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About This Report

Far Eastern Department Stores Ltd. (hereinafter referred to as FEDS) communicates with stakeholders about the sustainable actions and concrete implementation performance of FEDS through this report, hoping to work together with stakeholders to achieve the sustainable vision of "Sustain for a Good Life".

The Significance of Sustainability for FEDS

Founded in 1967, FEDS is the longest-running and steadily growing department store among department store chains in Taiwan. Over more than half a century of operation, FEDS has continued to progress with the times, embrace innovation to grow, create sustainable values from the inside out, and establish a triple-win sustainable growth model of the economy, environment and society, becoming the most sustainable department store in Taiwan and establishing a model of sustainable development in the department store sector. In 2022, FEDS was awarded the TOP 10 most sustainable department stores in the world by the Intercontinental Group of Department Stores (IGDS), and FEDS was the first department store in Taiwan to receive this honor.



Reporting Period

This report discloses the sustainability management performance, management policies, material topics and responses of FEDS in terms of environment, society and governance from January 1 to December 31, 2022. In order to improve the comprehensiveness of the information, some of the content refers to previous years.

Publication date of the first report: August 2015
 Publication date of this report: June 2023
 Publication date of the next report: June 2024

Scope of This Report

FEDS has diversified into various retail businesses, which span across department stores, hypermarkets, shopping malls, and high-end supermarkets. Based on financial materiality, Taiwan's locality, and relevance to the sustainability strategy, the scope of this report covers all operating locations of the following companies in Taiwan:

 <p>FEDS http://www.feds.com.tw</p>	 <p>FE SOGO http://www.sogo.com.tw</p>
 <p>The Mall http://www.themall.com.tw</p>	 <p>city'super http://www.citysuper.com.tw</p>
 <p>A.Mart http://www.fe-amart.com.tw</p>	<p>Click the LOGO to Enter the Website </p>

The financial information in this report has been audited by an accountant. If the scope of the performance differs, it will be specifically explained in this report. FE SOGO issues its own Sustainability Report, so please refer to its 2022 Corporate Sustainability Report for non-financial information separately.



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Compilation Guidelines and Assurance

This report was compiled with reference to the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI), as well as other sustainability norms, including the United Nations Global Compact (UNGC), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) Standards, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and Integrated Reporting (IR) Framework. The report is assured by a third-party verification unit to confirm that it complies with the AA1000 AS v3 Type 1 Moderate Level.

Data Management

In order for the information disclosure to be consistent with the GRI Sustainability Reporting Standards, the data and information in the report are reviewed by the heads of the Company's responsible units (the head of each responsible unit is also a member of the Corporate Sustainability Committee of the Company), and after being consolidated and confirmed by the Executive Office of the Corporate Sustainability Committee, the report is submitted to the Chairman (President) of the Corporate Sustainability Committee for approval.

If there is any change in the scope and basis of data calculation in this report, it will be noted below the data, and the data of the past years will be updated.

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

Report Preparation Process



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Message from the Chairman



“ For a good company to improve and grow as an excellent enterprise, it must deliver outstanding performance, make valuable contributions to the society, and maintain long-term competitiveness. Far Eastern Department Stores (FEDS), after 55 years of operations, through its innovative spirit, has advanced with time by focusing on staff wellness, talent cultivation, corporate governance, and ethics management as well as stayed responsive to changes of the external environment, and be able to deliver a strong business performance. In recent years, we have particularly included ESG into our operating strategies, established the sustainability-oriented management model, hoped to create higher economic, social, and sustainable value, and achieve a more sustainable business model. ”

Top 10 of Global Sustainable Department Store

With “Sustain for a Good Life” as its vision, FEDS continues to implement its ESG action plans in 2022 to expand its social contribution and positive impact. Our outstanding campaigns were recognized by Inter-Continental Group of Department Stores (IGDS) as World’s Best Sustainability Campaign by a Department Store, Taiwan’s first department store to be awarded and ranked among the world’s Top 10 best sustainable department stores together with many renowned international department stores such as Selfridges in the U. K.

Reaching Net-Zero Emissions in 2050

The United Nations Climate Change Conference COP 27 has concluded in November 2022 in Egypt, nearly 200 nations continued to reach consensus to limit global temperature rise to 1.5 degrees Celsius to slow down the speed of global warming. Facing the impact of climate change, FEDS in compliance with ISO 14064-1 international standard to promote greenhouse gas inventory and adopting Task Force on Climate-related Financial Disclosure (TCFD) framework to introduce climate risk evaluation and management mechanism, reaching low carbon retailing transformation. Furthermore, the Company already started to establish solar photovoltaic devices in Hualien and Taitung, after completion of which annual capacity will be 1.14 million kWh of green power, reducing 30% carbon emission in the following 5 years, and gradually reaching global net-zero declaration.

Cultivate Outstanding Talent Team

Plan talent recruiting and cultivate talents have always been vital for corporate human resource management, which is also important foundation for the sustainable operation of our business. When dealing with tension and crisis brought by the uncertainties in operating environment, the enterprise would need to promote more systematically its talent

cultivation and development, elevate talent competitiveness, so to respond to possible future challenges accordingly. FEDS has established a comprehensive talent recruiting blueprint and occupational training mechanism, invest in sufficient training resources, and strengthen collaboration with the Group’s educational institutes, to deploy in advance the talent reserve teams for future retailing, and allow employees to grow jointly with the corporation.

Build up Digital Competitiveness

The advancement of digital technologies have changed global consumer behaviors, in particular Covid-19 pushed more consumers to engage in online activities and expedited the growth of e-commerce. The retail industry needs to be more proactive in promoting digital transformation, and thus retain customers with rich experiences. With the application of technologies, retailers in the U. S. collect consumer footprints in detail, such as their time spent within stores, shopping patterns, etc. By analyzing these shopping footprints and behavior, the retailers can comprehend consumer preference and needs, based on which to adjust their marketing campaigns and operation content, then design an offline merge online omni-channel shopping journey.

Harvard Business Review, with its 100 years of publishing history, conducted interviews on top CEOs in the world and summarized two mindsets to manage businesses, namely “Innovation” and “Sustainability.” Similarly, FEDS also follows the directives of “Innovation” and “Sustainability”, aligns with market dynamics, advances with time, continues to innovate, retain adaptability, also focuses on the purpose of the corporation’s existence, the objective and vision established should consider all stakeholders, continuously improve and implement ESG, as the foundation for the corporation’s sustainable developments.

Far Eastern Department Stores
Chairman Douglas Tong Hsu

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Message from the President



“ With the easing of the pandemic, people’s life has gradually returned to normal, and Taiwan’s department stores market has rebounded. In 2022 consolidated revenues were NT\$394.6 billion, up 15.2% year over year, both revenues and growth rate marked new highs in the retailing history. Far Eastern Department Stores (FEDS) also reached new milestone, delivered again outstanding operating performance, and created a more outstanding and sustainable value for the enterprise. To continue to elevate sustainable competitiveness, FEDS will continue to maintain profit growth, and focus on ESG performance, through “EPS + ESG” to pave for the foundation of sustainable operations and establish a sustainable operation landmark for the retail industry. ”

Operating Performance Marking New Records

Far Eastern Department Store’s Chubei Shopping Mall held its soft opening on January 14, 2022, adding a stronghold to expand the retailing deployment of FEDS. The unique architectural design and exclusive merchandise of Chubei Shopping Mall have appealed to the public, attracting 30,000 visits on the first day of soft opening, its strong momentum was effectively translated into the Company’s operating growth. With the successful opening of Chubei Store and strong growths of each existing store, FEDS registered in 2022 annual revenues of NT\$58.3 billion, and an operating profit of NT\$2.43 billion, both reporting over 20% in growth, operating efficiency marked historical new high in the past 55 years, outstanding performances continued to create maximum value for the stakeholders.

Leader in Eco-Friendly Operations

Committed to environmental sustainability, each year FEDS periodically reviews its possible impact to the environment caused by its operation, studies the responsive measures, and stipulates the four directives of “Energy conservation, carbon reduction, green energy, and waste reduction,” adopts action plans to resolve impact on the environment. In 2022, the Company promoted 24 energies conservation projects, succeeded in reducing 833 tons of carbon emissions; started to establish 1,600 kilowatt of solar installation capacity, estimated to produce 1.14 million kWh of green energy; and strengthened sales space category management, recycled 1,315 tons of reusable resources to reduce waste production. Our efforts and excellent performance of transitioning into a low-carbon operation was recognized and ranked among the top 100 enterprises in the November 2022 issue of “Business Weekly,” FEDS as the only brick-and-mortar department store being listed.

Establish Diversified and Inclusive Workplace

FEDS has nearly 1,400 employees. We respect the differences in each employee and engage in management

measures and educational trainings to promote gender equality, wage equality, stop discrimination, and healthy workplace, to build an equal, diversified, and inclusive workplace for our staff. Thus, enabling them to feel secure to work in a supportive environment, to bring positive and proactive attitude into their business activities, and deliver best service quality and work efficiency. In 2022, we have promoted the “Staff Health UP” programs for four consecutively years, sponsored 251 staff in “health up” campaigns including health seminars, on-site physician services, etc. with 6,578 attendees.

Commitment to Philanthropy

To achieve the objective of giving back to the society, FEDS turned its 12 branch stores throughout Taiwan’s 10 cities into local philanthropic platforms, connecting resources from consumers, vendors, local government, and non-profit institutions, to sponsor 783 CSR campaigns to aid the underprivileged, caring for women and children, and environmental protection, etc. We also encourage staff to engage in one-day volunteer services. In the past 4 years, staff volunteer services have accumulated to 142 events, 3,175 service hours. FEDS employees have been committed to corporate social responsibilities, connecting wonderful life with love.

Business operation deals with all aspects of challenges. With more daunting and turbulent environment ahead of us, the enterprise will be built with more resilience, and cultivate new abilities to adapt. FEDS commits to sustainable operations. Aside from paying attention to the opinions of its stakeholders, strengthening the promotion and management of ESG, the Company also adjusts with flexibility through its operating strategies and directions, prepare in advance for problems that may arise in the future, turn hidden crisis into business opportunities for its sustainable developments, and elevate its sustainable value.

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 protection (E), social inclusion (S), corporate governance (G) and other sustainable actions to achieve good sustainable management results, creating sustainable value for stakeholders constantly, laying a foundation for the sustainable business of the enterprise, and establishing a benchmark for the sustainable operation in the department store industry.

Establishing a Sustainability Culture of Giving Back

As the department store with the longest history in Taiwan, the most extensive operating bases, the most localized development, and the most sustainable transformation, FEDS takes "giving back" as the basic value of its sustainable development while leveraging its core capabilities to build a communication platform in the process of pursuing the growth of the Company. Adhering to the spirit of "Thinking Globally, Acting Locally", FEDS aligns with the United Nations Sustainable Development Goals (SDGs) and Taiwan Sustainable Development Goals, realizes various sustainable localization actions, contributes to the sustainable development of the economy, environment and society through concrete sustainable practices, and creates an all-win sustainable growth model.



Corporate sustainability image wall to internalize sustainability thinking

In order to deepen the corporate sustainability culture, encourage employees to recognize the "sustainability" spirit, and be able to turn "sustainability" into daily practice in the operation process and decision-making management, FEDS has set up a corporate sustainability image wall in the office to demonstrate the direction of ESG sustainable action and management results, and remind employees to make good use of sustainability thinking to implement the sustainable operation and growth of FEDS and achieve the vision of "Sustain for a Good Life".



Participated in the Asia-Pacific Forum & Exposition for Sustainability to encourage carbon-reducing living

"2022 Asia-Pacific Forum & Exposition for Sustainability" was the first largest sustainable exhibition in Taiwan. It was held at Taipei World Trade Center Hall 1 from August 12th to 14th. 130 units from Taiwan's industry, government, academia and research institutes participated in the grand event, communicating directly with the public about sustainability, and exhibiting the results of promoting sustainable actions.



FEDS, together with FE SOGO, a.mart, and city'super, enthusiastically participated in this sustainable expo, showcasing its creativity in visual merchandising by bringing the department store into the exhibition hall. As "Taiwan's most sustainable department store", FEDS engaged in dialogues with the public, presenting proposals for carbon reduction lifestyles from a familiar experiential perspective. FEDS encouraged people to integrate environmental protection into their daily lives, cultivate green consumption habits, and embrace a low-carbon lifestyle to reduce carbon emissions and mitigate global warming.

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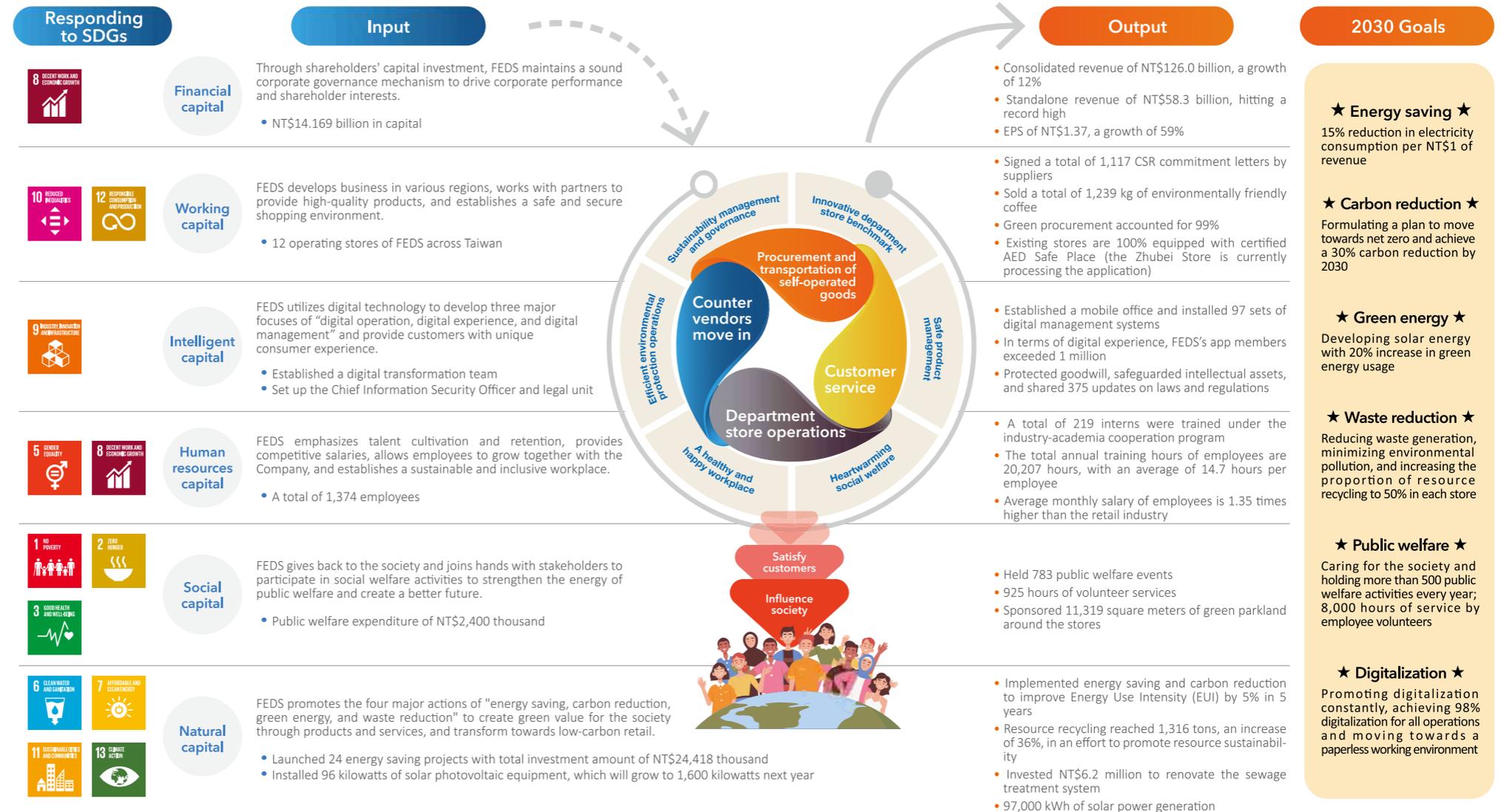
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Creating a Sustainable Value Creation Chain

FEDS strives to build a sustainable value creation chain by combining upstream counter vendors and downstream consumers in the industry chain, and developing six 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, including the scope from the construction and operation of the stores, counter vendors move-in, merchandise procurement management to customer service, so as to satisfy each consumer and expand social influence with an aim to create the maximum sustainable value in every aspect.



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Responding to the UN's Sustainable Development Goals

Upholding the spirit of "Thinking Globally, Acting Locally", FEDS aligns with the international sustainable development trend, and takes appropriate response actions while taking into account the sustainable development needs of localization. We leveraged the core capabilities of the Company to focus on responding to the 9 "United Nations Sustainable Development Goals" and the "Taiwan Sustainable Development Goals" covering 4 aspects in 2022, and continued to plan various sustainable management actions to promote economic, environmental and social sustainable development and contribute to global sustainable development.

SDGs	Taiwan Sustainable Development Goals	FEDS Management Approach	Promoting projects and results	Reference Chapter
	Environmental aspect: <ul style="list-style-type: none"> ■ Development of green energy ■ Resource recycling ■ Optimize the environment ■ Implementation of biodiversity 	Support green energy, install solar photovoltaic equipment, gradually increase the amount of green energy used, and improve energy efficiency.	<ul style="list-style-type: none"> ■ The fourth and fifth generation stores are 100% green buildings, and the energy consumption is reduced through the energy-saving design of the building itself. ■ The total solar power generation capacity is 97,000 kWh, and the "Green Power Plan" has been launched to increase the capacity of 1,600 kW of solar power generation devices. ■ In 2022, 24 energy-saving and carbon-reduction projects were implemented, and the electricity consumption per NT\$1 of turnover decreased by 10% compared with 6 years ago. 	3.1.2 Managing the energy efficiency with a manufacturing mindset 3.1.3 Green operation of low-carbon transition
		Provide environmentally friendly products and services, promote green consumption, develop green economy, and improve resource sustainability.	<ul style="list-style-type: none"> ■ Held 100 agricultural product markets to reduce food losses in production and supply chains. ■ Through reduction, recycling and reuse, waste was reduced. 1,316 tons of reusable resources were recycled, and product packaging consumables were reduced by 0.3%. ■ Advocated a sustainable and better life, and launched a new paper shopping bag with a sustainable concept. ■ Promoted the sustainable procurement process, increased green procurement items by 60%, and 100% of suppliers signed the Corporate Social Responsibility Commitment Letter. 	3.2 Real-time Smart Property Management 3.3 Persistent Green Actions
		Develop actions related to climate change risk management, strengthen education and awareness, and seek the opportunities to develop green transition.	<ul style="list-style-type: none"> ■ Introduced the TCFD project, set up an implementation team, and identify climate risks and opportunities. ■ Conducted climate risk training for 113 employees, with a total of 264 training hours. ■ Conduct comprehensive greenhouse gas inventory with 100% coverage. 	3.1.1 Climate change and response 3.1.3 Green operation of low-carbon transition

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SDGs	Taiwan Sustainable Development Goals	FEDS Management Approach	Promoting projects and results	Reference Chapter
	Social aspect: <ul style="list-style-type: none"> ■ Improve gender equality ■ Implement universal health coverage ■ Promote local creation ■ Promote rural development 	Hold diversified public welfare activities, market high-quality agricultural products, and donate living materials to vulnerable groups	<ul style="list-style-type: none"> ■ 783 public welfare activities were held, an increase of 35% over the previous year ■ Conducted marketing on high-quality agricultural products, and gathered 939 stalls with 4,423 items sold. ■ Caring for rural areas, shoes were donated to more than 3,000 rural school children for 14 consecutive years. 	Special Section: Supporting small farmers and promoting local agricultural products
		Carry out internal employee health promotion program, and organize various external activities to promote people's healthy life.	<ul style="list-style-type: none"> ■ Promoted the "Employee Health UP" promotion program for 4 consecutive years and became an employee health management partner. ■ Insured employees with medical insurance and invested NT\$2.47 million for the whole year. ■ Arranged on-site physician services and provided health consultation for 416 employees. ■ Held 74 blood donation events and raised 3.446 million CC blood. 	5.3 Considerate and Friendly Workplace 6.3.4 Living healthy and happy and embracing a happy life
		Formulate and implement gender equality policies, eliminate gender discrimination, and create a friendly and respectful workplace environment.	<ul style="list-style-type: none"> ■ Established a gender-friendly workplace, held training courses, trained 335 people with total training hours of 170.8. ■ Four labor-management meetings are held every year to promote diverse communication and ensure equality and inclusion in the workplace. ■ Mega City Banqiao Store cooperated with the New Taipei City Department of Education and invited nearly 200 teachers and staff to gather at Village Roadshow Studios to watch the movie "Fairy Tale World" and encourage educators to continue to pay attention to the issue of gender equality among young people. 	5.3 Considerate and Friendly Workplace
	Economy aspect: <ul style="list-style-type: none"> ■ Promote inclusive economic growth ■ Promote innovative growth ■ Develop digital economy 	Adjust the operating model, improve business performance, create job opportunities, and ensure fair compensation.	<ul style="list-style-type: none"> ■ The 12 stores in Taiwan have introduced more than a thousand counter vendors to provide products and services and create more than 15,000 job opportunities. ■ Promoted economic growth and the revenue broke through the NT\$50 billion mark, a record high. ■ Continued management innovation and promoted 35 management-level action projects to ensure corporate competitiveness. 	1.1 Forward-looking Innovative Management
		Accelerate digital transformation and use technology to create a new shopping journey and consumer experience for customers.	<ul style="list-style-type: none"> ■ The FEDS app continued to be upgraded to provide more accurate customer services and a more convenient consumer experience. The number of members has exceeded 1 million. ■ There are 112 digital signages in 8 branches (excluding counters) in Taiwan, providing real-time and vivid multimedia information. ■ Promoted the digitization of coupons such as bonus coupons, taking into account convenience and environmental protection, and issued more than 22.437 million electronic coupons. 	2.1 Digital Department Stores
	Global partnerships: <ul style="list-style-type: none"> ■ Collaborate with NGOs to promote global partnerships ■ Governments and schools promote global partnerships 	Establish multiple partnerships, exert positive influence, and enhance sustainable power.	<ul style="list-style-type: none"> ■ Joined 47 public associations and organizations to exert influence. ■ Participated in the Climate Change Sustainability Forum jointly organized by Yuan Ze University and R20, and pledge to invest resources to combat climate change and fulfill environmental responsibility. ■ In response to the "1.5°C Climate Action Declaration", together with 160 companies, FEDS pledged to support the 2050 net zero path plan and work towards low-carbon transition. ■ The only Taiwanese department store representative of the Intercontinental Group of Department Stores (IGDS), and implemented the CSR Code established by IGDS together with 45 global members. 	1.3 Sound Risk Management

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Sustainability Highlights and Honors



Environmental





Introduced property management app to achieve

21.3 tons of carbon reduction



Water efficiency surpasses industry performance by

20%



100% use of environmentally friendly and energy-saving office machines



24 energy-saving projects saved

1.638 million kWh of electricity



EUI improved by

5% in 5 years



100% use of eco-friendly paper shopping bags



Green procurement accounted for

99.8%



1,316 tons of resource recycling volume, an increase of **36%**



Eco-friendly uniforms for employees

8,475 eco-friendly uniforms have been supplied to employees



Social





Employee benefits increased by

55% in 6 years



The starting salary of entry-level staff is **1.21** times higher than the minimum wage



47% of supervisors are female



Employees taking parental leave Retention rate of **90%**

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The total training hours of employees are **20,207** hours

A total of **3,175** hours of employee volunteer services





100% of suppliers signed the Supplier CSR Commitment Letter



Nearly **3,000** children in rural areas have been cared for



Satisfaction rate of **96%** for employee health promotion activities

Held **783** public welfare events, an increase of **35%**





Governance

Consolidated revenue of NT\$ **126.0** billion, a growth of **12%**



EPS of NT\$1.37, a growth of **59%**



Sustainability management indicators increased by **83%** in 5 years



Established **97** sets of digital management systems



Carried out **35** action projects Promoted management innovation



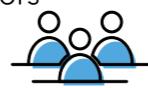
Employee productivity increased by **23%**



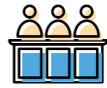
Standalone revenue of NT\$ **57.0** billion, hitting a record high



Female directors accounted for **43%** of total directors



Participated in **47** public associations to contribute influence



83 audit projects to improve risk management



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Awards and Honors

Corporate Sustainability



Intercontinental Group of Department Stores (IGDS)
Top 10 Best Performing Department Stores in the World for Promoting Sustainability Activities



Asia Responsible Enterprise Awards
Corporate Sustainability Reporting



Taiwan Stock Exchange
Top 20% in Corporate Governance Evaluation
(For 8 consecutive years)



Digital transformation of FEDS fifth-generation stores
Silver Award



Taiwan Top 100 Corporate Sustainability Award
(For 6 consecutive years)



Corporate Sustainability Report Platinum Award
(For 8 consecutive years)



Innovative Growth Leadership Award
(For 7 consecutive years)

Environmental Protection



Asia Responsible Enterprise Awards
Green Leadership
(For 3 consecutive years)



National Enterprise Environmental Protection Award
Bronze Award
(Winning award for the 3rd time)



Energy Saving Leadership Silver Award by Ministry of Economic Affairs
Tainan Store



Water Conservation Outstanding Performance Award by Ministry of Economic Affairs
Tainan Store



National Taxation Bureau of the Northern Area, Invoice Issuance
Excellent Enterprise
Mega City Banqiao Store



National Taxation Bureau of the Northern Area
Adopting E-invoice
Excellent Enterprise
Mega City Banqiao Store



National Taxation Bureau of the Southern Area
Cultivation Award for Tax Promotion Activities
Tainan Store



New Taipei City Government Green Procurement Enterprise Award
(For 6 consecutive years)



New Taipei City Government Golden Public Toilet Award
Mega City Banqiao Store



Hualien County Government Energy Saving Leadership Bronze Award
Hualien Store



Climate Leadership Award
(Winning award for the 2nd time)

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Social Inclusion	 AREA INTEGRAL AWARDS 2022 Asia Responsible Enterprise Awards Health Promotion Award	 衛生福利部 國民健康署 National Award for Outstanding Healthy Workplace Vitality Award Headquarters and Tainan Store	 衛生福利部 國民健康署 National Award for Outstanding Healthy Workplace Health Management Award Top City Taichung Store	 New Taipei City Enterprise Outstanding Female Award New Taipei City Government recognized outstanding female business leaders and gender-friendly companies	 臺南 TAINAN Tainan City Government Occupational Safety and Health Outstanding Units Tainan Store	 2022 CHR 最佳進步獎 Healthy Corporate Citizen Award Best Progress Award
Certification	 ISO 14046 Water Footprint Accounting Taoyuan Store obtained certification	 ISO 14064-1 Greenhouse Gas Inventory Hualien Store obtained certification All operating sites will be certified in 2023	 ISO 50001 Energy Management System Headquarters, Mega City Banqiao Store, and Tainan Store obtained certification			
 ISO 9001 Quality Management System Currently, it has been introduced in 5 branches: PaoChing Store, BanQiao Store, Hsinchu Store, Tainan Store, Kaohsiung Store		 Green Building Certification The newly opened Zhubei Store obtained the "gold-grade" green building certification	 Indoor Air Quality Self-management Label "Good Class" (Taoyuan Store, Zhubei Store, Top City Taichung Store, Tainan Store, Kaohsiung Store and Hualien Store)	 Taipei City Building Public Safety Self-management inspection qualified mark FEDS XinYi A13		
 臺中市政府 Taichung City Shopping Mall Low Carbon Certification Top City Taichung Store		 Taiwan i Sports Sports Administration, Ministry of Education Awarded Taiwan i Sports Certification Label	 Healthy Workplace Certification 92% coverage (Zhubei Store is processing the application)		 AED Safe Place Certification 92% coverage (Zhubei Store is processing the application)	

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Analysis of Material Topics

FEDS refers to the AA1000 Accountability Principles and Standards, the sustainability reporting standards issued by the Global Reporting Initiative (GRI), global sustainability standards and norms, sustainable development trends at home and abroad, and topics of concern to domestic peers and stakeholders, and uses them as the judging principles of material topics as well as the basis of the report disclosure. The identification results are used as a reference for the direction of sustainable management actions and enhancement of the quality of sustainable decision-making.

Identify topics



Confirm stakeholders

6 major types of stakeholders

The Corporate Sustainability Committee refers to AA1000 Stakeholder Engagement Standard: based on the principles of dependency, responsibility, influence, diverse perspectives and tension, the Corporate Sustainability Committee confirms the 6 types of stakeholders, including Consumers, Employees, Business Partners, Shareholders (Investors), Government, and Society.



Collect sustainability issues

22 sustainability issues

With reference to sustainable norms and standards, changes in the industrial environment, and sustainable issues of concern to peers, 22 sustainable issues were collected, which were adjusted to 21 after discussions at group meetings, and a questionnaire survey of stakeholders was conducted. Among the 21 issues, there were 3 completely new issues: climate strategy, biodiversity, and labor rights, and environmental issues have doubled.



Conduct survey

1,028 questionnaires

Through 1,002 stakeholder questionnaires, the degree of concern of 6 types of stakeholders on 21 sustainable issues was investigated, including: consumers (316), employees (216), Business Partners (205), Shareholders/ Investors (43), Government (30), and Society (162). In addition, the impact level of each issue on the the Company's operations was evaluated based on the 26 questionnaires for the Corporate Sustainability Committee.



Confirm materiality

15 material topics

The Executive Office of the Corporate Sustainability Committee consolidated the analysis results of 1,028 questionnaires along with 13 impact level questionnaires from management, and finalized 15 material topics, which were submitted to the Corporate Sustainability Committee for approval.

Moreover, for the 5 issues with a total score between 4.2 and 4.3 (scores of severity level and impact level), including corporate governance, climate strategy, sustainable supply chain, social welfare and engagement, green products and services. After reviewing GRI themes and SDGs, FEDS also disclosed relevant management actions and practices in this report.



Review on a regular basis

Corresponding to **21** GRI Standards

The Corporate Sustainability Committee confirms and finalizes the information on the material topics, and continues to pay attention to the positive and negative impacts of material topics and the expectations of stakeholders for FEDS, which will be used as a reference for the appropriateness of material topics for the next year.



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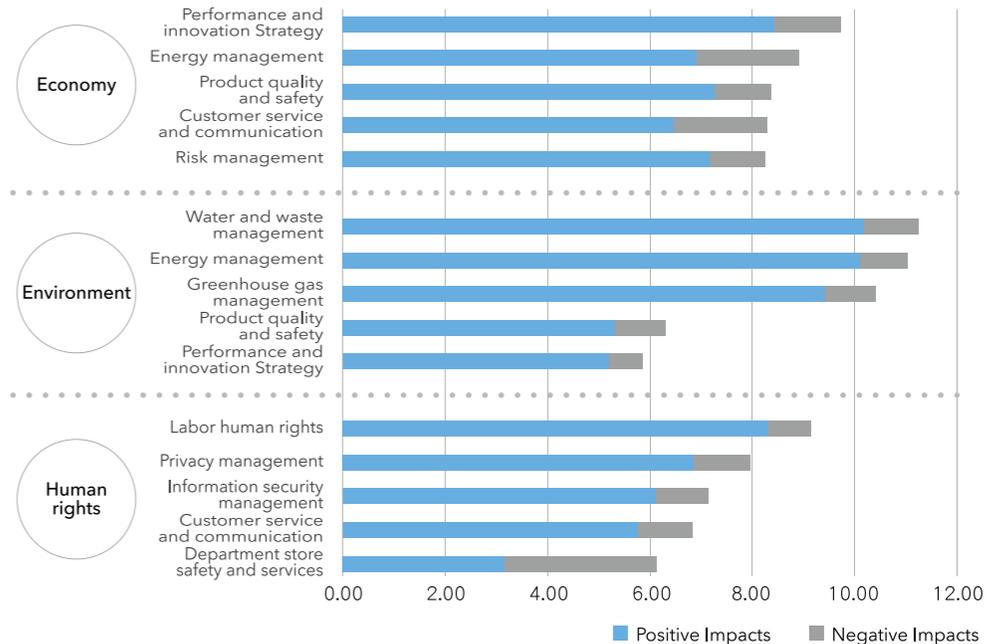
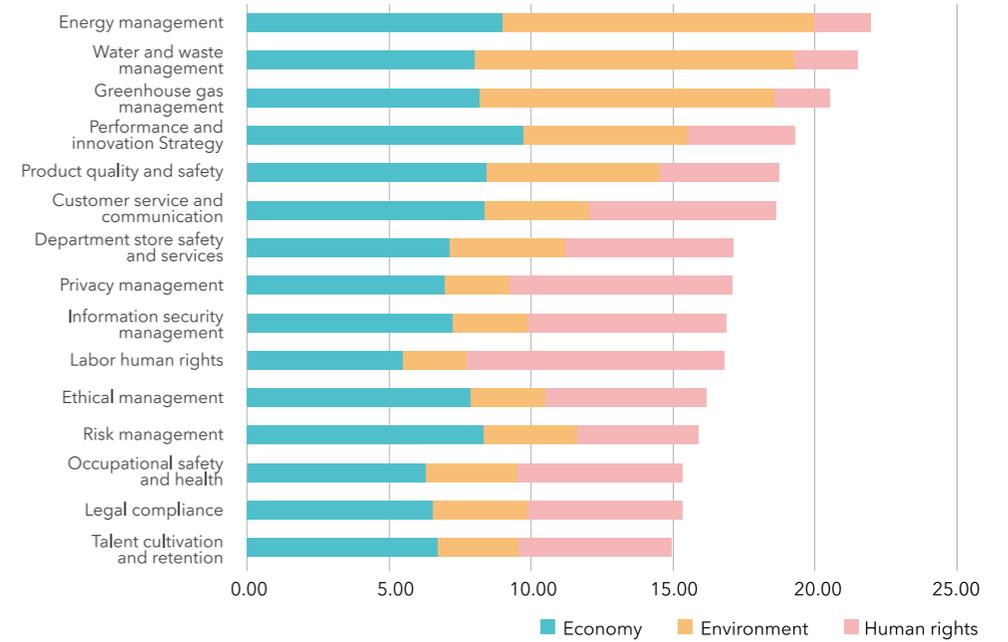
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Impact assessment

With reference to the definition of materiality in the 2021 edition of the Sustainability Reporting Standards, FEDS further analyzed the positive and negative impacts of these topics on the economy, the environment and human rights and the possibility of impact through 13 unit supervisor questionnaires for the identified 15 material topics. After a comprehensive analysis, the ranking of the impact level of the 15 material topics and the ranking of the top 5 impact level of each aspect were concluded.



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◆ Impact description and management

Material topics	Impact description and management	Corresponding chapters
 Energy management	<p>FEDS has an "Energy Management Policy" to promote energy-saving projects. With the growth of turnover, it gradually reduces its dependence on energy. In the past 6 years, the electricity consumption per NT\$1 of turnover has been reduced by 12%. At the same time, in line with the government's energy transition policy, the "Green Power Plan" was launched, and solar photovoltaic equipment was installed in Hualien and Taitung. After completion, it is expected to produce 1.14 million kWh of green electricity per year, increasing the use of green energy, and bringing positive impact on economy and environment.</p>	<p>3.1 Intelligence Energy Management</p>
 Water and waste management	<p>Green operation is the environmental management goal of FEDS. Garbage, kitchen waste, and waste cooking oil are listed as the focus of waste management in the department stores. All waste disposal is in compliance with environmental protection laws and regulations. At the same time, resource recycling is strengthened to reduce the negative environmental impact of department store operations. In addition, in order to reduce the impact of its own operations on local water resources, FEDS promotes water-saving management and improves water resource performance.</p>	<p>3.2.3 Waste management to reduce environmental pollution 3.2.4 Water resource management to improve water efficiency</p>
 Greenhouse gas management	<p>Through greenhouse gas management, FEDS is able to find out the source of carbon emissions, and then formulate more precise directions and plans for carbon reduction, so as to gradually meet the global 2050 net zero declaration. FEDS has set a goal of reducing carbon emissions by 30% in the next five years. Meanwhile, it has established a climate risk-related assessment and management mechanism to drive the department store's operations in a sustainable and environmentally friendly direction, which has a positive impact on the economy and the environment.</p>	<p>3.1.3 Green operation of low-carbon transition</p>
 Business performance and innovation strategy	<p>As the business environment changes, innovation and transformation with the times is an important foundation for the sustainable operation of FEDS. Currently, there are four major operating types in the retail business of FEDS, including department stores, shopping malls, hypermarkets, and high-end supermarkets, which meet the needs of the people in all aspects of life. In 2022, FEDS continued to expand stores, with a consolidated turnover growth of 12% and EPS growth of 59%, which will have a positive impact on the economy. In addition, FEDS has adopted 100% green buildings since its fourth-generation store, which is a pioneer in the development of department stores. It operates in an environmentally friendly and green manner to reduce the negative impact on the environment.</p>	<p>1.1.2 Diversified development and layout expansion</p>
 Product quality and safety	<p>FEDS follows laws and regulations to manage the products it sells. It also binds vendors to abide by government regulations in the counter contract, and formulates internal management regulations for regular inventory and sampling checks to ensure product quality and safety.</p>	<p>4.1 Carefully Selected High-quality Products</p>
 Customer service and communication	<p>FEDS has introduced a quality management system to maintain good customer service quality. It has set up multiple communication channels to listen carefully to customers' suggestions and feedback. In addition, it has established operating regulations such as "On-site Customer Opinion Handling Measures" to ensure that customers' opinions can be addressed in a timely manner to improve the satisfaction with the company, so as to maintain the long-term trust relationship with customers, form a positive cycle, and indirectly contribute to the economic growth.</p>	<p>2.2.4 Listen attentively and respond quickly to customer feedback</p>
 Department store safety and services	<p>Starting from sustainability, FEDS aims to create a "safe, convenient, healthy, and environmentally friendly" shopping environment. Through careful planning of department store facilities, traffic flow arrangements, and service design, FEDS provides friendly department store services for pregnant women and the elderly. FEDS also regularly promotes personnel safety education and training to protect shopping safety in the stores and reduce negative impacts on the environment.</p>	<p>2.3 Optimized Spaces</p>

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Material topics	Impact description and management	Corresponding chapters
 Privacy management	<p>FEDS emphasizes the privacy protection of employees and customers. FEDS reviews the use and storage of personal data held by various units within the Company to ensure that all personal data is properly protected and managed to comply with the "Personal Data Protection Act". Sound privacy management can avoid lawsuits and penalties from competent authorities. FEDS had no personal data leakage incident in 2022, which resulted in a positive impact on the economy and human rights.</p>	<p>1.3.2 Systemic and non-systemic risk management and response</p>
 Information security management	<p>FEDS has an Information Security Officer, an information security team, and an information center to comprehensively strengthen corporate information security and personal data management in terms of technology, procedures, operations, legal compliance, and risk control, and information security early warning and notification mechanism were established to reduce corporate information security risks. Under the effective implementation of internal information security regulations, FEDS had no violations of information security in 2022, which had a positive impact on human rights.</p>	<p>1.3.2 Systemic and non-systemic risk management and response</p>
 Labor human rights	<p>FEDS complies with the human rights policy, ensures that management practices, such as salary measures and promotion mechanisms, are not discriminatory or unequal on the basis of race, nationality, and gender. FEDS also continues to encourage the promotion of outstanding women to take up management positions, reducing the difference in the salary ratio between men and women. In terms of supplier management, FEDS requires suppliers to make human rights commitments together with FEDS through the counter contract and the supplier's Corporate Social Responsibility Commitment Letter. Suppliers who violate human rights laws and regulations will lead to the termination of the business relationship.</p>	<p>4.3 Comprehensive Supply Chain Management 5.1.1 Improving compensation to attract excellent talents 5.3 Considerate and Friendly Workplace</p>
 Ethical management	<p>FEDS attaches great importance to ethical management. In addition to arranging various ethical management education and training, FEDS requires supervisors to evaluate the ethical behavior of subordinates at any time as the basis for annual performance appraisal. FEDS also formulates various ethical management guidelines as the code of conduct for all employees to follow. Meanwhile, the early warning mechanism is implemented in the annual internal control self-assessment, which requires each unit to evaluate whether its business conduct meets the standards of integrity and ethical value required by the Company in order to mitigate the corruption risk and have a positive impact on all kinds of business activities in the economy.</p>	<p>1.3.1 Ethical management and risk mitigations</p>
 Risk management	<p>The responsible unit or cross-departmental functional organization conducts comprehensive risk management and response based on the root cause of "systemic risk" and "non-systemic risk" to ensure that all businesses are implemented under a sound risk management system so as to reduce the impact on the economic and social environment.</p>	<p>1.3.2 Systemic and non-systemic risk management and response</p>
 Occupational safety and health	<p>A safe workplace environment has a positive impact on the economy and human rights. FEDS has promoted employee health promotion plan for four consecutive years to create a healthy workplace environment and promote employee health. Meanwhile, Occupational Safety and Health Committee is set up to promote workplace safety and health projects, and regularly evaluate, review, inspect and improve to reduce the possible negative impact of unsafe workplace.</p>	<p>5.3 Considerate and Friendly Workplace</p>
 Legal compliance	<p>FEDS draws up the direction of compliance with corporate laws and regulations from the three aspects of "establishing systems, implementing management, and educating employees". For the details of operations, processes, products and services in the operation of department stores, we have formulated management measures to strictly abide by government laws and regulations, reduce the risk and responsibility of violating laws and regulations, and avoid unnecessary financial losses and goodwill impairment.</p>	<p>1.3.2 Systemic and non-systemic risk management and response</p>
 Talent cultivation and retention	<p>FEDS promotes industry-academia cooperation, makes good use of department store industry resources, nurtures talents needed by the industry, and designs a complete talent training blueprint and job rotation mechanism to cultivate talents needed for the Company's development. FEDS also attracts external talents to join and retain outstanding talents within the organization through a generous and diverse salary and benefit system, allowing the Company to develop stably.</p>	<p>5.1.1 Improving compensation to attract excellent talents 5.2.1 Professional training to strengthen talent development</p>

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◆ Description of major news



February 2022

In February 2022, the poor design of the moving lines in the parking lot of the Zhubei Store caused troubles for the public to drive through.

In response to the public's response, the exit lane of the underground parking lot was immediately improved. The low wall of the motorway on the right was removed, and the traffic barrier was used to separate the motorway from the car lane with additional markings, and the fire hydrant box on the left side of the car lane was moved. All improvements were completed within 3 days (starting at night on February 9 and finishing in the morning of February 11).



June 4, 2022

On June 4, 2022, the ceiling of Cinemas in the Kaohsiung Store collapsed.

No one was injured due to the collapse of the ceiling of Cinemas in the Kaohsiung Store. From June 5th to June 9th, a comprehensive inspection of the ceiling structure of the theater and the repair of the collapsed ceiling area were completed. The theater resumed normal operation on June 10, 2022.



August 23, 2022

On August 23, 2022, a fan page not operated by FEDS official was opened under the name of "FEDS Online Shopping" to sell products not provided by FEDS.

FEDS reported the fake account to the competent authority, and clarified the information on the official website of FEDS and the fan group, calling on consumers not to be deceived by the fake account.



October 5, 2022

On the afternoon of October 5, 2022, employees of the Kaohsiung Store discovered smoke coming from the substation box in the stairwell on the first floor.

The substation box on the 1st floor smoked for unknown reasons. The employees immediately notified the relevant personnel and put out the fire with a fire extinguisher. Before the firefighters and vehicles arrived, the flames were extinguished by employees, and no casualties were caused. In the afternoon of the same day, the business was closed for inspection and it was confirmed that it was safe before reopening.

◆ Statistics for compliant management



Complaint incident

After the trial operation of the Zhubei Store in January 2022, it received a notice from the Hsinchu County Government to state the opinions, and the noise generated by the operation of the equipment exceeded the standard.



Response

The Zhubei Store immediately reviewed the noise source and installed sound insulation equipment. After retesting, the nighttime volume still exceeded the control standard. As a result, the noise level was measured comprehensively on Zhuangjing 2nd Street, and it was finally confirmed that the noise source came from the noise of the equipment on the top floor. Therefore, the technician and the manufacturer were invited to investigate and propose a noise improvement project. It took about 35 working days for material preparation and on-site construction, and the improvement was completed on June 3.

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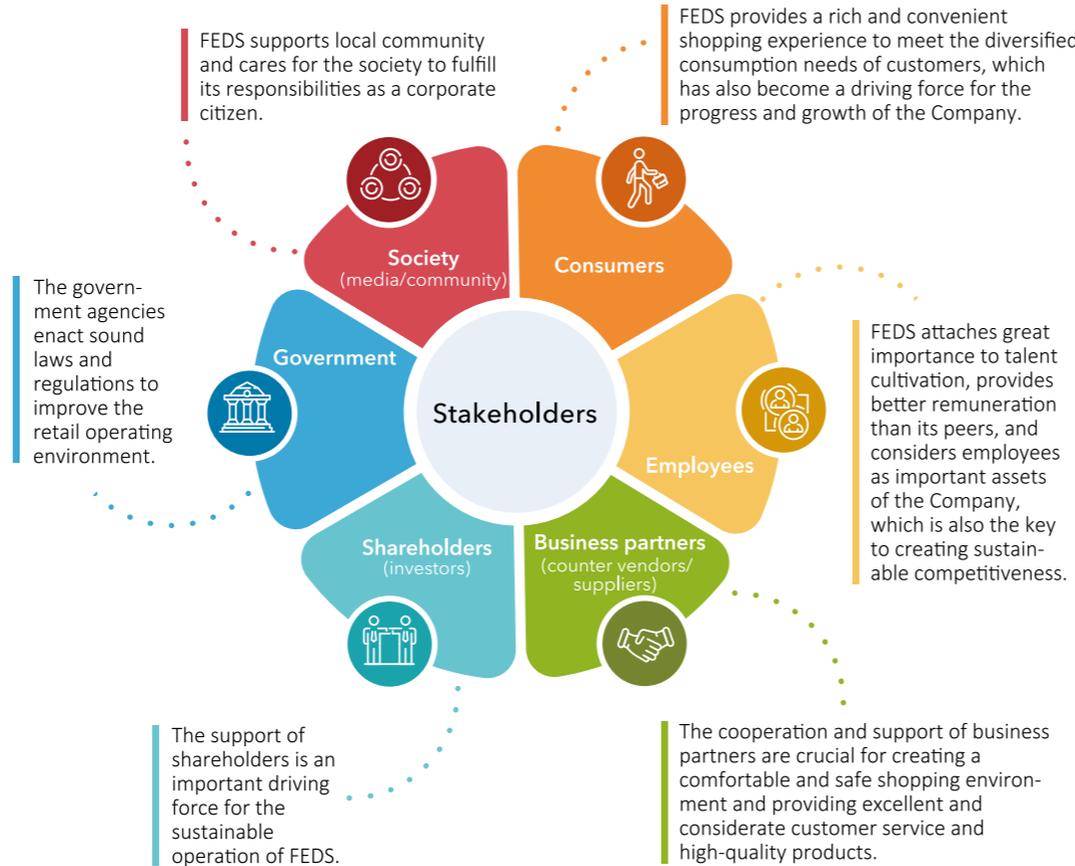
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Communication with Stakeholders

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 the principles of AA1000 Stakeholder Engagement Standards. We care about the major issues of concern to our stakeholders and respond to them in a timely manner. We also develop management plans and action strategies accordingly in response to the requirements and expectations of stakeholders.



	Consumers	Employees
Material topics of concern	Department store safety and services Privacy management Occupational safety and health	Privacy management Occupational safety and health Department store safety and services
Communication strategy	We operate with the wishes of consumers in mind to provide quality services, improve customer satisfaction, and create a good sustainable life.	We establish smooth communication channels and create a healthy and happy workplace where employees can work with peace of mind and grow together with the Company.
Channels and frequency of communication	<p>Irregular: TV commercials/satisfaction survey/customer service hotline/suggestion mailbox</p> <p>Regular: FEDS app/event DM/social media</p> <p>Contact point: Each branch store Tel: For toll-free hotline number, please refer to the website: https://www.feds.com.tw/tw/ContactUs</p>	<p>Irregular: Internal announcement/email/employee suggestion mailbox</p> <p>Regular: Department meeting/labor-management meeting/Employee Welfare Committee/Occupational Safety and Health Committee/questionnaire survey</p> <p>Contact point: Human Resources Department Tel: 02-7727-8168</p>
Corresponding chapters	2. Innovative Department Store Benchmark 1. Sustainable Management and Governance 5. A Healthy and Happy Workplace	1. Sustainable Management and Governance 5. A Healthy and Happy Workplace 2. Innovative Department Store Benchmark
Communication achievements	<ul style="list-style-type: none"> • 1.079 million followers on social media • Handled 916 cases of customer feedback • Over 10,500 push notifications by POS machines • Monthly traffic on the official website reached 2.598 million people 	<ul style="list-style-type: none"> • 4 labor-management meetings • 4 meetings of the Employee Welfare Committee • 4 meetings of the Occupational Safety and Health Committee • 697 internal announcements • 1,613 employee questionnaire surveys

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	 Business partners (counter vendors/suppliers)	 Shareholders (investors)	 Government	 Society (media/community)
Material topics of concern	Department store safety and services Privacy management Occupational safety and health Ethical management	Ethical management Business performance and innovation strategy Customer service and communication Product quality and safety Legal compliance Privacy management	Ethical management Product quality and safety Department store safety and services	Customer service and communication Product quality and safety Privacy management
Communication strategy	We create the best partnership and provide high-quality products and services through sustainable supply chain to meet customer needs and enrich the consumer experience.	We deliver excellent profitability performance and fulfill our corporate social responsibility to achieve sustainable management.	We comply with laws and regulations and strengthen corporate governance to ensure stable operations of the Company.	We communicates and gives back to stakeholders to establish and exert a positive social influence.
Channels and frequency of communication	<p>Irregular: Coordination meeting/promotion meeting/sales visit/phone call/email</p> <p>Regular: Morning meeting/vendor conference</p> <p>Contact point: Product Planning Office, Procurement Department Tel: 02-7727-8168</p>	<p>Irregular: Investor conference/phone call/email</p> <p>Regular: Shareholders' meeting/annual report/financial statement/Market Observation Post System</p> <p>Contact point: Investor relations portal Email : irjt@feds.com.tw</p>	<p>Irregular: Forum/seminar/safety inspection/on-site audit/phone call/email</p> <p>Contact point: Each business unit Tel: 02-7727-8168</p>	<p>Irregular: Press conference/brand event/in-person visit/phone call/email</p> <p>Contact point: Marketing Planning Office, each branch store https://www.feds.com.tw/tw/ContactUs Tel: 02-7727-8168. For toll-free hotline number of each branch store, please refer to the website: https://www.feds.com.tw/tw/-ContactUs</p>
Corresponding chapters	2. Innovative Department Store Benchmark 1. Sustainable Management and Governance 5. A Healthy and Happy Workplace	1. Sustainable Management and Governance 2. Innovative Department Store Benchmark 4. Safe Product Management	1. Sustainable Management and Governance 4. Safe Product Management 2. Innovative Department Store Benchmark	2. Innovative Department Store Benchmark 4. Safe Product Management 1. Sustainable Management and Governance
Communication achievements	<ul style="list-style-type: none"> • Held 1 annual vendor conference • 1,117 Supplier CSR Commitment Letters were signed • 100 counters with GHP (Good Hygienic Practices) marks • 47 green restaurants 	<ul style="list-style-type: none"> • Held 1 annual shareholders' meeting • Held 1 investor conference • Released 40 material information of the Company in both Chinese and English 	<ul style="list-style-type: none"> • We participated in the 9th corporate governance evaluation • Served as an model company in the National Sustainable Development Award • Promptly responded to inquiries from regulatory authorities • Participated in 5 government seminars and other communication meetings 	<ul style="list-style-type: none"> • 783 public welfare activities • Received 155 certificates of appreciation from various parties in the society • 51 employee volunteer service events with a total of 925 hours

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◆ Prioritization of material topics and identification of impact scope

Topics	Meaning to FEDS	Disclosure items	Corresponding chapters	Page Number	Scope of impact				
					Upstream		FEDS	Subsidiaries	Downstream
					Suppliers	Counter vendors			Consumers
1 Energy management	Promote energy management and implement energy saving measures to improve electricity efficiency and reduce energy dependence	302 Energy	3.1 Intelligence Green Energy 3.3 Persistent Green Actions	60 73	●	●	●	●	●
2 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 to reduce environmental impact	306 Waste	3.2 Real-time Smart Property Management	68		●	●	●	●
3 Greenhouse gas management	Transform to low-carbon retail in response to climate change and move towards achieving the net zero goal by 2050.	302 Energy	3.1 Intelligence Green Energy	60		●	●	●	
4 Business performance and innovation strategy	Implement the spirit of innovation and promote management action projects to deliver excellent business performance.	201 Economic performance	1.1 Forward-looking Innovative Management 3.2 Real-time Smart Property Management	26 68	●	●	●	●	●
5 Product quality and safety	Value product quality and food safety management, and offer the products at the best price.	2-29 Approach to stakeholder engagement 416 Customer health and safety 417 Marketing and labeling	1.3 Sound Risk Management 4.1 Carefully Selected High-quality Products 4.2 Safe and Delicious Food and Beverage 4.3 Comprehensive Supply Chain Management	38 78 82 87			●	●	●
6 Customer service and communication	Maintain customer relationships and customer satisfaction, communicate product and service information with customers, and provide personalized services.	2-29 Approach to stakeholder engagement 417 Marketing and labeling	1.3 Sound Risk Management 2.3 Optimized Space 4.1 Carefully Selected High-quality Products 5.1 Compensation and Benefits Superior to Peers	38 53 78 94	●	●	●	●	●
7 Department store safety and services	Inspect the safety and sanitation of public facilities, provide friendly services, and establish an inspection and management mechanism to create a safe shopping environment.	416 Customer health and safety	2.3. Optimized Space	53	●	●	●	●	●
8 Privacy management	Review the use and storage of personal information in each unit, implement personal information protection, and reinforce employees' awareness of customer privacy.	418 Customer privacy	1.3 Sound Risk Management	38		●	●	●	●

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Topics	Meaning to FEDS	Disclosure items	Corresponding chapters	Page Number	Scope of impact				
					Upstream		FEDS	Subsidiaries	Downstream
					Suppliers	Counter vendors			Consumers
9 Information security management	Establish sound internal processes and norms to implement enterprise information security management	418 Customer privacy	1.3 Sound Risk Management	38		●	●	●	●
10 Labor human rights	Formulate and implement human rights management policy, protect the rights and interests of employees, and create an equal and respectful workplace environment.	2-23 Policy commitments 2-24 Embedding policy commitments	5.3 Considerate and Friendly Workplace	102	●	●	●	●	●
11 Ethical management	Comply with the free market mechanism to avoid business conducts that violate the laws or the principle of customer integrity	205 Anti-corruption	1.3 Sound Risk Management	38	●	●	●	●	●
12 Risk management	Identification and control measures for systemic and non-systematic risks	2-16 Communication of critical concerns	1.3 Sound Risk Management	38	●	●	●	●	●
13 Occupational safety and health	Improve the safety of the working environment, promote the physical and mental health of employees, and enable employees to work with peace of mind	403 Occupational safety and health	5.3 Considerate and Friendly Workplace	102		●	●	●	
14 Legal compliance	Comply with the laws and regulations related to the Company's operations	2-27 Compliance with laws and regulations	1.3 Sound Risk Management	38			●	●	
15 Talent cultivation and retention	Cultivate employees' professionalism to obtain better working capabilities and establish an excellent employee development mechanism while providing compensation and benefits superior to peers so that employees can receive incentive and competitive remuneration	201 Economic performance 202 Market presence 401 Employment relations 402 Labor/management relations 404 Training and education 405 Diversity and equal opportunity 406 Non-discrimination 407 Freedom of association and collective bargaining 409 Forced or compulsory labor	1.3 Sound Risk Management 5.1 Compensation and Benefits Superior to Peers 5.2 Integrated Talent Cultivation 5.3 Considerate and Friendly Workplace	38 94 98 102			●	●	

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1 Sustainable Management and Governance

FEDS is the longest-running department store in Taiwan, with the most widely distributed store locations and the most localized and sustainable transformation. As the most sustainable department store in Taiwan, FEDS keeps progressing with the times, innovating and growing, and fostering its corporate sustainable capabilities. In the next 5 years, we will enter the ESG 2.0 phase, and through a more forward-looking vision, macro thinking, and prudent management, we aim to enhance our corporate sustainable value and create a more sustainable future.

1.1 Forward-looking Innovative Management	26
1.2 Robust Sustainable Governance	32
1.3 Sound Risk Management	38

In response to 7 material topics

- | | | | |
|-----------------------------------|----------------------|--|-------------------|
| • Corporate governance | • Legal compliance | • Ethical management | • Risk management |
| • Information security management | • Privacy management | • Business performance and innovation strategy | |



Response to stakeholders :

- Consumers
- Employees
- Business partners (counter vendors/suppliers)
- Shareholders (investors)
- Government



The Company achieved a record-breaking milestone with a revenue of NT\$ **57** billion, marking an all-time high in its performance

Ranked in the **top 20%** in corporate governance evaluation

Expanding its retail footprint **Far Eastern Department Store** successfully opened a new branch in Zhubei

Over 40% of the Board members are female
The ratio is **2.96** times higher than the average among listed companies

Management innovation
Executing **35** action projects

Being selected as one of the **top 10** best sustainable department stores worldwide

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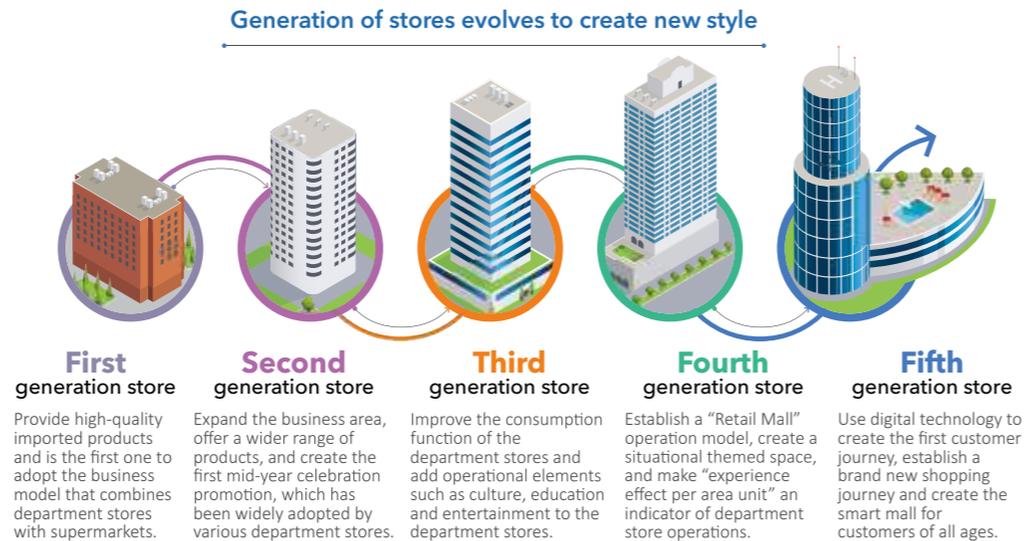
1.1 Forward-looking Innovative Management

Facing the rapidly changing business environment, FEDS formulates the sustainability strategy based on its forward-looking vision and maintains stable profitability through innovation, transformation and diversified operations. Meanwhile, the Company strives to exert a positive influence in the business process, and continues to improve the management actions and implementation results of environmental, social, and corporate governance issues, laying a solid foundation for the Company's sustainable growth and sustainable operations.

1.1.1 Innovation and transformation to establish the foundation for sustainable operations

Advance with the Times and continuously innovate

Keeping abreast of environmental changes and progressing with the times through innovation, change, and transformation are essential foundations for the sustainable operations of FEDS. After more than half a century of operation, FEDS has developed from the first-generation store to the fifth-generation store. Each generation of stores has taken "sustainability as the starting point" and constantly injected innovative elements into its operation model, developing traditional department stores into a complex shopping mall chain with shopping, dining, leisure and entertainment functions. FEDS has created a new business style and pattern in the department store industry, and is moving towards a sustainable leading retail brand.



Leading Environmental Preservation Sustainable Fashion

Since the fourth-generation stores of FEDS (Top City Taichung Store and Mega City Banqiao Store), in addition to integrating the concept of "green building" into the store planning to practice environmental sustainability, FEDS also pays more attention to improving and adjusting the building body, space design, and product structure to create theme-based architecture, contextual spaces, diversified restaurants and other features, leading the consumption trend of department stores, and making "experience effect per area unit" a key indicator of department store operations. FEDS's newest fifth-generation store, the Zhubei Store, launched the soft opening in January 2022. The Zhubei Store was awarded the "Gold Grade" green architecture certification, and its experiential department store features and artistic landscape design have attracted the public's attention, with approximately 30,000 visitors on the first day of the soft opening.



Basic Information of FEDS

- Year established : 1967
- Location of headquarters : 18th Floor, No.16, Xinzhan Road, Banqiao District, New Taipei City
- Capital : NT\$14.169 billion
- Products and services : Department store retail
- Sales markets : Taiwan and Mainland China
- Number of employees : 1,374
- Primary affiliates : FE SOGO \ a.mart \ city'super \ The Mall
- Operating locations : 47
- Stock Code : 2903

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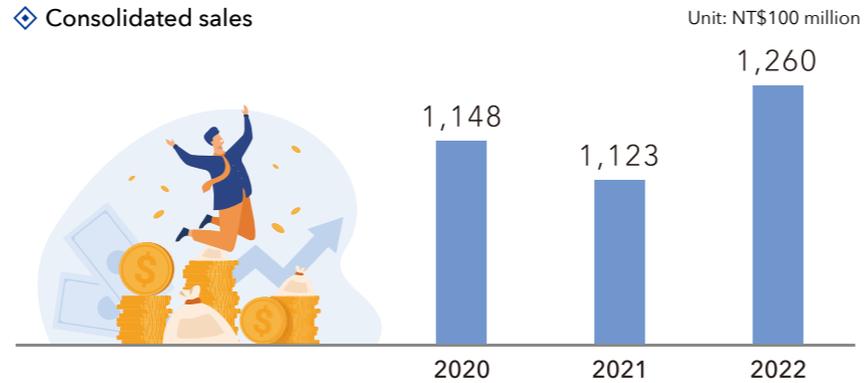
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1.1.2 Diversified development and layout expansion

FEDS has expanded its store locations across Taiwan. By 2022, FEDS has 12 operating locations in 10 cities and is the most widely distributed department store in Taiwan. While pursuing innovation and growth in its core business, FEDS is also diversifying its retail business. Currently, FEDS retail group has four major business formats, including department stores, shopping malls, hypermarkets and high-end supermarkets, which meet the needs of the people's daily lives. In 2022, there were 47 operating locations across Taiwan and China, with a consolidated revenue of NT\$126 billion (NT\$35.9 billion in consolidated revenue according to the financial statements prepared in accordance with IFRS), a growth of 12% compared to the previous year.



Performance hit a new historical high

With the local epidemic situation easing, the crowds of department stores have obviously returned, which has boosted consumer sentiment and has also driven up buying momentum and sales. Due to the rebound of customers and the buoyant market, the Zhubei Store has delivered outstanding performance. It achieved a profit in the first year of operation and exceeded the original target. Other existing stores also delivered good results with growth. Driven by the double boost of successful store expansion and growth of existing stores, FEDS's sales in 2022 hit a new high in 55 years, reaching NT\$57 billion, a 22% growth compared to the previous year, with an EPS of NT\$1.37, up 59% YoY. The sales surpassed NT\$58 billion, setting a new record high.

Successful trial operation of the Zhubei Store

After five years of careful preparation, recruiting nearly 350 brand counters and integrating elements of culture, aesthetics, lifestyle and art, the Zhubei Store successfully began trial operation on January 14, 2022. The Zhubei Store is the first BOT project for the Company. Through BOT, FEDS has increased job opportunities and promoted economic development, leading to triple wins of the public, government, and enterprise. The opening of the Zhubei Store will inject new energy into the Company's growth momentum, and the distinctive architectural features and unique product charm are also expected to set a new milestone for FEDS's business layout.

Paoching Store renovation project has been launched

Following the success of the ZhuBei Store opening, FEDS has continued its growth momentum. Currently, the renovation project of the first-generation Paoching Store has been launched. The Company has invited world-renowned designers to participate in the design, which will combine environmental protection, culture, and fashion elements to create a sustainable shopping experience that is both space-conscious and service-oriented. The goal is to build a high-standard, new-generation green department store that will once again become a new landmark in Ximending and renovate the urban landscape of the western district of Taipei, creating a sustainable new city.

Opening of the shopping mall in Chongqing

On the Mainland China front, FEDS will continue to invest and seek development opportunities. Among them, the Chongqing Longxin Shopping Center is located in the core business district of Chongqing Guanyinqiao, and is expected to grandly open in 2024 with a shopping area of 80,000 square meters. This will increase the operating area in China by 60% and create a new landmark for middle and high-end consumers, which is expected to double the growth momentum in Mainland China.



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◆ Operating locations



Note: The blue is within the report boundary. The Zhubei Store and city'super Zhubei Store are added in 2022. The green is outside the report boundary.

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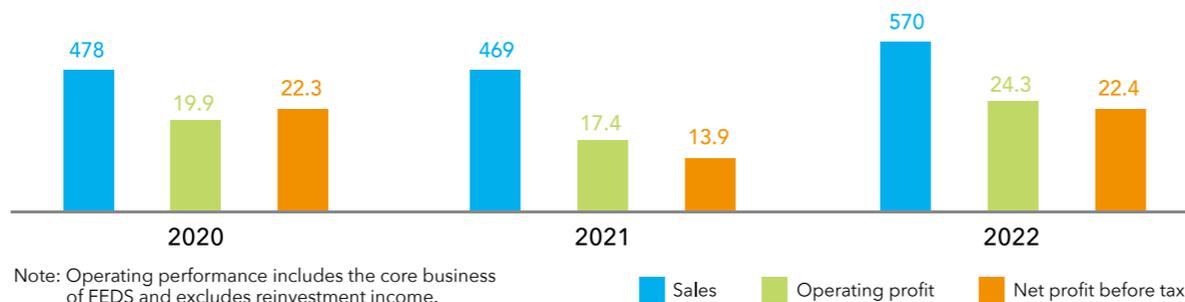
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Operating performance

Unit: NT\$100 million



Financial performance

Unit: NT\$

Item	2020	2021	2022
Total assets	128,423,769	130,727,311	126,901,554
Total liabilities	88,635,481	90,892,153	86,354,290
Total shareholders' equity	39,788,288	39,835,158	40,547,264
Operating revenue	37,287,949	35,308,464	35,863,910
Net profit after tax (Attributable to the parent company)	1,939,139	1,208,100	1,930,174
Employee remuneration and benefits	3,603,031	3,588,512	3,821,341
Distribution of shareholder dividends	2,469,435	2,277,127	2,601,915
Interest paid	208,441	178,847	220,561
Paying government income tax	626,394	562,923	540,354
Community investment	22,824	2,750	2,400
Return on assets (%)	2.49	1.96	2.64
Return on equity (%)	6.46	4.78	6.73
Earnings per share (EPS, NT\$)	1.38	0.86	1.37

Dividend distribution

Unit: NT\$



Note: The dividend distribution (cash dividends) represents the distribution of the previous year's earnings.



city'super moved into Zhubei and opened its eighth store

city'super Zhubei Store opened on January 14, 2022 at B2 of FEDS Zhubei Store. city'super Zhubei Store occupies 440 pings and features a design that heavily incorporates green plants and wood to create a green and friendly shopping environment. The selection of products is based on three core themes: "green sustainable development", "exquisite taste" and "artisanal service/products". For the first time, city'super Zhubei has also largely introduced "organic traceable agricultural products direct delivery section", "animal welfare eggs", "small farmer fresh milk section", etc. to cater to the lifestyle of consumers in the Hsinchu Science Park area. The latest brand concept of "crafting a better lifestyle" is also promoted to encourage a new healthy and sustainable lifestyle.



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1.1.3 Embracing digital transformation and heading for new retail

In the AI era, digital technology is driving the flourishing development of enterprise digital transformation. FEDS uses digital technology to adjust its business pace and promote digital transformation. Focusing on the three key directions of "digital operation, digital experience, and digital management", FEDS aims to build a more digitalized shopping mall, making the operation process and service more efficient, and providing a more convenient and interesting consumer experience to enhance customer engagement and improve customer satisfaction.

To speed up the progress of digital management, FEDS management unit continuously worked on various digital projects in 2022, including 82 items such as electronic forms, workflow digitization, etc. which have shown remarkable results of digitalization and greatly improved operational and personnel efficiency.

Consolidation of management forms increased efficiency by 80%

In 2022, the Management Division carried out the consolidation of inspection forms of 12 branches, so as to avoid repeated inspections of the same items by the front-line and logistics personnel during floor inspections. After reviewing the items of inspection forms, FEDS successfully completed the consolidation of generic forms, improving staff efficiency by 37%. In addition, the Management Division also promoted the consolidation of approval forms for administrative matters such as cleaning and repairs. After consolidating the items of 12 branches, the responsible unit of the head office now handles sign-off and requisition on a centralized basis, effectively reducing 80% of sign-off documents and request forms.



Digitalization of payroll increased efficiency by 67%

The Human Resources Department completed the revision of 12 management regulations and operational procedures in 2022, while continuously promoting the digitalization of HR management to reduce manual work time and improve administrative efficiency. In addition to changing the sign-off process of 11 personnel change forms from paper-based to electronic, the Human Resources Department also used the system to automatically compare the attendance record of employees with their shift schedules and leaves, thus saving 48 hours of man-hours per month. Furthermore, payroll processing time was shortened from 3 days by paper-based method to 1 day through online banking, and operational efficiency increased by 67%.



Efficiency of fund scheduling improved by 70% through digitization

The fund scheduling operation workflow of FEDS and its subsidiaries involves 9 levels of sign-off from the person in charge to the actual payment. After the fund scheduling system was launched, the total time for the process was reduced from 5.5 hours for paper-based sign-off to 1.8 hours for online sign-off through digitization, which, together with the reduced processing time of the person in charge, totally saved about 70% of working hours. In addition, we have added many additional functions to this system, such as: automatically comparing (checking) scheduling transactions, establishing a scheduling transaction database, etc. Manual operational risk is significantly reduced through digital assistance.



Optimization of 5 functions in procurement management system

The Procurement Department has been continuously enhancing the procurement management system with 5 optimized functions, such as: After the completion of negotiation and acceptance of the procurement case, the system will directly notify the winning bidder of the negotiation results and invoicing. The notification will be sent via email, replacing the traditional telephone contact method. In order to improve the efficiency of communication and the accuracy of procurement operations, functions such as procurement opinion consultation, document review and payment terms consultation have been added to the procurement management system. In the future, the Procurement Department also plans to establish an online quotation platform to make the procurement process more timely and transparent.

1.6 million sheets of paper were saved in the accounting digitization project

The Accounting Department continues to carry out the digitization project, and through the digitization project, the accounting operations of the head office and branch offices are properly divided to achieve efficiency improvement, paper saving, and labor saving. For example, importing electronic invoices from vendors reduced manpower by 324 hours; digitizing the sign-off process of accounting vouchers saved paper costs of NT\$16,000 and storage space; introducing the BPC system reduced manpower by one-third and shortened working time for each report by 16 days; improving the efficiency of cashier review at the counter reduced manpower by an average of 120 hours per store. Overall, the Accounting Department's digitization project in 2022 saved a total of 1.6 million sheets of A4 paper, which translated into an environmental benefit of 10,880 kg of carbon reduction.



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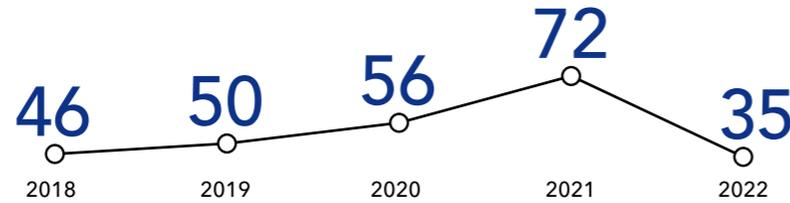
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1.1.4 Management innovation to maintain competitiveness

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, and drive business performance improvement. In 2022, FEDS has promoted 35 management action projects to strengthen accountable capability, agile capability, operational capability and strategic capability of the organization, 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 Establishing accountability management

Accountable capability

"Accountability" is different from "responsibility". "Responsibility" refers to only doing the tasks assigned by the organization, while "accountability" means being willing to do more for the desired results. Therefore, "understand why to do it", "obtain necessary resources", and "adequate delegation of authority at different levels" are the key points to implement the accountability system. In 2022, FEDS Management Division gathered 12 management units on a regular basis through regular weekly meetings, and held about 50 meetings with approximately 1,200 participants. Through meetings and discussion, each participant can better understand various project tasks, divide the work and cooperate, and provide support and resources to each other in order to jointly achieve management goals.

Management innovation 2 Deploying green energy

Operational capability

FEDS established the "Green Energy Team" at the end of 2021, with the General Affairs Department as the executing unit. The "Green Energy Plan" was officially launched in 2022 to install solar photovoltaic equipment in Hualien and Taitung. By increasing the proportion of green energy, FEDS aims to achieve the goal of 30% carbon reduction over the next five years. The relevant equipment is expected to be completed in 2024. After commissioning, it is estimated that it can produce about 1.14 million kilowatt-hour of green electricity per year, which is equivalent to the annual electricity consumption of a 1,000-ping store, and can reduce carbon emissions by 580 metric tons per year. The electricity generated by FEDS's "Green Energy Plan" will be self-generated and self-used, which not only supports green energy with practical actions, but also enables FEDS to gradually move towards a green and low-carbon department store. For more information on the Green Energy Plan, please refer to "3.1 Intelligence Energy Management".

Management innovation 3 Building a mobile office

Agile capability

Since the launch of the FEDS mobile office in October 2019, we have continued to implement the paperless office policy. In 2022, the mobile office has integrated 27 developed digital systems, increased the number of electronic forms to 120, an increase of 10% over last year, and completed the full implementation of electronic bulletin. By creating the mobile office, FEDS has significantly reduced the time for document submission and sign-off, and has established a unified information dissemination route to allow employees to receive company messages in real-time, which has greatly improved mobile productivity in the digital workspace.

◆ **Mobile office**



Management innovation 4 Improving operating efficiency

Strategic capability

To reduce fixed costs and improve 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 the budget achievement of each department and branch every month, reviews the reasons for the overrun, and manages operating expenses effectively through monthly KPI data management. In 2022, due to persistent impact of COVID-19, the management unit flexibly adjusted the budget control, and the cost control effect was remarkable, with the saving reaching 14% to 36%. In the future, we will continue to promote target budget management, and help to increase the operating profit rate to 5% as our target.

◆ **Results of expense control**



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1.2 Robust Sustainable Governance

1.2.1 Driving Sustainability and Establishing Sustainability Committee

FEDS established the Corporate Sustainability Committee to develop a sustainable vision and strategy and track practical performance. The President serves as the chairman of the committee, the vice president and chief financial officer of the Management Division serves as the chief executive officer, and the Executive Office is set up to be responsible for communication and integration of sustainable business. At the same time, the Executive Office is also in charge of the preparation of the "Sustainability Report". In March 2022, FEDS held the 3rd meeting of the 19th term Board of Directors to approve the revision of the "Corporate Sustainable Development Policy" with amendments of 23 articles, in order to establish a clearer management policy and implementation direction to carry out corporate governance, develop a sustainable environment, maintain social welfare, and strengthen corporate sustainability information disclosure, so as to improve the effectiveness of promoting the sustainable development of the Company.

◆ Corporate Sustainability Committee



Regular reporting to the Board of Directors

From the second quarter of 2022, the Corporate Sustainability Committee reports on the results and progress of its sustainable business operations, including greenhouse gas inventory and verification schedules, to the Board of Directors on a quarterly basis. The Board of Directors listens to the sustainability report, reviews the content and direction of the sustainability work, provides advice as needed, and supervises the management team to make timely adjustments. In 2022, a total of three reports were presented to the Board of Directors. In 2022, FEDS's Board of Directors passed a total of 59 resolutions. For important resolutions, please refer to the Company's website: <https://www.feds.com.tw/shareholder/tw/11/20221111001.pdf>.

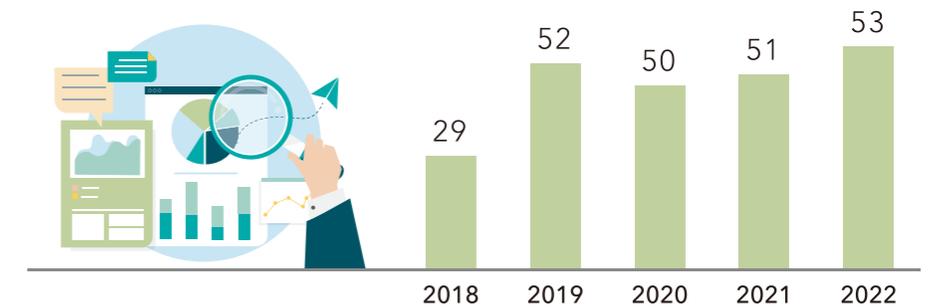
Regular senior management meetings to implement sustainable actions

FEDS focuses on the strategy and actions of sustainability through weekly senior management meetings, and continuously improves its ability to create sustainable value. In addition, through monthly regular management, operation, product and marketing meetings, sustainable issues such as operation services, product management, human resources management, energy and environmental protection are discussed so that major issues related to the sustainable development of enterprises can be managed continuously, ensuring that sustainable actions of environmental sustainability (E), social welfare (S), corporate governance (G) are effectively implemented and injecting the energy of development into the sustainable operation of FEDS.

Implementing sustainable management KPIs

In order to create and implement sustainable value, the management department has established ESG indicators. FEDS regularly tracks the performance of each indicator every month, and revises the management indicators at the end of the year according to the Company's future development direction. In the past 5 years, the number of KPIs has increased by 83%. FEDS establishes a positive cycle of continuous improvement through sustainable performance management to drive the good performance of FEDS's sustainable operation.

◆ The number of ESG indicators



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Sustainable projects build consensus among employees

In order to cultivate employees' understanding of the concept of sustainability and implement into the actual management and operation process. FEDS has promoted the "Sustainability UP Project" since 2018. Through sharing sessions, e-newsletters, education and training and other activities, FEDS has built a sustainable consensus and established a common sustainable value and culture, so as to inject sustainable energy into the enterprise. In October 2022, the President of FEDS encouraged colleagues to work hard to implement ESG in their work in the column of "Message from the President" on the Company's mobile office platform, and continue to let the Company move forward steadily on the road of sustainable operation, driving FEDS to grow continuously as well as driving the sustainable performance of Taiwan society.

Sustainability UP

Sharing international sustainability updates

The Executive Office of the Corporate Sustainability Committee regularly shares international sustainability updates and standards at management meetings. On July 21, 2022, 5 employees participated in the "International CSR & Sustainability Summit 2022" organized by Enterprise Asia, with more than 300 corporate executives and corporate social responsibility practitioners from 19 countries/regions. The theme of the summit was "The ZERO Shift", which explored how to achieve zero emissions, zero waste and zero inequality in a sustainable way.



Sustainability UP

Training sustainability lecturers

To make employees better understand the practical cases of benchmarking companies to promote corporate sustainability, FEDS encourages its 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 2022, a total of 3 employees participated in the sustainability training courses, and obtained the "Corporate Sustainability Manager Certificate". A total of 136 employees have been involved in the review of the Sustainability Report Award.



FEDS's e-office



"Message from the President" Column

Dear colleagues,

The wheel of time keeps turning, and the global department store retail industry has undergone significant changes with the advancement of technology. As professionals in the department store retail industry, how to adapt to these transformations with agility is a common challenge we face.

Over the past few years, while we have been dedicated to expanding our stores, we have also remained committed to corporate social responsibility. In line with government policies, we actively promote various ESG (Environmental, Social, and Governance) sustainable initiatives, and we have achieved commendable performance in this regard. In the future, all colleagues are encouraged to work harder to integrate ESG principles into our daily operations, thereby continuing to propel the Company steadily forward on the path of sustainable business practices.

Although the COVID-19 pandemic and inflation remain the most significant factors impacting the retail industry, with thorough preparation, attention to detail, and improved efficiency, we can still achieve profit growth and sustained expansion. It is essential for everyone to prioritize cost containment and meticulously execute various project plans. Remember, "RETAIL IS DETAIL."

The busiest season of the year has arrived, and as always, we should continue to prepare diligently, ensuring everything is in place, and serve our customers with the spirit of "operating with the wishes of customers." By doing so, we are destined to embrace a bountiful fourth quarter.

Lastly, best wishes to everyone

May you all surpass your performance targets, good health and may all your endeavors be successful.

President Nancy Hsu



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1.2.2 Improving governance and focusing on shareholders' 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 profitability growth of the Company.



Enhancing information transparency

FEDS has both Chinese and English websites, which disclose complete revenue information of the financial reports, major news, and related corporate governance information. It also has a spokesperson and acting spokesperson system, and holds investor conference and releases public information from time to time to maintain constant communication with stakeholders. The Company also has a dedicated person responsible for the collection of company information and the disclosure of major information in the "Market Observation Post System", which effectively increases the transparency of information and improves the quality of corporate governance.

Promoting corporate governance actively

Since 2019, FEDS has established a "Corporate Governance Officer" to supervise and execute the corporate governance business. The Corporate Governance Officer has completed 14 hours of training in 2022. The main duties and implementation status in 2022 are as follows:

- The agenda of the Board of Directors was notified to the directors 7 days in advance, and the minutes was completed within 20 days after the meeting.
- Confirmed that the meetings of the Board of Directors and the shareholders' meeting were convened in accordance with the requirements of Corporate Governance Principles.
- Handled shareholders' meetings, and prepared meeting notices, meeting handbooks, minutes, etc.
- Announced 40 major company messages in both Chinese and English respectively and reviewed the legality and correctness of the content.
- Formulated the annual training plan for directors and assisted in arranging 6 courses.
- Arranged 4 communication meetings between independent directors, audit officers and CPAs.

Ranked in the top 20% in corporate governance

In 2022, FEDS revised 12 corporate governance norms, including the "Corporate Sustainable Development Policy", "Articles of Incorporation", "Corporate Governance Principles", and "Rules of Procedures for Shareholders Meetings", making the Company's management and operation and business mechanism more comprehensive. At the same time, it also protects the interests of shareholders and takes into account the interests of other stakeholders. In the 2022 Corporate Governance Evaluation, FEDS ranked the top 20% among other companies and this is the eighth year that it has been ranked in the top 20%, demonstrating good corporate governance implementation results. In the future, we will continue to implement and promote corporate governance in accordance with the various guidelines issued by the competent government authorities to ensure the steady development of the governance mechanism.

Corporate governance implementation results

 Enhancing the functions of the Board of Directors	<ul style="list-style-type: none"> ★ The number of independent directors exceeds one-third of the total directors ★ Implementing the disclosure of Board diversity information ★ Buying liability insurance for directors and important staff 	<ul style="list-style-type: none"> ★ The number of training hours for directors complies with legal requirements ★ Quarterly financial statements should be consented by the Audit Committee
 Improving information transparency	<ul style="list-style-type: none"> ★ Disclosing information of the Sustainability Report in accordance with international GRI Standards ★ Disclosing information of the Sustainability Report in accordance with international TCFD Standards ★ Disclosing information of the Sustainability Report in accordance with international SASB Standards ★ Publishing the English version of the Sustainability Report 	<ul style="list-style-type: none"> ★ Releasing the financial information of the previous year within 75 days after the end of the year ★ The "Investor Section" is set up on the Company's website to disclose government information ★ The "Sustainable Development Section" is set up on the Company's website to disclose ESG information
 Facilitating communication with stakeholders	<ul style="list-style-type: none"> ★ Uploading the handbook of shareholders' meeting and other materials 30 days before the shareholders' meeting ★ Uploading the Company's Chinese annual report 18 days before the shareholders' meeting ★ Uploading the Company's English annual report 16 days before the shareholders' meeting 	<ul style="list-style-type: none"> ★ Adopting electronic voting system to strengthen shareholder activism ★ Announcing in advance the voting result of the proposals submitted to the shareholders' meeting ★ Encouraging shareholder participation by holding physical and video shareholders' meetings
 Deepening the sustainable governance culture	<ul style="list-style-type: none"> ★ Setting up corporate sustainability image wall and internalizing sustainability thinking ★ Revising the "Corporate Sustainable Development Policy" and amending 23 articles 	<ul style="list-style-type: none"> ★ 5 employees attended the International CSR & Sustainability Summit to learn new knowledge about sustainability ★ The total number of volunteer reviewers for the sustainability report has reached 136, and they always keep abreast of the practice of sustainability promotion.



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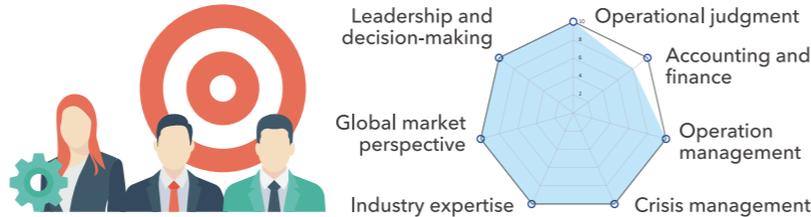
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1.2.3 Diversified composition of directors with expertise

In 2022, the Board of Directors of FEDS has 7 members, of which 3 are independent directors, accounting for 43% of the total directors. The nomination and selection of members of the Board of Directors adopt the candidate nomination system and comply with the relevant regulations of the "Corporate Governance Principles" and the "Measures for Election of Directors" to ensure the implementation of the professionalism, independence and diversity policy of the Board of Directors. For information on each director's major qualifications, work experience and implementation of the policy on diversity of members, please refer to the Company's website (https://www.feds.com.tw/shareholder/shareholder_tw.html).

◆ Core competence of diversified Board members



Independence and expertise of the Board of Directors

All three independent directors of FEDS comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and all directors meet the requirements of independence stipulated in the "Securities and Exchange Act". In terms of professionalism, FEDS plans various professional courses to ensure that the directors and managers of the Company can timely grasp the changes in the industrial environment and corporate governance laws. During the term of office in 2022, members of the Board of Directors will continue to participate in advanced corporate governance training courses held by the designated institutions as stipulated in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" covering finance, risk management, business, commerce, accounting, law or corporate social responsibility, etc. All directors have completed more than 6 hours of training.

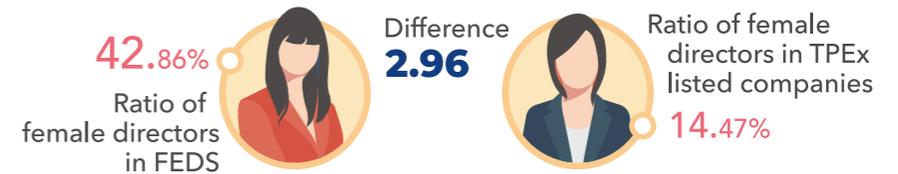
◆ Continuous training for directors and managers



High proportion of female directors meets the needs of the industry

FEDS values gender equality and implements it in the selection of directors. The target ratio of female directors is over 20%. In 2021, there were 3 female directors, accounting for 42.86% of the Board of Directors, which meets the Company's target and is much higher than the average ratio of female directors of TWSE/TPEX listed companies. The department store industry is dominated by female consumers, which allows us to make decisions that meet the needs of customers.

◆ The proportion of female directors is higher than that of listed companies



Regular performance evaluation of the Board of Directors

FEDS has formulated the "Board of Directors Performance Evaluation Measures" to implement corporate governance and enhance the functions of the Board of Directors. In November 2019, the Board of Directors decided to add functional committee performance evaluations, and it was clearly stipulated that an external professional independent organization or academic expert should be arranged to conduct the evaluation at least once every three years, so as to promote the objectivity and operational effectiveness of the evaluation of the Board of Directors.

In November 2022, FEDS conducted the internal evaluation of the performance of the Board of Directors, which was carried out by members of the Board members, the Board of Directors, and the deliberative units of the functional committees in the form of questionnaires. The evaluation results will be reported to the Board of Directors in the first quarter of 2023, and the results of evaluation of the performance of individual directors will be used as a reference for future nominations of directors by the Board of Directors. In the future, FEDS will continue to schedule professional training courses for directors and arrange external performance evaluations at least every three years to improve the operational efficiency of the Board of Directors. For more information on the results of evaluation of the performance of directors, please refer to the Company's website (https://www.feds.com.tw/shareholder/shareholder_tw.html).

FEDS pays directors' remuneration 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. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance. The actual distribution ratio and amount of directors' remuneration shall be determined by the Board of Directors and reported to the shareholders' meeting. In 2022, FEDS paid a total directors' remuneration of NT\$57,599 thousand, accounting for the proportion of the Company's after-tax net profit, 1.04% for the chairman, 1.67% for directors, and 0.27% for independent directors. For more information on directors' remuneration, please refer to the 2022 Annual Report of the Company.

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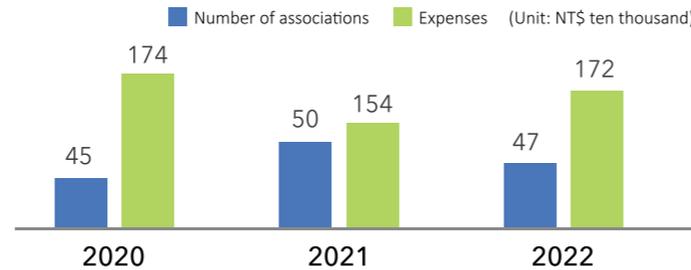
1.2.4 Participation in public associations to exert influence

FEDS actively participates in domestic and foreign public associations and related activities to expand its business horizons and contribute to its influence. FEDS is the Taiwan representative of the Intercontinental Group of Department Stores (IGDS) and regularly communicates with the international department store industry every year to promote the prosperous development of the industry and become a staunch force for internationalization and modernization of the department store industry in Taiwan.

Joining 47 important public association

FEDS joined a total of 47 important public associations at home and abroad in 2022, with a total expenditure of NT\$1.72 million. We serve as director and supervisor in 5 public associations, including Retailers Association of Chinese Taipei, Taiwan Council of Shopping Centers and Commercial Real Estate, Center for Corporate Sustainability, The Chinese National Association of Industry and Commerce, and Taipei Department Store Merchant Association. We hope leveraging the power of the industrial associations to strengthen communication with peers, promote enterprise cooperation, prosper the development, and enhance the sustainable power together.

Number of public associations participated

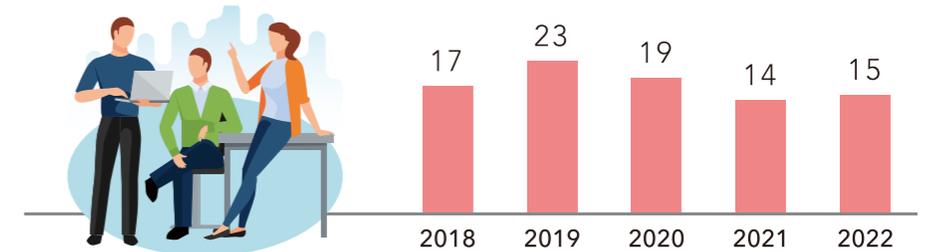


NO.	He name of the association that holds a significant position	Holding a position
1	Retailers Association of Chinese Taipei	Founding Member, Directors and Supervisors
2	Taiwan Council of Shopping Centers and Commercial Real Estate	Founding Member, Directors and Supervisors
3	Taiwan Center for Corporate Sustainability	Founding Member, Director
4	Chinese National Association of Industry and Commerce, Taiwan	Director
5	Taipei Chamber of Commerce	Supervisor
6	A.SDGs	Member

Leverage influence and lead peer exchanges

Nancy Hsu, president of FEDS, held more than 133 events since she served as the chairperson of the Retailer's Association of Chinese Taipei (hereinafter referred to as the Retailer's Association) in January 2016, leading the Retailer's Association to become a platform for exchange of opinions among peers, and playing the role of an industry think tank to provide the government with proper advice on the department store retail policy, with an aim to enhancing innovation and adding value to the department store industry. In 2022, the Retailer's Association had 7 group members, 31 group representatives and 64 individual members, who held 15 events under four categories: "exchanges with government departments, international retail conferences, holding retail awards, and speeches by experts".

Statistics of activities of the Retailer's Association



New retail topics discussed in the 20th Asia-Pacific Retailers Convention and Exhibition

The Federation of Asia-Pacific Retailers Associations (FAPRA) is composed of 18 retail associations in the Asia-Pacific region and holds the Asia-Pacific Retailers Convention and Exhibition (APRCE) every two years, which is the largest and longest running retail conference and exhibition in Asia. The 20th event was held in Jakarta, Indonesia from November 28 to November 30, 2022. Due to the COVID-19 epidemic, the Asia-Pacific Retailers Convention and Exhibition in 2022 adopted a physical and video simultaneous method. Five member companies of the Retailer's Association participated in the online forum through video, attended the opening ceremony, and listened to 11 incisive speeches by 27 experts on economic recovery in the Asia-Pacific region after the epidemic, new retail development strategies, sustainable supply chains, etc.

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Joining IGDS to enhance international vision

The Intercontinental Group of Department Stores (IGDS), the world's largest department store association, serves 45 leading department stores from around the world, and provides 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 IGDS events every year, FEDS obtains the latest global retail information and market information. Meanwhile, we promote the development and business model of of department store industry in Taiwan to the world to improve the internationalization and popularity of the department store industry in Taiwan.

Won the TOP 10 of the World's Best Sustainability Campaign by a Department Store

The Intercontinental Group of Department Stores (IGDS) held the 7th Global Department Store Summit (GDSS) in Seattle from June 9th to 10th, 2022 and announced the top 10 World's Best Sustainability Campaign by a Department Store in 2022. FEDS, Paris Department Stores in Chile, Selfridges in the UK, Woolworths in South Africa were shortlisted in the world's TOP10 best sustainable department stores, and its sustainable performance has once again won international recognition.



Implementing IGDS Code of CSR Conduct

FEDS, together with 45 IGDS members around the world, participates in various corporate social responsibility and sustainable development efforts, and recognizes the need to effectively manage department store operations to balance the interests of stakeholders, including customers, employees, suppliers, communities, governments and the environment. Within these scopes, FEDS strives to implement the principles of responsible retailing and sustainable development. For more information on the Code of CSR for the department stores, please refer to the IGDS website (<https://www.igdsdocuments.org/WJ4WE24A/igds-csr-for-department-stores>).



Invited to serve as a model company in the National Sustainable Development Award

The National Council for Sustainable Development of the Executive Yuan held the "National Sustainable Development Awards" briefing and observation meeting in 2022 with four sessions in North, Central, South, and East regions, aiming to enhance public understanding of the National Sustainable Development Awards. By visiting model companies that have won awards over the years, it is expected to promote exchanges and sharing of relevant experience in sustainable development. On April 27th, FEDS served as the model company in the north region, and shared its sustainable development performance and promotion experience with 119 sustainable partners from the government, enterprises, and non-governmental organizations. For the details of the 2022 National Sustainable Development Awards and the video of the observation event, please refer to: <https://www.youtube.com/watch?v=SviRrYbJFYw>.

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1.3 Sound Risk Management

FEDS has a sound risk management mechanism to identify operational risks over a long term, and has functional committees and responsible departments to manage and respond to risks, and to formulate management regulations to control risks. Under the trend of digital technology, the audit office also uses 3 sets of audit digital information systems to assess the potential risks of self-assessment operations of each unit's self-assessment team, and formulates and implements a risk-based annual audit plan. In 2022, 83 plans were carried out, and audit findings and objective recommendations were provided to help the Company prevent risks and operate steadily. In 2022, FEDS achieved the results of zero major corruption, zero major complaints, zero major violations, and zero information leakage.

1.3.1 Ethical management and risk mitigations

FEDS upholds the concept of integrity management and has formulated the "Code of Ethical Management", the "Code of Ethics", 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 internal control self-evaluation, which requires each unit to assess whether its business conduct meets the standards of integrity and ethical value required by the Company to mitigate the corruption risk. No major corruption risk was identified in 2022.

Code of Ethical Management 

Implementation of ethical management

 Communication channels	 Promotions	 Training
<ul style="list-style-type: none"> Audit Committee: Accept reports from shareholders, investors and other stakeholders. Audit Supervisor: Accept reports from suppliers, contractors, etc. Human Resources Department: Accept reports from employees. 	<ul style="list-style-type: none"> Company website e-bulletin Internal meetings New employees orientation Group publications 	<ul style="list-style-type: none"> Supervisors should evaluate personnel's ethical behavior at any time to serve as the basis for annual performance appraisal. In 2022, 373 hours of internal and external training related to ethical management were conducted with 288 participants.
 Internal control self-evaluation		 Procedures
<ul style="list-style-type: none"> Integrity and ethical value are listed as key items in the internal control self-evaluation with a total of 21 control points in the self-evaluation questionnaire, and members of the Board of Directors, senior executives, supervisors and employees are requested to conduct self-evaluation. For those who self-evaluate integrity and ethical value items in the internal control self-evaluation system, the performance self-evaluation and risk level self-evaluation are conducted based on control objectives and control points. For example, Emphasizing the importance of integrity and ethical value, establishing standards of integrity and ethical value and informing all members of the organization to understand and implement them, etc. In 2022, 863 people in FEDS Retail Group took the integrity and ethics self-evaluation questionnaire in the CSA system. From 2017 to 2022, the total number of employees taking the integrity and ethics questionnaire in the self-evaluation system is 5,158. 		<ul style="list-style-type: none"> The accepting unit shall clarify the specific evidence. Any risk of dishonest conduct shall be reported and handled in accordance with the procedures. The case shall be handled confidentially, and verified through an independent method to fully protect the whistleblower. After the case is verified to be true, the relevant units shall be instructed to review the procedures and propose improvement measures to prevent the same conduct from recurring.

1.3.2 Systemic and non-systemic risk management and response

The responsible unit 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 sound risk management system and reduce the impact on the socioeconomic environment, we regularly analyze and evaluate our business activities and operational risks, take precaution measures to prevent risks from occurring, minimize the impact of risks, and prevent recurrence.

Risk management mechanism

 **Strategy**
 The responsible unit develops counter-measures, and conduct required education and training to minimize risks.

 **Risk identification**
 Risk types are identified based on the changes of the environment.

 **Risk assessment**
 Assess the possible impact of various types of risks on the Company's operations.

 **Improvement**
 Review regularly every year, dynamically adjust actions, and establish a complete risk early warning and management mechanism.

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◆ Professional auditing and risk management enhancement

Risk Type	Audit focus area
 Commodity and food safety risk	<ul style="list-style-type: none"> Timely inspect the labels and expiry dates of the products displayed in stores, as well as the quality and safety of food in restaurants and supermarkets in accordance with the latest regulations and current issues.
 Shopping mall operational risk	<ul style="list-style-type: none"> Ensure operation of malls, fire fighting and public safety, and cooperate to inspect work operations such as renovation of the mall, counter entry and withdrawal, etc. to provide a safe and comfortable shopping environment. Draw up and monitor branch self-operated cosmetics, supermarket self-operated inventory, giveaway inventory, fixed assets, etc. to reduce the risk of loss of operating assets. Sampling inspection of the invoicing of the branches, counter sales entry, repayment of contract fees, in order to comply with business integrity and ensure revenue recognition.
 Human resource management risk	<ul style="list-style-type: none"> Verify the correctness of attendance, number of employees and leave applications to comply with laws and regulations as well as the principle of fairness. Randomly check the actual attendance of the outsourced security personnel, the duty status of the sentinel sites, etc., and check the manpower quality of the suppliers.
 Procurement acceptance payment management risk	<ul style="list-style-type: none"> Supervise and review the procurement price negotiation of new shopping mall and branches, review the reasonableness of the unit price of the in-process and post-construction revised work items of the shopping mall and counter adjustment project, and ensure the acceptance documents must meet the payment requirements. Randomly check the authenticity of the quoted manufacturer's business information, supplier maintenance management, branch's construction company entry management, and capital expenditure acceptance inspection to ensure the quality of the supplier. In 2022, there were 7,862 cases related to supervision of procurement price negotiation, and review of acceptance inspection and payment.
 Information security management risk	<ul style="list-style-type: none"> Implement digital audit project system interface database, conduct system acceptance testing, and check host security protection. Supervise the procurement, acceptance inspection and payment of information software and hardware as well as FEDS App, and assist in reviewing information device disposal operations. Review the security of the information room and computer room of the branch office to strengthen information security protection. Review the information asset management of the head office to ensure effective control over acquisition, storage, and disposal.
 Legal compliance risk	<ul style="list-style-type: none"> Execute the annual audit plan and the internal audit reporting operations in accordance with the regulations of the competent authorities. Plan to revise the internal control system and internal audit implementation rules in response to digital management. Regularly compile a special section for the changes in laws and letters from the Financial Supervisory Commission and the Taiwan Stock Exchange every month, and conduct inspections in accordance with the latest regulations in due course.
 Financial management risk	<ul style="list-style-type: none"> Remind and advise the financial management unit to comply with the requirements of the competent authorities in due course. Timely reminded subsidiaries of financial management-related procedures in accordance with regulations of the competent authorities. Perform audits of accounting operations in accordance with laws and regulations, including capital loans, endorsement guarantees, acquisition and disposal of assets, related party transactions, financial statement preparation process, derivative financial instruments, and operation management of functional committees. Cooperate with the accounting unit in the execution and supervision of marketable securities, spot check of branch financial working capital, gift (commodity) certificates and treasury control.
 Subsidiary supervision risk	<ul style="list-style-type: none"> Supervise and manage the financial and business information of subsidiaries in accordance with laws and regulations, and compile the quarterly analysis report on supervision of subsidiaries on a quarterly basis. Oversee the annual audit plan of subsidiaries, and review their operations, financial security, seal management, welfare fund management, contract payment, catering food safety, etc. Cooperate with the audit and supervision of the parent company and revise the internal control system of the subsidiary according to the plan.



Audit Office

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Financial risk management

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

The systemic risks faced by financial management are mainly affected by political, economic or social factors, such as: Cross-strait relations, economic fluctuations, inflation, etc., which will affect the overall market. In 2022, in the face of several interest rate hikes in the United States and Taiwan, as well as the impact of pandemic insurance policies on the net worth and capital adequacy ratio of financial institutions, which affected the price and volume of the financial market, FEDS closely monitors the trends in the financial market. The risk management team holds regular weekly meetings to review changes in the value of assets and liabilities and adjust the operating cash flow adequacy ratio in a timely manner, reducing the systemic risk impact on the Company's finance.

The non-systematic risks faced by financial management are mainly due to individual conditions such as operational negligence and accidents, which lead to losses arising from the changes in the value of the Company's assets or liabilities. In order to avoid non-systematic risks, 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" approved by the Board of Directors and the shareholders' meeting. In addition, through the "fund scheduling system" and "branch audit application system", the processes are digitized to improve operational efficiency and reduce the possibility of human errors, achieving risk control. Through the establishment of the management mechanism and the Company's internal regulations, FEDS prevents the occurrence of non-systematic risks, and avoids heavy losses in the Company's operations to endanger shareholders' interests.

◆ Future plans

Green financing

- In response to the "Green Finance Action Plan 3.0" promoted by the Financial Supervisory Commission, the Finance Department is actively researching and introducing the use of financial products that meet green or sustainable economic activities for individual financing needs.

Green deposits

- Through green financing, FEDS can check whether the flow of funds is in line with green or sustainable economic activities, and reinvest the incentive benefits into green or sustainable economic activities to create a positive green cycle.
- FEDS calls on others to become members of green or sustainable economic activities through green deposits, green RP (Repurchase Agreement) and other designated funds in deposits and investment products that meet the standards of green or sustainable economy.



Legal risk management

Legal risk management team implements zero fines and zero violations

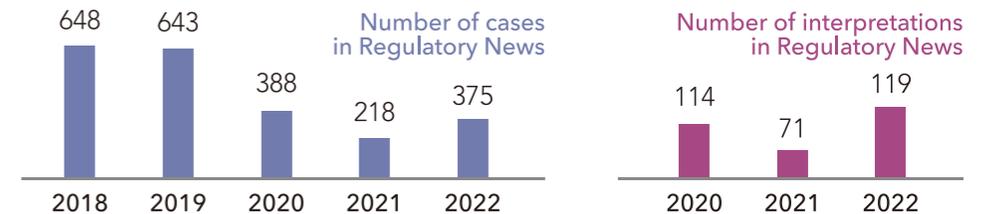
Formulating the direction of legal compliance

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, we have formulated management regulations to strictly comply with government laws and regulations, and the responsible units shall implement the management actions. Education and training have also been organized to enhance employees' understanding of legal compliance. In 2022, online legal video courses were taken by 4,638 people, and the legal service platform also have a cumulative number of consultations of 2,442. FEDS reduces the risks and liabilities of violating laws and regulations through sound legal risk management, and avoids unnecessary financial and reputation losses.

Promoting awareness of new legal regulations and update

In order to strengthen the awareness of risk management of managers and improve their risk prevention and management capabilities, FEDS has established a legal unit to promote laws and regulations, conduct the evaluation of legal compliance, and update changes in laws and regulations. At the same time, the regulations, administrative rules, and announced draft amendments to the laws and regulations related to the operation of the Company, etc., will be announced to managers at all levels every week via the "Regulatory News". Since 2020, a summary explanation of further formulation and amendments related to the operation and management in the previous week's "Regulatory News" will be provided, so that the unit managers can master the changes and updates of laws and regulations. We also share the key laws and regulations in the regular management meetings, and assist the management unit to take actions in response to the changes in laws and regulations.

◆ Overview of Regulatory News



Note: The interpretations in the Regulatory News have been issued since 2020.

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Managing contract risks

Starting from 2021, the legal department has formulated contract review rules, and managed the contract review sign-off process via the system, so as to oversee the contracts of each store. Through KPI management, the legal department checks the status of each store's contract seals every month and discusses any deficiencies in meetings, while sharing the best practices of stores with outstanding performance to gradually reduce the deficiency rate and achieve the goal of managing contract risks. Starting from 2022, the legal department further enhances management measures by adding a KPI on the timeliness of contract submission for review, which has reduced the deficiency rate of timeliness for contract review from 18% to 0%, and has effectively managed the risk of delay in contract review. At the same time, for contracts that are frequently used, the legal department also promotes standard documents so that colleagues can apply for use according to needs, and fill in the conditions in the restricted fields set in the standard documents, taking into account efficiency and risk control.

In case of the occurrence of violation of laws and regulations, FEDS will take a positive attitude to deal with the violation and complete the improvement to avoid the recurrence of related incidents. In 2022, there were no major violation, nor any violation with non-monetary penalty.

Information security risk

The Information Security Committee identifies the sources of trade secret risks The Personal Data Management Committee maintains personal data management

FEDS has established an information security management committee to implement enterprise information security management. In November 2022, a chief information security officer and an information security team were added, and dedicated personnel are responsible for coordinating, planning, monitoring and executing all information security management operations including personal data management. Through regular meetings of members with various backgrounds in finance, legal affairs, information, and operations, we can more comprehensively discuss different aspects of the issues in terms of technology, procedures, operations, legal compliance, and risk control. Based on the management cycle mechanism of planning, execution, review, and action (Plan-Do-Check-Act, PDCA) we endeavor to strengthen corporate information security and personal data management.

The information center of FEDS has also formulated sound internal procedures and specifications, and established a strict KPI system to manage information security risks, including information equipment, information computer rooms, account access permissions, etc. In 2022, the effectiveness of information KPI management reached 98%. The information center also ensures the appropriateness and effectiveness of information assets and information security policies through annual internal audits and external accountant audit mechanisms. At the same time, we will continue to optimize various information security equipment, complete the network line and information security equipment backup construction, and effectively reduce the risk of operation interruption while achieving information security protection. Under the effective implementation of internal information

security regulations, FEDS had no incidents of information security breaches, leaks, theft, or loss of customer data in 2022. In the future, we will assess the introduction of ISO27001 information security certification to strengthen information security governance.

FEDS's 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 Data 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 platform. The Company cannot obtain member data or identify members in any way. In accordance with FEDS "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. We store customer data on the Happy Go point platform - Ding Ding Integrated Marketing Service Co., Ltd. The Happy Go point platform has been certified with ISO 27001 (ISMS) and in compliance with Taiwan Personal Information Protection and Administration System (TPIPAS), it has obtained the Data Privacy Protection Mark (DP Mark). All customer data is strictly encrypted and stored on the Happy Go point platform. For more information about the privacy policy of Ding Ding Integrated Marketing Service Co., Ltd., please refer to the website: <https://www.happygocard.com.tw/official/intro.do?t=f&id=20170310184407504297>.



Information security early warning and notification to reduce information security risks

FEDS joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) in May 2022 to share security information with other members of the organization. FEDS also sends employees to participate in information security training, and expects to obtain consultation and coordination in the event of information security incidents, which is able to enhance the Company's information security protection capabilities. We also cooperate with the group's information security team to report major information security incidents in real time through the information security threat detection management (SOC) service. The group information security team routinely provides information security warnings every week, and the information center of FEDS adjusts and upgrades various information security software and hardware based on these warnings, and further enhances information security intelligence and emergency response capabilities to reduce information security risks. In 2022, there were no operational interruption due to information security incidents.

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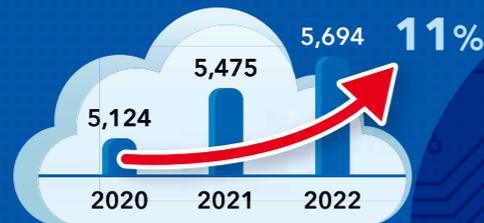
Special Section: Audit cloud platform and digital green audit

The FEDS audit office established a Digital Auditor Team (DAT) in 2017. From 2017 to 2022, it built and integrated the cloud-based internal control self-assessment system CSA of the parent company and its subsidiaries, the automated intelligent digital audit analysis system (ACL), and Risk-based Audit Platform (RAP). These digital audit systems effectively construct a continuous risk monitoring ecosystem, deepen corporate governance and achieve real-time risk management.

Internal Control Self-Assessment (CSA) System

The CSA internal control self-assessment management platform of the FEDS retail group has entered the sixth year. In line with the operating situation, the depth of the internal control self-assessment questionnaire has been gradually improved, and the control points have been adjusted accordingly. In 2022, there were 7,468 control points, an increase of 45 compared with the previous year. In addition, in line with the store expansion plan, the CSA internal control self-assessment management platform has added the Zhubei Store and city'super Zhubei Store in 2022, and internal control self-assessment briefing and training were conducted. A total of 39 employees participated and FEDS is committed to enhancing the breadth of internal control self-assessment and deepening corporate digital governance.

◆ The number of questionnaires of Internal Control Self-Assessment (CSA) management platform



ACL continuous computer audit system

The ACL continuous computer audit system continued to integrate the parent Company and subsidiaries' database in 2022, and developed audit system components based on the key control points of business activities to improve audit efficiency in an all-round way. In addition, the system regularly generates abnormal reports every month for auditors to review. The time for data acquisition and sample screening is effectively reduced from 180 minutes per audit manpower to 30 minutes, and the sampling time for audit cases is reduced by 83%, which not only greatly saves manpower and time, It can also give immediate feedback to the management unit for online monitoring suggestions to prevent risks in advance.

◆ Expanding the interface with the database of subsidiaries



Risk-based Audit Platform (RAP)

The RAP was officially launched in 2022, and 9 training sessions of audit RAP project were held with 225 participants. With the RAP, FEDS effectively links the information of the audit plans, statistical analysis of audit results, real-time communication on the online platform, real-time feedback of surveyed opinions, and real-time correction and tracking of internal control deficiencies of the parent company and subsidiaries in the retail group, which has reduced about 51,902 sheets of paper for FEDS, city'super, and the Mall in one year and reduced carbon emissions by 352.9 kg, achieving zero paper audit and digital green governance.



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2 Innovative Department Store Benchmark

Facing technological innovation and changing consumer habits, FEDS is accelerating digital transformation, and using digital technology to provide customers with a richer consumer experience and build a virtually and physically integrated omni-channel shopping journey. FEDS also provides professional services and high-quality environment, keeps progressing with the times to create new appearance of the department store, and moves towards a smarter and better life together with customers.



2.1 Digital Department Stores	44
2.2 Professional Services	50
2.3 Optimized Space	53

In response to **3** material topics

- Customer service and communications
- Store safety and services
- Business performance and innovation strategy



Response to stakeholders :

- Consumers
- Employees
- Business partners (counter vendors/suppliers)
- Government



During the trial operation of the Zhubei Store The number of visitors exceeded **1 million**



FEDS app members exceeded **1 million**



Issuing **22,437,000** electronic gift vouchers



The e-invoice issuance rate has grown by **19%**



Digital management system Implementing **97 sets**



Priority parking for women and children Setting up **177** units

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2.1 Digital Department Stores

With the rise of the Z-generation consumer group, FEDS actively develops the three major directions of "digital operation, digital experience, and digital management" to provide customers with a unique digital consumer experience. The Zhubei Store, which opened in January 2022, has digital ingenuity from the design of the mall space to the customer service process, allowing customers to experience how technology can be incorporated in the consumer journey and making FEDS a leader in digital retail department stores.

2.1.1 Smart department stores to embrace new retail

In response to the development trend of new technology, FEDS continues to upgrade various digital systems and facilities, and strengthens the application of digital technology in the shopping process and services. FEDS retains customers by creating a more convenient and interesting consumer experience, and deepens the market segmentation between physical department stores and e-commerce channels to strengthen the competitiveness of physical retail.

In order to meet the shopping needs of consumers, FEDS is constantly seeking new ideas and changes. The latest fifth-generation store is the first experiential department store in Taiwan, combining digital technology and five-sense experiences. It not only has the characteristics of the previous four generations of stores, but also creates five major business models: "Theme-based architecture, contextual design, local products, exclusive brands, and digital marketing" provide consumers with a more unique shopping experience.

As the fifth-generation stores, FEDS Xinyi A13 and the Zhubei Store have successfully attracted crowds through these five major business models and created a new operating model of department stores in Taiwan. The Zhubei Store started its trial operation on January 14, 2022 and attracted approximately 30,000 visitors on the first day of the trial operation. With the successful experience of the fifth-generation stores, we continue to digitally transform and introduce the shopping experience combining the new POS machine and FEDS app into existing stores. At present, we have completed the implementation in three branches, including Mega City Banqiao Store, Top City Taichung Store and the Hsinchu Store, and expect that all Taiwan branches will complete the implementation in 2023.

◆ Direction of the digital transformation

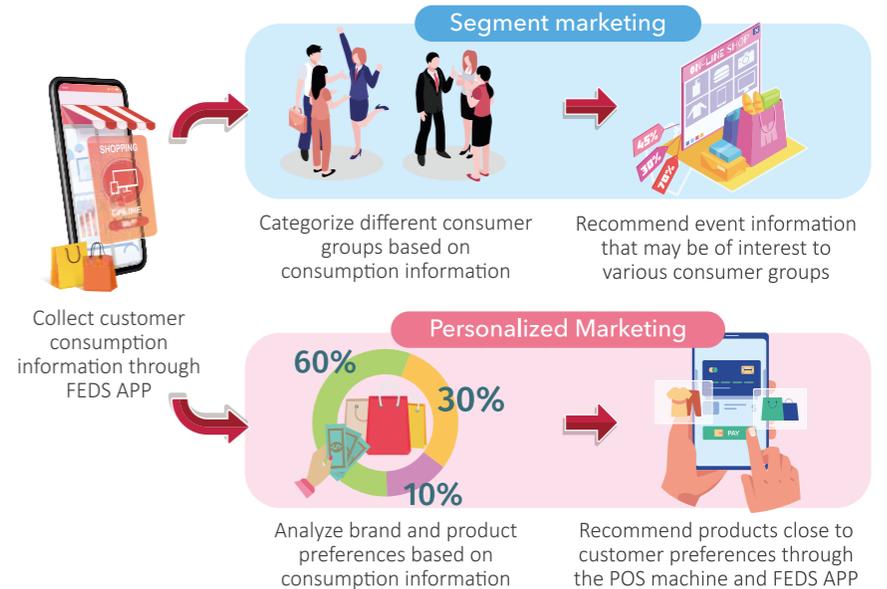


Digital operations boost precision marketing

FEDS continuously optimizes its digital services from the perspective of convenience for customers. Since the launch of FEDS app 3.0 in September 2021, the number of members has increased by nearly 400,000 in 2022, and officially surpassed 1 million by the end of the year. With the significant increase in the number of members and consumption data, FEDS has increased its grasp of members' consumption preferences from 25% in the past to 75% through big data analysis and application.

Based on the consumption information of app members, FEDS categorizes its members into different consumer groups and utilizes app push notifications, EDM e-newsletters, member SMS, etc. to stimulate target groups to achieve "segment marketing". In addition, we also carry out "personalized marketing" by analyzing members' brand and product preferences based on their consumption information, and recommend other products after their purchase to achieve better precision marketing. In the future, FEDS will continue to optimize its digital operations, including: upgrading personalized precision marketing, establishing "Shop In App X Omni-channel Shopping Journey" (Offline merge Online, referred to as OMO), and introducing AI customer service systems to provide innovative services that better meet customer needs.

◆ Precision Marketing



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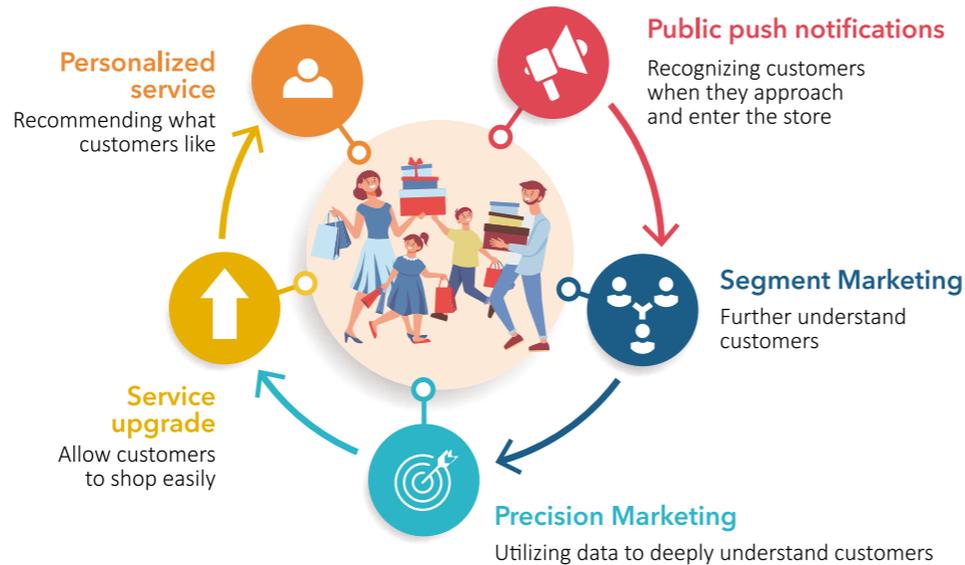
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Digital experiences create a more convenient shopping journey

FEDS 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. We outline the consumption footprint and actual needs of customers before, during, and after entering the store. Through the department store's hardware/software facilities and services, we solve the problems that customers may encounter during their shopping journey, and design 5 major digital experiences accordingly.

In order to achieve precise marketing, FEDS pushed more than 10,500 pieces of information from POS machines in 2022, and the number of pushed information increased by 1.76 times compared with the previous year. In addition to pushing product information, we also recommend environmental protection actions and public welfare activities to customers through POS machines, including: Encouraging the use of electronic carriers, supporting love code of children with Down syndrome, etc., with 33% increase in the number of pushed information. In the future, FEDS will evaluate the feasibility of installing self-checkout machines in the stores and introducing a food court ordering system, so as to enhance customer shopping experience through more convenient digital services.

Consumer journey



Digital signage enriches shopping experience

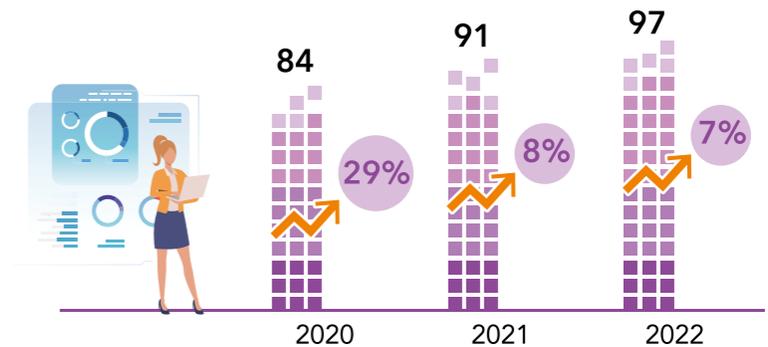
In 2022, FEDS has a total of 112 digital signages in 8 branches (excluding counters) in Taiwan. Through real-time and vivid multimedia information, FEDS provides consumers with a more interesting and richer shopping experience, while reducing the resource consumption of producing traditional advertising outputs and making the innovative actions more environmentally friendly.



Digital management improves operational efficiency

FEDS is committed to improving the management efficiency of the service and logistics sections of the department stores. Since 2015, FEDS has promoted the digitalized management and launched various systematized management operations to create a mobile office, so that all employees and counter personnel can work together without time and place restrictions. In 2022, FEDS built and optimized 97 sets of digital management systems for operations, services, accounting, fund scheduling, personnel management, etc., with 7% increase in numbers compared with the previous year, leading to significant improvement in management efficiency.

Digital management system in the past 3 years



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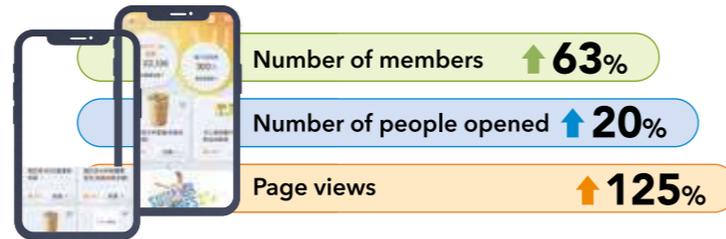
2.1.2 Digital tools create new shopping experience

To cope with the digitization wave, FEDS has deployed digital tools that meet consumer needs. In addition to launching an online shopping platform, we continue to optimize the FEDS app and provide digital services such as mobile payment and E-invoice. We also combine new POS machines to accurately grasp customer profiles and flexibly use digital tools to stimulate consumer demand in all aspects and increase customer engagement.

FEDS App makes shopping and life more convenient

FEDS app is one of the three core systems of the smart mall, and it has been updated twice in the past three years. With the opening of FEDS Xinyi A13, FEDS app 2.0 added functions such as parking discounts and electronic vouchers in 2020, bringing customers a brand new shopping experience. FEDS app 3.0 was launched in 2021 prior to the opening of the Zhubei Store. With the core concept of "deeper experience with more frequent use", it added a new membership system, game missions, point redemption, restaurant reservations and other diversified services. In 2022, the rich functions and exquisite interface of FEDS app attracted more consumers to use. In addition to the 1.25-fold increase in page views, the number of members also increased by 63%, and it officially broke through the 1 million mark by the end of 2022.

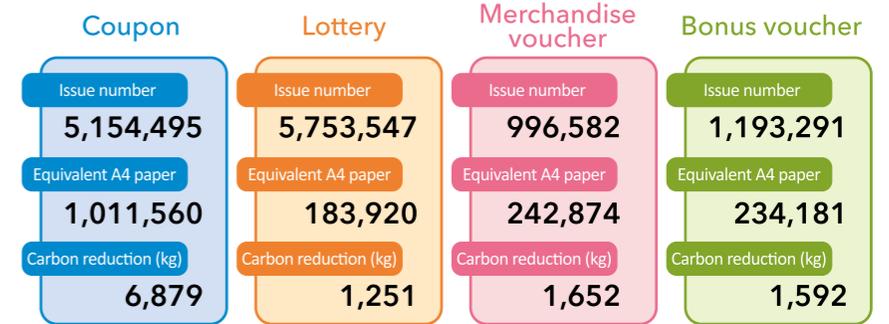
The three major achievements of FEDS app in 2022



Promoting electronic certificates towards paperless

The FEDS app not only makes shopping more convenient, but is also a widget to implement an environmentally-friendly life. Customers can electronically store the four major types of certificates, including "coupons, merchandise vouchers, bonus vouchers, and lottery" in the FEDS app, which significantly reduces resource consumption. In the past three years, FEDS has issued more than 22.437 million electronic certificates, which translate into environmental benefits of saving more than 3.63 million A4 papers and reducing carbon by more than 24,000 kg. In the future, we will also evaluate and plan to expand the scope of channels for customers to use E-Vouchers, so that E-Vouchers can be used more widely in affiliated companies such as A.mart, City/Super, etc., providing customers with more convenient services.

Environmental benefits of electronic certificates in 2022



Note : The carbon emissions per A4 paper sheet are 6.8 grams, with reference to the Carbon Footprint Information Platform website.

Using mobile payment to create smart consumption

As the number of people using mobile payment in Taiwan continues to rise, FEDS will continue to optimize the mobile payment service in the stores. FEDS offered 12 major types of diversified payment tools in 2022. In addition, we have gradually introduced new POS machines into fourth-generation stores and fifth-generation stores. The new POS machines have graphic functions, making it easier for counter staff to use them, thereby speeding up customer checkout. In 2022, 5 branches have used new POS machines, including FEDS Xinyi A13, Mega City Banqiao Store, Hsinchu Store, Zhubei Store, and Top City Taichung Store, which makes shopping easier and more convenient for consumers.

FEDS's 12 mobile payment tools



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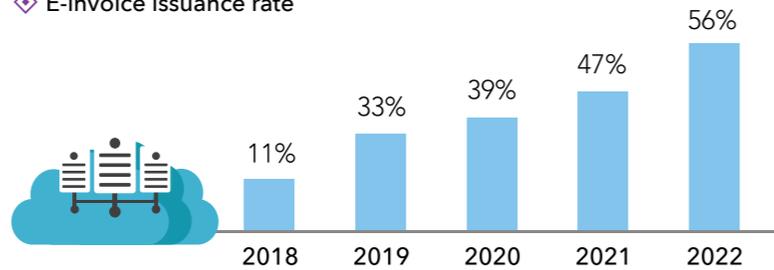
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Promoting E-Invoice to enhance digital services

FEDS has promoted the "Let's do E-invoice together" project since October 2018, mobilizing all branches in Taiwan to follow the government's cloud invoice policy, guiding customers to use mobile phone barcodes, credit cards and other carriers to store invoices at checkout, and promoting "carbon reduction and paper saving" consumption habits. From October 2018 to the end of 2022, the number of cloud-based invoices issued by FEDS has reached more than 43.52 million cumulatively, with the E-invoice issuance rate increasing by more than 4 times. We have also exceeded the annual target of 45% set by the Ministry of Finance.

E-invoice issuance rate



Environmental benefits of E-invoice in 2022



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



Electronic credit card receipt is environmentally friendly with carbon reduction

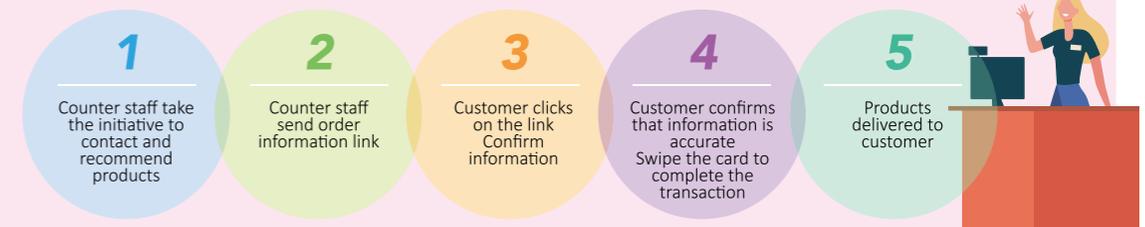
All branches of FEDS continue to reduce the generation of paper-based credit card receipts, and by switching to electronic signatures, the consumption of resources made by customers in the consumption process is reduced. FEDS had 11.8 million electronic receipts in 2022, which are equivalent to saving 1.08 million A4 papers and reducing carbon emissions by 7,344 kg.

Expanding digital services and further upgrading gift voucher applications

The official website of FEDS has set up a "gift voucher ordering platform". The public can purchase gift vouchers through the "gift voucher ordering platform", and other corporate customers can order with paper receipts by phone. In the future, we plan to expand the "gift voucher ordering platform" service, so that other corporate customers can also order gift vouchers through the website, reducing the waste of paper resources and realizing the paperless goal.

Introducing the EC Pay regular customer system for easy shopping without restrictions

Affected by the epidemic, consumers' shopping channels are gradually shifting to online. In response to the changing trend, FEDS has introduced the EC Pay regular customer system. Counter staff can actively recommend products to regular customers, and send the information and amount of the products that customers want to buy to customers through a link. Customers only need to click on the link, confirm that the information is accurate, and then swipe their card to complete the order. The counter staff will send the products and invoices to the customers. In 2022, we focused on high-priced products such as fine cosmetics and light luxury jewelry as the main sales items. In the future, we plan to expand the regular customer system to other types of product counters, so that customers can enjoy a more complete shopping experience.



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2.1.3 Dazzling grand opening of the Zhubei Store

After 5 years of preparation, the Zhubei Store started trial operation on January 14, 2022, expanding its scope of operation to serve consumers in the greater Hsinchu area. The Zhubei Store is not only the first BOT project of department store in Hsinchu County, but also the latest fifth-generation store of FEDS. Combining technology and smart services, the department store incorporates local cultural characteristics to reproduce Hakka aesthetics, presenting the simple Hakka beauty in a new way, while taking into account the concept of environmental sustainability, and constructing it with green building specifications to make the department store a green landmark in the city. In order to meet the all-round needs of customers, the Zhubei Store brings together trendy fashion brands, exclusive gourmet cuisine, excellent entertainment experience, etc., providing a complete one-stop service.

The exciting and rich features of the Zhubei Store not only set off an upsurge of discussion among the public, but also set 3 impressive million records during the trial operation period, including: the number of visitors who entered the Zhubei Store exceeding 1 million, the number of online visitors exceeding 3 million, and the number of visitors who checked in and uploaded pictures on social media exceeding 1 million.



Number of visitors who entered the store

Exceeded **1** million

Number of online visitors

Exceeded **3** million



Achieved **3** impressive million records during the trial operation period



Number of visitors who checked in and uploaded pictures on social media

Exceeded **1** million

Profile of the Zhubei Store

Soft opening January 14, 2022

Official opening January 11, 2023

Area Operating area 28,000 pings

Floors 4 floors underground, 8 floors above ground

Parking lot A total of 1,485 parking spaces for customers in the parking lot

Store features

- The first department store to obtain “Gold Grade” green architecture certification
- The department store has three exclusive world-class large public art
- Replicating the ancient house to restore classic Hakka aesthetics

Brand features

- The entire store has nearly 350 brand counters, gathering diverse brands
- Over 50% of the total brands are exclusive in Hsinchu
- Over 80% of the restaurant brands are exclusive in Hsinchu



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Building appearance combines with Hakka culture

The architectural appearance of the Zhubei Store is inspired by Hsinchu Hakka culture. The exterior walls use earth-colored bricks of different color levels to present the architectural image of a round building in a Hakka mountain town. The building is stacked in layers and extends from bottom to top, symbolizing the endless mountain walls and recreating the classic style of Hakka Tulou.

Smart mall creates new shopping experience

The Zhubei Store is the latest fifth-generation store of FEDS. Combining shopping mall services with smart technology, it provides Smart Pick, "no need to carry bags, easy to pick up" service, and also has "fast pick-up without getting out of the car" Quick Pick Up 2.0 in place. The first floor is equipped with a large intelligent interactive LCD panel, using digital technology to provide customers with a new shopping experience.

Reproduction of classic Hakka old street and ancient houses

The Hakka old street and ancient houses located on the seventh floor are also one of the highlights of the store with high discussions on the Internet. The design of "Hakka old street" is inspired by the old street in Hukou, Hsinchu County. The old street is decorated with Hakka calico lanterns hanging overhead, and bicycles, cochon pottery and other antique utensils are placed on the side, showing the simple beauty of the traditional old street; "Hakka ancient house" makes reference to Hakka-style civilian residences, which are built with red bricks on the ground, and professional teachers are invited to draw old-fashioned patterns, which is unique and distinctive.



Turning the rooftop into a sky garden with stunning greenery

The Zhubei Store built the top of the building into a "sky garden". By planting native plants, it provides a large area of ecological habitat space for the surrounding wildlife, so as to achieve the goal of absorbing carbon dioxide and reducing environmental impact. It is a green roof with multi-level landscape ecology.

Tesla enters the department store to provide electric vehicle experience

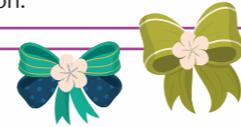
The Zhubei Store introduced electric vehicle Tesla display counter, which is the seventh display and experience store set up by Tesla in Taiwan. In addition to vehicle display, the site also provides car purchase consulting services, so that the public can easily experience car purchase services in the department store.

Hospitality Canopy enriches the visual feast

The high-ceilinged "Hospitality Canopy" on the first floor was created by Japanese contemporary art master Shinji Ohmaki. This creation transforms the Hakka culture's spirit of respecting everything in the world into the image of a "dragon". The colorful flowers and fruits symbolize the rooting of the local culture, and the pictures are accompanied by dancing butterfly, flying birds, and leaping fish, which means looking forward to the future and embracing happiness together.

Elegant tung flowers and rich bamboo overflowing with warmth and beauty

"Elegant tung flowers and rich bamboo overflowing" was created by the well-known Taiwanese artist Chen, Hongcheng. The creation was inspired by the traditional bamboo baskets used in Hakka culture for gifts. The basket is painted with Hakka tung flowers patterns and combines with modern bow ribbons, which present the delightful atmosphere of gift giving and reunion.



New century of Zhubei trend is full of vitality

The artwork "new century of Zhubei trend" created by Israeli artist David Gerstein depicts the image of a tornado with a red spiral cylinder, echoing the name of Hsinchu "Wind City", and the colorful butterflies around it symbolize beauty, joy, transformation and new life. The combination of the two elements brings enthusiasm and vitality to the shopping mall.



Hakka round building with meticulous Hakka aesthetics

Looking up from the fifth floor to the eighth floor, you can see the ring-shaped "Hakka round building" landscaping, with a large number of textured wooden interiors, decorated with flowery Hakka totems and red festive lanterns, making people feel like they are in a traditional Hakka Tulou. The sky landscaping with blue sky and white clouds will produce color changes with the time sequence of the day, bringing customers a lifelike visual experience.

Abundant counters to meet all-round needs

The Zhubei Store has attracted nearly 350 brand counters, with more than 50% of the total brands being exclusive to the greater Hsinchu area, and nearly 80% of the restaurant brands are in Hsinchu County for the first time. The store gathers shopping, leisure, entertainment, food and other wonderful elements, and uses the strongest brand power to meet the diverse shopping needs of customers.

For more information, please refer to <https://www.feds.com.tw>

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2.2 Professional Services

FEDS upholds the philosophy of "operating with the wishes of customers" and seizes every opportunity to serve customers. We have established a good service workflow, and we are constantly improving the quality of customer service, enhancing the training of service personnel, and providing cordial and professional services. In response to the development of digitalization, FEDS has also strengthened its operation of social platforms, optimized the digital service experience, and created high-quality services that meet customer expectations.

2.2.1 Establishing well-rounded service through ISO certification

FEDS attaches great importance to customer service quality. In 2007, Paoching Store took the lead in introducing the quality management system and obtained ISO 9001 certification. Other stores also followed suit since then. By establishing the quality management system, we hope to maintain high-quality customer service. In 2022, 5 branch stores 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 Professional training creates high quality services

FEDS developed a standardized training process for the frontline customer service staff, so that each of them can adhere to the principles of service under professional training, and greet every customer with a cordial, professional, and enthusiastic attitude.

FEDS arranges orientation training courses for new customer service staff and provides professional skills training, including: service etiquette, customer reception, redemption operation, digital system operations, etc. Our employees are expected to be well-trained through senior colleagues' passing on the experience and diversified development courses. In 2022, there were

a total of 194 service personnel in FEDS, with a total number of 1,762 trained persons and a total of 1,738 hours of training. In addition, in response to the paperless policy, the service training courses have also been adjusted accordingly. In 2022, two new contents, "Operation of the e-Tax Refund System for Foreign Tourists" and "Operation of Suspending and Refunding Electronic Tickets" have been added, in order to make the services more in line with customer needs.

◆ Customer service training for the past 3 years

Year	2020	2021	2022
The number of service personnel	203	194	194
Total number of people trained	2,972	2,356	1,762
Total training hours	2,916	2,294	1,738

Note: In 2021, due to the opening of the Zhubei Store, additional training courses were provided. Compared to the high base in 2021, the number of people trained and training hours in 2022 were relatively lower.

◆ The content of customer service training

Orientation training

- ★ Corporate culture
- ★ Attendance standards
- ★ Insurance and benefits
- ★ Occupational safety

Personal development

- ★ Stress relief
- ★ Health management
- ★ Popular information
- ★ External training

Inheritance of experience

- ★ Customer complaints handling experience
- ★ Customer service standards
- ★ Service philosophy that comes from the heart

Professional skills

- ★ Store information and details
- ★ Service etiquette
- ★ System operations such as cash register operations
- ★ Customer complaints handling
- ★ Gift redemption operation

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2.2.3 Leveraging digital marketing to increase customer engagement

In the first half of 2022, the epidemic continued to affect the lives of all people, and it was not until the second half of the year that the lockdown was gradually lifted and the country reopened its borders. FEDS's community management is in line with the social atmosphere. In addition to fulfilling corporate social responsibility and strengthening the image of a safe store, FEDS also uses social media such as Facebook, LINE, and YouTube to enhance its connection with the public, and adopts a combination of virtual and physical approach to restore people's confidence in shopping at physical stores.

Facebook Live

FEDS continued its Facebook live shopping guide activity in the previous year, strengthened the introduction content such as in-store shopping and various international delicacies, and created a lively atmosphere of "pseudo-going abroad" through events such as Korea Exhibition and Japan Exhibition. In 2022, due to its diversified posts and live broadcasts, FEDS's fans in its Facebook fan group reached 932,000, an increase of 6% from the previous year.

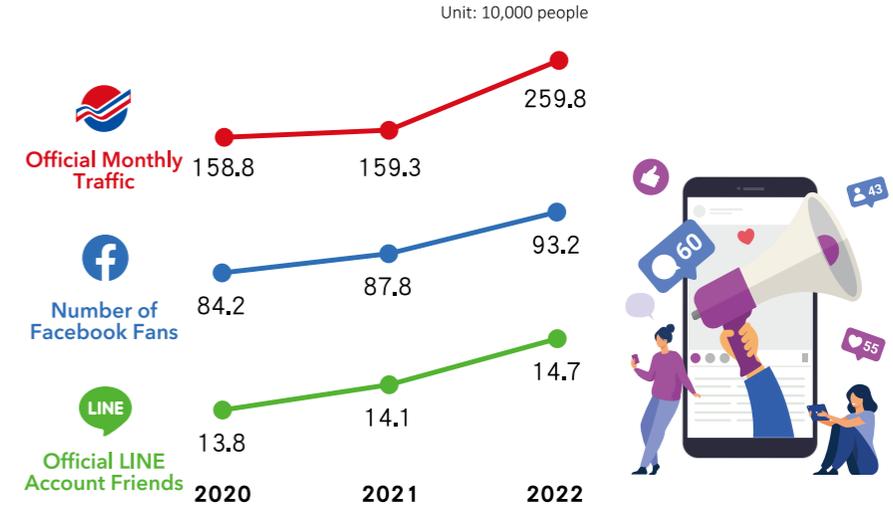
LINE push notifications

According to a survey, there are currently 21 million LINE users in Taiwan, and the weekly usage rate is as high as 93%. Before the epidemic slowed down, in order to maintain close communication with customers, FEDS used LINE push notifications to promote themed products, online ordering of three-festival gifts, etc., and diverted customers to FEDS Online or enter the FEDS app to make purchases. In 2022, the number of FEDS's official LINE friends increased to 147,000, an increase of 4% from the previous year.

YouTube creative video

Online video has gradually become an important social channel in people's lives, especially for the new generation of consumers who like to use and share customized video. FEDS actively establishes a new communication channel with customers through YouTube, combining life topics and fashion trends that young people care about, such as: amateur talent shows, eating and broadcasting programs, etc. FEDS strives to create creative video, and expand its market to the Z-generation demographic.

Number of fans on social media platforms



Reinforcing staff training for the new version of FEDS app

Since the launch of FEDS app version 3.0 in September 2021, new features have been added, including game missions, points redemption, and restaurant reservation. In order to enable the frontline service staff to be familiar with the various operation functions of the app, and to promptly answer any related questions that customers may have while using it, FEDS held a total of 7 training courses on FEDS app for customer service and counter staff in 2022, with a total of 624 people trained.



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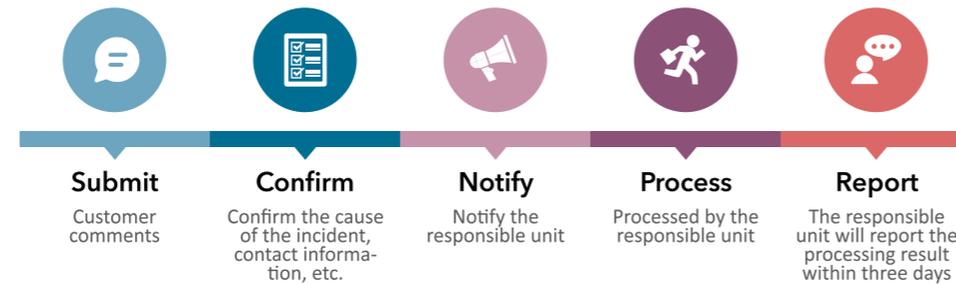
2.2.4 Listen attentively and respond quickly to customer feedback

FEDS understands that each recommendation and feedback from customers help us to improve. FEDS has established "Customer Satisfaction Procedures", "On-site Customer Opinion Handling Measures", "Customer Commodity Service Management Regulations" and other regulations so that customer opinion can be addressed in a timely manner. FEDS also listens to customers' voices through diversified channels, continues to make improvement, and strives to provide customers with service of the highest quality.

◆ Customer feedback channel



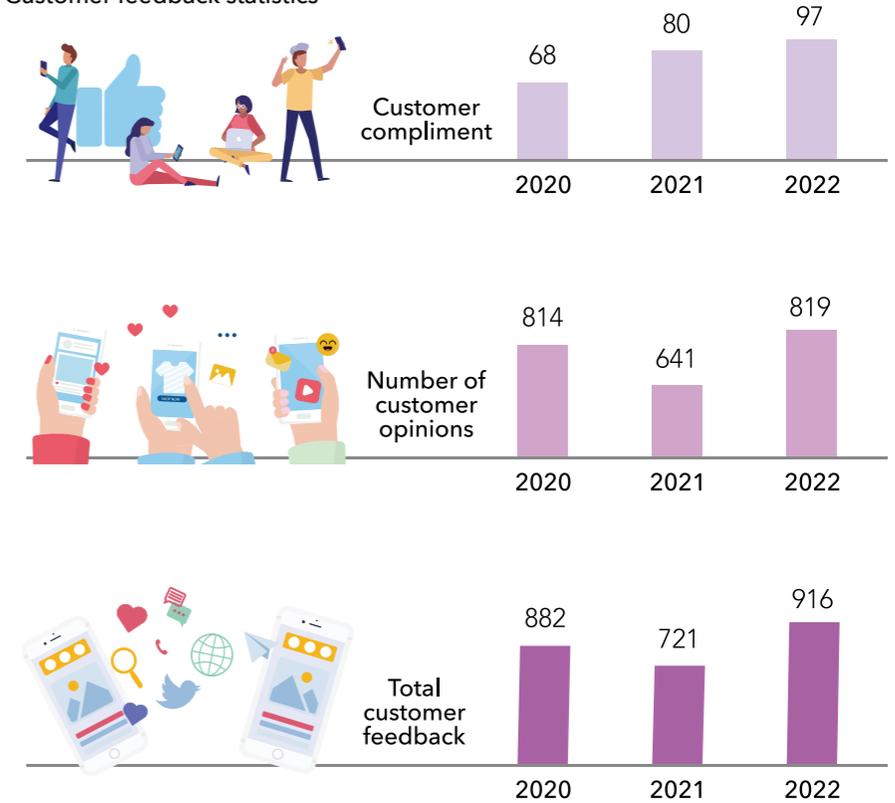
◆ Customer feedback processing procedures



In 2022, FEDS received a total of 916 customer feedback emails, of which 97 were compliments (accounting for 11%), and the number of compliments increased by 21% compared with the previous year. In addition, the number of customer opinions in 2022 is higher than previous years, mainly due to the new opening of the Zhubei Store, which received 155 opinion feedback alone. The content of the opinions primarily focused on the lack of training for employees.

The opinions from customers is handled properly in accordance with the customer opinion procedures. Incidents are reviewed and improvements are made accordingly. To address service issues, FEDS will enhance the education and training of sales representatives, and request vendors to make staffing adjustments for sales representatives who remain unsuitable after the assessment, in order to ensure improved service quality.

◆ Customer feedback statistics



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2.3 Optimized Spaces

The space design of FEDS contains care and ingenuity that caters to the needs of all customers. In 2022, we started from the concept of "safety, convenience, health, and environmental protection" to implemented various management measures for hardware and software equipment, personnel training, etc. so as to create a friendly, comfortable, clean and bright department store environment where consumers can enjoy a high-quality shopping experience.

2.3.1 Convenient facilities for easy and comfortable shopping

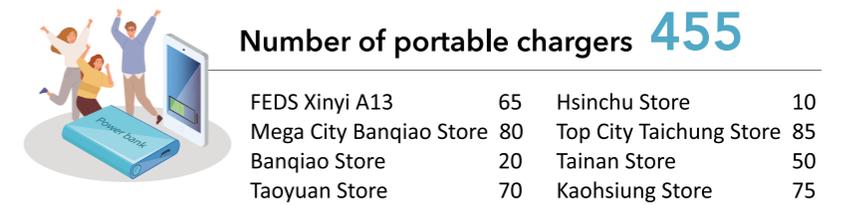
Considering the wide age range of customers of FEDS, we have made a lot of careful planning in the three major aspects of store facilities, traffic flow arrangement, and service design. We also provide services such as parent-child toilets, wheelchair rental, and accessibility facilities for the individual needs of mothers, infants, children, and seniors. We take care of the needs of different customer groups and create a shopping environment suitable for the whole family and all ages.



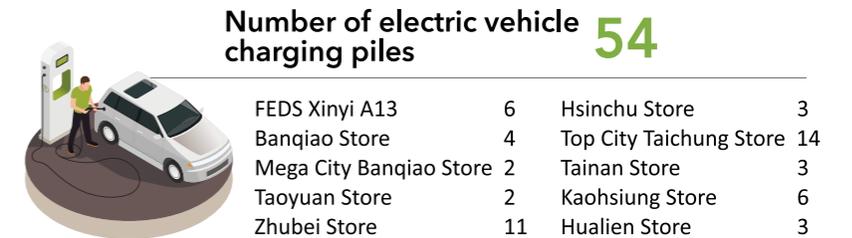
For more information on the service facilities, please refer to the official website

Facing the global trend towards net-zero emissions, FEDS has also gradually been providing convenient environmental services. In 2022, we provided the "portable charger" rental service in 8 branches (including large in-house boutiques), with 455 portable chargers in place, a 28% increase from the previous year, so that customers are not afraid of their phones running out of battery while shopping and it also promotes the sustainable concept of "renting instead of buying". We have also installed 54 EV charging piles in 10 stores, accounting for 0.8% of the total number of parking spaces in Taiwan, an 86% increase from the previous year. In the future, FEDS will continue to evaluate the possibility of building electric vehicle charging piles and increase the percentage of electric vehicle charging piles to 1.2% to provide more green services to our customers.

◆ Number of portable chargers in 2022



◆ Number of electric vehicle charging piles in 2022



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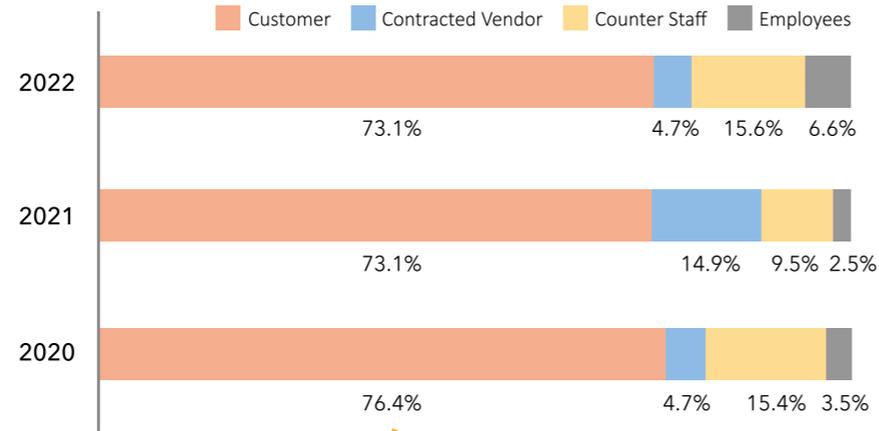
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2.3.2 Real-time notification to keep the shopping mall safe

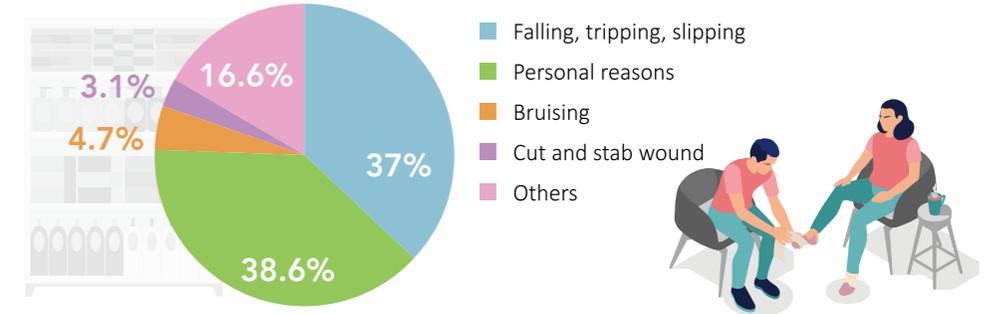
FEDS has a complete handling process for accidents occurred in the department stores. We formulated the "Operational Standards for Handling Accidents in Business Places" in 2018 and established the "Online Incidents Reporting System" in 2019, which unifies the notification channels and allows relevant units to grasp the whole story of the incident in real time and provide appropriate assistance. FEDS has also established a review and improvement system to prevent accidents from happening through management measures such as regular floor inspections, timely broadcast reminders, and strengthening safety promotion for counter personnel.

In 2022, customers accounted for the highest proportion of accidents in each branch (76.4%), followed by counter personnel (15.4%). In response to various accidents, FEDS has a dedicated unit responsible for analyzing the causes of occurrence and proposing improvement plans. At the same time, FEDS also strengthens personnel accident reporting process training to provide customers with a safe shopping environment. In addition, starting from 2022, the legal department also assisted in reviewing the improvement items of the store environment, assessing the risk of disputes, and improving the safety of the store environment, in order to avoid the risk of related disputes in the future.

Statistics of accidents



2022 Types of accidents



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

Improvement countermeasures for accidents

Party involved	Main accident category	Improvement countermeasures
Customer	Tripping, Slipping, Bumping	<ul style="list-style-type: none"> ▲ The floor supervisor pays attention to floor condition during inspection tours ▲ Strengthen the first-aid treatment drill for floor supervisors ▲ Floor supervisors and sales representatives remind customers not to run at any time ▲ Make announcements from time to time to remind customers to pay attention to safety ▲ Place signs to alert floor elevation changes and while cleaning is in progress
Contracted Vendor	Personal reasons, falls	<ul style="list-style-type: none"> ▲ Comply with standard operating procedures and pay attention to work safety
Counter Staff	Personal reasons, cuts	<ul style="list-style-type: none"> ▲ Reminder to use cutting tools properly
Employees	Personal reasons, slipping	<ul style="list-style-type: none"> ▲ Reminder to watch out for ground safety ▲ Prioritize follow-up and care of medium-and-high risk groups ▲ Increase the frequency of health care and hold health lectures



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2.3.3 Caring service with child-friendly space

FEDS attaches great importance to the shopping experience of every customer. From the walkways, furnishing to environmental sanitation, safety of the stores 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 excellent customer service, we strive to provide the customers with a friendly shopping space.



◆ **Friendly service and facilities**

High-quality nursery

FEDS has set up a nursery room (breastfeeding room) in 12 stores across Taiwan, and its internal facilities and equipment, and environmental management and maintenance measures have been certified by the nursery room (breastfeeding room) assessment of each county and city government. In 2022, nursery rooms in stores including Paoching Store, Hsinchu Store, and Chiayi Store were rated as "excellent".

Provide a clean toilet environment

In recent years, FEDS has replaced cushion paper with alcohol packs to create a more hygienic toilet space. In 2022, 11 stores in Taiwan have been awarded as excellent grades by the Environmental Protection Administration's "Quality Public Toilet Program" for two consecutive years. Among these, Mega City Banqiao Store was awarded the "golden quality public toilet award" and "Golden quality public toilet guidance award" by the New Taipei City government.



Excellent environment

Priority parking for women and children

FEDS has priority friendly parking spaces for women and children, and has set up clear identification signs to facilitate pregnant women and parents with young children to park quickly under friendly guidance. In 2022, 12 stores in Taiwan set up 177 priority parking spaces for women and children, and the number increased by 20%.

Establishing accessible friendly elevators

FEDS arranged some of the elevators in the store as "friendly elevators". Through signs and warm reminders, customers are asked to give priority to pregnant women, the elderly, and people with disabilities when taking the elevators.



Thoughtful facilities

Selected as a Friendly Store

Paoching Store is adjacent to Taipei City's tourist attraction, the Ximending business district. It provides local and international tourists 9 friendly services, including: Barrier-free and friendly, multi-language friendly, etc. It has been selected as a "friendly store" by the Taipei City Office of Commerce for 8 consecutive years.

Dementia-friendly store

In 2020, the Hualien Store took the lead in responding to the "Dementia Friendly Community Project". In 2022, Mega City Banqiao Store and the Banqiao Store also responded to the Far Eastern Memorial Hospital's "Remembering and Setting Out for Love" activities and training courses, and worked with Far Eastern Group's affiliates to build a friendly community for the elderly and dementia. Both were certified with the "Dementia Guardian Station" and the "Dementia Friendly Store" labels.



Friendly services

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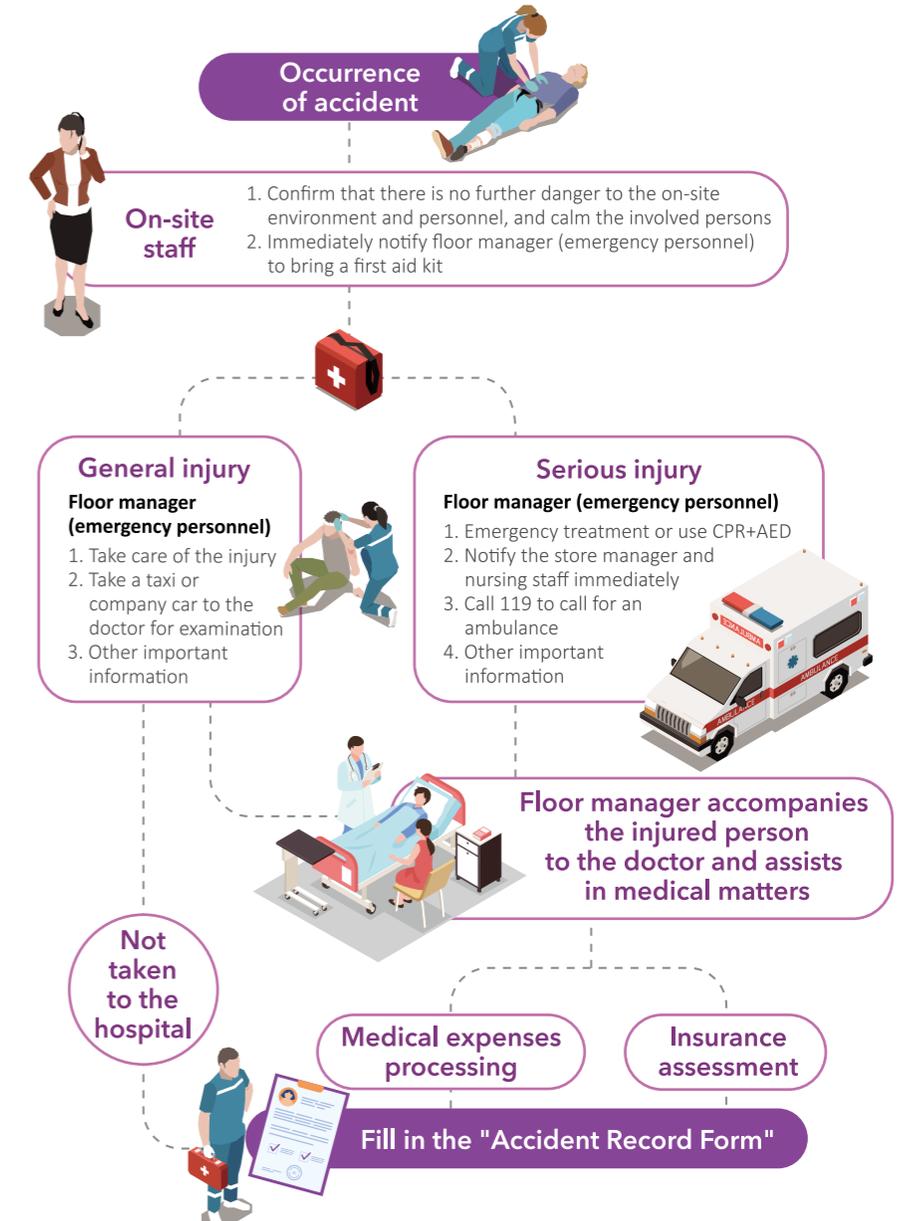
2.3.4 Obtaining AED certification to create a safe place

FEDS headquarter and all 12 branch stores in Taiwan have installed the "Automatic External Cardiac Defibrillator" (AED). Except for the Zhubei Store, which is still applying, the rest of the stores have obtained the "AED safe place" certification. In 2022, 22 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 the first aid measures. In terms of the number of first-aid personnel, FEDS also deployed relevant personnel with a standard that is higher than that stipulated by the law. In 2022, the actual number is 90, which is higher than the statutory number of 44.

◆ AED Facilities and First-aid Personnel

	AED		First-aid personnel		
	Quantity	Management personnel	Statutory number of people	Actual number of people	More than the statutory number of people
Head office	1	2	4	8	4
FEDS Xinyi A13	2	2	3	5	2
Bao-Ching Store	1	1	1	5	4
Mega City Banqiao Store	3	1	6	7	1
Banqiao Store	2	7	3	3	0
Taoyuan Store	1	1	2	14	12
Hsinchu Store	1	1	3	8	5
Zhubei Store	2	1	4	5	1
Top City Taichung Store	4	1	9	13	4
FEDS Chiayi Store	1	1	1	2	1
Tainan Store	2	2	4	6	2
Kaohsiung store	1	1	4	7	3
Hualien Store	1	1	2	7	5
Total	22	22	46	90	44

◆ AED Facilities and First-aid Personnel



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Special section: Ensure safety in department stores with peace of mind actions

FEDS greatly emphasizes the public safety of department store environment. In 2022, FEDS continued to implement tracking and management and carried out the plan of the 6 actions, beginning with the three major aspects of "Fire Safety", "Equipment Testing" and "Environmental Maintenance" to ensure the safety of the shopping environment and protecting the safety and health of customers.



Fire safety



Action 1 Implement fire safety inspections

FEDS sets 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 "Fire Safety Equipment Inspection and Declarations", inspection and declaration are completed every six months and are required to pass re-inspection to ensure the safety of the stores.

Action 2 Onsite drills for disaster prevention education

All 12 stores in Taiwan have appointed "fire prevention managers" who are responsible for overseeing and planning disaster prevention-related matters. Each branch holds disaster prevention education and training quarterly or semi-annually. In 2022, Mega City Banqiao Store and the New Taipei City Fire Department jointly conducted a fire drill, mobilizing more than 170 people to improve the disaster prevention and response capabilities of all employees.

Equipment inspection



Action 3 Ensuring an environment with safe 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 2022, according to the scheduled test time, 123, 134, 134 and 133 places were respectively inspected for water quality, and the test results all comply with laws and regulations.

Action 4 Checking the 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 and secure. We also regularly entrust manufacturers to carry out inspection and maintenance. In addition, the labor safety department also regularly checks the environment of counters in each branch, including: 10 major items such as the use of sockets and extension cords to reduce accidents.

Environmental Maintenance



Action 5 Regularly monitoring of air quality

According to the "Labor Work Environment Monitoring Measures", FEDS monitors the concentration of carbon dioxide in the environment every six months, and the monitoring results in 2022 passed by 100%. We have used FEDS Xinyi A13 as a demonstration and set up an "Indoor Air Quality Live Display Board" in the store to grasp the air quality status in the store in real time.

Action 6 Improving department store cleaning management

From 2020, FEDS has introduced the "Property Management App" in all Taiwan branches, with more real-time intelligent management to improve the effectiveness of shopping mall cleaning inspection. In 2022, the efficiency of cleaning inspection work increased by 50%, and the number of inspections also increased by 110%, creating a brighter and tidy shopping environment.

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3 Efficient Environmental Protection Operations

Retail is detail. All 12 FEDS stores in Taiwan are focused on the details of daily operations to create green value for the society through products and services, implementing the practices of low-carbon operations and environmental protection. We are committed to maintaining the mutually beneficial relationship between department store operations and environmental sustainability, and building a sustainable and fashionable department store, while gradually transitioning to low-carbon operations and embracing green retail amid the challenges of global climate change.

3.1 Intelligence Energy Management	60
3.2 Real-time Smart Property Management	68
3.3 Persistent Green Actions	73

In response to **3** material topics

- Energy Management
- Greenhouse Gas Management
- Water and Waste Management



Response to stakeholders :

- Consumers
- Employees
- Business partners (counter vendors/suppliers)
- Shareholders (investors)
- Government
- Society (media/community)



Nominated as **Top 100** in carbon competitiveness by Business Weekly

Greenhouse gas inventory **100%** coverage

Utilizing green consumption power Green procurement accounted for **99.8%**

Introduction of **TCFD** Established climate change management

Wastewater control and treatment **78%** sewer connection rate

Paper shopping bag **100%** use of environmentally friendly raw materials

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Environmental Sustainability Plans and Goals

As stakeholders are increasingly concerned about environmental issues, FEDS begins with "Environmentally-friendly green services" and "Intelligence creates a green store" to examine the possible environmental impacts caused by the operation of the department store on an annual basis, and actively develop countermeasures. In 2022, FEDS has executed 7 major green action plans to mitigate environmental impacts with practical actions and create green value for the society, building a sustainable and fashionable green department store and becoming a leader in environmentally friendly operation. Lead a Green Life!

Goal	Green actions taken	Environmental impacts addressed	2022 plans and achievements	Future medium- to long-term goals
 <p>Intelligence creates a green store</p>	Green building	Reduce power consumption, water consumption and excessive use of resources in the department store buildings.	<ul style="list-style-type: none"> The Zhubei Store successfully obtained the gold-grade green building certification, the highest-level green building in the department store industry, becoming the fifth green building under FEDS group. 	<ul style="list-style-type: none"> Green building is integrated into the planning of future new stores, and the four main principles of "energy saving, waste reduction, ecology, and health" are used to create eco-friendly green buildings.
	Green energy	Reduce carbon emissions, air pollution and water pollution.	<ul style="list-style-type: none"> The solar photovoltaic equipment is installed in the Hualien Store and FEDS's own land in Taitung, and it is expected to generate approximately 1.14 million kWh of green electricity annually upon completion in 2024. 	<ul style="list-style-type: none"> For energy transition, the proportion of green energy used increases by 20% in the next 5 years. Sewer connection rate reached 78% and 2 branches have started the sewer connection project, moving towards a 100% sewer connection rate.
	Green procurement	Prioritize the procurement of "recyclable and resource-saving" products to achieve environmental protection benefits.	<ul style="list-style-type: none"> The percentage of green procurement reached 99.8%, the number of green procurement items increased by 60% and the amount of procurement increased by 46%. 	<ul style="list-style-type: none"> Increase the number of items under centralized procurement, expand green purchasing power, and maintain the percentage of green procurement at more than 80%.
	Green intelligence	Use technology to move towards paperless and mobile management, and reduce the consumption of paper and other energy resources.	<ul style="list-style-type: none"> The digital management project saved more than 4.672 million sheets of paper and reduced carbon by 31,770 kg. 10% increase in the number of mobile office electronic forms. 	<ul style="list-style-type: none"> Upgrade digital management, and increase the digitalization extent of various operations of management functions to 98%.
 <p>Environmentally friendly green services</p>	Green consumption	Encourage "reduction, recycling, and reuse" to minimize the generation of environmental waste.	<ul style="list-style-type: none"> Continue to carry out 8 major service actions to reduce the impact of consumer behavior on the environment. 	<ul style="list-style-type: none"> Promote the "3R and 3E" principle in the consumption process, and work with customers to change the world with consumption power.
	Green transportation	Choose low-pollution, low-energy-consuming transportation methods to save energy and reduce exhaust emissions.	<ul style="list-style-type: none"> 74% of employees use public transportation for business trips. Shuttle buses are set up, carrying a total of 118,000 passengers. Planned to replace 14 company vehicles with new environmentally friendly vehicles. 	<ul style="list-style-type: none"> The target percentage of employees using public transportation for business trips is over 70%. Built 54 electric vehicle charging piles, an 86% increase in the number. Promote the adoption of electric company vehicles in phases until 100% replacement is completed.
	Green land maintenance	Improve air quality, increase biodiversity and beautify the urban environment.	<ul style="list-style-type: none"> Improve air quality, increase biodiversity and beautify the urban environment. The Zhubei store is designed with 1,155 square meters of "multi-level landscape ecological green roof" to enrich biodiversity. 	<ul style="list-style-type: none"> To be friendly to the environment, increase investment in the maintenance of green landscape around the department stores, and enhance the green beautification space of the city.

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3.1 Intelligence Energy Management

FED has formulated the "Energy Policy" to implement energy-saving management. Since 2015, the energy management team has conducted energy saving planning in the daily operation process, and set energy indicators to track the energy saving results on a monthly basis. In 2022, FEDS further promoted greenhouse gas inventory in accordance with ISO 14064-1 international standard, and based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, FEDS introduced a climate risk assessment and management mechanism, and launched the green power plan at the same time. At present, the electricity consumption of FEDS used to generate one dollar of turnover is 12% lower than 6 years ago. Through planned energy management actions, FEDS is conducting low-carbon transition step by step and working towards achieving the 2050 net-zero goal.

3.1.1 Climate change and response

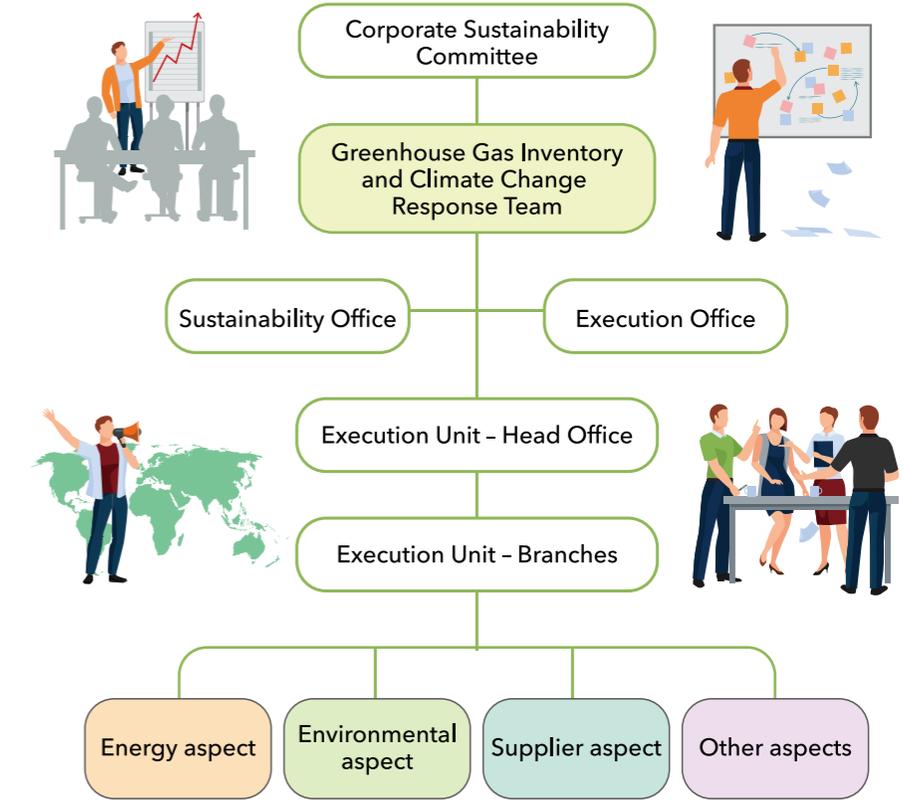
In order to systematically respond to climate change risks and possible climate disasters, while preventing related financial losses, with reference to the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) in 2015, FEDS has disclosed information related to climate change since 2019, helping FEDS to more accurately assess the challenges and opportunities that climate risks may bring to business operations. FEDS will set goals accordingly and take actions to respond to the financial impacts of climate risks and opportunities.

Governance

FEDS has established "Corporate Sustainability Committee" to regularly discuss the potential impacts of various climate change issues on the internal and external aspects of the organization, including identifying and assessing climate change risks and responding to climate impacts. Among them, the "Greenhouse Gas Inventory and Climate Change Response Team" (hereinafter referred to as the Climate Change Response Team) established by the "Corporate Sustainability Committee" is at the core to identify climate-related impacts, discuss climate-related risks and opportunities, and propose corresponding measures. Starting from the second quarter of 2022, the Corporate Sustainability Committee reports to the Board of Directors on the implementation results of relevant sustainability tasks on a quarterly basis. The Board of Directors reviews the content and direction of sustainability initiatives, provides recommendations as required, and supervises the management team to make timely adjustments. A total of three reports were conducted in 2022.

In order to improve the ability to respond to climate change and foster the climate risk awareness among corporate members, FEDS has incorporated climate risk issues into the corporate culture from top to bottom to strengthen corporate resilience. To ensure that the management and employees at all levels are able to truly grasp TCFD information, FEDS held relevant training courses in 2022. Directors and managers completed 4 TCFD training courses with a total of 4 participants and a total of 10 hours; employees completed 6 TCFD training courses with a total of 109 participants and a total of 254 hours for the training.

Greenhouse Gas Inventory and Climate Change Response Team



Strategy

FEDS takes the potential impacts of climate change into the overall operation considerations, estimates the probability of risk occurrence and the level of impact on the department store industry, and formulates a risk response and mitigation plan. FEDS identifies physical and transition risks and opportunities based on business type, risk strategy, and financial planning status. By simulating the potential financial impacts of climate in the future through scenario analysis, FEDS plans forward-looking climate actions, formulates risk response, mitigation plan, and crisis management mechanisms, and promotes various green environmental protection policies to comprehensively reduce the carbon footprint of the Company's operations and services.

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Climate scenario assessment

FEDS assesses the impacts of potential climate disasters based on the RCP 8.5 climate scenario, and then analyzes the possible physical climate disasters based on public climate models and relevant diagram websites such as "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform" and "3D Disaster Potential Map".

Physical scenario

◆ IPCC RCP climate scenario types and related indicators adopted by FEDS



Estimated scenario

RCP 8.5



Estimated period

Mid-century (2050)



Climate-related data indicators

- Variation in rainfall: The variation in the daily maximum rainfall in Taiwan is estimated to be about -4.8% to 41.7%, and the actual rainfall is about 209.6mm to 283.4mm.
- Variation in temperature: The annual average temperature in Taiwan increases by about 0.9°C to 2.2°C, and the annual average temperature is expected to reach 21°C to 22.3°C.

In terms of rainfall, based on the RCP 8.5 climate scenario assumptions, the maximum daily rainfall in Taiwan will increase up to 283.4mm. According to the definition of rainfall classification set by the Central Weather Bureau on March 1, 2020, The 24-hour cumulative rainfall of more than 200mm is considered torrential rain, which may cause local flooding or deluge. Taking the area where the head office of FEDS is located as an example, after analysis, it is found that there is no flooding in the location of the head office or the surrounding areas under the scenario of 200mm rainfall in 24 hours. However, under the scenario of 350mm rainfall in 24 hours, there may be about 0.5 to 1.0 meters of water accumulation in the surrounding areas, which may cause obstruction to the transportation of people and goods in terms of physical climate risk. It is necessary to pay close attention to climate-related information for early prevention.

In terms of annual average temperature, FEDS's head office and its branches located in Taiwan may encounter the risk of temperature increase by 2°C under the RCP 8.5 scenario, and the temperature may reach 21°C to 22.3°C, which may result in the increase in air-conditioning electricity expense, the increase in infrastructure costs and the increase in preservation costs for some products.

Energy transition scenario

FEDS conducts a scenario analysis in response to international and domestic regulations to estimate the financial impact of future electricity costs.

With a target to reduce greenhouse gas emissions by 50% for business as usual (BAU) by 2030, if Taiwan's renewable energy proportion increases from 5.6% in 2019 to the planned 40% in 2030 set by the national energy policy, the electricity unit price of Taiwan Power Company will rise due to the higher cost of renewable energy in Taiwan. Using NT\$2.63 per kWh in 2019 as the baseline, the estimated electricity price for 2030 is projected to increase to NT\$3.88 per kWh. Consequently, the procurement cost of electricity for FEDS will also increase. As a result, FEDS will continue to implement various energy-saving measures to reduce the impact of electricity consumption.



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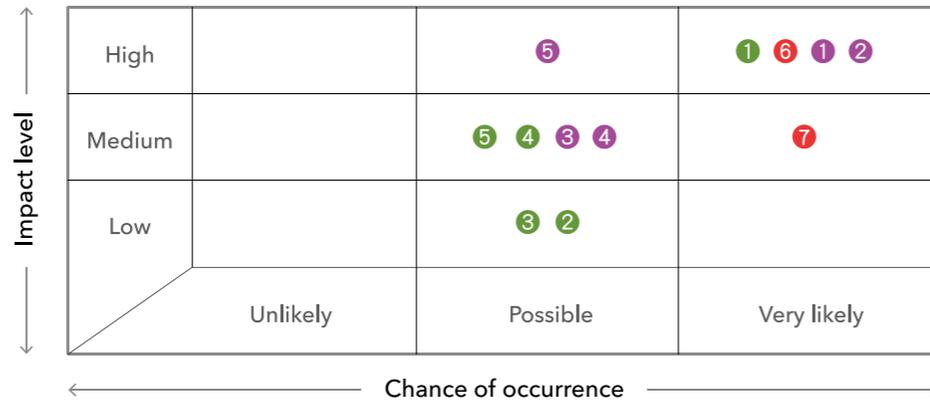
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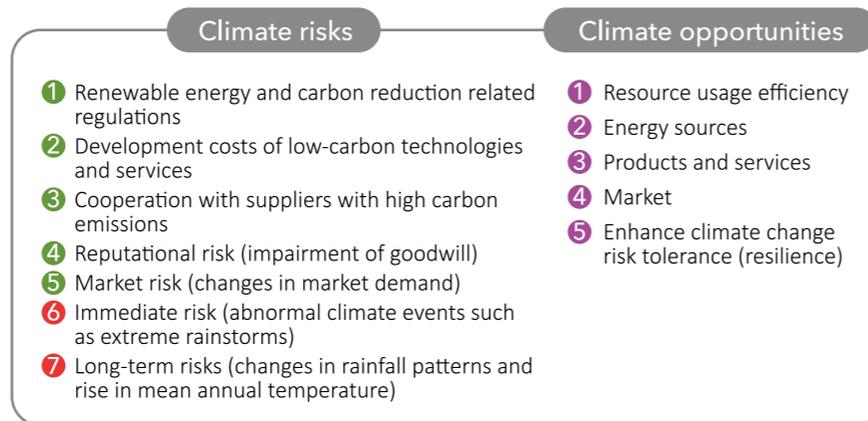
Identification and assessment of climate-related risks and opportunities

FEDS conducts risk assessments on climate-related risks and opportunities and analyzes and ranks them according to the severity of impact and likelihood of occurrence. The severity of impact is categorized into three levels: low, medium, and high, while the likelihood of occurrence is classified into three levels: unlikely, possible, and very likely. FEDS identifies and analyzes medium and high-risk items, and subsequently formulates appropriate response measures to enhance FEDS's resilience in dealing with climate change risks and opportunities.

Matrix of climate-related risks and opportunities



List of climate-related risks and opportunities



● Transition risks ● Physical risks ● Opportunities

After reviewing the risks, FEDS analyzed the impacts of climate change on the Company's financial condition and made annual adjustment and response actions to address the financial impacts. "Climate-Related Risks and Financial Impacts" and "Climate-Related Opportunities and Financial Impacts" are disclosed as follows:

Climate-Related Risks and Financial Impacts

Climate-related risks	Risk description	Potential financial impacts	Response actions
 <p>Transition risk</p> <ul style="list-style-type: none"> Renewable energy and carbon reduction related regulations 	<ul style="list-style-type: none"> The Bureau of Energy requires an annual reduction of 1% in electricity consumption. The Renewable Energy Development Act will lower the threshold for large electricity users and increase the renewable energy obligation capacity. The Financial Supervisory Commission requires annual greenhouse gas inventory and verification, with disclosure in the annual report. 	<ul style="list-style-type: none"> Increased renewable energy obligation capacity, increased purchase of green energy certificates, and higher operating costs. Facing the requirements of carbon emission control, it is necessary to purchase carbon credits via carbon trading, leading to increased operating costs. Implementing greenhouse gas inventory and verification activities incurs additional costs for inspection and verification paid to the agencies. 	<ul style="list-style-type: none"> Energy management tools are introduced, and the energy conservation team will track and control EUI on a weekly basis as an energy management indicator. Allocate budget to purchase green energy certificates; increase sustainable peripheral services (select vendors in sustainable supply chain)
 <p>Immediate physical risk</p> <ul style="list-style-type: none"> Natural disasters and damages 	<ul style="list-style-type: none"> Damage to buildings, equipment, and injuries to employees or customers due to weather-related disasters. 	<ul style="list-style-type: none"> The increase in energy consumption will lead to an increase in electricity bills and carbon costs. Use additional fuel to generate electricity, incurring additional expenses. 	<ul style="list-style-type: none"> Transfer of risk through insurance. Regularly inspect and strengthen the protection of important facilities and outdoor facilities. Implement disaster prevention training, and strengthen the guidance of escape routes in the department stores.
 <p>Long-term physical risk</p> <ul style="list-style-type: none"> Extreme Climate 	<ul style="list-style-type: none"> Resulting in more electricity consumption to meet air conditioning demand. 	<ul style="list-style-type: none"> The increase in energy consumption will lead to an increase in electricity bills and carbon costs. Use additional fuel to generate electricity, incurring additional expenses. 	<ul style="list-style-type: none"> Strengthen the heat insulation efficiency of buildings and important machine rooms, and adjust the start-up time of air conditioners according to the situation.

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◆ Climate-Related Opportunities and Financial Impacts

Types	Potential financial impacts	Response actions
 <p>Resource efficiency</p>	<ul style="list-style-type: none"> • The operating sites adopt green buildings and water-saving measures to reduce operating costs. • Paperless management to reduce paper consumption. • Reduce the carbon footprint of procurement and transportation. 	<ul style="list-style-type: none"> • The department stores have obtained the Green Building Label. • The department stores use Low-E glass to create natural lighting, and carry out three-dimensional and roof greening. • Management app is introduced and equipment inspection and property management are conducted through app. • Support green procurement, accounting for 99.79% of total procurement, and require suppliers to provide the Green Mark. • Each branch store is required to have at least 1 green logistics partner.
 <p>Sources of energy</p>	<ul style="list-style-type: none"> • The operating sites adopt renewable energy and related energy-saving equipment, and introduce energy management system. 	<ul style="list-style-type: none"> • Complete green energy plan and build 4 solar-powered electricity generating systems.
 <p>Products / services and market</p>	<ul style="list-style-type: none"> • Communicate with customers on the concept of green consumption in multiple ways to increase operating income. • Access to preferential interest rate finance to lower the financing cost • Engage in domestic and foreign initiatives to enhance the Company's reputation 	<ul style="list-style-type: none"> • Work with customers to promote green consumption and create green value. • Actively discuss with financial institutions for related financing services. • Actively engage in domestic and global climate initiatives.
 <p>Resilience</p>	<ul style="list-style-type: none"> • In response to the uncertainty of future climate change disasters, it is required to increase customer trust and reduce business losses. 	<ul style="list-style-type: none"> • Promote green sustainable counters and advocate green consumption. • Regular maintenance and repair of hardware and software equipment with uninterrupted power supply equipment or backup information operation room in place. • Introduction of ISO 27001 Information Security Management System.

Risk management

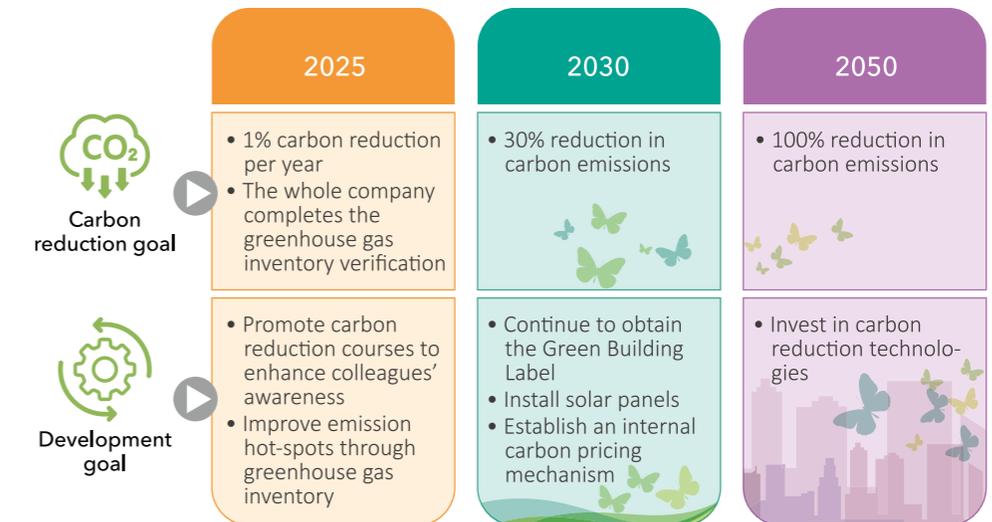
In order to identify and assess significant impacts or risks related to climate change on its operations, FEDS has established the Climate Change Response Team as a dedicated unit. This team holds regular meetings and conducts questionnaire surveys to evaluate climate change risks, aiming to understand specific potential financial implications. They are also responsible for developing climate risk management actions and goals to mitigate the impacts of climate risks. Furthermore, they establish comprehensive climate management procedures and review climate change response measures on a regular basis.

To ensure that the Board of Directors has a comprehensive understanding of the Company's climate risks, and to monitor the implementation of risk management and response measures, the Climate Change Response Team reports to the Board of Directors on a quarterly basis regarding greenhouse gas inventories, risk assessments, and relevant response measures.

Indicators and goals

In recent years, mitigating global warming has become a highly critical issue internationally. In pursuit of environmental sustainability goals, FEDS considers "energy saving and carbon reduction" as the top priority. The Company progressively reduces energy intensity, minimizes resource and energy waste, and sets a short-term goal of reducing carbon emissions by 1% per year, medium-term goal of reducing carbon emissions by 30% in 2030, and long-term goal of 100% reduction by 2050.

◆ Carbon reduction goal



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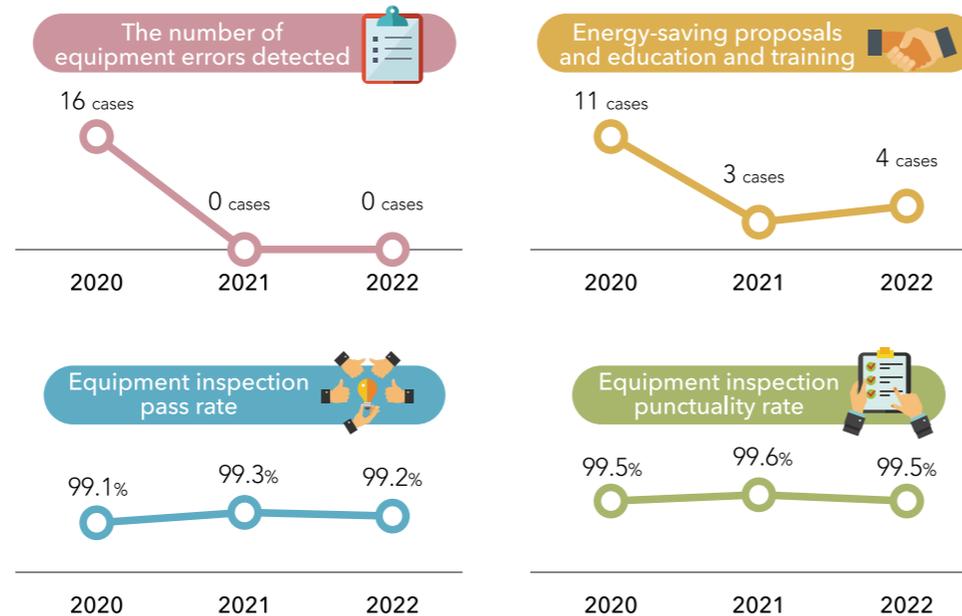
3.1.2 Managing the energy efficiency with a manufacturing mindset

Due to the extended operating hours from 10 to 11 hours for FEDS's various branches, energy management has become a crucial management issue. To achieve maximum energy saving and carbon reduction, FEDS adopts a "manufacturing mindset for managing energy efficiency in the service industry". Since 2015, the Engineering Department has been at the core of this approach, setting energy key performance indicators (KPIs) and conducting monthly reviews and analysis of various energy consumption data. At the same time, they enhance the maintenance and repair of equipment. By employing a dual approach of "software management and hardware maintenance", the Company continuously improves energy efficiency and enhances energy management performance.

Establishment of KPIs for regular monitoring

In 2022, the Engineering Department established a total of 12 KPIs in areas such as energy efficiency and equipment maintenance. Dedicated personnel track and analyze these indicators' data on a monthly basis. They assist branches with poor KPI performance in identifying the reasons and developing improvement plans. For branches with excellent performance, they are invited to share their practices during management meetings. Through mutual exchange, discussion, and learning, we will inspire more solutions to optimize electricity measures, establish a better energy management model, enhance energy efficiency and enable continuous improvement.

Energy management indicators



Introducing ISO standards to improve management

In order to grasp the international common standards for promoting energy management and reduce energy consumption and energy consumption costs through systematic methods, FEDS has introduced the ISO international standards and selected a suitable branch as the demonstration store. With the promotion experience of the demonstration store and the established standard operating procedures, it allows other stores to transfer and share in a diffuse learning mode, and continuously optimize energy security, energy efficiency and energy consumption with more effective energy-saving actions.

FEDS took the lead in the industry in introducing the "ISO 50001 Energy Management System" in the corporate headquarters building and Mega City Banqiao Store in 2017. In 2018, it further established the "Real-time Energy Performance Indicator Platform" in Mega City Banqiao Store, becoming the first department store in Taiwan to introduce this system. In 2021, the Tainan Store was selected to introduce the "ISO 50001 Energy Management System". In the future, it is planned to introduce the "ISO 50001 Energy Management System" in the three flagship stores, including Top City Taichung Store, the Zhubei Store, and FEDS XinYi A13. In 2022, each introduced site continued to pass various renewal evaluations and verifications.

Timeline for the introduction of ISO Energy Management System



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With the implementation of ISO standards as management procedures, FEDS has taken further steps to ensure thorough implementation of standardized operations for energy management through mobile management. After two years of planning, the inspection app was officially launched in 2020. This app is used to enhance the operational efficiency of mechanical and electrical equipment, such as the store's air conditioning system, and advance towards more effective energy management. For details, please refer to the chapter "3.2 Real-time Smart Property Management" in this report.

Promoting energy-saving projects

FEDS carried out 24 energy-saving projects in 2022, with a total investment of NT\$24,418 thousand and a total energy-saving benefit of 1,638,001 kWh. Among them, 6 energy-saving projects are multi-year implementation plans, and the rest are plans that can be completed in the current year. In terms of energy-saving measures, there are 7 energy-saving improvement plans related to the water chiller units, and the energy-saving benefits can reach 789,118 kWh; there are 12 energy-saving improvement plans related to lighting, and the power-saving benefits can reach 569,245 kWh. Through the improvement of the water chiller units and lighting equipment, the energy-saving benefits generated by both accounted for 83% of the total energy-saving benefits.

◆ 132 energy-conservation projects carried out in 5 years

Year	2018	2019	2020	2021	2022
Number of energy-conservation projects	19	35	27	27	24
Amount invested (thousand NT\$)	4,218	6,057	34,199	36,941	24,418
Energy savings (kWh)	1,455,459	2,155,100	2,022,393	3,140,111	1,638,001

◆ Energy-saving lighting installation progress



Note :The installation progress of energy-saving lighting is the installation rate of energy-saving lighting fixtures in the public areas.The Hualien Store adjusted the lighting area due to business needs, resulting in a lower installation rate.

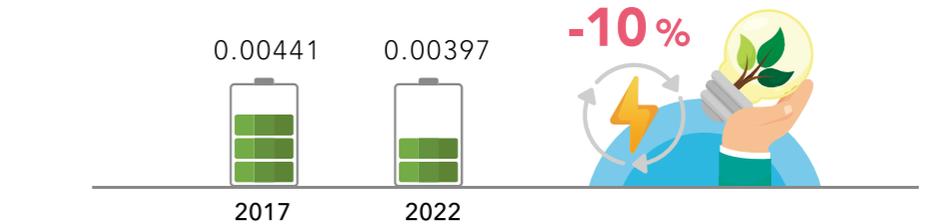
3.1.3 Green operation of low-carbon transition

Under the trend of global net zero emissions, international governments, organizations, and enterprises have announced net zero commitments. FEDS has made early preparation to implement corporate carbon reduction from the two directions of "energy saving" and "green energy", and has launched emission reduction goals and actions in phases to progressively transition towards low-carbon, hoping to achieve the goal of 30% carbon reduction by 2030. FEDS's excellent carbon reduction results have made it the only physical channel department store to be listed among the top 100 companies in carbon competitiveness announced by Business Weekly in November 2022.

Excellent performance in energy efficiency

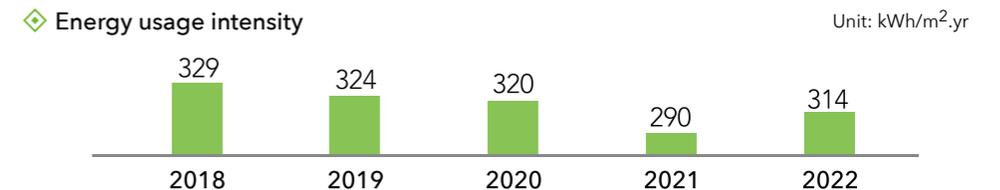
The annual energy usage intensity per unit area (EUI) is one of the important energy management indicators for FEDS. Our management target refers to the average EUI of the department store industry, and the EUI is tracked and managed by the engineering department on a weekly basis. Looking at the actual EUI figures, we can see that FEDS's dependence on energy has decreased year by year, and the EUI decreased from 333 in 2017 to 314 in 2022, showing a decrease of 6%. From the perspective of the relationship between turnover and electricity consumption, the electricity consumption per NT\$1 of turnover of FEDS has dropped from 0.00441 kWh in 2017 to 0.00397 kWh in 2022, a decline of 10%, which indicates that the energy-saving management measures promoted by FEDS are taking effects, evidenced by the significant improvement in energy efficiency. In the next five years, FEDS aims to reduce electricity consumption by 15% for every NT\$1 of turnover.

◆ Electricity consumption intensity reduced by 10%



Note: Electricity consumption intensity = electricity usage (kWh) ÷ turnover (NT dollar).

◆ Energy usage intensity



Note: The calculation area of energy usage intensity (EUI) does not include the parking lots.

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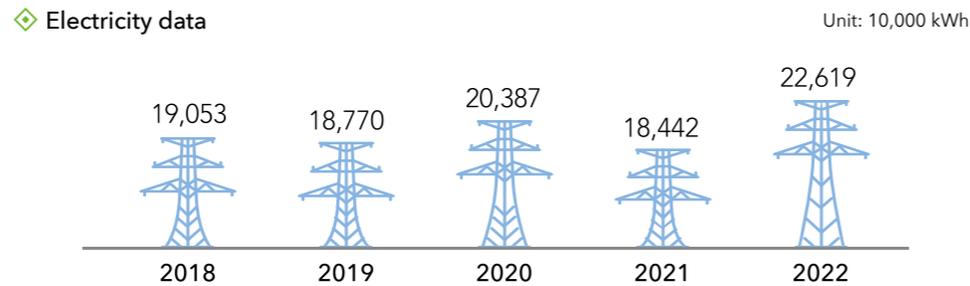
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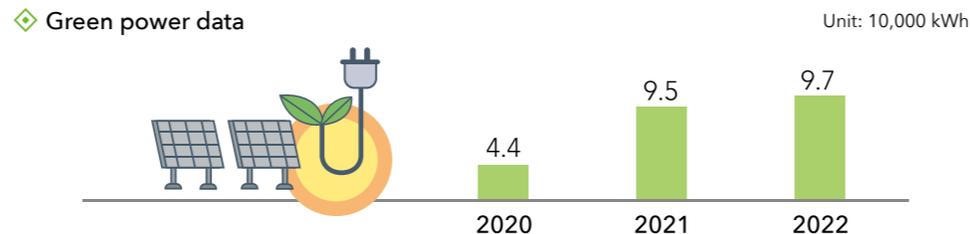
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FEDS aims to save 1% of electricity per year. In 2022, the total electricity consumption of the 12 stores in Taiwan was 226.19 million kWh, an increase of 23% compared with 2021. The increase in electricity consumption was mainly due to the expansion of operating locations with the addition of the Zhubei Store. In addition, due to the influence of the epidemic from May to July 2021, the department store industry has shortened business hours, resulting in a reduction in electricity consumption. Therefore, after removing the factors such as the epidemic, business hours, and new store openings, the electricity consumption of 11 stores (excluding the Zhubei store) was 192.49 million kWh, a decrease of 11.38 million kWh or 6% compared with 203.87 million kWh in 2020, and the energy efficiency was continuously optimized.



Note : 1. FEDS XinYi A13 and the Zhubei Store were included in the electricity statistics starting 2021 and 2022, respectively.
 2. Affected by the epidemic, each branch has shorten its business hours from May to July 2021, resulting in a significant reduction in electricity consumption.

In line with the government's energy transition policy, FEDS has launched its green energy layout in advance, and the two branches, namely Top City Taichung Store opened in 2011, and FEDS XinYi A13 opened in 2019, have installed solar power generation systems with a total capacity of power generation of 96 kW. In order to increase the use of green energy and reduce greenhouse gas emissions, FEDS launched the "Green Power Plan" in 2022. In cooperation with Prime EcoPower Co., Ltd., FEDS Group's affiliated company, it is planned to add two new solar power generation facilities in the Hualien Store and FEDS's own land in Taitung, with a power generation capacity of nearly 1,600 kW. It is estimated that after completion in 2024, they will be able to produce 1.14 million kWh of green power per year for self-use.



Note: The statistics of solar power generation were from Top City Taichung Store, and FEDS XinYi A13 was added starting 2021.

◆ An exemplary department store in carbon reduction

Based on the Ministry of Economic Affairs' "2030 Net-Zero Transition Pathway Report for the Service Sector", 87% of carbon emissions in the service sector come from electricity emissions, while 13% come from non-electricity emissions. Therefore, to reduce carbon emissions, four major strategies have been proposed for the service industry, including "improvement in equipment or operational behavior", "use of low-carbon energy", "low-carbon transition of business model", and "green building". Ten measures are being promoted from both the environmental end and enterprise end to achieve the goal of carbon reduction by optimizing laws and regulations and assisting companies to reduce electricity consumption (reduce electricity emissions). FEDS has been proactive in preparing for and implementing carbon reduction actions in a phased, planned, and systematic manner. The Company is gradually moving towards green retail via low-carbon transition.

Net-zero transition strategy for the service sector (4 major aspects and 10 measures)	FEDS	
	Execution	Execution actions
Improvement in equipment or operational behavior	Improving energy efficiency of air conditioning and refrigeration equipment	<ul style="list-style-type: none"> • ISO 50001 Energy Management System has been introduced in 3 business sites so far, and 3 more business sites are planned to be added in the future. • In terms of procurement, priority is given to the products with the Energy-saving Label, and 95% of office supplies are items with the Green Mark. • The air-conditioning temperature is properly set to achieve daily energy saving.
	Optimization of air conditioning system	<ul style="list-style-type: none"> • Installation of the inverter air conditioning units. Four inverter air conditioning units were purchased in 2022 and six more will be installed in the future.
	Using LED lights and high-efficiency lighting fixtures	<ul style="list-style-type: none"> • LEDs and lighting sources with high energy efficiency are adopted, and each branch is required to conduct the phase-out and replacement in stages, please refer to P65 for details.
Use of low-carbon energy	Procurement of electric vehicles	<ul style="list-style-type: none"> • It is required to gradually replace company vehicles with electric vehicles. In 2022, 14 company vehicles have been phased out and replaced with new eco-friendly vehicles. • 10 branches built 54 charging piles.
	Conversion to gas and high efficiency boiler	Not applicable NA
Low-carbon transition of business model	Green power for large energy users	<ul style="list-style-type: none"> • Increasing the use of renewable energy, and building solar power generation facilities in Hualien and Taitung, with an estimated annual output of 1.14 million kWh of green electricity.
	Utilizing smart technology	<ul style="list-style-type: none"> • Utilizing smart technology, adjusting operational decisions, introducing customer relationship management (CRM) system as well as new POS machines, using big data analysis to conduct precision marketing.
	Introducing smart equipment	<ul style="list-style-type: none"> • Introducing smart parking system services to reduce parking and waiting time by 5 times, leading to lower vehicle carbon emissions.
Green building	Promoting green consumption	<ul style="list-style-type: none"> • Developing consumers' green consumption habits, and promoting green procurement, please refer to P75 for details.
	Adopting insulation of the shell for the new buildings, and enhancing insulation of the shell for the existing old buildings	<ul style="list-style-type: none"> • In response to the government's green building regulations, the Company has obtained the Green Building Label and has 5 department stores and buildings built with the concept of green buildings.

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The largest carbon source in the department store industry comes from electricity emissions. FEDS is the first company in the department store industry to introduce ISO 50001 and EMS (Energy Management System). The electricity consumption has been steadily decreasing. Through saving electricity, FEDS has achieved the aggressive goal of reducing carbon emissions. In November 2022, Business Weekly published a list of the top 100 companies in carbon competitiveness. The survey primarily focused on listed companies and consolidated the carbon emission data of 954 listed companies. Based on indicators such as carbon productivity, carbon increase rate, and carbon commitment, the top 100 companies in carbon competitiveness were selected and FEDS was the only physical channel department store on the list. Moreover, we invest the savings from carbon reduction in the digital transformation of the Company, turning management costs into innovation capital.

◆ Energy saving honor recognition in the past three years

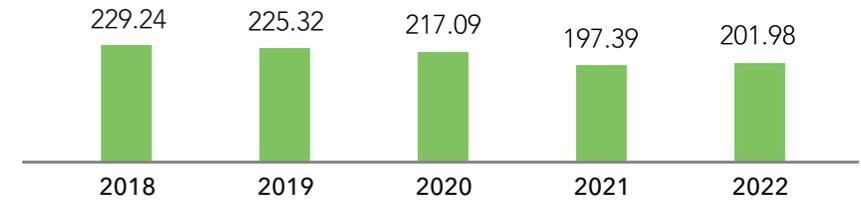


Greenhouse gas inventory

In order to improve the phenomenon of climate change and global warming, governments and enterprises across the globe have proposed concrete action plans to reduce greenhouse gas emissions. Given the concern for global climate change, FEDS has conducted a systematic greenhouse gas emission inventory and prepared an emission inventory report in accordance with the requirements of International Organization for Standardization (ISO) for greenhouse gas management, in order to provide a reference for future implementation of greenhouse gas reduction management plans.

In 2019, FEDS took the Hualien Store as a model store to introduce ISO 14064-1: 2018 carbon emission inventory, 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. In 2022, the scope of greenhouse gas inventory was fully expanded to the head office and 12 operating sites in Taiwan, and the operation control method was adopted to recognize 100% of the greenhouse gas emissions caused by the facilities under the management or operation control of the Company.

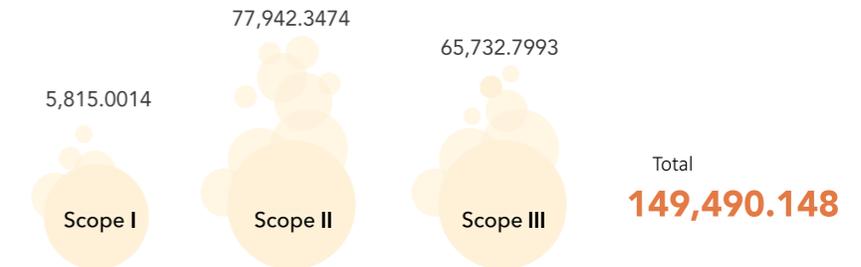
◆ Carbon dioxide emission intensity



Note: 1. The carbon emissions are calculated based on the electricity carbon emission coefficient announced by the Bureau of Energy. The 2022 coefficient has not been released, and hence the calculation was based on the 2021 coefficient of 0.509 kg CO₂e/kWh.
 2. Emission intensity = Total carbon emissions (ton) ÷ revenue (NT\$100 million)

◆ Greenhouse gas equivalent emissions

Unit: tCO₂e



Note: 1. Scope I emission sources mainly include emergency generator, high pressure washer, gas stove, air conditioner, refrigerator, 2. Scope II and III emissions are mainly from purchased electricity and tap water.

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3.2 Real-time Smart Property Management

With the advance of technology, FEDS, in addition to considering the scale, location, and market share on the store operation front, is also committed to integrating digital technology with store management and has become a technology leader in the industry. We have established a task force to strengthen the retail technological abilities on an ongoing basis, improve the traditional business model based on labor, and use digital technology to enhance the environmental management efficiency of department stores, driving FEDS's operations to become smarter.

3.2.1 App management enhances the technological capabilities of stores

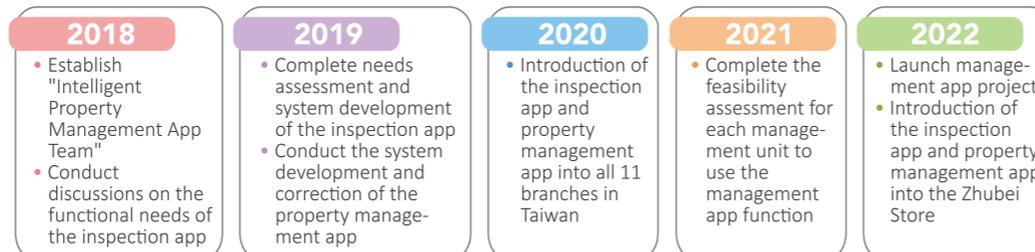
In the face of the digital innovation trend, FEDS has incorporated digital technology into its management model. The Company has developed management app tailored to different management needs, aiming to enhance operational efficiency in asset and equipment management. This initiative addresses the challenges of managing multiple decentralized department store locations by providing real-time access to management dynamics and information of all branches for the management team, which is expected to improve the efficiency of logistics management in department store operations.

Management app team promotes 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. Through the set up of management app platform, FEDS hopes to reduce the time required for the inspection of various equipment and assets. In 2020, two major management apps, "inspection app" and "property management app", have been officially launched, effectively improving management efficiency and achieving more real-time smart management.

In order to increase the operational efficiency of the organization, FEDS seeks opportunities to expand the functions of the management app and apply it to more business content. In 2021, each management unit has completed the feasibility assessment of using the management app. In 2022, we further launched the management app project, so that the management of the department store has become more mobile and smart. It also allows the logistics management personnel to go out of the office to conduct more efficient on-site management.

Management app promotion timeline



Inspection app implements the on-site inspections

FEDS's inspection app was officially launched in 2020. In addition to designing the standard forms for the key electromechanical equipment, the Engineering Department also unified the operational content of inspection items and cycles. Through the app, these records are digitalized and uploaded to the cloud, helping to conduct big data analysis and grasp the latest status of equipment. If an abnormal situation occurs, the manager can be immediately reminded to enter the site to deal with it. Furthermore, since the equipment inspection points are established on the equipment site, management personnel must personally visit the equipment site to read the form, effectively solving the issues that may have occurred in the past, such as unsatisfactory inspections, inspections not being carried out on time, and incorrect records. By replacing manual work with automated management, the risk of human error can be effectively reduced.

Inspection app promotion timeline



The key management benefits of inspection app

Control items	Management benefits	Benefits
The temperature of the water chiller units is approaching high level	Saving electricity consumption of the water chiller units	Saving 11,185 kWh in energy
Electrical conductivity of cooling water is too high	Saving electricity consumption of the water chiller units	Saving 72,905 kWh in energy
Electrical conductivity of cooling water is too low	Reducing water usage of the cooling towers	Saving 545 kWh in energy
The temperature of cooling water is too high	Saving electricity consumption of the water chiller units and reducing maintenance expenses on the units	Saving 17,732 kWh in energy
Paper consumption	Saving paper	Saving nearly 35,000 sheets of paper

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Property management app reinforces property management

The property management of the department store industry has long relied on a large number of manpower for inspection and maintenance. In recent years, due to the continuous increase in labor costs, property management for the department store has become more challenging, and various inspections have also resulted in a large amount of paper consumption. In order to improve the management efficiency of the department store business, the General Affairs Department launched the "Property Management App" development project in 2018, aiming at the three major aspects of "digitalization, intelligence, and paperless" to reduce manpower requirements, improve work efficiency, and reduced paper consumption to promote environmental benefits.

The property management app has four major sections, including "asset management", "company vehicle management", "manpower management" and "cleaning inspection", and management personnel can design various operation workflows and report outputs according to their own requirements. At the same time, it can preset the module expansion function to reserve an adjustable flexibility for future property management. After the introduction of the property management app, in addition to improving work efficiency, reducing error rates, and increasing the number of inspections, it can also achieve environmental protection and carbon reduction benefits through paperless and digital functions.

Management benefits of introducing the property management app

 Asset Management	<p>Improve working efficiency by 67% 45 minutes/case (average) → 15 minutes/case (average)</p> <p>Reduce human errors by 100% 30 items/time (average) → 0 item/time (average)</p>	 Manpower management	<p>Improve working efficiency by 45% 55 minutes/case (average) → 30 minutes/case (average)</p> <p>Increase the number of inspections by 143% 143% 7 times/week → 17 times/week</p>
 Company vehicle management	<p>Improve working efficiency by 38% 40 minutes/case (average) → 25 minutes/case (average)</p> <p>Reduce human errors by 100% 8 cases/month (average) → 0 case/month (average)</p>	 Cleaning inspection	<p>Improve working efficiency by 50% 50 minutes/case (average) → 25 minutes/case (average)</p> <p>Increase the number of inspections by 110% 10 times/week → 21 times/week</p>

Environmental benefits of introducing the property management app

<p>Paperless management</p> <p>Estimated annual reduction of 230,000 A4 sheets of paper</p> <p style="text-align: right;">Carbon reduction 1.6 tons</p>	
<p>Digital management</p> <p>Estimated annual reduction of 240 visits by head office personnel to each branch for inspections</p> <p style="text-align: right;">Carbon reduction 1.9 tons</p>	
<p>Company vehicle management</p> <p>Increasing the number of rides shared by colleagues is estimated to save NT\$240,000 in taxi fares per year, which is equivalent to a reduction of 7,869 liters of gasoline.</p> <p style="text-align: right;">Carbon reduction 17.8 tons</p>	

Note: 1. Carbon emissions are referred from the website for product carbon footprint, and each piece of A4 paper emits 6.8g of carbon.
2. The fare is converted by an average price of 95 gasoline at NT\$30.5.

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3.2.2 Smart parking towards paperless life

Since 2013, FEDS has successively upgraded the parking management system of each branch, and replaced the one-time paper parking tickets with the reusable parking magnetic cards (tokens) at the rate of one branch per year. The replacement for all branches was completed in 2018. In 2019, FEDS XinYi A13 launched a new smart parking service that uses license plate recognition to allow vehicles to enter the parking lot, reducing parking time as well as vehicle carbon emissions.

In order to expand the benefits of carbon reduction, FEDS launched the "Smart Parking Upgrade" project in 2020 according to the specifications of FEDS XinYi A13, and continued to introduce the smart parking system to other branches. In 2022, Mega City Banqiao Store, Top City Taichung Store, and the Zhubei Store have adopted the smart parking system. In the future, we will also gradually evaluate the feasibility of introducing this to other small and medium-sized stores.

◆ Upgrading smart parking system

Before
2013

Use parking ticket
Retrieve ticket to enter



2014
|
2018

Towards paperless
Switch to parking magnetic
card (token)



Smart upgrade License plate recognition



2019

Launched at FEDS XinYi A13



2021

Upgrade completed at
Mega City Banqiao Store and



2022

Launched at Mega City Banqiao Store,
Top City

In the
future

Continue the introduction into
remaining branches

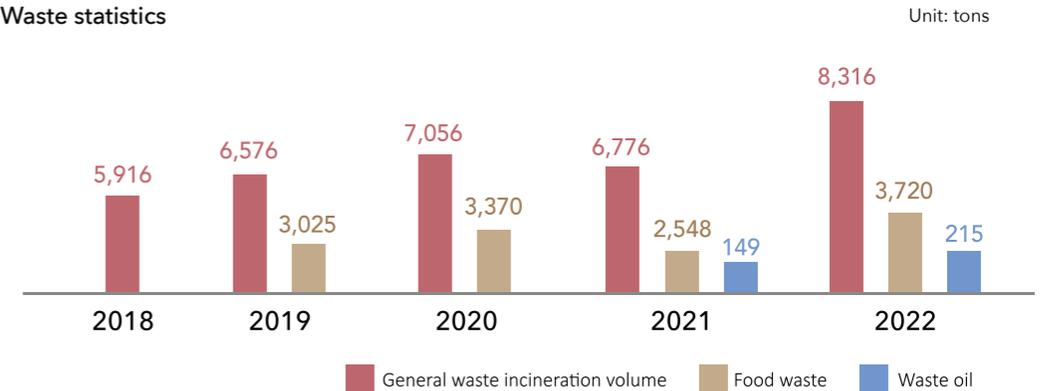
3.2.3 Waste management to reduce environmental pollution

Green operation is the environmental management goal of FEDS. We strive to reduce the impact of operations on the environment, and strictly control items such as waste disposal, resource recycling, waste oil fume emission, and waste (sewage) water to reduce environmental pollution. At the same time, we also comply with government policies to promote plastic reduction actions, including restricting the use of plastic shopping bags, plastic straws, disposable tableware etc., to reduce the generation of plastic waste in order to achieve the goal of resource sustainability and zero waste.

Waste treatment to reduce environmental waste

FEDS regards "garbage, food waste, and waste oil" primarily generated from the day-to-day operation as the focus of department store waste management. We have implemented a classification system in our offices and operating stores to strengthen the classification management of garbage. Waste from the stores has also been cleared and transported in accordance with the law, and qualified vendors are hired to recycle or incinerate waste respectively.

◆ Waste statistics



Note: 1. The Zhubei Store was added in 2022
2. Food waste has been calculated since 2019 and waste oil has been calculated since 2021.

Resource recycling reached nearly 5,000 tons in 5 years

In recent years, as the proportion of food and beverage industry within department stores has surged, the waste generated also continues to increase. To effectively control the growth of waste, FEDS has established resource recycling management indicators for branches since 2018, and has carried out recycling management for paper. In 2021, iron and aluminum cans and PET bottles were further listed as recycling management items, so as to achieve the sustainable goal of resource reuse. In 2022, the amount of resource recycling reached 1,316 metric tons, an increase of 36%.

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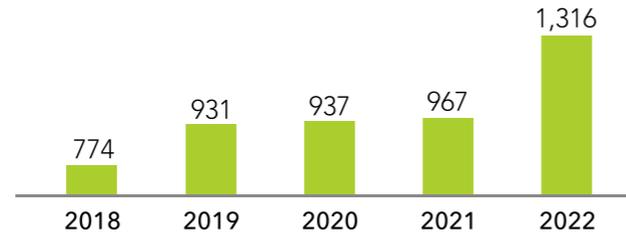
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◆ Total amount of recycling over the years Unit: tons

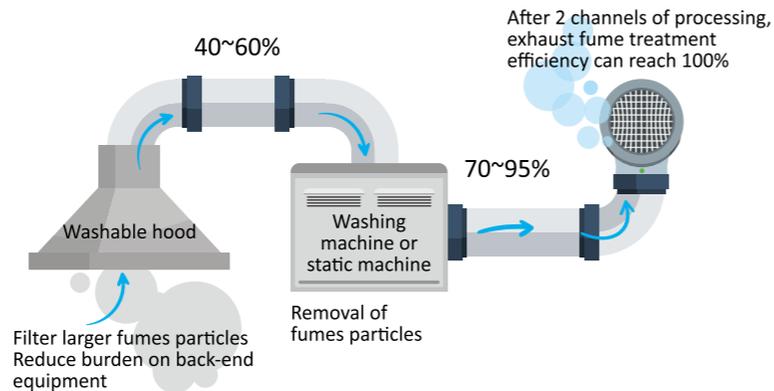


Note: Only recycled paper was calculated prior to 2020. Aluminum cans and pet bottles were added since 2021.

◆ Implementing waste oil fume management to ensure emission meets the standard value

In order to prevent cooking fumes from affecting the living quality of the surrounding neighbors, FEDS adopts a water-purifying fume exhaust hood system instead of a 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, reduction in air-conditioning waste, and fire prevention. 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 treatment efficiency

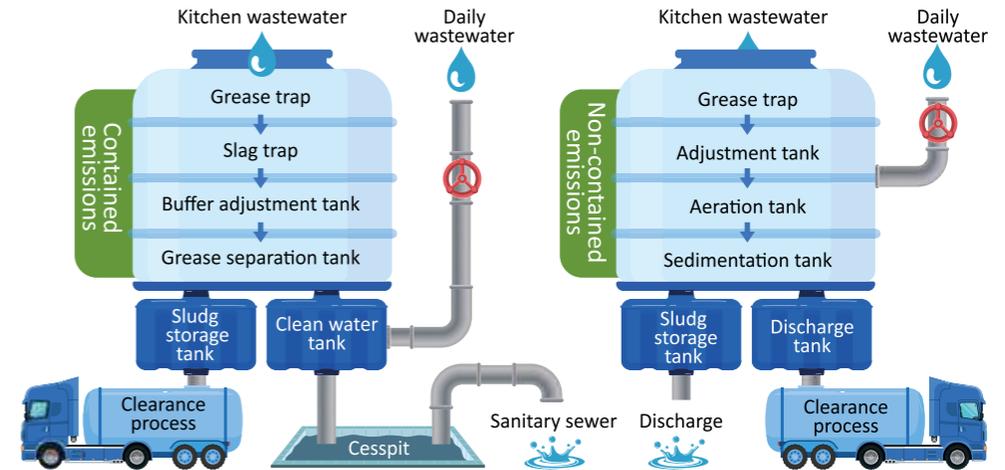


Note: Treatment efficiency values are based on Environmental Protection Administration's "Food and Beverage Fume Control Equipment Setup Guide".

◆ Implementing waste (sewage) water management with sewer connection rate reaching 78%

In order to dispose waste (sewage) water generated in the stores, 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 treatment procedures described above, 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 meeting the regulatory standards. In addition, FEDS also promotes the sewer connection project, and implements the "sewer connection" operation procedure for branches that can discharge waste (sewage) water through pipes connecting to sewer, so as to reduce the generation of peculiar smell. By the end of 2022, the sewer connection rate of all Taiwan branches has reached 78%. In the future, FEDS plans to implement the sewer connection operation at the Taoyuan Store and Top City Taichung Store, and move towards a 100% sewer connection rate.

◆ Sewer connection process



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

Type	Preventive measures	Invested costs	Effectiveness of prevention and treatment
Restaurant waste water	Regular cleaning of grease trap	NT\$1.39 million	<div style="border: 1px solid green; border-radius: 10px; padding: 5px; display: inline-block;">100%</div> compliance with emission standards
	Sludge disposal by legitimate vendors	NT\$3.06 million	
Domestic sewage	Regular water treatment dosing	NT\$3.89 million	
	Conduct regular water quality inspections	100% compliance	

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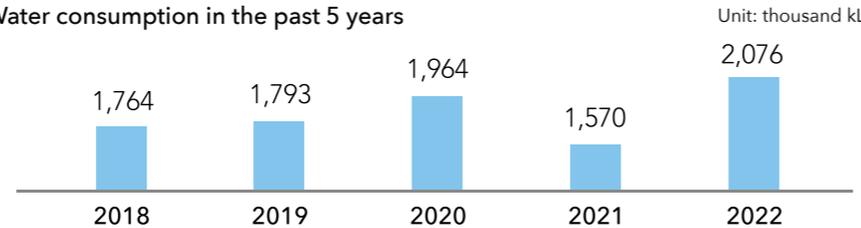
3.2.4 Water resource management to improve water-use efficiency

The main water source of FEDS headquarters and branches comes from local reservoirs. In response to the water shortage crisis that may be caused by climate change, FEDS has been implementing water-saving management. Since 2019, the water resource management indicators have been set up, and the water use efficiency of each branch was tracked and managed every month starting from 2020. The Taoyuan Store is used as a demonstration store to introduce ISO 14046 water footprint certification, and the first water footprint inventory was completed in 2021. In 2022, we further included counter water consumption into the KPI control item, and conducted regular tracking and analysis. We hope that through more comprehensive management, we can effectively implement water conservation and improve water conservation results.

Water-use efficiency surpasses industry performance by 20%

In 2022, the total water consumption of FEDS's 12 stores in Taiwan reached 2,076 thousand kiloliters, an increase of 32% compared with the previous year, mainly due to the opening of the Zhubei Store, the slowdown of the epidemic and the return of crowds. Excluding the opening of new stores, the total water consumption of the 11 existing stores was 1,730 thousand kiloliters, a slight increase of 10%. With the opening of new stores, the water consumption value of FEDS is still 20% better than the average value of the department store industry, which indicates our efforts in water management.

Water consumption in the past 5 years



Note: FEDS XinYi A13 and the Zhubei Store were included in the statistics starting 2020 and 2022, respectively.

Water-use efficiency surpasses industry performance

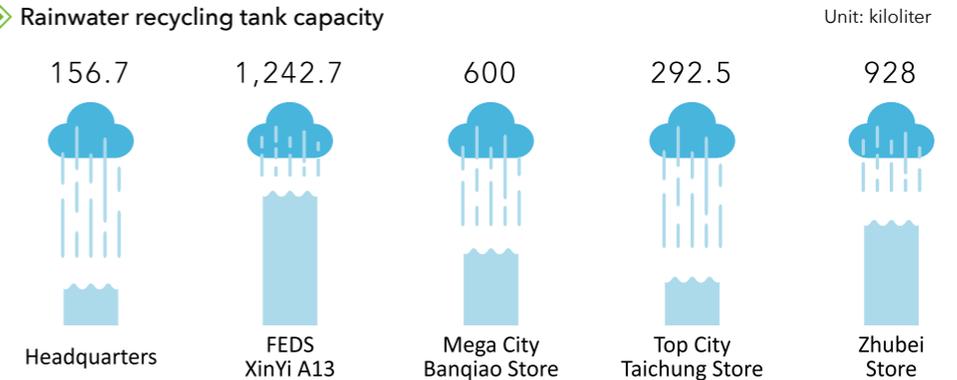


Note: 1. The water consumption value = water consumption per square meter (liters ÷ square meters × day).
2. The industry volume value is based on the recommended value of the water consumption indicator of the excellent water-saving unit from the Water Resources Agency, Ministry of Economic Affairs in 2022.

Comprehensive water-saving measures

More than 90% of FEDS's water consumption comes from "air-conditioning cooling water, kitchen water, and toilet water". Considering the food safety requirements of kitchen water, we have listed "air-conditioning cooling water and toilet water" as key water-saving items. In addition to installing water-saving equipment and conducting water leakage detection in pipelines, each branch also reduces the water consumption of air-conditioning water towers by adjusting the conductivity of cooling water towers. FEDS has also installed a rainwater reclamation system at the corporate headquarters and 4 branches across Taiwan, with a total equipment capacity of 3,220 kiloliters to improve water-saving benefits.

Rainwater recycling tank capacity



The Tainan Store was awarded the "Excellent Water Conservation Unit" Excellence Award

In 2022, the Tainan Store won the "Excellent Water Conservation Unit" Excellence Award from the Ministry of Economic Affairs for its outstanding water-saving results. The Tainan Store has strengthened water management through measures such as replacing the water chiller units with a magnetic levitation air-conditioning water chiller units, introducing frequency converter control for cooling water pumps and cooling tower fans, and increasing the water concentration ratio of cooling water towers, saving more than 3,350 metric tons of water, and achieving excellent results in real water saving improvement.



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3.3 Persistent Green Actions

In 2022, we continue to focus on "green transportation, green building, green land maintenance, green consumption, green procurement, green energy (please refer to Chapter 3.1 Intelligence Green Energy), and green intelligence (please refer to Chapter 3.2 Real-time Smart Property Management)" seven major green environmental protection actions, and practice sustainable green value.

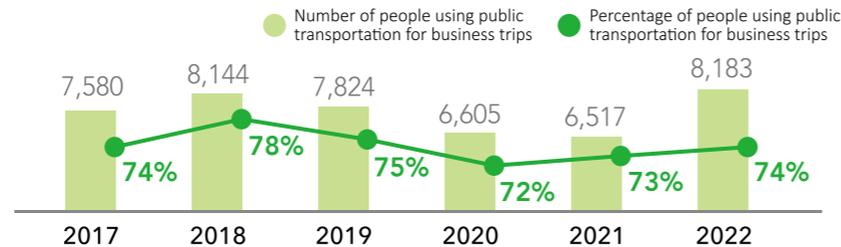
3.3.1 Green transportation accelerates energy saving

FEDS implemented the green transportation action in 2022, starting from four aspects, including encouraging employees to take public transportation for business trips, providing shuttle bus services for customers, replacing outdated company vehicles, and pre-managing the traffic flow of anniversary activities. Through all-round response to green transportation, the carbon reduction will be accelerated.

Over 70% of employees travel by public transportation

Since 2017, FEDS has encouraged its employees to take public transportation for business trips. So far, more than 44,000 people have responded, and the response rate has exceeded 70% for six consecutive years. In 2022, the total number of employee on business trips was 11,058, and 8,183 people used public transportation to and from the place of business trip, accounting for 74% of the total. In addition, we have also adopted a multi-pronged approach to reduce carbon emissions from transportation through 285 video interviews and the establishment of a company car-sharing system.

Employees using public transportation for business trips

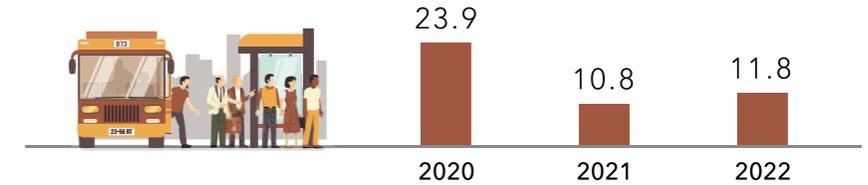


Providing 120,000 customers with shuttle bus service

FEDS has set up shuttle buses at 4 branches, including the Banqiao Store, Mega City Banqiao Store, the Hsinchu Store, and the Zhubei store, making it convenient for shoppers to take them, and reducing the carbon footprint created by transportation during shopping. In 2022, the total number of passengers carried reached 118,000, and the cumulative number of passengers in the past three years has reached 465,000. Please refer to the official website for more shuttle bus information (<https://www.feds.com.tw/>).

Number of shuttle bus passengers

Unit: 10,000 people

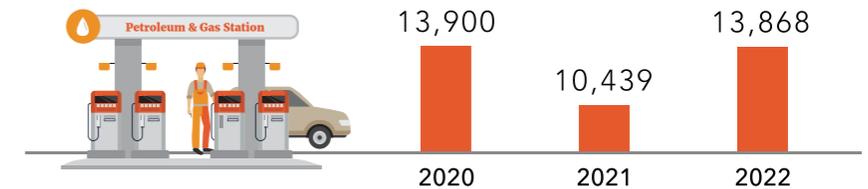


Replacement of old company vehicles

FEDS headquarters and its branches have a total of 20 company vehicles with an average service life of 10 years. Considering the high air pollutant emissions of old vehicles, 14 company vehicles have been replaced by new environmentally friendly vehicles in 2022. In the future, it is expected to replace vehicles that are more than 10 years old in stages to reduce air pollution.

Gasoline usage

unit: liter



Preemptively manage traffic during events

To address the traffic congestion caused by the annual sales event, FEDS proactively communicates with local transportation authorities and police departments before the event. FEDS assesses the impact on traffic and develops traffic diversion measures to ensure smooth traffic and minimize the impact on the local community during the event. In 2022, for the first time in Top City Taichung Store area, dynamic parking information display panels were introduced. These panels provided real-time information on available parking spaces in nearby parking lots, directions to the parking lots, and distances to the parking lots. The Taichung City Government also offered free shuttle buses between the MRT City Hall Station and designated parking lots, effectively reducing traffic congestion caused by shopping-related traffic in the surrounding areas.

Major traffic control measures for the anniversary celebration

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



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3.3.2 Green building becomes a green landmark of the city

FEDS pioneered the trend of department stores by incorporating the green building concept into the design of department store at an early stage. Since 2011, the newly opened stores of FEDS have been planned as new-style environmentally friendly and energy-saving department stores. With the four main focus of "ecology, energy saving, waste reduction, and health", we have created sustainable and fashionable green department stores, so that the department store is not only a department store, but also a green landmark in the city. Currently, FEDS has 5 department stores and buildings built with the concept of green buildings.

◆ Green building concept members



Note: Top City Taichung Store was designed with the concept of green building, but it did not apply for the Green Building Label when it was completed.

Building a sky garden to implement the spirit of sustainability

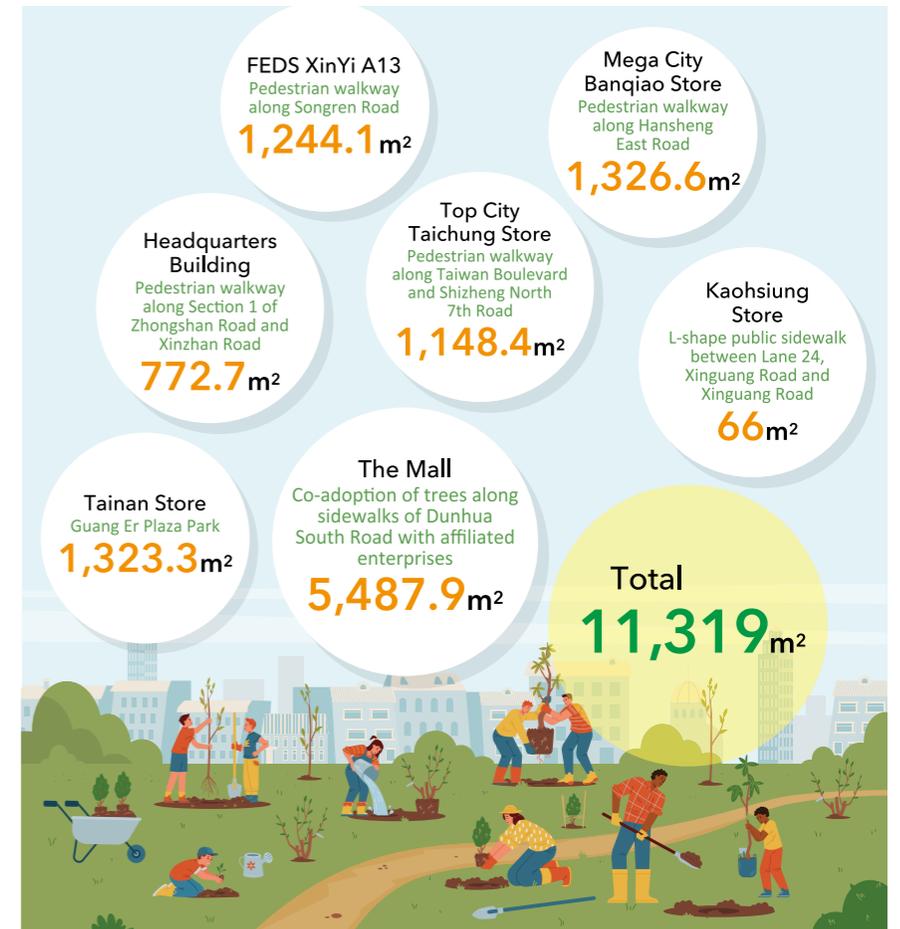
With the spirit of "green operation and environmental friendliness", FEDS has departed from the principle of "maximizing floor efficiency" in its newly opened Zhubei Store. Instead, FEDS have transformed a 350-square-meter area at the top of the building into a lush sky garden. By incorporating features such as ponds and plantings, FEDS has created a habitat for surrounding natural species, while also achieving the environmental benefits of cooling and carbon dioxide absorption.



3.3.3 Maintaining the green beautification to create urban landscape

In response to urban greening and beautification, FEDS invests in the adoption of sidewalk trees and park green spaces around the stores every year, regularly dispatches personnel to maintain the surrounding environment, and prunes plants according to the growth status of the plants. In 2022, the total area of adoption reached 11,319m², providing a more orderly and comfortable green environment for the neighborhood and contributing to the urban landscape.

◆ Adoption of roadside trees and green spaces



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3.3.4 Green consumption to implement sustainable life

FEDS is committed to practicing the "3 R, 3 E" principles of green consumption, including consumption reduction (Reduce), reuse (Reuse), recycling (Recycle), economic efficiency (Economic), ecological compliance (Ecological), and practice equality (Equitable). In 2022, we continued to carry out 8 major service actions to encourage customers to use their consumption power to change the world and reduce the impact of consumption behavior on the environment.

◇ Green consumption results

1 Implementing responsible retailing:

Starting in 2016, FEDS World Gourmet has introduced Italian fair trade coffee that has obtained the EU organic agricultural product certification mark. Due to a change in government regulations in 2020, EU countries have not signed bilateral organic equivalence mutual recognition treaties with Taiwan, so FEDS started to import Rainforest Alliance certified coffee in 2020, with a sales volume of 137 kilograms in 2022.

2 Organizing agricultural markets:

To implement "local production and local consumption", FEDS makes good use of its distribution channels all over Taiwan to market local high-quality agricultural and fishery products. In 2022, 100 small-farmer markets and agricultural product exhibitions were held, with a total of 939 stalls to sell up to 4,423 merchandise items, making it convenient for the public to purchase nearby and shortening the distance.

3 Use of eco-friendly paper bags:

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

4 Supporting green procurement:

In 2022, the number of green procurement items reached 32, showing a growth of 60% compared to the previous year. The procurement amount also increased by 53%. Green procurement accounted for 99.8% of total procurement, and for six consecutive years, FEDS has been recognized by the New Taipei City Government as an "Excellent Green Procurement Enterprise" for its outstanding achievements in this area.

5 Promoting reduction of packaging:

In 2022, with the addition of a new Zhubei Store, the total cost of commodity packaging consumables still reduced by 0.3%, reaching the reduction target for six consecutive years. In addition, for online shopping services, FEDS also plans and evaluates the use of recyclable and environmentally friendly packaging materials in the future, responding to the Environmental Protection Administration's online shopping packaging reduction policy.

6 Implementing reduction in printing:

Starting from the concept of green marketing, FEDS continues to strengthen digital marketing. In 2022, a total of 345 online DMs were issued, an increase of 27% compared with the previous year, and the printing volume of paper advertisement was reduced.

7 Production of eco-friendly uniforms:

In order to reduce the pollution that may accompany the manufacture of clothes, the uniforms of FEDS's self-operated personnel have been gradually changed to fabrics that meet the environmental protection label certification since 2016. In 2022, a total of 5,557 environmentally friendly uniforms have been produced and issued, and a total of 8,475 uniforms have been produced and issued so far.

8 Encouraging recycling and reusing:

Since 2014, Paoching Store, Mega City Banqiao Store, and Tainan Store have set up recycling bins in the department store, so that people can easily do environmental protection when shopping and bring paper bags, recycling bags, and old books to FEDS and put them in the recycling bins to improve resource recycling.



Environmentally friendly paper bags convey the concept of sustainability

In 2022, FEDS introduced a commemorative paper bag for its anniversary event with the design theme of "Environmental Sustainability and Nature Care". The paper bag is made of environmentally friendly kraft paper certified by SCS Global Services in the United States. It features illustrations of seven native Taiwanese plants, including bitterwood, yellow hibiscus, Taiwan date palm, tulip tree, royal poinciana, water caltrop, and white crane orchid. Through this environmentally educational design, we aim to express our commitment to environmental sustainability and invite customers to join us in creating a sustainable and beautiful life.

For more information, please refer to <https://www.feds.com.tw>



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Special Section: Green office to carry out environmental protection actions

From March 2021, FEDS has started to implement the "Employee Environmental Protection Activities" to incorporate environmental protection elements into the daily work of colleagues. In 2022, in addition to participating in the trial implementation of the draft of the Environmental Protection Administration's "Environmental Label for Offices", we encourage colleagues to implement green living through 8 major green actions. We hope to gather the strength of every colleague to achieve the sustainable goal of "energy saving, waste reduction, and low carbon".

8 major green actions

1

Green point app: FEDS encourages colleagues to download the "Green point app" promoted by the Environmental Protection Administration to create value for environmental protection actions and become environmental activists. By the end of 2022, a total of 1,354 employees have completed the download, and the download rate is nearly 99%. 

2

Green office measures: FEDS continues to respond to Environmental Protection Administration's 32 green office measures, covering 5 major aspects, including "energy resource saving", "source reduction", "green procurement", "environmental beautification" and "advocacy" to practice green living.

3

Green declaration: FEDS continues to advocate 6 environmental declarations of the office, including maintaining the air conditioner at 26 degrees for indoor conferences, and taking less elevators and walking more, encouraging colleagues to join the ranks of environmental protection, and love the earth with practical actions. 

4

Green initiative: FEDS introduced 6 major international environmental protection initiatives such as World Earth Day and World Water Resources Day in a special article on the internal website, and invited colleagues to practice 2 to 3 green actions on the day of the event. By the end of 2022, 35 green actions have been shared, with a total of 3,718 visits. 

5

Green e-newsletter: With reference to the environmental protection information promoted by the Environmental Protection Administration and the Bureau of Energy, FEDS rewrites it into a daily life e-newsletter, so that colleagues can grasp the latest environmental protection issues every month. By the end of 2022, 22 e-newsletters have been released, with a total of 6,761 visits.

6

Purchasing energy-efficient home appliances: For household appliances used in the office area, including refrigerators, circulating fans, microwave ovens, etc. FEDS invested more than NT\$450,000 to purchase 40 household appliances with the Green Mark, and the purchased items increased by 133%. 

7

Environmental beautification: To create a green office environment, a total of 56 large-scale plants were placed in the office area of the corporate headquarters and maintained regularly. 

8

Leasing of office equipment: FEDS Invested nearly NT\$1.2 million to respond to "lease instead of purchase", and all office areas lease office machines with environmental protection and energy saving labels to reduce resource consumption and promote resource reuse. 

◆ Future plans

Office environment	Environmental knowledge	Carbon reduction activities
<ol style="list-style-type: none"> 1. Evaluate the change of the lighting in the public spaces such as tea rooms and walkways to sensor lighting 2. Increase the green area of the office and increase it to 5% and 10% in phases 3. Prioritize the purchase of household appliances with the Green Mark 	<ol style="list-style-type: none"> 1. Establish an "Environmental Education" section to provide more diverse environmental protection teaching materials 2. In response to international environmental protection initiatives, and hold "Environmental Theme Month" 3. Organize environmental protection lectures and workshops to enhance colleagues' new knowledge on environmental protection 	<ol style="list-style-type: none"> 1. Establish the "Employee Carbon Reduction Action Platform" to calculate the amount of carbon reduction achieved by colleagues in implementing environmental protection actions 2. Organize the "Green Consumption King" campaign to encourage employees to dine in green restaurants 3. Promote the "Healthy Activist" event, combine the Company's existing weight loss activities and green power plan, and convert the weight loss of colleagues into the amount invested in green power

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4 Safe Product Management

FEDS provides a wide range of high-quality products and delicious meals with an emphasis on product quality and food safety so that customers can consume with ease. In addition, through supply chain management and evaluation system, FEDS fulfills its social and corporate responsibilities, and works with suppliers to offer high-quality products, value labor human rights, and care for environmental protection, jointly establishing a sustainable supply chain.



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In response to 3 material topics

- Product quality and safety
- Store safety and services
- Legal compliance

Response to stakeholders :

- Consumers
- Employees
- Business partners (counter vendors/suppliers)
- Government



 Eco-friendly coffee, **1,239 kg** sold in **7** years

 **31%** of self-operated food products are sourced locally

 Inspecting **1,300** items for product safety

 **100** counters with GHP (Good Hygienic Practices) marks

 The signing rate of the supplier commitment letter is **100%**

 The results of **99%** of **7,856** procurement cases under evaluation were good

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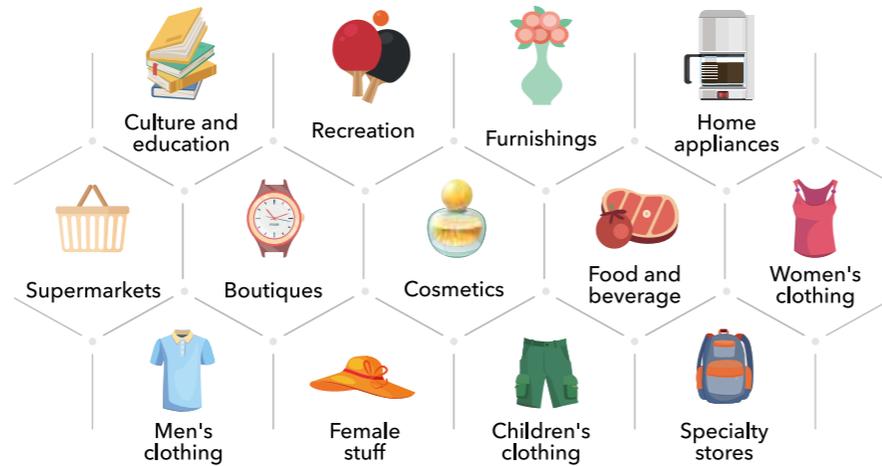
4.1 Carefully Selected High-quality Products

FEDS inspects, labels and manages the products it sells in accordance with the relevant regulations. FEDS has also established management measures to ensure that strict product management is carried out and the products sold are of high quality, so as to enhance consumers' trust and satisfaction with the products selected by FEDS. FEDS is the only department store in Taiwan that has its self-operated F&B counter "World Gourmet". We introduced fair trade coffee in 2016, and have continued to introduce the international Rainforest Alliance certified coffee since 2020, practicing the concept of "responsible retailing and green consumption" and working with consumers to change the world with the power of consumption.

4.1.1 Commodity Safety Committee exerts strict controls on all levels

FEDS has set up the "Commodity Safety Committee", which is responsible for managing product safety and promoting related projects. FEDS's products are mainly divided into 13 categories. Each product category is inspected in accordance with government laws and regulations before being put on sale at counters to safeguard 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, FEDS not only requires vendors to comply with government regulations as stipulated in the counter contracts, but also establishes internal measures for effective management with random inspections from time to time.

13 major categories of commodity of FEDS



For product labeling, FEDS continues to focus on source management, and manages labeling right at the onset of manufacturing, including production batch numbers, manufacture date, and expiration date for cosmetics and samples. Vendors are required to perform effective management of traceability systems to reduce consumer disputes, achieving a triple win situation for vendors, customers, and the Company. In addition, if any deficiencies are identified while conducting random inspections, the responsible units are required to make improvements immediately and education on each floor will be enhanced. Subsequently, the floor supervisor will inspect on a daily basis and work with the counter vendors to achieve the improvement goal.

Regular sampling inspection of self-operated products to reduce loss rate

In 2020, FEDS formulated the "Management and Control of Self-operated Cosmetics Invoicing" and "Measures for On-site Commodity Inventory" to strictly manage products. In 2022, we mobilized 541 people and 1,257 people to conduct quarterly sampling inventory of self-operated cosmetics and semi-annual inventory of all self-operated products respectively, with a product loss rate lower than 0.01%. Through commodity inventory, FEDS can not only confirm the status of commodities to provide customers with high-quality products and reduce spillover costs of customer complaints, but also maintain accurate inventory ratios while allowing the commodity department to formulate the best stocking strategy. In 2023, FEDS will continue to conduct product labeling management and commodity inventory, moving towards the goals of "zero-defect labeling" for products.



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Training and publicity of professional commodity laws and regulations

While the Zhubei Store was in soft opening in January 2022, in order to enhance the knowledge of laws and regulations related to commodities for new employees of the Zhubei Store, the exclusive lawyer of the legal unit conducted employee training before the soft opening, specifically focusing on legal provisions closely related to customers, such as Commodity Labeling Act, Pharmaceutical Affairs Act, Act Governing Food Safety and Sanitation and Consumer Protection Act. The training course covered the cases of inappropriate advertising or labeling that occurred in Taiwan's retail industry in the past, which were discussed in depth with illustrations. A total of 3 professional courses were conducted for 4 hours, with a total of 89 participants.

◆ Regulations and management methods related to products

Product category	Applicable government laws and regulations
Cosmetics Samples	Cosmetic Hygiene and Safety Act
Medicines and medical equipment	Pharmaceutical Affairs Act Medical Device Management Act
General product	Commodity Labeling Act
Packaged food	Act Governing Food Safety and Sanitation Regulations on Nutrition Labeling for Prepackaged Food Products Regulations on Nutrition Claim for Prepackaged Food Products
Food	Food Administration Act
Tobacco and alcohol	Tobacco Hazards Prevention Act The Tobacco and Alcohol Administration Act

Immediate handling of disputes and problematic products

Regarding the "Disputed Commodity Handling Process" and "Procedures for Handling Problematic Products or Erroneous Products on Shelves", FEDS has established a complete handling 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 raise colleagues' awareness to avoid the recurrence of related incidents. In 2022, there were no disputes regarding problematic products on the market.

◆ Product dispute handling procedure



◆ Problematic or erroneous products handling procedures



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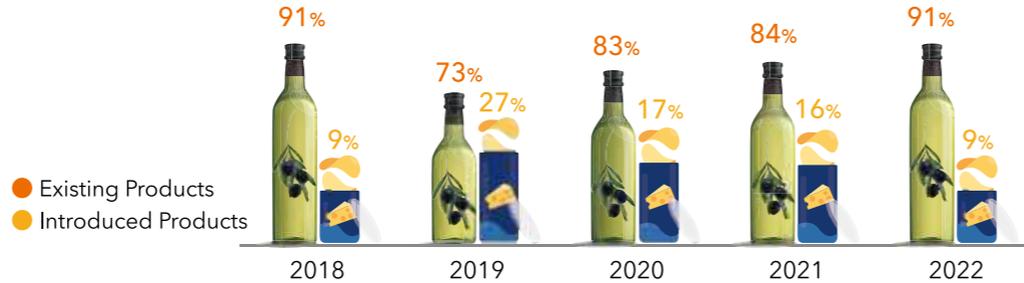
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4.1.2 The only self-operated food counter in the department store industry

FEDS 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-seven 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, tea, biscuits, cereals, and so forth. Every product belongs to well-known top international brands, allowing customers to purchase high-quality exotic foods without physically going abroad. In 2022, FEDS World Gourmet sold a total of 405 items, of which 36 items were newly introduced that year, with a new product introduction rate of 9%.

◆ The Proportion of New Products Introduced



Adoption of eco-friendly packaging for exotic foods

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 subject 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 order to reduce the use of packaging materials, we were selling large eco-packs on the shelves on a trial basis, including VIOLA 1 kg breakfast cereal and six types of 1 kg coffee beans of BRISTO. In 2022, we imported German HINTZ boxed cocoa powder in 227g eco-friendly refill packs for the first time. It is hoped that environmental protection consumption can be implemented through reduction in product packaging.

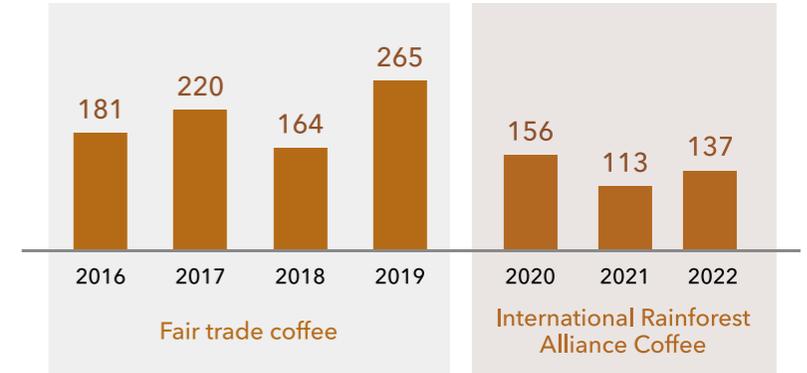
Selection of high-quality products to meet customer needs

A total of 53,200 bottles of Italian MANTOVA PURE olive oil, a flagship product in World Gourmet, were sold in 2022, with the sales accounting for 30% of all self-operated imported products. In response to the shopping needs of consumers, FEDS imported premium MANTOVA PDO extra virgin olive oil in the same year. MANTOVA PDO extra virgin olive oil has "PDO" certification, which means that its raw materials are all obtained from local qualified production areas, in line with the purpose of carbon reduction and environmental protection. Furthermore, considering the trend of healthy diet, we imported NATURE'S GOLD manuka honey from Australia. The manuka tree is a unique species in New Zealand and Australia and its nectar production accounts for only 1% of the global total. Its unique UMF composition (UMF is the measure unit of antibacterial activity strength of manuka honey) and nutrients offer superior health benefits compared to generic honey.

4.1.3 Implementing responsible retail to introduce green products

FEDS started promoting the concept of Responsible Retail in 2016, and in addition to introducing quality-assured foreign premium foods, we have also sold EU organic agricultural 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, FEDS has suspended the import of European organic agricultural products and instead imported BRISTOT Rainforest Coffee which is certified by the 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 2022 reached 137kg. FEDS hopes that by introducing eco-friendly products, it can continue to exert the power of distribution channels, allowing customers to help protect ecological sustainability through consumption.

◆ Coffee transaction volume over the years



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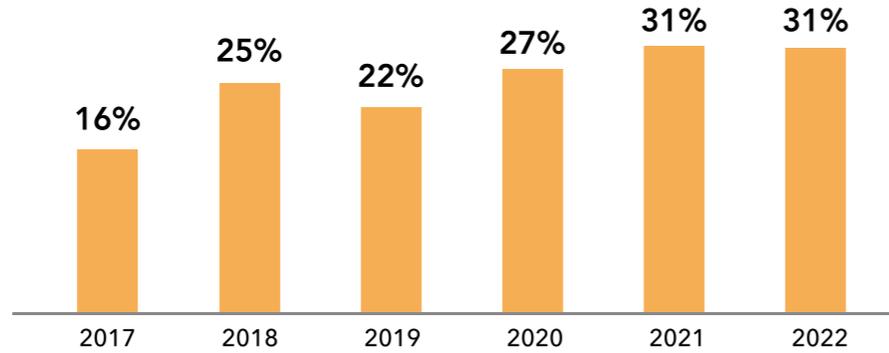
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4.1.4 Increasing the proportion of local procurement to realize local sustainability

FEDS supports local suppliers and promotes the localization of the supply chain. Local sourcing does not need to go through the import procedures and procurement of local ingredients can also help reduce the carbon footprint of food. Besides, local suppliers have a better understanding of Taiwan's consumer needs and can help achieve the purpose of high-quality product selection. The proportion of products procured from domestic suppliers at FEDS's self-operated food counters has been increasing over the years. In 2017, it only accounted for 16%, and the proportion reached 31% in 2022. The local procurement proportion has nearly doubled compared to 5 years ago and this is equivalent to having NT\$1 being used towards purchasing goods from local suppliers in Taiwan for every NT\$3.2 purchase amount. FEDS will continue to use its core product selection capabilities in 2023 to increase the proportion of local procurement and work with local suppliers to jointly develop sustainable green food strength.

◇ Proportion of Domestic Procurement for Self-Operated Counters in Past Years



Purchase amount

Domestic procurement accounted for **31%** of the total procurement amount.

For every NTD **3.2** of procurement, NTD **1** was committed to local suppliers in Taiwan.



The 2nd anniversary of A.mart's "sustainable food" life concept

Since March 2020, A.mart has launched the "sustainable food" concept of life, which is linked to the United Nations Sustainable Development Goal 12 "promoting a green economy and ensuring sustainable consumption and production patterns", and strictly selects safe products based on friendly animal husbandry, friendly farming methods, production and sales history, and organic certification to sell in the store, with a total of more than a hundred items. In 2021, the sales of products with the "sustainable food" certification mark increased by more than 30% compared with the period before the promotion. In 2022, A.mart continued to launch over 260 "sustainable food" such as organic rice, meat, seafood, vegetables, fruits and baked goods to encourage people to support a better life through the act of buying.



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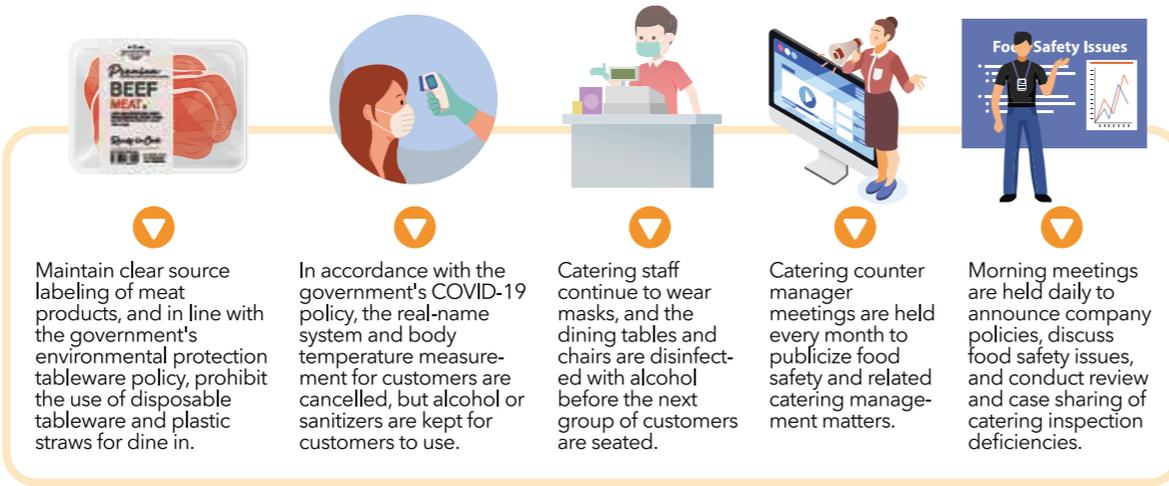
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4.2 Safe and Delicious Food and Beverage

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 and dining safety at the frontline for customers, providing them with healthy and delicious food and beverage, and allowing them to dine with peace of mind.

4.2.1 Food Safety Management Committee looks after customer health

Food and beverage is the fastest growing business in department stores in recent years. FEDS has introduced international gourmet food and internet celebrities' creative cuisines and set up counters in its branches, hoping to drive consumption through the customer-attracting effect of catering. FEDS's Food Safety Management Committee is the first line of defense for the food safety of customers and aims to provide safe and high-quality catering services. Through the efforts of the Food Safety Management Committee, sales of FEDS's food and beverage sector have improved year over year, winning the trust and confidence of customers, and creating "Good Food Opportunities" of the new era.



In July 2022, the Ministry of Health and Welfare launched a number of new regulations on food labeling. There are two main items related to department store catering: First, unlicensed food cannot claim to be healthy; second, reconstituted meat and artificial marbling meat must be marked with fat injection and warning message: Some meat products are injected with food additives to make the meat look evenly marbled. The Ministry of Health and Welfare requires that the management of food labeling of artificial marbling meat should be strengthened. The product name should be prominently marked with "fat injection" or its equivalent explanation in Chinese, and "for cooked food only", "cooked food served" or equivalent reminders should be added.

FEDS continued to respond to consumer needs in 2022, strengthening the inspection of the disclosure of food information in stores, communicating with vendors and operators in advance about the detailed process, and providing comprehensive labeling and documents for reference at each catering counter:



Labeling posting

Implement the labeling of the origin of pork raw materials, beef source, reconstituted meat, and genetically modified food, and post meat source stickers on obvious places on the counters.



Documents available for inspection

Ingredient source certification documents, Taiwan pork certificate, water quality testing records and oil quality testing records.



Eating with peace of mind: Mega City Banqiao Store requests counters to register on the "New Taipei City Food Ingredients Registration Platform"

In line with the new regulations of the New Taipei City Government, Mega City Banqiao Store requires catering counter vendors to implement self-management and disclose food ingredients on the "New Taipei City Food Ingredients Registration Platform" in order to establish good traceability management. It also allows the public to quickly access the ingredients history of each restaurant, so that the public can buy food with greater peace of mind. If a food safety problem occurs, the New Taipei City Government will be able to trace the source and grasp the flow of food promptly.

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4.2.2 Three-fold food safety management mechanism to reinforce inspection

Maintaining food safety and environmental sanitation is the basic principle of department store catering. FEDS puts great emphasis on food and beverage safety issues, adopting a triple mechanism of "clear regulations, self-management, and regular inspections" to ensure food transparency at every level and gain consumer trust, and acting as the first line of defense for customers to build a safe restaurant network.



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, 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	<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 	<ul style="list-style-type: none"> • Chipped or damaged tableware shall be immediately replaced • Damaged tables and chairs must be thrown immediately • Large-scale disinfection every month
 Food management	<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 • Check the quality of drinking water and ice cubes every season 	<ul style="list-style-type: none"> • 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
 Kitchen safety and health	<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 	<ul style="list-style-type: none"> • Kitchen equipment and utensils must be kept 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

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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 12 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 audit unit 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**

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



100 counters with GHP (Good Hygienic Practices) marks to guarantee food safety

GHP (Good Hygienic Practices) is the abbreviation of Good Hygienic Practices for food. Its purpose is to regulate the management requirements of workplaces, facilities and quality assurance systems for food manufacturing, processing, blending, packaging, transportation, storage, and sale of food or food additives in the food industry, so as to ensure the hygiene, safety and quality of food products.

FEDS encourages catering counters to apply for the GHP mark to ensure the food safety of catering counters and FEDS also conducts hygienic management inspection, focusing on cooking workplace management, employee personal hygiene management, restroom sanitation management, and dining place quality management. 85 catering counters in FEDS's branches have obtained GHP excellent rating and 15 catering counters have also been awarded GHP good rating in 2022. FEDS aims to collaborate with the catering counter vendors to create a safe food environment.

Management mechanism 3 :
Regularly performing audits and continually making improvements

Apart from implementing FEDS's "Regulations on Good Hygienic Practice for Food", "Drinking Water Quality Standards" and "Drinking Water Equipment Maintenance and Management Measures", each unit also 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. Import inspection is conducted for self-operated imported products in accordance with the "Regulations of Inspection of Imported Foods and Related Products", and they are also marked with detailed Chinese labels according to the "Act Governing Food Safety and Sanitation". In addition, according to the announcement of Taiwan Food and Drug Administration on the formulated food safety monitoring plan, products included in the regulated category are sent for inspection, strengthening self-management and ensuring food safety quality.

◆ **The strengthened inspection items of catering counters in 2022**



Quarterly water quality testing for catering is fully implemented

Safety inspections on electrical equipment and sockets are conducted from time to time every month



The main drainage pipes are maintained and dredged every year to ensure a smooth system

The fume exhaust hoods are cleaned regularly and the cleaning photos are kept on file for future inspection



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4.2.3 Regular internal food safety audits to ensure safe dining

FEDS requires the catering counter vendors in the counter contract to ensure that 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 also require the proportion of food and beverage kitchen staff holding a Chinese food cooking certificate and a chef certificate should meet the legal requirements. FEDS cooperates with catering counter vendors to provide consumers with safe and high-quality catering through rigorous regulations and inspections.

Floor inspection items of on-site management



1. Environmental cleaning management: Environmental sanitation checks are carried out in the kitchen and seating areas on a daily basis.
2. Pest management: Cockroach extermination vector disinfection are conducted every month.
3. Food management: Monthly random inspection of ingredients:
 - (1) Whether the ingredients are stored in refrigerated and frozen spaces according to their properties.
 - (2) Whether raw materials and non-ingredient items are stored separately.
 - (3) Whether the expiration date is completely marked on the outer packaging.
4. Temperature management: Checking on daily records of freezer and refrigerator temperature.
5. Oil management: The frying oil is checked daily with the results being recorded.
6. Drinking water and ice machines are regularly tested for water quality and records are kept for inspection.
7. Daily self-hygiene and safety checklist must be accurately filled out.
8. The plates and food should not be placed on the ground directly.
9. The boiler room of the restaurant needs to have a check list of qualified operators' certificates.
10. Cleaning agents and caustic soda flake should be covered with a lid and stored in a fixed place. It is forbidden to store them together with food ingredients and they should be clearly marked.
11. Counter information ready for inspection: Staff medical examination information within one year, product liability insurance, disinfection receipts, water quality testing records, meat source information, refrigerator temperature record sheets, power and gas record sheets (restaurant), and waste oil recycling receipts.
12. Labor safety and equipment related personnel conduct regular inspections on electrical sockets.

Food and hygiene safety protection fully launched

After experiencing the COVID-19 epidemic, consumers pay more attention to safety and health issues. FEDS has also strengthened its efforts to launch the inspection mechanism to ensure product quality and food hygiene and safety. In 2022, the audit office conducted audits on the labeling of imported food, product labeling, pork source labeling, cosmetic expiration dates and labeling, etc., to protect the rights and interests of customers through the internal inspection mechanism. In 2022, the audit office completed the hygiene management inspection of 392 catering counters, over 1,300 supermarket products, and 845 cosmetic samples. The results of inspections are as follows.

Dynamic inspection of 12 branches/subsidiaries of FEDS

2022
2

Action: Inspect the labelling and expiration date of cosmetics and skincare test samples throughout the country, with a total of 845 individual products.

Focus: Inspect the expiration date of cosmetics and skincare test samples. Items expiring within three months should be removed.

2022
3.9

Action: Inspect the product safety and hygiene of 171 supermarket/ food counters, a total of 1,300 items.

Focus: Inspect details on food labels such as Chinese/place of origin (country)/allergen/expiration date, and whether the product is overdue or the packaging is damaged.

2022
3.9.10

Action: Inspect the hygiene management of 392 food and beverage counters.

Focus: Labelling of the source of pork, freshness of ingredients and food safety, on-site hygiene and safety in the kitchen, etc.

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4.2.4 Introduction of special gourmet services and green food declaration

According to the 2020 Taiwan Tourism Survey Report of the Tourism Bureau of the Ministry of Transportation and Communications, nearly 40% of Taiwanese people go shopping most often when traveling. At the same time, the benefits of "staying economy" in the catering industry are on the rise, and gourmet food and beverage counters are the places where consumers stay the longest in department stores. FEDS observes consumer preferences and food and beverage trends, and introduces specialty cuisine, international cuisine and popular check-in restaurants with an aim to establish popular indicators in the department store catering market through utilizing the customer-attracting power of catering and delicacies.

Catering counter renovation to present diver culture

FEDS introduces exotic delicacies, enhances the experience of dining space, and combines fresh purchases, cooked-to-order, catering exhibitions and other aspects of development. In 2022, 12 branches carried out a total of 119 catering counter renovation projects, with a renovation area of 6,026.4 pings, an increase of 5.8 times compared to last year, so that consumers can maintain a fresh experience through special delicacies, and can also travel around the world with their taste buds.

Introduction of green restaurant and promotion of green food declaration

Green and sustainable food culture has become popular in advanced countries in Europe and the United States, and Taiwan's green food consumption awareness has also begun to flourish. FEDS promotes green and friendly food and encourages green restaurants to enter the department stores, including Kurasushi, Cafe Grazie, Bygreen Restaurant, Hanlin Tea Room, etc. There are a total of 47 green restaurants in 2022, and green restaurant certifications are placed on the counters to help consumers quickly recognize them. Green restaurants implement the concept of green diet by adopting local ingredients, using agricultural and animal husbandry products that meet the concept of animal protection, fully utilizing ingredients, and reducing food additives. In the future, FEDS will continue to promote the concept and allow more catering counters to join the green restaurant ranks.



Top City Taichung Store introduce Korean cuisine bb.q CHICKEN

Top City Taichung Store has brought in authentic and popular Korean and Western fusion cuisine - bb.q CHICKEN, which is the fried chicken chain store with the largest number of stores in Korea. bb.q CHICKEN's Korean headquarters employs over 100 masters and doctors with expertise in food research and development, forming the only fried chicken university in Korea to ensure consistent quality control for bb.q CHICKEN's global expansion. In terms of packaging, bb.q CHICKEN has made modifications to the delivery paper boxes. The holes, positions, sizes and quantities on the outer boxes have been precisely calculated to help ventilate and prevent the fried chicken from becoming soggy during takeout. The outer boxes are made of food-grade paper materials with handles to replace plastic bags, and the cardboard is thickened to achieve the effect of reinforcement and heat preservation, which not only preserves the deliciousness, but also is environmentally friendly.



City'super sells three-day-old sprouts of healthy vegetables in Taiwan

city'super is dedicated to enhancing Taiwan's culinary culture by utilizing its strong global procurement network to source fresh fruits and vegetables from all over the world for consumers. city'super strictly controls the source of ingredients in the procurement process, and hopes to provide consumers with diverse, high-quality and healthy vegetable choices. In 2022, seven stores of city'super in Taiwan started to sell "SuperBroccoli Sprouts - Three-day-old sprouts" that guarantee pure cultivation from the planting period and have high nutrient concentration. They are the broccoli sprouts on the third day of germination and have the highest concentration and activity of sulforaphane, which can last for 72 hours in the body, 24 times longer than that of vitamin C. They meet the natural nutritional supplement needs of modern people.



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4.3 Comprehensive Supply Chain Management

In addition to partnering with the counter vendors in the store, 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 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 promotes sustainability commitment

◆ Timeline of Driving Supply Chain Management

2016

- In September 2016, the Procurement Department was established to coordinate the internal purchasing system.

2017

- Suppliers accounting for more than NT\$1 million in procurement must sign the "Supplier CSR Commitment Letter".
- Introduced the procure-to-pay system to improve the efficiency of procurement management.

2018

- Formulated the supplier selection system and established a database of high-quality suppliers.
- Promoted "Supplier Construction Insurance" to reduce industrial safety accidents.
- Strengthened four key measures for contractors' operational environment, safety, sanitation, and management.

2019

- "Supplier CSR Commitment Letter" is extended to suppliers whose purchase amount is less than NT\$1 million.
- Conducted relevant education and training for colleagues and management trainees to strengthen professional procurement knowledge.

2020

- The combined purchase of products was increased to achieve the three goals of integration, cost-saving, and process simplification.
- Standard bids were formulated for construction projects to ensure the consistency of bidding documents, saving time for the bidding process.
- The "Urgent Requirement SOP" was formulated to ensure the execution of the case and timely handling in case of urgent procurement.

2021

- Suppliers with a purchase amount of more than NT\$800,000 were required to sign a mandatory "Supplier CSR Commitment Letter".
- Consolidated 8 types of unified bid and combined purchase.
- Adjusted the "Supplier Construction Insurance Standards" and formulated management rules for labor service manufacturers.
- Promoted "Preferred use of products with environmental labels and certifications" through supplier meetings.

2022

- All contracted suppliers are required to sign a mandatory "Supplier CSR Commitment Letter".
- Continue to consolidate 2,769 items of combined purchase.

Future plans

Plan to establish 3 major systems in the next 3 years:

- 1** Establish a supplier database: Help purchasing staff to inquire and select high-quality suppliers online.
- 2** Establish a price comparison database: Allow the purchasing staff to compare the purchasing information of various items, specifications, minimizing work hours.
- 3** Establish an online quotation platform: Provide online quotations for certified vendors to improve operation efficiency and quotation transparency.

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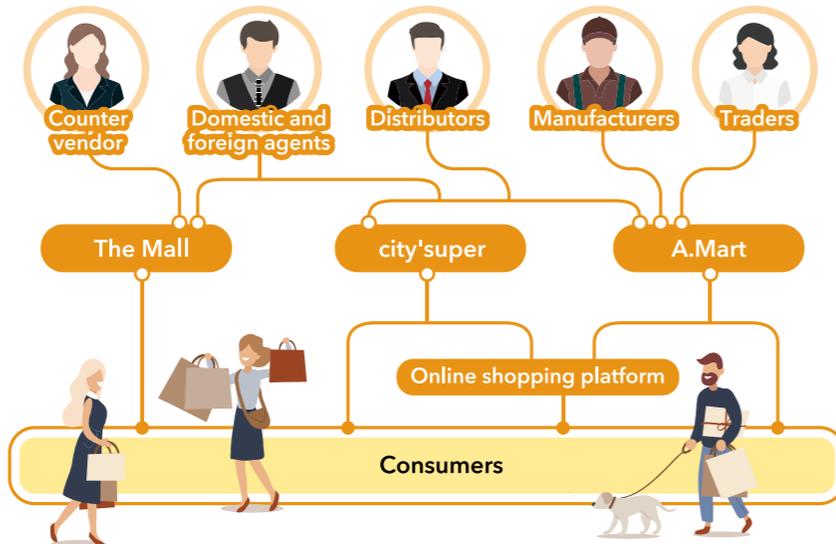
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◆ Supply chain diagram



◆ Subsidiary supply chain diagram



▮ Fair and open supplier selection system

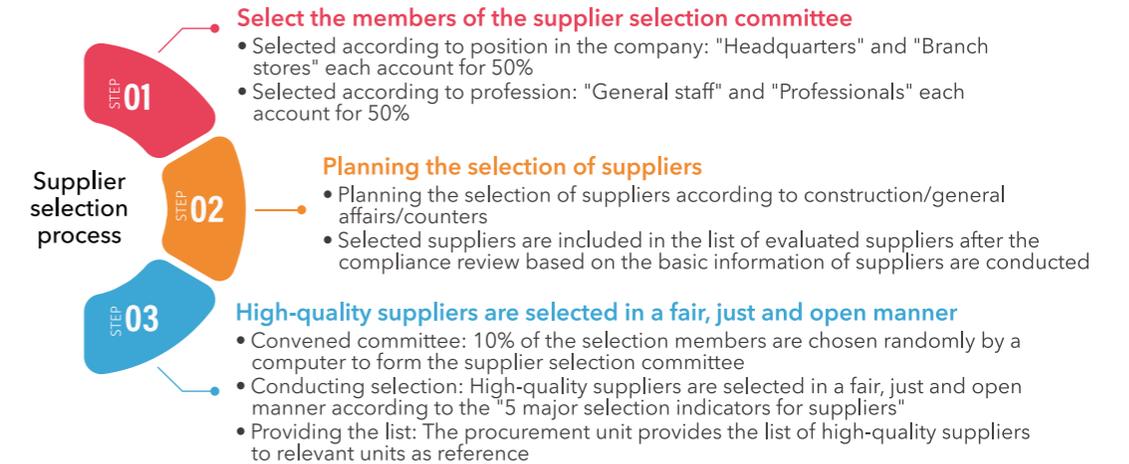
The Procurement Department developed a supplier selection system in 2018. The first step is to select the supplier selection committee members to form a "Supplier Project Selection Committee" from a random selection, and these committee members select high-quality suppliers in a fair, just and open manner, in order to establish a vendor database for the Procurement Department.

Since 2019, we have been conducting education and training for procurement colleagues, colleagues of branch administrative offices and the Company's 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 perform bidding operations, they can also select high-quality suppliers directly from the system.

▮ Zero deficiencies for supplier investigation and evaluation

In order to support the local industry and shorten the waiting time for supply and after-sales service, FEDS gives priority to cooperation with local suppliers. In 2022, 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 such as credit investigations 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, and environmental protection, in order to strengthen the supplier's sustainable management mechanism. In 2022, 100% of new suppliers have been screened based on this principle, and there were no particular deficiencies during the screening.

◆ Supplier selection process



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◆ Supplier selection criteria and quantity

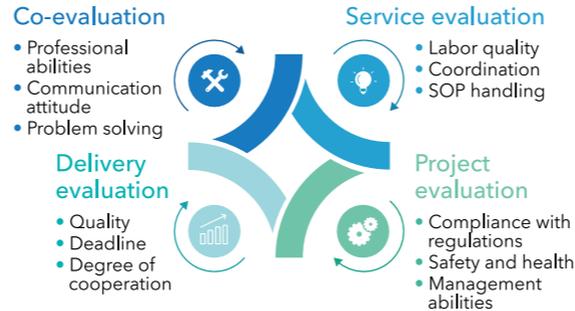
	Health and Safety	Labor and human rights	Environment	Ethics
Total number of suppliers screened	181	181	181	181
Number of suppliers that (may) have negative impact identified	0	0	0	0
Number of improved suppliers	0	0	0	0
Number of terminated suppliers	0	0	0	0

Note: The scope of evaluation in the above table includes new suppliers and suppliers who have not cooperated in 2021. As long as there is no contact in the previous year, it will be regarded as a new supplier for re-evaluation.

◆ Procurement objectives



◆ Four major criteria for supplier evaluations



Regular supplier on-site inspection to ensure zero deficiencies

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 2022, the Procurement Department, together with colleagues from the Information department and the audit department, jointly conducted evaluation and testing operation for the 2D scanner equipment suppliers. After the evaluation, there were no major risks, and then the colleagues took the next step to proceed with procurement of the equipment.

100% signing of Supplier CSR Commitment Letter

FEDS has formulated the "Supplier CSR Commitment Letter" since 2017, stipulating that all cooperating suppliers who undertake the business with FEDS with procurement amount up to NT\$1 million must sign the "Supplier CSR Commitment Letter". After 5 years of uninterrupted promotion, by 2022, all suppliers have been required to sign the "Supplier CSR Commitment Letter" when signing the contract, and they work together with FEDS to make a total of 32 sustainability commitments in four categories, including labor and human rights, health and safety, environment, and ethics.

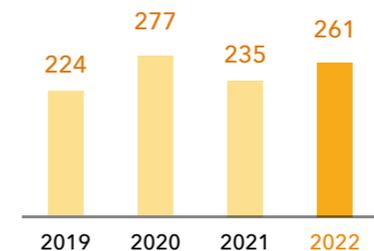
◆ Supplier CSR commitment indicators



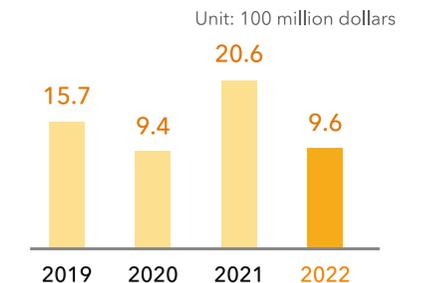
FEDS uses the "Supplier CSR Commitment Letter" as one of the supplier selection criteria, and integrates the four procurement phases of "request, purchase, inspection, and payment" using the BPM system to achieve real-time, collaborative and effective procurement management through digitization. If the supplier fails to fulfill the social responsibility commitment, it will be dealt with in accordance with the contract (such as suspension of power, termination of the contract, etc.). The "Green Environmental Protection and Social Responsibility" indicator was further included as one of the evaluation items for supplier evaluations in order to establish sustainable supply chain management.

In 2022, FEDS has effectively obtained 261 cases of suppliers signing the "Supplier CSR Commitment Letter". The procurement amount from the suppliers who have signed the commitment letter was about NT\$960 million, of which 46 new suppliers have signed the commitment letter, an increase of 14 times.

◆ Number of cases of Supplier CSR Commitment Letter



◆ Supplier CSR Commitment Letter Purchasing Amount



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4.3.2 Online supplier evaluation to carry out strict selection

In August 2019, in order to enhance service quality of suppliers, the Procurement Department, Construction Department, and General Affairs Department jointly planned the "Approval Control Coordination Process" to be reported at management meetings. The report covered procurement cases where approval is delayed or where there is 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 further 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 the branch stores 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 2022, there were a total of 7,856 procurement cases, 99% of which were evaluated as good or above for suppliers, and the remaining 1% of cases that did not reach the good grade was the evaluation of labor service case of the Zhubei Store. After the online evaluation, it was found that there were deficiencies to be improved. The procurement unit held a review meeting with the property management of the headquarters and branch offices and suppliers to clarify and confirm the performance gap. The supplier also expressed a willingness to actively adjust and FEDS will continue to observe the supplier's follow-up work performance.



Construction procurement projects are covered by construction insurance to protect contracted labors

In order to protect the labor safety of suppliers, for all high-risk work types, such as: cleaning the water tower, cleaning building's exterior windows, cleaning oil traps, electromechanical work 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.

In 2022, through the management meeting to discuss and fine-tune the "Construction Insurance Reference Standard", the insurance period has been changed to one year from the scheduled start date or the insurance period \geq the construction period, in order to strengthen the protection of contracted labors. There was a total of 342 construction procurement cases with above-mentioned occupational risks in 2022, 100% of which were insured by construction insurance. The insured includes FEDS, contractors and their primary and secondary contractors. The insurance coverage includes: construction (installation) project loss insurance, third party accident liability insurance, employer's liability insurance, etc.



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4.3.3 Online quotation platform: supplier modularization

Since the Procurement Department was established in 2016, it has long encountered the problem that the name of the purchased product is requested by different people, and the words used are different, which leads to a lot of manpower and time costs for communication and confirmation. In order to reduce the communication cost of procurement personnel and bidders, the Procurement Department conducted "integration of unified purchase items" and "unified bid form" for routine cases of department stores, and modularizes routine items and quotation methods. After accumulating enough data, in the future, a price comparison database can be established first, and then an online quotation platform can be set up.

Integrating nearly 3,000 procurement items

In order to improve the efficiency of supplier management, the Procurement Department completed a total of 1,364 integrated unified procurement items in 2021. In 2022, the integrated category was further improved, and the integrated unified procurement items reached 2,769. Through the integration operation, the document paper used in the procurement operation was also reduced. In 2022, a total of 1,196,208 sheets of A4 paper were saved, achieving an environmental benefit of 8,134 kg of carbon reduction.



Respond to green purchasing and promote environmentally friendly office products

FEDS is committed to implementing environmental protection, and the Procurement Department looks for opportunities to purchase environmentally friendly products every year. In 2021, for the first time, FEDS 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. In 2022, by leasing 50 sets of business machines with environmental protection and energy saving labels, we actively promoted 100% use of business machines with environmental protection and energy saving labels throughout the Company. In addition, the items of household appliances with energy saving labels have increased by 133%. In 2023, FEDS plans to enter into agreements to purchase or lease recyclable office furniture, which will be officially implemented in 2024.

Optimize the process with a unified bid form

The Procurement Department made the first version of the eight categories of procurement unified bid form in 2021 and provide it to all branches for use. In 2022, the Procurement Department discussed with each branch through weekly video conferences and monthly regular management meetings, raised practical issues, solved actual implementation pain points, and gradually gained consensus with external suppliers. Afterwards, together with the branches and suppliers, we discussed the optimization of labor management rules, and through process transformation, the scope of repeated work was effectively and significantly reduced to improve work efficiency.



<input checked="" type="checkbox"/> Security Labor Service	<input checked="" type="checkbox"/> Interaction Activities between Store And Customer Planning Staff
<input checked="" type="checkbox"/> Cleaning Labor Service	<input checked="" type="checkbox"/> Special Counter Oil Fume Pipe Cleaning
<input checked="" type="checkbox"/> Cleaning Water Tower	<input checked="" type="checkbox"/> Oil Fume Hood Cleaning
<input checked="" type="checkbox"/> Cleaning Wastewater Pool	<input checked="" type="checkbox"/> Pest Control

The price comparison database defines a reasonable purchase price

After accumulating sufficient data and procurement prices through standardized bid form, the Procurement Department plans to optimize the existing BPM system for request, purchase, inspection and payment within two years. They aim to add management report-related preliminary price data filtering and analysis functions, establish a price comparison database, and utilize the database management function for procurement information consolidation and forecasting. They will also prepare for delivery and contracting with suppliers, enabling quick coordination and arrangement with suppliers to ensure that subsequent on-site requirements are met.

With the continuous advancement of science and technology, enterprises can better use technology to handle supplier management matters such as inquiry and negotiation, order delivery, payment and accounting in the procurement operation. FEDS hopes to finally set up an online quotation platform through the integration of unified purchase items, unified bid form, and establishment of a price comparison database. On the platform, the Company's procurement personnel can perform various functions such as supplier management, data maintenance, and query, such as: price inquiries, supplier information inquiries, and establishment of sample information. Procurement supervisors can also use the platform to control the progress of various procurement operations, greatly reducing the procurement communication time between the Company and suppliers, and improving procurement efficiency.

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4.3.4 Implement contractor management and safety enhancement

Contracting operations are divided into two categories: The first category is general contracting (for example: cleaning, security) and the second category is construction contracting (for example: routine maintenance, equipment repairs, modification works and new construction).

FEDS places great emphasis on the safety of its contracted personnel. It has established the "Contractor Management Regulations" to provide comprehensive specifications and related operational guidelines to contractors for routine equipment maintenance, repair, and floor renovation within the Company. It effectively manages the construction safety of both the internal and external environments and personnel in the store, thereby enhancing the working environment and in-store safety for employees.

For various contracting operations, the contractor should fill in and complete the online "Construction Entry Application Form" in accordance with the regulations before entering the site, and can only enter the site for construction after approval. The items to be attached to the construction application include: construction insurance policies, rosters of construction personnel, labor insurance and health insurance records, education and training records, health management records and other documents. If there are special operations (for example: application for fire use, etc.), they must also be applied for submission, and the construction will be approved by the responsible unit after review.

The working staff need to read the "Hazardous Factors Notification Form" and sign the form before they can exchange permits to enter the site. The "Hazardous Factors Notification 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, FEDS has formulated the "Automatic Inspection Plan" for the use of various machinery and equipment, requiring the construction companies undertaking operation of dangerous machinery and equipment (such as: aerial working vehicles, mobile cranes, etc.) or special operations (such as: confined space, hypoxic operation, etc.), should submit the relevant operation supervisor certificate, dangerous equipment certificate or environmental inspection records, and require that all inspections be completed before operation, so as to achieve the purpose of improving safety and health management and disaster reduction and mitigation.

◇ Automatic Inspection Plan type and frequency

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

Note: In addition to annual inspections of lifts and elevator cages, operations such as maintenance, etc. will also be conducted.



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 2022 included: legal knowledge, human rights advocacy, duty skills, reception etiquette and other courses. The number of participants totaled 1,708, and the total training hours were 231 hours. Through the implementation of education and training, FEDS maintains the professional skills of security personnel and ensures the safety of stores and customers.

◇ Contents of security personal education and training

Pre-employment education and training

Security theory; crisis management, disaster prevention, investigation, anti-theft and anti-robbery practice; grappling, practical mixed boxing skills or self-defense techniques; summary of laws and regulations, etc.



On-the-job educational training

Inspection patrols; duty principle; conflict prevention training; customer service and handling of customer complaints; legal publicity; disaster prevention and protection training; first aid knowledge; electrical appliance safety; traffic command, assistance in handling traffic accidents, etc.

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5 A Healthy and Happy Workplace

FEDS places emphasis on labor's human rights issues and is committed to creating a friendly workplace for employees. We provide competitive compensation and benefits that are better than the peers in the industry. We have also established a comprehensive talent training blueprint and a mechanism for career development to cultivate the talents required for the Company's growth. Through our performance appraisal system, we ensure a healthy workforce structure with adequate turnover within the organization, moving towards a sustainable and inclusive workplace that promotes employee happiness.

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In response to 4 material topics

- Labor's human rights
- Legal compliance
- Talent cultivation and retention
- Occupational safety and health



Response to stakeholders :

- Employees
- Business partners (counter vendors/suppliers)
- Government



Caring Highlights



Average monthly salary of employees is **1.35** times higher than that of the retail industry



Average training hours per employee are **14.7**



96 persons were hired under the Youth's Employment Ultimate Program



Employee benefit compensation increased by **55%** in 6 years



A total of **219** interns have been recruited under the industry-academia cooperation program



203 health seminars were held to promote employee health

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5.1 Compensation and Benefits Superior to Peers

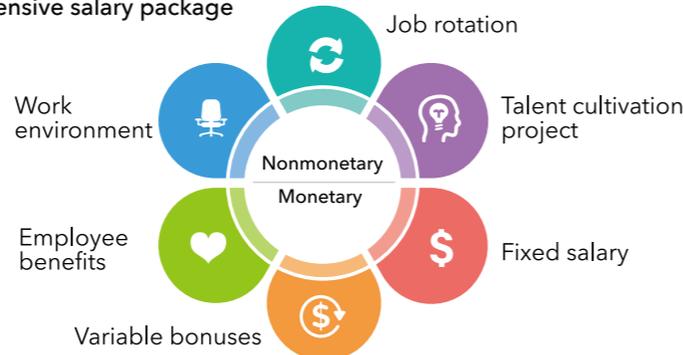
FEDS provides generous and diverse remuneration and benefits, and actively recruits potential talents in the department store retail business to reserve a complete talent team for the smart retail layout. We break the stereotype of low wages in the service industry. In 2022, the average monthly salary of our employees was 1.35 times higher than the retail industry average. As the Company's revenue continues to climb year after year, we have consistently increased employee benefits for six consecutive years, with a cumulative growth rate of 55%. FEDS is committed to creating a warm work environment and working towards the ideal happy workplace as envisioned by our employees.

5.1.1 Improving compensation to attract excellent talents

The human resources department regularly surveys salaries in the market

The Human Resources Department of FEDS conducts the surveys on the market salary level on a regular basis. Through diverse channels such as newspapers, magazines, and exchanges with industry peers, we stay updated on the latest salary trends and retention information, providing competitive compensation and benefits for our employees. FEDS's salary system primarily covers 6 major aspects which include monetary items such as fixed salaries, variable bonuses and employee benefits, as well as non-monetary items such as working environment, job rotation and talent cultivation project. With a comprehensive salary system, the Company aims to attract external talents and retain outstanding key talents within the organization.

Comprehensive salary package



Going beyond equality to provide competitive remuneration

FEDS's salary standards are not influenced by factors such as gender, age, or race. Instead, they are based on criteria including educational background, professional experience, job performance, position held and expertise. The basic salary ratio between males and females in each job level is 1: 1. In the face of a rapidly changing industry environment, FEDS breaks the equality with the same starting point and plans salaries with the goal of retaining talents. We actively rewards employees who demonstrate outstanding performance and utilizes the performance evaluation system to facilitate a healthy turnover of workforce in the organization. In 2022, the salary standard for entry-level personnel is 1.21 times higher than the minimum wage stipulated by the Ministry of Labor. The average monthly salary of employees is 1.35 times higher than that of the retail industry, breaking the stereotype of low-paying salary in the service industry.

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



Note: starting salary of entry-level staff ÷ national minimum wage. The minimum wage in 2022 was NT\$25,250.

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 Directorate General of Budget of the Executive Yuan.

Comprehensive salary policy to boost employee morale

FEDS has a comprehensive salary policy and benefits package. According to the Company's Articles of Incorporation, if the Company generates profits, 2% to 3.5% of profits should be allocated as employee compensation. Employee compensation is primarily in the form of cash, and the actual distribution ratio, amount, method, and number of stocks are resolved by the Board of Directors and implemented after reporting to the shareholders' meeting. Relevant information can be found in the annual report and the Company's official website. In addition, the overall remuneration package for managers at FEDS is determined based on job duties, with reference to the industry standards and taking into account individual performance, as well as the Company's operating performance, including revenue growth, profit growth or profit contribution, and the rationality of the correlation with future risks, so as to formulate a remuneration policy that is motivating and reasonably reflects the performance.

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FEDS has established a "Remuneration Committee" to strengthen corporate governance and enhance the remuneration system. The Company also refers to the remuneration standards of peers and listed companies to formulate a reasonable employee remuneration policy and clearly stipulates the incentive bonus system, such as monthly performance-based bonus, bonus for achieving the goal of anniversary events, and year-end bonus. The Company also has a comprehensive performance evaluation system that appropriately links operating performance with employee remuneration. Evaluation indicators include revenue growth, profit growth or profit contribution. These indicators are linked to individual performance or department performance, on which the remuneration is based, so as to drive overall performance of the Company. Meanwhile, FEDS conducts annual performance evaluation to facilitate the accelerated promotion of outstanding key talents. For more details, please refer to the section of "5.2.2 Performance evaluation promotes outstanding employees".

◆ Comparison of the average salary of each position



Note 1: Average salary = Minimum wage + Remuneration
 Note 2: "Supervisor position" refers to the section head and above supervisor
 Note 3: Sales personnel include long-term and short-term PT.

◆ Statistics of the number and salary of non-supervisory full-time employees

Items	2020	2021	2022
Number of non-supervisory full-time employees	1,301	1,270	1,300
Average salary of non-supervisory full-time employees (NT\$ thousand/person)	715	700	743
Median salary of non-supervisory full-time employees (NT\$ thousand/person)	669	653	700

5.1.2 Generous benefits enrich employee life

FEDS Employee Welfare Committee regularly discusses welfare plans and provides a variety of benefits that exceed legal requirements, including 5 major categories such as work benefits and family care, with up to 27 welfare benefits. We also collaborate periodically with counter vendors to offer employee shopping discounts. In 2022, a total of 426 shopping discount offers were launched as a tangible gesture of appreciation to our hardworking employees. In the future, we plan to establish a "Welfare Platform" to provide more diverse and enriching welfare options for employees to choose.

◆ Employee benefits of FEDS

Job benefits	Shopping discounts	Family care
<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 • Hospitalization comfort money • Lunar New Year bonus • Dragon Boat Festival bonus • Mid-autumn bonus • End of Year Party bonus • Birthday bonus • Anniversary incentive • Employee uniforms 	<ul style="list-style-type: none"> • Employee shopping discounts • Counter discount vouchers • Affiliated enterprise product discount • Retirement benefits • Labor pension provision • Retirement gifts 	<ul style="list-style-type: none"> • Wedding bonus • Funeral subsidy • Employee childcare assistance • Child schooling subsidy • Maternity benefits • Recreation and individual development • Social activities • Advanced education subsidies • Company trips

Regular health check-ups for every employee's health

FEDS gives its employees the best care, provides labor insurance and national health insurance, and fully subsidizes group insurance. We also regularly arrange employee health checks that are better than those stipulated by laws and regulations, and provide insurance items such as hospitalization medical insurance and cancer medical insurance to protect the health and well-being of employees. In 2022, the number of people insured for the National Health Insurance included 1,369 employees and 967 family members, and the Company totally paid NT\$33.86 million. A total of 1,391 employees were covered by group insurance, and the Company paid NT\$2.47 million during the year.

Employee club activities enhance team spirit

FEDS has established "Administrative Measures for Employee Clubs" to encourage employees to set up LOHAS, healthy and service-oriented diversified clubs. Through club activities, employees can enhance their mutual communication, and at the same time, these activities are able to achieve the effect of relieving work pressure and cultivating personal leisure interests. FEDS had 5 new clubs in 2022, including table tennis club, bowling club, etc. The number of clubs increased by 2.5 times compared with the previous year.

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Clear and transparent retirement plans to safeguard retirement benefits

FED has established the "Employee Retirement Measures" to ensure that employees can retire with peace of mind through a comprehensive retirement system and content planning. 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 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. For more details, please refer to "Post-retirement Benefit Plan" in the Company's 2022 annual report.

Childcare services allow employees to work without worries

FEDS is a chain-type department store with 12 operating bases all over Taiwan. In order to enable employees in every location to work without worries, we have cooperated with 7 trustworthy cultural and educational institutions. Employees can choose convenient childcare services provided by their nearby branch schools and enjoy 7 benefits such as discounts on registration fees. The Employee Welfare Commission also provides school enrollment subsidies every year. Moreover, considering that most of the front-line employees of department stores are mainly women, FEDS is committed to providing comprehensive childcare measures and encourages female employees to return to work after marriage and childbirth. Over the past three years, 96 female employees have applied for parental leave. In 2022, the application rate for female employees to apply for parental leave was 42%, an increase of 24% compared with the previous year, and the retention rate was 89%, a growth of 25% from the previous year.

Statistics on parental leave in the last 3 years

Items	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Number of people eligible to apply	66	131	61	104	57	92
Actual number of applicants	1	22	2	35	4	39
Application rate (%)	2	17	3	34	7	42
Number of employees subject to reinstatement in the current year	1	20	1	12	3	22
Actual number of reinstatement applicants	1	12	1	9	3	16
Reinstatement rate (%)	100	60	100	75	100	73
Number of reinstated employees last year	0	12	1	14	1	9
Number of employees who had been reinstated for one year last year	0	8	1	10	1	8
Retention rate (%)	-	67	100	71	100	89

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 data collection period of "number of eligible applicants" is from 2020 to 2022, and the calculation is based on the number of maternity leave and paternity leave
 Note 4: "Number of eligible applicants" and "actual number of applicants" refer to those who were still working by the end of 2022



Thoughtful care: maternal health protection program

Female employees often face many challenges in work and life during pregnancy and childcare. In order to allow female employees to wait for childbirth with peace of mind during pregnancy and to take care of their children after childbirth, FEDS has established a maternal health protection program with two directions of "caring for motherhood and caring for the child", and protects the health and well-being of female employees through comprehensive measures. In the future, we will also establish a "Maternity Information Section" to provide pregnancy, parenting and other related information in more diverse ways.

Caring for motherhood and caring for the child



Caring for health during pregnancy

- Questionnaires are distributed to 33 colleagues to investigate and assess whether the working environment is burdensome.
- 11 health consultation lectures were held to care for the physical and mental conditions of colleagues.
- 54 pieces of pregnancy health information were distributed to provide information related to parenting.



Caring for postpartum situations

- Signing contracts with high-quality postpartum care centers to allow postpartum employees to rest without worries.
- Providing "Maternity allowance", with a total of 107 people applied in 3 years, and the amount of the subsidy was NTD\$214,000.
- Asking doctors to assess employees' conditions so they can return to work with confidence.



Providing parenting support

- Providing nurturing essentials and distributing "Mama Care Package" to new mothers.
- FEDS has signed special contracts with 7 excellent cultural and educational institutions to help colleagues with childcare in their neighborhoods.
- Providing "Child Enrollment Subsidy". 299 people applied in 3 years, with the amount of the subsidy being NT\$452,500.

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5.1.3 Healthy workforce meets new challenges in retail

As of the end of 2022, the total number of FEDS employees was 1,374, including 1,371 full-time employees, and 3 short-term contract employees. Compared with 2021, the number of employees has no significant changes, and contract employees 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 2022, we had 265 new employees, with a new recruit rate of 19%, and the number of new employees increased by 6% compared to the previous year.

◆ Employment contract of FEDS

Age	Gender	Workforce structure						New employees						Resigned employees					
		2020		2021		2022		2020		2021		2022		2020		2021		2022	
		Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
29 years old and below	Male	108	30%	121	32%	109	31%	46	13%	84	22%	70	20%	25	7%	54	14%	60	17%
	Female	249	70%	257	68%	241	69%	115	32%	119	32%	142	41%	72	20%	83	22%	133	38%
	Total	357	100%	378	100%	350	100%	161	45%	203	54%	212	61%	97	27%	137	36%	193	55%
30-49 years old	Male	281	36%	284	37%	266	35%	17	2%	20	3%	25	3%	3	1%	24	3%	40	5%
	Female	495	64%	490	63%	495	65%	13	2%	28	4%	28	4%	5	1%	46	6%	39	5%
	Total	776	100%	774	100%	761	100%	30	4%	48	7%	53	7%	8	2%	70	9%	79	10%
50 years old and above	Male	103	46%	113	46%	124	47%	1	1%	0	0%	0	0%	1	1%	4	2%	8	3%
	Female	121	54%	131	54%	139	53%	1	1%	0	0%	0	0%	0	0%	4	2%	5	2%
	Total	224	100%	244	100%	263	100%	2	2%	0	0%	0	0%	1	1%	8	4%	13	5%
Total	Male	492	36%	518	37%	499	36%	64	5%	104	7%	95	7%	29	2%	82	6%	108	8%
	Female	865	64%	878	63%	875	64%	129	10%	147	11%	170	12%	77	6%	133	10%	177	13%
	Total	1,357	100%	1,396	100%	1,374	100%	193	15%	251	18%	265	19%	106	8%	215	16%	285	21%

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

Category	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	490	857	1,347	516	872	1,388	498	873	1,371
Non-official employees	2	8	10	2	6	8	1	2	3
Total number of employees	492	865	1,357	518	878	1,396	499	875	1,374
Number of permanent employees	490	857	1,347	516	872	1,388	498	873	1,371
Number of temporary employees	2	8	10	2	6	8	1	2	3
Number of employees without guaranteed hours	0	0	0	0	0	0	0	0	0

Note 1: Full-time employees are defined as those holding indefinite contracts and annual employees. Unofficial employees include temporary, seasonal short-term employees, monthly salary employees.
 Note 2: Long-term PTs are permanent employees; short-term PTs are temporary employees.

◆ Number and gender of supervisors at or above manager/assistant manager level



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5.2 Integrated Talent Cultivation

Talent cultivation is an important foundation for the sustainable development of enterprises. FEDS has planned a comprehensive talent cultivation system. 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 to improve their capabilities. FEDS also designs exclusive foundational training courses and core competency training courses for counter staff. Service quality is enhanced through training, so that customers can experience better shopping services.

5.2.1 Professional training to strengthen talent development

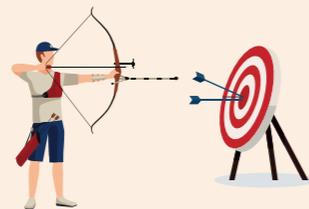
FEDS attaches great importance to talent cultivation. In order to establish a more complete training system, we systematically plan various training programs to strengthen the professional knowledge and ability of employees, and build an excellent talent team for the Company's long-term business development.

Digital learning projects to improve the training system

FEDS has operating bases all over Taiwan. In order to allow employees from all over the country to receive comprehensive training, and to reduce the commuting time for traveling to and from the training venue, FEDS has launched digital learning projects in phases. In 2019, we have set up an "online learning network" on the employee portal EIP to facilitate employees to browse course contents anytime and anywhere, and achieve the phased goal of digital learning 1.0. In order to further expand the benefits of digital learning, at the end of 2022, the Human Resources Department promoted digital learning 2.0, and started planning two major projects, "digital learning platform construction" and "training resource integration", so as to create a more convenient learning atmosphere and enhance employees' professional capabilities.

◆ FEDS's digital learning promotion status

Purposes of promotion

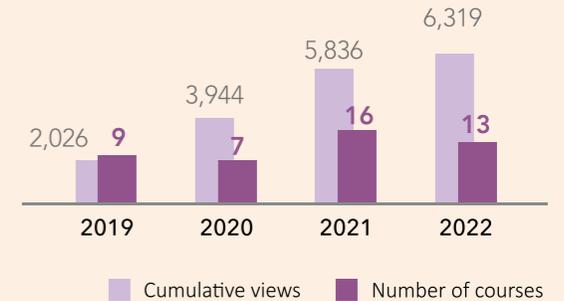


1. The operating bases are spread all over Taiwan, which solves the difficulty of centralized training for employees located in various places.
2. Reducing employee training costs, saving commuting time, transportation costs, etc., and reducing carbon emissions.
3. Creating an "Any Time, Any Where" learning atmosphere so that employees can learn without interruption.

Digital learning 1.0



In 2019, the EIP system of the employee portal website was officially launched. We built an "online learning network" in EIP to promote E-Learning. In 2022, 13 courses including agile management, oral expression, and presentation skills were provided, with a cumulative total of 6,319 views.



Digital learning 2.0



By the end of 2022, two major projects of "digital learning platform construction" and "training resource integration" were planned to create a more complete training system.

- **Digital learning platform construction:** Through the digital learning platform, employees can directly operate sign-in and other functions on the platform, which greatly improves the convenience of learning, and managers can also watch the learning status of employees from the back end, and more accurately manage the learning status of employee training.
- **Training resource integration:** To further integrate the Company's training resources, the teaching materials of the same courses are placed on the digital learning platform in a unified manner, so that employees of the same position in each branch can receive the same training.

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Employee training and development

FEDS has planned complete courses for its employees according to their different professional needs. In 2022, the total number of employees' training hours was 20,207, and the total number of trainees was 17,726, with an average of 14.7 hours. The training blueprint of FEDS focuses on new recruits, professionals, and various management levels, and FEDS plans the three major courses such as basic training, core business training, and self-development training. In 2022, the expenditure in education and training exceeded NT\$650,000. Through sound training mechanism and a combination of physical and online courses, we continue to improve the capabilities of employees, and work together with employees to grow steadily.

Employee Training Hours Unit: hours

Level	2020			2021			2022		
	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
Supervisory positions	18.5	19.6	19.0	13.8	13.9	13.8	14.7	15.0	14.8
General employees	16.2	14.6	15.3	14.5	14.3	14.4	17.5	17.4	17.5
Sales personnel	10.6	8.8	8.9	9.7	7.3	7.4	10.2	9.3	9.4

Note: Sales personnel include long-term and short-term PT.

Employee training blueprint

General training for new recruits to fit into new environment quickly



On the day of onboarding, 4-hour basic courses are arranged, including company introduction, attendance regulations, insurance benefits, fire protection and occupational safety, and the unit supervisor or senior staff will guide the implementation of each type of work so as to help the new recruits to quickly grasp the scope of the work.

Cumulating professional knowledge to build an advance FEDS



FEDS designs different internal and external professional training courses based on job category, including work management, communication expression, development of decision-making, data analysis, and workplace psychology. 48 courses were opened in 2022 to promote the development of employee capabilities.

Management and leadership training to improve core management skills



FEDS holds management ability training courses for managers of management units of head office and branch offices, focusing on four major categories, including industry trends, new legal regulations, government policies, and leadership management to effectively enhance core management capabilities.

Floor manager courses to provide solid professional training

Floor management personnel (referred to as floor managers) play an important role in department stores. In addition to being responsible for counter management, they also help customers solve problems encountered in the department stores. FEDS provides solid training courses for floor managers. In the initial stage, senior colleagues will conduct one-on-one practical teaching. Subsequently, core professional contents such as cashiering, visual merchandising, and handling customer complaints are arranged to strengthen the professional skills of floor managers. In 2022, there were a total of 199 floor managers and management trainees in FEDS, with a total number of 384 trained persons and a total of 591 hours of training.



ESG training courses to promote new knowledge of sustainability

As sustainability issues become more and more important, FEDS has actively organized ESG-related training courses in recent years in order to enhance employees' understanding of ESG and cultivate their awareness of sustainability. The training courses include environmental protection knowledge, climate change issues, carbon management and other diverse content to encourage employees to apply the concept of sustainability to their lives. In 2022, the total number of participants was 324, and the total training hours were 562 hours. The number of participants accounted for more than 15% of all employees.

Specific employee training to coincide with the opening of new store

Due to the opening of the all-new Zhubei Store in 2022, considering the higher proportion of new recruits, special professional training courses were designed specifically for the in-house staff. The courses were conducted by relevant business supervisors from various departments of the head office and covered topics such as vendor recruitment, activity execution, system operation, accounting and finance. By combining knowledge with practical experience, the training aimed to improve employees' work efficiency. A total of 9 courses were held during the training period, with a total of 288 trainees and 441 hours of training.



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Counter Staff Training and Education

In 2022, FEDS's counter staff had a total of 15,872 hours of training, an increase of 10% over the previous year, and the total number of trainees reached 15,819, an increase of 21% over the previous year. Training content of counter staff included personnel attendance, labor safety, clothing and grooming, cash register operation, explanations of various gift certificates and coupons, electronic carriers, introduction to the functions of FEDS app, etc. Among them, in response to the new opening of the Zhubei Store, FEDS specifically reinforced the training for the new counter staff of the store in 2022, so that the counter staff can fully understand the relevant work regulations and are equipped with required business skills in order to provide customers with a better shopping experience. During the period, a total of 3 sessions of the training were conducted, with a total of 667 trainees and 2,668 hours of training.

◆ Average training hours of counter personnel

Items	2020	2021	2022
Total hours of training	17,326	14,485	15,872
Number of counter personnel	14,098	13,047	15,819
Average training hours	1.2	1.1	1.0

◆ 3 cores training for counter personnel



Basic training for new recruits

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



Professional competency training

In line with the Company's diversified services, professional training courses are provided, including Operation of cash registers, payment tools, introduction to various gift certificates and coupons, FEDS app, etc. to strengthen their professional skills during the on-site period.



Self-improvement training

FEDS arranges diverse seminars on non-work-related topics, including Health information, seasonal fashion, stress relief, etc. to provide counter personnel with opportunities for diversified development and ongoing self-improvement.

5.2.2 Performance evaluation promotes outstanding employees

FEDS has a performance evaluation and promotion system for employees, with clear performance targets in each stage ranging from new recruits to regular annual evaluations, as well as comprehensive evaluations and incentive measures. We also provide 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 company's business development needs and personal job willingness surveys, enhancing employees' experience and promoting them to suitable positions.

In 2022, the total number of transferred employees in the head office and branches was 128, and the transfer rate was 9.4%. The transfer of employees is handled in accordance with the five principles of transfer stipulated in the laws and regulations of the competent authority to safeguard the legitimate rights and interests of employees. The relevant regulations are all explained during the training courses for new recruits upon onboarding, and are clearly stipulated in the Company's Work Rules. Also, they are publicly disclosed on the Company's internal website for employees' reference.

◆ Employee performance evaluation ratios in the last 3 years



2020—2022


 Supervisory positions


 Sales personnel


 General employees

◆ Frequency of performance appraisal


 Evaluation of new recruits
 Full six months 1 year


 Employee performance evaluation
 Monthly Quarterly Annually



Rewarding outstanding colleagues and encouraging to broaden their views

FEDS encourages employees to participate in external competitions, and to expand their diversified vision through mutual exchanges and discussions with the peers in 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 competitions with contribution of winning awards are praised and rewarded according to their achievement of awards, in recognition of their efforts and glorious performance. A total of 14 colleagues were rewarded in 2022, and there have been 37 in the past two years.

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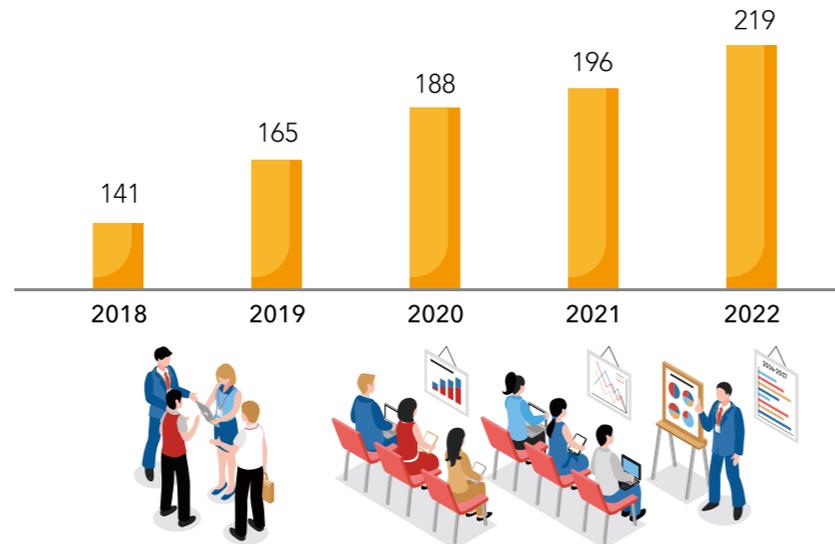
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5.2.3 Industry-Academia cooperation to cultivate future talents

"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 cooperated with Yuan Ze University and Asia Eastern University of Science and Technology via the Far Eastern Group's "Industry-Academia Professional Trainees Training Program" to assist outstanding students in the school to gain practical experience, using the integration of resources between the school and the affiliated companies to jointly maximize the synergy of talent cultivation. FEDS also joined hands with Yu Chang Technical & Commercial Vocational Senior High School to co-organized the "Employment Oriented Course Special Cooperation Program" to sharpen the practical skills and employability of the students. By the end of 2022, the industry-academia cooperation plan had recruited a total of 219 interns.

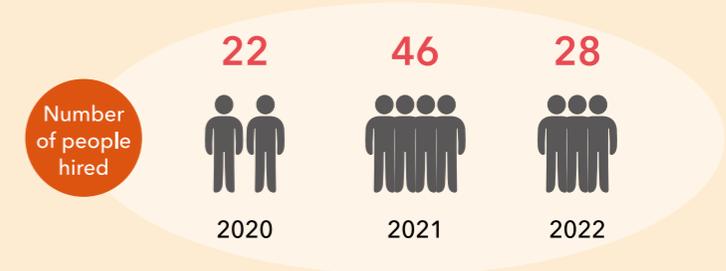
FEDS has planned a 24-hour vocational series of courses for interns, which include operation management, floor responsibilities, customer service, etc. The training is conducted in the form of OJT (On the Job Training) so that the students are able to develop their occupational capabilities through on-site explanations by supervisors as well as experience sharing from senior colleagues. In 2022, FEDS hired 23 students as interns to work in business units and customer service in branch stores. 6 interns passed the assessment and joined the Company after graduation. Going forward, FEDS will team up with Asia Eastern University of Science and Technology on industry-academia projects to provide hands-on opportunities and encourage students to develop their strengths. We will also plan and study the feasibility of changing industry-academia special program into a four-year program, so that students have the opportunity to enter the workplace earlier for practice, explore their interests in depth, and determine their career positioning beforehand.

◆ 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 fresh people in the workforce, providing "on-the-job training" for fresh people to learn from hands-on experience, and conducting 3 to 9 months of newcomer training instructed by senior employees who serve as their mentors. In 2022, FEDS continued to support this policy and recruited a total of 28 new employees through Youth's Employment Ultimate Program with 96 fresh people being hired in the past three years.



Hiring fresh talents by heading to campus for recruitment

FEDS is dedicated to recruiting talented young students to join the Company. In 2022, apart from participating in the Job Fair at National Taiwan University, the Company also specifically held the campus recruitment events at Chung Hua University in Hsinchu City to meet the talent demand for the opening of the Zhubei Store. During the events, the Company provided company introduction and job vacancy information, and collected resumes. Career counseling services were also offered to the new graduates. In total, 73 resumes were collected from these two events.



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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. We care for labor human rights and employees' interests, and we look after the physical and mental health of employees through multiple comprehensive and considerate measures. In 2022, we continued to promote the 10 major actions of the "Employee Health UP" program, and implement occupational safety and health management, so that employees can work with peace of mind in a healthy, safe and supportive atmosphere.

5.3.1 Human rights policy to protect labor rights and interests

FEDS values labor human rights, recognizes and follows the principles and spirit of the United Nations Universal Declaration of Human Rights (UDHR) and the Global Compact (UNGC), and formulates human rights policy accordingly. We also formulate and implement internal management policies to protect the rights and interests of employees in accordance with the "Labor Standards Act", "Act of Gender Equality in Employment", and "Occupational Safety and Health Act".



◇ Description, At-risk Party and Management Unit of Human Rights Policy

Policy	Description	At-risk Party	Management Unit
 Prohibition of child labor	Strictly eliminate the possibility of employing child labor	Job applicants	Human Resources Department
 Prohibition of forced labor	Comply with labor laws and regulations, and prohibit any form of forcing employees to engage in labor services.	All employees	Each unit
 Working and rest time	Comply with labor laws and regulations to enable employees to enjoy the right to rest and leisure, including reasonable restrictions on working hours and the right to regular paid leave.	All employees	Each unit
 Freedom of assembly and association	In order to protect the rights and interests of employees, the Company is required to ensure that employees have the right to organize and join labor unions.	All employees	Each unit
 Implement equal employment	When recruiting employees, the Company is required to uphold the principles of fairness, justice, and openness, and eliminate illegal discrimination, while maintaining the right of employees to have equal pay for equal work without any discrimination.	All employees	Each unit
 Anti-harassment	Strongly oppose all forms of harassment.	All employees	Each unit
 Maternity protection	Protection of female employees.	Female employees	Each unit
 Physical and mental health and work-life balance	In addition to providing employees with regular health check-ups that are better than the regulatory requirements, we encourage employees to form various clubs to increase interpersonal interaction and achieve a balance between work and life. We have also signed special contracts with a number of childcare facilities to address employees' childcare needs, ensuring that employees do not have to worry about it.	All employees	Each unit
 Smooth labor-management communication channels	Employees can make any suggestions to the Company through labor-management meetings, welfare committee, employee opinion mailboxes, etc.	All employees	Each unit

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◆ Human Rights Policy and Implementation Status in 2022

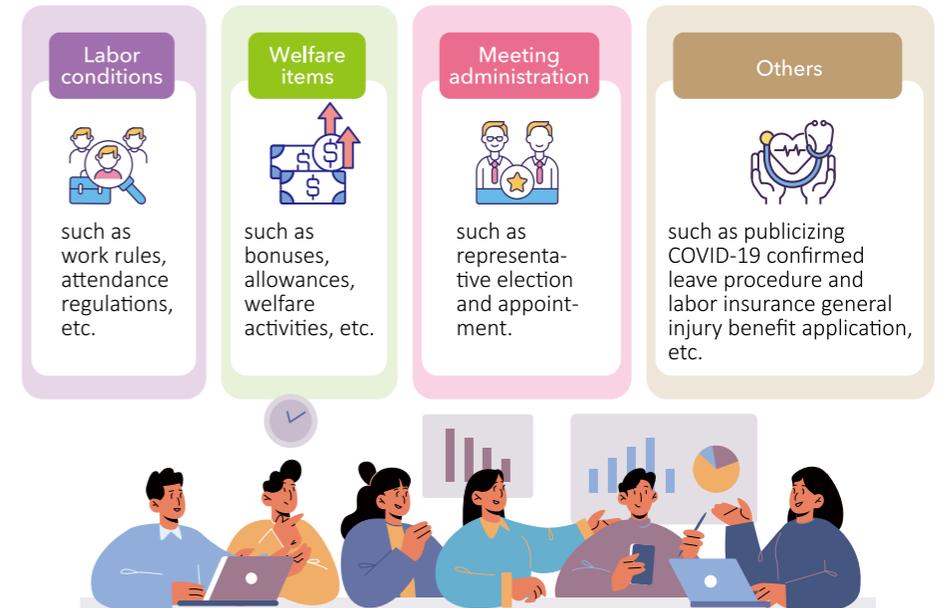
Policy	Implementation status in 2022
 Prohibition of child labor	In accordance with the Labor Standards Act, we strictly prohibit the employment of child labor.
 Prohibition of forced labor	The Company has established attendance regulations and Work Rules for employees and protects the labor rights of employees in accordance with the Labor Standards Act.
 Working and rest time	The Company complies with labor laws and regulations to enable employees to enjoy the right to rest and leisure, including reasonable restrictions on working hours and the right to regular paid leave.
 Freedom of assembly and association	The Company respects the basic human rights of employees, and has formulated the "Administrative Measures for Employee Clubs" to support employees' assembly and association and joining various clubs or organizations, so as to protect employees' freedom of association and collective negotiation.
 Implement equal employment	When recruiting employees, the Company has consistent salary standards.
 Anti-harassment	The Company declares that it adopts the principle of "zero tolerance" for harassment in the workplace, and has formulated the "Regulations for Establishing Measures of Prevention, Correction, Complaint, and Punishment of Sexual Harassment" to provide multiple channels for employees to file complaints and reports.
 Maternity protection	The Company attaches great importance to maternal health and is committed to establishing a friendly workplace. Apart from promoting the childcare leave without pay program in accordance with the law, we also provide maternity leave that is better than the requirement of the law. Meanwhile, we promote maternal health protection programs and have a high-quality breastfeeding environment for employees.
 Physical and mental health and work-life balance	The Company has formulated the "Administrative Measures for Employee Clubs" to encourage employees to participate in club activities to promote physical and mental health. At the same time, we have promoted the "Employee Health UP" plan for 4 consecutive years and provided regular health checks that are superior to laws and regulations to protect employees' health and well-being.
 Smooth labor-management communication channels	The Company holds labor-management meetings on a quarterly basis and Employee Welfare Committee meetings every year

Labor-management meetings promote harmonious employee and employer relations

FEDS holds labor-management meetings on a quarterly basis and occasionally holds meetings on specific topics to communicate with each other. Through mutually trusted communication channels to exchange ideas and opinions, both parties of employer and employee can reach consensus on various management measures. In 2022, we held a total of 4 labor-management meetings, with the main topics discussed covering labor conditions, welfare items, and meeting administration.

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 better than government-stipulated standards, such as: welfare payment, etc. In the event of major operational changes, we follow the notice period stipulated by Labor Standards Act, and will inform employees of relevant information at least 10 days in advance. There were no related incidents in 2022. The Employee Welfare Committee has also formulated the "Administrative Measures for Employee Clubs" to encourage employees to establish diversified clubs that are healthy and service-oriented. This guarantees the freedom of association and collective negotiation for all employees.

◆ Topics discussed at the labor-management meetings in 2022



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Eliminating 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. If there are any sexual harassment complaints, the Human Resources Department of the head office and the business management office of the branch offices will receive the complaints, and a sexual harassment complaint review committee will be established for follow-up processing.

In 2022, in terms of gender equality training, FEDS not only provided training for 265 new recruits, but also organized relevant training courses in branches, with a total of 25 employees participating. In addition, in January 2022, the Kaohsiung City Police Department, Women and Children Protection Brigade also went to the branch offices to conduct the "illegal infringement in the workplace: "prevention of sexual harassment in the workplace" courses, explaining sexual harassment prevention, self-defense skills, evidence collection, etc. to 45 colleagues. In 2022, a total of 335 people participated in gender equality courses, and the number of training hours was 170.8 hours, an increase of 5%.

◆ **Timely revision of management practices in accordance with laws and regulations**



Minimum wage

Adjusted the salary structure according to the laws and regulations, and improved the starting salary level of new recruits.



7 days
The number of maternity leave days

In accordance with the laws and regulations, the number of days of maternity leave has been increased from 5 days to 7 days.



Paternity check-up and paternity leave

According to the laws, paternity check-up and paternity leave are provided for a total of 7 days.



Labor Occupational Accident Insurance and Protection Act

In response to the increase in the upper limit of the salary range for occupational accident insurance, FEDS follows the requirement. For those who are eligible for the old Labor Retirement Fund or without contributions, and whose salary is higher than the labor ordinary accident insurance amount of NT\$45,800, the Company declares the monthly insured salary adjustment according to the laws.

Allocating suitable working hours without forced labor

Due to the nature of the industry, FEDS is open all year round except for special circumstances, but we have not sacrificed the labor 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 holidays 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.

FEDS also 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, we still require counter 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. As of the end of 2022, FEDS had a total of 15,819 counter personnel.

Year	2020	2021	2022
Number of counter personnel	14,098	13,047	15,819
Number of cleaning staff	235	253	276
Number of security guard	607	589	713

Note: The number of counter personnel is based on the statistics at the end of December.

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5.3.2 Health promotion and caring for employees physically and mentally

With the spirit of "Healthy employees for the sustainable development of businesses", FEDS strives to create a warm and healthy workplace and we have been promoting the "Employee Health UP" program for 4 consecutive years. Through 10 health action programs to care for employees' well-beings, every FEDS employee can "Work Hard & Work Happy!".

In order to prevent the epidemic from affecting employees' participation in health promotion activities in 2022, some activities were conducted in parallel on-site and online, so that employees can also participate in health lectures through video conference. Meanwhile, the Labor Safety Department also specially invited professional coaches to record exercise videos and put them on the Company's internal EIP platform for employees to browse anytime and anywhere. The videos received 1,109 views. Moreover, according to the questionnaire survey, 96% of employees are very satisfied with the annual health promotion activities in 2022, and the satisfaction rate has increased by 13% compared with the previous year, demonstrating that FEDS has achieved excellent results in promoting a healthy workplace.



10 Actions of the Employee Health UP program

Actions
1

Employee care stations

We set up cozy stations at the office of Department of Labor Safety, providing 15 items such as first aid kits, body fat meters, and alcohol. In 2022, we added massage guns and wireless skipping ropes for employees to use freely.



Actions
2

The flu vaccine

In order to facilitate convenient vaccination for the staff and improve their immunity, we cooperate with local health units every year, and provided 200 employees with public-funded and self-funded vaccinations in 2022.



Actions
3

Popular health information

Through the EIP announcement, health information such as chronic disease prevention and life health-care are sent from time to time. In 2022, 96 messages were distributed, and more than 240 messages have been distributed in the past three years.

Actions
4

Healthy plate competition

In 2022, the "Healthy Plate Online Competition" was held to encourage employees to eat healthy and lose weight. A total of 32 people signed up. The top six were selected through the assessment of nutritionists and colleagues. The participation rate of colleagues increased by 67% compared with the previous year.

Actions
5

Health point accumulation campaign

We promote the "Health 99 Loyalty Card" campaign, and a new group competition mechanism was added. As long as employees participate in health promotion activities, they can get points and exchange them for lottery tickets. In 2022, all employees accumulated 16,461 health points, which was equivalent to issuing 1,829 lottery tickets. A total of 50 employees won the prize.

Actions
6

Caring health reminders

We set up digital signboards in the pantry and EIP bulletin to promote 42 health messages, including healthy diet, environmental safety, traffic safety, etc.



Actions
7

Employee health management

We provide employee health checks with a frequency higher than that required by the laws. In 2022, we worked with Far Eastern Memorial Hospital to provide the health management for employees. Subsequently, the professional nurses will also actively track and care for the health of employees based on the inspection results.

Actions
8

Employee health seminars

In 2022, the head office and branch offices held a total of 203 health seminars, inviting professional lecturers to share diverse and rich topics such as disease prevention, health care, and accident handling, with a total of 5,930 participants.

Actions
9

Employee health survey

We conducted employee health surveys according to the "Labor Health Protection Plan". 1,718 questionnaires were distributed, with a return rate of 93.9%, and priority was given to high-risk employees to arrange on-site doctor consultations and track their health status.



Actions
10

On-site physician consultation

In order to prevent the occurrence of occupational diseases, the health status of employees is managed at different levels, and on-site consultation services are jointly organized with contracted hospitals. In 2022, 56 sessions were held, with 416 participants, an increase of 62% over the previous year.

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Employees to get outdoors

After obtaining sports enterprise certification from the Sports Administration in 2021, FEDA continued to participate the I-SPORTS sports calendar online running and bicycle points competition activities in 2022, encouraging employees to run 10 kilometers a month or ride bicycles for 15 kilometers. By presenting the app certificate, you can get the points for FEDA's "Health 99 Loyalty Card", encouraging employees to exercise more to improve their health together. In the future, the Labor Safety Department also plans to co-organize a walking event with the Department of Health of New Taipei City to expand the benefits of employee health promotion activities.



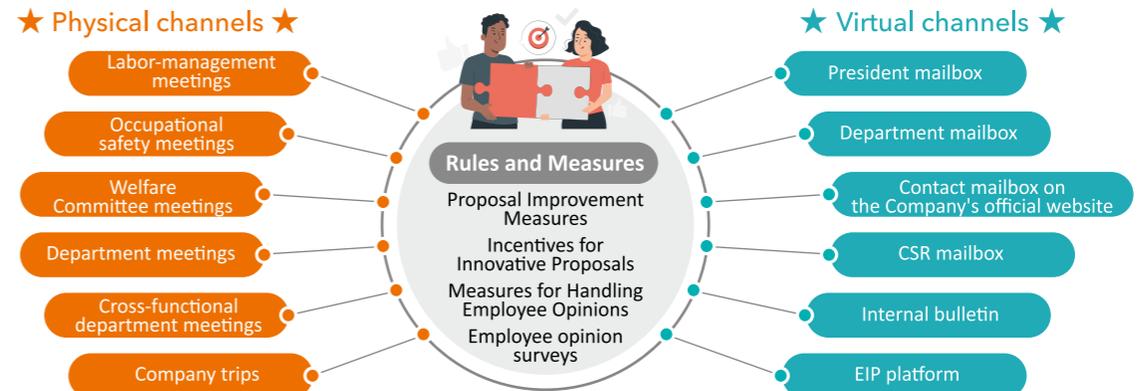

Labor safety e-newsletter to enhance health and safety knowledge

Since February 2022, the Labor Safety Department has referred to the information released by the Ministry of Labor and the Health Promotion Administration, and rewritten it as a daily "Labor Safety e-Newsletter", introducing "health" and "safety" knowledge of life every month, such as stress relief, healthy eating, safe driving and other diverse content. As of the end of 2022, 11 issues have been released, with 3,021 views.

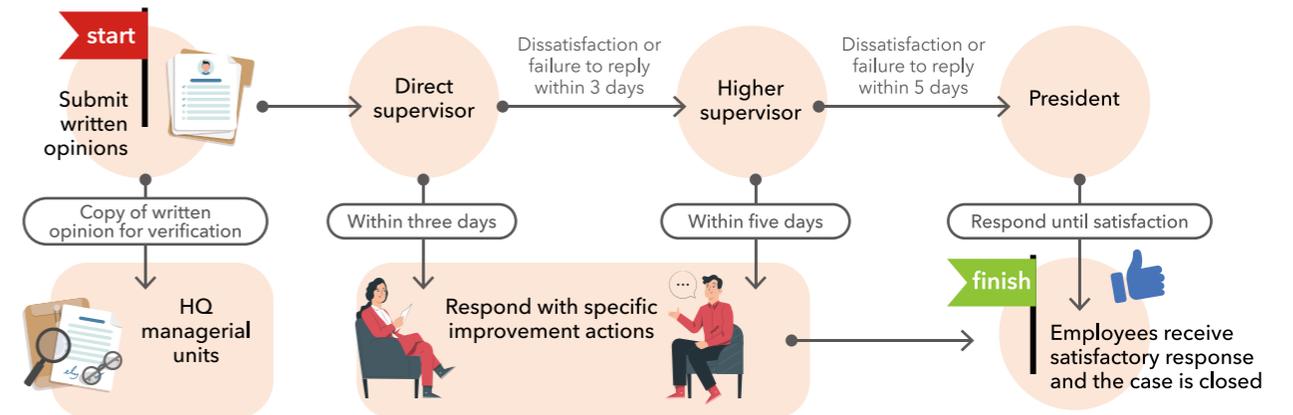
5.3.3 Multiple channels of communication are provided to listen to the voices of our employees

FEDA values the thoughts and opinions of its employees. The Company has established an internal employee complaint mechanism, and has also formulated the "Measures for Handling Employee Opinions", which are explained in detail during the new employee training. The highest supervisor in charge of employee complaints is the President. No matter whether the employee voices opinions through the internal complaint mechanism or through external channels, we will actively deal with them and respond in a timely manner. The EIP system was officially launched in 2019, and it provides employees with a more complete communication platform via the "Message from the President", the event boards, and questionnaires. In 2022, a total of 913 questionnaires were distributed to the employees to better understand the voices of their minds.

◆ Communication channels of employee opinions



◆ Procedure for handling employee opinions



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5.3.4 Environmental safety management creates a safe workplace

In order to allow employees to work in a healthy and safe environment, FEDS is committed to implementing occupational safety and health management, and has formulated relevant policies to protect the rights and interests of employees. It has also developed improvement plans for occupational disasters that have occurred. Through all-round management measures, FEDS is able to protect the safety and health of all workers including employees and counter staff, moving towards establishing a safe workplace with zero work-related injuries.

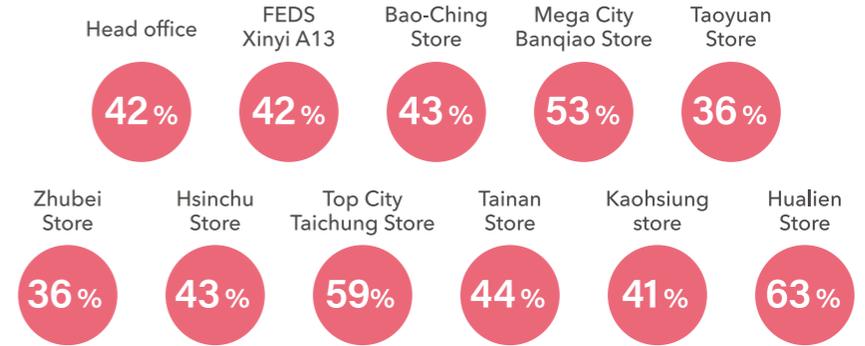
Implementing occupational safety and health management to protect the rights and interests of employees

FEDS has established 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, and the committee members include department heads, medical (first aid) personnel, 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 of the committee members. This proportion exceeded the stipulated requirement that labor representatives must hold more than one-third of the seats. The term of office is from August, 2022 to July, 2024.

FEDS Occupational Safety and Health Policy

 Compliance with national laws and regulations Comply with domestic occupational safety and health laws and regulations during implementation.	 Participation of all employees Provide a good communication platform for all employees so that they are involved in safety and health measures.	 Supervisors giving a lead Fully support safety and health implementation to prevent occupational disasters.
 Good safety management Implement employee education and training to reduce the risks of incidents.	 Health protection for employees Strengthen employee health management and create a high-quality and healthy workplace.	 Achieve performance Implement the PDCA management model to achieve zero-work disaster.

Labor Representatives in OSH Committee



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

Occupational health and safety training

<p style="text-align: center;">New employee education and training</p>  <p>Course content includes: Occupational health and safety policies and concepts, automated inspections, emergency response, fire and first aid knowledge, etc.</p>	<p style="text-align: center;">General staff education and training</p>  <p>Every 3 years, the Labor Safety Department arranges a 3-hour training course to improve employee safety and health knowledge through professional textbooks. In 2022, the total training hours were 37 hours, with 1,309 participants.</p>
<p style="text-align: center;">Construction worker education and training</p>  <p>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.</p>	<p style="text-align: center;">External license training</p>  <p>Training content: Training for first responders, hypoxia operation management, fire prevention managers, and AED managers to improve emergency response capabilities.</p>

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Improving environmental safety management and creating a safe environment with zero occupational injuries

FEDS strives to implement environmental safety and health management. 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, a level B safety and management staff and professional nurse to promote occupational safety and health services jointly. The occupational safety unit of the branches will go to the floor to inspect the environmental safety every week, and conduct inspections on the four major categories of electricity safety, fire safety, environmental safety, and construction safety to ensure the safety of the working environment. In the future, the Labor Safety Department will plan the introduction of the management app system, implementing floor environmental safety inspections through digitalization, and effectively tracking the improvement status.

In the event of a work-related accident for employees, the occupational safety office at the branch will immediately notify the Labor Safety Department of the head office, 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. Going forward, FEDS will continue to evaluate and introduce the ISO 45001 Occupational Health and Safety Management System.

Major items of floor safety inspection

Electricity safety



Use of sockets and extension cords

Fire safety



arrangement of items, escape route, etc.

Environment safety



Use of non-hazardous chemicals, etc.

Construction safety



Conducting safety inspections during construction

Occupational Health and Safety Data Indicators

Item	2020			2021			2022		
	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)	0	0	0	1	0	1	1	0	1
Recordable occupational injury rate (%)	0	0	0	0.19	0	0.07	0.20	0	0.07

- Note 1: Total hours of work= 8 hours × number of people × number of working days The total hours of work in 2022 were 2,731,032 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, and those who have external medical needs, but does not include traffic accidents during commutes.
- Note 5: Serious Occupational Injury = Over 6 months of disability due to occupational injuries. In 2022, there have been 0 cases of serious occupational injuries at FEDS.
- Note 6: There were no cases of occupational illnesses defined by the Taiwan laws in 2022.



Occupational safety conference caring for employees' physical and mental health

FEDS held an annual occupational safety conference in December 2022, with a total of 25 labor safety supervisors and personnel participating. In the conference, topics such as safety and health implementation measures and matters, health promotion activities, sports activities promotion, and implementation of epidemic prevention measures were discussed. Participants also exchanged ideas and discussed future implementation measures and directions. This conference also specially advocated that the environment and employee safety should be given priority when holding activities, and also encouraged employees to form static clubs or participate in art and cultural activities to promote employees' physical and mental health.

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Maintaining a record of disaster-free work hours and establishing a safe working environment

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 2022, the head office and all 12 branch stores were awarded the "Record for Hazard-Free Work Hours Certificate" with an accumulated number of hazard-free hours exceeding 32.44 million hours, and the total working hours with zero disasters increased by 8% as compared to the last year.

Hazard-Free Work Hours Record



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



The Tainan Store sets a Occupational Safety and Health Benchmark

In October, the Tainan City Government held the "2022 Safety and Health Family Appreciation! Safety and Health Number One" conference. The Tainan Store was recognized for its commitment to providing a safe working environment and comprehensive care for its employees. The outstanding achievements in occupational safety and health management were highly praised, winning the prestigious awards of "Excellent Occupational Safety and Health Unit of Tainan City" and "National Excellent Occupational Safety and Health Personnel".

Recognition for a Healthy and Happy Workplace, Winning 3 Awards

In December 2022, the Health Promotion Administration held the "National Excellent Health Workplace and Outstanding Promoters" commendation ceremony. FEDS was honored for its emphasis on the physical and mental well-being of its employees. Through the continuous promotion of various employee health activities and the implementation of incentive systems such as the Health 99 Loyalty Card point accumulation program, employee engagement has been effectively increased, fostering a greater awareness of employee health. This outstanding performance resulted in winning three major awards. FEDS head office and the Tainan Store received the "Dynamic Vitality Award," while Top City Taichung Store received the "Health Management Award."

Winning the "Best Progress Award for Health Corporate Citizenship"

"Health Magazine" held the 4th "CHR Healthy Corporate Citizen Award" ceremony in November. FEDS has achieved remarkable results in all aspects because of its care for the health of employees and the provision of health promotion activities for employees. Therefore, FEDS stood out among many enterprises and won the "Best Progress Award for Healthy Corporate Citizenship".

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6 Heartwarming Social Welfare

FEDS upholds the spirit of "taking from society and giving back to society," and is committed to promoting various public welfare activities. We make good use of our channels and strengths throughout Taiwan to connect resources from all sectors of society, so that each operating location becomes a "public welfare platform" for its local community. We also encourage employees to engage in social participation, carrying forward the power of good, fulfilling our corporate commitment and care for society, and driving the creation of positive values in society.

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Response to stakeholders :

- Consumers
- Employees
- Business partners (counter vendors/suppliers)
- Government
- Society (media, community)

Caring Highlights



Investment in charity: **NT\$ 2.4 million**



Held **783** public welfare activities



Christmas events have been hosted for **14** consecutive years



Nearly **3,000** children in rural areas Have been cared for



Blood donation **171** events in **3** years



Volunteer service Cumulative number of volunteers: **2,209** in **3** years

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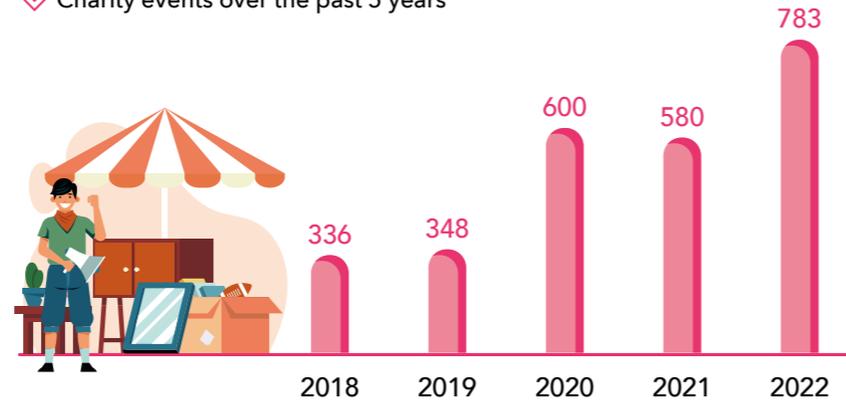
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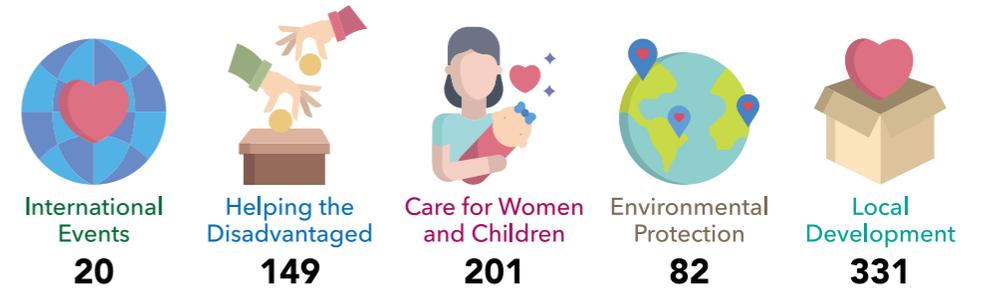
FEDS has been developing locally for 55 years. While pursuing the sustainable operation and development of the enterprise, it also actively gives back to the society by promoting five types of public welfare activities, including "international events, helping the disadvantaged, care for women and children, environmental protection, and local development". By caring for those in need through practical actions, the Company brings warmth to people's lives and enhances the warmth of the city, making contribution to the society.

FEDS promotes social welfare activities in 6 major ways, including sponsorship, monetary donations, material donations, fundraising, resource raising, and charity sales. In 2022, FEDS invested NT\$2,400 thousand in public welfare, held 783 charity events, and received 155 certificates of appreciation. In the past five years, more than 2,647 events have been held. With the goal of public welfare in department stores every day, FEDS connects public resources with love to maximize the synergy of public welfare.

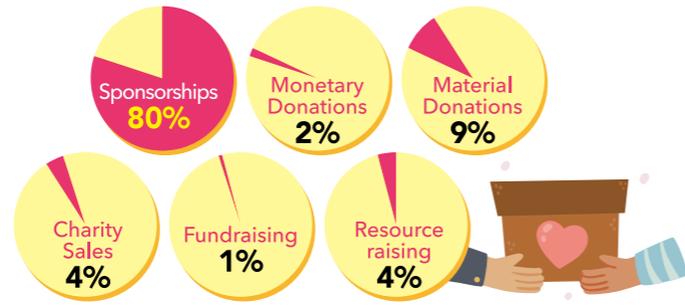
◆ Charity events over the past 5 years



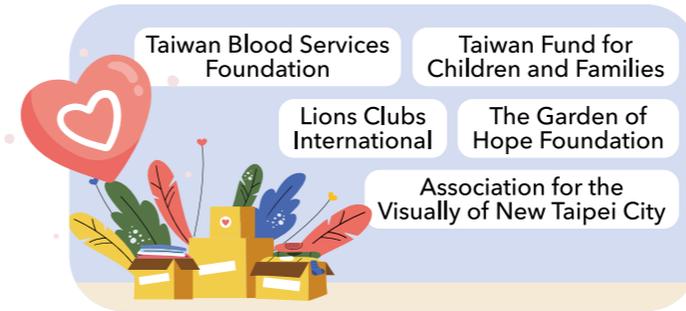
◆ Type of charity events



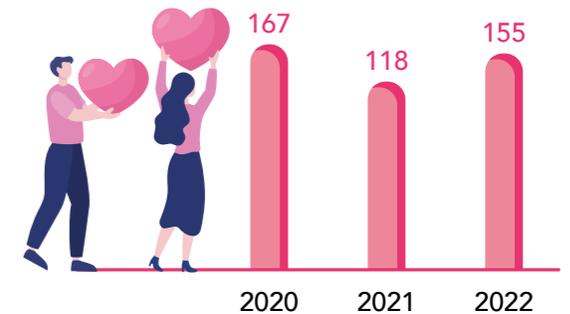
◆ Proportion of the types of charitable involvement in 2022



◆ Top Five Partners for Charity Events in 2022



◆ Number of Certificates of Appreciation in the last 3 years



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6.1 Response to Global Initiatives

The United Nations Conference on Sustainable Development (Rio+20) announced 17 Sustainable Development Goals (SDGs) in 2015, emphasizing the spirit of inclusion, and expecting the world to jointly create economic growth, environmental protection and social progress. As a corporate citizen, FEDES hopes to exert its influence to make changes in various aspects such as business activities, environmental protection and social development in a better direction. In 2022, all of FEDES's branches responded to the 8 international sustainability initiatives, including environmental protection, vulnerable groups, health and well-being, children's human rights and other diverse issues, to promote sustainability awareness to the public and create a better life.

◆ Response to international initiatives in 2022

3/8 Supporting women's rights on 3/8 International Women's Day



The United Nations has designated March 8th every year as International Women's Day to commemorate the excellent contributions and achievements of women in various fields. In 2022, the Zhubei Store responded to this initiative day and held the "Charming Dancing, Unleashing the Power of Femininity" event to promote gender equality through female dance performance and interactive games.

3/8



International Women's Day

3/21



International Day of Forests

3/21 Supporting environmental protection with love on 3/21 International Day of Forests



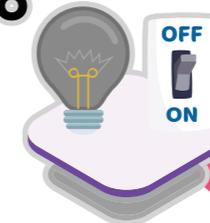
In response to the United Nations' "International Day of Forests", the Paoching Store partnered with the Forestry Bureau of the Council of Agriculture to hold an event to exchange receipts for tree seedlings. They invited everyone to join the ranks of environmental beautification. On that day, a total of 500 tree seedlings were exchanged, and 1,800 receipts were donated to the Garden of Hope Foundation, making the combination of environmental protection actions and public welfare more meaningful.

3/26 Lights off for an hour together for Earth Hour



On the day of "Earth Hour" in 2022, the six branches of FEDES jointly responded to the "Earth Hour" event initiated by the World Wide Fund for Nature (WWF), and turned off the exterior signboards and decorative lights at 8:30 p.m., to publicize the reduction of unnecessary electricity consumption. According to statistics, the energy saving on the day of the event was about 114,000 kWh.

3/26



International Lights Off Day

4/22



Earth Day

4/22 Environmental green actions on 4/22 Earth Day



For 8 consecutive years, the Taoyuan Store has joined hands with counter vendors to organize empty cosmetic bottle recycling activities to encourage the public to take action to protect the earth and improve the environment. In response to "Earth Day", the Taoyuan Store invited the public to bring empty cosmetic bottles from home to the department store for recycling in 2022, and they received HAPPY GO points in return. The event received enthusiastic response, and a total of 4,000 empty cosmetic bottles were collected.

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8/20 Waves of love continues on 8/20 International Stray Animals Day



The International Society for Animal Rights organization designated the third Saturday in August each year as "International Stray Animals Day" to call for sterilization and adoption instead of abandonment, to prevent homeless animals from suffering hunger, cold, and wandering outside. In response to "International Stray Animals Day", the Paoching Store called on colleagues to visit Taiwan Sheltered Animal Conservationist Association, take care of stray animals, and interact happily with furry friends.

8/20



International Homeless Animals Day

9/17



World Marrow Donor Day

9/17 Feeling the mutual aid society on 9/17 World Marrow Donor Day

The World Marrow Donor Association designated the third Saturday in September every year as "World Marrow Donor Day" to thank donors for extending more lives. In 2022, Mega City Banqiao Store cooperated with Buddhist Tzu Chi Stem Cell Center to hold a series of Thanksgiving Concerts to commemorate the selfless dedication of volunteers, and planned "Hematopoietic Stem Cell Donation Blood Test and Documentation Publicity", expecting that young people over 18 years old and under the age of 46 can join the marrow database to create a file, and bring hope to patients with blood diseases.

October Caring for Women's Health in the International Breast Cancer Awareness Month of October



In response to the "International Breast Cancer Awareness Month", Mega City Banqiao Store and the Zhubei Store joined hands with counter vendors to organize free breast cancer health checkups, inviting women to participate in the checkups, promoting the concept of early detection and early treatment, and advocating women to watch out for the breast cancer risk. All women who participated in the event could get a lucky bag.

October



Breast Cancer Awareness Month

11/20



International Children's Rights Day

11/20 Safeguarding Children's rights on 11/20 International Children Day

FEDS attaches great importance to human rights issues. The Hualien Store has responded to the "International Children Day" for five consecutive years. In 2022, it cooperated with the Hualien Association for Children and Families to organize the "Working Together with Parents in the Same Frame" event, inviting single-parent families to participate in developing parent-child photos and breaking through games. There were also cheerful children's music performances at the scene, hoping that every child can grow up happily.

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6.2 Transnational Window into Culture

FEDS is the first department store in Taiwan to introduce international exhibitions. In 1973, the Company co-organized the first American Merchandise Show with the US Department of Commerce, becoming the leading department store that promotes international cultural exchanges. Every year, FEDS holds a variety of international exhibitions to introduce elements from international cultures and exhibit featured products from different countries, serving as a cultural window for customers to experience exotic products.

FEDS held six themed international product exhibitions in 2022, including Japan, Korea, Southeast Asia, Czech, Italy, and the Americas, widely collecting authentic delicacies, promoting exotic cultural relics, and allowing the public to experience different exotic customs and cultures. In addition, FEDS also held product exhibitions from various parts of Taiwan, so that consumers can easily buy high-quality products from all over Taiwan at FEDS without having to travel far away from home.

2022 FEDS Cultural Product Exhibition



Enjoying the Japanese style in the Japan's Aomori Hirosaki Exhibition

FEDS has held the "Aomori Hirosaki City Cultural and Product Carnival" for 11 consecutive years. The 12 department stores in Taiwan, the Mall and the City'Super staged the event in relays. The event kicked off with the traditional Japanese festival "Aomori Nebuta Matsuri" taiko drum performance, and introduced more than 50 vendors to allow the public to experience the most authentic Japanese customs and products. In addition, FEDS did not forget to combine the international exhibition with love to launch public welfare activities, and jointly donated apples and thermos bottles to those in need with Hirosaki City.

Feeling the charm of Korean fashion at Korean Culture Fairs

FEDS's "Korean fashion and glamour at FEDS" Korean food and product exhibition has entered its 10th year, and it has been exhibited in 12 department stores across Taiwan and the Mall. During the 34-day event, more than 100 popular Korean products were sold. Not only the public was able to enjoy classic Korean cuisine, but there were also check-in areas around the exhibition area that integrate Korean tradition and modernity, allowing the public to feel the charm of the Korean fashion. The event also coincided with the Mid-Autumn Festival schedule, and specific Korean gift boxes were displayed for sales on site to meet customers' gift-giving needs.

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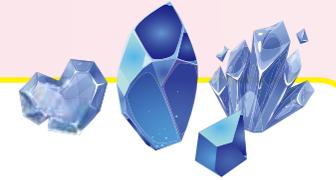
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Conveying the style of Nanyang at Southeast Asia Product Exhibition



Affected by the epidemic, some people were not able to go abroad in 2022. In order to allow consumers to taste Nanyang-style delicacies and at the same time comfort the homesickness of new residents and immigrant workers in Taiwan, the Kaohsiung Store specially launched a 12-day "So Missing Thailand" Nanyang Food Exhibition, bringing together a variety of snacks, instant noodles, drinks and dry goods to allow consumers to purchase authentic delicacies at affordable prices, and enjoy Southeast Asia with their taste buds without going abroad.

Admiring brilliant craftsmanship at the Czech Artifact Exhibition



"Moser Crystal" is a famous treasure of the Czech Republic. In order to let the public enjoy the exquisite craftsmanship of the Czech Republic, FEDS joined hands with the counter vendor for the second time in 2022 to hold the "2022 Shimmering Moser Dream" crystal exhibition in the Hsinchu Store and Top City Taichung Store. In the 13-day exhibition, nearly a hundred pieces of fantasy crystals with a total market value of more than NT\$80 million were displayed, and the public was invited to experience the feast of crystal art on the spot.



Bringing together various local specialties at Taiwan's Local Product Exhibition

FEDS has long supported Taiwan's local products. In 2022, it held 36 special product exhibitions from all over Taiwan, gathering 438 booths to display and sell seasonal products, and promote high-quality agricultural specialties such as New Taipei City Gongliao abalone and Taoyuan Lalashan peaches. In addition to purchasing products from various places, the event site also launched interesting activities such as tea tasting and evaluation of Taiwan's salted crispy chicken, allowing the public to experience the culture of different regions in Taiwan and promote the exchange of products in various counties and cities.

Rendering artistic atmosphere at Italian Cultural Relics Exhibition



In 2022, the Zhubei Store cooperated with 14 organizations including the Italian Economic, Trade and Cultural Promotion Office and Lin Family Gallery to hold a 25-day art exhibition "Taste Red, White and Green X Excellence in Italy". 22 young painters from Taiwan and Italy were invited to exhibit a wide range of exquisite works, attracting the general public to come and watch.

Showcasing the authentic culture at American Experience Tour

The 4 branches of FEDS successively held a 52-day "American Week" event with American specialty brands to bring together carefully selected good products, allowing the public to experience American products with zero time difference. In addition, the Taoyuan Store specially invited food trucks to the scene to sell special meals from Belize, Central American country, allowing consumers to taste unique American cuisine.



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6.3 Local Social Welfare and Care

Over the past 55 years of local operation, FEDS has leveraged its channels throughout Taiwan to build each business base into a "public welfare platform" in the city where it is located. The Company invites the general public, vendors and employees to participate in social welfare, and pay attention to diversified issues such as the rights of women and children, rural children, disadvantaged groups, and the elderly. At the same time, FEDS promotes the concept of environmental protection and actively facilitates art and cultural exchanges. In the future, FEDS will continue to invest resources and collaborate with others to work towards the beautiful vision of sustainable inclusion.

6.3.1 Caring for the society and connecting the power of love

FEDS actively exerts its own influence, often uses the space of the department stores to hold public welfare activities, calls on the public to pay attention to social issues, gathers multiple resources, attracts more love and care for women and children, children in rural areas, vulnerable groups and the elderly, and helps people in need.

Caring for women and children, and embracing happiness

In order to improve the situation of disadvantaged women and children, FEDS has been caring for the public welfare of women and children through sponsorship, fundraising, donations and other means. In 2022, 201 related activities were held, aiming to use the power of the "public welfare platform" to care about the plight of women and help them lead a happy life.



A.mart held the charity sale for 8 consecutive years to share love with thousands of rice dumplings



For 8 consecutive years, a.mart has held the "Subscription of Love Rice Dumplings" event on the eve of the Dragon Boat Festival, inviting the public to show their love and donate the subscribed love rice dumplings to disadvantaged groups. In 2022, a.mart and Taiwan Fund for Children and Families worked together to raise 3,368 rice dumplings during the 26-day event, to warm the hearts of disadvantaged children during the Dragon Boat Festival. So far, more than 20,000 rice dumplings have been given out in total.



Preventing domestic violence and lighting up hope

According to statistics from the Ministry of Health and Welfare, there were over 90,000 reported cases of domestic violence in the first half of 2022. To raise awareness of this social issue, FEDS Xinyi A13 and the Modern Women's Foundation held a 14-day series of activities, including parent-child DIY experiences and advocacy signboards, to encourage the public to pay attention to domestic violence and child protection issues.



Protecting mommy together to prevent health red light

FEDS has been emphasizing women's rights and health for a long time. For 10 consecutive years, the Kaohsiung Store has been holding breast checkup events and has been inviting the breast screening and X-ray cars from Lingya District Public Health Center, Kaohsiung City to the store, advocating the concept that prevention is better than treatment. More than 100 women participated in the checkups on the day.

Raising love to warm children

To reduce the financial burden of purchasing stationery for single-parent families, the Paoching Store held a second-hand stationery raising event in April 2022, inviting the public to donate various stationery. The activity received a lot of response. In just 7 days, more than 200 items of stationery were collected, and all of them were donated to the Garden of Hope Foundation, so that every child can learn happily.

Joining hands with the counter vendor to give love to children

The Tainan Store launched a connecting love event, and cooperated with Korean cuisine counter vendor to invite 50 children to taste Korean cuisine together, having a warm and happy lunch time with the children. An additional 100 meal coupons were provided to the Department of Social Welfare of the Tainan City Government to distribute to the families in need.



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Caring for rural areas and lighting up hope

Affected by the social environment and economic conditions, many rural families face difficulties in life. To help more rural families, FEDS organizes resource raising, fundraising and other public welfare activities from time to time to spread love in rural areas, improve their living environment, allow rural families to get better care, and look forward to a better future.



Holding Christmas charity lighting for 14 consecutive years to celebrate the festival with rural children

Every year on Christmas Eve, the Tainan Store holds the "Christmas Charity Lighting" event to provide a warm light for children in rural areas. In 2022, with the theme of aborigines, the "2022 I Love You Christmas Charity Lighting" event was held, inviting 150 rural children to explore the journey together, which included participating in the DIY course of aboriginal bracelets, visiting the Tainan Air Force Base and enjoying the cheerful dance brought by the aboriginal dance troupe. During the lighting ceremony that night, together with the Tainan City Government, FEDS donated backpacks and bento boxes to children in 11 rural primary schools, and Chairman Douglas Hsu personally presented 374 pairs of sports shoes, implying running for a better tomorrow. After the event, the Tainan Store also held a painting and composition competition, allowing children to record their experience of the day's activities by drawing or writing, and cultivate their creative ability. The Christmas Charity Lighting event has been held for 14 years so far, and a total of nearly 3,000 pairs of shoes have been donated, which makes many children in rural areas to feel warm blessings and creates more social benefits.



Cumulatively nearly **3,000** children benefited

14 consecutive years

Gifted **374** pairs of sneakers in 2022

Providing immediate disaster relief and passing on warmth



In September 2022, a 6.8-magnitude earthquake occurred in Hualien County, severely damaging some houses and roads in the Hualien Mountains, and trapped people in rural areas. The Hualien Store took practical actions to care for the local people. Together with the affiliated companies of the Far Eastern Group, nearly 1,600 supplies were prepared and sent to the remote areas of Hualien County to help the villagers overcome the inconvenience.

Providing warmth during the festival to enrich children's lives

Mega City Banqiao Store teamed up with the New Taipei City Government to hold a series of activities called "inviting friends to play children's toys". There were 51 special booths and 16 performances on environmental protection and humanistic care, hoping to give children a happy Children's Day. In addition, Mega City Banqiao also donated sports backpacks to children in 4 rural schools as holiday gifts, so that children can feel warm blessings.



Connecting love from vendors to jointly build a library space

In 2022, the Hualien Store joined hands with counter vendors to invest in public welfare, jointly donating bookcases, chairs and other furniture to rural primary schools in Hualien County for the library area, so that rural children have a more convenient and comfortable reading space to learn and grow without hindrance.

Inviting children to perform and show confidence



FEDS Xinyi A13 cooperated with Taiwan Fund for Children and Families to invite talent teams composed of children from rural areas to bring enthusiastic and confident performances on the stage, to show their self-worth, and to publicize the concept of public welfare through performances, so that rural issues can gain more attention and help them break through the predicament.

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Caring for the disadvantaged and spreading love

FEDS is aware that many disadvantaged families face more challenges in their lives due to lack of living ability or the influence of social environment. In order to improve the situation of disadvantaged groups, we continue to integrate resources, donate money and materials to help the disadvantaged, hold publicity activities to promote the rights and interests of the disadvantaged, and encourage the public to pay attention to human rights issues together, moving forward together with them towards a better future.

Love at Christmas and realizing the wishes of disadvantaged children

Prepared **370** sets of material supplies

Provided **299** meals

Realized **604** wishes

In order to make disadvantaged children embrace Christmas happily, in 2022, 7 branches of FEDS launched 10 Christmas public welfare activities such as adopting wishes and sharing Christmas dinner. Among them, the Hualien Store has held Christmas gift adoption activities for 9 times. The public was invited to dress up as Santa Claus to realize the wishes of disadvantaged children and send them the warmest blessing. This activity was specially combined with the "Book Raising Project", and 350 gifts and more than 300 books were given to disadvantaged children on Christmas Eve, hoping that every child can spend Christmas with laughter.

Happiness doesn't hinder at the shelter garden fair

Sheltered workshops provide many self-supporting employment opportunities for people with disabilities. In order to encourage people with disabilities to practice themselves and pursue their dreams bravely, the Kaohsiung Store cooperated with the Labor Affairs Bureau of Kaohsiung City Government in 2022 to provide venues for 9 sheltered workshops to hold garden fairs to help people with disabilities build confidence for a better tomorrow.

Special exhibition of understanding the craniofacial defects



Every year in Taiwan, hundreds of children are born with craniofacial defects due to dysplasia. In order to draw more people's attention to this issue, the 4 branches of FEDS cooperated with the Noordhoff Craniofacial Foundation to exhibit a 2-month-long "The first touch 2.0" interactive exhibition, inviting the public to know the story of the perseverance of the craniofacial families, arouse the power of respecting life, and give the most warm care to the disadvantaged groups.

Gathering Qi and sending Love with sweet taste

The Hsinchu Store launched a peach raising activity, inviting the public and colleagues to subscribe for sweet and juicy peaches, and donating them to three public welfare groups including the Saint Joseph Social Welfare Foundation, Hsinchu Family Support Center and Jen-ai Children's Home. With the joint efforts of the public and colleagues, a total of 480 peaches were raised in this activity, allowing many disadvantaged groups to enjoy the sweet taste of peaches.



Warm meals and giving back to the society with love

On the day of the winter solstice, the Tainan Store joined hands with counter vendors to hold a "Send Warmth in Winter" event to give back to the society, inviting 50 underprivileged children and families to enjoy delicious meals, and donating 100 meal coupons to social welfare organizations for those disadvantaged families in need, hoping to pass on warmth with small actions.



Heart-warming care and joining hands to send love

In the first half of 2022, the epidemic continued to spread. In order to provide more sufficient anti-epidemic materials for the disadvantaged groups, the Kaohsiung Store teamed up with cosmetics counter vendors and five other donors donated anti-epidemic materials and daily necessities with a total value of more than NT\$500,000, including 8,000 medical masks, 300 cans of milk powder, 200 bottles of oral spray, etc., to help disadvantaged families overcome difficulties.

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Caring for the Elderly and promoting happy elderly life

In 2022, the number of elderly people over 65 years old in Taiwan has exceeded 4 million, and Taiwan is facing the challenge of becoming a super-aging society. To enable the elderly to have a good quality of life, FEDS organizes activities with local governments, charities and other groups from time to time to encourage the elderly to go outdoors more, create a comfortable and healthy life for the elderly, and realize the vision of social inclusion.

Respecting and caring for the elderly in Chongyang Festival



The Hualien Store always cares for the elderly. On the Double Ninth Festival in 2022, it visited the Ai Hualien Physical Bank and presented nearly 80 exquisite gifts to the local elders, with a total value of nearly NT\$40,000, sending the warmest wishes to the elders, celebrating the Chongyang Festival with them, and expressing the importance and care for the elderly.



Elderly patch art exhibition depicts the good scenery of life

In order to listen to the voices of the elders, the Hualien Store and Mercyland Foundation jointly organized a two-week "Elderly Patch Art Exhibition". Behind each patch, there are life stories of the elders. During the event, many elders came to tell the concept of the work, and interacted closely with the public, so as to affirm their self-worth.

Bringing warmth in the cold winter and caring for the seniors

The Kaohsiung Store has been caring for the elderly for a long time. In the cold winter, it invited people to connect with each other and organized a public welfare activity called "Sending Warmth in Cold Winter - Raising Bentos and Giving Love". All 200 bentos raised were donated to the elders in need, hoping to warm the hearts of the elders with delicious bentos.



Playing the video to promote bravery and fearless elderly life

To promote the Eden Social Welfare Foundation's "Brave the Elderly and Walk with Love" project, FEDS Xinyi A13 used the digital electronic board in the department store to release a 16-day public welfare video for the elderly. By sharing the life of the elderly, it promoted the issues of the elderly, giving warmth to the elderly with small actions, and gradually moving towards the vision of an age-friendly city.

Exhibition on issues of the elderly living alone and presenting a realistic appearance

Elderly living alone is a social issue that has attracted much attention in recent years. In 2022, Top City Taichung Store and Hongdao Senior Citizen's Welfare Foundation cooperated to hold a 13-day "Lonely Home" themed exhibition, presenting the situation of the elderly living alone at home. It was aimed to let more people get in touch with this issue, and the event site also invited the elderly of social welfare institutions to perform saxophone, encouraging them to get out of their homes and spend a fulfilling and cheerful afternoon together.



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6.3.2 Art platform to promote humanistic atmosphere

FEDS supports cultural exchanges for a long time. It often co-organizes diversified art and cultural activities with governments, local schools and social organizations, and provides department store space as an art and cultural platform to promote international cultural exchanges and the development of domestic traditional skills, so that people can feel the literary and artistic style at close range, creating a unique artistic and cultural atmosphere in the community.



Heritage month activities to appreciate the beauty of local crafts

FEDS and Far Eastern Memorial Foundation jointly organized the "2022 Far Eastern Architecture Design Award - Monument Visiting Month" event, which was launched in August 2022. Through actual visits to the Dalongdong Baoan Temple and the Confucian Temple historic sites, people can appreciate the profoundness of Taiwan's historical buildings. There were experts and scholars guiding the historical sites, talking about architectural history and culture, and fully interpreting the charm of Taiwan's local culture. Over 700 people participated in the 4-day event.



Sponsored Christmasland in New Taipei City for 11 consecutive years

FEDS has long supported local activities and sponsored the annual event "Christmasland in New Taipei City" for 11 consecutive years to spend a romantic Christmas with the public. The 2022 Christmasland in New Taipei City officially debuted on November 11th with the theme of "Snow White City". There were six Disney classic characters and 45 check-in points. Through vivid light and shadow projection shows, coupled with snowfall scenes, the 53-day event attracted up to 7.7 million visitors, breaking historical records. It was also selected by foreign media as one of the "32 best Christmas attractions in the world". FEDS has long supported local activities and sponsored the annual event "Christmasland in New Taipei City" for 11 consecutive years to spend a romantic Christmas with the public. The 2022 Christmasland in New Taipei City officially debuted on November 11th with the theme of "Snow White City". There were six Disney classic characters and 45 check-in points. Through vivid light and shadow projection shows, coupled with snowfall scenes, the 53-day event attracted up to 7.7 million visitors, breaking historical records. It was also selected by foreign media as one of the "32 best Christmas attractions in the world".

FEDS Railway Festival with a journey of railway culture

The Chiayi Store held the 46-day "FEDS Railway Festival", displaying four types of works in the department store, including models of Taiwan Railways, historical relics of Taiwan Railways, Alishan train photography and railway burning art, fully presenting Taiwan's railway culture. Let's all witness the historical trajectory of Taiwan's railways. The exhibition not only attracted nearly 2,000 people to visit, but also reached 210,000 people on Facebook, and the response was enthusiastic.



Realistic Objects Exhibition to see Taiwanese craftsmanship

To promote Hsinchu's unique persimmon dyeing craft, the Hsinchu Store cooperated with "Xinpu Persimmon Dye House" in 2022 to use the space of the department store to hold a one-month virtual exhibition of "Wind City Persimmon Plant Dyeing Creativity", presenting realistic night market snacks, nostalgic snacks, etc., subverting the public's imagination of traditional craftsmanship and letting more people understand Taiwan's natural and featured craftsmanship.

Sponsored design competitions to support local talents

In order to encourage design talents to unleash their potential and support related domestic art development policies, FEDS has sponsored the "Taipei Design Award" held by the Department of Economic Development of Taipei City Government for two consecutive years. In 2022, it sponsored a total of NT\$200,000 to inspire more young and excellent designers, encourage them to use their unlimited imagination, and enhance their local competitiveness.

Taiko cultural season showcases wonderful charm

To share the wonderful Taiko culture with the public, Top City Taichung Store co-organized the "Taiko Culture Festival" with Drum Creative of the Art in 2022, inviting 23 teams and more than 350 people to perform at the venue and attracting many people to come to appreciate it. There were also taiko drum experience activities on site, allowing the public to experience the taiko culture at close range.



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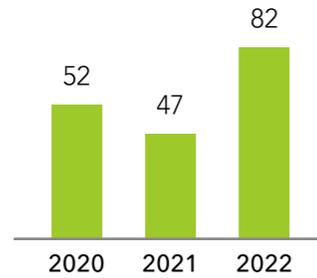
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6.3.3 Protecting environment and loving the earth hand in hand

As a member of the global village, FEDS spares no effort to promote the concept of environmental protection. Through its own influence and appeal, it organizes diversified activities such as second-hand raising activities, recycling empty bottles, recycling clothes, etc., to promote the importance of environmental protection to the public, and from time to time gives away HAPPY GO environmental protection points, small gifts, etc., to encourage people to do their best to protect the environment. In the past 3 years, more than 180 environmental protection activities have been held to promote green and sustainable life.

◆ Number of environmental activities in the last 3 years



◆ 2022 FEDS's environmental protection activity results

Recycling used books
1,858 books

Recycling used clothes
42,252 pieces and 300 kg

Recycling empty cosmetic bottles
9,000 pieces and 104 kg

● Recycling second-hand cosmetics to unleash new value

In response to the concept of environmental protection, the Banqiao Store called on the public to donate unused cosmetics and skin care products to the Kaohsiung City Nanxing Junior Chamber International in April 2022, and provided them for etiquette teachers for teaching purpose with strong support from the public. During the event, 282 second-hand cosmetics and skin care products were raised.

● Responding to the government's policy to promote green consumption

The Zhubei Store is committed to promoting green consumption, assisting the Hsinchu County Environmental Protection Bureau to promote the "Environmental Protection Point APP", and holding checkpoint activities in the department store to promote green consumption concepts and environmental protection point system in a relaxed and interesting way, aiming to change the people's consumption habits. More than 300 consumers participated in the event.



Recycling old books and "Reading" is better

In response to "Earth Day" in 2022, A.mart invited consumers to extend the life of old books together, and sent second-hand children's books and picture books that are in good condition and almost new at home to the department store. A.mart sent everyone's love to "Love Read Bookstore", so that disadvantaged children can also immerse themselves in the smell of books. The event also joined hands with members of the "Tesla Owners Club" to participate in the grand event. Car owners donated books to the store through low-carbon transportation to achieve the two goals of "waste reduction" and "public welfare". Love.



● Promoting cloud invoices and becoming environmentally friendly

In response to the government's cloud invoice policy, 6 branches of FEDS held 14 cloud invoice promotional events in 2022. Among them, the Taoyuan Store not only appealed to consumers to use cloud invoices, but also invited consumers to donate cloud invoices. During this period, a total of 1,050 invoices were raised for public welfare.

● Taking environmental protection actions to recycle clothes

The Chiayi Store teamed up with the Department of Environmental Protection of Chiayi City Government to hold a second-hand clothing recycling activity called "Recycling Clothes with Love", inviting people to bring the clothes they want to discard at home to the department store to exchange for small gifts. This activity has received a lot of response from the public. To increase the effectiveness of the activity, another clothing recycling activity was held in September of the same year. The two activities raised a total of 3,126 pieces and 200 kilograms of second-hand clothing.

● Calling for a friendly environment through new "art" created from old clothes

In 2022, the Hsinchu Store cooperated with Hsuan Chuang University to hold a two-week "New Textile Paradise" exhibition to convey the concept of environmental protection to the public. 64 pieces of works made by teachers and students using second-hand clothing and other materials were displayed on site. Through novel design methods, the fashion beauty of second-hand clothing was reproduced, so that the public can also appreciate environmentally friendly and sustainable fashion creations during shopping.

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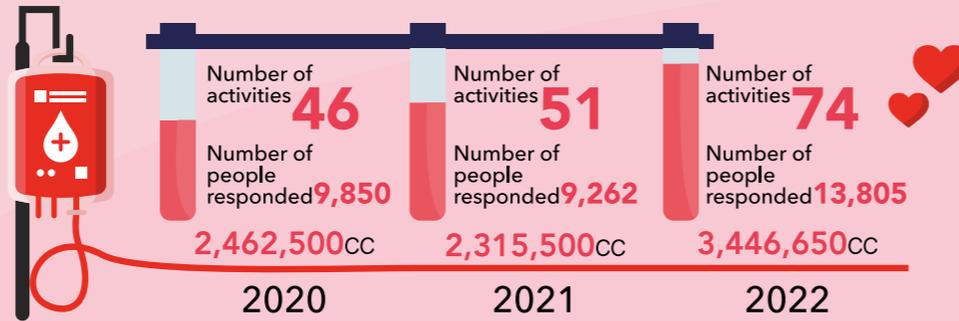
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6.3.4 Living healthy and happy and embracing a happy life

FEDS often takes advantage of continuous holidays or special festivals to promote diversified health activities such as blood donation, dance competitions, parent-child sports games, and baby crawling, advocating the atmosphere of sports, so that the public can have a more comfortable and healthy life. FEDS has been inviting the public and colleagues to join in the blood donation action for a long time. In the past 3 years, it has held 171 activities and raised more than 8.22 million CC of blood. In the future, FEDS will continue to exert its own influence to create a vibrant and healthy society.

◆ The number of blood donation activities in the last 3 years



Healthy and happy blood donation, and love never stops

In 2022, blood inventories in Taiwan were in short supply. In order to solve the problem of blood shortage, FEDS encourages the public to donate blood by giving away HAPPY GO points and small gifts. In 2022, FEDS held 74 blood donation activities, using the advantages of the "public welfare platform" to call on tens of thousands of people to participate, and raised a total of 3.44 million CC blood, continuing the power of love together with the public.

National Secondary School Hot Dance Competition for dancing youth

FEDS has provided venues for the "National Secondary School Hot Dance Competition" for five consecutive years. In 2022, in addition to holding competitions in four branches, the Hualien Store participated for the first time by providing department store space so that young people in the East can participate nearby and fully dance with their own charm. During the event, more than 700 outstanding performers gathered in the department store, and many people stopped to appreciate their exquisite dance skills.

Baby crawling competition to promote healthy movement

FEDS holds baby crawling competitions from time to time, through simple and interesting activities, to promote the healthy development of children's mind and body. In 2022, the 6 branches of FEDS held a total of 10 competitions to enhance parent-child interaction and develop a good habit of exercising since childhood, so that they can grow up healthy and happy.

Supporting the Marathon Race towards a healthy society

FEDS, as a local citizen, responds to the government to organize sports activities from time to time. In order to support the large-scale marathon held by the Hsinchu County Government, the Hsinchu Store and Zhubei Stores planned a promotional booth to support the marathon and cheer for thousands of runners. In the future, FEDS will continue to cooperate with the public sector to encourage people to participate in relevant activities and promote social health awareness.



Healthy and vigorous children's games

In order to cultivate children's interest in sports, Top City Taichung Store often cooperates with external organizations to provide children with an environment to exercise through relaxed and interesting competitions. In 2022, a total of 3 children's sports games were held. Among them, Top City Taichung Store has cooperated with Taichung Chaoma National Sports Center for three consecutive years, allowing children to explore various sports such as archery and baseball to cultivate sportsmanship.

"Dance" with full energy in the 2nd Xi-i Street Dance Competition

The Hsinchu Store and Hsinchu Post Office jointly held the second "FEDS Cup Xi-i Street Dance Competition". Through activities sponsorship, it provided a stage for people who love to dance to show themselves. The 2022 street dance competition attracted nearly 100 people to sign up. The public felt the charm of the wonderful dance at close range.

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Supporting small farmers and promoting local agricultural products

FEDS has been supporting local agriculture for a long time, making good use of the strength of distribution channels throughout Taiwan, holding agricultural products markets to sell Taiwanese agricultural specialties, so that consumers can directly buy the freshest agricultural products from farmers, practicing "local production, local consumption". In the past 3 years, FEDS has held 286 agricultural market activities, assembled more than 2,750 booths, exhibited and sold nearly 11,980 products, and created more than NT\$1.03 billion in sales and business opportunities in the past 15 years. By promoting the purchase of local ingredients, we help small farmers solve production and marketing problems and promote the sustainable development of Taiwan's agriculture.

◆ FEDS agricultural market in the last 3 years



The Mall small farmers market Helps farmers

To promote Taiwan's local abundant agricultural products, the Mall held 10 "The Mall Small Farmers' Markets" in 2022, sharing fresh and organic delicious agricultural products with customers, and meeting consumers' needs for agricultural products in an all-round way. While promoting Taiwan's local high-quality agricultural products, it also alleviates the problem of overproduction by small farmers.

Tainan mango festival supports local small farmers

Mango is a famous agricultural specialty product in Tainan. In order to let consumers in the north enjoy the sweet and delicious Tainan mango, the Banqiao Store is co-organized the "2022 Tainan International Mango Festival" with the Tainan City Government for the first time. On the day of the event, Chairman Douglas Hsu, President Nancy Hsu and the Mayor of Tainan were invited to present in person to jointly promote Tainan's high-quality mangoes. At the same time, a bidding activity for top mangoes was held, and the winning bids were used to cultivate fruit farmers, support Taiwan's industry, and give full play to the synergy of public welfare.



Rural regeneration carnival lights up agricultural economy



The Kaohsiung Store upholds the spirit of caring for the local area, supports the government to promote the rural regeneration plan, and cooperates with the Agricultural Bureau of Kaohsiung City Government to hold the "Rural Regeneration Carnival" for 6 consecutive years. 60 booths were gathered at the event site, including Special agricultural and fishery products, cultural and creative products, hand-made experiences, etc., together to promote the unique products of southern Taiwan and develop business opportunities in local rural areas.

Young farmers' market supports local agriculture with actions

In 2022, the Hsinchu Store cooperated with 16 units including the Hsinchu County Farmers Association to hold the "Happy Young Farmers Market", providing venues for 60 small farmers to exhibit and sell various fresh agricultural products such as dried fruits and grass jelly. It also planned DIY activities such as sorghum mochi and olive preserves, so that the public can experience the unique culture of Hsinchu in depth. The two-day event attracted 5,000 people to visit.

Gourmet fairs create agricultural business opportunities

In 2022, the Hsinchu Store and the Nantou County Government held a "Taste of Nantou Mountain City Delicacy" exhibition, inviting 24 booths to exhibit and sell a variety of agricultural products, including Top-quality tea, hand-brewed coffee, handmade aiyu jelly, etc., allowing the public to experience the unique mountain city delicacy of Nantou County.



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One day as volunteer, calling on employees to support public welfare

FEDS has launched the "Love Connection" campaign for a long time, calling on employees to participate in social welfare. Employees of each branch spontaneously form a one-day "volunteer service team" to show their love and participate in public welfare activities such as caring for the disadvantaged, visiting the elderly, and protecting the environment. In 2022, FEDS has invested a total of 51 employee volunteer activities. Over the past four years, there have been 142 volunteer services and a total of 3,175 hours of activity. FEDS has implemented public welfare with practical actions and created a better life with love and care.

◆ Volunteer activities of FEDS in the past 4 years



Total number of activities



	2019	2020	2021	2022
Total number of activities	46	29	16	51

Total number of participants



Total number of participants	839	325	232	813
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Total hours of activities



Total hours of activities	544	970	736	925
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Caring for women and children and warming their heart with food

On the eve of Mother's Day in 2022, the Paoching Store and the Garden of Hope Foundation joined hands to launch a special Mother's Day activity, in which colleagues went to the Sweetheart Workshop to make cakes for the women of the Foundation and give them their warmest wishes.

Street sweeping activities to maintain the home environment

FEDS often gives back to the village through volunteer activities. In 2022, the Tainan Store, Kaohsiung Store, and Hualien Store held street sweeping activities, sending out "volunteer service teams" to help neighboring communities clean up the surrounding environment, keep the neighborhood tidy, and become good neighbors in the community.

Caring for animals and cleaning the zoo

In 2022, the Kaohsiung Store dispatched a "volunteer service team" to Kaohsiung Shoushan Zoo to help clean up the environment in the zoo, so that the animals in the zoo can grow in a clean and tidy environment, doing their part for the animals.

Caring for the disadvantaged with "packing" love

The Hsinchu Store has been caring for the handicapped for a long time, and has assisted the handicapped to pack gift boxes on the eve of the Mid-Autumn Festival for 7 consecutive years. In 2022, the Sunny Baby once again led its colleagues to the packaging factory of the Children Are Us Foundation to help pack 2,000 Mid-Autumn Festival gift boxes, making this festival particularly meaningful.

Beach cleaning activities to protect marine ecology

In order to reduce marine environmental pollution, FEDS colleagues have taken practical actions to contribute to the natural environment. In 2022, 12 branches in Taiwan participated in 17 beach cleaning activities, removing nearly 6,410 kilograms of marine waste and jointly protecting the marine ecology.

Caring for the elderly and reminiscing about childhood fun

"Let Love Go Far Away, Huabao Public Welfare Love" Volunteer Service Activity Happily Set Sail! In 2022, the "Volunteer Service Team" of Top City Taichung Store went to the Taiya Hengshan Community Development Association to accompany the elders to reminisce about their childhood. The faces of the elders were filled with happy smiles, which was the most dazzling medal for the volunteers.

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1. Social-oriented Data of Subsidiaries

Human resource structure

◆ Employment Contracts

Type	The Mall									city'super									A.mart								
	2020			2021			2022			2020			2021			2022			2020			2021			2022		
	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
Full-time employees	9	23	32	8	19	27	7	17	24	92	249	341	89	257	346	86	243	329	788	720	1,508	770	702	1,472	747	690	1,437
Non-official employees	0	2	2	0	2	2	0	2	2	17	50	67	18	48	66	19	62	81	357	358	715	330	351	681	327	386	713
Total employees	9	25	34	8	21	29	7	19	26	109	299	408	107	305	412	105	305	410	1,145	1,078	2,223	1,100	1,053	2,153	1,074	1,076	2,150
Permanent employees	9	23	32	8	19	27	7	17	24	109	299	408	107	305	412	105	305	410	1,145	1,078	2,223	1,100	1,053	2,153	1,074	1,076	2,150
Temporary employees	0	2	2	0	2	2	0	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employees without guaranteed hours	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

Note: Full-time employees are indefinite contracts and one-year contractors. Non-official employees include temporary and seasonal short-term contractors, and monthly-paid employees. Short-term PTs are temporary employees.

◆ Non-employee workers of subsidiaries

Type	The Mall			city'super			A.mart		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Counter staff	316	276	272	N/A	N/A	N/A	N/A	N/A	N/A
Cleaning staff	N/A	8	7	N/A	N/A	N/A	109	109	106
Security guard	N/A	N/A	15	N/A	N/A	N/A	136	136	81

Note: In 2020, the cleaning staff and security guards of The Mall were hired by the building management unit, so they were not applicable. In 2021, the security guards of The Mall were hired by the building management unit, so they were not applicable.

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◆ Employee Age Distribution

Age	Gender	The Mall						city'super						A.mart					
		2020		2021		2022		2020		2021		2022		2020		2021		2022	
		Number of people	Percentage																
Under 29 Years Old	Male	2	25%	1	17%	0	0%	13	23%	10	22%	9	30%	419	62%	114	57%	99	53%
	Female	6	75%	5	83%	4	100%	44	77%	36	78%	21	70%	253	38%	91	43%	87	47%
	Total	8	100%	6	100%	4	100%	57	100%	46	100%	30	100%	672	100%	205	100%	186	100%
30-49 years old	Male	7	39%	7	44%	7	47%	55	26%	54	25%	47	25%	531	50%	453	53%	435	54%
	Female	11	61%	9	56%	8	53%	155	74%	160	75%	140	75%	540	50%	394	47%	378	46%
	Total	18	100%	16	100%	15	100%	210	100%	214	100%	187	100%	1,071	100%	847	100%	813	100%
Over 50 years old	Male	0	0%	0	0	0	0	24	32%	25	29%	24	26%	195	41%	203	48%	213	49%
	Female	6	100%	5	100%	5	100%	50	68%	61	71%	70	74%	285	59%	217	52%	225	51%
	Total	6	100%	5	100%	5	100%	74	100%	86	100%	94	100%	480	100%	420	100%	438	100%
Total employees	Male	9	28%	8	30%	7	29%	92	27%	89	26%	80	26%	1,145	52%	770	52%	747	52%
	Female	23	72%	19	70%	17	71%	249	73%	257	74%	231	74%	1,078	48%	702	48%	690	48%
	Total	32	100%	27	100%	24	100%	341	100%	346	100%	311	100%	2,223	100%	1,472	100%	1,437	100%

Note: The above statistics of The Mall and city'super only include full-time employees.

◆ Gender and Age of New Employees

Age	Gender	The Mall						city'super						A.mart					
		2020		2021		2022		2020		2021		2022		2020		2021		2022	
		Number of people	Percentage																
Under 29 Years Old	Male	1	13%	1	17%	0	0%	7	12%	7	15%	4	13%	34	5%	47	23%	60	32%
	Female	3	38%	1	17%	2	50%	17	30%	23	50%	7	23%	34	5%	29	14%	43	23%
	Total	4	50%	2	33%	2	50%	24	42%	30	65%	11	37%	68	10%	76	37%	103	55%
30-49 years old	Male	3	17%	1	6%	0	0%	3	1%	9	4%	5	3%	41	4%	51	6%	45	6%
	Female	0	0%	0	0%	0	0%	17	8%	29	14%	15	8%	30	3%	43	5%	56	7%
	Total	3	17%	1	6%	0	0%	20	10%	38	18%	20	11%	71	7%	94	11%	101	12%
Over 50 years old	Male	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	7	1%	5	1%	13	3%
	Female	0	0%	0	0%	0	0%	1	1%	6	7%	7	7%	6	2%	17	4%	28	6%
	Total	0	0%	0	0%	0	0%	1	1%	6	7%	7	7%	13	3%	22	5%	41	9%
Total employees	Male	4	13%	2	7%	0	0%	10	3%	16	5%	9	3%	82	4%	103	7%	118	8%
	Female	3	9%	1	4%	2	8%	35	10%	58	17%	29	9%	70	3%	89	6%	127	9%
	Total	7	22%	3	11%	2	8%	45	13%	74	21%	38	12%	152	7%	192	13%	245	17%

Note: The above statistics of The Mall and city'super only include full-time employees.

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◆ Gender and Age of Resigned Employees

Age	Gender	The Mall						city'super						A.mart					
		2020		2021		2022		2020		2021		2022		2020		2021		2022	
		Number of people	Percentage																
Under 29 Years Old	Male	0	0%	2	33%	1	25%	6	11%	12	26%	6	20%	63	9%	52	25%	56	30%
	Female	2	25%	2	33%	3	75%	25	44%	62	135%	15	50%	39	6%	26	13%	34	18%
	Total	2	25%	4	67%	4	100%	31	55%	74	161%	21	70%	102	15%	78	38%	90	48%
30-49 years old	Male	2	11%	1	6%	0	0%	10	5%	12	6%	11	6%	51	5%	50	6%	51	6%
	Female	0	0%	1	6%	0	0%	36	17%	30	14%	43	23%	54	5%	57	7%	62	8%
	Total	2	11%	2	13%	0	0%	46	22%	42	20%	54	29%	105	10%	107	13%	113	14%
Over 50 years old	Male	0	0%	0	0%	0	0%	8	11%	4	5%	4	4%	11	2%	14	3%	30	7%
	Female	1	17%	0	0%	1	20%	14	19%	5	6%	11	12%	10	2%	21	5%	40	9%
	Total	1	17%	0	0%	1	20%	22	30%	9	11%	15	16%	21	4%	35	8%	70	16%
Total employees	Male	2	6%	3	11%	1	4%	24	7%	28	8%	21	7%	125	6%	116	8%	137	10%
	Female	3	9%	3	11%	4	17%	75	22%	97	28%	69	22%	103	5%	104	7%	136	9%
	Total	5	16%	6	22%	5	21%	99	29%	125	36%	90	29%	228	10%	220	15%	273	19%

◆ Number and gender of supervisors at or above manager/assistant manager level

Age	Gender	The Mall						city'super						A.mart					
		2020		2021		2022		2020		2021		2022		2020		2021		2022	
		Number of people	Percentage																
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 vice president level	Male	0	0%	0	0%	0	0%	3	75%	3	75%	3	75%	9	82%	9	90%	8	89%
	Female	0	0%	0	0%	0	0%	1	25%	1	25%	1	25%	2	18%	1	10%	1	11%
	Total	0	0%	0	0%	0	0%	4	100%	4	100%	4	100%	11	100%	10	100%	9	100%
Manager/assistant manager level	Male	0	0%	0	0%	0	0%	8	53%	14	64%	14	70%	118	71%	111	71%	107	74%
	Female	1	100%	1	100%	1	100%	7	47%	8	36%	6	30%	48	29%	46	29%	37	26%
	Total	1	100%	1	100%	1	100%	15	100%	22	100%	20	100%	166	100%	157	100%	144	100%
Total	Male	0	0%	0	0%	0	0%	12	60%	18	67%	18	72%	128	72%	121	72%	116	75%
	Female	1	100%	1	100%	1	100%	8	40%	9	33%	7	28%	50	28%	47	28%	38	25%
	Total	1	100%	1	100%	1	100%	20	100%	27	100%	25	100%	178	100%	168	100%	154	100%

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Employee Salary Structure

◆ Comparison of Minimum Salary for each Position

Type	The Mall				city'super				A.mart			
	2021		2022		2021		2022		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Supervisory positions	1.24	1	1.19	1	0.77	1	0.74	1	0.88	1	0.88	1
General employees	1.07	1	0.96	1	1.05	1	1.04	1	1.01	1	1.01	1

Note: Supervisory positions are employees 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				愛買					
	2021		2022		2021		2022		2021		2022		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Supervisory positions	1.21	1	1.24	1	1.19	1	0.75	1	0.77	1	0.74	1	0.89	1	0.88	1	0.88	1
General employees	1.01	1	1.07	1	0.96	1	1.05	1	1.05	1	1.04	1	0.98	1	1.01	1	1.01	1

Note: Average salary = Minimum wage + Remuneration

◆ Comparison of Minimum Salary Against National Minimum Wage

The Mall				city'super				A.mart				愛買					
2021		2022		2021		2022		2021		2022		2020		2021		2022	
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
1.19	1.19	1.18	1.18	1.12	1.12	1.09	1.09	1.08	1.08	1.03	1.03	1	1	1	1	1	1

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

◆ Frequency of performance evaluation

Type	Frequency	The Mall	city'super	A.mart
Evaluation of new employees	After three months	V	V	V
	1 year	V		
Employee performance evaluation	Monthly	V		
	Quarterly			
	Annually		V	V

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◆ Statistics of Parental Leave

Genre	The Mall						city'super						A.mart					
	2020		2021		2022		2020		2021		2022		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Number of people eligible to apply	0	0	0	0	0	0	5	28	11	39	7	23	6	5	8	12	3	7
Number of applicants	0	0	0	0	0	0	0	6	0	5	0	4	2	4	3	7	4	8
Application rate (%)	0	0	0	0	0	0	0	21	0	13	0	17	33	80	38	58	133	114
Number of employees subject to reinstatement in the current year	0	0	0	0	0	0	0	6	0	4	0	4	3	5	2	3	2	9
Actual number of reinstatement applicants	0	0	0	0	0	0	0	5	0	2	0	4	1	4	2	2	2	5
Reinstatement rate (%)	0	0	0	0	0	0	0	83	0	50	0	100	33	80	100	67	100	56
Number of reinstated employees last year	0	0	0	0	0	0	0	4	0	5	0	4	2	2	1	4	2	2
Number of employees who had been reinstated for one year last year	0	0	0	0	0	0	0	4	0	3	0	1	2	1	1	3	2	2
Retention rate (%)	0	0	0	0	0	0	0	100	0	60	0	25	100	50	100	75	100	100

Note: *Reinstatement rate = actual number of reinstatement applicants in the current year ÷ number of employees subject to reinstatement in the current year.
 *Retention rate = number of employees who had been reinstated for one year last year ÷ number of reinstated employees last year.

◆ Employee Health and Safety Indicators

Genre	The Mall									city'super									A.mart									
	2020			2021			2022			2020			2021			2022			2020			2021			2022			
	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	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	0
Number of recordable occupational injuries (persons)	0	0	0	0	0	0	0	0	0	1	1	2	1	2	3	0	1	1	12	18	30	16	21	37	11	17	28	
Recordable occupational injury rate (%)	0	0	0	0	0	0	0	0	0	0.92	0.33	0.49	1.13	0.78	0.87	0	0.44	0.33	1.23	2.22	1.68	1.72	2.76	2.19	1.21	2.24	1.68	

Note: 1. Total hours of work= 8 hours × number of people × number of working days. In 2022, the total number of working hours of The Mall, city'super and A.mart was 47,616, 609,512, and 3,325,859 hours, respectively.
 2. Occupational Injury Mortality Rate = (number of occupational injury deaths ÷ total working hours) × 200,000* (* refers to the ratio per 100 employees based on 40 working hours per week and 50 weeks per year)
 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 and 50 weeks per year)
 4. Recordable occupational injuries = accidental falls, bruises or cuts and crushing injuries caused by improper operation in the workplace, and traffic accidents during commuting are excluded.
 5. Serious Occupational Injury = Disabled for more than 6 months due to an occupational injury, with 0 serious occupational injuries at subsidiaries in 2022.
 6. There were no cases of occupational illnesses in 2022.

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2. Environmental-oriented Data of Subsidiaries

Unit: million degrees, metric tons, kWh/ m²yr

Genre	The Mall			city'super			A.mart		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Power consumption	631	555	518	757	734	822	8,087	7,915	7,910
CO ₂ e	3,212	2,786	2,636	3,853	3,686	4,182	41,163	39,732	40,263
Energy Intensity	293	267	250	536	520	528	348	341	341

Note: The carbon emissions are calculated based on the discharge coefficient announced by Bureau of Energy. The discharge coefficient for 2022 has not yet been announced, so the calculation is based on the coefficient of 0.509 kg CO₂e/kWh in 2021.

3. GRI Standards Index Table

Statement of Use	FEDS has referred to the GRI Standards to report the information quoted in the GRI content index table during the period from January 1 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	None

GRI 2: General Disclosure 2021

★ : Disclosure core items

	Disclosure	Reference Chapter	Page Number
2-1	Organizational details	About This Report, 1.1	2、26
2-2	Entities included in the organization's sustainability reporting	About This Report, Analysis of Material Topics, Communication with Stakeholders	2、16、21
2-3	Reporting period, frequency and contact point	About This Report	2
2-4	Restatements of information	About This Report	2
2-5	External Assurance	About This Report	2
2-6	Activities, value chain and other business relationships	1.1	26
2-7	Employees	5.1	94
2-8	Workers who are not employees	5.3	102
2-9	Governance structure and composition	1.2	32
2-10	Nomination and selection of the highest governance body	1.2	32
2-11	Chair of the highest governance body	1.2	32
2-12	Role of the highest governance body in overseeing the management of impacts	Communication with Stakeholders, 1.2	21、32
2-13	Delegation of responsibility for managing impacts	1.2	32
2-14	Role of the highest governance body in sustainability reporting	1.2	32
2-15	Conflicts of interest	Please refer to the Company's 2022 Annual Report under "3. Corporate Governance Report"	

	Disclosure	Reference Chapter	Page Number
2-16	Communication of critical concerns ★	1.2	32
2-17	Collective knowledge of the highest governance body	1.2	32
2-18	Evaluation of the performance of the highest governance body	1.2	32
2-19	Remuneration policies	1.2	32
2-20	Process to determine remuneration	5.1	94
2-21	Annual total compensation ratio	1.2	32
2-22	Statement on sustainable development strategy	Message from the Chairman and President	6、7
2-23	Policy commitments ★	4.3, 5.3	87、102
2-24	Embedding policy commitments ★	5.3	102
2-25	Processes to remediate negative impacts	2.3, 4.1	53、78
2-26	Mechanisms for seeking advice and raising concerns	1.3, 2.2, 5.3	38、50、102
2-27	Compliance with laws and regulations ★	1.3	38
2-28	Membership associations	1.2	32
2-29	Approach to stakeholder engagement ★	Analysis of Material Topics, Communication with Stakeholders	16、21
2-30	Collective bargaining agreements	There is no labor union, so no collective bargaining agreements are signed.	

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GRI 3: Disclosures on material topics

	Disclosure	Reference Chapter	Page Number
3-1	Process to determine material topics	Analysis of Material Topics	16
3-2	List of material topics	Analysis of Material Topics	16
3-3	Management of material topics	Analysis of Material Topics	16

GRI 200 Economy Topics

★ : Disclosure core items

	Disclosure	Reference Chapter	Page Number
GRI 201: Economic Performance 2016 ★			
201-1	Direct economic value generated and distributed by the organization	1.1	26
201-2	Financial implications and other risks and opportunities due to climate change	3.1	60
201-3	Defined benefit plan obligations and other retirement plans	5.1	94
GRI 202: Market Presence 2016 ★			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1	94
202-2	Proportion of senior management hired from the local community	5.1	94
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.1 ~ 4.3	78 ~ 87
GRI 205: Anti-corruption 2016 ★			
205-1	Operations assessed for risks related to corruption	1.3	38
205-2	Communication and training about anti-corruption policies and procedures	1.3	38
205-3	Confirmed incidents of corruption and actions taken	1.3	No relevant matters

GRI 300 Environment Topics

★ : Disclosure core items

	Disclosure	Reference Chapter	Page Number
GRI 302: Energy 2016 ★			
302-1	Energy consumption within the organization	3.1	60
302-3	Energy Intensity	3.1	60
302-4	Reduction of energy consumption	3.1	60
302-5	Reductions in energy requirements of products and services	3.1	60
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	3.2	68
303-2	Management of water discharge-related impacts	3.2	68
GRI 305: Emissions 2016			
305-2	Energy indirect (Scope 2) GHG emissions	3.1	60
305-5	Reduction of GHG emissions	3.1	60
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	
GRI 306: Waste 2020 ★			
306-1	Waste generation and significant waste-related impacts	3.2	68
306-2	Management of significant waste-related impacts	3.2	68
306-3	Waste generated	3.2	68
306-4	Waste diverted from disposal	3.2	68
306-5	Waste directed to disposal	3.2	68
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.3	87
308-2	Negative environmental impacts in the supply chain and actions taken	4.3	87

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GRI 400 Social Topics

★ : Disclosure core items

	Disclosure	Reference Chapter	Page Number
GRI 401: Employment 2016 ★			
401-1	New Employee hires and employee turnover	5.1、5.3	94、102
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1、5.3	94、102
401-3	Parental leave	5.1、5.3	94、102
GRI 402: Labor/Management Relations 2016 ★			
402-1	Minimum notice periods regarding operational changes	5.3	102
GRI 403: Occupational Health and Safety 2018 ★			
403-1	Occupational health and safety management system	5.3	102
403-2	Hazard identification, risk assessment, and incident investigation	5.3	102
403-3	Occupational health services	5.3	102
403-4	Worker participation, consultation and communication on occupational health and safety	5.3	102
403-5	Worker training on occupational health and safety	5.3	102
403-6	Promotion of worker health	5.3	102
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3、5.3	87、102
403-8	Workers covered by an occupational health and safety management system	5.3	102
403-9	Work-related injuries	5.3	102
403-10	Work-related ill health	5.3	102
GRI 404: Training and Education 2016 ★			
404-1	Average hours of training per year per employee	5.2	98
404-2	Programs for upgrading employee skills and transition assistance programs	5.2	98
404-3	Percentage of employees receiving regular performance and career development reviews	5.2	98
GRI 405: Employee Diversity and Equal Opportunity 2016 ★			
405-1	Diversity of governance bodies and employees	1.2	32
405-2	Ratio of basic salary and remuneration of women to men	5.1	94
GRI 406: Non-discrimination 2016 ★			
406-1	Incidents of discrimination and corrective actions taken	5.3	102

	Disclosure	Reference Chapter	Page Number
GRI 407: Freedom of Association and Collective Bargaining 2016 ★			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.3	102
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	4.3	87
GRI 409: Forced or Compulsory Labor 2016 ★			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.3	102
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	4.3	87
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments and development programs	3.3	73
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	4.3	87
414-2	Negative social impacts in the supply chain and actions taken	4.3	87
GRI 416: Customer Health and Safety 2016 ★			
416-1	Assessment of the health and safety impacts of product and service categories	2.3、4.1	53、78
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	1.3	No relevant matters
GRI 417: Marketing and Labeling 2016 ★			
417-1	Requirements for product and service information and labeling	4.1	78
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 regulations	1.3	No relevant matters
GRI 418: Customer Privacy 2016 ★			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.3	38

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4. Sustainability Accounting Standards Board (SASB) Index

Topic: Energy Management					
Code	Accounting Metric	Corresponding Disclosure			Reference Chapter
		2020	2021	2022	
CG-MR-130a.1	(1) Total energy consumed (GJ)	733,932	663,912	814,284	3.1
	(2) Percentage grid electricity (%)	100%	100%	100%	
	(3) Percentage renewable (%)	0.02%	0.05%	0.04%	
Topic: Data Security					
Code	Accounting Metric	Corresponding Disclosure			Reference Chapter
CG-MR-230a.1	Description of approach to identifying and addressing data security risks	For details on data security risks, please refer to "1.3.2 Systemic and non-systemic risk management and response"			1.3
		2020	2021	2022	
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	Corresponding Disclosure			Reference Chapter
		2020	2021	2022	
CG-MR-310a.1	(1) Average hourly wage (Unit: NT\$)	248	243	258	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	8%	15%	21%	
	(2) Involuntary turnover rate (%) for in-store employees	0.1%	0.1%	0%	
CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations (Unit: NT\$)	0	0	0	1.3、5.1

Topic: Workforce Diversity & Inclusion						
Code	Accounting Metric	Corresponding Disclosure			Reference Chapter	
		2020	2021	2022		
CG-MR-330a.1	Percentage of gender representation	Male	36%	37%	36%	5.1、5.3
		Female	64%	63%	64%	
CG-MR-330a.1	Percentage of racial/ethnic group representation	Aboriginal	FEDS implements the principle of fair and equitable employment and guarantees equal employment rights for employees, regardless of race/ethnic status.			
		New immigrant				
CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination (Unit: NT\$)	0	0	0		
Topic: Product Sourcing, Packaging & Marketing						
Code	Accounting Metric	Corresponding 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 the content of "4.1.1"			4.1	
CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	For details on green packaging, please refer to the content of "3.3.4"			3.3	
揭露主題：營運指標						
Code	Accounting Metric	Corresponding Disclosure			Reference Chapter	
		2020	2021	2022		
CG-MR-000.A	(1) Number of retail locations	11	11	12	1.1	
	(2) Number of distribution centers	0	0	0		
CG-MR-000.B	(1) Total area of retail locations (Unit: m2)	846,620	846,620	987,737		
	(2) Total area of distribution centers (Unit: m2)	0	0	0		

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5. Comparison Table of UN Global Compact

Category	10 Principles	Reference Chapter	Page Number
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	5.3	102
	2. Make sure that they are not complicit in human rights abuses	5.3	102
Labor Standard	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	5.3	102
	4. The elimination of all forms of forced and compulsory labor	5.3	102
	5. The effective abolition of child labor	5.3	102
Environment	6. The elimination of discrimination in respect of employment and occupation	5.3	102
	7. Businesses should support a precautionary approach to environmental challenges	3.1	60
	8. Undertake initiatives to promote greater environmental responsibility	3.1	60
Anti-corruption	9. Encourage the development and diffusion of environmentally friendly technologies	3.1	60
	10. Businesses should work against corruption in all its forms, including extortion and bribery	1.3	38

6. 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
Chapter 2. Implementing Corporate Governance	Regulating corporate governance implementation 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 safeguard public welfare 4.1, 4.3, 5.1, 5.2, 5.3
Chapter 5. Enhancing corporate sustainable development information disclosure	Regulating enhancement of corporate sustainable development information disclosure Creating Sustainable Value, 6.1, 6.2, 6.3
Chapter 6. Addendum	Regulating the amendment of the sustainable development system Identification of Material Topics, Communication with Stakeholders

7. Verification Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN DEPARTMENT STORES LTD.'S SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
 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 2022 (hereinafter referred to as the Sustainability Report). The scope of the assurance, based on the SGS ESG & Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2023/04/06~2023/05/03). 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 2022 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 Sustainability 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 Material Topics 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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

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

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SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

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

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

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Corporate 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 organisation, its subsidiaries and stakeholders.

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

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

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

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

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

For the FEDS's Sustainability Report of 2022, that complies with the requirements for reporting with reference to the GRI Standards set out in Section 3 of GRI 1: Foundation 2021. The Material Topic are identified and assessed with reference to the guidance defined in GRI 3: Material Topic 2021. The report has properly disclosed information related to FEDS's contributions to sustainability development. For future reporting, FEDS is encouraged to prepare for the transition to reporting in accordance with the GRI Standards in time as it will provide a comprehensive picture of the FEDS's most significant impacts on the economy, environment, and people, including impacts on their human rights.

Signed:
For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
29 May, 2023
www.sgs.com





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