



MERCURIES &
ASSOCIATES HOLDING, LTD.

2022

ESG

Sustainability
Report



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About This Report

This report is the 2022 Sustainability Report (ESG Report) published by Mercuries & Associates Holding, Ltd. (hereinafter referred to as Mercuries & Associates Holding or the Company), hereinafter referred to as this Report.

The Company has prepared and published its Sustainability Report since 2016 with one edition a year. This Report is the 7th Sustainability Report of Mercuries & Associates Holding. The previous edition of the Sustainability Report was published in June 2022.



Past Sustainability
Report

Basis for Preparation

This Report has been prepared in accordance with GRI: 2021 Sustainability Reporting Standards published by Global Reporting Initiative (GRI) and AA1000:2018 AccountAbility Principles; at the same time, this Report complies with the contents required for disclosure in accordance with Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies amended by Taiwan Stock Exchange on September 22, 2022.

In addition, Corporate Governance 3.0 requires TWSE/TPEX listed companies to strengthen the information disclosure of sustainability reports with reference to the standards published by Sustainability Accounting Standards Board (SASB) of the United States. The main revenue industry of Mercuries & Associates Holding is categorized as “FN-IN Insurance” in SASB standards. For detailed contents, please query the sustainability report of Mercuries Life Insurance Co., Ltd.

Report Period

This Report is intended to report the sustainable development results and data of Mercuries & Associates Holding and its major subsidiaries in 2022 (January 1, 2022-December 31, 2022), including material topics, stakeholders, management policies, implementation programs, management performance, and other related information. To improve the integrity and comparability of the information, the data of the last two years was traced back for a part of the performance.

Boundary of This Report

This Report discloses the performance of Mercuries & Associates Holding in its business scope and its subsidiaries in the industries of consumer products and catering retail (including Mercuries & Associates, Ltd., Simple Mart Retail Co., Ltd., and Mercuries F&B Co., Ltd.) in terms of major sustainability topics including governance, environment, and society, and the boundary covered includes the head offices of Mercuries & Associates Holding and the aforesaid subsidiaries as well as all their operating sites in Taiwan.

- Address of head office: No. 145, Section 2, Jianguo North Road, Zhongshan District, Taipei City (hereinafter referred to as Jianbei Building)
- Addresses of stores: Please refer to the dedication section for location of stores on the official website of each brand.

For the contents and implementation performance of sustainable development of important subsidiaries subordinate to Mercuries & Associates Holding, please refer to the sustainability reports^{Note 1} published by these companies, or ESG section on their official websites.

- Official website of Mercuries Life Insurance Co., Ltd.: www.mli.com.tw
- Official website of SCI Pharmtech Inc.: www.sci-pharmtech.com.tw
- Official website of Mercuries Data Systems Ltd.: <https://www.mds.com.tw>

※Note 1: Mercuries Life Insurance Co., Ltd. and SCI Pharmtech Inc. have independently issued ESG reports. Please download these ESG Reports from their official websites.

※Note: In accordance with the materiality principle, other subsidiaries in the consolidated statements are excluded from the ESG Report of Mercuries & Associates Holding. In the future, the information of these subsidiaries will be included in the scope of the ESG Report by stages as planned.

※Note: The scale, structure, and ownership of the Company haven't been significantly changed in the report period.



Review and Management of This Report

Internal Audit:

This Report has been prepared by the executive secretary of the Corporate Sustainable Development Committee of Mercuries & Associates Holding (hereinafter referred to as the ESG Committee) in accordance with the local and foreign reporting standards and the relevant standards and regulations released by the Financial Supervisory Commission and through the combination of the data and materials provided by each subsidiary and relevant organizations. This Report presents the overall performance and achievements of Mercuries & Associates Holding regarding sustainability topics of corporate governance, environment, and society.

The searching, measuring and calculation methods of data information disclosure shall comply with the requirements of local regulations. The report prepared shall be proofread and confirmed by each business division and then presented to the ESG Committee for review, verification, and approval.

External Assurance:

This Report was verified by BSI Taiwan in accordance with GRI: 2021 Sustainability Reporting Standards as well as the medium assurance grade in the first application type of AA1000:2018 AccountAbility Principles. For the scope, method, and results of the preceding verification, please refer to the Check Statement on the final page of this Report.

Information Recompilation:

Information recompilation was not reported in the past.

Contact Information

The ESG Report of Mercuries & Associates Holding is published periodically every June. All the previous ESG reports can be checked and downloaded from the “Dedicated Section for Corporate Sustainable Development” on the official website of Mercuries & Associates Holding. In case of any suggestions and advice on the ESG Report of the Company, please do not hesitate to contact us through the following approaches:

Mercuries & Associates Holding, Ltd./ESG Committee

- Address: No. 145, Section 2, Jianguo North Road, Zhongshan District, Taipei City
- Person in charge: Manager Lin, Jin-Jie
- Tel.: (02) 2503-1111 #2503
- Email: jay.lin@mercuries.com.tw



Official website of Mercuries &
Associates Holding, Ltd.:
www.mercuries.com.tw



Message from the Chairman

The 2022 United Nations Climate Change Conference (COP27) established four major objectives, i.e., Mitigation, Adaption, Finance, and Collaboration, and urged countries involved to perform their commitments and realize the goal of the Paris Agreement for controlling global warming within 2 °C , or 1.5 °C if possible. In addition, to mitigate the intensification of extreme climate events such as heatwaves and wildfires, these countries must draft preventive, timely, and responsive Adaption strategies at an early stage. Also, sufficient funds shall be provided for developing countries in Africa as well as island countries to engage in mitigation and adaption work that addresses climate change. Also, all stakeholders shall be fully involved in this action, especially vulnerable ethnical groups and African countries vulnerable to climate change, to convert the fruits of COP26 to practical actions.

Although Taiwan is not a member of the United Nations or a contractual member of COP, it still actively endeavors to reduce carbon emissions and keeps path with the international trend of “Net-Zero” carbon emissions under the pressure of climate diplomacy and supply chain. The data released by the International Energy Agency in 2021 indicated that the annual average carbon emissions per Taiwanese reached 10.77t, ranking 19th place in the world, and higher than that of Singapore and Chinese mainland. In this March, National Development Fund, Executive Yuan announced “Taiwan’s Pathway to Net-Zero Emissions in 2050” which mentioned that the ratio of renewable energy resources of Taiwan would increase to 60%-70% in 2050. Besides, transnational brands have also begun requiring suppliers to use green power 100%. Therefore, large enterprises and SMEs in Taiwan have begun to purchase green power. Mercuries & Associates Holding is also conducting enterprise and energy transformation, and pays constant attention to relevant international agreements reached in COP27 regarding energy. Also, the Company strives to master the latest information regarding international energy technologies.

“Pursuit for Sincere Services, Innovation, Excellence, and Social Co-prosperity” is a corporate business philosophy and core values always adopted by Mercuries & Associates Holding. Additionally, the Company has integrated E (Environmental), S (Social), and G (Governance) into its business philosophy to fulfill its corporate social responsibilities. Also, the Company pays constant attention to the expectations of its stakeholders and combines its corporate sustainable development with the corporate business philosophy and core values.



Environmental (E):

In May 2022, the ESG Committee of Mercuries & Associates Holding made a resolution to establish “Greenhouse Gas Inventory Team” which was expected to hold a team meeting once every half a year. Also, the ESG Committee assigned members of this greenhouse gas inventory team to participate in ISO-14064 training courses organized by external agencies in June, and then serve as trainers to make the greenhouse gas inventory plan of Mercuries & Associates Holding. In December, the first meeting of this team was convened, and the inventory boundaries of Mercuries & Associates Holding and each subsidiary were established. It is expected that greenhouse gas inventory verification will be completed in 2024, and relevant report and the data for the current year will be included in third-party investigation. In addition to the implementation of greenhouse gas inventory verification, the Company has also internally established a climate-related financial information disclosures (TCFD) mechanism, disclosed the management information in aspects like governance, strategy, risk management, and metrics and targets, and established related internal regulations and mechanisms. In 2022, Mercuries & Associates Holding continued to invest in Framosa Co., Ltd., a joint venture established by SCI Pharmtech Inc. and Veolia. Framosa Co., Ltd. is mainly specialized in the recycling of solvents and disposal of waste generated in processes to reduce environmental destruction and energy consumption, so as to fulfill the concept of recycling and improve the corporate competitiveness. Looking into the future, the Company aims to reduce energy consumption, improve recycling efficiency, and fulfill the concept of sustainable management.

Social (S):

The Company emphasizes the improvement of corporate service quality, creates safe, equal, and diversified labor relations and environment, actively promotes sports events and culture for a long-term, and pays continual attention to public issues regarding children, the vulnerable groups, and the elderly. The microinsurance of Mercuries Life Insurance Co., Ltd. has been praised by the Financial Supervisory Commission for 8 consecutive years. In 2022, the Company won “Excellent Business Performance Award” and “Award for Caring about People with Physical and Mental Disabilities”, and provided the elderly with small amount lifetime insurance as basic insurance protection. Furthermore, the Company participated in the elderly insurance competition and won “Excellent Performance Award” from the Financial Supervisory Commission.

Governance (G):

The Company sticks to a stable financial structure, faces customers sincerely, and strengthens risk management. Also, it focuses on the stably growing diversified operations. Mercuries Life Insurance Co., Ltd. was rated among top 6-20% of companies in the Corporate Governance Evaluation of the Taiwan Stock Exchange. Also, in response to the emphasis on information security and personal data protection in the era of FinTech, the Company has passed the certification of ISO 27001:2013 Information Security Management Systems (ISMS) and BS 10012:2017 Personal Information Management Systems (PIMS).

In the post-pandemic era in 2022, the global economy was facing the challenges of a sharp recession of pandemic dividends and excessive accumulation of supply chain inventories together with the Russia-Ukraine war, changes of consumption models, suppression of demand by inflation, geopolitics, and the U.S.-China technology war. Under the background of the game and competition of major powers in the world, Taiwan is struggling and always stays alert. For general private enterprises, this situation causes even bigger challenges to them. In order to stabilize the corporate management, the Company does not only strengthen risk control and emergency response, but also continue to promote strategic transformation and actively overcome difficulties with a sincere and innovative attitude. In addition to referring to TCFD (Task Force on Climate-Related Financial Disclosures), the Company also implements risk-related evaluation and planning and establishes rules and regulations regarding the administration of corporate environmental policies, etc. Moreover, Mercuries & Associates Holding takes the Net-Zero emission goal as the basis for the improvement of climate change, and drafts responsive strategies, showing the positive attitude of the Company.

Looking into the future, Mercuries & Associates Holding possesses a powerful foundation as well as flexible and steady diversified operation and investment strategies. It will join hands with related enterprises in Mercuries & Associates Holding to create the maximum value and economic benefits, and carry out corporate sustainable development and corporate social responsibility vision together.

Chairman of Mercuries & Associates Holding

Chen, Shiang-Li

About Mercuries & Associates Holding

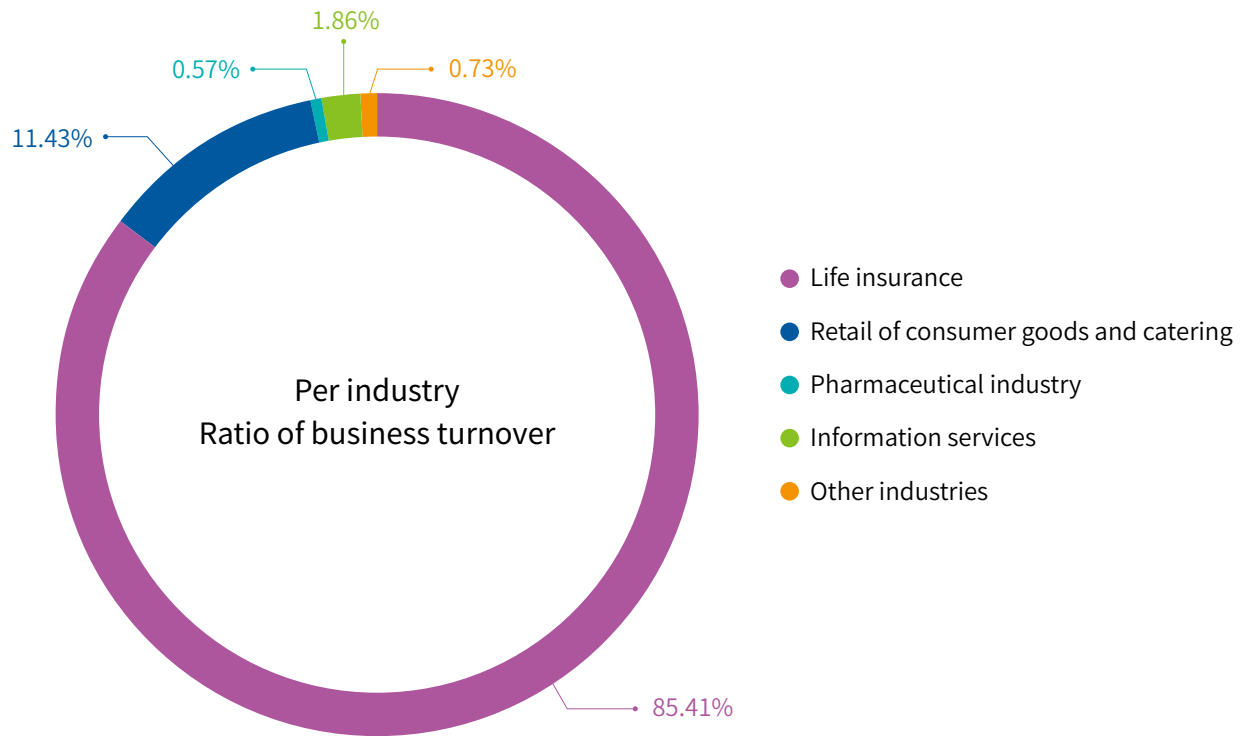
Organizational Scale

“Mercuries & Associates, Ltd.” was formally transformed and renamed to “Mercuries & Associates Holding, Ltd.” on January 1, 2015. The main investment business of the Company includes life insurance, retail of consumer goods and catering, pharmaceutical industry, information services, and other relevant items. Currently, no product or service of the Company has been prohibited by any specific market.

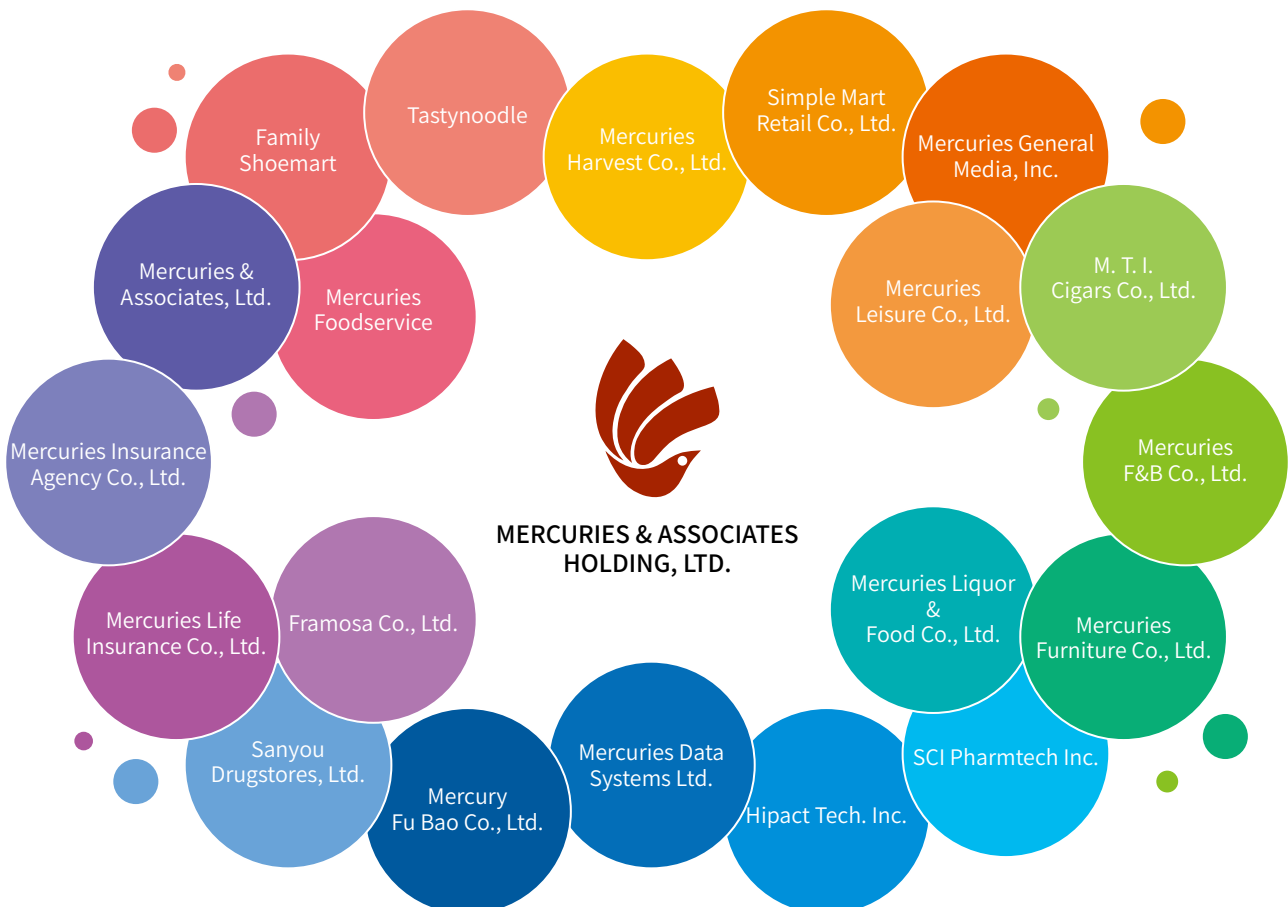
- Address of head office: No. 145, Section 2, Jianguo North Road, Zhongshan District, Taipei City

Per industry	Invested subsidiary	Major brands	Country (or region) of business operation	Change of operational value chain in 2022
Life insurance	Mercuries Life Insurance Co., Ltd.		Taiwan	The head office was relocated to Neihu Headquarters Building.
Retail of consumer goods and catering	Mercuries & Associates, Ltd.	Family Shoemart, En Route, etc.	Taiwan	7 new stores were opened, and 7 stores were shut down.
	Mercuries F&B Co., Ltd.	Sanshang Qiaofu, Napoli, Tonkatsu, Sanshang Don Mono, Pin Chuan Lan, BANCO, Mercuries Cloud Kitchen, etc.	Taiwan	8 new stores were opened, and the central kitchen expanded 1 new factory.
	Simple Mart Retail Co., Ltd.	Simple Mart, Simple Mart+, TGH, Simple CITY, Simple Office, GOSHOPPING SIMPLE MART, Sanyou Drugstores, etc.	Taiwan	23 new stores were opened.
	Mercuries Furniture Co., Ltd.	Mercuries Furniture	Taiwan	A total of 25 stores, and no change in 2022.
Pharmaceutical industry	SCI Pharmtech Inc.		Taiwan	The Guanyin Factory was commenced for construction, and trial production was expected in 2024.
Information services	Mercuries Data Systems Ltd.		Taiwan Nanjing, China	
Other industries	Mercury Fu Bao Co., Ltd., Mercuries Leisure Co., Ltd., Mercuries General Media, Inc.			

※Note: The companies listed in the table above are only main operating subsidiaries per industry. To check the complete corporate structure and subsidiaries in the consolidated statements, please refer to “1.1 Governance Mechanisms” of this Report.



Companies Invested by Mercuries & Associates Holding



Chronicle of Events of Mercuries & Associates Holding



- In 1965, Mercuries & Associates, Ltd. was established and located on Nanjing East Road, with export of handicrafts as its main business.
- In 1975, the Company established its domestic department to promote mail-order business.
- In 1976, the Company established the first Mercuries department stores in Taiwan to launch chain store business.

1965
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1980

1981
|
1990

1991
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2000

- In 1991, the Company established Family Shoemart Co., Ltd. to engage in shoe chain business and incorporated it to Mercuries & Associates, Ltd. in 2002.
- In 1992, the Company established Mercuries General Media, Inc. to serve as a distribution and sales agency of media including NHK of Japan in Taiwan.
- In 1993, the Company established Mercuries Life Insurance Co., Ltd.
- In 1995, Mr. Chen, Ho-tung served as the chairman of Chinese Slow Pitch Softball Association and convened the first Mercuries Cup Slow Pitch Softball Championships in Taiwan.
- In 1997, the Company established Napoli Co., Ltd.
- In 2000, Mercuries Data Systems Ltd. (stock code: 2427) went public.

- In 1982, the Company established a dining-out department to operate Chinese catering chain business.
- In 1987, Mercuries Building was put into use with its site selected on Jianguo North Road.
- In 1987, the Company held the first Mercuries Taiwan Masters Invitational Golf Tournament.
- In 1988, Mercuries & Associates, Ltd. (stock code: 2905) went public with capital of NT\$ 802,000,000.
- In 1989, the Company established a central kitchen in Dayuan District to produce food ingredients with standardized quality and supply Sanshang Qiaofu retail stores in Taiwan.
- In 1989, the Company established Mercuries Baseball Team, Foundation of Chinese Dietary Culture Library, and Mercury Fu Bao Co., Ltd.



- In 2012, Mercuries Life Insurance Co., Ltd. (stock code: 2867) went public.
- In 2012, the Company established Sanyou Drugstores, Ltd. through joint venture with Sumitomo Corporation.
- In 2014, the Company established Mercuries Food Service Japan, Ltd. in Japan.
- In 2015, the former Mercuries & Associates, Ltd. was transformed and renamed as “Mercuries & Associates Holding, Ltd.” Also, a new wholly-owned Mercuries & Associates, Ltd. was incorporated.
- In 2016, Simple Mart+ of Simple Mart Retail Co., Ltd. was opened.
- In 2017, the home retail business division of Mercuries & Associates, Ltd. was split and incorporated to Simple Mart Retail Co., Ltd.
- In 2019, the dining-out business division of Mercuries & Associates, Ltd. was split and incorporated to Mercuries F&B Co., Ltd., and Mercuries F&B Consulting Co., Ltd. was established.
- In 2020, the Company acquired 100% of shares of Sanyou Drugstores, Ltd.

2001
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2010

- In 2001, the Company invested in SCI Pharmtech Inc. In 2004, SCI (stock code: 4119) went public.
- In 2001, the Company established Mercuries Furniture Chain Store through joint venture with MFI.
- In 2004, Mercuries Group merged and acquired Fuh Hwa Securities Investment Trust Co., Ltd. to enlarge its financial business.
- In 2006, the Company established a home retail business department and opened “Simple Mart” chain store.
- In 2006, the Company opened “En Route” chain store to bring in casual shoes from world-famous brands.

2011
|
2020

2021
|
2022

- In 2021, Mercuries & Associates, Ltd. and Bor Nor Co., Ltd. contributed 50% of capital respectively to establish Sanor Co., Ltd.
- In 2021, Simple Mart Retail Co., Ltd. (stock code: 2945) went public.
- In 2021, SCI Pharmtech Inc. and Veolia established “Framosa Co., Ltd.” through joint venture. In 2022, the Company increased capital by cash to raise its shareholding ratio to 25%.
- In 2022, Mercuries & Associates Holding, Ltd. invested in Framosa Co., Ltd. with a shareholding ratio of 15%.
- In 2022, Cloud Kitchen of Mercuries F&B Co., Ltd. was established.

Honors and Recognitions in the Last Three Years

Awards and certifications		Descriptions of the awards	
Products and services	TCFA ^{Note 1} “2022 Service Angel Award”	Colleagues Wu, Mei-E and Lin, Hui-Tzu from Family Shoemart of Mercuries & Associates, Ltd. won the award.	
	TCFA “2022 Outstanding Store Manager Award”	Colleague Hung, Hsiao-Chien from Human Resources Division of Mercuries F&B Co., Ltd., and store manager Chung, Su-Chin from Sanshang Qiaofu won the award.	
	TCFA “2022 Store Business Excellent Experience Award”	Yen, Hsiao-Chu, store manager of Sanshang Qiaofu of Mercuries F&B Co., Ltd. won the award.	
	TCFA “2022 Best Innovation Award”	Chen, Pei-Yu, manager of Napoli store of Mercuries F&B Co., Ltd., won the award.	
	TCFA “2022 Interview Excellence Award”	Chen, Pei-Yu, manager of Napoli store of Mercuries F&B Co., Ltd., won the award.	
	Silver Prize of “2022 The Best Service in Taiwan” by CTEE	Simple Mart of Simple Mart Retail Co., Ltd. won 2022 Chain Supermarket Silver Prize.	
	Bronze Prize of “2020 The Best Service in Taiwan” by CTEE	Simple Mart of Simple Mart Retail Co., Ltd. won 2020 Chain Supermarket Bronze Prize.	
Workplace safety	Service Trailblazer Award of “2020 The Best Service in Taiwan” by CTEE	Colleague Lin, Mei-Chun from Simple Mart of Simple Mart Retail Co., Ltd. won “Service Trailblazer Award”.	
	“2022 National Workplace Safety and Health Week” by the Occupational Safety and Health Administration	Mercuries & Associates, Ltd. and Mercuries F&B Co., Ltd. acquired “Certification of Participation in 2022 National Workplace Safety and Health Week” from the Occupational Safety and Health Administration, the Ministry of Labor.	
	“Healthy Workplace Certification” by the Health Promotion Administration	The head office Mercuries & Associates, Ltd. obtained a health promotion mark of “Healthy Workplace Certification” from the Health Promotion Administration with validity period expiring on December 31, 2025.	
	“Excellent Performance Award for Healthy Workplace” by the Department of Labor, Taipei City Government	The head office and stores of Mercuries F&B Co., Ltd. obtained a health promotion mark of “Healthy Workplace Certification” from the Health Promotion Administration with validity period expiring on December 31, 2023.	
	“Certificate of Hazard-free Working Hours” by the Industrial Safety and Health Association	Mercuries & Associates, Ltd. won “Excellent Performance Award for Healthy Workplace” by the Department of Labor, Taipei City Government in 2020.	
Social participation	“Sports Activist Awards” by the Sports Administration, the Ministry of Education	The head offices of Mercuries & Associates, Ltd. and Mercuries F&B Co., Ltd. obtained “Certificate of Hazard-free Working Hours” from the Industrial Safety and Health Association in 2022 respectively.	
	Public welfare activities with theme of donation of shoes to children	Mercuries Life Insurance Co., Ltd. won the Gold Prize and “Promotion Bronze Prize” of “Sports Activist Awards” for 14 consecutive years.	
		Family Shoemart of Mercuries & Associates, Ltd. has continued to sponsored the “Open the Door, Let the Love Live In” public welfare activity organized by Taiwan Fund for Children and Families Changhua Branch Office since 2021.	
		Family Shoemart of Mercuries & Associates, Ltd. has coordinated with the activities organized by Cheng Feng His Cultural Education Foundation, and sponsored Single-shoes Bank for a long term since 1991.	
		Family Shoemart of Mercuries & Associates, Ltd. has continually cooperated with “New Taipei City Happy Heart Care Association” and “Taiwan Fund for Children and Families Changhua Branch Office” since 2021 to donate shoe exchange coupons to vulnerable families and school children.	

Awards and certifications		Descriptions of the awards
Social participation	Public welfare activities with theme of food cherishing and waste reduction	Mercuries F&B Co., Ltd. sponsored “2022 New Taipei City Good Day Love Platform-Love Meal Coupon” Mercuries F&B Co., Ltd. participated in “2022 Taipei City Government Love Meal 2.0 Hope Dining Hall”. Mercuries F&B Co., Ltd. participated in “2022 eFOOD Sharing Map-Love Meal Stores”.
	2022 Taipei City Government 6th Taiwan Best Practice Award	Mercuries F&B Co., Ltd., Simple Mart Retail Co., Ltd. won “2022 Taipei City Government 6th Taiwan Best Practice Award”.
	2021 Extra Employment of Indigenous Peoples Award	Simple Mart Retail Co., Ltd. won Class-A Excellent Performance Award for Institutions with Extra Employment of Indigenous Peoples issued by Council of Indigenous Peoples in 2021.
	1111 Job Bank “Happy Enterprise” Awards	In 2021, Simple Mart and Mercuries Data Systems Ltd. won “Happy Enterprise” Gold Award. In 2021, Mercuries & Associates, Ltd., En Route, Simple Mart Retail Co., Ltd., Simple CITY, Simple Mart+, Mercuries F&B Co., Ltd., BANCO, Sanshang Qiaofu, Pin Chuan Lan, Napoli Pizza, Tonkatsu, Sanshang Don Mono, Sanyou Drugstores, Ltd. and Tomod’s won “Happy Enterprise” Silver Award. In 2022, Sanyou Drugstores, Ltd. and Mercuries Data Systems Ltd. won 1111 Job Bank “Happy Enterprise” Silver Award.
	2020 New Taipei City Award for Friendly Employment of People with Physical and Mental Disabilities	Simple Mart Retail Co., Ltd. won “2020 New Taipei City Award for Friendly Employment of People with Physical and Mental Disabilities”.
	FSSC 22000 Food safety system certification	The central kitchen of Mercuries F&B Co., Ltd. passed the certification of FSSC 22000 Food Safety System Certification in 2020, and annual continuous auditing in 2022 respectively.
	ISO 17025 Laboratory quality management system certification	The central kitchen of Mercuries F&B Co., Ltd. passed the certification of ISO 17025 Laboratory Quality Management System Certification in 2020, and annual supervision and evaluation in 2022 respectively.
	TQF Taiwan Quality Food Certification Scheme	The central kitchen (noodles production line) of Mercuries F&B Co., Ltd. passed TQF verification in 2020, and annual follow-up evaluation in 2022 respectively.
	“Clean Label” certification by China Grain Products Research & Development Institute	5 products in the braising line of the central kitchen of Mercuries F&B Co., Ltd. (i.e., braised beef soup, stewed beef soup with vegetable and fruit essence, Nanyang Laksa chicken soup, black pepper pork fillet, and curry chicken) passed “Clean Label” verification in 2021, and completed annual follow-up evaluation in 2022 respectively.
	ISO 45001 Occupational Health and Safety Management System certification	The head office of Mercuries F&B Co., Ltd., and Xinyang store of Sanshang Qiaofu obtained third-party certification of ISO 45001 Occupational Health and Safety Management System in 2022.
International standards	ISO 50001 Energy Management System certification	The head office of Mercuries & Associates, Ltd. and Xingfu store of Family Shoemart passed ISO 50001:2018 version changed verification in 2020, and annual follow-up review in 2022 respectively.
	ESG Corporate sustainability report third-party verification	The ESG Report of Mercuries & Associates Holding has been reviewed by BSI Taiwan, a third-party verification unit, since 2017, and it complies with the core disclosure principles of GRI Standards and the medium assurance grade in the first application type of AA1000 AccountAbility Principles.

※ Note 1: Taiwan Chain Stores and Franchise Association (TCFA)

※ For a list of awards acquired by other subsidiaries of Mercuries & Associates Holding, please refer to the Company’s sustainability report, or “Dedicated Section for Corporate Sustainable Development” on its official website.

Sustainable Management

ESG Committee

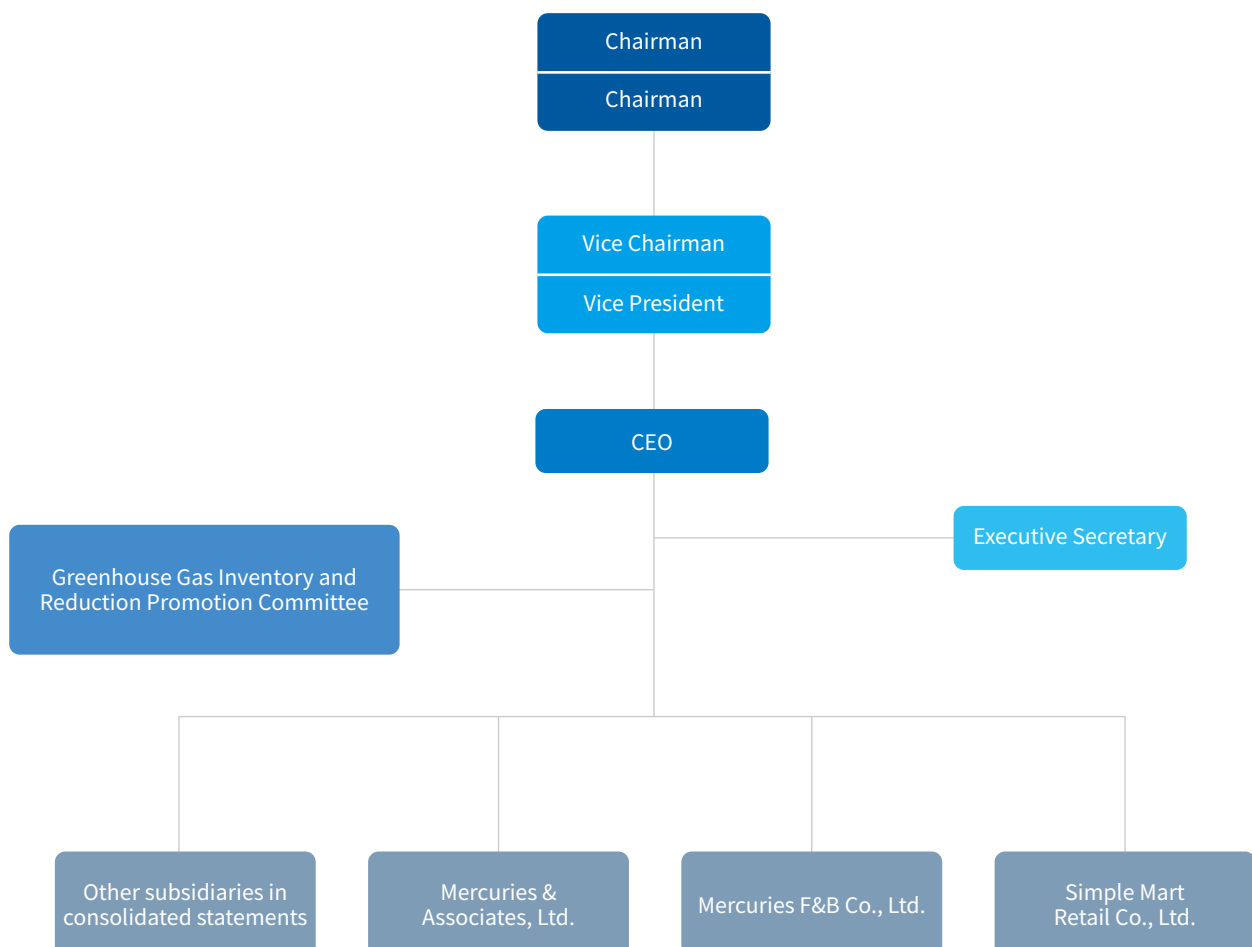
In order to deepen and practice the vision of corporate sustainable development and promote the implementation of corporate governance, environment, and society policies, Mercuries & Associates Holding established Corporate Sustainable Development Best Practice Principles in August 2016 and established a Corporate Sustainable Development Committee (hereinafter referred to as the ESG Committee) to plan the economic, environmental, and social issues and impact management resulting from the operating activities of Mercuries & Associates Holding and its subsidiaries as a whole, establish and supervise the promotion of the corporate sustainability policies, rules, management guidelines, and sustainability activities, and report to the Board of Directors on a quarterly basis.





The chairman of Mercuries & Associates Holding serves as the chairman of the ESG Committee; the vice president serves as the vice chairman of the ESG Committee and takes charge of inspecting and approving procedures and making decisions on related issues and material topics, as well as reporting the corporate sustainable governance to the Board of Directors annually; CEO and the executive secretary are responsible for conducting unified planning and supervising and guiding the implementation of ESG related plans of each business division as well as the summarization of result data.

Mercuries & Associates Holding has also established “Dedicated Section for Corporate Sustainable Development” on its official website as a channel for the investors and stakeholders of the Company to query and respond to sustainability concerned topics in a real-time manner. Also, this dedicated section is available for downloading the ESG Reports of the Company over the years.






Stakeholder Engagement

Stakeholder Identification






After discussing with each business unit through the ESG Committee, referring to the stakeholder groups in the same trade, following the five major constructs of stakeholder engagement standards in AA1000 SES (i.e., Dependency, Responsibility, Tension, Influence, and Diverse Perspectives), and evaluating the degree of impact of stakeholders on the corporate operation, the Company has identified eight types of stakeholders, namely, shareholders/directors, customers, employees, suppliers, government, media, communities, and public interest groups, which has been deliberated and approved by the Board of Directors.

Stakeholder Communication

Mercuries & Associates Holding values stakeholders' rights and opinions, and has established public, direct communication channels and systems. In addition to the disclosure of relevant information in the "Dedicated Section for Stakeholders" on the official website of Mercuries & Associates Holding, stakeholders are also able to offer their suggestions on the Company's sustainability topics through paper or online questionnaires so that the Company can search for effective feedback from stakeholders. In 2022, the Company received 11 stakeholder questionnaires in total and closed them after responding to the stakeholders.

Stakeholder	Topics concerned	Responsible company	Communication channel	Communication frequency
 Shareholders/ directors	<ul style="list-style-type: none"> Corporate Sustainable Governance Operating Performance Ethical Corporate Management Regulatory Compliance Risk Management Responsible Investment Climate Change Responsive Strategy 	<ul style="list-style-type: none"> Mercuries & Associates Holding Mercuries & Associates, Ltd. Mercuries F&B Co., Ltd. Simple Mart Retail Co., Ltd. Related foundation(s) 	Shareholders' Meeting	Annually
			Board of Directors/Functional committees	Quarterly and irregularly
			Annual report/Financial report of the Company	Annually
			Quarterly report of the Company	Quarterly
			MOPS	Immediately
 Customers	<ul style="list-style-type: none"> Product Quality and Food Safety Service Quality and Customer Satisfaction Information Security and Personal Information Protection Products and Services & Digital Innovation Sustainable Product Packaging 	<ul style="list-style-type: none"> Mercuries & Associates, Ltd. Mercuries F&B Co., Ltd. Simple Mart Retail Co., Ltd. 	Diversified media marketing	Irregularly
			Customer satisfaction survey	Irregularly
			Direct communication (stores)	Immediately
			Dedicated customer service hotline/Customer mailbox	Immediately
 Employees	<ul style="list-style-type: none"> Labor Relations and Communication Employee Remuneration and Welfare Workplace Safety and Health Talent Development and Cultivation Employee Diversity and Equal Opportunity Human Rights at Work Appeal and Communication Mechanism 	<ul style="list-style-type: none"> Mercuries & Associates Holding Mercuries & Associates, Ltd. Mercuries F&B Co., Ltd. Simple Mart Retail Co., Ltd. Related foundation(s) 	Labor Relations Committee/Occupational Safety and Health Committee	Quarterly
			Internal websites (EIP website and email)	Irregularly
			Store audit and education & training	Per the Company's arrangements
			Occupational Health Physician/Nurse health consulting	Monthly
			Employee Welfare Committee	Irregularly
			Employee performance interview	Irregularly



Stakeholder	Topics concerned	Responsible company	Communication channel	Communication frequency
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Supplier Sustainable Management • Local Procurement • Energy Management • Waste and Water Resource Management • Product Quality and Food Safety • Product Marketing and Labeling 	<ul style="list-style-type: none"> • Mercuries & Associates, Ltd. • Mercuries F&B Co., Ltd. • Simple Mart Retail Co., Ltd. • Related foundation(s) 	Supplier evaluation	Annually
			Supply Chain Management (SCM)	Immediately
			Factory visiting, meetings, and contracts	Irregularly
			Telephone, mail, and written letters	Immediately
 <p>Government</p>	<ul style="list-style-type: none"> • Regulatory Compliance • Energy Management • Waste Resources and Wastewater Management • Labor Relations and Communication • Workplace Safety and Health • Human Rights at Work 	<ul style="list-style-type: none"> • Mercuries & Associates Holding • Mercuries & Associates, Ltd. • Mercuries F&B Co., Ltd. • Simple Mart Retail Co., Ltd. 	Correspondences	Irregularly
			Competent authority's publicity meetings	Irregularly
			Establishment and revision of regulations	Irregularly
			Workplace auditing/safety inspection	Irregularly
 <p>Public interest groups</p>	<ul style="list-style-type: none"> • Public Welfare and Community Engagement • Leftover Management • Biodiversity • Human Rights at Work 	<ul style="list-style-type: none"> • Mercuries & Associates Holding • Mercuries & Associates, Ltd. • Mercuries F&B Co., Ltd. • Simple Mart Retail Co., Ltd. • Related foundation(s) 	Holding of public welfare activities and services	Irregularly
			Activities for supporting social major incidents	Irregularly
			Activity websites and external communication mailbox	Immediately
 <p>Media</p>	<ul style="list-style-type: none"> • Operating Performance • Ethical Corporate Management • Regulatory Compliance • Products and Services & Digital Innovation • Product Marketing and Labeling • Public Welfare and Community Engagement 	<ul style="list-style-type: none"> • Mercuries & Associates Holding • Mercuries & Associates, Ltd. • Mercuries F&B Co., Ltd. • Simple Mart Retail Co., Ltd. • Related foundation(s) 	Press conferences and newsletters	Irregularly
			MOPS	Immediately
			External communication mailbox and contact number	Immediately
 <p>Communities</p>	<ul style="list-style-type: none"> • Local Procurement • Waste and Water Resource Management • Leftover Management • Biodiversity • Public Welfare and Community Engagement 	<ul style="list-style-type: none"> • Mercuries & Associates Holding • Mercuries & Associates, Ltd. • Mercuries F&B Co., Ltd. • Simple Mart Retail Co., Ltd. • Related foundation(s) 	Community visits	Irregularly
			Community public welfare activities and services	Irregularly
			External communication mailbox and contact number	Immediately

Identification and Analysis of Material Topics

Mercuries & Associates Holding has prepared the ESG Report in accordance with the eight major reporting principles of the latest edition of GRI Standards 2021 (Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness, and Verifiability) and AA1000 AccountAbility Principles (including Inclusivity, Materiality, Responsiveness, and Impact).

During the process of identification and analysis of sustainability topics, Mercuries & Associates Holding followed the requirements of “GRI 3: Material Topics” and adopted GRI sector standards, United Nations SDGs, topics concerned by other companies in the same trade, and the present international sustainable development trends as the references for the identification of its own sustainability topics; later, the Company collected opinions from stakeholders and experts, and gradually analyzed its own material topics in 2022. The identification and analysis processes of the sustainability topics include stakeholder identification, collection of sustainability topics, questionnaire survey and analysis, identification of material topics, annual periodic review, and other related steps.

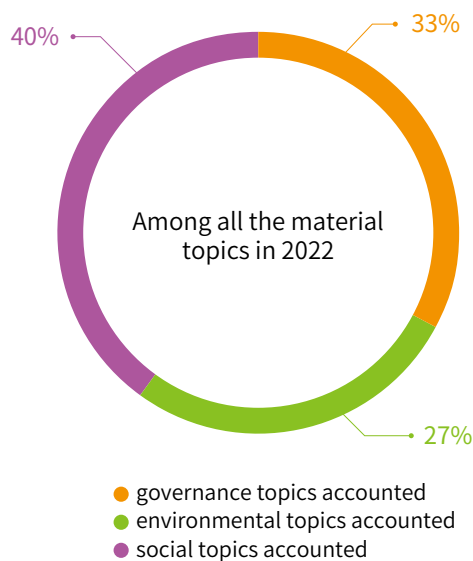


Sorting of Material Topics

The Company follows the guidance of “GRI 3: Material Topics”. Since GRI hasn’t published sector standards that are applicable to Mercuries & Associates Holding and its subsidiaries, the ESG Committee identified a total of 27 sustainability-related topics in three aspects of “Governance, Environmental, and Social” first in accordance with the Company’s actual and potential impacts, with reference to the United Nations SDGs and topics concerned by other companies in the same trade (life insurance, comprehensive product retail, catering, etc.), and based on the present international sustainable development trends.

After sustainability topics were identified, the Company applied paper and online stakeholder questionnaires to search effective feedback from stakeholders. According to the results of 33 questionnaires collected from senior executives, members of the ESG Committee, department heads, and stakeholders regarding the sorting of “Significance of Impact” of sustainability topics, a total of 14 material topics concerned by stakeholders were analyzed.

In addition, Mercuries & Associates Holding has always adhered to the initial intention of “Taken from the community, giving back to society”, and has sponsored sports events and public welfare activities for many years. It was recognized by the senior executives that the topic of “Public Welfare and Community Engagement” also had a material impact on the Company, and therefore this topic was included among the material topics for disclosure. In 2022, a total of 15 material topics were disclosed.



Order	Governance (G) topics	Change of order
1	Operating Performance	○
2	Corporate Sustainable Governance	○
3	Ethical Corporate Management	○
4	Regulatory Compliance	-
5	Risk Management	○
6	Information Security and Personal Information Protection	○
7	Responsible Investment	-
8	Products and Services & Digital Innovation	▲ 2
9	Local Procurement	▲ 1
10	Supplier Sustainable Management	▼ 1
11	Appeal and Communication Mechanism	-

Order	Environmental (E) topics	Change of order
1	Energy Management	○
2	Waste and Water Resource Management	○
3	Climate Change Responsive Strategy	-
4	Leftover Management	-
5	Sustainable Product Packaging	-
6	Biodiversity	-








Order	Social (S) topics	Change of order
1	Labor Relations and Communication	○
2	Employee Remuneration and Welfare	▲ 1
3	Talent Development and Cultivation	○
4	Product Quality and Food Safety	▲ 1
5	Workplace Safety and Health	▼ 2
6	Employee Diversity and Equal Opportunity	▲ 1
7	Human Rights at Work	▲ 1
8	Product Marketing and Labeling	-
9	Service Quality and Customer Satisfaction	▼ 2
10	Public Welfare and Community Engagement*	○

※ Graphical representation of change of order: “○” indicates a same order number compared with the previous year; “▲” indicates an ascending order number compared with previous year; “▼” indicates a descending order number compared with previous year.

※ The topic marked with “*” indicates an extra topic voluntarily disclosed by the Company.

Among all the material topics in 2022, economic topics accounted for 33%, environmental topics accounted for 27%, and social topics accounted for 40% respectively. Compared with the previous year, 3 new environmental topics (Waste and Water Resource Management, Climate Change Responsive Strategy, and Leftover Management) were added, and 1 material governance topic (Products and Services & Digital Innovation) was reduced. The remaining topics were basically the same. Also, the material topics already identified were already deliberated and approved by the Board of Directors. For the management guidelines of each topic, please refer to corresponding sections.

Boundaries of Material Topics and Value Chain

Sustainability aspect	Material topic	Importance for Mercuries & Associates Holding	United Nations SDGs
 Governance	Operating Performance	Operating performance is the foundation for the growth of Mercuries & Associates Holding. Good operating performance cannot only increase profits and improvement production capacity, but also enhance an enterprise's market position and attract external investment opportunities.	
	Corporate Sustainable Governance	The corporate sustainable governance structure would affect the corporate image, operating risks, and future competitiveness of Mercuries & Associates Holding. Mercuries & Associates Holding has established ESG Committee and formulated sustainable development strategies and management models in the hope that the impact of risks on governance, environment, and society can be lowered, and long-term sustainable development can be realized.	
	Ethical Corporate Management	Mercuries & Associates Holding adheres to honest, transparent, and impartial corporate management, respects shareholders' and stakeholders' rights, and abides by laws, regulations, and code of business ethics.	
	Regulatory Compliance	Regulatory compliance may protect enterprises from legal lawsuits and losses resulting from unlawful acts in the economic activities. Mercuries & Associates Holding may protect its legitimate rights and interests in the competition as long as it sustains legality and strictly follows regulations and code of ethics.	
	Risk Management	Mercuries & Associates Holding establishes corresponding management strategies through early risk identification and evaluation, which can lower the risk impact cost and protect the corporate development and interests.	
 Environmental	Climate Change Responsive Strategy	With the enhancement of the awareness of Net-Zero carbon emissions, national governments have required enterprises to actively respond to the issue of climate change by establishing energy regulations and policies. If Mercuries & Associates Holding cannot effectively manage the use of energy sources in a real-time manner, and complete greenhouse gas inventory and investigation, it may face the pressure and risks from related policies and regulations.	
	Energy Management	The Company may lower the climate risks and improve its sustainable competitiveness only by establishing appropriate climate change responsive strategies, properly implementing energy management and supplier management, and actively participating in the green and low-carbon development.	
	Waste and Water Resource Management	Mercuries & Associates Holding is engaged in the industries of consumer products, catering, pharmaceutical industry, etc. Therefore, this topic is one of the important environmental topics it needs to face. In addition to following local environmental protection laws and regulations, the Company shall also try to improve the resource utilization rate to lower resource waste. In recent years, Mercuries & Associates Holding and its subsidiary SCI Pharmtech Inc. have invested in the technology of material reutilization after processing for the application in the processes, thus realizing the vision of circular economy.	
	Leftover Management	The leftovers generated by the stores of Mercuries F&B Co., Ltd. and Simple Mart under Mercuries & Associates Holding shall comply with relevant laws and regulations of the Environmental Protection Administration, and relatively negative impact on the environment shall be avoided. However, if the leftovers can be properly treated, it will become an opportunity for the Company to practice public welfare. To be specific, leftovers can be properly utilized through food bank and friendly feedback store.	 



● Direct impact; ○ Urged impact; ▲ Commercial impact

Corresponding GRI topic standard	Corresponding section in this Report	Involvement of stakeholders in the impact						
		Employee	Shareholders/ directors	Customers	Suppliers	Government	Public interest groups	Media Communities
GRI 201: Economic Performance 2016	1.3 Operating Performance	○	●	▲	○	○		
	Sustainable Management 1.1 Governance Mechanism 1.2 Functional Committees	○	●	▲	○	○		
	1.1 Governance Mechanism	○	●	▲	○	○		
	1.4 Risk Management 3.2 Waste and Water Resource Management	●	●	▲	○	○		○
	1.4 Risk Management	●	●	▲	○	○		
GRI 302: Energy 2016	1.4 Risk Management	○	●		▲	○		
	3.1 Energy Management	○	●	▲	○	○		○
GRI 303: Water and Effluents 2018 GRI 306: Waste 2020	3.2 Waste and Water Resource Management	○	●	▲	○	○	○	○
	3.2 Waste and Water Resource Management 3.3 Loving the Earth with Ecological Actions	○	●	▲	○	○	○	○

Sustainability aspect	Material topic	Importance for Mercuries & Associates Holding	United Nations SDGs
 Social	Labor Relations and Communication	Maintaining good labor/management communication and salary and welfare policies are the key for Mercuries & Associates Holding to create a happy workplace, which cannot only lower labor/management conflicts, and improve employees' satisfaction, but also indirectly urge employees' working willingness and productivity, better the overall work performance, and realize win-win cooperation and development of the enterprise and employees.	 
	Employee Remuneration and Welfare		
	Talent Development and Cultivation	Mercuries & Associates Holding provides diversified education and training planning based on business types and helps employees improve their working skills and cultivate professional talents, to improve work performance and innovation ability, so as to promote the Company's development and competitiveness.	
	Product Quality and Food Safety	Enterprises are obliged to safeguard consumers' health and safety. Mercuries & Associates Holding effectively manages stable product quality by means of product quality management process, problematic product shelf-removal process, food monitoring mechanism, and food security traceability and tracking system. As a result, the risks of losses from the recalls of problematic products can be reduced, the competitiveness of products can be improved, and the corporate reputation can be bettered.	
	Workplace Safety and Health	Employees are the most important assets of Mercuries & Associates Holding. Providing a healthy and safe workplace environment and pursuing zero occupational disaster are the enterprises' obligations. Mercuries & Associates Holding periodically evaluates and improves the risks in the workplaces to reduce accidents. Also, it has actively introduced an occupational safety and health management system to create a friendly workplace.	
	Public Welfare and Social Care*	Public welfare and social care are social responsibilities requiring great attention from enterprises. Sticking to the spirits of "Taken from the community, giving back to society", Mercuries & Associates Holding has sponsored public welfare activities, organized volunteer teams, and held sports events to promote the development of social sports for a long term, thus integrating social responsibilities into the enterprise's business strategies and culture, establishing a good corporate culture, promoting social harmony and stability, and eliminating phenomena like social inequality.	  

※The topic marked with "*" indicates an extra topic voluntarily disclosed by the Company.



	Corresponding GRI topic standard	Corresponding section in this Report	Involvement of stakeholders in the impact						
			Employee	Shareholders/ directors	Customers	Suppliers	Government	Public interest groups	Media Communities
	GRI 402: Labor/Management Relations 2016	4.1 Employee Profile 4.2 Labor Relations and Employee Benefits	●	●			○		○ ○
	GRI 401: Employment 2016	4.2 Labor Relations and Employee Benefits	●	●			○		○ ○
	GRI 404: Training and Education 2016	2.3 Food Safety and Quality Management 4.3 Cultivation of Professional Talents 4.4 Workplace Safety and Health	●	●			○		
	GRI 416: Customer Health and Safety 2016 GRI 417: Marketing and Labeling 2016	2.1 Supplier Management 2.2 Quality Management of Retail Products 2.3 Food Safety and Quality Management	○	●	●	○	○		○
	GRI 403: Occupational Health and Safety 2018	4.4 Workplace Safety and Health	●	●		○	○		○
		5.1 Care for Vulnerable Groups and Children 5.2 Sports Promotion 5.3 Academic Culture 5.4 Enterprise Volunteers	○	●			○	●	○ ●



1

chapter



Corporate Governance

- 1.1 Governance Mechanism
- 1.2 Functional Committees
- 1.3 Operating Performance
- 1.4 Risk Management

Material topics covered

- Corporate Sustainable Governance
- Operating Performance
- Ethical Corporate Management
- Regulatory Compliance
- Risk Management
- Climate Change Responsive Strategy

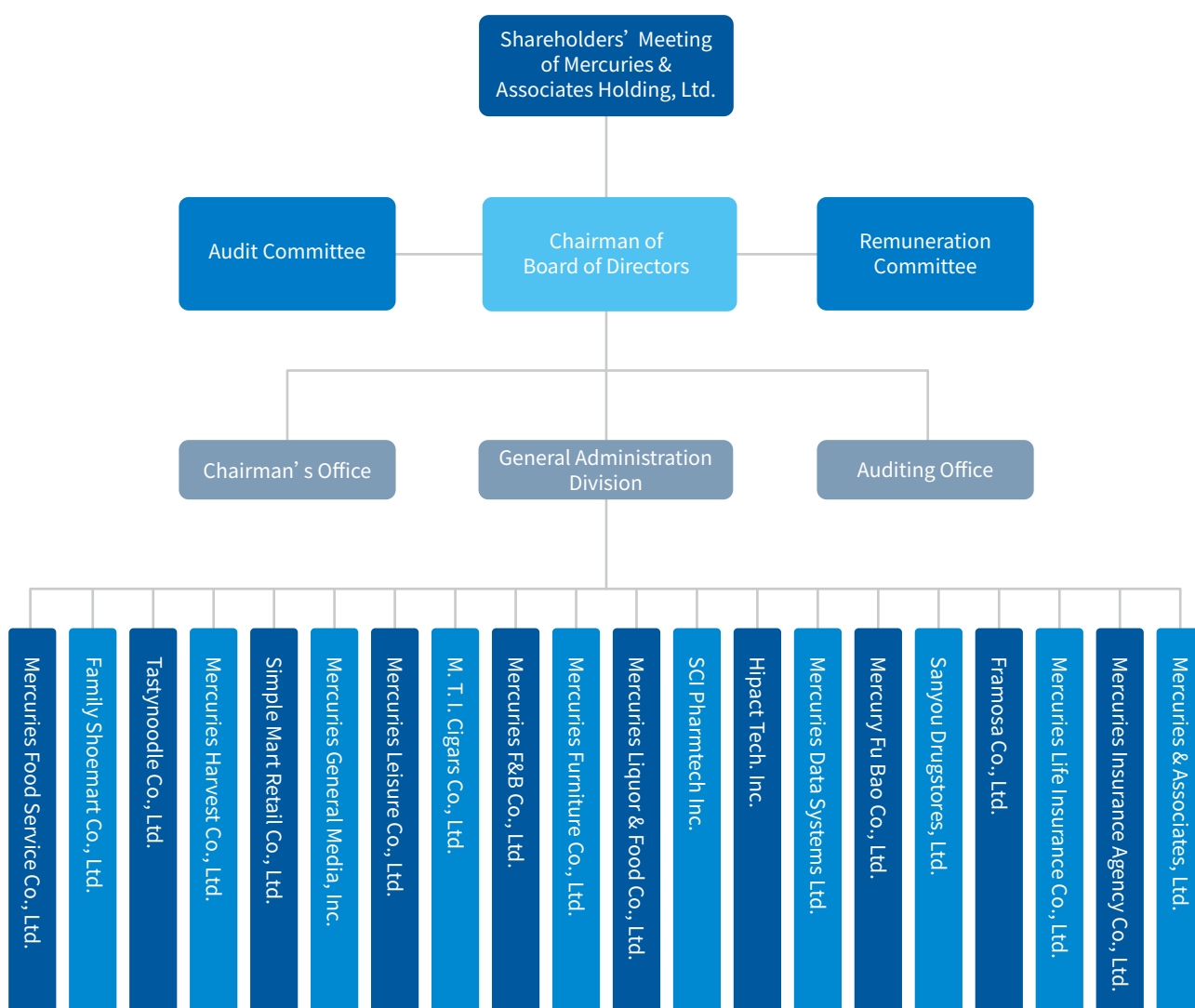
Management guideline	Content description
Policy	Honest Service, Upright Commitments, and Sincere Care
Significance and management goal	In order to realize the goal of long-term operation and maintain stable operating performance, it is essential for Mercuries & Associates Holding to establish complete risk management, ethical corporate management, and regulatory compliance. Relying on definite strategic objectives, transparent and open financial information, and appeal mechanism, the Company strives to safeguard shareholders' and stakeholders' rights and interests in order to improve the corporate governance value and long-term competitiveness.
Commitments	<ul style="list-style-type: none"> • Properly implement risk management and strictly abide by laws and regulations. • Actively optimize various investments, and continue to march towards a diversified market operation model. • Continue to improve operating performance through effective resource allocation, to realize professional labor division and scale economy and march towards sustainable economic growth. • Provide internal and external appeal mechanisms and communication pipelines to safeguard shareholders' and stakeholders' rights.
Objectives and targets	<ul style="list-style-type: none"> • Identify and analyze risks involving finance, operation, transformation, and climate change, and properly implement risk management to respond to impacts in a real-time way. • Conduct ethical corporate management, and strictly abide by each regulation, including the Company Act and other acts involving finance, taxation, labor, and environmental protection. • Apply the operation experience of each business unit under the Company to seek local and overseas cooperation opportunities, and prudently evaluate investment strategies in the hope that the business layout can be expanded and the Company's competitiveness can be improved. • Properly implement market segmentation and focus on operations to benefit the improvement of customers' brand identity of the Company. At the same time, continue to improve product quality and service staff's professional ability to create high-quality consumption experience. • Provide a complete internal and external appeal mechanisms, establish an internal supervision and review mechanism, and sustain the effectiveness of the appeal mechanism.
Responsibility and system	<ul style="list-style-type: none"> • Convene meetings of the Board of Directors and the Shareholders' Meeting regularly to communicate with stakeholders, and conduct annual performance evaluation according to the Rules for Performance Evaluation of Board of Directors • Establish an internal supervision mechanism and functional committees, and develop corporate governance rules and regulations, e.g., Articles of Association, Rules of Organization of the Audit Committee, Code of Ethics, Ethical Corporate Management Best Practice Principles, Corporate Sustainable Development Best Practice Principles, etc., to realize effective supervision and management of the enterprise. • Internal supervision mechanism: <ul style="list-style-type: none"> » Audit Committee: Supervise the fair presentation of the Company's financial statements, appointment/dismissal, independence, and performance of CPAs, effective implementation of the Company's internal control, the Company's compliance with relevant laws, regulations, and rules, and the control of existing or potential risks of the Company. » Remuneration Committee: Assist the Board of Directors in executing and reviewing the Company's overall remuneration and welfare policy, system, standards, and structure. » Operation Management Committee: Convene meetings on a monthly basis, implement risk management of corporate assets, evaluate medium- and long-term investment benefits, financial operations, and scheduling, establish a hedging mechanism to realize the reliability of financing reporting, and comply relevant laws and regulations of the government to ensure the continual operation and asset preservation of the Company.
Resources engaged	<ul style="list-style-type: none"> • Arrange directors and supervisors to attend corporate governance related continuing education periodically to ensure the professionalism, independence, and diversity of directors. • Set up an ESG Committee to search relevant local and foreign regulations regarding sustainability, promote each ESG project in the Company, and report to the Board of Directors annually. • In 2021, Mercuries & Associates Holding established a new version of its official website where dedicated sections for company introduction, investors, corporate governance, and corporate sustainable development are established so that stakeholders can acquire all the information and latest messages of the Company more conveniently. • Introduce a digital information operation system to strengthen sales data analysis, simplify operation flows, and realize the targets of improving working efficiency and lowering operating cost.
Appeal mechanism	<ul style="list-style-type: none"> • Contact window for stakeholders: johnson@mercuries.com.tw. • The Company has established a spokesperson system and assigned specific persons to deal with shareholders' suggestions, or relevant disputes and problems.
Major incidents in 2022	<ul style="list-style-type: none"> • 55 convertible corporate bonds were converted to 255,335 ordinary shares on the conversion base date of January 20, 2022. After conversion, the capital was increased to NT\$ 9,133,620,000. Later, the surplus was converted to increase capital by NT\$ 91,340,000. As a result, the capital was increased to NT\$ 9,224,960,000.

Corporate Governance

1.1 Governance Mechanism

As an investment holding company, Mercuries & Associates Holding mainly invests in the following industries: Life insurance, consumer goods retail, catering retail, pharmaceutical industry, information service, and others. The Company expands its business with a vertically integrated and diversified operation model, and assists each subsidiary in resources integration.

The governance mechanism of the Company is formulated and operated by Chairman's Office, General Administration Division, and Auditing Office. Chairman's Office is responsible for establishing operation strategic guidelines, and assessing and supervising operating performance and budget; General Administration Division is responsible for strategic planning, operation management, and execution of public affairs management and strategies; Auditing Office is responsible for establishing and revising an internal control system, and detailed rules for the implementation of internal audit, as well as executing the auditing and subsequent tracking and improvement of the Company's internal control system. The organization structure of the Company is shown in the diagram below.



Board of Directors

The Board of Directors is the committee of the top governance unit of Mercuries & Associates Holding, and the representative of stakeholders is chairman Chen, Shiang-Li. With the operation management experience in each business division as well as leadership, decision-making capabilities, operation judgment capabilities, crisis handling capabilities and awareness of international market, Chen was elected by the Board of Directors as the chairman, and also held a concurrent post of the president of the senior management. Chen mainly performs the following authorities and responsibilities:

- » Handle business externally on behalf of the Company, execute the resolutions made by the Board of Directors, and set up and manage the Company's overall strategies, annual business plan, investment plans, and dividend policy internally.
- » Be responsible for advocating the corporate culture and business philosophy to create a corporate image.
- » Attend the board meetings and operation management meetings of each business division, listen to reports, and adjust the Company's operation direction as appropriate based on the market changes.
- » Decide on senior managers' appointment/dismissal, remuneration, and reward/punishment, and improve a unified, efficient organizational system of the Company.

When any proposal discussed in the Board of Directors has an interest relationship with the chairman, the chairman must excuse himself and shall not participate in the discussion and voting of this proposal. Also, the chairman shall prudently abide by "Code of Ethics", "Ethical Corporate Management Best Practice Principles", and "Procedures for Handling of Major Internal Information and Prevention of Insider Trading" to avoid a conflict of interest.

List of Members of the Board of Directors of Mercuries & Associates Holding, Ltd.

Title	Representative unit	Name	Gender	Main position(s) at present	Continuing education hours in 2022	Capabilities		
						Economy	Environment	Society
Chairman	ShangLin Investment Co., Ltd.	Chen, Shiang-Li.	Male	Chairman & president of Mercuries & Associates Holding	12	●		●
Director	ShangLin Investment Co., Ltd.	Chen, Shiang-Chung	Male	Chairman of Mercuries Data Systems Ltd.	6	●		●
Director	ShangLin Investment Co., Ltd.	Chen, Shiang-Feng	Male	Chairman of Simple Mart Retail Co., Ltd., Mercuries F&B Co., Ltd., Mercuries & Associates, Ltd.	6	●		●
Director	Shuren Investment Co., Ltd.	Wong, Wei-Chyun	Male	Chairman of SCI Pharmtech Inc.	12	●	●	●
Director	Shuren Investment Co., Ltd.	Mao, Ming-Yu	Male	Independent director of Rodex Fasteners Corp.	6	●		●
Director	Natural person	Cheng, I-teng	Male	Independent director of Sentelic Corp.	12	●		●
Independent director	Natural person	Lee, Mao	Male	Chairman of Allter Technology Co., Ltd.	12	●		●
Independent director	Natural person	Jeffrey Chen	Male	Director of ASE Holding Co., Ltd.	6	●		●
Independent director	Natural person	Tu, Te-cheng	Male	Chairman of Xuan He Technology Corp.	6	●		●

※The tenure of this Board of Directors started from August 13, 2021 and will expire on August 12, 2024.

※All the members of the Board of Directors of the Company are male Taiwanese with age above 50, and they are not vulnerable social groups.

- Appointment of Directors

The composition of the Board of Directors of Mercuries & Associates Holding is diversified, and the directors are members of relevant industrial operation teams, managers in the industry, and professionals with finance and accounting backgrounds. The Company establishes its corporate government strategies, appoints and supervises the management, audits the operating performance, prevents conflicts of interest, guarantees its compliance with laws and regulations, and actively engages in the operation strategies of ESG (Environmental, Social, and Governance) with reference to opinions from experts specialized in different fields and from the perspective of stakeholders, so as to improve the corporate sustainability value and future competitiveness.

A candidate nomination system is adopted for the election of directors, and it is handled in accordance with the provisions of the Company Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the Company's Regulations Governing the Election of Directors. Diversity is required for the composition of the members of the Board of Directors. Independent directors and non-independent directors are elected at the same time, and the elected quota is calculated separately. Also, disclosed cumulative voting is adopted. Those with more votes will be elected. The Board of Directors of Mercuries & Associates Holding comprises 9 directors with tenure of 3 years. Among these directors, there are 3 independent directors who account for 33% of all directors. The Board of Directors convenes meetings at least once every quarter. If certain matters need voting, interim meetings will be convened. In 2022, a total of 8 meetings were convened by the Board of Directors with average attendance rate of 95.83% (including attendance by proxy).

- Continuing Education of Directors and Supervisors

In addition to integrity and abundant experience in relevant fields, the members of the Board of Directors are also arranged to attend continuing education courses so that they can continually improve their knowledge on operation and risk management, and maintain their core values and professional advantages and competency. In 2022, a total number of 9 directors attended relevant courses with the duration of 78 hours in total and 8.7 hours per director on average.

Participation in External Organizations

Name of external organization	Position served	Participating company
Criminal Investigation and Prevention Association R.O.C.	Vice chairman	Mercuries & Associates Holding, Ltd.
Foundation for Taiwan Masters Golf Tournament	Chairman	Mercuries & Associates Holding, Ltd.
Foundation of Chinese Dietary Culture	Chairman	Mercuries & Associates Holding, Ltd.
Mercuries Social Welfare And Charity Foundation, Taoyuan County	Chairman	Mercuries & Associates Holding, Ltd.
The Chinese Slow Pitch Softball Association	Executive director	Mercuries & Associates Holding, Ltd.
Taiwan Chain Stores & Franchise Association	Honorary chairman	Mercuries & Associates Holding, Ltd.
Taiwan Chain Stores & Franchise Association	President	Mercuries F&B Co., Ltd.
Taiwan Chain Stores & Franchise Association	Director	Mercuries & Associates, Ltd.

Recusal by Conflict of Interest

To avoid and mitigate the issue of conflict of interest, the Company implements supervision and management from the following aspects: (1) When meeting notice and agenda of the Board of Directors are sent to directors, “Please recuse from relevant proposals that have a conflict of interest with you” is specified at the end of each page of the agenda to remind directors to pay attention to proposals that may require their recusal. During the proceeding of each proposal, the corporate governance officer will also ask directors involving conflict of interest and personnel irrelevant from the proposals to leave; (2) The Company supervises and urges the top governance unit and personnel who are aware of relevant information due to business relations to prudently abide by the Company’s relevant regulations, and avoid conflicts of interest; (3) The Company forwards official documents or notices released by the competent authority and to be duly followed by relevant directors and internal personnel of the Company in a real-time way.

In addition, the Company transparently discloses the contents of conflicts of interest to the stakeholders in the annual report quarterly and annually, including: (1) Concurrent positions held by directors and managers in the Company and other companies; (2) Information regarding the relationships among top 10 shareholders of the Company in terms of shareholding ratio, including related party relationship, spousal relationship, or kinship with the second degree; (3) Number of shares held by the Company, its directors and managers, and companies directly or indirectly controlled by the Company in a same invested company, and consolidated calculation of comprehensive shareholding ratios.

Communication of Key Major Events

If a key major event occurs, relevant manager will immediately provide a possible solution to the top governance unit, and submit it to the chairman or the Board of Directors for verification and approval according to the Company’s internal control system. CPAs communicates governance matters, and the impact of changes or application of financial accounting standards on the Company’s finance and business operations with directors every quarter in accordance with the provisions of Statement of Auditing Standards No. 62 “Communication with Those Charged with Governance of an Audited Entity” and other auditing standards.

In 2022, no event that had a potential and actual negative impact on the stakeholders occurred through the appeal mechanism and other procedures.

Performance Evaluation of Corporate Governance

The Company executes performance evaluation for each director, each functional committee, and the Board of Directors independently once every year according to “Rules for Performance Evaluation of Board of Directors”. Self-evaluation through the filling of questionnaires is adopted as the evaluation method, with contents covering (1) understanding of the Company’s targets and missions, (2) understanding of the directors’ and functional committees’ responsibilities, (3) participation in the Company’s operation, (4) management and communication of internal relations, (5) election, expertise, and continuing education of directors and functional committees, (6) composition and structure of the Board of Directors and functional committees, (7) improvement in the Board of Directors’ the functional committees’ decision-making quality, (8) internal control, and (9) other items. In 2022, the overall operation performance of the directors, each functional committee, and the Board of Directors of Mercuries & Associates Holding was favorable and disclosed in the annual report as stipulated.

Ethical Corporate Management

It is stipulated in “Ethical Corporate Management Best Practice Principles” established by the Company that the Company’s directors, managers, employees, appointed persons, or those with substantial control over the Company shall not, during the process of commercial practices, directly or indirectly provide, promise, require, or accept any illegitimate interests, or adopt other unethical acts that violate the principles of integrity, legality, or fiduciary duty in order to acquire or sustain their interests. The targets of the aforesaid acts include public officials, political candidates, political parties or party members, as well as any public and private enterprises or institutions and their directors (council members), supervisors, managers, employees, substantial controllers, or other stakeholders.

Appeal Mechanism

It is clearly stipulated in “Code of Ethics” established by the Company that the directors and managers of the Company shall advocate the concept of ethics at any time, and encourage personnel of the Company to immediately report violations of laws, regulations, rules, or this Code found or reasonably suspected to managers, internal audit officer, or other appropriate personnel according to relevant provisions. In order to encourage the employees to report illegal situations found, the Company has established a whistleblowing system that allows anonymous whistleblowing and enables employees to know that the Company will spare no effort to assure the whistleblowers’ safety and protect them from revenge. Those accused shall not adopt any behavior to retaliate or threaten the aforesaid whistleblowers. If the whistleblowers are revenged, threatened, or harassed, they shall report to the superiors or other appropriate personnel in a real-time way, and the Company shall deal with the matter in an immediate and appropriate way.

Commitments and Policies

The Company has established commitments, rules, methods, procedures, and bylaws regarding corporate governance, and made them available on the official website of Mercuries & Associates Holding for stakeholders to consult. The top management responsible for approving each organization bylaw is the Board of Directors. The aforesaid documents are reviewed, or added (amended) every year according to laws and regulations, or based on the Company’s operational demand. The policies are applied in all activities and commercial relations of the organization.

- Rules/measures/regulations related to corporate governance
 - » Articles of Association
 - » Corporate Governance Best Practice Principles
 - » Sustainable Development Best Practice Principles
 - » Ethical Corporate Management Best Practice Principles
 - » Code of Conduct
 - » Regulations Governing the Internal Control System
 - » Detailed Rules for Implementation of Internal Audit
 - » Rules of Procedure for the Shareholders’ Meeting
 - » Regulations Governing the Election of Directors
 - » Rules of Procedure for the Board of Directors
 - » Diversity Policy of Members of the Board of Directors
 - » Rules for Performance Evaluation of Board of Directors
 - » Rules of Procedures of the Audit Committee
 - » Procedures for Endorsement Guarantee
 - » Procedures for Acquisition or Disposal of Assets
 - » Procedures for Lending Funds to Others
 - » Code of Ethics Governing Procurement Personnel
 - » Rules of Procedures of the Remuneration Committee
 - » Information Security Policy
 - » Procedures for Handling of Major Internal Information and Prevention of Insider Trading



For relevant contents, please query
on the official website of Mercuries &
Associates Holding.

1.2 Functional Committees

Audit Committee

An Audit Committee has been established in the Company, comprising 3 independent directors. The Audit Committee is responsible for supervising the following issues of the Company: Fair presentation of the financial statements, appointment/dismissal, independence, and performance of CPAs, effectiveness of internal control, compliance with each law and regulation, control of existing or potential risks of the Company, and other authorities granted according to law. In 2022, a total of 8 meetings were convened by the Audit Committee with average attendance rate of 87.5% (including attendance by proxy).

Remuneration Committee

The Company has established a Remuneration Committee which convenes at least 2 meetings every year. 3 independent directors serve as the members of the Remuneration Committee with main responsibilities as follows: Assist the Board of Directors in formulating the overall salary, remuneration, and welfare policies of the Company relying on the independent directors' professional and objective evaluation, and supervise and review the performance of senior managers of the Company as well as plans for their remuneration. In 2022, a total of 2 meetings were convened with average attendance rate of 100%.

- Remuneration policies for top governance unit and senior management:

Top governance unit:

No salary is paid to the directors of the Company. The directors only receive traffic allowance incurred in their participation in the meetings of the Board of Directors, and director compensation paid according to the Articles of Association and with the approval from the Board of Directors; for the remuneration of independent directors, the Board of Directors will make a corresponding resolution in accordance with the participation of each independent director in the corporate operation and the value they have contributed and with reference to the normal payment level in the industry.

Senior management:

The senior management receives fixed salaries and floating salaries (year-end bonus), and participates in the distribution of employee compensation paid according to the Articles of Association and with the approval from the Board of Directors as well as directors' and supervisors' compensation acquired from other companies where they hold concurrent positions. The remuneration of managers is determined by the chairman based on the value they contribute and management performance first, and then discussed by the Remuneration Committee. Finally, it will be submitted to the Board of Directors for approval.

※ Except those mentioned above, the Company does not provide signing bonus, or recruitment bonus, severance pay, recourse mechanism, and retirement benefits.

Annual Remuneration Ratios of Mercuries & Associates Holding, Ltd.		
Company name	Indicator	2022
Mercuries & Associates Holding	Annual total remuneration ratio ^{Note 2}	12.02
	Rate of change in annual total remuneration ^{Note 3}	-1.37
Mercuries Life Insurance Co., Ltd. ^{Note 1}	Annual total remuneration ratio	20.22
	Rate of change in annual total remuneration	3.23
Mercuries & Associates, Ltd.	Annual total remuneration ratio	19.25
	Rate of change in annual total remuneration	2.21
Mercuries F&B Co., Ltd.	Annual total remuneration ratio	20
	Rate of change in annual total remuneration	-2.1
Simple Mart Retail Co., Ltd.	Annual total remuneration ratio	19.49
	Rate of change in annual total remuneration	-10.66

※Note 1: In accordance with the definition in paragraph 2 of Article 2-1 of Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the important subsidiaries of Mercuries & Associates Holding include Mercuries Life Insurance Co., Ltd.

※Note 2: Formula of "Annual total remuneration ratio": [Annual total remuneration of the individual with the highest remuneration in the organization] ÷ [Median of the annual total remuneration of all employees (not including this individual with the highest remuneration)]

※Note 3: Formula of "Rate of change in annual total remuneration": [Increased percentage of the annual total remuneration of the individual with the highest remuneration in the organization] ÷ [Increased percentage of median of the annual total remuneration of all employees (not including this individual with the highest remuneration)]

Operation Management Committee

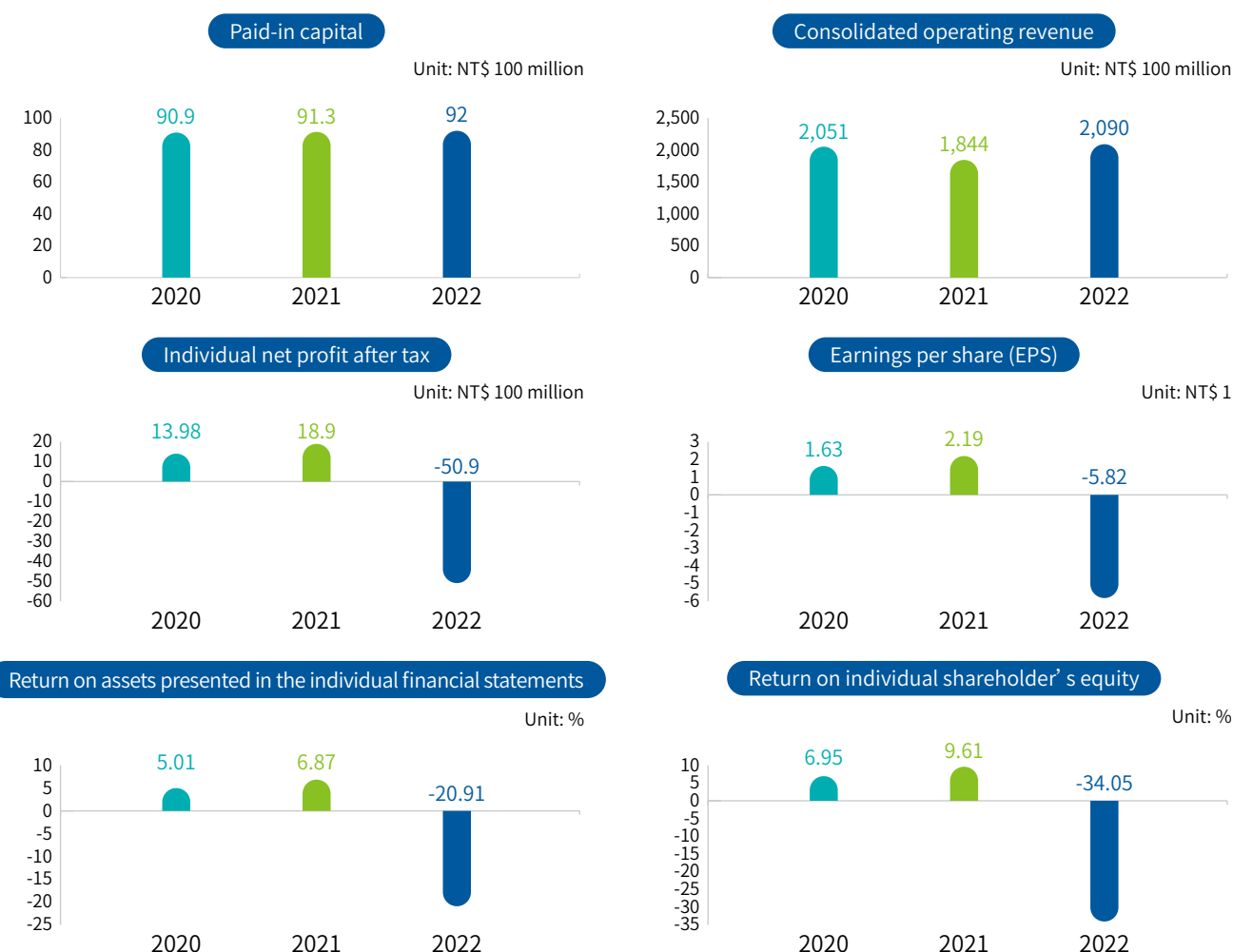
The Company has established an Operation Management Committee which convenes meetings once every month. The members of this committee are top managers of each business unit and brand. The main responsibilities of the Company are to assist the Company in executing the evaluation of industry status, the planning of operating strategies, the recheck of annual budget fulfillment rate, and the coordination of the cooperation among each department as well as the promotion of related plans. In 2022, a total of 12 meetings were held by the Operation Management Committee with contents containing discussion of store expansion plans of each brand, comparative analysis of monthly operating revenue, expenses, and net profits and description of the conditions in the same trade, to realize the function of supervising the operating performance.

1.3 Operating Performance

Financial Performance

In 2022, the paid-in capital of Mercuries & Associates Holding reached NT\$ 9.2 billion, and its consolidated operating revenue reached NT\$ 209 billion, up by 11% compared with 2021. The main reason lied in that the profit of the life insurance on exchange increased substantially due to the depreciation of TWD against USD compared with the previous period. The standard reaching rate of the budget was approximately 110%.

As for profits, the net profit after tax as attributable to the parent company reached NT\$ 5.09 billion, and the loss per share after tax reached NT\$ 5.82. The return on assets presented in the individual financial statements and the return on individual shareholder's equity reached -20.91% and -34.05% respectively. The financial performance of the Company in the last three years is shown in the table below. For detailed financial statements, please refer to MOPS or the dedicated section for investors on the Company's official website (www.mercuries.com.tw).



※Report period of the financial statements of 2022: January 1, 2022-December 31, 2022.



1.4 Risk Management

Real-time mastery of and response to each risk are the key for Mercuries & Associates Holding to realize continual growth and stable operation. The Company includes the risks of all its subsidiaries into the management scope, and establishes relevant control measures to minimize the impact of such risks on the enterprise by means of risk elimination, risk transfer, and risk mitigation, as well as actively expand opportunities and enhance its resilience from the foregoing, so as to realize sustainable governance.

The risk management work is executed by the risk management units of the Company and its subsidiaries with reference to the transaction authority approved by the board of directors of each company. Through the close communication with the operating units, the risk management units are responsible for identifying, evaluating, and avoiding financial risks. The overall risk management policy of the Company and its subsidiaries emphasizes on the unpredictable issues in the financial market, with the objective to lower potential adverse impact on the financial position and financial performance of the Company and its subsidiaries, which is detailed as follows:

1. The Company and its subsidiaries pay close attention to the changes in the interest rate and exchange rate, and adopt floating interest rate and bank loans that feature short disbursement period to master the trends of the interest rate in form of cyclic disbursement. Also, they utilize methods like forward exchange to avoid the risk of exchange rate.
2. Limit control is adopted for the management of credit risk, and different limits are established per industry, issuer, and national risk exposure, and monitored at any time to avoid the excessive centralization of risks.
3. Risks of capital liquidity are effectively managed at short-term level and medium- and long-term level. With respect to the short-term liquidity management, in addition to the determination of asset liquidity ratio as an indicator for measurement and control, relevant departments have already established a real-time capital notification mechanism and applied appropriate monetary market instruments for daily capital scheduling; with respect to medium- and long-term liquidity management, a cash application analysis mode is applied through the periodical inspection of assets and liabilities to monitor the allocation of assets and liabilities and thus plan the reduction of related risks.
4. As for the risks of market liquidity, the Company has already considered risks caused due to the proportionality between market transaction volume and positions held as well as the changes of market prices by the huge-amount transactions, and established relevant monitoring mechanisms as well as relevant regulations governing the centralization of daily transactions, limits of investment positions, and liquidity asset allocation, to avoid the generation of the risks of market liquidity.
5. Operating risks refer to all the risks of losses resulting from wrong or inappropriate procedures, systems, or personnel arrangements, or external events. The management goal of the operating risks is to lower the Company's operating risks relying on a complete operating risk management mechanism already established and effectively implemented. The Company has established business rules and regulations and internal control system that govern the products and operating activities so that the operating units may practically follow them.

Internal Control System

Mercuries & Associates Holding has established an internal control system and set up an Auditing Office under the Board of Directors. The auditors shall carry out internal audit and internal control self-evaluation according to "Detailed Rules for the Implementation of Internal Audit" and "Procedures for the Self-evaluation of the Internal Control System", and utilize the five effectiveness criteria (control environment, risk evaluation, control work, information and communication, and supervision work) of Regulations Governing the Internal Control System of Public Companies to periodically review and evaluate the performance and effectiveness of the Company's internal control system every year. For detailed operation of audit organization and the self-evaluation results of internal control, please query on the official website of Mercuries & Associates Holding.

Types of Risks and Control Method

Type of risk	Description of risk	Control method
Financial risks	<ul style="list-style-type: none"> The operation of the Company and its subsidiaries is affected by multiple financial risks, including market risks (risk of exchange rate, risk of interest rate, and risk of price), credit risks, liquidity risks, and operating risks. The financial assets or liabilities of the Company are vulnerable to investing behaviors to result in its financial risks. For example, fundraising, long- and short-term investments, profit distribution, high-risk and high-leveraged operations, derivatives trading, etc. may result in financial losses. 	<ul style="list-style-type: none"> Board of Directors and Operation Management Committee: Take responsibility for managing the corporate assets, including periodic evaluation of medium- and long-term investment benefits, analysis of deviations of final operating results from the expected targets, asset dispatch and preservation, establishment of a hedging mechanism, and assurance of the Company's continual operation. Audit Committee: Take responsibility for supervising the compliance of the corporate operation with relevant laws, regulations, and provisions to achieve the reliability of financial reporting, and following relevant laws and regulations of the government to assure the continual operation and asset preservation of the Company.
Operating risks	<ul style="list-style-type: none"> The market competition in the retail industry is fierce due to high homogeneity and substitutability of products. The market share is divided and the profits decline due to the price war in the retail industry, market seizure by enterprises in other enterprises, and competition of supermarkets and vendors in the dining-out market. The fixed operating cost of stores is relatively high (personnel, rent, depreciation, etc.). Losses are extremely likely in case of economic downturn or change in the business district. The logistics scale of the retail industry is limited, thus affecting the Company's overall expansion effect. 	<ul style="list-style-type: none"> Improve the product structure and enhance differentiation. In addition to the attraction of consumers with new international products introduced and the independently researched and developed high-quality products, the Company shall further improve its service quality, and conduct marketing activities to reinforce the membership relationship, improve consumers' sense of identity of its brands, and avoid price war. Select locations for new stores prudently and properly implement asset management to lower the operating cost. Strengthen the efficiency of logistics and expand the logistics strategies. In addition to analysis and optimization of the efficiency of the existing logistics center based on accurate data, the Company shall solve the problem of insufficient warehousing space in the peak season by means of logistics leasing or outsourcing in the short term. The medium- and long-term strategies shall still focus on finding a proper location to build the second logistics center, so as to lower the risks of short supply of goods due to the increase of stores or products.
Market transformation risks	<ul style="list-style-type: none"> Due to the continuous development of online transactions and the long-term impact of the Covid-19 pandemic, people's consumption habits have changed, and e-commerce and take-away platforms have impacted the physical retail industry. 	<ul style="list-style-type: none"> Since the physical retail stores provide limited products due to limitation in store size, the Company shall not only improve the logistics efficiency and lower the short supply rate to resist the challenges from the online business, but also currently continue to develop a self-owned network platform for integrating the online and offline business to improve operating revenue and profits. In the catering industry, the Company will improve the order receiving efficiency based on online and take-away platforms and actively develop new products to improve the added value of the channels. In 2022, the first Mercuries Cloud Kitchen of Mercuries F&B Co., Ltd. was established.
Product and food safety risks	<ul style="list-style-type: none"> Since consumers increasingly emphasize on the issue of product safety, and the competent authority has also raised increasingly stricter requirements for products, the failure to follow such requirements may damage the reputation of the Company or result in extra penalties on the Company. If the suppliers fail to provide conforming products, or the product quality is changed due to bad control in the process of manufacturing, storage, and distribution, the risk of food contamination may occur. If the logistics department and the stores fail to check the shelf life of products in a real-time way, it may violate relevant provisions of the Act Governing Food Safety and Sanitation regarding the selling of expired food, which may harm the corporate image of the Company. 	<ul style="list-style-type: none"> Deepen the supplier management mechanism, and strictly execute supplier evaluation and selection. Establish a standardized product safety management process and conduct random sampling of the products independently. Establish a standardized problematic product handling process and notify and take down relevant products from the shelves in a real-time way. Purchase relevant product financial insurance to avoid risks, e.g., product liability insurance.

Type of risk	Description of risk	Control method
Environmental risks	<ul style="list-style-type: none"> The climate change has resulted in the increasing frequency and intensity of extreme climate events, e.g., rainstorm, typhoon, flood, drought, earthquake or other relevant natural disasters. These events would result in casualties, property damages, interruption of supply chain or operation and production, causing serious damages to the corporate operation. 	<ul style="list-style-type: none"> Purchase relevant insurance to lower the losses caused by natural disasters to the business, e.g., commercial asset insurance or inventory insurance, commercial interruption insurance, public accident liability insurance, etc. Evaluate the natural disaster risks, and establish emergency response plans and disaster recovery plans to ensure that the business operation can be timely recovered after the disasters. Carry out daily automatic inspection work, e.g., store building inspection, electrical safety inspection, and periodical equipment repair and maintenance. Establish a major event notification mechanism and provide logistics manpower for support.
HR risks	<ul style="list-style-type: none"> In response to the increase of basic salaries, the personnel cost is continually rising, and it is also uneasy for stores to recruit and train talents, thus impacting the opening of new stores in the catering and retail industries. The competition in the catering industry and retail industry is fierce, and the work is busy with great pressure. Besides, due to a high turnover rate of personnel, the service quality can be easily affected. If labor relations and communication are not properly implemented, the labor regulations may be violated to result in the risks of losses from litigation, finance, and reputation. 	<ul style="list-style-type: none"> Complete a talent cultivation system, establish systematic or electronic education and training, and provide opportunities for diversified education and training so that colleagues can conveniently obtain resources and the cost of education and training can be lowered. Select locations for new stores cautiously to lower operating cost, gradually improve employees' welfare and satisfaction, reduce personnel turnover, and improve service quality. Provide colleagues with communicating channels and an appeal mechanism, strengthen the management ability of responsible talents, and improve the centripetal force of the group.
Safety risks	<ul style="list-style-type: none"> If employees suffer from occupational disasters in the workplaces, risks of loss of working hours, property losses, damage of corporate reputation, decline of employees' morale, and even legal litigation. After outbreak of the COVID-19 in 2019, the global epidemic was continued to 2022. If a large-scale infection occurred inside the enterprise, employees' health and corporate operation will be seriously impacted. 	<ul style="list-style-type: none"> Actively establish an occupational safety and health management system, minimize the risks imposed on the environment in the workplaces as well as machines, equipment, and operation contents, and reject any form of occupational hazards. Implement occupational safety and health education and training periodically, and improve employees' safety awareness. Execute automatic inspection of workplace safety and health as well as firefighting equipment every month, and conduct audits on an irregular basis. Establish an emergency response team, and carry out disaster classified management and periodical implementation of emergency response drills according to the emergency response plan. Establish "Operation Plan of the Enterprise in Response to the Continuity of Serious and Special Infectious COVID-19", execute personnel access control, conduct work in different regions, and strengthen the frequency of cleaning and disinfection of work environment.

Regulatory Compliance in Connection with Economy and Society

In 2022, neither parent company nor subsidiaries of Mercuries & Associates Holding was involved in any major situation that violated regulations in connection with economy and society.

Climate Change Risk Management

In recent years, due to the influence of extreme climate, sudden natural disasters have occurred in succession around the world, e.g., wildfire in California, flood in Chinese mainland, and locust plague in the East Africa. Climate crisis has already become a major risk in the corporate sustainable management. Mercuries & Associates Holding knows deeply the importance and urgency of low-carbon sustainable management, and deems climate change as an important topic. The Company has deeply integrated the low-carbon culture in the operating and investing activities to actively respond to the topic of environmental impact. Also, the Company discloses climate-related information in accordance with Schedule 2 in Article 4-1 of Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies.

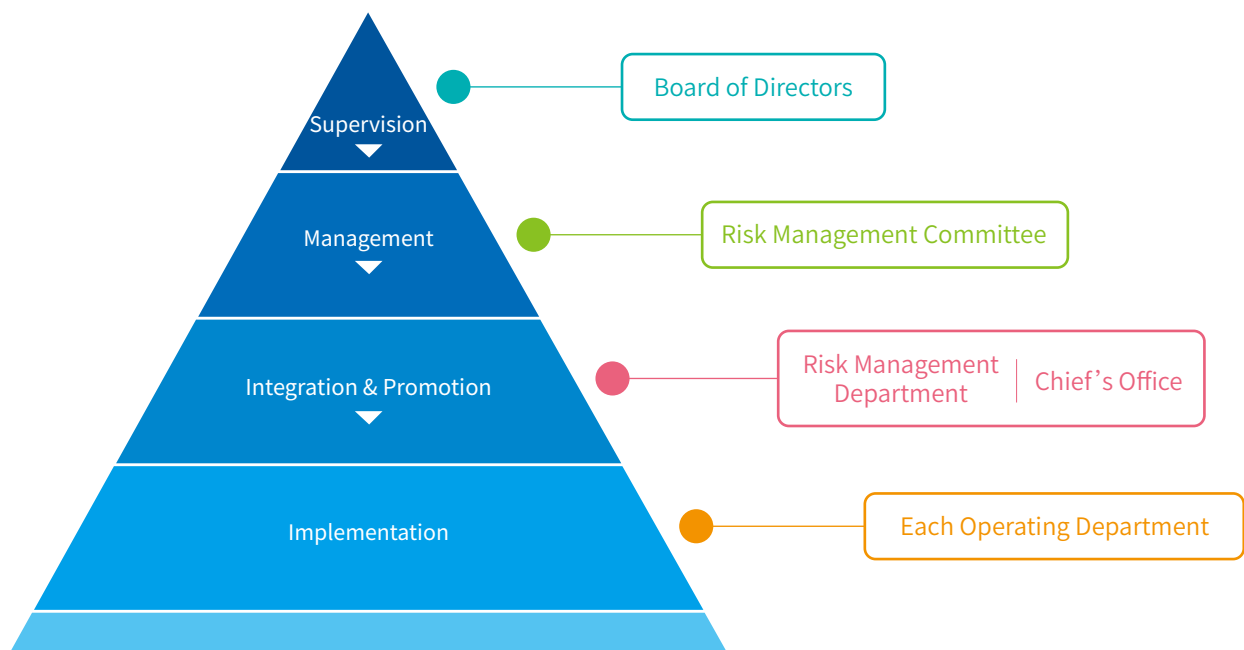
Mercuries & Associates Holding adopts the TCFD framework, and establishes a corporate climate governance unit according to four major elements, i.e., “Governance, Strategy, Risk Management, and Metrics and Targets” to analyze climate risks and opportunities, set up objectives, implement action plans, and include the crisis and turning points to the operation strategies to deepen climate governance.

Currently, Mercuries & Associates Holding and its subsidiaries have already drafted energy management and greenhouse gas inventory plans regarding the policy. In this Report, the climate risk management of Mercuries Life Insurance Co., Ltd. with relatively complete data will be disclosed first this time.

- Climate Risk Management of Mercuries Life Insurance Co., Ltd.

Governance

The company has established a climate governance structure to conduct systematic assignment of responsibility through the Board of Directors, the Risk Management Committee, and relevant responsible departments and divisions in three lines of defense, so as to ensure the implementation of risk management of climate change. The Board of Directors bears the final responsibility for the management of climate change risks. A “Risk Management Committee” is set up under the Board of Directors to periodically review the implementation status of climate risk management. The Risk Management Department is responsible for executing affairs related to the risk management of climate change, and the Chief’s Office shall ensure the consistency of the implementation status with the objectives of the company and ESG, so as to guide relevant departments to implement risk management of climate change, and periodically report the management results to the Risk Management Committee.



Strategy

The climate mission of the company is to “Support Taiwan and the World to Achieve the Goal of 2050 Net-Zero Emissions”. The first line of defense is responsible for executing the risk management process of climate change. After identifying the financial impacts of climate change risks and opportunities on business, products, investments, and loan granting, the first line of defense will draft climate-related strategies according to the evaluation results and the climate mission. The contents are as follows:

(1) Investment in Climate Risk Management

Under the global wave of ESG, the company believes that finance is the blood of sustainable economic development. Relying on the promotion of green finance, the company leads capital to sustainable development. In order to implement low-carbon investments, the company includes ESG factors in the investment analysis and evaluation processes standardized in “Investment Policy” and “Policy for Institutional Investors’ Due Governance”. Before investment, the ESG ratings of investment targets disclosed by MSCI as well as their sustainability reports or public information shall be searched first, to learn about the implementation status of their sustainability. After investment, the company will perform the due management obligations as an investor by means of enterprise engagement and exercising of voting rights. In addition, the company actively responds to the innovative key industry investment policy of the government, i.e., “Six Core Strategic Industries”, including green power, renewable energy, national defense, strategy, people’s livelihood, and combat readiness.

(2) Green Operation

Due to the influence of climate change, the average temperature becomes higher, which may increase the demand for power consumption of air conditioning. The company evaluates and confirms that the electricity used in the operating places is the main carbon emission sources of the life insurance industry. The company manages to lower the impact of the operation process on the environment by saving internal energy consumption and improving energy efficiency. The company strives to serve the goal of carbon emission reduction through periodical and continual replacement and cleaning of air-conditioning host units and equipment indoor units, and replacement with energy-saving lamps to improve utilization efficiency. At the same time, the company encourages the replacement of physical meetings with cloud meetings, and continually increases the quantity of video application sites, to reduce the environmental impact caused by movement or business travels of personnel. In addition, the company actively acquires certification from external third-party professional agencies. General Administration Division has obtained the certification of ISO14001 Environmental management systems by BSI for 5 consecutive years, and the headquarters building obtained the certification of ISO14064-1:2018 Greenhouse gas inventory. Also, the company expanded the scope of inventory to the operating sites around Taiwan in 2022.

(3) Energy Management

Due to the global warming, the temperature of atmosphere and oceans on the earth continues to increase due to greenhouse effect, which not only impacts the environment, but also harms ecology including animals and plants. The company duly performs its social responsibilities with an attitude of sustainable management. In addition to continually advocating energy conservation and carbon reduction and lowering unnecessary resource waste, the company arranges the replacement of old equipment and facilities like official cars and air-conditioning equipment with new ones as scheduled to lower the carbon emissions. Furthermore, the company has continually engaged in and evaluated the use of green energy. To be specific, it uses solar energy or plans to purchase relevant other green energy sources to continually lower carbon emissions.

(4) Property Climate Risk Evaluation

Investment property:

The climate change has intensified the frequency of disasters like rainfall and flood, which may cause physical damages to the property. In order to prevent the risk of accelerated depreciation or loss of property, the company has established relevant inspection standards, classified the investment property held into different climate risk levels, and adopts relevant regulatory and overhaul methods based on different risk judgments, to ensure the normal functioning of the investment property and the generation of long-term stable revenue.

Loan granting (property collateral):

Under the influence of climate change, the frequency and intensity of extreme climate conditions has been increased, resulting in the increase of the probability of property collateral being flooded. Consequently, the value of property collateral would be substantially impaired. In order to effectively master and respond to the risks imposed on the property collateral due to climate change at an early stage, the company classifies the property collateral into different climate risk levels according to the flooding risk factor, floors where the collateral is located, and property age. Also, the company takes appropriate monitoring measures according to climate risk levels to effectively lower the probability of losses from the company's loan granting.

Self-used property:

Under the background of global warming, the global climate change has been intensified, and the frequency of floods caused by sudden downpours is increased, which may damage the property. In order to prevent the risks of damages and unavailability of self-used property, the company has uniformly set up inspection standards, classified self-used property into different climate risk levels, and take relevant regulatory and overhaul methods based on different risk judgments, to ensure the normal functioning of the self-used property and sustain the continual operation of the company.

(5) Assurance of Corporate Reputation

If the company fails to actively take carbon emission and transformational measures, the general public may have a negative impression of industries with high climate risks, or improve the awareness of climate change, so as to influence the corporate reputation. To this end, in addition to the active application of carbon emission reduction measures, the company also continues to monitor climate-related negative messages and ensures that no negative impact resulting from climate-related risks would appear.

(6) Maintenance of a Management Mechanism for Continual Operation

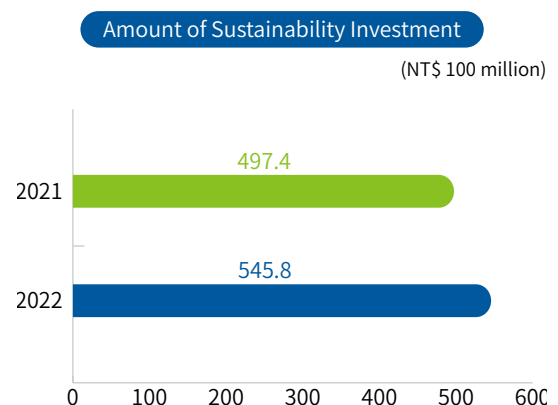
Given the frequent occurrence of disasters resulting from climate change around the world in recent years, the company has preinstalled non-local workplaces and computer devices, established a remote WFH (Work from Home) mechanism, established relevant plans for continual operation, and periodically handled information system backup drills. Additionally, the company also actively introduces international operational continuity management standards, refers to the best practice principles, and plans to assign third-party independent agencies to verify various requirements from the company itself, regulations, and customers, and continually sustains the effectiveness of relevant certificates, so as to ensure the company's capabilities to cope with the risk of operational interruption.

(7) Tracking the Impact of Climate Risks on Life Insurance Products

Climate risks may impose an impact on the frequency or range of losses of life insurance products. Therefore, the company periodically reviews the claim settlement experience of each product. If there is a significant deterioration based on the claim settlement experience, responsive measures like repricing of this product, or discontinuity of its sales may be taken; in addition, the Company also continuously follows the product or actuary related laws and regulations issued by the competent authority, as well as all actuary practical handling criteria, to ensure the timeliness and reasonableness of response to climate risks.

(8) Focusing on "5+2" Innovative Key Industry Investment Policy

The company actively responds to "5+2" Innovative Key Industry Investment Policy of the government, which involves biotechnology medicine, green energy technology, circular economy, and other related industries. It has gradually improved the ratio of sustainability investments. In 2021, it realized sustainability investment amount over NT\$ 49.74 billion. This figure was increased to NT\$ 54.58 billion in 2022. Relying on the low-carbon investments, the Company strives to realize sustainable economic development. Also, it supports the green energy and low-carbon investments in related industries, in order to make contributions to the environment.



(9) Promoting Low-carbon Digital Insurance Services

Given the trend of global low-carbon transformation, the company has successively provided low-carbon insurance services including mobile insurance, electronic form, electronic policy, mobile insurance service, and mobile claim settlement since 2015. Currently, the company continues to develop diversified low-carbon insurance services. In 2022, the company developed service items including “Mobile Online Insurance Service System”, “Claim Consortium Blockchain 2.0”, and “Electronic Claim Payment Notification” to make the services more convenient, improve the processing efficiency of cases and customer experience, and reduce paper consumption to realize an energy-saving and carbon reduction effect.

In the future, the Company will also continue to make innovations, or implement relevant policies formulated by the competent authority, e.g., “Mobile Insurance Paperless” Project to vigorously make efforts in promoting the low-carbon digital insurance services, in addition to the optimization of the currently existing service channels and tools.

(10) Promoting Paperless Offices

Encourage the internal work units of the head office to make good use of OA and approval systems and apply electronic window and online approval. Since paper documents have been accumulated year by year, if the paper documents are converted to digital files, not only the physical facilities originally used for store the paper documents can be cleared, but also various expenses can be saved (e.g., ink, toners, paper, postage, manual handling and management fees, rent, and other operating costs) and a lot of administrative workloads can be lightened together with improved working efficiency. By creating a low-carbon workplace environment, the company can save operating cost and acquire economic benefits.

(11) Promoting Low-carbon Insurance Products

The air pollution derived from the continuous increase of global carbon emissions becomes a great threat against environmental and personal health. The company actively promotes green, low-carbon insurance commodities, and provides sport walking type spillover policies and products that encourage policyholders to take public transportation more. With the designs of reduction of renewal premium by sport walking or provision of double protection for use of public transportation, the company encourages consumers to purchase insurance products featuring green behaviors, thus not only reducing the premium and improving self-protection, but also urging consumers to walk more, take the lift less, use public transportation more, and drive cars or motorcycles less, so as to realize a carbon reduction effect. In the future, the Company will continue to promote more diversified green and low-carbon products, provide policyholders with more choices and guarantees, and make contributions to the environment.

Risk Management

Risk management is conducted in accordance with “Internal Control Three Lines of Defense Best Practice Principles in the Insurance Industry”:

First line of defense:

Relevant responsible departments engage in the management processes of risk identification, measurement, response, and monitoring according to TCFD classification.

Second line of defense:

Risk Management Department assists the first line of defense in identifying, measuring, responding to, and monitoring the climate change risks, and implementing necessary measures. Also, Regulatory Compliance Office shall pass on information related to laws and regulations concerning climate change risks as appropriate, and urge relevant responsible units to take necessary responsive measures to comply with the provisions of laws, regulations, and rules.

Third line of defense:

Auditing Office is responsible for auditing and evaluating the effectiveness of the internal control and risk management system regarding climate change risks designed and executed for the first and the second lines of defense, and offering suggestions on improvement as appropriate.

Risk Identification, Risk Measurement, Risk Monitoring, and Risk Exposure

(1) Risk Identification

A. Identifying Climate Risks and Opportunities and Risk Exposure

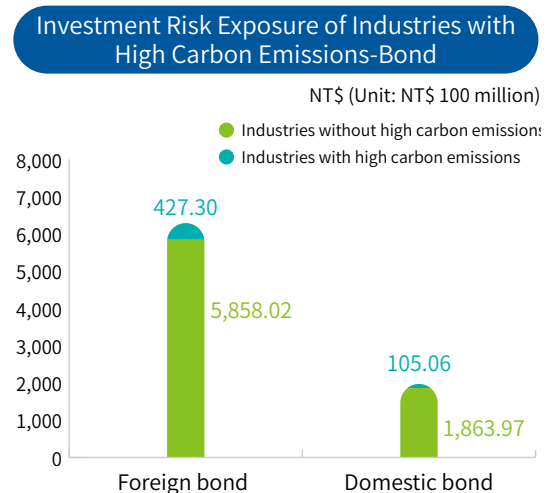
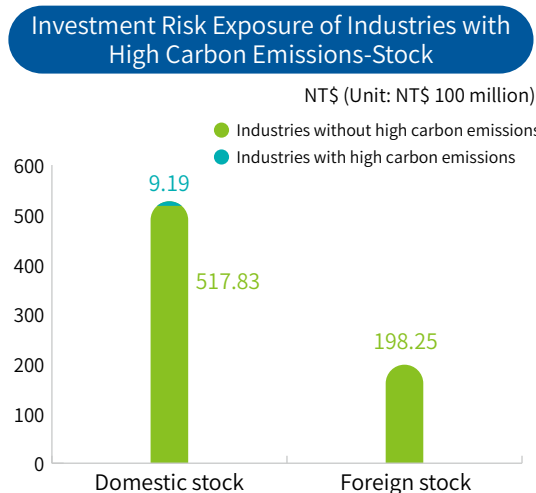
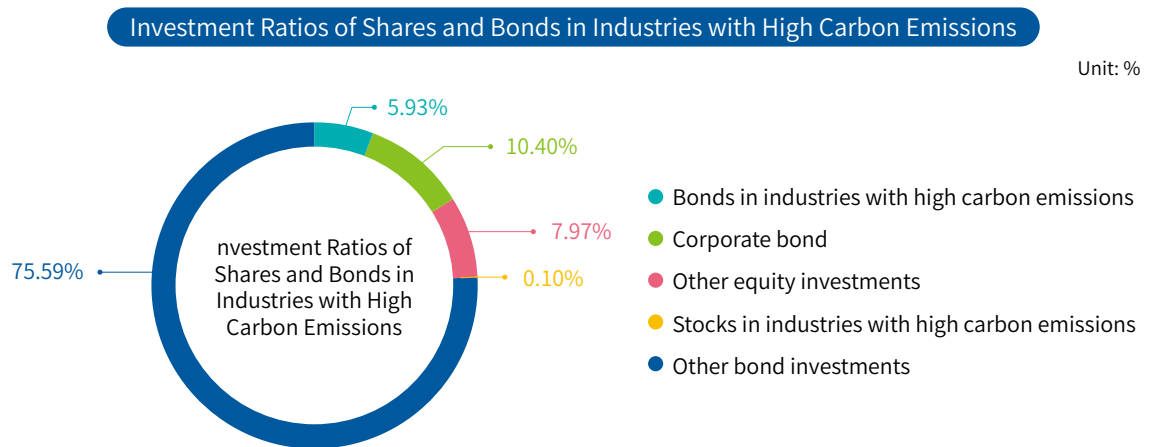
Relevant responsible departments in the first line of defense shall identify the degree of impact of climate risks and opportunities within the business scope, as well as potential financial impact, and check the risk exposure of previous year according to the climate risk and opportunity indicators. Then, relevant information shall be submitted to Risk Management Department for summarization, and “Summary Sheet of Climate Risks and Opportunities” shall be completed.

B. Identifying the Significance of Climate Risks

In accordance with the requirements of “Guide to the Climate-Related Risk Financial Disclosures of the Insurance Industry”, the insurance industry shall establish determination indicators for sorting of climate-related risks per significance, and arrange priorities for these risks based on the material standards. “Greenhouse Gas Emissions” is adopted as a material standard for “Climate Transition Risks”, and the risks of each industry target of securities investments are arranged; besides, for “Climate Physical Risk”, “Climate Change Disaster Area” is adopted as a material standard, and the risks of the regions where the investment property and housing loan targets are located are arranged.

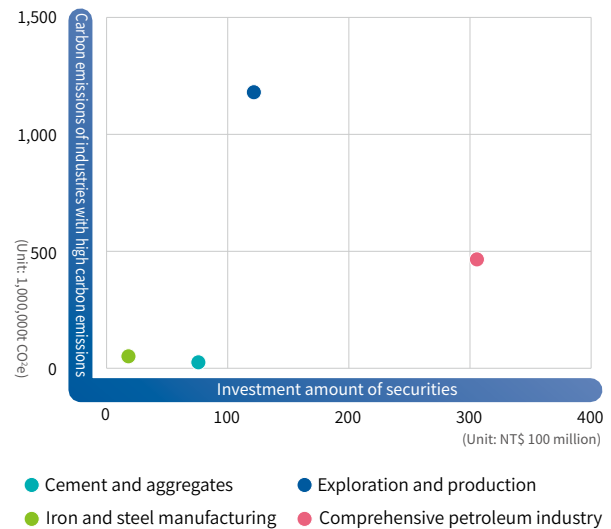
a. Material Standards of Climate Transition Risks of Securities Investments and Sorting

The risk exposure of securities of industries with high carbon emissions is checked and shown as follows according to a list of industries with high carbon emissions. At the end of December 2022, the risk exposure rate of investment portfolios for industries with high carbon emissions was approximately 6.03%. Risk exposure to petroleum, natural gas, and coal products (comprehensive petroleum industry, exploration, and production) was primary, while that to cement manufacturing (cement and aggregates) was secondary.



For securities investment, the unit related to the securities investment is responsible for identifying industries with high climate risks with reference to the industries or enterprises listed in “Regulations Governing the Inventory Registration of Greenhouse Gas Emissions & the First Batch of Emission Sources Requiring Inventory Registration of Greenhouse Gas Emissions” issued by Environmental Protection Agency, the Executive Yuan, evaluating the industries affected by the climate risks, and further arranging the materiality of climate risks according to the possibility of occurrence of risks identified and risk exposure status. The evaluation results of climate materiality of securities in 2022 are shown in the diagram below. Degree of risk exposure (X-axis) is the investment amount of securities, while possibility of occurrence of risks (Y-axis) is the carbon emissions of industries with high carbon emissions. As a whole, the carbon emissions and risk exposure amount of petroleum, natural gas, and coal products (comprehensive petroleum industry, exploration, and production) are relatively high, presenting higher risk materiality.

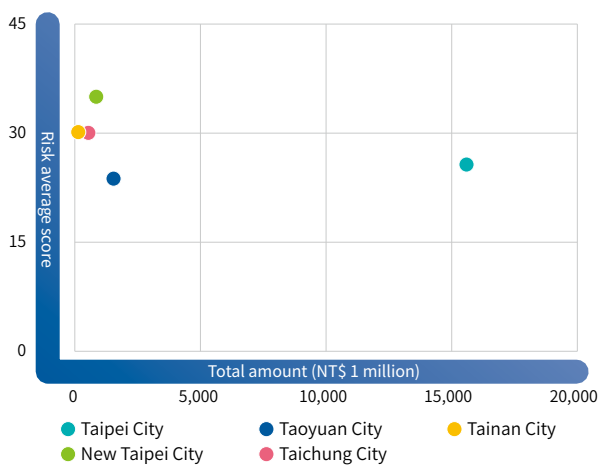
Material Risk Evaluation Results-Securities



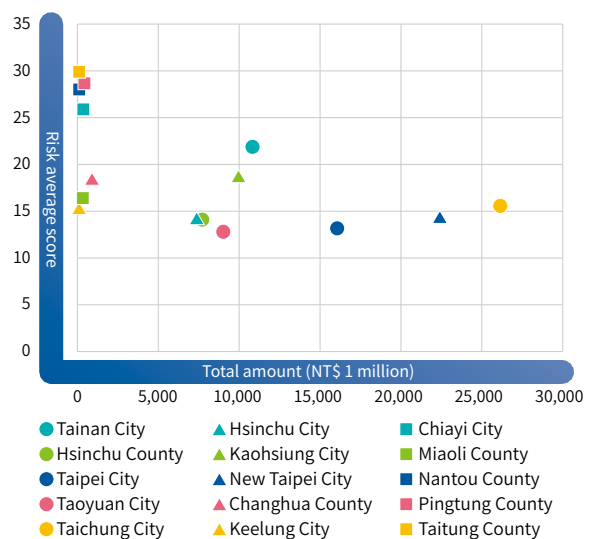
b. Material Standards of Climate Physical Risks of Investment Property and Housing Loans and Sorting

For investment property and housing loans, Real Estate Department and Loan Department are responsible for identifying high climate risk objectives. The latest edition of “Climate Change Flooding Disaster Risk Map” released by the National Science and Technology Center for Disaster Reduction (NCDR) is used as the evaluation method to sort the disaster risk classification of each area. Degree of risk exposure (X-axis) is the value of the property target, while possibility of occurrence of risk (Y-axis) is the average score of flooding disaster risk classification target in Taiwan by NCDR. It was evaluated that the results of the investment property and housing loans recorded of the company in 2022 are shown as follows. In consideration of the value of property and physical risks, no material physical risk existed in the company’s investment property and housing loan collateral as a whole.

Material Risk Evaluation Results - Investment Property



Material Risk Evaluation Results - Housing Loans



(2) Risk Measurement

Risk measurement and response are carried out according to TCFD risk classification. In consideration of the accessibility of scenario data, quantified scenario analysis of climate transition risks and climate physical risks is conducted respectively for investing, financing, and operating activities; for other business activities, relevant qualitative method is adopted for risk description.

A. Investing and Financing Activities-Climate Transition Risk Evaluation

To mitigate and adapt to the impact caused by climate change, national governments have declared their vision for “Net-Zero Carbon Emissions” in succession, and strengthened their control over carbon emissions, including “Carbon Border Adjustment Mechanism (CBAM)” of the EU and “Climate Change Response Act” of Taiwan. The greenhouse gas emissions will be reduced through the collection of carbon tariff or carbon charge, which may influence the cost or operating revenue from the investment targets. In consideration of policies and regulations, the company has conducted risk analysis for specific industries or investment targets.

It has been evaluated and confirmed that the industries with high carbon emissions will be affected most seriously if carbon charge is collected in the future. Therefore, a list of industries with high carbon emissions is defined with reference to “Greenhouse Gas Reduction and Management Act” (shown in the following table).

List of Industries with High Carbon Emissions



※Note: Industries with high carbon emissions are classified per BICS industry codes.

a. Scenario Analysis of Transition Risks of Securities

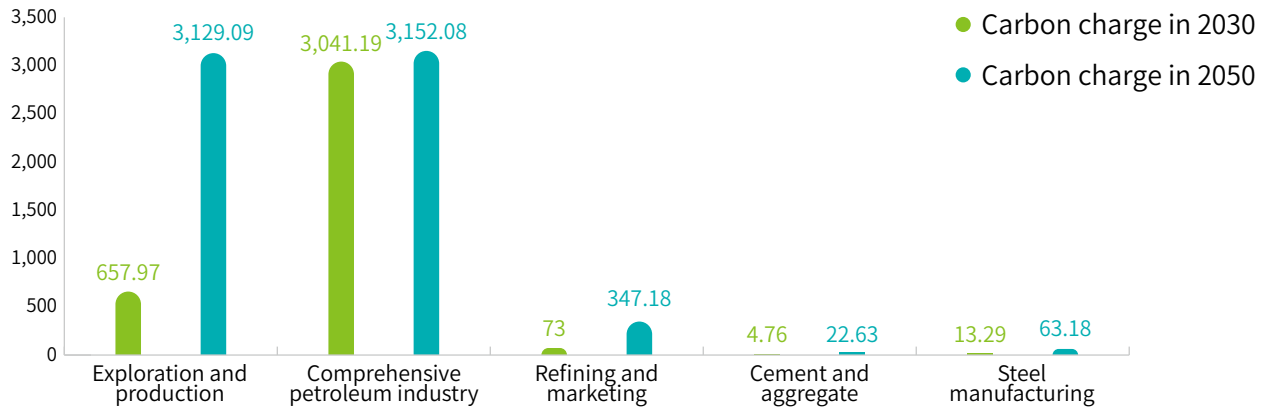
Climate scenario analysis is handled in consideration of carbon emissions and temperature paths. Scenario analysis is conducted towards invested companies in the industries with high carbon emissions with reference to the climate scenarios released by the NGFS. The operating cost increased due to the expenditure of carbon charge is evaluated under the scenarios of “Orderly - Net Zero 2050” and “Hot House World - Current Policies” respectively. Assume that a target company hasn’t taken any carbon reduction measures. The carbon charge expenditure possibly faced by this invested target company will be calculated based on the greenhouse gas emissions in 2021 and the global carbon charge parameters of 2030 and 2050 using a model of Downscaling REMIND-MAGPIE 3.0-4.4.

The bond investments held by the company in industries with high carbon emissions focus on petroleum and natural gas. Under the scenario of “Orderly - Net Zero 2050”, the carbon charge payable by target companies in petroleum, natural gas, mining industry, and coal products will be as high as USD 927.09 billion in 2050 based on the estimation of the total carbon charge. The target companies for bond investments in the industries with high carbon emissions shall pay a total amount of carbon charge as high as USD 944.01 billion.

The stock investments in the industries with high carbon emissions focus on iron and steel manufacturing. Under the scenario of “Orderly - Net Zero 2050”, the iron and steel manufacturing industry may need to pay approximately USD 12.46 billion of carbon charge as estimated. The target companies for stock investments in the industries with high carbon emissions shall pay a total amount of carbon charge as high as USD 14.3 billion.

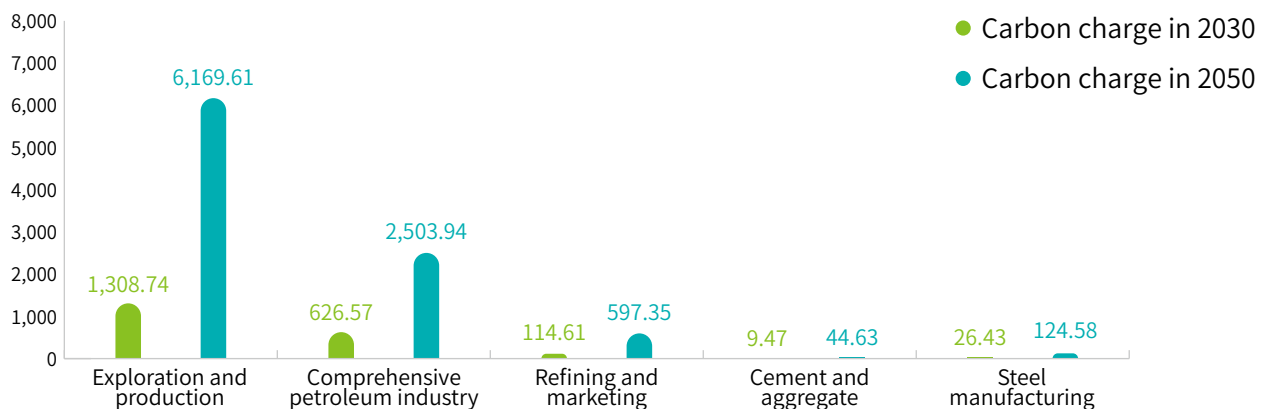
Estimated Expenditure of Carbon Charge for Investments of Industries-Current Policies Bond

USD (Unit: USD 1 million)



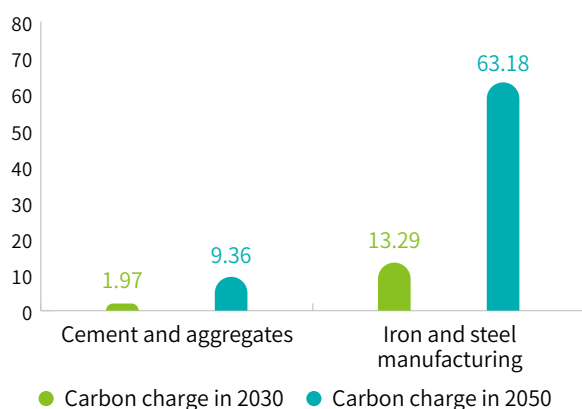
Estimated Expenditure of Carbon Charge for Investments of Industries with High Carbon Emissions-Net Zero 2050 Bond

USD (Unit: USD 100 million)



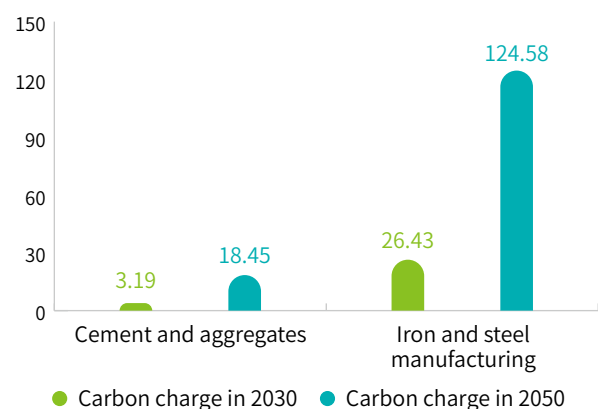
Estimated Expenditure of Carbon Charge for Investments of Industries-Current Policies Stock

USD (Unit: USD 1 million)



Estimated Expenditure of Carbon Charge for Investments of Industries- Net Zero 2050 Stock

USD (Unit: USD 100 million)



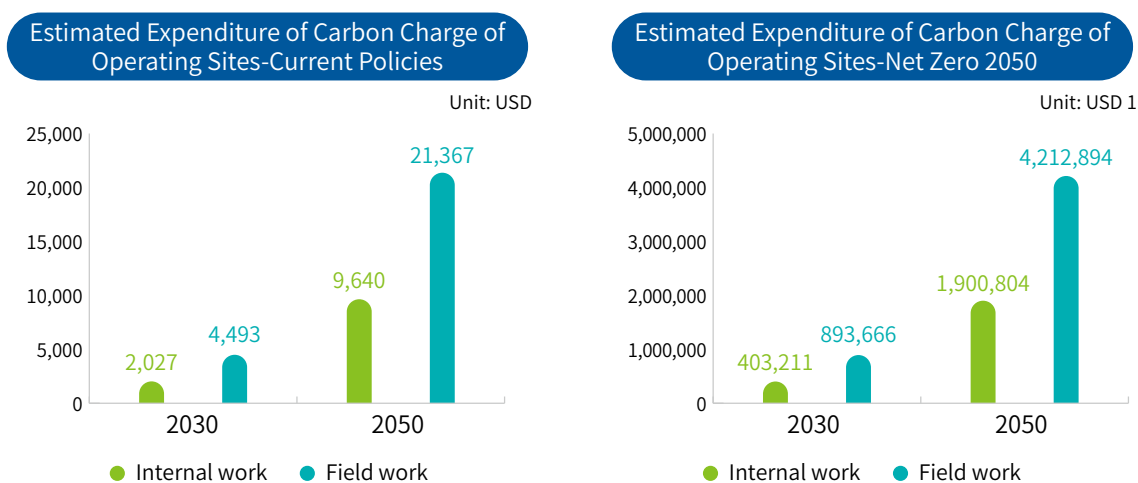
b. Response to Transition Risks of Securities

The investment department will check whether companies in the industries with high carbon emissions take relevant measures to mitigate or adapt to the climate-related risks before investment, and periodically track the implementation and improvement status after investment. Besides, it will evaluate whether climate engagement actions shall be taken, and encourage the investment targets to implement low-carbon transition, and other relevant actions.

B. Operating Activities - Evaluation of Climate Transition Risks

a. Scenario Analysis of Transition Risks in Operating Activities

The power consumption of each operating site in 2022 was checked, and converted to carbon emissions in accordance with the power carbon emission coefficient in 2021. Scenario analysis was introduced to evaluate the possible financial impact on the collection of carbon charge in the future. It has been evaluated and confirmed that the main carbon emission source is the power utilization of the office building since the Company is engaged in the financial insurance industry. No significant operating cost was increased through evaluation. ISO14064-1 will be continuously adopted in the future to check the carbon emissions of operating sites, and measures including energy conservation and carbon emissions will be promoted to ensure the compliance of operation with the regulatory requirements of the competent authority.



b. Response to Transition Risks of Operating Activities

Occupational Safety and General Affairs Department will take the following measures to respond to and manage the transition risks of operating sites.

	High risk	Medium risk	Low risk
Risk response	Evaluate and increase the ratio of energy-saving equipment used, and use more alternative energy sources (e.g., solar energy).	Reduce waste with appropriate management approaches, replace old and energy-consuming equipment, and use more energy-saving equipment.	Continual concern

C. Investing and Financing Activities - Evaluation of Climate Physical Risks

In accordance with the report of “Impacts, Adaptation and Vulnerability.” published by United Nations Intergovernmental Panel on Climate Change (IPCC), human induced climate change causes more frequent and intense extreme climate events, e.g., extreme rainfall, which will cause extensive negative and even irreversible impacts on the Nature and human race. The company has conducted risk analysis of the property distribution in consideration of the extreme climate factors.

a. Scenario Analysis of Physical Risks in Investment Property and Housing Loans

Climate scenario analysis is handled in consideration of carbon emissions and temperature paths. The risk level (relative risk) of a specific region is evaluated with reference to the future flooding disaster risks estimated using “Taiwan Disaster Risk Map” released by National Science and Technology Center for Disaster Reduction (NCDR) and in consideration of hazard (probability of extreme rainfall), vulnerability (flooding scope under specific rainfall condition), and risk exposure (the higher the population density, the higher the risk exposure). Also, the floor and property age of the target is comprehensively evaluated, and the results of scenario analysis of the property is assessed as well. The physical scenario assumptions include the following elements:

- Flooding risk factor:

It is classified into Risk 1-Risk 5 in accordance with the future flooding disaster risks estimated using “Taiwan Disaster Risk Map” released by NCDR (The higher the value, the higher the risk).

- Floor of the target:

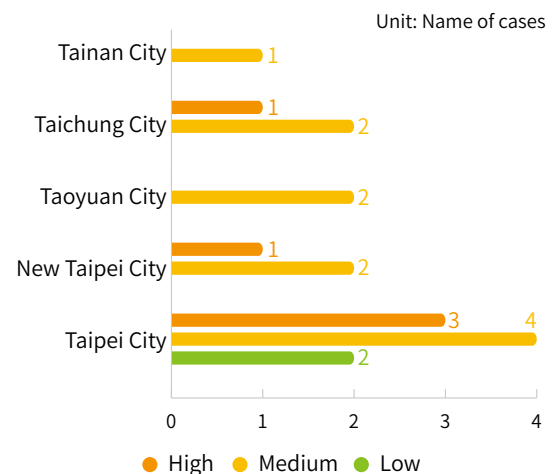
The risk factor of floor 1 and below is 3; the risk factor of floors 2-4 is 2; the risk factor of floor 5 and above is 1.

- Property age of the target:

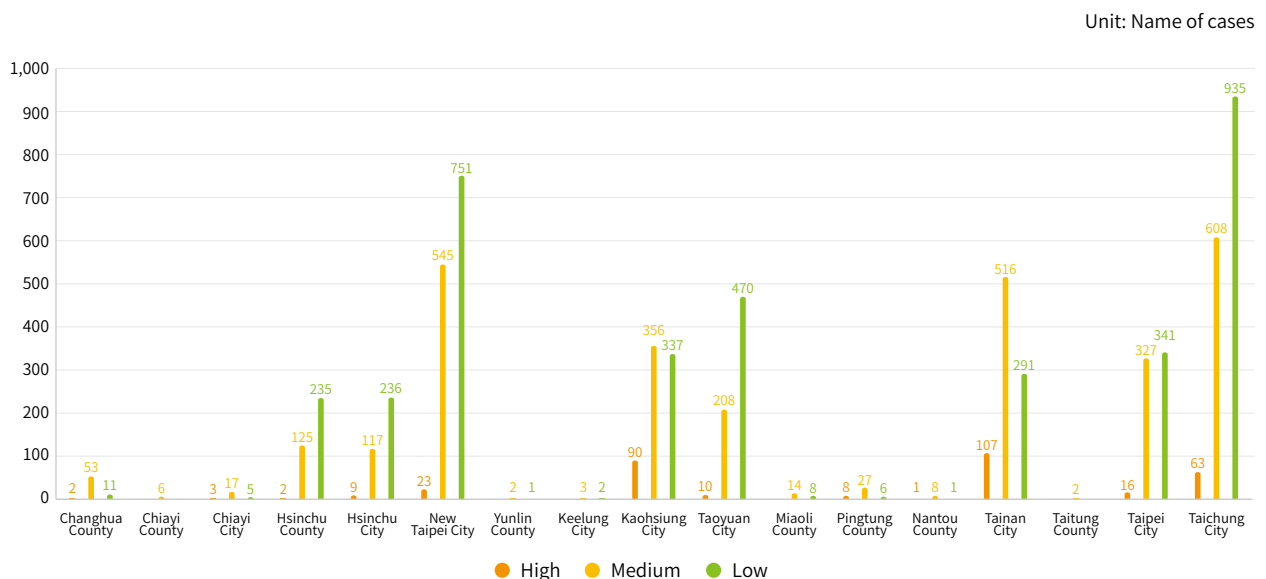
The risk factor of property age above 31 years is 3; the risk factor of property age of 11-30 years is 2; the risk factor of property age below 10 years is 1.

Risk evaluation and classification are carried out according to the target information. If the combined score (multiplication of three factors) exceeds 35 points, it will be classified as high risk. If the combined score is 11-35 points, it will be classified as medium risk. If the combined score is lower than 10 points, it will be classified as low risk. In the investment property held as of the end of 2022, only 5 projects were with high climate risks; the housing loan projects were spread all over the cities and counties of Taiwan, among which approximately 53% of projects were low-risk projects, approximately 42% of projects were medium-risk projects, and only approximately 5% of projects were high-risk projects. These projects are distributed in Taipei City, New Taipei City, Taoyuan City, Hsinchu City, Hsinchu County, Nantou County, Taichung City, Changhua County, Chiayi City, Tainan City, Kaohsiung City, and Pingtung County.

Evaluation Results of Physical Risks in Investment Property



Evaluation Results of Physical Risks in Housing Loans



b. Response to Physical Risks in Investment Property and Housing Loans

Real Estate Department and Loan Department will take the following measures to respond to and manage physical risks.

Aspect		High risk	Medium risk	Low risk
Investment property	Each target	Pay intensified attention to the potential changes of disasters, and strengthen overhaul of the targets in case of natural disasters and emergencies.	Pay intensified attention to the potential changes of disasters.	Approved per relevant procedure
	Same region	Pay intensified attention to the potential changes of disasters, and strengthen overhaul of the targets in case of natural disasters and emergencies.	Pay intensified attention to the potential changes of disasters.	Holding maintained
Housing loan	Single target	Mark that the target is in a high-risk region upon review of each new project.	Pay intensified attention to the potential changes of disasters.	Approved per relevant procedure
	Same region	Strengthen monitoring and evaluate the change of value at risk.	Pay intensified attention to the potential changes of disasters.	Approved per relevant procedure

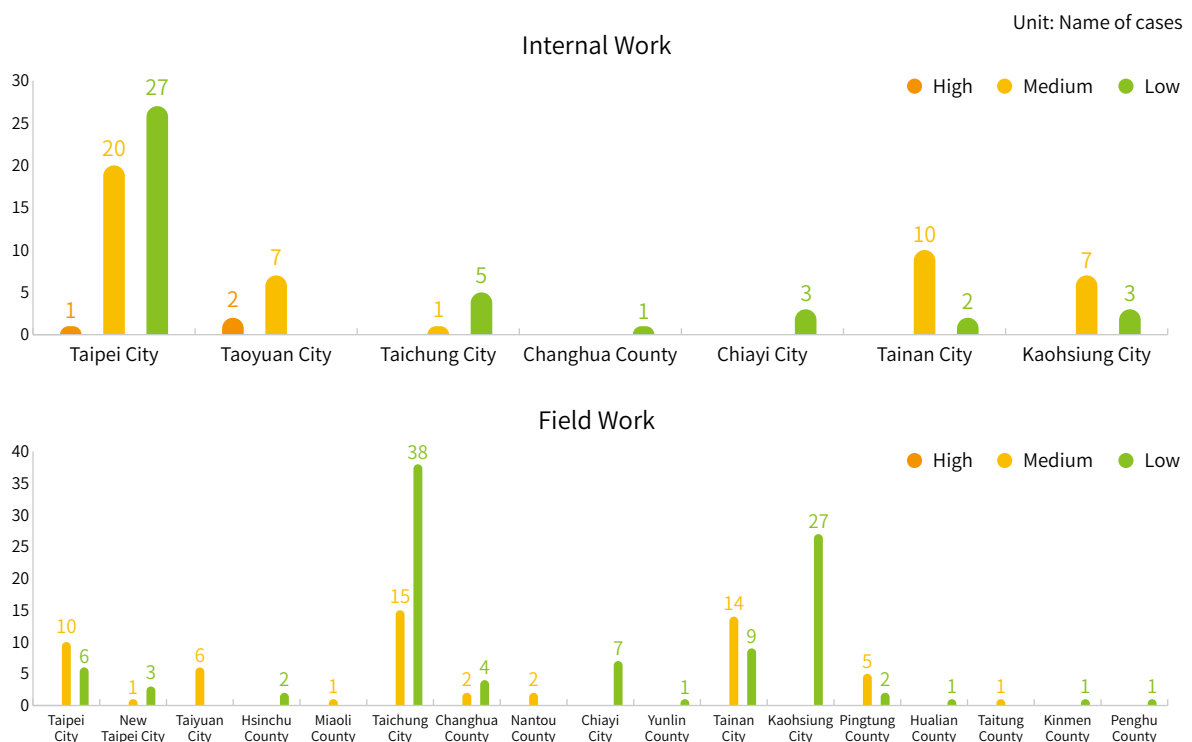
D. Operating Activities - Evaluation of Climate Physical Risks

a. Scenario Analysis of Physical Risks in Operating Sites

It has been evaluated and confirmed that the operating sites of the company are spread all over cities and counties in Taiwan. 248 related documents have been taken back, and only 3 internal work sites have been evaluated as high-risk. 1 internal work site is located in Zhongshan District, Taipei City, and categorized as Risk 5 area defined by NCDR. Also, it is located in a basement with property age beyond 30 years. The other two internal work sites are located in Zhongli District, Taoyuan, and categorized as Risk 5 area defined by NCDR. Also, these two sites are located on basement 1 and floor 1 with property age beyond 30 years.

The company will response to the operation interruption resulted from natural disasters like extreme climate, establish continual operation plans and improve the timeliness of system recovery; also, it will regularly evaluate the influence of natural disasters on the operation, and make improvements based on evaluation results, to lower the risks resulting from extreme weather conditions.

Evaluation Results of Physical Risks in Operating Sites



b. Response to Physical Risks in Operating Sites

Occupational Safety and General Affairs Department will take the following measures to respond to and manage the physical risks in operating sites.

	High risk	Medium risk	Low risk
Risk response	<ul style="list-style-type: none"> Evaluate the feasibility of relocation; Assure the effectiveness of data backup; Plan the necessity of work in different places; Strengthen monitoring and confirm the sustainable operation management of the company. 	<ul style="list-style-type: none"> Pay intensified attention to the potential changes of disasters; Check if the property insurance purchased is sufficient; Carry out regular backup drills. 	Operation maintained

c. Risk Monitoring

When establishing risk appetite, strategies, and operation plans, the company will take the climate change risks identified into account, and establish metrics and targets addressing climate change risks to continually supervise the management and disclosure of such risks.

» Statement of Risk Appetite

The company's statement of risk appetite is as follows: Establish relevant strategies, indicators, and targets according to the global Net-Zero policy, and actively manage climate change risks to support the fulfillment of the goal of Net Zero 2050.

» Risk Appetite Indicators

The existing risk appetite indicator is "Financial Strength Rating (Long-term Rating) of Taiwan Ratings not lower than twA-". The aspects controlled by this indicator include ESG indicators, among which the environmental indicator has already covered environmental credit factors including climate change risks and physical risks. Therefore, it reflects the results of the company's climate risk management capabilities.

» Periodical monitoring

Relevant responsible departments are responsible for monitoring and managing the fulfillment of the metrics and targets of climate risks/opportunities. Risk Management Department is responsible for presenting the implementation status to Risk Management Committee and the Board of Directors.



Metrics and Targets

Targets and strategies in 2022	Fulfillment status in 2022	Targets for 2023
<ul style="list-style-type: none"> Reduction of total carbon emissions by 10% in 2024 Expansion of the scope of ISO 14064-1 Greenhouse gas inventory to branches in Taipei, Taichung, Tainan, and Kaohsiung 	<ul style="list-style-type: none"> Since the company acquired a new headquarters building in 2022, the carbon emissions slightly increased by 5.7%. The company continually obtained the certification of ISO14001 Environmental management system, and ISO14064 Greenhouse gas inventory. 	<ul style="list-style-type: none"> Set a goal for reduction of 1% of carbon emissions every year with 2022 as the base year. Continue to complete the greenhouse gas inventory of the operating sites of the company in Taiwan and obtain relevant verification and approval.
<ul style="list-style-type: none"> Adoption of digital tools to promote low-carbon insurance services 	<ul style="list-style-type: none"> The company promoted digital services including electronic policy, mobile insurance, mobile insurance service, mobile claim settlement, and online transaction application, and reduced the use of 5.442 million pieces of paper in total. The company promoted "Claim Consortium Blockchain" which could save 98,000 pieces of paper. The Company made 81 pieces of product DM with format of electronic files, reducing the use of 810,000 pieces of paper. The number of electronic official document application forms reached 135 every quarter. 	<ul style="list-style-type: none"> Continue to promote digital services including electronic policy, mobile insurance, mobile insurance service, mobile claim settlement, and online transaction application. It is expected to reduce the use of more than 6.12 million pieces of paper in total. Develop mobile insurance service system to save approximately 35,000 pieces of paper for paper policies and relevant proposal documents. Develop "Claim Medical Access 2.0" to save paper documents related to claim settlement. It is expected to save 25,000 pieces of paper. Promote the electronic sending of "Electronic Claim Payment Notification". It is expected that 190,000 pieces of paper can be saved. Improve the utilization rate of electronic official document application forms by 60%.
<ul style="list-style-type: none"> Concentration on the investments in green energy technology and environment-friendly circular economy Investment in green buildings 	<ul style="list-style-type: none"> The amount of sustainable investment reached NT\$ 49.74 billion. The net increase of investments in green bonds, social responsibility bonds, and sustainable development bonds reached NT\$ 2.25 billion. The Company invested in the acquisition of Neihu Building with LEED Silver certification. 	<ul style="list-style-type: none"> Include the impact of investment targets on climatic environment into the investment research and evaluation, and give full consideration to the ESG score and performance of investment targets during investment decision-making. Continue to plan and increase the investments in companies related to green energy industrial chain and sustainable development bonds.

Climate Risk Management of Other Subsidiaries

Climate-related Financial Disclosures per TCFD Framework (Mercuries & Associates, Ltd./Mercuries F&B Co., Ltd./Simple Mart Retail Co., Ltd.)

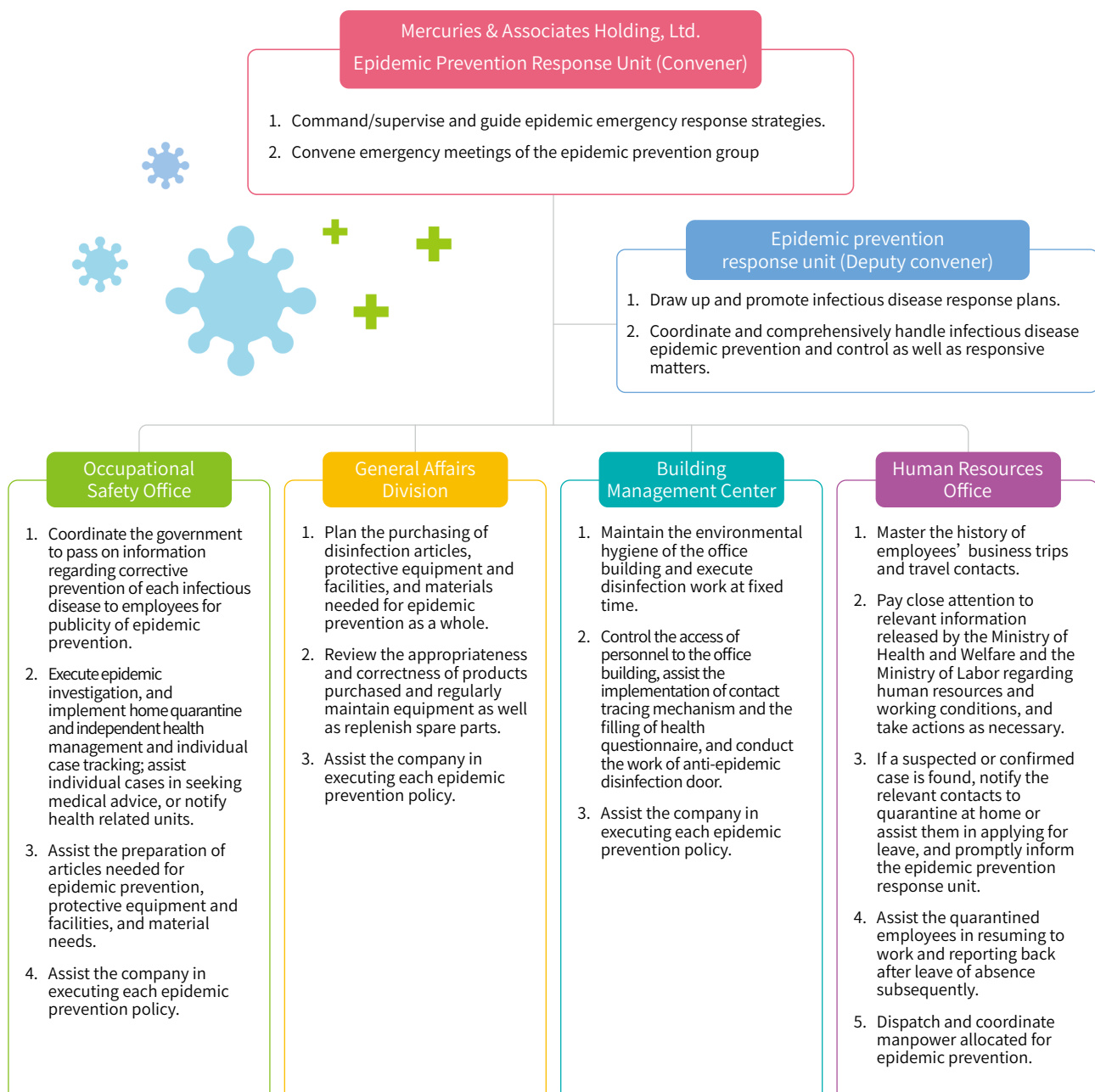
Governance	Board of Directors	The Board of Directors of Mercuries & Associates Holding, as the top corporate risk management unit, aims at complying with laws and regulations, and promoting and implementing risk management. In 2021, the company included “Corporate Response to Climate Change” into the scope of its corporate risk management. ESG Committee reports the promotion effect to the Board of Directors every year, and supervises the promotion.
	ESG Committee	As the unit responsible for managing climate change risks, the ESG Committee is mainly responsible for searching climate policies at home and abroad, drafting climate management targets and strategies, and promoting the implementation of such targets and strategies. In addition, “Greenhouse Gas Inventory and Reduction Promotion Committee” is internally established to report the progress and status of greenhouse gas inventory to the Board of Directors on a quarterly basis.
	Operation Management Committee	The members of this committee are the top managers of each business division or brand. It convenes meetings once every month, and discusses and makes decisions on the risks and opportunities brought by climate change to the operation in the meetings.
Strategy	Risk identification	<p>[Short term]</p> <ul style="list-style-type: none"> Physical risks: Extreme climate events like typhoon and flood may cause the risks of suspension of store operation, impairment of equipment and output value, increase of operation cost resulting from equipment repair, interruption of raw material supply, and rise of cost. <p>[Medium term]</p> <ul style="list-style-type: none"> Physical risks: The rise of average temperature affects the operating efficiency of refrigerating equipment; the production cycle and quality of raw materials of food result in the instability of market supply; the hot weather can also lead to the changes of consumer’s behaviors. Transition risks: (1) With the increasingly strict climate policies adopted by national governments, it is expected that the company will need to comply with more climate laws and regulations in the future. If the company fails to respond in a timely manner, it may violate relevant regulations and face punishments, decline of corporate reputation, and other relevant risks; (2) In accordance with Climate Change Response Act and the Sustainable Development Roadmap, in addition to the planned collection of carbon tariff by the government agency in the future, enterprise greenhouse gas inventory and third-party verification will also increase an enterprise’s financial expenditure.
		<p>[Long term]</p> <ul style="list-style-type: none"> Transition risks: In response to the changes of consumers’ habits, an enterprise needs to eliminate old equipment with energy-saving equipment and maintain such equipment, and transform their manpower demand in order to realize transformation of green economy. Additionally, since carbon tariff system will be promoted in the future, the operating cost may be increased if the company fails to plan relevant carbon reduction targets and methods at an early stage.
	Identification of climate-related risks and opportunities and potential financial impacts	
	Opportunity identification	<p>[Short term]</p> <ul style="list-style-type: none"> The company will conduct energy management, energy conservation and carbon reduction plans as early as possible to gradually reduce the greenhouse gas emissions, e.g., establishment of energy management system, adoption of energy conservation actions, gradual replacement of energy-consuming equipment, improvement of recovery rate of resource waste, development of climate change adaptation and insurance schemes, diversified operation, and response to the improvement of consumers’ environmental awareness. <p>[Medium term]</p> <ul style="list-style-type: none"> Improve high-efficiency transportation mode and distribution flows, increase the ratio of local procurement, promote automatic work, and adopt buildings or hardware with high energy and resource utilization efficiency. <p>[Long term]</p> <ul style="list-style-type: none"> Promote the company’s strategies for energy conservation and carbon reduction as well as greenhouse gas reductions, develop low-carbon products and service innovations, develop circular economy, establish new market partners or industry-university partnership, and develop long-term energy-saving measures. Also, the company is continually engaged in carbon reduction plans of Mercuries Group including afforestation to realize carbon neutrality and accumulated carbon rights.

Climate-related Financial Disclosures per TCFD Framework
(Mercuries & Associates, Ltd./Mercuries F&B Co., Ltd./Simple Mart Retail Co., Ltd.)

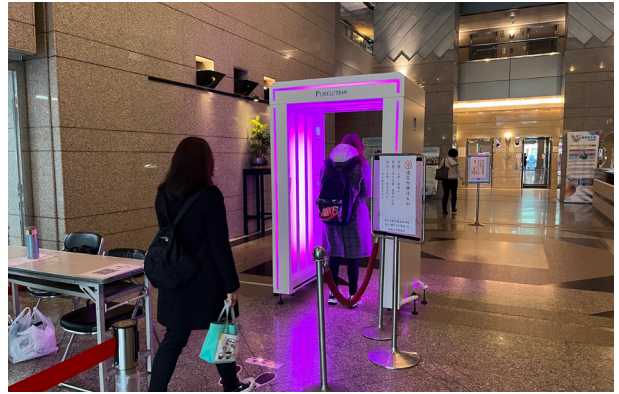
Risk management	Introduction of TCFD	Establish climate risk management processes of Mercuries, identify climate risks and opportunities, and establish targets for energy conservation and carbon reduction with reference to the four core elements disclosed in TCFD framework, i.e., “Governance, Strategy, Risk Management, and Metrics and Targets”, and “Climate-related Risk, Opportunity, and Financial Impact Evaluation Framework”. Also, report to the ESG Committee periodically, and the senior executive will confirm relevant policy before implementation.
	Climate risk management processes	<p>(1) Each department of the company shall identify climate risks and opportunities that may have a major impact on the operation according to their business scope.</p> <p>(2) Each department of the Company shall evaluate the impacts of material climate risks and opportunities identified on operation and finance, and come up with responsive strategies and targets.</p> <p>(3) The ESG Committee is responsible for summarizing and confirming each business division’s operation, finance, strategy, and regulatory compliance, supervising the execution status of each department according to risk management measures, presenting such conditions to the Board of Directors periodically, and disclosed them in the corporate ESG report.</p>
	Transition Plan	Draft an enterprise carbon reduction plan in advance to lower the financial impact of collection of carbon charge in the future on the company.
Metrics and targets	Greenhouse gas inventory targets	<p>In accordance with the Sustainable Development Roadmap, Mercuries & Associates Holding is expected to complete greenhouse gas inventory before 2025 and verification before 2027 respectively; the subsidiaries in the consolidated statements are expected to complete greenhouse gas inventory before 2026 and verification before 2028 respectively. The categories disclosed are as follows:</p> <ul style="list-style-type: none"> • Category 1 (direct emission): Official cars (fuel), cooler/refrigerator (HFCs), etc. • Category 2 (indirect emission): Electric power purchased from Taipower • Category 3 (indirect emission): Energy/fuel and water purchased, waste treatment, etc.
	Carbon emission targets	<ul style="list-style-type: none"> • Reduction of carbon emissions: Reduction of carbon emissions by 1% every year compared with previous year • Reduction of total power consumption: Reduction of total power consumption by 1% every year compared with previous year. • Reduction of waste amount: Reduction of total waste amount by 1% every year compared with previous year.
	Climate strategy evaluation indicators	<p>Metrics used to evaluate climate-rated risks and opportunities include:</p> <ul style="list-style-type: none"> • Carbon emissions (Unit: t CO₂e) • Office building: Total energy consumption (Unit: 1kWh) • Stores: Power consumption intensity (Unit: Annual power consumption (kWh)/NT\$ 1,000 of business turnover) • Total waste generation (Unit: Metric Ton)

[Special Edition] Responsive Measures of Mercuries & Associates Holding, Ltd. in Post COVID-19 Era

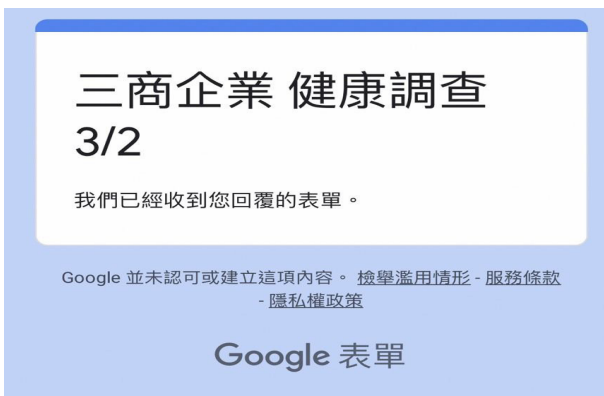
In the face of the outbreak of COVID-19 pandemic at the end of 2019, Mercuries & Associates Holding established an epidemic prevention response unit in the early stage of the pandemic. This unit was responsible for following up the changes of the pandemic, drafting epidemic prevention policies, making overall arrangements for the allocation of epidemic prevention materials, and arranging environmental cleaning and disinfection work. Also, “Operation Plan of Mercuries in Response to the Continuity of Serious and Special Infectious COVID-19” has been established and standards for work of employees in different areas and periods have been formulated to prudently and continually track employees’ health conditions, and properly notify epidemic cases to avoid the influence imposed by large-scale infection in the enterprise on the corporate operation and development.



Based on the basic epidemic prevention measures, the head office Mercuries & Associates Holding also independently purchased a Far UVC epidemic prevention disinfection door at the entrance of the building in 2021 so that employees could be fully disinfected at the entrance before entering the building to lower the risk of indirect disinfection between workplaces and media. For epidemic investigation, “Health Statement” online form was used, and employees’ health and contact history were checked on a daily basis. If there was a report of suspected upper respiratory discomfort, family members being diagnosed with the disease, or the presence of a confirmed case, the nursing specialists in the Occupational Safety Office would take care of it and follow up.



UV Epidemic Prevention Disinfection Door



Daily Health Questionnaire



Epidemic Prevention Management at Stores

At the end of 2022, as the epidemic gradually eased and the government gradually relaxed various epidemic prevention and control policies, Mercuries & Associates Holding also prudently adjusted its epidemic prevention measures according to these policies. In the post-epidemic era, Mercuries & Associates Holding shifted its focus to make long-term planning to protect employees’ health and sanitation and return to the normal operation. Therefore, it continued to use the online forms to track employees’ health conditions. In the future, it will adjust the epidemic prevention policies in a rolling manner to prevent the reoccurrence of the epidemic from affecting employees’ health.

The number of people confirmed with COVID-19 infection in Mercuries & Associates Holding and its subsidiaries reached 2,593 (including personnel from the head office and stores), and all of them have been released from quarantine. Approximately 1,100 rapid screening reagents were purchased at a cost of approximately NT\$ 400,000. Simple Mart Retail Co., Ltd. also provided employees confirmed with COVID-19 infection with a total of 313 care kits (including 2 rapid screening reagents, 1 bottle of vitamin, and 10 masks in each kit).



Return to Normal Operation



Sufficient Epidemic Prevention Materials



Health Care from Site Physicians

• Enterprises' Strategies for Continual Operation in Response to Epidemic Risks

Operation aspect	Risks and impacts	Responsive strategy
HR management (head office)	<ul style="list-style-type: none"> If a suspected or confirmed case is found in the company, relevant employees who have contacted this infected employee may be unable to attend work normally; if the situation is worse, a great many of employees may be forced to receive quarantine due to group infection. Consequently, the manpower of the company will become seriously insufficient. 	<ul style="list-style-type: none"> Monitor the temperature of personnel accessing the workplaces, conduct health investigations, and continue to track the conditions of abnormal cases. Conduct routine environmental cleaning on a daily basis. If any employee in the building is confirmed with the disease, cleaning and disinfection work shall be conducted immediately in the whole building. Execute plans for work from home or zoned office work, and use a deputy system. Plan and handle employee training or in-service exercises for employees who suspend relevant work due to the impact of the epidemic so that they can improve their professional skills. Prepare and provide medical masks to employees in need at any time.
HR management (stores)	<ul style="list-style-type: none"> A lot of personnel of the stores were confirmed with the disease within a short period after outbreak of the epidemic in 2022. If the manpower is not dispatched in a timely manner, the normal operation of the stores will become impossible. If the resumption of work of employees confirmed with the disease cannot be mastered, long-term manpower shortage may be caused. 	<ul style="list-style-type: none"> Monitor the temperature of the personnel of the stores, and conduct environmental cleaning and disinfection on a daily basis. If it is learned that someone confirmed with the disease visits a store, this store shall be immediately closed for the day and cleaning and disinfection work shall be conducted. Set up protective check-out isolation areas in the stores and ensure that proper safety isolation measures are taken to separate from the personnel of the stores from the customers. Personnel of each store shall support each other and make good use of relevant relief measures or resources provided by the government to sustain the basic operation of these stores.
Supply chain	<ul style="list-style-type: none"> Relevant risks are caused due to the epidemic, including shortage of suppliers' manpower, inventories, and materials, interruption of supply of raw materials and parts, etc. Consequently, the upstream and downstream manufacturers of the company will delay the delivery, leading to difficulties in supply. The logistics is obstructed to affect shipments or result in capital overstocking. 	<ul style="list-style-type: none"> Prepare and store raw materials that can be stocked for a long term at ordinary times to ensure that the operation is not affected. Actively guarantee the stable supply and unimpeded logistics of suppliers' raw materials. Pay attention to the operation statuses of the stores at any time, support the front line, and flexibly dispatch the logistics center to distribute the products, to stabilize the supply of goods.
Transformation of services and products	<ul style="list-style-type: none"> The consumption modes and demands are changed. Customers shop and dine out less, thus affecting the performance of catering and retail business. The direct contact of the stores with customers is reduced, and therefore it becomes very difficult to effectively sustain the existing customer groups. 	<ul style="list-style-type: none"> Make the best of digital tools, social platforms, or videoconferencing to maintain customers' trust, improve the efficiency of e-commerce shopping platforms, and introduce the digitalization of OMO (Online Merge Offline); catering stores shall cooperate with take-away platforms and introduce digital online order receiving systems. The central kitchen of Mercuries F&B Co., Ltd. researches and develops instant cooking packs so that customers may enjoy the delicious food at home and the stores' operating revenue can be increased.
Information	<ul style="list-style-type: none"> When employees need to execute work from home to coordinate the epidemic prevention policies, colleagues may be unable to fulfill the demand for information hardware in a real-time way, which can delay the business implementation. If information security is not properly protected during work from home, the issue of disclosure of the company's confidential information may be caused. 	<ul style="list-style-type: none"> Timely purchase information software and hardware to respond to the demand for work from home. Strengthen an information security confidentiality and protection system.



2 chapter



Retail Business and Food Management

- 2.1 Supplier Management
- 2.2 Quality Management of Retail Products
- 2.3 Food Safety and Quality Management
- 2.4 Consumer Service and Communication

Material topics covered

- Product Quality and Food Safety
- Leftover Management
- Talent Development and Cultivation

Management guidelines	Content description
Policy	Mercuries aims to provide consumers with high-quality and affordable products, establishes product quality management processes, problematic product shelf-removal processes, food monitoring mechanism, and food safety traceability and tracking system to effectively manage quality stability, and periodically reviews and strictly controls the compliance of marketing and labeling of product, showing the Company's determination to safeguard customers' health and safety.
Significance and management goal	It is an enterprise's basic responsibility to provide excellent products and service quality. Stable products and services help improve the corporate image and operating performance, as well as better customer satisfaction and brand stickiness to realize the goal of stable operation.
Commitments	<ul style="list-style-type: none"> Sticking to the tenet of "Satisfying All Family Members' Needs for Affordable Shoes", Mercuries & Associates, Ltd. provides customers with comfortable and environment-friendly shoe products through strict supplier management. Mercuries F&B Co., Ltd. takes "Food Safety" as the highest principle, deems "Quality Foremost, Safety and Health, and Customer Satisfaction" as the tenet, and adopts the strengthening of source management of raw materials and the reinforcement of process health control as the main strategy. Simple Mart Retail Co., Ltd. sticks to the tenet of providing "Affordable, Safe, Assuring, Healthy" products and strengthens quality control and assurance.
Objectives and targets	<p>[Short-term targets]</p> <ul style="list-style-type: none"> Abide by laws and regulations, aim at "zero violation and zero food safety event" every year, and assure customers' health and safety. The subsidiaries have defined their own supplier target evaluation rates respectively. The targeted standard-reaching rate is set up as 100%. Supplier communication meetings are convened periodically to implement supplier management. Strictly execute the product safety and health audits of the stores every month. The targeted visit rate is set up as 100% to ensure that the products and dining environment of each store comply with the standards. <p>[Medium- and long-term targets]</p> <ul style="list-style-type: none"> Utilize digital marketing and E-membership APP to accumulate number of members and increase brand stickiness. Continue to develop new types of consumption models, cooperate with other industries to create business opportunities, and introduce new international products and properly implement market segmentation.
Responsibility and system	<ul style="list-style-type: none"> Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. acquired the certification of FSSC/ISO 22000:2018 and HACCP in 2019. The noodles factory of the central kitchen of Mercuries F&B Co., Ltd. passed the renewal review of TQF in 2022. The central kitchen of Mercuries F&B Co., Ltd. passed the renewal review of "Clean Label" verification by China Grain Products Research & Development Institute. The quality control laboratory of the central kitchen of Mercuries F&B Co., Ltd. passed the microorganism testability test of "SuperLab Proficiency Testing" recognized by TAF in December 2022, as well as the annual supervision and evaluation work of ISO/IEC 17025 Laboratory quality management system certification. Each subsidiary formulated "Supplier Evaluation Management System", "Product Quality Management Process", "Problematic Product Shelf-removal Mechanism", "Product Inspection Mechanism", "Food Monitoring Mechanism", "Food Safety Traceability and Tracking System", "Store Food Safety and Health Management Procedure", and other relevant procedures to properly and comprehensively control the quality. Strengthen the product audit system, food safety monitoring mechanism, and food tracking and traceability system through risk and opportunity management. Establish complete education and training plans, and relevant courses based on operators' professional demand, to improve employees' safety quality and awareness of safety and health.
Resources engaged	<ul style="list-style-type: none"> A diversified mobile payment method was introduced to the stores, and E-membership APP is developed to increase marketing channels and improve brand stickiness. For supplier management, the subsidiaries evaluated 256 suppliers and conducted 5,653 supplier communication meetings. The subsidiaries in the retail industry conducted spot check of 1,148 products, and the targeted annual sport check rate was reached. Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. executed independent tests for raw materials with 527 sample-times and independent health monitoring for 2,016 sample-times, and entrusted third-party impartial units to test 147 sample-times, with percent of pass of 100%. The central kitchen of Mercuries F&B Co., Ltd. executed food safety education and training every year. In 2022, the average training duration per person reached 13.43 hours. The quality control laboratory the central kitchen of Mercuries F&B Co., Ltd. replaced old low temperature incubators, digital cursor calipers, probe thermometers, electronic temperature hydrometers, far infrared thermometers, saccharimeter, electronic scales, and other equipment with new ones. The subsidiaries executed environmental sanitation and food safety auditing, coaching, and improvement for 18,173 store-times in total.
Appeal mechanism	<ul style="list-style-type: none"> [Mercuries & Associates, Ltd.] Customer service hotline: 0800-068-333 (Family Shoemart); customer email: service@familyshoes.com.tw (Family Shoemart). [Mercuries F&B Co., Ltd.] Customer service hotline: 0800-003-375 (Sanshang Qiaofu), 0800-07-6666 (Napoli), 0800-822-922 (Tonkatsu), 0800-555-750 (Sanshang Don Mono); customer email: m4015@mfb.com.tw (Sanshang Qiaofu), napoli0800@mfb.com.tw (Napoli), t0800@mfb.com.tw (Tonkatsu), donmono@mfb.com.tw (Sanshang Don Mono). [Simple Mart Retail Co., Ltd.] Customer service hotline: 0800-42-6666; customer email: webservice@simplemart.com.tw
Major incidents in 2022	None.

Chapter 2

Retail Business and Food Management

In this section, the main subsidiaries of Mercuries & Associates Holding, Ltd. in the shoe retail industry, comprehensive product retail industry, and catering industry, i.e., Mercuries & Associates, Ltd., Simple Mart Retail Co., Ltd., and Mercuries F&B Co., Ltd., are included in the main scope of disclosures.

2.1 Supplier Management

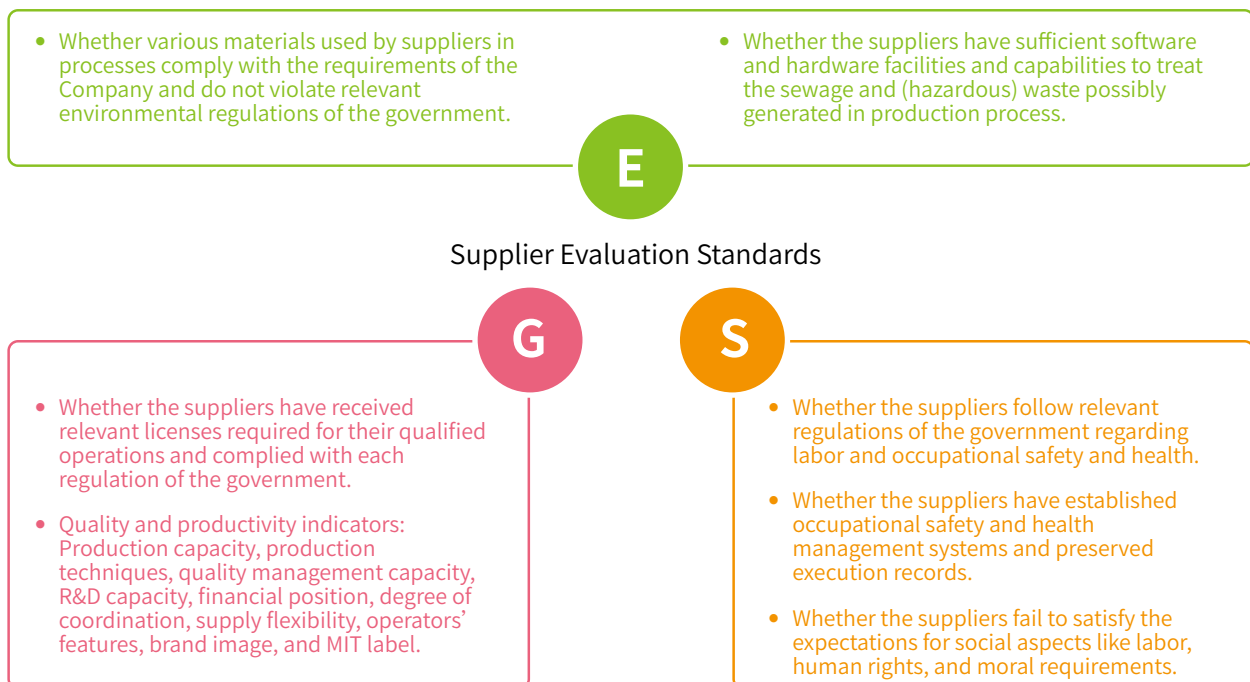
Mercuries & Associates Holding sticks to the thinking model of quality management from the source and designates its subsidiaries to define supplier management systems applicable for their industries, to ensure that the suppliers abide by laws and regulations in the processes of manufacturing and product provision, and comply with the expectations for society and environment regarding workplace health and safety, environmental protection, workers' human rights, and moral requirements.

Mercuries & Associates Holding also sticks to the concepts of long-term development and common survival and prosperity, and actively tutors suppliers to conduct process standardization and work computerization, to improve suppliers' production capacity and product yield. In addition, the Company establishes long-term close business relationships, which also helps the two parties integrate resources and advantages to expand the market together. Therefore, subsidiaries will hold multiple supplier meetings regularly every year for benign communication in the hope that they can exert collective efforts to make innovations in products and services, and bring good products and service experience to customers.

Supplier Management in Retail Industry

- Supplier Selection Standards in Retail Industry

The subsidiaries of Mercuries & Associates Holding in the comprehensive product retail industry and shoe retail industry have established their supplier management standards. Only suppliers evaluated as eligible can be listed in the cooperation list of the Company. In addition to the evaluation requirements of quality and productivity indicators, the performance of the suppliers in sustainability aspects including environmental protection, workplace safety and health, and human rights at work is also included as evaluation criteria.



• Supplier Evaluation in Retail Industry

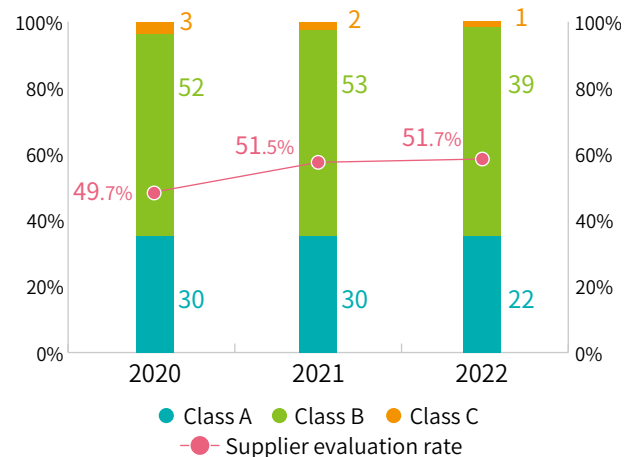
The subsidiaries of Mercuries & Associates Holding evaluates eligible suppliers with continuous transactions every year according to the supplier management standards. Since certain differences exist in each subsidiary regarding selling contents and supplier evaluation management system. The implementation method and achievements are described separately below.

Mercuries & Associates, Ltd. (Family Shoemart)

Family Shoemart of Mercuries & Associates, Ltd. utilizes “Supplier Evaluation Form” to classify the supplier evaluation results into four grades: Grade A (above 95 points) represents excellent suppliers; grade B (85-94 points) represent eligible suppliers; grade C (60-84 points) represents suppliers to be guided and improved with transactions reduced; grade D (less than 60 points) represents suppliers with cooperation not recommended.

Family Shoemart determines the annual targeted evaluation rate of 40%. In 2022, it had 120 cooperative suppliers, and evaluated 62 suppliers (evaluation rate: 51.7%), up by 0.2% compared with that in the previous year. To be specific, there were 22 grade A excellent manufacturers (accounting for 35.5%), 39 grade B eligible suppliers (accounting for 62.9%), 1 grade C manufacturer (accounting for 1.6%), and 0 grade D supplier. The company already terminated the cooperation with suppliers of grade C and below since their products failed to meet the company’s requirements.

Supplier Evaluation of Family Shoemart of Mercuries & Associates, Ltd.



※ The statistical chart shows that supplier selection quality could be stably maintained with supplier evaluation mechanism from 2020 to 2022.

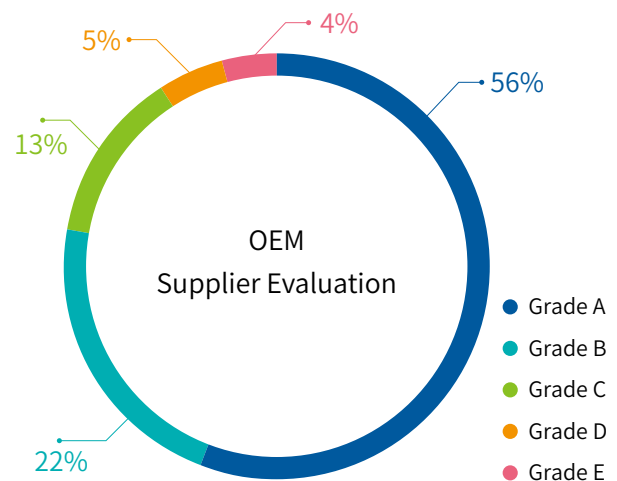
※ Y-axis on the left shows the ratio of supplier grades; Y-axis on the right shows the supplier evaluation rate.

Simple Mart Retail Co., Ltd. (Simple Mart)

Simple Mart Retail Co., Ltd. has launched self-owned products by strictly selecting excellent manufacturers. In addition to the provision of basic data of eligible manufacturers and the establishment of technical specifications of products, it has also appointed lead auditors with ISO 9001 and ISO 22000 certification to execute audits.

Simple Mart Retail Co., Ltd. stipulates in the supplier contracts that involve self-branded products. The suppliers’ manufacturing factories shall comply with the auditing clause of Simple Mart, and the cooperative suppliers are classified into five grades (i.e., A-E) for audit management after products are shelved. The company assigns relevant personnel to visit the factory once every year. The auditing frequency is adjusted according to different grades: Once every 3 years for grade A suppliers; once every 2 years for grade B suppliers; once every year for grade B suppliers; once every year for grade C suppliers; 6 months are provided for grade D suppliers to improve within a certain time limit; grade E suppliers are evaluated and rechecked, or will not be used again.

In 2022, Simple Mart cooperated with 54 original equipment manufacturers (OEMs for short) and evaluated all of them with evaluation rate of 100%. Among these 54 suppliers, there were 30 grade A excellent manufacturers (accounting for 55.6%), 12 grade B eligible suppliers (accounting for 22.2%), 7 grade C suppliers (accounting for 13.0%), 3 grade D suppliers (accounting for 5.6%), and 2 grade E suppliers (accounting for 3.7%).



- Supplier Communication in Retail Industry

To effectively communicate with suppliers, the subsidiaries held 5,653 supplier communication meetings in 2022. In addition to periodical benign communication with suppliers, these subsidiaries also adopt Supply Chain Management (SCM) to announce relevant information and respond to suppliers' needs, so as to realize effective communication with stakeholders. Additionally, the operating flows can also be reduced under the electronic procurement system introduced, to realize the goal of quick and accurate supplier management.

	Group	Number of meetings	Content discussed
Mercuries & Associates, Ltd. (Family Shoemart)	Men's shoes	6	Product development, preparation and bargaining
	Women's shoes	8	Product development, inspection of goods, and quality improvement
	Sports shoes	8	Brand budgeting, product planning, and activity sponsorship
	Children's shoes	8	Introduction of new cartoons and development of shoes suitable for children
Simple Mart Retail Co., Ltd. (Simple Mart)	Product Department	5,623	New product development, promotion on festivals, and non-industry cooperation

Food Supplier Management






Food safety shall start from the source. The priority for safeguarding consumers' "Food Safety" is to establish a standard supply chain model. The Company always selects eligible suppliers, evaluates and conducts on-the-spot audit of existing and newly developed suppliers every year, and establishes a strict food safety protection network to stabilize the quality of materials supplied and properly control the food safety for consumers.

- Food Supplier Selection Standards

The food suppliers selected by Mercuries F&B Co., Ltd. are legally registered companies (agents/importers) or factories, which is a basic condition. Also, this company adopts system-certified food ingredients or suppliers with priority (e.g., certification of CAS (Certified Agricultural Standard), TAP (Traceability/Good Agricultural Product), TQF (Taiwan Quality Food) verification, FSSC/ISO 22000 Food Safety Management System, and HACCP (Hazard Analysis Critical Control Point)) to control the food safety together.

In 2022, the central kitchen of Mercuries F&B Co., Ltd. cooperated with 82 suppliers, including 78 suppliers in Taiwan which obtained food business registration numbers and 4 foreign suppliers which obtained HACCP certification. There were 51 suppliers with the certification of at least one system in Taiwan (accounting for 65% of suppliers in Taiwan), and 55 suppliers which purchased products complying with internationally recognized product liability standards (accounting for 67% of overall procurement). In addition, suppliers of consumables with non-food grade including 21 food ingredient suppliers and 1 packing adhesive tape supplier didn't obtain system certification yet (accounting for 27% of overall procurement). Most of them were intermediaries or distributors. In order to reduce cost and inventories, the company chose to directly purchase from intermediaries. Currently, these suppliers have been actively included in the food safety system.

Unit: Number

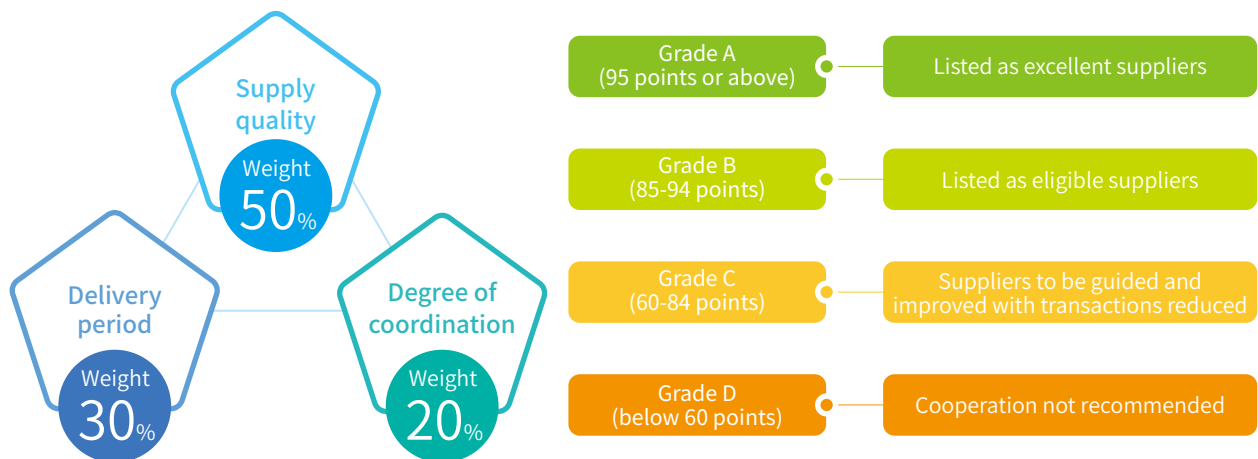
Domestic suppliers	Food business registration number	HACCP 	ISO 22000 	ISO 9001 	CAS 	TQF 
Suppliers of food ingredients (65 in total)	65	32	31	1	0	5
Suppliers of packing materials and consumables (3 in total)	3	0	0	1	0	0
Suppliers of agricultural and animal products (10 in total)	10	9	9	2	9	0
Total number of suppliers (78)	78	41	40	4	9	5
Ratio of passing of system verification	-	52%	48%	5%	12%	6%

Unit: Number

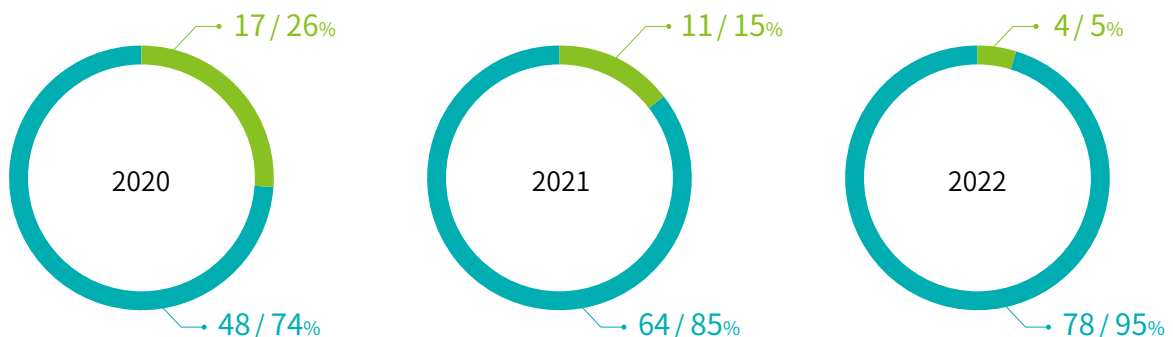
Foreign suppliers	HACCP	FSSC 22000	CAS	TQF
Suppliers of food ingredients (2 in total)	2	1	0	1
Suppliers of agricultural and animal products (2 in total)	2	0	1	0
Total number of suppliers (4)	4	1	1	1
Ratio of passing of system verification	100%	25%	25%	25%

Food Supplier Evaluation

Suppliers who are registered as qualified with continuous transactions will be evaluated quarterly on three aspects: Product quality (weight as 50%), delivery time (weight as 30%), and cooperation (weight as 20%). The evaluation score is divided into four grades as shown in the figure below.



In 2022, Mercuries F&B Co., Ltd. evaluated a total of 82 food suppliers. According to the evaluation results, there were 78 grade A excellent suppliers (accounting for 95%), 4 grade B eligible suppliers (accounting for 5%) and no suppliers of grade C and below. In 2022, the company paid on-site visits to 4 food ingredient suppliers, which was twice as many as the previous year.



● Grade A ● Grade B

※ The statistical chart indicates that the supplier selection quality could be effectively improved through the supplier evaluation mechanism from 2020 to 2022.

- On-the-Spot Audit of New Food Suppliers

Before cooperation with a newly developed supplier, or transaction of a new raw material, the corresponding grade will be evaluated according to all the certifications of the supplier as well as product inspection reports, e.g., acquisition of Good Hygiene Practices (GHP) and compliance with relevant domestic regulations and rules, as well as other relevant goals. Also, on-the-spot inspection of the manufacturer's factory will be conducted. The evaluation items are shown in the table below. In 2022, due to the influence of COVID-19 epidemic, only 1 new manufacturer's factory was visited.



- Ratio from Local Procurement

In response to the United Nation SDG “Responsible Consumption and Production” and in order to ensure sustainable consumption and production modes, Mercuries & Associates Holding manages to assure supply, support and stabilize local economy, and maintenance community relations with supporting the local suppliers (i.e., local suppliers in Taiwan) as a strategy.

Mercuries F&B Co., Ltd., a subsidiary of the Company, purchases food ingredients from local suppliers in Taiwan (accounting for 95% of the total procurement budget) in addition to food ingredients including beef, cheese, mushrooms, canned tuna, and fixed frying oil which are imported, in order to promote local economy and employment and develop a benign supply chain.

2.2 Quality Management of Retail Products

The products and services provided by Mercuries & Associates Holding are closely related to consumers' daily lives. It is our most important and long-term commitment to the consumers and local communities as how to enable the consumers to "buy securely". Mercuries & Associates Holding adopts the following quality control strategies for the retail products.

1. The Company requires suppliers to attach quality warranty, sample confirmation sheet, checklist of finished products, and other relevant documents related to eligible manufacturers and testing before delivery of new products, in order to effectively manage product quality, lower reject ratio of products, and reduce consumer complaints.
2. Product labeling: All the products shall comply with Commodity Labeling Act so that the consumers can know clearly the contents and relevant information of the products, and their rights and interests can be safeguarded.
3. Measures for handling of nonconforming products: If it is confirmed that the product quality is nonconforming through relevant procedures, all such products will be taken off from the shelves and returned or scraped in a real-time manner.
4. The Company regularly executes sampling inspection of products with an attitude of monitoring products rigorously to ensure that stable product quality can be stably provided and relevant regulations of the government are not violated; also, it strictly controls the quality of imported products. Imported products may be delivered to Taiwan only after passing the government's border inspection, signing and review by relevant professional customs broker and strict internal product audit.

In 2022, Mercuries & Associates Holding and its subsidiaries in the retail industry didn't violate any regulations governing the labeling of products and services, or product safety. For detailed information, you may refer to the annual report.

Product Labeling and Sampling Inspection

During the stage of product sampling inspection management of subsidiaries Mercuries & Associates, Ltd. and Simple Mart Retail Co., Ltd., the suppliers will execute sampling inspection of products upon shipments, and also the product purchasers or quality assurance personnel will visit factories, suppliers and stores for sampling inspection irregularly; for stores, the security management auditors will check whether the external packages of products disclose necessary information according to Commodity Labeling Act, and Act Governing Food Safety and Sanitation, including place of production, date of manufacture, components and materials, etc. to safeguard consumers' rights and interests.

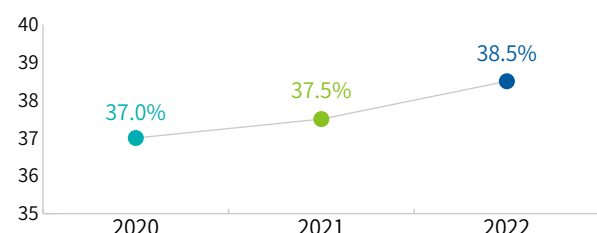
In addition, Simple Mart Retail Co., Ltd. has also included product labeling (including bar code, date label, Chinese label, etc.) as a necessary item for the incoming acceptance of the logistics center. Also, it checks on labeling information on self-branded products according to the Design Management System of Internal Control of Packaging, so as to ensure that there is clear labeling information to follow from product manufacturing and transportation to selling.

- Family Shoemart of Mercuries & Associates, Ltd.

According to the company's product sampling inspection specification, when a nonconforming item is found in sampling inspection, the sales of this item will be immediately stopped and it will be comprehensively checked until no error is found before this item can be continuously sold. In 2022, the total number of main products of each department reached 2,700. A total of 1,040 products were put under sampling inspection with a sampling inspection rate of 38.5%. The yield of sampling inspection reached 100%. Besides, Family Shoemart increased the ratio of spot check year by year to strengthen quality management.

Item for sampling inspection	Factories	Suppliers	Stores
Labeling of manufacturing place	50	60	150
Labeling of date of manufacturing	50	80	250
Labeling of material	100	100	200
Total number	200	240	600

Ratio of spot check of products of Family Shoemart of Mercuries & Associates, Ltd.



- Simple Mart of Simple Mart Retail Co., Ltd.

Before importing products, Simple Mart shall check whether the place of origin of products and their components comply with Act Governing Food Safety and Sanitation; also, it would check whether the labeling of product packages complies with Commodity Labeling Act before products are shelved. In 2022, Simple Mart imported 70 food product items all of which were audited; OEMs shelved 38 product items all of which were audited with audit rate of 100%. All of these complied with relevant regulations and rules.

In addition, Simple Mart sends products in spot check to third-party inspection units for inspection every year to ensure food sanitation and safety. In 2022, among 68 test items under spot check, 66 items complied with food safety and hygiene specifications of Taiwan (yield: 97%). 2 nonconforming items are shown in the table below, and improvements have already been made within the time limit.

Date of submission for inspection	Product name	Category of nonconformance	Detailed nonconforming item	Reason for nonconformance	Result of recheck
June 7, 2022	Contract planting of Taiken No. 9 Premium Rice 3kg, grade-3 rice	Grade authentication	The broken grain standard shall be 15% and below. However, the actual rate tested was 17%, which didn't comply with the standard of grade-3 rice.	Unfavorable processing, handling and storage may result in the generation of broken grains.	Conforming
July 19, 2022	Taitung_Xinpu grade-1 rice	Grade authentication	The broken grain standard shall be 5% and below. However, the actual rate tested was 6%, which didn't comply with the standard of grade-1 rice.	Unfavorable processing, handling and storage may result in the generation of broken grains.	Conforming

Problematic Product Shelf-removal Process and Mechanism

Problematic Product Notification Flowchart

(Family Shoemart of Mercuries & Associates, Ltd. as an Example)



To safeguard consumers' health and safety, Mercuries & Associates Holding conducts strict sampling inspection and confirms products with any problems or doubts, and then removes these products from shelves and stop the selling with priority. Subsidiary Simple Mart Retail Co., Ltd. has also established an unpaid recovery, refund, or return mechanism for products damaged due to collision in the process of delivery or sending, and has the customer service center assist consumers in dealing with individual cases, so as to ensure the consumers' rights and interests.

In addition, by establishing a complete problematic product appeal channel, the Company enables the consumers to inquire at the stores, or raise requirements using dedicated customer service hotline or email. Sticking to the commitment to the strict quality control of products, Mercuries & Associates Holding prevents the risks existing in the selling of problematic products in a real-time way.

Time	Situation of problematic product	Method for handling of problematic product
May 2022	The store staff of Family Shoemart reported that the shoe uppers of two shoes styles of fila (men's and women's shoes) were dirty with residual adhesives.	After the purchases conducted sampling inspection in relevant stores, an announcement was made on May 18 to notify the stores selling these problem shoes to immediately remove and return them to the factory.
December 2022	The purchasers found during store visits that the quality of zippers of two styles of everlast (coats) was not good and they could be easily oxidized and broken.	The purchasers immediately reported to the manufacturer, and notified relevant stores to remove the problematic coats first and deliver them to the warehouse on December 9. Then, a specific date was chosen to return the coats to the factory.

Store Audit Mechanism in Retail Industry

The subsidiaries of Mercuries & Associates Holding implement source management before purchasing products. After the products are delivered to the stores, relevant operating procedures are followed and the safety and health in the stores are controlled as the main management strategies. The subsidiaries establish their audit systems regarding quality of products and services, environmental health, and regulatory compliance respectively based on industry characteristics. By assigning personnel to audit and appraise at different stores regularly, the subsidiaries will supervise and control the quality of products and services of the stores.

- Family Shoemart of Mercuries & Associates, Ltd.

The auditors of Mercuries & Associates, Ltd. are served by directors of six regions. In 2022, a total of 4,908 store-times' auditing was performed for 186 stores (audit rate: 100%). The directors of each region notified insufficiencies after auditing each work of the stores, and required them to submit improvement plans and make improvements within a certain time limit. The completion rate of these improvements reached 100%.

- Simple Mart of Simple Mart Retail Co., Ltd.

The auditors of Simple Mart Retail Co., Ltd. are served by the auditors from the head office. Itemized scoring is adopted with the full score as 100 points. The auditing contents include the store/cashier safety and basic cleaning. In 2022, a total of 8,780 store-times' auditing was performed for 800 Simple Mart stores (audit rate: 100%). Stores with points deducted immediately improved after current audits.

2.3 Food Safety and Quality Management

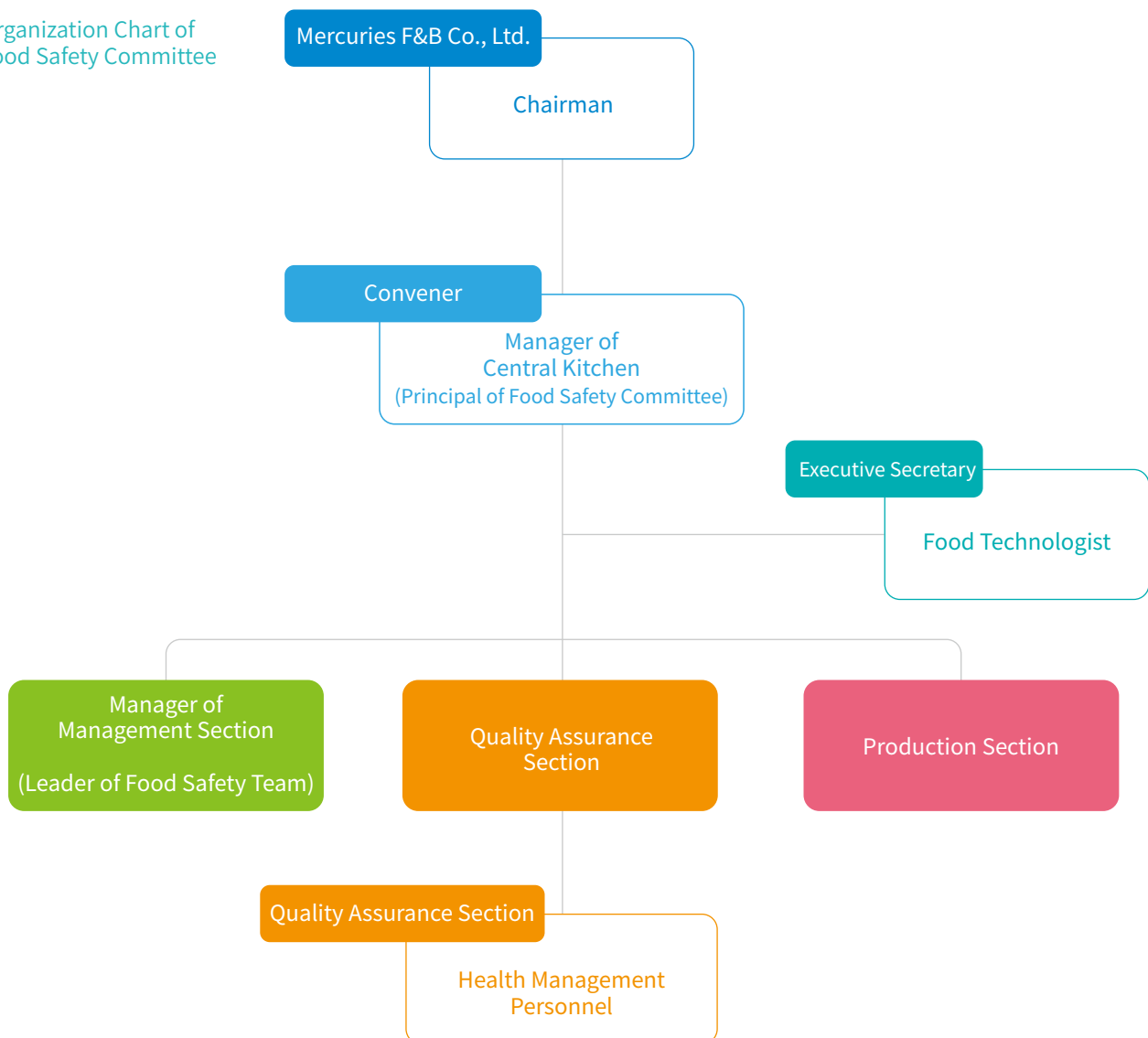
In this section, information regarding food safety and quality management of Mercuries F&B Co., Ltd., a main subsidiary in the catering industry, is disclosed. Mercuries F&B Co., Ltd. takes “Food Safety” as the highest principle, deems “Quality Foremost, Safety and Health, and Customer Satisfaction” as the tenet, and adopts the strengthening of source management of raw materials and the reinforcement of process health control as the main strategy.

Food Safety Committee

Mercuries F&B Co., Ltd. established “Food Safety Committee” in 2012. Led by the chairman, the manager of the central kitchen serves as the convener, and food technologists as well as personnel from relevant units in charge of management, production, and quality management serve as members to inspect and integrate the food safety and quality management, and hold internal meetings periodically every month. In addition to the routine inspection of factory operation, this committee further reviews matters related to food safety and quality it is responsible for.

The Food Safety Committee convenes a management review meeting every year (the most recent meeting was held on February 10, 2022). This meeting focused on the analysis of results of internal and external auditing activities, changes in laws, regulations, and rules, continual improvement and updating of FSSC/ISO 22000, and other relevant agendas, and reviewed and made resolutions on matters related to the food safety and quality management of Mercuries F&B Co., Ltd.

Organization Chart of
Food Safety Committee

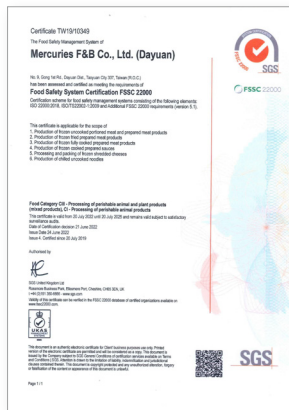


- Rights and Responsibilities of Food Safety Committee

Food Safety Committee		
Committee representative	Corporate title	Work responsibilities
Convener	Factory manager	<ul style="list-style-type: none"> • Preside over the meetings of food safety team. • Review and sign documents or records related to food safety control system. • Take charge of allocating resources needed for communication and authentication. • Supervise the implementation of food safety control system. • Lead the formulation of validation procedures. • Provide resources needed.
Executive secretary	Food technologist	<ul style="list-style-type: none"> • Plan and execute the food safety control system. • Plan and execute food traceability or tracking system. • Plan and execute emergency response measures for food safety incidents. • Conduct risk evaluation and control of food health and safety. • Study and analyze local and foreign food-related regulations.
Committee member	Management Section	<ul style="list-style-type: none"> • Supervise the implementation of work related to internal audit and effect verification. • Assist the allocation of resources needed for communication and authentication. • Plan, supervise, and guide employees' execution of education and training.
Committee member	Quality Assurance Section	<ul style="list-style-type: none"> • Execute and supervise Good Hygienic Practice. • Draft, execute, and supervise food safety control system. • Carry out food safety management and employees' education and training work. • Establish and control laboratory quality assurance. • Conduct inspection work, and correct and manage instruments.
Committee member	Production Section	<ul style="list-style-type: none"> • Summarize product items and product description data. • Confirm product processing flowchart and processing conditions. • Execute HACCP, including control boundary, monitoring, correction, and validation. • Assist the effect verification measures. • Execute and sustain the food safety control system.

Food Safety Management System

Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. completed and acquired the certification of FSSC/ISO 22000:2018 and HACCP in July 2019, completed follow-up inspection in August 2020 and June 2021 respectively, and smoothly closed renewal review in June 2022. In addition, the flour factory of Dayuan Factory of the central kitchen passed TQF renewal review and obtained a verification certificate in July 2022. The company will continue to review the effectiveness and operation status of the food safety management system to assure the effective operation of food safety management.



Item: **FSSC 22000**
Date of acquisition: July 20, 2022
Valid until: July 20, 2025



Item: **ISO 22000:2018**
Date of acquisition: July 20, 2022
Valid until: July 20, 2025



Item: **HACCP**
Date of acquisition: July 20, 2022
Valid until: July 20, 2025



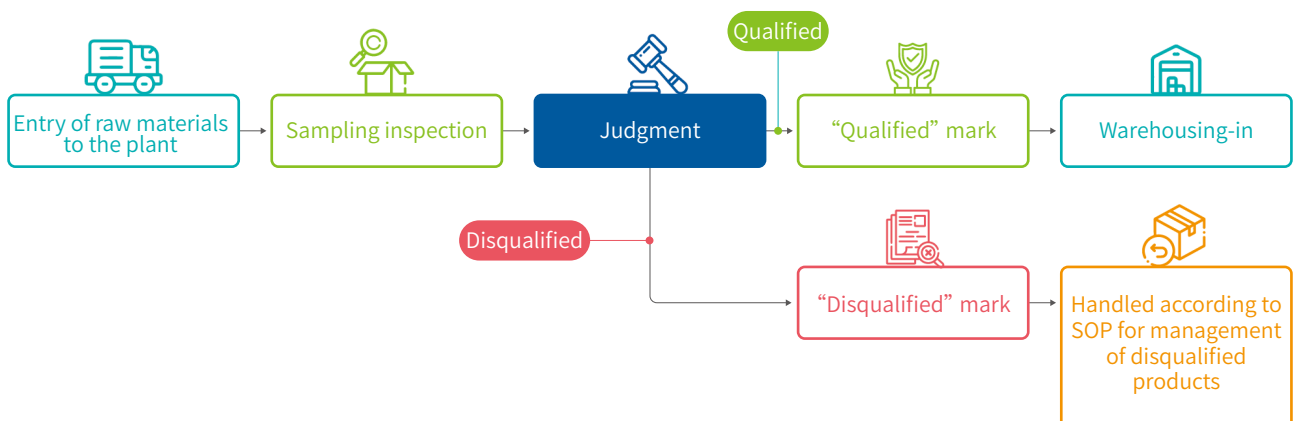
Item: **TQF verification scheme**
Date of acquisition: September 8, 2022
Valid until: September 8, 2023

Food Raw Material Management Flow

Mercuries F&B Co., Ltd. implements source management of food raw materials based on “Table of Incoming Inspection of Raw Materials” to ensure that data regarding the raw materials of food ingredients, materials, and food additives used in the catering stores comply with the standards of relevant regulations of the government on food safety and health. Also, this company requires the implementation of relevant work upon inward delivery of the raw materials, including sampling, inspection, recording, and labeling.

The traditional supply chain is based on the mutual trust with the suppliers. However, the reasons for the occurrence of multiple food safety events came from the supply chain. Therefore, this company reviews the quality of its supply chain again, establishes anti-counterfeiting and adulteration identification process, and cooperates with relevant internal departments to ensure the safe and stable supply of raw materials.

Flowchart of Incoming Inspection of Raw Materials



Food Safety Monitoring Mechanism

The food safety monitoring mechanism is designed to execute risk evaluation and hazard control in accordance with regulations related to food safety. Mercuries F&B Co., Ltd. implements continual monitoring in the important control processes including sources of raw materials, manufacturing, storage, and sales every year in accordance with HACCP and ISO/FSSC 22000 Food Safety System, to ensure the health management of employees, mechanical equipment, and working environment. Furthermore, it has established inspection plans for raw materials and finished products. These plans have been assured by third-party verification units every year.

Mercuries & Associates Holding leads its subsidiaries to take management responsibilities intensively and duly from source management to manufacturing and processing, with the objective to provide safe and delicious food, and enable consumers to “eat securely”.

• Raw Material Monitoring Methods

Independent Testing

Rapid screening of “animal drug residues” is conducted for different parts of various kinds of raw meat in the Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. In 2022, 527 samples were selected from the raw materials of 21 product items (accounting for 25% of total number of product items). The total number of samples increased by 87.9% compared with that in the previous year with yield of 100%. The reason for the increase of the samples was the influence of the COVID-10 epidemic, and relatively long purchasing time of international meat products. Consequently, the purchasing frequency was lowered. Also, this company adjusted its purchasing strategy and gave priority to the local meat products. Therefore, the frequency of sampling inspection of local meat products and product items inspected were raised.

Raw material monitoring	Categories sampled	Number of product items	Number of samples	Yield (%)
Independent testing	Chicken	7	331	100%
	Beef	6	78	100%
	Pork	8	118	100%
	Total	21	527	100%

Rapid Screening Reagent Report

三商餐飲股份有限公司
快篩檢驗試劑報告

Q-3-05.01 V.2

樣品名稱：大豬
廠商名稱：香里
產地：台灣

進貨日期：2022/12/8
批號：221208
檢驗日期：2022/12/9
報告日期：2022/12/9

檢驗項目	快篩片結果	判定	照片留檔
乙型瘦素類 鹽酸克倫特羅 Clenbuterol (CB)		陰性 合格	
萊克多巴胺 Ractopamine (RAC)		陰性 合格	
沙丁胺醇 Salbutamol (SB)		陰性 合格	

1. 表示方式：陰性為呈現兩條紅線；陽性為僅在“C”的位置有紅線。
2. 判定：陰性“合格”；陽性“不合格”
3. 敏感度：①鹽酸克倫特羅 3ppb ②萊克多巴胺 2ppb ③沙丁胺醇 5ppb

廠長：黃俊明 主管：林明輝 檢驗員：鍾瑞祥

Name of product item: **Pork chop**
Test item: Testing of animal drug residues
Testing date: December 9, 2022

三商餐飲股份有限公司
快篩檢驗試劑報告

Q-3-05.01 V.2

樣品名稱：牛腱心(ERP)
廠商名稱：三商餐飲股份有限公司
產地：美國

進貨日期：2022/12/5
批號：221205
檢驗日期：2022/12/8
報告日期：2022/12/9

檢驗項目	快篩片結果	判定	照片留檔
乙型瘦素類 鹽酸克倫特羅 Clenbuterol (CLE)		陰性 合格	
萊克多巴胺 Ractopamine (RAC)		陰性 合格	
沙丁胺醇 Salbutamol (SAL)		陰性 合格	

1. 表示方式：陰性為呈現兩條紅線；陽性為僅在“C”的位置有紅線。
2. 判定：陰性“合格”；陽性“不合格”
3. 敏感度：①鹽酸克倫特羅 3ppb ②萊克多巴胺 10 ppb ③沙丁胺醇 5ppb

廠長：黃俊明 主管：林明輝 檢驗員：鍾瑞祥

Name of product item: **Beef leg tendon**
Test item: Testing of animal drug residues
Testing date: December 8, 2022

三商餐飲股份有限公司
快篩檢驗試劑報告

Q-3-05.01 V.2

樣品名稱：豬絞肉
廠商名稱：香里
產地：台灣

進貨日期：2022/12/8
批號：221208
檢驗日期：2022/12/9
報告日期：2022/12/9

檢驗項目	快篩片結果	判定	照片留檔
乙型瘦素類 鹽酸克倫特羅 Clenbuterol (CB)		陰性 合格	
萊克多巴胺 Ractopamine (RAC)		陰性 合格	
沙丁胺醇 Salbutamol (SB)		陰性 合格	

1. 表示方式：陰性為呈現兩條紅線；陽性為僅在“C”的位置有紅線。
2. 判定：陰性“合格”；陽性“不合格”
3. 敏感度：①鹽酸克倫特羅 3ppb ②萊克多巴胺 2ppb ③沙丁胺醇 5ppb

廠長：黃俊明 主管：林明輝 檢驗員：鍾瑞祥

Name of product item: **Minced pork**
Test item: Testing of animal drug residues
Testing date: December 8, 2022

Independent Health Monitoring

Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. conducts independent sanitation inspection of five categories for independent sanitation inspection every month. In 2022, a total of 205 sampling points (product items) were independently inspected with 2,016 sample-times in total and yield of 100%. Due to the increase of the finished product items, the total number of product items sampled increased by 47% and the total number of samples increased by 0.5% compared with the previous year.

Raw material monitoring	Sampled category	Sampling points (number of product items)	Number of samples	Yield (%)
Independent sanitation monitoring	1. Finished products	124	1,036	100%
	2. Water quality and ice cubes	5	65	100%
	3. Colony formation in the environment of the plant area	30	360	100%
	4. Application on mechanical equipment	29	351	100%
	5. Hand sanitary application of employees	17	204	100%
	Total	205	2,016	100%

Third-party Impartial Unit Testing

In 2022, Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. conducted third-party impartial unit testing of 21 raw material items (accounting for 29% of total number of raw material items), 96 types of finished products (accounting for 91% of the total number of finished product items), and water quality of water dispenser/water column for 5 times respectively in accordance with relevant provisions of the monitoring plans. Also, it adjusts the number of samples according to the number of new products or abnormal conditions taking place every year. In 2022, 147 samples were selected in total, up by 2% compared with that in the previous period. The inspection results were 100% qualified.

Raw material monitoring	Category	Product item	Test item	Number of samples	Yield (%)
Third-party impartial unit testing	Raw materials of meat	Chicken	Animal drug residues	7	100%
		Beef		14	100%
		Pork		10	100%
	Raw materials of cheese	Cheese	Salmonella, Staphylococcus aureus, Listeria monocytogenes in dairy products, melamine, and preservative	2	100%
	Raw materials of medicinal materials/spices	Traditional Chinese medicinal materials	Heavy metals and pesticide residues	1	100%
		Vanilla raw material		2	100%
	Raw materials of flour	Flour	Mycotoxins and bleaching agent	3	100%
	Canned raw materials	Canned tuna	Methylmercury and heavy metals	1	100%
		Canned pineapple	Sweetener and heavy metals	1	100%
		Canned button mushrooms	Bleaching agent and heavy metals	1	100%
	Quality of finished products	Noodles (9%)	Microorganisms, bleaching agent, and preservative	4	100%
		Finished products (91%)	Microorganisms	96	100%
	Water quality	Water dispenser/water column	Escherichia coli, Pseudomonas aeruginosa, fecal streptococcus, and heavy metal residues (mercury, lead, cadmium, arsenic, and copper)	5	100%
	Total			147	100%

Contracted Inspection Reports

[illegible][illegible][illegible][illegible]

Name of product item:
Lanzhou Stretched Noodles
Test item:
Microorganisms, Salmonella,
Staphylococcus aureus, Listeria
monocytogenes, and Bacillus
cereus
Testing date: September 12, 2022

Name of product item:
Gold coated powder
Test item:
Bleaching agent and preservative
Testing date: November 18, 2022

Name of product item:
(Product) Stewed beef tendon
Test item:
Microorganism examination of
finished product
Testing date: November 21, 2022

Name of product item:
Beef belly meat (IBP)
Test item:
Animal drug residue testing
Testing date: November 14, 2022

In addition, Mercuries F&B Co., Ltd. completed the follow-up inspection of five major products with “Clean Label” in the braising line of the central kitchen (i.e., braised beef soup, stewed beef soup with vegetable and fruit essence, Nanyang Laksa chicken soup, black pepper pork fillet, and curry chicken). The validity period of verification expires on December 31, 2023.

“Clean Label” Verification Certificate

	
證書字號：GCL-22802	
財團法人中華穀類食品工業技術研究所 China Grain Products Research & Development Institute	
潔淨標章驗證證書	
茲證明	
三商餐飲股份有限公司	
實地潔淨標準驗證，經本所驗證結果符合標準予以認可，登錄範圍如下：	
申請者公司名稱：	三商餐飲股份有限公司
申請者驗證編號：	G009
營業事業登記地址：	台北市中山區建國北路二段145號5樓
負責人姓名：	陳翔鈞
生產廠名稱：	三商餐飲股份有限公司
廠設地址（生產廠）：	桃園市大園區一路1號
驗證有效日期：	2022/01/01 至 2022/12/31
通過驗證標準及其產品名稱：如附件	
財團法人中華穀類食品工業技術研究所	
第 1 之 1 頁	
表原編號：TP-81-16，版次 1.3	



證書字號：GCL-22002

財團法人中華穀類食品工業技術研究所
China Grain Products Research & Development Institute

深淨標章驗證證書附件
(本附件應備均經驗證合格具法律效力)
附件更新日期:2022/01/01

申請者全名稱：三商餐飲股份有限公司
申請證書編號：G009
通過驗證產品：5 件

序 號	產品名稱	產品名稱	包裝型態及內容量	生產總名 稱	商標等 級	更新日期
1.	G20001001	杜松子燒酒	520 公克/包,12 包/盒	漁豐茂	深淨	2020/11/24
2.	G20001002	罐裝燒牛肉 湯	320 公克/包,12 包/盒	漁豐茂	深淨	2020/11/24
3.	G20001003	水芹油沙茶肉 湯	480g/包,2 包/盒	漁豐茂	深淨	2021/05/28
4.	G20001004	東坡椒鹽餅	200g/包,3 入/盒	漁豐茂	深淨	2021/08/13
5.	G20001005	中興酥餅	200g/包,3 入/盒	漁豐茂	深淨	2021/08/13

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財團法人中華穀類食品工業技術研究所

第 1 之 1 頁

表頭編號：TP-81-16、版次：1.3

Data of acquisition: January 1, 2022
Valid until: December 31, 2022

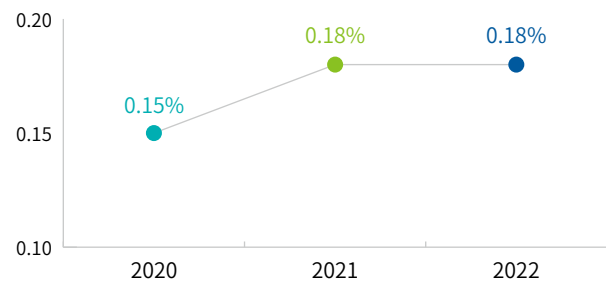
• Strengthening of Independent Testing Capacity:

Independent test items include the analysis of chemical and physical properties as well as microorganisms. The testers of the quality management section of Mercuries F&B Co., Ltd. participated in microorganism testability test of "SuperLab Proficiency Testing" recognized by TAF and complying with ISO/IEC 17043. Total bacterial count (AOAC 990.12), Escherichia coli group (AOAC 991.14) and Escherichia coli (AOAC 991.14) all passed the test. The testing capability of testers are tested and learned about through the regular participation in the proficiency testing annually organized by laboratories, to assure that no safety risk exists in the quality of the food ingredients and finished products.

To strengthen the independent testing capacity of the quality management section, Mercuries F&B Co., Ltd. acquired ISO/IEC 17025 Laboratory quality management system certification on December 23, 2020, as well as implemented quality management procedures, bettered technical capacity, and execution efficiency of software documents according to the system specifications, replaced old equipment with new ones, and made other relevant improvements. On December 19, 2022, it completed annual evaluation work and assured the compliance of certification system, personnel's capabilities, and testing and measuring instruments. In the same year, Mercuries F&B Co., Ltd. replaced laboratory adjustable micropipettes, electric extractors, far infrared thermometers, saccharimeters, electronic scales, as well as other relevant equipment with new ones to assure the quality and compliance of the testing and measuring instruments and equipment.

In 2022, the expenses generated by the laboratory of Mercuries F&B Co., Ltd. ^{Note 1} accounted for 0.18% of the net amount of annual food operating revenue. Due to the influence of the epidemic, the ratio of laboratory expenses in the overall operating revenue was basically same as that in the previous year.

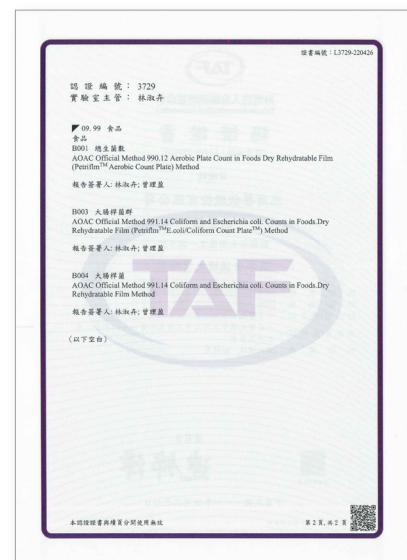
Ratio of laboratory expenses in the net amount of annual food operating revenue



Item: **Certificate of Approval of SuperLab Proficiency Testing**
Data of acquisition: December 5, 2022
Valid until: (Participation in testing regularly every year)



Item: **ISO 17025 Laboratory Certification**
Data of acquisition: December 23, 2020
Valid until: December 22, 2023



Test item	Test contents	
Products	Microbiological testing	Total bacterial count, Escherichia coli group, Escherichia coli, Bacillus cereus, Salmonella, Enterobacteriaceae, Staphylococcus aureus
	Physical test	Sugar content, salinity, moisture content
Water quality	Microbiological testing	Total bacterial count, Escherichia coli group, Escherichia coli, Pseudomonas aeruginosa, fecal streptococcus
	Physical test	pH value, available residual chlorine
Meat products	Animal drug residues	Ractopamine, clenbuterol hydrochloride, salbutamol
	Antibody residues	Chloramphenicol, sulfadimethoxine, sulfadimidine
Application on personnel and equipment	Microbiological testing	Total bacterial count, Escherichia coli, Escherichia coli group
Colony formation in plant area	Microbiological testing	Total bacterial count, Escherichia coli group, Escherichia coli, mould, saccharomycetes

※Note 1: The laboratory related expenses include expenses for contracted testing, cost of laboratory drugs and consumables, expenses for purchasing and calibration of instruments, equipment, and other relevant items, personnel' s salaries, sundry expenses for proficiency testing, external education and training, and stationery repair, etc.

Food Safety Traceability and Tracking

In order to realize the effective traceability of products manufactured in each stage from purchasing of raw materials and production to delivery, Mercuries F&B Co., Ltd. utilizes its internal ERP system to record the basic data of raw materials, products, suppliers, etc., and realize the functions of query of goods purchasing and sales, traceability management, ordering and acceptance, production history registration, and uploading to public cloud. Relying on systematic management, the company strives to reduce manpower and paper work, and strengthen the raw material traceability mechanism that targets at food suppliers.

In 2022, the raw materials used in accordance with the administrative provisions of food regulations of the government included 358 food ingredients and 120 non-food ingredients. Tracking and traceability management was implemented for 100% of food ingredients and 98% of non-food ingredients (the remaining 2% of non-food ingredients were packaging bags).



Item	Highlights to strengthen	Implementation status in 2022
Inspection contents of product quality specification	<ul style="list-style-type: none"> Field of food business registration number was newly added to the list of suppliers. Import license of imported raw material and food additive license number were provided. Suppliers of food ingredients with compound formulas should disclose required information. Labeling of allergens of formulations of raw materials 	358 labels of food ingredients were involved, and a total of 294 labels (accounting for 82.1%) were checked. The quality specifications, packaging, and labeling of raw materials complied with the checking highlights. The targeted inspection rate was established as 70%, while the actual inspection rate reached 91.8%.
Searching of safety documents related to raw materials imported from foreign countries	<ul style="list-style-type: none"> Certificates of origin (import license, certificate of inspection and quarantine, and customs declaration) Certificate of radiation testing (relevant announcement or certificate needed for specific food in specific regions) 	Among 294 food ingredients checked (accounting for 82.1%), 136 were imported food ingredients. 136 certificates of origin related to raw materials were checked with standard-reaching rate of 100%.
Food ingredient and raw material monitoring plan	<ul style="list-style-type: none"> Testing objectives of animal drug residues and antibodies in processed meat products Testing objectives of fungaltotoxin of flour raw materials 	Among the mandatory test items of raw materials, 40 items were submitted for contracted testing with yield of 100%.
	<ul style="list-style-type: none"> General food sanitation specifications and standards: Total bacterial count, Escherichia coli group, Escherichia coli, Bacillus cereus, Salmonella, Enterobacteriaceae, Staphylococcus aureus Implement mandatory independent testing management, and require relevant manufacturers of aquatic products, dairy products, meat processing, edible fat and oil, food additives, flour, etc. to conduct independent testing and provide independent test reports periodically. 	1,036 times of independent sanitation spot check was performed for the finished products produced for 1,036 times, with yield of 100%. Independent test reports provided by normal suppliers were acquired periodically. As of the end of the year, a total of 136 reports were obtained.



Food Safety and Sanitation Education and Training

The central kitchen of Mercuries F&B Co., Ltd. provides suitable internal and external “Food Safety and Sanitation Education and Training Courses” based on employees’ different work contents, with the objective to strengthen employees’ professional functions, improve employees’ awareness of food safety and sanitation, and lower the food safety and sanitation risks.


In 2022, the central kitchen executed a total of 1,934.5 hours for all food and safety education and training programs, and the average training duration per capita reached 13.43 hours, down by 5.4% compared with that in the previous year due to the influence of the epidemic.



Statistics per category of employee		Internal education and training	External education and training
 Management positions	Number of persons	28	5
	Total training duration (hours)	472	26
	Average training duration (hours)	16.86	5.2
 General employees	Number of persons	116	2
	Total training duration (hours)	1,419.5	17
	Average training duration (hours)	12.24	8.5

Statistics per gender of employee		Internal education and training	External education and training
 Female employees	Number of persons	46	5
	Total training duration (hours)	581.5	37
	Average training duration (hours)	12.64	7.4
 Male employees	Number of persons	98	2
	Total training duration (hours)	1,310	6
	Average training duration (hours)	13.37	3



Category of education and training	Contents of course	Class hours
 Internal education and training	Training on provisions of FSSC 22000:2018 Food safety management system	4
	Introduction to food and sanitation	2
	Food allergen management	2
	Food defense management	0
	Employees' personal sanitation awareness	2
	Code of environmental sanitation and cleanliness	2
	Introduction and prevention of food poisoning	4
	Cleaning and disinfection work	2
	Introduction to the concept of 5S	2
 External sanitation lecturing	Regulations governing food poisoning and epidemic prevention in the catering industry	3
	Improvement of epidemic prevention in the catering industry, and case analysis for prevention and control of food poisoning	3
	Relevant regulations governing the food traceability and tracking in the catering industry as well as promotion direction	3
	Operation instructions of electronic declaration mandatorily trackable system and practice	
	Strengthening the awareness of food businesses of Good Hygiene Practice	6
	Risk management and crisis handling of food safety control system	4
	Training class of compilation practice of procedures for the food and safety control system in the catering industry	4
	Manufacturing of new food labels	8
	Lecturing class of purchasing and preparation sanitation of food ingredients	4
	Description of food safety regulations and common audit discrepancies	4
	Description of violations in food sampling inspection as well as food safety laws and regulations	
	Lecturing class of raw material purchasing and acceptance management and product recovery and destruction courses	4

Catering Store Audit Mechanism (QSC)

To carry out the concept of food sanitation from raw materials to table (consumers), Mercuries F&B Co., Ltd. has not only implemented strict control over food safety, but also established an audit mechanism that covers three aspects, i.e., food quality management (Quality), service quality (Service), and environmental sanitation (Cleanliness). The members of the audit team comprise the auditors of the head office of Mercuries F&B Co., Ltd. The scoring results are classified into five grades, i.e., A+, A, B, C, and D.

Evaluation grade	Evaluation result (store-time)	Percentage %
A ⁺	95	2.1%
A	1,647	36.7%
B	2,648	59%
C	92	2.1%
D	3	0.1%
Total	4,485	100%

In 2022, the company audited for 4,485 store-times (up by 26.9% compared with previous year). The monthly average audit rate reached 98.2%, up by 2% compared with previous year. Those with evaluation results as grades A+ and A accounted for 38.8% of total store-times, down by 3% compared with previous year; stores with evaluation results as grades C and D were required to submit improvement plans to continually improve the conditions of expiration or deterioration of food ingredients. As of the end of 2022, all the improvements were completed. The vice president of Mercuries F&B Co., Ltd. would also visit stores required for improvement, check the site conditions, and talked with the store managers in person to perform his/her supervisory responsibility.



Photo of Store Representatives of Mercuries F&B Co., Ltd. Receiving QSC Evaluation Award



QSC

STEP 01



- Irregular spot check of all stores of each brand every month.
- Monthly QSC meeting reporting; stores are classified as grade A+, grade A, grade B, grade C, and grade D.

STEP 02



- Supervision and auditing personnel of stores rated as grade C and grade D shall recheck in the current month.

QSC

STEP 04



- Vice president visited grade C and grade D stores in person, talk with store managers, and inspect the site conditions.

STEP 03



- Relevant personnel of stores rated as grade C and grade D shall submit QSC improvement plan reports to the vice president for receipt and review.

Compliance of Relevant Regulations on Food Safety and Product Labeling

The products produced by the central kitchen of Mercuries F&B Co., Ltd., including sources of raw materials, contents and components, product labeling and marketing, etc., are executed and managed according to relevant regulatory requirements; the regulatory compliance of products not self-produced is also assured through communication and coordination with suppliers as well as an audit mechanism.

In February 2022, the health bureau found 2 nonconforming items in the central kitchen when executing HACCP auditing work in the meat processing industry. The central kitchen replied immediately and quickly completed the improvements within the time limit. Later, it strictly strengthened personnel education and training and reviewed and improved the management methods to prohibit the reoccurrence of similar events.

Product	Reason for nonconformity to regulations	Improving method
Spicy chicken leg	Relevant supporting data of the products regarding extension of validity and preservation tests was not provided.	<ul style="list-style-type: none"> • The statistics of inventories were explained, products in the stores with inconsistent labeling of shelf life were returned, and data regarding correction of labeling, destruction and improvement was provided. • Communication and coordination shall be strengthened for products promoted for a short term. The production quantity shall be adjusted as appropriate. In case of changes of preservation conditions or validity period of products, the validity period shall be evaluated and tested according to the flows.
D6 chicken drumstick	The quantity of electronically declared, traced, and tracked was inconsistent with the actual purchasing quantity.	<ul style="list-style-type: none"> • The reason for difference was already explained, and the applied quantity was completed. • Goods purchased in current month must be declared in current month. Confirmation and inspection must be strengthened upon system declaration.

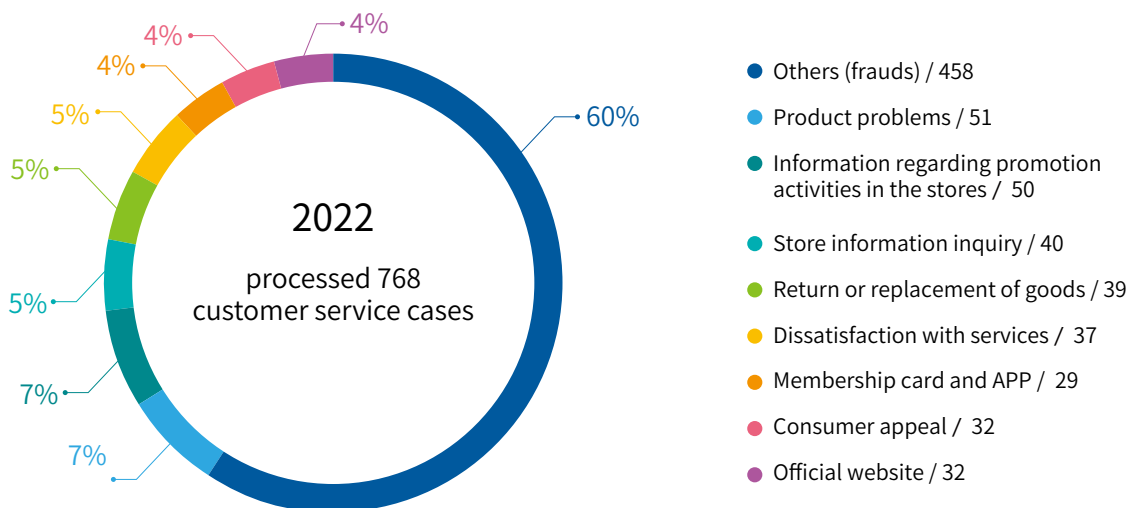
2.4 Consumer Service and Communication

It is the primary responsibility of Mercuries & Associates Holding to safeguard consumers' rights and interests. In addition to strict control of product quality, compliance with regulations, and clear and complete product labeling, the Company has also utilized a variety of channels to search customers' opinions and feedback, and actively responded to consumers' needs through strategies including real-time processing of consumers' opinions and appeals, innovative and convenient consumption models, and strict information security and personal information protection.

Consumer Appeal Channel

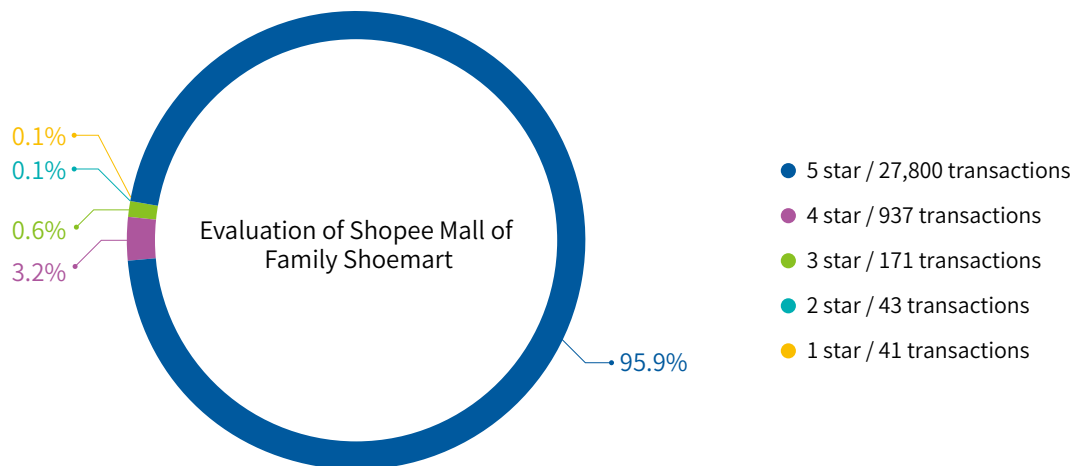
- Family Shoemart of Mercuries & Associates, Ltd.

Family Shoemart of Mercuries & Associates, Ltd. sticks to the tenet of “Satisfying All Family Members’ Needs for Affordable Shoes” and expects that each customer wears shoes at ease and looks good. Family Shoemart irregularly searches customers’ opinion questionnaires, conducts statistical analysis, and then actively reviews and improves relevant problems. In 2022, Family Shoemart processed 768 customer service cases through its 0800 Customer Service Hotline and mailbox on the official website, and relevant information was collected for all of these cases. Furthermore, replied were given to close all of these cases.



Irregularly searches customers' opinion questionnaires to assure consumers' rights and interests.

In addition, E-commerce Department also provides customer services through platform system and service hotline. Take the business of Family Shoemart at Shopee Mall as an example. In 2022, customers commented on 28,992 transactions of Family Shoemart through the e-commerce platform system. The star ratings are shown in the figure below.

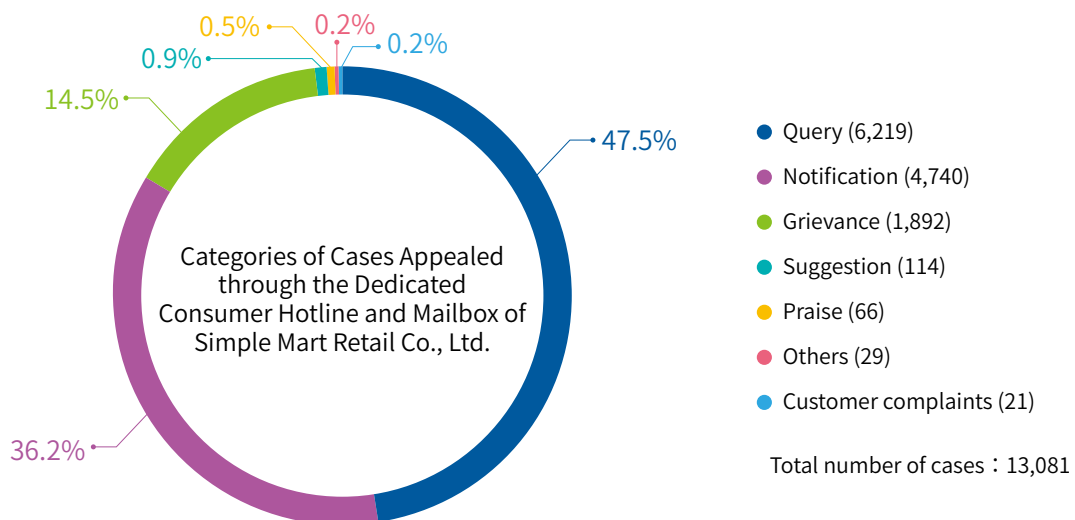


- Mercuries F&B Co., Ltd.

In 2022, Mercuries F&B Co., Ltd. processed approximately 151,725 customer service cases through its 0800 Customer Service Hotline. The service items included queries of marketing preferences of stores, addresses and telephone numbers of stores, and suggestions on products. There were approximately 93 customer complaints with main categories of product production quality and service flows. All the cases above were properly processed per the customer service flows, and replied were made to the consumers. Later, the projects were closed and preserved for future reference.

- Simple Mart of Simple Mart Retail Co., Ltd.

Simple Mart of Simple Mart Retail Co., Ltd. has established definite product and service appeal channels so that consumers may raise their requirements and opinions via the customer service hotline and mailbox. In addition, Simple Mart has established an unpaid recovery, refund, or return mechanism to deal with products or giveaways possibly damaged due to collision in the transportation process. The customer service center assists the replying to customers' opinions and appeals uniformly. The cases may be closed only satisfactory replies are given to the consumers, so as to assure consumers' rights and interests.



Innovative and Convenient Consumption Models

- E-membership System and Digital Marketing



Family Shoemart APP

In order to adapt to the changes of the times and the progress of science and technology, and provide consumers with more diversified and high-quality services, the official membership APP of Family Shoemart of subsidiary Mercuries & Associates, Ltd. was formally launched in 2017. As of the end of 2022, a total of 1.66 million person-times downloaded and used this APP. Currently, the total number of members already reaches 2.41 million, up by 15% compared with that in the previous year. After the launch of “Family Shoemart APP”, the marketing moves towards a paperless direction. The printing quantity of advertising DM can be substantially reduced every year. In 2022, approximately 22% of printing quantity was reduced compared with previous year. To be specific, nearly 850,000 DMs were reduced. In addition to the saving of marketing cost, Mercuries & Associates, Ltd. aims to make its contributions to the environmental protection of the Earth.

Additionally, Family Shoemart has also utilized network social platforms to establish a brand fans club, announce relevant information on marketing and activities at any time, and respond to the consumers’ questions in a real-time way. In 2022, the number of fans of Family Shoemart reached 82,000; the number of fans of En Route reached 23,000. The total number of fans was up by 4% compared with previous year.

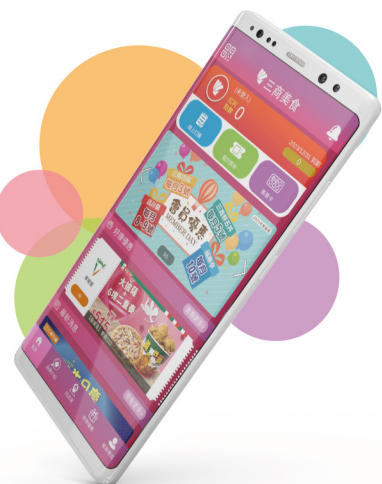


Mercuries Card APP

Mercuries F&B Co., Ltd. began to issue a physical bonus point collection card called “Mercuries Card”. Through the accumulation of member consumption points and irregular membership activities, Mercuries F&B Co., Ltd. has maintained good interactive relations with customers. Mercuries F&B Co., Ltd. formally launched “Mercuries Card APP” service, and the previous physical card registration was discontinued. As a result, the membership service was changed to APP form, which not only integrating the membership operation of the brands more effectively, but also solving the trouble that members would easily forget bringing their cards when going out. Furthermore, people do not need to worry about the geological restriction, and are able register as members at home. In addition to the establishment of an exclusive sharing platform, it better complies with the trend of the era that mobile phones are more important than wallets for modern people.

Start “Mercuries Card APP” to receive the contents of recent activities conducted by each brand under Mercuries F&B Co., Ltd. Also, online food ordering system is serially connected, and points can be accumulated at the same time. Furthermore, meal coupons are launched irregularly, and exclusive discounts are provided to members so as to change customers’ consumption habits and stimulate the consumption opportunities of cross-brand circulation. In the middle of 2022, a monthly sign-in activity was added, which not only increased the utilization rate of members, but also stimulated the frequency of members’ consumption at stores.

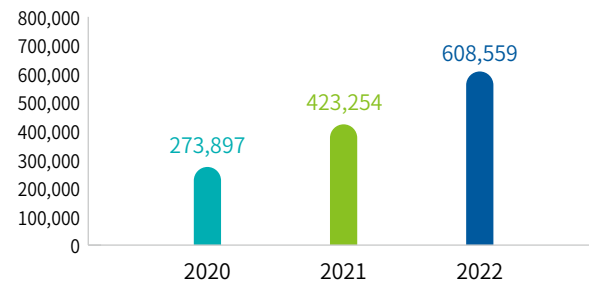
Mercuries Card APP Cooperation brand



Since the launch of “Mercuries Card APP” in 2019, the total number of APP members reached 608,559 in 2022. The growth rate of the number of members reached approximately 43.8% in 2022. In addition to the digitalization of membership, Mercuries F&B Co., Ltd. hopes more to satisfy the members’ needs and thus realize the service goal for chain catering.

Number of Members of Mercuries Card APP

Unit: Number of persons



Simple Mart Simple Mart APP

Subsidized by “Constructing Retail and Service Data Shared Innovative Service Program” of the Ministry of Economic Affairs, Simple Mart of Simple Mart Retail Co., Ltd. integrated its brands to initiate a micro-OMO (Online Merge Offline) retail model, and developed a new application called “Simple Mart” APP through efficient system integration, to strengthen the online consumption experience.



Each store and the local residents can form a close “Line+1 Life Circle”. At the store end, information regarding the starting time of group buying can be transmitted to the neighborhood through this APP, and consumers can master preferences of new products and carry out online pre-purchase and group buying at any time. Office workers are also able to use the function of “Group Buying at Office” and directly place orders online and master the conditions of the products at any time through data integration by the intelligent logistics system. Simple Mart Retail Co., Ltd. strives to realize service diversity and bring more simple and convenient new shopping experience to consumers.

- Creation of Emerging Consumption Patterns

Mercuries Cloud Kitchen of Mercuries F&B Co., Ltd.

Mercuries Cloud Kitchen of Mercuries F&B Co., Ltd. was formally established in March 2022 with the initial intention to help the enterprise establish an ideal catering entrepreneurial environment in addition to the realization of the goal for rapid growth, and share resources and collaborate with each other to create a co-prosperity circle of catering. The Mercuries Cloud Kitchen we have established can comply with the changes in the dining habits and consumer behaviors in the market, give play to the comprehensive effect of digital transformation and resource integration, strengthen cross-region take-away empowerment, and quickly share the food to more places. During brand operation in the future, Mercuries F&B Co., Ltd. expects to cooperate and share with local resources to create a local creative co-prosperity stage, drive the social development, achieve the goals for sustainable management, and perform the due corporate social responsibilities.



“OFFICE Mart Simple Office”: Virtuality-Reality Combination to Expand Life Cycle of Simple Mart



With the continuous increase of consumption amount in e-commerce, smartphones have already become a necessity for the daily life of people in Taiwan. Relying on the existing advantage in retail channels, and based on the characteristic of convenient consumption in e-commerce using mobile APP, Simple Mart Retail Co., Ltd. promoted a new intelligent retail brand of “OFFICE Mart Simple Office” in 2019.

Product shelves are established in office areas where the busy office workers can select products and use this APP to scan and pay, allowing them have their own little happiness in a short break. Simple Office can not only provide customized APP according to enterprises’ demand, but also effectively integrate online shelf products and maintain offline customer services by managing the consumers’ preference analysis through big data.



“Simple Office” has already successfully settled in the corporate offices of companies including FETnet, iRent, FFHC, MUFG Bank, Horizon Securities, The Garden of Hope Foundation, Kaohsiung Software Incubation Center, NanKang Biotech Incubation Center, Information Service Industry Association of R.O.C., Ruten, Global Mall, and Chi Mei Medical Center. Currently, there are more than 100 sites in Taiwan, and “Simple Office will provide convenient services for more office workers in the future.

Information Security Management/Customer Privacy

To ensure the complete protection of consumers’ personal information, Mercuries & Associates Holding has not only integrated “Personal Information Risk Management” in its overall risk management and audit mechanism, regularly executed personal information checking, risk analysis, internal system evaluation, notification and amendment, data destruction, education and training, and other relevant work, but also required the colleagues in the head office and stores to complete the learning of required online courses regarding personal information.

Mercuries & Associates Holding establishes personal information protection management notifications internally and adds a clause of personal information protection in the contracts externally to ensure that the personal information of all operating units, suppliers, and customers is protected. At the same time, the Company also utilizes internal evaluation plans and external verification system to assist each department in continually reviewing and recording the effectiveness of information security protection system; also, the Company has established equivalent punitive measures towards those who violate the rules of the Company on personal information protection.

Recently, fraud incidents have emerged one after another. Each subsidiary has already implemented information security updating in E-membership APP. For example, Family Shoemart strengthens APP information security to ensure members’ rights. The upgrading items include: Front-end mobile phone triggered APP program development and functional adjustment and rear-end API database triggering, member data encrypted storage, mandatory change of passwords of old members, and addition of secret key to POS API. Therefore, malicious acquisition of consumption records can be prevented. Also, data transmission safety is enhanced through data encryption of members and TLS, database encryption, card opening flow adjustment, and change of member data. All of them were launched before the end of 2022.

Mercuries F&B Co., Ltd. has established administrative measures for information security internally. The contents include norms for notification and handling of information security events. When receiving a customer complaint, 0800 Customer Service Hotline will directly give a reply or hand it over to relevant store for handling. Only the content of this customer complaint will be recorded, and relevant information of the customer will not be retained. Furthermore, the record of the incoming call retained in the main recorder will also be kept by specific personnel and included for personal information checking; when applying for an account at Mercuries Card APP, a member needs to fill out personal information which only includes mobile phone number and birthday, and the registration is completed only after the member checks to agree on the service clause and the privacy policy. Furthermore, to ensure the complete protection of members’ personal data, the company saves all the data in its system in a paperless way. The retention of personal information is also managed by specific personnel. When it is required to announce a list in relevant marketing and lucky draw activities, the personal information will be de-identified. The personal information will be destroyed according to “Personal Information Destruction Process” when the retention period expires, or the specific purpose disappears.

3

chapter



Environmental Protection

3.1 Energy Management

3.2 Waste and Water Resource Management

3.3 Loving the Earth with Ecological Actions

Material topics covered

- Energy Management
- Waste and Water Resource Management
- Climate Change Responsive Strategy
- Leftover Management



Management guideline	Content description
Policy	Compliance with Environmental Regulations and Development of Sustainable Environment
Significance and management goal	With the rise of the awareness of Net-Zero carbon emissions, national governments have gradually required enterprises to actively respond to the topic of climate change by establishing energy regulations and policies. The Company may reduce climate risks and improve sustainable competitiveness only by establishing appropriate climate change responsive strategies, properly conducting energy management for itself and upstream and downstream suppliers, and actively participating in green and low-carbon development.
Commitments	<ul style="list-style-type: none"> Improve energy efficiency, reduce waste emissions and environmental pollution, and lower the impact of operation on the environment through prudent management and monitoring of energy use. The Company is committed to green supply chain management and green procurement, and conducts energy conservation and carbon emissions from the source. The operating activities and sales of the Company comply with the requirements of environmental protection regulations.
Objectives and targets	<ul style="list-style-type: none"> The Company will complete the greenhouse gas inventory and verification plans of individual company and its subsidiaries within the stipulated time limit in accordance with the Sustainable Development Roadmap issued by the Financial Supervisory Commission. Promote energy action programs, improve the energy efficiency, and lower operating electricity and power intensity. Drive the supply chain to move towards the low-carbon goal, and include carbon emission indicators to the supplier procurement standards for evaluation.
Responsibility and system	<ul style="list-style-type: none"> Mercuries & Associates, Ltd. took the lead to introduce ISO 50001:2018 Energy management system in 2017. The Company completed annual renewal review in October 2022. A greenhouse gas inventory team has been established under the ESG Committee to take charge of greenhouse gas inventory and verification in the future, and to report to the Board of Directors every quarter. Regularly proceed regulatory audit and identification and prudently abide by environmental protection regulations, e.g., Energy Administration Act, Waste Disposal Act, Regulations Governing the Recovery and Disposal of General Waste and Water Pollution Control Act. Assist the subsidiaries in promoting energy management systems, and clarify the management responsibilities of personnel of each department of the Company. Designate the Energy Management Committee to confirm the operating performance of the energy management system, and establish favorable communication with the organization internally.
Resources engaged	<ul style="list-style-type: none"> The old air-conditioning equipment in Jianbei Building, the headquarters of Mercuries, was replaced with the newly purchased 250RT water chiller unit. It is expected that 20% of power consumption can be reduced annually. Subsidiaries and stores have gradually replaced old, energy-consuming equipment with variable frequency air-conditioning units and LED energy-saving lamps, and improved the utilization rate of green building materials. The central kitchen of Mercuries F&B Co., Ltd. has continued to update its wastewater treatment equipment in recent years, aiming at lowering environmental impact with high-efficiency processing methods. Simple Mart Retail Co., Ltd. has executed a plastic reduction policy for a long term. To be specific, the plastic containers used in retail stores for a long term are replaced with containers free from materials like PET, PS, PVC, PE, and PP.
Appeal mechanism	<ul style="list-style-type: none"> Email for corporate sustainable development: jay.lin@mercuries.com.tw
Major incidents in 2022	<ul style="list-style-type: none"> Mercuries F&B Co., Ltd. and Simple Mart Retail Co., Ltd. participated in a sustainable food plan and converted leftovers to “edible food” which was provided to people in need. Also, it could reduce food waste. Simple Mart cooperated with momo shopping platform, and provide “momo recyclable bag” parcel recycling service at the stores. In 2022, a total of 291 recyclable bags were recycled.

chapter 3

Environmental Protection

3.1 Energy Management

ISO 50001 Energy Management System

In 2017, the chairman of Mercuries & Associates, Ltd. served as the director of the Energy Management Committee to initiatively introduce ISO 50001 Energy Management System. In 2020, in response to the new version of ISO 50001:2018 Energy Management System, Mercuries & Associates, Ltd. began an internal version change coaching program in the beginning of the year, and held 7 version change education and training events with the total training duration of 79.5 hours. The company smoothly completed version change of this system in the same year. Also, it passed the review of BSI Taiwan, a third-party verification authority, and obtained an ISO 50001:2018 verification certificate. Later, the company has passed annual renewal review every year to sustain the effectiveness of this system. The company passed the annual review on October 6, 2022.

In consideration of the great performance in energy management, Mercuries & Associates, Ltd. will not only introduce the system to other subsidiaries, but also duplicate and apply the energy management methods to all the stores in the future as expected. It will draft and implement relevant action plans using methods like evaluation of energy risks, inventory verification of major energy equipment, improvement of energy utilization efficiency, and regulatory authentication and verification, so as to realize the goals of corporate energy conservation and carbon reduction, and environmental sustainability.

ISO 50001:2018 Energy Management System

bsi.

Certificate of Registration

ENERGY MANAGEMENT SYSTEM - ISO 50001:2018

This is to certify that: **MERCURIES & ASSOCIATES CO., LTD.** 三商行股份有限公司
9F-12F
No. 145, Sec. 2, Jiangsu N. Rd.
Zhongshan Dist.
Taipei City
10434
Taiwan

Holds Certificate No: **ENMS 683126**
and operates an Energy Management System which complies with the requirements of ISO 50001:2018 for the following scope:

1. The management and operation of brands of Mercuries Group.
2. The provision of sales and service of the shoes, clothing and accessories.

The main energy uses include: - electricity for lighting, office equipment and air condition.

1. 營運管理旗下各售賣品牌
2. 提供鞋子、衣服及配件銷售與服務

For and on behalf of BSI: 
Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2017-11-10 Effective Date: 2020-11-10
Latest Revision Date: 2020-10-19 Expiry Date: 2023-11-09

Page: 1 of 2

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Printed copies can be validated at www.bsiglobal.com/CertDirectory or telephone +886 (02)2056-0333.
Taiwan Headquarters: 2nd Floor, No. 37, 3-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

Certificate No: **ENMS 683126**

Location	Registered Activities
MERCURIES & ASSOCIATES CO., LTD. 9F-12F No. 145, Sec. 2, Jiangsu N. Rd. Zhongshan Dist. Taipei City 10434 Taiwan 三商行股份有限公司 臺灣 臺北市 中山區 建國北路二段145號 9樓-12樓 10434	The management and operation of brands of Mercuries Group.
Family Shoe Mart Xingfu Branch B1, 1F No. 722, Xingfu Rd. Xinshuang Dist. New Taipei City 24548 Taiwan 全家福鞋業新幸福門市 臺灣 新北市 新莊區 幸福路722-722號 1F - B1F 24548	The provision of sales and service of the shoes, clothing and accessories.

Original Registration Date: 2017-11-10 Effective Date: 2020-11-10
Latest Revision Date: 2020-10-19 Expiry Date: 2023-11-09

Page: 2 of 2

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Taiwan Headquarters: 2nd Floor, No. 37, 3-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

Date of acquisition: November 10, 2020

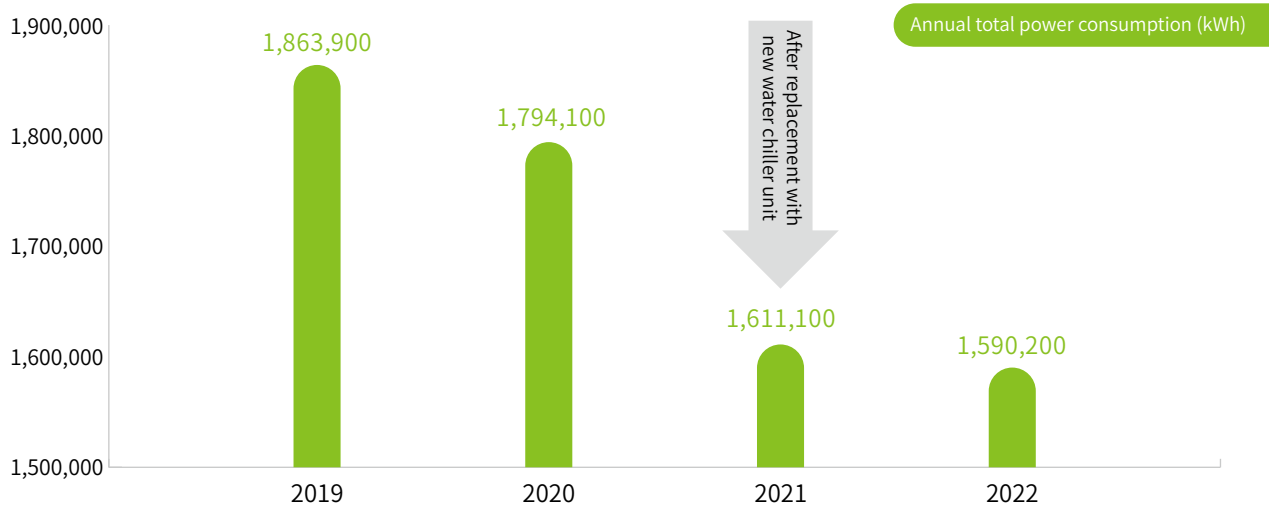
Valid until: November 9, 2023

Energy-saving Action Programs

To take appropriate management measures, Mercuries & Associates, Ltd. identified 9 internal and external topics in accordance with the evaluation process of ISO 50001 Energy Management System, conducted evaluation of risks and opportunities, and listed opportunities with greater feasibility for improvement as this year's energy action programs. Since the head offices of other subsidiaries are mostly located in Mercuries Headquarters Building (Jianbei Building), these subsidiaries also coordinated to execute the energy action programs of Jianbei Building and continued to track the implementation status and performance.

To improve and optimize the power supply efficiency of the headquarters building of Mercuries Group, the old water chiller units were replaced with highly efficient new water chiller units in the beginning of 2021. If the total power consumption of 2020 (1,794,100kWh) was adopted as baseline for comparison, the total power consumption of 2021 (1,611,100kWh) and the total power consumption of 2022 (1,590,200kWh) were reduced by 10.2% and 11.4% respectively compared with the baseline. The annual average energy-saving efficiency was maintained around 10.8%. In the future, the company will continue to track the energy-saving benefits of replacement of this equipment.

Power Consumption of Jianbei Buiding over the Years



The other subsidiaries replaced old equipment and purchased energy-saving equipment for the stores, and actively adopted action programs including use of green building materials to reduce energy consumption, so as to gradually realize the goal of energy conservation and carbon reduction. In 2022, the energy-saving results of Mercuries companies are listed as follows:

Per company		Action program	Planned results and reduction of energy consumption
Mercuries & Associates Holding	Head office	Replacement of old water chiller units of Jianbei Building in 2021	<ul style="list-style-type: none"> The total power consumption of 2022 reached 1,590,200kWh (5,724,720MJ), decreased by 203,900kWh (734,040MJ) compared with the baseline. The power intensity was 114kWh (410MJ)/m², down by 11.4% compared with the baseline.
	Head office	Replacement of old water chiller units of Jianbei Building in 2021	<ul style="list-style-type: none"> The total power consumption of 2022 reached 346,035kWh (1,245,726MJ), decreased by 31,085kWh (111,906MJ) compared with the baseline. The power intensity was 121kWh (436MJ)/m², down by 8.2% compared with the baseline.
Mercuries & Associates, Ltd.	Xingfu store	Cleaning of cooling tower and air conditioners	<ul style="list-style-type: none"> In 2022, the total power consumption of Xingfu store of Family Shoemart reached 131,025kWh (471,690MJ), decreased by 17,284kWh (62,222MJ) compared with last year. The sales density reached 3.46kWh (12.5MJ)/NT\$ 1,000 of business turnover, down by 18.2% compared with last year. It was mainly resulted from the increase of energy efficiency after maintenance and cleaning of air-conditioning equipment of the store.
	Head office	Replacement of old water chiller units of Jianbei Building in 2021	<ul style="list-style-type: none"> The total power consumption of 2022 reached 275,333kWh (991,199MJ), decreased by 27,705kWh (99,738MJ) compared with the baseline. The power intensity was 121kWh (436MJ)/m², down by 9.1% compared with the baseline.
Mercuries F&B Co., Ltd.	All stores	<ul style="list-style-type: none"> Purchasing of energy-saving equipment Selection and use of green building materials for interior decoration Use of energy-saving lamps Installation of frequency converters for exhaust fans 	<ul style="list-style-type: none"> In 2022, a total of 32 variable frequency air conditioners were installed in the catering stores. The utilization rate of green building materials in the approved interior decoration works of the stores reached 60% and above. Energy-saving LED lamps were adopted in catering stores including brands of Sanshang Qiaofu, Napoli, Tonkatsu, Banco and Pin Chuan Lan. Frequency converters were installed in approximately 5% of the stores of each brand.
	Central kitchen	<ul style="list-style-type: none"> Replacement of the old lamps with LED lamps Use of variable frequency units for the night cold storage ice system of the logistics system 	<ul style="list-style-type: none"> [Production Center] The total power consumption of 2022 reached 2,990,700kWh (10,766,520MJ), increased by 132,900kWh (478,440MJ) and up by approximately 4.7% compared with last year; the power intensity was 450kWh (1,620MJ)/m², mainly resulted from the increase of power consumption due to increased production capacity. [Logistics Center] The total power consumption of 2022 reached 5,132,700kWh (18,477,720MJ), down by approximately 10%; the power intensity was 434kWh (1,562MJ)/m².
Simple Mart Retail Co., Ltd.	All stores	Replacement of old lighting facilities in the stores	<ul style="list-style-type: none"> The energy-saving action program adopted by Simple Mart Retail Co., Ltd. could save electricity by 30,478kWh (109,721MJ) annually (daily duration of lighting calculated as 18 hours). It is expected that the reduction of 15.513t CO₂ could be reduced. The detailed contents are as follows: In order to improve the energy-saving efficiency of lighting equipment, it was planned to replace the old T8 tubes with "panel light". One 32W panel light could replace 1.83 T8 tubes with capacity of 20W on average, and the average illumination was improved by 150lm. In 2022, panel lights were comprehensively adopted in newly opened stores and used to replace old lamps in redecorated stores; in 2022, a total of 38 stores replaced their old lamps with panel lights. The total number of panel lights installed reached 1,010. It was calculated that these panel lights could replace 1,848 T8 tubes, with power consumption reduced from 36,960W to 32,320W. Also, the power consumption of lighting equipment would be reduced by 4,640W.

※ Power conversion: 1kWh=3.6MJ.

※ Power intensity=Total power consumption (kWh)/Total area (m²); sales intensity= Total power consumption (kWh)/NT\$ 1,000 of business turnover.

※ The power carbon emission coefficient of 2021 published by the Bureau of Energy, Ministry of Economic Affairs was used: 0.509kgCO₂e/kWh as the calculation standard.

※ The calculation data of the total power consumption of Jianbei Building of Mercuries & Associates Holding included the power consumption of head offices of Mercuries & Associates, Ltd. and Mercuries F&B Co., Ltd.; the baseline was the total power consumption of 2020.

3.2 Waste and Water Resource Management

Waste Management

Waste reduction and resource recycling have always been an environment-friendly goal pursued by Mercuries & Associates Holding. Each subsidiary conducts recycling management of waste with relatively significant impact according to the characteristics of industry operation. For example, the subsidiaries in retail industry focus on the recycling of cartons and empty cans in the transportation of goods; the subsidiaries in catering industry emphasize the disposal of waste oil and leftovers. The general waste of each subsidiary is mainly disposed by means of incineration, while the recyclable waste is regularly removed and recycled by eligible manufacturers.

No major pollution incident has occurred in recent years due to rigorous control and management. In the future, we will continue to pursue innovative and high-efficiency waste disposal methods, aiming at implementing circular economy and lowering environmental burdens.

- Store Waste Management

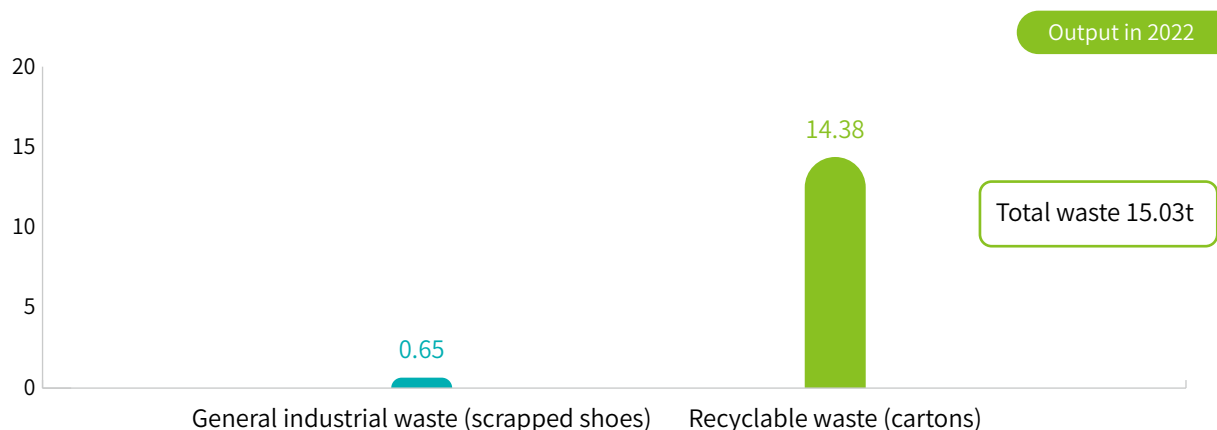
Store Waste Management of Family Shoemart of Mercuries & Associates, Ltd.

In 2022, the total quantity of store waste of Family Shoemart of Mercuries & Associates, Ltd. cleared and transported reached 15.03t, including 0.65t of general industrial waste (1,292 scrapped shoes) and 14.38t of recyclable waste (cartons). The recyclable waste accounted for approximately 96% of the total waste.

The stores of Family Shoemart of Mercuries & Associates, Ltd. have spontaneously matched logistics and goods transport system, and practically implemented a cartons recycling mechanism for a long time. After relevant manufacturers supply goods to the logistics center, the logistics center will directly utilize the carton packages provided by the manufacturers to ship goods to the stores. After receiving the products, the store staff will recycle and retain the cartons that are still useable. Then, the cartons will be sent back to the logistics center for reutilization regularly every week. In accordance with relevant data regarding recycling rate of standard cartons provided by the logistics center, a recycled carton can be repeatedly used for approximately 4-6 times.

Waste Clearing and Transport Records

Unit: Metric Ton



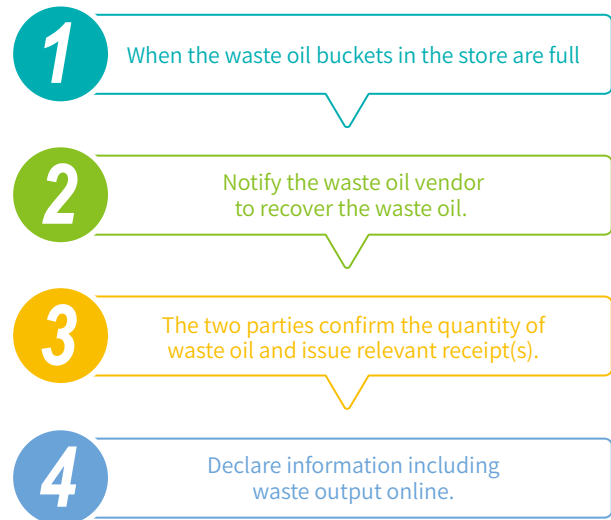
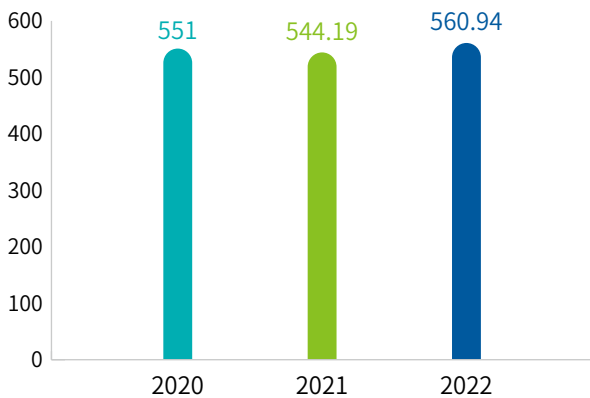
Store Waste Oil Management of Mercuries F&B Co., Ltd.

To avoid environmental pollution and effectively execute resource recycling, Mercuries F&B Co., Ltd. has set up recycling facilities and labels in the restaurants of its stores, and submitted industrial waste clearing plans to the environmental protection bureaus in different places according to Regulations Governing the Recycling and Disposal of General Waste issued by the Environmental Protection Administration.

For the waste oil management, Mercuries F&B Co., Ltd. has signed waste clearing and transport contract and waste edible oil contract with a disposal manufacturer approved by the environmental protection bureau. This manufacturer recycles relevant waste at the stores every month, and the waste clearing and transport as well as transportation and other related work have been carried out according to relevant regulations and specifications to ensure the flow direction of waste. In 2022, the waste oil of the stores of Mercuries F&B Co., Ltd. reached approximately 560.94t, up by 3.08% compared with last year.

Store Waste Oil (t) of Mercuries F&B Co., Ltd.

Unit: Metric Ton



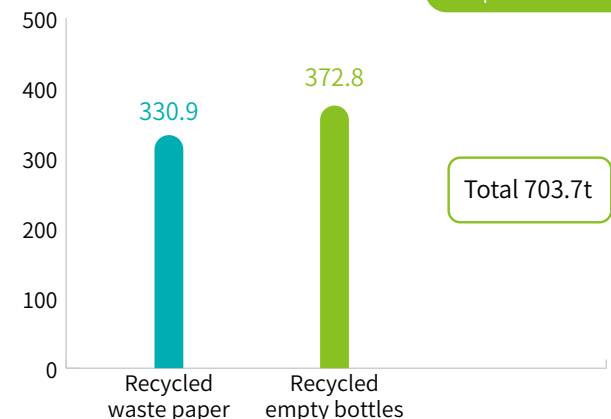
Store Waste Management of Simple Mart Retail Co., Ltd.

The number of stores opened by Simple Mart (Simple Mart Retail Co., Ltd.) keeps growing. In 2022, more than 800 stores were opened. In addition to the daily advocacy of waste reduction, the company also conducts recycling management of resource waste. The logistics department recycles nearly 300t cartons every year, and implements clearing and transportation workflow: (1) Compaction → (2) Lamination → (3) Placed in fixed areas → (4) Clearing and transport. In 2022, the quantity of waste paper recycled, cleared and transported reached 330.9t, and a total of 8,285,520 empty bottles were recycled. In the future, the company will continue to march towards the goal of waste reduction.

Waste Clearing and Transport Records

Unit: Metric Ton

Output in 2022



※The weight of 1 empty bottle is calculated as 45g.

• Waste Management of Central Kitchen

In 2022, the total quantity of waste cleared and transported from the central kitchen reached approximately 399.7t, including 134.55t of general industrial waste, 93.24t of organic sludge, and approximately 134.69t of recyclable waste. All the recyclable waste was 100% recycled.

For recyclable waste paper, paper press machine is used first to press it to paper bricks; plastic bottles, glass bottles, iron and aluminum bottles, iron barrels and adhesive films are classified and then put into container bags and then regularly cleared, transported and recycled by legitimate manufacturers; kitchen waste and scrapped food ingredients are cleared and transported by eligible practitioners and then delivered to legal livestock farms (pig breeders) for treatment.

Waste Clearing and Transport Records of Central Kitchen

(Unit: Metric Ton)

Item	2020	2021	2022
General industrial waste	106.5	135.2	134.55
Organic sludge	35.7	60.7	93.24
Recyclable waste	Waste edible food	1.4	1.5
	Aluminum foil package	1.0	1.145
	Scrap iron can	6.6	7.23
	Waste plastic bottle	11.8	11.175
	Waste glass bottle	7.3	4.2
	Waste paper	104.1	122.215
	Kitchen waste	-	-
Total waste	274.4	343.365	399.7

• Waste Management of SCI Pharmtech Inc.

Subsidiary SCI Pharmtech Inc. uses a lot of chemical solvents during production process. The used solvents are treated through chemical engineering procedures including distillation, and then sold at low prices as by-products. Solvents that cannot be treated will be handed over to relevant environment protection company for incineration at a high price. Then, fresh solvents will be purchased later for the use in relevant processes. In the “5+2” Innovative Key Industry Investment Policy actively promoted by the government, “biotechnology industry” and “circular economy” are two key industries. In order to introduce advanced OEM technology for purification of articles being processed and effectively improve the utilization rate of production capacity of the drug substance industry, SCI Pharmtech Inc. joined hands with Veolia in 2020 to establish “Framosa Co., Ltd.” and focus on “New Technology for Innovative Circular Economy”. Veolia is responsible for designing and providing management solutions for various environmental topics, which can not only optimize the wastewater treatment efficiency, but also benefit the solving of the recycling and treatment issues of solvents used in the pharmaceutical processes.

SCI Pharmtech Inc. has applied for the establishment of a new drug substance manufacturing plant in Guanyin Industrial Zone and planned to implement trial volume production in the first half of 2024. The steam supply and solvent treatment involved in the manufacturing processes are handed over to Framosa Co., Ltd. nearby for purification OEM work according to GMP. After completion of OEM work, usable raw materials generated will be returned to SCI Pharmtech Inc. It is estimated that the annual recycled quantity of solvents can reach 15,000t in the future, with a recycling rate as high as 85%. Hopefully, the vision of green manufacturing and carbon emission reduction can be fulfilled, and the sustainable development of the value chain can be reinforced through cross-industry cooperation.

Water Resource Management

Mercuries F&B Co., Ltd. is a subsidiary of the Company that mainly focuses on the topic of water resources. The central kitchen of Mercuries F&B Co., Ltd. obtains water resources directly from Taiwan Water Corporation. Currently, no other water resource sharing organization is available. The central kitchen is divided into logistics center (260t water tower), and production center (320t water tower). In 2021, the water tower of the logistics center was piped to the production center. Therefore, in case of interruption of water supply, the production center can directly use the water resources from the logistics center. Recently, in accordance with the government's requirements, Mercuries F&B Co., Ltd. is now handling the factory registration change involving the combination of the logistics center and the production center to "Dayuan Factory of Mercuries F&B Co., Ltd.". In the future, Mercuries F&B Co., Ltd. will only have one sewage outfall.

- Wastewater Treatment and Sludge Clearing and Transport of the Central Kitchen of Mercuries F&B Co., Ltd.

To ensure the conformity of the quality of wastewater discharged by the company to the regulatory standards and lower the environmental load, the company has continually updated its wastewater treatment equipment, strengthened equipment maintenance, and constantly pursued effective and efficiency treatment methods in recent years. In 2022, the total quantity of sludge cleared and transported reached 93.24t, up by 53.6% compared with last year. The main reason lied in the limitation of space for temporary storage of sludge due to the construction works of three factories. The frequency of clearing and transport was shortened to once every 2 months. The weight of sludge was relatively heavy due to shortened drying time.

Wastewater Treatment Quantity of the Central Kitchen, Average Concentration, and Quantity of Sludge Cleared and Transported in Recent Three Years

Item	Pipeline network inclusion standard ^{Note 1}	2020	2021	2022
Water treatment quantity (t)	150t/day	28,026	24,888	30,238
Average COD of effluent (mg/L)	480	296.2	220.8	215.65
Average SS of effluent (mg/L)	240	128.2	96.25	113.65

※Note 1: The pipeline network inclusion standard is used with reference to "Water Quality Standards of Sewage and Sewer in Dayuan Industrial Zone".



Compliance with Regulations Related to Environmental Protection

Mercuries & Associates Holding adheres to the requirements of each environmental protection regulation. In 2022, no subsidiary of Mercuries & Associates Holding was imposed with penalty due to major violations of environmental protection related regulations^{Note 1}. However, there were still some matters not fully addressed. In 2022, a total of 6 cases involving small-amount penalties due to man-made negligence occurred, involving a total fine amount of NT\$ 32,000. Subsequently, each responsible department also investigated and reviewed the causes of such nonconforming incidents profoundly, offered suggestions on improvement, and completed the improvement within a certain time limit to avoid the reoccurrence of similar incidents.

Date of occurrence	Company store	Environmental protection unit	Legal provision violated	Content of violation	Subsequent treatment method	Fine amount
March 8, 2022	Mercuries F&B Consulting Co., Ltd.	Taipei City	Paragraph 2, Article 27 of Waste Disposal Act	Oil dripping at the joint of the smoke exhaust pipe at the side lane	Staff in the showroom already required the manufacturer to add an oil baffle plate which was already installed.	NT\$1,200
May 19, 2022	Tonkatsu Keelung A-Mart of Mercuries F&B Co., Ltd.	Keelung City	Paragraph 2, Article 31-1 of Waste Disposal Act	The output of R-1702 waste edible oil declared in August 2021 exceeded the maximum amount indicated in the waste clearing plan.	The quantity declared every month was already controlled within the maximum amount indicated in the waste clearing plan.	NT\$6,000
June 1, 2022	Sales Department of Technology Building of Mercuries F&B Co., Ltd.	Taipei City	Paragraph 2, Article 27 of Waste Disposal Act	The ground where the store waste (industrial waste) was placed was not cleared.	The waste was fully cleared.	NT\$1,200
September 21, 2022	Mercuries F&B Co., Ltd.	New Taipei City	Paragraph 1, Article 27 of Waste Disposal Act	The driver of an official care threw cigarette butts everywhere to pollute the environment.	The driver was already notified to abide by the regulations and not to violate them again.	NT\$3,600
November 24, 2022	Mercuries F&B Co., Ltd. Tonghua Branch	Taipei City	Article 25-2, and Paragraph 4 of Article 32-1 of Sewerage Law	The content of animal grease in the sewage discharged by the store reached 115mg/L, exceeding the standard value (30mg/L).	The cleaning of oil sump the at the store was continuously strengthened.	NT\$10,000
November 24, 2022	Mercuries F&B Co., Ltd. Yanping Branch	Taipei City		The content of animal grease in the sewage discharged by the store reached 69.4mg/L, exceeding the standard value (30mg/L).	The cleaning of oil sump the at the store was continuously strengthened.	NT\$10,000

※Note 1: With reference to Key Points for Recognition of Violations of Laws Related to Environmental protection, Workers, or Food Safety and Sanitation with a Serious Situation of the Ministry of Economic Affairs, "Major Violations of Environmental Protection Regulations" of the Company are defined as one of the followings: (1) The Company is ordered to close the business, or the registration of the Company, commerce, limited partnership, and factory or food practitioners is revoked or abolished; (2) The Company receives a penalty from the competent authority, requiring shutdown of the whole factory or business shutdown of all the operating places for one month or more, or partial shutdown or business shutdown for three months or above; (3) The Company violates environmental protection regulations and was imposed with a penalty by a same competent authority for NT\$ 3 million or above for a single time or accumulatively in a same year.

3.3 Loving the Earth with Ecological Actions

Sustainable Food Plan of “Alliance of Taiwan Foodbanks”

- Mercuries F&B Co., Ltd.

Alliance of Taiwan Foodbanks was incorporated on December 30, 2016. Sticking to the tenet of “Food Assistance, Poverty Relief, Reduction of Food Waste, and Construction of a Poverty-free Network”, Alliance of Taiwan Foodbanks convened members to raise materials together, advocate “Sustainable Food Topic”, and avoid wasting food. Mercuries F&B Co., Ltd. began to cooperate with Alliance of Taiwan Foodbanks for a long term since 2017, and has converted leftovers (expiring food or ugly vegetables and fruits) to “edible food” through recycling and classification treatment procedures so that people in need can eat them, which can reduce food waste and realize the environment-friendly goal for energy conservation and carbon reduction.

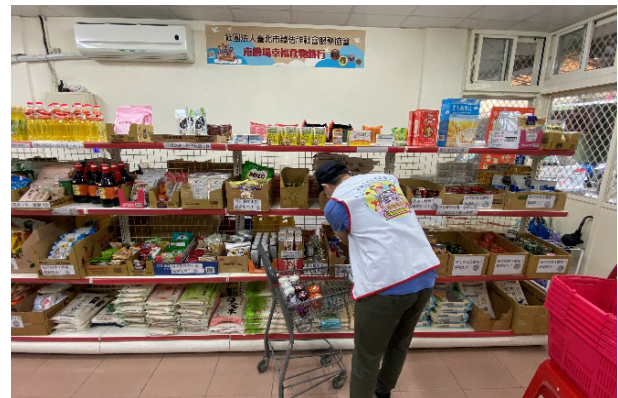
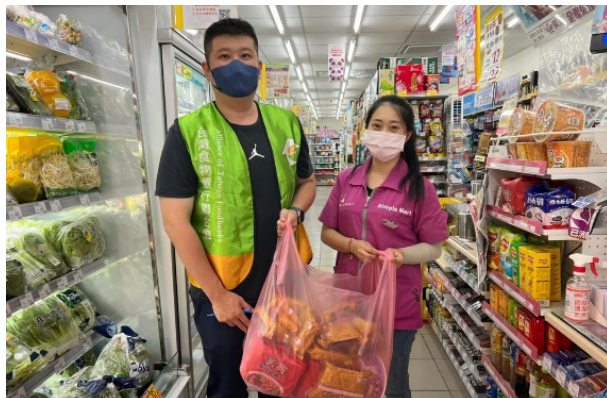


Mercuries F&B Co., Ltd. donated residual food ingredients to the food bank.

- Simple Mart of Simple Mart Retail Co., Ltd.



Simple Mart of Simple Mart Retail Co., Ltd. pays attention to environmental protection topics. In order to eliminate the food waste resulting from return of goods, Simple Mart engaged in a food bank sustainable food plan in November 2018, and upgraded its food cherishing policy to version 2.0 in 2022. Simple Mart becomes a partner of Alliance of Taiwan Foodbanks in the 319 Towns Program. A total of 37 stores of Simple Mart in north, central and south Taiwan were serially connected to the food banks around so that the cycle of “Love from Food” entered each town. When natural disasters, epidemics, or emergencies occur, Simple Mart and the food banks will donate materials immediately in the front line, play a powerful regional disaster prevention and backup role, support families in need, and pass on the warmth to every corner of the society. The amount of materials donated by Simple Mart reached NT\$ 690,000, and the weight of total materials donated exceeded 10.5t from November 2018 to December 2022. Therefore, it helped nearly 5,000 vulnerable local families.



Recycle Bins of “momo” Recyclable Bag of Simple Mart

Simple Mart of Simple Mart Retail Co., Ltd. cooperated with momo shopping platform, a giant in the online retail industry of Taiwan, and joined the team of sustainable green e-commerce recycling. Since 2022, more than 800 Simple Mart stores in Taiwan initiated “momo recyclable bag” parcel recycling service. Consumers in the online shopping platform may have “momo recyclable bag” attached with special green identification seal recycled at the Simple Mart stores in Taiwan, so that people can transform their behavior from “placing orders online conveniently” to “delivering recyclable bags conveniently for environmental protection”, and change their role from “ordinary online shoppers” to “environmental protection trailblazers”. The external packaging bags directly abandoned in the past can become green money to be saved for environmental sustainability. Through this cooperation with the online shopping platform to recycle the recyclable bags, the company hopes to throw a sprat to society and show the concept of the practice of corporate environmental sustainability. In 2022, a total of 291 recyclable bags were recycled.



Plastic Reduction Policy of Simple Mart Retail Co., Ltd.



Simple Mart Retail Co., Ltd. has established a plastic reduction policy since 2020. The plastic containers^{Note 1} used in retail stores for a long term are replaced with containers free from materials including PET, PS, PVC, PE, and PP, or people are encouraged to prepare environment-friendly bags themselves. In the report of plastic reduction results in 2022, the actual number of product containers used to hold eggs, cakes, bread, and vegetables and fruits (3 categories in total) reached 1,760,000, including 1,367,217 alternative containers and 299,329 without container packages. The estimated reduction rate would be 92.22%, and the weight of plastic reduced would reach 33,682kg.

In addition, to coordinate the implementation of the government's plastic reduction policy, Simple Mart of Simple Mart Retail Co., Ltd. has also promoted stores to engage in the plastic reduction activity. Consumers may enjoy eco-friendly discount of NT\$ 2 if they can do the following things: Prepare shopping bags when visiting the stores; prepare shopping bags to hold unpacked eggs; prepare eco-friendly cups when purchasing freshly brewed coffee; hold exclusive paper bags obtained from the shopping platform of Simple Mart to the stores for recycling; furthermore, to coordinate the environmental protection policy, people may have their glass bottles recycled at Simple Mart. 10 million bottles can be recycled annually in the hope that contributions can be made to the Earth, and environmental sustainability can be realized.



Special Offer for Paper Bag Recycling in Simple Mart

※ Note 1: Designated scope of containers: (1) Used to hold products like eggs; (2) used as pallets and packing boxes to hold fresh food like vegetables and fruits; (3) Used as pallets and packing boxes to hold cakes, pancakes, kueh, mochi, pies, flaky pastry, bread, egg tarts, puffs, and other products in the special sales section for baked cakes and bread in shopping malls; (3) Used as disposable containers used to hold food and drinks including cups, bowls, disks, and plates.



Employee Care

- 4.1 Employee Profile
- 4.2 Labor Relations and Employee Benefits
- 4.3 Cultivation of Professional Talents
- 4.4 Workplace Safety and Health

Material topics covered

- Labor Relations and Communication
- Employee Remuneration and Welfare
- Talent Development and Cultivation
- Workplace Safety and Health



Management guideline	Content description
Policy	Equal Employment and Appointment of Employees by Abilities
Significance and management goal	Maintaining good labor-management communication and remuneration & welfare policy are the key for Mercuries & Associates Holding to create a happy workplace. In addition to reducing labor-management conflicts and improving employee satisfaction, it can also indirectly promote employees' working willingness and productivity, improve overall working performance, and realize win-win situation and development of enterprise and employees.
Commitments	Mercuries & Associates Holding deems employees as the most important asset and shoulders the mission of building a happy enterprise so that employees can enjoy a safe and healthy workplace environment and complete education and training. As a result, their working efficiency can be bettered. Also, labor-management communication channels and an appeal mechanism are provided to benefit good communication with stakeholders.
Objectives and targets	<ul style="list-style-type: none"> Strictly abide by relevant labor laws and regulations including Labor Standards Act and Occupational Safety and Health Act. Provide a complete employee welfare system and labor-management communication channels to create a happy enterprise with balance of work and life. Provide diversified education and training planning according to the business types of each subsidiary, cultivate professional management talents, and improve employees' quality. Stick to the principle of equal employment, and provide people of different age groups and ethnic groups to promote an inclusive workplace environment. Maintain workplace safety and sanitation, promote employees' health, and create a workplace environment with zero occupational disasters.
Responsibility and system	<ul style="list-style-type: none"> Convene labor-management meetings and meetings of Occupational Safety and Health Committee every quarter, and utilize diversified communicating channels (e.g., internal website of the Company, routine meetings, chairman's mailbox, etc.) to reinforce the labor-management communication. Human Resources Office: Establish relevant systems regarding personnel recruitment and promotion, attendance work, salary payment, separation, leaves, and retirement; plan and execute employee education and training periodically every year. Remuneration Committee: Review employees' remuneration level periodically. Employee Welfare Committee: Provide good employee welfare systems. Occupational Safety and Health Management Office: Establish an annual occupational safety and health management plan, execute occupational safety and health education and training, as well as health promotion advocacy and lecturing, and arrange occupational physicians and nurses to provide site services, occupational disaster analysis and prevention, operating environment monitoring, etc.
Resources engaged	<ul style="list-style-type: none"> The subsidiaries of the Company conducted functional education and training for a total of 9,694 person-times with average training duration of 6.5 hours per person. The subsidiaries of the Company organized 161 sessions of internal safety and health education and training in 2022, and 3,314 person-times participated in the education and training; 421 person-times participated in external education and training. The total amount invested reached NT\$ 510,440. In-service continuing education and tuition subsidy were provided for colleagues in accordance the measures of the company for subsidies of in-service continuing education. 4 colleagues from the stores of Family Shoemart of Mercuries & Associates, Ltd. applied for continuing education in 2022. Family Shoemart of Mercuries & Associates, Ltd. has cooperated with junior colleges and universities for a long term, and provided students with internship opportunities. In 2022, it cooperated with 8 junior colleges and universities to provide 40 students with short-term internship in the stores of Family Shoemart. Mercuries F&B Co., Ltd. holds Mercuries Cup every year, and invites employees to participate in such events with the objective to improve the sports ethos in the Company. In 2022, the sports event was cancelled due to the epidemic. The subsidiaries regularly organize employees to travel locally and abroad every year. However, in 2022, due to the epidemic, employees' travel was cancelled, and flexibly replaced with travel rewards, etc. as encouragement. The subsidiaries regularly and legally organize employee health examinations and meal health check every year. In 2022, a total of 2,872 person-times received health examinations, with a total cost of approximately NT\$ 1,722,400; in addition, occupational physicians and nurses were arranged to provide site services. A total of 39 site service activities were convened and 212 person-times were served.
Appeal mechanism	<ul style="list-style-type: none"> Mailbox of Human Resources Office: 3080@mercuries.com.tw
Major incidents in 2022	<ul style="list-style-type: none"> In 2022, Mercuries F&B Co., Ltd. took the lead to acquire ISO 45001 third-party certificate. In 2022, Mercuries & Associates, Ltd. and Mercuries F&B Co., Ltd. obtained "National Workplace Safety and Health Week" and "Certificate of Hazard-free Working Hours". Mercuries F&B Co., Ltd. and Simple Mart Retail Co., Ltd. won 2022 "Taipei City Government 6th Taiwan Best Practice Award". 1 store manager of Mercuries F&B Co., Ltd. won TCFA "2022 Outstanding Store Manager Award" and TCFA "2022 Store Business Excellent Experience Award"; 1 store manager won TCFA "2022 Best Innovation Award" and TCFA "2022 Interview Excellence Award". In 2022, 4 colleagues from Mercuries & Associates, Ltd. and Mercuries F&B Co., Ltd. won the special honor of TCFA "2022 Service Angel Award".

Chapter 4

Employee Care

4.1 Employee Profile

The contents and clarifications in this section are mainly disclosed by subsidiaries of Mercuries & Associates Holding, including Mercuries & Associates, Ltd., Mercuries F&B Co., Ltd., and Simple Mart Retail Co., Ltd.

Manpower Composition

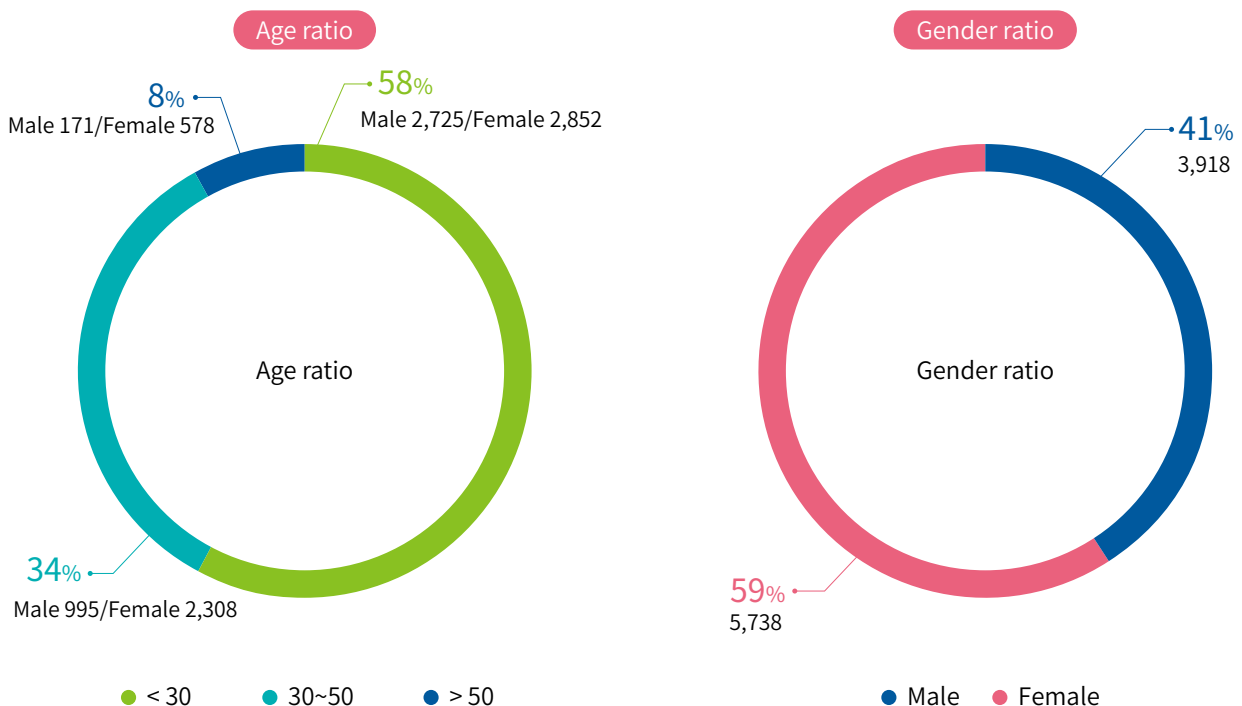
As of the December 31, 2022 in the report period, the total number of employees reached 9,656. Female employees accounted for 59% of the total number of employees regarding manpower composition. Employees aged below 30 accounted for 58% of the total number of employees. In the last three years, the manpower composition of the Company was stable and no significant change was seen in the composition per gender and age.

As for nationality statistics, 104 were foreign employees (accounting for 1% of total number of employees). There is one foreign employee serving a management position^{Note 1}. The Company hasn't employed any employees aged below 16 or child laborers^{Note 2} for work.

※ Note 1: Definition of "management position" in this section: Management position in the head office refers to the rank of manager or above; management position in the stores refers to the rank of deputy store manager or above.

※ Note 2: According to the definition of Labor Standards Act, a child laborer is a worker aged above 15 but below 16.

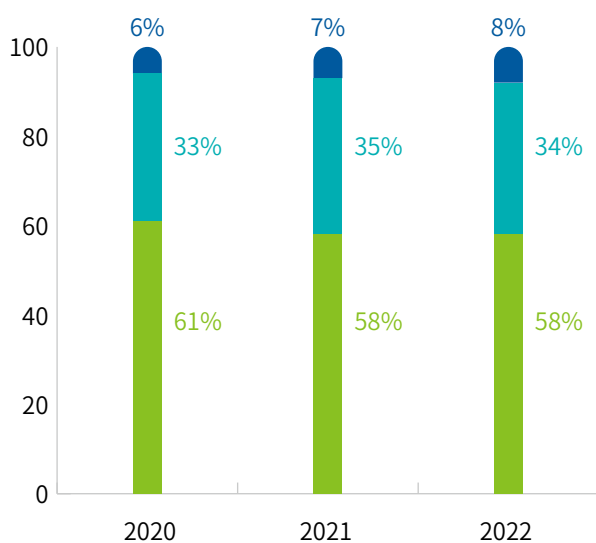
※ Workers of Simple Mart Retail Co., Ltd. include employees in the franchise stores. However, since the staff turnover in franchise stores was high and it was difficult to gather statistics, the employees of the franchise stores were not included in the statistics.





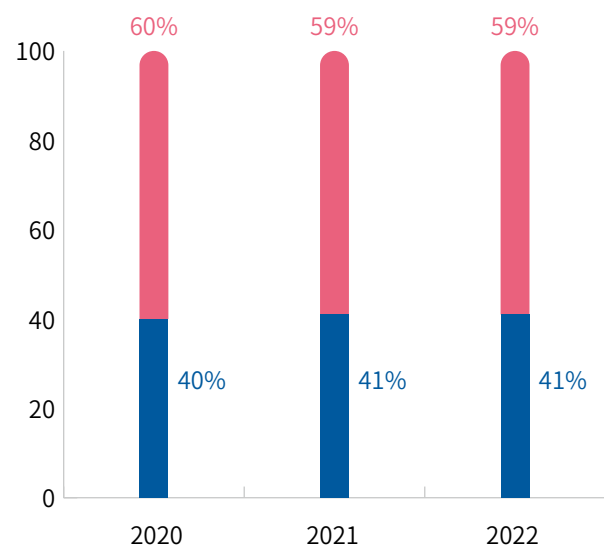
Nationality	Taiwan		Chinese mainland, Hong Kong, and Macao		Southeast Asia		Southeast Asia		Others		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Employees under non-fixed-term contracts	1,539	2,886	2	10	2	1	58	1	0	0	4,499
Employees under fixed-term contracts	0	0	0	0	0	0	0	0	0	0	0
Employees without working hour guarantee	2,310	2,817	2	11	0	1	4	11	1	0	5,157
Full-time employees	1,539	2,886	2	10	2	1	58	1	0	0	4,499
Part-time employees	2,310	2,817	2	11	0	1	4	11	1	0	5,157
Total	3,849	5,703	4	21	2	2	62	12	1	0	9,656

Age ratio



● < 30 ● 30~50 ● > 50

Gender ratio



● Male ● Female

• Non-employee Workers

Type	Male	Female	Category ratio	Work content
Interns	25	17	27%	Same as the work content of store staff
Dispatched workers	57	54	73%	Handling and sorting of goods at the logistics center
Total	82	71	100%	-

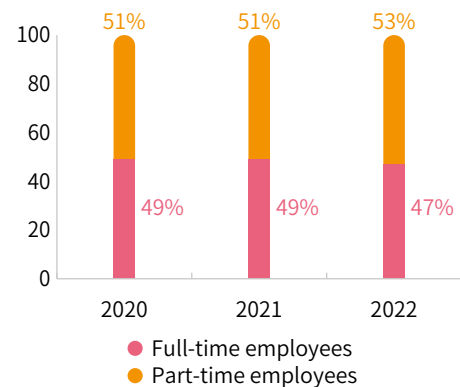
※Non-employee workers refer to persons who work for the organization but have no employee relationship with the organization.

Distribution of Employee Types

• Classified per Employment Type

The industries of Mercuries & Associates Holding include chain catering and general merchandise retail business. The employment types include “Full-time employees” and “Part-time employees”. In 2022, the ratios of full-time employees and part-time employees were 47% (4,499 persons) and 53% (5,157 persons) respectively.

Employment type	2020		2021		2022	
	Male	Female	Male	Female	Male	Female
Full-time employees	1,634	2,940	1,655	2,925	1,601	2,898
Part-time employees	2,110	2,577	2,118	2,606	2,317	2,840



• Classified per Employee Contract and Employee Type

Employees under non-fixed-term contracts		2020		2021		2022	
Employee type	Age	Male	Female	Male	Female	Male	Female
Personnel in head office	<30	84	119	75	102	89	103
	30-50	229	313	217	312	224	312
	>50	66	53	77	70	78	72
Management position in stores	<30	104	196	111	163	92	149
	30-50	262	501	268	515	257	495
	>50	15	53	21	66	23	72
Full-time employees in stores	<30	592	875	540	805	539	773
	30-50	259	722	309	748	267	741
	>50	24	109	37	144	32	181
Part-time employees in stores	<30	1,889	1,830	1,871	1,741	2,032	1,827
	30-50	196	576	220	658	247	760
	>50	24	170	27	207	38	253
Total number		3,744	5,517	3,773	5,531	3,918	5,738

※No employees under fixed contracts were employed from 2020 to 2022.

※The employees of the central kitchen of Mercuries F&B Co., Ltd. were categorized as personnel in head office.



Turnover

• Ratio of New Employees

In 2022, the total ratio of new employees among full-time employees reached 37.4%.

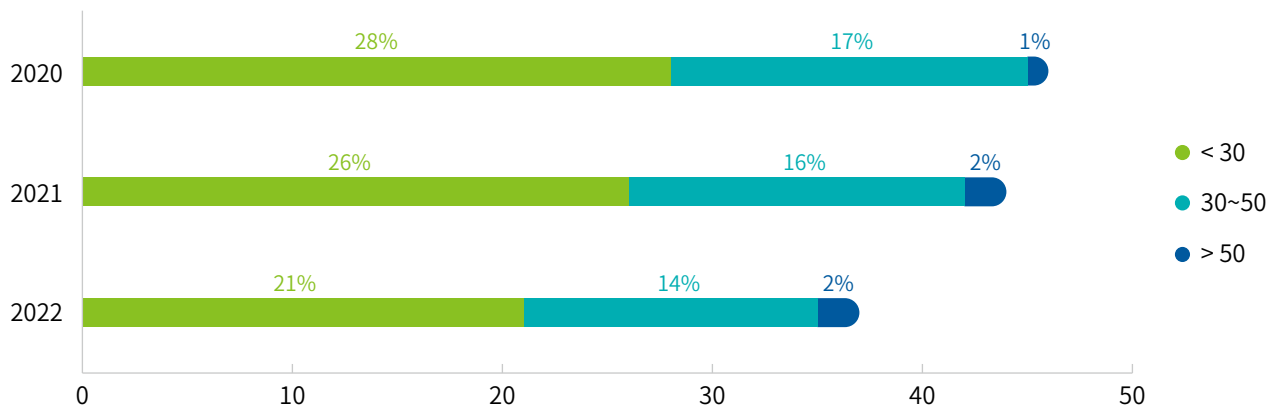
New Employees among Full-time Employees								
Year	2020		2021		2022			
Gender	Male	Female	Male	Female	Male	Female	Total	Ratio
Ratio of new employees	52%	42%	50%	41%	41%	35%	-	-
<30	573	701	524	676	443	523	966	21.5%
30-50	252	504	268	469	196	427	623	13.8%
>50	26	30	28	58	24	71	95	2.1%
Total	851	1,235	820	1,203	663	1,021	1,684	37.4%
Ratio	18.6%	27.0%	17.9%	26.3%	14.7%	22.7%	37.4%	-

※ Since part-time employees changed relatively frequently, only statistics of total ratio of new employees among full-time employees were gathered at present.

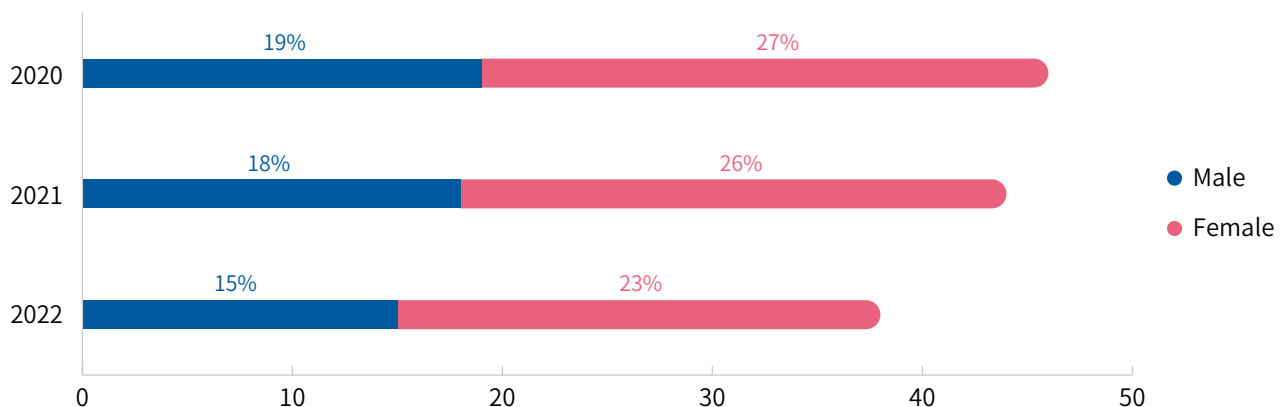
※ Ratio of new employees (%) = Number of new employees in this category (employment type, gender) in current year ÷ Total number of employees in this category (employment type, gender) at the end of the year.

※ Total ratio of new employees (%) = Total number of new employees in the current year ÷ Total number of employees at the end of current year.

Age ratio



Gender ratio



• Ratio of Separating Employees:

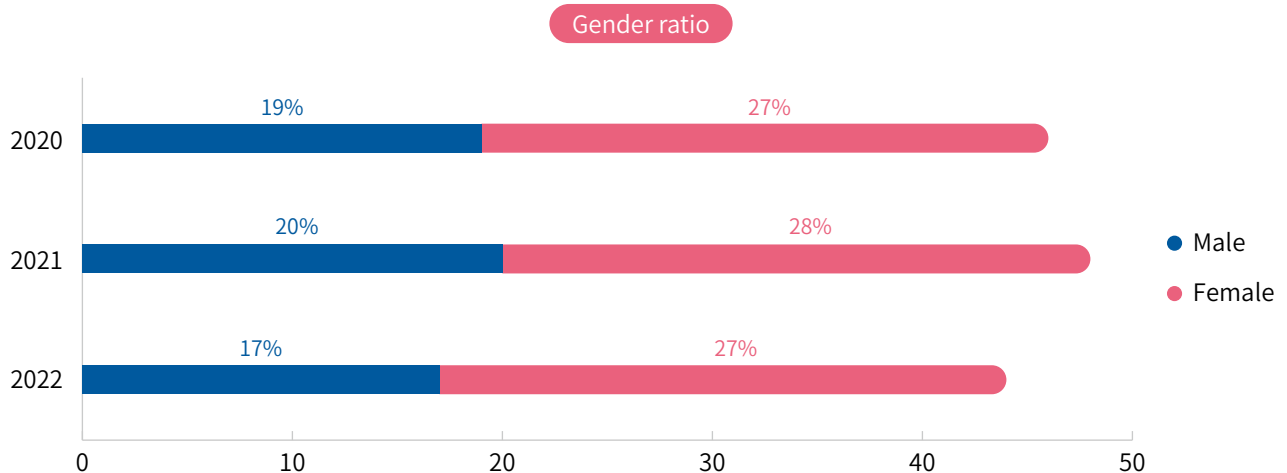
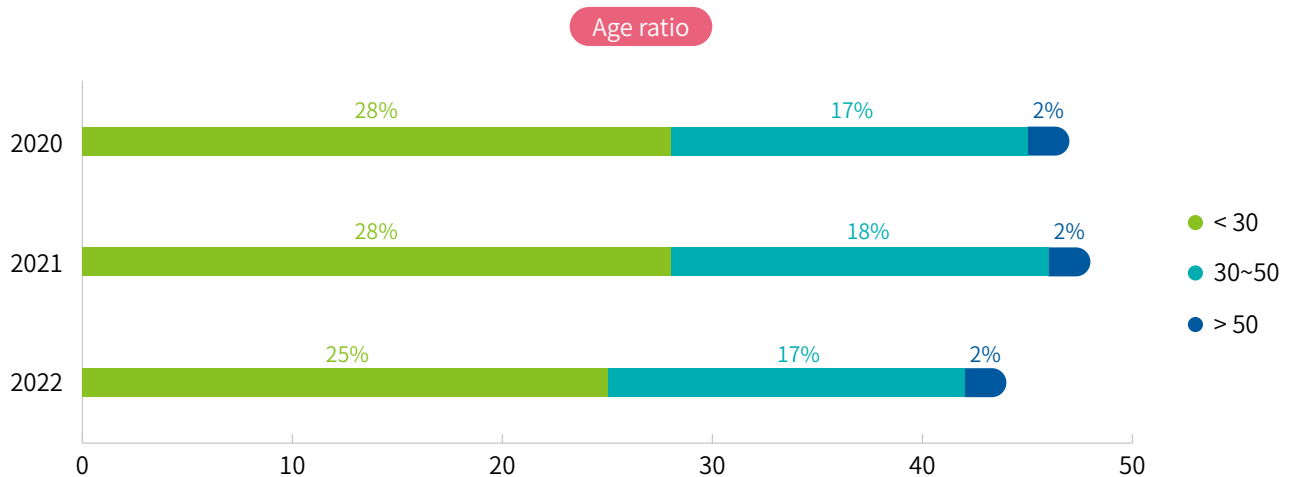
In 2022, the total ratio of separating employees among full-time employees reached 44.3%.

Separating Employees among Full-time Employees								
Year	2020		2021		2022			
Gender	Male	Female	Male	Female	Male	Female	Total	Ratio
Separation rate	54%	41%	55%	43%	48%	42%	-	-
<30	583	687	556	708	491	644	1,135	25.2%
30-50	272	486	320	495	256	504	760	16.9%
>50	26	45	35	58	31	68	99	2.2%
Total	881	1,218	911	1,261	778	1,216	1,994	44.3%
Ratio	19.3%	26.6%	19.9%	27.5%	17.3%	27.0%	44.3%	-

※ Since part-time employees changed relatively frequently, only statistics of total separation rate of full-time employees were gathered at present.

※ Separation rate (%) = Number of separating employees ÷ Total number of employees in this category (employment type, gender) at the end of the year

※ Total separation rate (%) = Total number of separating employees in current year ÷ Total number of employees at the end of current year.



Parental Leave

Reinstatement and retention ratio after parental leave	2020		2021		2022	
Item	Male	Female	Male	Female	Male	Female
Number of employees qualified for applying for parental leave in current year	16	133	29	156	27	196
Number of employees applying for parental leave in current year	3	63	3	71	3	93
Application rate of parental leave (%)	19%	47%	10%	46%	11%	47%
Number of persons scheduled to reinstate in current year	4	60	1	72	0	64
Number of employees reinstated in current year	4	47	1	36	0	45
Reinstatement ratio (%) ^{Note 1}	100%	78%	100%	50%	-	70%
Number of employees reinstated in previous year	0	20	4	47	1	36
Number of employees working continuously for one year after reinstatement in the previous year	0	17	3	30	0	25
Retention rate (%) ^{Note 2}	-	85%	75%	64%	0%	69%

※Note 1: Reinstatement rate = (Number of employees reinstated from parental leave) ÷ (Number of employees scheduled to reinstate from parental leave) × 100%

※Note 2: Retention rate = (Number of employees working continuously for one year after reinstatement in the previous year) ÷ (Number of employees reinstated in previous year) × 100%

4.2 Labor Relations and Employee Benefits

Compensation Structure

Mercuries & Associates Holding provides employees with a competitive and flexible compensation system. Human Resources Office regularly searches information regarding the compensation system in the same trade, and hires employees in accordance with relevant regulations including Labor Standards Act, Act of Gender Equality in Employment, and Occupational Safety and Health Act; at the same time, in order to maintain fairness, position, professional competency, seniority and experience are adopted as basis for salary determination upon employment to ensure equal pay for equal work, and avoid discrimination and differences in terms of gender, age, or other conditions. As for salary adjustment, flexible adjustments are made every quarter according to the assessment standards. Colleagues are encouraged to set up their work objectives, and pursue achievements and breakthroughs. The work performance can also be synchronously reflected in the salary growth.

- Salary of Non-managerial Employees

Information of Remuneration of Non-managerial Full-time Employees ^{Note 2} (Unit: NT\$ 1,000)			
Head office	Item	2021	2022
Mercuries & Associates Holding and important subsidiaries ^{Note 1}	Number of non-managerial full-time employees	1,607 employees	1,578 employees
	Salary (average) of non-managerial full-time employees	874	947
	Salary (median) of non-managerial full-time employees	742	814

Information of Remuneration of Non-managerial Full-time Employees ^{Note 2} (Unit: NT\$ 1,000)

Individual subsidiaries	Item	2021	2022
Mercuries & Associates, Ltd.	Number of non-managerial full-time employees	949 employees	954 employees
	Salary (average) of non-managerial full-time employees	449	487
	Salary (median) of non-managerial full-time employees	370	403
Mercuries F&B Co., Ltd.	Number of non-managerial full-time employees	473 employees	524 employees
	Salary (average) of non-managerial full-time employees	408	404
	Salary (median) of non-managerial full-time employees	381	383
Simple Mart Retail Co., Ltd.	Number of non-managerial full-time employees	2,314 employees	2,276 employees
	Salary (average) of non-managerial full-time employees	413	426
	Salary (median) of non-managerial full-time employees	346	358

※Note 1: Scope of disclosure of important subsidiaries: Full-time employees (employees under non-fixed-term contracts) of Mercuries & Associates Holding and subsidiary Mercuries Life Insurance Co., Ltd. in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants".

※Note 2: Those in "non-supervisor positions" do not include managers (in accordance with the interpretation of managers according to the provisions of relevant letters and orders of the competent authority).

Labor-management Communication

Subsidiaries of Mercuries & Associates Holding regularly hold labor-management meetings every quarter, and the two sides will negotiate matters related to rights and interests. Also, the corporate operation status, internal education and training activities, corrections of working conditions, employees' health checkups and health care, suggestions and adjustments of work contents, promotion of the establishment of the Employee Welfare Committee, and other relevant topics are reported in the meetings.

To safeguard colleagues' rights and interests, the Company has also established internal diversified communicating channels, e.g., internal website, employee service hotline, bulletin board of each department, routine meeting, president's mailbox, etc., to strengthen the labor-management communication. If the Company encounters with difficulties in the operation, or labor contracts are terminated, relevant information will be notified to the colleagues within the shortest notice period ^{Note 1} stipulated in the Labor Standards Act, to safeguard colleagues' rights and interests.

※Note 1: Shortest notice period stipulated in the Labor Standards Act:

- (1) Employees who work continuously for more than three months but less than one year, notice will be given ten days in advance.
- (2) Employees who work continuously for more than one year but less than three years, notice will be given twenty days in advance.
- (3) Employees who work continuously for more than three years, notice will be given thirty days in advance.





Employee Welfare

Welfare for Regular Employees



Bonus

- Yearend bonus
- Employees' dividend bonus
- Various performance fulfillment bonuses
- Long tenure bonus for employees who work for ten years or above



Welfare benefits

- General regular health examination
- Group insurance (accident insurance/medical accident insurance)
- Appropriation of workers' pension
- Subsidies for marriage, funeral and childbirth
- Dormitory for employees in other counties or cities
- Employee shopping discounts/staff meals



Employee Welfare Committee

- Annual subsidy for employee travel
- Cash gifts/coupons for three major festivals
- Yearend dinner for employees and Shinnenkai
- Subsidies for associations



Education and training

- Induction/in-service education and training
- Subsidies for external training
- Transparent promotion channels
- Co-learning of project sharing
- Internal lecturer training

Welfare for Part-time Employees

- Group insurance (accident insurance/medical accident insurance)
- Irregular get-together dinners and recreational activities provided by the company.
- Employee shopping discounts/staff meals
- Intern retention bonus
- Intern scholarship reward
- Promotion training plans for part-time employees

※ The contents of employee welfare may differ slightly due to different governance policies adopted by the subsidiaries. For detailed information, please consult the official website of each company.

• Employee Travel

To reward employees with excellent performance, subsidiaries of Mercuries & Associates Holding regularly organize employee travel every year, and provide travel subsidy bonus according to relevant provisions. Colleagues are welcome to bring their family members to participate in local and foreign travels. However, due to the influence of COVID-19 epidemic, each subsidiary temporarily cancelled employee travel since 2020 in consideration of colleagues' health and sanitation, and flexibly replaced with travel rewards, etc. as encouragement. In 2022, the total amount of subsidies for employee travel exceeded NT\$ 4.8 million.

- Mercuries Cup Sports Meeting of Mercuries F&B Co., Ltd.

Mercuries F&B Co., Ltd. holds Mercuries Cup Sports Meeting every year. The supervisors lead colleagues in stores around Taiwan to participate in this event so that employees may take exercise in their busy work. By organizing the sports meeting, the company reminds all the participants of the importance of regular exercise in daily life. Also, through the competitive sports activities, the company aims to enhance employees' solidarity and the sense of identity for the company. In 2022, due to the influence of COVID-19 epidemic, the sports meeting was temporarily cancelled. In consideration of employees' health. In the future, the company will continue to promote this event so as to enhance employees' solidarity and the sense of identity for the company.



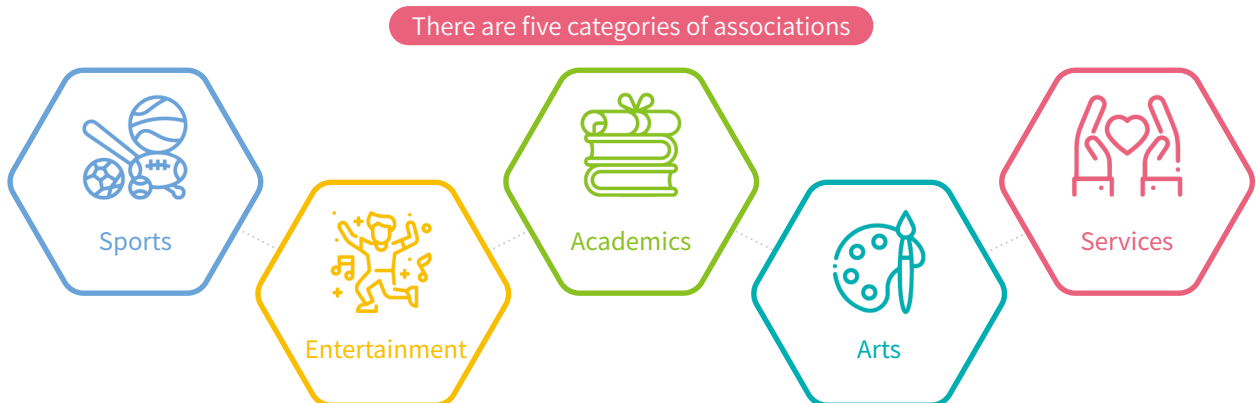
Photos of Mercuries Cup Sports Meeting in 2021



- Subsidies for Employees' Associations

For the purposes of advocating leisure activities, providing physical and mental relaxation, and enhancing colleagues' friendship, Simple Mart Retail Co., Ltd. has established multiple associations to actively promote various activities. There are five categories of associations, including: (1) Sports: Mountain climbing, ball games, swimming, etc.; (2) Entertainment: Photography, musical instruments, signing, bridge art, tea art, etc.; (3) Academics: Book club, calligraphy, writing, computer, etc.; (4) Arts: Dance, painting, art of inserting flowers, etc.; (5) Services: Services for the elderly and young children, etc. Due to the influence of the COVID-19 since 2021, each club activity of employees was suspended. However, members of each club still contact through Line groups and continue to plan club activities after end of the epidemic.

The company will take "Epidemic Prevention" as the highest guideline for the planning of club activities in the future. The company will cautiously and gradually recover the club activities with reference to the epidemic prevention guidance released by the Ministry of Health and Welfare, in consideration of the status quo of its policies and operation, and referring to and evaluating opinions from multiple parties, to ensure employees' health and the company's operating efficiency.





4.3 Cultivation of Professional Talents

The subsidiaries of Mercuries & Associates Holding in the general merchandise retail industry and catering service industry provide their employees with appropriate education and training based on the characteristics and work contents of different industries. The general merchandise retail industry stresses training of store service quality, innovative thinking, and product marketing; the catering service industry emphasizes on training of food safety, product fabrication, and sales flows. Mercuries & Associates Holding expects to improve employees' ability to provide professional and outstanding service quality through well-targeted vocational education and training and talent training plans.

Vocational Education and Training

- Family Shoemart of Mercuries & Associates, Ltd.

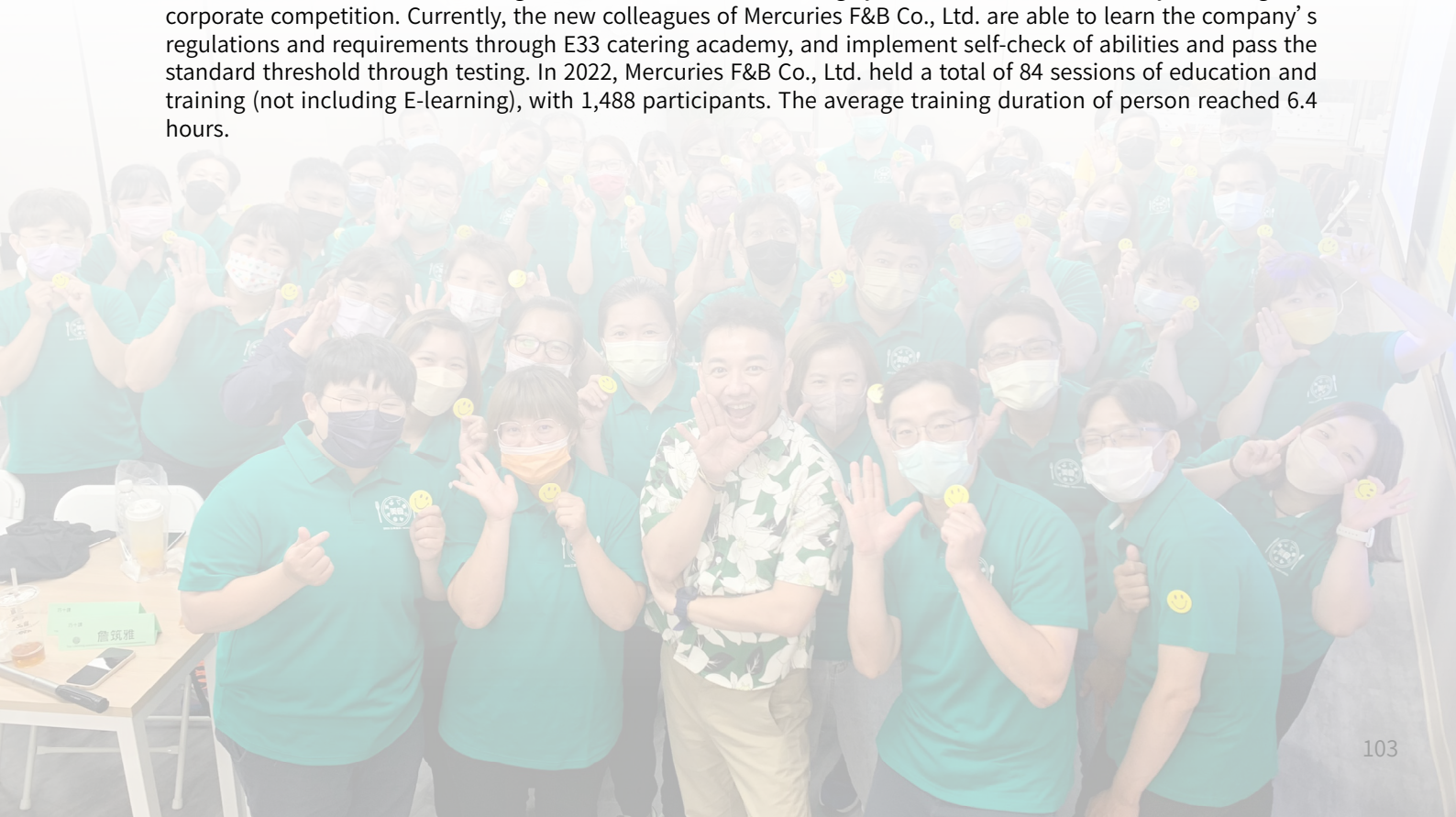
The talent training courses of Family Shoemart of Mercuries & Associates, Ltd. include three-level management function training for stores, review and improvement of customer complaints, special topics on manufacturer brands, etc. with the objective to improve stores' service quality, activate thinking, and improve five forces; also, it provides general functional training courses including value creation by marketing, improvement of communication and customer experience service, etc.

Family Shoemart also provides colleagues with opportunities for in-service continuing education as well as tuition subsidy in accordance the measures of the company for subsidies of in-service continuing education, in order to encourage store colleagues to enrich their professional skills. In 2022, a total of 4 colleagues from the stores engaged in continuing education in Shih Hsin University, National Taiwan University of Science and Technology, National Taipei University of Technology, and Takming University of Science and Technology.

- Mercuries F&B Co., Ltd.

Mercuries F&B Co., Ltd. is committed to the quality improvement of catering services. Therefore, it attaches great importance to employees' professional training and cultivation. The company plans training contents for each partner and provides them with complete education and training according to different operating posts and ranks. The education and training courses are classified mainly based on needs of each rank. Also, training programs for each rank are established based on the organizational development, including internal lecturer training, management training, and external training of professional competency.

The introduction of the E-learning online education and training system is the most direct way to strengthen corporate competition. Currently, the new colleagues of Mercuries F&B Co., Ltd. are able to learn the company's regulations and requirements through E33 catering academy, and implement self-check of abilities and pass the standard threshold through testing. In 2022, Mercuries F&B Co., Ltd. held a total of 84 sessions of education and training (not including E-learning), with 1,488 participants. The average training duration of person reached 6.4 hours.



- Simple Mart of Simple Mart Retail Co., Ltd.

Simple Mart Retail Co., Ltd. defines relevant functions of each position based on the training development model, and promotes in-service training, work coaching, work transfer, lecture, online learning, etc. internally. At the same time, through the integration and application of the corporate resources, the company provides an all-round, diversified learning environment to realize the primary goal of talent retention and cultivation.

Statistics of Ranks and Genders of Employees in Training (Total of Three Subsidiaries)

Employee type	Male		Female	
	Trained person-times	Average training hours	Trained person-times	Average training hours
Employees Management positions	1,095	8.98	1,702	10.95
Employees not in management positions	2,020	5.71	2,316	6.50
Part-time employees	1,166	2.33	1,395	4.04
Total	4,281	5.63	5,413	7.27



Talent Cultivation

- “Evaluation of Directors of Three Regions” and “Store Manager Competitiveness Evaluation” of Family Shoemart of Mercuries & Associates, Ltd.

Family Shoemart of Mercuries & Associates, Ltd. evaluates regional directors every year in two stages in the first half and the second half of the year respectively. Through the competition of regional teams, the consensus of the group can be reached and the directors in each operating region can be inspired to engage in benign competition and perform the responsibilities as a connecting link between the preceding and the following, so as to improve the management efficiency. Also, directors from regions rated as excellent regions in current year are rewarded and praised.

Family Shoemart conducts competitiveness evaluation of store managers annually. This work was done on November 28, 2022 this year. Due to excellent service attitude, store managers were promoted to a model for all colleagues to learn from. Also, competition was adopted to urge the store managers to actively establish a vigorous team and provide high-quality and happy services. Regional directors and store managers with excellent evaluation results were awarded with evaluation certificates and bonuses by the president as encouragement.



- “Cooperative Training of Student Participants from Universities and Colleges” of Family Shoemart of Mercuries & Associates, Ltd.

Family Shoemart has cooperated with multiple universities and colleagues for a long term, and provided students with internship opportunities to acquire relevant internship credits. In 2022, it cooperated with 8 universities and colleges to provide 40 students from 6 departments to engage in short-term professional internship at the stores of Family Shoemart for one year. Also, Family Shoemart followed relevant regulations stipulated in The Act of the Cooperative Education Implementation in Senior High Schools and the Protection of Student Participants' Right regarding the protection of student participants' basic rights and interests, allowances, occupational safety, and working hours, and didn't use student participants aged below 16.

In order to train more talents, Family Shoemart also actively participate in the presentation conferences of innovative products and services held by universities and colleagues, and enters the campus to introduce itself to students there face-to-face. Aiming at “cultivating service management talents”, Family Shoemart expects that students will combine the knowledge learned in the schools with the corporate practices in the future, and more service management talents can be cultivated.



Rewards and Honors for Enterprise Talents

- Mercuries F&B Co., Ltd. and Simple Mart Retail Co., Ltd., Winners of “Taipei City Government Taiwan Best Practice Award”

Mercuries F&B Co., Ltd. and Simple Mart Retail Co., Ltd. won 2022 “Taipei City Government Taiwan Best Practice Award”. The appraisal of this award includes a total of 14 indicators, e.g., diversified vacancies as well as education and training, employment services of specific targets and the elderly, workplace experience and internship through cooperation with universities. Taipei City Employment Services Office appraised and then delivered relevant results to the local authority for query of the implementation status of labor regulations by the applicants. The appraisal process was prudent and truthful. The award winners were model enterprises that provided citizens with high-quality work environment and jobs in a serious and practical spirit. When facing the impact of the super-aged society and the trend of low birth rate, the enterprises winning the award have also exerted a great deal of efforts and resources to the overall employment environment of Taiwan when operating their own corporate business. It is expected that the participating enterprises will better perform their corporate social responsibility in the future through this prize-awarding ceremony.



Source of photo: Taipei City Employment Services Office

- Qualification Trials of TCFA 2022 Outstanding Store Manager Award

Mercuries F&B Co., Ltd. has never changed its initial intention to great services and pursuit for progress, and selects excellent store managers annually to participate in the selection of “National Outstanding Store Managers” held by TCFA so that the participating store managers can make continuous breakthroughs and grow in the competition. Also, they can learn from and share with store managers in other industries, set an example, and learn new knowledge to realize the spirit if “Peers are not enemies, and people from other industries can be teachers”.

In 2022, the winners of Mercuries F&B Co., Ltd. include store manager Yen, Hsiao-Chu who won “Outstanding Store Manager Award” and “Store Business Excellent Experience Award”, and Chen, Pei-Yu, manager of Napoli store, who won “Best Innovation Award” and “Interview Excellence Award”. In the future, we will continue to cultivate excellent store managers and make them outstanding and versatile talents.



• TCFA 2022 Service Angel Award

Mercuries & Associates Holding stresses the important value of high-quality basic-level talents. In order to extend gratitude to the diligent contributions made by the first-line service personnel and heros behind the stage, the Company actively encourages the store staff to participate in the selection of “Service Angel Award” held by TCFA every year to showcase the important value of high-quality basic-level talents. Epidemic prevention safety was more important under the impact of the epidemic, while personnel providing the best services in the front line worked diligently every day, and their passionate and contributing service attitude was worth being praised.

In 2022, 4 employees of subsidiaries of Mercuries & Associates Holding won the special honor of “2022 Service Angel Award”, including Hung, Hsiao-Chien from Human Resources Division of Mercuries F&B Co., Ltd., Chung, Su-Chin from Sanshang Qiaofu store, and Wu, Mei-E and Lin, Hui-Tzu from stores of Family Shoemart of Mercuries & Associates, Ltd. In the future, the Company will still lead its employees to continuously stick to their positions, accumulate the strengthen of brand service value, and provide customers with better service quality.



4.4 Workplace Safety and Health


Employees are the largest assets of Mercuries & Associates Holding. The Company and its subsidiaries are committed to building a safe and healthy workplace, and has legally established an occupational safety and health management system, and relevant measures and documents to regularly review and improve the work environment and actively prevent the occurrence of occupational disasters.

Occupational Safety and Health Management System

All subsidiaries of Mercuries & Associates Holding have internally established an Occupational Safety and Health Committee (hereinafter referred to as OSH Committee) as the highest decision-making unit for occupational safety and health. The members of the OSH Committee comprise president, occupational safety and health management personnel, heads of business units, and labor representatives (who legally account for more than one third of the total number of committee members). The OSH Committee convenes meetings once a quarter. The Occupational Safety Office will report the implementation status and progress of work related to occupational safety and health, deliberate each occupational safety and health management plan and proposal, and join hands with each department to study and draft occupational safety and health improvement measures. The workers include relevant personnel executing work activities under the control of each company, including employees of the head office, store employees, building administrators, suppliers, contractors, etc.

With respect to the certification of international management systems, Mercuries F&B Co., Ltd. took the lead to introduce ISO 45001 Occupational Safety and Health Management System in May 2021. First, each unit selected candidates to serve as the occupational safety and health window. Then, internal and external education and training were carried out to improve employees' awareness of occupational safety and health as well as executing ability. Finally, internal and external audits were performed to ensure the effective operation of the system, and implement PDCA cycle. Mercuries F&B Co., Ltd. acquired the certification of ISO 45001 third-party verification agency in January 2022 for the first time, and completed in renewal verification in December 2022. Following Mercuries F&B Co., Ltd., other subsidiaries are also actively working on the introduction of the energy management system.

ISO 45001 Occupational Safety and Health Management System of Mercuries F&B Co., Ltd.




bsi.
Certificate of Registration
OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that: Mercuries F&B Co., Ltd.
2F, 5F, 6F, 17F,
No. 145, Sec. 2, Jiangsu
Zhongshan Dist.
Taipei City
104476
Taiwan

三商餐飲股份有限公司
臺灣
台北市
中區
建國南路2段145號
2~5~6~17樓
104476
Taiwan

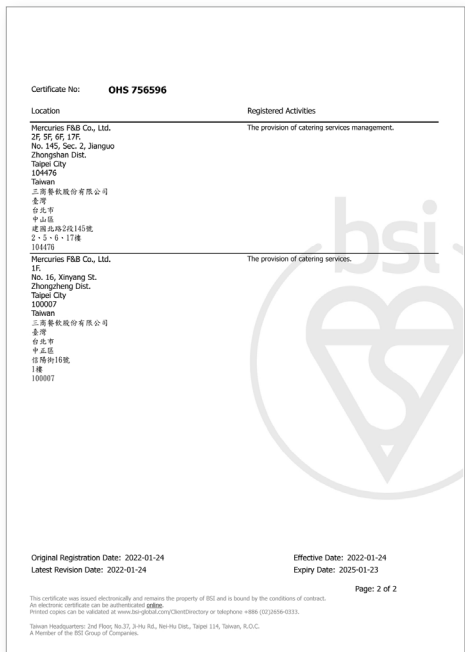
Holds Certificate No: **OHS 756596**
and operates an Occupational Health and Safety Management System which complies with the requirements of
ISO 45001:2018 for the following scope:
The provision of catering services management.
餐飲服務管理

For and on behalf of BSI:

Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2022-01-24
Latest Revision Date: 2022-01-24
Effective Date: 2022-01-24
Expiry Date: 2025-01-23
Page: 1 of 2

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Certificate No: **OHS 756596**

Location	Registered Activities
Mercuries F&B Co., Ltd. 2F, 5F, 6F, 17F, No. 145, Sec. 2, Jiangsu Zhongshan Dist. Taipei City 104476 Taiwan 三商餐飲股份有限公司 臺灣 台北市 中區 建國南路2段145號 2~5~6~17樓 104476 Taiwan	The provision of catering services management.
Mercuries F&B Co., Ltd. 1F, No. 16, Xinyang St. Zhongzheng Dist. Taipei City 100007 Taiwan 三商餐飲股份有限公司 臺灣 台北市 信陽街16號 1樓 100007	The provision of catering services.

Original Registration Date: 2022-01-24
Latest Revision Date: 2022-01-24
Effective Date: 2022-01-24
Expiry Date: 2025-01-23
Page: 2 of 2

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Taiwan Headquarters: 2nd Floor, No. 37, 3-Hu Rd., Neihu Dist., Taipei 114, Taiwan, R.O.C.
A Member of the BSI Group of Companies.

Date of acquisition: January 24, 2022

Valid until: January 23, 2025

※ The scope of this ISO 45001 management system (including internal and external audits) covers a total of 130 employees in the head office of Mercuries F&B Co., Ltd., and Xinyang store of Sanshang Qiaofu, but does not include workers who are not employees but with their work and/or workplaces controlled by the organization.

Workplace Safety and Health Performance and Awards

Awards Related to Occupational Safety and Health Promotion



Mercuries & Associates, Ltd.
2019 Excellent Performance Award for Healthy Workplace

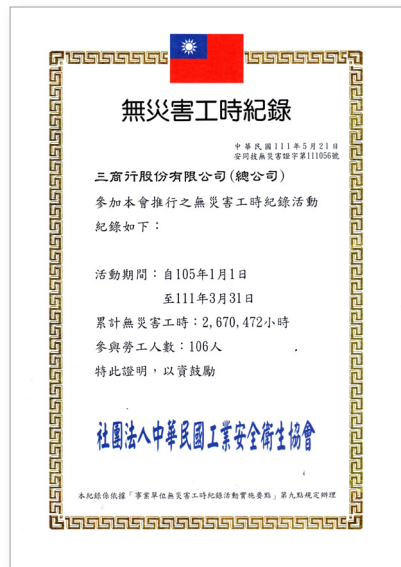


Mercuries & Associates, Ltd.
Certificate of Participation in 2022 National Workplace Safety and Health Week



Mercuries F&B Co., Ltd.
Certificate of Participation in 2022 National Workplace Safety and Health Week

“Certificate of Record of Disaster-Free Working Hours” by the Industrial Safety and Health Association of the Republic of China



Head office of Mercuries & Associates, Ltd.
Accumulated disaster-free working hours:
2,670,472 hours



Head office of Mercuries F&B Co., Ltd.
Accumulated disaster-free working hours:
974,024

Workplace Risk Identification and Management

In response to the business types of Mercuries & Associates Holding in the different industries, the occupational safety and health management personnel of each subsidiary carry out classified risk control over the work characteristics in accordance with Procedures for Hazard Identification and Evaluation of Risks and Opportunities. The risk levels are obtained first through evaluation of severity and frequency of occurrence of risks. Then, relevant improvement programs are put forward for work with higher risk levels. The scope of evaluation includes work contents of employees of the Company, management of equipment, machines, and tools, and all types of hazards possibly faced by workers who are not employees but with their workplaces controlled by the Company.

To guarantee the possession of professional competency for execution of hazard identification and risk evaluation, it is stipulated that the executors must be served by occupational safety and health supervisors or occupational safety and health management personnel. Also, in-service education and training will be carried out according to Rules for Occupational Safety and Health Education and Training to ensure the executors' ability and the effectiveness of qualifications. When a major incident occurs, or a major amendment is made to the occupational safety and health policy, or the workers' work contents are changed, the Occupational Safety Office shall join hands with the supervisors of each department to open a window meeting to reevaluate the hazards, propose coping programs for major amendments, and implement system auditing.

In addition, when there is a risk of immediate danger in the workplace, the person in charge of the workplace shall order the stoppage of the work, and withdraw workers to a workplace; if a worker finds a risk of immediate danger in the workplace when executing his/her duties, he/she may stop the work and withdraw to a safe place without endangering other workers' safety. In this case, the Company will not fire this worker, transfers his/her job, stop the paying of wage incurred during work, or give any other adverse punishment, so as to guarantee workers' autonomous right of withdrawal.

- Store OSH Audit

The Occupational Safety Office of each subsidiary evaluates the effectiveness of the occupational safety and health management system and automatic inspection of stores relying on store audit. The Occupational Safety Office establishes audit plans for stores in each region in Taiwan, and set up targeted audit rate every year based on the implementation status and needs of previous audits, and assigns occupational safety and health personnel to execute on-the-spot audits in these stores; during such audits, items included in the OSH audit form will be used as auditing standards, and on-site coaching will be conducted as the case may be. Subsequently, the Occupational Safety Office will summarize the audit results of each store in the current month and provide them to the head of each department for tracking and improvement.

Name of company	Mercuries & Associates, Ltd.	Mercuries F&B Co., Ltd.	Simple Mart Retail Co., Ltd.
Targeted audit rate	68%	80%	100%
Targeted standard-reaching rate	101%	101%	100%

Statistics of Occupational Injuries

Subsidiaries of Mercuries & Associates Holding have clearly defined their own occupational disaster notification processes to ensure that any emergency occurring inside can be practically and immediately notified to facilitate subsequent disposal and investigation. The Occupational Safety Office gathers statistics regularly and analyzes data regarding occupational disasters to identify the types of occupational disasters constantly taking place in the company, and then analyzes the causes and proposes improvement measures for practical execution. Mercuries & Associates Holding takes the protection of the workplace safety of employees and the zero occurrence of occupational disasters as management goals.

In order to compare the industries of the Company with the performance indicators specified in "Averages of Comprehensive Injury Indexes in Each Industry from 2020 to 2022" released by Occupational Safety and Health Administration, Ministry of Labor, the statistics of occupational disaster indicators of subsidiaries are disclosed per industries, i.e., (1) retail industry (Mercuries & Associates, Ltd., Simple Mart Retail Co., Ltd.), and (2) catering industry (Mercuries F&B Co., Ltd.). In 2022, neither occupational disaster related to "workers who were not employees but with jobs or workplaces controlled by the Company", nor any work-related ill health incident occurred.

• Statistics of Occupational Disasters

Statistical data of occupational disasters in 2022 ^{Note 1}	Retail industry	Catering industry
Total working hours (A)	9,736,576 hours	5,975,184 hours
Number/Ratio of deaths caused by occupational injuries ^{Note 2}	0 persons/0%	0 persons/0%
Person-times/Ratio of serious occupational injuries ^{Note 3}	0 persons/0%	0 persons/0%
Loss of person-times due to occupational injuries (B)	9 person-times	13 person-times
Loss of number of days due to occupational injuries (C)	147 days	343 days
Disabling Injury Frequency Rate $FR = (B \times 106 \div A)$	0.92	2.17
Disabling Injury Severity Rate $SR = (C \times 106 \div A)$	15	57
Frequency-Severity Indicator $FSI = (\sqrt{FR \times SR} \div 1000)$	0.11	0.35
Days of sick leave (D)	6,678 days	3,156 days
Days of absence (C+D)	6,825 days	3,499 days
Absence rate ^{Note 4}	0.56%	0.30%

※ Note 1: The statistics above did not include occupational injury incidents taking place during commuting.

※ Note 2: Death rate of occupational injuries = Number of deaths caused by occupational injuries \div Total working hours $\times 1,000,000$.

※ Note 3: Ratio of serious occupational injuries = Number of serious occupational injuries (exclusive of deaths) \div Total working hours $\times 1,000,000$.
(Serious occupational injuries: Refer to occupational injuries occupational injuries that result in death, disability, or failure of the injured personnel to recover to the health status before injuries within 6 months.)

※ Note 4: Absence rate = Total number of days of absence in current year $\div \Sigma$ (Total number of persons in each month \times Monthly working days).

※ The average frequency of disabling injury (FR) = 2.79; the average severity of disabling injury (SR) = 52; the frequency-severity indicator (FSI) = 0.38 with reference to relevant data released by Occupational Safety and Health Administration, Ministry of Labor [Per Same Industry (Retail Industry) from 2020 to 2022]. The statistical indicators of occupational disasters occurring to the subsidiaries of Mercuries & Associates Holding in the retail industry were lower than the averages in the same trade.

※ The average frequency of disabling injury (FR) = 4.02; the average severity of disabling injury (SR) = 70; the frequency-severity indicator (FSI) = 0.53 with reference to relevant data released by Occupational Safety and Health Administration, Ministry of Labor [Per Same Industry (Catering Industry) from 2020 to 2022]. The statistical indicators of occupational disasters occurring to the subsidiaries of Mercuries & Associates Holding in the catering industry were lower than the averages in the same trade.

• Statistics of Types of Occupational Disasters and Improvement Measures

Type of disaster	Person-times in 2022	Evaluation of improvement measures
Fall and slip	3	<ul style="list-style-type: none"> Always keep the floor dry, or put a "Caution, Wet Floor" sign. Practically require the operators to wear non-slip shoes.
Tooling mark	1	<ul style="list-style-type: none"> Strengthen employees' education and training and implement SOP for cleaning of machinery equipment.
Incised injury	1	<ul style="list-style-type: none"> Strengthen the notification of hazards before work.
Burns	5	<ul style="list-style-type: none"> Post high-temperature warnings aside high-temperature equipment. Strengthen education and training as well as notification before work, and place qualified first-aid kits in the workplaces.
Improper actions	4	<ul style="list-style-type: none"> Advocate the utilization of auxiliary tools when moving goods, and use correct weight-lifting postures to move the goods.
Traffic accident in work	6	<ul style="list-style-type: none"> Hold road safety lectures and studies irregularly to strengthen employees' education and training.
Traffic accident during commuting (occupational injuries)	46	<ul style="list-style-type: none"> Hold road safety lectures and studies irregularly to strengthen employees' education and training.

Workplace Safety and Health Education and Training

• Internal Occupational Safety and Health Education and Training

The Occupational Safety Office of the subsidiaries of Mercuries & Associates Holding plans safety and health education and training annually according to the statistics of occupational injuries, false alarms, or annual objectives for occupational safety and health, with the objective to promote the concept of workplace safety and health to employees' workplaces. In 2022, a total of 161 workplace safety and health promotion lectures were held in 2022 with attendance of 3,314 person-times.



In addition, for workers who are not employees but with workplaces controlled by the Company, outsourcers or contractors are required to attach relevant certificate of occupational safety and health education and training of workers entering the site and statutory licenses of eligible occupational safety and health management personnel or operators engaged in special work when signing contracts with the Company in accordance with the requirements of Measures for the Administration of Contractors; also, these outsourcers or contractors shall notify hazards to the workers before entering the Company for work, and explain the potential hazard factors of workplace environment or work, to realize the effectiveness of occupational safety and health education and training.

Name of course	Sessions	Person-times
General safety and health education and training	Physical courses	408
	E-training online courses	577
Safety and health supervision and guidance advocacy meeting	9	80
Store manager safety and health advocacy meeting	18	432
Fire prevention and response	6	453
Workplace health promotion course	11	271



List of Workplace Health Promotion Courses

Date of handling	Name of lecture	Number of participants	Company	Handling unit
August 31, 2022	Muscle-building Diet for a Healthy Physique	13	Mercuries & Associates, Ltd.	Chi Hsin Clinic
October 28, 2022	Health Promotion-How much do you know about health examination	29	Mercuries & Associates, Ltd.	Occupational Safety and Health Office
November 16, 2022	Knowing Metabolic Syndrome	24	Mercuries & Associates, Ltd.	Specially appointed on-site physician
July 4, 2022	Health Literacy on Stroke and Creative Board Game Course	30	Mercuries F&B Co., Ltd.	Taipei Medical University
July 19, 2022	Course of Health Promotion and Weight Loss by a Healthy Diet	45	Mercuries F&B Co., Ltd.	Chi Hsin Clinic
July 19, 2022	Activate Your Pressure Relief Valve and Release the Pressure Cooker	17	Mercuries F&B Co., Ltd.	Kaohsiung Mental Health Center
July 21, 2022	Emotional Flood Control Scheme	16	Mercuries F&B Co., Ltd.	Metamorphosis Counseling Center
August 5, 2022	Traffic Road Safety Advocacy Course	33	Mercuries F&B Co., Ltd.	Department of Transportation, Taipei City Government
August 18, 2022	CPR+AED First-aid Training	21	Mercuries F&B Co., Ltd.	Taipei City Fire Department
November 22, 2022	Traffic Road Safety Advocacy Course	20	Mercuries F&B Co., Ltd.	Department of Transportation, Taipei City Government
September 30, 2022	Knowing Insomnia and Getting a Good Night's Sleep Back	23	Simple Mart Retail Co., Ltd.	Personnel Management Department of Human Resources Division

- External Occupational Safety and Health Education and Training

As for the license management of occupational safety and health personnel in the stores, each subsidiary audits the compliance of statutory occupational safety and health personnel and first-aid personnel in the stores as well as machinery operators in the central kitchen and arranges personnel's training and retraining as needed every year in accordance with Measures for the Administration of Occupational Safety and Health, Rules for Protection of Workers' Health, and Rules for Occupational Safety and Health Education and Training. In 2022, The number of trainees of subsidiaries participating in external education and training is as follows. The total amount of training expenses incurred reached approximately NT\$ 510,440.

Store Staff

Type of license	Category of training	Total person-times
Class C occupational safety and health business supervisors	Preliminary training	51
	Retraining	19
First-aid staff	Preliminary training	72
	Retraining	270

Personnel of the Central Kitchen of Mercuries F&B Co., Ltd.

Type of license	Person-times engaged in preliminary training	Person-times engaged in retraining
Operators of pressure vessels	0	1
Operators of stacking machine	0	3
Occupational safety and health business supervisors	0	2
Operators of fixed cranes	0	1
Personnel engaged in hoisting work	0	1
Fire protection management personnel	0	1



- Emergency Response Education and Training

Subsidiaries of Mercuries & Associates Holding regularly arrange emergency response drills, and join hands with the fire department to hold fire drills as well as firefighting equipment application drills, to realize the goal of emergency response education and training and enable employees to accept a correct concept of escape, so as to guarantee the life and property safety of the companies and individuals.



The central kitchen of Mercuries F&B Co., Ltd. held an emergency response drill on August 15, 2022.



Mercuries F&B Co., Ltd. held 2 emergency response drills at the head office, and 1 emergency response drill at the store respectively in 2022.



Simple Mart Retail Co., Ltd. held a fire evacuation drill at the head office on November 4, 2022.



Workplace Health Care

All subsidiaries of Mercuries & Associates Holding have hired dedicated worker health service nursing staff (occupational nursing staff) and on-site physicians to provide workplace health care. Also, healthcare facilities like infirmary and nursing room have been set up to ensure that the employees and non-employee workers in the workplace are taken good care of. The occupational nursing staff is responsible for drafting and promoting the implementation of four major worker health protection plans, and utilizes relevant risk evaluation form to screen employees with high health risks every year. Also, the occupational nursing staff arranges face-to-face conversation or telephone interview with on-site physicians. Then, suggestions on job adjustments of workers will be provided according to relevant reports and job adaptability; if employees are not physically comfortable, or have needs for health consulting, physicians can also be appointed for interview to implement preliminary disease prevention and health guidance.

The infirmary regularly cooperates with medical institutions recognized by the Ministry of Labor annually, and arranges colleagues to conduct health examination. All the examination items are handled according to the regulations. If any abnormality exists in the health examination report, any colleague may consult with the on-site physician by face-to-face talk, telephone, and email. The employees' health examination reports are uniformly managed and analyzed by the occupational nursing staff. Then, employees' health promotion activities and lectures will be planned based on analysis results. Abnormal work overload evaluation questionnaire will be implemented synchronously with the annual health examination. It is classified into level 0 to level 2. Also, colleagues classified at level 2 will be arranged to talk with the physicians face-to-face for continuous care.

For the personnel of outsourcers or contractors, the manufacturers shall confirm the physical health of workers before assigning personnel to the site according to the requirements of Measures for the Administration of Contractors. Also, the manufacturers shall confirm that the workers have already completed health examination (including health examination for special work), purchased labor insurance and health insurance, or joined the trade union, to ensure their safety and interests.



Health care measures including dispensary and nursing room are established in the head office.



Monthly Consulting Service from On-site Physicians of Mercuries & Associates, Ltd. and Mercuries F&B Co., Ltd.










Execution of Health Risk Evaluation and Employee Care by On-site Physician in the Stores of Mercuries & Associates, Ltd.



Itinerant Group Health Examination of Simple Mart Retail Co., Ltd.



Results of Workplace Health Care of Subsidiaries of Mercuries & Associates Holding in 2022

Item	Mercuries & Associates, Ltd.
 <p>On-site physician service</p>	<p>1 time/month and 12 on-site services in total Consulting of 38 person-times (4 interviews; 34 telephone interviews)</p>
 <p>Use of infirmary and consulting</p>	<ul style="list-style-type: none"> A total number of 274 person-times. The consulting categories include: Those with abnormalities in the health examination reports; parental health care (for pregnant and postpartum employees), those implementing COVID-19 independent health monitoring and confirmed with the virus, those who are physically unwell, assistance in change of medical prescriptions for bruises and cuts, and care about employees involved in occupational disasters.
 <p>Measures for tracking and management of abnormalities in health examinations and</p>	<ul style="list-style-type: none"> Categories of abnormalities: Hypertension, hyperlipidemia, hyperglycemia, high BMI, low Hb level, abnormal renal function, and chest X-ray abnormality. Classification of health examination: 3 persons with class 2. Subsequent tracking and management: Physicians and occupational nursing staff care about employees by telephone interview and give health education related to diseases; for colleagues requiring further tracking after evaluation, their health status will be continually tracked every 3-6 months.
 <p>Overload investigation</p>	<ul style="list-style-type: none"> A total of 7 persons with medium risks The physician or occupational nursing staff provides guidance on health education, and continually tracks colleagues' conditions every half a year or every year. If any abnormality is found in tracking, on-site physician will be arranged in a real-time way for reevaluation. If the physician suggests that relevant colleagues need psychological consulting, the Company will assist the referral to cooperative psychology consulting contractor for coaching.
 <p>Maternal health protection plan</p>	<ul style="list-style-type: none"> 18 employees were under the maternal health protection period this year, among whom 15 already completed health examination at level-1 management, while the remaining 3 employees were still on unpaid parental leave without instatement. Physicians were arranged to provide consulting based on each employee's actual condition. Also, the occupational nursing staff cares about health status of colleagues before and after delivery, and provides appropriate health guidance and work suggestions.
 <p>Prevention of musculoskeletal diseases due to repetitive work</p>	<p>Musculoskeletal symptom questionnaire was used for statistics gathering. There was no person with musculoskeletal pain reaching 3 points this year.</p>
 <p>Annual health examination</p>	<p>A total of 36 persons participated in the health examination with total investment of approximately NT\$ 22,400.</p>

Mercuries F&B Co., Ltd.

2 time/month and 23 on-site services in total
Consulting of 156 person-times (4 interviews; 152 telephone interviews)

- A total number of 66 person-times. The consulting categories include: Accidental cuts, fall and collision, physical discomfort such as dizziness and fever, and post-operative wound care, etc. Assist the evaluation of wounds, disinfection, and change of medical prescription, and provide information on health and education to realize continual care.

- Categories of abnormalities: Hypertension, hyperlipidemia, hyperglycemia, high BMI, low Hb level, leukemia, abnormal liver function, etc.
- Classification of health examination: 13 persons with class 4 and 50 persons with class 3
- Subsequent tracking and management: Colleagues with abnormal health examination results (class 3 or above) will be arranged to conduct physician consulting services, and relevant medical guidance and information on health education will be given.

- A total of 8 persons with class 2 and above
- Physicians were arranged to conduct overloading consulting, give guidance on health education, and fill out guidance record form. The nurse practitioner continually tracks and cares about the colleagues. Consulting center can be arranged to provide consulting and assistance as needed.

- 28 employees were under the maternal health protection period this year, among whom 25 already completed health self-evaluation and environmental evaluation at level-1 management, while the remaining 3 employees were still on unpaid parental leave without instatement.
- Physicians were arranged to provide consulting for maternal colleagues, care about their pregnancy and postpartum conditions, and remind them not to stand for a long period time, or handle heavy objects.

There were 5 persons suspected of repetitive musculoskeletal discomfort with evaluated score of 3 points or above. Physicians were arranged to provide consulting and give appropriate information on health education.

A total of 1,909 persons participated in health examination with a total investment of approximately NT\$ 1.25 million.

Simple Mart Retail Co., Ltd.

1 time/quarter, and 4 on-site services in total
Consulting of 18 person-times (15 interviews; 3 telephone interviews)

- A total number of 50 person-times. The consulting categories include: Drug consulting, musculoskeletal pain, "Three Highs" (hypertension, hyperlipidemia, hyperglycemia), COVID-19 consulting, preliminary wound treatment, assistance for seeking medical advice, and health education and advocacy.

- Categories of abnormalities: Anemia, liver function, kidney function, X-ray test, triglyceride, blood sugar, and cholesterol
- Classification of health examination: A total of 10 persons
- Subsequent tracking and management: Employees with abnormal health examination results will be arranged to consult with on-site physicians. Or, they will be tracked and reexamined at outpatient. Listen to physicians' suggestions, and then execute and make improvements. Give relevant medical guidance and information regarding health education.

- A total of 0 persons with class 2 and above
- The nurse practitioner screens an overtime list every month. Workers who work overtime shall be immediately reminded, and physicians were arranged to implement load consulting and give guidance on health education.

- 63 employees were under the maternal health protection period this year with evaluation results as level-1 management.
- Advocate appropriate and correct knowledge on health education to maternal employees, remind them not to stand for a long period or move heavy objects, or get a rest first when feeling uncomfortable.

28 persons with serious repetitive musculoskeletal discomfort were identified according to the musculoskeletal symptom questionnaire. Healthy education and advocacy were mainly conducted by telephone to implement continuous care and tracking.

A total of 927 persons participated in health examination with a total investment of approximately NT\$ 450,000.

5 chapter



Social Welfare

- 5.1 Care for Vulnerable Groups and Children
- 5.2 Sports Promotion
- 5.3 Academic Culture
- 5.4 Enterprise Volunteers

Material topics covered

- Public Welfare and Community Engagement



Management guideline	Content description
Policy	Taken from the community, giving back to society.
Significance and management goal	Public welfare and social care are social responsibilities that shall be valued by an enterprise. Sticking to the spirit of “Taken from the community, giving back to society”, Mercuries & Associates Holding integrates social responsibilities into its corporate business strategy and culture, to establish good corporate culture, promote social harmony and stability, and eliminate the phenomena of social inequality.
Commitments	Pay constant attention to the topics of environment and society, and join hands to build a sustainable value chain.
Objectives and targets	The Company actively holds relevant public welfare activities every year focusing on four themes, i.e., “Vulnerable Groups and Child Care”, “Sports Promotion”, “Development of Academic Culture”, and “Promotion of Enterprise Volunteers”.
Responsibility and system	<p>Subsidiaries of the Company and related foundation(s) plan and sponsor annual social welfare participation activities.</p> <ul style="list-style-type: none"> Mercuries F&B Co., Ltd. has cooperated with social service agencies to hold Friendly Restaurant Charity Cooking activity for a long term. In 2022, approximately 200 person-times were served, with a total investment of approximately NT\$ 66,000. Simple Mart Retail Co., Ltd. has promoted a series of activities with Modern Women’s Foundation and the Garden of Hope Foundation, turned Simple Mart as “Safe Assistance Station”, and invited the general public to pay common attention to the topics of domestic prevention and control & women and children. Family Shoemart has cooperated with Cheng Feng His Cultural Education Foundation for many years, and sponsored Single-shoes Bank. In 2022, Family Shoemart donated 814 single-shoes to consumers with foot disability. Simple Mart Retail Co., Ltd. held “2022 Mercuries Cup Charity Road Running” with the theme of “Love”, and added a concept of sustainable environment to advocate all-staff sports ethos. Also, it donated NT\$ 300,000 to Taiwan Vision Defective Road Run Association and Huei-Ming School for Blind Children in Taichung City. Mercuries & Associates Holding has supported the promotion of sports for a long term, and spared no effort to sponsor sports activities including “Taiwan Masters and Mercuries Golf Invitational Tournament”, “Taiwan S-P Softball Father Memorial Cup”, “Mercuries Life Insurance Cup Teeball National Tournament”, and “Mercuries Cup Charity Road Running”, as well as multiple public welfare sports events all year long. The Company has established Foundation of Chinese Dietary Culture and Chinese Dietary Culture Library, and published relevant academic periodicals, and held special exhibitions and lectures with the study and inheritance of Chinese dietary culture as the tenant. So far, the Company has paid NT\$ 3.78 million for the scholarships of master’s and doctorate dissertations. The volunteers of subsidiaries of the Company hold public welfare activities irregularly, i.e., furniture donation and care for the vulnerable groups by Mercuries Furniture Co., Ltd., beach cleaning activity by Mercuries F&B Co., Ltd., and volunteer care by Mercuries Life Insurance Co., Ltd., etc.
Appeal mechanism	Corporate sustainable development email: jay.lin@mercuries.com.tw.
Major incidents in 2022	<ul style="list-style-type: none"> Mercuries F&B Co., Ltd. participated in Taipei Charity Meal Network, eFOOD Sharing Map, and New Taipei City Good Day Love Platform to sponsor suspended meals with Love. In 2022, it supplied more than 8,658 meals in total. Mercuries F&B Co., Ltd. sponsored Taiwan Fund for Children and Families (TFCF), and joined hands with EasyCard to hold “Use EasyCard, Get Extra Dishes and Send Love to TFCF” activity. A total of NT\$ 200,000 was donated to Taiwan Fund for Children and Families. Furthermore, Family Shoemart of Mercuries & Associates, Ltd. also joined hands with Taiwan Fund for Children and Families to promote a foster family recruitment activity. Tonkatsu of Mercuries F&B Co., Ltd. sponsored “One Piece of Pork Chop for Love Sharing”, and donated a total of approximately NT\$ 580,000. Family Shoemart sponsored New Taipei City Happy Heart Care Association and Taiwan Fund for Children and Families Changhua Branch Office to provide shoe exchange coupons to children from vulnerable families through cooperation. Simple Mart Retail Co., Ltd. held “99 Donation for Love” activity and raised a fund to support Ukraine. A total of NT\$ 146,000 was donated. In order to promote the library collections and resource utilization, the Foundation of Chinese Dietary Culture cooperated with the library and Department of Food and Beverage Management of Shih Chien University in 2022, and held a book fair of “Taste of Books” in September. In 2022, Mercuries Life Insurance Co., Ltd. won the Gold Prize of “Sports Activist Awards” for 14 consecutive years, and supported “Taiwan Masters and Mercuries Golf Invitational Tournament” with practical actions. Also, it was recognized with “Promotion Bronze Prize”.

Chapter 5

Social Welfare

Mercuries & Associates Holding has participated in public welfare for a long term since its establishment, including supporting the vulnerable groups, calling upon employees to become “Enterprise Volunteers” to actually participate in the public welfare activities; in addition, the Company also actively sponsors and promotes sports activities as well as the development of culture and academic seminars, to perform corporate sustainability responsibilities. Relevant major sponsorship or donation public welfare programs have been handled according to relevant internal management measures, and executed after the Board of Directors made corresponding resolutions through voting.

In this section, the results of public welfare of Mercuries & Associates Holding are exhibited in four aspects, namely, “Care for Vulnerable Groups and Children”, “Sports Promotion”, “Academic Culture”, and “Enterprise Volunteers”. In the future, we will continue to extend the breadth and depth of public welfare, and maintain the initial intention of “Taken from the community, giving back to society” to pay back to society with public volunteer cause and make contributions to society.

5.1 Care for Vulnerable Groups and Children

Friendly Restaurant Charity Cooking Activity of Mercuries F&B Co., Ltd.

Mercuries F&B Co., Ltd. was engaged in the charity cooking of beef noodles as a gesture to care the children in the primary schools and junior high schools in remote rural areas (Hualien to the east, Pingtung to the south, Ilan to the north, and Ali Mountain on the top) for 14 consecutive years since 2008. In 2022, the branded charity cooking team visited Tzi-Huei class of New Taipei Municipal Pingxi Junior High School and cooked hot noodles for children on the Christmas Eve. The cooking team served approximately 200 teachers and students and supplied 350 meals with a total investment of approximately NT\$ 65,750.



Mercuries F&B Co., Ltd. × Taipei Love Meal Network-Hope Dining Hall

Invited by the Taipei City Government, Mercuries F&B Co., Ltd. exerted its own efforts to join hands with other industry brands to launch Love Meal 2.0 “Hope Dining Hall” meal exchange network. By calling upon the chain restaurants, Mercuries F&B Co., Ltd. established Taipei Love Meal network and strengthened the community power to assist vulnerable groups in exchanging meals. Currently, Mercuries F&B Co., Ltd. has established 51 stores in 12 administrative districts in Taipei City. In 2022, the company provided a total of 5,496 exchange meals, to care about and support for the vulnerable groups in need by providing them with warm and fulfilling meals.



Mercuries F&B Co., Ltd. × eFOOD Sharing Map- Suspended Meals with Love



As the Milan Charter states that “sufficient, safe and nutritious food is a basic human right”, Mercuries F&B Co., Ltd. expects to integrate all its 358 stores in Taiwan to a map through eFOOD sharing map to allow local non-profit organizations to have an additional resource to share warmth with the vulnerable groups

in need. By the end of 2022, Mercuries F&B Co., Ltd. provided 1,946 meals and hoped that people now being helped would become helpers in the future when they were capable, thus creating a continuous cycle of love and support.

Mercuries F&B Co., Ltd. × New Taipei City Good Day Love Platform- Suspended Meals with Love

New Taipei City Good Day Love Platform has already been launched for a certain period. Mercuries F&B Co., Ltd. joined the meal supply team in September 2022, and cooperated with Department of Social Welfare of New Taipei City Government to sponsor coupons of preordered meals with love and take care of the needs of vulnerable groups in New Taipei City for meals. Different types of bento were provided. By the end of 2022, the company helped a total of 1,216 people.



Mercuries F&B Co., Ltd. × Taiwan Fund for Children and Families x EastCard- “Good Life for Poverty-stricken Children”

Everyone could become a force to changes the lives of vulnerable children and their families. To support the “No Poverty Generations” program of Taiwan Fund for Children and Families, Mercuries F&B Co., Ltd. and EasyCard Corporation jointly engaged in “Use EasyCard, Get Extra Dishes and Send Love to TFCF”, in the hope that the general public would support and respond to this program together. The donation of this activity would be used to improve education, stabilize life, build capabilities, provide emergency relief, and provide other service plans so that education and residential resources could be given to the vulnerable children and families and help them get rid of poverty and gradually become self-independent.

The year 2022 was the second year when Mercuries F&B Co., Ltd. cooperated with Taiwan Fund for Children and Families. By gathering 328 catering stores, Taiwan Fund for Children and Families tried to send love to the Fund. After settlement of this activity, EasyCard Corporation donated a total of NT\$ 200,000 to Taiwan Fund for Children and Families.



家扶基金會 × 三商餐飲 × 悠遊卡
活動日期：2022/08/01-2022/10/31

嗶悠遊 我加菜 送愛到家扶
「邀請您成為貧困兒少家庭的力量，幫助他們好好生活！」

1 使用悠遊卡/悠遊付結帳
點購指定套餐
享加價優惠

2 關懷滿額捐，單筆消費滿額
悠遊卡幫您捐5元

Tonkatsu of Mercuries F&B Co., Ltd. × Eden Social Welfare Foundation-“One Piece of Pork Chop for Love Sharing”

Tonkatsu of Mercuries F&B Co., Ltd. cared about and supported people with physical and mental disabilities with practical actions. It cooperated with Eden Social Welfare Foundation in February 2022 to hold “One Piece of Pork Chop for Love Sharing” activity. For each designated public welfare set meal ordered by customers in the activity, Tonkatsu donated NT\$ 30 to support “Service Program for People with Physical and Mental Disabilities” of Eden Social Welfare Foundation. During the activity, approximately 9,600 single meals and approximately 9,800 double meals were sold accumulatively. A total of approximately NT\$ 580,000 was donated to the Foundation.



Family Shoemart × Taiwan Fund for Children and Families-“Open the Door, Let the Love Live In”

Family Shoemart of Mercuries & Associates, Ltd. continued to sponsor the foster family recruitment activity of “Open the Door, Let the Love Live In” held by Taiwan Fund for Children and Families in 2021 and 2022. The posters of the activity were posted at the entrance of each store of Family Shoemart to increase the exposure of this activity. Also, foster family recruitment flyers were actively distributed to the customers. During the activity, a total of 18,000 activity DMs were distributed.



Family Shoemart × Cheng Feng His Cultural Education Foundation- “Single-shoes Bank”

In order to care about people with foot disabilities, Family Shoemart of Mercuries & Associates, Ltd. has coordinated with “Cheng Feng His Cultural Education Foundation” to hold public welfare activities and sponsor “Single-shoes Bank” for more than 30 years since 1991, thus implementing the initiative of “shoes can be sold separately” and carrying about consumers with foot disabilities. All members of “Cheng Feng His Cultural Education Foundation” may purchase single shoes or shoes with different size at the stores of Family Shoemart, so as to provide a convenient shoe purchasing approach for consumers with foot disabilities and benefit friends with foot disabilities. Since the establishment of the Single-shoes Bank, Family Shoemart of Mercuries & Associates, Ltd. has already provided membership services for 6,430 person-times. In 2022, it provided 814 single-shoes for members to apply for home delivery services free of charge. In the future, it will pay continual and long-term attention to people with foot disabilities, and stick to the intention of cherishing things, to provide heartfelt public welfare services step by step.



Family Shoemart × New Taipei City Happy Heart Care Association-Donation of Shoe Exchange Coupons

To fulfill the needs of children from vulnerable families upon opening of school, Family Shoemart of Mercuries & Associates, Ltd. donated shoe exchange coupons to vulnerable families in the New Taipei City, Hualien and Taitung (780 coupons for New Taipei City; 250 coupons for Taitung County; 250 coupons for Hualien County; 270 coupons for Yunlin County) through cooperation with “New Taipei City Happy Heart Care Association” so that the vulnerable families can use the shoe purchasing subsidies and children may pick better shoes they like and go to school confidently.



Family Shoemart × Taiwan Fund for Children and Families Changhua Branch Office-Sponsorship of Shoe Exchange Coupons

With the slogan of “2022 No Poverty Generations-Infinite Care and Love”, Taiwan Fund for Children and Families Changhua Branch Office continued to cooperate with Family Shoemart of Mercuries & Associates, Ltd. in the new shoe donation activity of “Power of Shoes for Children”. In 2022, a total of 800 coupons with each worth NT\$ 1,200 were given away, and children in need might pick the shoes they liked in person in 13 stores of Family Shoemart in Changhua County and get prepared for the new semester with the most suitable shoes. Therefore, when going to school with these new shoes, these children will become brave and face the adversity and challenges directly.



Simple Mart Retail Co., Ltd. × Modern Women's Foundation × The Garden of Hope Foundation- Concerns over the Prevention and Control of Domestic Violence and Issues Regarding Women and Children

Simple Mart Retail Co., Ltd. pays attention to the issue of domestic violence. In 2022, it joined hands with annual public welfare partners Modern Women's Foundation and The Garden of Hope Foundation to call upon the avoidance of criticizing or blaming the victims, for any minor support could give victims courage and help them overcome the shadow of domestic violence. Simple Mart and Simple Mart+, two brands of Simple Mart Retail Co., Ltd., initiated a public welfare points collection activity named “Collecting Points and Sharing Love” in February and October 2022 respectively, with a total donation amount of NT\$ 1,233,000.



Simple Mart Retail Co., Ltd. even called upon employees and store staff to learn “540” International Hand Signal of Help. More than 800 stores of Simple Mart in Taiwan became “Safe Help Stations” so that women and children could seek assistance in the stores of Simple Mart. At the same time, posters were put up in MRT stations to improve the exposure of public welfare cooperation. It was expected that the power of enterprises could be utilized to place emphasis on the issue of prevention and control of domestic violence and care about the victims.



Label of “Safe Help Station” was attached at the entrance of each store and above the counters for recognition.

Simple Mart+ of Simple Mart Retail Co., Ltd. also joined hands with the Modern Women’s Foundation to initiate 2 “HuHuBear” lectures as well as hand-made wool felt experience activities for the purpose of communicating with the people. Also, big lovely HuHuBear dolls were placed at the stores to attract customers, so as to draw their attention to the issue of domestic violence. Besides, Simple Mart Retail Co., Ltd. also put vision and initiative text of “HuHuBear” on the products of its own brands through which more consumers were expected to pay attention to the issues regarding women and children. It showed the enterprise’s determination in actively caring about society.



“99 Donation for Love” of Simple Mart Retail Co., Ltd. to Raise Funds for Supporting Ukraine

Simple Mart Retail Co., Ltd. is concerned about international issues, and has initiatively launched a “99 Donation for Love” funding activity. For each pack of “Burg” beer manufactured by and exclusively purchased from Ukraine at Simple Mart or Simple Mart+ in Taiwan, Simple Mart and Simple Mart would appropriate NT\$ 9 and donated it to the special account of assistance for Ukraine opened at Taiwan Foundation for Disaster Relief, in the hope that enterprises could start a discussion and consumers could be called upon to gather the strengths of neighborhoods to support Ukraine and show love across the sea for refugees who lost their homes. The amount finally raised in this activity reached NT\$ 145,899.



“Rural Library Reconstruction Plan of Pingtung County Da Guang Elementary School” by Mercuries Furniture

Pingtung County Da Guang Elementary School, as a part of Kenting National Park, is located in the south of Taiwan where it is not easy to acquire multiple resources. The equipment in the original library was outdated, and therefore children were not willing to step in the library. Consequently, reading education could be hardly promoted. In order to improve more students’ interest in reading, and recover the library to the previous scholarly and lively atmosphere, the elementary school specifically required cooperation with “Mercuries Furniture”.

Mercuries Furniture has always been committed to public welfare. Although it knew that the school was remotely relocated and it was relatively difficult to conduct site survey and construction, Mercuries Furniture still overcame the difficulties and cooperated with this school, as well as sponsored the cabinets needed; with expertise in interior design and a sense of social responsibility, Mercuries Furniture participated in the planning and design as well as construction of cabinets in the latest stage for nearly a year, and finally built a reading space that was suitable for school children and attracted them to actively explore the fun of reading, so as to cultivate the habit of reading extracurricular books. The expectations of teachers and students of Da Guang Elementary School for an ideal library were definitely fulfilled.

Before



After



Promotion of “Microinsurance” by Mercuries Life Insurance Co., Ltd.

Mercuries Life Insurance Co., Ltd. exerted great efforts to promote microinsurance business since 2014, actively cooperated with universities and colleges, social groups like Child Welfare League Foundation and Association for Victims Support, and local governments like Nantou County Government, and provided one-year student tuition fee free accident microinsurance for groups with disadvantaged economic conditions and students in universities and colleges by means of premium donation. The upper limit of the sum insured for each person could reach NT\$ 500,000, with the objective to lighten the economic impact imposed on families due to accidents. Mercuries Life Insurance Co., Ltd. has accumulatively donated premium for more than NT\$ 29 million, and the scope of the insured has exceeded 110,000 person-times since 2014. To be specific, the number of the insured reached 15,675 persons in 2022; Mercuries Life Insurance Co., Ltd. was praised by the FSC for 6 consecutive years since 2017. In 2022, Mercuries Life Insurance Co., Ltd. obtained “Excellent Performance Award” and “Disability Care Award” for its microinsurance business. In 2023, Mercuries Life Insurance Co., Ltd. will continue to donate microinsurance premium, and duly perform its responsibilities for corporate sustainable development.

Mercuries Life Insurance Co., Ltd. donated a total amount of NT\$ 4,215,940 in 2022 for both microinsurance premium donation and fundraising sponsorship of “Deep Cultivation Program” for Mingchuan University. Mercuries Life Insurance Co., Ltd. sponsored “Deep Cultivation Program” in response to the relevant policy of the Ministry of Education. Specifically, it sponsored this university to reinforce an assistance and tutoring mechanism for disadvantaged students so that the students could learn wholeheartedly and change their future without having to worry about their tuitions and living expenses.

5.2 Sports Promotion

Focusing on the aspect of “health risks” of Taiwanese, Mercuries & Associates Holding has promoted sports activities for a long term, in the hope that a sports atmosphere could be developed, and people’s health and awareness of health risk management could be improved.

Mercuries Life Insurance Co., Ltd. has supported the development of sports in Taiwan for a long term, and promoted multiple sports competitions for more than 10 years with ceaseless efforts. In 2022, it spent NT\$ 35.84 million in sports and benefited more than 97,000 people. Mercuries Life Insurance Co., Ltd. expected that people could establish their awareness of health risk management and keep doing exercises by participating in the sports competitions.

As of 2022, Mercuries Life Insurance Co., Ltd. on the “Gold Award” of “Sports Activist Awards” for 14 consecutive years, showing again its identity as an important pushing force for the sports of Taiwan. In 2022, it supported “Taiwan Masters and Mercuries Golf Invitational Tournament” with practical actions and obtained “Bronze Award” for promotion. “Yate Cup Intellectual Disability Games” was launched to safeguard school children with physical and mental disabilities relying on insurance protection and enable them to train their learning ability and enhance physical agility and confidence by participating in the sports, so as to better blend in the society.

Taiwan Masters and the 36th Mercuries Golf Invitational Tournament

With the passion for public welfare, Mercuries & Associates Holding has actively promoted golf sports activities to promote a dynamic leisure life for the people, improve their quality of life, and profoundly cultivate the sports competitiveness of Taiwan. In recent years, several excellent golf players have already been cultivated, such as C. T. Pan, Yani Tseng, and Teresa Lu who have already become internationally renowned and won honors for Taiwan. It was already the 36th session of “Taiwan Masters and Mercuries Golf Invitational Tournament” sponsored by Mercuries since its establishment in 1987. It is the only professional men’s golf competition that has been continuously held by a single enterprise for more than 30 years, as well as the first international competition included to Asian Tour in Taiwan. In 2022, this event attracted a total of 126 professional and amateur golf players in Taiwan.





By holding various competitions and training programs, sponsoring players, and providing professional players at home and abroad with a competitive stage, Mercuries & Associates Holding also expects to deepen the foundation of Taiwan's golf culture, cultivate more starts in the future, expand the national diplomacy, and improve the international image of Taiwan.

During the activity, to extend gratitude for the vigorous support and assistance for the old Tamsui Golf Court and people in Tamsui Town, Mercuries F&B Co., Ltd. also held a meal coupon charity sale and provided beef noodles of Sanshang Qiaofu and beef Donburi from Sanshang Dong Mono on the site. During this four-day activity, a total of 5,800 bowls of noodles and Donburi were sold accumulatively, resulting a total amount of charity sale of NT\$ 284,200, increased by 906 compared with those in 2020 (This activity was suspended in 2021 due to the epidemic). All the charity donations obtained from the charity sale were donated to "Tamsui Culture Foundation".



18th Taiwan S-P Softball Father Memorial Cup

Mercuries Life Insurance Co., Ltd. has sponsored “Taiwan S-P Softball Father Memorial Cup” for 18 consecutive years, in memory of Mr. Chen Ho-tung, the founder of the Group, and with the expectation of cultivating people’s lifelong exercise habit. “Mercuries Life Insurance Star Slow Pitch Softball Team” composed of colleagues won the championship in Invitation Group B, thus fully demonstrating the vitality of a sporting enterprise.

Also, during the planning of competition groups, consideration was given to the needs of various age groups and ethnic groups, including softball group suitable for primary school students, mixed groups, and groups for senior citizens aged above 50. As a result, the slow-pitch softball sport became available for all the people. In 2022, a total of 84 teams and more than 2,040 players signed up for competition. Each team’s players made every effort to show their passion for the competition.



13th Mercuries Life Insurance Cup Teeball National Tournament



Mercuries Life Insurance Co., Ltd. has allocated resources and manpower in the issues regarding children’s development for a long term. It has sponsored “Mercuries Life Insurance Cup Teeball National Tournament” since 2010 with the objective to promote the development of Taiwan’s sports from children and encourage them to be brave in challenging themselves and developing confidence by providing them with a diversified platform. Furthermore, when establishing children’s interest in the baseball, the company also improved children’s awareness of health risk management.

In 2022, 91 teams participated in the tournament and a total of 1,365 young players signed up, reflecting a fact that their passion for teeball was not affected by the epidemic. During the past 13 years, 1,025 teams participated in this event with a total of 15,000 person-times.

Sponsoring Sports Activities of Secondary Schools for 14 Consecutive Years

Chinese Taipei School Sport Federation is committed to promoting sports competitions and enhancing friendship among schools. Therefore, it holds a variety of sport activities in secondary schools, including High School Basketball League (HBL), High School Volleyball League (HVL), Junior High School Basketball League (JHBL), Junior High School Volleyball League (JHVL), High School Football League (HFL), Women’s Softball League, Hot Dance Competition, etc.

Mercuries Life Insurance Co., Ltd. has sponsored sports activities of secondary schools for 14 consecutive years. The senior executives of the company attend the press conferences of each competition every year, and award titles of rebounding king/rebounding queen in the award ceremony of HBL finals to encourage the winning players. Besides, Bobby, the mascot of Mercuries Life Insurance Co., Ltd., also participated in an exciting cheerleading midfield performance with professional dancers at the scene of the HBL finals to cheer up all the players and support the development of campus sports with practical actions.

2022 Mercuries Cup Charity Road Running

The annual routine Mercuries Cup Charity Road Running has already become a regular activity for the general public. 2022 Mercuries Cup Charity Road Running was held at Dajia Riverside Park on November 27, 2022. “Love, Keep Going” was the planned highlight of the activity this year. Also, the concept of sustainable environment was added. Mr. Eyeball, a famous illustrator in Taiwan, was invited to design main vision and peripheral products with love for the Earth as the main idea.

This event attracted nearly 2,000 road runners. In addition to the three group competition systems (21KM, 10KM, and 4KM) in the past, a new competition group of 40,000-step digital cloud road running was innovatively added so that people who were afraid to go out and participate in the competition due to the epidemic could find a safe sports venue on their own, and walk for 40,000 steps online and sweat together.

Business units of Mercuries were mobilized, including main sponsors Mercuries Life Insurance Co., Ltd., Mercuries F&B Co., Ltd., Family Shoemart, and Simple Mart. They sent many good gifts through interactive games at their booths. Other related Mercuries brands, including Mercuries Liquor & Food Co., Ltd., Mercuries Data Systems Ltd., Horizon Securities, Simple Mart+, SimpleCITY, SimpleOFFICE, GoShopping Simple Mart, Sanyou Drugstores, Ltd., and Sinocare also joined the sponsorship and spared no effort for sending love.

In this activity, a total amount of NT\$ 300,000 was donated to Taiwan Vision Defective Road Run Association and Huei-Ming School for Blind Children in Taichung City. In the spirit of promoting road running for all people and carrying for the visually impaired groups, many friends with visual impairment and caring running companions were invited. Also, students from Huei-Ming School for Blind Children were invited to be the guests of performance and show the optimistic vitality. Mercuries & Associates Holding expected to use the strength of enterprises to lead others to engage in public welfare and spread positive energy with practical actions.



5.3 Academic Culture

Chinese Dietary Culture Library Established for 33 Years

Established in 1989, Chinese Dietary Culture Library collected food and drink books and data and was opened to the public for reading and use. Statistics showed that 30,549 books, 78 types of periodicals, 2,450 types of audio-visual materials, and 3,297 local and foreign menus were collected in this library as of the end of 2022. Furthermore, special collections of this library included ancient books on cuisines, national banquet menus, etc.

In order to promote the library's collections and resource utilization, a book exhibition called "Taste of Books" was held at the library of Shih Chien University from September 19 to 30, 2022, in collaboration with the library and the Department of Food and Beverage Management of Shih Chien University. The exhibition showcased six presidential banquet menus from the collections of the Foundation of Chinese Dietary Culture, three representative ancient books, and 156 books related to food and drink. These books covered various issues including global food cultures and recent issues of interest to readers, involving sustainable diet, plants and ecology, and food and agricultural education. To align with the characteristics of Shih Chien University's departments, books on catering design and aesthetics were also highlighted in this exhibition. During the exhibition, there was also an activity where visitors could take photos with a special card and share them on social media platforms for a chance to receive small gifts. The exhibition lasted for 12 days, and a total of 172 participants attended the activity and signed their names.

Additionally, Prof. Yu, Shuenn-Der, from the Institute of Ethnology Academia Sinica, was invited to write a script for the first educational video on food and drink for the library. Also, Second Design Co. was entrusted to produce an animation of "How Do Food and Drink Have Culture?" which was then put on the official website of the Foundation of Chinese Dietary Culture, FB, YouTube, Ryori Taiwan FB and other social platforms so readers could learn more knowledge on dietary culture.



Short URL of the video:
<https://reurl.cc/DXQVE5>



Academic Periodical of Chinese Dietary Culture First Published 17 Years Ago

The academic periodical of Chinese Dietary Culture was first published in 2005, and later published in April and October regularly every year. In the appraisal of "Appraisal of Taiwan Humanities and Social Sciences Periodicals & Collections of Core Periodicals" organized by the Ministry of Science and Technology in 2020, this academic periodical was included in Taiwan Humanities Core Index (THCI) and Taiwan Social Sciences Core Index (TSSCI), and won the real-time communication award from National Central Library "2022 Taiwan Academic Influence Journal Award". Volume 18, Issue 1 of Chinese Dietary Culture published in 2022 was a single manuscript, while the theme of Volume 18, Issue 2 was Diet as an Imagination of Life.

International Conference on Chinese Food Culture Held for 33 Years

The Foundation of Chinese Dietary Culture held “International Conference on Chinese Food Culture” for the first time in 1989. This conference was later held once every two years. It was expected that scholars in each field could gather together through the holding of the conference and their opinions and common understandings could be collected through face-to-face interaction and communication, so as to serve the ultimate goal of promoting the research atmosphere of Chinese dietary culture, encouraging scholars in the world to engage in relevant research, and thus improving the academic status of Chinese dietary culture.

“2022 International Conference on Chinese Food Culture” was held at Chiang Ching-kuo Presidential Library, Taipei on October 21-October 22 with the theme of “Chinese Food Culture: Biological and Ecological Perspectives”. Scholars from 6 countries published 33 papers and the number of participants reached 94.

During these seventeen conferences, internationally renowned scholars were invited to present their research findings, e.g., academicians Li, Yih-yuan and Chang, Kwang-chih from Academia Sinica, Prof. Naomichi Ishige from Japan, Prof. Sidney Mintz from the United States, and other famous scholars from nearly 20 countries including the UK, France, Germany, the United States, Canada, Japan, South Korea, Australia, Singapore, Malaysia, Chinese mainland, and Vietnam. About 20-30 papers would be published in each conference. After the conference, a collection of papers would be published. Now, a total of 473 papers on relevant themes were collected, thereby effectively preserving the research on Chinese dietary culture and disseminating the research achievements.





Provision of Scholarships and Grants for Doctorate and Master's Dissertations by the Foundation of Chinese Dietary Culture for 31 Consecutive Years

The Foundation for Chinese Dietary Culture was founded in 1989 as a private foundation for the research and transmission of Chinese dietary culture. Chairman George C.S. Wong has collected ancient Chinese dietary books scattered around the world. After two years of preparation, the library was officially opened and a foundation was established. The goal of the Foundation was to explore and study various closely-related aspects of Chinese dietary culture, including astronomy, geography, history, literature, art, archaeology, artifacts, legends, etiquette, customs, aesthetics, philosophy, life sciences, and culinary skills, so as to ensure the systematic inheritance of Chinese dietary culture.

To encourage local and foreign doctoral and master students to conduct in-depth and systematic research on Chinese dietary culture and write academic papers with high research level and value, the Foundation of Chinese Dietary Culture has been awarding scholarships and grants for doctoral and master's dissertations since 1991. So far, a total of 22 doctoral students have been awarded scholarships, amounting to NT\$ 2.64 million; and 54 master students have been awarded scholarships, amounting to NT\$ 3.78 million. The research fields covered by the scholarships and grants include food literature, history, anthropology, archaeology, sociology, food nutrition, catering management, applied life sciences, food technology history, sustainable diet and ecological agriculture.

In 2022, applications for 9 papers were submitted and 1 doctorate paper was approved with the title of Taste and Gastropoetics in Traditional China, 11th-17th cent C by Wandu Wang, from the Department of East Asian Languages & Cultural Studies at the University of California, Santa Barbara. The scholarship received for this doctorate dissertation amounted to NT\$ 120,000.

Promotion of Financial Insurance Education by Mercuries Life Insurance Co., Ltd.

- Sponsoring Academic Development

As an insurance company, Mercuries Life Insurance Co., Ltd. has been committed to financial insurance education and cultivation of outstanding talents in the field. The company has sponsored the academic development of insurance for National Chengchi University Risk and Insurance Research Center for 9 consecutive years, and sponsored the FinTech innovation of FinTech Industry-Academia Cooperation Alliance (now known as Industry-Academia Research Commercialization Platform) at National Chengchi University for 5 consecutive years. Also, Mercuries Life Insurance Co., Ltd. has cooperated with the RMIM Inc. and made donations to RMIM Inc. Magazine. In 2022, it sponsored large financial forums like 2022 East Asia Pacific Insurance Forum.

- Providing Campus Internship

By providing internship programs for college students and collaborating with related departments such as insurance and finance, Mercuries Life Insurance Co., Ltd. has conducted academic and practical exchanges to reduce the gap between theory and practice, promote the linkage between students and practical work, further retain talents for the company. The company has cooperated with 9 departments in 8 universities, including Department of Finance, I-Shou University, Department of Insurance, Chaoyang University of Technology, Department of Risk Management and Insurance, Shih Chien University, Department of Finance, National Chung Hsing University, Department of Financial Management, Kun Shan University of Technology, and Department of Finance and Department of Senior Services Industry Management, Minghsin University of Science and Technology. A total of 109 students from these universities have been admitted to the company to engage in internship and have a preliminary understanding of the operation of insurance companies.

5.4 Enterprise Volunteers

“Guide with Love, Share with Fun Experience x Eden Visual Impairment Rehabilitation Center” of Mercuries Furniture Co., Ltd.

The main service targets of the Eden Vision Rehabilitation Center are people with visual impairments or multiple disabilities who possess certificates of physical and mental disabilities issued by the government. This center provides rehabilitation courses and related services to assist people with visual impairment in their daily life and vocational aspects. Through patient companionship and professional assistance, people with visual impairment are expected to cope with changes in their vision and overcome various difficulties gradually.



In November 2022, personnel from the head office of Mercuries Furniture Co., Ltd. joined hands with consultants from Aimen Store and Funan Store, and invited friends with visual impairment to experience the origin and development of popular music at the Taipei Music Center. During the journey of leading friends with visual impairment from the MRT station to the destination, colleagues learned a human-guides technique of “Ask → Clap → Guide → Report” to guide friends with visual impairment. After arrival at the Taipei Music Center, the consultants from Mercuries Furniture took great care in assisting their respective visually impaired companions with exhibition explanations and audio guide. Through this companionship, participating colleagues believed that this love for service would continue to spread and expand in daily life.





Community Care and Services by Mercuries F&B Co., Ltd.

Store managers of Mercuries F&B Co., Ltd. join hands with colleagues in the stores as well as their friends and customers, and invite residents from neighborhoods nearby, community leaders, and school students and teachers to clean the communities every year. On July 27, 2022, Mercuries F&B Co., Ltd. held a beach cleaning activity at Da-an Sea Theme Park. 402 participants attended the activity, and guarded the sea with practical actions. A total of 770.5kg marine waste garbage was collected accumulatively. In this activity, the participants fulfilled their responsibilities as global citizens and actively pursued sustainability by making efforts to love and protect our planet.



Community Services by Mercuries Life Insurance Co., Ltd.

Mercuries Life Insurance Co., Ltd. has been continuously encouraging its employees to engage in public welfare activities and pay attention to vulnerable groups in need of assistance, in order to practice corporate sustainability. Despite the impact of the COVID-19 epidemic in 2022, employees of the company served as volunteers for 763 person-times. If estimated as 3 hours per person-time, the total service duration reached approximately 2,289 hours:

- Blood donation:

Mercuries Life Insurance Co., Ltd. cooperates with Taiwan Blood Services Foundation, and holds blood donation activities regularly every quarter. In 2022, 82 blood donation activities were convened, and an accumulated number of 510 blood bags were donated in this year.

- Volunteering for environmental protection:

7 volunteering activities were launched, and attended by 156 person-times; colleagues of the Company served as resource classification volunteers in Tzu Chi Recycling Education Centre, and went to Chang Hwa Bank Mountain and Pingtung Dajin Waterfall for mountain purification, with the hope to guard the beautiful environment of Taiwan together.

- Volunteering for caring about the disadvantaged:

7 volunteering activities were launched, and 274 person-times participated in the activities launched by Genesis Social Welfare Foundation, Shifang Empowerment Center, Pade Institute of Disabled, Huashan Social Welfare Foundation, and Yate Cup Intellectual Disability Games. Also, they went to Renhe Elementary School, Ren' ai Township, Nantou County to care about the rural aboriginal school children. Among them, Mercuries Life Insurance Co., Ltd. has sponsored "Yate Cup Intellectual Disability Games" for more than 20 years and encouraged physically and mentally disabled school children to show their sports potential and challenge themselves.

Appendix 1 GRI Index 2021

Disclosure		Corresponding Chapter	Page No.
[Universal Standards]			
GRI 2: General Disclosures 2021			
1. The organization and its reporting practices			
2-1	Organizational details	About Mercuries & Associates Holding	6-7
2-2	Entities included in the organization's sustainability reporting	About This Report	2-3
2-3	Reporting period, frequency and contact point	About This Report	2-3
2-4	Restatements of information	About This Report	3
2-5	External assurance	About This Report Appendix 3 Check Statement	3 144-147
2. Activities and workers			
2-6	Activities, value chain, and other business relationships	About Mercuries & Associates Holding Chapter 2 Retail Business and Food Management	6-11 54-58
2-7	Employees	4.1 Employee Profile	94-98
2-8	Workers who are not employees	4.1 Employee Profile	96
3. Governance			
2-9	Governance structure and composition	1.1 Governance Mechanism	24-26
2-10	Nomination and selection of the highest governance body	1.1 Governance Mechanism	25-26
2-11	Chair of the highest governance body	1.1 Governance Mechanism	25-26
2-12	Role of the highest governance body in overseeing the management of impacts	Message from the Chairman Sustainable Management 1.1 Governance Mechanism	4-5 12-15 24-26
2-13	Delegation of responsibility for managing impacts	Sustainable Management	12-15
2-14	Role of the highest governance body in sustainability reporting	Sustainable Management	12-13
2-15	Conflicts of interest	1.1 Governance Mechanism	24-28
2-16	Communication of critical concerns	1.1 Governance Mechanism	27
2-17	Collective knowledge of the highest governance body	1.1 Governance Mechanism	25-26
2-18	Evaluation of the performance of the highest governance body	1.1 Governance Mechanism	27



Disclosure		Corresponding Chapter	Page No.
2-19	Remuneration policies	1.2 Functional Committees	29
2-20	Process to determine remuneration	1.2 Functional Committees	29
2-21	Annual total compensation ratio	1.2 Functional Committees	29
4. Strategy, polices and practices			
2-22	Statement on sustainable development strategy	Message from the Chairman	4-5
2-23	Policy commitments	1.1 Governance Mechanism	27-28
2-24	Embedding policy commitments	Management policies in each chapter	23, 53, 81, 93, 119
2-25	Processes to remediate negative impacts	1.1 Governance Mechanism	24-28
2-26	Mechanisms for seeking advice and raising concerns	1.1 Governance Mechanism	24-28
2-27	Compliance with laws and regulations	1.4 Risk Management 3.2 Waste and Water Resource Management	33 89
2-28	Membership associations	1.1 Governance Mechanism	26
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Sustainable Management	14-15
2-30	Collective bargaining agreements	The Company hasn't established a trade union yet.	-
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Sustainable Management	16-17
3-2	List of material topics	Sustainable Management	17
3-3	Management of material topics	Sustainable Management	18-21
[Sector Standards]			
As of the publication date of this report, GRI hasn't published sector standards that apply to the Company and its subsidiaries.			
[Topic Standards]			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	1.3 Operating Performance	30
201-2	Financial implications and other risks and opportunities due to climate change	1.4 Risk Management	34-48

Disclosure		Corresponding Chapter	Page No.
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3.1 Energy Management	83-84
302-3	Energy intensity	3.1 Energy Management	83-84
302-4	Reduction of energy consumption	3.1 Energy Management	83-84
GRI 303: Water and effluents 2018			
303-1	Interactions with water as a shared resource	3.2 Waste and Water Resource Management	88
303-2	Management of water discharge related impacts	3.2 Waste and Water Resource Management	88
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	3.2 Waste and Water Resource Management	85-87
306-2	Management of significant waste related impact	3.2 Waste and Water Resource Management	85-87
306-3	Waste generated	3.2 Waste and Water Resource Management	85-87
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	4.1 Employee Profile	97-98
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	4.2 Labor Relations and Employee Benefits	99-102
401-3	Parental leave	4.1 Employee Profile	99
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	4.2 Labor Relations and Employee Benefits	100
GRI 403: Occupational health and safety 2018			
403- 1	Occupational health and safety management system	4.4 Workplace Safety and Health	108-109
403-2	Hazard identification, risk assessment, and incident investigation	4.4 Workplace Safety and Health	110-111
403-3	Occupational health services	4.4 Workplace Safety and Health	115-117
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Workplace Safety and Health	108
403-5	Worker training on occupational health and safety	4.4 Workplace Safety and Health	112-114



Disclosure		Corresponding Chapter	Page No.
403-6	Promotion of worker health	[Special Edition] Enterprise' Epidemic Prevention Measures Addressing COVID-19 4.4 Workplace Safety and Health	49-51 112-117
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.1 Supplier Management	54-58
403-8	Workers covered by an occupational health and safety management system	4.4 Workplace Safety and Health	108
403-9	Work-related injuries	4.4 Workplace Safety and Health	110-111
403-10	Work-related ill health	4.4 Workplace Safety and Health	110-111
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	2.3 Food Safety and Quality Management 4.3 Professional Talent Cultivation 4.4 Workplace Safety and Health	70-71 103-104 112-113
404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Professional Talent Cultivation	103-107
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	2.3 Food Safety and Quality Management	65-69
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.2 Quality Management of Retail Goods 2.3 Food Safety and Quality Management	60 73
GRI 417: Marketing and Labeling 2016			
417-2	Incidents of non-compliance concerning product and service information and labeling	2.2 Quality Management of Retail Goods 2.3 Food Safety and Quality Management	60 73

Appendix 2 Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

[Schedule 1] Sustainability Disclosure Indicators

- Schedule 1-1: Ratio of Revenue from Food Industry and Catering in Total Operating Revenue Reaching 50% and Above (Mercuries F&B Co., Ltd.)

No.	Indicator	Disclosures in 2022	Corresponding Section
I	Evaluation and improvement of sanitation management of employees, workplaces, and facilities as well as quality assurance system with the objective to better food hygiene, safety, and quality, as well as categories and percentages of main products and services affected	<ul style="list-style-type: none"> Independent testing of raw materials: 473 samples were taken from 21 raw material items (accounting for 25% of total number of raw material items). The testing results were 100% qualified. Independent health monitoring: Spot check was performed for 205 sampling points, involving 2,016 sample-times with yield of 100%. Third-party impartial unit testing: A total of 21 raw material items (accounting for 29% of total number of raw material items), 96 types of finished products (accounting for 91% of the total number of finished product items), and water quality of water dispenser/water column for 5 times were tested. 147 samples were selected in total. The testing results were 100% qualified. A catering store audit mechanism (QSC) was established. The audit group conducts spot check of stores of each brand every month and evaluated them at five grades, i.e., A+, A, B, C, and D. According to the annual evaluation results, there were 1,742 store-times for grades A+ and A stores (accounting for 38.84%), and 2,648 store-times for grade B stores (accounting for 59.04%) respectively. 	2.3 Food Safety and Quality Management
II	Categories and number of incidents regarding violation of health and safety regulations on products and services and failure to follow information and labeling regulations on products and services, number of times of products removed from shelf, and gross weight of products removed from shelf	2 incidents regarding failure to follow information and labeling regulations on products and services occurred (detailed in the relevant section of this Report). Both incidents were handled, and no product was removed from shelf.	2.3 Food Safety and Quality Management
III	Percentage of procurement of products complying with internationally recognized product liability standards in the overall procurement, and differentiation per standard	The central kitchen of Mercuries F&B Co., Ltd. cooperated with 82 suppliers, among which 55 suppliers purchased products complying with internationally recognized product liability standards, accounting for 67% of overall procurement.	2.1 Supplier Management
IV	Percentage of products manufactured by a plant verified by an independent third party as complying with the internationally certificated food safety management system standards	Dayuan Factory of the central kitchen of Mercuries F&B Co., Ltd. acquired the certification of FSSC/ISO 22000:2018 and HACCP in 2019, and passed annual renewal review in June 2022. The percentage of products manufactured by Dayuan Factory reached 100%.	2.1 Supplier Management
V	Number and percentage of suppliers audited, and audit items and results	<ul style="list-style-type: none"> A total of 82 suppliers were evaluated with evaluation rate of 100%. Evaluation items: Supplier's supply quality (weight as 50%), delivery time (weight as 30%), and cooperation (weight as 20%). Evaluation results: There were 78 grade A excellent suppliers (accounting for 95%), 4 grade B eligible suppliers (accounting for 5%) and no suppliers of grade C and below. 	2.1 Supplier Management

No.	Indicator	Disclosures in 2022	Corresponding Section
VI	Conditions of product traceability and tracking management conducted according to regulatory requirements, or voluntarily as well as percentage of relevant products in all products	The raw materials used in accordance with the administrative provisions of food regulations of the government included 358 food ingredients and 120 non-food ingredients. Tracking and traceability management was implemented for 100% of food ingredients and 98% of non-food ingredients (the remaining 2% of non-food ingredients were packaging bags).	2.3 Food Safety and Quality Management
VII	Conditions of setting of food safety laboratory according to regulatory requirements, or voluntarily, test items, test results, relevant expenditure, and the percentage of such expenditure in the operating revenue.	<ul style="list-style-type: none"> Mercuries F&B Co., Ltd. acquired ISO/IEC 17025 Laboratory quality management system certification on December 2020, and completed annual evaluation work in September 2022 respectively. The testers of the quality management section of Mercuries F&B Co., Ltd. participated in microorganism testability test of "SuperLab Proficiency Testing" recognized by TAF and complying with ISO/IEC 17043. Total bacterial count (AOAC 990.12), Escherichia coli group (AOAC 991.14) and Escherichia coli (AOAC 991.14) all passed the test. The expenses generated by the laboratory of Mercuries F&B Co., Ltd. accounted for approximately 0.18% of the net amount of the annual food operating revenue. 	2.3 Food Safety and Quality Management
VIII	Total energy consumption, percentage of purchased electric power, and utilization rate of renewable energy sources	<ul style="list-style-type: none"> Head office: 299.142GJ Central kitchen: 29,244.24GJ 100% purchased electric power and 0% renewable energy sources 	3.1 Energy Management
IX	Total water withdrawal and total water consumption	Total water withdrawal: 54,772.5m ³ ; total water consumption: 10,954.5m ³ (The sewage discharge of industrial area is recognized and calculated as 80% of the total water withdrawal.)	3.2 Waste and Water Resource Management
X	Weight of products sold and number of production facilities and places	Central kitchen: 1; stores: 385 (statistics as of December 31, 2022)	About Mercuries & Associates Holding

• Schedule 1-3-Finance Industry (Mercuries Life Insurance Co., Ltd.)

No.	Indicator	Disclosures in 2022	Corresponding Section
I	Number of information leakage incidents, ratio of information leakage incidents related to personal information, and number of customers affected due to information leakage incidents	In 2022, a total of 3 information leakage incidents occurred with 2 related to personal information, and the data of 3 customers was affected. The Company will continue to strengthen the advocacy of information security in the future.	Chapter02 Information Security
II	Number of loans granted to promote the development of small enterprises and communities, and loan balance	The company does not conduct any corporate lending business. In 2022, there was neither loan granted for promoting the development of small enterprises and communities, nor loan balance.	
III	Number of participants in finance education provided for vulnerable groups who are lack of banking services.	By providing internship programs for college students and collaborating with related departments such as insurance and finance, Mercuries Life Insurance Co., Ltd. has conducted academic and practical exchanges to reduce the gap between theory and practice, promote the linkage between students and practical work, further retain talents for the company. The company has cooperated with 9 departments in 8 universities, including Department of Finance, I-Shou University, Department of Insurance, Chaoyang University of Technology, Department of Risk Management and Insurance, Shih Chien University, Department of Finance, National Chung Hsing University, Department of Financial Management, Kun Shan University of Technology, and Department of Finance and Department of Senior Services Industry Management, Minghsin University of Science and Technology. A total of 109 students from these universities have been admitted to the company to engage in internship.	
IV	Products and services designed for creating environmental or social benefits in each operated business	<ul style="list-style-type: none"> • In 2022, the number of insurance policies for physical and mental disabilities was increased by 0.09% compared with the previous year. • In 2022, the company continued to launch “Economic Relief Policy Loan Program for Economically Disadvantaged Policyholder” in order to help policyholders facing economic difficulties overcome their challenges, and extend the application period to 6 months, in order to mitigate their economic stress. The total number of applicants reached 167 with 194 cases. The total loan amount reached NT\$ 13,841,877. • The growth rate of claims applied by using Consortium Blockchain or Medical Union reached 65.34%. • Online functions were added and optimized. The mobile insurance rate of new contracts reached 97.96%. • The growth rate of number of policyholders receiving automatic services reached 7.02%. • The company’s microinsurance was praised by the Financial Supervisory Commission for 8 consecutive years. In 2022, the company won “Excellent Performance Award” and “Disability Care Award” for its microinsurance business. 	Chapter03 Responsibility and Inclusive Finance

※Note: Please refer to the relevant sections of 2022 ESG Report of Mercuries Life Insurance Co., Ltd.

【Schedule 2】 Climate-related Information of TWSE/TPEX Listed Companies

- Risks and Opportunities Brought by Climate Change to the Company and Relevant Responsive Measures Taken by the Company

No.	Item	Corresponding Section
I	Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and the management.	
II	Describe how the climate risks and opportunities identified affect the enterprise's business operations, strategies, and finance (short term, medium term, and long term).	
III	Describe the impact of extreme climate events and transition actions on the finance.	
IV	Describe how the identification, evaluation and management processes of climate changes are integrated in the overall risk management system.	See 1.4 Risk Management for details.
V	If scenario analysis is used to evaluate the resilience in the face of climate change risks, scenarios, parameters, assumptions, analysis factors, and main financial impact used shall be described.	
VI	If a transition plan has been established in response to the management of climate-related risks, the contents of this plan shall be described together with the metrics and targets used to identify and manage the physical risks and transition risks.	
VII	If internal carbon pricing is used as a planning tool, the price setting basis shall be described.	The Company hasn't used internal carbon pricing as a planning tool yet.
VIII	If climate-related targets have been established, the activities, scope of greenhouse gas emissions, planned schedule, progress to achieve every year, and other relevant information covered shall be described; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant targets, the source or quantity of carbon reduction quota offset or the quantity of RECs shall be described.	See 1.4 Risk Management for details.
IX	Greenhouse gas inventory and assurance (filled out in 1-1).	In accordance with the provisions of "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" of the Financial Supervisory Commission, Mercuries & Associates Holding will begin to disclose its greenhouse gas inventory data in the ESG report of 2024, and complete third-party assurance prior to 2027.

Appendix 3 Check Statement



獨立保證意見聲明書



三商投資控股股份有限公司 2022 年永續報告書

英國標準協會與三商投資控股股份有限公司(簡稱三商投控)為相互獨立的公司，英國標準協會除了針對三商投資控股股份有限公司 2022 年永續報告書進行評估和查證外，與三商投控並無任何財務上的關係。

本獨立保證意見聲明書之目的，僅作為對三商投資控股股份有限公司 2022 年永續報告書所界定範圍內的相關事項進行保證之結論，而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外，對於其他目的之使用，或閱讀此獨立保證意見聲明書的任何人，英國標準協會並不負有或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係英國標準協會審查三商投控提供之相關資訊所作成之結論，因此審查範圍乃基於並侷限在這些提供的資訊內容之內，英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問，將由三商投控一併回覆。

查證範圍

三商投控與英國標準協會協議的查證範圍包括：

1. 本查證作業範疇與三商投資控股股份有限公司 2022 年永續報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準 v3 的第 1 應用類型評估三商投控遵循 AA1000 當責性原則(2018)的本質和程度，不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結三商投資控股股份有限公司 2022 年永續報告書內容，對於三商投控之相關運作與永續績效則提供了一個公平的觀點。基於保證範圍限制事項、三商投控所提供資訊與數據以及抽樣之測試，此報告書並無重大之不實陳述。我們相信有關三商投控的環境、社會及治理等績效資訊是被正確無誤地呈現。報告書所揭露之永續績效資訊展現了三商投控對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準 v3 查證能力之團隊執行，以及策劃和執行這部分的工作，以獲得必要之訊息資料及說明。我們認為就三商投控所提供之足夠證據，表明其符合 AA1000 保證標準 v3 的報告方法與自我聲明依循 GRI 永續性報導準則係屬公允的。

查證方法

為了收集與作成結論有關的證據，我們執行了以下工作：

- 對來自外部團體的議題相關於三商投控政策進行高階管理層訪談，以確認本報告書中聲明書的合適性
- 與管理者討論有關利害關係人參與的方式，然而，我們並無直接接觸外部利害關係人
- 訪談 7 位與永續性管理、報告書編製及資訊提供有關的員工
- 審查有關組織的關鍵性發展
- 審查內部稽核的發現
- 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導準則的詳細審查結果如下：

包容性

2022 年報告書反映出三商投控已持續尋求利害關係人的參與，並建立重大永續主題，以發展及達成對永續具有責任且策略性的回應。報告書中已公正地報告與揭露環境、社會及治理的訊息，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了三商投控之包容性議題。

重大性

三商投控公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題。永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷。以我們的專業意見而言，這份報告書適切地涵蓋了三商投控之重大性議題。

回應性

三商投控執行來自利害關係人的期待與看法之回應。三商投控已發展相關道德政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應。以我們的專業意見而言，這份報告書涵蓋了三商投控之回應性議題。

衝擊性

三商投控已鑑別並以平衡和有效之量測及揭露方式公正展現其衝擊。三商投控已經建立監督、量測、評估和管理衝擊之流程，從而在組織內實現更有效之決策和結果管理。以我們的專業意見而言，這份報告書涵蓋了三商投控之衝擊性議題。

GRI 永續性報導準則

三商投控提供有關依循GRI永續性報導準則2021之自我宣告，並對每個涵蓋其行業準則和具相關性的主題準則之重大主題，其揭露項目依循全部報導要求的相關資料。基於審查的結果，我們確認報告書中參照GRI永續性報導準則之永續發展相關揭露項目已被報告、部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋了三商投控的永續性主題。

保證等級

依據 AA1000 保證標準 v3 我們審查本聲明書為中度保證等級，如同本聲明書中所描述之範圍與方法。

責任

這份永續報告書所屬責任，如同責任信中所宣稱，為三商投控負責人所有。我們的責任為基於所描述之範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過如 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



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2023-05-22

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INDEPENDENT ASSURANCE OPINION STATEMENT

Mercuries & Associates Holding, Ltd. 2022 Sustainability Report

The British Standards Institution is independent to Mercuries & Associates Holding, Ltd. (hereafter referred to as MERCURIES in this statement) and has no financial interest in the operation of MERCURIES other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of MERCURIES only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by MERCURIES. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to MERCURIES only.

Scope

The scope of engagement agreed upon with MERCURIES includes the followings:

1. The assurance scope is consistent with the description of Mercuries & Associates Holding, Ltd. 2022 Sustainability Report.
2. The evaluation of the nature and extent of the MERCURIES's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Mercuries & Associates Holding, Ltd. 2022 Sustainability Report provides a fair view of the MERCURIES sustainability programmes and performances during 2022. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the MERCURIES and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate MERCURIES's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that MERCURIES's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to MERCURIES's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 7 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that MERCURIES has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the MERCURIES's inclusivity issues.

Materiality

MERCURIES publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of MERCURIES and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the MERCURIES's management and performance. In our professional opinion the report covers the MERCURIES's material issues.

Responsiveness

MERCURIES has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for MERCURIES is developed and continually provides the opportunity to further enhance MERCURIES's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the MERCURIES's responsiveness issues.

Impact

MERCURIES has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. MERCURIES has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the MERCURIES's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

MERCURIES provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the MERCURIES's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the MERCURIES's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



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