Future in 2020", 500 partners were invited to declare the ambition of the outstanding performance of anniversary sale. We also gathered momentum for the upcoming opening of FEDS Zhubei Store. Furthermore, a total of 113 vendors won awards in different categories of the 2020 Outstanding Vendor Awards.

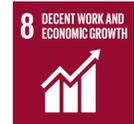
All industries have faced more severe challenges in 2020 due to the impact of the COVID-19 pandemic. How should the retail industry reallocate its resources and strategies in the future? With the topic of "The New Normal in the Retail Industry", Chairman Douglas Hsu pointed out that while customer demand, customer

behavior and customer attitudes are changing, digital services will be the goals that retailers should strive for in the future, and strategies can be formulated through the following four directions:

- 1 Innovative methods to connect with customers
- 2 Integrate physical stores and online services
- 3 Develop contactless shopping services
- 4 Experience is an important factor in the physical channels

Finally, Chairman Douglas Hsu also reminded everyone that although the pandemic continues, physical stores must pay more attentions to providing a safe, hygienic, and reliable shopping environment in order to allow customers to shop at ease. In the future, whether it is online or offline sales, the ultimate goal of the retailer is to provide diverse and various goods for customers to shop easily.

A Healthy and Happy Workplace



Healthy employees are an important asset to any enterprise. FEDS is committed to creating a friendly workplace and providing a positive work environment. We have established a complete education, training and job experience mechanism to cultivate the professionals needed for the company's development. The performance appraisal system is also used to help with the comprehensive development of the organization's human resources. At the same time, we provide salaries that are superior to others within the industry to ensure that employees receive competitive remuneration, creating a healthy and sustainable workplace.



5.1 Better Salary and Benefits Than Others in the Industry	95
5.2 Integrated Talent Cultivation	99
5.3 Considerate and Friendly Workplace	103

In response to **4** material topics

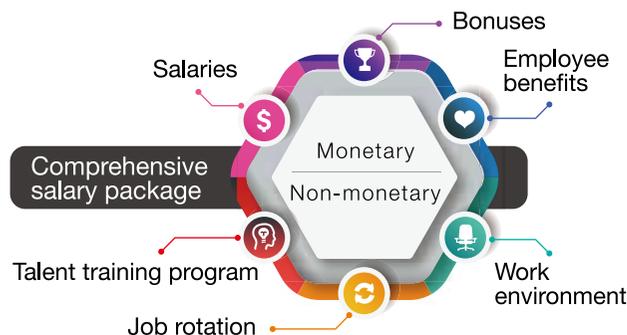
- Attract and retain talent
- Talent cultivation and development
- Occupational safety and health
- Legal Compliance

5.1 Better Salary and Benefits Than Others in the Industry

FEDS actively recruits and attracts potential department store retail professionals, builds a complete team for the future of smart retail, and provides employees with excellent salary and benefits to maintain the stability of our human resource structure. In 2020, the employee turnover rate was 7.8%, showing a reduction of 34% compared with 2019. Employee benefits have also been increased for four consecutive years, with a cumulative increase of 31%. FEDS continues to provide better employee treatment than other employers in the industry to create a good working environment, as well as become the ideal workplace for its employees.

5.1.1 The Human Resources Department regularly surveys salaries in the market

The Human Resources Department of FEDS exchanges information on salaries and benefits in the market with department store peers twice a quarter. In addition, the Company also researches the latest salary trends and talent retention information in the retail industry through relevant surveys on the Internet, newspapers and magazines, so as to stipulate fair, competitive, incentivizing salaries and benefits. FEDS's salary structure is much better than the minimum wage. The salaries include monetary factors such as basic salaries, variable bonuses, employee benefits, and non-monetary factors such as a good working environment, job rotation, talent development programs, etc. Through the comprehensive design of the salary structure, we attract and retain outstanding key talents in the organization, while motivating the morale of employees and creating the core competitiveness of the company.



5.1.2 Going beyond equality to provide competitive remuneration

FEDS's salary standards do not distinguish between gender, age, or race. Instead, they are based on academic background, professional experience, work performance, demonstrated skills, job description, expertise, and other factors. Furthermore, the department store industry is rapidly changing, and accordingly FEDS actively rewards employees who show outstanding performance, thereby going beyond mere equality. FEDS eliminates the worst performers to protect the health of our workforce. We also create a suitable working environment and conduct salary planning with the goal of retaining different professionals. The basic salary ratio of each rank in FEDS for men and women over the years is 1: 1. The starting salary of low-level staff in 2020 is 1.2 times higher than the minimum wage stipulated by the Ministry of Labor, breaking the stereotyped impression of low starting salaries in the service industry, and demonstrating our desire to show our appreciation for our hard working professionals.

Comparison of starting salaries of entry-level staff and minimum wage in 2020



Note: The formula used is starting salary of entry-level staff ÷ minimum wage. Minimum wage in 2020 was NT\$23,800.

Comparison of the average salary of each position in 2020



Note: Average salary = basic wage + compensation

Comparison of the average salaries in the wholesale and retail industry in 2020 with the average salary of FEDS



Note: The data related to the average salary in the industry was obtained from the Directorate General of Budget of the Executive Yuan.

Salaries of non-supervisory full-time employees

Year	2018	2019	2020
Number of non-supervisory full-time employees	1,253	1,265	1,301
Average salary (NT\$ thousand/person)	693	713	715
Median salary (NT\$ thousand/person)	647	659	669

5.1.3 Many diversified benefits allow employees to work happily

FEDS has a number of diversified benefit measures that are superior to the laws and regulations to provide employees with a good work-life balance. The Employee Welfare Committee holds regular meetings to provide a wide range of benefits, including: annual bonuses, birthday bonuses, family care, leisure activities, etc. At the same time, the Company also cooperates with vendors to provide up to 497 shopping discounts which are directly given to the employees. With the Company's excellent performance and profitability, FEDS also gives back to the employees who worked hard for the Company through practical actions, and continues to offer excellent benefit packages to create a better working environment for all employees.

◆ Employee benefits of FEDS

Job benefits	Retirement benefits	Shopping discounts
<ul style="list-style-type: none"> • Labor insurance • National Health Insurance, • Group insurance • Regular health check-ups • Compensation for work related injury • Compensation for severe injury or illness • Lunar New Year bonus • Dragon Boat Festival bonus 	<ul style="list-style-type: none"> • Mid-autumn bonus • End of Year Party bonus • Birthday bonus • Anniversary incentive • Meal allowance • Employee uniform 	<ul style="list-style-type: none"> • Labor pension provision • Retirement gifts
	Family care	
	<ul style="list-style-type: none"> • Wedding bonus • Funeral subsidy • Employee childcare assistance • Child schooling subsidy • Maternity benefits 	<ul style="list-style-type: none"> • Employee shopping discounts • Counter discount vouchers • Affiliated enterprise product discount
		Recreation and individual development
		<ul style="list-style-type: none"> • Company trips • Social activities • Further education subsidies



Regular health check-ups to value every employee's health

FEDS cares about the health of all our employees. In order to completely protect our employees, we not only provide employee labor insurance and national health insurance, we also provide fully subsidized group insurance. In order to ensure the good health and physical fitness of employees, we provide employees with better health checks than required by laws and regulations, so that our colleagues can track their physical health through regular examinations. At the same time, we also provide employees with group insurance, including hospitalization medical insurance and cancer medical insurance. When an accident requires hospitalization or medical treatment, the insurance can reduce the burden of medical expenses for our colleagues. In 2020, the number of people insured by the National Health Insurance was 1,342 employees and 937 family members. The company paid NT\$30.08 million, and the number of employees covered by group insurance was 1,366. The company invested NT\$2.09 million during the year.

Clear and transparent retirement plans to safeguard retirement benefits

FEDS has established a "Employee Retirement Method" to ensure that employees' lives after retirement can be secure. For colleagues who are eligible for the older Labor Retirement Fund (defined benefits plans), the company allocates a retirement reserve at 2% of the employee's salary every month, which is managed by the Labor Pension Supervisory Committee and deposited in a bank account in the name of the committee. The pension payment is based on the seniority of the employee and the average salary for the six months before retirement. For employees who are eligible for the new Labor Pension Fund (defined contribution plans), the Company contributes 6% of the monthly insured amount to the individual labor pension account of the Labor Insurance Bureau on a monthly basis, and appoints a consulting company to conduct actuarial calculations according to the old pension system every year to ensure the pension rights of all employees. For detailed information on pension benefit plans, please refer to "Post-retirement Benefit Plan" in the 2020 company annual report (https://www.feds.com.tw/shareholder/shareholder_tw.html).

Employee club activities enhance the team spirit

FEDS has set up "Administrative Measures for Employee Clubs" to encourage employees to set up leisure, healthy, and service-oriented clubs. Through club activities, employees can improve their leisure time and build comradery with each other, and the company's cohesiveness and sense of identity will also be enhanced. The clubs help establish harmony and joy within the work environment and helps improve team morale. We revised the "Administrative Measures for Employee Clubs" in June 2020 to lower the threshold for the establishment of social clubs, and at the same time, we increased the amount of club subsidies by 20%. We hope that these measures would encourage employees to actively form clubs and diversify the development of employee clubs.



A healthy and energetic yoga club



In November 2020, the "Yoga Leisure Club" was established. Professional yoga teachers were hired to guide colleagues through balancing and relaxing body exercises to relieve stress. Our colleagues used their free time to gather every week to exercise, exchange health information, and promote physical and mental health. There are currently 24 members of the club, and 12 activities have been held which had 135 participants in total.



Fully active aerobic fitness exercises



The Labor Safety Department of FEDS regularly and qualitatively promotes health-related activities. Starting from October 2020, office exercises have been implemented. Every Monday morning, all colleagues are invited to exercise together in the multifunction conference room at 9:30. The healthy stretching exercises allow colleagues to be "full of energy and vitality for the entire week." In just three months, 18 departments have participated, and the cumulative number of participants is around 171. The regular exercise sessions provide an opportunity for colleagues to develop the habit of exercising.

Childcare services allow employees to work without worry

In order to allow employees to work with peace of mind, FEDS cooperates with safe and reliable cultural and educational enterprises to offer discounts on educational program registration fees for the children of our employees. The Employee Welfare Committee also provides annual school subsidies for children. In addition, we have also created a high-quality breastfeeding environment for employees and customers to use, so that employees and customers can both benefit from the facilities provided by FEDS for mothers and babies.

Due to the characteristics of the department store industry, many sales employees are women. Therefore, we actively encourage female employees to continue their career development after starting a family. The total number of female employees that have applied for parental leave in the past three years was 87. In 2020, the application rate for parental leave by female employees increased by 21% compared to 2019.

Statistics of parental leave over the years

year gender	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
No. of people who are eligible to apply	57	180	69	168	66	131
No. of people applied	0	42	0	23	1	22
Application rate (%)	0	23	0	14	2	17
No. of employees subject to reinstatement in the current year	0	24	0	23	1	20
Actual no. of employees who applied for reinstatement	0	17	0	12	1	12
Reinstatement rate (%)	-	71	-	52	100	60
No. of people reinstated in the previous year	0	32	0	17	0	12
Number of people who have been reinstated for one year in the previous year	0	21	0	12	0	8
Retention rate (%)	-	66	-	71	-	67

Note: Reinstatement rate = Actual number of reinstated employees in the current year / number of employees subject to reinstatement in the current year
Retention rate = number of people reinstated for one year in the previous year ÷ number of people reinstated in the previous year

5.1.4 A healthy human resource structure meets the new challenges in retail

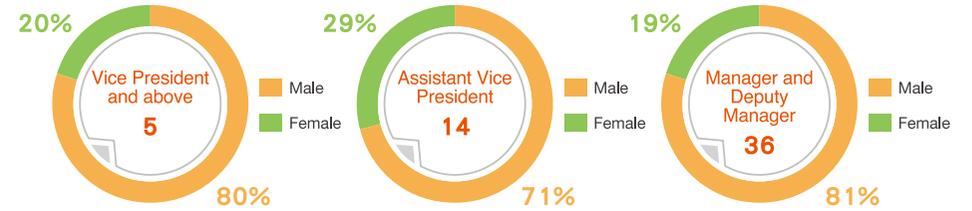
As of the end of 2019, the total number of FEDS employees was 1,357, including 1,347 full-time employees, and 10 short-term contract employees. Contracted employees enjoy the same education, training, benefits, and labor rights as regular employees. All senior management personnel are Taiwanese in FEDS's major operating locations. The superior salaries and benefits compared to others in the industry and a complete talent training system enable FEDS to maintain a complete human resource structure. In 2020, we recruited 193 new employees with a new employee rate of 14.2%. The number of resignations was 106, a decrease of 34% compared with the previous year, indicating that staff stability has improved.

◆ Employment contracts in 2020



Note: Full-time employees are defined as those holding indefinite contracts, annual employees, and employees hired on a monthly basis. Unofficial employees include temporary and seasonal short-term employees.

◆ Number and gender of managers at the vice president level and above in 2020



◆ Employee distribution

		Employee age distribution			Gender and age of new employees			Gender and age of resigned employees		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
29 and below	Male	30%	30%	30%	33%	31%	29%	33%	25%	26%
	Female	70%	70%	70%	67%	69%	71%	67%	75%	74%
	Number of people	358	436	357	100	203	161	88	98	97
30-49	Male	34%	35%	36%	83%	53%	57%	37%	32%	37%
	Female	66%	65%	64%	17%	47%	43%	63%	68%	63%
	Number of people	787	791	776	24	47	30	67	56	8
50 and above	Male	49%	48%	46%	0%	100%	50%	44%	71%	100%
	Female	51%	52%	54%	0%	0%	50%	56%	29%	0%
	Number of people	189	212	224	0	1	2	50	17	1
Total	Male	35%	35%	36%	43%	35%	33%	37%	32%	27%
	Female	65%	65%	64%	57%	65%	67%	63%	68%	73%
	Number of people	1,334	1,439	1,357	124	251	193	205	171	106

5.2 Integrated Talent Cultivation

FEDS has created a comprehensive talent cultivation system. The training plan starts with the recruitment of trainees to cultivate professionals in the department store retail industry. Current employees are provided with training courses based on their ranks and functions. In line with the 2019 management trainee training plan, the "Assistant Store Manager Trainee Training Program", implemented in 2020, cultivates the talents needed for the company's future operations and development using a more professional classification system. In addition, FEDS regards counter personnel as important partners, and designs exclusive training courses for the personnel to improve service quality and provide customers with the highest quality service.

5.2.1 Management trainee program cultivates talent systematically

Assistant Store Manager Trainee Training Program

In order to cultivate the professionals needed for the company's development, FEDS implemented the "Assistant Store Manager Trainee Training Program" in 2020. Through the complete training course, 16 management trainees can develop an understanding of the stores' logistics management, business scope, and operation methods, and at the same time enhance their personal professional knowledge, skills and abilities required to manage the business. The program totals 600 hours and is divided into three stages: professional skills, KPI implementation, and seminars. The study of "basic concepts" and "professional knowledge" are completed in order according to the professional skills needed by each management trainee, and the current assistant store manager is invited to share their practical experience and management skills, so that the knowledge learned can be internalized and the contents of the courses can be applied to real work scenarios.

◆ Assistant Store Manager Trainee Training Program



Motivation

1. Establish standardized department store management courses	In response to new retail and the new generation of management models, we have invited professionals from different units to create a new generation of department store operation management courses by planning new course content.
2. Continue to cultivate department store retail management professionals	The department store operation and management knowledge is taught through standardized courses, and the knowledge is implemented into practical management, helping us strive for perfection with the goal of cultivating department store operations and management professionals, and developing reserve management professionals for the company's expansion.
3. Provide a promotion channel that fully utilizes our employees' potential	We cultivate outstanding employees through personnel selection, course training, and result reviews. The employees who pass the training program will be prioritized when being assigned important positions and given opportunities for promotion.
4. Establish a good corporate brand image	We provide standardized professional courses for the department store industry, establish a promotion channel that can utilize their potential, attract excellent people to demonstrate their abilities, work together to create good results for the company, and establish a good corporate brand image.



Execution

1. Employee selection	The supervisors of HQ and stores select outstanding candidates.
2. Training course	Time: July 2020 for a total of 6 days Participating students: 16 Courses offered: 31 sessions Total number of trainees: 80 people Total number of training hours: 600 hours
3. Completion and assignment	After the management trainees complete the training and pass the test, they will be prioritized when being assigned important positions or promotion opportunities.



Benefits

1. Strengthen and implement the knowledge of employees at all levels related to department store operations and management.
2. Excellent employees can continuously improve their management skills.
3. Provide a good environment for outstanding professionals to perform and attract more outstanding people to join the team.



Employee training and development

FEDS has planned comprehensive courses for all employees to meet different professional needs, so that employees can continue to grow in their respective roles. In 2020, the average training hours of supervisors and sales personnel was increased, and the total number of employee education and training hours was 20,006 hours, representing an increase of 28% over the previous year. The total number of trainees was 16,874, an increase of 81% over the previous year, and each employee received 14.7 hours of training on average. The education and training implemented by FEDS can be classified as: new personnel training, professional training, and management and leadership training at different levels. The course content includes: the company's basic training, core career training, and self-development training. The annual investment in education and training amounted to more than NT\$1.09 million. By investing in and designing online and offline courses, employees can continuously improve their professional skills and knowledge, which means employees will be able to demonstrate their core values and continue to grow with FEDS.

General training for new recruits to fit into work quickly

Professional skills achieve the development of FEDS

Management and leadership training enhances the core management capabilities



Totalling 4 hours general courses are arranged for new recruits on the day of registration, and then the supervisors will explain and practice the work and share the experience to help them understand the company's policy and personal responsibilities in the shortest time and fit into work quickly.



FEDS designs different professional courses according to the needs of different positions to enhance the essential learning abilities of employees and encourage continuous lifelong learning. The courses were computers, languages, financial accounting, international trade, legal affairs, marketing management, strategy, and conflict management, etc. In 2020, a total of 247 employees were trained.



Since July 2019, monthly "Supervisor Training Courses" have been held. The content includes four major categories of "Industry trends", "Regulation updates", "Government policies" and "Supervisor leadership". The HQ manager are responsible for the courses designing and inviting industry professional lecturers. So far, 17 training courses have been completed, with about 50 to 80 supervisors in each course.

Positions and genders of trainees

unit: hours

year	2018			2019			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Managerial role	6.8	2.6	4.1	12.4	12.6	12.5	18.5	19.6	19.0
General employee	8.2	7.7	7.9	21.7	19.6	16.7	16.2	14.6	15.3
Sales personnel	2.6	3.4	3.1	10.5	5.9	6.1	10.6	8.8	8.9



Strengthen labor safety training and hosting online occupational safety conferences

In December 2020, the annual occupational safety conference was held through live streaming due to the impact of the COVID-19 pandemic. A total of 22 labor safety supervisors and personnel participated in the conference to discuss health promotion, safety and health matters, and various stages of epidemic prevention measures during the meeting. Through the exchange, sharing, and interactive communication, the discussion resulted in ideas that enabled the Company's labor safety measures to become more refined and effective. This conference also specially discussed the timeliness and accuracy of accident reporting, thereby improving the timeliness and effectiveness of accident handling in stores and implementing the concept of prevention. By paying more attention on a daily basis, we can avoid any danger.



Rising Star Program

In order to discover the future professionals who demonstrate good performance and potential within the Company, FEDS launched the "Rising Star Program" in 2019. The vice president of the Administration Division and four inter-departmental unit supervisors formed a review team and served as mentors to lead discussions related to management topics with our colleagues, and then based on the five indicators "participation, presentation, content depth and breadth, expression ability, and spontaneity", the performance of the colleagues was given a grade from 0 to 5. After the discussion of each topic was over, praise was given to outstanding colleagues based on the evaluation scores. A total of 56 young and outstanding colleagues were rewarded and praised in 2020.



Digital learning, promoting e-learning

Facing the trend of digital learning, FEDS has launched 7 professional online courses on the EIP platform. The course content includes: wastewater treatment, 5G and smart retail, general economics and trends, chronic disease prevention, trademarks and copyright, and fire safety education, etc. A total of 3,944 people viewed the courses. Promoting digital learning can reduce the travel times of employees during training, solve the problem of organizing a centralized location for training, and allow employees to review the content of the courses anytime and anywhere, creating a learning environment which incorporates the idea of “anytime, anywhere” within the organization.

Counter staff training and education

In 2020, the total training hours for counter personnel in FEDS reached 17,326 hours. The training courses include: labor safety education and training, personnel attendance and appearance education, as well as cash register operation, information related to various gift certificates, carriers, gift system, Ticket Xpress, FEDS APP and other training courses, with a focus on strengthening the introduction of various mobile payment systems that have emerged recently, in order to increase the efficiency of the checkout process for customers. In addition, in response to the importance of COVID-19 epidemic prevention education, all stores in Taiwan have conducted 85 COVID-19 related epidemic prevention courses to enhance the counter personnel’s understanding of the epidemic and related prevention knowledge. The number of participating counter personnel reached 2,313.

Average training hours of counter personnel

year	2018	2019	2020
Total training hours	143,304	39,096	17,326
Number of counter personnel	11,542	11,214	14,098
Average training hours	12.4	3.5	1.2

Note: In 2018, due to the introduction of digitization and the large-scale launch of related courses, the training hours were relatively high. However, in 2020, training hours were reduced due to the COVID-19 pandemic.

Counter personnel training

Basic training for new counter personnel

In order to enable new counter personnel to quickly integrate into the new environment, each store will provide new counter personnel with education and training related to company culture, attendance, safety and health, and store service standards from time to time.



Core competency training

Organize cash register training (one machine per counter, counter training, cashier account error, etc.), various gift voucher training, LINE PAY, HGPAY, FEDS APP and other training courses according to the Company’s diversified mobile payment tools, gift vouchers, etc., to provide the counter personnel with professional skills during their employment.

Self-improvement training

In order to teach the counter personnel information other than work-related skills during work, seminars on health, seasonal fashion information, and stress relief are organized to diversify employee development.



5.2.2 The performance evaluation system promotes outstanding employees

FEDS has a performance evaluation and promotion system. Comprehensive evaluations and incentive measures are implemented for evaluations ranging from new employee evaluation to annual evaluations, and clear performance targets are provided. FEDS also provides employees with open and transparent promotion or transfer channels. During their tenure, supervisors at all levels will evaluate the employee’s knowledge, ethics, work ability and performance at any time, and transfer or appoint the employee according to duties of the position, company business development needs, and personal job willingness surveys. The supervisor will arrange professional training and position transfers in order to improve employee experience and award suitable promotions. In 2020, the total number of transfers from the head office and stores was 141, with a transfer rate of 10.4%. Employee transfers are handled in accordance with the five principles of transfers stated in the letter sent by the competent authority, thereby protecting the legal rights and interests of employees. The relevant regulations are explained during the training courses for new employees upon arrival, and are also clearly stipulated in the Company’s Work Rules as well as publicly disclosed on the Company’s internal website, for employees’ reference.

◆ Performance evaluation ratios for 2018 to 2020



All achieved **100%** performance evaluations

◆ Performance evaluation frequency



FEDS provides a 24-hour vocational series of courses, which include: floor responsibilities and operation management, customer service, etc. Interns are taught through OJT (On the Job Training). Interns can learn more about the department store industry and learn job skills through on-the-job training conducted by supervisors, peer interactions and work processes to increase their advantages in future job hunts and career planning.

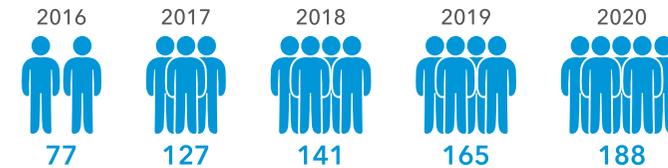
In 2020, FEDS hired 23 students to work as interns in the various stores. Their responsibilities included working in business units and customer service. By offering these internships, we strive to cultivate a new generation of department store retail professionals. After a series of internships, training and assessments, in 2020, two students entered the Company as full-time employees after graduation. In the future, FEDS will continue to promote industry-academia cooperation to meet the need for talent cultivation in the department store industry.



Reward outstanding employees to recognize FEDS's achievements

In 2020, with the joint efforts of all our colleagues in FEDS, we were awarded a total of 34 domestic and international sustainability index awards. Each external award represents the result of our group effort. Therefore, according to Article 44 of the Company's Work Rules, we will reward the supervisors and colleagues who contributed to the winning of these external awards. A total of 24 employees were rewarded.

◆ Cumulative number of participants in industry-academia cooperation projects over the years



5.2.3 Industry-academia cooperation programs to train the professionals needed by the industry

"Using the resources of the department store industry to cultivate the services and design professionals needed by the industry and the Company" is one of the social strategies of FEDS corporate social responsibility. Therefore, since 2014, we have implemented the Far Eastern Group's "Industry-Academia Professional Trainees Training Program" by partnering with Yuan Ze University and partnering with Yuan Ze University and Asia Eastern University of Science and Technology practical internships during the winter and summer vacations, so as to discover outstanding talents that may be recruited by FEDS. Through the integration of resources between the school and the affiliated companies, we will capitalize on the comprehensive effects of this talent cultivation. FEDS also cooperated with Yu Chang Technical & Commercial Vocational Senior High School to implement the "Employment Oriented Course Special Cooperation Program", which places the development of practical skills at its core to enhance the practical skills and employability of the students. As of the end of 2020, the industry-academia cooperation program has recruited 188 interns.



Youth employment ultimate program, a young enterprise creates a win-win

The Workforce Development Agency of the Ministry of Labor is promoting the "Youth Employment Ultimate Program", to encourage companies to hire young people aged 15 to 29, with senior company employees serving as workplace training instructors, and providing young people with opportunities to satisfy the "job training" requirement for high school. In response to the government's youth training policy, in 2020, FEDS submitted a training plan. After it was reviewed and approved by each local branch of the Ministry of Labor, 22 new employees under the age of 29 were hired, including 6 in HQ and 16 in the stores, and new employee training ranging from 3 to 9 months was conducted according to the plan.

5.3 Considerate and Friendly Workplace

One of FEDS's most important goals is to establish a friendly workplace, allowing employees to work with peace of mind and achieve a balance between work, family and life. In 2020, we will continue to promote 10 action plans aimed at the 3 major directions to create a "warm, healthy, and happy" workplace, so that every employee can work in a positive, pleasant, equal, and respectful environment, and work towards a healthy and sustainable workplace, so that we can create a win-win for the company and our employees.

5.3.1 Promote the plan for a healthy workplace to create a happy enterprise

Healthy employees are important assets of any enterprise. FEDS is committed to creating a healthy, safe and supportive working environment to help employees improve their work efficiency in a warm and harmonious work environment. We implemented the "Employee Health UP" program, which includes 10 action plans. We hope that every employee can become a happy worker, and "Work Hard & Work Happy" in a friendly environment!

In response to the COVID-19 epidemic in 2020, FEDS established an "Epidemic Response Organization" to draw up a contingency plan, and cooperate with the epidemic prevention measures of the Central Epidemic Command Center. We implemented "Personal Health Management", "Administrative Coordination Measures" and "Effective Construction Controls". At the same time, the organization planned the company's epidemic prevention reporting process, and took response measures based on the four different epidemic prevention levels, effectively maintaining a safe workplace environment and ensuring the normal operation of the Company.

◆ 10 Actions of the Employee Health Up Program

Establish employee care stations:

First aid kits, sphygmomanometers, ear thermometers, alcohol, masks and other items for employees in need were placed in the employee care stations that have been set up in a corner of the Department of Labor Safety office.



Sending caring reminders in a timely fashion:

In response to equipment safety, healthy eating, and COVID-19 epidemic prevention priorities, promotional slogans and posters were posted in the pantries, stairways, etc., to remind employees to protect their health.

Forming groups to receive the flu vaccine together:

During the flu season, in order to enhance the immunity of employees and facilitate vaccinations, we cooperated with local health organizations to set up two-stage vaccination stations, and a total of 246 people received vaccinations.

Focus on employee health management:

Among the employee health check-up items, additional tested items are provided for high-risk groups, such as: Employees exposed to noisy environments. In 2021, we plan to provide cardiovascular and cancer testing for middle-aged and senior employees.



Sending popular health information:

In order to enrich the health knowledge of employees, 53 health messages related to chronic disease prevention, health care, and pandemic guidelines were sent through the EIP system from time to time. The number of messages has increased by 77% compared with last year.



Organized employee health seminars:

In 2020, professional lecturers were invited to hold 9 lectures related to health, including anti-cancer advocacy, oral health care, vision care, office stress relief, healthy eating, healthy exercises and practical self-defense techniques, etc. A total of 260 people participated.



60-Day Weight Loss Challenge:

In order to encourage employees to "eat healthily and lose weight healthily", the "60-Day Weight Loss Challenge" event was held from July to September 2020. A total of 21 employees signed up and they lost 31.6kg of weight in total.



Occupational hazard assessment survey:

In 2020, we implemented the occupational hazard assessment plan and conducted employee health surveys. A total of 251 questionnaires were issued, with a response rate of 91%, and follow-up care and health consulting services were conducted for 67 high-risk employees.

Health 99 Loyalty Card Program:

In the hope that employees will actively develop the habit of exercising, the Department of Labor Safety planned the "Health 99 Loyalty Card Program". Anyone who participates in any health promotion activity during the activity period can accumulate points. After earning 9 points, they can participate in a lucky draw. 20 awards will be drawn at the end of 2021.

Arranged on-site physician consultation:

For health management, occupational disease prevention and health promotion, qualified medical personnel are regularly invited to HQ and stores to provide on-site health services for employees. In 2020, a total of 53 sessions were organized, with 318 employees participating.



5.3.2 An equal and respectful working environment protects employees' labor rights

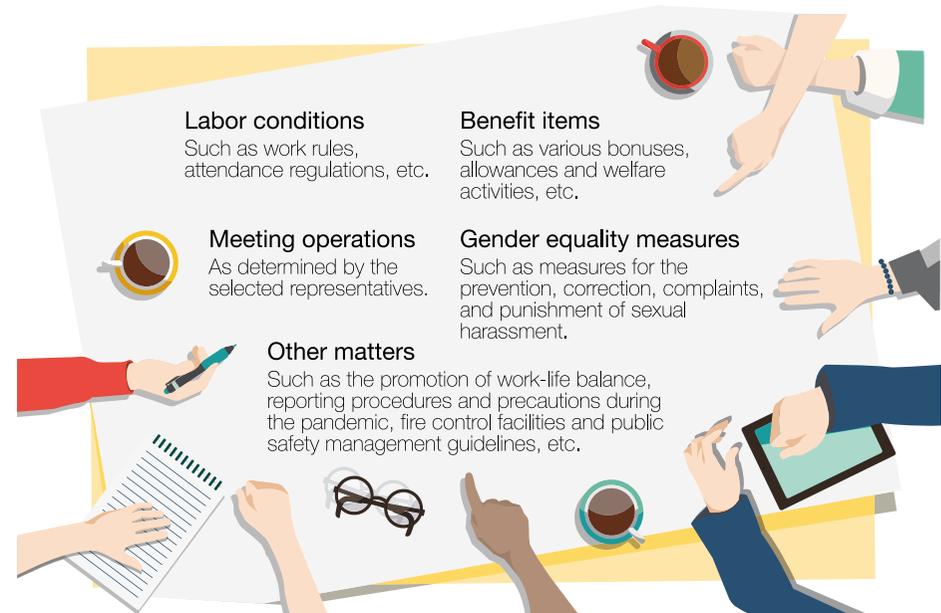
FEDS strives to create an equal and respectful working environment for employees. We formulated and implemented internal management policies in accordance with the "Labor Standards Act", "Act of Gender Equality in Employment", "Occupational Safety and Health Act" and other relevant labor laws and regulations, which not only improves the cohesion and sense of identity of employees in the Company, it also helps to improve the efficiency and productivity of employees, and establishes a sustainable workplace environment for FEDS and our employees.

The labor-management meetings promote harmonious employee and employer relations

FEDS attaches great importance to labor rights. Each employee's labor conditions are in compliance with government regulations and they enjoy statutory benefits. Employees' welfare policies such as maternity leave and welfare payments are superior to the provisions of labor laws. We also hold quarterly labor-management meetings and occasionally hold meetings on specific topics to exchange ideas and opinions and provide a communication channel with mutual trust, so that the employer and employees can reach consensus on various management measures and promote harmony in the workplace. In the event of major operational changes and if the impact extends to employees, FEDS shall follow the notice period stipulated by the Labor Standards Act, and will inform employees of relevant information at least ten days in advance to protect employees' rights. There were no related incidents in 2020. The Employee Welfare Committee of FEDS has established the "Administrative Measures for Employee Clubs" since 2015 to encourage employees to establish leisure, health and social clubs. The measures guarantee the freedom of association of all employees and the freedom of collective negotiation.



◆ There were 4 labor-management meetings in 2020, and the topics discussed include



Eliminate discrimination to let employees work safely

In order to prevent and stop any discrimination, bullying, and sexual harassment so that every employee can work safely, FEDS has established the "Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment", which would be announced in new recruit's training, posted on websites and public workspaces. In July 2020, FEDS invited the Labor Affairs Bureau of the New Taipei City for the "Introduction of the Act of Gender Equality in Employment" and "Sexual Harassment Prevention" courses, which had a total of 20 participants. Furthermore, 193 new recruits joined gender equality training to enhance the awareness of gender equality. In 2020, total training hours was 104 hours with the 213 participants in the gender equality courses. If there are any sexual harassment complaints, the Human Resources Department and related departments will receive the complaints, and set up a review committee for follow-up processing.

On November 1, 2020, FEDS revised the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" in accordance with the regulations of the competent authority. The main revisions are as follows:



Expanded the scope of protection:

In terms of personnel, the stakeholders in the work environment, including customers, are included in the protected subjects, and necessary protective measures are provided for possible risks in the environment. In terms of location, the measures are not limited to cases that occur in the workplace.



Defined sexual harassment more clearly:

Vague and ambiguous language is avoided through the use of specific text and harassment patterns are added by referring to the current laws and regulations, to make protection more comprehensive.



Clearly specify reporting channels:

According to the latest regulations of the competent authority: "When the employer is the perpetrator of sexual harassment, the employee or job-seeker may file a complaint with the local competent authority in addition to submitting complaints through the internal channels of the institution."

Allocate suitable working hours without forcing employees

In order to provide convenience and high-quality services to the customers, FEDS needs to be open all year round, unless special circumstances occur, but we never sacrifice the rights and interests of employees. In accordance with labor laws and regulations, FEDS adopts flexible working hours. We adjust and arrange schedules in advance for important scheduled activities, appropriately dispatch manpower, and do not force our employees to work. We are strictly forbidden to force employees to work through threats, harassment, or inhumane treatment. However, business volume will inevitably increase during holidays periods. During these times, we will issue overtime pay or give paid compensatory leave, and make appropriate adjustments in the monthly scheduling so that employees can receive the rest they need.

FEDS attaches great importance to the safety of employee attendance, and follows the government's "Regulations on the Suspension of Work and School due to Natural Disasters". In the event of a typhoon or other natural disasters, it will consider the suspension of work and school issued by the Directorate-General of Personnel Administration of the Executive Yuan and other department stores in the same county or city. Decision-making related to the opening of the stores depends on the wind and rain conditions. If the stores are opened, the working hours will be regarded as working overtime on holidays.

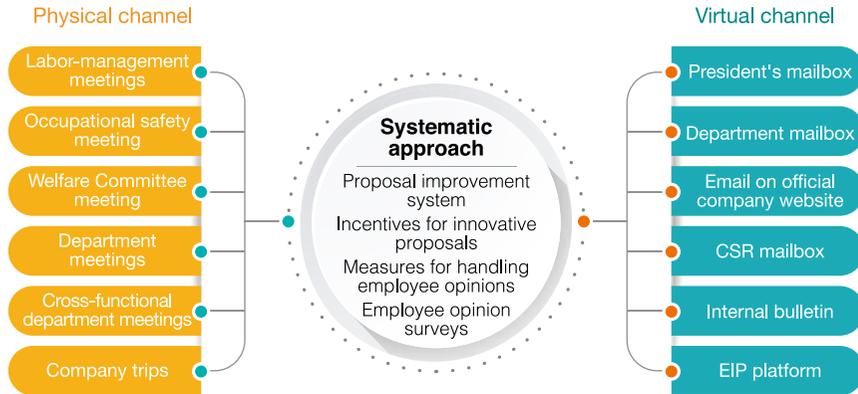
Jointly safeguard the rights and interests of counter personnel

Counter personnel are directly hired by various counter vendors. Although they are not employees of FEDS, they have worked with us for a long time to provide high-quality products and services to customers. Therefore, we require vendors to ensure the protection of the labor rights of its employees in accordance with the law and our counter contracts, and understand the needs of counter personnel by communicating with their employees. If there is any violation of labor rights, the store will respond to the counter vendors and ask the vendors to protect the rights of the counter personnel and take care of every partner in the FEDS family.

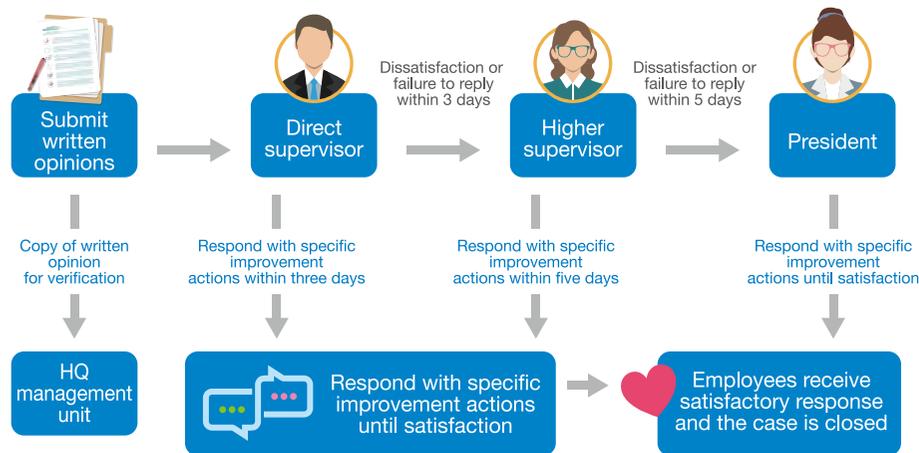
5.3.3 Multiple channels of communication are provided to listen to the voices of our employees

FEDS actively engages in dialogue with employees, communicates with employees through management mechanisms and internal meetings, and has established the "Handling Methods for Employee Feedback". We have established an employee complaint mechanism to collect and respond to employee opinions. The relevant employee complaint mechanism will be explained in detail during new employee training. The highest supervisor in charge of employee complaints is the President. The channels for employee complaints are not limited to the internal complaint mechanism. We will also actively respond to feedback from employees reported through external channels and ensure that such feedback is handled properly. Since the official launch of the FEDS EIP (Enterprise Information Portal) in 2019, it has provided employees with a more complete communication platform through the "Message from the President", various announcements, questionnaires and event boards, so that communications can be more efficient and smooth. A total of 18 questionnaires were distributed in 2020 to better understand the ideas and opinions of employees.

◆ Design of employee opinion communication channels



◆ Procedure for handling employee opinions



5.3.4 Awarded the Healthy Workplace Certification by promoting the physical and mental health of employees

To ensure the safety and health of employees, FEDS has established an "Occupational Safety and Health Policy", and in accordance with Article 23 of the "Occupational Safety and Health Act" of the Ministry of Labor, an "Occupational Safety and Health Committee" has been established as the highest decision-making and management unit to formulate the "Occupational Safety and Health Committee Charter", which clearly stipulates the purpose and responsibilities of the committee. The chairman of the "Occupational Safety and Health Committee" of FEDS is the President. The committee members include department heads, occupational safety and health management personnel (concurrently serving as executive secretary), medical (first aid) personnel, and labor representatives. The term of the members is two years. A meeting is held every quarter to review, coordinate and provide recommendations for matters related to the company's occupational safety and health. There are eight labor representatives in this term's Committee, accounting for 42% of the members of the "Occupational Safety and Health Committee". The statutory requirement of labor representatives making up more than one-third of the committee has been exceeded. The term of office is from August 2020 to July 2022.

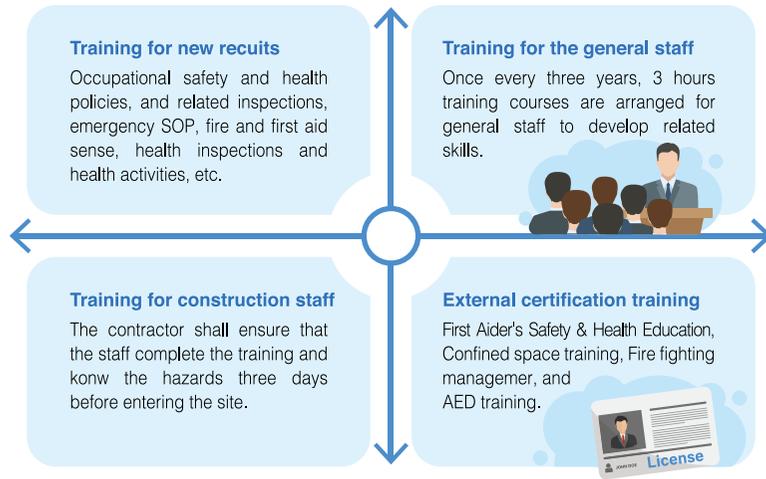
● FEDS occupational safety and health policy ●

- I. Compliance with national laws and regulations: comply with domestic occupational safety and health laws and regulations during implementation.
- II. Good safety management: Implement personnel education and training to reduce the risk of accidents.
- III. Health protection for workers: Strengthen employee health management to create a high-quality and healthy workplace.
- IV. Participation of all workers: Provide a good communication platform, and all employees shall participate in safety and health protection.
- V. Supervisors leading by example: Fully support the implementation of safety and health policies to prevent occupational disasters.
- VI. Achieve company performance: Implement the PDCA management model to achieve zero disasters in the workplace.

◆ Ratio of labor representatives on the Occupational Safety and Health Committee



◆ Occupational safety and health training



Improve environmental safety management and create a safe environment with zero occupational injuries

FEDS maintains the safety of the workplace by strengthening the promotion and implementation of the environmental, safety and health management of each store. In the past, if an occupational injury occurs, the store's occupational safety office immediately notifies HQ's Labor Safety Department. At the same time, the occupational safety personnel would conduct an on-site accident investigation to analyze the causes of the accident, develop improvement measures, and conduct disaster prevention advocacy to prevent similar problems from recurring, and will also conduct work resumption assessment and counseling for injured colleagues. The Labor Safety Department of FEDS appointed a class-1 manager of occupational safety and health affairs, a level A safety management specialist, a level A health management specialist and a level B safety and management staff to jointly promote occupational health services and protect the health of colleagues. The Company will start planning to introduce ISO45001 Occupational Health and Safety Management System in 2021. Through the aforementioned operating procedures, in 2020, FEDS's

overall absence rate dropped by 12%, the lost day rate dropped by 82%. In terms of occupational injuries, FEDS also reached the goal of "zero occupational injuries" in workplaces in Taiwan.

◆ Employee health and safety indicators

year		2018	2019	2020
Number of occupational injury cases	Male	6	2	0
	Female	3	3	0
	Total	9	5	0
Injury rate (IR)	Male	2.75	0.39	0
	Female	0.74	0.32	0
	Total	1.44	0.35	0
Absentee rate % (AR)	Male	0.53	0.22	0.16
	Female	0.53	0.29	0.27
	Total	0.53	0.26	0.23
Lost day rate (LDR)	Male	35.23	18.74	1.99
	Female	12.76	38.65	7.63
	Total	20.61	31.61	5.60

Note:

1. GRI Loss of Work Hour Due to Injury Ratio (IR) = (Total Occupational Injury Accidents ÷ Working Hours) × 200,000. 200,000 refers to the ratio per 100 employees based on 40 working hours per week, 50 weeks per year.
2. The types of work injuries in 2020 refer to accidental falls, bumps, cuts and crushing injuries caused by improper operation in the workplace, and does not include traffic accidents during commutes.
3. GRI absenteeism rate (AR) = (number of days absent from work ÷ total number of person days at work) × 100%. The number of days absent from work includes sick leave and work injury leave.
4. GRI Lost Time Rate (LDR) = (Number of days lost ÷ Total hours of work) × 200,000* (*Refers to the rate per 100 employees based on 50 weeks per year and 40 hours per week. The number of days lost is the number of days an employee is unable to work due to work-related injuries or occupational illness).
5. There were no cases of occupational illness or work-related deaths in 2020. Therefore, the GRI occupational diseases-induced lost working hours ratio (ODR) and the number of employees who suffered work-related injuries are zero.

◆ Safety in the workplace is affirmed by triple certification



◆ **Health certification guarantees the physical and mental health of employees**

FEDS HQ and the eleven stores strive to create a healthy workplace by hiring medical staff, implementing health management, occupational disease prevention and health promotion and other labor health protection measures. Self-health management ensures that the health of employees is protected. In 2020, HQ and the eleven stores were awarded the Health Promotion Administration of the Ministry of Health and Welfare.

◆ **Certification for AED installations ensures a safe shopping environment**

In accordance with the regulations related to the "Regulations Governing Compulsory Provision of Emergency First Aid Equipment In Public Places", FEDS has installed "Automatic External Defibrillator" (AED), more than 70% of employees to complete the CPR+AED training courses. In 2020, all eleven stores in Taiwan have obtained the certification for installations of AED Safe Place Certification issued by the county and city governments, creating a safe shopping environment for employees and consumers.

Zero accidents in the workplace hit a record for accident-free working hours

In response to the policies of the Occupational Safety and Health Administration of the Ministry of Labor, FEDS has been promoting the autonomous management of safety and health, and set the challenge of zero occupational accidents in the workplace. In 2020, HQ and eleven stores in Taiwan were awarded the "Certificate of Accident-Free Working Hours". FEDS has accumulatively had no work accidents for more than 25.9 million hours, which is an increase of 18.5% compared to last year.

Headquarters Cumulative hours 5,457,676 	Xinyi A13 Cumulative hours 289,536 	Paoching Store Cumulative hours 3,027,527 
Mega City Banqiao Cumulative hours 1,176,208 	Banqiao Store Cumulative hours 3,341,664 	Taoyuan Store Cumulative hours 3,636,660 
Hsinchu Store Cumulative hours 3,710,242 	Top City Taichung Cumulative hours 609,842 	Chiayi Store Cumulative hours 1,519,901 
Tainan Store Cumulative hours 1,374,835 	Kaohsiung Store Cumulative hours 800,097 	Hualien Store Cumulative hours 963,622 



Tainan Store won three awards for the "Five Star Outstanding Workplace"

In order to encourage companies to value the happiness of their employees in the workplace, the Labor Affairs Bureau of the Tainan City held the "five stars outstanding workplace" competition. Tainan Store stood out among many companies through an emphasis on gender equality, diverse benefit measures, and various industry-academia projects, while also providing employment opportunities to local students, and has been awarded the "Five-Aspect Workplace Excellence Certification." In addition, Tainan Store also actively promotes workplace safety and health, and has been awarded the "Excellent Occupational Safety and Health Unit" and "Excellent Personnel" awards by the Labor Affairs Bureau of Tainan City.



Paoching Store received double awards from the "Taipei City Labor Safety Awards"

FEDS regards occupational safety and health as one of the important missions of corporate social responsibility. Therefore, each store pays special attention to creating a working environment with safety and health management, ensure employees' labor safety, and wholeheartedly provide customers with the best quality environment and service. In 2020, Paoching Store was recognized by the "Taipei City Labor Safety Award" for the second consecutive year, winning the two awards of "Excellent Unit" and "Excellent Personnel".



Establish a four-aspect care plan to maintain the health and well-being of female employees

Female employees will face many changes and challenges in their lives and work during pregnancy, postpartum and breastfeeding periods. In order to help female employees expect childbirth with peace of mind during pregnancy and to raise the next generation with confidence when raising their children, and to encourage their return to the workplace and live up to their potential, FEDS has established a complete maternity health protection plan with the four aspects to ensure the health and rights of female employees and their spouses.

Pregnancy

Caring for the health of pregnant employees

A total of 40 questionnaires were distributed in 2020 to determine whether the work or environment causes stress to pregnant employees. After professional evaluations were conducted by doctors, all pregnant employees were deemed capable of continuing their work in their original working environment.

Organizing health counseling seminars

Pregnant colleagues are provided with medical consultations from doctors on a quarterly basis, and professional lecturers are invited to explain issues and answer pregnancy and childbirth related questions. A total of 10 lectures were held in 2020.

Sending reference information

In order to reduce the anxiety and doubts of colleagues during pregnancy, from time to time we send related materials to employees during pregnancy, such as information related to handling discomfort during pregnancy, information on breastfeeding rooms, useful websites, etc. A total of 35 messages were sent in 2020.

Giving out care packages for mothers

We plan to distribute care packages to mothers in 2021 to ensure that they receive the support they need. The packages include gauze towels, bibs, wet wipes, and other necessary baby-care products.

Postpartum

Providing more leave than statutory leave

We ensure pregnant colleagues have enough time for check-ups and rest by providing leave for check-ups, maternity leave, paternity leave, etc. The length of the maternity leave given is better than the provisions of the Labor Standards Act, and the leaves are fully paid.

Providing childbirth subsidies to employees

The Employee Welfare Committee provides maternity subsidies to encourage employees to have children. A total of 110 people have applied for the subsidy in the past 3 years, with a combined subsidy amount of NT\$188,000.

Negotiating with postpartum care institutions

To provide colleagues with more options for postpartum care, we plan to contact qualified and high-quality postpartum care institutions in 2021 to discuss potential partnerships.

Breastfeeding

Creating a safe breastfeeding environment

Breastfeeding rooms have been established in the HQ building and each store. The rooms have been certified by the local county and city governments, so that colleagues can breastfeed at any time with peace of mind.

Providing breastfeeding facilities

Breastfeeding rooms are equipped with special equipment and facilities such as changing tables, hand soap, disinfectant, water dispensers, etc., for use by employees.

Providing time for breastfeeding

Breastfeeding has many benefits. In addition to the normal break times, an extra 60 minutes is given every day to postpartum employees so that they have plenty of time to pump breast milk.

Childcare

Tracking unpaid leave and reinstatement

In order to help colleagues who have gone on unpaid leave to achieve a balance between family and work after reinstatement, FEDS offers continuous tracking and care, and asks physicians to assess the suitability of resuming work and the workload, so that colleagues can return to work without worries.

Contracting child care facilities

In 2020, FEDS signed special cooperation agreements with 6 childcare and daycare institutions to provide discounts to registration fees and teaching materials, thereby providing tangible assistance to employees who are parents.

Providing schooling subsidies

The Employee Welfare Committee provides tuition fee subsidies for the children of employees at all stages of schooling. A total of 317 applications have been submitted in the past 3 years, for a total subsidy amount of NT\$478,500.



Heartwarming Social Welfare



FEDS connects resources from different sectors and leverages the resources and advantages of chain department stores to transform each store into a “social welfare platform” for the city in which the store is located. We care about all ethnic groups in society, and we encourage our employees to participate in society to maximize the benefits of social welfare. We fulfill the company's social commitments and have become a force for good that elevates society.

6

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In response to **2** material topics

- Brand value and image management
- Charity and social participation

FEDS upholds the spirit of "take from society and giving back to society" and has promoted charity activities for more than 50 years. We aim to create a sustainable and wonderful life with the consumers by giving back to society with practical actions such as charity sales and donations. In 2020, FEDS invested NT\$22,824 thousand in social welfare, and held 600 charity events, showing a growth of 72%. We received 167 certificates of gratitude from all areas of society, which was an increase of 114%. We work hard to gather resources from all sectors and apply our own influence to maximize the benefits of social welfare. We care for society from the heart with never-ending love.

◆ Charity events in previous years



◆ Types of charity events in 2020



◆ Social welfare participation in 2020



◆ Top five partners for charity events in 2020



◆ Number of Certificates of Appreciation



6.1 Response to Global Initiatives

In 2015, the United Nations Conference on Sustainable Development (Rio+20) passed the "2030 Agenda for Sustainable Development", with the hope of leading the world in the achievement of 17 sustainable development goals and further implement the Agenda 21 plan. We will reach the next sustainability milestone through international cooperation and mutual assistance. FEEDS exerts the power of corporate citizenship to realize the ideals of sustainable development and respond to global sustainable development actions, in order to do our part in the betterment of the environment and society.

In 2020, FEEDS stores jointly responded to 9 international sustainability initiatives. They are not only promoting the concepts of environmental protection, loving the Earth, turn off lights to reduce carbon, and cherish water resources to the public, but also doing their best to contribute to environmental sustainability. The stores also called on the public and FEEDS to pay attention to issues such as children's rights, health and livelihoods, and charity care through multiple events, in order to send love and care to those in need, and to see the possibility of creating happiness and mutual benefit.



3/8 Power of dance on International Women's Day



The United Nations has designated March 8th every year as International Women's Day to commemorate the feminist movement and celebrate the important contributions made by women in fields related to economics, politics, and society. At the same time, it promotes gender equality and hopes that everyone will understand the importance of women's rights. In response to International Women's Day, female students from the Hsinchu National Salvation League were invited to perform in the Hsinchu Store and celebrate the International Women's Day with brilliant dances on March 8th. They demonstrated the power and beauty of women, and we showed our support and encouragement for women together.

3/21 International Day of Forests, planting trees for public welfare



Hsinchu Store has always promoted environmental protection public welfare activities. In response to the United Nations "International Day of Forests", we have partnered with the Hsinchu Forestry Management Office of the Forestry Bureau to jointly organize the "Forest Living Gathering" seedling donation event. Invoices can be exchanged for seedlings, and all invoices are donated to the Genesis Social Welfare Foundation to add more meaning to the tree protection event. A total of 1,400 rhododendron, osmanthus, mountain cherry, and other seedlings were donated on the day of the event to strengthen forest protection.

3/28 Lights Off for One Hour on International Lights Off Day



FEEDS has been a long-time supporter of the "Earth Hour" lights-off event. This event was initiated by the World Wide Fund for Nature (WWF) to unite the world in the protection of the earth by implementing energy saving and carbon reducing actions, in order to solve global climate change issues. According to statistics, the amount of electricity saved during the lights-off event in 2020 was as high as 120,000 kWh, which reduced emissions by about 63,960 kg of CO₂e, which is equivalent to planting more than 5,815 trees.



4/22 Earth Day, loving the Earth through environmental protection

In 2020, FEDS Xinyi A13 and the Taiwan Environmental Information Association partnered together to respond to the 50th anniversary of "Earth Day". We organized 3 pop-up lectures in succession on April 19th, and senior lecturers were invited to share their environmental protection knowledge. We wanted to give customers a better understand of the theme of Earth Day, "Climate Action", encourage people to be friendly to the environment, and to protect the environment and love the earth together.



6/5 Be vegetarian on World Environment Day to be more environmentally friendly

In order to promote global environmental protection awareness, the United Nations has designated June 5th every year as "World Environment Day" since 1972. In 2020, Kaohsiung Store organized a meatless market on May 30th, which introduced 25 vegan brands from North, Central and South Taiwan. The brands aim to create sustainable and environmentally friendly lifestyles without the consumption of milk and eggs and a bare minimum approach to sales. More than 1,000 people attended the event on the day, and they did their part for environmental protection through the green food initiative.



6/8 symbiosis with the oceans on World Ocean Day

June 8th every year is "World Ocean Day", and the theme for 2020 was "Innovation for a Sustainable Ocean". The event called on the world to evaluate ocean resources seriously. Tainan Store responded to the "World Ocean Day - Ocean Conservation Alliance" ocean cleaning event organized by the Tainan City Government, and cooperated with the Ocean Commission, the Marine Conservation Department and other units to demonstrate our determination to protect the sea through practical actions. A total of 300 people worked together to clear 310 kilograms of waste and contribute to the preservation of marine ecology.



9/19 World Bone Marrow Donor Day, feel the beauty of helping each other

The World Marrow Donors Association (WMDA) defined the third Saturday of September every year as "World Bone Marrow Donor Day" in 2015. We want to thank donors for their selfless dedication around the world, which has saved countless lives. In 2020, Hualien Store cooperated with Buddhist Tzu Chi Stem Cell Center and other units to jointly organize the "World Bone Marrow Donor Day" blood-drive event. The blood donation was used as a symbol to commemorate donors around the world who have saved lives through their selfless act. On the day, 198 bags of blood were collected, totaling 49,500cc of blood, bringing hope into many more lives.



October International Breast Cancer Prevention Month, caring for women's health

Breast cancer has the highest incidence rate among all cancers among women in Taiwan. Currently, the international medical community has confirmed that early detection and treatment can effectively reduce mortality. In order to convey the correct concepts of breast cancer prevention and treatment, in 2020, FEDS Xinyi A13 cooperated with the Breast Cancer Prevention Foundation and the SKECHERS counter vendor to plan the "Pink Ribbon Charity Day 2020" event. Through a series of interactive games, the public was taught the importance of receiving regular screenings and doing regular exercise. We faced the issues of breast cancer head on to help women stay away from danger.



11/20 International Children's Rights Day, spreading love and hope through drawing

To commemorate the adoption of the "Children's Rights Convention", the United Nations General Assembly designated November 20th every year as the "International Children's Rights Day" to encourage countries to actively protect the rights of children. In 2020, Taoyuan Store and World Vision co-organized the "World Children's Rights Day Coloring Contest". The event allowed children to be creative with color, and each child's drawing was used to evoke respect for life. We also urged the public to focus on programs for disadvantaged children in rural areas. The aim of these programs is to provide a better future for disadvantaged children with the love of the public.

6.2 Transnational Window into Culture

FEDS leads Taiwanese department stores in the promotion of international cultural exchanges. In 1973, we decided to set an example for department stores and co-organized the first American Merchandise Show with the US Department of Commerce, becoming the first department store in Taiwan to introduce international exhibitions. After that, we have been organizing regular exhibitions that introduce elements from international cultures and exotic foods from around the world. These exhibitions have become cultural showcases for Taiwanese people to experience exotic products.

Because international travel has been restricted by the pandemic in 2020, in order to allow consumers to easily enjoy exotic flavors at home, FEDS planned a series of "pseudo-abroad" cultural product exhibitions. These exhibitions showcased products from Japan, South Korea, Southeast Asia, and Germany. The product exhibitions offered authentic foods and cultural activities, so that customers can experience the exotic customs without going abroad. In addition, FEDS also regards the promotion of local Taiwanese culture as an important goal, therefore, we aimed to let domestic and foreigner customers learn more about Taiwan's high-quality local products through the organization of a variety of local Taiwanese product exhibitions.

◆ 2020 FEDS Cultural Product Exhibitions



German Cultural Exhibition, experience a century of European culture



Germany is a country with its own unique tea drinking culture. In 2020, Mega City Banqiao Store specially introduced the brand of "B&G German Farm Complex Teahouse", a century-old tea factory in Germany, to bring consumers a brand-new food culture experience featuring European herbal flavors. Meanwhile, FEDS also co-organized the "2020 Meissen love" a hundred years of German porcelain exhibition, in August to tour Hsinchu Store and Top City Taichung, bringing a 13-day European cultural showcase to the public so that they can admire the gorgeous German porcelain up close.

Southeast Asia Cultural Exhibition brings together South Pacific cultural customs



FEDS attaches great importance to multicultural exchanges. In 2020, 3 markets related to South Pacific culture were organized in the Hsinchu Store and Kaohsiung Store, gathering more than 45 booths. We invited immigrant residents from all over the world to come and share the delicious flavors of their home and win the hearts of people with their excellent cooking. The markets were filled with special cuisines from various countries, including Indonesian nonya cakes, Vietnamese French bread and other exotic dishes. The markets also offered traditional dance performances, exotic cultural skills workshops by new residents and other lively activities, allowing the public to taste the specialties while also developing an in-depth understanding of local customs and the charms of multiculturalism.

Germany



Taiwan's Local Product Exhibition promotes local characteristic and culture



FEDS supports the non-toxic fresh fruits and vegetables and high-quality processed agricultural products produced in various parts of Taiwan. In 2020, in combination with local culture, we held 43 special county and city product exhibitions for 163 days. More than 560 booths were present to promote the specialties and culture of each country and city. The product exchange allowed customers to experience the rich and diverse flavors of Taiwanese products. The products displayed in the local cultural exhibitions included Yilan premium rice, New Taipei Wanli crab, Tainan Mango Festival, Yunlin Gukeng Coffee, New Taipei Specialty Tea and other specialty products. The events not only promoted Taiwan's carefully selected local foods, but also introduced hand-made jams, organized seminars on produce farming, and other diversified and entertaining activities which satisfied the people's need for eating, drinking and having fun.

Experience Japanese tea-tasting culture at the Fujieda Products Exhibition from Shizuoka, Japan

In 2020, FEDS and the Fujieda City Government organized the "Shizuoka Fujieda City Products Exhibition" at the Tainan Store. It not only displayed and sold a variety of Fujieda City's characteristic agricultural products, but Fujieda City's famous tea leaves were also on display. The traditional Japanese "Tea Ceremony" event invited 7 Japanese tea craftsmen to engage in tea tastings with the public, asking them to guess the place of origin, and experience the elegance and tea-tasting culture of the Japanese aristocracy.



In-depth experiences of the Aomori Hirosaki Trade Fair from Japan

For the 9th consecutive year, FEDS has cooperated with the Hirosaki City Government to organize the "Aomori Hirosaki City Apple Carnival". The carnival travels around stores in Taiwan to bring the most representative product of Hirosaki, apples, to the public. In 2020, FEDS carefully selected 7 types of specialty apples and delivered them directly to Taiwan. More than 174 Japanese products were assembled in the venue to provide consumers with the most authentic taste of Japan. The opening ceremony included a lively dance performed by children. FEDS, along with Hirosaki City, donated Aomori apples to five social welfare foundations, including the Syin-Lu Social Welfare Foundation and Maria Social Welfare Foundation. We did not forget to combine the international exhibitions with public welfare, so that children have a chance to enjoy the rich and sweet apples.



Feel the charm of the Korean craze through the Korean cooking competition

In order to introduce foreign food cultural exchanges, in 2020, FEDS held 8 cooking competitions with Korean kimchi as the main ingredient. Students from high schools, colleges and universities were invited to show their creativity by combining fresh local ingredients in Taiwan with Korean specialties, and whipping up delicious dishes, allowing customers to enjoy delicious flavors of Korea. At the same time, FEDS also selected the top 3 winners and awarded them with medals and prizes in order to encourage the culinary cultural exchange.



Korean Cultural Exhibition, bringing the Korean craze to FEDS

For eight consecutive years, FEDS has organized the "Korean Craze in FEDS" Korean Food and Products Exhibition. In 2020, it cooperated with the Korea Agriculture and Fisheries Food Distribution Corporation (aT) to bring the exhibition to the 11 stores and The Mall, creating a wonderful 37-day feast. The exhibitions offered classic Korean food, merchandise and cultural activities, and glamorous K-POP dances were performed to welcome the shoppers. In order to bring customers closer to Korean culture, FEDS has brought authentic Korean street food to our stores for the first time, and has carefully created Korean food paths that can make the shoppers feel as if they are traveling through the streets of Korea.



6.3 Local Social Welfare and Care

As the most widely distributed department store chain in Taiwan, FEDS has been caring for women and children, children in rural areas, the elderly, and disadvantaged groups for more than 50 years. We also make good use of the advantages and strengths of the department store channels to transform each store into a local social welfare platform. Every year, FEDS employees also spontaneously form a volunteer team to devote themselves to visiting the elderly, spending time with young children, assisting disabled persons and other volunteer services, in order to extend a helping hand to those in need, and improve their lives with love.

Caring for ethnic groups within the society, taking the initiative to provide help and support

FEDS has been deeply involved in social welfare for a long time, and continues to care for all social groups. We use the resources of the 11 stores across Taiwan to serve as a bridge to disadvantaged groups. In addition to using the space inside and outside the store to organize public welfare activities, it invites the public to pay attention to social and public issues and be kind to those in need. We want to send our love to every corner of society and protect everyone in this land with our hearts.



Provide resources and assistance to care for women

FEDS has a long-term partnership with the Garden of Hope Foundation in charity activities. In 2020, we held 14 activities including charity sale and charity subscription. We hope to attract more attention, give more care and love, and help disadvantaged women to overcome any difficulties. FEDS Hualien Store also co-organized the Heartwarming Garden Party with the Garden of Hope Foundation for the fifth time. Not only does it call on local vendors to participate, but baby supplies were also donated and the activity proceeds of NT\$8,425 were all donated to the disadvantaged women. We have become their most caring support.

Caring for disadvantaged children to realize their Christmas wishes

In 2020, FEDS continued to hold charity activities on Christmas Eve, launching a series of charity activities such as the Dream Realization Project, fundraising activities, etc., allowing FEDS to act as Santa Claus for the children, and deliver resources from every aspect of society into the hands of every child. Among them, FEDS Hualien Store has held the "Starry Dream Project" for 9 consecutive years, inviting 500 family-supported children to hang their wishes on the Christmas tree, and then calling on the residents of Hualien to realize the children's dreams. Kaohsiung Store has been planning "Christmas Collection" event for 6 consecutive years, inviting people to pledge donations of charity food boxes, and delivering 102 boxes of food to 100 disadvantaged families on Christmas Eve. Four stores, including FEDS Xinyi A13 and the Chiayi Store, prepared bountiful Christmas feasts and gifts, and invited 460 disadvantaged children to the store to celebrate the festive season, hoping to protect the children's purest smiles with these small actions.





Christmas charity lighting for 13 consecutive years, bringing joy to rural children

Since 2008, every year on Christmas Eve, Tainan Store invites children from rural areas to celebrate the festival together. So far, more than 2,000 school children have participated in the activities. In 2020, FEDS took the teachers and students of 12 rural elementary schools in Tainan City on a wonderful journey, including visiting the Tree Valley Life Science Museum, experiencing DIY coloring, and enjoying a delicious Christmas dinner. At night, not only did they light the Christmas tree, Chairman Douglas Hsu was there and he personally presented 351 pairs of sports shoes to the children, encouraging them to run for a better tomorrow. On the day of the event, more than 2,800 small gifts were given to the children who participated in the event. According to internal evaluations and calculations, the social return on investment (SROI) of projects and activities in 2020 was NT\$19.65, that is, for every NT\$1 invested, NT\$19.65 of social value was created for the stakeholders. In the future, we will continue to exert positive social influence and create better social welfare benefits.



Meal vouchers for helping the young and old

FEDS cooperated with catering counter vendors to hold 6 charity sharing activities in 2020, inviting 253 elderly people living alone and disadvantaged children to eat in the store and taste delicious dishes such as wagyu hot pot and Japanese rice bowls. At the same time, we invited the Social Affairs Bureau and other related units, and 350 meal vouchers were donated to families in need, so as to show our care and improve their lives with love.



Accompanying the elderly, building a senior community

In order to provide more support and care to the elderly, FEDS has planned a total of 19 activities to care for the elderly. FEDS Xinyi A13, together with 3 organizations, including the Xinyi District Health Service Center, jointly organized the "Recalling the Nostalgic Xinyi District, an Experience of the Five Senses" activity, inviting 10 groups of families with dementia to participate in a game and feel the nostalgic atmosphere in the store to stimulate sensory experiences, thereby achieving the effect of activating the brain and delaying the disease, so as to create a friendly community for the elderly with dementia, and move towards a better society for all generations.



Caring for disadvantaged women and children, a.mart donates New Year dishes

Since 2014, every year on the eve of the Lunar New Year, a.mart and the social welfare organizations throughout Taiwan jointly organize the "Sending Love Through Food for a Better New Year" New Year Food subscription event to help disadvantaged families and elders living alone celebrate the holiday. In 2020, a.mart partnered with the Garden of Hope Foundation for the third time to connect 14 stores across Taiwan. In just 43 days, 1,475 Chinese New Year dishes were donated, adding "love" to the New Year's Eve dinners of 450 disadvantaged women and children. In the past 7 years, a.mart has donated 8,045 New Year dishes to help disadvantaged families welcome the new year.



City'super food saving project helps disadvantaged families

Since 2018, city'super has cooperated with Buy NearBy to promote the "Food Wise Project". It strictly checks and inspects the products and ingredients nearing their sell by dates in the stores every week, and then donates them to the social welfare units in need, which not only transforms leftover food into "bountiful food", but we also help 150,000 people avoid starvation every year, so that disadvantaged families can also feel at ease.





Paying tribute to the epidemic prevention angels by sending thousands of bentos with love

In order to express its sincere gratitude to the epidemic prevention angels, FEDS cooperated with 11 stores in Taiwan to distribute 10,000 loving bento to nearly 30 hospitals across Taiwan in order to cheer and cheer the heroes who stick to the front line of epidemic prevention with practical actions. Thank them for their hard work. Selfless contribution and dedication to the epidemic. FEDS has set up a "collective support walls" in 8 stores, inviting people to write their thanks to the medical staff, and show their care for all medical staff.



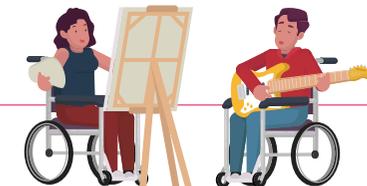
Supporting rehabilitated people, creating a platform for exchange

In cooperation with the Ministry of Justice and the Taiwan Rehabilitated Persons Protection Association, Mega City Banqiao Store held the "Lucky Clover Fair" on July 29, 2020, hoping to help rehabilitated people return to society, give them more encouragement, and support them as they move into the future. On the day of the event, more than 20 booths were constructed and a large crowd attended the event. The event allowed rehabilitated people to introduce products to the public, increasing opportunities for mutual understanding and helping to reverse the public's established impression of rehabilitated people.



Assist the handicapped in finding job opportunities

FEDS organized 51 events to care for disabled people, and donated NT\$103,192 to 7 organizations, including Huashan Social Welfare Foundation and the Chensenmei Social Welfare Foundation, to help them resolve fundraising difficulties caused by the impact of the pandemic. Kaohsiung Store and Kaohsiung City Government Labor Bureau jointly organized the "Disabled Vocational Training Achievement Exhibition and Talent Recruitment" event. Disabled students displayed the results of their learning in 25 booths, and 12 companies attended the event to provide 81 opportunities for disabled friends to help them develop their talents in the workplace.



Supporting local agriculture, gathering the best products in FEDS

FEDS has long supported Taiwan's agriculture. Through its channel resources throughout Taiwan, it sells local high-quality agricultural products and uses practical actions to support Taiwan's peasant agriculture. In 2020, FEDS held a total of 118 agricultural product markets and special product exhibitions, and cooperated with 1,142 stalls, an increase of 20%, and the number of agricultural products promoted reached 4,403 items, an increase of 30%. FEDS continues to promote local production and consumption, in order to shorten the distance from the production area to the dining table and inject sustainable positive energy into Taiwan's agricultural development.



New Taipei's agricultural regeneration promotes local development

FEDS, the New Taipei City Government, and 5% Design Action jointly promoted the "New Taipei Agricultural Innovation Project", integrating 11 cross-domain teams to inject innovative design and local spirit into New Taipei's rural specialty products, and Mega City Banqiao exhibited the achievements of agricultural innovations on July 24, in order to subvert the public's imagination of agriculture, open up the opportunity for young people to return to their hometowns to cultivate, and carry forward the local agricultural innovations of New Taipei, so that the unique local food farmers can be seen by more people.

Rural Regeneration Carnival, lighting up the agricultural economy

Kaohsiung Store joined hands with 3 units including the Agriculture Bureau of the Kaohsiung City Government to organize the "Rural Regeneration Carnival" event. 40 Southern Taiwan rural community booths exhibited and sold characteristic cultural and creative products, agricultural and fishery products, and Qishan Sugar Factory. DIY experience activities such as flavored sugar and rainbow twine from the Xiaolin community have fully demonstrated the new vitality of Taiwan's rural areas and let the people experience the unique charm of local culture together!



Supporting farmers with the farmers market in The Mall

The Mall and Muzha District Farmers' Association have co-organized 2 farmers' markets, inviting everyone to support peasant agriculture! The two events gathered small farmers in more than 20 different booths and attracted nearly 300 people to enjoy the event. In addition to the delicious and juicy green bamboo shoots brought by the North City Bamboo Shoot Champions, for the people to taste, activities such as local fresh jam DIY and cooking performances were also organized. We wanted each customer to have fun and enjoy the delicious food.

New Taipei Bonsai Bar promotes agricultural products from all over Taiwan

FEDS, in cooperation with the New Taipei City Government and Yunlin County Government, organized the "New Taipei Enjoy Home Bar" series of activities. In January, they jointly promoted Yunlin Maogu Tangerines and sent fresh agricultural produce directly to FEDS Banqiao Store for sale, which not only allowed residents from outside of New Taipei get a taste of their home, it also helped the hard-working fruit farmers promote the excellent taste of their products, and strengthen the connection of agricultural cultures in various regions.



Banding together to support peasant agriculture with the farmer-friendly platform

For the second consecutive year, Paoching Store has planned a series of activities called "Take a walk for peasant agriculture". From January to March, with different special themes, peasant agriculture' markets were organized in Hope Plaza on the first floor to promote direct sales of in-season fruits and vegetables and agricultural specialties from the local area and sharing the delicious agricultural products in Taiwan with the customers!



Environmental protection, loving the Earth and fulfilling the responsibility of a green citizen

FEDS has long promoted the concept of environmental protection and spared no effort, fulfilling its responsibilities as a green citizen, and contributing to the global environment through its own influence. In 2020, FEDS held 52 environmental protection activities, donated 47,979 HAPPY GO environmental points, and also called on consumers to work together in environmental protection, recycling more than 6,848 items, and jointly heading for a green and sustainable life.

◆ Achievements of FEDS Environmental Protection Activities in 2020



Green Ark subverts the ideas of environmental protection

In order to allow the public to participate in the "rebirth of recyclables" process, a traditional recycling plant was concentrated and transformed into a small environmentally friendly recycling vehicle called "Mobile Green Ark", which was exhibited on tour in October 2019. In 2020, the "Green Ark of Action" was stationed 4 stores, creating a 136-day environmental protection experience. There were professional commentators on the scene to explain the concept of recycling, and the public was invited to carry out a large-scale renovation of waste materials. It only takes 5 minutes to transform the PET bottle into an environmentally-friendly flower vase. It is hoped that through a simple and interesting experience, the public's infinite imagination of environmental protection can be ignited.



Digital disaster prevention experience, enhancing awareness of soil and water conservation



In order to enhance public awareness of soil and water conservation and disaster prevention, FEDS and the Bureau of Soil and Water Conservation of the Agricultural Committee of the Executive Yuan jointly organized the "Water Conservation Fun for Children" event, which was exhibited in 5 stores, including Mega City Banqiao store and FEDS Xinyi A13, creating a wonderful 16-day experience. We combined 3D image technology, with AR and a 360-degree VR real-world experience, to improve the public's awareness of disaster prevention through the immersive scenes. At the same time, we introduced plays, games and other parent-child activities to help children understand the importance of soil and water conservation. The aim was to incorporate water conservation education into people's lives.

Environmental protection pioneers help promote cloud invoices

In order to encourage consumers to use vehicles and reduce the printing of paper invoices, FEDS and the National Taxation Bureau of the 3 districts of Taiwan jointly organized 12 cloud invoice promotion activities, hoping to achieve the sustainable goal of paperless invoices. Among them, FEDS Taoyuan Store co-organized 3 publicity activities with the National Tax Administration of Northern Taiwan Province in January, July, and September. The public responded enthusiastically, and they took out their mobile phones to participate actively and donated 2,746 invoices for charity, allowing sustainable actions to also be filled with love.



Collecting second hand clothes in response to fashionable environmental protection

In order to solve the problem of resource waste associated with "fast fashion", FEDS organized 11 "Old Clothes Rebirth" activities. Taoyuan Store and the Carpenter's House have joined hands in the "Clothing Rebirth Exhibition", giving new life to old clothes through the skills of the designers. Taoyuan Store and Chiayi Store also launched second-hand clothing collection activities. For every piece of clothing donated, FEDS gave back 5 HAPPY GO points. During the event, more than 2,865 pieces and more than 1,000 kilograms of second-hand clothing were donated, and all were given to social welfare organizations. This allowed fashion to combine environmental protection and public welfare, and create sustainable and beautiful value.



Recycling empty bottles to promote sustainable action

Beauty with environmental protection! FEDS held 5 recycling activities for the original cosmetics brand empty bottles. By donating HAPPY GO points and other methods, consumers were invited to take part in environmental protection, and the activities were well received by the public. In 2020, FEDS collected 3,713 empty bottles, donated more than 16,718 HAPPY GO points, and 500 bottles of antibacterial hand sanitizer, to take care of the Earth together with consumers.



Recycling second hand books to extend the value of used books

In order to encourage the public to be environmentally friendly and continue the life of used books, FEDS Taoyuan Store co-organized the "Public Welfare Second-hand Book Exchange" in March with Sunshine Foundation and Hua Hin Bookstore. People can donate or bring second-hand books to the store to exchange the old books for 5 HAPPY GO points. During the event, 270 second-hand books were collected and 1,350 HAPPY GO points were given away, preserving the knowledge within the books.



Local and cultural harmony, creating a healthy and happy society

As a member of the local community, FEDS adheres to the spirit of deepening the community and helping close relatives and neighbors. It co-organizes multiple activities with local government agencies and social organizations, including international cultural exchanges, local characteristics, healthy and lively activities, and arts and cultural exhibitions. Type, looking forward to using our own efforts to promote the sustainable development of the place, deepen the local humanistic literacy, strengthen the emotional connection of the community residents, and create the unique cultural atmosphere and ecological style of the community.

Promoting international exchanges and exploring Taiwan 120H

FEDS hosted the "Explore Taiwan 120H" event for the second time in 2020. The event was organized by the Taiwan Enterprise Sustainability Research and Training Center, leading international students to visit outstanding companies in Taiwan's industries with outstanding sustainability performance. On July 7, a total of 48 international students from 19 countries arrived at FEDS Xinyi A13 to tour its unique digital experience and convenient Smart Pick service to learn about the innovations and applications of smart retail in the department store industry. During the visit, the students admired the novel space design and caring customer services in the store, which also added nicely to the international exchange.



Sponsored Christmasland in New Taipei City for 9 consecutive years

"Christmasland in New Taipei City", the grandest event in Taiwan, has been held every year since 2011, and FEDS has sponsored the event for 9 consecutive years. Because of the COVID-19 pandemic, Taiwanese people were unable to travel abroad. Therefore, we specially partnered with Disney to launch the longest running and largest Christmasland in Taiwan. The Christmasland included a bright music box Christmas tree, 6 Disney princess installations, and 8 unique features, creating 48 large-scale installations. We also created a light sculpture show surrounding the venue of more than 30,000 square meters, allowing the entire event plaza to be immersed in dazzling lights and shadows. The scope of activities spanned from the citizen plaza and the station plaza to the Fuzhong business district. The event not only brought the Christmas cheer to the residents of the area, but also created unlimited business opportunities for the local shops.

Although the original 52-day event ended early due to the impact of the epidemic, the 48-day event still attracted more than 6.67 million visitors, setting a new record for attendance since the Christmasland. The event was also the only large-scale Christmas event in the world to be held as usual. Over the past 10 years, the Christmasland has been held for 436 days in total and accumulated more than 38,747,000 visits. In 2016, it was given the title of one of the "19 Most Amazing Christmas Trees in the World" by Fashion Magazine.



National Secondary School Dance Competition for a healthy and educational life

FEDS cooperated with the National Sports Association of Senior Middle Schools of the Republic of China to provide venues with 4 stores to host the largest hot dance competition in Taiwan, attracting 149 teams and more than 1,100 young students to participate, encouraging young people to engage in legitimate leisure activities and promote health Physical fitness and cultivate the spirit of sportsmanship. On the day of the event, the venue was filled with people, and the atmosphere could not have been more joyous. Every dancer fully demonstrated their personal charm and danced with passion and youth.





FEDS invites people to donate blood and share their love

FEDS has always organized blood donation activities. Each store cooperates with blood donation centers in various regions to launch various themed blood donation events on consecutive holidays or special festivals when there are large crowds. Through FEDS's own appeal, multiple resources are combined to provide movie tickets, fruits and vegetables from peasant agriculture and other gifts to attract the public to the blood donation campaign. In 2020, FEDS's 11 stores held 46 blood donation events. The number of people who donated blood was 9,850, an increase of 9%, and a total of 2,462,500 of blood was donated, an increase of 3%.



Respecting soldiers and loving teachers, giving back to local communities

FEDS has been working with local communities and has maintained good relations with many local residents, including military, civil and teaching staff. Over the years, stores have assisted in the recruitment and promotion of the armed forces, launched mini military experience camps and other activities, hoping to let the public understand the hard work of the military. FEDS designated every September as "Respecting Soldiers and Loving Teachers Month" to celebrate the Armed Forces Day and Teachers' Day and thank the military, civil and teaching staff for their dedication to society. In 2020, a total of 32 activities to honor the military and teachers were held, providing more than 235 the military, civil and teaching staff exclusive discounts and more than 510 gifts to pay our deepest respects.



Respecting soldiers and loving teachers events held

32 events

Discount gifts numbering over

510 gifts



Exclusive discounts for over

235 items



Little workers experience, advocating for child protection

FEDS, together with the police and consumer departments of counties and cities, the National Army Recruitment Center, and other units have joined hands in 51 small craftsman experience activities, combining child and children promotion with parent-child interaction, game breakthroughs, and actual experience of the hard work of 14 industries such as the military and police. In August, Mega City Banqiao Store cooperated with the New Taipei City Government Police Department to not only bring mini police cars into the community, but also integrate anti-drug advocacy into the event, so that children can be taught anti-drug ideas while dressing up and riding in the cars. We aimed to ensure the comprehensive development of the child's body and mind.



The Oyster Flour Art Exhibition promotes local beauty

Tainan Store and Heliao Elementary School jointly organized the "Oyster Flour Art Exhibition", creating a 35-day art festival. More than 55 children combined artistic creations with the natural, cultural, and ecological environment of Tainan through the use of discarded oyster shells in Beimen District, Tainan. The art made from "oyster flour" depicts the beauty of their hometown. They used their skillful hands to give new life to the discarded oyster shells, creating a series of unique paintings, allowing the public to see the unique culture of the region.

Connecting Love, A one-day employee volunteer event

Under the idea of “connecting love”, FEDS has been calling on employees of each store to spontaneously form volunteer teams to actively participate in social welfare activities such as providing support for the disadvantaged, spending time with children, visiting the elderly, caring for the disabled, and protecting the environment. Due to the COVID-19 pandemic in 2020, the number of FEDS’s employee volunteer events was fewer than in previous years. Each store held 29 volunteer activities. The total number of employees that participated was 325. However, the total number of volunteering hours was 970, which was an increase of 78% compared to the previous year.

◆ Volunteer events of FEDS stores in 2020



Assistance for the disadvantaged

Kaohsiung Store and Andrew Food Bank jointly organized two "Food Box Donation" activities, raising more than 268 items and the volunteers visited the Food Bank twice. 35 volunteers were responsible for packing 200 food boxes and delivering them to families in need, displaying society's care and providing food for disadvantaged groups.



Disability care

Hsinchu Store and Banqiao Stores cooperated with the Children Are Us Foundation and Kanner Foundation of Taiwan respectively, to go to the packaging factory on the eve of the Mid-Autumn Festival to pack Mid-Autumn Festival gift boxes with the developmentally challenged persons. A total of 26 volunteers spent 68 hours on the 2 activities, and they worked together to complete more than 500 gift boxes, turning practical actions into social welfare and adding extra meaning to this holiday.



Spending time with children

Paoching Store cooperated with 3 kindergartens. From January to March, 10 volunteers from Paoching Store went to Shengdao Children's Home, Yiguang Nursery School and Zhongyi Nursery School respectively. 120 hours and NT\$12,000 were invested in the 3 events so that the volunteers can have fun with children in the childcare centers through fun activities such as storytelling and DIY creation, bringing joy and laughter to the children!

Visiting the Elderly

Top City Taichung's "Let Love Travel" series of charity activities entered its third year. Sunbaby led 8 volunteers to 3 social welfare organizations including the Hongdao Senior Citizens Foundation to play charades, sing karaoke with the elders, and engage in other activities, to spend time with the elderly. In 2020, the series of public welfare activities visited 9 social welfare units and invested 152 hours to spread the love and achieve our social welfare goals.

Responding to medical care

In order to show our support for the frontline epidemic prevention staff, 8 volunteers from Hualien Store visited Mennonite Hospital and Tzu Chi Hospital for 4 consecutive days and delivered 500 bentos covered with heart-warming notes to the medical staff in person to thank them for actively protecting against the pandemic and protecting the people of Taiwan. We hoped to provide them with never-ending support through the bentos filled with love.

In response to environmental protection

In order to save the environment and ecology of the local seaport, 15 volunteers from Tainan Store responded to the "Sea Conservation Alliance" ocean clean-up activities. Volunteers from government units and 7 companies went to Tainan Military and Fishing Port to remove 310 kilograms of marine waste. On the day of the event, a hundred volunteers from the Tainan Store spent a total of 60 hours to clean the coastline through practical actions!



Appendix 1: Data Related to the Social Data of the Subsidiaries

◆ Employment contracts

year	The Mall			city'super			a. mart			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Official employees	Male	26%	25%	30%	27%	29%	27%	53%	52%	52%
	Female	74%	75%	70%	73%	71%	73%	47%	48%	48%
	Number of people	34	28	32	423	356	341	1,549	1,501	1,508
Unofficial employees	Male	0%	0%	0%	29%	24%	25%	48%	51%	50%
	Female	100%	0%	100%	71%	76%	75%	52%	49%	50%
	Number of people	2	0	2	52	49	67	739	738	715
All employees	Male	25%	25%	28%	27%	28%	27%	51%	52%	52%
	Female	75%	75%	72%	73%	72%	73%	49%	48%	48%
	Number of people	36	28	34	475	405	408	2,288	2,239	2,223

Note: Official employees hold indefinite contracts or are hired once a year. Unofficial employees include temporary and seasonal short-term employees.

◆ Employee age distribution

year	The Mall			city'super			a. mart			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Age 29 and below	Male	20%	17%	25%	20%	25%	20%	61%	65%	62%
	Female	80%	83%	75%	80%	75%	80%	39%	35%	38%
	Number of people	10	6	8	137	92	55	758	721	672
30-49 years old	Male	35%	33%	39%	29%	26%	26%	50%	48%	50%
	Female	65%	67%	61%	71%	74%	74%	50%	52%	50%
	Number of people	17	15	18	258	227	210	1,122	1,081	1,071
Age 50 and above	Male	14%	14%	0%	31%	36%	32%	38%	38%	41%
	Female	86%	86%	100%	69%	64%	68%	62%	62%	59%
	Number of people	7	7	6	80	86	74	408	437	480
All employees	Male	26%	25%	28%	27%	28%	27%	51%	52%	52%
	Female	74%	75%	72%	73%	72%	73%	49%	48%	48%
	Number of people	34	28	32	475	405	339	2,288	2,239	2,223

Note: Only official employees were included in the employee age distribution of The Mall in 2018.

◆ Gender and age of new recruits

year	The Mall			city'super			a. mart			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Age 29 and below	Male	0%	0%	25%	20%	30%	29%	68%	66%	50%
	Female	100%	100%	75%	80%	70%	71%	32%	34%	50%
	Number of people	3	2	4	44	37	24	161	133	68
30-49 years old	Male	40%	67%	100%	20%	22%	15%	62%	53%	58%
	Female	60%	33%	0%	80%	78%	85%	38%	47%	42%
	Number of people	5	3	3	41	32	20	138	99	71
Age 50 and above	Male	0%	0%	0%	17%	14%	0%	61%	57%	54%
	Female	0%	0%	0%	83%	86%	100%	39%	43%	46%
	Number of people	0	0	0	6	7	1	18	23	13
All employees	Male	25%	40%	57%	20%	25%	22%	65%	60%	54%
	Female	75%	60%	43%	80%	75%	78%	35%	40%	46%
	Number of people	8	5	7	91	76	45	317	255	152

◆ Gender and age of resigned employees

year	The Mall			city'super			a. mart			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Age 29 and below	Male	0%	0%	0%	21%	18%	19%	73%	67%	62%
	Female	100%	100%	100%	79%	82%	81%	27%	33%	38%
	Number of people	4	1	2	89	55	31	126	106	102
30-49 years old	Male	0%	50%	100%	29%	23%	22%	63%	56%	49%
	Female	100%	50%	0%	71%	77%	78%	37%	44%	51%
	Number of people	2	6	2	105	77	46	145	135	105
Age 50 and above	Male	0%	100%	0%	20%	20%	36%	64%	70%	52%
	Female	0%	0%	100%	80%	80%	64%	36%	30%	48%
	Number of people	0	1	1	15	15	22	14	44	21
All employees	Male	0%	50%	40%	25%	21%	24%	67%	63%	55%
	Female	100%	50%	60%	75%	79%	76%	33%	37%	45%
	Number of people	6	8	5	209	147	99	285	285	228

◆ Number and gender of managers

		The Mall			city'super			a. mart		
year		2018	2019	2020	2018	2019	2020	2018	2019	2020
Vice president and above	Male	100%	0%	0%	0%	100%	100%	100%	100%	100%
	Female	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Number of people	1	0	0	0	1	1	1	1	1
Junior Vice President	Male	0%	0%	0%	50%	75%	75%	100%	100%	82%
	Female	0%	0%	0%	50%	25%	25%	0%	0%	18%
	Number of people	0	0	0	2	4	4	10	10	11
Assistant Manager and above	Male	100%	50%	0%	59%	63%	53%	73%	72%	71%
	Female	0%	50%	100%	41%	37%	47%	27%	28%	29%
	Number of people	1	2	1	27	24	15	170	160	166
Number of people	Male	100%	50%	0%	59%	66%	60%	75%	74%	72%
	Female	0%	50%	100%	41%	34%	40%	25%	26%	28%
	Number of people	2	2	1	29	29	20	181	171	178

Employee salary structure

◆ Comparison of basic salary for each position

		The Mall				city'super				a. mart			
year		2019		2020		2019		2020		2019		2020	
Gender		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Manager		1.06	1	1.21	1	0.8	1	0.76	1	0.86	1	0.89	1
General employee		0.99	1	1.01	1	1	1	1.05	1	0.99	1	0.98	1

Note: Manager is employee who hold management positions or equivalent supervisory positions, and the rest are general employees.

◆ Comparison of average salary for each position

year	The Mall						city'super						a. mart					
	2018		2019		2020		2018		2019		2020		2018		2019		2020	
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Manager	1.28	1	1.04	1	1.21	1	1.18	1	0.79	1	0.75	1	1	1	0.86	1	0.89	1
General employee	1.28	1	0.98	1	1.01	1	1.18	1	0.99	1	1.05	1	1	1	0.99	1	0.98	1

Note: Average salary = basic salary + wage

◆ Comparison of basic salary and the national minimum wage

The Mall						city'super						a. mart					
2018		2019		2020		2018		2019		2020		2018		2019		2020	
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
1.28	1.28	1.22	1.22	1.19	1.19	1.18	1.18	1.13	1.13	1.09	1.09	1	1	1	1	1	1

Note: The formula used is starting salary of the low-level staff ÷ the national minimum wage. The minimum wage data comes from the Directorate General of Budget of the Executive Yuan and the Ministry of Labor.

◆ Statistics of parental leave

Year	The Mall						city'super						a. mart					
	2018		2019		2020		2018		2019		2020		2018		2019		2020	
Gender	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
No. of people who are eligible to apply	0	1	0	0	0	0	6	12	5	22	5	28	14	15	12	10	6	5
No. of people applied	0	1	0	0	0	0	0	7	0	8	0	6	2	10	2	5	2	4
Application rate (%)	0	100	0	0	0	0	0	58	0	36	0	21	14	67	17	50	33	80
No. of employees subject to reinstatement	0	1	0	0	0	0	0	6	0	4	0	6	5	12	3	3	3	5
Actual no. of employees who applied for reinstatement	0	0	0	0	0	0	0	4	0	4	0	5	0	8	2	3	1	4
Reinstatement rate (%)	0	0	0	0	0	0	0	67	0	100	0	83	0	67	67	100	33	80
No. of people reinstated in the previous year	0	0	0	0	0	0	0	5	0	4	0	4	4	5	0	8	2	2
No. of single persons reinstated in the previous year	0	0	0	0	0	0	0	3	0	2	0	4	2	5	0	6	2	1
Retention rate (%)	0	0	0	0	0	0	0	60	0	50	0	100	50	100	0	67	100	50

Note: ※Reinstatement rate = Actual No. of reinstated employees in the current year ÷ No. of employees subject to reinstatement in the current year.

※ Retention rate = The number of single persons who have been reinstated in the previous year ÷ the number of people who have been reinstated in the previous year.

◆ Employee health and safety indicators

year		The Mall			city'super			a. mart		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
Work injury rate (IR)	Male	0	0	0	333.16	0.87	0.92	4.51	1.53	1.23
	Female	0	0	0	125.22	0.34	0.33	3.72	1.09	2.22
	Total	0	0	0	252.88	0.49	0.49	4.15	1.33	1.68
Absence rate (AR)	Male	0.09%	0%	0.15%	0.47%	0.33%	0.28%	0.38%	2.85%	0.26%
	Female	0.15%	0%	0%	0.44%	0.24%	0.43%	0.31%	2.84%	0.41%
	Total	0.14%	0%	0.05%	0.45%	0.27%	0.39%	0.35%	2.84%	0.33%
Lost time rate (LDR)	Male	0	0	0	41.64	15.58	39.77	80.95	43.30	44.30
	Female	0	0	0	15.65	0.34	0.17	26.91	50.68	121.33
	Total	0	0	0	31.61	4.68	10.67	56.06	46.67	79.33

Note: 1. GRI Loss of Work Hour Due to Injury Ratio (IR) = (Total Work Injury Accidents/Total Working Hours)×200,000. 200,000 refers to the ratio per 100 employees based on 40 working hours per week per 50 weeks.

2. The types of work injuries in 2020 include accidental falls, bumps, cuts and crush injuries caused by improper operation in the workplace, and does not include commuting traffic accidents.

3. GRI Absence Rate (AR)=(number of days absent from work/total number of person days at work)×100%. The number of days absent from work includes sick leave and work injury leave.

4. GRI Lost Time Rate (LDR)=(Latency of Lost Work/Total Hours of Work)×200,000. 200,000 refers to the ratio of every 100 employees with 40 working hours per week in every 50 weeks. The number of days lost is the number of days an employee is unable to work due to work-related injuries or occupational illness.

5. The subsidiary did not report any occupational illness or work-related deaths in 2020. Therefore, the GRI occupational diseases-induced lost working hours ratio (ODR) and the number of employees due to work-related injuries are zero.

◆ Performance evaluation frequency

		The Mall	city'super	a. mart		The Mall	city'super	a. mart
		New employee evaluation	Three months	V		V	V	Employee performance evaluation
	One year	V				Annually	V	V

Note: 1. The frequency of new executives in a.mart takes half a year. 2. The frequency for manager-level employees in a.mart is every year.

Appendix 2: Data Related to the Subsidiary's Environmental Matters

unit: Ten thousand kWh, metric tons, kWh/ m².yr

year	The Mall			city'super			a. mart		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Power consumption	630	628	631	808	758	757	8,892	7,954	8,087
CO2e	3,358	3,197	3,212	4,307	3,858	3,853	47,394	40,486	41,163
Energy intensity	368	307	293	546	532	536	367	381	348

Note: The carbon emissions are calculated based on the electricity carbon emission coefficient announced by the Energy Bureau. The 2020 coefficient has not been announced, so the 2019 coefficient of 0.509 kg CO2e/degree is used.

Appendix 3: GRI Standards Index Table

◆ GRI 100: Universal standards

★ : Non-core item

Disclosed items		Reference chapters	Page number
GRI 102: General Disclosures			
1. Organizational profile			
102-1	Name of the organization	About this Report	1
102-2	Activities, brands, products, and services	1.1	23
102-3	Location of headquarters	1.1	23
102-4	Location of operations	1.1	23
102-5	Ownership and legal form	1.1	23
102-6	Markets served	1.1	23
102-7	Scale of the organization	1.1	23
102-8	Information on employees and other workers	5.1	95
102-9	Supply chain	4.3	88
102-10	Significant changes to the organization and its supply chain	1.1, 4.3	23, 88
102-11	Precautionary Principle or approach	1.3	39
102-12	External initiatives	1.2	33
102-13	Membership of associations	1.2	33
2. Strategy			
102-14	Statement from senior decision-maker	Message from the Chairman Message from the President	4, 5
102-15	Key impacts, risks and opportunities ★	Identification of Material Topics, Communication with Stakeholders, 1.3	16, 18, 39
3. Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	1.3	39
102-17	Mechanism for advice and concerns about ethics ★	Communication with Stakeholders, 1.2, 1.3	18, 33, 39
4. Governance			
102-18	Governance structure	1.2	33
102-19	Delegating authority ★	1.2	33
102-20	Executive-level responsibility for economic, environmental, and social topics ★	1.2	33

Disclosed items		Reference chapters	Page number
102-21	Consulting stakeholders on economic, environmental, and social topics ★	Identification of Material Topics, Communication with Stakeholders, 1.1	16, 18, 23
102-22	Composition of the highest governance body and its committees ★	1.2	33
102-23	Chair of the highest governance body ★	1.2	33
102-24	Nominating and selecting the highest governance body ★	1.2	33
102-25	Conflicts of interest ★	Please refer to "3. Corporate Governance Report" of the company's 2020 Annual Report.	
102-26	Role of highest governance body in setting purpose, values, and strategy ★	1.2	33
102-27	Collective knowledge of highest governance body ★	1.2	33
102-28	Evaluating the highest governance body's performance ★	1.2	33
102-30	Effectiveness of risk management processes ★	1.3	39
102-32	Highest governance body's role in sustainability reporting ★	1.1	23
102-35	Remuneration policies ★	1.2	33
5. Stakeholder engagement			
102-40	List of stakeholder groups	Identification of Material Topics, Communication with Stakeholders	16, 18
102-41	Collective bargaining agreements	There is no union, so no group agreement was signed.	
102-42	Identifying and selecting stakeholders	Identification of Material Topics, Communication with Stakeholders	16, 18
102-43	Approach to stakeholder engagement	Identification of Material Topics, Communication with Stakeholders	16, 18
102-44	Key topics and concerns raised	Identification of Material Topics, Communication with Stakeholders	16, 18
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	About this Report	1
102-46	Defining report content and topic Boundaries	About This Report, Identification of Material Topics, Communication with Stakeholders	1, 16, 18
102-47	List of material topics	Identification of Material Topics, Communication with Stakeholders	16, 18

Disclosed items		Reference chapters	Page number
102-48	Restatements of information	About this Report	1
102-49	Changes in reporting	Identification of Material Topics, Communication with Stakeholders	16, 18
102-50	Reporting period	About this Report	1
102-51	Date of most recent report	About this Report	1
102-52	Reporting cycle	About this Report	1
102-53	Contact point for questions regarding the report	About this Report	1
102-54	Claims of reporting in accordance with the GRI standards	About this Report	1
102-55	GRI content index	GRI Standards Index Table	131
102-56	External assurance	About this Report	1
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundary	Identification of Material Topics, Communication with Stakeholders	16, 18

◆ GRI 200: Economic topics (specific topic standards)

Disclosed items		Reference chapters	Page number
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.1	23
201-2	Financial implications and other risks and opportunities due to climate change	1.3, 3.1	39, 65
201-3	Defined benefit plan obligations and other retirement plans	5.1	95
GRI 202: Market Presence 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	Identification of Material Topics, Communication with Stakeholders, 5.1, 5.3	16, 18, 95, 103
202-1	Ratios of standard entry level wage by gender compared to local minimum wage ★	5.1	95
202-2	Proportion of senior management hired from the local community	5.1	95
GRI 204 : Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.1, 4.3	81, 88

★ : The disclosed items of the key topics comply with all reporting requirements of the GRI standards

Disclosed items		Reference chapters	Page number
GRI 205: Anti-corruption 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	Identification of Material Topics, Communication with Stakeholders, 1.3	16, 18, 39
205-1	Operations assessed for risks related to corruption	1.3	39
205-2	Communication and training about anti-corruption policies and procedures	1.3	39
205-3	Confirmed incidents of corruption and actions taken ★	1.3	No relevant matters.

◆ GRI 300: Environment topics (disclosure of specific topics)

Disclosed items		Reference chapters	Page number
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3.1	65
302-3	Energy intensity	3.1	65
302-4	Reduction of energy consumption	3.1	65
302-5	Reductions in energy requirements of products and services	3.1	65
GRI 305: Emissions 2016			
305-2	Energy indirect (Scope 2) GHG emissions	3.1	65
305-5	Reduction of GHG emissions	3.1	65
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
GRI 306: Waste 2016			
306-1	Waste generation and significant waste-related impacts	3.2	70
306-2	Management of significant waste-related impacts	3.2	70
306-3	Waste generated	Not applicable	
306-4	Waste diverted from disposal	Not applicable	
306-5	Waste directed to disposal	Not applicable	
GRI 307: Environmental Compliance 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	1.3	39
307-1	Non-compliance with environmental laws and regulations ★	1.3	39
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.3	88
308-2	Negative environmental impacts in the supply chain and actions taken	4.3	88

◆ **GRI 400: Social topics (disclosure of specific topics)**

Disclosed items		Reference chapters	Page number
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	5.1, 5.3	95, 103
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1, 5.3	95, 103
401-3	Parental leave	5.1, 5.3	95, 103
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	5.3	103
GRI 403: Occupational Health and Safety 2018			
103-2 103-3	The management approach and its components Evaluation of the management approach	5.3	103
403-1	Occupational health and safety management system	5.3	103
403-2	Hazard identification, risk assessment, and incident investigation	5.3	103
403-3	Occupational health services	5.3	103
403-4	Worker participation, consultation, and communication on occupational health and safety	5.3	103
403-5	Worker training on occupational health and safety	5.3	103
403-6	Promotion of worker health	5.3	103
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3, 5.3	88, 103
403-8	Workers covered by an occupational health and safety management system	5.3	103
403-9	Work-related injuries	5.3	103
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	5.2	99
404-2	Programs for upgrading employee skills and transition assistance programs	5.2	99
404-3	Percentage of employees receiving regular performance and career development reviews	5.2	99
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	1.2	33
405-2	Ratio of basic salary and remuneration of women to men	5.1	95
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	5.3	103

★ : The disclosed items of the key topics comply with all reporting requirements of the GRI standards

Disclosed items		Reference chapters	Page number
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.3	103
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.3	103
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	3.3	75
GRI 414: Supplier social assessment 2016			
414-1	New suppliers that were screened using social criteria	4.3	88
414-2	Negative social impacts in the supply chain and actions taken	4.3	88
GRI 416: Customer Health and Safety 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	Identification of Material Topics, Communication with Stakeholders, 1.3, 4.1	16, 18, 39, 81
416-1	Assessment of the health and safety impacts of product and service categories	2.3, 4.1	58, 81
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services ★	1.3	39
GRI 417: Marketing and Labeling 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	Identification of Material Topics, Communication with Stakeholders, 1.3, 4.1	16, 18, 39, 81
417-1	Requirements for product and service information and labeling	4.1	81
417-2	Incidents of non-compliance concerning product and service information and labeling ★	1.3	No relevant matters
417-3	Incidents of non-compliance concerning marketing communications	1.3	39
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.3	39
GRI 419: Socioeconomic Compliance 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	Identification of Material Topics, Communication with Stakeholders, 1.3	16, 18, 39
419-1	Non-compliance with laws and regulations in the social and economic area ★	1.3	39

Appendix 4: Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Content	Reference chapters
Chapter 1. General Provisions Purpose of policy, scope of practice and principles	Message from the Chairman Message from the President, Creating Sustainable Value, 1.1, 1.2, 1.3.1
Chapter 2. Exercising corporate governance Regulating corporate governance	Identification of Material Topics, Communication with Stakeholders, 1.1, 1.2, 1.3, 5.2
Chapter 3. Developing a sustainable environment Regulating the development of a sustainable environment	3.1, 3.2, 3.3
Chapter 4. Safeguarding public welfare Regulating the safeguarding of public welfare	4.1, 4.3, 5.1, 5.2, 5.3
Chapter 5. Strengthening CSR information disclosure Regulating the strengthening of CSR information disclosure	Creating Sustainable Value, 6.1, 6.2, 6.3
Chapter 6. Addendum Regulating the amendment of the CSR system	Identification of Material Topics, Communication with Stakeholders

Appendix 5: Verification Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN DEPARTMENT STORES'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastern Department Stores CO., LTD. (hereinafter referred to as FEDS) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as the Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification in the period of 17 March 2021 to 21 April 2021. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

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

RESPONSIBILITIES
 The information in the FEDS's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and management of FEDS. SGS has not been involved in the preparation of any of the material included in the Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

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

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

Assurance has been conducted at a moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

Reporting Criteria Options

1	GRI Standards (Core)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Social Return on Investment assessments (SROI) and Task Force on Climate-related Financial Disclosures (TCFD) 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, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) 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. For future reporting, FEDS may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

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.

Impact

FEDS has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FEDS's CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core/Comprehensive Option. The material topics 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 topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of FEDS's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
21 May, 2021
www.sgs.com





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