

2021
Sustainability
Report



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About This Report

The Significance of Sustainability for Far Eastern Department Stores

Far Eastern Department Stores Ltd., founded in 1967, is Taiwan's longest-running and steadily growing chain of department stores. After half a century of operation, FEDS constantly progresses with time, innovates and grows, creates sustainable value from the inside out, and establishes sustainable growth of the economy, environment and society.

Through this Report, we communicate with our stakeholders on the six major ongoing actions of FEDS: "Sustainable Management and Governance", "Innovative Department store benchmark", "Efficient Environmental Protection Operations", "Safe Product Management", "A Healthy and Happy Workplace", and "Heartwarming Social Care" to achieve the vision of "Sustain for a Good Life".

Read and download the Report at: <https://www.feds.com.tw/CSR/ReportDownload>.



Report download page

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Reporting Period

This is the 8th report of FEDS, which discloses the sustainable performance information, management policies, material topics and responses of FEDS in terms of economy, environment, society and governance from January 1 to December 31, 2021. In order to improve the comprehensiveness of the information, some of the content refers to previous years.

First issue date: August 2015
 Current issue date: June 2022
 Next issue date: June 2023

Scope of This Report

Subsidiaries of FEDS cover department stores, wholesalers, shopping malls, and high-end supermarkets. Based on financial significance, Taiwan's locality, and relevance to the sustainability strategy, the scope of this Report covers all operating locations of the following companies in Taiwan:

FEDS	http://www.feds.com.tw
The Mall	http://www.themall.com.tw
A.Mart	http://www.fe-amart.com.tw
CitySuper	http://www.citysuper.com.tw
FE SOGO	http://www.sogo.com.tw

The financial information in this Report were verified by an accountant. If the scope of the performance differs, it will be specifically explained in this Report. FE SOGO issues its own Corporate Sustainability Report, so please refer to its 2021 Corporate Sustainability Report for non-financial information separately.

Report Guidelines and Guarantee

Report Guidelines

This Report was compiled with reference to the GRI Standards issued by the Global Reporting Initiative (GRI), for which the core disclosure principles were adopted.

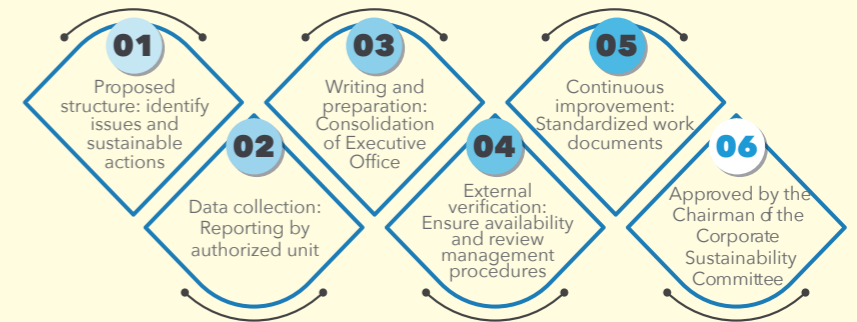
Third-Party Guarantee

The Report is guaranteed by a third-party verification unit to confirm that it complies with the core items of GRI Standards and AA1000 (Account Ability) Type 1 Moderate Level.

Data Management

In order for the information disclosure to be consistent with the comprehensiveness, materiality and communication, the data and information in the Report shall be reviewed by the head of the Company's authorized unit, and after being consolidated and confirmed by the Executive Office of the Corporate Sustainability Committee, the report shall be submitted to the Chairman (General Manager) of the Corporate Sustainability Committee for approval.

Report Preparation Process



External certification	Certification Body
Financial Data	Deloitte & Touche
ISO 50001 Energy Management	TÜV Rheinland Group
ISO 14064-1 Greenhouse Gases	TÜV Rheinland Group
ISO 14046 Water Footprint	TÜV Rheinland Group
ISO 9001 Quality Management	Bell International Certification Company

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Message from the Chairman

In 2021, under the impact of Covid-19 pandemic, retailing development remains to be volatile. Far Eastern Department Stores (FEDS) leads all staff to jointly expand, innovate, and expedite growth, continues to deliver outstanding performance, and commits to Environmental, Social, Governance (ESG) to establish sustainable benchmark, focuses on corporate social responsibilities (CSR) while managing business to bring positivity and influence on the environment, society, and economy.

Advance with Time Continue to Grow

Innovation and changes are the vital foundation for sustainable operations. Since its inception 55 years ago, FEDS has advanced and expanded its operation scope with time to conduct diversified investments whilst seeking retailing innovation and growth. Currently it operates various brands such as Far Eastern SOGO Department Stores, Far Eastern Ai-Mai hypermarket, City'Super premium supermarket, so to fulfill people's daily consumption needs. In 2021, FEDS registered consolidated revenues of NT\$112.3 billion, it continues to expand strategically, boost market share and strengthen industrial position.

Focus on Sustainability Environment Friendliness

Take sustainable operation as an entry point, through continuous transformation and innovative operating model, FEDS has already developed to the fifth generation (5th Gen) store. The latest 5th Gen store - Far Eastern New Century Chubei Shopping Mall launched soft opening on January 14, 2022, adding another strong foothold for FEDS's retailing deployment. FE Chubei Shopping Mall is also the first BOT project for the company, merging the fulfillment of environmental sustainability recognition of "Gold Grade" green architecture as the highest standard of eco-friendly department store. Through BOT to achieve triple wins of private sector, government, and enterprise, elevate local people's living quality, and promote job opportunities and economic development.

Digital Transformation Smart Retailing

Facing with the rise of the Gen Z consumer group, FEDS expedites the deployment of digital construction of its shopping space, continues to implement digital technologies, build smart store for all customer segments, provide more convenient shopping services and more interesting shopping experiences. One of the important values brought by smart retailing is through analysis of big data, we may interpret more precisely on customers' shopping behaviors and shopping preferences, based on customer segment and personalized marketing, offer customer-centric quality services, assist to elevate operating efficiency, and strengthen customer loyalty and satisfaction.

Innovative Experience Integrate Omni-Channels

In line with booming developments of online shopping, the importance of physical retailing has also been changing, not only to provide services of purchasing merchandise, but also to innovate social and lifestyle experiences, to satisfy consumers' increasing demands, and achieve differentiation from e-commerce. According to Harvard Business Review, 73% of consumers use omni-channel to find and purchase products. We also have findings that the public's shopping footprint frequently switches between online shopping and physical retailing. Therefore, we need to strengthen the integration of omni-channel, serve customers at both online and offline outlets, and constitute a more complete customer experience.

The innovation of technologies and impact of the pandemic have pushed the operating environment of retailing to quickly enter the new normal. Facing with dynamic environment, enterprises must advance with time, constantly adjust, make changes to gain advantageous position in this dynamic market, not to be eliminated by the environment, and ensure sustainable operation. As the world's renowned biologist, Charles Darwin's famous quote that "It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change."



Far Eastern Department Stores
 Chairman Douglas Tong Hsu

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Message from the President

Despite the impact of the pandemic, department store market in 2021 rebounded from the bottom to outperform. Far Eastern Department Stores (FEDS) demonstrated its resilience during the pandemic, with its insightful observation of market changes, conduct forecast analysis to draw early responsive measures, coupled with full support from long-term partners, enabling us to overcome various difficulties to complete the mission of store expansions. At the same time, FEDS also continues to embrace the sustainable trends both at home and abroad, unceasingly improves the effectiveness of sustainable initiatives, to pave a solid foundation for the company's sustainable operations.

Stronghold against the Pandemic Expand Store Despite the Headwind

After 5 years of preparation, recruiting nearly 350 brand counters, merging culture, aesthetics, lifestyle, and art elements, Far Eastern New Century Chubei Shopping Mall was officially launched on January 14, 2022. Since its soft opening, whether its Hakka round house shape, or the simple beauty of traditional old house and street, the exquisite landscape and decor of Chubei Shopping Mall quickly became the new popular check-in attraction. The opening of Chubei Shopping Mall will inject growth momentum for the company and reach another record high for FEDS.

Leading Environmental Preservation Sustainable Fashion

Moving toward being environmentally sustainable, Far Eastern Department Stores focuses on "energy conservation and carbon reduction" as its top mission. Focusing on "Eco-friendly green service" and "Smart intelligence to create green store," we promote eight green environmental preservation initiatives. Now for every dollar earned, the electricity consumption of FEDS is 11% less than that of five years ago, achieving sustainable goal of coexistence of doing business and protecting the environment. In August 2021, FEDS outperformed many contestants, and won the first and third places in carbon reduction contest which was ranked top in the service industry.

Happy Workplace Strong Workforce

"Healthy staff brings sustainable business developments," FEDS encourages its staff to establish sports clubs and bring steady exercise habit. Meanwhile, the company also serves as good partner of staff's health management, and has been promoting the "Employee Health UP" program for three consecutively years to take care of employee wellness through ten major healthy action plans, enabling each employee to work safely at supportive environment, and maintain healthy balance every day. The outcome of excellent employee health program was awarded with "iTaiwan iSports" recognition by the Sports Administration, Ministry of Education in 2021.

Commitment to Philanthropic Endeavors Care for the Society

Currently, Far Eastern Department Stores operates 12 stores in 10 cities island-wide. We apply our channel resources and turn each store as local "CSR platform," connecting local government, philanthropic groups, counter vendors, etc. We have sponsored nearly 2,200 CSR events during the past five years, at the average of one event per day to dedicate to social care. Each year, our staff proactively organize volunteer teams to serve people and the society. Within three years, volunteer services have accumulated up to 91 events and 2,154 service hours. FEDS staff commit to corporate social responsibilities, together with love for a promising future.

FEDS has accompanied us for 55 years, shared joyful memories with many consumers in wonderful shopping delight. Facing with the challenges during the pandemic as well as the fast changing retailing industry, Far Eastern Department Stores will continue to transform and innovate, dedicate to ESG sustainable initiatives, and continuously elevate its capability to create sustainable value, enrich the sustainable developments as the sustainable leader of department stores.



Far Eastern Department Stores
 President Nancy Hsu

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Creating Sustainable Value

With the vision of "Sustain for a Good Life", FEDS is committed to environmental (E), social (S), governance (G) and other sustainable actions, creating sustainable value for stakeholders and society, laying a good foundation for the sustainable operation of enterprises, and establishing a benchmark for the sustainable operation of department stores.

FEDS Sustainability Culture Based on Giving Back

As the department store with the longest history of Taiwan, the widest operating base, the most localized development, and the most sustainable transformation, FEDS takes "giving back" as the basic value of its sustainable operations, actively utilizes brand advantages and access resources, connects with the United Nations' Sustainable Development Goals (SDGs), realizes sustainable localization actions, contributes to the sustainable development of the economy, environment and society, and creates a win-win sustainable growth model.



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Set Sustainability Goals and Implement Actions

Aspects of Sustainability	Strategy	Actions	Major Achievements in 2021	2025 Goals	2030 Goals
Environmental (E) Efficient environmental protection operations Safe product management Implement energy saving and carbon reduction, promote green consumption, create green value through products and services, and establish green department stores that are both fashionable and eco-friendly.	Reduce carbon emissions	Reduce carbon by 11,192 metric tons, a decrease of 11% per year.	15% ↓	30% ↓	
	Install green energy	With the completion of the Green Power Planning Project, solar power generation capacity will increase from 95.8 kWh to 1,600 kWh.	Completed 4 solar systems	Use 20% green energy	
	Increase recycling volume	3 new recycling items, 937 metric tons of recycling volume, an increase of 3% .	7% ↑	10% ↑	
Social (S) A Healthy and happy workplace Heartwarming social welfare Establish a happy workplace, cultivate and retain key talents, and at the same time play the role of a local "social welfare platform", invest in social participation, and play a comprehensive role in public welfare.	Cultivate management and operational professionals	An average of 14.3 hours of training per employee.	Plan 70 training courses for management trainees	Establish a talent pool for management trainees	
	Promote employee health plans	Promote 10 programs that promote employee health.	Submit 1 new health project per year	Submit 1 new health project per year	
	Invest in social welfare activities	Hold 580 public welfare activities	Hold more than 500 public welfare activities per year	Hold more than 500 public welfare activities per year	
Governance (G) Sustainable management and governance Innovative Department store benchmark Accelerate the sustainable growth of the enterprise through management and innovation to create an innovative shopping mall for customers and become a sustainable retail leading brand.	Strengthen risk management	Introduce the Risk Oriented Audit Management Platform (RAP) and convene 14 system meetings.	Establish an optimized management platform to improve the risk management mechanism	Establish an optimized management platform to improve the risk management mechanism	
	Promote management innovation	Promote 72 management innovation projects.	Submit 3 new projects per year	Submit 3 new projects per year	
	Accelerate the implementation of digitalization	Establish (upgrade) 91 E-systems.	The degree of digitization for various operations has reached 98%	The degree of digitization for various operations has reached 98%	
	Improve corporate governance	Top 20% of companies for corporate governance	Execute 1 corporate governance project per year	Execute 1 corporate governance project per year	

Note: Base year setting: electricity, carbon reduction in 2014, recycling and green energy in 2018.

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

In upholding the spirit of "Thinking Globally, Acting Locally", FEDS is committed to optimizing the core capabilities of the Company, responding to the 6 UN's Sustainable Development Goals (SDGs), and taking sustainable actions to contribute to global sustainable development.



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Localization of Actions to Link to Taiwan's Sustainable Development Goals

Starting from the partnership, FEDS implements localization of sustainability, and promotes the sustainable economic, environmental and social development of Taiwan with 6 sustainable actions and 11 sustainable issues in accordance with the Sustainable Development Goals of Taiwan put forward by the National Council for Sustainable Development.

SDGs of Taiwan	FEDS's sustainable actions	Sustainability issues of concern	Sustainability achievements in 2021
 Strengthened human resources	A Healthy and happy workplace	Talent attraction and retention Talent cultivation and development Occupational safety and health	▲ Parental leave of absence and resumption rate of 77% (↑ 24%) ▲ the average training hours per supervisor was 13.8 hours (↓ 27%) ▲ New hire rate of 18% (↑ 27%) ▲ Achieved zero occupational accidents and zero fatalities (target reached)
 Circular economy	Safe product management	Sustainable supply chain management Water and waste management	▲ Suppliers signed 856 CSR commitments (↑ 38%) ▲ 967 tons of resources recycled (↑ 3%) ▲ 2,548 tons of food waste recycled (↓ 24%) ▲ Water consumption is better than industry performance (↑ 31%)
 Energy transformation	Efficient environmental protection operations	Energy and greenhouse gas management Green products and services	▲ 95,000 kWh of solar power (↑ 114%) ▲ EUI of 290 (↑ 9.4%) ▲ Set up 355 shared power banks (↑ 37%) ▲ Invested NT\$36,941 thousand in energy saving projects (↑ 8%)
 Sustainable agriculture and ecological conservation	Innovative department store benchmark	Shopping safety and services Green products and services Water and waste management	▲ Organized 68 farmers' markets (↓ 42%) ▲ Organized 47 environmental protection events (↓ 11%) ▲ Green procurement accounted for 99.3% (↑ 2%) ▲ Publication of the 10th issue of the Environmental e-news (first implementation)
 Smart cities and rural areas	Heartwarming social care	Charity and social participation	▲ Invested NT\$2,750 thousand in social welfare (↓ 88%) ▲ A total of 2,250 hours of volunteer services (↑ 49%) ▲ Cared a total of 2,201 children in rural areas (↑ 7%) ▲ Organized 580 events to support the disadvantaged (↓ 3%)
 Digital revolution	Sustainable management and governance	Customer service and communication Business performance and innovation strategies	▲ A total of 91 management digital systems (↑ 8%) ▲ Implemented 72 management innovation projects (↑ 29%) ▲ 109 electronic forms (↑ 47%) ▲ Provided 12 multiple payment tools (↑ 9%)



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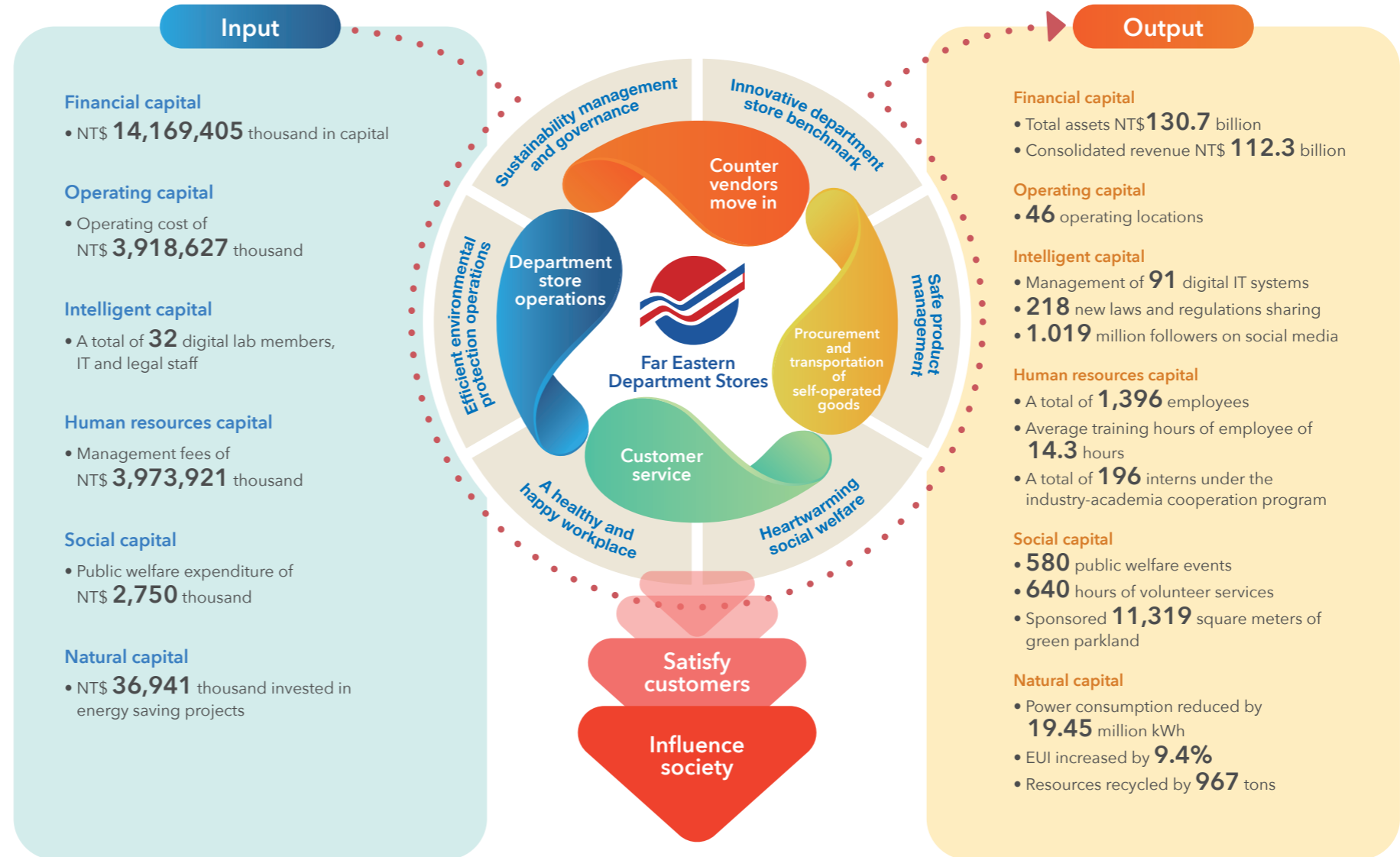
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Establishing Sustainable Value Chains

FEDS adheres the 6 major sustainable actions: "Sustainable Management and Governance, Innovative Department Store Benchmark, Efficient Environmental Protection Operations, Safe Product Management, A Healthy and Happy Workplace, and Heartwarming Social Care", connecting the upstream to downstream of the value chain to satisfy every consumer and expand social influence, so as to create the greatest sustainable value in each link.



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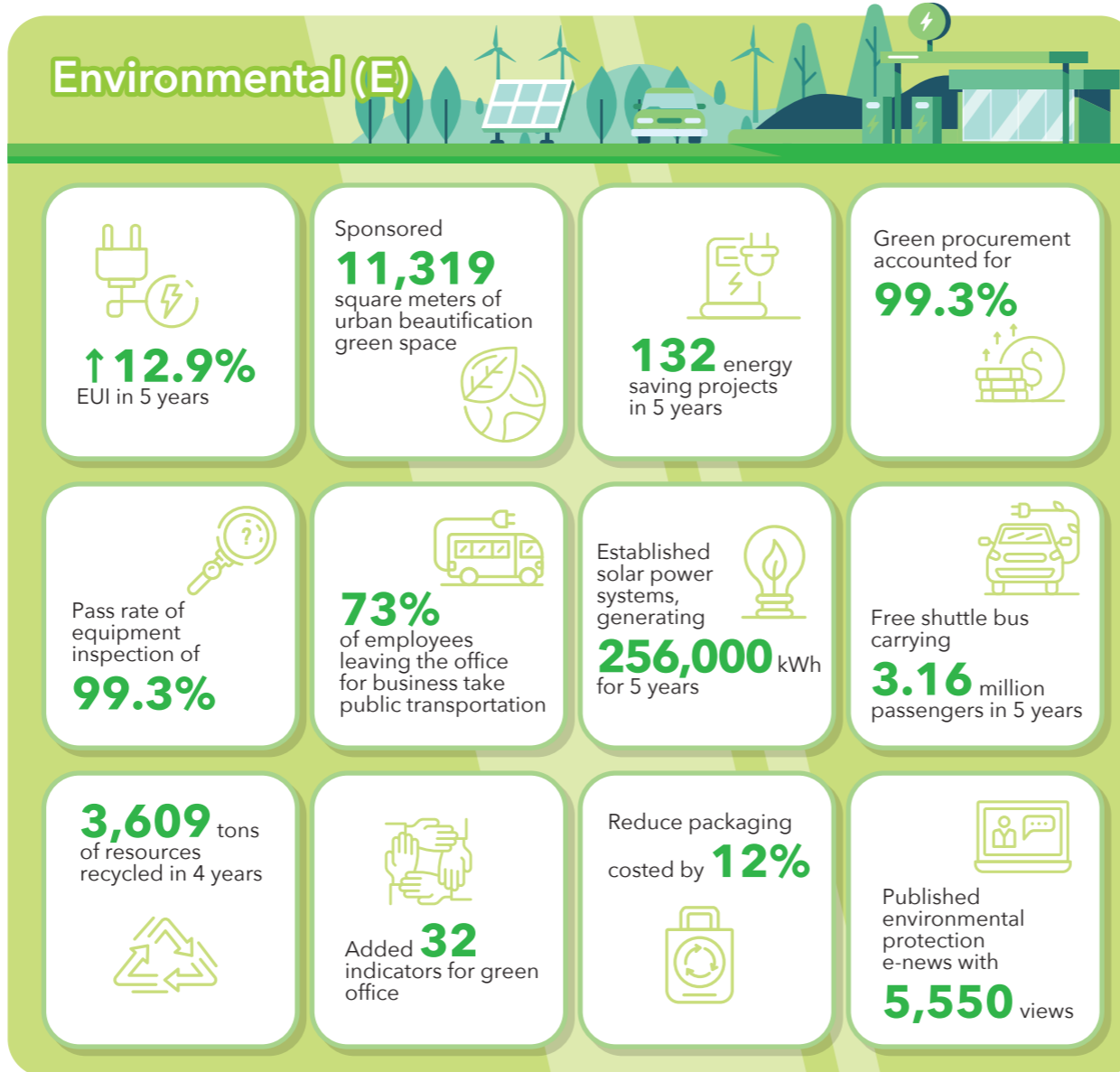
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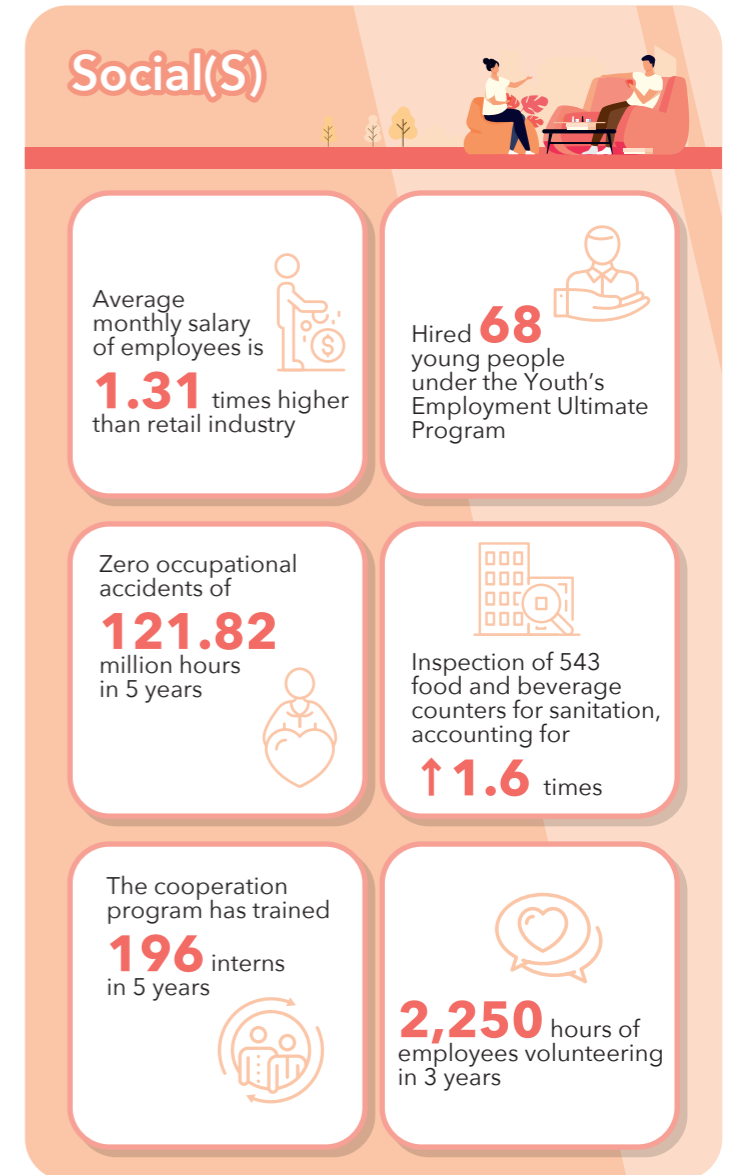
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Sustainability Key Achievements

Environmental (E)



Social (S)



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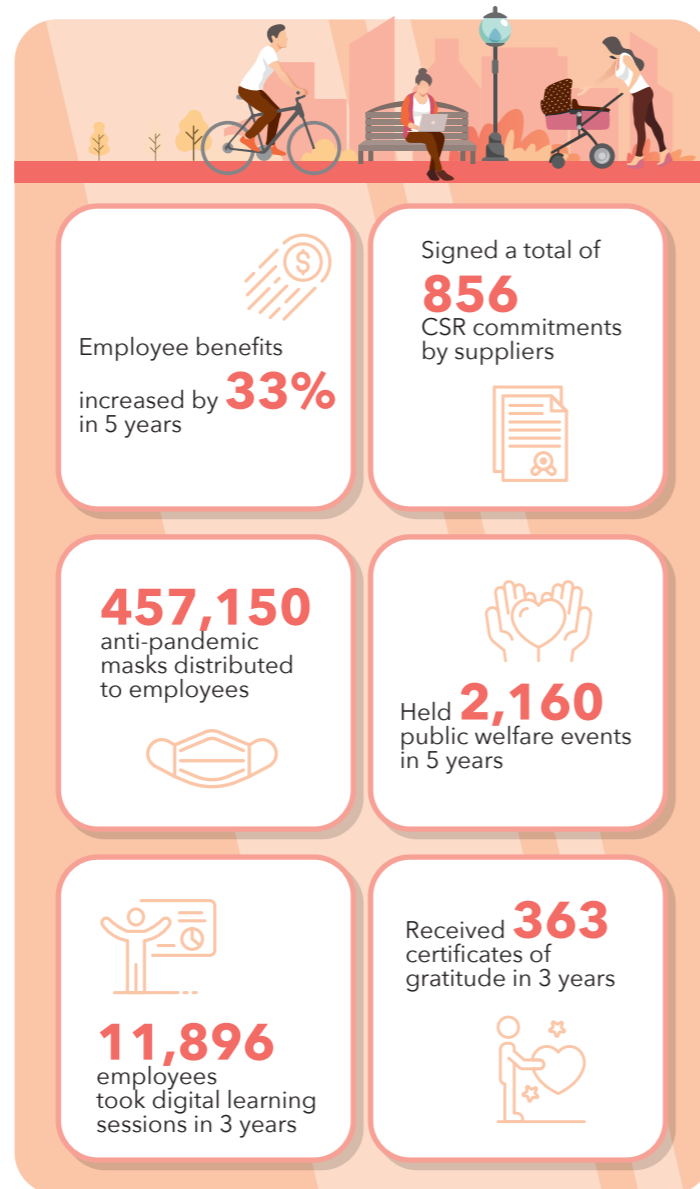
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Awards and Honors



For two consecutive years

Asia Responsible Enterprise Awards Green Leadership

First praise

Asia Responsible Enterprise Awards Social Empowerment

For two consecutive years

National Enterprise Environmental Protection Award

For seven consecutive years

Common Wealth Sustainable Citizenship Award Large Enterprises Top 50

For five consecutive years

TCSA Taiwan Top 50 Corporate Sustainability Award

For six consecutive years

TCSA Innovative Growth Leadership Award

For seven consecutive years

TCSA Corporate Sustainability Report Award ranked NO.1 in the Department Store category

First praise

1st place of "Commercial Service Industry * Reduce Carbon during Summer" held by the Ministry of Economic Affairs

First praise

3rd place of "Commercial Service Industry * Reduce Carbon during Summer" held by the Ministry of Economic Affairs

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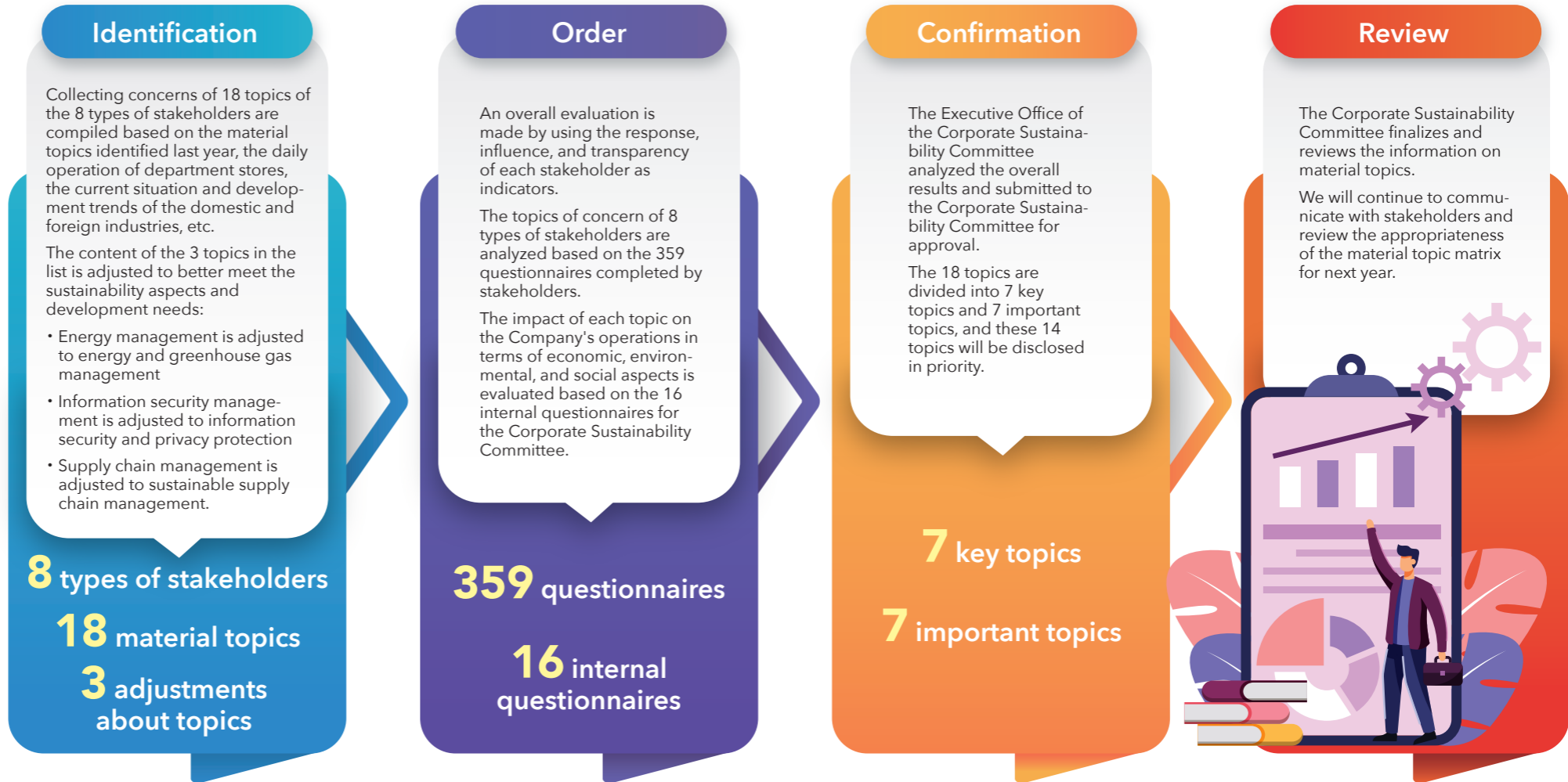
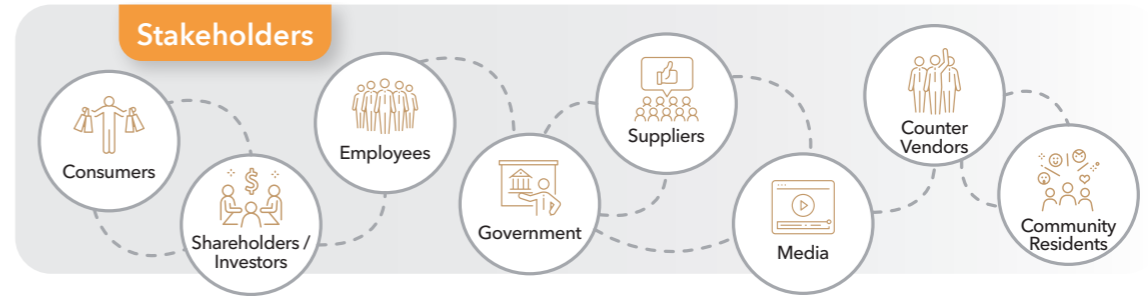
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Identification of Material Topics

FEDS refers to the AA1000 Accountability Principles and Standards, the Global Reporting Initiative (GRI) Standards, international sustainability development trends, and issues of concern to domestic industry as the principles for the disclosure of the report and the judgment of material topics. In order to meet the needs and expectations of stakeholders, we also conducted a questionnaire survey, and disclosed and explained in detail the key and important topics in the Report.



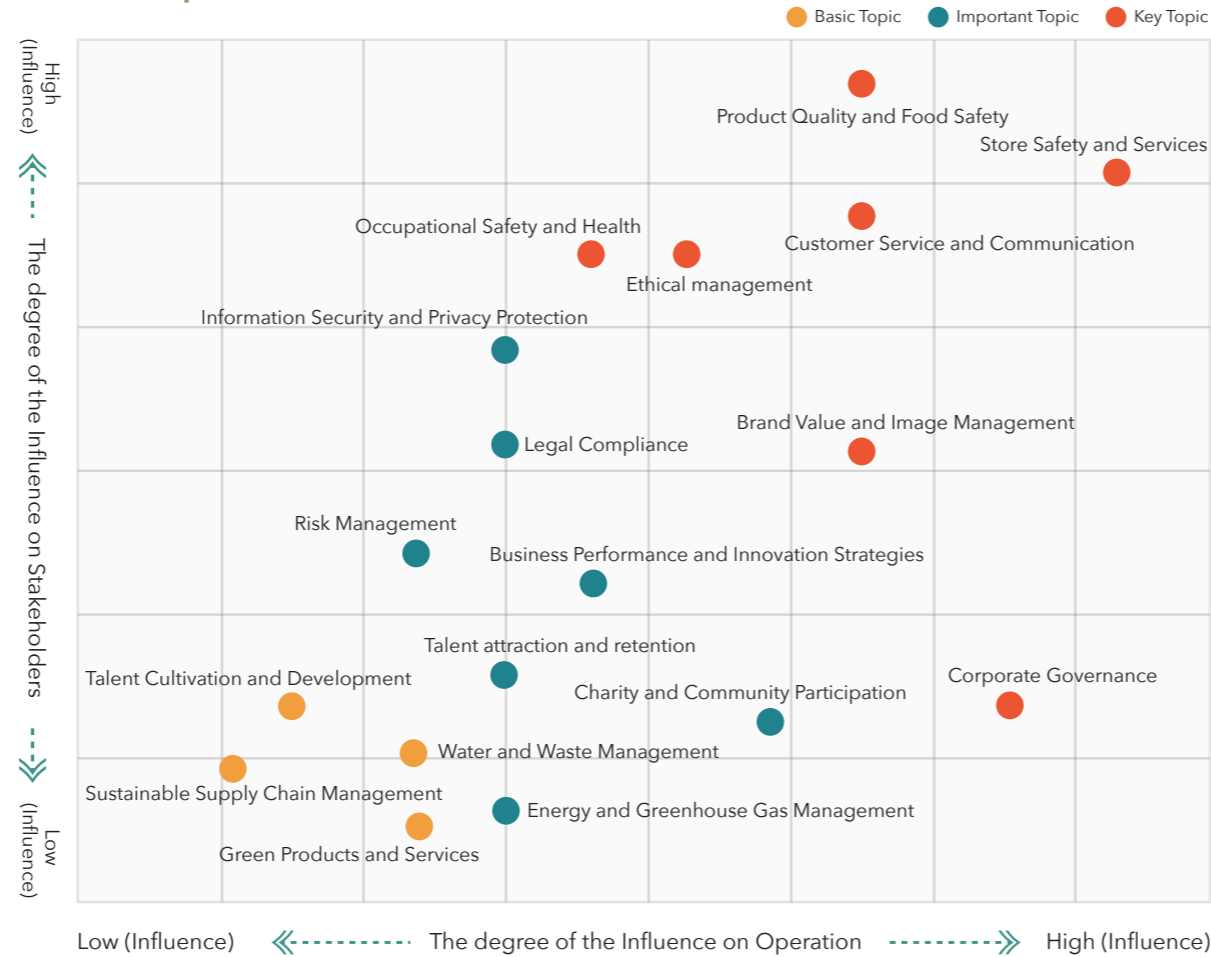
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Material Topic Matrix



Changes in Classification and Order of Material Topics

Sustainable management and governance		
●	Corporate governance	—
●	Legal compliance	—
●	ethical management	▼3
●	Risk management	▼3
●	Business performance and innovation strategies	▼3
●	Information security and privacy protection	▲3

Innovative department store benchmark		
●	Customer service and communication	—
●	Store safety and services	—

Efficient environmental protection operations		
●	Energy and greenhouse gas management	▲2
●	Water and waste management	▲2

Safe product management		
●	Green products and services	—
●	Sustainable supply chain management	▼4
●	Product quality and food safety	▲2

A Healthy and happy workplace		
●	Talent attraction and retention	▲2
●	Talent cultivation and development	▼3
●	Occupational safety and health	—

Heartwarming social care		
●	Charity and social participation	▲4
●	Brand value and image management	▲1

Note: Refer to P20 for the order of material topics.

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Explanation of the Changes in Material Topics

Key Topic

- 7 key topics, and the number decreased by 1 compared to the previous year.
- "Business performance and innovation strategies" has been adjusted to an important topic, and innovation and growth have been internalized into the sustainable DNA of FEDS, reducing the impact of sustainable operation.
- The importance of "product quality and food safety" and "brand value and image management" has been slightly elevated, and FEDS will continue to create safe product management to strengthen brand value and image.
- The importance of "Ethical management" has been decreased by 3 places. The stakeholders affirm the ethical governance of FEDS, and we also continue to create a sustainable business environment by adhering to the ethical management philosophy.

Important Topic

- 7 important topics, and the number increased by 1 compared to the previous year.
- "Talent attraction and retention" and "energy and greenhouse gas management" have been elevated from basic topics to important topics to be in line with the trend of sustainable development.
- The importance of "information security and privacy protection" and "charity and social participation" has been elevated. FEDS will introduce asset security management tools to protect the information assets. Meanwhile, we will continue to invest in social welfare and help those in need.
- Although the importance of "risk management" has decreased, it is still an important topic. FEDS will continue to establish a management mechanism to minimize the risk.





Basic Topic

- 4 basic topics, and the number remains the same.
- "Talent cultivation and development" has been adjusted from an important topic to a basic topic. A blueprint for employee training has been established. Compared with talent cultivation, talent selection and retention are the key to strengthen the Company's human capital.
- "Sustainable supply chain management" has also been adjusted from an important topic to a basic topic. FEDS will continue to refine its sustainable supply chain management by signing a letter of commitment from the supplier.
- The importance of "water and waste management" has been elevated by 2 places. Relevant management indicators have been established to improve the performance of water resources management and reduce the waste generated during the operations of the department stores.

Description of Major News

News	Handling procedure	Review and improvements
On March 30, 2021, the fire prevention mechanism was activated in FEDS Xinyi A13 due to extremely high oil temperature caused by careless operation by the personnel at the food and beverage counter.	The floor supervisor immediately controlled the situation on site within 2 minutes without causing any injuries to personnel.	<ol style="list-style-type: none"> 1. We enhanced the fire safety training for food and beverage counters. 2. We increased the frequency of new personnel training and practical fire drills. 3. Floor supervisors would enhance the patrolling of the scene and immediately activate the notification procedure in case of any abnormality.
In July and November 2021, an elevator failure occurred in FEDS Xinyi A13.	The SOP notification was activated as soon as the incident occurred, and the elevator resumed to normal operation within 30 minutes.	<ol style="list-style-type: none"> 1. We optimized the elevator maintenance project. 2. We had a comprehensive review of the contingency handling process. 3. We strengthened personnel response education and training.
FEDS's branch office in Taipei and New Taipei City areas was closed due to confirmed cases or signs of confirmed cases of counter personnel.	Upon receipt of the notification, we carried out pandemic prevention and management measures such as clearing the entire building and having rapid tests for all employees in accordance with local government regulations.	<ol style="list-style-type: none"> 1. We enhanced environmental cleaning and disinfection. 2. We implemented customer entry management such as screening customers twice using the contact tracing systems. 3. We strengthened personnel health management and pandemic prevention education and training.

Responding to Major Industry Issues

Issues	Key descriptions	Our management mechanism
 Pandemic prevention and safety	Since mid-May 2021, the COVID-19 cases rose, and department stores were closed due to the signs of confirmed cases. It was necessary to implement measures to prevent the pandemic and ensure the safety of the mall.	We set up a "pandemic response team" to formulate a pandemic response plan and follow the recommended guidelines for pandemic prevention and management measures published by the government to realize the pandemic prevention and safety of shopping malls.
 Labor rights and interests	The Ministry of Labor has amended the "Common Principles of Penalty for Violation of Labor Standards Law", and the TWSE/TPEX listed company that fails to pay overtime according to regulations will be subject to severe penalty.	We adopted flexible working hours in response to the characteristics of the industry, arranged schedules in advance to allocate manpower as appropriate, paid overtime in accordance with the regulations to protect the labor rights and interests of employees.
 Water resources management	In the first half of 2021, Taiwan suffered the worst drought in 56 years, affecting people's livelihoods and water use, which drew attention to the issues of water resources.	We formulated contingency plans for purchasing water from external, strengthened water saving efforts, and continued to promote saving measures and evaluate recycling plans.
 Greenhouse gas management	In October 2021, the Environmental Protection Administration announced a draft amendment to the "Greenhouse Gas Reduction and Management Act", which is expected to incorporate the 2050 net zero emissions target.	In line with the government's policy agenda, we would continue to promote energy saving and carbon reduction, and develop a "green power plan" to effectively improve the reduction of greenhouse gas emissions.

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Communication with Stakeholders

Adhering to the service ideals of the department store industry, FEDS has established a communication strategy and maintained good communication with stakeholders through diversified methods, in accordance with AA1000 stakeholder discussion and the five major Standards, to understand the concerned topics of stakeholders, and to develop action strategies in response to the requirements and expectations of stakeholders.



Consumers

Importance to FEDS

Meeting customer needs while driving for enterprise growth.

Material Topics of concern

- Product quality and food safety
- Store safety and services
- Customer service and communication
- Ethical management

Channels and frequency of communication

- TV commercials/event DM (irregular)
- Social media/FEDS APP (irregular)
- Satisfaction survey (irregular)
- Customer service hotline/suggestion mailbox (instant)

Communication strategy

We operate with the wishes of consumers in mind to improve customer satisfaction and create a good sustainable life.

Corresponding chapters

- Sustainable management and governance
- Innovative department store benchmark
- Safe product management

Communication achievements

- 1.019 million followers on social media
- We respond to feedback from 641 customers



Employees

Importance to FEDS

Employees are an important asset of the company and an important factor in creating sustainable competitiveness.

Material Topics of concern

- Occupational safety and health
- Product quality and food safety
- Customer service and communication

Channels and frequency of communication

- Internal announcement (irregular)
- Education and training (irregular)
- Internal meetings (weekly/monthly)
- Employee suggestion mailbox (instant)

Communication strategy

We create a healthy and happy workplace where employees can work with peace of mind and grow together with the company.

Corresponding chapters

- Innovative department store benchmark
- Safe product management
- A Healthy and happy workplace

Communication achievements

- 4 Management and Labor Council
- 4 Occupational Safety and Health Committee
- 4 Meeting of the Employees' Welfare Committee



Suppliers

Importance to FEDS

The cooperation and support of suppliers are crucial for creating a comfortable and high-quality shopping environment.

Material Topics of concern

- Integrity management
- Product quality and food safety
- Sustainable supply chain management
- Customer service and communication

Channels and frequency of communication

- Coordination meeting (irregular)
- Promotion meeting (irregular)
- Telephone/email (instant)

Communication strategy

We choose high-quality suppliers and build a sustainable supply chain through a supplier evaluation system.

Corresponding chapters

- Sustainable management and governance
- Safe product management

Communication achievements

- 235 CSR commitments were signed.

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Counter vendors

Importance to FEDS

Counter vendors offer products and services to create sustainable fashion department stores with FEDS.

Material Topics of concern

- Store safety and services
- Occupational safety and health
- Product quality and food safety

Channels and frequency of communication

- Sales visit (irregular)
- Morning meeting(daily)
- merchants' friendly association (annual)
- Telephone/email (instant)

Communication strategy

We create the best partnership and provide high-quality products and services to satisfy customers.

Corresponding chapters

- Innovative department store benchmark
- Safe product management
- A Healthy and happy workplace

Communication achievements

- **On October 8, the Annual merchants' friendly association was held, for which more than 100 counter vendors attended.**



Shareholders / Investors

Importance to FEDS

The support of shareholders is an important force for the sustainable operation of FEDS.

Material Topics of concern

- Store safety and services
- Product quality and food safety
- Customer service and communication
- Risk management

Channels and frequency of communication

- Board of Directors/Functional Committee meetings (quarterly)
- Shareholders' meetings (annual)
- Investor conferences (irregular)
- Market Observation Post System (monthly)

Communication strategy

We create excellent profit performance and fulfill our corporate social responsibility to achieve sustainable management.

Corresponding chapters

- Sustainable management and governance
- Innovative department store benchmark
- Safe product management

Communication achievements

- **We held an annual shareholders' meeting on July 27**
- **We participated in an investor conference on December 16**



Government

Importance to FEDS

The government agencies enact laws and regulations to improve the retail operating environment.

Material Topics of concern

- Energy and greenhouse gas management
- Product quality and food safety
- Store safety and services
- Information security and privacy protection

Channels and frequency of communication

- Symposium/seminar (irregular)
- On-site audits (irregular)
- Safety inspections (irregular)
- Telephone/email (instant)

Communication strategy

We comply with laws and strengthen corporate governance to ensure stable operations.

Corresponding chapters

- Sustainable management and governance
- Efficient environmental protection operations
- Safe product management

Communication achievements

- **We participated in an evaluation related to corporate governance, and ranked top 20% among the enterprises**
- **We issued 47 major messages of the Company**



Media

Importance to FEDS

The Company's reputation and image are affected by media coverage.

Material Topics of concern

- Store safety and services
- Product quality and food safety
- Brand value and image management

Channels and frequency of communication

- Press conference (irregular)
- Brand activity (irregular)
- Telephone/email (instant)

Communication strategy

We carefully maintain important channels for transparent communication with stakeholders.

Corresponding chapters

- Safe product management
- Heartwarming social care

Communication achievements

- **We held a media dinner on December 22**
- **We invited the media to 29 events including press conferences, brand days, etc.**



Community residents

Importance to FEDS

Provide local care as a good neighbor, and fulfill the role of corporate citizenship.

Material Topics of concern

- Product quality and food safety
- Ethical management
- Customer service and communication

Channels and frequency of communication

- In-person visit (irregular)
- Telephone/email (instant)

Communication strategy

We listen to feedback and communicate with care to reduce the impact of the operation on the surrounding residents.

Corresponding chapters

- Sustainable management and governance
- Innovative department store benchmark
- Safe product management

Communication achievements

- **We held 14 events for providing care as a good neighbor and community services.**
- **On December 28, we welcomed a group of teachers and students from Environmental Engineering of Chung Yuan Christian University.**

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Order of Material 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 safety and health of public facilities and establish an inspection and management mechanism	416 Customer health and safety	2.3 Optimized Space	46	●	●		●		●	●	●
Key	2	Product quality and food safety	Value product quality and food safety management, and offer the products at the best price	102 Stakeholder communication: 102-43 ~ 44	1.3 Comprehensive Risk Management	34	●	●	●	●	●	●	●	●
				416 Customer health and safety	4.1 Carefully Selected High-quality Products	63								
				417 Marketing and labeling	4.2 Safe and Delicious Food and Beverage	65								
Key	3	Customer service and communication	Maintain customer relationships and customer satisfaction, and communicate product and service information with customers	102 Stakeholder communication: 102-43 ~ 44	1.3 Comprehensive Risk Management	34	●	●	●	●	●	●	●	●
				417 Marketing and labeling	2.3 Optimized Space	46								
					4.1 Carefully Selected High-quality Products	63								
Key	4	Brand value and image management	Convey our corporate brand value and image	102 Stakeholder communication: 102-40, 102-42~44	5.1 Compensation and Benefits Superior to Peers	76	●	●	●	●	●	●	●	●
				202 Market position	6.1 Response to Global Initiatives	92								
					6.2 Transnational Window into Culture	94								
					6.3 Local Public Welfare and Care	96								
Key	5	Ethical management	Comply with the free market system to avoid business conduct regulations that violate the laws or the principle of customer integrity	102 Integrity and ethics: 102-16 ~ 17 205 Anti-corruption	1.3 Comprehensive Risk Management	34	●		●	●	●	●	●	●
Key	6	Occupational safety and health	Improve the safety of the working environment and allow employees to work with peace of mind	403 Occupational safety and health	5.3 Considerate and Friendly Workplace	83	●	●		●	●	●	●	●
Key	7	Corporate governance	Aim to achieve excellent corporate governance by strengthening the operation of the Board of Directors, ethical management, internal control, and anti-corruption policies, etc.	102 Organization profile: 102.1~15 102 Governance: 102-18~28, 30-35	1.2 Steady Sustainable Governance	30	●		●		●	●	●	●
Important	8	Information security and privacy protection	Properly manage personal information and establish an information security management process	418 Customer privacy	1.3 Comprehensive Risk Management	34	●	●		●		●	●	●
Important	9	Charity and social participation	Public welfare and charity investment to prosper with the local communities	418 Customer privacy	6.1 Response to Global Initiatives	92	●	●		●	●	●	●	●
					6.2 Transnational Window into Culture	94								
					6.3 Local Social Welfare and Care	96								

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Importance	Topics		Meaning to FEES	Disclosed items	Corresponding chapters	Page	Scope of impact							
	Order	Topics					FEES	Consumers	Suppliers	Partners	Shareholders / Investors	Government	Media	Community residents
Important	10	Legal compliance	Comply with the laws and regulations related to the Company's operations	307 Environmental Compliance 419 Social Compliance	1.3 Comprehensive Risk Management	34	●	●	●	●	●	●	●	●
Important	11	Business performance and innovation strategies	Implement innovation and create excellent business performance	201 Economic performance	1.1 Forward-Facing Innovation Management 3.2 Real-time Smart Property Management	23 55	●	●	●	●	●	●	●	●
Important	12	Risk management	Identification and control measures for systemic and unsystematic risks	102-15 Key Impacts, risks and opportunities	1.3 Comprehensive Risk Management	34	●		●	●	●	●		
Important	13	Talent attraction and retention	Provide compensation and benefits superior to peers, so that employees can receive incentives and competitive treatment	201 Economic performance 202 Market Presence 401 Employment 402 Labor/Management Relations 405 Diversity and Equal Opportunity 406 Non-discrimination 407 Freedom of Association and Collective Bargaining 409 Forced or compulsory labor	1.3 Comprehensive Risk Management 5.1 Compensation and Benefits Superior to Peers 5.2 Integrated Talent Cultivation 5.3 Considerate and Friendly Workplace	34 76 80 83	●			●	●	●	●	
Important	14	Energy and greenhouse gas management	Promote energy management and implement energy saving measures	302 Energy	3.1 Energy Saving Green Intelligence 3.3 Persistent Green Actions	52 58	●	●	●	●	●	●	●	●
Basic	15	Talent cultivation and development	Cultivate staff's professionalism to obtain better working capabilities and establish an excellent employee staff development mechanism	404 Training and education	5.2 Integrated Talent Cultivation	80				●	●	●	●	●
Basic	16	Water and waste management	Review the Company's water consumption, waste water discharge and the amount of waste produced from operations, and formulate management goals and measures	306 Waste water and waste	3.2 Real-time Smart Property Management	55	●			●	●	●	●	●
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	58 63	●	●	●	●	●	●	●	●
Basic	18	Sustainable 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 environmental assessment 414 Supplier social assessment	4.3 Comprehensive Supply Chain Management	69	●		●	●	●			

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Sustainable Management and Governance

Far East Department Stores is the longest-running department store in Taiwan, with the widest distribution and the most localized and sustainable transformation. With 54 years of development in Taiwan, FEDS has been progressing with the times, integrating local culture with international fashion, continuing to innovate and grow, setting a sustainable model for Taiwan's department store industry, leading the sustainable development of department stores, and creating a sustainable future together.



1 Sustainable Management and Governance

- 1.1 Forward-looking Innovative Management
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In response to **7** material topics

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1.2. Steady Sustainable Governance 30

1.3. Comprehensive Risk Management 34

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



Governance highlights


 TCSA Innovative Growth Leadership Award for **6** consecutive years

 Increase market share **46** stores cross Taiwan and China

 Financially sound Total assets NT\$ **130.7** billion

 Execute **72** management innovation projects

 Build a mobile office with **100%** launched

 Task Force on Climate-related Financial Disclosures for **3** consecutive years

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1.1 Forward-Looking Innovation Management

Affected by the COVID-19, the department store retail industry was severely challenged in 2021. FEDS braved the winds and waves to actively adjust its operating model with innovative thinking and agility. It continued to promote innovation, and built a prominent operating performance. At the same time, it was committed to creating a sustainable growth model of winning in the economy, environment and society, and creating a sustainable benchmark for the ESG of department store.

1.1.1 Innovation and change to establish the foundation for sustainable operations

Innovation and change are pivotal foundations for the sustainable operations of FEDS. Through innovation and transformation with the times, FEDS has developed into a fifth-generation store. We transform and develop each generation store by taking sustainability as the starting point, and intend to inject green and innovative elements into the operation process, products and services. The continuous innovation force drives the sustainable growth of the enterprise, and we aim to become number 1 department store. We have won "TCSA Taiwan Corporate Sustainability Award - Innovative Growth Leadership Award" for six consecutive years.

Diversified operations and towards a comprehensive retail

FEDS, which has been developing in Taiwan for 54 years, focuses on sustainable operations. While pursuing the innovation and growth of the department store industry, FEDS also diversifies and expands its retail operations. At present, FEDS retail group has four major business types, including department stores, shopping malls, hypermarkets and supermarkets, which satisfy the comprehensive retail needs of the public. In 2021, there are 46 operating locations cross Taiwan and China , with a total turnover of NT\$112.3 billion, total assets of NT\$130.7 billion, and 62,658 shareholders. FEDS has become the most unique and complete large-scale retail group cross Taiwan and China.

46 operating locations of FEDS retail group



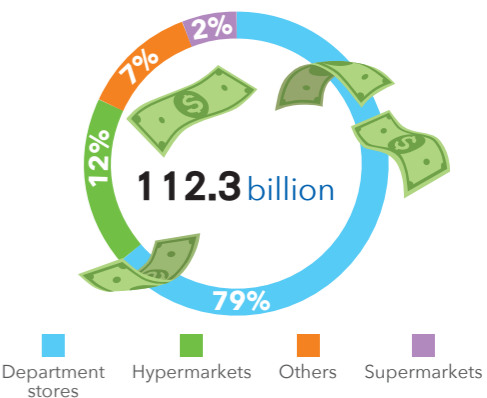
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Basic information of FEDS

- Year established: 1967
- Capital: NT\$14.169 billion
- Location of headquarters: Banqiao District, New Taipei City
- Products and services: General Merchandise Retail Trade
- Sales markets: Taiwan and China
- Number of employees: 1,396
- Primary affiliates: FE SOGO, city'super, a.mart, The Mall
- Operating locations: 46
- Stock Code: 2903



Consolidated sales



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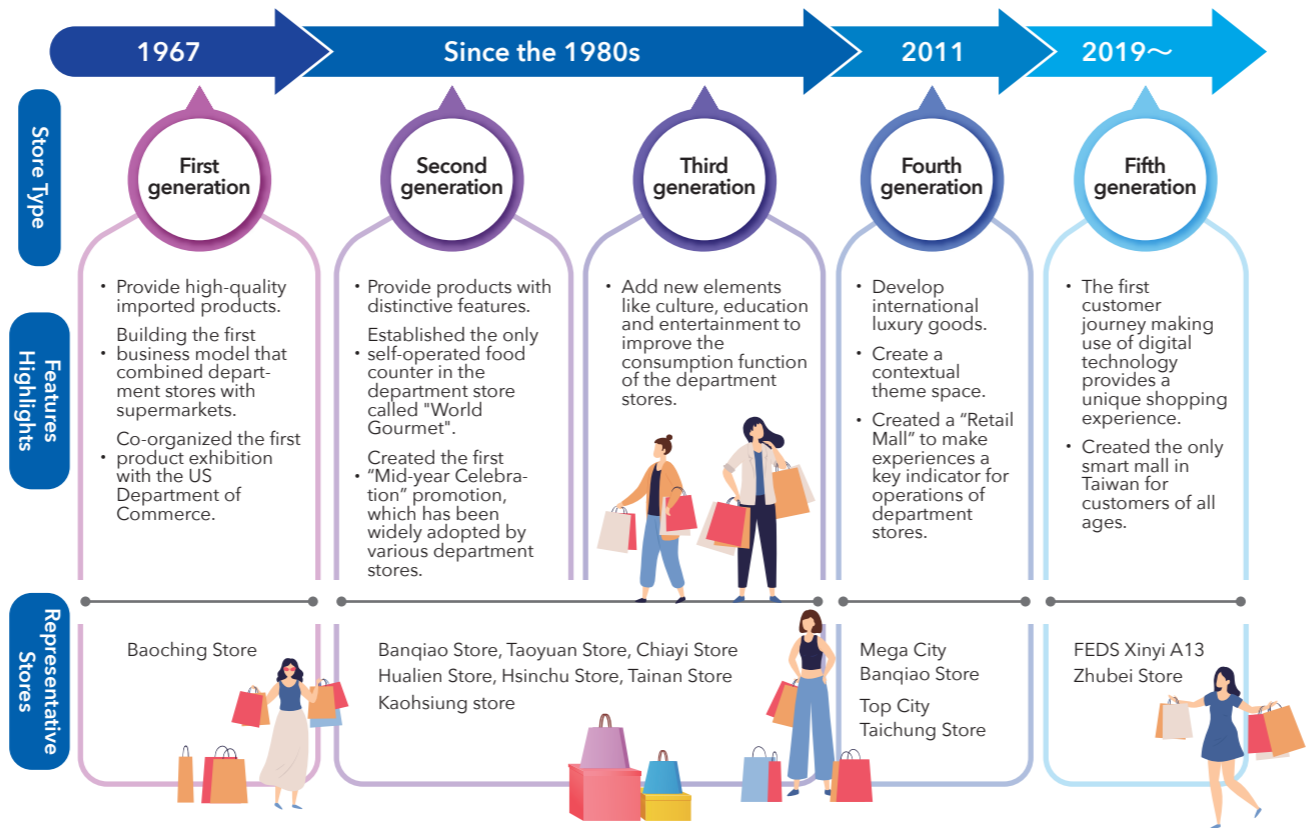
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Integrate diversified channels and satisfy customer needs

Via innovation and transformation with the times, FEDS has developed into a fifth-generation store. The transformation of each generation store is planned from sustainable operation. With the change in customer consumption behavior and shopping preferences, the physical store and online shopping environment are gradually integrated to meet the comprehensive needs of customers with diversified channels.

Affected by the COVID-19, the consumer surge in physical store declined in 2021. FEDS quickly adjusted its resources and strategies, and actively established a diversified contact channel with consumers. For example, using social media and live broadcast to introduce product matching proposals, so that people can grasp the fashion trend at home; additionally, setting up "Quick Pick Up" to allow quick delivery and pick-up of goods, appointment with main customers for in-store or home transactions and other thoughtful services. Via the two key directions of "offline experience and online service", we continue to meet customer needs and enable FEDS to against the retail headwind and constantly move toward an innovative operating model.

Development history of store types



Note: Zhubei Store was put into trial operation on January 14, 2022.

Continue to open stores to increase market share

Adhering to the diversified-operating strategy, FEDS continued to open stores in 2021. Following the official opening of FEDS Xinyi A13 on January 19, 2020, FEDS continued to expand to Zhubei and open a large-scale, multi-functional shopping mall in Hsinchu. Zhubei Store will become the first large-scale shopping mall in Hsinchu County after the opening, and City' Super will also open in the store.

Regarding the layout cross Taiwan and China, in addition to continuously adjusting its operating mode to meet the needs of local consumer groups, FEDS has successively evaluated suitable investment locations and M&A targets. We expect to open a new shopping mall-style department store in Chongqing in two years and continue to expand the retail types.

Store opening plan of FEDS retail group



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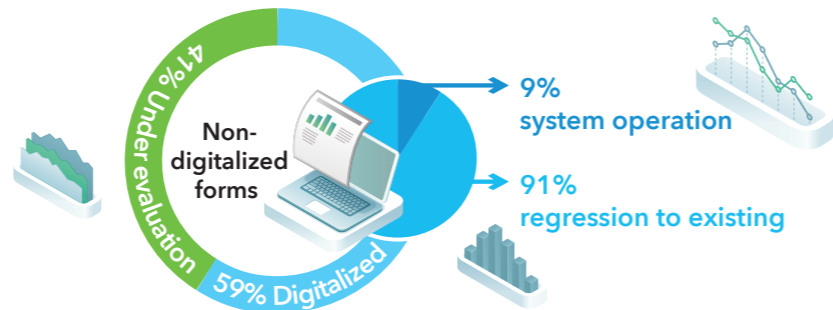
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Using Digital transformation to embrace new retail

In 2021, the retail operating environment was moving towards a more diversified, digital and smart development. FEDS has also accelerated the adjustment and continued to promote digital transformation, gradually integrating physical retail and online shopping to foster the wonderful life of consumers. In the past five years, the programmatic adjustment management model of FEDS has successfully completed the four goals of "building paperless offices, integrating interdepartmental systems, developing management indicators (KPIs), and establishing enterprise portals (EIPs)", increasing the sustainable competitiveness of enterprises.

In order to deepen the progress of digital management, the management unit established a task force in 2021 to review the operation forms that have not yet been digitalized by each department. After fully discussing the process of each form and the management purposes, the management unit continued to digitalize forms that have not yet been digitalized by two ways, including regressing to the existing management system and developing a new management system, among the proportion of forms by developing a new system was 9%.



1.1.2 Braving the winds and waves creating excellent operating results

In the face of major changes in the transformation of the industry, FEDS has taken the lead in rapid development of changes in the industry, breaking the traditional thinking of operations, and moving on to realistic thinking to establish a new operating model with low operating leverage. In the meanwhile, we continue to promote various management and innovation actions which drive the improvement in operating performance, and allow FEDS to create constantly a good operating performance in the highly competitive market.

Impacting of the pandemic but still delivering impressive results

Since mid-May 2021, the COVID-19 pandemic rose, the government announced a third level of vigilance, and the civilian was less willing to go out, which seriously affected the crowd of department stores. According to statistics from the Ministry of Economic Affairs, department stores were listed as one of the industries hit hardest during the pandemic, with the performance of the department store market receding by 3.2% throughout the year.

During this period, FEDS has been deployed ahead and has taken the initiative to communicate with consumers in a more comprehensive way through such channels as FEDS APP, social media and online shopping, and has begun to take stock of operational procedures such as operation, service and management to promote various precautions to create a safe shopping environment so that people can purchase and maintain daily life with peace of mind. FEDS reported the results of NT\$46.9 billion in 2021 and operating profit of NT\$1.74 billion. Under the impact of the pandemic, it still showed its profit statement.

Historical operating performance

Unit: NT\$ 100 million

Year	2019	2020	2021
Sales	444	478	469
Operating profit	21.3	19.9	17.4
Net profit before tax	21.9	22.3	13.9

Note: Operating performance refers to the FEDS and excludes reinvestment income.

Financial performance table (IFRS)

Unit: NT\$ thousand

類別	Item	2019	2020	2021
Operating ability	Total assets	130,511,105	128,423,769	130,727,311
	Total liabilities	91,607,298	88,635,481	90,892,153
	Total shareholders' equity	38,903,807	39,788,288	39,835,158
	Operating revenue	37,896,062	37,287,949	35,308,464
Economic value distributed	Net profit after tax (Affiliated to the parent company)	1,781,843	1,939,139	1,208,100
	Employee remuneration and benefits	3,658,429	3,603,031	3,588,512
	Distribution of shareholder dividends	1,299,152	2,469,435	2,277,127
	Interest paid	223,010	208,441	178,847
	Paying government income tax	334,652	626,394	562,923
Profitability	Community investment	4,950	22,824	2,750
	Return on assets (%)	2.14	2.49	1.96
	Return on equity (%)	5.67	6.46	4.78
	Earnings per share EPS (NT\$)	1.26	1.38	0.86

Note: The information listed about "Economic value distributed" is the consolidated information of five companies, namely FEDS, FE SOGO, The Mall, City/Super and A.mart. Among them, the information listed about "Employee remuneration and benefits" includes training fees for FE SOGO, and the information listed under "Community Investment" includes only FEDS.

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Continuous management innovation increasing competitiveness

FEDS integrates innovative and differentiated thinking into its management actions. Since 2018, FEDS has been executing management innovation action projects. We have formulated specific action plans through the cooperation of cross-departmental project organizations to exert management benefits, reduce operating costs, and drive business performance improvement. In 2021, FEDS has promoted 72 action projects, including: digital workshop, system digitalization, operational services, department management projects, and etc., so that FEDS can continue to innovate and grow in a changing business environment and maintain sustainable competitiveness.

Number of management innovation action projects

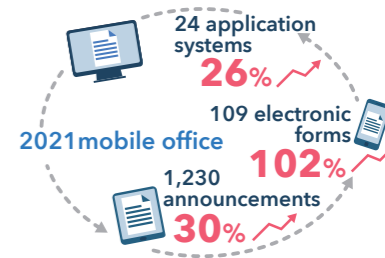


Management innovation 1 Compiling the SOP of stores expansion and accumulating corporate wisdom

FEDS has been operating for 54 years, accumulating a library of professional industry knowledge. To effectively preserve these precious intellectual assets, the management unit has established a task force to categorize the strategic maps, consideration points, timetable, operating surface and other contents of department store market development and mall construction design with the concept of knowledge management. The task force has completed the main outline content of each type of operation before and after the store opening according to the schedule in 2021, and then will sort out the sub-outline content.

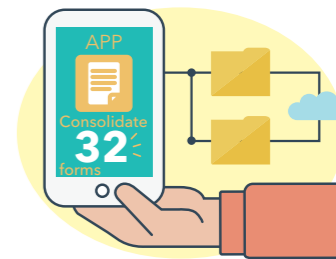
Management Innovation 2 Moving towards agile management and building a mobile office

FEDS began planning mobile office (EIP) in 2018, which was fully launched in October 2019, so that all employees and counter staff can work together without location restrictions, effectively improving work efficiency. After using for more than one year, they have become more accustomed to communicating and working through mobile office. In 2021, we continued to integrate 24 application systems, increased to 109 electronic forms, and issued 1,230 announcements, providing employees with instant access to work information in a digital environment to continuously improve their productivity.



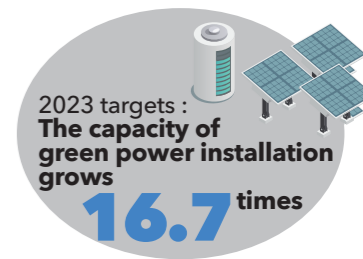
Management Innovation 3 Consolidating work flow and improving efficiency by floor inspection

To improve the efficiency of the floor inspection, the management unit has consolidated the inspection form for engineering, general affairs, and labor safety categories to avoid duplication and overwork. After the management authority visited 5 branches and checked the operation items of various inspection forms, the current 60 forms were consolidated into 4 general forms and 34 professional forms by function, reducing the number of forms by 37%. 32 of these forms will be executed by inspection APP, which will also allow the management of digital actions to move forward.



Management Innovation 4 Deploying green energy and implementing low-carbon operations

Align with the government's renewable energy policy, FEDS has launched its layout early, and the two branches, Top City Taichung Store, which opened in 2011, and Xinyi A13, which opened in 2019, have installed solar power generation systems with a total capacity of power generation equipment of 95.8 kW. To expand the use of green energy and reduce greenhouse gas emissions, FEDS completed the green power planning project in 2021 and plans to add two more solar power generation equipment. If it completed by 2023 as scheduled, the solar power capacity of FEDS will reach 1,600 kW, an increase of 16.7 times.



Management Innovation 5 Responding to green manifesto and promoting the green office

To promote a green culture in the working environment, FEDS responded to 32 green office measures in accordance with the green office measures issued by the Environmental Protection Administration in August 2021 on the five indicators of "energy and resource saving", "source reduction", "green procurement", "environmental green beautification" and "advocacy", respectively, and required each responsible unit to demonstrate a spirit of sustainable management and continue to realize and promote green office. In addition to making employees' offices more environmental friendly, the work efficiency is also improved, further both health and safety of employees are considered.



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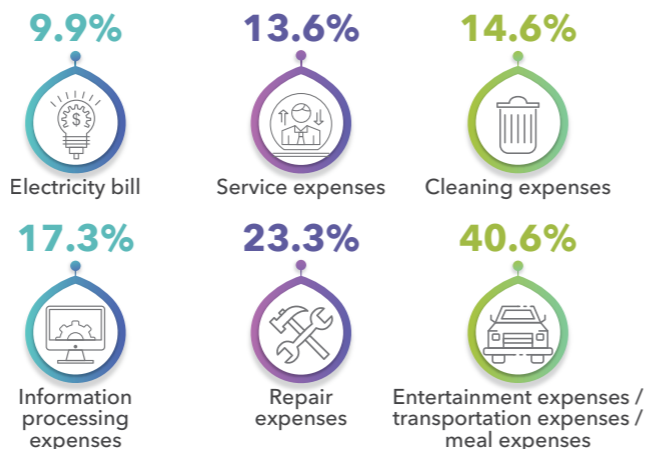
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Management Innovation 6 Using KPIs for improving operating efficiency

The budget management committee of FEDS was established in 2015 to set up a budget management plan for each operating expense, including the seven major categories: "repair expenses, cleaning expenses, information processing expenses, electricity expenses, entertainment expenses, transportation expenses, and meal expenses". The accounting department tracks and reviews the budget achievement every month, and manages expenses effectively through monthly KPI data management. In 2021, due to the continued impact of COVID-19, the management unit flexibly adjusted the budget control, and the effect was remarkable, with the saving reaching to between 9% and 41%. In the future, we will continue to promote target budget management, and help to increase the operating profit rate to 5% in targets.

Effectiveness of operating expense control



Management Innovation 7 Stable cash flow and cash flow adequacy ratio up to 225%

FEDS has controlled the operating cash flow adequacy ratio over time to measure whether the cash generated from the Company's operating activities is sufficient to meet the growth needs. If the ratio is greater than 100%, it means that the Company has a stable cash flow and is able to pay the necessary expenses for the long-term operating growth, which reduces its reliance on external fund-raising, and reduce the corporate capital costs. The cash flow adequacy ratio of FEDS has exceeded 100% over the past five years, and reached 225% in 2021.

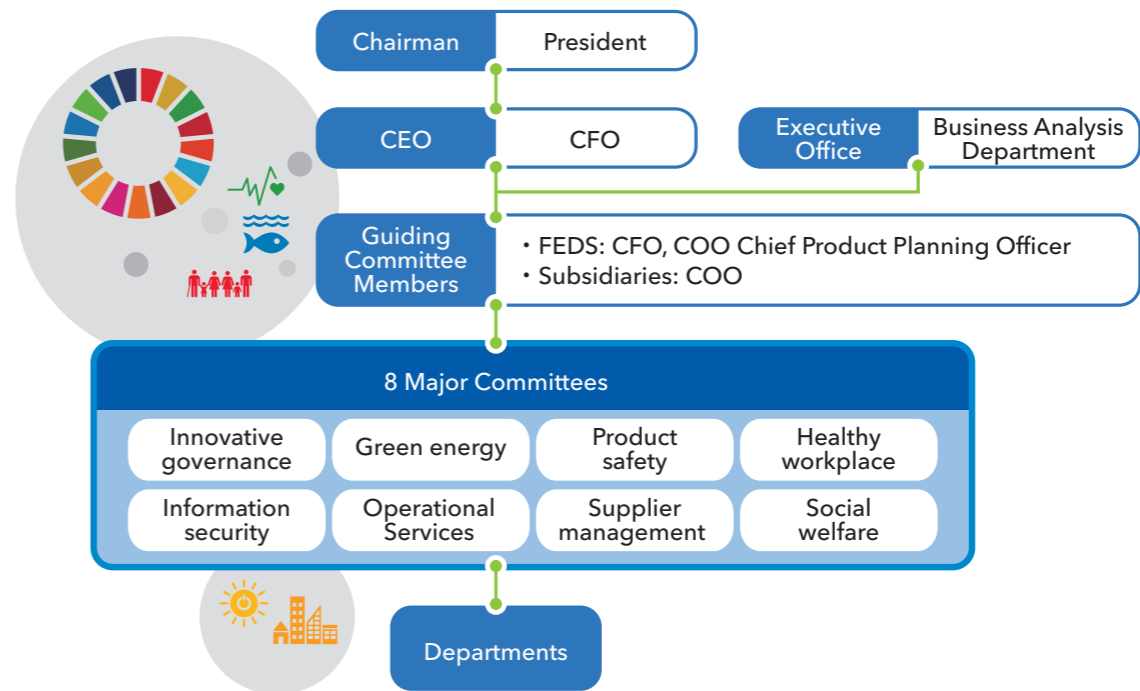
1.1.3 Implanting the DNA of sustainability and driving sustainability

FEDS incorporates "giving back" as the basic value of our sustainable operations, and continues to deepen the awareness of sustainability within the Company and consolidate sustainable consensus. We regularly incorporate the awareness of sustainable development into our corporate culture and internalize it into work DNA through sharing meetings, e-newspapers, education and training, etc., so as to input sustainability into FEDS, enhance brand value, and implement the cycle of sustainable thinking for good.

Corporate Sustainability Committee with driving sustainable growth

FEDS established the Corporate Social Responsibility Committee in 2015 (renamed as the Corporate Sustainability Committee in 2022) to develop a sustainable vision and strategy and track practical performance. The president serves as the chairman of the committee, and the vice president, chief financial officer of the management division serves as the chief executive officer. The Executive Office is responsible for communication and integration of sustainable business, simultaneously, and the preparation of the "Sustainability Report".

In accordance with the "Far Eastern Department Stores Corporate Sustainable Development Policy", strengthening information disclosure is an important principle for implementing corporate sustainable development. FEDS has published seven Sustainability Reports, the contents of which follow the principles of inclusiveness, substantiveness, responsiveness, and integrity, which publicly disclose the environmental, social and governance performance, so as to achieve effective communication with stakeholders, and at the same time become the driving force for enterprise growth.



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Regular senior management meetings to implement sustainable actions

FEDS focuses on the direction of sustainable action through regular senior management meetings, and continuously improves its ability to create sustainable value. Via monthly regular management, operation, marketing meetings, sustainable issues such as operation services, mall safety, human resources management, energy and environmental protection are discussed, and sustainable management is carried out to ensure that sustainable actions such as environmental sustainability (E), social welfare (S), corporate governance (G) are effectively implemented, inputting the energy of stable development into the sustainable operation of FEDS.

Key topics	Content	Degree of execution	Respond to 10 material topics
 Pandemic prevention and response	In response to the dynamics of the pandemic, make dynamic correction of various pandemic prevention measures such as the operation, service, and personnel access management of the mall, and maintain a smooth pandemic response and notification process.	100%	<ul style="list-style-type: none"> • Mall safety and services • Occupational safety and health • Customer service and communication
 Water condition notification and response	In response to the severe water conditions, according to the water rationing conditions in each place, simulate the severe water conditions of the branch, and formulate water storage, purchase and other contingency plans to ensure the normal use of water.	100%	<ul style="list-style-type: none"> • Water and waste management
 Public safety management	The branch conducts regular inspections, conducts personnel drills, ensures that fire safety and other equipment are regularly maintained, and operates normally to achieve public safety.	100%	<ul style="list-style-type: none"> • Mall safety and services • Occupational safety and health • Regulatory compliance • Risk management
 Enhanced on-site management	Gather information about the problems and make improvement of parking lot, safety system, waste removal, member data and other businesses of each branch to optimize on-site service management and reduce operational risks.	100%	<ul style="list-style-type: none"> • Customer service and communication • Mall safety and services • Water and waste management
 Employee management and cultivation	Revise personnel rules and management measures to ensure colleagues and supervisors are aware of the relevant regulations, and strengthen performance management and personnel training at the same time.	100%	<ul style="list-style-type: none"> • Talent cultivation and development • Talent attraction and retention
 Revision of sustainable KPIs	Using regression model to analyze and manage data, identify key variables to improve the quality of work, and revise the management KPIs for improvements to achieve sustainable performance management.	100%	<ul style="list-style-type: none"> • Corporate governance • Business performance and innovation strategies



Designing corporate sustainability wall and internalizing sustainability DNA

FEDS launched the "Corporate Sustainability Wall" project in January 2021, displaying the 17 SDG goals and the sustainability vision and action performance in the public space of the office, and continuously implemented the action of internalizing sustainable development into the corporate culture DNA. The design of the second sustainable wall was completed on July 26. By visualizing the theme of sustainability of the workplace, we remind our colleagues to make good use of sustainable thinking at any time to ensure the sustainable operation of FEDS.



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Sustainability UP Plan to enhance sustainable competitiveness

Since 2018, FEDS has promoted the "Sustainability UP Plan", hoping to strengthen the employees' sense of sustainability, establish common sustainable values and working culture, and internalize it into working DNA. We implement it into our operation process, thus developing the sustainable growth of FEDS, and also driving the sustainable performance of society.

Sustainability UP 1 Sharing international sustainability updates

The CSR Executive Office regularly shares international sustainability updates at management meetings. On September 2, 2021, FEDS participated in the "International CSR & Sustainability Summit" (ICS Summit 2021) and shared the theme of the Summit "Towards an Inclusive and Resilient Future" with 13 executives and colleagues, which deepened their understanding of the development trends of carbon neutral, climate risks, green finance, and ESG strategies, and actively broadened their vision of sustainability.

Sustainability UP 2 Training sustainability lecturers

To enhance employees' understanding of international sustainability development trends and standards, FEDS grasps practical cases of benchmark companies in promoting corporate sustainability and promotes our sustainable performance growth. We encourage our 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 2021, a total of 3 employees participated in the sustainability training courses, obtained the "Corporate Sustainability Manager Certificate", and a total of 108 employees have been involved in this Award.

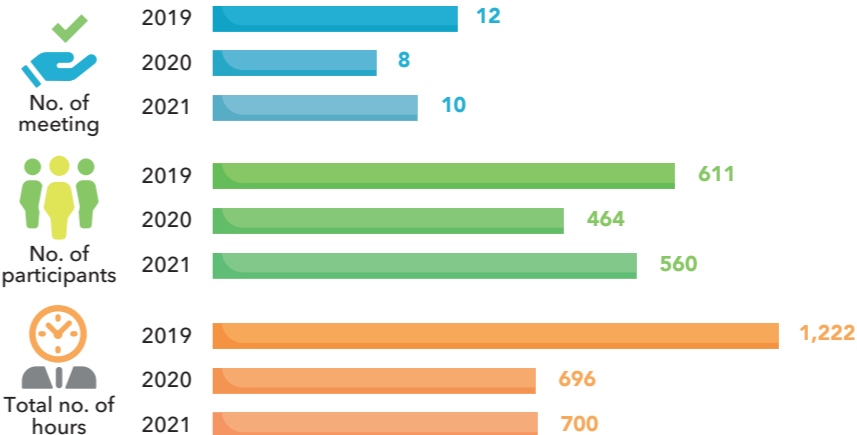
No. of TCSA volunteer reviewers



Sustainability UP 3 Regular sharing, discussions, and exchanges

To strengthen cross-departmental communication, the management division and other five units have regularly held sustainable knowledge sharing meetings since 2018 to discuss topics such as corporate assets, financial investment, and financial laws and regulations. So far, 35 meetings have been held with 1,861 participants, and a total of 2,618 hours. In addition, FEDS held the "Rising Star Program" in 2021 and department store gift vouchers were awarded to 6 groups and 17 individual colleagues who performed well in the sharing session.

Sustainability sharing meetings



Sustainability UP 4 Implementing sustainable management KPIs

To implement the spirit of "Retail is Detail", the management department has established 51 ESG indicators that will bring sustainable value to actual operations. We regularly track the performance of each indicator monthly and revise the management indicators at the end of the year according to the Company's future development direction. We establish a positive cycle of continuous improvement through sustainable performance to drive the good performance of operation.

ESG management indicators



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1.2 Steady Sustainable Governance

Sound corporate governance is an important foundation for the sustainable operation of the Company. FEDS has established a good governance structure for the implementation of specialization and responsible operation. FEDS attaches importance to the functions of the Board of Directors, and has set up functional committees to improve governance efficiency. At the same time, we join domestic and foreign associations to expand the operating horizon and contribute influence, actively strive for sustainable governance, protect the rights and consideration of shareholders and stakeholders.

1.2.1 Organizational specialization for emphasizing shareholders' rights and interests

FEDS has formulated the "Corporate Governance Principles" that helps to establish a good corporate governance system, connecting to the governance mechanisms of our subsidiaries to ensure that effective corporate governance is maintained, with an aim to moving towards sustainable development of the enterprise. FEDS has three main divisions: Management Division, Operations Division and Product Division, which are responsible for the management, operations, and business solicitation. FEDS has also established functional committees, which develop governance strategies and promotion plans to enhance the vision and functions of corporate governance, and ensure the long-term development and profitable growth.



Setting up a governance officer to actively promote corporate governance

Since 2019, FEDS has established a "Corporate Governance Officer" to supervise and execute the corporate governance business. The main duties in 2021 are as follows:

- 1 The BOD's agenda was notified to the directors 7 days in advance, and the minutes was completed within 20 days after the meeting.
- 2 Handled shareholders meetings, and prepared meeting notices, meeting handbooks, minutes, etc.
- 3 Formulated the annual training plan for directors and assisted in arranging 6 courses.
- 4 Confirmed that the meetings of the BOD and the shareholders were convened in accordance with Corporate Governance Principles.
- 5 Announced 49 major company messages and reviewed the legality and correctness of the content.
- 6 Arranged 5 communication meetings between independent directors, audit officers and CPAs.

Enhancing information transparency to facilitate communication with stakeholders

FEDS has appointed specialized personnel to be responsible for information collection and disclosure, and set up a system of spokespersons and agent spokespersons, an investor relations portal and an email box to maintain direct communication with stakeholders at any time. FEDS convenes regular shareholders meetings, irregular corporate briefing sessions, etc. to provide investors with the opportunity to communicate in both directions, thereby improving the quality of corporate governance. Annual financial report should be announced within 75 days after the end of the fiscal year in compliance with the laws. The "Investor Relations" (https://www.feds.com.tw/shareholder/shareholder_tw.html) and "Stakeholder Identification" (<https://www.feds.com.tw/CSR/Stakeholder>) sections on the Company's website which have disclosed corporate governance information and has enhanced information transparency.

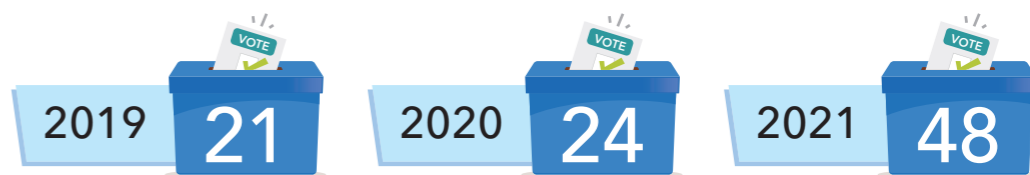
Improving governance mechanism and ranking us top 20% in corporate governance

Complete governance mechanisms are an important foundation for the sustainable operation. With reference to the "Corporate Governance 3.0 - Sustainable Development Blueprint" issued by the Financial Supervisory Commission, FEDS continues to improve the corporate governance mechanism by formulating corresponding specific promotion measures for the five directions of "enhancing board functions", "improving information transparency", "strengthening communication with stakeholders", "guiding due diligence governance" and "deepening the corporate sustainable governance culture". For example, the BOD adopted 48 important proposals in 2021 and completed the renewal of "liability insurance for directors and important staff" in June 2021. In the 2021 Corporate Governance Evaluation, FEDS ranked the top 20% among other companies. In the future, we will continue to gain insight into the changing environment, formulate response measures, and improve governance efficiency and decision-making quality in accordance with the sustainable development Blueprint issued by the competent authority. We will work towards sustainable governance and achieve the sustainable operation.

Operation status of the corporate governance related committees

Types of resolutions	Board of Directors	Audit Committee	Remuneration Committee	Budget Committee	Market Development Committee	CSR Committee	Human Arbitration Committee
Environmental	★					★	
Social	★		★			★	★
Governance	★	★	★	★	★	★	★

Number of important resolutions adopted by the Board of Directors



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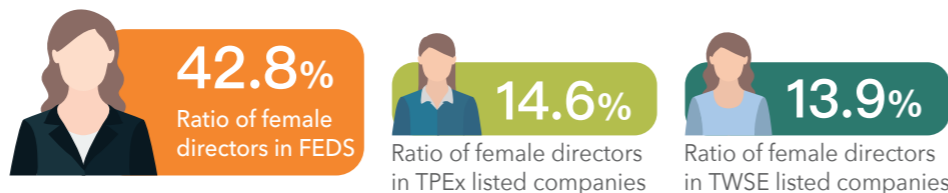
1.2.2 Diversified composition of directors with expertise

FEDS held a re-election of the BOD in July 2021. There are 7 board members, 3 of which are independent directors. All directors have extensive industry knowledge, experience, management and leadership. In 2021, a total of 5 BOD meetings were convened to fully communicate with management to ensure that the operating policies are in place. Meanwhile, regular performance evaluations of directors were conducted every year to confirm the diverse background and competence of directors, improving the performance of corporate governance and enriching the sustainable development of the Company.

High proportion of female directors meeting the needs of the industry

The members of the BODs of FEDS are nominated and selected in accordance with the provisions of the Company Act what the candidate nomination system is adopted. Those directors who have different core capabilities and are able to effectively assume their duties and responsibilities are selected in accordance with the relevant regulations of the "Corporate Governance Principles " and the "Measures for Election of Directors", taking into careful consideration the diversified background and independence of the directors. For more information of the diverse background of directors, please refer to the FEDS's website (https://www.feds.com.tw/shareholder/shareholder_tw.html).

FEDS attaches importance to gender equality and involves this in the selection of directors. The target ratio of female directors is more than 20%. In 2021, there were 3 female directors, accounting for 42.8% of the Board of Directors, which meets the Company's target and is much higher than the average ratio of listed companies. The department store industry is dominated by female consumers, which allows us to make decisions that meet the customers' needs.



Conducting regular performance evaluations and exceeding the standards

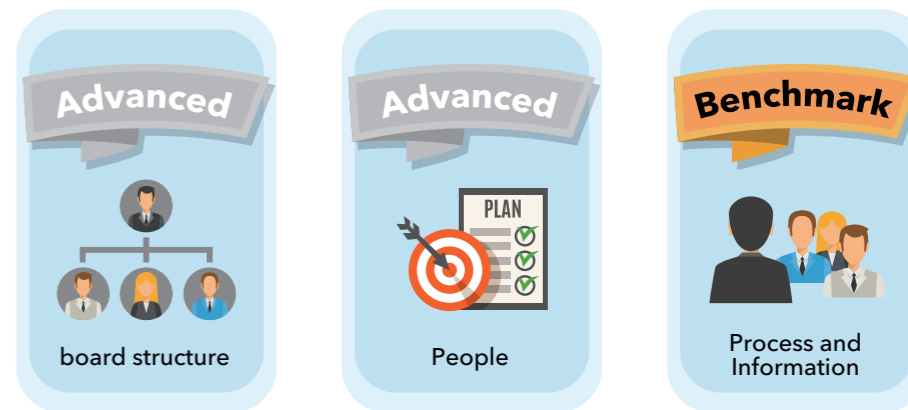
FEDS has formulated the " Board of Directors Performance Evaluation Measures" to implement corporate governance and enhance the functions of the BOD. In 2021, FEDS appointed EY Business Advisory Services Inc. to conduct the evaluation of performance of the BOD. EY teams satisfy the independence requirements, and possess professional capabilities and experience that meet the requirements for external performance evaluation. It is conducted by means of document review, self-evaluation questionnaires and interviews, which covers 8 projects including the board structure and process, composition of directors, corporate and organizational structure,



roles and responsibilities, behaviors and culture, training and development, risk control supervision, and reporting, disclosure and performance supervision.

According to the results of the comprehensive evaluation in terms of FEDS's board structure, people, process and information, those are categorized as advanced, advanced, and benchmark respectively. The results will be reported to the BOD in the first quarter of 2022, and those will be used as a reference for future nominations of directors by the Board of Directors. For more information on the evaluated results of directors, please refer to the website (https://www.feds.com.tw/shareholder/shareholder_tw.html).

Results of evaluation of the performance of the Board of Directors



FEDS pays remuneration for directors in accordance with Article 27 of the Company's Articles of Incorporation. If there is any profit in the current year, no more than 2.5% shall be allocated as directors' remuneration. The actual distribution ratio and amount shall be determined by the BOD, taking into account the performance evaluation, the operating results and future business risks , among others, which shall be reported to the shareholders' meeting. In 2021, FEDS paid a total directors' remuneration of NT\$35,252 thousand, accounting for 2.76% of net income after tax, and 0.22% for independent directors. For more information on directors' remuneration, please refer to 2021 FEDS Annual Report.

Trainings for directors and managers improve their professionalism

courses to ensure that the directors and managers of the Company can timely understand the environment and the corporate governance-related laws. In 2021, all directors completed more than 6 hours of training, and the corporate governance officer completed 12 hours of training. The training topics included risk management, corporate sustainability, and corporate governance. In the future, we will continually plan diversified courses to improve professionalism, and ensure the sustainable operation. For more information on the trainings for directors and managers, please refer to the 2021 FEDS Annual Report.



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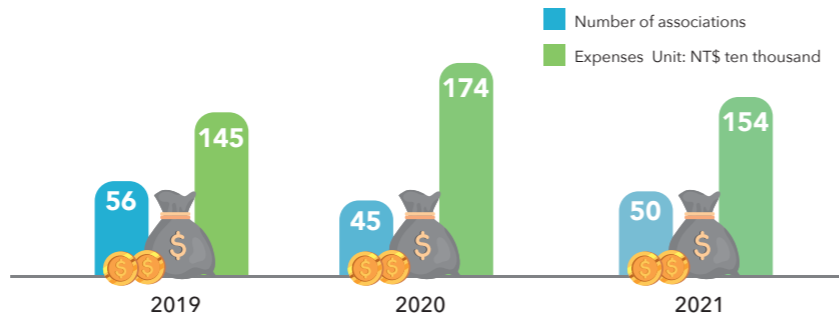
1.2.3 Active participation in public associations to exert influence

FEDS actively participates in domestic and foreign public associations to expand its horizons and contribute to its influence. FEDS is the only Taiwan representative of the Intercontinental Group of Department Stores (IGDS) which regularly exchanges with the international department stores every year. In addition, FEDS joins the "Alliance for Sustainable Development Goals" (A · SDGs), and utilizes its core competencies to fulfill the Sustainable Development Goals (SDGs). We also serve as directors and supervisors in five associations to promote the prosperous development and become a staunch force for internationalization and modernization in Taiwan.

Partnering with the industry to prosper industrial development

In 2021, FEDS joined 5 new associations, including: European Chamber of Commerce Taiwan (ECCT), "Common Wealth Sustainability Association" established by Common Wealth Magazine, etc., and joined a total of 50 important public associations and organizations at home and abroad throughout the year, with a total expenditure of NT\$1.54 million. We hope leveraging the power of the industrial associations and organizations to strengthen communication with peers, promote enterprise cooperation, prosper the development, and enhance the sustainable power together.

Joining of the public association



Note: Associations serving as directors and supervisors: Retailers Association of Chinese Taipei, Taiwan Council of Shopping Centers, Center for Corporate Sustainability, Chinese National Association of Industry and Commerce, Taiwan, and Taipei Department Store Association.

Joining IGDS to enhance international vision

IGDS, the world's largest department store association, serves 43 leading department stores from around the world, and holds more than 20 exclusive events every year, providing members with exclusive support and keeping them informed of trend, development and innovation in the retail industry. FEDS

became the first Asian department store that joined IGDS in 1988. It is also the only department store in Taiwan to join IGDS for a long time. By participating in the Global Department Store Summit (GDSS), World Department Store Forum (WDSF) and other events every year, FEDS obtains the latest global retail information and market information. Meanwhile, we promote the development and business model of department store industry in Taiwan to the world to improve the internationalization and popularity. In July 2021, the IGDS Secretariat announced that the 7th World Department Store Forum (WDSF) was expected to be held in Seattle in June 2022 .

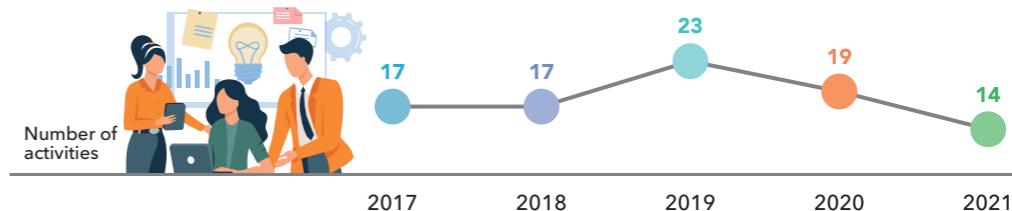
Implementing corporate social responsibility together with global members

In 2003, IGDS established the Code of CSR Conduct for its members to follow. FEDS and the 43 IGDS global member agreed that we should effectively manage business operations of the companies to balance the interests of all stakeholders, including customers, employees, suppliers, communities, governments and the environment, so as to implement the Principles of Responsible Retailing and the Code of CSR Conduct. For more information on the Code of CSR Conduct, please refer to the IGDS website (<https://www.igds.org/sustainability/csr-for-department-stores>)

Exchanges with industry leaders through department store associations

Nancy Hsu, president of FEDS, held more than 100 events since she served as the chairperson of the Retailers Association of Chinese Taipei (referred to as RACT) in January 2016, leading the RACT to become a platform for exchange of opinions among peers, and playing the role of think tank to provide the government with proper advice on the department store retail policy, with an aim to enhancing innovation and value. In 2021, the RACT had 6 group members, 26 group representatives and 64 individual members, who held 14 events under four categories, "communication with government, international retail conferences, holding retail awards, and speeches by experts".

Statistics of activities of the RACT



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 **Building a conversation platform to protect the rights and interests of members**

The RACT held a members meeting on December 22, 2021. Chairperson Nancy Hsu said that the pandemic this year is more severe than 2020. Fortunately, we all stuck to the position and overcame this difficult time together. The "5x Stimulus Voucher" issued in October also played a role in improving the performance of the retail industry. During this period, the RACT served as a bridge for dialogue with the government, and has made every effort to communicate with her about pandemic prevention, promotion and other work. Thanks for supports all the way. The 2020 "Best Employee Award" was also presented at the members meeting, and a total of 11 excellent employees were commended.



Letter from the chairperson to members

Dear Member,

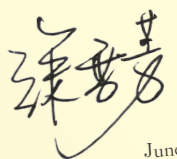
At the beginning of the year, we worked hard to create the prosperity of consumption. However, since mid-May, the third level of vigilance has been announced, and retail industry has also suffered unprecedented shocks. At this moment of distress, we hope that we can work together and that the pandemic will ease sooner, so that we can lead to resume the consumption and create a new business peak.

Adhering to the service ideals of the department store industry, during this period, the Association has made every effort to establish a communication platform and communicate with the government to help the industry to reflect the needs and opinions on relief measures to the government, so that the government can understand the difficulties encountered by all member enterprises. At the same time, the Association has successively forwarded information on the government's relief programs, hoping to help member enterprises to understand the contents of the government's relief programs and successfully obtain various subsidies.

At this moment, the improvement of the pandemic is not clear, and we need you to gather to against the pandemic to usher in the hope for recovery. The RACT will continue to serve as the guardian of retail industry, play the role of communicating with the government, and strive for the rights and interests of all members. Thanks for your continuous support.

Please feel free to contact the Secretariat if you have any questions, we'll do our best to help.

And finally,
Stay safe and healthy.

RACT Director, 

June 17, 2021

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1.3 Comprehensive Risk Management

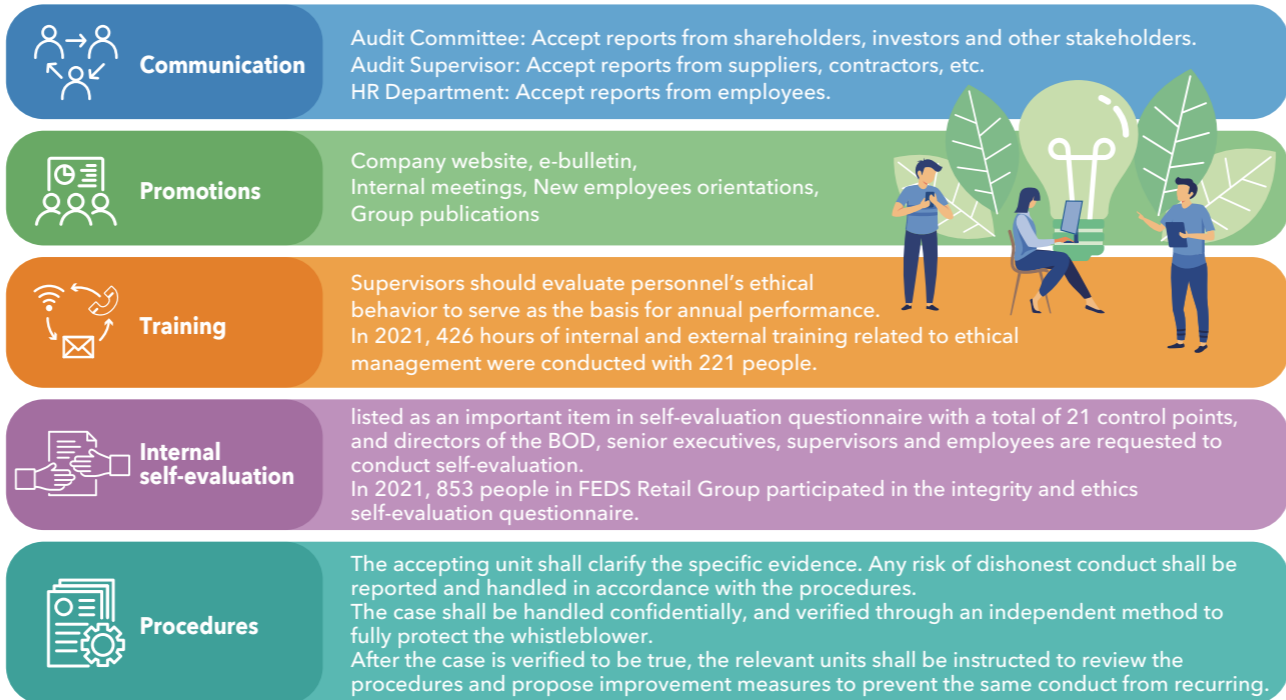
FEDS has a comprehensive risk management to identify operational risks with over a long term, and has functional committees and responsible departments to formulate management regulations to control risks. The audit office also evaluates the potential risks of each unit in accordance with the internal control system and relevant regulations, and implements the annual audit plan. In 2021, the results of zero corruption, zero major complaints, zero major violations, and zero information leakage were achieved.

1.3.1 Ethical management and risks mitigations

FEDS upholds the concept of integrity management and has formulated the "Code of Ethical Management", the "Code of Ethic ", the "Best Practice Principles of Ethical Corporate Management", the "Report and Disciplinary for Violation of Ethical Behavior and Integrity Management" and other regulations as the standards of conduct followed by all employees to strengthen corporate governance and ethical management. Meanwhile, the precaution mechanism is implemented in the annual self-evaluation, which requires each unit to assess whether its business conduct meets the standards of ethical value to mitigate the corruption risk. No major corruption was identified in 2021.



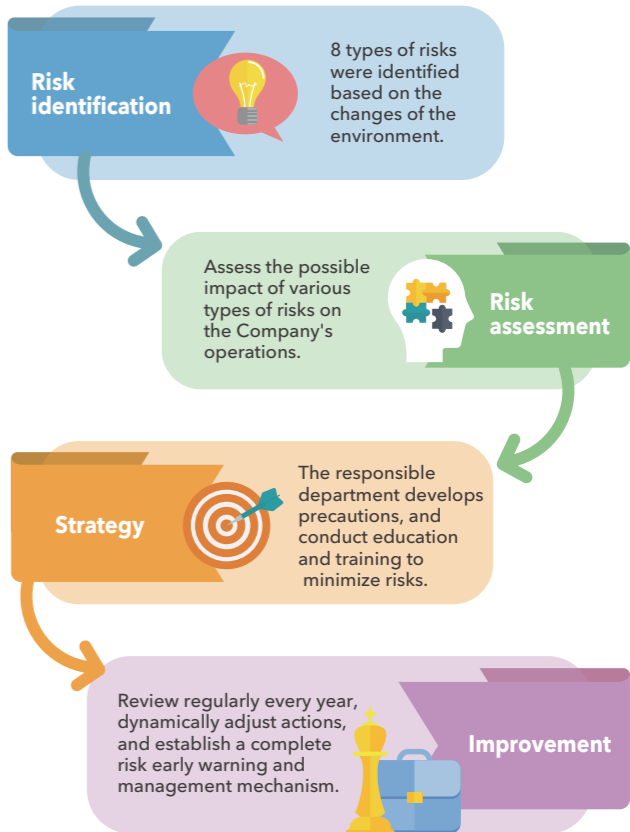
Implementation of ethical management



1.3.2 Systemic and non-systemic risk management and response

The responsible department or cross-departmental functional organization conducts comprehensive risk management and response for each risk type based on the causes of "systemic risk" and "non-systemic risk". To ensure that our businesses are carried out under a comprehensive risk management system and reduce the impact on the socioeconomic environment, we regularly analyze and evaluate our business activities and operational risks, take precautions to prevent risks from occurring, minimize the impact of risks, and prevent recurrence.

Risk management mechanism



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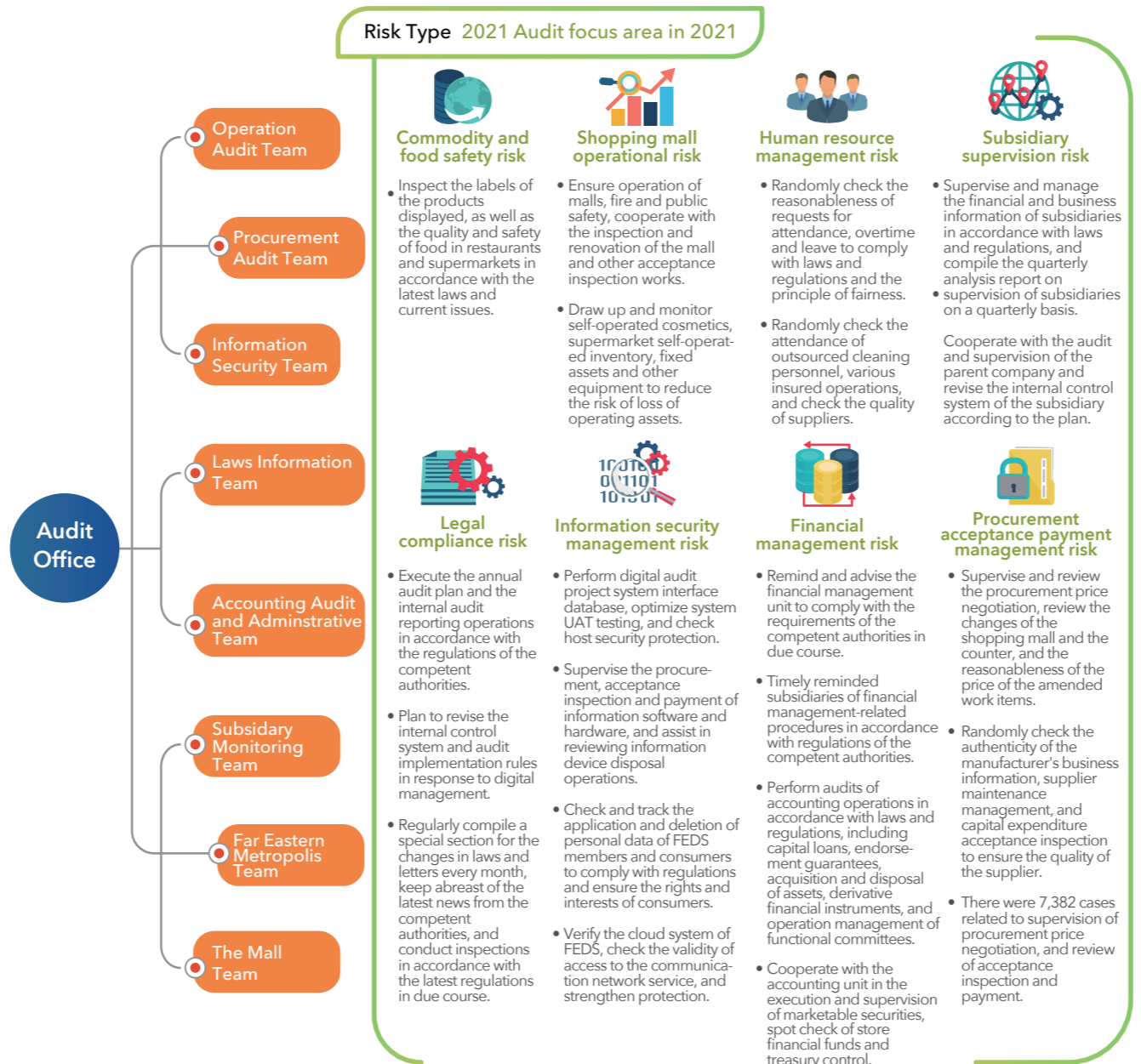
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Professional auditing and risk management enhancing



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

In 2021, the world faced the pandemic (COVID-19). FEDS paid attention to the situation and held regular weekly risk management team meetings to review changes in the value of assets and liabilities and adjust the positions exposed to risks in a timely manner to reduce the impact of systemic risk on its financial affairs.

To prevent non-systematic risks in financial management, FEDS has formulated a management mechanism. Operations involving capital loans to others, endorsement guarantees and acquisition and disposal of assets, among others, must be handled in accordance with the "Operating Procedures" adopted by the BODs and the shareholders' meeting. Meanwhile, the sign-off process is digitized through the "capital scheduling system" to improve the efficiency of accounting operations and reduce the possibility of human errors in operation, so as to achieve the positive purpose of risk control.

The legal risk management team implements zero fines and zero violations

FEDS has been paying attention to the revisions and changes of various laws and regulations over the long term to reduce the impact of systemic legal risks, and has formulated the direction of compliance with laws and regulations through the three aspects of "establishing system, implementing management, and educating employees" to avoid the occurrence of systemic legal risks. Regarding the operations, processes, products, services and other details of the department store operations, FEDS has formulated relevant measures to strictly comply with government laws, and the responsible departments shall implement the management actions. Education and training have also been organized to enhance employees' understanding of legal compliance, reduce the risks and liabilities for violation of regulations, and avoid unnecessary financial losses and loss of reputation.

In case of the occurrence of violation of laws, FEDS will take a positive attitude to deal with the violation and complete the improvement to avoid the recurrence of incidents. In 2021, there were no major violation, nor any violation with non-monetary penalty.

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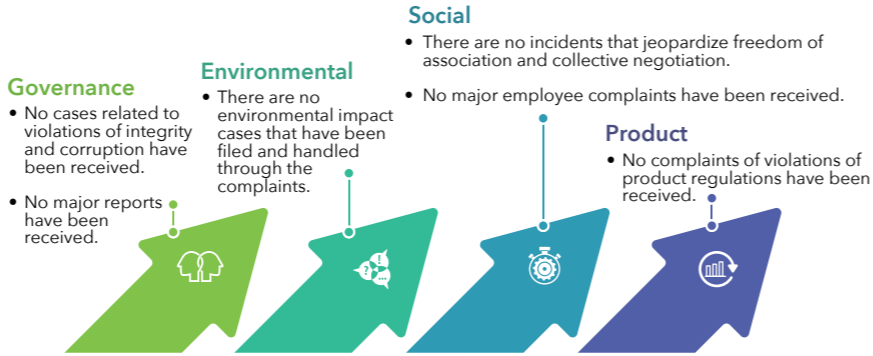
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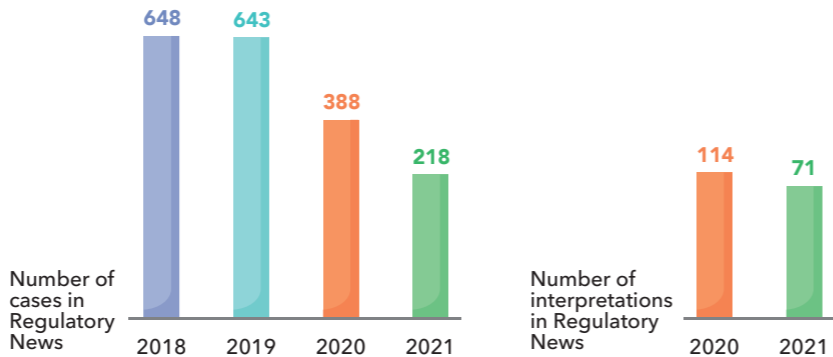
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▶ Statistics for compliant management



In order to strengthen managers' awareness of risk management and improve their risk prevention and management capabilities, FEDS has established a legal unit to promote laws, conduct the evaluation of legal compliance, and update changes in laws. At the same time, the regulations, administrative rules, and announced draft amendments to the laws related to the operation of the Company, etc., would be announced to managers at all levels every week via the "Regulatory News". Since March 2020, a fact sheet of further formulation and amendments would be provided in the announcement related to the operation and management of the Company in the weekly "Regulatory News", so that managers can master the changes and updates of laws. We also share the key laws in the regular management meetings, assist the management unit to take actions in response to the changes in laws. In July 2021, online education and training on "Contract Guidelines", "Contract Maintenance" and "Contract Promotional Campaign" were held in each branch to enhance the basic legal knowledge of employees. There were 893 people participating in the courses, and online teaching materials were provided for review after the courses were completed.

▶ Overview of Regulatory News



Note: The regulatory news have been issued since 2020.

▶ The Information Security Committee identifies the sources of trade secret risks

FEDS attaches great importance to the information security management system, and has formulated strict internal procedures and regulations in terms of corporate information security and management of personal data. In the face of frequent global data leaks and information security incidents, in order to prudently protect corporate information security, FEDS has established an information security management committee, with the vice president of the management department serving as the chairperson and leading the legal affairs, information and management units. We have also adopted the management model for continuous improvement of PDCA cyclical process defined by the International Organization for Standardization, and introduced the external measurement tools from information security companies for verification, thereby implementing corporate information security management.

The information center has formulated 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 (anti-virus/email) and other management measures, and carries out inventory and de-identification of personal information and maintenance of information security policies. The information center also ensures the appropriateness and effectiveness of information security regulations and operating procedures through annual audits by the internal auditing and external CPAs. In order to enhance information security, we reduce the internal human-induced information security risks through advocacy and education. The contents of information security advocacy mainly include: anti-virus, data backup, use of legal software, and email usage regulations, etc. With the effective implementation of internal information security regulations and advocacy and education, there was no infringement upon information security nor leaks, theft or loss of customer data in 2021.

▶ The Personal Data Management Committee maintains personal data management

Personal Data Management Committee reviews the use and storage of personal data by various units within the company to ensure that all personal data is properly protected and managed to comply with the "Personal Information Protection Act".

Regarding the personal data of the customers with the "Happy Go Point Card", FEDS only keeps the membership number comparison files for future correspondence with the Happy Go point website. The Company cannot obtain member data or identify members in any way. In accordance with the "Happy Go Point Card Management Measures", the relevant procedures for the collection, processing, utilization and file security maintenance of personal data of customers are established to effectively control the protection of customer data during the card application process. FEDS stores customer data on the Happy Go point platform - Ding Ding Integrated Marketing Service Co., Ltd.. The platform has been certified to ISO 27001 (ISMS) and complies with Taiwan Personal Information Protection and Administration System (TPIPAS), and obtained the Data Privacy Protection Mark (DP Mark), for which all customer data is strictly encrypted and stored.

To implement the management of protection of personal data, 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 2020. In addition, in order to strengthen the management of personal data of members, the data deletion process was changed to be controlled by a system in 2020. In January and February 2021, system education and training were conducted for the customer service personnel of the branches, and the operation manual was also updated to facilitate the on-site personnel to implement the personal data protection regulations.

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

Since 2019, FEDS has made reference to the TCFD framework to disclose information related to climate change, helping us to more accurately assess the challenges and opportunities that climate risks may bring to business operations, and refine existing management actions, and find solutions that adhere to the actual situation in the future. We will then set targets and respond to the financial impact of climate risks and opportunities, and move towards sustainable operation.



Risks, opportunities and financial impacts of climate change

	Risk type	Risk content	Level of influence	Financial impacts	Types of opportunity	Description of opportunity	Strategies in 2021
Transformation risk	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 assets value 	Energy Source	<ul style="list-style-type: none"> Build green energy and install solar power system on rooftop 	<ul style="list-style-type: none"> Continue to promote energy-saving and carbon reduction Conduct greenhouse gas inventory and water footprint check Execute green power plan and build solar power system Track water consumption and improve water usage efficiency Digital transformation, pushing digitalization, reduce paper use Improve the effectiveness of waste management Strengthen online shopping services and develop omnichannel
	Policies and regulations	Duty of report for emissions	Mediu- to long-term	<ul style="list-style-type: none"> Increase in operating costs 	Energy Source		
	Market	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 	
	Market	Increasing in raw material cost	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 	Market	<ul style="list-style-type: none"> Strengthen online shopping services 	



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Audit cloud platform and audit digital innovation

In 2017, the Audit Office of FEDS established a Digital Auditor Team (DAT), and introduced and integrated the cloud-based online internal control self-assessment system CSA of the parent company and subsidiaries of the department store retail group in the same year. From 2019 to 2020, we installed the automated intelligent digital audit analysis system ACL. In 2021, we continued to promote digital audit innovation projects, and developed a total of 121 audit system components, a total of 406 audit programs, and a total of 17,920 AI scheduling audits.

Optimizes ACL data analysis system

In 2021, ACL data analysis system advanced to interface with BPM system data such as purchase requisition, procurement, inspection and payment, and developed audit components of 7 major systems, applied them to audit planning projects in an automated intelligent mode, and automated the screening of abnormal data through ODBC to achieve immediate audit inspection, audit, time-saving, efficient, labor-saving and continuous auditing.

Build a risk-oriented audit platform

DAT keeps thinking about the focus of digital audit to lead AI audit. Through the innovative proposal, a Risk-oriented Audit Platform (RAP) was newly introduced in 2021, which was planned to connect to the existing CSA and ACL systems so as to integrate the audit cloud of the parent company and subsidiaries of FEDS retail group and deepen risk management.

AI new digital audit

Building cloud audit ecosystem

Deepening risk-oriented digital new audit
AI audit normalization



Audit RAP project establishment

- In June 2021, the RAP system meeting was officially kicked off.
- From August 2021 to January 2022, system modules, regression and integration tests were performed, with a total of 14 system meetings and 294 man-days.
- In December 2021, the education and training on the RAP system for all staff of the Audit Office were conducted, with a total of 21 man-days.
- In January 2022, a total of 8 briefing sessions on the introduction of the project system were held, with 192 seed personnel participating in the sessions.
- It is expected to be launched online in Q2 2022.

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Innovative Department Store Benchmark

Facing technological innovation and changing consumer habits, FEDS is leading the industry in creating an innovative benchmark for department stores, accelerating digital transformation, and using technology to build a new shopping journey and consumer experience for customers. FEDS provides a high-quality shopping environment and considerate professional services, working with consumers towards realizing a sustainable and comfortable life.



In response to **4** material topics

- 2.1. Digital Department Stores 40
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- Customer service and communications
- Store safety and services
- Brand value and image management
- Business performance and innovation strategy



Highlights of the department store

Creating Taiwan's **first** smart mall

Provides **12** different types of payment methods

FEDS XinYi A13 obtained **3** patent rights

21 % growth rate in E-invoice issuance

Certified ISO quality system for **14** consecutive years

Each shop is **100** % equipped with certified AED

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2.1 Digital Department Stores

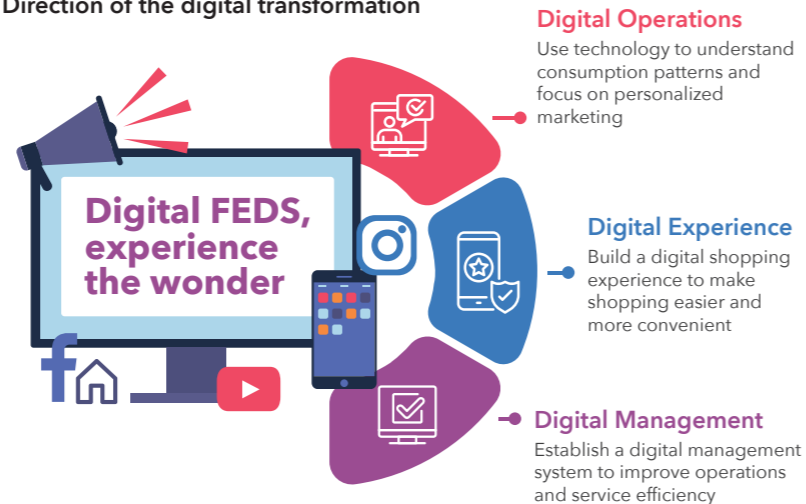
In order to cater to the rise of Generation Z, FEDS actively utilizes digital technology to establish a digital transformation, creating a smart department store that caters to all types of customers, providing easier and more convenient payment methods to create a consumer experience that better meets the customer's needs. By integrating online and offline services through proprietary apps, social platforms, and diverse channels, FEDS leads consumers towards a better lifestyle in smart retail.

2.1.1 Embracing digital transformation and establishing smart department stores

With the rapid development of digital technology, consumer habits and preferences have also changed. FEDS grasps the changing consumption trends and has enhanced the application of digital technology in shopping processes and services, providing a convenient, interesting, and friendly consumer experience. In this way, it separates itself from the online shopping environment, strengthening the advantages and benefits of physical retail.

FEDS began the transformation from the fifth-generation store—FEDS XinYi A13, emphasizing the combination of digital technology and sensory experiences to create a smart department store that caters to all types of customers. Zhubei store, which opened in 2022, also features the characteristics and specifications of the smart department store. It capitalized on digital signage, FEDS app, and other digital tools to interact intimately with customers, providing a wonderful shopping experience.

▶ Direction of the digital transformation



★ New aesthetics of Hakka: Innovative presentation of timeless fashion

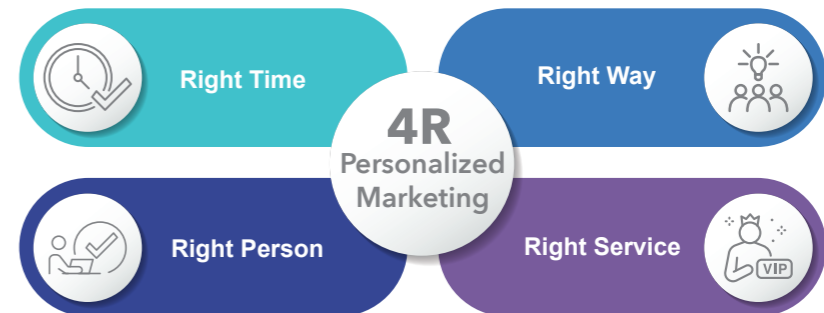
After 5 years of preparation, FEDS's latest fifth-generation store - Zhubei Store piloted in January 2022. It combines local culture with international fashion and introduces the ingenious design of sustainable green architecture. FEDS abides by the goal of digital operation and continues to use innovations in digital technology to create a smart department store that caters to all types of customers with Zhubei Store, providing customers with a unique consumer journey and digital experience. Zhubei Store is imbued with current fashion to present a creative, timeless, and exclusive style. An innovative aesthetic of hospitality, welcome to the Zhubei Store!



▶ Digital operations focus on personalized marketing

As consumer preferences change rapidly and segmented consumer demand rises, FEDS will strengthen its analysis of consumer data in 2021, combining different digital tools to precisely interpret the consumer preferences of FEDS's members and conduct segmentation and personalized marketing. We analyze our members' shopping behaviors and actual needs according to the type of purchasing goods and purchase history. This allows us to create a general outline of different consumer groups and simultaneously make the CRM member section's "label" function and journey design. When planning activities, we provide incentives for potential groups, and recommend the products best satisfying their needs through app push notifications, EDM, or SMS messages.

▶ 4R Personalized Marketing



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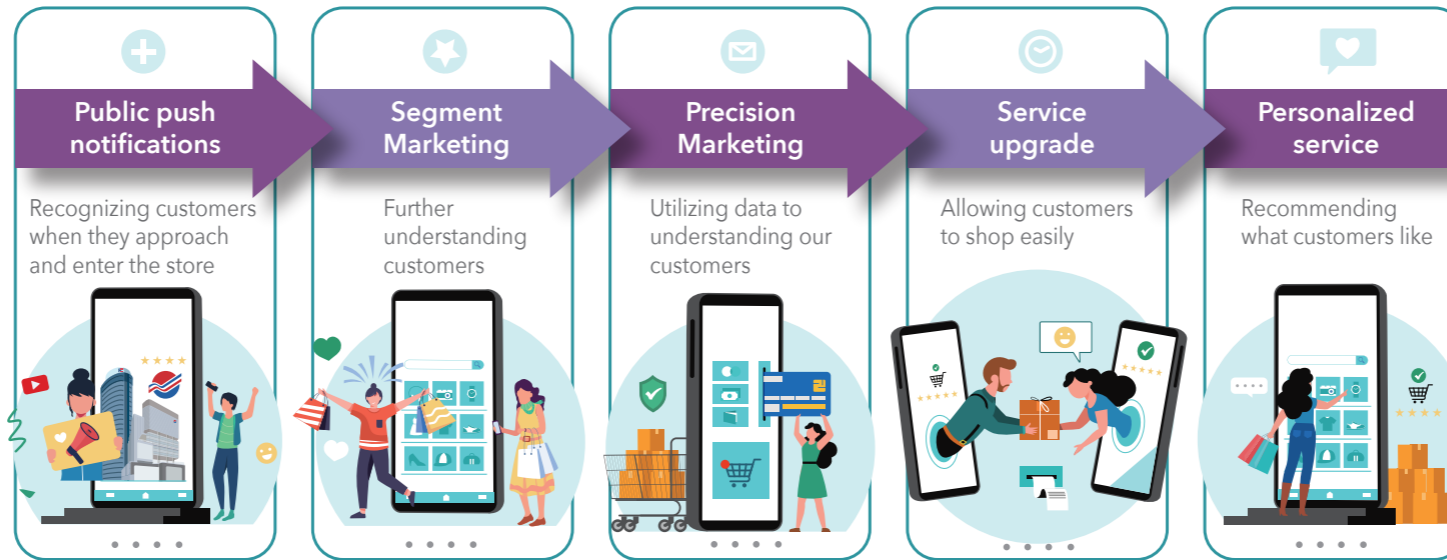
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Digital experiences create a more convenient shopping journey

To counteract the impact of online shopping on physical retail, FEDES created the Customer Journey, which is the first in the department store industry that combines consumer logic, based on the customer's browsing, clicking, and shopping histories at online stores. Through big data analysis and application, an offline digital experience is developed.

Through digital technology, we outline the consumption trajectory and actual needs of customers before, during, and after entering the store. Through the department store's hardware and software services, we solve the various problems that customers might encounter during their shopping journey, and designed 5 major digital experiences from the standpoints of the public, crowds, and individuals.



"Retail mall" position strategy that satisfies the consumer's desires

As customers become more sensitive to trends, their expectations of department stores increase. FEDES has accelerated the reshaping of physical stores, introducing digital technology while adhering to the "Retail mall" position strategy. It not only maintains the advantages of a department store's full range of industries, product diversity, and thoughtful services, but it also emphasizes unique spatial design to enhance spaciousness. In combination with the three major digital tools POS, APP, and CRM, it understands customers' different needs, and achieves the 4R marketing goals, allowing personalized services to deliver enjoyable experiences to whole people.



Digital management establishes a mobile office

In order to increase the efficiency of the service and logistics sections of the department stores, FEDES is committed to promoting digitization, creating a mobile office so that all employees and sales representatives can work together while unrestricted by time and space. In 2021, we further built and upgraded 91 digital management systems for operating services, storage, marketing contracts, financial accounting, personnel management, and other functions. The number of such systems increased by 7 compared with the previous year, effectively improving the work efficiency of employees and the operational effectiveness of equipment, and also promoting mobility in the management of people, stuffs, and things in department stores.

Build Digital management systems



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2.1.2 Upgrade of the FEDS App

At the end of September 2021, we launched the FEDS app 3.0 with the concept of "deeper experience with more frequent use" as the core concept for the newly updated app. The new version of the FEDS app has launched a new membership rating system, adding new features such as games that allow members to earn money, do daily sign-ins, and product redemption. It can also search the purchase history, various E-vouchers, Happy Go points, and event information of all branches in Taiwan. This update makes it easier for customers to use and provides more convenient digital services to promote the use of the FEDS app and engagement with stores.

5 New Highlights of the Upgraded FEDS App

New membership policy
upgrade to Gold member and enjoy exclusive discounts.

HG exchange
turn points into favorite shapes.

Unlock games
get a point easily.

Restaurant reservation system
one click to reserve the table.

Brand new visual
Shopping calendar launched.

New membership grading system

New Member Qualification Level	Visitors	Silver Membership	Gold Membership	VVIP & VIP
Equal qualification for regular members	Consumers that are Unregistered Members of FEDS	A Registered Member of FEDS and those who are Not Linked to a HAPPYGO Virtual Card Number	A Registered Member of FEDS and also Linked to a HAPPYGO Virtual Card Number	VVIP & VIP members' rights remained
Member barcode (including citizen code) E-coupon and Purchasing details	✗	✓	✓	✓
HAPPYGO Point Accumulation, Use of HG PAY	✗	✗	✓	✓
Game Tasks to Score Points + Points to Exchange for Merchandise ^{new}	✗	✗	✓	✓
DM/ Event Enquiry ^{new}	✓	✓	✓	✓
Parking Space Inquiry	✓	✓	✓	✓
Parking Fee Discounts	✗	✓	✓	✓
Parking payment via Online App ^{new}	✗	✗	✓	✓
Restaurant Reservation & Waiting lists ^{new}	✓	✓	✓	✓

Flexibly using digital tools to attract new customers

Realizing that consumers are increasingly accepting and using various apps, online shopping, mobile payments and so forth, FEDS also has the flexibility to use digital tools to continue communicating with consumers through social media platforms; floor managers and sales representatives use live streaming to introduce popular products and trends, and even provide COVID-19 prevention tips. This is simultaneous with online shopping offers, allowing people to easily make orders at home, successfully attracting new customers who are accustomed to using digital tools.



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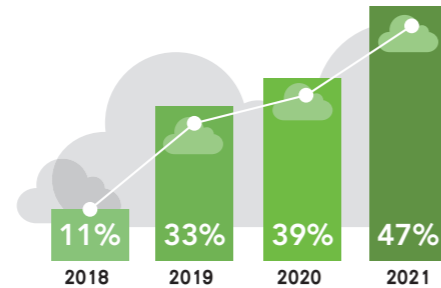
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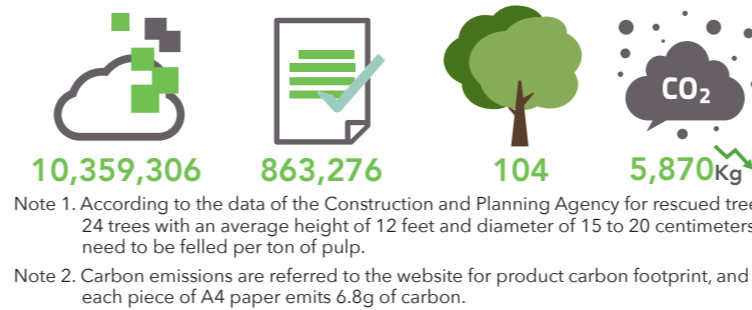
2.1.3 Promoting E-invoice to enhance digital services

FEDS has responded to the E-invoice policy promoted by the government by mobilizing all 11 stores across Taiwan to launch the project of "Let's do E-Invoice together" since October 2018, guiding customers to use carriers like their mobile barcodes and credit cards for storing invoices during checkout, promoting the consumer habits of "energy-saving and carbon reduction" and "environmental protection". After around 3 years, the number of cloud-based invoices by FEDS has reached more than 27.59 million cumulatively, with the E-invoice issuance rate increasing from 11% to 47%. Apart from the excellent growth rate, we have also exceeded the annual target of 38% set by the Ministry of Finance.

E-invoice issuance rate



Environmental benefits of E-invoice in 2021



2.1.4 Expanding mobile payment methods to create smart consumption

Green consumption and technological intelligence are continual commitments FEDS have for a better life. In Taiwan, the number of people using electronic payment has exceeded 15 million in 2021. As a pioneer of third-party payment in the domestic large-scale department store industry, FEDS is committed to providing consumers with convenient shopping services. In 2021, we continued to build a more well-rounded payment environment, providing 12 types of payment tools. In addition, after beginning with FEDS XinYi A13, we continued to upgrade new POS in two large stores, Mega City Banqiao store and Top City Taichung store, optimizing the checkout process, improving the cashier efficiency, and making it easier for consumers to pay.

FEDS's **12** mobile payment tools

Logos shown: EC Pay, HAPPYGO, LINE Pay, HAPPY GO, 微信支付 WeChat Pay, Apple Pay, G Pay, Edensred, SAMSUNG pay, 支付宝 ALIPAY.

Extensive experiences in retail ecosystem

Compared to other department stores in Taiwan, FEDS has the extensive resources of Far Eastern Group's diversified business model and is more flexible in the planning of collaborative strategies. For example, in terms of the supermarket, through city'super which offers a diverse range of popular imported goods, we allow consumers to enjoy exotic foods without the confines of time and distance. In the food and beverage sector, we cooperate with Far Eastern hotels to sell exquisite meals and festival gifts. In the payment sector, we cooperate with Yuan Hsin Digital Payment and Ding Ding Integrated Marketing Service to promote the E-wallet HappyCash and mobile payment Happy Go Pay, providing convenient payment methods. In the financial services sector, we cooperate closely with Far Eastern Commercial Bank to achieve the highest return rate of "Spend 1000 Get 100" during the sales festivities, enhancing the rate of credit card usage and average transaction value, creating a mutually beneficial retail synergy.



Gift voucher ordering system provides more convenient services

FEDS has created a specialized "Gift voucher ordering system" for large corporate customers, which not only makes it easier for corporate customers to purchase gift vouchers, but also reduces manual work costs through automated reconciliation and improves the visibility of FEDS brands. During the COVID-19 pandemic, the gift voucher ordering system reduced the risk of human contact and allowed FEDS to provide uninterrupted services to corporate customers.

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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, and simultaneously establishing good service procedures and design, FEDS provides high-quality professional services with warmth. As digital technology continues to develop, we have also strengthened communications on social media platforms, listening attentively to our customers and seizing every opportunity to create good services.

2.2.1 Ensuring service quality through ISO certification

Starting in 2007, FEDS began introducing ISO 9001 system for quality management systems, starting with Paoching Store and gradually expanding to other branch stores. By establishing the quality management system, we hope to maintain high-quality customer service and ensure customer satisfaction in order to maintain long-term trust for customers. In 2021, 5 branches continued to pass the ISO 9001:2015 re-evaluation by Bell International Certification Company. The scope of the re-evaluation included three aspects: the quality management system process, the operating environment of customer-related operations, and the management of contractors.

▶ Passed ISO Quality Management System certification



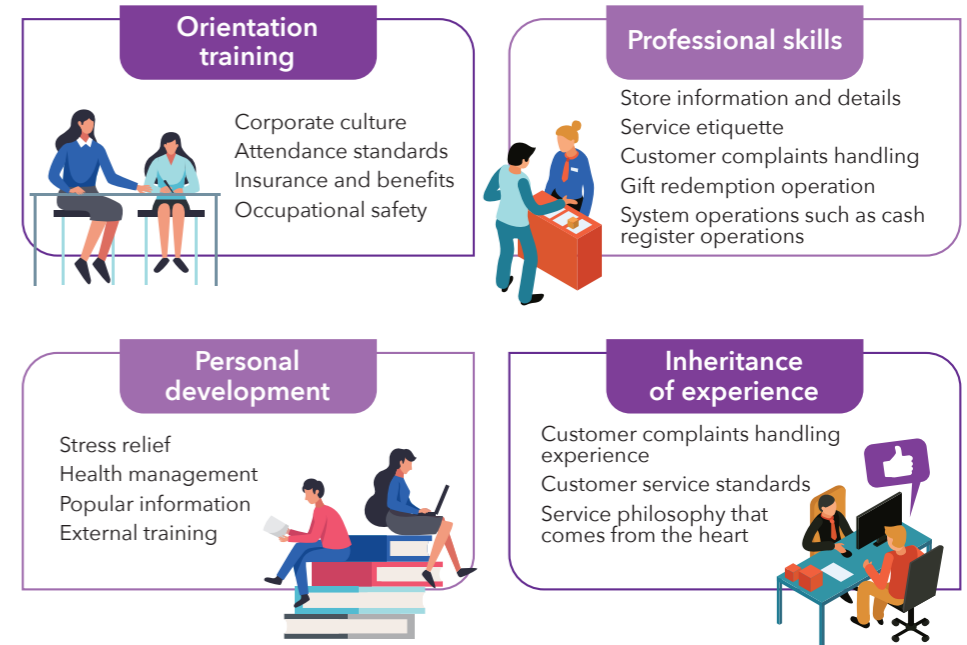
2.2.2 Solid training creates high quality services

Perfect services come from solid training. FEDS developed a standardized training process for on-site education and training of frontline workers. Under professional training, every service staff member adheres to the principles of service. With punctuality, grooming, and cleanliness as the basic necessities, the staff greets every customer with a cordial, professional, and enthusiastic attitude.

Basic courses such as an introduction to company culture, attendance regulations, insurance benefits, occupational safety, and other basic lessons are arranged for new employees on the day of orientation. Supervisors and senior colleagues will explain their work duties, allowing newcomers to acclimate to the situation quickly. The initial training of customer service staff focuses on basic courses such as store knowledge, customer service scope of responsibilities, service etiquette, etc. In order to ensure the quality of service, after completing the basic training, they learn about gift exchange operations, announcement training, handling interactions with customers and system optimization operations from senior colleagues with experience, and also from subsequent professional courses.

In addition to the courses mentioned above, FEDS also organizes developmental courses covering topics such as health and seasonal fashion information from time to time to enrich the personal development of employees. In 2021, there were a total of 194 service personnel in FEDS, with a total number of 2,356 trained persons and a total of 2,294 hours of training.

▶ Training of service personnel



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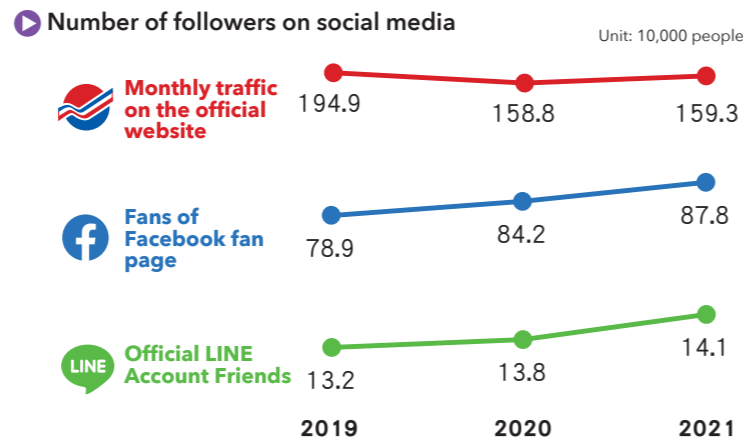
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2.2.3 Enhancing digital marketing to be closer to customers' lives

In 2021, the COVID-19 pandemic continued and Taiwan entered into Level 3 alert which lasted for 2 months. When working from home, being unable to eat out, and having low access to public places became the reality of people, FEDS strengthened its connection with the lifestyle issues, emphasizing "empathy and coexistence" with the general public. In 2021, we continued to increase our social marketing efforts, focusing on content management, new media communication, creative purchasing and making the app more accessible. We used social media platforms such as FEDS app, LINE, and Facebook to strengthen the connection with customers.

In terms of content management, we extended what we practiced during 2020 to reduce a purely commercial mode of communication by following from the perspective of consumers. We created exciting lifestyle topics and also collaborated with the famous app "Meitu Xiu Xiu" to develop popular Instagram dynamic filters, breaking into the younger market through new media communication channels. In addition, we sell products from our department stores on FEDS Online through live broadcasting, messaging, and other creative means to guide purchasing, allowing consumers to enjoy quality service while still under the Level 3 alert.

With the launch of FEDS App 3.0, we have chosen "deeper experience with more frequent use" as the core concept, establishing a brand new membership system, credits redemption, games, and other functions to enhance usage frequency and deepen the emotional and habitual connection with members, helping to bring the FEDS App closer to people's lives. By the end of 2021, FEDS App has nearly 620,000 members.



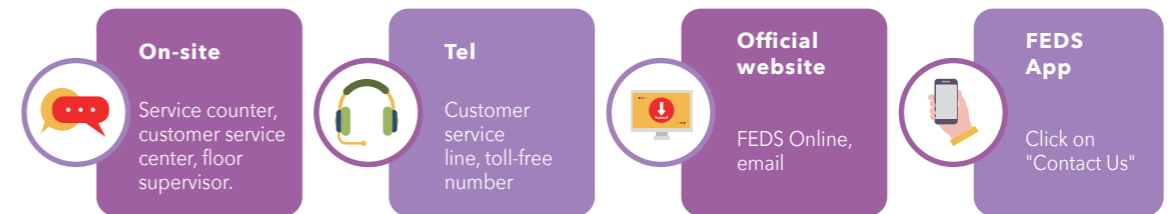
FEDS quick pick-up is convenient and safe

FEDS has set up a "FEDS quick pick-up" section on the 1F plaza of all Taiwan branch stores. The public can use channels like FEDS Online and Facebook, or call the sales representatives directly to order products, and they will be able to check out and pick up products quickly at the quick pick-up section. We also provide a convenient drive-thru service. Products are personally delivered to a customer's vehicle to meet their needs for convenience. All services are carried out after thorough sanitization, creating a safe and comfortable environment that provides consumers with guarantees and peace of mind. After the launch of the FEDS Express section, it has serviced many people. For example, using the 3-day consecutive holiday of the Dragon Boat Holiday, services utilizing FEDS quick pick-up have tripled in all FEDS stores across Taiwan.

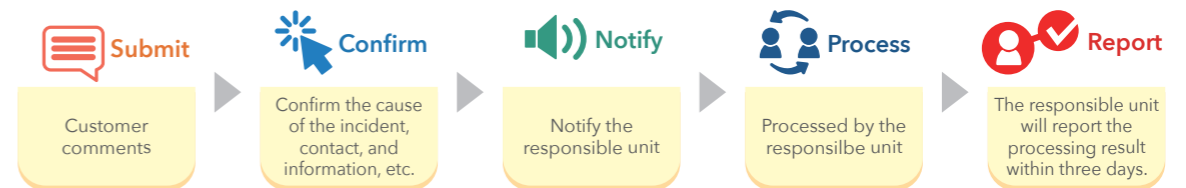
2.2.4 Listen attentively and respond quickly to customer feedback

As the benchmark for department store retail, FEDS understands that customers are our best teachers. Each feedback and response help us to improve, allowing aspects like our service, merchandise, and management to become even more perfect. FEDS has established "Customer Satisfaction Procedures", "On-site Customer Opinion Handling Measures", "Customer Commodity Service Management Regulations" and other regulations so that customer feedback can be resolved efficiently and effectively. FEDS also listens to customers' voices through diversified channels, reviews and improves every customer suggestion, and strives to provide customers with service of the highest quality.

▶ Customer feedback channel



▶ Customer opinion processing procedures



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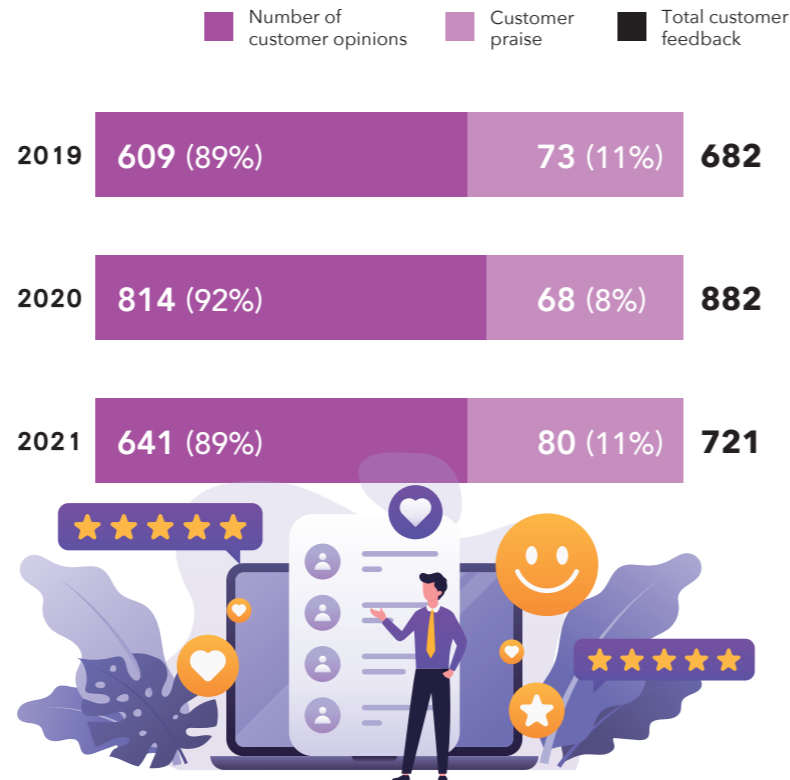
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In 2021, FFEDS received a total of 641 customer feedback emails, which 80 of them (accounting for 11%) were compliments, an increase of 18% compared to the previous year. The total number of customer feedback decreased by 173 cases compared to the previous year. In addition to showing that customers' satisfaction with FEDES's service has increased, it may also be related to the increase in the severity of the pandemic to Level 3. The cancellation of food and beverage services caused a decrease in the flow of customers, and the content of customer feedback was mainly focused on the lack of education and training in sales representatives.

The feedback from customers is handled properly in accordance with the customer feedback procedures. Incidents are reviewed and improvements are made to avoid recurring incidents. With regard to service issues, we will strengthen the education and training of sales representatives, reinforce staff proficiency, and require industries to make staffing adjustments for sales representatives who remain unsuitable after the assessment, in order to ensure service quality.

Customer feedback statistics



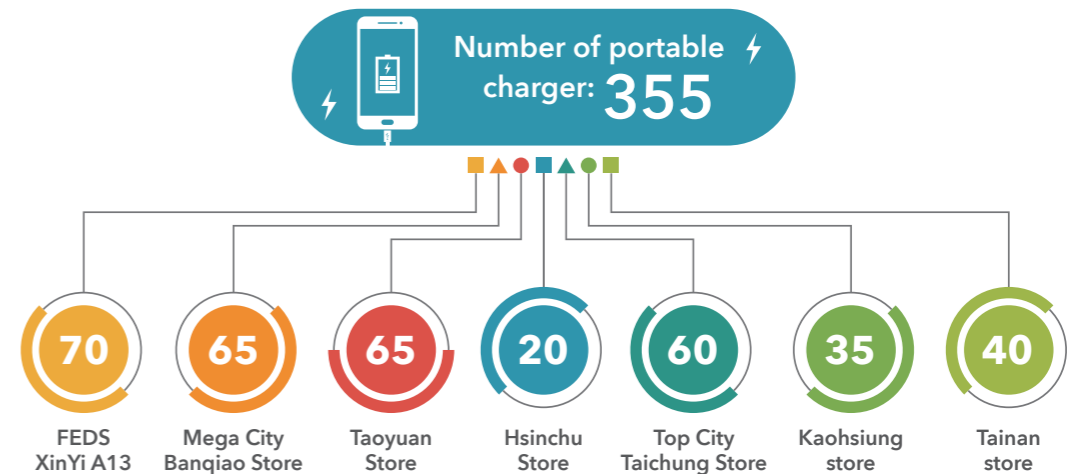
2.3 Optimized Spaces

The fashionable and novel shopping environment of FEDES 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 2021, we established sustainable management, enacting six store safety enhancement actions, creating a more optimized store environment so that customers can shop at FEDES with peace of mind.

2.3.1 Convenient facilities create a comfortable environment

Considering that the customers of FEDES come from all walks of life, in order to take care of the needs of different customer groups, we adequately planned for 3 major aspects of store facilities, traffic flow arrangements, and services, caring for the needs of customers. For the individual needs of women, babies, the elderly, and so forth, we provide stroller and wheelchair rental services, accessibility facilities, priority parking for women and children, etc. We are committed to creating a comfortable environment for families and people of all ages to shop with peace of mind. For more information on the service facilities of each branch store, please refer to the official website (<https://www.feds.com.tw>).

With the increase in the use of consumer electronics by the public in this era, the demand for the portable charger has increased greatly. Therefore, we provide "portable charger" rental services in 7 branches (including large in-house boutiques). The number of power banks has grown by 37% compared to the previous year, allowing customers to comfortably shop in the store without worrying that their mobile devices might be out of charge. In addition, by providing the convenient experience of renting instead of buying power banks, we can reduce the waste of resources and environmental pollution, making an effort to keep the environment sustainable.



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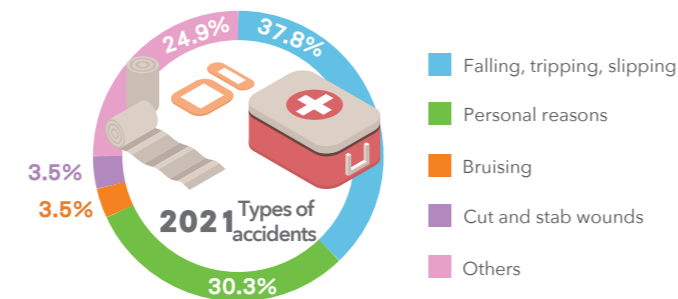
2.3.2 Preventing accidents and improving security

FEDS emphasizes great importance to the safety of the department store environment. In order to grasp the unexpected accidents in real-time, we finalized the "Operational Standards for Handling Accidents in Business Places" in March 2018 and completed the "Online Incidents Reporting System" in November 2019, simplifying the notification channels and allowing relevant units to be alerted of the situation in real-time and thereby provide assistance. In addition to setting up complete incident handling standards, FEDS also established a review system. During the inspection, floor supervisors are requested to pay more attention to the store environment and whether customers exhibit unsafe behaviors and are reminded to give timely reminders to prevent reoccurring. They are also instructed to pay attention to whether customers and sales representatives are feeling discomfort. During the morning meeting, education on relevant safety precautions for sales representatives is also increased.

In 2021, the highest proportion of accidents in each store occurred to customers (73%), followed by contracted vendors (14.9%). We carefully analyze the causes of each and every incident, and put forward preventative countermeasures for improvement, helping to ensure a safe shopping environment.

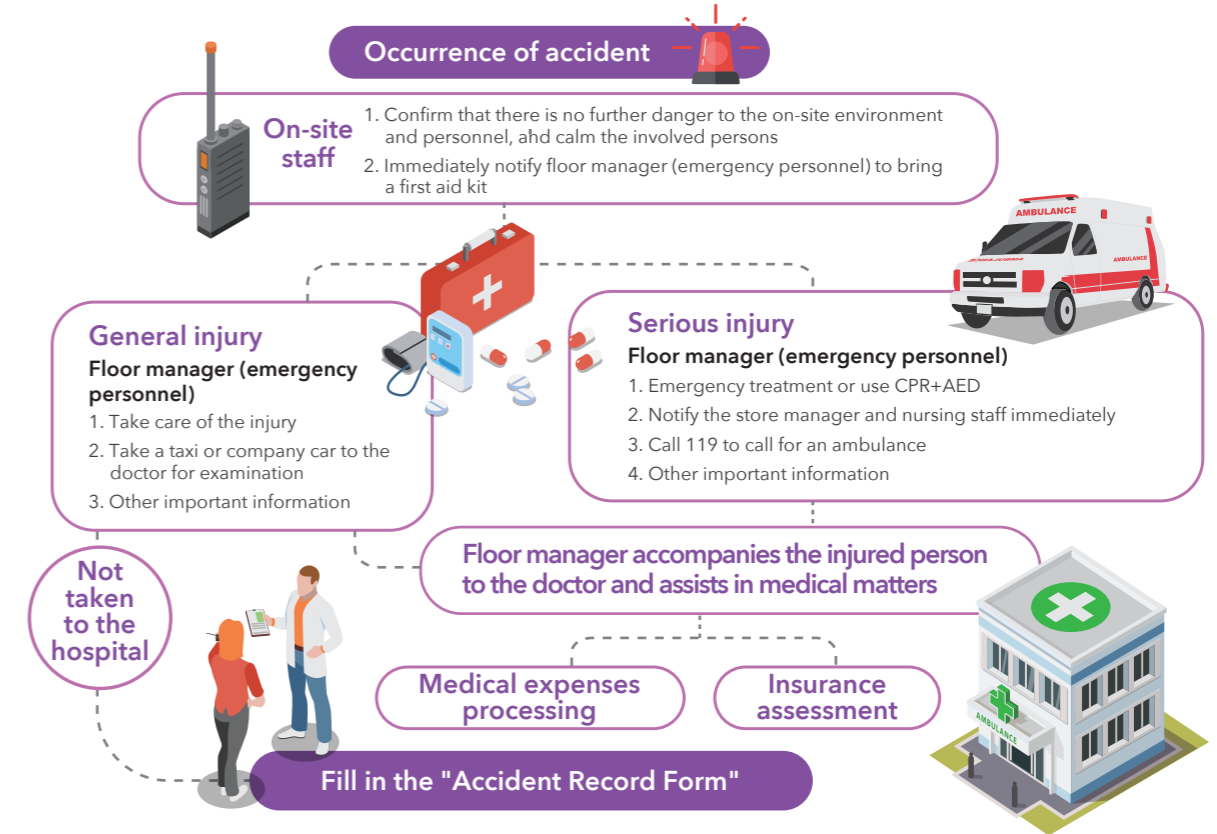
▶ Proportion of accidents

Party	2019	2020	2021
Customer	75.4%	73.1%	73.1%
Contracted Vendor	3.9%	4.7%	14.9%
Counter Vendor	13.2%	15.6%	9.5%
Employee	7.5%	6.6%	2.5%



Note: Personal reasons are mainly due to physical discomfort, etc.; others include: wounds from being crushed, from burns, from being intimidated, etc.

▶ Standard operating procedure for accidents



▶ Improvement countermeasures for accidents

Party involved	Main accident category	Improvement countermeasures
Customer	Tripping, Slipping, Bumping	<ul style="list-style-type: none"> ▶ Pay attention to floor condition during floor inspection tours ▶ Make announcements to remind customers to pay attention to safety ▶ Increase frequency of the cleaners' floor and bathroom inspection tours ▶ Place signs to alert floor elevation changes and while cleaning is in progress ▶ Ask sales representatives to pay attention to water stains ▶ Floor managers and sales representatives occasionally remind customers not to run
Contracted Vendor	Cuts, falls	<ul style="list-style-type: none"> ▶ Remind them to wear gloves while working and pay attention to the work environment ▶ Advise not to use phones when walking
Counter Vendor	Slipping, falls	<ul style="list-style-type: none"> ▶ Reminders to keep the floor clean and provide non-slip shoes for staff to wear ▶ Promote the use of certified ladders and observe operational safety
Employee	Cuts, crushing	<ul style="list-style-type: none"> ▶ Increase reminders on wearing gloves during work ▶ Remind them to pay attention to work environment

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2.3.3 Friendly diversified spaces and child-friendly shopping experience

FEDS has been creating a friendly shopping environment for a long time. From the walkways, furnishing to environmental sanitation and other details, FEDS displays the utmost attention and care for women, infants, elderly people, and people with mobility difficulties. Through complete software and hardware facilities and comprehensive customer service, we strive to create a warm and cozy environment so that customers can shop at FEDS with peace of mind.

► Friendly service and facilities

High-quality nursery

FEDS has set up a nursery room (breastfeeding room) across 11 stores in Taiwan, and its location marking, internal facilities and equipment, and environmental management and maintenance measures have been approved by the nursery room (breastfeeding room) assessment of each county and city government. In 2021, nursery rooms in stores including Paoching Store, Hsinchu Store, and Chiayi Store were rated as "excellent".



Provide a high-quality toilet environment

FEDS is committed to providing a tidy toilet environment in the stores. In 2021, across 11 stores in Taiwan participated in the Environmental Protection Agency's "Quality Public Toilet Program" and were excellent. Among these, Mega City Banqiao Store was awarded the "Golden quality public toilet award" by the New Taipei City government, while simultaneously being given the "Golden quality public toilet guidance award".



Establishing accessible friendly elevators

In consideration of pregnant women, elderly people, the disabilities, and parents with strollers needing an accessible space to move around, FEDS particularly designated some elevators in the store as "friendly elevators", with clear signs and to remind everyone to be courteous and to give priority to the people in need when using them.



Selected as a Friendly Store

Paoching Store is adjacent to Taipei City's tourist attraction, the Ximending. It provides local and international tourists and consumers diversified and friendly services, including barrier-free friendly, friendly toilets, Japanese and Korean friendly, etc. This allows each customer to feel at home, and therefore has been selected as a "Friendly Store" by the Taipei City Office of Commerce for 7 consecutive years.



Priority parking 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 of parking lots and pedestrian entrances. Clear identification signs and so forth are implemented to gently guide pregnant women and parents with young children to park in an efficient manner.

Dementia-friendly store

In response to the "Dementia-friendly community project" promoted by the Health Promotion Administration, the Hualien Store joined the ranks of dementia-friendly organizations after passing a training course in 2020, building a protection network with the neighboring communities, proactively assisting and caring for the elderly with dementia, reducing their risk of becoming lost. In 2021, the Hualien store continues to be involved in the project and strives to attain the goal of being dementia-friendly.

2.3.4 Stores in Taiwan obtained AED safe Place certification

FEDS headquarter and all 11 branch stores in Taiwan have installed the "Automatic External Cardiac Defibrillator" (AED), and obtained the "AED Safe Place" certification. In 2014 Mega City Banqiao store became the first large department store in New Taipei City to be awarded the "AED Safe Place" certification. In 2021, 20 AED administrators of FEDS completed training in accordance with the law and participated in AED and cardiopulmonary resuscitation (CPR) courses so that they are familiar with machine operation and first aid measures. In addition, 43 emergency personnel were required to be legally placed in FEDS, and the actual number placed was 80 in 2021, which far exceeds the standards prescribed by laws and regulations, demonstrating how FEDS is dedicated to safeguarding customer safety.

► Number of AED facilities and first responders

Stores	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	9	5
FEDS XinYi A13	2	1	3	3	0
Paoching Store	1	1	3	4	1
Mega City Banqiao Store	3	1	6	7	1
Banqiao Store	2	6	3	3	0
Taoyuan Store	1	1	2	16	14
Hsinchu Store	1	1	4	4	0
Top City Taichung Store	4	1	8	13	5
Chiayi Store	1	2	1	2	1
Tainan store	2	2	3	6	3
Kaohsiung store	1	1	4	7	3
Hualien store	1	1	2	6	4
Total	20	20	43	80	37



Customer first and awarded "Excellent Store"

Taipei Chamber of Commerce encourages enterprises to create a good business environment and to deepen corporate social responsibility. Annually, it holds the "Excellent Store and Excellent Service Employee Selection" event. Due to their commitment to providing quality services and meeting the five-point criteria of promoting gender-friendly measures and promoting fair trade and so forth, FEDS XinYi A13 and Paoching Store have been both awarded "Excellent Store", becoming important partners in promoting the sustainable development of Taipei City.

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6 Ensure safety in department stores with great peace of mind actions

FEDS greatly emphasizes the maintenance of public safety of business premises, creating a comfortable shopping environment for every customer. In 2021, FEDS continued to implement tracking and management, acting the plan of the 6 actions to ensure safety in department stores, beginning with the three major aspects of "Fire Safety", "Equipment Testing" and "Environmental Maintenance" to ensure the safety of the shopping environment throughout the entire store and protecting the well-being of customers.

Fire safety



1. Implement fire safety inspections

We set up essential equipment such as fire extinguishers, alarms, shelter and escape, fire and rescue supplies in the store. In addition, in accordance with the regulations of the Ministry of the Interior's "Fire Safety Equipment Inspection and Declarations", inspection and declaration are completed every six months and are required to pass re-inspection. This minimizes the risk of accidents to the minimum and ensures the safety of the store.

2. Onsite drills for disaster prevention education

All 11 stores in Taiwan have appointed "fire prevention managers" who are responsible for overseeing and planning disaster prevention-related matters. Each branch store holds disaster prevention education training bi-annually or quarterly, and more than two drills annually to enhance the disaster response abilities of all employees. In particular, Top City Taichung Store and the Taichung Fire Department jointly held simulation drills on December 9 to increase the familiarity with firefighting.

Equipment inspection



1. Providing an environment with clean drinking water

In accordance with the "Measures for the Management and Maintenance of Fixed Equipment of Drinking Water", maintenance of drinking water fountains is carried out regularly every month, and the quality of drinking water is tested on a quarterly basis. In 2021, according to the scheduled test time, 123, 123, 122 and 122 places were respectively inspected for water quality, and the test results all comply with laws and regulations.

2. Ensure safety of public facilities

In accordance with the "Automatic Inspection Plan" established by the company, in addition to the daily store and floor inspections, each branch has also developed relevant inspection management mechanisms to ensure that the public facilities in the store such as elevators and escalators are safe. We also regularly entrust manufacturers to carry out inspection to reduce the occurrence of accidents through the extended safety protection mechanisms.

Environmental Maintenance



1. Regularly monitoring of air quality

According to the "Labor Work Environment Monitoring Measures", we entrust a qualified external monitoring agency to monitor the concentration of carbon dioxide in the environment half a year, and the monitoring results in 2021 passed by 100%. In order to maintain the indoor air quality of the store more diligently, we have used FEDS XinYi A13 as a demonstration. We set up an "Indoor Air Quality Live Display Board" in the store to monitor the indoor air conditions, helping to protect the health of customers.

2. Improving department store clean management

In order to implement all cleaning and disinfection operations inside and outside the store, for the floor and wall surfaces, entrance and exit glass, customer rest areas, and so on, we especially formulated an inspection form to strengthen cleaning management and improve the brightness and cleanliness of the store environment. In 2021, the average number of cleaners employed by each branch store totaled 589 people, and the total number of cleaners for the year reached 212,000.



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Shopping Safely During the Pandemic with Prevention Measures

In 2021, the COVID-19 pandemic continued to affect people's lives, and consumers are more attentive to the safety and hygiene of the shopping environment. In order to provide a safe shopping environment, in cooperation with the government's COVID-19 prevention policy, FEDS launched high-standard pandemic prevention measures, and comprehensively upgraded all types of prevention management. We focused on safeguarding the three major aspects of staff health, store safety, and customer service, in order to maintain the safe operation of department stores and protect the health of all people sincerely.



Customer Service

- ✔ Set up "FEDS Quick Pick-up" area for product pickup, ensuring shopping is done in a place with good ventilation.
- ✔ Reduce the risk of contracting COVID-19 by providing customers with reservations for off-site purchasing services.
- ✔ Set up a "COVID-19 prevention product counter" to allow the convenient purchase of COVID-19 prevention products.
- ✔ Sales representatives introduce products on live broadcast, providing zero interruption in our thoughtful services.
- ✔ Store products are available on FEDS Online to facilitate convenient shopping from home.

Store Safety

- ✔ Real name registration at store entrance and counters to ensure management of tracking.
- ✔ Temperature scanners and alcohol-based hand sanitizer are provided at entrances and exits.
- ✔ Entire store and public areas regularly undergo full disinfection.
- ✔ During the Level 3 alert, the flow of people was controlled and the social distancing of 1 person per square foot was implemented.
- ✔ Conduct regular COVID-19 prevention announcements to explain precautions for prevention.

Staff Health

- ✔ Establish self-monitoring health management mechanism, requiring daily report from staff.
- ✔ Strengthen education and training through the morning meeting which announces COVID-19 prevention strategies.
- ✔ Front-line service personnel wear face masks to reduce risk.
- ✔ Implementation of work from home and work shifts to minimize congregating.
- ✔ Provide vaccine incentives to encourage vaccination.
- ✔ Regular distribution of masks, with more than 457,000 masks distributed.



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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, implementing the values of low-carbon operations and environmental protection. We are committed to maintaining the relationship between department store operations and environmental sustainability, building a sustainable and fashionable department store, and contributing to the improvement of global warming and climate change.



In response to 4 material topics

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- Legal Compliance
- Energy and Greenhouse Gas Management
- Green Products and Services
- Water and Waste Management



Eco-friendly highlights

5 green buildings

The electricity usage of 1 dollar turnover is **↓11%** less than 5 years ago

Awarded the **1st.** by the MOEA in the "Carbon Reduction Service Industry Competition"

Water consumption value is better than industry by **31%**

Won the "Excellence in Green Purchasing" award for **5** consecutive years.

Green electric capacity grows **16.7** times in 2023

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Environmental Sustainability Plans and Goals

As stakeholders increasingly concerned with being green, environmentally-friendly and the issues of the ecological environment, FEDS begins with "Environmentally-friendly green services" and "Intelligence creates a green store" to examine the possible environmental impact of department store operations, and executes 8 major green plans to create green value for society and the environment, building a sustainable and fashionable department store for customers and becoming a leader amongst environment-friendly department stores. Lead a green life!

▶ Examine environmental impact and develop countermeasures

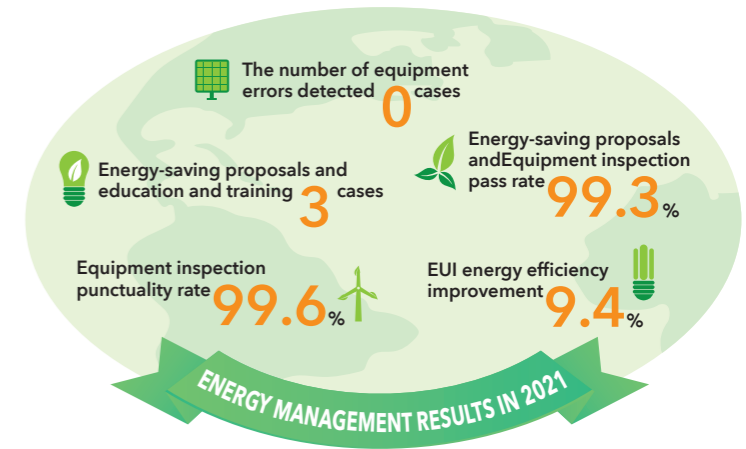


3.1 Intelligence Green Energy

Moving toward environmental sustainability as its goal, FEDS views "energy conservation and carbon reduction" as a top priority. Since 2015, the energy management team has been carrying out various energy conservation planning and management actions, enforcing "energy conservation and carbon reduction" in the operational process, and setting energy management indicators to track the effectiveness of the implementation on monthly basis. At present, the electricity consumption of FEDS that generates the dollar turnover is 11% lower than 5 years ago, and the cumulative carbon reduction is 25,000 tons. The carbon reduction effect is equivalent to the annual carbon absorption of 65 Daan forest parks.

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

The demands from long operational hours of department stores make energy management an important issue for FEDS. We have stipulated an "Energy Policy", and simultaneously with the "Thinking and Management of Manufacturing Industry to manage energy efficiency of the Service Industry", we have established Key Performance Indicators (KPIs) to regularly review and improve the accomplishment status on a monthly basis, and continue to improve energy efficiency and management performance. In December 2021, the engineering department added 2 KPIs for the number of air conditioning equipment repairs and equipment management, hoping to improve equipment reliability. Combining the existing complete management actions with the idea of "software management, hardware maintenance", FEDS achieves the company's goal of saving electricity.



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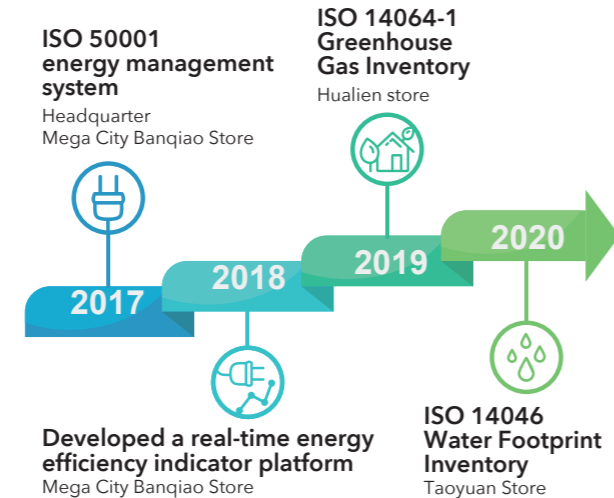
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In response to the challenges posed by climate change, FEDS reduces energy consumption and energy costs by introducing management tools. Since 2017, we have continuously introduced ISO 50001 energy management system, real-time energy performance indicator platform, ISO 14064-1 greenhouse gas inventory, and ISO 14046 water footprint inventory, and they have been continuously reviewed and verified in 2021. For each management tool, we selected 1 branch as the demonstration store, and the rest of the branches base their standard process on it to expand the learning model. By continuing to optimize energy use through a systematic management process, we develop more effective energy-saving actions.

▶ Timeline for the introduction of the environment management system



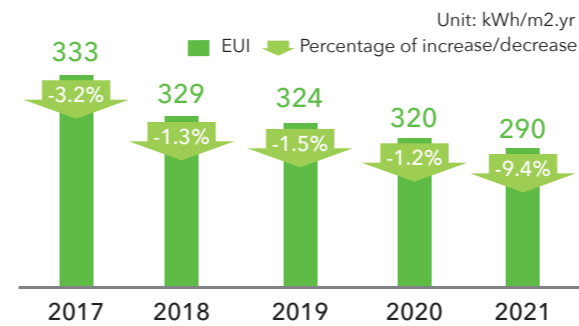
To further improve energy efficiency, in 2021, the engineering department continued to promote the "Air-conditioner mainframe/system replacement and optimization plan" and took an inventory of the air conditioning mainframe equipment of all branches in Taiwan. The budget for mainframe equipment with high operating risk and more than 20 years of use was gradually phased out, and it is expected that 10 mainframe equipment will be updated after evaluation. In 2021, we carried out the plan of replacing the air conditioning main engines in the Chiayi Store and Tainan Store. After the replacement, the efficiency of the air conditioning system at Chiayi Store improved by 41%, and Tainan Store improved by 44%.

3.1.2. Excellent performance in energy usage intensity (EUI)

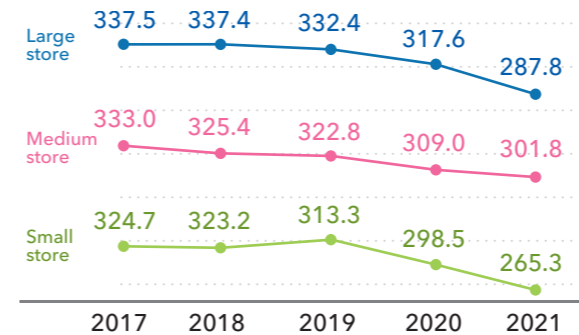
The annual energy usage intensity per unit area (EUI) is one of the important energy management indicators for FEDS. Our management target refers to the average EUI of the department store industry, and the EUI is tracked by the energy conservation team on a weekly basis. Looking at the actual EUI performance figures, we can see that as turnover increases annually, FEDS's dependence on energy has decreased year by year, and the EUI decreased from 333 in 2017 to 290 in 2021, showing a decrease margin of 12.9%. 6 out of the 11 branches have large-scale movie theatres, and the opening hours are longer than other department stores, but the electricity consumption efficiency is better than the average performance of the department store industry, thus demonstrating the excellent energy-saving performance of FEDS.

In order to precisely manage the EUI performance of each branch, we classified them into three scales: large, medium, and small according to the turnover, operating area, counter specialty, and other factors. The different types of stores compare their energy baseline and energy performance indicators, and invited the branches with excellent performance to share their energy-saving practices. At the same time, we strengthened the implementation of the energy-saving light replacement plan, demonstrating the spirit of continuous improvement in optimizing energy-using efficiency.

▶ Energy intensity has declined year by year

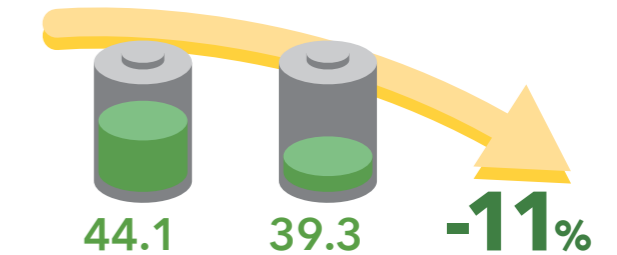


▶ The power consumption of all types of stores has progressively reduced



Note: The area of calculation of energy intensity does not include the parking lot.

▶ Electricity consumption intensity reduced by 11% over 5 years



Note: Electricity consumption intensity = electricity usage (degrees) ÷ turnover (NTD)

▶ Replacement progress of LED lamps in 2021



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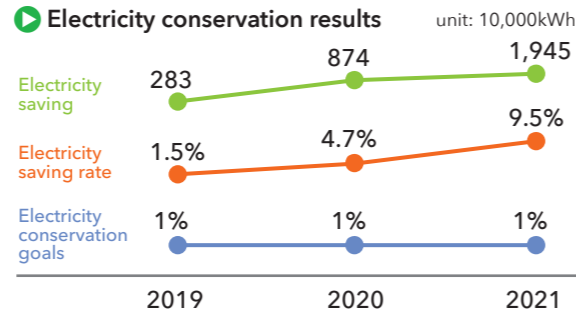
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3.1.3 An exemplary department store in energy saving and carbon reduction results

Since May 17, 2021, in response to the rising severity of the pandemic, the daily business hours of all branches of FEDS have been reduced by 3 hours, and on July 27, they have fully returned to normal. In collaboration with the changes in business hours and visitor flow during the pandemic, FEDS continued to implement energy-saving and carbon reduction measures, investing NTD 36.94 million and promoting 27 energy-saving projects. In 2021, the electricity consumption of all 11 stores in Taiwan was 18,442,000 units, a decrease of 19.45 million units compared with the previous year, and the electricity consumption was reduced by 9.5%.

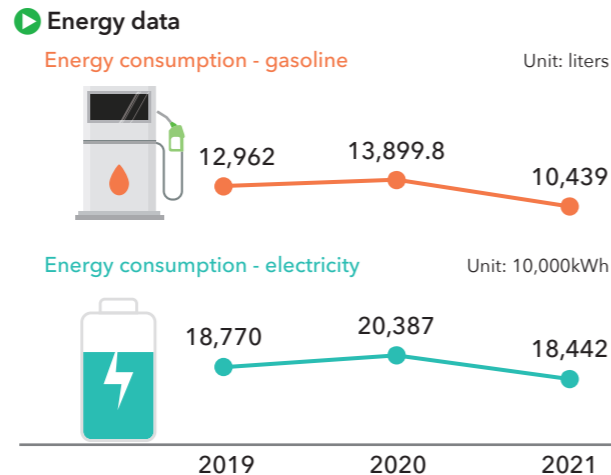
In August 2021, FEDS participated in the "Commercial service industry carbon reduction" competition held by the Ministry of Economic Affairs. Two teams from eight branches participated in the competition. The results of the competition were ranked according to the amount of electricity saved, non-electric power (oil or gas) saved, and total reduction of carbon by taking other carbon reduction measures. FEDS stood out from many of the competing teams, winning first and third places in carbon reduction results, and ranking first in the service industry in terms of carbon reduction efficiency.



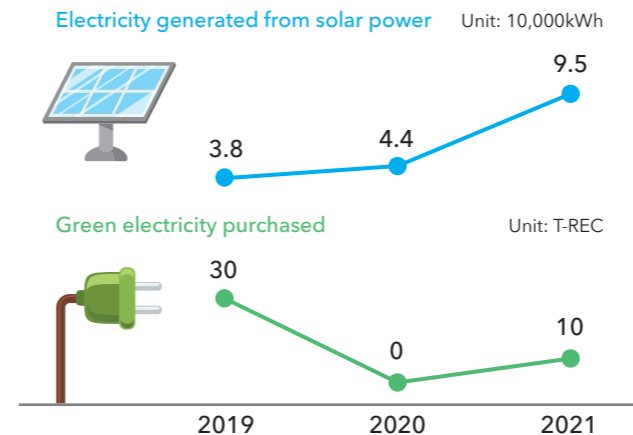
Note: Data for 2021 includes FEDS XinYi A13

▶ 132 Energy-conservation projects accumulated in 5 years

Year	2017	2018	2019	2020	2021
Energy-saving projects	24	19	35	27	27
Actual invested (thousand NTD)	7,078	4,218	6,057	34,199	36,941
Energy savings (kWh)	1,791,580	1,455,459	2,155,100	2,022,393	3,140,111

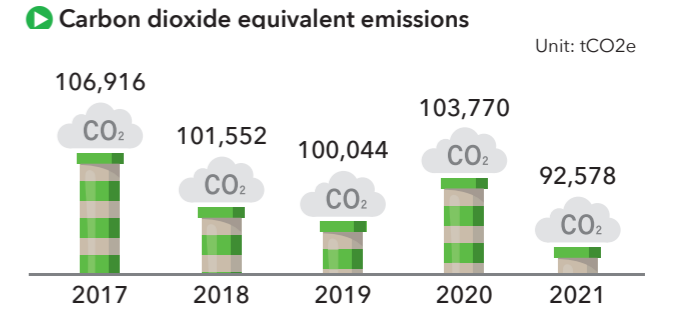


Note: The total electricity consumption includes FEDS XinYi A13.

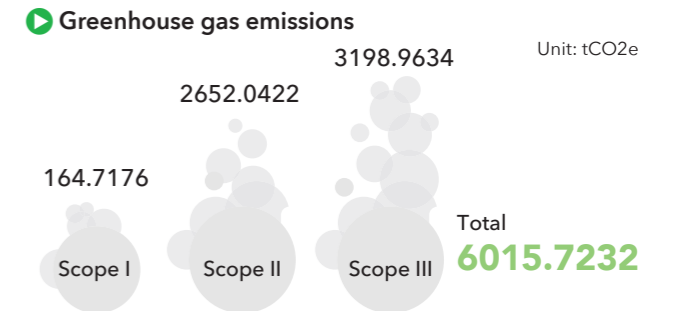


Note: Statistics of electricity generated from solar power from Top City Taichung Store. FEDS XinYi A13 is added in 2021.

In order to seek opportunities to reduce greenhouse gas emissions, FEDS took the Hualien store as a model store and introduced ISO 14064-1:2018 carbon emission inventory in 2019, and identify the company's internal energy consumption and carbon emissions through a standardized process in order to further control the bulk energy consumption and carbon emission items. The second greenhouse gas inventory was conducted in 2021. The results indicated that direct greenhouse gas emissions (Scope I) were 164.72 tons CO₂e/yr; indirect energy (Scope II) and other indirect (Scope III) greenhouse gas emissions were 5,851.00 tons CO₂e/yr; the total amount of greenhouse gas emissions were 6105.72 tons CO₂e/yr, with a decrease of 58.6 tons CO₂e/yr compared to the previous year's inventory.



Note: The carbon emissions are calculated based on the electricity carbon emission coefficient announced by the Bureau of Energy. The 2021 coefficient has yet to be announced; calculations are based on the 2020 coefficient of 0.502 kg CO₂e/kWh.



Note: Scope 1 includes four categories: "fuel for vehicles", "emergency generator diesel", "refrigerant losses", and "carbon dioxide fire extinguisher replenishment".
 Note: Scope 2 and 3 emissions are mainly electricity and water.
 Note: This inventory is conducted in accordance with the Operational Control Law.

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3.2 Real-time Smart Property Management

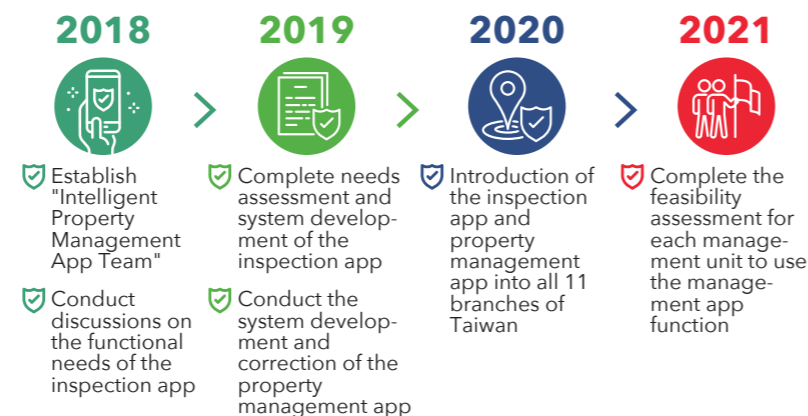
With the advance of technology, except for the scale, location, and market shares of the stores, FEDS also emphasizes on using technology to manage the capabilities of the store. As the listed department store benchmark, FEDS plays a leading role in technology. We have established a task force to increase the retail technological abilities in a planned way, minimizing the traditional department store business model based on labor, and use digital technology to enhance the environmental management efficiency of department stores, pushing FED's operations towards mobile and intelligent.

3.2.1 Management App team imported mobile management

FEDS established the "Smart Property Management App Team" in 2018 to introduce the concept of big data into the management of department store assets and equipment. It hopes to provide more real-time and complete management data through the setting up of the management app platform, reducing the time required for the inspection of various equipment and assets, and enhancing the digital construction of the department store, thereby laying a foundation for smart retail.

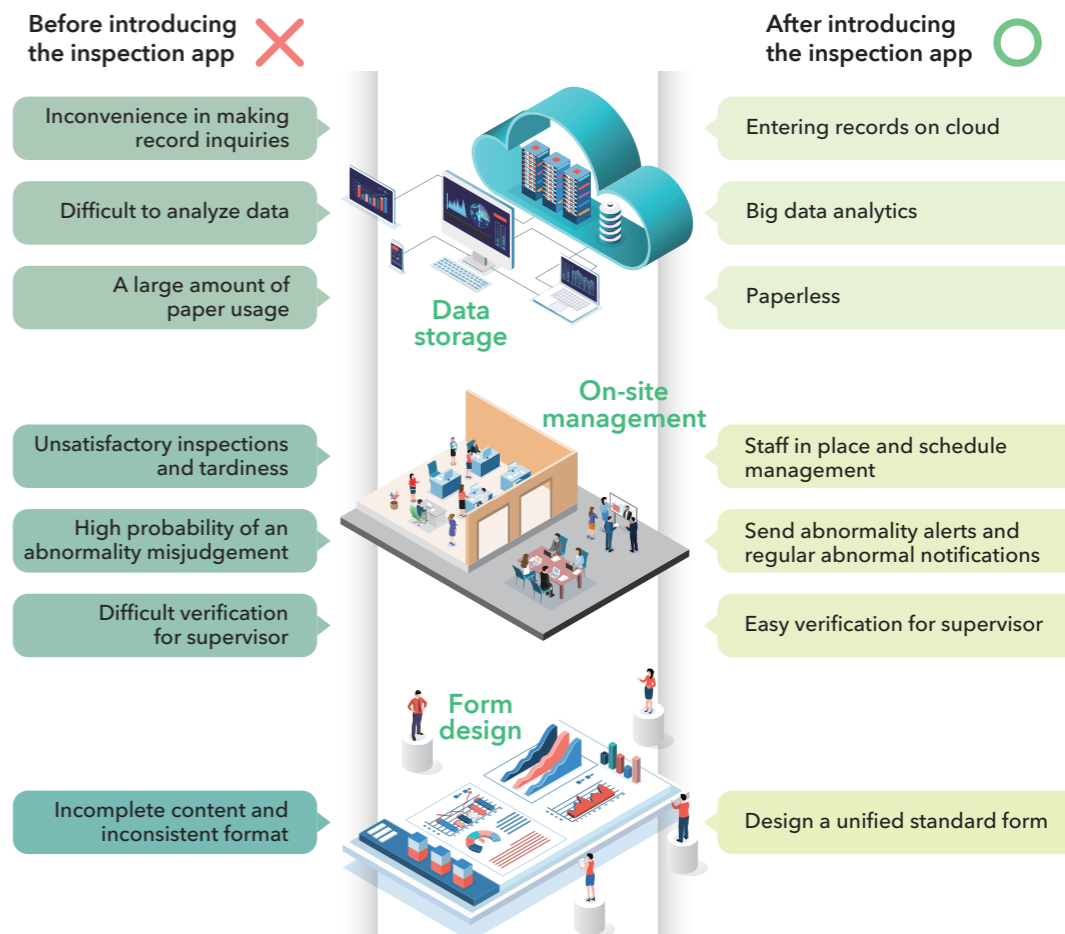
In 2020, the 2 categories "inspection app" and "property management app" have been successfully launched on the management app to help improve management efficiency, alert staff in case of abnormalities, ensure staff on duty, and so on. In 2021, we sought opportunities to expand our management app functions and discussed the feasibility of expanding each department's use of the app for the business management of branches during management meetings, thereby further improving management efficiency and moving towards a holistic and mobile management.

Management app promotion timeline



3.2.2. Inspection app implements the on-site inspections

After the inspection app was launched in 2020, the engineering department designed the standard form for the key electromechanical equipment, unifying the operational content of inspection items and cycles, etc. Through the app, these items are uploaded to the cloud, helping to conduct big data analysis and react to equipment abnormalities in a timely manner to alert management personnel to enter the site to address, achieving the effect of prevention management. At the same time, since the inspection points are established on the equipment site, management personnel must personally visit the site to read the form, effectively solving the drawbacks that may have occurred in the past, such as unsatisfactory inspections, inspections not being carried out on time, and records not being correct. By replacing manual work with automated management, this can also effectively reduce the risk of human error.



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3.2.3. Property management app accelerates management efficiency

The various property management of the department industry has an operational nature that is highly labor-intensive and requires long working hours. In recent years, due to the continuous rise in manpower costs, people willing to engage in front line cleaning/security work is decreasing, resulting in the increasing difficulty of the property management. Therefore, the general affairs department developed the property management app to reduce manpower requirements and improve work efficiency by having a timely understanding the execution of various businesses.

The property management app includes four major projects, including "asset management", "company vehicle management", "manpower management" and "cleaning inspection", and designs various workflows and report outputs according to actual business requirements. At the same time, it can preset the module expansion function to adjust the operations of property management and retain appropriate flexibility. After the introduction of the property management app, the system automatically records and produces reports, and real-time information is available in the back end to effectively avoid management omissions and greatly improve management efficiency.


▶ Benefits of introducing the property management app

Asset Management




Improve timeliness	17%	240 minutes	➔	200 minutes / piece
Reduce errors	100%	27 errors	➔	0 error

Company vehicle management



Improve timeliness	25%	80 minutes	➔	60 minutes / piece
Reduce errors	100%	5 errors	➔	0 error

Cleaning inspection



Improve timeliness	30%	400 minutes	➔	280 minutes / piece
Increase effectiveness	100%	7 times	➔	14 times / week

Manpower management

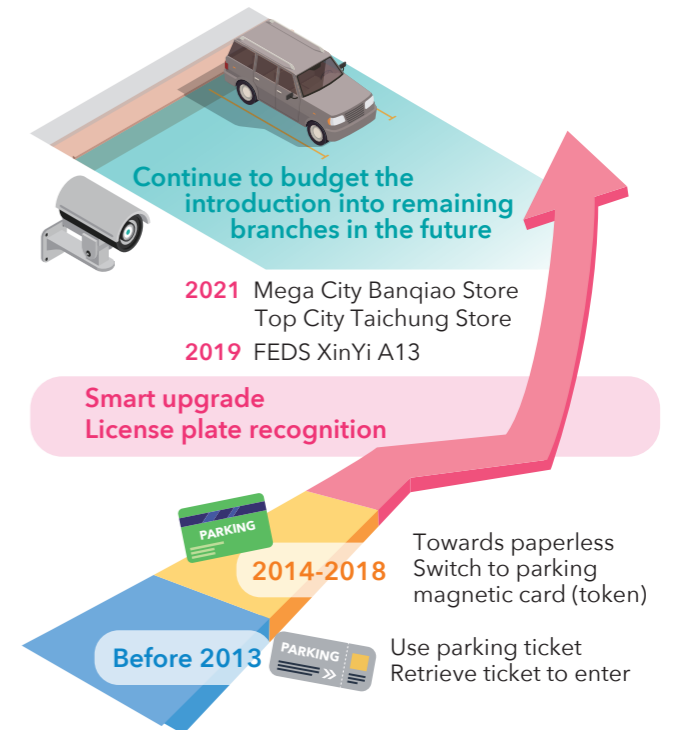


Improve timeliness	50%	100 minutes	➔	50 minutes / piece
Increase effectiveness	100%	7 times	➔	14 times / week

3.2.4 Smart parking management brings more convenience

Since 2013, FEDS has continuously upgraded the parking management system of each branch company at the speed of 1 branch per year. We replaced the disposable tickets with a reusable magnetic card (coin) towards paperless. and the replacement was completed for all branches in 2018. In 2019, FEDS's newest 5th generation store—FEDS XinYi A13 launched a new smart parking service that uses license plate recognition to allow vehicles to directly enter the parking lot, reducing parking time and more effectively reducing the carbon emissions of vehicles. In 2020, the general affairs department launched the "Smart Parking Upgrade" project according to the specifications of FEDS XinYi A13, and introduced intelligent parking systems at two large stores, Mega City Banqiao Store and Top City Taichung Store, put into formal use in 2021. In the future, we will also gradually evaluate the feasibility of introducing this to other small and medium-sized stores.

▶ Upgrading smart parking system



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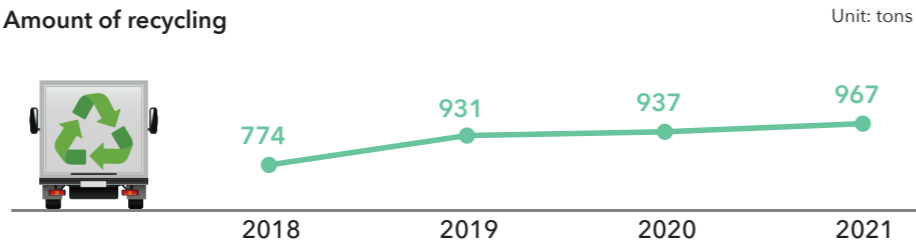
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3.2.5 Strengthening classification management to reduce environmental pollution

Green operation is the environmental management goal of FEDS. Starting from the day-to-day operation of the department store, we regard "garbage, food waste, and waste oil" as the focus of department store waste management. At the same time, we also cooperate with government policies to promote plastic reduction actions, including restricting the use of plastic shopping bags, plastic straws, disposable tableware etc., to reduce the environmental impacts. FEDS implements a classification system at HQ office and department stores. By strengthening the classification management of garbage, we achieve the goal of waste reduction. In addition, all waste removal, waste oil fume emission, and waste (sewage) water disposal of all department stores comply with environmental regulations.

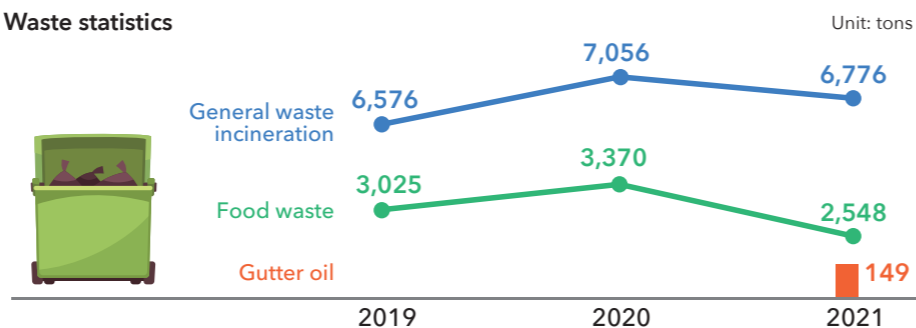
As the proportion of food and beverage industries within department stores continues to rise, the waste generated also increases. In order to effectively control the growth of waste, FEDS has set up resource recycling management indicators based on the local government's management policy for daily waste since 2018 to strengthen the implementation of resource sustainability and zero waste trends. In 2021, the resource recycling amount reached 967 tons, showing an increase of 3%.

▶ Amount of recycling



Note: Only recycled paper was calculated prior to 2020. Aluminum cans and pet bottles were added since 2021.

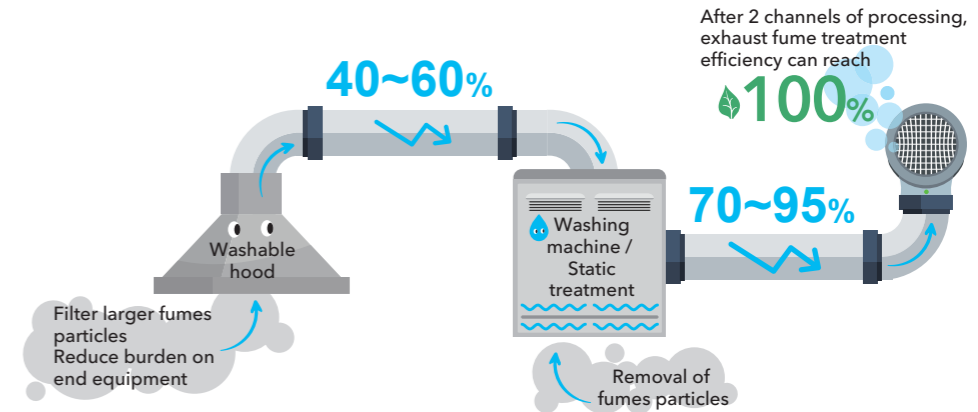
▶ Waste statistics



Note: Waste oil has been calculated since 2021.

In order to prevent fumes and exhaust gas from the food and beverage industries to pollute the air quality and disturb the lives of people in the surrounding communities, FEDS adopts a water-purifying fume exhaust hood system and a non-traditional end washing machine system. The advantage is that the front of the kitchen is treated with water to prevent 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, treating improving environmental protection efficiency. After 2 channels of processing, exhaust fume treatment efficiency can reach 100% and allow emitted exhaust gas to comply with the emission standard value.

▶ Fume hood system processing efficiency



In order to dispose waste (sewage) water generated in the mall, FEDS branches are equipped with large grease trap, which undergo slag blocking and oil cutting, and add degreasing, deodorizing agent and other appropriate treatment procedures before discharge into the city's groundwater system. In addition to the aforementioned treatment procedures, the discharged waste water (sewage) is treated in another sewage treatment tank after mixing using biological treatments, sedimentation, dosing, and filtering. The water is only discharged after reaching the regulatory standards.

▶ Expense invested in waste water(sewage) prevention and treatment

Type	Preventive measures	Input costs	Effectiveness of prevention
Restaurant waste water Daily sewage	Regular cleaning of grease trap and sludge removal	2.46 million	100% compliance with emission standards
	Regular water treatment dosing	3.4 million	
	Conduct regular water quality inspections	100% compliance	

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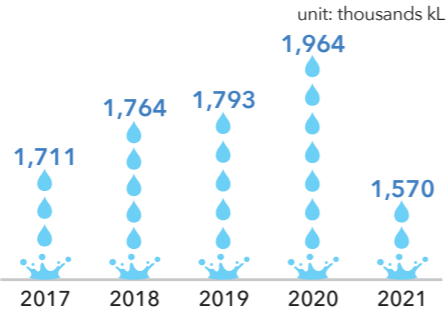
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3.2.6 Water resource management improves water-saving performance

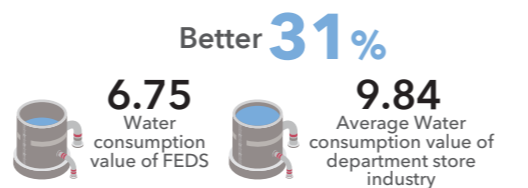
Taiwan's water use has long been dominated by agricultural industries, and the department store industry's use of water is considered a use for people's livelihoods, but not a major user. The main water source of HQ and branches comes from local reservoirs. In response to the water shortage crisis that may be caused by climate change risks, FEDS promotes water-saving management, and has set up water resources management indicators in 2019. From 2020, we regularly tracked the effectiveness of water management of each store every month. In addition to promoting water conservation measures such as the installation of water-saving equipment in each branch, adjusting the conductivity of cooling towers to reduce the water consumption of air conditioning towers, and carrying out pipeline leakage detection, FEDS has also set up rainwater reclamation systems in 3 branch companies—Mega City Banqiao Store, Top City Taichung Store and FEDS XinYi A13, with a capacity of 2,135 kilograms. FEDS efficiently saves water and improves water-saving performance through management actions and equipment upgrades.

In 2021, the total water consumption of each branch in Taiwan was 1,570 kiloliters, of which more than 90% was used for air conditioning cooling water, kitchen water and toilet water. Considering the food safety functional needs of drinking water, our two major water-saving focal points are air conditioning cooling water and toilet water. In 2020, we introduced ISO 14046 water footprint certification to Taoyuan Store as a model store, and completed the first water footprint inventory in 2021. We hope to improve the water-saving management performance of branches by analyzing the use of water resources and data.

Water consumption of each branch



Water efficiency surpasses industry performance



Note: The water consumption value = water consumption per square meter (liters ÷ square meters × day). The industry volume value is based on the recommended value of the water consumption index of the excellent unit from the Water Resources Agency, Ministry of Economic Affairs in 2021.

Achieved the water-saving counselling award

In March 2021, both Hualien Store and Kaohsiung Store were awarded the "Implementation of water-saving counselling and improvement" award by the Ministry of Economic Affairs for promoting the "Water-saving Improvement Project" and achieving excellent water saving improvement effects. Hualien Store invested NTD 220,000 to control the water quality of the cooling water tower, and the water consumption decreased by 18.3%; Kaohsiung Store replaced the old water tower fins, and the proportion of water saving decreased by 33%.

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 and related events, creating green value for society through products and services, building sustainable and fashionable green department stores. In 2021, FEDS continued to focus on the five major green environmental protection actions—"Green transportation, green buildings, green procurement, green adoption, and green consumption", and regard the stakeholders as an important partner for FEDS to implement green values.

3.3.1 Green transportation accelerates carbon reduction

In 2021, FEDS continued to implement the five major green transportation actions, reducing environmental impacts caused by traffic during the shopping process, while promoting the use of low-pollution, energy-saving transport vehicles, affecting green transportation from all aspects to effectively promote energy conservation and carbon reduction.

More than 70% of employees use public transportation

FEDS is a chain department store, with operating points all over Taiwan. We encourage employees to travel by public transportation to effectively implement energy saving and carbon reduction. Since launching in 2017, more than 36,000 employees have traveled using public transportation. In 2021, 8,927 employees were sent on business trips, 73% of whom used public transportation. In addition, 181 video interviews were conducted to reduce the carbon footprint caused by transportation.

Provide 100,000 customers with shuttle bus transportation

From the perspective of environmental sustainability and consideration for customers, FEDS has arranged shuttle buses at Banqiao Store, Mega City Banqiao Store, and Hsinchu Store, passing by MRT stations, train stations and major local transportation routes, making it convenient for shoppers to ride, reducing the carbon footprint created by transportation during shopping, and provide neighbouring communities with a more pleasant environment. Please refer to the official website for shuttle bus stops (<https://www.feds.com.tw/>). In 2021, due to the impact from the pandemic, the shuttle bus service was suspended for 5 months, with reaching 108 thousand passengers throughout the year.

The data of Green transportation

Year	2019	2020	2021
Number of people using public transportation for business trips	7,824	6,605	6,517
Rate of people using public transportation for business trips	75%	72%	73%
Number of recruitment interviews by video conference	47	66	181
Number of shuttle bus passengers (unit: 10 thousand people)	60.3	23.9	10.8

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Establishing 29 electric vehicle charging stations

Many customers who come to the department store choose to use electric vehicles as a means of transportation. According to research, electric vehicles can reduce the emissions of greenhouse gases and particulate matter, reaching the goal of reducing air pollution and slowing down global warming. FEDS has 29 electric vehicle charging stations in 8 branches across Taiwan. Together with customers, we responded to the government's green transportation policy and created a sustainable low-carbon lifestyle.

Locations and number of electric vehicle charging stations in 2021



FEDS headquarters and its branches have a total of 18 company vehicles with an average service life of 10 years. Old vehicles emit higher air pollutants. In response to the government's policy of replacing old vehicles, and to reduce the risk of older vehicles, in 2021, two company vehicles were replaced with new eco-friendly vehicles, and the average fuel efficiency per vehicle was increased by 3.1km/L. In the future, we plan to replace company vehicles of more than 10 years in stages, in order to support green traffic and reduce air pollution.

Preemptively manage traffic during events

All of FEDS branches attract a large number of people during the anniversary events. In order to relieve traffic congestion, we hold meetings to communicate with the local traffic bureau, precincts in charge, and surrounding businesses before the events begin to assess the impact of traffic, and formulated traffic maintenance plans, including vehicle entry and exit route planning, alternative temporary parking lot designation plan, parking lot shuttle buses, and the labor allocation of traffic maintenance. By using proactive management measures to maintain smooth road traffic, we can minimize traffic impact on local communities during the duration of events.

Major traffic plans for the anniversary celebration

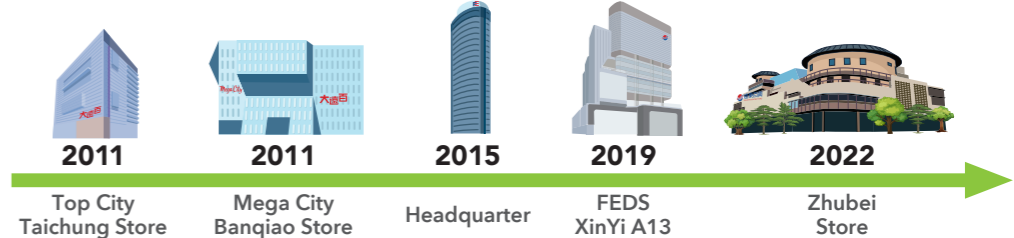


3.3.2 FEDS green buildings are new landmarks of department store

As a trailblazer, FEDS was the first to incorporate the concepts of green building into the design of department stores, using the four main principles of "Ecology, Energy saving, Waste reduction, and Health" to create a new eco-friendly department store. A department store is no longer just a retail, but can become a beautiful landmark of the city. Since 2011, the newly-opened stores of FEDS are planned to be eco-friendly, energy-saving, and green department stores, with low-carbon operations as a goal in order to reduce the impact of operations on the environment.

FEDS currently has 5 department stores and buildings built with the concept of green building. The headquarter building has been awarded the green building label of "Silver Grade", becoming the greenest department store corporate headquarters in Taiwan. Completed in 2021, the Zhubei Store has obtained the green building certification of "Gold Grade".

Green building concept members



3.3.3 Green procurement for showing our love of Earth in action

FEDS supports green procurement. We prefer to opt green products that are low-pollution, energy-saving and environmentally friendly. Through actual green purchasing actions, it is possible to create an environmentally friendly department store. FEDS has won the "Outstanding green procurement enterprise" issued by the New Taipei City government for five consecutive years. In 2021, green procurement items grew by 53%, purchasing amount increased by 1.04 times, and green procurement rate accounted for 99.3%.

Promote green offices and support green procurement

In August 2021, FEDS launched 32 green office measures based on the five major indicators of "energy resource saving", "source reduction", "green procurement", "environment greening" and "advocacy". Among them, "green purchasing" has two main components:

- Green procurement is comprised of more than 10 products in the office area annually.
- Individual units prioritize green areas and restaurants when organizing meetings, events, and meals.

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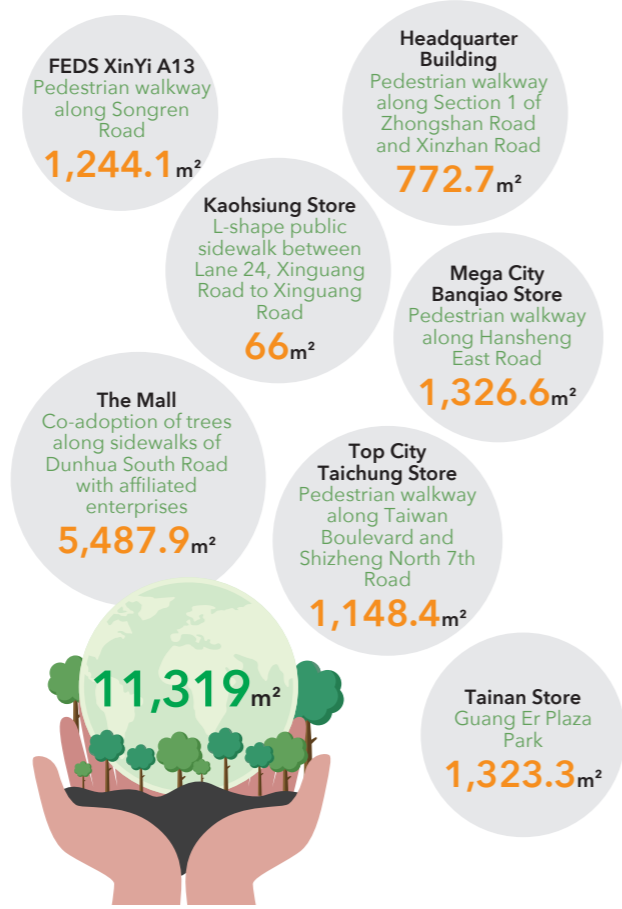
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3.3.4 Maintaining the green beautification of the city

In order to respond to the greening of the city and improving the quality of the city's appearance, FEDES annually invests to adopt the roadside trees and parks surrounding the department store, regularly assigning staff to green, beautify and clean the environment. In 2021, the total adoption area reached 3,430 square meters, providing a neat and comfortable green environment for the local community, and is also our effort to beautify the city lanscape.

Adoption of roadside trees and green spaces



3.3.5 Green consumption and eco-friendly green life

In 2021, FEDES continued to promote "3R, 3E" in the consumption process, with the 6 principles, including "Consumption reduction, reuse, recycling, economic efficiency, ecological compliance, and practical equality." We hope to work with customers to reduce the impact of consumption behavior on the environment, improve the sustainable use of resources, and change the world with consumption power. We developed the following 7 service actions.

1 Implementing responsible retailing

Starting in 2016, FEDES World Gourmet has introduced Italian fair trade coffee that has obtained the EU organic agricultural product certification mark, in order to implement responsible retailing through the three fair trade principles of "friendly to small farmers, friendly to the environment, and friendly to the customers". Due to a change in government regulations in 2020, EU countries have not signed bilateral organic equivalence mutual recognition treaties with Taiwan, so FEDES started to import Rainforest Alliance certified coffee in 2020, with a sales volume of 113 kilograms in 2021.

4 Promoting reduction of packaging

Using the concept of green packaging as a starting point, FEDES strives to reduce the use of packaging materials, and has met the packaging reduction goals for 5 consecutive years. In 2021, the cost of packaging materials was reduced by 12%, and we continue to reduce the generation of environmental waste, showing our efforts towards environmental protection and

2 Organizing agricultural markets

Shortening the distance for transporting food to reduce carbon footprint is one of the methods to ensure eco-friendly consumption. FEDES leverages its channel strength to promote local production consumption by using the channel resources of the 11 operational locations in 9 cities throughout Taiwan, assisting in the marketing of various high-quality local agricultural and fishery products so that customers can purchase from a close distance. In 2021, 68 small-farmer markets and agricultural product exhibitions were held, with a total of 676 stalls to sell up to 3,153 merchandise items.

5 Implementing reduction in printing

FEDES gradually reduced the volume of printed advertisements, and strengthened digital marketing methods to deliver event information to customers, reducing paper consumption. In 2021, the print volume of each branch company decreased by 38%, and it has reached the reduction goal for 4 consecutive years.

3 Use of eco-friendly paper bags

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 FEDES shopping bags has been certified by the FSC, comply with EU environmental protection directives, and the bags are printed with high-cost environmentally friendly inks.

6 Production of eco-friendly uniforms

In order to protect the health of employees and reduce the possible pollution generated during the clothing manufacturing process, FEDES has gradually changed the uniforms of self-employed personnel to one made with fabric certified with the eco-friendly label. A cumulative total of 2,918 eco-friendly uniforms have been produced.

7 Encouraging recycling and reusing

Since 2014, in response to the environmental protection activities promoted by the local government, the three branches PaoChing Store, Mega City Banqiao Store, and Tainan Store have set up recycling bins in the department store to encourage people to bring paper bags, recycling bags, and old books to FEDES and put them in the recycling bins, maximizing resource sharing and use efficiency.

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5 Employee Green Activities to Protect the Environment Together

In 2021, FEDS strengthened the promotion of employee environmental education, promoting the "5 Employee Green Activities". We hope to gather the strength of employees to work together to reduce resource waste and take actual actions to integrate environmental protection into our daily life, gradually cultivating green lifestyle habits.



Green point App

In January 2021, the promotion team took turns explaining to colleagues how to download the app, encouraging employees to create value to eco-friendly actions through the app, becoming green consumers. Over the course of 3 months, 1,295 employees downloaded the app, which is a 94% download rate, surpassing the original target of 75% downloads.



Green office

In order to create a green office environment, in July 2021, FEDS joined as a green partner of the Environmental Protection Administration and responded to 32 green office measures, covering 5 major aspects, including "Energy resource saving", "Source reduction", "Green procurement", "Environmental beautification" and "Advocacy", so that employees work in the office can be more environmentally friendly.



Green declaration

In order to deepen the environmental efficiency of the office, the management meeting in March 2021 passed 6 environmental declarations of the office, advocating the actions such as "double-sided printing to save paper" and "taking less elevators and walking more", and encouraging colleagues to start from daily office activities and to protect and love the earth together.



Green initiative

Employees are encouraged to respond to 6 international environmental initiatives, such as World Water Day, World Car Free Day, and World Vegetarian Day. Within the internal website, there are articles introducing the essence of the 6 eco-friendly initiatives, and invites colleagues to implement 2 to 3 environmental actions on the day of the event. In 2021, a total of 17 environmental actions were shared, with 2,222 visitors to the website.



Green news

We created a platform to gain new environmental protection knowledge, in response to environmental protection information promoted by organizations such as the Environmental Protection Administration and the Bureau of Energy. We publish a lifestyle e-newsletter sent monthly to colleagues to help them quickly keep updated in the latest environmental issues. By the end of 2021, 10 e-newsletters had been sent out, with a cumulative total of 3,328 people viewing them.



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Safe Product Management

FEDS provides high-quality products and delicious meals with an emphasis on product quality and safety so that customers can consume with ease. In addition, through supply chain management and supplier evaluation system, FEDS works with suppliers to value health and safety, labor human rights, environmental protection, ethical requirements, and other social responsibilities, establishing together a sustainable supply chain.

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- Sustainable supply chain management
- Product quality and food safety
- Store safety and services



Product highlights



Selling eco-friendly coffee for **6** consecutive years



Checking sample label of **845** items



115 % increasing in local procurement for food items



Signing of supplier's commitment agreement rate at **100** %



Inspecting **2,200** items for product safety and hygiene



Online evaluation of **7,647** purchase cases

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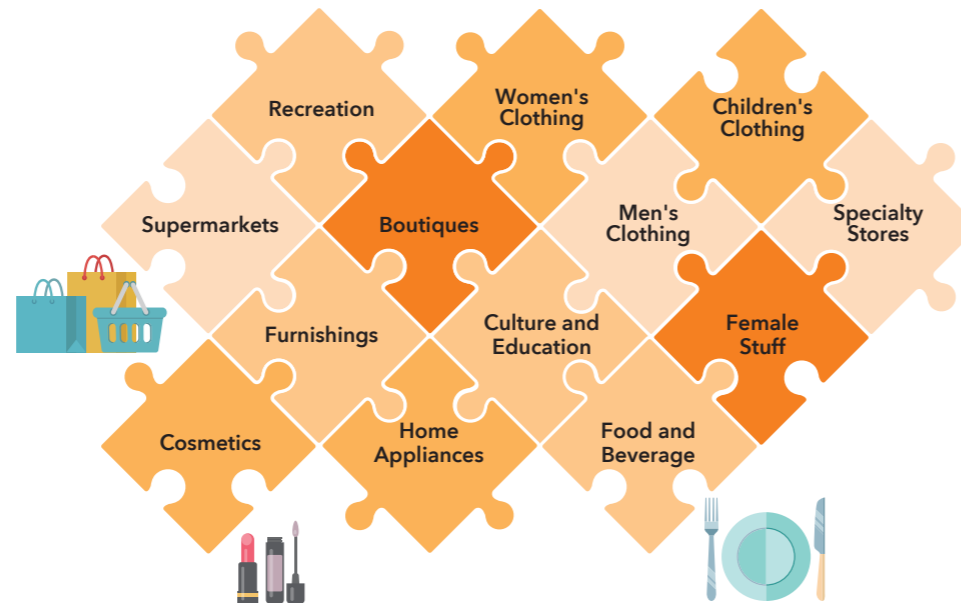
4.1 Carefully Selected High-quality Products

To enable consumers to shop with ease, FEDES strictly adheres to relevant regulations to conduct testing, labeling, and management of products sold. Internal management measures and regular inventories are conducted to implement the rigor of product management and ensure the high quality of products sold. FEDES is the only department store among industry to have established its independent "World Gourmet" F&B counter. In 2016, we introduced fair trade coffee to promote the concept of "responsible retailing", and change the world with the power of consumption.

4.1.1 Commodity Safety Committee provides safe products

FEDES has set up the "Commodity Safety Committee," which is responsible for managing product safety and promoting related projects to reduce operational risks. FEDES'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. For items with storage life and direct impacts on the customer's health, such as catering, food, cosmetics, and so forth will have a contract that regulates counter vendors to comply with government regulations, and we also formulated management measures and perform random inspections.

▶ 13 major categories of commodity of FEDES



For the management of product labeling, FEDES continues with insistence on source management, from establishing good labelling management right at the onset of manufacturing, including production batch numbers, manufacture date, expiration date, and other labels for cosmetics and samples. Requiring vendors to perform effective management of traceability systems to reduce consumption disputes and achieve a triple win situation for vendors, customers, and companies. In addition, if any deficiencies are identified while auditing, improvements will be made immediately and education on each floor will be enhanced. The floor supervisor would inspect daily and work with the counter vendors to achieve the improvement goal.

In 2020, FEDES formulated the "Management and Control of Self-operated Cosmetics Invoicing" and "Measures for On-site Commodity Inventory" to strictly manage products. In 2021, we conducted a quarterly inventory of self-operated cosmetics and a bi-annual inventory of all self-operated products, mobilizing around 1,425 people with a product loss rate that is less than 0.01%. Confirming the status of commodities through regular commodity inventory provides customers with the highest quality products, reduces customer complaints and spillover costs, and is also conducive to maintaining accurate inventory, at the same time allowing the commodity department to formulate the best stocking strategy. In 2022, FEDES will continue to conduct product labeling management and commodity inventory, moving towards the goals of "zero missing labels" for products and "inventory precision".

▶ Regulations and management methods related to products

Product category	Applicable government laws and regulations	FEDES Management Method
Cosmetics Samples	Cosmetic Hygiene and Safety Act	1 Counter contract Require vendors to comply with government regulations in the counter contract
Medicines and medical equipment	Pharmaceutical Affairs Act Medical Device Management Act	2 Management method Develop relevant internal regulations and management documents
General product	Commodity Labeling Act	3 Sample inspections Conduct regular and random sample inspections and audits by responsible units
Packaged food	Act Governing Food Safety and Sanitation Regulations on Nutrition Labeling for Prepackaged Food Products	
Food	Food Administration Act	
Tobacco and alcohol	Tobacco Hazards Prevention Act The Tobacco and Alcohol Administration Act	

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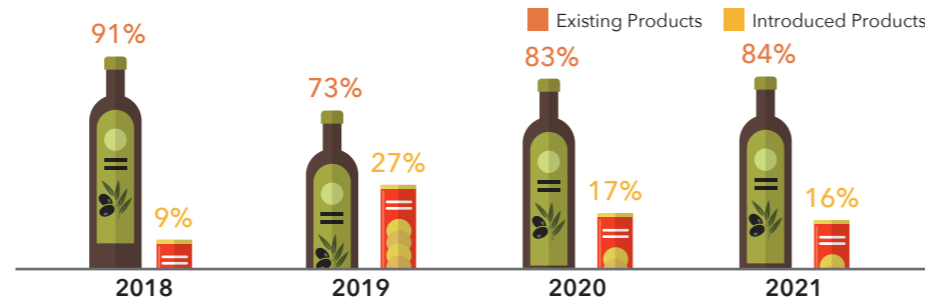
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4.1.2 The only self-operated food counter in the department industry offering exotic delicacies

FEDS carefully monitors the product management process, and strives to create a stylish, sophisticated, and secure life experience for customers. In 1995, FEDS established a self-operated food counter, World Gourmet. In the twenty-six years since its establishment, all products have been personally scrutinized and selected by expert product development personnel, to ensure that top ingredients are selected from all over the world, including olive oil, coffee, biscuits, cereals, and so forth. Every product belongs to well-known international brands, allowing customers to enjoy high-quality exotic foods without physically going abroad. In 2021, FEDS World Gourmet sold a total of 450 items, of which 72 items were newly introduced that year, with a new product introduction rate of 16%

The structure of products



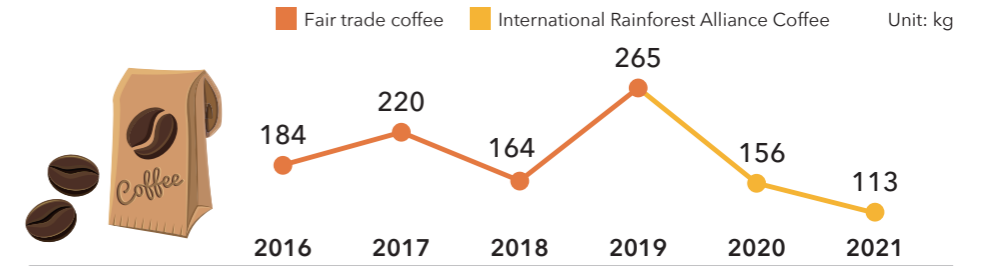
All imported goods sold in World Gourmet are inspected and certified in accordance with the Act Governing Food Safety and Sanitation of the Ministry of Health and Welfare before they are displayed and sold. The products are not subjected to secondary packaging to ensure that the quality of the products is the same from the place of production to the place of sale, reducing the risk of deterioration. In 2021, we introduced 5 new types of high-quality flavored teas from the French brand Mariage Freres, and 5 types of new products, various types of oil spray from the Italian brand Mantova, aged vinegar of Modena PGI, and potato chips from Spanish brand Bonilla a la Vistas. Among them, the Mantova series of oil spray is suitable for use in air fryers, and the simple and healthy way of cooking is popular with consumers, which has led to an increase in the sales of olive oil by more than 14%, with a total of more than 65,000 bottles sold in 2021.

4.1.3 Introduction of eco-friendly goods and implementing responsible retail

FEDS started promoting the concept of Responsible Retail in 2016, and in addition to introducing quality-assured foreign premium foods, we also started selling EU organic products and fair-trade coffee, of which the cumulative sales volume of fair-trade coffee in 4 years reached 833 kg. However, since 2020, in response to amendments to government laws, the import of European organic agricultural products has been suspended. FEDS has shifted to the import of BRISTOT Rainforest Coffee which is certified by the BRISTOT

Rainforest Alliance. The Rainforest coffee growing region is in accordance with the 3 major factors of "environment protection, social justice, and economic feasibility," ensuring the protection of the natural environment and animal habitats. The sales in 2021 reached 113kg. FEDS hopes by introducing eco-friendly products, we can continue to exert the power of FEDS, allowing customers to help protect ecological sustainability through consumption.

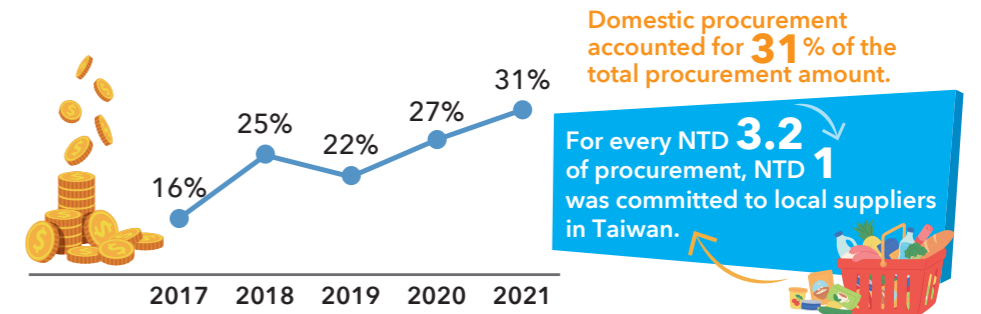
Coffee transaction volume over the years



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

FEDS supports local suppliers and promotes the localization of the supply chain. Local purchasing can simplify import procedures, and local suppliers can better understand the consumer needs in Taiwan, selecting more suitable high-quality products. The proportion of FED's self-operated food counters purchasing from domestic suppliers has been increasing yearly. In 2015, it only accounted for 12%, but the proportion reached 31% in 2021, with an increase of 15% compared to the previous year. This is equivalent to having NTD\$1 being used towards purchasing goods from local suppliers in Taiwan for every NTD\$3.2 purchase amount. Through practical actions, we demonstrate the emphasis we have towards local development and supporting the care that Taiwanese suppliers have in purchasing good foods, simultaneously increasing local employment opportunities in Taiwan. FEDS will continue to use its core product selection capabilities in 2022 to increase the proportion of procurement from local suppliers.

Proportion of domestic procurement for self-operated counters in past years



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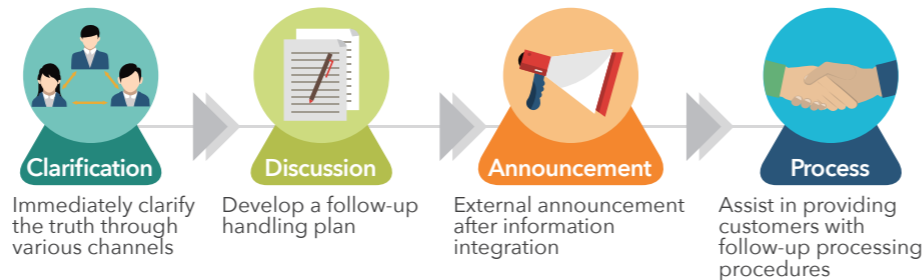
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4.1.5 Strictly control product safety and protect customer rights

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. They are inspected by responsible units annually, controlling the suitability of each key point of work, ensuring product safety and quality, and safeguarding customer rights and interests.

The internal control process of product management includes the monthly regular reporting meetings to the president by the Merchandising Division, Operation Division and Administration Division, reporting on the product management situation. The product safety committee updates the latest news, and once a suspected product incident occurs, the treatment process can be activated immediately. The responsible unit will develop a response plan to deal with the incident as soon as possible, and then generalize and disclose it to avoid related incidents from recurring, reducing the impact and harm to the customers. In 2021, there were no disputes regarding problematic products on the market.

▶ 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. Through the 3 management mechanisms: clear regulations, independent management, and regular inspections, we ensure food safety at the frontline for customers, providing them with healthy, delicious and high-quality food and beverage, allowing them to dine with peace of mind.

4.2.1 Food Safety Management Committee to ensure food safety

Food and beverage is the fastest growing industry in department stores. FEDS has introduced international gourmet food and internet celebrities' creative cuisines, hoping to drive purchasing and consumption through the customer attraction effect of catering. In addition, FED's Food Safety Management Committee is the frontline of defense for the food safety of customers and ensures that they are provided with safe and high-quality catering services. Through the efforts of the Food Safety Management Committee, FED's food and beverage performance has improved year over year, winning the trust and confidence of customers, and creating "Good Food Opportunities" of the new era.

In 2021, the Ministry of Health and Welfare introduced three new regulations on food labelling, including: strengthening the disclosure of labelling messages for on-site prepared beverages; food business operators that contain pork and its edible parts should mark the origin of their ingredients in accordance with the regulations; and agricultural, livestock and poultry bulk foods should be marked with place of origin markings. Therefore, in 2020, in regards to Ractopamine pork, FEDS advanced the deployment by imitating the previous deployment of the plastic restriction policy, communicating with manufacturers and industry players in advance to discuss processes in detail, implementing comprehensive labelling at each catering counter. In 2021, continuing with our emphasis on responding to consumers, we strengthened the inspection of the disclosure of food information in stores.

4.2.2 Three management mechanisms to control food safety and health

The introduction of new restaurants has become a new tool for department stores to attract customers to consume. FEDS has also introduced a variety of multi-national restaurants in recent years. According to the analysis of material issues in 2021, food safety ranks at the second place, which shows the emphasis consumers have towards FEDS's food and beverage safety. FEDS puts great emphasis on food and beverage safety issues, adopting a triple mechanism of "clear regulations, autonomous management, and regular inspections", becoming the first line of defense for customers and building a safe restaurant network.



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Management mechanism 1 Establish clear regulations and ensure compliance and execution

In order to ensure the health of consumers, FEDS has listed strict management regulations in the catering counter contract regarding catering safety aspects such as "dining environment," "food safety," and "kitchen management," requiring vendors to comply 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 should be checked, and the kitchen waste should be properly disposed of. In accordance with the food safety and sanitation process, complete management mechanisms should be established for each step of the process, requiring vendors to manage themselves proactively. FEDS then regularly inspects various operations to create a healthy and safe dining space for customers.

FEDS's requirements and specifications for catering vendors

Dining environment	Food management	Kitchen safety and health
<ul style="list-style-type: none"> Ban melamine tableware Restrict the use of disposable plastic tableware and straws Food and utensils must not directly touch 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 	<ul style="list-style-type: none"> 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 Fridge (freezer) has to be clean, temperature is controlled, and refrigerated (frozen) raw and cooked food are effectively 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 	<ul style="list-style-type: none"> Catering and staff shall be trained 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 equipment and utensils must keep clean and free of vector breeding situations Catering staff shall wear clean work clothes and keep their hands clean No behavior that could contaminate food is allowed while working Use dedicated sockets for electrical appliances and extension cords shall not be used

Management Mechanism 2 Implement Self-Management to Maintain Food Safety Together

The Operations Division of the headquarters has established the "Commodity Management Operation Method", which requires the supermarkets, food counter vendors and floor supervisors of all eleven branches in Taiwan to perform food safety inspections following certain points every day and every month. The Labor Safety Department checks the electricity usage and environmental safety of catering counters twice a year. Moreover, the Labor Safety Department conducts regular preventive inspections on catering and kitchen safety and sanitation in accordance with the relevant standards of the government's food safety laws and regulations. If any suspicious ingredients, oil, or operational defects are found, they will immediately be banned and improved.

Vendor self-management



Management Mechanism 3 Regularly performing audits and continually making improvements

FEDS is committed to providing high-quality food. Apart from being in accordance with the "Regulations on Good Hygiene Practice for Food", "Drinking Water Quality Standards" and "Drinking Water Equipment Maintenance and Management Measures", each unit follows the food safety procedures established by the company, and comply with internal control operations, with regular monthly inspections. The catering department of the supermarket inspects whether the catering counter provides the product inspection certificate and the product safety commitment letter, with high quality food safety as the executional goal. Self-operated imported products follow input inspection in accordance with the "Measures for Import Inspection of Food and Related Products", and is marked with detailed Chinese labels according to the "Food Safety and Hygiene Management Law". In addition, according to the announcement of the Food and Drug Administration of the Ministry of Health and Welfare on the formulated food safety monitoring plan, products included in the regulated category are sent for inspection, strengthening self-management and ensure food safety quality.

Regular Inspection Items for Catering Counters

- Refrigerator temperature record
- Drinking water inspection (E. coli and total bacteria count)
- Reports related to the on-site environment and physical examination for catering staff
- Food storage
- Control of dangerous items (such as gas stoves)

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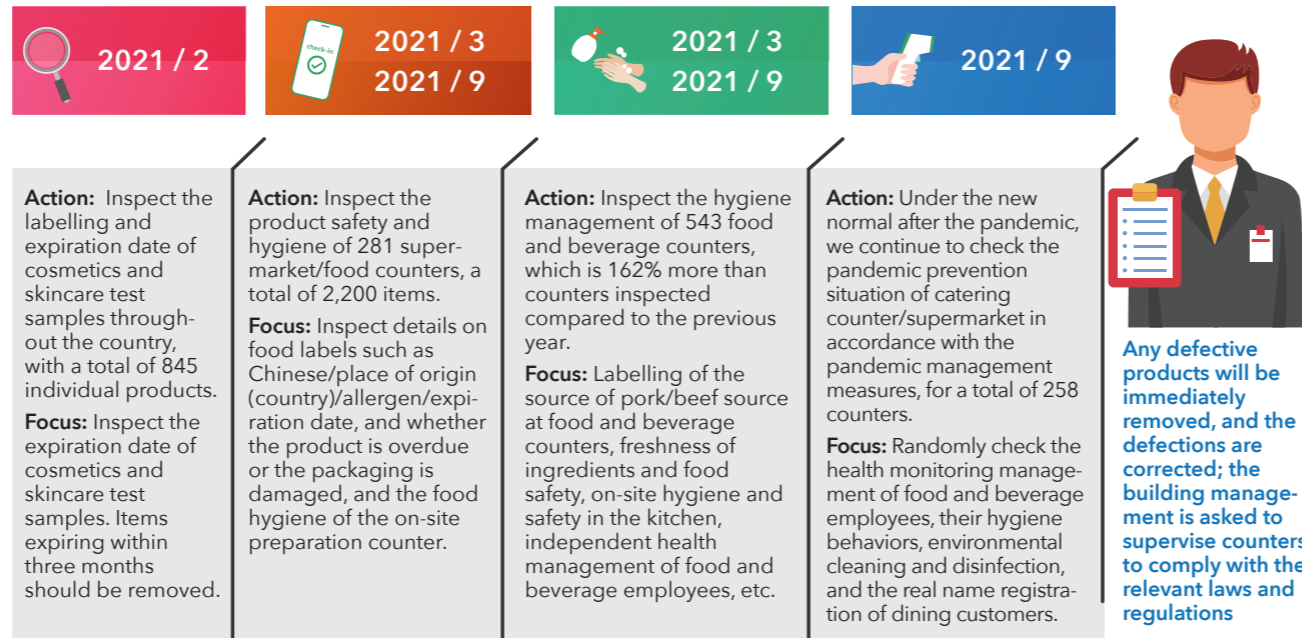
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The new normal after COVID-19: Continuing to maintain a safe store

In the post-COVID era, it is even more important to provide a safe environment of department store for customers. Therefore, FEEDS's audit office strengthened the 4 major aspects of verification, including COVID prevention implementation status, product labeling, pork and beef source labeling, and the expiration date and labeling of cosmetics, protecting the rights and interests of customers through periodic inspections. In 2021, the audit office completed the hygiene management inspections of 543 food and beverage counters. The number of inspections increased 1.6 times compared with the previous year. The results of the implementation of the inspections are shown in the table below.



High-quality foreign products to fulfill the festival demands during the pandemic

Due to the pandemic, people are restricted from travelling abroad, so the demand for foreign delicacies has increased. In order to allow consumers to share the rich vibe of foreign festivals with their relatives and friends on Valentine's Day, Christmas Day and other festivals, FEEDS's President, Nancy Hsu, personally led the professional team and carefully selected more than 100 gift boxes, including fine dining, delicious desserts, carefully selected tea products, etc., hoping to enrich consumers' lives with high-quality products.



4.2.3 Introduce specialty catering services to close gourmet food without distance

According to media reports, food and beverage counters are where consumers spend the most time at department stores. FEEDS manages the commodity power of catering counters, observes consumer preferences and food and beverage trends, adjusts food and beverage counters in a timely manner, and introduces specialty cuisine, international cuisine and popular check-in restaurants. FEEDS also established popular indicators in the department store catering market, fully utilizing the benefits of the "stay economy" to increase the customer capacity of the department stores.

In order to ensure food and beverage quality and food safety, FEEDS requires the catering counter vendors in the counter contract to ensure the ingredients and quality of the food comply with regulations and safe, and the raw materials must be approved by 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, ensuring no elements of illegality. In addition, we require the proportion of food and beverage kitchen staff holding a Chinese food cooking certificate and a chef certificate should meet the legal requirements. FEEDS cooperates with catering counter vendors to provide consumers with safe and high-quality catering through rigorous regulations and inspections.



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A.mart promotes the concept of "sustainable food", providing "valet cooking" service during the pandemic

A.mart responds to the pandemic prevention lifestyle campaigns, setting up "pandemic prevention at home cooking area" and "valet cooking consumer experience" to promote the sales growth of "sustainable food" fresh food-related products. In 2021, A.mart launched more than 100 "sustainable food" lifestyle concept product offers, selling friendly ingredients such as friendly livestock/farming and improving animal welfare in stores to promote sustainable development of the environment.

In addition, in order to allow people to purchase food safely during the pandemic, A.mart displays the most popular ingredients of the season at the stores, and provide thoughtful "Valet cooking" service services. Among them, 5 branches including Banqiao Nanya Store and Taoyuan Store built the "valet cooking" wholesale restaurants, providing quality services of "buy now, cook now, and eat now" for steak and seafood and so forth.



Pandemic prevention new lifestyle: "Delicious and Convenient" service

In response to the pandemic prevention policy that customers are not allowed to enter restaurants during Level 3, FEDS has introduced the "Delicious and Convenient" service, offering NTD\$100 set meals and holiday specials. Consumers can reserve products through Facebook links, delivery platforms, and other channels. Consumers enjoy the high-quality services like picking up their orders from the take-out section on first floors, getting orders delivered to their house, or drive-through pickups, allowing consumers to still be able to enjoy delicious meals safely during the pandemic. In addition, in order to make people convenient to cook at home during the pandemic, city 'super has launched 5 types of vegetable boxes and rice boxes, brightening up the pandemic prevention lifestyle with convenient services.



Overthrow the traditional image of toast with innovative DIY bread experience

In order to provide more distinctive products and services, in 2021, Mega City Banqiao Store was the first to introduce Sakimoto Bakery, a high-end toast specialty store, to New Taipei City. It opened immediately set off the trend of raw toast. The bakery uses high-grade butter and flour in baking, and uses low temperature and long fermentation time, flavors are also matched with imported agricultural products, and the delicate flavors transform the consumers' concept of toast. In addition, FEDS XinYi A13 also opened the first "Wu Baochun DIY" experiential physical store, providing convenient services such as no need for preparation and equipment, allowing consumers without baking foundation to be able to make the international award winning "Bao-Chun Style Bread", enhancing consumers' loyalty and satisfaction through the rich experience.



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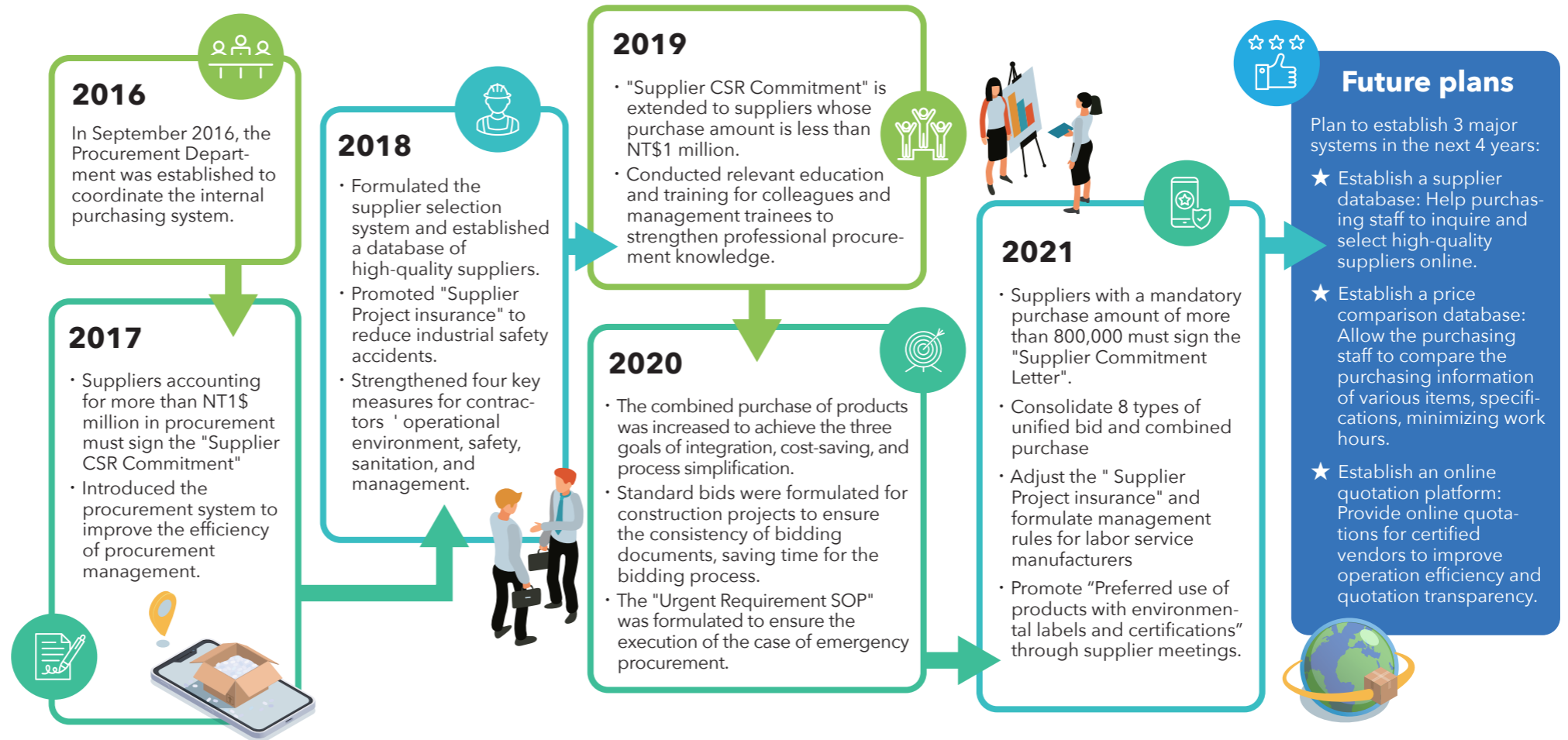
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4.3 Comprehensive Supply Chain Management

In addition to partnering with the counter vendors in the mall, FEDS also works with suppliers that can be split into 5 big categories: construction, administration, IT, publicity, and labor. Through the supplier management and evaluation system, we ensure that the suppliers not only comply with laws and regulations, but together with FEDS, we emphasize importance to health and safety, labor rights, and sustainability issues such as environmental protection and ethical requirements. In order to establish a sustainable supply chain, FEDS holds an annual vendor networking meeting, sharing with vendors the year's performance and future developmental visions. At the same time, it praises the outstanding performances of counter vendors, and hopes to bring customers the best shopping experience through innovative products and enhanced services, transforming the operating model of the department store industry.

4.3.1 Supplier management committee selects quality suppliers

▶ Timeline of driving supply chain management



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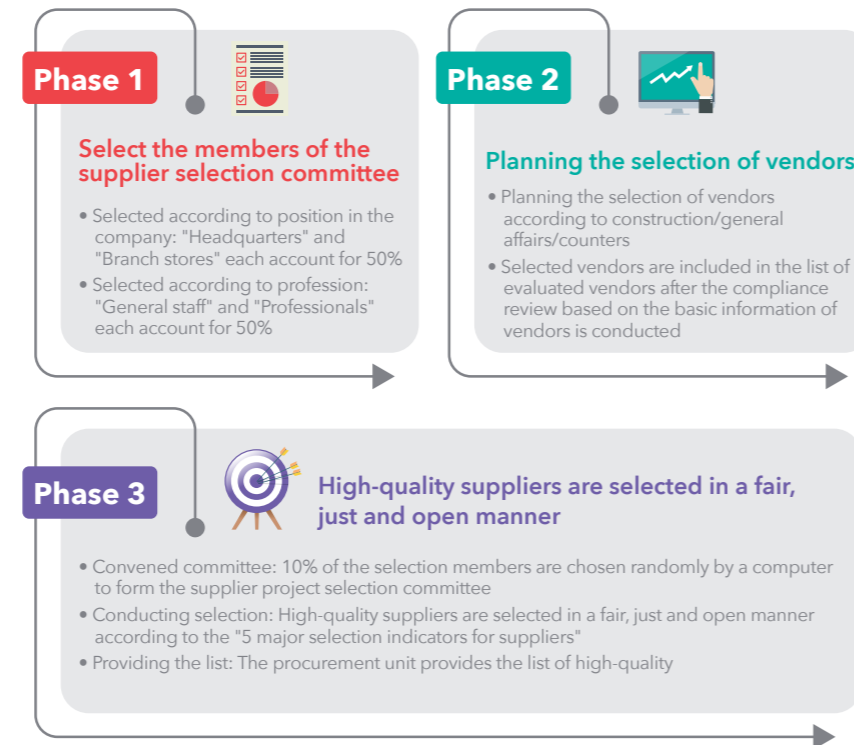
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The Procurement Department of FEDS developed a supplier selection system in 2018. The first step is to select the supplier selection committee members to form a "Supplier Project Selection Committee" from a random selection, and these committee members select high-quality suppliers in a fair, just and open manner, in order to establish a vendor database for the Procurement Department. Since 2019, we have been conducting education and training for supplier management offices, purchasing colleagues, and company management trainees, while also continuously collecting supplier data. In 2020, the Procurement Department planned to establish a supplier database system, which is expected to be completed in 2024. The database will distinguish between business categories, scales, grades, etc. based on the nature of the suppliers. In addition to assisting purchasing staff to check vendors' general information and performing bidding operations, they can also select high-quality suppliers directly from the system. In order to improve the efficiency and effectiveness of supplier management, in 2021, the Procurement Department consolidated a total of 1,364 combined purchasing items and 8 types of purchasing unified bids which were provided to each branch office for use, and management rules for labor manufacturers were agreed with the management directors of each branch office through management meetings.

▶ Supplier selection process



In order to support the local industry and shorten the lead time and after-sales service, FEDS prefers to cooperate with local suppliers. In 2021, the number of local suppliers and the purchase amount accounted for more than 90% of the overall purchase scale. We work with suppliers who comply with environmental sustainability and labor laws and whose quality meets the standards. Meanwhile, we follow the requirements that the Far Eastern Group's Joint Purchasing Center has towards suppliers, and require suppliers to sign CSR commitments, clearly pointing out the need to abide by actions such as labor rights, health and safety, environmental protection, to strengthen the supplier's sustainable management mechanism. In 2021, 100% of new suppliers have been screened based on this principle, and there were no particular deficiencies during the screening.

▶ Supplier selection criteria and quantity

Criteria	Health and Safety	Labor and human rights	Environment	Ethics
Total number of suppliers screened	146	146	146	146
Number of suppliers that (may) have negative impact identified	0	0	0	0
Number of improved suppliers	0	0	0	0
Number of terminated suppliers	0	0	0	0

▶ Procurement objectives



▶ Four major criteria for supplier evaluations



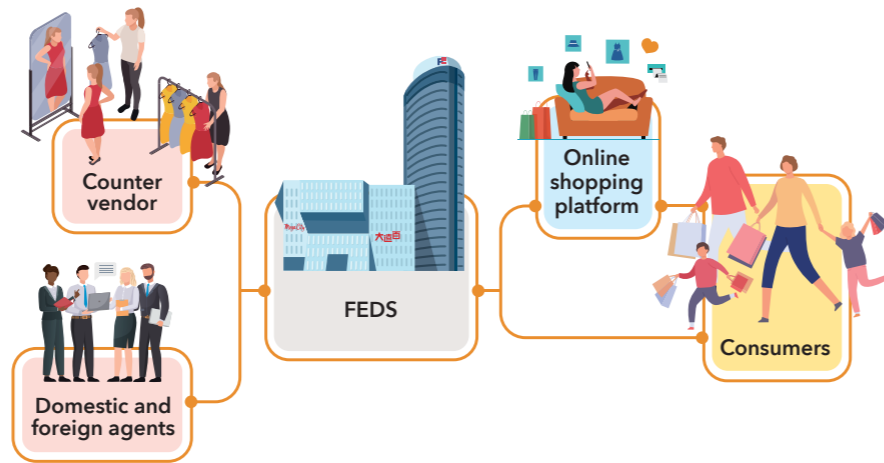
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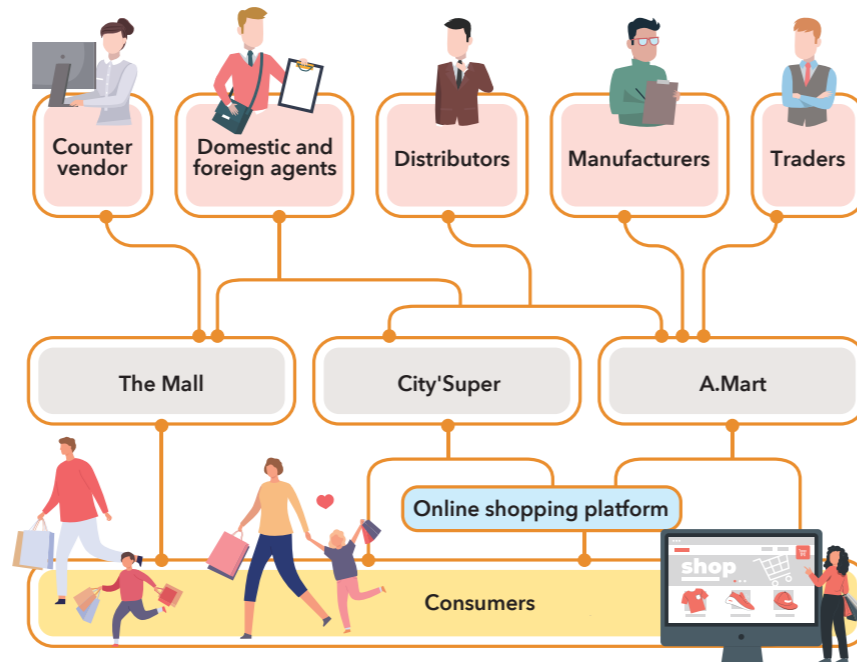
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▶ Supply chain diagram



▶ Subsidiary supply chain diagram



4.3.2 Obtained 235 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 Letter". 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 through digitization. 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, we have extended the commitment to requiring collaborative suppliers with a procurement amount of less than NT\$1 million to sign the "Supplier CSR Commitment", and the "Green Environmental Protection and Social Responsibility" indicator was also included as one of the evaluation items for supplier evaluations in order to establish sustainable supply chain management.

In 2021, FEDS has effectively obtained 235 cases of signed "Supplier CSR Commitment" from suppliers, with a total of 146 suppliers including 3 new suppliers; the total procurement amount reached 2.06 billion dollars, increasing for 1.2 times compared to the previous year, and accounts for 97.43% of the annual total procurement amount. In order to ensure that suppliers meet the requirements and standards of FEDS, the Procurement Department regularly inspects and visits important contractors and suppliers and other construction and manufacturing sites every year. Once a violation of standard is found, we will discuss suitable solutions with the suppliers and proceed to improve the shortcomings and deal with them in accordance with the contract. In February 2021, the Procurement Department, together with colleagues from the organization's Joint Purchasing Center and Information Department, negotiated with POS equipment suppliers to conduct evaluation operations. After evaluating that there were no major risks, we then took the next step to continue purchasing related equipment.

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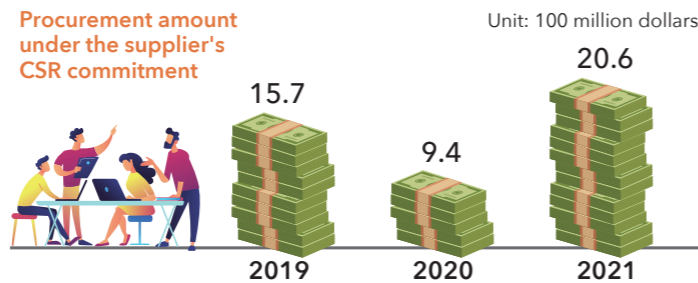
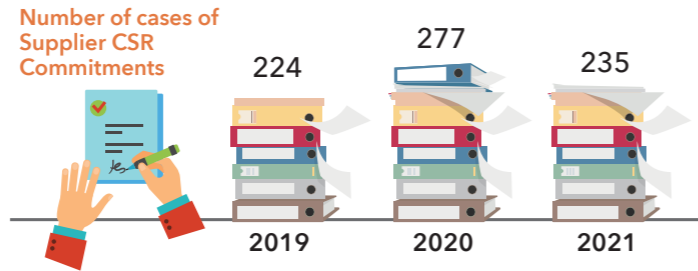
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Designing corporate sustainability wall and internalizing sustainability DNA

FEDS is extremely dedicated to environmental protection. In addition to actively looking for eco-friendly products that have obtained green certification every year, in 2021, FEDS promoted eco-friendly office supplies and purchased 8 items of office supplies with a cumulative amount of nearly NTD\$13 million. In addition, for the first time, we announced to suppliers through an illustrated meeting and included illustrated records in the standard text "Products with environmental protection labels and certifications are preferred in this case", successfully requiring suppliers of computers, toilet paper, paper bags and business machines to provide products with environmental protection labels, with a total of 20 environmental protection labels.



4.3.3 Establish online appraisal system to improve supplier management

In August, 2018, in order to enhance service quality of suppliers, the Procurement Department, Construction Department, General Affairs Department, and other departments jointly planned the "Acceptance Control Process" to be reported at management meetings. The report covered procurement cases if there is a delay or a violation of labor safety and health regulations by the supplier. The Procurement Department, in accordance with the "Supplier Evaluation Form", shall invite suppliers, property management units of HQ and the stores, and related business units to convene in an inter-departmental coordination meeting to review deficiencies, and devise improvement measures and disciplinary action, including suspension of rights, fines and other measures.

FEDS incorporated the supplier evaluation mechanism into the BPM system in 2020. When the procurement case is reviewed and accepted, the property management unit and the relevant business units of HQ and branches will focus on the four major criteria of quality, delivery, service, and industrial safety while conducting evaluation. 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 and include it in the suspension list.

In 2021, the supplier evaluation system became fully electronic. The online evaluation system not only improves the convenience of information use, but also allows colleagues to work at the office anywhere, improving the efficiency of supplier management operations. In 2021, a total of 7,647 purchasing cases were evaluated online, and 99% of suppliers were rated as good or better. In addition, through the immediacy of the online evaluation, this year, the acceptance evaluation of an engineering project with the grade "Needs Improvement" was immediately made known. The purchasing unit immediately went to the construction site together with the audit, property management and suppliers, and confirmed that there were no construction mistakes, specifically regarding the project and miscommunication. The only deficiency was a lack of timely communication from the supplier, and the supplier also expressed their strong willingness to adjust and will continue to observe this through the online system.

Promote construction insurance to reduce work safety accidents

In order to protect the labor safety of suppliers, for higher-risk work types, such as the water tower, exterior windows washing, cleaning oil interception tank washing, electrical and mechanical and elevated building work at higher elevations, FEDS requires that insurance related items and licenses shall be clearly recorded on the project bid sheets, and the contractor must provide the information and the information must be confirmed before work can commence.

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 339 construction procurement cases in 2021, 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.



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

FEDS's types of contractors are general contractors, construction contractors and transportation contractors. In addition, "Contractor Management Regulations", "Operating Environment Monitoring Regulations", "Automatic Inspection Plan" and other management measures are established, which are aimed at the frequent floor modification operations of department stores, including decoration and construction, material handling, waste disposal, etc. We establish clear management and operating specifications for the noise and dust pollution that might occur from 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. The construction application must be attached to the project insurance policy and the staff roster provided by the contractor. The staff must all complete insurance and educational training, and health management. In January 2020, we further required the contractor to read the "Hazardous Factors Notification Form" and sign the form before they enter the site. The form states the 16 hazards that may occur to the contractor during construction, as well as explain potential hazardous elements and corresponding safety protection measures. Through the written confirmation of procedures, we clearly inform all contractors and their personnel of the expected safe behavior.

In order to ensure the safety of the working environment and personnel, various inspection standards have been established for various machinery and equipment in the workplace. "Disaster-free working hour record" is the highest ideal goal. FEDS has established the "Automatic Inspection Plan", implementing regular inspections, key inspections and work inspections, in order to achieve the highest ideal goal. In January 2021, in accordance with the revised regulations of the Ministry of Labor's "Occupational Safety and Health Management Regulations", we reviewed and adjusted the "Automatic Inspection Plan", including a total of 14 types of forms for the "regular inspections" and "operation inspection" of machinery and equipment, dangerous operations, and first aid-related equipment and items, etc. This improves the effectiveness of safety and hygiene management, and simplifies the inspection work of operators, achieving a compact and pragmatic management effect.

▶ Automatic Inspection Plan type and frequency

Machinery		Equipment		First-aid items	
Inspection item	Inspection frequency	Inspection item	Inspection frequency	Inspection item	Inspection frequency
Common vehicle	Every 3 months	High voltage electrical equipment	Annually	AED inspection	Monthly
Aerial work vehicle	Yearly/monthly	Low voltage electrical equipment	Annually	Emergency medicine equipment	Every six months
Lift	Yearly/monthly	Small boiler	Annually		
Elevator cage	Monthly	Local exhaust, etc.	Annually		

Note: In addition to annual inspections, lifts and elevator cages will also be maintained.



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 2021 included legal knowledge, human rights advocacy, duty skills, reception etiquette and other courses. The number of participants were 1046, and the total training hours were 355 hours. Through the implementation of education and training, FEDS maintains the professional skills of security personnel and ensures the safety of stores and customers.



FEDS takes advantage of the trend and joins hands with vendors to soar in 2021

The FEDS's 2021 Annual Vendors' Association was held on October 8, 2021 at the Shangri-La Far Eastern, Taipei. For the first time, the B1, 2, and 3 floors will use live video streaming to comply with the pandemic prevention measures. The theme of the gathering was "Soar with the trends of 2021", bringing together the strength of vendors and partners, and we look forward to working together to take advantage of the trend and soar.

2021 was still enveloped in the shadow of COVID-19. In addition to the huge changes in the global economy and lifestyle, geopolitics, competition among world superpowers and the economic order are also changing rapidly. These greatly impact the industrial supply chain, and also bring great challenges for the retail industry which is close to the forefront of people's livelihood.

The development of the retail industry continues to change. In the face of these changes, Chairman, Douglas Hsu, believes that we can choose to ignore it or seize the opportunity to make changes. At the end, he encouraged us with a quote by the American writer Gail Sheehy, "If we don't change, we don't grow. If we don't grow, we aren't really living," hoping that FEDS and counter vendors can proactively grasp the changing opportunities to achieve success.



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Implementing Green Consumption through Green Procurement

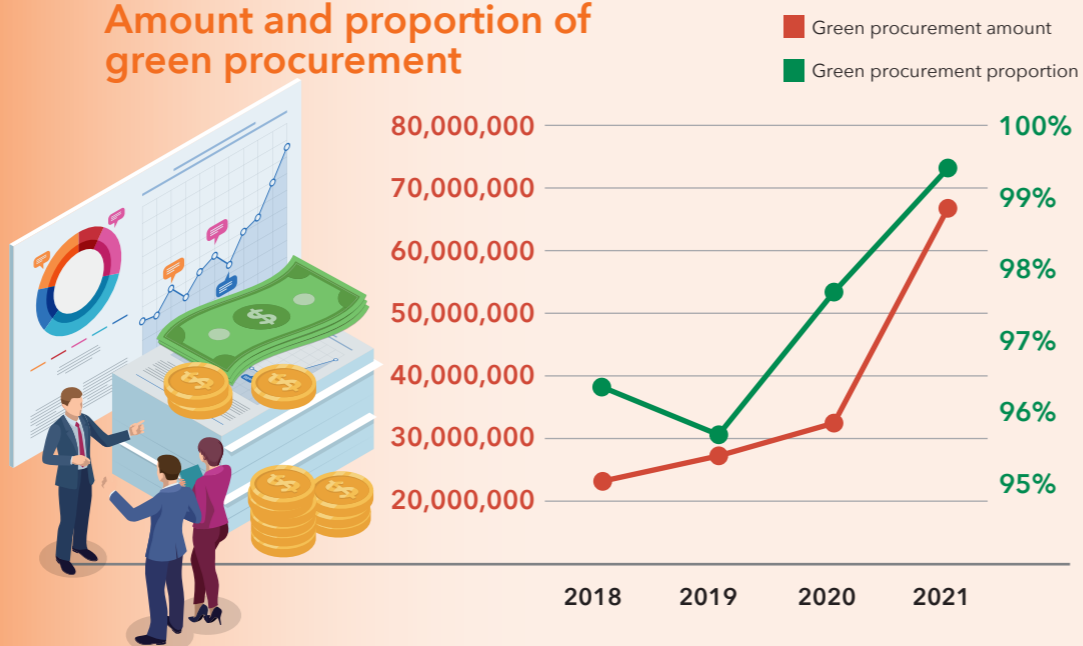
Green procurement is one of the best tools to implement green consumption. By choosing green products with low pollution, in accordance with human health and with the environmental protection spirit, changes in the internal operation of enterprises reduce the burden on the environment and achieve the goal of environmental friendliness and sustainability.

FEDS promotes the concept of sustainable lifestyles. With "Sustain for a Good Life" as the vision, we launched green procurement since 2018, with our first priority being the procurement of green products with low energy consumption, non-toxicity and environmental protection labels. The number of purchasing items increased from 3 items in 2018 to 18 items and 15 categories in 2021. In 2021, the proportion of green procurement reached 99.3%, and the purchase amount increased by about NTD\$34.42 million compared to the previous year, a growth of 104%.

In the future, we will continue to implement green procurement to move towards the goal of environmental sustainability by creating green value with practical actions and promoting green business opportunities.



Amount and proportion of green procurement



15 categories of green purchasing



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A Healthy and Happy Workplace

FEDS is committed to creating a friendly workplace and providing better salaries than others in the industry. We have established a complete training blueprint, job experience mechanism and performance appraisal system to maintain a healthy workforce structure. At the same time, we also attract and retain exceptional talents to grow with the company, moving towards a healthy and sustainable workplace.



In response to **4** material topics

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- Talent attraction and retention
- Talent cultivation and development
- Occupational safety and health
- Legal compliance



Happiness highlights



Employee benefit compensation for 5 years **↑33%**



Average monthly salary of employees is **1.31** times higher than that of the retail industry



Safe workplace and disaster-free working hours **↑16%**



Gender equality education hours **↑56%**



Maternity leave application rate **↑83%**



Promoted employee health and wellness project for **3** consecutive years

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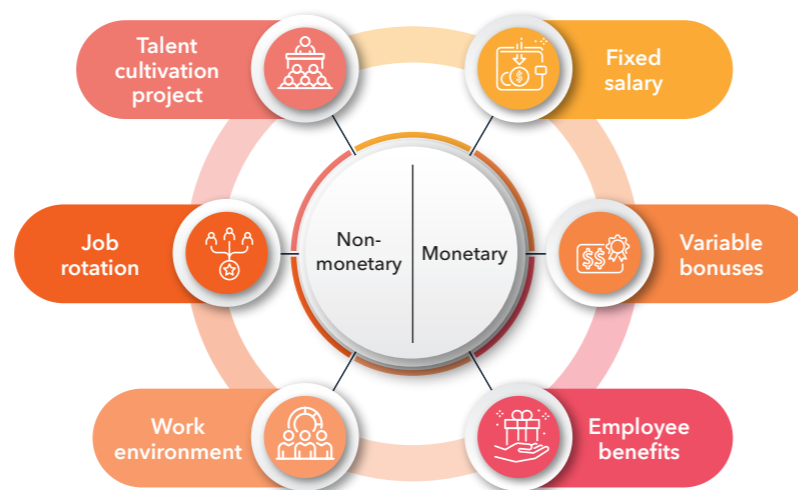
5.1 Compensation and Benefits Superior to Peers

FEDS provides generous remuneration and benefits, recruiting potential talents, and retaining outstanding essential talents in the organization to reserve a complete talent team for the smart retail layout. As the company's results continue to grow, we have increased employee benefits for 5 consecutive years, with a cumulative increase of 33%. At the same time, we have strengthened the organization of employee social club activities, inducing warm working vibes and improving employee happiness, creating the happy workplace for employees.

5.1.1 The human resources department regularly surveys salaries in the market

The Human Resources Department of FEDS interacts with department store peers regularly, researching the market salary level. In addition, we grasp the latest salary trends and talent retention information through newspapers and magazines, stipulating salary and benefits content that is competitive in the market. FEDS's salary system mainly covers 6 major aspects which are fixed salaries, variable bonuses, employee benefits, non-monetary working environment, job rotation and talent cultivation project. The entry salary standard for new recruits is higher than the minimum wage stipulated by the law. We use a comprehensive salary system to stimulate employee morale, attract and retain outstanding key talents in the organization, creating the core competitiveness of the company.

Comprehensive salary package



5.1.2 Going beyond equality to provide competitive remuneration

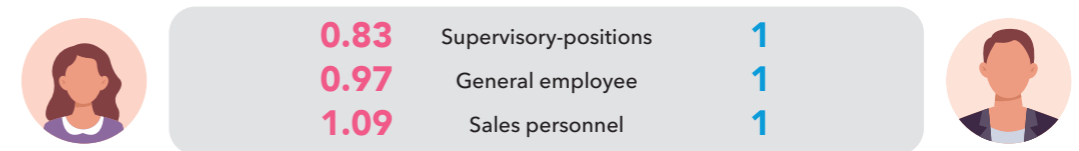
FEDS's salary standards do not distinguish between gender, age, or race. Instead, they are based on academic background, work performance, demonstrated skills, job description, expertise, and other factors. In response to the rapidly changing industrial environment, we plan salaries with the goal of retaining talents, breaking the equality with the same starting point, and proactively rewarding outstanding employees. In addition, we eliminate the worst workers by last elimination system to help building a healthy workforce and establish a working environment suitable for employees. At FEDS, the minimum wage for men and women at each level is 1: 1. In 2021, the salary standard for entry-level personnel is 1.19 times higher than the minimum wage stipulated by the Ministry of Labor. The average monthly salary of employees is 1.31 times higher than that of the retail industry, breaking the stereotype of low-paying salary in the service industry.

Comparison of starting salaries of entry-level staff and the national minimum wage



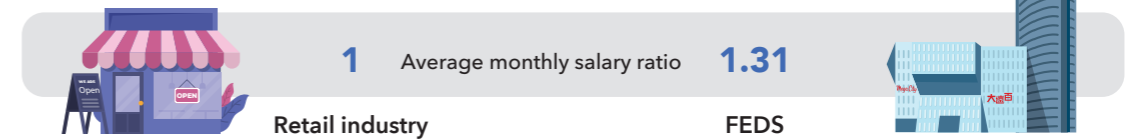
Note: The formula used is starting salary of entry-level staff ÷ minimum wage. The minimum wage in 2021 was NT\$24,000.

Comparison of the average salary of each position



Note: Average salary = Minimum wage + Remuneration

Comparison of the average salaries of the retail industry with the average salary of FEDS



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

Statistics of non-supervisory full-time employees

Items	2019	2020	2021
Number of non-supervisory full-time employees	1,265	1,301	1,270
Average salary of non-supervisory full-time personnel (NT\$ thousand/person)	713	715	700
Median salary of non-supervisory full-time personnel (NT\$ thousand/person)	659	669	653

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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. The Employee Welfare Committee holds regular meetings to discuss welfare plans, and provides 5 major categories including work benefit and family care, with as many as 26 benefit items. In 2021, we made good use of the abundant resources in the department store industry and partnered with counter vendors to offer 749 employee shopping discounts, an increase of 51% over the previous year. We rewarded the employees who worked hard through practical actions, and we will continue to plan excellent welfare packages to drive a happier workplace in the future.

▶ Employee benefits of FEDS

<p>Job benefits</p> <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 	<ul style="list-style-type: none"> Dragon Boat Festival bonus Mid-autumn bonus End of Year Party bonus Birthday bonus Anniversary incentive Employee uniforms 	<p>Shopping discounts</p> <ul style="list-style-type: none"> Employee shopping discounts Counter discount vouchers Affiliated enterprise product discount <p>Recreation and individual development</p> <ul style="list-style-type: none"> Company trips Social activities Advanced education subsidies 	<p>Family care</p> <ul style="list-style-type: none"> Wedding bonus Funeral subsidy Employee childcare assistance Child schooling subsidy Maternity benefits <p>Retirement benefits</p> <ul style="list-style-type: none"> Labor pension provision Retirement gifts
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▶ Regular health check-ups for every employee's health

FEDS cares about employee health. In order to completely protect our employees, we provide labor insurance, national health insurance, and also provide fully subsidized group insurance. So as to ensure the good mental and physical health of employees, we provide employees with better health checks than required by laws and regulations, and also provide insurance items such as hospitalization medical insurance and cancer medical insurance, reducing the burden of medical expenses for employees in the event of incidents. In 2021, the number of employees insured by the National Health Insurance was 1,389 and 1,005 family members. The company paid NT\$33.5 million, and 1,413 employees were covered by group insurance. The company invested NT\$2.11 million during the year.


▶ Clear and transparent retirement plans to safeguard retirement benefits

As a stable cornerstone for employees, FEDS has established a "Employee Retirement Method" to ensure that employees' lives after retirement can be secure. For employees who are eligible for the older Labor Retirement Fund which is the defined benefits plan, 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 which is the 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 2021 company annual report (https://www.feds.com.tw/shareholder/shareholder_tw.html).


▶ Employee club activities enhance team spirit

FEDS has set up "Administrative Measures for Employee Clubs" to encourage employees to set up LOHAS and service-oriented diversified clubs. Through club activities, employees can improve their communication and the company's cohesiveness, and the sense of belongings will also be enhanced. At the same time, they cultivate leisurely interests, relieve work pressure, and create a healthy and warm workplace environment. We revised the "Administrative Measures for Employee Clubs" in 2020 to lower the threshold for the establishment of social clubs, and increased the amount of club subsidies by 20%, encouraging employees to actively establish clubs. By the end of 2021, employees have established a yoga club, aerobics club, badminton club and other clubs. Employees with similar interests participated in the club's activities together, enhancing their mutual affection and the camaraderie of teamwork.

In order to improve the athletic atmosphere in the employees, the Labor Safety Department has been promoting the "Aerobic Health Exercise" activity since October 2020, inviting colleagues to stretch and relax their muscles together in the multi-function room every Monday morning. Through a 15 minutes warm-up exercise, they start a new week filled with energy. Despite the impact of the pandemic and activities were suspended from May to November 2021, but 16 events were held throughout the year, with 149 people participating enthusiastically.



LOHAS club with 100% vitality



Since 2020, FEDS has successively established LOHAS and sports-oriented employee clubs, and hired professional teachers to lead colleagues to practice physical rhythm and aerobic exercises. We provide sports venues so that employees can directly start exercising after work in order to achieve the goal of regular exercise. In 2021, the employee association had 35 members and held 25 events, with a total of 250 participants.

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Childcare services allow employees to work without worries

FEDS has branches all over Taiwan. In order to enable employees everywhere to work without worries, we have cooperated with 7 high-quality and trustworthy cultural and educational institutions. They provide 233 branch locations in Taiwan, allowing employees to choose convenient childcare services nearby and enjoy 11 benefits such as discounts on registration fees. The Employee Welfare Commission also provides school enrollment subsidies every year, establishing comprehensive child care measures for employees.

Since women are the majority of front-line workers in department stores, we help relieve the pressure of caring for children and encourage female employees to return to work after marriage and childbirth, so that their career development is not restricted. Over the past three years, 80 female employees have applied for parental leave. In 2021, the application rate for female employees to apply for parental leave doubled compared with the previous year, and the retention rate was 71%, which is 6% increase from the previous year.

Parental leave data in 3 years

Items	2019		2020		2021	
	Male	Female	Male	Female	Male	Female
Number of people eligible to apply	69	168	66	131	61	104
Number of applicants	0	23	1	22	2	35
Application rate (%)	0	14	2	17	3	34
No. of employees subject to reinstatement in the current year	0	23	1	20	1	12
Actual number of reinstatement applicants	0	12	1	14	1	9
Reinstatement rate (%)	-	52	100	70	100	75
Number of reinstated employees last year	0	17	0	12	1	14
Number of employees who had been reinstated for one year last year	0	12	0	8	1	10
Retention rate (%)	-	71	-	67	100	71

- Note 1. Reinstatement rate = Actual number of reinstated employees in the current year ÷ number of employees subject to reinstatement in the current year
- Note 2. Retention rate = Number of people reinstated for one year in the previous year ÷ number of people reinstated in the previous year
- Note 3. The actual number of reinstatement applicants in 2020 is revised to 14 (It's 12 in 2020 CSR report), and the reinstatement rate is revised to 70% (It's 60% in 2020 CSR report).



Thoughtful parenting: Maternal health protection Project

Beginning from the spirit of "Caring for Motherhood and the Child," FEDS has established a comprehensive maternal health protection plan in order for female employees to feel at ease during pregnancy and safely raise their children after childbirth. We thoughtfully protect the health and welfare of female employees.

**Caring for motherhood
Caring for the child**

Caring for health during pregnancy

- Assess whether the work environment is burdensome through regular questionnaires.
- Answer questions about childcare through 30 health consultation seminars and 25 health messages.

Caring for postpartum situations

- Allow postpartum employees to rest without worries by signing contracts with qualified and high-quality postpartum care centers.
- Provide "Maternity allowance", with a total of 107 people applied in 3 years, and the amount of the subsidy was NTD\$214,000.

Providing parenting support

- Provide nurturing essentials and distribute "Mama Care Package".
- Ask doctors to assess employees' conditions so they can return to work with confidence.
- Provided "Child Enrollment Subsidy". 304 people applied in 3 years, with the amount of the subsidy being NTD\$459,500.

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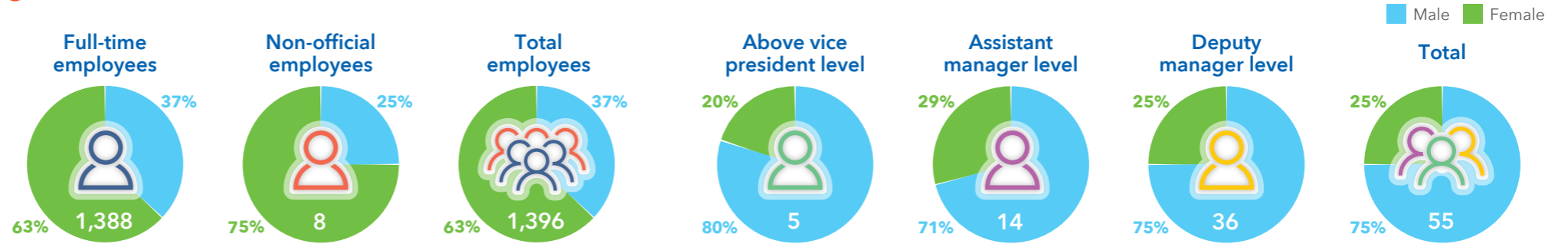
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5.1.4 A healthy workforce structure meets new challenges in retail

As of the end of 2021, the total number of FEDS employees was 1,396, including 1,388 full-time employees, and 8 short-term contract employees. Contractors enjoy the same training, benefits, and labor rights as full-time employees. For the important operating locations, FEDS employs 100% of Taiwanese high-level management. We are superior to our peers in terms of salary and benefits, along with comprehensive talent training, enabling FEDS to have a healthy workforce structure. In 2021, we had 251 new employees, with a new recruit rate of 18%, an increase of 29% compared to the previous year, indicating that with the development of the company's business, we continue to recruit outstanding talents.

▶ FEDS Workforce Structure



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

Age	Gender	Employee age distribution						Gender and age of new employees						Gender and age of resigned employees					
		2019		2020		2021		2019		2020		2021		2019		2020		2021	
		Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%
29 and below	Male	133	30%	108	30%	121	32%	63	15%	46	13%	84	22%	25	6%	25	7%	54	14%
	Female	303	70%	249	70%	257	68%	140	32%	115	32%	119	32%	73	17%	72	20%	83	22%
	Total	436	100%	357	100%	378	100%	203	47%	161	45%	203	54%	98	23%	97	27%	137	36%
30-49	Male	274	35%	281	36%	284	37%	25	3%	17	2%	20	3%	18	2%	3	1%	24	3%
	Female	517	65%	495	64%	490	63%	22	3%	13	2%	28	4%	38	5%	5	1%	46	6%
	Total	791	100%	776	100%	774	100%	47	6%	30	4%	48	7%	56	7%	8	2%	70	9%
50 and above	Male	102	48%	103	46%	113	46%	1	1%	1	1%	0	0%	12	6%	1	1%	4	2%
	Female	110	52%	121	54%	131	54%	0	0%	1	1%	0	0%	5	2%	0	0%	4	2%
	Total	212	100%	224	100%	244	100%	1	1%	2	2%	0	0%	17	8%	1	1%	8	4%
Total	Male	509	35%	492	36%	518	37%	89	6%	64	5%	104	7%	55	4%	29	2%	82	6%
	Female	930	65%	865	64%	878	63%	162	11%	129	10%	147	11%	116	8%	77	6%	133	10%
	Total	1,439	100%	1,357	100%	1,396	100%	251	17%	193	15%	251	18%	171	12%	106	8%	215	16%

Note: Percentage of new and resigned employees = number of new and resigned employees ÷ the total number of employees in the age group.

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5.2 Integrated Talent Cultivation

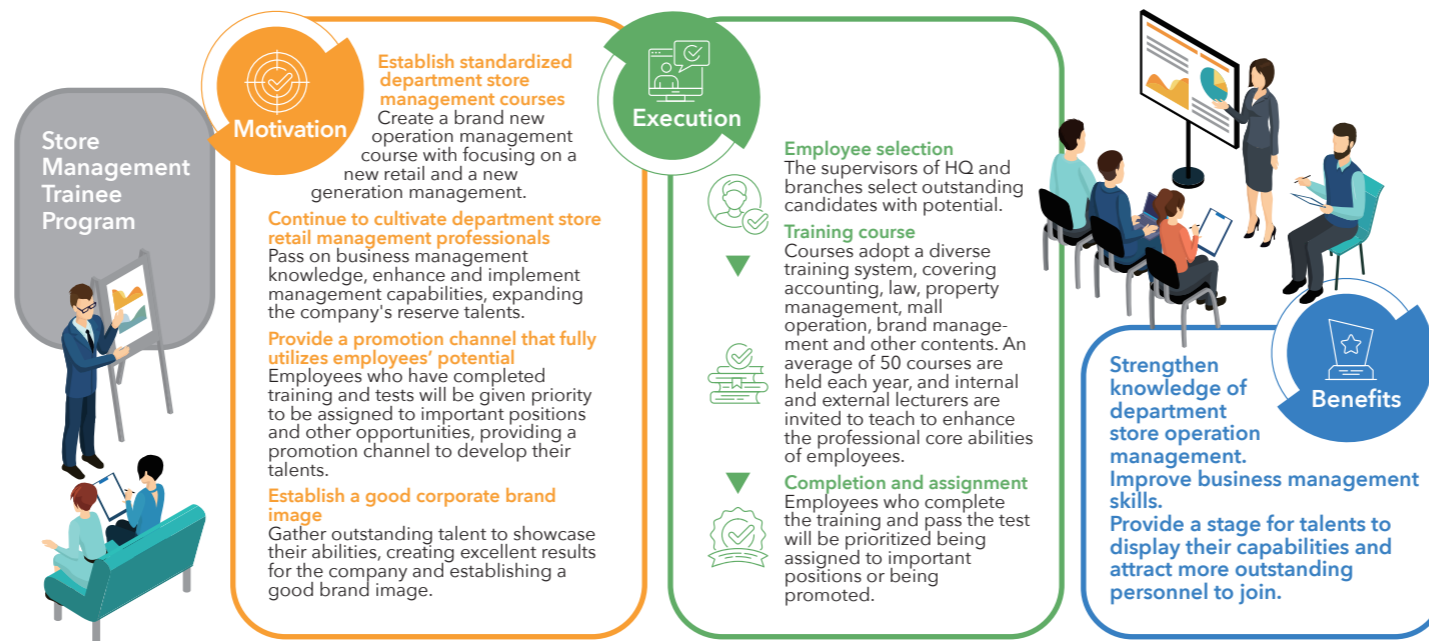
FEDS has planned a comprehensive, high-quality and diversified talent cultivation system, laying a solid foundation for the company's sustainable operation. The talent training plan starts with the recruitment plan of trainees from cooperating industries, and current employees are provided with professional training courses based on their ranks and functions. In addition, FEDS regards counter personnel as important collaborative partners, and we design exclusive foundational training courses and core competency training courses to improve service quality and create a better shopping experience for customers.

5.2.1 Management trainee program cultivates talent systematically

Since 2018, FEDS has started to systematically design the plan for cultivating management trainee program. Through a fair selection process and complete course training, FEDS has improved the professional ability and management skills of the trainees, building an excellent talent team for the long-term development.

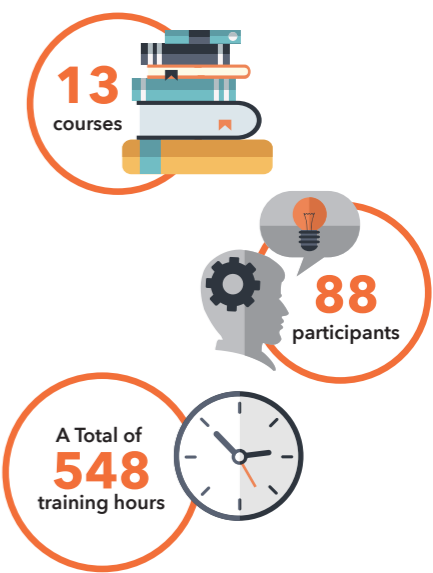
Store management trainee program

In order to cultivate the professionals, FEDS promotes the "Store Management Trainee Program". Through comprehensive training, trainees can gain a deep understanding of the scope and operation of the logistics of management of branches, enhancing their personal professional abilities and management capabilities. We designed the "Basic Concept" and "Professional Knowledge" courses in accord with the needs of the trainees' functions, inviting the current assistant store manager to share practical experience to integrate knowledge and actual practice, improving their actual capabilities. In 2021, due to the impact of the pandemic, we temporarily suspended the physical training courses. We also changed the arrangements for employees to participate in the "Value-added Training Course for Retail Industry Talents" with the Ministry of Economic Affairs, and introduced external online course resources to ensure continuously training talents.



Value-added training for retail talents provides continuous learning during the pandemic

In 2021, The Ministry of Economic Affairs held the "Value-added Training Course for Retail Industry Talents", which provided retail and catering industries affected by the pandemic talent training courses, helping relevant personnel to continue their studies during the pandemic, enhancing their professional capabilities in order to grasp the trends more quickly after the market recovers. FEDS participated in 13 courses, including "Business Trends in the Post-COVID Era" and "Google Ads Advertising Marketing Strategy". Totally 88 people participated in the training, with 548 hours of training.



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Employee training and development

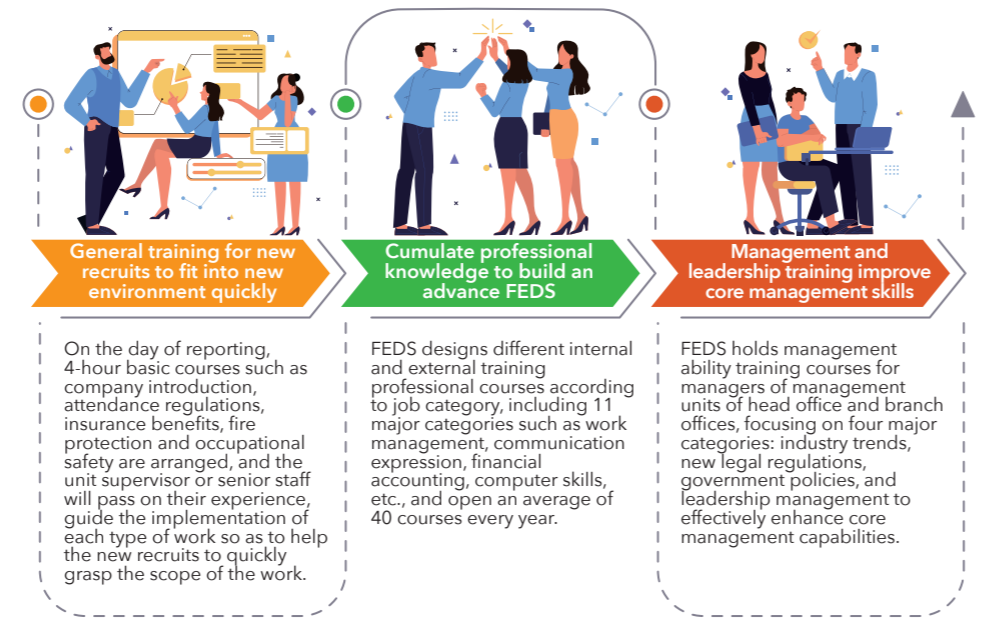
FEDS has planned comprehensive courses for its employees according to different professional needs, so that they can improve professionally in all aspects. In 2021, the total number of employees' training hours was 19,998, and the total number of trainees was 16,985, with an average of 14.3 hours. The training blueprint of FEDS focuses on new recruits, professionals, and various management levels, and plans the company's three major courses such as basic training, core business training, and self-development training. In 2021, the expenditure in education and training exceeded NTD\$730,000. Through continuous improvement of the professional and intellectual abilities of employees via physical and online courses, the employees grow steadily together with the company.

Employee Training Hours

Unit: hours

Level	2019			2020			2021		
	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
Supervisory positions	12.4	12.6	12.5	18.5	19.6	19.0	13.8	13.9	13.8
General employee	22.2	15.0	16.7	16.2	14.6	15.3	14.5	14.3	14.4
Sales personnel	2.4	3.8	3.5	10.6	8.8	8.9	9.7	7.3	7.4

Employee training blueprint



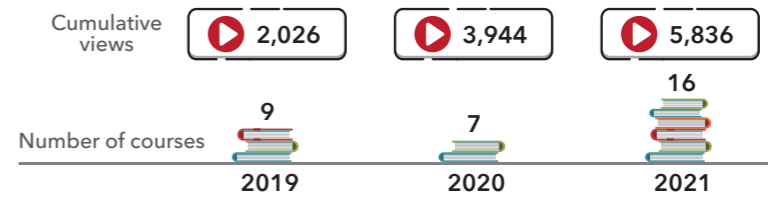
Specific employee training to coincide with the opening of new stores



In response to the opening of the Zhubei Store, FEDS planned the commencement of special training, covering the three major educational training courses of "Business Internship", "General Knowledge Course" and "Business Essentials" to accelerate the employees' integration into their work. We have arranged for employees to intern at the Zhubei store, where senior colleagues explained the various work content on the site. Relevant business managers of each unit of the head office also taught the courses such as floor safety, investment management, system operation, etc., and arranged professional core training such as service etiquette, sales floor management, and cashier's operation according to different job requirements. In 2021, a total of 41 courses on general knowledge and professional essentials were taught. A total of 1,134 people were trained, and the total number of training hours was 1,732.

Promoting E-learning for digital learning

Facing the digital learning trend, FEDS has set up an online learning network on the employee portal EIP, effectively reducing the commute time of employees to and from training, solving the problem of employees not being able to convene for training due to their locations being spread out, promoting the learning atmosphere of "Any Time, Any Where". In 2021, we offered 16 courses in marketing advertising, digital audiovisual and legal practice, with a cumulative total of 5,926 views.



Convening an online occupational safety session to augment labor safety training

In December 2021, due to the pandemic, the annual occupational safety session was held virtually, with the participation of 24 labor safety supervisors and personnel. During the meeting, discussions were held on topics such as promoting employee health, safety and sanitation issues, and anti-pandemic measures at various stages. The participants interacted with one another, exchanged their thoughts and opinions, refining the company's labor safety measures. The session also specifically encouraged employees to establish clubs and promoted physical activities, and reminded them to pay attention to the safety assessment of these activities to ensure the safety and health of employees.

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Counter staff training and education

In 2021, FEDS conducted educational training for counter staff, including labor safety, personnel attendance, clothing and grooming, cash register operation, gift system, electronic carriers, etc., and especially strengthen the introduction of various mobile payment devices that have emerged recently to improve the efficiency of the checkout process. In addition, in response to the increase in the number of food and beverage counters, in 2021, fire brigades were specially invited to film teaching videos and provide relevant training for food and beverage counter personnel to improve fire preventions and ensure the safety. In 2021, the total number of hours of education and training of counter personnel reached 14,485.

Average training hours of counter personnel

Items	2019	2020	2021
Total hours of training	39,096	17,326	14,485
Number of counter personnel	11,214	14,098	13,047
Average training hours	3.5	1.2	1.1

Note: Training has been reduced in the past 2 years due to the pandemic.

3 cores for counter training



Basic training for new recruits

Each store provides periodic training such as company culture, attendance, safety and sanitation, and store service standards to help new counter recruits integrate quickly into the environment.



Professional training

In cooperation with the company's diversified services, various kinds of training such as providing gift vouchers of different kinds, payment tools, operation of cash registers and the FEDS app to strengthen professional skills during their employment.



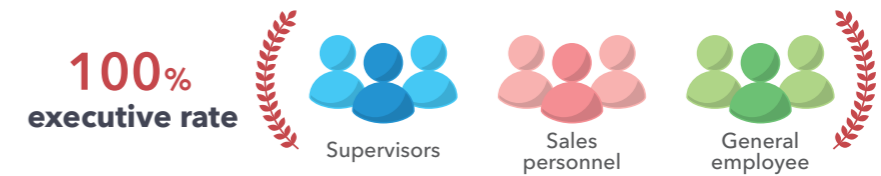
Self-improvement training

In order to allow employees to receive diversified development, seminars on non-work-related topics such as health information, seasonal fashion, and stress relief are organized.

5.2.2 The performance evaluation system comprehensively promotes outstanding employees

FEDS has a performance evaluation and promotion system, with clear performance targets ranging from new recruits to regular annual evaluations, as well as comprehensive evaluations and incentive measures. FEDS establishes open and transparent promotion or transfer channels. During the employee's years of service, supervisors will evaluate them according to their educational attainments, conduct, work competency and performance at any time. Moreover, professional training and job rotation are organized on the basis of the business development needs and personal job willingness surveys, enhancing employees' experience and promoting them to suitable positions. In 2021, the total number of people transferred from the head office was 276, and the transfer rate was 21%. Employee transfers are handled in accordance with the five principles of transfer stated in the letter sent by the competent authority. The relevant regulations are all explained during the training courses for new employees upon arrival, and are also clearly stipulated in the company's Work Rules, and are publicly disclosed on the internal website for employees' reference, protecting employees' rights.

Performance evaluation ratios in the last 3 years



Frequency of performance evaluation



Encouraging employees to communicate with others

FEDS encourages employees to participate in external competitions, achieving the effect of increasing a diversified vision and communication with the industry. In 2021, we formulated and implemented the "Incentive measures for external award-winning proposals of entry-level employees". Colleagues who participated in external awards with winning contributions are rewarded according to their performance, in recognition of their efforts and glorious achievements. A total of 23 colleagues were rewarded in 2021.

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5.2.3 Industry-Academia cooperation projects to train the professionals needed

"Using the resources of the department store industry to cultivate professionals needed by the industry" is one of FEDS's strategies to cultivate professionals. Since 2014, we have implemented the Far Eastern Group's "Industry-Academia Professional Trainees Training Program" to help outstanding students from Yuan Ze University and Asia Eastern University of Science and Technology to carry out practical experience, using the integration of resources between the school and the affiliated companies to discover outstanding talents for employment at FEDS, expanding the synergy of talent cultivation. In addition, 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 experience and employability of the students. By the end of 2021, the plan had recruited a total of 196 interns.

In order to help the interns deepen their understanding of the department store industry, FEDS planned a 24-hour vocational series of courses, including operation management, floor responsibilities, customer service, etc., and conducts training in the form of OJT (On the Job Training). Through on-site explanations by supervisors, peer interaction, etc., their job training is improved, enhancing their advantages in future job hunts. In 2021, FEDS hired 8 students as interns to work in business units and customer service. 3 interns passed the assessment and entered the company after graduation. In the future, we will continue to promote industry-academia cooperation to meet the need for talent cultivation in the industry, striving to develop a new generation of department store retail talents.

▶ Cumulative number of participants in industry-academia cooperation projects in the past 5 years



★ Youth's Employment Ultimate Program creates a win-win situation

The Ministry of Labor promotes "Youth's Employment Ultimate Program" to encourage companies to hire people fresh to the workforce, providing "job training" for junior high school, and conducting 3 to 9 months of new employee training according to the plan. In 2021, FEDS continued to respond to this policy. With senior employees serving as training mentors, a total of 46 new employees were recruited through the program, an increase of 24 over the previous year.

★ Recruit potential talents by campus recruitment

In order to attract the youths with potential to join the team, FEDS regularly conducts talent recruitment events on campus. In 2021, we held an online exposition in cooperation with National Taiwan University, and also held 4 sessions of recruitment events at the same time at Chung Hua University, Minghsin University of Science and Technology, Asia Eastern University of Science and Technology, etc., providing on-site job introduction and career consultation. We also held small-scaled explanatory sessions for fresh graduates, attracting hundreds of students to our stands for consultation, with a total of 141 resumes obtained in the event.

5.3 Considerate and Friendly Workplace

FEDS has been working hard at the goal of establishing a friendly workplace to allow employees to achieve a balance between work and life. In 2021, we continued to follow the three major directions of "Warm, Healthy and Happy", promoting the "Employee Health UP" program, and implementing 10 health promotion actions to care for the health and well-being of our colleagues. Over the past three years, we invested more than NTD\$1.32 million in employee health activities so that employees can work with peace of mind in a supportive atmosphere, enjoying health and vitality every day.

5.3.1 Promote programs for a healthy workplace and a happy enterprise

"Healthy employees for the sustainable development of businesses", FEDS proactively creates a healthy, safe, and happy workplace, promoting the "Employee Health UP" program for 3 consecutive years. Through 10 health action programs to care for employees' well-beings, every FEDS employee can "Work Hard & Work Happy!" in a warm environment.

In 2021, due to the COVID-19 pandemic, some health activities were suspended from May to November. Although the number of activities decreased, 85% of employees were still satisfied with the annual health promotion activities after the survey, and 82% of employees believed that the activities helped to improve their well-beings, which is enough to see the excellent results of FEDS promoting a healthy workplace.



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▶ 10 Actions of the Employee Health UP program

We set up cozy stations according to the Department of Labor Safety office, providing 12 items such as first aid kits, body fat meters, and alcohol. In 2021, we added supplies for stress relief, retaining warmth and waterproof stuff for employees to take and use.



Employee care stations

Promote the "Health 99 Loyalty Card" campaign. Everyone who participates in 9 health events receives 1 lottery ticket. In 2021, all employees accumulated 1,447 points, equivalent to 161 lottery tickets. At the end of the year, 20 employees were selected to win the prize.



Health point accumulation campaign

We conducted employee health surveys according to the "Labor Health Protection Plan". 237 questionnaires were distributed, with a recovery rate of 94.9%, and 44 high-risk employees were tracked and health consultation services were provided.



Employee health consultation

In response to the arrival of the flu season, in order to facilitate convenient vaccination for the staff and improve their immunity, 83 people meeting the requirements of public and privately funded vaccines were vaccinated, in cooperation with local health units.



The flu vaccine

Set up a digital signboard in the tea room to promote 27 health messages, including a healthy diet, environmental safety, and COVID-19 preventions, reminding employees to protect their health.



Caring health reminders

In order to effectively prevent occupational diseases and track the health of employees, qualified medical personnel regularly provides on-site consultation services in the company. In 2021, 47 sessions were held, with a total of 257 employees participated.



On-site physician consultation

In order to improve the health knowledge of employees, 92 messages on vaccination information, chronic disease prevention, health care, etc. were sent from time to time through the EIP system; the number of messages grew by 74%.



Popular health information

Provide employee health screening programs that exceed the frequency stipulated by laws and regulations. In 2021, we worked with Far Eastern Memorial Hospital to provide health management checkups for 524 employees, emphasizing the health of each employee.



Employee health management

We encourage employees to "eat healthily and lose weight healthily", and we have held weight loss challenges for 2 consecutive years. In 2021, in combination with the professional guidance of nutritionists, a total of 22 employees participated in the activities and lost a total of 54.5 kilograms.



Healthy weight loss challenge

In 2021, eight health lectures were held, and professional lecturers were invited to come on-site to speak on diverse topics such as oral health, disease prevention, and handling of common accidents, with a total of 130 employees participating.

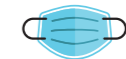


Employee health seminars



4 major COVID-19 preventative measures to protect the health of FEDS

The COVID-19 got worse in 2021. To ensure the health and safety of our employees and families, we launched four major COVID-19 prevention actions. Work from home was implemented in May to reduce the risk of infection associated with commuting to work and indoor gatherings. We also encourage employees to vaccinate as soon as possible, provide vaccination leave and vaccination bonuses, and regularly send masks to comprehensively promote the protection of employees. By the end of the year, we had provided 457,150 masks to our employees, provided 1.869 million vaccine bonuses, and achieved 93% coverage of the first vaccination and 83% coverage of the second vaccination for all employees, protecting the health and safety of our employees.



Provide masks

457,150 pieces

Coverage of first vaccination

93%



Coverage of second vaccination

83%

Distribute vaccine incentives



NTD\$ **1.869** million

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

FEDS strives to create an equal and respectful work environment. 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, enabling employees to work with peace of mind in a positive and harmonious atmosphere, improving the cohesion and sense of identity towards the company, and at the same time improving work efficiency and productivity, working together with us towards a sustainable and inclusive workplace.

Management and labor council promote harmonious employee and employer relations

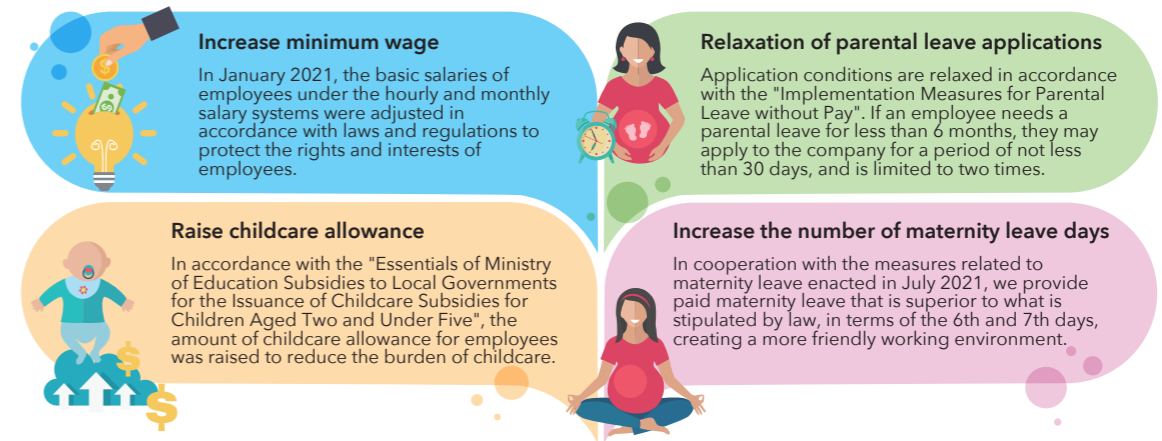
FEDS attaches great importance to labor rights. Each employee's labor conditions are in compliance with government regulations and they enjoy statutory benefits. Some employee welfare policies are superior to government-stipulated standards such as maternity leave, welfare payment, etc. In order to promote workplace relationships and harmony, we hold quarterly management and labor council and occasionally hold meetings on specific topics to mutually exchange ideas and opinions with each other. Through trusted communication channels, both parties of employer and employee can reach consensus on various management measures. In the event of major operational changes, FEDS follows the notice period stipulated by Labor Standards Act, and will inform employees of relevant information at least 10 days in advance to protect the rights of employees. There were no related incidents in 2021. The Employee Welfare Committee has established the "Administrative Measures for Employee Clubs" to encourage employees to establish diversified clubs that are healthy and service-oriented, etc. This guarantees the freedom of association and collective negotiation of all employees.

Eliminate discrimination to let employees work safely

FEDS eliminates and prevents any incidents of discrimination, bullying and sexual harassment. We have established the "Regulations for Establishing Measures of Prevention, Correction, Complaint, and Punishment of Sexual Harassment", and made special explanations during the training of new personnel. At the same time, the announcement was made on the internal website and posted in public spaces such as the tea room, implementing the education on the issue of prevention of sexual harassment to allow every employee to work with peace of mind. In April 2021, we invited the Labor Affairs Bureau of the New Taipei City and the Labor Affairs Bureau of the Taoyuan City to the branches to conduct "Sexual Harassment Prevention" and "Workplace Equality Promotion Meeting" courses, and a total of 64 employees participated. In addition, gender equality education and training were provided to 215 new employees to

promote gender equality awareness. In 2021, a total of 315 people participated in gender equality courses, and the number of training hours was 162.2 hours, an increase of 56%. If there are any sexual harassment complaints, the Human Resources Department of HQ and the business management office of branches will receive the complaints, and a sexual harassment complaint review committee will be established for follow-up processing.

Timely revision of management practices to create a happier workplace



Allocate suitable working hours without forcing Labors

To provide convenient shopping services, FEDS needs to be open all year round, unless special circumstances occur, but we never sacrifice the working 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 or inhumane treatment. However, if business volume is greater during holiday periods, we 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. Our action in the proper allocation of working hours allows employees to take proper breaks and reduced the overall absenteeism rate by 44% in 2021.

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, we 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, protecting the rights of employees.

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 through communication channels. If there is any violation of labor rights, the branches will respond to the counter vendors and ask them to protect the rights of the counter personnel, taking care of every partner in the FEDS family.

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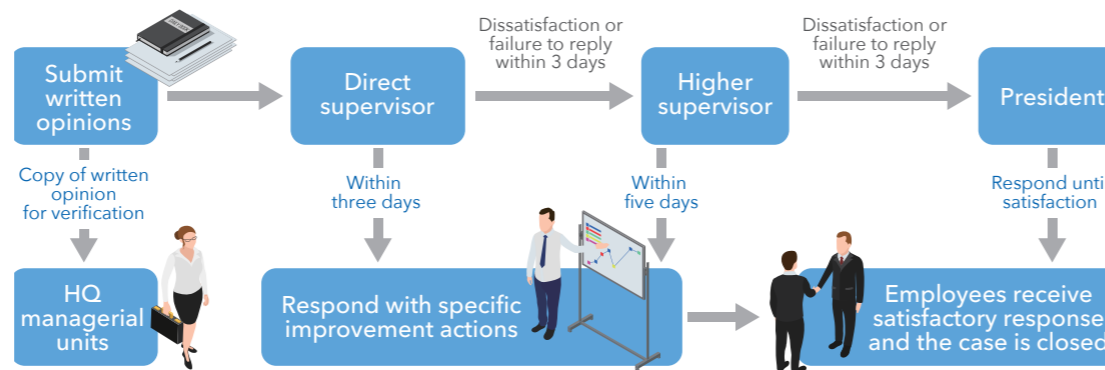
5.3.3 Multiple channels of communication are provided to listen carefully to the voices of our employees

FEDS actively engages in dialogue with employees through management mechanisms and internal meetings, and has established the "Handling Methods for Employee Feedback", establishing an employee complaint mechanism, and explaining in detail during the new employee training. The highest supervisor in charge of employee complaints is the general manager. No matter if the employee reports through the internal complaint mechanism or through external channels, we actively respond and handle them. In 2019, the EIP system was officially launched, and provided a better communication platform via the "Message from the president", the event boards, and questionnaires. In 2021, a total of 169 questionnaires were distributed to better understand the ideas and opinions of employees.

▶ Communication channels of employee opinions



▶ Procedure for handling employee opinions



5.3.4 Awarded the healthy workplace certification by promoting the physical and mental health of employees

FEDS has stipulated an "Occupational Safety and Health Policy", and in accordance with Article 23 of the "Occupational Safety and Health Act", an "Occupational Safety and Health Committee" has been established at the highest decision-making and management unit to formulate the "Occupational Safety and Health Committee Charter", which stipulates the purpose and responsibilities of the committee. The chairman of the "Occupational Safety and Health Committee" of FEDS is the President. The members of the Committee include department heads, medical (first aid) personnel and labor representatives, etc. The term of the members is 2 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 8 labor representatives in this term's Committee, accounting for 42% of the total number. This proportion exceeded the stipulated requirement that labor representatives must hold more than one-third of the seats. The term 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 risks of incidents.
- III. Health protection for workers:** Strengthen employee health management and create a high-quality and healthy workplace.
- IV. Participation of all workers:** Provide a good communication platform for all employees so that they are involved in safety and health measures.
- V. Supervisors giving a lead:** Fully support safety and health implementation to prevent occupational disasters.
- VI. Achieve performance:** Implement the PDCA management model to achieve zero-work disaster.

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



Note: Stores which have over 300 employees have established an OSH committee in accordance with the law.

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▶ Occupational health and safety training



Training for new recruits
Course content includes Occupational health and safety policies and concepts, automated inspections, emergency response, fire and first aid knowledge, etc.

Training for general staff
Every 3 years, the Labor Safety Department arranges a 3-hour training course to improve employee safety and health knowledge through professional textbooks.

Training for construction workers
The contractor shall complete the application 3 days before entering the site to ensure that the construction personnel have completed the education and training, and sign the construction common hazard notification form.

External certification training
Training content contains: Training for first responders, hypoxia operation management, fire prevention managers, and AED managers to improve emergency response capabilities.

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

Every year, FEDS regularly conducts hazard identification and risk assessment operations, conducting risk assessment on the environment and the possible hazards arising from the operations. The occupational safety and health manager conducts the preliminary hazard definition, and we work with nurses and on-site doctors to discuss and carry out risk assessment operations. Hazard classification management is carried out through analyzing on-site environmental assessment, employee questionnaires and health examination results. For medium-and-high risk groups, tracking and management are prioritized to ensure that employees work in a safe and healthy environment.

FEDS maintains workplace safety by strengthening environmental safety and health management. In the event of a work-related accident, the branch will immediately notify the Labor Safety Department of HQ, and the safety personnel will also investigate the accident, analyze the cause of the accident, develop improvement measures, and conduct preventive publicity to prevent the accident from happening again. At the same time, the injured colleagues will be given counselling and evaluated to determine suitability for work. The Labor Safety Department of FEDS has 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 promote occupational safety and health services jointly, and all the branches in Taiwan continue to achieve the goal of "zero occupational injuries and disasters". In 2022, we plan to introduce the ISO 45001 Occupational Health and Safety Management System.

▶ Safety in the workplace is affirmed with triple certifications



Note: Since FEDS shares AED equipment with corporate users in its building, it has not obtained an individual certification for AED installations.

▶ Employee health and safety data indicators

Items	2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Occupational injury fatalities (persons)	0	0	0	0	0	0	0	0	0
Occupational injury mortality rate (%)	0	0	0	0	0	0	0	0	0
Number of recordable occupational injuries (persons)	2	3	5	0	0	0	1	0	1
Recordable occupational injury rate (%)	0.39	0.32	0.35	0	0	0	0.19	0	0.07

- Note 1. Total hours of work= 8 hours × number of people × number of working days. The total hours of work in 2021 was 2,775,616 hours
- Note 2. Occupational Injury Mortality Rate = (number of occupational injury deaths ÷ total hours of work) × 200,000 (* refers to the ratio per 100 employees based on 40 working hours per week, 50 weeks per year)
- Note 3. Recordable occupational injury rate = (number of recordable occupational injuries ÷ total working hours) × 200,000* (* refers to the ratio per 100 employees based on 40 working hours per week, 50 weeks per year)
- Note 4. Recordable occupational injuries = accidental falls, bumps, cuts and crushing injuries caused by improper operation in the workplace, but excluding traffic accidents during commutes.
- Note 5. Serious Occupational Injury = Over 6 months of disability due to occupational injuries. In 2021, there have been 0 cases of serious occupational injuries at FEDS.
- Note 6. There were no cases of occupational illnesses in 2021



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★ Won the "Healthy Workplace Selection Award"

FEDS is committed to creating a happy workplace and caring for the health of employees. In 2021, the Health Promotion Administration held the "National Excellent Healthy Workplace and Excellent Promoters" commendation conference. Top City Taichung Store and the FEDS Tainan Store worked extremely hard at fostering workplace health promotion activities and actively improving employees' health awareness. They participated for the first time and competed with 73 companies and emerged with the award of "Healthy Workplace Selection Award".

★ Won double awards at the "National Occupational Safety and Health Excellent Units and Personnel"

To encourage enterprises to value workplace safety and health, the Labor Affairs Bureau annually holds the "Selecting Excellent Units and Personnel in Occupational Safety and Health" competition. FEDS Tainan Store has achieved success in occupational safety and health management, providing a safe working environment and giving employees comprehensive care. Its excellent performance was recognized and won the two awards of "Excellent Unit" and "Excellent Personnel".

★ Zero occupational hazards at workplace to continuously maintain a record of disaster-free work hours

In response to the policies of the Occupational Safety and Health Administration, Ministry of Labor, FEDS has been promoting independent management of safety and health, setting zero occupational hazards in the workplace as the goal of challenge. In 2021, the headquarters and all 11 branches were awarded the "Record for Hazard-Free Work Hours Certificate" with an accumulated number of hazard-free hours exceeding 29.92 million hours, and the total working hours with zero disasters increased by 16%.



Note: The above statistics cover only the contractors of the FEDS head office, and the rest are formal employees.

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Healthy Exercise at FEDS Enlivens the Spirit and Builds the Future

Healthy employees are an important asset of an enterprise. Under the support and leadership of President, Nancy Hsu, FEDS encourages employees to establish sports clubs such as yoga, aerobics and mountaineering, cultivating good habits of regular exercise, effectively improving the athletic atmosphere of employees, helping the enterprise to be a good partner in employee health management, forming a supportive environment where employees can enjoy 100% vitality and live healthily.



Note: Photo courtesy of Global Views Monthly



Supervisor spearheads exercise

Before beginning work, supervisors lead employees to "move together" through simple warm-up exercises every week, extending their muscles and bones to imbue their work full of energy.



Provide a reasonable place for exercise

Yoga, aerobics and other sports clubs have been established, and employees can directly start exercising after work to relieve their pressure from work. Everyday is a good day for exercise. A total of 731 people have used it in 2 years.



Friendship events enhance the mutual understanding

Each branch hold occasional activities such as friendly ball games, bringing like-minded employees together to enjoy the process of playing the sport, also cultivating the excellent team spirit and the mutual understanding.



Relieve stress by being close to nature

We organize occasional hiking activities to encourage employees to get close to nature, relax, relieve pressure, and strike a balance between work and life. Employees are also encouraged to participate in the "7,000 Steps a Day: Happy and Healthy Walking" event. As long as they walk 7,000 steps a day, they can raffle on the HAPPY GO APP.



Form groups to exercise and strengthen the body

Let's exercise for a healthy lifestyle! We encourage employees to create groups to participate in sports activities such as road running, cheering each other on during the event and exercising together, running towards a healthy lifestyle that is full of vitality.



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Heartwarming Social Welfare

FEDS upholds the spirit of "taking from society and giving back to society", making good use of the access advantages and strengths spread across all of Taiwan, allowing each operating base to become local "public welfare platforms", connecting with resources from all sectors, and caring for various groups in the society. We also encourage employees to engage in social participation, expanding the overall effectiveness of public welfare, and fulfilling the commitment and care of enterprises to society.

6



In response to **2** material topics

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- Brand value and image management
- Charity and social participation



Touching highlights

Investment in charity
NTD\$ **2,750** thousand

Held **580** public welfare activities

Christmas events have been hosted for **13** consecutive years

More than **2,400** children in rural areas have been cared for

144 Blood donations in 3 years

1,396 volunteers accumulated for 3 years

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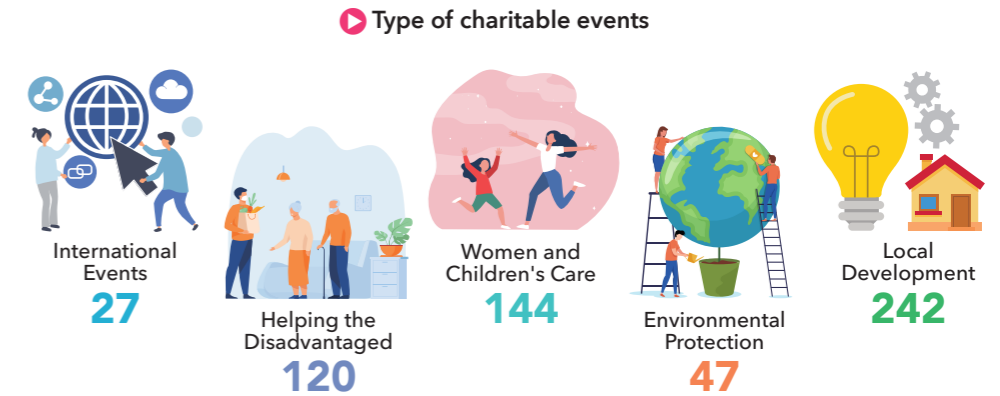
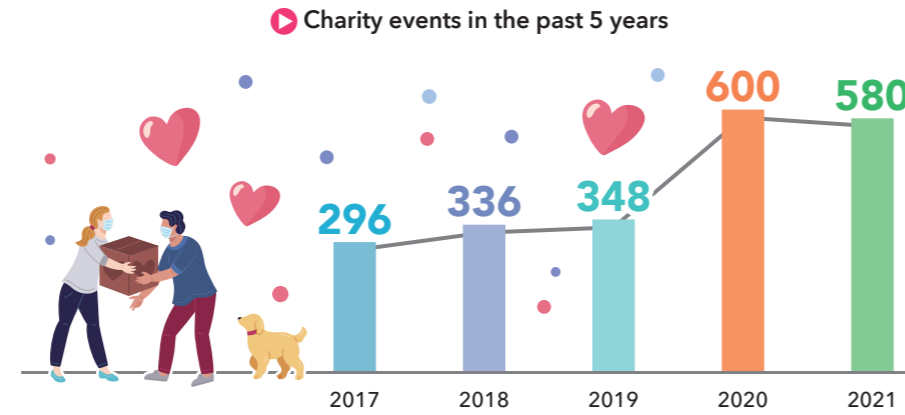
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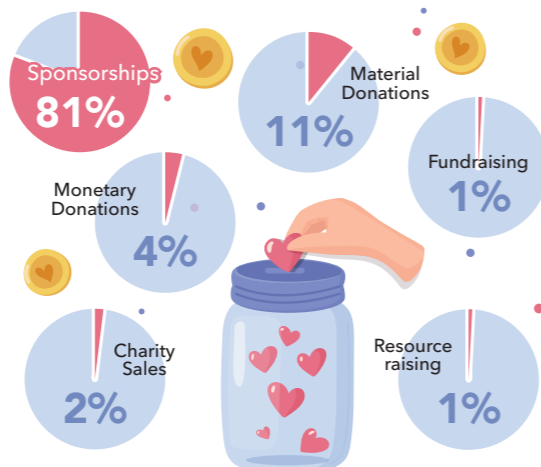
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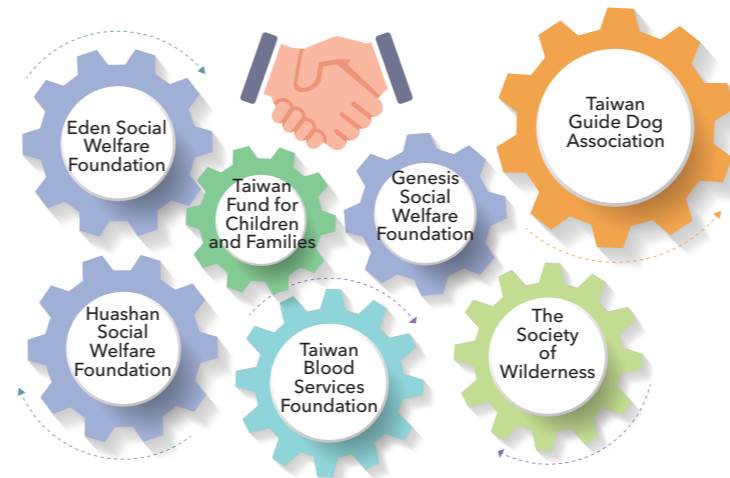
FEDS adheres to the spirit of "taking from society and giving back to society", and has been promoting public welfare for more than 50 years, and investing in social welfare in 6 major ways, such as charity sales, donations, and material donations, etc. In 2021, FEDS invested NTD\$ 2,750 thousand in public welfare, held 580 charity events, and received 118 certificates of appreciation. In the past five years, more than 2,160 events have been held. With the frequency of one charity event per day on average, we fully demonstrate the effects of charity, connecting resources from all sectors and genuinely building a bridge, spreading love to every corner.



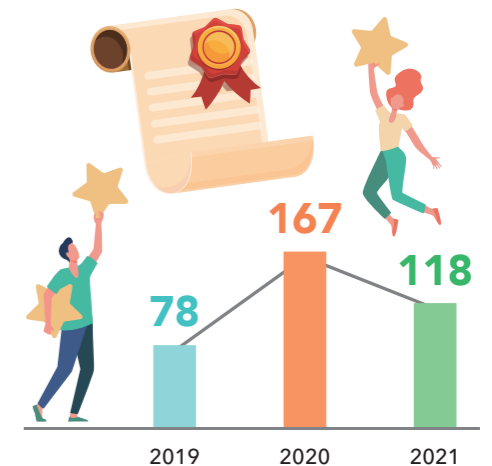
Proportion of the types of charitable involvement



Top five partners for charity events in 2021



Number of certificates of appreciation in the last 3 years



Note: The number of collaborations with Genesis Social Welfare Foundation, Huashan Social Welfare Foundation, and Eden Social Welfare Foundation is the same.

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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 through international cooperation. As a part of the global village, FEDS also actively exerts its influence. In 2021, all branches responded to the 8 international sustainability initiatives, inviting the public to focus on diverse issues such as environmental sustainability and children's human rights, speaking out for the global environment and vulnerable groups. We continue to develop the power of corporate citizenship and join hands with the public towards the vision of sustainability and mutual benefit.

Caring for Women's Health on 3/8 International Women's Day



The United Nations has designated March 8th every year as International Women's Day to commemorate the important contributions and achievements of women in various fields and to promote the concepts of gender equality and the protection of women's rights and interests. FEDS Hsinchu Store has been responding to International Women's Day for 2 consecutive years, inviting the ZhuYun dance troupe to perform a special dance for the celebrations, unleashing the power of femininity, and also providing free health check-up services for women over 45 years old to protect women's health.

Planting trees to protect the Earth on 3/21 International Day of Forests



In order to promote the ecological balance of the Earth's environment, the 2 stores of FEDS Hsinchu Store and FEDS Tainan Store responded to the United Nations' "International Day of Forests", and jointly organized the "Gifting Seedlings with Love" event with the Forestry Bureau and the Agricultural Bureau, providing 1,700 native seedlings such as rhododendron, hypericum, and burger maple seedlings to be collected, helping the public to create a green environment and continuing the unique landscape of indigenous species.

3/27 Lights off for an hour for Earth Hour



FEDS has been a long-term supporter of the "Earth Hour" lights-off event initiated by the World Wide Fund for Nature (WWF), inviting the public to work together to improve the problem of climate change and provide the Earth a breathing space. According to statistics, in 2021, the amount of electricity saved during the lights-out reached a record high of 125,000kWh, reducing approximately 63.6 tons of carbon dioxide emissions, which is equivalent to planting more than 5,784 trees.



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Growing environmentally friendly seedlings on 4/22 Earth Day



In 2021, on the occasion of the 51st anniversary of Earth Day, 7 stores of FEDS hosted a series of events such as exchanging invoices for seedlings and old books for points, inviting people to take practical actions to repair our planet. FEDS Chiayi Store further integrates environmental education into the "Fun Baby Crawling" activity, helping younger children to be instilled with the concept of protecting the Earth, and allowing each participant to learn through playing.

Explore the surprises in books on 4/23 World Book Day



The United Nations designated April 23 as World Book Day to enhance the habit of reading, spreading the scent of books to every corner. Taoyuan Store hosted the "DuDu Storyteller Train" with the Taoyuan Department of Environmental Protection, inviting professional teachers to enact the environmental education illustrated book in an interesting way, allowing 15 children to experience the charm of reading.

6/8 Vibrant and endless World Oceans Day



According to the UN, oceans can absorb nearly 30% of the carbon produced by humans and play an important role in global warming. In order to make the public address the problem of ocean pollution, FEDS XinYi A13 introduced the origins of the activities through videos on social media, and invited the public to upload pictures of the ocean they take, displaying their determination to protect the ocean and create a sustainable environment for coexistence.

11/20 International Children Day lights up hope for the future



In 1989, the United Nations passed "The Convention on the Rights of Children", calling on all countries to pay attention. Top City Taichung Store hosted the "Children Day Painting Exhibition" on 7 occasions, promoting children's rights together with World Vision. The 19-day exhibition featured works by children domestic and abroad, inviting the public to protect children's rights and interests and to speak out for the world's vulnerable children.

12/3 International Day of People with Disabilities brings love together



Every year on December 3rd is International Day of Persons with Disabilities. In order to give more care and support to the physically and mentally disabled, the Chiayi Store has been responding to it for 3 consecutive years. In 2021, we organized a 27-day oil painting exhibition in cooperation with the local Association of Spinal Cord Injury. The paintings of more than 10 students are displayed on-site for the public to enjoy and purchase, in hopes that the community will pay attention to the related issues of the disabilities.

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6.2 Transnational Window into Culture

FEDS is the leading department store that promotes international cultural exchanges. In 1973, we co-organized the first American Merchandise Show with the US Department of Commerce, becoming the first department store to introduce international exhibitions in Taiwan. Every year, we hold regular international exhibitions to introduce elements from international cultures and exhibit cuisine from various places, striving to become a cultural window for locals to experience unique international products.

In 2021, FEDS planned product exhibitions from six countries like Japan, Korea, Thailand, U.S., Canada, and Czech, collecting mouth-watering local dishes combined with exotic cultural activities, satisfying the public's desire from their inability to go abroad due to the pandemic. We also held product exhibitions from various parts of Taiwan, helping domestic and foreign consumers to learn more about high-quality local products. In order to provide reassuring services, some product exhibitions are synchronized on the official website, allowing people to travel easily between multinational cultures at home and fully experience the wonderful services online and offline.

▶ 2021 FEDS cultural product exhibition



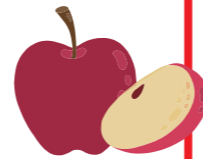
Number of days hosted Over **589** days



89 Events



Assembled booths Over **358** booths



Thailand cuisine and product exhibition brings together Nanyang culture

Recently, the public's interest in Southeast Asian culture has been increasing. Therefore, FEDS Kaohsiung Store has cooperated with the Thailand Trade and Economic Office (TTEO), the Tourism Bureau of Thailand and other units to launch the 13-day "So Missing Thailand" gourmet food and product exhibition, with on-site sales of more than ten thousand of instant noodles of 30 kinds, as well as the famous Thai soy milk, tamarind candy, dried fish snacks and so forth, bringing people a rich Thai food experience.



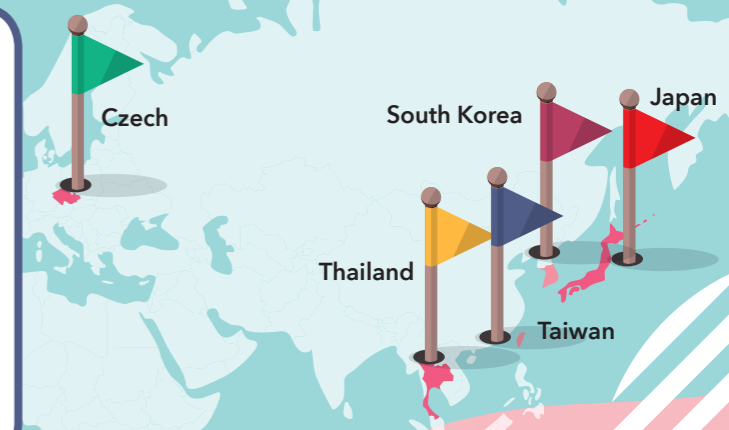
Premium apples continuously produced from Japan's Aomori Hirosaki

FEDS's "Aomori Hirosaki City Apple Carnival" entered its 10th year! In 2021, we again cooperated with the Hirosaki City Government, bringing the unique Japanese festival Aomori Nebuta Matsuri and more than 100 items of local cuisine to customers, displaying and selling them in stores during their tour throughout Taiwan. In addition to selecting 7 types of delicious apples for direct delivery, we also exclusively introduced 29 new products such as sweet dried apples and apple juice. The 53-day event gathers more than 50 Japanese stalls, in combination with Japanese tourism talks, experiencing Tomoie Kimono yukata, Kendo exchanges and other exciting activities to let people enjoy authentic Japanese culture.



Taiwan's local product exhibition promotes local characteristics and culture

FEDS supports fresh and high-quality local agricultural products in Taiwan. In 2021, we hosted 51 special county and city product exhibitions, promoting diversified products such as New Taipei City Gongliao abalone, Tainan dried fruits, Jiayi Xingang black beans, Zhanghua meat products and so forth. Activities are held throughout 288 days of the year, allowing customers to easily taste the rich delicacies freshly delivered from various places while promoting cultural exchanges between the cities and counties.



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Experience the authentic local "maple flavor" at the Canadian food and product exhibition



FEDS and City'Super joined hands with the Canadian Trade Office in Taipei (CTOT) to jointly launch the largest Canadian food and product exhibition of the year, featuring over 200 selected products at the 18-day wonderful feast, ranging from delicious and fresh lobsters, juicy cherries and other premium fresh products to sweet maple syrup, maple leaf biscuits, ice wine tea and other specialty snacks and beverages. All of the wide-range of exclusive products are instantly accessible to customers, allowing them to taste the unique local product culture.



The charm of Korean fashion right here at FEDS's Korean culture fairs

FEDS has been holding the Korean product exhibition "Korean fashion and glamour at FEDS" for 9 consecutive years. In 2021, we continued to cooperate with the Korea Agro-Fisheries & Food Trade Corp. (aT) and toured the stores since August. Among them, Top City Taichung Store specially built a unique Korean-style subway station and specialty train. People can buy the most popular high-quality products on different trains and reminisce about the exciting Korean culture through this interesting and colorful shopping experience.



Admire fine craftsmanship at the Czech artifact exhibition

The centuries-old "Moser Crystal" is a famous and unique Czech speciality. In 2021, FEDS and vendor manufacturers jointly held a special exhibition of crystals called "In Love with Moser Crystal", a 12-day tour in the two stores Top City Taichung Store and Hsinchu Store. The event exhibited nearly 100 items with a total market value of more than 100 million. The public can explore the local cultural characteristics of the Czech Republic and feel the dazzling splendor of Moser Crystal.

Experience American fashion at American cultural week

In order to allow people to experience authentic American culture without any time difference, FEDS Kaohsiung Store has launched a 14-day "American Week" event with dozens of American specialty brands. The event brings together popular American products, including a premium selection of cuisines, skincare products, clothing and other categories to fully satisfy consumers' preferences for American products, letting people experience rich American culture in close proximity without having to go abroad.



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6.3 Local Social Welfare and Care

FEDS has been cultivating social welfare for a long time. For more than 50 years, through the advantages of being distributed throughout Taiwan, each operation base becomes a public welfare platform in the city where it is located, continuing to care for women and children, children in rural areas, elderly people, and vulnerable groups. FEDS employees also spontaneously form volunteer teams, visiting elderly people yearly, spending time with young children, assisting disabled people and other volunteer services, genuinely caring for society and letting love to become a driving force for a good society.

6.3.1 Supporting ethical groups and providing care towards happiness

As the most widely distributed department store chain in Taiwan, FEDS uses its influence and appeal to invite consumers to pay attention to the public social issues. At the same time, we use the inside and outside spaces of the building to hold public welfare activities, gathering resources from all walks of life in hopes to attract more love and care, bringing the power of warmth to those who need it.



I Caring and spending time with women and children

According to the United Nations, more than 900 million women worldwide live below the poverty threshold, and women and children are the first to bear the brunt of global climate change. In order to improve the situation of disadvantaged women and children, FEDS has long responded to public welfare activities for women and children, such as charity sales and donations, regularly cooperating with public welfare organizations that help disadvantaged women and children escape from poverty, thereby eliminating the difficulties they face and help them strive towards a happy life.

FEDS spreads and shares the love

Loving connections at FEDS XinYi A13! In 2021, in partnership with The Garden of Hope Foundation, a charity sales event selling carnations was held on Mother's Day weekend, inviting people to care about vulnerable women and children and accompanying them to find stability and self-confidence.



Love in May with sending warmth to single parents

Long concerned about the situation of women, FEDS provides resources and assistance. In order for single mothers to feel the warmth, Kaohsiung Store and counter manufacturers, bonding with the "Pineapple carnival" event supporting farmers, gifted 120 boxes of pineapple cake gift boxes to single parent families under the care of Social Affairs Bureau of Kaohsiung City Government.

Health screening for mothers to protect their health

For 9 consecutive years, Kaohsiung Store has been inviting the breast screening and X-ray cars from Lingya District Public Health Center to the store, advocating the concept that prevention is better than treatment and checking the health of mothers. More than 100 people enthusiastically participated in the event.



Experience happiness of family photographs in May

Due to economic constraints, many disadvantaged women and children are unable to have the opportunity to take family photographs. In order to fulfil their wishes, on the eve of Mother's Day, Hualien Store invited a professional photography team to the store and took the family photographs for nearly 20 families with underprivileged children and parents, endowing them with a rare and beautiful memory.

For 8 consecutive years, A.Mart raises ten thousand New Year's Eve dishes

For 8 consecutive years, A.mart has worked with social welfare groups throughout Taiwan to organize the New Year's Eve dish sponsoring activity, accompanying the disadvantaged groups to spend a warm and happy year. In 2021, A.mart cooperated with the Garden of Hope Foundation 4 times to raise 2,041 New Year's Eve dishes in 32 days, providing 20,000 disadvantaged women and children to enjoy a warm and delicious New Year's Eve dinner. Over the past 8 years, the event has raised 10,086 New Year's Eve dishes, conveying the full warmth of society.

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Spread Love to rural areas through dedicated care

FEDS understands that many disadvantaged families from rural areas have limiting financial situations, social environment and other factors. They often face challenges in life, and even basic food and clothing may become a problem. In order to help them get the proper care, FEDS regularly holds public welfare events such as fundraising for resources and money, etc. to provide disadvantaged families with the help they need, improving their quality of life and preparing them for a better tomorrow.

Christmas charity lighting bring love to rural children

Every Christmas Eve, Tainan Store invites children from rural areas to celebrate the festival together. Over the past 13 years, over 2,400 children have participated in the event. In 2021, FEDS and 150 children from 9 small rural schools in Tainan City began their trip of discovery, including visiting Tainan Art Museum, experiencing DIY cooking of Mille Crêpe Cake, and enjoying a Christmas dinner, etc. At night, there was a heartwarming Christmas tree lighting ceremony. Chairman Douglas Hsu personally gifted sports shoes to children, encouraging them to run towards a better future. We prepared 360 pairs of sneakers in cooperation with more than 50 units, at the same time giving 11 kinds of Christmas gifts such as stationery sets and water bottle carriers. We hope that through comprehensive event planning, rural children can feel the warm blessings and return full of gifts.

For consecutive **13** years

Cumulatively more than **2,400** children benefited

More than **50** units in 2021

Gifted **360** pairs of sneakers in 2021



Combining charity and activity to increase love and care

Kaohsiung Store organized the "Thai Cuisine Exhibition" without forgetting to combine it with public welfare, working with partners such as Thailand Trade and Economic Office (TTEO) and the Tourism Bureau of Thailand to take care of families in rural areas. On the opening day of the event, we donated a batch of charity goods and items to Andrew Charity Association, which was redistributed and gifted to families in need, allowing the love to continue on without pause.



Educate and entertain with care and warmth

In society, due to caretakers being too busy with work, many children in rural areas are unable to receive comprehensive care. Therefore, Tainan Store cooperated with Kuang Hua High School to plan 3 DIY experience activities in December, including dessert making, fur ball accessory weaving, etc. Through a rich series of hands-on activities, we companied children in rural areas to enjoy a meaningful holiday.



Charity birthday party enriches life experience

Tainan Store is 25 years old! In order to share this joy with the rural areas, Tainan Store especially cooperated with the Dept. of Restaurant Management of Chang Jung Girls' High School, inviting kindergarten children from rural areas to create cute cupcakes. We hope to enhance the children's sense of satisfaction through this fun experience.

Light up hope by sending warmth to rural areas

To help disadvantaged families safely endure the winter, Kaohsiung Store partnered with 116 non-governmental organizations to sponsor the venue for social welfare groups to hold activities, allowing 2,872 disadvantaged families in remote villages to enjoy this warmth. Banqiao Store also partnered with the Eden Social Welfare Foundation 3 times to help fundraising plans for nutritional canteens of rural children, helping more students to have food and clothing and to grow up under loving care.



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Supporting the disadvantaged towards happiness

The pandemic not only impacted various industries, but also had a great effect on the vulnerable groups. Many social welfare groups faced problems such as shortages of resources and inability to conduct public welfare activities outdoors, causing the life of the vulnerable groups to become problematic. FEDS listened to their needs and voices and continued to donate resources and money, also providing venues and online resources to assist social welfare groups in organizing related activities, genuinely accompanying them and moving ahead together.



A loving Christmas: Care for disadvantaged children

Every year on Christmas Eve, FEDS launches a series of charitable activities such as adopting a wish and donation plans, sending the warmest blessings to disadvantaged children. In 2021, FEDS held related events in 6 branches. Among them, Hualien Store held the "Starry Present Adoption" event for 8 consecutive years, inviting 500 children from the family support center to write down their wishes, and the adoption was completed with enthusiastic responses from all walks of life. So far, the wishes of 3,000 children have been completed; Mega City Banqiao Store hosted the "Rotary Sends Love" festival and planned wonderful hands-on activities and amusement facilities for 360 children to participate for free; Hsinchu Store received NTD\$50,000 from the amusement facilities during the festival period and donated all of it to Department of Social Affairs of Hsinchu City, doing our part to help the lives of disadvantaged children.

Helped **1,265** disadvantaged people



Realized **755** wishes



Gifted **1,467** sets of material resources



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Care for children through giving meal vouchers

Let us enjoy the food together! On the eve of Children's Day, Chiayi Store held a charity dinner with the Department of Social Affairs of Chiayi City and counter manufacturers, inviting the children of Xiao Shu Academy of Chiayi City to dine at the store, warming the hearts of children with delicious and exquisite meals. At the same time, we also collaborated with social welfare organizations and donated 200 meal coupons to disadvantaged families in need caring for those in need.



Held a special exhibition to allow love to enter

FEDS, in conjunction with Taiwan Fund for Children and Families, held a special exhibition "The Power of Home" at FEDS XinYi A13 and Top City Taichung Store. Through the exhibition form of actual wooden cabins, the public can see the results of foster care provided by Taiwan Fund for Children and Families over the past 40 years through visual, auditory and other interactive experiences, inviting the public to pay attention to child care issues. Among this, more than 80 people enthusiastically participated in the activities of the Taichung session.



Leveraging channel networks to support the disabilities

In terms of employment issues, people with disabilities often face greater challenges. In order to provide them with the greatest support, FEDS cooperated with the New Taipei City Sheltered Workshop for the Disabled to exert the power of online and offline channels. Not only providing the venue to host the physical public welfare market, a carefully selected assortment of exquisite gifts from the sheltered workshop are sold on FEDS Online. We transformed love into practical actions so that the efforts of people with disabilities can be seen by society.

Job matching for disabilities people

Kaohsiung Store once again collaborated with Labor Affairs Bureau, Kaohsiung City Government to hold the "Achievement Exhibition and Large-scale Talent Recruitment" event. In addition to allowing people with disabilities to showcase the results of their efforts, nearly 60 booths were assembled, hoping to help them find suitable job through practical actions.

Interactive experiences to understand issues of vulnerable groups

Mega City Banqiao Store and Eden Social Welfare Foundation jointly organized the "2021 Love Our Children Happiness Festival" parent-child interactive exhibition. The 8-day event combines the theme of illustrated books to create a situational parent-child interactive experience. The fun missions and game tasks bring parents and children a brand new sensory experience. At the same time, it presents the dilemmas and challenges faced by the vulnerable groups such as children with developmental retardation, inviting the public to discover needy people who are hidden around us in order to show them love.



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Caring for the elderly, happiness for all generations

Taiwan is facing the challenge of entering a rapidly ageing society. In order to provide the elderly with a healthy body and mind and a good quality of life, FEDS holds diversified activities annually for them, in collaboration with social welfare groups and counter manufacturers, encouraging them to go outdoors and interact more with people, making life more comfortable and energetic. At the same time, we provide the care and assistance needed by the elderly, hoping to give them a better future through the power of warmth.

Love during Double Ninth Festival and caring for the needs of elderly

In order to provide better care for the elderly, Tainan Store and 7 counter manufacturers jointly donated medical supplies and pandemic prevention materials worth NTD\$ 2.5 million during the Double Ninth Festival, including 800 blood pressure machines, blood glucose machines and other 4 kinds of machines, 1,144 medical masks, 411 boxes of rehabilitation pants and nursing pads, etc., are provided to elderly welfare institutions in Tainan city, so that the institutions' resources are not lacking and the life of the elderly is guaranteed.



Exercising with the elderly to bring 100% health

In order to encourage the elderly to go outdoors more and improve their physical and mental health, Kaohsiung Store and Chunghwa Post jointly organized the "Chunghwa Post Elderly Exercise" event, inviting elderly over 65 to visit department stores with their families and enjoy famous movies, experience the i-mailbox service, thereby creating opportunities for elders to interact with one another. A total of 42 elderly participated on the day of the event, and everyone had a satisfying and fulfilling day.

Sending warmth and care to the elderly during the festivities

The senior care program starts now! During the Chinese New Year, Kaohsiung Store carefully selected dishes suitable for the elderly from the international food section at FE21' World Gourmet, and presented 40 New Year gift boxes to the local elderly people to express their endless affection towards the elderly. On the eve of the Mid-Autumn Festival, Tainan Store also donated 55 boxes of mooncake gift boxes through the Department of Social Welfare to elderly people living alone, hoping to warm their hearts with delicious meals.



Fulfilling wishes and encouraging the elderly to pursue their dreams

Since many elderly people are busy working in agriculture in the early days, they could not pursue their dream careers. Hualien Store heard the voices of the elderly and jointly organized the "Fulfil your dreams" elderly achievement exhibition with Mercyland foundation, allowing 37 elders to wear the professional uniform of their dreams when they were young, and perform confidently and enthusiastically on stage. Through this, the elderly are encouraged to continue to pursue their dreams and enjoy the latter half of their lives.

Donating invoices to support the lives of the elderly

Taoyuan Store has long been concerned with social issues of the elderly. Since January, it has held a series of public welfare events such as "Donate Invoice, Love the Elderly" and "Coffee Spreads Love — Little Barista Experience Camp", inviting the public to care for the elderly together and provide them unlimited support. In response to the enthusiasm of the public, we collected thousands of invoices, and the experience camps brought about NTD\$11,100 in profit. All are donated to the Huashan Social Welfare Foundation to provide care for the elderly.



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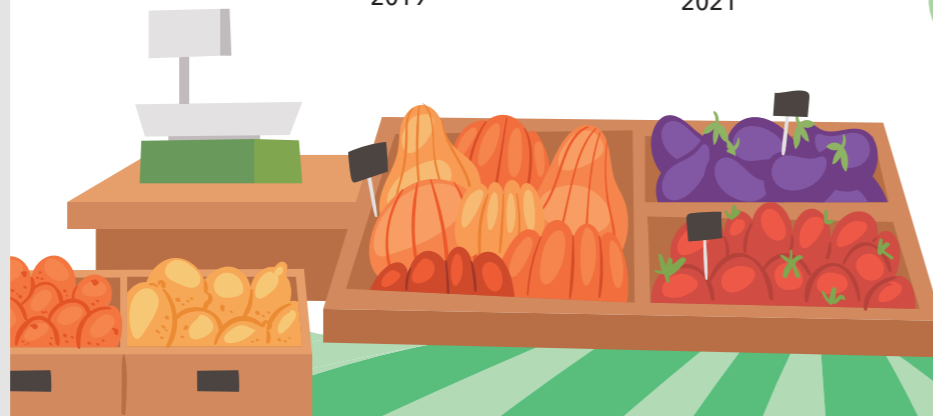
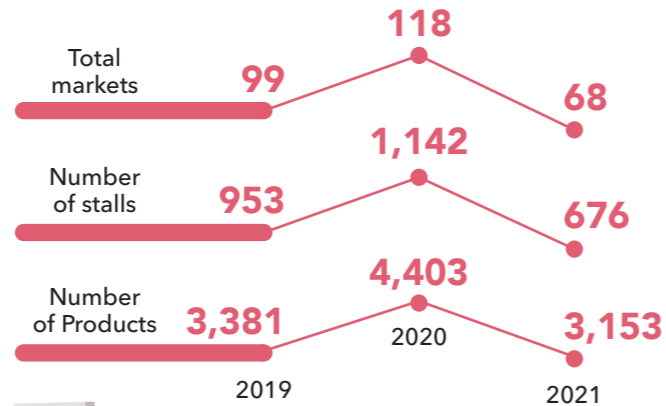
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6.3.2 Supporting local agriculture gathers Taiwan's Best Farmers in FEDS

FEDS has long supported Taiwan's agriculture, and has marketed local high-quality agricultural products through resources throughout Taiwan. Over the past 14 years, we have held more than 1,380 farmers' markets and specialty, accumulating sales and business opportunities of more than NTD\$1.02 billion. When the agricultural crops are in abundance, we immediately launch the "Agricultural Public Welfare" marketing plan to purchase seasonal crops from farmers as gifts for customers, hoping to help solve production and sales problems of smallholders and also relate the concept of local production and consumption, promoting the sustainable development of Taiwan's agriculture.

▶ FEDS farmers' market in the last 3 years



Rural regeneration carnival lights up agricultural economy

Kaohsiung Store once again co-hosted the "Rural Regeneration Carnival" with Kaohsiung City Government's Agricultural Bureau and 4 other units to gather 40 stalls from rural regeneration communities in southern Taiwan, showcasing the unique appeal of the countryside. Various cultural and creative products, agricultural, fishery and animal husbandry products were exhibited on site, along with DIY experiences such as the duck toy of Alian and the natural Bolai roselle jam, allowing the public to experience the local culture.



Getting together to buy ten thousand pineapples to support smallholders

FEDS has been caring for local small farmers for a long time. To solve the problem of production and marketing of pineapples in Taiwan, since March, we mobilized all 11 stores in Taiwan to continuously run the "Love Pineapple Carnival" event, displaying dried fruits, unique pineapple bread and so forth, and also demonstrating how to integrate pineapples into dishes, stimulating customer consumption. Meanwhile, we also purchased nearly 10,000 pineapples as store gifts, sharing the sweet and succulent pineapples with consumers, supporting small farmers in Taiwan through practical actions.



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Finding access for farmers to solve production and marketing problems

Affected by the pandemic, the peaches produced by Jiangshi town in Hsinchu faced the dilemma of not being able to be sold directly to consumers. Therefore, Hsinchu Store especially invited fruit farmers to sell them in the square on 1st floor, and hyped them through channels like Facebook and LINE. In just two days, nearly 3,000 peaches were sold. In addition, Hsinchu Store also launched a charity purchasing campaign, during which 1,200 peaches accumulated were entirely donated to 3 social welfare groups, making supporting farmers more meaningful.



Leveraging power of channels to promote Yunlin products

In order to allow consumers from all over the world to enjoy the local high-quality agricultural produce of Yunlin, FEDS and the Yunlin County government cooperated to use the power of channels of self-operated counters at the international food section FE21' World Gourmet, launching the "Yunlin goods" section in 11 stores throughout Taiwan during the Mid-Autumn Festival period. The selection of 28 manufacturers and 26 product combinations include: barbecue gift box, pomelo gift box, etc., to win the hearts of customers with the most authentic and fresh goods.



Taiwan's largest smallholder gift section

For the first time in 2021, city 'super cooperated with Agriculture and Food Agency and FE friDay shopping, connecting online and offline access resources, jointly promoting high-quality local agricultural processed products and setting up Taiwan's largest scale 'smallholders' gift section" in the Fuxing store. It exhibited nearly 50 types of high-quality products, including: sweet dried fruits, organic tea leaves and other diverse items, sharing with customers Taiwan's delicious agricultural products.

1 The biggest scale among Taiwanese supermarkets

9 days events

50 high-quality agricultural products

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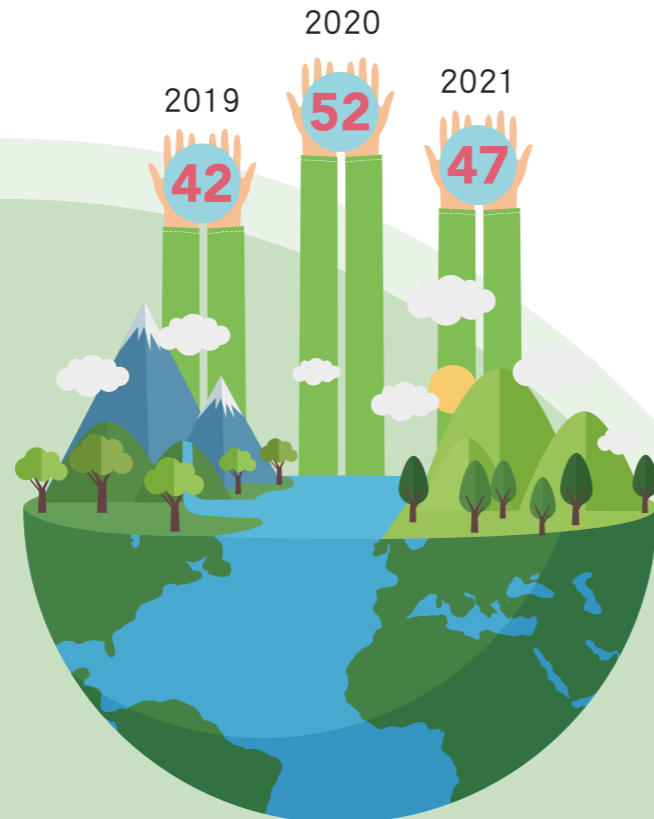
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6.3.3 Being eco-friendly to love the earth, and fulfilling the responsibility of green citizen

FEDS is committed to promoting the concept of environmental protection and fulfilling the responsibility of green citizens. We regularly hold environmental protection activities every year. Through our influence and appeal, we encourage consumers to practice environmental protection together. From time to time, we give happy GO environmental protection points, environmental protection gifts, etc., to expand the efficiency of the activities. In 2021, FEDS held 47 environmental activities, including bottle recycling, promotion of cloud invoices, etc., working for environmental sustainability.

▶ Number of environmental activities in the last 3 years



Promote sustainable action through bottle recycling

FEDS held 4 bottle recycling events of authentic cosmetic brands, encouraging consumers to be eco-friendly in addition to desiring beauty. For 83 days, the public can receive HAPPY GO points and environmental protection supplies, etc, if they bring empty bottles to the store to recycle. Among them, Kaohsiung Store has held bottle recycling activities in cooperation with Environmental Protection Bureau of Kaohsiung City for 11 consecutive years, and has thoughtfully stocked 500 bottles of environmentally friendly dishwashing liquids, inviting everyone to do their best for the planet. To date, more than 100,000 empty bottles have been successfully recycled.



Electric vehicle experience ignites green life

In order to reduce carbon emissions from traditional scooters, Hsinchu Store partnered with GOGORO to set up a 2-day test-drive experience area from April 11 to inform the public about the benefits of electric vehicles for the environment. A total of 600 people participated in the two-day event.



Promote cloud invoices to reduce carbon even more quickly

FEDS is committed to promoting the use of invoice storing carriers by consumers. In April 2021, 4 branches helped 12 promotional events, hoping to change the consumption habits of the people and realize the sustainable vision of paperless invoices. Among them, Taoyuan Store and the National Taxation Bureau of the Northern Area jointly held 6 publicity events, during which the public responded enthusiastically, and donated 3,736 cloud invoices for public welfare, imbuing carbon reduction action with love.



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Recycling old books helps preserve its value

In order to encourage people to preserve the life of old books together and reduce paper consumption as a result, Paoching Store launched the 27-day "Recycle old books for points" campaign on April 15. People only need to bring 1 old book to FEDS and they can immediately receive 10 HAPPY GO points, practicing the spirit of environmental protection with simple actions.



Toy Resurrection Day: Reusing resources

Toy resurrection begins! In 2021, Mega City Banqiao Store, in cooperation with New Taipei City Toy Bank and Taiwan Toy Library Association, held the "Toy Resurrection Day" on the eve of Children's Day, which has been 6 years. It uses used toys recycled from all over the country to create exciting and interesting activities, and to educate the public on the environmental concept of reducing resource waste. The event was received enthusiastically from various industries, bringing over a thousand friends, both young and old, to play together.



Responding to the green points to promote green consumption

FEDS actively responded to the "Green Points APP" promoted by EPA. In order to let more people join the ranks of gathering green points, Kaohsiung Store arranged for staff to explain the point accumulation rules to consumers in person, and assisted the public to join the green points app in collaboration with the "Recycling for Gifts" event on September 26, thereby promoting green consumption actions and creating a sustainable and better life.



A.Mart responds to green energy public welfare



A.mart collaborates with ChargeSmith to jointly respond to the World Car Free Day. On September 22, as long as electric vehicle owners use charging piles at Nanya Store and Shuinan Store and spend at the store, A.mart donates NTD\$30 to Taiwan Green Energy for Charity Association to buy solar panels and give back the profits gained by green energy to vulnerable groups, supporting the "Green Energy Public Welfare 100 +" initiative with practical actions.

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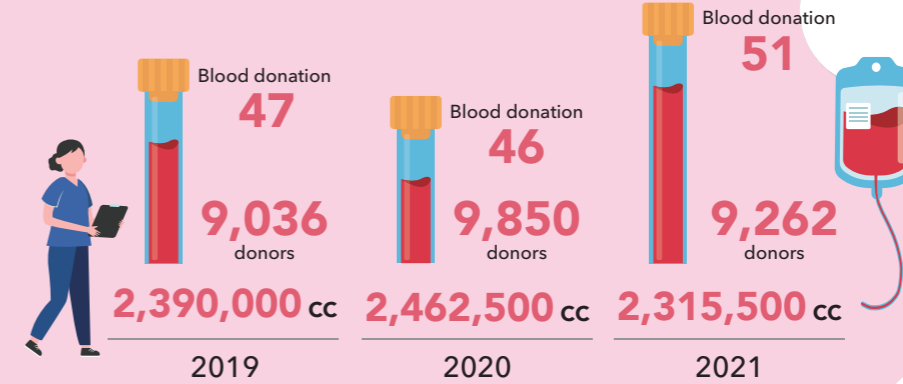
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6.3.4 Blood giving brings love and help to the society

FEDS has been holding blood donation activities for a long time. When there are big crowds such as on consecutive holidays or special festivals, each branch uses it to hold various themed blood donation events with local blood donation centers. In combination with gifts like small farmers' fruits and vegetables, masks and other gifts, we invited the public to donate blood. In the past three years, 144 events have been held, 28,148 people have responded, and more than 7.16 million c.c. of blood have been collected. In addition, FEDS also holds a variety of health promotion activities, including: dance competitions, baby crawling, etc., and uses its influence to create a vibrant and healthy society.



Results of blood donation activities in the last 3 years



Ageless Fun Fair promotes workout

On the eve of Mother's Day, Kaohsiung Store joined hands with 6 social welfare groups to hold the "Expressive Mothers: Ageless Public Welfare Fun Fair", and planned 15 health promotion activities such as the ageless marksman, sticky ball nine-square grid, and fun ring circle. With simple and fun experiences, we hope to bring about an athletic atmosphere to everyone and make the mothers move about happily. More than 5,000 people participated on the day of the event.



FEDS street dancing competition is in full swing

Street dance has been officially included as a competitive item in the 2024 Olympic Games in Paris. In order to keep up with the international street dance movement, Hsinchu Store cooperated with Hsinchu Municipal Athletics Federation and local well-known street dance classrooms and other units to hold the first "FEDS Street Dancing Competition". The event brings together dancers of all ages to compete, and the participants showcase their self-confidence and charm through different dance styles, promoting the sporting spirit of break-dancing culture.



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Health promoting Project to protect the health of the local people

Paoching Store has been focusing on the development of the local community for a long time. In order to help the neighborhood achieve the goal of "more exercise and lose weight healthily", in 2021, it cooperated with the Taipei City Hospital Women And Children Campus to provide a diversified space on the 4th floor of the store. From April, it launched the "Health Promotion Course" for half a year. During the course, it held a series of courses such as aerobic dance and healthy gymnastics, inviting professional instructors to lead the people in exercises, getting rid of fat and implementing a healthy lifestyle with regular exercises.



Exercise healthily with children's sports competitions

As part of the local community, FEDS regularly holds large-scale children's sports competitions every year, including baby crawling, parent-child rhythm, roller-skating and other healthy activities. In 2021, FEDS held a total of 25 games at 5 branches. Among them, Hualien Store has held related activities every season for 11 consecutive years, accompanying more than 5,000 children to experience the infinite fun of sports and helping children to cultivate the good habits of exercising from an early age.



The Mall as a good neighbor takes care of residents' health

As a good neighbor of local residents, The Mall is committed to encouraging health promotion activities. In 2021, a professional therapist from the Taipei Community Mental Health Center was especially invited to help people understand basic physical and mental health knowledge and be self-confident every day by interacting through simple and fun games.



Exclusive to all department stores in Taiwan with innovative modern sports competition

FEDS XinYi A13 joined hands with the Industrial Development Bureau to host a cross-border, technological "Innovative modern five-item sports competition" exclusive to all department stores in Taiwan. It provided customers to experience VR sport events like shooting, boating and other sports, in combination with sports university students' visit and observations. We combined industry, government and academia to create a new customer experience, with over 23,000 attendees participating in the event.



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6.3.5 Providing store spaces as an art platform

FEDS adheres to the spirit of local cultivation, and often organizes diverse cultural and artistic activities with local schools, government agencies, and social organisations, including three major categories of international cultural exchanges, local characteristics, and artistic exhibitions. We provide indoor and outdoor shopping spaces, creating an exchange platform with both fashion and art culture. We hope to become an important window to connect with other countries, creating a unique humanistic atmosphere in the community.

Sponsored Christmasland in New Taipei City for 10 consecutive years

Taiwan's annual highlight "Christmasland in New Taipei City" starts on December 3. As a member of the local community, FEDS has been sponsoring this event for 10 consecutive years, creating a beautiful Christmas time for the public. In 2021, LEGO was the theme of Christmasland in New Taipei City. There were 31 large-scale installation arts such as the sparkling Christmas tree, 7 magnificent galleries, 12 pieces of LEGO works, and the 14-metre "LEGO Santa Claus" waving at the intersection to welcome guests. During the period, the world-famous 3D light sculpture show was also used in combination, using fun and ingenuity to accompany the public to disperse the dull atmosphere due to the pandemic. The 31-day event attracted more than 4 million visitors, and the main Christmas tree became the only one in Asia to be voted by foreign media as one of the "8 Most Amazing Christmas Trees in the World" in 2021.



Sponsor activities to encourage the development of one's strengths

FEDS encourages local design talent to unleash their potential and create a better life with good design. In 2021, the Taipei Design Award organized by the Department of Economic Development, Taipei City Government. FEDS sponsored a total of NTD\$200,000, in hopes to discover more outstanding designers from the competition and improve local competitiveness.



Supporting talent by providing space for exhibitions

Kaohsiung Store partnered with the Youth Bureau of Kaohsiung City Government to provide space to showcase 11 award-winning pieces from the Kaohsiung Fashion Awards 2021. During the 31-day event, people can see the design works placed on the escalators on the 1st floor; it is as if one is at an actual fashion show. We use practical actions to support local talents and use our creativity to build the shopping mall into a fashion walkway, bringing people a powerful and wonderful experience.

Creating a platform to increase social communication

In order to encourage people with physical and mental disabilities to try creating art in many ways and explore their unlimited potential, Taoyuan Store in cooperation with the Taiwan Happy Works Association held a 24-day "Don't be afraid, you can come closer" disabled children's finger-painting exhibition in November. Through the 20 paintings, we bring disabled people closer to the public, allowing everyone to see the strong will of 17 handicapped children and feel how extraordinary life is. At the same time, we can get to understand in-depth related issues of the disabled people.



Cultural video exhibition promotes international exchange

a long time. In 2021, we celebrated the 40th anniversary of the sister cities relationship between Hualien City and Korea's Ulsan City. Hualien Store especially made the 1st floor into an art gallery and exhibited the "Cultural Exchanges Video Exhibition" regarding both cities. We hope that through 11 days of artistic activities, the friendship between the two cities will be stronger, improving and enhancing international exchanges.

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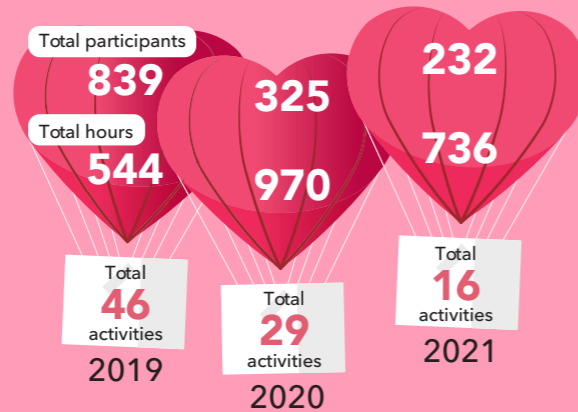
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6.3.6 Tandem in Love, FEDS employees' one-day volunteering

FEDS has long stood by the slogan "Tandem in love", and employees of each store have spontaneously formed volunteer teams to take practical actions in social welfare activities such as helping the disadvantaged, accompanying children, visiting the elderly, caring for the disabled, and environmental protection response. In the past three years, a total of 91 volunteer activities have been held in each branch, with a total of 1,396 employees participating in the volunteer activities, and a total of 2,250 hours of volunteer activities. FEDS employees serve with love, solely in hopes to create a better life.

▶ Volunteer activities in the past 3 years



Note: Due to the impact of the pandemic these past 2 years, the number of activities has decreased.

Helping the Disadvantaged

FEDS One day volunteer on the move! 25 colleagues from Kaohsiung Store went to Andrew Charity Association, and were responsible for sub-packaging and packing 100 boxes of "Food boxes", distributing them to disadvantaged families in need, genuinely caring for them and passing on the love.



Visiting the Elderly

Top City Taichung Store's "Spread Love Everywhere" series of public welfare activities entered the fourth year. In 2021, 8 colleagues came to the "Old Yes Café" under the guidance of the Old Five Old Foundation to interact with the elderly at and experience the DIY class of making cup covers, creating beautiful memories together.

Caring for the physically disabled

Top City Taichung Store, in cooperation with the Angel Heart Family Social Welfare Foundation, held an outdoor teaching event on January 27, leading the students to walk along the park lane and played treasure hunting games together. Through simple activity planning, we conveyed warmth, providing them the most sincere companionship.

Environmental protection

50 colleagues from Mega City Banqiao Store responded to the "2021 New Taipei City Spring Joint Beach Cleanup Event", and worked with thousands of people to protect the marine ecology. The 3-hour event cleared 1,500 kg of marine debris, thus contributing our efforts toward the natural environment.



Accompanying children

Spreading love at Christmas; officially launching the train of happiness! To make Christmas unforgettable for the children at the orphanage, 10 colleagues from Paoching Store collaborated with EKO cafe and bakery headed to Hua Hsing Children's Home to accompany the children to make a mini Christmas tree, decorating the warm Christmas time with love.



Neighborhood services

For four consecutive years, Kaohsiung Store has been conducting the "Sunny baby's Mission", cleaning the environment of the community. 31 colleagues led by Sunny baby came to the community to help clean the sidewalks and green areas in parks, cultivating harmony with neighbors and building deep local connections, becoming good neighbors to local residents.



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Fight Against the Pandemic Together with Love

In 2021, the COVID-19 pandemic was recurring, and the fight against it was difficult. Facing this tough challenge, FEDS has invested in 5 ways in the battle against the pandemic; with love, we have built a bridge of mutual help to overcome the difficulties with civilians.

Supporting doctors and nurses by resources giving

In order to express gratitude to the medical staff for being committed to fighting the pandemic on the front line, FEDS donated material goods to hospitals everywhere for 2 years in a row. In 2021, 5 stores including Mega City Banqiao Store, Banqiao Store, and Hsinchu Store have distributed 3,110 lunchboxes and 50 boxes of instant noodles to Far Eastern Memorial Hospital and National Taiwan University Hospital to support the medical personnel.

Donations to support the frontline of the pandemic

FEDS invested more than NTD\$760,000 and purchased 10,000 protective masks, 5,000 N95 masks and 200 boxes of dry food and water, and donated them to the 5 local governments such as Taipei City, New Taipei City, and Taoyuan City, allowing pandemic prevention personnel and vulnerable groups to receive the most immediate assistance.

Delivering positive energy through charitable book donations

In order for the public and young students to witness the thoughts and actions of the front-line medical personnel in the fight against the pandemic, FEDS responded to the "Public Welfare Book Fundraising Project" launched by the Commonwealth Publishing Group, donating the book "No turning back against the pandemic: Far Eastern Memorial Hospital doing the right thing" to convey warm and positive energy.

Mask painting exhibition combined with charity sale

Tainan Store in collaboration with New Aspect Foundation held a joint exhibition called "Cleansing the mind: New aesthetics of prevention", displaying 61 works of art with large masks as canvases, promoting artistic exchanges under the new life of pandemic prevention. The exhibition also combined charity sales, and all funds received were donated to Kaohsiung Armed Forces General Hospital Gangshan Branch.

Providing a venue to administer the vaccine quickly

In line with the government's pandemic prevention policy, FEDS provided spaces in 6 stores, setting up vaccine administering stations for 41 days. The public can go directly to the store to receive the vaccine without having to make an online appointment. We have partnered with manufacturers to give away 3,573 beautiful gifts such as masks, coupons, and Japanese produce to strive for complete vaccine coverage, thoughtfully protecting the health of our people.



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Appendix 5: Code of Conduct for Sustainable Development of Listed Companies

Appendix 6: Verification Statement

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Appendix 1: Social-oriented Data of Subsidiaries

Human Resource Structure

▶ Employment Contracts

Type	Gender	The Mall						City'Super						A.Mart					
		2019		2020		2021		2019		2020		2021		2019		2020		2021	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
Full-time employees	Male	7	25%	9	30%	8	30%	102	29%	92	27%	89	26%	786	52%	788	52%	770	52%
	Female	21	75%	23	70%	19	70%	254	71%	249	73%	257	74%	715	48%	720	48%	702	48%
	Total	28	100%	32	100%	27	100%	356	100%	341	100%	346	100%	1,501	100%	1,508	100%	1,472	100%
Non-official employees	Male	0	0%	0	0%	0	0%	12	24%	17	25%	18	27%	375	51%	357	50%	330	48%
	Female	0	0%	2	100%	2	100%	37	76%	50	75%	48	73%	363	49%	358	50%	351	52%
	Total	0	0%	2	100%	2	100%	49	100%	67	100%	66	100%	738	100%	715	100%	681	100%
Total employees	Male	7	25%	9	28%	8	28%	114	28%	109	27%	107	26%	1,161	52%	1,145	52%	1,100	51%
	Female	21	75%	25	72%	21	72%	291	72%	299	73%	305	74%	1,078	48%	1,078	48%	1,053	49%
	Total	28	100%	34	100%	29	100%	405	100%	408	100%	412	100%	2,239	100%	2,223	100%	2,153	100%

Note: Full-time employees are indefinite contracts and one-year contractors; Non-official employees include temporary and seasonal short-term contractors.

▶ Employee Age Distribution

Age	Gender	The Mall						City'Super						A.Mart					
		2019		2020		2021		2019		2020		2021		2019		2020		2021	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
Below 29 years old	Male	1	17%	2	25%	1	17%	16	24%	13	23%	10	22%	471	65%	419	62%	114	57%
	Female	5	83%	6	75%	5	83%	47	76%	44	77%	36	78%	250	35%	253	38%	91	43%
	Total	6	100%	8	100%	6	100%	63	100%	57	100%	46	100%	721	100%	672	100%	205	100%
30-49 years old	Male	5	33%	7	39%	7	44%	56	26%	55	26%	54	25%	522	48%	531	50%	453	53%
	Female	10	67%	11	61%	9	56%	156	74%	155	74%	160	75%	559	52%	540	50%	394	47%
	Total	15	100%	18	100%	16	100%	212	100%	210	100%	214	100%	1,081	100%	1,071	100%	847	100%
Above 50 years old	Male	1	14%	0	0%	0	0%	30	37%	24	32%	25	29%	168	38%	195	41%	203	48%
	Female	6	86%	6	100%	5	100%	51	63%	50	68%	61	71%	269	62%	285	59%	217	52%
	Total	7	100%	6	100%	5	100%	81	100%	74	100%	86	100%	437	100%	480	100%	420	100%
Total	Male	7	25%	9	28%	8	30%	102	28%	92	27%	89	26%	1,161	52%	1,145	52%	770	52%
	Female	21	75%	23	72%	19	70%	254	72%	249	73%	257	74%	1,078	48%	1,078	48%	702	48%
	Total	28	100%	32	100%	27	100%	356	100%	341	100%	346	100%	2,239	100%	2,223	100%	1,472	100%

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

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► Gender and Age of New Employees

Age	Gender	The Mall						City'Super						A.Mart					
		2019		2020		2021		2019		2020		2021		2019		2020		2021	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
Below 29 years old	Male	0	0%	1	13%	1	17%	11	18%	7	12%	7	15%	88	12%	34	5%	47	23%
	Female	2	33%	3	38%	1	17%	26	41%	17	30%	23	50%	45	6%	34	5%	29	14%
	Total	2	33%	4	50%	2	33%	37	59%	24	42%	30	65%	133	19%	68	10%	76	37%
30-49 years old	Male	1	7%	3	17%	1	6%	7	3%	3	1%	9	4%	52	5%	41	4%	51	6%
	Female	2	13%	0	0%	0	0%	25	12%	17	8%	29	14%	47	4%	30	3%	43	5%
	Total	3	20%	3	17%	1	6%	32	15%	20	10%	38	18%	99	9%	71	7%	94	11%
Above 50 years old	Male	0	0%	0	0%	0	0%	1	1%	0	0%	0	0%	13	3%	7	1%	5	1%
	Female	0	0%	0	0%	0	0%	6	7%	1	1%	6	7%	10	3%	6	2%	17	4%
	Total	0	0%	0	0%	0	0%	7	9%	1	1%	6	7%	23	5%	13	3%	22	5%
Total	Male	2	7%	4	13%	2	7%	19	5%	10	3%	16	5%	153	7%	82	4%	103	7%
	Female	3	11%	3	9%	1	4%	57	16%	35	10%	58	17%	102	5%	70	3%	89	6%
	Total	5	18%	7	22%	3	11%	76	21%	45	13%	74	21%	255	11%	152	7%	192	13%

Note: % of new employees = number of new employees ÷ the total number of employees in that corresponding age group.

► Gender and Age of Resigned Employees

Age	Gender	The Mall						City'Super						A.Mart					
		2019		2020		2021		2019		2020		2021		2019		2020		2021	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
Below 29 years old	Male	0	0%	0	0%	2	33%	10	16%	6	11%	12	26%	71	10%	63	9%	52	25%
	Female	1	17%	2	25%	2	33%	45	71%	25	44%	62	135%	35	5%	39	6%	26	13%
	Total	1	17%	2	25%	4	67%	55	87%	31	55%	74	161%	106	15%	102	15%	78	38%
30-49 years old	Male	3	19%	2	11%	1	6%	18	9%	10	5%	12	6%	76	7%	51	5%	50	6%
	Female	3	19%	0	0%	1	6%	59	28%	36	17%	30	14%	59	6%	54	5%	57	7%
	Total	6	38%	2	11%	2	13%	77	36%	46	22%	42	20%	135	13%	105	10%	107	13%
Above 50 years old	Male	1	20%	0	0%	0	0%	3	4%	8	11%	4	5%	31	7%	11	2%	14	3%
	Female	0	0%	1	17%	0	0%	12	15%	14	19%	5	6%	13	3%	10	2%	21	5%
	Total	1	20%	1	17%	0	0%	15	19%	22	30%	9	11%	44	10%	21	4%	35	8%
Total	Male	4	14%	2	6%	3	11%	31	9%	24	7%	28	8%	178	8%	125	6%	116	8%
	Female	4	14%	3	9%	3	11%	116	33%	75	22%	97	28%	107	5%	103	5%	104	7%
	Total	8	29%	5	16%	6	22%	147	41%	99	29%	125	36%	285	13%	228	10%	220	15%

Note: % of resigned employees = number of staff left through resignation ÷ the total number of resigned employees in that corresponding age group.

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▶ Number and Gender of Managers

Level	Gender	The Mall						City'Super						A.Mart					
		2019		2020		2021		2019		2020		2021		2019		2020		2021	
		Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%	Number of People	%
Above vice president level	Male	0	0%	0	0%	0	0%	1	100%	1	100%	1	100%	1	100%	1	100%	1	100%
	Female	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Total	0	0%	0	0%	0	0%	1	100%	1	100%	1	100%	1	100%	1	100%	1	100%
Assistant manager level	Male	0	0%	0	0%	0	0%	3	75%	3	75%	3	75%	10	100%	9	82%	9	90%
	Female	0	0%	0	0%	0	0%	1	25%	1	25%	1	25%	0	0%	2	18%	1	10%
	Total	0	0%	0	0%	0	0%	4	100%	4	100%	4	100%	10	100%	11	100%	10	100%
Deputy manager level	Male	1	50%	0	0%	0	0%	15	63%	8	53%	14	64%	115	72%	118	71%	111	71%
	Female	1	50%	1	100%	1	100%	9	37%	7	47%	8	36%	45	28%	48	29%	46	29%
	Total	2	100%	1	100%	1	100%	24	100%	15	100%	22	100%	160	100%	166	100%	157	100%
Total	Male	1	50%	0	0%	0	0%	19	66%	12	60%	18	67%	126	74%	128	72%	121	72%
	Female	1	50%	1	100%	1	100%	10	34%	8	40%	9	33%	45	26%	50	28%	47	28%
	Total	2	100%	1	100%	1	100%	29	100%	20	100%	27	100%	171	100%	178	100%	168	100%

Employee Salary Structure

▶ Comparison of Minimum Salary for each Position

Type	The Mall				City'Super				A.Mart			
	2020		2021		2020		2021		2020		2021	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Supervisory positions	1.21	1	1.24	1	0.76	1	0.77	1	0.89	1	0.88	1
General employees	1.01	1	1.07	1	1.05	1	1.05	1	0.98	1	1.01	1

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

▶ Comparison of Average Salary for each Position

Type	The Mall						City'Super						A.Mart					
	2019		2020		2021		2019		2020		2021		2019		2020		2021	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Supervisory positions	1.04	1	1.21	1	1.24	1	0.79	1	0.75	1	0.77	1	0.86	1	0.89	1	0.88	1
General employees	0.98	1	1.01	1	1.07	1	0.99	1	1.05	1	1.05	1	0.99	1	0.98	1	1.01	1

Note: Average salary = Minimum wage + Remuneration

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▶ Comparison of Minimum Salary Against National Minimum Wage

The Mall						City'Super						A.Mart					
2019		2020		2021		2019		2020		2021		2019		2020		2021	
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
1.22	1.22	1.19	1.19	1.18	1.18	1.13	1.13	1.09	1.09	1.08	1.08	1	1	1	1	1	1

Note: The formula for calculating is starting salary of the basic personnel ÷ the national minimum wage. The minimum wage data comes from the Directorate General of Budget of the Executive Yuan and the Ministry of Labor.

▶ Performance Evaluation Frequency

Type	Frequency	The Mall	City'Super	A.Mart
Evaluation of new employees	After three months	V	V	V
	1 year	V		
Employee performance assessment	Monthly	V		
	Quarterly			
	Annually		V	V

▶ Statistics of Parental Leave

Genre	The Mall						City'Super						A.Mart					
	2019		2020		2021		2019		2020		2021		2019		2020		2021	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of people eligible to apply	0	0	0	0	0	0	5	22	5	28	11	39	12	10	6	5	8	12
Number of applicants	0	0	0	0	0	0	0	8	0	6	0	5	2	5	2	4	3	7
Application rate (%)	0	0	0	0	0	0	0	36	0	21	0	13	17	50	33	80	38	58
Number of employees subject to reinstatement in the current year	0	0	0	0	0	0	0	4	0	6	0	4	3	3	3	5	2	3
Actual number of reinstatement applicants	0	0	0	0	0	0	0	4	0	5	0	2	2	3	1	4	2	2
Reinstatement rate (%)	0	0	0	0	0	0	0	100	0	83	0	50	67	100	33	80	100	67
Number of reinstated employees last year	0	0	0	0	0	0	0	4	0	4	0	5	0	8	2	2	1	4
Number of employees who had been reinstated for one year last year	0	0	0	0	0	0	0	2	0	4	0	3	0	6	2	1	1	3
Retention rate (%)	0	0	0	0	0	0	0	50	0	100	0	60	0	67	100	50	100	75

Note: 1. Reinstatement rate = Actual number of reinstated employees in the current year ÷ number of employees subject to reinstatement in the current year
 2. Retention rate = Number of people reinstated for one year in the previous year ÷ number of people reinstated in the previous year

▶ Employee Health and Safety Data Indicators

Genre	The Mall									City'Super									A.Mart								
	2019			2020			2021			2019			2020			2021			2019			2020			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Occupational injury fatalities (persons)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupational injury mortality rate (%)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of recordable occupational injuries (persons)	0	0	0	0	0	0	0	0	0	1	1	2	1	1	2	1	2	3	15	9	24	12	18	30	16	21	37
Recordable occupational injury rate (%)	0	0	0	0	0	0	0	0	0	0.87	0.34	0.49	0.92	0.33	0.49	1.13	0.78	0.87	1.53	1.09	1.33	1.23	2.22	1.68	1.72	2.76	2.19

Note: 1. Total hours of work = 8 hours × the number of People × the number of working days in 2021, the total number of working hours by The Mall, City'Super and A.Mart was respectively 53,568, 686,464, and 3,385,397.
 2. Occupational injury mortality rate = (number of occupational injury deaths ÷ total hours of work) × 200,000* (* refers to the rate per 100 employees based on 40 hours per week for 50 weeks per year)
 3. Recordable occupational injury rate = (number of recordable occupational injuries ÷ total hours of work) × 200,000* (* refers to the rate based on per 100 employees, 40 hours per week, and 50 weeks per year)
 4. Recordable occupational injuries = workplace accidental falls, bruises or cuts and crushing injuries caused by improper handling, etc. Commuting traffic accidents are not included.
 5. Serious Occupational Injury = Disabled for more than 6 months due to an occupational injury, with 0 serious occupational injuries at subsidiaries in 2021.
 6. There were no cases of occupational illnesses in 2021.

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Appendix 2: Environmental-oriented Data of Subsidiaries

Unit: million degrees, metric tons, kWh/ m²-yr

Genre	The Mall			City'Super			A.Mart		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Power consumption	628	631	555	758	757	734	7,954	8,087	7,915
CO2e	3,197	3,212	2,786	3,858	3,853	3,686	40,486	41,163	39,732
Energy Intensity	307	293	267	532	536	520	381	348	341

Note: The carbon emissions are calculated based on the discharge coefficient announced by Bureau of Energy. The discharge coefficient for 2021 has not yet been announced, so the calculation is based on the coefficient of 0.502 kg CO2e/kWh in 2020.

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GRI 100 General Disclosure

★ : For non-core items

Disclosure		Reference Chapter	Page
GRI 102: General Disclosure			
1. Organization Profile			
102-1	Name of organization	About This Report	1
102-2	Activities, brands, products & 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	76
102-9	Supply chain	4.3	69
102-10	Significant changes to the organization and its supply chain	1.1、4.3	23、69
102-11	Precautionary principle or approach	1.3	34
102-12	External initiatives	1.2	30
102-13	Membership of the associations	1.2	30
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	15、18、34
3. Ethics and Integrity			
102-16	Values, principles, standards and norms of behavior	1.3	34
102-17	Mechanisms for advice and concerns about ethics ★	Communication with Stakeholders, 1.2, 1.3	18、30、34

Disclosure		Reference Chapter	Page
4. Governance			
102-18	Governance structure	1.2	30
102-19	Delegating authority ★	1.2	30
102-20	Executive-level responsibility for economic, environmental, and social topics ★	1.2	30
102-21	Consulting stakeholders on economic, environmental, and social topics ★	Identification of Material Topics, Communication with Stakeholders, 1.1	15、18、23
102-22	Composition of the highest governance body and its committees ★	1.2	30
102-23	Chair of the highest governance body ★	1.2	30
102-24	Nominating and selecting the highest governance body ★	1.2	30
102-25	Conflicts of interest ★	Please refer to "3. Corporate Governance Report" of the Company's 2021 Annual Report	
102-26	Role of highest governance body in setting purpose, values, and strategy ★	1.2	30
102-27	Collective knowledge of highest governance body ★	1.2	30
102-28	Evaluating the highest governance body's performance ★	1.2	30
102-30	Effectiveness of risk management processes ★	1.3	34
102-32	Highest governance body's role in sustainability reporting ★	1.1	23
102-35	Remuneration policies ★	1.2	30
5. Stakeholder engagement			
102-40	List of stakeholder groups	Identification of Material Topics, Communication with Stakeholders	15、18
102-41	Collective bargaining agreements	There is no union, therefore it's not signed with group agreement.	
102-42	Identifying and selecting stakeholders	Identification of Material Topics, Communication with Stakeholders	15、18

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Disclosure		Reference Chapter	Page
102-43	Approach to stakeholder engagement	Identification of Material Topics, Communication with Stakeholders	15、18
102-44	Key topics and concerns raised	Identification of Material Topics, Communication with Stakeholders	15、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、15、18
102-47	List of material topics	Identification of Material Topics, Communication with Stakeholders	15、18
102-48	Restatements of information	About This Report	1
102-49	Changes in reporting	Identification of Material Topics, Communication with Stakeholders	15、18
102-50	Reporting period	About This Report	1
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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	114
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	15、18

GRI 200 Economy Topics (Disclosure for Specific Topics)

★ : Key topics disclosed meet all reporting requirements of GRI guidelines

Disclosure		Reference Chapter	Page
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.1	23
201-2	Financial implication and other risks and opportunities due to climate change	1.3、3.1	34、52
201-3	Defined benefit plan obligations and other retirement plans	5.1	76
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	15、18、76、83
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1	76
202-2	Proportion of senior management hired from the local community ★	5.1	76

Disclosure		Reference Chapter	Page
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.1、4.3	63、69
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	15、18、34
205-1	Operations assessed for risks related to corruption	1.3	34
205-2	Communication and training about anti-corruption policies and procedures	1.3	34
205-3	Confirmed incidents of corruption and actions taken ★	1.3	No relevant matters

GRI 300 Environment Topics (Disclosure for Specific Topics)

★ : Key topics disclosed meet all reporting requirements of GRI guidelines

Disclosure		Reference Chapter	Page
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3.1	52
302-3	Energy Intensity	3.1	52
302-4	Reduction of energy consumption	3.1	52
302-5	Reductions in energy requirements of products and services	3.1	52
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	3.2	55
303-2	Management of water discharge-related impacts	3.2	55
GRI 305: Emissions 2016			
305-2	Energy indirect (Scope 2) GHG emissions	3.1	52
305-5	Reduction of GHG emissions	3.1	52
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
GRI 306: Effluents and Waste 2016			
306-1	Water discharge by quality and destination	3.2	55
306-2	Waste by type and disposal method	3.2	55
306-3	Significant spills	Not applicable	
306-4	Transport of hazardous waste	Not applicable	
306-5	Water bodies affected by water discharges and/or runoff	Not applicable	
GRI 307: Regulations on Environmental Protection Compliance 2016			
103-2 103-3	The management approach and its components Evaluation of the management approach	1.3	34
307-1	Non-compliance with environmental laws and regulations ★	1.3	34
GRI 308: Providers of Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.3	69
308-2	Negative environmental impacts in the supply chain and actions taken	4.3	69

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GRI 400 Social Topics (Disclosure for Specific Topics)

★ : Key topics disclosed meet all reporting requirements of GRI guidelines

Disclosure		Reference Chapter	Page
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	5.1、5.3	76、83
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1、5.3	76、83
401-3	Provided to parental leave	5.1、5.3	76、83
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	5.3	83
GRI 403: Occupational Health and Safety 2018			
103-2 103-3	The management approach and its components Evaluation of the management approach	5.3	83
403-1	Occupational health and safety management system	5.3	83
403-2	Hazard identification, risk assessment, and incident investigation	5.3	83
403-3	Occupational health services	5.3	83
403-4	Worker participation, consultation, and communication on occupational health and safety	5.3	83
403-5	Worker training on occupational health and safety	5.3	83
403-6	Promotion of worker health	5.3	83
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3、5.3	69、83
403-8	Workers covered by an occupational health and safety management system	5.3	83
403-9	Work-related injuries	5.3	83
403-10	Work-related ill health	5.3	83
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	5.2	80
404-2	Programs for upgrading employee skills and transition assistance programs	5.2	80
404-3	Percentage of employees receiving regular performance and career development reviews	5.2	80
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	1.2	30
405-2	Ratio of basic salary and remuneration of women to men	5.1	76
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	5.3	83
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	83

Disclosure		Reference Chapter	Page
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	4.3	69
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.3	83
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	4.3	69
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	3.3	58
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	4.3	69
414-2	Negative social impacts in the supply chain and actions taken	4.3	69
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	15、18、34、63
416-1	Assessment of the health and safety impacts of product and service categories	2.3、4.1	46、63
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services ★	1.3	34
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	15、18、34、63
417-1	Requirements for product and service information and labeling	4.1	63
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	34
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.3	34
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	15、18、34
419-1	Non-compliance with laws and regulations in the social and economic area ★	1.3	34

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Appendix 4: Sustainability Accounting Standards Board Table

TOPIC: Energy Management in Retail & Distribution					
Code	Accounting Metric	Disclosure			Reference Chapter
		2019	2020	2021	
CG-MR-130a.1	(1) Total energy consumed (GJ)	675,720	733,932	663,912	3.1
	(2) percentage grid electricity(%)	100%	100%	100%	
	(3) percentage renewable(%)	0.02%	0.02%	0.05%	
TOPIC: Data Security					
Code	Accounting Metric	Disclosure			Reference Chapter
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	For details on information security risks, please refer to "1.3.2 System and non-system risk management and response"			1.3
		2019	2020	2021	
CG-MR-230a.2	(1) Number of data breaches	0	0	0	1.3
	(2) percentage involving personally identifiable information (PII)	0	0	0	
	(3) number of customers affected	0	0	0	
TOPIC: Labor Practices					
Code	Accounting Metric	Disclosure			Reference Chapter
		2019	2020	2021	
CG-MR-310a.1	(1) Average hourly wage	248	248	243	5.1
	(2) Percentage of in-store employees earning minimum wage, by region(%)	0%	0%	0%	
CG-MR-310a.2	(1) Voluntary turnover rate (%) for in-store employees	12%	8%	15%	
	(2) Involuntary turnover rate for in-store employees(%)	0.1%	0.1%	0.1%	
CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations (unit: NTD)	0	0	0	1.3 · 5.1

TOPIC: Workforce Diversity & Inclusion						
Code	Accounting Metric	Disclosure			Reference Chapter	
		2019	2020	2021		
CG-MR-330a.1	Percentage of gender representation	Male	35%	36%	37%	5.1 · 5.3
		Female	65%	64%	63%	
	Percentage of racial/ethnic group representation	Aboriginal New immigrant	We implement the principle of fair and equitable employment and protects employees' equal rights in employment, so there is no statistical information on the ethnicity of employees.			
CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination (unit: NTD)	0	0	0		
TOPIC: Product Sourcing, Packaging & Marketing						
Code	Accounting Metric	Disclosure			Reference Chapter	
CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	For details on product safety, please refer to "4.1.5 Strictly Control Product Safety to Protect Consumer Rights and Interests"			4.1	
CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	For details on green packaging, please refer to "3.3.5 Green consumption, green life"			3.3	
TOPIC: Activity Metric						
Code	Accounting Metric	Disclosure			Reference Chapter	
		2019	2020	2021		
CG-MR-000.A	(1) Number of retail locations	11	11	11	1.1	
	(2) Number of distribution centers	0	0	0		
CG-MR-000.B	(1) Total area of retail locations (unit: m ²)	846,620	846,620	846,620		
	(2) Total area of distribution centers (unit: m ²)	0	0	0		

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Appendix 5: Code of Conduct for Sustainable Development of Listed Companies

Content		Reference Chapter
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	Regulation to safeguarding of public welfare	4.1, 4.3, 5.1, 5.2, 5.3
Chapter 5. Enhancing CSR Information Disclosure	Regulating the enhancing 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 6: Verification Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN DEPARTMENT STORES LTD.'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastern Department Stores LTD. (hereinafter referred to as FEDS) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the Sustainability 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 verification (2022/03/03~2022/04/29). 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 Sustainability Report of 2021 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 and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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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, Sustainability 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, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures 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 organization, 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 organization has chosen an appropriate level of assurance for this stage in their reporting.

TWLPP5008 Issue 2201

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, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, it is encouraged to develop formal strategies for ongoing engagement and communication with stakeholders.

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 Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core 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 topic disclosure requirements for important topics, when important topic and key topic are confirmed material topic. For GRI 403 disclosure, the organization is expected to be responsible for all of branch store workers' occupational health and safety since their workplaces are controlled by the FDES. It is encouraged to compile all of branch store workers' occupational health and safety performance in future reporting.

Signed:

For and on behalf of SGS Taiwan Ltd.



David Huang
Senior Director
Taipei, Taiwan
24 May, 2022
WWW.SGS.COM



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