



2023

SUSTAINABILITY REPORT



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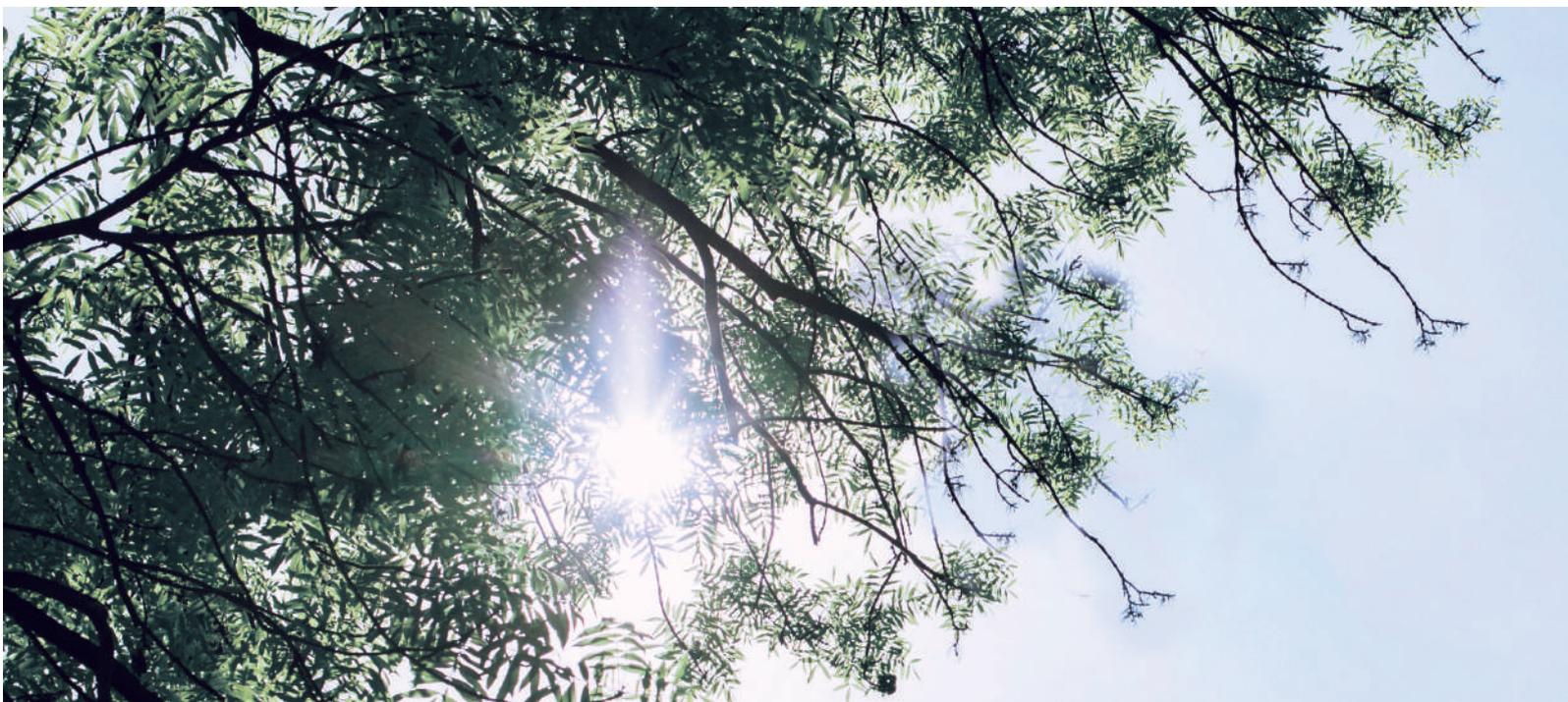
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About This Report

This report is the 2023 Sustainability Report (ESG Report) published by Simple Mart Retail Co., Ltd. (stock code: 2945, hereinafter referred to as the "Company"), hereinafter referred to as the "Report".

Since 2020, the Company has prepared and published the sustainability report on an annual basis. This is the fourth sustainability report of the Company, and the previous edition was published in September 2023.

[Download past sustainability reports. ▶](#)



Basis of Preparation

This report content is disclosed in accordance with the "GRI Universal Standard 2021" released by the Global Reporting Initiative (GRI), as well as the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" released by the Taiwan Stock Exchange Corporation on January 26, 2024.

In addition, in accordance with the United Nations Sustainable Development Goals (SDGs), the Company represents its achievements in "zero hunger", "good health and well-being", "quality education", "affordable energy", "jobs and economic growth", "responsible consumption and production", "climate action", and "institutions of peace and justice" to demonstrate the Company's enthusiasm to align procurement with international issues.

Scope of Report and Period

The scope of this Report covers the operations of Simple Mart Retail Co., Ltd., including its retail channel, the supermarket chain brand "Simple Mart", and the reinvestment in the cosmeceutical brand "Tomod's". The Company's headquarters and all operating sites in Taiwan disclose their performance based on the sustainability topics of Environment (E), Social (S), and Governance (G).

Report Management

The source of the information in this Report is provided by the head of each department after review, and the Report is reviewed and approved for publication by the ESG Sustainability Team.

Contact Information

This Report is issued pursuant to the regulations. Reports of previous years can be viewed on and downloaded from the "Corporate Sustainable Development Section" on the website of Simple Mart Retail Co., Ltd. If you have any suggestions to or advice on the Report, you are welcome to contact us through the following methods:

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Message from the Management

Simple Mart Retail has built a kingdom of retail chain channels for peoples' daily consumption and cosmeceutical health care, and upholds the values of "passion, trust, lean structure, and innovation" to provide a full range of products for daily needs. We not only pay attention to social issues, but also actively cultivate employees to demonstrate their personal characteristics and expertise to carry out the utmost effective services and contribute to customers, the Company, and the society. We also promote employee welfare, diversity, equality, and a friendly workplace to encourage employees to create their own stages. At the same time, we understand the importance of the expectations of stakeholders, and confidently create an exclusive consumption experience for customers, and expand the scope of services for consumers through digital transformation to become the most trusted retail brand for consumers. Customers' needs are the core of our business, and we are building a "Simple Mart Life Circle" to make it the home of our customers.

Since our publication of the Sustainability Report in 2021, we adopted environment, social, and governance (ESG) standards as the base and referred to the United Nations 17 Sustainable Development Goals (SDGs) to communicate with our stakeholders through the Sustainability Report, work together to steadily march towards sustainable management, fulfill our corporate social responsibilities, and exert our social influence to create our corporate sustainable value.



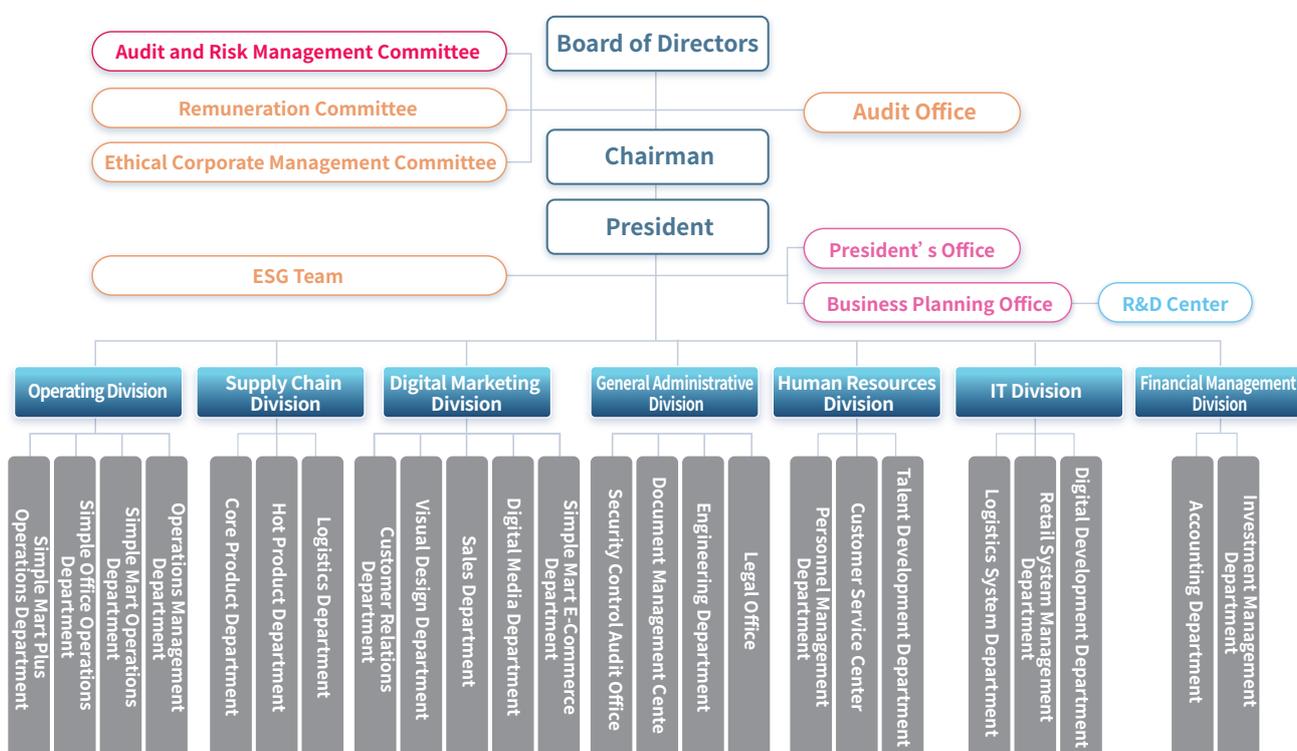
About Simple Mart Retail

Simple Mart Retail Co., Ltd. was established in 2006, and the first Simple Mart store was opened on Changan Street, Luzhou District, New Taipei City. It was merged into Mercuries F&B Co., Ltd. (Family Purchase Department) in 2011, and was further merged into "Simple Mart Retail Co., Ltd." in July 2017. The Company's stock was listed on the Emerging Stock Board in 2018 for trading. The Company reinvested in Tomod's Co., Ltd. in 2020, and the Company's stock was listed on the TWSE for trading in 2021. As of today, the number of Simple Mart stores has exceeded 800, and the brands under the Company include "Simple Mart", "Tomod's", "Simple Mart +", "Go Simple" and "Office Mart Simple & Convenience Shelf" to create retail channels for diverse consumer market needs.

Upholding the four core values of passion, trust, lean structure, and innovation, Simple Mart Retail focuses on retail channel operations, carefully curates livelihood products, and provides a multi-brand healthy and friendly shopping environment to meet the diverse needs of customers. The Company connects physical store members and online data, and integrates member discounts and points to provide various payment methods to actively create an exclusive consumption experience for customers, and realize the corporate vision of "becoming the most trusted retail brand for consumers"!

Over the years, Simple Mart Retail has continuously invested resources in social welfare and environmental sustainability. We have promoted plastic reduction policies, green procurement, recycling bags, and food donation activities. We have also organized public welfare activities to focus on social issues, and sponsored sustainability activities such as sports events. We have adopted the spirit indicator of "simple and green activities and sustainability" to expand the green economy, and have invite supply chain partners and consumers to participate in the initiative to demonstrate our determination to achieve sustainable corporate management.

Introduction to the Organization



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 Simple Mart" 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 Company' s capital increase in cash for 5,000 thousand shares. In addition, Mercuries & Associates Holding, Ltd. transferred 6,810 thousand shares to Sumitomo Corporation of Japan.
August 2018	"Neihu Ruiguang Store," the first store of SimpleCITYMart, 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	Simple Mart members exceeded 250.



Acclaims and Recognitions in Recent Years

2023: Taipei Best Specific Target Friendly Enterprise Award

We supported specific employment disadvantaged objects, such as victims of domestic violence, youth dropouts, and children of low and middle income families entering the workplace. We provided workplace learning programs, individual job adjustments, and counseling programs for them to let them find a place to live and settle down in the society, and enable these vibrant laborers to eventually find a sense of belonging and unleash their personal potential.

2023: TCFA Service Gold Award

Faced with new changes in the post-pandemic consumer experience, chain brands have actively strengthened their service capabilities, and international professional evaluations have examined service quality from the perspective of customers in terms of service and hospitality capabilities, basic operation capabilities, store capabilities, sales capabilities, and team services, aiming to establish professional service indicators, enhance brand influence, and demonstrate corporate service value in order to truly realize service value from the perspective of customers, and comprehensively elevate Taiwan's service industry in the pursuit of surpassing international professional standards.

2022: Silver medal for the Taiwan Service Industry Chain Supermarket Section



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: Excellent Enterprise Award for Employing Indigenous Peoples granted by the Council of Indigenous Peoples

2021: Livelihood Service Industry gold medal on the List of 2021 Happy Enterprises 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.



Sustainable Corporate Management

Corporate Sustainability Team

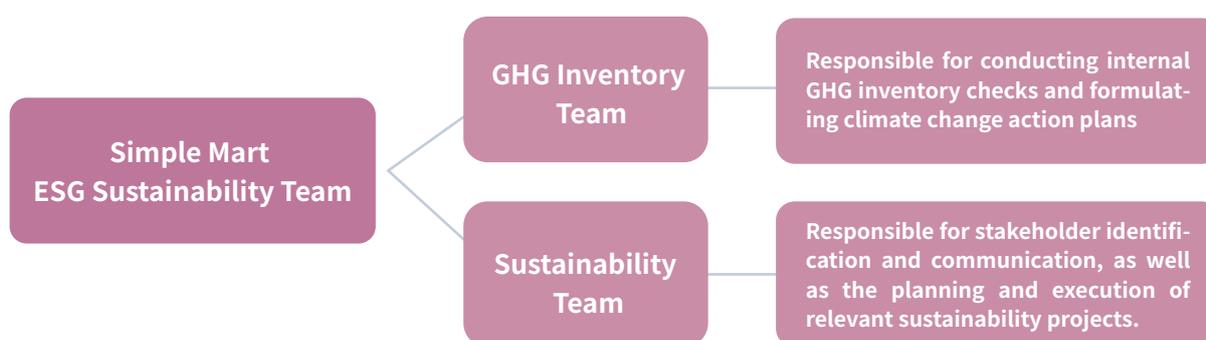
To put into effect the idea of sustainable development, carry out corporate social responsibility, and create a reliable risk management process, the Company has set up the “ESG Team” under the President’s Office in charge of the formulation of corporate sustainable development policies, systems, management guidelines, and plan execution.

The convener of the Company’s ESG Team is assumed by the President Kuang-Lung Chiu. The team comprises five taskforces, namely, Risk Management Taskforce, Corporate Governance Taskforce, Employee and Social Care Taskforce, Environmental Protection Taskforce, and Product and Service Taskforce consisting of members from all departments. Those taskforces are responsible for proposing concrete corporate social responsibility plans based on their functions and division of labor.

The ESG Team convenes on a monthly basis and presents the quarterly business report to the Board of Directors. Additionally, the team reports to the Board of Directors the annual stakeholder communication status, intellectual property management plan, and implementation status. The team designs and puts into action the corporate sustainability plan, with a view to accomplishing the long-term goals of sustainable corporate operations, sustainable global growth, and communal benefit.

Organizational Structure of the ESG Team of Simple Mart Retail

The ESG Team of Simple Mart Retail is divided into the Greenhouse Gas Inventory Team and Sustainability Team. To implement stakeholder management, the Sustainability Team is divided into 5 taskforces, including the Risk Management Sustainability Taskforce, Corporate Governance Sustainability Taskforce, Employee and Social Care Sustainability Taskforce, Environmental Protection Sustainability Taskforce, and Product and Service Sustainability Taskforce, with matters executed and promoted by relevant personnel from various departments of the Company.



Management of ESG Taskforces

Risk Management Sustainability Taskforce

Control and audit the risk assessment of all departments and take countermeasures.

Corporate Governance Sustainability Taskforce

Conduct stakeholder communication on corporate governance, operation overview, and legal compliance.

Employee and Social Care Sustainability Taskforce

Public welfare development strategy, public welfare activities, overview of human resources, labor relations, labor-management relations, occupational safety and health, and employee training and development.

Environmental Protection Sustainability Taskforce

Environmental management policies, energy conservation and carbon reduction, green procurement and logistics.

Product and Service Sustainability Taskforce

Product service and innovation, brand management, marketing and labeling, customer health and safety, sustainable supply chain management, reduction of waste of resources, and customer relationship management.

Stakeholder Communication

After discussions with various departments and irregular feedback from stakeholders, the Company's ESG Team proposes relevant suggestions on the Company's sustainability issues through meetings and correspondence, and refers to various stakeholder groups in the industry to provide relevant suggestions on the sustainability issues of the Company, and collect effective feedback from stakeholders and evaluating the impact on the Company's operations. As a result, nine major categories of stakeholders are identified, including shareholders/directors, consumers, suppliers, franchisees, employees, government, media, community neighbors, and public welfare organizations.

The Company fulfills its corporate social responsibilities, pursues sustainable operations and profitability under the principle of ethics, and attaches great importance to various issues such as the environment, society, and corporate governance. We also have considerable responsibilities to stakeholders, and hope to understand the reasonable expectations and needs of stakeholders through appropriate communication with stakeholders, and incorporate them into the reference of the establishment of the Company's future operating policy.



Stakeholder	Issues of concern	Communication channel	Frequency of communication
Shareholders/ Directors	<ul style="list-style-type: none"> ■ Corporate governance ■ Operating performance ■ Ethical corporate management ■ Legal compliance ■ Risk management ■ Responsible investment ■ Climate change response strategies ■ Sustainable action strategy 	Shareholders' meeting/annual report	Annually
		Board/functional committee meeting	Quarterly or irregularly
		Financial report	Quarterly
		Briefing to institutional investors	Irregularly
		MOPS	Immediately
		Consumers	<ul style="list-style-type: none"> ■ Product quality ■ Service quality and customer satisfaction ■ Information security and personal data protection ■ Innovative services ■ Product sustainability
Customer satisfaction survey	Irregularly		
Stores	Immediately		
Customer service hotline/mailbox	Immediately		
Supplier	<ul style="list-style-type: none"> ■ Supplier sustainability management ■ Local procurement ■ Product quality and food safety ■ Product labeling 	Supplier evaluation	Annually
		Supplier management platform	Immediately
		Meetings and contracts	Irregularly
		Telephone, email, and written correspondence	Immediately
Franchisee	<ul style="list-style-type: none"> ■ Corporate governance ■ Operating performance ■ Ethical corporate management ■ Legal compliance ■ Energy management ■ Sustainable action strategy 	Franchisee interview	Irregularly
		Corporate website	Immediately
Employees	<ul style="list-style-type: none"> ■ Employee-employer relations and communication ■ Employee remuneration and benefits ■ Talent cultivation and promotion ■ Workplace safety and health ■ Grievance mechanism 	Employee-employer Committee meeting	Quarterly
		Intranet and emails	Irregularly
		Training	Irregularly
		Performance evaluation interview	Irregularly
		Welfare Committee meeting	Quarterly
		Occupational safety consultation	Irregularly
Government	<ul style="list-style-type: none"> ■ Legal compliance ■ Energy management ■ Waste management ■ Employee-employer relations 	Correspondence	Irregularly
		Government agency meeting	Irregularly
		Regulations	Irregularly
		Various audits	Irregularly
Media	<ul style="list-style-type: none"> ■ Operating performance ■ Legal compliance ■ Marketing and innovative services ■ Crisis events ■ Communication of major incidents ■ Sustainable action strategy 	Press release	Irregularly
		Press conference	Irregularly
		Statement	Irregularly
		Telephone, email	Immediately



Stakeholder	Issues of concern	Communication channel	Frequency of communication
Community and neighborhood	<ul style="list-style-type: none"> ■ Social welfare ■ Community engagement ■ Environmental protection 	Participation in community and public welfare activities	Irregularly
		Neighborhood visit	Irregularly
Public welfare organizations	<ul style="list-style-type: none"> ■ Social welfare ■ Community engagement ■ Leftover food management ■ Environmental protection ■ Sustainable action strategy 	Organizing public welfare activities	Irregularly
		Participation in major social events for assistance	Irregularly

Identification of Material Topics

Simple Mart Retail identified 29 sustainability-related topics in accordance with the GRI Standards, and grouped them into three aspects: "Environmental, Social, and Governance."

Sustainability aspect	Material topic	Corresponding GRI Standard	Level of stakeholder impact								
			● Direct impact ◎ Indirect impact △ Business impact								
			Shareholders/ Directors	Consumers	Supplier	Franchisee	Employees	Government	Media	Community and neighborhood	Public welfare organizations
Governance 10 items	Corporate governance		●		△	△	◎				
	Operating performance	GRI 201: Economic Performance 2016	●		△	●	◎		◎		
	Ethical corporate management		●	●	●	●	◎		◎		
	Legal compliance		●		●	●		●	◎		
	Risk management			◎	◎	◎	◎				
	Responsible investment		●		△	●					
	Information security and personal data protection			●			●				
	Supplier management		●	◎	△	△					
	Local procurement		●	◎		△					
	Grievance mechanism			●		●	●				
Environment 6 items	Climate change response strategies	GRI 302: Energy 2016	●		◎	◎					
	Sustainable action strategy	GRI 305: Emissions 2016	●		◎	◎	◎	◎	◎	◎	◎
	Product sustainability			△	●	◎					
	Waste management	GRI 303: Water and Effluents 2018 GRI 306: Waste 2020			◎					◎	◎
	Environmental protection				◎					◎	◎





Chapter 1 Corporate Governance

1.1 Company Organization

Company organizational chart, Board of Directors, corporate governance status, participation of external organizations, functional committees, grievance mechanism

1.2 Functional Committees

Functional Committees, ESG Sustainability Team

1.3 Operating performance

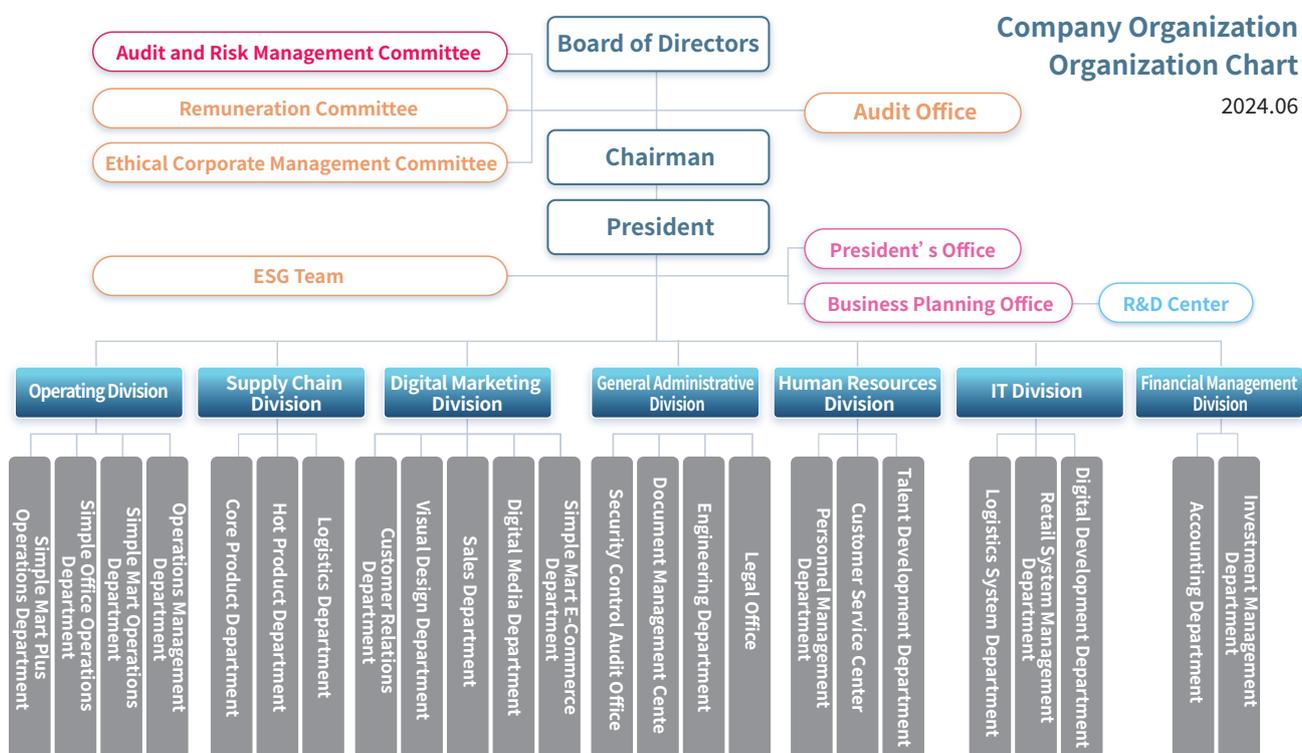
Annual financial performance analysis

1.4 Risk management



1.1 Company Organization

Organization Chart



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 Company's Board of Directors has a total of 7 directors, of whom one has an employee status and accounts for 14% of the board members. There are 3 independent directors that account for 43% of the board members. 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 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.

Status of Corporate Governance

All the Company's directors possess extensive industrial knowledge. The independent directors are professionals in either law or finance and accounting, or from the industry, who have a beneficial effect on the Company's corporate governance and business development. The Company's board held 7 meetings in 2023. In addition to following the "Rules of Procedure for the Board of Directors' Meetings", the board implemented the requirement on avoidance of conflicts of interest for proposals in the decision-making process.

An Audit Committee and a Remuneration Committee are set up under the Board of Directors to enhance and implement the Company's corporate governance, ethical corporate management, and corporate social responsibility. It is further recommended to upgrade the ESG Sustainable Development Team to a higher level. Currently, the Company's ESG Sustainable Development Team is under the President's Office and reports to the Board of Directors at least once a quarter. In the future, the Company will continue to strengthen its communication with the Board of Directors, and appoint the independent director to serve as the chairperson of the team and put the team under the Board of Directors to improve sustainable development performance and increase director participation.

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 2023, 8 directors took further study courses for 45 hours in total, or 5.6 hours per person.

Concrete Management Objectives of the Company's Diversity Policy and Achieving Status

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	The ages of the Company's 7 directors ranges from 50 to 70. To promote the diversification of the composition of the Board of Directors, the Company has planned to nominate at least one director candidate of different gender for the re-election of directors in 2025.
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).



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



1.2 Functional Committees

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 5 meetings were held in 2023.

Remuneration Committee

Directors are elected based on the candidate nomination system in accordance with the Company's Articles of Incorporation and the "Corporate Governance Best-Practice Principles". The Company has obtained the written statement, work experience, current employment certificate and family relationship table from each independent director candidate when nominating and selecting members of the Board of Directors to verify the independence of themselves, their spouses and their relatives within the third tier of kinship from the Company. The Company also regularly reviews whether independent directors during their term of office continue to meet the eligibility requirements specified in the "Regulations Governing the Appointment of Independent Directors and Matters for Compliance in Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act, and the Company has empowered independent directors to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can independently perform relevant functions and powers. The Committee consists of all 3 independent directors, and the term of the current members is from May 25, 2022 to May 24, 2025. The Remuneration Committee convened 4 meetings in 2023.

Simple Mart Retail annual remuneration ratio	Indicator	2022	2023
	Annual remuneration ratio	19.49	20.49
	Annual total remuneration change ratio	-10.66	2.16

Ethical Corporate Management Committee

In addition to the establishment of the Remuneration Committee and Audit Committee as required by law, the Company has set up an Ethical Corporate Management Committee under the Board of Directors which is responsible for the formulation and promotion of ethical corporate management policies, and reports once a year to the Board of Directors on the implementation status and results. The Committee has reported the implementation status of ethical corporate management to the Board of Directors on August 4, 2023.



ESG Sustainability Team

To achieve the vision and mission of the corporate sustainable development policy, the Company set up a Sustainable Development Team under the President's Office in 2022, accountable for formulating relevant policies and management strategies, as well as mid and long term sustainable development plans for in response to environmental changes. The Corporate Sustainable Development Committee consists of the Risk Management Taskforce, Corporate Governance Taskforce, Employee and Social Care Taskforce, Environmental Protection Taskforce and Products Services Taskforce, jointly responsible for the planning and implementation of the Company's sustainable development policy. In 2023, a total of 4 briefings were made to the Board of Directors. The supervision of the Sustainable Development Team under the Board of Directors is as follows:

ITEM	BRIEFING NO.	BRIEFING CONTENT
1	First briefing to the Board of Directors on March 3, 2023	<ol style="list-style-type: none"> 【Ministry of Environment, Executive Yuan】 Draft restrictions on the use of packaging for Internet shopping and implementation method. 【Ministry of Environment, Executive Yuan】 Greenhouse gas inventory check in line with the timeline set by the government. 【Ministry of Environment, Executive Yuan】 Environmental protection point collection APP project, which received the approval for "a subsidy of NT\$970,000 for modification of the sales (point) management system" from the Environmental Protection Administration, Executive Yuan.
2	Second briefing to the Board of Directors on May 5, 2023	<ol style="list-style-type: none"> 【Greenhouse gas inventory】 The schedule of consultation introduction, data collection, and completion of inventory and verification by the parent company (Simple Mart Retail) and subsidiaries (Tomod's and Simple Mart+). 【Ministry of Environment, Executive Yuan】 Report on the progress of environmental protection APP project. 【Cross-industry cooperation】 The project of refurbishment and recycling of retired notebook computers of Simple Mart and Bestyfield is expected to be introduced.
3	Third briefing to the Board of Directors on August 4, 2023	<ol style="list-style-type: none"> 【Greenhouse gas inventory】 The consulting service is expected to be introduced by the end of 2023. The responsible unit for the project introduction is the Occupational Safety and Health Management Office of Mercuries & Associates. 【Ministry of Environment, Executive Yuan】 Environmental Points APP project progress report; the function of point accumulation at channels in exchange for eco-friendly products was launched on May 31, 2023. 【Cross-industry cooperation】 Explanation of the project of refurbishment and recycling of retired notebook computers of Simple Mart and Bestyfield. 【Other projects】 Progress report, including the number of MOMO recycled bags collected and the status of the Food Wise Program.
4	Fourth briefing to the Board of Directors on December 22, 2023	<ol style="list-style-type: none"> 【Greenhouse gas inventory】 Explanation of the Mercuries & Associates Group's baseline year of inventory and year of verification and assurance, as well as the scope of the inventory. 【Stakeholder communication status】 Report on the stakeholder survey plan for Q1 to Q3.



1.3 Operating performance

Main reasons for significant changes in operating revenue, operating profit, and net income before tax in the past two years, and the expected sales volume and its basis, and the possible impact on the Company's future financial operations and response plans:

Annual financial performance analysis

Unit: NT\$1,000

Item	Year	2022	2023	Amount of increase (decrease)	Percentage of change (%)
Operating revenue		14,183,503	14,041,914	(141,589)	(1.00)
Operating costs		10,653,923	10,402,276	(251,647)	(2.36)
Gross profit		3,529,580	3,639,638	110,058	3.12
Operating expenses		3,498,695	3,518,372	19,677	0.56
Net operating profit		30,885	121,266	90,381	292.64
Non-operating income and expenses		25,320	(14,295)	(39,615)	(156.46)
Profit before tax		56,205	106,971	50,766	90.32
Income tax expense		12,831	24,359	11,528	89.84
Net profits (losses) for the period		43,374	82,612	39,238	90.46
Total comprehensive income for the period		43,374	82,612	39,238	90.46
Analysis of changes in the percentage of increase or decrease in the last two years (If the percentage of increase or decrease reaches 20% and the amount exceeds NT\$10 million): Increase in net operating profit and income tax expense: Mainly due to the increase in gross profit in 2023. Decrease in non-operating income and expenses: Mainly due to the decrease in lease modification gains recognized in 2023.					



1.4 Risk management

To put into effect the idea of sustainable development, carry out corporate social responsibility, and create a reliable risk management process, the Company has set up the “ESG Team” under the President’s Office in charge of the formulation of corporate sustainable development policies, systems, management guidelines, and plan implementation. The risk management team follows the Company's risk management policies and procedures established on April 28, 2021, regularly identifies and evaluates potential crises, and formulates evaluation plans based on the Company's organizational environment and phased strategic goals, hoping to effectively reduce risks and improve risk items to promote sustainable corporate operation.

This disclosure covers the Company's performance in sustainable development of major business locations in 2023. The boundary of the risk assessment scope is mainly the Company, i.e. the Taiwan region. The Sustainable Development Team performs analysis according to the materiality principle of the sustainability report, integrates the resources and evaluation data of other departments, and evaluates material ESG issues accordingly, establish effective risk management measures for identification, measurement and evaluation, supervision, and control, and take specific actions to reduce the impact of related risks. The convener of the Risk Management Taskforce also reported on the implementation of risk management as a non-voting member at the Audit Committee meeting on December 15, 2023 and as a non-voting member at the board meeting on August 4 and February 22, 2023.

Scope of Management

To protect stakeholders from the potential risks associated with corporate activities, the Company has established the risk management policy and procedures to master the principles of scientific evidence, prevention, and information transparency, in order to construct a risk management system. The Company has identified eight distinct risk categories, and the units below are responsible for compiling the risk assessment forms for them for monitoring. These eight risk categories are classified based on possible risk scenarios, probability of occurrence, degree of impact, risk value and risk level, for the planning of appropriate responsible units, response measures, and control measures. By quantifying risk and risk perception, risk uncertainties are evaluated and acceptable risks for the company are further identified, in order to assist in making accurate decisions.

Eight major risk and responsibility units:

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



No.	Risk category	Risk description	Responsible unit
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



Summary Table of Significant Risk Assessment

Risk ranking	Risk item	Risk events (incident, reasons, and possible consequences)	Countermeasures/ Control Measures	Unit Responsible for Risk	Unit Involved	Risk velocity (slow/ fast/ very fast)	Risk tolerance (very high/ high/ medium/ low/ very low)
1	Public safety risk	Incident: Man-made or accidental incidents. Reasons: Loss of company assets or risks affecting daily operations due to human factors, such as fire, power outage, house condition, equipment failure, robbery/ theft, or other unpredictable events. Consequences: Possible casualties, business interruption, or property damage.	<ol style="list-style-type: none"> 1. Strengthen the configuration of relevant equipment (such as dry powder fire extinguishers, emergency lights, dry ice, etc.). 2. Strengthen personnel training (regular training and irregular disaster drills) and setting relevant safety regulations and contingency measures). 3. Related insurance operations (such as commercial fire insurance, public accident liability insurance, cash insurance, comprehensive construction insurance, theft insurance, etc.). 4. Implement daily inspections (fire source management, branch no-smoking policy, and building and equipment maintenance). 5. Implement the reporting mechanism for major incidents and establish logistical manpower support. 	Operating Division	Work Affairs Department/ Human Resources Department/ Operations Department/ Logistics Department	Very fast	Very low
2	Food safety risks	Incident: Material food safety issue Reasons: The suppliers' failure to provide products that meet the standards, or quality changes due to poor control during the manufacturing, storage, and distribution process, resulting in risks such as food contaminants (such as excessive pesticide residues), food additives (such as excessive preservatives), and food microorganisms (such as bacterial food poisoning). Logistics and retail outlets fail to check the expiry date of products in a timely manner, which may violate the Act Governing Food Safety and Sanitation by selling expired food, resulting in damage to the Company's corporate image. Consequences: Damage to the Company's reputation, loss of customers/ sales, and legal issues and penalties.	<ol style="list-style-type: none"> 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 provide technical specifications, and the Company's quality assurance personnel must review product ingredients 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 personnel and stores verify product validity in line with SOPs, and the Safety Management Inspection Office performs regular inspections on-site. 8. Purchase insurance policies (e.g., product liability insurance). 	Supply Chain Division	Supply Chain Division/ Operations Division/ Safety Control Audit Office	Fast	Very low
3	Information security risks	Incident: Information equipment and system failures and information security incidents. Reasons: Risks affecting daily business operations due to interruption of key operating systems, such as hardware/ software system failure, resignation of IT personnel or termination of services by outsourced service providers, or failure of newly introduced systems to meet significant business function requirements due to poor setup. Consequences: Interruption of logistics center/ store operations, impact on orders due to inventory inaccuracy (out-of-stock risk), customer complaints, and impact on financial settlement and payment.	<ol style="list-style-type: none"> 1. Establish a backup mechanism and sign a warranty or maintenance contract with the manufacturer of important equipment and systems. 2. Regularly back up important system databases and establish a disaster recovery plan. 3. The program version update must be approved by the head of the approval authority to assess whether the updated risk scope and testing procedures are sufficient, and the program version management mechanism be implemented. 4. Establish an incident report and restoration manual after a material anomaly occurs. 5. Establish an agent/ job rotation mechanism based on the information function and technology category, and avoid being tied to a single operation and maintenance supplier without having alternative suppliers for support. 6. Establish project risk control senior executives and clearly define the roles and responsibilities of project members to independently measure the scope of the project and the rationality and risks of important decisions, and reduce the unclear division of work for the project. 	IT Division	Information Division/ all departments	Very fast	Medium

Risk ranking	Risk item	Risk events (incident, reasons, and possible consequences)	Countermeasures/Control Measures	Unit Responsible for Risk	Unit involved	Risk velocity (slow/fast/very fast)	Risk tolerance (very high/high/medium/low/very low)
4	Personal data risk	Incident: Leakage of personal data of employees and customers. Reasons: Relevant information is obtained by others through means such as external intrusion or internal theft, data is leaked due to negligence in the transmission, preservation, and destruction of paper and electronic data, and inherent information is tampered, damaged, or lost. Consequences: Damage to the Company's reputation, leakage or fraudulent use of supplier and consumer data, impact on daily operations, legal problems and penalties.	<ol style="list-style-type: none"> 1. Regularly implement the security maintenance, control, and inspection mechanism of network information and computer systems. 2. Ensure the data cleaning of paper-based data and data in computers, automated machines, or other storage media when they are scrapped or converted for other uses. 3. Sign a confidentiality agreement and strengthen employee training and advocacy (at least 2 hours of basic training and advocacy of the Personal Data Protection Act and digital learning education each year) 4. The Company's personnel must log in with their exclusive accounts and passwords before using the computer equipment and information system to collect, process, and use personal data. 5. Install access control, video surveillance, and fire prevention equipment in the computer rooms, and back up important personal data. 6. Encrypt electromagnetic data as needed for transmission. 	IT Division	Information Division/Human Resources Division/Customer Relations Department/Legal Affairs Office/all units	Slow	Medium
5	Financial risk	Incident: Financial and investment risks Reasons: Changes in the value of the Company's financial assets or liabilities due to market risk factor fluctuations, and short-term investment market price fluctuations such as excessive concentration of investment targets, high-risk and high-leverage operations, financial derivative transactions, and wealth management, or operational risks of long-term investment in investees which lead to various losses. Consequences: Increased losses, impairment of assets, damage to the Company's reputation, and additional expenses.	<ol style="list-style-type: none"> 1. Regularly monitor and evaluate changes in market exchange rates and interest rates 2. If there is a need for large and long-term funds, the market interest rate conditions at that time shall be reviewed to assess whether to raise the required funds through other methods such as capital increase in cash. 3. Set investment risk attributes and regularly assess various investment risks. 4. Review the status of loans to others and endorsements and guarantees for others on a monthly basis. 	Financial Management Division	Financial Management Division	Slow	Medium
6	Environmental risk	Incident: Natural disasters Reasons: Natural disasters such as earthquakes, floods, and typhoons that may lead to casualties, business interruption, and property damage. Consequences: Business interruption of logistics centers/ stores, and damage to property and inventory.	<ol style="list-style-type: none"> 1. Purchase insurance policies (e.g., public accident liability insurance). 2. Implement daily inspection operations (regular repair and maintenance of facilities inside and outside the store). 3. Implement the reporting mechanism for major incidents and establish logistical manpower support. 4. Hold disaster drills from time to time. 	Engineering Department	Operations Division/Logistics Department/Work Affairs Department	Very fast	High
7	Public relations risk	Incident: Negative media/ social network coverage. Reasons: Negative reports or rumors on traditional or network media or social platforms due to poor quality of products, employees, customer service or other factors, causing infringement of the Company's rights, reputation damage, or property damage. Consequences: Damage to the Company's reputation, loss of customers/ sales, and government investigations/ investigations/prosecutions.	<ol style="list-style-type: none"> 1. Pay close attention to media reports, and verify and analyze information sources. 2. Immediately make media explanations or balanced publication on false reporting and negative news. 3. The Legal Department prepares a statement. 4. Assess the scope of impact, and report to the police station or relevant government agencies for record if major incidents such as financial losses are involved. 5. Improve the quality of various services and effectively reduce the probability of customer complaints through internal training. 6. Establish intellectual property rights and obligations and related business management units. 	Digital Media Department	Digital Media Department/Legal Affairs Office/Operations Division/Customer Service Center/Customer Relations Department/Supply Chain Division	Fast	High



Risk management

Risk ranking	Risk item	Risk events (incident, reasons, and possible consequences)	Countermeasures/Control Measures	Unit Responsible for Risk	Unit involved	Risk velocity (slow/fast/very fast)	Risk tolerance (very high/high/medium/low/very low)
8	Labor safety risks	<p>Incident: Occupational safety of employees and contractors</p> <p>Reasons: Workplace violence, occupational accidents, failure to implement labor safety inspections or training, etc., resulting in physical and mental health risks of employees or business partners.</p> <p>Consequences: Employee turnover, fines or compensation, legal liability, and damage to the Company's reputation.</p>	<ol style="list-style-type: none"> 1. Regularly conduct health and occupational safety training and disaster drills for employees. 2. Provide regular employee physical examinations (once a year). 3. Establish complaint channels and case-acceptance organizations. 4. Establish qualified occupational safety and health related manpower required by laws and regulations. 5. Establish and regularly review prevention plans based on process/organizational changes. 6. Pay attention to the laws and regulations related to occupational safety and health. 7. Form sports clubs or organize activities. 	Human Resources Division	Human Resources Management Department/Labor Safety Section/Work Affairs Department	Fast	Very low





Chapter 2

Product and Service Management and Customer Relationship Management

2.1 Supplier Management

Graded supplier audit management, sustainable supply chain - local procurement and response to the policy and actions of the Ministry of Environment.

2.2 Quality Management

Sample inspection of products and labels, store inspection mechanism, food safety operation management, and reporting mechanism for defective products.

2.3 Customer Relationship Management

Customer opinion management - Customer complaint statistics, innovative consumption model app and Simple & Convenience Shelf.

2.4 Information Security Management

Cyber security management structure and purpose, information security management items and latest implementation status, and internal management mechanism for personal data protection.



2.1 Supplier management

Graded Supplier Audit Management

Our policy for managing partnerships is based on fairness and mutual benefits; we thoroughly analyze the business circumstances of potential partners, and manage supplier relations according to our “Ethical Corporate Management Best Practice Principles”. The audit unit is responsible for supervision of implementation, and routinely reports to the Board of Directors.

To guarantee the highest standards of quality, the Company carefully chooses superior producers for its private label products. In addition to providing necessary details about the eligible manufacturers, the Company has set up product technical specifications, and an international ISO 9001 lead auditor and an international ISO 22000 lead auditor for implementation. The contract with suppliers for private label items states that the production plant of the supplier must meet the audit requirements of Simple Mart. After the products are shelved, Simple Mart will classify the cooperative manufacturer into five grades from A to E for audit purpose. Grade A suppliers are audited once every 3 years, grade B once every 2 years, grade C once a year, grade D suppliers are given 6 months for rectification, and grade E suppliers are to be re-evaluated or denied.

At the end of 2023, Simple Mart had 54 OEM suppliers, and a total of 54 were evaluated (an evaluation rate of 100%). In the evaluation, 30 suppliers were rated as grade A excellent suppliers (accounting for 55.6%), 12 as grade B qualified suppliers (accounting for 22.2%), 7 as grade C suppliers (accounting for 13.0%), 3 as grade D suppliers (accounting for 5.6%), and 2 as grade E suppliers (3.7%).

At the same time, to practice effective communication with suppliers, Simple Mart conducted a total of 1,500 supplier exchange meetings in 2023, with the topics covering new product development, festival promotion, and cross-industry cooperation.

Sustainable Supply Chain - Local Procurement

"Simple Mart +" under Simple Mart Retail resorts to the original forms of foods and source tracing, and follows the principle of high-standard product selection. Its products are from all of Taiwan's local agricultural, fishery, and livestock industries, and it further provides nutritional and health products. The total number of products under the "Simple Mart +" brand has exceeded 100, and all products are manufactured in Taiwan.

For example: The origin of "Simple Mart Organic Enoki Mushroom" is Houli District, Taichung. The whole growth process of the enoki mushrooms is air-conditioned and pollution-free without chemical or bleach treatment, and the product has been certified as an organic agricultural product.



Simple Mart Retail	Proportion of local suppliers (%)	Proportion of products made in Taiwan (%)
Vegetables	100%	100%
Fruits	100%	100%
Simple Mart organic enoki mushrooms	100%	100%

※The local procurement ratio is calculated based on the “procurement budget ratio”.



Actions Responding to the Policy of the Ministry of Environment



With sustainable management as the core goal, Simple Mart is committed to promoting issues such as environmental protection, sustainability, and environmental friendliness. In 2023, Simple Mart joined as one of the channels of the Ministry of the Environment's implementation of the "Environmental Protection Point Collection System". Through the exchange of green products and the two-way import of the Environmental Protection Point Collection app platform for members, Simple Mart effectively encourages its members to prioritize the purchase of green products, and practices green sustainable living together with consumers.

The Environmental Protection Point Collection app is built in the carriers of Simple Mart members, and all environment friendly products purchases at Simple Mart stores in Taiwan which are certified with the Environmental Protection logo, Carbon Footprint label, MIT Smile logo, CAS, Organic Agricultural Product logo, or TAP can simultaneously receive Simple Mart membership points and environmental green points. The accumulated environment friendly green points can be used to exchange for environment friendly products, with 100 green points equivalent to NT\$1.



2.2 Quality Management

Sample Check of Products and Labels

Simple Mart Retail has listed product labeling (including barcode, date marking, and Chinese marking) as a necessary item for the logistics center's purchase acceptance, and checks the labeling information of its private label products in accordance with the "Package Internal Control Design Management System" to ensure that products have clear labeling information for manufacturing, transportation and sales.

Before products are imported, Simple Mart will check the origin and ingredients of the products to ensure that they comply with the Act Governing Food Safety and Sanitation. Before products are shelved, the product outsourcing labels are also checked to comply with the "Commodity Labeling Act". In 2023, 70 food items were imported and 70 items were inspected; 38 OEM products were shelved and 38 items were inspected. The inspection rate was 100% and all the products complied with relevant laws and regulations.

Retail Store Audit Mechanism

The audit work of Simple Mart Retail is carried out by the auditors of the headquarters. A scoring system by item is adopted, with a full score of 100. The contents of the audit include store safety/cashiering security and basic cleanliness. In 2023, totally 800 Simple Mart stores were audited (100% audit rate) for 8,780 store-times. All the stores that received point deductions improved immediately after the audit.

Food Safety Operation Management

Simple Mart conducts food safety operation management on expiring products and defective products. After the stores receive the internal announcement, the Company immediately removes the designated products from the shelf, and returns them according to the method announced, or resume their shelving after the products pass the inspection (preventive removal). During the period when the products are removed from the shelf, the POS cash register system will also lock the sale of products and only provides product returns. Consumers may bring the invoices and products to the stores for a refund or return.

Problematic Product Reporting Mechanism

The company has established a mechanism for free collection, refund, or exchange of goods damaged during transportation or shipping due to collisions, and the customer service center will assist consumers in handling individual cases to ensure consumer rights.



2.3 Customer Relationship Management

Customer Opinion Management - Customer Complaint Statistics

Simple Mart Retail has a clear product and service grievance channel for consumers to submit their complaints and opinions through the customer service hotline and mailbox. In addition, for products or gifts damaged due to collisions during transportation, the Company has established a free recall, refund or exchange mechanism. Customer opinions and complaints are responded to by the customer service center to ensure the rights and interests of consumers

Disclosure of annual statistics on the customer service center's cases:

Case type	Number of cases	Proportion
Inquiries	6,219	47.5%
Reporting	4,740	36.2%
Complaints	1,892	14.5%
Suggestions	114	0.9%
Praises	66	0.5%
Others	29	0.2%
Customer complaints	21	0.2%
Total number of cases	13,081	100%

Innovative consumption model -app and Simple & Convenience Shelf

Simple Mart received subsidies from the Ministry of Economic Affairs' "Plan for Constructing Innovative Services for Retail and Service Sectors' Data Sharing", and integrated its brands to activate the online merge offline (OMO) retail model. Through system efficiency synergy, the "Simple Mart" app is created to enhance online consumption experience.

Through the establishment of a close "Line+1 life circle" between each store and local residents, the stores can send information on group activities to neighborhoods and communities through the app, and consumers can also keep abreast of new product discounts, online pre-orders, and group purchases. Office workers can also use the "office group purchase" function and the smart logistics system to collect data, place orders directly online, and keep track of the status of products at all times. Simple Mart Retail is committed to diversifying its services and bringing consumers with a simpler and more convenient shopping experience.

The amount Taiwanese people's e-commerce consumption continues to climb, and smartphones have become a daily necessity. Simple Mart Retail combined its existing advantage in retail channels and the convenience of mobile app e-commerce to promote a new smart retail brand "Office Mart Simple & Convenience Shelf" in 2019.



In the office space, the Company sets up buy-on-demand product shelves, and through simple app scanning and payment, busy office workers may take a short break and have a moment of relaxation. The Simple & Convenience Shelf not only provides customized apps according to corporate needs, but also manages and analyzes consumer preference through big data to effectively integrate products on the shelves to maintain offline customer service.

The "Simple & Convenience Shelf" has been successfully deployed at the offices of FET, iRent, First Financial Holding, Bank of Mitsubishi UFJ, Horizon Securities, the Garden of Hope Foundation, Kaohsiung Incubation Center, Nangang Incubation Center, Information Service Industry Association of ROC, Ruten, GlobalMall, Chi Mei Hospital, etc. As of the end of 2023, a total of 130 Simple & Convenience Shelves have been set up, and more office workers will be provided with the convenient service in the future.

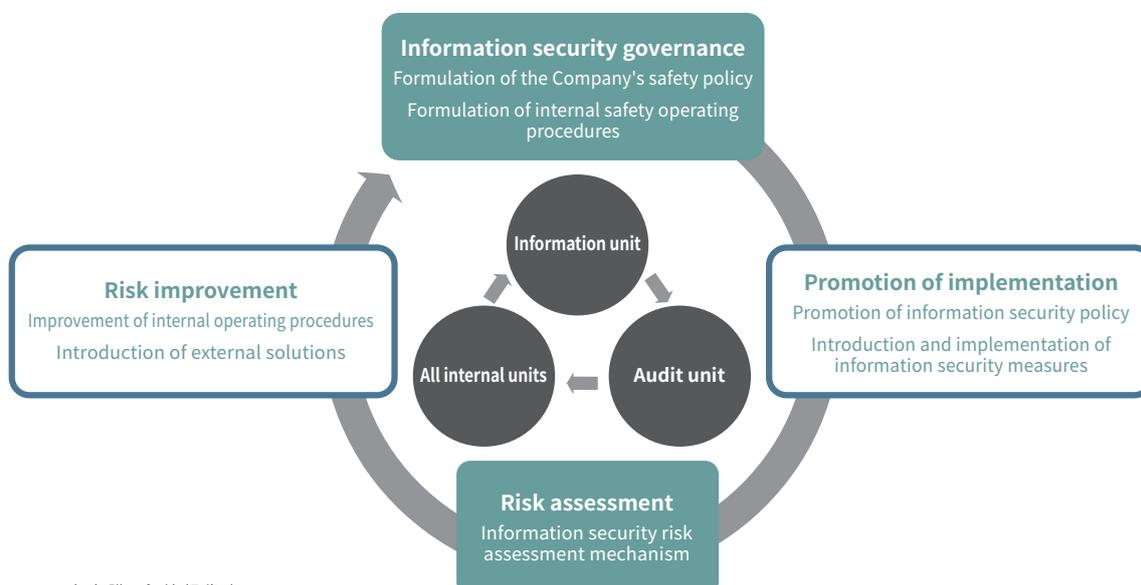


2.4 Information Security Management

To maintain its competitive advantages and valuable intellectual property, the Company established the "Dedicated Information Security Management Unit" in 2023 and allocated a full-time information security supervisor, one full-time information security specialist, and two information security contractors for a total 4 people, who are responsible for ensuring the smooth operation of the cyber security management system and formulating information security management policies to strengthen the Company's information security management, ensure data, system, equipment and network security, protect the rights and interests of the Company and all employees, and enhance information security awareness. To ensure the effective control of the operational risks of information systems, the "Information Security Management Unit" convenes at least one meeting a year to review information security operations, and may hold extraordinary meetings when necessary. In the past year, the unit reported to the Audit Committee and the Board of Directors on December 15, 2023 and December 22, 2023, respectively on the implementation status of security risk management, as well as the expected projects to be executed in 2024.

Cyber Security Management Framework and Objectives

1. The Company's information security unit is responsible for information security. It is responsible for planning and implementing information center and computer information file security, network security, email security management, information system control and access management, and promoting information security awareness.
2. The Company's audit unit is responsible for information security monitoring. If deficiencies are discovered during the audit, the audited unit will be required to propose relevant improvement plans for the audit unit to report to the Board of Directors and regularly track the improvement results to reduce information security risks.
3. The PDCA (Plan-Do-Check-Act) cyclic management is adopted as the organizational operation model to ensure the achievement of the reliability target and continuous improvement.
4. In order to prevent the information system and files from being infected by computer viruses, computer virus detection and prevention measures are adopted, and an active intrusion detection system is established for detection of intrusion and malicious attacks to ensure the requirements of computer data security are met.
5. To prevent natural disasters or major man-made events that will cause interruption of important information assets and key operations or communication systems, the Company has established a policy for the sustainable operation of the information system.



Information Security Management Items and Latest Implementation Status

I. Network protection

- Upgrade firewall equipment: Introduce new-generation firewalls to enhance protection in detail.
- WAF application firewall service: Introduce a web application firewall (WAF) to strengthen website security.
- Joint intelligence defense: Join the TW/CERT joint defense to enhance defense capabilities.

II. Software and hardware protection

- Host update scanning: Scan for major threats and vulnerabilities from time to time, and patch and strengthen protection measures in a timely manner.
- Compliant software inventory platform: Check the use of computer software by employees and check the use of illegal software to ensure all software is legally licensed for use.
- Network equipment/server upgrade: Conduct an information asset value inventory at least once a year, conduct risk assessment, compile an operational impact analysis report, and continue to conduct operational risk plans and drills for high-risk items.

III. Periodic inspections

- Website vulnerability scanning: The Company commissions an external information security company to scan websites for vulnerabilities, and patch and strengthen protection measures in a timely manner.
- Website penetration testing: The Company entrusts an external information security company to conduct penetration testing of the e-commerce website to strengthen website security.
- Mobile app testing: The Company commissions an external information security company to conduct basic mobile app information security testing on Simple Mart's app, and has obtained the "Mobile App Basic Information Security Logo".
- Email social engineering drill: Internal employees conduct email social engineering drills on the email open rate, link click rate, and attachment click rate to enhance employees' information security awareness of email use.

IV. Training and advocacy

- Information security management training courses were conducted for IT personnel, totaling 16 hours.
- This year, a total of 4 sessions of information security education courses and advocacy were organized with 149 participants.
- Security incident cases are selected from time to time to advocate the importance of information security to the whole company.



Internal Management Mechanism for Personal Data Protection

I. Structure of the Dedicated Unit for Personal Data Management

To protect the personal information and privacy rights of consumers, Simple Mart Retail Co., Ltd. complies with the Personal Data Protection Act and established the Company's personal data protection and management operating procedures, and implements various security and maintenance measures to ensure that the personal data collected and processed by the Company's various services can be effectively managed. The Company set up the "Personal Data Management Unit" in 2023 to take charge of personal data protection and management matters, and its management organizational structure is as follows:

1. Convener: The Director of the Information Division serves as the convener, responsible for the planning and decision-making of the execution team, supervising the implementation of business implementation and integration and utilization of resources, activating the emergency response team, adjudicating incident handling plans, dispatching and arranging response personnel, and tracking the progress of the handling situation.
2. Responsible personnel: Appointed by the Director of the Information Division, responsible for the planning, promotion and implementation of personal data protection and management matters related to the formulation of personal data protection policies and systems and related documents.
3. Departmental personal data window: Personnel designated by the relevant department head to assist in the promotion and implementation of personal data protection and management matters, and supervise the personnel of all departments to comply with the regulations and maintain the effectiveness, as well as the security maintenance and custody of personal data.
4. Auditor/unit: The Auditing Office. The auditors cannot be the same personnel as the dedicated personal data personnel. The personnel are responsible for the data security audit mechanism, regularly audit the implementation and effectiveness of the security maintenance plan, and report the audit results to the Board of Directors.

II. Personal Information Management Procedures

The dedicated unit for personal data management regularly performs personal data inventory, risk analysis, internal evaluation of systems, notification and revision, data destruction, training, etc. In line with the human resources course requirements, the headquarters and retail colleagues are required to complete mandatory online courses for personal data and conduct regular information security/social interaction drills. The dedicated unit for personal data management completed the annual inventory of personal data in 2023 and revised the "Personal Data File Maintenance Plan". After the establishment of the organization, the dedicated unit for personal data management strengthened the de-identification management of personal data of each unit.

III. Personal data incident prevention, reporting, and response procedures:

Upon discovering that personal data has been stolen, leaked, tampered with, or otherwise infringed upon, the Company's internal personnel shall immediately report it to the unit in charge of personal data management to notify the relevant units for adjustment or handling of the matter, and notify the persons involved or their legal representatives of the fact of infringement of personal data in an appropriate manner as soon as possible, and that the response measures has been taken by the Company, as well as the contact telephone number. Within 72 hours from the discovery of the incident, the dedicated personal data management personnel will fill out the "Personal Data Infringement Incident Reporting and Recording Form" and report it to the Ministry of Economic Affairs by email. The process, results, and review are reported to the Economic Affairs Department.





Chapter 3 Environmental Sustainability

3.1 Energy Management and Energy Saving Solutions

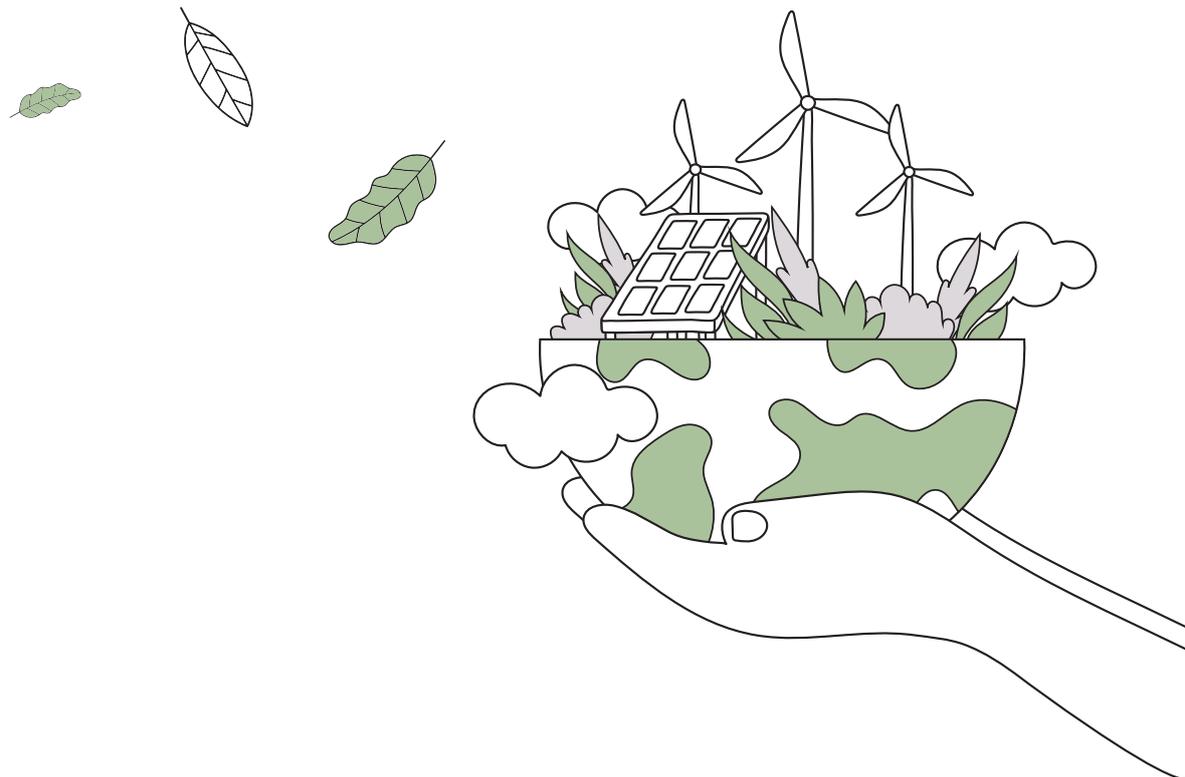
2023 electricity consumption overview and energy conservation measures.

3.2 Waste Management

Recycling and management of water resources, cartons, and empty bottles.

3.3 Environmental Sustainability Actions

Annual statistics on the no return policy, food circulation, recycling of bags, and plastic reduction plan.



Climate-related Information of TWSE/ TPEX Listed Companies

Climate-related information

ITEM	IMPLEMENTATION STATUS
<ol style="list-style-type: none"> 1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and the management. 2. Describe how the identified climate risks and opportunities affect the Company's business, strategy, and finance (short-term, medium-term, and long-term). 3. Describe the financial impact of* extreme climate events and transformational actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. 8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, the sources and quantity of carbon reduction credits for the offsets or the quantity of the renewable energy certificates (RECs) should be explained. 9. Greenhouse gas inventory and assurance status, as well as the reduction goals, strategies, and specific action plans. 	<ol style="list-style-type: none"> 1. The Board of Directors is the highest unit of the Company's climate risk management which promotes and implements the Company's overall risk management in compliance with laws and regulations, clearly understands the risks faced by the operations, ensures the effectiveness of risk management, and takes the ultimate responsibility for risk management. In addition, a Risk Management Taskforce is established under the Corporate Sustainable Development Committee as the responsible unit for implementation of risk management. It holds more than two meetings a year, regularly reports the risk management results to the Corporate Sustainable Development Committee, and regularly reports to the Board of Directors on the Implementation status. 2. Sudden climate changes, tropical cyclones or floods will cause business suspension in the short term, resulting in property losses and increased capital expenditures. In the medium term, global warming will gradually increase operating costs. In the long term, the related operating and procurement costs will increase in response to greenhouse gas emissions. Taking the supply chain as an example, the Company will pay more attention to green procurement and carry out related business operations in accordance with the green cycle. 3. The Company attaches great importance to extreme climate issues, and adopts appropriate mitigation and related measures. It is hoped that long-term optimization will help improve corporate profitability. The impacts on the financial aspect include impacts on the assessment of the Company's assets, creditworthiness and solvency, as well the Company's overall accounting policies. 4. After identifying the risk factors that the Company's functional units may face, a measurement method is established to serve as the basis for risk management. The Company's risk management process includes: Risk scope identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response. Relevant departments propose countermeasures to the Risk Management Taskforce, and reports to the Corporate Sustainable Development Committee. <p>● In addition, the C company started the greenhouse gas inventory operation in 2024, and set carbon reduction goals, strategies and specific action plans for 2025.</p>



Greenhouse Gas Inventory Planning in Recent Years

Greenhouse Gas Inventory Information

Simple Mart Retail has designated 2024 as the "first year of corporate ESG sustainability" and officially launched the greenhouse gas inventory in 2024. The ESG Sustainability Team will promote the plan, hold regular meetings every quarter, and report to the board of directors. The scopes of inventory boundary expected to be conducted in the first year are scope 1 and scope 2.

Greenhouse Gas Assurance Information

The Company expects to conduct a third-party verification and assurance of the 2025 greenhouse gas inventory in 2026.



3.1 Energy Management and Energy Saving Solutions

The Company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving design, reduces the energy consumption of the Company and products, and expands the use of renewable energy to optimize energy use efficiency. The implementation status in 2023 is as described in this chapter.

2023 Electricity Consumption Overview

Simple Mart Retail prepares statistics on the total electricity consumption of all its stores each year, calculates carbon emissions based on the annual breakdown of electricity carbon emissions, and implements a series of energy-saving plans and measures to practice sustainable corporate management.

Carbon emissions calculation

Year	Number of stores	Total electricity consumption	Electricity carbon emission factor	Greenhouse gas GWP value	Estimation of carbon emissions
2019	725	72,035,607	0.533	1	38,394,979
2020	780	76,477,801	0.533	1	40,762,667
2021	785	89,459,835	0.509	1	45,535,056
2022	810	94,167,887	0.509	1	47,931,454
2023	809	94,278,995	0.495	1	46,668,102

Our company continues to actively implement energy reduction measures by selecting high-energy-efficiency and energy-saving equipment to reduce corporate and product energy consumption. We are also planning the use of renewable energy to optimize energy efficiency. In 2023, energy-efficient equipment reduced carbon emissions by approximately 2.6% compared to 2022. For new or renovated stores, we will continue using energy-saving equipment. Through the addition and replacement of such equipment, we aim to reduce carbon emissions by 120,000 kilograms in 2024.

Energy Conservation Measures

In December 2023, Simple Mart introduced the first ISO 50001 demonstration store for energy and energy conservation management. It expects to gradually replicate the management model to all stores for planned store decoration optimization, replace outdated lighting and air conditioning equipment (replacing outdated T8 lamps with "flat panel lights"; on average, a 32W flat panel light can replace 1.83 20W T8 lamps and can increase the average illuminance by 150 lumens)

The energy-saving action plan for stores can save electricity by 30.478 thousand kWh/year, and reduce carbon emissions by 15.087 tCO₂e: In 2023, all newly opened and remodeled stores fully adopted or replaced old lamps with flat panel lights, with a total of 1,814 flat panel lights in 60 stores. In addition, the use of energy-saving LED lighting has reached 100% in all stores. In 2023, 29 stores replaced their old air conditioners with Class 1 air conditioners, with a total of 58 units.

(Note: According to the latest calculation result of the Bureau of Energy, Ministry of Economic Affairs in 2021, every kWh of electricity from Taipower will generate 0.509 kg of CO₂ emissions.)



The following is a list of differences in energy saving data between existing lamps and new lamps

Item	Existing lamps Case: Changji Store, Taipei	New lamps Energy-saving flat panel lights	Savings on
power consumption	40 W	25 W	-15 W
Power saving rate	-	-	-37.5%
Electricity consumption per lamp per day (16hrs)	0.64 kWh	0.4 kWh	-0.24 kWh
Electricity consumption of 33 lamps per day (16hrs)	21.12 kWh	13,2 kWh	-7.92 kWh
Electricity consumption of 33 lamps per year (16hrs/day)	7,708.8 kWh	4,818 kWh	-2,890.8 kWh
Average electricity price 4.56	NT\$35,126	NT\$21,954	(NT\$13,172)



3.2 Waste management

Water Resources

Disclosure of water consumption information of Simple Mart Retail in the last five years:

Year	Number of store	Estimated water consumption (tons)
2019	725	108,750
2020	780	117,000
2021	785	117,750
2022	810	121,500
2023	809	121,350

Cartons

In addition to the daily advocacy of garbage reduction, Simple Mart Retail recycles and manages resource waste. The Logistics Department recycles nearly 300 tons of cartons every year, and implements the cleaning and transportation process: pressing → stacking → placing in a fixed area → cleaning and transportation. Up to 2023, about 626 tons of cartons are recycled every year to realize corporate sustainability in daily work.

Disclosure of the statistics and information on the recycling of cartons by Simple Mart Retail in the past three years:

Carton recycling statistics (tons)			
Company	2021	2022	2023
Simple Mart	300	330	350



Empty Bottle Recycling and Management

Simple Mart Retail advocates the recycling and reuse of empty bottles. All its stores in Taiwan support the environmental protection policy, and consumers may take glass bottles to its stores for recycling. More than 370 tons of empty bottles are recycled every year, and 16.36 million empty bottles were sorted up to 2023.

Simple Mart Retail's information disclosure on empty bottle recovery in the past 2 years:

Empty bottle recovery		
Unit	2022	2023
Number of empty bottles recovered	8,285,520	82,83,884
Total weight recovered (tonnes)	372.8	372.77



3.3 Environmental Sustainability Actions

No Return Policy

The global supply chains create a large amount of greenhouse gas emissions, which directly impact our planet. Therefore, after careful evaluation, Simple Mart Retail planned the "no return" policy to reduce the overall "vehicle dispatch frequency" of the logistics center, and increase the "number of loading stores" for each vehicle through "route consolidation", in order to achieve the reduction of carbon emissions every year.

The Company has always implemented the concept of environmental sustainability. To reduce carbon emissions (including product impairments and carbon emissions from transportation) caused by the return of goods to the logistics center, it has implemented a no-return policy for many years, so that the goods withdrawn from the shelves will not be returned to the logistics center. Centers and suppliers, in order to carry out product clearance at ultra-low prices in stores, thus allowing consumers to buy products at a discount while contributing to carbon and waste reduction.

Creating a Food Cycle

Simple Mart is highly attentive to environmental protection matters. In order to eliminate food waste caused by returns, in November 2018, the Company participated in Foodbank's food conservation plan. In 2022, the food conservation plan further evolved into version 2.0, and Simple Mart became a partner of Taiwan Foodbanks' "Plan for 319 Towns". The Company's 37 stores in northern, central and southern Taiwan jointly worked with Foodbank to enable the "Food with Love" cycle to step into every city and town. In the face of natural disasters or in times of emergency relief, Simple Mart and Foodbank can respond in real time and on the front line, 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 weight of donations reached 18.56 tons, providing aid to nearly 5,000 disadvantaged families.



Recovery of Recyclable Packaging Material Bags

Simple Mart teamed up with the e-commerce platform momo to join the sustainable "green e-commerce" recycling group. Since 2022, over 800 Simple Mart stores across Taiwan have activated the "momo recyclable bag" package recovery service. Consumers of the online shopping platform who receive "momo reusable bags" with a special green identification seal can take them to Simple Mart stores across Taiwan for recovery, allowing the public to transform "online shopping ordering" to "delivering reusable bags for environmental protection", and from "regular online shoppers" to "environmental protection pioneers", thereby turning packaging bags that are to be discarded into green gold to save for environmental sustainability together. In 2023, a total of 1,172 recyclable bags were recovered.





Annual Statistics on Plastic Reduction Plan

In 2020, the Company introduced its plastic reduction policy to switch from plastic containers that are traditionally used in retail stores to containers that are not made of PET, PS, PVC, PE, or PP materials, or encourage the public to bring their own eco-friendly bags. According to its 2023 plastic reduction achievement report, 1,760,000 containers were used to hold eggs, pastry, vegetable, and fruits, (a total of 3 categories) of which 1,159,145 were substitute containers; items sold naked totaled 598,334 in quantity. The reduction rate was 91.23%, and the weight of plastic reduction was 54,087 kg.

In addition, in line with the government's plastic reduction policy, Simple Mart under Simple Mart Retail and Simple Mart + have been promoting the "reduce plastic in store" activity. Simple Mart + launched the "Tale of the Bags" activity of donating used paper bags for point collection, and for every 10 paper bags donated, the donor can enjoy a designated cup of coffee at a discount price, and currently 28,170 paper bags have been collected. Simple Mart on the other hand offers a NT\$5 discount on freshly brewed coffee for those who bring their own eco-friendly cups.



Chapter 4 **Workplace Sustainability**

4.1 **Employee Profile**

Manpower composition, gender, region, reinstatement and retention status after parental leave, diversified indicators for women

4.2 **Labor-Management Relations and Employee Benefits**

Salary structure, employee communication and grievance, welfare measures

4.3 **Talent Sustainability Actions**

Training system and promotion channels, recruitment overview

4.4 **Workplace Safety and Health**

Healthy workplace, occupational safety and health measures



4.1 Employee Profile

The disclosure scope of the employee profiles is Simple Mart Retail Co., Ltd.

Employee Composition

Age	Number of people	Male	Female	Proportion
Aged 0~30	1,716	865	851	45%
Aged 30~50	1,749	562	1,187	46%
More than 51	335	89	246	9%
Total	3,800	1,516	2,284	100%

Non-employee Composition

Type	Male	Female	Proportion
Interns	21	17	27%
Dispatched employees (Simple Mart)	2	1	2%
Dispatched employees (Logistics)	43	55	71%
Total	66	73	100%

Regional Structure (figure)

Country		Taiwan		Hong Kong and Macau, China		Northeast Asia		Southeast Asia nationalities		Other		Total
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Full-time employees	Employees with indefinite contracts	1,511	2,271	2	9	2	1	1	3	0	0	3,800
	Employees on fixed term contracts	0	0	0	0	0	0	0	0	0	0	0
Part-time employees	Employees without guaranteed work hours	0	0	0	0	0	0	0	0	0	0	0
Total		1,511	2,271	2	9	2	1	1	3	0	0	3,800



Reinstatement and retention rates after parental leave without pay

Reinstatement and retention rates after parental leave without pay	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Number of persons who have continued to work for one year after being reinstated in the previous year	14	36	8	63	11	33
The actual number of persons applying for parental leave without pay in the current year	3	21	3	48	3	22
Parental leave without pay application rate (%)	21%	58%	38%	76%	27%	67%
Number of persons expected to be reinstated in the current year	1	21	0	13	0	11
Number of people actually reinstated in the year	1	13	0	11	0	7
Reinstatement rate (%) ^{note 1}	100%	62%	0%	85%	0%	64%
Actual number of person reinstated last year	3	18	1	13	0	11
Number of persons who have continued to work for one year after being reinstated in the previous year	2	11	0	6	0	4
Retention rate (%) ^{note 2}	67%	61%	0%	46%	0%	36%

※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

Diverse Indicators for Women

Indicator	Percentage
Percentage (%) of women	60.11
Percentage (%) of women	60.42
Percentage (%) of female managers	64.79
Percentage (%) of female top-level executives (CEO and two levels down) (%)	37.5

4.2 Labor-Management Relations and Employee Benefits

Salary Structure

Remuneration of full-time non-managerial employees ^(Note) (Unit: NT\$ thousand)

Headquarters	Item	2021	2022	2023
Simple Mart Retail	Number of full-time non-managerial employees	2,314 people	2,276 people	2,174 people
	Average salary of full-time non-managerial employees	413	426	447
	Median salary of full-time non-managerial employees	346	358	375

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

Employee Communication and Grievances

Dedicated line 3385 Simple Mart Help me

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.



Welfare measures

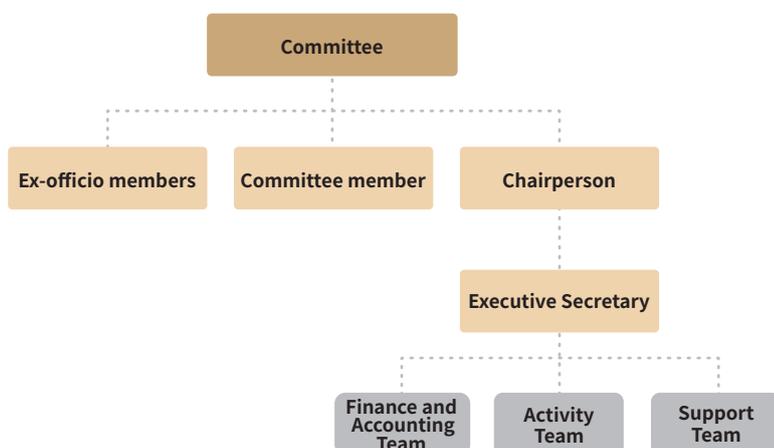
Based on the concept of sustainable management and providing employees with a good working environment, the Company has formulated various welfare measures to enable employees to live a stable life, unleash their talents, and achieve the purpose of mutual growth of individuals and the Company:



Employee Welfare Committee

The Employee Welfare Committee was established pursuant to the letter dated July 14, 2017 referenced Bei-Lao-Zi No. 10635848300. The members are nominated by employers and employees to organize various activities for weddings, funerals, celebrations, major medical subsidies, and various welfare measures. The subsidies from the Employee Welfare Committee include subsidies for marriage, childbirth, funeral, disaster, medical care, and employee activities. Cash gifts or consolation gifts are also distributed on specific holidays. In addition, the Committee cooperates with a number of high-quality manufacturers to provide employees with special discounts in the six aspects of food, clothing, housing, transportation, education, and entertainment.

Organizational Chart of Employee Welfare Committee



List of subsidies

Welfare Item	Personal subsidy amount
Subsidy for wedding	NT\$6,000 for employees with more than 3 years of service, and NT\$2,600 for employees with more than 3 months but less than 3 years of service
Subsidy for childbirth	NT\$2,600
Subsidy for funeral	NT\$5,000 for employees with more than 3 years of service, and NT\$3,000 for employees with more than 3 months but less than 3 years of service
Disaster relief (injury)	NT\$5,000 for level-1; NT\$7,500 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	Up to NT\$100,000
International Workers' Day	Gift money, gift vouchers, or gifts for NT\$1,000
Dragon Boat Festival	Gift money, gift vouchers, or gifts for NT\$2,000
Mid-Autumn Festival	Gift money, gift vouchers, or gifts for NT\$2,000
Travel subsidy	NT\$3,000
Subsidy for club activities	NT\$10,000 per club per season
Employee birthday gift	NT\$600
Subsidy for medical examination	NT\$600

Summary Table of Number of Subsidy Beneficiaries and Amounts in 2023

Subsidy item	Activity content	2023	
		Number of beneficiaries	Total subsidy amount
Travel subsidy	Employees qualified for the seniority criteria or with outstanding performance may apply for travel subsidies and participate in domestic and overseas employee travels.	1,504	4,447,635
Subsidy for wedding	Wedding gift money, etc.	23	80,200
Childbirth subsidy	Childbirth gift money, childcare allowance and childcare subsidy	23	65,000
Subsidy for funeral	Consolation money	29	51,000
Children's education subsidy	Children's scholarship	0	0



4.3 Talent Sustainability Actions

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.

Training System and Promotion Channels

The training courses include basic store personnel operations, store anomaly response procedures, customer service and complaint handling, fire safety and natural disaster evacuation tips and other related courses to learn and enhance the mature-aged people's ability to respond to emergencies. In addition, the Training Department has compiled a variety of rich e-book courses to make learning borderless and acquire the professional knowledge the learner wants anytime and anywhere. Currently, there are 70 e-books in total.

Training Subjects and Statistics for Store Personnel:

Course name	Professional discipline	Professional technical skills	Total
Professional manners in the service industry	1 hour	-	1 hour
Customer service and customer complaint handling	3 hours	-	3 hours
Introduction to store personnel services	1 hour	-	1 hour
Store product management	-	3 hours	3 hours
Fresh product management	-	2 hours	2 hours
Counter and cashier service I	-	2 hours	2 hours
Counter and cashier service II	-	2 hours	2 hours
Store POS machine operations	-	3 hours	3 hours
Store cleaning and environmental health and safety	-	3 hours	3 hours
Store anomaly handling process and contingency	2 hours	-	2 hours
Tips for fire safety and escaping from natural disasters	2 hours	-	2 hours
Total	Discipline courses: 9 hours (37.5%)	Technical courses: 15 hours (62.5%)	Discipline + technical courses = 24 hours

Interdepartmental General Education Course

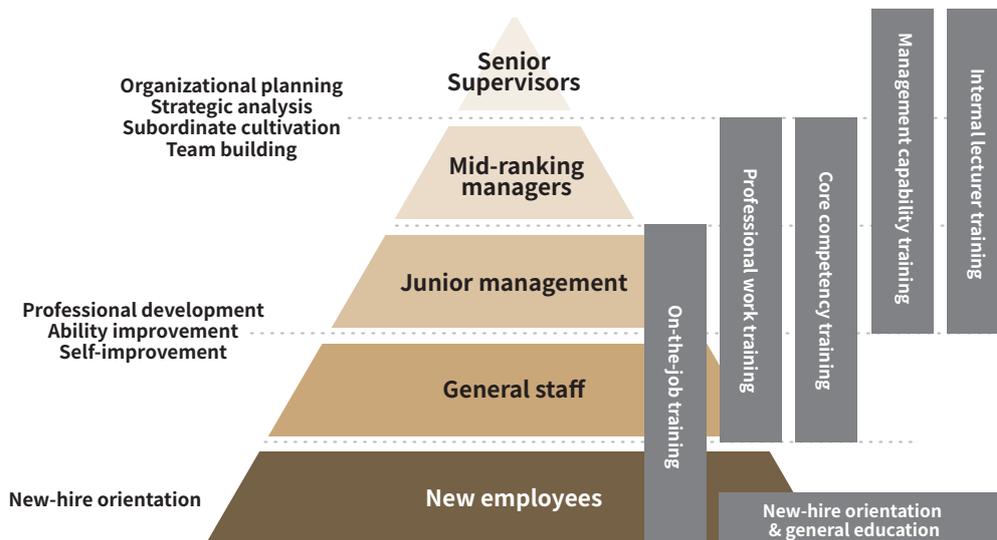


Description of training courses for store personnel:

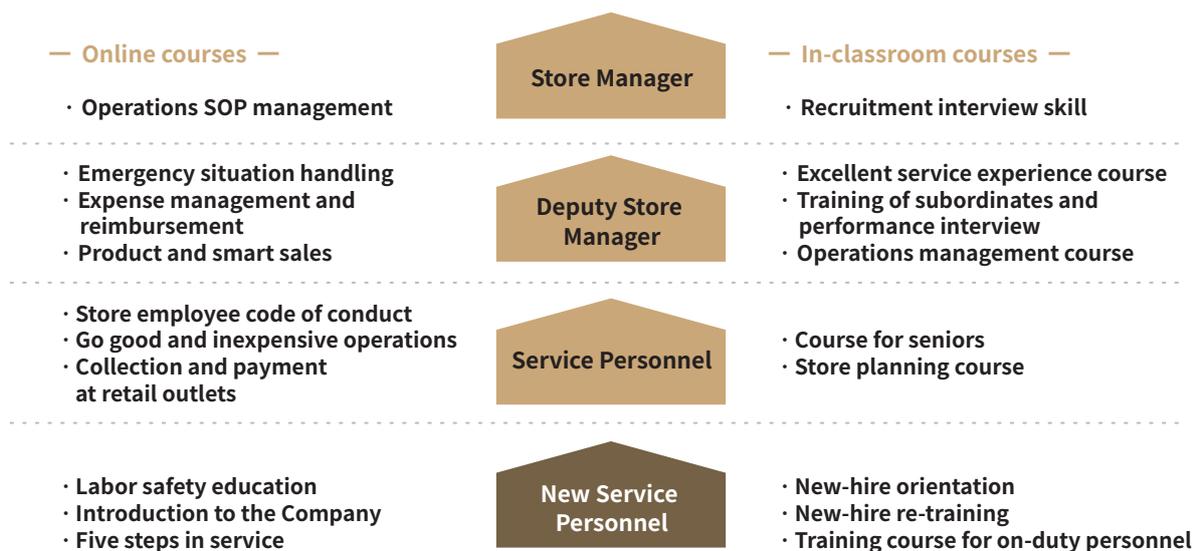
Course name	Course Content
Professional manners in the service industry	<ol style="list-style-type: none"> 1. Professional service etiquette (voice, gesture). 2. Image building - Clothing and appearance, and proper make-up etiquette.
Customer service and customer complaint handling	<ol style="list-style-type: none"> 1. Store customer service management. 2. Customer loyalty management method; observing and recording customer preferences and needs to provide what they need, and merchandising skills. 3. Case study - Customer complaints and the techniques and methods for resolving them; with discussions. 4. Case study - Skills and methods for emotion control and response to unreasonable customer complaints.
Introduction to store personnel services	<ol style="list-style-type: none"> 1. Content and scope of work of store personnel. 2. Content of administrative work.
Store product management	<ol style="list-style-type: none"> 1. Characteristics and management focus of various products, and product display operations. 2. Replenishment of products and their acceptance. 3. Product purchase, sales, and inventory management: Timing of inspection, inspection and handling of defective products, prevention of defective products (temperature management, humidity management, shelf life).
Fresh product management	<ol style="list-style-type: none"> 1. Product range, and characteristics and management focus of various products. 2. Product inventory, display, and replenishment skills. 3. Bawling for product sales, weighing and packaging, and labeling operations. 4. Notes for fresh products.
Counter and cashier service I	<ol style="list-style-type: none"> 1. Scope and management of counter services. 2. Checkout and cashiering procedures and checkout verbal techniques. 3. Identification of the authenticity of banknotes in circulation. 4. Cash register operation.
Counter and cashier service II	<ol style="list-style-type: none"> 1. Counter product management and service (coffee making). 2. Agency collection and payment teaching. 3. Product return and exchange operations.
Store POS machine operations	<ol style="list-style-type: none"> 1. Understanding the functions and usage of POS machines and barcode scanners. 2. Member registration and point collection, invoice and receipt, mobile phone carrier, and typing of unified numbers. 3. Types and operations of checkout methods (cash and electronic payment).
Store cleaning and environmental health and safety	<ol style="list-style-type: none"> 1. Scope and notes for store cleaning. 2. Procedures and techniques for cleaning shelves, equipment, glass and floors, and how to use cleaning tools. 3. Occupational environment sanitation and safety and occupational injury prevention (work posture).
Store anomaly handling process and contingency	<ol style="list-style-type: none"> 1. Anti-robbery, anti-theft, anti-fraud, anti-violence of cash management. 2. Case study - Disaster response measures. 3. Case study - Handling and contingency of common emergency incidents.
Tips for fire safety and escaping from natural disasters	<ol style="list-style-type: none"> 1. Fire prevention knowledge. 2. Introduction to different types of escape appliances and how to use fire extinguishers. 3. Escape tips and routes for natural disasters (fire and earthquake).



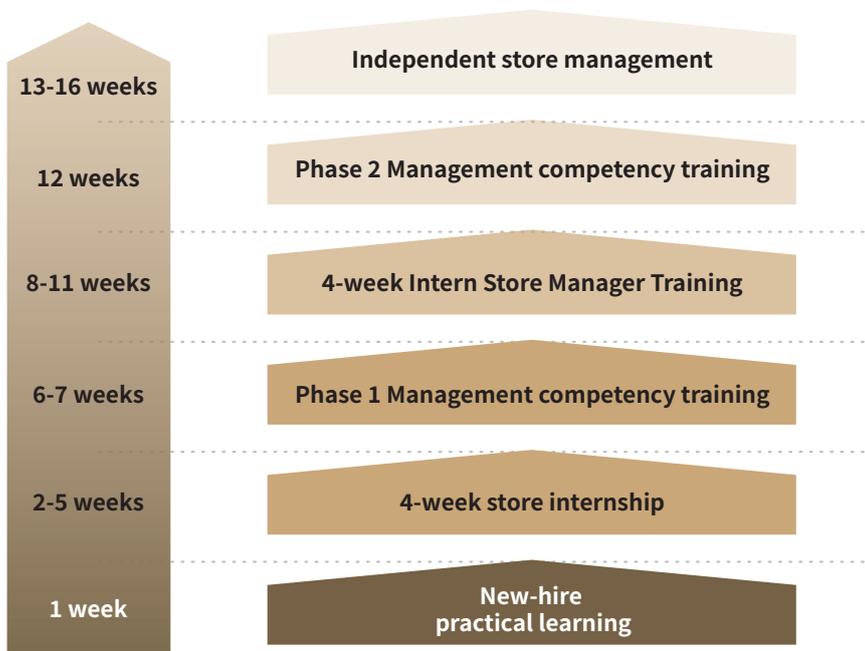
Comprehensive education and training



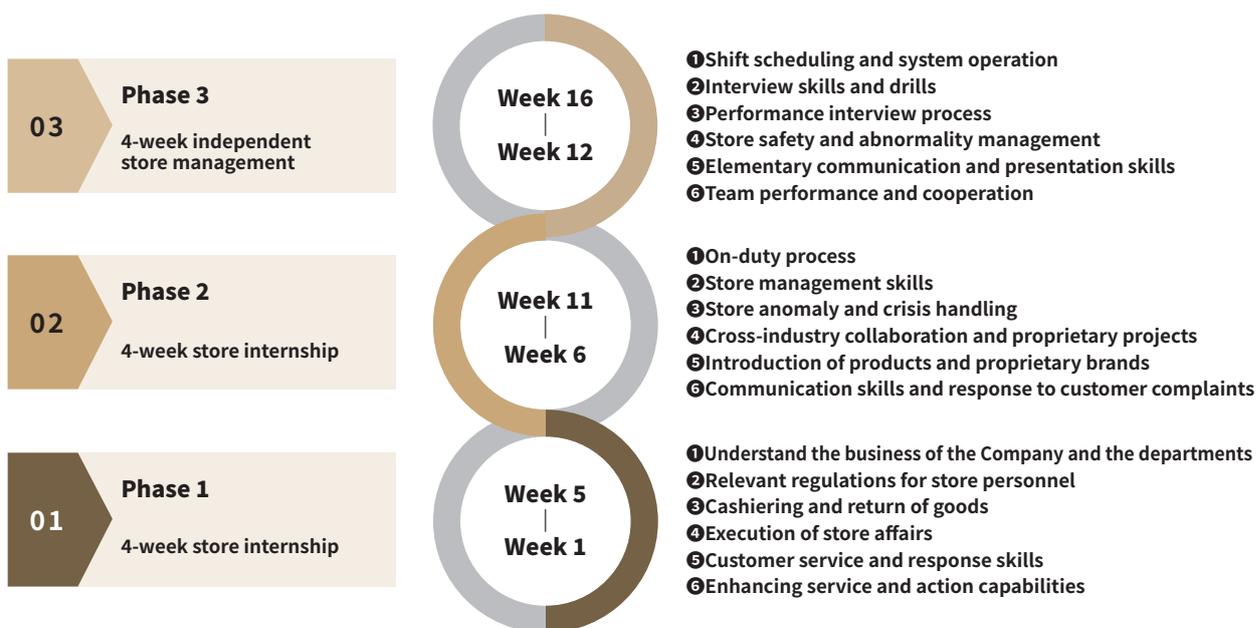
Promotion and learning planning for store colleagues



Reserve store manager education and training



Reserve area supervisor education and training



Statistics of employee training by job type and gender

Statistics of employee training by job type and gender						
Employee category	Male			Female		
	Number of training participants	Number of hours	Average training hours	Number of training participants	Number of hours	Average training hours
Managerial position	603	2,888	4.78	762	3,663.5	4.8
General position	1,187	8,260	6.95	1,598	10,951.5	6.85
Concurrent position	0	0	0	0	0	0
Total	1,790	11,148	6.22	2,360	14,615	6.19

Recruitment Overview



Employment Service Station Talent Recruitment Activities

To accommodate the surge in store numbers, the Human Resources Division 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. The number of talent recruitment activities across Taiwan exceeded 140 in 2023.



4.4 Workplace safety and health

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.

To protect the health of employees, the Company has appointed full-time nurses to provide health care advice, health management, occupational disease prevention, and other labor health protection matters. The protection of maternity is also a key concern of the Company. In addition to the breastfeeding room for female employees, the Company cooperates with childcare centers close to the Company to provide alternatives for employees with childcare needs.

Description of healthy workplace items:

Item	Simple Mart Retail
On-site physician service	Once per quarter, with a total of four on-site services provided.
	A total of 18 people were consulted (15 through face-to-face interviews, and 3 via telephone calls during the maternal protection period)
Use of the medical office and consultation	A total of 15 people received consultation in the following categories: drug consultation, musculoskeletal pain, three highs, COVID-19 consultation, preliminary wound management, assistance in seeking medical treatment, and health education and advocacy.
Health examination anomaly tracking and management measures	The anomaly categories include: anemia, liver function, kidney function, X-ray, triglyceride, blood sugar, and cholesterol.
	Health examination classification: 57 people in total.
	Follow-up management: Employees with abnormal health examination results are arranged to consult with physicians on-site or recommended outpatient follow-up re-examinations. Improvements are to be made after listening to physicians' recommendations, and relevant medical instructions and health education information are given.
Excessive workload investigation	A total of 0 people were at level 2 or higher.
	The nurses screen the list of overtime workers every month. If they find overtime workers, they will immediately remind them and arrange for a physician to conduct an excessive workload consultation, and provide health education and instructions.
Maternity Health Protection Plan	A total of 46 employees were in the maternal health protection period this year, and the evaluation results were all at level 1.
	Appropriate and correct health education knowledge are provided to maternal employees, and they are reminded not to stand for a long period of time and not to lift heavy objects, to take a rest and relax if they feel unwell.
Prevention of musculoskeletal disorders from repetitive work	According to the musculoskeletal symptom survey form, 32 people were identified as having repetitive severe musculoskeletal discomfort. Health education and promotion were mainly provided over the phone, and care and follow-up were continued.
Annual health examination	A total of 788 people underwent health examinations, with a total investment of about NT\$390,000.



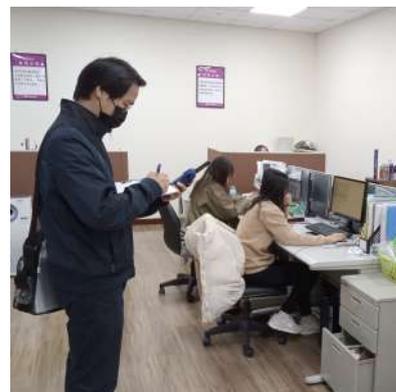
Occupational Safety and Health Measures

Establish an occupational safety and health organization to hold occupational safety and health meetings on a quarterly basis, and review and coordinate occupational safety and health matters. Appointment of occupational safety and health personnel: One Class A occupational safety and health specialist, one Class A occupational safety manager, and one Class B occupational safety and health supervisor to plan, execute, and supervise occupational safety and health operations. This has been reported to the Taipei City Government.

Formulate safety and health policies, comply with safety and health-related laws and regulations, and implement occupational safety and health management to prevent the occurrence of occupational disasters and diseases. Enhance training and communication: Strengthen communication skills through training, enhance the correct concept and consensus of all employees, and shape a high-quality workplace safety and health culture. Implement gender equality: Care for the physical and mental health of all employees, maintain gender equality in the workplace and a safe and healthy workplace, and fulfill corporate social responsibilities. In addition, comply with the organization's current status and the amendment to official laws and regulations, in order to enhance the safety and health management performance.

Planning and Implementation of Occupational Safety and Health

- Regular automatic inspections are carried out at the headquarters and all stores (quarterly: official vehicles; annually: low-voltage electrical equipment).
- Environmental testing: workplace air carbon dioxide concentration and illuminance (once every six months, held on March 3, 2023, with a total of 25 points tested; a total of 25 points were tested on September 8, 2023; a total of 50 times were performed, with all below the threshold), drinking water quality (once per quarter, with four tests in 2023, all meeting the standard).
- New employee safety and health training: 15 sessions in 2023.
- Emergency response and escape drill: An office escape drill was held on November 3, 2023. After the office personnel heard the fire alarm, they immediately stood up and gathered at the designated outdoor location; this helped employees to master escape routes and skills.
- First aid personnel licenses for stores: As of December 31, 2023, a total of 4 first aid licenses (including directly-operated stores and franchised stores) have been obtained.
- Class C occupational safety supervisor licenses for stores: As of December 31, 2023, a total of 11 licenses (including directly-operated stores and franchised stores) have been obtained.
- The Company organized in-classroom courses on occupational safety and health for new employees. In 2023, a total of 110 sessions were held, attended by 771 people.
- Regarding the occupational safety and health online course for all employees in 2023, the online e-book was read for 23,431 minutes in total with 3,479 person-times of reading.



- In-classroom and online courses cover general occupational safety and health management, sexual harassment, and workplace bullying prevention.
- Store and logistics safety and health audits: Executed once a quarter, covering administrative management, mechanical equipment, and occupational safety and health. In April 2023, store safety and health audits were conducted for the stores in Taipei and New Taipei City, and logistics safety and health audits were conducted for the logistics area in August and September 2023.
- In the future, the Company plans to introduce the occupational safety and health 45001 system.



Occupational Accident Statistics

2023 Occupational Accident Statistics ^{note 1}	Unit	Simple Mart Retail
Total working hours (A)	Hours	7,698,768
Occupational injury death toll/rate ^{note 2}	No. of people/%	0
No. of severe occupational injuries/rate ^{note 3}	No. of people/%	0
Number of people lost due to occupational injuries (B)	Persons	15
Number of days lost due to occupational injuries (C)	No. of days	60
Disabling frequency rate FR = $(B \times 10^6 \div A)$	-	1.95
Disabling injury severity rate SR = $(C \times 10^6 \div A)$	-	7.79
Total Injury Index (FSI)	-	0.12
No. of sick leave days (D)	No. of days	3,655
No. of days of absence (C+D)	No. of days	3,715
Absence rate ^{note 4}	%	0.000006%

※Note 1: The statistics above excluded occupational injuries that occurred during commuting to and from work.

※Note 2: Occupational injury death rate = Number of occupational injury death toll \div total working hours \times 1,000,000.

※Note 3: Serious occupational injury rate = Number of serious occupational injuries (excluding the death toll) \div total working hours \times 1,000,000 (serious occupational injuries: death or inability to work due to occupational injury, making the worker impossible or difficult to recover within 6 months to the state of health before the injury).

※Note 4: Absence rate = Total number of days absent in the year \div Σ (total number of employees per month \times number of working days per month).

Internal Occupational Safety and Health Training

Course name		Number of sessions	Persons	Number of hours
General safety and health education and training	In-classroom courses	22	242	15,972 hours
	Online courses	0	0	0
Safety and health advocacy meetings for regional supervisors/regional directors		0	0	0
Safety and health advocacy meetings for store managers		4	48	192 hours
Fire prevention and response		1	165	0.5 hour
Workplace health-promoting courses		1	6	1 hour

List of Workplace Health Promotion Courses

Course date	Lecture name	Number of participants
August 9, 2023	Health management plan	6



Chapter 5 **Social Welfare**

5.1 **Caring for Social Issues**

5.2 **Building a Sports Enterprise**



5.1 Caring for Social Issues

Simple Mart Retail declares with the government that its channels refuse to sell tobacco products to those under 20 years old.

The Tobacco Hazards Prevention Act was amended and implemented on March 22, 2023. The amendment raises the smoking age from 18 to 20 years old, and gives businesses the right to ask consumers with age concerns to present identification documents. Director Chao-Chun Wu of the Health Promotion Administration urged businesses to abide by the law and ask consumers with age concerns to present identification documents when selling cigarettes. If the consumers refuse to cooperate, businesses should refuse to sell cigarettes to them. Consumers are also asked to show their IDs and follow the 3-step process of "ask the age, show the ID, and notify the consumer of the law" when buying (selling) tobacco products to prevent conflicts and law violation. On May 31, 2023, Simple Mart Retail participated in the Health Promotion Administration's press conference on the "2022 Inspection Results on Compliance with the Tobacco Hazards Prevention Act at Tobacco Product Selling Premises", and jointly called for the refusal of sale of tobacco products to persons under the age of 20, reduce the channels for individuals under the age of 20 to obtain tobacco products, and protect the health of young people together.

Simple Mart Has Long Been Committed to ESG Topics of Caring for Women and Children.

With the popularization of photography tools such as cameras and mobile phones, and the rapid development of Internet communication technology, young people in recent years often have experience of shooting nudity or sexual images (hereinafter referred to as sexually explicit images), but after their relationships break down, they usually use such images for intimidation or malicious distribution on the Internet, for example, distributing such images to their relatives, friends, netizens, and other specific or unspecific groups of people through new communication technologies (Line, Facebook, etc.), or even posting them on a pornographic website for netizens to view. This has become a criminal means of retaliation, coercion, extortion, damage to the victim's reputation, and interpersonal relationships, and has become increasingly rampant in recent years.

In view of this, Simple Mart Retail has collaborated with the Women's Rescue Foundation to jointly advocate the prevention of digital sexual violence, and promote the services and advocacy work of prevention and control of disseminating sexually explicit images. Emphasize the need for courage to refuse any contact that makes people uncomfortable, and starting from you and me the enhancement of the awareness of the power of sexual equality which can protect women. In particular, during the anniversary celebration of the Simple Mart brand, the Company launched a public welfare point collection activity, and the Company made a donation to the Taipei Women's Rescue Foundation for each point collection card. A total of NT\$350,000 was donated from this activity to show our love together with the public. Simple Mart + also held an external advocacy lecture, and 2 internal employee advocacy lectures to strengthen the implementation of digital sexual violence prevention.

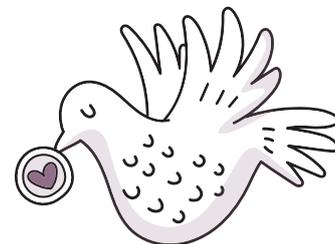


5.2 Building a Sports Enterprise

Holding the 2023 Mercuries & Associates Cup Public Welfare Road Running “Trick or Running”

The Sanshang Group's annual event "Sanshang Cup" Charity Road Race has been held for 33 sessions to date. The event has continued to support the goals of different charity organizations through road running for more than 30 years. On October 29, the Company held the 2023 Mercuries & Associates Cup Public Welfare Road Running with the theme of “Trick or Running”. The Halloween road running party was held at Tajia Riverside Park with 1,000 participants. This year, the Race Department took a professional approach and changed the theme to parent-child fun. There are the 10 km challenge group, 3 km drag fun group, and visually impaired group. Visually impaired runners and caring runners are invited to participate in the event! Face painting, children's Halloween shows, market stalls, and DIY and lottery activities were provided on site. As Halloween was coming, parents and children had fun together in the morning. The Mercuries and Associates Cup Charity Road Run continues to focus on disadvantaged group issues. A total of NT\$300,000 was donated to the ROC Visual Impaired Road Running Association and Hwei-Ming School for Blind Children in Taichung, and the Company expects to contribute its slight effort to call on the public to do public welfare together.

According to the Mercuries and Associates Group, the Group has long been committed to ESG corporate sustainability, and has demonstrated its operations in the environmental, social, and governance fields. This year's road running event once again incorporated public welfare, and the Group's Simple Mart Retail, Mercuries Life Insurance, and Mercuries F&B totally donated a NT\$300,000 to Hwei-Ming School for Blind Children in Taichung and the ROC Visual Impaired Road Running Association. The donation was presented by Kwang-Lung Chiu, Managing Director of Simple Mart Retail, who called on runners to help the blind to spread positive energy, and make the road running activity more meaningful.



Appendices

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