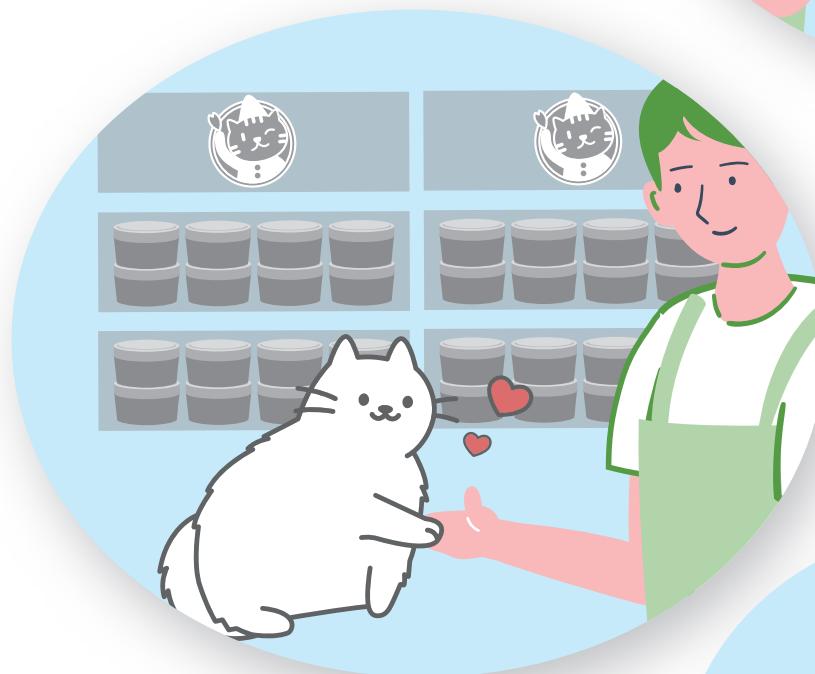
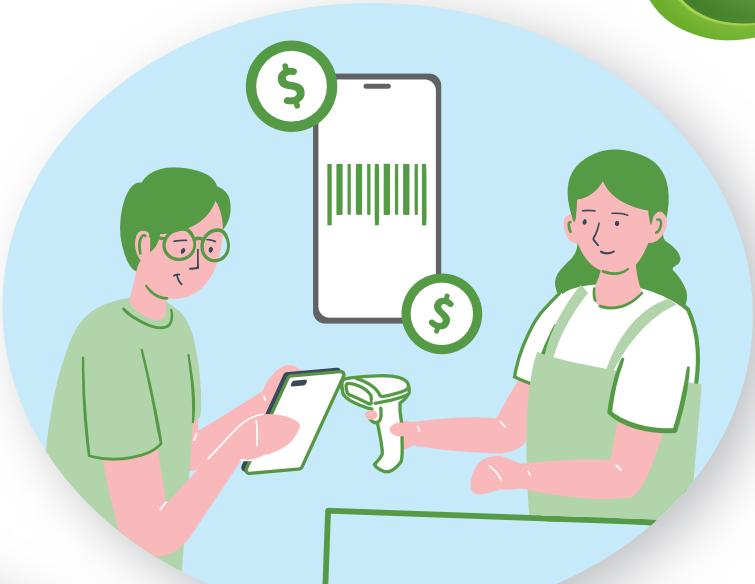


Simple Mart Retail Co., Ltd.

2024

SUSTAINABILITY REPORT





Contents

Preface

About This Report	04
Message from the Management	05
Sustainability Performance Highlights	09

1

About the Company

1.1 Corporate Overview	12
1.2 Development History	14
1.3 Value Chain Overview	16
1.4 Membership in Industry Associations	22

2

Sustainability Strategy

2.1 Values and Sustainable Development	24
2.2 Stakeholders and Communication Engagement	31
2.3 Materiality Assessment	34

3

Governance & Ethics

3.1 Corporate Governance/ Ethical Management	40
3.2 Risk Management	51
3.3 Information Security Management	55
3.4 Regulatory Compliance	58
3.5 Tax Policy	59

4

Environmental Sustainability

4.1 Climate Change and Adaptation	62
4.2 Greenhouse Gas and Energy Management	69
4.3 Waste and Water Resource Management	73

5

Consumer Confidence

5.1 Supply Chain / Raw Material Management	78
5.2 Product Quality and Safety	83
5.3 Service Quality and Customer Satisfaction	93

6

People and Social Engagement

6.1 Talent Recruitment and Retention	100
6.2 Talent Development	107
6.3 Employee Benefits	113
6.4 Occupational Health and Safety	115
6.5 Social Engagement	121

Appendix

Appendix I : GRI Standards Index	125
Appendix II : Climate-related Information Disclosure under "Regulations for the Preparation and Submission of Sustainability Reports by Listed Companies" (Article 4-1, Table II)	131
Appendix III: Certificates	135



Preface

- About This Report
- Message from the Management
- Sustainability Performance Highlights



About This Report

Reporting Boundary

This report discloses the sustainability performance of Simple Mart Retail Co., Ltd. (Simple Mart Retail), Simple Mart Plus Co., Ltd., and Sanyou Beauty & Wellness Marketing, Ltd. for the fiscal year 2024 (from January 1, 2024, to December 31, 2024). Some information may reference performance prior to 2024. Indicators in this report primarily cover the aforementioned three entities, while economic performance indicators are presented based on consolidated financial statements.

All statistical data disclosed in this report are derived from internal company records and surveys, presented using internationally recognized indicators. Any estimations are clearly noted in the relevant sections.

Financial data are prepared in accordance with the International Financial Reporting Standards (IFRSs) recognized and promulgated by the Financial Supervisory Commission (FSC) and the regulations for preparing financial reports by securities issuers. These financial statements are audited and certified by KPMG Taiwan, and all figures are presented in New Taiwan Dollars (NTD).

Principles of Report Preparation

This is the fifth Sustainability Report issued by Simple Mart Retail Co., Ltd. (Stock Code: 2945). It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021 edition) and the "Regulations Governing the Preparation and Submission of Sustainability Reports by Listed Companies." Detailed GRI indicator references can be found in the GRI Standards Index in the Appendix of this report.

Reporting Period

The reporting period for the information disclosed in this report is from January 1, 2024, to December 31, 2024, consistent with the reporting period of the financial statements. The report was published at the end of August 2025.

Reporting Cycle

Simple Mart Retail Co., Ltd. issues a sustainability report on an annual basis.

Restatement of Information

Any restatements of historical information are noted within the relevant sections of this report.

Responsible Unit

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- Address: B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City, Taiwan

External Assurance

The contents of this report have been reviewed and approved by the Board of Directors and have undergone external assurance. KPMG Taiwan was commissioned to perform limited assurance in accordance with the Assurance Standard No. 3000 issued by the Accounting Research and Development Foundation, Taiwan, for non-historical financial information. The assurance report is provided in the Appendix of this report.

Message from the Management



Confronted with the accelerating challenges of an aging society, the intensifying impacts of climate change, and structural shifts in labor and energy, the global retail industry stands at a pivotal juncture of transformation and innovation. This is not merely a test of resilience but also an opportunity to redefine the value of retail. For nearly two decades, Simple Mart Retail has been firmly rooted in Taiwan's local neighborhoods, guided by our core belief: "Close to Life, Serving the Community, and Advancing Sustainability Together." We hold that the essence of retail has never changed—it is a service philosophy that accompanies people and evolves with the times. In an era defined by rapid change, we have adopted digital transformation and operational resilience as dual drivers, advancing the organization's growth with prudence and determination.

In response to the convergence of physical and digital channels, we harness smart retail technologies to integrate online and offline experiences. Each of our brands assumes a distinct role in building a consumer-centric life service ecosystem that reflects diverse needs and emerging environmental trends:

- Simple Mart serves as a trusted neighborhood hub, delivering convenience and immediacy to fulfill daily necessities while strengthening consumer trust.
- Simple Mart + upholds principles of natural, organic, environmentally friendly, and food safety-compliant product selection. By sourcing responsibly from the origin, it protects consumer health while safeguarding our shared planet, transforming purchasing decisions into a conscious practice that honors the Blue Zones lifestyle.
- Pet Wonderland Co., Ltd. (Happy Pet), which became part of Simple Mart Retail Co., Ltd. last year, centers on education, social contribution, and community engagement. By embedding warmth and depth into the pet economy, it enhances the emotional value of consumer experiences and broadens the meaning of "good living."

We firmly believe that retail is no longer solely a platform for the circulation of goods, but a bridge that connects people with one another, and links ideals with daily life. Our deep-rooted local connections form the foundation of our symbiotic relationship with communities.

Looking ahead, Simple Mart Retail will continue to move forward under the strategic pillars of "Technology-Driven and Sustainability-Centered Development," striving to build the next generation of trustworthy retail brands. Rooted in people, committed to communities, and in harmony with the land, this represents our redefinition of retail and our steadfast pledge to the future.

Environmental Commitment: Advancing the Green Transition through Action

Climate change is no longer a distant risk but an urgent challenge of the present. For Simple Mart Retail, this is not only an environmental issue but also a generational responsibility and a mandate for corporate action. In 2024, we officially launched our greenhouse gas inventory program, conducting a comprehensive assessment of our operational carbon footprint to lay the foundation for achieving net-zero emissions. This represents a pivotal step in our sustainability transition and underscores the determination of a retail enterprise to drive sustainability through data-based action.

Since 2021, we have progressively implemented energy-efficiency enhancements in newly opened and remodeled stores. To date, 173 stores have been fully upgraded with flat-panel lighting, with all of them now operating under 100% energy-saving LED illumination. In addition, the deployment of IoT-based electronic shelf labels is steadily expanding and is expected to be fully implemented by 2025. Once completed, this initiative is projected to reduce approximately 7,000 metric tons of carbon emissions annually—equivalent to the total annual carbon sequestration of 18 Daan Forest Parks.

Beyond infrastructure, we actively pursue carbon reduction through daily operations by promoting our Food Waste Reduction Program and Plastic Reduction Initiatives, tackling waste at its source and turning sustainability from a slogan into an ongoing lifestyle revolution. Simple Mart Retail recognizes that meaningful sustainability does not lie in short-term highlights but in long-term, measurable, and systemic change. We remain committed to advancing actions that begin with "one store, one light, and one price tag," ensuring that every choice we make moves us closer to a future of shared prosperity with the planet.

Social Engagement: Advancing Together through Inclusion and Shared Value

People have always been the most solid foundation of the enterprise. Simple Mart Retail is committed to building an organizational culture that is diverse, inclusive, and continuously evolving. As of 2024, women account for 61% of our workforce, while employees aged 45 and above represent 23%. This reflects an organization characterized by resilience, balancing gender diversity with age inclusiveness, and combining both experience and vitality. We believe that colleagues from different backgrounds and generations are vital sources of innovation and the deepening of service.

To foster a workforce with professional competence and adaptability, we continuously strengthen our talent development system. In addition to providing a wide range of in-person courses, we have -

established an online learning platform that enables employees to learn anytime and anywhere, ensuring that growth is not limited by location. Our goal is not merely to create a talent development framework but to cultivate an environment where every colleague can be recognized, supported, and empowered to succeed.

Simple Mart Retail's commitment to social engagement extends beyond our corporate boundaries. Through the initiatives of Happy Pet, we not only participate in the growing pet market but also actively promote animal welfare, responsible pet ownership, and consumer education. In addition, through charity runs, collaborations with social welfare organizations, and various forms of community engagement, we continue to extend care to every corner of society where it is needed. We firmly believe that corporate value is not solely reflected in revenue growth, but also in enabling every service and every purchase to become a force for kindness. Moving forward, Simple Mart Retail will continue to strengthen its talent base, engage with communities, and embrace diversity—ensuring that every step of our journey is steady, warm, and aligned with the path of inclusion and shared prosperity.

Steady operation: Building corporate resilience through solid governance.

Sound corporate governance is the cornerstone of sustainable corporate advancement. Simple Mart Retail continues to enhance internal audit mechanisms and financial transparency, ensuring operational processes remain compliant and traceable, while improving cross-departmental collaboration to enable decision-making that is timely, diverse, and forward-looking. This is not only the responsibility of management but also a cultural embodiment of collective participation across the organization.

In the area of digital transformation, we are progressively introducing intelligent tools and applying operational data to comprehensively optimize membership management, product supply chains, and logistics operations. These initiatives inject flexibility and agility into our operations while laying the foundation for a future smart retail ecosystem. More importantly, Simple Mart Retail integrates ESG principles into governance practices and day-to-day operations, constantly reflecting on our roles and responsibilities across the social, environmental, and economic dimensions.

We believe that true, enduring competitiveness stems from an unwavering attention to detail and a transparent approach to the future. Looking ahead, we will advance with a more comprehensive governance perspective and more meticulous action strategies, steadily strengthening our operations, expanding our positive impact, and co-creating a trustworthy future with all stakeholders.

Staying True to Our Purpose: Innovation and Sustainability as Our Compass

Looking back on our journey, we are ever more convinced that the value of retail lies in something deeper: the warmth that resonates with everyday life, the commitment to advancing with communities, and the sustainable path of coexisting with the environment.

Guided by this conviction, Simple Mart Retail actively pursues our core philosophy of "Innovation Driving Sustainability." In response to both the transformation challenges faced by the retail industry and society's growing expectations of corporate responsibility, we are accelerating the adoption of digital technologies, advancing smart operational transformation, and enhancing omni-

channel efficiency. At the same time, we are investing in green technologies and strengthening our ESG governance framework—embedding sustainability not only into our systems but also into every detail and every choice we make.

We understand that the future of a company is not determined solely by financial performance, but also by its ability to create value while balancing people and society, the environment and the future. Therefore, we will continue to expand the social impact of our brands, working hand in hand with customers, employees, and all stakeholders to build a sustainable retail ecosystem that embodies both economic resilience and social well-being.

Sustainability Performance Highlights



E | Environment

- Completed LED lighting replacement in 173 stores in 2024, saving 160,000 kWh of electricity annually and reducing approximately 80,000 kg of emissions.
- Installed electronic shelf labels (ESL) in 60 stores in Q4 2024, reducing 50.97 metric tons of CO2e.
- Reduced approximately 500,000 kg of waste annually by actively managing store operations and promoting purchases in place of product returns.
- Donated a cumulative total of 16.8 metric tons of short-dated food to food banks since 2018.
- Simple Mart Plus adopted 100% recycled paper bags and promoted reusable shopping bags, reducing nearly 90,000 plastic bags annually.
- Recycled 1,837 Momo reusable bags.
- Implemented a “Bring Your Own Cup” policy, reducing the use of 870,000 paper cups in 2024.
- Participated in the Ministry of Environment’s Green Point Program, redeeming 23,032 Green Points.



S | Social

- Increased female employee ratio to 60.78% and employees aged 45+ to 23.8%, reflecting strong progress in gender equality and workplace diversity.
- Delivered a total of 61,678 hours of employee training in 2024, averaging 17.03 hours per employee; 69,417 participations were recorded on the online learning platform, continuing to advance digital learning.
- Achieved an employee satisfaction rate of 85.3%, an 11.4% improvement over the previous year.
- Logistics center introduced a fully automated waste cardboard collection and baling machine, enhancing fire safety and recycling efficiency.
- Certified with ISO 45001 Occupational Health and Safety Management System, strengthening workplace safety and integration with environmental management.



- Continued to promote the Simple Mart Charity Run, supporting Huiming Blind School, visually impaired running programs, and women’s associations.
- Received subsidies from the Ministry of Labor to promote job redesign for middle-aged and senior employees, fostering an age-friendly workplace.
- Honored with the “DEI Friendly Employer for Senior Generations Award” by 104 Job Bank.
- Awarded “2024 Happy Enterprise” recognition by 1111 Job Bank.
- Recognized with the “Service Gold Award Certification” and “Service Angel Award” by the Chain and Franchise Association.



G | Governance

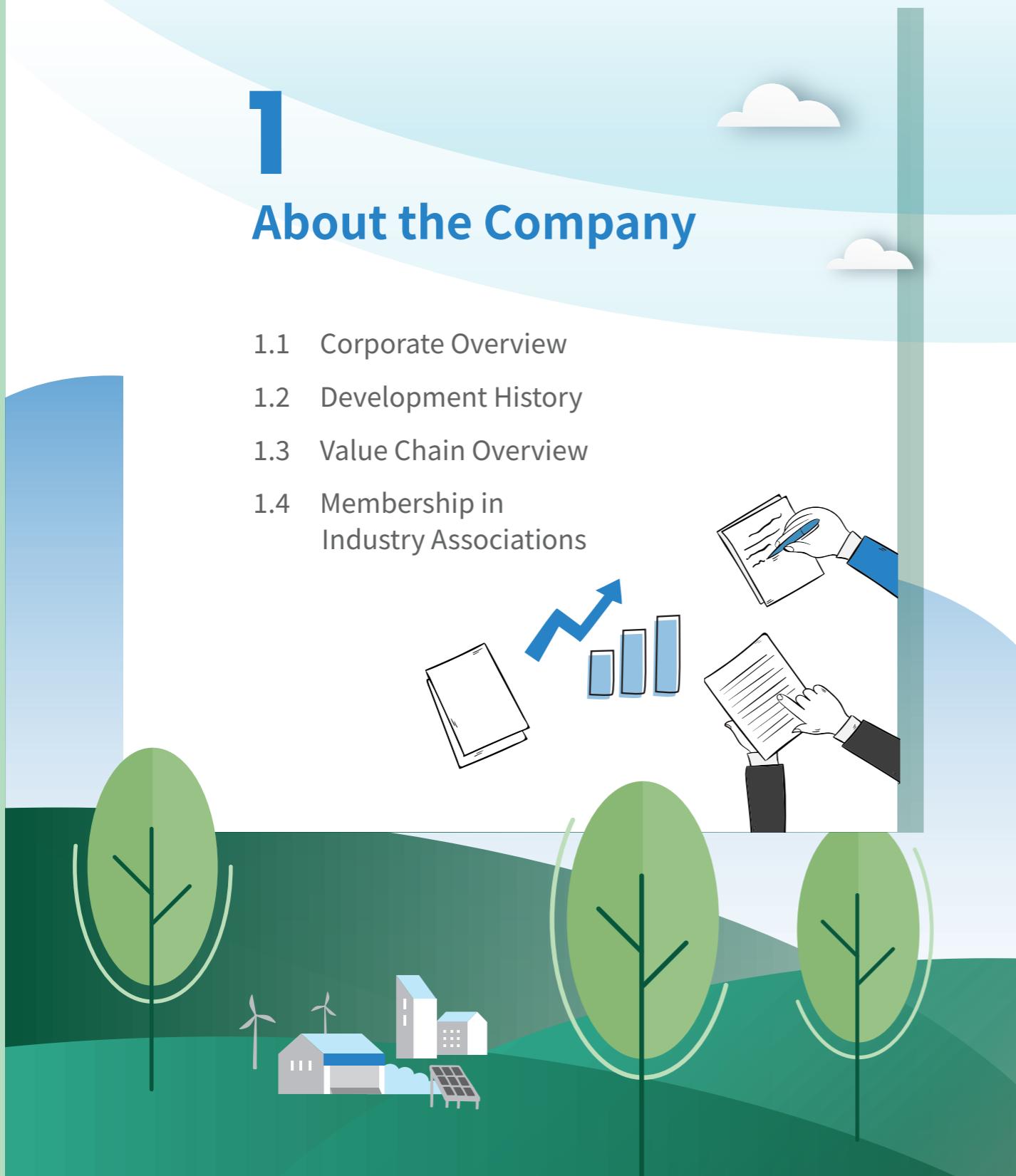
- Ranked in the 21%–35% range among all listed companies in Taiwan’s 2024 Corporate Governance Evaluation, improving by two levels from the previous year; ranked in the top 2%–10% among listed companies with a market capitalization under NT\$5 billion.
- Established a Board-level Sustainability Committee in August 2024, overseeing ESG strategies and material issues. A dedicated Sustainability Office was also set up as the execution core, coordinating six specialized ESG task forces to ensure cross-functional integration and effective implementation.
- Integrated sustainability topics into Board agendas to enhance oversight; incorporated sustainability KPIs into senior executive performance evaluations, strengthening the linkage between ESG and business outcomes.
- Introduced two robotic arms in 2024, reducing manual handling time by approximately 20,000 hours, thereby enhancing operational efficiency and employee safety.
- Completed overall planning and development of the pet business in Q4 2024, actively implementing animal protection initiatives and establishing long-term partnerships with animal welfare organizations to jointly promote the corporate value of treating animals with care.



1

About the Company

- 1.1 Corporate Overview
- 1.2 Development History
- 1.3 Value Chain Overview
- 1.4 Membership in Industry Associations



1.1 Corporate Overview

Simple Mart Retail Co., Ltd. (hereinafter referred to as the “Company” or Simple Mart Retail) was established on February 7, 2013, with its headquarters located in Taipei City. The Company primarily engages in the operation of supermarkets, offering a wide range of products including food, tobacco and alcohol, health and personal care, pet supplies, and daily necessities. As of the end of 2024, the Company operated over 800 stores across Taiwan, employing a total of 3,621 staff members. For fiscal year 2024, the Company’s revenue from these business operations amounted to NT\$14.30 billion, representing 100% of its consolidated net sales. For further details on financial performance, please refer to the Company’s 2024 Annual Report.

Corporate Vision: Becoming the Most Trusted Retail Brand for Consumers

- Creating Customer Value | Shaping a Distinctive Lifestyle
Guided by the core values of Passion, Integrity, Trust, and Innovation, the Company is committed to delivering a friendly, diverse, innovative, and high-quality shopping experience. Through its full portfolio of brands, Simple Mart Retail works with customers to create their own ideal lifestyle.
- Creating Employee Value | Empowering Individual Growth
Anchored in the same core values of Passion, Integrity, Trust, and Innovation, the Company places strong emphasis on employee development and growth. By fostering trust and providing opportunities for advancement, the Company helps employees realize their potential while creating positive impacts for customers, the Company, and society.

Corporate Mission

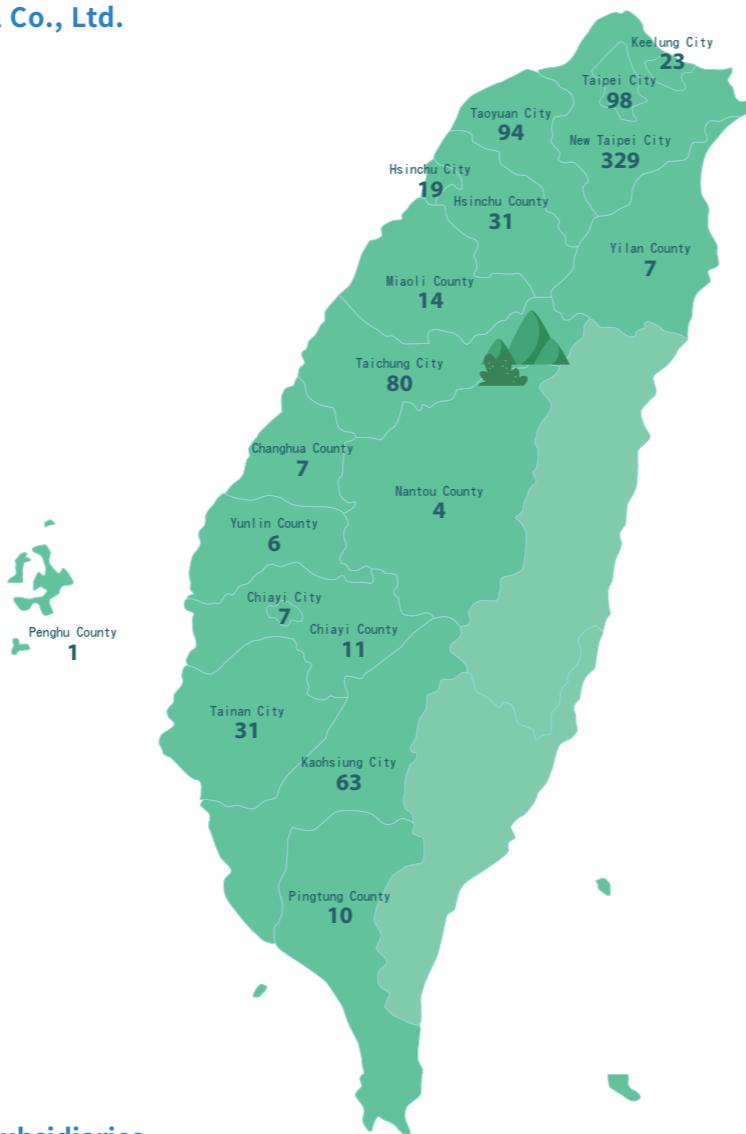
To build accessible retail spaces that meet essential daily needs anytime and anywhere, while providing customers with exceptional value.



Company Profile – Simple Mart Retail Co., Ltd. (Stock Code: 2945)

Date of Establishment	February 7, 2013
Industry Classification	General Merchandise & Retail
Employees	3,621人*
Capital	6.75 million
Headquarter	Taipei City, Taiwan
Primary Operating Area	Taiwan
Total Number of Stores	835 (Simple Mart: 810、 Simple Mart+: 2、 Tomod's: 16、 Happy Pet: 7)
Logistics Infrastructure	1 distribution center

*Employee count includes the Company headquarters, logistics center, Simple Mart, and Natural Mart stores. Data as of December 31, 2024.



Main Operations of the Company and Subsidiaries

Company	Business Scope	Key Brands
Simple Mart Retail Co., Ltd.	Retail of consumer goods; operation of supermarkets; other retail services	Simple Mart
Simple Mart Plus Co., Ltd.	A grocery-based food market integrating everyday consumer goods and dining services	Simple Mart+
Sanyou Drugstore Co., Ltd	Retail of pharmaceuticals, cosmetics, and household cleaning products	Tomod's
Pet Wonderland Co., Ltd.	Retail of pet food and supplies; pet health consultation services	Happy Pet

1.2 Development History

Company Development and Milestones

Simple Mart Retail Co., Ltd. traces its retail origins back to 2006, when the first Simple Mart store was established in Luzhou District, New Taipei City, with the mission of providing convenient, affordable products and serving local communities. In 2011, the business was integrated into Mercuries & Associates Ltd., forming the Retail Division, during which the store network surpassed 100 outlets.

In July 2017, the Retail Division was spun off and formally incorporated as Simple Mart Retail marking a new chapter of independent growth. Since then, the Company has progressively expanded into multi-brand operations, covering pharmaceutical and personal care, curated sustainable products, and pet supplies, thereby shaping a diversified retail network that meets a wide range of consumer needs.

Guided by its mission to “meet everyday consumer needs,” the Company continuously optimizes its product portfolio and store experiences, enhances operational efficiency, and deepens customer engagement. In recent years, the Company has actively pursued digital transformation, integrating online and offline resources, introducing smart retail solutions, strengthening its membership system, and expanding payment options. These initiatives are driving the establishment of the “Simple Life Circle”, further improving convenience and service quality while advancing toward becoming the most trusted retail brand in Taiwan.

Key Milestones

2024-2022

- **2024.10** – Invested NT\$450 million to implement Electronic Shelf Labels (ESLs) across all Simple Mart stores nationwide.
- **2024.08** – Invested in Pet Wonderland Co., Ltd. (Happy Pet).
- **2023.12** – Membership base surpassed 3 million.
- **2023.05** – Completed partnerships with two major food delivery platforms.
- **2022.12** – Simple Mart membership base surpassed 2.5 million.
- **2022.07** – Over 600 stores joined food delivery platforms.
- **2022.03** – Digital membership exceeded 300,000; first digital store launched.

2017-2013

- **2017.07** – Retail Division spun off to establish Simple Mart Retail Co., Ltd.
- **2016.11** – Opened Simple Mart+.
- **2016.02** – Membership base exceeded 1 million.
- **2015.05** – Established Guanyin Distribution Center.
- **2014.01** – Rolled out new Corporate Identity System (CIS).
- **2013.12** – Organized the first Mercuries Charity Run.



2021-2016



- **2021.11** – Listed on the Taiwan Stock Exchange (Stock Code: 2945).
- **2020.01** – Digital membership exceeded 100,000.
- **2019.09** – Celebrated the opening of the 700th store.
- **2019.04** – Established the Simple Mart LINE official account, integrating digital membership functionality.
- **2018.12** – Registered on the Emerging Stock Board.
- **2018.09** – Opened Simple City Mart.
- **2018.01** – Launched online shopping platform Go Simple Mart.
- **2017.07** – Retail Division spun off to establish Simple Mart Retail Co., Ltd.
- **2016.11** – Opened Simple Mart+.
- **2016.02** – Membership base exceeded 1 million.

2011-2006

- **2011.12** – Launched franchise system.
- **2011.01** – Integrated into Mercuries & Associates Ltd. and introduced private-label products.
- **2010.11** – Established Dayuan Distribution Center.
- **2010.10** – Initiated direct import business.
- **2009.06** – Issued membership cards.
- **2008.06** – Opened 100th store.
- **2006.06** – First Simple Mart store opened in Luzhou District, New Taipei City.

1.3 Value Chain Overview

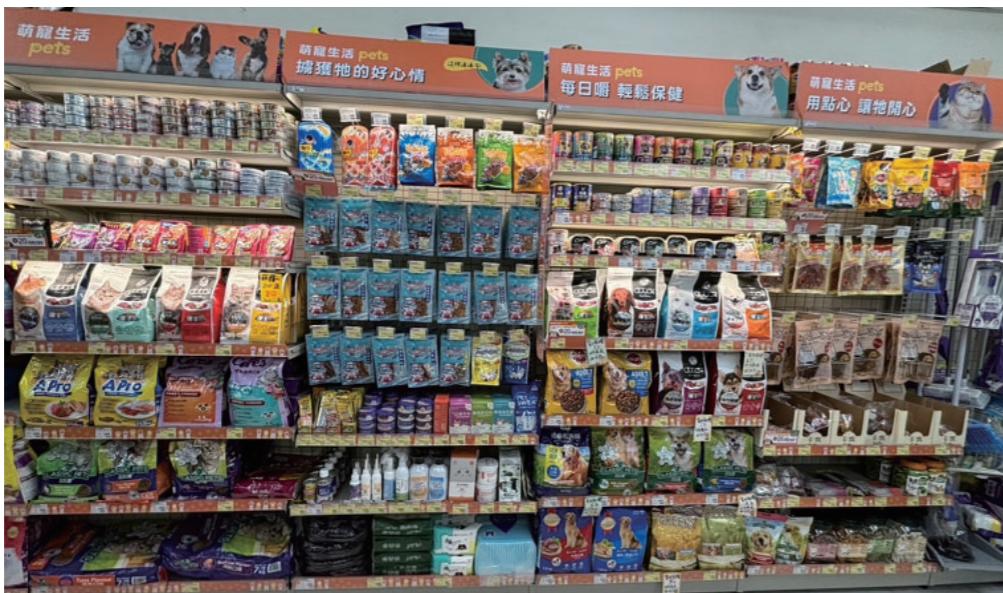
In 2024, Simple Mart Retail reported consolidated revenue of 14,297.18 Million, representing a 1.82% increase compared to 2023. Net income attributable to the parent company's shareholders reached 136.399 Million, reflecting an annual growth of 34.85%, with earnings per share (EPS) of NT\$2.02. Overall, the Company delivered steady and resilient growth.

The Company's core business is anchored in Simple Mart, a neighborhood retail channel that provides essential daily goods and immediate consumption products, spanning food, beverages, household necessities, and a wide range of private-label products. To ensure product quality, supply stability, and affordability, the Company has established a comprehensive value chain system covering product selection, procurement, logistics, store operations, and customer engagement, while embedding sustainability throughout:

Product side	Prioritizing product safety and source transparency, with preference for locally sourced items, products carrying international certifications, or sustainability labels. The Company also continues to expand private-label products to balance affordability with sustainable choices.
Logistics side	Utilizing smart distribution planning based on store location and sales data to optimize delivery routes and frequency, thereby reducing energy consumption, enhancing efficiency, and adopting energy-saving logistics equipment.
Store side	Enhancing the role of community-based retail outlets by introducing energy-efficient lighting, electronic shelf labels (ESLs), and digital management tools, which improve both customer experience and operational efficiency while supporting carbon and waste reduction.
Customer side	Strengthening consumer engagement through membership programs and digital platforms to promote responsible consumption, food-saving culture, and environmental participation, encouraging society at large to practice sustainable living.

In response to market trends and consumer needs, Simple Mart continues to optimize its product mix and enhance differentiation. The share of direct imports and private-label products has reached 20%, effectively improving gross margin structure. Marketing strategies focus on precision campaigns, such as weekly promotions on designated items, special offers on brewed coffee and tea eggs, bundle sales, and imported beer promotions, all of which have increased customer retention. Store traffic has grown for three consecutive years, supporting steady revenue growth. As part of its diversification strategy, in September 2024, the Company completed the acquisition of Pet Wonderland Co., Ltd. (Happy Pet). Integration has begun through the introduction of dedicated pet product zones within Simple Mart stores, driving notable growth in pet-related revenue. This acquisition not only provides a new growth engine but also deepens the Company's social engagement in animal welfare and pet owner education.

Looking ahead, Simple Mart Retail will continue to strengthen its operational foundation and value chain resilience, placing consumers at the center while embedding sustainability across products, services, and actions. This commitment ensures the Company delivers long-term value creation while advancing environmental and social responsibility.



Revenue Composition

Unit: NT\$ thousand

Category	2024 Sales	% of Revenue
Merchandise Sales	13,591,774	95%
Service Revenue	705,406	5%
Total	14,297,180	100%

Revenue by Region

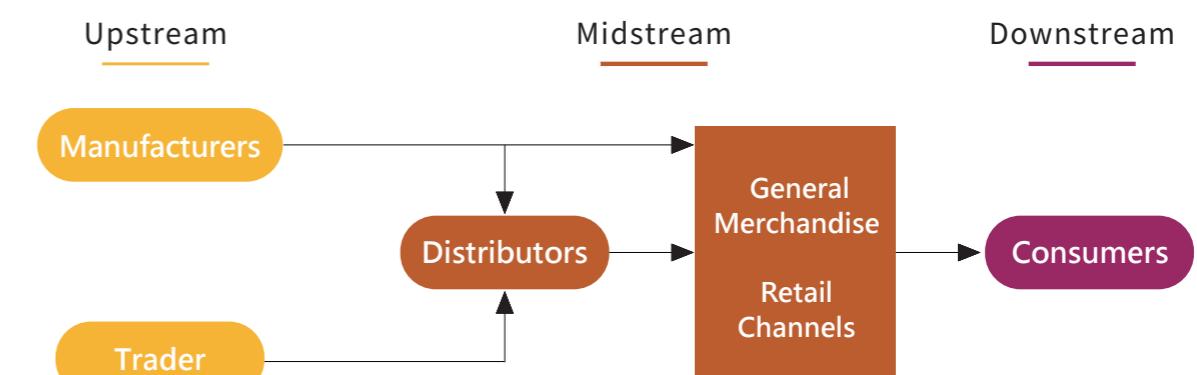
Unit: NT\$ thousand

Region / Country	Products / Services	2024 Sales
Taiwan	Retail sales of food, beverages, tobacco, etc.	14,297,180
Total	-	14,297,180

1.3.1 Industry Upstream, Midstream, and Downstream Linkages

Overview of the Value Chain

Overview of the Value Chain



Industry Sector	Upstream	Midstream	Downstream
Consumer Goods Retail	Manufacturers, Agents, Distributors, and Logistics Providers	Retail Stores	Consumers

1.3.2 Major Brands



美廉社 Simple Mart

Simple Mart was founded in 2006 with the mission of fulfilling households' essential needs for food and daily necessities. By establishing strong community connections and pursuing sustainable operations, Simple Mart is dedicated to becoming the most trusted retail brand for consumers.

Continuously developing its private-label products and introducing quality international selections, Simple Mart has also strengthened its offerings in alcohol, while expanding into beauty & wellness and pet food categories.

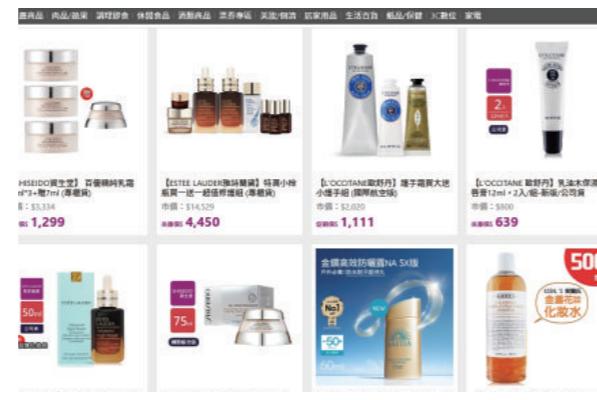
With the commitment to delivering "Good Quality, Great Value", Simple Mart provides customers with right choices to meet the diverse needs of everyday life.



Go 美廉 — Digital Shopping Platform

Launched in 2018 by Simple Mart, Go SIMPLEMART integrates physical stores with digital channels, creating a virtual “second floor” shopping space. The platform expands product choices, enhances convenience, and delivers a seamless online-to-offline experience.

Leveraging member data, Go SIMPLEMART continuously optimizes products and services while strengthening customer engagement, community connection, and brand loyalty.



Simple OFFICE

scan & take away

SIMPLE OFFICE, leveraging its retail network and mobile APP e-commerce, WE launched the smart retail brand SIMPLE OFFICE.

The brand extends into office spaces with on-demand shelves and APP scanning and payment, delivering a fast, convenient shopping experience and enabling multi-channel business expansion to expand brand influence and market presence.

心樣市集 simple mart+

Simple Mart+ — Simple × Natural × Real

We carefully select natural, organic, and environmentally friendly products that meet food safety standards, protecting both consumer health and the planet we share.

This is not only about ensuring product quality, but also a commitment to a way of life—honoring the Blue Zone lifestyle.



At Simple Mart+, every choice is made to make life better—whether a meal or a small daily habit—reflects our commitment to real food, simple living, and harmony with nature, helping customers live healthily, sustainably, and authentically.

三友藥妝 Tomod's



Sanyou Beauty & Wellness Marketing Ltd. operates the drugstore brand Tomod's under Simple Mart Retail corporate group. Through a partnership with the well-known Japanese drugstore chain Tomod's, it introduces original product selections and Japanese-style service concepts to build a premium drugstore brand focused on holistic customer health and well-being.

Tomod's stores not only offer a wide range of products for physical health, inner beauty, and psychological wellness, but also adjust product assortments seasonally according to local lifestyles and customer needs. Each store includes a pharmacy counter that provides professional health consultation services.

At the same time, Sanyou integrates affordable product resources to realize a one-stop shopping experience combining pharmaceuticals and daily necessities—aiming to become a trusted, customer-centric drugstore brand that helps consumers explore and meet their lifestyle needs.

寵物好事 貓の専門店

Founded in 2014 in Taichung, Happypet is a cat-focused specialty store that has expanded into physical stores, e-commerce, membership systems, and brand agent, offering comprehensive cat care services. We provide a practical, healthy, and stress-free environment, with on-site veterinarians for expert consultations.

Monthly Cat Adoption Events reflect our commitment to animal welfare and helping stray animals find homes. At Happypet, caring for pets is more than choosing products—it's a responsibility toward life, where every good deed begins with gentle care.



1.3.3 Supplier Procurement

In 2024, Simple Mart Retail collaborated with a total of 434 suppliers. The company identifies key suppliers based on criteria such as procurement amount by category, supply stability, and business relevance. Key suppliers are defined as those whose annual procurement amount accounts for 10% or more of the company's total procurement in any of the last two years. In 2024, two suppliers met this criterion, representing approximately 24.71% of total procurement expenditure. According to the 2024 consolidated financial statements of Simple Mart Retail, the company's total procurement amounted to NT\$10,593.9 billion, with the highest procurement category being tobacco products.

Supplier Overview (2024)

Category	No. of Suppliers	Supplier Location	Procurement Amount (NT\$ thousand)	Procurement Ratio (%)
Tobacco & Alcohol	2	Taiwan	2,618,404	24.71%
Others	432	Taiwan / Asia / Europe	7,975,485	75.29%
Total	434	Taiwan / Asia / Europe	10,593,889	100%

Downstream Customers

In 2024, Simple Mart Retail's downstream customers were consumers. There were no significant changes in the company's industry classification, value chain, or business relationships compared to the previous reporting period.



1.4 Membership in Industry Associations

Simple Mart Retail actively participates in domestic and international industry associations, public organizations, and non-profit organizations. These memberships not only promote industry exchange and development but also focus on important topics such as technology innovation, corporate governance, environmental sustainability, human rights, and supply chain management. In 2024, the company participated in 20 relevant domestic and international organizations.

No.	Association	Membership Role
1	Taiwan Chain and Franchise Association	Member
2	Association of Chain & Franchise Promotion, Taiwan	Member
3	New Taipei City Rice Association	Member
4	Taoyuan City Rice Valley Business Association	Member
5	Yilan County Rice Valley Business Rice Association	Member
6	Kaohsiung City Rice Valley Business Association	Member
7	Taipei City Rice Valley Business Association	Member
8	Taichung City Rice Valley Business Association	Member
9	Hsinchu City Rice Valley Business Association	Member
10	Changhua County Rice Valley Business Association	Member
11	Hsinchu County Rice Valley Business Association	Member
12	Tainan City Rice Valley Business Association	Member
13	Chiayi County Rice Valley Business Association	Member
14	Kaohsiung County Rice Valley Business Association	Member
15	Miaoli County Rice Valley Business Association	Member
16	Nantou County Rice Valley Business Association	Member
17	Chiayi City Rice Valley Business Association	Member
18	Taipei City Department Store Trade Association, TDSA	Member
19	Taoyuan Science & Technology Industrial Park United Association	Member
20	Taiwan Regional Pharmacists Associations	Member

2

Sustainability Strategy

- 2.1 Values and Sustainable Development
- 2.2 Stakeholders and Communication Engagement
- 2.3 Materiality Assessment



2.1 Values and Sustainable Development

Sustainability Management

Simple Mart Retail has long been dedicated to the retail industry, firmly believing that corporate value lies not only in business performance, but also in proactive responses to social and environmental challenges. Guided by our sustainability strategy “SIMPLE MART Rhythm – Keep Moving Green, Sustaining Our World”, we translate our brand spirit into everyday actions that drive positive environmental impact. With sincerity and perseverance, we honor our commitment to advancing corporate sustainability.

Sustainability Governance Structure

To strengthen sustainability governance, the Board of Directors of Simple Mart Retail approved the establishment of the Sustainability Development Committee on August 2, 2024. The Committee is responsible for formulating sustainability policies, driving implementation, and monitoring progress. It consists of three Board members and senior executives, ensuring both strategic foresight and execution capability.

The Sustainability Office, serving as the core execution unit, reports directly to the Committee. Its responsibilities include convening and organizing Committee meetings, monitoring the performance of task forces, and tracking key performance indicators to ensure that sustainability objectives are achieved and continuously improved.

To enhance governance effectiveness, the Committee has established six dedicated task forces:

- Corporate Governance Task Force
- Risk Management Task Force
- Environmental Task Force
- Innovation & Care Task Force
- Social Engagement Task Force
- GHG Inventory Task Force

Each task force is composed of relevant departmental representatives who develop and implement action plans within their respective areas.

The Committee holds monthly meetings to review progress and reports annually to the Board of Directors on achievements and forward-looking action plans. Recognizing the importance of climate governance, the Company also provides quarterly updates to the Board on greenhouse gas inventory and verification progress to ensure effective environmental management and the fulfillment of carbon reduction targets. This reinforces our commitment and accountability to sustainable development.

Sustainability Development Committee Organizational Structure



Simple Mart Retail has built a systematic management framework based on six sustainability pillars to integrate ESG into daily operations:

1. Environmental Sustainability

We proactively address climate change by managing energy and resources, adopting eco-friendly measures, and advancing sustainable supply chain practices to reduce environmental impact and transition toward a greener future.

2. Inclusive and Safe Workplace

We are committed to fostering a safe, supportive, and inclusive workplace culture. By prioritizing employee well-being, professional development, and gender equality, we ensure that every colleague can thrive and grow together with the Company.

3. Sustainable Procurement

We advocate responsible procurement by gradually developing environmentally and socially friendly sourcing guidelines. Sustainability is embedded as a key consideration in future supply chain strategies, as we collaborate with partners to build a more transparent and responsible supply network.

4. Sustainable Customer Experience

Upholding a people-centered philosophy, we optimize customer relationship management, enhance product and service quality, and encourage sustainable consumption, enabling customers to make more meaningful choices.

5. Corporate Governance

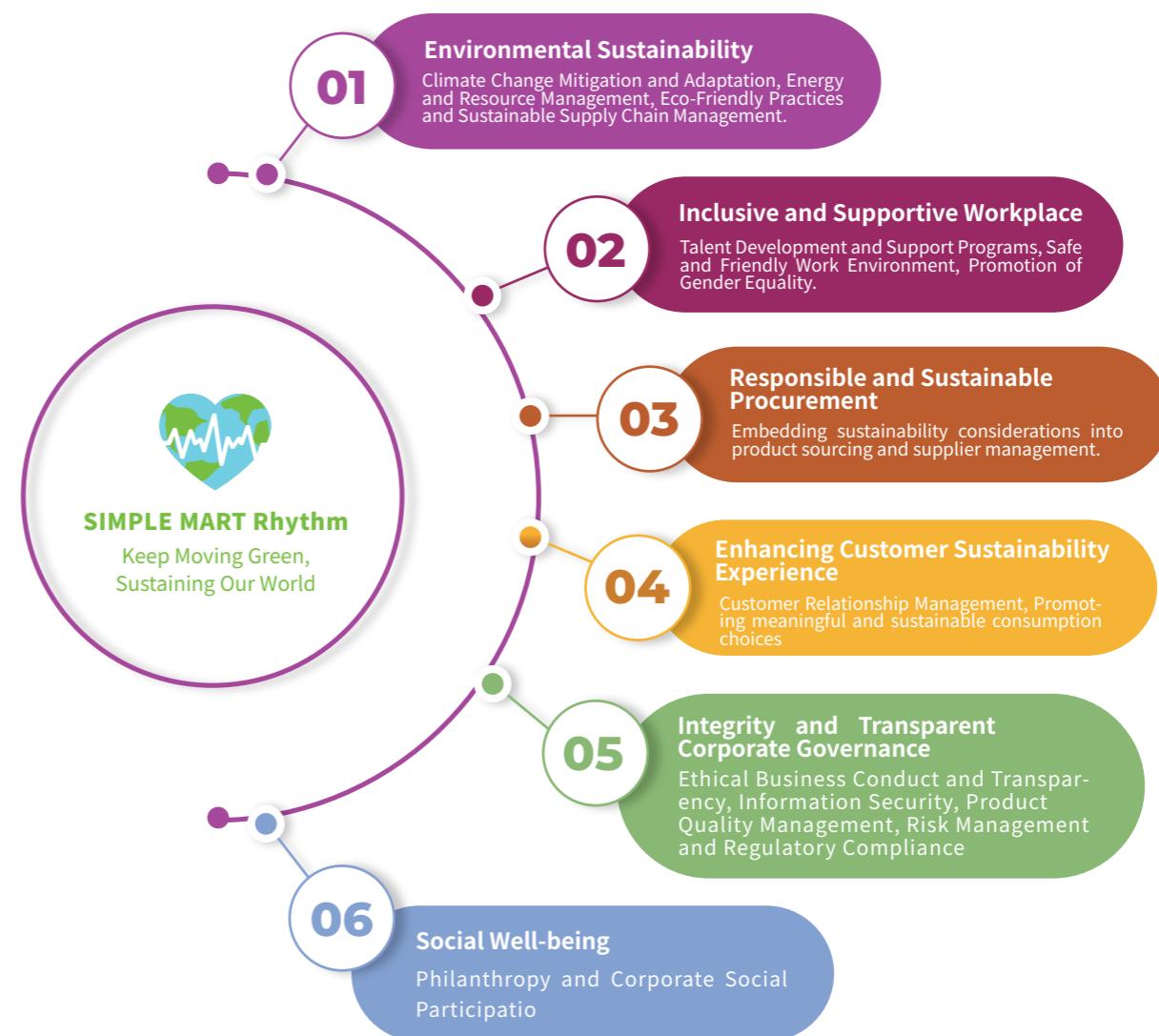
We continue to strengthen ethical business conduct, information security, risk management, and regulatory compliance. Through responsible corporate governance, we foster external trust and internal resilience.

6. Community Engagement

We believe businesses should grow alongside society. Through community involvement, social advocacy, and charitable initiatives, we leverage our influence to bring warmth and hope, creating shared value with society.

Simple Mart Retail will continue to deepen sustainability practices through strategic initiatives, cross-departmental collaboration, and stakeholder engagement. We are committed to ensuring that every effort contributes to positive change, advancing toward an inclusive and prosperous future together with all stakeholders.

Simple Mart Retail Sustainability Strategy



2.1.1 Corporate Integrity and Responsible Business Conduct

Simple Mart Retail is committed to conducting business with integrity and accountability. The company's Board of Directors has approved the Code of Conduct, Code of Ethics, and related policies, which define operational procedures, behavioral guidelines, and grievance mechanisms. Employees and business partners are required to adhere to these standards, ensuring ethical practices in all business activities.

Compliance with domestic and international laws, including the Company Act and Securities and Exchange Act, forms the foundation of our ethical operations. The company regularly monitors regulatory changes to assess potential risks and updates internal policies to maintain alignment with legal and ethical standards.

Furthermore, Simple Mart Retail has established commitments on ethical business, sustainable development, risk management, human rights, and supplier management, reinforcing its dedication to corporate sustainability and social responsibility. Detailed policies and guidelines are available on the company's official website.



Policies and Commitments

• Labor Rights Protection

Simple Mart Retail is committed to complying with relevant laws and international human rights standards to ensure employees' rights and fair treatment. We pledge to:

1. Establish comprehensive human rights policies to ensure gender equality, prohibit discrimination, and provide a safe and equitable working environment.
2. Regularly assess and review the impact of company operations on human rights and implement improvement measures where necessary.
3. Provide accessible and transparent grievance mechanisms to ensure employees' rights are effectively protected.

• Environmental Sustainability

Simple Mart Retail takes climate change seriously and actively implements carbon reduction and environmental protection measures. We pledge to:

1. Conduct greenhouse gas inventories in accordance with international standards and disclose emissions data.
2. Develop policies on energy saving, carbon reduction, water resource management, and waste reduction to continuously optimize environmental impacts.
3. Integrate carbon credit management strategies to promote green operations and reduce the environmental footprint of our business activities.

• Principles of Ethical Business Conduct

Simple Mart Retail upholds integrity to ensure fair and transparent business dealings. We pledge to:

1. Conduct strict due diligence on business partners to avoid transactions with parties involved in

unethical practices.

2. Include ethical conduct clauses in contracts to ensure partners comply with our integrity standards.
3. Immediately terminate partnerships if unethical behavior is detected, safeguarding the company's values of integrity.

Simple Mart Retail will continue to implement these commitments to create a better future for employees, the environment and society.



2.1.2 Human Rights Policy

Simple Mart Retail recognizes and supports the Universal Declaration of Human Rights, the United Nations Global Compact, the International Labour Organization Conventions, and other international human rights standards. The company is committed to safeguarding the fundamental rights of all employees, including contract workers, temporary staff, and interns, and to treating everyone with dignity. We strive to create a work environment that fully protects human rights, provides a safe and healthy workplace, promotes employees' physical and mental well-being, and complies with relevant laws while continuously improving workplace safety and hygiene to prevent accidents and reduce occupational risks.

Implementation Guidelines:

- Eliminate unlawful discrimination and ensure equal employment opportunities
- Prohibit child labor
- Prohibit forced labor
- Foster a friendly, collaborative work environment with fair and transparent management practices
- Establish accessible grievance mechanisms to prevent violations of employees' rights
- Regularly review and assess related policies and operational procedures.

To enhance employees' awareness of human rights protection, including prevention of sexual harassment and workplace violence, in 2024 Simple Mart Retail conducted human rights training for all staff: 562 participants completed in-person courses totaling 562 hours, and 988 participants completed online courses totaling 83 hours. The company will continue to focus on human rights issues and promote related education and training. For detailed implementation of the human rights policy, please refer to the company's official website under Corporate Governance.



Human Rights Due Diligence Process

Although no formal human rights due diligence was conducted in 2024, the company continues to monitor human rights issues and promote internal training to raise awareness among employees and reduce potential risks. Simple Mart Retail strictly complies with domestic labor laws and relevant regulations to provide a safe, equitable, and respectful working environment.

Integration into Policies and Commitments

In 2024, the Board of Directors established the Sustainability Committee, responsible for formulating and executing ESG project policies. The committee is chaired by the CEO and comprises six subcommittees: Corporate Governance, Environment, Risk, Innovation & Care, Social Contribution, and Compliance. The committee meets at least four times annually to set sustainability policies, define responsible business conduct commitments, and review the implementation of ESG initiatives.

Promotion and Implementation of Responsible Business Conduct

To ensure employees understand and comply with the company's policies, ethical business practices, and professional conduct standards, all employees are required to complete a 3-minute annual online training course. In 2024, a total of 747 participants completed the course. Relevant declarations and posters are also displayed throughout office areas to reinforce awareness of professional ethics and legal compliance.

Business partners are required to comply with the Supplier Code of Conduct and sign an Integrity Declaration, ensuring they do not engage in bribery, monopolistic practices, or other forms of improper inducements. Suppliers must adhere to all labor-related laws, including hiring regulations, prohibition of child labor, provision of fair working conditions and compensation, and maintenance of occupational health and safety. Suppliers are also expected to foster a non-discriminatory, equitable workplace that respects the fundamental rights of all workers. Regarding products, suppliers must ensure compliance with environmental and food safety laws and regulations to minimize negative impacts on the environment and public health.

Simple Mart Retail regularly evaluates suppliers to jointly promote sustainability across the supply chain, focusing on four key areas: environmental protection, occupational health and safety, labor rights, and legal & ethical compliance.

The company strictly complies with regulations on corporate governance, ethical business conduct, environmental protection, and labor rights. To ensure proper and comprehensive compliance, employees receive regular education and training, promoting the principles of integrity in daily business operations. The Board of Directors is briefed annually on the Code of Conduct and Code of Ethics to reinforce their importance.

In 2024, Simple Mart Retail conducted integrity and professional ethics training for 747 employees out of 1,035 required participants, achieving a 72% completion rate. E-books covering procedures and behavioral guidelines related to ethical business conduct were also provided through the company's internal learning platform as mandatory courses for all employees.

2.1.3 Mechanisms for Seeking Advice and Raising Concerns

Simple Mart Retail has established the Integrity Committee, responsible for overseeing the formulation, supervision, and execution of the company's responsible business conduct policies, as well as investigating and addressing reported cases. The committee reports annually to the Board of Directors on matters related to professional ethics, regulatory compliance, and whistleblowing incidents.

To strengthen corporate governance oversight, the company provides both internal and external channels for consultation and reporting. These channels are promoted through employee training, internal emails, posters, and the company website to ensure that employees and other stakeholders are aware of how to seek advice or report concerns.

Consultation and Reporting Channels		
External Channel	Anonymous reporting via mailbox of official website	whistleblowing@simplemart.com.tw
Internal Channel	Internal complaints mailbox	Complaints-shop@simplemart.com.tw

Upon receiving a report, the company immediately assigns the appropriate responsible unit to investigate based on the nature of the case, ensuring proper documentation and follow-up. The identities of the whistleblower, the content of the report, and the participants in the investigation are kept strictly confidential to prevent unfair treatment or retaliation. Verified cases may result in measures such as termination of employment or business relationships, as well as legal action where necessary.

The company also implements preventive measures and awareness initiatives through integrity training (including insider trading), information security, sustainability promotion, internal emails, and online assessments to prevent recurrence of similar incidents.

Employees can report any violations of ethical business conduct or responsible business practices via email, the stakeholder section of the company website, or internal proposal systems. External stakeholders who become aware of any breaches of integrity or business ethics can report through the dedicated hotline or the stakeholder section of the website. Reports submitted via the stakeholder email system are routed to the designated responsible unit, which must provide progress updates within the specified timeframe. The company compiles and tracks the number of reports and handling progress annually.

2.2 Stakeholders and Communication Engagement

2.2.1 Stakeholder Identification

Stakeholder Communication Channels

To fulfill its corporate social responsibility and emphasize stakeholder communication, Simple Mart Retail has established transparent and accessible engagement channels with stakeholders. Stakeholder opinions are incorporated into the company's management policies and operational activities to achieve sustainable business goals.

Simple Mart Retail identifies key stakeholders in accordance with the AA1000 SES (AA1000 Stakeholder Engagement Standard), considering five principles: responsibility, influence, tension, diversity of perspectives, and dependency. Stakeholder identification surveys were conducted with management and employees, resulting in the recognition of five key stakeholders: shareholders/board members, consumers, employees, suppliers, and franchisees.

To build effective communication with stakeholders, the company employs diverse channels and mechanisms to listen, understand, and respond to stakeholder needs. Through ongoing dialogue and engagement, mutual benefits and trust are created. The stakeholder communication channels and key concerns for 2024 are as follows:

Stakeholder	Significance to the Organization	Key Concerns	Communication Channels & Response Methods	Frequency	Outcomes / Effectiveness	Contact Points
Shareholders / Board Members	Shareholders and board members are key pillars of corporate growth. Simple Mart Retail maintains regular communication with shareholders and the board regarding operational performance and governance to secure long-term support and sustainable growth.	• Corporate governance	Shareholder Meetings / Annual Reports (Bilingual)	Annually	Outcomes / Effectiveness: • Shareholder Meeting: 1 session	
		• Operational performance	Board Meetings /Functional Committees	Quarterly or As needed	• Board Meetings: 7 sessions	
		• Ethical business conduct	Quarterly Financial Reports (Bilingual)	Quarterly	• Quarterly Financial Reports disclosed	
		• Regulatory compliance	Investor Conferences	Quarterly or As needed	• Investor Conferences: 4 sessions	
		• Risk management	Announcements via the Market Observation Post System (MOPS)	Real-time	• Announcements via the Market Observation Post System (MOPS): 30 notices	
		• Responsible investment	Company Website Disclosure	Real-time	• Simple Mart Retail has established a designated spokesperson system and a stakeholder section on the company website to facilitate communication. In addition, the professional stock administration agency, HORIZON SECURITIES CO., LTD. handles shareholder inquiries and suggestions.	

Stakeholder	Significance to the Organization	Key Concerns	Communication Channels & Response Methods	Frequency	Outcomes / Effectiveness	Contact Points
Consumers	Consumers' perspectives provide important insights for improving products and services. Customer satisfaction also directly affects Simple Mart Retail's operational performance.	• Product quality	News media and digital marketing	As needed (news/media)	• Company press releases issued as needed • Customer satisfaction survey score: 95/100 • 18,607 customer service cases handled by designated personnel to resolve complaints and disputes	<ul style="list-style-type: none"> • Customer Service Hotline: 0800-42-6666 • For mobile calls: +886-2-2792-0501 (Mon-Sun, 8:30-24:00, including holidays) • Customer Service Email: webservice@simplemart.com.tw
		• Service quality and customer satisfaction	Customer satisfaction surveys	As needed (surveys)		
		• Information security and personal data protection	Retail stores	Real-time (stores)		
		• Innovative services	Customer service hotline and email	Real-time (customer service)		

Stakeholder	Significance to the Organization	Key Concerns	Communication Channels & Response Methods	Frequency	Outcomes / Effectiveness	Contact Points
Employees	Employees are the most important cornerstone of Simple Mart Retail's operations. Engagement with employees is critical to the company's sustainable operations.	• Labor-management communication	Labor-Management Committee	Quarterly	<ul style="list-style-type: none"> • Labor-Management Committee: 4 sessions • Training sessions: <ul style="list-style-type: none"> - Company Introduction: 960 participants, 160 hours - Internal Courses: 478 participants, 41.7 hours - Retail Notices & Insider Trading Awareness: 478 participants, 32.8 hours • Performance Appraisals: 2 sessions • Employee Welfare Committee: 4 sessions • Occupational Health & Safety Committee: 4 sessions • 2024 cases of illegal infringements handled: 14 cases 	<ul style="list-style-type: none"> • Employee Grievance and Communication Mailbox: webservice@simplemart.com.tw
			Internal company website and internal emails	As needed		
		• Employee compensation and benefits	Training sessions (e-books)	As needed		
		• Talent development and promotion	Performance appraisals	As scheduled		
		• Workplace safety and health	Employee Welfare Committee	Quarterly		
		• Grievance mechanisms	Occupational safety consultations	As needed		
			Occupational Health and Safety Committee	Quarterly		

Stakeholder	Significance to the Organization	Key Concerns	Communication Channels & Response Methods	Frequency	Outcomes / Effectiveness	Contact Points
Suppliers	Suppliers are important partners for Simple Mart Retail's operations. They jointly develop innovative products and services, improve product quality, and ensure ethical business conduct, which are critical to achieving a sustainable supply chain and delivering high-quality services.	<ul style="list-style-type: none"> Supplier sustainability management Local sourcing Product quality and food safety Product labeling 	Supplier evaluation	Annual	<ul style="list-style-type: none"> Supplier evaluation: 434 suppliers Supplier audits: 58 times Supplier meetings: 1,554 times 	<ul style="list-style-type: none"> Contact Email: webservice@simplemart.com.tw Service Hotline: 0800-42-6666 Tel: +886-2-2792-0501
			Supplier management platform	Real-time		
			Supplier audits	Annual		
			Meetings and contracts	Real-time		
			Telephone, email, written correspondence	Real-time		

Stakeholder	Significance to the Organization	Key Concerns	Communication Channels & Response Methods	Frequency	Outcomes / Effectiveness	Contact Points
Franchisees	Franchisees are at the frontline of providing services to consumers. Engagement with franchisees is key for Simple Mart Retail to deliver safe and high-quality services.	<ul style="list-style-type: none"> Corporate governance Operational performance Ethical business conduct Regulatory compliance Energy management Sustainability action strategies 	Quarterly franchisee meetings	Quarterly	<ul style="list-style-type: none"> Company intranet: disseminates policy updates Quarterly franchisee meetings: 4 sessions Planned store visits by franchise specialists: About 12 times Planned store visits by regional supervisors/managers: every 10 days 	Official website: https://www.simplemartail.com/
			Company intranet	Weekly		
			Planned store visits by franchise specialists	Real-time		
			Planned store visits by regional supervisors/managers	As needed		
			Company and Simple Mart official websites	Real-time		

2.3 Materiality Assessment

2.3.1 Material Topics Analysis

Materiality Assessment Process

To understand how stakeholders evaluate the impacts of Simple Mart Retail on sustainability issues and to review the organization's sustainability performance, the company conducted a materiality assessment through the following five steps:

Identify Stakeholders	Following the five dimensions of the AA1000 Stakeholder Engagement Standard (AA1000 SES) — Influence, Interest, Responsibility, Dependency, and Diversity of Perspectives — Simple Mart Retail distributed a stakeholder identification questionnaire to employees, including management. After compiling and validating the results, stakeholders were categorized into five groups based on significance: Shareholders/Directors, Consumers, Suppliers, Franchisees, and Employees.
Collect Sustainability Topics	To effectively understand the organizational context, the company considered references including GRI Standards, corporate core values and objectives, sustainability topics of domestic industry peers, stakeholder concerns, business activities, and sustainability trends. The Sustainability Development Committee conducted discussions and consultations with external advisors to compile the 2024 sustainability topics list, totaling 22 topics.
Assess Impacts	An "Impact Assessment Questionnaire" was conducted with internal and external stakeholders, including department heads and senior management. A total of 131 valid responses were collected. Each sustainability topic was assessed for its actual and potential positive and negative impacts on economic, environmental, and social dimensions: Negative impacts: Evaluated based on severity and likelihood, including potential negative human rights impacts. Positive impacts: Evaluated based on scale, scope, and likelihood of occurrence.
Prioritize Material Topics	The Sustainability Development Committee consolidated the survey results, summing the positive and negative impact scores to rank topics by significance. Internal management reviewed the ranking, considering industry-critical issues, international trends, and external advisor opinions. Six material topics were identified for 2024: 1. Product Quality & Safety 2. Service Quality & Customer Satisfaction 3. Corporate Governance / Ethical Business Conduct 4. Talent Recruitment & Retention 5. Supply Chain & Raw Material Management 6. Climate Change & Adaptation Threshold values for determining material topics are annotated in the accompanying bar chart.
Confirm and Disclose Material Topics	The Sustainability Development Committee reviewed and validated the appropriateness of the identified material topics and threshold criteria to ensure completeness, inclusiveness, and alignment with the company's sustainability strategy. Internal management further confirmed the reporting boundaries for both internal and external stakeholders. All critical sustainability information is disclosed in this report and presented to the Board of Directors. Management explains relevant strategies, actions, indicators, and targets in accordance with material topic reporting requirements to ensure that the report faithfully represents the company's ESG practices. These material topics also guide ongoing operational communication and improvement, with regular evaluations of the effectiveness of material topic management policies.

2024 Key Material Topics Results of Simple Mart Retail

Negative Impact Matrix



Positive Impact Matrix



Environmental Topics

- 15 Waste Management & Resource Circulation
- 16 Climate Change & Adaptation
- 10 Food Loss & Waste Management
- 13 Sustainable Product Packaging
- 17 Water Resources & Wastewater Management

Social Topics

- 2 Talent Acquisition & Retention
- 7 Human Rights
- 8 Labor-Management Relations
- 12 Occupational Health & Safety
- 14 Social Issues Engagement & Community Involvement
- 15 Employee Compensation & Benefits

Governance / Economic Topics

- 1 Sustainability Strategy
- 3 Supply Chain / Procurement & Material Management
- 4 Personal Data Privacy Protection
- 5 Operational Performance & Shareholder Interests
- 20 Product Quality & Safety
- 21 Service Quality & Customer Satisfaction
- 6 Corporate Governance / Business Integrity
- 9 Brand Management & Product Responsibility
- 11 Tax Responsibility
- 18 Risk Management
- 22 Customer Health & Safety

Environmental Topics

- 15 Waste Management & Resource Circulation
- 16 Climate Change & Adaptation
- 10 Food Loss & Waste Management
- 13 Sustainable Product Packaging
- 17 Water Resources & Wastewater Management

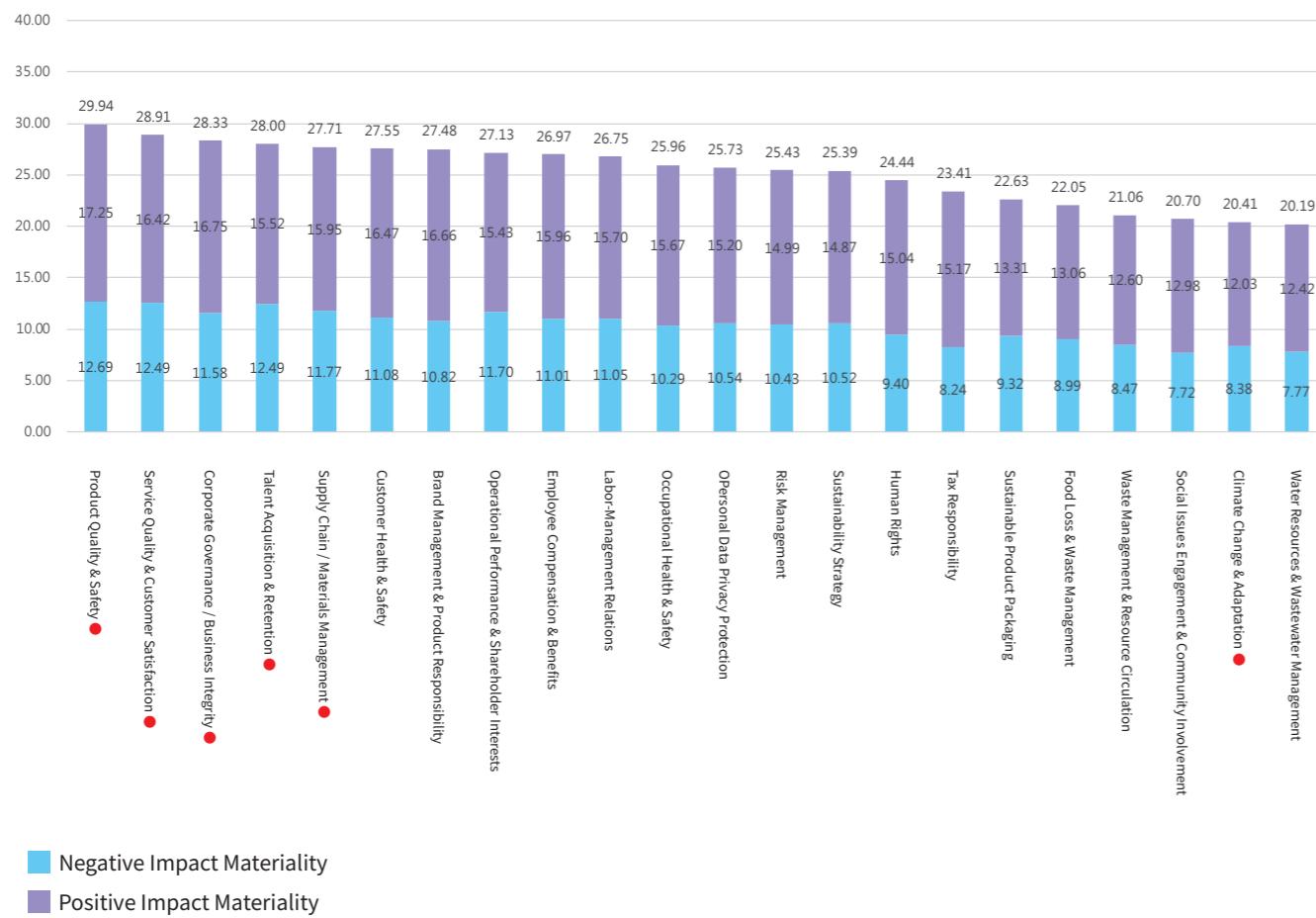
Social Topics

- 2 Talent Acquisition & Retention
- 7 Human Rights
- 8 Labor-Management Relations
- 12 Occupational Health & Safety
- 14 Social Issues Engagement & Community Involvement
- 15 Employee Compensation & Benefits

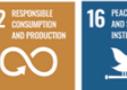
Governance / Economic Topics

- 1 Sustainability Strategy
- 3 Supply Chain / Procurement & Material Management
- 4 Personal Data Privacy Protection
- 5 Operational Performance & Shareholder Interests
- 20 Product Quality & Safety
- 21 Service Quality & Customer Satisfaction
- 6 Corporate Governance / Business Integrity
- 9 Brand Management & Product Responsibility
- 11 Tax Responsibility
- 18 Risk Management
- 22 Customer Health & Safety

Assessment of Sustainability Issues: Positive and Negative Materiality



Material Topics and Value Chain Boundaries

Dimension	Material Topics	Value Chain Impact			Corresponding SDGs
		Upstream	Simple Mart Retail Operations	Downstream	
Governance/Economic	Corporate Governance / Ethical Business Conduct	●	●	●	 
	Product Quality & Safety	●	●	●	 
	Service Quality & Customer Satisfaction	●	●	●	
	Supply Chain & Raw Material Management	●	●	●	 
Environment	Climate Change Mitigation & Adaptation	●	●	●	  
	Talent Recruitment and Retention	●	●	●	  
Social					

● Direct Impact ● Indirect Impact

3

Governance & Ethics

- 3.1 Corporate Governance / Ethical Management
- 3.2 Risk Management
- 3.3 Information Security Management
- 3.4 Regulatory Compliance
- 3.5 Tax Policy



3.1 Corporate Governance / Ethical Management

Management of Material Topic – Corporate Governance / Ethical Management							
	<p>Economic, Environmental, and Social Impacts</p> <p>Positive Actual Impacts: Establishing a sound corporate governance framework enhances operational performance and organizational resilience, while also building stakeholder trust.</p> <p>Negative Potential Impacts: Poor governance performance or major deficiencies, as well as incidents of dishonesty, corruption, fraud, or misconduct, may harm company operations and infringe upon the rights of customers and other stakeholders.</p>						
	<p>Policies or Commitments</p> <p>Upholding the principles of sustainable development and ethical business practices, the Company continues to promote transparency and disclosure of operational information, strengthen employee awareness of regulatory compliance, and actively enhance stakeholder engagement. Relevant policies include: Corporate Governance Best-Practice Principles, Ethical Corporate Management Best-Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Ethical Conduct, and Employee Policies. These guidelines set forth the standards of business ethics that all personnel are required to follow.</p>						
	<p>Actions Taken</p> <p>1. Ethical Management Committee: The Company has established an Ethical Management Committee under the Board of Directors, with the Human Resources Division responsible for promoting ethical business practices. On November 11, 2020, in compliance with the latest regulations, the Committee proposed amendments to the “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct,” subject to approval by the Board. The Committee reports annually to the Board on implementation progress, with the most recent report presented on August 2, 2024. Regular internal communication sessions are held, where the Chairperson, President, or senior executives emphasize the importance of integrity to directors and employees. Ethical management has also been incorporated into performance evaluations and HR policies, supported by clear reward, punishment, and grievance mechanisms. Employees found guilty of major violations of integrity are subject to dismissal in accordance with Company regulations, and details of violations—including job title, name, date, content, and actions taken—are disclosed on the internal website to ensure a culture of integrity and preserve employee trust.</p> <p>2. Board Performance Evaluation: To enhance governance and improve the effectiveness of the Board, the Company established the Board Performance Evaluation Policy on November 28, 2018, which was last revised on November 3, 2023. The policy requires annual internal Board evaluations and external evaluations by independent experts every three years.</p> <p>3. Employee Training: Employees receive regular training to strengthen regulatory compliance awareness, including courses on ethical management procedures, insider regulations, Personal Data Protection Act, data management regulations, and information security.</p> <p>4. Internal Audit and Risk Management: Internal control and audit mechanisms are in place to regularly monitor regulatory compliance.</p>						
	<p>Tracking and Evaluation Mechanism</p> <p>The Audit Office conducts annual inspections of “Regulatory Compliance Matters” and reports results, including follow-up improvements, to the Audit and Risk Management Committee and the Board of Directors.</p>						
	<p>Targets</p> <table border="1"> <tr> <td style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">Short-term(2025)</td> <td style="background-color: #FF9933; color: white; padding: 5px; text-align: center;">Medium- to Long-term(2028~2030)</td> </tr> <tr> <td>1. Zero incidents of violations of ethical business practices.</td> <td>Maintain zero incidents of violations of ethical business practices.</td> </tr> <tr> <td>2. Formulate improvement measures based on recommendations from external Board evaluations, further strengthening governance.</td> <td></td> </tr> </table>	Short-term(2025)	Medium- to Long-term(2028~2030)	1. Zero incidents of violations of ethical business practices.	Maintain zero incidents of violations of ethical business practices.	2. Formulate improvement measures based on recommendations from external Board evaluations, further strengthening governance.	
Short-term(2025)	Medium- to Long-term(2028~2030)						
1. Zero incidents of violations of ethical business practices.	Maintain zero incidents of violations of ethical business practices.						
2. Formulate improvement measures based on recommendations from external Board evaluations, further strengthening governance.							

Management of Material Topic – Corporate Governance / Ethical Management

 Annual Performance	<p>1. Ethical Management Committee Implementation in 2024</p> <ul style="list-style-type: none"> Whistleblowing mechanisms announced in the electronic employee handbook. Stores promoted the “Integrity Statement” through work logs in 805 outlets. Posters prohibiting bribery and improper gifts, along with reporting hotlines, displayed in offices. New employee training on “Ethical Management Procedures and Guidelines for Conduct” held in 91 sessions with 549 participants. Lectures held on topics including “Economic Crime Awareness,” “Cybersecurity and Data Protection,” “Insider Trading Prevention,” and “Consumer Protection Act,” with a total of 708 participants. Customer service hotline and Employee Grievance Hotline (3385) established. 359 employees in positions involving potential conflicts of interest submitted annual conflict of interest declarations. <p>2. Board Performance Evaluation in 2024</p> <ul style="list-style-type: none"> Evaluations covered five dimensions and 45 indicators, with average scores exceeding 4 (Excellent), demonstrating high decision-making quality and active oversight. Self-evaluations of Board members covered six dimensions and 23 indicators, with average scores also exceeding 4 (Excellent), showing strong recognition of responsibilities, professional competence, ongoing learning, and internal control. An external evaluation conducted in 2023 by the Taiwan Academy of Banking and Finance provided recommendations in three areas: enhancing Board training, increasing diversity, and elevating the Sustainability Committee to report directly to the Board. All directors achieved required training hours in 2024, averaging 9 hours. On August 2, 2024, the Board approved the establishment of a Sustainability Development Committee, reporting quarterly to the Board to strengthen governance and sustainability practices. <p>3. Integrity Risk Prevention</p> <p>The Company has adopted the “Procedures for Ethical Management and Guidelines for Conduct” in accordance with the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.” These procedures clearly define the scope of application, misconduct, prohibitions on offering or accepting improper benefits, and handling procedures. Board members and senior executives sign a commitment upon appointment to comply with ethical standards. Business partners are also required to sign integrity declarations prior to engagement. The Company conducts due diligence on partners’ legality and integrity records, and any partner found engaging in unethical practices will have business dealings terminated immediately and be blacklisted, thereby upholding the Company’s ethical management policy.</p>
 Stakeholder Engagement	<p>The “Ethical Corporate Management Best-Practice Principles” and the “Procedures for Ethical Management and Guidelines for Conduct” stipulate internal and external whistleblowing mechanisms, including suggestion boxes and reporting mailboxes. The Company ensures open communication channels, protects whistleblower identity and content confidentiality, and accepts anonymous reports. Relevant regulations are disclosed on the Company’s internal and external websites, covering directors, managers, employees, and appointees of the Company and its affiliates.</p>

3.1.1 Governance Structure and Composition

The Board of Directors of Simple Mart is the company’s highest governance body. It has established the Audit and Risk Management Committee, Remuneration Committee, Integrity Management Committee, and Sustainability Committee to assist the Board in fulfilling its supervisory responsibilities and ensuring sound corporate governance practices.

- Audit and Risk Management Committee**
This committee assists the Board in formulating or revising the company’s internal control systems and significant operating procedures. Its responsibilities cover matters involving directors’ conflicts of interest, major asset transactions, loans and guarantees, the issuance or private placement of equity-related securities, appointment and remuneration of external auditors, appointment or dismissal of chief accounting or internal audit officers, review of annual and quarterly financial reports, as well as oversight of existing and potential risk management. The committee convenes at least once every quarter.
- Remuneration Committee**
Acting with professionalism and objectivity, the committee reviews the policies and systems governing directors’ and managers’ compensation, providing recommendations for the Board’s decision-making. The committee ensures that remuneration practices align with governance quality, and reports its activities, proposals, and resolutions to the Board at least twice a year.
- Integrity Management Committee**
The committee assists the Board in promoting integrity management policies, establishing anti-fraud and internal control mechanisms, strengthening compliance and ethical standards, and fostering a culture of integrity through training and supervision. It ensures the company’s sustainable operations and reports to the Board at least once annually.
- Sustainability Committee**
Responsible for planning and advancing the company’s sustainability strategies, the committee addresses environmental protection, social responsibility, and corporate governance (ESG) issues. It assists the Board in overseeing the implementation of sustainability goals, promoting relevant policies and action plans, and regularly reviewing performance outcomes to enhance corporate sustainability competitiveness and stakeholder value.

Corporate Governance Structure



3.1.2 Board of Directors and Committee Operations

The primary responsibilities of the Board of Directors of Simple Mart include guiding corporate strategy, supervising management, and ensuring accountability to the Company and its shareholders. In executing its governance functions, the Board adheres to relevant laws and regulations, the Articles of Incorporation, and resolutions of the Shareholders' Meeting, while maintaining independence and responsibility to shareholders.

According to Article 13 of the Company's Articles of Incorporation, the Board shall consist of five to nine directors. As of the end of 2024, the Board was composed of seven members, including three independent directors, each serving a three-year term and eligible for re-election. The composition was as follows: three independent directors (42.86%) and four non-independent directors (57.14%). For details of the directors' names, gender, tenure, major education and professional experience, and concurrent positions held at other companies, please refer to the Company's 2024 Annual Report. The Board of Directors convenes at least once per quarter. In 2024, the Board held a total of seven meetings.

Board Attendance in 2024

Title	Name	Board Attendance (%)
Chairman	Shiang-Feng Chen	100.00%
Director	Shiang-Li Chen	85.71%
Director	Wei-Chyun Wong	85.71%
Director	Kuang-Lung Chiu	100.00%
Director (Note)	Junpei Yamamoto	33.33%
Director (Note)	Yuma Miyata	66.67%
Independent Director	Tsay-Lin Lin	100.00%
Independent Director	Meng-Lin Tsai	85.71%
Independent Director	Ming-Jye Huang	100.00%

Note: The corporate director, Sumitomo Corporation, Japan, automatically vacated its directorship on March 26, 2024, pursuant to law, as it transferred more than half of the Company shares held at the time of election.

Audit and Risk Management Committee

The Audit and Risk Management Committee is established to assist the Board of Directors in formulating or amending the Company's internal control systems and material operational procedures, including matters involving directors' self-interest, significant asset transactions, lending of funds or endorsements and guarantees, the issuance or private placement of equity-type securities, the appointment, dismissal, or remuneration of the external auditor, the appointment or dismissal of chief officers in charge of finance or internal audit, and the review of annual and quarterly financial reports.

In compliance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, the Company established the Audit and Risk Management Committee on January 18, 2019, replacing the role of supervisors. The Committee is composed entirely of three independent directors. In 2024, the Committee convened five meetings with an average attendance rate of 100%. For details regarding Committee members and operations, please refer to the Company's 2024 Annual Report.

On December 28, 2022, the Company approved the "Procedures for Communication between the Audit Committee and Certified Public Accountants," requiring the external auditor to report the annual audit plan at the beginning of each year, and to attend each quarterly Audit and Risk Management Committee meeting. During these meetings, the auditor reported on the Company's financial status, internal control reviews, material audit adjustments, and the impacts of regulatory changes. In 2024, the external auditor attended four Audit and Risk Management Committee meetings, ensuring effective communication with independent directors.

All internal audit personnel attend the Audit and Risk Management Committee meetings, reporting abnormal findings, improvement progress, and responses to questions raised by independent directors. They also strengthen audit procedures according to the Committee's instructions to ensure the effectiveness of the internal control system. For details regarding communications between the internal audit officer and independent directors, please refer to the Company's 2024 Annual Report.

Remuneration Committee

The Remuneration Committee is responsible for evaluating the Company's remuneration policies and systems for directors and managerial officers with a professional and objective perspective, and for making recommendations to the Board of Directors for reference in decision-making. Members perform their duties with due care of a prudent manager and submit recommendations to the Board for discussion.

To strengthen corporate governance and enhance the remuneration framework for directors and managerial officers, the Company established the Remuneration Committee on November 1, 2018, in accordance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the TPEX. The Committee is composed entirely of three independent directors. The current term of office is from May 25, 2022 to May 24, 2025. In 2024, the Committee convened three meetings with an average attendance rate of 100%.

The Remuneration Committee is committed to fostering a fair and performance-linked compensation system that creates shared value within the organization. Through the expertise and evaluations of its members, the Committee seeks to ensure that directors and managers avoid engaging in activities exceeding the Company's risk appetite solely to pursue compensation. At the same time, the Committee promotes the implementation of competitive, incentive-based remuneration mechanisms to attract and retain top talent, enhance business performance, and strengthen the Company's long-term competitiveness and sustainability. For details regarding Committee members and operations, please refer to the Company's 2024 Annual Report.

Board Diversity

The election of directors at Simple Mart Retail follows the candidate nomination system in accordance with Article 20, Paragraph 3 of the Company's Corporate Governance Best Practice Principles. The composition of the Board of Directors shall consider diversity. Except that no more than one-third of directors may concurrently serve as company managers, the Company formulates diversity policies tailored to its operations and development needs. These policies include, but are not limited to, two dimensions:

1. Fundamental attributes and values such as gender, age, nationality, and cultural background; and
2. Professional expertise in areas including law, accounting, industry, finance, marketing, and technology.

Considering gender, age, and nationality, the Board had no female directors as of the end of 2024. To enhance diversity, the Company elected two female directors at the shareholders' meeting on May 28, 2025. For details of Board members' professional experience and other significant positions, please refer to the 2024 Annual Report.

Integrity Management Committee

In addition to the legally mandated Remuneration Committee and Audit and Risk Management Committee, Simple Mart Retail has established an Integrity Management Committee under the Board of Directors. This committee is responsible for formulating and promoting integrity management policies and reports annually to the Board on its implementation and results.

The Integrity Management Committee is chaired by the Chief Human Resources Officer, Ms. Su Hui-lan. The committee oversees the implementation and revision of integrity management procedures and codes of conduct, provides consultation services, manages whistleblowing channels, and supervises execution.

To uphold sound corporate governance, the Board has approved the establishment of an anonymous whistleblowing mailbox. The Integrity Management Committee conducts independent investigations of reports, reviewing relevant documents while ensuring that all parties involved are protected from improper treatment.

Nomination and Selection of the Highest Governance Body

The election of directors follows Article 192-1 of the Company Act, adopting the candidate nomination system. Shareholders holding more than 1% of the total issued shares may submit nominations, which are voted upon at the annual shareholders' meeting.

Board diversity is a key consideration in nomination and selection, encompassing gender, age, nationality, cultural background, as well as professional expertise, knowledge, and industry experience. Directors are expected to possess the competencies required to exercise their duties, including knowledge of economic, environmental, and social issues. To ensure independence, the Company appoints independent directors in accordance with the Company Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Chair of the Highest Governance Body

In 2024, the fifth-term Board of Directors of Simple Mart Retail was chaired by Mr. Chen Shiang-Feng, who does not serve as part of the management team, thereby ensuring the independence of Board operations.

Role of the Highest Governance Body in Overseeing Impact Management and Sustainability Reporting

The Board of Directors, as the Company's highest governance body, directly oversees performance and risk management regarding economic, environmental, and social topics, and makes final decisions on related matters. When deliberating material issues, the Board considers associated impacts, risks, and opportunities, as well as stakeholder feedback. (For details, please refer to the Stakeholder Engagement chapter of this report.)

The Board has delegated responsibility for impact management to senior management, who report annually to the Board on the Company's management of economic, environmental, and social impacts.

The Company's Sustainability Report is reviewed by the Sustainability Development Committee to ensure coverage of all material topics. The 2024 Sustainability Report was approved by the Board of Directors on August 1, 2025.

Conflicts of Interest and Recusal

In accordance with Article 206 of the Company Act, Simple Mart Retail's Rules of Procedure for Board Meetings clearly stipulate that any director with a conflict of interest in a given agenda item must explain the material aspects of such interest. Where the matter may be detrimental to the Company, the director shall refrain from participating in discussion or voting and shall not exercise voting rights on behalf of other directors. Details of conflicts of interest and recusal (including Board meeting dates, names of recused directors, agenda items, reasons for recusal, and voting participation) are disclosed in the 2024 Annual Report.

Communication of Key and Material Matters

In addition to regular committee meetings and reports to the Board, management regularly provides directors with updates and communicates promptly on key material events. These include:

- Finance Division: Quarterly financial and business reports
- Audit Office: Quarterly internal audit reports and follow-up
- Human Resources Division: Annual report on directors' and managers' liability insurance
- Risk Management Task Force: Annual risk assessment and management progress report
- Digital Marketing Division: Annual stakeholder engagement report and intellectual property management plan
- Corporate Governance Officer: Annual corporate governance evaluation and independent director qualification review
- Other Departments: Reports on major capital expenditures and benefit tracking

For details on the nature and total number of material events during the reporting period, please refer to material information announcements published on the Market Observation Post System (MOPS).

Board Training

To strengthen directors' professional knowledge and skills, Simple Mart Retail organizes training courses annually based on industry characteristics, corporate development strategy, and the educational and professional background of each director. Courses cover topics such as corporate governance, economics, environmental and social issues.

Details of Board training (including participating directors, training dates, course information, organizers, and training hours) are presented in the table below.

Board Training in 2024

Title	Name (EN)	Training Date	Organizer	Course Title	Hours
Chairman	Chen, Shiang-Feng	2024.03.01	Corporate Governance Association of Taiwan	Corporate Governance and Securities Regulations	3
		2024.06.11	Corporate Governance Association of Taiwan	Employee Compensation Strategies and Tools	3
Director	Chen, Shiang-Li	2024.05.09	Corporate Governance Association of Taiwan	Corporate Governance and Securities Regulations – Information Disclosure Requirements for TWSE/TPEx Companies	3
		2024.05.30	Corporate Governance Association of Taiwan	Cybersecurity Governance and Future Trends under Corporate Governance	3
		2024.12.05	Taiwan Insurance Institute	International Anti-Corruption Practices, Whistleblower Protection, and Anti-Money Laundering	3
Director	Wong, Wei-Chyun	2024.03.01	Corporate Governance Association of Taiwan	Corporate Governance and Securities Regulations	3
		2024.05.30	Corporate Governance Association of Taiwan	Cybersecurity Governance and Future Trends under Corporate Governance	3
		2024.06.19	Taiwan Institute of Directors	Enhancing International Competitiveness of Taiwanese Enterprises amid Global Competition	3
		2024.08.21	Corporate Governance Association of Taiwan	Business Considerations and Legal Risks in Corporate Decision-Making	3
		2024.08.21	Corporate Governance Association of Taiwan	ESG-Related Legal Issues for Boards of Directors	3
Director	Chiu, Kuang-Lung	2024.04.10	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3
		2024.07.03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	3
Independent Director	Lin,Tsay Lin	2024.04.26	Taiwan Association for Sustainable Corporate Management	Challenges and Business Strategies for Taiwanese Enterprises in a Volatile Era	3
		2024.05.09	Taiwan Institute of Directors	Building Sustainable Performance Indicators and Compensation Mechanisms	3
		2024.08.13	Taiwan Institute of Directors	Carbon Pricing Mechanisms: Carbon Fees, Carbon Taxes, Carbon Credits, and Carbon Trading	3

Title	Name (EN)	Training Date	Organizer	Course Title	Hours
Independent Director	Tsai, Meng-Lin	2024.04.11	Corporate Governance Association of Taiwan	Corporate Governance and Securities Regulations	3
		2024.06.19	Taiwan Institute of Directors	Enhancing International Competitiveness of Taiwanese Enterprises amid Global Competition	3
		2024.06.27	Chinese Securities Association	Emerging Securities Crimes and Market Manipulation [Corporate Governance]	3
		2024.12.26	Taipei Importers and Exporters Association	Directors' Responsibilities and Practical Aspects of Board Operations	3
Independent Director	Huang, Ming-Jye	2024.05.10	Taiwan Digital Governance Association	2024 Trends and Outlook of Corporate Governance	3
		2024.09.20	Securities and Futures Institute	2024 Seminar on Preventing Insider Trading	3

Board Performance Evaluation

To strengthen corporate governance and enhance the effectiveness of the Board of Directors, the Company has established five dimensions and 45 indicators for board performance evaluation. The evaluation framework was approved by the Board on November 28, 2018 (3rd term, 27th Board Meeting), and subsequently revised on November 3, 2023.

The Board conducts an annual self-assessment through questionnaires, and engages an external professional independent institution or academic experts at least once every three years. Results of the 2024 evaluation are disclosed in the Company's 2024 Annual Report.

Remuneration Policy for the Board of Directors and Senior Management

According to Article 19 of the Articles of Incorporation, if the Company records a profit, at least 1% shall be distributed as employee compensation, of which not less than 60% shall be allocated to grassroots employees. Such compensation may be distributed in cash or stock, including employees of subsidiaries meeting certain criteria. Up to 3% of profits may be allocated as directors' compensation upon Board resolution. In the event of accumulated losses, such losses shall be offset prior to any distribution.

The remuneration policy for senior executives includes salaries and bonuses, benchmarked against industry practices and market standards, and adjusted based on job grade, qualifications, professional expertise, and responsibilities. Directors' and executives' compensation is reviewed by the Compensation Committee and approved by the Board. ESG-linked performance indicators, such as plastic reduction, workplace health and safety, service quality, and customer satisfaction, are integrated into the evaluation process.

Pensions and retirement benefits are consistent with those of all other employees, in compliance with legal requirements. Details on directors' and executives' salaries, bonuses, severance, and retirement payments are available in the Company's 2024 Annual Report.

3.1.3 Remuneration Decision-Making Process

Remuneration is performance-linked. Senior management sets performance targets aligned with the annual strategy map (financial, customer, internal process, and learning & growth perspectives). These targets, along with performance evaluations, are reviewed by the Compensation Committee and submitted to the Board for approval. Evaluation also considers leadership, teamwork, compliance, operational risk management, and contributions to corporate values.

In 2024, employee and director compensation proposals were reviewed by the Compensation Committee on February 21, 2025, and subsequently approved by the Board. The Compensation Committee, consisting of three independent directors, holds the same standing as the Audit and Risk Management Committee.

2024 Pay Ratios

Indicator	Ratio
Ratio of the annual total compensation of the highest-paid individual to the median of all employees	20.04 : 1
Ratio of percentage increase in annual total compensation of the highest-paid individual to that of the median of all employees	0.76 : 1

Notes:

1. For calculation purposes, the reference figure for other employees is set at 1.
2. Annual total compensation is reported on an actual disbursed basis, irrespective of the employee's length of service during the reporting year.
3. Annual total compensation comprises base salary, variable pay (bonuses), and employee profit-sharing.
4. The average and median compensation of full-time employees in non-managerial positions are disclosed on the Market Observation Post System (MOPS). In 2024, in response to statutory minimum wage adjustments, incentives for diversified store formats, and initiatives to enhance the Company's talent competitiveness, adjustments to the compensation and reward structure were implemented in January and March. As a result, the median compensation increased by approximately 10% compared with the previous year.



3.1.4 Anti-Corruption and Integrity Management

In 2024, the Company conducted online integrity and anti-corruption training, with 743 employees completing the program in Taiwan (completion rate: 72%). All governance personnel signed integrity and anti-corruption declarations upon appointment. Given their familiarity with the topic, no additional board-level training was arranged.

Additionally, all 434 suppliers (100%) signed the Integrity Declaration. The Company plans to implement the Supplier Code of Conduct in 2025.

Region / Unit	Total Training Hours (Supervisory)	Total Training Hours (Non-Supervisory)	Number of Participants (Supervisory)	Number of Participants (Non-Supervisory)	Completion Rate (Supervisory)	Completion Rate (Non-Supervisory)
Taiwan	207 min	2,022 min	69	674	7%	65%
Headquarters & Other Sites – Back Office	48 min	192 min	16	64	15%	59%
SM North I Sales Region	12 min	237 min	4	79	3%	59%
SM North II Sales Region	27 min	324 min	9	108	5%	64%
SM North III Sales Region	33 min	201 min	11	67	7%	45%
SM Taoyuan-Hsinchu Sales Region	33 min	225 min	11	75	10%	66%
SM Central Region (Taichung-Changhua-Nantou)	27 min	408 min	9	136	5%	80%
SM Southern Region (Kaohsiung-Pingtung)	27 min	432 min	9	144	5%	77%
SP North I Sales Region	0 min	3 min	0	1	0%	14%

Notes:

1. Statistics cover employees of the Simple Mart Plus brand and Simple Mart Retail headquarters.
2. The 2024 course completion rate uses the number of newly hired full-time employees in 2024 as the denominator; the numerator is the number of employees who actually attended the course within the reporting period (based on "last course attendance date"), including active, resigned, and employees on unpaid leave.
3. Headcount differences: Total employees reported elsewhere may differ from course statistics. Only full-time employees who joined between January 1 and December 31, 2024 (headquarters + stores) are included; part-time employees and interns are excluded, so the headcount is slightly lower than the total reported employees.

Integrity Management and Anti-Corruption

Simple Mart Retail discloses related regulations in its Integrity Management Procedures, Code of Conduct, and Work Rules, and provides a whistleblowing mechanism. The Company adheres to a zero-tolerance principle: any behavior violating integrity standards, regardless of the amount involved, is subject to dismissal upon verification, including cases involving embezzlement or other corruption.

The Company continuously strengthens employees' awareness of integrity and anti-corruption through onboarding training and regular store-level training to foster a corporate culture of integrity and prevent recurrence of similar incidents. In 2024, no business partners were terminated due to involvement in corruption.

Legal Actions Regarding Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices

In 2024, there were no lawsuits or rulings related to anti-competitive behavior, anti-trust, or monopoly regulations.

eight major risk categories through scenario analysis, likelihood, and impact evaluation, quantifies risk levels, and designs corresponding responsible units and control measures.

By systematically evaluating the uncertainty and acceptability of risks, the Company improves risk identification capability and decision-making accuracy, ensuring operational stability alongside effective risk control.

Risk Management Process



3.2 Risk Management

Risk Management and Governance

To strengthen the risk management mechanism and enhance corporate governance effectiveness, Simple Mart Retail renamed the "Audit Committee" to the "Audit and Risk Management Committee" on May 3, 2024, explicitly incorporating risk oversight responsibilities. According to the Rules of the Audit Committee, this committee supervises risks faced or potentially faced by the Company and requires the Risk Team to report risk assessments and follow-up actions to the Audit and Risk Management Committee or the Board of Directors at least semi-annually, reinforcing risk control and monitoring.

On August 2, 2024, the Company established the Sustainability Committee and formed a dedicated Risk Team responsible for enterprise risk and information security management. The Risk Team, following the Risk Management Policies and Procedures approved by the Board on April 28, 2021, regularly identifies and evaluates potential risks, and designs assessment plans aligned with operational environment and strategic objectives, aiming to control risks within an acceptable range. The Risk Team leader reported implementation status to the Audit and Risk Management Committee and the Board on August 2 and December 27, 2024, respectively. Starting in 2024, qualitative and quantitative indicators are adopted to evaluate the risk appetite of the eight major risk categories, with enhanced mitigation measures applied for risks with low tolerance.

Management Scope

Simple Mart Retail has established risk management policies and procedures to address operational risks and potential impacts on stakeholders, based on three principles: evidence-based decision-making, proactive prevention, and information transparency. The Company assesses the



Risk Types and Response Measures

Risk Type	Risk Event (Cause, Potential Consequences)	Risk Level	Mitigation / Control Measures
Public Safety Risk	Event: Human-induced or accidental incidents. Cause: Human factors leading to asset loss or operational disruption, such as fire, power outage, building issues, equipment failure, theft, or other unforeseen events. Consequence: Potential injuries, operational interruptions, or financial losses.	High	Strengthen safety equipment, conduct employee training and disaster drills, purchase relevant risk insurance, implement routine inspection and maintenance, and establish reporting and logistical support mechanisms to comprehensively reduce the operational impact of human-induced or accidental risks.
Information Security Risk	Event: IT equipment, system failures, or cybersecurity incidents. Cause: Operational system interruptions due to equipment/system failures, personnel changes, outsourcing termination, or improper system implementation. Consequence: Disruption of logistics and store operations, inaccurate inventory, increased customer complaints, and impact on financial settlement and payment processes.	High	<ol style="list-style-type: none"> Establish backup mechanisms and sign maintenance and warranty contracts with key vendors. Regularly back up critical system databases and develop disaster recovery plans. All software version updates must be approved by authorized personnel, with risk assessment and testing; implement version control. Develop incident reports and repair manuals for major anomalies. Establish staff rotation and delegation to avoid reliance on a single vendor. In 2023, established a dedicated Information Security Management Unit with four personnel, responsible for implementing security policies, safeguarding data, systems, devices, and network security, and raising cybersecurity awareness. Annual review meetings are held at minimum, with ad-hoc meetings as needed, reporting to the Audit Committee and Board regularly.
Personal Data Risk	Event: Leakage of employee or customer personal data. Cause: External intrusion, internal theft, or mishandling of paper/electronic data during transmission, storage, or disposal, potentially causing data alteration, corruption, or loss. Consequence: Damage to company reputation, leakage or misuse of supplier/customer data, operational impact, and legal risks.	Medium	<ol style="list-style-type: none"> Regular network and system maintenance, control, and inspections. Ensure data clearance when paper, computers, or storage media are disposed or repurposed. Sign confidentiality agreements; provide at least two hours of personal data protection and digital security training annually. Employees must use unique accounts and passwords to secure data collection and processing. Data centers equipped with access control, monitoring, and fire protection; critical data is backed up. Encrypt electronic data transmission as needed. Comply with the Personal Data Protection Act; established a dedicated Personal Data Management Unit in 2023 to oversee data management and protection.
Environmental Risk	Event: Natural disasters. Cause: Earthquake, flood, typhoon, etc., potentially causing casualties, operational interruptions, and property loss. Consequence: Disruption of logistics centers and store operations; damage to assets and inventory.	Medium	<ol style="list-style-type: none"> Purchase relevant insurance, including public liability. Regular maintenance of internal and external building facilities. Establish reporting mechanism and logistical support for major incidents. Conduct regular disaster drills.

Risk Type	Risk Event (Cause, Potential Consequences)	Risk Level	Mitigation / Control Measures
Food Safety Risk	Event: Major food safety incident. Cause: Non-compliant supplier products, poor control in manufacturing, storage, or delivery leading to contamination, additives, or microbial issues; failure to monitor product shelf life in logistics or stores, potentially violating food safety laws. Consequence: Damage to reputation, customer/sales loss, and legal risks.	Medium	<ol style="list-style-type: none"> Conduct annual comprehensive supplier evaluation. Strengthen review of new suppliers. Implement periodic testing for high-risk products. Verify imported product ingredients and origin via customs, inspection, and quality control. Own-brand products must have technical specifications; conduct regular factory evaluations. Limit short shelf-life products and ensure proper storage. Logistics and stores check product shelf life per SOP; Safety & Inspection Unit conducts periodic audits. Purchase product liability insurance.
Public Relations Risk	Event: Negative media or social media coverage. Cause: Product quality, employee, or customer service issues leading to negative reports or rumors in traditional media or social media. Consequence: Damage to reputation, customer loss, sales decline, and potential regulatory investigations or litigation.	Low	<ol style="list-style-type: none"> Monitor media closely and verify information sources. Respond promptly to false reports and issue balanced statements. Legal department prepares official letters. Assess impact; major cases reported to authorities. Strengthen internal training to improve service quality and reduce complaints. Establish Intellectual Property and Business Management Unit.
Financial Risk	Event: Financial and investment risks. Cause: Market fluctuations affecting financial assets/liabilities, concentrated investments, high leverage, derivative transactions, short-term market value changes, or long-term operational risk of investments. Consequence: Asset impairment, increased losses, reputational damage, and additional expenses.	Low	<ol style="list-style-type: none"> Regularly monitor market changes (exchange rates, interest rates) and assess risks. Evaluate funding needs and financing options, including capital increases. Set and review risk attributes of various investments. Monthly review of lending and guarantees.
Occupational Safety Risk	Event: Employee and contractor occupational hazards. Cause: Workplace violence, safety incidents, insufficient inspections and training. Consequence: Personnel loss, fines, legal liability, and reputational damage.	Low	<ol style="list-style-type: none"> Conduct regular health and safety training, including disaster drills. Provide annual health check-ups for employees. Establish complaint channels and dedicated units. Assign qualified occupational safety personnel and review prevention plans per organizational changes. Continuously monitor regulations and strengthen compliance. Promote sports clubs and wellness activities to enhance employee physical and mental health.

3.3 Information Security Management

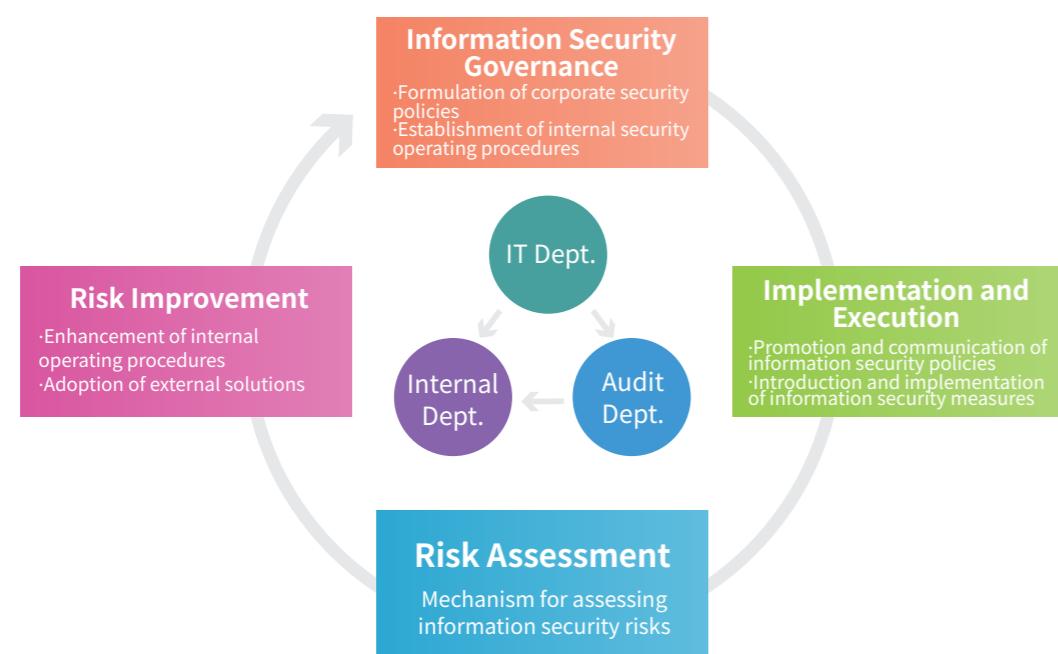
Corporate Information Security Governance Organization

In order to safeguard the Company's competitive advantage and valuable intellectual property, in 2023 San Shang Gaw was established an "Information Security Management Unit," staffed with one Chief Information Security Officer, one dedicated information security personnel, and two information security staff, totaling four members. The unit is primarily responsible for ensuring the operation of the information security management system and for formulating the Information Security Management Policy. This aims to strengthen the Company's information security management, ensure the security of data, systems, equipment, and networks, safeguard the rights and interests of the Company and all employees, and enhance overall cybersecurity awareness.

To ensure effective risk control over information systems operations, the "Information Security Management Unit" convenes at least one review meeting annually, with ad hoc meetings held as necessary. The annual results are consolidated and reported to both the Audit and Risk Management Committee and the Board of Directors.

Information Security Management Structure

- The responsible unit for information security is the Information Technology Department, which oversees the planning and execution of data center security, computer file protection, network and email security management, information system access control, and the promotion of information security awareness.
- The Audit Unit serves as the supervisory body for information security. In the event deficiencies are identified, the audited units are required to submit improvement plans to the Board of Directors and follow up regularly to reduce cybersecurity risks.
- The organizational operation follows the PDCA (Plan-Do-Check-Act) continuous management cycle to achieve reliability objectives and ensure ongoing improvement.



Information and Communications Security Policy

• Objective: To ensure the effective implementation of the Company's information management systems, establish a secure and trustworthy IT environment, and guarantee the stable operation of information systems, equipment, and networks, thereby protecting Company interests and ensuring the sustainable operation of information systems to achieve long-term corporate sustainability.

• Scope:

- Personnel management and information security education and training
- Computer system security management
- Network security management
- System access control
- System maintenance and security management
- Information asset security management
- Physical and environmental security management
- Information security audits

Specific Information Security Management Measures

Item	Management Measures
Access Rights	<ul style="list-style-type: none"> Personnel account and access rights management and review. Regular audits of personnel accounts and access rights.
Access Control	<ul style="list-style-type: none"> All connections to internal networks, DMZ segments, test segments, and external networks must be managed securely via firewalls. Automated web protection systems monitor user online behavior. Automatic filtering of malicious websites containing trojans, ransomware, or malware.
External Threats	<ul style="list-style-type: none"> Use of antivirus software with automatic updates to minimize infection risks. Regular updates of software and operating systems. Automatic email scanning to detect unsafe attachments, phishing emails, spam, and malicious links.
System Availability	<ul style="list-style-type: none"> Regular inspections, adjustments, and optimizations of key systems by professional consultants. Departmental key files stored on servers and centrally backed up. Daily backups of key system databases and periodic disaster recovery drills.

Item	Management Measures
Network & System Security	<ul style="list-style-type: none"> Engagement of professional security experts to conduct irregular internal security audits, including network architecture reviews, malicious activity checks on user computers and servers, and corrective measures.
Application Security	<ul style="list-style-type: none"> Commissioning professional vendors to perform website vulnerability scans and penetration tests on external service platforms. Deployment of Web Application Firewalls (WAF) to enhance application security controls.
Training & Awareness	<ul style="list-style-type: none"> Strengthening employee awareness of email-based attacks through periodic social engineering drills.
Threat Intelligence	<ul style="list-style-type: none"> Membership in the “Taiwan CERT/CSIRT Alliance” to exchange cybersecurity intelligence.

Resources Invested and Effectiveness in 2024

- Conducted website vulnerability scans and penetration testing on the GoMildian e-commerce platform in November, in collaboration with external security experts.
- Conducted primary/backup line failover simulation drills in October to verify backup line availability.
- Performed seven random restoration drills from backup files to ensure data recoverability.
- Procured and renewed antivirus software licenses to ensure continued protection.
- Acquired additional related software and hardware equipment.

Education, Training, and Awareness

- San Shang Gaw conducts phishing email tests every two years, with the most recent conducted in 2023 and the next scheduled for 2025.
- First test date: 2023/05/22
- Awareness seminar: 2023/07/03
- Second test date: 2023/08/07
- Employee training: Case studies of cybersecurity incidents are periodically selected for company-wide awareness campaigns.

Performance in 2024

No major cybersecurity incidents, information leaks, theft, or loss of customer data occurred in 2024. There were also no cases of customer privacy violations or breaches of personal data.

3.4 Regulatory Compliance

Code of Ethical Conduct

Simple Mart Retail has established the Code of Ethical Conduct which stipulates that, in the course of conducting business, employees must not directly or indirectly offer, promise, request, or accept any improper benefits.

In 2024, there were a total of eight incidents of regulatory violations, all categorized as monetary sanctions, with no major violations. Details of the violations, penalties, and corresponding corrective measures are summarized below:

Category	Violated Regulation	No. of Cases	Penalty Amount (NTD)	Corrective Measures
Labor	<ul style="list-style-type: none"> Article 32, Paragraph 2 of the Labor Standards Act Article 21, Paragraph 2, and Article 38, Paragraphs 1 and 2 of the Act of Gender Equality in Employment Article 24, Paragraph 1, and Article 79, Paragraph 1, Subparagraph 1 of the Labor Standards Act Article 22, Paragraph 2, and Article 79, Paragraph 1, Subparagraph 1 of the Labor Standards Act Article 116, Subparagraph 14 of the Regulations on Occupational Safety and Health Facilities, and Article 6, Paragraph 1 of the Occupational Safety and Health Act 	5	280,000	<ul style="list-style-type: none"> Conducted awareness sessions reminding all supervisors to schedule shifts in compliance with labor laws. Reinforced guidance to ensure proper handling of reinstatement procedures for employees returning from parental leave, safeguarding their rights. Reminded supervisors to follow proper overtime application procedures to protect employee rights. As of August 2024, uniform fees for new employees are no longer deducted from wages. Provided safety training requiring forklift operators to fasten seatbelts before operating.
Medical Device Administration Act	Violation of Article 18 regarding restrictions on the sale of certain medical devices through communication transaction channels (e.g., electronic blood pressure monitor Omron sold via e-commerce, which is not permitted)	1	30,000	<ul style="list-style-type: none"> Immediately removed the product from sale and ceased distribution. Strengthened training on the Medical Device Administration Act.
Tobacco and Alcohol Administration Act	Violation under Article 100 of the Administrative Procedure Act (sale of expired alcoholic products)	2	20,000	Stores implemented monthly inspections of near-expiry products and uploaded reports into the system to strengthen inventory control and prevent recurrence.

Note: Major violations are defined as incidents involving penalties exceeding NTD 1 million

3.5 Tax Policy

The company's primary operations are based in Taiwan. The Company complies with the Income Tax Act and all relevant tax regulations, and does not establish overseas entities in tax havens for tax avoidance purposes. Related-party transactions are conducted in accordance with commercial practices.

In 2024, the Company's consolidated effective tax rate was 21.9%, slightly higher than Taiwan's statutory corporate income tax rate of 20%. The variance was mainly due to the Company's equity investees not recognizing deferred tax assets arising from operating losses in accordance with accounting standards.

In addition to compliance with tax regulations, the Company actively seeks to benefit from government tax incentives aimed at encouraging innovation and promoting economic development, such as the Smart Machinery Investment Tax Credit. From 2022 to 2024, the Company received approvals for NT\$ 298 thousand, 668 thousand, and 1,401 thousand (expected declaration), respectively. All major corporate decisions take into account tax implications, thereby reducing operational costs within the scope of lawful tax planning.

Tax Governance

The Company's Chief Financial Officer (CFO) bears ultimate responsibility for tax management, while daily tax administration and management are executed by the Accounting Manager. The Company regularly consults with professional accounting firms to stay informed of regulatory changes and dynamically adjusts its tax policies accordingly.

Corporate income tax and business tax filings (adopting the direct offset method for dual-status taxpayers) are audited and certified by certified public accountants.

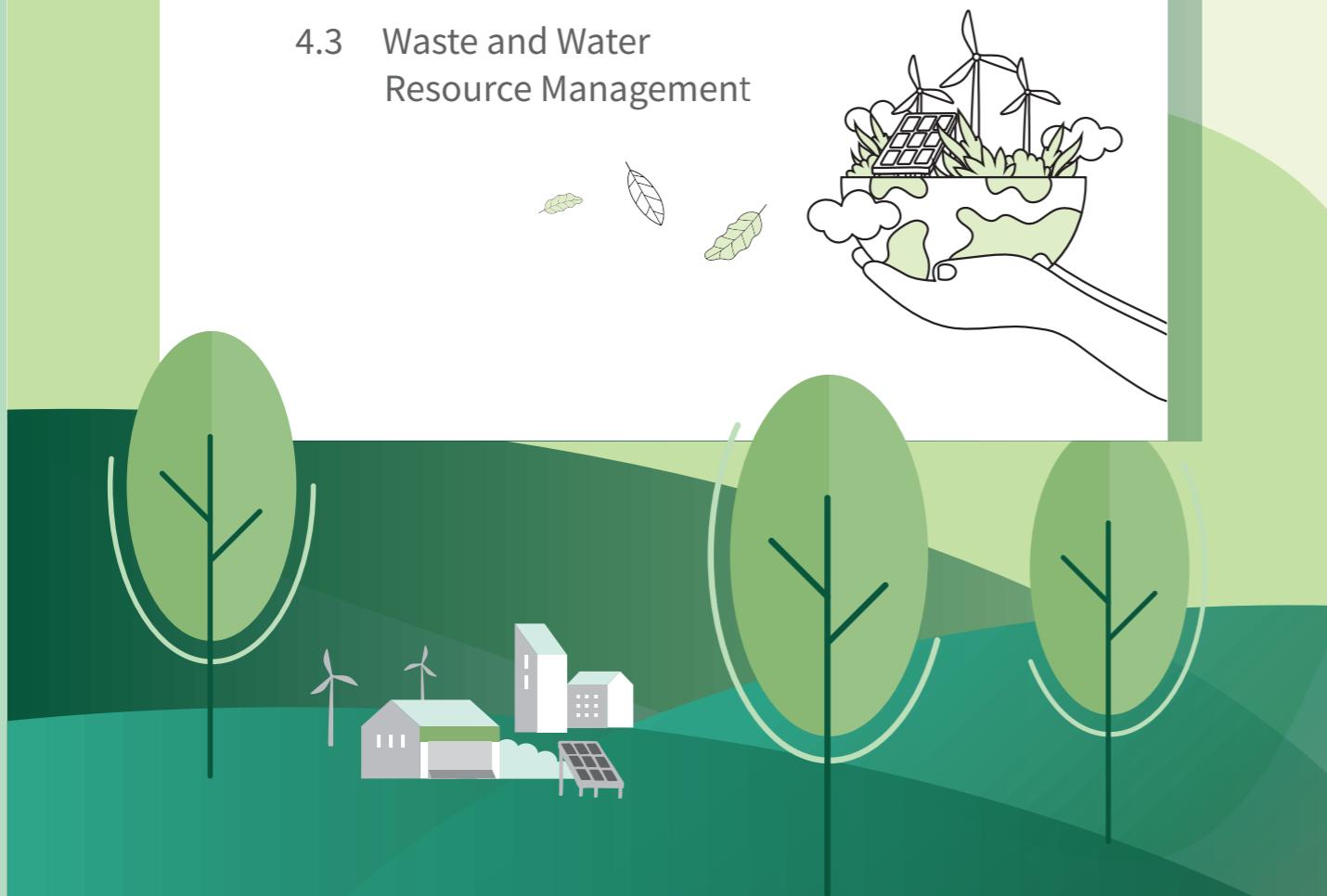
The Company's Audit and Risk Management Committee regularly reviews the effectiveness of internal control systems. Compliance with laws and regulations, including tax compliance, is incorporated as one of the three core objectives of internal control, thereby ensuring transparency and regulatory compliance to achieve sustainable corporate development and safeguard the interests of stakeholders.



4

Environmental Sustainability

- 4.1 Climate Change and Adaptation
- 4.2 Greenhouse Gas and Energy Management
- 4.3 Waste and Water Resource Management



4.1 Climate Change and Adaptation

Management of Material Topic	
 Economic, Environmental, and Social Impacts	<p>Positive actual impacts: The Company, in line with the guidance of financial supervisory authorities, has established a mechanism for assessing climate-related risks and opportunities to ensure regulatory compliance, mitigate legal risks, and reduce environmental impacts.</p> <p>Negative actual impacts: In response to climate change, investments in energy-efficient equipment and green buildings may be required. These initial investments may increase operating costs, creating negative economic impacts. In addition, failure to implement timely management of greenhouse gas (GHG) emissions, water, and waste will further increase environmental impacts.</p>
 Policies or Commitments	<p>In accordance with the Sustainable Development Best Practice Principles of Test Rite Retail Co., Ltd., the Company complies with relevant environmental regulations and international standards, appropriately protects the natural environment, and commits to achieving environmental sustainability in its business activities and internal management.</p> <p>The Company strives to enhance energy efficiency and increase the use of recycled materials with lower environmental impacts to ensure sustainable resource utilization. The Company also measures its GHG emissions, water consumption, and total waste, establishes policies for energy saving, GHG reduction, water conservation, and waste management, and incorporates carbon credit acquisition into its carbon reduction strategy.</p>
 Actions Taken	<ul style="list-style-type: none"> • In 2024, initiated a GHG inventory covering headquarters, logistics centers, and retail operations (Simple Mart, Simple Mart Organic, TMARK, and Good Friend Pet). Completed Scope 1 and Scope 2 inventories, with voluntary disclosure of certain Scope 3 emissions. The Company plans to gradually expand Scope 3 coverage to enhance sustainability disclosures and to formulate reduction strategies based on the inventory results. • Optimized store fixtures by replacing outdated lighting and air-conditioning systems. For example, installing “panel lights” in place of T8 fluorescent tubes—one 32W panel light replaces 1.83 units of 20W T8 tubes, increasing average illumination by 150 lumens. • Applied for procurement of small-scale green electricity.
 Monitoring and Evaluation Mechanisms	<p>The Environmental Task Force and the GHG Inventory Task Force under the Sustainability Committee continuously monitor implementation and progress toward targets, reporting climate change adaptation measures regularly to the Sustainability Committee.</p>

Management of Material Topic		
Targets	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Short-term goals (2025)</p> <ul style="list-style-type: none"> 1% reduction in carbon emissions (Scope 1 and Scope 2) compared to the base year Installation of solar photovoltaic system Completion of GHG inventory and third-party verification by 2026 Full implementation of electronic shelf labels across all stores Increase carton box recycling volume by 5% </div> <div style="text-align: center;"> <p>Medium-term goals (2030)</p> <ul style="list-style-type: none"> Annual reduction of 1% in carbon emissions compared to the base year Improvement of energy efficiency and expansion of renewable energy adoption across the Group Contribute to achieving the government's 2050 net-zero target </div> </div>	
Annual Performance	<ul style="list-style-type: none"> In 2024, conducted GHG inventory in accordance with the GHG Protocol. Results are detailed in the "GHG Inventory" chapter. In 2024, all new and remodeled stores fully adopted panel lights, replacing 1,191 units across 43 stores (average 27.7 per store). As of 2024, 100% of stores have adopted energy-efficient LED lighting. In 2024, joined Taipower's small-scale green electricity pilot program, procuring 10,000 kWh (NT\$0.049 million), receiving 10 renewable energy certificates, and reducing carbon emissions by approximately 4,940 kg (based on the emission factor announced by the Bureau of Energy on December 9, 2024). By 2024, electronic shelf labels were implemented in 60 stores. In 2024, recycled 368 metric tons of cartons from stores and logistics operations (330 metric tons in 2022, 350 metric tons in 2023). In 2024, recycled 294.55 metric tons of PET bottles and similar containers (370.69 metric tons in 2022, 344.95 metric tons in 2023), in addition to promoting daily waste reduction awareness in stores. 	
Stakeholder Engagement	<p>Relevant stakeholders include shareholders/board directors, consumers, employees, suppliers, and franchisees. Engagement is conducted through various forms of regular and ad hoc communication. Details are provided in the "Stakeholder Engagement" chapter.</p>	

4.1.1 Climate Change Strategy

Governance

The Board of Directors serves as the highest authority for the Company's risk management. Its mandate is to ensure compliance with applicable regulations, promote, and implement comprehensive risk management across the organization. The Board has full visibility of the risks the Company faces and holds ultimate accountability for the effectiveness of risk management.



To enhance execution, a Risk Task Force has been established under the Sustainability Development Committee. The Task Force is the dedicated unit responsible for risk management, convening at least twice a year and regularly reporting its findings and results to the Sustainability Development Committee. The Committee, in turn, provides quarterly updates to the Board of Directors on related implementation progress. (For the organizational structure of the Sustainability Development Committee, please refer to Section 2.1 Values and Sustainability Development.)



Electronic Shelf Label (ESL)

Responsibilities for Managing Climate-related Risks across Organizational Levels:

Governance Body	Role in Climate-related Risks and Opportunities	Key Responsibilities
Board of Directors	Governance level	<ol style="list-style-type: none"> Approves the Company's risk management policies and framework. Oversees the effective operation of the risk management mechanisms.
Sustainability Development Committee	Management level	<ol style="list-style-type: none"> Reviews reports on the management of material sustainability risks. Provides quarterly reports to the Board of Directors on the status of implementation.
Responsible Units	Operational level	<ol style="list-style-type: none"> Identify, assess, and address climate-related risks and opportunities, and propose improvement measures. Conduct ongoing identification, evaluation, management, and reporting of climate-related risks, and implement necessary response actions.

Strategy

Following the recommendations of TCFD and other international guidelines on climate risk assessment, the Company identifies climate-related risks and opportunities and actively develops solutions to mitigate carbon emissions and adapt to climate change. These management strategies aim to reduce operational and financial impacts from climate change while enhancing organizational resilience. We define short-term as 1–3 years, medium-term as 3–5 years, and long-term as more than 5 years, and use these time horizons to evaluate potential impacts. Through an integrated climate risk and opportunity assessment process, the Company identifies material climate risks and opportunities, and explains their potential impacts across short-, medium-, and long-term horizons, as well as the strategies we adopt in response:

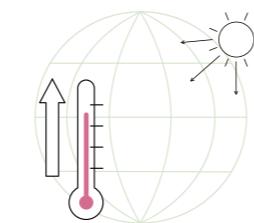
Short term
(1–3 years)

- Extreme weather events (e.g., tropical cyclones, floods) may cause temporary shutdowns of stores or logistics facilities, directly impacting revenue and increasing repair and capital expenditure needs.
- Rapid policy and regulatory changes (e.g., introduction of carbon fees) may raise operating costs.



Medium term
(3–5 years)

- Global warming-induced climate change may increase procurement and logistics costs in the supply chain, including higher energy demand and associated carbon emission costs.
- Rising customer demand for low-carbon products and services presents market opportunities, such as driving innovation in green products and sustainable packaging.



Long term
(5+ years)

- In response to greenhouse gas reduction requirements, operating and procurement costs will continue to rise, such as through investments in supply chain green transition.
- Long-term climate stressors (e.g., sea level rise, typhoons, floods) may necessitate relocation, renovation, or retrofitting of certain facilities.



Impacts of Climate-related Issues on Business, Strategy, and Financial Planning

1. Business and Strategy Impacts

- Products and Services:
 - Expand green product lines to meet growing demand for low-carbon offerings.
 - Integrate sustainability standards into product development to ensure brand competitiveness.
- Supply Chain and Value Chain:
 - Promote green procurement policies requiring suppliers to pursue carbon neutrality.
 - Strengthen supply chain transparency, monitor upstream and downstream carbon emissions, and report accordingly.
- Adaptation and Mitigation Activities: Implement measures such as enhancing energy efficiency and adopting renewable energy.
- R&D Investments: Expand investment in low-carbon technologies to improve operational efficiency and reduce carbon footprint.
- Operations:
 - Adjust store location strategies based on climate risk assessments, avoiding high-risk areas (e.g., flood-prone regions).
 - Establish more energy-efficient stores that meet environmental standards.

2. Financial Impacts

- Operating Costs and Revenue:
 - In the short term, extreme weather events may increase maintenance costs and reduce revenue.
 - In the medium to long term, rising market demand for green products and services is expected to create new revenue opportunities.
- Capital Expenditure and Allocation:
 - Increase investments in climate-resilient infrastructure, such as disaster-resistant materials and renewable energy facilities.
 - Redirect capital allocation toward low-carbon supply chain procurement.

3. Risk and Opportunity Assessment Process

- Identification and Assessment: Conduct annual climate risk assessments to identify short-, medium-, and long-term risks and opportunities, analyzing impacts on facilities, supply chains, and market demand.
- Integration and Planning: Incorporate climate risks and opportunities into overall business and financial planning, ensuring departmental actions align with long-term sustainability goals.
- Implementation and Monitoring: Execute climate action plans (e.g., carbon reduction targets, green procurement policies) and use data tools to regularly monitor performance.
- Response and Adjustment: Adjust business strategies and resource allocation based on updated climate scenarios and data analysis to ensure long-term resilience.

Summary: Extreme weather events and transition-related actions may initially increase operating costs and capital investment. However, these investments will reduce long-term energy costs and carbon fee expenditures.

Risk Management

The Company has incorporated climate risks into its overall risk management framework to ensure that climate-related issues are effectively managed and addressed in both corporate decision-making and daily operations. The integration process includes:

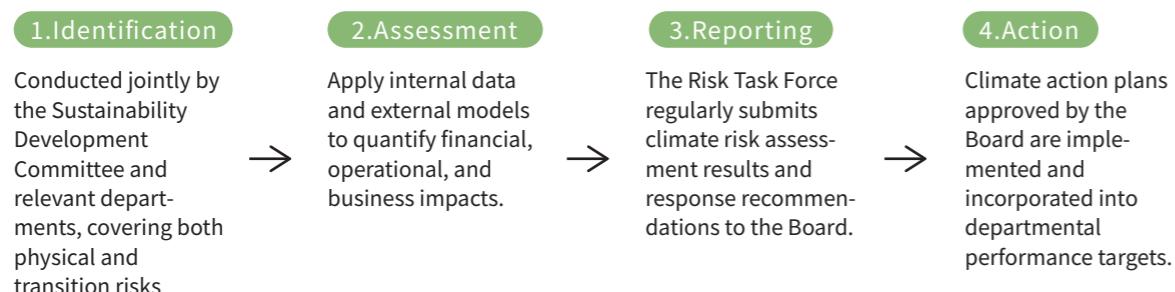
1. Identification and Assessment of Climate Risks

- Climate risk identification within the enterprise risk management framework: Regular Risk Task Force meetings, informed by the Sustainability Development Committee, identify climate-related factors (e.g., extreme weather, carbon pricing policies, supply chain disruptions) that could affect operations.
- Use of internal and external data: Climate risk identification incorporates external information (e.g., government policies, global climate models) and internal operational data, ensuring a scientific and forward-looking approach.
- Risk classification and quantitative assessment: Climate risks are categorized as short-term (extreme weather), medium-term (market and policy changes), and long-term (structural transitions). Both qualitative and quantitative analyses, including financial impact modeling and carbon emissions data analysis, are applied to assess potential impacts on costs, revenue, and asset values.

2. Management and Response to Climate Risks

- Integration into overall risk management: Climate risks are managed alongside other operational risks (e.g., market, financial, legal risks) and included in the Company's annual risk reports and review processes. The Board and senior management regularly review assessment results and incorporate them into business strategy and resource allocation.
- Response actions:
 - Short term : Develop business continuity plans (BCP) for extreme weather to safeguard store and logistics operations.
 - Medium term : Implement energy-saving and carbon reduction measures (e.g., renewable energy adoption, green procurement) to mitigate policy-driven cost increases.
 - Long term : Promote business transformation and product innovation to align with global decarbonization trends, enhancing competitiveness and market positioning.

3. Climate Risk Integration Process



Expected Outcomes:

- Establish a shared data platform to integrate climate risk and overall risk management across departments.
- Integrate climate risk indicators (e.g., carbon emissions, energy efficiency) into corporate KPIs by 2025, ensuring alignment between actions and goals.

4. Future Plans:

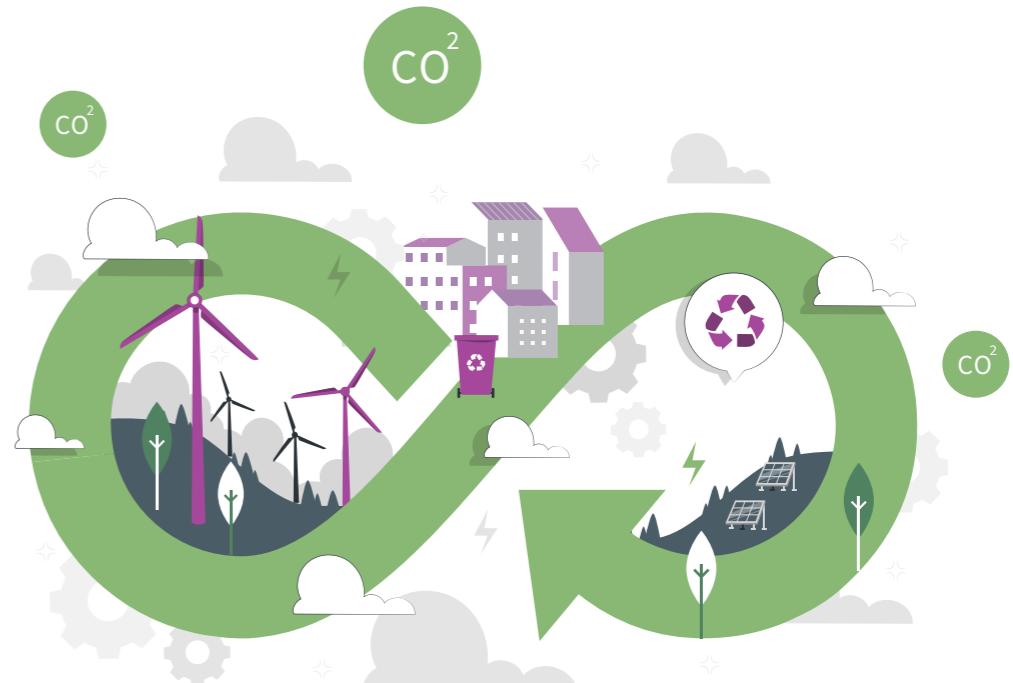
- Enhance climate risk management tools by introducing scenario analysis to simulate performance under multiple climate conditions.
- Regularly update the overall risk management system to align with international standards (e.g., TCFD recommendations), strengthening resilience.
- Ensure climate risk identification, assessment, and management are fully integrated into enterprise risk management, reinforcing competitiveness in sustainable development.

Metrics and Targets

In 2024, the Company completed a GHG inventory and designated 2024 as the baseline year. Scope 2 emissions from purchased electricity were identified as the main source. Based on self-reported data, Scope 2 emissions decreased from 46,668.102 tCO₂e in 2023 to 45,070.9889 tCO₂e in 2024, representing a reduction of 1,598 tCO₂e (3.4%), surpassing the target of 1% annual reduction.

Looking forward, the Company plans to expand Scope 3 coverage and aims to obtain third-party verification by 2026.

The Company is also actively promoting renewable energy adoption. In 2024, it purchased 10 Renewable Energy Certificates through Taipower's Phase III Solar PV Program, equivalent to 10,000 kWh of green electricity (NT\$4.9/kWh, total NT\$49,000), reducing approximately 4,940 kg CO₂e. Additionally, the Company plans to install rooftop solar PV systems at the Guanyin warehouse, covering approximately 5,300 pings ($\approx 17,500 \text{ m}^2$). The project is expected to be completed and operational by the end of 2025, with an estimated annual generation capacity of 3,117,278.12 kWh, significantly enhancing low-carbon operations and strengthening the foundation for sustainable growth.



4.2 Greenhouse Gas and Energy Management

4.2.1 2024 Greenhouse Gas (GHG) Emissions

Business Unit	Item (tCO2e)	Headquarters + Simple Mart + Logistics	Simple Mart+	Tomod's	Happy Pet	Consolidated Total
Scope 1	Direct emissions	1,974.3063	16.5528	12.2478	13.3038	2,016.4107
Scope 2	Indirect emissions	44,230.5701	179.7679	650.3604	10.2905	45,070.9889
Scope 3	Purchased goods & services	15,072.5655	0.1909	0.0340	0.0624	15,072.8528
	Upstream fuel & energy-related activities	8,724.6872	35.4077	128.0973	2.0269	8,890.2191
	Waste treatment of solid and liquid waste	0.0621	-	-	6.3898	6.4519
Total					71,056.9270	

Notes:

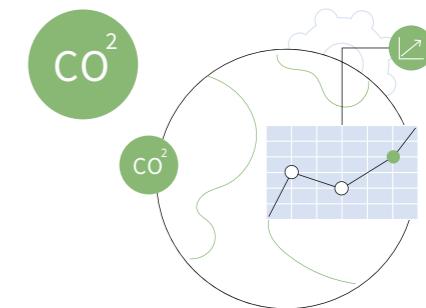
- Scope 1 includes emergency generators, company vehicles, forklifts, and fugitive refrigerants.
- Scope 2 mainly comes from electricity purchased from local power companies.
- Scope 3 includes purchased goods and services, upstream fuel and energy-related activities, and treatment of solid and liquid waste; other items will be disclosed progressively in the future.
- GHG types include CO₂, CH₄, N₂O, SF₆, HFCs, and PFCs.
- No biogenic CO₂ emissions were generated.
- Scope 1 and 2 data cover stores (Simple Mart, Simple Mart+, Tomod's, and Happy Pet), headquarters, and logistics facilities, totaling 865 locations, compiled under operational control.
- Scope 3 coverage: purchased products and services include headquarters, logistics, Simple Mart, Simple Mart+, Tomod's, and Happy Pet; fuel and energy-related activities include headquarters, logistics, stores; operational waste includes logistics centers and Happy Pet.
- GHG calculated using GHG inventory and IPCC AR6 (2021) Global Warming Potential (GWP) values.
- 2024 is the baseline year for Simple Mart Retail's first GHG inventory.
- Data are expressed to four decimal places.
- Emission factors adopted from the Ministry of Environment's "GHG Emission Factor Management v6.0.4", the Bureau of Energy's "2023 Purchased Electricity Emission Factor", and the Ministry of Environment Product Carbon Footprint Database; GHG emissions = Activity Data × GWP × Emission Factor.

GHG Emission Intensity – 2024

Indicator	2024
Total GHG Emissions (Scope 1 + Scope 2, tCO ₂ e)	47,087.3996
Revenue (NT\$ million)	14,297.18
GHG Emission Intensity (tCO ₂ e / NT\$ million revenue)	3.29

Notes:

- GHG emission intensity is based on revenue (tCO₂e per NT\$ million).
- Scope 1 and Scope 2 emissions are included in the calculation.
- Data covers 865 locations (stores, headquarters, logistics).
- Values rounded to two decimal places.
- Covered energy types: fuel and electricity.
- GHG types included: CO₂, CH₄, N₂O, SF₆, HFCs, PFCs.
- Intensity ratio calculated using internal organizational energy consumption.



4.2.2 Energy Management

Organizational Energy Consumption

2024 Energy Usage					
Energy Type		Consumption	Unit	Calorific Value (Kcal)	Consumption (kJ)
Non-renewable energy	Gasoline (unspecified 92/95)	12,710.50	KJ	99,142,149.60	415,108,180.38
	Diesel	7,900.50	KJ	66,364,032.00	277,866,201.98
Renewable energy	Green electricity	10,000.00	GJ(kWh)	8,600,000.00	36,008,200.00
Purchased energy	Electricity	91,236,819.60	GJ(kWh)	78,463,664,886.60	328,527,364,880.36
Total Organizational Energy Consumption				329,256,347,462.72	
				329,256.35	

Notes:

- Data covers stores (Simple Mart, Simple Mart+, Tomod's, Happy Pet), headquarters, and logistics facilities, totaling 865 locations.
- Data compiled from 2024 Taipower bills and fuel invoices.
- Green electricity data sourced from Taipower Small-scale Green Power Purchase Program.
- No self-generated or sold electricity in 2024.
- Total organizational energy consumption is expressed to two decimal places.
- Calorific value conversion factors are based on the Bureau of Energy, Ministry of Economic Affairs: Gasoline 1 L = 7,800 kcal; Diesel 1 L = 8,400 kcal; Electricity 1 kWh = 860 kcal; 1 kcal = 4.187 kJ; 1 kJ = 10⁻⁶ GJ.

Energy Intensity		Energy Reduction		Effectiveness of GHG Reduction Measures or Policies (for the reporting year)				
Indicator	2024	Item	Reduction Measure or Policy Name	Description	Implementation Site / Unit	Baseline 2024 Data	Estimated Annual Reduction in Energy Consumption	Estimated Annual Reduction in Carbon Emissions
Absolute Energy Consumption (GJ)	329,256.35	#1	Store Equipment Optimization (Flat Panel Lights)	<p>1. Simple Mart Retail implemented an energy-saving program to improve lighting efficiency for one year (calculated as 18 hours/day). Old T8 tubes were replaced with 32W flat panel lights. Each flat panel replaces 1.83 × 20W T8 tubes, and average illuminance increased by 150 lumens.</p> <p>2. Based on 18 hours/day operation, annual CO2e reduction is 17.7812 tCO2e.</p>	All new and renovated stores in 2024 (43 stores) fully adopted flat panel lights, totaling 1,191 units	123.6955 tCO2e	129.61 GJ	17.7812 tCO2e
Revenue (NT\$ million)	14,297.18	#2	Purchase of Small-scale Green Electricity	Simple Mart+ Siwei Store estimated annual maximum electricity consumption 310,000 kWh. In 2024, electricity usage included 10,000 kWh purchased from Taipower Solar PV Phase III Program (NT\$4.9/kWh, total NT\$49,000), with 10 Renewable Energy Certificates (RECs).	Simple Mart+ Siwei Store	4.94 tCO2e	36.0082 GJ	4.94 tCO2e
Energy Intensity (GJ / NT\$ million revenue)	23.03	#3	Electronic Price Cards	<p>1. Q4 2024 launch of . The program reduces monthly paper price card printing and logistics by 2 million units, with each electronic card lasting 7-10 years. Using 2.2" electronic cards, annual reduction is estimated at ~7,000 tCO2e.</p> <p>2. 60 Simple Mart stores gradually replaced electronic price cards from Sep 2024. Based on actual days, 60 stores reduced 50.97 tCO2e by 2024/12/31.</p>	Simple Mart stores	44,230.5701 tCO2e	372 GJ	50.97 tCO2e (2024 Q4~2024/12/31)



4.3 Waste and Water Resource Management

4.3.1 Waste Management

Waste Generation

Simple Mart Retail is engaged in the retail trade industry and follows environmental protection principles in its daily operations. The company has planned to advocate for waste reduction at the source (packaging materials) during the 2025 Supplier Conference to minimize waste generation. All waste from the logistics center is properly classified and disposed of in accordance with the Ministry of Environment regulations and handed over to qualified waste treatment or recycling institutions to reduce environmental impact and implement sustainable development. The total non-hazardous waste generated by the company over the past three years is as follows:

Non-Hazardous Waste Category	Unit	2022	2023	2024
General Waste – Household Trash	t	24.4	26.6	28.3
General Business Waste – Recyclable		359.8	383.0	406.0
General Business Waste – Non-Recyclable		-	-	1.2
Total Waste Weight		384.2	409.6	435.5
Waste Recycling Rate	%	93.6%	93.5%	93.2%

Notes:

1. Statistics cover Simple Mart Retail Logistics Center (Guanyin Warehouse).
2. Simple Mart Retail implemented a total record system for general business waste in 2021 and for non-recyclable business waste in 2024.
3. General Business Waste – Recyclable includes PE films and paper.
4. General Business Waste – Non-Recyclable includes PVC strips.
5. Waste recycling rate = (weight of waste recycled ÷ total waste generated) × 100; rounded to two decimal places.

Hazardous Waste Category	Unit	2022	2023	2024
Hazardous Waste – General Business Waste	t	-	-	2.5
Total Waste Weight		-	-	2.5
Waste Recycling Rate	%	-	-	100%

Notes:

1. Statistics cover Simple Mart Retail Logistics Center (Guanyin Warehouse).
2. Simple Mart Retail implemented a total record system for hazardous general business waste in 2024.
3. General business waste consists of store price card strips.
4. Store price cards are transported by waste disposal vendors for sorting and recycling.
5. Waste recycling rate = (weight of waste recycled ÷ total waste generated) × 100.

Waste Disposal and Transfer

Environmental Indicator	Unit	2022	2023	2024
Hazardous Waste – Store Price Label Strips				
Prepared for Reuse	Offsite	t	-	-
Recycled			-	-
Other Recycling Operations			-	-
Total		-	-	2.5
Non-Hazardous Waste – PE Film and Paper				
Prepared for Reuse	Offsite	t	-	-
Recycled			-	-
Other Recycling Operations			359.8	383.0
Total		359.8	383.0	406.0

Notes:

1. Statistics cover Simple Mart Retail Logistics Center (Guanyin Warehouse).
2. Simple Mart Retail implemented a total record system for general business waste in 2024.
3. Store price cards are transported by waste vendors for sorting and recycling.
4. PE films are collected by recycling vendors and reused.
5. Paper is collected by recycling vendors and sent to paper mills for recycling.



Direct Waste Disposal

Environmental Indicator	Unit	2022	2023	2024
Non-Hazardous Waste (General Trash) – Incineration (without energy recovery)	t	24.4	26.6	29.5
Total		24.4	26.6	29.5

Notes:

1. Statistics cover Simple Mart Retail Logistics Center (Guanyin Warehouse).
2. General waste – household trash is incinerated by contracted disposal vendors at incineration plants.
3. Headquarters' household waste is managed by the building facility; store waste is directly collected by garbage trucks and was not quantified in 2024.
4. General business waste – PVC strips are treated as follows: organize → sort → incinerate.

4.3.2 Water Resource Management

Shared Water Resource Impacts

All wastewater from Simple Mart Retail Logistics Center is discharged into the park's sewage system and managed by the Taoyuan Technology Industrial Park wastewater treatment plant. On-site operations do not involve process water and are limited to general domestic water use, with no industrial or manufacturing purposes. There is no shared water resource use with other companies. Simple Mart Retail implements effective management measures, and the discharge from Guanyin Warehouse operations has no adverse impact on the environment.

Water Use Process



Management of Impacts Related to Discharge

Simple Mart Retail complies with the Ministry of Environment's water pollution prevention standards and regulations. Inspection data from wastewater treatment plants shows a 100% compliance rate. Water use at the logistics center is limited to domestic purposes only and meets effluent water quality standards. Employees are informed of water pollution prevention laws and internal standards. No incidents of non-compliance with discharge limits occurred in the reporting year.

Water Withdrawal

Using the internationally recognized World Resources Institute (WRI) Aqueduct Water Risk Atlas, the water risk level of Simple Mart Retail's sites in Taiwan is assessed as Low-Medium (1-2), indicating no water stress. Despite the low risk, Simple Mart Retail continues to implement water conservation measures to demonstrate responsibility and commitment to water resource management. These include: education and awareness campaigns, water-saving reminders, procurement of equipment and cleaning supplies with energy/water-saving certifications, and periodic maintenance to prevent leaks.

Water Source	Water Quality Indicator (Note 1)	2023	2024
Third-Party Water	Freshwater	All Areas	All Areas
Tap Water	≤ 1,000 mg/L Total Dissolved Solids	121.35	126.20
Total Water Withdrawal		121.35	126.20

Notes:

1. Freshwater (≤ 1,000 mg/L total dissolved solids); other water (> 1,000 mg/L total dissolved solids).
2. 2023 statistics cover Simple Mart Retail headquarters and 809 stores; 2024 statistics cover headquarters, logistics center, and stores/subsidiaries where water usage bills are available (Simple Mart+, Happy Pet, Tomod's).
3. Data is sourced from tap water bills and converted using Taiwan Water Corporation measurements (1 kWh = 1,000 liters = 1 tonne of water).
4. Main water uses include office water, staff domestic use, and store water.
5. Simple Mart Retail does not require industrial water; all water usage is domestic. Therefore, water withdrawal = discharge volume.

Water Consumption

Item	2023 All Areas	2024 All Areas
Total Water Withdrawal (million liters)	121.35	126.20
Total Wastewater Discharge (million liters)	121.35	126.20
Total Water Consumption (million liters)	-	-

Notes:

1. Freshwater (≤ 1,000 mg/L total dissolved solids); other water (> 1,000 mg/L total dissolved solids).
2. 2023 statistics cover Simple Mart Retail headquarters and 809 stores; 2024 statistics cover headquarters, logistics center, and stores/subsidiaries where water usage bills are available (Simple Mart+, Happy Pet, Tomod's).
3. Data sourced from Taiwan Water Corporation bills, converted to volume (1 kWh = 1,000 liters = 1 tonne).
4. Main water uses include office water, staff domestic use, and store water.
5. Simple Mart Retail does not require industrial water; all water usage is domestic. Therefore, water withdrawal = discharge volume.



5

Consumer Confidence

5.1 Supply Chain / Raw Material Management

5.2 Product Quality and Safety

5.3 Service Quality and Customer Satisfaction



5.1 Supply Chain / Raw Material Management

Management of Material Topics	
 Economic, Environmental, and Social Impacts	<p>Positive Actual Impact: Implementing supply chain management enables Simple Mart Retail to identify high-risk suppliers and mitigate associated impacts, while collaborating with suppliers to generate contributions to the economy, environment, society, and human rights.</p> <p>Negative Potential Impact: Poor supplier quality management or non-compliance with customers' sustainability requirements may result in loss of trust and orders, thereby causing adverse effects on operations and economic performance.</p>
 Policies or Commitments	<p>Corporate Mission: Simple Mart Retail is committed to providing products that are safe, trustworthy, and healthy. The Company has launched its private brands, Simple Mart Plus and Simple Life, and enforces strict quality control from manufacturing to sales to ensure food safety. It strives to deliver products that are premium, delicious, affordable, abundant, and cost-effective.</p> <p>External Regulations: Compliance with all applicable environmental, social, and human rights regulations.</p> <p>Internal Policies: Includes the Supplier Management Policy and Supplier Code of Conduct.</p> <p>Supplier Management Policy</p> <ul style="list-style-type: none"> Incorporates environmental protection, occupational health and safety, labor rights, and legal compliance into supplier evaluation and management. Requires all suppliers to sign the Integrity Statement. Conducts annual self-assessments with suppliers using the Supplier Sustainability Checklist to evaluate the implementation of sustainability practices. Supplier Code of Conduct Encourages suppliers to embrace sustainable development. All prospective suppliers must comply with the Supplier Code of Conduct, which covers environmental protection, occupational health and safety, labor rights, regulatory compliance, business ethics, and sound management systems.
 Actions Taken	<p>Supplier Training and Capacity Building</p> <ul style="list-style-type: none"> In response to the growing importance of sustainability, the Company actively promotes supplier training programs. Annual seminars and advocacy sessions are held to help suppliers understand and adopt sustainability strategies. Provides practical resources to strengthen suppliers' management knowledge and skills, ensuring competitiveness. Aims to build an environmentally friendly, fair, and efficient supply chain system, aligned with ESG goals. Supplier Evaluation System Suppliers are regularly assessed based on internal management procedures to ensure product quality and safety. Evaluations cover environmental, social, and governance (ESG) aspects, with focus on environmental protection, occupational health and safety, labor rights, regulatory compliance, and ethical practices. Suppliers are required to actively fulfill corporate social responsibility, particularly in labor standards, employee rights, and health and safety. Annual evaluations incorporate the signed Supplier Sustainability Checklist, and only qualified suppliers are included in the approved list.

Management of Material Topics	
	<p>On-site Supplier Audits</p> <ul style="list-style-type: none"> A dedicated team is responsible for supplier audits and guidance, ensuring continuous improvement among contract manufacturers. Annual on-site audits verify compliance with the Supplier Code of Conduct. Enhances product quality, technical capacity, and quality systems. Expands sustainability requirements with emphasis on social responsibility and corporate sustainability. Supplier Communication Maintains two-way communication with suppliers via the Supplier Chain Management (SCM) system and official website.
	<p>Short-term (2025)</p> <ol style="list-style-type: none"> Achieve 100% signing of the Supplier Code of Conduct. Hold one Supplier Conference. <p>Mid-term (2028)</p> <ol style="list-style-type: none"> Maintain 100% signing of the Supplier Code of Conduct. Continue strengthening collaboration with suppliers through irregular briefing sessions or joint review meetings. <p>Long-term (2030)</p> <ol style="list-style-type: none"> Maintain 100% signing of the Supplier Code of Conduct. Continue strengthening collaboration with suppliers through irregular briefing sessions or joint review meetings.
	<p>Supplier Management Outcomes:</p> <ul style="list-style-type: none"> 100% completion of supplier self-assessment forms. 94.05% of total procurement from local suppliers. NT\$155,550 thousand in FSC/PEFC-certified raw material procurement, representing 1.43% of total procurement. 434 suppliers completed sustainability training programs, totaling 434 hours. 434 suppliers completed evaluations, all qualified. 4 suppliers underwent on-site audits, all qualified. <p>Supplier Training Courses:</p> <ul style="list-style-type: none"> Course 1: Environmental Protection Laws – Distributed an environmental law handbook to enhance compliance. Course 2: Workplace Accident Case Studies and Prevention – Analyzed occupational accident cases to strengthen prevention awareness. <p>Regular Supplier Evaluations:</p> <ul style="list-style-type: none"> In 2024, 434 suppliers completed self-assessments, with all results qualified. <p>On-site Supplier Audits:</p> <ul style="list-style-type: none"> Suppliers are classified for audits: Class A (every 3 years), Class B (every 2 years), Class C (annually), Class D (6 months improvement period), Class E (subject to review or termination). As of the end of 2024, 58 contract suppliers had been audited: 32 Class A, 13 Class B, 11 Class C, 2 Class D, and 0 Class E, with 4 suppliers audited in 2024.
	<p>Key stakeholders include shareholders/board members, consumers, employees, suppliers, and franchisees. Engagement is carried out through regular and ad-hoc communication channels, as detailed in the Stakeholder Communication section.</p>

5.1.1 Supply Chain and Raw Material Management

Supplier Policies and Commitments

As an end-point retailer in the supply chain, Simple Mart Retail is dedicated to providing products that are safe, trustworthy, and healthy. The Company has launched private brands, Simple Mart Plus and Simple Life, and enforces stringent quality control from manufacturing through sales to safeguard food safety. We aim to offer consumers products that are high-quality, delicious, affordable, abundant, and cost-effective, backed by the strictest quality management and product safety. To achieve our environmental, social, and governance (ESG) expectations, we have established clear supplier policies and a Supplier Code of Conduct. All suppliers are required to comply with these standards to support the Company's sustainability goals and promote long-term sustainable development.

Supplier Management Policy

Simple Mart Retail recognizes that robust supplier management is critical to sustainable development, as well as to maintaining brand reputation and customer satisfaction. Environmental protection, occupational health and safety, labor rights, and legal compliance are integrated into supplier evaluation and management as core elements. All suppliers are required to sign an Integrity Statement to ensure alignment with our core values. Each year, suppliers complete a Supplier Sustainability Checklist to self-assess their implementation of sustainability practices. This ensures that suppliers provide environmentally friendly products, safeguard employee health and safety, respect labor rights, and comply with applicable regulations. Through these mechanisms, we aim to collaborate with suppliers to achieve shared sustainability goals and create mutual business value.

Supplier Code of Conduct

In line with the Company's commitment to corporate social responsibility, Simple Mart Retail developed the Supplier Code of Conduct, published on the Supplier Chain Management (SCM) platform. All potential suppliers must comply with this Code prior to cooperation. The Code reflects evolving legal requirements and sustainability trends, covering the following areas:

- Environmental protection
- Occupational health and safety
- Labor rights
- Legal compliance and business ethics
- Sound management systems

Local Supplier Procurement

Item	2022	2023	2024
Procurement from local suppliers (NT\$ '000)	11,082,095	10,599,873	10,891,460
Total procurement (NT\$ '000)	11,761,216	11,202,492	11,580,739

Notes:

1.The Company's main operating location is Taiwan.

2.The statistics include Simple Mart Retail Co., Ltd. and Simple Mart Plus Co., Ltd.

Supplier Training and Evaluation System

Supplier Training

With the growing importance of sustainability, Simple Mart Retail actively promotes supplier training programs. These sessions emphasize integrating sustainability strategies into daily operations and provide practical resources to help suppliers strengthen knowledge and management skills. Training is held annually to communicate the Company's sustainability values and requirements, while supporting suppliers in maintaining competitiveness. Through joint efforts, we strive to build a greener, fairer, and more efficient supply chain system to advance ESG goals.

Supplier Evaluation System

According to internal management procedures, suppliers—including contract manufacturers, general merchandise suppliers, and store supply vendors—are evaluated regularly. The evaluation mechanism ensures that products meet quality and safety standards while also responding to sustainability requirements.

Supplier evaluations cover ESG dimensions, with a focus on:

1. Environmental protection
2. Occupational health and safety
3. Labor rights
4. Legal compliance and business ethics

Suppliers are expected to fulfill corporate social responsibility, particularly in compliance with labor laws, employee rights, and workplace health and safety. The signed Supplier Sustainability Checklist is included as part of the annual evaluation, and only suppliers that pass the evaluation are listed as qualified suppliers.

Supplier Sustainability Rating and Measures

Rating	Score Range	Response Measures
Excellent	90–100	Recommend increasing procurement volume.
Good	80–89	Maintain current operations, require continuous strengthening of management mechanisms.
Fair	70–79	Provide guidance and improvements if score falls below 80 in a single year. If score remains between 70–79 for two consecutive years, procurement allocation is reviewed at purchasing meetings.
Needs Improvement	Below 70	Provide guidance and improvements if score falls below 70 in a single year. If score remains below 70 for two consecutive years, purchasing meetings will discuss suspending procurement or revoking qualified supplier status.

Evaluation Criteria			
Environmental Protection	Occupational Health and Safety	Labor Rights	Legal Compliance and Ethics
Resource use and reduction	Fire safety	Wages and benefits	Legal compliance
Waste management	Equipment safety	Working hours	Integrity management
Emissions control	Occupational health	Equality and non-discrimination	Code of conduct
Eco-friendly products	Training and education	Contracts and labor relations	
	First aid facilities		

On-site Supplier Audits and Communication

On-site Audits

To strengthen supply chain quality, Simple Mart Retail has established a professional team responsible for supplier audits and coaching. The team conducts annual on-site audits to verify compliance with the Supplier Code of Conduct. Through these audits, the Company supports suppliers in improving product quality, enhancing technical capabilities, and optimizing quality systems. Additional sustainability requirements have been incorporated to emphasize corporate responsibility and sustainable development.

Supplier Communication

Two-way communication with suppliers is maintained through the Supplier Chain Management (SCM) system and the Company's official website.

5.1.2 Supplier Training and Audit Outcomes

Supplier Training

In 2024, Simple Mart Retail completed training programs for all 434 suppliers, with each supplier attending two 30-minute sessions, totaling 434 hours.

- Environmental Protection Legislation: Suppliers were provided with the Environmental Protection Legislation Handbook published by the Environmental Protection Administration, Executive Yuan. The session aimed to enhance understanding of Taiwan's environmental regulatory framework, including legal provisions, interpretations, and legislative background. This training strengthened compliance awareness and encouraged suppliers to contribute collectively to environmental sustainability.
- Occupational Accident Case Studies and Prevention: Using educational materials from the Labor Inspection Office, the session introduced occupational health and safety concepts through case analyses. The objective was to help suppliers recognize potential workplace risks, learn accident prevention strategies, and ensure adequate protection for workers.

Regular Supplier Evaluation

As part of the existing evaluation mechanism, Simple Mart Retail continued to apply the Supplier Sustainability Assessment Checklist to regularly assess supplier performance in sustainability. In 2024, all 434 suppliers completed the self-assessment, with results meeting the required standards.

On-site Supplier Audits

For private-label products, supplier factories must comply with audit requirements specified in the contract before entering into collaboration. Suppliers are categorized under a five-tier grading system with differentiated audit cycles:

- Grade A: every three years
- Grade B: every two years
- Grade C: annually
- Grade D: corrective actions required within six months
- Grade E: subject to re-audit or disqualification

Once products are listed, suppliers continue to undergo on-site audits at least once annually, with frequency adjusted based on grade. As of the end of 2024, a total of 58 private-label suppliers had completed audits, of which 4 suppliers underwent on-site audits in 2024.

Private-label Supplier Audit Results

Grades	Amount	Rate
Grade A	32	55%
Grade B	13	22%
Grade C	11	19%
Grade D	2	4%
Grade E	0	0%
Total	58	100%

5.2 Product Quality and Safety

Management of Material Topics	
	<p>Positive Actual Impacts: Implementation of product traceability and transparent marketing safeguards customer health and safety, while providing consumers with responsibly sourced products they can trust.</p> <p>Potential Negative Impacts: Mismanagement of product quality and safety may result in food safety or health-related incidents; inaccurate product labeling and marketing may infringe upon consumer rights.</p>
	<p>External Food Safety and Sanitation Management Act Internal Food Safety Review Committee</p> <p>Simple Mart Retail is committed to enhancing product quality through diverse participation mechanisms, including supplier conferences, evaluations and audits, website communication, and customer service hotlines. These initiatives ensure comprehensive review of products and food safety management, providing all stakeholders with high-quality and safe products.</p>
	<ul style="list-style-type: none"> Auditing of private-label suppliers, review of product inspection reports, technical specifications, and on-site factory audits. Careful selection of high-quality manufacturers. Standardized procedures in accordance with the Food Safety and Sanitation Management Act to ensure product consistency. Establishment of product technical specifications to effectively manage ingredients, sources, production processes, and packaging.

Management of Material Topics				
	Item	Evaluation Indicator	Responsible Department	Evaluation Description
	Product Inspection	Pass rate \geq 98%	Quality Assurance	Commissioned third-party verification of products
	Violations of product-/service labeling and marketing regulations for private-label products	0-3 violations		Review compliance with product labeling and marketing regulations
	Health and safety violations caused by products/services	0-3 violations		Review compliance with all relevant food safety and labeling regulations
	Short-term (2025)	Medium-term (2028)	Long-term (2030)	
	1. Focus on risk control and preliminary quality management to detect and address issues promptly.	1. Gradually optimize quality management and supplier control while ensuring controlled risk.	1. Achieve zero-risk operational management with zero recalls and full compliance with food safety and labeling standards.	
	2. Maintain product inspection pass rate \geq 98%	2. Maintain product inspection pass rate \geq 98%	2. Maintain product inspection pass rate \geq 98%	
	3. Limit private-label product labeling/marketing violations to 0-2 incidents	3. Limit labeling/marketing violations to 0-2 incidents	3. Zero labeling/marketing violations	
	4. Limit health and safety violations caused by products/services to 0-3 incidents	4. Limit health and safety violations to 0-2 incidents	4. Zero health and safety violations	
	1. Product inspection pass rate remained above 98%.			
	2. Health and safety violations: 2 products overdue for removal, which were immediately delisted; regional managers issued daily notifications for timely removal and reinforced internal training.			
	3. Marketing compliance violations: 1 e-commerce incident (violation of Article 18 of the Medical Device Act), product immediately delisted, and staff received additional training on marketing regulations.			
	Relevant stakeholders include shareholders, directors, consumers, employees, suppliers, and franchisees. For further information, see the Stakeholder Engagement section.			

5.2.1 Product Quality and Safety

Simple Mart Retail ensures that all products and services sold are safe for consumer health. Measures implemented to evaluate health and safety impacts include:

1. Major Product Categories

- Consumer Goods: Items such as household and cleaning products are verified to comply with local health and safety standards to prevent physical or chemical hazards.
- Food Products: All food products comply with food safety standards to prevent harm to consumers.

2. Assessment Measures

- Suppliers are evaluated for compliance with health and safety standards for each product category.
- Cooperation with major brands and manufacturers ensures provision of safety test reports and certifications.

3. Percentage of Products Assessed

Currently, 81% of all sold consumer goods and food products undergo rigorous health and safety assessment. Other product categories are continuously monitored and assessed as necessary.

2024 Compliance Performance

- No violations of health and safety regulations for products and services.
- No violations of product/service labeling regulations.
- No significant fines due to non-compliance with applicable laws.
- Two incidents of overdue products in stores; see Section 3.4 Regulatory Compliance for details.
- Preventive measures: Regional managers issue daily notifications of expired items for removal and conduct staff training.
- One marketing compliance violation in the e-commerce division; see Section 3.4 for details.

5.2.2 Product and Service Information and Labeling

In 2024, Simple Mart Retail did not record any violations related to product or service information and labeling. The company's management policies include:

Source of Ingredients or Service Providers

Suppliers must provide ingredient source information, ensuring all products comply with sustainability and procurement standards. Ingredient sources are clearly labeled to inform consumers, e.g., non-GMO ingredients or environmentally friendly materials.

Product Content and Allergens

Food packaging lists all ingredients and potential allergens to enable informed consumer choices.

Product and Service Safety

Food and consumer goods are guaranteed safe for use, with storage, expiration, and usage instructions provided. Warning labels and safe handling instructions are included for items such as cleaning products.

Disposal and Environmental/Social Impact

Packaging includes proper disposal instructions, especially for recyclable or biodegradable materials. Recycling symbols and guidelines encourage correct disposal.

Other Initiatives

Preference is given to fair trade and environmentally certified products, with certifications displayed on labels. Consumer education materials are provided to raise awareness of environmental and social impacts.

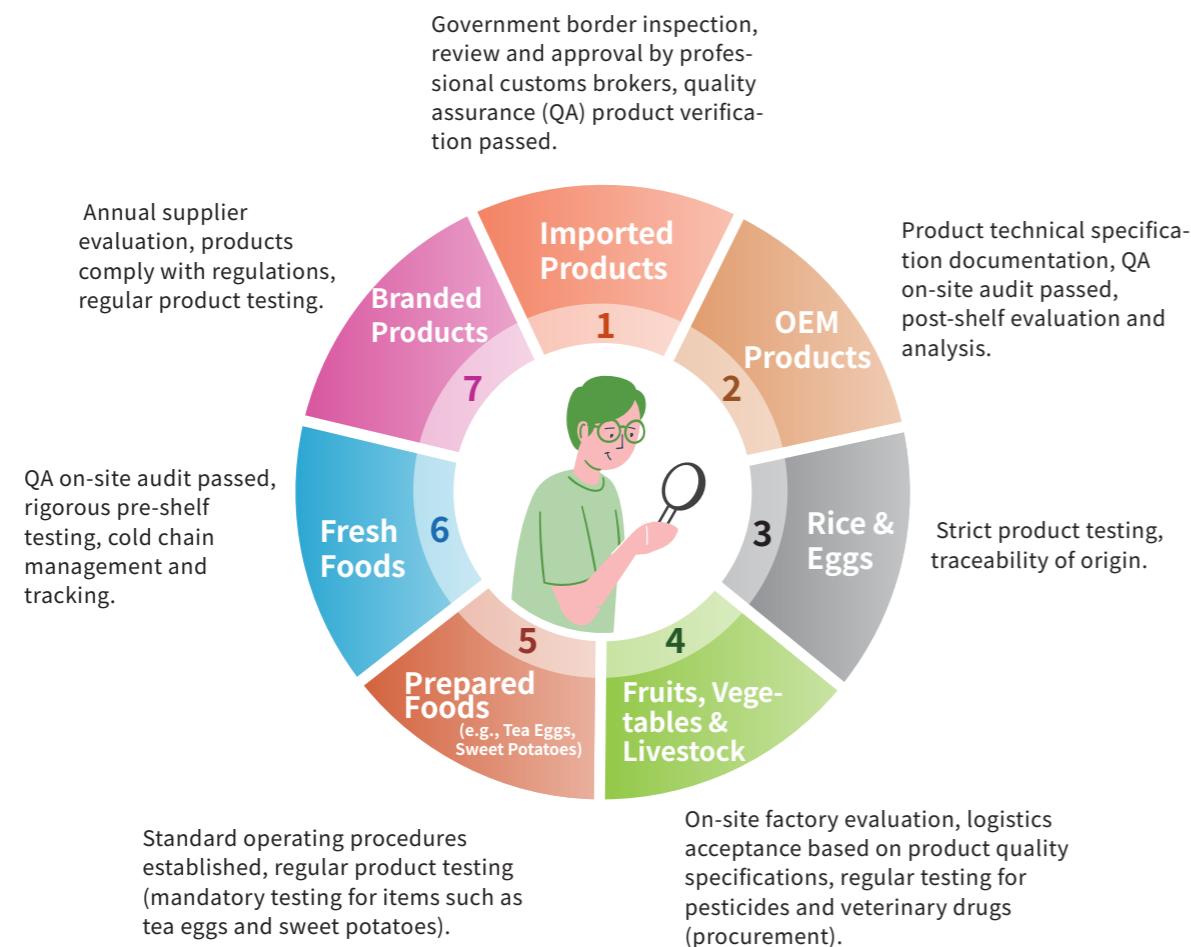
Regulatory Assessment: 100% of key products underwent regulatory assessment.

- Food Products: Comply with food safety regulations, including hygiene, ingredient labeling, and allergen disclosure. Government random inspections in 2024 yielded a 98.6% pass rate.
- Household Products: Items such as cleaning agents and disinfectants comply with national safety standards.

Testing Details (2024)

- Food Products: Third-party inspections based on hazard analysis and risk assessment plans were conducted on 100 items including imported oils, soy sauce, pet food, preserved fruits, ice cream, ready-to-eat meals, coffee, rice, and meal boxes. Testing included 48 veterinary drugs, aflatoxins, heavy metals (methylmercury, lead, cadmium), 410 pesticide residues, sulfur dioxide, tetracycline-class antibiotics, multi-toxins, anti-parasitic agents, antioxidants, Listeria monocytogenes, pathogenic E. coli, preservatives, caffeine, and other chemical and microbial safety indicators. All 100 items passed, achieving 100% compliance.
- Cleaning Products: Suppliers ensure compliance with environmental regulations and consumer safety requirements.

5.2.3 Product Selection Process



1. Imported Products: Customs Clearance and Import Permit

Imported products undergo a rigorous customs clearance process and import permit review. The Quality Assurance (QA) Department conducts a comprehensive review of the product's ingredients and origin, and professional customs brokers handle the approval process to ensure compliance with local import regulations. Final government border inspection is conducted, and only after completing all steps can the import declaration and permit be granted, ensuring that imported products meet relevant legal and safety standards.

2. Branded Products: Supplier Evaluation and Product Testing Reports

All branded products must undergo strict specification and standards verification before market launch, accompanied by detailed product testing reports. The Product Department conducts a comprehensive evaluation of suppliers to ensure their products meet quality and safety requirements. Only after thorough review can the products be marketed, guaranteeing that each item meets consumer expectations for safety and quality.

3. Private Label Products: Supplier Evaluation, Product Testing Reports, Technical Specifications, and On-site Factory Audits

① Supplier Evaluation and Testing Reports:

Before launch, private label products are evaluated for compliance with specifications, standards, and test reports, alongside a full assessment of the suppliers.

② On-site Factory Audits:

After the initial evaluation, on-site factory audits are conducted to ensure production processes meet required standards, with periodic follow-up audits based on supplier classification to maintain high-quality products.

③ Supplier Contracts and Classification Management:

Simple Mart's private label supplier contracts stipulate that manufacturing facilities must comply with Simple Mart's audit requirements. Only approved factories are eligible for partnership. After products are listed, suppliers are classified from A to E based on audit results:

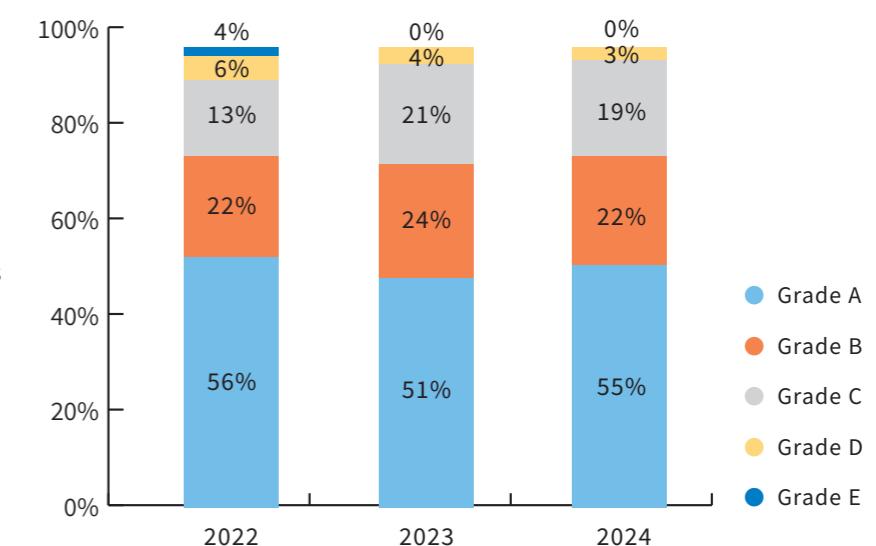
- Grade A : audited once every 3 years
- Grade B : audited once every 2 years
- Grade C : audited annually
- Grade D : given a 6-month improvement period
- Grade E : subject to re-audit or termination of partnership

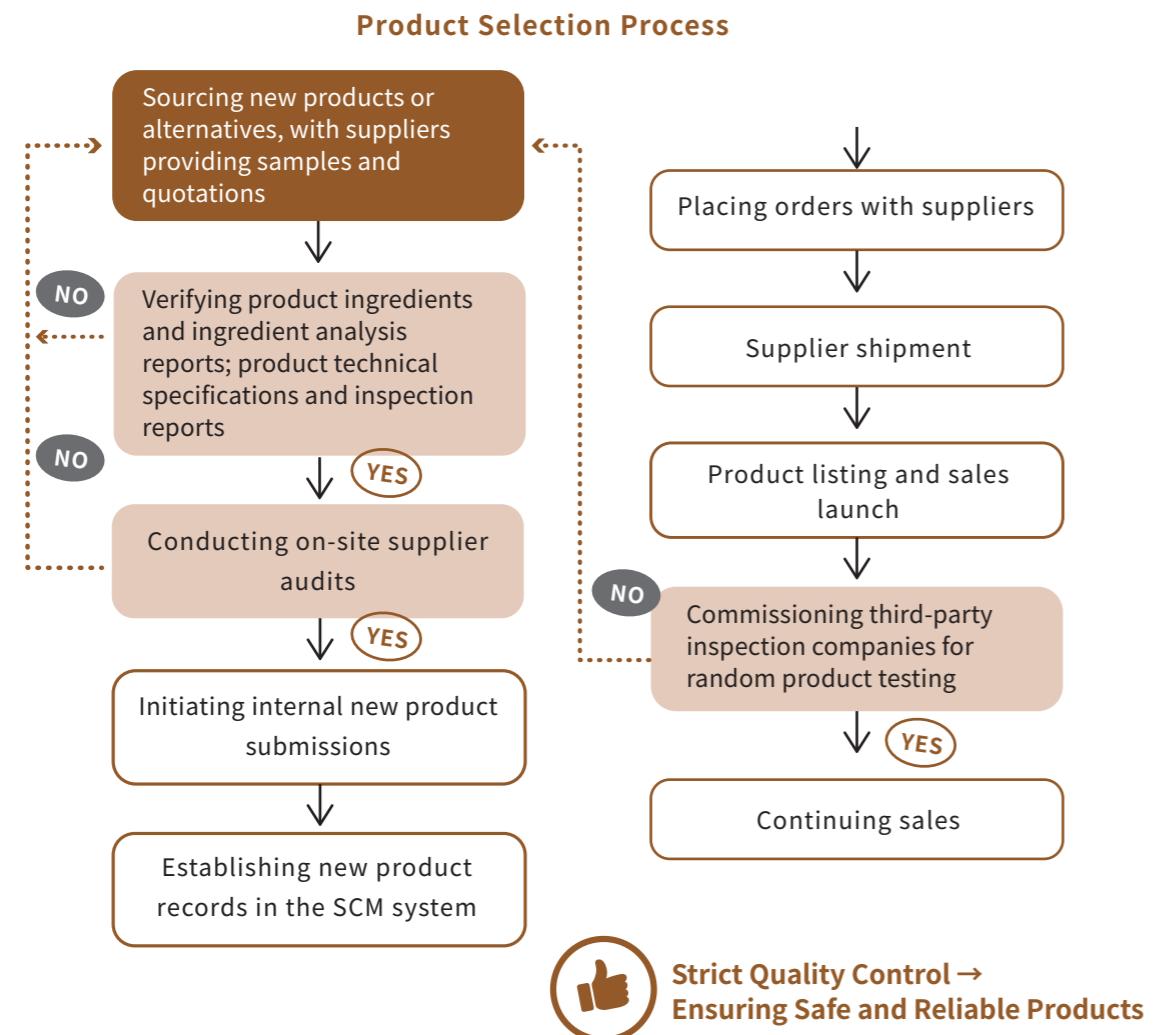
④ Selection of Superior Manufacturers:

When selecting suppliers, Simple Mart requires suppliers to provide complete qualification documentation and establishes product technical specifications to effectively control product ingredients, origin, production processes, and packaging. ISO 9001 and ISO 22000-certified lead auditors are assigned to perform on-site factory audits. This rigorous management and professional auditing process ensures that private label products maintain the characteristics of being high-quality, affordable, and delicious.

OEM Supplier Statistics (2024):

As of 2024, Simple Mart had 61 Original Equipment Manufacturer (OEM) suppliers, of which 58 were evaluated, achieving a 95% evaluation rate. Supplier classification results are as follows: Grade A (Excellent): 32 suppliers (55%)、Grade B (Qualified): 13 suppliers (22%)、Grade C: 11 suppliers (19%)、Grade D: 2 suppliers (3%)、Grade E: 0 suppliers



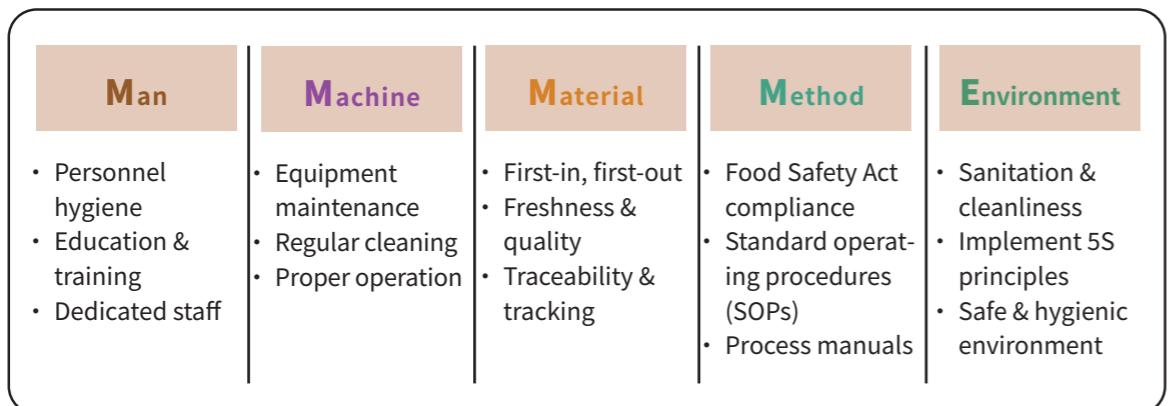


On-Site Audit Key Points for Food Suppliers				
Item	Audit Category	Score	Weight	
1	Quality Management	100	16.7%	
2	Process Management	70	11.7%	
3	Hygiene Management	290	48.3%	
4	Warehousing & Transportation Management	80	13.3%	
5	Other Management	60	10.0%	

On-Site Audit Frequency Table		
Level	Rating	Audit Frequency / Measures
A	Excellent	Once every 3 years
B	Good	Once every 2 years
C	Standard	Once every years
D	Acceptable after Improvement	Once every 6 months
E	Unacceptable	Re-assessment or discontinued cooperation

On-Site Audit Key Points for Non-Food (General Merchandise) Suppliers			
Key Point	Audit Category	Score	Weight
1	Work Environment	50	8.6%
2	Production & Services	90	15.5%
3	Non-Conforming Product Control	40	6.9%
4	Identification & Traceability	40	6.9%
5	Product Protection	50	8.6%
6	Monitoring & Measurement	50	8.6%
7	Product & Service Compliance	50	8.6%
8	External Suppliers	30	5.2%
9	Personnel Competence	30	5.2%
10	Internal Audit	40	6.9%
11	Corrective & Improvement Actions	20	3.4%
12	Other Items	70	12.1%

4M1E Approach for On-Site Factory Audits Ensuring Food Safety



5.2.4 Product Certifications

No.	Certification	Description
1	Eco-Label	Indicates that the product meets environmental standards during manufacturing, helping to reduce energy consumption, waste, and pollution, and enabling consumers to choose environmentally friendly products.
2	PEFC Forest Certification	PEFC (Program for the Endorsement of Forest Certification) is one of the world's largest forest management certifications, ensuring that wood comes from sustainably managed forests, balancing environmental protection, biodiversity, and local community development.
3	Certified Humane Eggs	Ensures the welfare of laying hens, sourced from farms that provide good living conditions, avoid intensive farming, and manage animals humanely.
4	Humane Animal Welfare Certification	Ensures animal welfare, sourced from farms complying with humane husbandry standards, including freedom of movement, good living conditions, and absence of mistreatment.
5	Traceability Certification	Allows tracking of product origin and production process, ensuring quality and safety while enhancing consumer trust.
6	ISO 9001	International quality standard ensuring the company can consistently provide products and services that meet customer requirements.
7	ISO 22000	International food safety standard ensuring all supply chain processes comply with safety requirements, protecting consumer health.
8	FSSC 22000	Combines ISO 22000 and GMP to strengthen food enterprise management systems, prevent risks, and enhance consumer confidence in food safety.
9	HACCP	Internationally recognized system using hazard analysis and critical control points to ensure food production is free from harmful factors.
10	GMP	Good Manufacturing Practices for food, pharmaceuticals, and related industries, ensuring products meet quality, safety, and hygiene standards during production.
11	TQF	Emphasizes high quality, safety, and hygiene of Taiwanese-manufactured food products, increasing consumer trust in local products.

These certifications not only guarantee product quality and safety but also reflect the company's commitment to environmental protection, animal welfare, and social responsibility.

5.2.5 Product Testing and Sampling

1. Internal Testing

Simple Mart implements an annual Food Safety Monitoring Plan and testing program in accordance with hazard analysis and risk assessment. Testing plans are executed by third-party laboratories. In 2024, 100 products were sampled, including imported oils, soy sauce, pet food, preserved fruits, ice products, ready-to-eat foods, coffee, rice, and bento meals.

Tested items included:

- Veterinary drug residues (48 items)
- Pesticide residues (410 items)
- Heavy metals (arsenic, lead, cadmium, mercury, methylmercury)
- Mycotoxins (aflatoxin, ochratoxin)
- Pathogens (Listeria, pathogenic E. coli, *Staphylococcus aureus*)
- Antibiotics (tetracycline, chloramphenicol, etc.)
- Preservatives (acids)
- Antioxidants
- Sweeteners (saccharin, aspartame, acesulfame potassium, cyclamate)
- Bleaching agents (sulfur dioxide)
- Caffeine content
- Anti-parasitic agents (23 items)
- Crude protein and crude fat
- Product grading

All tested items met domestic food safety regulations, achieving a 100% pass rate.

2. Government Sampling

In 2024, Simple Mart underwent rigorous random inspections by local health authorities across Taiwan, covering 720 products, including agricultural produce, aquatic and livestock products, ice products, beverages, seasonal products, oils, condiments, snacks, fresh meat, eggs, hot pot ingredients, vegetables, baked goods, refrigerated and canned foods, and personal care products.

Testing included pesticide residues, preservatives, boric acid, hydrogen peroxide, sterilizers, sweeteners, colorants, heavy metals (lead, cadmium, mercury), trans fats, ethylene oxide, sulfur dioxide, borax, bleaching agents, total bacterial count, E. coli, coliforms, *Pseudomonas aeruginosa*, 3-MCPD, antioxidants, tetracycline, erythromycin, radioactive substances (iodine, cesium-131/134/137), azo dyes, nitrites, bromates, aflatoxin A, heat resistance tests, evaporative residue tests, chloramphenicol, fipronil and metabolites, Sudan dyes, veterinary drug residues, and β -lactam antibiotics.

Among the 720 products sampled, 710 met food hygiene standards, achieving a 98.6% pass rate.

Region	Keelung	Taipei	Taipei	New Taipei	Taoyuan	Hsinchu	Miaoli	Taichung	Changhua	Nantou	Yunlin	Chiayi	Tainan	Kaohsiung	Pingtung	Yilan
Sampled Products	96	23	40	36	26	23	134	21	4	11	82	75	83	32	34	
Total 720																

5.3 Service Quality and Customer Satisfaction

Management of Material Topics	
 Economic, Environmental, and Social Impacts	<p>Positive Actual Impact: By providing high-value products and services, Simple Mart enhances customer experience, strengthens brand trust, increases customer satisfaction, encourages repeat purchases, and builds a loyal customer base.</p> <p>Potential Negative Impact: Failure to promptly respond to customer needs or providing substandard products and services may result in customer rights violations, complaints, or reputational damage.</p>
 Policies or Commitments	<p>Commitment: Simple Mart is committed to building long-term, stable customer relationships and enhancing brand loyalty. We provide safe and reliable products with friendly service to meet customer needs, and strengthen trust through positive interactions.</p> <ul style="list-style-type: none"> Customer Service: We adopt a customer-centric approach, respond promptly to requests, and deliver professional, attentive service to ensure customers feel valued. Feedback is actively addressed to continuously improve service quality, supported by regular customer satisfaction surveys to optimize products and services. Customer Data Management: Customer data is collected, processed, and stored in compliance with the Personal Data Protection Act, strictly for service improvement and marketing activities. Communication Channels: Engagement is maintained via social media, the membership app, and in-store interactions, regularly sharing brand promotions and new product information. Complaint Handling: A dedicated customer service hotline ensures prompt complaint handling, with specific resolutions provided. Privacy Protection: Customers are clearly informed of the purpose of data collection, with rights to access, correct, or delete their information. In the event of a data breach, affected customers are immediately notified and remediation measures are taken. <p>Relevant Guidelines:</p> <ul style="list-style-type: none"> Membership Rights Explanation Personal Data Protection Management Procedures Customer Service Center Operation Manual
 Actions Taken	<ol style="list-style-type: none"> Standardized complaint handling procedures are established in accordance with the Customer Service Center Operation Manual and related work instructions. Simple Mart complies with the Personal Data Protection Act, establishing a dedicated data protection unit in 2023. Responsibilities include periodic data inventory, risk analysis, internal audits, reporting and policy revision, data destruction, and staff training. All headquarters and store staff complete mandatory online data protection training and participate in regular information security and social engineering drills. The Information Security Management Committee was also established in 2023 to oversee cybersecurity policies, ensuring system, network, and data security. The committee meets at least once per year, with additional meetings as needed. Customer service operates daily from 08:30-24:00 (including national holidays), in collaboration with external service providers. All customer interactions are logged in the service system, classified by type and risk level, and routed to the responsible unit for handling. Complaints are prioritized and escalated according to severity.

Management of Material Topics							
 Monitoring and Evaluation Mechanisms	<ul style="list-style-type: none"> The Information Security Management Committee reports annual cybersecurity performance to the Board, covering network protection, system testing, and security drills. Periodic internal and external training raises cybersecurity awareness. Annual data inventory and updates to the "Personal Data File Maintenance Plan" strengthen data protection. The Customer Service Center regularly consolidates complaint handling and improvement records, reporting to relevant units to monitor customer satisfaction and service quality. 						
 Targets	<div style="display: flex; justify-content: space-around;"> Short-term (2025) Medium-term (2028) Long-term (2030) </div> <table border="1"> <tbody> <tr> <td>1. Maintain 100% case resolution rate</td> <td>1. Maintain 100% case resolution rate</td> <td>1. Maintain 100% case resolution rate</td> </tr> <tr> <td>2. Maintain customer satisfaction score >95</td> <td>2. Maintain customer satisfaction score >95</td> <td>2. Maintain customer satisfaction score >95</td> </tr> </tbody> </table>	1. Maintain 100% case resolution rate	1. Maintain 100% case resolution rate	1. Maintain 100% case resolution rate	2. Maintain customer satisfaction score >95	2. Maintain customer satisfaction score >95	2. Maintain customer satisfaction score >95
1. Maintain 100% case resolution rate	1. Maintain 100% case resolution rate	1. Maintain 100% case resolution rate					
2. Maintain customer satisfaction score >95	2. Maintain customer satisfaction score >95	2. Maintain customer satisfaction score >95					
 Annual Performance	<ul style="list-style-type: none"> Customer satisfaction survey score: 95/100 Total customer interactions: 18,606 cases, categorized as complaints, grievances, commendations, inquiries, notifications, suggestions, and others, with 100% resolution rate. Outstanding Service Recognition: 46 employees were recognized internally for excellent service, with achievements published in store and in employee quarterly newsletters. Customer service, including national holidays, ensures timely handling of inquiries, feedback, and complaints. For complaints and grievances, 32 follow-up calls confirmed improvements and enhanced service quality. 						
 Stakeholder Engagement	<p>Relevant stakeholders include shareholders/board members, consumers, employees, suppliers, and franchisees. Communication is conducted through various formal and informal channels, both on a regular and ad-hoc basis. Details of stakeholder engagement activities are provided in the "Stakeholder Communication" section.</p>						

5.3.1 Customer Data Protection

To safeguard the company's competitive advantage and valuable intellectual property, Sanyang Retail Co., Ltd. established a dedicated Information Security Management Unit in 2023. The unit is staffed with a Chief Information Security Officer, one dedicated security personnel, and two information security officers, totaling four members. Its primary responsibility is to ensure the effective operation of the company's information security management system and to formulate information security management policies. These policies strengthen the company's information security management, safeguard the security of data, systems, equipment, and networks, and protect the rights of the company and all employees, while raising overall cybersecurity awareness.

Through the Personal Data File Maintenance Plan, the company enhances awareness of personal data protection across all departments and implements comprehensive security measures to ensure that personal data collected, processed, and used in business operations is effectively managed and protected. In 2024, no violations of personal data protection regulations were reported.

5.3.2 Service Quality and Customer Satisfaction

Customer Relationship Management

1. Objectives of Customer Relationship Management

- Establish long-term and stable customer relationships to enhance brand loyalty.
- Provide safe and reliable products along with friendly services to meet customer needs.
- Increase customer trust and recognition of the brand through convenient and friendly interactions.

2. Principles of Customer Service

- Customer-centric approach, responding promptly to customer needs.
- Provide professional and warm service, making customers feel valued.
- Actively handle customer feedback and continuously improve service quality.

3. Customer Data Management Policy

- Collect, process, and store customer data legally in strict compliance with the Personal Data Protection Act.
- Use customer data solely to improve services and marketing activities, prohibiting illegal use or disclosure.

4. Customer Interaction and Communication Strategy

- Maintain effective communication through social media, membership apps, and in-store interactions.
- Regularly deliver information on brand activities and new products to maintain brand engagement.
- Implement the "Five-Step Service Approach" (Warm Welcome / Customer Care / Membership Promotion / Checkout Service / Friendly Farewell) to interact with customers sincerely and enthusiastically.

5. Customer Satisfaction Enhancement Measures

- Conduct regular customer satisfaction surveys to gather feedback and suggestions.
- Optimize products and services based on customer input.
- Provide membership reward programs and exclusive offers to enhance customer loyalty.

6. Customer Complaint and Issue Handling Procedures

- Establish a dedicated customer service hotline to promptly handle complaints.
- Analyze the root causes of complaints and provide concrete solutions.
- Regularly track the resolution of issues to ensure customer satisfaction.

7. Customer Data Protection and Privacy Policy

- Clearly inform customers of the purpose and use of data collection.
- Ensure customers' rights to access, correct, or delete their personal data.
- In the event of a data breach, immediately notify affected customers and implement remedial measures.

2024 Customer Cases Overview

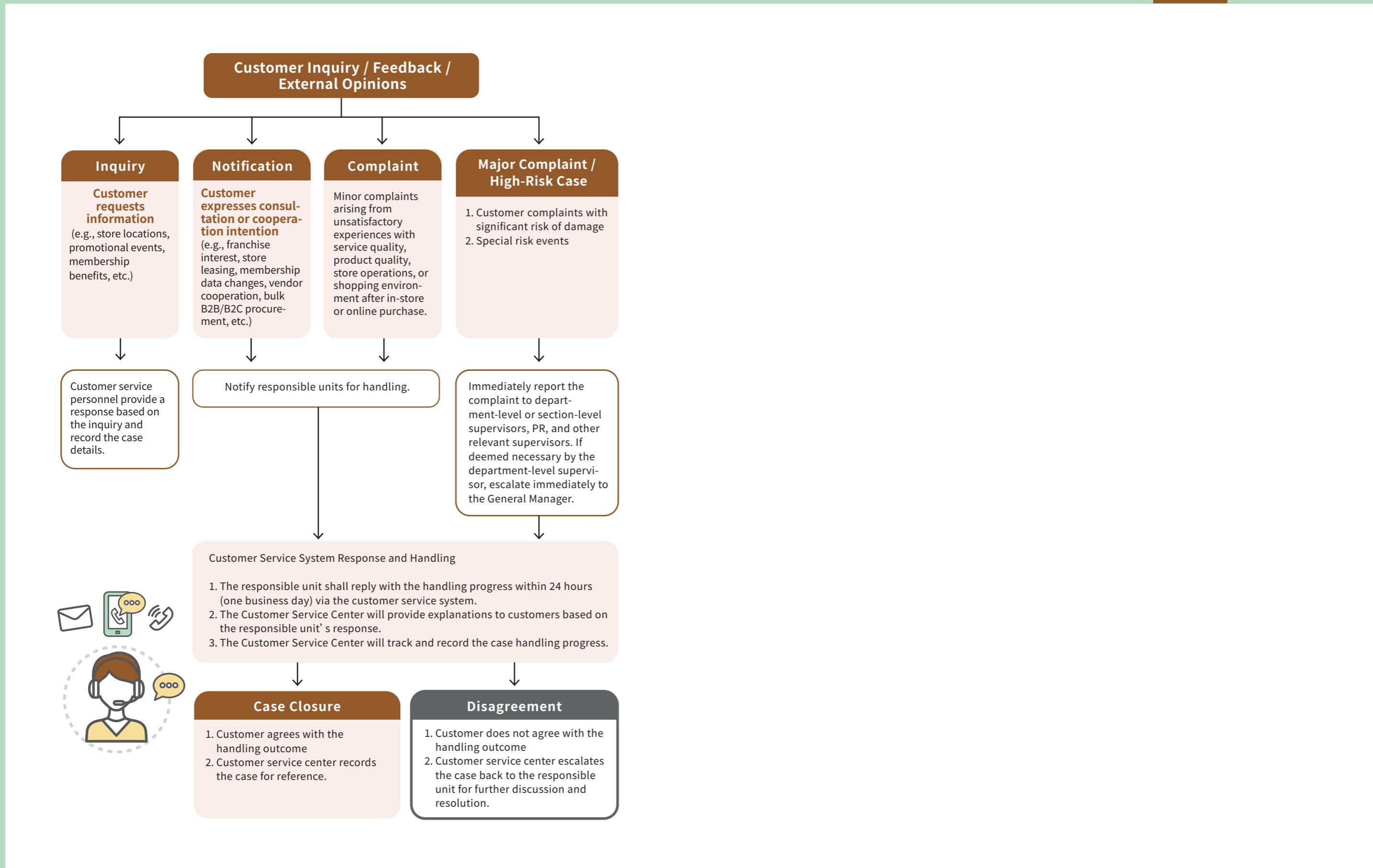
In 2024, the company received a total of 18,606 customer cases. Customer issues were categorized as complaints, claims, compliments, inquiries, reports, suggestions, and others, as detailed below:

Category	Definition	Count	Proportion
Complaint	Minor customer grievances regarding service, product quality, store operations, or shopping environment.	1,115	5.99%
Grievance	Major customer complaints posing significant risk to the customer or company, or special risk incidents, e.g., on-site accidents, serious disputes due to service, product or food safety issues, or regulatory violations.	2	0.01%
Commen-dation	Customer recognition of excellent service by store personnel	46	0.25%
Inquiry	Customer inquiries on store information, promotions, membership rights, etc.	10,488	56.37%
Notification	Customer consultation or cooperation requests (e.g., franchise, rental, membership data, supplier cooperation, bulk B2B/B2C purchase)	6,767	36.37%
Suggestion	Customer advice or feedback for company operations improvement.	132	0.71%
Others	Follow-ups, non-company cases.	56	0.30%
Total Cases		18,606	100%

In 2024, a total of 46 outstanding service personnel were recognized internally. Their exemplary performance in providing excellent service at stores was published, encouraging and acknowledging employees' efforts in promoting high-quality service, thereby enhancing the overall service level of all store partners. Recognition reports were also featured in the employee quarterly newsletter.

The Customer Service Center, including during national holidays, provided consultation services to customers and store staff during store operating hours, ensuring that customer inquiries, feedback, and complaints were addressed promptly.

In 2024, the Customer Service Center conducted 32 follow-ups on complaints and claims to confirm whether the relevant personnel had implemented improvements and enhanced service quality based on the feedback received.



6

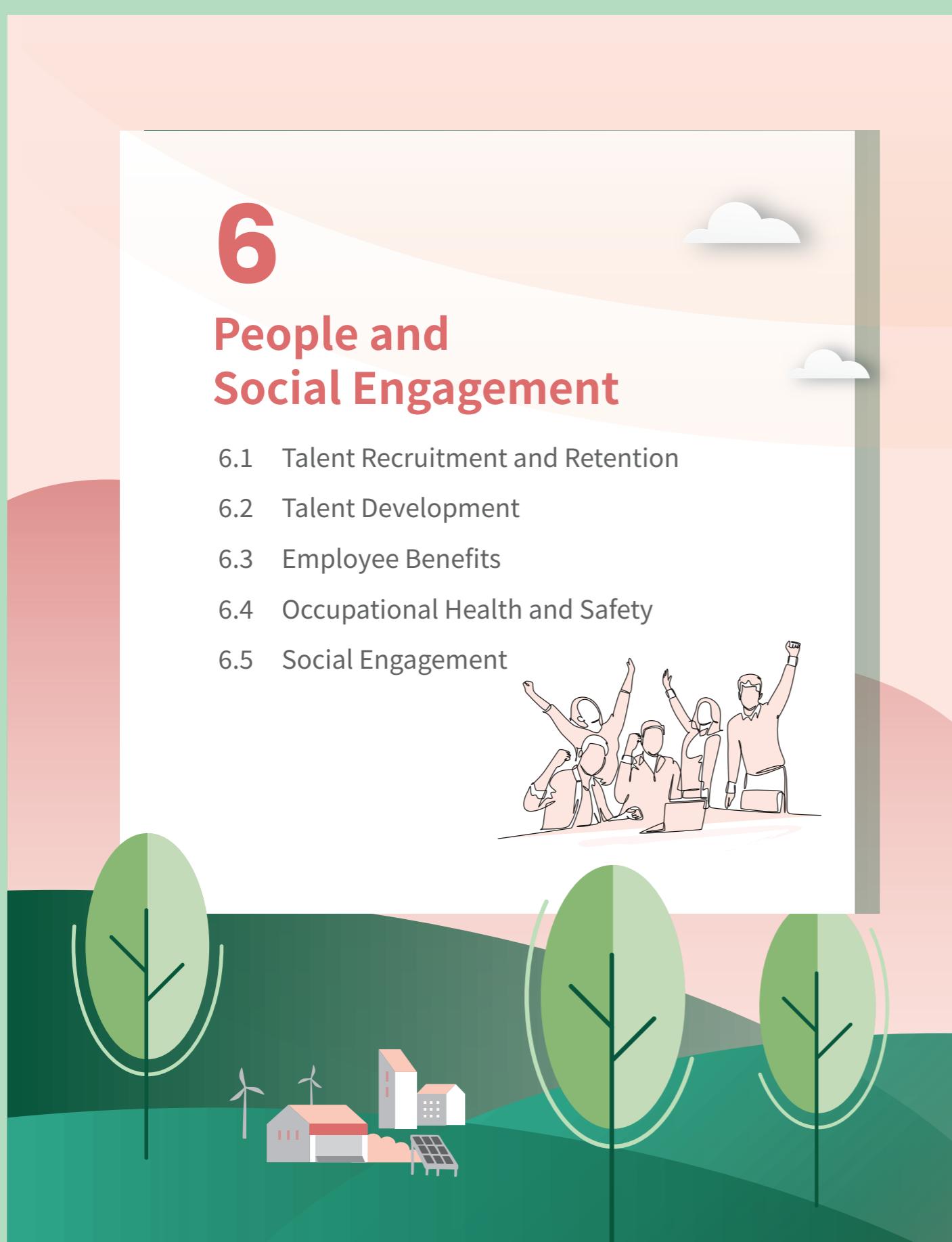
People and Social Engagement

- 6.1 Talent Recruitment and Retention
- 6.2 Talent Development
- 6.3 Employee Benefits
- 6.4 Occupational Health and Safety
- 6.5 Social Engagement



6.1 Talent Recruitment and Retention

Management of Material Topics								
 Economic, Environmental, and Social Impacts	<p>Positive Actual Impacts: By attracting and retaining high-quality talent, Simple Mart Retail enhances corporate competitiveness and innovation, reduces turnover to ensure stable operations, cultivates a positive corporate culture, improves employee satisfaction and execution of strategies, drives business growth, strengthens corporate reputation, and achieves sustainable development and outstanding performance.</p> <p>Negative Potential Impacts: Ineffective recruitment or retention of talent may lead to reduced operational efficiency, talent loss, difficulties in recruitment, vacancies in key positions, decreased employee engagement, increased training costs, and other negative impacts, which could affect customer service quality and long-term corporate development.</p>							
 Policies or Commitments	<ul style="list-style-type: none"> Human Rights Policy: Simple Mart Retail Co., Ltd. supports multiple international human rights conventions, is committed to protecting employees' fundamental human rights, provides a safe and healthy working environment, and continuously improves measures to prevent accidents, thereby safeguarding employee safety and health. Compensation Policy: Simple Mart Retail has established a fair compensation policy. Based on employees' functions and professional backgrounds, the Company designs competitive salary structures to ensure equal treatment for employees in equivalent positions and promotes a dual-track career development system. Talent Development Policy: The Company values talent, develops employees' potential through diverse training programs, strengthens professional skills and leadership, and realizes a win-win outcome for both the enterprise and its employees. 							
 Actions Taken	<ul style="list-style-type: none"> Annual employee engagement surveys Launch of store assistive device program for middle-aged and senior employees Talent reserve recruitment program Implementation of ISO 45001 Occupational Health and Safety Management System 							
 Monitoring and Evaluation Mechanisms	<ul style="list-style-type: none"> The headquarters of Simple Mart Retail conducts performance evaluations every July and December, with performance bonuses distributed based on the achievement of individual KPIs. A total of 11 candidates were recruited through the talent reserve program for new graduates, with job rotations across key departments conducted within two years after recruitment. ISO 45001 Occupational Health and Safety Management System implementation completed, with external audit certification obtained in January 2025. 							
 Targets	<table border="1"> <tr> <th>Short-term (2025)</th> <th>Mid-term (2028)</th> <th>Long-term (2030)</th> </tr> <tr> <td> 1. Employee engagement survey score: >80 2. Average training hours: 18 hours </td> <td> 1. Employee engagement survey score: 85 2. Average training hours: >18 hours </td> <td> 1. Maintain employee engagement survey score: 85 2. Average training hours: 20 hours </td> </tr> </table>	Short-term (2025)	Mid-term (2028)	Long-term (2030)	1. Employee engagement survey score: >80 2. Average training hours: 18 hours	1. Employee engagement survey score: 85 2. Average training hours: >18 hours	1. Maintain employee engagement survey score: 85 2. Average training hours: 20 hours	
Short-term (2025)	Mid-term (2028)	Long-term (2030)						
1. Employee engagement survey score: >80 2. Average training hours: 18 hours	1. Employee engagement survey score: 85 2. Average training hours: >18 hours	1. Maintain employee engagement survey score: 85 2. Average training hours: 20 hours						



Management of Material Topics	
Annual Performance	<ul style="list-style-type: none"> Each year, Simple Mart Retail sets strategic objectives based on the four perspectives of finance, customer, internal processes, and learning & growth. Objectives are cascaded down to responsible departments, with action plans formulated as KPIs. Responsible persons submit progress reports monthly for review. In 2024, the employee engagement target was set at 80, with an actual score of 85.3. Employee engagement satisfaction increased by 11% in 2024 compared to 2023. In 2024, the Company applied to the Taipei City Employment Services Office for the “Assistive Device Program” under middle-aged job redesign.
Stakeholder Engagement	Relevant stakeholders include shareholders/board members, consumers, employees, suppliers, and franchisees. Engagement is conducted through regular and ad hoc communication in various forms. For details, please refer to the Stakeholder Engagement section.

6.1.1 Workforce Profile and Management

Employee Composition

As of the end of 2024, the total number of employees at Simple Mart Retail was 3,621, of which 2,078 were full-time employees (57.39% of the workforce) and 1,543 were part-time employees (42.61%). During the reporting period, there were no significant fluctuations in either employee headcount or the number of non-employee workers.

Simple Mart Retail's business operations are located in Taiwan; therefore, the majority of its employees are based in Taiwan, with a local hiring ratio of over 99.45%. The Company strictly complies with all labor-related regulations set forth by government authorities and has never employed child labor. In cases where foreign nationals are hired, the Company fully adheres to the relevant government laws and regulations.

The Company emphasizes diversity and workplace inclusion. Recruitment, compensation, and benefits are not influenced by gender, age, nationality, ethnicity, religion, or position. As store personnel are predominantly female, the overall male-to-female employee ratio is approximately 1:1.5.

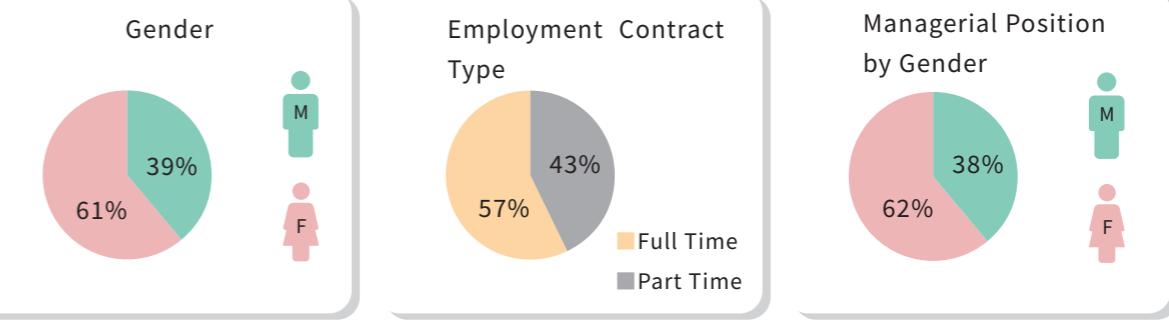
Employee Status in 2024

Category	Group	Male		Female		Work Location / Taiwan		Subtotal	
		Headcount	% of Group	Headcount	% of Group	Headcount	% of Group	Headcount	% of Group
Employment Contract	Permanent employees (also referred to as employees under indefinite-term contracts)	1,420	39.22%	2,201	60.78%	3,621	100%	3,621	100%
	Temporary employees (also referred to as employees under fixed-term contracts)	0	0%	0	0%	0	0%	0	0%
	Employees without guaranteed working hours (also referred to as gig economy workers)	0	0%	0	0%	0	0%	0	0%
Employment Type	Full-time (also referred to as full-time workers)	791	38.07%	1,287	61.93%	2,078	100%	2,078	100%
	Part-time (also referred to as part-time workers)	629	40.76%	914	59.24%	1,543	100%	1,543	100%

Notes:

1. Headcount is calculated based on actual numbers.

2. During the reporting period, and compared with the prior reporting period, there were no significant fluctuations in employee number.



In addition to its 3,621 employees, Simple Mart Retail engaged a total of 87 non-employee workers in 2024. Their work primarily involved in-store sales services and logistics sorting operations.

- For in-store sales services, Simple Mart Retail commissioned staffing agencies to assign personnel to designated stores.
- For logistics operations, sorting tasks in designated warehouses were subcontracted to external vendors.
- Both categories of workers maintained no direct contractual relationship with the Company. During the reporting period, as well as compared with the prior year, the number of non-employee workers showed no material fluctuation.

Governance Body Members

Category	Gender	Age	2022		2023		2024	
			Number of Board Members	% of Board	Number of Board Members	% of Board	Number of Board Members	% of Board
Governance Body Members	M	Under 30	-	-	-	-	-	-
		30~50	2	22%	1	14%	1	14%
		Over 50	7	78%	6	86%	6	86%
	F	Under 30	-	-	-	-	-	-
		30~50	-	-	-	-	-	-
		Over 50	-	-	-	-	-	-
Total			9	100%	7	100%	7	100%



Gender Distribution of Headquarters Supervisors and Non-Supervisors

Unit: Headcount

Employee Category	Gender	Age	2022 Headcount	% of Total Employees	2023	% of Total Employees	2024	% of Total Employees
Supervisors	M	Under 30	-	-	-	-	-	-
		30~50	10	0.26%	9	0.24%	11	0.30%
		Over 50	9	0.24%	9	0.24%	9	0.25%
	F	Under 30	-	-	-	-	-	-
		30~50	16	0.42%	15	0.39%	14	0.39%
		Over 50	4	0.10%	6	0.16%	7	0.19%
Non-Supervisors	M	Under 30	37	0.97%	22	0.58%	28	0.77%
		30~50	124	3.25%	118	3.09%	110	3.04%
		Over 50	29	0.76%	25	0.65%	30	0.83%
	F	Under 30	57	1.49%	52	1.36%	57	1.57%
		30~50	173	4.53%	174	4.55%	174	4.81%
		Over 50	22	0.58%	21	0.55%	24	0.66%
Total		481	12.60%	451	11.79%	464	12.81%	

Notes:

1.The statistical scope includes Simple Mart Retail Co., Ltd.

2.“Supervisors” are defined as employees holding the position of manager or above.

Diversity of Non-Managerial Staff at Headquarters

Unit: Headcount

Employee Category	Gender	Age	2022 Headcount	% of Total Employees	2023	% of Total Employees	2024	% of Total Employees
Indigenous Peoples	M	Under 30	1	0.03%	1	0.03%	1	0.03%
		30~50	1	0.03%	1	0.03%	1	0.03%
		Over 50	-	-	-	-	-	-
	F	Under 30	2	0.05%	2	0.05%	1	0.03%
		30~50	2	0.05%	2	0.05%	2	0.06%
		Over 50	-	-	-	-	-	-
Persons with Disabilities	M	Under 30	1	0.03%	-	-	-	-
		30~50	4	0.10%	6	0.16%	4	0.11%
		Over 50	1	0.03%	1	0.03%	1	0.03%
	F	Under 30	-	-	1	0.03%	1	0.03%
		30~50	-	-	-	-	-	-
		Over 50	-	-	-	-	-	-
Total		12	0.32%	14	0.38%	11	0.32%	

Note: Statistics include Simple Mart Retail

Stores

Unit: Headcount

Employee Category	Gender	Age	2022	% of Total Employees	2023	% of Total Employees	2024	% of Total Employees
Supervisors	M	Under 30	72	1.88%	71	1.86%	68	1.88%
		30~50	222	5.81%	201	5.26%	201	5.55%
		Over 50	26	0.68%	28	0.73%	35	0.97%
	F	Under 30	127	3.32%	104	2.72%	82	2.26%
		30~50	355	9.29%	349	9.13%	349	9.64%
		Over 50	58	1.52%	69	1.80%	84	2.32%
Non-Supervisors	M	Under 30	777	20.33%	771	20.16%	655	18.09%
		30~50	196	5.13%	229	5.99%	227	6.27%
		Over 50	20	0.52%	37	0.97%	46	1.27%
	F	Under 30	753	19.71%	703	18.38%	602	16.63%
		30~50	581	15.21%	635	16.61%	603	16.65%
		Over 50	153	4.00%	176	4.60%	205	5.66%
Total		3,340	87.40%	3,373	88.21%	3,157	87.19%	

Notes:

1.The statistics include Simple Mart Retail Co., Ltd.

2.Supervisory positions are defined as those at the level of Deputy Store Manager or above.

Diversity of Store Supervisors

Unit: Headcount

Employee Category	Gender	Age	2022 Headcount	% of Total Employees	2023	% of Total Employees	2024	% of Total Employees
Indigenous Peoples	M	Under 30	1	0.03%	1	0.03%	-	-
		30~50	3	0.08%	3	0.08%	4	0.11%
		Over 50	-	-	-	-	-	-
	F	Under 30	6	0.16%	3	0.08%	2	0.06%
		30~50	8	0.21%	11	0.29%	11	0.30%
		Over 50	1	0.03%	1	0.03%	1	0.03%
Persons with Disabilities	M	Under 30	2	0.05%	1	0.03%	1	0.03%
		30~50	2	0.05%	3	0.08%	3	0.08%
		Over 50	1	0.03%	1	0.03%	1	0.03%
	F	Under 30	1	0.03%	1	0.03%	1	0.03%
		30~50	1	0.03%	1	0.03%	1	0.03%
		Over 50	1	0.03%	1	0.03%	1	0.03%
Total		27	0.73%	27	0.74%	26	0.73%	

Note: The statistics include Simple Mart Retail Co., Ltd.

Diversity of Store Non-supervisory Employees									Unit: Headcount
Employee Category	Gender	Age	2022 Headcount	% of Total Employees	2023	% of Total Employees	2024	% of Total Employees	
Indigenous Peoples	M	Under 30	10	0.26%	5	0.13%	2	0.06%	
		30~50	-	-	-	-	-	-	
		Over 50	-	-	-	-	-	-	
	F	Under 30	13	0.34%	4	0.10%	3	0.08%	
		30~50	7	0.18%	4	0.10%	3	0.08%	
		Over 50	2	0.05%	1	0.03%	1	0.03%	
Persons with Disabilities	M	Under 30	21	0.55%	21	0.55%	19	0.52%	
		30~50	6	0.16%	5	0.13%	9	0.25%	
		Over 50	-	-	1	0.03%	1	0.03%	
	F	Under 30	26	0.68%	23	0.60%	22	0.61%	
		30~50	9	0.24%	18	0.47%	16	0.44%	
		Over 50	1	0.03%	1	0.03%	3	0.08%	
Total		95	2.49%	83	2.17%	79	2.18%		

Note: The statistics include Simple Mart Retail Co., Ltd.

Collective Bargaining Agreements

Simple Mart Retail Co., Ltd. has not established a labor union or entered into a collective bargaining agreement. However, the company maintains open and diverse channels of communication with employees through regular labor-management meetings and various dialogue mechanisms. The company strictly adheres to local labor regulations and remains committed to fostering a harmonious and mutually beneficial labor environment.

6.1.2 Talent Sustainability

Simple Mart Retail supports employees in acquiring workplace skills and advancing their careers, thereby enhancing professional competence, organizational identification, talent growth, and retention. The Company has established the “Personnel Appointment, Job Grading, and Compensation Procedure,” designing a market-competitive salary structure in accordance with talent development strategies. Compensation is determined based on employees’ functional expertise, certifications, and relevant industry experience. Through fair remuneration policies, employees at the same job level receive equal treatment, and corporate operational performance is shared with employees.

If employee training and career development programs are inadequate, or if employees are not appropriately matched to their roles, operational efficiency may decline, and talent attrition may occur. Retail is a labor-intensive industry influenced by regional labor markets and salary competition. Some stores and warehouse operations face challenges in recruitment and retention; failure to fill positions in a timely manner may affect operational efficiency and customer service quality.

As the expectations of new-generation employees for career development and inclusive workplaces increase, failure to adjust talent management strategies promptly may result in key position talent loss or reduced employee engagement. High turnover also increases the training costs and management burden for new hires. The Company has continuously optimized recruitment processes and training systems and strengthened organizational belonging through employee care and feedback mechanisms.

Ratio of Standard Salary for Entry-Level Employees to Local Minimum Wage by Gender

Simple Mart Retail’s Human Resources Department designs a retail industry-aligned salary structure based on government policies, industry benchmarks, and incentive systems. Recruitment and training policies are applied equally to all employees, regardless of gender, religion, race, nationality, or political affiliation, to ensure diversity and equal employment opportunities.

Important operational locations are defined as company-registered sites, including headquarters buildings, stores, and shopping centers. All business operations are located in Taiwan. In 2024, the ratio of standard salary for entry-level employees (regardless of gender, religion, race, nationality, or political affiliation) to the local minimum wage was 1.06:1 (Note), exceeding the local statutory minimum to ensure employees can meet basic living needs.

Proportion of Local Residents in Senior Management

All operational sites of Simple Mart Retail are located in Taiwan, with no operations in other regions. 100% of senior management are local residents. Senior management includes the General Manager, Finance Manager, Accounting Manager, Audit Manager, R&D Manager, and Associate General Manager level and above.

New Hires and Employee Turnover

In 2024, the new hire rate at Simple Mart Retail was 77.3%, compared with 90.0% in the previous year. The decrease reflects the labor-intensive nature of retail, the abundance of information in the digital era, diverse job-seeking channels, and declining birth rates, which increase recruitment difficulty.

The 2024 turnover rate was 82.2%, a decrease of 7.5% from 89.7% in 2023, mainly due to the implementation of employee care policies and training programs, which enhanced employee engagement and reduced attrition.

The Company’s relatively high new hire and turnover rates are consistent with the labor-intensive characteristics of retail. Store staffing demand is high, and work schedules are often shift-based, resulting in generally elevated employee mobility.

New employee hires and employee turnover	2022						2023						2024						
	New Hires			Separations			New Hires			Separations			New Hires			Separations			
		% of Category		% of Category		% of Category		% of Category		% of Category		% of Category		% of Category		% of Category		% of Category	
Talent	Under 30	1,159	30.3%	1,101	28.8%	1,072	28.0%	1,058	27.7%	1,197	31.3%	1,066	27.9%	1,171	30.6%	1,061	27.7%	930	25.7%
	30~50	311	8.1%	634	16.6%	289	7.6%	603	15.8%	285	7.5%	638	16.7%	310	8.1%	637	16.7%	268	7.4%
	Over 50	46	1.2%	135	3.5%	36	0.9%	115	3.0%	59	1.5%	197	5.2%	56	1.5%	197	5.1%	55	1.5%
Total Employee	3,821						3,824						3,621						
Total Number of New Hires	3,386						3,442						2,799						
Overall Hiring Rate (%)	88.6%						90.0%						77.3%						
Total Number of Employee Turnover	3,173						3,432						2,975						
Overall Turnover Rate (%)	83.0%						89.7%						82.2%						

Notes:

1. The statistical scope covers Simple Mart Retail (Simple Mart, Simple Mart Plus, and Happy Pet included).
2. The percentage of new hires is calculated as: Number of new hires in each category / Total employees in the region.
3. The percentage of turnover is calculated as: Number of turnover in each category / Total employees in the region.
4. Minor differences between total hiring/turnover rates and the sum of category percentages are due to rounding.

6.2 Talent Development

Simple Mart Retail has established the “Talent Recruitment and Employment Policy” and the “Personnel Appointment, Job Grading, and Compensation Procedure.” Salary structures are designed in accordance with talent development strategies to remain competitive in the market. Compensation is determined based on employees’ functional expertise, certifications, and relevant industry experience.

Through fair remuneration policies, employees at the same job level receive equal treatment.

A dual-track career and compensation system (management track and professional technical track) is implemented to ensure employees are appropriately placed according to their skills and to maximize workforce effectiveness.

Talent Development Policy

The Company regards talent as the foundation for sustainable operations and strives to build a culture of continuous learning and growth. Through diverse and systematic training programs, employee potential is developed, professional skills and leadership capabilities are strengthened, achieving a win-win outcome for both the organization and the individual.

Key Strategies for Talent Development

1. Foundational and Professional Training System

- Provide comprehensive onboarding training for new employees to facilitate rapid integration into corporate culture and workflows.
- Design professional skill courses according to different roles, such as customer service, product merchandising, store operations management, data analysis, and exception management, to strengthen competency development.



2. Management Development Program

- Establish a reserve cadre and succession system to cultivate the management skills and decision-making abilities required for mid- to senior-level managers.
- Conduct regular internal seminars, case studies, and cross-departmental rotations to promote diverse experience and talent development.



3. Learning Resources and Self-Development

- Provide internal learning platforms, online courses, and subsidies for external training to encourage self-directed learning and career development.
- Organize reading sharing sessions, skill exchange workshops, and other activities to foster a collaborative learning culture.



4. Learning Effectiveness and Feedback Mechanism

- Track learning outcomes through pre- and post-training evaluations and supervisor feedback, continuously optimizing course design and content.
- Establish competency frameworks and performance assessment systems to evaluate employees’ competency models (ASK) and performance, providing incentives for achievement or guidance for improvement.

Average Training Hours per Employee

In 2024, total employee training hours reached 61,678 hours, averaging 17.03 hours per employee. Online academy participation reached 69,417 instances,

Employee Category	Male	Female				
	Hours	Number of Employees	Average training hours	Hours	Number of Employees	Average training hours
Management	8,629	363	23.77	13,150	646	20.36
Non-Management	16,040	1,040	15.42	23,859	1,572	15.18
Subtotal	24,669	1,403	17.58	37,009	2,218	16.69

Notes:

1. The statistics include all employees of Simple Mart Retail.
2. Definition of management: Headquarters – Manager level and above; Stores – Assistant Store Manager level and above.

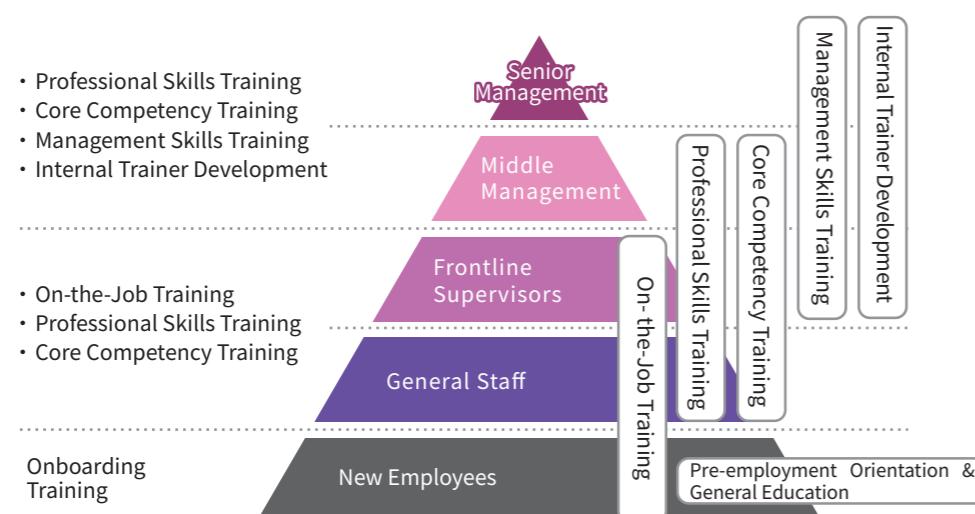
Human Rights Training

Note: The statistics include Simple Mart Retail Co., Ltd.

Human Rights Training Hours (Sexual Harassment Prevention Act & Internal Human Rights Courses)	2024		
	M	F	Total
Human rights training hours (hours)	70	66	136
Total number of employees receiving human rights training	94	105	199
Percentage of employees receiving human rights training	74%	51%	60%

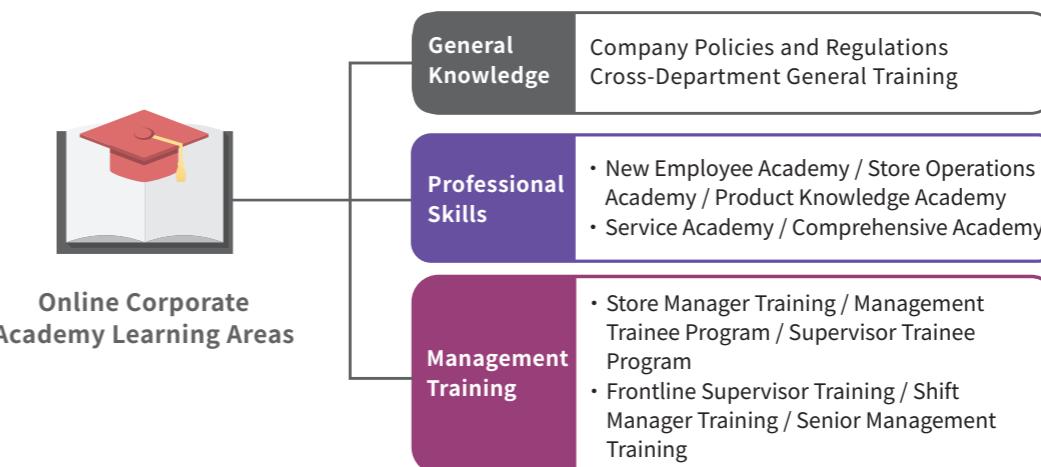
Comprehensive Training

Training programs are designed and implemented according to different job levels.



Online Corporate Academy

The Online Corporate Academy supports team members in enhancing their comprehensive competencies and fostering a learning organization. We integrate employee learning maps and implement a dual-track approach combining in-person and online learning. The Academy is structured into three major learning areas—General Knowledge, Professional Skills, and Management Training—each corresponding to different course categories. Courses include post-class assessments to ensure learning effectiveness and optimize the benefits of e-learning materials.



Employee Competency Development and Transition Support Programs

Employee Training Program	Program Description	Quantitative Results (e.g., number of sessions, learning hours)	Employee Participation Rate (Headquarters)
MT Talent Reserve Program (Headquarters)	To secure key talent, in September 2024, Simple Mart Retail collaborated with 104 Job Bank and Leap International to host the "Innovative Competency Exploration Recruitment Workshop," the first recruitment event in a workshop format. Through competency exploration activities, high-potential employees were selected and developed via systematic training and job rotation to become future supervisors or key position successors. Effective talent reserves help mitigate the impact of personnel turnover, provide visible career opportunities, motivate performance, and enhance engagement.	In October 2024, 11 MT Talent Reserve employees were recruited. Between Oct 1 and Nov 29, 17 training sessions were held, totaling 720 hours. Each participant received an average of 65 hours of training.	2.7%
Internal Coaching Workshop Program (Headquarters)	The company introduced an internal coaching system to enhance talent development efficiency, strengthen organizational performance, and establish a positive culture. Managers were transformed into coach-style leaders, continuously tracking and developing key talent while fostering a culture of ongoing learning, increasing overall learning momentum and knowledge sharing.	From June to September 2024, 4 cohorts of internal coaching courses were conducted, with a total of 21 supervisors participating. Total training hours reached 567, averaging 27 hours per participant.	5.1%
Core Competency Training for Internal Supervisors (Headquarters)	Simple Mart Retail's core competency – Communication (coordination) – includes three elements: understanding others, listening & responding, and teamwork. In 2024, supervisors were trained to strengthen core competencies to improve leadership effectiveness, enhance management capabilities, boost team performance, and support organizational development, aligning with corporate core values and strategic direction.	From February to May 2024, 2 cohorts of competency building courses, 2 cohorts of precision communication courses, and 2 cohorts of team coaching courses were held. A total of 164 supervisors participated, totaling 1,148 training hours, averaging 7 hours per participant.	39.6%

Note: Employee participation rate = (number of participants ÷ total headquarters employees) × 100%. As the training programs were limited to employees within the relevant program scope, the participation rate is relatively low.

Percentage of Employees Receiving Regular Performance and Career Development Reviews

Simple Mart Retail Headquarters conducts two regular performance evaluations annually. Evaluation content varies by position, and assessment criteria are regularly reviewed. In 2024, 69% of headquarters employees participated in performance assessments. Store staff are evaluated quarterly based on sales achievement rates.

Headquarters

	2022			2023			2024		
	M	F	Total	M	F	Total	M	F	Total
Level									
Management	81%	94%	87%	81%	95%	88%	90%	100%	95%
Non-Management	89%	87%	88%	70%	74%	72%	58%	72%	66%

Notes:

1. Statistics include Simple Mart Retail Co., Ltd.

2. Management level is defined as Manager level and above.

Ratio of Basic Salary and Remuneration of Women to Men

Simple Mart Retail determines employee salaries based on job function, education, and experience. Compensation is not differentiated by gender, race, or age.

Key Operating Locations: Taiwan	2022			2023			2024		
	Employee Category	Salary	Bonus	Total Compensation	Salary	Bonus	Total Compensation	Salary	Bonus
Management	1.09 : 1	1.12 : 1	1.10 : 1	1.08 : 1	1.14 : 1	1.09 : 1	1.07 : 1	1.13 : 1	1.08 : 1
Non-Management	1.03 : 1	1.10 : 1	1.06 : 1	1.04 : 1	1.05 : 1	1.05 : 1	1.06 : 1	1.14 : 1	1.08 : 1

Notes:

1. Total compensation = Salary + Bonus.

2. In the table, female compensation is set as 1.

3. Management level is defined as Manager level and above at headquarters, and Assistant Store Manager and above at stores.

4. All ratios are rounded to two decimal places.

5. Key operating locations refer to entities registered under local regulations, with business activities in Taiwan.

6. Statistics cover Simple Mart Retail Co., Ltd.



6.3 Employee Benefits

Simple Mart Retail implements comprehensive measures to support employee diversity. In addition to offering benefits that exceed legal requirements, the company has established an Employee Welfare Committee. Each month, the committee allocates 0.5% of employee wages and a fixed percentage of business revenue as a welfare fund. The committee is responsible for planning and executing annual welfare programs and measures to ensure employees receive optimal benefits, promoting their physical and mental health as well as work-life balance.

Benefits provided to full-time employees

Statutory Benefits	Benefits Exceeding Legal Requirements
Holiday cash gifts/vouchers	Annual bonus
Marriage allowance	Performance bonus
Maternity allowance	Year-end bonus
Funeral allowance	Referral bonus
Disaster allowance	Group insurance (additional coverage items)
Medical allowance	Employee condolence fund
Emergency assistance allowance	Senior employee awards
Health check-up allowance	Employee shopping discounts (including Go Simple Mart platform)
Go Simple Mart electronic welfare points	Headquarters café bar



Parental Leave

Simple Mart Retail complies with the government-promoted parental leave system, allowing employees to flexibly take unpaid leave for childcare and child care responsibilities. Employees are guaranteed the right to return to their original position upon completion of the leave. If an employee requests a job transfer due to family care needs, the company actively assists in reassigning the employee to a suitable position upon return, supporting a balance between work and family responsibilities.

Simple Mart Retail Parental Leave Statistics

Item	2022		2023		2024	
	M	F	M	F	M	F
Employees eligible for parental leave in the year	8	63	11	33	6	34
Actual parental leave applicants in the year	3	48	3	22	2	20
Application rate (%)	38%	76%	27%	67%	33%	59%
Employees expected to return in the year	-	13	-	11	9	36
Total number of employees that returned to work in the reporting period after parental leave ended	-	11	-	7	5	13
Return rate (%)	-	85%	-	64%	56%	36%
Returnees from previous year	1	13	-	11	-	7
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	6	-	4	-	2
Retention rate (%)	0%	46%	-	36%	-	29%

Notes:

- The number of employees that were entitled to parental leave is calculated as employees who have served at least six months and whose children are under three years old.
- Statistics cover Simple Mart Retail.

Retirement System

The retirement system and its implementation follow Article 67 of the company's Work Rules. All employees' pension contributions are governed by the Labor Pension Act, with the company contributing 6% of the employee's monthly salary to the individual retirement account. Employees may voluntarily contribute an additional amount up to 6% of their monthly salary, which can be fully deducted from the individual's annual comprehensive income.

For foreign employees (excluding those specified under Article 46, Paragraph 1, Items 8–10 of the Employment Service Act), the company establishes a Labor Retirement Reserve Account and contributes 2% of monthly salary to this account.

Minimum Notice Period for Operational Changes

Simple Mart Retail complies with the Labor Standards Act by providing affected employees with advance notice of 10 to 30 days based on years of service. In the event of significant operational changes or other circumstances that may affect employee rights, the company conducts thorough communication through labor-management meetings.

6.4 Occupational Health and Safety

Simple Mart Retail upholds the occupational health and safety (OHS) policy of “Compliance with safety regulations, full employee participation, gender equality, continuous performance improvement, and building a sustainable workplace.” In accordance with the Occupational Safety and Health Act, the company implements a structured and systematic OHS management system to provide employees with a safe and healthy working environment.

Occupational Health and Safety Management System

In 2024, Simple Mart Retail’s Headquarters and Longjiang store formally implemented the ISO 45001:2018 Occupational Health and Safety Management System. Through systematic management, workplace safety and health risks are effectively controlled, thereby enhancing employee well-being and organizational resilience. The system underwent third-party independent verification and was certified by BSI (British Standards Institution) on January 23, 2025. In 2025, the company will continue regular audits to ensure system effectiveness and continuous improvement. The OHS management system scope covers Headquarters and Longjiang store, including all operational activities, products, and services.

Hazard Identification, Risk Assessment, and Incident Investigation

Simple Mart Retail has established the “Hazard Identification and Risk Assessment Work Instructions” in compliance with ISO 45001 standards to actively identify, analyze, and evaluate risks across all operational activities and services.

Risk assessments are conducted considering the nature of operations, categorized as routine or non-routine. Annual guidance sessions for hazard identification and risk assessment forms are held to ensure personnel have the required competencies. Assessment personnel include OHS staff and Class A OHS supervisors. Routine business supervisors undergo 6 hours of refresher training every 2 years, while OHS personnel complete 12 hours. Regular safety incident investigations and analyses identify potential hazards, and risks are classified based on likelihood and severity to reduce unacceptable risk levels.

Additionally, the company provides OHS training through the EIP Online Corporate Academy, ensuring all responsible personnel are competent in their roles.

Employee Reporting of Occupational Hazards and Unsafe Conditions

Simple Mart Retail follows the “Incident Investigation Management Procedure” to establish reporting and handling processes for occupational hazards and unsafe conditions. Local HR units record incident data and causes, which are then consolidated by the OHS management team into statistical reports. Incidents serve as educational materials for ongoing OHS training to prevent recurrence.

Employees suspecting occupational illnesses are assisted in receiving professional evaluations by occupational medicine physicians at accredited medical institutions, in accordance with labor occupational injury insurance and protection regulations.

The company’s OHS Manual includes compliance with legal requirements. Employees may stop work and move to a safe



location if an immediate danger is present, without risk of penalty, and must report to their direct supervisor. The Incident Investigation Management Procedure establishes processes to identify incident causes, analyze disasters, implement preventive measures, and follow up on corrective actions to prevent recurrence.

Occupational Health Services

In accordance with the Labor Health Protection Regulations, the company commissions certified institutions to conduct regular employee health examinations and arranges on-site occupational health consultations with qualified physicians and nurses. Service providers receive ongoing professional training to ensure quality.

Based on annual health checkups and surveys, employees with higher health risks are provided one-on-one health consultations, covering health education, mental health support, dietary and lifestyle guidance. Consultation content is strictly confidential unless work adjustments are required, in which case workload and rest support are adjusted per physician recommendations. On-site services are announced via email, and employees may schedule consultations or request paid leave to participate.

In 2024, a total of 18 health service sessions were conducted. All personal health data were obtained lawfully and used solely for internal health management and planning. Post-consultation satisfaction surveys guide service optimization.

Beyond individual services, the company also organizes health promotion seminars and influenza vaccination surveys. In 2024, two events were held:

- October 28, 2024: Seminar on "Understanding and Preventing Hidden Diseases"
- November 2024: Survey of influenza vaccination intentions

Employee Participation, Consultation, and Communication in OHS

Simple Mart Retail has established a dedicated first-level OHS management unit and Communication Management Procedure, ensuring channels for two-way communication with employees, contractors, and stakeholders regarding safety and health management.

An Occupational Health and Safety Committee is legally established, with at least one-third of members representing employees. The committee meets at least quarterly. In 2024, the committee comprised 16 members, including 10 employee representatives (62.5%). Four meetings were held, during which 16 issues were discussed. Topics included reviewing OHS policies, objectives, performance, and proposals raised by departments and employees. Committee outcomes and recommendations were communicated to organizational leaders and employee representatives.



Company	Number of Committee Members	Number of Employee Representatives	Employee Representation (%)	Committee Responsibilities	Mechanism for Resolving Disputes	Meeting Frequency	Number of Communication Events in 2024
Simple Mart Retail	16	10	62.5%	<ul style="list-style-type: none"> 1. Provide recommendations on occupational health and safety (OHS) policies proposed by the employer. 2. Coordinate and advise on OHS management plans. 3. Review implementation plans for safety and health training. 4. Review occupational environment monitoring plans, monitoring results, and corrective actions. 5. Review health management, occupational disease prevention, and health promotion matters. 6. Review various safety and health proposals. 7. Review internal inspections and OHS audits of business units. 8. Review preventive measures for hazards related to machinery, equipment, raw materials, or substances. 9. Review occupational accident investigation reports. 10. Evaluate on-site safety and health management performance. 11. Review OHS management for contracted operations. 12. Review other OHS-related matters. 	Discussions led jointly by the chairperson and other committee members	Quarterly	16

Worker Training on Occupational Health and Safety

In 2024, Simple Mart Retail conducted various occupational health and safety (OHS) training programs as shown in the table below:

2024 Training Program	Target Participants	Expected Participants	Participants Completed	Completion Rate (%)
(1) General OHS Training (for new employees)	New employees	1,165	1,458	125%
(2) Prevention of Sexual Harassment and Workplace Violence	New employees	1,165	1,414	121%
(3) On-the-job OHS Training	Employees with more than one year of service	2,026	705	34%
(4) Hazard Identification and Risk Assessment Training	OHS personnel and relevant department representatives	18	15	83%
(5) Internal Auditor Training	OHS personnel and relevant department representatives	30	30	100%
(6) Emergency Evacuation Drill Training	Headquarters staff	206	167	81%

Notes:

1.The scope of statistics includes:
 (1)(2)(3) Simple Mart Headquarters and stores;
 (4)(5) Simple Mart Headquarters and Longjiang Store;
 (6) Simple Mart Headquarters staff only.

2.The data covers employees only and does not include non-employee workers.

3.Completion rate = number of participants completed / number of expected participants for each course.

4.The completion figures for programs (1) and (2) include non-new employees.

Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked to Business Relationships

Simple Mart Retail continuously identifies and assesses potential hazards arising from the Company's operations and services, including those related to machinery and equipment, work environments, and employee activities, that may result in physical, chemical, biological, or ergonomic risks. Appropriate, effective, and feasible control measures are implemented to minimize the occupational health and safety impacts on employees, contractors, and related third parties.

The Company has established the Hazard Identification and Risk Assessment Management Procedure to systematically identify and control occupational safety and health risks. In addition, the Contractor Management Procedure has been developed to implement the duty-of-care policy and safeguard the occupational safety and health of contractors and their workers.

Workers Covered by the Occupational Health and Safety Management System

In accordance with ISO 45001 standards, Simple Mart Retail's Occupational Health and Safety Management System (OHSMS) covers all employees at the Company's headquarters and the Longjiang Store, and has been certified by an independent external verification body.

Item	Number of People	Percentage
Total number of employees	3,621	—
Non-employee workers	87	—
Workers (employees and non-employees) covered by the OHSMS	206	5.6%
Workers (employees and non-employees) audited internally under the OHSMS	206	
Workers (employees and non-employees) audited externally or certified under the OHSMS	206	100%

Occupational Injuries

Simple Mart Retail follows the Hazard Identification and Risk Assessment Management Procedure to identify, assess, and control potential workplace hazards in compliance with the Occupational Safety and Health Act. Management review meetings are held regularly to ensure the effectiveness of occupational health and safety (OHS) management.

Risks assessed as Level 5 – Critical Risk are included in the Major Risk Control Register for monitoring and management. Level 4 – High Risks are reviewed by the management committee to determine whether they should also be listed in the Major Risk Control Register.

In addition, the Company operates an online EIP Corporate Academy, offering OHS training programs to ensure that all personnel involved in related operations possess the required competencies.

Risk Level Definitions and Recommended Control Measures:

- Low Risk: Labeling, warning, or administrative controls are recommended.
- Minor Risk: Provision of appropriate personal protective equipment (PPE) is recommended.
- Moderate Risk: Engineering controls are recommended.
- High Risk: Elimination or substitution of the hazard is recommended.
- Critical Risk: Immediate risk-reduction measures are required. These risks must be included in the Major Risk Control Register under the “Objectives and Program Management Procedure,” and work must not commence or continue until the risk has been mitigated.

The main types of occupational injuries within the Company are slips, falls, and cuts or abrasions. In 2024, Simple Mart Retail reported no serious occupational injuries or fatalities. Details are summarized below:

Total number of employees	2024		
	M	F	Total
Number of occupational injury cases	7	7	14
Number of commuting accidents (GRI definition)	1	2	3
Total working hours	3,242,256	4,874,272	8,116,528
Frequency rate of disabling injuries (FR)	2.15	1.43	1.72
Lost workdays	46	28	74
Severity rate of disabling injuries (SR)	14	5	9
Fatalities caused by work-related injuries	0.0	0.0	0.0
Total recordable occupational injury cases	8	9	17
Total recordable injury rate	2.5	1.8	2.1
Total days of absence	654	1,903.0	2,557.0
Absentee rate (AR)	0.020	0.039	0.032

Notes:

1. The statistics cover employees at Simple Mart Retail headquarters and stores. Data are based on monthly submissions to the Ministry of Labor's Smart Cloud system and include only employees.
2. Commuting accidents are excluded from occupational injury statistics.
3. Total days of absence include sick leave, menstrual leave, personal leave, and annual leave.
4. Data are compiled in accordance with the "Monthly Occupational Accident Statistics Report" requirements of the competent authority.
5. The main injury types are slips, falls, and cuts or abrasions.
6. In 2024, no serious occupational injuries, occupational diseases, or fatalities occurred. No recordable occupational disease cases were identified.
7. Frequency rate (FR) = (Number of occupational injury cases ÷ Total working hours) × 1,000,000 (rounded to two decimal places).
8. Severity rate (SR) = (Lost workdays ÷ Total working hours) × 1,000,000 (rounded to the nearest whole number).
9. Absentee rate (AR) = (Total days of absence ÷ Total working hours) × 100% (rounded to three decimal places).

In 2024, a total of 17 occupational injury incidents occurred at Simple Mart Retail, as detailed below:

Type of Incident	2024		
	M	F	Total
Non-commuting traffic accidents	1	2	3
Slips and falls	2	1	3
Cuts, lacerations, abrasions	2	3	5
Improper movements	0	1	1
Object collapse	0	1	1
Other	0	1	1
Falling or rolling	1	0	1
Collision	1	0	1
Being struck	1	0	1

The 2024 Frequency-Severity Index (FSI) was 0.13, below the Ministry of Labor, Occupational Safety and Health Administration (OSHA) three-year target value of 0.35 (2024 edition).

Disabling Injury Statistics – 2024	Target Value*	Actual Value
Frequency rate of disabling injuries (FR)	<3.02	2.09
Severity rate of disabling injuries (SR)	<42	9
Frequency-Severity Index (FSI)	<0.35	0.13

*Target values are based on the three-year rolling FSI benchmarks by industry, published by the Ministry of Labor, OSHA (2024 edition).

Occupational Diseases

Simple Mart Retail assesses occupational disease risks in accordance with guidelines from the Ministry of Labor, OSHA. Risk evaluation considers five dimensions: ergonomic, chemical, biological, physical, and social/psychological hazards, combined with annual health check-ups, survey data, and sick leave statistics. Occupational diseases assessed include tendinitis, carpal tunnel syndrome, and lumbar disc herniation.

Through internal employee education and training, the Company promotes preventive measures and strengthens workplace safety. In 2024, no occupational disease cases were reported. All occupational disease assessments included all workers and were conducted comprehensively according to the standard methodology.



6.5 Social Engagement

Simple Mart Retail upholds a philosophy of sustainable business, believing that corporations play a vital role in environmental protection and social equity. We actively engage in community initiatives, leveraging corporate resources and innovation to implement programs aligned with local needs, thereby enhancing community welfare and inclusion. By practicing shared value creation, we strive to foster positive interactions with communities, demonstrating corporate citizenship and contributing long-term, positive social impact.

We maintain a long-term focus on the diverse needs of vulnerable groups, including children in remote areas, the elderly, single-parent families, and persons with disabilities. Support is provided through material donations, employment guidance, educational resource sharing, and psychological support. Simple Mart Retail also promotes responsible pet adoption and anti-abandonment campaigns, integrating animal welfare with environmental education to raise awareness of life respect and responsible pet ownership.

Furthermore, we collaborate with local non-profit organizations and public agencies to implement initiatives such as the “Food with Love” program and Green Community Points, promoting resource circulation and community well-being. These actions not only meet stakeholder expectations but also deepen the link between corporate operations and social responsibility, contributing to a more inclusive and resilient sustainable society.

SDG	Goal Name	Scope and Activities
	Zero Hunger	Food banks, assistance for families in urgent need or vulnerable households
	Good Health and Well-being	Mental health support, community meals, services for visually impaired
	Quality Education	Educational resource donations to children in remote areas, employment guidance
	Gender Equality	Support programs for single mothers
	Sustainable Cities and Communities	Pet adoption campaigns, anti-abandonment advocacy, community inclusion initiatives
	Responsible Consumption and Production	Green markets, resource recycling and circular use

SDGs	Engage-ment Activity	Imple-mentation Date 2024	Scope	Activity Description	Implemen-tation Results
		Full Year	Simple Mart Stores Nationwide (153 townships in 18 counties)	Simple Mart Retail participated in the Ministry of Environment's "Green Consumption and Recycling" initiative, joining the nationwide Environmental Protection Point Program. All Simple Mart stores across Taiwan serve as redemption outlets for the program. We aim to provide eco-friendly choices, allowing consumers to earn points when purchasing green products, using public transportation, or engaging in sustainable actions. Points earned can be redeemed for tangible rewards, promoting the concept that environmental actions have value and embedding sustainable practices into daily consumption. Through this program, we encourage behavioral changes toward green living and environmentally responsible purchasing, while further promoting resource reduction and low-carbon consumption.	Points Redeemed: 15,622
		Full Year	Simple Mart Stores Nationwide (153 townships in 18 counties)	Simple Mart Retail supports sustainable logistics and plastic reduction by partnering with momo Shopping Network's "Reusable Bag Program." All Simple Mart stores across Taiwan act as community collection points, making recycling of reusable packaging more convenient. Consumers can return momo reusable bags, marked with green identification seals, to nearby stores after the product inspection period. Store staff assist with collection, and momo conducts cleaning, disinfection, and refurbishment. Each bag can be reused up to 25 times, effectively reducing packaging waste and extending the product lifecycle. By participating in this program, Simple Mart leverages its store network to facilitate inter-company green collaboration, gradually promoting plastic reduction awareness in retail spaces and fostering circular economy practices within communities.	Bags Collected: 1,837

SDGs	Engage-ment Activity	Imple-mentation Date 2024	Scope	Activity Description	Implemen-tation Results
	MERCURIES Charity Run	11/30	1.Event Location: Dajia Riverside Park, Taipei City 2.Charity Donations: Taichung Private Huiming School for the Blind (Daya District, Taichung City), Visually Impaired Running Association (South District, Taichung City)	Simple Mart Retail continues to realize the concept of "Co-creating a Happy Society" through the MERCURIES Charity Run, promoting sports participation rights and visibility for visually impaired individuals. The event provides an inclusive platform for visually impaired participants and raises awareness for disadvantaged groups, advocating sports equality and social inclusion.	Donations: TWD 200,000 to Taichung Huiming School; TWD 100,000 to Visually Impaired Running Association
	Simple Mart In-store Campaign – "Collect Points, Share Love"	08/22~10/15	All Simple Mart and Simple Mart Plus stores in Taiwan (153 townships, 18 counties/cities) Employment support area: Women living in Taipei, New Taipei, and Keelung	Simple Mart Retail supports single-parent and vulnerable families by donating a portion of sales from in-store point campaigns to the Taiwan Women's Employment Association. This funding aids social services that help disadvantaged women rebuild support systems, enhance problem-solving skills, and achieve independent and healthy lives. The partnership also offers employment support—such as job matching and career counseling—for women in the Taipei-New Taipei-Keelung area. Through this initiative, Simple Mart integrates business with social responsibility, advancing gender equality and inclusivity as part of its long-term commitment to social equity.	Donation Amount: TWD 350,000

SDGs	Engage-ment Activity	Imple-mentation Date 2024	Scope	Activity Description	Implemen-tation Results
	Cat Adoption Events	11/09 12/14	Adoption Service Area: Xitun District, Taichung City	Simple Mart Retail champions "Co-creating a Happy Society" by promoting animal adoption and responsible pet ownership. Through cat adoption events, the company helps stray animals find homes, easing shelter burdens and raising awareness of animal welfare. By connecting private and community resources, Simple Mart embeds the "adopt, don't shop" philosophy, fostering a more caring and inclusive community.	Combined results from the two events: 1. Total participants: approx. 340 2. Total cats available for adoption: 62 3. Confirmed adoptions: 18 4. Cats returned/relocated: 2

As a good neighbor within local communities, Simple Mart is more than a convenient choice for daily life—it also serves as a connector of community ties. Simple Mart Retail remains people-centric, leveraging its nationwide store network to understand local needs and closely collaborating with public authorities, non-profit organizations, and corporate partners to direct resources where they are truly needed. From promoting food sharing, supporting education and employment for disadvantaged groups, addressing the physical and mental well-being of women and single-parent families, to advocating animal protection and green initiatives, we continually safeguard the social fabric through tangible actions, ensuring that corporate responsibility is not just a concept but a commitment practiced daily.

We firmly believe that the value of a business lies in its capacity to contribute to societal well-being. Simple Mart Retail aims to address broader and deeper social issues and sustainability challenges, actively seeking opportunities for co-creation and meaningful engagement that resonate with stakeholders. Looking ahead, we will continue to cultivate goodwill in communities closest to people, connecting resources and human bonds, so that philanthropy becomes more than temporary acts of kindness—it evolves into a sustained, life-integrated force, collectively building a more resilient, inclusive, and hopeful society.



Appendix I: GRI Standards Index

Statement of Use	Simple Mart Retail has prepared this report in accordance with the GRI Standards, covering the period from January 1, 2024, to December 31, 2024.	
GRI Standards Version	GRI 1: Foundation 2021	
GRI Industry Standards Applied	Not applicable	
GRI 2: General Disclosures 2021		
Organization and Reporting Practices		
Disclosure	Corresponding Section	Page
2-1 Organizational Details	About the Company	11
2-2 Entities Included in the Sustainability Report	About This Report	4
2-3 Reporting Period, Frequency, and Contact	About This Report	4
2-4 Restatements of Information	About This Report	4
2-5 External Assurance / Verification	About This Report	4
Activities and Workers		
Disclosure	Corresponding Section	Page
2-6 Activities, Value Chain, and Other Business Relationships	About the Company	11
2-7 Employees	Talent Recruitment and Retention	100
2-8 Workers Who Are Not Employees	Talent Recruitment and Retention	100
Governance		
Disclosure	Corresponding Section	Page
2-9 Governance Structure and Composition	Governance & Ethics	42
2-10 Nomination and Selection of the Highest Governance Body	Governance & Ethics	45
2-11 Chair of the Highest Governance Body	Governance & Ethics	46
2-12 Role of the Highest Governance Body in Overseeing Impact Management	Governance & Ethics	46
2-13 Responsibility for Managing Impacts	Governance & Ethics	46

Governance

Disclosure	Corresponding Section	Page
2-14 Role of the Highest Governance Body in Sustainability Reporting	Governance & Ethics	46
2-15 Conflicts of Interest	Governance & Ethics	46
2-16 Communication of Critical Concerns	Governance & Ethics	46
2-17 Collective Knowledge of the Highest Governance Body	Governance & Ethics	46
2-18 Evaluation of the Highest Governance Body's Performance	Governance & Ethics	48
2-19 Remuneration Policies	Governance & Ethics	49
2-20 Process for Determining Remuneration	Governance & Ethics	49
2-21 Annual Total Compensation Ratio	Governance & Ethics	49
Strategy, Policies, and Practices		
Disclosure	Corresponding Section	Page
2-22 Statement on Sustainable Development Strategy	Message from the Management	5
2-23 Policy Commitments	Values and Sustainability	24
2-24 Embedding Policy Commitments	Values and Sustainability	25
	Governance & Ethics	40
	Climate Change and Adaptation	62
2-25 Processes to Remedy Negative Impacts	Supply Chain / Raw Material Management	80
	Product Quality and Safety	83
	Service Quality and Customer Satisfaction	93
	Talent Recruitment and Retention	100
2-26 Mechanisms for Seeking Advice and Raising Concerns	Values and Sustainability	30
2-27 Compliance with Laws and Regulations	Governance & Ethics	58
2-28 Membership in Associations	About the Company	22

Stakeholder Engagement

Disclosure	Corresponding Section	Page
2-29 Approach to Stakeholder Engagement	Stakeholder Communication and Engagement	31
2-30 Collective Bargaining Agreements	Talent Recruitment and Retention	105

GRI 3: Material Topics 2021

Material Topic Disclosures

Disclosure	Corresponding Section	Page
3-1 Process for Determining Material Topics	Materiality Assessment	34
3-2 List of Material Topics	Materiality Assessment	38
3-3 Management of Material Topics	Materiality Assessment	40,62,80,83,93,100

Material Topics

Corporate Governance / Integrity

GRI Standard	Disclosure	Corresponding Section	Page
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Materiality Assessment	40
GRI 205: Anti-corruption 2016	205-2 Communication and Training on Anti-corruption Policies and Procedures	Governance & Ethics	50
GRI 206: Anti-competitive Behavior 2016	206-1 Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices	Governance & Ethics	51
GRI 207: Tax 2019	207-1 Approach to Tax 207-2 Tax Governance, Control, and Risk Management 207-3 Stakeholder Engagement on Tax-Related Topics	Governance & Ethics	59

Material Topics: Customer Service and Satisfaction

GRI Standard	Disclosure	Corresponding Section	Page
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Materiality Assessment	93
GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints Regarding Breaches of Customer Privacy or Loss of Customer Data	Service Quality and Customer Satisfaction	95

Material Topics: Product Quality and Safety

GRI Standard	Disclosure	Corresponding Section	Page
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Materiality Assessment	83
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the Health and Safety Impacts of Product and Service Categories 416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services	Product Quality and Safety	85
GRI 417: Marketing and Labeling 2016	417-1 Requirements for Product and Service Information and Labeling 417-2 Incidents of Non-compliance Concerning Product and Service Information and Labeling 417-3 Incidents of Non-compliance Concerning Marketing Communications	Product Quality and Safety	83

Climate Change Mitigation and Adaptation

GRI Standard	Disclosure	Corresponding Section	Page
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Materiality Assessment	62
GRI 302:302: Energy 2016	302-1 Energy Consumption within the Organization 302-3 Energy Intensity 302-4 Reduction of Energy Consumption	GHG and Energy Management	69 71 71
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions 305-2 Energy Indirect (Scope 2) GHG Emissions 305-3 Other Indirect (Scope 3) GHG Emissions 305-4 GHG Emissions Intensity 305-5 Reduction of GHG Emissions	GHG and Energy Management	69 69 69 70 71

Supply Chain / Raw Material Management

GRI Standard	Disclosure	Corresponding Section	Page
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Materiality Assessment	78
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers	Supply Chain / Raw Material Management	80

Talent Recruitment and Retention

GRI Standard	Disclosure	Corresponding Section	Page
GRI 3: Material Topics 2021	3-3 Management of Material Topics	Materiality Assessment	100
GRI 202: Market Presence 2016	202-1 Ratio of standard entry-level wage by gender compared to local minimum wage 202-2 Proportion of senior management hired from the local community	Talent Recruitment and Retention	106
GRI 401: Employment 2016	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees 401-3 Parental leave	Talent Recruitment and Retention	106 113 114
GRI 401: Employment 2016	402-1 Minimum notice period regarding operational changes	Talent Recruitment and Retention	114
GRI 404: Training and Education 2016	404-1 Average hours of training per employee per year 404-2 Programs for upgrading employee skills and transition assistance 404-3 Percentage of employees receiving regular performance and career development reviews	Talent Recruitment and Retention	108 109 112
GGRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of women to men	Talent Recruitment and Retention	102 112

Waste and Water Management

GRI Standard	Disclosure	Corresponding Section	Page
GGRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource 303-2 Management of water-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	Waste and Water Management	75 75 75 76 76
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts 306-3 Waste generation 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	Waste and Water Management	73 73 74 74

Material Topic

Occupational Health and Safety

GRI Standard	Disclosure	Corresponding Section	Page
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships 403-8 Workers covered by the occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	Occupational Health and Safety	115 115 116 116 117 116 118 115 120 120

Appendix II: Climate-related Information Disclosure under “Regulations for the Preparation and Submission of Sustainability Reports by Listed Companies” (Article 4-1, Table II)

Item	Report Section	Page
Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	Climate Change Mitigation and Adaptation	64
Describe how identified climate-related risks and opportunities impact the company's business, strategy, and financials (short-term, medium-term, long-term).	Climate Change Mitigation and Adaptation	66
Describe the financial impacts of extreme weather events and transition actions.	Climate Change Mitigation and Adaptation	66
Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. ^o	Climate Change Mitigation and Adaptation	67
If using scenario analysis to assess resilience to climate-related risks, explain the scenarios, parameters, assumptions, analytical factors, and key financial impacts.	<ul style="list-style-type: none"> The Company has not yet incorporated climate scenario analysis (e.g., 2°C or more stringent scenarios) into its strategy or assessment of climate-related risks and opportunities due to the following reasons: <ul style="list-style-type: none"> 1. Data infrastructure under development: The Company is continuously collecting and consolidating climate-related data (e.g., carbon emissions, supply chain impact assessment) to establish a sufficient data foundation for future scenario analysis. 2. Focus on current actions: The Company prioritizes the implementation of fundamental carbon reduction measures and the establishment of a climate risk management framework, such as energy efficiency, green supply chain initiatives, and internal risk assessment mechanisms. 	
If a transition plan to manage climate-related risks is in place, describe the plan and the indicators/targets used to identify and manage physical and transition risks.	<p>To effectively respond to climate-related risks (including physical and transition risks), the Company has developed the following transition plan, covering operations, products, supply chain, and resource management:</p> <p>(1) Low-carbon operations:</p> <p>Install energy-efficient equipment (e.g., LED lighting, smart electricity management systems), targeting a 1% annual reduction in carbon emissions compared to the previous year.</p>	

Item	Report Section	Page
		(2) Green products and services: <ul style="list-style-type: none"> Sustainable packaging program: In 2024, three product categories—eggs, baked goods, and fruits & vegetables—used 1,560,000 containers, of which 390,000 were alternative containers and 1,978,164 items were packaged without containers, achieving an 80.91% reduction in packaging and a reduction of 75.66 tons of plastic. Simple Mart Plus “Bring Your Own Bag” initiative encourages customers to donate used paper bags in exchange for coffee rewards; customers using reusable cups receive a NT\$5 discount. Simple Mart stores collected 294.55 tons of empty glass bottles in 2024.
		(3) Supply chain transition: <ul style="list-style-type: none"> Local sourcing: Maintain 100% local sourcing for self-owned products to reduce logistics-related carbon emissions.
		(4) Climate resilience enhancement: <ul style="list-style-type: none"> Disaster-resilient infrastructure: Invest in flood prevention facilities and heat-resistant construction materials to mitigate the impact of extreme weather. Business Continuity Plan (BCP): Establish emergency measures to ensure supply chain and store operations continuity.
		<p>The Company has not yet implemented carbon pricing as a planning tool, focusing instead on basic carbon reduction management and execution, including energy efficiency improvements, waste reduction, and supply chain emissions monitoring.</p> <p>Reasons for current approach:</p> <ul style="list-style-type: none"> Insufficient data: Carbon emissions data collection and consolidation are ongoing; complete and accurate data is needed before introducing carbon pricing. Policy environment: With no nationwide carbon tax or trading system in place, the Company focuses on actionable measures that comply with current regulations. Internal resource allocation: Governance and sustainability resources are being optimized gradually. Long-term objective: The Company will assess and adopt internal carbon pricing based on regulatory developments and operational conditions. <p>Implementation roadmap:</p> <ol style="list-style-type: none"> Data preparation: Establish a comprehensive carbon inventory system over the next two years, covering Scope 1 and 2, gradually extending to Scope 3.

Item

Report Section

Page

2. Learning and piloting: Conduct scenario simulations with expert consultants, referencing international best practices.
3. Price mechanism design: Set an internal carbon price based on internal emission data and external benchmarks (e.g., EU ETS prices).
4. Gradual implementation: Pilot the tool in selected departments for investment and supply chain decision-making, with continuous improvements.

If climate-related targets are set, specify covered activities, greenhouse gas (GHG) scopes, planning periods, annual progress, and use of carbon offsets or Renewable Energy Certificates (RECs), including source and quantity.

GHG inventory, assurance, reduction targets, strategies, and action plans (also referenced in Sections 1-1 and 1-2).

Climate Change Mitigation and Adaptation

See detailed explanation below

GHG Inventory and Assurance Status (Past Two Years)

1.GHG Inventory Information

Disclose total GHG emissions (tCO2e), intensity (tCO2e / NT\$ million), and scope coverage for the past two years.

Refer to the “Climate Change Mitigation and Adaptation” chapter for details.

Assurance: The Company’s GHG inventory baseline year is 2024.

No assurance has been performed yet; assurance is planned for the 2025 GHG inventory in 2026.

2.GHG Reduction Targets, Strategies, and Action Plans

Disclosure: Baseline Year, Reduction Targets, Strategies, Action Plans, and Target Achievement

GHG Reduction Targets, Strategies, and Action Plans

The Company initiated its GHG inventory in 2024 and established reduction targets, strategies, and specific action plans for 2025:

-2025 Target: 1% reduction compared with the 2024 baseline.

-Reduction strategies: Focus on equipment upgrades and energy efficiency improvements, including:

- Replacing old equipment with high-efficiency alternatives
- Implementing variable frequency drives for electric equipment
- Replacing traditional lighting with energy-saving lighting
- Introducing electronic price labels to reduce paper usage
- Reducing average electricity consumption per store
- Conducting energy-saving training for store employees
- Renewable energy initiatives: Invest in renewable energy applications, including RECs procurement and solar PV installation at logistics warehouses.

Appendix III: Certificates



Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that: Simple Mart Retail Co., Ltd. 三商家購股份有限公司
8F, No. 6 & B1, No. 4, 臺灣
Sec. 3, Minquan E. Rd., 台北市
Zhongshan Dist., 中山區
Taipei City 民權東路三段
104447 4號B1 & 6號8樓
Taiwan 104447

Holds Certificate No: **OHS 814551**

and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:

The provision of retail channel management. / The provision of retail service.
零售通路之管理 / 售賣服務之提供

For and on behalf of BSI:

Michael Lam, Senior Vice President, APAC Assurance

Original Registration Date: 2025-01-23
Latest Revision Date: 2025-01-23

Effective Date: 2025-01-23
Expiry Date: 2028-01-22

Page: 1 of 2



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This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
An electronic certificate can be authenticated online.
Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +886 (02)2656-0333.

Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

Certificate No: **OHS 814551**

Location

Simple Mart Retail Co., Ltd.
8F, No. 6 & B1, No. 4,
Sec. 3, Minquan E. Rd.,
Zhongshan Dist.,
Taipei City
104447
Taiwan
三商家購股份有限公司
臺灣
台北市
中山區
民權東路三段
4號B1 & 6號8樓
104447

Registered Activities

The provision of retail channel management.

Simple Mart Retail Co., Ltd.
No. 58, Ln. 356, Longjiang Rd.,
Zhongshan Dist.,
Taipei City
104065
Taiwan
三商家購股份有限公司
臺灣
台北市
中山區
龍江路356巷58號
104065

The provision of retail service.

Original Registration Date: 2025-01-23
Latest Revision Date: 2025-01-23

Effective Date: 2025-01-23
Expiry Date: 2028-01-22

Page: 2 of 2

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.
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 傳 真 Fax + 886 2 8101 6667
 網 址 Web kpmg.com/tw

Independent Limited Assurance Report

To Simple Mart Retail Co., Ltd.:

We were engaged by Simple Mart Retail Co., Ltd. ("Simple Mart") to provide limited assurance over the selected information ("the Subject Matter Information") on the 2024 Sustainability Report of Simple Mart ("the Report") for the year ended December 31, 2024.

Applicable Criteria of the Subject Matter Information

Simple Mart shall prepare the Subject Matter Information in accordance with applicable criteria required by Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board as set forth in Appendix I.

Management's Responsibilities

Simple Mart is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the applicable criteria to fairly prepare and present the Subject Matter Information. Simple Mart is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements TWSAE3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan and to issue a limited assurance conclusion on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

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Summary of Work Performed

As stated in applicable criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of Simple Mart;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information.
- On the basis of the understanding obtained above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above is based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Subject Matter Information, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended December 31, 2024 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of Simple Mart. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the assurance resulting in this independent auditors' report is Hsiao, Pei-Ju

KPMG

Taipei, Taiwan (Republic of China)
 August 1, 2025

Notes to readers

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.

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Appendix I : Summary of the Subject Matter Information

No.	Corresponding Section	Subject Matter Information	Applicable Criteria
1	6.1.2 Talent Sustainability	<ul style="list-style-type: none"> ■ New employee hires <ul style="list-style-type: none"> • Male: <ul style="list-style-type: none"> -Under 30 years old:930 -Under 30 years old percentage:25.7% -30-50 years old:268 -30-50 years old percentage:7.4% -Over 50 years old:55 -Over 50 years old percentage:1.5% • Female: <ul style="list-style-type: none"> -Under 30 years old:824 -Under 30 years old percentage:22.8% -30-50 years old:533 -30-50 years old percentage:14.7% -Over 50 years old:189 -Over 50 years old percentage:5.2% • Total: <ul style="list-style-type: none"> -New employee hires:2,799 -New employee hires percentage:77.3% ■ Employee turnover <ul style="list-style-type: none"> • Male: <ul style="list-style-type: none"> -Under 30 years old:1,005 -Under 30 years old percentage:27.8% -30-50 years old:299 -30-50 years old percentage:8.3% -Over 50 years old:48 -Over 50 years old percentage:1.3% • Female: <ul style="list-style-type: none"> -Under 30 years old:866 -Under 30 years old percentage:23.9% -30-50 years old:574 -30-50 years old percentage:15.9% -Over 50 years old:183 -Over 50 years old percentage:5.1% • Total: <ul style="list-style-type: none"> -Employee turnover:2,975 -Employee turnover percentage:82.2% <p>Notes:</p> <ol style="list-style-type: none"> 1. The statistical scope covers Simple Mart Retail (Simple Mart, Simple Mart Plus, and Happy Pet included). 2. The percentage of new hires is calculated as: Number of new hires in each category / Total employees in the region. 3. The percentage of turnover is calculated as: Number of turnover in each category / Total employees in the region. 4. Minor differences between total hiring/turnover rates and the sum of category percentages are due to rounding. 	GRI Standards 401-1 New employee hires and employee turnover
2	6.3 Employee Benefits	Benefits provided to full-time employees <ul style="list-style-type: none"> ■ Statutory Benefits <ul style="list-style-type: none"> • Holiday cash gifts/vouchers • Marriage allowance • Maternity allowance • Funeral allowance • Disaster allowance 	GRI Standards 401-2 Benefits provided to full-time employees that are not provided to

~2~



Subject Matter Information

No.	Corresponding Section	Subject Matter Information	Applicable Criteria
		<ul style="list-style-type: none"> ■ Medical allowance • Emergency assistance allowance • Health check-up allowance • Go Simple Mart electronic welfare points ■ Benefits Exceeding Legal Requirements <ul style="list-style-type: none"> • Annual bonus • Performance bonus • Year-end bonus • Referral bonus • Group insurance (additional coverage items) • Employee condolence fund • Senior employee awards • Employee shopping discounts (including Go Simple Mart platform) • Headquarters café bar 	temporary or part-time employees
3	6.3 Employee Benefits	Simple Mart Retail Parental Leave Statistics <ul style="list-style-type: none"> ■ Male <ul style="list-style-type: none"> • Total number of employees that were entitled to parental leave:6 • Actual parental leave applicants in the year:2 • Application rate:33% • Employees expected to return in the year:9 • Total number of employees that returned to work in the reporting period after parental leave ended:5 • Return rate:56% • Total number of employees that returned to work from previous year:0 • Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work:0 • Retention rates:0% ■ Female <ul style="list-style-type: none"> • Total number of employees that were entitled to parental leave:34 • Actual parental leave applicants in the year:20 • Application rate:59% • Employees expected to return in the year:36 • Total number of employees that returned to work in the reporting period after parental leave ended:13 • Return rate:36% • Total number of employees that returned to work from previous year:7 • Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work:2 • Retention rates:29% <p>Notes:</p> <ol style="list-style-type: none"> 1. The number of employees that were entitled to parental leave is calculated as employees who have served at least six months and whose children are under three years old. 2. Statistics cover Simple Mart Retail. 	GRI Standards 401-3 Parental leave

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No.	Corresponding Section	Subject Matter Information	Applicable Criteria
4	3.1.2 Board of Directors and Committee Operations	<p>■ The primary responsibilities of the Board of Directors of Simple Mart include guiding corporate strategy, supervising management, and ensuring accountability to the Company and its shareholders. In executing its governance functions, the Board adheres to relevant laws and regulations, the Articles of Incorporation, and resolutions of the Shareholders' Meeting, while maintaining independence and responsibility to shareholders.</p> <p>According to Article 13 of the Company's Articles of Incorporation, the Board shall consist of five to nine directors. As of the end of 2024, the Board was composed of seven members, including three independent directors, each serving a three-year term and eligible for re-election. The composition was as follows: three independent directors (42.86%) and four non-independent directors (57.14%). For details of the directors' names, gender, tenure, major education and professional experience, and concurrent positions held at other companies, please refer to the Company's 2024 Annual Report. The Board of Directors convenes at least once per quarter. In 2024, the Board held a total of seven meetings.</p>	GRI Standards 2-9 Governance structure and composition
5	3.1.2 Board of Directors and Committee Operations	<p>■ Nomination and Selection of the Highest Governance Body The election of directors follows Article 192-1 of the Company Act, adopting the candidate nomination system. Shareholders holding more than 1% of the total issued shares may submit nominations, which are voted upon at the annual shareholders' meeting.</p> <p>Board diversity is a key consideration in nomination and selection, encompassing gender, age, nationality, cultural background, as well as professional expertise, knowledge, and industry experience. Directors are expected to possess the competencies required to exercise their duties, including knowledge of economic, environmental, and social issues. To ensure independence, the Company appoints independent directors in accordance with the Company Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	GRI Standards 2-10 Nomination and selection of the highest governance body

~4~



Sustainability Report

