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SOGO ESG官網



SOGO百貨ESG永續粉絲團



SOGO百貨永續報告書



SOGO百貨行動APP



本刊物採用環保大豆油墨印刷以及FSC森林管理委員會驗證紙張，SOGO用心，邀您一起愛地球。



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遠東SOGO百貨·2021企業永續報告書



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遠東SOGO百貨  
企業永續報告書

Environment  
Social  
Governance



**SOGOSOGOOD**

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2021 Far Eastern SOGO  
Corporate Sustainability Report

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# I. About this Report

This Report is the eighth Sustainability Report (hereinafter referred to as this Report) published by Pacific SOGO Department Stores Co., Ltd. (hereinafter referred to as Far Eastern SOGO). We report to the stakeholders about the corporate sustainable development status in economic, environmental, and social respects every year based on the principles of openness, transparency, sustainability, and mutual progress.

As required by the Financial Supervisory Commission, we changed title of this Report to "Corporate Sustainability Report" starting in 2022. This Report covers the period from January 1, 2021 to December 31, 2021 and contains information on management approaches, material issues, implementation plans, and performance.

## I Preparation Basis

This Report was prepared and compiled in accordance with the GRI Standards Core Option published by the Global Sustainability Standards Board (GSSB) with reference to the following international standards and guides:

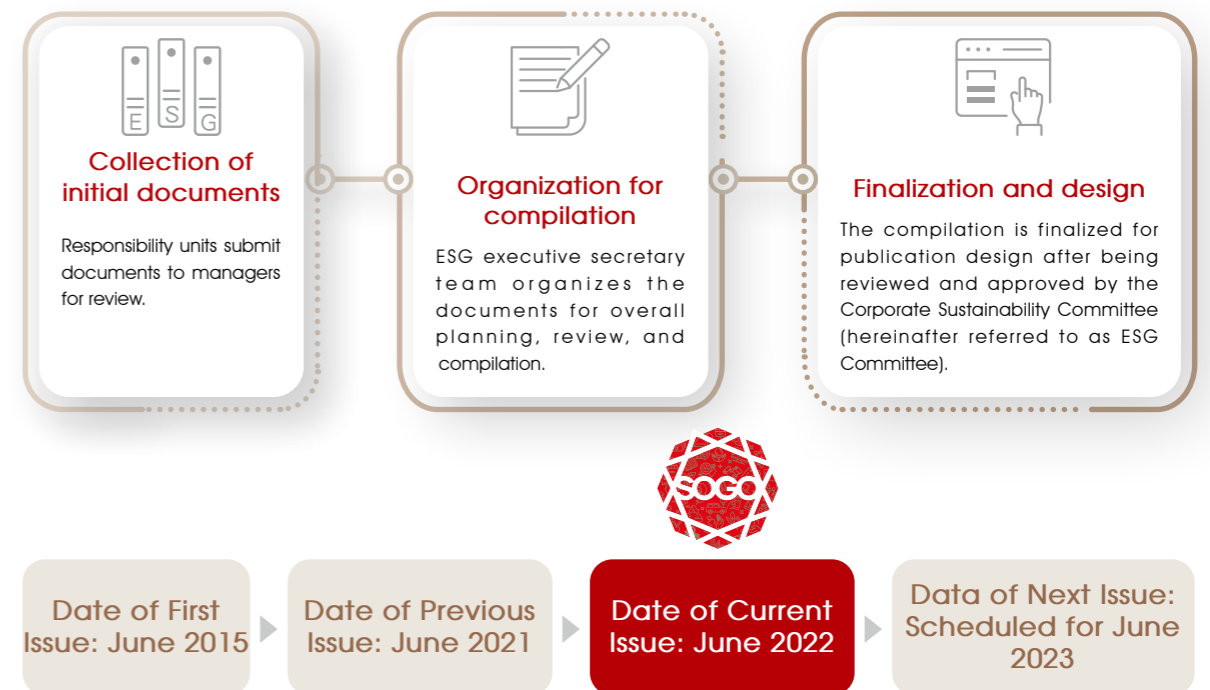
- GRI Standards 2016.
- Task Force on Climate-related Financial Disclosures (TCFD).
- Sustainability Accounting Standards Board (SASB); SASB Standards are established by the Board.
- The principle of the International IR Framework published by the International Integrated Reporting Council.
- United Nations Global Compact Principles.

## I Scope of this Report

The boundary of this Report extends to the business locations in Taiwan, including Pacific Chongguang Culture and Education Foundation and Pacific Chongguang Social Welfare Foundation, with respect to their CSR implementation and performance in the economic, social, and environmental facets. "Local" referred to in this Report indicates the sites of the Far Eastern SOGO business locations. The information related to the seven business locations in Taiwan referred to in the financial statements of the Company are disclosed in this Report.

The content and the financial data citations are open information that has been audited and certified by CPAs. Other data is summarized and compiled by Far Eastern SOGO. Some performance data in the most recent four years is disclosed in consideration of the comparison. The calculation scope of the data and the changes to the basis are described in notes.

## I Report Management Process and Publication



## I Assurance of the Report

The Report has been verified by SGS Taiwan in accordance with the GRI Standards Core Option and Type 1 of AA1000 AS Moderate Level Assurance. For the information on relevant methods of the assurance/verification process and the result, please refer to the Appendix of the Report.

## I Contact Information

Thank you for reading this Report. You are welcome to contact us in the following ways if you have any questions about this Report or Far Eastern SOGO:

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 Stakeholder Contact Channel: <https://esg.sogo.com.tw/9-6.php>  
 Stakeholders Online Feedback: <https://esg.sogo.com.tw/9-2.php>

Far Eastern SOGO ESG Website: <https://esg.sogo.com.tw/>  
 Far Eastern SOGO Corporate Sustainability Report Download: <https://esg.sogo.com.tw/ESG-Report.php>



# II. About Far Eastern SOGO

## Foreword by the Chairlady

Far Eastern SOGO have been actively publishing Corporate Sustainability Report over the past eight years despite not being a listed company. Thus far, we have received a total of 114 sustainability related awards at both national and international levels. Each year, we start off by disclosing our ESG and sustainability progresses achieved in the previous year, followed by completing the verification steps in May to then publish the report. The Corporate Sustainability Report is one of the most important tools aiming to communicate with our stakeholders.

As COVID-19 began to diffuse, the fierce wave of challenges ignited by the pandemic took a strike on the retail industry. Yet despite the unfortunate complication, Far Eastern SOGO continues with its commitment towards responding to the recent trends on sustainability. We have set our roots on three main paths – “supporting our employees”, “caring for our customers” and “protecting our Earth”.



### A Winner of the Honorable Enterprises Environmental Protection Award and a Further Step to Net Zero Emissions

In 2021, we were awarded the “Honorable Enterprises Environmental Protection Award” and were invited to visit the Presidential Office as the representative winner to deliver a speech, creating a precedent for the department store industry.

In addition to our implementations on internal energy saving and carbon reduction, we also introduced “SOGO Sustain” products prior to our 2021 Annual Sale.

Far Eastern SOGO's New Era of Tableware evolved into 5.0 in 2021. We worked with the lessees of the F&B consignment counters to put sustainability into practice and played a leading role in the provision of “green restaurants”.

Calling out to the international trend of net-zero emissions, Far Eastern SOGO launched its TCFD (Task Force on Climate-related Financial Disclosures) investigation in 2021. Relevant information is disclosed in the report issued in 2022 and we will continue to expand on our TCFD disclosures every year.



### Supporting our Employees, Caring for our Customers, and Building a Safe Department Store

Dedicated to ensuring the welfare of our employees during the pandemic, we have made our employees' safety and security our top priority. For instance, we did not adhere to any wage reduction. Rather, we raised wages for our employees by 4% in January 2022 to stimulate their morale.

To enhance the immunity of our employees, we provided vaccine incentives starting July 2021. By April 2022, 99% of our employees were double vaccinated and 85% were triple vaccinated. Employees who had their first dose received a bonus and those who have taken all three doses received \$2,500.

Pursuing the trend of “healthy eating” promoted to the public during the pandemic, We organized the “Far Eastern SOGO Pandemic Prevention Meal Competition” for two consecutive years to promote “healthy cooking” at home. This event is more than a meal competition, extending the influence of the competition results, Far Eastern SOGO transforms the award-winning dishes into the main courses of the popular restaurants to share the pandemic prevention outcomes with the stakeholders. Far East SOGO has also become the first department store in Taiwan to introduce the concepts of “Food Safety” and “Pandemic Prevention” into supply chain management.



### A Leading Role in the Digital Innovation and Growth in the Post-tax Net Profit and EPS for Four Consecutive Years

Far Eastern SOGO has demonstrated excellent performance in terms of pandemic prevention and ensuring the safety and security of our stores. The optimism in our customer's consumption desires was reflected in our operating performance. The annual sales performance in the previous year grew by a rate of 4.8% and the annual operating performance was better than the overall performance of our competitors in the department store industry. Our total revenue in 2021 was NT\$41.2 billion and the net profit before and after tax, EPS (post-tax), and ROE have grown for four consecutive years. The EPS was \$1.40 with a growth rate of 9.37%. The post-tax earnings grew by 9.53%.

During the Level-3 alert period, we deemed suppliers as our partners to solve problems jointly. By developing new business models, establishing OMO strategies, and promoting mobile payment, we recovered more than 20% of the revenue in the circumstances where the restaurants and food courts were excessively vacant due to prohibition from dining in.



### Keeping pace with the times, Being Friendly, and Marching Toward Sustainability

Mahatma Gandhi, one of the greatest political and spiritual leaders of the 20th Century once said, “The future depends on what we do in the present”. Through the process of restructuring our company vision to confront the ever changing challenges, we are certain that for Far Eastern SOGO, a 35-year-old company, sustainability is a path we would continue to pursue for the next 35 years and beyond. We believe that, “as long as we are heading in the right direction, there is no need to be afraid of the distance”. We are committed to “keeping up with the ever changing world and wish to set a benchmark in providing comprehensive experiences for

Chairlady, Pacific SOGO  
Department Stores Co., Ltd.

*Sophia Huang*

Sophia Huang  
June 2022



# Honors and Awards

We won 21 domestic and international CSR and ESG awards and two certificates in 2021.

Award/Certificate	Organizer
The 17th Annual Corporate Social Responsibility Award - ESG Comprehensive Performance Category, Global Views Monthly 1. General Services - Model Award (four consecutive years, the only company in the department store industry)	Global Views Monthly
National Enterprises Environmental Protection Award (three consecutive years, the only company in the department store industry) 2. Honorable Enterprises Environmental Protection Award (silver class award or higher for three consecutive years) 3. Gold Class Award	Environmental Protection Administration
TCSA Taiwan Corporate Sustainability Award (seven consecutive years) 4. Corporate Sustainability Report Award 5. Taiwan Sustainable Enterprise Outstanding Performance (Comprehensive Performance)	Taiwan Institute for Sustainable Energy
6. AREA Taiwan Corporate Sustainability Award (seven consecutive years) ● Health Promotion Award (the only company in the department store industry) ● Investment in People Award (the only company in the department store industry)	Enterprise Asia
7. Taiwan Business Entity Cloud Invoice Issuance Competition - Retail Industry (awarded for two consecutive years) ● Outstanding Headquarters Award: Fifth Place	Ministry of Finance
8. Taiwan Sustainability Action Awards, TSAA (the only company in the department store industry) ● Bronze Medal (Zero Contact with SOGO e-Gift Voucher) ● Silver Medal (SOGO flips the eastern shopping areas and promotes regional revitalization) ● Silver Medal (Green Department Store! Far Eastern SOGO Formulates a New Environmental Sustainability Blueprint)	Taiwan Academy of Corporate Sustainability
9. Outstanding Contributory Enterprises in Marketing of Agricultural Products (the only company in the department store industry)	Agriculture and Food Agency
Taipei City Labor Safety Award (nine consecutive years, the only company in the department store industry) 10. Attentive Boss Award (the winner of the first award) 11. Outstanding Unit 12. Outstanding Employee – Liao Wei-Min	Department of Labor, Taipei City Government
13. Energy Saving Leader Award (two consecutive years) ● Excellence Award (the only company in the department store industry)	Department of Environmental Protection, Taipei City Government
14. 2021 Best Reviewed Online Award - Innovation Leadership Award, department store category ● Best Reviewed Online Award	DailyView
15. Buying Power - Social Innovation Products and Services Procurement ● Special Award (the only company in the department store industry)	Small and Medium Enterprise Administration, Ministry of Economic Affairs
16. "The 8th National Environmental Education Award", Hsinchu City ● Private Entity - second place	Hsinchu City Bureau of Environmental Protection
17. Talent Quality-management System (TTQS) ● Bronze Medal (Kaohsiung Store) (presented with the award in spite of participation for the first time)	Workforce Development Agency

Award/Certificate	Organizer
Commercial Services*Carbon Reduction in Summer ● Second place	Department of Commerce, Ministry of Economic Affairs
Carbon Footprint Reduction Label Certificate (acquisition of the Carbon Label a second time for a reduction of carbon by 40.46% over the past three years; the only company in the department store industry) ● Carbon Footprint Reduction Label Certificate	Environmental Protection Administration



## Speaking on Behalf of the Winners Receiving the National Enterprises Environmental Protection Award

Far Eastern SOGO won the Silver Class Award or higher of the "National Enterprises Environmental Protection Award" for three consecutive years. In 2021, we also won the "Honorable Enterprises Environmental Protection Award" and visited the Presidential Office to receive praise. We acted as the representative of the award winners to deliver a speech, creating a precedent for department store industry.

While the government has not yet made the final decision on the net zero goals yet, Chairman Sophia Huang as a representative of the enterprises expressed their expectation that the government may help private entities achieve the goal of net zero emissions by conducting more communication, providing more guidance, offering more incentives, and setting up more models, so that the industry, government, and academia can work together to create a future of sustainability and friendliness.



Presented with the silver class award or higher of the "National Enterprises Environmental Protection Award" for three consecutive years; winning the "Honorable Enterprises Environmental Protection Award".

The first department store in Taiwan to receive the carbon reduction label for the second time (Tianmu Store).



# Sustainable Development Strategies and Creation of Values



### 1. Finance Capital

**Result in 2021**

- Revenue: \$41.2 billion
- Pre-tax Profit: \$ 1.46 billion

Make use of the capital from the shareholders and bank loans to accomplish the vision of "the best operating earnings".

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### 2. Human Capital

- Total Number of Employees: 1,371
- Total Number of Employees Trained: 4,675

Train employees for their professional knowledge and skills and provide various benefits to accomplish the vision of "the best service valuation" and "the highest employee remuneration".

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### 3. Social Capital

- Number of Sessions: 429
- Number of Participants in Engagement: 1.80 million

Care for disadvantaged people, enhance the connections with local communities, and invest resources and caring momentum to connect the growth of the Company with local development.

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### 4. Natural Capital

- Power Saving: 6.85%
- Reduction of Waste: 3.6%

Promote energy saving and waste reduction, implement the concept of sustainability in daily consumption, and play a leading role in the green transformation of the industry.

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### 5. Intellectual Capital

- Number of APP Users: 906 thousand
- Digitalized Management

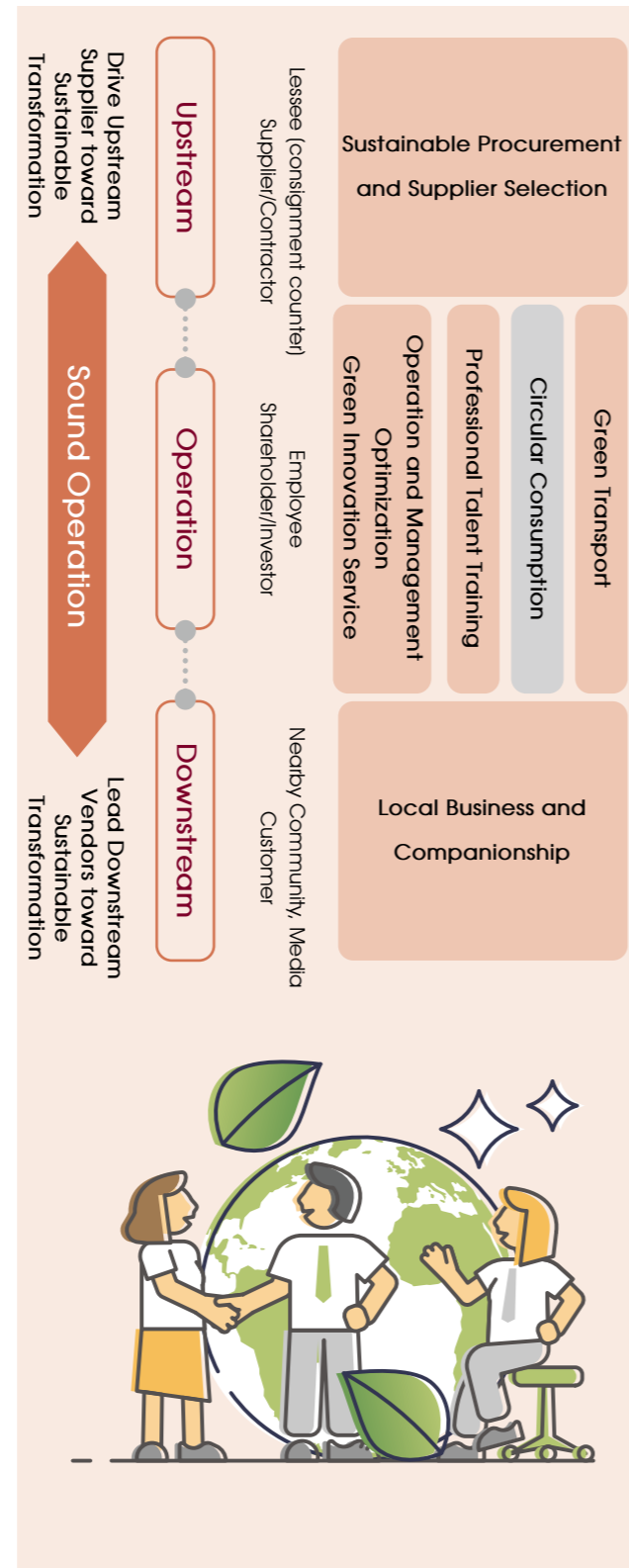
Continue introducing e-management principles and software and hardware equipment, optimize the shopping process, and improve the operational resilience of the company.

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### 6. Commodity and Channel Capital

- Green Procurement: 3.96%
- Contract Signing Rate in Supply Chain: 100%

Plan the location of the floor in an innovative mode and enhance the commodity and food safety to set up the Company as the brand that customers will eventually rely on.



### Energy Saving and Emission Reduction (Environment)

Far Eastern SOGO plays a leading role in the sustainable transformation of the retail industry. We participate in international initiatives, implement financial and non-financial risk assessments and management thoroughly, and internalize our sustainability DNA to demonstrate our influence on the industry as a benchmark.

**Lead in Green Retail**

### Sustainable Consumption (Social)

To incorporate sustainability into daily life, Far Eastern SOGO increases the proportion of green products and enhances their traceability in a proactive way to help stakeholders with simple and easy sustainable shopping.

**Plan Future Blueprint**

### Circular Business Model (Governance)

To achieve the goal of zero waste, Far Eastern SOGO demonstrates their influence by driving upstream suppliers and leading downstream vendors toward sustainable transformation to create a circular business model and implements sustainable reformation in the value chain.

**Start of the Net Zero Alliance**

## Leadership in Building Happy Cities

**Circular**  
Retail and Consumption in **Circular** Mode

**Integrate**  
Virtual and Physical and Internal and External **Integrated** Innovation

**Trust**  
Invisible and Solid **Trust** Relationship

**Year**  
Year-Based Uninterrupted **Sustainable** Innovation



In respond to the concerns and expectations of global consumers and capital markets regarding ESG issues, we have been dedicated to implementing the integration of sustainable development strategies with our business cores to achieve the goal of becoming the No. 1 green department store in Asia. In 2021, we refocused on the planning of the 2030 sustainable development strategy and blueprint led by the Corporate Sustainability Committee. With the “energy saving and carbon reduction”, “sustainable consumption”, and “circular business model” as the cores, we followed the UN Sustainable Development Goals (SDGs) and worked with all business locations, suppliers, and consumers in Taiwan to implement a variety of governance, environmental, and social action plans for the vision of a sustainable city full of prosperity and happiness.

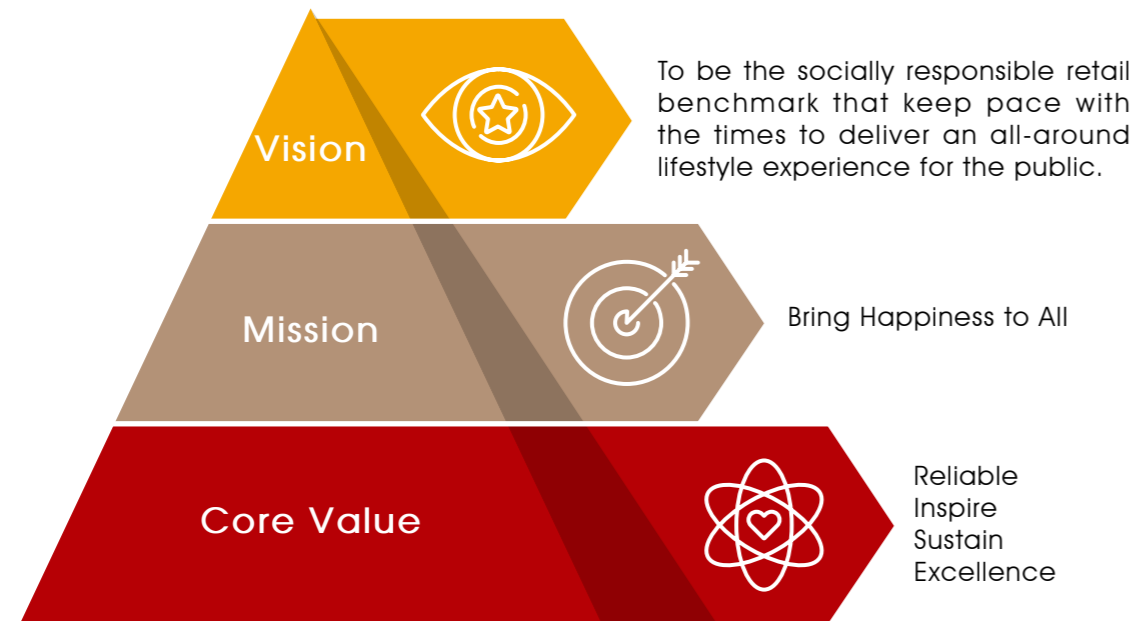
In addition, we developed the operational value chain for the first time this year to enhance the sustainable development in the core. With reference to the International IR Framework published by the International Integrated Reporting Council, we reviewed the six capitals to understand their applications in the input and output during the business operation process. We also engaged with stakeholders proactively by demonstrating the best exemplary characteristics of transparency, sincerity, and trustworthiness in the department store industry.

## Far Eastern SOGO Vision Project

### Starting a Vision Project for a New Normal

The pandemic brought about a new normal that has changed the consumer market of the retail industry dramatically. We started the “Vision Project” in 2020 to give a portrayal of the future and outline a forward-looking strategy. With the three ESG dimensions as the guidelines for operation in the future, we redefined our visions to “be the socially responsible retail benchmark that keep pace with the times to deliver an all-around lifestyle experience for the public”. With these, we developed the mission and core value of the Company. Our Mission is to Bring Happiness to All.

To ensure that all employees can carry out the vision and mission of the Company, we developed four core values: Reliable, Inspire, Sustain, and Excellence. The acronym combination of these four core values, R.I.S.E., indicates that Far Eastern SOGO will face the new normal with positively reviving dynamics.



## Strategy

We develop core strategies based on our vision. They will be used for the formulation of the action guidelines. We identified the key competence of employees internally and had an insight into the new trend of the retail industry externally to generate three strategy guidelines of “C.O.E”. From these, we derived six actions in 2021.

**Strategy C** Craft future customer journey to formulate innovative business model

Quick win	Effectiveness
1. Digital Labeling	We have developed a digital labeling platform with at least 70 to 80 labels. Customers were divided into different groups for precision marketing.
2. Simplification of Promotion Events	We have simplified the sales promotion events. Though the cost was reduced in 2021, the simplification of the promotion events helped customers to more easily understand and the performance was remarkable. For example, the revenue from the household appliances at the Fuxing Store grew by 7.5%. We will improve the awareness of the “no significant relation between the response rate of events and the growth of the revenue” and control the cost effectively.

**Strategy O** Organize a rich ecosystem to energize channel orchestration

Quick win	Effectiveness
3. Positioning of E-commerce	By identifying the uniqueness of Far Eastern SOGO e-commerce in combination with the advantages of the contractors, we will unveil an unprecedented e-commerce at the end of August 2022.

**Strategy E** Enhance employee experience to realize sustainable growth

Quick win	Effectiveness
4. Reconstruction of Corporate Culture	<ul style="list-style-type: none"> <li>We reformed the corporate volunteer program allowing application for volunteer services beyond work time. With the new program, the number of the applicants for volunteer time off increased by 163.6% compared to 2020.</li> <li>The “reverse mentoring” courses were developed and were titled “Bottoms Up!”. In addition to the cultural meaning, “Bottoms Up!” symbolizes the interaction between generations, ease, and harmony.</li> </ul>
5. Optimization of Employee Experiences	To implement staggered work schedules due to the pandemic, we provided the SOGO eWork APP that integrates four commonly used functions of punching in/out, contact information, message notifications, and a meeting room appointment to help employees work more efficiently.
6. Optimization of Administrative Performance	Based on statistics in August 2021, the routine meetings of the middle management (section level) or higher (excluding the meetings required by the government) in Taiwan shows: there were 353 meetings held every year on average and 74% of them were held for the improvement of the business. In 2022, we will integrate the functions of these meetings and improve the thoughts of the management in the administration to optimize the work efficiency of employees.





Special Report



# Special Report on Far Eastern SOGO Pandemic Prevention Activities

A totally unexpected disaster brought unprecedented crisis to the world at the beginning of 2020. When the first confirmed case occurred in Taiwan, we launched the "Pandemic Command Center" system and the self-management mechanism for implementation of emergency response measures whenever necessary. The crisis of the pandemic increased to the Level-3 alert in 2021 and brought fierce challenges to department stores. However, Far Eastern SOGO upheld three missions and, thus, commitments to stakeholders:

- **Protect the Health of the Customers and Employees:** In addition to the most basic and strictest pandemic prevention environment, Far Eastern SOGO ensured a healthy workplace as usual.
- **Secure Employees' Compensation and Welfare:** Many retailers in the world closed their stores, laid off employees, shortened business time, reduced wages, etc. to cope with the pandemic and to get through the difficult time. However, our welfare measures were not affected by the pandemic. Though the employees could not travel abroad, the travel allowance was paid in the form of gift and meal vouchers and employees did not need to worry about their welfare.
- **Assist Stakeholders with Their Adaptation to the New Normal:** We helped employees, customers, and suppliers adjust their operating or living routines to adapt themselves to the new normal as soon as possible by providing educational training, conducting marketing communication, and developing new business models.



## Pandemic Safety Net

When the first confirmed case occurred in Taiwan in 2020, we launched the "Pandemic Command Center" system and the self-management mechanism for implementation of emergency response measures whenever necessary. Then, we acted in line with the regulations of the Taiwan Centers for Disease Control and established pandemic prevention guidelines to protect the health of employees and customers.

Based on the exploratory experience of the pandemic in 2020, we focused the pandemic prevention measures on the care for stakeholders (employees, customers, lessees (consignment counters), society) in 2021, and overcame the difficulties to create a record high in revenue.



Stakeholder	Pandemic Safety Net Highlight	
Employee	Provision of a Safe Work Environment	<ul style="list-style-type: none"> <li>● Up to the beginning of April 2022, 99% of employees have taken the first and second doses of the vaccine and 85% of them have taken the third dose.</li> <li>● In addition to vaccination leave and family leave required by laws, we encouraged employees to take annual leave, if needed, and spend more time with their families during the Level-3 alert period.</li> <li>● Far Eastern SOGO was the first department store announcing that front-line employees on duty should wear masks. When the pandemic became worse in 2021, we distributed goggles to all employees to protect them from splashing spit.</li> </ul>
	Provision of a Good Welfare System Assurance With Secured Jobs	<ul style="list-style-type: none"> <li>● Welfare measures were not affected by the pandemic. The travel allowance was paid in the form of gifts and meal vouchers.</li> <li>● We implemented the "Employee Assistance Programs; EAPs" in 2021, 77% of which were health consultation services, to relieve the stress of employees.</li> <li>● Though the department stores were facing a hard time during the pandemic period, we raised compensation to all employees at a rate of 4% in January 2022. This was the highest level of salary adjustment among the department store chains.</li> </ul>
Customer		<ul style="list-style-type: none"> <li>● We acted in line with the regulations of the Taiwan Centers for Disease Control and established customized pandemic prevention guides. Thirteen guides were formulated in 2021 and our Zhongli Store and Hsinchu Store were highly praised by Mayor Cheng Wen-Tsan and Mayor Lin Chih-Chien for their outstanding pandemic prevention practices.</li> <li>● The Zhongxiao Store and Fuxing Store introduced the ISO 45001 Occupational Health and Safety Management Systems to build a safe shopping environment.</li> <li>● We have won the "Taipei City Labor Safety Award" for nine consecutive years and played a leading role in the department store industry in Taiwan in this respect.</li> <li>● As the statistics show, 77.6% of consumers felt secure about the overall pandemic prevention practices of Far Eastern SOGO.</li> </ul>
Lessee (Consignment Counter)		<ul style="list-style-type: none"> <li>● We developed new business models to take care of our suppliers by recovering more than 20% of the revenue in the circumstance where the restaurants and food courts were totally empty due to prohibition from dining in to create a win-win situation.</li> <li>● Suppliers were encouraged to share their experiences to create an atmosphere of healthy competition.</li> <li>● Establishment of the OMO (Online Merge Offline) Strategy and Promotion of Mobile Payment: We encouraged customers to order meals using our SOGO APP "Food Express" to reduce stay time and increase the willingness to consume.</li> <li>● We assisted leading restaurants with production of meal boxes and set up a Bento marketplace at the food court not far away from the entrance to the first floor. This way, people could buy their meals easily.</li> <li>● To share the burden in this difficult time during the Level-3 alert period, we reduced the rental (reduced or exempt minimum guarantee) and 50% service charge in favor of all consignment counters and restaurants, respectively.</li> </ul>
Society		<ul style="list-style-type: none"> <li>● We were the first department store that has organized a cooking competition with "pandemic prevention" as the theme for two consecutive years. The competition was open to the consumers for promotion of healthy diets, and people of all ages were welcome to participate in the activity. Dietitians, gourmets, the representative of the Taiwan Health Foundation, etc. were invited to promote "healthy diets" together during the pandemic. With "pandemic prevention" and "health" as the cores, the activity attracted frontline medical service personnel. They integrated medical and nutritional ideas in their work and brought positive energy to the depressed catering industry.</li> <li>● We also worked with brand counter lessees to organize activities aimed at supporting medical service personnel, promoting healthy diets, teaching pandemic prevention for parents and children, and disseminating emergency relief. A total of 19 sessions were provided and 30 thousand people benefited from these activities.</li> </ul>



# III. Sustainability in Far Eastern SOGO

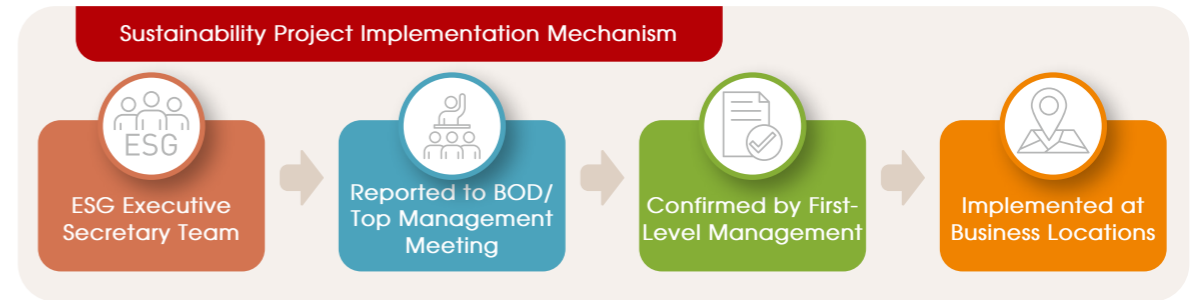
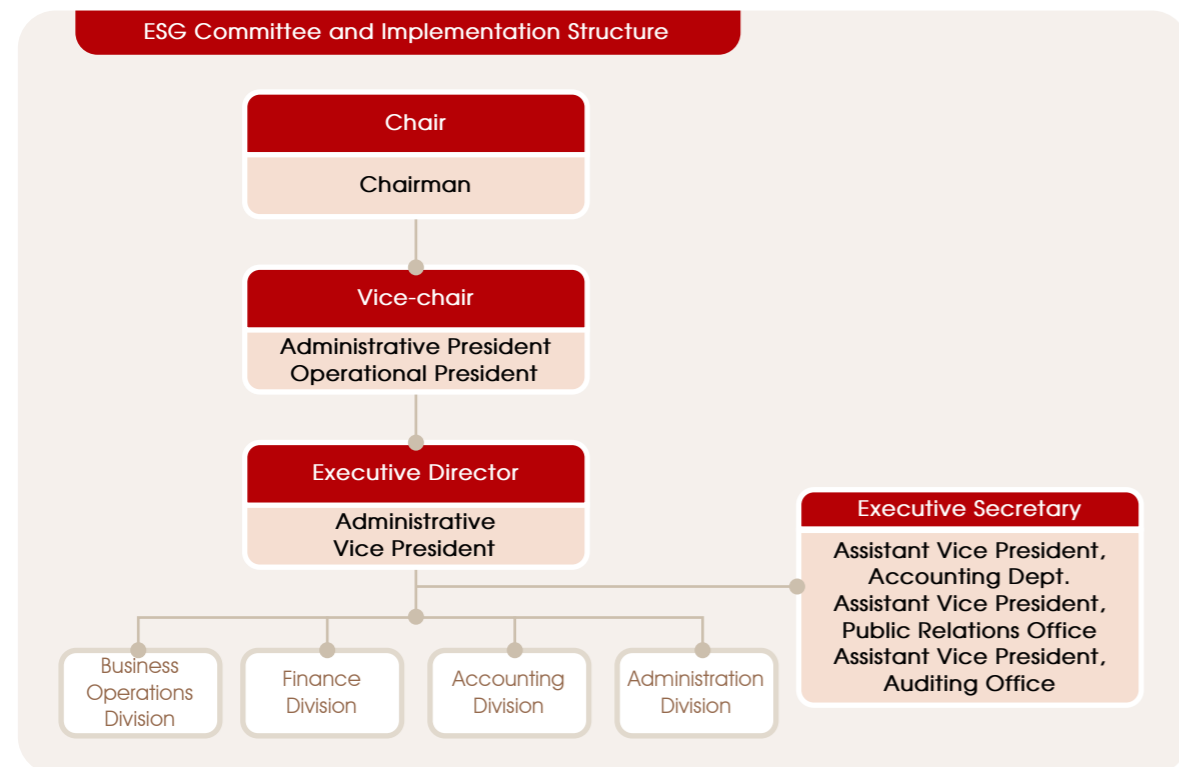
## Sustainability Implementation Mechanism and Structure

Far Eastern SOGO launched the "NEW LIFE Project" in 2007 to implement sustainability based on the four principles of "Care and Share, Sustainable Homeland, Premium Life, and Cultural Innovation". We defined 2015 as the "First Year of CSR" and formed the Corporate Social Responsibility Committee to commence and supervise relevant management policies and actions. The name of the Committee was changed to the "Corporate Sustainability Committee" (or hereinafter referred to as the ESG Committee) in 2020 in response to the international trend of sustainability, and 2020 was defined as the "First Year of Sustainability".

The ESG Committee is chaired by the Chairman. The President acts as the Vice Chair and the Administrative Vice President acts as the Executive Director. The organization is formed by the representatives of the Business Operations Division (sales and promotion), Finance Division, Accounting Division, and Administration Division. It is a cross-division execution and communication platform.

ESG related policies are established by the ESG Committee and implemented by the departments of human resources, public relations, sales promotion, merchandising, operation, construction and engineering, labor safety, accounting, finance, and audit as well as branch stores. Different administration policies are established for internal and external matters, respectively, depending on the properties of the stakeholders.

The ESG executive secretary team conducts cross-department discussions of ESG issues and integration of resources and is responsible for the implementation of the sustainability strategies, following-up of relevant projects for their progress, and preparation of the "Corporate Sustainability Report".

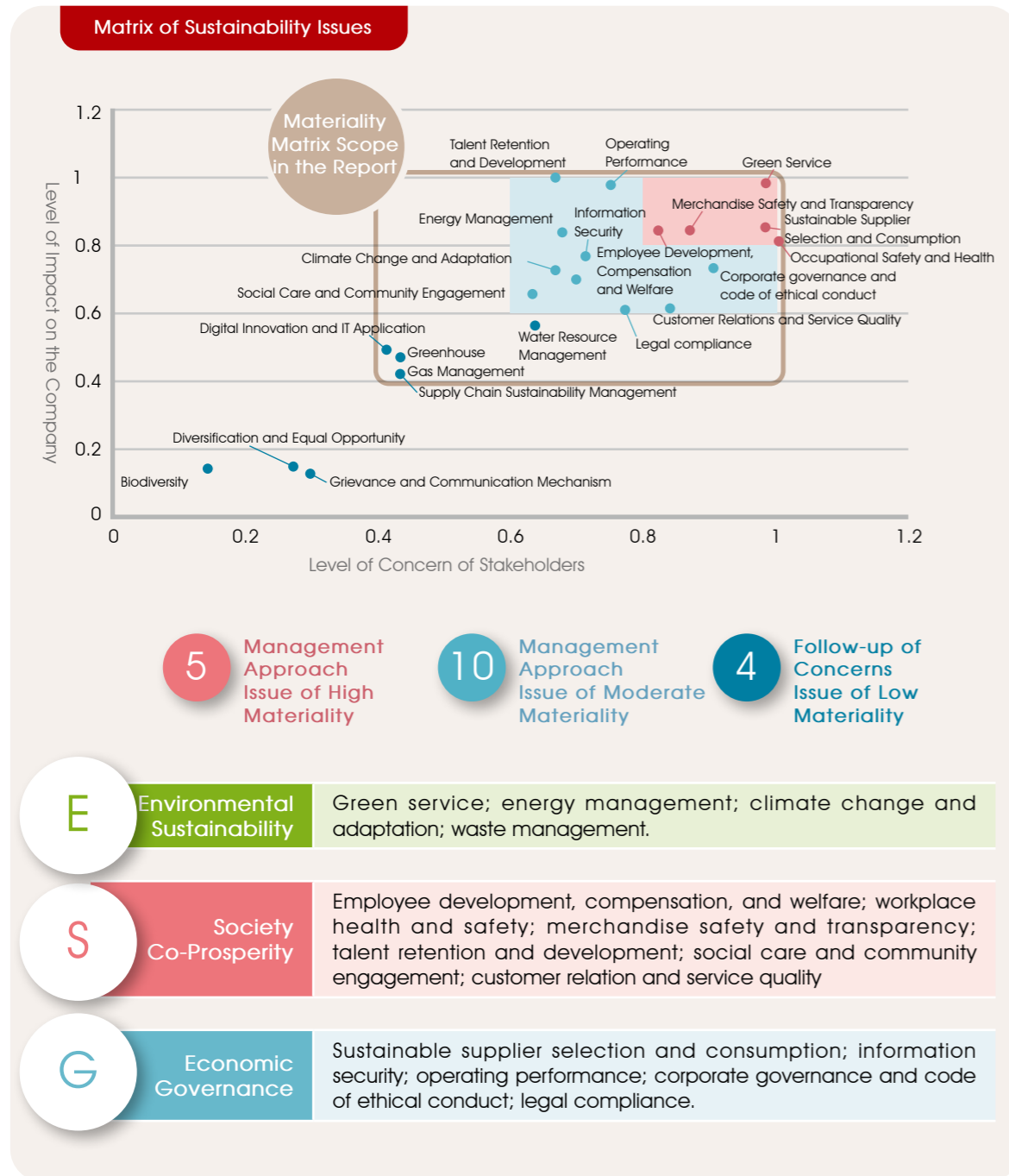


ESG projects are reported to the BOD or top management meeting after being discussed by the ESG executive secretary team and implemented after they are approved at the meeting. Prior to the implementation of a ESG project, the Chairman will form a consensus of the top management at the decision-implementing meeting held every week. The project is then discussed by the first-level management at the chief store manager meeting held every month. Dissemination and communication will be conducted at the monthly meeting of the managers or above to confirm the final content of the project.

## Management Process of Sustainability Issues

The identification and management of sustainability issues and stakeholders are the core bases for the implementation of ESG. When preparing the Corporate Sustainability Report every year, the ESG executive secretary team refers to the international standards and frameworks and the features of the department store industry to carry out the identification, analysis, prioritization, and other management steps based on the sustainability context, materiality, integrity, and stakeholder inclusiveness.

		STEPS	Description
Inclusiveness	Identification	<b>Seven Types of Primary Stakeholders</b>	The chief store manager and assistant vice president or above identify primary stakeholders with reference to the five principles in the AA1000: 2011 Stakeholder Engagement Standard, including customers, employees, shareholders/investors, lessees (consignment counters), suppliers/contractors, communities, and media.
		<b>Collection of 22 Sustainability Issues</b>	We collected the information on the trend of sustainable development, the status quo of the industry, regular operation practices, and matters that stakeholders are concerned about and derived a list of 22 sustainability issues from them.
Materiality	Prioritization	<b>Assessment of the Impact Level by 18 Managerial Officers</b>	18 managerial officers of the top management assessed the impact level of each sustainability issue on the economy, environment, and society.
		<b>Level of Concern in the 757 Responses to the Questionnaires</b>	Questionnaires were distributed to internal and external stakeholders to understand the level of their concern about each sustainability issue and their demand for sharing sustainability information. A total of 757 responses to the questionnaires were received, and the employees, customers, and lessees (consignment counter) were the Top 3 stakeholders in the percentage of the responses.
		<b>Establishment of 15 Material Sustainability Issues</b>	The sustainability issues were analyzed based on the high, moderate, and low intensity with respect to the two facets of "level of impact on the operation of the company" and "level of concern of stakeholders" to establish 15 material issues and draw a matrix of sustainability.
Responsiveness	Analysis	<b>Comparison with Material Sustainability Issues</b>	Far Eastern SOGO disclosed management approaches and performance in accordance with the GRI Sustainability Reporting Standards (GRI Standards), assessed the appropriateness of the value chain and confirmed the boundary of the Report, and the ESG Committee then adopted five and ten issues of high and moderate materiality, respectively.
		<b>Communication and Response</b>	We conducted regular review of material sustainability issues, optimized management objectives, and engaged with stakeholders regarding the ESG facets in each issue.



## Changes to the Sustainability Issues

The environmental factors in the post-pandemic revival period brought about significant changes to the capital market and consumer behavior this year. The sustainability issues were adjusted to be in line with our sustainable operation and development strategies and the material issues that were the focuses of the international community. In comparison with 2020, therefore, much more attention was paid to the issues of "sustainable supplier selection and consumption", "employee development, compensation, and welfare", "energy management", "climate change and adaptation", and "talent retention and development". The adjustments of the remaining issues are listed in the following table.

2021 Issue	Materiality		Change	Follow-up of Concern Level
	2021	2020		
Sustainable Supplier Selection and Consumption		Low	Up	<b>Integration of Issues</b> The original "green operation and promotion of sustainable consumption" and "sustainable merchandise selection" were reorganized and re-prioritized to encourage consumers to pay more attention to sustainability issues.
Employee Development, Compensation and Welfare	HIGH	Moderate	Up	<b>Integration of issues</b> The similar issues of the original "labor rights" and "labor-management relationships" were integrated, and more attention was paid to this issue because the opinions of the stakeholders were valued.
Energy Management		Low	Up	<b>Increase of materiality</b> The level of concern was increased in response to the sustainable development strategies of Far Eastern SOGO and the trend of the international energy issues.
Climate Change and Adaptation		Low		<b>Integration of issues</b> The level of concern about this issue was increased in response to the trend of the international sustainable environment.
Talent Retention and Development		Low		<b>Increase of materiality</b> The level of concern about this issue was increased in response to the demand for talents in the fields of industrial digitization, sustainable procurement, low-carbon economy, and information security.
Operating Performance	MOD	High	Down	<b>Decrease of Materiality</b> The level of concern about the issues of operating performance, corporate governance and code of ethical conduct, and legal compliance decreased slightly this year in comparison with other sustainability issues.
Corporate governance and code of ethical conduct		High		
Legal compliance		High		
Social Care and Community Engagement		High		<b>Integration of issues</b> The original "social care" and "environmental education" were integrated and the local caring actions became the focus.



## Far Eastern SOGO Value Chain and Its Relationship with Sustainability Issues

We took the "Five Key Sustainability Powers" in the Report as the standards for management of material sustainability issues, analyzed their meaning and significance to us, and corresponded the operational value chain of the organization to the GRI Standards.

Sustainability Issue	SGDs	Meaning and Impact	Value Chain			GRI Standards
			Upstream	Operation	Downstream	
			Supplier/ Contractor, Lessee (consignment counter)	Shareholder/ Investor, Employee	Customer, Nearby Community, Media	
<b>Five Sustainability Powers 1. Sound Operation Power</b>						
Corporate governance and code of ethical conduct	16 People, Justice, and Strong Institutions	Protection of shareholders' equity, investor relations, and BOD competency, independence, and expertness; establishment of codes of conduct to prevent fraud and corruption and ensure legal compliance, formulation of codes of conduct (for prevention of corruption, monopolization, and discrimination) follow-up of the implementation effectiveness with a checking mechanism.	●	●	▲	GRI 205: Anti-corruption
Legal compliance	16 People, Justice, and Strong Institutions	Compliance and conformance to laws as the foundation of Far Eastern SOGO's business operation.	●	●	▲	GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance
Operating Performance	8 Decent Work and Economic Growth	Vision of sustainability, development of strategy, and practices related to sustainability; assessment of various risks and opportunities for the vision of "best profitability"; disclosure of various material finance information.	●	●	●	GRI 201: Economic Performance

Sustainability Issue	SGDs	Meaning and Impact	Value Chain			GRI Standards
			Upstream	Operation	Downstream	
			Supplier/ Contractor, Lessee (consignment counter)	Shareholder/ Investor, Employee	Customer, Nearby Community, Media	
Information Security	16 People, Justice, and Strong Institutions	In view of Far East SOGO as a platform for exchange of products and information such as customers and contractors, it especially emphasizes information security and privacy protection of stakeholders.	●	●	●	GRI 418: Customer Privacy
Sustainable Supplier Selection and Consumption	12 Responsible Consumption and Production	Management of consignment counters and supplier's quality, delivery date, environment, and human rights with reference to the corporate sustainability standards.	●	●	●	GRI 102: General Disclosures
<b>Five Sustainability Powers 2. Sustainable Environment Power</b>						
Green Service*	12 Responsible Consumption and Production	Provision of services in compliance with ESG principles for realization of our vision to become a green department store.	▲	●	●	
Climate Change and Adaptation	13 Climate Action	Appropriate mitigation and adaptation strategies to reduce the impact of climate change on business.	▲	●	▲	GRI 201: Economic Performance GRI 305: Emissions
Energy Management	6 Clean Water and Sanitation 7 Clean Energy	Improvement of operations to make it more friendly to the environment; promotion of green consumption, environmental protection, and low-carbon concepts.	●	●	▲	GRI 302: Energy



Sustainability Issue	SGDs	Meaning and Impact	Value Chain			GRI Standards
			Upstream	Operation	Downstream	
			Supplier/ Contractor, Lessee (consignment counter)	Shareholder/ Investor, Employee	Customer, Nearby Community, Media	
Waste Management	13 Climate Action	Implementation of environmental protection; checking of waste generation volume; formulation of management strategies; promotion of waste reduction approaches.	●	●	▲	GRI 306: Waste
<b>Five Sustainability Powers</b> → <b>3. Assured Service Power</b>						
Merchandise Safety and Transparency	2 Zero Hunger 3 Good Health and Well-being 12 Responsible Consumption and Production	Management of merchandise labels as well as marketing, promotion, and communication of contents to ensure compliance with laws.	●	●	●	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling
Customer Relations and Service Quality	8 Decent Work and Economic Growth 16 Peace, Justice, and Strong Institutions	Provision of the most thoughtful services with "Vividness, Geniality, Nimbleness" as the motto; proper management of customers' feedback as a basis for improvement of the service process; continuous improvement of customer satisfaction as an ongoing pursuit.	●	●	●	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling
<b>Five Sustainability Powers</b> → <b>4. Happy Workplace Power</b>						
Employee Development, Compensation and Welfare	8 Decent Work and Economic Growth	The vision of "training key talents for their strategic thinking capability"; provision of compensation and welfare better than what laws require.	▲	●	▲	GRI 401: Employment Relations GRI 402: Labor/ Management Relations GRI 407: Freedom of Association and Collective Bargaining

Sustainability Issue	SGDs	Meaning and Impact	Value Chain			GRI Standards
			Upstream	Operation	Downstream	
			Supplier/ Contractor, Lessee (consignment counter)	Shareholder/ Investor, Employee	Customer, Nearby Community, Media	
Talent Retention and Development	4 Quality Education 5 Gender Equality 10 Reduced Inequalities	Employment, management, and promotion of competent talents based on equity principles.	▲	●	▲	GRI 404: Training and Education
Occupational Safety and Health	3 Good Health and Well-being	Protection of workplace safety (including stores), management of occupational accident risk and employee's health.	●	●	●	GRI 403: Occupational Health and Safety
<b>Five Sustainability Powers</b> → <b>5. Social Impact Power</b>						
Social Care and Community Engagement	11 Sustainable Cities and Communities 17 Partnerships for the Goals	Participation in community engagement and public welfare activities with the channel resources; pay attention to public issues; realization the CSR of NEW LIFE.	▲	●	●	GRI 413: Local Communities

**Note** 1. The "\*" mark at the end of a sustainability issue indicates that it does not have a corresponding GRI Standards indicator.  
 2. Direct relation ( ● ) and indirect relation ( ▲ ) are indicated depending on the involvement of Far Eastern SOGO.



# Stakeholder Engagement

The ESG Committee referred to the five principles of "Responsibility, Dependency, Influence, Diverse Perspectives, and Tension" in the AA1000 Stakeholder Engagement Standard (SES) 2011 and requested the managerial officers at the level of Vice President, chief store managers of the business location and Assistant Vice President or above to identify the seven primary stakeholders in the sustainable development process of the company. In this way we implemented the engagement process in depth, enhanced our sustainable development strategies, and improved social accountability.

Stakeholder	Issues of concern	Responsible Department	Communication channel and frequency	Communication Effectiveness in 2021
<b>Customer</b> We assessed the market development trends and introduced various brands and counters. However, only personal consumption of the customer was crucial to identify whether Far Eastern SOGO has really understood the trend of consumption.	<ul style="list-style-type: none"> <li>Customer Relations and Service Quality</li> <li>Green Service</li> <li>Sustainable Supplier Selection and Consumption</li> <li>Occupational Safety and Health</li> <li>Corporate governance and code of ethical conduct</li> <li>Information Security</li> </ul>	Business Operations Division Sales Promotion Dept. Human Resources Dept. Customer Service Center Public Relations Office	<b>Regular ▼</b> Annually: Customer Satisfaction Survey  <b>Irregular ▼</b> Digital Marketing Tool Customer Comment Card Free Hot Line Online Message Board	<ul style="list-style-type: none"> <li>1,068 customers participated in the customer satisfaction survey.</li> <li>338 customers gave their comment cards.</li> </ul>
<b>Employee</b> When facing the changes of the consumption trend and the diversification of the channels and brands, all of our employees held fast to their posts and adapted themselves with innovative thoughts to strive for the support of the customers and pursue the best operating performance.	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Employee Development, Compensation and Welfare</li> <li>Green Service</li> <li>Corporate governance and code of ethical conduct</li> <li>Sustainable Supplier Selection and Consumption</li> </ul>	Human Resources Dept. Labor Safety Office Employee Welfare Committee	<b>Regular ▼</b> Annually: Employee Satisfaction Survey, Employee ESG Awareness Survey Quarterly: Labor-management Meeting Daily: Morning meeting and daily report  <b>Irregular ▼</b> System Amendment Meeting, Internal E-HR Website, EIP Website, Employee Opinion Mailbox	<ul style="list-style-type: none"> <li>1,282 employees participated in the employee satisfaction survey and ESG survey.</li> <li>A total of 109 employees received the EAP service; 403 employees took the EAP course.</li> <li>A total of 120 employees received medical consultation services from doctors on call.</li> </ul>
<b>Shareholder/Investor</b> They agreed on the ESG principles, invested resources, and supported Far Eastern SOGO to implement corporate sustainability activities. They set up an example in the department store industry.	<ul style="list-style-type: none"> <li>Employee Development, Compensation and Welfare</li> <li>Green Service</li> <li>Operating Performance</li> <li>Occupational Safety and Health</li> <li>Corporate governance and code of ethical conduct</li> <li>Water resource management</li> </ul>	Secretariat Finance Dept. Accounting Dept.	<b>Regular ▼</b> Annually: Shareholders' Meeting, Annual Report of the Parent Company Quarterly: Board of Directors  <b>Irregular ▼</b> Market Observation Post System	The shareholders' meeting was held to explain the ESG implementation results and outlook.

Stakeholder	Issues of concern	Responsible Department	Communication channel and frequency	Communication Effectiveness in 2021
<b>Lessee (Consignment Counter)</b> Far Eastern SOGO as a leading brand in the department store industry providing customers with the best experience in consumption and services thanks to our partners working at the counter on each floor and in each hall, in addition to the endeavors of our employees.	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Green Service</li> <li>Sustainable Supplier Selection and Consumption</li> <li>Customer Relations and Service Quality</li> <li>Corporate governance and code of ethical conduct</li> </ul>	Business Operations Division Sales Promotion Dept. Construction and Engineering Dept. Customer Service Center Public Relations Office	<b>Regular ▼</b> Quarterly: Supplier Meetup Daily: Morning meeting and daily report  <b>Irregular ▼</b> Phone, E-mail, Letter, Explanatory and Coordination Meeting (schedule coordination meeting, explanatory meeting on renovation of a floor)	<ul style="list-style-type: none"> <li>The information on the sustainable products was collected from consignment counters to publish "SOGO Sustain".</li> <li>Irregular announcements of ESG messages in the Daily Morning Meeting Report.</li> </ul>
<b>Suppliers/Contractors</b> They were the drivers for the provision of the most competitive products and facilities in the stores of Far Eastern SOGO.	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Green Service</li> <li>Sustainable Supplier Selection and Consumption</li> <li>Customer Relations and Service Quality</li> <li>Corporate governance and code of ethical conduct</li> <li>Waste Management</li> <li>Climate Change and Adaptation</li> </ul>	Business Operations Division Administration Division Construction and Engineering Dept. Procurement Dept.	<b>Irregular ▼</b> Phone, E-mail, Letter, On-site Inspection, Various Meetings (quality improvement meeting)	We continuously work with our suppliers/contractors to build energy-saving environment. The Tianmu Store was the only one in the department store industry that received the carbon reduction label for the second time.
<b>Nearby Community</b> We fulfilled our corporate social responsibility in neighboring communities at our business locations to produce a more positive social impact and work together with stakeholders to build a co-prosperous homeland.	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Green Service</li> <li>Legal compliance</li> <li>Talent Retention and Development</li> <li>Sustainable Supplier Selection and Consumption</li> <li>Social Care and Community Engagement</li> </ul>	Construction and Engineering Dept. Legal Affairs Office Electronic Commerce Section	<b>Regular ▼</b> Directors/Supervisors and General Meetings of the "Taipei Eastern District"  <b>Irregular ▼</b> Phone, E-mail, Letter, On-site Inspection, Various Meetings	<ul style="list-style-type: none"> <li>Far Eastern SOGO has led the Taipei Eastern District to organize an Annual Sale for three consecutive years</li> <li>We filed the proposal of a smart application in the eastern district with the Ministry of Economic Affairs</li> <li>We drove the construction of the eastern corridor</li> <li>We provided legal advice services to communities</li> </ul>
<b>Media</b> The media acquired correct and the latest information from the company which was helpful for us to communicate with the stakeholders, reduce operational risk, and shape the company's image.	<ul style="list-style-type: none"> <li>Customer Relations and Service Quality</li> <li>Energy Management</li> <li>Sustainable Supplier Selection and Consumption</li> <li>Merchandise Safety and Transparency</li> <li>Operating Performance</li> <li>Climate Change and Adaptation</li> </ul>	Public Relations Office Media Section Digital Marketing Section	<b>Regular ▼</b> Press conferences and dinner parties held on specific holidays and fixed schedules.  <b>Irregular ▼</b> Phone, E-mail, Letter, Various Interviews, Self-media	We arranged press releases and released news via self-media in coordination of the schedules and requirements of the media.

# Sound Operation Power



## Special Report / P.28

Building of a Green Department Store and Formation of a Net Zero Alliance of Retailers

Growth in net profit and EPS for four consecutive years  
EPS **\$1.4** at a growth rate of **9.37%**

Post-tax profit at a growth rate of **9.53%**

Best Reviewed Online Award, DailyView:  
Remarkable digital innovation power!

Introduced "SOGO Sustain · Good Things Are Easy to Choose" to provide customers with one-stop green consumption services

**95%** of the restaurants in our stores pass the EPA green restaurant certification.

Far Eastern SOGO's rich retail experience has allowed us to grow with the market into a diversified entertaining business, winning the hearts of the customers, the employees, the partnering brands, as well as the stockholders. This year is SOGO's 35th anniversary, we are proud to affirm that sustainability is a path we have set our roots on and a mission going forward. In the future, we will continue to strive along in the changing world with our stakeholders, show our benevolence to others, and flourish on our path towards sustainability!

### SDGs



### Sustainability Issue

- Corporate governance and code of ethical conduct
- Legal compliance
- Operating Performance
- Information Security
- Sustainable Supplier Selection and Consumption

### Primary Stakeholders

- Shareholder/Investor
- Employee
- Customer
- Media
- Lessee (Consignment Counter)



Special Report



# Building of a Green Department Store and Formation of a Net Zero Alliance of Retailers

The UN COP 26 Climate Summit, which had been delayed for a year due to the COVID-19 pandemic, ended in Glasgow, UK, in November 2021. Some important benchmark milestones were adopted during the globally eye-catching summit, including maintenance of the goal to keep the temperature rise within 1.5°C as required in the Paris Agreement, the commitment of more than 100 countries to stop deforestation by 2030, and the adoption of the first coal reduction initiative in the world. The government of Taiwan declared its net zero target by 2050 and announced a sustainable transformation roadmap in response to the international trend to encourage reformation of industries.

To support the global vision of sustainability and help the consumer market transform to become more friendly to the environment, Far Eastern SOGO, as a benchmark in the domestic retail industry and an ESG leader in the department store industry, has been dedicated to building green operational culture and pursuing the goal of sustainability based on the three facets of "integration of energy and resources", "green marketing", and "environmental education" since receiving the first "carbon label" in the department store industry in 2015. Our outstanding performance helped us to win the silver class award or higher of the "National Enterprises Environmental Protection Award" for three consecutive years. In 2017, we worked with the F&B consignment counter lessees to take comprehensive actions in the implementation of environmental protection and food safety in Taiwan. One-off and melamine dining utensils were given up and replaced with secure, safe, and environment-friendly ones to start a new era of tableware. The event was supported by 153 consignment counter lessees at eight business locations in Taiwan and, as a benchmark in the event, more than 30,000 melamine dining utensils were eliminated. We were not only the first department store in Taiwan to take this food safety action, but also took the lead in implementing plastics reduction two years ahead of the government's initiative. Now, Far Eastern SOGO is still an example in collaboration with the consignment counter lessees and suppliers to develop green business.

We entered a new stage of sustainable transformation in 2021 and implemented ESG action guidelines with the "energy saving and carbon reduction", "sustainable consumption", and "circular business model" as the core. In addition to organizing employees to think about the transformation pathway, we encouraged suppliers and consumers in the value chain to form the first net zero alliance of retailers in Taiwan and build a green benchmark department store. We won the "Honorable Enterprises Environmental Protection Award" in the same year and visited the Presidential Office to receive praise. We acted as the representative of the award winners to deliver a

speech, creating a precedent for the department store industry.



Group photo of the Chairlady of Far Eastern SOGO, Sophia Huang, and senior managers

# Circular Business Model - SOGO Sustain · Good Things Are Easy to Choose

In addition, we published the special issue of "SOGO Sustain · Good Things Are Easy to Choose" in November 2021 and strictly selected sustainable products that were environment-friendly and tried to solve social issues, enabling consumers to "make good choices easily every time when they consume".

The first issue of "SOGO Sustain · Good Things Are Easy to Choose" was published in November 2021. Since December 2021, the products in "SOGO Sustain · Good Things Are Easy to Choose" have been incorporated in our DM with a space of 1 to 2 pages to recommend products that are more friendly to the Earth and society to our customers. With the special recommendations of 1 to 2 pages in each issue, we not only help customers understand our outstanding sustainable products during Mother's Day, our Annual Sale, and other promotion events, but also internally enable the lessees, suppliers, and employees to understand more about these sustainable products and "incorporate sustainability in daily life" officially.



In the meantime, we organized the SOGO Sustain logo selection activity and encouraged employees and their families to contribute their works. Finally, we selected a symbolic logo of with the "heart shape" as a symbol of the friendliness to the society, the "arrow shape" as a symbol of friendliness to the environment, and the "little sapling" as a symbol of "sustainability". Since then, we have attached this logo to all of our environmentally-friendly and sustainable products hoping to work with consumers to realize the vision of friendliness.







# 1.0 Strategic Results and Planning

Since its foundation on November 11, 1987, Far Eastern SOGO has been the most trustworthy brand to consumers in Taiwan and has led the fashion and popularity of Taiwan market. Over the past 35 years, we have kept up with the times to realize the vision of "becoming a benchmark in the retail industry" with the attitude of sustainable operation and innovation. At the time when we are entering our 35th year, we are endeavoring to build an image as the No. 1 in the department store industry and the leading brand in ESG implementation.

Material Topic	Corporate Governance and Code of Ethical Conduct	Legal Compliance	Operating Performance	Information Security	Sustainable Supplier Selection and Consumption	
GRI Standards	GRI 205: Anti-corruption	GRI 307: Environmental Compliance GRI 419: Socioeconomic Compliance	GRI 201: Economic Performance GRI 202: Market Presence	GRI 418: Customer Privacy	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	
Management Approach	Strategic Target	Improvement of the approaches to the changing commercial environment; compliance with the latest market supervisory requirements.	Sound operation to strive for the leading position of the company.	Prevention from illegal disclosure of data and implementation of routing maintenance and operation.	Comprehensive supply chain management to avoid impact on the environment and society.	
	Management Method and Communication Mechanism	(Responsible Unit) Secretariat, Auditing Office, Legal Affairs Office, Accounting Division, Finance Division, Business Operations Division, Data Processing Department, Procurement Department. (Communication Method) Daily Morning Meeting Report, online bulletin board, dissemination of regulations, course, SOGO DM, online DM, supplier questionnaire.				
	Assessment Mechanism	Implementation of assessment via the internal control and auditing mechanisms	Number and Amount of Punishment Cases	<ul style="list-style-type: none"> <li>Total Operating Revenue</li> <li>Pre-tax/Post-tax Net Profit</li> <li>EPS (after tax)</li> <li>Return on equity</li> <li>EPS</li> </ul>	Internal and External Audit	Establishment of a supplier management mechanism

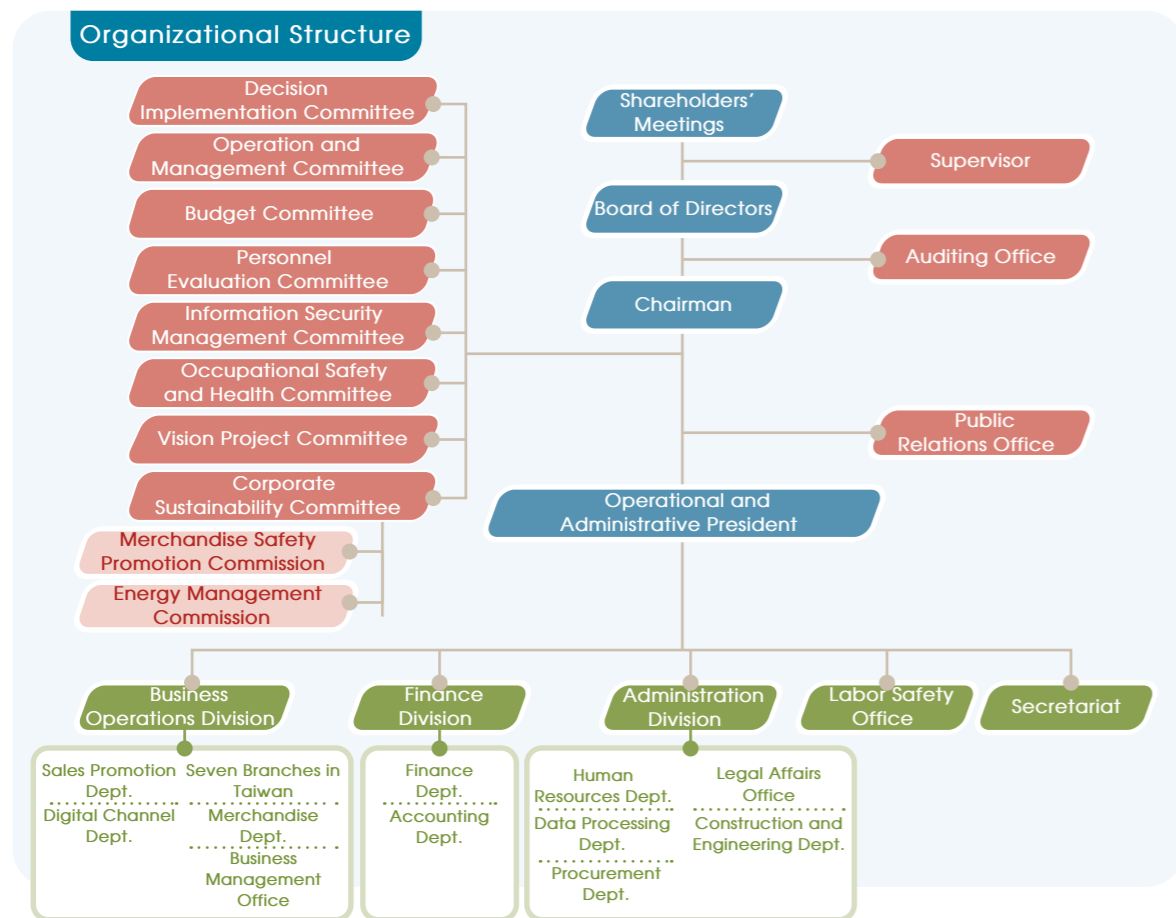
Material Topic	Corporate Governance and Code of Ethical Conduct	Legal Compliance	Operating Performance	Information Security	Sustainable Supplier Selection and Consumption
Goal Setting	<ul style="list-style-type: none"> <li>No significant whistleblowing cases</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of international dissemination, compliance with environmental and social regulations, and establishment of legal compliance principles stricter than laws and regulations</li> <li>Establishment of the "Code of Ethical Conduct for Directors and Managerial Officers" and extension of the Code to the top management</li> </ul>	<ul style="list-style-type: none"> <li>Development of the features for individual stores</li> <li>Enhancement of e-commerce operations</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of information security talents</li> <li>Enhancement of information security systems</li> </ul>	<ul style="list-style-type: none"> <li>Investigation of contractors and suppliers to understand their sustainability practices</li> <li>Enhancement of SOGO Sustain sustainable supplier selection</li> </ul>
Goal Setting	<ul style="list-style-type: none"> <li>Zero whistleblowing cases of corruption and bribery</li> <li>Improvement of the intelligence and insight of the Board of Directors; joining external associations and taking internal and external training courses</li> <li>Implementation of internal audit evaluation under the supervision of the ESG Committee</li> </ul>	Assurance of no significant violations	<ul style="list-style-type: none"> <li>Establishment of strong core business categories</li> <li>Implementation of precision marketing and development of the OMO strategy</li> </ul>	Improvement in the resilience of critical facilities	<ul style="list-style-type: none"> <li>Guidance to suppliers for their sustainability practices</li> <li>Formation of a net zero alliance of retailers</li> </ul>
Annual Highlighted Results	<ul style="list-style-type: none"> <li>Annual Corporate Social Responsibility Award - Model Award, Global Views Monthly ▶ Four consecutive years, the only company in the department store industry</li> <li>Growth in net profit and EPS for four consecutive years</li> <li>EPS \$1.4 at a growth rate of 9.37%</li> <li>Post-tax profit at a growth rate of 9.53%</li> <li>Best Reviewed Online Award, DailyView ▶ Remarkable digital innovation power!</li> <li>Strictly selected sustainable products under "SOGO Sustain · Good Things Are Easy to Choose" in combination with green procurement to provide customers with one-stop green consumption services</li> <li>Guidance to F&amp;B consignment counter lessees in the application for green restaurant certification. 95% of the restaurants in Taiwan have finished the EPA green restaurant certification as of April 2022</li> </ul>				



# 1.1 Corporate Governance

## 1.1.1 Organization Overview

We set up an Operational President's Office and an Administrative President's Office under the Board of Directors. The Operational President is responsible for the operation of the frontline stores and the Administrative President is responsible for the administrative matters at the back end. They have their respective duties, support each other, take responsibility on a decentralization basis, and work in accordance with the highest operation guidelines of the Company and for the best benefit of Far Eastern SOGO.



## 1.1.2 Board of Directors

The Board of Directors is the highest governance unit of the Company. It is comprised of five directors and one supervisor. The Board members are selected with reference to their specialties and management experiences in relevant industries, and are elected and appointed at the shareholders' meeting. One chairman is elected from among the Board members. The Board of Directors meeting is convened by the Chairman. A temporary meeting may be held separately if there are any interim proposals to be discussed. There were five Board meetings in 2021 and the Chairman attended all the meetings in person at an attendance rate of 100%. The supervisor had an attendance rate of 80%.

The directors and the supervisor have a term of three years and may be reappointed if they are voted in for a second term of office. The general shareholders' meeting was held on June 12, 2020 to reelect directors and supervisors. Two of the current Board members are female (40%). The Chairman is Sophia Huang, a celebrity in the media world. All the Board members are able to lead Far Eastern SOGO and maintain our leading position in the department store industry with their professional knowledge, insight, judgment, and innovation ability.

**The Role of the Board of Directors**

- Purpose**
  - All the Board members are dedicated to their duties. They lead and assist executive departments to march forward steadily to achieve the sustainable development goals of corporate governance, environmental sustainability, and social inclusion (ESG).
- Vision of Sustainable Development**
  - To be the socially responsible retail benchmark that keep pace with the times to deliver an all-around lifestyle experience for the public.
- ESG Strategy and Policy**
  - The Board members work with the contractors, suppliers, consumers, and other stakeholders to march toward a future of sustainability with the "energy saving and carbon reduction", "sustainable consumption", and "circular business model" as the core.

**The Operation Status of the Board of Directors**

Company	Number of Seats (Including Independent Directors)	Female Director	
		Seat	Percentage
Far Eastern SOGO	5	2	40%

**Operation of the Board of Directors in 2021**

Meeting Count	Average Attendance Rate of Directors
5	100%

**Important Resolution**

Category	Resolution
Ordinary Resolution	<ul style="list-style-type: none"> <li>Proposal for annual budgets</li> <li>Proposal for annual final accounts in financial statements</li> <li>Proposal for distribution of director and supervisor compensation and earnings</li> </ul>
	<ul style="list-style-type: none"> <li>Proposal for annual business report</li> <li>Proposal for postponement of the 2021 shareholders' meeting</li> <li>Proposal for distribution of annual dividends</li> </ul>

The aforementioned proposals were approved by all attending directors

## ■ Educational and Professional Background of the Directors

Name	Gender	Age			Educational and Professional Background	Concurrent Positions in the Company and Other Companies
		50-65	65-75	Above 75		
<b>■ Director and Chairman of the Far Eastern Group</b>						
Douglas Hsu	Male				<ul style="list-style-type: none"> <li>Master's degree, University of Notre Dame, USA</li> <li>Research at Graduate School of Economics, Columbia University</li> <li>Honorary doctorate, College of Management, National Chiao Tung University</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Far Eastern New Century Corporation</li> <li>Chairman of Asia Cement Corporation</li> <li>Chairman of Oriental Union Chemical Corporation</li> <li>Chairman of Far Eastern Department Stores Co., Ltd.</li> <li>Chairman of Far EastTone Telecommunications Co., Ltd.</li> <li>Chairman of U-Ming Marine Transport Corporation</li> <li>Vice Chairman of Far Eastern International Bank Co., Ltd.</li> </ul>



Name	Gender	Age			Educational and Professional Background	Concurrent Positions in the Company and Other Companies
		50-65	65-75	Above 75		
<b>Chairman</b>						
Sophia Huang	Female	●			<ul style="list-style-type: none"> <li>Department of Journalism, National Chengchi University</li> <li>Master's in film and television communication, UC San Diego, USA</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Pacific SOGO Department Stores Co., Ltd.</li> <li>Chairman of Pacific China Holding Limited (BVI)</li> <li>Chairman of Pacific China Holding (HK) Limited</li> <li>Director of Shangri-La's Far Eastern Plaza Hotel</li> <li>Director of Ding Integrated Marketing Service Co., Ltd.</li> <li>Chairman of Pacific Chongguang Culture and Education Foundation</li> <li>Chairman of Pacific Chongguang Social Welfare Foundation</li> <li>Member of the International Affairs Committee, Taichung City Government</li> <li>Managing Director of the Retailers Association of Chinese Taipei</li> </ul>
<b>Board member</b>						
Huang Mao-Te	Male		●		<ul style="list-style-type: none"> <li>Master of Laws, National Chung Hsing University</li> </ul>	<ul style="list-style-type: none"> <li>Director of Pacific SOGO Department Stores Co., Ltd.</li> <li>Director and Executive Director of the Far Eastern Memorial Foundation</li> <li>Legal consultant for the Far Eastern Group</li> <li>Director of Pacific Liu Tong Investment Co., Ltd.</li> <li>Director of Yuan Ding Co., Ltd.</li> </ul>
Shaw Y. Wang	Male			●	<ul style="list-style-type: none"> <li>BA, Department of Business Administration, National Chung Hsing University</li> <li>EMBA Class, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>Director of Far Eastern New Century Corporation</li> <li>Foundation Executive Director of Far Eastern New Century Corporation</li> <li>Executive Director of Far Eastern International Bank Co., Ltd.</li> <li>Chairman of Far Eastern Construction Co., Ltd.</li> <li>Director of Yuan Ze University</li> </ul>
Ching Chi	Female	●			<ul style="list-style-type: none"> <li>Ph.D. in Management Information System, Purdue University, USA</li> <li>CTO of Far EastOne Telecommunications Co., Ltd.</li> <li>Vice President of the Technology Development Department, AT&amp;T Inc.</li> <li>Assistant Vice President of the Technology Development Department, AT&amp;T Inc.</li> <li>PMOSS Planning, Engineering, and Development Director, AT&amp;T Inc.</li> <li>Regional Manager, AT&amp;T Inc., AT&amp;T Global Network Control Center</li> <li>Assistant Professor, Decision and Information System, Arizona State University School of Business</li> </ul>	<ul style="list-style-type: none"> <li>President of Far EastOne Telecommunications Co., Ltd.</li> <li>Chairman and President of Far Eastern Info Service (Holding)</li> <li>Chairman of Arcoa Communication Co., Ltd.</li> <li>President of New Century InfoComm Tech Co., Ltd.</li> <li>Chairman of Yuanshi Digital Technology Co., Ltd.</li> <li>Chairman of Data Express Infotech Co., Ltd.</li> </ul>

Name	Gender	Age			Educational and Professional Background	Concurrent Positions in the Company and Other Companies
		50-65	65-75	Above 75		
<b>Supervisor</b>						
Wang Ching-Yi	Male			●	<ul style="list-style-type: none"> <li>Teller of the International Commercial Bank of China</li> <li>Former Director of Deloitte Taiwan</li> <li>BBA, College of Business, National Cheng Kung University</li> <li>M.B.A. in Accounting, College of Business, University of Illinois</li> <li>EMBA Class, Advanced Management, Harvard Business School</li> </ul>	<ul style="list-style-type: none"> <li>Director of Yuan Ze University</li> <li>Director of the Cultural and Educational Foundation, The Shanghai Commercial and Savings Bank</li> <li>Former Chairman and Director of the T. N. Soong Foundation</li> <li>Independent Director of the Mirle Automation Corporation</li> </ul>

For more information | Please visit the "Board Member" section on the Far Eastern SOGO Website: <https://esg.sogo.com.tw/4-3.php>

## External Organization and Participation

We communicate with people from the industries, governments, and academic circles through external associations. By playing the role of an opinion leader, we lead other department stores to develop the market and promote domestic, overseas, and cross-strait activities.

We act as a director of the "Retailers Association of Chinese Taipei" and "Taipei Department Stores Association" and make suggestions to the department store industry.

Time/Year	External Association Name	Position	Supervisor of the Company
1987	Retailers Association of Chinese Taipei	Director	Wang-Kuo Ting-Sung, President
1987	Taipei Department Stores Association	Director	Huang Cheng-Yu, Assistant Manager
2014	International Affairs Committee, Taichung City Government	Member	Sophia Huang, Chairlady
2017	Center of Corporate Sustainability	Director	Sophia Huang, Chairlady
2018	Taiwan Women on Boards Association	Managing Director	Sophia Huang, Chairlady

## Speak Up for the Industry

### Taiwan Women on Boards Association: Promotion of Women's Empowerment

Women's power drives the "she-conomy". The Chairman of Far Eastern SOGO, Sophia Huang, acts as the managing director of the Taiwan Women on Boards Association (WOB). In addition to publishing the Whitepaper on Female Governance and organizing international forums on a regular basis, it promotes the establishment of the WOB Academy to train outstanding female leaders of the next generation. Chairman Sophia Huang has participated in many activities of the Association of WOB Academic and acted as a special guest at forums. She has shared her experience as a female entrepreneur in corporate governance and promoted women's empowerment.



### The Only Department Store Interviewed by the National Renewable Energy Certification Center

Far Eastern SOGO was the second company (and first company in the department store industry) that the National Renewable Energy Certification Center, Bureau of Standards, Metrology, and Inspection, MOEA, invited for an interview. A video was produced as an introduction to the sub-forum of the APEC "cross-energy and standards" to be held in March 2022. The sustainability practices and implementation directions were explained from the viewpoint of Far Eastern SOGO, and domestic companies were encouraged to develop clean energy and apply for a renewable energy certificate.



Please scan the QR Code for a video

### 1.1.3 Internal Control Mechanism

#### Functional Committee

Far Eastern SOGO sets up eight committees to ensure sound operation and management of business and enhance the governance power of the Company.

Committee	Date of Foundation	Function
1 • Operation and Management Committee	2002	<ul style="list-style-type: none"> <li>The Committee is responsible for defining the goals of management based on the operating guidelines of the Company and formulating the plans needed for achievement of the goals.</li> <li>The Chairman convenes a meeting of the managerial officers and above. The Chairman of the Far Eastern Group attends the meeting.</li> <li>The meeting is held once every quarter.</li> </ul>
2 • Budget Committee	2012	<ul style="list-style-type: none"> <li>The Committee monitors the budgets needed for the achievement of the operating goals and quantifies the approved goals of the organization and the resource allocations.</li> <li>The Committee takes the responsibility to examine, report, and review the budgets of the current quarter and their implementation results, including the implementation progress of any additional budgets and the planned performance targets.</li> <li>The meeting is held once every quarter.</li> </ul>
3 • Information Security Management Committee	2012	<ul style="list-style-type: none"> <li>The "Personal Data Protection Management Policy and Procedure" established in line with the business characteristics of Far Eastern SOGO is used as basic guidelines for using and processing the personal data of customers and employees and those contained in consignment counter agreements.</li> <li>The Committee is responsible for amendment of the information security management procedure and relevant information.</li> </ul>
4 • Occupational Safety and Health Committee	2012	<ul style="list-style-type: none"> <li>This is the highest decision-making unit of occupational safety and health. It raises proposals for safety and health policies that employer draws up and reviews, coordinates, and gives advice to matters related to occupational safety and health.</li> <li>The Committee is responsible for supervision, management, and follow-up of occupational safety and health matters.</li> <li>The President convenes the meeting once every three months.</li> </ul>

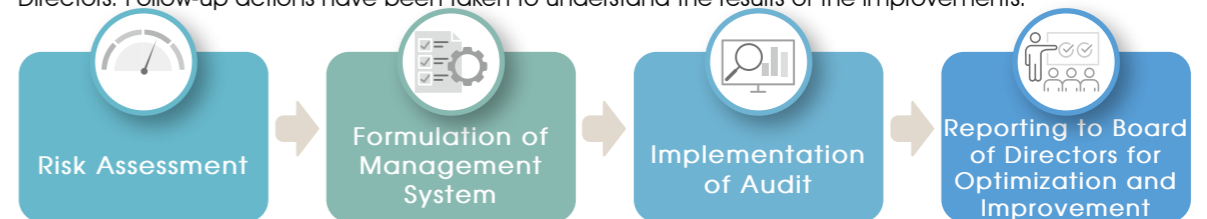
Committee	Date of Foundation	Function
5 • Personnel Evaluation Committee	2014	<ul style="list-style-type: none"> <li>The Committee is responsible for setup and adjustment of the entire organizational structure of the Company.</li> <li>The organization of each unit and the review and amendment of the personnel regulations are the responsibilities of the Committee.</li> <li>Significant rewarding and punishment cases involving managerial officers and above are subject to the review and investigation of the Committee.</li> <li>The Committee assesses the annual performance evaluation and promotion quota of the Company, and reviews layoff cases.</li> <li>Research and discussion of important personnel and welfare policies of the Company are also the duties of the Committee.</li> </ul>
6 • Decision Implementation Committee	2014	<ul style="list-style-type: none"> <li>This is the highest steering unit of the Company responsible for the formulation of operating and strategic plans.</li> <li>Committee members include the Chairman, President, and Vice President or above.</li> <li>The Committee discusses the status of the operation including the profit and loss as well as the business strategies at the meeting held at the beginning of the month. Improvement plans on the goals of the business in the future and the potential operating problems are proposed at the meeting.</li> <li>The meeting is held once every 1 to 2 weeks.</li> </ul>
7 • Corporate Sustainability Committee (ESG Committee)	2015	<ul style="list-style-type: none"> <li>The Committee implements projects with the four facets of corporate governance, corporate committee, social engagement, and environmental protection as the cores and monitors the implementation effectiveness.</li> <li>The executive secretary team reports to the Chairman regularly and is responsible for the compilation of the "Corporate Sustainability Report" every year.</li> <li>The Committee has a subordinate "Merchandise Safety Promotion Commission" responsible for promotion of long-term merchandise safety management projects; the Energy Management Commission is responsible for managing the use of the energy at the headquarters and each business location.</li> <li>The name of the "Corporate Social Responsibility Committee" was changed to the "Corporate Sustainability Committee" in 2020 in response to the trend of the development. The heads of all the departments are requested to act as members of the executive secretary team to make the implementation of the ESG projects easier.</li> <li>The "CSR Committee", the name of the Corporate Social Responsibility Committee in its abbreviated form, was changed to the "ESG Committee" in 2021 to help all departments of the Company engage in the operation of sustainability with corporate governance, environmental sustainability, and social inclusion as the cores.</li> </ul>
8 • Vision Project Committee	2020	<ul style="list-style-type: none"> <li>The purpose of the Committee is to form the vision of the Company and enhance the awareness of our brand among employees by launching brand vision projects.</li> </ul>

Note Far Eastern SOGO is not a public company and there are no laws or regulations requiring it to set up audit or compensation committees or appointment of independent directors.

For more information | <https://esg.sogo.com.tw/4-7.php>

#### Audit Mechanism

An auditor office is set up under the Board of Directors. The appointment and dismissal of the chief auditor shall be subject to the consent of the Board of Directors. Full-time auditors are appointed separately. Far Eastern SOGO establishes risk management strategies and various risk management systems with reference to the internal control and audit requirements to public companies. These strategies and systems are adjusted and optimized on an ongoing basis. The Auditing Office formulates an annual audit plan in accordance with laws and risk assessment results. In addition to conducting audits pursuant to the audit plans, it conducts audit projects in accordance with changed laws and newly identified risks to ensure comprehensive risk management, improve operating performance, and increase the overall benefit for the Company. The results of the audit operations conducted in 2021 have been reported to the Board of Directors. Follow-up actions have been taken to understand the results of the improvements.





## 1.1.4 Ethical Management

### I Ethical Management and Corporate Integrity

Based on ethical operation guidelines, operation of the Company complies with internal and external regulations. The internal SOPs are established or amended in accordance with the latest promulgated laws and regulations. All external agreements are subject to review of the Legal Affairs Office. We request all employees to have the awareness of business ethics, take ethical responsibilities, and follow applicable laws and regulations when they are doing their duties. All new employees must take training courses on work rules. In addition to legal compliance, we communicate management rules, provide ethical education, and disseminate rights to employees. Explanations are given whenever there are questions. By doing so, we enhance the ethics of employees in the hope that they can demonstrate their humanistic spirit.

We have set up a "Corporate Integrity" section on our ESG website (<https://esg.sogo.com.tw/9-4.php>). Stakeholders can report any improper behavior via the online whistleblowing system. If there are any questions about ethics and integrity, please contact the Auditing Office for consultation. Reported cases will be delivered directly to the Auditing Office for investigation and handling. Though there were no significant reported cases in 2021, relevant reports were submitted to the ESG Committee.

Ethical Management	Description	Implementation	Link
Anti-corruption	The Board of Directors requested the legal affairs unit to draw up the "Corporate Integrity Clauses" and incorporate them in relevant agreements as a basis for the ethical and professional conduct of Far Eastern SOGO. The Clauses explicitly require prohibition against neglect of duties, removal of any money or merchandise that belongs to the Company, or use of improper means for personal gains.	<ul style="list-style-type: none"> <li>Employee handbook</li> <li>eWork APP</li> </ul>	"Corporate Integrity" Section
Anti-discrimination	We formulate fair, reasonable, and competitive systems regardless of gender, age, race, and religion. We encourage co-existence of multiple cultures. In addition to learning respect for others and management of cultural conflicts, employees can learn more creativity from different cultures and develop a culture unique to SOGO folk.	<ul style="list-style-type: none"> <li>Internal meeting</li> <li>Daily Morning Meeting Report</li> <li>Internal Letter</li> <li>Bulletin Board</li> <li>Education and Training:</li> </ul>	"Employee Formation and Rights" Section
Gender Equality	We established the "Gender Equality Regulations" in 2018. Internal rules were amended in line with the laws and regulations of the central government. For example, the most recent amendment of the menstrual leave was conducted in the "Sexual Harassment Prevention Regulations" announced in 2020. 89% of the employees took the education and training on gender equality in 2021.	<ul style="list-style-type: none"> <li>Courses on anti-corruption and anti-discrimination are planned from 2022.</li> </ul>	

#### Corporate Integrity Clauses



Party B (Supplier) shall not have improper competitive behavior. Party A (SOGO) may restrain the promotion behavior of Party B if it is found to impede the operation of others and may terminate the Agreement if Party B does not stop such behavior immediately. When fulfilling the obligations of the Agreement, no party shall, directly or indirectly or in any form, offer or try to offer any money or benefit (including but not limited to commission, rebate, or other tangible or intangible benefits) to any staff, employees, agents, representatives, or trustees of the other party or any related parties of the aforementioned persons to influence such staff, agents, or trustees upon their actions related to the Agreement. Any party that becomes aware of any violation of the aforementioned agreements shall inform the other party without delay and provide evidence and documentation in cooperation with judicial organs or other competent authorities for their investigation. The party that sustains any damage as a result may discontinue or revoke the transaction relationship between both parties immediately and claim for damage compensation from the other party. The "related parties" referred to in this Article stand for the staff, agents, or trustees of any party or the spouses, parents, children, sisters and brothers, grandparents, grandchildren, or other close relatives or friends of the aforementioned persons.



According to Employee handbook, the Company may perform discipline in the circumstances where the following conditions are met

- 1-10 points shall be deducted depending on the severity in the case the Company sustains any damage and the business is affected as a result of any neglect of duties.
- 1-10 points shall be deducted depending on the severity in the case the business of the Company is obstructed.
- 1-10 points shall be deducted depending on the severity in the case the discipline of the Company is affected.
- 1-10 points shall be deducted depending on the severity in the case any violation of the duty arrangement regulations occurs.
- 1-10 points shall be deducted in the case any money, merchandise, or other objects that belong to the Company are removed unrelated to business, or improper means are used for personal gains.
- 1-5 points shall be deducted depending on the severity in the case any violation of the disciplinary regulations occurs.
- 1-5 points shall be deducted in the case any violation of service etiquette occurs.

### I Legal Compliance

Far Eastern SOGO communicates laws and regulations to employees through the internal "Daily Morning Meeting Report" as well as online bulletin boards. The Legal Affairs Office provides law dissemination courses (customer complaint, personal data, store safety) at business locations on a regular basis to ensure that all the events are organized in compliance with laws and regulations.

The punishment cases of the Far Eastern SOGO in 2021 are described as follows. The total amount of the fines for the entire year was \$120,750. Improvements to a single cases have been completed. We enhanced internal dissemination to avoid recurrence. In 2021, there were no records on the violation of environmental protection laws and regulations or any significant incidents that affected the environment.

#### Violations Affecting the Economic Governance

Category	Business Location	Law	Violation	Action
Economic Governance	Headquarters	Income Tax Act	A fine of \$750 was imposed because the withholding exemption certificates were not submitted within the time frame due to negligence.	The personnel in charge were requested to pay more attention to the taxable year of the withholding certificates.
	Zhongxiao Store	Building Act	A fine of \$120,000 was imposed because an emergency exit door at the Zhongxiao Store was partially damaged and could not be closed completely as identified during the joint inspection of the Taipei City Government.	The emergency exit door has been repaired. Routing inspection will be enhanced.



# 1.2 Operation Performance

## 1.2.1 About Far Eastern SOGO

### I Far Eastern SOGO - A Great Generation of Fashion

Far Eastern SOGO fulfills corporate social responsibilities while pursuing operating performance. We implement our future operation guidelines and reshapes corporate vision with the three ESG dimensions (Environmental, Social, Governance) as the cores. Our vision is the commitment to "be the socially responsible retail benchmark that keep pace with the times to deliver an all-around lifestyle experience for the public".

We are dedicated to providing fine and elaborate services of Japanese style to meet the demands of customers with a full range of products. When entering the Far Eastern SOGO 4.0 Generation, we are trying our best to realize happiness and fashion in combination with digital integration to provide finely improved digital services. More Information: <https://esg.sogo.com.tw/2-1.php>

### I Basic Information of Far Eastern SOGO

Company Name	Pacific SOGO Department Stores Co., Ltd.
Date of Foundation	1987
Capital	NT\$8.28 billion
Location of headquarters	No.45, Section 4, Zhongxiao East Road, Da'an District, Taipei City
Products and Services	Department Store
Number of Employees	1,371 employees in 2021.
Company Type	Non-listed company.
Business location	Taiwan (seven business premises; also the important business locations of the Company)



### I Business Locations and Features

Far Eastern SOGO has a business territory with seven stores in Taipei City, Zhongli City, Hsinchu City, and Kaohsiung City. We are dedicated to understanding the requirements of local customers and the stores create their individual features for the predefined target customers in the hopes to present the best service quality and provide products and services satisfactory to customers.



#### Taipei Zhongxiao Store Year 1987

#### Fashionable Flagship Store in Eastern Taipei and Beautiful Tianhou Temple

- The American style and Japanese aesthetics create the "simple and heartwarming" features of the Zhongxiao Store. We offer the latest and most fashionable products to all customers and optimize their consumption journey by offering experiences of digital technology in retail. The Zhongxiao Store has a firm foothold in Eastern Taipei. It leads the fashion in Taipei City and is a fashionable flagship store in this area.
- The Store organized activities for the social enterprises of smallholders and enhances their competitive strength. Since the widely praised "Taiwan Smallholders' Market", the largest event of this kind in Taiwan, was held in 2018, it has become a normal event.
- Leading brands of exquisite goods, such as FERRAGAMO, Chloe, GEORG JENSEN, and RIMOWA, are introduced in the fashion area on the first floor.
- The cosmetics area on the first floor is renovated to introduce Hermes Beauty and cle de Peau Beaute, making the Zhongxiao Store the first store that offers virtual cosmetics trial services, provides the first MAC Red Concept counter in Asia, and sets up the unique YSL luxurious fragrance zone in Taiwan.
- The hardware equipment in the ladies' shoes area moved from the first to the second floor is upgraded with a luxurious French-style elegant space. Silk socks are provided free of charge for trial of the shoes to ensure a brand-new attentive consumption journey for female consumers.
- The floor of ladies' clothing is upgraded and renovated with the demands of consumption as the core to build a "store without differences in age".
- The Men's Care Station is an additional space only for skin care of men on the seventh floor. It is equipped with a golf club fitting room that enables an immersive experience and builds an one-stop shopping environment for men.

**2021 Business Overview** | The Store has worked with the Agriculture and Food Agency to organize Taiwanese agricultural products exhibitions and promote products from Hualien and Taitung since 2021.



#### Taipei Fuxing Store Year 2006

#### The Leading Position in the Premium Fine and Fashionable Products and the Only Department Store That Has Five World-Class Luxurious Brands in Taiwan

- It is the only department store in Taiwan where GUCCI and the "four leading brands in France" of LOUIS VUITTON, CARTIER, CHANEL, and HERMES set up their consignment counters at the same time.
- The world-class premium brands are gathered on the first and second floors, ranking the Store in the leading position among the luxurious department stores in Taiwan.
- The fine fragrance products, high-end care products, and luxurious products grew by more than 30% simultaneously.
- The quality supermarket CitySuper on the third basement floor offers a full range of cooked foods and food gifts from famous domestic and foreign suppliers. It is really the "Kitchen in Eastern Taipei".

**2021 Business Overview** | Since people could not go abroad during the pandemic, the consumption of exquisite products was remarkable in 2021. The performance grew by 30% again and was ranked third among department stores in Taiwan.



**Taipei Dunhua Store** Year 1994

**The Low-Profile and Luxurious Store for Socialites**

- The low-profile luxurious style makes the Store the origin of the fashion in Eastern Taipei with local customers as the focus.
- The quality services of honor and glory are highly praised by costumers.
- The Store focuses on care products in a salon of skincare services for high-end customers. The luxurious environment is the best choice for customers who need a special experience.
- The Store builds an image of a premium elegant dining environment among department stores in Eastern Taipei.

**2021 Business Overview**

- The supermarket on the second basement floor features healthy and organic food. It has stable consumption without being affected by the pandemic.
- There are ten premium skincare and cosmetics brands. The Store offers skincare reservation services for major customers and has the only body and skin care salon for men in Taiwan. It has serviced high-end customers and offered them unique quality experiences of great honor.
- The luxurious restaurants continued to offer services to high-end customers during the pandemic so they could enjoy fine food in their personal dining space. The performance remains good.



**Tianmu Store** Year 2009

**Green Flagship Demonstration Store**

- It is the first department store that acquired the carbon label in Taiwan and the first store that the Environmental Protection Administration incorporates green procurement under the service-based carbon label.
- This year, the Store received the "carbon reduction label" again for its outstanding performance in the reduction of carbon by 40.406% within three years. It also won the Excellence Award under the "Taipei City Energy Saving Leader Award".
- The Store works with the Department of Economic Development, Taipei City Government, and the Beitou Farmers' Association to promote seasonal flowers of local farmers in nearby locations.
- The Store integrates the marketplaces of creative handmade products and promotes communication between local people and shop owners.

**2021 Business Overview**

- The annual sales created a record high of \$1.1 billion.
- The space of the underwear area is renovated to make it abundant with more merchandises.



**Taoyuan Zhongli Store** Year 1998

**NEW FAMILY NEW LIFE Department Store**

- The Store is located at the core section in Southern Taoyuan and leads the fashion and trends in this area.
- The Store cooperates with the local government in the implementation of anti-pandemic and civic policies. Mayor Cheng Wen-Tsan of Taoyuan City visited the Store and gave his praise in person.
- Eattogether is upgraded completely by introducing new brands and providing more selections of delicacies.
- The Store organizes various environmental protection events focusing on energy saving and carbon reduction. It won the gold award for carbon reduction in the summer.
- The partners of the volunteer club spare no effort to participate in social welfare activities.

**2021 Business Overview**

- The space on the fourth floor is completely renovated to provide a brighter, more premium, and more comfortable shopping environment.



**Hsinchu Store** Year 2012

**The First Choice for Friendliness for Parents and Children and Social Co-Prosperity**

- A brand new retail pattern is created by combining a department store with a shopping center and building close ties with the life of the citizens.
- The Store organized more than 300 ESG-related activities on the parent-child floor this year to build the most friendly space in the store.
- The indoor premium performance hall is open and linked to the volunteer lectures of the city government to extend the corporate image of co-prosperity and sharing.
- The Store provides the most complete shopping channel of brand sports devices in Hsinchu.
- Two brand new breastfeeding rooms are set up to build a friendly and attentive shopping space in favor of a higher birth rate.
- The first authorized Lego shop in Taoyuan, Hsinchu, and Miaoli is introduced in the Store to "build" the paradise in the dreams of children.
- The shopping space of ladies' Fashion on the second floor is renovated in a brand new "French Romance" concept to build a fragrance area of Provence garden.

**2021 Business Overview**

- The annual revenue reached a record high of \$5.81 billion with a market share of 33.1%.



**Kaohsiung Store** Year 1996

**The Attentive and Safety Premises of Elaborate Fashion.**

- The Store builds the "SOGO Palace of Aesthetics" to support the development of local artistic and cultural innovations and art performances by organizing events on a regular basis.

**2021 Business Overview**

- The store renovation plan has been implemented since the end of November 2021. The theme of "Sunshine, Air, Water" merges natural images in the design of the decoration as a response to environmental issues. The plan is expected to be completed in June 2022.
- The Store is dedicated to putting CSR issues in practice and the training quality is highly praised by the Workforce Development Agency of the Ministry of Labor. The Store won the bronze medal of the Talent Quality-management System (TTQS) Award for Enterprise Edition in 2021.



## 1.2.2 Operating Performance

Our total revenue in 2021 was NT\$41.2 billion and the net profit before and after tax, EPS (post-tax), and ROE have grown for four consecutive years. The EPS was \$1.40 with a growth rate of 9.37%. The post-tax earnings grew by 9.35%.

The financial status of the Company is reviewed mainly according to the daily performance report. The head of the department checks the revenue on the current day and takes follow-up actions to examine the difference from the planned target on a regular basis. The material information on the operating performance, profit targets, equity distribution, and affiliated companies of Far Eastern SOGO is consolidated with the information of the parent company, Far Eastern Department Stores Co., Ltd. (2903-TW), and disclosed in the Annual Report and investor conference. Far Eastern SOGO is an invested business of the Far Eastern Department Stores Co., Ltd.

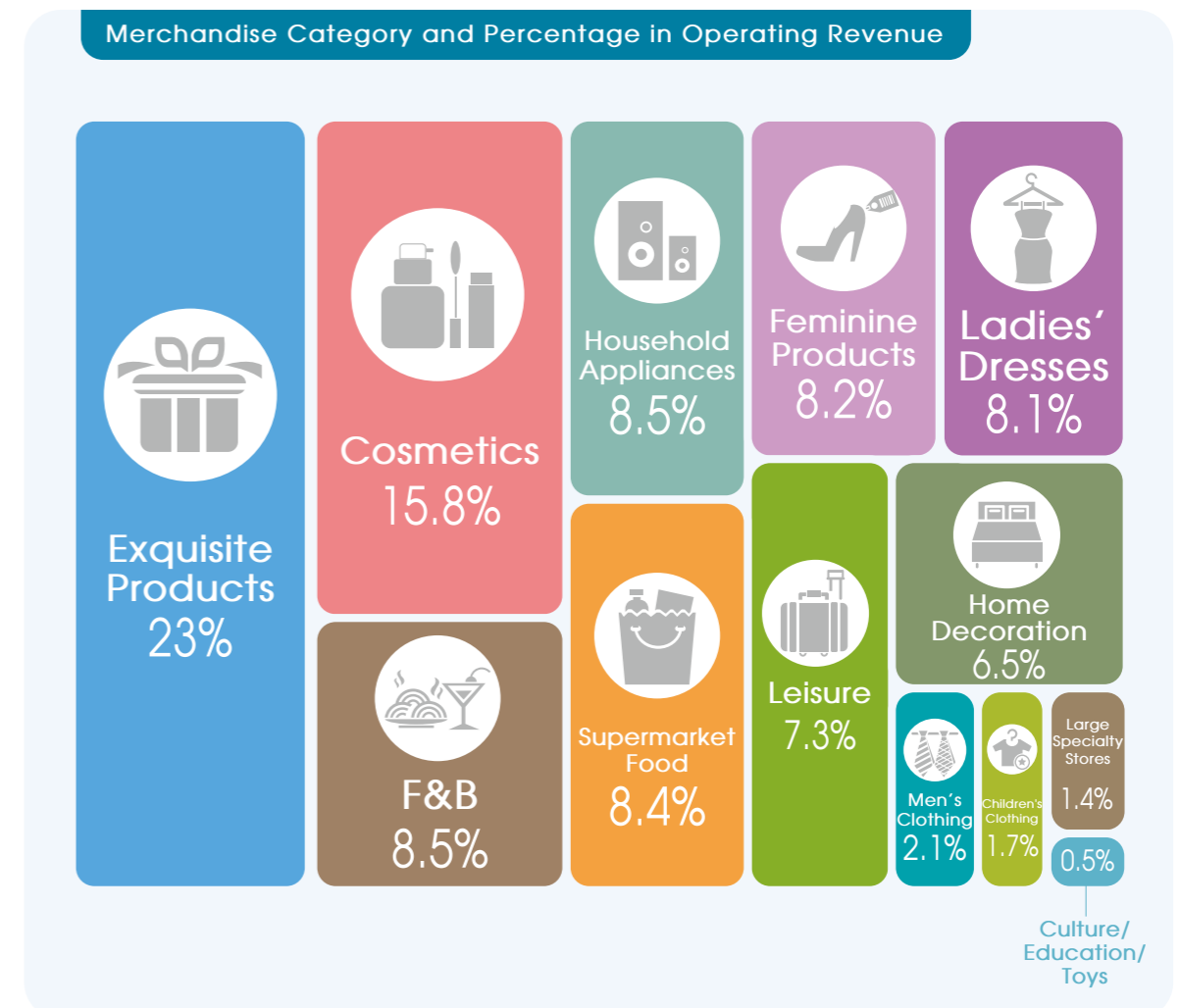
Unit: NTD thousand; EPS (after tax) in NTD

	2018	2019	2020	2021
<b>Operating Revenue (IFRS) Gross Method</b>	43,344,369	42,861,166	41,841,986	41,199,368
Sales Revenue	42,847,338	42,320,804	41,300,951	40,671,300
Others	497,031	540,362	541,035	528,068
<b>Operating cost</b>	35,778,506	35,446,032	34,885,037	34,602,198
Sales cost	35,594,107	35,259,898	34,698,642	34,415,650
Others	184,399	186,134	186,395	186,548
<b>Operating Expenses</b>	5,283,313	5,151,764	4,935,099	4,598,939
Employee Compensation and Welfare*	1,307,569	1,261,241	1,248,956	1,256,000
Advertisement Expenses	247,158	258,008	419,589	298,648
Others	3,728,586	3,632,515	3,266,554	3,044,291
<b>Operating Profit</b>	2,282,550	2,263,370	2,021,850	1,998,231
<b>Non-operating Revenue/ Expenses (net)</b>	(1,452,862)	(1,316,684)	(812,742)	(539,068)
<b>Pre-tax profits</b>	829,688	946,686	1,209,108	1,459,163
<b>After-tax Profits</b>	428,934	485,212	1,060,261	1,160,502
<b>EPS (after tax)</b>	0.52	0.59	1.28	1.40
<b>Return on equity (%)</b>	3.95	4.42	9.36	9.76
<b>Capital</b>	8,280,000	8,280,000	8,280,000	8,280,000

\* Employee Compensation and Welfare\* includes non-normal wages for the employees and employee welfare of other kinds.

For more information | Please visit the MOPS (2903) <http://mops.twse.com.tw/mops/web/t146sb05>

We sell various products. Cosmetics, exquisite products, ladies' clothing, and feminine products were the major sources of operating revenue in 2021, occupying 55.1% of the total revenue. Since people could not go abroad during the pandemic, the consumption of exquisite products was remarkable. Revenue from the exquisite products grew by 4.7% in comparison with the previous year. Revenue from restaurants dropped by 1.3% and supermarket revenue grew slightly by 0.3%. The operating performance of household appliances and food products sold in the supermarket remained steady.



## 1.2.3 Digital Development

Shopping habits and consumption patterns have changed due to the impact of the pandemic in recent years, and these changes have accentuated the importance of digital transformation to an organization. Far Eastern SOGO deems this crisis an opportunity of digitalization. We start from two strategies of "optimization of digital governance" and "enhancement of digital experience" and conduct data analysis using the CRM (Customer Relationship Management) tool to find the balance between the protection of the stakeholders' digital privacy, improvement of the shopping quality, and management of the consumption journey.

Since the introduction of the Far Eastern SOGO APP to the market, we have developed an OMO strategy and provided instant shopping services of high quality and sustainability. The number of members reached up to 900,000 as of the end of 2021 with a growth rate of 49% in comparison with the previous year.





## Two Strategies

### Internal · Optimization of Digital Governance



Purpose

To develop future governance policies and market strategies by implementing digital transformation.

Action Plan

#### Establishment of an OMO Strategy

- We encourage ordering meals online and picking up meals offline to reduce stay time and increase the willingness to consume during the pandemic by combining the app push and "E-MENU Food Express" functions.
- iStore provides fruit pre-ordering services based on special festival schedules.
- Far Eastern SOGO develops digital labeling and divides customers into different groups for precision marketing.
- We define the positioning of the e-commerce and find out the uniqueness of SOGO e-commerce.

#### Implementation of Precision Marketing

- Far Eastern SOGO develops digital labeling and extends the functions of the label beyond gender, population statistics, hobbies, social attributes, and consumer behavior by developing an operation platform. With at least 80 types of labels, we conduct data mining more deeply and have an insight into the behavior and preference of consumers. Customers are divided into groups to meet their demands more precisely and save 90% of the operation time for employees.

#### Enhancement of System Resilience

- Data traffic is 10 times the normal transmission during the period of annual sales. The system loading test is conducted two months earlier and a situation room is set up to monitor the system and perform troubleshooting for the annual sale to ensure smooth operation of the prize awarding system, POS system, and official website and overcome the challenge of a traffic surge.
- Previously, the POS system was operated by storing data on the server at the place where the store was located, and the data was then uploaded to the headquarters in batches. Now, data is uploaded to the cloud in a real-time manner for more favorable integration of information and collection of operational data, and stores can support each other more easily.

Result in 2021

- 90% of the time needed for operation of the customer grouping in the previous years was saved in favor of work efficiency of the employees.
- The SOGO iStore business grew by 884%.
- The positioning of e-commerce was completed, and the edition will be revised at the end of August 2022.
- The prize awarding system worked smoothly during the period of the annual sale.

### External · Enhancement of Digital Experience



Purpose

To build a pleasant digital experience environment and optimize customer's journey in an era in which every consumer has a mobile phone.

Action Plan

#### Upgrade of Shopping Experiences

- We encouraged customers to use our APP to avoid contact during the period when the pandemic became worse. Far Eastern SOGO upgraded the APP and POS machines in 2020 to eliminate the restrictions arising from the exchange of invoices for special offers manually. (The APP functions include collection of HAPPY GO membership points, parking discounts, electronic coupons/vouchers/shopping gifts or other electronic gifts, and information on special offers of different stores)
- We have simplified the promotion lottery events. For example, the most complicated household appliance promotion events have been simplified from ten to six categories.

Action Plan

#### Real-Time Digital Communication

- We publish merchandise information or perform live-streaming via self-media, such as Facebook, Instagram, and LINE@Life Circle, and digital media APPS, including the unmatched IG Shopping in the department store industry and the live-streaming shopping guide. A link to the products is attached to the merchandise information.
- The growth of our e-commerce business and the integration of the digital marketing tools were highly supported by the customers. With the 2.8 billion of online messages, we won the Best Reviewed Online Award - Innovation Leadership Award.

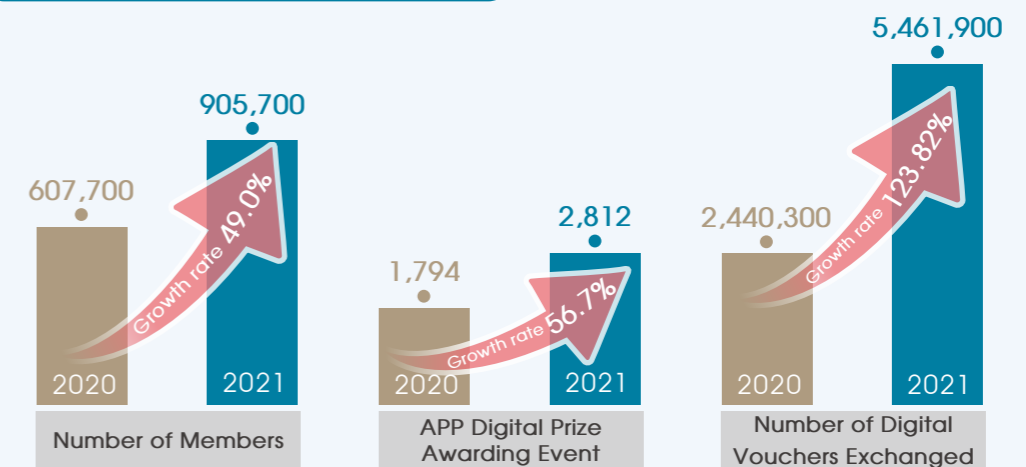
#### e-Payment

- Far Eastern SOGO is the first department store that issues e-gift vouchers in Taiwan in response to the change of the consumer's shopping patterns and the protection of the environment. We encourage customers to present the gift vouchers to others and use them to reduce the environmental cost arising from traditional gift vouchers.
- Our system supports 13 e-payment methods to simplify the payment process. SOGO APP supports four of them.

Result in 2021

- There were 906,000 SOGO APP members as of the end of 2021 with a growth rate of 49%.
- The number of APP vouchers grew by 123%.
- The number of people joining the community grew by 12%.
- Though the cost was reduced last year, the simplification of the promotion events helped customers more easily understand and the performance was remarkable. For example, the revenue from the household appliances at the Fuxing Store grew by 7.5%.
- The amount of the mobile payment in 2021 grew by 46% in comparison with 2020.

#### Far Eastern SOGO APP Growth Rate



#### SOGO APP supports 13 e-payment methods

E-payment Instrument	• Apple Pay	• Alipay
	• Samsung Pay	• EasyCard
e-Gift Voucher (SOGO APP Special Support)	• Google Pay	• HappyCash
	• Line Pay	• EC Pay
	• WeChat Pay	• HAPPY GO Pay
	• Ticket Xpress	• Give Voucher
	• e-Gift/Merchandise Voucher	



# 1.3 Information Security Protection

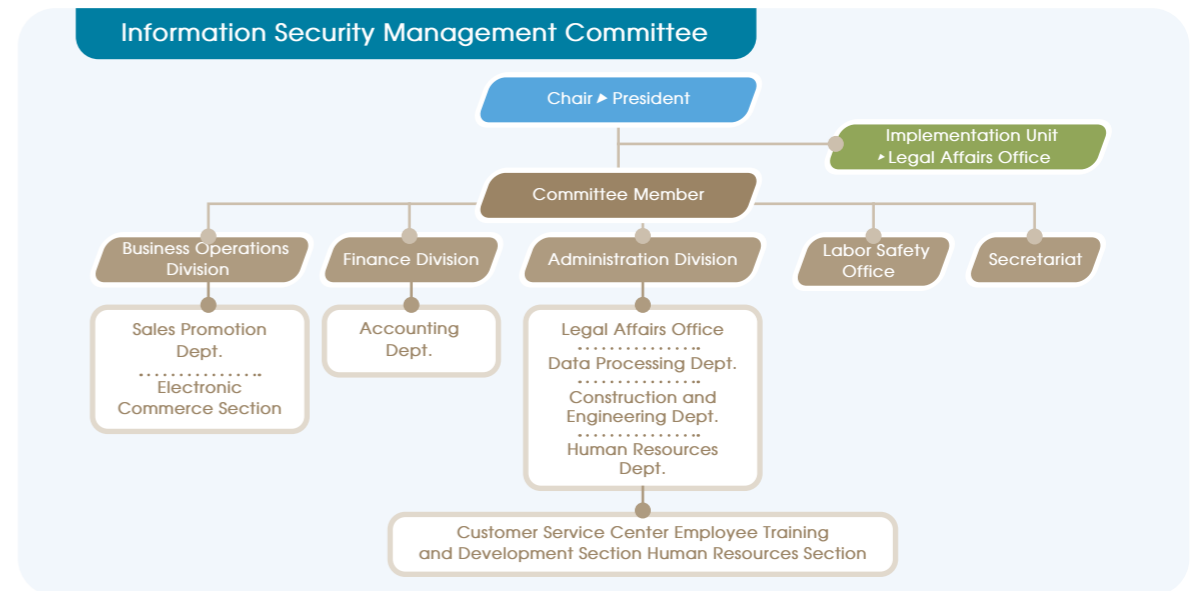
## 1.3.1 Information Security Management Committee

Since the department store can access a large amount of personal data, we observe laws strictly to protect the personal data of customers and employees and their privacy of property. The Company has set up the "Information Security Management Committee" with the President serves as the chair. The departments that have access to the personal data are appointed as the committee members.

To enhance the information security protection of Far Eastern SOGO, we dispatched personnel to participate in the training course for TPIPAS (Taiwan Personal Information Protection and Administration System) Manager. They passed the examination and at least one participant acquired the "TPIPAS Personal Data Manager" certificate to improve the information security management capability.

The Information Security Management Committee checks the use of personal data on an irregular basis. It has finished the personal data checking, establishment of the personal data collection procedure, amendment of the personal data clauses in the consignment counter agreement, education and training of the employees in Taiwan about personal data, and changes to the marketing methods on special days. For the sake of caution, Far Eastern SOGO establishes the "Information Security Event Reporting System" and requires that the department where personal data problems occur or are identified is obligated to report them to the Information Security Management Committee. The Legal Affairs Office is responsible for execution.

Strategy	Action Plan	Result in 2021
<p><b>External</b></p> <p>Build a Safe Shopping Environment</p>	<ul style="list-style-type: none"> <li>The one-counter-one-machine method is adopted for settlement. Customers can carry out the payment procedure at the counter to save time and avoid leakage of privacy because the card is out of sight.</li> <li>The membership card is electrified and integrated with the SOGO APP to optimize the consumption experience and mitigate the concern about loss of the physical card.</li> </ul>	<p>There was no leakage of personal data at any of the business locations in 2021.</p>
<p><b>Internal</b></p> <p>Establish the Foundation for Business Operation and Governance</p>	<ul style="list-style-type: none"> <li>We have established the "Personal Data Protection Management Policy". It was promulgated after the Information Security Management Committee gave its approval. Any concerns about or leakage of personal data shall be dealt with by the corresponding responsible departments and the Information Security Management Committee.</li> <li>Smooth Communication Channel: Any concerns or requests of the customer about personal data may be dealt with through the customer complaint channel.</li> <li>We have enhanced the information security test and introduced an information security management system.</li> </ul>	<p>An external institution conducted the "Mobile App for Basic Information Security Testing" from December 2021 to April 2022. All the iOS and Android devices were compliant with the "Mobile App for Basic Information Security Testing Standard V3.1".</p>



## 1.3.2 Information Security Risk Management

To ensure the implementation, effective operation, supervision, and management of the Company's information security management system, we conduct continuous improvement in the PDCA Cycle process to protect the confidentiality, completeness, and availability of our important information systems.



To enhance the awareness of personnel, avoid leakage of data, and ensure daily maintenance and operation, Far Eastern SOGO planned an information security audit in 2021 to find out possible risks and properly define the goals to be achieved via the information security audit.

Internal Audit	External Audit
<ul style="list-style-type: none"> <li>The CPAs of Deloitte &amp; Touche Taiwan performed a computer audit and information security inspection in March 2021.</li> <li>All the stores in Taiwan finished the internal audit in the first half of 2021 and ensured that the personal data protection was implemented in accordance with relevant laws and the regulations of the Company. The appropriateness of the internal control was validated. Some items that were worth being raised for the audited unit to take care of and for which further improvement is needed were identified during the audit. Discussion was made with related personnel during the audit and they were urged to make improvement.</li> </ul>	<ul style="list-style-type: none"> <li>ISSDU (Information Security Service Digital United Inc.) conducted the "Mobile App for Basic Information Security Testing" from December 2021 to April 2022. All the iOS and Android devices were compliant with the "Mobile App for Basic Information Security Testing Standard V3.1".</li> </ul>

Short-term Goal in the Future ▶ Introduction of ISO 27001 information security management verification.



### 1.3.3 Protection of Personal Data

As for the personal data on the "HAPPY GO Joint Loyal Card", we only retain the file corresponding to the membership number for comparison with the data on the HAPPY GO points collection platform. We are not able to acquire any data of the members or check their identities. The Company has established the processes for collection, processing, and use of customer's personal data as well as file security protection operations to ensure effective protection and control of customer's data during the application for the card.

Far Eastern SOGO retains the data of customers on the HAPPY GO points collection platform, Ding Ding Integrated Marketing Service Co., Ltd. It has acquired the ISO 27001 (ISMS) certificate and follows the Taiwan Personal Information Protection and Administration System (TPIPAS) regulations and received the DP Mark (Data Privacy Protection Mark). The data of all customers is encrypted and protected properly on the HAPPY GO points collection platform.

We commission "Ding Ding Integrated Marketing Service Co., Ltd." to conduct a customer satisfaction survey every year with the HAPPY GO card owners as the target. The survey is conducted only after the interviewee shows his/her willingness. The comments of the interviewee are protected and no personal opinions or data will be presented individually.

#### Management of Key Personal Data

Item	Management Method	Management Unit
Charge Slip	The consignment counter lessee gives it to the cashier every day before closing the store. Charge slips are retained in the warehouse or vaults for one year and shall be destroyed after the retention period.	Cashier Section
Name List of Participants	It shall be destroyed after the activity.	Sales Promotion Dept.
Personal data related to exchange of gifts.	It shall be destroyed after the activity.	Sales Promotion Dept.
Personal Data of Employees	1. Access permissions shall be set in the system containing the personal data of employees. 2. The personal data of employees who have terminated the employment agreement shall be archived in accordance with laws and regulations. They shall be destroyed after a five-year retention period.	Human Resources Dept.
Customer's Stock Transfer Data	They shall be destroyed after a one-year retention period.	Individual Sales Departments
Petition Data	1. The internal paper-based petition data shall be destroyed one week after the case is closed. 2. A file of electronic petition data shall be created using the form in the system. They shall be archived after the case is closed and access permissions shall be set	Customer Service Section
Customer Rental Service	The data provided for a rental shall be destroyed on the current day after the rented object is returned.	Customer Service Section
Form of Lost Property	It shall be destroyed after a two-year retention period.	Customer Service Section

## 1.4 Risk Control

### 1.4.1 Risk Management

Globalization results in a close relation to the economic and trading issues in the world. More and more people are concerned about the issues of global climate change and merchandise safety in recent years. E-commerce and many unprecedented consumption patterns emerge rapidly in the IoT era. The risk and fierce changes in the external environment bring about great challenges to the department store industry, and the COVID-19 pandemic changes what the global retail industry has ever presented.

In consideration of the risks in business operation, Far Eastern SOGO can properly prevent and address the threats and opportunities that various risks bring about to the Company with the support of the established internal control mechanism and ethical management. In doing so, we develop countermeasures proactively and establish strategies for different potential risks. We request functional committees to hold regular meetings to ensure the effectiveness of our risk management strategies, in the hope that Far Eastern SOGO can operate stably and develop sustainably. We conduct assessment of our internal control system pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" of the Financial Supervisory Commission. There were no significant defects in the internal control system of the Company in 2021

The "Decision Implementation Committee" is the highest decision-making unit of Far Eastern SOGO. Being formed by the heads of the sales, sales promotion, administration, and finance departments, the Committee is responsible for developing the Company's operation guidelines on a regular basis. It may formulate projects if necessary and take follow-up actions to understand the effectiveness of the implementation. The Auditing Office is responsible for assessment and handling of various internal and external risks. The risks in 2021 were addressed as follows:

Risk Type	External Environmental and Risk	Countermeasures
<p>Operational Risk</p>	Force majeure and other disasters occur, and the operation may be interrupted as a result	<ul style="list-style-type: none"> <li>Established Emergencies Handling Regulations to ensure effective and systematic management of emergencies in levels.</li> <li>Enhanced education and training of employees and routing drills to improve the emergency response ability.</li> <li>Implemented inventory management properly and reviewed the supply process together with suppliers and lessees (consignment counters) on a regular basis to ensure an uninterrupted supply chain.</li> <li>Ensured smooth shopping channels via online sales outlets.</li> <li>Changed the transaction methods at physical stores.</li> </ul>
	<p>The retail industry is facing the facts that e-commerce patterns and virtual channels have emerged rapidly and consumer behavior changes very quickly. The spaces that department stores can use for opening and deploying more stores have become more saturated. A new competition era is coming with more competitors.</p>	<ul style="list-style-type: none"> <li>Conducted big data analysis to understand consumer behavior and have a deeper insight into the preferences and habits of customers in their consumption.</li> <li>Implemented floor adjustment and merchandise configuration in an integrated manner and improved service quality and shopping experience.</li> <li>Integrated the advantages of physical stores and virtual channels to build a brand new virtually integrated channel and develop an online ordering and in-store pickup mechanism.</li> <li>Interacted with consumers through the five-sense experience and transformed shopping into "experiencing".</li> </ul>
	<p>Department stores have the demand for a business space with creative features and attractive highlights in stores, but the time and budget may not be controlled well and the operating cost increases as a result.</p> <p>We offered more digital prize awarding events to prevent fraud and avoid loss to the Company.</p>	<ul style="list-style-type: none"> <li>Established renovation project management regulations in 2021 to ensure the benefit of investment; controlled the expenses effectively for the renovation on the first to fourth floor at the Zhongxiao Store to reduce nearly 5% of the procurement and outsourcing costs and finish the renovation with 77.3% of the budget.</li> <li>Set up a new automated prize awarding inspection system in 2021 to prevent fraud and improve the operating performance.</li> </ul>
<p>Financial Risk</p>	<p>The global economy grows slowly, and the medium-term and long-term prediction becomes conservative. The adverse prosperity and fiercer competition lead to a restriction on the growth of the operating revenue. How to increase income and decrease expenditure has become crucial to the profitability.</p>	<ul style="list-style-type: none"> <li>Enhanced project control and follow-up on the progress of the implementation.</li> <li>Controlled the capital expenditure and cost properly and reduced unnecessary waste.</li> <li>Implemented a financial and accounting cycle audit pursuant to laws and regulations, including loans to others, endorsements, guarantees, and acquisition and disposal of assets.</li> </ul>



Risk Type	External Environmental and Risk	Countermeasures
<p><b>Personnel Risk</b></p>	<p>The employees of the department store industry are busy and sustain great stress. It is not easy to retain outstanding employees and the gap in the professional capability may occur easily as a result.</p>	<ul style="list-style-type: none"> <li>Conducted a satisfaction survey among new employees every year and made analysis of the willingness to remain in office, work performance, and level of attention to the demands of the job.</li> <li>Set the priority to training and retaining talents, improving the engagement of employees, and implementing the employee education and training mechanism.</li> <li>Optimized the rights and welfare of employees.</li> <li>Enhanced the communication channels and participation mechanism for employees.</li> <li>Built happy workplaces and provided employees with a healthy life guide.</li> <li>Checked the appropriateness of the procedures for employment termination, leave without pay, and retirement in 2021.</li> <li>Checked the process and consistency of the education and training courses at each store in 2021.</li> </ul>
<p><b>Supply Chain Risk</b></p>	<p>More governments and customers are concerned about the food safety issue, and this is also a focus in many laws and regulations. As a leader of department stores in operation and sustainability, Far Eastern SOGO will be urged and supervised more strictly in this respect.</p> <p>Remarkable annual operating revenue may lead to fraud in the transaction between the consignment counter lessees.</p>	<ul style="list-style-type: none"> <li>Implemented the supply chain management mechanism properly.</li> <li>Enhanced the combination with external evaluation to conduct supply chain management more objectively.</li> <li>Checked the self-operated cosmetics and those marketed in the supermarkets in 2021 to make sure they were not expired, the package was not damaged, and the label complied with the requirements.</li> <li>Established a corruption and fraud prevention and reporting mechanism.</li> <li>Conducted dissemination to the employees to avoid improper behavior.</li> <li>Implemented joint handling, approval, and acceptance of 625 purchase price negotiation cases for projects and general affairs in 2021 to ensure that the operation meets the principles of fairness, justice, and openness to provide consumers with a safe shopping environment and premium gifts.</li> </ul>
<p><b>Information Security Risk</b></p>	<p>In the era of multiple information applications, the personal privacy of customers and the safety of data in transactions may be involved at the marketing, shopping, and checkout stage. They must be controlled accordingly.</p> <p>Online activities increase during the digital transformation period. Maintenance of the routing business via real-time software or cloud collaboration applications have become mainstream. In these circumstances, the software or system that personnel use may bring about danger to the secrets of the Company and the personal data of customers.</p>	<ul style="list-style-type: none"> <li>Built a complete information security management mechanism and enhanced the protection of personal data.</li> <li>Enhanced the control of the shopping, transaction, payment processes and protect the personal transaction information of customers.</li> <li>Enhanced the awareness education of the employees and consignment counter lessees and fulfill the reminding and alerting obligations.</li> <li>Checked the management of 55 system accounts, passwords, and access permissions to understand their appropriateness in 2021 to enhance the information security.</li> <li>Installed anti-virus software on computer equipment and updated it from time to time to avoid invasion of viruses or malicious software.</li> <li>Arranged education, training, and dissemination related to information security and digital defense on a regular basis.</li> <li>Enhanced the system to block spam and viruses.</li> <li>Built digital empathy and give positive assistance to employees who need digital applications.</li> <li>Checked the personal data in which individual departments were involved in 2021 to verify their legality and the effectiveness of the data protection and enhanced personal data protection.</li> </ul>

Risk Type	External Environmental and Risk	Countermeasures
<p><b>Environmental Disaster Risk</b></p>	<p>More attention has been paid to environmental protection and energy/resource management globally. The competent authority may subject the energy/resource consumption and greenhouse gas emissions of the retail industry to control or implement such control by raising the cost of use.</p>	<ul style="list-style-type: none"> <li>Enhanced the energy management system and improved energy efficiency.</li> <li>Implemented automated environmental control systems continuously and reduced the usage of energy and resources.</li> <li>Strove for subsidies from the government to install energy-saving equipment as a substitute.</li> <li>Conducted inventory checking and assessments under the Task Force on Climate-related Financial Disclosures (TCFD).</li> </ul>
<p><b>Legal Compliance Risk</b></p>	<p>Any non-compliance with laws and regulations may lead to punishment imposed by the competent or regulatory authority and the revenue and goodwill of the Company may be affected as a result.</p>	<ul style="list-style-type: none"> <li>Conducted the annual audit plan in 2021.</li> <li>Conducted supervision of subsidiaries in 2021.</li> <li>Checked the business/financial management/procurement approval status of the subsidiaries in China in 2021.</li> </ul>
<p><b>Pandemic Risk</b></p>	<p>Many restrictive measures are taken domestically and internationally to cope with COVID-19. The infectiousness and uncertainty of the pandemic may affect the business and the revenue may drop as a result.</p>	<ul style="list-style-type: none"> <li>Launched the "Pandemic Command Center" system and establish the pandemic prevention guide when the first confirmed case occurred in Taiwan.</li> <li>Established the pandemic prevention guide pursuant to the regulations of the Taiwan Centers for Disease Control in 2021 and took countermeasures immediately.</li> </ul>

### 1.4.2 Handling of Emergencies

Far Eastern SOGO designates a person for the duties in each week according to the "Far Eastern Group Emergencies Handling Regulations", and the managerial officers on the level of assistant vice president or above play this role in turn. They are responsible for receiving the emergency report from one to two officers or deputy officers on duty every day. The designated person is responsible for the emergencies of the Company. When any natural disaster, shortage in energy, occupational safety accident, environmental protection or protect, labor-management dispute, criminal case, statutory infectious disease, business discontinuity, or other material emergencies occur, the designated person shall report it to the Group within 30 minutes, record it in the online emergency reporting system, and report the follow-up with the development regularly.

When an emergency occurs, Far Eastern SOGO will launch the response command system and form a command center with the President as the commander in chief. He/she shall report to the Chairman, map out strategies, and mobilize sufficient labor and resources as quickly as possible to prevent the emergency from affecting the business or goodwill of the Company.

### I Special Emergencies in 2021

An employee used a computer of the Company to acquire vouchers equal to \$90,500 improperly at the beginning of 2021. This incident did not bring about leakage of personal data or damage to any consumer, but increased promotion costs to the Company. Improvement Measures: (1) The Company applied a real-name system to the account and password strictly; (2) The personnel department established additional management regulations governing holding of accounts and passwords; (3) The Company enhanced the information security risk audit. This criminal case was still being investigated by the district prosecutors office up to the end of May 2022.



# 1.5 Supply Chain Management

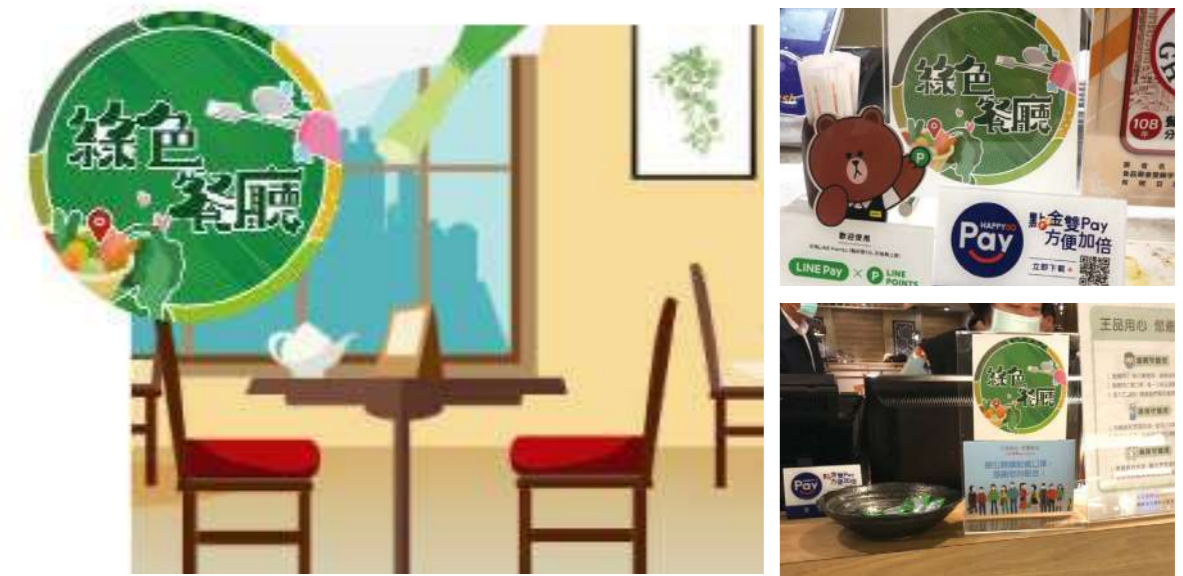
To build a safe and trustworthy shopping environment, Far Eastern SOGO Implements supply chain management by signing the "CSR Clauses" as required when purchasing goods locally. We introduced sustainable brands in the "SOGO Sustain · Good Things Are Easy to Choose" in 2021 and assisted consignment counter lessees in adapting themselves to the trend of sustainable consumption to enhance the resilience of the supply chain and work with the suppliers to march toward sustainable transformation.

Supply Chain Management Strategy			
Aspect	Purpose	Result in 2021	Future Goal
Local Procurement	As a retailer, Far Eastern SOGO demonstrates the power of the channel in the encouragement of consumers to buy local products. We encourage local industries to make further development and realize carbon reduction in supply.	All the critical business locations of Far Eastern SOGO are located in Taiwan. In 2021, all the goods for general affairs were purchased locally and the amount of expenditure reached up to \$666.95 million (calculated based on the registration of the suppliers in Taiwan).	<b>Start of the Net Zero Alliance</b> <ul style="list-style-type: none"> <li>All restaurants in our stores are expected to pass the EPA green restaurant certification at an achievement rate of 100%.</li> <li>Work with the supply chain and lessees to take the "One-Counter-One-Green Action" and realize the circular economy.</li> </ul>
Enhancement of Sustainable Supplier Selection	Assist consignment counter lessees with introduction of sustainable products and highlight the differences in products and services from competitors.	<ul style="list-style-type: none"> <li>Introduced sustainable brands in "SOGO Sustain · Good Things Are Easy to Choose" and published the first issue at the beginning of November 2021.</li> <li>95% of the restaurants in our stores pass the EPA green restaurant certification.</li> </ul>	<b>Promotion of the Circular Business Model</b> <ul style="list-style-type: none"> <li>Establish supplier human rights management policies to ensure the ESG facets of the supply chain meet the sustainability management requirements.</li> <li>Start the supplier ESG survey and give guidance according to the sustainability categories of the supplier.</li> </ul>
Enhancement of Supplier's Resilience	Reduce negative impact and conduct supplier sustainability management.	We incorporated all the consignment counter lessees and suppliers in the scope of management, and ensured compliance with the regulations governing merchandise safety, labor rights, environmental protection, and sustainability by signing the "CSR Clauses" as required.	

## Sustainable Consumption — Assistance to F&B Consignment Counter Lessees with Acquisition of the "Green Restaurant" Certificate.

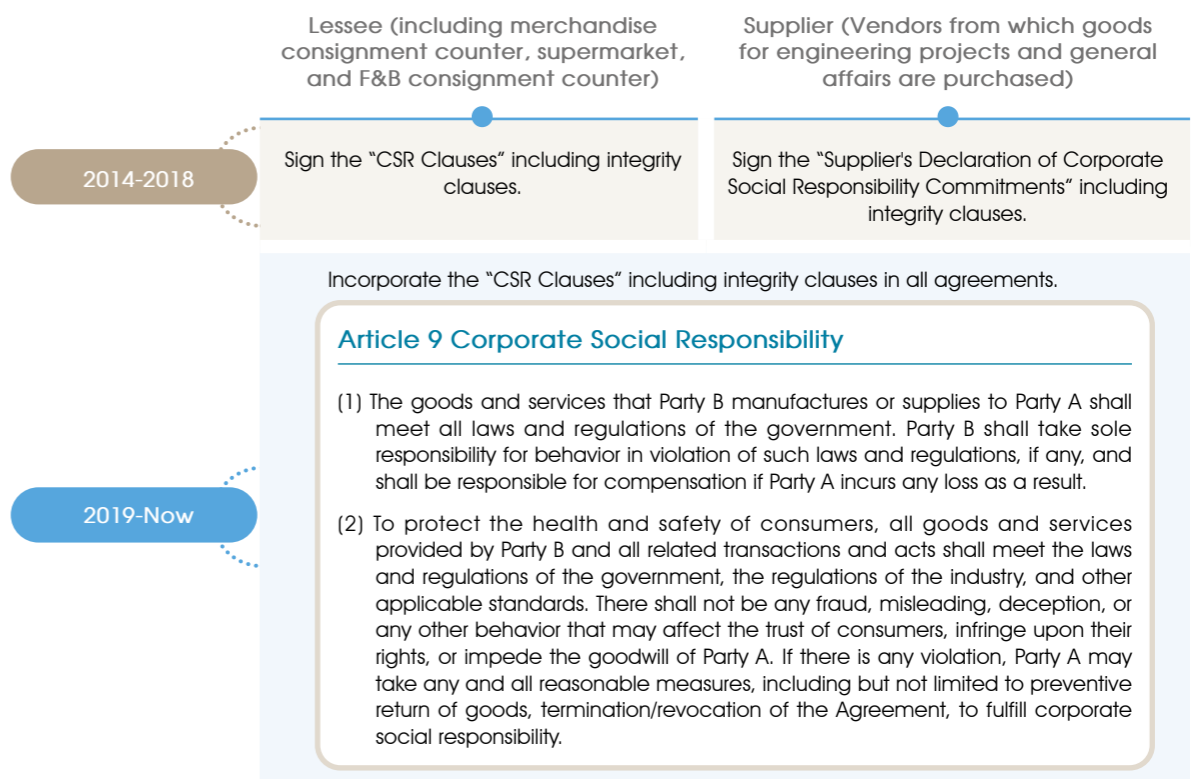
Far Eastern SOGO has promoted SOGO's New Era of Tableware since 2017. We worked with F&B consignment counter lessees to build the first department store in Taiwan that "completely prohibits one-off and melamine dining utensils". Then we organized a series of New Era of Tableware activities. No matter whether in the promotion of a traceless diet or complete prohibition of plastic straws, we played a leading role in the department store industry in Taiwan and do not provide "one-off dining utensils" free of charge. These were the environmental protection and food safety activities that we promoted in cooperation with suppliers and consignment counter lessees.

In 2021, Far Eastern SOGO extended attention to the popular restaurants in the stores and assisted them with the acquisition of the "Green Restaurant" certificate in response to the three major points of "reduction from the source, use of local ingredients, and cherishing food when ordering meals". As of the end of 2021, all three stores in Taipei City (Zhongxiao Store, Fuxing Store, and Dunhau Store) passed the green restaurant certification, and more than 80% of the restaurants in the Tianmu Store and Hsinchu Store passed the certification. Except for new counters and restaurants that have not finished the inspection and certification of the competent authority, Far Eastern SOGO will march toward the goal of passing the green restaurant certification at an achievement rate of 100%.



### 1.5.1 Supplier Regulations

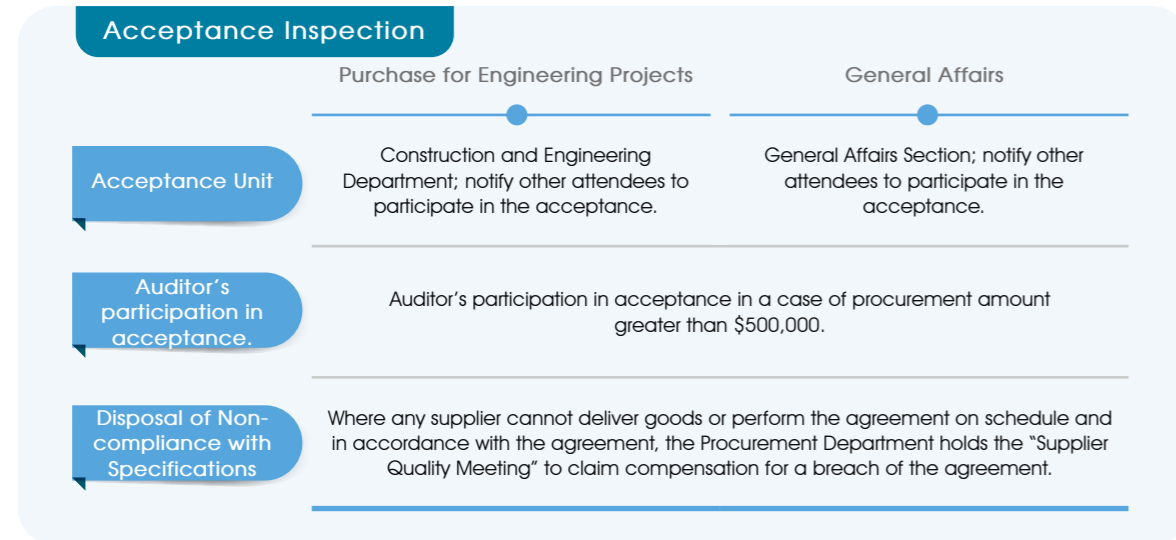
The main vendors of Far Eastern SOGO are lessees and suppliers. The lessees are the vendors that rent the merchandise consignment counters, supermarkets and F&B consignment counters, while the suppliers are the vendors from which we purchase goods for engineering projects and general affairs. To ensure that suppliers meet the sustainability principles of Far Eastern SOGO, we have requested our lessees and suppliers to sign the "CSR Clauses" and "Supplier's Declaration of Corporate Social Responsibility Commitments" since 2014; we have incorporated the CSR Clauses in all agreements entered into with suppliers since 2019.



**For more information** | Please visit the "Supplier Management" section on the Far Eastern SOGO website: <https://esg.sogo.com.tw/4-8-2.php>



Far Eastern SOGO requires all supplies and lessees to observe the CSR Clauses in the agreement to ensure compliance with regulations governing merchandise safety, labor rights, environmental protection, and sustainability. We have a complete acceptance inspection process to ensure that suppliers will perform the agreement. The Auditing Office also conducts regular audits on suppliers, including written reviews, or on-site inspections in person.



### Establishment of Sustainability Management Standards

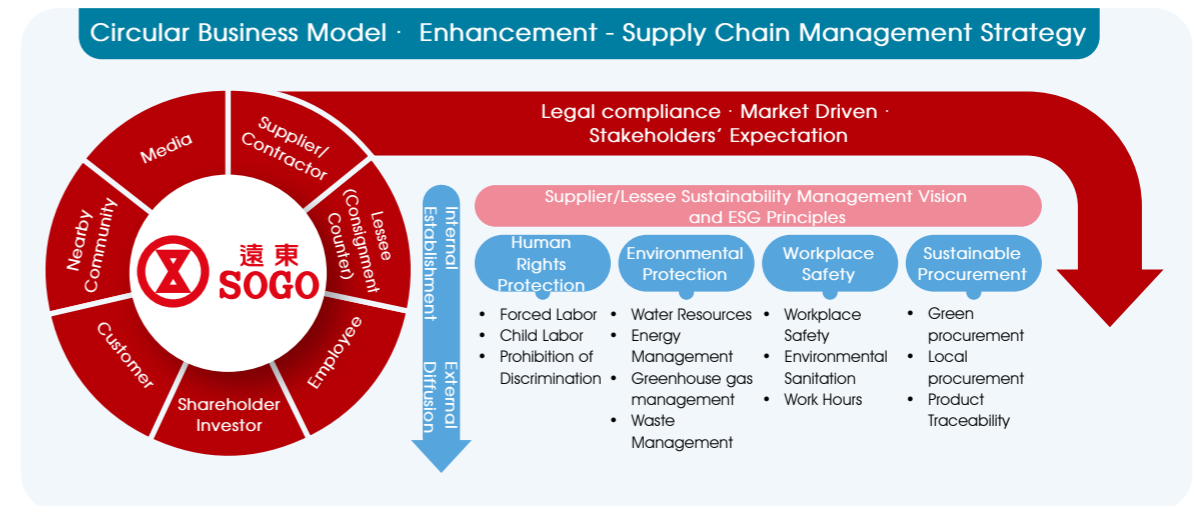
Far Eastern SOGO incorporates the "CSR Clauses" and "Supplier's Declaration of Corporate Social Responsibility Commitments" in all standard agreements entered into with suppliers and lessees, in the hope to take the lead in collaboration with the vendors to build an environment of sustainability.

Supplier Category	Lessee (including merchandise consignment counter, supermarket, and F&B consignment counter)	Suppliers for General Affairs	Suppliers for Engineering Projects
Administration Department	Related Units/Merchandise Department at Each Business Location	Procurement Dept.	Procurement Dept.
Execution of Agreement	Sign the "CSR Clauses" in the agreement containing basic terms and conditions for the first collaboration; sign the "Supplier's Declaration of Corporate Social Responsibility Commitments" in the regularly renewed agreement containing business terms and conditions.	Suppliers for a procurement amount of more than \$500,000 sign the "CSR Clauses".	Suppliers for a procurement amount of more than \$1,000,000 sign the "Supplier's Declaration of Corporate Social Responsibility Commitments".
Number of Agreements Concluded in 2021	3462	160	43
Coverage	100%	100%	100%

**For more information** | Please visit the "Supplier Management" section on the Far Eastern SOGO website: <https://esg.sogo.com.tw/4-8-1.php>

### Circular Business Model and Enhancement of Supplier's Resilience

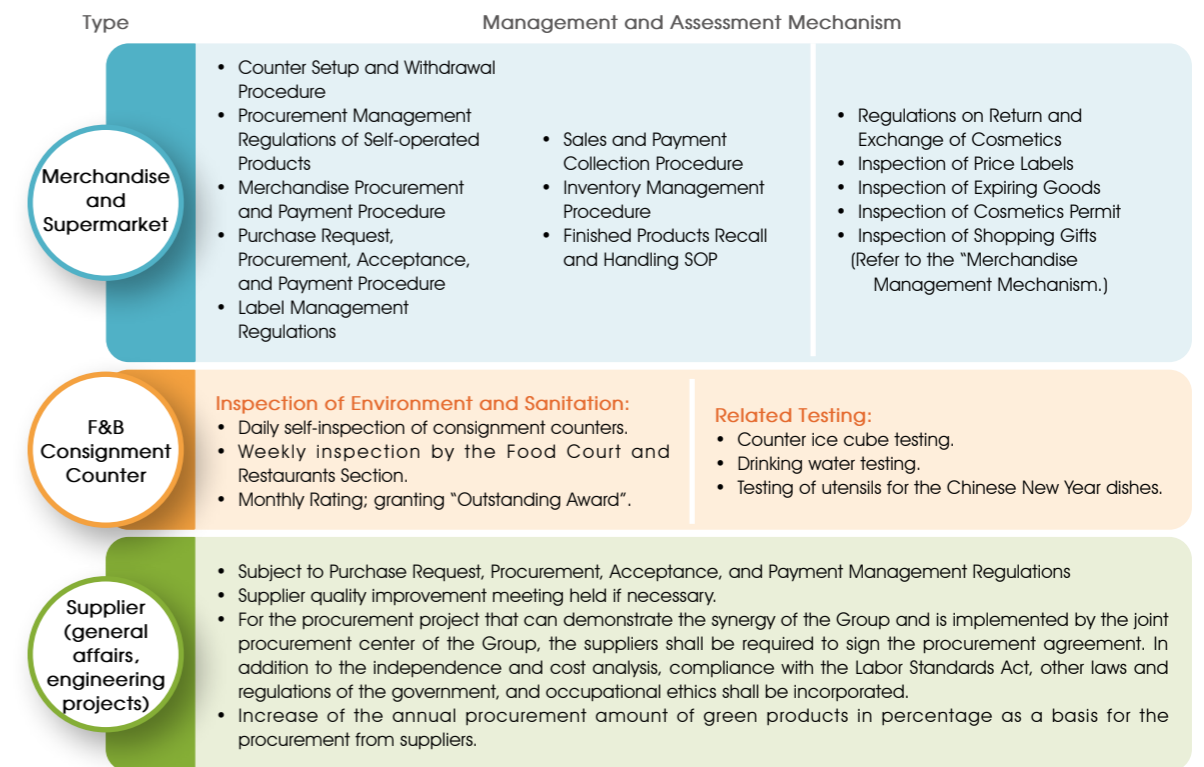
We will keep enhancing our supply chain management policy and promote a net zero alliance by integrating the upstream and downstream value chain to march toward sustainable transformation. We will assist contractors and suppliers with their promotion of sustainability to ensure compliance with the ESG principles in respect of human rights protection, environmental protection, workplace safety, and sustainable procurement.



### 1.5.2 Management and Audit

Far Eastern SOGO has different vendors, and the management mechanism is designed depending on the property of the vendor to ensure field management and inspection as well as provision of safe products for customers. On-site inspection is conducted irregularly on the vendors of high risk.

Far Eastern SOGO selects new vendors very carefully. Outstanding vendors are selected through collection of data, interviews, and scoring. The candidates who have a higher assessment score will have the collaboration opportunity. The unit needing the vendor shall complete the "Assessment Form" for the target supplier. This form will be used as one of the supplier evaluations. Qualified vendors will be promoted to suppliers in the coming years; suppliers that remain unqualified after guidance will not be appointed.



**For more information** | Please visit the "Supplier Management" section on the Far Eastern SOGO website: <https://esg.sogo.com.tw/4-8-2.php>

# Sustainable Environment Power



## Special Report / P.60

Special Report - Presented with the "Honorable Enterprises Environmental Protection Award". The Only Company in the Department Store Industry

In 2021, the power consumption was reduced by **6.85%**; the revenue generated from power consumption was increased by nearly **6%**

Presented with the silver class award or higher of the "National Enterprises Environmental Protection Award" for **three** consecutive years, creating a precedent for the department store industry

Tianmu Store was approved again for the extension of the carbon footprint reduction label certificate

We have issued more than **4.2 billion** digital gift vouchers to substitute paper-based ones that, if piled up, would be equal to the height of **3.7** Jade Mountains.

Far Eastern SOGO has been dedicated to building a green operational culture and pursuing the goal of sustainability based on the three facets of "integration of energy and resources", "green marketing", and "environmental education" since receiving the first "carbon label" in the department store industry in 2015. We continue to optimize energy saving equipment and combine specialized marketing creativity and the channel platform characteristics of the department store industry to "build the No. 1 green department store in Asia". We also ingrain the awareness of environmental protection in the minds of customers, employees, suppliers, and other stakeholders unobtrusively and imperceptibly through life proposals and multiple dissemination opportunities in our daily operation and service routine.

### SDGs



### Sustainability Issue

- Green Service
- Climate Change and Adaptation
- Energy Management
- Waste Management

### Primary Stakeholders

- Customer
- Employee
- Lessee (Consignment Counter)
- Supplier/Contractor



Special Report



## Presented with the “Honorable Enterprises Environmental Protection Award”. The Only Company in the Department Store Industry

In 2021, the anti-pandemic measures were upgraded in the world and Taiwan experienced a Level-3 alert for more than two months. Though the department store and catering industries were affected by the pandemic seriously, Far Eastern SOGO did not delay or stop their actions to cope with climate change. We received a total of seven awards and two certificates related to the sustainability of the environment during this period in 2021.

Far Eastern SOGO won the silver class award or higher of the “National Enterprises Environmental Protection Award” for three consecutive years (silver class award in 2019, silver class award in 2020, gold class award in 2021) and, for this outstanding performance, received the “Honorable Enterprises Environmental Protection Award”, creating a precedent for the department store industry. Not only coming to the Presidential Office to receive the praise, Chairman Sophia Huang acted as the representative of all the “National Enterprises Environmental Protection Award” winners to deliver a speech. “In contrast to the leading Hi-Tech manufacturers and financial groups, carbon reduction and environmental sustainability are not like Far Eastern SOGO. However, we will cooperate with the government and do our best to build a green shopping environment and work with supplies and stakeholders to march toward the goal of ‘net zero carbon emissions by 2050!’”



SOGO received the “Honorable Enterprises Environmental Protection Award”

sustainability are not like Far Eastern SOGO.

With respect to energy saving and carbon reduction, the Tianmu Store of Far Eastern SOGO received the first “carbon label” in the department store industry in 2015. In 2018, the Tianmu Store received the “carbon reduction label” again for its outstanding performance in the reduction of carbon by 24.77% within three years. In 2021, the Tianmu Store was approved again for the extension of the carbon footprint reduction label certificate. It presented a carbon footprint of 28 g Co2e/m2 per hour in the department store services with a carbon reduction of 40.406% in comparison with the previous year. For this outstanding performance, the Tianmu Store once again received the “carbon reduction label”. Receiving the “carbon reduction label” creating a precedent in the department store industry.

With this, we hope to attract more department stores to take the issues of climate change and greenhouse gas control more seriously and make a joint contribution to energy saving, carbon reduction, and environmental sustainability.

The Tianmu Store of Far Eastern SOGO is the first department store to acquire the carbon label in Taiwan and the first store that the Environmental Protection Administration incorporates for green procurement under the service-based carbon label. The institutions and companies in the public and private sectors can purchase products at the Tianmu Store in accordance with the procurement indicators of government agencies. As long as the procurement is conducted at the Tianmu Store within the carbon reduction label period (2021 to 2026), the purchaser can report 30% of the total amount as a green procurement amount to add green value to the organization of the purchaser.



# 2.0 Strategic Results and Planning

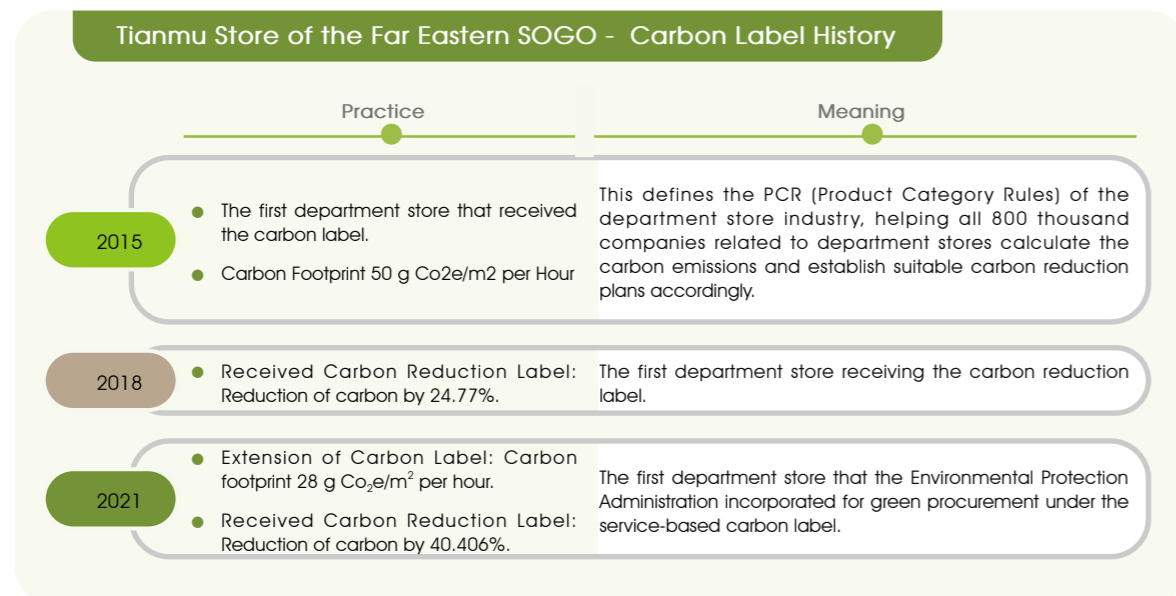
As for the environmental sustainability issues, Far Eastern SOGO puts the concepts of environmental protection into routine operation practices. We implement energy management and take energy saving measures, create green corporate culture, and propose concrete action plans in consideration of individual stakeholders, including implementation of sustainable supplier selection and green procurement with respect to upstream consignment counters and suppliers, and conducting green marketing and green consumption with customers as the target, in the hope to promote environmental education and take a leading role in green consumption awareness through our sales channels.

Material Topic	Green Service	Climate Change and Adaptation	Energy Management	Waste Management	
GRI Standards	Industry Issue	GRI 201: Economic Performance GRI 305: Emissions	GRI 302: Energy	GRI 306: Waste	
Management Approach	Strategic Target	<b>Upstream ▶</b> Supply Chain Management <b>Downstream ▶</b> Concepts of Environmental Protection Communication	Conduct carbon inventories to understand the carbon emissions percentage of individual stores and arrange further carbon reduction and adaptation measures.	Reduce power (water) consumption and increase the usage of renewable energy.	Be dedicated to reducing consumption of resources and environmental pollution with our daily business operation as the starting point.
	Management Method and Communication Mechanism	<b>Upstream ▶</b> Sustainable supplier selection, green procurement <b>Downstream ▶</b> Green service dissemination	Enhance supervision through ESG Committee and Energy Management Commission.	Enhance supervision through Energy Management Commission and engineering meetings in Taiwan.	
	Assessment Mechanism	Quantify Data and Increase/Decrease YoY	Proportion of the Stores With Respect to Their Carbon and Greenhouse Gas Inventories	Proportion in Reduction of Power (water) Consumption and Use of Renewable Energy	Proportion in Reduction of Waste and Recovery
Goal Setting	Short Term	<ul style="list-style-type: none"> <li>Develop SOGO Sustain and conduct sustainable supplier selection</li> <li>Promote social innovation products</li> <li>Enhance green marketing and increase the proportion of green restaurants</li> <li>Put forward a circular packaging material recycle project</li> </ul>	Conduct carbon and greenhouse gas inventories at the Zhongxiao Store and Fuxing Store.	<ul style="list-style-type: none"> <li>Reduce energy (water) consumption; save 6% of the power and reduce 1% of water consumption annually with 2018 as the base year</li> <li>Increase the proportion of the renewable energy in power generation; the third solar power generation equipment was set up for the parking tower at the Hsinchu Store; the self-generated power occupies 10% of the power consumption at the Fuxing Store</li> <li>Join in EP100</li> </ul>	<ul style="list-style-type: none"> <li>Increase the proportion of recovery</li> <li>Reduce 3% of the garbage annually generated from manufacture at a cost of \$1.00 with 2018 as the base year</li> </ul>





Material Topic	Green Service	Climate Change and Adaptation	Energy Management	Waste Management
Goal Setting	Medium to Long Term Increase the proportion in traceability and transparency of products.	All the stores in Taiwan finish their carbon and greenhouse gas inventories.	<ul style="list-style-type: none"> <li>All the stores in Taiwan finish their ISO 50001 energy management system verification</li> <li>Achieve EP100 goals</li> </ul>	Increase the waste recycle rate by implementing the circular economy
Annual Highlighted Results	<ul style="list-style-type: none"> <li>In 2021, the power consumption was reduced by 6.85% and the revenue generated from power consumption was increased by nearly 6%.</li> <li>Far Eastern SOGO won the silver class award or higher of the "National Enterprises Environmental Protection Award" for three consecutive years (silver class award in 2019, silver class award in 2020, gold class award in 2021) and, for this outstanding performance, received the "Honorable Enterprises Environmental Protection Award", creating a precedent for the department store industry.</li> <li>The Tianmu Store was approved again for the extension of the carbon footprint reduction label certificate. It presented a carbon footprint of 28 g Co<sub>2</sub>e/m<sup>2</sup> per hour in the department store services with a carbon reduction of 40.406% in comparison with the previous year. For this outstanding performance, the Tianmu Store received the "carbon reduction label" again.</li> <li>We referred to and introduced the international framework of the "Task Force on Climate-related Financial Disclosures" (TCFD) for the first time.</li> </ul>			



The power consumption of Far Eastern SOGO has been reduced for five consecutive years, and the revenue generated from each kWh was increased annually, helping Far Eastern SOGO formulate a green energy blueprint for the retail industry gradually. The endeavors of Far Eastern SOGO was recognized with the silver medal of the "Taiwan Sustainability Action Awards" and the Excellence Award under the "Taipei City Energy Saving Leader Award". Far Eastern SOGO also participated in the competition titled "Commercial Services\*Carbon Reduction in the Summer" and received a good result for reduction of the electricity expenses. The Hsinchu Store of Far Eastern SOGO won the Environmental Education Award for promotion of tree planting and beach-cleaning activities and gathering of more than ten thousand participants to overcome the challenge of 10,000 steps during a period of more than 10 days.

Far Eastern SOGO has referred to and introduced the international framework of the "Task Force on Climate-related Financial Disclosures" (TCFD) since 2021 to realize corporate sustainability. We conducted a deep identification of the climate risks and opportunities related to business through in-depth interview, questionnaire survey, collection of data, and cross-analysis. In this way, we adapted ourselves to the climate change and are dedicated to the mitigation to improve the resilience in business operation, drive the transmission of the industry, and create new opportunities.

We promoted the initiative of sustainable consumption while being dedicated to saving energy and reducing emissions. In 2021, we developed the sustainable supplier selection project and introduced selected sustainable products under "SOGO Sustain · Good Things Are Easy to Choose" prior to the annual sale. These products demonstrated common good to society. They are friendly to the environment and were recommended to customers by publishing monthlies on a regular basis. By doing so, we taught consumers to understand that the rights of the next generation will not be affected while the contemporary and current demands were satisfied, and customers could decide the future that we will have through consumption.

In the meantime, we conducted green procurement with all products purchased locally and worked with our suppliers to promote the "New Era of Tableware". Far Eastern SOGO's New Era of Tableware evolved into 5.0 in 2021. We assisted F&B consignment counter lessees with EPA "Green Restaurant" certification and more than 95% of the restaurants in the stores around Taiwan were green restaurants as of April 2022.

### Far Eastern SOGO's Environmental Sustainability Awards



### Far Eastern SOGO's Environmental Sustainability Certification





## I Far Eastern SOGO Sustainability Framework Milestone

**2015**

- The first department store in Taiwan to receive Carbon Labeler (Tianmu Store).
- The first department store in Taiwan to issue electronic gift vouchers.

**2016**

- A great deal of green procurement starting from paper.

**2017**

- The first department store in Taiwan to pass the ISO 50001 certification (Dunhua Store).
- The first department store in Taiwan to prohibit one-off and melamine dining utensils, a practice two years ahead of the government's policy.

**2018**

- The first department store in Taiwan to receive the carbon reduction label (Tianmu Store).
- The first department store in Taiwan to conduct greenhouse gases inventory (Fuxing Store).
- The solar power generation project at the Tianmu Store is started again.
- The Fuxing Store applied for BOE ESCO replacement of water chiller units and has good energy saving effectiveness.

**2019**

- The Zhongxiao Store, Zhongli Store, and Kaohsiung Store applied for BOE ESCO energy saving subsidies to replace water chiller units and has good energy saving effectiveness.

**2020**

- Dunhua Store ISO 50001 extension.
- Proposal to launch the second solar power generation equipment in Hsinchu.

**2021**

- The first introduction of TCFD and disclosure in the 2021 Sustainability Report.
- The first department store in Taiwan to receive the carbon reduction label (Tianmu Store).
- Sustainable supplier selection and sustainable products under "SOGO Sustain · Good Things Are Easy to Choose".
- Guidance to F&B consignment counter lessees in the application for green restaurant certification. 95% of the restaurants in Taiwan have finished the EPA green restaurant certification as of April 2022.
- The first department store (Tianmu Store) that the Environmental Protection Administration incorporated for green procurement under the service-based carbon label.
- Presented with the silver class award or higher of the "National Enterprises Environmental Protection Award" for three consecutive years; winning the "Honorable Enterprises Environmental Protection Award".

# 2.1 Green Department Store

Far Eastern SOGO has been dedicated to building a green operational culture and pursuing the goal of sustainability based on the three facets of "integration of energy and resources", "green marketing", and "environmental education" since receiving the first "carbon label" in the department store industry in 2015. We continue to optimize energy saving equipment and combine specialized marketing creativity and the channel platform characteristics of the department store industry to "build the No. 1 green department store in Asia". We also ingrain the awareness of environmental protection in the minds of customers, employees, suppliers, and other stakeholders unobtrusively and imperceptibly through life proposals and multiple dissemination opportunities in our daily operation and service routine.

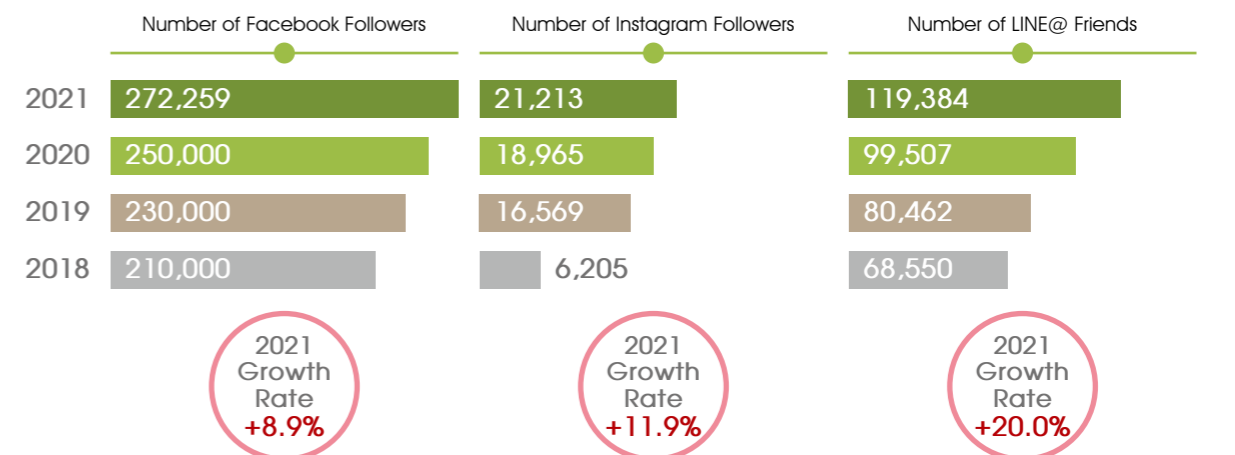
As a retailer, we do not manufacture products directly but promote green concepts by organizing a variety of marketing activities with gifts in different forms. When stepping in Far Eastern SOGO, customers enter a field of environmental education and can perceive the energy saving environment, participate in low-carbon education events, buy green products, and enjoy the five-sense experience of green sustainability.

## 2.1.1 Green Action

### ISOGO Channel Digital Marketing Integration

We provide customers with shopping information more conveniently and quickly, reduce the consumption of paper, and minimize the impact on the environment using our nine green marketing tools: The Far Eastern SOGO APP, LINE@, Facebook Fan Club, Instagram, iStore, YouTube, e-payments, big data, and electronic signboard. During the 2021 annual sale, digital services reached 3.36 million customers with a growth rate of 24% in comparison with 2020. In the meantime, we have gradually digitized the internal communication devices of all stores in Taiwan to reduce the consumption of paper and related consumables and improve communication effectiveness.

To enhance the management of digital communication, we integrate digital marketing power into the SOGO Channel. A dedicated planning team spares no effort in the development of social platforms such as the Facebook Fan Club, Instagram, YouTube, and Line@ Live Circle to maximize the power of digital communication.



Note The aforementioned data is the sum of the Zhongxiao Store, Fuxing Store, and Junhau Store in Taipei City.

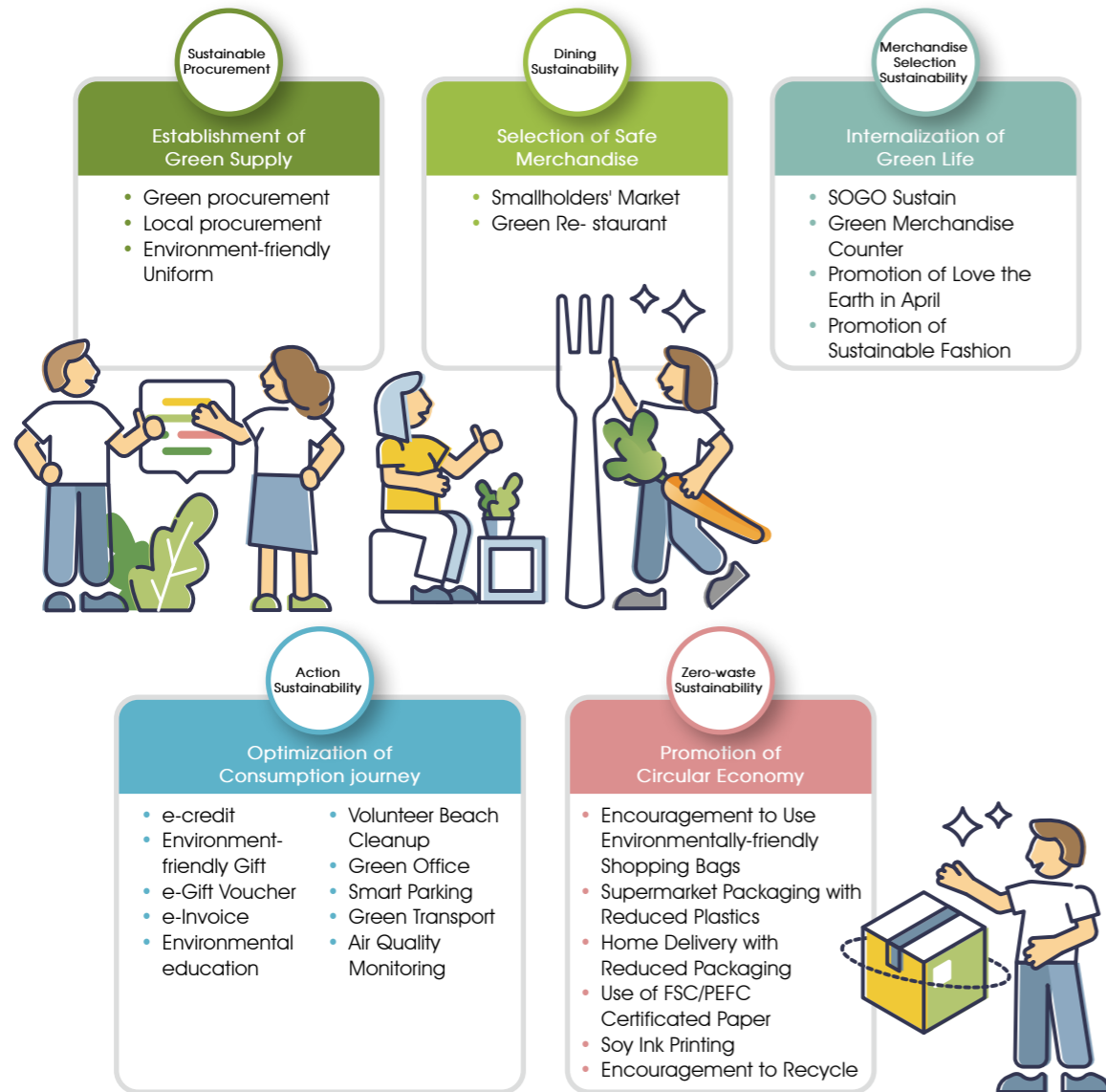


We push content of high quality and more than 90% of the posts are native texts and images. The live stream is helpful to manifest the presence of cloud consumers. We had more than 270,000 Facebook followers and nearly 120,000 Line@ friends as of the end of 2021. The number of self-media members of the stores in Taipei City exceeded 410,000.

In addition, the SOGO APP has played a major role in the promotion of green marketing. The APP integrates the information on shopping gifts and special offers of individual stores. The customers, no matter whether receiving paper-based DM or e-DM, can receive the promotion information in a real-time manner and participate in digital gifting events. The consumption of paper is reduced substantially in this way. The number of digital vouchers exchanged via the APP grew by 123.82% in 2021 and a paper cost of \$5.30 million was saved.

## 2.1.2 Green Action

Far Eastern SOGO integrates the concepts of sustainable consumption and low-carbon life in the routine operation and service process of the organization by combining specialized marketing creativity and the channel platform characteristics of the department store industry. We work together with stakeholders to march toward the goal of green department stores based on the organizational principles and consumption journey designs with "Sustainable Procurement", "Dining Sustainability", "Merchandise Selection Sustainability", "Action Sustainability", and "Zero-waste Sustainability" as the cores



## Sustainable Procurement

We promote green department stores and extend the concepts from internal practices to external implementation. When conducting procurement, we take purchase of goods with environmental labels and certificates as the first priority. Green procurement in the respects of marketing, events, general affairs, and energy increases every year, such as high-efficiency lighting fixtures (e.g., LED lights) as a substitute in business locations, equipment with energy saving marks and comprehensive use of FSC certified paper, to reduce the consumption of resources.

	2018	2019	2020	2021
<b>Green Procurement</b>				
Amount	NT\$33,855,330	NT\$31,956,905	NT\$30,208,221	NT\$25,387,484
Percentage	4.49% in the Current Year	4.91% in the Current Year	3.95% in the Current Year	3.96% in the Current Year
<b>Award</b>				
Received praise from the Taipei City Government.	Received praise from the Taipei City Government.	Received praise from the Taipei City Government.	Received praise from the Taipei City Government.	Received praise from the Taipei City Government.
		Received praise from the Environmental Protection Administration, Executive Yuan		
<b>Green Procurement Item</b>				
1. Paper Bags (FSC)	1. Paper Bags (FSC)	1. Paper Bags (FSC)	1. Paper Bags (FSC)	1. Paper Bags (FSC)
2. Copy paper (FSC)	2. Copy paper (FSC)	2. Copy paper (FSC)	2. Copy paper (FSC)	2. Copy paper (FSC)
3. Copy Machines (environmental label)	3. Copy Machines (environmental label)	3. Copy Machines (environmental label)	3. Copy Machines (environmental label)	3. Copy Machines (environmental label)
4. Hygiene Products (FSC)	4. Hygiene Products (FSC)	4. Hygiene Products (FSC)	4. Hygiene Products (FSC)	4. Hygiene Products (FSC)
				5. Recycled Polo Shirt

**Note** 1. The amount of green procurement comes from data registered with the Department of Environmental Protection, Taipei City Government.

2. Local procurement means that the address of the supplier's company is registered in Taiwan.

### Environment-friendly Uniform

The uniforms for the female employees and managerial officers of Far Eastern SOGO are tested according to the OEKO-TEX 100 standards and produced using fabric that is not harmful to the health of human beings. A total of 5,034 uniforms were produced in 2021. In 2022, we purchased recycled fabrics for production of about 450 polo shirt uniforms for the Sales Promotion Department, Merchandise Management Section, and Gift Voucher Section.



## I Dining Sustainability

We select premium ingredients and organize the largest smallholders' market in Taiwan. In addition, we work with consignment counter lessees to acquire the green restaurant certificate from the Environmental Protection Administration to ensure the sustainability of dining.

### Promotion of Local Ingredients/Agricultural Products: Smallholders' Market as a Feature of Far Eastern SOGO

We have long been concerned about environmental protection and customers' health and promote "local food and beverages", an important factor in food miles. In addition to irregular exhibitions and sale of smallholders' local products, large smallholders' markets have been organized at the Zhongxiao Store in Taipei City for many years. In this way, we introduce more new and good products of smallholders to consumers and help them learn and understand how to transition to the last mile smoothly in the journey "from the place of origin to the shelf".



Every farmer interacts with consumers face to face and learns how to communicate with and sell products to them. Consumers, on the other side, can understand the effort that farmers make during the planting and growing processes of their products.

Through Far Eastern SOGO's smallholders' markets, more customers can interact and communicate with farmers and producers. In a gradual and orderly way, we help consumers who prefer friendly products and green household utensils become long-term advocates and promoters. In 2021, when the global pandemic continued into the second year, the smallholders' market had a new mission: The global spread of the pandemic urged people to take actions jointly for survival at the time when our planet is in danger. Purchase of organic agricultural products, friendly locally processed food, and low-carbon domestic products are the action to save the planet through consumption, and this is a green action that everyone can take part in at any time.



The number of the consumers has grown up to more than **60,000** transactions with a unit price that has increased **19%** in comparison with 2020.

Far Eastern SOGO is concerned about the "energy saving in food and beverages" in the food mileage. Since 2018, the Zhongxiao Store has worked with Season Selection, a social innovation company, to organize smallholders' markets and promote local, seasonal, and low-carbon food. Smallholders' products are marketed under the concept of cultural innovation. The market has successfully become the "largest smallholders' market at a department store in Taiwan". It is the cultivation center of gourmets and gluttons, and through these activities, the number of the consumers has grown every year up to more than 60,000 transactions with a unit price that has increased year by year. Though the number of the customers coming to the smallholders' market was affected by the pandemic in 2021, the unit price grew by 19% in comparison with 2020.

Far Eastern SOGO worked with the Agriculture and Food Agency to organize an exhibition of Life with Nature



Wang-Kuo Ting-Sung, President of Far Eastern SOGO (fifth from the left); Hu Jong-I, Director General of the Agriculture and Food Agency (fifth from the right); Master Baker Yoshi, Champion of MONDIAL DU PAIN (first from the left); Thomas Chien, Best French Chef in Southern Taiwan (second from the left)



In addition to receiving the special award under the "Buying Power - Social Innovation Products and Services Procurement" in 2021 thanks to the organization of the smallholders' market, we were presented with the award by the Agriculture and Food Agency under the "Outstanding Contributory Enterprises in Marketing of Agricultural Products".

## A total of 19 smallholders-related activities were held at the stores around Taiwan in 2021 and more than 100 thousand people were benefited from these activities.

Date	Theme	Store	Partner	Number of participants
2021/1/16-10/11	Young Farmers' Market (10 sessions)	Tianmu Store	Sanchung District Farmers' Association	50,000
2021/1/23-1/24, 5/8-5/9	Smallholders' Market with Wonderful Food (2 sessions)	Kaohsiung Store	Tongxin Yuan Farm	2,000
2021/4/20-4/25, 10/13-10/17	Life with Nature (2 sessions)	Zhongxiao Store	Agriculture and Food Agency, Water Garden Organic Farmers' Market, Taipei Cultural Exploration Association	14,000
2021/4/23-4/25	SOGO's Support for Pineapple Smallholders	Hsinchu Store	Sun Day Sunday	1,000
2021/8/9-8/22	Fresh Summer	Fuxing Store	Fucheng Dried Fruit, Golden House of Prunes, Realcome Biomed Co., Ltd., Grand Blossom Grange, Caixuan Food Company, Donghe Oil Factory, Old Longevity Keeping in Good Health, Lyon Organic Company Limited, Lixiong Tea Shop, Seeinherb Co., Ltd., Tony & Amy	700
2021/10/19-10/24	Agricultural Products From Yilan, Hualien, and Taitung	Zhongxiao Store	Agriculture and Food Agency, Water Garden Organic Farmers' Market, Taipei Cultural Exploration Association	5,000
2021/11/25-11/28	Fresh Ingredients From Mountains and the Sea - Winter Smallholders' Market	Zhongxiao Store	Season Selection	15,000
2021/12/4-12/5	Full Township Market	Tianmu Store	Full Township	11,000

### Special Counter for Smallholders in the Supermarket

In addition to the smallholders' markets organized for a specific period, there is a permanent special counter for smallholders in the supermarket of the Zhongxiao Store in Taipei City. The products of smallholders are collected and sold there and the layout in this collective way is not only convenient for customers, but also more attractive to them. Asakusa Agriculture Processing, a social innovation company, has a booth in the supermarket. Tony's Chocolonely, the friendliest chocolate in the world, and other sustainable products are sold there, too.



Please scan the QR Code for a video of Smallholders' Counter.



### Promotion of "Green Restaurant" Together with F&D Consignment Counter Lessees

To support the cherishing food/local food plan of the Environmental Protection Administration, we assisted the F&B counters with promotion of the green restaurant certification at the end of 2020. There are nine restaurants and four tea shops that passed the "Green Restaurant Label" certification up to Q1, 2021, indicating that Far Eastern SOGO has implemented environmental protection in three dimensions:



It was really classic when all the restaurants and tea shops at the Zhongxiao Store have become a model by passing the green restaurant certification. This success has extended to all the other stores in Taiwan to ensure that every meal ordered by a consumer is a selection more friendly to the environment. Up to the end of April 2022, there were 82 restaurants in Far Eastern SOGO in Taiwan and 78 of them passed the green restaurant certification; i.e. 95% of them are green restaurants. Those that did not pass the certification were new F&B consignment counters waiting for the guidance and audit of the competent authority.



Please scan the QR Code for more information on green restaurants.

For more information | Far Eastern SOGO Green Restaurant List: <https://esg.sogo.com.tw/greenrestaurant.php>

#### Far Eastern SOGO's New Era of Tableware

Far Eastern SOGO takes the lead in the promotion of "low-carbon food" together with F&B consignment counter lessees. In 2017 we played a leading role in the department store industry to stop using one-off and melamine dining utensils and replace them with secure, safe, and environmentally-friendly ones to start a new era of tableware.

Year	Key Action
2017.04	Eight stores in Taiwan stopped using melamine dining utensils and replaced them with secure, safe, and environmentally-friendly ones to start a new era of tableware.
2018	We promoted a traceless diet, advocates reduction of speed, and supported a sustainable new life of zero burden.
2019.05	We completely prohibited plastic straws and establishing this practice ahead of the government's policy.
2019.09	We took the lead in the department store industry not to provide free "one-off dining utensils".
2020-2022	We spared no effort to promote green restaurants and 95% of the restaurants passed the certification.

### Merchandise Selection Sustainability

#### SOGO Sustain · Good Things Are Easy to Choose

In addition, we published the special issue of "SOGO Sustain · Good Things Are Easy to Choose" in November 2021 and strictly selected sustainable products that were environment-friendly and tried to solve social issues, enabling consumers to "make good choices easily every time when they consume". For more information, refer to Chapter 1, Sound Operation Power on P. 29.

#### Green Merchandise Counter

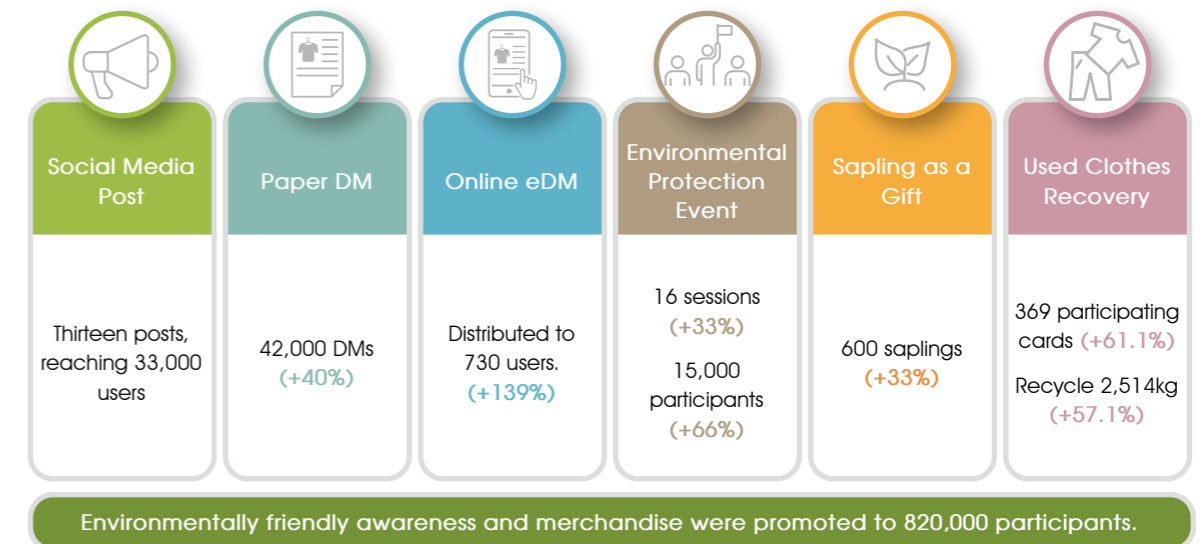
We set up green merchandise counters at our physical stores and promote environmentally-friendly green and energy-saving products by distributing special DM issues.

On the floor where household appliances are sold, we emphasize the marking of energy labels for green products, such as air conditioners and washing machines, in conspicuous places. This marking in conjunction with other promotion measures ensures easy identification and selection for consumers. We organize various green product promotion activities on an irregular basis to help customers implement environmental protection and save energy with the most favorable offers. A total of 45,000 sets of products with energy saving, water saving, and green merchandise labels were sold in 2021, a reduction of 10% in comparison with 2020 due to the pandemic.

### Action Sustainability

#### Promotion of Earth Day in April

World Earth Day is in April. We promoted a "Love the Earth" event in 2021 to help consumers buy environmentally-friendly products and promote the awareness of environmental protection.



In 2021, Far Eastern SOGO also organized other events including "Publication of Love the Earth Declaration, Presentation of Green Plants" (a total of 600 plants), a weaving course of second-hand clothes, and donation of second-hand clothes. We also worked with the Agriculture and Food Agency to organize an exhibition of environmentally friendly organic products for sale. In addition, we cooperated with external organizations, including the Taipei Zoo, National Museum of Marine Science and Technology, Greenpeace, Taiwan Power Company, and Hsinchu Forest District Office, to provide various activities such as parent-child events to learn about biodiversity, ecological tours, arctic ecology devices, action plays on protection of the planet, and tree planting tours. The environment protection activities in cooperation with consignment counter lessees were another focus, such as replacement of old brand jeans with new ones.



### Sustainable Fashion

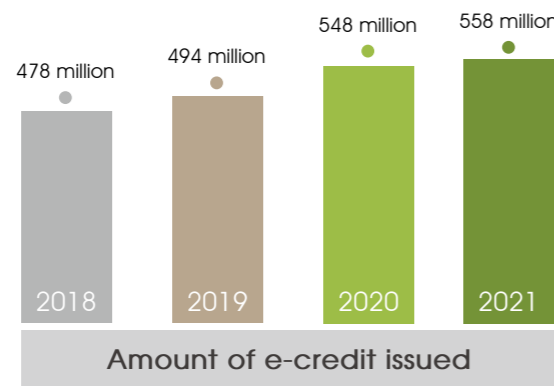
Far Eastern SOGO has promoted sustainable fashion at the Fuxing Store since 2020. We worked with the "GoodPoint Exchange" to organize the "GoodPoint Exchange X Gorgeous Taiwan Fashion Week" in the hopes of creating and extending the trend of sustainability.

We organized a week of sustainable fashion in early September 2021 and combined sustainability with fashion by decorating the courtyard with environmentally friendly plants and fashionable clothes to manifest the unique elegance of autumn. The owner of Story Wear, a local brand in Taiwan, was invited to share the concepts of "combining sustainability with zero-waste fashion" with the help of women who started their second career and local tailors. By producing clothes with recycled fabrics, they protected the environment while pursuing fashion and promoting the circular economy to realize the spirit of sustainability.



### Replacement of Physical Gifts with e-Credit

Far Eastern SOGO has spared no effort in promoting green marketing in recent years. Considering that physical gifts may generate carbon emissions during the packaging and transport, we provide HAPPY GO e-credits as an option for gifts to make marketing more environmentally-friendly. More than 550 million HAPPY GO e-credits were granted in 2021 with an increase for four consecutive years. The promotion was obviously successful. Consumers have become used to collecting e-credits and exchange gifts against them when needed.

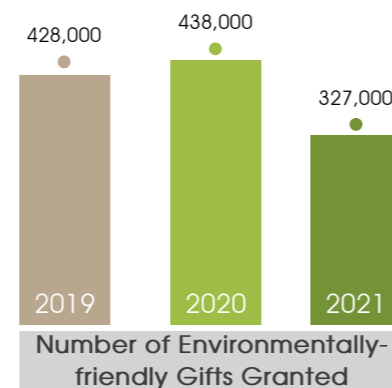


### Environment-friendly Gift

Far Eastern SOGO provides popular gifts such as environmentally-friendly cups, smoldering pots, shopping bags, food storage containers, and environmentally-friendly dining utensils. In this way, we encourage customers to use environmentally-friendly products as part of daily life. Electrical appliances with environmental labels are developed and purchased as gifts in priority.

327,000 environmentally-friendly gifts were granted in 2021. The quantity was reduced in comparison with 2020 because:

1. The number of shopping gifts were reduced during the period from May to August due to the pandemic
2. The threshold during the annual sale was raised and the number of the exchanges was reduced as a result



We rolled out sustainable fashion items jointly with brand owners in March 2022 and took the lead in the green consumption experience and the conversion of environmental protection to fashion. In addition, we used shopping bags completely made from recycled PET bottles as a gift for customers who visited the store. In this way, we invited them to support the spring fashion of sustainability.



### e-Gift Voucher

In addition to the promotion of non-cash payment, we are dedicated to digitizing paper-based gift vouchers, vouchers, and coupons to reduce the consumption of resources. After more than one year of promotion and the upgrade of the Far Eastern SOGO APP, we completely digitized the most frequently used vouchers and coupons in 2020 to save time and labor costs needed for customers to stand in a queue and reduce the consumption of paper substantially.

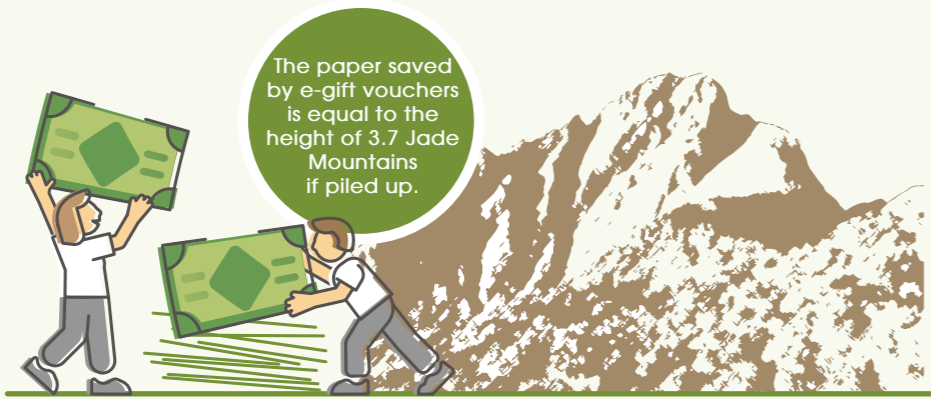
Thanks to the promotion, 1.88 billion of e-gift vouchers were issued in 2021 with an annual increase rate of 41%. We have issued more than 4.2 billion digital gift vouchers over the past seven years to substitute paper-based ones that, if piled up, would be equal to the height of 3.7 Jade Mountains.

Far Eastern SOGO three types of e-gift vouchers	
Feature	Description
<p><b>Voucher</b></p> <ul style="list-style-type: none"> <li>There is no need to stand in a queue or find the counter for the prize. SOGO APP provides a one-click function for redemption.</li> <li>There is no need to take elevators to other floors.</li> </ul>	<p>The vouchers are released in conjunction with the sales promotion activities at the store. Customers need not hold the invoice and line up before the prize counter. Instead, they only need to scan the QR Code on the invoice using their mobile phone to redeem or use the e-vouchers.</p>
<p><b>Ticket Xpress</b></p> <ul style="list-style-type: none"> <li>A new option is provided for customers to enjoy right after redemption.</li> <li>Contamination from printing and mailing of paper-based gift vouchers is reduced.</li> </ul>	<p>Far Eastern SOGO released the SOGO Ticket Xpress and is the first department store in Taiwan that uses such vouchers to give consumers more options. They only need to show the QR Code or the electronic serial number in the text message on their mobile phone to buy products.</p>
<p><b>Gift/Product Voucher</b></p> <ul style="list-style-type: none"> <li>Gift vouchers are in the SOGO APP and only a mobile phone is needed for shopping.</li> <li>Contamination from printing and mailing of paper-based gift vouchers is reduced.</li> </ul>	<p>The e-gift/product voucher is developed by Far Eastern SOGO and currently except for being issued to our employees, the award system and the PAY EASY website are also available for buying.</p>



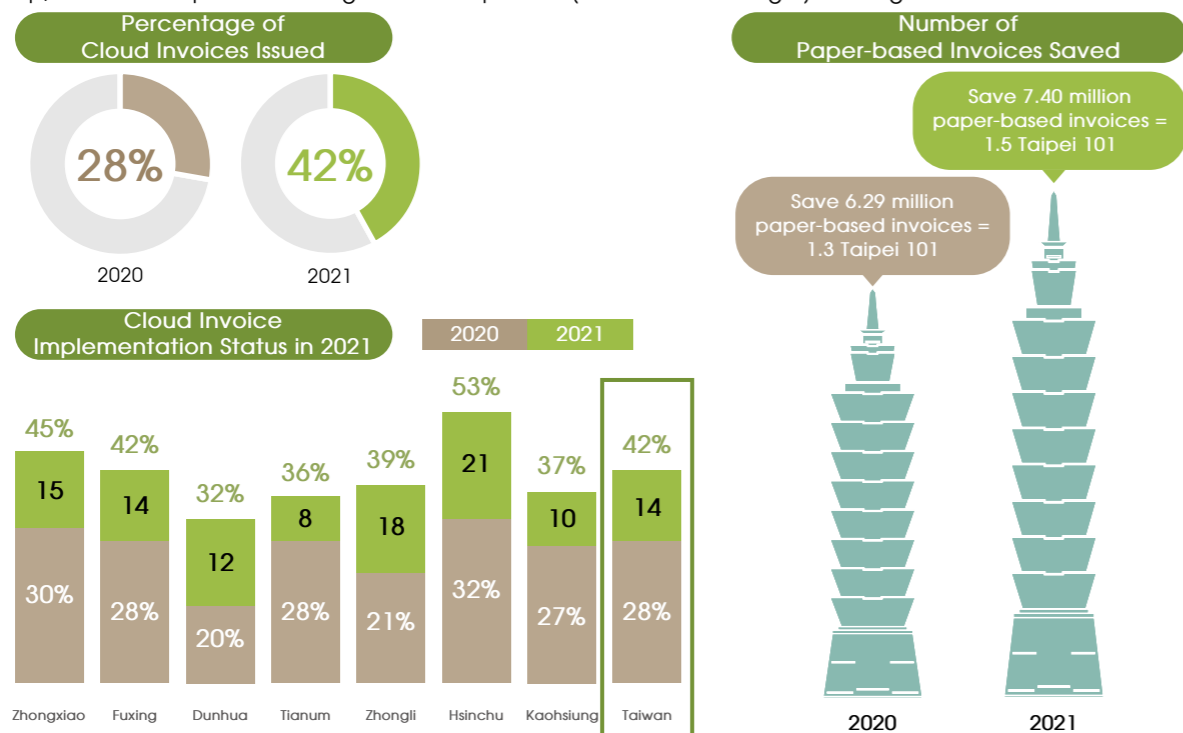
The amount of the electronic gift vouchers issued in different years

	2018	2019	2020	2021
Ticket Xpress	215,092,075	223,996,936	268,063,567	345,396,745
e-Gift/ Merchandise Voucher	45,122,735	54,198,311	187,247,255	238,740,204
e-Voucher	42,524,431	43,368,660	881,977,190	1,296,558,225
<b>Total</b>	<b>302,739,241</b>	<b>321,563,907</b>	<b>1,337,288,012</b>	<b>1,880,695,174</b>



e-Invoice

Far Eastern SOGO supports the e-invoice issuance policy of the Ministry of Finance. We have been presented with the "Taiwan Business Entity Cloud Invoice Issuance Competition Outstanding Headquarters Award" for two consecutive years. Cloud invoices were issued for 42% of the transactions in 2021 with an increase of 14% in comparison with 2020. 7.40 million paper-based invoices were saved, which, if piled up, would be equal to the height of 1.5 Taipei 101 (509 meters in height) buildings.



Environmental Education

Far Eastern SOGO is dedicated to the investment of resources and takes "building the No. 1 green department store in Asia" as the mission. In addition to improvement of energy efficiency during the service process, we implement the concepts of environmental protection thoroughly in our routine operations and activities by building department stores as a field of low-carbon education and leading stakeholders to internalize the awareness of environmental protection. Although the activities were reduced in 2021 due to the pandemic, we invested \$3.88 million and organized 87 environmental education events in the year. More than 130 thousand people benefited from these events.

Volunteer Beach Cleanup

The members of our volunteer club have cleaned up beaches since 2017. They create a beach cleanup history with every single step. The volunteer club put a section of a beach under its responsibility in 2021 and took this year as the "Beach Cleanup Year". With "the ocean must be cleaner" as the mission, the club members came to the beach once a quarter (only twice in 2021 due to the pandemic) and identified the type of the marine debris, calculated the quantity and total weight of the waste, and quantified the cleanup results every time when they cleaned up the beach. They helped employees understand the composition of marine debris and promoted awareness of reduction from the source and decrease of one-off products. Only two beach cleanup activities were held in 2021 due to the pandemic. 76 volunteers participated in the activities and collected 200 kilograms of waste. A total of eight beach cleanup activities were held and 713 hours were spent in 2018, 2020, and 2021 to collect more than 2 tons of waste.



SOGO Volunteer Beach Cleanup

Green Office

Far Eastern SOGO supports the "Green Office" policy of the Environmental Protection Administration under the concepts of Green Life. With the building of the headquarters as the starting point, we are dedicated to promoting the five indicators of "saving energy and resources", "reduction from the source", "green procurement", "environmental greening and beautification" and "dissemination and promotion".

5 indicators of the Green Office

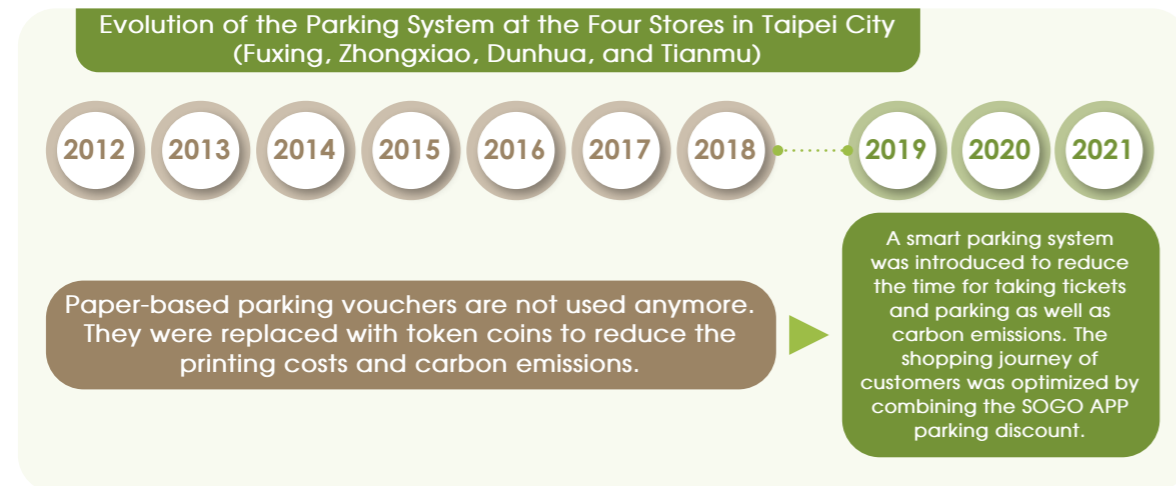


In addition to posting on FB fanpage and communicating related messages in the Line group of the headquarters, we organized an office greening competition in response to the custom of a thorough cleanup and "out with the old, in with the new" for the Lunar New Year. Three departments won the group award, and four employees won the individual award.



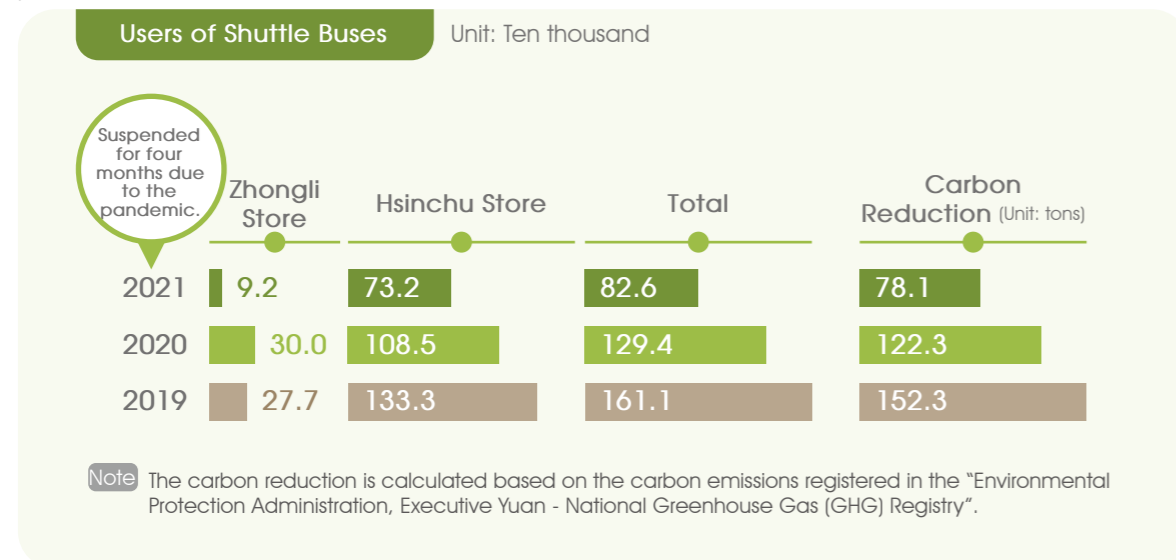
### Smart Parking

The four stores in Taipei City (Fuxing, Zhongxiao, Dunhua, and Tianmu) have stopped the use of paper-based parking vouchers, which have been replaced with token coins since 2012. A smart parking system was introduced in 2019 to reduce the time for taking tickets and parking. While optimizing the shopping journey of consumers, we reduce 31 tons of CO2 emissions and nearly 1.30 million paper-based parking vouchers every year.



### Green Transport

The branches of Far Eastern SOGO are mostly located in areas with heavy traffic. For the Zhongli Store and Hsinchu Store which are not located in transport junctions, we set up free shuttle buses for employees and customers. The buses to the Zhongli Store depart every 30 minutes to transport customers between the store and Chungli Train Station. The online shuttle bus query system enables customers to check the arrival time of the bus, plan their journey more accurately, and thus have more willingness to take the bus. The shuttle bus in Hsinchu is used for transport of customers between the train station (North Station of the Hsinchu Bus) and Hsinchu Store. The shuttle buses of Far Eastern SOGO can reduce 82% of carbon emissions in comparison with passenger cars, equivalent to a reduction of more than 100 tons per year. However, the number of users taking the shuttle buses decreased in 2020 and 2021 because of the reduction in customers due to the pandemic. In particular, the shuttle buses were suspended for four months due to the Level-3 alert in 2021 and the number of users was reduced substantially during this period.



In addition, our Tianmu Store takes the lead to set up a dedicated parking lot for bicycles to encourage employees and customers to ride bike.



Vehicles more than ten years old are absolutely prohibited at Far Eastern SOGO. We have currently 11 leased vehicles (for top management and transport) and all of them are less than ten years old. These vehicles are helpful in the reduction of air pollutant emissions, improvement of energy efficiency, and achievement of environmental protection, energy saving, and carbon reduction goals.

As electric vehicles develop rapidly, many department stores and hypermarkets have set up charging piles to reduce carbon emissions, protect the environment and, in particular, attract owners of electric vehicles to consume at the stores. Far Eastern SOGO set up four DC superchargers at the Fuxing Store prior to the annual sale. (Each set has two specifications.) Charging is possible at any time by scanning the QR Code, and the charging pile integrates convenient payment, customer service hotline, monitoring, and troubleshooting services. We provided free charging services during the annual sale and worked with social media influencers to promote the charging facilities at the store. This was very attractive to EV owners. It is expected EV charging piles will be set up at the Zhongxiao Store, Tianmu Store, and Kaohsiung Store in 2022.



King of Computer's A-Da introduces the charging pile at the Fuxing Store.



Please scan the QR Code for a video of charging facilities.

### Far Eastern SOGO Green Transport

<b>Zhongxiao Store Fuxing Store</b>	<ul style="list-style-type: none"> <li>The store is close to the MRT Zhongxiao Fuxing Station. Customers are encouraged to take the mass transit system</li> <li>Charging piles are set up in the parking area of the Fuxing Store</li> <li>Smart Parking</li> </ul>
<b>Dunhua Store</b>	<ul style="list-style-type: none"> <li>The store is close to the MRT Zhongxiao Fuxing Station. Customers are encouraged to take the mass transit system</li> <li>Smart Parking</li> </ul>
<b>Tianmu Store</b>	<ul style="list-style-type: none"> <li>The store is close to the MRT Zhishan Station. Customers are encouraged to take the mass transit system</li> <li>Charging piles are set up in the parking area</li> <li>Smart Parking</li> </ul>
<b>Zhongli Store</b>	<ul style="list-style-type: none"> <li>There are shuttle buses to transport customers between the Zhongli Store and the Chungli Train Station</li> </ul>
<b>Hsinchu Store</b>	<ul style="list-style-type: none"> <li>There are shuttle buses to transport customers between the train station (North Station of the Hsinchu Bus) and the Hsinchu Store</li> <li>Smart Parking</li> </ul>
<b>Kaohsiung Store</b>	<ul style="list-style-type: none"> <li>The store is close to the MRT Sanduo Shopping District Station. Customers are encouraged to take the mass transit system</li> </ul>

### Air Quality Control

Far Eastern SOGO is a place that must meet the requirements of the Indoor Air Quality Act. In addition to the inspection of inflammable gases performed once a month pursuant to relevant regulations, air quality testing is conducted once every two years, and other tests related to environment, health, and safety. We set up an "air quality information signage" at the Tianmu Store and Hsinchu Store to disclose the concentration of the CO2 on each floor to protect the health of customers and employees.



Item	Inflammable Gas Inspection	Indoor Air Quality Test	Air Conditioner Filter Cleaning	Cooling Tower Cleaning and Sterilization	Major Maintenance of Air Conditioner Units
Frequency	Every Month	Every Two Years	Every Month	Every Six Months	Every Year





## Zero-waste Sustainability

### Supermarket and Home Delivery Packaging with Reduced Plastics

Plastic trays were used to pack vegetables, fruits, and root vegetables for the supermarket. To reduce the plastics, Far Eastern SOGO promotes reduction of packaging to achieve the goals of "reduction of plastic packaging", "promotion of friendly shopping", and "proactive engagement with consumers". 1.612 tons of plastic packaging were reduced in 2021, an increase of 47% in comparison with 2020.



reuse internal packaging materials/ cartons

Online shopping and delivery services became very popular during the pandemic. However, this shopping model led to significant increase of refuse due to use of one-off packaging. In Taiwan, ten thousand tons of refuse were generated on average from home delivery every year. Currently, we reuse internal packaging materials/ cartons to pack home delivery products. Back-end personnel select clean and reusable cartons for packaging of home delivery products for customers.



Packaging Circulation and Reduction Plan

Though Far Eastern SOGO is not an e-commerce platform, we support the "Packaging Circulation and Reduction Plan" of the Environmental Protection Administration. For this, we work with PackAge+, a social innovation company dedicated to solving the one-off packaging and waste problems in online shopping. We tried out the recyclable packaging box for home delivery in response to the World Earth Day in April 2022. We will ask customers of the supermarket who have the need for home delivery if they are willing to have a delivery with recyclable packaging boxes.

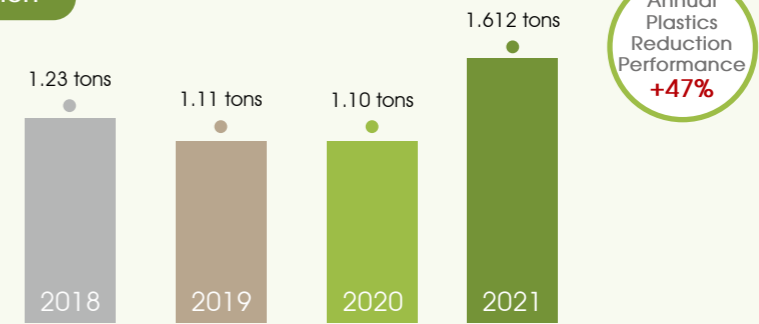


PackAge+ is a company certified by the Online Shopping Packaging Reduction Alliance of the Environmental Protection Administration. The packaging materials in the circular packaging system is made from recycled PET bottles and glass and resistant against water, contamination, collision, and burglary. The packaging material can be used more than 50 times repeatedly. 1.2kg of carbon emissions and 300g one-off online shopping packaging can be reduced every time when recyclable packaging boxes are used.

### Far Eastern SOGO Fresh Mart 2021 Plastic Packaging Reduction

Reduction From the Source	Home delivery and others	<ul style="list-style-type: none"> <li>We encourage customers to bring their own shopping bags. Fresh Club members who shop at the supermarket with their own bags can obtain 10 HAPPY GO credit points for a single buy amounting to \$500. 2 million and 285 thousand credit points were granted in 2021; i.e., nearly 23 thousand customers participated in the activity of granting points to customers shopping with their own bags.</li> </ul>
	Supermarket	<ul style="list-style-type: none"> <li>For products that need trays, we select partners through a well-designed system to control the quality of the plastic trays, increase the recovery rate, and substantially reduce the use of multiple trays for a single product.</li> <li>"Mesh bags" have been used to replace plastic trays since 2021.</li> <li>Some customers keep the trays intact and bring them to the supermarket for recovery, and the staff of the supermarket can clean, sterilize, and reuse the trays.</li> </ul>
Recycling	Home delivery and others	<ul style="list-style-type: none"> <li>Internal packaging materials/cartons are recovered and reused.</li> <li>We work with PackAge+, a social innovation company dedicated to solving the one-off packaging and waste problems in online shopping. We tried out the recyclable packaging box for home delivery in response to the World Earth Day in April 2022.</li> </ul>

### Plastics Reduction



### Sustainable Paper (Bags, Toilet Paper, Paper Towels, DMs)

As for the environmental sustainability issue, Far Eastern SOGO is dedicated to saving energy and building green stores to ensure that for customers, entering SOGO is like coming into a green educational field.

We purchase products first that have environmental labels and pass environmental certification. "Paper" is what consumers touch most frequently in our department stores and the paper we use in each store is sustainable and environmentally-friendly. Customers protect the Earth together with us when they are buying products.

- Shopping Bags, Toilet Paper:** Only paper that has passed the FSC certification is used. We protect the forest while using paper.
- DM:** We reduce DM paper and use digital marketing. Whenever paper-based DMs are needed, they are printed with environmentally-friendly soy ink. This is an ink made from soybean oil and more friendly to the environment than traditional petroleum-based ink. Soy ink is also favorable to recovery and recycling of waste paper.
- Toilet Paper:** Being made from environmentally-friendly recycled pulp, this paper is favorable to recycling of paper resources.



From now on, you will start a journey of green consumption when you enter SOGO.

### Encouragement to Recycle

The income from cosmetics occupied 10 to 20% of the operating revenue in the recent three years, the highest percentage among all merchandise categories. Hence, Far Eastern SOGO promotes "Love Yourself, Love the Earth · Recovery of Empty Cosmetic Bottles". Customers may receive three HAPPY GO credit points when returning an empty cosmetic or perfume bottles to the counter. 272 counter lessees at all the stores in Taiwan supported the activity in 2021. 145,000 empty bottles were recovered, and 440,000 e-credit points were granted. In addition, all the stores encouraged customers to return their waste batteries to Far Eastern SOGO for recovery. For this, an activity of granting credit points against returned waste batteries was organized and widely praised.





# 2.2 Climate Change Mitigation and Adaptation

## 2.2.1 Climate Change Management Strategy

Checking the status of the organization and generally disclosing the review of the risk is critical for a company to conduct low-carbon transition. Where the climate change has become one of the important issues in business operation of companies in the world, an organization review with respect to the climate risk has changed from "negative impact and prevention" to a wider awareness of the "new business opportunities" that the risk brings.

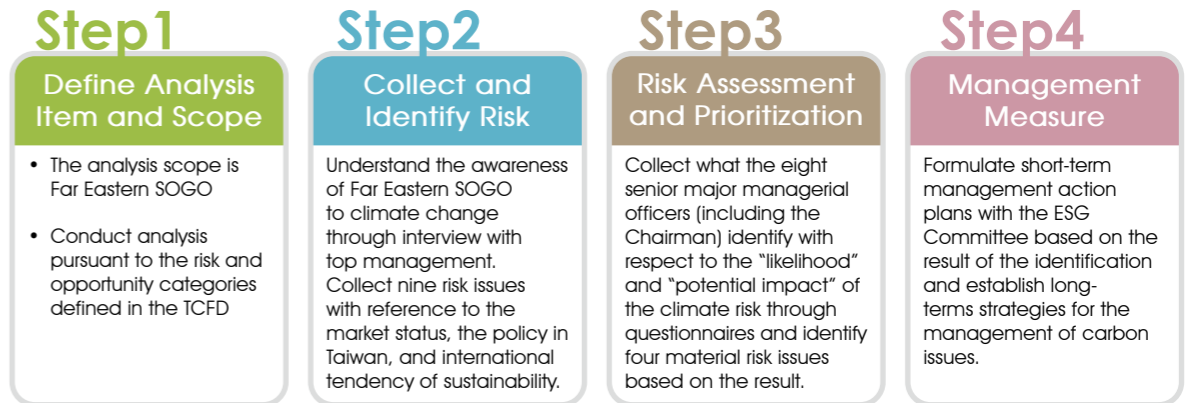
We introduced the international framework of the "Task Force on Climate-related Financial Disclosures" (TCFD) in 2021 to enhance the management of climate related risks and internalize them in the general management principles of the organization. With this framework, we implement climate change mitigation and adaptation practices and improve our business resilience internally and take the lead in the development of green department stores, transformation of the industry, and exploration of new opportunities externally.



## 2.2.2 Identification of Climate Change Risks and Opportunities

Far Eastern SOGO introduced the TDFD framework in 2021 and comprehensively checked and identified the climate risks and opportunities related to the business through in-depth interviews, questionnaire surveys, collection of data, and cross-analysis. In the end, we identified four issues of moderate and high materiality and developed optimized management measures.

## Climate Risk Analysis Process



## Collection and Identification of Climate Risk Issues

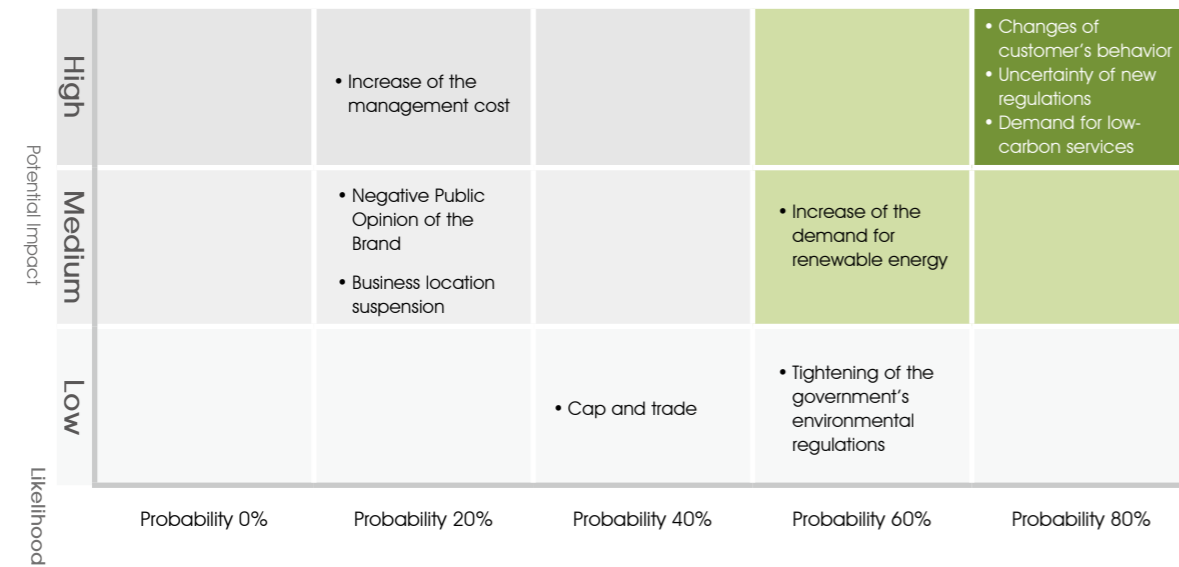
Starting from reviewing the operation status of the organization, Far Eastern SOGO collects a variety of information on the market development status, international tendency of sustainability, and other related aspects, and analyzes climate change risk issues that we may face in the coming three to five years. In the end, we decided to conduct an in-depth interview with the management in respect of nine issues including "progressive tightening of the government's environmental regulations", "cap and trade", and "uncertainty of new regulations in the future".

	Risk Topic	Risk Issue	Meaning of the Issue to Far Eastern SOGO
Transition Risk	Policy and Legal Risk	Progressive Tightening of the Government's Environmental Regulations	Far Eastern SOGO faces the stress and impact brought about by the review, punishment, and reward pursuant to the laws and regulations governing the "greenhouse gas emission goals", "improvement of the power/water efficiency", etc.
		Cap and trade	
		Uncertainty of New Regulations in the Future	We discuss the stress brought about by climate change and the international tendency in formulation strategies of regulations governing "carbon fee/tax", "carbon price", and "carbon trade". The government of Taiwan is developing management measures related to "mitigation" and "adaptation" in its "2050 Net Zero Roadmap Plan". For Far Eastern SOGO, complying with the regulations in the future may lead to changes to the internal operational structure, such as management policies and investment of resources.
	Technology Risk	Increase of the Demand for Low-carbon Services	According to the 2050 Net Zero Roadmap Plan in Taiwan, the government has set the goal of 100% in the sale of electric vehicles and scooters by 2040. In consideration of the policies that may change the demands of customers for the parking environment, how to reserve parking spaces with charging facilities under the conditions of limited resources is one of the items for which Far Eastern SOGO must plan proactively.
		Increase of the demand for renewable energy	As indicated in the 2050 Net Zero Roadmap Plan announced by the government in Taiwan, the goal of carbon neutrality must be achieved by 2050. For this, the percentage of renewable energy in the allocation must be increased to 60% to 70%. For Far Eastern SOGO, the increase of operating costs and the replacement of power management equipment may have an impact to a specific extent.
Market Risk	Changes of customer's behavior	Climate change may affect the market in different forms. For Far Eastern SOGO, the core respects include the change to the structure of market demand and supply, the change to the shopping pattern and habit, increase of the procurement cost, etc.	
Physical Risk	Reputation Risk	Negative Public Opinion of the Brand	Global climate change has a wide effect. Stakeholders will assess if the organization is dedicated to low-carbon transition. Hence, climate governance and practice of the organization may bring about stress and opportunities to the reputation of the brand.
		Chronic Risk	Business Location Suspension
	Acute Risk	Increase of the Management Cost	The long-term risk that climate change brings about, such as shortage in water resources, persistent high temperatures, longer summers, shorter winters, and rising sea levels, may lead to increases of management costs and innovation opportunities in the operational adjustment of Far Eastern SOGO.



## I Assessment and Prioritization of Climate Risk Issues

We identify climate change risks as early as possible based on the TCFD framework to reduce the impact of the climate on the finance and operation and thus prevent risks and make us more powerful. This year, we followed the TCFD framework and started from the "likelihood" and "potential impact" issues to identify the following issues of medium and high risk: "changes of customer's behavior", "uncertainty of new regulations", "demand for low-carbon services", and "increase of the demand for renewable energy".



**Issue Management Method**

- Issue of High Risk:** The ESG Committee takes the lead and the lead Chairman and top management takes the responsibility.
- Issue of Medium Risk:** We implement relevant practices through the Energy Management Commission and report to the Board of Directors every quarter.
- Issue of Low Materiality:** Take follow-up actions to understand the impact of the risk on Far Eastern SOGO.

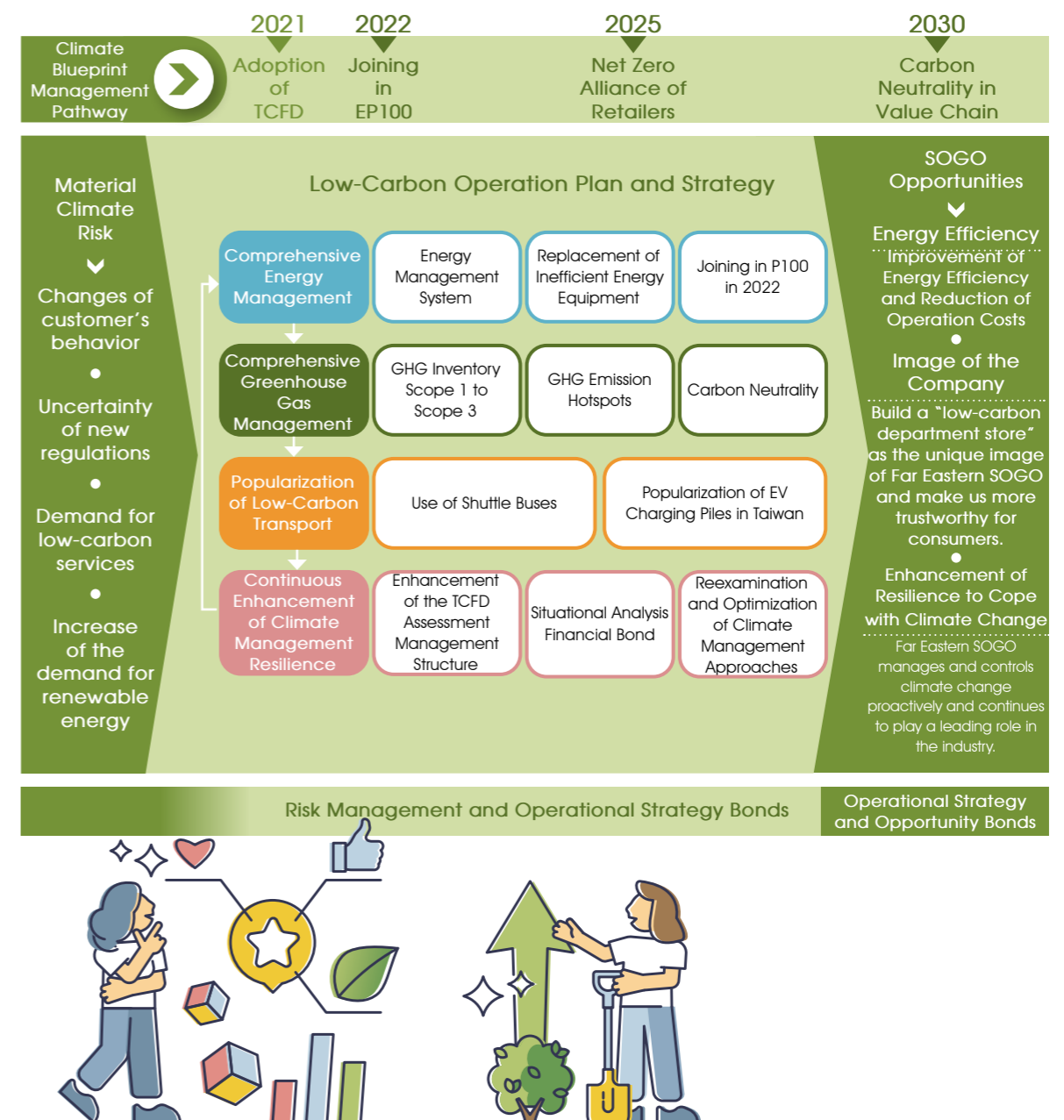
Note 1. The likelihood and probability are assessed with reference to the three facets of "previous frequency rate", "legal intensity in the future", and "current corporate resilience".  
 Note 2. The "high", "medium", and "low" impact is assessed with reference to the three facets of "the impact of the occurrence on the operation", "the impact of the occurrence on the value chain", and "the type of impact".

Risk Topic	Risk Issue	Materiality of Issue	Impact on Value Chain in Phases		
			Upstream	Operation	Downstream
Policy and legal risk	Tightening of the government's environmental regulations	Low		V	
	Cap and trade	Low		V	
	Uncertainty of new regulations	High		V	
Technology Risk	Demand for low-carbon services	High		V	
	Increase of the demand for renewable energy	Medium		V	
Market Risk	Changes of customer's behavior	High		V	
Reputation Risk	Bad Reputation	Low		V	V
Acute Risk Chronic Risk	Suspension of Business	Low		V	V
	Increase of Management Cost	Low	V	V	

## I Management Measures of Climate Risk Issues

To cope with climate risks and grasp green business opportunities, Far Eastern SOGO plans the concrete climate blueprint management pathway, lists the four issues of medium and high risk of "changes of customer's behavior", "uncertainty of new regulations", "demand for low-carbon services", and "increase of the demand for renewable energy" as material climate risks with the "comprehensive energy management", "comprehensive greenhouse gas management", "popularization of low-carbon transport", and "continuous enhancement of climate management resilience" as the starting points, and reports to the Board of Directors through the ESG Committee every quarter on a regular basis.

In addition, we applied to join in EP100 in 2022 to demonstrate our influence in the reduction of carbon emissions. With our operations as the core influence, we lead suppliers/contractors to perform sustainable transformation and encourage consumers to join in the lineup of green life. Looking to the future, we will continue in-depth analysis of climate related risks and opportunities and the creation of a friendly and amicable new retail atmosphere full of love by integrating the resources of stakeholders to achieve the goal of carbon reduction by 2030.





## I GHG Emissions and Reduction

In response to carbon reduction tendency, we will check greenhouse gas emissions and implement verification of the greenhouse gas inventories pursuant to ISO 14064-1 at all the stores in Taiwan in 2023.

Far Eastern SOGO GHG Emissions Table

Unit: tCO<sub>2</sub>e

	Scope 1	Scope 2	Total Emissions	Emission Intensity (tCO <sub>2</sub> e/\$1 million)
2021	-	49,344	49,344	1.20
2020	-	56,217	56,217	1.34
2019	-	58,784	58,784	1.37
2018	-	64,747	64,747	1.49

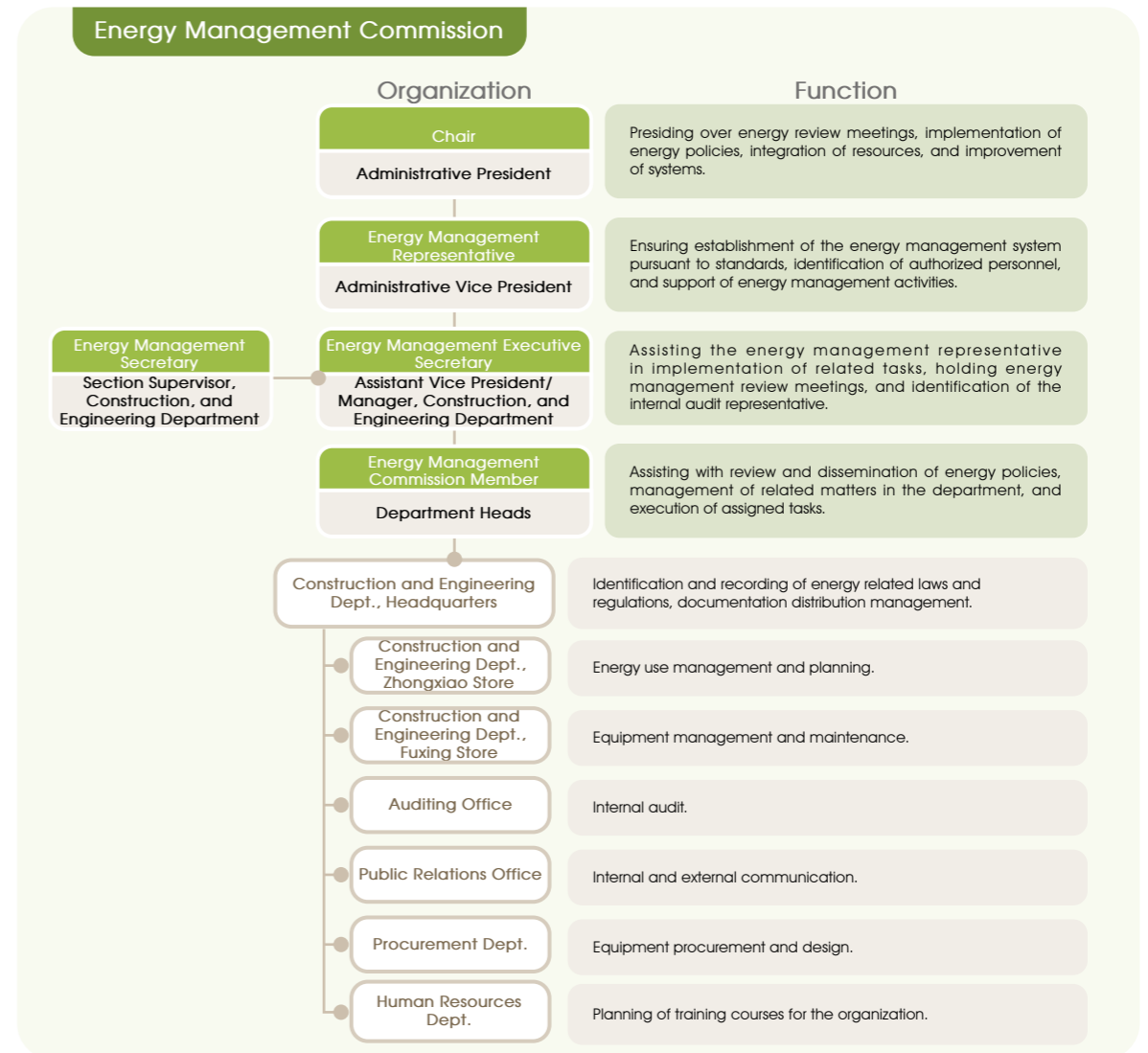
- Note**
- Scope 1 stands for direct GHG emissions. Since Far Eastern SOGO is not a manufacturer, Scope 1 GHG emissions occupy a smaller percentage. There was no verification data on Scope 1 GHG emissions in 2021.
  - Scope 2 stands for indirect GHG emissions from steam, electricity, etc. Greenhouse gases generated include CO<sub>2</sub>, methane, and nitrous oxide.
  - Scope 2 GHG is calculated based on the electricity carbon emission factor = 0.502 kgCO<sub>2</sub>e/kWh.
  - Emission intensity = Total emissions in ton (tCO<sub>2</sub>e)/annual revenue (\$ 1 million).
  - A GHG inventory boundary is set to the seven business locations in Taiwan based on the operational control approach.
  - Far Eastern SOGO starts reduction of GHG emissions with the carbon reduction goal in 2030 as the core.
  - Our Fuxing Store finished the verification and certification of Scope 1 and Scope 2 emissions; the Zhongxiao Store, Fuxing Store, and Tianmu Store will implement GHG inventories in 2022. Relevant validation data will be disclosed in the annual sustainability report in 2023.

# 2.3 Energy Management

## 2.3.1 Energy Management Policy and Structure

### I Energy Management Commission

The ESG Committee has a subordinate Energy Management Commission with the Administrative President acting as the chair. The Commission is responsible for signing energy policies and leading all staff of the Company to implement them in the hopes of reducing energy consumption, being more friendly to the environment, and achieving corporate sustainability goals together with stakeholders.



Far Eastern SOGO Energy Saving Policy	2021 Energy Saving Goal	2021 Result
<ol style="list-style-type: none"> <li>Observe regulations, be self-demanding, and use products of high energy efficiency.</li> <li>Improve energy saving awareness among employees through multiple dissemination channels.</li> <li>Achieve energy saving and carbon reduction goals and continue improving energy performance.</li> <li>Fulfill corporate social responsibility and operate department stores sustainably.</li> </ol>	Save 6% of power and reduce water consumption by 1% annually with 2018 as the base year.	<ul style="list-style-type: none"> <li>98,294,959 kWh of electricity was consumed and 6.85% of the electricity was saved in comparison with 2020.</li> <li>1,190,128 m<sup>3</sup> of water was consumed and 18% of water was saved in comparison with 2020.</li> </ul>

### I Internalization of the Environmental Protection Awareness and Realization of Sustainability as the Vision of the Company

We established the "Vision Project Committee" in 2020 as the starting point of our transformation. For this, we redefined the "vision" for the next 30 years. Our vision is the commitment to "be the socially responsible retail benchmark that keep pace with the times to deliver an all-around lifestyle experience for the public". "To be the socially responsible retail benchmark" manifests our responsibility for environmental sustainability.

We also communicate the concepts of sustainability to employees regularly through different channels such as the ESG bulletin, Daily Morning Meeting Report, and Facebook Fan Club. Education and training courses are provided every quarter, for which external instructors or the ESG executive secretary team are invited to share the latest information on domestic and international environmental sustainability and concrete measures in the practice in the hopes of enhancing the awareness of environmental protection among employees.



## ISO 50001 Energy Management

To manage and use energy effectively, we introduced the ISO 50001 energy management system to the Dunhua Store in Taipei City in 2017. We are the first company of the department store chain in Taiwan to introduce the ISO 50001 energy management system. The Dunhua Store acquired the certificate again in 2020 prior to the expiration of the previous one.

As reduction of carbon emissions have become an important issue of many countries in the world, all stores in Taiwan have introduced the ISO 50001 energy management system and controlled the energy accordingly. Meetings were held every month to review the use of energy in the hopes of having good performance in the green business operation through effective internal management.

### No. 1 in the Industry · Evolution of the Green Department Store



## 2.3.2 Energy Saving Measures and Effectiveness

### Energy Performance Evaluation

Far Eastern SOGO finds out the room for improvement at the current phase by conducting measurement and supervision and manages the risks related to the supply of energy. With these measures, Far Eastern SOGO improves energy performance to reduce energy consumption and expenditure. Far Eastern SOGO implements energy control at all stores in Taiwan based on the principles of the ISO 50001 energy management system. Monthly meetings were held to review the use of energy in the hopes of increasing energy efficiency, reducing operation costs, improving energy performance, and minimizing greenhouse gas emissions.

To evaluate energy management performance, Far Eastern SOGO participates in the "Energy Efficiency Competition" organized by the Far Eastern Group every quarter and requests all department heads to attend the routine meetings of the ESG Committee to learn the latest ESG policies and plans of the Company and achieve the goal of sustainability by collaborating with each other.



### Power Consumption in Recent Years

Purchased electricity occupies a high percentage in energy consumption at all stores. In 2021, the total kWh electricity consumed by the Hsinchu Store, which has its own solar power generation facilities, was 98,294,959 kWh or 353,689GJ (1 kWh equivalent to 3.6 MJ). The total power consumption was reduced by 6.85%. The CO2 emissions in 2021 were 49,344 tons (calculated based on the electricity carbon emission factor of 0.502 kgCO2e/kWh announced by the Bureau of Energy in 2020). The revenue against 1 kWh was \$419.14 in 2021. The amount was increased by 5.7% in comparison with the previous year and created a record high in recent years. With 2018 as the base year, the power consumption intensity in 2021 was reduced by 17.47% compared to that measured five years ago.

Year	Power Consumption (Unit: kWh)	CO2 Emissions (Unit: tons)	Revenue Per kWh (revenue/kWh) (unit: NTD)	Growth Rate of Revenue Per kWh (unit: %)
2021	98,294,959	49,344	419.14	5.7%
2020	105,517,855	52,969	396.54	6.85%
2019	115,490,681	58,784	371.12	4.01%
2018	121,477,260	64,747	356.81	4.66%

- Note
- The data of power consumption come from the statistics of the electricity used for the buildings at all seven business locations in Taiwan.
  - The 2020 electricity carbon emission factor = 0.502 kgCO2e/kWh.
  - The Growth rate of revenue per kWh = (revenue per kWh in the current year - revenue per kWh in the previous year)/revenue per kWh in the previous year\*100%.
  - Recompilation based on the power consumption in 2020.

### Energy Saving Measures

Far Eastern SOGO marches toward the goal of a "green department store" with "Sustainable Environment Power" as the core. We implement the concepts of environmental protection in our routine operations by controlling air conditioners, lighting fixtures, and elevators strictly, implementing various power saving measures, and improving the energy efficiency of equipment.

<b>Elevator Power Regeneration System</b>	To solve the problem of the additional thermal energy generated when elevators consume electricity, Far Eastern SOGO installs a "power regeneration system" at the Fuxing Store to ensure that elevators can regenerate power while they are in operation to save energy and reduce carbon effectively.
<b>ALC System</b>	Far Eastern SOGO installs an ALC (Automated Logic Corporation) system of US specifications at each store. In addition to controlling of the lighting, power source, on/off control of the air conditioner, the system monitors and manages the temperature of the shopping areas and the efficiency of the water chiller units to ensure that the indoor ambient temperature meets the requirements of 26 °C specified in the national environment management regulations. Air conditioners must be turned on for pre-cooling 20 to 30 minutes before the store is opened for business. They must be turned off when the store is closed. We review and check the implementation of the SOP every month to make sure it meets the current circumstances and can generate the maximum benefit.
<b>Elevator Parking in Levels</b>	Customer elevators and employees stop on different floors in stagger. The elevators at stores that are not used frequently due to less customers are turned off to save electricity. Customer and employees are encouraged to go upstairs/downstairs when they are on lower floors or the distance between the floors is short.
<b>High-efficiency Lighting Fixtures</b>	High-efficiency lighting fixtures (e.g., LED lights) are used as a replacement at business locations to reduce consumption of energy.
<b>Air Curtain/Weather Door</b>	An air curtain or weather door is set up at the entrance to prevent hot air from flowing into the store to raise the temperature or cause escape of cold air.
<b>Window Shades</b>	Window shades are attached to glass windows to reduce direct sunshine and maintain the temperature in the store.
<b>Green Lawn</b>	A large area of green grass is planted on the roof of the Tianmu Store to reduce direct sunshine and the temperature for the purpose of energy saving.
<b>Air Exchange</b>	Exchange with external air in the winter is made use of appropriately to reduce the load to the water chiller units and further produce an energy saving benefit and improve the air quality in the store.



Far Eastern SOGO Far Eastern SOGO uses the ALC System for energy management.



Major Energy Saving Measures in 2021



Energy Saving in Air Conditioning

1. Adjust the cooling water outlet temperature dynamically
2. Replace old water chiller units with new ones
3. Continue replacing the fins of cooling towers to improve the exchange efficiency of cold and hot air
4. Wash the cooling fins in air conditioner cabinets on a regular basis to improve efficiency



Energy Saving in Lighting

- Continue replacing with new energy-saving light fixtures



Energy Saving in Elevator

- Stop on different floors in stagger

Management of Renewable Energy

Far Eastern SOGO fulfills our corporate social responsibility and is dedicated to building the No. 1 green department store in Asia. We implement "Sustainable Environment Power" in daily operation. In addition to the solar energy concentration and power generation system on the roof of the Tianmu Store, the Hsinchu Store released the space on its roof to install a second solar power generation system at the end of 2019. The solar panels occupy an area of 2,300 square meters with an installation capacity of 409.5 kWp. The installation cost of the system was \$20.30 million. It was put into service in 2020.

Far Eastern SOGO's Hsinchu Store generated 554,979 kWh of solar electricity in 2021, of which 64,204 kWh were used by the Hsinchu Store. The remaining electricity is planned to be transferred to the Fuxing Store in the future.

The Phase-II solar panel project at the Hsinchu Store will commence in 2022 to help the Fuxing Store meet the requirement of 10% renewable energy specified in the "Major Energy User Clause". As for the solar energy project for the Tianmu Store, we will strive for the renewable energy certificate continuously.

Solar Power Generation at the Hsinchu Store and Tianmu Store

	Hsinchu Store		Tianmu Store	
	Power Generation (kWh)	Self-use (kWh)	Power Generation (kWh)	Self-use (kWh)
2020	465,110	54,055	10,900	10,900
2021	554,979	64,204	11,430	11,430



Percentage of Renewable Energy in Power Generation for Self-use

Item	Unit	2018	2019	2020	2021
Renewable Energy (A)	kWh	-	-	64,955	75,634
Non-Renewable Energy (B)	kWh	121,477,260	115,490,681	105,517,855	98,294,959
Renewable Energy Percentage (C)	%	-	-	0.062%	0.077%

Note 1. The data of power consumption come from the statistics of electricity used for the buildings at all business locations in Taiwan.  
 2. Renewable energy includes solar power generated at the Tianmu Store and Hsinchu Store.  
 3. The percentage of renewable energy in power generation for self-use (C) = A/(A+B)\*100%.

Future Plans

- 1. Joining in EP100**

We will apply for and pass the EP100 retail net value review for the headquarters, and become the official member in 2022:

  1. Check the status of the existing ALC energy management systems at all SOGO stores.
  2. Implement the energy-saving system for electric motors; the Kaohsiung Store will be the first store for implementation and the application will be extended to other stores.
  3. Adopt the AI energy management system.
- 2. Implementation of ISO 14064-1 Greenhouse Gas Inventories.**

Greenhouse gas inventories will be implemented at all branches in 2023. While implementing carbon inventories, we will implement carbon footprint and carbon label measures to build the stores as green shopping premises in the future.
- 3. Development of Renewable Energy**

  1. The Phase-II solar panel project at the Hsinchu Store will start to help the Fuxing Store meet the requirement of 10% renewable energy specified in the "Major User Clause".
  2. As for solar energy for the Tianmu Store, we will strive for the renewable energy certificate.

2.4 Water Resource Management

2.4.1 Water Resource Management Policy

All of our seven stores are located in cities. Tap water is the main source of the water supply and domestic water occupies a higher percentage in water consumption. About 1,190,200 cubic meters of water were consumed in 2021 with a reduction by 18% in comparison with 2020.

Far Eastern SOGO implements water saving management measures to cope with a shortage in the water supply that may be brought about by climate change. We review the water consumption and improve related equipment every month. By adopting water saving technology, we conduct dissemination on water conservation and perform water-saving measures by encouraging reduction of water consumption, recovery of water resources, and implementation of comprehensive water saving actions to achieve the goal of water conservation by 1% every year with 2018 as the base year.



## Water Use Structure

Water Intake/Discharge Route

Business Location	Water Intake			Discharge
	River	Source	Type	
Four Stores in Taipei City	Beishi River	Feitsui Reservoir	Tap water	Public sewerage system
Zhongli Store	Dahan River	Shimen Reservoir	Tap water	Public sewerage system
Hsinchu Store	Shanping River, a branch of the Touqian River	Baoshan Reservoir	Tap water	Public sewerage system
Kaohsiung Store	Chengqing Lake Reservoir and Fengshan Reservoir	Gaoping River and Donggang River	Tap water	Public sewerage system

Historical Water Resource Consumption

	Consumption Volume (unit: m3)	Unit Consumption Volume (unit: m3/NTD million)
2021	1,190,128	28.89
2020	1,451,661	34.69
2019	1,469,763	34.29
2018	1,473,536	34.00

### 2.4.2 Management Measure and Effectiveness

<b>Far Eastern SOGO's Water Saving Policy</b>	<b>2021 Water Saving Goal</b>	<b>2021 Result</b>
1. Water saving equipment installed for all stores in Taiwan. 2. Regular review of water consumption at engineering meetings.	Increase of water saving by 1% compared to 2020	Reduction of unit consumption volume by about 16.72%.

### Water Saving Equipment

We are concerned about the growing climate change issues. Far Eastern SOGO is not a company that consumes a large quantity of water resources, but we take self-demanding policies and do our best to implement every water saving step and contribute ourselves to the protection of the planet. The water saving measures taken at the stores are described below:

- 1 Water Saving Lavatory Equipment** Water saving faucets and toilets are set up at all seven stores in Taiwan.
- 2 Rainwater Recycling System** A rainwater recycling system is set up at the Tianmu Store for cleaning of the lavatory equipment and watering of plants.
- 3 Reclaimed Water Recycling System** A sewage connection project was performed at the Hsinchu Store to connect the reclaimed water recycling system to the pipeline of the sewerage system in Hsinchu City in September 2021.
- 4 Review of Water Use** The bills of water for public use and consignment counters are reviewed at monthly engineering meetings.
- 5 Inspection and Leakage Detection** Regular inspection and leakage detection are conducted at all stores. The pass rate was 100%.

To implement water saving measures more effectively, a rainwater recycling system and a reclaimed water recycling system are set up at the Tianmu Store and Hsinchu Store, respectively. The recycled water is mainly used for flower stands, bathroom sinks, and toilets. A total of 91,247m3 of water, occupying 7.7% of the Company's total water consumption, were recovered in 2021. The recovery volume was reduced by 25% in comparison with 2020 because the reclaimed water recycling system of the Hsinchu Store was connected to the pipeline of the sewerage system in Hsinchu City in September 2021.



## 2.5 Waste Management

### 2.5.1 Waste Management

Far Eastern SOGO is dedicated to reducing consumption of resources and environmental pollution with our daily business operation as the starting point. The waste of stores to be treated includes garbage, food waste, waste oil, wastewater, and waste oil fumes. Far Eastern SOGO is a company with trading of general products as the core business. The waste generated is general industrial waste of no identified dangerous properties pursuant to the classification specified in the environmental protection laws and regulations. The waste of all stores is treated by professional waste treatment agents that have been registered with and approved by the competent authority of environmental protection. It is finally transported to and disposed of by state-owned incinerators.

Sorting garbage, including recycling of food waste and other resources, is completely implemented at all stores and offices. In addition to a trash bin, recycling bins for food waste and waste batteries are placed in each pantry room and a resource recovery area is set up on each floor to enhance the sorting management and reduce waste.

	Reduction From the Source	Recycling	Disposal
Management Measure	<ul style="list-style-type: none"> <li>One-off and melamine dining utensils are not provided for customers eating meals in restaurants.</li> <li>Assistance is given to F&amp;B consignment counter lessees in the application for the green restaurant certification. No one-off dining utensils are provided for customers taking away their food.</li> <li>Customers are encouraged to use environmentally-friendly shopping bags. More credit points are granted for customers using their own bags for shopping at supermarkets.</li> <li>Implementation of reduced vegetable, fruit, and egg packages are conducted at supermarkets.</li> </ul>	<ul style="list-style-type: none"> <li>Far Eastern SOGO promotes "Love Yourself, Love the Earth · Recovery of Empty Cosmetic Bottles" at all stores in Taiwan.</li> <li>The "battery recovery for credit points" activity is organized.</li> </ul>	<ul style="list-style-type: none"> <li>A food waste disposer was set up at the Tianmu Store. It disposes food waste using a machine and records the waste reduction effectiveness. The machine was then promoted to other stores.</li> <li>The remaining general waste is disposed of by a qualified third-party organization under commission.</li> </ul>
Reduction Goal	<ul style="list-style-type: none"> <li>Reduce 3% of the garbage annually generated from manufacture at a cost of \$1.00 with 2018 as the base year.</li> </ul>		
Result in 2021	<ul style="list-style-type: none"> <li>Credit points were granted for shopping at supermarkets with own bags in 2021, attracting nearly 23 thousand customers to participate in the activity.</li> <li>Vegetable, fruit, and egg packages were reduced by 1.612 tons.</li> <li>95% of the restaurants at stores in Taiwan passed the green restaurant certification as of April 2020.</li> </ul>	<ul style="list-style-type: none"> <li>145,000 empty bottles were recovered, and 440 e-credit points were granted in 2021.</li> </ul>	



## 2.5.2 Waste Generation Structure

As for reduction of waste, Far Eastern SOGO had 295.8 tons of recyclable waste generated at stores in Taiwan. As for the generation of waste, there are 5,977 tons of waste to be incinerated and 1,844.9 tons of food waste. The total volume of the waste was 8,117.6 tons and the recyclable waste occupied 3.65%.

Category of Waste		Unit: Ton						Total
Year	Recycling		Incineration		Food waste			
	On-site Disposal	Off-site Disposal	On-site Disposal	Off-site Disposal	On-site Disposal	Off-site Disposal		
2018	-	373.9	-	7,372	-	2,520.6	10,266.6	
2019	-	358.4	-	7,051	-	2,332.6	9,742.1	
2020	-	294.8	-	6,097	-	2,031.9	8,423.7	
2021	-	295.8	-	5,977	-	1,844.9	8,117.6	

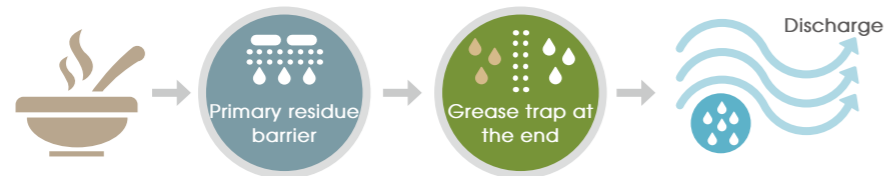
**Note**

1. Recyclable Waste: This was treated by a qualified third-party service provider under commission. The recyclable waste of the Hsinchu Store was treated by Big City and the data was not included in the calculation.
2. Waste to be Incinerated: This was disposed of by a qualified third-party organization under commission and reported pursuant to the regulations of the Environmental Protection Administration governing industrial waste. The waste of the Hsinchu Store was treated by Big City. Incinerated data were not included in the calculation.
3. Food Waste: Food waste was collected and recovered in a different way depending on the local government. Among the seven stores of Far Eastern SOGO, only the Zhongxiao Store, Fuxing Store, Dunhua Store, and Tianmu Store must currently report the generated food waste volume as required by the Department of Environmental Protection, Taipei City Government. The remaining three stores (Zhongli Store, Hsinchu Store, and Kaohsiung Store) only record the food waste volume internally. The Table only shows the food waste volume of the Zhongxiao Store, Fuxing Store, Dunhua Store, and Tianmu Store.

### I Wastewater (Sewage) Treatment

Treatment of wastewater (sewage) is an important process for prevention of water pollution. We use a primary residue barrier to filter out larger food residue from the wastewater (sewage) generated by the restaurants and the kitchens at the food court. The grease trap at the end is used to collect smaller food residue and separates the grease from water. The grease and odor removing agents are used for treatment before the wastewater (sewage) is drained to the pipeline connecting to the sewage system for domestic water. For the wastewater (sewage) discharged by the stores, in addition to the aforementioned simple process, a sewage treatment tank is set up for mixing, biologically treating, and settling the wastewater (sewage) and filtering it with chemical agents to ensure that the wastewater (sewage) meets the legal requirements before it is drained.

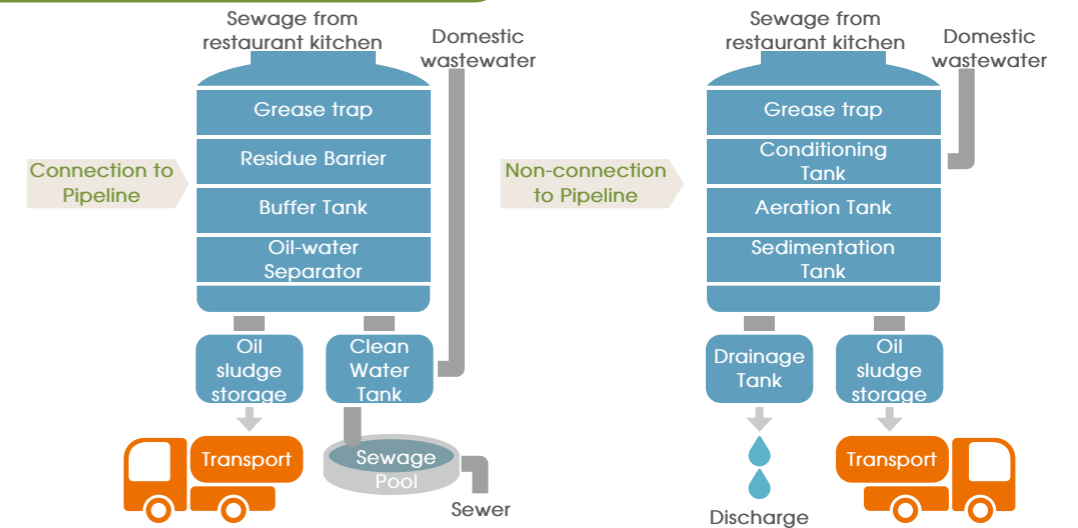
#### Treatment Process of Wastewater (sewage) Generated From F&B Consignment Counters



#### Treatment Process of Wastewater (sewage) Discharged by Stores

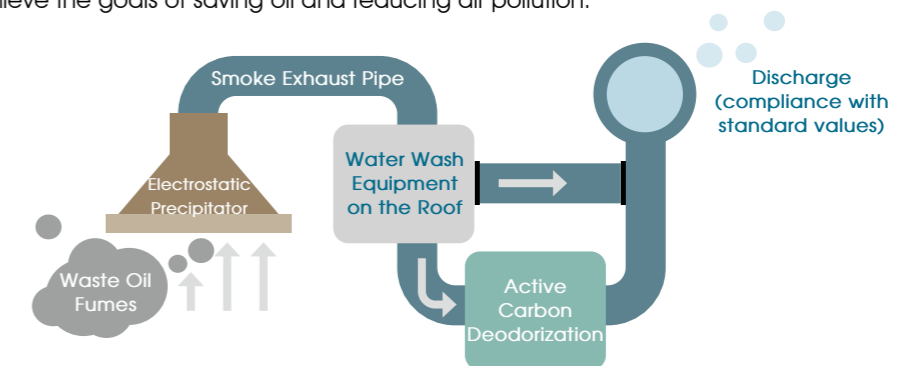


### Wastewater (sewage) Treatment Process



### I Treatment of Waste Gas

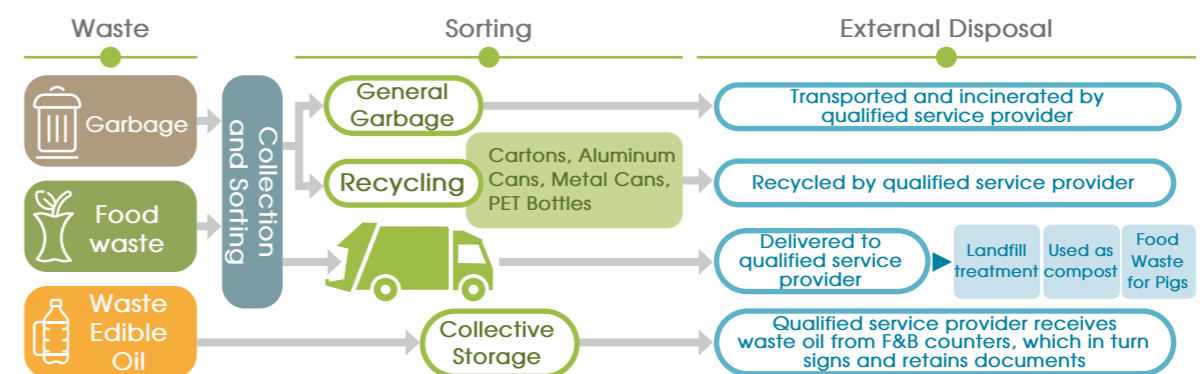
For the F&B consignment counters which generate heavy oil fumes, Far Eastern SOGO requests them to install an electrostatic precipitator in the kitchen to attract the oil particles to the electrode plate through electrostatic separation and emit cleaner hot air. It then flows through a smoke exhaust pipe set up in the building to a water wash oil fume treatment device on the roof for final treatment and is discharged to the atmosphere to achieve the goals of saving oil and reducing air pollution.



### I Treatment of Waste Oil

Edible oil is stored collectively and recovered by qualified professional service providers under commission. F&B consignment counter lessees are responsible for signing and retaining required documents and declaring the recovery on the website of the Environmental Protection Administration.

#### Waste Treatment Process





# Assured Service Power



## Special Report / P.96

### Provision of Secure and Quality Services to Customers

Set Up **Seven Clubs** Tailored to Provide Customers with Differentiated Services

**90%** customer satisfaction level, which is an outstanding performance for three consecutive years.

Digital innovations for the shopping journey; increase to **906,000** members up to the end of 2021 with a growth rate of **49%**

**4%** reduction in customer complaint cases

To provide customers with differentiated services to meet their demands more properly, we integrate past membership data to set up seven clubs tailored to customers. The pandemic not only affects our daily life, but also changes consumption patterns. The COVID-19 pandemic has brought tough challenges to the retail service industry in the last two years. In this circumstance, Far Eastern SOGO has put "provision of secure and quality services to customers" first.

#### SDGs



#### Sustainability Issue

- Merchandise Safety and Transparency
- Customer Relations and Service Quality

#### Primary Stakeholders

- Customer
- Employee
- Lessee (Consignment Counter)



Special Report



## Provision of Secure and Quality Services to Customers

The pandemic not only affects our daily life, but also changes consumption patterns. The COVID-19 pandemic has brought tough challenges to the retail service industry in the last two years. In this circumstance, Far Eastern SOGO has put "provision of secure and quality services to customers" first. In addition to enhancing the disinfection of the elevators, escalators, counters, and public areas, we requested employees and counter personnel to enhance the management of their health during the period of the Level-3 alert in 2021. We implemented self-demanding regulations on the highest standards to ensure the safety and peace of mind of every consumer in our shopping environment.

Pandemic prevention changes the consumption pattern and encourages the development of more innovative business models. Especially, the "contactless takeout service" has become the mainstream in the past two years. We integrated e-commerce platforms and physical stores to provide the unique and innovative "Quick Pick Up Station of Cosmetics and Meals" service to meet the demand of consumers for "safe shopping" during the pandemic. Leading brand companies were responsible for the Quick Pick Up Station of cosmetics in turn and consumers could pick up goods and receive professional consultations without the need to enter the store. This way, they enjoyed a safe and convenient shopping experience.



We deemed e-commerce platforms an extension of our sales fields and the "Quick Pick Up Station" was set up on the profound basis of Far Eastern SOGO in the physical store field. We integrated the fine and attentive "Service Power" with the fashionable and diversified "Merchandise Power" in the "Convenience" of the Quick Pick Up Station. Far Eastern SOGO extended the experience in the Quick Pick Up Station of cosmetics to the food court. Consumers could buy the most popular food at the Quick Pick Up Station and enjoyed an unprecedented shopping experience during the Level-3 alert period. By doing so, we provided attentive services more directly, completely, and conveniently.

In 2021, Far Eastern SOGO received the annual Best Reviewed Online Award from DailyView for our multiple innovative services in the field of Online Merge Offline. Far Eastern SOGO had 9,214 discussions on the Internet during the rating period (07/01/2020-06/30/2021). There were 10,486 location comments on Google Maps, of which positive comments occupied a percentage of 84.34%, indicating that our innovative services provided during the pandemic were highly praised by consumers.



2021 Best Reviewed Online Award - Innovation Leadership Award, department store category



# 3.0 Strategic Results and Planning

Material Topic		Merchandise Safety and Transparency	Customer Relations and Service Quality
GRI Standards		GRI 416: Customer Health and Safety; GRI 417: Marketing and Labeling	
Management Approach	Strategic Target	Control for customers, reduce operational risks, create corporate image.	Provide satisfactory service, build Far Eastern SOGO's brand linkage among customers.
	Management Method and Communication Mechanism	(Responsible Unit) Business Operations Division, Labor Safety Office, Human Resources Department	Praise the Service Stars who have outstanding service performance every month on a regular basis and make announcements on the Daily Morning Meeting Report and employee bulletin board.
		(Communication Method) Irregular announcements on the Daily Morning Meeting Report, eWork, official ESG website, in-store LCD display, and employee bulletin board	Customer satisfaction surveys, number of customer injury cases, customer feedback statistics, number of media reports.
	Assessment Mechanism	Inspect gifts for the annual sale annually on a regular basis and other items on an irregular basis; make announcements on the official ESG website.	Customer satisfaction surveys, number of product removals from shelves or number of recalls, number of complaints, number of media reports.
Goal Setting	Short Term	<ul style="list-style-type: none"> <li>F&amp;B counter GHP (Good Hygiene Practice) verification, drinking water quality and ice cube testing 100% pass rate.</li> <li>Assurance of properly labeled Fukushima products.</li> <li>Enhancement of product labeling, improvement of customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced employee training, increased cases of praise from customers.</li> <li>Disclosure of more sustainability practices, assurance of customer satisfaction.</li> </ul>
	Medium to Long Term	<ul style="list-style-type: none"> <li>Improvement of quality management and increase of Procurement Department personnel training.</li> <li>Implementation of third-party certified management systems, incorporation of risk hazard control such as the HACCP (Hazard Analysis and Critical Control Point) Food Safety Management System Certification.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of the convenience and smoothness of complaint channels to protect the rights of customers.</li> <li>Improvement of customer loyalty through optimization of services.</li> </ul>
Annual Highlighted Results		<ul style="list-style-type: none"> <li>We assisted F&amp;B consignment counter lessees with the application for GHP and 61% of restaurants at stores in Taiwan passed the certification. The remaining restaurants have not finished the certification because the health departments of the government have delayed their inspection, or they are new counter lessees.</li> </ul>	<ul style="list-style-type: none"> <li>Customers are served with seven Club segments from the beginning of 2022.</li> <li>Digital innovations for the shopping journey; increase to 906,000 members up to the end of 2021 with a growth rate of 49% in comparison with 2020.</li> <li>4% less customer complaint cases than 2020.</li> </ul>

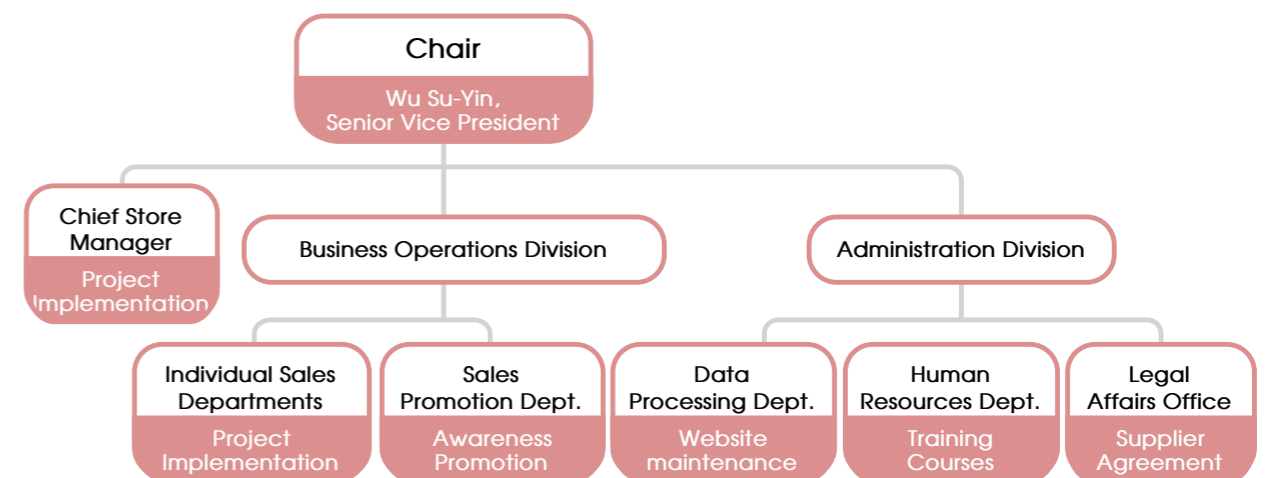
Material Topic	Merchandise Safety and Transparency	Customer Relations and Service Quality
Annual Highlighted Results	<ul style="list-style-type: none"> <li>98% of F&amp;B consignment counter lessees at stores in Taiwan passed the drinking water quality and edible ice cube inspection conducted by local competent health authorities. Restaurants that have not finished the inspection are new counter lessees.</li> <li>Since April 1, 2022, the food imported from the five prefectures and cities of Japan, including Fukushima, must have been explicitly attached with to-d -fu-ken labels.</li> </ul>	<ul style="list-style-type: none"> <li>90% customer satisfaction level, which is an outstanding performance for three consecutive years.</li> <li>Praise of 103 outstanding Service Stars as good examples of service.</li> </ul>

## 3.1 Merchandise Safety Management

### 3.1.1 Merchandise Safety Management




We established the "Merchandise Safety Promotion Commission" in 2015 to control the safety of products and F&B consignment counters for consumers and reduce operational risk. The Commission is subordinate to the "Corporate Sustainability Committee" and ranked higher than the Administration Division and Business Operations Division. It is formed by the chief store managers of the stores and representatives of relevant business units; the Sales Promotion Department, Data Processing Department, Human Resources Department, and Legal Affairs Office. Wu Su-Yin, a senior vice president, acts as the Chair of the Commission. The Merchandise Safety Promotion Commission is responsible for implementation of tasks pursuant to the merchandise safety management plan and provision of education and training.

Through the operation of the Commission, merchandise safety management has been developed from "I (Far Eastern SOGO)" to the collaborative "we (stakeholders)". The Commission works with smallholders and other suppliers to provide and promote food safety training for implementation of merchandise safety and food sanitation management at consignment counters on an ongoing basis. The "Supplier's CSR Clauses" are binding to suppliers. The Merchandise Safety Promotion Commission has implemented many important projects over recent years to assure shopping safety for customers and respond to the UN SDG 12 Responsible Consumption and Production.





## Major Projected Implemented by the Merchandise Safety Promotion Commission

Project	Description	Effectiveness
 <p><b>Merchandise Safety Project</b></p>	<p>On globalized consumer markets, the transparency of products must be ensured at different levels to strengthen the confidence of consumers. Far Eastern SOGO is fully dedicated to corporate sustainability. We have worked with our suppliers to establish the first and unique "food safety management" model in the department store industry since 2015.</p>	<ol style="list-style-type: none"> <li>1. Far Eastern SOGO was named by the media as a "model of sustainability in the department store industry".</li> <li>2. Promotion of the Certification Mechanism:                             <ul style="list-style-type: none"> <li>• We assisted F&amp;B consignment counter lessees with the application for GHP and 61% of the restaurants at stores in Taiwan passed the certification.</li> <li>• 98% of the F&amp;B consignment counter lessees at stores in Taiwan passed the drinking water quality and edible ice cube inspection conducted by local competent health authorities.</li> </ul> </li> </ol> <p>The restaurants that have not finished these inspections are new counter lessees.</p>
 <p><b>Food Safety Network</b></p>	<p>The business of F&amp;B consignment counters has occupied a greater percentage in the performance of department stores in recent years. However, the food safety issue has become a health concern for consumers. Far Eastern SOGO establishes the "Food Safety Network" and copes with food safety risks that have been a great concern in society for many years with the "Cloud Food Safety Network" focusing on the transparency of information, the "Internal Management Network" of more refined management, and the "External Education Network" for popularization of awareness.</p>	<p>We have tried our best to manifest our functions by organizing the Pandemic Prevention Meal Competition for two consecutive years to promote the concepts of healthy diets to stakeholders. We have worked with F&amp;B consignment counter lessees to provide pandemic prevention meals for which a prize was granted and shared the results to customers. (For more information, refer to Chapter 5, Social Impact Power, P. 144)</p>
 <p><b>Far Eastern SOGO's New Era of Tableware</b></p>	<p>The shopping behavior of consumers changes as the awareness of sustainability rises. They pay more attention to the sources of ingredients, the life cycle of dining utensils, and the recycling and disposal systems. Far Eastern SOGO starts this project from the measure that one-off and melamine dining utensils are not provided for customers having their meals in a restaurant and extends it to the elimination of free one-off dining utensils like disposable chopsticks and plastic spoons and forks to reduce waste generation substantially and promote green life to the public.</p>	<p>The project has evolved to its 5.0 version since 2020. Far Eastern SOGO takes the lead in the department store industry to assist F&amp;B consignment counter lessees with the application to the Environmental Protection Administration for the "Green Restaurant". 95% of the restaurants at stores in Taiwan passed the certification up to the end of 4. The aforesaid data was the statistics as of the end of 2021. Restaurants that have not finished these inspections are new counter lessees, expected to approve in 2022.</p> <p>(For more information, refer to Chapter 2, Sustainable Environment Power, P. 70)</p>

## Formulation of "Merchandise Safety" Action Plans to Meet the Requirements of Stakeholders

Stakeholder	Merchandise Safety Action Plan
 <p>F&amp;B Consignment Counter</p>	<ul style="list-style-type: none"> <li>• Establishment of a merchandise safety area.</li> <li>• Assistance to F&amp;B consignment counter lessees with the application for GHP.</li> <li>• Assistance in passing the drinking water quality and edible ice cube inspection conducted by local competent health authorities.</li> <li>• Assistance in passing the green restaurant certification.</li> </ul>
 <p>Customer</p>	<ul style="list-style-type: none"> <li>• Promotion of knowledge on merchandise safety via self-media.</li> <li>• Protection for customers having their meals in restaurants.</li> <li>• Experience in sustainable consumption.</li> </ul>
 <p>Employee</p>	<ul style="list-style-type: none"> <li>• Internationalization of Daily Morning Meeting Report, eWork, and ESG newsflash knowledge.</li> <li>• Workshop and management course.</li> <li>• Implementation of the merchandise inspection system.</li> </ul>
 <p>Supplier</p>	<ul style="list-style-type: none"> <li>• Implementation of the supplier evaluation system.</li> <li>• Autonomous sanitation management.</li> <li>• Information disclosure (daily).</li> <li>• Source management (monthly).</li> <li>• Self-inspection (quarterly).</li> <li>• Application for evaluation (yearly).</li> </ul>
 <p>Society/Community</p>	<ul style="list-style-type: none"> <li>• Pandemic Prevention Meal Competition for promotion of healthy diets.</li> </ul>
 <p>General Public</p>	<ul style="list-style-type: none"> <li>• Promotion of new knowledge on merchandise safety and sustainable consumption via self-media.</li> <li>• Promotion of international initiatives</li> </ul>
 <p>Media supervision of companies and stores</p>	<ul style="list-style-type: none"> <li>• Promotion of concepts via "SOGO Sustain · Good Things Are Easy to Choose", DM on food festival, and Chairman's special column.</li> </ul>



### 3.1.2 Merchandise Management Mechanism

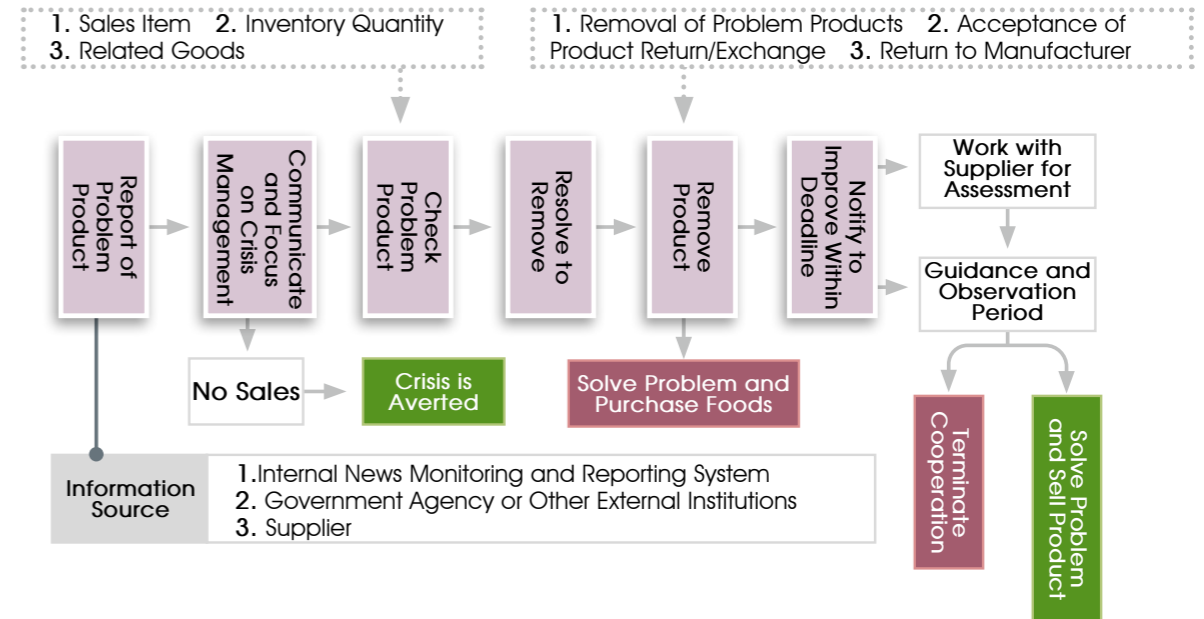
"Merchandise Safety" and "Quality Service" are the core pillars of the department store industry. To strengthen the confidence of consumers and ensure a safe shopping environment for customers, Far Eastern SOGO takes the responsibility for the safety and quality of products. In addition to following the sustainable procurement principles and incorporating the "CSR clauses" in agreements for suppliers to observe, we conduct regular inspection and optimization in two aspects of "merchandise labeling" and "food sanitation".

Aspect	Inspection of Labeling	Inspection of Food Sanitation
Description	The labels of the products at Far Eastern SOGO's supermarkets are controlled strictly every day. Incoming inspection is conducted in batches thoroughly to make sure the information about the place of origin, price, and expiration period on the label is correct. Purchase documents are also checked, and control measures are taken at different levels to ensure that the products to be sold are labeled correctly.	As a self-demanding company dedicated to providing quality services, Far Eastern SOGO controls the hygiene of restaurants and foot courts carefully to avoid contamination of food and prevent it from causing illness to customers. In addition to the daily self-inspection of 72 items in five categories pursuant to the regulations on the "Hygiene Management and Self-Inspection of the Catering Industry" promulgated by the Department of Health, Taipei City Government, we conduct an overall evaluation every week to ensure implementation of hygiene management in our operational routine. The result of the evaluation is used as a basis for the praise of outstanding counter lessees.
Effectiveness	<p><b>(1) Daily Inspection of Labels at Supermarkets</b></p> <p>Inspection of labels is conducted several times along the each aisle when products were purchased, especially the place of origin, price, and expiration period, with spot checks as an aid to ensure the correctness of the labels.</p> <p><b>(2) Strict Requirements for Labeling of Products From the Prefectures and Cities of Japan</b></p> <p>Since April 1, 2022, food imported from five prefectures and cities of Japan, including Fukushima, must have been explicitly attached with to-d -fu-ken labels to ensure protection of consumers' rights.</p>	<p><b>(1) GHP (Good Hygiene Practice) Verification</b></p> <p>We assisted F&amp;B consignment counter lessees with the application for GHP and 61% of restaurants at stores in Taiwan passed the certification. The remaining restaurants have not finished the certification because the health departments of the government have delayed their inspection, or they are new counter lessees.</p> <p><b>(2) Drinking Water and Edible Ice Cube Inspection</b></p> <p>98% of the F&amp;B consignment counter lessees at stores in Taiwan passed the inspection conducted by local competent health authorities. Restaurants that have not finished the inspection are new counter lessees. The inspection items include coliform groups, total colony count, turbidity, chroma, nitrate nitrogen, nitrite nitrogen, pH value, and plate count.</p>

### Problem Product Removal Process

To strengthen our capability in the control of problem products, in 2016, Far Eastern SOGO established the "Merchandise Safety Monitoring Network" to connect all relevant departments using communication software. When the competent authority requests a visit to Far Eastern SOGO for a random check, or personnel are designated to monitor the news of the media and the information of the government to understand the latest development status, and the "Risk Monitoring Procedure Problem Products" is launched immediately whenever the news on problem products is identified. The team for control of risk brought about by problem products is responsible to follow up on result of the action.

For products that are in dispute but do not violate relevant laws or regulations, we take actions pursuant to the provisions of the agreement, request the supplier to remove the products preventively, if necessary, and provide opportunities for return and exchange of products by upholding the concept of "Customer First" and following the ethical principle to protect the rights and health of customers.



### Recall Event

There were recalls in 2021 and the products were removed right after the report was received. The business of malicious suppliers was suspended or the collaboration with them was discontinued. Opportunities of return and exchange of products were provided. The following events had a material effect on the physical health of customers.

Store	Supplier	Brand	Product	Cause of Recall	Result	Occurrence Date
Zhongli Store	CHANYUE INTERNATIONAL CO., LTD.	Levic	Levic Babies Rice Cookies	Rice cookies were filled with "non-food grade" nitrogen. The Department of Health, New Taipei City Government, proved this fact after investigation.	Products were removed and the business of the supplier was suspended.	2021/3/9
Fuxing Store	FAR EASTERN CITY SUPER LTD.	city's uper	Spoon Cabbage	The Department of Health announced pesticide residue in the City Super spoon cabbage at the Fuxing Store.	The product was removed immediately and the business with the supplier Jinhua was discontinued permanently. All vegetable suppliers were requested to provide rapid test results of pesticides every week. The suppliers of organic vegetables and those supplying traceable products will be the counterparties of the collaboration.	2021/11
Fuxing Store	GODIVA CHOCOLATIER (ASIA) LIMITED, TAIWAN BRANCH (H.K.).	Godiva	Cup Ice Cream	An upstream supplier notified us that locust bean gum, commonly used as an ingredient for production of ice cream, might be very slightly affected by "ethylene oxide" (ETO).	The products of the batches that might be affected were removed and their sale was discontinued to protect consumers. The total product return amount was \$121,376.	2021/12/8



# 3.2 Customer Relations and Services

## 3.2.1 Customer Relations Management

### I Service Experience

We are dedicated to becoming the best evaluated department store in terms of services in the industry. We combine the fineness of Japanese style with the friendly and heartwarming attitudes of Taiwanese style to provide premium services for customers. Managers on duty and the service personnel for customers (hereinafter referred to as customer service personnel) bow to 90 degrees and say "welcome!" and "thank you!" every day when the store is opened and closed.

### I Customer and Elevator Service Personnel

Since the establishment in 1987, Far Eastern SOGO has designated dedicated elevator service personnel. In addition to this feature and tradition, we have employed "Mr. Elevator" to join the team for four consecutive years. The elevator service personnel communicates with at least 40 phrases of "Elevator Quotations", together with elegant gestures, in a gentle and soft tone. They welcome every customer with the best services and honorifics. Customer service personnel are warmhearted and enthusiastic. They are friendly to customers and serve them with a smile and attentive honorifics to create professional and polite service value.

Far Eastern SOGO trains professional service personnel and builds premium service teams with a strictly established training system. For the training of customer service personnel, please visit our official ESG website: <https://esg.sogo.com.tw/7-3.php>



### I Information Desk and Attentive Services

An information desk is set up on the first floor of each store. The personnel there answer various questions of customers and provide them with consultation services, such as the locations of brand counters and information on special events. Many attentive services are also provided at the information desk, including exchange of foreign currencies, baby prams/carrriages, postage stamps, lost and found services, and other assistance. Masks and other sanitary utensils are also available during the pandemic for customers in need.

#### Established Education of Politeness

The customer service personnel of Far Eastern SOGO are highly praised by customers for their polite services. To help children experience interaction with other people and treat them politely, the stores organize a "Children's Customer Service Camp" irregularly for them to understand the preparations for customer service such as personal clothing and grooming, work assignment, and etiquette. Children can also experience interaction with customers and provision of services for them.



### I VIP Services

We have a VIP Service Section. Personnel of the Section work at the VIP Room/Cardholder Center to provide services related to card affairs, sale of gift vouchers, tax refunds, etc. Service personnel must have professional finance knowledge, outstanding foreign language proficiency and shall make a good contribution to citizen diplomacy during service.

To show our appreciation to VIP customers for their support, Far Eastern SOGO built a "VIP Lounge" that provides a private space for VIP customers to take a rest. It provides newspaper and magazines, teas and snacks, massage armchairs, shoe polishers, iPad lending services, as well as unique special offers of hotel accommodation and dining, skincare, and gym services.

### I Seven Club Service Segmentations

To provide customers with differentiated services to meet their demands more properly, we integrate past membership data to set up seven clubs tailored to customers, wherein the Sports Club was formed at the beginning of 2022.

Category	Start Time	Number of Members (as of the end of March 2022)	Special Offer/Service	
Far Eastern SOGO VIP	VVIP Club	2016	1,315	In addition to special offers for VIP customers, members can enjoy dedicated premium services, including more than 60 art and exquisite product appreciation activities every year and other special events and shopping services.
	VIP Club	2006	8,710	21 special events including wine tasting, pour-over coffee, tea tasting, floral design, skincare, and other experience activities are provided for our members. Heartwarming and attentive services are available at our VIP Lounge.
Premium Club	2019	22,747	Customers who have the potential to become VIP members have the chance to experience premium VIP services in advance.	
Wedding Club	2018	391	We are the first department store in Taiwan that works with nearly 200 marriage-related brands and cross-industry entities to provide wedding and marriage experiences, including customized services and other special offer, for new couples who are going to step into the next stage in their life.	

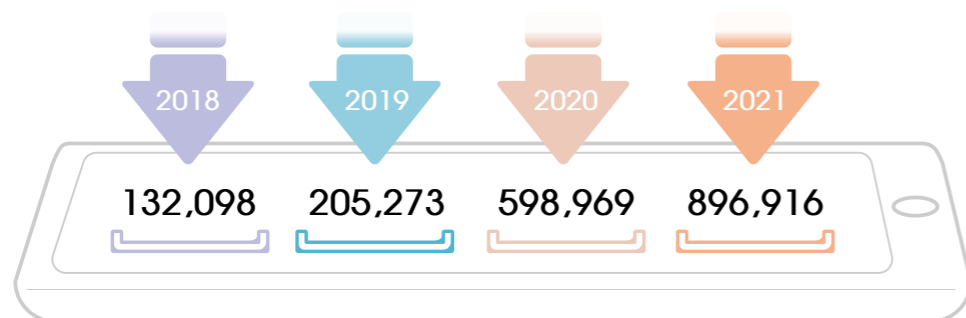


Category	Start Time	Number of Members (as of the end of March 2022)	Special Offer/Service
ThanQ Club	2000	33,189	Being formed especially for parent-child customers, the club sends dedicated eDMs containing special offer information, calendars, and shopping gifts every month. In addition to using the KIDS Lounge at the stores in priority, members can participate in different experience activities including "Children's Customer Service Camp" and "A Low-Carbon Education Trip".
Fresh Club	2019	51,054	The club was formed in 2019. Members can enjoy a special offer in admission fees and acquire doubled credit points for full-amount shopping and on Member's Day (Wednesday). On the 30th day of every month, members can have a shopping fund of \$100 at the supermarket against 300 Happy Go points. They are invited to various food shows and smallholders' markets on a regular basis.
Beauty Club	2020	90,550	Customers who reach the threshold of full-amount shopping at cosmetics/perfume counters may join the club. Members can enjoy shopping points and exchange them for new trial products and cosmetic gifts. Thanks to the low threshold and various special offers, the club has attracted many members within one year.
Sports Club	March 2022 NEW	1,346	Customers who spend \$2000 buying sports or golf clothing and gear in a single purchase at the Zhongxiao Store/Fuxing Store on the current day can join the club free of charge and members can enjoy six special offers permanently. <ul style="list-style-type: none"> <li>• Six Special Offers</li> </ul> Double credit points during specific events, more credit points for sports shopping funds, unique offers for members on an irregular basis, Happy Go Pay admission gifts, and additional credit points.

### Digital Innovations in Connection with Your Shopping Journey

In the year of the "swipe economy" as a result of the soaring popularity of mobile devices, using applications has become indispensable in the daily life of consumers. The number of downloads of the Far Eastern SOGO APP has doubled since 2015. We encouraged customers to use our APP to avoid contact during the period when the pandemic became worse in 2021, and strengthened the usage of the SOGO APP by taking different measures including collection of HAPPY GO membership points, parking discounts, electronic coupons/vouchers/shopping gifts or other electronic gifts, and information on special offers of different stores. With the aid of the APP digital prize awarding event, it has increased by 56.74% compared with 2020 and the number of the SOGO APP members increased to 906,000 as of the end of 2021, showing a growth rate of 49% in comparison with 2020.

Far Eastern SOGO APP Download Statistics



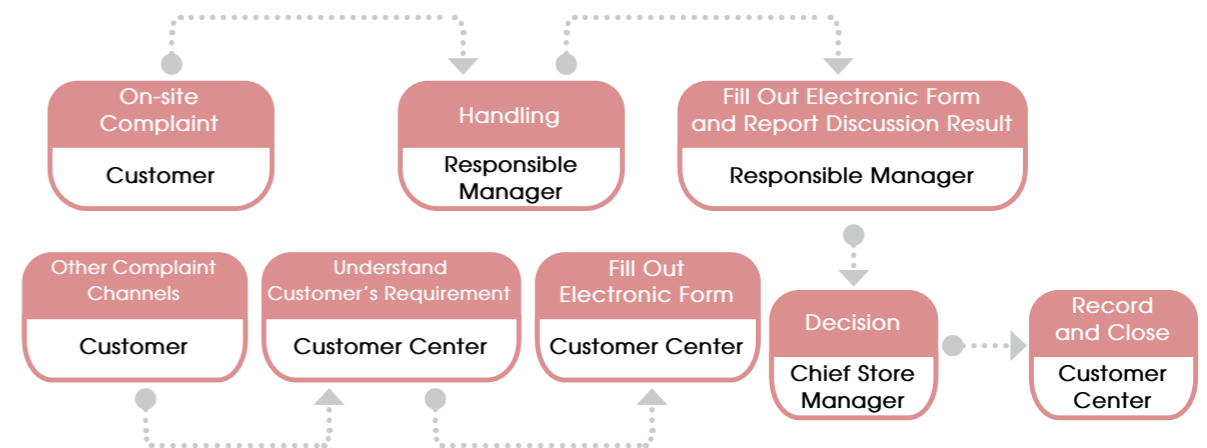
### Feedback Management

Far Eastern SOGO has established the "Customer Feedback Handling Procedures" to enhance the management and follow up of customer's feedback. We have an electronic management system and request the customer service center to create files for the feedback and take follow-up actions for improvement of the service quality.

#### Feedback Management



### Customer Feedback Handling Process

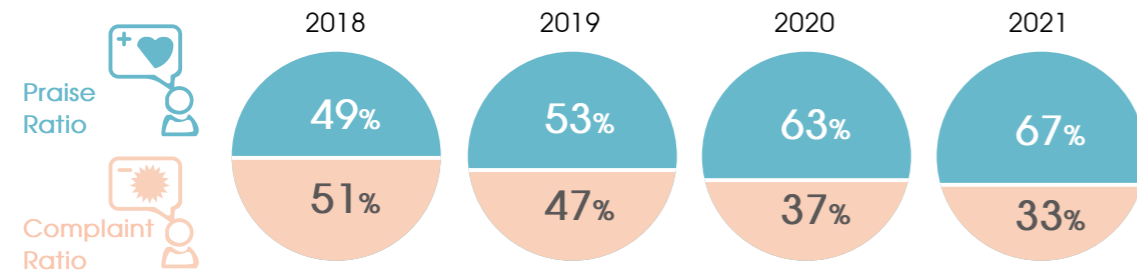


With a proactive and enthusiastic attitude in services, Far Eastern SOGO provides a shopping journey that can increase the happiness of customers, and many customers feel touched and give their praises spontaneously. There were 338 customer feedback cases in 2021. 226 of them (67%) were praise cases, which created a record high in history. The remaining 112 cases (33%) were customer complaints, showing a reduction of 4% in comparison with 2020.



We deem the complaints of customers an important reference for the improvement of service process. They are reviewed every month and adjustment is conducted accordingly to provide a more complete service process. Most of the customer complaints are related to defects in the service process, such as service personnel did not ask about the membership card number for accumulation of points in advance. We will continue to disseminate the service process and enhance relevant education and training.

### Historical Customer Feedback Statistics



### Customer Satisfaction

Far Eastern SOGO conducts surveys for the benefit of the brand and CSR as well as the perception of customers every year. An external market investigation company is authorized to conduct the survey based on HAPPY GO members. 1,068 customers were selected randomly for the survey with respect to the four facets of brand consumption power, public engagement power, innovation management power, and CSR issue indicators to realize the vision of "being the socially responsible retail benchmark that keep pace with the times".

The overall satisfaction level in 2021 reached up to 90%, which is an outstanding performance that has been maintained for three consecutive years. The satisfaction level of each facet remained at a specific level. In general, more than 80% of consumers had confidence in the products and were satisfied with the service of Far Eastern SOGO. It was obvious that we had a good performance in the selection of products and the quality of service in recent years.

Up to 87% of consumers will select Far Eastern SOGO when they shop next time. This performance is at the same level as that in 2020. 75% of consumers will recommend Far Eastern SOGO to their relatives and friends, indicating that our service meets the expectations of customers. As for loyalty, 70.9% of consumers found themselves loyal customers of Far Eastern SOGO. This is at the same level as that in 2020.

### Results of Customer Satisfaction Survey

	Overall Satisfaction	Brand Attitude	Loyalty	Future Shopping Willingness
2021	90.9%	85.8%	70.9%	87.7%
2020	90.9%	86.6%	71.9%	87.8%
2019	90.0%	87.9%	68.4%	88.8%
2018	86.9%	84.6%	64.3%	85.5%

In the individual survey items, customers showed high satisfaction with the service of Far Eastern SOGO, confidence in products, and professionalism of the personnel. However, the satisfaction with the "no provision of one-off dining utensils" and "promotion of green consumption" dropped for two consecutive years. The reason for the former may be that consumers might want one-off dining utensils during the pandemic. As for the latter, we requested the responsible departments to strengthen their dissemination approaches.

### Results of Customer Satisfaction Surveys in Individual Items

	Satisfaction with Service	Confidence in Merchandise	Satisfaction with Professionalism of Service Personnel	Satisfaction with Use of Environment-Friendly Recycles Material	Satisfaction with No Provision of One-off Dining Utensils (Including Dine-in and Takeout)	Satisfaction with Promotion of Green Consumption
2021	87.5%	87.2%	85.7%	82.6%	80.7%	80.2%
2020	89.0%	89.3%	85.3%	83.1%	83.0%	82.4%
2019	88.0%	88.2%	85.3%	81.9%	84.3%	83.9%
2018	84.2%	83.7%	80.5%	77.9%	N/A	77.2%

Note: N/A indicates that this item was not incorporated into the survey in the year concerned.

### Awareness of Merchandise Safety Practices

As for the safety of products, 80% of consumers were aware that "no one-off dining utensils are provided for takeout customers of restaurants/food courts", followed by the nearly 70% awareness that "one-off and melamine dining utensils are absolutely prohibited at the restaurants/food courts of all stores in Taiwan". 43% of consumers were aware of the "disclosure of product test reports" and "spontaneous delivery of products for testing".

In the sub-groups, consumers over 50 years old were significantly more concerned about no provision of dining utensils for takeout customers, prohibition of melamine and one-off dining utensils, and spontaneous delivery of products for testing. In contrast, younger consumers under 29 years old were not quite aware of the safety practices of products.

81.8% of consumers were satisfied with our merchandise safety practices, indicating a drop of 2.2% in comparison with 2020. Awareness of the "disclosure of merchandise safety information" (78.8%) was relatively low, while the satisfaction with other items was up to more than 83%. We will provide reliable information openly and transparently to increase the overall satisfaction of consumers with the safety of the products.

### Survey on the Awareness of Sustainability Among Customers

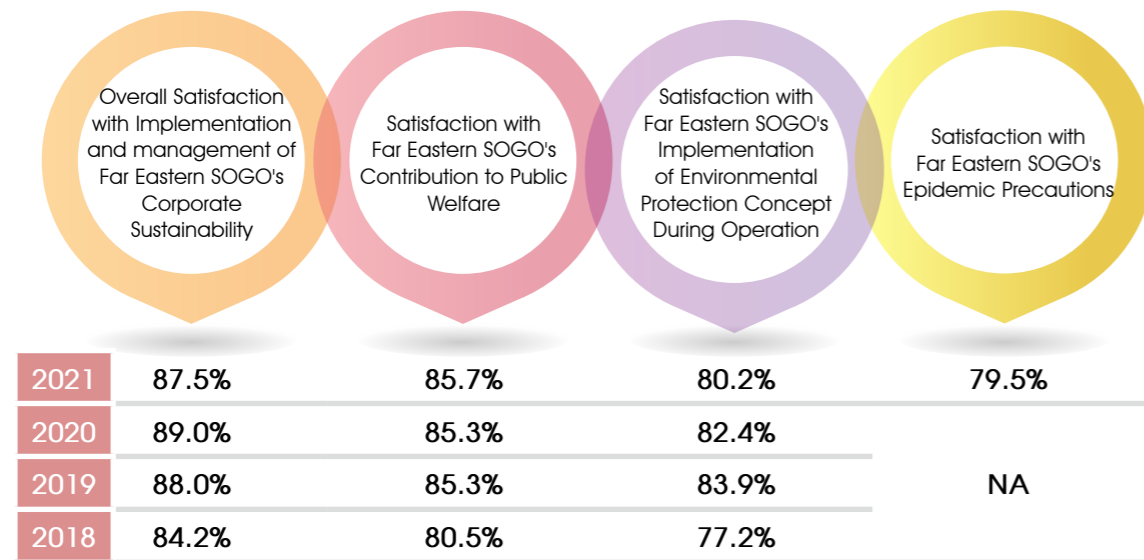
Far Eastern SOGO defines 2015 as the "First Year of CSR" and 2020 as the "First Year of Sustainability" in response to the international trend of sustainability. We have been highly praised for our performance in the implementation of sustainable development and CSR. We launched the "Vision Project" in 2020 and plan to implement our future operation guidelines and reshape the corporate vision with the three ESG dimensions as the cores. Relevant sustainability practices were reflected in the customer survey.

In the implementation of the ESG and management, 77.9% of consumers were satisfied with Far Eastern SOGO, although there was a slight declination compared to the last survey. The "implementation of environmental protection concepts during the operation" and "care for stakeholders during the pandemic" (79.5%) were most satisfactory to consumers. More than 70% of consumers were satisfied with other items. Satisfaction increased to the highest extent in "opinion feedback mechanism" (74.3% vs.71.6). In contrast, the result of the "provision of a safe environment" (78.9% vs. 86.7%) did not show the same or higher satisfaction compared to the last survey. More communication with consumers is needed in the future.





## Satisfaction with Corporate Sustainability Practices



## 3.2.2 Service Management Policy and Audit

### Service Management

All employees and counter partners of Far Eastern SOGO shall follow the service motto of "Smile, Nimbleness, Vividness" and remember our service tenet of "providing the most attentive services to win the trust and satisfaction of customers".

### Service Quality Management Mechanism

Phase	Item	Description
Training	Internal Training	Training of Customer and Elevator Service Personnel
	External Training	
	Enhanced Service Training	
Audit	"What I Should Know" Test	The purpose of the test is to ensure the familiarity of employees with the environment of store floors, especially the counters, important extension numbers, (infirmary, central control room, guard room), and first aid gear, to protect the safety of customers.
	Team Competition	A team competition is organized every two months. Topics are selected randomly to test the service level. The team that does not pass the test shall participate in the next competition until it acquires a passing score.
Management	Management by Waking Around	Floor management personnel walk around to understand the service level of consignment counter lessees in the hopes of improving the service skills and awareness of frontline personnel.
Praise	Outstanding Service Stars	<ul style="list-style-type: none"> <li>Outstanding Service Stars are praised through the "Daily Morning Meeting Report" every month. They are invited to share their work experience, demonstrate their positive influence, and help other employees learn and grow. 103 outstanding Service Stars were praised in 2021.</li> <li>The poster of the Service Stars is posted on the bulletin board every month.</li> <li>The Chief Store Manager sends a thank-you letter to the brand supplier to show our appreciation for the outstanding attitude and professional capability of its service personnel at Far Eastern SOGO.</li> </ul>

## Outstanding Service Stars in 2021 (May)



### NIKE專櫃 / 黃愷毓

忠孝館10樓

**感動的服務/** 顧客日前至台北忠孝館10樓NIKE專櫃購買鞋子，因顧客腳型關係，故一連試了約七雙鞋，試穿期間人員黃愷毓先生態度奇佳無比，完全無一絲不耐煩，且很客氣地持續幫顧客找尋適合的鞋款，最後順利地有找到適合又舒適的鞋子，讓顧客有一個很愉快的購物體驗！真的是一位專業又親切貼心的好服務人員，請給予鼓勵肯定並嘉許人員。  
**熱情地招呼顧客，親切的提供顧客諮詢，並關心顧客的需求且提供解決的建議，相信每一位同仁，都能在第一線為顧客提供最優質的服務。**

**黃愷毓的工作感言/** 用心幫忙客人找到喜歡的商品，看到客人滿意的樣子也會很有成就感。

**黃愷毓的小秘方/** 上班時間保持愉快心情，才可以把這種氣氛傳達給客人。



### MUJI無印良品專櫃 / 鄭笛安

中壢店3樓

**感動的服務/** 顧客日前至中壢店3樓MUJI無印良品專櫃購買洗面乳，看到櫃上服飾質感摸起來很舒服，人員鄭笛安小姐看到馬上親切及熱心過來招呼，並帶顧客前往更衣室試穿，顧客覺得人員服務態度非常親切熱忱，值得嘉許。  
**傾聽、觀察並注意顧客的感受，了解顧客真正的需求，提供顧客發自內心地服務，創造業績達到雙贏。**

**鄭笛安的工作感言/** 盡心理解每一位客人的需求，為客人推薦適合的商品。

**鄭笛安的小秘方/** 希望客人來到這裡像回到家一樣舒適自在。



### 精光堂時計專櫃 / 莊湘怡

中壢店3樓

**感動的服務/** 顧客日前至中壢店3樓精光堂時計專櫃選購手錶，人員莊湘怡小姐服務態度親切，顧客花費很多時間考慮，人員服務態度完全沒有不耐煩，且還提供多款商品試戴，讓顧客感受到人員真誠的服務。提供顧客滿意的服務是我們追求的目標，請同仁們以此例為標竿，繼續以更熱忱更親切的服務態度，營造出更感動顧客的消費空間。

**莊湘怡的工作感言/** 保持著剛進來百貨初衷的熱忱，角色常想妳也是客人的立場。

**莊湘怡的小秘方/** 耐心不要怕客人試戴，客人考慮反問她的考慮點。



### Jo Malone專櫃 / 鍾金芷

新竹店1樓

**感動的服務/** 顧客至新竹店1樓Jo Malone專櫃，由鍾金芷小姐服務，顧客認為鍾金芷小姐非常熱情且專業地介紹適合顧客的產品，富有耐心地回答顧客的問題，值得給予公開讚揚。  
**「熱愛工作」就會「樂在其中」，樂在其中，才會營造出卓越服務的心情和行為。**

**鍾金芷的工作感言/** 用心對待顧客，顧客也感受到且給予正向回饋。

**鍾金芷的小秘方/** 用同理心對待每一位顧客。



### 席夢思專櫃 / 吳詩芸

新竹店6樓

**感動的服務/** 顧客至新竹店6樓席夢思專櫃已近打烊時間，人員吳詩芸小姐服務態度無不耐煩且親切有禮，依照顧客需求專業介紹適合商品以供參考，讓顧客覺得是愉快的購物。  
**以服務親切又熱忱的態度與顧客應對，提供顧客需要的服務，帶給顧客如同家人般愉快的購物享受，也為自己贏得好人氣。**

**吳詩芸的工作感言/** 客戶的支持是我前進的動力，真心的服務永遠是快樂的。

**吳詩芸的小秘方/** 聆聽客戶的需求，為客戶打造全新的夢想美眠。



# 3.3 Store Safety Protection

## 3.3.1 ESH Management

Far Eastern SOGO places importance on the safety and health management and conducts regular inspection of the environment to ensure it provides a safe shopping environment for customers and service personnel. The inspection focuses on the environmental hygiene and 5S: SEIRI, SEITON, SEISO, SEIKETSU, and SHITSUKE. The Administrative Vice President gathers all stores in Taiwan to hold a safety and health meeting every month to review deficiencies in safety identified during the inspection. There were no safety violation cases in 2021.

We have emergency power generators at every business location. The backup power can be turned on whenever a power failure occurs to provide 25% of the lighting power at the store and supply electricity to the elevators, escalators, and staircases. This ensures safe movement of customers during a power failure period. AED (Automated External Defibrillator) devices are also available at business location. To cooperate with the competent authority of the government in the implementation of the "Statutory Communicable Disease Prevention Project", we implement self-management in hygiene and disinfection, conduct prevention and dissemination of statutory communicable diseases, and work with the government to promote prevention of the epidemic to build a safe and secure environment for work and shopping.

### Inspection Items

Category	Item	Inspection Frequency
Friendly Facility	Routine inspection of AEDs and first-aid kits, inspection of the nursing room's cleanness, walking around to inspect the store floors.	Every day
	Inspection of the Attentive Station.	Every week
	Hand-washing equipment on store floors and enterovirus prevention inspection.	Every month
Public Safety Management	Inspection of evacuation paths; self-inspection of firefighting equipment.	Every day
	Inspection of safety switches for large cold storages.	Every month
	Safety inspection of electricity consuming equipment on store floors.	Every month
	Inflammable gas inspection	Every month
	Warehouse safety inspection.	Per quarte
	Warehouse cleanness inspection, fire safety inspection, declaration of firefighting equipment safety inspection.	Every six months
	Indoor air quality test	Every two years
Verification and declaration of public safety inspection of buildings.	Every year	
Equipment Management	Inspection of the air conditioner room at the high voltage substation.	7time/day
	Maintenance/Repair of equipment.	Every day
	Electricity safety inspection, equipment testing, air conditioner filter cleaning.	Every month
	Drinking water quality testing (spot checks according to laws).	Per quarte
	Machine room ambient noise monitoring (internal inspection).	Before Operation

Professional (External) maintenance	Vector control and disinfection.	Every week
	Overall inspection and maintenance of elevators/escalators.	Every month
	Inspection and maintenance of HV equipment; drinking water storage cleaning; cooling tower cleaning, disinfection, and inspection.	Every six months
	Inspection and maintenance of power generators; inspection of HV and LV panel infrared cameras and local discharge testing of HV transformers; major maintenance of air conditioner units.	Every year
	Ambient testing for CO2 operations.	Every six months

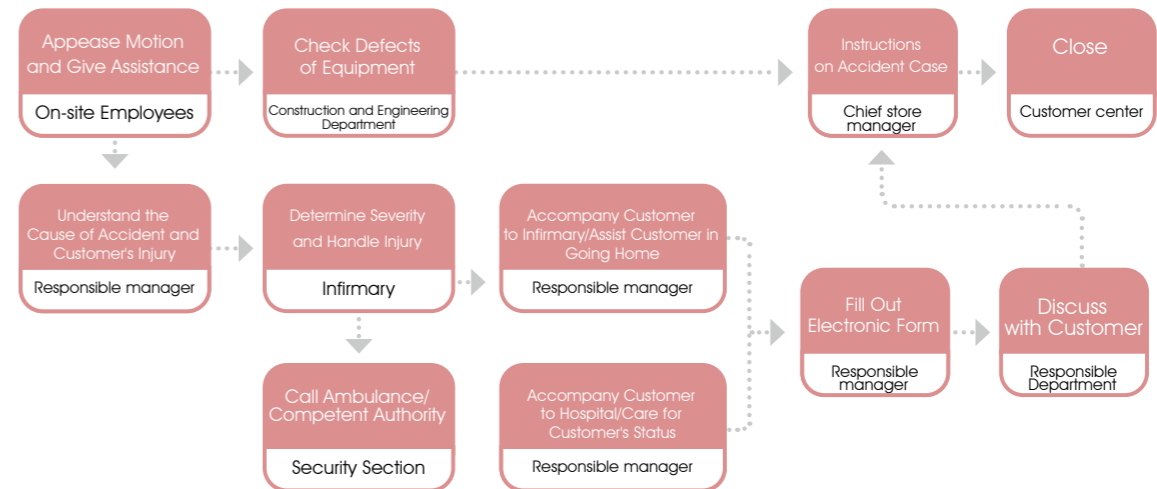
### Customer Safety

To enhance fire safety, we conduct static and dynamic drills once every six months to ensure all employees understand the emergency response procedure and provide customers with the most safe and secure shopping environment. All stores of Far Eastern SOGO have passed the "Safe Place Certification" of the Ministry of Health and Welfare. The Fuxing Store and Tianmu Store are both "Good Places for Self-management of Fire Safety". The three stores in Taipei City "Zhongxiao Store, Fuxing Store, and Dunhua Store" have entered into an accident prevention and collaboration agreement with the Da'an District Office, Taipei City.

The safety of customers is one of biggest concerns on which Far Eastern SOGO places much importance. The emergency response of employees is also a focus of service training. When an accident occurs in the store, if any, employees will give required assistance to customers, soothe their emotions, and report to the responsible manager immediately.

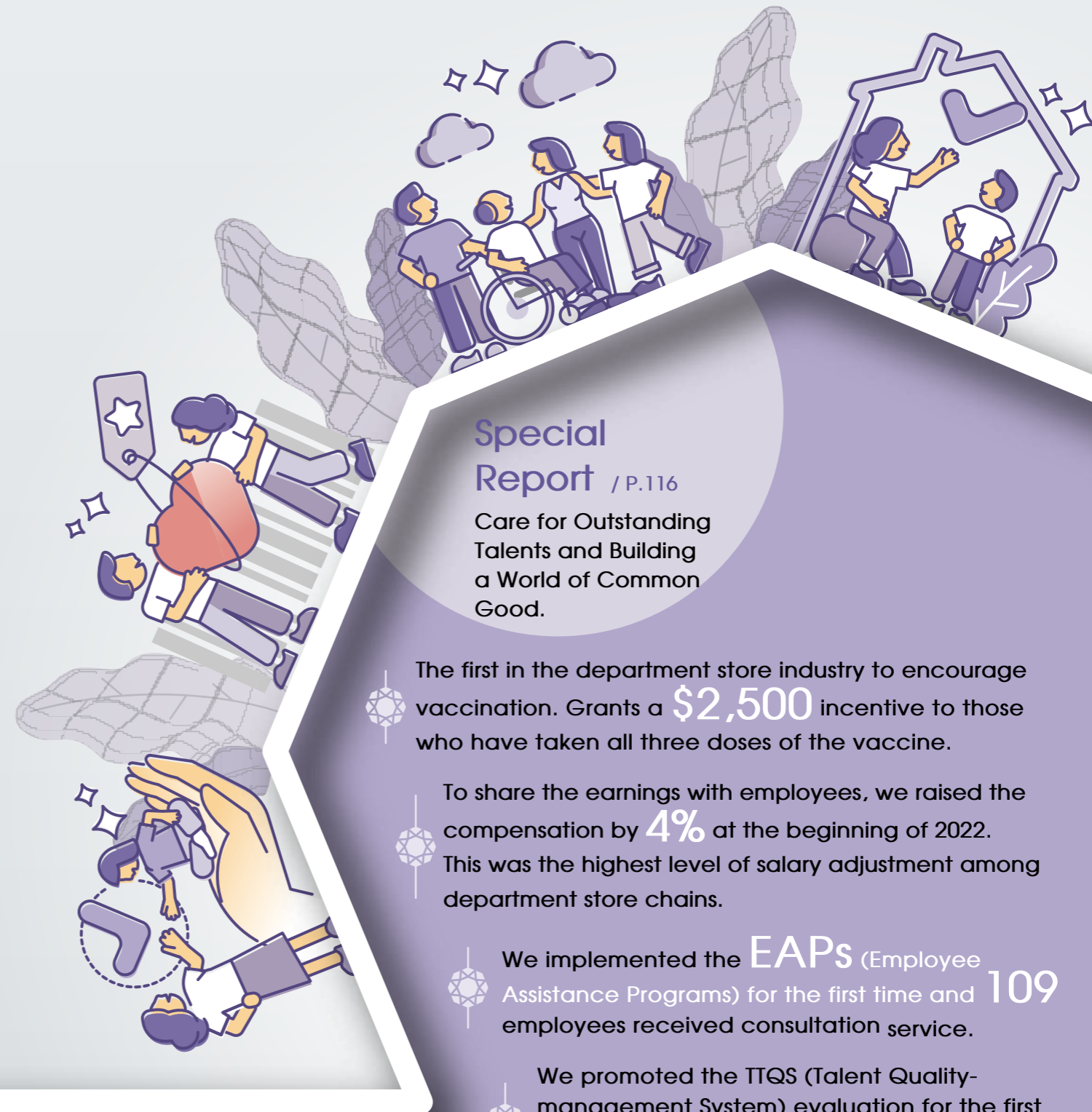
When the reporting procedure is launched, personnel of the Infirmary, Security Section, and Construction and Engineering Section will start the emergency response procedure at the same time. In the case any customers are injured, a related electronic form shall be completed, and the customer service center is responsible for follow-up actions. The Chief Store Manager must confirm the incident is dealt with completely before closing the case.

### Customer Injury Handling



Far Eastern SOGO reviews the accident and make improvements based on the type of customer's injury. There were 312 customer injury cases in 2021 and they were sent to the infirmary for help. All the cases have been closed. The number of such cases was reduced by 26% in comparison with 2020. Employees helped customers deal with the accidents. They continued showing their care for the customers and gave them assistance. All the customer injury cases were filed for management to ensure they were dealt with completely and successfully.

# Happy Workplace Power



## Special Report / P.116

Care for Outstanding Talents and Building a World of Common Good.

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To share the earnings with employees, we raised the compensation by **4%** at the beginning of 2022. This was the highest level of salary adjustment among department store chains.

We implemented the **EAPs** (Employee Assistance Programs) for the first time and **109** employees received consultation service.

We promoted the **TTQS** (Talent Quality-management System) evaluation for the first time. All the stores passed the evaluation and the Kaohsiung Store won the bronze medal.

We have won the "Taipei Labor Safety Award" for **9** consecutive years and played a leading role in the department store industry in Taiwan.

To take care of employees, Far Eastern SOGO formulates a talent empowerment and employee care scheme to train talents that are outstanding both inside and outside by carrying out human resource functions of selection, employment, development, and retention. We provide a good work environment with world-class level occupational health and safety, establish the pandemic prevention guide that ensures the most rapid response, implement zero-contact services, pay vaccination bonuses, and take care of the health of employees. In addition, we provide comprehensive education and training, implement EAPs, enhance the professional capability and mentality of employees, and optimize the journey of employees to solve the talent retention problem in the service industry. We also enhance the awareness and recognition of our brand among employees by implementing vision projects for the brand.

### SDGs



### Sustainability Issue

- Employee Development, Compensation and Welfare
- Talent Retention and Development
- Occupational Safety and Health

### Primary Stakeholders

- Employee
- Lessee (Consignment Counter)



## · Special Report ·



# Care for Outstanding Talents and Building a World of Common Good

Outstanding talents are an important foundation for the premium services of a department store. The COVID-19 pandemic has spread for more than two years since 2019. The changing market and politic environments have brought many unexpected challenges to businesses. In this difficult moment, how to help employees (talents) work safely, securely, and comfortably has become an important issue for Far Eastern SOGO.

We already established a SOP for epidemics in 2003 when SARS (Severe Acute Respiratory Syndrome) was attacking Taiwan fiercely in the hopes of having the most comprehensive preparation when any unexpected pandemic occurs. Hence, the Company formed the "Far Eastern SOGO Pandemic Command Center" at the very beginning of the COVID-19 pandemic in 2020. The President acted as the chief commander and announced the accountability of each department for prevention of the pandemic. The prevention guide was adjusted and optimized dynamically and there were cumulatively 25 customized rules for the department store industry up to 2021.

To cope with the pandemic and help employee feel "safe", we have distributed goggles to all employees since 2021 and requested them to wear them during business hours for protection from splashing spit. We also promoted physical health and fitness at home during the pandemic and encouraged employees to think positively. The on-site physicians and nurses provided health consultation services on a regular basis.

On the other hand, the operating revenue of Far Eastern SOGO during the period from May to August 2021 was affected badly. The annual revenue was \$41.2 billion (IFRS) with a reduction of 1.53% in comparison with 2020. Though the department store industry was affected substantially, Far Eastern SOGO adopted the policy of "no reduction of salary and welfare" and distributed the year-end bonus to help employees work securely. Also, we raised the compensation by about 4% in January 2022 to stimulate the morale of employees. (The actual adjustment of the salary for individual employees was made based on the result of the performance evaluation in 2019, 2020, and 2021.)

To enhance the immunity of employees against the pandemic, Far Eastern SOGO was the first department store in Taiwan that paid a vaccination bonus. The incentive was proposed in July 2021. More than 90% of employees have taken the first and second doses of vaccine as of the end of 2021. Employee who have taken a dose received a bonus from the Company and those who have taken all three doses received \$2,500 commodity vouchers. Employees to whom vaccination was not suitable due to physical or health conditions could receive \$1,000 commodity vouchers against a diagnosis certificate issued by a large or united hospital (excluding small clinics).

In addition, health remains the first priority in the protection of employees' rights during the pandemic, including paid pandemic prevention leave and application for marital leave on a later day. Employees were divided into two groups during the Level-3 alert period. They came to work separately on different schedules. The Company encouraged employees who were concerned about their health and family to apply for annual leave.

In addition to the basic pandemic prevention regulations, we implemented the following action plans in 2021 to help employees develop digital skills and promote the overall development of talents.

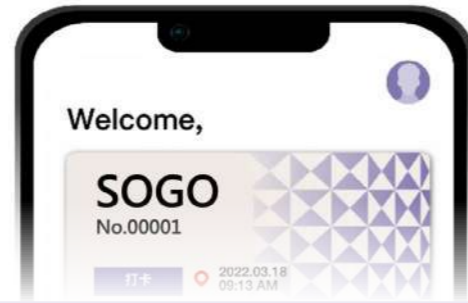


- We implemented the EAPs for the first time and provided employees with consultation services in legal and tax affairs, renovation of houses, occupational health and safety, and insurance and pension. A total of 109 employees received the service.
- We promoted the TTQS (Talent Quality-management System) evaluation. All stores passed the evaluation and the Kaohsiung Store won the bronze medal.
- We provided the eWork APP for employees. In addition to eliminating the deficiency of punching in/out, the app provides many built-in functions to optimize the experience of employees.
- Far Eastern SOGO implemented vision projects, optimized administrative performance, built corporate culture, conducted optimization of employees' experience, and spared no effort for realization of the Company's vision.
- We implemented the ISO 45001 occupational health and safety management system to ensure the occupational health and safety of the Company is in line with the international community. The ISO 45001 was implemented practically at the Zhongxiao Store and Far Eastern SOGO in 2021.
- We received the "Taipei Labor Safety Award" for nine consecutive years. Thanks to the implementation conducted by the Occupational Safety and Health Committee, no significant occupational accidents occurred to workers in recent years. Far Eastern SOGO had the best performance among department stores in Taiwan in the statistics of disabling severity rate and disabling injury frequency rate.

To take care of employees, Far Eastern SOGO formulates a talent empowerment and employee care scheme to train talents that are outstanding both inside and outside by carrying out human resource functions of selection, employment, development, and retention. We provide a good work environment with world-class level occupational health and safety, establish the pandemic prevention guide that ensures the most rapid response, implement zero-contact services, pay vaccination bonuses, and take care of the health of employees. In addition, we provide comprehensive education and training, implement EAPs, enhance the professional capability and mentality of employees, and optimize the journey of employees to solve the talent retention problem in the service industry. We also enhance the awareness and recognition of our brand among employees by implementing vision projects for the brand. We spare no effort to build a world of common good during the pandemic.



# 4.0 Strategic Results and Planning



Material Topic	Employee Development, Compensation and Welfare	Customer Relations and Service Quality	Customer Relations and Service Quality	
GRI Standards	GRI 401: Employment; GRI 402: Labor/Management Relations; GRI 407: Freedom of Association and Collective Bargaining	GRI 404: Training and Education; GRI 405: Diversity and Equal Opportunity	GRI 404: Training and Education	
Management approach	Strategic Target	<ul style="list-style-type: none"> <li>Reduce the turnover rate and the company's personnel change costs</li> <li>Create a good atmosphere for corporate culture</li> <li>Meet the demand of the employees for self-actualization.</li> <li>Assist employees with improvement of occupational competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Build a secure workplace and protect the physical and mental health of employees</li> <li>Protect the health of employees and customers during the pandemic</li> </ul>	
	Management Method and Communication Mechanism	(Responsible unit) Human Resources Department, Labor Safety Office, Employee Welfare Committee.  (Communication method) Intranet, bulletin board, employee mailbox, letter, presentation, administrative reporting, Daily Morning Meeting Report, APP announcement to employees, Line Group at different levels or stores, labor-management meeting, complaint email box, employee mailbox, on ESG website.  The strategies are adjusted every year based on the satisfaction of employees and the content of the complaints.		
	Assessment Mechanism	<ul style="list-style-type: none"> <li>Employee Turnover Rate</li> <li>Employee satisfaction</li> <li>Remuneration comparison with other companies of the same business on the job banks</li> <li>Number of EPA Participants</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction</li> <li>Cause Analysis of Employment Termination</li> <li>Feedback on Training Courses</li> <li>Evaluation of the Talent Quality-management System (TTQS)</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction</li> <li>Survey on Health Checkup</li> <li>Disabling Injury Severity</li> <li>Disabling Severity Rate</li> <li>Hazard Identification and Risk Assessment</li> </ul>
	Goal Setting	<ul style="list-style-type: none"> <li>More than 80% of employees show their overall satisfaction</li> <li>Encourage employees to participate in volunteer activities, including external events</li> </ul>	<ul style="list-style-type: none"> <li>Make improvement based on the TTQS evaluation result</li> <li>Up to 20 training hours per employee in a year</li> <li>TTQS bronze medal or higher for all stores in Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of ISO 45001 at all stores.</li> <li>Setting of the "Risk Management Indicators for Physical and Mental Health" and "Illness Risk Management Indicators"</li> <li>Promotion of health management</li> <li>Zero occupational accidents.</li> </ul>
Medium to Long Term	<ul style="list-style-type: none"> <li>Review the rewarding and remuneration systems on a regular basis to ensure market competitiveness in salary</li> <li>Create learning maps to enhance the development of employees in their career</li> </ul>			

Material Topic	Employee Development, Compensation and Welfare	Customer Relations and Service Quality	Customer Relations and Service Quality
Annual Highlighted Results	<ul style="list-style-type: none"> <li>The first in the department store industry to encourage vaccination. Grants a \$2,500 incentive to those who have taken all three doses of the vaccine.</li> <li>To share the earnings with employees, we raised the compensation by 4% at the beginning of 2022. This was the highest level of salary adjustment among department store chains.</li> <li>To implement staggered work schedules due to the pandemic, we provided the SOGO eWork APP to optimize the journey of employees and help them work more efficiently.</li> <li>We implemented the EAPs (Employee Assistance Programs) for the first time and 109 employees received consultation service.</li> <li>We promoted the TTQS (Talent Quality-management System) evaluation for the first time. All the stores passed the evaluation and the Kaohsiung Store won the bronze medal.</li> <li>We have won the "Taipei Labor Safety Award" for nine consecutive years and played a leading role in the department store industry in Taiwan.</li> <li>80% of employees have finished the 30-minute online gender equality courses.</li> </ul>		

## 4.1 Employee Profile

### 4.1.1 Employee Formation and Distribution

With competence as the only condition of employment, Far Eastern SOGO treats all employees equally. We strictly observe the Labor Standards Act and do not have any discrimination against race, gender, religious beliefs, nationality, social background, or mental/physical disabilities, and never hire child labor. There were no cases of child labor employment, violation of human rights, or discrimination against any employees in 2021.

Far Eastern SOGO had 1,371 employees in Taiwan (1,355 full-time employees, two contracted employees, and 14 hourly workers) as of the end of 2021. Most of the employees were female, occupying 68.20% of the total employees of the Company. Most of the employees at Far Eastern SOGO are female due to the nature of the department store industry. Hence, we formulate welfare measures for female employees, including the protection specified in the Act of Gender Equality in Employment and Labor Standards Act, parental leave with reduced work hours, nursing room, and childbirth bonuses. The duties of pregnant employees will be adjusted or performed in a rotational way appropriately. Female employees who work at night will have a transport allowance.

Most of the employees are 31-50 years of age, occupying 53.46% of the total employees. The employee formation was stable in the last three years. The difference in gender and age between the formations was less than 3%. Although affected by the pandemic in 2021, Far Eastern SOGO paid the bonus and did not cut the salary to protect the welfare and work rights of employees. The number of total employees hired was reduced by 1.86% in comparison with the previous year.

The number of middle and senior managers in 2021 was almost equal in males and females. There were 7% more female than male middle and senior managers. According to the addresses that the employees registered at the Company, 75.64% of the employees in 2021 were residents in the cities where the stores concerned were located. (Taipei Area includes Taipei City, New Taipei City, and Keelung City). 78% of the senior managers appointed were local residents, and this percentage was equivalent to that in the previous years.



Category	Group	Female		Male		Total
		Number	Percentage	Number	Percentage	
Grade	Senior manager	10	0.73%	13	0.95%	23
	Middle Management	93	6.78%	83	6.05%	176
	Professional personnel	832	60.69%	340	24.8%	1,172
Age	Under age of 30	309	22.54%	109	7.95%	418
	31-50	479	34.94%	254	18.53%	733
	Above 51	147	10.72%	73	5.32%	220
Store (Unit: Person)	Headquarters	122	8.9%	65	4.74%	187
	Taipei	409	29.83%	197	14.37%	606
	Tianmu Store	94	6.86%	39	2.84%	133
	Zhongli Store	127	9.26%	53	3.87%	180
	Hsinchu Store	114	8.32%	58	4.23%	172
	Kaohsiung Store	69	5.03%	24	1.75%	93
	Total Number of Employees	935	68.2%	426	31.8%	1371
Labor Agreement	Full-time	922	67.25%	429	31.29%	1351
	Non-official - Contracted	0	0	3	0.22%	3
	Non-official - Hourly	13	0.95%	4	0.29%	17
Education	Ph.D.	0	0%	1	0.07%	1
	Master's	23	1.68%	26	1.9%	49
	College	532	38.8%	252	18.38%	784
	Junior College	128	9.34%	72	5.25%	200
	Senior (Vocational) High School or Below	252	18.38%	85	6.2%	337

Note 1: The statistics for this table use the number of full-time and non-full time employees on December 31, 2021 as the basis.

Note 2: "Senior management" means Assistant Vice President and above; "middle management" means manager/assistant manager and section supervisor.

Note 3: "Non-full time - contracted" includes dispatched workers and employees under an indefinite contract.

Note 4: "Non-full time - hourly" includes hourly workers, work-study students, and other workers earning money on an hourly basis.

Note 5: Percentage = The number of employees in the category/the total number of employees at the end of December in the current year.

Note 6: There is no significant change in the number of employees.



## 4.1.2 Employee Turnover

### Employee Turnover



Far Eastern SOGO recruits talents through job banks, campus recruitment, job fairs, industry-academia cooperation (practical training of students), and headhunters. We also announce internal vacancies to employees and those who are interested in the jobs may send their resumes. There were 125 new employees (9.12%) and 219 employees (15.97%) terminated employment in 2021.

The Kaohsiung Store conducted business adjustment and transformation and launched a new plan in 2021 in response to the changes in the market environment and consumer behavior. For this, 28 employees were laid off in accordance with the Labor Standards Act. The severance conditions were better than what the Labor Standards Act requires. There were many downsizing precedents like this in the retail industries.

### Structure of New Employees and Employees Terminating Employment in 2021

Unit: Person

Category	Group	New Employee		Terminating Employee	
		Female	Male	Female	Male
Age	Under age of 30	89	16	128	42
	30-50	8	10	26	14
	Above 50	1	1	7	2
	Total	98	27	161	58
New Employment and Turnover Rate (%)		7.15%	1.97%	11.74%	4.23%

Note 1: New employment rate = The number of new employees /the total number of employees at the end of December in the current year.

Note 2: Turnover rate = The number of employees terminating employment / the total number of employees at the end of December in the current year.

Note 3: The total number of employees at the end of December in 2021 was 1,371.

### Investigation and Statistics of Termination Causes

Far Eastern SOGO has investigated the causes of employment termination and takes relevant measures accordingly. For example, we increase the training courses and strengthened the management capability of managerial officers to reduce the problems in the adaption to the work environment; increase the salary of new employees to retain talents; enhance industry-academia cooperation to train talents in a more profound manner.

The turnover rate in 2021 was about 15.97%, almost the same as that in 2020. The reason for the termination of employment was mainly re-planning of personal career followed by inability to adapt and termination of the employment agreement. Some employees terminated employment because of health, family, or retirement. 77% of employees terminating employment were under 30. They were concerned about exposure to the worse pandemic environment in the catering service industry and wanted to change their job.

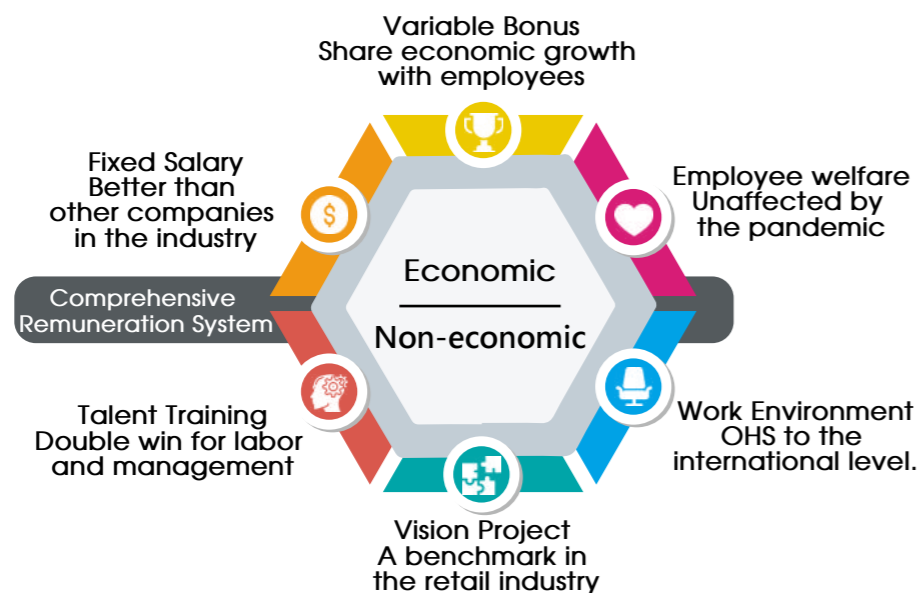


Cause	Number	Cause	Number
Adaptation	34	Work Assignment	1
Further Study	2	Disqualified Probation	2
Expiration of Agreement	14	Severance	2
Family	24	Salary	4
Retirement	4	Re-planning of Career	111
Health	15	Others	4
Death	2		
		<b>Total</b>	<b>219</b>

## 4.2 Remuneration and Welfare

### 4.2.1 Remuneration System

Far Eastern SOGO plans a fair, reasonable, and competitive remuneration system without being affected by gender, age, race, or any other factor. The Human Resources Department determines the salary by working with the consultant to make remuneration analysis and exchanging the information about the remuneration and welfare level on the market. The Operation and Management Committee adjusts the salary every year by referring to the remuneration structure of other companies in the industry, the salary adjustment level of public servants, and the price index, in addition to taking into account professional capability, work performance, and evaluation of individual employees.



### Comprehensive Remuneration System Economic & Non-economic

- Fixed salary - better than other companies in the industry
- Variable bonus - share economic growth with employees
- Employee welfare - unaffected by the pandemic
- Talent training - double-win for labor and management
- Work environment - OHS to the international level
- Vision project - a benchmark in the retail industry

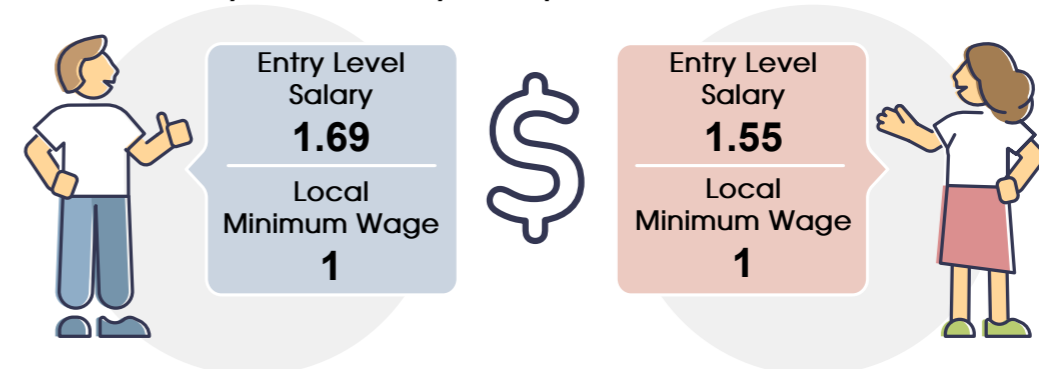


According to the information from the "Wholesale and Retail Trade" published by the Directorate-General of Budget, Accounting, and Statistics in 2021, the monthly regular earnings per employee was NT\$43,246. The average salary of Far Eastern SOGO's employees in the same year was NT\$45,269. It was about 4.67% higher than other companies in the industry.

	2018	2019	2020	2021
Number of full-time non-managerial employees	1,297	1,247	1,172	1173
Average Salary of Full-time Non-managerial Employees (NT\$ thousand/person)	531	528	544	555
Median Salary of Full-time Non-managerial Employees (NT\$ thousand/person)	529	539	555	556

Education	Far Eastern SOGO's Minimum Salary	Statutory Minimum Salary in 2021	Better Than Standard Salary in Percentage
College	NT\$31,400	NT\$24,000	30.83%
Senior (vocational) High School	NT\$26,300		

### Ratio of Entry Level Salary Compared to Local Minimum Salary



Far Eastern SOGO establishes a fair promotion and remuneration system for both genders. The ratio of male to female middle and senior managers has been narrowed. In 2021, 43.62% of senior managers were female. Though this was lower than the presentation of 47.62% in 2020, the number of these managers was the same in comparison with 2020. The difference between the average salary among senior managers in gender was the smallest in the last six years. Female middle managers occupied a percentage of 52.84% and remained almost same in comparison with 2020 (53.59%).



### Historical Average Salary by Grade

Year	2018		2019		2020		2021	
	Female	Male	Female	Male	Female	Male	Female	Male
Senior manager	1	1.15	1	1.18	1	1.29	1	1.13
Middle Management	1	0.98	1	0.96	1	0.98	1	1.04
Professional personnel	1	1.06	1	1.07	1	1.07	1	1.09

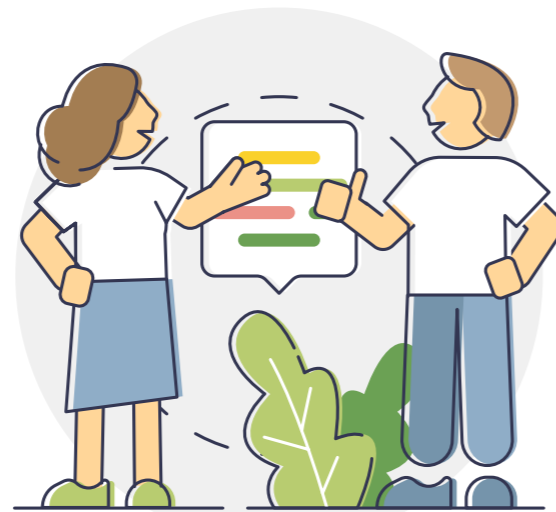
Note: The salary means total salary (fixed salary + variable salary).

We adjusted the salary consecutively before 2019 with an average adjustment rate of 3-5%. However, the salary was not adjusted in 2020 due to the COVID-19 pandemic. We were badly affected by the pandemic during the period from May to August in 2021. The annual revenue was \$41.2 billion with a reduction of 1.53% in comparison with 2020. Although the performance declined slightly, the initial assessment showed a slight increase in profit. Hence, we paid the year-end bonus as usual and raised the compensation to all employees at a rate of about 4% in January 2022 to stimulate the morale of employees.

### 4.2.2 Employee Welfare

#### Welfare Measure

Although COVID-19 brought about a great impact globally in the last two years, we took comprehensive welfare measures and took care of employees in a friendly and attentively manner, including various bonuses, allowances, and grants. Travel subsidies were most satisfactory to employees. Since no travel groups could be formed due to the pandemic, the Employee Welfare Committee distributed gift and meal vouchers to employees as a substitute.



The welfare measures were not reduced in spite of the severe pandemic. The spring party was suspended in 2021 due to the pandemic. However, we still paid the dinner party subsidies and other welfare rewards as our appreciation for the painstaking work of employees.

The staff of the consignment counter lessees can also enjoy most of the welfare measures that are mainly provided for full-time employees, though they are not directly hired by Far Eastern SOGO, including health checkups under a special offer program and on-site medical consultation. We implement a policy of "one counter on chair" to avoid physical injury due to standing for hours.

Welfare	Far Eastern SOGO Welfare Measure
Bonus	Year-end bonus, dividend bonus, annual sale bonus, special performance bonus, cash against surplus/deficit.
Allowance	Allowance for three festivals/birthdays/marriage/childbirth, grant-in-aid for children, phone subsidy, transport allowance.
Entertainment Subsidy	Domestic and overseas travel subsidy (maximum NT\$18,000), club subsidy (NT\$32,000/year), employment dinner party subsidy. The travel subsidies in 2021 were paid in the form of gift/meal vouchers.
Emergency Aid and Consolation	Hospitalization consolation, emergency aid fund, condolence money.
Leave system	Legal leave, birthday leave, flexible work time, public welfare leave (the former "volunteer leave", which was changed to "public welfare leave" in 2021).
Insurance and health	Labor insurance, health insurance, maternity protection measures, annual employee health checkups, promotion of EAPs, hospitalization consolation, serious illness consolation.
Convenient Measures	Staff's dining room, parking space, nursing room, infirmary.
Retirement Welfare	Appropriation of pension according to new and old labor retirement systems, dinner party grant for retired staff (maximum NT\$7,000), employee travel opens to retired staff.
Special Offers	Special shopping offers for employees, special offers for employees of affiliated companies, special offers for shopping at contracted stores.

#### Staff Maternity Allowance

Far Eastern SOGO encourages employees to have a baby and grants NT\$5,000 to female employees who have a child to help them mitigate their concerns about their livelihood. The amount of the allowance is higher than the PR75% (NT\$4,000) as investigated by 104 Corporation.

Allowance Item	Far Eastern SOGO		Job Bank's Survey Result			
	Company	Employee Welfare Committee	Average Amount	Corporate Payment Rate	PR75%	PR25%
Childbirth	3,000	2,000	3,731	73%	4,000	2,000






Most of the employees at Far Eastern SOGO are female due to the nature of the department store industry. Hence, we formulate welfare measures for female employees, including the protection specified in the Act of Gender Equality in Employment and Labor Standards Act, parental leave with reduced work hours, nursing room, and childbirth bonus. The duties of pregnant employees will be adjusted or performed in a rotational way appropriately. Female employees who work at night will have a transport allowance.

Breastfeeding/nursing rooms are set up at all the stores in Taiwan. A nursing room was set up in the headquarters' Taipei Office in 2021. All female employees who need to can use it whenever necessary.

### Location of the Nursing Room at the Stores

Headquarters	Zhongxiao Store	Fuxing Store	Dunhua Store	Tianmu Store	Zhongli Store	Hsinchu Store	Kaohsiung Store
Lotus Building	5F	4F	2F	3F	6F	5F	6F



### Unpaid Parental Leave

Employees taking parental leave in recent years were mainly female. 14 female employees took parental leave in 2021. In 2021, the reinstatement rate of employees who took unpaid parental leave was 57.14%

### Unpaid Parental Leave and Productivity

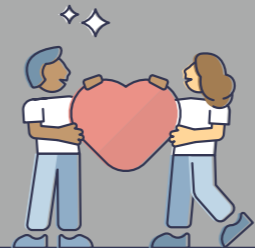
Item	2018		2019		2020		2021	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees Eligible for Unpaid Parental Leave (A)	98	37	84	29	69	23	32	13
Number of Employees Applying for Unpaid Parental Leave (B)	22	0	14	0	14	1	14	0
Number of Employees Planning to be Reinstated in the Current Year (C)	29	0	17	0	20	1	14	0
Number of Employees Actually Reinstated (D)	24	0	15	0	14	0	8	0
Number of Employees Remaining on the Job 12 Months After Reinstatement (E)	16	1	16	0	9	-	9	-
Unpaid Parental Leave Application Rate (B)/(A)	22.45%	0	16.67%	0	20.29%	4.35%	43.75%	0
Reinstatement Rate After Expiration of Unpaid Parental Leave (D)/(C)	82.76%	N/A	88.24%	N/A	70.00%	0	57.14%	0
Retention Rate After a Full Year of Reinstatement (E)/ Previous Year (D)	57.14%	100%	66.67%	N/A	60.00%	N/A	64.29%	0

Note: Only employees having one or more children under 3 years of age are eligible for unpaid parent leave.

### 4.2.3 Occupational Rights

Far Eastern SOGO communicates with employees through different channels in the hopes of establishing good and friendly labor-management relations. The communication between both parties is enhanced through the intranet, bulletin boards, employee mailbox, letters, presentations, administrative reporting, and the Daily Morning Meeting Report. The Auditing office has set up a complaint email box and there is an employee mailbox on the ESG website to ensure providing a confidential and secure complaint mechanism.

When any material changes in business occur and may affect employees, related information will be communicated to them within the shortest notification period required by the Labor Standards Act to protect the rights of employees. We established the "Sexual Harassment Prevention Regulations" to realize the spirit of gender equality. Sexual harassment prevention posters are posted at stores. Reporting mailboxes and phone numbers are available to ensure handling of harassment cases while protecting the privacy of the employees involved. No related cases occurred in 2021.

Responsible Department	Communication channel and frequency	
Human Resources Dept. Employee Welfare Committee 	Internal EHR Website, EIP Website, ESG Website	Instant
	Employee Mailbox	Instant
	Daily Morning Meeting Report	Every Day
	Labor-management meeting	Per quarter
	Employee Satisfaction Survey, Employee Sustainability Awareness Survey	Every year
	System Amendment Meeting	Irregular

Far Eastern SOGO holds labor-management meeting every quarter on a regular basis. Both parties discuss the labor rights of employees at the meeting. There are a total of 25 labor representatives at the stores in Taiwan, accounting for 1.82% of all employees of the Company. The labor-management meetings of the three stores in Taipei City and the Tianmu Store are held jointly. The meetings of the Hsindian River and Kaohsiung Store are held separately. A total of 14 labor-management meetings were held in 2021.

At the meetings, the important internal activities such as employee travel, employee health checks, transfer of personnel, and sales promotion events were reported and the payment of bonuses, analysis reports on the abnormalities in employee health checks, and workplace safety are disclosed. Proposals of employees were also discussed at the meetings.


Store	Labor-Management Meeting Date in 2021
Headquarters, Zhongxiao Store, Fuxing Store, Tianmu Store	3/30, 9/30, 12/23; The meeting in June during the Level-3 alert period was suspended.
Zhongli Store	3/8, 9/13, 12/20; The meeting in June during the Level-3 alert period was suspended.
Hsinchu Store	3/26, 6/24, 9/24, 12/24; The meeting in June during the Level-3 alert period was held via video.
Kaohsiung Store	3/26, 6/23, 9/25, 12/21; The meeting in June during the Level-3 alert period was held via video.



## Employee Satisfaction

To understand the satisfaction of employees with our systems, measures, and welfare and their understanding of the Company's policies, Far Eastern SOGO commissioned academic institutions to conduct employee satisfaction and sustainability awareness surveys from 2016 to 2019.

The employee opinion survey was launched in 2020 under the 5-year "Vision Project". A consultation company was commissioned to give scores on different respects related to employees while collecting the eNPS (Employee Net Promoter Score) value to understand the employment of employees at Far Eastern SOGO. The results of the survey showed a negative eNPS value and other relevant values were low, indicating there is still a great deal of room for improvement. For this, Far Eastern SOGO proposes two improvement respects of "Optimization of Employee Experience" and "Employee Assistance Programs; EAPs".

Solution	Purpose	Result in 2021	Future Goal
Optimization of Employee Experiences	Previously, Far Eastern SOGO only gave simple questions when conducting surveys to the employees and did not make qualitative analysis. Since 2020, Far Eastern SOGO has collected the actual opinions and concerns of employees. We will develop an exclusive APP for employees to activate the atmosphere of the organization.	<p>We developed an exclusive APP for employees to activate the atmosphere of the organization and work with them to march toward the new era of corporate information digitization. We also interviewed employees and collected their feedback during the development to ensure the practicability of the APP in its operation.</p> <p>The exclusive APP for employees (SOGO eWork) was tested at the end of 2021 and launched officially on January 1, 2022. Employees are not required to work with a computer in the office. They can execute queries on announcements and morning reports, borrow venues, etc. to improve their work efficiency and convenience.</p> <p>The first version contains the following functions:</p> <ol style="list-style-type: none"> <li>1. Punching In/Out: Employees only need to use their mobile phone to access the APP to punch in/out without the need to find the card. The APP is helpful to save time and avoid the embarrassment when the card is left at home.</li> <li>2. Notification: Messages on the Daily Morning Meeting Report, announcements of the Company, investigations.</li> <li>3. Conference Reservation: The meeting venues can be reserved at all the stores in Taiwan within one month.</li> <li>4. Address Book: Employees can find the contact information of managers at all the stores in Taiwan for instant communication.</li> </ol>	<p>The next version will be launched in the first half of 2022. It will provide the following functions:</p> <ul style="list-style-type: none"> <li>• New Employment Section - online on-boarding procedure, orientation manual, required courses, personnel responsible for new employees and supporting tools.</li> <li>• In-service Staff - online course registration and after-course questionnaires, employee welfare section.</li> <li>• Terminating Employee - online employment termination procedure.</li> </ul> 
	EAPs	We give assistance to employees for their adaptation to the workplace, including provision of legal and financial consultation services as well as house renovation advice. All employees in need may apply for assistance.	<ol style="list-style-type: none"> <li>1. Nursing rooms have been set up at all the stores in Taiwan. A nursing room and a consultation room were also set up in the office building of the headquarters.</li> <li>2. We provide employees with legal, financial, and tax consultation services, house renovation advice, as well as OHS and insurance/pension consultation. 109 employees received the EAPs service in 2021.</li> </ol>



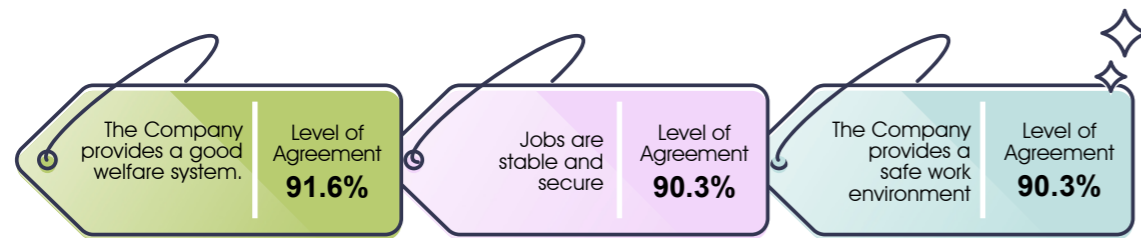
Item	Result in 2021																												
Gender Equality	<p>Nursing and consultation rooms have been set up.</p> <p>Nursing rooms have been set up at all the stores in Taiwan. A nursing room and a consultation room were also set up in the office building of the headquarters.</p>																												
Diversity in Communication	<p>109 employees received the EAPs service. Health consultation had the highest demand and occupied a percentage of 77%, followed by legal consultation (12%).</p> <table border="1"> <thead> <tr> <th>Consultation</th> <th>Unit</th> <th>Contact Person</th> <th>Number of Employees Receiving Consultation</th> </tr> </thead> <tbody> <tr> <td>Legal consultation</td> <td>Legal Affairs Office</td> <td>Chen Wei-Shao, Assistant Manger</td> <td>13</td> </tr> <tr> <td>Financial Consultation</td> <td>Finance Section</td> <td>Lien Li-Ling, Section Supervisor</td> <td>6</td> </tr> <tr> <td>Tax Consultation</td> <td>Bookkeeping Section</td> <td>Sun Yen-Chiu, Section Supervisor</td> <td>0</td> </tr> <tr> <td>House Renovation</td> <td>Construction and Engineering Dept.</td> <td>Chen Wen-Pin, Assistant Manger</td> <td>1</td> </tr> <tr> <td>OHS Consultation</td> <td>Labor Safety Office</td> <td>Wu Kai-Ta, Senior Specialist</td> <td>84</td> </tr> <tr> <td>Insurance and Pension Consultation</td> <td>Human Resources Section</td> <td>Lin Chieh-Yu, Specialist</td> <td>5</td> </tr> </tbody> </table> <p>The information of the contact person for the consultation has been announced since March. The consultation services include legal, financial and tax consultation services, house renovation advice, as well as OHS and insurance/pension consultation.</p>	Consultation	Unit	Contact Person	Number of Employees Receiving Consultation	Legal consultation	Legal Affairs Office	Chen Wei-Shao, Assistant Manger	13	Financial Consultation	Finance Section	Lien Li-Ling, Section Supervisor	6	Tax Consultation	Bookkeeping Section	Sun Yen-Chiu, Section Supervisor	0	House Renovation	Construction and Engineering Dept.	Chen Wen-Pin, Assistant Manger	1	OHS Consultation	Labor Safety Office	Wu Kai-Ta, Senior Specialist	84	Insurance and Pension Consultation	Human Resources Section	Lin Chieh-Yu, Specialist	5
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Education and Training	<p>13 sessions were provided with 403 participants.</p> <table border="1"> <thead> <tr> <th>Quarterly Theme</th> <th>Headquarters, three Stores in Taipei City, Zhongli Store, Hsinchu Store, Kaohsiung Store</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>Healthy Workplace: (29 participants) Talk to a Doctor - Something About Mental Health Healthy workplace: (22 participants) High-efficiency Exercise, Prevention From Injury</td> </tr> <tr> <td>Q2</td> <td>Healthy Workplace: (34 participants) Stay Away From Metabolic Syndrome Healthy Workplace: (18 participants) Keep You Healthy with Diet</td> </tr> <tr> <td>Q3</td> <td>Care at the Workplace: (75 participants) Management and Care of Intergenerational Employees Family Care: (18 participants) Be a Man of Good Upbringing Healthy Workplace: (19 participants) Essential Oil, Aroma, and Stress Relief</td> </tr> <tr> <td>Q4</td> <td>Money Management at the Workplace: (28 participants) Money Management Instruments You Must Know Healthy workplace: (30 participants) Aromatherapy and Stress Relief Care at the Workplace: (20 participants) Find an Outlet for Your Emotions - EQ Management at the Workplace Legal Knowledge: (45 participants) The Customer Protection Act You Must Know Care at the Workplace: (46 participants) Release of Emotional Stress at the Workplace Financial management at workplace: (19 participants) Smart Money Management, Smart Life</td> </tr> </tbody> </table> <p>We organize related courses or lectures to help employees understand the concept of EAP and provide different resources and assistances.</p>	Quarterly Theme	Headquarters, three Stores in Taipei City, Zhongli Store, Hsinchu Store, Kaohsiung Store	Q1	Healthy Workplace: (29 participants) Talk to a Doctor - Something About Mental Health Healthy workplace: (22 participants) High-efficiency Exercise, Prevention From Injury	Q2	Healthy Workplace: (34 participants) Stay Away From Metabolic Syndrome Healthy Workplace: (18 participants) Keep You Healthy with Diet	Q3	Care at the Workplace: (75 participants) Management and Care of Intergenerational Employees Family Care: (18 participants) Be a Man of Good Upbringing Healthy Workplace: (19 participants) Essential Oil, Aroma, and Stress Relief	Q4	Money Management at the Workplace: (28 participants) Money Management Instruments You Must Know Healthy workplace: (30 participants) Aromatherapy and Stress Relief Care at the Workplace: (20 participants) Find an Outlet for Your Emotions - EQ Management at the Workplace Legal Knowledge: (45 participants) The Customer Protection Act You Must Know Care at the Workplace: (46 participants) Release of Emotional Stress at the Workplace Financial management at workplace: (19 participants) Smart Money Management, Smart Life																		
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A professional consultant was commissioned to conduct the employee satisfaction and sustainability awareness survey for 2021 in early 2022. A total of 1,282 questionnaires were returned, with a return rate of 93.5%.

The employee satisfaction and sustainability awareness survey were carried out in two aspects of "importance and satisfaction". "Importance" refers to the attention paid by our employees to the Company's policies and operational plans and gives a clear picture of how they prioritize the policies they care about. "Satisfaction" means the employees' awareness of and impression on the Company's policies implemented last year and helps us know what improvements we must make for the Company in the future.

72.2% of our employees were satisfied with their work conditions. The following items are work conditions that had an importance level of over 95% and a satisfaction level of more than 90%, indicating that our employees paid considerable attention to and were satisfied with the work conditions.

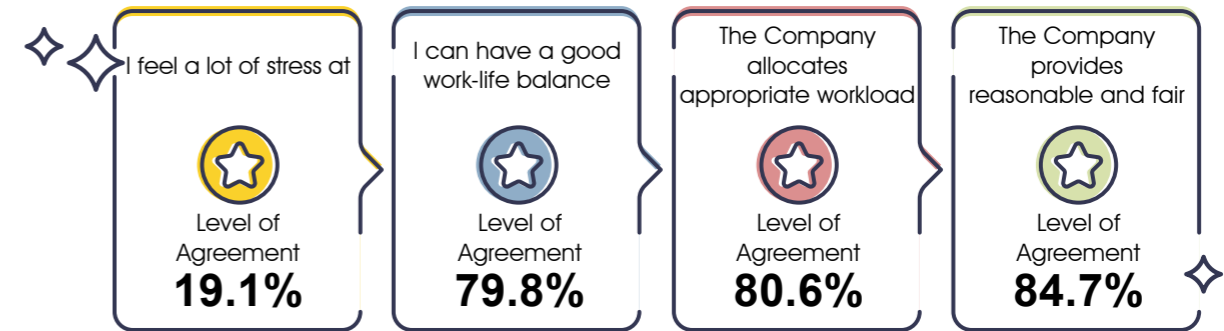


Employees with retention intention accounted for 68.2%, of which nearly 30% maintained a positive attitude and were not affected by turnover intention factors. About 83.9% of the employees had a high overall satisfaction level. 82.4% agreed with the statement, "I'm proud of being a part of the Company", which was the most crucial question about retention intention with the highest levels of agreement, importance, and relevance.

The employees' "intention to build a long-term career in the Company" was relatively low. We will invest resources to promote their identification with the Company in the hope of creating positive impact on their retention intention. In addition, for turnover intention factors, notably, merely about 20% of the employees answered affirmatively that they did not "feel a lot of stress at work very often". We will look deep into that and encourage our employees to have a good work-life balance.



In terms of relevance to the overall satisfaction, satisfaction with work conditions was second to retention intention, making it a positive secondary aspect of relevance. The importance and satisfaction analysis showed that "a good work-life balance" was valued by most of the employees, while their satisfaction with it remained to be improved. We will thus give priority attention to the item. For secondary items such as "appropriate workload distribution" and "provision of reasonable and fair remuneration", we will make relevant improvements to influence satisfaction with work conditions and the overall satisfaction in a positive manner.



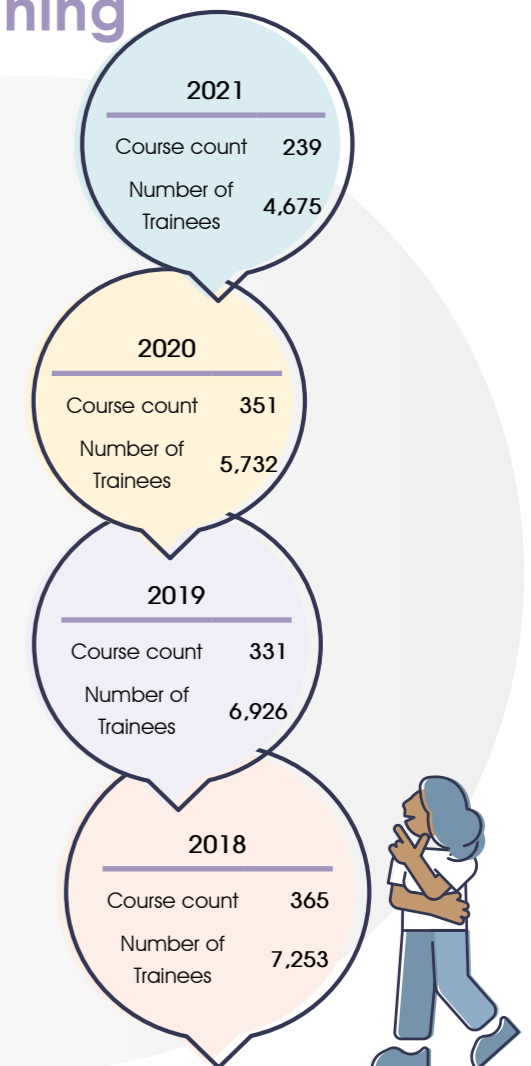
## 4.3 Professional Training

### 4.3.1 Employee Training

#### Education and Training

Far Eastern SOGO designs comprehensive courses based on the management and professional functions of different departments and at different grades, including orientation training, functional training, management training, and development and learning courses. Over the years, we have invested resources in education and training to encourage our employees to learn and develop themselves. In 2021, about NT\$2.75 million was invested as education and training funds, showing a decrease of 11.6% over 2020 due to the escalating pandemic, where the education and training funds amounted to NT\$3.11 million. The average training cost per person in 2021 was NT\$2,005, reducing by 9.95% as compared to the 2020 cost of NT\$2,226.

In 2020, as a result of the pandemic, some courses were canceled, leading to a lower average number of trainees in comparison to previous years. However, since Q1 2021, content related to gender equality and environmental protection has been provided through online teaching by publishing relevant URLs on the Daily Morning Meeting Report. In 2021, a total of 1,035 employees completed online 30-minute gender equality courses, with a completion rate of 80.6%.





### Number of Trainees by Training Type

Unit: Person

Course Type/Year	2018	2019	2020	2021
Management and Leadership	466	457	527	51
Operational functions	601	720	406	470
Professional functions	1,360	1,107	718	819
Training projects	300	243	1,155	225
Basic education	1,312	1,392	552	547
Development and Learning	1,180	935	1,148	1,011
Others	2,206	2,072	1,226	1552
Total (persons)	7,425	6,926	5,732	4,675

### Historical Average Education and Training Hours

Unit: Hour

		2018	2019	2020	2021
Gender	Female	14.32	13.69	8.99	6.63
	Male	13.41	12.72	9.70	6.97
Grade	Senior manager	8.70	2.44	1.86	1.93
	Middle Management	17.70	24.38	13.07	5.12
	Professional personnel	13.61	11.58	8.48	7.08

Orientation Training	1-3 day orientation training for the new employees of auxiliary/business units
Functional Training	Courses related sales promotion planning, store floor planning, manpower management, work efficiency, service etiquette, posture training, foreign language development, improvement of the quality of customer service for foreign customers, etc.
Management and Leadership	Improvement of management strategies, team leadership, and relevant management functions
Development and Learning	Development and learning courses focusing on sustainability trends, interpersonal communication, trending news, health management, etc.

### TTQS Talent Quality-management System

In the face of changes in the competitive market environment, to ensure alignment of the Company's operational strategies with the manpower policies and thereby enhance organizational competitiveness, facilitate talent development, and optimize labor-management relations, Far Eastern SOGO has promoted the "Talent Quality-management System" (hereinafter referred to as TTQS) since 2021. We dispatch personnel to receive training to understand the five dimensions and 19 indicators of the TTQS. In a spirit of continuous improvement, we design organized and systematic education and training in line with the Company's strategies, build a learning organization and create relevant cultures.

In 2021, we made an application to the government for guidance and evaluation in the hope of enhancing training effectiveness through the instructions of such a trusted party in order to boost organizational performance. All the stores of Far Eastern SOGO "passed" the evaluation and Kaohsiung

### 2021 Evaluation Results by Store

Headquarters and Three Stores in Taipei City	Zhongli Store	Hsinchu Store	Kaohsiung Store
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In 2022, we will continue strengthening the quality of talent training, review evaluation results and make corresponding improvements, so as to raise the evaluation score and level. Far Eastern SOGO hopes to make good use of course-related systematic SOP planning to achieve the goal of our major vision project, namely reinforcing the formation and promotion of our corporate culture.



### 4.3.2 External Talent Training

#### Industry-academia Cooperation

Since 2015, we have entered industry-academia collaboration with colleges and universities to recruit undergraduate students as interns in different units. By doing so, they would have a chance to apply what they have learned at school, experience working in a department store, enhance their work skills in the process, and thereby improve their future employment competitiveness. As of 2021, we have worked with 10 colleges and universities in organizing multiple on-campus recruitment events for which students signed up actively. Open positions included those in our business, customer service, administration units. A total of 20 students participated in our internship program in 2021. Interns in the industry-academia cooperation program who were onboarded as our full-time employees in 2021 accounted for 42.11%, indicating a growth of 10% over 2020 (32%).



### Partner Schools

1	China University of Technology	6	Jinwen University of Science and Technology
2	Taipei City University of Science and Technology	7	St. John's University
3	Tungnan University	8	Shih Chien University
4	National Quemoy University	9	Takming University of Science and Technology

### 4.3.3 Career Development

#### I Improve Employees' Professional Capabilities

Far Eastern SOGO offers a wide range of courses for employees to improve their professional capabilities and foster other skills and interests. We review their performance in terms of career development through the annual performance evaluation based on their goal achievement rates, customer service satisfaction scores, professional performance and attendance at work. The evaluation result is provided to the evaluated employee for the comments and advice of his/her line manager. There are different managerial performance evaluation items applicable to managerial officers, depending on their departments or the nature of their work. All the employees were evaluated in 2021.

Development Phase		Corresponding Grade in Far Eastern SOGO	Training Goal	Training Content
Professional advancement	Top management	President and Above	Strategy Leadership	Cross-functional training and keynote lecturers
	First-level management	Assistant Vice President and above	Strategic planning, change management, formulation of operation guidelines	New department head training and cross-functional training for middle managers
	Second-level management	Managerial level	Enhancement of business acumen and leadership	Management associate training, cross-functional training, new manager training, advanced functional training
	First Level Management	Section level	Cultivation of management skills, utilization of management tools and authorization skills	Advanced functional training, management associate training, functional training certification
Base building	Entry-level personnel	Specialist	Cultivation and improvement of professional capabilities	Basic and advanced functional training, functional training certification
	New employee	New employee	Understanding of the Company's profile and regulations/systems as well as the scope of their work	Orientation training



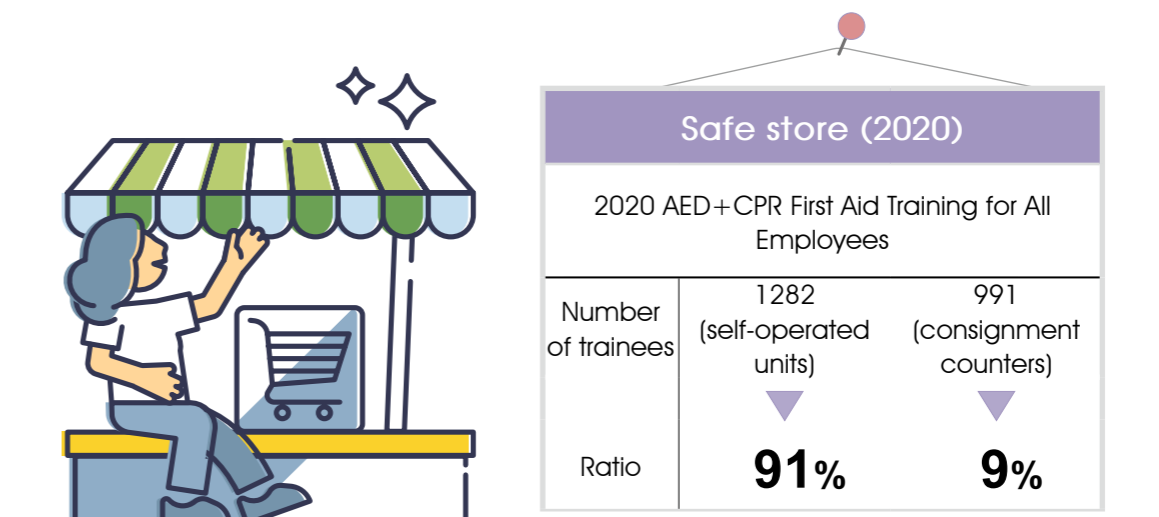
Vision Project Camp for Senior Managers



External Training Course for Customer Service Personnel

#### I Training and Evaluation for Counter Personnel

For new counter personnel not directly hired by us, Far Eastern SOGO arranges education and training courses every 1-3 weeks based on the size of the business location. The courses tell the personnel about our service culture, permanent facilities in the store, safety protection mechanisms, etc. to allow them to put what they have learned into action and thereby deliver the best services to all customers. We also require personnel involved in customer complaints to take part in enhanced service training on a case-by-case basis to ensure service provision. Irregular training in service procedures and system operation, such as the use of cash registers, is conducted to offer customers





# 4.4 Occupational Safety and Health

## 4.4.1 Occupational Safety Management

Far Eastern SOGO regards occupational safety and health as an essential part and feels duty-bound to ensure it. Only when a work environment that values safety and health management is built can the employees feel secure and safely provide the customers with services of the best quality. Taking the lead in the retail industry and service industry in Taiwan, Far Eastern SOGO achieved the recognition of "High Performance Healthy Workplace", "Outstanding Personnel" and "Attentive Boss" granted through the "Labor Safety Award" in 2021. This was the ninth consecutive year that the Company received the awards, with our performance not only greater than the other department stores in Taiwan but also ranking high among large companies.



Since 2017, Chairman Sophia Huang has been responsible for signing the "Occupational Safety and Health Policy" of Far Eastern SOGO so that all personnel, from top to entry-level, can keep in line with the vision and commitment regarding safety and health. "Occupational Safety and Health Committee" is the top decision-making unit of occupational safety and health in the organization; the members hold the meeting every three months. With the implementation conducted by the Occupational Safety and Health Committee, no significant occupational accidents occurred to the workers in recent years. Far Eastern SOGO's statistics of the disabling injury severity rate and disabling injury frequency rate were both lower than those in the industry.

"Occupational Safety and Health Committee" is the top decision-making unit of occupational safety and health of Far Eastern SOGO. The Administrative President serves as the chair and the members consist of occupational safety and health personnel, department heads, medical service personnel, engineering and technical personnel related to occupational safety and health, and labor representatives elected by the employees. The members have a term of two years. The committee meeting is convened every three months, and all the workers at the premises of Far Eastern SOGO are included in the committee's scope of management. Also, the Company has established Labor Safety Office, which is of first-level and responsible for the promotion, management and follow-up of occupational safety and health matters as well as projects. In 2021, there were 26 labor representatives serving as the committee members, accounting for 50.98%. Among these 26 people, 9 of them were from Taipei, 5 of them were from Taoyuan, 5 of them were from Hsinchu, and 7 of them were from Kaohsiung.

### ISO 45001 Occupational Health and Safety Management

In 2020, Far Eastern SOGO launched the Occupational Safety and Health System Verification Program and announced the "Occupational Safety and Health Work Rules". We finally received the BSI certification after five months of efforts, and our Zhongxiao Store implemented the ISO 45001:2018 occupational health and safety management systems earlier than any other department stores in Taiwan. Far Eastern SOGO's occupational safety and health management has thereby been officially aligned with the international standards.

To introduce relevant system to the Zhongxiao Store, Far Eastern SOGO spent five months going through the process of internal documentation and standardization. 22 occupational safety and health management procedures have been established as per the standard provisions and announced in the internal network system. In the setup process, seed employees selected from different units took part in the training courses of "hazard identification and risk assessment" and "internal auditor". They further became the seeds for occupational safety and health and assisted in the implementation of

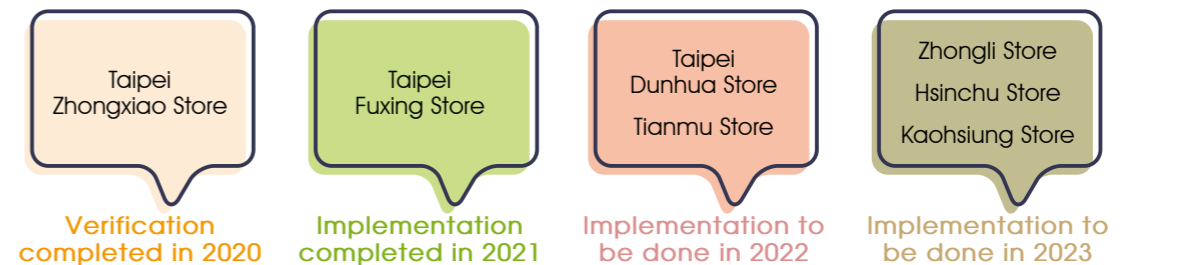
the Company's Occupational Safety and Health Policy of their respective units.

Far Eastern SOGO has passed the ISO 45001 certification. The certified scope covers all the employees, contractors and counter personnel of Zhongxiao Store; no operations and activities are excluded.

In the future, the Company will fully extend the scope of ISO 45001 to other business locations in Taiwan. The order of ISO 45001 introduction has been planned to be Fuxing Store, Tianmu Store, Dunhua Store, Hsinchu Store, Kaohsiung Store, and Zhongli Store, 3-5 months for each to complete the process.

Progressively implementing the management spirit of ISO 45001 at all the stores in Taiwan, Far Eastern SOGO has completed the introduction to Fuxing Store in 2021. It is expected that the introduction will be completed in all the stores in Taipei in 2022, and fully completed at all the business locations in 2023.

### Schedule of ISO 45001 Implementation at All Stores of Far Eastern SOGO



### Occupational Safety Risk Management



Through the operation location risk assessment, Far Eastern SOGO identifies the operations with relatively high risks, devises management plans accordingly for improvements, and performs audits and reviews every year. When any adverse weather phenomenon like typhoon occurs, the senior management and the chief store manager of each store decide whether the store will open according to the actual weather. If the store opens as usual based on the service culture, the employees may apply for subsidies for taxis and flexible shifts if necessary; for those whose home is impacted or those who have difficulty in heading to the store due to the weather, they are not required to come to work. All the department heads shall report the safety status of the employees to the responsible person of the month, and the responsible person will further report the information to the Group. Meanwhile, Far Eastern SOGO will supervise the consignment counter lessees to ensure the safety of counter personnel.

When an occupational accident takes place, Far Eastern SOGO takes necessary first-aid measures and so forth at once, and the Labor Safety Office will work with the relevant departments and labor representatives to investigate, analyze and record the case. When a near miss occurs, the relevant departments gather to find out appropriate source improvement measures and prevention enhancement methods to minimize the risk of accidents. Regarding public safety protection, the Company conducts fire drills at the stores regularly with the fire safety units of the county or city governments providing instructions.

In order to increase the internal employees' understanding of the operational risks and thereby review whether the management measures (project control, management control, personal protective equipment, etc.) were good enough to limit the risks to an acceptable range, the Labor Safety Office and the responsible unit for education and training started the "hazard identification and risk assessment" course at Zhongxiao Store in 2021. Through hazard identification and risk assessment, the risks were incorporated in the improvement objectives.



	Major Hazard in 2020	Improvement Status in 2021	Improvement Objective for 2022
1	The separators of some distribution boxes were not set up properly; there was a risk of "electric shock".	153 separators of distribution boxes have been installed; the improvement action for the other separators (around 190 ones) continues.	To finish the installation of all the separators of distribution boxes in 2022.
2	Emergency evacuation maps were not properly provided, which might cause difficulty in fire evacuation.	The availability of emergency evacuation maps has been improved in 2021.	

In terms of the communication on the information related to occupational safety, the Labor Safety Office of Far Eastern SOGO discloses relevant information on the "Daily Morning Meeting Report" every day; such information is read out by the floor supervisors and department heads in the morning meeting to pass on the information to the employees and counter partners. As for the education and training, 30-50 minutes of education about occupational safety and health is arranged in the regular educational training for counter personnel and educational training for new hires, with our internal personnel for occupational safety and health management serving as the instructors.



### Occupational Health and Safety Management Outcomes

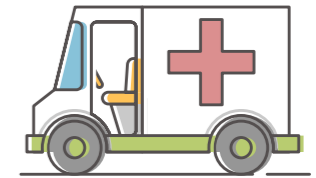
In 2021, Far Eastern SOGO's disabling injury severity rate was 6 and the disabling injury frequency rate was 0.38. Before the year of 2017, the traffic accidents during commute to and from work were included in the Company's calculation. Since 2017, however, such traffic accidents have no longer been included, in order to keep in line with the industry and make the benchmark more precise. As the main reason for the injuries of employees in 2018-2021 remains to be the traffic accidents during commutes according to the statistics, the Labor Safety Office of the Company has prepared and announced traffic safety-related materials and promoted them on Daily Morning Meeting Report. Also, the employees' awareness of "defensive driving" has been raised through the education and training on occupational safety and health.

	2018	2019	2020	2021
Far Eastern SOGO	4	2	18	6
Average value in the industry	37	54	43	43

	2018	2019	2020	2021
Far Eastern SOGO	2.03	1.07	2.18	0.38
Average value in the industry	2.29	2.42	2.80	3.11

Over the past years, no significant occupational accidents occurred to the workers, and there were no work-related fatalities. There was one occupational injury case in 2021, in which an employee fell down 4 steps when spacing out. The employee was accompanied by the head of the department to the infirmary and further taken to the nearby hospital for treatment. The Company approved the employee's occupational injury leave and provided the group insurance compensation. In response to the case, the following safety-related concepts were promoted as well to ensure the employees' awareness of occupational safety and health again:

- (1) When walking up- or downstairs, one should avoid using electronic devices, talking to others or doing something distracting.
- (2) The work areas shall not be wet, occupied by piled-up stuff, insufficient in lighting, or exposed to any other risk factors.



### Statistics on Occupational Injuries in Recent Years by Gender

Year	2018		2019		2020		2021	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of occupational injuries	3	3	3	0	3	3	1	0
Disabling injury incidence rate (IR)	0.30	0.62	0.32	0	0.32	0.67	0.67	0
Lost day rate (LDR)	0.30	1.87	0.74	0	1.08	9.22	9.22	0
Disabling injury frequency rate (FR)	2.42	4.68	1.59	0	1.61	3.37	3.37	0
Disabling injury severity rate (SR)	2	12	4	0	5	46	46	0

### Statistics on Occupational Injuries in Recent Years by Region

Region	Item	2018	2019	2020	2021
Taipei	Disabling injury frequency rate (FR)	3.20	1.64	2.18	0.57
	Disabling injury severity rate (SR)	7	4	21	9
Taoyuan	Disabling injury frequency rate (FR)	0	0	0	0
	Disabling injury severity rate (SR)	0	0	0	0
Hsinchu	Disabling injury frequency rate (FR)	0	0	2.87	0
	Disabling injury severity rate (SR)	0	0	5	0
Kaohsiung	Disabling injury frequency rate (FR)	0	0	5.10	0
	Disabling injury severity rate (SR)	0	0	45	0

Note 1: "Taipei" includes the headquarters, Zhongxiao Store, Fuxing Store, Dunhua Store and Tianmu Store; "Taoyuan" refers to the Zhongli Store.

Note 2: FR and SR in the statistics above were based on the occupational safety index (calculated with 1,000,000 work hours as the basis) specified by the Occupational Safety and Health Administration, Ministry of Labor. The relevant index formulas are shown below:

- FR = (Number of occupational injury cases ÷ total work hours of the gender or region) × 1,000,000
- SR = (Number of days lost due to occupational injuries ÷ total work hours of the gender or region) × 1,000,000
- IR = (Number of occupational injury incidents ÷ total work hours of the gender or region) × 200,000
- LDR = (Number of days lost due to occupational injuries ÷ total work hours of the gender or region) × 200,000



## I Labor Safety Implementation and Management of Partners

Labor safety is one of the elements for corporate sustainable development. Far Eastern SOGO not only takes care of the employees, but also pays attention to the lessees (consignment counter) and suppliers. Since 2019, the Company has added the "CSR Clauses" to the agreement and established the "Labor Rights and Human Rights Protection Clauses"; the consignment counter lessees are thereby requested to provide safe and healthy work environment in compliance with the regulations. In 2021, no contractors and lessees had any significant occupational accidents specified by the occupational safety-related regulations in Taiwan. In the future, we will prepare statistics on the occupational accidents of workers who are not the Company's employees for the next year.

Moreover, the consignment counter partners are allowed to enjoy our health checks, Company trips and other benefits for internal employees through discount programs. Meanwhile, the on-site services of our internal physician, health management courses and club activities are available to the counter partners and workers as well.

For more information about the labor rights related clauses, please visit the Far Eastern SOGO website:

### 4.4.2 Employee Health Management

Far Eastern SOGO has been committed to providing the employees with work environment that ensures both physical and mental health. Internal and external recognition has thus been granted to the Company; in 2021, the Department of Labor, Taipei City Government gave us the Attentive Boss Award under the "Labor Safety Award". Currently, all of our stores in Taiwan (Zhongxiao Store included in the scope of the headquarters) have possessed the Health Promotion Label from the Health Promotion Administration, Ministry of Health and Welfare. In 2022, we will apply for the label certificate extension for the "headquarters, Tianmu Store, Fuxing Store, and Hsinchu Store".

In addition, the Company's Labor Safety Office consulted and had discussion with the labor health service physicians about the employees' health check results, and further arranged more health management courses (i.e. body combat) for the issues related to cardiovascular function, weight, body fat, excessive BMI, etc. in 2021.

### I Employee Health Checks

To take care of the employees' health, Far Eastern SOGO annually schedules health checks for the employees with the frequency greater than the "once every 3-5 years" specified by laws and regulations (once every 5 years for those under age of 39, and once every 3 years for those 40-64 years old). Collaborating with the hospitals recognized by the Ministry of Labor, the Company includes diversified health check items based on the employees' age, position, workplace characteristics, working model, etc. for the employees to choose from, and provides a variety of free optional items and discounts for family member health checks; the health check specification has been enhanced year by year. For the employees of middle to advanced age above 55 years old, checkups for cardiovascular function, bone mineral density and gynecology, etc. have been additionally included to implement the health risk classification system.

Health Check Items for All Employees		Free Optional Health Check Items			
		#	General Employee	Employees Over 55	Above Section Level
Cardiovascular function test	Cancer prevention screening	1	Gynecology	Project for females	Heart check
Blood routine examination	Electrolyte	2	Liver check	Liver and thyroid test	Lung check
X-ray examination	Body fat distribution index Body fat distribution index	3	Cardiovascular check	Lung cancer screening	Gynecology
Liver function test	Physical examination	4	Bone check		Painless gastroscopy
Kidney function test	Hearing test	5	Thyroid test		Painless colonoscopy

Health Check Items for All Employees		Free Optional Health Check Items			
		#	General Employee	Employees Over 55	Above Section Level
Diabetes screening	Eye examination	6	Upper gastrointestinal examination		Cerebrovascular examination
Urine routine examination	General examination				



Chairs are provided at each counter to reduce the discomfort of the on-site employees and counter



A conformable and well-designed dining and rest area is available for employees

### I Prevention of Musculoskeletal Disorders

In consideration of the fact that prolonged standing can cause burden on the bodies of workers in department stores, Far Eastern SOGO offers employees a comfortable and well-designed dining and rest area and provides chairs at each counter to reduce the discomfort of the on-site employees and counter personnel as a result of prolonged standing. We appoint labor health service physicians and nurses, have an infirmary for health care services, and invite experts or scholars in the field of promoting occupational safety and health to give promotional lectures on an irregular basis.

Our annual sale starts in mid-November every year and is the busiest time for the counter personnel and employees. Before the annual sale, our employees always go all out to be ready to offer the best products and services. They serve customers nonstop every day during the sale, which sharply raises their tiredness and stress levels. To allow our employees to relax both physically and mentally during the period of time, the Company distributes steam eye masks, pain-relief patches, etc. to them to reduce their physical and mental stress.

### I On-site Medical Service

Far Eastern SOGO's business locations around Taiwan hire 1 to 3 full-time health service nurses, depending on the number of employees at each location, and have a physician visit the business location once every 2 months to provide on-site health services, as required by laws. For our business locations in Taipei, Dr. Chun-Yang Ku, an attending physician in the Department of Family Medicine at Far Eastern Memorial Hospital, is invited to provide on-site services for our employees and counter personnel, including preventive healthcare, health management, health examination/consultation, inquiries about the symptoms of common disorders, chronic disease control and management, travel medicine consultation, health education for vaccination, etc.



Announcement on services provided by the on-site physician and live consultation with the on-site physician



## Social Impact Power



In the retail industry in Taiwan where people-oriented services are the basis, Far Eastern SOGO provides the experience of food culture, fashion and fine services that combine international and local features, and gathers the department store industry, vendors, customers and general public through the advantage of channels to launch the "Far Eastern SOGO NEW LIFE Project" for the establishment of specific social care values.

Serving with a smile is our job and dedication is our routine. Far Eastern SOGO has become an integral part of the community life!



### Special Report / P.144

#### Meal Battle in the Pandemic—Far Eastern SOGO's Cooking Competition for Promotion of Healthy Diets

Far Eastern SOGO's Pandemic Prevention Meal Competition has been held for 2 consecutive years with the aim of promoting pandemic prevention meals. The competition has reached **40 million** people in total

As of the 30th Children SO GOOD Christmas Wish Mailbox ends, we have helped **27,000** disadvantaged children fulfill their dreams

As of the 10th Children SO GOOD Role Model Selection, a total of over NT\$**3.5 million** has been distributed as rewards, with **290** disadvantaged children benefiting therefrom

Far Eastern SOGO's Hsinchu Store initiated the "Wonderful 10th Anniversary" project focusing on doing ten good things for ESG, with nearly **100 thousand** people benefiting from the project

We worked in tandem with **268** external units to launch **429** social welfare activities in 2021, in which more than NT\$**20 million** was invested, with about **2 million** people benefiting therefrom

### SDGs



#### Sustainability Issue

- Social Care and Community Engagement

#### Primary Stakeholders

- Customer
- Employee
- Lessee (Consignment Counter)



Special Report



# Meal Battle in the Pandemic— Far Eastern SOGO's Cooking Competition for Promotion of Healthy Diets



Experiencing the impact of the pandemic, Far Eastern SOGO has become even more committed to the sustainable department store mission of "assisting stakeholders with their adaptation to the new normal". Cross-functional resources have thus been integrated in a proactive manner; through the co-creation and collaboration with different stakeholders, the Company's influence has been doubled. Since the pandemic outbreak in 2020, we have organized the Pandemic Prevention Meal Competition for two consecutive years. Manifesting our functions and leveraging the department store channels, we have connected all the consumers in Taiwan together to promote pandemic prevention at home, safe meals, and healthy diets for the new life of pandemic prevention, and further shared the achievements of the pandemic prevention competition with the stakeholders. More than 72% of the consumers were satisfied and recognized the event.

Far Eastern SOGO's first Pandemic Prevention Meal Competition in 2020 attracted a great deal of attention, achieving a reach of 8 million people; the second competition in 2021 even reached 32 million people, showing a growth of 301% compared to the previous year. As the pandemic alert level happened to be raised during the registration period of the second competition, the proportion of participants with a job or background in the catering industry obviously increased. This demonstrated that through the competition, Far Eastern SOGO has brought positive stimulation to the disrupted catering industry. Regarding the winners of the competition, the gold, silver and bronze medals all went to such participants with a job or background in the catering industry.

The event is more than a mere competition. Extending the influence of the competition results, Far Eastern SOGO transforms the award-winning dishes into the main courses of the Company's popular restaurants to share the pandemic prevention outcomes with the stakeholders. The works of the amateur cooks that won the prizes in 2020 were sold solely



by the popular restaurants at Zhongxiao Store, Fuxing Store, and Dunhua Store from April to September 2021. This was absolutely a leading card in the department store industry. During the pandemic, the event is even a platform for the personnel of the catering industry to display their talents.

In 2021, since the pandemic alert level was raised, Far Eastern Memorial Foundation provided great support for the Pandemic Prevention Meal Competition. The event was accordingly scaled up; the amount of participation award was increased by 67% to enhance the incentive to take part in the competition, and sharing sessions on pandemic prevention food were held at our locations in Taipei, Hsinchu and Kaohsiung. Further, the Company organized an activity to invite all people to submit related writing, and jointly held the "Charity Banquet" with the Taiwan Fund for Children and Families, Kaohsiung. By expanding the scope of participating regions and groups, the number of people benefiting from the event doubled compared to that in 2020. Expressing love and care to the society, Far Eastern SOGO fully displayed the concept of "keeping a distance from others but not from care".

Far Eastern SOGO has been engaged in the promotion of food education for long, and actively communicated with consumers about the food safety issues. We are the first company in Taiwan to respond to the government's policy of prohibiting one-off and melamine dining utensils. Also, we have adopted the "traceless diet" to lead nearly 10 million dining customers to plastic-free life per year, and made use of the channel platform to sell the reassuring products of smallholders. With these actions, we have become a model of green department store and CSR-fulfilling company in Taiwan. In addition, the participants of the Pandemic Prevention Meal Competition are encouraged to use Taiwan's local ingredients, use reusable sealing containers and dining utensils or eco-friendly chopsticks as much as possible, and reduce plastic bags. The power consumption for food has been cut down as well to contribute to carbon reduction. Cross-functional and cross-domain resources have been integrated by Far Eastern SOGO; through the co-creation and collaboration with different stakeholders, we have doubled our influence in the society.





# 5.0 Strategic Results and Planning

Material Topic		Social Care and Community Engagement			
GRI Standards	GRI 413: Local Communities				
Strategic Target	Based in the business locations around Taiwan, Far Eastern SOGO reinforces the influence in local communities through social welfare activities combined with our business.				
Management Method and Communication Mechanism	Local partners	Social welfare partners	Employees	General public	
	<p><b>(Responsible unit)</b> Business Operations Division, Public Relations Office, Human Resources Department</p> <p><b>(Communication method)</b> Daily morning meeting/daily morning report, ESG bulletin, education and training, eWork, Facebook fan club, Line group, etc.</p>				
	The services and activities of Far Eastern SOGO's 7 business locations promoted through our publications, reports and self-media are used as a basis to develop our influence in the cities	We make donations to the "Pacific Chongguang Culture and Education Foundation" and "Pacific Chongguang Social Welfare Foundation" to contribute to both culture/ education and social welfare, connect important stakeholders, and jointly create social influence	Diverse channels are used to publish messages and receive feedback on employee participation in social welfare events, thereby integrating the efforts of all employees to stand up for social and environmental issues	Social welfare activities are organized at the business locations around Taiwan to deepen our connection with local residents and make more of them to be aware of and have a good impression on our social welfare projects	
Assessment Mechanism	<ul style="list-style-type: none"> <li>Annual online survey on customer satisfaction: Nearly 75% of the consumers thought highly of Far Eastern SOGO's performance in education/culture and social welfare and over 90% highly trusted the brand of Far Eastern SOGO</li> <li>Tracking of information on resources invested in social welfare projects and the outcome of the projects</li> </ul>				

Goal Setting	Short Term	<ul style="list-style-type: none"> <li>Help people adapt to the new normal in the post-pandemic era through social welfare actions in communities</li> <li>Enhance people's awareness of and identification with Far Eastern SOGO's local actions</li> </ul>
	Medium to Long Term	<ul style="list-style-type: none"> <li>Strengthen the link between social welfare activities and Far Eastern SOGO's core business capabilities to further foster the social welfare chain</li> <li>Target key social care projects to boost our corporate image</li> <li>Improve employees' awareness of sustainability and cohesion</li> </ul>
Annual Highlighted Results		<ul style="list-style-type: none"> <li>Far Eastern SOGO's Pandemic Prevention Meal Competition has been held for 2 consecutive years with the aim of promoting pandemic prevention meals. The competition has reached 40 million people in total</li> <li>As of the 30th Children SO GOOD Christmas Wish Mailbox ends, we have helped 27,000 disadvantaged children fulfill their dreams</li> <li>As of the 10th Children SO GOOD Role Model Selection, a total of over NT\$3.5 million has been distributed as rewards, with 290 disadvantaged children benefiting therefrom</li> <li>Far Eastern SOGO's Hsinchu Store initiated the "Wonderful 10th Anniversary" project focusing on doing ten good things for ESG, with nearly 100 thousand people benefiting from the project</li> <li>We worked in tandem with 268 external units, including charity organizations, academic and research institutions, government agencies, other brands and social enterprises, etc., to launch 429 social welfare activities in 2021, in which more than NT\$20 million was invested, with about 2 million people benefiting therefrom</li> </ul>



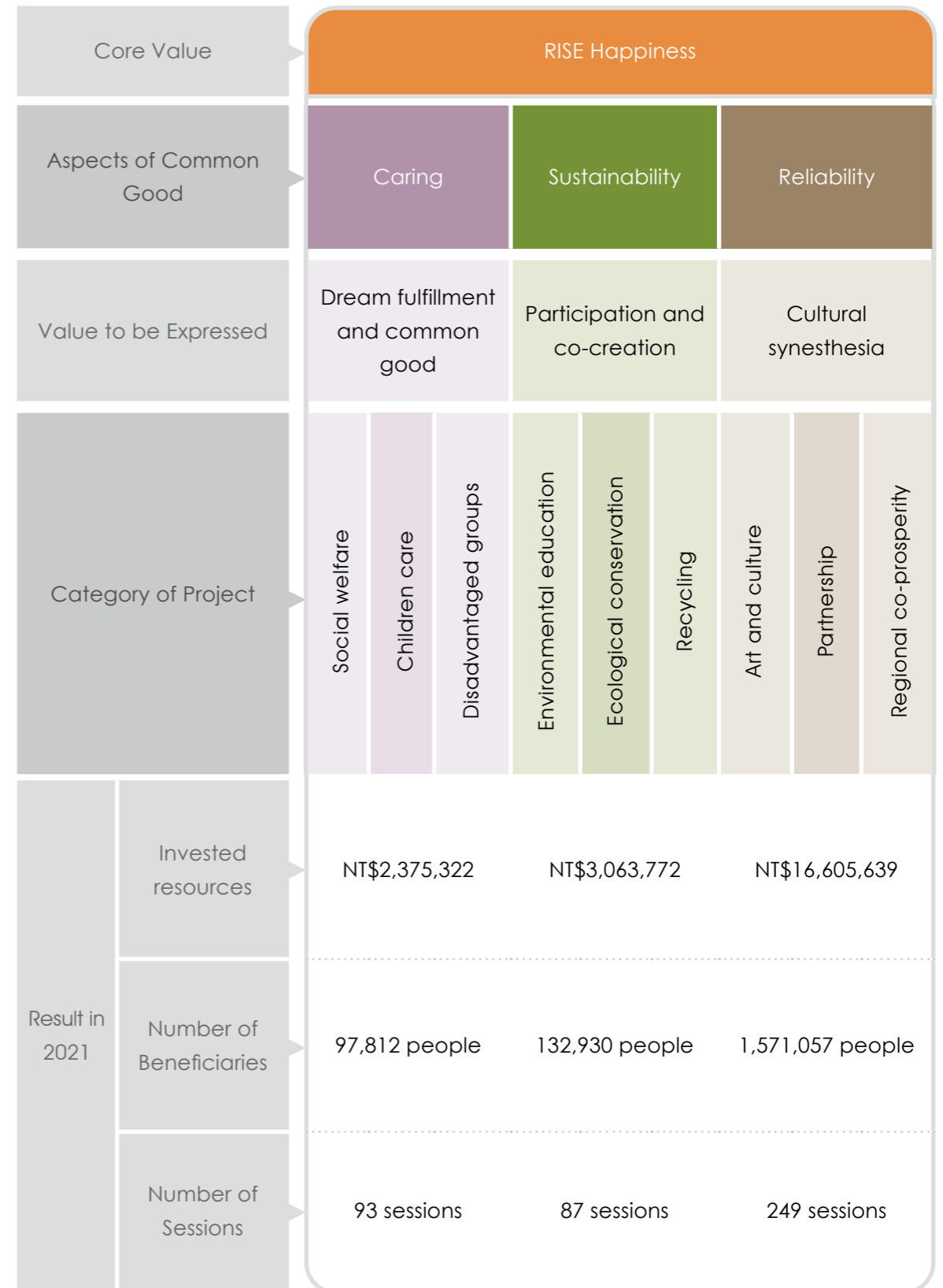
# 5.1 Far Eastern SOGO's Social Welfare Spirit of NEW LIFE - CSR

In the retail industry in Taiwan where people-oriented services are the basis, Far Eastern SOGO provides the experience of food culture, fashion and fine services that combine international and local features, and gathers the department store industry, vendors, customers and general public through the advantage of channels to launch the "Far Eastern SOGO NEW LIFE Project" for the establishment of specific social care values.

Through the "Pacific Chongguang Culture and Education Foundation", "Pacific Chongguang Social Welfare Foundation" and all the Company's business locations in Taiwan, we work hand in hand with the stakeholders such as customers, employees, communities, suppliers, government agencies, charitable organizations and schools to fulfill our responsibility as a citizen and show our sustainable influence by continuously investing in the public welfare project in the three main aspects: caring, sustainability, and reliability.

To ensure that the Company's spirit of public welfare is deeply rooted in the employees' mind, we renamed the "volunteer leave" to "social welfare leave" in 2021. The application for the leave, initially acceptable for only the volunteer activities during the work time, is now acceptable for volunteer services beyond the work time to encourage the employees to take part in various public welfare actions. In 2021, the number of applicants for social welfare leave grew by 163.6% and the total hours for such leave increased by 237.5% compared to the data in 2020.

Far Eastern SOGO has worked in tandem with 268 external units, including charity organizations, academic and research institutions, government agencies, other brands and social enterprises, etc., to actively engage in social welfare activities in 2021. 429 social welfare activities were launched in the year, with a total of NT\$20 million invested and nearly 2 million people benefiting therefrom. In the future, the Company will keep on reviewing the performances of the social welfare activities and communicating with stakeholders with international social influence evaluation frameworks taken as reference.





## 5.1.1 Sustainable Social Welfare Chain

### I Social Welfare Foundations

Successively donating resources to support the establishment of the "Pacific Chongguang Culture and Education Foundation" and "Pacific Chongguang Social Welfare Foundation", Far Eastern SOGO has been devoted to the cultural education, social welfare and charity activities to keep in line with the philosophy of giving back to the society what we take from it.

## Pacific Chongguang Culture and Education Foundation

**Date of Foundation**

1988

**Development Focuses**

Engage in the long-term promotion of cultural exchange and organize various cultural and educational activities, with the aim of enhancing people's taste in culture, art and life.

**Key Projects in 2021**

2nd Far Eastern SOGO Cook-at-Home Pandemic Prevention Meal Competition

**Effectiveness of Project**

Invested Resources	Outputs	Key Results
<p><b>Manpower</b> ▼</p> <ul style="list-style-type: none"> <li>150 people invested</li> </ul> <p><b>Funds and equipment</b> ▼</p> <ul style="list-style-type: none"> <li>NT\$3 million of funds (NT\$1 million sponsored by the Far Eastern Memorial Foundation)</li> <li>Venue of the Company's branch, live stream connection equipment</li> </ul> <p><b>Promotion channels</b> ▼</p> <ul style="list-style-type: none"> <li>Promotion through Far Eastern SOGO's special World Earth Day flyers and special events</li> <li>Far Eastern SOGO's self-media and LCD advertising in stores</li> <li>F&amp;B consignment counters' assistance with the preparation of the award-winning pandemic prevention dishes and relevant promotion</li> </ul>	<ul style="list-style-type: none"> <li>3 sessions of healthy diet experience event (in Taipei, Hsinchu and Kaohsiung), with a total of 109 participants</li> <li>1 charity banquet (in Kaohsiung) which benefited 40 individual cases in Taiwan Fund for Children and Families</li> <li>Collaboration with 3 F&amp;B counters to sell the award-winning dishes of the first competition</li> <li>156 people signing up for the Pandemic Prevention Meal Competition, and 140 people submitting their writing</li> <li>Online reach of 32 million people</li> </ul>	<ul style="list-style-type: none"> <li>The participants had better understand of healthy diets and pandemic prevention meals, and became more willing to try them.</li> <li>The home dishes and food culture of people during the pandemic were recorded.</li> <li>The personnel of the catering industry, which was affected by the pandemic, found their enthusiasm in the competition again and gained confidence from the compliments on their professionalism.</li> </ul>

## Pacific Chongguang Social Welfare Foundation

**Date of Foundation**

2000

**Development Focuses**

Engage in the promotion of activities related to social welfare and charity to stick to Far Eastern SOGO's philosophy of giving back to the society what we take from it.

**Key Projects in 2021**

1

30th Children SO GOOD Christmas Wish Mailbox

2

10th Children SO GOOD Role Model Selection

**Effectiveness of Project**

<b>Invested Resources</b>	<p><b>Manpower</b> ▶</p> <ul style="list-style-type: none"> <li>20 people invested for around 320 hours</li> </ul>	<ul style="list-style-type: none"> <li>252 hours</li> <li>4 professional front-line personnel of social welfare organizations serving as the judges</li> </ul>
<b>Invested Resources</b>	<p><b>Funds and equipment</b> ▶</p> <ul style="list-style-type: none"> <li>Venues of all the branches</li> <li>Expenses of NT\$500 thousand</li> </ul>	<ul style="list-style-type: none"> <li>Expenses of NT\$1.27 million</li> </ul>
<b>Invested Resources</b>	<p><b>Promotion channels</b> ▶</p> <ul style="list-style-type: none"> <li>Far Eastern SOGO's paper flyers, self-media, and LCD advertising in stores</li> <li>7 social welfare organizations' joint promotion through self-media, and their provision of the data of underprivileged children receiving the gifts</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of recruitment information through self-media</li> </ul>
<b>Outputs</b>	<ul style="list-style-type: none"> <li>Christmas wishes written by 1,300 underprivileged children from 7 social welfare organizations</li> <li>More than 1,300 people in the action of helping the children fulfill their wishes</li> </ul>	<ul style="list-style-type: none"> <li>A total reach of more than 760 thousand people</li> <li>61 children recommended by schools or social welfare organizations</li> <li>A list of 23 winners</li> </ul>
<b>Key results</b>	<ul style="list-style-type: none"> <li>The underprivileged children got satisfied as their wishes came true, and felt the warmth of the society with their family members.</li> <li>SOGO won the customers' recognition by holding the event.</li> <li>The participating customers could find happiness and confidence by helping others.</li> <li>The initiatives of social welfare organizations were known by more people.</li> </ul>	<ul style="list-style-type: none"> <li>The participating and selected children believed in themselves more with the recognition.</li> <li>The results let the parents and caregivers of the selected children know that their efforts were worth it.</li> <li>The philosophy of the participating social welfare organizations could be seen during the selection event.</li> </ul>

When holding events, the foundations also disclose the event information, heartwarming stories, event results and other latest news through the official website and Facebook fan page in a timely manner, so that the stories of social welfare can be widely spread through the online social media and a chain of kindness can thereby be built in the society.

[More information | Foundations](https://newlife.sogo.com.tw/) [More information | Facebook fan page of the foundations](https://www.facebook.com/SOGONEWIFE/)



## I Long-term Partners

Far Eastern SOGO has been dedicated to public welfare activities in the fields of social welfare and education for long time, and has cooperated with social welfare units and schools for years. To provide firm and steady support, long-term investment of resources is needed for sure. The table below shows the social welfare organizations, schools and social enterprises that Far Eastern SOGO has been cooperated with for more than three years, and the social welfare activities we worked on with these partners in 2021.

Caring	
Partner	Cooperation Project in 2021
1 Taiwan Fund for Children and Families, North and South Taipei Branches	Children SO GOOD Role Model - Co-organizer gift-receiving unit; number of gifts received: 200
2 Taiwan Fund for Children and Families, North Kaohsiung Branch	Children SO GOOD Role Model - Co-organizer gift-receiving unit; number of gifts received: 100
3 Taiwan Fund for Children and Families, Miaoli Branch	Children SO GOOD Role Model
4 Taiwan Fund for Children and Families, Taoyuan Branch	Children SO GOOD Christmas Wish Mailbox - Gift-receiving unit; number of gifts received: 100
5 Taiwan Fund for Children and Families, Hsinchu Branch	Children SO GOOD Christmas Wish Mailbox - Gift-receiving unit; number of gifts received: 100
6 Taiwan Fund for Children and Families, Changhua Branch	Children SO GOOD Role Model
7 Sunshine Social Welfare Foundation	Children SO GOOD Role Model - Co-organizer, gift-receiving unit; number of gifts received: 200
8 Taiwan Organization for Disadvantaged Patients	Children SO GOOD Role Model
9 Taipei Orphan Welfare Foundation	Children SO GOOD Role Model
10 Taipei Women's Rescue Foundation	Children SO GOOD Christmas Wish Mailbox - Gift-receiving unit; number of gifts received: 150
11 The Mustard Seed Mission	Children SO GOOD Christmas Wish Mailbox - Gift-receiving unit; number of gifts received: 152
12 Noordhoff Craniofacial Foundation	Children SO GOOD Role Model - Co-organizer, gift-receiving unit; number of gifts received: 110
13 Taiwan Foundation for Rare Disorders	Children SO GOOD Role Model - Co-organizer, gift-receiving unit; number of gifts received: 53
14 Syn-Lu Social Welfare Foundation	<ul style="list-style-type: none"> <li>Children SO GOOD Role Model</li> <li>HPG Visiting Gift - Syn-Lu handmade soap</li> <li>Forest Life Extension - Receipt lottery donation with sapling gift in return</li> </ul>
15 United Nations International Children's Emergency Fund (UNICEF)	<ul style="list-style-type: none"> <li>International Women's Day</li> <li>Clear Vision for the Future: Action of Vision Care</li> <li>L'OCCITANE 2021 Shea Charity Series Activities</li> </ul>
16 World Peace Organization	<ul style="list-style-type: none"> <li>Aid for Starving Children: Charity Concert and Sale for Children</li> <li>Supply Donation - Donation-receiving unit</li> <li>Massage Chair Donation - Donation-receiving unit</li> </ul>
17 Eden Social Welfare Foundation	<ul style="list-style-type: none"> <li>Second-hand Clothing Donation Activity</li> <li>Roots Charity New Clothing Collection Program</li> <li>DAKS Handmade Teddy Bear Co-branding Charity Sale</li> <li>Physical Disability Experience Activity</li> <li>2021 In's Love for DD Children</li> </ul>

Partner	Cooperation Project in 2021
18 Taiwan Health Foundation	Far Eastern SOGO Pandemic Prevention Meal Competition - Co-organizer
19 Children Are Us Foundation	<ul style="list-style-type: none"> <li>Public Welfare with Music, Gardening, Building Blocks, and Drawing</li> <li>CLARINS Meal Donation for Underprivileged Children</li> </ul>
20 Christian Hsinchu Glory Holistic Care Association	Children's Secret Base - Xiangshan After-school Support Program
21 Glory Church	Green Department Store Shopping with ThanQ
22 Chuhsin Life Education Association	Supply donation classification and lighting improvement
23 The Garden of Hope Foundation	<ul style="list-style-type: none"> <li>Show Your Love with Triumph</li> <li>Together (Christmas charity event)</li> <li>Warmth in Mid-Autumn Festival</li> </ul>
24 Taiwan Guide Dog Association	<ul style="list-style-type: none"> <li>Fundraising for Guide Dogs</li> <li>Promotion of International Guide Dog Day</li> </ul>
25 Hondao Senior Citizen's Welfare Foundation	<ul style="list-style-type: none"> <li>Second-hand Clothing Donation for the Elderly</li> <li>Second-hand Clothing &amp; Accessory Charity Sale</li> </ul>

Sustainability	
Partner	Cooperation Project
1 GREENPEACE	2021 EarthDay SHOW ROOM
2 Eden Social Welfare Foundation	<ul style="list-style-type: none"> <li>A Trip with Trees and ThanQ</li> <li>New Clothing Recycling Program</li> </ul>
3 Taiwan Black Bear Conservation Association	THERMOS's Taiwan V Mark Protection
4 The Society of Wilderness	<ul style="list-style-type: none"> <li>agnes'b x PLASTIC AT SEA Beach Cleanup</li> <li>AVEDA 2021 Earth Month</li> <li>KIEHLS Sustained Lovely Natural Environment</li> </ul>
5 Tse-Xin Organic Agriculture Foundation	Origins 2021 Earth Month

Reliability	
Partner	Cooperation Project
1 Far Eastern Memorial Foundation	Far Eastern SOGO Pandemic Prevention Meal Competition - Co-organizer
2 Taipei Eastern District	Eastern District Anniversary
3 Sketch Club, Taipei Senior High School	Sketches of Mom
4 Women Entrepreneurs Association of Taiwan	<ul style="list-style-type: none"> <li>Hakka Market</li> <li>Women Entrepreneurs' Aesthetics Market</li> </ul>



## NEW LIFE Social Welfare Achievements

In 2021, Far Eastern SOGO invited 268 external units, including charity organizations, academic and research institutions, government agencies, other brands and social enterprises, etc., to actively work hand in hand in social welfare activities. We supported disaster relief and pandemic prevention, assisted disadvantaged groups, carried out ecological conservation, introduced educational activities, stimulated PE development, fostered art and cultural development, supported public health and medical services, cared for communities and neighborhoods, launched charity donation events, and so on.

Due to the impact of the COVID-19 pandemic and the Level 3 pandemic alert announced by the government, the Company not only exerted its social influence but also placed more emphasis on the health and safety of stakeholders in their engagement with the Company. In 2021, we devoted resources equivalent to more than NT\$1 million to the pandemic prevention actions and the social welfare activities for supporting public health services. Furthermore, we adopted crowd control in compliance with high-standard pandemic prevention regulations during the social welfare activities. Therefore, the number of social welfare activities increased by 16% (a total of 429 sessions) while the corresponding average number of beneficiaries decreased by 20% in 2021.

	Number of Sessions	Number of Participants	Number of Beneficiaries	Invested Resources	Partner
2021	429	2,086,318	3,184,181	25,992,434	268
2020	371	3,930,193	3,992,304	30,582,377	194
2019	158	1,131,775	1,229,362	21,587,265	80
2018	116	69,926	116,895	11,015,600	72

## Caring

As a company having cared for the children and youth for long, Far Eastern SOGO devoted NT\$2.38 million to social care in 2021 as a charity unit that "built the bridge of social welfare through popular channels and facilitated the conversation between the two ends of the M-form society". 93 sessions of activities were held accordingly, with 85 thousand people participating and 98 thousand people benefiting therefrom.

The public welfare projects for the aspect of social caring in 2021 include three categories: social welfare, children care, and care for disadvantaged people. A series of children welfare activities were organized by the Pacific Chongguang Social Welfare Foundation, with "Children SO GOOD" as the topic of the activity series:

Highlight Project in 2021	Purpose	Subactivity
10th Children SO GOOD Role Model Selection	Recognition activity for underprivileged and exceptional students in Taiwan	<ul style="list-style-type: none"> <li>SOGO provided the "strength of beauty" as a gift for the young role models that would visit the Presidential Office</li> <li>Children SO GOOD Performance</li> </ul>
Children SO GOOD Christmas Wish Fulfillment Activity: Common Good across Generations (30th)	Activity for the fulfillment of underprivileged children's Christmas wishes, with the cases in social welfare organizations as the gift receivers	NA

## Children SO GOOD Role Model Selection



Far Eastern SOGO has been holding the "Children SO GOOD Role Model Selection and Recognition" since 2011, and is the only department store in Taiwan that organizes the role model selection event for underprivileged children. All the kindergarten and elementary school students who are driven despite the poverty, optimistic in spite of the hardships, kind-hearted, or keep dreams alive even if being ill, or respect parents and friends can be recommended by the elementary schools and social welfare organizations in their respective counties or cities; professional social workers or scholars are invited by the Pacific Chongguang Social Welfare Foundation to make evaluations for the selection. In addition, a "Kind Guardian Award" has been set to praise the front-line teachers and social workers for their devotion to and care for the disadvantaged children.

The project welcomed its tenth year in 2021. Throughout the decade, a total of 290 students have received the award, 44 students have won the President's Education Award, 27 short videos of the young role models have been filmed, 42 celebrities have been invited to inspire the students, and scholarships totaling more than NT\$3.5 million have been issued. The main point of the Company's award is not "selection"; instead, the award is aimed at sharing the stories of the role models who are driven despite the difficulties, encouraging these role models, and thereby touching people's heart.

Aside from selecting and awarding the remarkable students with special background, our Chairman also invites the role models who receive the President's Education Award and their family and friends to Far Eastern SOGO for a meal every year. These award-winning students are free to choose the clothes to wear the next day for the awards ceremony in the Presidential Office in our department store. We hope that through the "power of fashion", namely the strength of beauty that shows brand features and fashionable styles, the winners can get dressed up, be glamorous, and confidently display their positive energy as warriors in their life.



Group photo of the Chairman of Far Eastern SOGO, Sophia Huang (the 3rd person from the left), and the Children SO GOOD



Group photo of the Vice President of Far Eastern SOGO, Cheng-Hsien Yang (the 1st person from the left), and the 10th Children SO GOOD role model who won the President's Education Award



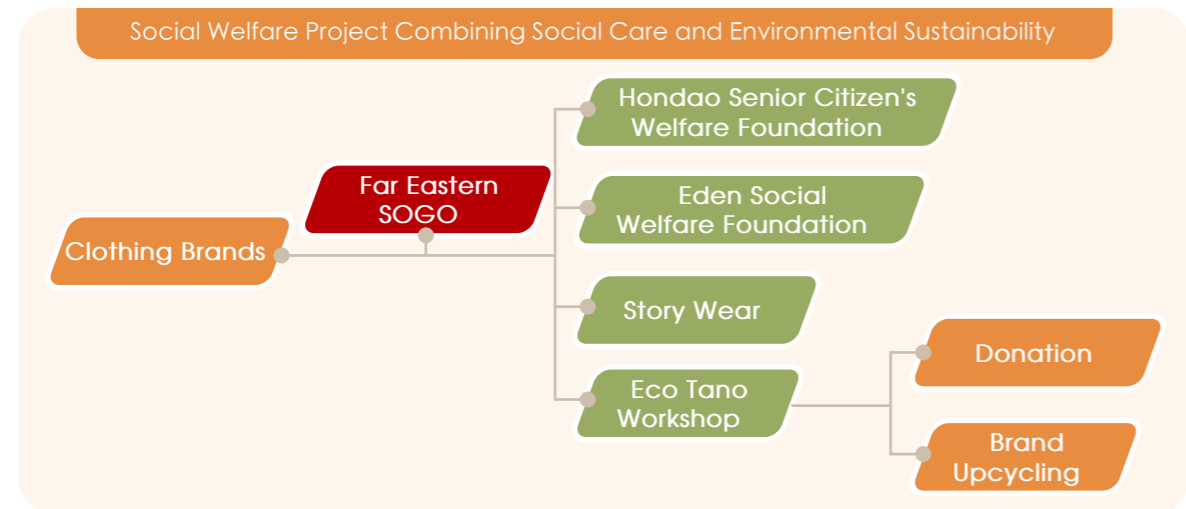
## I Children SO GOOD Christmas Wish Fulfillment Activity: Common Good across Generations

Project Continuity	Accumulated Number of Participants	Accumulated Number of Children Benefiting Therefrom
Having been implemented for <b>30</b> years so far	More than <b>40 thousand</b> people	Up to <b>27</b> thousand children

The "Children SO GOOD Christmas Wish" event, jointly organized by Far Eastern SOGO and other social welfare organizations in Taiwan, is aimed at taking care of the children from underprivileged or special backgrounds. Based on a wish adoption platform, we invite the general public to help fulfill the wishes they have adopted to radiate warmth in the cold winter at the end of the year.

This project has been implemented for 30 years. Throughout these decades, more than 40 thousand people have adopted the wishes of the disadvantaged children on Far Eastern SOGO's platform; a total of more than 27 thousand children have thus had their wishes come true. In the 30th year of the project in 2021, the Company set "Love for 30 Years" as the topic. To magnify the influence of the platform, we started from the stores in Taipei, even including the Tianmu Store, to display the Christmas wishes of thousands of disadvantaged children in Taiwan for the general public to help such kids fulfill their wishes. By establishing the social welfare platform, the Company facilitated the conversation in the M-form society.

Among the social welfare projects organized by Far Eastern SOGO, the "Children SO GOOD Christmas Wish" event is the most well-known one. During these three decades, we have fulfilled the wishes of more than 27 thousand underprivileged children through the project. In this year, 45% of the people who adopted the wishes had taken part in the event for more than once in the past; the proportion rose by 6% compared to the previous year, implying that the Company has a stable young group of customers continuously concerned about social welfare, and that the scale of the group is increasing in a steady manner.



In recent years, Far Eastern SOGO and clothing brands collaborating therewith have organized activities for "recycling second-hand clothes" on Earth Day to reduce a large amount of textile waste resulting from fast fashion and thereby mitigate environmental impact and pollution. These recycled second-hand clothes reflected how much their owners cherished them. Many of these clothes would look gorgeous and could be worn again after they were cleaned. We thus started to work with Hondao Senior Citizen's Welfare Foundation, Eden Social Welfare Foundation, Story Wear, Eco Tano Workshop, and other social welfare organizations and social innovation groups for recycling campaigns, charity donations, and other relevant events to maximize social impact!

## Sustainability

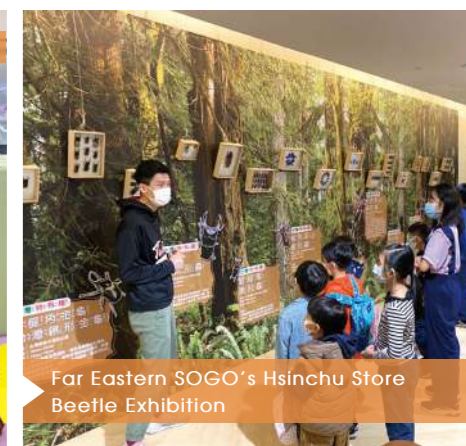
### I Face-to-face Communication with Consumers for Joint Realization of Environmental Sustainability

Far Eastern SOGO is dedicated to the investment of resources and takes "build the No. 1 green department store in Asia" as the mission. We implement the concepts of environmental protection thoroughly in our routine operations and activities by building the department store as a field of low-carbon education and leading the stakeholders to internalize the awareness of environmental protection. Although the activities were reduced in 2021 due to the pandemic, we invested over NT\$3 million and organized 87 environmental education events in the year. More than 130 thousand people benefited from these events.

### I Internalization of Sustainability DNA through Education Under the New Normal of Pandemic Prevention

Far Eastern SOGO took the lead in publishing the first low-carbon education picture book in the industry and even transformed the department store into a field of environmental education to show students our environmental protection efforts in the department store. In the pandemic, we have further realized that the new normal of pandemic prevention must be internalized through education. As we noticed that a great quantity of masks and one-off dining utensils used during the pandemic have caused severe environmental pollution, Far Eastern SOGO released the first set of playing cards for the purpose of pandemic prevention and environmental education in the market to provide correct environmental protection knowledge with relaxing and entertaining content. We are the only department store that promoted environmental education through picture books and playing cards in the industry.

In 2021, we leveraged our experience of publishing low-carbon picture books in the cooperation with Taipei Zoo, National Museum of Marine Science and Technology, Taiwan Power Company and other organizations to incorporate the awareness of ecological conservation and environmental sustainability into the daily life of children and allow it to take root in their mind with entertaining and fun interactions.



## Reliability

"Reliable" is one of our core values and also a key to building mutual trust and benefits and creating a win-win situation with stakeholders. Far Eastern SOGO has rented over 3,000 counters to brands at all the business locations in Taiwan. A diverse range of products and services at department stores typify people's daily lives. To have all the business locations in Taiwan serve as bases for creating social impact, we organize educational campaigns, art and cultural development and sports development activities, and other cultural synesthesia events to get closer to people and become a widely trusted brand. In 2021, we invested more than NT\$16 million in community engagement. 249 events were organized with over 1.57 million participants.





## I Accompanying Children Growing Up and Organizing Career Activities for Them to Think About Their Future Careers

"What do you want to be in the future?" is a question that almost every kid is asked. This makes them have a lot of expectations and imaginations toward career activities. Experiencing working in different positions, ranging from floor supervisors, customer service personnel and convenience store clerks to store owners, is what every child long for. They can taste the joy and hardship of every job and thereby understand what is professionalism and respect it.

Far Eastern SOGO has leveraged the advantage of having diverse products and services to launch a variety of "career activities for children". In addition to Far Eastern SOGO's super popular "Children's Customer Service Camp", Kaohsiung Store worked with "UCC Café Mercado" to hold the "Children's Barista Camp" for children to experience what is it like being a barista. Tianmu Store also initiated the "Children's Carpentering Series" activities in collaboration with TLW.

A wide range of experiential activities allow every family with children coming to Far Eastern SOGO to not only shop, but also learn about the cultural meaning and story behind every job or even every product through DIY and hands-on activities.



Children's Barista Camp



Customer service activities for children

### 5.1.3 Diversity in Communication

We communicate with the stakeholders about sustainability and social welfare issues through our official ESG website, ESG fan club on Facebook, daily morning meeting/daily morning report, ESG bulletin, and education and training. Externally, we exert our influence and goodwill to drive the momentum for society to make progress. Internally, on the other hand, we improve our employees' perception of and familiarity with the Company's sustainability and social welfare plans to encourage their engagement, thereby creating substantial influence.

Communication Channel	Description	Relevant Website and Content
Daily morning meeting/daily morning report	Far Eastern SOGO shares actions taken for sustainability, sustainability-related news in the industry, and social welfare information through the "Daily Morning Meeting Report" published internally, so as to improve the employees' and suppliers' awareness of sustainability. In 2021, we also created a channel titled "ESG Time", and held prize quizzes and adopted other interactive mechanisms to facilitate the engagement of employees.	
ESG bulletin	Through the internal "ESG Bulletin", we share new knowledge on sustainability, social welfare information, ESG award news, etc. on an irregular basis to reinforce the connection of our employees with sustainability.	
Education and Training	Far Eastern SOGO irregularly holds sustainability- or charity-related education and training courses, for which external instructors or the ESG executive secretary team is invited to share the latest domestic and international environmental sustainability information and domestic requirements for social welfare and explain how to put environmental protection concepts into practice. In 2021, the "ESG Strategy Workshop" was organized for section supervisors and higher-ranking managerial officers. Some of the proposals submitted in the workshop were integrated into the Company's sustainability blueprint, demonstrating the bottom-up efforts in creating the sustainability blueprint.	

Internalization of sustainability as the foundation



Proactive external engagement

- Far Eastern SOGO's official ESG website  
We are the first department store that launched an ESG website in Taiwan. The website contains the Company's corporate sustainability reports, a merchandise safety area, our social welfare activities, honors and awards, and serves as a platform used to interact with stakeholders.  
<https://esg.sogo.com.tw/>
- Far Eastern SOGO's ESG fan club on Facebook  
With the help of the timeliness, high fan engagement, and easy-to-share and -repost features of social media, we disclose the Company's latest news on social welfare activities, share new domestic and international environmental sustainability information, and communicate with the public through our ESG fan club on Facebook in a timely manner.  
<https://www.facebook.com/SOGOESG>
- Far Eastern SOGO's self-media  
We enlist the participation of people in the Company's charity activities and publish relevant achievements promptly via self-media to share our accomplishments with stakeholders. Our initiatives are also promoted through self-media.



## I Support from Customers

With the long-term effort of our foundations and departments, our online survey on the customer satisfaction with Far Eastern SOGO (conducted in January 2022. N=1,068; the confidence level was at 95%, with a margin of sampling error of ±3.0%) reflected people's reliability to Far Eastern SOGO. The survey showed that nearly 75% of the consumers thought highly of our performance in education/culture and social welfare and that over 90% highly trusted the brand of Far Eastern SOGO.



This customer satisfaction survey was reported to the ESG Committee and submitted to relevant departments including the Sales Promotion Department and Public Relations Office for assessment. It could serve as a basis for optimizing future activities.

## 5.2 Community Investment

As the most influential department store retailer in Taiwan, Far Eastern SOGO has over 100 F&B consignment counter lessees. We value environmental protection and customers' health and promote "local food and beverage", an important factor in the food miles, on a long-term basis to exert the power of the channel. In an effort to develop our local business, the Company starts from focusing on our functions to combine the advantages of both the business locations and marketing channels to launch the "smallholders' market". The market serves as a platform for local smallholders to communicate with consumers and promote and sell their products to them. Today, the smallholders' market is a feature of Far Eastern SOGO!

(Joint Efforts around Taiwan) Promotion of Local Ingredients and Agricultural Products at Far Eastern SOGO's All Business Locations

<p><b>Project Continuity</b> Large smallholders' markets have been organized at Zhongxiao Store in Taipei City for <b>6</b> consecutive years</p>	<p><b>Accumulated Number of Sessions</b> <b>139</b> sessions during 2018, 2019, 2020 and 2021</p>	<p><b>Accumulated Number of People Benefiting Therefrom</b> <b>1.385 million</b> during 2018, 2019, 2020 and 2021</p>
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In addition to irregular exhibition and sale of smallholders'/local products, large smallholders' markets have been organized at Zhongxiao Store in Taipei City for six consecutive years. This way, we introduce more new and good products of the smallholders to the consumers, and help them learn and understand how to transit to the last mile smoothly in the journey "from the place of origin to the shelf". Every farmer interacts with consumers face to face. Consumers, on the other side, can understand the effort that farmers make during the planting and growing processes of their products.

Notably, restaurants bore the brunt of the prohibition of dining in during the Level 3 alert lasting for over 2 months as a result of the pandemic in 2021. Severe impacts were also caused on the income of smallholders supplying ingredients to the restaurants. Through full utilization of the power of the platform and the combination of the advantages of the business locations and diverse self-media and marketing channels, in spite of a decrease in the number of customers in 2021, the unit price grew by 19% in comparison with 2020. As a result, we were presented with the "Award for Excellence in the Marketing of Agricultural Products" by the Council of Agriculture, Executive Yuan.

**A total of 19 smallholders-related activities were held at the stores around Taiwan in 2021 and more than 100 thousand people were benefited from these activities.**

Date	Theme	Store	Partner
2021/1/16-2021/10/11	Young Farmers' Market (10 sessions)	Tianmu Store	Sanchung District Farmers' Association
2021/1/23-2021/1/24	Smallholders' Market with Wonderful Food	Kaohsiung Store	Tongxin Yuan Farm
2021/4/20-2021/4/25	Life with Nature	Zhongxiao Store	Agriculture and Food Agency Water Garden Organic Farmers' Market Taipei Cultural Exploration Association
2021/5/8-2021/5/9	Smallholders' Market with Wonderful Food	Kaohsiung Store	Tongxin Yuan Farm
2021/4/23-2021/4/25	SOGO's Support for Pineapple Smallholders	Hsinchu Store	Sun Day Sunday
2021/8/9-2021/8/22	Fresh Summer	Fuxing Store	Fucheng Dried Fruit Golden House of Prune Realcome Biomed Co., Ltd. Grand Blossom Grange Caixuan Food Company Donghe Oil Factory Donghe Oil Factory, Old Longevity Keeping in Good Health Lyon Organic Company Limited Lixiong Tea Shop Seeinherb Co., Ltd. Tony & Amy

2021/10/13-2021/10/17

Life with Nature

Zhongxiao Store

Agriculture and Food Agency Water Garden Organic Farmers' Market  
Taipei Cultural Exploration Association

2021/10/19-2021/10/24

Agricultural Products From Yilan, Hualien, and Taitung

Zhongxiao Store

Agriculture and Food Agency Water Garden Organic Farmers' Market  
Taipei Cultural Exploration Association

2021/11/25-2021/11/28

Fresh Ingredients from Mountains and the Sea  
Winter Smallholders' Market

Zhongxiao Store

Season Selection



### Creating A Co-prosperity Shopping Area in Eastern Taipei Far Eastern SOGO Leverages the Core Corporate Capabilities to Promote Co-prosperity and Revitalization in Communities

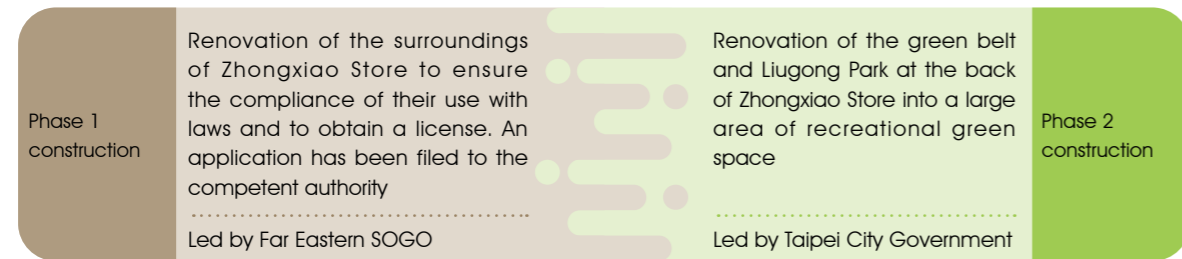
"Department stores" have always been regarded as an important indicator for the economic prosperity of an area or community. Far Eastern SOGO has over a million customers every year, drawing crowds to and creating business opportunities for communities near the business locations.

As a department store born and bred in Eastern Taipei, Far Eastern SOGO took advantage of its leading role in the department store industry to plan the "Happiness in Eastern Taipei · Shopping Area of Well-being" program in 2017, the year marked the 30 anniversary of Far Eastern SOGO, with the aim of fulfilling the corporate social responsibility and bringing back the charm of the East Shopping Area. Since we formed "Taipei Eastern District" in 2019, we have strived to create distinguishing features for the East Shopping Area with strategies and plans centering on "creativity, innovation, starting businesses, revitalization".

Since then, Far Eastern SOGO has scaled up the annual sale in the shopping area for three consecutive years. We attracted consumers to have fun and shop for bargains in our annual sale by offering prizes worth about NT\$1.04 million, gathering over 100 famous stores in Eastern Taipei, and raffling off gifts worth NT\$1 million and further drew them to the East Shopping Area.



In addition, we even initiated the "Eastern Corridor Project" for preliminary improvements in the parking of trucks in the unloading area at Zhongxiao Store. The outcome has been recognized by the Taipei City Office of Commerce. The Company then worked with the city government in a two-phase construction project for renovating the green belt and Liugong Park at the back of Zhongxiao Store:



In 2021, taking a further step, the Company collaborated with the Institute for Information Industry and the Small and Medium Enterprise Administration in launching the "Smart Application Project for the Eastern District" in the hope of optimizing the software and hardware equipment in the community and thereby creating a livable and user-friendly living space.

## I Starting A Virtuous Cycle in Hsinchu

### Doing Ten Good Things for ESG at the "Wonderful 10th Anniversary" of Hsinchu Store

2021 marked the 10th anniversary of Far Eastern SOGO's Hsinchu Store. To leverage our local influence developed over the past 10 years, Far Eastern SOGO launched the "Ten Good Things for ESG in Hsinchu" project focusing on environmental protection, social welfare, workplace well-being, etc. to give back to local residents in Hsinchu while reinforcing the bond between Far Eastern SOGO and the city.

During the anniversary sale from April 15 - April 29, over 400 brands housed under Far Eastern SOGO were invited. For every purchase made, NT\$10 was donated to the Taiwan Foundation for Rare Disorders for building a new welfare institution in Guanxi, Hsinchu County to help society and give back to the local community. A total of over NT\$400 thousand was raised for the building fund.

Far Eastern SOGO's Hsinchu Store is not only a department store, but also a space that has accompanied local people for ten years and been integrated into their daily lives. We have transformed the performance hall in Hsinchu Store into an "influence platform". A series of activities have been designed exclusively for parent-child customers to provide "educational entertainment" for both adults and children coming to the department store. Furthermore, we offer a stage to general and vocational high schools for organizing club presentations, encouraging young students to shine themselves.



Social Welfare Campaigns in the Performance Hall of Far Eastern SOGO's Hsinchu Store

The Company rewards the winners of the SO GOOD Role Model Selection every year. Hsinchu Store invited 10 teenage role models who have persevered with their efforts in different fields, including a girl calligrapher, a blind pianist, a gymnast, and other role models in art and culture fields to the store to give a performance. The purpose was to provide disadvantaged students with a stage for them to shine, so as to boost their confidence while allowing their ability to "transform adversity into growth" to be seen, thereby helping society to make progress.



Customers and employees were invited to the Far Eastern SOGO's Hsinchu Store to celebrate the 10th anniversary. During the anniversary sale, we organized the "Parent-Child Family Day" and "Power Walking with A Ten-thousand Crowd" activities, into which environmental sustainability and health issues were incorporated, in order to protect the earth with "love", care for society, reduce carbon footprints for the earth, and plant more seeds of kindness. Far Eastern SOGO's Hsinchu Store won the Environmental Education Award for the second time for promotion of tree planting and beach-cleaning activities and gathering of more than 10 thousand participants to overcome the challenge of 10 thousand steps during a period of more than 10 days.



A Tree Planting Tour on the Parent-Child Family Day

## I Ten Good Things for ESG at Far Eastern SOGO's Hsinchu Store's 10th Anniversary

- 1
•
Donations to help patients with rare diseases
NT\$10 was donated to Taiwan Foundation for Rare Disorders for building a welfare institution in Guanxi for every purchase made in the store. A donation of NT\$401,060 was made by Far Eastern SOGO together with over 400 brands housed in the store
- 2
•
Local care from our volunteers
To give back to local residents, we recruited volunteers to assist Chuhsin Life Education Association, a local education and care association in Hsinchu, in sorting out items for charity sale to contribute to the local community by actual actions
- 3
•
Having love last and "lighten" our life
Far Eastern SOGO worked with nine social welfare organizations to call on the cardholders to donate their credit points. Over 36 million credit points were donated



<p>4 • Environmental protection exhibitions and activities</p>	<ul style="list-style-type: none"> <li>• A beetle exhibition was organized since we have paid attention to environmental protection and sustainable survival issues.</li> <li>• We introduced the "ThanQ Portable Thermos", an eco-friendly product, as a visiting gift.</li> <li>• An exclusive visiting gift, "Pineapple Juice for Good Fortune", was released in collaboration with local smallholders</li> </ul>
<p>5 • Healthy power walking project having over 10,000 participants walking 100,000 steps</p>	<p>Participants overcoming the challenge of 10 thousand steps during a period of more than 10 days had the chance to win credit points or a fitness and massage chair. A total of 15,988 people participated in the project to reduce carbon footprints</p>
<p>6 • SO GOOD Role Model Performance</p>	<p>10 teenage role models who have persevered with their efforts in different fields, including a girl calligrapher, a blind pianist, a gymnast and other role models in art and culture fields were invited to the store to give a performance</p>
<p>7 • Parent-Child Family Day</p>	<p>Employees and their families were invited to lectures with art and cultural themes and parent-child carnival games to bring all of them together as a family</p>
<p>8 • Customer service activities for children</p>	<p>Children put on customized customer service uniforms and learned how to welcome guests, pick up phone calls, lend strollers to customers, etc. at the information desk to know what was it like working in the service industry and understand our service-oriented culture</p>
<p>9 • Environmental protection events in collaboration with the city government</p>	<p>We held environmental protection courses and lectures jointly with the Environmental Protection Bureau of Hsinchu City; organized a "tree planting tour" in cooperation with the Forestry Bureau to allow 12 parent-child families to take a look at the surrounding environment; and encouraged people to exchange invoices for saplings, with 403 saplings given out, and all the invoices were donated to Syin-Lu Social Welfare Foundation</p>
<p>10 • ThanQ - 10th anniversary party</p>	<p>An entertaining and interactive ventriloquism show, a balloon magic show, and the "Gift of Growth - I'm the One with the Most GUTS" program where children could paint stones were arranged, encouraging them to be more brave and keep going as they move into their senior years.</p>

## Far Eastern SOGO already Moves into the Community and Is Incorporated into the Daily Life of Residents

The "Taipei Tianmu Halloween Festival" is the most well-known annual event in the Tianmu Shopping Area and even becomes a featured activity in Tianmu. Through the long-term cooperation with Tianmu Marketplace Development Association, Far Eastern SOGO and local stores holds series events in the space outside Tianmu Store, creating plenty of business opportunities to the Tianmu Shopping Area. These events are popular among adults and children and allow them to enjoy an authentic Halloween atmosphere without leaving the country.



Taipei Tianmu Halloween Festival

Far Eastern SOGO's Kaohsiung Store located in Southern Taiwan has also been in a long-term cooperative relationship with the Kaohsiung City Government. For example, we promoted a learning platform for "Womenomics" together with the Social Affairs Bureau to offer entrepreneurship development courses co-designed by the government, enterprises and social organizations, for which experts were invited to provide individualized diagnosis for the products of students with the aim of seeking innovative ways to foster the economic independence of women. In addition, as the artworks of indigenous people are Taiwan's valuable art assets cultural assets, Kaohsiung Store worked with the Indigenous Peoples Commission, Kaohsiung City Government, in holding the "KHI IDEAS Anniversary Sale with Choice Indigenous Products" to exhibit and sell the creations of local indigenous artists. Transdisciplinary and cross-sector co-creation creates a more diverse range of channels for indigenous cultures to thrive while combining indigenous art and fashion.



KHI IDEAS Anniversary Sale with Choice Indigenous Products

KHI IDEAS Anniversary Sale with Choice Indigenous Products

As a department store open to all, Far Eastern SOGO opens the in-store space at the business locations to the public as an "open space" for local organizations and community residents to use and express themselves. We not only invite community schools, student groups and local artistic and cultural organizations to give performances on certain festivals, but also provide exhibition venues for creations to be presented in an effort to build a sustainable social welfare chain with the community. Serving with a smile is our job and dedication is our routine. Far Eastern SOGO has become an integral part of the community life!



# GRI Standards Index

Disclosure Item	Corresponding Chapter	Remarks
<b>1. ORGANIZATIONAL PROFILE</b>		
102-1 Name of the Organization	About this Report	
102-2 Activities, Brands, Products, and Services	About this Report	
102-3 Location of Headquarters	About this Report	
102-4 Location of Operations	About this Report	
102-5 Ownership and Legal Form	About this Report	
102-6 Markets Served	About this Report	
102-7 Size of the Organization	About this Report 4-1 Organization Overview	
102-8 Information on Employees and Other Workers	4-1 Organization Overview	No material changes
102-9 Supply Chain	1-5 Supply Chain Management	
102-10 Significant Changes to the Organization and its Supply Chain	NA	No material changes
102-11 Precautionary Principle or Approach	1.4.1 Risk Management	
102-12 External Initiatives	NA	The Company has submitted the EP100 application form and the application has been approved.
102-13 Membership of Associations	1-1-2 Board of Directors	
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102-14 Statement From Senior Decision-maker	About this Report	
102-15 Key Impacts, Risks, and Opportunities	About this Report	
<b>3. Ethics and Integrity</b>		
102-16 Values, Principles, Standards, and Norms of Behavior	1-1-4 Ethical Management	
102-17 Mechanisms for advice and concerns about ethics	1-1-4 Ethical Management	
<b>4. Governance</b>		
102-18 Governance Structure	1-1-1 Organization Overview	
102-19 Delegating Authority	1-1-1 Organization Overview	
102-20 Executive-level Responsibility for Economic, Environmental, and Social Topics	About this Report	
102-21 Consulting Stakeholders on Economic, Environmental, and Social Topics	About this Report	

Disclosure Item	Corresponding Chapter	Remarks
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102-23 Chair of the Highest Governance Body	1-1 Corporate Governance	
102-27 Collective Knowledge of Highest Governance Body	1-1-2 Board of Directors	
102-29 Identifying and Managing Economic, Environmental, and Social Impacts	About this Report	
102-32 Highest Governance Body's Role in Sustainability Reporting	About this Report	
102-33 Communicating Critical Concerns	About this Report	
102-34 Nature and Total Number of Critical Concerns	About this Report	
102-35 Remuneration Policies	4-2-1 Remuneration System	
102-36 Process for Determining Remuneration	4-2-1 Remuneration System	
102-37 Stakeholders' Involvement in Remuneration	About this Report	
<b>5. Stakeholder engagement</b>		
102-40 List of Stakeholder Groups	About this Report	
102-41 Collective Bargaining Agreements	NA	The Company has no established labor union and has not signed any agreements.
102-42 Identifying and Selecting Stakeholders	About this Report	
102-43 Approach to Stakeholder Engagement	About this Report	
102-44 Key Topics and Concerns Raised	About this Report	
<b>6. Reporting Practice</b>		
102-45 Entities Included in the Consolidated Financial Statements	About this Report	
102-46 Define Report Content and Topic Boundaries	About this Report	
102-47 List of Major Topics	About this Report	
102-48 Restatements of Information	About this Report	Recompilation is conducted based on the power consumption in 2020.
102-49 Changes in Reporting	About this Report	
102-50 Reporting Period	About this Report	
102-51 Date of Most Recent Report	About this Report	
102-52 Reporting Cycle	About this Report	
102-53 Contact Point for Questions Regarding the Report	About this Report	
102-54 Claims of Reporting in Accordance with the GRI Standards	About this Report	
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## GRI 200 : Topic-specific Standards Economic Series 2016

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GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
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	103-2 Management Approach and its Components	About this Report 1-2 Operation Performance	
	103-3 Evaluation of the Management Approach	About this Report 1-2 Operation Performance	
GRI 201 : Economic Performance	201-1 Direct Economic Value Generated and Distributed	1-2 Operation Performance	
GRI 202: Market Presence	202-1 Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	4-2-1 Remuneration System	
	202-2 Proportion of senior management hired from the local community	1-1-2 Board of Directors	
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GRI 103 : Management Approach	103-1 Explanation of the material topic and its boundary	About this Report 1-1 Corporate Governance	
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	103-3 Evaluation of the management approach	About this Report 1-1 Corporate Governance	
GRI 205: Anti-corruption	205-3 Confirmed Corruption Incidents and Actions Taken	1-1-4 Ethical Management	

## GRI 300: Topic-specific Standards Environmental Series 2016

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	103-2 Management Approach and its Components	About this Report 2-3 Energy Management	
	103-3 Evaluation of the Management Approach	About this Report 2-3 Energy Management	
GRI 302: Energy	302-1 Energy Consumption Within the Organization	2-3-2 Energy Saving Measures and Effectiveness	
	302-3 Energy Intensity	2-3-2 Energy Saving Measures and Effectiveness	
Material Topic: Climate Change and Adaptation			
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	103-2 Management Approach and its Components	About this Report 2-2 Climate Change Mitigation and Adaptation	
	103-3 Evaluation of the Management Approach	About this Report 2-2 Climate Change Mitigation and Adaptation	
GRI 305 : 排放	305-2 能源間接 ( 範疇二 ) 溫室氣體排放量	2-2 Climate Change Mitigation and Adaptation	
Material Topic: Waste Management			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
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	103-2 Management Approach and its Components	About this Report 2-5 Waste Management	
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GRI 306: Waste (2020)	306-1 Waste Generation and Significant Waste-related Impacts	2-5 Waste Management	
	306-2 Management of Significant Waste-related Impacts	2-5 Waste Management	



GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
	306-3 Waste Generated	2-5-2 Waste Generation Structure	
GRI 306: Waste (2020)	306-4 Waste Diverted from Disposal	2-5-2 Waste Generation Structure	
	306-5 Waste Directed to Disposal	2-5-2 Waste Generation Structure	
■ Material Topic: Legal Compliance			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
	103-1 Explanation of the Material Topic and its Boundary	About this Report 1-1 Corporate Governance	
GRI 103: Management Approach	103-2 Management Approach and its Components	About this Report 1-1 Corporate Governance	
	103-3 Evaluation of the Management Approach	About this Report 1-1 Corporate Governance	
GRI 307: Environmental Compliance	307-1 違反環保法規	1-1-4 Ethical Management	There were no violations of environmental laws and regulations in 2021.
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with Laws and Regulations in the Social and Economic Area	1-1-4 Ethical Management	

## ■ GRI 400: Topic-specific Standards Social Series 2016

■ Material Topic: Employee Development, Remuneration, and Welfare			
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	103-1 Explanation of the Material Topic and its Boundary	About this Report 4 Happy Workplace Power	
GRI 103: Management Approach	103-2 Management Approach and its Components	About this Report 4 Happy Workplace Power	
	103-3 Evaluation of the Management Approach	About this Report 4 Happy Workplace Power	
	401-1 New Employee Hires and Employee Turnover	4-1-2 Employee Turnover	
GRI 401: Employment Relations	401-2 Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees	4-2-2 Employee Welfare	
	401-3 Parental Leave	4-2-2 Employee Welfare	

GRI 402: Labor/Management Relations	402-1 Minimum Notice Periods Regarding Operational Changes	4-2-3 Occupational Rights	
■ Material Topic: Occupational Health and Safety			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
	103-1 Explanation of the Material Topic and its Boundary	About this Report 4-4 Occupational Safety and Health	
GRI 103: Management Approach	103-2 Management Approach and its Components	About this Report 4-4 Occupational Safety and Health	
	103-3 Evaluation of the Management Approach	About this Report 4-4 Occupational Safety and Health	
	403-1 Occupational Health and Safety Management System	4-4-1 Occupational Safety Management	
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation	4-4-1 Occupational Safety Management	
GRI 403: Occupational Health and Safety (2018)	403-3 Occupational Health Services	4-4-1 Occupational Safety Management	
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	4-4-1 Occupational Safety Management	
	403-5 Worker Training on Occupational Health and Safety	4-4-1 Occupational Safety Management	
	403-6 Promotion of Worker Health	4-4-2 Employee Health Management	
■ Material Topic: Talent Retention and Development			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
	103-1 Explanation of the Material Topic and its Boundary	About this Report 1 Sound Operation Power 4 Happy Workplace Power	
GRI 103: Management Approach	103-2 Management Approach and its Components	About this Report 1 Sound Operation Power 4 Happy Workplace Power	
	103-3 Evaluation of the Management Approach	About this Report 1 Sound Operation Power 4 Happy Workplace Power	
GRI 404: Training and Education	404-1 Average Hours of Training per Year per Employee	4-3 Professional Training	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of Governance Bodies and Employees	1-1 Corporate Governance 4-1 Employee Profile	
	405-2 Ratio of basic salary and remuneration of women to men	4-2-1 Remuneration System	



Material Topic: Social Care and Community Engagement			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
GRI 103: Management Approach	103-1 Explanation of the Material Topic and its Boundary	About this Report 5 Social Impact Power	
	103-2 Management Approach and its Components	About this Report 5 Social Impact Power	
	103-3 Evaluation of the Management Approach	About this Report 5 Social Impact Power	
GRI 413: Local Communities	413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs	5-2 Local Business	
Material Topic: Merchandise Safety and Transparency, Customer Relations, and Service Quality			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
GRI 103: Management Approach	103-1 Explanation of the Material Topic and its Boundary	About this Report 3-1 Merchandise Safety Management	
	103-2 Management Approach and its Components	About this Report 3-1 Merchandise Safety Management	
	103-3 Evaluation of the Management Approach	About this Report 3-1 Merchandise Safety Management	
GRI 416: Customer Health and Safety	416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services	3-1-2 Merchandise Management Mechanism	
GRI 417: Marketing and Labeling	417-1 Requirements for Product and Service Information and Labeling	3-1 Merchandise Safety Management	
	417-2 Incidents of Non-compliance Concerning Product and Service Information and Labeling	3-1-2 Merchandise Management Mechanism	
	417-3 Incidents of Non-compliance Concerning Marketing Communication	3-1-2 Merchandise Management Mechanism	
Material Topic: Information Security			
GRI Standards	Disclosure Item	Corresponding Chapter	Remarks
GRI 103: Management Approach	103-1 Explanation of the Material Topic and its Boundary	About this Report 1-3 Information Security Protection	
	103-2 Management Approach and its Components	About this Report 1-3 Information Security Protection	
	103-3 Evaluation of the Management Approach	About this Report 1-3 Information Security Protection	
GRI 418: Customer Privacy	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	1-3 Information Security Protection 3-2-1 Customer Relations Management	

## Reference of SASB Standards (Sustainability Accounting Standards Board)

Disclosure Topic: Energy Management					
Disclosure Indicator	Corresponding Disclosure				Chapter
Indicator No. CG-MR-130a.1					
	2018	2019	2020	2021	2-3-2 Energy Performance Evaluation
Total Energy Consumed (GJ)	437,104.43	415,563.19	379,678.57	353,689	
Percentage Grid Electricity %	100%	100%	100%	100%	
Percentage Renewable Energy %	0%	0%	0.062%	0.077%	
Disclosure Topic: Data Security					
Disclosure Indicator	Corresponding Disclosure				Chapter
Indicator No. CG-MR-230a.1					
Description of Approach to Identifying and Addressing Data Security Risks	<ul style="list-style-type: none"> <li>The Information Security Management Committee has finished the personal data checking, establishment of the personal data collection procedure, amendment of the personal data clauses in the consignment counter agreement, education and training of the employees in Taiwan about personal data, and changes to the marketing methods on special days.</li> <li>Far Eastern SOGO establishes the "Information Security Event Reporting System" and requires that the department where personal data problems occur or are identified is obligated to report them to the Information Security Management Committee. The Legal Affairs Office is responsible for execution.</li> </ul>				1-3 Information Security Protection
Indicator No. CG-MR-230a.2					
	2018	2019	2020	2021	1-3 Information Security Protection
Number of Data Breaches	0	0	0	0	
Percentage Involving Personally Identifiable Information (PII)	0	0	0	0	
Number of Customers Affected	0	0	0	0	
Disclosure Topic: Labor Practices					
Disclosure Indicator	Corresponding Disclosure				Chapter
Indicator No. CG-MR-310a.1					
	2018	2019	2020	2021	4-2-1 Employee Formation and Distribution
Average Hourly Wage (Unit: NTD)	180	187	189	189	
Percentage of In-store Employees Earning Minimum Wage, by Region	0	0	0	0	





Disclosure Indicator	Corresponding Disclosure								Chapter	
Indicator No. CG-MR-310a.2										
	2018	2019	2020	2021						
Voluntary Employee Turnover Rate for In-store Employees %	21.5%	26.4%	14.3%	15.97%					4-1-2 Employee Turnover	
Involuntary Employee Turnover Rate for In-store Employees %	4.7%	0.1%	0	0						
Indicator No. CG-MR-310a.3										
Total Amount of Monetary Losses as a Result of Legal Proceedings Associated with Labor Law Violations (Unit: NTD)	20,000	20,000	0	0					4-1-2 Employee Turnover	
Disclosure Topic: Workforce Diversity & Inclusion										
Disclosure Indicator	Corresponding Disclosure								Chapter	
Indicator No. CG-MR-330a.1										
	2018	2019	2020	2021						
Percentage of Gender Representation in All Employees	Male	6.4%	26.4%	6.7%	25.9%	6.8%	25.1%	7%	24.8%	4-1 Employee Profile
	Female	7.1%	60.1%	7.5%	59.9%	7.7%	60.5%	7.5%	60.7%	
Percentage of Racial/Ethnic Group Representation in All Employees	Indigenous People New Immigrant	The Company does not register the race group of the employees to ensure equal employment opportunities, so no related data is available.								
Indicator No. CG-MR-330a.2										
Total Amount of Monetary Losses as a Result of Legal Proceedings Associated with Employment Discrimination (Unit: NTD)	0	0	0	0					NA	
Disclosure Topic: Product Sourcing, Packaging & Marketing										
Disclosure Indicator	Corresponding Disclosure								Chapter	
Indicator No. CG-MR-410a.1										
	2018	2019	2020	2021						
Revenue From Products Third-party Certified to Environmental and/or Social Sustainability Standards (Unit: NTD)	-	-	-	-					3-1 Merchandise Safety Management	
Indicator No. CG-MR-410a.2										
Discussion of Processes to Assess and Manage Risks and/or Hazards Associated with Chemicals in Products	<ul style="list-style-type: none"> <li>In 2016, we established the "Merchandise Safety Monitoring Network" to connect all relevant departments using communication software.</li> <li>We conduct random checks and designate personnel to collect news of the media and information of the government to understand the latest development status.</li> <li>The "Risk Monitoring Procedure of Products in Problem" is launched immediately whenever the news on problem products is identified. The team for control of risk brought about by the problem products is responsible for following up on the result of the action</li> </ul>								3-1 Merchandise Safety Management	


Disclosure Indicator	Corresponding Disclosure				Chapter
Indicator No. CG-MR-410a.3					
Discussion of Strategies to Reduce the Environmental Impact of Packaging	<ul style="list-style-type: none"> <li>We only use FSC (Forest Stewardship Council) certified shopping bags at the stores and purchase FSC-certified paper towels and toilet paper.</li> <li>Whenever paper-based DMs are needed, they are printed with environment-friendly soy ink.</li> <li>We reuse internal packaging materials/cartons. Back-end personnel select clean and reusable cartons for home delivery products to customers.</li> </ul>				2-1-2 Green Procurement
Impact of Packaging					
Disclosure Indicator	Corresponding Disclosure				Chapter
Indicator No. CG-MR-000.A					
	2018	2019	2020	2021	
Number of Retail Locations	8	7	7	7	1-2 Operating Performance
Number of Distribution Centers	0	0	0	0	
Indicator No. CG-MR-000.B					
Total Area of Retail Space (Unit: m2)	259018.34	243642.77	212891.63	212891.63	1-2 Operating Performance
Total Area of Distribution Centers (Unit: m2)	0	0	0	0	

## Comparison Table of UN Global Compact

Category	10 Principles	Corresponding Chapter/Description
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights.	4-2-3 Occupational Rights
	Make sure that they are not complicit in human rights abuses.	1-5-1 Supplier Regulations
Labor Standard	Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining.	4-2-3 Occupational Rights
	The elimination of all forms of forced and compulsory labor.	4-2-3 Occupational Rights
	The effective abolition of child labor.	Far Eastern SOGO does not hire child labor below 16 years of age.
	The elimination of discrimination in respect of employment and occupation.	4-1 Employee Profile
Environment	Businesses should support a precautionary approach to environmental challenges.	
	Undertake initiatives to promote greater environmental responsibility.	2 Sustainable Environment Power
Anti-corruption	Encourage the development and diffusion of environmentally friendly technologies.	
	Businesses should work against corruption in all its forms, including extortion and bribery.	1-1-4 Ethical Management



## Statement of Assurance



# ASSURANCE STATEMENT

**SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE PACIFIC SOGO CO., LTD.'S SUSTAINABILITY REPORT FOR 2021**

**NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**  
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by PACIFIC SOGO CO., LTD. (hereinafter referred to as SOGO) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the Sustainability Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification in the period of 11 May 2022 to 6 June 2022. 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 SOGO's Stakeholders.

**RESPONSIBILITIES**  
 The information in the SOGO's Sustainability Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of SOGO. SGS has not been involved in the preparation of any of the material included in the Report.

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

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**

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

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

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

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

Reporting Criteria Options
1. GRI Standards (Core)
2. AA1000 Accountability Principles (2018)

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

**ASSURANCE METHODOLOGY**  
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, ESG 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 SOGO, 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, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

**FINDINGS AND CONCLUSIONS**

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

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

TWLP0008 Issue 2201



## AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

### Inclusivity

SOGO has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to customers, employees, shareholder/ investors, lessee counter, suppliers/ contractors, communities, media, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, SOGO may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

### Materiality

SOGO 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

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

## GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SOGO's Sustainability Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of SOGO's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set and reference previous year results, if applicable, with quantitative objectives. More disclosures of environmental topics to all operation locations are encouraged in future report.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang  
Senior Director  
Taipei, Taiwan  
13 June, 2022  
[WWW.SGS.COM](http://WWW.SGS.COM)



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