

SHIN KONG MITSUKOSHI | Sustainability Report 2022



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About This Report

In the face of global challenges such as the COVID-19 pandemic, political and economic instability, and rapid environmental changes, the relationship between business operations and the environment and people has become increasingly intertwined. Shin Kong Mitsukoshi Department Store Co., Ltd. (hereinafter referred to as "SKM") recognizes the importance of information transparency and stakeholder engagement in showcasing its commitment and achievements in addressing the environmental, social, and governance (ESG) challenges posed by internal and external factors. Therefore, starting in 2022, SKM has compiled annual reports on sustainable development. This report is the second Sustainability Report published by Shin Kong Mitsukoshi Department Store Co., Ltd. (SKM). Our ESG achievements and practices in 2022 are disclosed around this year's theme of R.I.S.E. which encompasses four pillars - Resilient Management, Intelligent Experience, Sustainable Society, and Ecosystem of Trust.

Our Sustainability Reports are available for download on the ESG page of our official website. <https://esg.skm.com.tw/en>

Reporting Period

SKM prepares and discloses its Sustainability Report annually. The current Sustainability Report (2022) is published in July 2023 and covers the reporting period of 2022 (from January 1, 2022 to December 31, 2022). Some parts of the report may contain information predating January 1, 2022 and beyond December 31, 2022 to showcase the achievements from long-term efforts and comprehensive long-term planning. Such information will be clearly indicated in the report. The next Sustainability Report (2023) is slated to be published in July 2024.

Reporting Scope

The report contains information on SKM's operation in Taiwan, including SKM's headquarter, 15 department stores, and the Shin Kong Mitsukoshi Cultural & Educational Foundation, but excludes subsidiaries and affiliated businesses that are included in consolidated financial statements. Any data beyond the mentioned scope will be clearly indicated in the report.

Operational performance and financial data presented in this report have been verified and assured by independent auditors. All financial figures are reported in New Taiwan Dollars (NTD) and derived from consolidated financial statements.

Compilation & Reporting Frameworks

The 2022 Sustainability Report of SKM has been compiled and produced with reference to the following standards:

Organization	Framework & Specific Items
Global Sustainability Standard Board (GSSB)	Global Reporting Initiative Universal Standards (GRI Standards) 2021
Sustainability Accounting Standards Board (SASB)	SASB Standards for retailers
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD)
Taiwan Stock Exchange (TWSE)	Suggestions on disclosure of climate-related information in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Independent Assurance & Third-Party Verification

We engaged SGS Taiwan Ltd. to provide independent assurance on the contents of this report. The assurance process was conducted on-site and in line with the requirements of the AA1000 Assurance Standard (AA1000AS v3) Type 2 at Moderate Assurance. Independent assurance confirmed that the report complies with GRI reporting standards. For the full assurance report, please refer to the appendix.

Contact Us

Please share your feedback and suggestions with us.

Contact: Sustainability Secretariat

Address: 7F & 8F, No. 19, Songgao Road, Xinyi District, Taipei City

Give us your feedback at:

<https://www.skm.com.tw/CustomerFeedback>

Website: <https://esg.skm.com.tw/en>

Message from the President

In 2022, we entered the third year of the global COVID-19 pandemic. The pandemic introduced many changes and challenges but has also made us more resilient and stronger. We were able to reach new record highs and generated up to NT\$88.6 billion in revenue with the collective efforts of our employees and partners. We would like to express our deepest gratitude to everyone that has continued to care for SKM and worked tirelessly alongside us. Your support and encouragement have enabled us to overcome all the challenges and write a new chapter together.

Last year, our ESG theme was "Creating a Humanistic Touch with the Aesthetics of Sustainable Living," which encapsulates our core values and our consistent efforts and unwavering commitment over the past three decades and culminated in our first Sustainability Report ever.

This year, grounded in our continued efforts in Creating a Humanistic Touch with Aesthetics of Sustainable Living, we have defined our ESG theme as "R.I.S.E. to Lead a Sustainable Future." The theme conveys our willingness to embrace change, align with sustainable development ideals, and our consistent efforts toward innovation. We hope to work together to strive for better and generate positive impacts.

New Experiences with New Renovations

Department stores are an essential part of our daily lives. They hold stories. One department store can bear witness to celebrations, anniversaries, gatherings, exhibitions, and events in just a single day. SKM has 15 department stores in Taiwan that welcome over 130 million visitors each year and approximately 300,000 visitors each day.

During the first half of 2022, the pandemic in Taiwan was still quite severe and many people were wary of visiting brick-and-mortar stores. Despite the challenges, SKM remained dedicated to providing safe, secure, and outstanding spaces and services and delivering the latest trends, fine dining, entertainment, art and culture, and lifestyle experiences to make our department stores unique. In 2022, we invested in over 41 renovation projects, renovating 11 floors and 30 areas, which affected and introduced over 640 retail counters. SKM continues to deliver new experiences to consumers as we embrace the post-pandemic era.



Shin Kong Mitsukoshi President · Richard H. Wu

Lifestyle Ecosystem with Digital Transformation

In response to digitalization trends, we embarked on our digital transformation journey as early as 2013. In 2014, we introduced the service-oriented skm app. Since then, we have successfully connected 13 product hierarchy, 15 stores, over 2,000 partners, and nearly 7,000 retail counters to the skm app, forming a comprehensive OMO ecosystem that encompasses food, apparel, housing, transportation, sports, and entertainment.

During the pandemic, we expedited our digitalization efforts. In 2022, we underwent a comprehensive revamp of our official website and introduced five major digital services: "Digital Membership, Smart Customer Service, Group Buying, Celebrity Boutiques, and Gourmet quick order." These initiatives aimed to deepen customer engagement and connections. As a result, we successfully reached three million SKM members, with member-generated revenue accounting for 85% of our total revenue. The skm app garnered over two million downloads, with approximately 30% of users linking their accounts to skm pay, our mobile payment service. These groundbreaking results have opened up endless possibilities for the future.

Our focus will be on staying ahead of the latest consumer trends through digital transformation, advancing towards an "open ecosystem," advocating for sustainable consumption, expanding collaborations with various industries, and together with our partners, building an "Ecosystem of Trust" to offer our customers a wide range of diverse services.

The Lifestyle ecosystem is built upon a robust Ecosystem of Trust, which connects the three core elements of "openness," "trust," and "security" to integrate member engagement with digital innovation and deliver better lifestyles with an overarching goal of providing a comprehensive Lifestyle experience.

Upgrades to Internal/External Management to Deliver Safe Shopping Experiences

Since the food safety incident in 2014, our team has recognized the importance of food safety. With the increasing presence of F&B businesses in department stores and consumers' growing concern for food safety, we feel deeply responsible for protecting our customers and making sure they feel safe at SKM. Therefore, since 2014, we have continued to improve various measures in "food safety" management, establishing the food safety concept of "protecting customers through food safety." To enforce food safety management, we also hold monthly food safety meetings and, each year, host training, internal/external audits, and product inspections.

SKM is also committed to providing customers with a safe and secure shopping experience and has thus proactively strengthened information security protection. Following the completion of the three-year certification cycle for ISO 27001 Information Security Management Systems, we have started preparing for the certification cycle for ISO 27701 Privacy Information Management Standards in 2022, with plans for a full rollout in 2023 to bolster information security management through online and offline integration.

While food safety and information security are both important safety issues, department stores are also spaces where people socialize and where life takes place, which means we are affected by several safety concerns. To better manage the different safety concerns, we established the industry's first Department of Security and Surveillance in 2018. The department regularly holds safety control meetings to manage six major safety concerns: occupational safety, public safety, food safety, information security, construction safety, and environmental safety. In 2022, SKM established the COVID-19 Response Team, holding a total of 30 meetings and completing ten safety projects, providing employees and customers with a comprehensive and secure working environment and shopping platform.

Spotlighting Sustainability Issues & Committing to Sustainable Development

To strive for sustainable management, SKM launched the Sustainability Committee and its three subordinate sustainability teams in 2021. In 2022, we published our first Sustainability Report and received three awards for the report. The Sustainability Committee convenes each quarter and consists of myself as well as vice presidents and higher executives. During meetings, we explore various sustainability motions. To hear from younger generations, the Sustainability Committee also invites young "seed" members to participate as well. In 2022, we convened three meetings and approved four sustainability motions. We will continue to deepen ESG principles internally and transform them into management mechanisms, integrating them into the daily operations of all departments. We aim to strengthen our environmental, social, and governance efforts, and focus on stakeholders and sustainability issues, investing our efforts in sustainable development.

Looking into the future, SKM will continue to work towards environmental protection, social participation, corporate governance, and other ESG domains to support sustainable corporate growth. We believe in "putting our customers first and treating them with honesty and integrity" and we inject new life and creativity to integrate products, events, scenarios, and store types across offline and online channels, establish more strategic partnerships, and create a comprehensive Lifestyle ecosystem that delivers diverse services to consumers.

We will continue to work hard, strive for innovation, strengthen our local presence, and create new experiences for our customers to deliver a sustainable future. We will work together across our four pillars of sustainability - Resilient Management, Intelligent Experience, Sustainable Society, and Ecosystem of Trust to "R.I.S.E to Lead a Sustainable Future."



Performance Highlights in 2022

Environment

Committed to ongoing efforts in energy conservation and carbon reduction, we implemented the ISO 50001 Energy Management System in 2022.

ISO 50001

Cooperate with our partners to organize sustainable activities, introduce sustainable concept brands, sustainable product selection and exhibitions. A total of 16,210 eco-friendly gifts claimed. Energy saving bulbs used for eco-friendly Christmas Treee, saving 307 thousand kWh of electricity.

ESG Actions with Partners

Three major initiative promoting green operations: replacing conventional lights with LED energy-saving fixture, improving air conditioning equipment and developing green parking Lot. In 2022, SKM replaced 3,581 light bulbs, conserving 562,000 kWh throughout the year. The cumulative reduction in carbon dioxide emissions under green operations measures has reached 30,000 metric tons of CO2 equivalent from 2015 to 2022.

Green Operations

Promoting DM digitization, the number of webpage viewers was 4.13 million in 2022. The use of E-invoice grew by 21%. The BPM electronic form system has accumulated over 660,000 approved forms from 2014 to 2022. Additionally, 20,000 electronic tags were introduced in the Beautiful Market.

Paperless Actions

skm app digital membership card helped to reduce a total of 140,000 plastic cards. Plastic reduction plan in supermarket accumulated for 850 kilogram plastic use reduce.

Plastic Reduction Actions

During procurement of general and administrative supplies, SKM prioritizes products with green indicators, eco-friendly products with minimal environmental impact. The amount of green procurement exceeded NT\$100 million in 2022.

Green Procurement

Performance Highlights in 2022

Society

Launched the Three-Year Competency Program to introduce a new competency framework and talent development framework.

3-year Competency Program

Promoting the concept of Happy Enterprises: Providing paid leave for vaccination. Adjusting working hours, reducing the number of full-shift days per month that front-line personnel need to be on duty from 8 days to 4 days. Salary adjustments were made for entry-level employees, with an average increase of 6%, benefiting 1,700 employees.

Work Shift & Compensation Adjustment

Set up a Food Hygiene and Safety Team and digitization of food safety audi. Implemented training and internal and external audi. Conducted random inspections of 1,500 products in 2022.

Food Safety Management

Hosting exhibition and events, including 29th The Dream of Craft, 21th Shin Kong Mitsukoshi Summer Art Festival, 16th SKM PHOTO SKM International Photography Exhibition Events, charity events, and art space exhibitions. Amount of annual visitors was over 10 million.

Social Engagement & Artistic and Culture Promotion

Independent brands, including Beautiful Market and Goodgoods have been exploring the beauty of Taiwan. We support local stores, local products, small-scale farmers and young entrepreneurs, with annual sales exceeding NT\$ 30 million.

Value Our Land

In 2022, SKM won Gold award at the Commercial Times "The Best Service in Taiwan" and Gold award at 1111 job bank "Happy Enterprise - General Life Service Industry".

Gold Award Happy Enterprise Best Service

Performance Highlights in 2022

Economy and governance

Continuously creating new experiences, new consumer trends, and a new sustainable way of life for customers, allows them enjoy a more pleasant and wonderful life experience. The revenue for the year reached NT\$88.6 billion, with 3 million members.

88.6 Billion

SKM's first sustainability report was rated Gold by the Taiwan Corporate Sustainability Awards (TCSA) in the Trade and General Goods Category one.

Sustainability Report Gold Award

70% of the members hold membership points, with a maximum annual issuance of 600 million points, driving the points economy.

skm points

Obtained ISO system accreditation, including ISO 27001 Information Safety Management Systems, ISO 45001 Occupational Safety and Health Management Systems, ISO 50001 Energy management Systems, and ISO 10002 Customer Satisfaction and Complaints Handling system.

ISO System

Optimized member experiences by upgrading SKM applications, successfully increased skm pay usage each year. skm pay generated NT\$31.3 billion in consumer transactions.

skm pay

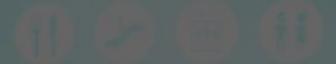
Strict information security protection has secured SKM an A+ rating in cloud safety by cybersecurity assessment platform, Cymetrics.

Cloud safety A+



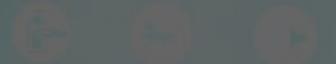
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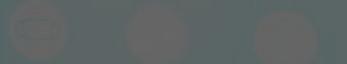
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圖書室 圖書館 室內公共場所



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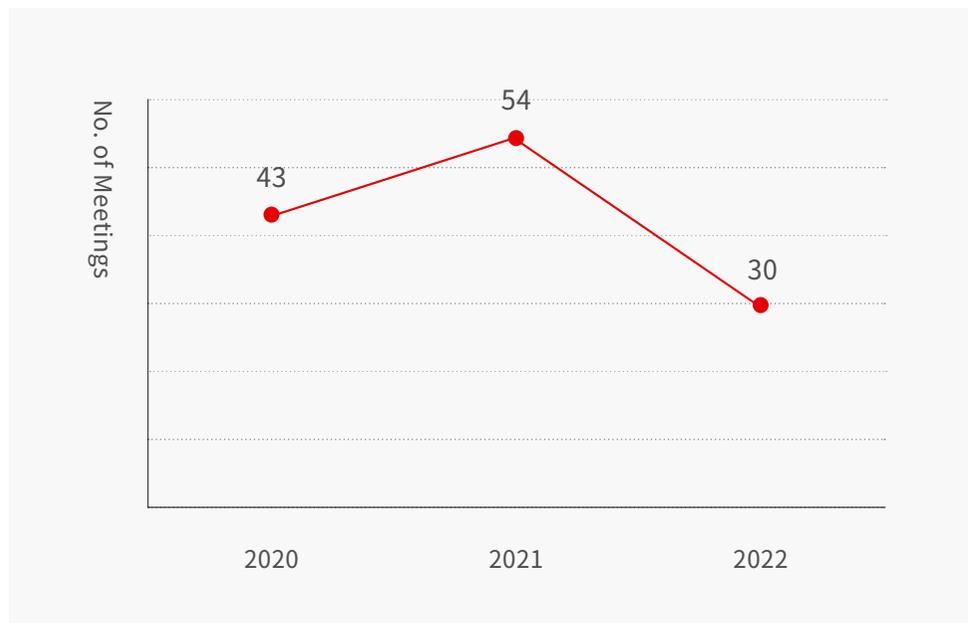
Feature Topic

Safety First : COVID-19 Management 3.0

Safety First - COVID-19 Management 3.0

In the past three years, the COVID-19 pandemic has impacted our environment, economies, and societies around the world, changing the way we live in multiple aspects of our lives. Countries have strived to develop, adapt, and roll out transformation strategies in the face of inconveniences and challenges brought on by the COVID-19 pandemic. Department stores, an industry heavily focused on offline sales experiences, have been especially impacted in terms of business models. In 2022, we've had to endure the severe pandemic during the first half of the year and embrace borders opening and economic recovery in the second half of the year. Throughout this time, SKM has remained humble, active, and agile, integrating online and offline resources to create an ecosystem and venue where consumers, employees, and all stakeholders can feel safe and secure.

While the pandemic had already eased in Western countries, Taiwan experienced its peak of COVID-19 infections in 2022. In response to these severe challenges, SKM took no chances and established an interdepartmental COVID-19 Response Team in 2020 to swiftly address the evolving situation. The frequency of these meetings varied, from daily during the height of the pandemic to once every 14 days during more stable periods. Internally, SKM strictly adhered to the epidemic regulations set by the Central Epidemic Command Center, continuously adjusting the company's COVID-19 policies as needed. Externally, our objective was to create a safe and secure shopping environment, ensuring uninterrupted operations. Senior executives closely monitored the situation, devised strategies, and maintained business continuity throughout the pandemic.



Number of COVID-19 Response Team Meetings in the Past Three Years



COVID-19 Response Team: Three Years of Consistent Efforts

In response to the COVID-19 outbreak in January 2020, SKM fully complied with the government's COVID-19 measures. Led by the President, we established a COVID-19 Response Team, consisting of 16 senior executives from 16 departments. Together, we formulated a comprehensive and stringent epidemic prevention strategy that encompassed safety, operations, and logistics. This strategy aimed to safeguard the overall health and safety of SKM, maintain uninterrupted operations, and effectively manage financial risks. This included adhering to the guidelines and regulations set by the central and local governments regarding COVID-19 prevention for businesses, adjusting operating hours in department stores, implementing mask policies for entry and exit control, and installing partitions in dining areas. Internally, we also adopted measures to protect employees, such as providing vaccination insurance, implementing staggered work schedules, and zone segregation. Additionally, discussions and regulations were promptly established to address extended issues, such as relief packages and rent reductions for tenants. These measures allowed us to respond quickly and effectively to the evolving pandemic situation.

Office of the President	Assist the president with convening meetings as well as recording and managing resolutions made during meetings	Occupational Safety and Health Department	Compile global pandemic trends
Operations Headquarters	Managing COVID-19-related matters for subordinate departments and department stores	Investment Management Department	Compile pandemic trends in Mainland China and the operational status of branches in Mainland China
Administration Headquarters	Managing COVID-19-related matters for subordinate departments and department stores	Business Planning Division	COVID-19 relief packages from the government
Department of Security and Surveillance	Report on future focuses based on observations of the COVID-19 pandemic: Analyze pandemic trends, interpret government guidelines on containing COVID-19, and recommend COVID-19 policies for the company	Finance Department	COVID-19 relief packages and finances
		Merchandising Department	Communicate with vendors
General Affairs Department	Procure equipment and resources to contain the pandemic, disinfect SKM locations, and access control	Digital Development Department	Digital transformation
Human Resources Department	Track and compile abnormal attendance records, tally vaccination records, care for employees, and support remote work during the pandemic	E-Commerce Department	Digital transformation
		Owned & Distributed Brands Department	Manage and control product safety for products sold in SKM supermarkets
Marketing Department	Compile market information relating to the pandemic and government relief packages, operational status, and responses to the media	Store Development Department	Construction for new stores and renovations for retail counters to comply with COVID-19 measures

As of the end of 2022, the COVID-19 Response Team has convened 127 meetings. In the second half of 2022, the pandemic eased in Taiwan and we had been able to effectively contain COVID-19 from spreading at SKM. As such, the COVID-19 Response Team adjusted the frequency of meetings and convened a total of 30 meetings throughout the year to report on pandemic risks, compile predictions from external experts on the pandemic, announce COVID-19 infections within SKM, and adjust or roll out COVID-19 measures internally. Our efforts have focused on important initiatives, such as minimizing physical contact in official interactions, increasing the frequency of disinfecting our department stores, and installing additional hand sanitizers. Incentives were also provided to encourage all employees to complete the full three doses of the COVID-19 vaccine, resulting in an impressive vaccination rate of 83.13%. In 2022, we introduced or revised a total of ten regulations, including nine improvements to COVID-19 protocols and processes (See summary of meetings in the table below).



Better Care: Safeguarding Employee Health

SKM aspires to be a reliable entity to consumers, employees, and other stakeholders. In the following sections, we will detail how SKM was able to safeguard the interests of our employees and customers at our department stores through various key actions to combat the COVID-19 pandemic.

During the heightened risk of COVID-19 infections in 2022, SKM adopted several measures to minimize physical interactions among employees and mitigate the risk of infection, including staggered work schedules and zone segregation, controlling the number of business visitors, and reducing the frequency of business trips for direct employees, and implementing remote work. SKM's existing COVID-19 measures are as follows:

Current (2022) COVID-19 Measures at SKM

Policy	No. of Regulations	Applicable Scenarios	Responsible Department			
			Occupational Safety and Health Department	Human Resources Department	Department of Security and Surveillance	General Affairs Department
 Early Stage Planning	3	<ul style="list-style-type: none"> Response & planning during early stages of the pandemic When employees are confirmed with COVID-19 Employee management and attendance 	✓	✓	✓	
 Health Monitoring	2	<ul style="list-style-type: none"> Track and monitor employee health 	✓	✓	✓	
 Vaccination	1	<ul style="list-style-type: none"> Encourage employees to get vaccinated 		✓		
 COVID-19 Prevention Measures	4	<ul style="list-style-type: none"> Reduce infections & spreads Make rolling adjustments to COVID-19 prevention measures Implement staggered work schedules 		✓	✓	✓
 Offer rapid testing at the company and at home	6	<ul style="list-style-type: none"> When employees test positive with rapid test kits When employees and family members living together test positive with rapid test kits or are confirmed with COVID-19 When SKM is required to organize rapid testing for employees When employees are confirmed with COVID-19 or for health monitoring Inventory management & access to rapid test kits 	✓		✓	✓
 Confirmed Cases & Contact Tracing	2	<ul style="list-style-type: none"> When employees are confirmed with COVID-19 through PCR testing 			✓	

SKM tracks COVID-19 cases across the company with information reported by the Administration Headquarters and reports on abnormal attendance provided by the Human Resources Department to ensure we are able to accurately assess the extent to which the company was affected by the pandemic. We also launched the Vaccination Insurance Project and, in January 2022, started offering paid vaccination leaves to promote self-health management among employees and take the initiative in COVID-19 prevention. Our efforts yielded incredible success: SKM had lower COVID-19 infection rates across all locations than the county/city rate announced by the Ministry of Health and Welfare. For employees who tested positive or were quarantined at home, we sent daily necessities and other supplies to help them through their quarantine.

Highlights of SKM's Internal COVID-19 Efforts in 2022

Track & Monitor COVID-19 Cases Across the Company

- Compared to the cumulative number of confirmed cases announced by the Ministry of Health and Welfare, as of the end of 2022, SKM had a lower COVID-19 infection rate (19.05%) than the country (37.89%).
- Also, SKM has lower COVID-19 infection rates across all department stores than the counties/cities of their location, a testimony to SKM's highly successful efforts.

Offer Paid Vaccination Leaves (3rd & 4th Shot)

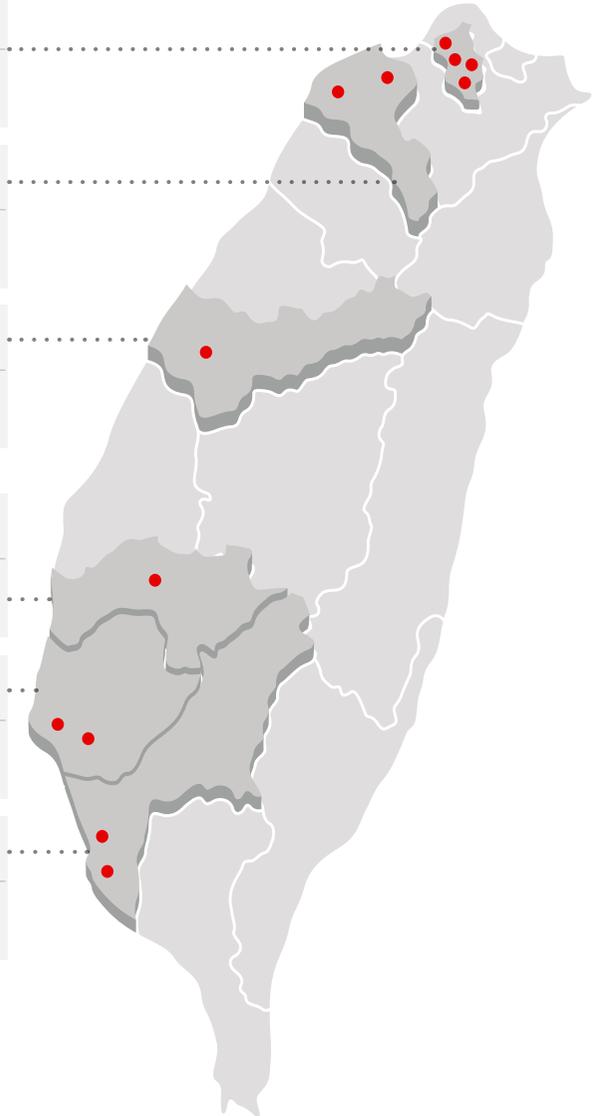
- Employees receiving their third or fourth doses of the COVID-19 vaccine are eligible to apply for a two-day vaccination leave, starting from the day of vaccination until 24:00 of the following day. One of the days is granted as paid leave, a benefit beyond government regulations requiring unpaid vaccination leave. This measure aims to encourage employee vaccination.
- In 2022, 83.13% and 2.77% of SKM employees have received their third and fourth shots, respectively.

Care Packages for Infected Employees

- In response to the pandemic, we sent practical home care packages containing essential supplies to our colleagues who were unable to go outside due to quarantine, ensuring their well-being during the at-home quarantine.
- In 2022, we sent out a total of 1,300 care packages.



Taipei Average	35.58%
SKM Department Store Average	22.09%
Taoyuan Average	42.35%
SKM Department Store Average	23.71%
Taichung Average	38.42%
SKM Department Store Average	13.81%
Chiayi Average	32.53%
SKM Department Store Average	30.50%
Tainan Average	33.43%
SKM Department Store Average	15.58%
Kaohsiung Average	35.84%
SKM Department Store Average	17.01%



Note: COVID-19 infection rates include employees from HQ, direct employees at branches, dispatched employees, and counter employees, but exclude employees from subsidiaries.

The Fight Against COVID-19: Creating A Safe Shopping Environment

To ensure the health and safety of customers, SKM strictly adheres to the guidelines and regulations set by the Central Epidemic Command Center and has implemented various measures to create an excellent shopping environment where consumers feel safe. These measures include enforcing the contact information registration policy, requiring customers to wear masks at SKM locations, purchasing infrared thermometers for temperature screening at all entrances, installing partitions at the food court, increasing the number of hand sanitizer dispensers, disinfecting indoor and outdoor environments and ensuring ventilation with A.C. units every day, increasing the frequency of disinfection and bleaching/ disinfecting all seating areas once every two days (minimum) after closing.



Produced "SKM Cares" Video to Strengthen Public Communication

The video shows various COVID-19 measures implemented at SKM during the pandemic and was shared on digital signage displays and our official Youtube channel (uploaded in November 2022) to disclose our efforts and help our customers feel safe.

Link : <https://www.youtube.com/watch?v=TiTO2FTgayU>

Looking back over the past three years, SKM has remained steadfast in our commitment to COVID-19 prevention. Even during the most challenging times, we have strived to stand strong alongside our customers and employees, fulfilling our unwavering mission as a leading department store in Taiwan. SKM will continue to monitor epidemic risks, including COVID-19 and other infectious diseases, and implement necessary control measures in accordance with government guidelines to prevent any potential resurgence. Furthermore, we will capitalize on post-pandemic economic recovery as an opportunity to create a premium social and lifestyle environment, where customers can enjoy a safe shopping experience.



Chapter 01

Resilient Management

Shin Kong Mitsukoshi (SKM) has established a reliable governance structure and operations system over the past thirty years since the company was founded. By leveraging our organizational structure and risk management practices built on integrity, we continue to advance operational strategies on the foundations of Resilient Management. We learn from past experiences and strive for innovation to deliver products and services that truly cater to the needs of our consumers. We also remain steadfast in our commitment to sustainable business practices. In recent years, we've dedicated ourselves to the sustainable development of multiple areas through themes such as green fashion, social good, and happy corporation. In addition, we are committed to safeguarding the long-term rights and interests of our shareholders, customers, and other stakeholders.

Chapter 1 · Resilient Management

Material Topics	Corresponding SDGs	Affected Stakeholders
<ul style="list-style-type: none"> Operational performance (protect and safeguard shareholder rights) Corporate governance and ethical management (misconduct in corporate governance) 	  	<ul style="list-style-type: none"> Shareholders/Investors Employees Counter Vendors Suppliers



Achievements in Sustainability



Sustainability Report Gold Award

SKM's **first** sustainability report was rated **Gold** by the Taiwan Corporate Sustainability Awards (TCSA) in the Trade and General Goods Category one.



Department of Security and Surveillance

First in the industry to establish a **Department of Security and Surveillance** and to introduce ISO 27001 Information Safety Management Systems, ISO 45001 Occupational Safety and Health Management Systems, and ISO 50001 Energy Management Systems.



Revenue reached NT\$88.6 billion

Reached **three million** members with skm pay generating **NT\$31.3 billion** in consumer transactions; revenue for the year also reached **NT\$88.6 billion**.

1.1 Sustainable Business Practices

GRI Disclosures: 2-1, 2-5, 2-6, 2-12, 2-13, 2-14, 2-16, 2-25, 2-26, 2-28, 2-29, 201-1, and 201-4

1.1.1 Operational Performance

Company Introduction and History

Shin Kong Recreation and Japan Mitsukoshi Department Store founded Shin Kong Mitsukoshi Department Store in 1989 as a joint venture (nowadays as Shin Kong Mitsukoshi Department Store Co., LTD and Mitsukoshi Isetan Group). After decades of experience, SKM has emerged as a leading department store in Taiwan. With extensive experiences in store expansion and innovative lifestyle offerings, SKM has garnered a reputation for attracting crowds with a unique range of services. Over the past 30 years, we have remained committed to putting consumers at the heart of our business. Not only do we provide customers with enjoyable in-store experiences, but we also integrate offline resources to develop online shopping services. In the future, SKM will build upon valuable experiences, embrace a forward-looking perspective, and chart innovative strategies to continuously create new experiences, new consumer trends, and a new sustainable way of life.

 Company Name	Shin Kong Mitsukoshi Department Store Co., Ltd.
 Date of Establishment	November 1989
 Headquarters Address	No. 19, Songgao Rd, Xinyi District, Taipei City, Taiwan
 Business Locations & Logistic Centers	SKM has over 15 business locations across Taiwan, spanning up to 1,175,697 square meters in floor area; we do not have any logistic centers



Business Locations & Value Chain

We have department stores in northern, central, and southern Taiwan. Our 15 department stores, 20 buildings, and nearly 7,000 counter attract over 130 million visitors each year.



Business Locations across Taiwan

Taipei Nanxi Store One

In 1991, SKM opens our first department store - Taipei Nanxi Store - and strives to create "Taiwan's premium destination for a world-class shopping experience."



Tainan Zhongshan Store

In 1996, SKM opens the Tainan Zhongshan Store, the first department store outside of a special municipality.

Taipei Xinyi Place A11

In 1997, Taipei Xinyi Place A11 becomes the first department store to launch in the Xinyi Planning District and kick-starts the Xinyi commercial district.



Taipei Xinyi Place A8

In 2002, SKM opens a second store in the Xinyi Planning District - Taipei Xinyi Place A8, which caters to all customer segments and contributes to the success of the commercial district with a wide range of product offerings.

Tainan Ximen Store One

In 2022, SKM opens Tainan Ximen Store, the largest shopping center in Southeast Asia at the time.



1991

1993

1996

1997

1998

2000

2002

Taipei Station Store

In 1993, SKM opens the Taipei Station Store and Kaohsiung Sanduo Store on the same day (12/23), setting a new record across department stores around the world. The Taipei Station Store is a major department store and landmark in Taipei's west district, a central hub and a great destination for shopping and tourism.

Kaohsiung Sanduo Store

In 1993, SKM opens the Taipei Station Store and Kaohsiung Sanduo Store on the same day (12/23), setting a new record across department stores around the world. The Kaohsiung Sanduo Store is the first major general department store in the Kaohsiung Sanduo commercial district that caters to all customer segments

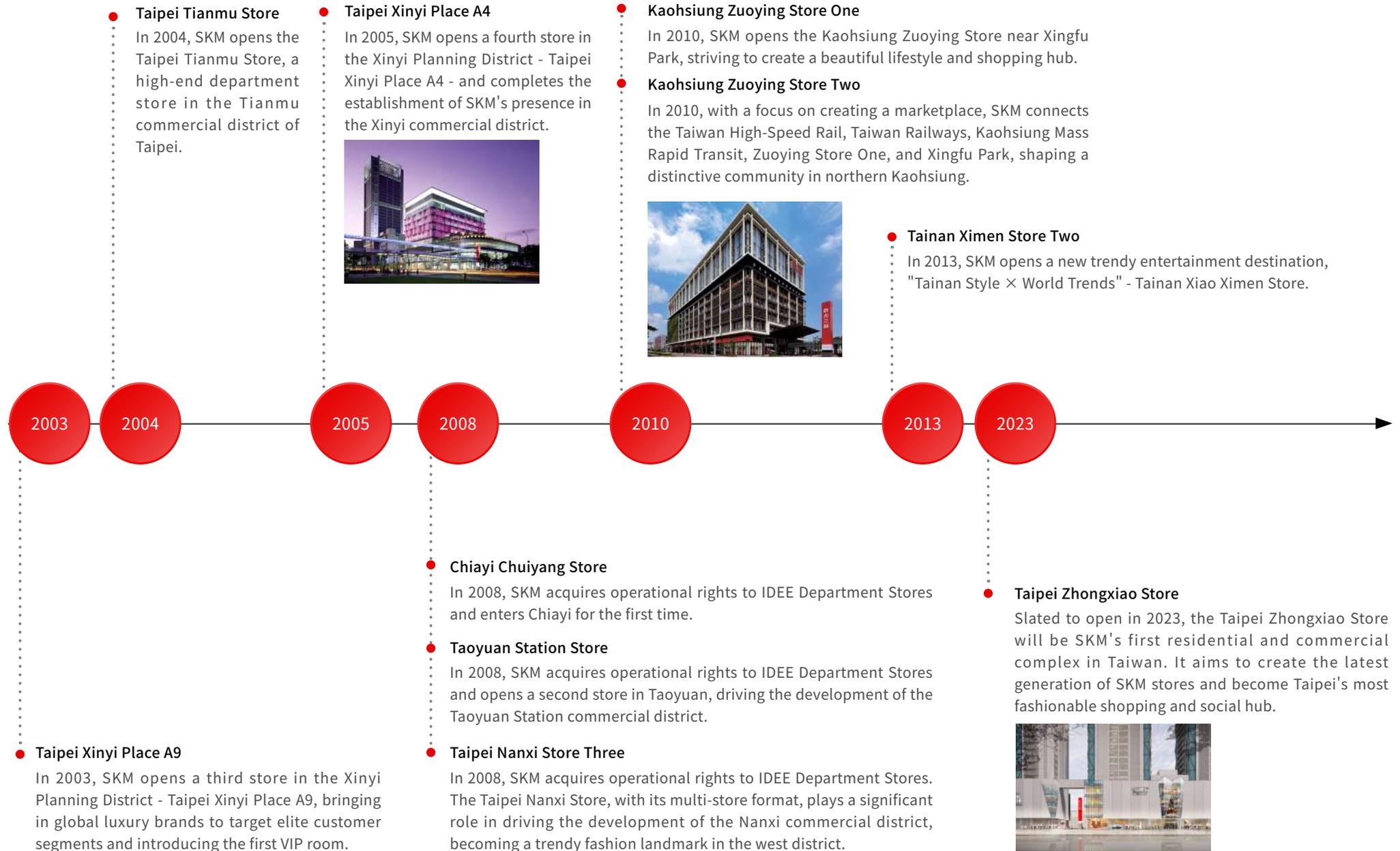
Taichung Zhonggang Store

In 2000, SKM opens the Taichung Zhonggang Store and begins operating major locations.

Taoyuan Dayou Store

In 1998, SKM opens the Taoyuan Dayou Store, SKM's first community department store.





SKM Value Chain

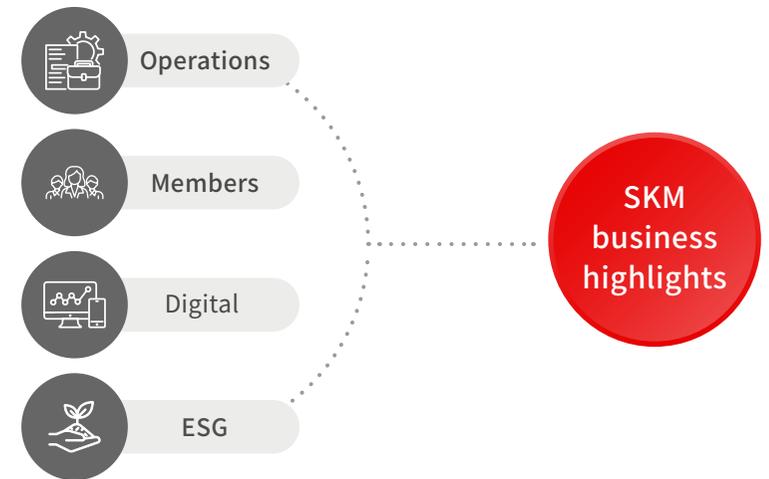
In global industry classification standards, SKM is classified as a general merchandise retailer. We offer products and services from over 2,600 brands and work with diverse strategic partners to deliver incredible and enriching experiences and contribute to the sustainable development of our business, environment, and society. SKM's value chain consists of counter vendors and suppliers in the upstream, the SKM company in the midstream, and consumers and communities in the downstream. The upstream, midstream, and downstream correspond with different business activities along the value chain, for example, production and manufacturing, logistics and transportation, and sales and returns/exchanges. Please refer to the table below to see which business activities correspond with the upstream, midstream, and downstream.



Note: There are no significant changes to SKM's industry classification, value chain, and business relations from the previous year.

Business Highlights from 2022

In 2022, SKM generated NT\$88.6 billion in revenue, with purchases on skm pay exceeding NT\$31.3 billion. The number of members also officially surpassed the three million milestone. Business highlights from 2022 include diverse projects spanning operations, members, digital, and ESG. For example, SKM invested millions in establishing the Gourmet Club at Taipei Xinyi Place A8 and growing the member count.



SKM business highlights

Operations	<ul style="list-style-type: none"> • Conducted our largest renovation to date and, in 2022, renovated thousands of counters. We also invested millions and worked with 65 brands to launch the Gourmet Club at Taipei Xinyi Place A8, providing customers with a new and trendy shopping experience. • Officially launched the SKM Park Outlets, SKM's first venture into outlet malls, in August 2022. • Opened the fifth brick-and-mortar beautySTAGE store at the Beyond Plaza in Yonghe. • Carried out the renovation budget project. • Three-year renovation project in key stores.
Members	<ul style="list-style-type: none"> • Actively promoted the membership expansion project and exceeded three million members by end of 2022. • Launched the new skm points system, offering rewards such as Apple products, cosmetics, and home appliances. • Expanded into different aspects of members' lives.
Digital	<ul style="list-style-type: none"> • Launched five major digital services: Digital Membership, Smart Customer Service, Group Buying, Celebrity Boutique, and Gourmet quick order. • Optimized member experiences by upgrading SKM applications, successfully increased SKM Pay usage each year, with 36% of total revenue now from skm pay. • Integrated digital content, launched fashion boutiques, and launched the public version. • Continued to develop and promote e-commerce.
ESG	<ul style="list-style-type: none"> • Sustainability Committee spearheaded implementation of related ESG decisions. • Maintained important accreditations and strived for new accreditations. • Created a happy workplace and optimized compensation and welfare packages.

Financial Performances (Unit: NT\$1,000)

Item	2022	2021	2020	
Direct Economic Value	Operating Income	27,266,720	26,130,287	26,847,142
	Non-operating Income	1,287,188	1,540,545	1,564,965
Economic Value Distributed	Cost of Revenue	13,150,719	13,187,134	13,516,672
	Operating Expense	7,947,112	8,176,499	8,382,126
	Employee Compensation and Welfare	2,867,435	2,749,410	2,689,668
	Dividend Distributed to Shareholders	1,619,720	1,619,720	1,619,720
	Corporate Income Taxes	708,541	469,274	464,828
	Community Investments	20,807	41,256	44,095
	Profitability	Earnings Before Tax	3,475,915	2,234,690
Net Income		2,767,374	1,765,416	1,941,291

Note:

1. Consolidated financial statements from SKM Department Store Co., Ltd..
2. Community Investments is mainly donations, including the Shin Kong Mitsukoshi Cultural & Educational Foundation.

Government Subsidies

	2022	2021	2020
Various Subsidies (Including COVID-19 relief, rent exemption, and investment write-offs)	27,756	119,450	151,615

Note: Government subsidies largely provided to the SKM parent company in Taiwan.

Social Engagement

SKM is active in public associations, seeking to uncover new ideas through industry exchanges. We aim to connect corporations, exert our sustainable influence, and strengthen bonds in society to maintain long-term relationships of shared prosperity.

Association	Role	Representative
NTU Law Foundation	Director	
Ching Kwang Fu Culture and Education Foundation	Chairman	Chairman Dong-Sheng Wu
Taiwan-Japan Cultural and Economic Association	Member	
Japanese Chamber of Commerce & Industry Taipei	Member	Vice Chairman Toyohiko Tanaka
Japanese Chamber of Commerce & Industry Taipei Circulation Department	Member	
Commerce Development Research Institute	Director	
The Third Wednesday Club	Member	
ROC-USA Business Council	Director	
ROC Friends of Police Head Association	Director	President Richard H. Wu
Taipei City Friends of Police Association	Managing Director	
Taiwan Chamber of Commerce & Industry	Member	
Chinese East Asia Economic Association	Member	
Taiwan Japan Association for Business Communication	Director	

Association	Role	Representative
Taiwan Institute for Sustainable Energy	Center for Corporate Sustainability Corporate Member Representative	Vice President Michael H. Wu
The Third Wednesday Club-Young Entrepreneur Group	Member	
Taiwan Department Store Association	Member	
Taipei Theater Association	Director General	
National Theater Association R.O.C.	Member	
Taiwan Association for Copyrights Protection	Member	
Importers & Exporters Association of Taipei	Reserve Director	
Taiwan Department Store Association	Director	Vice President Ying-Ming Hsieh
Taiwan Chain Stores and Franchise Association	Member	President Richard H. Wu & Vice President Vincent Guo
Retailers Association of Chinese Taipei	Member	President 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	Member	President Richard H. Wu Vice President Wendy Tsao Vice President Michael H. Wu Chief Security Officer Jen-hwa Ma Vice President Vincent Guo

1.1.2 Sustainable Development Management

Sustainability Vision & Strategic Goals



Positioning

- A platform for a better life
- Strive for sustainable development through commitments to green fashion, social good, and a happy workplace



Mission

- Become a respected and reliable department store brand
- Become an outstanding business entity that gives stakeholders pride and joy
- Contribute to corporate, environmental, and social sustainability



Vision

- Global Reach, Local Touch
- Spreading a better life to the world



Values & Principles

- Core values: stability, diligence, trustworthiness and honesty
- Business Philosophy: customer first, service with heart

Sustainability Management

The highest governing body for sustainable governance at SKM is the Sustainability Committee. In the future, major motions relating to sustainability will be brought to the Board of Directors for deliberation to further strengthen sustainable development efforts. The Sustainability Committee is responsible for reviewing and approving sustainable development strategies, sustainable disclosures, and other important ESG cases, including reviewing evaluation results from "Positive & Negative Impacts on the Economy, Environment, and Human Rights" from business operations, in reference to the latest GRI standards. For disclosures on impact management, please refer to 1.1.4 Identification of Material Topics. In addition, SKM regularly tracks and provides prompt feedback to the eight stakeholders listed in 1.1.3 Stakeholder Engagement, which allows us to optimize company operations and internal management processes.

In 2022, agenda items discussed by the board included: Matters relating to operations and management, significant business decisions, dividend distribution, directors/supervisors/management, and financial reporting.

Agenda items discussed by the board (2022)



operations &
management



significant
business
decisions



dividend
distribution



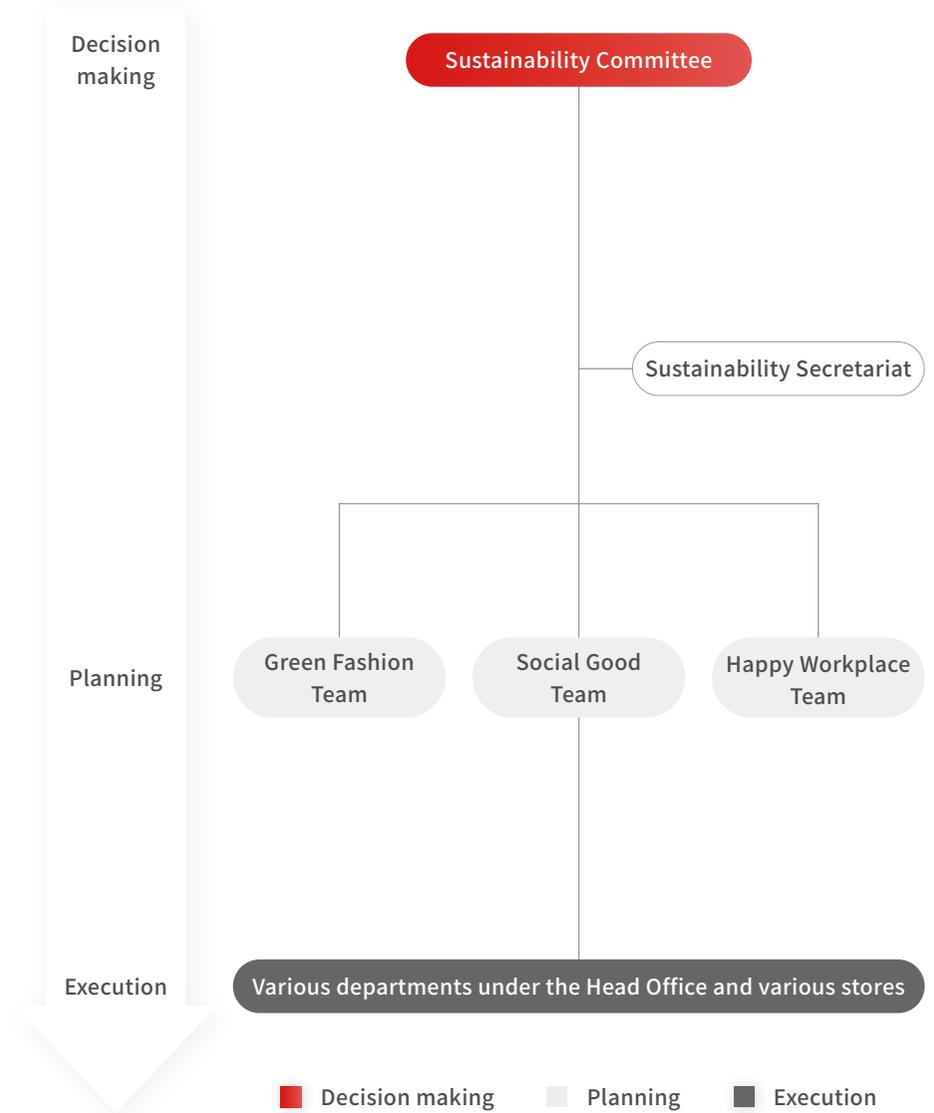
directors/
supervisors/
management



financial
reporting

Sustainability Committee

Organizational Structure of the Sustainability Committee



Established in 2021, the Sustainability Committee is responsible for decisions on SKM's sustainability policies, progress with sustainability action plans, and deliberations on sustainability-related matters. The Sustainability Committee is chaired by the president, who is joined by senior executives at the vice president level across 19 SKM departments. The members are responsible, depending on their respective departments, for managing impacts from issues such as GHG, water resources, waste management, occupational safety and labor rights, information security, and customer complaints and disputes.



Under the organizational structure of the Sustainability Committee, there are three major teams responsible for evaluating, planning, executing, and tracking ESG action plans: the Green Fashion Team, Social Good Team, and Happy Workplace Team. At the execution level, dedicated personnel from various HQ departments and department stores are appointed ESG specialists to assist in carrying out ESG action plans. Directly below the Sustainability Committee is the Sustainability Secretariat, responsible for arranging meetings, compiling reports, and managing related information.



Chaired by the president, the Sustainability Committee convenes every quarter to deliberate on quarterly reports from the three planning teams on ESG projects and progress. Motions are submitted by planning teams and deliberated by the Sustainability Committee. The committee provides suggestions and collectively decides whether to approve the motion. Motions approved by the committee are then put into action, with related actions and progress being reported to the Sustainability Committee each quarter.

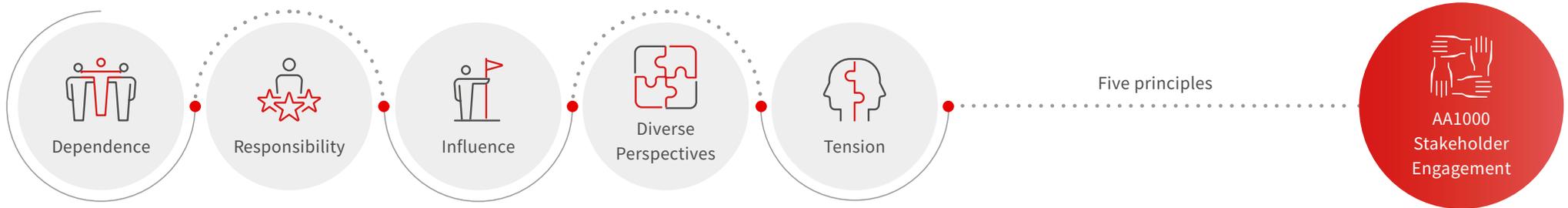


Actions by the Sustainability Committee in 2022

Meetings	Reporting Items	Agenda Items
The Sustainability Committee convened three meetings	<ul style="list-style-type: none"> Summary of the 2021 Sustainability Report Planning of the 2022 Sustainability Report Motions to roll out five initiatives - ISO 50001 Energy Management Systems, green parking lots, performing arts festivals, family and friends sales, and small local farmer campaigns. In 2022, SKM received three awards from the Taiwan Corporate Sustainability Awards (TCSA) 	Five initiatives motioned by the three planning teams

1.1.3 Stakeholder Engagement

Shin Kong Mitsukoshi places great importance on customer service and values communication with stakeholders, engaging and communicating with stakeholders with our Sustainability Committee and three planning teams. In 2021, we followed the five principles of the AA1000 Stakeholder Engagement Standard: Dependence, Responsibility, Influence, Diverse Perspectives, and Tension to identify the eight major stakeholders of SKM.

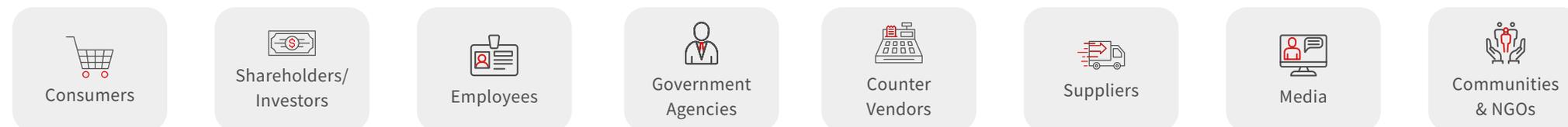


In 2022, we incorporated international retail, department store, and e-commerce industry trends by conducting research and comparing ourselves with eight leading international companies and benchmarking against domestic industry peers. Based on this analysis, we have made the following adjustments to our stakeholder groups, which now include consumers, shareholders/investors, employees, government agencies, concession vendors, suppliers, media, communities, and NGOs.

Review of Stakeholder Engagement		
2021 Stakeholders	2022 Stakeholders	Reason for Changes
Consumers	Consumers	N/A
Shareholders/Investors	Shareholders/Investors	N/A
Colleagues	Employees	Changed term from "Colleagues" to "Employees"
Government Agencies	Government Agencies	N/A
Counter Vendors	Counter Vendors	N/A
Suppliers	Suppliers	N/A
Media	Media	N/A
Public & Communities	Communities & NGOs	SKM has long worked with various NGOs to promote art education, therefore, "Public & Communities" was changed to "Communities & NGOs"

Responses to Stakeholders & Material Topics

The following table summarizes the key concerns and communications for our eight major stakeholders. We uphold integrity, transparency, and diversity in our communication with various stakeholders. Through regular tracking, timely response, and feedback, we strive to optimize our company's management policies and processes.



Stakeholder Engagement in 2022

Stakeholder	Significance to SKM	Sustainability Issues of Concern to Stakeholders	Communication Channel & Frequency	Department	Outcomes of Stakeholder Engagement in 2022
Consumers	Consumer satisfaction is the driving force behind continuous growth and innovation. By meeting consumer expectations, we strive towards our vision of sustainable business operations.	<ul style="list-style-type: none"> Customer relationship management Sustainable consumption initiatives Innovative digital services Information security and privacy protection Product quality and responsibility 	<ul style="list-style-type: none"> Social Media / As needed Consumer Surveys / As needed Advertisements & Campaigns / As needed Customer Service Systems / Immediate, as needed 	<ul style="list-style-type: none"> Customer Service Department E-Commerce Department Digital Development Department Marketing Department Merchandising Department Department of Security and Surveillance Information Technology Department 	<ul style="list-style-type: none"> SKM social media followers: LINE: 1.41 million; Facebook: 1.31 million; Instagram: 730,000 Customer feedback: 20,844 cases Organized events across all departments stores in Taiwan to engage in close communication with consumers Passed ISO 27001 verification with plans to obtain ISO 27701 certification in 2023
Shareholders/Investors	Creating favorable value returns for shareholders/investors and ensuring stable operating funds for SKM make shareholders/investors crucial partners on the path to sustainability.	<ul style="list-style-type: none"> Corporate governance and ethical management Operational performance Risk Management Social Good and Arts & Culture Promotion 	<ul style="list-style-type: none"> Board of Directors & Functional Committees / Quarterly Shareholders' Meeting / Annual 	<ul style="list-style-type: none"> Finance Department 	<ul style="list-style-type: none"> Convened nine board meetings Convened one shareholders' meeting

Stakeholder Engagement in 2022

Stakeholder	Significance to SKM	Sustainability Issues of Concern to Stakeholders	Communication Channel & Frequency	Department	Outcomes of Stakeholder Engagement in 2022
Employees	Employees are invaluable assets in our commitment to outstanding services and sustainable competitiveness.	<ul style="list-style-type: none"> Operational performance Corporate governance and ethical management Talent Cultivation and Development Talent Attraction and Retention Fair and Healthy Workplace 	<ul style="list-style-type: none"> Labor-management Meetings / 4 times/year Daily Announcements / As needed Meetings & Communication / As needed Education & Training / As needed Employee Feedback / Immediate, as needed 	<ul style="list-style-type: none"> Human Resources Department Employee Welfare Committee Department of Security and Surveillance Occupational Safety and Health Department 	<ul style="list-style-type: none"> Held four labor-management meetings and deliberated seven motions Held 11 security and surveillance meetings and deliberated eight motions Held 48 Occupational Safety and Health Committee meetings and deliberated 24 motions
Government Agencies	Government regulations and laws, coupled with efforts from SKM, contribute to achieving sustainable business guidelines.	<ul style="list-style-type: none"> Corporate governance and ethical management Product quality and responsibility Customer relationship management Fair and Healthy Workplace Sustainable supply chain Low-carbon Energy Management 	<ul style="list-style-type: none"> Government/Association Correspondences / As needed Panels & Discussions / As needed On-site Safety Inspections / As needed Telephone & Mail Feedback / Immediate, as needed 	<ul style="list-style-type: none"> Finance Department 	<ul style="list-style-type: none"> No material announcements
Counter Vendors	Working together with counter vendors to create excellent services and products for customers and establish sustainable trends in the department store industry.	<ul style="list-style-type: none"> Customer relationship management Product quality and responsibility Sustainable consumption initiatives Sustainable supply chain Innovative digital services 	<ul style="list-style-type: none"> Morning Meeting Announcements / Daily Vendor Visits & Key Corporations / As needed Supplier Service Section / As needed Vendor Kickoff & Exchange Conference / Annual Telephone & Mail Feedback / Immediate, as needed 	<ul style="list-style-type: none"> Merchandising Department 	<ul style="list-style-type: none"> In 2022, the Lunar New Year celebration for business partners was canceled due to COVID-19.

Stakeholder Engagement in 2022

Stakeholder	Significance to SKM	Sustainability Issues of Concern to Stakeholders	Communication Channel & Frequency	Department	Outcomes of Stakeholder Engagement in 2022
Suppliers	Suppliers are integral to creating a safe and satisfactory shopping environment.	<ul style="list-style-type: none"> Customer relationship management Product quality and responsibility Sustainable consumption initiatives Sustainable supply chain 	<ul style="list-style-type: none"> Supplier Coordination Meetings / As needed Supplier Promotion Events / As needed Telephone & Mail Feedback / Immediate, as needed Corporate / As needed Supplier Service Section / As needed 	<ul style="list-style-type: none"> Marketing Department Owned & Distributed Brands Department 	<ul style="list-style-type: none"> In 2022, company party was canceled due to COVID-19. Conducted 34 occupational safety and hygiene assessments on vendors in 2022
Media	Media coverage and marketing impact company reputation and stakeholder perception.	<ul style="list-style-type: none"> Operational performance Customer relationship management Product quality and responsibility Sustainable consumption initiatives 	<ul style="list-style-type: none"> Media Luncheons or Dinners / Biannually Press Conference / As needed Telephone & Mail Feedback / Immediate, as needed 	<ul style="list-style-type: none"> Marketing Department 	<ul style="list-style-type: none"> Organized two media luncheons or dinners Held 36 press conferences
Communities & NGOs	Adhere to the principle of "giving back to society" and leverage our influence through caring for local communities and collaborating with NGOs.	<ul style="list-style-type: none"> Operational performance Customer relationship management Product quality and responsibility Sustainable consumption initiatives 	<ul style="list-style-type: none"> On-site Events / As needed In-person Visits / As needed Telephone & Mail Feedback / Immediate, as needed 	<ul style="list-style-type: none"> Administration Headquarters Marketing Department Foundation 	<ul style="list-style-type: none"> Collaborated with 27 units 280,000 participants

1.1.4 Identification of Material Topics

Process for Identifying Material Topics

SKM adopted the latest version of the GRI guidelines and identified material topics through processes such as making changes to sustainability issues, defining impacts, assessing impacts, analyzing impacts, and ranking sustainability issues.



Steps for Identifying Material Topics	Description
Changes to Sustainability Issues	Based on the 22 sustainability issues from 2021 and following the recommendations of external sustainability consultants, four similar sustainability issues have been merged and two internal issues have been excluded. SKM had a total of 16 sustainability issues in 2022.
Defining Impacts	Based on the potential impacts on the economy, environment, and society associated with the 16 sustainability issues, SKM has defined 10 issues with positive impacts and 10 issues with negative impacts.
Assessing Impacts	SKM issued surveys to 33 units, where departments were asked to evaluate issues with positive and negative impacts independently and score issues based on impact level and likelihood.
Analyzing Impacts	<ul style="list-style-type: none"> • After collecting 234 surveys on issues with positive impacts and 227 surveys on issues with negative impacts from various units, the scores provided by each unit were totaled and weighted. • In addition to scores provided by SKM units, we also consider factors such as human rights issues, past risk incidents, SKM workshops, and due diligence reports from interviews to generate a weighted score for issues with negative impacts
Ranking Sustainability Issues	In reference to new GRI guidelines, internal assessments, and other factors listed above, SKM ranked sustainability issues in 2022 and identified eight key topics, five secondary topics, and three miscellaneous topics.

Results from Material Topic Identification

16 Sustainability Issues	Positive Impact	Negative Impact	Materiality in 2022 ^{Note}	Materiality in 2021 ^{Note}
Talent Cultivation and Development	Robust talent cultivation and development system	-	Key topic	Key topic
Talent Attraction and Retention	Attracts and retains outstanding talents	-	Key topic	Key topic
Innovative digital services	Enhances customer's digital shopping experience	-	Key topic	Key topic
Product quality and responsibility	Outstanding product quality and safety assurance	Unclear labels or signs for events and ads Improper product quality management	Key topic	Key topic
Operational performance and innovative strategies	Protects and safeguards shareholder rights	-	Key topic	Key topic
Corporate governance and ethical management	-	Poor corporate governance	Key topic	Key topic
Information security and privacy protection	-	Company and customer data leaks	Key topic	Key topic
Customer relationship management	Excellent customer relationship management	Customer reports, complaints, and disputes	Key topic	Key topic

Results from Material Topic Identification

16 Sustainability Issues	Positive Impact	Negative Impact	Materiality in 2022 ^{Note}	Materiality in 2021 ^{Note}
Fair and Healthy Workplace	-	Violations of workplace safety and labor rights	Secondary topic	Secondary topic
Social Good and Arts & Culture Promotion	Promotes the arts, culture, and community development	-	Secondary topic	Secondary topic
Risk Management	-	Poor risk management	Secondary topic	Key topic
Sustainable consumption initiatives	Raising the industry's awareness of sustainability	-	Secondary topic	Secondary topic
Waste Management	Promotes the circular economy	Waste pollution	Secondary topic	Secondary topic
Water Management	-	Water consumption	Miscellaneous topic	Secondary topic
Low-carbon Energy Management	-	Energy consumption & GHG emissions	Miscellaneous topic	Miscellaneous topic
Sustainable supply chain	Shared prosperity and sustainable development with suppliers	-	Miscellaneous topic	Secondary topic

Note:

- Changes to the naming of material topics in 2022: "Core Topics" has been renamed as "Key Topics," "Main Topics" as "Secondary Topics," and "Supplementary Topics" as "Miscellaneous Topics." These updated names are reflected in the table above.
- Changes to material topics this year include "Risk Management." Changes were made because we adopted a revised methodology for assessing materiality this year. "Risk Management" has relatively fewer connections with human rights risks and impacts, and there have been no relevant regulatory penalties or incidents. Therefore, "Risk Management" has been lowered in the rank of importance from 2021.
- Key topics, related management measures, and related GRI disclosures are disclosed in this report.

Summary and Management of Impacts from Material Topics

Material Topics	Positive Impact	Negative Impact	Description	Value Chain Segment Affected by Impact Management			Remedial Processes Against Negative Impacts (Related Chapters)
				Upstream Counter Vendors & Suppliers	Midstream SKM	Downstream Consumers & Communities	
Talent Cultivation and Development	Robust talent cultivation and development system	-	【People】 Provide robust education and competency training, establish fair performance evaluation criteria, ensure promotions are not discriminatory against race, gender, age, and disabilities, and work with employees to create a positive workplace that facilitates career development		✓		-
Talent Attraction and Retention	Attracts and retains outstanding talents	-	【People】 Ensure promotions are not discriminatory against race, gender, age, and disabilities, enforce SKM's policies on diversity and anti-discrimination, and provide competitive compensation and welfare packages to retain outstanding talents		✓		-
Innovative digital services	Enhances customer's digital shopping experience	-	【Economy/People】 Leverage innovation from digital technologies to 1. deliver a brand new and convenient shopping experience and accessible customer feedback channels, 2. safeguard customer rights, and 3. increase repurchases, retention, and loyalty among customers to thereby facilitate growth for the industry and economy	✓	✓		-
Product quality and responsibility	Outstanding product quality and safety assurance	Unclear labels or signs for events and ads	【People】 Unclear labeling for events or advertisements could lead to misunderstandings and disputes with consumers, subsequently resulting in infringements on consumers' rights	✓	✓		4.2. Quality Assurance
		Improper product quality management	【People】 Poor management and audit mechanisms on product quality or poor handling of disputes with consumers (e.g., food safety) may result in infringements on consumers' rights	✓	✓		4.2. Quality Assurance

Summary and Management of Impacts from Material Topics

Material Topics	Positive Impact	Negative Impact	Description	Value Chain Segment Affected by Impact Management			Remedial Processes Against Negative Impacts (Related Chapters)
				Upstream Counter Vendors & Suppliers	Midstream SKM	Downstream Consumers & Communities	
Customer relationship management	Excellent customer relationship management	Customer reports, complaints, and disputes	【 Economy/People 】 Leverage a robust CRM system to optimize and improve customer experiences, increase customer satisfaction and stickiness, and, indirectly, facilitate growth in the industry and economy	✓	✓	✓	2.1 Digital Customer Experience
Operational performance and innovative strategies	Protects and safeguards shareholder rights	-	【 Economy 】 Formulate and implement innovative strategies to maintain strong business performance and profitability, increase industry competitiveness, and safeguard shareholder rights and interests		✓		-
Corporate governance and ethical management	-	Poor corporate governance	【 Economy/People 】 Lapses in ethical management from poor corporate governance and employee violations of the SKM code of conduct may lead to unethical, corrupt, or fraudulent incidents, affecting SKM operations and infringing on the rights of shareholders, customers, and other stakeholders		✓		1.2 Resilient Governance
Information security and privacy protection	-	Company and customer data leaks	【 People 】 Failure from SKM or business partners (e.g., counter vendors) to adequately collect, use, and protect personal information (from employees and consumers) that leads to personal customer information leaks and sensitive corporate data leaks may cause disruptions in business operations and infringements on the rights of customers or related stakeholders	✓	✓		2.2 Customer Privacy Protection and Information Security

1.2 Resilient Governance

GRI Disclosures: 2-9, 2-10, 2-11, 2-15, 2-17, 2-19, 2-20, 2-23, 2-24, 2-26, 2-27, and 205-3

1.2.1 Ethical Governance

Management Guidelines



Policies & Commitments

The highest guiding principle at SKM is ethical management. SKM has established internal policies and regulations on ethical management, such as our Articles of Association and Regulations Governing Procedures for Board Meetings, in compliance with the Regulations Governing Establishment of Internal Control Systems by Public Companies.



Impacts

Misconduct in corporate governance (Negative Impact).



Action Plans

Prevention & Mitigation

- Prevent related disputes by establishing and enforcing Work Rules to clarify the rights and obligations of both workers and management.
- Suppliers are required to comply with SKM's Department Store Management Guidelines and Store Decoration Management Guidelines upon signing.
- To prevent conflict of interest, summaries and decisions from all motions are recorded in compliance with the Regulations Governing Procedures for Board Meetings.

- Legal team is responsible for matters relating to laws, policies, and regulations and for communicating related information to employees through diverse channels.

Remedial Measures

- According to the Work Rules, employee violations of contractual obligations will result in an immediate investigation. When confirmed as true, violations will be met with disciplinary actions, education, and guidance, depending on the severity of the situation.
- According to the Counter Vendors Contractor Regulations, vendors are required to provide refunds or exchanges and remove disputed products from shelves in the event of customer complaints, counterfeits, or other illegal activities.

Stakeholder Engagement

- Conduct business communications and exchanges with partnering vendors through the phone, messaging software, e-mail, and other channels .
- Legal team communicates and raises employee awareness of important regulatory information through education, training, 1-on-1 consultations, and other channels.



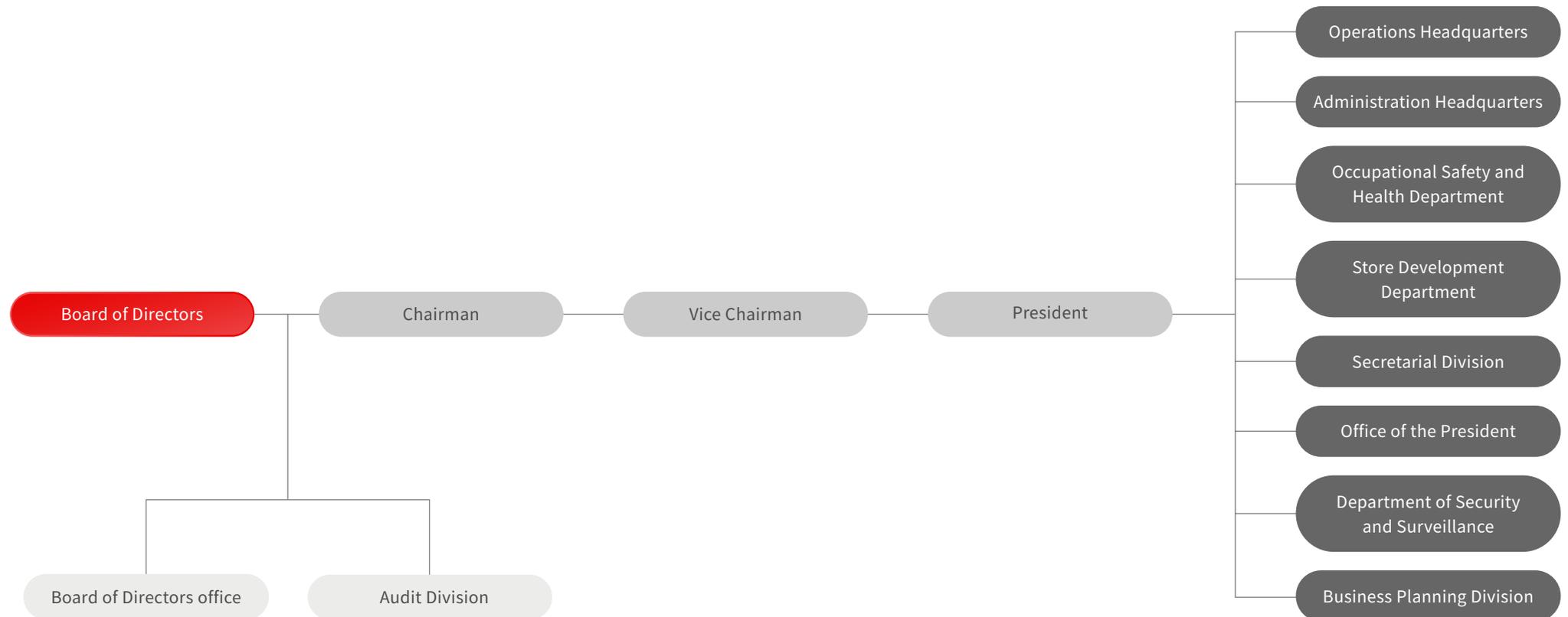
Assessment & Tracking

The Audit Department presents internal audit reports to the board every quarter, providing explanations on audit findings, exceptional matters, and subsequent improvement plans.

Corporate Governance & Board of Directors

The board of directors is the highest governing body at SKM. In compliance with the Regulations Governing Procedures for Board Meetings, SKM convenes a board meeting every three months. Chaired by the chairman, board meetings are responsible for establishing the organization's objectives, missions, strategies, and plans and ensuring the organization has robust policies and internal control systems in place to monitor the organization's overall health and performance. In April 2023, SKM added the Board of Directors office, responsible for matters relating to the board of directors. Under the board, the president is responsible for eight departments that serve their functional roles with professional expertise.

The nomination and selection process of the board members of Shin Kong Mitsukoshi complies with the Regulations Governing the Election of Directors and Supervisors. Shareholders assess nominations through cumulative voting, and board diversity, independence, and the ability to manage organizational impacts will be considered in future plans for listing.



Board Composition

SKM has a total of 13 board members, including one chairman and one vice chairman. The chairman serves as the highest governing officer of SKM. Additionally, three supervisors are responsible for auditing business and financial conditions and inquiring about the execution of board affairs. To ensure the board operates with integrity and to avoid conflicts of interest, SKM follows the Regulations Governing Procedures of Board Meetings, which requires detailed records to be kept for each board resolution, including the minutes, any objections raised by directors, the methods used for decision-making, and the outcomes. Furthermore, directors must disclose any conflicts of interest and abstain from voting on matters where conflict of interest exists. This report also discloses other positions held by directors in other companies.

SKM Board Members

Name	Title	Age	Gender	Term	Core Items	Concurrent Roles at SKM & Other Companies	Experience	
Dong-Sheng Wu	Executive Director	>50	Male	3 years	Finance	<ul style="list-style-type: none"> Chairman, Shin Kong Mitsukoshi Department Store Co., Ltd. Chairman, Shinkong Synthetic Fibers Corporation 	<ul style="list-style-type: none"> Chairman, Shinkong Synthetic Fibers Corporation 	
					Legal			✓
					Investment & M&A			✓
					Retail Management			
					Risk Management			✓
					E-commerce			
					Marketing			
Toyohiko Tanaka	Executive Director	>50	Male	3 years	Finance	<ul style="list-style-type: none"> Vice Chairman, Shin Kong Mitsukoshi Department Store Co., Ltd. 	<ul style="list-style-type: none"> Director, Isetan Mitsukoshi Holdings Ltd.; Store Manager, Nihombashi Mitsukoshi Main Store Director president, Chengdu Isetan Co., Ltd. 	
					Legal			
					Investment & M&A			
					Retail Management			✓
					Risk Management			✓
					E-commerce			
					Marketing			✓

SKM Board Members

Name	Title	Age	Gender	Term	Core Items	Concurrent Roles at SKM & Other Companies	Experience
Richard H. Wu	Executive Director	>50	Male	3 years	Finance	<ul style="list-style-type: none"> • President, Shin Kong Mitsukoshi Department Store Co., Ltd. • Chairman, Shin Kong Mitsukoshi Cultural & Educational Foundation • Chairman, Fayaque Co., Ltd. • Chairman, Li Zhan Infotech Co., Ltd. 	<ul style="list-style-type: none"> • Executive Vice President & General Manager Administration Headquarters, Shin Kong Mitsukoshi Department Store Co., Ltd. • Deputy General Manager of Administration Headquarters & Store Manager of Taichung Store, Shin Kong Mitsukoshi Department Store Co., Ltd.
					Legal		
					Investment & M&A ✓		
					Retail Management ✓		
					Risk Management		
					E-commerce ✓		
					Marketing ✓		
Tung-Chin Wu	Non-executive Director	>50	Male	3 years	Finance ✓	<ul style="list-style-type: none"> • Chairman, Shin Kong Wu Ho-Su Memorial Hospital 	<ul style="list-style-type: none"> • Founder, Shin Kong Financial Holding • Chairman, Shin Kong Life Insurance
					Legal		
					Investment & M&A ✓		
					Retail Management		
					Risk Management ✓		
					E-commerce		
					Marketing		

SKM Board Members

Name	Title	Age	Gender	Term	Core Items	Concurrent Roles at SKM & Other Companies	Experience	
Tong-Liang Wu	Non-executive Director	>50	Male	3 years	Finance	✓	<ul style="list-style-type: none"> Chairman, Taishin Financial Holdings and Taishin International Bank Chairman, Taishin Charity Foundation Chairman & Director, Taishin Venture Capital 	<ul style="list-style-type: none"> Chairman & President, Shinkong Synthetic Fibers Corporation Vice Chairman, TECO Electric & Machinery Director, Managing Director & Supervisor; First Commercial Bank, Taiwan Business Bank, and Hua Nan Commercial Bank. Managing Director; Shinkong Insurance & Shin Kong Life Insurance
					Legal			
					Investment & M&A	✓		
					Retail Management			
					Risk Management	✓		
					E-commerce			
					Marketing			
Hsin-Ta Wu	Non-executive Director	>50	Male	3 years	Finance	✓	<ul style="list-style-type: none"> Chairman, Shin Kong Mitsukoshi Development Co., Ltd. (July 2019 - present) Director, Great Taipei Gas Corporation Co., Ltd. (June 2019 - present) Director, Shin Kong Financial Holding (June 2020 - present) Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (September 2020 - present) 	<ul style="list-style-type: none"> President, Shin Kong Mitsukoshi Department Store Co., Ltd. (November 2004 - August 2019)
					Legal	✓		
					Investment & M&A	✓		
					Retail Management	✓		
					Risk Management	✓		
					E-commerce	✓		
					Marketing	✓		
Elbert Wu	Non-executive Director	30 50	Male	3 years	Finance		<ul style="list-style-type: none"> Chairman, Shinkong Textile 	
					Legal			
					Investment & M&A	✓		
					Retail Management	✓		
					Risk Management			
					E-commerce	✓		
					Marketing	✓		

SKM Board Members

Name	Title	Age	Gender	Term	Core Items	Concurrent Roles at SKM & Other Companies	Experience
Po-Han Lin	Non-executive Director	>50	Male	3 years	Finance Legal Investment & M&A Retail Management Risk Management E-commerce Marketing	<ul style="list-style-type: none"> Chairman, Shin Kong Lohas Co., Ltd. Director, Shin Kong Financial Holding & Shin Kong Life Insurance 	
Toshiyuki Hosoya	Non-executive Director	>50	Male	3 years	Finance Legal Investment & M&A ✓ Retail Management ✓ Risk Management E-commerce Marketing ✓	<ul style="list-style-type: none"> Director, President and CEO, Isetan Mitsukoshi Holdings Ltd. 	<ul style="list-style-type: none"> President and CEO, Iwataya Mitsukoshi Co., Ltd. Operating Officer, Isetan Mitsukoshi Ltd.
Yoshinori Makino	Non-executive Director	>50	Male	3 years	Finance ✓ Legal Investment & M&A ✓ Retail Management Risk Management E-commerce ✓ Marketing	<ul style="list-style-type: none"> Director, Managing Executive Officer, CSDO and CFO, Isetan Mitsukoshi HDS Ltd. 	<ul style="list-style-type: none"> Director, Managing Operating Officer, General Affairs and Human Resource Group, Isetan Mitsukoshi Ltd.

SKM Board Members

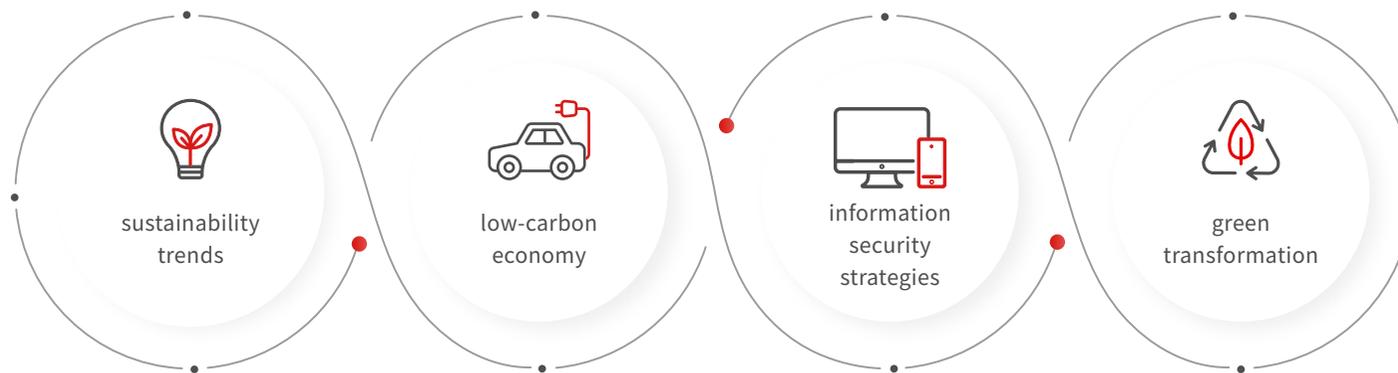
Name	Title	Age	Gender	Term	Core Items	Concurrent Roles at SKM & Other Companies	Experience
Masaki Yoshida	Non-executive Director	30 50	Male	3 years	Finance	<ul style="list-style-type: none"> Division Manager, Corporate Strategy Department, Overseas Business Division, Isetan Mitsukoshi HDS Ltd. 	<ul style="list-style-type: none"> Manager Director, Shanghai Meilonzhen Isetan Department Store Co., Ltd.
					Legal		
					Investment & M&A		
					Retail Management ✓		
					Risk Management ✓		
					E-commerce		
Marketing ✓							
Junji Nukata	Non-executive Director	30 50	Male	3 years	Finance	<ul style="list-style-type: none"> Division Manager Corporate Strategy Department, Business Development Division, Isetan Mitsukoshi HDS Ltd. 	<ul style="list-style-type: none"> President, Isetan, Mitsukoshi Research Institute Ltd.
					Legal		
					Investment & M&A ✓		
					Retail Management		
					Risk Management ✓		
					E-commerce ✓		
Marketing							
Yuji Kotera	Non-executive Director	30 50	Male	3 years	Finance ✓	<ul style="list-style-type: none"> Planning Leader, Corporate Strategy Department, Business Development Division, Isetan Mitsukoshi HDS Ltd. 	<ul style="list-style-type: none"> Director, Isetan Mitsukoshi Property Design, Ltd.
					Legal ✓		
					Investment & M&A ✓		
					Retail Management		
					Risk Management		
					E-commerce		
Marketing							

SKM Board Members

Name	Title	Age	Gender	Term	Core Items	Concurrent Roles at SKM & Other Companies	Experience
Dong-Sheng Wu	Supervisor	>50	Male	3 years	Finance	• President, Shinkong Co., Ltd.	
					Legal		
					Investment & M&A		
					Retail Management		
					Risk Management		
					E-commerce		
					Marketing		
Penglai Co., Ltd.	Supervisor			3 years	Finance		
					Legal		
					Investment & M&A		
					Retail Management		
					Risk Management		
					E-commerce		
					Marketing		
Mari Kikuya	Supervisor	>50	Female	3 years	Finance	• Standing Audit, Isetan Mitsukoshi Ltd.	• Operating Officer, Head of Merchandise Group I, Isetan Mitsukoshi Ltd.
					Legal		
					Investment & M&A		
					Retail Management		
					Risk Management		
					E-commerce		
					Marketing		

Competency Enhancement & Performance Evaluations for Directors

Shin Kong Mitsukoshi encourages directors to participate in external training programs and forums to stay updated on current laws, industry trends, and new knowledge in the field of sustainability. This helps to strengthen the foundation of sound corporate governance at SKM. In 2022, SKM directors received 38 hours of training on topics including information security, low-carbon trends, etc. to strengthen the board's competency in sustainable management. We also arranged for board members to participate in courses on sustainability trends, low-carbon economy, information security strategies, green transformation, etc. Providing directors with diverse training opportunities can help fulfill our vision for sustainable development and strengthen confidence among stakeholders in the organization's ethical governance and sustainable management.



2022 Board Advancement & Training

Name	Date	Organizer	Program	Hours
Director Dong-Sheng Wu	2022.08.08	R.O.C. Corporate Operating and Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance	3
	2022.11.07	R.O.C. Corporate Operating and Sustainable Development Association	Global Trends and Business Opportunities in the Low-Carbon Economy and Corporate Low-Carbon Innovation	3
Director Tung-Chin Wu	2022.10.26	Securities & Futures Institute	2022 Seminar on Internal Employee Stock Ownership Transaction Legal Compliance	3

2022 Board Advancement & Training

Name	Date	Organizer	Program	Hours
Director Po-Han Lin	2022.3.29	Taiwan Academy of Banking and Finance	Board of Directors and Supervisors' Practices and Corporate Governance Workshop	3
	2022.4.22	Taiwan Institute for Sustainable Energy Research	Transform to Net Zero - Taishin Sustainability & Net Zero Summit	3
	2022.7.26	Taiwan Institute for Sustainable Energy Research	Shin Kong Financial Holding Director & Supervisor Course	1
	2022.8.26	Taiwan Academy of Banking and Finance	Board of Directors and Supervisors' Practices and Corporate Governance Workshop	3
Director Elbert Wu	2022.08.08	R.O.C. Corporate Operating and Sustainable Development Association	Global Trends and Business Opportunities in the Low-Carbon Economy and Corporate Low-Carbon Innovation	3
	2022.11.07	R.O.C. Corporate Operating and Sustainable Development Association	Trends in ESG and the Impact of the Pandemic on Global Tax Reform and Corporate Tax Governance	3

2022 Board Advancement & Training

Name	Date	Organizer	Program	Hours
	2022.3.22	Taiwan Corporate Governance Association	Emerging Trends in Green Industries: Outlook on Low-carbon Investments and Business Strategy Adaptation	3
	2022.3.29	Shin Kong Financial Holding Co., Ltd.	Cybersecurity Strategies: Thinking and Practices; The Importance of Corporate Social Responsibility (CSR) Reports from a Corporate Governance Perspective, and Green and Sustainable Information Disclosure for Companies: CSR Guidelines and Case Studies	3
Director Hsin-Ta Wu	2022.7.26	Taiwan Institute for Sustainable Energy Research	Shin Kong Financial Holding Director & Supervisor Course	1
	2022.8.26	Taiwan Academy of Banking and Finance	Board of Directors and Supervisors' Practices and Corporate Governance Workshop	3
	2022.9.27	Taiwan Insurance Institute	Opportunity for Change with IFRS 17	3

Remuneration Policies

At SKM, guidelines and design processes for the remuneration of directors and senior executives primarily observe the SKM Articles of Association. According to our Articles of Association, up to 4% of annual profits may be allocated for the remuneration of the board and supervisors. As for senior executives, we consistently strive to bridge compensation, market trends, performance, and responsibilities to support the implementation of long-term operational strategies and further strengthen the company's competitive edge.

Ethical Management

- **Ethical Management Policies**

Ethical management is the highest guiding principle at SKM. We have also established our Articles of Association to ensure good corporate governance and company operations.

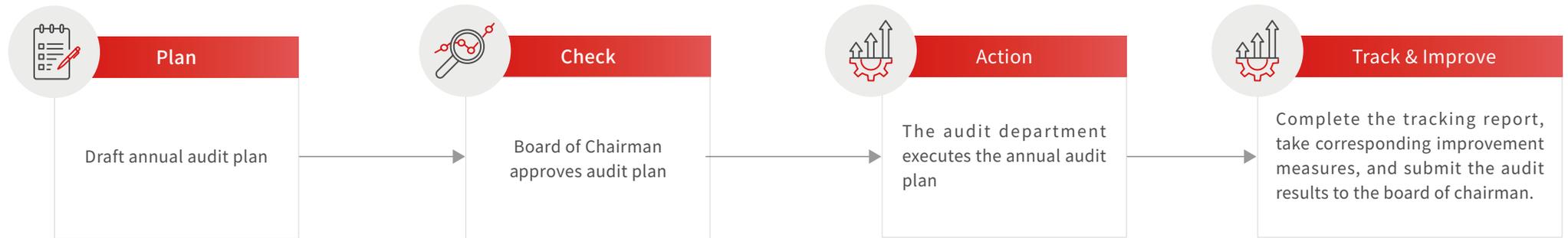
SKM places great importance on adhering to the principles of ethical management in all operational details and complying with legal and regulatory requirements. We also require employees to uphold business ethics and morality as we strive to enforce a spirit of sustainable management from top to bottom. In terms of employee conduct, SKM established Work Rules to define the rights and obligations of both labor and management and a robust management system, which is enforced and implemented by human resources department. In addition, SKM complies with domestic regulations (Labor Standards Act) and international guidelines on human rights (Universal Declaration of Human Rights) to ensure a humanistic business mindset. Contracts with suppliers include terms that ensure partnering vendors comply with regulations such as the Consumer Protection Act, Fair Trade Act, and Personal Data Protection Act. SKM has developed an excellent corporate governance system through information transparency, a strong sense of responsibility, and honest management principles. We welcome feedback from all parties and disclose all efforts and outcomes related to corporate governance.

- **Audit Mechanism**

SKM established an independent Audit Division under the board. The manager of the Audit Division is appointed directly by the board to assess and control company operations. In compliance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, SKM has established an effective and robust audit system. The Audit Division develops a detailed audit checklist in compliance with SKM's Articles of Association, policies, laws, regulations, and internal control systems to continuously optimize processes and mechanisms for risk assessment. Every year, the Audit Division devises an annual audit plan to define audit items and timelines. During quarterly board meetings, the Audit Division produces and presents internal audit reports to the board, providing explanations on audit findings, exceptional matters, and subsequent suggestions and timelines for improvement.

Results from the 2022 audit have already been presented to the board. The findings did not uncover any major deficiencies or exceptional matters. The Audit Division still provided suggestions on internal processes as a reference for departments to strengthen management quality.

• Internal Audit Process



• Regulatory Compliance

SKM established a legal team to handle any matters relating to laws and regulations. The legal team also educates employees on regulations and policies through employee training and 1-on-1 consultations to ensure employees have insight into the latest regulations and that events organized by all departments and units comply with related laws and regulations.

In 2022, SKM had zero significant violations against laws and regulations, as defined in the Labor Standards Act, zero incidents that resulted in fines, and zero incidents that led to non-monetary sanctions. Violations in 2022 listed hereinabove resulted in NT\$0 in fines, while the total fines from last year amounted to NT\$620,000. SKM investigated all incidents in-depth and uncovered the root causes and responsibilities of any disputes. We also continue to track any incidents and our response and evaluate their impacts on company operations.

In 2022, SKM had zero cases of corruption.

1.2.2 Risk Management

Management Guidelines



Policies & Commitments

SKM established five risk management visions and a Department of Security and Surveillance. We manage and identify risks such as public safety, information security, personnel safety, food safety, construction safety, occupational safety, environmental safety, and ESG risks in four steps: Identify, Assess, Improve, and Track.



Impacts

Poor risk management (Negative Impact).



Action Plans

Prevention & Mitigation

- SKM evaluates, manages, and monitors all risk items with three lines of defense.
- Organize safety training for all employees, raise employee awareness of safety, and assist employees with acquiring new information on safety.

Remedial Measures

In the event of emergency incidents, SKM convenes security and surveillance meetings where representatives from related departments discuss related risks and safety items.

Stakeholder Engagement

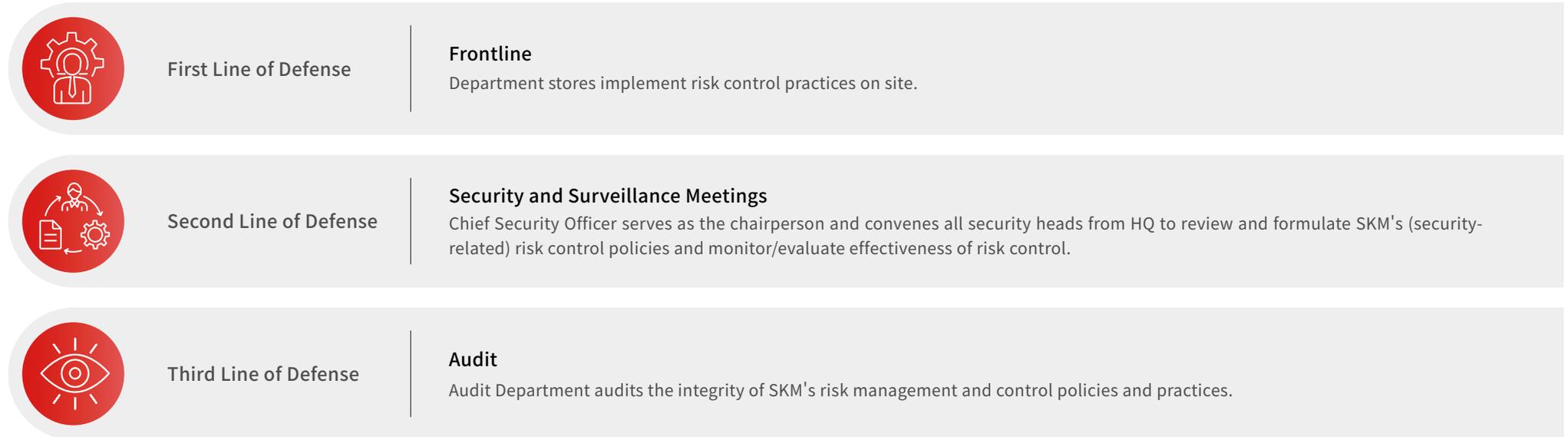
The Office of the President, General Affairs Department, Occupational Safety and Health Department, Information Technology Department, Store Development Department, and Customer Service Department can raise and discuss ways to improve workplace safety during security and surveillance meetings.



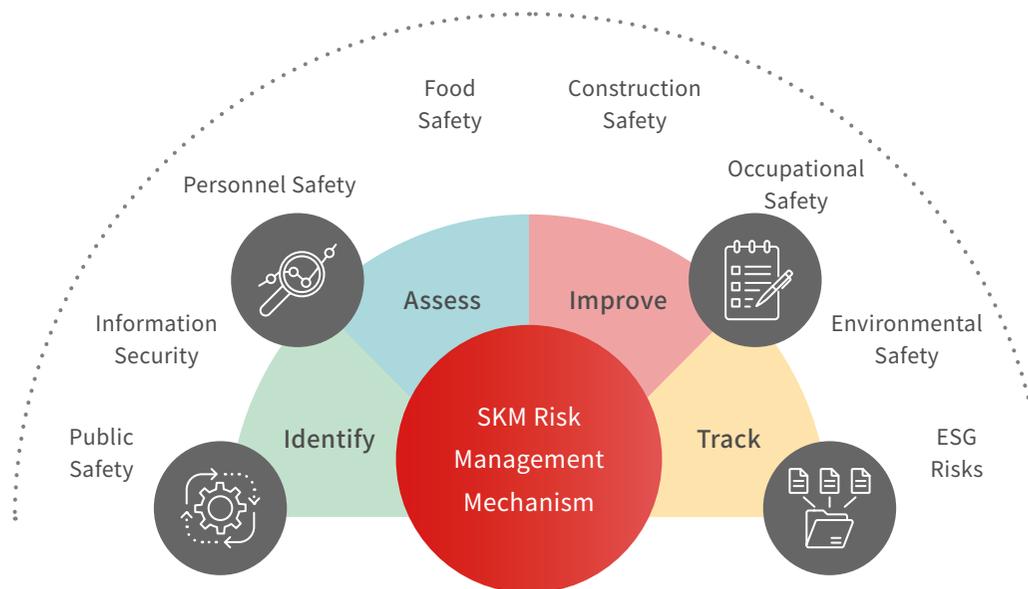
Assessment & Tracking

- Chief Officer of Security and Surveillance presents the risk management report for the present term at the biweekly operational management meetings.
- The Department of Security and Surveillance will, either independently or with related departments, visit department stores from time to time to monitor the enforcement of workplace safety.
- The Department of Security and Surveillance will then compile a report on the findings and results from their visits for discussion during security and surveillance meetings and formulate related measures.
- Department of Security and Surveillance conducts case research on individual risks and presents reports at monthly operational strategy meetings.

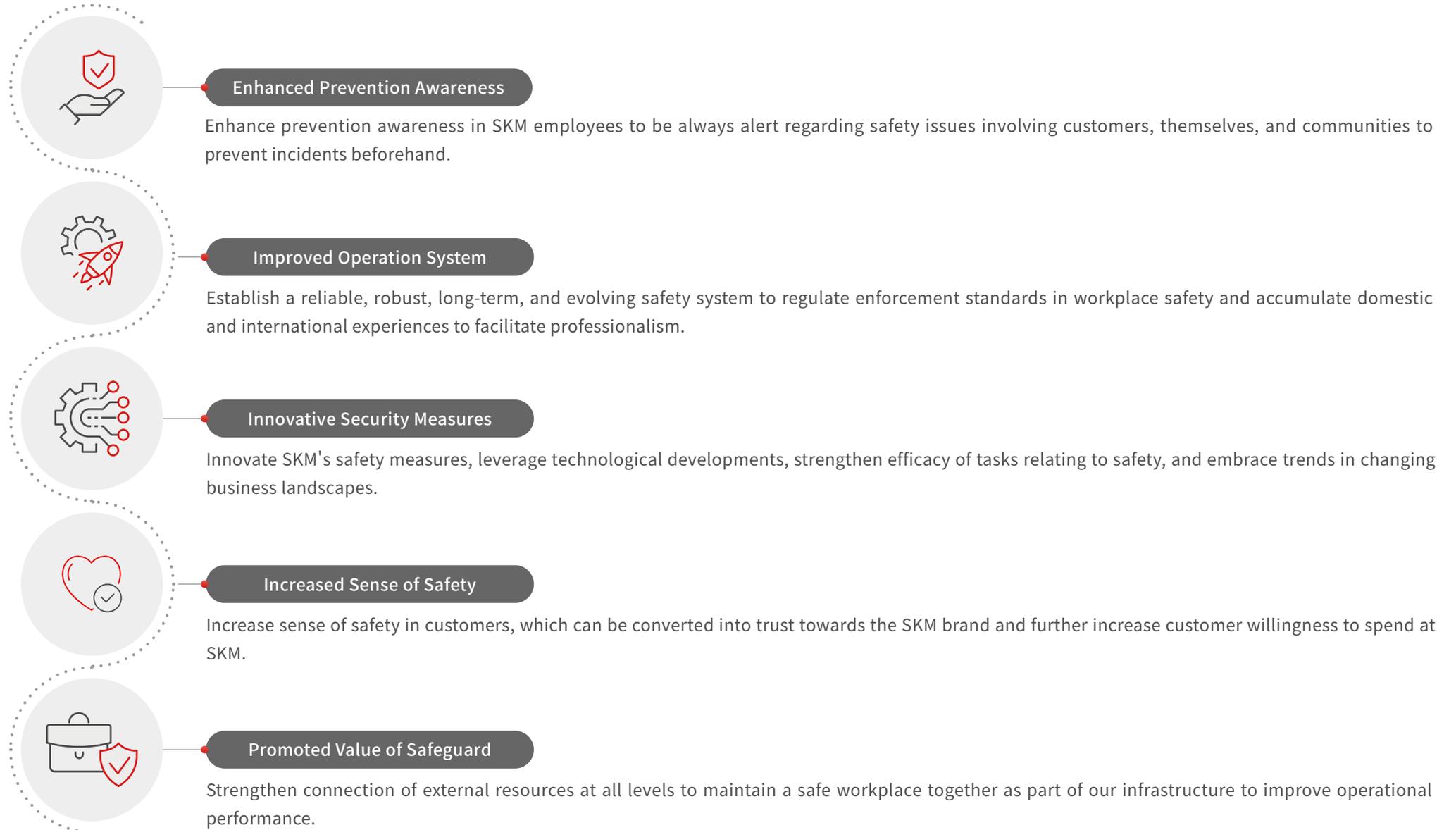
Three Lines of Defense in Risk Management



Four Steps in Risk Management



SKM Vision for Risk Management



Risk Management Framework and Key Work Plans

In 2018, SKM became the first in the industry to establish a position titled Chief Security Officer and the Department of Security and Surveillance, which are authorized to make suggestions, oversee, and assess safety policies. The Chief Security Officer and the Department of Security and Surveillance was established to build a more robust safety system in the company and facilitate overall safety. Safety-related policies refer to policies relating to public safety, information security, personnel safety, food safety, construction safety, occupational safety, environmental safety, and ESG risks. SKM regularly convenes security and surveillance meetings for representatives from related HQ departments to engage in discussions on workplace safety, stay updated on technological developments in 5G, AI, cloud, and digital applications, and evaluate their impacts on improving SKM's risk management

SKM is also aligning risk management frameworks with international standards, introducing external resources to ensure all safety-related tasks comply with the highest standards. In addition to introducing international management systems, SKM also works with supporting vendors and external consultants for external audits on domestic and international information security, occupational safety, and food safety and hygiene. We also communicate with government agencies, educational institutes, and private organizations to meet our safety needs, strengthen collaborative relationships, and acquire policy guidelines from the public sector and professional knowledge from the private sector. For related enforcement, please refer to the table below.

Risk Item	Responsible Unit	Implementation of Important Work Plans	Future Plans and Goals
Public Safety	Department of Security and Surveillance General Affairs Department	<ul style="list-style-type: none"> Carry out the six-year plan to improve surveillance systems. As of the end of 2022, completed upgrades at two department stores: Xinyi and Nanxi. In 2022, completed CCTV digital upgrades for all SKM department stores (except for Kaohsiung Sanduo Store, Kaohsiung Zuoying Store, and Taoyuan Dayou Store). 	In 2023, promote safety inspections of low-voltage ACBs in all our stores to enhance electrical safety.
Information Security	Department of Security and Surveillance Information Technology Department	<ul style="list-style-type: none"> In 2020, obtained ISO 27001 Information Security Management System accreditation. In 2021 and 2022, passed ISO 27001 verification. 	In 2023, kick off ISO 27701 Privacy Information Management System accreditation process and obtain accreditation in the same year.
Personnel Safety	Human Resources Department Occupational Safety and Health Department Department of Security and Surveillance	<ul style="list-style-type: none"> In 2022, proposed changes in work shift guidelines in department stores to mitigate overtime. In 2022, delivered care packages for employees confirmed with COVID-19, employees with positive rapid testing, and employees quarantined at home to help them through quarantine. 	In 2023, started implementing changes in work shift guidelines at department stores.

Risk Item	Responsible Unit	Implementation of Important Work Plans	Future Plans and Goals
Food Safety	Food Safety Promotion Team Department of Security and Surveillance	<ul style="list-style-type: none"> Promotes food hygiene and safety management. In 2022, randomly inspected over 1,462 F&B vendor products and packaged foods to provide a reliable consumer environment and product quality to customers through internal and external food safety audits. 	Conduct four regular random inspections on F&B vendors and five random inspections on packaged foods during holidays every year.
Construction Safety	Store Development Department Department of Security and Surveillance	<ul style="list-style-type: none"> Carry out designs, renovations, and maintenance and repairs. 	Visit and search for construction partners to strengthen and enhance the store development team.
Occupational Safety	Occupational Safety and Health Department Department of Security and Surveillance	<ul style="list-style-type: none"> In 2021, obtained ISO 45001 Occupational Safety and Health Management System accreditation. In 2022, passed ISO 45001 verification. 	<ul style="list-style-type: none"> In 2023, roll out ISO 45001 to six department stores in north Taiwan and organize training. In 2024, roll out ISO 45001 to all department stores in Taiwan and organize training.
Environmental Safety	Department of Security and Surveillance	<ul style="list-style-type: none"> Convened 130 COVID-19 Response Team meetings since the outbreak of the pandemic to respond to the pandemic's impact on company operations, reporting on and discussing the pandemic's status, prevention measures, policies, and other items. 	Continue to convene COVID-19 Response Team meetings to respond to changing circumstances.
ESG Risks	Department of Security and Surveillance	<ul style="list-style-type: none"> E – Monitor risks to SKM from developing carbon border tax policies around the world. E – Monitor impacts on SKM when RECs are difficult to acquire. S – Monitor human rights issues and related SKM practices. G – Monitor impacts on SKM from changes and legal compliance required by competent authorities after public listing. 	Continue to research regulatory updates from the government in the four key tasks listed above to internalize into SKM policies, which empowers us to respond to risks and mitigate impacts.

Climate Risk Management

In recent years, extreme climate events have continued to have negative impacts on various countries, and climate change has become a challenge confronting our world. At the 2022 UN Climate Change Conference (COP 27), countries were urged to make more ambitious commitments to reducing GHG emissions. The Taiwanese government also passed amendments to the Climate Change Response Act in early 2023, committing to net zero GHG emissions across Taiwan by 2050. As such, in 2022, SKM identified and assessed related climate risks and opportunities. The process and results from the assessment can be found below. SKM will continue to pay attention to climate issues and strengthen our competency in climate risk management.

Identification of Climate Risks & Opportunities

In 2022, SKM listed and identified climate risks and opportunities with the following steps: 1. Define Risk Events, 2. Analyze Impacts from Risk Events, and 3. Rank Risk Events.



Define Risk Events

Considering characteristics and asset allocation in the department store industry, SKM explored climate events with potential short-, mid-, and long-term impacts on company operations and finance. We compiled a list of climate risks and opportunities unique to SKM, which consisted of 11 climate risks and 16 climate opportunities.



Analyze Impacts from Risk Events

Using information on risk events, SKM analyzed upstream, midstream, and downstream assets or operations that could be impacted by climate risk events given specific scenarios and times. We also evaluated the financial impacts from direct or indirect impacts, e.g., decrease in revenue, increase in costs, etc.



Rank Risk Events

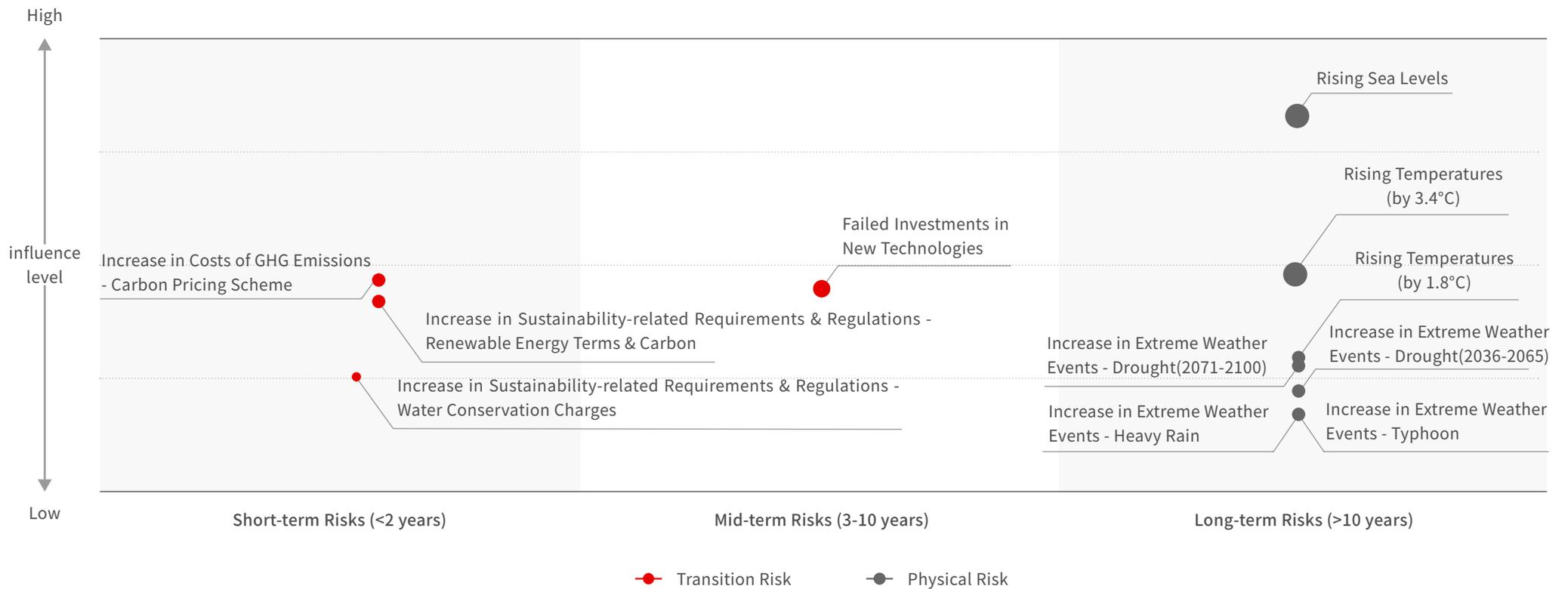
Management and employees across 16 departments come together to evaluate the likelihood and level of impact of all climate risks and opportunities. When evaluating climate risks, we consider different risk timelines, such as the short-term, mid-term, and long-term. All departments will rate risks based on the level of impact and potential vulnerability. For the level of impact, departments must consider the financial losses, operational impact, and impact on SKM reputation from the risk. For vulnerability, departments must consider the company's readiness level and adaptability toward the risk.

When evaluating climate opportunities, we also consider timelines for various opportunities and conduct materiality analysis on the impacts and business opportunities presented by specific climate opportunities.

Results from Climate Risk Identification

SKM regularly identifies climate-related risks, including physical and transition risks. We also further classify risks into short-term (>2 years), mid-term (3-10 years), and long-term (>10 years). This year, the climate risk matrix identified includes seven physical risks and four transition risks. The short-term and mid-term risks both derive from transition risks such as policy changes and new technologies. Long-term risks are either long-term or extreme physical risks.

SKM Climate Risk Matrix

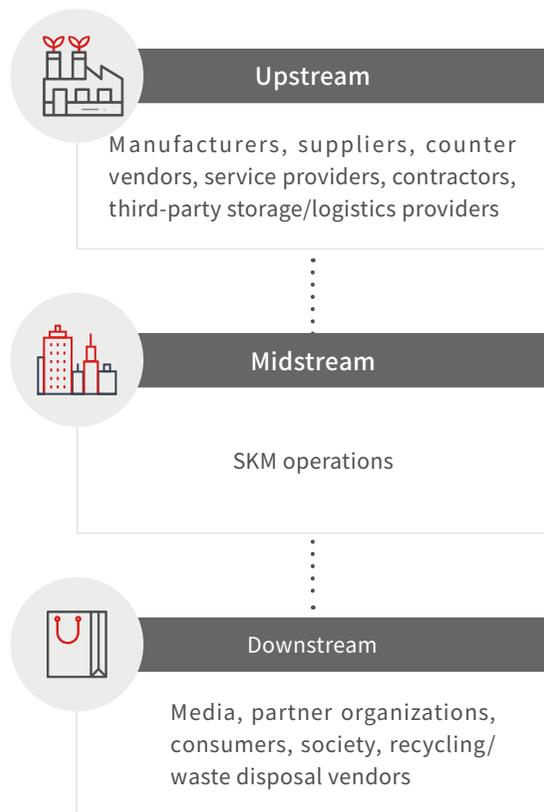


The size of each climate risk dot is directly proportional to the product of its "potential level of impact" and the "risk timeline."

Risk identification revealed that short-term risks are mainly derived from changes to domestic laws and policies, with transition risks such as GHG and renewable energy regulations having higher levels of impact. Long-term risks are mainly derived from physical risks brought on by climate change, with rising sea levels and rising temperatures having higher levels of impact.

In addition, as SKM operations engage with several value chains, we also assessed the potential climate change risks confronting the upstream, midstream, and downstream of our value chain.

• SKM Value Chain

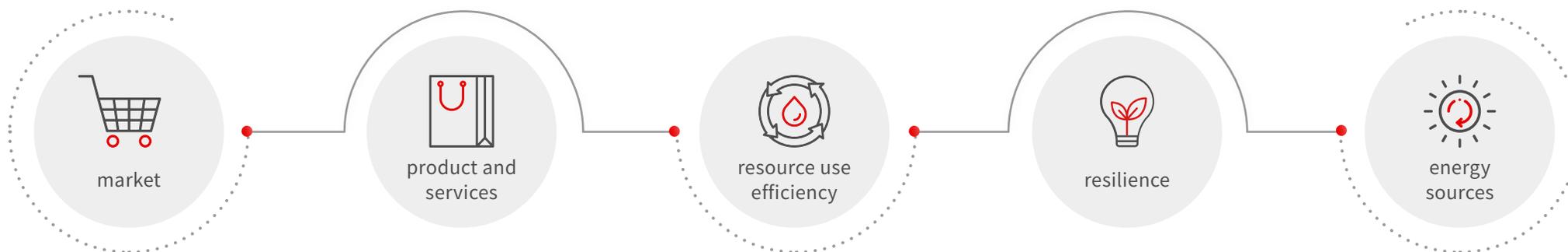


Details on potential impacts on SKM and affected value chains are listed in the table below for climate risks with higher levels of impact, as indicated above.

Risk Type	Climate Risk Event	Impact to SKM	Upstream	Midstream	Downstream
Transition Risk	Increase in Costs of GHG Emissions - Carbon Pricing Scheme	Competent authorities have progressively tightened regulatory control over GHG emissions every year. Potential carbon risks such as overall emission limits, carbon taxes, and carbon trading schemes may directly or indirectly impact the operational costs of businesses.	✓		
	Increase in Sustainability-related Requirements & Regulations - Renewable Energy Terms & Carbon	With regulations such as the Renewable Energy Development Act, product energy performance standards, carbon neutrality, and carbon footprint, the cost for SKM and suppliers to provide products and services may increase.	✓	✓	
Physical Risk	Rising Sea Levels	Rising sea levels may flood SKM locations and lead to financial losses, such as the devaluation of real estate assets and interruptions to business operations.	✓	✓	✓
	Rising Temperatures	Rising temperatures have an impact on human health and will affect the workforce and reduce the number of productive days, leading to impacts on company operations. SKM may face power outages, power rationing, or increased electricity costs that drive down revenue and drive up operating costs, thereby affecting overall profitability. Energy-intensive suppliers or locations facing power outages, power rationing, or rising electricity costs that drive up the cost of providing products and services may subsequently affect SKM's operating costs.	✓	✓	✓

Results from Climate Opportunity Identification

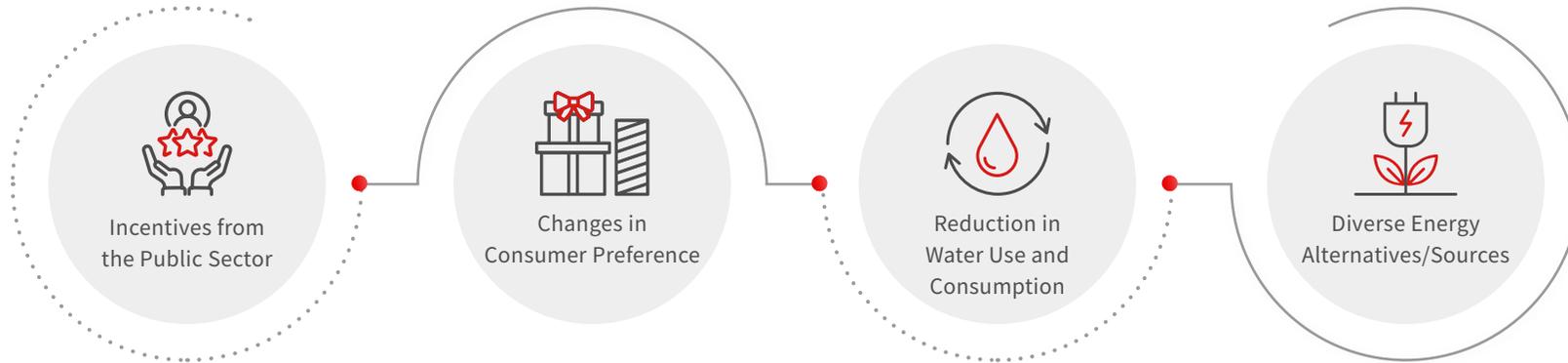
SKM evaluated 16 climate opportunities from dimensions such as market, product and services, resource use efficiency, resilience, and energy sources. Results from this year's materiality analysis can be found in the table below.



SKM's Climate Opportunities Ranked by Materiality

Rank	Dimension	Definition	Rank	Dimension	Definition
1	Market	Incentives from the public sector	9	Energy Source	Low-carbon energy
2	Product & Services	Changes in consumer preference	10	Energy Source	Incentive policies
3	Resource Use Efficiency	Reduction of water use and consumption	11	Resource Use Efficiency	Shifting to more efficient architecture
4	Resilience	Diverse energy alternatives/sources	12	Resource Use Efficiency	More efficient shipping methods
5	Product & Services	Diverse business activities	13	Product & Services	Development or increase of low-carbon products and services
6	Resource Use Efficiency	Recycle and reuse	14	Product & Services	Development of new products and services through R&D
7	Resilience	Participation in renewable energy projects and energy-saving measures	15	Resource Use Efficiency	More efficient production and distribution processes
8	Market	Entrance into new markets	16	Energy Source	New technologies

Risk identification revealed that "Incentives from the Public Sector", "Changes in Consumer Preference", "Reduction in Water Use and Consumption" and "Diverse Energy Alternatives/Sources" are climate opportunities with higher levels of materiality. The opportunities listed and their potential opportunities for SKM are detailed in the table below.



Dimension	Climate Opportunity Event	Opportunity for SKM
Market	Incentives from the public sector	By actively engaging in government programs and partnering with green finance institutions, we can proactively stay ahead of regulations and access valuable resources to minimize the costs of transitioning. This will also establish SKM as a leading example of sustainable transformation.
Product & Services	Changes in consumer preference	SKM can capitalize on raising awareness of sustainable spending to promote sustainable retail, strengthen our competitive advantage, and increase revenue.
Resource Use Efficiency	Reduction of water use and consumption	SKM can advocate water conservation or use water recycling to reduce overall water consumption and water conservation charges.
Resilience	Diverse energy alternatives/sources	By strengthening climate resilience management and diversifying our supply chain, SKM can enhance market valuation and mitigate operational disruptions caused by climate risks along the supply chain.

Climate Risk Management

At SKM, the chairman, president, and senior executives are responsible for managing climate risks and opportunities and for overseeing practices to mitigate climate change.

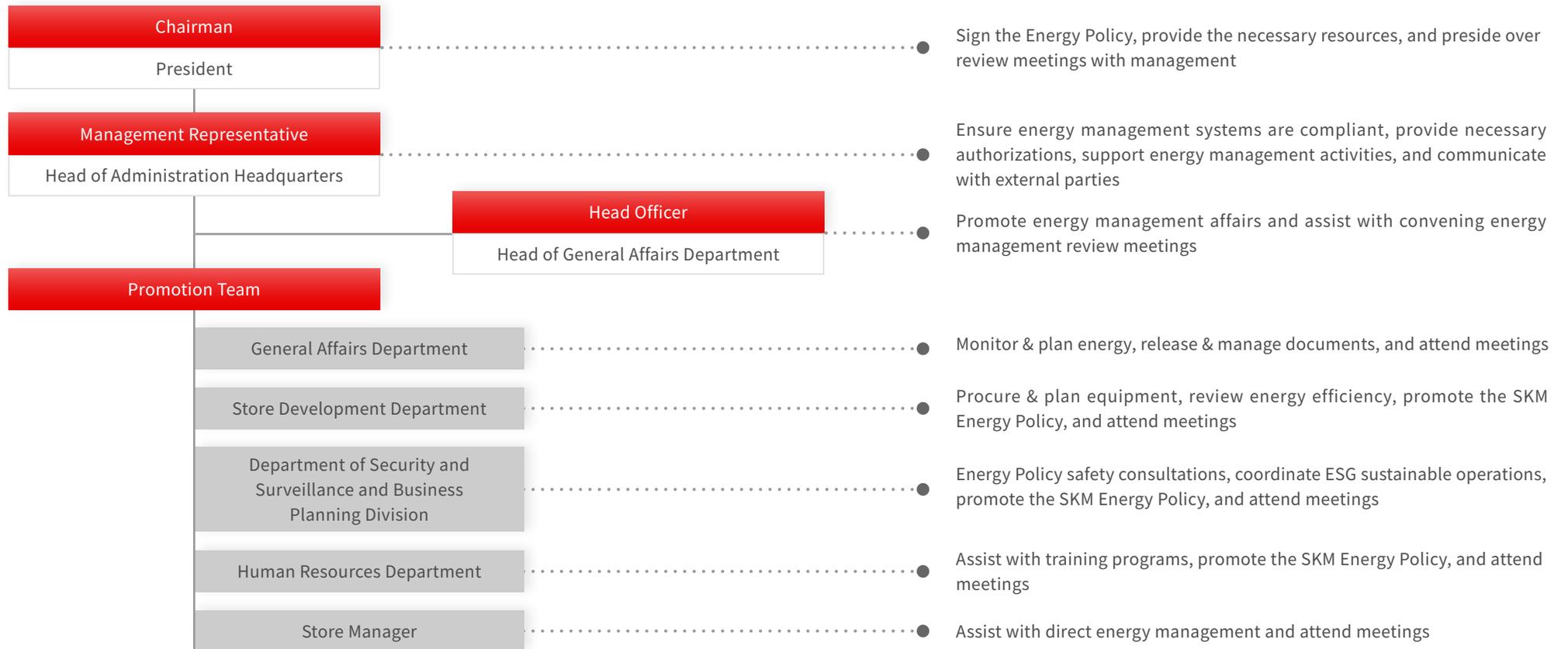
1.2.3 Green Operations

Promoting Green Operations

SKM is committed to ongoing efforts in energy conservation and carbon reduction. In 2022, we implemented ISO 50001 Energy Management System and will be extending the international framework to all our stores in Taiwan. To strengthen GHG management, we plan to adopt ISO 14064 Greenhouse Gas Inventory in 2023, starting with HQ and Taipei Xinyi Place A4 before full roll-out to all department stores. In 2024, we further plan to introduce ISO 14001 Environmental Management Systems at SKM.

The existing governance structure for green operations currently involves an Energy Management Promotion Team spearheaded by the president. In the future, SKM will make further changes to the organizational framework and add an organization for environmental management.

- Energy Management Promotion Team



In December 2022, we announced our Energy Policy internally, which continues to uphold our management principles of "customers first, service with heart" and commits to:



SKM analysis reveals that A.C. systems are the most energy-intensive equipment in department stores. The second largest is vertical transportation, e.g., escalators and elevators, followed by electricity used by counters and restaurants. Based on these findings, we have implemented energy management measures to minimize energy consumption while providing consumers with a comfortable service experience.

At the operational level, the general affairs and facilities units under the jurisdiction of each location's store management function are responsible for environmental management tasks such as waste management, wastewater and effluent control, and emission management. We have an energy manager at all department stores, responsible for regular meetings with management to discuss the progress and effectiveness of energy conservation and carbon reduction initiatives. Additionally, we include energy efficiency requirements in our procurement specifications and prioritize the purchase of energy-efficient equipment.

For major items promoting green operations in 2022, please refer to the table below.

Energy Saving LED Lights	Upgraded A.C. Equipment	Green Parking Lot
<ul style="list-style-type: none"> Since 2013, gradually phased out traditional lighting fixtures for energy-saving LED lights. All back-end areas in all department stores are now equipped with LED lighting. In 2022, replaced 3,581 light bulbs, conserving 562,000 kWh throughout the year. 	<ul style="list-style-type: none"> Installed variable frequency drives on a total of 96 A.C. motors at the Taichung Zhonggang Store and Tainan Ximen Store, conserving 1,176,000 kWh throughout the year. Upgraded cooling fins in Taipei Tianmu Store's cooling tower, conserving 120,000 kWh throughout the year. Continued to identify ways to upgrade A.C. units and manage A.C. usage to conserve energy and maintain an indoor temperature of 26°C. 	<ul style="list-style-type: none"> Planned the green parking lot project, which includes enhancing mobile application payments, reducing parking payment kiosks, installing charging stations, and replacing traditional lights with LED lights.

Reduction of GHG Emissions

SKM continues its efforts to reduce greenhouse gas emissions. From 2015 to 2022, we have implemented various improvements in lighting and air conditioning systems, as well as controlled and managed air conditioning units and electricity usage. We have also carried out repairs and updates on passenger facilities and refrigeration equipment.

Over the past eight years, we have achieved a cumulative reduction of 30,000 metric tons of carbon dioxide equivalent, which is equivalent to planting 2.5 million trees or the carbon absorption of 77 Daan Forest Parks. Additionally, we have formulated a greenhouse gas reduction strategy, setting a target to reduce carbon dioxide equivalent emissions by 1.5% annually, starting from 2023.

2020-2022 SKM GHG Emissions

Year	Direct Emissions		Indirect (Energy) Emission	Total
	Stationary Emissions	Mobile Emissions		
2020	7,977.60	61.97	142,914.28	150,953.85
2021	6,877.14	47.34	131,980.80	138,905.28
2022	7,103.48	45.43	131,581.74	138,730.65

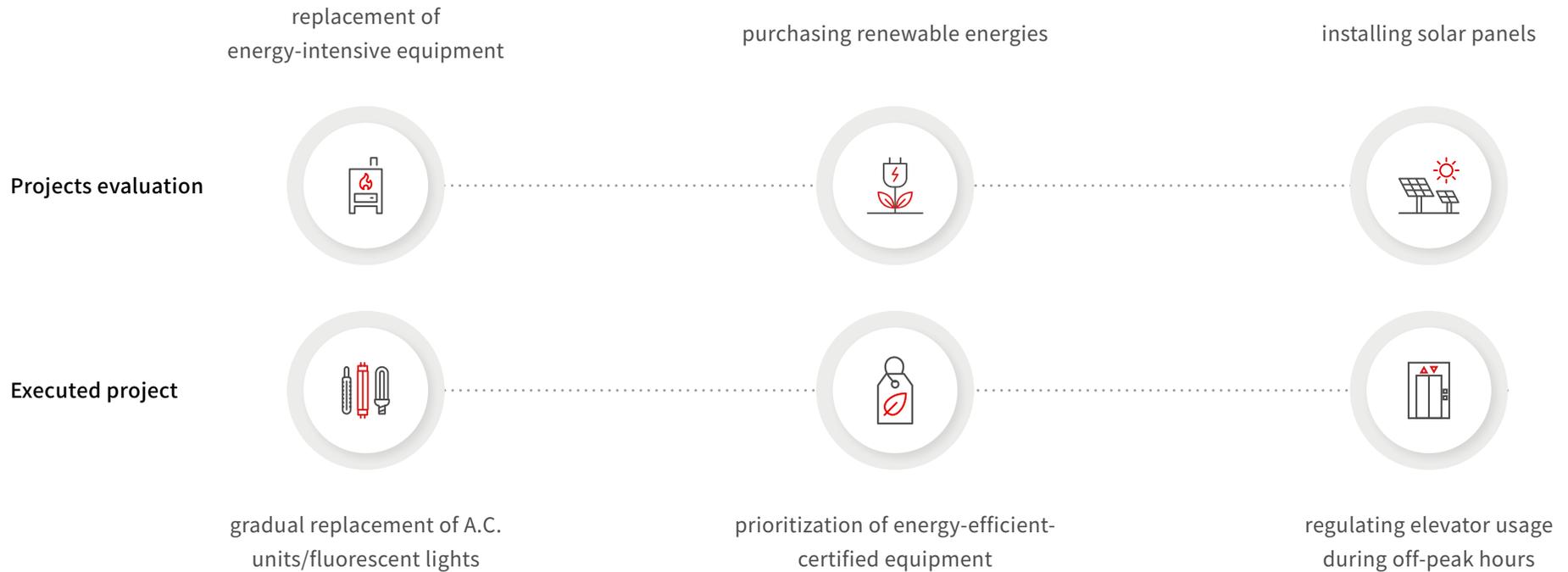
Note:

1. Unit is MTCO₂e/year
2. Figures from SKM HQ and 15 department stores; excludes figures from subsidiaries and affiliated businesses.
3. Emission coefficient: Select the "Greenhouse Gas Emission Coefficient Management Table" from the National Greenhouse Gas Logging Platform of the Environmental Protection Agency of the Executive Yuan. "Version 6.0.4" and the 2022 annual electricity carbon emission coefficient announced by the Energy Bureau of the Ministry of Economic Affairs.
4. Carbon accounting for fugitive emissions is currently incomplete and slated for completion in 2024.

Energy Management Performance

SKM's energy management strategy aims primarily to increase energy use efficiency. Key plans in energy management include proactive assessment and replacement of energy-intensive equipment as well as assessing renewable energy measures such as purchasing renewable energies and installing solar panels. SKM is currently carrying out the following projects: gradual replacement of A.C. units, gradual replacement of fluorescent lights (replaced 3,581 fluorescent light bulbs in 2022), prioritization of energy-efficient-certified equipment, and determination of reasonable usage time for vertical transportation facilities based on foot traffic by working with individual department stores, e.g., regulating elevator usage during off-peak hours.

Energy Management Plan



2020-2022 SKM Energy Consumption

SKM Energy Consumption			2020	2021	2022
Energy Source	Unit				
Non-renewable Fuel	Diesel	L	5,517	3,092	1,035
	Gas	L	20,092	16,630	18,120
Purchased Electricity	Electricity	kWh	284,689,805	259,294,711	265,821,694
Sales of Self-generated Electricity		kWh	0	0	0
SKM Energy Consumption		GJ	537,321	489,324	500,858
Percentage of Energy Consumption from Purchased Electricity		%	100	100	100
Surface Area		m ²	1,175,697	1,175,697	1,175,697
Energy Density		SKM Energy Usage/ Surface Area	537,321/1,175,697=0.457	489,324/1,175,697=0.416	500,858/1,175,697=0.426

Note:

1. Figures from SKM HQ and 15 department stores; excludes figures from subsidiaries and affiliated businesses.
2. SKM Energy Consumption = Non-renewable Fuel + Purchased Electricity - Sales from Self-generated Electricity.
3. 1 L of Gas = 7,800 kcal, 1 L of Diesel = 8,400 kcal, 1 kWh = 860 kcal, 1 kcal = 4,184 J. Source: MOEA Bureau of Energy.
4. GJ (gigajoule) = 109 J (joule)

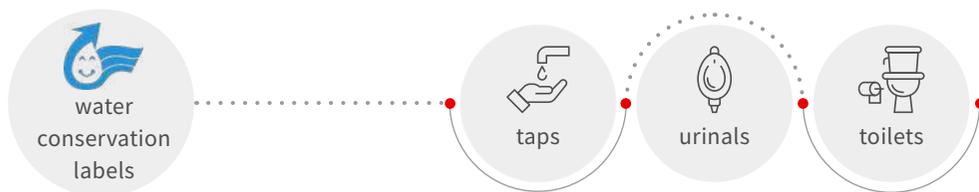
To ensure the safety and reliability of energy provision and provide a safe and comfortable shopping environment for consumers, SKM established the Electricity Safety Busway Management Regulations and a five-year plan for the safety management of power equipment.

In 2022, we completed the first phase of low-voltage ACB safety inspections, where we conducted the following items: overload protection and circuit breaking function test, isolation switch function test, load switching function test, arc extinction and non-extinction function confirmation, operation signal function confirmation, and visual inspection of the main body's exterior. Phase 1 has been completed for Taipei Xinyi Place A11, the Taipei Nanxi Store, Taipei Station Store, Taoyuan Dayou Store, and Tainan Zhongshan Store.

2022-2025 Plan for the Safety Management of Power Equipment			
2022	2023	2024	2025-2027
Low-voltage ACB Safety Inspections - Phase 1 Scope: 6 department stores	Low-voltage ACB Safety Inspections - Phase 2 Scope: 5 department stores	Low-voltage ACB Safety Inspections - Phase 3 Scope: 4 department stores	High-voltage Transformer Safety Inspections Scope: 5 stores (first stage)

Water Management Performance

Climate change has resulted in increasingly severe extreme rainfall in Taiwan. While the retail industry is by no means a water-intensive industry, we have also been deeply impacted. In recent years, domestic retailers have been confronted with water rationing crises on several occasions. In addition to adopting emergency response measures, SKM has also, once again, recognized the importance of water as a resource. SKM is committed to enforcing water management and is reviewing and installing water conservation facilities, taps, urinals, toilets, and various water-consuming facilities to increase water use efficiency. We also prioritize purchasing products accredited with water conservation labels and are encouraging all employees to join in our efforts to conserve water. Wastewater and effluents are treated in compliance with related laws and regulations and then discharged to county/city underground sewage systems.



2020-2022 SKM Water Use				
Tap Water Use	Unit	2020	2021	2022
Total Water Use in Taiwan	megaliters	2,631.14	2,114.94	2,320.82

Note:

1. Figures from SKM HQ and 15 department stores; excludes figures from subsidiaries and affiliated businesses.
2. SKM withdraws tap water from the Feitsui Reservoir, Shihmen Reservoir, LiYuTan Reservoir, Renyitan Reservoir, Lantan Reservoir, Zengwen Reservoir, Nanhua Reservoir, Wutoushan Reservoir, Chengqinghu Reservoir, and Fengshan Reservoir, which draws water from rivers such as the Beishi River, Nanshi River, Dahan River, Dajia River, Bazhang River, Zengwen River, Taoping River, and Donggang River. Wastewater is discharged into public sewage systems.
3. Due to the COVID-19 pandemic in 2021, SKM shortened business hours from mid-May to late July, which also reduced water usage. In 2022, business hours remained as usual and, therefore, water usage increased in 2022 from 2021.

In addition to water conservation measures, SKM established processes relating to wastewater, treating wastewater generated from department stores by intercepting solid waste and removing oil and grease before discharging into county/city underground sewage systems. Any wastewater generated from business activities will be discharged into county/city underground sewage systems.

Waste Management Performance

Primary waste generated from department stores consists of domestic waste and kitchen waste. At SKM, we do not generate any hazardous waste. SKM also complies with laws and regulations, commissioning certified vendors to handle waste and recycle kitchen waste. In addition, we report any business waste, enforce waste sorting, track waste streams, and strengthen the disposal of kitchen waste from food courts and restaurants.

SKM commissions certified waste disposal vendors to incinerate general waste such as domestic waste; certified recycling companies to sort and recycle aluminum cans, glass bottles, paper, and plastic bottles; and certified farms to incinerate or recycle kitchen waste as animal feed or fertilizers.



To effectively prevent environmental pollution from fugitive fumes, all SKM buildings are equipped with scrubbers and electrostatic machines. We also established the Kitchen Pollution Prevention Equipment Setup and Cleaning Regulations in 2021, requiring F&B vendors set up pollution prevention facilities and manage cleaning equipment in compliance with SKM regulations. In 2022, we cleaned a total of 305 stalls in restaurants and food courts. We replaced 10,600 meters of exhaust ducts, installed 93 water-washing machines, and 23 electrostatic fume purifiers. Additionally, 150 flexible hoses were replaced. To enhance kitchen safety, we added quarterly cleaning of exhaust ducts in specialized grease containers, involving 90 containers, 1,100 meters of exhaust ducts, and 30 hose replacements.

SKM also supports government policies, campaigns, and regulations, meaning that we do not provide disposable plastic straws and also work with restaurants in SKM to reduce the use of plastics. In addition, we encourage the public to say no to plastics by providing discounts for buyers that bring their own eco-friendly utensils.



2020-2022 SKM Waste Generation

Waste	Unit	2020	2021	2022
 Domestic Waste	MT	8,459	7,470	7,551
 Recyclables	MT	2,259	1,936	2,421
 Food Waste	MT	1,687	1,858	2,464
 Total Waste	MT	12,405	11,264	12,436

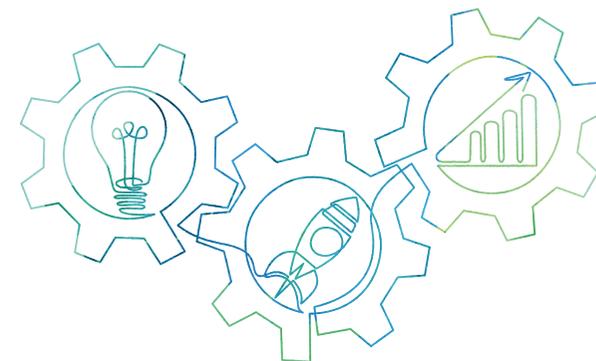
Note:

1. Recyclables include paper, glass, plastic bottles, and aluminum cans; excludes food waste
2. Figures from SKM HQ and 15 department stores; excludes figures from subsidiaries and affiliated businesses.
3. Due to the COVID-19 pandemic in 2021, SKM shortened business hours from mid-May to late July, which also reduced waste generation. In 2022 business hours remained as usual and, therefore, waste generation increased in 2022 from 2021.

Future Plans and Goals

SKM will continue to obtain and expand the application scopes of international certificates such as ISO 50001, ISO 14064, and ISO 14001. We strive to enforce energy management, GHG inventory, and environmental management across all SKM stores in Taiwan through a systematic management framework.

In addition, we conduct energy audits on electrical equipment to identify energy-intensive equipment for replacement, for which we will be compiling an annual budget. We are also proactively assessing important energy projects such as purchasing renewable energies, installing solar panels, upgrading A.C. units, building green parking lots, and upgrading to LED lights.



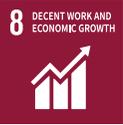


Chapter 02

Intelligent Experience

SKM is leveraging innovative digital technologies to move forward with customers and provide considerate and convenient services. We also strive to build a reliable information security protection network by consistently advancing ICT technologies. Our goal is to create long-term partnerships and an environment where customers feel safe.

Chapter 2 · Intelligent Experience

Material Topics	Corresponding SDGs	Affected Stakeholders
<ul style="list-style-type: none"> Innovative Digital Services Customer Relationship Management Information Security and Privacy Protection 	  	<ul style="list-style-type: none"> Customers Employees



Achievements in Sustainability

 <h3>Optimized digital experience</h3> <p>70% of the members hold membership points, with a maximum annual issuance of 600 million points, driving the points economy. In 2022, new members binding their membership with skm pay was increased from 40% to nearly 98%.</p>	 <h3>The Best Service Awards</h3> <p>Received Gold at the Commercial Times' 2022 "The Best Service in Taiwan" awards.</p>	 <h3>ISO 10002 seven years</h3> <p>First department store to obtain ISO 10002 Customer Satisfaction and Complaints Handling accreditation, which SKM has continued to implement for the past seven years. SKM efforts in customer services have successfully reduced customer complaints in 2022 by 23.6% from 2021.</p>	 <h3>A+ in cloud safety</h3> <p>Rated A+ in cloud safety by cybersecurity assessment platform, Cymetrics, in the Cybersecurity Risk Exposure Report on Taiwan Department Stores.</p>	 <h3>ISO 27701 accreditation</h3> <p>Kicked off preparations for ISO 27701 Privacy Information Management Standard accreditation in 2022, with plans to apply for ISO 27701 accreditation in 2023.</p>
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2.1 Digital Customer Experience

With the emergence of phones, tablets, laptops, etc., we now live in an era where people own multiple devices. SKM not only hopes to provide customers with a safe and relaxing shopping environment, but is also dedicated to integrating online and offline resources, developing diverse marketing tools, providing guided shopping services through mobile applications, and offering online shopping and other digital services through digital internet technologies. Our goal is to deliver convenient services that cater to our customer's individual needs and establish a stronger presence in their lives, enabling them to enjoy high-quality shopping experiences anytime and anywhere.

To achieve this goal, SKM has been investing in digital transformation since 2019. With a focus on strengthening the quality of customer service at SKM, the Information Technology Department, E-commerce Department, Digital Development Department, and Customer Service Department work together to roll out various projects, including developing and optimizing skm online (e-commerce platform), skm pay (mobile payment platform), skm app, smart online customer services, and chatbots to increase customer satisfaction. We believe this can further strengthen trust and recognition in our customers toward the SKM brand, fulfilling a strong, long-term relationship with customers.



2.1.1 Investments in Digital Transformations

Management Guidelines



Policies & Commitments

SKM is committed to developing digital tools and proactively integrating online and offline resources to deliver convenient services that cater to individual customers. In response to the rise of smart retail and new consumer trends, we have also developed a digital shopping platform that brings us closer to the lives of our customers.



Impacts

Enhances customer's digital shopping experience (Positive Impact).



Action Plans

Management Measures

- Internally, developed and upgraded our Member System, skm online (online marketing system), and electronic business operations system.
- Externally, developed and upgraded digital member management, skm app's user interface, and new skm points system.

Stakeholder Engagement

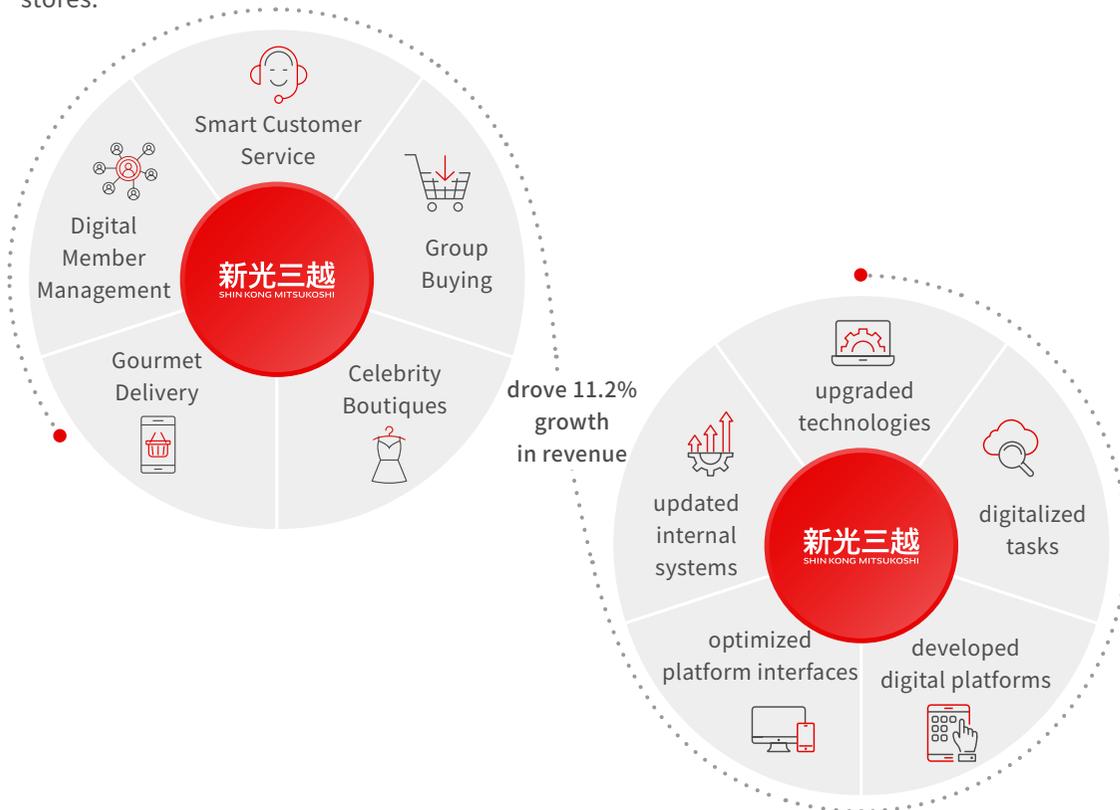
- Conducted member satisfaction surveys on member benefits and new member system.



Assessment & Tracking

With web tracking, the Marketing Department, Information Technology Department, and Digital Development Department regularly utilize website analysis tools to observe metrics such as the number of visitors, click-throughs to campaigns, conversion rates, etc., for digital innovation services relevant to their own departments. This is to evaluate customer demands for digital services and serve as a reference for future optimization and updates.

Consumer preferences and shopping behaviors are growing more diverse. To ensure insight into customer demands and strengthen our service staff's ability to respond, SKM has been investing in digital transformation. In 2022, SKM launched five major digital services - Digital Member Management, Smart Customer Service, Group Buying, Celebrity Boutiques, and Gourmet Delivery. We also updated internal systems, upgraded technologies, digitalized tasks, developed digital platforms, and optimized platform interfaces. These measures increased conversion rates and unique visitors on our mobile applications and digital shopping platforms and garnered positive feedback from our colleagues responsible for managing these platforms, meaning that we effectively strengthened services to both our consumers and employees. In 2022, SKM continued to generate record-high revenues thanks to our efforts in digital transformation, which drove 11.2% growth in revenue across all SKM department stores.



Evolving Management Systems Deliver Outstanding & In-depth Membership Services

- Case in Focus I : Member System Upgrades

When consumer behaviors shifted due to the COVID-19 pandemic, SKM responded swiftly by launching a Member System in February 2020, after just an 11-day development period. The Member System provides sales associates with insights into consumer demands, allowing them to create their own stores on our system based on customer preferences. They can also generate customized links for customers to place orders, saving them time during the purchasing process. Additionally, sales associates can offer online shopping support and recommendations through the system, transforming themselves into stylists who suggest products and services tailored to individual consumer needs. This creates a brand new shopping experience where we have a better understanding of our consumers than they do themselves and ensures sales associates can close sales after holding goods for customers. For brands, consumers paying with the Member System means that they receive immediate cash flow.



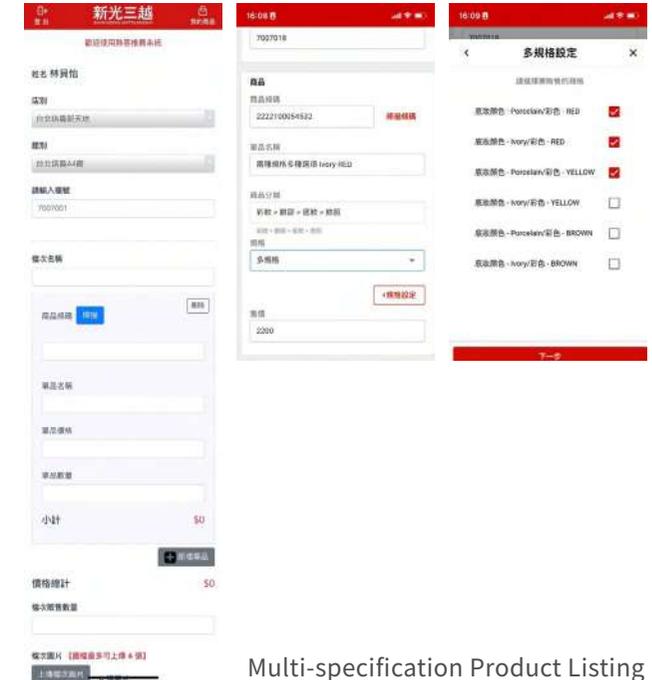
The Member System was launched almost four years ago, and since then, the majority of our sales associates have established their own personal stores on the system, attracting a growing number of customers through their community influence. To sustain this success, we are dedicated to ongoing optimization and the development of new functions. For example, in 2022, the Member System introduced new functions that support different specifications under a single product and optimized the purchasing process. These differentiated services make it easier for sales associates to upload products with multiple specifications, while also providing customers with a more convenient experience when choosing from a wide range of diverse products. In 2022, the Member System generated more than NT\$1.1 billion in revenue.



Support different specifications under a single product and optimized the purchasing process



In 2022, the Member System generated more than NT\$1.1 billion in revenue



Multi-specification Product Listing

Item	Function	Impacts	Quantified Outcomes
Multi-specification Product Listing	<ul style="list-style-type: none"> Sales associates can now upload different specifications of the same product under one listing, and customers can select the specification they desire and make purchases directly. The function is applicable to any products, such as apparel, cosmetics, home appliances, and luxury goods (bags & shoes) that are available in multiple sizes, colors, or materials 	<ul style="list-style-type: none"> Uploading products with different specifications is now a more efficient process 	<ul style="list-style-type: none"> Up to 96% of sales associates use the Member System
Optimized Purchasing Function	<ul style="list-style-type: none"> Added original price to highlight discounts Added visual and written descriptions for products (up to 3 images) Added function for customers to choose from in-store pick-up or delivery 	<ul style="list-style-type: none"> Sales associates can now use prices, pictures, and written descriptions to attract consumers Enables sales associates to provide in-store pick-up or delivery services according to consumer demands 	<ul style="list-style-type: none"> In 2022, the Member System generated over NT\$1.1 billion in revenue with over 40,000 transactions

• Case in Focus II : Breakthrough in skm online Website and Official Website Marketing Tools

The forerunner to skm online was Beauty Stage, an e-commerce platform specializing in makeup and cosmetics. When the COVID-19 pandemic broke out in Taiwan in 2021 and offline sales were severely impacted, SKM acted swiftly and boldly, transforming the former Beauty Stage into the current skm online in just 14 days and expanding the product offering from 20,000 to over 80,000 products. Despite the challenging circumstances, we successfully achieved revenue growth and witnessed a seven-fold revenue increase in the six months following the system roll-out compared to the preceding six months.

However, according to our statistics, the conversion rate of skm online from January to April 2022 was only 0.73%. This indicates that customers were unable to find products they liked on the website, leading to a relatively low overall conversion rate. Mobile internet usage has been on the rise, but due to the limited screen size of mobile devices, customers can only receive limited information. As a result, the use of technology to accurately target advertisements to the right audience has become a crucial focus in the field of marketing. The 2022 Taiwan Market Insight Report, published by Meta, indicates that 53% of consumers are seeking a personalized shopping experience that offers tailored recommendations, while 54% of consumers desire personalized discounts and promotional campaigns. As such, SKM is actively on the hunt for mature MarTech solutions on the market, hoping to introduce personalized ad and recommendation systems to enhance customer experiences and strengthen conversion across all platforms.

In addition, SKM launched a Celebrity Boutique function on the official website, where KOLs from different domains can curate and sell products. This creates an intersection between KOL marketing and department stores but also generates more traffic for our official website. After upgrades to marketing tools and functions on our official website, we welcomed 10,506,270 unique visitors to our official website, a 4.28% year-on-year growth from 2021.



80,000+

transforming the Beauty Stage into skm online, and expanding the product offering



seven-fold

revenue growth and witnessed a seven-fold revenue increase



10,506,270 visitors

unique visitors to our official website in 2022



4.28%

year-on-year growth from 2021

Item	Function	Impacts	Quantified Outcomes
Personalized Ad & Recommendation System on skm online	<ul style="list-style-type: none"> Targets users based on their browsing behavior, shopping habits, customer status (new or returning), and inferred preferences to recommend suitable products or activities that align with their interests Provided recommendations for the latest arrivals, best-selling products, and similar products with smart recommendations derived from skm online's big data on products/sales 	<ul style="list-style-type: none"> Improved customer's shopping experience and increased conversion across the whole site by providing product/campaign mixes that better meet their individual needs 	<ul style="list-style-type: none"> Increased skm online conversion rate from 0.73% to 1.13% (55% increase)* Increased average order value from NT\$6,016 to \$12,945 (115% increase)*
SKM Official Website Templates	<ul style="list-style-type: none"> Employees from different department stores can use templates for different functions, which allows them to quickly update the webpage for seasonal products or campaigns and produce high-quality marketing content with ease 	<ul style="list-style-type: none"> Reduced the technical barrier for designing and producing webpages for our official website Reduced the times it takes for employees at department stores to produce a webpage and increase their work efficiency Launched 7 templates, 6 modules, and 36 functions (including pictures, products, articles, communities, raffles, event checklists, etc.) 	<ul style="list-style-type: none"> Reduced the average amount of time required for producing a webpage from 5 days to 2.5 days HQ and department stores produced a total of 918 webpages Satisfaction between July and November 2022 among employees from HQ and 26 department stores was 3.69 (rated on a 1 to 5 scale with 5 being highly satisfied and 1 being not satisfied) Over 60% of employees reported satisfaction, with feedback focusing on the templates being simple, responsive, visually appealing, and highly versatile. Employees also said that they were looking forward to features like discount modules and more editing functions
Celebrity Boutiques	<ul style="list-style-type: none"> Launched SKM Media on the official SKM website to collaborate with KOLs from different fields for KOLs to curate and sell products on our online platforms (official website, skm app, and skm online) 	<ul style="list-style-type: none"> Bolsters SKM's reputation in fashion and generates traffic to our official website Provides customers with new inspirations and trends 	<ul style="list-style-type: none"> In 2022, launched 12 Celebrity Boutique campaigns Campaigns brought in 153,000 users and 229,000 clicks to our official website

(*: Comparison across January 1, 2022, to May 15, 2022 and May 16, 2022, to December 31, 2022)

• Case in Focus III : Electronic Business Operations System

With retail channels embracing digital transformation, we are entering a new era of smart retail. To adapt to these market changes, we are optimizing our existing digital B2C platform and digitalizing manual and paper-based business operations. This transition not only reduces paper consumption but also significantly enhances SKM's work efficiency, reduces human errors, and facilitates internal communication and management, ultimately enabling us to provide customers with high-quality services.

Item	Function	Impacts	Quantified Outcomes
EasyCard Function Integrated into Cloud POS System	<ul style="list-style-type: none"> Added EasyCard function to the cloud POS system used in restaurants, food courts, food counters and supermarket 	<ul style="list-style-type: none"> Added diverse payment functions to our cloud POS system Streamlined system operations for service staff 	<ul style="list-style-type: none"> In August 2022, added EasyCard function to F&B, food counters and supermarket at all department stores As of December 2022, generated 820,000 transactions with the EasyCard function
Developed inventory management system	<ul style="list-style-type: none"> Developed our own inventory management system, functions include : <ol style="list-style-type: none"> Digital pre-orders Integration with POS system Product & supplier management Customer order handling Inventory & shipping status 	<ul style="list-style-type: none"> Increased employee management performance as real-time and flexible inventory management can help us respond to new trends in retail and sales 	<ul style="list-style-type: none"> Reduced paper usage by approximately 25,000 sheets per year with our inventory management system Processed over 35,000 gift catalog orders between end of April and end of December 2022 after roll-out across all department stores
Digital budget system	<ul style="list-style-type: none"> Standardized management processes in budget system, added function to compare estimated values and actual values, and strengthened the system's budget control function 	<ul style="list-style-type: none"> Compiled spreadsheets for different budgets and uploaded spreadsheets to database for storage and one-stop management Reduced manual operations, work time, and labor required Used system to automatically check and reduce errors Unified systems across all department stores for easy management Increased efficiency in reviewing budgets across different projects 	-
Paperless Company	<ul style="list-style-type: none"> Used the following tools to propel SKM into a paperless company : <ol style="list-style-type: none"> Electronic signatures for BPM documents Digital documents Mobile operations platform 	<ul style="list-style-type: none"> Reduced paper usage and strengthened sustainable operations Improved workflows to increase efficiency Empowered employees to work with mobile devices, reducing demands for equipment procurement 	<ul style="list-style-type: none"> From 2014 to 2022, accumulated for over 660,000 BPM electronic forms have been approved. Signed over 10,000 electronic documents Mobile operations platform used nearly 430,000 times

Innovative Digital Shopping Experience

• Case in Focus I : Digital Member Management

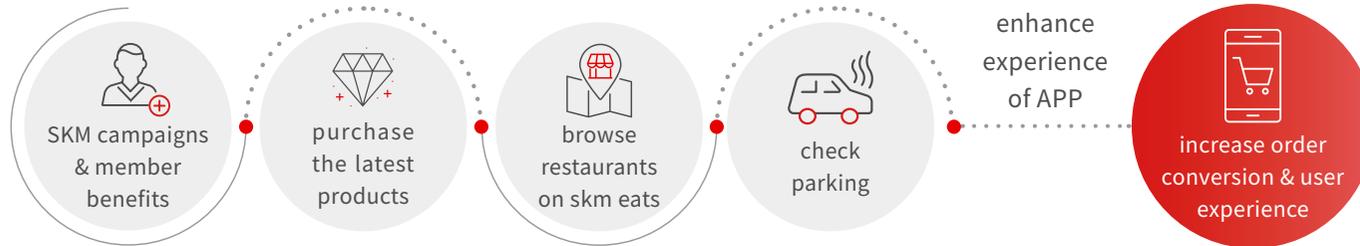
In the past, membership applications were mainly promoted through department store campaigns and paper-based methods. However, SKM has now introduced a membership application portal on the skm app. This modern digitalization approach not only aligns with current trends but also reduces the risk of COVID-19 infections, enhances paperless operations, and potentially frees up manpower for other core tasks. In addition, our mobile application has completely replaced physical member cards. As of July 20, 2022, we no longer issue physical cards, eliminating the inconvenience of customers having to carry multiple cards and reducing waste and carbon emissions.



Item	Function	Impacts	Quantified Outcomes
New Member Application Portal on skm app	<ul style="list-style-type: none"> Added two verification methods: third-party verification of personal ID cards and mobile phone numbers and video call verification. Once skm app users spend the requisite amount online, they can click on "Apply Now" to verify their identity and apply for membership online 	<ul style="list-style-type: none"> Simplified membership application process, which encourages customers to bind their membership to the skm app directly after online application 	<ul style="list-style-type: none"> Received applications from 79,136 customers in 2023 since roll-out in July 2022 and issued a cumulative total of nearly 80,000 digital VIP cards, with 98% of members binding their membership with their skm app Added over 260,000 members on the skm app (through binding) in 2022.
Terminated Physical Membership Cards & Promoted Digital Memberships	<ul style="list-style-type: none"> Terminated the issuance of physical membership cards in 2022, with memberships now being issued on the skm app. We also continue to encourage members to bind their membership on the skm app 	<ul style="list-style-type: none"> Terminated the issuance of physical membership cards to encourage customers to apply online and attach their membership with the skm app Reduced costs from printing membership cards 	<ul style="list-style-type: none"> 68.5% of SKM members have attached their membership to the skm app Saved NT\$3,626,338 from printing membership cards as of the end of 2022
Shifted all non-official digital members as "Orange Card Members"	<ul style="list-style-type: none"> All customers without SKM memberships become "Orange Card Members" for free by simply downloading the skm app and performing a semi-real-name authentication on their phones 	<ul style="list-style-type: none"> Convenient member management Strengthened customer experiences across platforms 	<ul style="list-style-type: none"> Added 337,000 Orange Card Members in 2022

• **Case in Focus II : Optimized User Interface for skm app**

SKM values innovative services and personalized experiences. Through our skm app, members can enjoy various features, including convenient access to SKM campaigns and member benefits, the ability to purchase the latest products, browse restaurants on skm eats, and check parking lot availability prior to arrival. In hopes of increasing member stickiness, SKM decided to optimize and adjust the skm app's user interface in 2022, hoping that this could enhance customer's experience with purchasing and browsing on the skm app, allow customers to quickly find certain functions or campaigns, and create a more intuitive user experience to thereby increase order conversion.



Before Update(L)& After Update(R)

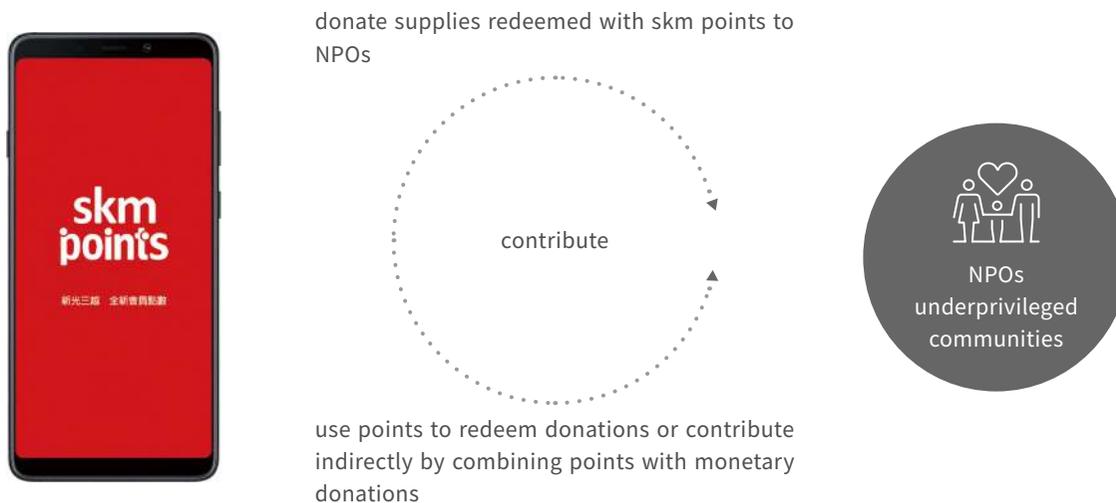
Item	Function	Impacts	Quantified Outcomes
Application Homepage Update	<ul style="list-style-type: none"> Optimized user interface, including : <ol style="list-style-type: none"> Automatically switching to the appropriate icon when customers bind on skm pay Adjusted layout to make main visuals more appealing Added shopping cart portal Added portals to major campaigns Added shortcut to department store information Presented event information by topics and dates 	<ul style="list-style-type: none"> Enhanced user experiences on skm app Added portals to different functions for easy access Provided a clear and simple overview of member benefits 	<ul style="list-style-type: none"> Added icon for major campaigns on homepage as a portal; in 2022, added 1.26 million click-throughs to major campaigns
Coupon & Order Integration	<ul style="list-style-type: none"> Integrated portal to orders and coupons 	<ul style="list-style-type: none"> Before the update, orders and coupons had different portals and many customers missed out on their coupons. After the update, customers can check any available coupons when checking orders 	<ul style="list-style-type: none"> In 2022, Member System generated NT\$1.1 billion in revenue with over 40,000 transactions

• Case in Focus III : New skm points System

SKM introduced its initial member points system, which eventually evolved into the current skm points, in 2016. After five years, the system gained significant traction, with nearly 70% of members actively participating and benefiting from over 600 million points issued annually. In order to increase member redemption and maximize the value of points, SKM decided to launch a new skm points system after one year. The new skm points system maximizes the value of member points, issuing over 12 times more points annually. Currently, over 50% of SKM members hold skm points. We have also diversified the point redemption programs, allowing members to redeem products or participate in raffles using their points. This has resulted in the successful return of 179,000 customers to SKM department stores for point redemption, representing a growth of 60%.

More importantly, the new skm points system can strengthen member loyalty and stickiness, generating a circular economy where "SKM issues points to customers → Customers redeem points." In 2022, customers redeemed over 90% of the points issued, which far exceeds the usual redemption rate of 70%. During the 2022 anniversary sales, SKM introduced its first "Points for Purchase" campaign and added more than 3,702 new products for redemption compared to last year. We uploaded a total of over 100,000 products and increased click-through by 645,000, which increased by 91% from 2021.

Under the new skm points system, SKM introduced charity campaigns in addition to gifts for brand members (for more details, please refer to 3.3.1 Social Engagement for the Common Good), allowing members to donate supplies redeemed with skm points to NPOs, which are then gifted to underprivileged communities. SKM will continue to pursue different partnerships in the future to create a points ecosystem. We will also develop different charity projects, allowing members not only to make direct donations but also to have the opportunity to use their points to redeem donations or contribute indirectly by combining points with monetary donations. This will enable them to contribute to NPOs by donating funds or providing essential resources to those in need.



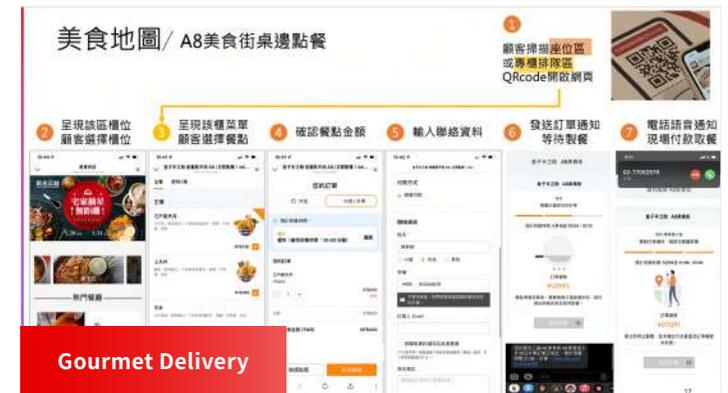
• Case in Focus IV: New Shopping Experience with OMO

To establish a seamless shopping experience both online and offline, SKM continues to strengthen digital functions. In 2022, we launched several features on our skm app, including Group Buying and Gourmet quick order, to ensure uninterrupted shopping across online and offline channels. The Group Buying feature revolutionized the traditional group buying model where customers had to join fan groups to enjoy discounts from group purchases. Now, customers simply need to register as members and complete the registration process to enjoy discounted prices on products from SKM department stores and counters.

The Gourmet quick order feature allows customers to order online by scanning QR codes at their tables or in line during peak hours, such as lunchtime or dinnertime. Once their orders are ready, customers will receive a notification, to which they can proceed to the counter for payment and pickup, effectively reducing their time in line.



Group Buying



Gourmet Delivery

Item	Function	Impacts	Quantified Outcomes
Group Buying	<ul style="list-style-type: none"> Equipped counters with registration tools that allow customers to register and, once the required number of registered members is reached, enjoy exclusive offers. 	<ul style="list-style-type: none"> Increased product sales and offered discounted prices through group buying 	<ul style="list-style-type: none"> Launched 36 group buying campaigns in just six months after roll-out Generated 372,000 views and generated NT\$3.057 million in revenue 67% of participating members increased frequency of application usage
Gourmet quick order	<ul style="list-style-type: none"> Enables customers to order by scanning QR codes at their tables or in line. Once their orders are ready, customers will receive a notification, to which they can proceed to the counter for payment and pickup 	<ul style="list-style-type: none"> Reduced waiting time and prevented accidents from overcrowding in food courts 	<ul style="list-style-type: none"> Reduced waiting time from 5 minutes to 0 minutes for Gourmet quick order users during peak hours, such as lunchtime and dinnertime

2.1.2 Customer Relationship Management

Management Guidelines



Policies & Commitments

We believe in "putting our customers first and treating them with honesty and integrity." Therefore, SKM is committed to offering diverse channels for customer feedback and reporting. We've also established SOPs to handle negative feedback and incidents to ensure customer satisfaction. In addition, we continue to make improvements based on customer feedback.



Impacts

Outstanding customer relationship management (Positive Impact).
Customer complaints and disputes (Negative Impact).



Action Plans

Prevention & Mitigation

- Launched SKM Smart Customer Service to provide 24/7 response to simple customer inquiries.
- Introduced TECS, a customer feedback management system, to record and analyze customer feedback.

Management Measures

- Adopted ISO 10002 Customer Satisfaction and Complaints Handling system.
- Established an SOP to handle customer complaints.
- Established an SOP for customer incident reporting & handling.

Stakeholder Engagement

- Reached out to customers via telephone to explain SKM response to customer incidents after investigations are completed.
- Invited customers to fill out surveys regarding customer satisfaction with SKM handling of negative feedback.

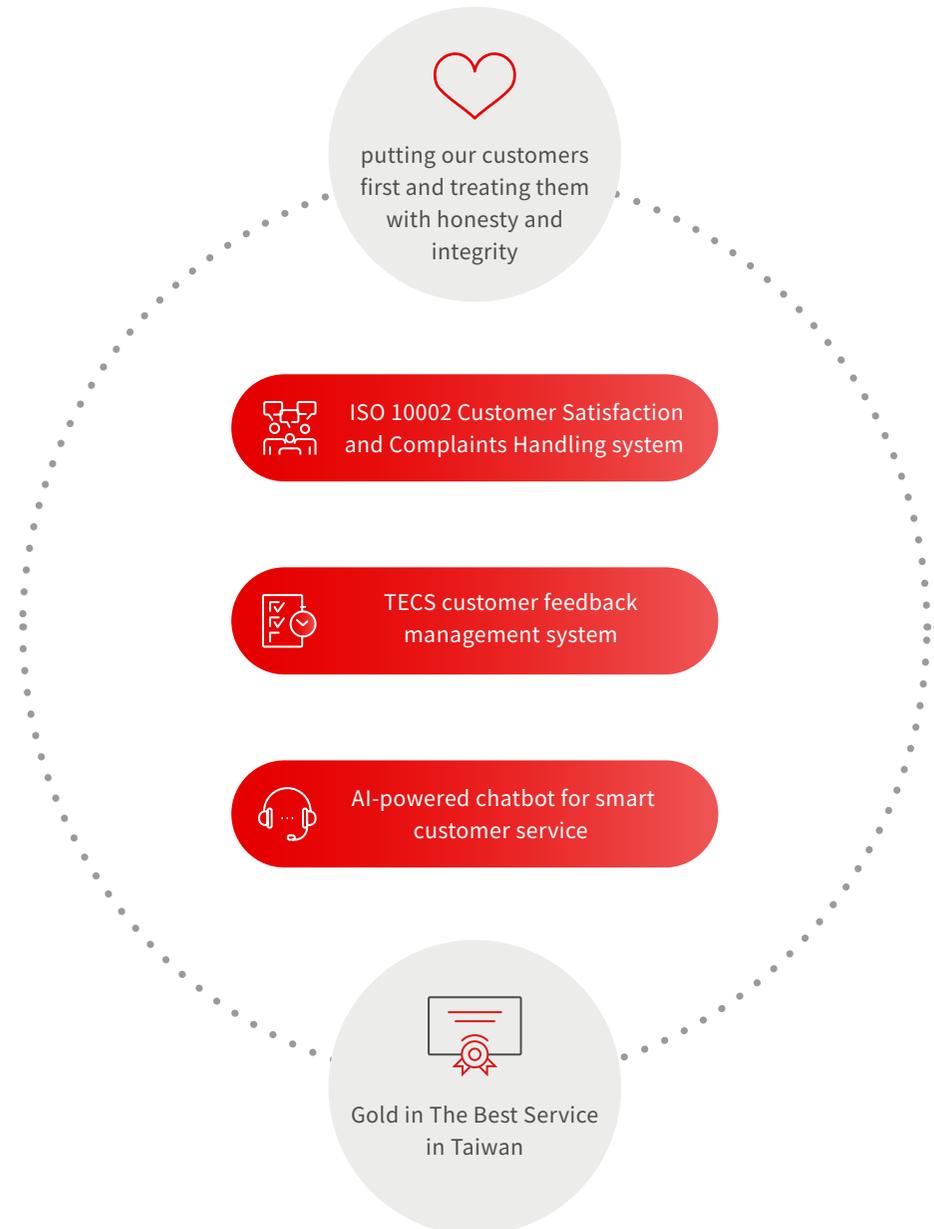


Assessment & Tracking

Customer Service Department reports all resolved and pending customer complaints to the president during monthly store manager meetings, explaining outcomes and future management plans.

SKM is committed to providing friendly and personal services. We believe in "putting our customers first and treating them with honesty and integrity" and care deeply about collecting customer feedback to strengthen SKM's reputation and image among customers. SKM is the first department store in Taiwan to obtain international verification for the ISO 10002 Customer Satisfaction and Complaints Handling system, We have been consistently updating and maintaining the verification in line with different versions, and for the past seven years, we have successfully retained the validity of the ISO 10002 Customer Satisfaction and Complaints Handling system. In 2022, in addition to continuing to provide diverse channels for customer feedback, SKM introduced new services such as the TECS customer feedback management system and an AI-powered chatbot for smart customer service, aiming to provide customers with more immediate interactive experiences. Regarding customer complaints and negative feedback, SKM not only offers various feedback channels for customers but also establishes SOPs to meet customer needs. SKM also takes customer feedback into account to make improvements accordingly.

With various improvement measures in place, SKM was awarded Gold in The Best Service in Taiwan organized by the Commercial Times in 2022. This marks the fifth time SKM has received this honor, following previous awards in 2017, 2018, 2020, and 2021.



SKM Response to Customer Feedback and Complaints

SKM values the opinions, comments, and requests of all stakeholders. Below is an explanation of our customer feedback channels and customer complaint handling process

SKM Data on Customer Feedback Channels						
Customer Feedback Channels	Main Topics					2022 Data on Customer Complaints/Feedback
	Complaints	incident reporting	commendations	suggestions	inquiries	
Toll-free Hotline	✓	✓	✓	✓	✓	8,532
On-site Service Desks	✓	✓	✓	✓	✓	2,030
Customer Feedback Forms	✓	✓	✓	✓	✓	423
Official SKM Website - Customer Feedback Section	✓	✓	✓	✓	✓	8,575
IoT (Internet of Things)					✓	228
Letters	✓				✓	17
Others	✓	✓	✓	✓	✓	1079
Total Number of Customer Complaints/Feedbacks in 2022						20,884

Online

	official website	Customer Feedback
	food map	Order record, contact customer service
	skm online shopping	<ul style="list-style-type: none"> IOT order question Official website opinion mailbox
	shopping butler	Customer Product Inquiry

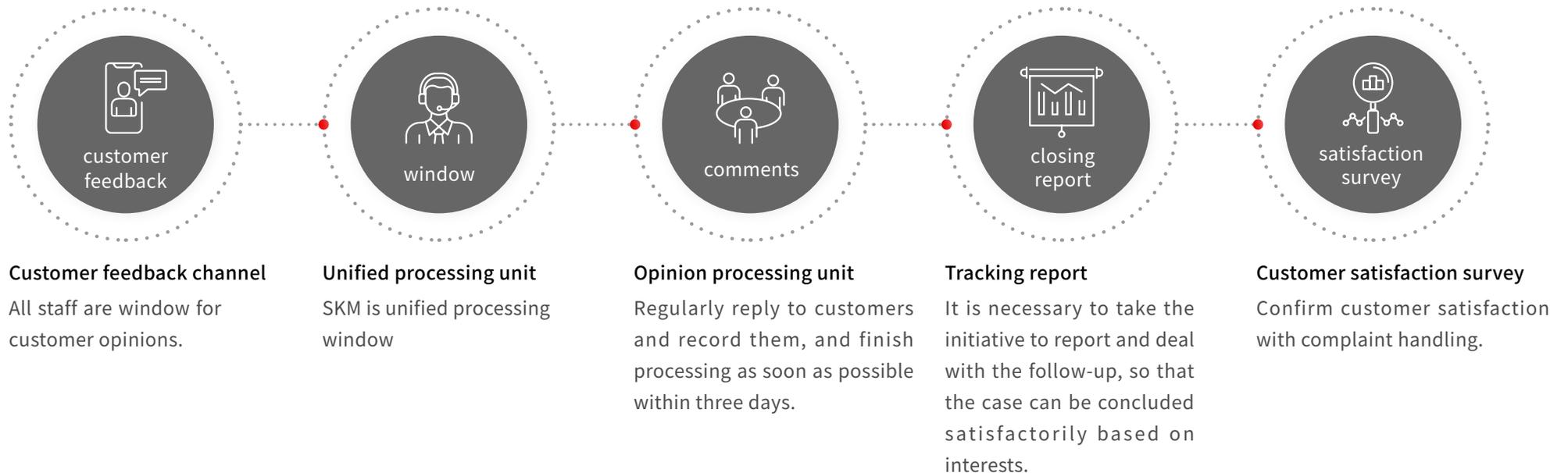
Offline

	on site	<ul style="list-style-type: none"> front desk frontline staff
	phone	<ul style="list-style-type: none"> switchboard 0800 Free Line
	Comment form	<ul style="list-style-type: none"> Comment form Customer Feedback Card
	mail	<ul style="list-style-type: none"> customer letter government letter

Customer Feedback Channels

For customers who provide negative feedback, such as complaints or grievances, SKM's Customer Service Department will initiate an internal investigation upon receiving the feedback. The relevant departments will be assigned based on the nature of the feedback. Following ISO 10002 standards, the severity of the incident will be assessed and classified into three levels: general, moderate, and severe. Cases classified as severe or above will be contacted for initial resolution within six hours. As a general principle, all cases should be processed and resolved as quickly as possible within three days. The Customer Service Department will proactively provide updates on any progress, results, or follow-ups to the customers, aiming to reach a mutual understanding. Finally, customers will be invited to provide feedback on their satisfaction regarding our handling of their negative feedback. Every month, the Customer Service Department will compile and present all resolved and pending customer complaints to the president during monthly store manager meetings. They will also propose future tracking and review plans for further improvement. For commendations, the Customer Service Department will notify relevant departments for reporting and commend the department store during company-wide morning meetings.

Process for Handling Negative Customer Feedback



Note: "Central responsible unit" refers to the Customer Service Department

To ensure the enforcement of customer satisfaction surveys on SKM's response to negative customer feedback, SKM will personally survey customers in cases labeled "severe." In cases labeled "general," SKM will invite customers to fill out the survey after resolving the complaint. Results from customer satisfaction surveys this year on SKM's response to negative customer feedback showed an overall satisfaction rate of 95.1%, representing a slight decrease compared to 2021. As a response, we have strongly emphasized the importance for related employees to demonstrate empathy, patience, and attentiveness towards customer needs. We also highlight the importance of consoling customers, improving our response, and providing prompt updates to ensure customer satisfaction.



Customer Service Initiatives - Highlights

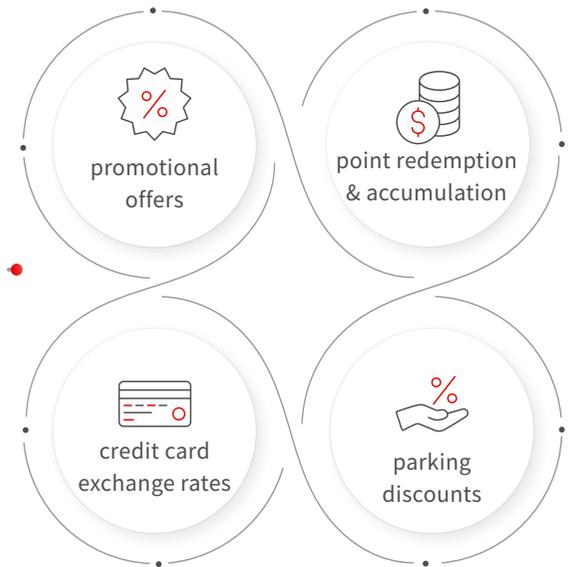
• Case in Focus I : SKM Smart Customer Service

SKM Smart Customer Service "Shin Shin" is a chatbot service introduced by SKM on July 11, 2022, available on skm online and the skm app platforms. It is equipped with information on promotional offers, point redemption and accumulation, parking discounts, credit card exchange rates, and other frequently asked questions. With preset automated responses, customers can simply enter keywords or select from recommended answers in the chat window to receive timely responses 24/7. Before Smart Customer Service, most basic inquiries were handled manually and customer service spent a significant amount of time answering repetitive questions. However, with the introduction of automated chatbot responses, customer inquiries are now addressed promptly, allowing SKM to serve more customers. This enables a more effective allocation of customer service personnel and allows them to focus on more complex complaints. Smart Customer Service chatbot covers the workload of around three customer service personnel each day. As of December 31, 2022, the direct response rate has increased to 66.7%, with the chatbot being able to successfully identify 94.8% of customer inquiries.



automated chatbot, customer inquiries addressed promptly

serve more customers and service personnel allow to focus on more complex complaints



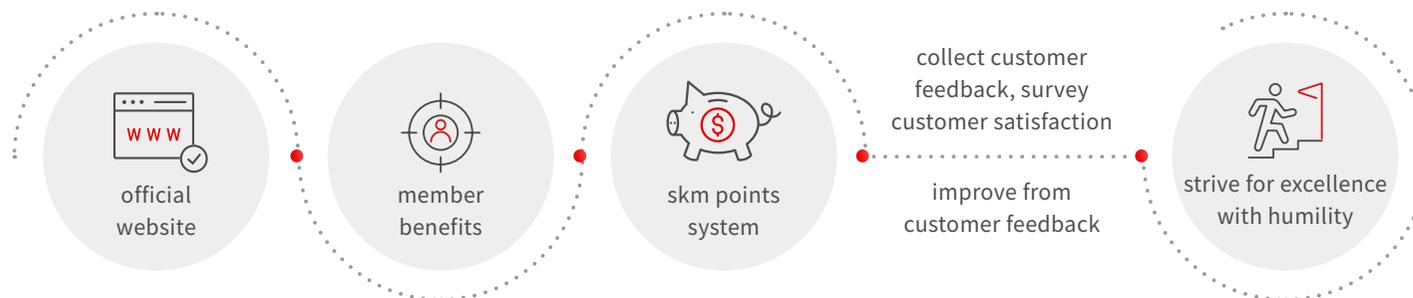
• Case in Focus II : TECS Customer Feedback Management System

Introduced in September 2022, the TECS customer feedback management system can compile feedback from one customer based on their individual records, thereby improving the efficiency of customer feedback management. Before the TECS customer feedback management system, customer feedback was managed on a case-by-case basis, meaning that each individual feedback was treated as a separate case. Retrieving feedback from a specific customer for case analysis was also not a possibility under the former system. With the TECS customer feedback management system, feedback from the same customer will be recorded under their name. Accessing customer profiles will provide an overview of all previous feedback from the customer. This can help SKM clarify and track progress in customer feedback and appoint the same customer service to prevent duplicate work.

Data on Customer Satisfaction Surveys & Feedback

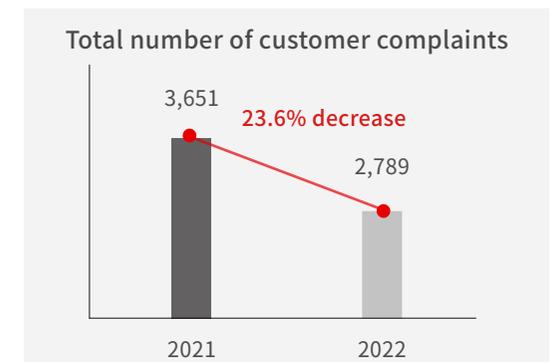
In 2022, SKM rolled out several new initiatives to enhance customer experiences. Examples include updating our official website, expanding member benefits, and launching the new skm points system. In the future, SKM will continue to collect customer feedback, survey customer satisfaction, and listen to the voices of every single customer. As we identify areas to improve from customer feedback, we will strive for excellence with humility.

With our consistent efforts to improve and perfect customer services, in 2022, we received 2,789 customer complaints, which is 23.6% less than the 3,651 customer complaints in 2021. In the future, SKM will continue to adhere to the ISO 10002 spirit and principles as we strive to maintain strong customer relations. We will continue to identify opportunities to improve through customer feedback and satisfaction surveys to further increase customer satisfaction.



• Case in Focus III : ISO 10002 Customer Satisfaction and Complaints Handling System

SKM first adopted the ISO 10002 Customer Satisfaction and Complaints Handling standards in 2015 and has consistently verified SKM practices to align with new versions of the system over the past seven years. SKM compiles and handles customer complaints in compliance with the 14 guiding principles set forth in ISO 10002:2018 and, in compliance with ISO 10002 guidelines, established standardized customer complaint handling systems in 2015 across all 15 SKM department stores in Taiwan. SKM compiles and manages customer feedback using the customer complaint handling system within the framework of ISO 10002 principles.



2020-2022 Data on Customer Feedback

Year	Customer Complaints	Accidents/Incidents	Commendations	Suggestions	Inquiries	Total Feedback from Customers
2020	3,613	524	606	91	12,613	17,447
2021	3,651	432	587	84	24,944	29,698
2022	2,789	423	627	64	16,981	20,884

Reporting and Handling of Customer Incidents

At SKM, we require customer service personnel to maintain a high level of vigilance to ensure proper response to emergency situations. When incidents or accidents involving customers occur at SKM department stores, customer service personnel are required to respond immediately in compliance with the Guidelines for Handling Emergency Injuries & Illnesses, providing assistance or access to medical attention depending on the situation. Follow-up will be performed by a single point of contact from the customer service unit to offer consolation as necessary. SKM has established an SOP to report and handle incidents and accidents involving customers, which all customer service personnel are obligated to comply with to ensure we provide a safe and secure shopping environment.

Five-time Gold Winner of The Best Service in Taiwan

Over the past thirty years, SKM has continued to perfect services from our customer's perspectives to ensure that our services keep pace with rapidly changing and evolving consumer trends. In the face of the COVID-19 pandemic, we have also been highly proactive and were able to capitalize on the resulting changes in consumer behavior with fast digital transformation. Our goal was to "transform every sales associate's phone into a department store," and we have developed OMO sales models to address consumer pain points. In 2022, SKM was awarded gold in The Best Service in Taiwan organized by the Commercial Times. This marks the fifth time SKM has received this honor, following previous awards in 2017, 2018, 2020, and 2021. The evaluation process involves mystery shoppers visiting service locations to experience and shop for themselves. Their experiences are then evaluated through national, professional, and fair evaluation processes, from which the Commercial Times selects outstanding service corporations and providers.



2.2 Customer Privacy Protection and Information Security

GRI Disclosures: 418-1

Management Guidelines



Policies & Commitments

SKM established a new position titled Chief Officer of Security and Surveillance directly under the president and assisted the Department of Security and Surveillance with compiling the Cybersecurity Advancement Framework. We commit to regularly reviewing and amending the framework to ensure a robust customer privacy protection and cybersecurity protection system at SKM.



Impacts

Corporate or customer data breaches (Negative Impact).



Action Plans

Prevention & Mitigation

- SKM requires all information-related vendors to add the revised Confidentiality Agreement and Information Security Agreement to existing contracts as part of efforts to strengthen the responsibilities and obligations of SKM and suppliers in information security.
- SKM received ISO 27001 Information Security Management System accreditation in 2020. In 2022, we kicked off preparations for ISO 27701 Privacy Information Management Standard, with plans to apply for certification in 2023 to strengthen the protection of corporate and customer data.
- Provided 2,081 hours in education and training on information security.
- Organized 4 phishing (social engineering) drills.
- Conducted annual audits, internal & external.

Remedial Measures

- SKM established information security reporting flows in the Information Security Incident Management Procedures, which comply with the ISO 27001 Information Security Management Systems. In the event of major information security incidents, SKM shall assemble an emergency response task force to identify the root cause, review the incident, and discuss subsequent improvement measures. During this process, SKM shall continue to remain responsive and communicative with stakeholders.
- SKM provides diverse customer feedback channels both online and offline, and has established a process for handling customer complaints to respond to customer demands.

Stakeholder Engagement

- Strengthen information security network through education, training, and raising supplier awareness.
- Reach out to customers to share SKM responses after investigating and handling negative customer response.



Assessment & Tracking

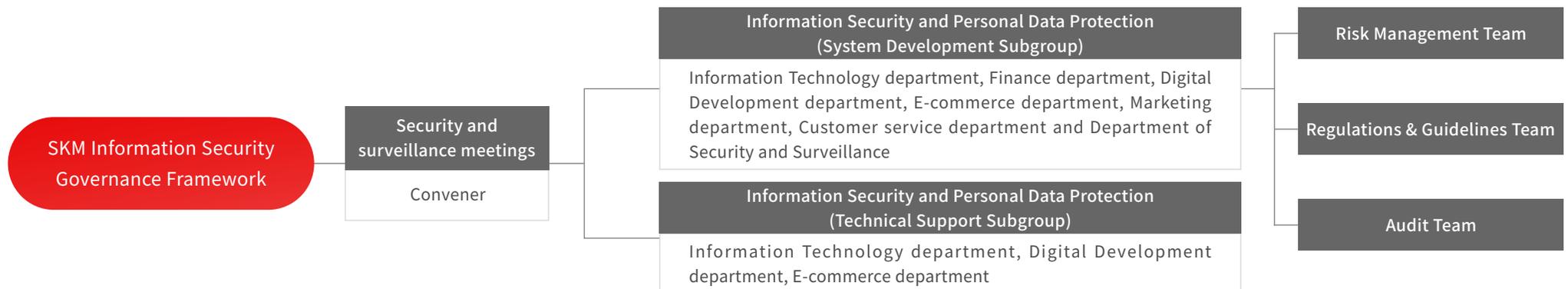
SKM HQ convenes at least one information security review meeting per year and convenes monthly security and surveillance meetings to receive reports on information security, review information security management strategies, and track performance.

One of the characteristics of department stores is a diverse and large customer base. As of December 2022, SKM has accumulated up to three million members. The large amount of data on customer purchases and vendor transactions requires strict protection. With our growing number of department stores and business expansion, SKM adheres strictly to domestic regulations and policies on data collection, storage, access, and usage. We received ISO 27001 Information Security Management System accreditation in 2020 and initiated personal data inventory and preparatory training for ISO 27701 Privacy Information Management Standards, which we intend to apply for in 2023. Our strict information security protection has secured SKM an A+ rating in cloud safety by cybersecurity assessment platform, Cymetrics, in the Cybersecurity Risk Exposure Report on Taiwan Department Stores in 2022. Throughout the years, we've consistently held ourselves to international standards as we establish and enforce information security and personal data protection systems. We strive to ensure strong protection over personal data and proprietary business information and safeguard the privacy and rights of all stakeholders.

2.2.1 Information Security Enforcement

To enhance internal security policies, SKM pioneered the industry and created the Chief Officer of Security and Surveillance position and related units in 2018. We also, ahead of the announcement of the updated 2021 version of the Regulations Governing Establishment of Internal Control Systems by Public Companies, complied with related regulations from the FSC. The Department of Security and Surveillance, under the direct supervision of the president, is responsible for suggesting security policies, conducting investigations, and organizing education and training to create robust policies for various dimensions, including information security. Led by the Chief Officer of Security and Surveillance, security and surveillance meetings comprises department managers responsible for security (for details on security and surveillance meetings, please refer to 1.2.2 Risk Management). The meetings also include subgroups responsible for the establishment of information security systems and technical support for information security. These subgroups handle matters related to risk management, security regulations, crisis response, and audits.

SKM convenes monthly security and surveillance meetings to receive reports on information security, review information security management strategies, and track performance. Any consensus and resolutions from the meeting will be submitted to the president for approval and then issued to related departments for implementation. SKM HQ will also convene at least one information security review meeting per year. The information security review meeting is attended by members of security and surveillance meetings, the Information Security System Subgroup, and the Information Security Technical Support Subgroup.



SKM Information Security Units & Responsibilities

Coordination & Decision-making

Security and surveillance meetings - Responsible for overseeing the management system and for reviewing and making decisions on matters relating to the company-wide management system.

Roles	Responsibilities
Information Security and Personal Data Protection, System development subgroup -Risk Management Team	<ol style="list-style-type: none"> 1. Compile information on and raise awareness for management systems & organize training on information security technologies 2. Establish management systems and measures & enforce security and surveillance 3. Perform tasks relating to asset risk management, which includes maintaining an inventory of assets, conducting vulnerability and threat assessments, assessing asset risks, and developing and tracking plans to mitigate asset risks
Information Security and Personal Data Protection, System development subgroup -Regulations & Guidelines Team	<ol style="list-style-type: none"> 1. Amend and control process documents relating to management systems 2. Prepare for management system reviews
Information Security and Personal Data Protection, System development subgroup -Audit Team	<ol style="list-style-type: none"> 1. Formulate the annual audit plan for management systems and its implementation & compile the Information Security Audit Checklist 2. Compile and present audit reports to the security and surveillance meetings for review
Information Security and Personal Data Protection- Technical Support Subgroup	<ol style="list-style-type: none"> 1. Provide technical support on information security for SKM & carry out emergency responses to crises relating to management systems 2. Perform tasks relating to business continuity management, which includes business impact analysis, business continuity plans, incident reporting procedures, and related drills

The Department of Security and Surveillance completed the Cybersecurity Advancement Framework on August 5, 2019. Since then, the department has reviewed and amended the framework annually to ensure a robust information security protection mechanism at SKM. In addition, SKM amended security management procedures for outsourced services in 2021, requiring all information-related vendors to add the revised Confidentiality Agreement and Information Security Agreement to existing contracts as part of efforts to regulate the responsibilities and obligations of SKM and suppliers in information security. To strengthen system resilience and SKM's information security protection network we continued to implement management measures such as updating practices to comply with revised ISO 27001 Information Security Management Systems, providing 2,367 hours of education and training on information security, organizing four phishing email (social engineering) drills, and conducting internal and external audits to reduce risks of data breaches.



Revised Confidentiality Agreement and Information Security Agreement



2,367 hours of education and training on information security



Organizing four phishing email (social engineering) drills, and conducting internal and external audits to reduce risks of data breaches



Eight Directives & Measures of the Cybersecurity Advancement Framework		
No.	Directives	Measures
1	Adopt international information security standards	<ul style="list-style-type: none"> In 2020, received ISO 27001 accreditation and continued to maintain a valid ISO 27001 certificate In 2022, organized preparatory training for ISO 27701, which we intend to apply for in 2023
2	Maintain external consultants	<ul style="list-style-type: none"> In 2022, continued to maintain long-term partnerships with several information security consultants from the industry, government, and academia
3	Promote SKM's information security policies	<ul style="list-style-type: none"> In 2020, the president approved & announced SKM's Information Security Policy In 2022, completed 8 project research reports to strengthen information security policies
4	Established internal organizations for information security & risk management	<ul style="list-style-type: none"> In 2022, introduced security and surveillance meetings and, in response to ISO 27701 guidelines, a personal data protection and management organization
5	Formulated emergency response guidelines for information security incidents	<ul style="list-style-type: none"> Continued to spotlight reporting and response procedures for significant information security and personal data incidents & introduced a response procedure for personal data protection in compliance with ISO 27701 guidelines
6	Improve external information security tests and offense/defense exercises	<ul style="list-style-type: none"> Continued to organize phishing email (social engineering) drills Continued to review, engage, and assess different information security vendors to identify strengths and prevent regular testing from falling into mere routines
7	Maintain employees' information security defense capabilities	<ul style="list-style-type: none"> Continued to organize phishing email (social engineering) drills, using email templates updated to current events to regularly raise employee awareness of information security Organized information security training for employees & encouraged employees to obtain information security certification
8	Assess information security insurance	<ul style="list-style-type: none"> Continued to monitor the market for information security insurance products & assess and purchase information security insurance when necessary

2022 SKM Achievements in Information Security & Risk Management:

Information Security Management Certificates

In July 2020, SKM received ISO 27001 Information Security Management Systems for the first time and continued to maintain the certificate in 2021 and 2022 through tracking and verification. Through the validation of ISO 27001 standards, we continue to monitor internal and external issues, conduct risk assessments, and consolidate internal information security awareness through risk management plans. This allows us to achieve the information security objectives of system confidentiality, integrity, and availability, thereby enhancing overall corporate security and reducing operational risks. In 2022, we took further steps to prepare for the implementation of the ISO 27701 Privacy Information Management Standards. This included conducting personal data inventory, risk assessments, and education and training. We plan to apply for ISO 27701 certification in 2023.

Information Security Education, Training, and Promotion

Personnel involved in information security are required to complete three hours of information security courses each year, while new employees are required to complete online information security courses. In addition, SKM holds internal lectures on information security from time to time on topics such as mass data loss from PTS's news database and new trends in business email compromise to raise employee awareness for information security.

2022 SKM Data on Information Security Training

Course	Training Hours	Trainees	Total Training Hours (ppl*hrs)
Introduction to SKM's ISO 27001 System and Information Security Awareness	1	15	15
Information Security Course for General Sales Employees	3	9	27
Information Security Course for General Employees	2	10	20
Social Engineering Drills	1	1,743	1,743
Online Onboarding Courses	1	276	276



Information Security Risk Identification and Incident Drills

SKM compiles and reports external attacks, information security attack analyses, and information security assessment progresses at monthly security and surveillance meetings to evaluate existing information security risks. In addition, we conduct internal social engineering and phishing email drills to assess information security systems and simulate and evaluate SKM's ability to respond to information security attacks from time to time, which we then used to formulate plans to strengthen information security at SKM. Data on information security items inspected in 2022 are as follows:

2022 SKM Information Security Assessment		
Item	Goal	Summary of Results
External vulnerability scan	Patch all high-risk vulnerabilities	Patched all high-risk vulnerabilities across 12 SKM websites
Penetration tests on key websites	Patch all high-risk vulnerabilities	Patched all high-risk vulnerabilities on skm online
Phishing email (social engineering drills)	≥ 90% pass rate	Average pass rate in 2022: 94.36%
Malware scans on mainframe computer	Zero malware	No malware was detected on SKM's 200 mainframe computers
Vulnerability scan on mainframe computers	Patch all high-risk vulnerabilities	Patched all high-risk vulnerabilities on SKM's 200 mainframe computers
Source code analysis	Patch all high-risk vulnerabilities	Completed scan and developer provided revised and updated version
Information security test on skm app	Pass L3 security accreditation from the Mobile Applications Security Alliance	Passed

Information Security Incident Reporting & Remediation

SKM established the Information Security Incident Management Procedures, in compliance with the ISO 27001 Information Security Management Systems to regulate any reports that may materialize into information security breaches and outline reporting and response procedures against any major information security incidents. In the event of major information security incidents, SKM shall assemble an emergency response task force to identify the root cause, review the incident, and discuss subsequent improvement measures. During this process, SKM shall continue to remain responsive and communicative with stakeholders. Once the incident has been handled, an Information Security Incident Report Form, detailing follow-up items and timelines in details, shall be submitted to prevent recurring incidents. In 2022, there were no data breaches, data theft, data loss, or any leaks of personal identifiable information (PII).

2.2.2 Customer Privacy Protection

SKM cares about the rights and interests of our customers and strives to build a safe and reliable shopping environment. Since adopting ISO 27001 Information Security Management Systems, we also kicked off preparations for ISO 27701 Privacy Information Management Standard in 2022. This includes taking stock of personal information and organizing risk assessment training. SKM is currently planning to apply for ISO 27701 accreditation in 2023 to improve and enforce protection over customer privacy and personal information.

SKM also values customer feedback and is eager to listen to our customers. Customers can share their feedback, suggestions, or complaints through multiple channels, including the toll-free hotline, on-site service desks, and customer feedback form on the official website (for more details on customer feedback channels and related data, please refer to section 2.1.2 Customer Relationship Management). The company adheres to the "confidentiality" in the ISO 10002 guiding principle, and the personally identifiable information of the complainant is only used to handle the complaint service, and will not be disclosed to non-related persons, and it will be actively and strictly managed. Personal information shall not be disclosed to third parties unless the complainant understands and agrees. Surveys from individual departments revealed six cases of customer complaints involving personal data, with six customers affected in total. None of the complaints were penalized by competent authorities (please refer to Table 4. Customer Complaints on Personal Data).

Customer Complaints on Personal Data

Types of Customer Complaints	Appeals to/Penalties from Competent Authorities	SKM Investigation	Total	No. of Affected Customers
Promotions (sending fliers)	None	✓	6	6

Due to the nature of our business, SKM holds mass data on the personal information of our customers. SKM investigated all of the above customer complaints regarding personal information in compliance with ISO 10002 Customer Satisfaction and Complaints Handling procedures. Investigations into the six customer complaints regarding fliers for a sales event revealed the root cause was an error made by the membership service personnel during customer data entry, where the customer's ID number was mistakenly entered into the name field. This led to some customers receiving marketing materials with their ID numbers displayed in the name field, raising concerns about potential data leaks. In compliance with ISO 10002 guidelines, SKM apologized to the affected customers, provided explanations, and assisted in correcting the data. We also initiated review and improvement measures, including asking customers to apply for membership and fill out their own information online, ensuring membership service personnel confirm personal information entered for member registration and then asking customers to confirm the information before saving, and sending SMS notifications to customers with incomplete fields and then inviting them to visit service desks at any department stores to fill out a Member Information Change Form to make the necessary changes. In the future, SKM will learn from past experiences to bolster customer privacy management mechanisms.



2.2.3 Outcomes from Annual Audit & Security Protection

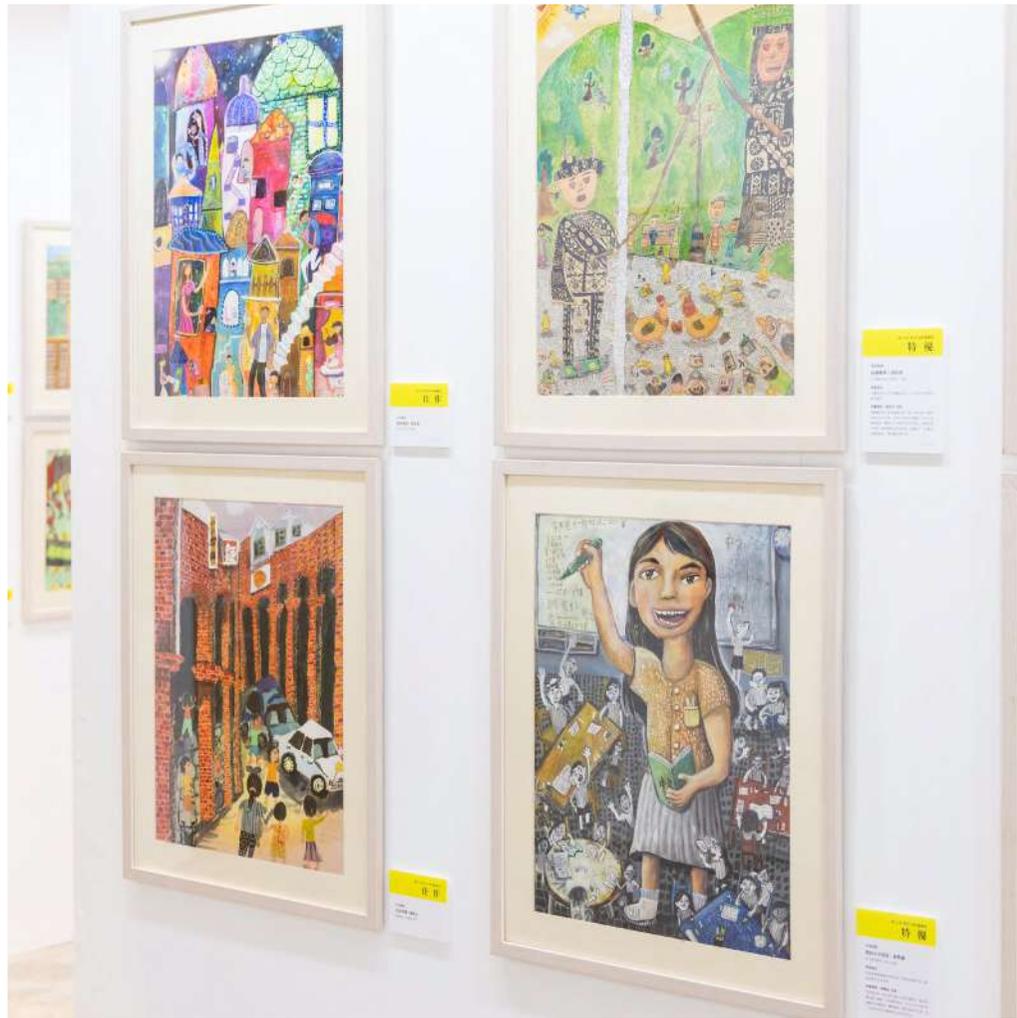
To achieve sustainable operations, SKM established an information security organization, compiled information security policies, and developed an information security system. Every year, SKM compiles an annual audit plan, creates an Information Security Audit Checklist, and works with an external third-party organization to conduct comprehensive assessment. We strive to ensure that we are effectively enforcing existing information security and customer privacy management systems or responding immediately to potential risks and leaks with corrective measures in compliance with internal information security management standards and regulatory requirements. The goal is to safeguard data, information systems, equipment, and networks to ensure normal operations and prevent any internal or external incidents or threats. This commitment aims to safeguard and protect consumers, employees, and partner vendors.



2022 Audits	
Internal Audits	External Audits
<ul style="list-style-type: none"> June 2022: Commissioned KPMG Advisory Services to conduct the annual internal ISO 27001 audit June 2022: Audit Department completed the Data Processing Cycle 	<ul style="list-style-type: none"> March 2022: Deloitte conducted the annual information and related tasks verification July 2022: SGS Taiwan conducted the annual ISO 27001 verification

2020-2022 Audit Results		
Year	Internal Audits	External Audits
2020	Uncovered 0 secondary deficiencies, 16 items for further monitoring, and 12 recommendations	Uncovered 8 secondary deficiencies, 37 items for further monitoring, and 0 recommendations
2021	Uncovered 0 secondary deficiencies, 23 items for further monitoring, and 8 recommendations	Uncovered 1 secondary deficiencies, 8 items for further monitoring, and 0 recommendation
2022	Uncovered 0 secondary deficiencies, 14 items for further monitoring, and 7 recommendations	Uncovered 1 secondary deficiency, 11 items for further monitoring, and 2 recommendations

Note: All items have been remediated, with 3 being included as internal issues and slated to be fully remediated in August 2023.

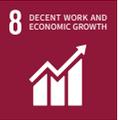


Chapter 03

Sustainable Society

SKM cares about the rights and interests of every employee and is committed to developing robust talent management policies from recruiting, cultivation, employee compensation, and benefits to a safe and healthy workplace. In order to provide outstanding customer service, we strive to create a healthy, inclusive, and sustainable workplace across all dimensions to attract talents passionate about our industry. SKM also hopes to leverage our influence and fulfill our corporate social responsibility. As such, we have long been dedicated to social welfare by utilizing our business and events to invite customers to contribute to charitable causes. We are committed to promoting the arts, focusing on craftsmanship and design, art education for children, and video art in the hopes of elevating Taiwan into an art hub of the world.

Chapter 3 · Sustainable Society

Material Topics	Corresponding SDGs	Affected Stakeholders
<ul style="list-style-type: none"> Talent Attraction and Retention Talent Cultivation and Development Fair and Healthy Workplace Social Good and Arts & Culture Promotion 	   	<ul style="list-style-type: none"> Employees Customers Counter staff Suppliers



Achievements in Sustainability



3 year competency program

Launched the **Three-Year Competency Program** to introduce a new competency framework and talent development framework.



Work shift and compensation adjustment

Adjusting working hours, reducing the number of full-shift days per month that front-line personnel need to be on duty from 8 days to 4 days. Salary adjustments were made for entry-level employees, with an average increase of 6%.



Happy Enterprise Gold Award

In 2022, SKM won the Gold Award at 1111 job bank "Happy Enterprise - General Life Service Industry."



Social Engagement & Artistic and Culture Promotion

Hosting exhibition and events, including 29th The Dream of Craft, 21th Shin Kong Mitsukoshi Summer Art Festival, 16th SKM PHOTO SKM International Photography Exhibition Events, charity events, art space exhibitions. Amount of annual visitors was over 10 million.

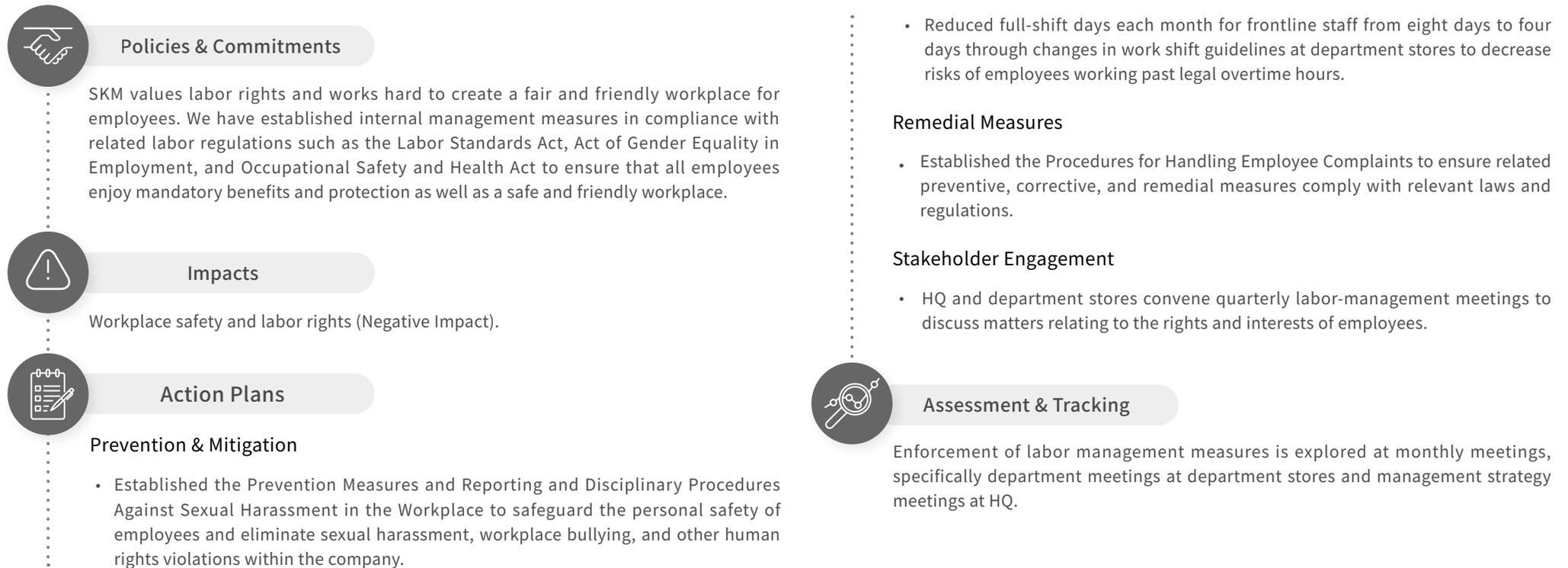
3.1 Happy Workplace

GRI Disclosures: 2-7, 2-8, 401-1, 401-2, 401-3, 402-1, 404-1, 404-2, 404-3, 405-1, 405-2, and 407-1

Driven by sustainability trends, SKM believes that employees are the most invaluable assets within a company and is actively cultivating and appointing internal talents, recruiting high-potential talents within the industry, and providing a robust compensation, benefit, and subsidy package. Our goal is to align with international standards and create a safe and healthy workplace for our employees. We encourage employees to grow with the company as we strive toward a friendly, inclusive, and happy workplace.

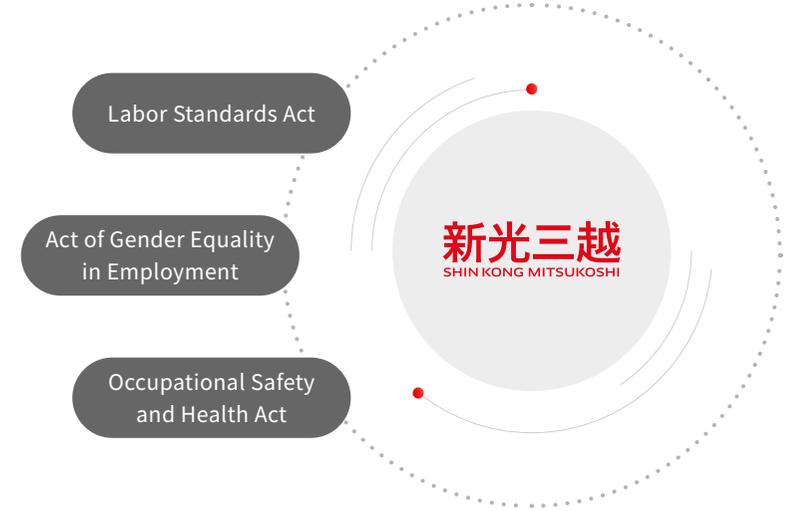
3.1.1 Diversity, Inclusion, and Human Rights in the Workplace

Management Guidelines



SKM values labor rights and works hard to create a fair and friendly workplace for employees. We have established internal management measures in compliance with related labor regulations such as the Labor Standards Act, Act of Gender Equality in Employment, and Occupational Safety and Health Act to ensure that the labor conditions of all employees comply with regulatory requirements and that all employees enjoy mandatory benefits and protection as well as a safe and friendly workplace. In the event of material changes to business operations that affects the rights and interest of employees, SKM will comply with the minimum period of advance notice set forth in the Labor Standards Act and notify employees of any related information at least ten days in advance.

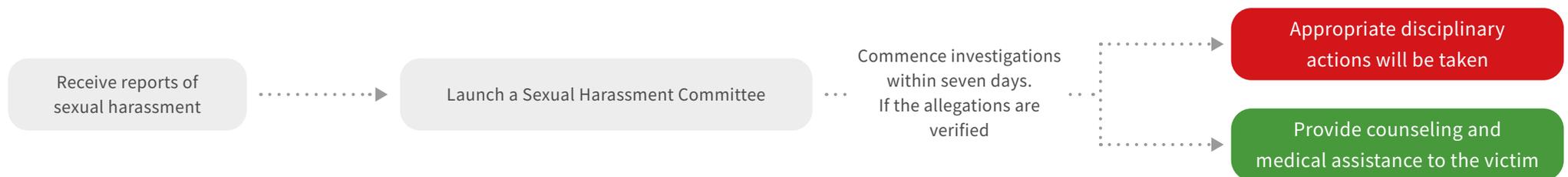
SKM fully respects the individual human rights of laborers. At SKM, employees are hired or terminated based on merits. We have also created an employee section on our internal company website to share information on employee welfare and raise awareness of equality in the workplace through internal directives to prevent unlawful infringements.



Anti-harassment and Anti-bullying

SKM cares about gender equality in the workplace and has formulated the Prevention Measures and Reporting and Disciplinary Procedures Against Sexual Harassment in the Workplace to eradicate human rights violations such as sexual harassment and bullying in the workplace. The measures and procedures established aim to safeguard the personal safety of our employees to ensure that employees feel safe and at ease in the workplace. SKM also established channels to report sexual harassment. When we receive reports of sexual harassment, SKM will launch a Sexual Harassment Committee and commence investigations within seven days. If the allegations are verified, appropriate disciplinary actions will be taken based on the severity of the misconduct and in compliance with company regulations. SKM will also provide counseling and medical assistance to the victim. There were zero cases of sexual harassment from 2022 to 2022.

Channels to report sexual harassment



Employee Complaints and Feedback

SKM established the Procedures for Handling Employee Complaints to target potential unlawful infringements against employees. The procedures aim to ensure that related preventive, corrective, and remedial measures comply with relevant laws and regulations and provide timely assistance to employees in the event of unfair treatment, infringements, or dissatisfaction. According to the procedures, employees may communicate feedback and complaints internally to human resource units either in person, via telephone, or in writing (in person or by delivery). After launching investigations into employee complaints, the human resource department will handle the incident and respond to the complainant within three days. There were zero cases of employee complaints in 2022.



Labor-Management Relations

While SKM has not established a labor union, we have labor and management representatives from HQ and department stores to maintain labor-management relations and communicate between both parties. We organize labor-management meetings every quarter, where both parties deliberate on various items relating to labor rights, such as labor-management relations, facilitating cooperation between workers and management, improving labor conditions, coordinating worker welfare, and increasing work efficiency. By facilitating dialogue between workers and management, we hope to reach a consensus and maintain strong labor-management relations with our employees.

Optimization of Work Schedules

Department stores are generally the busiest during weeknights, weekends, and holidays. As such, SKM uses flexible work hours and shift work to manage SKM employees working at various department stores, which are categorized as either frontline or backend staff for scheduling purposes. The working hours for morning shifts, evening shifts, and full-day shifts are set at 7.5, 8, and 9 to 9.5 hours, respectively. In the past, department stores determined their own guidelines for working day requirements and the number of hours in a shift, in which frontline operations staff are required to work eight full-day shifts in a month. In response to growing concerns in the labor market and workers around labor conditions and working hours and in consideration of our employee's physical endurance and load, we encourage a healthy work-life balance and aim to promote a friendly workplace. In 2022, when making changes to work shift guidelines at department stores, SKM reduced full-shift days from eight days to four days to decrease the risks of employees working past legal overtime hours.

After changes to work shift guidelines were implemented in 2023, SKM's full-time employees comply with the same number of working days and hours in work shifts across all departments. The required number of full-day shifts each month for frontline operations staff is also reduced by 50%. With additional help from the attendance system, we are able to control and manage the risks of employees working past legal overtime hours. The attendance system automatically compiles employee attendance every day, week, and month to the supervisor, who then uses the system to check for abnormal work hours, reach out, and help change future work shifts to prevent employees from working past legal overtime hours yet again.



Workforce Composition

As of the end of 2022, SKM had a total of 2,245 full-time employees throughout Taiwan (excluding part-time employees, counter staff, and contract employees). The largest age group was between 30 and 50, which accounted for 54.7% of the total workforce. Male and female employees accounted for 34.61% and 65.39%, respectively. Due to the nature of our industry, the majority of our employees are female, but SKM will continue to maintain a diverse and open mindset in the future when recruiting and hiring talents. We are committed to merit-based employment and strive to create maximum value. SKM also embraces diversity when hiring employees and have incurred no financial losses from litigations relating to employment discrimination in the past three years. In 2022, employees with disabilities, indigenous employees, and foreign employees accounted for 0.71%, 0.71%, and 0.31% of our total workforce in 2022. While the percentage of employees with disabilities is below 1% of the total workforce, SKM has continued to welcome people with disabilities and will continue to make job opportunities available for people with disabilities. We will continue to review and improve existing practices to facilitate diversity and social equality at SKM.

2020-2022 SKM Workforce Composition						
Age	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
< 30	266	637	228	596	204	571
Percentage	10.34%	24.77%	9.57%	25.01%	9.09%	25.43%
30-50	523	952	477	878	449	780
Percentage	20.33%	37.01%	20.02%	36.84%	20.00%	34.74%
> 50	104	90	108	96	124	117
Percentage	4.04%	3.51%	4.53%	4.03%	5.52%	5.22%
Total	893	1,679	813	1,570	777	1,468
Percentage	34.72%	65.28%	34.11%	65.89%	34.61%	65.39%

2020-2022 SKM Workforce Composition						
Diversity Metrics	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Indigenous Peoples	5	8	7	9	7	9
Percentage	0.19%	0.31%	0.29%	0.38%	0.31%	0.40%
People with Mental & Physical Disabilities	8	5	8	5	10	6
Percentage	0.31%	0.20%	0.34%	0.21%	0.44%	0.27%
Foreign Employees	8	2	9	0	7	0
Percentage	0.31%	0.08%	0.38%	0.00%	0.31%	0.00%

Note:

1. Figures include only full-time employees employed at SKM on December 31, 2022.
2. Figures derived differently than from previous years and is now the number of full-time employees within the HR system employed at SKM on December 31, 2022. (Figures last year were derived from company statements)

As of the end of 2022, SKM employs a total of 2,730 people under various employment types. By employment status, our workforce consists of 2,245 full-time employees and 485 part-time employees. By contract type, our workforce consists of 492 temporary employees and 2,238 permanent employees. Between 2020 and 2022, the number of part-time and temporary employees at SKM has increased yearly. This is primarily in response to labor demands for specific events or requests from different departments. In the future, SKM will continue to review labor demands, support operations planning, and optimize labor allocation.

2020-2022 SKM Workforce by Status, Contract, and Others

Taiwan	Gender	Status		Contract		Contractor	Others
		Full-time Employees	Part-time Employees	Temporary Employees	Permanent Employees	Employees under Zero-hour Contracts ^{Note 1}	Other Workers that are Not Employees ^{Note 2}
2022	Female	1,468	354	354	1,468	-	-
	Male	777	131	138	770	-	-
	Total	2,245	485	492	2,238	0	15,662
2021	Female	1,570	273	273	1,570	-	-
	Male	813	100	107	806	-	-
	Total	2,383	373	380	2,376	0	17,321
2020	Female	1,679	208	208	1,679	-	-
	Male	893	92	100	885	-	-
	Total	2,572	300	308	2,564	0	N/A

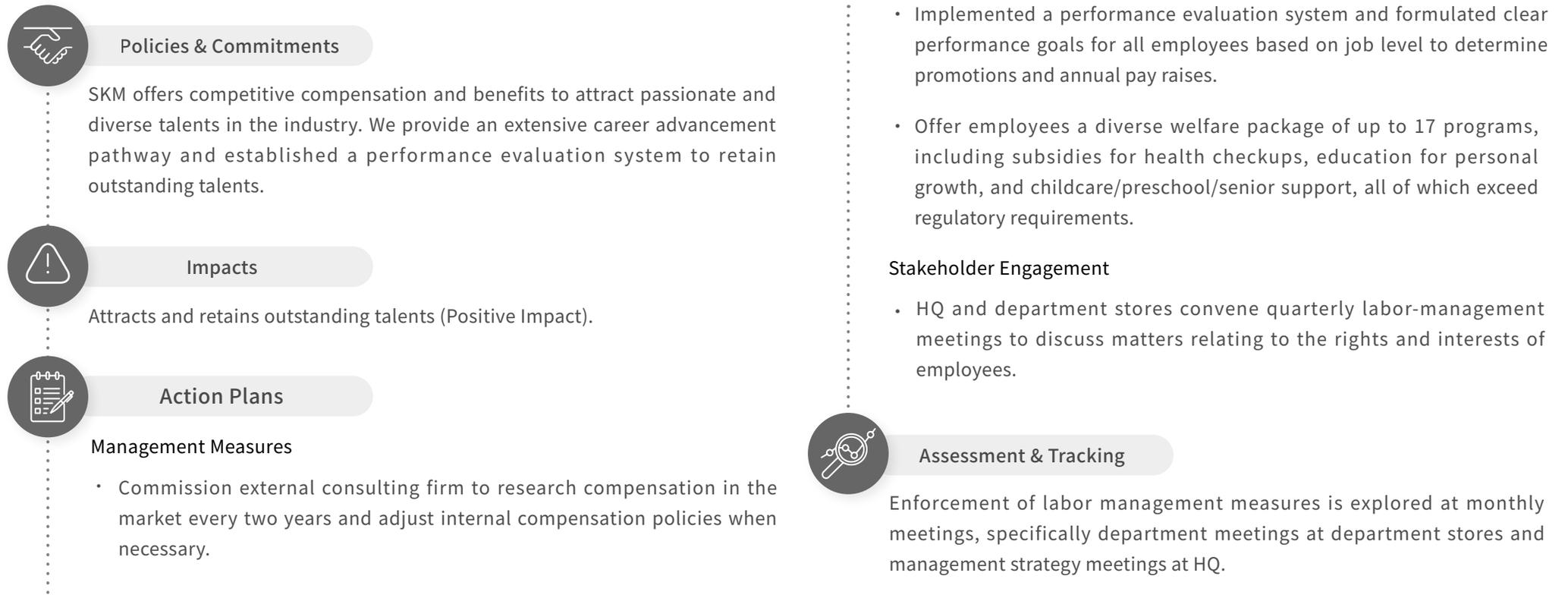
Note:

1. Zero-contract Employees: Atypical employment or project-based employment where the employer does not guarantee minimum working hours. Between 2020-2022, SKM had no zero-contract employees.
2. Workers that are Not Employees: Mainly contractors, sequential contractors (includes only regulars), and counter staff.
3. Full-time Employees: According to Article 30 Paragraph 1 of the Labor Standards Act, full-time employees are those that work 40 hours every week and eight hours every day.
4. Part-time Employees: Part-time employees refer to workers whose working hours do not meet the conditions for full-time employment, typically less than 40 hours per week or 8 hours per day. Despite their reduced working hours, part-time employees are entitled to the same legal rights and benefits as full-time employees.
5. Temporary Employees: Temporary employees are those that sign fixed-term contracts with employers. The fixed terms could be either temporary, short-term, seasonal, or project-based. Once the contract expires, employees are required to leave the company or re-sign.
6. Permanent Employees: Permanent employees are regular full-time employees that have signed permanent contracts with employers and, unless terminated or resigned from the company, may continue to work indefinitely.

3.1.2 Employee Compensation and Benefits

As our business continues to grow, SKM is attracting passionate and diverse talents in the industry by offering competitive compensation and benefits. We also provide an extensive career advancement pathway and established a performance evaluation system to retain outstanding talents. In 2022, we gave pay raises to entry-level employees, increasing their compensation by an average of 6%. We also continued to promote active and inclusive club activities as well as various welfare measures for employees. In 2022, we successfully attracted new talents to SKM, with a recruitment rate of 25.21%. In the future, SKM will continue to increase employee satisfaction and loyalty to foster a robust and stable workforce.

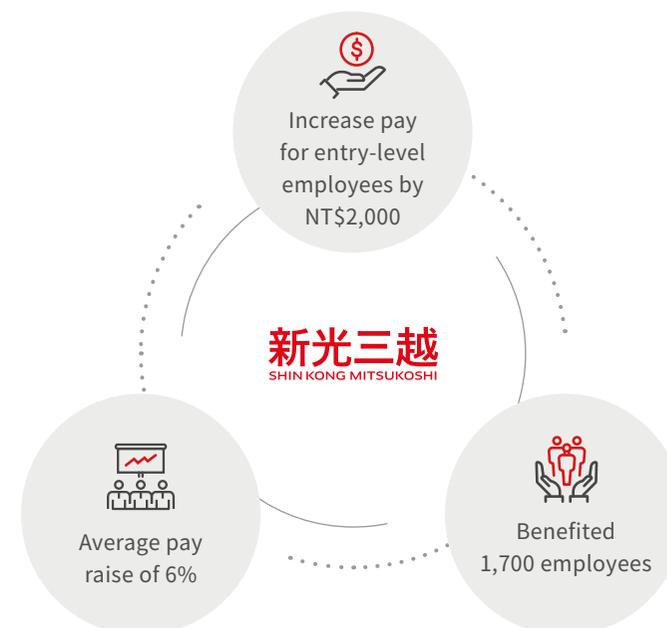
Management Guidelines



Regular Compensation Surveys and Pay Raises

To ensure that SKM's compensation packages remain competitive in changing market landscapes, SKM gives pay raises of varying degrees to all employees each year based on their performance evaluations. We also commission a consulting firm to research compensation packages in the industry every two years and adjust internal compensation policies to align with market trends. Inflation and rising CPIs in recent years have continued to cut into the disposable income of our entry-level employees. In light of this, along with results from market surveys into compensation, SKM decided to retain all employees during the pandemic in 2022 and supported government policies to increase base salaries, while also giving raises based on annual performance evaluations. In the fourth quarter, we even allocated a special budget to increase pay for entry-level employees by NT\$2,000. Our policies benefited 1,700 employees or around 75% of our total workforce, with an average pay raise of 6%. Our efforts were well-received among our employees.

SKM is also active in industry associations, regularly interacting with other peers in the industry to stay up to date on the latest compensation trends and information on talent retention. In the past three years, SKM also observed a gender wage gap in both base salary and overall compensation, with the ratio for female employees being less than 1 compared to male employees, regardless of whether they are in managerial or other positions. In the future, SKM will implement a more comprehensive compensation system to attract and retain exceptional talents, aiming to enhance our core competitiveness as an organization.



2020-2022 SKM Gender Wage Gap in Base Salary and Overall Compensation

Item	Job Function	2020		2021		2022	
		Female	Male	Female	Male	Female	Male
Base Salary	Management	1	1.14	1	1.16	1	1.15
	Others	1	1.10	1	1.10	1	1.10
Compensation	Management	1	1.19	1	1.21	1	1.20
	Others	1	1.11	1	1.10	1	1.12

Note:

1. Table covers the gender wage gap in base salary and overall compensation across all major SKM locations. Major SKM locations are defined as all SKM department stores in Taiwan.
2. Managerial positions include employees at the section leader level or above.

Performance Evaluation System

SKM's performance evaluation system defines clear performance goals for all employees based on job level. This system includes assessments for new employees, annual evaluations for general staff, and quarterly KPI assessments for supervisors. The company also provides comprehensive training programs and a well-defined career advancement pathway. We encourage employees to engage in healthy competition and to challenge themselves, enhancing the professionalism of our workforce and providing customers with high-quality services. In 2022, SKM conducted performance evaluations for 95.46% of employees. 98.82% of employees in managerial positions and 94.86% in other positions received performance evaluations and career assessments. The remaining 4.54% that did not receive performance evaluations were employees that did not meet the requirement of having consistent attendance for a minimum of three months or those who were not present during the evaluation period. In the future, SKM will continue to enforce our performance evaluation system to facilitate adaptive development in our employees and ensure that they build successful careers at SKM.



■ **Completing performance evaluations: 95.46%**

Managerial positions: 98.82%

Other positions: 94.86%

■ **Not receiving performance evaluations: 4.54%**

Percentage of Employees that Regularly Received Performance Evaluations and Career Assessments in 2020-2022

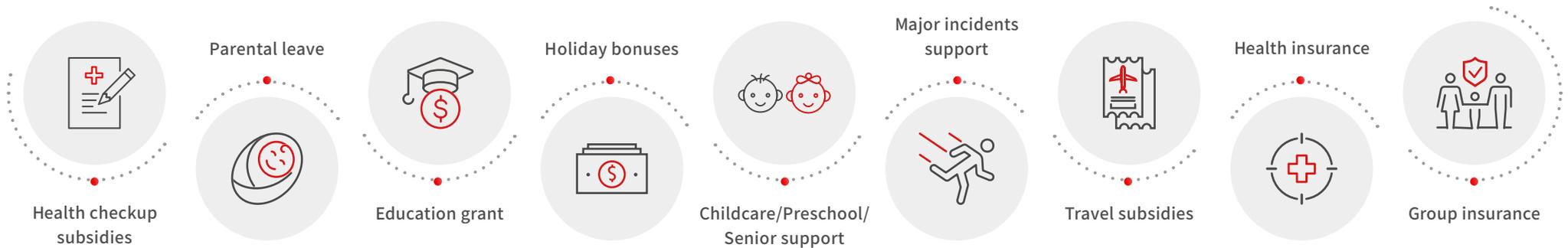
Job Function	2020			2021			2022		
	Female	Male	Average	Female	Male	Average	Female	Male	Average
Management	98.37%	98.74%	98.58%	97.28%	99.16%	98.35%	98.94%	98.72%	98.82%
Others	94.77%	95.55%	95.30%	94.75%	94.21%	94.39%	95.93%	94.08%	94.86%

Note:

1. Table details the percentage of employees (by gender and position) that have regularly received performance evaluations or career assessments = employees that regularly receive performance evaluations or career assessments / total number of employees.
2. Managerial positions include employees at the section leader level or above.
3. Employees that did not receive performance evaluations were employees that did not meet the requirement of having consistent attendance for a minimum of three months or those who were not present during the evaluation period.

Diverse Welfare Packages for Employees

SKM offers employees a diverse welfare package of up to 17 programs, including subsidies for health checkups, education for personal growth, and childcare/preschool/senior support, all of which exceed regulatory requirements. During the pandemic, we also implemented additional measures such as paid leave for COVID-19 and COVID-19 care packages for home isolation to offer our employees peace of mind. In 2022, SKM invested NT\$25,675,684 in employee welfare to cover holiday bonuses, financial support to employees affected by major incidents, travel subsidies, group insurance (not legally mandated), and legally mandated health insurance.



In 2022, we also brought back our Year-end Party for the first time in three years since the start of the pandemic. During the Year-end Party, we give recognition to senior employees and give out prizes such as electronics, home appliances, and vouchers to spread joy and show appreciation for all their hard work in the past year. In the future, SKM will continue to provide better welfare packages, promote employee clubs, and increase customer satisfaction to achieve a healthy work-life balance for our employees.

2020-2022 SKM Investments in Welfare Packages for Employees			
Year	2020	2021	2022
Total (NT\$)	29,789,498	27,644,922	25,675,284

Note: Table covers SKM's investments in welfare packages for employees across all major SKM locations. Major SKM locations are defined as all SKM department stores in Taiwan.



Safeguarding Employee Health

To prioritize the well-being of our employees and create a healthy workplace, SKM has embraced the concept of "health promotion" by shifting from a reactive approach to disease prevention to a proactive focus on maintaining physical and mental well-being. As employees are our most valuable resources, we have long implemented five major health initiatives - health checkups, health management, on-site health services, health and hygiene support, and health promotion. For more details, please refer to section 3.2.2 Occupational Safety and Health Assessment and Preventing Occupational Disasters in this report.

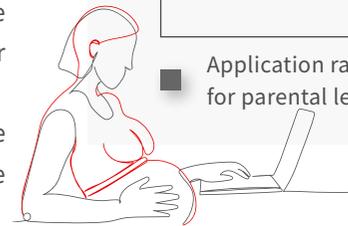
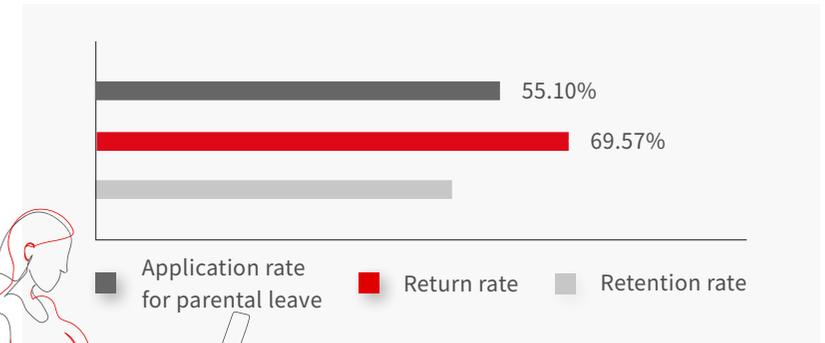
Group Insurance for Employees

At SKM, we care about our employee's health and believe that healthy employees are critical to delivering high-quality services. As such, we provide group insurance that covers disabilities from accidents and hospitalization, life insurance, and cancer insurance on top of health checkups and financial support for medical or hospitalization expenses. This can reduce their financial burden when they require hospitalization or medical resources due to disabilities from accidents or serious medical conditions.

Robust Childcare & Preschool Policies

Women comprise 65% of SKM's workforce. As such, we care about our employees' families, childcare, and preschool situations. We hope to help all our female employees succeed in both the workplace and in their families, encouraging them to return to the workplace after giving birth so that they can continue to find fulfillment in their careers. As such, SKM provides a robust childcare and preschool policy, support, and workplace environment where male employees are also granted paternity leave. We have lactation rooms at all 15 department stores in Taiwan, ten of which have been certified as excellent by local health authorities, as we strive to create a friendly space for mothers and children.

In 2022, 90 employees were eligible for parental leave, of which 49 were female. Among women, the application rate for parental leave was 55.10%, the return rate was 69.57%, and the retention rate was 53.33%.



2020-2022 SKM Parental Leave Statistics

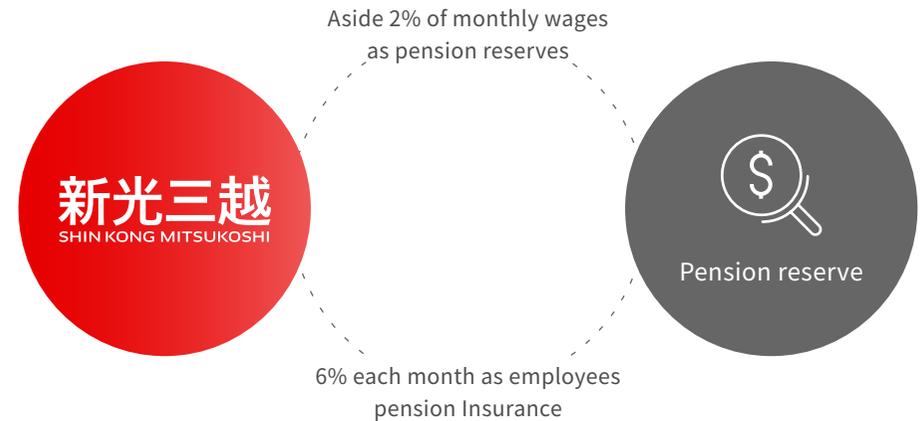
Item	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Number of people eligible for parental leave	51	110	55	80	41	49
Number of people that applied for parental leave	3	29	3	20	7	27
Application rate	5.88%	26.36%	5.45%	25.00%	17.07%	55.10%
Number of people on parental leave slated to return	2	35	3	20	5	24
Number of people that applied to return	2	19	3	15	4	16
Return rate	100.00%	54.29%	100.00%	75%	80.00%	69.57%
Number of people that returned in the previous year	0	22	2	19	3	15
Number of people that stayed for one year after returning	0	17	1	14	0	8
Retention rate	0.00%	77.27%	50.00%	73.68%	0.00%	53.33%

Note:

1. Application rate = Number of people that applied for parental leave / Number of people eligible for parental leave
2. Return rate = Number of people that applied to return / Number of people on parental leave slated to return
3. Retention rate = Number of people that stayed for one year after returning / Number of people that returned in the previous year

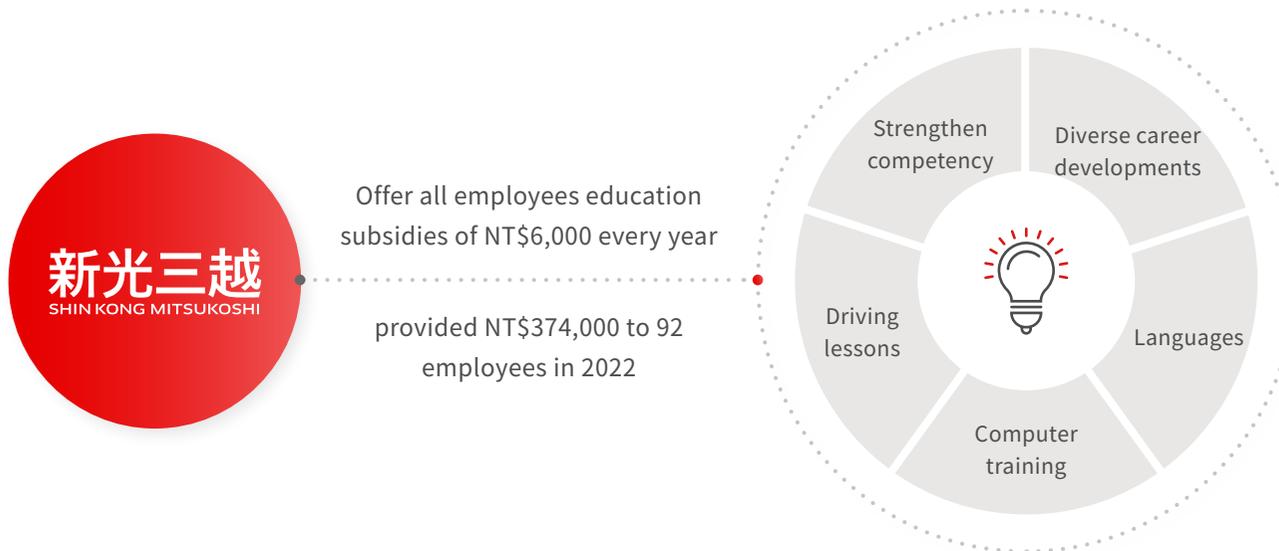
Pension System

In compliance with the Labor Standards Act and Labor Pension Act, SKM sets aside 2% of monthly wages as pension reserves for employees eligible for pension under the former system. The Pension Reserve Supervisory Committee is responsible for managing the pension reserves, which are deposited into a bank account under the committee's name. For those eligible for pensions under the new system, SKM contributes 6% each month, which is submitted to the employee's pension account at the Bureau of Labor Insurance. Every year, we commission a consulting firm to conduct actuarial valuation for pension reserves under the old system, safeguarding all employees' rights to a pension.



Personal Growth Plan

SKM encourages employees to improve after work to strengthen their competency and pursue diverse career developments. To such end, we offer all employees education subsidies of NT\$6,000 every year, which employees can access through applications. Educational programs that we sponsor employees to pursue include languages, computer training, and driving lessons. Employees can choose between any of the eligible domains. In 2022, SKM provided NT\$374,000 to 92 employees under the Personal Growth Plan.



Workforce Structure

Our competitive compensation and welfare measures, coupled with a robust talent training system, have ensured that SKM's workforce continues to remain stable. This report covers information from the SKM HQ in Taipei, SKM's 15 department stores, and the Shin Kong Mitsukoshi Cultural & Educational Foundation. All employees are located in Taiwan. The report does not include information on employees at overseas subsidiaries and affiliated businesses, which are included in our consolidated financial statements. In 2022, SKM welcomed 566 new employees, which is 15.04% more than the 492 new employees in the previous year. This year, new employees accounted for 25.21% of our total workforce. SKM will continue to value employees as family, seeking to optimize various welfare measures so that we can retain outstanding talents and propel the organization into a sustainable future.

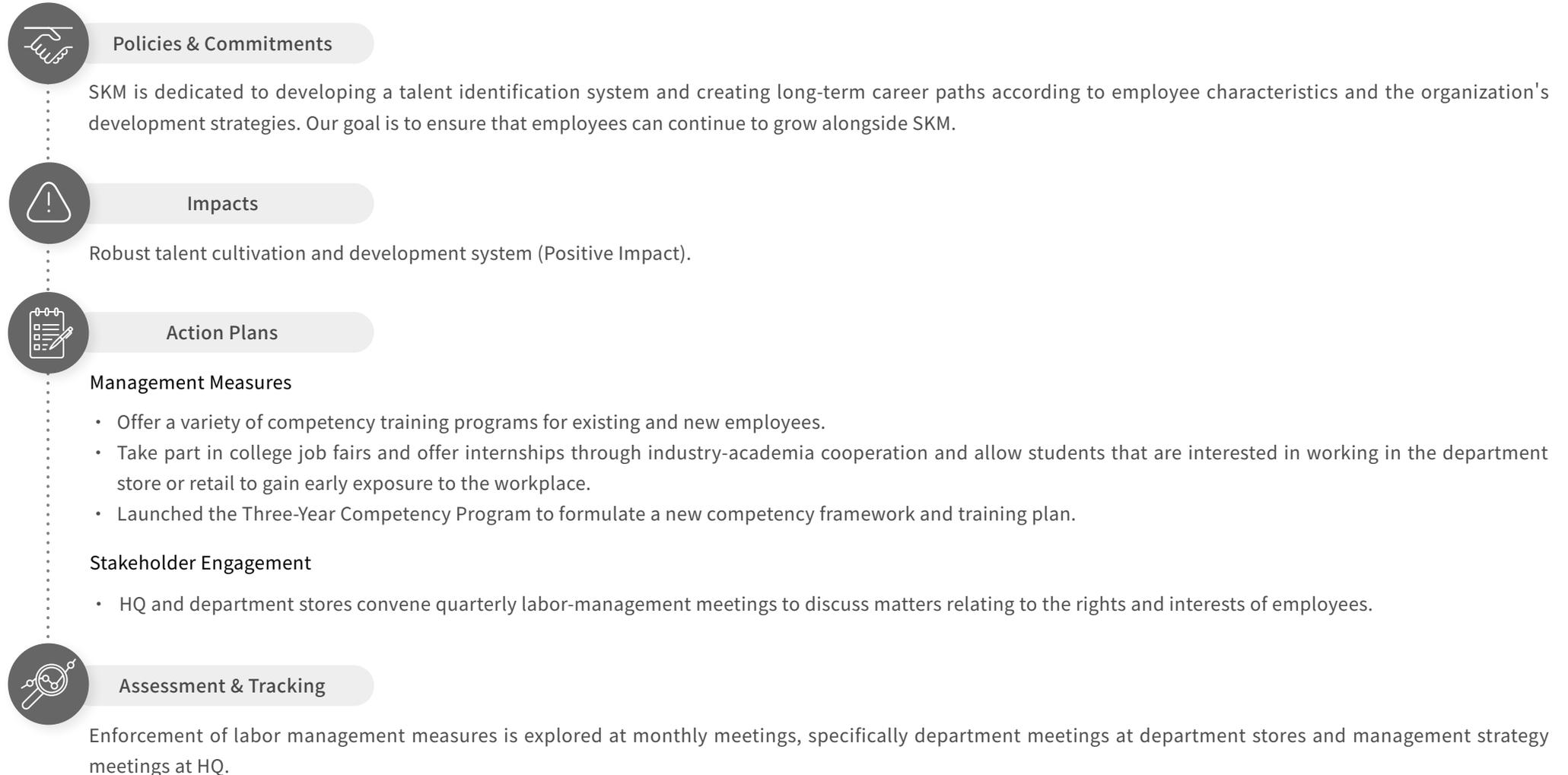
Number of new FTEs						
Age	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
<30	91	263	122	301	126	353
Percentage	22.03%	63.68%	24.80%	61.18%	22.26%	62.37%
30-50	31	28	20	43	43	38
Percentage	7.51%	6.78%	4.07%	8.74%	7.60%	6.71%
>50	0	0	5	1	3	3
Percentage	0.00%	0.00%	1.02%	0.20%	0.53%	0.53%
Total	122	291	147	345	172	394
Percentage	29.54%	70.46%	29.88%	70.12%	30.39%	69.61%

Number of resigned FTEs						
Age	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
<30	97	266	126	287	119	329
Percentage	14.52%	39.82%	18.64%	42.46%	16.98%	46.93%
30-50	71	163	77	143	76	146
Percentage	10.63%	24.40%	11.39%	21.15%	10.84%	20.83%
>50	36	35	22	21	14	17
Percentage	5.39%	5.24%	3.25%	3.11%	2.00%	2.43%
Total	204	464	225	451	209	492
Percentage	30.54%	69.46%	33.28%	66.72%	29.81%	70.19%

Note: The percentage of new and resigned employees = The number of new and resigned employees / The number of new and resigned employees in the current year.

3.1.3 Human Capital Management

Management Guidelines



In addition to establishing a performance evaluation system to strengthen competencies required at all positions, SKM also introduced a competency framework in 2022 and organized a series of courses revolving around the framework to enhance competency in SKM management, effectively offering employees training on necessary skills in the workplace. Externally, we are very active at college job fairs. We make offers to individuals that show promise with the industry and give them a platform to unleash their potential, which also serves as a strong foundation for sustainable management at SKM.

In 2022, managerial employees received a total of 5,471 hours of training on topics including management competency training, training for new managers, information safety training, and occupational safety and health training. Other employees received a total of 12,811 hours of training on topics including information safety training, transportation safety training, service quality training, and occupational safety and health training.



2022 SKM Employee Training Hours by Gender and Position				
Item	Male	Female	Total hours	Hours per person
Management	2,586	2,885	5,471	12.93
Others	3,745	9,066	12,811	7.03

SKM HQ and department stores also provide a variety of training on service quality, cloud and self-service POS machines, food hygiene and safety, occupational safety and health, and annual anniversary sales to our counter staff.

Training Provided by HQ and Department Store in 2022						
Topic	Subject				Number of Trainees	Cumulative training hours
	Counter staff	Cleaning staff	Part-time student employees	Security		
Service Quality	✓	✓	✓	✓	8,012	9,775.8
Food Hygiene and Safety	✓		✓		4,989	13,004.94
Health Promotion Lectures	✓	✓		✓	305	396
Occupational Safety and Health	✓	✓		✓	1,184	1,839.5
Annual Anniversary Sales	✓	✓	✓	✓	9,144	14,870.98
Cloud & Self-service POS Machine	✓		✓		6,886	18,194.42
New Counter Staff Training	✓				672	2,792.5

Note: Cumulative training hours = Number of trainees from all department stores * course duration in hours; i.e., the sum of training hours from all department stores.

Recruitment at College Job Fairs

In 2022, SKM took part in eight college job fairs to recruit talents on the campus and offer robust training and welfare packages. We also believe in giving back to our education system and, therefore, providing internship opportunities so students interested in the department store and retail industry can have early exposure to the industry. Currently, we have internship programs with Tamkang University, Ming Chuan University, Chihlee University of Technology, and Taipei City University of Science and Technology.

Three-Year Competency Program

To ensure our employees are able to adapt more effectively to changing market landscapes and fierce competition, SKM officially kick-started the Three-Year Competency Program in November 2022. The program is a re-evaluation and optimization of the core competencies required by employees of all levels (including managerial positions), given the organization's future development goals. It defines the "critical DNA" exclusive to SKM's core talents and introduces a competency framework that clearly outlines career development goals and pathways for employees at SKM. This can accelerate learning and growth in employees and more closely link job functions with company growth. By keeping pace with the organization's progress, employees will have a positive impact on the long-term human resource development of our company.

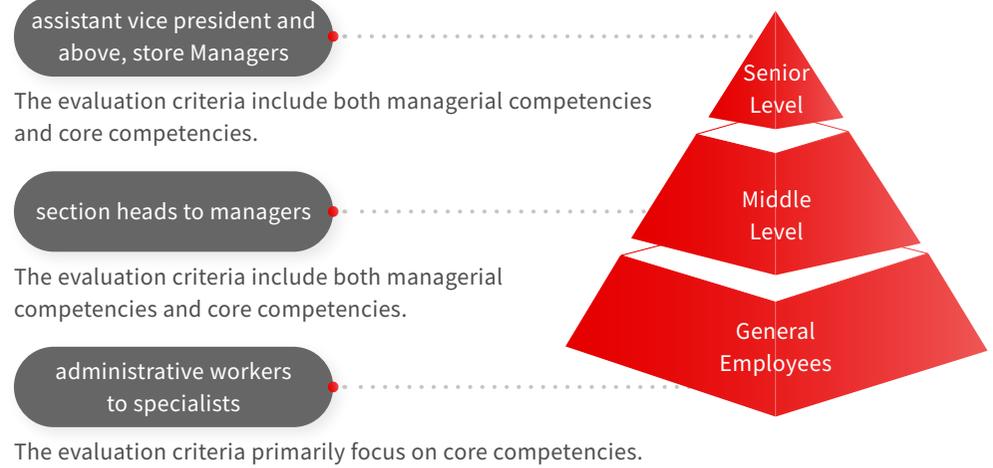


The Three-Year Competency Program can be separated into three stages:

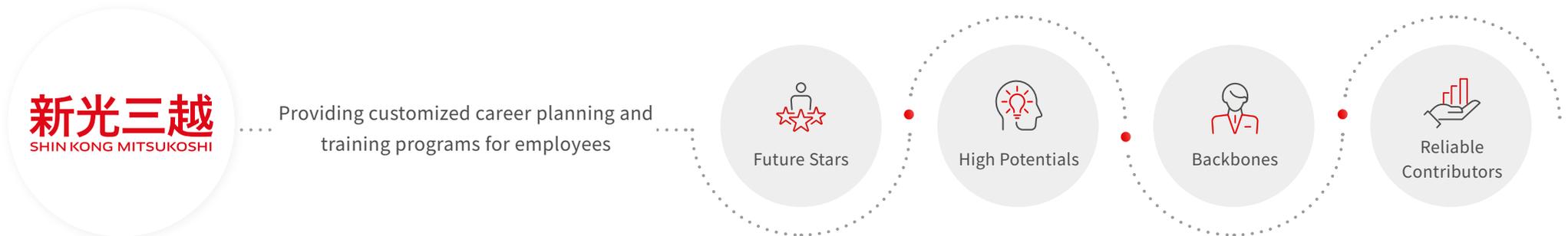


The new competency framework is categorized into three major levels based on job positions: Senior Level (assistant vice president and above, store managers), Middle Level (section heads to managers), and General Employees (administrative workers to specialists). Each level has its own set of evaluation criteria. The evaluation criteria for Senior and Middle-level employees include both managerial competencies and core competencies, while the evaluation criteria for General Employees primarily focus on core competencies. The new competency framework will impact three major dimensions: talent recruitment, education and training, and performance evaluations. In terms of talent recruitment, SKM will screen talents based on competencies required for different positions set forth in the new competency framework. This will help us uncover and recruit promising talents that align with the organization's development strategy.

In terms of performance evaluation, the newly established competency framework will serve as the basis for setting performance targets and evaluation criteria for employees at all levels. Performance evaluations will help us recognize employee capabilities and classify them into talent categories such as "Future Stars," "High Potentials," "Backbones" and "Reliable Contributors" based their potential, which also forms SKM's talent pipeline. In accordance with the characteristics of each talent category, SKM will provide customized career planning and training programs for employees.



Once the talent pipeline is established, the next step is to identify the talent pipelines for key positions. Employees listed in talent pipelines will be asked to compile and carry out a Personal Growth Plan. The objective is to ensure the consistent availability of human resources for key positions and provide differentiated development opportunities for different talent categories. High-potential individuals will be offered intensive and rewarding development mechanisms.



As of the end of 2022, the SKM Human Resources Department has defined a new competency framework by reassessing and re-evaluating required competencies at all positions. The next step will be rolling out the competency framework in the existing human resource management framework. We have plans to hold six open sessions for senior executives and functional managers above the assistant manager level to explain the competency framework between April 28 to May 29, 2023. After the open sessions, we will be officially rolling out the competency framework, thereby completing the first stage of the process. Following that, in 2023, SKM will first focus on developing training curricula and annual educational training programs for newly appointed managers and existing managers. The second stage of the process, which focuses on building talent pipelines, will be initiated in May 2023. The third stage of the process, focusing on a Personal Growth Plan, will be initiated between April and May 2024.



Education & Training Program for Managers under the Three-Year Competency Program

Objectives & Summary

Based on the completed competency framework that will be introduced in 2023, SKM will develop a training curriculum, which will be used to plan annual training and lectures for existing managers. In addition, Mindset Change training will be provided to newly appointed managers.

Program	Subject	Topic
Training for new managers	New managers appointed this year	Mindset Change
Training for existing managers	Existing managers	Competency courses
Lectures	Open to all employees	Lectures relevant to important company policies (digital, e-commerce, etc.)



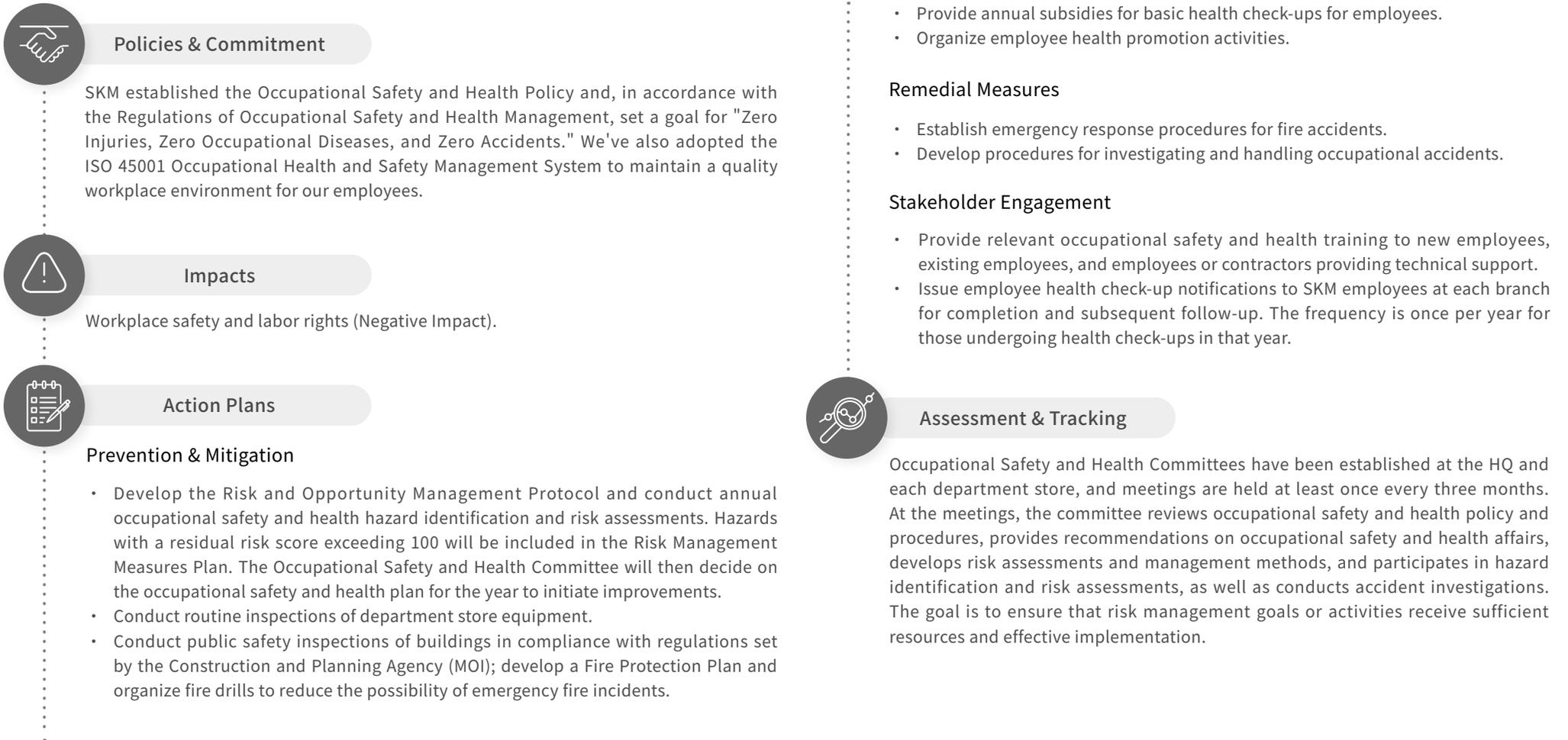
Support for Transitioning Employees

While SKM does not have measures in place to support employees facing layoffs, impending departures, or retirement, SKM does seek to offer support in the form of counseling, consultation, and referrals on a case-by-case basis. For example, when SKM closed the Taoyuan Dayou Store, we formulated a comprehensive employee placement plan and held an open session to explain their rights in detail. For employees that chose not to stay, we worked with local employment service stations to provide support through training, referrals, and explaining how to file for unemployment.

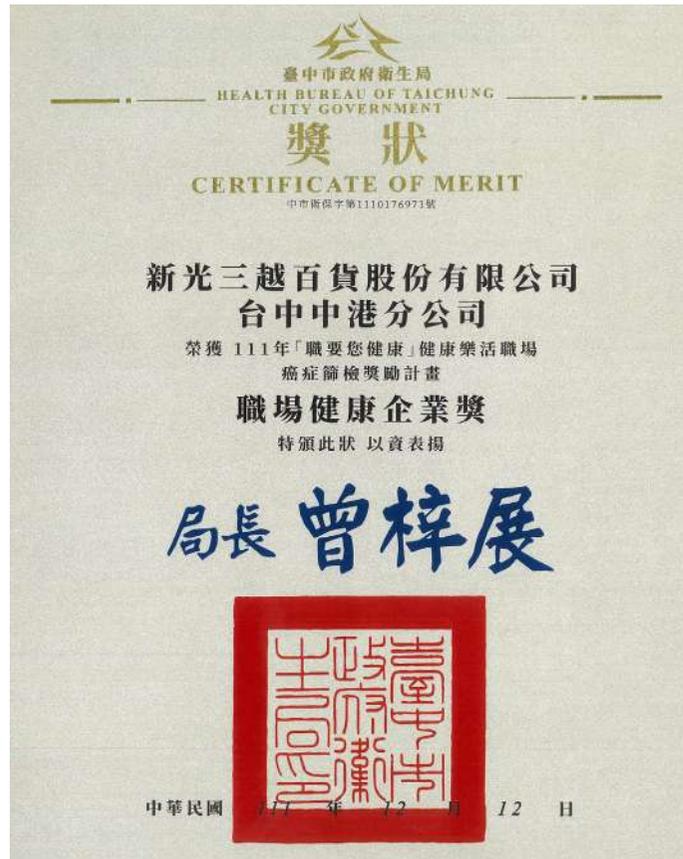
3.2 Occupational Health and Safety Management

GRI Disclosures: GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10

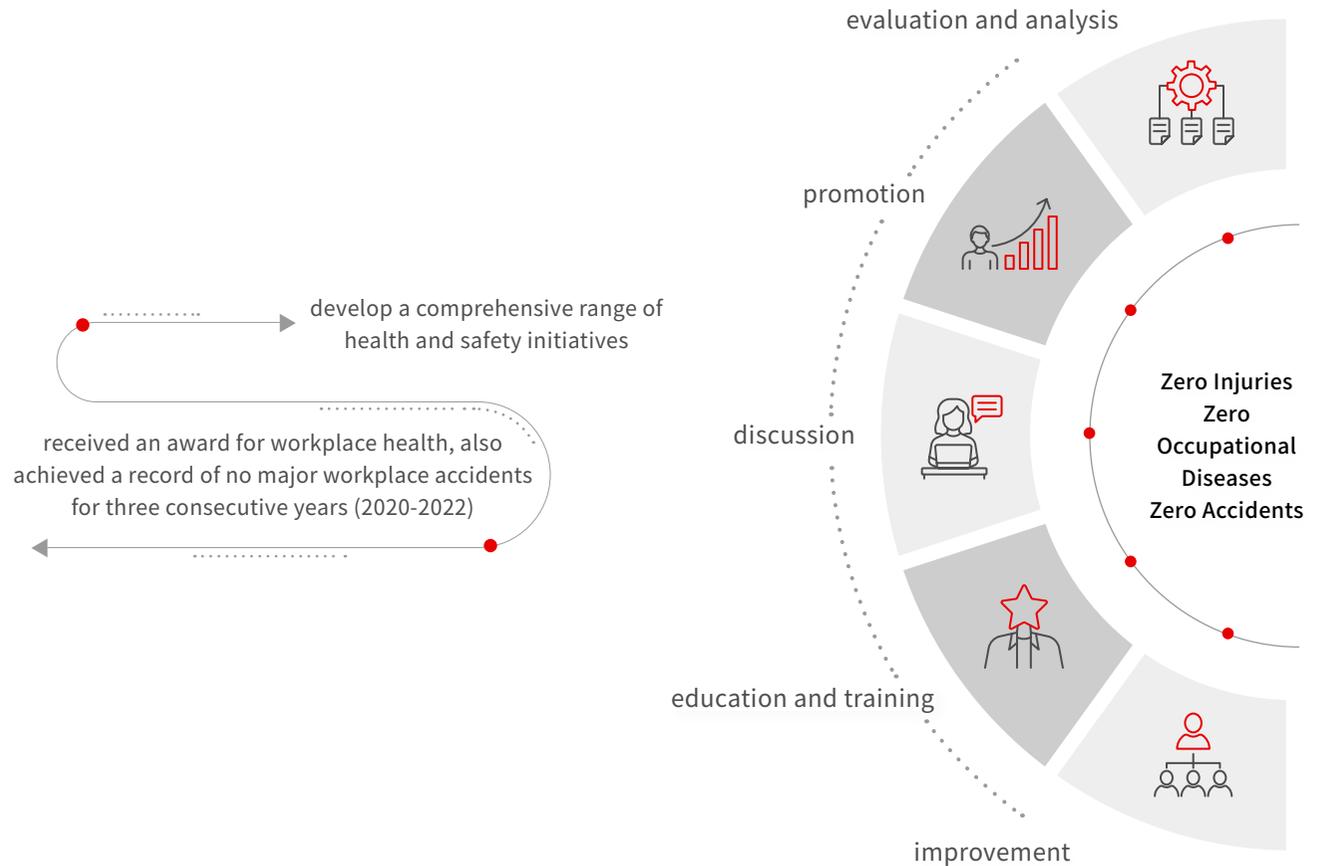
Management Guidelines



SKM values employees as our most important asset, and strives to create a health and safe workplace to put employees at ease and prevent occupational disasters. To achieve "Zero Injuries, Zero Occupational Diseases, and Zero Accidents," SKM abides by five core elements to guide our implementation: evaluation and analysis, promotion, education and training, discussion, and improvement. As such, we've formulated Occupational Safety and Health Policy and adopted ISO international certifications to develop a comprehensive range of health and safety initiatives. SKM's Taichung Zhonggang Store received an award for workplace health in 2022 due to proactive efforts to ensure safety. SKM also achieved a record of no major workplace accidents for three consecutive years (2020-2022). In the future, SKM shall continue to enhance management practices to ensure a quality workplace for our employees.



SKM's Taichung Zhonggang Store received an award for workplace health in 2022



Five core elements of Occupational Safety Policy

3.2.1 Manage and Implement Occupational Safety and Health

SKM established the Occupational Safety and Health Department in 2013 to manage relevant affairs. SKM adopted the ISO 45001 Occupational Health and Safety Management System in 2020. In the same year, SKM President Richard H. Wu signed the Occupational Safety and Health Policy into effect.

SKM Occupational Safety and Health Policy - Four Major Strategies



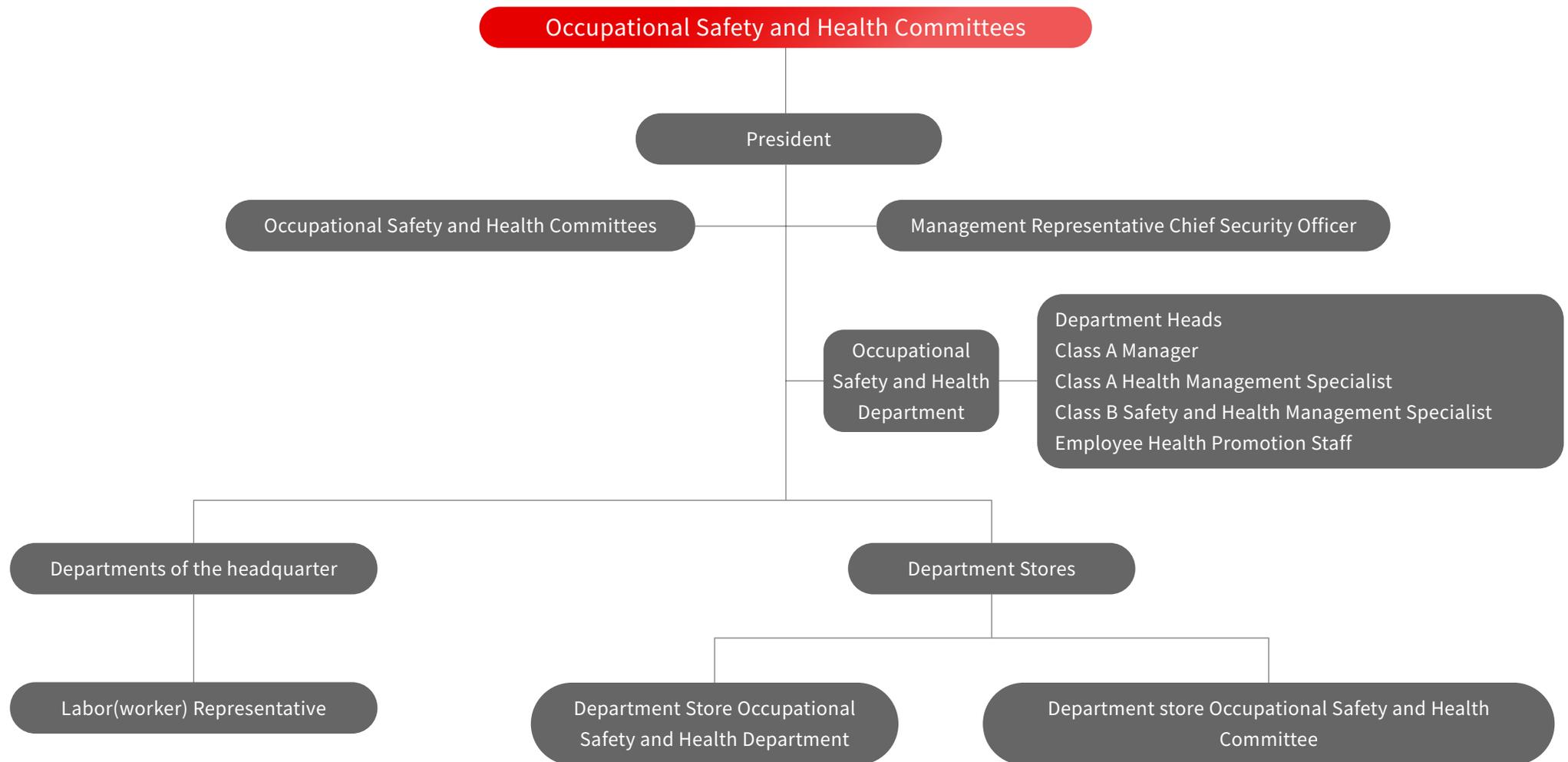
SKM Occupational Safety and Health Policy - Eight Policies

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

In addition to the Occupational Safety and Health Department, SKM has established Occupational Safety and Health Committees at the HQ and across all department stores in Taiwan in accordance with the Regulations of Occupational Safety and Health Management. The Committee consists of staff from the Occupational Safety and Health Department, as well as senior executives and employees from each department store for a total of 184 committee members, 77 of which are labor representatives(42%). Meetings are held at least once every three months per regulations for the Committee to review occupational safety and health policy and procedures, provide recommendations on occupational safety and health affairs, develop risk assessments and management methods, and participate in hazard identification and risk assessments, as well as conduct accident investigations. The president appointed the Chief Security Officer as the management representative, who shares the highest responsibility for occupational health and safety affairs, to ensure adequate resources and effective implementation for risk management goals and measures. Resolutions passed at the quarterly Occupational Safety and Health Committee meeting are submitted to the president for signed approval.



Occupational Safety and Health Committees established at each department store are led by the head of each store serving as the management representative. SKM HQ and department stores adopt a hierarchical management approach, with the Occupational Health and Safety Committees responsible for occupational safety and health management. Through departmental meetings, information is disseminated and two-way communication is facilitated among the various units, including occupational safety and health departments. Also, SKM maintains the Occupational Safety and Health Management System Promotion Committee at HQ to encourage employee participation in the ISO 45001 Occupational Safety and Health Management System.



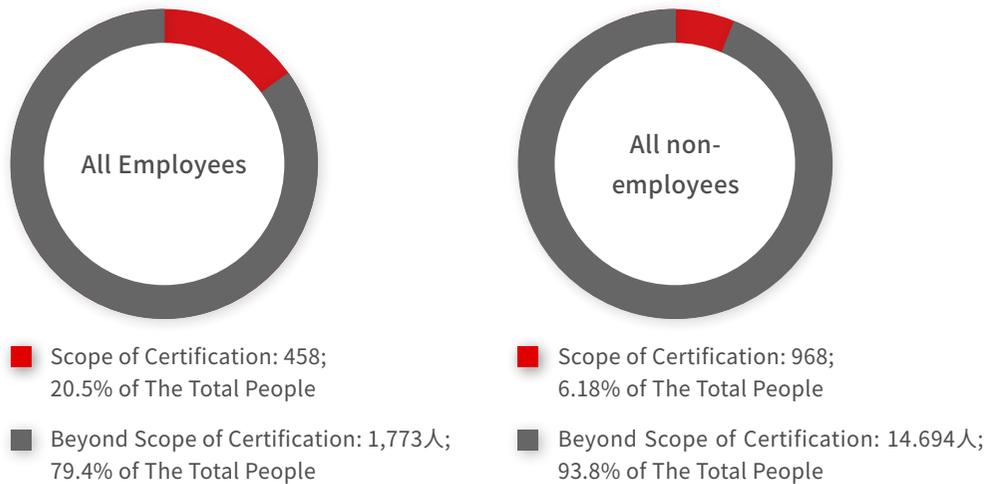
SKM HQ Occupational Safety and Health Committee Achievements

Year	Chart	Achievements
2020	 <p data-bbox="315 612 577 667">No. of Meetings: 4 Average Attendance: 96%</p>	<ol data-bbox="707 392 2085 671" style="list-style-type: none"> 1. Conducted risk assessment for a total of 768 operations in all department stores, with 51.3% of operations requiring management. Identified operations exceeding the risk improvement threshold and included them in the Occupational Safety and Health Risk and Opportunity Measures Plan for continuous monitoring. 2. Formed a safety partnership with the Taipei City Department of Labor Inspection since 2017 to collaborate on education and training, promote self-management of occupational safety and health, share regulations and information on physical and mental health protection, and strengthening labor protection. The partnership continued until 2022. 3. Improved the process of reporting occupational accident incidents: Established an initial-to-final reporting mechanism and set up an official LINE account to enhance the timeliness and accuracy of reporting occupational accident incidents. Senior managers were granted access to receive messages in real-time for effective tracking and management.
2021	 <p data-bbox="315 968 577 1023">No. of Meetings: 4 Average Attendance: 91%</p>	<ol data-bbox="707 748 2085 1027" style="list-style-type: none"> 1. Reviewed and approved training materials for OTJ Occupational Safety and Health Training for Employees in 2022. The course was adjusted to be a 3-hour online course per regulations, and participants proceeded with assessment through SKM's education management system upon course completion. These measures were implemented in April 2022 following personnel changes. 2. Announced the Declaration of Zero Tolerance for Illegal Violations and disseminated related prevention policies and practices in writing, with plans to conduct hazard identification and assessment annually. 3. Revised the Occupational Safety and Health Self-Management Inspection Procedures by adopting the self-management audit form provided by the Taipei City Department of Labor Inspection. Occupational safety personnel made professional judgments, implemented internal audits, observed and promptly improved occupational safety deficiencies to prevent occupational accidents.
2022	 <p data-bbox="315 1331 577 1385">No. of Meetings: 4 Average Attendance: 86%</p>	<ol data-bbox="707 1123 2085 1370" style="list-style-type: none"> 1. Resolved to execute the work plan for the implementation of ISO 45001 in Central and Southern Taiwan in 2022. 2. Presented quarterly progress tracking of occupational safety and health self-management audits, results and improvement measures of environmental monitoring, as well as for on-site occupational safety and health management performance at all department stores. 3. HQ conducted annual audits of branches, confirming the progress of ISO 45001 implementation and personnel awareness. Occupational Safety and Health Non-Compliance Incident Management Procedure Forms were issued for any abnormalities, and branches were required to develop improvement plans for implementation. Subsequent responses were provided to HQ for monitoring.

Adopting International Certification Systems

SKM commenced preparations to adopt ISO 45001 Occupational Health and Safety Management System standards in July 2020. SKM obtained the very first certification in January 2021 and has continued monitoring and audits, holding an annual ISO 45001 management review meeting. HQ conducts two voluntary audits at each store each year, and an external simulated audit is conducted based on the previous year's performance, aiming to prepare all stores to obtain certifications in 2024. The current scope includes all employees (incl. part-time employees) at SKM HQ and Taipei Xinyi Place A4, which accounts for 20.5% of all employees, and other non-employees account for 6.18%.

In the future, SKM will not only maintain its existing certifications but also expand the scope of verification to demonstrate its commitment to establishing a safe workplace. The first step is to extend verification to six department stores in 2023, including Taipei Xinyi Place A8, A9, A11, Taipei Station Store, Taipei Nanxi Store, Taipei Tianmu Store. The next step is to include the seven department stores in Central and Southern Taiwan by 2024. The goal is to achieve ISO 45001 certification for all locations in Taiwan by 2024, ensuring comprehensive prevention of occupational accidents.



Note:

1. Employees are official and part-time staff; Non-employees are contractors, sequential contractors (not regular, thus not calculated) and counter staff.
2. Non-employee statistics are compiled and collected by operations unit at each department store. Due to the work shifts and turnover of counter staff however, it is difficult to accurately calculate their numbers without the possibility of redundancy.
3. Data compilation date: End of December, 2022.

ISO 45001 Implementation Plan Schedule



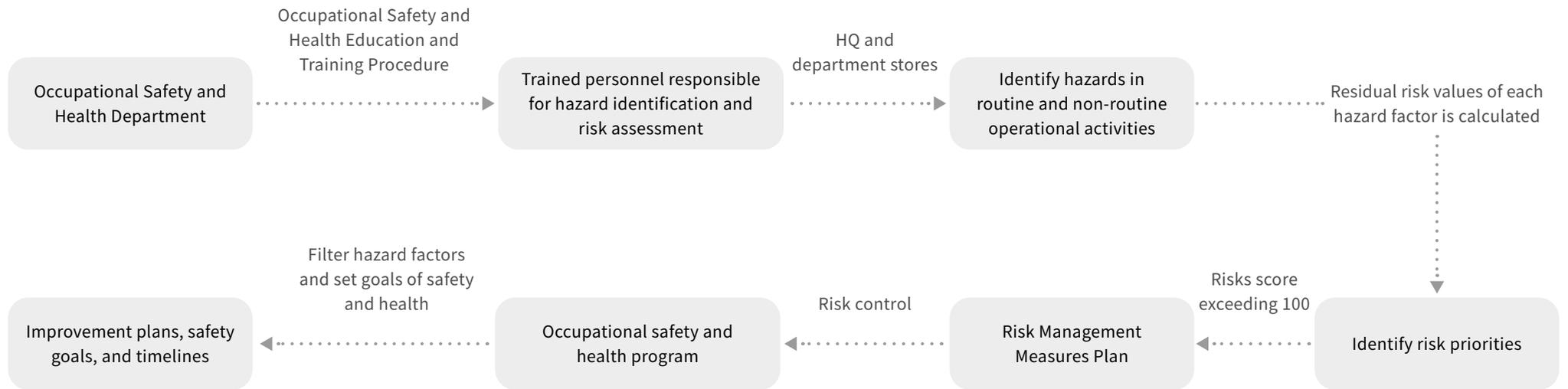
3.2.2 Occupational Safety and Health Assessment and Preventing

Occupational Disasters Identifying Occupational Hazards and Risk Management

To identify potential occupational safety and health hazards in work activities, evaluate their risks, and develop management or improvement plans to prevent harm, SKM has established the Risk and Opportunity Management Protocol. Trained personnel responsible for hazard identification and risk assessment, in accordance with the Occupational Safety and Health Education and Training Procedure, identify hazards in routine and non-routine operational activities at HQ and department stores. Residual risk values of each hazard factor is calculated to further prioritize risks. Risks exceeding a score of 100 are included in the Risk Management Measures Plan. The Committee then develops an annual occupational safety and health program by taking into account regulations and stakeholder opinions, which includes improvement plans, safety goals, and timelines.



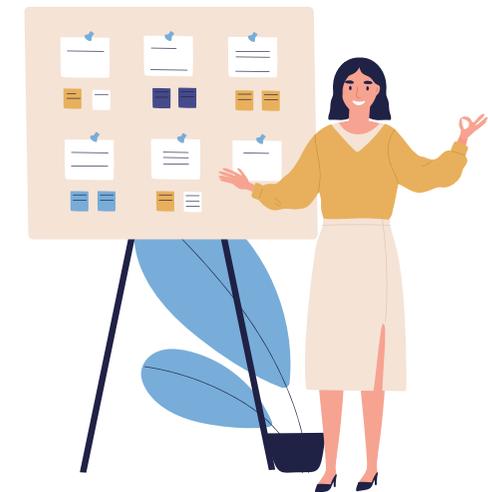
Risk and Opportunity Management Protocol



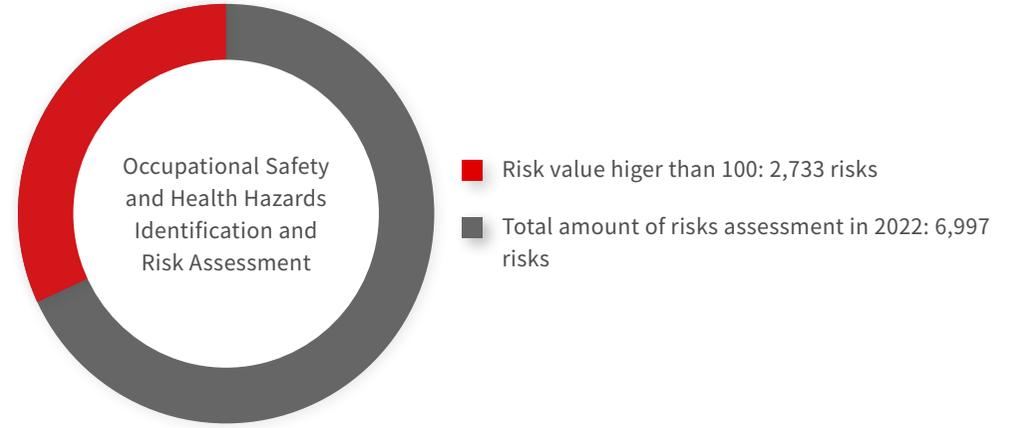
SKM Occupational Safety and Health Hazard and Risk Assessment Process

To ensure the quality of the occupational safety and health hazard identification and risk assessment process, SKM conducts regular education and training and holds review meetings to verify the competency of personnel conducting hazard identification and risk assessment and the validity of their evaluations. The HQ Occupational Safety and Health Department, occupational safety and health units at each department store, as well as the Committee works together to evaluate the effectiveness of risk assessment. Implementation follows SKM's Hazard Identification and Assessment Management Procedure, which categorizes two types of hazard identification and risk assessment: regular and ad-hoc.

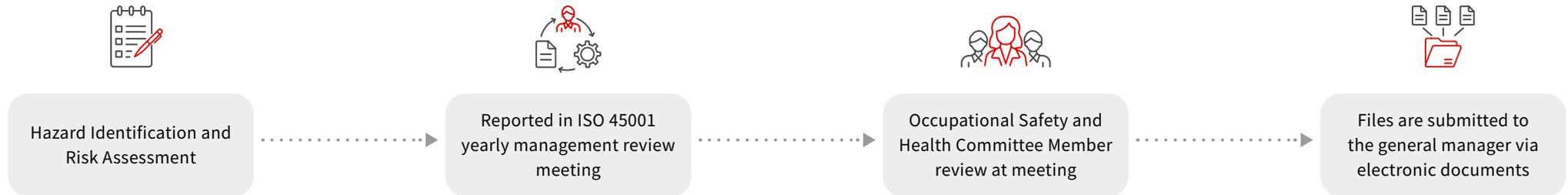
Hazard Identification and Risk Assessment	
Types	Descriptions
Regular	<p>Every year, HQ and all department stores shall complete hazard identification and risk assessment at their respective locations before the annual ISO 45001 review meeting. Each department store formulates occupational safety and health plans to monitor progress and the HQ Occupational Safety and Health Department compiles the data into a report that is presented at the review meeting.</p>
Ad-hoc	<p>When the following situations occur, ad-hoc hazard identification and risk assessment are conducted by the respective departments:</p> <ul style="list-style-type: none"> • Equipment replacement, adjustments in work content or documentation within the scope detailed in Change Management Procedures. • Corrective and preventive measures proposed due to designated occupational safety and health improvement. • Occurrence of false alarms, occupational injuries, abnormal situations or scopes defined in the Occupational Accident Reporting and Investigation Process and Analysis Guidelines. • Other situations such as changes in workplace layout, alterations to regular operations, increased use of chemicals, etc., which may affect safety and health, as deemed necessary by the management representative and implemented by the designated departments.



After conducting hazard identification and risk assessment at each operational location, SKM submits the results to Committee for review at the annual ISO 45001 review meeting. Relevant records are then provided to the president in the form of a digital report. In 2022, there were approximately 6,997 identified risks in the Occupational Safety and Health Hazard Identification and Risk Assessment Form. Out of these, about 2,733 risks were considered significant with a residual risk value exceeding 100 points and all were included in the Risk Management Measures Plan. After careful evaluation of materiality and likelihood of occurrence, a total of 67 management plans were developed and implemented at various department stores. The occupational safety and health personnel at each department store regularly monitors progress to safeguard all employees and prevent workplace accidents and hazards.



Hazard identification and risk assessment at each operational location



If risk value is greater than 100, the OSH should plan the risk and opportunity management measures process



For instance, in 2022, Taipei Nanxi Store identified potential chemical hazards in the air conditioning room, including the risk of exposure to chemical agents and the possibility of skin allergies. To address these risks, specific management plans were created before May of that year. Measures such as installing emergency showers and eye wash stations were implemented, and equipment inspections were conducted monthly to prevent chemical accidents. As a result, zero chemical-related accidents involving AC room operators occurred that year. Four additional goals were established for 2023 as part of regular inspections, such as developing chemical and organic solvent management measures, setting up safety data sheets and spill containment trays to prevent leaks, installing emergency showers and eye wash stations in the AC room along with automated checklists for monthly inspections, include self-management of stores as on independent audit item and conduct regular inspections.



保存年限：三年 新光三越百貨股份有限公司
沖身洗眼器定期檢查紀錄表

廠別： 型式規格： 檢查日期： 年 月 日

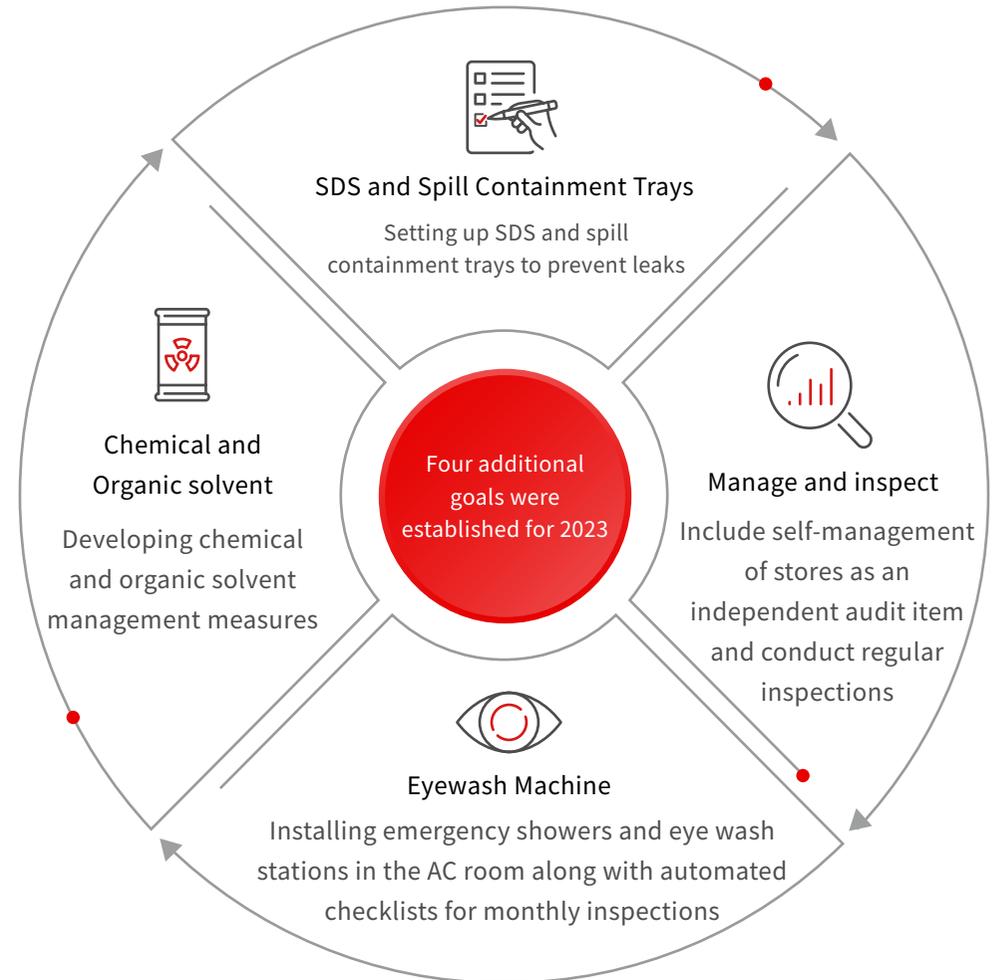
項目	檢查部位(項目)	檢查方法	檢查結果	檢點量結果 無異常	備註
設置場所	周圍 1.5 公尺內或通道無阻塞，地面堅固平坦。				
機體	無鏽蝕、漏液、變形、雜音(零件)尖銳鬆動，各功能正常，無漏水。				
水管	入水閥保持常閉，接頭密封，不漏液，開閉無損壞、變形。				
水源	除菌器(長絨或腳踏)機能正常，噴灑調整器適應無阻礙，破損、異物阻塞。				
排水管	確認水管無堵塞情形。				
排水管	保持暢通。				

注意事項
1. 依職業安全衛生管理辦法第三十二條實施。
2. 檢查日期：每月一次。
3. 檢查結果應詳實記錄，檢查結果正常打(√)，異常打(X)，無此項目打(/)，異常異常結果應立即維修，未來自修由各實施單位。
4. 以上所列項目與內容，各實施單位應視現場情況自行增加或修訂其項目並實施紀錄。

檢查人員： 單位主管： 職安人員： 職安業務主管：

Shower and Eyewash machine

Note: Taipei Xinyi Place (A4, A8, A9, A11) and Taipei Nanxi Store installed emergency showers and eye wash stations in the AC rooms.



Occupational Health and Safety Educational Training

To enhance occupational safety and health awareness among employees to ensure attentive and meticulous customer service in a safe working environment, SKM regularly holds educational training for occupational health and safety at each department store. In 2022, SKM provided occupational safety and health training to a total of 285 new employees at HQ (excl. five individuals who left shortly after joining), for a completion rate of 100%. The remaining department stores provided training for new and existing employees according to the regulations of each store. In 2022, SKM (incl. HQ and department stores) conducted a 1-hour Traffic Safety Seminar and a 3-hour OTJ Occupational Safety and Health Training for employees. A total of 1,822 and 1,455 employees completed the respective trainings. SKM Taipei Xinyi Place A8 also provides occupational safety and health training to employees or contractors providing technical support.



Course	Target Audience				Number of Participants	Note
	New hires	All SKM full-time employees	Appointed employees	Electrical engineering staff and contractors at department stores		
Onboarding - Online	✓				280	HQ
Onboarding - In-person	✓				285	HQ
Traffic Safety Seminar		✓			1,822	Company-wide
OTJ Training for Existing Employees		✓			1,455	Company-wide
Medical First Aid			✓		1,040	Various department stores
Others (Electrical safety, Chemical handling, Grinder operation)				✓	76	Taipei Xinyi Place A8

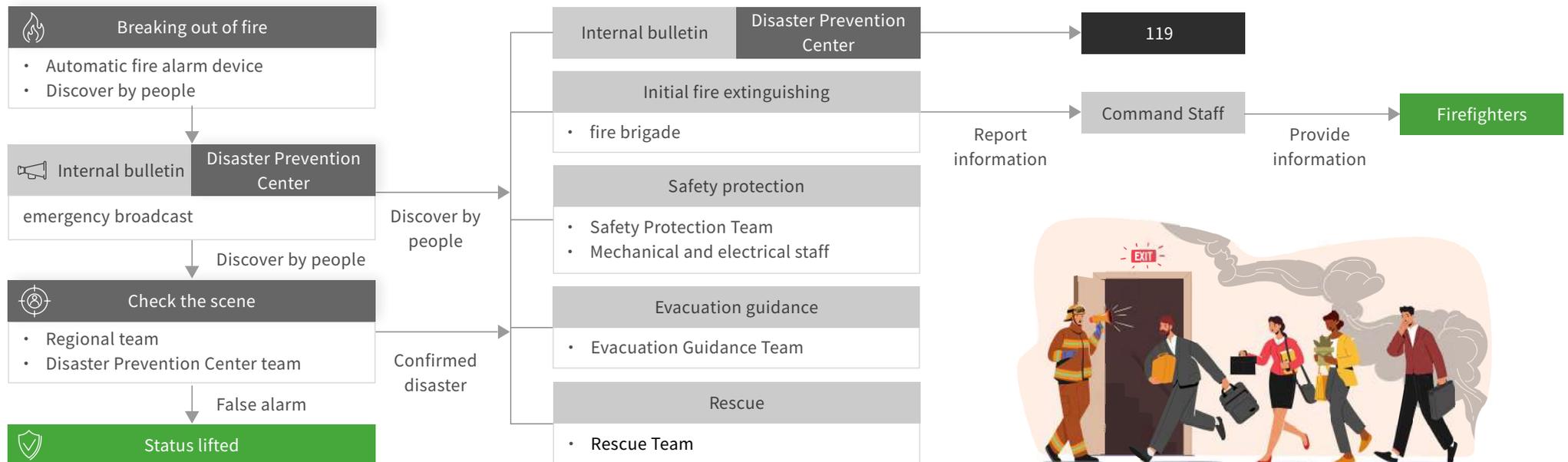
Routine Equipment Checks to Ensure Occupational Safety and Health

SKM believes that safety should be implemented in every detail of our operations, promoted to every corner of the company. In accordance with the Regulations of Occupational Safety and Health Management and other provisions, SKM routinely inspects and maintains equipment, machinery, and appliances - any identified deficiencies are promptly addressed to ensure a high level of safety. Detailed inspection records, including the inspection date, method, location, results, names of personnel involved in the inspections, and proposed improvement measures based on the inspection results, are kept in compliance with the law for a period of three years. Thorough tracking helps mitigate and minimize any potential impact on employees' occupational safety and health.

Fire Accident Prevention and Emergency Response

To reduce the likelihood of emergency fire incidents, SKM has formulated a Fire Protection Plan. Standard fire safety equipment and evacuation facilities are installed at each department store and undergo regular inspections to ensure compliance and functionality, allowing employees or customers to quickly evacuate or operate equipment during emergencies. SKM also conducts routine fire drills to enhance employee awareness and practice firefighting and evacuation, etc. Furthermore, SKM has established a Emergency Fire Response Flowchart, detailing immediate reporting, evacuation guidance, initial firefighting, and rescue measures in the event of a disaster, minimizing the injuries caused by such incidents.

Fire Emergency Response Flowchart



Occupational Disaster Investigation, Handling, and Prevention

In accordance with SKM's Occupational Accident Reporting and Investigation Process and Analysis Guidelines, in the event of any occupational accident involving SKM personnel, counter staff, contractors, or workers, the relevant units are required to report the incident to the occupational safety and health unit of each department store within 24 hours, with flexibility allowed for initial notification through telephone or verbal communication if necessary. In the case of a major occupational disaster, the occupational safety and health unit must report to the labor inspection authorities within eight hours in accordance with the Occupational Safety and Health Act. SKM also mandates the the occupational safety and health supervisor convenes with relevant personnel within four hours of the accident to initiate an investigation and conduct a meeting. The results of the investigation are reported to the Occupational Safety and Health Committee and the Department of Security and Surveillance.



In the event of any sudden accidents involving SKM personnel, counter staff, contractors, or workers, the occupational safety and health unit personnel are required to submit an Occupational Accident Investigation Report based on the investigation findings within 48 hours to prevent similar accidents from recurring. For affected employees, SKM conducts a health assessment through occupational healthcare professionals to determine if further medical treatment is necessary. If required, colleagues accompany the affected employees for medical treatment and reassess the frequency and severity of hazard identification and risk assessment, determining if additional improvements are necessary. When colleagues return to their work positions after occupational accidents, injuries, or long-term illnesses, a return-to-work assessment is conducted by occupational physicians to ensure physical recovery. Moving forward, SKM will continue to promote equipment inspection and upgrades in environmental safety and health, implementing a continuous improvement approach toward achieving "Zero Injuries, Zero Occupational Diseases, and Zero Accidents".



SOP for Handling Occupational Accidents

Executive focus

Accident Occurs

Deal with the on-site and casualty

Report the Accident

Investigation of Occupational Accidents

Submission of Investigation Report

Implementation of improvement measures

Closure of accident investigation report



Deal with the on-site and casualty

- Respond immediately to emergency situations according to the SOP for handling incidents.
- Control the scene and prevent secondary disasters.
- Give aid to the injured and keep the scene intact.



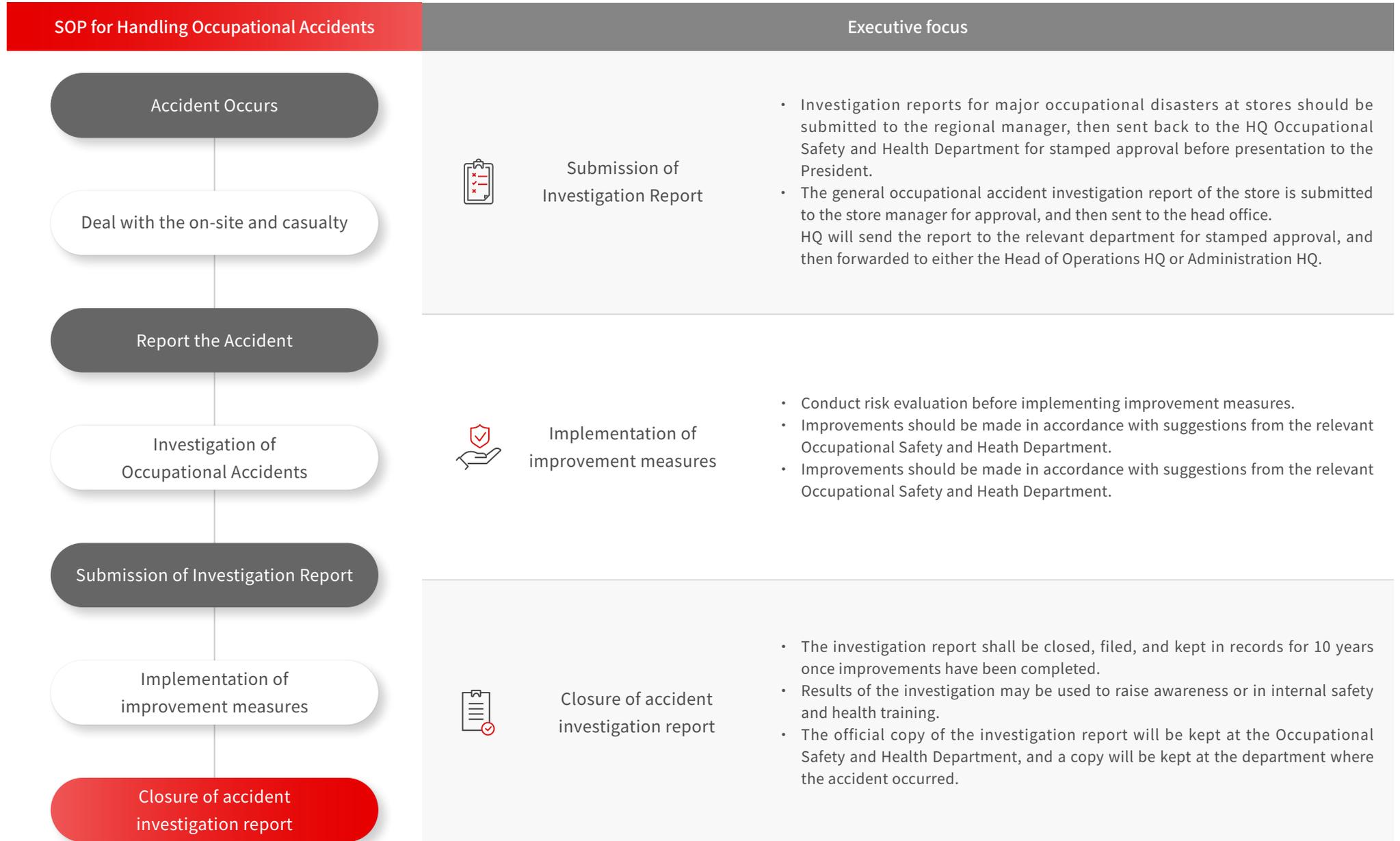
Report the Accident

- Fill in the form to report emergency accidents.
- Occupational accidents should be reported to the relevant occupational health and safety authorities.
- Reporting should be done in accordance with the Occupational Safety and Health Act, as well as the Occupational Accident Reporting and Investigation Process and Analysis Guidelines.



Investigation of Occupational Accidents

- If it is an occupational accident, the Labor Safety and Health department should conduct an investigation and fill in the occupational accident report (SKM-0-appx.26-00-00).
- Major occupational accidents will be investigated by an investigation team convened by the director of occupational safety and health.
- The Occupational Accident Investigation Report form should be filled out within 48 hours of the accident occurring.



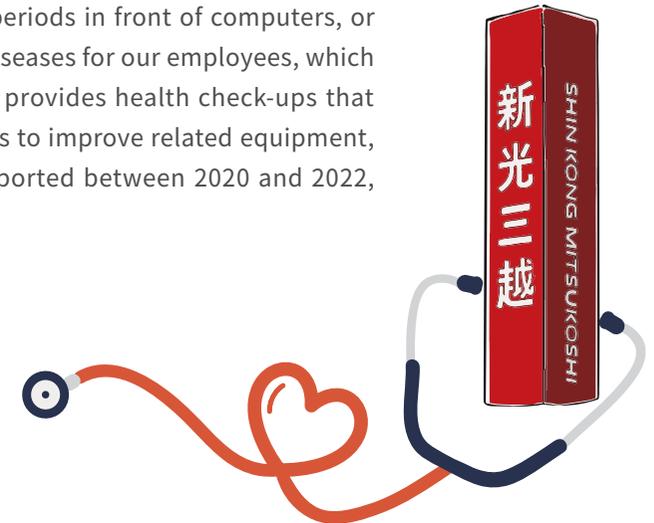
SKM's Mid- to Longterm Occupational Safety and Health Management Goals



Employee Health Management and Promotion

SKM considers characteristics of working in the retail department store industry, where employees often sit for long periods in front of computers, or stand for long periods of time, move goods, etc. As such, we've identified the common types of potential occupational diseases for our employees, which include occupational carpal tunnel syndrome, tenosynovitis, and tendonitis. To prevent occupational diseases, SKM provides health check-ups that exceed regulatory requirements based on employee age groups and job levels. The Health Hazards Prevention Measures to improve related equipment, conduct health promotion activities and courses, and maintain employee health. No occupational diseases were reported between 2020 and 2022, highlighting the effectiveness of SKM's efforts to reduce the risk of occupational diseases.

In the future, SKM plans to introduce occupational medical resources based on Health Hazards Prevention Measures. For high-risk groups identified through musculoskeletal symptom surveys, priority will be given to arranging on-site service consultations with occupational physicians to provide guidance on health hazards and assistance. Additionally, office employees can seek occupational medicine consultations and assessments. Following the doctor's recommendations, SKM will provide ergonomic aids such as mouse pads and back cushions. 2022, SKM implemented five major health promotion activities, including health check-ups, health management, on-site health services, hygiene care, and health promotion activities.



SKM's Five Major Employee Health Promotion Activities

Categories	Item
Health check-ups	<ul style="list-style-type: none"> • Arrange annual health check-ups for employees, exceeding legal requirements (once every three years for employees aged 45 and younger, and once every two years for employees aged 45 and older). Different plans are provided based on age and job to safeguard employee health.
Health management	<ul style="list-style-type: none"> • Maternal health protection: Assess needs for pregnancy and postpartum employees, and implement preliminary risk assessments. On-site physicians should implement hazard control and improvements based on the assessment results. • Prevention of abnormal work burden prevention: Conduct risk assessments of abnormal work burdens for employees by nursing staff and occupational safety and health personnel. Potential risk groups that may be prone to diseases due to abnormal work burdens are screened and graded, and final decisions on whether individual cases require consultations are made by on-site physicians. • Human-induced hazards (musculoskeletal injuries) prevention: Conduct musculoskeletal injury surveys by nursing staff, evaluate the identified major hazard factors by occupational safety and health personnel, and develop improvement plans and measures based on the evaluation results. • Workplace violence prevention: Conduct workplace violence risk assessments by occupational safety and health personnel, and provide relevant education and training by nursing staff. • Psychological health care: Promote mental health by offering lectures, stress-relieving activities, and courses covering various aspects to help employees understand how to find resources and cope with stress.
On-site healthservices	<ul style="list-style-type: none"> • Provide health consultation clinics with contracted occupational medicine specialists.
Hygiene care	<ul style="list-style-type: none"> • Emergency personnel equipped with the "Emergency Personnel Safety and Health Education Training" certification are allocated based on the total number of employees in each store. • Certified safe public space (AED+CPR): Occupational safety and health departments will offer regular AED and CPR training courses, with dedicated personnel conducting routine inspections of AED. • Measures for pandemic management: During the peak periods of communicable diseases each year, measures are planned to manage and monitor the health of employees, as well as to enhance cleanliness and hygiene. The aim is to provide customers with a safe and comfortable shopping environment.
Health Promotion Activities	<ul style="list-style-type: none"> • Health Needs Assessment: Occupational safety and health personnel conduct surveys, assessments, and develop appropriate health workplace activities and plans for employee health management. • Implement Health Activities: Provide relevant information for health promotion (such as fat burning, strength training, aerobic exercises, relaxation and stretching yoga, stress relief massage, and walking activities) to create a healthy workplace. • Voluntary Certification Program: Regularly carry out Health Promotion Certification Marks for a healthy workplace and reward stores that meet the certification criteria.

Counselling

Department store employees often face significant customer service pressures. SKM plans to conduct a comprehensive survey on the mental health status of all employees in 2023. Cases of concern will be analyzed and individuals experiencing high psychological stress will be provided with one-on-one counseling. For high-risk cases, psychological counseling services, relevant psychological education, and contact information for professional organizations or medical units will be provided.

The Million Steps Walking Event

Considering that the majority of SKM HQ employees work at a desk and may experience problems associated with prolonged sitting and lack of exercise, SKM rewards employees for participating in the walking event, aiming to promote the establishment of self-management and exercise habits. Held from June to August 2022, the event offered prizes such as iWatch, Xiaomi wristbands, and almost 6,000 NT dollars in merchandise vouchers. The solo division had 51 participants, and 12 groups were in the team division. All participants achieved the target of 200,000 steps, and the event was well-received. After the event, SKM conducted an employee satisfaction analysis, evaluating aspects such as the method of the event (total monthly step count), schedule (a total of 3 months), calculation method for lottery draws (solo: 200,000 steps, team: 1,000,000 steps), and the difficulty. Adjustments and improvements for the following year were made according to the evaluation.

Workplace Maternity Protection Program

Female employees who are pregnant, within one year postpartum, breastfeeding, or of childbearing age and have concerns about workplace health and their own needs can apply for the program. Once approved, occupational safety and health personnel and medical staff will visit the individual's work environment, assess and classify risks using the Workplace Hazard Assessment and Maternal Health Protection Measures form. Individuals are required to fill out the Self-Assessment Form of Health Status for Workers who are Pregnant or within One Year Postpartum and arrange for occupational health consultations. If work or working hours need to be adjusted according to the assessment, the wishes of the individual should be respected, and the outcome and measures should be communicated to them.



3.2.3 Occupation Injuries and Diseases Statistics

In 2022, a total of 6 occupational accidents was reported among all workers (both employees and non-employees) at SKM - 0 reported cases of occupational fatalities, disabling injuries, or severe occupational diseases resulting from these accidents. The rates of disabling injury frequency rate and recordable work injury rate were 0 and 0.47, respectively. In the past year, there have been a significant number of traffic accidents. SKM has been raising awareness for traffic safety among all employees, especially for common accidents and accident-prone areas.

2022 Occupational Injury Statistics						
Item	Employees			Non-employees		
	Male	Female	Total	Male	Female	Total
Fatalities	0	0	0	0	0	0
Occupation injury fatality rate	0	0	0	0	0	0
Disabling injuries (excl. fatalities)	0	0	0	0	0	0
Disabling Injury Frequency Rate (FR)	0.00	0.00	0.00	0.00	0.00	0.00
Disabling Injury Severity Rate (SR)	0.00	0.00	0.00	0.00	0.00	0.00
Recordable occupational injuries	1	5	6	0	0	0
Recordable work injury rate	0.65	1.73	1.35	0.00	0.00	0.00
Working hours (lost-time)	64	64	128	0	0	0
Total hours of work	1,545,792	2,898,360	4,444,152	3,846,552	12,571,512	16,418,064

2022 Occupational Injury Statistics

Item	Employees			Non-employees		
	Male	Female	Total	Male	Female	Total
Type of Occupational Injuries	Others*1	Falls*3 Collapsed Objects/ Buildings*1 Machine Entrapments*1	Other*1 Falls*3 Collapsed Objects/ Buildings*1 Machine Entrapments*1	-	-	-

Note:

- Employees are official and part-time staff; Non-employees are contractors, sequential contractors and counter staff. Does not include counter employees
- Total working hours=the statutory limit for working hours in 2022 (1992 hours) multiplied by 12 months and the total number of company staff (Source: SKM Human Resources Department).
- Each statistic is calculated independently for men and women, i.e.: disabling injuries for males are calculated with the total number of male employees, etc.
- Recordable occupational injuries: falls, entrapments, crush injuries, and impact injuries.
- All statistical data (incl. the number of occupational injuries/deaths, lost days, and rates of disabling injuries and severity) is calculated in accordance with the Occupational Safety and Health Administration (OSHA) of the MOL.
 - Occupational Injury Fatality Rate = (Number of Occupational Fatalities * 1,000,000) / Total Work Hours
 - Disabling Injury Frequency Rate (FR) = (Number of Severe Occupational Injuries * 1,000,000) / Total Work Hours
 - Disabling Injury Severity Rate (SR) = (Lost Workdays due to Disability * 1,000,000) / Total Work Hours
 - Recordable Work Injury Rate = (Number of Recordable Occupational Injuries * 1,000,000) / Total Work Hours
 - Working Hours (Lost-time) = Provided by the Human Resources Department
- There are two methods for determining occupational hazards that could potentially lead to disabling injuries:
 - Regular calculation of Frequency Rate (FR) and Severity Rate (SR) based on injury statistics
 - After conducting hazard identification and risk assessment, the Occupational Safety and Health Committee determines the occupational hazards that could potentially result in disabling injuries by considering the remaining risk scores.
- Currently, the threshold for occupational hazard risk classification and control at SKM is a score of 100. If the remaining risk value exceeds 100, it will be included in the Risk Management Measures Plan. The Occupational Safety and Health Committee will then decide on the occupational safety and health plan for the current year to initiate improvements. If the remaining risk value is below 100, the existing control measures will continue to be implemented to maintain their effectiveness.
- 0 persons received disabling occupation injuries at SKM in 2022.

SKM identified the main types of occupational diseases in our industry, which include occupational carpal tunnel syndrome, tenosynovitis, and tendonitis. After conducting hazard identification and risk assessment, the Occupational Safety and Health Committee determines the remaining risk scores to prioritize the handling of risk items by using the Occupational Safety and Health Hazard Identification and Risk and Opportunity Assessment form, which considers the following factors: task frequency, past occurrence rates, and existing control measures. Based on the severity, probability of occurrence, and effectiveness of risk control measures, a remaining risk score is calculated. If the score exceeds 100, the item is included in the Risk Management Measures Plan. The Committee will then decide upon the occupational safety and health plan for the year to initiate improvements.

In 2022, there were 0 fatalities and recordable occupational injuries among all SKM employees and non-employees (employees are official and part-time staff, and non-employees are contractors, sequential contractors and counter staff). The related calculations do not include employees working at the counters because the management of each store needs to comply with regulations set by local governments. The definition of workers and the requirements imposed by labor inspectors may vary from place to place, making it difficult to consolidate and compile statistics.

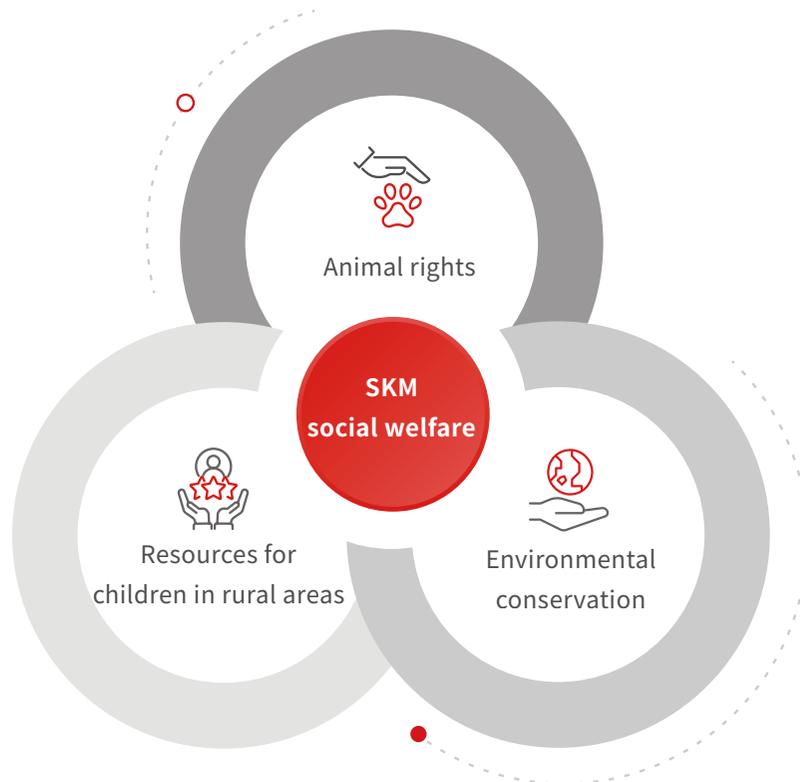
2022 Occupational Disease Statistics						
Item	Employees			Non-employees		
	Male	Female	Total	Male	Female	Total
Occupational disease fatalities	0	0	0	0	0	0
Occupational disease fatality rate	0.00	0.00	0.00	0.00	0.00	0.00
Recordable occupational diseases	0	0	0	0	0	0
Types of occupational diseases	-	-	-	-	-	-

Note:

1. The main types of occupational diseases identified by SKM in the our industry include occupational carpal tunnel syndrome, tenosynovitis, and tendonitis.
2. According to the definition provided by the Occupational Safety and Health Administration of the Ministry of Labor, there were no recorded cases of occupational diseases at SKM in 2022.

3.3 Social Engagement and Artistic Education Promotion

Shin Kong Mitsukoshi (SKM) operates under a genuine and sincere business ethos, striving to improve people's lives. It has a long-standing commitment to social welfare, providing assistance to disasters. The company also maintains a focus on issues such as access to resources for children in rural areas, animal rights, and environmental conservation. Collaborating with NGOs like the Taiwan SPCA and the Child Welfare League Foundation, SKM strives to raise public awareness on these important matters. Furthermore, SKM regularly organizes exhibitions in the fields of craft design, children's art education, and visual arts to promote Taiwan's art. Each year, the company brings together talented Taiwanese artists who utilize diverse mediums to convey the stories of this land. These artworks are showcased in touring exhibitions across all SKM department stores nationwide, harnessing the power of art to co-create a more beautiful society.



Craft design



Children's art education



Visual art

3.3.1 Social Engagement for the Common Good

In the first half of 2022, SKM partnered with the Taiwan SPCA to launch a gift program for SKM credit card holders. In the second half of the year, an event was organized in collaboration with the Child Welfare League Foundation for Christmas, using creativity to raise awareness for abused animals and underprivileged children. Since 2014, SKM has been organizing an annual Charity Lantern Festival and Charity Sale event, contributing its efforts to society. Although these events were temporarily suspended for two years due to the impact of the COVID-19 pandemic, they will make a comeback in 2023. SKM remains committed to providing support in response to both domestic and international incidents. Additionally, we periodically donate a portion of our proceeds to contribute to society.



Charity Card-holder Gift - Pet Lover Coaster

Due to the COVID-19 pandemic, people's lifestyles and environments have undergone significant changes. The concept of sustainable development has been ignited, leading globally recognized brands to reflect on the relationship between sustainable living and fashion. With the idea that "the pandemic has increased people's quality time at home and allowed for more emotional connection with pets," SKM conceptualized the "Animal Color Palette - PET MATCHING FASHION" for its 2022 spring collection, selecting seasonal fashion elements inspired by the patterns found on animals.

In an effort to promote the idea of fashion with a sense of care for sustainable living, SKM not only encourages people to cherish their pets but also emphasizes the importance of advocating for the rights and well-being of animal lives. Collaborating with the Taiwan SPCA, SKM invited dogs under the association's care to be featured as "Furry Stars" in the spring collection's promotional photo shoot.



"Animal Color Palette - PET MATCHING FASHION" SKM X Taiwan SPCA

In addition, SKM has collaborated exclusively with the 3x3 International Illustration Show award-winning illustrator, Dee Chu, to create a series of fashion animal illustrations called "Fashion Pet Lover Coasters." Limited to 1,490 sets in Taiwan, during the event, customers can obtain the coasters by opening the skm app, deducting 50 skm points, and paying NT\$100 with skm pay. This collaboration aims to raise awareness for animal rescue and medical assistance. From February 18 to March 20, 2022, a total of 127 coasters were sold, resulting in the collection of 6,550 points and NT\$12,700 in sales revenue, which has been donated to the Taiwan SPCA.



新光三越
SHIN KONG MITSUKOSHI

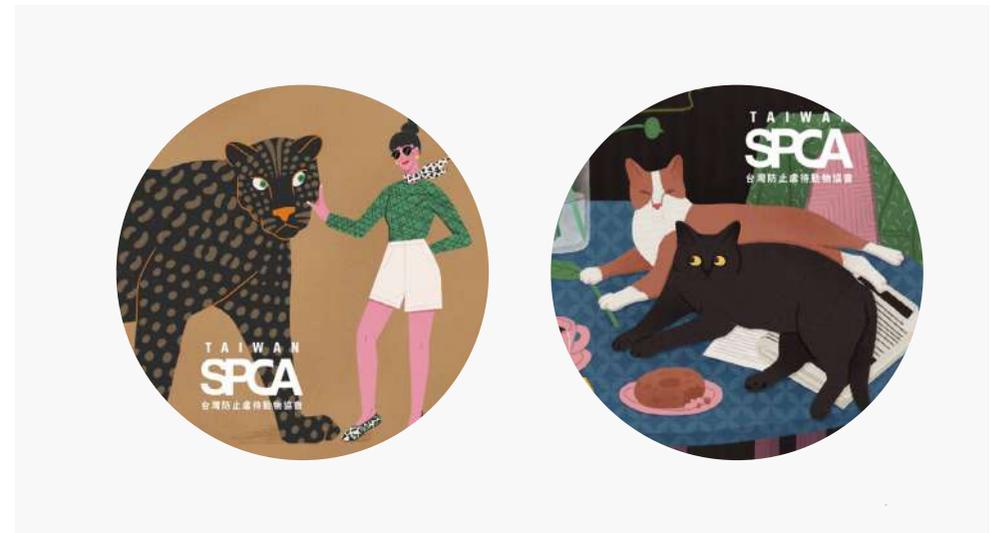
deducting 50 skm points, and paying NT\$100 with skm pay

TAIWAN SPCA
台灣防止虐待動物協會

Obtain Fashion Pet Lover Coasters raise awareness for animal rescue and medical assistance



Animal rescue and medical assistance refund from February 18 to March 20,2022



Award-winning illustrator, Dee Chu, to create a series of fashion animal illustrations called "Fashion Pet Lover Coasters."

Brighten up Christmas - Subscribing to Christmas Gifts

Every year during the Christmas season, SKM erects giant Christmas trees outside SKM department stores, creating unique and popular photo spots for the public. In 2022, SKM collaborated with the Child Welfare League Foundation to launch the "Subscribing to Christmas Gifts" campaign, encouraging members to turn their points into acts of kindness. From November 18th to December 11th, 2022, customers could select various gifts such as watches, thermos bottles, backpacks, basketballs, and more in the "Brighten up Charity" category within the skm app's points section. By deducting the designated skm points according to the chosen gifts, customers could subscribe to the Christmas gifts. During the campaign, a total of 63 Christmas gifts were subscribed to, valued at approximately NT\$75,790. SKM delivered the gifts to the Child Welfare League Foundation volunteers, who distributed them to children, allowing SKM members to help children enjoy a joyful Christmas.



Total of 63 Christmas gifts
were subscribed to



Brighten up Charity



Furthermore, SKM Tainan Place planned a series of Christmas activities outside the store every week. The series kicked off with the "Brightening up-Charity Christmas Concert" on December 1st. Representatives from the Child Welfare League Foundation and collaborative partners joined the heartwarming music performances, creating warm Christmas memories.



Brighten up Charity-Subscribe to Christmas Gifts



Brightening up-Charity Christmas Concert

Lantern Festival Charity Light Exhibition and Sale

Since 2014, SKM has regularly held charity light exhibitions and sales. Each year, more than a hundred artists, celebrities, and brands participate in the event, and the exhibition items are auctioned off for charity on online platforms. The proceeds from the sale and the exhibition items are then donated to various social welfare organizations and schools in remote areas. However, due to the impact of the COVID-19 pandemic, the Charity Light Exhibition and Sale were suspended in 2021 and 2022. With the easing of the pandemic restrictions, SKM was pleased to announce the resumption of the event in 2023, and we were reaching out to members to participate in their charitable initiatives. From January 20 (Friday) to February 19 (Sunday), members had the opportunity to make a difference by using their SKM points for a good cause. By simply deducting 100 SKM points through the SKM app, members could donate NT\$10 to a charitable organization supported by SKM. Additionally, by deducting 3,900 points, members could choose to exchange them for a charity item made by Heart Of Taiwan Animal Care, either a stylish "Vest Canvas Bag - Dog Design" or a practical "Ticket Holder." It's worth noting that the equivalent value of the points redeemed would be entirely donated to the HOTAC's "Stray Dog Program."

Explanation of Donations from Charity Sale

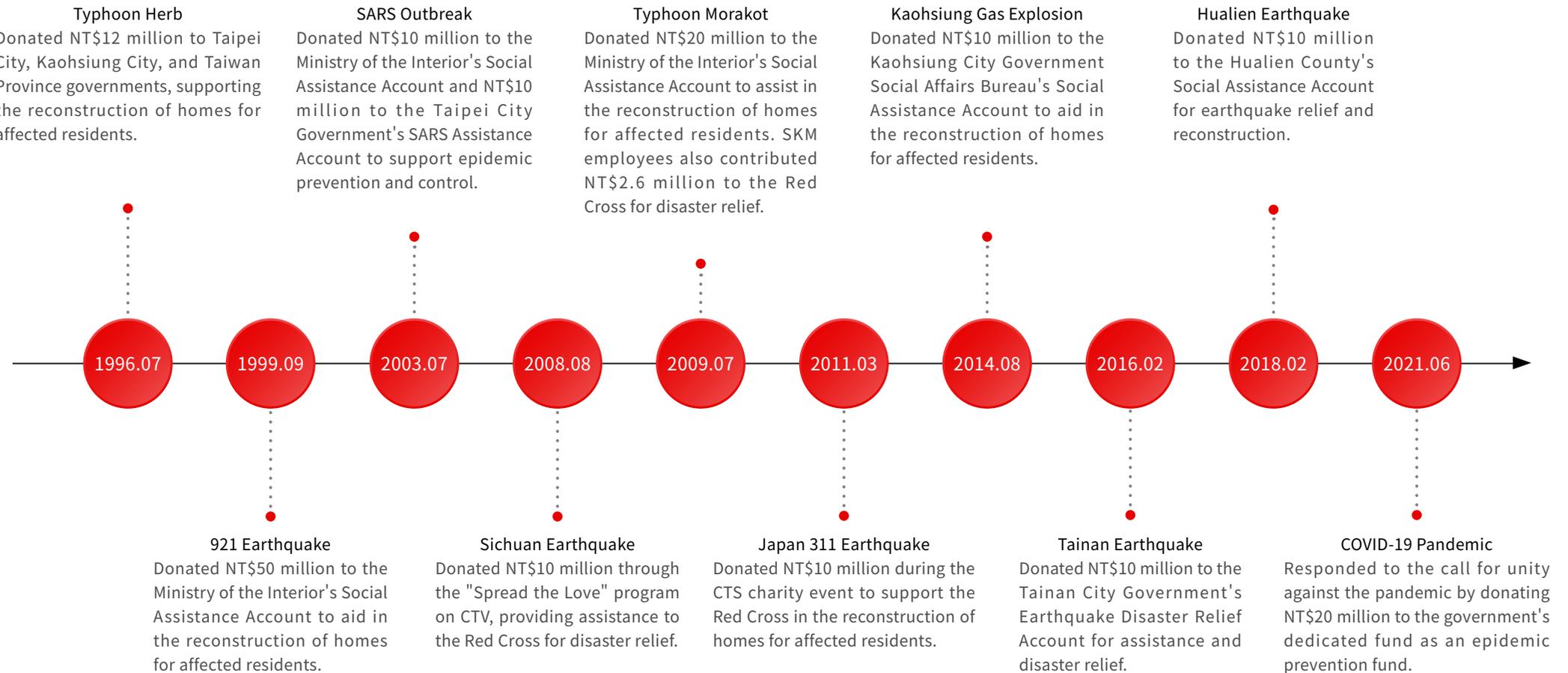
Year	Recipient Organizations	Overview	Results of Charity Sale
2019	 <p>東基醫德財團法人 TAITUNG CHRISTIAN HOSPITAL 台東基督教醫院</p>	 <p>Donating all proceeds from the auctions to assist the Taichung Tzu Chi Hospital's "Mobile Early Intervention Team" in providing treatment and care to developmentally delayed children from disadvantaged families in remote areas of Taitung.</p>	<p>Sold 22 items in 2019, donating a total of NT\$573,999</p>
2020	 <p>有成基金會 慈兒謝謝您</p>	 <p>Donating all proceeds from the auctions to support the Yu-cheng Social Welfare Foundation's ongoing efforts in providing long-term care for individuals with intellectual disabilities and early intervention services for children, as well as adult vocational rehabilitation programs.</p>	<p>Sold 11 items in 2020, donating a total of NT\$234,999</p>

Explanation of Donations from Charity Sale

Year	Recipient Organizations	Overview	Results of Charity Sale
2023	 <p>台灣之心 愛護動物協會</p>	 <p>Donating all proceeds from its charity sale/points to support the "Stray Dog and Cat Neutering Program" (Fundraising Permit No.: MOHW-RES-1111363680), coordinated by Heart Of Taiwan Animal Care.</p>	Results to be provided in 2023
2023	 <p>World Vision 台灣世界展望會</p>	 <p>Donating all proceeds from the points to support the "Domestic Child Education Support Program" (Fundraising Permit No.: MOHW-RES-1111362912), in collaboration with the World Vision Taiwan.</p>	Results to be provided in 2023

Yearly Donation Milestones

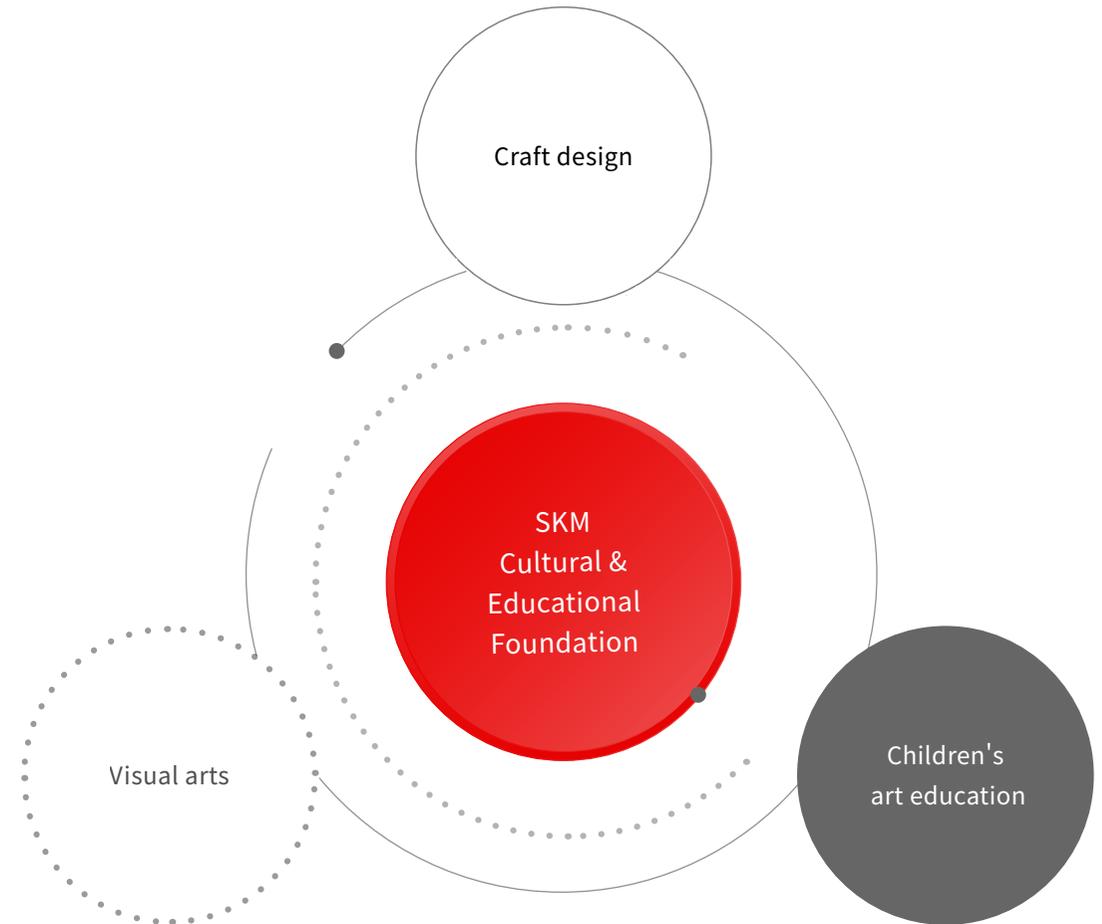
Shin Kong Mitsukoshi, driven by its commitment to corporate social responsibility, promptly extends support to major disasters in Taiwan and internationally. From the devastating Typhoon Herb in 1996 to the Hualien earthquake in 2018, SKM has consistently provided assistance to affected communities. During the COVID-19 pandemic, SKM donated NT\$20 million in 2021 to the government's dedicated fund, demonstrating its solidarity with healthcare professionals and the nation's collective efforts in fighting the pandemic.



3.3.2 Artistic and Cultural Promotion

From its inception, SKM has been committed to pioneering a new era of aesthetics in Taiwan. In 1995, the company sponsored the establishment of the Shin Kong Mitsukoshi Cultural & Educational Foundation, which has been dedicated to promoting arts and cultural development. Over the years, the focus has gradually shifted towards three main pillars: craft design, children's art education, and visual arts. Today, SKM utilizes its department stores as exhibition venues, hosting regular exhibitions and events in these three domains. These initiatives not only invite domestic and international brands, experts, and artists to participate but also provide competition prizes to support and nurture outstanding Taiwanese artists.

Annually, SKM collaborates with interdisciplinary artists to tell stories through their creations, organizing the "This Summer" exhibition. This highly successful event has attracted more than 5 million participants to date. In addition, in 2022, SKM proactively collaborated with foreign artists to incorporate spatial art installations within the stores, integrating art into everyday life. Moving forward, SKM will continue to promote various cultural and artistic activities, opening the doors for the public to engage with art and providing greater visibility for talented individuals within society.



Shin Kong Mitsukoshi Cultural & Educational Foundation events

Jan.–Mar.

SKM children's creative art competition

July–Aug.

SKM Summer Art Festival

To cultivate artistic creation talents and inspire children's unlimited creativity, SKM cooperates with Pentel Feilong Stationery to sponsor approximately 120 award-winning children in the annual "Children's Creative Art Competition" with prizes and gifts ranging from NT\$800 to NT\$3,000. "SKM Summer Art Festival" was founded in 2002 and has been held for 21 years.

Discover the best
Pentel

Feb.–Apr.

SKM International Photography Exhibition Events

Sept.–Oct.

SKM International Photography Contest

SKM cooperates with Epson to cultivate photography creative talents and activate the photography art market. Every year, 20 to 30 winners of the "SKM International Photography Competition" will receive prizes and gifts ranging from NT\$4,000 to NT\$120,000. "SKM PHOTO SKM International Photography Exhibition Events" was founded in 2007 and has been held for 16 years.

EPSON
EXCEED YOUR VISION

May–Aug.

Fayaque City 24 Hours Marathon Digital Photography Competition

Shin kong Mitsukoshi hopes to show the public the beauty of the day and night of each city through the lens, and sponsors the "Fayaque City 24 Hours Marathon Digital Photography Competition" with NT\$360,000 per year, and has sponsored a total of 1.44 million since 2016 (the events were canceled in 2020, 2021 and 2022 due to the pandemic).



May

Taiwan Craft competition

Dec.–Jan.

The Dream of Craft

To inherit Taiwan's traditional craftsmanship and encourage craft design talents to continue to invest in industrial development, SKM provides NT\$500,000 a year as sponsorship for the "Taiwan Craftsmanship competition", with a total sponsorship of 9.9 million; 29 years have been held since 1994 (retrospective exhibition hold in 2022 so didn't hold craft competition)

 國立台灣工藝研究發展中心
NATIONAL TAIWAN CRAFT RESEARCH AND DEVELOPMENT INSTITUTE

Craft Design - The Dream of Craft

In a world of rapid technological advancements that bring convenience to people's lives, many traditional craftsmanship techniques have gradually declined. In order to preserve Taiwan's diverse cultural heritage in craftsmanship, since 1994, SKM has joined hands with the National Taiwan Craft Research and Development Institute to organize the "Taiwan Craft Competition." This competition has been instrumental in nurturing both traditional and emerging Taiwanese craftsmen. Since 1994, SKM has been providing a special award, accompanied by a sponsorship of NT\$200,000, which was increased to NT\$500,000 in 2007. As of 2022, the "Taiwan Craft Competition" has successfully held 29 events (including 28 competitions and 1 retrospective exhibition), attracting over 13,000 entries, with an average of about 480 entries per year. To date, there have been 28 winners of the SKM Special Award, with a total sponsorship amount of NT\$9.9 million.

29

Total held events

13k

Accumulated entries

480

average of entries per year

28

Winners of the SKM Special Award

9,900k

Total sponsorship amount

Every year, SKM and the National Taiwan Craft Research and Development Institute host the captivating "The Dream of Craft" exhibition at the end of the year, showcasing outstanding award-winning works selected from the "Taiwan Craft Competition." The exhibition travels to SKM department stores in Northern, Central, and Southern Taiwan from November to January, bringing the world of craftsmanship closer to enthusiasts.

The exhibitions not only gather a diverse range of creative works, including woodworking, grass weaving, metalworking, ceramics, and more, but also offers craft experience workshops, lectures, and the "Shin Art Store," which offers a sales channel for local Taiwanese craft design brands and social innovation brands. This event provides art enthusiasts with the opportunity to incorporate the aesthetics of craftsmanship into their daily lives.



..... Dream of Craftsmanship

In 2022, the theme of the "The Dream of Craft Special Exhibition" was "Taiwan Craft Stage" which presented the various creative aspects of the Taiwan Craft Competition over the past 28 years, using the concept of a "stage." The exhibition attracted 86,000 visitors, with a total of over 1.56 million visitors throughout the years. SKM hopes that through this event, the spirit of Taiwanese craftsmanship and exquisite skills can be conveyed to a broader audience, fostering a virtuous cycle of social inclusion. Starting from 2023, the "Taiwan Craft Competition" will transition into the "Taiwan Craft Awards," providing a platform for contributors to the craft industry from a broader perspective. It will not only reward individual creations but also recognize researchers, educators, collaborators, and others who contribute to the development of the craft ecosystem. The exhibition will be managed by the Shin Kong Mitsukoshi Cultural & Educational Foundation.

2022 [29th] The Dream of Craft Special Exhibition - Taiwan Craft Stage



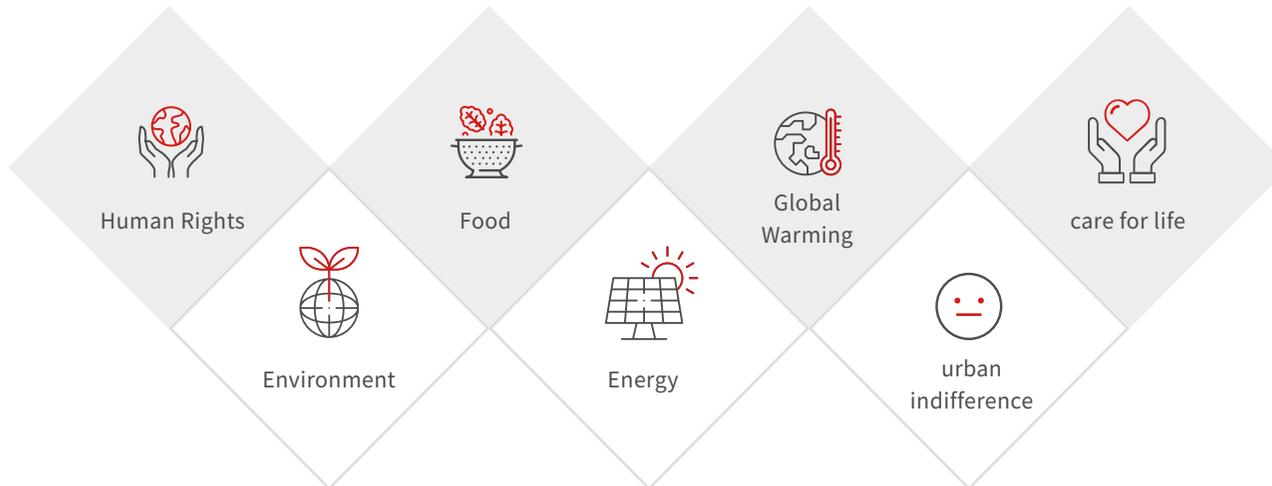
• Store : Taipei Xinyi Place/Taichung Zhonggan Store/Tainan Place



Dreams of Craftsmanship Special Exhibition

Children's Art Education - Shin Kong Mitsukoshi Summer Art Festival

Shin Kong Mitsukoshi aims to nurture artistic talent, ignite limitless creativity in children, and foster a vision of future careers in the art industry for both parents and children. Since 2002, the company has partnered with Pentel TAIWAN to organize the esteemed "Shin Kong Mitsukoshi Children's Art Competition". This competition recognizes the artistic expressions of elementary school children in Taiwan through their paintings. Each year, around 120 winners are awarded cash prizes, gifts, and the opportunity to showcase their artwork in physical exhibitions and compete internationally. To date, the competition has received over 237,000 submissions across its 21 events. The winning artworks are proudly exhibited during the annual "Shin Kong Mitsukoshi Summer Art Festival," held during summer vacation at SKM department stores in Northern, Central, and Southern Taiwan. Moreover, selected artworks also have the chance to be showcased in the prestigious "Global Children's Art Exhibition" in Japan, enabling the outstanding works of Taiwanese children to be admired worldwide.



Shin Kong Mitsukoshi Children's Art Competition



The annual "Shin Kong Mitsukoshi Summer Art Festival" features a distinguished lineup of domestic and international art experts showcasing their works. The festival also serves as a platform to promote important causes such as environmental protection and education for underprivileged children in remote areas. In 2020, for instance, the Shin Kong Mitsukoshi Cultural and Educational Foundation collaborated with the Skidschool to create a captivating themed exhibition area. SKM invited renowned picture book authors to create large-scale illustrated walls, using vibrant illustrations to portray seven major social issues: human rights, environment, food, energy, global warming, urban indifference, and care for life. The illustrations were both child-friendly and educational, receiving high praise.

In 2022, SKM utilized a maze-like design, planning five exhibition areas that brought together comics, animations, and picture books. Interactive games were also set up to allow visitors to simultaneously view the exhibitions and engage in interactive experiences. This attracted a total of 107,000 visitors. From 2002 to the present, the cumulative number of visitors has exceeded 1.7 million (except for 2021 when the physical exhibition was canceled due to the severe pandemic situation and moved online).

2022 [21th] Shin Kong Mitsukoshi Summer Art Festival



- Event Sessions : **87 (including press conferences)**
- Visitor Count : **107,000**
- Total Submissions : **4,859 pieces**
- Winning pieces : **123**

• Stores : Taipei Nanxi Store/Taichung Zhonggan Store/Kaohsiung Zuoying Store

Furthermore, the Shin Kong Mitsukoshi Cultural and Educational Foundation initiated the "SKM Artistic Proposal" to expand the exhibition's reach beyond the traditional exhibition areas to more distant counties and cities, commencing in 2023. Through artistic aesthetic training programs, volunteer empowerment courses, and artistic aesthetic workshops, the foundation aims to bring aesthetic appreciation into schools, spreading the joy and warmth of aesthetic education to children in more regions.



..... Summer Art Festival

Visual Arts-SKM PHOTO Shin Kong Mitsukoshi International Photography Exhibition Events

Shin Kong Mitsukoshi, with a people-centered approach, aims to cultivate diverse styles of photography and enhance the visibility of Taiwanese visual arts worldwide. Therefore, in 2007, SKM established the "SKM PHOTO Shin Kong Mitsukoshi International Photography Series" event. Each year from September to October, the "Shin Kong Mitsukoshi International Photography Contest" is held to recognize and reward talented photographers. Approximately 20-30 winners receive cash prizes, gifts, and opportunities for physical exhibitions. To date, the contest has been held for 16 events, attracting nearly 100,000 submissions and sponsoring nearly 480 awards. Furthermore, from April to June, the captivating "SKM PHOTO Shin Kong Mitsukoshi International Photography Exhibition" unfolds, showcasing a series of themed exhibitions and engaging activities. These exhibitions circulate among Shin Kong Mitsukoshi department stores in Northern, Central, and Southern Taiwan, inviting renowned domestic and international photographers to participate. Over the course of 16 events, the exhibitions have accumulated over 1.23 million visitors.



In the "2022 SKM PHOTO Shin Kong Mitsukoshi International Photography Exhibition," the Shin Kong Mitsukoshi Cultural and Educational Foundation collaborated with Anastasia Photo Gallery from New York, USA. They invited British documentary photographer Claire Thomas to showcase three major series and premiere new works for the first time globally. Her works primarily revolve around political and military conflicts, humanitarianism, and environmental crises. In addition, acclaimed photographer Kyo, known for his extreme travel photography and numerous international competition awards, participated in the exhibition. The exhibition also featured the solo exhibition of the annual grand prize winner of the Shin Kong Mitsukoshi International Photography Contest, Li Tung, and other outstanding award-winning works.



..... Photography Exhibition

The exhibition showcased the works of 25 photographers, comprising 223 visual stories. It allowed the public to explore the beauty of nature through the lens of photographers and traverse every corner of the world. SKM also aspires to harness the power of visual arts to unite society and raise awareness of international issues, global warming, animal welfare, and more. In the future, SKM plans to invite domestic and international creators from various generations in the photo industry to participate in exhibitions, covering diverse visual media and integrating the promotion of art sales.

2022 [16th] SKM PHOTO SKM International Photography Exhibition Events



..... SKM International Photography Exhibition

- Event Sessions : 30 (including press conferences)
- Visitor Count : 89,000
- Total Submissions : 925 pieces
- Winning pieces : 23

• Stores : Taipei Xinyi Place/Taichung Zhonggan Store/Tainan Place

"This Summer" Touring Exhibition

Shin Kong Mitsukoshi, upholding the belief that art originates from life and embracing the spirit of caring for humanity and the land, initiated the "This Summer" Touring Exhibition in 2011. The exhibition aims to gather Taiwanese artists from different backgrounds to tell stories about Taiwan and spread the warmth of this land to the world. It endeavors to interpret the beauty of contemporary culture by incorporating various perspectives and themes, adhering to the principles of co-creation, sharing, and mutual benefit, and integrating culture into everyday life. Over the past 12 years, the series has evolved from "This Summer is Full of Drama," "This Summer, Play the Guitar," "This Summer, Play with Dolls," "This Summer, Go Crazy for Circus," "This Summer, Celebrate Together," to "What Will You Play This Summer," marking SKM's 25th anniversary. From 2017 to 2018, it encompassed "This Summer, Animals on the Move" and "This Summer, Resting in the Woods." It further resonated with the audience with the resounding success of "Who Cut the Onion," which extended from 2020 to 2022. Each May, these exhibitions are showcased at SKM department stores throughout Northern, Central, and Southern Taiwan. To date, more than 500 groups of visual artists, performing artists, and lifestyle creators from Taiwan have participated, accompanying over 5 million consumers through the summer.



2011



2012



2013



2014



2015



2017



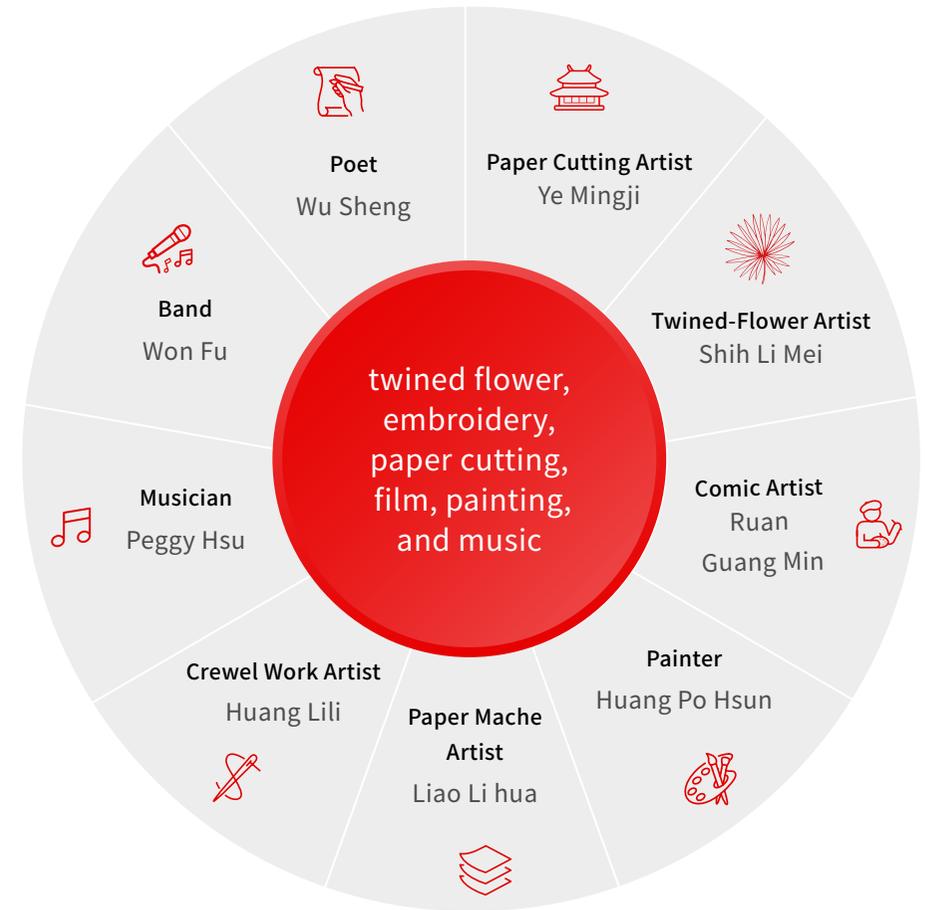
2019



2020

Among them, "Who Cut the Onion" originated in 2020 with the aim of unearthing stories of "love" that reside deep within. In 2022, the exhibition sought to resonate with visitors by introducing the concept or catalyst of artistic creation through stories of "love." It encouraged visitors to contemplate who brings them happiness and joy in life. This marks the second phase of the "Who" series, as the curatorial direction of the "This Summer" series evolves towards highlighting the core of creators and their storytelling. It aims to delve deeper into the diverse creative dimensions and showcase a range of topics from Taiwanese artists, providing a dynamic platform for creators and the public to share and appreciate art regardless of age and gender.

The "Who Cut the Onion" touring exhibition in 2022 brought together artists, including poet Wu Sheng, paper cutting artist Ye Mingji, Twined-Flower artist Shih Li-Mei, comic artist Ruan Guang Min, painter Huang Po-Hsun, Paper mache artist Liao Li-hua, Crewel Work artist Huang Lili, musician Peggy Hsu, and the band Won Fu. Through various mediums such as twined flower, embroidery, paper cutting, film, painting, and music, they interwove interpretations that bridged traditional craftsmanship and contemporary creations. The exhibition toured six SKM stores across Taiwan. During the exhibition, weekly master events engaged the public with the artists. One highlight was the live performance of "Miss Lily and Miss SKM with the Phoenix Crown," a collaboration between Shih Li-Mei and the SamadhiTang Creative Puppet Troupe. In addition, traditional 35mm film screenings brought generations together, offering an authentic experience from the past. In the end, the exhibition garnered great success, drawing over 150,000 visitors and generating over 1,000 shares on social media platforms.



6

touring exhibitions on branch

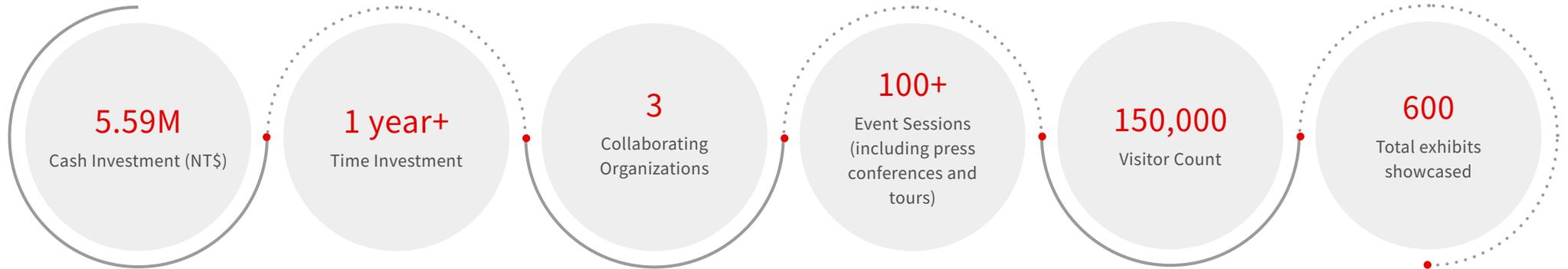
1,000

shares on social media

150,000

visitors

2022 This Summer "Who Cut the Onion" touring exhibitions



• Stores : Taipei Station Store/Taoyuan Station Store/Taoyuan Dayou Store/Taichung Zhonggan Store/Chiayi Chuiyang Store/Kaohsiung Zuoying Store



"Who Cut the Onion" touring exhibition

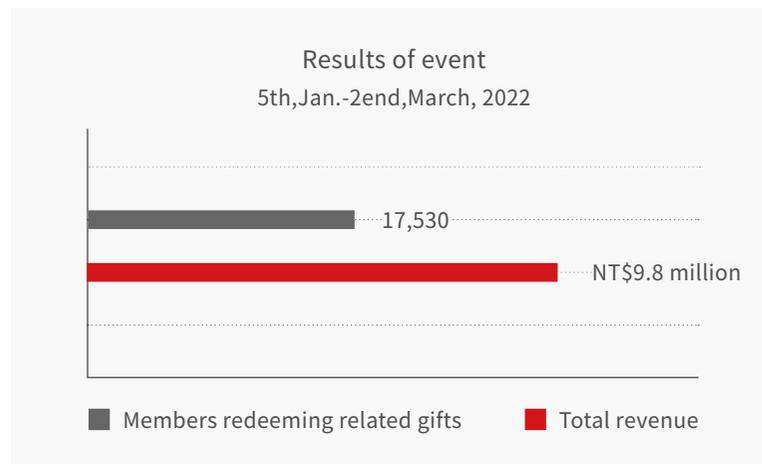
Other Art Promotion Projects

Shin Kong Mitsukoshi, apart from organizing annual art competitions and touring exhibitions, also introduced temporary exhibitions on spatial art and installations in selected stores. In 2022, SKM Marketing Department curated engaging pop-up events. These events took place in Q1 (January to March) and Q2 (April to June) and revolved around warm and therapeutic art. When curating the event, SKM took into consideration the post-pandemic era and the gradual revival of the economy and daily life. Additionally, the department considered the cautious approach towards international travel within the country.

Q1 Art Space Exhibition - Prosperous Tiger

Taking a therapeutic and happiness-inducing approach to contemporary international art, the Marketing Department chose to collaborate with Chinese artist Bù Èr Mǎ and the character that he created: "Fat Tiger." After months of negotiations with Bù Èr Mǎ and his product agent, a large-scale three-dimensional installation featuring the beloved "Fat Tiger," making its debut in Taiwan, was unveiled. This exhibition cleverly combined the theme of "Year of the Tiger" with a friendly, playful, and relatable presentation, turning the mighty beast into a heartwarming and delightful art installation.

From January 5th to March 2nd, 2022, the exhibition took place at the outdoor areas of SKM Taipei Xinyi, Taichung, and Tainan Place stores. Admission was free for visitors to take photos and share on social media. In addition, pop-up stores were set up at Taoyuan Station Store, Taichung Store, and Taipei Xinyi Store, offering SKM points for the purchase or redemption of "Fat Tiger" themed red envelopes, Spring Festival couplets, and lucky bags. The results of the event exceeded expectations, with over 17,530 members redeeming related gifts within two months, generating a total revenue of NT\$9.8 million. This not only boosted the department store's sales but also brought comfort to people's hearts during the pandemic-induced gloom.



- Promotional video : 1 video (total views : 875)
- Social media likes : 7,158 likes
- Merchandise Revenue : NT\$9.8 million

Q2 Art Space Exhibition - Healing Place

Building upon the success of Q1 achievement, SKM Marketing Department continued the journey with the theme "Returning to True Self" for Q2. They invited Hong Kong artist Kila Cheung to co-curate the exhibition. Starting from December 2021, SKM engaged in a four-month collaboration with Kila Cheung, his agent, and a curatorial company to secure authorization as well as plan, arrange, and assess the willingness of various stores to exhibit and sell the artworks. The exhibition was ultimately launched at Taipei Xinyi Place, Taichung Zhonggang Store, and Tainan Place.

This marked a significant milestone for Kila Cheung, as it was his first large-scale exhibition featuring three-dimensional reproductions of his captivating artworks. Storefront displays and peripheral gifts featured authorized paintings, including seed bookmarks and SKM points redemption for masks and eco-friendly bags. Through Cheung's vibrant and emotionally rich artworks, SKM aimed to convey a positive and heartwarming message, creating a meaningful experience. The outdoor art installations attracted numerous visitors, resulting in 12.3 million footfall and 1,274 gift redemptions from members and the public.

2022 Art Space Exhibition — Healing Place 2022/3/17-6/30



Totally 1,274 gift redemptions



12.3 million footfall



- Promotional video : 1 video (total views : 206,936)
- Social media likes : 7,152 likes
- 12.3 million visitors, with 1,274 gift redemptions





Chapter 04

Ecosystem of Trust

SKM adopts internal management strategies, including the sustainable supply chain, green procurement, promoting supplier sustainability, and customer-facing campaigns, such as sustainable selection, to facilitate sustainable development of the entire supply chain. By doing so, SKM also offers better transparency on product origins.

Chapter 4 • Ecosystem of Trust

Material Topics	Corresponding SDGs	Affected Stakeholders
<ul style="list-style-type: none"> Product quality and responsibility Sustainable consumption initiatives 	    	<ul style="list-style-type: none"> Consumers Employees Counter vendors Suppliers



Achievements in Sustainability



ESG actions with partners/ green procurement

Cooperate with our partners to organize sustainable activities, introduce sustainable concept brands, sustainable product selection and exhibitions. A total of 16,210 eco-friendly gifts claimed. The amount of green procurement exceeded NT\$100 million in 2022.



Paperless and Plastic Reduction Actions

Promoting DM digitization, the number of webpage viewers was 4.13 million in 2022. The use of E-invoice grew by 21%. skm app digital membership card helped to reduce a total of 140,000 plastic cards. 20,000 electronic tags were introduced in the Beautiful Market.



Value our land

Self own brand Beautiful Market and Goodgoods have been exploring the beauty of Taiwan. We support local stores, local products, small-scale farmers and young entrepreneurs, with annual sales exceeding NT\$ 30 million.



Food safety management

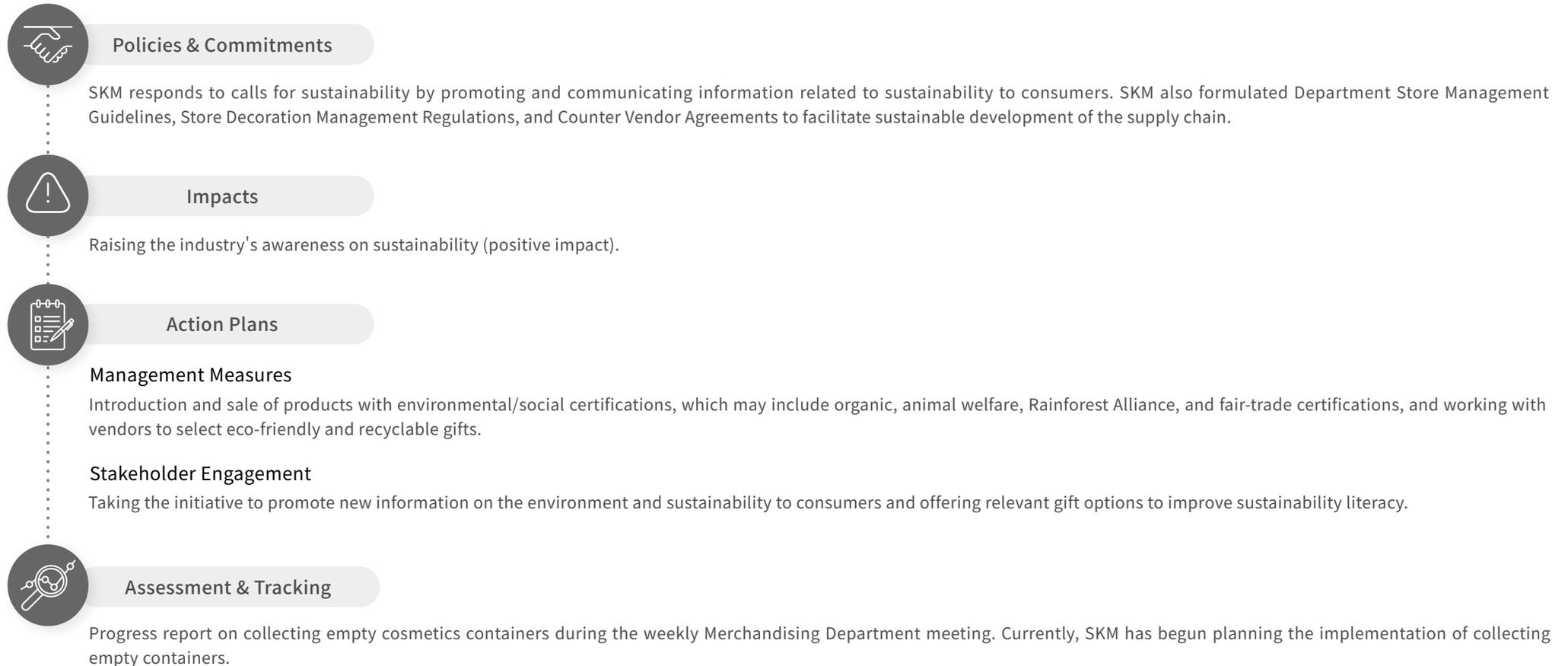
Set up a Food Hygiene and Safety Team and digitization of food safety audi. Implemented training and internal and external audi. Conducted random inspections of 1,500 products in 2022.

4.1 Establishing a Sustainable Ecosystem

GRI Disclosures: 2-6, 204-1

4.1.1 Sustainable Consumption Initiatives

Management Guidelines



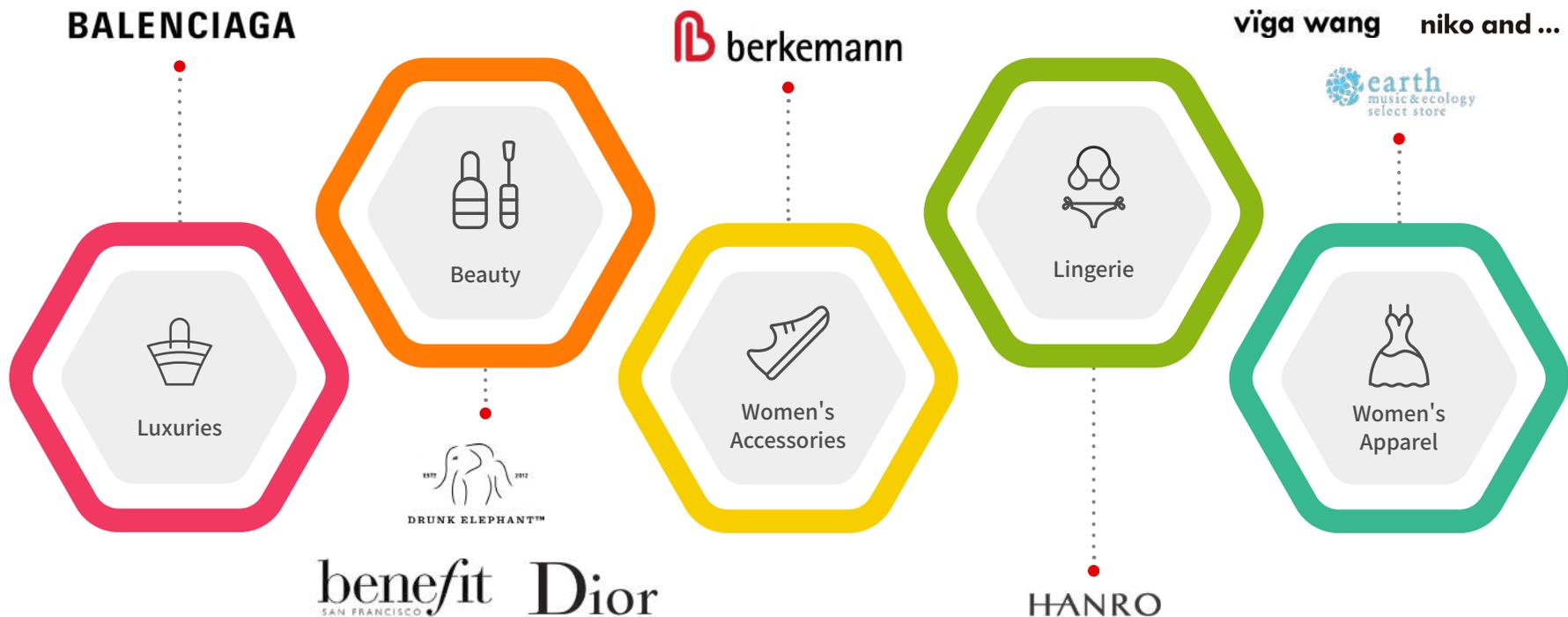
Sustainable Products and Services

Besides introducing brands having sustainability in mind and sustainability-certified products, SKM also actively promotes sustainability with existing brand partners, encouraging counter vendors to participate in sustainability initiatives. Also, SKM provided a series of ESG gifts and benefits in 2022, encouraging consumers to contribute to sustainability while shopping.

Sustainable Brands

SKM continues to introduce brands that value sustainable consumption. In 2022, the Company introduced 35 sustainable brands, ranging from Luxuries, Beauty, Women's Accessories, Lingerie, Women's Apparel, Leisure and Lifestyle, Men's Goods, Kid's Goods, Home, Supermarket, Food and Beverage (F&B), and Mixed-Use to the department stores.

Overview of Sustainable Brands



Note: The table above is a list of brand examples and is not an exhaustive list.

Overview of Sustainable Brands



Note: The table above is a list of brand examples and is not an exhaustive list.

Brand Actions for Sustainability



ORIGINS Pop-Up Base for the Environment

- In 2022, ORIGINS organized the first-ever pop-up base for the environment at SKM Taipei Xinyi Place A11. With sustainability as its core concept, the pop-up combines the online virtual space to create an immersive, stress-free green store that uses online checkouts to reduce packaging materials and waste.
- Execution outcome: 101 Earth Month-limited sets were sold with a revenue of NT\$363,600 (gross of tax). 10% of the net profit (NT\$36,360) was donated to Tse-Xin Organic Agriculture Foundation to sponsor tree-planting initiatives at the coasts of Northern Taiwan, Media exposure including coverage from ELLE, BAZAAR SUMMIT, YAHOO News, chinatimes.com, @COSME, Commercial Times, and Commonwealth Magazine.
- Corresponding SDGs: SDG 12 Responsible Consumption and Production.



Aesop Library and Mobile Book Cart for Queer Literature

- Aesop Library for Queer Literature occurred at Aesop SKM Taichung Zhonggang Store in 2022. Aesop procured book collections from independent bookstores - Pure Books in Taipei and Paper Books in Taichung. During the campaign, the brand replaced the displayed products with books containing LGBTQIA+ themes, welcoming book lovers to explore in-store.
- Corresponding SDGs: SDG 5 Gender Equality.

Sustainable product selection

SKM introduced products with environmental/social certifications, including organic, animal welfare, Rainforest Alliance, and fair-trade certifications, as the Company's own brand products.

Environmental/ social certifications	LOGO	Description	Products sold (number of items)	Product revenue (NT\$)
Organic certification		Organic-certified products are products whose production, processing, packaging, and distribution pass the certification standards by the competent authority and receive verification from the verification body per relevant regulations, thus qualifying for an organic label. Organic agricultural produce with the organic label must be free of chemical fertilizers, pesticides, and food additives throughout the entire process from production, processing, packaging, and distribution to retail; the products must comply with verification rules with a complete record of production-distribution flows to ensure integrity and traceability. Organic products must be accredited to be sold with the organic label.	342	6,628,941
Animal welfare		The TSAS Animal Welfare Standard certification was issued by the Taiwan Society of Agricultural Standards per Taiwan Animal Friendly Product regulations in 2012. Consolidated with the Humane Treatment label, each product passing verification will receive both labels. Besides requiring the production process to fulfill the five freedoms of animals, the certification also emphasizes local production, food safety, and traceability.	13	1,383,324
Rainforest Alliance		The certificate recognizes coffee beans produced using traditional farming methods, planted under the shade of the original forest with limited pesticide use. This form of coffee-growing benefits the rainforest ecology, protecting the rivers, the soil, and wild animal habitats; it also reduces waste and produces quality coffee beans. Since amphibians are susceptible to environmental changes, scientists treat them as critical bioindicators. Therefore, the Rainforest Alliance certification adopts the frog in its logo.	3	28,359

Environmental/ social certifications	LOGO	Description	Products sold (number of items)	Product revenue (NT\$)
Fair trade		<p>The Fairtrade mark is an independent label for consumers currently used in 23 countries worldwide. A product with the Fairtrade mark indicates that its producer in developing countries received a relatively fairer treatment. The label is owned and protected by the twenty-plus fair-trade organizations that form FLO International.</p>	8	126,851
Sustainability certification		<p>A unique feature of the sustainability certification is that corporate members must participate in establishing a mechanism for sustainability, which plays a pivotal role in the corporation/organization's sustainable operations. The mechanism also enhances and integrates the organization's software and operating system. For the corporate members, the cost is lower for establishing their own systems, and they can improve the corporate image while contributing to the environment and culture.</p>	1	2,448
Tse-Xin Organic Certification		<p>Tse-Xin Organic Agriculture Foundation separated the evaluation and certification unit from the Foundation in March 2011 with the certification service's growing popularity and formed the Tse-Xin Organic Certification Corporation. The Corporation was accredited by Taiwan Accreditation Foundation on December 27, 2011, and has been conducting the certification service ever since.</p>	15	772,840

Sustainable gifts and benefits

• Eco-friendly "Green" Gifts

SKM launched ESG "Green" gifts from April to May 2022 for the Mother's Day campaign and April 22 World Earth Day, partnering with more than 200 renowned brands in Taiwan and overseas to promote sustainability. The gifts include hair oil in a 100% biodegradable container and all-natural detergents. The APP's Item Click totaled 1,552 clicks.



Love the environment, and embrace sustainable beauty

- To reduce the environmental impact of plastic packaging, SKM collaborated with eco-friendly cosmetics retail counters to promote empty container collection and discounts for not using shopping bags from July to August 2022. The campaign was also showcased on the SKM official website, promotional updates, and the Cosmetics Festival campaign.
- Customers that bring empty containers from eleven cosmetics brands, including GIORGIO ARMANI, KIEHL'S, ORIGINS, BIODERMA, IPSA, KOSE, and APIVITA, to the retail counters can enjoy exclusive product discounts or gift rewards. Customers not using shopping bags while shopping at AVEDA and L' OCCITANE can also receive member points or five-piece classic product gift sets. The APP's Item Click totaled 1,328 clicks.



Green fashion member card reward made with recycled materials

- SKM launched the green fashion member card rewards in October 2022 with the key theme of reuse and being planet-friendly. The reward campaign responds to Taiwan's growing outdoor leisure and camping trend, inviting an emerging designer Neil Tien to design nine gift items for card members, including a foldable umbrella, foldable shopping bag, portable camping chair, sports towel, and detachable ice pack. All gift items are made with PETSPUN, a fiber made with recycled plastic bottles, using more than 80 thousand bottles in total. In particular, the sports towel is a collaboration with L'Oréal Taiwan and is made with the empty cosmetics containers that the Group collected.
- In 2022, members redeemed a total of 16,210 eco-friendly gift rewards. The annual redemption rate for the Green fashion member card reward is 64%, which increased by 2.3% compared to 2021 (totem-themed). This shows that going green increases the customers' willingness to redeem the gift rewards. The most popular item was the foldable umbrella (82% redemption rate), followed by the detachable ice pack (80% redemption rate) and portable camping chair (72% redemption rate). These items are of higher value and usability, making them well-received by the customers.
- In planning future gift reward schemes, SKM will prioritize eco-friendly materials and invite brands to collaborate.

Sustainable Product Exhibitions and Events

In 2022, SKM diversified its product exhibitions and events on sustainability, such as recommending select ESG products and promoting green products with lower environmental impact or contributing to public health. Furthermore, the Company continued its paperless and plastic reduction programs, raising the customers' awareness of sustainability and achieving sustainable consumption.



- **Celebrating the World Earth Day and Building the Green Economy**

SKM partners with department store brands to celebrate World Earth Day on April 22, 2022, kickstarting a series of events with sustainability in mind and contributing to the planet.



ELEMIS eco-friendly tote bag

From April 22 to 24, 2022, the UK luxury skincare brand ELEMIS, owned by the L'OCCITANE group, offers an eco-friendly tote bag for customers not using any paper bags while shopping at the brand's SKM Taipei Xinyi Place A8 store or the official website. The tote bag is made from 100% recycled plastic bottles.



LIFORME x OATLY Event

UK's LIFORME, known as the "Hermès of yoga mats," launched a limited edition yoga mat (olive green) for the 2022 World Earth Day. Made with advanced layering technology, the mat is biodegradable and easy to clean. In April 2022, during the event, the SKM Taipei Xinyi Place A11 store offered a bonus gift of a bottle of OATLY oat milk original (1L) for customers who purchased LIFORME Earth Day products.



beautyblender x CAFE!N Co-branded Event

From April 11 to 30, 2022, beautyblender and CAFE!N launched a co-branded event. Customers that purchased the beautyblender original makeup sponge (green) at the SKM Taipei Xinyi Place A11 counter would receive a CAFE!N coffee voucher.

• Product Exhibitions Promoting ESG



Go Green Everyday

- In September 2022, SKM launched Go Green Everyday, which showcased ESG products, ranging from skincare to air purifiers, and offered special deals. The APP's Item Click totaled 1,255 clicks.



Products ranging from skincare to air purifiers



The APP's Item Click totaled 1,255 clicks.



Tainan Place eco-friendly Christmas Tree

- SKM Tainan Place selected the Nordic snow scene as the theme for December decoration in 2022 and kept ESG issues in mind.
- 2 tons of recycled plastic bottles were used: reducing 3.5 tons of carbon dioxide emission (2,000kg/approximately 67 thousand bottles).
- 100 thousand energy-saving bulbs were used: saving 307 thousand kWh in electricity, reducing 196 tons of carbon dioxide emission (using 0.5W bulbs compared to regular 5W bulbs).
- The store enjoyed a total of 650 thousand customer visits during the period

2T

recycled plastic bottles

3.5T

reducing of carbon dioxide emission

307K

saving electricity

196T

reducing carbon dioxide emission

• Paperless Program

Catalogue Digitization - Paper Product Reduction Plan

SKM is committed to catalogue digitization and reducing paper use by highlighting the owned digital media channels (such as the skm app, Facebook, Instagram, and Line). The Plan began in May 2020 and has been implemented for over three years. In 2022, paper catalogues for store-wide campaigns decreased by 137 thousand copies, reducing printing, postage, and packaging costs by NT\$200 thousand compared to the previous year. Media outcome: the 2022 annual visits for the SKM webpage and APP(page view/other visits) were 4,130,956 and 429,307, respectively.



decreased by 137 thousand copies
packaging costs by NT\$200 thousand

Catalogue Digitization
Paper Product
Reduction Plan

the annual visits for the SKM webpage and APP were 4,130,956 and 429,307, respectively

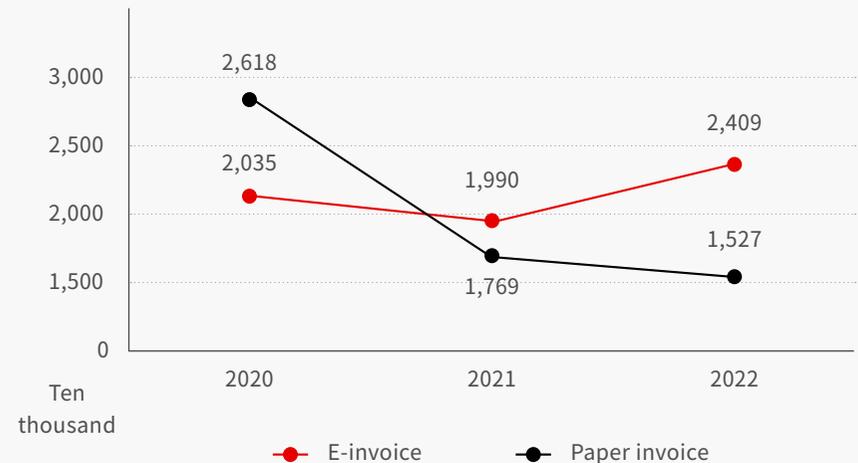


Invoice and Voucher Digitization

- E-invoice(cloud invoice)went online in 2018, with the SKM member card as the e-invoice carrier. The e-invoice allows SKM to notify the customers of any invoice lottery prizes automatically.
- Marketing Department joined forces with Finance Department to promote the scheme. The use of e-invoices in 2022 grew by 21.04% compared to 2021 and 18.38% compared to 2020. SKM remains committed to promoting e-invoices.
- Voucher digitization introduction and outcome:

- 2016** SKM started issuing digital gift vouchers to member carriers, reducing the number of paper gift vouchers by 9 to 10 million every year and NT\$12 million in printing costs.
- 2019** SKM stopped manufacturing voucher card for the outstanding balance, transferring the remaining balance to the member carriers. The company reduced the number of cards made annually by 60 to 80 thousand.
- 2021** SKM switched to using the POS system for purchasing cash vouchers with Pay Easy e-certificates and issued e-vouchers instead. The switch reduced the number of paper vouchers issued by 119,800.
- 2022** The redemption rate of Pay Easy e-certificated grew by 33% compared to 2021, reducing the number of paper vouchers issued by 159,513. With the digitization efforts stated above, the sale of paper vouchers dropped significantly in 2022, from 12 million vouchers to approximately 5 million.

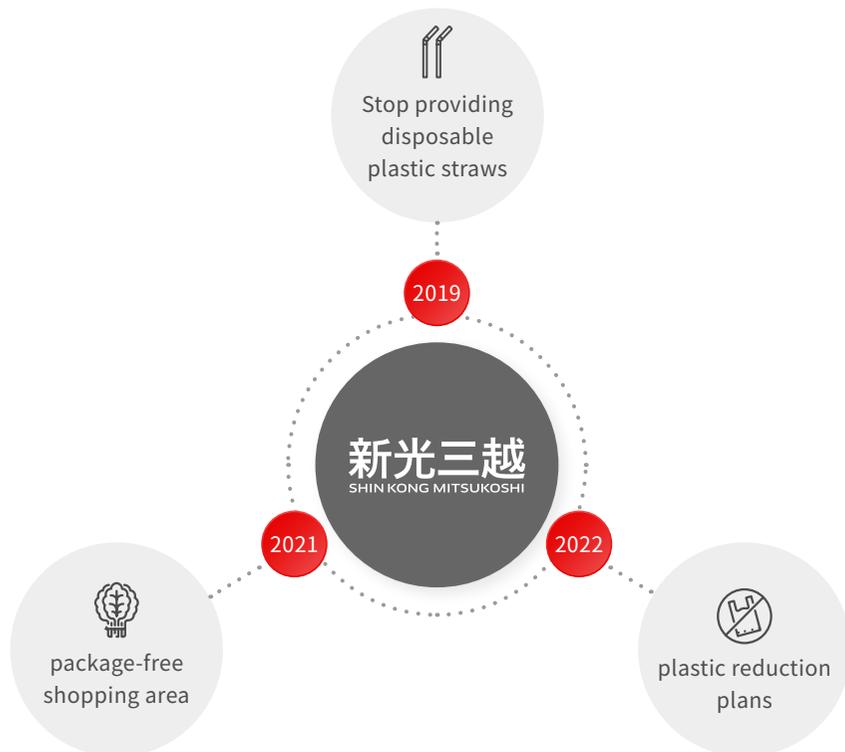
Use of Invoice



• Plastic Reduction Activities

Reducing the Use of Plastic in Department Stores

- In 2019, SKM complied with government policies to stop providing disposable plastic straws.
- In 2021, SKM established a package-free shopping area in seven department stores, including Taipei Nanxi and Taichung Zhonggang stores. SKM wants to treat the planet better with its customers by taking action.
- There are five stores of supermarket (Taipei Nanxi Store, Taipei Station store, Taipei Xinyi Place A11, Taipei Xinyi Place A4, Taipei Tianmu Store) conduct plastic reduction plans. Total amount of plastic using reduce by 850 kilograms in 2022.



skm app Replacing the Physical Member Cards, Reducing Plastic Use

- SKM replaced the physical member cards with the skm app, which took place in two stages. SKM began issuing digital member cards in July 2022, with the mobile phone verification function integrated into the digital membership in September. New member cards are all issued virtually since mid-September, ceasing the issuance of physical cards entirely.
- The number of plastic cards made dropped by 142,787, reducing NT\$3,626,338 (gross of tax) in production costs.



Reducing NT\$3,626,338 in production costs



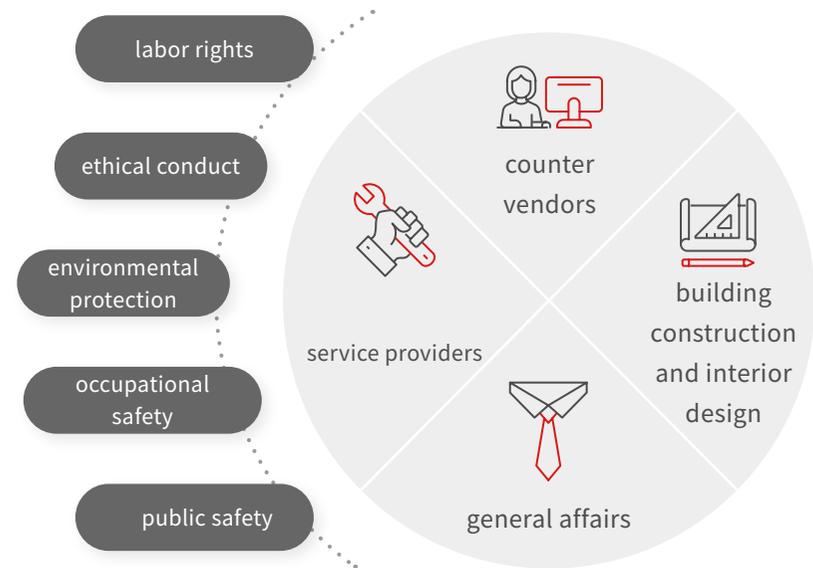
The number of plastic cards made dropped by 142,787



4.1.2 Sustainable Supply Chain Management

There are four categories of SKM suppliers - counter vendors, general affairs, building construction and interior design, and service providers. To fulfill ESG responsibilities, SKM requires counter vendors to comply with relevant regulations on ethical conduct, labor rights, occupational safety, public safety, and environmental protection when signing contracts.

In 2022 SKM found no incidents with a significant negative impact on the environment. However, one incident with a substantial negative impact on society took place - whose handling and follow-up improvement measures are stated in the Response to Negative Incidents involving Counter Vendors (Häagen-Dazs) section.



SKM Supplier Categories(Unit: number of suppliers)

Supplier Category	Description	2020	2021	2022
Counter vendors	General counters, Food and Beverage counters, and Supermarkets	5,410	5,252	5,084
General affairs	Procurement of office and administrative suppliers, Procurement of IT software and hardware	122	118	100
Service providers	Contracted service providers for cleaning, marketing, etc.	91	91	91
Building construction and interior design	Contractors commissioned with building construction and interior design of the department stores	92	92	92
Total		5,715	5,553	5,367

Management of Counter Vendors

SKM works with over 5,000 counter vendors, including general counters and supermarkets, offering premium and safe shopping and lifestyle experiences for all consumers. SKM conducts rigorous reviews on the vendors before the partnership begins, while the vendors must comply with SKM management guidelines and terms after signing the contracts. During the partnership, SKM also continues providing all sorts of training for counter vendors.

Current Status of Counter Vendors

SKM Counter Vendor Detailed Categories(Unit: number of suppliers)

Counter Vendors Category	2022	Counter Vendors Category	2022
 Luxuries	100	 Men's Goods	365
 Cosmetics	503	 Kid's Goods	368
 Women's Accessories	488	 Home	754
 Lingerie	178	 Supermarket	79
 Women's Apparel	632	 Food and Beverage (F&B)	726
 Leisure and Lifestyle	703	 Mixed-Use	188
Total			5,084

Review Mechanism for Counter Vendors

When SKM discusses entering a contract with a counter vendor, it requires the vendor to provide business registration with the Department of Commerce, MOEA, trademark registration, and other company information. For short-term food and beverage (F&B) counters, the vendor must also provide test reports on raw materials. SKM examines the documents stated above to ensure the legitimacy of the vendor and its operations.

Contract-signing and Counter Vendor Regulations

Vendors shall comply with SKM regulations upon contract signing, including Department Store Management Guidelines, Store Decoration Management Regulations, and Counter Vendor Agreements. The contract signing must also be approved by the corresponding business unit in the department stores, the Merchandising Department, Finance Department, and Administration Headquarters. The key points of the regulations stated above are as follows.

Name of Regulation	Key Points
Department Store Management Guidelines	<ul style="list-style-type: none"> • The Guidelines apply to all counter vendors and dispatched employees. The Guidelines specify over 70 items of violations with clear terms for fines. • Confidentiality: the dispatched counter employees shall not take advantage of the convenience of the post, acquiring, using, or disseminating business-related information with unjust means. • Product labeling: Products sold by counter vendors must be complete and correct per relevant regulations; counterfeits or products of poor quality are prohibited. • Fire and public safety: Counter vendors shall comply with regulations relevant to fire prevention and shall not engage in behaviors that may endanger the safety or property of others in the department stores. • Environment and food sanitation: Counter vendors shall comply with regulations on waste classifications; F&B vendors shall meet the cleaning standards stipulated by relevant regulations. • Occupational Safety and Health: Counter vendors shall comply with relevant regulations and follow SKM instructions and management measures.
Store Decoration Management Regulations	<ul style="list-style-type: none"> • Vendor employees shall comply with rules and regulations relevant to labor occupational safety and health. • Vendors shall purchase Contractors' All Risks (CAR) Insurance and hand in copies of the policy to SKM. • Vendors shall comply with relevant construction regulations and require waste disposal subcontractors to comply with Waste Disposal Act in service delivery.

Name of Regulation	Key Points
Counter Vendor Agreements	<ul style="list-style-type: none"> • Vendors shall comply with the Department Store Management Guidelines and Store Decoration Management Regulations, as well as relevant government regulations 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. • Vendors shall guarantee the legitimate source and distribution rights of the products. SKM may request, at any given time, vendors to provide documentation proving the legitimacy or distribution rights stated above. • All products on sale must be of premium quality; in case of customer complaints, the vendors shall comply with SKM return or exchange requests necessary for management or service provision. • Products on display, on sale, their related equipment, advertisements, and marketing materials must comply with relevant regulations. Illegal activities, such as forgery, counterfeiting, or violation of the rights of others, are prohibited. Suppose there is concern that the breach of agreement above may occur, SKM may request the vendor to remove the product of controversy. • Vendors shall comply with labor regulations and provide necessary insurance and protection for the dispatched employees, including temporary workers, migrant workers, part-time employees, contract employees, direct employees, and other workers, to ensure the workers' rights and interest. • Food products that the vendors provide or sell must comply with the Act Governing Food Safety and Sanitation and other relevant regulations.

Counter vendors training and communication

To communicate critical issues, every store has daily morning meetings to announce important company policies, requiring the counter staff to take notes on the work log and also have monthly recognition meetings.

Name of Training	Number of Training Hours (average)	Number of Attendees
Service Quality	1.0	7,986
Food Hygiene and Safety	2.6	4,989
Health Promotion Lectures	1.3	305
Labor Occupational Safety and Health	1.6	1,184
Annual Anniversary Sales	2.0	9,144
Cloud & Self-service POS Machine Training	3.6	6,886
New Counter Staff Training	4.9	672

Response to Negative Incidents Involving Counter Vendors

In 2022, counter vendors of SKM's own business did not encounter incidents with a significant negative environmental or social impact, while an external counter vendor experienced an incident with a significant negative social impact.

In 2022, the vanilla extract used in several products of Häagen-Dazs tested positive for potential carcinogens. Taiwan FDA has ordered the vendor to cease sales and recall five product items, including chocolate chip cookie dough, Belgium chocolate, and vanilla flavor products.

SKM has addressed this incident immediately. Customers may bring the invoice, receipt, or relevant document to the original store of purchase (including Taipei Nanxi, Taipei Xinyi Place A8, Taichung Zhonggang, and Tainan Ximen Stores) to return or exchange the product of concern. SKM also immediately removed the items of concern from the shelf and returned the products to the suppliers per relevant procedures.



Management of General Affairs Vendors and Service Providers

Management of General Affairs Vendors

During procurement of general and administrative supplies, SKM prefers eco-friendly products with minimal environmental impact and pollution. SKM prioritizes products with green indicators, which may include Forest Stewardship Council (FSC) certification, EU Pan European Forest Certification, Eco-labels, Energy Label, Energy Star certification, Water Efficiency Labels, Paper from Farmed Trees, soy-based ink, recyclable and reusable consumables, and green vehicles (such as hybrid cars, PHEV, and electric vehicles). In the future, the Company will gradually expand and complete green procurement, continuing its efforts to protect the environment.



SKM Green Procurement (2022)

General Affairs Vendor Categories	Green Procurement Indicators							Number of Vendors	Amount of Procurement (NT\$ thousand)
	Energy Labels	Carbon Footprint Labels	Eco-labels	FSC Certification	EU PEFC	Soy-based ink	Paper from Farmed Trees		
Office and department store equipment (water dispenser, instant electric water heater)	✓	✓						2	282
Office and department store equipment - paper (copy paper, paper bags, catalogues, toilet paper rolls, paper towels)			✓	✓	✓	✓	✓	9	104,945

Current Status of General Affairs Vendors

In 2022, SKM worked with multiple information service providers. Several examples are listed below:

- Long-term lease of design softwares with cloud synchronized updates and tutorials.
- Procurement of digital color copier/printers that meet energy-saving and carbon reduction goals and green procurement standards. This reduces waste, maximizes productivity, and optimizes internal management procedures. The suppliers conduct initial training sessions on the machine's operation, assist with relevant settings and troubleshooting, and provide monthly maintenance.

In 2022, SKM communicated with general affairs vendors via telephone, communication applications, and emails. During the year, SKM did not find general affairs vendors encountering incidents with a significant negative environmental or social impact.

Management of Service Providers

SKM requires the service providers to have government-issued business permits, international certification or relevant qualifications...etc related conditions. During the review, service providers must submit business plans and complete the supplier evaluation; service providers seeking contract extensions must pass a contract renewal evaluation.

Current Status of Service Providers

In 2022, SKM did not find service providers encountering incidents with a significant negative environmental or social impact.

SKM communicated with service providers via telephone, communication applications, and emails. SKM notifies the service providers of critical issues and potential hazards prior to contracting. The contractor representatives, site supervisors, SKM supervisors, and SKM safety and health managers must sign the Notification Form of Workplace Hazards before the contracted work begins. The Form states the type of construction, instrument/ equipment used, maintenance & repair, display & decor, cleaning, and safety measures, and whether it is related to a temporary counter installation, then notifies the signees of the hazards associated with the contracted items, including details on the workplace, potential risks, and required safety and health measures to protect the safety and health of the personnel involved.



Long-term lease of design softwares with cloud synchronized updates



Communicated with general affairs vendors via telephone, communication applications, and emails



Procurement of digital color copier/printers that meet energy-saving and carbon reduction goals and green procurement standards

SKM Service Provider Detailed Categories (Unit: number of suppliers)

Service Provider Category	2022
Equipment maintenance and repair/ cleaning/ security / electrical engineering	77
Advertisement/ marketing/ display/ photography	14
Total	91

Supplier Evaluation

SKM evaluates a new supplier's company background, products, services, and previous work records. Meanwhile, SKM requires each department to complete contract renewal evaluations for existing suppliers according to department needs and the status of the contracts. The assessment includes product quality and consistency, timeliness of service completion, appropriateness of service completion, knowledge or technology proficiency, ability to cater to unexpected situations or emergencies, compliance, and service attitude, to ensure the suppliers' product and service quality. The assessment results are categorized into Excellent - premium suppliers, Fair - qualified suppliers, and Poor - unqualified suppliers, based on evaluation scores to determine whether to continue working with a supplier.

Management of Building Construction and Interior Design Contractors

Management of building construction and interior design contractors

SKM allocates budgets for store decorations, specific projects, and asset repair according to the operations, positioning, services, safety, and management of the department stores while taking other needs, public safety, and customer engagement of the stores into account. And then, SKM commissions contractors with professional skills and consistent performance to implement such plans.

SKM values the following characteristics when selecting contractors:

1. The contractor has professional knowledge, quality, and past experience working on department stores.
2. The contractor is familiar with and complies with relevant building codes and administrative procedures.
3. The contractor can cater to SKM's needs, provide consistent services, and complete the contracted work within the timeframe specified by SKM while ensuring construction quality and safety. Meanwhile, the contractor can catch up with macro trends and advanced technologies.

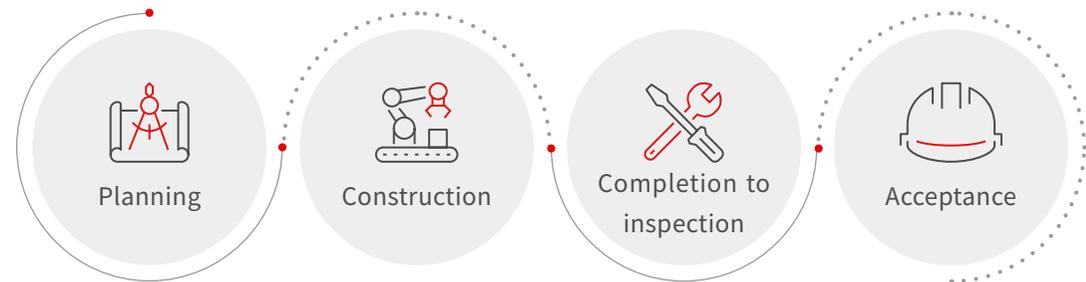


When commissioning construction work, SKM evaluates the magnitude, type, technology involved, and overall scheduling to invite tenders or quotations for further price inquiry, comparison, and negotiation. Afterward, SKM coordinates the construction work and contracting per Company standard procedures. When commissioning interior design, after the designers provide design concepts, SKM Store Development Department holds internal proposal and review processes before commissioning work per Company standard procedures. When commissioning asset repair, SKM discusses the technologies required for repair and upgrade with vendors of respective expertise according to the types of repairs, such as electrical, air-conditioning, and fire safety. SKM requires repair contractors to provide relevant test results, performance reports, and assessments based on the Company's needs along with equipment specifications and quotations. The Company then executes according to the outcome of SKM's internal approval procedure.



Construction and Occupational Safety Management

SKM complies with government regulations in all stages of construction, from planning, construction, and completion to inspection and acceptance, including the building codes and rules governing construction and fire safety equipment stipulated by the Construction and Planning Agency and National Fire Agency, Ministry of the Interior. The Company also compiled Contractor Occupational Safety and Health Management Guidelines and rules governing inspection and acceptance, which are the basis for SKM management measures.



Current Status of Building Construction and Interior Design Contractors

In 2022, SKM did not find building construction and interior design contractors encountering incidents with a significant negative environmental or social impact.

Future Plans for Building Construction and Interior Design Contractors

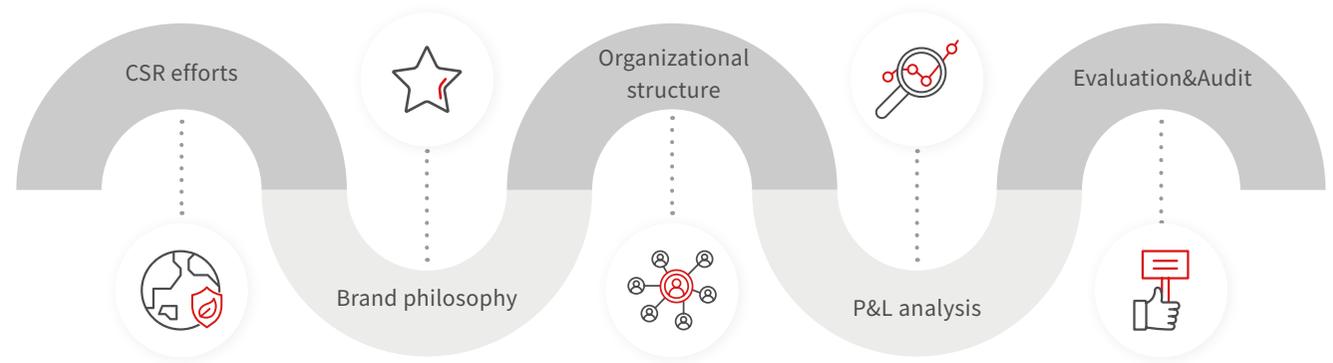
Going forward, SKM plans to seek, visit, and work with potential contractors with specialized expertise while enhancing the execution of the teams involved. Furthermore, SKM plans to organize bilateral exchanges with the contractors and consultants, sharing professional insights and knowledge on specific topics.

SKM Building Construction and Interior Design Contractor Detailed Categories(Unit: number of suppliers)

Building Construction and Interior Design Contractor Category	2022
Building construction	77
Interior design	15
Total	92

4.1.3 Careful selection of good sustainable products from Taiwan

SKM selects products and brands reflecting local values via its own business channels, including The Beautiful Market and goodgoods. When selecting suppliers, SKM considers a supplier's CSR efforts, brand philosophy, organizational structure, and P&L analysis to ensure product quality and satisfy consumer expectations.



The Beautiful Market

SKM found The Beautiful Market by pooling strengths from other supermarkets into one. Since opening the first Beautiful Market in 2015, it has expanded to five stores across Taiwan: Taipei Xinyi Place A4, A11, A8, Taichung Zhonggang Store, and Tainan Place. SKM will continue introducing The Beautiful Market into more stores, bringing people a green and beautiful life.

The Beautiful Market continues to support local small-scale farmers; in 2022, local procurement accounts for 25.2% of all procurement. The quarterly sale of vegetables and fruits was NT\$25 million; in particular, NT\$6.3 million of sales revenue came from local produce from Taiwan, accounting for 25.2% of all revenue.



- local small-scale farmers: NT\$6.3 million of sales revenue came from local produce from Taiwan, accounting for 25.2% of all revenue.
- Seasonal vegetable and fruit performance of The Beautiful Market: The quarterly sale of vegetables and fruits was NT\$25 million.

The Beautiful Market occasionally invites speakers from indigenous tribes and small-scale farms to lecture on food and local ingredients, promoting food and farming education.

To reduce paper use, the Beautiful Market introduced digital labels to replace paper labels, consequently decreasing the employee workload of switching out old tags. In 2022, digital labels were adopted in 3 department stores, introducing approximately 20,000 labels. SKM plans to introduce digital labels to two more stores in 2023.



SKM Education Lecture

Name of Lecture	Grape Promotion by the Guo Fei Lyu Farm in Xsinshe, Taichung
Time and Location	January 30, 2022, at Taichung Zhonggang Store

SKM invited a local farmer to the department store sharing how th grow grapes using soymilk-based fertilizers and their farming experience. The farm is in Bai Mao Tai in Xinshe District, Taichung. The speaker uses a soymilk-based liquid fertilizer passed down by his grandfather. The grapes that "grew up drinking soymilk" are juicy and sweet, nurtured with care and love. The speaker prioritizes quality over quantity, aiming to produce safe and toxin-free fruits.

Lecture Details



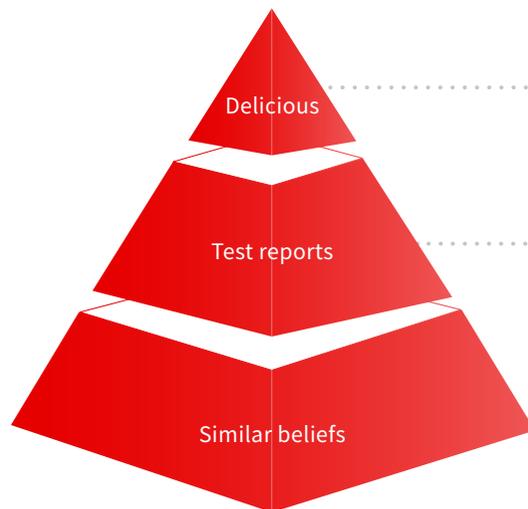
Local Small-scale Farmers

Small-scale Farmers Selection

Small-scale farmers refer to farmers whose produce income goes to supporting their families rather than economic expansion. Using eco-friendly farming methods, this form of farming does not drain natural resources. The smaller scale of their production allows them the freedom from capitalist policies by large corporations or technological monopolies (often in the form of patents) by international conglomerates. Small-scale farmers are flexible, experimental, and innovative. They drive agricultural innovations, enjoying the advantage of breaking from existing blindspots.

As Taiwan has suffered from several waves of food safety incidents, people are inclined to buy healthier foods. Therefore, a few years ago, stores began setting up the small-scale farmer section, offering consumers healthier alternatives. SKM set up the small-scale farmer section in 2002. Our definition of small-scale farm goods is "products of better quality and traceability produced by independent farmers willing to disclose the rigorous standards they adopt in the production process."

While selecting products from small-scale farmers, SKM also seeks to establish a long-term partnership with these farmers. We guarantee that the food ingredients we select are delicious; we also require the farmers to provide test reports ensuring food safety. Furthermore, we communicate and interact with the farmers, assessing their determination to produce "good products," ensuring that our beliefs are compatible.



- Deliciousness is not limited to the taste of the ingredient; rather, it encompasses the wow factor for all five senses.

Although SKM samples and examines products rigorously, the farmers' awareness of food safety would further guarantee product quality. Relevant tests include organic certification, Good Agriculture Practice (GAP) certification, and zero pesticide residue. The farmers must also regularly update test reports for pesticide residue, covering 380 pesticides, including Dithiocarbamates.

- SKM assesses the farmers' determination to produce "good products" and whether to collaborate with them through interaction, understanding whether they put themselves in the customers' shoes.



We selected the SKM League of Small-scale Farmers:



Food Safety Guarantee and ESG Certification

1 Product information transparency

Although SKM does not mandate the farmers to disclose all information, farmers willing to disclose the soil information, TGAP certification, and organic certification enhance the customers' sense of safety. Meanwhile, SKM employees at each store display all information disclosed, including origin and other information, for the customers reference.



2 Professional food safety examinations

Products related to small farmers need a food safety inspection certificate. SKM will conduct independent inspections especially for agricultural products with high risks, high concerns or special requirements, for example: passion fruit, longan, strawberries, and avocados with a high proportion of fruit pesticide residues...etc. (In 2022, SKM will assist 6% of agricultural commodities to be inspected).



3 ESG certification labels and the small-scale farmer section

The ESG label small farmers area needs to be specially certified as organic certified products. Organic products must be verified by a notary organization before they be marked as "organic" for sale. For example: There are 4,630 fruit and vegetable items, of which 860 have been certified organic, accounting for 18.6%.



Seasonal Produce from Small-scale Farmers



Time | January 14 to 16 and 22 to 23, 2022



Location | SKM Taipei Xinyi Place A4, Taipei Nanxi, Taichung Zhonggang, and Tainan Place Stores



EventDetails | The climate and natural environment in Yanchao are suitable for growing jujubes. Rich in limestone, the soil contains magnesium and calcium, contributing to the jujubes' incredible sweetness and texture. The TGAP-certified jujubes have transparent traceability. Each jujube is plump, crispy, juicy, and delicate like a pear, giving off a sugarcane-like fragrance. The red gift box is celebratory and best suited for traditional holidays.



The Best of Kaohsiung Market



Time | January 14 to 16 and 22 to 23, 2022



Location | SKM Taipei Xinyi Place A4, A11, Taichung Zhonggang, Tainan Place, Chiayi Chuiyang, and Kaohsiung Zuoying Stores



EventDetails | The Agriculture Bureau of the Kaohsiung City Government worked with SKM to introduce Shirley Jujube to the Chinese New Year gift catalogue. The fruit bears the reputation of Best of Kaohsiung and is exported to many countries worldwide. SKM also invited small-scale farmers to northern Taiwan to sell other gift sets suitable for the Chinese New Year. SKM launched the Best of Kaohsiung limited giveaways, promoting premium Kaohsiung produce to customers across Taiwan.



Kasuga, Pingtung Big Bear Farm's Mango Promotional Event



Time | May 27 to 29, 2022



Location | SKM Taichung Zhonggang store



EventDetails | Big Bear Farm is in Fangliao, Pingtung. Its rigorous test results and TGAP certification prove the quality of its Irwin mangos. The farm is dedicated to sustainability as well. The mangos satisfy the highest standards for exporting to Japan and are TGAP-certified. The Farm insists on picking the mangos after they ripen on the trees. The mangos' sweetness goes as high as 13 to 15 Brix, while they are red and plump, extremely aromatic, and their flesh bouncy and delicate.



Best of Kaohsiung
Yuhebao Lyche Season



Time | May 28 to 29 and June 4 to 5, 2022



Location | SKM Taipei Xinyi Place A4, A11, Taipei Nanxi, Taipei Station, Taichung Zhonggang, Tainan Place, and Kaohsiung Zuoying Stores



EventDetails | Yuhebao Lyche comes from Dashu, Kaohsiung, known as "the Lychee Kingdom," The lychees sold here are packaged without stems or prigs, which were left on the land as nutrients. The fruits are freshly delivered, TGAP-certified, and selected in the Best of Kaohsiung brand.



Yuanli, Miaoli
Wanli Tangerine
Promotional Event



Time | Starting on December 22, 2022



Location | With a limited amount, at SKM Taipei Nanxi, Taipei Station, Taipei Xinyi Place A11, A8, A9, A4, Taipei Tianmu, Taichung Zhonggang, and Tainan Ximen Stores



EventDetails | Tangerine is more difficult to tend to, compared to other fruits in the citrus family, for it is susceptible to the climate, sunlight, water, and soil. The harvest period is short, within the second half of December every year. Therefore, it is a seasonal, limited delicacy. The tangerine is sweet yet refreshing with a delicate texture, popular among adults and children alike.

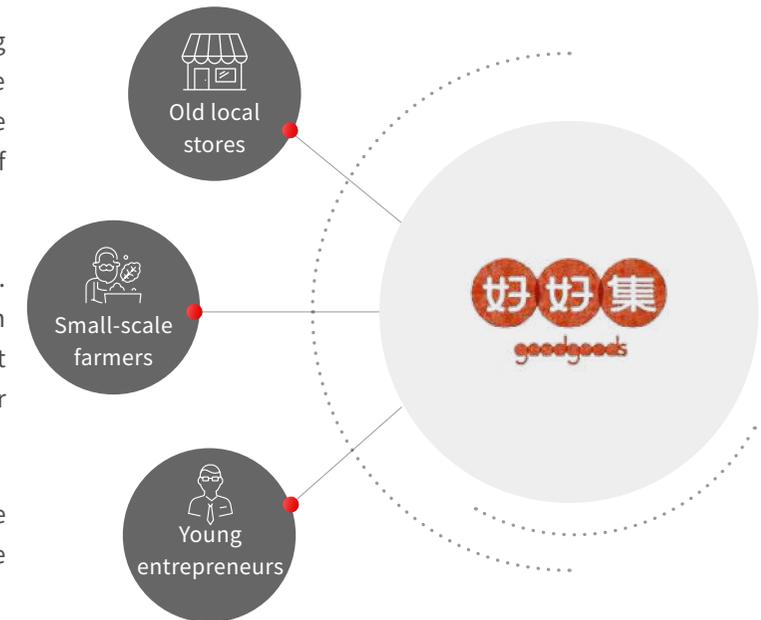


goodgoods

SKM created the goodgoods brand in 2015, setting up shop in 7 SKM department stores across Taiwan, selling selected good local products from Taiwan. We aim to provide visiting consumers with more than a venue to experience product quality. Moreover, we want to utilize our corporate influence and help small-scale businesses such as old local stores, small-scale farmers, and young entrepreneurs overcome the difficulties of starting a business and pass on the legacy of traditional handicrafts.

We support the hard work in all corners of Taiwan and aim to present Taiwan's common merits and values. Goodgoods is more than a channel for selling products but the hub for communicating Taiwan's story. In 2022, we made trips across Taiwan. We visited 368 townships and districts in 22 municipalities, learning about the dedication of century-old brands and encouraging young people to return home, make the most of their creativity, and contribute to the agriculture and industries of their hometowns.

Goodgoods takes customers on a journey into the stories of Taiwan, experiencing the dedication of these professionals and young dream chasers, learning about the hard work that goes into the goods. We encourage customers to join SKM in sharing such wonderful local products with the Taiwanese people and the world.



Taipei Station Store goodgoods



Taipei Xinyi Place A4 goodgoods



Taichung Zhonggang Store goodgoods

Sustainable product showcase

SKM values farming methods that respect our land, food safety, and harmony between the farmers, the land, and the crops. In 2022, SKM held nine sustainable product showcase sales across Taiwan.

Date	Theme	goodgoods store location	Partners
December 2021 to January 2022	Sunnygogo Dried Fruit	Taipei Xinyi Place A11	Sunnygogo
December 2021 to January 2022	The Peak Farm Dried Longan	Taipei Xinyi Place A11	The Peak Farm
January 2022	January 2022 The Best of Kaohsiung Market	Taipei Xinyi Place A4, A11, Taipei Nanxi, Taipei Station, Taichung Zhonggang, Tainan Place, Chiayi Chuiyang, and Kaohsiung Zuoying Stores	CHUNG CHIAO Inc.
May 2022	2022 Kasuga, Pingtung Big Bear Farm's Mango Promotional Event	Taichung Zhonggang Store	Big Bear Farm
May to June 2022	May to June 2022 Best of Kaohsiung Yuhebao Lyche Season	Taipei Xinyi Place A4, A11, Taipei Nanxi, Taipei Station, Taichung Zhonggang, Tainan Place, Chiayi Chuiyang, and Kaohsiung Zuoying Stores	CHUNG CHIAO Inc. BAO DAO DIH I WEY FOODS CO., LTD.

Date	Theme	goodgoods store location	Partners
August to September 2022	Dashu Sesame Oil Product Series	Taichung Zhonggang Store	Dashu Sesame Oil
August to September 2022	Pingtung Cacao Exhibition	Taipei Nanxi, Taichung Zhonggang, Tainan Place	KEYMORE MARKETING INTEGRATION CO., LTD.
September to October 2022	Pingtung Cacao Exhibition	Taipei Xinyi Place A4, A11, Taipei Station, and Kaohsiung Zuoying Stores	KEYMORE MARKETING INTEGRATION CO., LTD.
December 2022 to January 2023	Dashu Sesame Oil Product Series	Taichung Zhonggang Store	Dashu Sesame Oil

4.2 Quality Assurance

GRI Disclosures: 416-1, 416-2, 417-1, 417-2, and 417-3

4.2.1 Product Safety & Event Labeling Management

Management Guidelines



Policies & Commitments

To ensure the quality of products sold, SKM has established internal regulations such as the Product Quality and Safety Management Guidelines, Food Hygiene and Safety Operating Procedures, Food Safety Management Guidelines, and Agreed Terms for Counter Vendors. All product types are required to comply with relevant laws and regulations.



Impacts

- Outstanding product quality and safety assurance (Positive Impact).
- Unclear labels or signs for events and ads (Negative Impact).
- Improper product quality management (Negative Impact).



Action Plans

Prevention & Mitigation

- Partnering vendors are contractually required to comply with the following laws and regulations: Commodity Labeling Act, Cosmetic Hygiene and Safety Act, Act Governing Food Safety and Sanitation, Sanitation Standards for Beverages, and Health Food Control Act.
- Conduct random inspections of different product categories each month to ensure compliance with related laws and regulations.

- In compliance with the Regulations on Good Hygiene Practice for Foods, food processors are required to obtain hygiene certification from medical institutes to handle food.

Remedial Measures

- In the event of reports of food safety incidents at SKM supermarkets, SKM will contact vendors and withdraw products from shelves in compliance with internal processes.
- In compliance with the Counter Vendor Agreement for F&B Counters, vendors shall return or refund any products in the event of complaints from customers in compliance with SKM management and service guidelines.

Stakeholder Engagement

- Product and event information are communicated to consumers via physical and digital channels. Any incorrect information will be immediately corrected and announced in stores.
- SKM provides food hygiene and safety training to new F&B vendors and new employees and organizes monthly in-store food safety training.



Assessment & Tracking

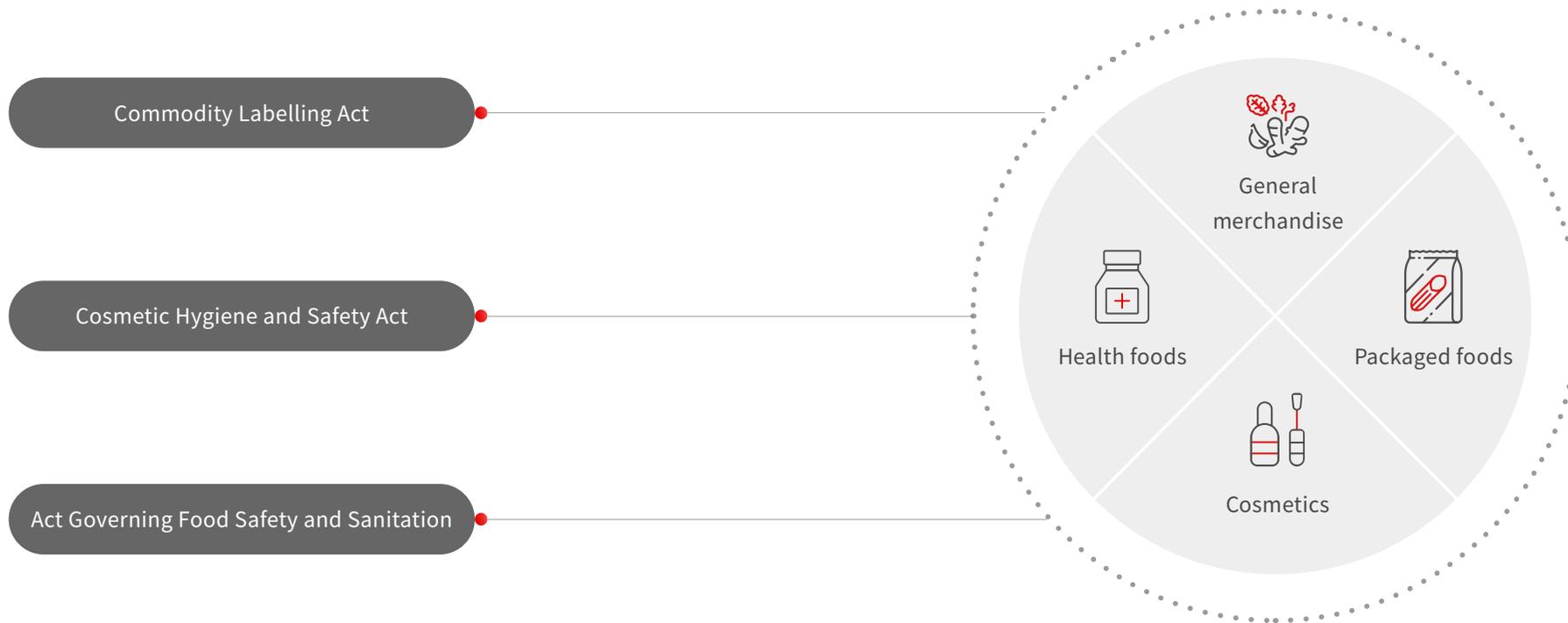
The Customer Service Department monitors customer feedback on food safety incidents reported by stores to address any concerns immediately in compliance with related regulations. The HQ FHS Team and FHS teams in SKM's department stores convene monthly to review and formulate response measures.

Product Safety Management

• Product Safety Management Mechanism

SKM offers the following product categories: general merchandise, cosmetics, packaged foods, and health foods. All product categories shall ensure compliance with related regulations (including Commodity Labelling Act, Cosmetic Hygiene and Safety Act, and Act Governing Food Safety and Sanitation) before launch and sales.

To ensure consumers feel safe with products sold at SKM, we have established the Product Quality and Safety Management Guidelines to conduct regular random inspections on the expiration dates of products in supermarkets to strengthen expiration management. SKM also requires that all food products comply with the Food Hygiene and Safety Operating Procedures, Food Safety Management Guidelines, and the Counter Vendor Agreement for F&B Counters. For more information on food safety management, please refer to Chapter 4.2.2. In addition, SKM requirements on the expiration date of cosmetic products and the storage temperature of foods, beverages, and frozen foods are also stricter than regulatory standards.



• Commodity Labelling Handling Mechanism

All contracted vendors are required to comply with internal and external regulations, in other words, the Cosmetic Hygiene and Safety Act for cosmetics, the Act Governing Food Safety and Sanitation, Regulations on Good Hygiene Practice for Foods, Food Hygiene and Safety Operating Procedures (SKM), Food Safety Management Guidelines (SKM), and Counter Vendor Agreement for F&B Counters (SKM) for packaged foods, fresh produce and raw meats, and cooked foods; the Tobacco and Alcohol Administration Act for alcohol; and the Pharmaceutical Affairs Act and Medical Devices Act for drugs and medical equipment. Any other products beyond the scope listed above are classified as general merchandise and governed by the Commodity Labelling Act.

In terms of internal management, SKM conducts random inspections of product labels every month and thoroughly verifies high-risk products and new products from new suppliers.

The average number of stock keeping units (SKU) at SKM supermarket stores is 6,000. In 2022, we performed regulatory compliance assessments on 600 items or around 10% of total product offering.

SKM Product Quality and Safety Management Guidelines

Product Category	External Regulations	Internal Regulations
 Cosmetics	Cosmetic Hygiene and Safety Act	
 Packaged Foods	Act Governing Food Safety and Sanitation Regulations on Good Hygiene Practice for Foods	Food Hygiene and Safety Operating Procedures Food Safety Management Guidelines
 Alcohol	The Tobacco and Alcohol Administration Act	
 General Merchandise	Commodity Labeling Act	
 Health Foods	Health Food Control Act	
 Drugs & Medical Equipment	Pharmaceutical Affairs Act Medical Devices Act	

Event Labeling Management

SKM attaches great importance to event labeling management. Any information and announcements provided on flyers, displays (bulletin boards), and digital platforms (mobile applications, Facebook, Instagram, LINE, and SMS) are all subject to HQ approval. The internal review mechanism of promotional content consists of multiple emails between the responsible person, various departments, and collaborating units to confirm the contents of the event. The final message is published after confirmation from the supervisor. An additional note detailing that SKM reserves the right to change or terminate the event and that matters not specified therein shall be governed by other in-store announcements.

In 2022, there were 11 cases of violations against regulations on the information and labeling of products and services. None of the violations led to any customer complaints or other penalties. In 2022, there was one case of a dispute relating to marketing and communication (details can be found in section 2.2.2. SKM is currently working with the police to resolve the dispute but have yet to receive any further notice).

When inaccurate information is found in promotional content, SKM will take the following actions: if the product price or event is labeled incorrectly, SKM will immediately correct any promotional content announced on digital platforms and put up a correction notice in counters or stores.

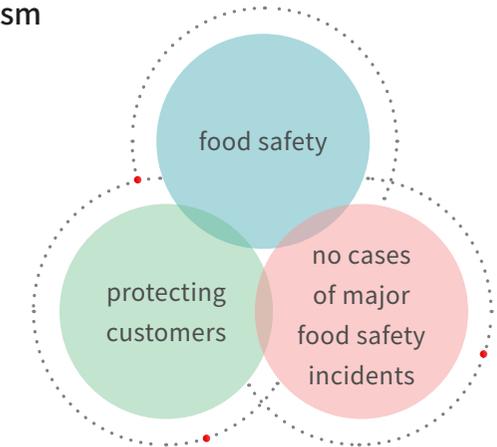


4.2.2 Food Safety Management

Food Safety Management Mechanism

- **Food Safety Management Targets**

Our service mission in food hygiene and safety is "protecting customers through food safety" and our target is to ensure that there are no cases of major food safety incidents.



- **Food Safety Regulations and Policies**

To provide consumers with safe foods, SKM actively rolls out food safety management plans and requires that all foods, fresh produce and raw meats, cooked foods, and foods from counters comply with MOHW Food and Drug Administration's Act Governing Food Safety and Sanitation and Regulations on Good Hygiene Practice for Foods. Imported SKM foods must comply with MOHW Food and Drug Administration's imported food inspections before being imported. SKM also stays up to date on any regulatory changes and asks all vendors at SKM to comply with government regulations as well.

Internal regulations established by SKM include the Department Store Management Guidelines, Food Hygiene and Safety Operating Procedures, Food Safety Management Guidelines, and Counter Vendor Agreement for F&B Counters. The regulations above govern themed restaurants, food courts, supermarkets, and coffee shops.

• Food Safety Unit

To address consumers' growing concerns over food quality, SKM established the Food Hygiene and Safety Team (FHS Team) in 2017 to safeguard consumer health through internal and external audits and controls, further formulating management measures and processes to ensure food safety.

The organizational structure of the FHS Team and responsible departments can be found in the table below. Departments involved include the Department of Security and Surveillance, Occupational Safety and Health Department, Customer Service Department, General Affairs Department, Owned & Distributed Brands Department, Merchandising Department, and E-Commerce Department. The departments above are mainly responsible for planning and rolling out any food safety projects, emergency response to major incidents, planning food safety and hygiene training, external audits, inspections and tracking during holiday seasons, etc. The Department of Security and Surveillance and the Occupational Safety and Health Department are new members of FHS Team in 2021. In 2023, we introduced the E-Commerce Department to control the food safety risks of foods sold on online channels.

FHS Team Organization Chart

Responsible Unit	Responsibilities
Customer Service Department	<ol style="list-style-type: none"> 1. Compile customer feedback on food safety incidents and formulate related response measures 2. Compile audit list and outcomes from related efforts 3. Plan and oversee the annual work plan and related timelines
General Affairs Department	<ol style="list-style-type: none"> 1. Inspect and track tableware cleaning areas 2. Supervise mosquito and vector control and disinfection at department stores
Owned & Distributed Brands Department	<ol style="list-style-type: none"> 1. Manage the food hygiene and safety monitoring plan 2. Ensure self-management of food safety at all supermarkets and goodgoods 3. Require all supermarkets and goodgoods to enforce self-management guidelines governing food safety, roll out related regulations, and track roll-out

FHS Team Organization Chart

Responsible Unit	Responsibilities
Merchandising Department	<ol style="list-style-type: none"> 1. Verify that products sold by partnering brands comply with food safety regulations 2. Formulate regulations to govern collaborative efforts to support food safety with partnering food brands 3. Require all counters to enforce self-management regulations governing food safety 4. Roll out food safety regulations to department stores and track roll-out
Department of Security and Surveillance	<ol style="list-style-type: none"> 1. Suggest food hygiene and safety strategies 2. Suggest responses to food safety incidents
Occupational Safety and Health Department	<ol style="list-style-type: none"> 1. Suggest food hygiene and safety strategies 2. Suggest responses to food safety incidents
E-Commerce Department	<ol style="list-style-type: none"> 1. Verify that products from partnering brands comply with food safety regulations 2. Inspect labels on products exclusive to skm online



• Self-Management & Internal/External Audits of Food Safety

SKM's mission in food safety is "protecting customers through food safety." We started promoting self-management for food hygiene and safety in 2017 and currently work with a consulting firm certified by Taiwan's Food and Drug Administration and the Taiwan Accreditation Foundation to perform audits, test products, inspect labels, and provide education and training. In addition to fulfilling our corporate social responsibility and providing food hygiene and safety education and support to counter vendors, we also strive to prevent any major food safety incidents by protecting our consumers through rigorous measures.

To strengthen the prevention of food safety incidents, SKM offers training and organizes awareness campaigns targeting new F&B vendors at SKM. Every year, the Customer Service Department compiles materials for SKM Food Hygiene and Safety Training and then commissions a consulting firm to update the training materials.

In addition, SKM continues to conduct internal and external audits. The external audits help us verify the efficacy of self-management and provide customers with reliable verification results to build trust in the SKM brand. Internal audits, on the other hand, can help us understand the risks of different crises, strengthen the efficacy of internal self-management, and reduce risks of potential hazards with training in professional knowledge.



Self-Management Plan for Food Hygiene and Safety

Monthly	Quarterly	Annually
<ul style="list-style-type: none"> Internal environmental sanitation audits In-store food safety training Food safety crisis drills Food safety theme promotion Food labeling inspections Unannounced environmental sanitation audits and product inspections 	<ul style="list-style-type: none"> Environmental sanitation audits and product inspections Tableware cleaning area audits and utensil inspections Beta-adrenergic agonist testing on meats sold by SKM Random inspections of food deliveries Random inspections of food pick-ups Packaging material audits 	<ul style="list-style-type: none"> Establish an annual food hygiene and safety work plan 3 national training sessions Random inspections of packaged foods during 5 major holiday seasons Rodent inspections at 5 supermarkets and food courts 2 visits (on a rotating basis) to supplier factories to inspect processed foods and seasonings Random inspections of cold beverages

Restaurants, food courts, coffee shops, SKM supermarkets, and retail counters selling packaged foods are subject to regular and random audits. We also conduct random inspections of products sold in the places listed above and inspect food labels. Every quarter, we randomly inspect food deliveries, specifically three items from every department store, which amounts to a total of 45 items. Most random inspections target popular products from retail counters and high-risk items, e.g., fresh produce, raw meats, salads, dairy products, cold dishes, and cold beverages. Random inspections during holiday seasons focus on dried meats, tea leaves and tea beverages, sweets, cakes, rice dumplings, cooked foods, and health supplements.

Food Safety in 2022

Item	Frequency & Summary of Enforcement in 2022	Audit Focuses/ Random Inspection Items	Achievements in 2022
External Audits	External audits are conducted every quarter on themed restaurants, food courts, supermarkets, and coffee shops, which amounts to 4 audits every year. SKM conducted random inspections of 1,500 products and corrected 100% of deficiencies uncovered from audits	Establish audit items in compliance with the Act Governing Food Safety and Sanitation and Regulations on Good Hygiene Practice (GHP) for Food	<ul style="list-style-type: none"> Scored 92.5 on external audits, exceeding/ falling short of the target score by 0.5 pointsNote 0 cases of violations against food safety regulations
Internal audits	Environmental health inspections are conducted every month, which amounts to 12 inspections each year; HQ verifies the efficacy of health inspections every quarter	Establish audit items in compliance with the Act Governing Food Safety and Sanitation and Regulations on Good Hygiene Practice (GHP) for Food	<ul style="list-style-type: none"> Scored 96.4 on internal audits, deviating from the external audit score by 3.9 points 0 cases of violations against food safety regulations
Random Product Inspections-Regular Random Inspections of Retail Counters	Conducted 4 regular random inspections of F&B counters and inspected a total of 1,134 products. Items that failed to pass inspections were inspected again within one week and made available for sale when they passed the second inspection	Establish audit items in compliance with the Act Governing Food Safety and Sanitation and Regulations on Good Hygiene Practice (GHP) for Food	Regular random inspections of retail counters: 97.9% pass rate in 2021 and 98.3% pass rate in 2022 (increased by 0.4%)

Food Safety in 2022

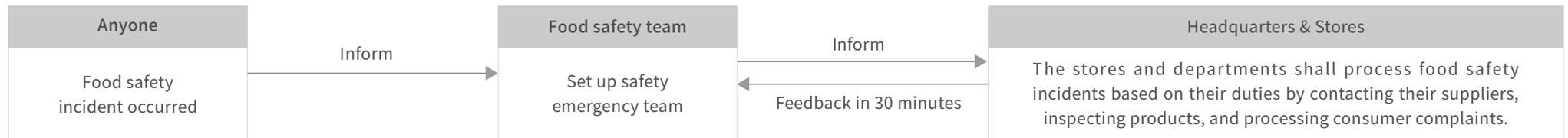
Item	Frequency & Summary of Enforcement in 2022	Audit Focuses/ Random Inspection Items	Achievements in 2022
Random Product Inspections-Holiday Seasons	Conducted 5 random inspections of packaged foods throughout the year, specifically during the Lunar New Year, Mother's Day, Dragon Boat Festival, and our SKM anniversary event, inspecting a total of 328 products during holiday seasons. Items that failed to pass inspections were inspected again within one week and made available for sale when they passed the second inspection	Popular, high-risk, and new products from all retail counters	99.1% pass rate in 2022, a 1.2% increase from the previous year
Food Labeling Inspections	Packaged food labeling inspections: Conducted labeling inspections of 50 packaged foods every month, which amounts to inspecting 600 products every year, with a mechanism in place for secondary inspections	Established in compliance with the Act Governing Food Safety and Sanitation	Supermarket food labeling inspections: 437 items passed the inspection, while 163 items were given recommendations for improvements
Random Inspections of Food Deliveries	Conducted random inspections of 45 items across 15 department stores		In 2022, all 45 items passed inspections

Note: According to the food hygiene rating assessment by TFDA: "Excellent" is given to F&B businesses with less than 2 major deficiencies (equivalent to a score of 92 or higher), "Good" is given to F&B businesses with over 2 but less than 4 major deficiencies (equivalent to a score of 90 or higher).

The audits and random product inspections listed above are carried out by the HQ FHS Team and supported and enforced by FHS teams in different department stores. In addition, in terms of food safety crisis management, we have a set of action items for relevant units to address major crises, aiming to promptly resolve customer concerns and questions.

In 2022, SKM safeguarded food safety in 100% of F&B counters in compliance with the Act Governing Food Safety and Sanitation and the Regulations on Good Hygiene Practice for Foods. The summary of our efforts can be found in the table below. In 2022, there were zero cases of violations against food safety regulations in SKM supermarkets but one case of violations in retail counters. The violations, fines and penalties, and response measures can be found in the table on Summary of Violations Against Food Safety Regulations in 2022 below.

Food Safety Incident Response Process



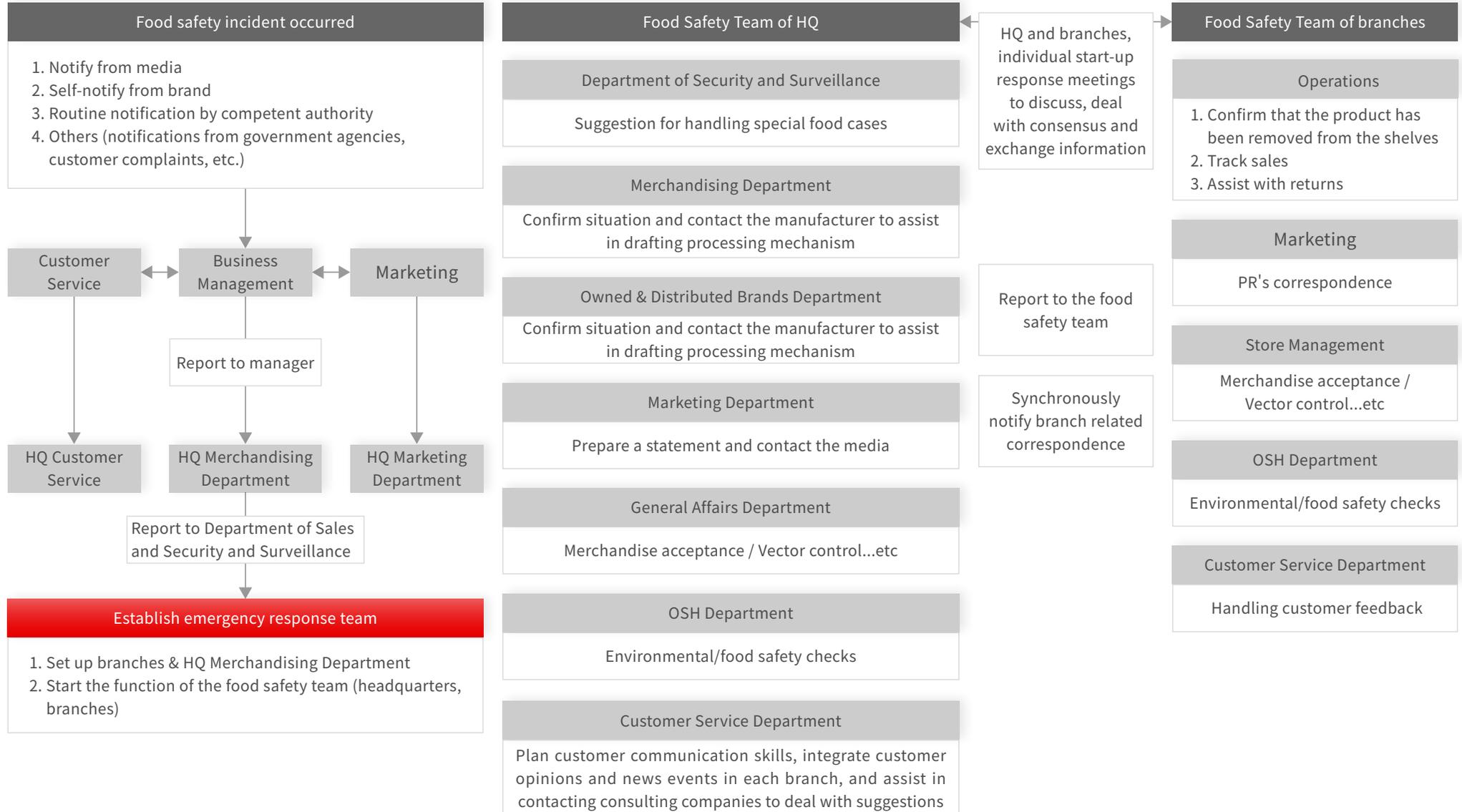
Summary of Violations Against Food Safety Regulations in 2022

Item	details
Incident	Sales of expired foods at the Daiso in the Kaohsiung Zuoying Store
Incident Summary	<ul style="list-style-type: none"> 2022/3/14: Customer visits the Daiso store in person, eight days after purchase, to report that the purchased product has expired (expiration date is 2022/2/28) and resulted in vomiting and diarrhea, which led the customer to seek medical attention. Daiso collected the product from the customer and expressed that they would report the incident 2022/3/15: The next day, the Daiso store manager calls the customer to inform them that the store would be willing to refund the customer and compensate any medical expenses 2022/3/16: Customer contacts the Daiso store and expresses that the store's offer to refund the product and compensate for any medical expenses is unsatisfactory

Summary of Violations Against Food Safety Regulations in 2022

Item	details
Summary of Complaint	2022/3/17: Customer files a complaint to SKM, and customer service contacts the customer to express concerns and learn more about the incident. At this point, the customer informs SKM that they have already filed a complaint with the health bureau
SKM Response	SKM inspects the Daiso store's product displays, procurement, sales, and inventory records and initiates the Food Hygiene and Safety Reporting Group. For related reporting and response processes, please refer to the flow chart below
External Audit	<ul style="list-style-type: none"> • 2023/3/21: SKM complies with the health bureau to conduct inspections. Personnel from the health bureau inspects labels from food products on site and verifies that inventory management processes and removal processes of expired products are compliant with related regulations • Personnel from the health bureau expresses that the Daiso store had indeed sold an expired product and that, in compliance with Article 15 of the Act Governing Food Safety and Sanitation, Foods or food additives that have passed their expiration date shall not be manufactured, processed, prepared, packaged, transported, stored, sold, imported, exported, presented as a gift or publicly displayed. Anyone committing any of the aforementioned violations shall be fined between NT\$60,000 and NT\$200,000,000. In severe circumstances, the enterprise may be ordered to terminate business, suspend business for a certain period of time, or revoke all or part of the items listed in the company registration, business registration or factory registration, or registration of the food businesses. If the registration of the food businesses is revoked, re-application for a new registration within one year shall be prohibited. According to Article 8 of the same act, the personnel, operation sites, sanitation management of facilities, and management of food additives shall meet the Regulations on Good Hygiene Practice for Foods. Failure to correct the violation within the time limit prescribed will result in fines between NT\$60,000 and NT\$200,000,000 in compliance with Article 44 of the same act. The vendor was subsequently fined NT\$60,000.

Food Hygiene and Safety - SOP to handling food safely during emergencies

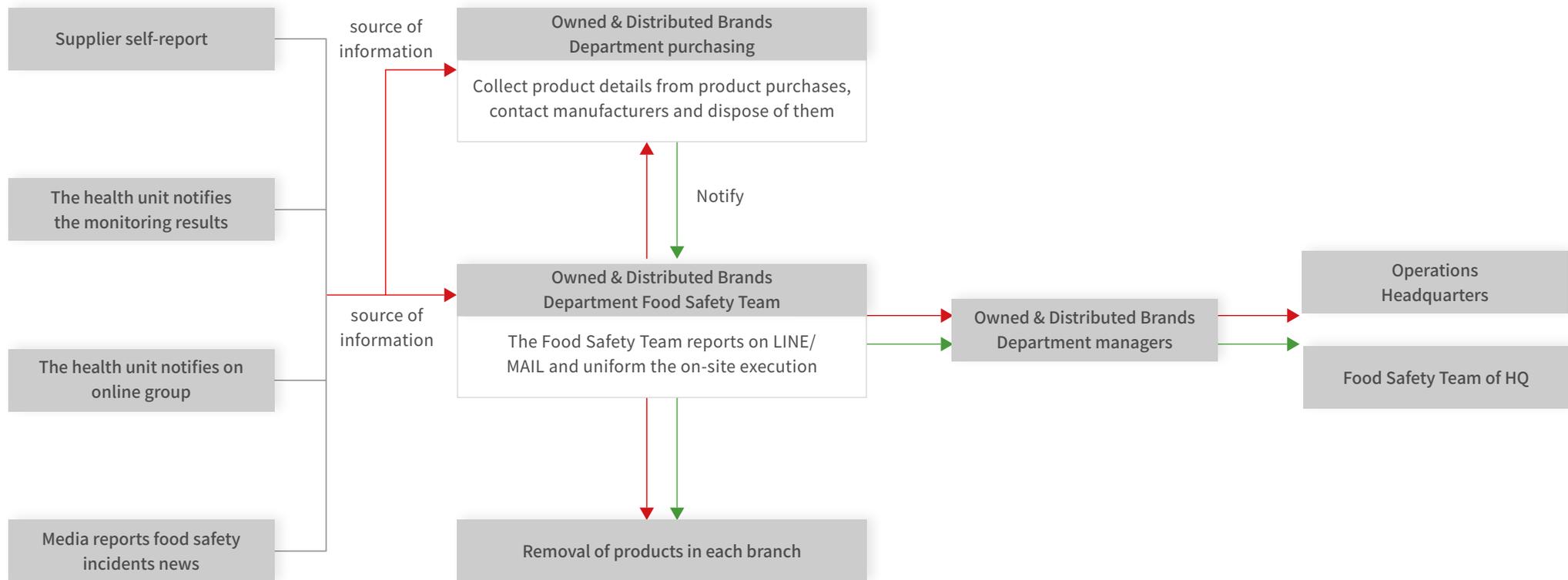


※ According to the ISO 10002 process, continue to collect relevant customer feedback, and track the follow-up processing results.

• Summary of Product Removal Incidents from SKM Supermarkets

In the food safety incident reporting process for SKM supermarkets, relevant information is obtained through channels such as voluntary reporting by vendors, notifications from health authorities regarding supervision results, notifications through online health authority groups, and media reports. The reporting process involves the Owned & Distributed Brands Department's FHS Team, procurement, department managers, the HQ FHS Team, Administration Headquarters, and affected department stores. After each department store removes all abnormal products, they report results to the Owned & Distributed Brands Department's FHS Team online.

Food Safety Incident Reporting & Response Process for Supermarkets Under the Owned & Distributed Brands Department



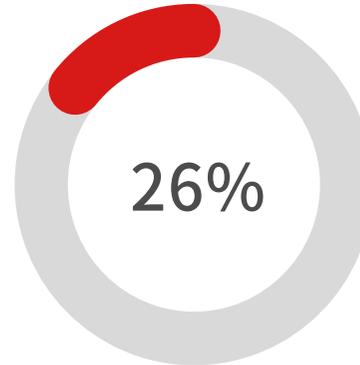
→ Notification process → data processing

Product Removals or Recalls in 2022

Information	Cause for Removal or Recall	Process Flow & Results
<ul style="list-style-type: none"> • Time: 2022/02/24 • Place: All department stores in Taiwan • Product: Han Sung Kimchi 	<p>SKM supplier, Han-wha International Corp., informs SKM that kimchi supplied by Han Sung is implicated in a food safety incident (using spoiled and insect-infested cabbage and radish to make kimchi) involving Han Sung's factory in Korea. Further investigation reveals that products sold at SKM supermarkets are not produced by the implicated factory.</p>	<p>To prevent any potential food safety incidents, SKM responds with the preventive removal of Han Sung's kimchi and returns the products to the supplier. Further investigation reveals that products sold at SKM supermarkets are not produced by the implicated factory.</p>
<ul style="list-style-type: none"> • Time: 2022/03/01 • Place: Taipei Nanxi Store • Product: Strawberries from Fukuoka Prefecture, Japan 	<p>On March 17, SKM is informed that strawberries from Fukuoka Prefecture failed pesticide residue tests and tested positive for pesticide residues. According to regulations, the presence of the pesticides isopyrazam, spirodiclofen, and thiacloprid is not permitted, meaning that the strawberries are non-compliant.</p>	<ul style="list-style-type: none"> • In response to the failed pesticide residue tests, SKM pulls all Fukuoka strawberries from shelves and conducts a secondary inspection, takes pictures on site, and consults related regulations on March 21: Investigation reveals that none of the strawberries sold at SKM supermarkets are from the same batch as the implicated batch and that there are no other products from the same batch but has terminated all related purchases after the failed testing. • On March 22, TFDA publishes a press release announcing that imported strawberries from Japan have failed pesticide tests every week and that the TFDA will be testing all imported strawberries from Japan in batches for six months. • Improvement measures: SKM has changed the management mechanism and now requires vendors to provide an import permit from the TFDA. We also suggest vendors conduct pesticide residue testing to protect consumers. In the following year, we allocated a budget for pesticide residue testing and now conduct random inspections when strawberries are in season, from January to February of each year. We also commissioned SGS to conduct mandatory pesticide residue testing on imported strawberries.

Food Safety Accreditation & Awareness

In 2022, SKM secured an "Excellent" rating in the food hygiene rating assessment and now has plans to support vendors across all SKM locations in Taiwan to do the same. Unfortunately, due to the pandemic, the food hygiene rating assessment was put on pause for the year in some counties and cities. A total of 95 retain counters or 26% of total retail counters received accreditation.

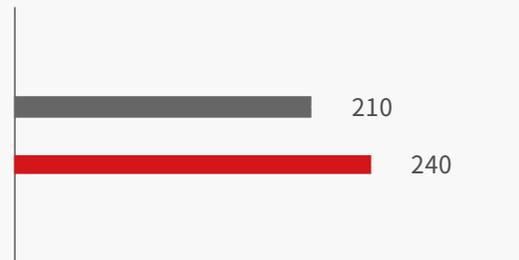


■ A total of 95 retain counters or 26% of total retail counters received accreditation.

SKM compiles training materials on food hygiene and safety each year for food hygiene and safety training targeting new employees and training corporate trainers. In 2022, the target was to hold 210 training sessions on food safety for 4,165 participants. We exceeded the target and held a total of 240 in-store training sessions for 4,338 participants and completed our annual target by August 2022. In 2022, food safety training at SKM was incredibly diverse and spotlighted our service missions in food hygiene and safety, hygiene management for F&B businesses, improvements to hygiene management in F&B businesses, and vector control.

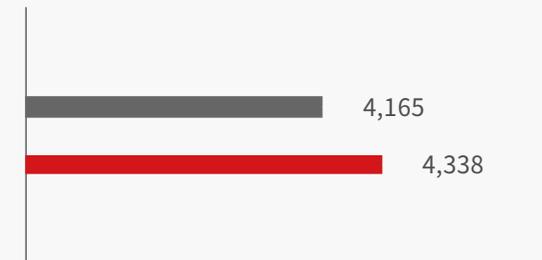
Food Hygiene and Safety Training in 2022

In-store education and training courses



■ Target ■ Actual number

Number of people participating in training



■ Target ■ Actual number

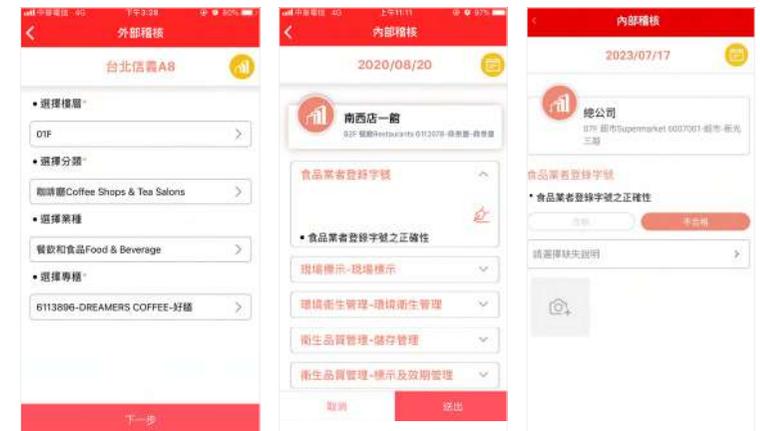
In 2021, SKM started designing one food hygiene and safety poster every month to raise awareness. In 2022, we designed a total of 12 posters and introduced the "Awareness Poster for the Annual Theme" in 2023. In terms of food safety management for pick-ups and deliveries, SKM offers four services - reservations, waiting list, pick-ups, and deliveries - in the skm app's food map function. The HQ FHS Team compiled reminders on making, packaging, and delivering foods as well as food pick-ups to strengthen service quality and reduce risks of food safety incidents.



Digitalization of Food Safety Audits: Digital Food Safety Audit Platform

To ensure retail counters comply with inspection requirements and conduct internal/external audits, prevent omissions from lists sent from department stores, and reduce repetitive work in inputting audit results, SKM introduced the Digital Food Safety Audit Platform in August 2020 for all SKM department stores across Taiwan.

The Digital Food Safety Audit Platform digitalizes results from monthly internal audits and quarterly external audits and compiles related scores and uncovered deficiencies by working with SKM's backend system. The platform has given SKM insight into secondary inspections for prior failed inspections and reduced manual work to double check information, thereby reducing the required work time, increasing work efficiency, and ensuring the accuracy of audit subjects and data management analyses.



Major achievements yielded from the Digital Food Safety Audit Platform(2022)



Reduced the use of 16,000 sheets of paper and saved around 21,000 minutes of work time



Gave clear insight into counters requiring inspections before department stores open



Saved results directly into the database without the need for manual input after results are delivered



Allowed personnel to take pictures during audits to record problems, with pictures being available for access on the platform



Allowed SKM to compile an inspection checklist according to current inspection frequencies



Eliminated manual work of compiling audit reports as the platform is capable of compiling reports automatically

Food Safety Roadmap



Regular Tasks

Continue to enforce food safety practices and tasks, conducting regular inspections of the environment and random product inspections to maintain sanitary F&B counters and control risks from product offerings



Preemptive Actions

Strengthen random inspections of high-risk products sold at SKM and, in compliance with TFDA's annual audit program, conduct random inspections of seasonal products before the five major holiday seasons each year to ensure product safety



Culture Building

Continue to offer offline and online food safety training and optimize related materials to ensure food safety through comprehensive audit schemes



Robust Protection

Compile common deficiencies relating to food safety in 2022, learn more about risks and insufficiencies in food hygiene and safety, and introduce three new management items in food safety audits to strengthen protection against food safety incidents



ESG Projects

Support SKM's ESG projects and policies to introduce reminders and notes for food deliveries and voluntarily disclose findings from self-management to fulfill our social responsibilities, ensure our customers feel safe purchasing from SKM, and strengthen SKM's image

Appendices

GRI Content Index

Statement of use: Shin Kong Mitsukoshi has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

GRI Content Index			
GRI Standards	Disclosures	Reference Chapter	Page
GRI 2: General Disclosures	2-1 Organizational details	1.1.1 Operational Performance	21
	2-2 Entities included in the organization's sustainability reporting	About This Report	04
	2-3 Reporting period, frequency and contact point	About This Report	04
	2-4 Restatements of information	CH1.2.3 GHG emissions and carbon emission coefficients are based on the latest data announced by the Energy Bureau of the Ministry of Economic Affairs, and revised related data for 2020 and 2021.	65
	2-5 External assurance	About This Report / 1.1.2 Sustainable Development Management	04 / 29
	2-6 Activities, value chain and other business relationships	1.1.1 Operational Performance / 4.1.2 Sustainable Supply Chain Management	21 / 178
	2-7 Employees	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
	2-8 Workers who are not employees	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
	2-9 Governance structure and composition	1.2.1 Ethical Governance	42
	2-10 Nomination and selection of the highest governance body	1.2.1 Ethical Governance	42
	2-11 Chair of the highest governance body	1.2.1 Ethical Governance	42
	2-12 Role of the highest governance body in overseeing the management of impacts	1.1.2 Sustainable Development Management	29
	2-13 Delegation of responsibility for managing impacts	1.1.2 Sustainable Development Management	29
	2-14 Role of the highest governance body in sustainability reporting	1.1.2 Sustainable Development Management	29

GRI Standards	Disclosures	Reference Chapter	Page
	2-15 Conflicts of interest	1.2.1 Ethical Governance	42
	2-16 Communication of critical concerns	1.1.2 Sustainable Development Management	29
	2-17 Collective knowledge of the highest governance body	1.2.1 Ethical Governance	42
	2-18 Evaluation of the performance of the highest governance body	Assessment disclosure in the future	-
	2-19 Remuneration policies	1.2.1 Ethical Governance	42
	2-20 Process to determine remuneration	1.2.1 Ethical Governance / 3.1.2 Employee Compensation and Benefits	42 / 109
	2-21 Annual total compensation ratio	Assessment disclosure in the future	-
	2-22 Statement on sustainable development strategy	Message from the President	06
GRI 2: General Disclosures	2-23 Policy commitments	1.2.1 Ethical Governance / 1.2.2 Risk Management	42 / 55
	2-24 Embedding policy commitments	1.2.1 Ethical Governance / 1.2.2 Risk Management	42 / 55
	2-25 Processes to remediate negative impacts	1.1.4 Identification of Material Topics	37
	2-26 Mechanisms for seeking advice and raising concerns	1.1.4 Identification of Material Topics / 1.2.1 Ethical Governance 2.1.2 Customer Relationship Management / 3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	37 / 42 85 / 103
	2-27 Compliance with laws and regulations	1.2.1 Ethical Governance	42
	2-28 Membership associations	1.1.1 Operational Performance	21
	2-29 Approach to stakeholder engagement	1.1.3 Stakeholder Engagement	33
	2-30 Collective bargaining agreements	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-1 Process to determine material topics	1.1.4 Identification of Material Topics	37
	3-2 List of material topics	1.1.4 Identification of Material Topics	37
	3-3 Management of material topics	1.1.4 Identification of Material Topics	37



Key topic : Talent Cultivation and Development

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	3.1.3 Human Capital Management	117
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3.1.3 Human Capital Management	117
	404-2 Programs for upgrading employee skills and transition assistance programs	3.1.3 Human Capital Management	117



Key topic : Talent Attraction and Retention

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3 : Material Topics	3-3 Management of material topics	3.1.2 Employee Compensation and Benefits	109
GRI 401: Employment 2016	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave	3.1.2 Employee Compensation and Benefits	109



Key topic : Talent Attraction and Retention

GRI Standards	Disclosures	Reference Chapter	Page
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3.1.2 Employee Compensation and Benefits	109
	404-2 Programs for upgrading employee skills and transition assistance programs		
	404-3 Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	3.1.2 Employee Compensation and Benefits	109



Key topic : Innovative digital services

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	2.1.1 Investments in Digital Transformations	75



Key topic : Product quality and responsibility

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	4.2.1 Product Safety & Event Labeling Management	199



Key topic : Product quality and responsibility

GRI Standards	Disclosures	Reference Chapter	Page
GRI 417 : Marketing and Labeling	417-1 Requirements for product and service information and labeling 417-2 Incidents of non-compliance concerning product and service information and labeling 417-3 Incidents of non-compliance concerning marketing communications	4.2.1 Product Safety & Event Labeling Management	199



Key topic : Operational performance and innovative strategies

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	Message from the President / 1.2.1 Ethical Governance / 2.1.1 Investments in Digital Transformations	06 / 42 / 75
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed 201-4 Financial assistance received from government	1.1.1 Operational Performance	21



Key topic : Corporate governance and ethical management

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	1.2.1 Ethical Governance	42
GRI 205: Anti- corruption 2016	205-3 Confirmed incidents of corruption and actions taken	1.2.1 Ethical Governance	42



Key topic : Information security and privacy protection

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	2.2 Customer Privacy Protection and Information Security	92
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.2 Customer Privacy Protection	99



Key topic : Customer relationship management

GRI Standards	Disclosures	Reference Chapter	Page
GRI 3: Material Topics	3-3 Management of material topics	2.1.2 Customer Relationship Management	85

Other GRI Standards Index

GRI Standards	Disclosures	Reference Chapter	Page
GRI 402 Labor/ Management Relations: 2016	402-1 Minimum notice periods regarding operational changes	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
GRI 403 Occupational Health and Safety: 2018	403-1 Occupational health and safety management system	3.2.1 Manage and Implement Occupational Safety and Health	125
	403-2 Hazard identification, risk assessment, and incident investigation	3.2.2 Occupational Safety and Health Assessment and Preventing	130
	403-3 Occupational health services	3.2.2 Occupational Safety and Health Assessment and Preventing	130
	403-4 Worker participation, consultation, and communication on occupational health and safety	3.2.1 Manage and Implement Occupational Safety and Health	125

Other GRI Standards Index

GRI Standards	Disclosures	Reference Chapter	Page
GRI 403 Occupational Health and Safety: 2018	403-5 Worker training on occupational health and safety	3.2.2 Occupational Safety and Health Assessment and Preventing	130
	403-6 Promotion of worker health	3.2.2 Occupational Safety and Health Assessment and Preventing	130
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2.2 Occupational Safety and Health Assessment and Preventing	130
	403-8 Workers covered by an occupational health and safety management system	3.2.1 Manage and Implement Occupational Safety and Health	125
	403-9 Work-related injuries	3.2.3 Occupation Injuries and Diseases Statistics	142
	403-10 Work-related ill health	3.2.3 Occupation Injuries and Diseases Statistics	142
GRI 405 Diversity and Equal Opportunity : 2016	405-1 Diversity of governance bodies and employees	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
GRI 407 Freedom of Association and Collective Bargaining: 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
GRI 416 Customer Health and Safety: 2016	GRI 416-1 Assessment of the health and safety impacts of product and service categories	4.2.2 Food Safety Management	202
	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4.2.2 Food Safety Management	202

Sustainability Accounting Standards Board (SASB)

Sustainability Accounting Standards Board (SASB), Multiline and Specialty Retailers & Distributors Index

Topic	SASB Code	Metrics	Unit	Reference Chapter	Page
Environmental Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	GJ 、 %	1.2.3 Green Operations	65
	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	n/a	2.2.1 Information Security Enforcement	93
Data Security	CG-MR-230a.2	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected	number 、 %	2.2.1 Information Security Enforcement	93
	CG-MR-310a.1	(1) Average hourly wage (2) percentage of in-store employees earning minimum wage, by region	NT\$ 、 %	(1) Year 2020-2022 employee average hourly wage were 224 、 239 、 252 dollars. (2) Year 2020-2022 percentage of employees earning minimum wage were 0.04% 、 0.13% 、 0.00%	-
Labor Practices	CG-MR-310a.2	(1) Voluntary turnover rate for in-store employees (2) Involuntary turnover rate for in-store employees	%	(1) Year 2020-2022 employee voluntary turnover rate were 23.21% 、 27.44% 、 30.51% (2) Year 2020-2022 employee involuntary turnover rate were 2.76% 、 0.92% 、 0.71%	-
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	NT\$	Year 2020-2022 total amount of monetary losses as a result of legal proceedings associated with labor law violations were 100,000 、 620,000 、 0 dollars	-

Sustainability Accounting Standards Board (SASB), Multiline and Specialty Retailers & Distributors Index

Topic	SASB Code	Metrics	Unit	Reference Chapter	Page
Workforce Diversity and Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management (2) technical staff (3) all other employees	%	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	NT\$	3.1.1 Diversity, Inclusion, and Human Rights in the Workplace	103
Product Sourcing, Packaging, and Marketing	CG-MR-410a.1	Revenue from products third-party-certified to environmental and/or social sustainability standards	NT\$	Sustainable Products and Services	168
	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	n/a	4.2.1 Product Safety & Event Labeling Management	199
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	n/a	Sustainable Products and Services	168
Activity Metric	CG-MR-000.A	(1) Number of retail locations (2) Number of distribution centers	number	1.1.1 Operational Performance	21
	CG-MR-000.B	(1) Total area of retail space (2) Total area of distribution centers	square meter (m ²)	1.1.1 Operational Performance	21

Climate-Related Information of TWSE/TPEX Listed Company Index

Climate-Related Information of TWSE/TPEX Listed Company Index			
No.	Item	Reference Chapter	Page
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1.2.2 Risk Management	55
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	1.2.2 Risk Management	55
3	Describe the financial impact of extreme weather events and transformative actions.	1.2.2 Risk Management	55
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Assessment disclosure in the future	-
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Assessment disclosure in the future	-
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Assessment disclosure in the future	-
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Assessment disclosure in the future	-
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Assessment disclosure in the future	-
9	Greenhouse gas inventory and assurance status.	Assessment disclosure in the future	-

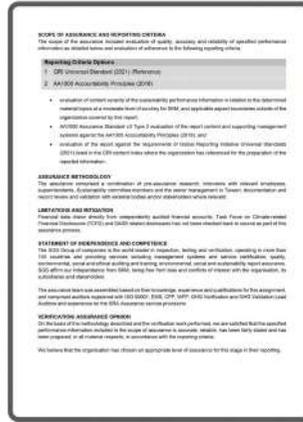
TCFD Disclosure Index

Shin Kong Mitsukoshi has reported the information reference the framework suggested by TCFD (TaskForce on Climate-related Financial Disclosures) and discloses the company's climate governance, strategies, risk management, indicators, and targets.

TCFD Disclosure Index			
Core Elements	TCFD Recommended Disclosures	Reference Chapter	Page
Governance	Describe the board's oversight of climate-related risks and opportunities.	1.2.2 Risk Management	55
	Describe management's role in assessing and managing climate-related risks and opportunities.	1.2.2 Risk Management	55
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	1.2.2 Risk Management	55
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	1.2.2 Risk Management	55
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	1.2.2 Risk Management	55
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	1.2.2 Risk Management	55
	Describe the organization's processes for managing climate-related risks.	1.2.2 Risk Management	55
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	1.2.2 Risk Management	55
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	1.2.3 Green Operations	65
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	1.2.3 Green Operations	65
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	1.2.3 Green Operations	65

Assurance Statement

SGS AA1000AsV3 Type2



ISO 5001



ISO 10002



ISO 27001



ISO 45001





Creating a Humanistic Touch with
the Aesthetics of Sustainable Living

新光三越
SHIN KONG MITSUKOSHI