

2022 | SUSTAINABILITY REPORT

 三商家購 2022永續報告書

綠動不停  心球永續

Elevating Green Endeavors to Reach a Sustainable Planet

Table of Contents

Business milestones

Acclaim and recognition in the past

- 1. Sustainable development strategy
 - 1-1 Sustainable management structure
 - 1-2 Assessment of material issues
 - 1-3 Risk management
 - 1-4 Special report on epidemic control

- 2. Corporate governance
 - 2-1 Company organization
 - 2-2 Business performance
 - 2-3 Committees
 - 2-4 Channel development strategy

- 3. Product and services, and communication with consumers
 - 3-1 Product development
 - 3-2 Product quality
 - 3-3 Customer relations management





4. Community services and social welfare

4-1 Community service

4-2 Care for vulnerable groups



5. Workplace care and employee development

5-1 Employee profile

5-2 Labor-Management relations and employee benefits

5-3 Employee development program

5-4 Recruitment plan

5-5 Workplace safety and health



6. Environmental sustainability

6-1 Energy management

6-2 Environmental action

6-3 Food conservation policy: "food cycling"

6-4 Plastic reduction activities





Business milestones

May 2006	MERCURIES & ASSOCIATES, LTD. established the subsidiary "The Company Limited."
August 2006	The 1st Simple Mart store "Luzhou Chang'an Store" opened.
June 2008	Hosted a "One Hundred Stores Fete."
August 2008	Opened 115 Simple Marts north of Hsinchu.
November 2010	The Company Ltd. established a logistics center.
January 2011	The Company Ltd. was officially merged into MERCURIES & ASSOCIATES, LTD. and renamed "MERCURIES & ASSOCIATES, LTD. Retail Department," rendering The Company Ltd. no longer in existence.
February 2013	MERCURIES & ASSOCIATES, LTD. established SIMPLE MART RETAIL CO., LTD. with a capital of NT\$1,000 thousand dollars.
January 2015	MERCURIES & ASSOCIATES, LTD. was transformed into an investment holding company and renamed "Mercuries & Associates Holding, Ltd.,"; it further set up the wholly owned MERCURIES & ASSOCIATES, LTD. The original Retail Department was transferred to MERCURIES & ASSOCIATES, LTD.
March 2015	The number of Simple Marts in Taiwan exceeds 400.
October 2015	SIMPLE MART RETAIL CO., LTD. was renamed SIMPLE MART TRADING LTD.
March 2016	Rebranded itself as a small market exclusively for communities under the counseling program of the Ministry of Economic Affairs of the Republic of China.
November 2016	The first store of "Simple Mart +," namely "Simple Mart + Anhe," opened.
May 2017	SIMPLE MART TRADING LTD. was renamed The Company Ltd.
July 2017	The Company Ltd. issued new shares totaling NT\$450,000 thousand in response to the merger of the Retail Department and Yole' Department of MERCURIES & ASSOCIATES, LTD. and being the assignee of the shares thereof.
December 2017	The subsidiary Simple Mart + Co., Ltd. was established with a registered capital of 60,000 thousand and wholly owned by the Company.
January 2018	Established the "Go 美廉" online platform, officially tapping into the e-commerce industry.
June 2018	The first "Simple OFFICE" rack was set up.
June 2018	Sumitomo Corporation of Japan participated in the follow-on offering of The Company Ltd. by purchasing 5,000 thousand shares therefrom. In addition, Mercuries & Associates Holding, Ltd. Mercuries & Associates Holding, Ltd. transferred 6,810 thousand shares to Sumitomo Corporation of Japan.
August 2018	"Neihu Ruiguang Store," the first store of "SimpleCITY", opened.
October 2018	The Taipei Exchange (formerly GreTai Securities Market) approved the public offering of the Company's shares.
December 2018	The Company's stocks were listed for trading on the emerging stock market.
April 2019	The LINE Official Account was set up and started accepting online members.
September 2019	The No.700th store and the first friendly giveback store opened.
January 2020	Online members exceeded 100,000.
December 2020	Invested in Sanyou Drugstores. Ltd. by holding 45% of its shares.
April 2021	Partnered with food delivery companies to launch food delivery services.
April 2021	The No.800th store opened.
May 2021	Online members exceeded 200,000
November 2021	Partnered with e-commerce platforms to introduce in-store package pickup services.
March 2022	Simple Mart members exceeded 30 thousand and online stores were opened.
April 2022	Completed the acquisition of Sanyou Co., Ltd. by holding 51% of its shares.
July 2022	Up to 600 stores partnered with food delivery platforms to provide food delivery services.
December 2022	Up to 100 stores partnered with e-commerce platforms to introduce in-store package pickup services.
December 2022	Simple Mart members exceeded 2,500,000

Acclaim and recognition in the past three years

Awarded a silver medal under the chain supermarket section of the 2022 The Best Service in Taiwan



2022臺灣服務業大評鑑金、銀、銅牌獎			
業 種	金 牌	銀 牌	銅 牌
連鎖超市	city'super	美廉社	全聯

- Simple Mart 2022 Wins Silver Medal in Taiwan Service Industry Evaluation

The Commercial Times organized “The Best Service in Taiwan,” which picked winners based on provision of “New Normal Services,” meaning the services provided for people to better weather the epidemic. The election results were announced on July 5. It was honorable that Simple Mart was awarded a Silver Medal in the chain supermarket section for its “Thoroughly comprehend customer requirements, respond from the customer's point of view, and deliver courteous and amiable service correctly.” Our mission is to foster courteous service and customer-centric approaches, taking our staff to the next level.

2022: Taipei City Government Enterprise Elite Award

2021: Acclaimed by the Council of Indigenous Peoples as Excellent Enterprise for Employing Indigenous Peoples

2021: Awarded a gold medal under the domestic service section in the Happy Enterprise List published by 1111 Job Bank.

At Sheraton Grand Taipei Hotel, the '2021 Happy Enterprise Award Ceremony' organized by 1111 Job Bank was held with grandeur on November 11, 2021, with nearly 200 representatives of the gold award companies present to accept the accolade. Simple Mart Retail (Simple Mart) was presented with the gold medal in the new service category of the 2021 Happy Enterprise List; Kuang-Lung Chiu, the President, attended the ceremony to accept the award.

Awarded a bronze medal in The 2020 Best Service in Taiwan

“The Best Service in Taiwan,” an evaluation launched by the Commercial Times, is entering its ninth year. The evaluation was outsourced to a mystery shopper team and conducted by the SGS’s certification verification process; by visiting 413 stores of 345 companies across 30 industries in Taiwan, the evaluation picked service enterprises and personnel of the top-notch. Simple Mart was awarded a bronze model in the service category.

2020: Lin Mei-Chun, a colleague of Simple Mart, was awarded the Excellent Service Personnel in “The Best Service in Taiwan.”

The “Commercial Times” commissioned a team of professional mystery shoppers, who took on the SGS-certified “Mystery Shopper Evaluation Process,” to rigorously evaluate each service industry. The mystery shopper's shopping experience in the store allowed for the direct observation of the service attitude, attentiveness, and immediate responses of the clerk. In doing so, 30 exceptional service personnel from 30 key industry sectors were carefully chosen and commended.

2020: Awarded the Award for Providing Employment to the Physically Challenged by the New Taipei City Government.

Simple Mart Retail (Simple Mart) has maintained a long-standing involvement in the local community as well as a strong commitment to the physically challenged. The store manager's personal guidance, combined with an agreeable workplace atmosphere and standardized teaching and practice, helps partners to adjust to the workplace at their own pace. In addition, considering commute safety, a “distribution system based on the closest place of residence” can additionally decrement commute risk and time.

2020: Awarded the Elite Award by the Taipei City Government Elite

Even in the midst of the pandemic that has affected Taiwan, the TPCG Department of Labor was still organizing job fairs and other talent recruitment events to assist elderly individuals and young people in gaining employment. Employers who participated in the event were of high quality and had no significant labor disputes or overtime work issues. Becoming a century-old enterprise has always been the ambition of Simple Mart Retail, no matter what challenges may arise. We are devoted to upholding the four core values of [enthusiasm, precision, innovation, and trust], in order to offer a better service and create a cheerful workplace.

2020: Awarded the 3rd place in the Social Innovation Product and Service Procurement Award under the Buying Power Award

“Social Innovation Product and Service Procurement Award under the Buying Power Award:” The government vigorously campaigns for initiatives and motivates its organizations at all levels to be the first to buy goods or services from social innovation establishments, and encourages companies that practice corporate social responsibility to use relevant resources in buying goods or services from social innovation establishments to extend social innovation marketing pathways. With a total purchase amount of more than 500,000 from high-quality brands, Simple Mart +, a Simple Mart Retail brand, has recently won the “Social Innovation Product and Service Procurement Award” under the Buying Power Award organized by the Small and Medium Enterprise Administration of the Ministry of Economic Affairs.

一. 永續發展策略

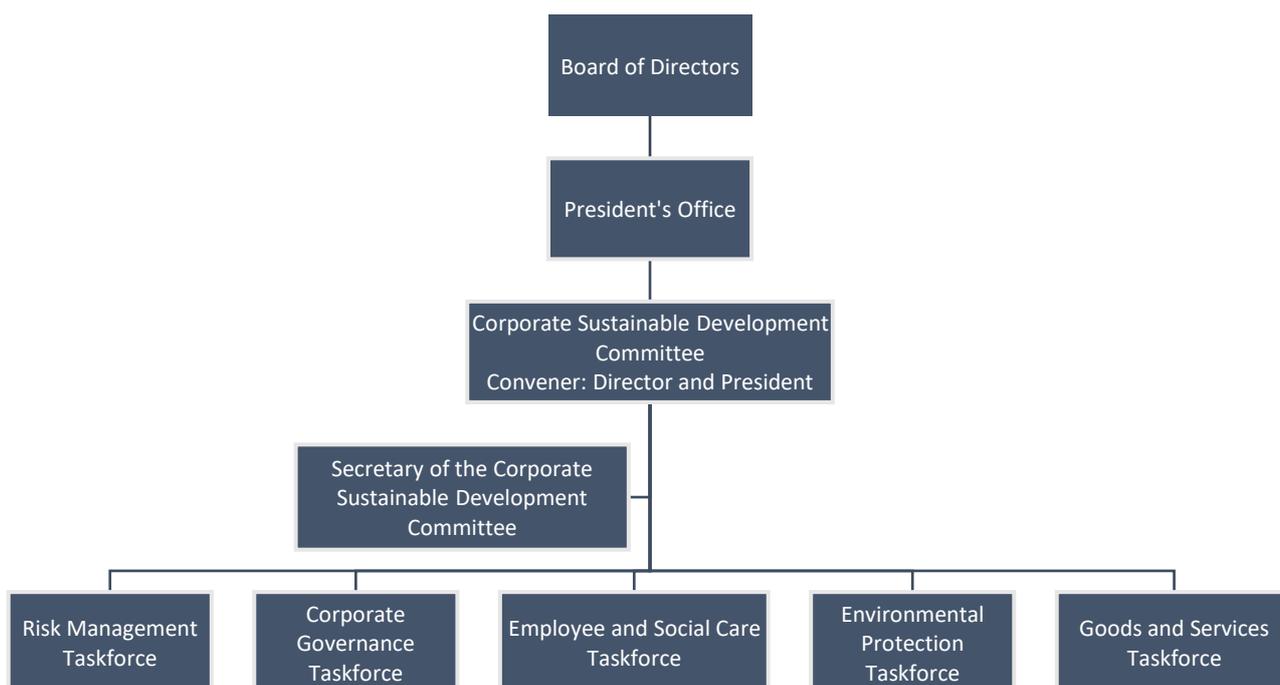
1. Sustainable development strategy

1-1 Sustainable management structure

To put into effect the idea of sustainable development, carry out corporate social responsibility, and create a reliable risk management process, the Company has had the "Corporate Sustainable Development Committee" under the President Office take charge of for formulating corporate sustainable development policies, systems, and management guidelines, and executing plans.

The convener of the Company's Corporate Sustainable Development Committee is assumed by the Director and President Kuang-Lung Chiu. The committee comprises five taskforces, namely, Risk Management Taskforce, Corporate Governance Taskforce, Employee and Social Care Taskforce, Environmental Protection Taskforce, and Commodity Service Taskforce, and consists of members from all departments. Those taskforces are obliged to propose concrete corporate social responsibility action plans based on their function and division of labor.

The Corporate Sustainability Committee convenes on a monthly basis and presents quarterly business reports to the Board of Directors. Additionally, the Committee provides the Board of Directors with annual stakeholder communication reports, intellectual property management plans, and implementation reports. Joining forces, this committee designs and puts into action the sustainable enlargement of the enterprise, with a view to accomplishing the long-term goals of sustainable governance, sustainable global growth, and communal benefit.



1-2 Assessment of material issues

1-2-1 Stakeholder Identification and communication

The Company utilizes the four GRI Standards principles--Materiality, stakeholder inclusiveness, sustainability context, and integrity--to accurately identify stakeholders and understand their issues of concern. Stakeholders so identified includes government agencies, shareholders, customers, employees, suppliers/contractors, franchisees, media, and public welfare groups. The company places great emphasis on having effective communication with stakeholders, and is proactive in providing them with value-based proposals. We also considers it to be an important duty to manage the rights and interests of stakeholders. We provide contact information including spokespersons, acting spokespersons, stock agents, etc. on our official website and the Market Observation Post System, and respond to issues of concern to stakeholders through dedicated units. The stakeholder communication channels are as follows.

Table: A glance of communication channels and frequencies between Simple Mart Retail and stakeholders

Stakeholder	Sustainability issue of concern	Responsible department	Communication channels and frequency
Government agency	<ul style="list-style-type: none"> ▪ Legal compliance ▪ In support of policy ▪ Employee-employer relations and communication 	<ul style="list-style-type: none"> ▪ Relevant departments 	<ul style="list-style-type: none"> (1) Communication via official documents (Immediate) (2) Public information (irregularly) (3) Attend promotional conferences held by the competent authorities (irregularly)
Stockholder	<ul style="list-style-type: none"> ▪ Corporate governance ▪ Sustainable development strategy ▪ Risk management ▪ Stockholder engagement ▪ Operating performance 	<ul style="list-style-type: none"> ▪ Investment Management Office of the Financial Management Department 	<ul style="list-style-type: none"> (1) Shareholders meeting (Annually) (2) Release material news (According to laws and regulations) (3) Investors section on the company website (immediate) (4) Contact the spokesperson (immediate)
Customer	<ul style="list-style-type: none"> ▪ Product and service innovation ▪ Product quality and safety ▪ Customer relations management ▪ Personal data privacy protection 	<ul style="list-style-type: none"> ▪ Supply Chain Division ▪ Operating Division ▪ IT Division ▪ Customer Service Center of the Human Resources Department ▪ Customer Relations Department of the Marketing Division 	<ul style="list-style-type: none"> (1) Questionnaire (irregularly) (2) Complaint hotline (immediate) (3) Company official media (irregularly) (4) Store (immediate) (5) Multiple consumer service tools, customer service hotline, customer mailbox, social media (immediate)
Employees	<ul style="list-style-type: none"> ▪ Corporate governance ▪ Workplace safety and health ▪ Remuneration system and benefits ▪ Education and training, and performance evaluation ▪ Employee-employer relations and communication ▪ Diversified cultivation 	<ul style="list-style-type: none"> ▪ Personnel Management Department of the Human Resources Division ▪ Personnel Development Department of the Human Resources Division ▪ Operating Division ▪ Safety Management and Audit Office of the General Administrative Division 	<ul style="list-style-type: none"> (1) Labor-management meeting (quarterly) (2) Employee Welfare Committee (irregularly) (3) Internal communication, including emails, meetings, and systems (4) Employee performance interview (subject to company arrangement) (5) Store audit (subject to company arrangement)
Supplier/contractor	<ul style="list-style-type: none"> ▪ Supply chain management ▪ Quality and safety management ▪ Product quality and safety ▪ Energy management 	<ul style="list-style-type: none"> ▪ Supply Chain Division ▪ Customer Relations Department of the Marketing Division 	<ul style="list-style-type: none"> (1) Survey (irregularly) (2) Supplier audits and interviews (irregularly)
Franchisee	<ul style="list-style-type: none"> ▪ Legal compliance ▪ Employee-employer relations and communication ▪ Workplace safety and health ▪ Education and training, and performance evaluation 	<ul style="list-style-type: none"> ▪ Personnel Management Department of the Human Resources Division ▪ Personnel Development Department of the Human Resources Division ▪ Operating Division ▪ Safety Management and Audit Office of the General Administrative Division 	<ul style="list-style-type: none"> (1) Official website franchise area update (irregularly) (2) Franchise symposium (subject to company arrangement) (3) Franchise exhibition (subject to company arrangement)
Media	<ul style="list-style-type: none"> ▪ Legal compliance ▪ Operating performance ▪ Brand management ▪ Customer relations management ▪ Participation in public affairs 	<ul style="list-style-type: none"> ▪ Digital Media Department of the Marketing Division 	<ul style="list-style-type: none"> (1) Press conference on operational development results (subject to company arrangement) (2) Regular topic-specific press release (irregularly) (3) Regular contact by public relations means (immediate) (4) Corporate Sustainable Development Committee
Public welfare groups	<ul style="list-style-type: none"> ▪ Concern of and participation in social issues 	<ul style="list-style-type: none"> ▪ Digital Media Department of the Marketing Division 	<ul style="list-style-type: none"> (1) Participation in public welfare activities (subject to company arrangement) (2) Regular contact (immediate)

1-2-2 Communication channels and contact information

■ **Stock affairs agency**

Material information: Our official media offers instantaneous information. Announcements regarding corporate governance, vital business development, operational performance and other applicable details that shareholders and investors are interested in can be found on the Market Observation Post System.

Horizon Securities stock broker department hotline:02-2326-8818

URL: www.honsec.com.tw

Email address for stock affairs and investor relationsinvestor@simplemart.com.tw

Spokesperson

Name: Kuang-Lung Chiu

Title: Director and President

Tel: 02-2506-1166

Email:investor@simplemart.com.tw

Acting spokesperson

Name: Yen-Hsiu Liu

Title: Chief Financial Officer

Tel: 02-2506-1166

Email:investor@simplemart.com.tw

■ **Employees**

Convene labor-management meetings and Employee Welfare Committee meetings. At regular intervals, we communicate employee welfare matters, welfare committee information, vital corporate operational information, education and training course information, yearly performance management tasks and other information via our internal website or internal emails.

Internal employee grievance hotline: Internal direct hotline at 3385

Employee complaints and communication email:annie.su@simplemart.com.tw

■ **Consumers and suppliers**

Service hotline:0800-42-6666

Mobile phone hotline02-2792-0501

Service hours: Mondays to Sundays 8:30-24:00

■ **Public affairs and media**

Media Public Relations Section, Digital Media Department, Marketing Division

Contact number: 02-2506-1166 #1220

Email: jay.yang @simplemart.com.tw

■ **Simple Mart Retail Co., Ltd. Sustainable Development Committee**

Headquarters address: B1, No.4, Section 3, Minquan East Road, Zhongshan District, Taipei City

Contact number: 02-2506-1166 #1200 for Secretary Chieh Yang

Email:jay.yang@simplemart.com.tw

1-2-3 Issues of concern and management approaches

The main purpose of this report is to provide responses and solutions to the Company's material sustainability issues of concern to stakeholders, and to develop the Company's sustainable development strategy. The Company identifies the intensity of the impact of each sustainability topic on the economy, the environment, and society, as well as the significance of each sustainability topic to stakeholders. Thereafter, we create a matrix chart of the topics of concern. In 2022, a total of seven material topics were disclosed.

Table: Materiality Matrix of Issues of Concern

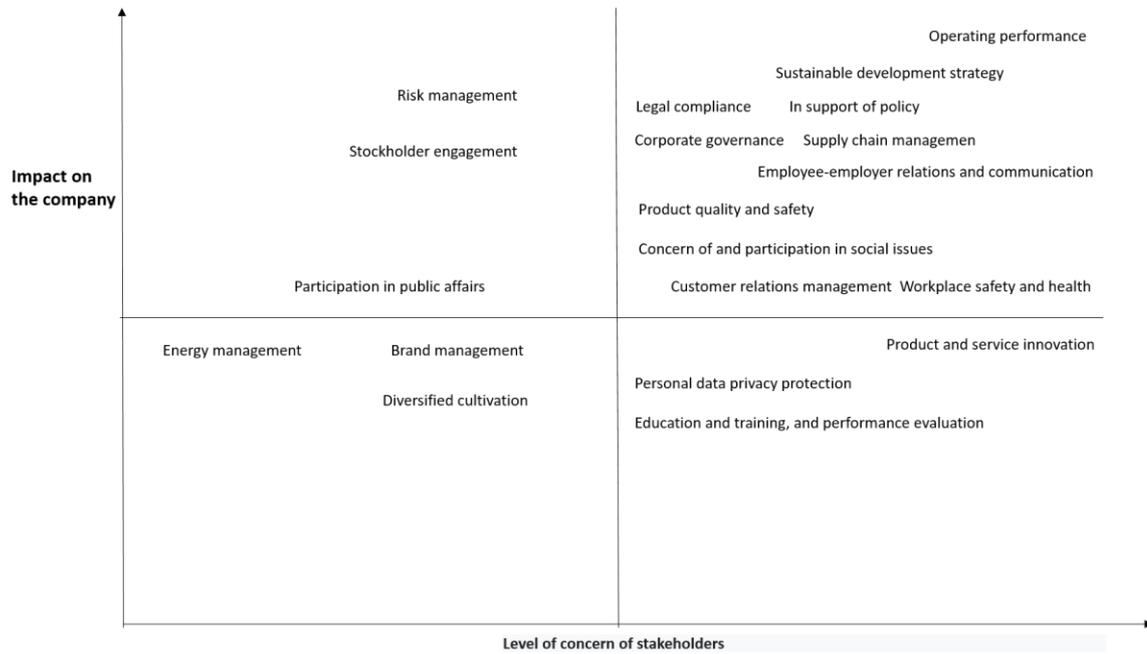


Table: Material Topics and Management Approaches

Material sustainability topic	Policies and commitments	Applicable GRI Standard	Responsible unit	Corresponding chapter	Stakeholder boundaries							
					Government agency	Stockholder	Customer	Employees	Supplier	Franchisee	Media	Public welfare groups
Operating performance	Generate value for customers; accept high-performance operations as our responsibility; ensure profitability; and enhance competitiveness.	GRI201 Economic Performance	Board of Directors	Chapter 2 Corporate Governance		✓		✓		✓		
Sustainable development strategy	Fulfill corporate social responsibilities to attain the Company's objectives for social, economic, and environmental sustainability		Sustainability Development Committee	This report	✓	✓	✓	✓	✓	✓	✓	✓
Legal compliance In support of policy	Abide by government laws and regulations and collaborate on the enforcement of pertinent government decrees.	GRI419 Socioeconomic Compliance	Legal Office	2-2 Corporate Governance Policy	✓	✓	✓	✓	✓	✓	✓	✓
Employee-employer relations and communication	Establish a friendly setting; uphold equitable hiring practices; adhere to labor statutes; and foster open dialogue.	GRI401 Employment	Human Resources Division	5-1 Labor-Management relations and employee benefits	✓			✓		✓		
Product quality and safety	Submit samples regularly for testing as required to ensure product quality and protect customers.	GRI416 Customer Health and Safety	Supply Chain Division	3-2 Product quality	✓		✓		✓		✓	
Supply chain management	Draft supplier management policies and carry out inspections to protect customers. Guarantee the stability of the supply chain concurrently to fulfill customers' daily needs.	GRI308 Supplier Environmental Assessment GRI414 Supplier Social Assessment	Supply Chain Division	3-2 Product quality		✓	✓		✓	✓		
Concern of and participation in social issues	Forge a deeper bond with issues affecting society and actively show concern for and engage ourselves in helping the impoverished and disadvantaged.	GRI 203 Indirect Economic Impact GRI 406 Non-discrimination	Sustainability Development Committee	4-1 Community service 4-2 Care for vulnerable groups		✓					✓	✓

1-3 Risk Management

To protect stakeholders from the potential risks associated with an enterprise's activities, the Risk Management Best Practice Principles has been put into place. We have set up a risk management system by adhering to the principles of scientific evidence, precaution, and information transparency. The Company has identified eight distinct risk categories, and the respective units are responsible for compiling the risk assessment forms for each category to enable monitoring. Upon assessing the possible risk scenarios, the probability of their occurrence, their degree of impact, the risk values and risk levels of the eight major risk categories, and the given risk scenarios and risk levels, we have come up with suitable responses, control measures, responsible units, and responsible personnel. By quantifying risks and risk awareness, we are able to better assess uncertainties and pinpoint acceptable risks to make sound decisions.

Table: Eight Major Risks and Responsibility Units

Item No.	Risk category	Risk description	Responsible unit
1.	Food safety risks	Risk assessment shall be based on the food safety and health management measures implemented by the governing body. When people have convenient access to various types of food, food-related issues become more frequent, resulting in a relatively greater risk of food safety. To reduce the rate of food-related emergencies, it is essential to provide comprehensive education on the topic of food additives and the rules for controlling and managing product expiry dates. Through proactive communication, we are offering more pertinent information to educate the public on their rights to food safety knowledge, thus building their faith in food safety.	Supply Chain Division
2.	Public safety risk	Rigorously monitor public security events caused by us and the damage they cause to particular individuals in the headquarters and stores. Conduct a series of public place safety inspections for the site. Safeguarding individuals, possessions, and valuables from disasters or mishaps is a priority in the public safety sector on the public safety front; resist epidemiology and build prevention and control networks on the public health issue front.	Operating Division
3.	Labor safety risks	Forestall labor wounds resulting from the Company's neglect of applicable labor management regulations Respond to cost increases resulting from changes in labor regulations.	Human Resources Division
4.	Personal data risk	Abide by the "Personal Information Protection Act," create risk assessment and management protocols for personal data records, develop universal risk assessment criteria, and apply suitable countermeasures or control measures, to effectively diminish the danger of harm to personal data files. Set the requirements on safeguarding or disposal of personal data, like electronic personal data, for example digital personal information stored on hard drives, magnetic tapes, optical disks, or systems, and paper-based data, and create the criteria for such requirements.	IT Division
5.	Information security risks	Limit the damage that could be inflicted by info security events; maximize the efficiency of info security initiatives; specify the usual info security breaches, including natural disasters, technical breakdowns, accidents, and malicious attacks; and aid in creating data security risk management strategies and helping companies or organizations react swiftly at the start.	IT Division
6.	Environmental risk management	Reducing greenhouse gas emissions has become a worldwide phenomenon. As a part of the supply chain, we are also exposed to the potential dangers of climate change. Track data related to the environment to measure its impact on the Company, and to create plans for environmental protection; align with the government's policy on "green products and services." Implement particular carbon abatement approaches for controlling greenhouse gas emissions in the supply chain process, such as product delivery and in stores, to act towards a green supply chain.	General Administrative Division
7.	Financial risk	Financial risk management has become the primary focus of the company's activities as market risks become increasingly significant. Financial risk management is undertaken by the Financial Management Division of the Company, in keeping with the strategies authorized by the Board of Directors. The Financial Management Division collaborates with a range of departments and is responsible for dealing with risks related to exchange rates, interest rates, investments, loaning of funds to others, and endorsements and guarantees.	Financial Management Division
8.	Public relations risk	A "Joint Permanent Crisis Management Situation Room" has been set up in order to pre-emptively address PR matters whenever they arise and examine potential internal and external corporate risks. With sustained progress and dynamic management, we can protect against minimal threats. The work encompasses identifying possible risks, assessing stakeholders, and keeping track of and paying attention to mass and social media.	Digital Marketing Division

1-4 Special report on epidemic control

1-4-1 Simple Mart sold rapid antigen test devices in support of government policy.

By the second quarter of 2022, the spread of the local epidemic had intensified, resulting in long queues for rapid antigen test device purchases. Despite the “Rapid Antigen Test Device Real-name Registration System” being put in place by the government, a lot of people were still unable to access the rapid antigen test device. In May 2022, the Ministry of Economic Affairs of the Executive Yuan took steps to partner with private firms, including the Company's affiliate Simple Mart, as a means of relieving the demand for rapid antigen test device in the private sector. As per CESS's scheme, Simple Mart has partnered with the authorities to retail rapid antigen test devices commencing on May 9, 2022. Without the need to register for purchase under their real name, people can purchase Panbio COVID-19 Antigen Self-Test Device at the eight channels, including the four convenient stores, namely, 7-11, FamilyMart, Hi-Life, and OK Mart, Watsons, COSMED, PX Mart, and Simple Mart. To strike a balance between the number of test devices and demand, Simple Mart had planned to offer rapid antigen test devices to be sold directly in its stores in Taipei City, New Taipei City, Keelung City, and Taoyuan City, without the requirement for customers to present their national health insurance cards. However, each customer was limited to one dose. Stores everywhere had almost no queues; the buying process only took 3 minutes or less, giving customers front-line support.

Simple Mart began selling rapid antigen test devices to comply with government policy on May 9, 2022.



1-4-2 Epidemic prevention measures for operating stores

Personnel access control

- Before entering the store, one needs to scan the QR CODE for real-name registration.
- Employees and customers must have their body temperature taken and their hands sanitized before entering the store.

Workplace management

- Have 75% alcohol dispenser ready at the entrance.
- Routinely cleaning and sanitizing stores
- To ensure safety in the checkout queue, floor stickers have been put up indicating the need to keep a distance of 1.5 meters.
- Shortened business hours during the epidemic by 2 hours.
- A 100-centimeter tall transparent plastic sheet was mounted to the counter to enhance the partition.

Making ready the epidemic control materials

- 75% alcohol
- Infrared forehead thermometer
- Medical-grade face masks
- Goggles

Epidemic control measures at operating stores



1-4-3 Epidemic control measures at the headquarters office

Personnel access control

- Real-name registration, an alcohol dispenser, and temperature-taking station were in place at the building entrance.
- During the period of epidemic prevention, visits by visitors and vendors were not allowed.

Workplace management

- Meal gathering was strictly prohibited at the Sofa lounge on B1 floor, on the 8th floor, and at each off-site office.
- The office environments were cleaned daily and disinfected as planned.
- Meetings and course activities were put on hold, and all meetings were held via video call.

Employee health care

- Had employees monitor their health independently and seek medical attention at the sight of any symptom
- Placed signs regarding epidemic prevention in the workplace or sent emails to employees to spread relevant information about the epidemic, and created epidemic prevention handbooks to raise colleagues' awareness of the epidemic.
- Reduced the risk of infection by having employees work staggered shifts or work from home
- A Qrcode was posted at the door of each district office for visitors to scan for real-name registration.
- Vaccine insurance subsidy

A Qrcode was posted at the door of each district office for visitors to scan for real-name registration.



1-4-4 Epidemic control measures at the Logistics Department of the Head Office

Personnel access control

- To comply with the epidemic safety regulations, all logistics personnel and personnel stationing at factory must have their body temperature taken before entering the office building and factory area. Masks must be worn at all times when they are in the factory area.
- Those who were not logistics personnel or personnel stationing at factory must scan the real-name registration Qrcode, have their body temperature taken, and sanitize their hands using an alcohol dispenser every time they entered the logistics office or factory area, and were denied access to the Company/factory if they had high body temperature, a history of contact with confirmed cases, or had returned from a level-3 alert tourist attraction within 14 days.
- During the time of the epidemic, visits by visitors and producers were suspended, and job applicants were interviewed through video conferencing instead.

Workplace management

- Meetings and course activities were put on hold, and all meetings were held via video call.
- Meal gatherings were prohibited, and group meals were replaced with lunch boxes instead.
- The office environments were cleaned daily and disinfected as planned.
- Implemented special overtime work shifts

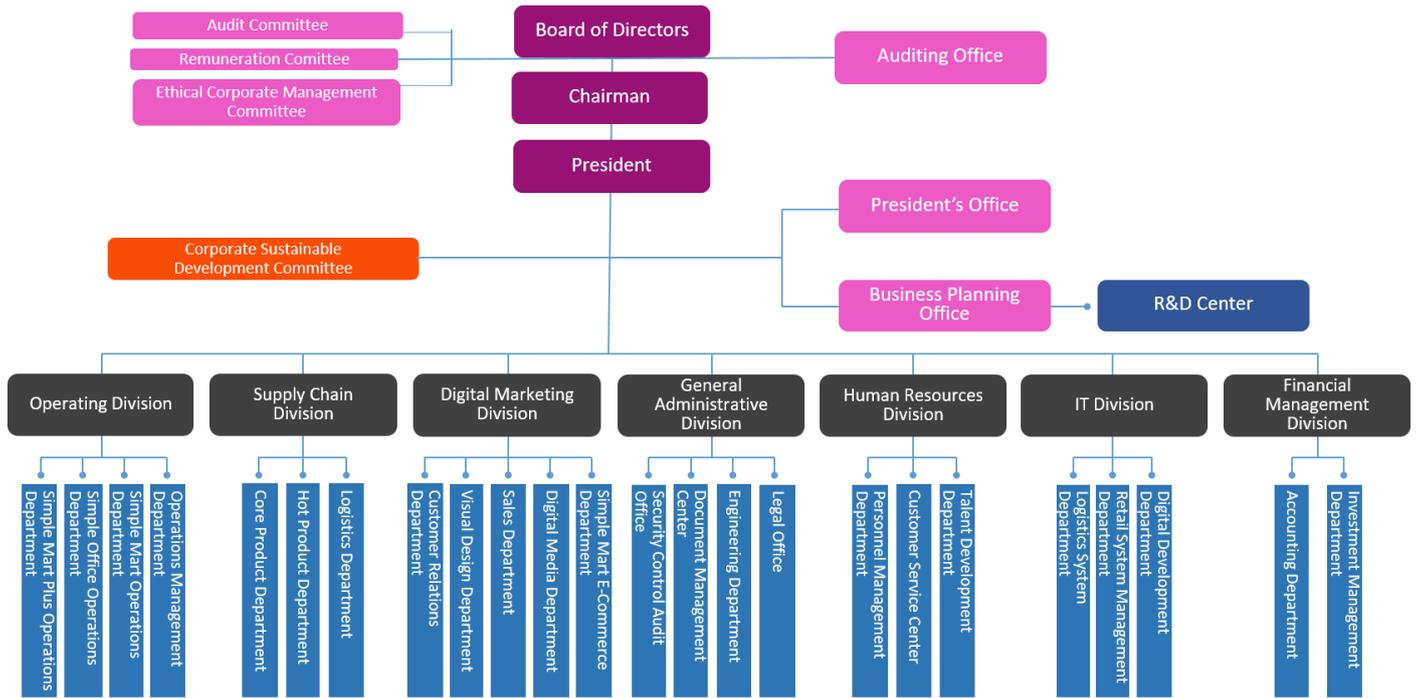
Employee health care

- Had employees monitor their health independently and seek medical attention at the sight of any symptom
- Vaccine insurance subsidy

二. 公司治理

2. Corporate governance

2-1 Company organization



2-2 Business performance

The Company's consolidated revenue in 2022 totaled NT\$14,183,503 thousand, down 2.79% from 2021. The net profit after tax attributable to owners of the parent company was NT\$55,294 thousand, down 71.57% from 2021. Earnings per share in 2022 was NT\$0.82.

Understanding the changes in the customer market, Simple Mart, a subsidiary of the Company, capitalized on the off-season period in the first and second quarters to effect major changes to store categories. Besides introducing fresh produce, fish, and meat into the inventory, we also rearranged product category composition and shelf display. The modification work and category optimization achieved the phasal objectives during the third quarter. The end of the epidemic has brought about a renewed desire for customers to spend, resulting in an uptick in store turnover and more customers. In addition, our parallel imports, which were insensitive to inflation, witnessed a surge in sales, up nearly 40% from 2021.

To address labor shortage, we have taken multiple steps to ensure the care of our employees. Besides working to better employee benefits, we continued to motivate employees and external personnel to franchise our stores. The logistics center, in support of the medium- and long-term store expansion strategy, in addition to improving various processes and equipment to improve its efficiency, actively looked for suitable locations to build a second logistics center, to ease logistics capacity pressure in the future.

In terms of investment, the Company had already taken Sanyou Drugstores Ltd. as a subsidiary in 2022. Having gone through three years of adjustment, the Company hopes that the cosmeceuticals retail business will inject future growth momentum into the Company when the epidemic is over.

Unit: NT\$1,000

ITEM \ YEAR	FINANCIAL INFORMATION FOR THE PAST FIVE YEARS				
	2018	2019	2020	2021	2022
Operating revenue	11,988,034	12,103,210	13,222,579	14,590,436	14,183,503
Gross profit	2,933,943	2,941,081	3,299,902	3,716,029	3,529,580
Operating profits or losses	213,511	61,477	251,464	194,548	30,885
Non-operating income and expenses	6,182	(14,125)	(21,595)	52,122	25,320
Profit before tax	219,693	47,352	229,869	246,670	56,205
Net profit of continuing operations	177,643	42,121	181,966	200,369	43,374
Losses from discontinued units	-	-	-	-	-
Net profits (losses) for the period	177,643	42,121	181,966	200,369	43,374
Other comprehensive income (net after tax)	-	-	-	-	-
Total comprehensive income for the period	177,643	42,121	181,966	200,369	43,374
Net profits attributable to shareholders of parent company	177,643	42,121	181,966	194,503	55,294
Net profits attributed to equity in connection with former owner of business combination under common control	-	-	-	5,866	(4,124)
Net profits attributable to non-controlling interests	-	-	-	-	(7,796)
Total comprehensive income attributable to shareholders of parent company	177,643	42,121	181,966	194,503	55,294
Total comprehensive income attributable to equity in connection with former owner of business combination under common control	-	-	-	5,866	(4,124)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	(7,796)
Earnings per share	3.20	0.70	3.04	3.21	0.82

Note1: The financial information mentioned above has been endorsed by CPAs.

2-3 Committees

2-3-1 Board of Directors

The topmost governing body of the Company is the Board of Directors, which is made up of a mixture of personnel from the Company's management team, industrial professionals, and specialists in law, financial accounting, and industrial expertise. The Board of Directors of the Company is comprised of nine members (three of whom are independent directors). According to Article 20 of the Company's "Corporate Governance Best Practice Principles," the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background, professional skills, and industry experience.

The Company's directors are either R.O.C nationals or Japanese nationals; they all possess extensive industrial knowledge. The independent directors, who are knowledgeable in law, financial accounting, or industry, are having a beneficial effect on the Company's corporate governance and business growth. The Company has a minimum of one board meeting in each quarter, with 8 board meetings taking place in the course of the year 2022. We held the meetings by our Rules of Procedure for the Board of Directors' Meetings, and implemented the requirement on avoidance of interest conflicts for decision-making proposals involving conflicts of interest. An audit committee and a remuneration committee have been established under the board of directors to enhance and implement the company's corporate governance, ethical corporate management, and corporate social responsibility.

Directors of the board are of high integrity and possess a wealth of experience; in addition, they are offered continuing education courses. Through this, directors can keep advancing their operational administration capability and understanding of risk to retain their professional edge. In 2022, 7 directors took the continuing education courses, for 58 hours in total, or 8.3 hours per person.

Table: Concrete Management Objectives of the Company's Diversity Policy, and the Achieving Status thereof

MANAGEMENT OBJECTIVES	ACHIEVING STATUS
Set up three independent director seats	Achieved
The number of directors serving concurrent duty as manager not exceed one third of all director seats	Achieved
Diversity in gender, age, nationality, and culture	In addition to directors of the R.O.C. nationality, the Board also consists of two Japanese directors; all nine directors are aged between 40 to 70 years old. The only criterion yet to be met is the presence of a female director.
Independent directors shall possess professional knowledge and skills, and shall include at least one legal expert, one financial accounting expert, and one industrial expert.	Achieved; the three independent directors are an expert either in law (Independent Director Ming-Chieh Huang), in financial accounting (Independent Director Meng-Lin Tsai), or in industrial experience (Independent Directors Tsai-Lin Lin and Meng-Lin Tsai).

Table: Director Attendance at the 8 Board Meetings held in 2022

Title	Name	Actual attendance in person	Times of attendance by proxy	Actual rate of attendants(%)
Chairman	Mercuries & Associates Holding, Ltd. representative: Hsiang-Pin Chen	6	2	75
Director	Mercuries & Associates Holding, Ltd. representative: Hsiang-Li Chen	8	0	100
Director	Mercuries & Associates Holding, Ltd. representative: Wei-Chun Weng	8	0	100
Director	Mercuries & Associates Holding, Ltd. representative: Kuang-Lung Chiu	8	0	100
Director	Sumitomo Corporation of Japan representative: Shinji Kakutani	6	2	75
Director	Sumitomo Corporation of Japan representative: Yuma Miyata	8	0	100
Independent Director	Tsai-Lin Lin	7	1	88
Independent Director	Meng-Lin Tsai	7	1	88
Independent Director	Ming-Chieh Huang	7	1	88

Table: Directors' Main Experience (Educational Qualifications) and List of Directors Holding Positions Concurrently at the Company and at Other Company

TITLE	NAME	MAIN EXPERIENCE (EDUCATIONAL QUALIFICATIONS)	POSITION CONCURRENTLY HELD IN THE COMPANY OR OTHER COMPANY
Chairman	Hsiang-Pin Chen	Master of Science, Cornell University, USA	Chairman of MERCURIES & ASSOCIATES, LTD.; Chairman of Mercuries F&B; Chairman of Mercuries Furniture Co., Ltd.; Chairman of M.T.I. CIGARS CO., LTD.; Chairman of Simple Mart +; Chairman of Mercuries Liquor & Food Co.,Ltd; Chairman of Mercuries F&B Consulting Co., Ltd.; Director of Mercuries General Media, Inc.; Director of Mercuries Fu Bao Ltd.; Chairman of MERCURIES HARVEST CO., LTD.; Director of MERCURIES LEISURE CO., LTD.; Director of Shanghong Investment Co., Ltd.; Vice Chairman of the Taiwan Chain Stores and Franchise Association; Director of the Criminal Investigation and Prevention Association of the Republic of China; Chairman of the Taoyuan County Mercuries Social Welfare and Charity Foundation; Independent director of Silicon Motion Technology Corporation; Chairman of Sanor Co., Ltd.; Chairman of SHANG RIH CO., LTD.; Director of Mercuries & Associates Holding, Ltd.
Director	Hsiang-Li Chen	MBA, Georgetown University, USA President of Mercuries & Associates Holding, Ltd.	President and Chairman of Mercuries & Associates Holding, Ltd.; Chairman of Mercuries General Media, Inc.; Chairman of MERCURIES LEISURE CO., LTD.; Chairman of Shanghong Investment Co., Ltd.; Director of Tastynoodles Co., Ltd.; Director of Family Shoemart Co., Ltd.; Director of Mercuries Foodservice Co., Ltd.; Director of Mercuries Life Insurance; Director of Mercuries Data Systems Ltd.; Director of SCI Pharmtech, Inc.; Director of MERCURIES & ASSOCIATES, LTD.; Director of Mercuries Liquor & Food Co.,Ltd; Director of Mercuries Fu Bao Ltd.; Director of Shanglin Investment Co., Ltd.; Director of SIMPLE MART PLUS CO., LTD.; Director of Taiwan Masters Golf Promotion Foundation; Director of Foundation for Chinese Dietary Culture; Director of R.O.C. Taiwan Teeball Association; Managing Director of Chinese Slow Pitch Softball Association; Director of Mercuries F&B Consulting Co., Ltd.
Director	Wei-Chun Weng	Ph.D in Chemistry, University of Pennsylvania President of SCI Pharmtech, Inc.	Chairman and President of SCI Pharmtech, Inc.; Chairman and President of YUSHAN PHARMACEUTICALS, INC.; Director of Mercuries & Associates Holding, Ltd.; Director of Shuren Investment Co., Ltd.; Director of Shufeng Investment Co., Ltd.; Director of Shurong Co., Ltd.; Director of Shui-Mu Foundation of Chemistry; Director of Taiwan Masters Golf Promotion Foundation; Director of the Criminal Investigation and Prevention Association of the Republic of China; Director of Kaohsiung Lixue Education Foundation; Director of Mercuries F&B; Director of Framosa Co. Ltd.
Director	Kuang-Lung Chiu	Graduate of National Taipei Junior College of Business Vice President of the Purchasing Division of RT-MART International Ltd.	President of the Company; Chairman and President of Sanyou Drugstores. Ltd.; Director and President of SIMPLE MART PLUS CO., LTD.; Director of CMG INTERNATIONAL ONE CO. LTD.; Director of CMG INTERNATIONAL TWO CO. LTD.; Director of the Criminal Investigation and Prevention Association of the Republic of China; Corporate representative of TriHealth Enterprise Co., Ltd.
Director	Shinji Kakutani	Graduate of Waseda University Acting Head of the Retail Business Department of Sumitomo Corporation	Director of Summit, Inc.; Director of Sumitomo Corporation; Deputy Head of the Lifestyle Business of Sumitomo Corporation; Head of the First Retail Business Department of Sumitomo Corporation; Fujimart Vietnam Retail Co., LTD Member's Council Member
Director	Yuma Miyata	Graduate of Keio University Special Assistant to the President of the Retail Business Department of Sumitomo Corporation	Vice President of the Company; Advisor to the Retail Business Department of Sumitomo Corporation; Director of Sanyou Drugstores. Ltd.
Independent Director	Tsai-Lin Lin	Graduate of the Department of Electrical Engineering, National Taipei University of Technology President/Vice Chairman of Fame Hall International Co., Ltd. Chairman of Taipei Electronic Components Suppliers' Association Chairman of Shiyou Investment Co., Ltd. (WPG HOLDINGS LIMITED)	Director of WPG HOLDINGS LIMITED; Director of FantasyStory Inc.; Director of H Bank Biopharma Corp.; Director of HBank Technology Inc.; Director of M2 COMMUNICATION INC.

TITLE	NAME	MAIN EXPERIENCE (EDUCATIONAL QUALIFICATIONS)	POSITION CONCURRENTLY HELD IN THE COMPANY OR OTHER COMPANY
Independent Director	Meng-Lin Tsai	Bachelor Degree Business Admin. - University of California, Riverside	Director and President of Orient Europharma Co. Ltd.; Director of Orient PHARMA Co., Ltd; Chairman of OP NanoPharma; Director of BABECARE CO., LTD.; Director of Hung Lu Foundation; Director of AnnJi Pharmaceutical Co. Ltd.
Independent Director	Ming-Chieh Huang	PhD. in Law, National Hitotsubashi University, Japan Master of Law, National Hitotsubashi University, Japan Bachelor of Law, National Taiwan University	Corporate Director Representative of United Biomedical, Inc., Asia; Supervisor of Patent Search Center; Director of TAIWAN COMPETITION LAW INSTITUTE.

Appendix: Corporate Governance List

Title	Core diversification items Name	Basic Composition								Industry experience			Professionalism						
		Nationality	Gender	Concurrently serving as an employee of the Company	Age		Years of service as independent director			Retail	Logistics	Operating judgment	Ability to perform accounting and financial analysis	Law	Business administration	Crisis management	An international market perspective	Leadership	Ability to make policy decisions
					Aged 40~50	Aged 51~70	Under 3 years	3~9 years	More than 9 years										
Chairman	Hsiang-Pin Chen	Republic of China	Male			✓				✓	✓	✓		✓	✓	✓	✓	✓	✓
Director	Hsiang-Li Chen	Republic of China	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Wei-Chun Weng	Republic of China	Male			✓				✓		✓		✓	✓	✓	✓	✓	✓
Director	Kuang-Lung Chiu	Republic of China	Male	✓		✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Shinji Kakutani	Japan	Male			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Yuma Miyata	Japan	Male	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Tsai-Lin Lin	Republic of China	Male			✓		✓		✓	✓	✓		✓	✓	✓	✓	✓	✓
Independent Director	Meng-Lin Tsai	Republic of China	Male		✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Ming-Chieh Huang	Republic of China	Male			✓	✓					✓	✓	✓	✓	✓	✓	✓	✓

Appendix: Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		To establish a good corporate governance system, the Company has formulated its own “Corporate Governance Best Practice Principles” by referencing the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” on February 18, 2019, and by incorporating the essentials in Corporate Governance 3.0 on February 25, 2022. The Corporate Governance Best Practice Principles have already been disclosed on the Company’s website and the Market Observation Post System (MOPS).	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		Besides putting in place a spokesperson, an acting spokesperson, and a stock affairs mailbox, the Company also assigns Horizon Securities, a professional stock affairs agency, to respond to shareholders' concerns and suggestions. If any legal concerns arise, professional attorneys or legal staff will be appointed to address them.	For the purpose of properly managing shareholder-related issues and suggestions, the Company has created a dedicated unit and appointed an expert stock affairs agency.
(II) Does the company have a list of the major shareholders who actually control the company and those who ultimately have control over the major shareholders?	✓		By working with the stock affairs agency, the Company is informed of the major shareholders’ structure; we also report any changes to the equity interests of directors and managers. As for the list of ultimate controlling parties of major shareholders, since the Company is a subordinate company of major shareholders, the Company only has a list of ultimate controlling parties who are natural persons; if need be, the Company will further acquire a list of ultimate controlling parties from the company.	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The Company and its related companies have a clear delineation of assets and fiscal responsibilities. We have further formulated the “Regulations for Financial and Business Operation between Related Parties,” “Regulations for Supervising and Managing Subsidiaries,” “Procedures for the Acquisition or Disposal of Assets,” “Procedures for Making Endorsements and Guarantees,” and “Procedures for Extending Loans to Others” for compliance purpose, so as to control the risks associated with affiliated enterprises and erect a firewall with it.	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		<ol style="list-style-type: none"> To deter company insiders from taking advantage of undisclosed information in the market for buying and selling securities, the Company has developed “Operating Procedures for Preventing Insider Trading” and “Procedures for Handling Material Inside Information.” When an insider assumes the office, the company supplies the pertinent regulations regarding insider trading, and acquires a signed declaration from the insider to ensure that they understand the legal provisions. At 	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	Summary description	
			<p>least annually, the Company provides education and training to insiders to remind them of the regulations concerning insider trading.</p> <p>3. The Company keeps the board of directors informed about the prohibition of insider trading and other regulations at regular board meetings.</p> <p>4. The Company has regular internal management meetings to give everyone a reminder about insider trading.</p> <p>5. Should a large transaction take place, those personnel involved in the transaction who may become privy to sensitive internal information must sign a non-disclosure agreement to prevent the leak of major confidential details.</p> <p>6. On February 25, 2022, the Company updated its “Corporate Governance Best Practice Principles” in accordance with Corporate Governance 3.0, and incorporated the stipulation that insiders are prohibited from trading stocks within a designated period before the financial report is released.</p>	
III. Composition and Responsibilities of the Board of Directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		According to Article 20 of the Company’s Corporate Governance Best Practice Principles, the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated. For the status of board diversity, see the Appendix “Director Diversity and Independence.”	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the company voluntarily set up other functional committees?	✓		In addition to the establishment of the Remuneration Committee and Audit Committee as required by law, the Company also set up the Ethical Corporate Management Committee under the Board of Directors; every year, the committee reports the implementation status and results to the Board of Directors, with the most recent report on the implementation status of ethical corporate management given to the Board of Directors on August 5, 2022.	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(III) Has the Company established its Rules for Performance Evaluation of Board of Directors and the evaluation methods, conducted the performance appraisal regularly every year and provided the results to the board as	✓		To promote corporate governance and optimize the board of directors' functions, the Company has developed the “Rules for Board of Directors Self-evaluation or Peer Evaluation” to set performance objectives and improve the board of directors' operational effectiveness. The Financial Management Department performs the evaluation via an	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation status (Note)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	
reference for directors' remuneration and nomination and renewal?			<p>internal questionnaire, which comprises four parts, namely, board operation, director participation, remuneration committee operation, and audit committee operation, with directors evaluating the board operation and director participation and the Remuneration Committee and Audit Committee evaluating the operation of committees.</p> <p>Once all questionnaires have been gathered in February, the Company's Financial Management Office will assess them using established methods, report the findings to the Board of Directors, and present plans for progress based on the Board's feedback.</p> <p>The Company concluded the 2022 performance evaluation in the first quarter of 2023, and reported the findings to the Board of Directors at their meeting on 3 March 2023 to serve as a benchmark for the directors' 2022 remuneration. There were a total of 45 Board of Directors performance indicators covering five aspects; all the average scores were over 4 (excellent), indicating that the board of directors of the company have superior decision-making abilities and are actively engaging in the Company's operations and performing their guidance and supervision responsibilities.</p> <p>The suggestion for the Board of Directors and functional committees and the improvement actions are as follows:</p> <p>(1) Board of Directors: Directors wish to acquire appropriate and punctual accounts of corporate activities and promptly apprehend various unfavorable developments. Going forward, the directors should be regularly furnished with pertinent information.</p> <p>(2) Remuneration Committee: The committee members wish to have external salary levels available as a benchmark.</p>
(IV) Does the company regularly evaluate the independence of attesting CPAs?	✓		<p>The Company's "Regulations for the Assessment of Independence and Competency of Certified Public Accountants" stipulate that the independence and competency of the appointed CPA be assessed on an annual basis (at least once per year) and that a statement of independence be obtained from the CPA. On May 6, 2022, the CPA independence assessment was approved by the Company's board of directors. The Company's certified accountants for 2022 are CPA Chou Pao-lien and CPA Chen-Chien Chen from KPMG Taiwan. In addition, the Company requires CPAs to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)." Additionally, the competency and independence of the new CPAs were assessed according to the rules in Table 1. On March 3, 2023, such assessment was approved by the Board of Directors meeting. The attesting</p>

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons																	
	Yes	No	Summary description																		
			CPAs for 2023 are CPA Hsiao Pei-ju and CPA Yu Chi-lung from KPMG Taiwan, who had been assessed and deemed compliant with the Company's independence assessment criteria. See Table 1 below for the latest assessment form.																		
IV. Has the TWSE-/TPEX-listed company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors to comply with laws, handling matters relating to board meetings and shareholder meetings according to laws, recording minutes of board meetings and shareholder meetings, etc.)?	✓		<p>Ms. Yen-Hsiu Liu was chosen as the Chief Governance Officer the Company on December 18, 2020, in order to safeguard the rights and interests of shareholders and enhance the functions of the board of directors. Yen-Hsiu Liu, the Chief Financial Officer, has been a public company's manager dealing with financial, stock, or corporate governance-related issues for more than three years now, and holds a certification as an accountant in the Republic of China. The following are her main duties:</p> <ol style="list-style-type: none"> 1. Handling matters relating to board meetings and shareholders meetings according to laws. 2. Producing minutes of board meetings and shareholders meetings. 3. Assisting in onboarding and continuous development of directors. 4. Furnishing information required for business execution by directors. 5. Assisting directors with legal compliance 6. Other matters set out in the articles of incorporation or contracts. <p>Continuing education courses taken by Yen-Hsiu Liu, the Company's Chief Governance Officer and Chief Financial Officer are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">COURSE DATE</th> <th rowspan="2">ORGANIZER</th> <th rowspan="2">COURSE NAME</th> <th rowspan="2">NUMBER OF HOURS</th> </tr> <tr> <th>From</th> <th>Through</th> </tr> </thead> <tbody> <tr> <td>2022.09.23</td> <td>2022.09.23</td> <td>Securities & Futures Institute</td> <td>Exploring the Latest Financial Technology-related Crimes and Defending against Money Laundering from a Corporate Point of View</td> <td>3</td> </tr> <tr> <td>2022.10.11</td> <td>2022.10.11</td> <td>Securities &</td> <td>Investigating the</td> <td>3</td> </tr> </tbody> </table>	COURSE DATE		ORGANIZER	COURSE NAME	NUMBER OF HOURS	From	Through	2022.09.23	2022.09.23	Securities & Futures Institute	Exploring the Latest Financial Technology-related Crimes and Defending against Money Laundering from a Corporate Point of View	3	2022.10.11	2022.10.11	Securities &	Investigating the	3	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
COURSE DATE		ORGANIZER	COURSE NAME	NUMBER OF HOURS																	
From	Through																				
2022.09.23	2022.09.23	Securities & Futures Institute	Exploring the Latest Financial Technology-related Crimes and Defending against Money Laundering from a Corporate Point of View	3																	
2022.10.11	2022.10.11	Securities &	Investigating the	3																	

Evaluation Items	Implementation status (Note)				Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons															
	Yes	No	Summary description																	
				<table border="1"> <tr> <td></td> <td></td> <td>Futures Institute</td> <td>Intricacies of Integrating the Enterprise Merger and Acquisition Process</td> <td></td> </tr> <tr> <td>2022.10.21</td> <td>2022.10.21</td> <td>Securities & Futures Institute</td> <td>2022 Awareness Session on Insider Trading Prevention</td> <td>3</td> </tr> <tr> <td>2022.11.16</td> <td>2022.11.16</td> <td>TAISE</td> <td>The Sustainability Equation: Implementing Low-Carbon Sustainability x Nurturing Environmentally-Friendly Confidence</td> <td>3</td> </tr> </table>			Futures Institute	Intricacies of Integrating the Enterprise Merger and Acquisition Process		2022.10.21	2022.10.21	Securities & Futures Institute	2022 Awareness Session on Insider Trading Prevention	3	2022.11.16	2022.11.16	TAISE	The Sustainability Equation: Implementing Low-Carbon Sustainability x Nurturing Environmentally-Friendly Confidence	3	
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2022.11.16	2022.11.16	TAISE	The Sustainability Equation: Implementing Low-Carbon Sustainability x Nurturing Environmentally-Friendly Confidence	3																
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		<ol style="list-style-type: none"> The Company has a spokesperson system, and the corporate website also has a section designated for stakeholders to interact with the Company. The primary stakeholders of the Company are investors, consumers, suppliers, and employees. Relevant departments are designated to reply to all major corporate social responsibility issues to maintain transparent communication. In the case of any major issues, the responsible departments must report them to the operational management meeting or the board of directors meeting for discussion. 		There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies															
VI. Has the company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Company has assigned Horizon Securities to act as its stock agency and aid in dealing with various shareholders' meeting matters.		There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies															
VII. Open information																				
(I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		The Company has created a corporate website to make available pertinent information such as financial activities, business operations, and corporate		There is no significant deviation from the Corporate Governance Best															

Evaluation Items	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	Summary description	
			governance. The website is managed by dedicated personnel and is connected to the Market Observation Post System for enabling immediate updating and disclosure of data. Here is the Company website: https://www.simplemartretail.com/	Practice Principles for TWSE/TPEX Listed Companies
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓		<ol style="list-style-type: none"> 1. The Company has created a corporate website and assigned a dedicated personnel to manage and communicate company data. 2. The Company has established a spokesperson system as well. President Kuang-Lung Chiu, who is knowledgeable about the Company's operations, is the spokesperson and Chief Financial Officer Yen-Hsiu Liu is serving as acting spokesperson. Personnel devoted to the task are in charge of gathering multiple data which the spokesperson or proxy spokesperson will use to communicate to the external parties. 3. In order to reduce information asymmetry, in 2022, the Company has held two earnings calls. Prior to initiating the earnings call, the Company publishes relevant data in the Market Observation Post System and on the Company's website to make it accessible to the general public. 	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with the monthly business performance statements before the required due dates?		✓	The Company did not publish its 2022 annual financial statements within two months after the end of the accounting period but has published/filed its Q1, Q2 and Q3 financial reports along with the monthly business performance statements before the required due dates.	In the future, we will gradually align our practices with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
VIII. Does the company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, and so on)?	✓		<ol style="list-style-type: none"> 1. Employee rights: <ol style="list-style-type: none"> A. Aside from setting up an employee welfare committee and implementing a pension system as required by law, the Company also covers employee with group insurance; concurrently, we furnish a seamless communication channel to bolster labor-management relations and safeguard employees' rights and interests. B. In compliance with labor laws, the Company updates work rules in a timely manner, and also communicates relevant work rights to employees via emails and announcements on the Company's internal website. C. The Company frequently convenes meetings between labor and management representatives to decrease and solve any 	There is no significant deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation status (Note)		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No		
			<p>disagreements between staff and the Company.</p> <p>2. Employee care: The Company has an employee welfare committee; formulates appropriate employee welfare plans; provides employees with subsidies for weddings and funerals; and holds on-the-job training in a timely manner to build strong connections with employees.</p> <p>3. Investor relations: Through complete disclosure of information on the Market Observation Post System and the Company's website, the Company enables investors to comprehend the Company's operations in real time. To protect investors and foster a cooperative relationship with our shareholders, communication with them is done through shareholder meetings, earnings calls, and the spokesperson system.</p> <p>4. Supplier relationships: Our policy for managing partnerships is based on fairness and mutual benefits; we thoroughly analyze the business circumstances of potential partners. In addition, according to our "Ethical Corporate Management Best Practice Principles," the audit unit is tasked with supervising the management of supplier relationships, as well as providing routine reports to the board of directors.</p> <p>5. Stakeholders' rights:</p> <p>(1) Customers: We offer top-notch products and services, and listen to customer voices and address their concern swiftly, to satisfy their requirements.</p> <p>(2) Shareholders: Achieving corporate social responsibilities and keeping the shareholders' interests in mind are the most important objectives of the Company's operations.</p> <p>6. Continuing education for directors and supervisors: The Company frequently organizes diverse training sessions and audits the requisite training hours for directors on a regular basis. See Appendix 2 below.</p> <p>7. Implementation of risk management policies and risk measurement standards: The Company will systematically analyze modifications to various laws/policies, evaluate transformations in the general market conditions, and create numerous business plans and operational practices, to adapt quickly to various unforeseen risks and minimize the impact of risks on the Company. On April 28, 2021, the Company's Board of Directors passed the "Risk Management Policy and Procedures."</p> <p>8. Implementation of customer policies: The Company respects consumer rights and interests and has a 24/7 customer service hotline staffed by</p>	

Evaluation Items	Implementation status (Note)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	
			<p>personnel responsible for resolving customer complaints. It also stipulates that complaints from customers must be answered within 24 hours. The Company's website additionally features a customer service mailbox, where specialized staff can provide answers to consumer questions about our products; in doing so, we provide consumers or customers with a smooth communication channel.</p> <p>9. The Company's purchases of liability insurance for directors: The Company has bought liability insurance for directors so as to decrease the Company's operational risks and guard shareholders' rights.</p> <p>10. The Chairman of the President are not a spouse or immediate family member of each other. None of the Company's Chairman, President, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm.</p> <p>11. We will implement corporate governance for our investees in a step-by-step manner in accordance with our internal regulations. If there are any significant decisions to be taken, the director representatives of an investee must obtain permission from our Board of Directors. In doing so, we have implemented supervision of subsidiaries.</p> <p>12. Remuneration for directors is governed by Article 29 of the Company's Articles of Incorporation: If the Company makes profit at the end of year, it shall contribute no less than 1% of such profit as remuneration to employees. The remuneration may be paid in the form of stock or in cash subject to resolution made by the Board of Directors. The employees include those of parents or subsidiaries of the Company who meet certain specific requirements. Meanwhile, the Company may contribute no more than 3% of said profit as the remuneration to directors, subject to a resolution by the Board of Directors. However, if the Company is still in losses, an amount equal to such losses shall be reserved before such earnings can be distributed as employee remuneration and director remuneration in the proportion mentioned above. After reviewing the Company's operational performance for 2022, the Board of Directors meeting dated March 3, 2023 resolved not to award directors' remuneration.</p>
<p>IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange Corporation, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the company was not</p>			

Evaluation Items	Implementation status (Note)		Summary description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No		
included among the companies evaluated for the given recent year, this item does not need to be completed): Not applicable				

Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.

2-3-2 Audit Committee

The role of the Audit Committee is to help the Board of Directors develop or modify the Company's internal control system and significant operating procedures, including the procedures for handling matters involving directors' interests, substantial asset transactions, loaning of funds to others, endorsement and guarantees, offer or private placement of equity securities, appointment and dismissal of attesting CPAs, compensation to CPAs, appointment and dismissal of financial and accounting heads, and review of annual and quarterly financial statements. In adherence to the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," the Audit Committee was instituted by the Company to take the supervisor's place at the extraordinary shareholders' meeting on January 18, 2019. The Audit Committee is made up of all 3 independent directors and has met 5 times during the year 2022.

On December 28, 2022, the Company passed the "Procedures for Communication between the Audit Committee and Attesting Certified Public Accounts," which stipulates that the CPA report to the Audit Committee on annual audit work planning at the beginning of a year, and attend each quarterly Audit Committee meeting to give a presentation on the Company's financial standing, internal control audit, whether there is a significant adjustment of ledger, or significant impact of regulatory changes on the Company. During 2022, the Audit Committee invited the CPAs to attend 4 Audit Committee meetings, where the CPAs gave a presentation on the audit or review of each period's financial statements. The communication between the accountants and independent directors was great.

Appendix: 5 audit committee meetings occurred in 2022, with the following attendance:

Title	Name	Actual attendance in person(B)	Times of attendance by proxy	Actual rate of attendants(%) 【B/A】	Note
Independent Director	Tsai-Lin Lin	4	0	80	-
Independent Director	Meng-Lin Tsai	5	0	100	-
Independent Director	Ming-Chieh Huang	5	0	100	-

2-3-3 Remuneration Committee

The duties of the Remuneration Committee are to professionally and objectively evaluate the policies and systems for remuneration of the directors and managerial officers of the Company; submit recommendations to the Board of Directors for its reference in decision making; and exercise the care of a good administrator to faithfully perform its duties and present its recommendations to the Board of Directors for discussion. On December 4, 2018, to put corporate governance into practice and to enhance the salary and remuneration system for directors and managers, the Company organized its Remuneration Committee in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange ("Regulations Governing the Appointment and Exercise of Powers" for short hereinafter). The committee, consisting of all three independent directors, will be in office from May 25, 2022 until May 24, 2025. The Remuneration Committee convened 3 times (A) in 2022.

Appendix: The Remuneration Committee met 3 times in 2022, with members' qualifications and attendance as follows:

Title	Name	Actual attendance in person (b)	Times of attendance by proxy	Actual rate of attendants(%) 【B/A】	Note
Convener	Ming-Chieh Huang	3	0	100	-
Committee member	Meng-Lin Tsai	3	0	100	-
Committee member	Tsai-Lin Lin	3	0	100	-

2-3-4 Ethical Corporate Management Committee

In addition to the establishment of the Remuneration Committee and Audit Committee as required by law, the Company also set up the Ethical Corporate Management Committee under the Board of Directors; every year, the committee reports the implementation status and results to the Board of Directors. The Company's Ethical Corporate Management Committee is convened by Hui-Lan Su, the Chief Human Resources Officer, who is responsible for the promotion of ethical corporate management, for revision, implementation, interpretation, and consultation regarding the Ethical Corporate Management Operating Procedures and Code of Conduct, for registration and documentation of reporting content, for the supervision of implementation thereof, and for regularly reporting to the Board of Directors.

By adhering to the spirit of excellent and stable corporate management and the Company's Ethical Corporate Management Operating Procedures and Code of Conduct, the Board of Directors resolved to set up an anonymous reporting mailbox and the Ethical Corporate Management Committee. The committee independently investigates the reporting content, and, when retrieving relevant data, protects relevant personnel from improper treatment. Reports made to the Board of Directors in 2022 are as follows:

Appendix: Reports Made to the Board of Directors in 2022

Date of board of directors meeting	Proposing or reporting unit	Summary of reporting content
2022.08.05	Hui-Lan Su, Chief of Human Resources Division	(1) Report on measures taken to execute ethical corporate management (2) Outline the multiple reporting systems and the summaries of accepted cases

2-3-5 Corporate Sustainable Development Committee

We are unwaveringly abiding by the vision and mission of the corporate sustainable development policy. The division-level meeting on March 10, 2022 resolved to create a Corporate Sustainable Development Committee under the President's Office in 2021. The committee is accountable for devising applicable policies and managerial protocols, and for constructing medium- and long-term sustainable development plans to take care of the environment. The Corporate Sustainable Development Committee, which is composed of the Risk Management Group, Corporate Governance Group, Employee and Social Care Group, Environmental Protection Group and Product Service Group, is responsible for the joint planning and implementation of the Company's sustainable development policy. The Corporate Sustainable Development Committee held a regular meeting in May to select a chair from among the team leaders and committee members from among colleagues. The Corporate Sustainable Development Committee plans to hold at least one meeting every quarter and report on its progress to Board of Directors in the same quarter.

Reports made to the Board of Directors in 2022 are as follows:

Appendix: Reports Made to 3 Board of Directors meetings in 2022

Date of board of directors meeting	Proposing or reporting unit	Summary of reporting content
2022.05.06	Corporate Sustainable Development Committee Secretary Chieh Yang	<ol style="list-style-type: none"> 1. Confirmation of the establishment of the Corporate Sustainable Development Committee 2. Report on achievements attained in 2022Q1 and actions to be taken in 2022Q2. 3. Description of the Sustainable Development Roadmap for TWSE/TPEX-listed Companies. (Note 1) 4. Proposal on Risk Management Policy and Procedures
2022.08.05	Corporate Sustainable Development Committee Secretary Chieh Yang	<ol style="list-style-type: none"> 1. Report on achievements attained in 2022Q2 and actions to be taken in 2022Q3. 2. To hold the 34th Mercuries & Associates Road Running Cup on 2022.11.27. 3. Completion of the TWSE's requirement on corporate ESG information disclosure in June (Note 2) 4. Proposal to plan the preparation of the corporate sustainability report
2022.11.04	Corporate Sustainable Development Committee Secretary Chieh Yang	<ol style="list-style-type: none"> 1. Report on risk management, assessment, and mitigation progress. 2. Report on stakeholder communication status 3. Report on intellectual property management plan and implementation status. 4. It is proposed that the "Corporate Social Responsibility Best Practice Principles" be amended and renamed "Corporate Sustainable Development Best Practice Principles." (Note 3)

Note1: By adhering to the Sustainable Development Roadmap for Public Companies promulgated by the Financial Supervisory Commission on March 30, 2022 and the guidelines and regulations effected by the competent authorities, we continue to monitor the progress towards completion of greenhouse gas inventory and inventory verification disclosure. In our monthly meeting agenda, we have incorporated the greenhouse gas inventory to-dos and mapped out a timeline for completing the greenhouse gas inventory by 2023, which includes determining boundaries, identifying sources of emissions, quantifying emissions, ensuring data reliability, and maintaining documentation and record.

Note 2: In June, we achieved the necessary ESG disclosure mandated by the TWSE, which comprises corporate environmental, social, and governance-related information, as well as details on greenhouse gas emissions and reductions.

Note 3: As required by the Taiwan Stock Exchange Corporation in its official letter titled Tai-Zheng-Zhi-Li-Zi No.1100024173 and dated December 7, 2021, the Company intends to amend the original Corporate Social Responsibility Best Practice Principles and formulate the Corporate Sustainable Development Best Practice Principles. Essential Aspects of Amended Sustainable Development Best Practice Principles (1) The principles title was changed from Corporate Social Responsibility Best Practice Principles to Sustainable Development Best Practice Principles; (2) The scope of the principles was adjusted.

2-3-6 Participation in external organizations

Associations the Company took part in 2020	Attend as
New Taipei City Rice Association	Member
Taoyuan City Rice Association	Member
Yilan County Rice Association	Member
Kaohsiung City Rice Association	Member
Taipei City Rice Association	Member
Taichung Municipal City Rice Association	Member
Hsinchu City Rice Association	Member
Changhua County Rice Association	Member
Hsinchu County Rice Association	Member
Tainan Municipal City Rice Association	Member
Chiayi County Rice Association	Member
Kaohsiung County Rice Association	Member
Miaoli County Rice Association	Member
Chiayi City Rice Association	Member
Taipei City Department Store Association	Member
Taipei Nurses Association	Member
Manufacturers Association of Datan Industrial Park, Environmental Science Center, Taoyuan Technology and Industrial Park	Member

2-4 Corporate Governance Best Practice Principles and Regulations

Item No.	Corporate Governance Best Practice Principles and Regulations
1	Corporate Governance Best Practice Principles
2	Rules of Procedure for Shareholders' Meetings
3	Rules of Procedure for the Board of Directors' Meetings
4	Regulations Governing the Election of Directors
5	Rules Governing the Scope of Powers of Independent Directors
6	Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises
7	Code of Ethics
8	Audit Committee Organizational Rules
9	Ethical Corporate Management Best Practice Principles
10	Remuneration Committee Charter
11	Corporate Social Responsibility Best Practice Principles
12	Board of Directors Performance Evaluation Guidelines
13	Ethical Corporate Management Operating Procedures and Code of Conduct

Inquiries about the Company's Corporate Governance Best Practice Principles and Regulations are as follows:

- 1 Inquiry on the Company website: <https://www.simplemartretail.com/>
- 2 Market Observation Post System <http://mops.twse.com.tw/mops/web/index> The Company's stock code: 2945

2-5 Channel development strategy



成為消費者
最信賴的零售品牌。
Become the most trusted retail brand

In 2022, Simple Mart, the Company's biggest distribution channel, surpassed 2.5 million members. To strengthen consumer services, we created the "Simple Mart APP" which combines virtual and real membership programs to access boundless communities and provide an exciting "shopping with ease at every ally intersection" experience.

The epidemic has necessitated remote work, resulting in us winning new customers who originally worked in different areas. Simple Mart opened its doors to new patrons and conducted multiple internal alterations, including the alteration of 503 items in 15 categories, and the renovation of current stores. In total, 147 stores were remodeled and 54 stores were swapped out. In terms of human resources, we are focusing on e-learning to bolster the talent development cycle in light of the predicted salary increment over the subsequent two to three years. With regard to commodities, we have bolstered our self-imported and in-house-branded merchandise to contend with inflation. We have extended the quantity of in-house-branded wares to 400 and augmented our overall conveyance capacity.

The Company magnified its current market presence by partnering with food delivery companies beginning in 2021. By the close of 2022, Simple Mart had 600 outlets providing delivery service, 100 outlets providing store-to-store delivery service, and in excess of 400 outlets retailing coffee. Outlets retailing vegetable, fruits, water, and meat continued to grow in number; sale of vegetable and fruits contributed sales of more than NT\$100 million a year. Expansion of business operations improves performance while lessening the effect of increasing labor expenses. In addition, the Company took over Sanyou Drugstores Ltd. in 2022 and established it as a subsidiary, hoping that the development of the cosmeceutical retail business will bring forth growth prospects for the Company once the epidemic has abated.

As the Company continues to adjust its business model, 25 "Simple Mart" stores opened and 15 closed in 2022, leaving 810 stores in total by the end of 2022. When counting other brands in, e.g., "Simple Mart +," "OFFICE Mart, and "Tomod's", the Company had a total of 900-odd physical stores by the end of 2022. In addition, we also had one e-commerce brand "GO 美廉."



Total number of members: 2.5 million | Total number of stores: more than 800 | 100 stores offering parcel delivery and pick-up service; | 600 stores offering delivery service |

“Simple Mart” During the early stages of its inception, Simple Mart adopted the “shopping cart” logo as a representation of its brand, thus effectively communicating to customers that Simple Mart was a retail platform that provided a wide range of items for everyday needs for the convenience of customers. For the last few years, we have established a strong presence in the market with competitive prices and straightforward services, and are dedicated to helping our local friends lead a content life! Now that the omni-channel age has arrived, supermarkets, convenient stores, and wholesaling marts are all intertwined, and there is practically no differentiation between digital and physical. Simple Mart initiated “GO Simple Mart” online shopping platform in 2018 and “OFFICE Mart” as a new smart retail brand, amassing 450,000 members, mainly being smart device users, thus increasing the total count of members to 2.5 million.

In 2022, we worked hard to create the app “Simple Mart” in order to draw in new members and keep enlarging our member group services. The +1 function of the APP can facilitate group buying on the system and group buying off-line by store managers at the same time, thus making every store a group purchaser. Simple Mart was granted a subsidy by the Department of Commerce of the Ministry of Economic Affairs under the “Plan to Construct of Data Sharing and Innovation System for the Retail and Service Industry” upon the emergence of the post-epidemic era, to combine its brands and introduce a micro-OMO (Online merge Offline) retail model. By integrating system efficiency, the new application “Simple Mart” app has been constructed. The app facilitates a better online consumption experience and digitalizes pre-order and group purchase services, as well as introducing intelligent commodity logistics systems, thus

overcoming the limitation of physical stores and offering consumers a more diverse and simplified shopping experience. Become the most trusted retail brand among consumers

We have joined forces with food delivery enterprises in order to extend our service to an area ranging from 250 meters to 5 kilometers from the stores. In 2022, we had 600 stores provide delivery service; we also provided in-store parcel delivery and pickup service, bringing in a steady stream of customers. In 2022, we had more than 100 stores providing parcel delivery and pickup service. To achieve an even distribution of stores across north, central, and southern Taiwan, we have actively increased the number of physical stores in the south. 25 Simple Mart stores opened and 15 closed in 2022, leaving 810 stores in total by the end of 2022.

心樸市集 simple mart+

Simple Mart + provides natural, safe, and environmentally friendly food and supplies. Meanwhile, we have devised four key tenets for product



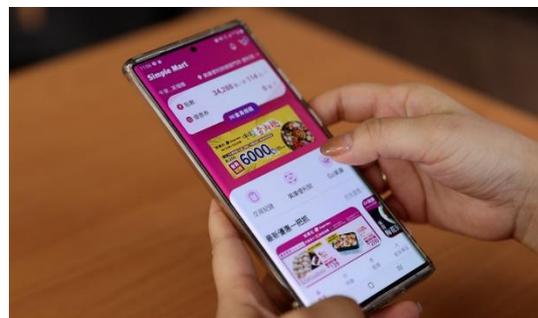
selection: “Simple, Organic, Safe and Eco-Friendly.” We also prioritize food security and maintain our own vigilant oversight in order to ensure consumer safety. We introduced the Grocerant, a revolutionary lifestyle idea which combines Grocery and Restaurant to provide the modern individual with the convenient, delicious, and healthy dining and shopping experience. We also keep to the principle of product selection and engage professional chefs to incorporate local premium quality ingredients. Committed to the farm-to-table concept, our store has restaurants, drink bars, and other spaces that enable customers to purchase, shop, taste, drink, eat, and relax in the comfort of one store. Simple Mart + had a total of 2 stores in 2022.

By introducing OFFICE Mart, a smart retail brand, we have turned Simple Mart from a physical store for local community to premises that sell to neighborhood office establishments. We set up smart retail racks, where the consumer can check out by electronic means by using the mobile app to scan the products on the rack, bringing about contactless check-out experience during the epidemic. The mobile application APP utilizes an intelligent computing mechanism to contact the closest Simple Mart store acting as a satellite warehouse to conduct convenience shelf stocking and replenishment. By optimizing the user interface of Simple Mart App for the micro-store “OFFICE Mart” in the office, we have enabled it to accept multiple payments and provide a smoother service experience. A wide range of payment options smooths the service experience. Customers can complete their checkout process in an instant simply by scanning the QR CODE, eliminating the need for them to wait in line at physical stores. Office workers, on the other hand, are able to buy hot-selling in-store snacks in the office to state their afternoon cravings. Installation of the “OFFICE Mart” racks at no cost has been successful in more than one hundred locations in Taiwan, including those of telecommunication operators, leasing companies, banks, securities, foundations, training centers, shopping malls, and hospitals. There were a total of 104 Office Mart racks in 2022.

Go美廉

The Go Simple Mart online platform made its debut in 2018, acting as an online version of Simple Mart. “Go Simple Mart” targets existing Simple Mart members and provides them with categories not otherwise provided at physical stores, including computers, communications equipment, consumer electronics, home appliances, recommendation of famous store and brand product, providing them with cost-effective products that are not sold at Simple Mart’s physical stores. Our platform allows various electronic payment methods and provides cross-channel reward points, so people can use it to buy daily necessities during the epidemic, plus seasonal items, and have them delivered home. To facilitate market segmentation, we employ various consumption scenarios, which helps to boost members’ desire to purchase both in-store and online, and thereby magnify their consumption frequency.

E-commerce Go Simple Mart website: <https://goshopping.simplemart.com.tw/>



Tomod's 特美事

Tomod's, which was established in Tokyo in 1993, currently has more than 200 branches in Japan and has since extended its reach to Taiwan in 2012, with branches existing as far as Penghu, a remote island of Taiwan. Tomod's stands out from other brands by focusing on pharmaceuticals that help provide customers with a “beautiful” and “healthy” lifestyle. Tomod's supplies comprehensive care with pharmacists present at its sites, offering medicines and beauty products intended to enhance customers' physical and mental well-being; furthermore, it expands its product variety by introducing items with high rates of use. Its aim is to offer Taiwanese customers health remedies and advice through its outlets, with a particular focus on individual health solutions for everyday life. As a result, its product range differs from other Japanese drug stores as it mostly consists of daily groceries. In terms of investment, the Company had already taken Sanyou Drugstores Ltd. as a subsidiary in 2022. Having gone through three years of adjustment, the Company hopes that the cosmeceuticals retail business will inject future growth momentum into the Company when the epidemic is over. By July 2023, the total count of stores was 17.



三. 商品服務與消費者溝通

3-1 Product development

3-1-1 Service and innovation of private label products

The Company's in-house label has meticulously chosen ingredients made in Taiwan so as to give purchasers and eaters products they can have faith in. From production to stocking shelves, we have devoted staff stringently monitor the entire process. In 2022, along with the hike in sales, the number of products also shot up by 10%, thus offering customers a greater variety of products and services. Furthermore, the pandemic and the increasing cost of living have made shoppers more cautious about their spending power. For an extended period, Simple Mart + has collaborated with Taiwan's top-notch production facilities to develop goods that are both affordable and excellent in quality. We have expanded the more profitable "private brand product matrix," e.g., Taitung First-class Rice at Simple Mart +, and chocolate milk co-branded with well-known domestic milk brands in 2022, etc.

Simple Mart, a community-based consumer retail chain with a focus on the local economy and sustainable development, procures 93.8% of its products from local suppliers, representing 94% of its total procurement budget. Not only is this a display of our dedication to backing the local economy, but it also implies that customers can expect fresher, superior quality goods. By making the supply chain shorter, we reduce our transportation-related carbon footprint and further ease our environmental strain. What's more, working closely with local vendors further allows us to be more agile in adapting to market fluctuations and consumer needs, foster a stronger bond with our local communities, and take a firm stance towards becoming a community-based and eco-friendly business.

Private brand group: "Simple Mart +," "VV," "Simple Life"

At the core of "Simple Mart +" brand development is the focus on natural, additive-free products that have no excessive additives and no flashy decorations or packaging. By contrast, "VV" and "Simple Life" use lawfully approved additives and provide cost-efficient products to offer customers a different consumption experience. The three private brands, "Simple Mart +," "VV," and "Simple Life," broadened their product selection to encompass beverages, dairy products, bake, snack biscuits, ice products, frozen food, packaged rice, canned food, noodles, pet food, daily necessities, and textiles.



New brand unveiled. "tgh"



Made of pure raw milk yogurt and carefully selected chocolate, the delicious "yogurt soft serve" and "chocolate soft serve," when paired with optional "fresh fruits," "Kaz crisps," "Fun sauce," provide hundreds of rich variations at one's disposal. Together can be divided as "to get her." The word "her," in addition to mean a female individual, also denotes all beautiful things. Welcome to "Together" to enjoy the happiness and goodies we bring to you. Enjoying soft serve elicits happiness; "together," with the yummiest yogurt soft serve, chocolate soft serve, and desserts, aims to bring cheer to everyone.



3-1-2 Differentiated goods

Independently imported goods and foreign procurement negotiation arrangement

Foreign procurement negotiation arrangement: As commodity prices soar worldwide, Simple Mart has frozen prices and offers promotions on essential items every Friday, Saturday, and Sunday to stabilize price. In addition, a limited range of independently imported products and private brand products of Simple Mart is constantly put on promotion list, thanks to elimination of the profits for middlemen. This has enabled the percentage of sales of assorted commodities (imported and self-owned) to be raised from 17% to 19% in the same period as the year before, and sales have also risen by greater than 10%. To keep inventory levels in line with distribution needs, we intend to improve operational efficiency by building logistics facilities and increasing machinery automation. Right now, logistics can handle 1,000 stores, nevertheless, to keep up with our continued scale growth, we intend to construct two supplementary warehouses, one in the north and one in central and south, to effectively meet our expanding scale requirements.



Our exclusive offering includes whiskey from Asia, Europe, Australia, and Americas, wine, Japanese and Korean wines, as well as popular snacks and biscuits from Southeast Asia. We take a very rigid stance on overseeing our products and make sure that the quality of our products is kept to a high standard. Apart from government inspections at borders and review and approval by professional customs broker, we also undertake stringent internal product reviews before releasing products in stores. Recommended by online celebrities, our wine products bring customers' consumption experience to another level, shooting up the sales of independently imported wine by two digits, as well as the selling price, from NT\$200 to NT\$300, a medium high price. Aside from experiencing great market acceptance, our independently imported products have gained significant traction on major social media websites.



“Simple Mart Granary,” the best-selling series in store

Simple Mart offers fresh and affordable choices of rice (5 catty, 10 catty) which is precisely weighed and packaged on a daily basis. Yeedon Enterprise (supplier of Sanhao Rice) owns the largest rice production area and contract-based rice production area in Taiwan. Through contract farming with farmers, it ensures the purest seedlings, hence rice quality. At Simple Mart, eggs sold in bulk are washed and carefully chosen, unlike those in traditional grocery stores. Our eggs are the standout items in the store due to the hygienic safety they provide, with a wide variety of prices and purchase quantities, catering to the purchasing needs of today's families.

“Fresh-roasted Sweet Potato,” a healthy lifestyle leader

In 2018, 10 stores began offering the Tainung No.17 sweet potato, which was judiciously chosen from the top varieties, in accordance with Taiwan's seasonal trends and solar terms. Now the sweet potatoes were sold at 400 stores. Those sweet potatoes are selected from a sweet potato experimental farm certified against Taiwan Good Agricultural Practice (TGAP), and against GLOBAL GAP, HACCP, and ISO22000 by TAF, and are always produced by certified factories. Professional refrigeration technology is employed to preserve the freshness of the sweet potatoes right after harvesting. An automatic washing and light wave sorting grading machine, imported from Japan, is employed to pick the finest sweet potatoes and guarantee the safest and tastiest flavor. We meticulously evaluate the quality of sweet potatoes to make sure that customers acquire the most beneficial and mouthwatering sweet potatoes!

Affordable and popular “tea eggs”

We make sure that the eggs we use are traceable and washed, and we take special care to select the highest quality eggs for ultimate freshness. With unique essence formula and braising sauce cooked on site. Not only do eggs taste great, but they also provide a great amount of protein. Protein-rich tea eggs, which are inexpensive and popular among bodybuilders, students, and office workers, contain all the essential amino acids required by the human body, with an average of 7 grams of protein per egg. In 2022, supply of loose eggs may be suspended due to supply issues.

Direct delivery of local agricultural products to “Ally Farm”

Priority is placed on buying local agricultural products in Taiwan. All fresh vegetables and fruits sold in the store will be rigorously evaluated from

the source of healthy seedling cultivation, field cultivation, harvesting technology, grading and selection, storage management, to fresh products before they are displayed on the shelves. In order to guarantee that the products reach customers and can be consumed with peace of mind, Simple Mart mandates that vegetable and fruit providers must carry out pesticide tests, product checking, storage in logistics centers, and distribution via cold chain logistics. Through dependable shipping and transportation methods, we guarantee that agricultural products are sourced from the place of origin. We seize the occasional fruit-based opportunities to expand customers' options and stimulate the local economy.

“Fresh meat produce”

Priority is given to suppliers of aquatic products and livestock products who have passed the certification of humane slaughter, FSC22000, social responsibility audit, ISO 22000(HACCP), production traceability, and CAS. The meat sold at the store, fresh and tender, has undergone rigorous inspection to make sure it is safe, healthy, and savory for consumers.

A cup of good coffee at street corner: “Simple Mart Coffee”

Since 2018, when Simple Mart launched its professionally brewed “Simple Mart Coffee,” the number of stores selling the product has grown over one hundred each year, a sign of customer preference. At the same juncture, we are setting the trend of customers being able to obtain freshly brewed coffee at any time in chain supermarkets, and our customer purchase rate is the most elevated among supermarkets. Celebrating the opening of the 432nd coffee-selling stores in 2022 A distinctive smell of coffee started to emanate from the old-fashioned grocery store at the alley's corner, prompting citizens from the area to pause there. Not only does “Simple Mart Coffee” maintain the quality of freshly-brewed coffee, but the milk used is the “Simple Mart Fresh Milk” that has been jointly created by Simple Mart and Tainung. Produced from unprocessed, all-natural milk, over 1 million bottles are sold annually. The fusion of high-quality fresh milk and craftsman coffee, the dense milk foam and rich milk aroma will immediately win fans among coffee lovers. To make “Simple Mart Coffee” even more beloved in 2022, we have partnered with the international IP “LINE FRIENDS” to introduce the LINE FRIENDS festive special packaging, as well as four new packaging and promotional plans, to make every cup of “Good Day Coffee” more special.



In addition to its core brand Simple Mart, which sells daily necessities, Simple Mart Retail acquired a 6% stake in Tomod's in April this year after acquiring a 45% stake the year before. In total, we hold more than half of Tomod's shares. Beginning in the second quarter, we will include it in Simple Mart Retail's consolidated financial statements. Moving forwards, we will alter our plan for developing Sanyou Drugstore locations, transitioning from a tourist center and a shopping hub to a locality-oriented area. At this time, Sanyou Drugstores is still in the red. After over a year of optimization and enhancement, the losses are gradually decreasing. In a cooperative effort, Sanyou Drugstores and Simple Mart have opened compound stores, and Simple Mart stores now carry both personal cleaning products and nutritional health products, to improve collective purchasing power.



3-2 Product quality

3-2-1 Supplier management

Our policy for managing partnerships is based on fairness and mutual benefits; we thoroughly analyze the business circumstances of potential partners. In addition, according to our “Ethical Corporate Management Best Practice Principles,” the audit unit is tasked with supervising the management of supplier relationships, as well as providing routine reports to the board of directors. To guarantee the highest standards of quality, we carefully choose superior producers for our private label products. Not only do we provide necessary details about the eligible manufacturers, but also set the product technical specifications and get them audited by ISO 9001-certified and ISO 22000-certified lead auditors. The contract for private label items on the market for suppliers states that the production plant of the supplier must adhere to the audit requirements of Simple Mart. Following the placement of the products on the shelves, Simple Mart will grade the allied manufacturers into five ranks, ranging from A to E, for audit objectives. Auditing of Level-A suppliers occurs triennially, Level-B every two years, Level-C annually. Level-D suppliers are provided with 6 months for rectification while Level-E suppliers are appraised for assessment or immediately denied.

At the close of 2022, Simple Mart had collaborated with 55 OEM suppliers, of which 54 underwent evaluation, with an evaluation rate of 98.2%.

Level-A supplier	30	55.6%
Level-B supplier	12	22.2%
Level-C supplier	7	13.0%
Level-D supplier	3	5.6%
Level-E supplier	2	3.7%

“Note: The unassessed OEM supplier is “TAINAN EGG.” Partnership initiated in December 2022 and formalized only in January 2023. The factory was certified against Certified Agricultural Standards (CAS); passed the evaluation carried out by the Council of Agriculture of the Executive Yuan; obtained TAP, Halal Certification, and Clean Label; and implemented ISO22000 Food safety management systems-Requirements for any organization in the food chain. Owing to the current incapacity to produce eggs and the absence of a formal production process, it is not feasible to perform successful factory audits. Once egg production has been re-established, a site evaluation is anticipated to take place on April 12, 2023.”

Requirements for suppliers

1. Annual Supplier Evaluation
2. Increase oversight and inspection of suppliers' new product offerings
3. Execute a rotational inspection procedure for high-risk products
4. Examiners such as customs brokers, inspection and quarantine brokers, and company quality assurance personnel audit imported products in terms of constituent elements and source.
5. For private label products, suppliers are obligated to supply technical specifications, and the company's quality assurance personnel must review product components and conduct onsite audits at the factory regularly.
6. Curtail the introduction of short-lived products and affirm if the shelf life and conditions are appropriate for store sales.
7. Logistics and Stores verify product validity in line with SOPs, and the Safety Management Inspection Office performs periodic inspections on-site.
8. Purchase insurance, e.g., product liability insurance, for operations

3-2-2 Product quality management

■ Product testing

In 2022, Simple Mart was subject to extensive sampling testing by local health authorities throughout the nation, which examined 680 products, with 670 of them passing the testing, i.e., they fully complied with the strict standards of the health bureau and the food hygiene regulations formulated by the MOHW. In this sense, the qualification rate reached 98.5%.

The products sampled for testing included agricultural products, aquatic and animal products, ice products, beverages, festival products, oil products, condiments, biscuits and snacks, fresh meat products, eggs, hot pot ingredients, vegetables, bake, biscuits, snack foods, refrigerated foods, canned food, seasoning products, breakfast/brewed drinks, supplies, personal cleaning products, etc., which were tested for pesticide residues, preservatives, boric acid, hydrogen peroxide, bactericides, sweeteners, colorants, heavy metals, trans fats, beta-receptor hormones, sulfur dioxide, hydrogen peroxide, borax, bleach, total bacteria count, E. coli, coliform group, Pseudomonas aeruginosa, 3-MCPD, antioxidants, tetracycline, citrinomycin, radioactive cesium iodine^{131,134,137}, dimethyl yellow, diethyl yellow, maleic acid, maleic disulfide, total amount of maleic anhydride, fluorescent whitening agent, nitrite, bromate, Ochratoxin A, heat resistance test, lead colorimetry, evaporation residue test, chloramphenicol antibiotics, total amount of fipronil and its metabolites, sudan pigment, animal drug residues,β-Lactam antibiotics, chloramphenicol antibiotics, multiple residue analysis of antibiotics and their metabolism, Anbaoning, etc.

■ Other testing

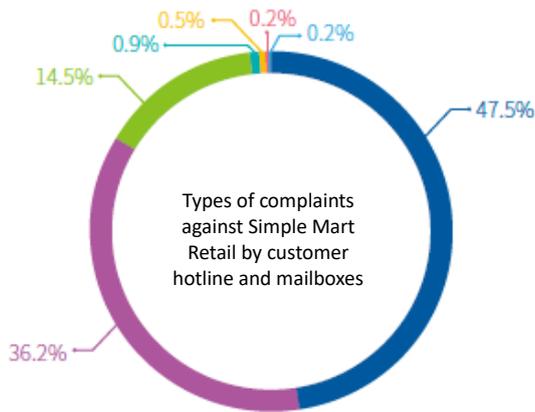
- Prior to importing, verify the source and components of the products to guarantee they meet the requirements of the Act Governing Food Safety and Sanitation. All 70 items of imported food in 2022 were subject to inspection, resulting in a 100% inspection rate.
- Inspect the packaging labels of OEM products to make sure they adhere to the “Commodity Labeling Act” and “Act Governing Food Safety and Sanitation” prior to placing them for sale on the shelves. All 38 OEM items in 2022 were subject to inspection, resulting in a 100% inspection rate.

- Annually, store products are tested through random inspections, and are then sent to third-party examination units to guarantee food hygiene and safety. In 2022, a random sample of 68 items were assessed and 66 of them adhered to the food hygiene regulations set out by the MOHW (pass rate 97.1%).

3-3 Customer relations management

3-3-1 Grievance mechanism

Simple Mart has set up both internal and external complaint mechanisms for voicing issues with products or services. Consumers can voice their grievances and views via the designated hotline and customer service email, and the matter will only be settled once a satisfactory solution is given to the consumer. For giveaways cracked or damaged from transport or delivery and for customers’ other concerns, a free exchange, refund or recycling process has been put in place. The customer service center will provide assistance to customers in dealing with their individual situation in order to ensure their rights.



- Inquiries/ 6,219 cases
 - Notifications/ 4,740 cases
 - Complaints/ 1,892 cases
 - Suggestions/ 114 cases
 - Praise/ 66 cases
 - Others / 29 cases
 - Customer complaints/ 21 cases
- Total number of cases/13,081

Retail store audit mechanism

Simple Mart Retail’s auditors are auditors from the headquarters. Scores are given on an item-by-item basis, with the full score being 100 points. The store audit covers safety at the store, checkout safety, and general tidiness. In 2022, Simple Mart audited a total of 800 stores, for 8780 times in total.

Numerical value	Store security and checkout security	Basic tidiness
Target audit rate	100%	100%
Actual audit rate	100%	100%
Number of cases failed the audit	3381	7301
Number of cases in which improvements were successfully made	3381	7301
Improve achievement rates	100%	100%

3-3-2 Membership system

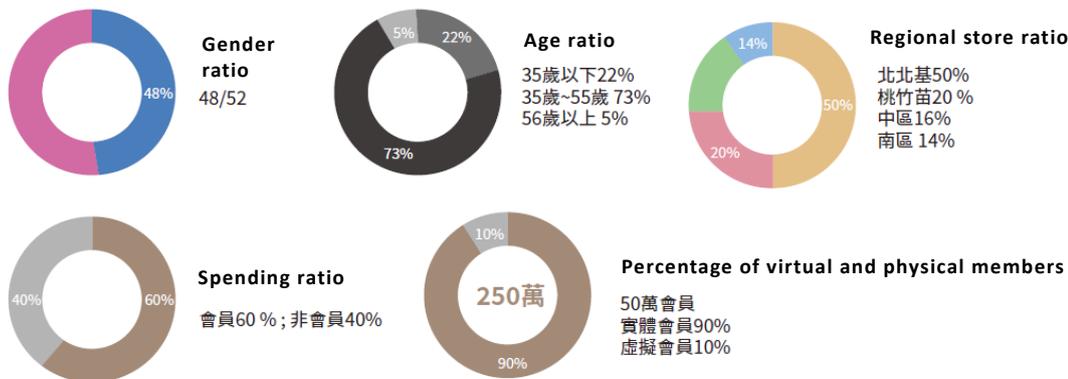
Acting as a friendly “next-door neighbor,” we give consumers items and services that better match their requirements and anticipations. Going forward, Simple Mart will further sync the collective membership system, craft a more appealing membership program, move ahead with increasing the size of members, promote customer loyalty, and heighten the number of visitors. By 2022, the total of online and physical memberships reached 2.5 million, with electronic memberships predicted to cross 500,000 in 2023.

【2022 Annual membership benefits】 Simple Mart Membership Program



- Make a single purchase of NT\$100 to get 1 point; redeem 3 points for NT\$1 discount
- New member welcome gifts: Enroll before December 31, 2022 and gain 3,000 points.
- Birthday gift for everyone: Make a single purchase of \$200 or more within one’s birth month to receive 10,000 points.
- Get 10% off the price of selected items every Tuesday. (Except for special offer items)
- On Thursdays, receive a 5% markdown on all items in the store, not including discounts, promotional items, tobacco products, and collection and payment on behalf of others.
- Go Simple Mart, the online shopping platform of Simple Mart, has devised a gold coin system. During the event period, members of Simple Mart are able to collect one activity gold coin for each NT\$1 spent at Simple Mart stores in Taiwan. These gold coins can be utilized to discount their payment on GO Simple Mart, Simple Mart’s online shopping platform, at a ratio of 10:1.

【Simple Mart Member Profile】



[Initiated numerous promotional endeavors to offer member benefits in reaction to the increasing cost of living and prices]

The cost of living has increased due to inflation, including the prices of basic necessities and food. Since the start of 2021, we have regularly initiated “weekly promotions” and implemented various shopping festival events in line with the promotional periods to encourage spending while enabling people to get a bargain.



3-3-3 Digital development

To guarantee the security of customers' private data, the Company regularly performs personal information inventory, risk analysis, internal system review, notification updates, data destruction, instruction and education. In addition, a risk management and auditing system that includes personal information safety is integrated into the whole risk management process. Additionally, personnel at the headquarters and retail locations must complete mandatory online personal information tutorials. To guarantee compliance of all operating units and suppliers with the Company's personal data protection policy, management notices for each department are formulated internally, and personal data protection clauses are included in signed contracts with external parties. Meanwhile, we also develop internal assessment plans and external verification systems in tandem to support each department in creating corrective and preventive measures for audit non-conformities and forming and retaining improvement records. Penalties are also established for employees who disobey the Company's regulations on the protection and management of personal data.

- By taking part in the Ministry of Economic Affairs' "Plan to Construct a Data Sharing and Innovation System for the Retail and Service Industry," Simple Mart deviated from traditional retailing practices and constructed a group-buy online platform.



The MOEA's "Plan to Construct of Data Sharing and Innovation System for the Retail and Service Industry" ("Data Sharing Platform" for short) aims to propel the development of the digital economy market through the implementation of state-of-the-art technologies such as AI, big data, and cloud computing. The digital economy sector is exhibiting tremendous growth, prompting multiple industries to incorporate various applications such as smart manufacturing and smart retail. This has become a pivotal point for the industrial modernization and transformation of our nation. This project mainly uses data-driven and digital technology introduction to assist the digital transformation and business model innovation of small and medium-sized retail service industries, catering and lifestyle services industries, optimize operational constitution and industrial competitiveness, and further assist high-quality enterprises to expand international markets. Under the auspices of the Ministry of Economic Affairs, Simple Mart, having more than 800 stores located in Taiwan, has begun its digital transformation, culminating in the launch of its brand-new Simple Mart APP in 2022. Combining online and offline consumption, Simple Mart not only reduces the need for manpower and resources, but also allows for data-based market research, leading to more effective marketing. In addition to refining the Simple Mart APP, we also look to leverage data to gain insight into customer requirements, which should help us refine our product offerings and services.



- Hassle-free buying: Contactless checkout

The Company and its subsidiaries are engaged in the retail industry. Simple Mart, being its primary brand, has been engaged in nearby communities for many years. Simple Mart is transitioning to digitalization, accepting multiple payment methods, and partnering with key payment providers. Credit cards, tickets, and third-party payments are all accepted. Simple Mart is energetically expanding its diversity of consumption scenarios, forming new customer groups, and working to establish a "Simple Mart living cycle." From product selection to checkout, shoppers can have a pleasant experience. In the post-COVID-19 period, zero-contact checkout also offers a more secure experience for customers and employees alike. It is predicted that by the end of 2022, the amount of non-cash payments made by customers will have exceeded 20%.



四.社區服務與社會公益

4. Community service and social welfare

4-1 Community service

4-1-1 Engagement with food banks to create a sensible food policy to prevent families in vulnerable positions from experiencing hunger.

Food discard has long been an issue of concern to Simple Mart when it comes to issues of social welfare and environmental friendliness. To reduce food waste from returns, we have partnered with Fang Hesheng, the representative of Zhongqin Neighborhood in Zhongzheng District, to donate items that are new but soon to expire to local food banks from 9 Simple Mart stores in Taipei City's Zhongzheng and Wanhua Districts since November 2018.

For the last **four** years, the success has been outstanding, assisting numerous disadvantaged families; this also shows Simple Mart's persistent commitment to be considerate to food and the environment. "Cherish food" is not just an expression anymore, but an action that gives life assurance.



Simple Mart's food conservation policy was upgraded to version 2.0 in 2022 by joining forces with the Alliance of Taiwan Foodbanks' "Plan for the 319 Towns." Our 'Food with Love' program has linked 37 Simple Mart stores located in the North, Central and South to 319 towns through local food banks. In the face of natural disasters or times of emergency relief, Simple Mart and food banks can respond quickly, making a major contribution to disaster prevention and support, providing sustenance for families in distress, and extending kindness to society in every corner. The total weight of donations has exceeded 11 tons.

Food Preservation Policy-driven Event Records

Lead the way in disaster prevention and relief! Joining the Alliance of Taiwan Foodbanks "Plan for 319 Towns," Simple Mart is swift to provide supplies without delay.

4-1-2 In light of the epidemic and inflation, Simple Mart designated an area for epidemic safeguarding and inflation resistance, and took 8 major strategies. Apart from the epidemic crisis, abnormal weather conditions and unpredictable weather in the second quarter of 2022 further complicated the situation. Simple Mart stuck to its ethos as a local convenience supermarket, providing a reliable supply to give customers peace of mind, including a constant supply of 17 indicative grocery items, for example, boxed eggs and milk products. At the same time, more than half of Simple Mart's stores featured freshly brewed coffee nearby, boosting the comfort of neighborhood life. During the initial six months of 2022, we initiated eight new policies to bolster consumer trust. In November 2021, in support of the Ministry of Economic Affairs' anti-inflation policy, we implemented the "Simple Mart Weekly Anti-Inflation Zone." Even as prices increase due to suppliers' raising the quotations, Simple Mart are able to keep the terminal sales price within a range that is satisfactory to consumers by means of negotiations and product portfolio adjustment. The promotional zone shall stay in place for an uninterrupted period of 54 weeks. On a weekly basis, we carefully select products from the five main categories of everyday necessities (such as rice, eggs, fresh milk, oil, and toilet paper) to be sold at discounts, allowing consumers to purchase them at a lower cost than the market price, thus eliminating any worries regarding the effect of price hikes as a result of the pandemic on their quality of life.

Anti-Inflation Zone setup records

Simple Life 超柔抽取衛生紙 加量版 100抽x12包 #63360/1099423 市價\$139 促銷價 **\$99** 數量有限·售完為止

4-2 Care for vulnerable groups

4-2-1 The 33rd Simple Run

The 2021 Mercuries & Associates Simple Run, which was organized by Mercuries & Associates Group, was put on hold due to the pandemic. Fortunately, the situation has improved over autumn and winter 2022, allowing the event to get back on track. The event was held at Dajia Riverside Park on November 27. Alongside upholding the theme of “love,” the event also embraces the notion of sustainable environmental protection. Mr. Eyeball, the renowned illustrator, has been asked to create event merchandise with an earth-loving theme, such as a running suit pattern, finisher medals, a 4-piece wheat-made eco-friendly tableware set, and a double-layer environmentally friendly lunch box - all of which are signature of Mr. Eyeball's style. It is especially noteworthy that this year's running suite has been produced by Saucony, a sports brand owned by Sanor Co., Ltd., a member of the Mercuries & Associates Group, making it both meaningful and useful.

Unlike preceding years, this year three options (21KM, 10KM, 4KM) are available, in addition to the 40,000-step digital cloud road running option providing the opportunity for those apprehensive of going out during the pandemic to find a secure place to exercise. Record the 40,000-step journey with networked device and stay healthy! Love Keep Going! All divisions of Mercuries & Associates, including key sponsors Mercuries Life Insurance, Mercuries F&B (Three Merchants Qiaofu, Napoli Pizza, Napoli Fried Chicken, TONKATSU, DonMono, PIN CHUAN LAN, BANCO, Qiaofu PLUS+, Tiger Gyoza), Family Shoes, and Simple Mart, distributed plenty of gifts by means of interactive games at their booths. Other Mercuries & Associates brands, including Mercuries Liquor & Food Co.,Ltd, Mercuries Data Systems Ltd., Horizon Securities, Simple Mart +, SimpleCITY, SimpleOFFICE, Go Simple Mart, Sanyou Drugstores, and Sannuo Saucony, have also joined the ranks of sponsors and spared no effort for love, donating a total of NT\$300,000 to the Taiwan Vision Defective Road Run Association and Huei-Ming School, a school in Taichung for visually impaired children.

To encourage national road running and show support to the visually impaired, the event has invited many visually impaired runners and their sighted runners to take part. Student guests from Huei-Ming School, a school for the visually impaired, were invited to demonstrate their vocal talents with renditions of popular songs such as “The Happy Wanderer” and “Children from Heaven,” in a display of hope and energy. Mr. Kuang-Lung Chiu, President of Simple Mart Retail, remarked that the Mercuries & Associates Simple Run has been conducted over many years. He hopes that runners will join the event and foster a wonderful atmosphere. He wishes to make use of the company's power to attract people, engage in charitable activities, and propagate positive energy.

Mercuries & Associates Simple Run Event Record



4-2-2 Simple Mart raised \$145,899 for Ukraine

Simple Mart and Simple Mart +, the two flagship brands of our company, are attuned to global issues and are initiating the “99 Send Love” donation drive for particular customer purchases. When an exclusively imported Ukraine-made BURG beer set of cans originally priced at NT\$195 is sold for NT\$99, Simple Mart and Simple Mart + will donate NT\$9 the sales to the Ukraine relief account established by the Taiwan Foundation for Disaster Relief. The event takes place from March 12 (Saturday) to March 25 (Friday), offering a limited number of 80,000 cans to raise funds. The Company hopes that, with our support, we can call on people in communities to join forces and stand with Ukraine, working with Simple Mart and Simple Mart + to send support beyond borders and protect the Ukrainian refugees who have been displaced from their houses. (The total sum of funds raised at this event amounted to NT\$145,899, which was transferred in full to the Ukraine relief account created by the Taiwan Foundation for Disaster Relief in March 2022.)

Simple Mart fund-raising event for Ukraine



4-2-3 Earn points to shares love and give company Charity funds so raised amounted to NT\$783,000

Simple Mart and Simple Mart + engage in for-benefit events. Point-earning event kicks-off! 518 Press Conference for Conferring of Love for Safeguarding the Public Good Simple Mart Retail are voicing support for women and children who have been subjected to domestic violence. Recent figures from the Ministry of Health and Welfare show that domestic violence cases have been on the rise. The latest number of domestic violence notifications is close to 150,000, representing an increase of 26% from five years ago. The 2021 Survey Report on Domestic Violence Against Women also highlighted that approximately 1.58 million female citizens of Taiwan, or one in every five, have been subjected to violence from an intimate partner at some stage in their life. In Taiwan, every three minutes a case of domestic violence is brought to light, meaning that mothers and kids who are targets of violence are in constant dread of domestic abuse 24 hours a day.

In 2022, Simple Mart Retail's two brands, Simple Mart and Simple Mart+, kicked off the “Earn Points to Spread Love” charity point collection event in line with their devotion to social welfare. Every single transaction exceeding NT\$100 at Simple Mart and or exceeding NT\$200 at Simple Mart + will warrant 1 point; every 10 points can be redeemed for discounted products. For every charity point-earning card redeemed at Simple Mart or Simple Mart +, an extra NT\$10 will be donated to the Modern Women's Foundation to provide sustainable resources for those suffering from violence and aid them in avoiding family turmoil. Donations totaling \$783,000 were collected at the event. All Simple Mart Retail employees and store personnel have been instructed to learn the 540 international Signal for Help. For the first time, more than 800 Simple Mart stores have been established as “safe help stations” in Taiwan. We desire to use our enterprise's force to draw more attention to the issue of domestic violence prevention and control.

Earn Points to Spread Love charity activities -Give a signal of 540, we are here to help you- Keep watch over the unspoken plea for help jointly with Simple Mart.



Earn Points to Spread Love charity activities -518 Press Conference for Conferring of Love for Safeguarding the Public Good Simple Mart Retail are voicing support for women and children who have been subjected to domestic violence.



“Earn Points to Spread Love” charity activities -Simple Mart Retail and the Modern Women’s Foundation jointly held the seminar “Domestic Violence Prevention and the 540 Signal for Help”



“Earn Points to Spread Love” charity activities -//Even Superman needs a pat on the back//

Check out Huhu's tale at Simple Mart + on weekends, have a go at the wool felt, make your own Huhu, and unwind both physically and mentally through poking and prodding the wool felt.



五. 職場照護與員工發展

V. Workplace care and employee development

5-1 Employee Profile

This chapter's employee profiles are centered on Simple Mart Retail Co., Ltd.

Appendix: Manpower Breakdown

Age	Male	Female	Total
< aged 30	869	898	1767
Aged 30~50	575	1182	1757
> aged 50	76	221	297
Total	1520	2301	3821
Proportion	39.78%	60.22%	100%

Nationality	Male	Female	Total
Taiwan	1514	2285	3799
Mainland China (Including Hong Kong and Macao)	2	12	14
Southeast Asia (Singapore, Malaysia)	1	3	4
Japan	2	1	3
USA	1	0	1
Total	1520	2301	3821
Proportion	39.78%	60.22%	100%

Appendix: Non-employee workers

※ Non-employee workers are people who work for an organization but do not have an employment relationship with the organization. Such as: dispatched employees, apprentices, contractors, home workers, interns, self-employed workers, subcontractors, volunteers (excluding employees of regular equipment maintenance vendors)

Type	Male	Female
Contractor	0	0
Interns	25	17
Dispatched employees (Simple Mart)	12	3
Dispatched employees (Logistics)	45	51
Total	82	71

Appendix: Turnover rate and involuntary turnover rate in the past three years

	2022	2021	2020
Number of resigned regular employees	1382	1555	761
Number of resigned regular employees, excluding the retired	1382	1555	761
Number of involuntary resignations	24	13	22
Number of new employees resigned within one year of employment	709	895	572

Appendix: Gender ratio of middle and senior executives

	2022		2021		2020	
	Male	Female	Male	Female	Male	Female
Middle and senior executives (persons)	35	34	28	34	29	38

5-2 Labor-Management relations and employee benefits

5-2-1 Salary structure

Appendix: Salary of employees not in managerial positions

Remuneration of full-time non-managerial employees (Note 1) (Unit: in thousands of NT\$)		
Number of full-time non-managerial employees	Average salary of full-time non-managerial employees	Median salary of full-time non-managerial employees
2276	426	358

※Note 1: The so-called “non-managerial positions” are employees who are not managers (as defined in relevant official letters of the competent authorities).

5-2-2 Employee communication and grievances

■ 3385 Mercuries & Associates Helpline

Establishing a variety of communication channels internally is to ensure the rights and interests of colleagues. If employees encounter sexual harassment or workplace bullying or want to submit any opinion, they may use the 3385 Employee Service Hotline, which will help them pursue career development, solve any issue that might affect work or living efficiency, and carry out investigation. If violation is confirmed, appropriate discipline will be imposed to correct employees’ behavior and create a healthy workplace. As of 2022, the total number of cases reported through the hotline was 19.

■ Internal whistleblowing mechanism

Should any of the store managers or middle-level managers of any department be found to have engaged in any improper activity, such as misappropriation of company funds, accepting improper benefits, taking unreasonable gifts or entertainment from manufacturers, or granting advantages to third parties, employees can report it without delay and in confidence via email. The investigation will be conducted without the direct supervisor being aware, and the Head of Human Resources will arrange for an impartial outsider to help in the investigation. In response to the whistleblower’s request, the Company shall maintain the utmost secrecy of the whistleblower’s information. Should any allegation be found to be genuine, the Company will take disciplinary action in keeping with its internal regulations or bring the case before legal bodies. The intention of this mechanism is to guarantee the ‘integrity’ of the Company’s managers.

■ Whistle-blowing mechanism for reporting senior executives

The Company’s Ethical Corporate Management Best Practice Principles, endorsed by the board of directors, are upheld in the spirit of good and stable corporate governance, while ethical corporate management measures are adopted, with employees from all departments given the opportunity to take part and guarantee the ethics of senior managers. If any senior managers above the deputy-manager rank are found to have misused company funds, taken improper benefits, or accepted lavish gifts or entertainment from manufacturers to create business connections, employees can report it promptly and confidentially via the established email. All reports will be given to the Company’s independent directors exclusively by the Human Resources Department, and no other persons will be informed of this. Employees may also submit a written report or make a phone call to whistleblow.

5-2-3 Employee salary, bonus, and benefits

■ Welfare measures

Peace of mind	Caring	Happy	Worry-free
<ul style="list-style-type: none"> ▪ Labor Insurance ▪ Health insurance ▪ Employee group insurance ▪ Labor pension 	<ul style="list-style-type: none"> ▪ Various subsidies ▪ Medical treatment ▪ Marriage ▪ Childbirth ▪ Funeral ▪ Disasters ▪ Breastfeeding Friendly Space (Headquarters Office) 	<ul style="list-style-type: none"> ▪ Gifts or cash for the three major festivals (gift vouchers) ▪ Employee referral bonus ▪ Employee travel subsidies ▪ Year-end party and lunar new year party ▪ Employee Welfare Committee 	<ul style="list-style-type: none"> ▪ Comprehensive education and training ▪ Transparent promotion channels ▪ Performance bonus ▪ Year-end bonus ▪ Unscheduled bonuses ▪ Club subsidies

■ Employee Welfare Committee

An Employee Welfare Committee has been created for the benefit of our employees and the welfare measures to be implemented are contingent upon the amount of funds available in the current year. Furthermore, we are actively offering subsidies for club activities to facilitate our employees’ participation in recreational activities that will induce a sense of camaraderie. Appendix: 2022 annual welfare projects

Total amount for birthday gifts	NT\$1,077,600
Total amount for company tour	NT\$4,762,449
Total amount for the three major Chinese festivals	NT\$9,204,762

Employee Welfare Committee

Welfare Item	Personal subsidy amount
Subsidy for wedding	NT\$6,000 for those with more than 3 years of service; NT\$2,600 for those with more than 3 months but less than 3 years of service
Subsidy for childbirth	NT\$2600
Subsidy for funeral	NT\$5,000 for those with more than 3 years of service; NT\$3,000 for those with more than 3 months but less than 3 years of service
Disaster relief (injury)	NT\$5,000 for level-1; NT\$7500 for level-2; NT\$10,000 for level-3.
Subsidy for medical expenses (illness)	NT\$20,000 per quarter at most; NT\$60,000 per year at most.
Emergency relief	NT\$100,000 at most
International Workers' Day	Gift money, gift vouchers, or gifts worth NT\$1000
Dragon Boat Festival	Gift money, gift vouchers, or gifts worth NT\$2000
Mid-Autumn Festival	Gift money, gift vouchers, or gifts worth NT\$2000
Travel subsidy	NT\$3000
Subsidy for club activities	NT\$10,000 per club per season
Employee birthday gift	NT\$600
Subsidy for medical examination	NT\$600

Exhilaration Quarterly

The Exhilaration Quarterly has been published since 2018 and is now entering its fifth year of circulation. Each issue reviews the newest marketing initiatives and acknowledges the commendable achievements of team members such as customer service commendations, store hero lists, etc. The aim is to create a positive cycle amongst teams through their own efforts. The Exhilaration-oriented Work Technique links up supporting and front-line personnel from various divisions to ensure a better mutual understanding of the work and facilitate the process of execution. The four layout designs of 2022 will give employees a better view of the multiple aspects of Simple Mart Retail.



5-2-4 Parental leave without pay

Appendix: 2022 Statistical data on applications for parental leave without pay

Reinstatement and retention rates after parental leave without pay	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Number of persons eligible to apply for parental leave without pay in the current year	8	40	14	36	8	63
The actual number of persons applying for parental leave without pay in the current year	3	20	3	21	3	48
Parental leave without pay application rate (%)	38%	50%	21%	58%	38%	76%
Number of persons expected to be reinstated in the current year	3	23	1	21	0	13
Number of people actually reinstated in the year	3	18	1	13	0	11
Reinstatement rate (%) ^{Note 1}	100%	78%	100%	62%	0%	85%
Actual number of person reinstated last year	0	6	3	18	1	13
Number of persons who have continued to work for one year after being reinstated in the previous year	0	6	2	11	0	6
Retention rate (%) ^{Note 2}	0%	100%	67%	61%	0%	46%

Note 1 Reinstatement rate: Actual number of employees who have been reinstated after parental leave without pay / Number of employees expected to be reinstated after parental leave without pay

Note 2 Retention rate: [Previous period] Number of employees still in service twelve months after reinstatement from parental leave without pay / [Previous period] Actual number of employees reinstated after parental leave without pay

5-3 Employee Development Program

The rapid changes in the times have caused unprecedented competition in the retail service industry, making it essential to cultivate and retain exceptional talents in order to enhance corporate competitiveness. Adopting the training and development model, we determine the specific duties of every position, while actively promoting on-the-job training, job coaching, job transfers, lectures, online learning, etc. Meanwhile, by combining and applying corporate resources, we offer a comprehensive and diverse learning environment to accomplish the goal of keeping and cultivating talents.

Appendix: Complete training system for headquarters and stores

Promotion and Development Blueprint

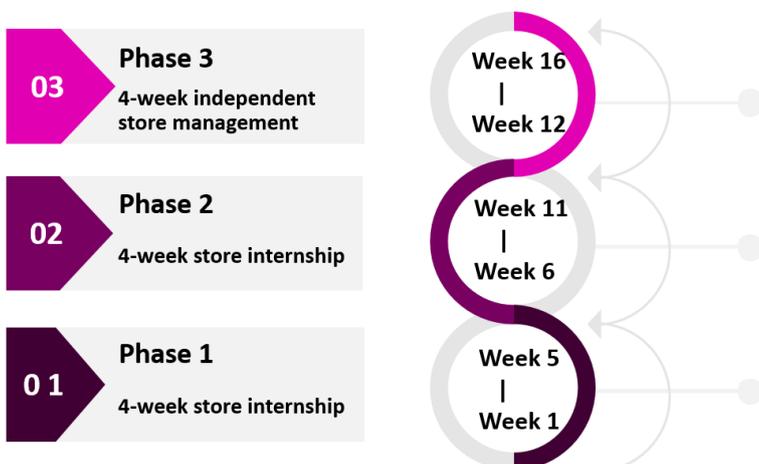


5-3-1 New employee orientation

In order to help newcomers integrate into the company as quickly as possible, from the first day of employment, a series of arrangements are made to provide new employees with the information and skills they need, including corporate culture/vision, company regulations, and the use of systems. To make the adaptation to the environment easier, we assign established colleagues as mentors to assist the newly arrived personnel.

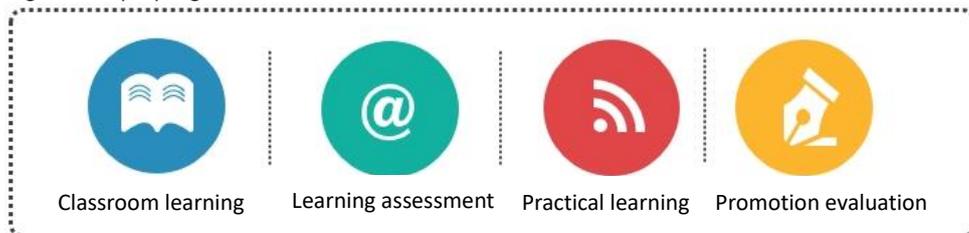
Appendix: Store personnel education and training

Reserve store manager education and training

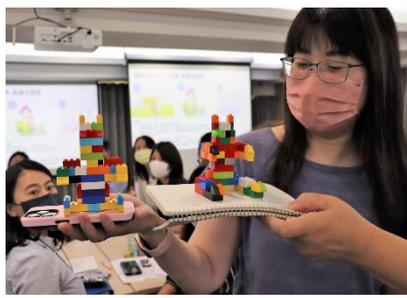


5-3-2 Leadership development

Bearing in mind the managerial functions that all managers should have, we devise pertinent leadership plans to help managers enhance their individual effectiveness, management techniques, and leadership, effectively lead team members to realize optimal performance, and work together to propel growth.



Intermediate and Advanced Operations Workshop



5-3-3 Store Manager Convention

It is held to maximize customer service experience, foster the professional development of store personnel, construct a positive image of staff as experts, and unite the team.

Store Manager Convention



Regional Store Manager Training Camp



5-4 Recruitment plan

5-4-1 Five blocks of the recruitment plan



5-4-2 Employment Service Institution Talent Recruitment Activities

To accommodate the surge in store numbers, the Human Resources Department has organized a variety of recruitment activities at various employee service institutions of all sizes, both indoors and outdoors. Making job vacancy information and company visibility available on-site, we will proceed with the interview process. Following the on-site interview, a second one will be scheduled in order to assess the applicant's readiness and comprehension of the job description, before making a decision to hire them. By conducting simultaneous recruitment activities with a range of manufacturers, we gain an understanding of the market's requirements on talents and the welfare systems of each company.

Appendix: Number of recruitment activities across Taiwan

Date	2022/01/25	2022/03/09 Mid-sized	2022/04/15	2022/04/15	2022/06/08
Number of sessions	Xindian Employment Service Institution	Zhonghe Employment Service Institution	Xinzhuang Employment Service Institution	San-chong Employment Service Institution	Zhonghe Employment Service Institution
Date	2022/08/25	2022/08/30	2022/10/06	2022/10/13	2022/11/12
Number of sessions	San-chong Employment Service Institution	Neihu Employment Service Institution	Keelung Employment Service Institution	San-chong Employment Service Institution (Luzhou)	Employment Expo for Middle-aged and Elderly People
Date	2022/12/26				
Number of sessions	Jingmei Employment Service Institution				



5-5 Workplace Safety and Health

5-5-1 Healthy workplace

We frequently give in-classroom training, virtual e-book education, and host health talks annually to assist all personnel in executing workplace safety. Furthermore, the company has employed labor health nurses, and has partnered with legal medical facilities to organize labor health evaluations and meal inspections. A team of professionals is assigned every quarter to give employees medical consultation, demonstrating the significance we attach to the employees' physical and mental wellbeing. Number of people taking a health checkup in 2022: 927 persons, costing approximately NT\$420,000.

General labor health check-up items
Investigation of work experience, past medical history, living habits, and subjective symptoms
Physical examination and consultation on height, weight, waist circumference, vision, color perception, hearing, blood pressure, and various body systems or parts
Chest X-ray (large film) photography examination
Examination of urine protein and urinary occult blood
Hemoglobin and white blood cell count examination
Blood glucose, serum alanine aminotransferase (ALT), creatinine, cholesterol, triglycerides, HDL cholesterol, LDL cholesterol examination
Other physical check-ups designated by the central competent authority

5-5-2 Safety and health audit

The Safety Management Audit Office and the Labor Safety Section collaborate to audit and verify workplace safety in order to appraise the safety and health of the area. Audit plans and standards for each area store are formulated through routine audits, and personnel physically visit the store to audit it and provide instructions based on the actual circumstances. Following the audit, the audit team will compile the audit results and submit them to the head of the operating department for review and improvement. In 2022, 25 document bags containing the labor safety and health manual were distributed to stores with the aim of making it easier for employees to read.



5-5-3 Occupational Accident Statistics

The primary focus of occupational accident statistics is to determine the reasons for such incidents. Through close examination of each accident, we can have a better understanding of the subjective and objective elements that occurred. This can be utilized as an educational tool to promote the idea of prevention for employees and reduce the chance of similar occurrences. The total number of occupational accidents in 2022: 26 persons, or 0.6% in percentage terms (26 persons/total 3924 people=0.006=0.6%).

5-5-4 Internal occupational safety and health education and training

Course name	Number of sessions	Persons
General safety and health education and training	80	1000
Safety and health promotion meetings for supervisors	9	80
Safety and health promotion meetings for store managers	18	432
Fire prevention and response	1	136
Workplace health-promoting courses	1	23

Fire evacuation drill: An emergency evacuation drill on November 4, 2022 provided employees with knowledge about evacuation procedures and exits.



六.環境永續

六、 Environmental Sustainability

6-1 Energy management

6-1-1 Store energy-saving plan

Introduce an energy-saving program to replace outdated lighting apparatus in stores. In implementing the energy-saving action plan, Simple Mart Retail is projected to save approximately 30,478 kilowatt hours (109,721 million joules) of electricity a year, assuming that the lighting is kept on for 18 hours a day. This is estimated to reduce 15.513 metric tons of CO₂ emissions in one year. The details are provided below:

- ✓ To enhance energy efficiency for lighting fixtures, “flat lights” have been mandated to supersede traditional T8 lamps. On average, a 32W flat light is sufficient to replace 1.83 20W T8 lamps, and the average brightness rises by 150 lumens.
- ✓ New stores opened in 2022 and stores renovated adopt flat lights, in whole or in part. A total of 38 stores substituted flat lights, totaling 1,010 flat lights. Calculations have suggested that it can replace 1,848 T8 lamps, decreasing the power consumption from 36,960W to 32,320W; and the lighting fixtures power consumption can be saved by 4,640W.

※ Electricity conversion: 1 kWh = 3.6 million joules.

※ Electricity intensity= Total electricity consumption(kWh)/The total area(square meters).

※ Taken on the carbon emission factors for 2021 released by the Bureau of Energy of the MOEA. Calculation is based on 0.509 kg CO₂e / kWh

6-1-2 Green supply chain No goods-return policy

The global supply chain has caused an abundance of carbon footprints, and the discharge of significant amounts of greenhouse gases have had a direct effect on our planet. When buying goods, we are generating carbon emissions, therefore the effect of logistics on the environment cannot be disregarded. After a thorough assessment, we intend to adopt a no-return policy, which will result in a decreased number of vehicle dispatches from the logistics center and an increased number of stores that one vehicle can service by combining routes, thus leading to a yearly decrease in carbon emissions.

6-1-3 “Sustainable Development Roadmap for Listed/OTC Companies” and Greenhouse Gas Inventory Plan

The Financial Supervisory Commission has set out a schedule for disclosure of greenhouse gas inventory (scopes 1 and 2) and verification information in 2022, to which Simple Mart Retail is expected to adhere by engaging consultants in 2023 and conducting inventory in 2024.

- Scope 1: Emissions are direct greenhouse (GHG) emissions that occur from processes or facilities, e.g., factory chimneys, process and ventilation equipment, or from stationary combustion sources, processes, and vehicles that are controlled or owned by an organization.
- Scope 2: Covers indirect energy-related emissions that result from the use of purchased electricity, heat, or steam.

Sustainable Development Roadmap Implementation Schedule (2023 - 2029)

永續發展路徑圖推動時程 (2023~2029)



6-2 Environmental action

6-2-1 Store waste management

Appendix: Carton recycling process and achievements

Suppressed → Stacked → Placed in fixed area → Removed

2022 annual recycling achievements: 330.9 mt

2021 annual recycling achievements: 290 mt



Appendix: Empty bottle recycling results

2022 annual recycling achievements: 8,285,520 bottles

2021 annual recycling achievements: 9,465,080 bottles



2022 output
Waste Clearance and Transportation Records

單位：公噸



6-3 Food Conservation Policy: “Food Cycling”

Simple Mart is highly attentive to environmental protection matters. In order to eliminate food waste caused by returns, in January 2018, we participated in food bank’s food conservation plan. In 2022, the food conservation plan further evolved into version 2.0 by joining forces with the Alliance of Taiwan Foodbanks’ “Plan for the 319 Towns.” Our ‘Food with Love’ program has linked 37 Simple Mart stores located in the North, Central and South to 319 towns through local food banks. In the face of natural disasters or times of emergency relief, Simple Mart and food banks can respond quickly, making a major contribution to disaster prevention and support, providing sustenance for families in distress, and extending kindness to society in every corner. Over the period from November 2018 to December 2022, the total sum of donations amounted to NT\$690,000, with a combined weight of more than 11 tons of materials, providing aid to nearly 5,000 disadvantaged families in the area.

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6-4 Plastic reduction activities

Simple Mart joining forces with Momo shopping platform to collect plastic bags at more than 800 Simple Mart stores nearby. Simple Mart, with its attention on extending its operations, has set up more than 800 stores in Taiwan. These stores are located have a strong presence in many neighborhoods throughout Taiwan. Not only does the store supply customers with high-grade and inexpensive items, but it also offers a multitude of convenient services. This time we partnered with a shopping platform with an impressive amount of online sales to gather “momo recycling bags” at the “Alley-intersection Recycling Station.” Customers of the online shopping platform that have a “momo recycle bag” with a unique green verification seal can go to more than 800 Simple Mart stores in Taiwan and present the bag to the counter staff, who will scan and confirm it and complete the recycling process. This transformation permits people to shift from “ordering with a few clicks” to “returning recyclable bags for the advancement of the environment conveniently,” and from “ordinary online customers” to “environmental protection trailblazers.” This also turns the outer packaging bags that would have been discarded directly into green gold, helping with the sustainability of the environment. In collaboration with a prominent shopping platform, we are putting forth efforts to recycle recyclable bags in hope of raising awareness of our environmental sustainability concept and inspiring others to follow suit.

2022 annual recycling achievements: 291 pieces



- Purchase eggs in bulk in one’s own bag to receive a NT\$2 discount.

Simple Mart also offers sold-in-bulk eggs and encourages consumers to bring their own bags for a cash discounts of NT\$2. We aspire to foster environmentally friendly practices among the public by encouraging the use of bags brought from home and providing incentives for shoppers. Due to issues concerning eggs in 2022, bulk eggs were not obtainable after April, therefore there is no proof of discounts. Nonetheless, our records indicate that 12,237 individuals have employed their own shopping bags.

- Store plastic-reduction policy

As of 2020, the Company introduced a plastic reduction policy to transition away from the plastic containers (Note 1) that have been traditionally used in retail stores in favor of containers that are not made of PET, PS, PVC, PE, and PP materials. According to our 2022 plastic reduction achievement report, 1,760,000 containers were used to hold eggs, pastry, vegetable, and fruits, of which 1,367,217 were substitute containers; items sold naked totaled 299,329 in quantity. The reduction was 92.22% in percentage terms, or 33,682 kg.

我們一起往17個永續發展目標邁進

Let's move towards the 17 sustainable development goals (SDGs) together.

美廉社
Simple Mart

心樸市集
simple mart+

SimpleOFFICE
scan & take away

Go美廉

+Tomod's 特美事
NEXT-GENERATION SOLUTIONS

■ About this report

This report, issued by Simple Mart Retail Co., Ltd. (“Simple Mart Retail” for short hereinafter) in 2022, is a corporate sustainability report. It has been produced in compliance with the core disclosure option framework of GRI Standards released by the Global Reporting Initiative (“GRI”).

■ Reporting period

This report discloses Simple Mart Retail’s performance respecting sustainability topics, e.g., economy, environment, society, and corporate governance, for 2022 (i.e., January 1, 2022 through December 31, 2022) Going forward, we will issue a corporate sustainability report annually.

■ Boundaries and scopes

The boundary of this report covers “Simple Mart Retail Co., Ltd.” and its subsidiaries, including business offices, logistics center, and distribution channel brands, e.g., Simple Mart, Tomod's, OFFICE Mart, Go Simple Mart, and Simple Mart +.

■ Contact method

This report shall be issued yearly, with related content uploaded to the corporate social responsibility segment on the Company's official website for both downloading and browsing. If you have any suggestions regarding the content of this report, please don't hesitate to reach out to the Company's Corporate Sustainable Development Committee. The necessary contact information is as follows:

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