

SHIN KONG MITSUKOSHI | Sustainability Report 2021



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About this Report

This report is the first ever sustainability report issued by Shin Kong Mitsukoshi Department Store Co., Ltd. (hereinafter referred to as "SKM"). It details SKM's goals and actions for corporate social responsibility and sustainable development. Themed around "Creating a Humanistic Touch with the Aesthetics of Sustainable Living," this year's report introduces SKM's sustainability efforts in three areas - "Happy Workplace," "Green Fashion," and "Social Good," with hopes that stakeholders can establish a better understanding of SKM's efforts and achievements towards sustainable development.

Scope of report and reporting standards

This report adopts the Core Option in the GRI Standards published by the Global Reporting Initiative (GRI) as the disclosure principle. The scope of disclosure in this report encompasses SKM's operations in Taiwan, including SKM's headquarters and 15 stores but excluding SKM's overseas subsidiaries and affiliated businesses in the consolidated financial reports.

Reporting period

Information disclosure in this report spans the period from January 1 to December 31, 2021. The content of this report covers SKM's actual achievements and performance data in the economic and governance, social, and environmental aspects. This report is updated on an annual basis and the latest issue of this report is published on a yearly basis.

This year's report (2021) has been published in July 2022.

Next year's report (2022) is scheduled for publication in July 2023.

Report management and external verification

The content of this report has been verified by SGS Taiwan Ltd. Upon verification, this report is found to comply with the Core Option in the GRI Standards and the AA1000 Assurance Standard v3 at the Moderate Level.

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Message from the President

2021 has been a tremendously challenging and tough year for all of us. With the severe local COVID-19 outbreak that put the whole of Taiwan under Level 3 alert, a plethora of unprecedented situations, including a ban on indoor dining, closure of business for cleaning and disinfection, implementation of staggered working hours, and adjustments to business hours, swept through every corner during these difficult times.

The repercussions of the COVID-19 outbreak, along with the far-reaching market changes that ensue, have not only pushed us to become more diligent and humble, but also enabled us to have a profound sense of the importance of the environmental, social, and governance (ESG) factors to people's lives, society, and the environment, as well as realize the significance of sustainable development issues and the practice of sustainable development throughout the world.

2021 has been the first year we officially kickstarted our ESG efforts. Our ESG theme for 2021 - "Creating a Humanistic Touch with the Aesthetics of Sustainable Living" - was geared towards establishing a closer tie between department stores and people's lives. While planning our lifestyle proposals, we have constantly integrated sustainability, lifestyle, and aesthetics into our products, events, services, and spaces.

As ESG, which comprises the environmental, social, and governance aspects, are closely related to people, we aspire to keep building better connections with life and creating more humanistic touches. Our vision to "achieve global reach with a local touch" and "create a better life with infinite possibilities" has also become part of our aspirations.



Shin Kong Mitsukoshi President
Richard H. Wu

Promoting arts and culture while fostering local enterprises to communicate great values

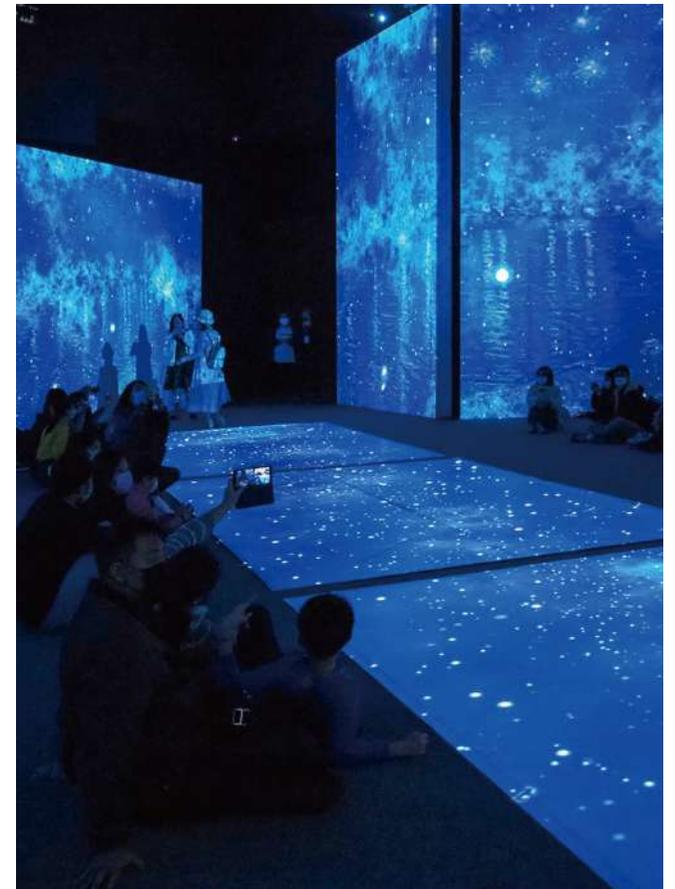
With "customer first, service with heart" as our business philosophy, SKM has set out to work diligently and conscientiously and pursue innovation and change while seeking to never slacken and stop improving all these while. Our concerted efforts over the years are also reflected in our long-term cultivation of arts and culture as inherited from SKM former chairman Mr. Tung-Shing Wu's passion and persistence in arts and culture. We reserve spaces in our department stores for cultural halls to be used for organizing various events such as Photography Exhibitions, Children's Art exhibitions, and The Dream of Craft. Having hosted a wide array of cultural events for nearly 30 years, SKM continues to engage in active collaboration with local and international artists on initiatives to integrate arts and culture into life, so that the public can immerse themselves in arts and culture while shopping in our department stores.

Since our department stores are consist of many local small- and medium-sized enterprises, we hope to exert our influence and provide a better stage for them grow and thrive, share high-quality Taiwanese products with a wider audience, and prevent traditional crafts from plunging into the plight of dying out and being lost. We strive to support the hard work put in by every corner of Taiwan in an effort to showcase Taiwan's great values.



Accelerating digital transformation with customer experience optimization to mitigate the impact of COVID-19

In the wake of the COVID-19 outbreak, we collaborated with our vendors to roll out online-to-offline integration in the shortest possible time and launched four strategies in connection with our app, including the Regular Customer System, special offers, food delivery, and skm online. These initiatives were aimed at not only accelerating the pace of digitalization at SKM and coping with changes together with our partners, but also changing the way we work, serving our customers, and mitigating the impact of the COVID-19 pandemic. We would like to express our utmost gratitude to our employees and vendors for their dedication, as well as to our customers for their continuous support. Without them, SKM would not be able to gain a firm foothold in Taiwan for 30 years. It has always been our greatest expectation and satisfaction to see our customers visiting SKM with smiles on their faces.



Enhancing our foundation with a focus on sustainability issues while promoting sustainable development

In addition to continuously deepening our ESG efforts, we will also enhance our foundation and focus on sustainability issues in combination with three strategies - "New Experience," "New Consumption," and "New Sustainability." In line with our long-standing philosophy, we engage in sustainability with a focus on people, place, and life while building long-term relationships with our customers.

Aside from offering a safe and secure shopping environment and engaging in digital service integration on an ongoing basis, we also endeavor to provide all-round services and a shopping lifestyle with greater diversity, convenience, and thoughtfulness, so that our customers can enjoy a more pleasant and wonderful life experience.

We will continue to work hard, pursue innovation, and gain a firm foothold in local areas in an effort to link sustainable development to our "proposals for a better life." SKM looks forward to injecting more positive energy into society and contributing to sustainable development for all.



Glittering with Happiness at 30

Since the opening of SKM's first store along Nanjing West Road, Taipei City in 1991, SKM has expanded our department stores to Northern, Central, and Southern Taiwan, with a total of 15 stores and 20 buildings comprising nearly 7,000 counters currently in operation, attracting more than 1.3 billion visits each year. Thanks to a wealth of store experience and innovative lifestyle proposals, SKM attracts crowds with our unique services wherever we go. With a consumer-oriented principle we have upheld over the past 30 years, we continue to innovate and create a better lifestyle with new experience, new consumption, and new sustainability.

SKM would like to thank all our customers who have kept us company throughout our glittering 30 years.

In the future, SKM will keep moving forward with our business philosophy of heartfelt service while contributing to sustainable development, so as to present a more enjoyable and wonderful life experience to people and creating a sense of happiness for them.



A Chronology of Key Events at SKM



Taipei Nanxi Store, SKM's first store in Taiwan, was officially opened with the promise of establishing "a department store with a global sensual touch of the highest quality in Taiwan."

1995

The Shin Kong Mitsukoshi Cultural & Educational Foundation was founded with donations from SKM in an effort to actively promote performing arts and cultural activities.



Taichung Zhonggang Store was officially opened, marking SKM's entry into the era of large-scale store operation.

2001

SKM became the leader in Taiwan's department store industry with a market share of more than 26% during our 10th anniversary.



Taipei Xinyi Place A4 was officially opened, marking the completion of the Xinyi Commercial District.

2009

SKM's chain service network across Taiwan attracted over 100 million customer visits through-out the year.



Officially launched the "Shin Kong Mitsukoshi VIP Card."

2016

The cultural hall on the 6th floor of Taipei Xinyi Place A11 was converted into Legacy Max Xinyi Theater in an effort to expand SKM's efforts to host a variety of performance events.

2018

SKM upgraded our digital services with the incorporation of mobile payment (skm pay) and food delivery features into our app.



With the number of SKM members around 2.7 million people, SKM officially moved our physical stores to the Internet following the launch of skm online, the most fashionable e-commerce store in Taiwan.

2020

SKM upgraded our food delivery service with the introduction of skm eats, our food delivery platform, with a view to creating a one-stop service center ranging from restaurant reservation and waitlisting to food ordering and delivery.

1991

2000

2005

2014

2021

A Chronology of Key Events at SKM

Years	Chronicle	Years	Chronicle
1989	Shin Kong Mitsukoshi Department Store Co., Ltd. was jointly established by Shin Kong Department Store Co.,Ltd. and Japan's Mitsukoshi Group.	2001	The number of SKM co-branded card cracked the one million card mark, making it the largest co-branded card for a department store in Taiwan. SKM became the leader in Taiwan's department store industry with a market share of more than 26% during our 10th anniversary.
1991	Taipei Nanxi Store, SKM's first store in Taiwan, was officially opened with the promise of establishing "a department store with a global sensual touch of the highest quality in Taiwan."	2002	Taipei Xinyi Place A8 was officially opened. Tainan Ximen Store (Tainan Place), the then largest shopping mall in Southeast Asia, was also officially opened in the same year.
1993	Both Taipei Station Store and Kaohsiung Sanduo Store were officially opened on December 23, setting a new world record in the history of department stores.	2003	SKM invested in Fayaque Co., Ltd. Taipei Xinyi Place A9 was officially opened with a collection of international luxury brands, bringing top clientele to the Xinyi Commercial District and creating the first VIP lounge in Taiwan's department store industry.
1995	The Shin Kong Mitsukoshi Cultural & Educational Foundation was founded with donations from SKM in an effort to actively promote performing arts and cultural activities.	2004	Taipei Tianmu Store was officially opened, building a community-based exquisite department store in the process.
1996	Tainan Zhongshan Store was officially opened, becoming the first SKM store to be launched outside the special municipalities in Taiwan.	2005	Taipei Xinyi Place A4 was officially opened, marking the completion of the Xinyi Commercial District.
1997	Taipei Xinyi Place A11 became the first department store to be established in the Xinyi Special District, driving the formation of the Xinyi Commercial District in the process.	2006	SKM became the exclusive importer of products from Harrods, the British century-old department store brand. SKM became the first to upgrade and launch the "Shin Kong Mitsukoshi EasyCard," a SKM co-branded creditcard issued in collaboration with EasyCard Corporation.
1998	Taoyuan Dayou Store was officially opened, becoming SKM's first community-based department store in Taiwan.	2007	Beijing Shin Kong Place was officially opened, becoming the first SKM store in Mainland China.
1999	A Shin Kong Mitsukoshi co-branded card was officially launched in collaboration with Taishin International Bank.	2008	SKM opened four stores after acquiring the business concession of IDEE Fashion Store. Taipei Nanxi Store, which is made up of Stores One, Two and Three, became the leading fashion landmark in the Western District of Taipei City. Both Taoyuan Station Store and Chiayi Chuiyang Store were also officially opened in the same year.
2000	SKM's official website, http://www.skm.com.tw , was established to expand our services. Shin Kong Cinemas Co., Ltd. was established, marking SKM's debut in the entertainment and leisure business. Taichung Zhonggang Store was officially opened, marking SKM's entry into the era of large-scale store operation. Hsinchu Zhonghua Store was also officially opened in the same year.		

A Chronology of Key Events at SKM

Years	Chronicle	Years	Chronicle
2009	SKM's chain service network across Taiwan attracted over 100 million customer visits throughout the year.	2017	Chongqing Shin Kong Place, a high-end shopping and lifestyle center located in the upstream of the Yangtze River, was officially opened on August 9.
2010	Kaohsiung Zuoying Store, also known as the most beautiful lifestyle shopping mall, was officially opened.		SKM launched our restaurant reservation and waitlisting and food ordering and delivery app in October (where the app went online across all SKM stores in Taiwan in March 2018).
2011	SKM celebrated our 20th anniversary.		SKM took over the operation of Taroko Park in Kaohsiung City at the end of the year, with the intention of actively expanding into the leisure experience business.
2013	A Shin Kong Mitsukoshi co-branded credit card was officially launched in collaboration with Shin Kong Bank. The first service-oriented "Member App," aimed at saving time and effort while shopping, was launched in conjunction with SKM's anniversary. Tainan Fun Center, a new landmark featuring a fusion of the latest global fashion trends and Tainan style, was officially opened.	2018	Hsinchu Zhonghua Store ceased operations in March due to regional market changes. Taipei Nanxi Store Two also ceased operations in May due to lease expiration. SKM upgraded our digital services with the incorporation of mobile payment (skm pay) and food delivery features into our app.
2014	SKM officially launched the "Shin Kong Mitsukoshi VIP Card" in October.	2019	Chengdu Shin Kong Place was officially opened, creating a joyful and romantic shopping and lifestyle center where everyone can enjoy every day.
2015	Suzhou Shin Kong Place, which is SKM's first wholly-owned modern garden-style department store in China, was officially opened on June 25. SKM established our own brands, namely "The Beautiful Market" and "goodgoods" to provide high-quality food products and uncover great Taiwanese products, serving as a sharing platform for a better life to connect people's lives.	2020	SKM was awarded the ISO 45001 Occupational Health and Safety Management System and ISO 27001 Information Security Management System certifications in an ongoing effort to improve service quality and enhance a safe and secure product and shopping environment. SKM upgraded our food delivery service with the introduction of skm eats, our food delivery platform, with a view to creating a one-stop service center ranging from restaurant reservation and waitlisting to food ordering and delivery.
2016	The cultural hall on the 6th floor of Taipei Xinyi Place A11 was converted into Legacy Max Xinyi Theater in an effort to expand SKM's efforts to host a variety of performance events.	2021	With the number of SKM members around 2.7 million people, SKM officially moved our physical stores to the Internet following the launch of skm online, the most fashionable e-commerce store in Taiwan.
2017	Caffè Florian officially opened its first store in Taiwan at Taipei Xinyi Place A9 in March after SKM became the exclusive importer of the Italian century-old café brand. SKM launched a brand new concept online platform named "beauty STAGE" in June, marking SKM's debut in the virtual channel.		

Performance Highlights in 2021

Environment

<p>SKM reduced carbon emissions by 36,000 tons in 2021 compared to 2018, which is equivalent to the carbon emissions of 92 Da' an Forest Parks in one year.</p> <p>-36,000 tons</p>	<p>Over 430 SKM own brand products have been awarded environmental or social certifications (in compliance with regulations of environmental protection, human rights and safety protection).</p> <p>430+</p>	<p>760 counters, which account of all SKM suppliers across Taiwan, have joined the "sustainable actions" (including environmental protection, charity activities and community care).</p> <p>760 counters</p>	
<p>SKM has consumed up to 2.4 million kWh of green electricity between 2019 and 2021.</p> <p>2.4 million kWh</p>	<p>SKM's premises have been equipped with up to 15,000 electronic shelf labels.</p> <p>15,000</p>	<p>More than 7,000 people have participated in SKM's green environmental protection activities.</p> <p>7,000 people</p>	<p>Plastic-free areas have been set up at SKM's premises to reduce the use of plastics in SKM's own brand "beautiful market".</p> <p>Environment Friendly</p>

Performance Highlights in 2021

Society

<p>SKM won the Gold Medal Award in the Taiwan Service Industry Evaluation in 2018, 2020, and 2021.</p> <p>Gold Medal Award in Service</p>	<p>Shin Kong Mitsukoshi Summer Art Festival (formerly Shin Kong Mitsukoshi Children's Art Festival) for 20 years in a row, has received over 230,000 applications.</p> <p>Summer Art Festival for 20 years in a row</p>		<p>SKM has organized the Shin Kong Mitsukoshi International Photography Exhibition Events (SKM Photo) for 15 years in a row, accumulated for 1.2 million visitors until now.</p> <p>International Photography Exhibition Events for 15 years in a row</p>	
<p>Shin Kong Mitsukoshi The Dream of Craft for 28 years in a row, accumulated for 1.4 million visitors until now.</p> <p>The Dream of Craft for 28 years in a row</p>	<p>SKM serves more than 130 million customers each year.</p> <p>130 million customers</p>	<p>Each year, SKM organizes 240 arts and cultural events, which are attended by over 2 million people.</p> <p>2 million people</p>	<p>SKM was honored with the 2021 Happy Workplace Special Award.</p> <p>Happy Workplace</p>	<p>SKM donated NT\$20 million to the Taiwanese government's COVID-19 epidemic prevention fund.</p> <p>donated prevention fund</p>

Performance Highlights in 2021

Economy and governance

<p>SKM recorded an increase of 250,000 VIP card members throughout the year, bringing the cumulative total number of VIP card members to around 2.7 million people at the end of the year. On the other hand, an additional 312,000 members subscribed to our app throughout the year, bringing the cumulative total number of subscribers to 1.729 million people, which accounted for 64.7% of all our members. SKM's total sales revenue from digital channels amounted to NT\$1.87 billion at the end of the year.</p> <p>2.7 million</p>	<p>skm eats, which serves as a one-stop service platform comprising 280 food outlets and restaurants contributed up to NT\$410 million in sales revenue throughout the year.</p> <p>410 million</p>	<p>With a 10% growth in membership on the skm app and an 80% rise in share of voice for SKM's food delivery service, SKM was honored with the Strategic Excellence Award in DailyView's 2021 Best Reviewed Online Awards.</p> <p>Strategic Excellence Award</p>
<p>SKM won the first place for the 2021 Exceptional Organization Award in the National Enterprise Cloud Invoice Competition organized by the Ministry of Finance, thanks to our active efforts to promote the implementation of cloud invoice.</p> <p>NO.1</p>	<p>SKM was awarded the ISO 27001 Information Security Management System certification.</p> <p>SKM was awarded the ISO 10002 Customer Satisfaction and Complaints Handling certification.</p> <p>SKM was awarded the ISO 45001 Occupational Health and Safety Management System certification.</p> <p>ISO</p>	<p>Aimed at turning the COVID-19 crisis into business opportunities, SKM's very own "skm online" website and "Regular Customer System" led to a sevenfold increase in sales and brought in 50% of our new customers throughout the year.</p> <p>skm online Regular Customer System</p>

Sustainable Development Management

With a long-standing commitment to our business philosophy of heartfelt service since our founding 30 years ago, SKM has taken every customer seriously by offering them the best and quality products and life experience. SKM strives to practice the aesthetics of sustainable living and continuously create humanistic touches from the environmental, social, and governance aspects.

Sustainability vision

Department stores are closely connected to people's lives. As a department store platform, we strive to collect beautiful elements and provide better life experience, position as "a platform bringing a better life experience to people", practice sustainability development with "Green Fashion," "Social Good," and "Happy Workplace." SKM upholds our business philosophy of "customer first, service with heart" and adheres to our vision to "achieve global reach with a local touch," in hopes of bringing a better life to people wherever we go. In addition to the values of steadiness and pragmatism, diligence and simplicity, as well as trustworthiness and honesty, SKM continues to work diligently, pursue sustainable innovation, and enhance our ESG actions, demonstrating our commitment to common good and sustainable development over the long run.

Positioning

- To serve as a proposal platform that bringing a better life experience to people
- To realize green fashion, social good, and happy workplace with a commitment to sustainable development

Vision and Mission

Vision

- To achieve global reach with a local touch
- To create a happy life with infinite possibilities

Mission

- To become the most respected and trusted department store chain
- To grow into a high quality business that all stakeholders love and can be proud of
- To contribute to the sustainable development of the company, the environment, and society

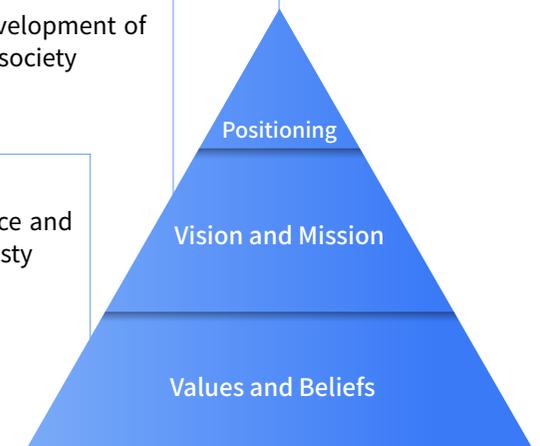
Values and Beliefs

Shared values

- Steadiness and pragmatism diligence and simplicity, trustworthiness and honesty

Business philosophy

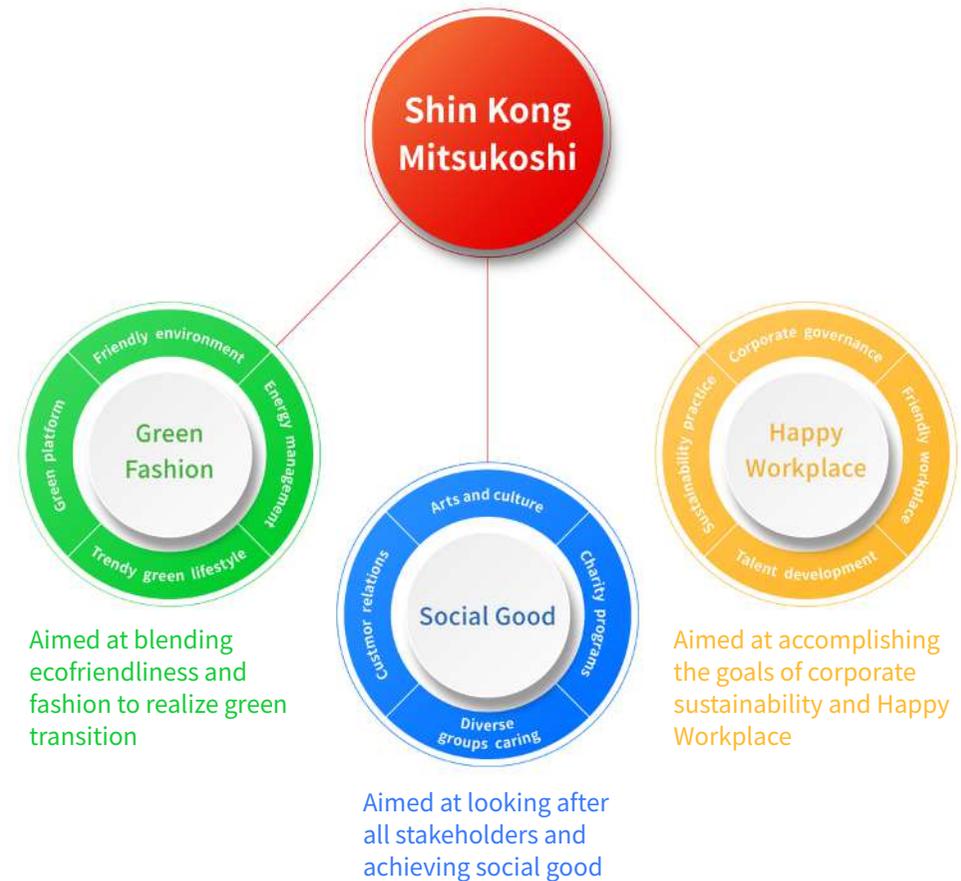
- Customer first, service with heart



Sustainability Committee

With the intention of demonstrating SKM's determination to move towards sustainable development, we have established the Sustainability Committee in 2021, in hopes of looking after the Earth and environment, establishing connections with local communities and improving corporate governance.

The Sustainability Committee is chaired by the President, who is joined by senior executives at the vice president level across SKM. This committee meets once a quarter and consists of the Sustainability Secretariat and three other teams, which are set up according to functional units. While the decision-making level sets SKM's overall ESG policy direction, the aforesaid three teams are responsible for planning and assessing various ESG action plans. Dedicated personnel from various departments under the Headquarter and various stores are appointed as ESG specialists to assist in communicating and implementing related matters. On the other hand, the Sustainability Secretariat is tasked with collecting data and rolling out sustainability initiatives at each level to ensure that everyone at SKM will move towards sustainable development together. The Sustainability Committee met for the first time at the end of 2021 to establish SKM's sustainable development goals and the organizational structure of this committee.



The competency

Level	Organization	Goal	Frequency of meetings
Decision-making level	Sustainability Committee	<ul style="list-style-type: none"> • Make decisions related to SKM's overall ESG policy direction. • Review the implementation of SKM's overall ESG action plans. • Handle other ESG-related matters. 	<p>Regular meetings are convened once a quarter, with such meetings to be hosted by the Chair of the Sustainability Committee.</p> <p>Extraordinary meetings will be convened where necessary.</p>
Planning level	Green Fashion Team Social Good Team Happy Workplace Team	<ul style="list-style-type: none"> • Assess and plan various ESG action plans, ensure the implementation of these plans, and track their progress. 	<p>The convener of each team will decide on the frequency of meetings and report its progress to the Vice Chair of the Sustainability Committee on a regular basis.</p>
Execution level	Various departments under the Headquarter and various stores (ESG)	<ul style="list-style-type: none"> • Implement and execute ESG action plans. 	From time to time
Data collection and communication	Sustainability Secretariat	<ul style="list-style-type: none"> • Make arrangements for Sustainability Committee meetings, prepare relevant reports, and carry out data management. 	From time to time

Organization

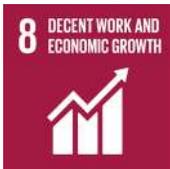


Sustainability strategy and plan

10 strategic directions based on three themes

Corresponding SDGs	Theme	Strategic direction	Future work plan (till 2025)
 	Green Fashion	Enhance green platform management	<ul style="list-style-type: none"> • Introduce the sustainable supply chain clauses in an effort to spur suppliers to engage in sustainability practices • Enhance green procurement and management • Promote the green platform and increase ESG certified partnership ratio <ol style="list-style-type: none"> 1. Establish collaboration with small and youth farmers to build a safe and secure supply chain from the sources of food ingredients 2. Create an ESG product map for customers to browse and select related products 3. Promote green ingredients and products, social enterprise products, local specialties, and circular economy products <ul style="list-style-type: none"> • Executive SKM T368 sustainability project, discovering beauty of the place
 		Improve green energy management	<ul style="list-style-type: none"> • Continue to promote ISO certifications (i.e., incorporating ISO 14001 Environmental Management System, ISO 14064 Greenhouse Gas Accounting and Verification, and ISO 50001 Energy Management Systems) • Enhance energy resource management, including energy saving, carbon reduction, and increased use of green electricity • Enhance waste management • Obtain green building certifications • Improve the green parking lot program
		Initiate the sustainable fashion program	<ul style="list-style-type: none"> • Promote green life attitude, continue to roll out various waste reduction and recycling programs • Continue to improve service digitalization and paperless program • Plan ESG products exhibitions • Introduce the product recycling program

Corresponding SDGs	Theme	Strategic direction	Future work plan (till 2025)
 	Social Good	Promote arts and culture	<ul style="list-style-type: none"> • Continue to organize events on an ongoing basis including The Dream of Craft Photography Exhibitions Summer Art Festival Space Exhibitions Summer Theme Activities • Organize the Shin Kong Mitsukoshi Performing Arts Festival
		Establish charity and social welfare collaboration and engage in external initiatives	<ul style="list-style-type: none"> • Promote charity programs • Engage in external organization initiatives and ESG-related festivals and events
		Step up care for diverse groups	<ul style="list-style-type: none"> • Organize exhibitions and activities related to diverse ethnicities, women, and youth • Build up senior, child and genderilness friendly environment
		Deepen customer relationships	<ul style="list-style-type: none"> • Enhance service quality, customer relationship management and personal information protection • Improve service digitalization (i.e.,app and smart robot) • Maintain ISO10002 Quality Management-Customer satisfaction

Corresponding SDGs	Theme	Strategic direction	Future work plan (till 2025)
 	Happy Workplace	Deepen corporate governance	<ul style="list-style-type: none"> • Reinforce the structure and operation of the Board of Directors • Continue to maintain and promote ISO certifications, enhance security management (Continue to promote ISO 27001 Information Security Management System, ISO 45001 Occupational health and safety, and ISO10002 Quality Management-Customer satisfaction. Food hygiene and safety plan) (Plan to obtain ISO 27701 Privacy Information Management System, ISO 14001 Environmental Management System, ISO 14064 Greenhouse Gas Accounting and Verification, and ISO 50001 Energy Management Systems)
 			Invigorate a friendly workplace
 		Optimize talent development	

Material Topics and Stakeholder Engagement

Material topic management

In order to effectively identify and manage material topics, SKM fully discloses the material topic management process in accordance with the GRI Standards and the AA1000 AccountAbility Principles. After classifying material topics into four aspects - governance, economy, environment, and society,

we compiled a list comprising 22 material topics according to the material topic management process. The materiality of each topic was prioritized by the level of stakeholder concern and its impact on company operations.

Step1. Identification	<ul style="list-style-type: none"> Stakeholders : The main subjects of communication were defined and identified as eight categories of stakeholders. Material topics : A list comprising 22 material topics was compiled based on daily operations, industry trends, international sustainability trends, and stakeholders' expectations.
Step2. Prioritization	<ul style="list-style-type: none"> Level of concern : Taking into account stakeholders' opinions, a total of 1,036 questionnaires were collected from various stakeholders, including employees (407 questionnaires), shareholders and investors (26 questionnaires), customers and consumers (280 questionnaires), suppliers (127 questionnaires), government agencies (7 questionnaires), community members (62 questionnaires), media (5 questionnaires), and counter vendors (122 questionnaires). Degree of impact : Questionnaires were collected from 11 senior executives to assess the impact of sustainability topics on all ESG aspects with in and outside SKM. Validation of material topics : Material topics at SKM in 2021 were validated based on the level of stakeholder concern to these topics and their impact on company operations. A materiality matrix diagram was also drawn to illustrate the materiality of each topic.
Step3. Validation	<ul style="list-style-type: none"> Validation of boundaries : The impact of each of the 22 sustainability topics on SKM's value chain was examined to validate reporting and disclosure boundaries. Conformance to GRI : Each sustainability topic was mapped to the corresponding GRI Standards to validate and fully disclose the 70 GRI-specific topics.
Step4. Review	<ul style="list-style-type: none"> Management approach : Corporate sustainability goals and related management approaches were formulated based on various ESG topics, with the implementation of these goals and approaches to be reviewed on a regular basis. Continuous communication : In addition to continuously tracking the progress and effects of SKM's ESG efforts, communication with stakeholders was also maintained on an ongoing basis to review the appropriateness and effectiveness of material topic management.

After analyzing opinions from internal and external stakeholders as well as the relevant statistics, a total of 22 sustainability topics of concern to SKM were identified, including 12 core topics, 2 main topics, and 8 supplementary topics.

22 sustainability topics

● Environment

- A. Energy resource management
- B. Greenhouse gas management
- C. Waste management
- D. Water resource management
- E. Green procurement

● Economy

- A. Brand image
- B. Operational performance and innovation strategy
- C. Digital technology innovation
- E. Information security and privacy protection
- E. Customer relationship management
- F. Product quality and responsibility
- G. Supply chain

● Society

- A. Workplace safety and health
- B. Talent cultivation and development
- C. Talent attraction and retention
- D. Social care and engagement
- E. Sustainable selection
- F. Promotion of arts, cultural and aesthetic education

● Governance

- A. Sustainable development strategy
- B. Corporate governance and ethical corporate management
- C. Risk management
- D. Legal compliance



Material topics	Management approach
Information security and privacy protection	Set up an information security task force to enhance information security management
Product quality and responsibility	Set up a food security team to enhance food security management
Legal compliance	Comply with laws and regulations and show the courage to expose wrongdoings and violations
Brand image	Invigorate the shopping mall environment and carry out infrastructure renovation to provide excellent department store services on an ongoing basis
Customer relationship management	Demonstrate the spirit of customer first, service with heart and handle customer feedback in real time to enhance customer satisfaction
Operational performance and innovation strategy	Focus on care for the local community and shared prosperity in society as the foundation of company operations, as well as introduce innovation strategies and the spirit of innovation to keep achieving excellent performance
Risk management	Establish a climate crisis response team to respond to climate emergencies and minimize the impact of climate risk
Workplace safety and health	Organize security control meetings and drills each year to ensure the reliability and effectiveness of security systems
Corporate governance and ethical corporate management	Adhere to the principles of ethical corporate management and business ethics, as well as strictly enforce internal audit control
Digital technology innovation	Engage in the research and development (R&D) of innovative technology to create a new digital shopping experience and journey
Talent attraction and retention	Provide competitive employee benefits and put in place a fair performance evaluation and promotion mechanism to build a comprehensive talent management system
Talent cultivation and development	Nurture outstanding management talents at SKM through a comprehensive educational development mechanism
Sustainable development strategy (Note)	Lead the department store industry towards a sustainability vision with SKM's theme of sustainability strategy - "Creating a Humanistic Touch with the Aesthetics of Sustainable Living"
Supply chain management (Note)	Implement sustainable supply chain management to exercise strict control over product quality

Note: Sustainable development strategy and supply chain management were included as material topics because these two topics are key operational policies and international industry trends.

Stakeholder ranking From high (left) to low (right)



Stakeholder engagement

We selected eight categories of key stakeholders according to the five attributes of stakeholders stipulated in the AA1000 Stakeholder Engagement Standards, namely responsibility, influence, tension, diverse perspectives, and dependency. With a view to ensuring our sustainability direction and meeting stakeholders' expectations, SKM maintains smooth channels of

communication with our stakeholders. Aside from communicating and engaging with stakeholders in an ethical, transparent, and diverse manner, SKM also responds and adjusts our business management policies and processes in a timely manner.

Stakeholder	Significance to SKM	Material topic of concern	Communication channel (frequency)	Communication strategy	Corresponding chapter/section
Consumers	Consumers' satisfying experience is the driving force behind SKM's persistent growth and innovation. By meeting consumers' expectations, SKM is progressing towards the vision of sustainability.	<ul style="list-style-type: none"> Brand image Digital technology innovation Information security and privacy protection Customer relationship management Product quality and responsibility 	<ul style="list-style-type: none"> Social media (from time to time) Consumer questionnaire (from time to time) Advertisements and events (from time to time) Customer service system (immediate) 	Enhance consumer satisfaction and create SKM's value in consumers' minds	Featured Topic 2: Digital Experience 1.4 Privacy Protection 1.6 Food Safety 2.2 Green Platform 2.3 Green Living 3.1 Arts and Aesthetic Education 3.3 Customer Satisfaction
Shareholders and investors	Generating good returns on value and providing sound working capital are critical partners on the road to sustainability.	<ul style="list-style-type: none"> Sustainable development strategy Corporate governance and ethical corporate management Legal compliance Brand image Operational performance and innovation strategy 	<ul style="list-style-type: none"> Board of Directors' meetings and committee meetings (each quarter) Shareholders' meetings (each year) 	Maintain good operating efficiency and generate exceptional profits to meet the expectations of shareholders and investors.	Sustainable Development Management 1.1 Operations Overview 1.2 Corporate Governance 2.2 Green Platform 2.3 Green Living

Stakeholder	Significance to SKM	Material topic of concern	Communication channel (frequency)	Communication strategy	Corresponding chapter/section
Employees	With a commitment to excellent service, employees are an indispensable asset for creating sustainable competitiveness.	<ul style="list-style-type: none"> • Legal compliance • Information security and privacy protection • Product quality and responsibility • Workplace safety and health • Talent attraction and retention 	<ul style="list-style-type: none"> • Daily announcements (from time to time) • Communication during meetings (from time to time) • Education and training courses (from time to time) • Employee feedback (immediate) 	Create a workplace environment that satisfies our employees so that they can grow with SKM together with peace of mind and move towards a sustainable future.	<ul style="list-style-type: none"> 1.2 Corporate Governance 1.4 Privacy Protection 1.5 Safety and Protection 1.6 Food Safety 1.7 Friendly Workplace
Government agencies	The laws and regulations promulgated by government agencies, along with SKM's rules and regulations, constitute sustainability standards.	<ul style="list-style-type: none"> • Corporate governance and ethical corporate management • Risk management • Legal compliance • Supply chain management • Workplace safety and health 	<ul style="list-style-type: none"> • Forums and exchanges (from time to time) • On-site safety inspections (from time to time) • Feedback by phone and via e-mail (immediate) 	Comply with the laws and regulations promulgated by the government, show the courage to expose wrongdoings and violations, and establish a sound and ethical business model.	<ul style="list-style-type: none"> 1.2 Corporate Governance 1.3 Risk management 1.5 Safety and Protection 2.2 Green Platform 2.3 Green Living

Stakeholder	Significance to SKM	Material topic of concern	Communication channel (frequency)	Communication strategy	Corresponding chapter/section
Counter vendors	Counter vendors create excellent services and products for customers in collaboration with SKM to form a sustainable department store trend.	<ul style="list-style-type: none"> • Brand image • Operational performance and innovation strategy • Customer relationship management • Product quality and responsibility • Workplace safety and health 	<ul style="list-style-type: none"> • Vendor visits (from time to time) • Regular meetings (from time to time) • Exchanges with vendors (each year) • Feedback by phone and via e-mail (immediate) 	Become a good partner with counter vendors, create a good consumption environment for customers, and provide satisfying products and services.	<p>Featured Topic 2: Digital Experience</p> <p>1.1 Operations Overview</p> <p>1.3 Risk management</p> <p>1.6 Food Safety</p> <p>2.2 Green Platform</p> <p>2.3 Green Living</p> <p>3.1 Arts and Aesthetic</p>
Suppliers	Suppliers constitute an integral part in the creation of a safe and satisfying shopping environment.	<ul style="list-style-type: none"> • Brand image • Information security and privacy protection • Customer relationship management • Product quality and responsibility • Workplace safety and health 	<ul style="list-style-type: none"> • Supplier coordination meetings (from time to time) • Supplier awareness meetings (from time to time) • Feedback by phone and via e-mail (immediate) 	Select excellent suppliers to build a sustainable supply chain together.	<p>1.3 Risk management</p> <p>1.4 Privacy Protection</p> <p>1.6 Food Safety</p> <p>2.2 Green Platform</p> <p>2.3 Green Living</p>

Stakeholder	Significance to SKM	Material topic of concern	Communication channel (frequency)	Communication strategy	Corresponding chapter/section
Media	Media coverage and publicity influence our reputation and image in stakeholders' minds.	<ul style="list-style-type: none"> • Corporate governance and ethical corporate management Risk Management • Legal compliance • Operational performance and innovation strategy • Product quality and responsibility • Workplace safety and health 	<ul style="list-style-type: none"> • Press conferences (from time to time) • Feedback by phone and via e-mail (immediate) 	Maintain smooth channels of communication with stakeholders and adhere to the ethical corporate management best practice principles to maintain our value in stakeholders' minds.	Featured Topic 2: Digital Experience 1.1 Operations Overview 1.2 Corporate Governance 1.3 Risk management 1.5 Safety and Protection 1.6 Food Safety
Community members	SKM cares for local residents to fulfill our responsibility of being a good neighbor.	<ul style="list-style-type: none"> • Brand image • Information security and privacy protection • Customer relationship management • Product quality and responsibility • Social care and engagement 	<ul style="list-style-type: none"> • Live events (from time to time) • Personal visits (from time to time) • Feedback by phone and via e-mail (immediate) 	Reduce external operating costs, care for local residents, and create sustainable communities with them.	1.4 Privacy Protection 1.6 Food Safety 3.1 Arts and Aesthetic Education 3.2 Community Inclusion

Material topics and corresponding GRI Standards

Sustainability topic		Significance to SKM	Corresponding GRI Standard	Corresponding chapter/section	Page No.	Stakeholders							
Materiality	Topic					Consumers	Shareholders and investors	Employees	Government agencies	Counter vendors	Suppliers	Media	Community members
Core topics	Information security and privacy protection	Effectively manage information security and protect personal privacy	GRI 418 Customer privacy	1.4 Privacy Protection	72	●		●			●	●	●
	Product quality and responsibility	Implement strict control at each level to establish and keep track of product quality and safety management processes	GRI 416 Customer health and safety: GRI 416-1 and 416-2	1.6 Food Safety	92	●		●		●	●	●	●
	Legal compliance	Comply with laws and policies to create a safe and comfortable shopping environment	GRI 307 Environmental compliance GRI 419 Socioeconomic compliance	1.2 Corporate Governance	59		●	●	●				
	Brand image	Maintain a good brand image to create extraordinary value	Self-defined GRI 102 General disclosures: GRI 102-40 and 102-42 to 102-44	Featured Topic 2: Digital Experience 2.2 Green Platform 2.3 Green Living 3.3 Customer Satisfaction	41 117 122 149	●	●			●	●	●	●

Sustainability topic		Significance to SKM	Corresponding GRI Standard	Corresponding chapter/section	Page No.	Stakeholders							
Materiality	Topic					Consumers	Shareholders and investors	Employees	Government agencies	Counter vendors	Suppliers	Media	Community members
	Risk management	Identify and manage systemic and nonsystemic risks	GRI 102 General disclosures: GRI 102-11	1.3 Risk management	69				●			●	
	Customer relationship management	Maintain good relationships with an emphasis on customers to achieve a high level of customer satisfaction	GRI 417 Marketing and labeling: GRI 417-2~3	3.3 Customer Satisfaction	149	●				●	●		●
Core topics	Operational performance and innovation strategy	Implement innovation strategies to achieve excellent operating performance and realize sustainability	GRI 201 Economic performance: GRI 201-1, 201-4	Featured Topic 2: Digital Experience 1.1 Operations Overview	41 50		●			●		●	
	Workplace safety and health	Attach importance to workplace safety and employee health to establish a safe and secure work environment	GRI 403 Occupational health and safety: GRI 403-1 to 403-10	1.5 Safety and Protection	76			●	●	●	●		

Sustainability topic		Significance to SKM	Corresponding GRI Standard	Corresponding chapter/section	Page No.	Stakeholders							
Materiality	Topic					Consumers	Shareholders and investors	Employees	Government agencies	Counter vendors	Suppliers	Media	Community members
Core topics	Corporate governance and ethical corporate management	Enhance information transparency and quality to safeguard shareholders' rights and interests	GRI 205 Anti-corruption: GRI 205-3 GRI 206 Anti-competitive behavior: GRI 206-1	1.2 Corporate Governance	59		●		●			●	
	Talent cultivation and development	Refine employees' soft and hard skills through a diverse range of internal training	GRI 404 Training and education: GRI 404-1, 404-3	1.7 Friendly Workplace	95			●					
	Digital technology innovation	Actively engage in the R&D of innovative technologies to lead sustainability trends	Self-defined	Featured Topic 2: Digital Experience	41	●						●	
	Talent attraction and retention	Provide comprehensive benefits and competitive salaries to create a developmental workplace environment.	GRI 401 Employment: GRI 401-1 to 401-3 GRI 402 Labor/management relations: GRI 402-1 GRI 405 Diversity and equal opportunity: GRI 405-1, 405-2	1.7 Friendly Workplace	95			●					

Sustainability topic		Significance to SKM	Corresponding GRI Standard	Corresponding chapter/section	Page No.	Stakeholders							
Materiality	Topic					Consumers	Shareholders and investors	Employees	Government agencies	Counter vendors	Suppliers	Media	Community members
Main topics	Sustainable development strategy	Set short-, medium-, and long-term goals to develop dedicated sustainability strategies	GRI 102 General disclosures: GRI 102-14, 102-20, and 102-31	Sustainability Vision and Strategy	16		●						
	Supply chain management	Control product quality and require suppliers to observe the principles of sustainability	GRI 308 Supplier environmental assessment: GRI 308-1 GRI 414 Supplier social assessment: GRI 414-1	2.2 Green Platform 2.3 Green Living	117 122				●				
Supplementary topics	Sustainable selection	Select green products to realize the spirit of sustainability	GRI 204 Procurement practices: GRI 204-1	2.3 Green Living	122	●				●			
	Waste management	Reduce the amount of waste to minimize its burden on the environment	GRI 306 Waste: GRI 306-5	2.1 Green Operations	110			●		●			

Sustainability topic		Significance to SKM	Corresponding GRI Standard	Corresponding chapter/section	Page No.	Stakeholders							
Materiality	Topic					Consumers	Shareholders and investors	Employees	Government agencies	Counter vendors	Suppliers	Media	Community members
	Water resource management	Draw up measures to save water and prevent wastewater discharge	GRI 303 Water and effluents: GRI 303-5	2.1 Green Operations	110			●	●	●			
Supplementary topics	Social care and engagement	Actively promote social welfare activities and keep a close eye on public issues to implement sustainable care	Self-defined	3.2 Community Inclusion	144								●
	Green procurement	Carry out strict selection and procurement of products, use green products to reduce environmental damage, and implement sustainable operations	GRI 414 Supplier social assessment : GRI 414-1 GRI 308 Supplier environmental assessment : GRI 308-1	2.2 Green Platform 2.3 Green Living	117 122	●					●		
	Energy resource management	Implement energy resource management and roll out energy reduction measures	GRI 302 Energy: GRI 302-1	2.1 Green Operations	110			●	●	●			

Sustainability topic		Significance to SKM	Corresponding GRI Standard	Corresponding chapter/section	Page No.	Stakeholders								
Materiality	Topic					Consumers	Shareholders and investors	Employees	Government agencies	Counter vendors	Suppliers	Media	Community members	
Supplementary topics	Promotion of arts, cultural and aesthetic education	Develop SKM's brand characteristics with an emphasis on sustainable aesthetics	Self-defined	3.1 Arts and Aesthetic Education	133	●								●
	Greenhouse gas management	Reduce greenhouse gas emissions in line with international trends	GRI 305 Emissions: GRI 305-1, 305-2	2.1 Green Operations	110			●	●	●				

Featured Topic 1: A COVID-inspired New Life

A ban on indoor dining and crowd control in shopping malls and supermarkets as a result of the imposition of Level 3 epidemic across Taiwan amid the severe COVID-19 outbreak have devastated the shopping experience-focused department store operators.

Despite facing a decline in sales revenue, SKM continued to witness a growth in market share. With no fear of hardship, we turned this crisis into an opportunity by not only planning "three key actions for 2021" namely

"Epidemic response action"

"Digital membership channels"

"Development of new business"

but also proposing "three strategic directions for 2022" and "five strategic actions" in advance aimed at combating the COVID-19 pandemic over the long run.



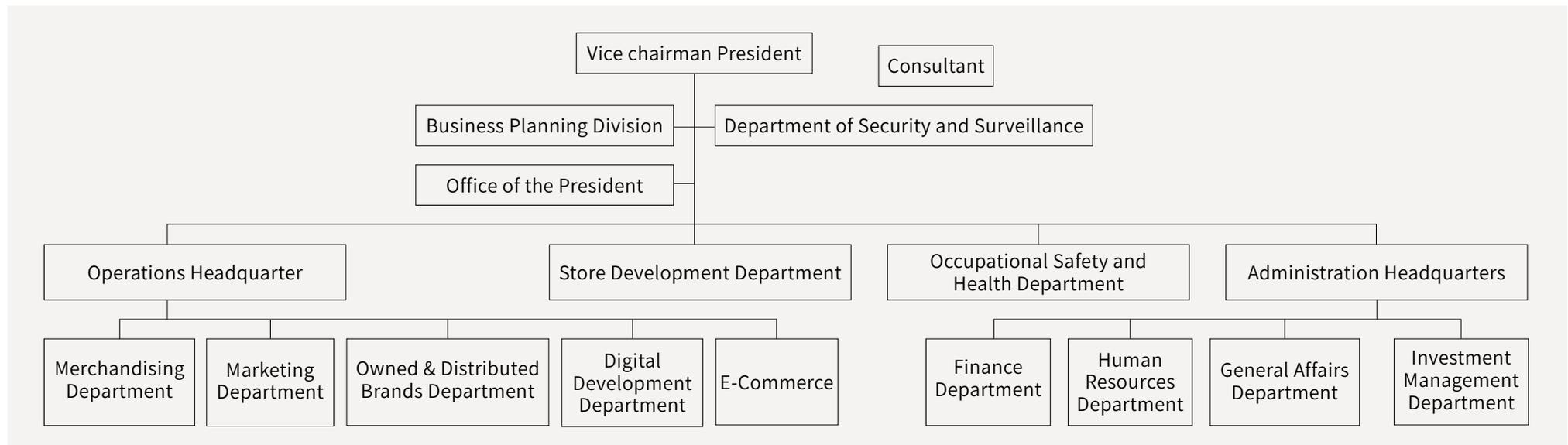
A safe and secure shopping environment

Epidemic response meetings

In response to the heightened COVID-19 outbreak alert, SKM fully cooperated with the government on COVID-19 prevention measures and joined everyone's efforts to combat COVID-19.

With an emphasis on consumers' safety while shopping and a commitment to creating a safe and hygienic shopping environment, SKM convened our own epidemic response meetings, which were attended by 16 senior executives from various departments, to formulate high-standard epidemic prevention strategies. Comprehensive discussions,

directions, and specifications on a wide range of issues, including adjustments to business hours and staggered working hours for employees, the implementation of SMS-based contact tracing, access control, mask wearing, and other personnel management measures in shopping malls, as well as government relief and counter rent reduction, have provided not only a shopping environment that customers can enjoy with peace of mind, but also a safe work environment for employees.



- Make adjustments to business hours and implement staggered working hours
- Provide food delivery and takeaway services and establish food pickup bars
- Launch four digital tools online and optimize them
- Make adjustments to company budget and roll out sales improvement measures



- Require wearing of face masks at all times and implement SMS based contact tracing
- Enhance access control and implement temperature screening at entrances and exits
- Impose a ban on inbound visitors and outbound visits
- Encourage employees to receive COVID-19 vaccination and purchase home based COVID -19 rapid test kits
- Establish SOP for employees who test positive for COVID 19 and report rapid test results

- Implement remote working for employees
- Seek government relief, vendor subsidies, and rent reduction
- Introduce supporting measures for Level 3 epidemic alert

Epidemic response measures:

Four digital channels launched online

Number of key points for future epidemic observation	44 times
Number of response meetings convened	97 times
Large-scale disinfection at all stores	1350 times
Number of infrared thermal imaging cameras purchased	82 units
Number of ear or forehead thermometers purchased	258 units
Number of touchless hand sanitizer dispensers purchased	949 units
Number of dining partition boards purchased	1768 sets
Inventory of alcohol-based disinfectant	3000 liters

Ushering in the era of new retail with expansion into digital channels

With proactive efforts to manage digital channels, bolster communication with members, and enhance member relationship management, SKM has not only combined physical channels and digital systems to improve member services, but also integrated customer relationship with data management through the creation of a points-based ecosystem. Amid reduced direct contact following the COVID-19 pandemic, SKM continues to promote our mobile payment system "skm pay" to boost user experience.

On top of that, we have launched our shopping platform "skm online," which also incorporates our beauty e-commerce brand "beauty STAGE," to offer a brand new sales channel for up to 1,300 brands, product items from 20,000 increased to 80,000.

On the other hand, SKM has also expanded into the food delivery market following our collaboration with food delivery platforms Uber Eats and foodpanda. We have become the first department store in Taiwan to set up an exclusive delivery fleet with our food delivery system "skm eats," which serves as a one-stop service center featuring 280 restaurants at our department stores. With precise management, this service has raked in NT\$410 million in sales revenue.

Aside from enabling members to enjoy rebates with member points collected from purchases, SKM's move to link multiple platforms together has not only brought in 250,000 new VIP card members and 312,000 new subscribers on our app in 2021, but also generated NT\$1.87 billion in total sales revenue from digital channels in the same year, thus highlighting our readiness to usher in the "New Normal" in the retail industry. Furthermore, SKM has donated NT\$20 million out of our operating revenue to the government's COVID-19 epidemic prevention fund in the spirit of giving back to the community.

VIP card members in total

Around **2.7** million

accounting for **86** %
of our annual

with **250** thousand
new VIP cards members

1.729 million
subscribers on our app in total

with **312** thousand new
subscribers in 2021

NT\$ **1.87** billion
in sales revenue from digital channels

accounting for **2.2** %
of sales revenue from all our stores

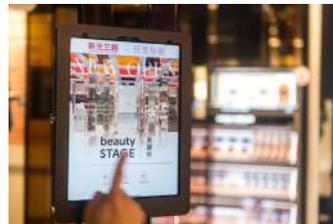
NT\$ **1.16** billion
in sales revenue from the Regular
Customer System

NT\$ **410** million
in sales revenue from food delivery

Rising against the odds with continuous growth in market share

Despite the devastating sales performance caused by the COVID-19 outbreak, SKM demonstrated our determination to rise against the odds with a series of ongoing efforts to expand into new businesses. SKM opened our fourth "beauty STAGE" Tstore in Taiwan and officially entered the outlet market with the grand opening of SKM Park. Moreover, SKM launched the Diamond Towers, the first residential-commercial hybrid shopping mall in Taiwan, showcasing our full commitment to creating a brand new store model. With three unique features, namely "new product concept," "new service experience," and "new social arena" as our primary objectives in this new store model, SKM endeavors to provide customers with an unparalleled fashion and life experience, transform this brand new mall into a new landmark in the Eastern District of Taipei City, and increase our market share in Taiwan's department store business.

beauty STAGE



Opened No.4 store at the Global Mall in 2021

Life Style Outlet SKM Park



Entering the outlets market and creating a diverse recreational location, open in 2022

Diamond Towers



The first residential-commercial hybrid shopping mall, open in 2022

Standing together with our vendors in the fight against COVID-19 when the going gets tough

Since the beginning of the COVID-19 pandemic, SKM has fully cooperated with the government on its COVID-19 epidemic prevention policies. However, such efforts have also significantly affected the operation of brick-and-mortar stores in the department store retail industry. Standing in solidarity with our vendors, SKM reduced fixed rent and guaranteed turnover for counters in an effort to show our most concrete support to our vendors and tide everyone over these tough times.



新光三越
SHIN KONG MITSUKOSHI

致親愛的餐飲夥伴

五月中新冠疫情再次爆發，且情況較去年更加嚴峻，新光三越除遵循政府政策，亦盡速研擬落實防疫規劃及配套措施。再次衷心感謝您，沒有您的支持與協助，我們的防疫工作必然無法順暢運行。

疫情狀況持續影響，全國第三級警戒宣布延長至6/14，新光三越已及時優化更新銷售解決方案，包括APP手機購物宅配服務，Skm eats美食外送、外帶，熱客系統提供一對一專屬商品推薦，並結合安心快取Bar貼心服務，同時推動Skm Online盛大上線，提供更多元的銷售渠道，積極解決顧客的不便，也舒緩餐飲品牌的困境。

除了上述方案，新光三越將依各分店營運狀況，規劃各店不同之租金調整方案。為了紓解餐飲品牌的營運困難，5-7月最高以降租三成為上限提出溝通討論。

新光三越和大家一樣，面對這波沉重的衝擊，承受極大的營運成本壓力。但是我們有信心和大家一起克服困境，共度難關。在新光三越全力協助紓困之際，也懇切期待您投注資源於現行美食外送、外帶服務，以及後續之一系列餐飲振興方案，具體有感地回饋消費者，以共創佳績。

各項防疫政策更新、線上工具應用、後續餐飲振興方案，以及上述有關租金之議題，敬請與新光三越各分店餐飲食品相關主管洽詢。有任何問題與建議，亦請不吝告知指教。由衷感謝您的支持與參與，新光三越會與大家攜手併肩，努力向前。

敬祝 身體健康，闔府平安，工作順利

新光三越百貨股份有限公司
商品部 副總經理 歐陽慧 敬上
2021.06.01

Featured Topic 2: Digital Experience

SKM attracts crowds with a wide array of services with unique features. Thanks to these services, SKM welcomes over 130 million visitors each year. However, the COVID-19 pandemic, which has ravaged the world in the past few years, has made consumers feeling unsafe to go out and shop. In hopes of offering consumers a more enjoyable and wonderful shopping experience, SKM keeps pursuing breakthroughs in innovation with the development of various sustainable innovation strategies to implement digital technology in consumer experience, so that we can create competitive products and services and become the leader in the digital retail department store industry.

Innovative experience

In the wake of rapid technological advancement and the COVID-19 pandemic, the world has witnessed a shift in consumer needs and demand as never before. With a commitment to creating a brand new retail experience for consumers in the spirit of "customer first, service with heart," SKM has rapidly integrated online and offline services and developed a diverse range of innovative sales services and products from a consumer's perspective in line with new lifestyles and consumption patterns.



skm app - the best helper in life

SKM actively invests and engages in the development of mobile app functions with a focus on innovative services and personalized experience. Based on observations of consumers' needs, SKM constantly carries out R&D and innovation for our skm app to showcase the perfect combination of technology and human nature. These functions include:

1. Quick view of department store events and membership rights: The home page of our app provides the latest events at all our stores, membership rights, e-invoices and related details to reduce paper-based product catalogues and invoice printing, thereby realizing the concept of sustainable environmental protection and resource conservation.
2. Immediate purchase of trendy products: Consumers can enjoy the privilege of becoming the first to purchase the latest trendy and fashionable products via our app and choose to either pick up the products they purchase at our stores or have them delivered to their doorstep, thereby providing consumers with a digital shopping experience.
3. Great food at your fingertips with skm eats: As the first department store in Taiwan to launch a restaurant reservation and waitlisting system, SKM formed an exclusive delivery fleet in collaboration with Taiwan Taxi and global courier services in 2020 while enhancing online shopping and home delivery services on our app during the COVID-19 outbreak.
4. Convenient parking service: Consumers can check the availability of parking spaces via our app before visiting our stores, pay parking fees via online or with member points before leaving our stores, and exit our stores directly through our license plate recognition.

1. skm app



1. Quick view of department store events and membership rights



3. Great food at your fingertips with skm eats



2. Immediate purchase of trendy products

4. Convenient parking service





• Holder of VIP Card
• App member



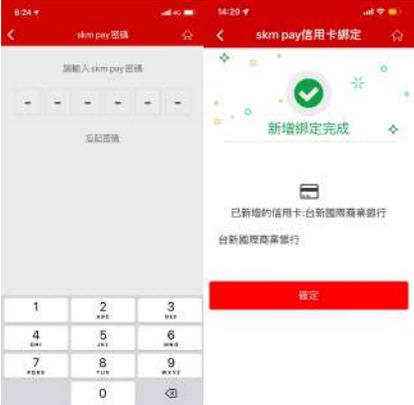
Quick membership registration

Nine **trendy** functions

1. Password setting with ease



2. Safe connection to bank accounts with peace of mind



Mobile VIP card
Access your membership on your phone

Exclusive offers
Enjoy exclusive offers via skm pay

Parking fee payment
Pay parking fees with no need for small change and pick up your vehicle in the most convenient way

Mobile credit card
Shop with ease without physical cards

Online shopping
Shop and pay for products with exclusive discounts at any time of the day

Collect points while shopping
Earn 1 point for each NT\$100 spent

E-invoice carrier
Match invoice lottery numbers for you and notify you of any invoice lottery prizes won

Shopping history
Check your transaction details at any time

Installments / bonus discounts
Pay installments with ease

Choose from 12 banks to connect your bank account and connect bank accounts from up to eight banks all at once.



skm online - the most convenient way to shop online

In view of the severe COVID-19 outbreak, SKM swiftly developed the largest e-commerce platform in Taiwan's department store industry. Based on observations of consumers' needs, SKM upgraded our beauty e-commerce brand beauty STAGE to a brand new skm online platform, with the intention of presenting consumers with a shopping platform that offers "a comprehensive and diverse range of products" and "convenient and fast shopping." Such an effective digital transformation has brought eye-catching performances for SKM as evidenced by a sevenfold increase in sales and the acquisition of 50% of our new customers.

The skm online platform combines a point-of-sale (POS) system, a customer relationship management (CRM) system, and big data to learn about each consumer's lifestyle and consumption habits. This platform offers timely and appropriate shopping news and promotions to consumers in need through precision marketing. Most importantly, skm online enables consumers to search for the products they like in the shortest possible time and secure checkout quickly, with a view to realizing a pleasant shopping experience without having to leave their home.

Customer segmentation . Precision marketing

The skm online platform assigns lifestyle tags by customer segment and defines the consumption focus of each customer segment accordingly, so that marketing messages can be delivered with precision to maintain a good relationship with consumers, and exclusive shopping selections can be provided appropriately to satisfy consumers' shopping needs.

Diverse payment methods . Offers and rebates

While consumers can choose to mobile payments via credit card, LINE Pay or skm pay, skm online also allows customers to manage and use various discount tools such as reward points and coupons with ease. During promotional campaigns, consumers can also get instant access to information on special offers.

User-friendly interface . Optimized experience

The home page of skm online provides customers with a richer shopping experience and an abundance of product information, which increases purchase intention and conversion rates. By presenting products in their actual form, consumers can shop online via skm online trustworthy.

skm online

Data collection . Efficiency management

In the era of big data, SKM has integrated skm online with offline, brick-and-mortar store data to effectively develop and manage our business methods. This move makes it convenient for marketing and sales personnel to set and adjust sales themes and product content according to event schedule, sales conditions, and big data.

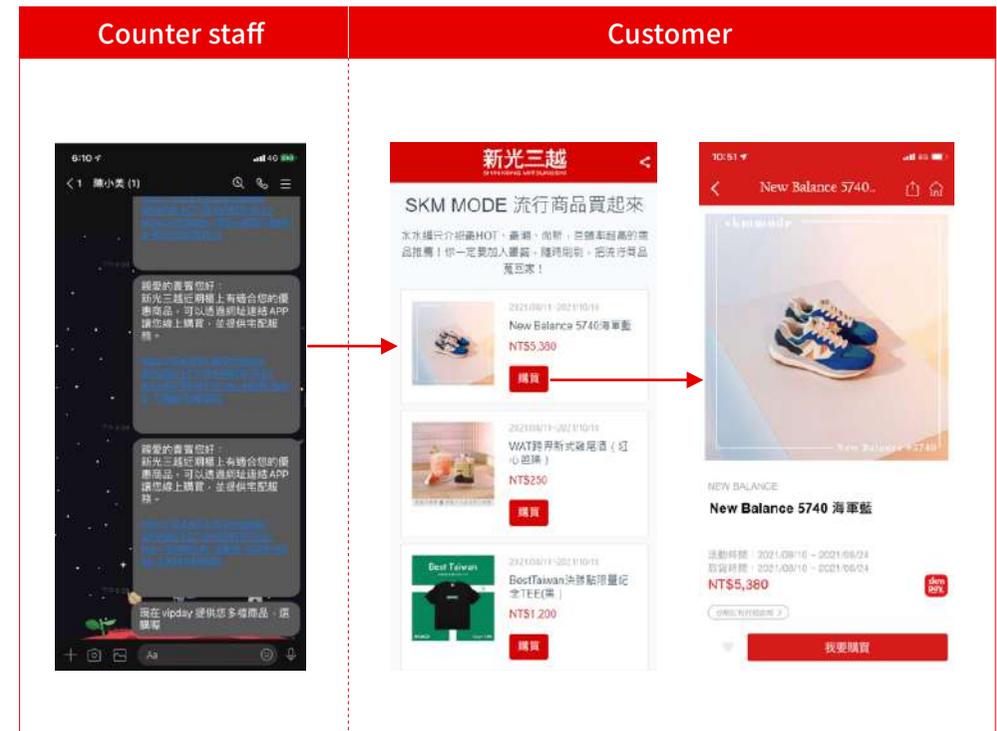
The Regular Customer System - a dedicated sales consulting service

With an eye on satisfying consumers' shopping needs, SKM has built the Regular Customer System in an effort to move away from passive sales in traditional department stores and shift to active understanding of consumers' needs. By providing consumers with online shopping consultation and appropriate product recommendations, we have become a dedicated fashion consulting expert for customers. With the adoption of the Regular Customer System, SKM recommends products and services that meet consumers' needs at the appropriate time, thereby creating a brand new shopping model that "understands consumers better than themselves."

The Regular Customer



Shopping process on the Regular Customer



Keeping Abreast of the Future

Aside from offering consumers a convenient and enjoyable shopping experience, technology has also infused SKM with the concept of sustainability. As the leader in the department store industry, SKM makes good use of the power of technology to enhance operations management

efficiency, thereby greening the overall operations process. In addition, with a view to providing customers with a comfortable and secure shopping environment, SKM adopts smart technology so that customers of all ages can experience the joy of shopping with peace of mind.

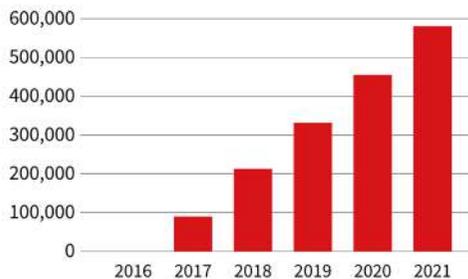
Further evolution of technological processes

Business process management system

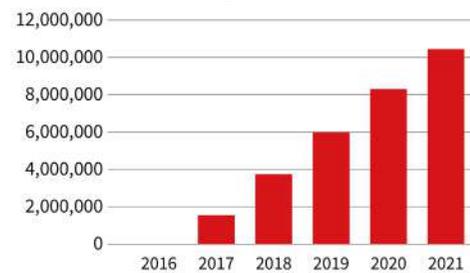
As we grow, we understand the need to continuously adjust and refine our work processes. This is because inefficient processes can become a burden to SKM as we progress towards a sustainable future. Therefore, SKM has incorporated the business process management (BPM) system to enhance management processes from a macro perspective. This system not only

makes it easier for participants to track the process of these processes, but also allows teams to know how to collaborate and coordinate with each other, so that SKM can take our team service to the next level. Aside from improving operating efficiency, this system has also resulted in substantial cost reduction and lessened damage to the environment.

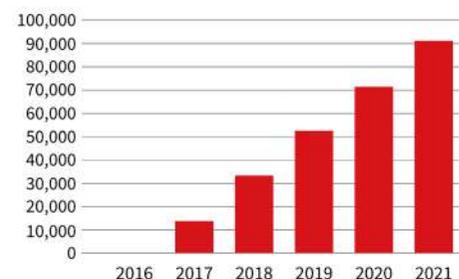
Decreased paper use



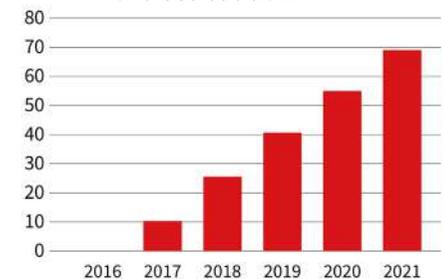
Reduced carbon emission (gram)



Amounts Saved



Reduction in the number of trees cut down



Implementation of cloud invoice

First place for the 2021 Exceptional Organization Award in the National Enterprise Cloud Invoice Competition organized by the Ministry of Finance

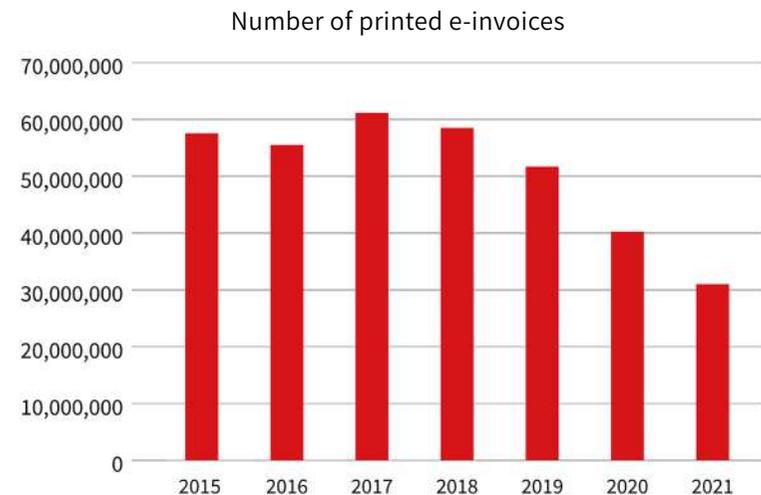
Cloud invoices accounted for over 50% of the overall invoices issued

Over 10% increase from the previous year.

- In 2010, SKM initiated the trial implementation of cloud invoice via physical channels in cooperation with the Ministry of Finance.
- In 2016, SKM introduced the credit card carrier function.
- In 2018, SKM developed the e-invoice carrier function for our membership card.

In 2018, SKM aggressively promoted the cloud invoice function. Our app will guide customers to store their e-invoices into the membership carrier at checkout. This function can not only notify customers of any invoice lottery prizes won and enables customers to check their transaction records, but also reduce the number of printed e-invoices, thereby realizing the spirit of sustainable environmental protection.

This initiative has produced great results as the number of printed e-invoices has fallen over the years. Specifically, the number of printed e-invoices has reduced by 49.3% in 2021 compared to 2017.



Happy Workplace

Established more than 30 years ago, SKM continues to build on its experience and opens up new possibilities through innovation. With well-developed organizational operation and risk management, SKM constantly refines its operations strategy and introduces innovative elements to provide products and services that meet consumer demands. Our vision is to build a "Happy Workplace." Therefore, we never forget the foundation of operation as we blossom and grow. We establish a happy workplace because we highly value our talents. We wish to become a role model of sustainability in the department store industry through lean operations, sound governance, and risk management, leading department stores in Taiwan toward a sustainable future.



Happy Workplace

Sustainability Issues:	Corresponding GRI topics	SDGs Targets	Affected stakeholders
<ul style="list-style-type: none"> Operational performance and innovation strategy Regulatory compliance Corporate governance and ethical management Risk management Information security and privacy protection 	<ul style="list-style-type: none"> Workplace safety and healthcare Talent attraction and retention Talent cultivation and development 	<ul style="list-style-type: none"> GRI 102 GRI 201-202 GRI 205-206 GRI 307 GRI 401-405 GRI 416-419 	<ul style="list-style-type: none"> Consumers Shareholders/Investors Staff Government agencies Counters Suppliers Media Community

Highlights

- We established a sustainability committee and formed the Visionary and Execution sustainability teams.
- The consolidated revenue in 2021 was 26.13 billion. Although the performance has declined compared to previous years, our market share remained solid.
- We provided subsidies (reduced the turnover warranty) for counters and leasing counters during the pandemic to help them maintain business momentum and overcome the challenges together.
- We did not cut the pay or layoff employees during the pandemic. Although revenue growth was negative, we still increased employee salaries as a reward for their hard work.

Management Approach

- Comply with laws and regulations and show the courage to expose wrongdoings and violations.
- Adhere to the principles of ethical corporate management and business ethics, as well as strictly enforce internal audit control.
- Establish a climate crisis response team to respond to climate emergencies and minimize the impact of climate risk.
- Focus on care for the local community and shared prosperity in society as the foundation of company operations, as well as introduce innovation strategies and the spirit of innovation to keep achieving excellent performance.
- Set up an information security task force to enhance information security management.
- Organize security control meetings and drills each month to ensure the reliability and effectiveness of security systems.
- Provide competitive employee benefits and fair evaluation and promotion mechanisms to create a sound talent management system.
- Nurture outstanding management talents at SKM through a comprehensive educational development mechanism.

1.1 Operations Overview

SKM is the largest department store in Taiwan. We have a rich history, unique forward-looking perspective, and innovative strategies. SKM continues to present an innovative lifestyle to the people, attracting crowds with one-of-a-kind services in every location. There are more than 130 million customer visits each year. SKM will move forward with sincerity as its business philosophy and fulfill its corporate social responsibility to bring people a more remarkable experience.

Name of company	Shin Kong Mitsukoshi Department Store Co., Ltd.
Date of establishment	November, 1989
Chairman	Hideyuki Murakami
Vice Chairman/President	Richard H. Wu
Headquarters location	7-9F., No. 19, Songgao Rd., Xinyi Dist., Taipei City
Capital (NTD)	NT\$ 12,459,386,720
Employee count	2,364 as of December 31, 2021

In 1989, the Shin Kong Mitsukoshi Department Store was established by a joint venture between Shin Kong Recreation and Japan's Mitsukoshi Department Store (as Shin Kong Mitsukoshi Department Store Co., LTD and Mitsukoshi Isetan Group nowadays). After years of hard work, SKM has become the leading department store in Taiwan. In addition to providing a pleasant shopping experience in physical stores, SKM integrates brick-and-mortar resources to develop online shopping services.

SKM chain service has 15 stores, 20 buildings, and nearly 7,000 counters in Taiwan. There are more than 130 million customer visits each year. Currently, SKM has 20 buildings in northern, central, and southern Taiwan, with a total floor area of 1.2 million square meters.



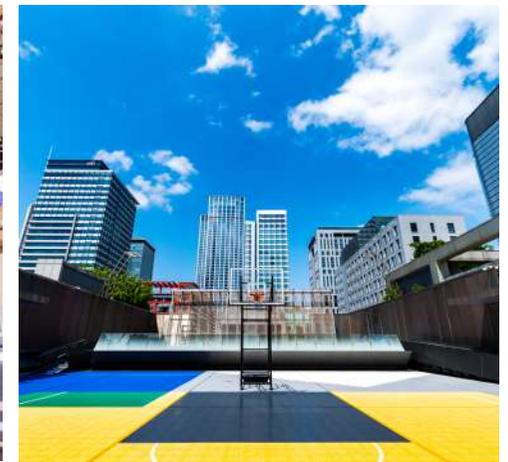
1.1.1 Shin Kong Mitsukoshi's Mission

SKM has always been committed to fulfilling its corporate social responsibility. We have always promoted art and cultural exhibitions to pass on local lifestyle and culture. We also wish to contribute to the development of the local environment. SKM continues to show its love for Taiwan by giving back to society. We have lived up to our role as a leading department store that promotes the well-being of the community, reaching every corner of Taiwan to serve more people.

Over the past thirty years, SKM has been constantly evolving and upgrading so that department stores are no longer only for shopping but places that are embedded in people's lives. We are a pioneer in urban development, fulfilling the demands of local consumers and sharing prosperity with the

local community. Every SKM store is unique. For example, the Taipei Xinyi Place A11 features the Tesla electric vehicle experience, which adds elements of fashion and technology to the Xinyi Shopping District. Also, the Rainbow Market at the Kaohsiung Zuoyin Store serves delicious food convenient for people in the busy traffic.

In addition, SKM is building a digital service system, such as the e-commerce platform skm online, skm pay, and skm app. Through a variety of online services, SKM provides consumers with a better shopping experience and more suitable products. The all-round digital system allows consumers to enjoy shopping at SKM even during the pandemic.



1.1.2 The captivating department store

Building the largest department store in Taiwan

SKM stores span across Taiwan. There are 15 stores and 20 buildings in the northern, central, and southern regions, with a total floor area of 1.2 million square meters. SKM has rich experience in store exhibitions and also presents an innovative lifestyle, attracting crowds with unique services in every location. There are more than 130 million customer visits each year.

SKM constantly pushes for a breakthrough in every business expansion, instilling the spirit of innovation in every expansion plan. We work with the characteristics of the local culture and use different spatial designs to give each store its unique features.



Taipei The enchanting Zhongshan area Taipei Nanxi Store

The Taipei Nanxi Stores 1 and 3 adjacent to MRT Zhongshan Station have become a shopping hub in the western district. The Taipei Nanxi Shopping District is also a diverse and popular commercial area.



Taipei The fashion center Taipei Xinyi Place

We have progressed from providing consumers with a great shopping experience to bringing them an enjoyable lifestyle. We integrated the horizontal sky way shopping concept and also designed an exclusive shopping space for consumers.



Taichung The prosperous of 7th Redevelopment Zone Taichung Zhonggang Store

This is a milestone that started the operation of large-scale stores for SKM and propelled the growth of the 7th Redevelopment Zone in Taichung.



Tainan The breathtaking Tainan Tainan Place

This store established a new large-scale leisure shopping model and international shopping perspective in southern Taiwan. It is a large-scale leisure shopping mall that combines the full service functions of shopping malls and department stores.



Kaohsiung The triple railway Kaohsiung Zuoying Store

The Zuoying Store has 12,000 square meters of green area, 70,000 flowers and trees, and the largest green wall in Taiwan. The Kaohsiung Zuoying Store is located at the Xin Zuoying Station, which is on all three railways (HSR, Kaohsiung MRT, TRA). This geographic advantage shortens the travel distance. The shopping district is also very large.



Comprehensive service facilities

• Child and senior care

SKM provides child and senior care services, including wheelchair, blankets, stroller rental, breastfeeding room, and nursery room, reading glasses. Customers can shop in comfort with the whole family.



• Financial and friendly services for foreigners

SKM provides financial and friendly services for foreigners, including tax refunds, ATMs, foreign currency exchange, and translation. We can provide financial services on demand.



• Mobile phone and charging services

SKM provides mobile phone and charging services, including Wi-Fi, charging stands, power banks, and EV chargers. Customers do not have to worry about their phones or electric vehicles running out of battery.

• Customer safety

SKM provides customer safety services, including AED, simple emergency medical services, and elevator/escalator service buttons. In the event of an emergency, we provide customers with immediate safety services to prevent major injuries.



CCTV digitalization plan

- Shin Kong Mitsukoshi launched a six-year CCTV replacement and upgrade plan. The traditional analog and low-resolution images have been fully digitized and enhancing quality.
- In response to an aging society, Shin Kong Mitsukoshi has improved the senior protection system by integrating the real-time security system and AI image recognition technology.
- With the full CCTV upgrade, Shin Kong Mitsukoshi will build a technological shopping world that is also comfortable and safe.



Parking emergency buttons

Parking lots are relatively vacant during off-peak hours. To prevent accidents from happening, SKM conducts regular patrols every hour. There are also emergency buttons for contacting security personnel. Hope all customers arrive happily and go home safely.

CCTV digitalization upgrade plan



Parking smart technology

Join the smart service in three easy steps

- SKM integrated the parking lot system into the app so customers can check the parking availability ahead of time and go to the store with vacant parking spaces or use public transportation instead.
- This can save time for customers and conserve resources and energy, reducing environmental damage.

Download the Shin Kong Mitsukoshi app



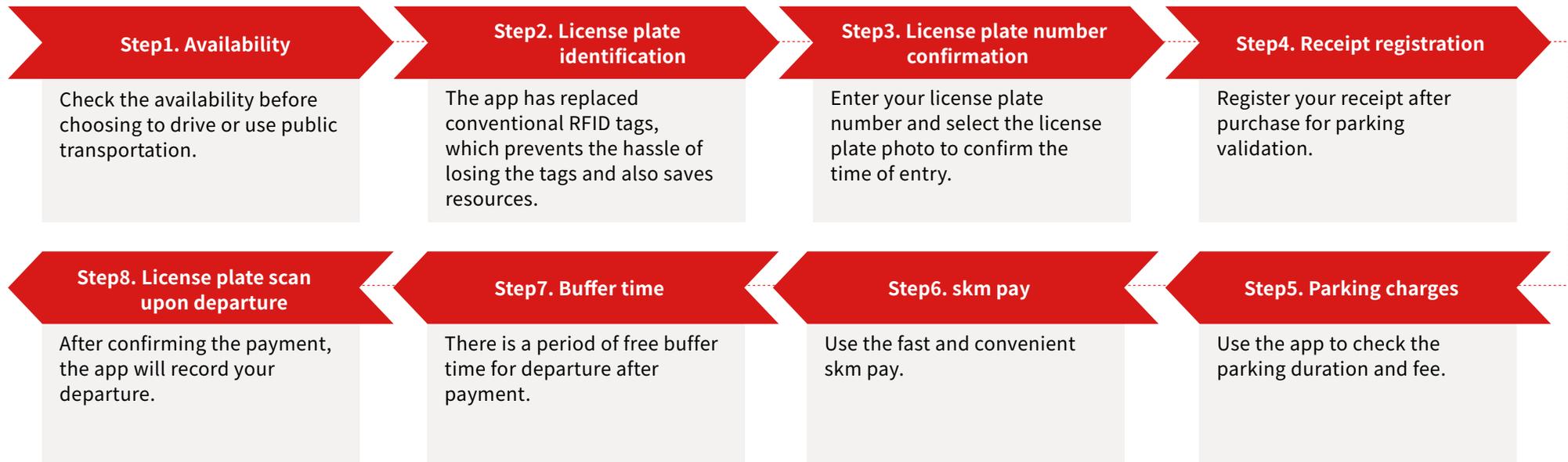
Link skm pay



Open the parking service



Easy-to-use smart



1.1.3 External Participation

SKM actively participates in external public associations and organizations. Through mutual discussions and brainstorming with peers, we build collective corporate power and exercise the influence of corporate sustainability to deepen the connection with society and maintain the shared prosperity.

Organization/Association	Role (member, director, supervisor, etc.)	Participating Senior Officers
Sanyukai	Member	Chairman Hideyuki Murakami
Japanese Chamber of Commerce & Industry (JCCI)	Member	
Circulation Division of JCCI	Member	
Commerce Development Research Institute	Director	Vice Chairman and President Richard H. Wu
The Third Wednesday Club	Member	
ROC-USA Business Council	Director	
Friends of the Police Association R.O.C.	Director	
Friends of the Police Association, Taipei	Managing Director	
Taiwan Chamber of Commerce and Industry	Member	
Chinese East Asia Economic Association	Member	
Taiwan Institute for Sustainable Energy	Corporate member representative director of the Center for Corporate Sustainability	Vice President Michael H. Wu
The Third Wednesday Club-Young Entrepreneur Group	Member	
Taipei Department Store Association	Member	
Taipei Theater Association	Chairman	
National Theater Association R.O.C.	Member	
Taiwan Association for Copyrights Protection	Member	
Importers and Exporters Association of Taipei	Reserve director	

Organization/Association	Role (member, director, supervisor, etc.)	Participating Senior Officers
Taipei Department Store Association	Director	Vice President Ying-Ming Hsieh
Taiwan Chain Stores and Franchise Association	Member	Vice Chairman Richard H. Wu, Vice President Vincent Guo
Retailers Association of Chinese Taipei	Member	Vice Chairman Richard H. Wu, Vice President Wendy Tsao, Vice President Michael H. Wu, Chief Security Officer Jen-hwa Ma, Vice President Vincent Guo
Chinese National Association of Industry and Commerce, Taiwan	Member	Vice Chairman Richard H. Wu, Vice President Wendy Tsao, Vice President Michael H. Wu, Chief Security Officer Jen-hwa Ma, Vice President Vincent Guo

1.1.4 Operational Performance

2021 Financial Performance

In 2021, the COVID-19 pandemic put the department store industry through unprecedented challenges. The country went into level 3 alert, business hours were adjusted, dining in restaurants was banned, stores closed for disinfection, and offices staggered work shifts. SKM also changed its working practices and cooperated with partners to serve customers and mitigate the impact of the pandemic. As the pandemic eased and anti-pandemic regulations and government stimulation plans rolled out, people started to go to shopping malls again. SKM's consolidated revenue in 2021 was NT\$26.13 billion, with a growth rate of -2.7% and net profit after tax of NT\$1.76 billion.

Consolidated Financial Statements, Unit: NT\$ thousand

Item	2021	2020	2019
Operating revenue	26,130,287	26,847,142	26,662,563
Operating costs	13,187,134	13,516,672	13,018,224
Operating expenses	10,967,165	11,115,889	11,352,974
Employee compensation and benefits	2,749,410	2,689,668	2,766,612
Net operating profit	1,975,988	2,214,581	2,291,365
Non-operating income and expenses	258,702	191,538	-233,616
Net profit before tax	2,234,690	2,406,119	2,057,749
Payment to Government (Tax)	469,274	464,828	430,236
Net profit after tax	1,765,416	1,941,291	1,627,513
Distribution of shareholder dividends	1,619,720	1,619,720	1,619,720

1.2 Corporate Governance

To carry out corporate sustainability, SKM constantly strengthens the foundation of corporate governance to ensure the rights and interests of all stakeholders. "Integrity" is the highest principle of SKM. We establish stable corporate governance through professional division of labor, functional departmentalization, and responsible operations. We attach importance to the functioning of the board of directors to strengthen the effectiveness of governance and improve decision-making quality and efficiency. In addition, SKM abides by laws and regulations. We have a complete internal audit process system to maintain stable corporate operations. Externally, we actively participate in department store-related associations and organizations to maintain our status in the industry and spread our influence.

Board Members

Title	Name	Education	Experience
Chairman	Hideyuki Murakami	Faculty of Law, Keio University, Japan	Representative Director, President, and Executive Officer of Iwataya Mitsukoshi Ltd. Chairman of Shin Kong Mitsukoshi (China) Investment
Vice Chairman and President	Richard H. Wu	Master of International Trade, Waseda University, Japan Double Bachelor's Degree in Finance and International Economics, New York University	Vice Chairman and President of Shin Kong Mitsukoshi Department Store Co. Ltd. Chairman of Shin Kong Mitsukoshi Cultural & Educational Foundation Chairman of Fayaque Co., Ltd. Senior Executive Vice President and General Manager of Sales Division of Shin Kong Mitsukoshi Department Store Co. Ltd. Senior Vice President of Sales Division and Manager of Taichung Store of Shin Kong Mitsukoshi Department Store Co. Ltd.

1.2.1 Board of Directors Operations

The board of directors is the highest governing body of SKM, with 13 natural and legal person directors. They are responsible for setting organizational goals, missions, strategies and plans, and ensuring the organization has sound policies and internal control systems to monitor the overall performance of the organization. SKM emphasizes the communication between the board of directors and internal and external parties. According to the procedures of the board of directors, a board meeting is convened at least once every quarter to review the operational performance of SKM and discuss issues. The chairman serves as the chair of the meeting.

Title	Name	Education	Experience
Director	Tung-Chin Wu	Department of Commerce, Waseda University, Japan	Chairman of Shin Kong Wu Ho-Su Memorial Hospital Founder of Shin Kong Financial Holding Chairman of Shin Kong Life Insurance
Director	Tong-Liang Wu	Master of Business Administration, UCLA	Chairman of Taishin Financial Holdings and Taishin International Bank Chairman of Taishin Charity Foundation Chairman and Director of Taishin Venture Capital Chairman and President of Shinkong Synthetic Fibers Corporation Vice Chairman of TECO Electric & Machinery Director, Managing Director, and Supervisor of First Commercial Bank, International Bank of Taipei, and Hua Nan Commercial Bank. Managing Director of Shinkong Insurance and Shin Kong Life Insurance.
Director	Eric T. Wu	Doctor of Law, Harvard University	Chairman of Shinkong Synthetic Fibers Corporation
Director	Hsin-Ta Wu	Master of Architecture, University of Southern California MBA, UCLA Anderson School of Management	Chairman of Shin Kong Mitsukoshi Development Co., Ltd.(July 2019-now) Director of The Great Taipei Gas Corporation Co., Ltd. (June 2019-now) Director of Shin Kong Financial Holding (June 2020-now) Director of Shin Kong Mitsukoshi Department Store Co., Ltd.(September 2020-now) President of Shin Kong Mitsukoshi Department Store Co., Ltd.(November 2004-August 2019)
Director	Elbert Wu	UCLA Materials Science & Engineering	Chairman of Shinkong Textile
Director	Po-Han Lin	Master of Business Administration, Meiji University, Japan	Chairman of Shin Kong Lohas Co., Ltd.

Title	Name	Education	Experience
Director	Toshiyuki Hosoya	Faculty of Law, Waseda University, Japan	Director, Representative Executive Officer, and President of Isetan Mitsukoshi Holdings Ltd. Representative Director of Iwataya Mitsukoshi Ltd. Executive Officer of Isetan Mitsukoshi Holdings Ltd.
Director	Ken Akamatsu	Faculty of Economics, Keio University, Japan	Chairman and Representative Director of Isetan Mitsukoshi Ltd. Vice Chairman of Shin Kong Mitsukoshi Department Store Co. Ltd. Chairman of Japan Department Stores Association
Director	Yoshinori Makino	Faculty of Commerce, Keio University, Japan	CFO Finance and Accounting General Manager (CHRO), Managing Executive Officer, and CSDO Director, Managing Executive Officer, and Personnel General Manager of Isetan Mitsukoshi
Director	Toshinori Shira	Faculty of Economics, Seikei University, Japan	Director of Isetan Mitsukoshi Ltd. Director, Managing Executive Officer, and CSRO of Isetan Mitsukoshi Holdings Ltd.
Director	Kimihiko Matsumoto	Faculty of Economics, Tezukayama Gakuin University, Japan	Overseas Management Manager of the Overseas Business Management Department of Isetan Mitsukoshi Ltd. President of Shin Kong Place President of Chengdu Isetan
Supervisor	Dong-Sheng Wu	College of Business and Management, Tamkang University	President of Shinkong Company Ltd.

Title	Name	Education	Experience
Supervisor	Bang-Sheng Wu	MBA from University of Southern California and Master of Fine Arts from University of California	Chairman of Shin Kong Chao Feng Co., Ltd.
Supervisor	Kyoichi Tsunematsu	Faculty of Business Administration, Tezukayama Gakuin University, Japan	Permanent Supervisor of Isetan Mitsukoshi President of IMPD

Age and gender of board members

Board composition percentage		Age of board members				Percentage
		<30	30-50	>50	Total	
2021	Female	0	0	0	0	0.00%
	Male	0	1	15	16	100.00%
	Total	0	1	15	16	
	Percentage	0.00%	6.25%	93.75%		

2021 Board Advancement

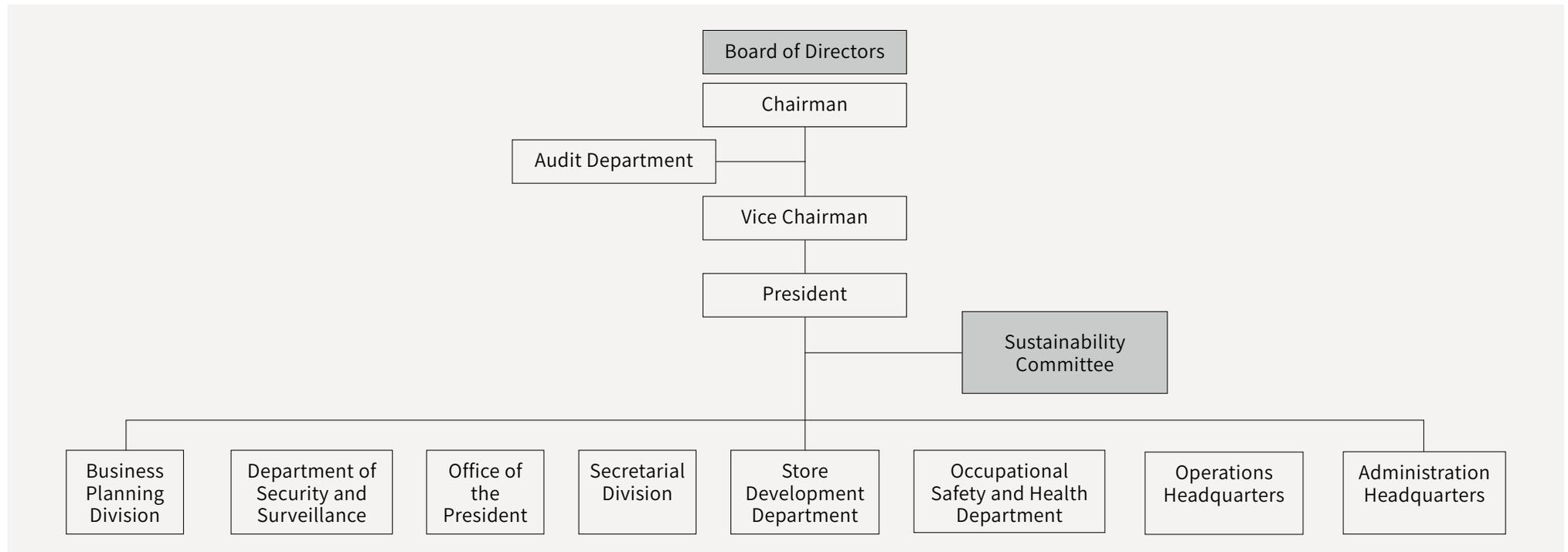
SKM encourages directors to participate in external training courses and forums to understand current laws and industry trends and learn new professional knowledge, thereby laying a solid foundation of corporate governance for SKM. SKM arranges comprehensive training to advance the professionalism of our directors. Course topics include information security, financial crisis, risk management, and more. The total number of training hours for directors in 2021 was 37.5 hours. Through diverse training, SKM can achieve its vision of sustainable operation. Our stakeholders can be assured and confident in our corporate governance.

Name	Organizer	Course Title
Director Wu, Tong-Liang	Taiwan Academy of Banking and Finance	Fair Treatment of Customers at the Corporate Governance Level (first session)
	Independent Director Association Taiwan	The Latest Development and Practice of Anti-Money Laundering and Counter-Terrorist Financing
	Independent Director Association Taiwan	Financial Security Management Strategies Against Ransomware Threats
Director Elbert Wu	Shinkong Textile Co., Ltd.	Insider Trading Risk Control
	Corporate Organization Association	Identifying Corporate Malpractice or Operational Crisis from Financial Statements
	Corporate Organization Association	Invalidation of Shareholders' Resolutions and Withdrawal of Litigation
Director Wu, Hsin-Ta	Shin Kong Financial Holding	IFRS17 Education and Training Course for Directors, Supervisors, and Senior Managers IFRS17 Blueprint for Competition and Corporate Governance 3.0
	Taiwan Academy of Banking and Finance	Workshop on Operational Practice and Corporate Governance of the Board of Directors and Supervisors
	Financial Supervisory Commission	13th TAICGOF
	Taiwan Institute for Sustainable Energy	CEO Lecture and Keynote Address
Director Po-Han Lin	Shin Kong Life Insurance Co., Ltd.	2021 Information Security Education and Training for Directors and Executives
	Financial Supervisory Commission	13th TAICGOF Morning Session
	Taiwan Academy of Banking and Finance	Ethical Management and Fair Treatment of Customers, AML Prospects and International Trends, and Insider Trading Prevention
	Taiwan Insurance Institute	IFRS17 Blueprint for Competition and Corporate Governance 3.0

1.2.2 Organizational Structure

The board of directors has one chairman and one vice chairman. The chairman is the highest-ranking officer of SKM. The president under the chairman is in charge of eight departments. Our professional division of labor allows each level and department to play its role. In addition, the president leads SKM's executive team in establishing a sustainability committee, with the Business Planning Division and Department of Security and Surveillance as plan and organize units, coordinating each

department to form the visionary and execution sustainability teams. The vision of sustainability must be built upon sound operation. Therefore, SKM emphasizes the system and process of auditing. Furthermore, to achieve independence, SKM has set up an audit department that is independent of other departments to effectively supervise and control the organization's operations.



1.2.3 Integrity Governance

Integrity Management

Integrity management is the highest guideline of SKM. The company by-laws are clearly defined to maintain good corporate governance operations. Based on the foundation of integrity management, SKM insists that the details of operation comply with integrity management principles and laws and regulations. We require our staff to have business ethics. By managing down, we can thoroughly carry out sustainable operations. Through transparent information circulation, a responsible approach, and honest business philosophy, SKM has established an excellent corporate governance system. We sincerely accept all feedback and advice, and we also disclose our corporate governance results.

Upholding the spirit of honest management, we do not condone corrupt, anti-competitive, anti-trust, and monopoly practices. We wish to promote or maintain market competition through the power of our organization. SKM has not engaged in anti-competitive, anti-trust, and monopoly practices in the past three years. However, on August 8th, 2021, we found an employee took advantage of their position to embezzle public funds through internal inspection. In response to this matter, SKM dismissed this employee and filed a criminal complaint. Furthermore, we responsibly conducted a thorough review and improvement work to comprehensively diagnose organizational control systems and carry out improvement plans.

Confirmed corruption incidents from 2019 to 2021

Date of incident	Incident	Follow-Up
2021.8.8	Embezzled public funds by taking advantage of their position	Dismissal and filing of criminal complaint

Regulatory Compliance

SKM's special legal affairs unit handles legal and regulatory matters and instructs employees about laws and policies through education and training and case consultation so employees are aware of the latest laws and regulations, thereby ensuring all organizational activities comply with laws and regulations. In particular, SKM stipulated the "Notes for the Head Office or Branch upon Receiving a Writ of Execution to Seize, Collect, Revoke, and More from the Court or Administration Enforcement Agency" so employees in all units clearly understand how to proceed when they receive a writ of execution to protect their own rights and interests.

SKM tallied up the company lawsuits in the past three years. A total of 12 lawsuits were filed from 2019 to December 31st, 2021. There were 4 lawsuits in 2021, including 0 external claims, 3 cases of arrears of suppliers, and 1 labor dispute. SKM conducted an in-depth understanding and clarification of the cause of the dispute and the responsibilities for each incident. In addition, we responsibly follow up on the cases and evaluate the impact of each case on organizational operations. According to our analysis, none of the 12 lawsuits affected company operations. Besides lawsuits, SKM tallied up incoming dispute letters received every year to understand and deal with the actual situation of the disputes and make changes, thereby protecting consumer rights and interests and improving service quality.

2021 Incoming Letters Statistical Table				
Period (full year of 2021)	Category			
	Defective product or return / exchange disputes	Reward point or gift voucher disputes	Labor rights disputes	Department store accidents
Subtotal	32	26	4	11
Total	73			

Lawsuits in the past three years			
Period (January 1st, 2019 to December 31st, 2021)	Category		
	External claims	Retailer debts	Labor disputes
Subtotal	5	5	2
Total	12		

SKM has been audited by the competent authorities. In the past three years, there was one non-compliance with environmental protection regulations and three non-compliances with social and economic regulations. One of each non-compliance with the aforementioned regulations occurred in 2021. We have thoroughly understood the reasons for the non-compliances

and suggested improvements. After the competent authorities approved, we have corrected all of the deficiencies. Below is the record of incidents penalized for violating laws and regulations in the past three years.

Violation of Environmental Protection Regulations from 2019 to 2021

Time of incident	Description	Penalty	Corrective measures
July 2021	Failure to submit a business waste disposal plan to the IWR & MS of the Environmental Protection Administration of the Executive Yuan.	NT\$ 6,000	<ol style="list-style-type: none"> 1. Pay the fine in accordance with the tribunal ordinance and send employees to receive education and training from the Department of Environmental Protection of Taoyuan. 2. Write a business waste disposal plan and submit it to the IWR & MS of the Environmental Protection Administration of the Executive Yuan.

Violation of Social and Economic Regulations from 2019 to 2021

Time of incident	Description	Penalty	Corrective measures
May 2019	Extended working hours beyond legal limits; no rest period of eleven consecutive hours.	NT\$620,000	Implement access control and attendance management. Overtime must be applied for in advance and completed within the approved hours.
August 2020	Extended working hours beyond legal limits.	NT\$100,000	Reinforce promotion and implement shift management.
January 2021	Extended working hours beyond legal limits.	NT\$620,000	Reinforce promotion at meetings.

1.2.4 Audit Mechanism

SKM and the board of directors have set up an independent audit department. The directors can appoint and remove the manager of the audit unit to inspect and control the overall operation of the organization. SKM has established an effective and complete audit system according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies." According to the company by-laws, laws and policies, and internal control systems, the audit department creates a detailed audit task list, continuously optimizes the risk assessment process mechanism, and makes an annual audit plan that specifies audit items and schedules.

At the quarterly board meeting, the audit department prepares and presents an internal audit report to the board, explaining audit deficiencies, irregularities, and suggested improvements and schedules.

The audit operation results for 2021 have been submitted to the board. No major internal control deficiencies and irregularities were found. Only suggestions were made for the operating procedure as a reference for each department to improve management quality.

Internal audit process

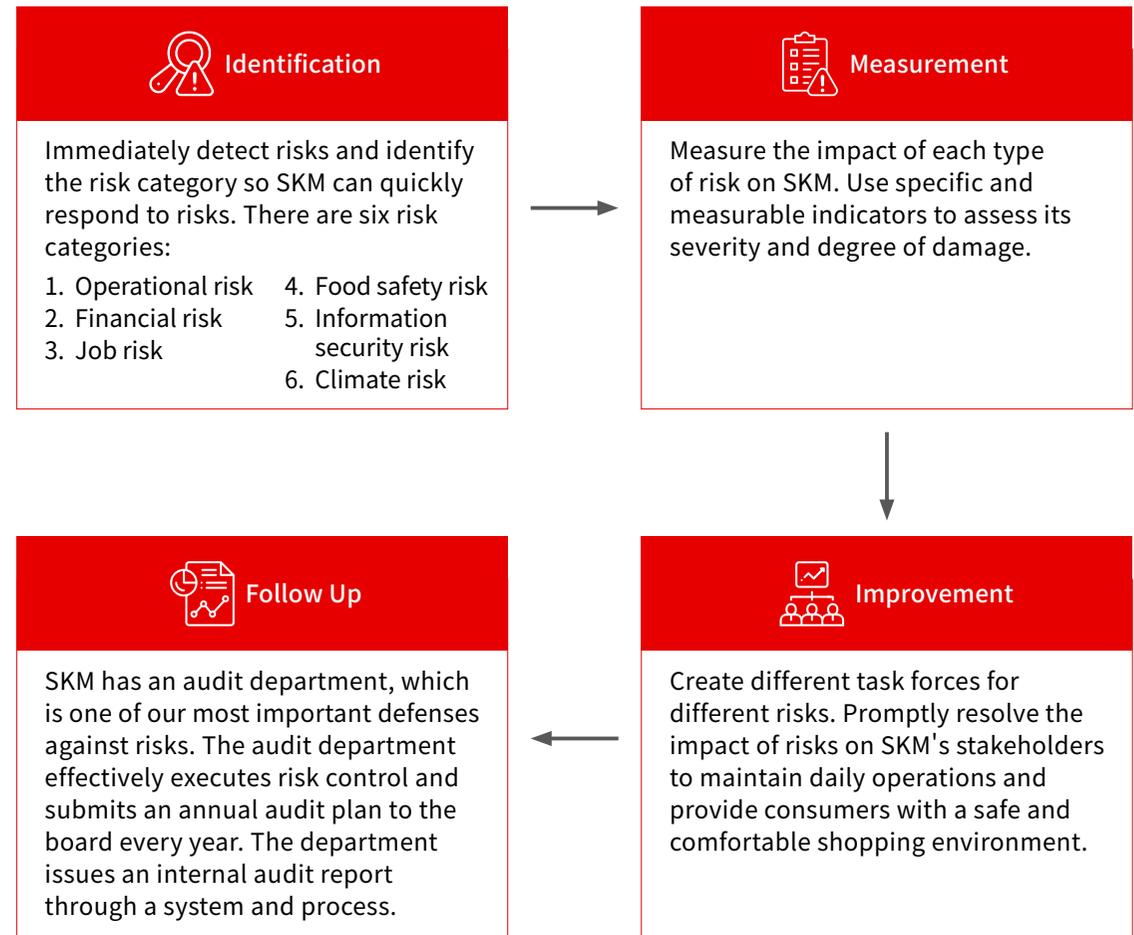


1.3 Risk Management

1.3.1 Risk Management Process and Mechanism

Risk management is important because companies are surrounded in a different environment from before. Because of the highly volatile and uncertain environment, companies must immediately detect the risks and manage them. Negligence and poor management of risks will result in huge financial and non-financial losses. To achieve sustainable operation, SKM has always emphasized a complete and effective risk management system and process. SKM has set up different task forces for different "systematic risks" and "non-systematic risks" to build a well-constructed and efficient risk management team. SKM's risk management aims for early detection, correct identification, precise measurement, effective supervision, and strict control to embed the concept of risk management into daily operations.

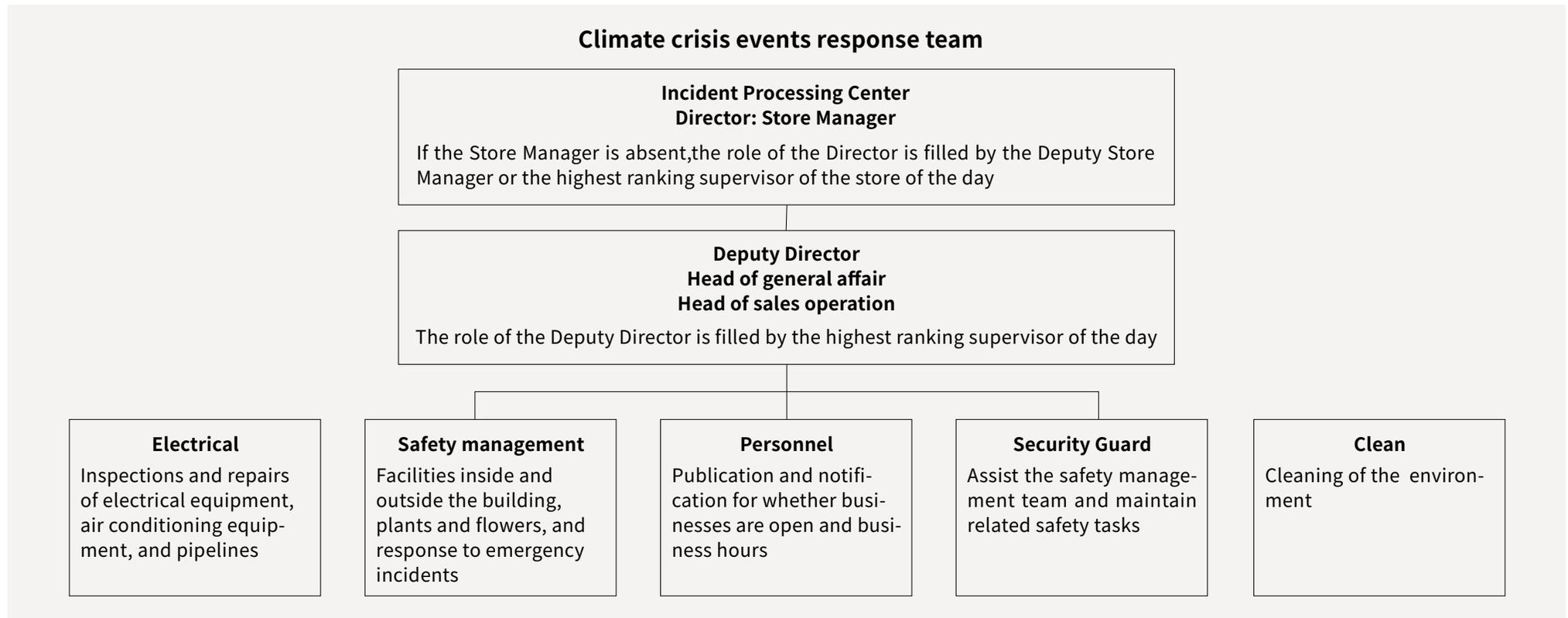
Risk management process



1.3.2 Climate Risk Management

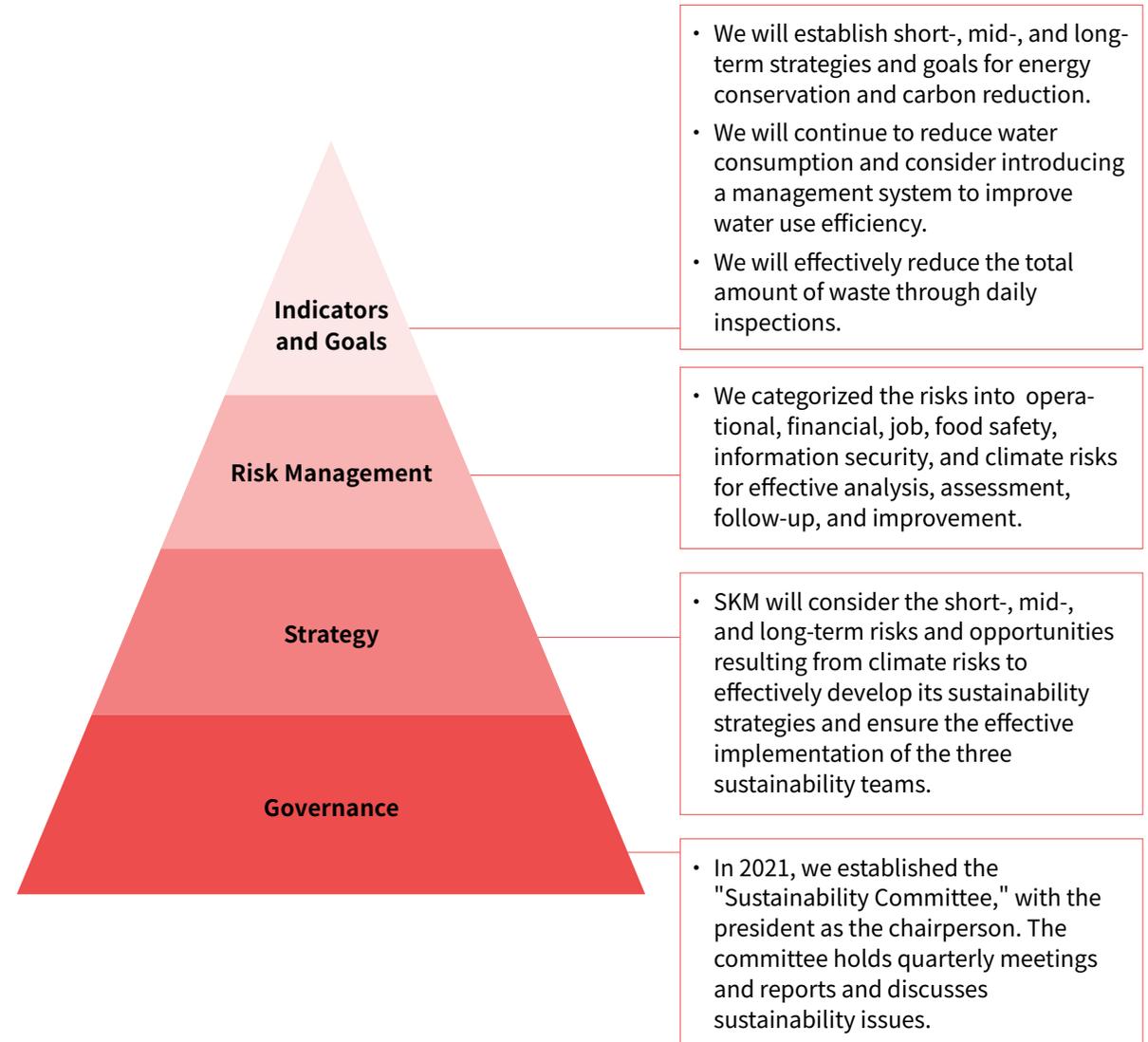
The results of the World Economic Forum's "Global Risks Report 2021" are similar to those in 2020. Four of the top five global risks are related to the environment, which shows that the climate crisis is a risk that cannot be ignored, and its effects may result in catastrophic disasters and failures. SKM has set up a climate crisis events response team to immediately

respond to climate crisis events and reduce their potential impact. In the climate crisis events response team, the store manager is the director who works with the deputy director to command the electrical engineering, security management, personnel, security, and clean-up groups to execute complete response measures quickly.



To effectively respond to climate risks, SKM discloses its current actions and related information on climate risks according to the framework of the Task Force on Climate-Related Financial Disclosures (TCFD). Through TCFD, SKM can strengthen the disclosure of sustainability information and improve its own sustainable actions.

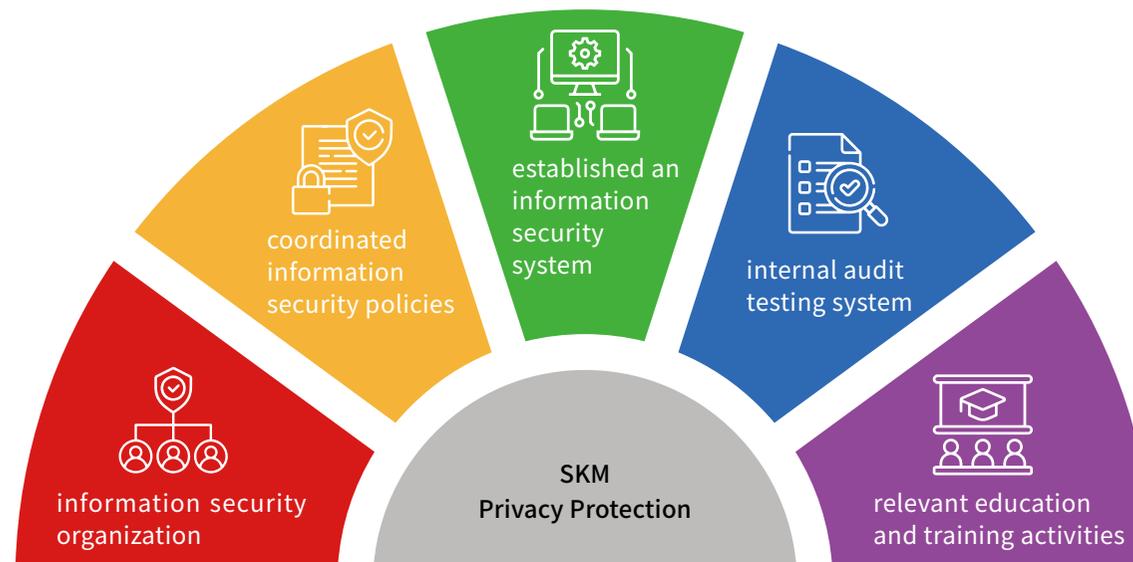
However, TCFD has made an important announcement to companies: climate change will lead to transformation, physical risks, and opportunities. Therefore, companies must consider how to effectively respond to risks and opportunities. SKM is not afraid of this challenge. We will continue to evaluate internal operations (for example, promptly update internal regulations and policies to respond to national and industrial policies resulting from transition risks). We want to make sure that we are on the right path toward a sustainable future.



1.4 Privacy Protection

SKM has a large amount of customer personal data because of how department stores are run. To protect customer personal data and operational data, SKM has set up an information security organization, coordinated information security policies, and established an information security system, an internal audit testing system, and relevant education and training activities to ensure full privacy protection and prevent information security crisis, achieving sustainable operation. SKM expects to introduce the ISO27701 international privacy information management system standards in 2023. Up until now, we have followed the ISO27001

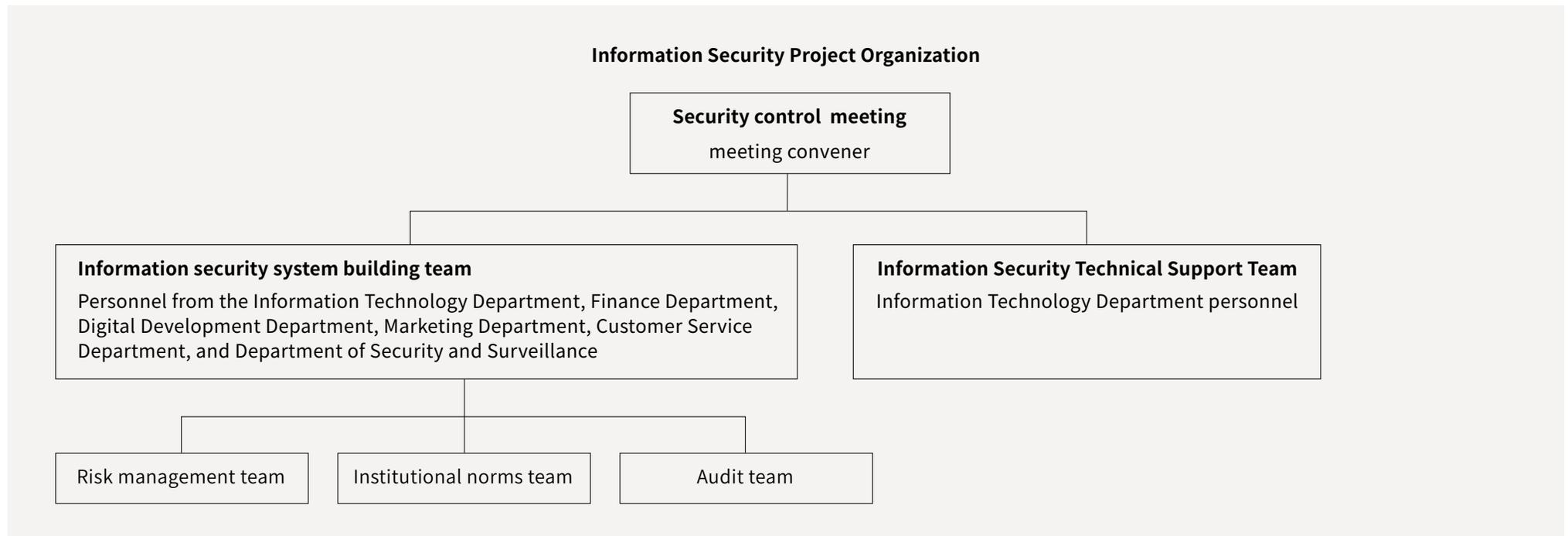
to stipulate information security policies and relevant management procedures. Information security policies establish a secure and reliable information environment to protect data, information systems, equipment, and networks from deliberate or accidental internal or external threats. They also provide reliable information and communication services.



1.4.1 Information Security Project Organization

SKM has around 2.7 million members. Our large amount of consumer data and company transaction data must be strictly protected. Since we value information security, we have set up the "chief security officer" position and relevant special units as early as 2018 based on FSC's "Regulations Governing Establishment of Internal Control Systems by Public Companies" amended at the end of 2021, taking the lead in the department store industry. To effectively and comprehensively handle the security situation

of SKM, we hold at least one information security review meeting every year and monthly security control meetings to present information security reports and review the strategies and performance of information security management. The chief security officer is the convener of the security control meeting, and the members are the directors of each unit. In addition, we have set up different teams with different duties to promote the information security system.



Information security task force responsibilities

Role	Responsibilities
Security control meeting	<ol style="list-style-type: none"> 1. Supervise the operation of the management system 2. Execute management review and resolution of matters related to the common management system
Risk management team	<p>[Risk management duties]</p> <ol style="list-style-type: none"> 1. Responsible for collecting and promoting management system information and cultivating information security technologies 2. Establish management system measures and execute security monitoring 3. Asset risk management operations, including maintenance of asset inventory, vulnerability and threat investigation, asset risk assessment, asset risk treatment plan, and follow-up.
Institutional norms team	<p>[Institutional norms duties]</p> <ol style="list-style-type: none"> 1. Responsible for the revision and control of procedural documents related to the management system 2. Management system review preparation
Audit team	<ol style="list-style-type: none"> 1. Plan the annual management system audit operation implementation plan and make the "information security audit checklist" 2. Compile the audit report and submit it to the security control meeting for review
Information security technical support team	<p>[Crisis response duties]</p> <ol style="list-style-type: none"> 1. Responsible for executing the management system crisis response 2. Responsible for the ongoing management of operations

Prevention of information security attacks

SKM has a complete information security system to effectively prevent consumer data breach and theft. In 2021, SKM confirmed that there are no complaints of customer privacy invasion or loss of customer data (including the total number of external and regulatory authority complaints).

To prevent information security attacks, SKM has conducted many internal social engineering and phishing drills to simulate and test our responses to information security attacks. In addition, the security control meeting reports clearly show the number, type, and trend analysis of external attacks in the month, which are used to stipulate the information security reinforcement plan.

Drill example



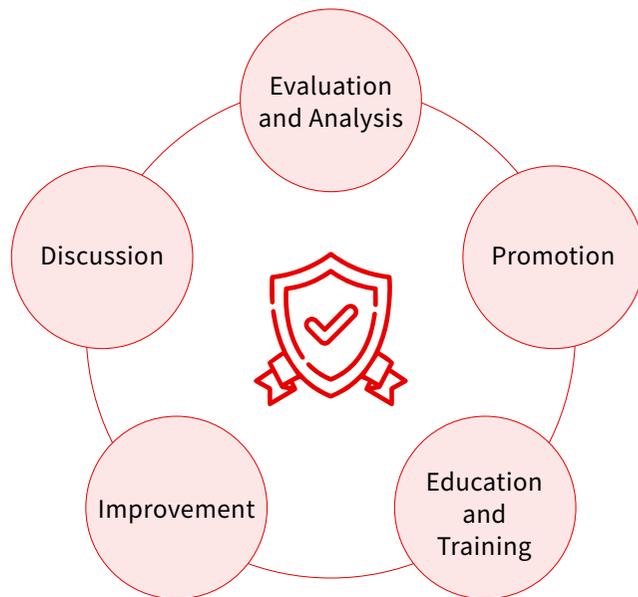
1.4.2 Audit Test and Control

The audit team under the information security system building team is responsible for making the annual audit system plan and the "information security audit checklist." The team also works with external trusted third parties to conduct comprehensive tests and accredited international certification. The team ensures that the management system of SKM can be effectively executed. It promptly takes corrective measures to ensure that the information security management complies with the standards and relevant government laws and regulations.

Frequency	Item
Once a year	<ul style="list-style-type: none"> • Information operation check • Information circulation check • Japanese business check-J-SOX assessment • ISO27001 Information security management systems review-Internal audit • ISO27001 Information security management systems review-External audit • Host system vulnerability scan • Program source code scan
Once every six months	<ul style="list-style-type: none"> • Website penetration test • Inspection of malicious cyber activity • Malware scan
Once every quarter	<ul style="list-style-type: none"> • Website vulnerability scan
Once every two months	<ul style="list-style-type: none"> • E-mail social engineering drill

1.5 Safety and Protection

SKM values workplace safety. In 2020, we received the Excellent Unit and Industrial Safety Creativity Award of the 108th Annual Labor Bureau Labor Safety Award of Taipei City for our security and protection efforts. We initiate a risk assessment of workplace safety every year and invite labor representatives to participate, creating a safer and more comfortable workplace and establishing a Happy Workplace. To deepen and improve workplace safety, SKM has set the five core elements of evaluation and analysis, discussion, improvement, education and training, and promotion as security and protection guidelines.



SKM President is hosting the meeting for the initiation of ISO45001



Critical events

- February 2013** — The Occupational Safety Department was established.
- April 2013** — The Occupational Safety and Health Committee was introduced.
- July 2020** — The ISO45001 management system was introduced.
- August 2020** — We received the Excellent Unit and Industrial Safety Creativity Award of the 108th Annual Labor Bureau Labor Safety Award of Taipei City.
- December 2020** — We passed the SGS audit.
- January 2021** — We received the ISO45001 certificate.

1.5.1 Safety Education, Training, and Activities

SKM provides comprehensive and effective occupational safety and health training to all employees to satisfy their needs for training and qualifications in the implementation of the Occupational Safety and Health Management System. We designed different courses with different required course hours for different departments so that all employees of SKM can acquire occupational safety and health knowledge in the most effective manner.

Employee category	Course contents	Required hours
Before hiring new employees or before current employees switch jobs	<ul style="list-style-type: none"> a. Introduction of ESH policies and objectives. b. Overview of the laws and regulations on occupational safety and health and environmental protection. c. Occupational safety and health concepts and safety and health work rules (including the right to stop work to avoid hazards). d. Automatic inspections before, during, and after operations. e. Standard operating procedures. f. Significant environmental factors, safety and health risks, and other actual or potential environmental safety and health impacts. g. Contributions to the effectiveness of the environmental safety and health management system, and non-compliant behavior or conditions. h. Emergency response to environmental safety and security incidents. i. Fire and first aid knowledge and drills. j. Other environmental safety and health knowledge related to worker operations, accidents, and investigation results. k. General hazard awareness training. 	<ul style="list-style-type: none"> a. The first training session shall be at least three hours. However, three additional hours shall be required for operations and construction involving the use of machinery or equipment, construction vehicle machinery, elevated work vehicles, winding engines, oxygen-deficient operations, and welding operations; three additional hours shall be required for the production, disposal, or use of hazardous chemicals. b. At least three hours of refresher training shall be provided for employees every three years.

Employee category	Course contents	Required hours
Before hiring new business managers or before current business managers switch jobs	<ul style="list-style-type: none"> a. Courses required "before hiring new employees or before current employees switch jobs" as described above. b. Management and execution of EHS management. c. Automatic inspections. d. Improvement of work methods. e. Safe operation standards. 	<ul style="list-style-type: none"> a. The first training session shall be at least nine hours (six hours in addition to the three hours of courses required "before hiring new employees or before current employees switch jobs" as described above). b. At least three hours of refresher training shall be provided for employees every three years.
Members of the Occupational Safety and Health Committee	<ul style="list-style-type: none"> a. Occupational safety and health policy. b. Safety and health training. c. Work environment monitoring. d. Health management and occupational disease prevention. e. Safety and health proposals. f. Automatic inspections and safety and health audits. g. Preventive measures for hazards involving machinery, equipment, raw materials, and materials. h. Occupational hazard investigation reports. i. Contractor safety and health management. 	At least three hours of refresher training shall be provided for employees every three years
Contractors	<ul style="list-style-type: none"> a. Hazard information training before operations. b. Emergency response and fire escape training for operation areas. c. Provide training for the licenses and qualifications of special operation personnel, complete refresher training hours on schedule in accordance with regulations, and retain records for reference. 	Processed in accordance with regulations

Stop, Look, Listen

SKM expects employees to learn and master a wide range of safety concepts. We hold the "Stop, Look, Listen" activity with an entertainment approach and give prizes for correct answers, enhancing employees' safety literacy and thinking skills in the process. The feedback responses show that the employees are highly interested in information security and wish to learn new knowledge.



2021 "Stop, Look, Listen" Statistics		
Employee Category	Counter Employees	SKM Employees
Number of Participants	2,203	2,086
Total Employee Ratio	12%	86%
Number of people who answered all the questions correctly	1,167	1,385
Percentage of correct answers	53%	66%
Feedback Form - Safety knowledge they wish to learn	<ul style="list-style-type: none"> • Information security: 1,080 votes • Occupational safety: 935 votes • Fraud prevention: 696 votes • Food safety: 526 votes • All: 6 votes • No comments: 2 votes • Traffic safety: 1 vote • Health education and mental health: 1 vote • Guidelines for handling nuisances in business premises: 1 vote 	<ul style="list-style-type: none"> • Occupational safety: 1,035 votes • Information security: 886 votes • Fraud prevention: 799 votes • Food safety: 648 votes • All: 15 votes • No comments: 6 votes • Traffic safety: 2 votes

1.5.2 Effectively Operate Safety and Health

SKM is responsible for all issues related to the safety and health of employees, partners, and customers. We are committed to preventing all diseases and injuries. To effectively execute safety and health goals, SKM has improved relevant management systems and organizational operations. We have set up an occupational safety and health department and labor safety and health unit in each store. We have also set up an "Occupational Safety and Health Committee" in accordance with Article 10 of the Regulations of Occupational Safety and Health Management. The committee has more than seven members and meets at least once every three months. The chairperson serves as the chair of the committee. There are three labor representatives, accounting for 38% of the total number of members, which exceeds the statutory requirement of legal representatives must be more than one-third of the total members.

Occupational Safety and Health Committee:

Head office chairperson → president

Head office vice chairperson → chief security officer

Head office executive secretary → director of the Occupational Safety and Health Department

Store chairperson → store manager

Store executive secretary → director of the Occupational Safety and Health

Labor safety and health policy

1. Establish and maintain an effective labor safety and health management system.
2. Stay compliant with regulations and regularly inspect the labor safety and health measures to ensure its compliance with the law.
3. Ensure project execution and risk management to effectively achieve the labor safety and health targets.
4. Implement educational training in order to strengthen employees' perception and understanding of labor safety and health.
5. Eliminate and decrease labor safety and health risks and continually improve the labor safety and health system to reach better efficiency.
6. Promise employees, partners and stakeholders a safe and healthy workplace and work conditions.
7. Provide consultation and promote information regarding labor safety and health to employees, partners and stakeholders.
8. Encourage employees to take part and comply with relevant obligations to ensure that labor safety and health measures are well executed.



Safety and health-related statistics

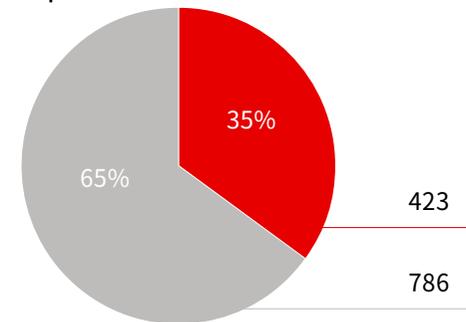
SKM values the safety of employees. We regularly conduct investigations on employee safety to gain an in-depth understanding of the working situation of every employee, improve our management, and provide follow-up care. SKM humbly accepts different employee opinions and continues to make improvements, building a pleasant shopping environment that is also a safe workplace.

Occupational Disease

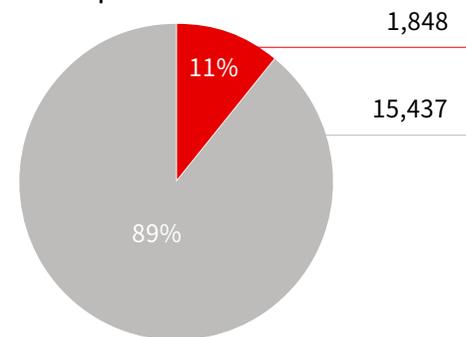
Occupational Disease Statistics									
Taiwan	2019			2020			2021		
	employees	non-employees	Total	employees	non-employees	Total	employees	non-employees	Total
work-related deaths	0	0	0	0	0	0	0	0	0

Workers covered by the occupational health and safety management system

Certified Scope



Non-certified Scope



■ Employees
■ Non-employees

Note:

1. Non-employees are contractors, sequential contractors (not regular, thus not calculated) and counter staff.
2. The scope of certification covers the headquarters and Taipei Xinyi A4
3. The data date 2021/12

Occupational Injury

2021 Occupational Injury Statistics						
	employees			non-employees		
	Male	Female	Total	Male	Female	Total
Fatalities (A)	0	0	0	0	0	0
Serious occupational injuries (B)	0	1	1	0	1	1
Recordable occupational injuries (C)	1	3	4	0	0	0
Working hours (lost-time) (D)	0	480	480	0	168	168
Scheduled total hours of work (D)	1,599,104	3,091,072	4,690,176	8,035,200	24,222,656	32,257,856
Occupation injury fatality rate (A/D)*200,000	0.00	0.00	0.00	0.00	0.00	0.00
Disabling injury rate (B/D)*200,000	0.00	0.06	0.04	0.00	0.01	0.01
Recordable work injury rate (C/D)*200,000	0.13	0.19	0.17	0.00	0.00	0.00
Occupational injury incident description	Crush*1	Fall*2, cut*1, fallen objects*1			High/low temperature contact*1	

Note: 1. Non-employees are subcontractors, contractors, counter staff, etc.

2. Scheduled total hours of work = Number of employees in December*statutory working days*8 hours

1.5.3 Hazard identification Risk assessment Handling of accidents

To identify occupational safety and health hazards in operations, evaluate their risks, and manage and improve them, SKM stipulated the "Hazard Identification and Evaluation Management Process" to manage, identify hazards, and assess risks of routine and non-routine production activities in the head office and each location. We sorted the order of priority of risk events through risk assessment and filtered projects that do not comply with regulations and stakeholders' opinions to set safety and health goals

and improve management plans. This way, we can reduce occupational safety and health risks and improve SKM's occupational safety and health performance.

Hazard identification and risk management procedures:

Step1. Designate identification and assessment personnel

To be processed by the hazard identification and risk assessment personnel designated by the unit manager who qualified in the training based on the "Occupational Safety and Health Training Procedures".

Step2. Sort equipment and operations

The identification and assessment personnel shall consider the following items and divide the equipment and operations systematically to ensure comprehensive identification and assessment. The identification and assessment personnel shall record the classification results into the "Occupational Safety and Health Impact Analysis Table".

Step3. Hazard identification and risk assessment

The identification and assessment personnel use onsite inspections, interviews, or meetings to identify potential hazards that may cause personal injury or health hazards in the aforementioned operations. They shall conduct quantitative evaluations of hazard factors in terms of severity (S), hazard occurrence probability (P), and effectiveness of risk control (C), and calculate the risk value $R = S \times P \times C$

Incident reporting process

SKM has maintained a good shopping environment and workplace. We have stipulated management and reporting processes in advance so we can immediately deal with accidents by following the processes to minimize injuries for employees and customers.

1. Injury/illness incidents

incidents related to injuries and illnesses in the workplace and department store.

2. Public accident incidents

buildings, passages, other work objects, natural disasters, leakage of hazardous substances, etc.

3. Security incidents

theft, harassment, abduction, assault, patient disappearance, homicide, etc.

4. Harmful incidents

verbal conflict, physical assault, suicide/attempted suicide, self-harm, etc.

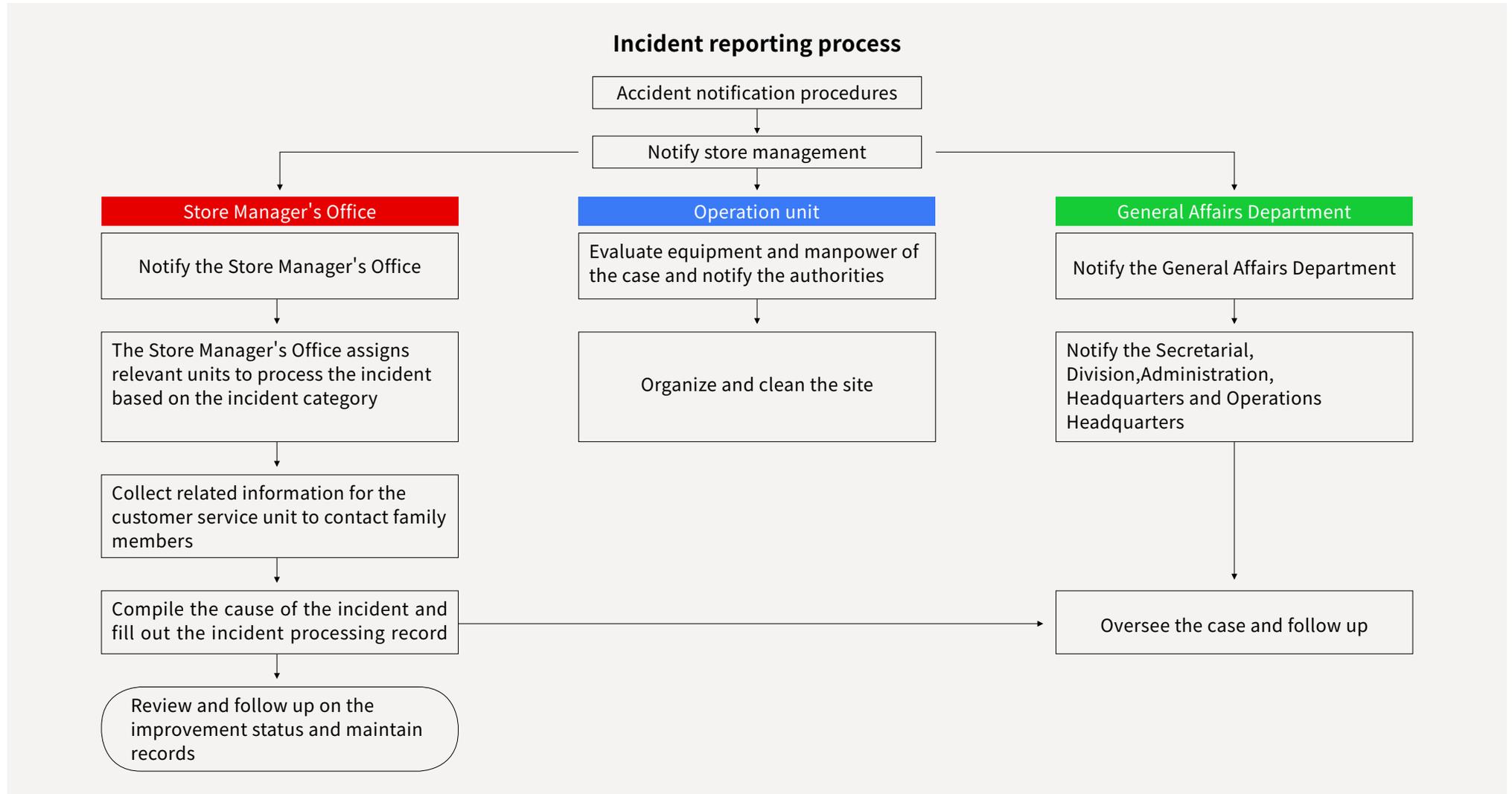
5. Other incidents

incidents not listed above.



Public safety regulations:

- 1 Guidelines for handling nuisance incidents in department store.
- 2 Guidelines for handling dispute over parking vehicles.
- 3 Guidelines for handling casualties in department store.



Daily safety and health inspections

SKM's security and protection cover the entire department store. We believe in ensuring safety in every operational detail. We provide the greatest security for customers and employees through daily equipment inspection, maintenance, and update. SKM is responsible for the health status of employees and customers. Therefore, we have established regulations to carry out health coaching, management measures, and first-aid and rescue.



Each applicable location must inspect, maintain, and care for the machinery, equipment, and appliances in accordance with the relevant provisions of the occupational safety and health organization management and automatic inspection regulations. Each applicable location shall also make sure the appliances, equipment, and safety devices are functional and safe before use. Regular inspections, concentrated inspections, and operational inspections shall be recorded with the following entries and kept for three years:

- I Date of inspection (dd/mm/yyyy)
- II Inspection method
- III Section of inspection
- IV Inspection results
- V Name of the inspector
- VI Corrective measures to be taken according to inspection results

ISO 45001 Correction of equipment deficiencies





Health management measures:

Relevant health examinations, physical examinations, and special health examinations in accordance with laws and regulations. Prevention and protection of diseases caused by repetitive work, shift work, night shifts, and long working hours, prevention and protection of violence from other people's actions when performing duties, prevention of ergonomic hazards, avoidance of repetitive musculoskeletal disorders, workplace maternal health protection, etc.

First-aid and rescue procedures:

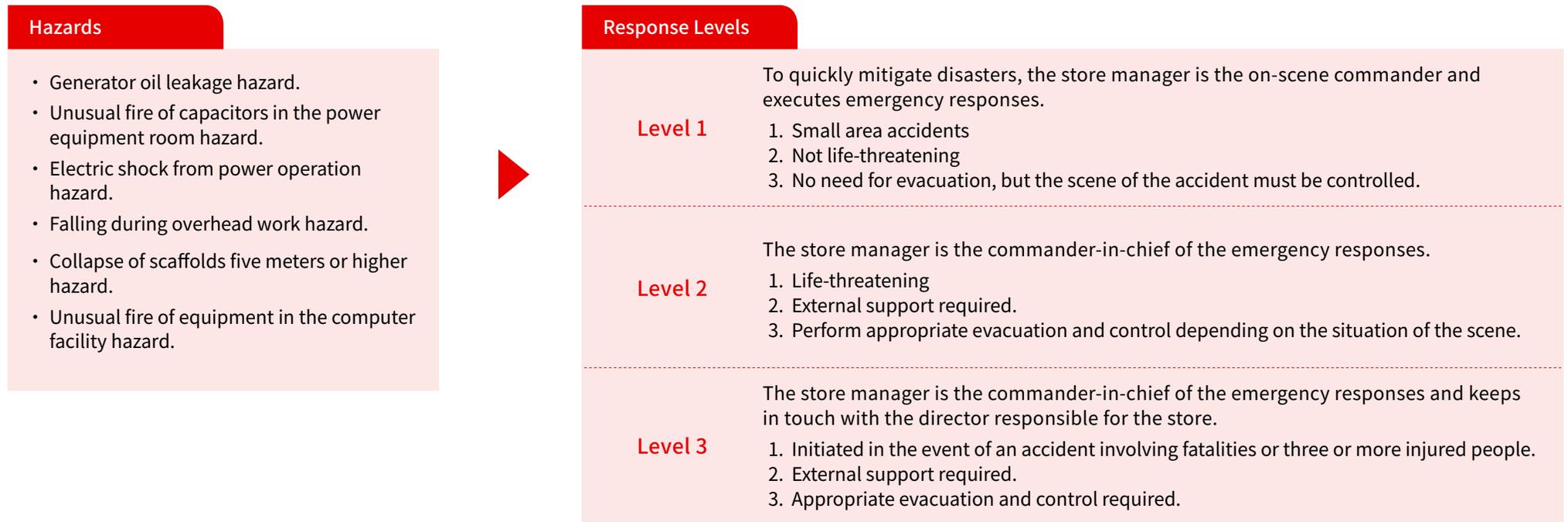
- I When an accident occurs and people are injured, the accident unit shall immediately send personnel to rescue the injured and move them to a safe place with first-aid personnel.
- II Before the ambulance or paramedics arrive, first-aid personnel shall continue to perform treatment and stay by the injured.
- III Personnel not assigned to rescue shall join the rescue if necessary.
- IV The infirmary shall have necessary medical and health equipment and first-aid medicine and devices.
- V The safety and health management unit may suggest adding first-aid medicine and devices to the infirmary as needed.

Occupational safety

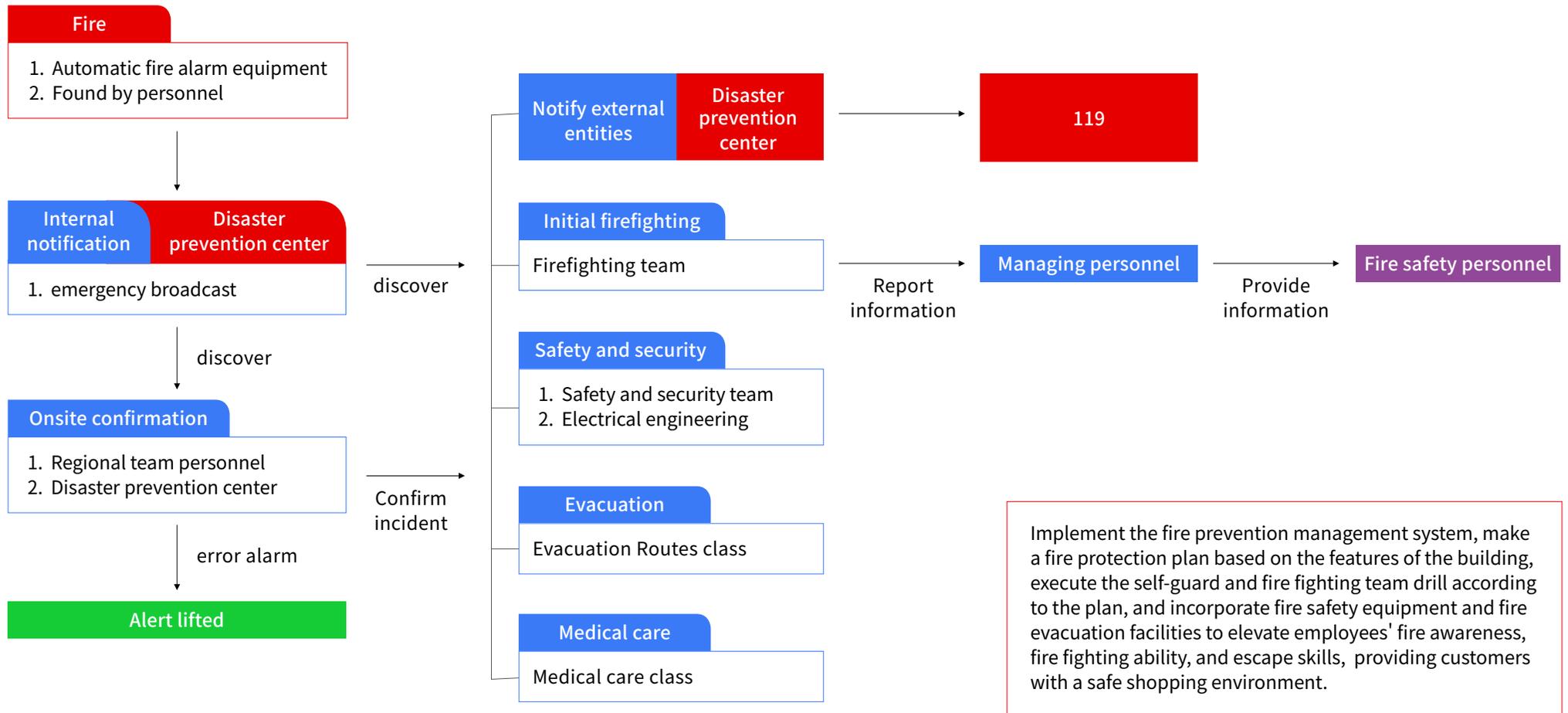


Occupational hazard emergency response plan

We stipulated an occupational hazard response plan to ensure employees can quickly respond to operational hazards and minimize injuries. Execute occupational safety and health matters such as identification, assessment, and control of the work environment or operational hazards and emergency response measures according to the scale of the business unit.



Fire response process

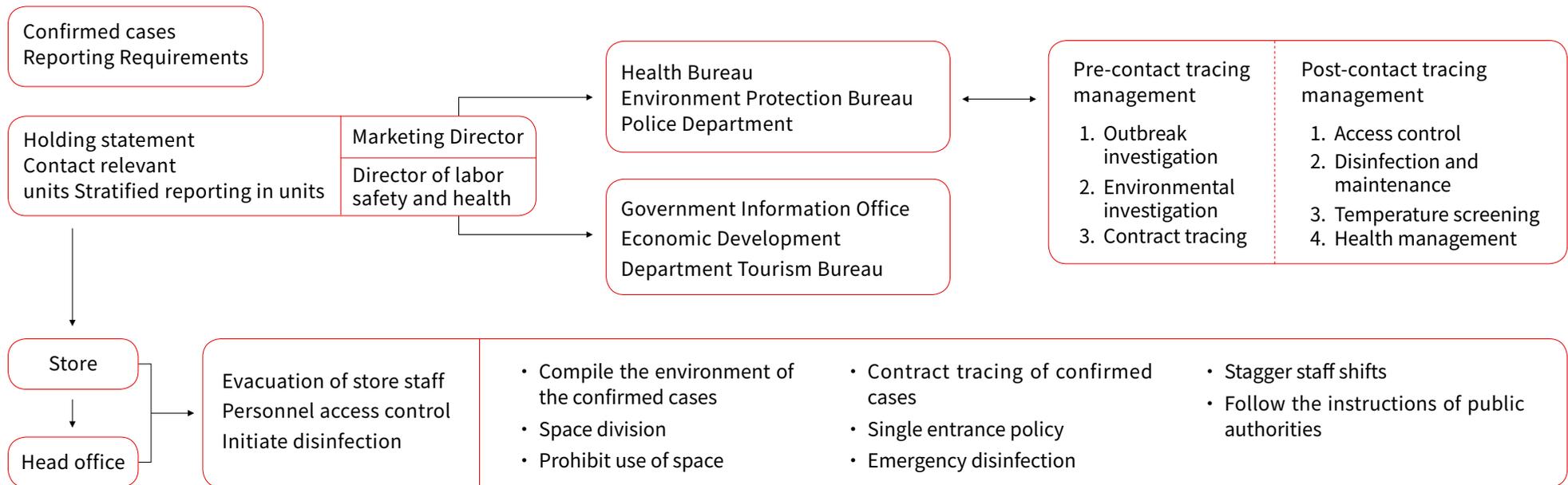


1.5.4 COVID Safety Measures 2.0

In recent years, the world has suffered from the inconvenience and troubles of COVID-19. SKM has borne the brunt because of the nature of the department store industry. However, SKM remained humble and positive. We wish to accompany consumers in facing the challenges of the pandemic. In response to the pandemic, SKM has established relevant regulations, policies, and processes to effectively control and manage the impact of the pandemic. To stay informed about the status of the pandemic and respond

immediately, the president held a pandemic prevention and response meeting every week during the pandemic to announce future pandemic concerns to the staff and keep up with pandemic-related information, such as the trend of confirmed cases, vaccine procurement and coverage, response management, etc. In particular, SKM stipulated relevant regulations and revised 35 measures of the upgraded Pandemic Prevention 2.0 in 2021 to maintain a safe shopping environment and workplace.

Pandemic management process



Anti-pandemic regulations:

- 1 SKM precautions in the event of an employee testing positive
- 2 Handling of employees who tested positive
- 3 SKM responses to the employee and their cohabitants
- 4 Staggering of staff and duty specifications
- 5 Implementation of remote working
- 6 Detailed rules for new anti-pandemic approach in the office
- 7 Implementation rules for the management of the use of at-home rapid tests
- 8 Execution plan for rapid testing in company
- 9 SKM at-home rapid test guidelines
- 10 Assessment and recommendation on whether the company should announce a confirmed case



1.6 Food Safety

To provide consumers with safe food, SKM actively promotes food safety-related management plans. In addition to following government regulations, we also stipulated internal "food hygiene and safety operation regulations" that cover the food court, restaurants, coffee shops, supermarkets, etc. We also set up a food safety team in the head office and stores that deals with food safety matters. We implement food safety management through education and training, internal and external audits, sampling inspections on holidays, and other methods. We continue to strengthen our customer service philosophy of "ensuring food safety to give our customers peace of mind." SKM did not violate health and safety regulations related to products and services in 2021.

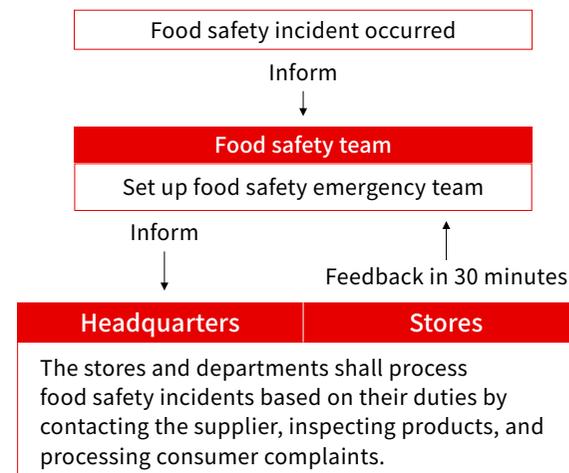
1.6.1 Food Hygiene and Safety Plan

1. Education and training	Improve food hygiene and safety education and training materials and differentiate them for brands.
2. Risk management	<ul style="list-style-type: none"> Conduct product sampling inspection for delivery platform partners. Add audit items for the dishwashing facility in each store.
3. Evaluation and accreditation	Encourage retailers (food stalls, coffee shops, restaurants) to participate in the GHP "Good Hygiene Practice" accreditation scheme; continue to follow up on the application and accreditation status.
4. Laws and regulations	Meat inspection booklet: Make a booklet of the inspection and certificate of origin of meat products sold in SKM for future reference.

Food safety team



Food safety incident response process



1.6.2 Internal and external audits provide assurance and guarantee

To provide consumers with safe products, SKM meets all requirements of the Food and Drug Administration of the Ministry of Health and Welfare and requires the implementation of the Regulations on Good Hygiene Practice for Food (GHP). We enhance the items and frequency of internal and external audits and complete internal re-inspection for any deficiency within three days. If we fail a sampling inspection, the on-site sales operation staff will report the hygiene deficiencies. We will also make corrections according to improvements recommended by the Health Bureau. Our sale operation staff and customer service staff of the store will strengthen internal environment sanitation inspections during the improvement period until the improvement is completed or the Health Bureau visits again.

Sampling inspections for general products in 2021 included restaurants, food court, supermarket, cafes, and live cooking events, totaling approximately 2,480 items, of which 94.7% qualified in initial inspections. Re-inspections were conducted on items that failed the initial inspections within one week and only products that pass the second inspections can be sold.

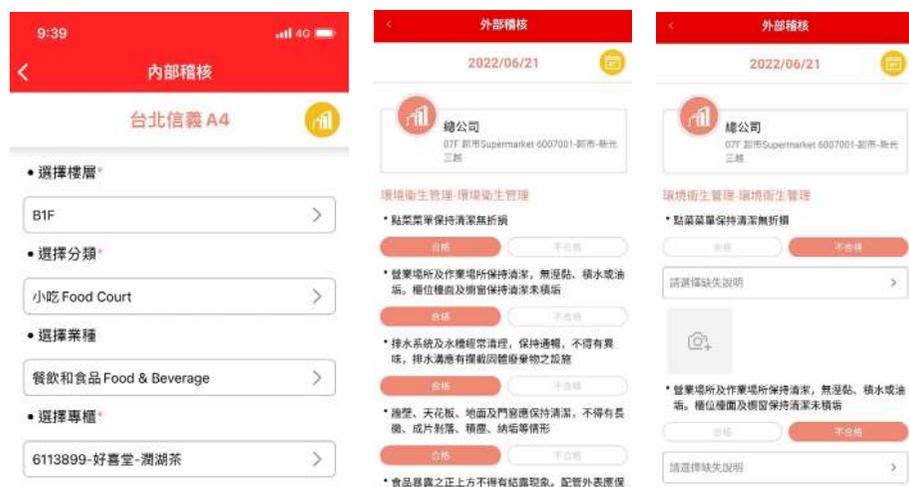
Audit instructions and flowchart

	Frequency	Sampling inspection item
Internal audit	Once a month	On-site sanitation
External audit	Once every quarter	Food sampling, hand and utensil smears, counter sanitation



Digitization of food safety audit

To promote correctness and efficiency of audit, SKM actively promotes the digitization of the food safety audit process to improve the audit process.



Holiday sampling inspections

In addition to the regular internal and external audits, SKM conducts product sampling inspections on the four major holidays and anniversary sale so consumers can celebrate the holidays and dine safely. In 2021, the total number of holiday sampling inspection items was 380, covering 100% of the holiday products, all of which have passed the inspection standards.

Product sampling inspection item category

Sampling inspection category	Sampling inspection item	No. of sampling items	Remarks
General sampling inspection	Restaurants	Around 530	Popular products of the booth and products with higher risks
	Food court	Around 1,350	
	Supermarket	Around 150	
	Coffee shops	Around 240	
	Live cooking events	Around 210	
Holiday product inspection	Spring Festival	Around 70	Jerky gift boxes, tea
	Mother's Day	Around 130	Desserts and pastries
	Dragon Boat Festival	Around 50	Tea beverages, cooked sticky rice dumplings
	Mid-Autumn Festival	Around 90	Desserts and pastries
	Anniversary Sale	Around 40	Supplements
Total		Around 2,860	

1.7 Friendly Workplace

SKM actively cultivates and appoints internal talents. We are passionate about recruiting department store talents with potential, and we conduct reviews and cultivation for different talents. We also provide a complete remuneration package and subsidies better than those in the industry. Our employee turnover rate remained under 30% in 2021. We have achieved low turnover and high labor stability.

In addition to providing top-notch services for customers, we regard employees as the most important assets of the company and strive to create a safe workplace. In the event of major operational changes that affect the rights and interests of employees, SKM should follow the notice period stipulated by the Labor Standards Act, and notice employees relevant information at least ten days in advance to protect employees' right.

1.7.1 Benefits

General benefits



Marriage bonus



Funeral/
hospitalization
consolation money



Baby bonus



Child's school
enrollment bonus



Major disaster
consolation money

Optional benefits



Healthy life
benefit plan



Childcare/senior
care allowance



Child education
subsidy



Personal growth plan



Leisure and travel



Healthy life benefit plan

SKM cares about employee health and believes that we can only provide high-quality services with healthy employees. Therefore, we provide subsidies for health examinations, medical treatments, and hospitalization expenses. We encourage employees to care for their own health and help reduce the financial burden of health care. In addition, we provide group insurance for employees, including hospitalization insurance and cancer insurance. This can reduce the expenses of hospitalization or medical treatments resulting from accidents.

In 2021, 2,447 employees and 1,498 dependents were covered by the national health insurance. The company bore more than NT\$63.16 million. 2,246 employees were covered by the group insurance. The company invested more than NT\$7.79 million throughout the year.

Year		Number of insured (person)	Number of dependents (person)	Expenses borne by the company (NTD)
2020	Health insurance	2,628	1,612	59,706,924
	Group insurance		2,483	8,281,096
2021	Health insurance	2,447	1,498	63,163,126
	Group insurance		2,246	7,796,776



Safeguarding employee health

To care for employee health and create a healthy workplace, we introduced "health promotion" to turn the passive disease prevention mentality into active maintenance of physical and mental health. This way, we can protect

the precious human resources of the company and provide employees with a safe and healthy workplace.

Promoting five health actions

Work items	Content
Health examination	We arrange employee health examinations every year, which is better than the regulatory requirements (one examination every three years for those under 45, one examination every two years for those over 45). We provide different frequencies and health examination programs according to age and job content for employees to choose from, safeguarding employee health.
Health management	Maternal health protection measures in the workplace: Those who need the protection (pregnancy and postpartum) can express their needs. The nursing staff will then conduct a preliminary risk assessment for the person. On-site doctors should carry out hazard control and recommend improvements according to the assessment results.
	Preventive measures for abnormal workload: The nursing staff and occupational safety and health personnel will conduct an abnormal workload risk assessment for employees. According to the potential risk groups categorized by the company, the on-site doctor and nursing staff will screen and classify the high-risk groups of diseases caused by abnormal workload. Lastly, the on-site doctor will decide if the employee requires overload consultation.
	Preventive measures for ergonomic hazards (musculoskeletal disorders): The nursing staff will conduct musculoskeletal disorder investigations. The occupational safety and health personnel will conduct assessments based on the investigation results to identify the main hazards, make improvement plans based on the assessment results, and implement improvement measures.
	Workplace violence prevention measures: The occupational safety and health personnel will conduct workplace violence risk assessments. The nursing staff will hold relevant education and training for the needs assessed.
On-site health services	Mental health care measures: To promote mental health care, we provide a wide range of lectures, de-stressing activities, and courses so employees know how to look for resources and deal with stress.
	Health consultation clinic: On-site contractual occupational medicine doctors provide consultation services.

Work items	Content
Health care	First-aid personnel should be allocated according to the total number of people in each store. The first-aid personnel must have the "Safety and Health Education and Training of First-Aid Personnel" certificate.
	Safe Place Certification (AED + CPR): The labor safety and health unit regularly offers AED and CPR training courses. Dedicated AED personnel regularly check AED equipment.
	Epidemic prevention and control measures: For the peak period of infectious diseases every year, we conduct health management and tracking of employees and strengthen the sanitation of the department store to provide customers with a safe and comfortable shopping environment.
Health promotion activities	Health requirements survey: The occupational safety and health personnel surveys, evaluates, formulates, and carries out appropriate occupational health activities and handles employee health management matters.
	Carrying out health activities: Provide health promotion information (carry out health promotion activities such as fat-burning and muscle aerobics, yoga stretches, massages, 10,000-step walks, etc.) to create a healthy occupational atmosphere.
	Self-certification plan: Regularly offer the healthy workplace "health promotion badge" certification and reward the stores that meet the "health promotion badge" certification.



Personal growth plan

SKM encourages employees to study and advance their work skills after hours. We provide employees with subsidies for language learning, computer training, driving lessons, advancement courses, and other educational expenses. We subsidized NT\$420,000 in 2021.



Leisure and travel

SKM expects employees to achieve a work-life balance, so we encourage employees to travel and relax. We provide domestic and foreign travel subsidies, including expenses for public transportation, gas for road trips, car rental, site attraction tickets, parking, etc. We subsidized NT\$8.65 million in 2021.



Childcare/senior care allowance and child education subsidy

SKM values the family management of employees. We provide comprehensive family care and education allowances, including after-school care fees and talent class tuition for pre-school children ages 0-6; tuition, counseling fees, talent class tuition, and after-school care fees for children in elementary school and above; nursing home fees and caregiver fees for the parents, grandparents, or great-grandparents of the employee and their spouse. We wish to reduce the burden of child and senior care so employees can work without worries. We subsidized NT\$2.7 million in 2021.



Give vaccination leaves so employees can rest happily

As a member of the high-risk service sector with a high contact rate, SKM fully cooperates with the government's COVID-19 anti-pandemic promotion and encourages employees to be vaccinated. We provide a full vaccination subsidy and vaccine insurance for employees who receive two doses of vaccines within four months. The vaccine insurance coverage reached 83.9% in 2021. In addition, two days of leave were given for both doses, one of which is a paid leave. The leaves do not affect the perfect attendance bonus and other bonuses, in hopes that employees to rest without worries.



Pension system

According to the "Labor Standards Act" and "Labor Pension Act," for employees eligible for the old pension benefits, the company allocates 2% of their salary to the retirement reserve fund, which is managed by the supervisory committee of the labor retirement reserve fund. The committee deposits the money into the account in its name. For employees eligible for the new pension allocation, the company contributes 6% of the monthly insured amount to the individual labor pension account of the Bureau of Labor Insurance every month. Also, the company appoints a consulting company to make the actuarial calculation of the old retirement reserve fund to ensure pension rights for all employees.

1.7.2 Employee diversity and equal opportunities

Because of the nature of the department store industry, the percentage of SKM's female employees has remained at 65% in the past three years. Therefore, we pay more attention to the percentage and remuneration

of female executives. We also value employee diversity, promote social equality, and appropriately employ people with disabilities and ethnic minorities to promote diverse composition.

Information on employees and other workers	Data period: Data as of December 31 of each year					
	Gender	Employment contract		Employment type		Total
Official employees		Temporary employees (part time and contractor personnel)	Full time employees	Part time employees		
Taiwan	Femal	1,558	273	1,558	273	1,831
	Male	806	100	805	100	906
	Total	2,364	373	2,364	373	2,737
2021	Femal	1,665	208	1,665	208	1,873
	Male	885	92	885	92	977
	Total	2,550	300	2,550	300	2,850
2020	Femal	1,860	375	1,806	375	2,181
	Male	955	136	955	136	1,091
	Total	2,761	511	2,761	511	3,272
2019	Femal	1,860	375	1,806	375	2,181
	Male	955	136	955	136	1,091
	Total	2,761	511	2,761	511	3,272

Percentage of employees by employee category		Employee age				Total	Percentage
		≤ 30 years old	31- ≤ 50 years old	≥ 51 years old			
Taiwan							
2021	Female	633	795	130	1,558	65.91%	
	Male	253	420	133	806	34.09%	
	Total	886	1,215	263	2,364		
	Percentage	37.48%	51.40%	11.13%	100.00%		
2020	Female	686	864	125	1,675	65.69%	
	Male	293	467	115	875	34.31%	
	Total	979	1,331	240	2,550		
	Percentage	38.39%	52.20%	9.41%	100.00%		
2019	Female	740	961	105	1,806	65.41%	
	Male	343	487	125	955	34.59%	
	Total	1,083	1,448	230	2,761		
	Percentage	39.22%	52.44%	8.33%	100.00%		

Other diversity indicators	Number disability hires	Number of minority (indigenous peoples) hires	Number of foreign worker hires
2021	13	16	0
2020	13	13	0
2019	15	12	0

We calculated the male to female executive ratio. Taking the headquarters, Xinyi operation division, Northern operation division, Central operation division, and Southern operation division as indicators, the female executive ratio all exceeded 50%. The ratio of the Southern and Central operation division even exceeded 60%, and the overall pay ratio remained at 0.8. This shows that SKM values the rights of female employees and maintains equal opportunities for promotion.

Employee Category	Male to female pay ratio (fixed at 1 for males) 2021	Male to female pay ratio (fixed at 1 for males) 2020	Male to female pay ratio (fixed at 1 for males) 2019
Female executives	0.826	0.859	0.801
Male executives	1	1	1
Female non-executives	0.908	0.893	0.923
Male non-executives	1	1	1
All females	0.802	0.822	0.799
All males	1	1	1

Note: Executives are those titled supervisors or above.

Comprehensive parental and childcare policies

Around 65% of the employees of the company are women. Therefore, SKM extremely cares about the family of female employees and parental and child care issues. We wish to help female employees achieve work-family balance, return to work after giving birth, and pursue their dreams.

So, we provide comprehensive parental and child care policies, subsidies, and workplace environment. We also provide paternity leave for male employees to ensure true gender equality. 81 employees have applied for parental leave in the past three years.

Statistics of parental leave/reinstatement/resignation over the years.

Parental leave statistics	2021			2020			2019		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Number of employees eligible for parental leave in the year	80	55	135	110	51	161	138	53	191
Number of applicants for parental leave in the year (A)	20	3	23	29	3	32	25	1	26
Number of employees on parental leave who should be reinstated in the year	20	3	23	35	2	37	32	1	33
Number of employees on parental leave who should be and have been reinstated in the year (B)	16	3	19	19	2	21	24	0	24
Number of employees on parental leave who have been reinstated in the previous year (C)	19	2	21	22	0	22	19	1	20
Number of employees on parental leave who have been reinstated in the previous year and have been employed for at least one year by the end of the year (D)	14	1	15	18	0	18	16	1	17
Reinstatement rate B/A	80%	100%	83%	66%	67%	66%	96%	0%	92%
Retention rate D/C	74%	50%	71%	82%	-	82%	84%		85%

Certified nursing room with a friendly nursing environment

SKM has thoughtfully established a friendly nursing environment to meet the nursing needs of employees and customers. We have installed a fridge, filtered water dispenser, sink, sofa area, diaper vending machine, and other facilities according to the space of every nursing room, providing a convenient and considerate nursing environment. Ten of the nursing rooms in the 15 stores in Taiwan have been certified. SKM will continue to make improvements and provide a more friendly nursing space for employees and customers.



Certified breastfeeding room environment

 Xinyi A11	 Xinyi A8	 Xinyi A9	 Xinyi A4	 Taipei Nanxi Store
 Taipei Station Store	 Taipei Tianmu Store	 Chiayi Chuiyang store	 Kaohsiung Sanduo Store	 Kaohsiung Zuoying Store



1.7.3 Talent Cultivation and Development

SKM actively cultivates internal talents. We have made a three-year competency plan to provide employees with appropriate education, training, and career planning. We also conduct regular examinations according to performance and reward our employees, creating a positive career experience together.

Three-year competency plan

SKM actively cultivates internal talents, and we have made a "three-year competency plan." Through talent review and using ability and performance as determinants, we have identified "future stars," "high potentials," "backbones," "stable contributors," and other talents. We also planned training programs such as the "Succession planning," "High Potentials (HIPO)," and "Individual Development Plan (IDP)." We customize the career planning through the talent echlon construction and use talents appropriately to help employees be self-aware of their career development. In response to the pandemic, we provide physical and online training courses based on the four aspects of "on-the-job training," "labor safety and health," "orientation," and "information security." The total number of training hours for executives in 2021 was 11,334 hours and 9,067 for non-executives.

Category and quantity	Physical	Online
On-the-job training	114	26
Labor safety and health	64	3
Orientation	5	12
Information Security	0	2

Employee training statistics		2021		
Employee category		Total training hours	Total number of employees in the category	Average training hours
Rank	Executive	11,334.27	742	15.27
	Non-executive	9,067.59	1,622	5.59
Gender	Female	13,242.92	1,558	8.50
	Male	7,158.94	806	8.88
Tota		20,401.86	2,364	8.63

Fair assessment of performance and career development, reward employees accordingly

SKM has fair appraisal standards, assesses employee performance, and gives rewards to provide positive incentives for employees. 1,535 supervisors were appraised in 2021, and 732 non-supervisors were appraised.

Statistical table of employees who received performance and career development appraisal									
Employee category	2021			2020			2019		
	Number of employees who received performance and career development appraisal	Total number of employees in the category	Percentage	Number of employees who received performance and career development appraisal	Total number of employees in the category	Percentage	Number of employees who received performance and career development appraisal	Total number of employees in the category	Percentage
Female executives	429	431	100%	446	446	100%	442	444	100%
Male executives	303	311	97%	320	322	99%	316	321	98%
Female non-executives	1,063	1,127	94%	1,163	1,219	95%	1,332	1,362	98%
Male non-executives	472	495	95%	533	563	95%	613	634	97%
Total	2,267	2,364	96%	2,462	2,550	97%	2,703	2,761	98%

Note: Reasons that certain employees were not included in the performance evaluation: to be included in the performance evaluation, the employee must work for 3 consecutive months in the year of the evaluation and must be employed during the month of the evaluation.

Campus recruitment provides new talents for the company

SKM actively participates in campus recruitment expositions. We search for suitable talents in schools and provide comprehensive training and benefits. Upholding the spirit of giving back to education, we provide internships to give students interested in department stores the opportunity to enter the industry early. Our internship partners include the National Chengchi University, City University of Hong Kong, National

Sun Yat-sen University, National Taipei University, National Taiwan Normal University, Xi'an Jiaotong-Liverpool University, National Dong Hwa University, and Soochow University. We will continue to expand in the future and contribute to industry education.

Campus recruitment flyer



Shin Kong Mitsukoshi staff card

The staff card looks like nothing special. But it integrates many functions, such as access control identification, clock-in/out, employee meal benefits, birthday gifts, gifts for the three holidays, and cost management through the backend system. The most special feature is the upgrade from physical meal vouchers to depositing meal money into the card. In the past, the vouchers could only be used in staff restaurants. But now, they can be used at all counters of SKM department stores across Taiwan, which provides greater convenience and more options. We also provide an online platform for employees to check transaction records. In addition, SKM provides supermarket and restaurant discounts for employees. We also discussed with the retailers about a monthly employee purchase plan, providing all kinds of employee benefits.



Shin Kong Mitsukoshi staff card

Received the 2021 Happy Workplace Special Award

SKM competed against more than 2,000 companies in the "2021 Happy Workplace" competition and received the "Happy Workplace Special Award." The purpose of the special award is to recognize companies that continued to help society, invest in charities, give benefits to the disadvantaged, and properly care for employees in 2021 even though the economy was severely hit by COVID-19 and their income was lower than in previous years. With friendly employee policies and a safe and comfortable workplace, SKM successfully stood out in the rigorous voting and selection by more than 2 million office workers, becoming one of 45 companies in Taiwan to receive this award.



"2021 Happy Workplace" Award Ceremony



"Happy Workplace Special Award" trophy and certificate

Chapter 2

Green Fashion

We are aware of the global impact of climate change. Department stores are an integral part of people's lives. SKM understands that environmental sustainability must be achieved in order to continue to provide people with ideas for a better life. The idea of environmental protection is not a mere trend but something worth dedicating our efforts into. Let's start with ourselves and help consumers transition toward green fashion together.



Green Fashion

Sustainable issues of concern	Corresponding GRI topics	SDGs Targets	Affected stakeholders
<ul style="list-style-type: none"> • Energy and resource management • Greenhouse gas management • Waste management • Sustainable product selection • Product quality and responsibility 	<ul style="list-style-type: none"> • Water resource management • Green procurement • Brand image • Supply chain management 	<ul style="list-style-type: none"> • GRI 102 • GRI 204 • GRI 302-303 • GRI 305-306 • GRI 308 • GRI 414 	<ul style="list-style-type: none"> • Consumers • Shareholders/investors • Employees • Counters vendors • Suppliers • Community residents • Government agencies

Highlights

- Launch of sales areas without packaging for plastic reduction.
- Introduced 15,000 digital labels.
- Introduced 430+ products with environmental/social certification in own products.
- Set up at least 30 electric vehicle charging stations.
- Since 2013, the Company has replaced lighting equipment with LED energy-efficient lighting equipment. The carbon emissions including electricity, natural gas, gas and diesel has reduced emissions in 2021 by 36,000 tons compared to 2018, equivalent to the annual carbon absorption of 92 Da'an Forest Parks.

Management Approach

- Promote key energy management plans and gradually implement energy conservation and carbon reduction.
- Promote water resource management plan and gradually replace equipment with equipment that has water conservation label.
- Planned introduction of the ISO 46001 water resource efficiency management system in 2021.
- Implement sustainable supply chain management to maintain product quality.

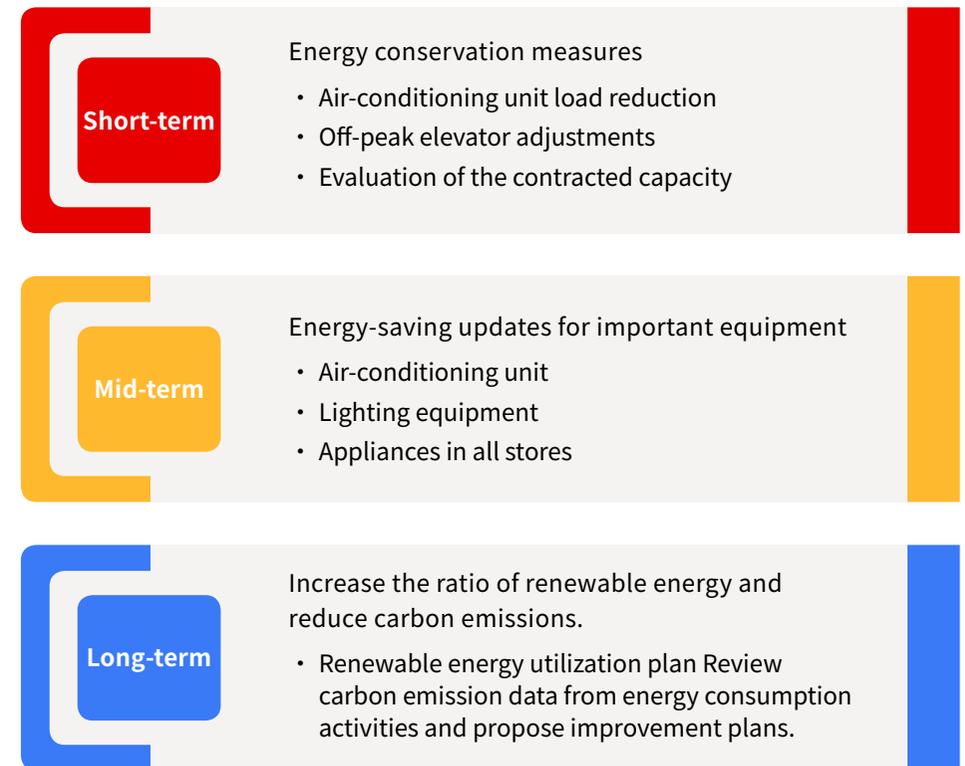
2.1 Green Operations

2.1.1 Energy, resource, and greenhouse gas management

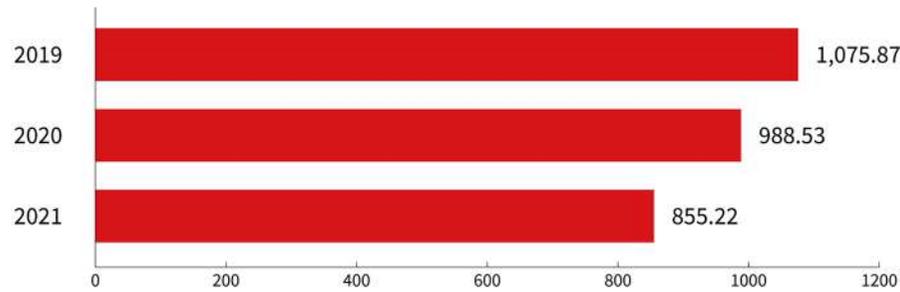
According to our analysis, the largest source of power consumption for department stores is the air-conditioning system; the second is facilities for transporting guests such as escalators and elevators; the third is the power used for operating stores and restaurants. They are followed by lighting equipment including nighttime lighting. SKM implements energy management for these areas to provide consumers with comfortable services with the lowest energy consumption. Every store is assigned an energy manager who regularly convenes meetings with the supervisor to discuss the effectiveness of energy conservation and carbon emissions reduction. The Company also specifies the energy efficiency of equipment in the procurement requirements to purchase equipment with higher energy efficiency.

Since 2013, SKM has gradually replaced lighting equipment with LED energy-efficient lights. The Company's carbon emissions including electricity, natural gas, gas and diesel were reduced by 36,000 tons in 2021 compared to 2018, equivalent to the annual carbon absorption of 92 Da'an Forest Parks, and we have used 2.4 million kWh of green electricity. SKM will continue to work hard to save energy and reduce carbon emissions, and we have also set a goal of reducing carbon emissions by 1% each year.

Short, medium, and long-term strategies and targets for energy conservation and carbon emissions reduction

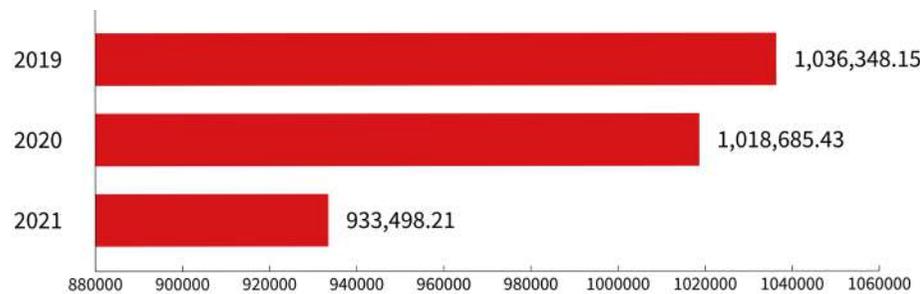


Energy consumption - Petrol and diesel (GJ)



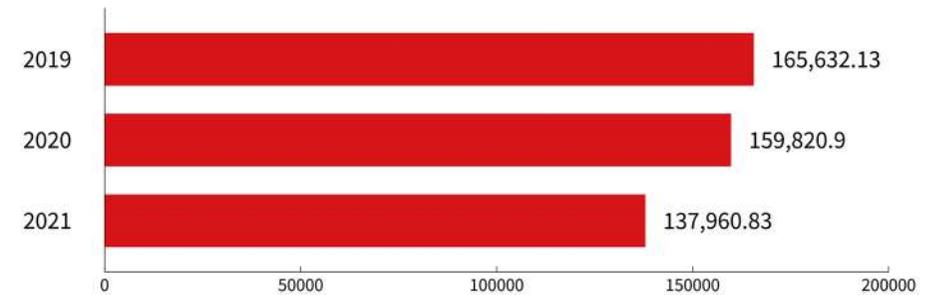
- Note:
1. The scope of data includes the head office of SKM and 15 stores
 2. Converted based on the Heat Content of Energy Products announced by the Bureau of Energy

Energy consumption - Electricity (GJ)



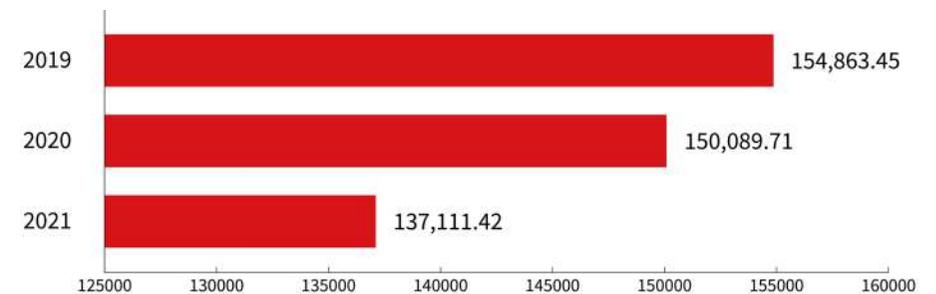
- Note:
1. The scope of data includes the head office of SKM and 15 stores
 2. 1000kWh=1MWh=3.6GJ

Energy consumption - Natural gas (GJ)



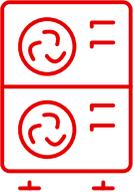
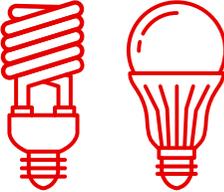
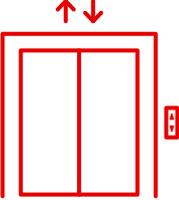
- Note:
1. The scope of data includes the head office of SKM and 15 stores
 2. Converted based on the Heat Content of Energy Products announced by the Bureau of Energy

Greenhouse gas emissions (metric ton CO2)



- Note:
1. The scope of data includes the head office of SKM and 15 stores
 2. Reference data for the carbon emission factor: Natural gas; fuel: "Greenhouse Gas Emission Factor Management Table" of the Environmental Protection Administration, Executive Yuan; electricity: Taiwan Power Company

Key energy management plans

<p>Air-conditioning system</p>  <p>Gradual replacement of air-conditioning units</p>	<p>Lighting equipment</p>  <p>Gradual replacement of fluorescent lights, total for 31,746 lamps in all stores</p>	<p>Electricity consumption of stores and restaurants</p>  <p>Prioritized use of equipment that meet energy conservation requirements for appliances in all stores (including store and kitchen equipment)</p>	<p>Customer transportation facilities</p>  <p>Plan reasonable time of use of customer transportation facilities based on the number of visitors in each store and adjust the number of elevators in operations during off-peak hours</p>
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Electricity equipment safety management

SKM has set up the "Electricity Safety Busway Management Regulations" and a five-year plan for safety management of power equipment to ensure the safety and stability of power supply and provide consumers with a safe and comfortable environment.

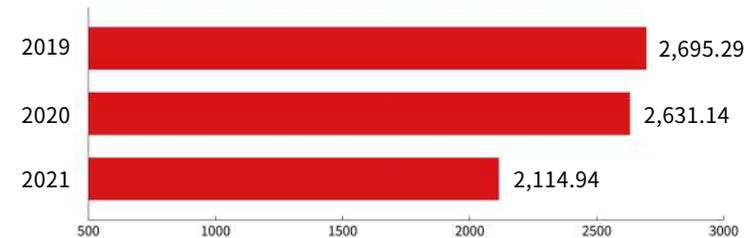
Electricity equipment safety management five year plan

2021	2022	2023	2024	2025
Electricity busway (BUSWAY) safety inspections Scope: All stores	Low-voltage air circuit breaker (ACB) Safety inspections phase 1 Scope: 6 stores	Low-voltage air circuit breaker (ACB) Safety inspections phase 2 Scope: 5 stores	Low-voltage air circuit breaker (ACB) Safety inspections phase 3 Scope: 4 stores	High-voltage transformer safety inspections Scope: All stores

2.1.2 Water resource management

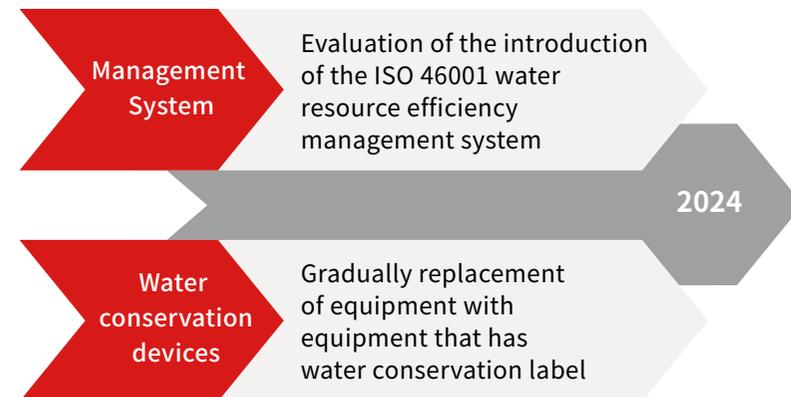
Extreme rainfall events have intensified in recent years due to climate change. Although department stores are not an industry with massive water consumption, it has been affected by the changes. SKM Taichung Store faced water restrictions in April 2021 and had to take emergency response measures. The crisis also reminded us of the importance of water resources. SKM implements water resource management with a comprehensive review and installation of water conservation devices. We encouraged all employees to take part in the water conservation actions. The water consumption in the last three years have continued to fall. The Company will evaluate the adoption of a management system to increase the efficiency of water resource utilization.

Water consumption statistics in the last three years (million liters)



Note: The scope of data includes the head office of SKM and 15 stores

Water resource management plan



Employees' thoughts on the water restriction plan

Taichung Zhonggang Store/ Occupational Safety and Health/ Manager ZHUANG

Water can carry a boat and also overturn it

On April 6, 2021, Taichung City Government announced that due to the long drought, Central Taiwan faced a severe water shortage, and announced restrictions of water supply in separate regions from 00:00 every Tuesday to 24:00 every Wednesday (for a period of 9 weeks). The order has created significant impact on industry and domestic water consumption. We remained anxious and worried even after completing related simulations.

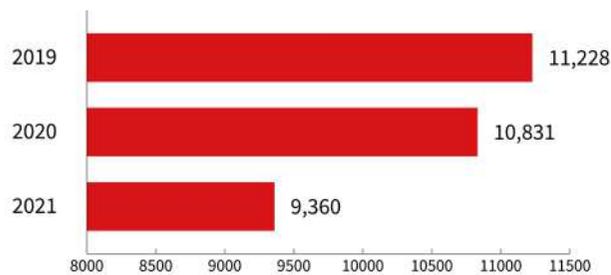
That day, we watched as water supply trucks continuously filled the pipelines with water (2,822 tons with approximately 188 deliveries in this period). Although we had calculated the total amount of water required for the entire building (900 tons), adjustment air-conditioning water supply (140 tons), adjustment of store conservation (550 tons), and stored water for cleaning, employees were still concerned and remained vigilant because we had no room to make any mistakes. For a department store, water consumption has become a motor for powering profit-generating instruments. Without water, we could not hope to provide food or bathroom facilities. We simply cannot do without water. Today, although the drought has long passed, we have learned how to coexist with crises and we have paid the manpower cost and the price for it. It will be crucial for us to monitor information and reduce the cost in the future. I wish to thank the colleagues of the General Affairs Department for their instructions and care. I also wish to thank the supervisors for their support, which has allowed Taichung Zhonggang Store to quickly respond and identify the issues.



2.1.3 Waste management

The waste produced by department stores consists of domestic waste and food waste, which do not contain hazardous waste. SKM actively implements waste recycling and enhances regulations for processing food waste in the food court and restaurants. In addition, we also support the government's policies and regulations by not providing disposable plastic straws. We work with catering brands in all stores to reduce the use of plastic and offer customers discounts if they use their own environmentally friendly utensils. We encourage people to say no to plastic in meals and say goodbye to plastic use. The total waste quantity has continuously declined in the last three years and SKM will continue to work hard to reduce waste.

Waste volume statistics in the last three years (metric tons)



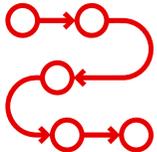
Note:

1. The scope of data includes the head office of SKM and 15 stores
2. All waste is non-hazardous waste and there is no hazardous waste

Ban on use of disposable plastic straws



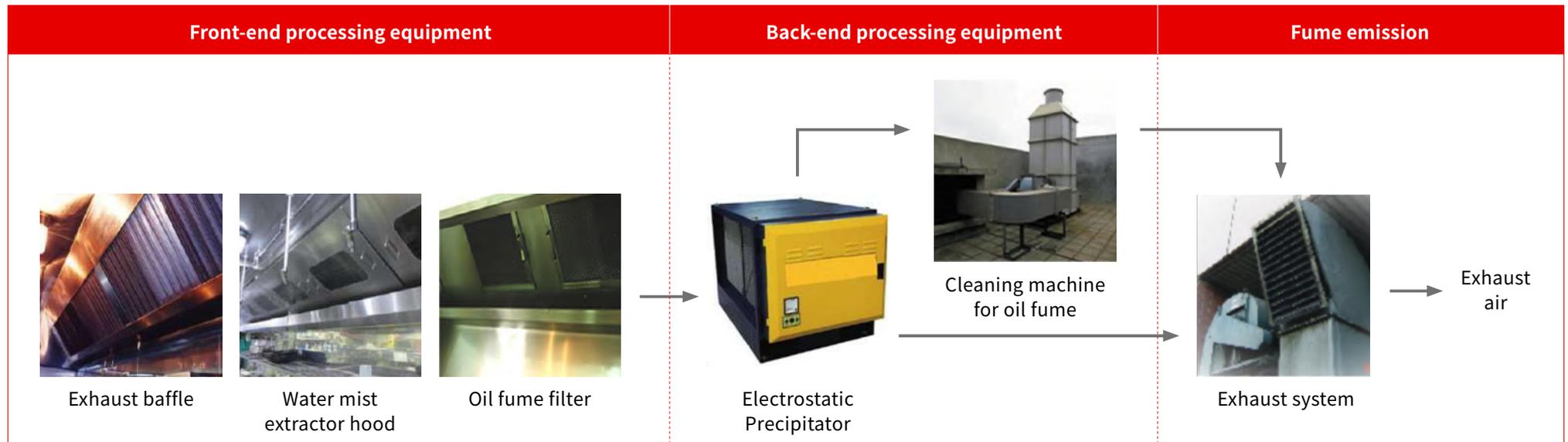
Waste disposal procedures

Waste type	Internal disposal by Shin Kong Mitsukoshi	Outsourced disposal (supplementary description of contents)
Domestic waste 	Implement recycling and sorting Waste compressor 	Cooperation with qualified third-party waste disposal companies 
Food waste 	Food waste processor 	Track the flow of food waste and ensure adequate disposal of trash and food waste. 

Kitchen pollution prevention

Department stores have catering and related cooking environments. These areas produce waste fume emissions. We understand that if we do not properly process fumes, the highest risk may be public safety hazards. Therefore, SKM has established the "Kitchen Pollution Prevention Equipment Setup and Cleaning Regulations" to meet air pollution prevention regulations and maintain fire safety and public safety for kitchens in all stores. We set standards and cleaning requirements for pollution prevention and fume ducts in stores that produce fumes in the cooking process such as the food court, delis, and cafeteria.

Pollution Prevention Equipment Emission Procedures

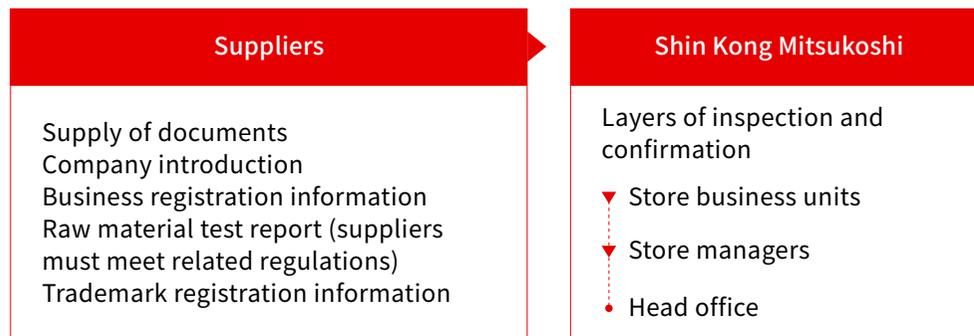


2.2 Green Platform

2.2.1 Supply chain management

SKM and suppliers provide all consumers with a comfortable life experience through seamless cooperation. Suppliers can be divided into three major categories: General suppliers for general affairs, equipment safety, and building safety; store suppliers; and own business suppliers. The contracts signed with suppliers require them to meet related regulations. They must meet related regulations for ethical standards, labor human rights, occupational safety, public safety, and environmental protection such as the Consumer Protection Act., Fair Trade Act, Commodity Labeling Act, Cosmetic Hygiene and Safety Act, Personal Data Protection Act, and Act Governing Food Safety and Sanitation, Fire Services Act, and provide legal products.

Supplier review procedures



Supplier category	Main products and services	Management regulations
General affairs	They include administrative affairs, equipment maintenance, and building-related matters of SKM.	Regular supplier evaluation and affairs, maintenance of equipment, and evaluation of contract renewals with building safety contractors.
Counter vendors	Counters in SKM include general counters and food and beverage counters.	The Company established the "Store Management Regulations", "Store Decoration Management Regulations", and "Counter vendors Contractor Regulations" to regulate counter vendors.
Own business suppliers	They provide related products for businesses operated by SKM including vegetables, low-temperature products, and market grocery.	Regularly evaluate suppliers and review the third-party certification of their products, product liability insurance, and producer audit reports.

Supplier evaluation

SKM conducts a supplier evaluation each year with evaluation items including product stability, promptness and compliance of completion, professional skills, and compliance with regulatory requirements to ensure the quality of goods. Suppliers are classified into excellent suppliers (excellent), qualified suppliers (medium), and disqualified suppliers (poor) based on the evaluation results, which are used to determine whether the company should continue to work with the supplier. All of new suppliers passed the environmental and social screening criteria in 2021 and related regulations also included in the supplier contract.

Green procurement

In the procurement process, SKM selects products that are more environmentally friendly and less harmful on the environment. We prioritize the purchase of products with related certification for environmental protection, energy conservation, water conservation, Forest Stewardship Council (FSC) certification, green building material label, carbon label, and green factory certification. We will also gradually complete green procurement plans and continue to contribute to environmental protection.

Environmental protection label	Energy conservation label	Carbon label
		
Water conservation label	FSC certification	Green building material label
		
Recycling label	Green factory certification	
 Recycling and reuse resources	 The review items of the green factory label system include "building construction" and "clean production" with which the Company conducts a comprehensive review of the production in plants.	

2.2.2 Green Initiatives with Partners

Department stores are major platforms for providing a better lifestyle. Approximately 760 counter vendors, or 14% of all counter vendors, in SKM make the effort in sustainable actions in 2021. In the future, we shall continue to work with partners to jointly focus on environmental protect, social inclusion, and corporate governance issues. We shall increase the awareness of sustainability issues and jointly create a better and sustainable life.



PH	Number of counter vendors that took sustainable actions	Percentage of counter vendors
Luxuries	64	57.66%
Beauty	121	23.14%
Women's Accessories	9	1.23%
Lingerie	86	48.04%
Women's Apparel	57	8.69%
Leisure and Lifestyle	154	21.69%
Men's Goods	38	9.97%
Kid's Goods	80	20.89%
Home	42	5.44%
Supermarket + Food & Beverage	62	8.54%
Mixed-Use	48	24.37%
Total	761	14.17%

Note:

1. Statistics in the table above do not include temporary booths.
2. Sustainable actions: Including environmental protection (use of recycled/recyclable/ environmentally friendly materials, planting trees, reduction of plastics, energy conservation and carbon reduction, animal and environmental conservation), charity activities, and community care.

2.2.3 Green Actions

SKM and store brands jointly support green initiatives and launched support activities in all department stores on Earth Day to increase public awareness of environmental protection and sustainability. However, several events were canceled in the last two years due to the pandemic. In 2021, SKM organized 14 green activities for approximately 6,500 participants. We will continue to work with counter vendors and partners to take the lead in environmental sustainability.

Cooperation campaigns

Green Peace - Future supermarket



A total of 9 sessions were held from November 7 to 15, 2020. We collaborated with multiple suppliers to prioritize environmental protection. We organized diverse activities, exhibitions, and performances to communicate that the key to reducing the use of plastic lies in changing our lifestyle, refusing unnecessary plastic, and living a life with reduced use of plastic.

Electric vehicle show



A total of 3 sessions were held from January 3 to 5, 2021 to showcase the Taycan, Porsche's latest electric vehicle.

Environmentally friendly handcraft



We support environmental protection and sustainability and work with friendly brand partners of stores to jointly support environmental protection. We organize different handcraft activities to create a beautiful life with reduced carbon emissions and reduced waste.

Support for Earth Day

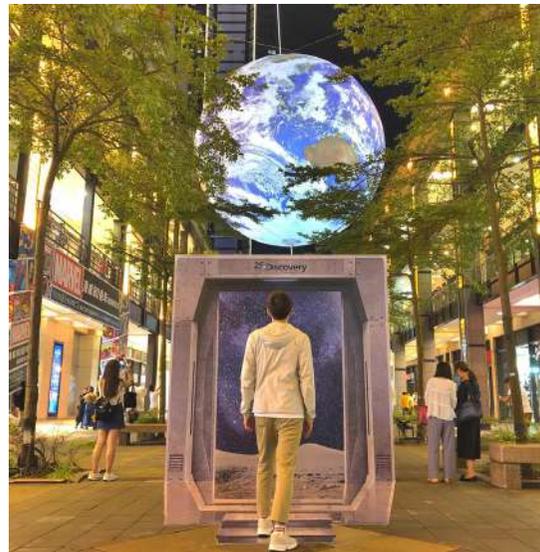
Facebook and fan page promotion



April 22 Earth Day -
Take Action to Protect the Earth

In 2021, Shin Kong Mitsukoshi supported the "51 Ways to Repair the Earth" organized by Taiwan Environmental Information Association and worked with Timberland and The Body Shop in the "second hand paper bag for shoe coupon" and "empty bottle for discount" campaigns to encourage people to take action to protect the Earth.

Art interaction



Gaia

July 20, 2019 marked the 50th anniversary of humans' landing on the moon. We collaborated with Discovery and the British artist Luke Jerram in the creation of the 7 meter floating Earth "Gaia" in the overhead pedestrian walkway at Taipei Xinyi Place A11 Store.

Brand connection



We promoted Earth Day and stores worked with eco friendly brand partners to take care of the Earth starting with care and life.

2.3 Green Life

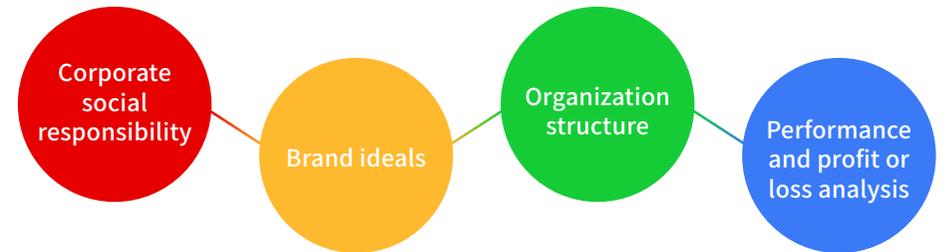
2.3.1 Own business product management

SKM has a wide variety of stores which provide consumers with a diverse range of products. As the leader in the department store business, we aim to be the paradigm of success in the business and create irreplaceable brand value for sustainable development. With SKM's own businesses such as Harrods, Caffé Florian, goodgoods, and The Beautiful Market, we carefully select products and brands that meet current trends, local values, and exotic lifestyles. We also screen suppliers and conduct evaluations and audits to ensure product quality and meet consumer expectations.

Products with environmental/social certification

Certified products include fruits and vegetables, eggs, tea, and coffee				
				
Organic food certification	Animal welfare	Rainforest Alliance	Fair trade	
386 items	12 items	13 items	19 items	

Brand screening factors



Imported food inspection procedures

The Company applies for imported food inspection with the Food and Drug Administration of the Ministry of Health and Welfare (TFDA). Products are only imported after they pass inspection, document review, and sampling inspection procedures.



Ensure product quality



Clarification of negative reports

Reports	Explanation by Shin Kong Mitsukoshi	Response regulations	Improvement actions
July 2021 Excessive pesticide residue found in tea leaves in teabags imported by Caffé Florian.	Once the report from the Food and Drug Administration was announced, the products were immediately rejected at the port and related products were not transported to the restaurants. The Company also communicated with the Italian supplier and stated that new products can only be imported after they pass inspections.	SKM immediately activated emergency response mechanisms: The Company removed (returned) the products, requested the brand and supplier to provide explanation and a statement, and reviewed the issue with the food safety team.	The Company requested the original manufacturer to conduct third-party inspections for samples from the same batch before the import of tea leaves and only proceed with operations after the products are qualified in inspections. The teabags were contaminated because the production line of the Italian manufacturer was contaminated by pesticide and it was not a problem of the tea leaves. The Company and the Italian manufacturer reached a consensus that the teabags will be produced in Taiwan with packaging made from environmentally friendly materials.

2.3.2 Careful selection of good local products from Taiwan

goodgoods

"Taiwan has a unique terroir with so many wonderful things hidden in different corners. How do we choose from such a wide variety of produce? What other surprises are waiting to be discovered? How do you make your consumption benefit yourself and the environment, and support the dreams of local professionals?"

SKM created the goodgoods brand in May 2015 to provide visiting consumers with more than just a venue to experience product quality. We aim to make use of our corporate influence during the transition of Taiwan's economy and society and help small-scale businesses such as old local stores, small local farmers, and young entrepreneurs overcome difficulties of starting a business by themselves and revive traditional handicraft. We support the hard work in all corners of Taiwan and aim to create Taiwan's value together.

Goodgoods is not just a channel for the sales of produce but the center for communicating the story of Taiwan. We have made trips across Taiwan and visited 368 townships and districts in 22 municipalities to learn about the dedication of century-old brands and encourage young people to return home, make the most of the creativity of next-generation artists, and make contributions to the agriculture and industries of their hometowns. Goodgoods takes customers on journeys into the stories of Taiwan, experience the dedication of these professionals, and learn about the hard work that goes into the goods. We encourage customers to join SKM in sharing the wonderful products from Taiwan with the Taiwanese people and the world.



Good People

The terroir is part of the wonderful nature environment and it gives birth to the food and utensils grown and produced on this land.



Good Terroir

In addition to good terroir, the potential of the land can only be achieved with planting and production by dedicated people



Good Market

Carefully uncover the good terroir and good people in Taiwan and build a platform for common values and benefits.



2.3.3 Experience Wonderful Life

The Beautiful Market

SKM is committed to creating a department store of green fashion and providing consumers with a great life with endless possibilities. We hope they can experience green life with the services we provide and create a more sustainable lifestyle. SKM therefore created "The Beautiful Market" by consolidating the strengths of all supermarkets. We opened the first

Beautiful Market in 2015 and currently have four Beautiful Markets in Taiwan at sites including Taipei Xinyi Place A4, Taipei Xinyi Place A11, Taichung Zhonggang Store, and Tainan Place. We will continue to expand it into other stores to bring the green and wonderful life to the people.

The SKM team seeks to create Beautiful Markets with great food, great beverages, fun, and entertainment perfect for spending time and enjoy life. We hope it can become more approachable, more human-oriented, more thoughtful, more joyful, and more prosperous.

Certain wonderful elements may be the same as the wonderful markets in different parts of the world, but by combining them, we have created a market that meets our lifestyle and taste. Experience a wonderful lifestyle every day at The Beautiful Market!



Wonderful elements

1. Sales without packaging

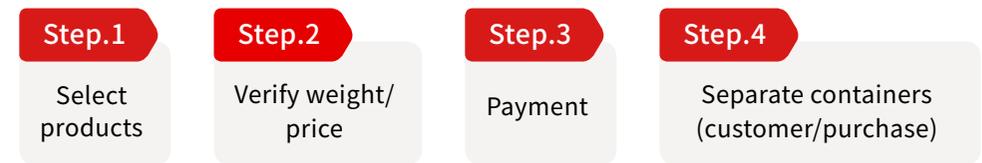
Products sold without packaging in this area include dried fruit, oil products, coffee beans, and fruits and vegetables. In 2021, we have set up sales areas without packaging for plastic reduction in 7 stores, including Taipei Nanxi Store, Taipei Station Store, Taipei Xinyi Place A11, Taipei Xinyi Place A4, Taichung Zhonggang Store, Tainan Place and Kaohsiung Zuoying Store. We will continue to promote the sales areas without packaging and take actions with customers to jointly create consumption models for taking care of the land.

What products are sold without packaging for environmental protection?



Procedures for buying items without packaging

Do it for the Earth. Let's protect the environment together.



2. OPEN KITCHEN

We invite local brands (from tribes and small farmers) to serve as lecturers and regularly organize knowledge-based seminars that focus on food ingredients for food and agriculture education.



We worked with the top 100 young agriculture brands and live seminars and invited private chefs to use Taiwan premium shrimp (Kazuo), East Asian fourfinger threadfin (Tfish), platinum flatfish (contracted production), and other ingredients with traceable production history to recreate dishes of reputable restaurants.

3. Introduction of sustainable/local brands

The Beautiful Market actively introduces local brands that focus on sustainability and environmental protection to provide young farmers and local entrepreneurs with the opportunity for more visibility and provide people with new options for sustainable consumption.



Satur Specialty Coffee

Satur Specialty Coffee upholds its brand ideal of "from production site to cup" and carefully selects high-quality coffee beans delivered directly from the production site. Products include coffee beans are produced by local farmers in the Tainan and those with Fair Trade certification and Rainforest Alliance certification.



TOMOliving

Products created with 100% tea seed oil, black sesame oil, and white sesame oil made by an oil workshop with nearly 80 years of history in Chiayi are known for zero pesticides and heavy metals. The brand offers consumers healthy and safe oil products.



Taiwan Snacks

The brand insists upon using Taiwanese agricultural products and works with fruit production teams and independent farmers. Products are delivered fresh and produced with low-temperature baking to retain original natural taste and healthy attributes.

Green Market

Department stores are places where people gather together. SKM often works with other partners in market activities with the aim of encouraging people to spread good ideas. The Green Market uses environmental sustainability as the main idea and organizes a diverse range of activities to embed the idea of sustainable development into people's minds.

Vegan Festival & Taiwan Vegan Frenzy

Taiwan Vegan Frenzy is the first vegan festival in Taiwan. The main idea is that on the way to veganism, people do not have to choose between 0 and 100. Instead, it encourages people to choose their own way of going vegan and use it to promote environmental sustainability. A total of 4 sessions were organized in 2020 and 2021. Approximately 1,200 people participated in the events. SKM also provide reusable environmentally friendly paper bags onsite, and recycled department store paper bags that are still functional and aesthetically acceptable for use in the market/events. The company encourages the market and people to develop good habits for life and use environmental protection cycles to reduce waste in over-packaging.

Paper product reduction plan

Paper bags



Year	2020	2021
Quantity (units)	2,560,000	2,350,000
Cost (NT\$ thousand)	5,660	5,193

Digital labels

SKM has introduced digital labels to replace paper labels to reduce the use of paper consumables and reduce the workload for personnel in replacing paper labels. They have been introduced in Tainan Place and Taichung Zhonggang Store 2021, and approximately 15,000 digital labels were used to replace existing labels in 2021. We will continue to introduce them into the three stores in Taipei in 2022.



2.3.4 Creating A Green Department Store

Green building

Shin Kong Mitsukoshi Kaohsiung Zuoying has 39,670 square meters of greenery with 70,000 plants and the largest green wall in Taiwan (1,983 square meters). Happiness Park is located next to Shin Kong Mitsukoshi Kaohsiung Zuoying and is the size of three football fields with a total area of more than 21,488 square meters. It obtained the Green Building Certification in 2017 and met the seven indicator requirements for carbon dioxide carbon reduction, waste reduction, indoor environment, water resources, and wastewater and waste improvements.

Rainwater recovery system

Rainwater is recovered and filtered to remove impurities. It undergoes sedimentation and separation, aeration, and filtration before flowing into the rainwater and water recycling storage tank. With the rainwater recycling system, Zuoying Store uses recycled rainwater for watering the adjacent Happiness Park. It also created a small water tank under the park to ensure that every drop of water resource is fully utilized.



Green parking lot

In response to the rise of environmental protection awareness across the globe, electric vehicles have become mainstream. SKM also actively sets up EV charging facilities and installed 30 devices in 2021 with the aim of creating green parking lots to provide a friendly parking and charging environment and attain the sustainability goals for carbon reduction.



Future plans

Phase 1

Prioritize customer services with large urban stores

Phase 2

Charging facilities planned for small and medium high-quality stores from north to south

Phase 3

Creating green parking lots by connecting technology and people's lifestyle

Chapter 3

Social Good

SKM upholds the business philosophy of heartfelt service and insists upon bringing people a more enjoyable and beautiful life experience. We therefore focus on safety as one of our top issues of concern, and we are committed to providing customers with quality products and a secure shopping experience. To support the society, SKM has made long-term investments in photography, craftsmanship, and children's art to help provide talents with opportunities for visibility and encourage the public to pay more attention to art. The company actively invest in local activities to achieve social responsibility.



Social Good

Sustainable issues of concern	Corresponding GRI topics	SDGs Targets	Affected stakeholders
<ul style="list-style-type: none"> • Brand image • Social care and engagement • Art and culture education promotion • Customer relationship management 	<ul style="list-style-type: none"> • GRI 102 • GRI 417 	  	<ul style="list-style-type: none"> • Consumers • Shareholders/investors • Employees • Counter vendors • Suppliers • Media • Community residents

Highlights

- The Company has organized cultural activities for nearly 30 consecutive years and uses activities to promote cultural and art development and education to help people experience world culture.
- Employees of Shin Kong Mitsukoshi Cultural & Educational Foundation have accumulated more than 56,000 hours of volunteer service hours in its 27 years of history.
- The Company received consecutive awards in the Best Service in Taiwan evaluation in 2018, 2020, and 2021.

Management Approach

- Place customers first and instantly process customer complaints to increase customer satisfaction.
- Established the "Shin Kong Mitsukoshi Cultural & Educational Foundation" and organize regular exhibitions and performances for craft design, image art, and children's art education. The Company also sponsors awards of contests to cultivate high-quality art creators in Taiwan.

3.1 Arts and Aesthetic Education

SKM is committed to promoting the development of art in Taiwan. The Company works with SKM Cultural & Educational Foundation each year to organize regular exhibitions and performances for craft design, image art, and children's art education. The Company also sponsors awards of contests to cultivate high-quality art creators in Taiwan and invites domestic and foreign companies and brands, experts and artists to work together in various exhibitions and events. Lantern festivals and charity art auctions are organized each year and the proceeds are donated to schools and social welfare institutions in remote areas to support art and culture in the environment. The Company also actively supports international art initiatives such as the Elephant Parade® sculpture art charity exhibition in 2016. However, many events could not be organized in the last two years due to the pandemic. We will continue to support the development of art in Taiwan and make Taiwan a world-famous land of art.

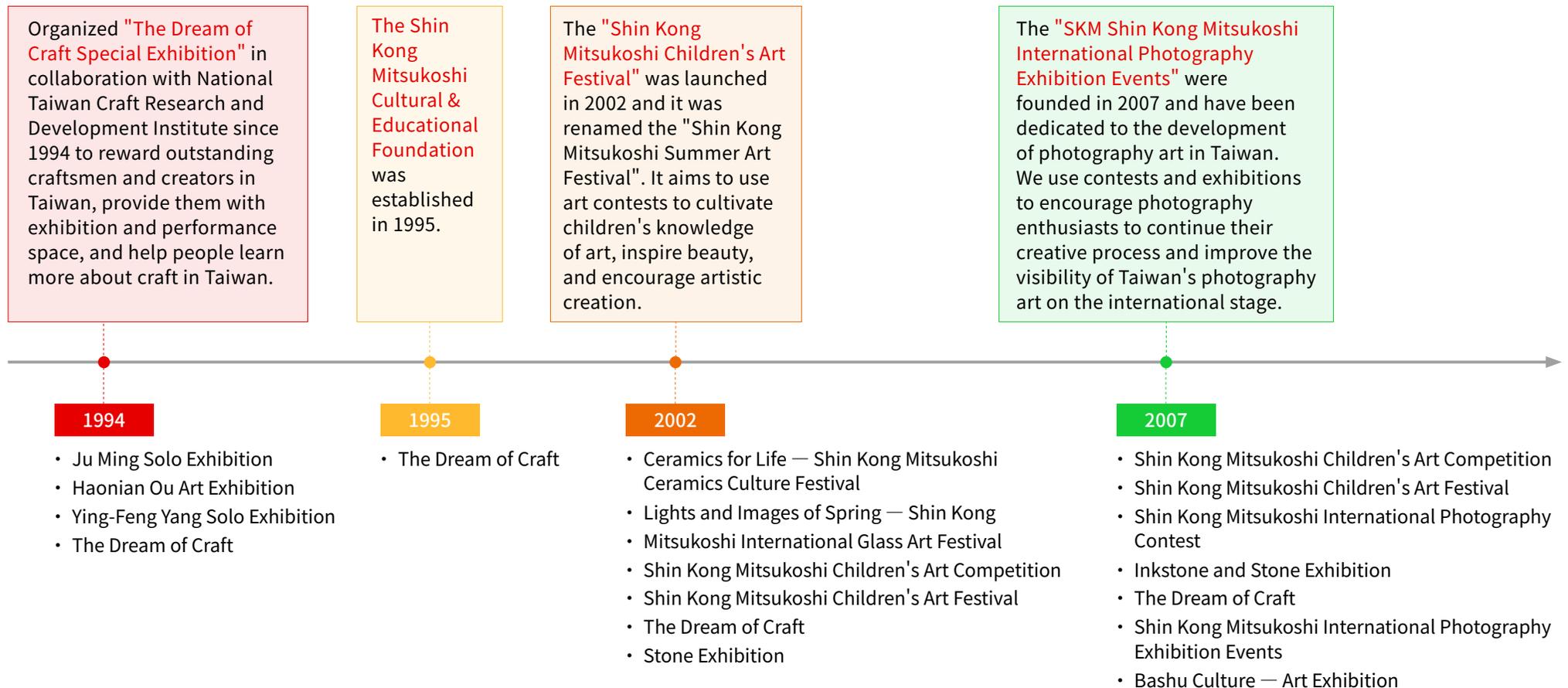


3.1.1 Shin Kong Mitsukoshi Cultural & Educational Foundation

SKM embraces the ideal of giving back to society, becoming a role model enterprise, and creating a new era for art in Taiwan. SKM established the "Shin Kong Mitsukoshi Cultural & Educational Foundation" in 1995. The Foundation upholds the motto of "Art in Life and Living in Art" and embraces the ideal of "enhancing the aesthetics of the society, promoting cultural development, and creating a high-quality living environment". It dedicates itself to cultural promotion, dialog in art, cultivation of art talents, preservation of Taiwanese craftsmanship and culture, and development of children's art at an early age. The Foundation organizes a diverse range of exhibitions and performances in department stores and opens the gateway to culture for the general public.



SKM Cultural & Educational Foundation Development milestones and highlights of activities in past years



- Shin Kong Mitsukoshi Children's Art Competition
- Shin Kong Mitsukoshi International Photography Exhibition Events
- Shin Kong Mitsukoshi Children's Art Festival
- Fnac 24-Hour Marathon Digital Photography Contest
- Shin Kong Mitsukoshi International Photography Contest
- The Dream of Craft

2019

- Shin Kong Mitsukoshi Children's Art Competition
- Shin Kong Mitsukoshi International Photography Exhibition Events
- Shin Kong Mitsukoshi Children's Art Festival
- Fnac 24-Hour Marathon Digital Photography Contest
- Shin Kong Mitsukoshi International Photography Contest
- The Dream of Craft

2020

- Shin Kong Mitsukoshi Children's Art Competition
- Shin Kong Mitsukoshi International Photography Exhibition Events
- Shin Kong Mitsukoshi Summer Art Festival
- The Dream of Craft

2021



Regular annual art and charitable activities

SKM upholds the motto of giving back to society and uses its operating income for units related to photography art, children's art education, and craft design, including EPSON (photography art), Pentel (children's art education), and National Taiwan Craft Research and Development Institute (craft design) to sponsor contest rewards and work exhibition venues. The Company provides event units with actual support and increases the venues with which the public can enjoy art by converting SKM into a unique shopping environment that embodies both art and aesthetics.

Jan-Mar Shin Kong Mitsukoshi Children's Art Competition

Jul-Aug Shin Kong Mitsukoshi Summer Art Festival

SKM collaborated with Pentel and sponsored the annual "Children's Art Competition" to help cultivate young artists and inspire unlimited creativity from children. Approximately 120 winners receive rewards of NT\$800 to NT\$3,000 and gifts. The "Shin Kong Mitsukoshi Children's Art Festival Events" have been held for 20 years since 2002.



Feb-Apr Shin Kong Mitsukoshi International Photography Exhibition Events

Sep-Oct Shin Kong Mitsukoshi International Photography Contest

SKM collaborated with Epson and sponsored the annual "Shin Kong Mitsukoshi International Photography Contest" to help cultivate photographers and support the photography art market. Each year, 20 to 30 winners receive rewards of NT\$4,000 to NT\$120,000 and gifts. The "Shin Kong Mitsukoshi International Photography Exhibition Events" have been held for 15 years since 2007.



May-Aug Fnac 24-Hour Marathon Digital Photography Contest

SKM sponsored the "Fnac 24 Hour Marathon Digital Photography Contest" to use photography to show the public the daytime and nighttime beauty of cities. SKM has sponsored NT\$360,000 each year and has provided sponsorship of NT\$1.44 million since 2016 (the events were canceled in 2020 and 2021 due to the pandemic).



May Taiwan Craft Competition

Dec-Jan The Dream of Craft

SKM provides NT\$500,000 in annual sponsorship for the "Taiwan Craft Competition" to pass on traditional Taiwanese craftsmanship and encourage craft designers to continue investment and development. We have provided NT\$2.5 million in sponsorship over five years. We also organized "The Dream of Craft" touring exhibition which has been organized 28 times since 1994.



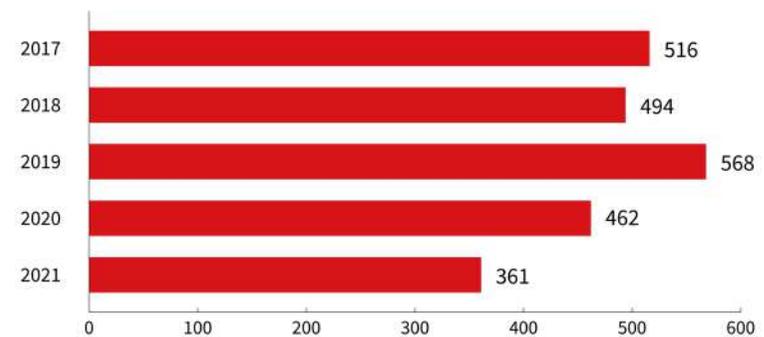
Statistics on related activities

The Dream of Craft

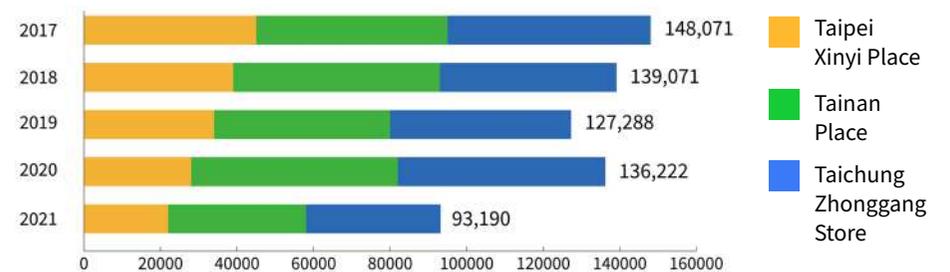
The event was collaborated with National Taiwan Craft Research and Development Institute since 1994 and has been organized 28 times. We collaborate in the "Taiwan Craft Competition" each year to reward outstanding craftsmen and creators in Taiwan with a NT\$500,000 sponsorship for 1 winner of the Shin Kong Mitsukoshi Special Award each year. The events have accumulated more than 13,000 entries (with an average of 480 entries each year) and SKM has provided NT\$9.9 million in sponsorship (benefited 27 winners of the SKM Award). We organize "The Dream of Craft" special exhibition at the end of each year with themed exhibition plans and event packaging. We invited Taiwanese and foreign craft designers to jointly participate in the exhibition and set up the "Shin Art Store" during the exhibition to provide local craft designer brands in Taiwan and social innovation brands with sales channels. We continue to promote the positive cycle of SDGs, corporate sustainability, and social inclusion, and the events have accumulated 1.48 million visitors.



Competition | Taiwan Craft Competition (Organized by the National Taiwan Craft Research and Development Institute)



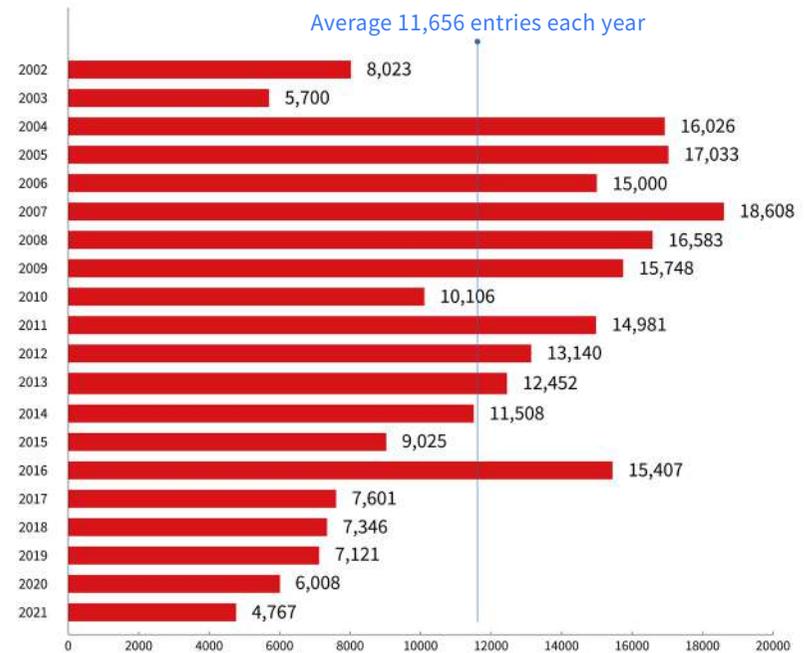
Exhibition | The Dream of Craft Special Exhibition



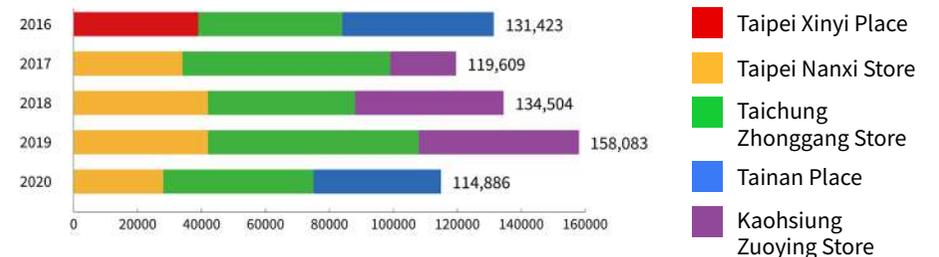
Shin Kong Mitsukoshi Summer Art Festival

The event has been organized 20 times since its creation in 2002. Each year, we use awards set up for the "Shin Kong Mitsukoshi Children's Art Competition" to encourage school children in elementary school or younger to express themselves through drawings. We provide rewards and gifts for approximately 120 winners each year and opportunities to participate in actual exhibitions and international contests. We have accumulated more than 230,000 entries (with an average of approximately 11,000 entries each year) and provided sponsorship for 15,000 awards. SKM organizes the "Shin Kong Mitsukoshi Summer Art Festival" in summer each year with themed touring exhibition plans and event packaging. We invited Taiwanese and foreign specialists in painting and art to take part in the exhibition and shed light on issues in domestic energy, environmental protection, and education for children living in remote rural areas. The events have helped support the development of children's art at an early age, and have accumulated more than 1.6 million visitors. (However, the in-person exhibitions were canceled due to the epidemic in 2021 and online exhibitions were organized instead).

Competition | Shin Kong Mitsukoshi Children's Art Competition



Exhibition | Shin Kong Mitsukoshi Summer Art Festival

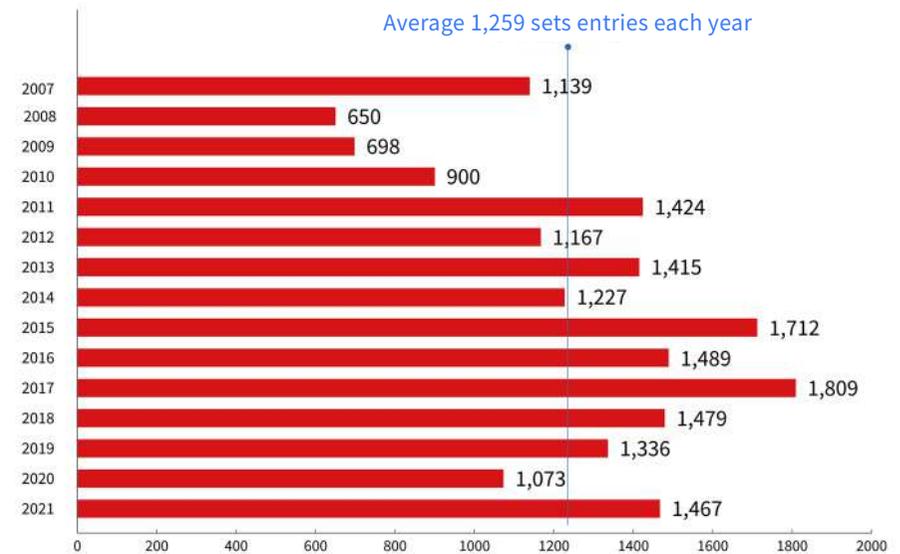


SKM PHOTO Shin Kong Mitsukoshi International Photography Exhibition Events

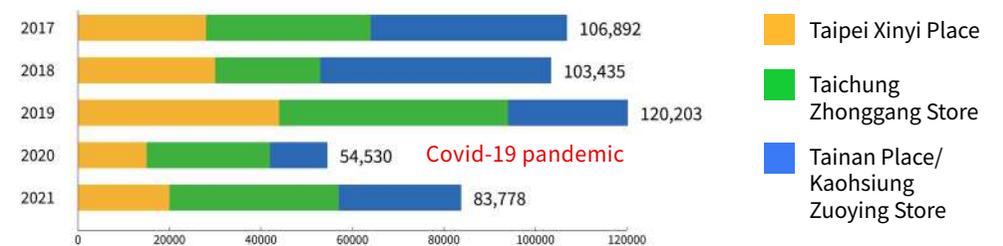
The event was created in 2007 and has been organized 15 times. Each year, we set up awards in the "Shin Kong Mitsukoshi International Photography Contest" to reward and cultivate talented photographers. We provide 20-30 winners with rewards, gifts, and opportunities to participate in exhibitions each year. We have accumulated more than 99,000 entries (with an average of 1,200 sets / 6,226 entries each year) and provided sponsorship for 450 awards. We organize the "SKM PHOTO Shin Kong Mitsukoshi International Photography Exhibition Events" in February to April each year with themed touring exhibition plans and event packaging. We invited Taiwanese and foreign photographers to take part in the exhibitions with the aim of communicating issues in the international society, global warming, and animal protection through photography. The events have accumulated 1.23 million visitors.



Competition | Shin Kong Mitsukoshi International Photography Contest



Exhibition | Shin Kong Mitsukoshi International Photography Exhibition Events



Number of volunteers and volunteer hours

Shin Kong Mitsukoshi Cultural & Educational Foundation is committed to supporting the development of Taiwanese art and encourages employees to serve as volunteers and support charitable causes. It has accumulated more than 56,000 hours of volunteer service hours in its 27 years of history. The events included the touring art exhibitions in three stores in Northern, Central, and Southern Taiwan each year:

	Number of hours	Number of days	Number of stores	Number of employees	Total number of hours
Preparation and removal	8	3	3	10	720
Opening ceremony and award presentation	3	1	3	8	72
Exhibition period	12	18	3	2	1,296
Volunteer service hours at department stores each year					2,088

3.1.2 Lantern exhibitions and charity sales

SKM has organized charity lantern exhibitions since 2014 (year of the horse) with the aim of using innovative exhibitions to connect lantern decorations inside and outside the stores, and making the Shin Kong Mitsukoshi Lantern Festival the top choice for people's outing on Lantern Festival. We seek to provide people with venues for approaching and experiencing art, generate buzz, and increase the number of visitors. The Lantern Festival makes use of the two major elements of "art" and "charity" and the company invites more than one hundred artists, celebrities, brands, illustrators, and artists each year. We also placed the exhibits on Yahoo! Auction for charity sales. Each year, the proceeds from charity auctions are donated to different social welfare units and schools and remote rural areas to contribute to charitable causes together with the people. (The lantern festival was suspended in 2021 as a result of the pandemic).

Mickey Huang - Renowned television host in Taiwan



Mickey Huang was invited to serve as the Chief Curator for the fifth time in 2020. He has actively focused on the creation of art in recent years and works on exhibitions, design, and exhibition planning to popularize art. He has accumulated diverse cultural and creative experience and has become a key person for the next generation. He is highly attuned to trends and art and his ideas coincides with Shin Kong Mitsukoshi's support for a youth cultural and creative platform.

2018 - Animal Protection Association of the Republic of China



APA was the first officially registered animal welfare group in Taiwan and has always been committed to animal protection, advocating the amendment of the Animal Protection Act, providing sanctuary for homeless animals, and promoting animal welfare education. 72 works of art were sold at the Shin Kong Mitsukoshi Lantern Festival in 2018 and the proceeds from the auction totaled NT\$721,997.

2019 - Taitung Christian Hospital, Taitung Christian Medical Foundation



This is a "mobile hospital" that actively finds patients by providing touring medical services, meal deliveries, and care services at patients' homes. It travels to tribal areas of indigenous peoples in Eastern Taiwan to look after those suffering from illnesses, care for every lonely old person, and take care of every child without support. 22 works of art were sold at the Shin Kong Mitsukoshi Lantern Festival in 2019 and the proceeds from the auction totaled NT\$573,999. (The photograph shows the Chenggong Elementary School Preschool in Taitung, which is a school that takes care of children with "mobile early treatment")

2020 - Yu-Cheng Social Welfare Foundation



The Foundation provides lifelong accompaniment services to people with mental disabilities. It provides early treatment for children and around-the-clock care and vocational rehabilitation services for adults. 11 works of art were sold at the Shin Kong Mitsukoshi Lantern Festival in 2020 and the proceeds from the auction totaled NT\$234,999.

3.1.3 Elephant Parade® Sculpture Art Charity Exhibition

SKM uses charity sales to donate proceeds to disadvantaged groups and schools in remote rural areas, and remains committed to the development of art in society. We actively seek to connect Taiwanese society with international initiatives even as the COVID-19 pandemic resulted in the suspension of international exhibitions and performances for nearly three years. In 2016, Taipei City was selected as the World Design Capital and it coincided with the 10th anniversary of the Elephant Parade®, and SKM organized the "Elephant Parade®" exhibition in Taiwan. It was the world's largest elephant sculpture charity exhibition in the world. We set up a pop-up store, little elephant DIY workshop, window exhibition of a hundred little elephants, and leveraged the summer vacation schedule to generate buzz in the media. Our aim was to make SKM a place where the public can approach art to increase the number of visitors and achieve the public welfare goals of promoting elephant conservation. The works included in the exhibition were created by artists from different countries and we also invited renowned artists, designers, and celebrities in Taiwan for the "Taiwan Impressions". They included Yosifu, Fang Hsu Chung, Devours Bacon, Shiatzy Chen, Summer Meng X Yuan-Tzu Huang, Rae, Saiau-Yue Tsau, Yu Feng, ANO, Chang Jui-Pin, Akibo Lee, Jiro Wang, Mickey Huang, Alyssa Chia, Jasper Liu, and Mandy Wei who created works that embody local Taiwanese culture to promote art marketing in Taiwan.

People's Little Elephants Window Exhibition

We invited approximately 80 to 90 students and 10 past winners of the Shin Kong Mitsukoshi Children's Art Festival to paint on 15cm elephant figurines. It helped students approach art and spread the artistic atmosphere to children. The works were displayed on windows in Taipei Xinyi Place. It increased the creative sense of accomplishment of every little artist and it also increased people's exposure to art decorations to maximize the effectiveness of the event.



Little Elephants in Taiwan Photography Exhibition

In addition to exhibiting the big and little elephants created by artists from across the world, we also brought the little elephants to famous sights in Taiwan to take photos and increase the connection with local culture. It increases the diversity of the exhibition and shows the public the beauty of the world while promoting the sights of cities in Taiwan.



Charity Sales Celebrities' Little Elephants

This exhibition included 11 big elephants and 10 little elephants painted by celebrities from different fields in Taiwan. Except for the work created by the artist Hsiao-Yue Tsao which was included in the collection of the Department of Cultural Affairs of Taipei City Government, the other 20 hand-painted elephant sculptures were auctioned on the Yahoo charity website (auction code: Y2201780372) at a starting price of NT\$200,000 for big elephant sculptures and NT\$20,000 for little elephant sculptures. All proceeds minus the cost were donated to the international animal protection organization "Elephant Family" in the United Kingdom and "Taiwan Black Bear Conservation Association" which protects the endangered Taiwan black bears.



Sweet Watermelon - Won Fu



Love Recreated from Broken Pieces- Alyssa Chia, Angelina Sun, Yun-Fei Shiu



Life Without End- Yosifu



Good Fortune Elephant Universe-ANO



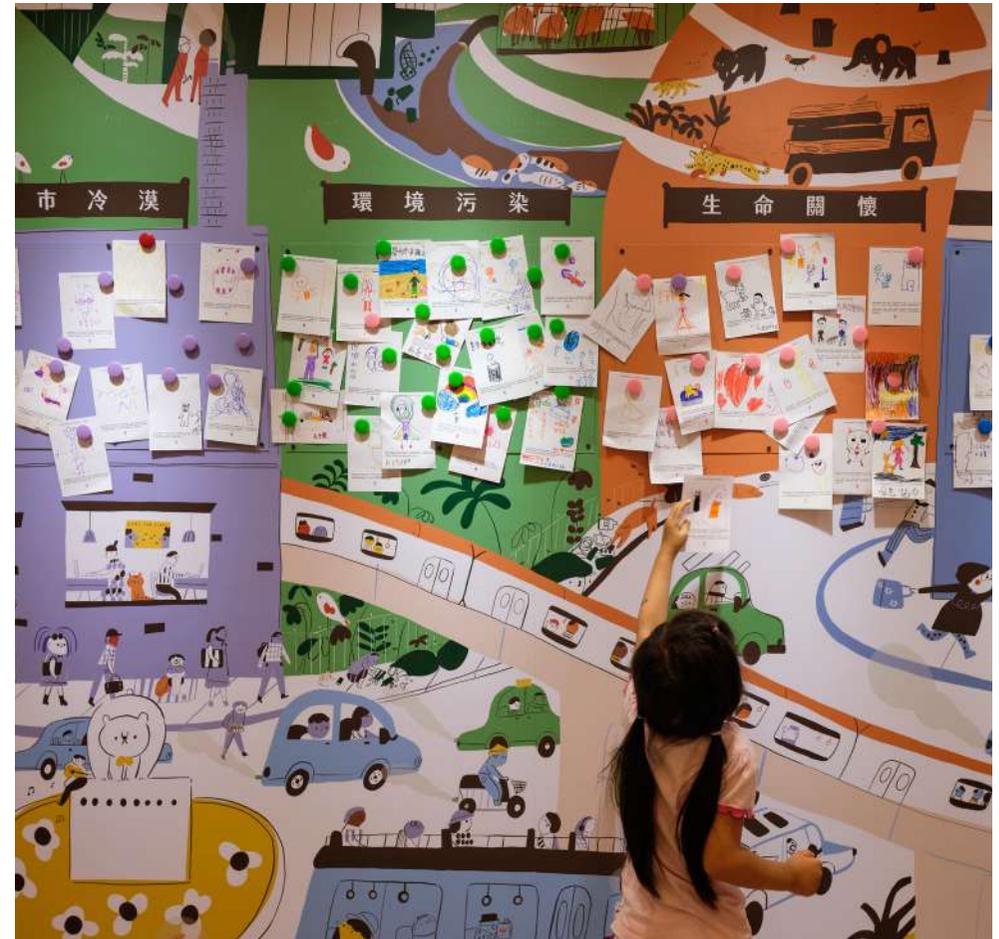
Stories- Akibo Lee



Memento- FANG HSU CHUNG

3.2 Community Inclusion

SKM embraces the vision of community inclusion and lends a helping hand whenever a major disaster occurs in Taiwan or in a foreign country. We also pay close attention to the healthy development of youths and children in Taiwan through measures such as planning youth creativity development sites, which have been used by young people from several universities as exhibition and performance venues. We also promote art education development for children by promoting the joint learning experience for parents and children. We converted the outlets to exclusive learning environments for children, organize ecological exhibitions and art courses, and comply with the United Nations Convention on the Rights of the Child (CRC) to help support the art education of young children in Taiwan.



3.2.1 Major donations in past years

SKM upholds its mission for fulfilling corporate social responsibilities and its motto for giving back to society to continue to care about Taiwan and support the society. We donated two skybridges to Taipei City Government for use in the Xinyi Urban Planning Zone (from Xinyi Vieshow Cinemas to Store A11, and from Store A8 to Store A4) , adoption and maintenance of Happiness Park next to SKM Kaohsiung Zuoying Store. We provided support when disasters of varying scales strike in Taiwan or in foreign countries such as the 921 Earthquake, SARS epidemic, and 2016 Tainan Earthquake. In response to the COVID-19 pandemic, SKM actively supports the teamwork for epidemic prevention and donated NT\$20 million to the government's donation account as epidemic prevention fund. We take real actions to support medical personnel and fight the epidemic together with everyone.



Donated two skybridges to Taipei City Government



Adoption and maintenance of Happiness Park

Year	Donation events in past years
July 1996	In the wake of Typhoon Herb, we donated NT\$12 million to the Taiwan Provincial Government to help residents to rebuild their homes.
September 1999	Following the 921 earthquake, we donated NT\$50 million to the Ministry of the Interior to help with reconstruction efforts.
July 2003	After the SARS outbreak, we donated NT\$10 million to the Ministry of the Interior and NT\$10 million to Taipei City Government to help with disease control work.
December 2003	Donated two skybridges to Taipei City Government for use in the Xinyi Urban Planning Zone (from Xinyi Vieshow Cinemas to Store A11, and from Store A8 to Store A4)
August 2008	After the Sichuan earthquake, we donated NT\$10 million to the Red Cross to help stricken residents to rebuild.
July 2009	In the wake of Typhoon Morakot, we donated NT\$20 million to a special relief account in the care of the Ministry of the Interior to help with reconstruction.
April 2010	Adoption and maintenance of Happiness Park next to Kaohsiung Zuoying Store.
March 2011	On March 11th, 2011, a deadly 8.9 earthquake and tsunamis struck Japan. Shin Kong Mitsukoshi donated 328 thousand USD to the Red Cross to help Japan.
August 2014	In the night on 31 July 2014, a series of underground gas explosions occurred in Kaohsiung, which caused serious injuries and deaths. Shin Kong Mitsukoshi donated 328 thousand USD to the Social Affairs Bureau of Kaohsiung City Government for disaster relief.
February 2016	In the early morning on 6 February 2016, a 6.4 magnitude earthquake struck southern Taiwan, which caused serious injuries and deaths in Tainan. Shin Kong Mitsukoshi donated 328 thousand USD to Tainan City Government for disaster relief.
February 2018	On February 6, 2018, a 6.0 magnitude earthquake struck eastern part of Taiwan relentlessly and caused many injured and casualties. Shin Kong Mitsukoshi donated 339 thousand USD to Hualien County Government for disaster and emergency assistance.
June 2021	[COVID-19 pandemic] SKM actively supports the teamwork for epidemic prevention and donated NT\$20 million to the government's donation account as epidemic prevention fund .

3.2.2 Youth creativity development sites

SKM complies with the United Nations Convention on the Rights of the Child (CRC) and focuses on youths to provide services. We actively promote local and community-based corporate social responsibility activities and designated Tainan Place Fun Centre as a "youth creativity development site". We work with several universities to provide a friendly space for youth exhibitions and performances and help support the development of human rights and character of young people.

Unplugged Music Festival

The Unplugged Music Festival celebrated its 7th anniversary in the summer of 2019. We continuously sought creators who are passionate about music with the aim of promoting new Taiwanese music to the public, discovering talents, and creating new music taste. The events have been suspended in the last two years due to the impact of the COVID-19 pandemic.



Tainan Place Fun Centre Street Dance Contest

Shin Kong Mitsukoshi is committed to the development of children's art education and also encourages young people to demonstrate their creativity in costumes and dances. The Company organized the first street dance contest in 2021 and provided abundant rewards and brand gifts. The event attracted 800 young students from senior high schools and universities.



Joint High School and University Performances

Shin Kong Mitsukoshi works with universities and senior high schools in Tainan each year for large-scale joint performances. A total of 6 events have been organized since 2018 for approximately 7,000 participants.



Esports Contest in Six Metropolitan Areas

Technology development has made the esports industry increasingly important and the government it has won the support of the government. Shin Kong Mitsukoshi aims to make contributions to Taiwan's esports culture. In addition to organizing contests and providing players with opportunities to show off their skills, the Company also invests in the upgrade of the contest organization, rewards, and venue equipment. The event has gained fame as the "largest amateur esports event in Taiwan".



3.2.3 Family learning experience

SKM uses the Cultural & Educational Foundation to support children's art education and focuses on developing family experience venues so that its premises can be used for shopping as well as learning and interactive experience for family learning. We converted the 4F and 5F of Taipei Xinyi Place in 2020 and focused on the experience to create an interactive outlet and help children experience with all their senses. The venue allows families to learn in activities such as drawing in King Kong Kidsland and small classes to help children use both their arms and legs for drawing and creativity. The "multi-functional classroom" is used to create a series of fun and simple card games, painting, and oral instructions for learning programming logic, increase children's problem-solving abilities, and facilitate creativity and teamwork. The "Classroom of the Future" includes multimedia interactive displays that use media, art, illustration, logical thinking, and other interdisciplinary learning methods along with sound and light effects to create a dedicated fun club for families.

King Kong Kidsland



Multi-functional classroom handicraft course



Taipei Xinyi Place A8

Classroom of the Future: Diverse Education Space

The concept of the Classroom of the Future focuses on intensified experience as well as high-tech multimedia interactions. It also uses interactive designs with body language gaming, projection, and creativity to inspire children and enhance their cognitive abilities.



Taipei Xinyi Place A8

Fun with your superpowers in Children's Day events and PTS family party

Shin Kong Mitsukoshi organized games on specific floors for Children's Day to organize family parties and create business opportunities for nearby booths. In December, we organized a family party with PTS (Public Television Service) in December and invited celebrities in the children's world such as Grandmother Fruit and Nadow Lin to celebrate with children.



3.3 Customer satisfaction

SKM introduced the ISO 10002:2018 Complaint Handling Management System Certification to implement systematic management of the customer complaint system. We also reviewed the customer complaint response satisfaction rate in the last three years to learn about management conditions and propose reviews. We won the Gold Prize in the "The Best Service in Taiwan" in 2018, 2020, and 2021 and became a benchmark in the department store service industry.

3.3.1 ISO 10002 Complaint Handling Management System

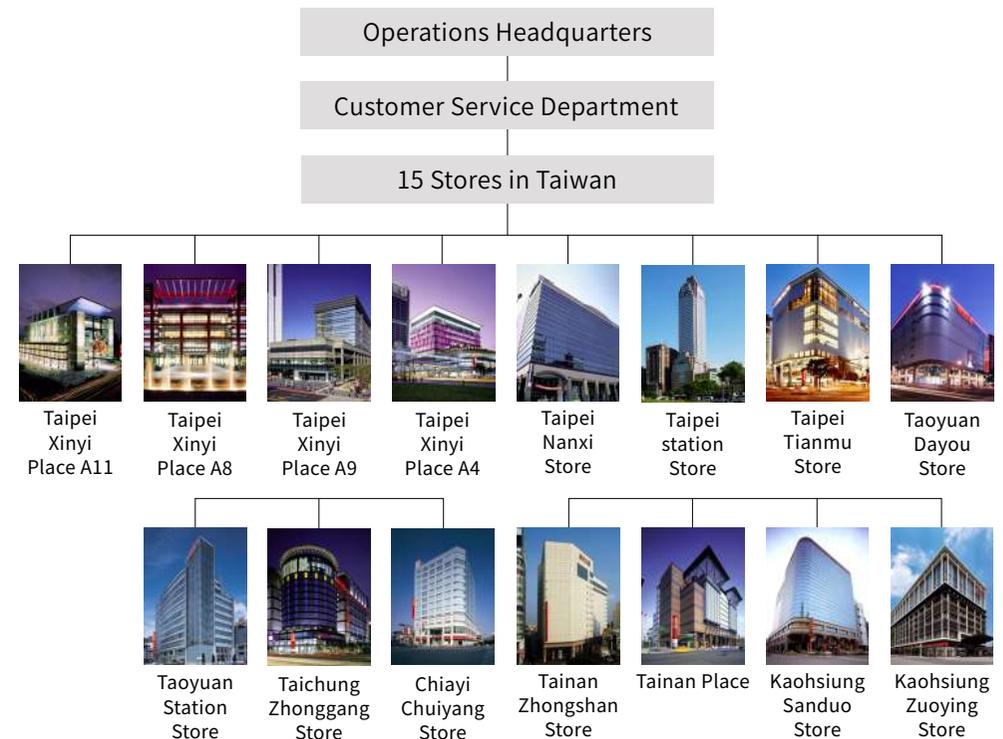
SKM upholds the principle of "customer first, service with heart" and introduced the ISO management system for customer satisfaction in 2015. We became the first department store retailer in Taiwan to receive the "ISO 10002 Complaint Handling Management System" certification. We closely follow updates in different version and always keep customer demand in mind. We also pay close attention to the response to the opinions, reviews, and requests of stakeholders. The response procedures of related departments are explained below:

Introduction schedule

Date of amendment	Basis of amendment and summary of contents
October 2015	Introduction of ISO10002:2004
May 2016	Revision to ISO10002:2014
July 2020	Revision to ISO10002:2018

Applicable scope

The basic principles of ISO10002:2018 were adopted including commitment, ability to handle complaints, transparency, convenience, responsiveness, objectivity, cost, information integrity, confidentiality, customer centricity, accountability, improvement, competency, and timeliness. The Company has established systematic customer complaint handling management systems in 15 stores across Taiwan.



Customer complaint handling organization

SKM provides customers with clear communication channels for voicing their opinions. They include the telephone (including the 0800 line), onsite services (including the service counter), opinion forms, email, letters, and government letters. We also specified the procedures for processing customer complaints to provide every customer with consistent service quality. The procedures include customer complaint handling, satisfaction survey, internal audit, management review, and document control. SKM pays close attention to the opinions of each customer and subsequent reviews and implements layers of monitoring from the occurrence of incidents to the conclusion of the handling procedures. The Company monitors customer satisfaction with the handling at all times and provides the complaint handling satisfaction survey table, customer opinion table, customer opinion handling reports, and supplier communication forms to facilitate internal tracking of the handling progress. The Company also places the customer complaint handling policies on the internal website for all employees to view. We also established the "customer feedback" section on the official website, customer opinion mailbox at physical service counters, and interactive screen carousel displays to increase the satisfaction for customers and stakeholders.

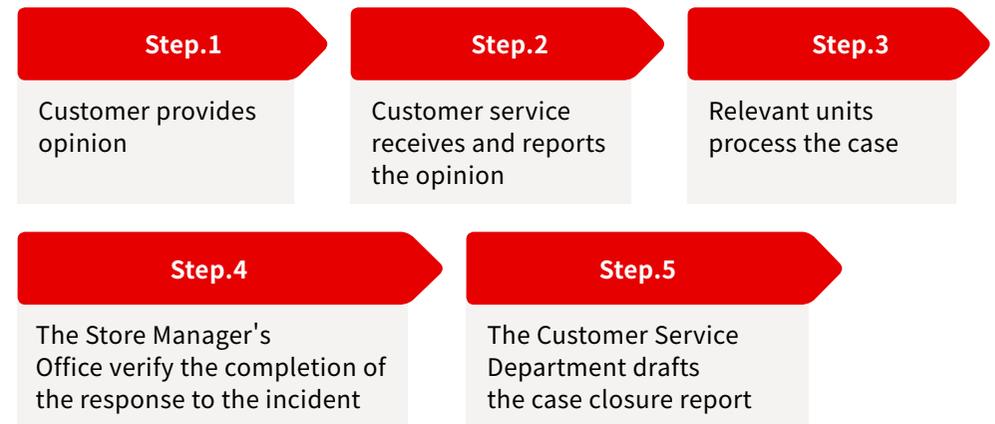


Interactive screen carousel display



Customer opinion mailbox at service counters

Customer complaint handling system



3.3.2 Customer complaint handling satisfaction survey

SKM analyzed the systematic customer complaint handling mechanisms in the past three years and successfully increased the satisfaction rate in 6 stores each year. Included Taipei Station, Taipei Xinyi Place A11, Taoyuan Dayou, Taichung Zhonggang, Tainan Place, and Kaohsiung Sanduo. Two stores, namely Taipei Xinyi Place A4 and Kaohsiung Zuoying, maintained 100% satisfaction rate in the last three years. It shows that the total number of customer opinions and recommendations have increased each year and the customers and SKM have maintained positive and frequent

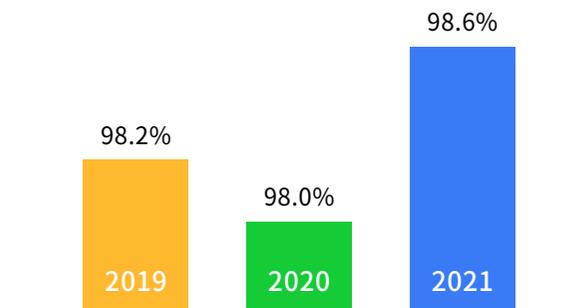
communication. It also demonstrates SKM's commitment to placing customer first and continuous improvements to actively create the perfect services and provide customers with more thoughtful and comprehensive services.

Customer complaints and opinions statistics

Year	Total number of customer complaints	Number of accidents	Number of excellent performance	Number of recommendations	Number of inquiries	Total number of customer opinions
107	3,368	641	657	63	7,867	12,596
108	2,687	596	627	55	8,294	12,259
109	3,613	524	606	91	12,613	17,447
110	3,651	432	587	84	24,944	29,698

Note: Customer complaints included hardware equipment, products, personnel services, marketing activities, safety management, and others.

Customer complaints handling satisfaction statistics



The Company received awards in the Best Service in Taiwan evaluation in 2018, 2020, and 2021

In the last 30 years, SKM has always upheld the service motto of "customer first, service with heart" and continuously improved services from the perspective of customers. We kept pace with rapid changes in consumer trends and created three major service advantages—more convenient shopping, safer shopping, and more fun in life. With outstanding service quality, we were selected in "The Best Service in Taiwan" organized by the Commercial Times. The evaluation process involved mystery shoppers who used their personal shopping experience in stores and the professional and impartial national evaluation process to select high-quality service providers and professionals.



Received awards in the Best Service in Taiwan evaluation in 2018



Received awards in the Best Service in Taiwan evaluation in 2020



Received awards in the Best Service in Taiwan evaluation in 2021

Appendices

ESG Data

Economic Governance

Economic value

Consolidated Financial Statements, Unit: NT\$ thousand

Item	2021	2020	2019
Operating revenue	26,130,287	26,847,142	26,662,563
Operating costs	13,187,134	13,516,672	13,018,224
Operating expenses	10,967,165	11,115,889	11,352,974
Employee compensation and benefits	2,749,410	2,689,668	2,766,612
Net operating profit	1,975,988	2,214,581	2,291,365
Non-operating income and expenses	258,702	191,538	-233,616
Net profit before tax	2,234,690	2,406,119	2,057,749
Payment to Government (Tax)	469,274	464,828	430,236
Net profit after tax	1,765,416	1,941,291	1,627,513
Distribution of shareholder dividends	1,619,720	1,619,720	1,619,720

Environmental Data

Year	2019	2020	2021
Electricity consumption (kWh)	287,874,484	282,968,173	259,305,057
CO2 equivalent emissions (metric tons)	154,863	150,090	137,111
Water consumption (million liters)	2,695.29	2,631.14	2,114.94
Waste volume (metric tons)	11,228	10,831	9,360

Note: Carbon emissions are calculated based on the electricity emission factor announced by the Bureau of Energy in 2020. The factor is 0.502kg CO2e/kWh.

Social Data

New employees and employee turnover statistics

		Number of new FTEs					Total
		Gender		Age			
		Female	Male	≤ 30 years old	31- ≤ 50 years old	≥ 51 years old	
2021	Number of employees	344	147	430	55	6	491
	Ratio	14.6%	6.2%	18.2%	2.3%	0.3%	20.8%
2020	Number of employees	290	122	362	50	0	412
	Ratio	11.4%	4.8%	14.2%	2.0%	0.0%	16.2%
2019	Number of employees	370	211	502	74	5	581
	Ratio	13.4%	7.6%	18.2%	2.7%	0.2%	21.0%

		Number of resigned FTEs					Total
		Gender		Age			
		Female	Male	≤ 30 years old	31- ≤ 50 years old	≥ 51 years old	
2021	Number of employees	454	225	437	199	43	679
	Ratio	19.2%	9.5%	18.5%	8.4%	1.8%	28.7%
2020	Number of employees	430	192	387	197	38	622
	Ratio	16.9%	7.5%	15.2%	7.7%	1.5%	24.4%
2019	Number of employees	484	216	470	172	58	700
	Ratio	17.5%	7.8%	17.0%	6.2%	2.1%	25.4%

Average hours of training per year per employee

Employee category		2021		
		Total number of training hours	Total number of employees in this category	Average training hours
Rank	Management	11,334.27	742	15.27
	Non-management	9,067.59	1,622	5.59
Gender	Female	13,242.92	1,558	8.50
	Male	7,158.94	806	8.88
Total		20,401.86	2,364	8.63

Diversification of governance units and employees

Percentage of employees in each employee category		Age of employees				
Taiwan		≤ 30 years old	31- ≤ 50 years old	≥ 51 years old	Total	Ratio
2021	Female	633	795	130	1,558	65.91%
	Male	253	420	133	806	34.09%
	Total	886	1,215	263	2,364	
	Ratio	37.48%	51.40%	11.13%	100.00%	
2020	Female	686	864	125	1,675	65.69%
	Male	293	467	115	875	34.31%
	Total	979	1,331	240	2,550	
	Ratio	38.39%	52.20%	9.41%	100.00%	
2019	Female	740	961	105	1,806	65.41%
	Male	343	487	125	955	34.59%
	Total	1,083	1,448	230	2,761	
	Ratio	39.22%	52.44%	8.33%	100.00%	

Ratio of basic salary and remuneration of female to male employees

Taiwan	Employee category	Gender pay ratio (males fixed as 1)
2021	Female managers	0.826
	Male managers	1
	Female non-management	0.908
	Male non-management	1
	All females	0.802
2020	All males	1
	Female managers	0.859
	Male managers	1
	Female non-management	0.893
	Male non-management	1
2019	All females	0.822
	All males	1
	Female managers	0.801
	Male managers	1
	Female non-management	0.923
2019	Male non-management	1
	All females	0.799
	All males	1

Workers covered by the occupational health and safety management system

Workers covered by the occupational health and safety management system		Employees	Non-employees	Total
Certified scope	Number of employees	423	786	1,209
	Ratio	35%	65%	100%
Non-certified scope	Number of employees	1,848	15,473	17,321
	Ratio	11%	89%	100%

Occupational Injury

2021 Occupational Injury Statistics						
	employees			non-employees		
	Male	Female	Total	Male	Female	Total
Fatalities(A)	0	0	0	0	0	0
Serious occupational injuries(B)	0	1	1	0	1	1
Recordable occupational injuries(C)	1	3	4	0	0	0
Working hours(lost-time)	0	480	480	0	168	168
Scheduled total hours of work(D)	1,599,104	3,091,072	4,690,176	8,035,200	24,222,656	32,257,856
Occupation injury fatality rate(A/D)*200,000	0.00	0.00	0.00	0.00	0.00	0.00
Disabling injury rate(B/D)*200,000	0.00	0.06	0.04	0.00	0.01	0.01
Recordable work injury rate(C/D)*200,000	0.13	0.19	0.17	0.00	0.00	0.00
Occupational injury incident description	Crush*1	Fall*2, cut*1, fallen objects*1			High/low temperature contact*1	

GRI Content Index

Comparison Table of GRI Standards and Sustainability Report Disclosure Items

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102-2	Activities, brands, products, and services	1.1 Operation Overview	50
102-3	Location of headquarters	1.1 Operation Overview	50
102-4	Location of operations	1.1 Operation Overview	50
102-5	Ownership and legal form	1.1 Operation Overview	50
102-6	Markets served	1.1 Operation Overview	50
102-7	Scale of the organization	1.1 Operation Overview (No debt capital)	50
102-8	Information on employees and other workers	1.7 Friendly Workplace	95
102-9	Supply chain	2.2 Green Platform / 2.3 Green Life	117 / 122
102-10	Significant changes to the organization and its supply chain	No major changes in this year	
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102-12	External initiatives	The Company did not participate external initiatives in this year	
102-13	Membership of associations	1.2 Corporate Governance	59
Strategy 2016			
102-14	Statement from senior decision-maker	From the President	5
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102-18	Governance structure	1.2 Corporate Governance	59
102-32	Highest governance body's role in sustainability reporting	1.2 Corporate Governance	59
Stakeholder engagement 2016			
102-40	List of stakeholder groups	Material Issues and Stakeholder Engagement	22
102-41	Collective bargaining agreements	No union, no group agreement	
102-42	Identifying and selecting stakeholders	Material Issues and Stakeholder Engagement	22
102-43	Approach to stakeholder engagement	Material Issues and Stakeholder Engagement	22
102-44	Key topics and concerns raised	Material Issues and Stakeholder Engagement	22
Reporting practice 2016			
102-45	Entities included in the consolidated financial statements	About this Report	4
102-46	Defining report content and topic boundaries	Material Issues and Stakeholder Engagement	22
102-47	List of material topics	Material Issues and Stakeholder Engagement	22
102-48	Restatements of information	The Report is published for the first time this year and there are no restatements of information.	
102-49	Changes in reporting	The Report is published for the first time this year and there are no changes in reporting.	
102-50	Reporting period	About this Report	4
102-51	Date of most recent report	The Report is published for the first time this year.	
102-52	Reporting cycle	About this Report	4
102-53	Contact point for questions regarding the report	About this Report	4
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103-2	The management approach and its components	Material Issues and Stakeholder Engagement	22
103-3	Evaluation of the management approach	Material Issues and Stakeholder Engagement	22
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GRI 303: Water and effluents 2016			
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GRI 306: Waste 2020			
306-5	Waste directed to disposal	2.1 Green Operations	110
GRI 307: Environmental compliance 2016)			
307-1	Non-compliance with environmental laws and regulations	1.2 Corporate Governance	59

Environmental Data		Report chapter and section	Page number
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308-1	New suppliers that were screened using environmental criteria	2.2 Green Platform / 2.3 Green Life	117 / 122
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405-1	Diversification of governance units and employees	1.7 Friendly Workplace / 1.2 Corporate Governance	95 / 59
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GRI 414: Supplier environmental assessment			
414-1	New suppliers that were screened using social criteria	2.2 Green Platform / 2.3 Green Life	117 / 122
GRI 416: Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories	1.6 Food Safety	92
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Creating a Humanistic Touch with
the Aesthetics of Sustainable Living

新光三越
SHIN KONG MITSUKOSHI