



2014



遠東百貨
FAR EASTERN DEPARTMENT STORES

Far Eastern Department Store CSR Report

Retailer, Detaileader.



Report Profile

This is the first CSR report published by Far Eastern Department Stores (FEDS) in both Chinese and English versions. FEDS has also established a CSR website where this report is available for download (<http://fedsenews.com.tw/csr/Index/CSRIndex.aspx>).

Reporting Period

This report provides a summary of FEDS' CSR management approaches, material topics, responses, and action performance in fiscal year 2014 (January 1, 2014 to December 31, 2014). Some information was traced back to fiscal year 2012 for readers to understand better and more about activities in fiscal year 2014.

Reporting Cycle

This is the first CSR report published by FEDS. In the future, we will publish a CSR report on an annual basis. The next report (fiscal year 2015) will be published in June 2016.

Reporting Boundary

Referring to financial materiality and links with the industry and considering this the first CSR report of FEDS, the boundary of this report has included FEDS and ten branches in Taiwan (where the Gongyuan Road and Cianfeng Road stores in Tainan City are considered as one branch). The scope of information and data contained in this report has covered the economic, environmental, and social performances of FEDS; and financial information has been disclosed based on the consolidated financial statement of FEDS audited by CPAs. Please refer to the consolidated financial statement 2014 for details of individual companies.

Reporting Guidelines and Third Party Assurance

FEDS applies the Global Reporting Initiative (GRI)-G.4 reporting framework and the Core criteria.

In report assurance, this report has been verified by third-party verification to ensure its conformance to the Core option of GRI G4 and Type 1 Moderate Level of AA1000 (AccountAbility).

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Message from the Chairman

In upholding the corporate spirit of spending what is taken from society in the best interest of society, FEDS has spared no effort to silently assume and fulfill its corporate social responsibility (CSR) through various activities, including corporate governance, environmental protection, social involvement, and philanthropy. By publishing this CSR Report, we are glad to share with all stakeholders our value and vision for sustainable operations at FEDS, our efforts and contributions to fulfill corporate social responsibility, and our attempts to build open and transparent channels for communication and periodic responses.

As the only locally invested department store chain operated by a pure local management team, FEDS has been operating in Taiwan for 48 years. "Heartfelt service, running for the aspiration of consumers" has been our operating philosophy and the momentum driving the chain's ongoing innovation. Capturing the life trend and shopping taste of each generation, we have created countless warm, touching, and beautiful shopping experiences for customers. New-generation City stores providing a wider variety of general merchandise have successfully turned shopping centers into special urban attractions enabling consumers to explore and experience worldwide luxury goods, fashions, specialty foods, and most importantly, happy shopping.

Regarding the relationship between "social responsibility" and "business operations", I quite agree with Michael E. Porter: "Integrating CSR with business strategy is the new source of competitiveness for enterprises." As part of the business intelligence and operating strategy, CSR should be closely combined with corporate visions, corporate missions, and corporate goals, in order to create new value and competitive advantages as competitiveness for sustainable growth.

This is also the self-expectation of FEDS in CSR terms. Through the discourse with consumers, we hope to provide them with healthy, dependable, and comfortable green shopping experience. While maintaining steady business growth, we continuously care about people and bring a positive energy to the environment and society. In the future, we will develop into a sustainable enterprise and become the promoter of sustainable culture for department stores. In doing so, we aim to extend the warm and beautiful shopping experience of consumers to each part of society and create a happy and green lifestyle for Taiwan.

Looking back in 2014, FEDS made outstanding performance in all aspects of CSR. For example, we were rated A++, the highest honor, in the Information Disclosure and Transparency Ranking, the best among 1,393 listed companies. In environmental protection, the Mega Tower, FEDS headquarters, built for energy conservation and ecological processes passed the "Silver" certification of Green Building label of the Construction and Planning Agency, Ministry of the Interiors. We also applied the green building concept to the new-generation City stores to naturally blend green engineering and green consumption with shopping experience and turn environmental protection into an attitude and fashion.

FEDS has devoted to promoting various philanthropic and cultural and art activities over time. In 2014, we also spared no effort to involve in action plans that promote social harmony and progress and played an active role in promoting industry-academia exchange to solve the education-employment disparity problem and promote industry talent upgrade. A happy enterprise can cultivate solid human capital and owns abundant innovation energy to strengthen competitive advantages for sustainable operations. Therefore, we are committed to building a sound work culture and work environment enabling employees feel secure and eager to work and possess quality work and life.

CSR is corporate competitiveness in the 21st century. To fulfill CSR with due diligence and demonstrate the spirit of a corporate citizen is our unchanging goal. In the future, we will continue to deepen our CSR strategy and culture and consider the social and environmental impacts of our operations while seeking profit and create a model for the sustainable economic, social, and environmental growth, so as to seek co-prosperity, common good, and common growth for business value and social progress.

Douglas Tong Hsu
Chairman

Far Eastern Department Stores Limited



Introduction

Leading Fashion for Exquisiteness and Excellence

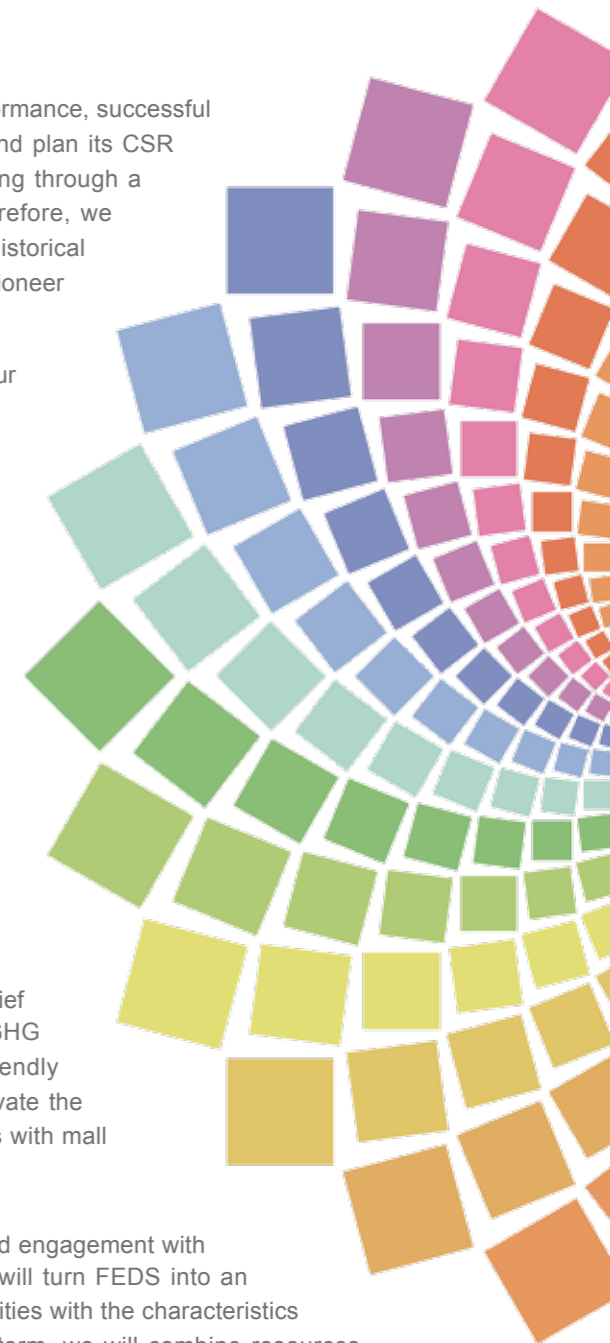
2014 marked FEDS' going from strength to strength. Brilliant operating performance, successful corporate transformation, and more importantly, FEDS began to gestate and plan its CSR Committee. In this first CSR report of FEDS, we hope to share our "beating through a path in rags" spirit and "pursuing innovation and change" motivation. Therefore, we set LEAD as the theme for the FEDS CSR Report 2014 to manifest the historical leadership of FEDS in the department store chain business, its role as a pioneer of local operation, and the example it has set for mall operation innovation.

Continuing the LEAD of 2014, we will expand the scope of disclosures in our CSR report 2015. In 2016, we will include more FEDS stores in the report to establish a lineage for sustainable development. We also wish to become a sustainably operating department store chain.

For the future development strategy of CSR, we have established short-, medium- and long-term goals in corporate governance, environmental, and social terms.

- **Corporate governance:** In March 2015, we officially established the CSR Committee, with short-, medium- and long-term goals as follows: (1) short-term goal—plan and promote CSR-related activities within the organization through the CSR Committee; (2) medium-term goal—promote management innovation enhance adaptability and competitiveness in the constantly changing consumer market; and (3) long-term goal—optimize the CSR governance framework to demonstrate the 100% substantive execution ability and thereby lay the foundation for FEDS to become a leading retailing brand.
- **Environmental aspect:** Enforcing energy management is the basic belief of FEDS. For the short term, we will purchase green power, reduce GHG emissions, promote enterprise green purchase, and purchase eco-friendly and energy-saving products. For the medium term, we will further cultivate the green department store presence by integrating green building concepts with mall construction design in our expansion planning.
- **Social aspect:** For the short term, we will strengthen communication and engagement with the most important stakeholder—customer. For the medium term, we will turn FEDS into an intermediary platform of cultural and creative, art, and philanthropic activities with the characteristics of department stores by investing in relevant resources. For the long term, we will combine resources from different sources and demonstrate their biggest synergy for society, culture, and consumers.

Upholding the operating philosophy: running for the aspiration of consumers; self-expectation: retail is detail; and the corporate spirit of the Far Eastern Group (FEG): sincerity, diligence, thrift, prudence, and innovation, we continuously transcend our corporate philosophy and goals and pursue economic, environmental, and social sustainability in order to become the leader and connoisseur of sustainable operations for department stores.



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G

1 · Lead the Industry

Governance Performance

FEDS Sales Turnover 2014
NT\$42.318 billion

City Incubator :
Mega & Top

The 12th Information
Disclosure and
Transparency Ranking:
A++

First CSR
report of listed
department store
chains.

Official
establishment of
the CSR Committee
in March 2015

1.1 Company Profile

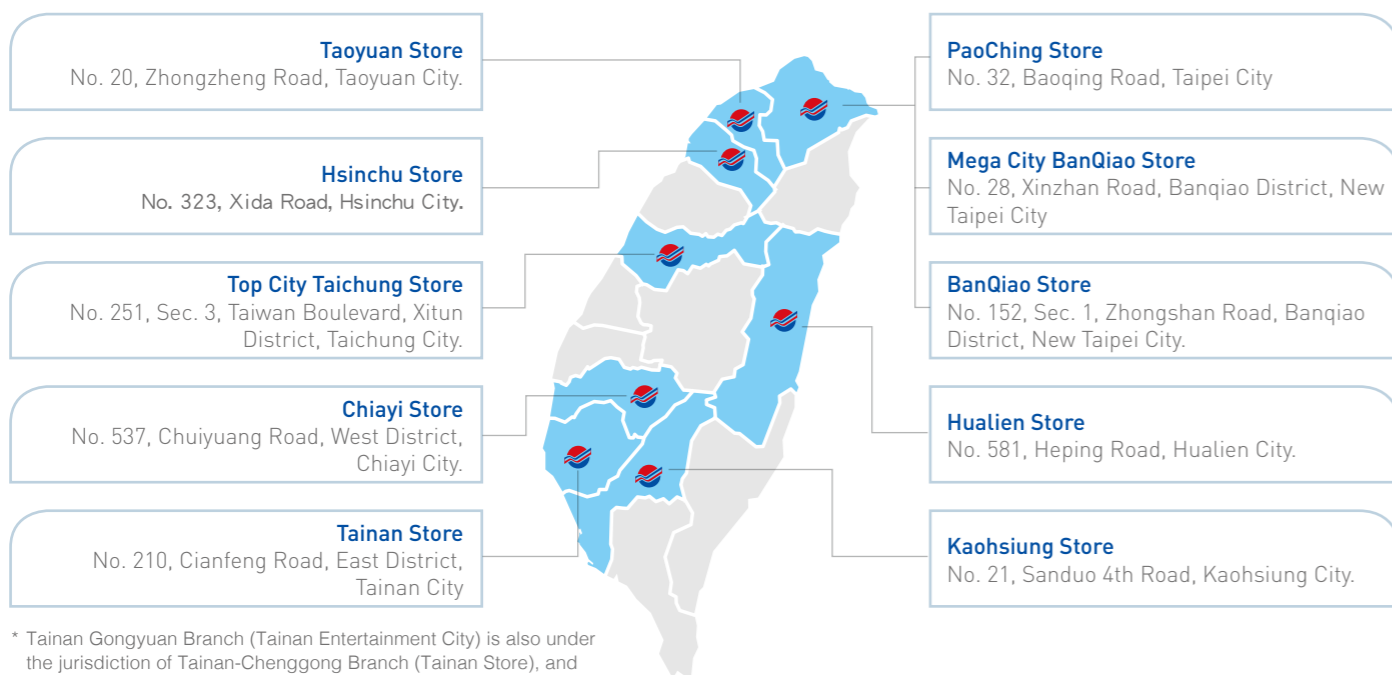
1.1.1 Organization Overview

Founded in 1967, Far Eastern Department Stores Limited (FEDS) is 48 years old and the oldest local, steadily growing department store chain in Taiwan. The collective memories between FEDS and consumers have become part of local life. At each stage of growth, FEDS seeks to make change, create innovative experiences and new memories for consumers and the public, and provide them better services with enthusiasm. From providing the public with daily necessities at the beginning of operations to rendering fashion and modern goods today, FEDS has expanded its cope of retailing business from department stores to supermarkets, hypermarkets, and shopping centers with a total of 56 sales locations across the strait. Aside from being the only publicly offered department store chain in Taiwan, FEDS is the department store chain with the highest sales turnover in Taiwan. During the reporting period, there was no significant change in the scale, structure, and ownership of the organization.



Establishment	1967
Headquarters location	18F, No. 16, Xinzhan Road, Banqiao District, New Taipei City
Employees	1793
Major product or service type	General merchandise retailing
Major service country or market	Taiwan and Mainland China
Nature and legal form of ownership	Publicly offered incorporated: 2903.TW

Major Taiwan Sales Locations 2014



* Tainan Gongyuan Branch (Tainan Entertainment City) is also under the jurisdiction of Tainan-Chenggong Branch (Tainan Store), and financial statements of both branches are combined.

To maintain growth and competitiveness in the constantly changing macro environment and market trend, we take the initiative to establish new locations and devote to the transformation of existing stores at the same time. Based on the schedule of development, FEDS stores fall into the following four generations. (new malls)



G4 stores, Mega City BanQiao Store and Top City Taichung Store, are different from traditional department stores. They are re-positioned as shopping centers selling general merchandise for all customers and combined with restaurants, entertainments, and shopping. More importantly, all G4 stores are planned and designed based on green building concepts (see Chapter 2) to lead a new wave of transformation for mall development and to set a revolutionary milestone to FEDS development.



1.1.2 Thriving Industry: A FEDS Commitment

As the leader of local department store chains, to thrive the domestic department store business, we have joined domestic shopping center, department store, and other industry associations and institutes; and branches have also joined over 30 local department store, appliance, and rice business associations, aiming to improve own operation and management abilities and thrive the economic development of relevant industries to optimize the constitution for sustainable development.

National Associations and Unions Joined by FEDS in 2014

Association/Institute	FEDS Role
Chinese National Association of Industry and Commerce, Taiwan	Executive Director
Retailers Association of Chinese Taipei	Executive Director
Taiwan Council of Shopping Centers	Executive Director/Managing Supervisor
Taipei Department Store Association	Director
European Chamber of Commerce Taiwan	Member
ROC Public Company Shareholder Service Association (RPCSWA)	Member
Computer Audit Association	Member
Institute of Internal Auditors, ROC (Taiwan)	Member
Accounting Research and Development Foundation	Member

To connect with worldwide department stores, learn from the successful experience of foreign department stores, and broaden the international horizon of CSR, we have joined the Intercontinental Group of Department Stores (IGDS) and become the only member representing Taiwan over time. We also follow the IGDS CSR Code of Conduct: For customers, we will treat customers honestly and fairly; make customer safety a priority when purchasing or selling products; respect the privacy of our customers; and endeavor to provide as much product information to customers as possible. For store community, we are committed to improving links with all members of the local community; provide support to at least one non-profit making organization; and will encourage employees to participate in community projects. For suppliers, we shall conduct business with all suppliers on the basis of honest and open dealings; work towards fostering long-term, mutual beneficial business relationships; and inhibit bribery and similar activities. For the environment, we will comply with environmental laws, regulations and standards applicable to all operations, seek to adopt and develop long-term practices to improve efficiency, recycling, waste management, and reduce impact on local and national ecosystems and natural resources.

FEDS have engaged in energy conservation over time with excellent performance



1.2 Operation Overview

1.2.1 Operating Philosophy

As part of our daily life, retailing changes constantly and rapidly. To lead the fashion, FEDS sensibly observes market changes and actively discusses with suppliers to exactly capture the latest fashion trend. In addition, we attract consumers to shop at FEDS with complete product proposals and comprehensive and interactive experience. In operations, we plan budgets for each branch based on individual operating indicators, and evaluate and review operating performance based on such indicators.

In the future, we will develop popular mobile shopping by linking our physical channel with virtual channels to strengthen customer service and enhance customer adherence and thereby to develop toward an intelligent retailer with comprehensive channels.

1.2.2 Financial Performance

Although economic recovery finally came in 2014, the department store business was extremely competitive. According to the Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan, the economic growth rate in 2014 was about 3.74%, higher than 2.23% in 2013, the overall economic amelioration indirectly drove retailing development, and the overall sales turnover of the department store business in 2014 was over NT\$300 billion, 6% up from 2013.

Under extreme competition, we made each step carefully and steadily to seek growth after maintaining stability and make innovation after securing growth. In 2014, our ten branches created a sales turnover up to NT\$42.3 billion, NT\$2.7 billion, or about 7%, up from 2013. Of all FEDS branches, G4 stores contributed nearly 45% of total sales, including 25% from Top City Taichung Store (about NT\$10.4 billion) and 20% from Mega City Banqiao Store (about NT\$8.3 billion), marking the success of our transformation. Please refer to the FEDS Annual Report 2014 for details regarding business performance and financial information.

(Report download: <http://fedsnews.com.tw/shareholder/tw/2015/20150610001.pdf>)

During the reporting period, as FEDS was not involved in any legal actions, pending or completed, regarding anti-competitive behavior and violations of anti-trust and monopoly legislation, there is no expense or loss from relevant litigations.



Financial Performance 2012-2014

(NT\$1,000)	2012	2013	2014
Total sales	39,121,476	39,660,401	42,318,339
Operating revenue (IFRS)	9,451,045	9,654,548	10,193,869
Operating cost	3,369,907	3,403,138	3,559,957
Net operating income	1,162,426	1,268,948	1,587,730
Non-operating income and gains	917,334	1,410,592	443,884
Non-operating expense and loss	253,295	265,944	237,965
Income tax	218,296	227,757	264,584
Net income	1,608,169	2,185,839	1,529,065
EPS (NT\$)	1.15	1.53	1.07
Dividend (NT\$)	1.10	1.35	1.00
Total dividend	1,506,867	1,904,818	1,439,196
Cash dividend per share (NT\$)	0.80	1.15	1.00
Stock dividend per share (NT\$)	0.30	0.20	-
Retained earnings	7,207,876	8,385,418	7,961,851
Economic value allocated to stakeholders			
a. Employee wage and benefits	1,388,767	1,415,500	1,375,548
b. Investor dividends	1,506,867	1,904,818	1,439,196
c. Income tax	218,296	227,757	264,584
d. Community investments	6,282	17,873	11,867

Source:
Data of 2012 was based on the financial statement re-produced in 2013 with reference to the International Financial Reporting Standards (IFRS).
Data of 2013-2014 was based on financial statement re-produced in 2014 for investment property with reference to IFRS 13 Fair Value Measurement.

1.2.3 Business and Investment Strategies

In 2014, the overall performance of the department store market was over NT\$300 billion, sales turnover was NT\$30.61 billion, up by 6%, a record high. Although food safety incidents appeared, consumers had more confidence in the quality control of department stores. To turn situations into opportunities, department stores actively ushered in popular restaurants and famous stores to turn gourmet foods into the ace to attract consumers. In addition, the advancement of public transport has made transportation more convenient, thus expanding business range of department stores. Also, as the number of tourists increases as the global visibility of Taiwan has been increasing in recent years, and along with the popularization of internet communication and rapid growth of mobile commerce, we have captured relevant trends and developed the business based on the following business strategies and goals:

Short-term goals

- Adjusting brand and business lines of each store to enhance product appeal and characteristics.
- Adjusting product portfolios of relevant branches based on the shopping preferences of rapidly increasing Chinese customers.
- Organizing international exhibitions and feature activities based on different festivals and popular topics to attract more customers.
- Expanding O2O (Online to Offline) operation and mobile payment to achieve mobile retailing and smart retailing.

Long-term goals

- Developing Taiwan and aggressively cultivating the China market: Continuously establish stores across the strait to expand growth niche and become the leading retailing brand across the strait.

The trend of the retailing industry changes rapidly. To pursue sustainable development, we need to pay continuous attention to current and potential challenges and draw up strategies as early as possible to cope with such changes. The challenges we are facing in the economic, social, and environmental dimensions of sustainability and their countermeasures are tabulated below.

Dimension of sustainability	Challenge of Department Stores	FEDS Countermeasures
Economic	The rise of different types of retailing business, such as convenience stores and on-line shopping, reduces intention to shop at department stores.	We change the pattern of mall operations, such as combining with cinemas and bookstores for G3 stores and emphasizing catering service and thematic decoration for G4 stores, to provide consumers with life experiences different from ordinary department stores and on-line shopping.
	Competitors engage in aggressive location and store expansion and store renovation to share the market.	When planning the Top City Taichung Store, we realized the trend of differentiation in competitors. Even though FEDS has become an iconic store in locals after 48 years of operations, we will continue to plan storytelling malls to create new memories together with consumers across generations. In addition, with a visionary mind, we persistently support emerging designers to display and sell their products at FEDS stores and help them to strive for exposure, so as to promote cultural and creative industries, turn FEDS into the hub of talents, and thereby maintain leadership in the retailing industry with soft power.
Social	Continuous food safety incidents cause food distrust in consumers.	Every day we conduct food safety and hygiene checks on all food vendors and restaurants in our stores based on a rigorous internal inspection procedure to ensure catering quality and assure food safety for consumers. (Please see 4.3 "Restaurant Safety and Sanitation" in the Chapter 4 for restaurant safety management.)
	Mall safety and customer health	When building and decorating new malls, we strictly follow all statutory and regulatory requirements to ensure mall safety and sanitation while providing a clean and comfortable shopping environment, so as to ensure personal safety and health for consumers. (Please see 4.1 "Shopping Environment" in Chapter 4 for mall safety and customer health.
Environmental	The rise of environmental awareness of consumers	We advocate green consumption, support the government's emission reduction policy, and implement the use of e-invoices. In packaging, we minimize unnecessary packaging materials and ink use on shopping bags through design, use eco-friendly inks, and support government policies relating to "sustainable consumption".

1.3 Governance Framework

1.3.1 Corporate Governance

At FEDS, we have a well-established corporate governance framework. Based on the corporate governance evaluation on all public companies in Taiwan under the Corporate Governance Roadmap 2013, FEDS was ranked among the top 20% benchmarking enterprises. Despite the continuing stricter regulatory requirements on corporate governance, FEDS insists on legal compliance, progressively raises corporate governance requirements according to the policy of competent authorities, and support the revision of internal policies and the implementation of internal control and audit to ensure the sound constitution of the enterprise.



Currently, there are nine seats on the Board of Directors (BOD), which holds board meetings on a quarterly basis. Relevant minutes and resolutions are all disclosed on the corporate website (www.feds.com.tw/shareholder.aspx) to enhance the transparency of operating information and protect the rights and benefits of shareholders. By implementing and supervising business operations, the BOD can better communicate with management. Based on the questions and strategies asked and proposed by management, the BOD gives exact instructions and follows on up the performance to ensure policies are timely implemented and adjusted to operate FEDS toward sustainable operations.

In 2014, the BOD held four board meetings with full attendance of eight members and 75% attendance of one director. The avoidance of proposals with conflicts of interest of directors is as follows:

1. At the 8th meeting of the 16th BOD (March 28, 2014), Chairman Hsu recused himself from the discussion of proposal 9 as he was also a director of the Chiang Ching-kuo Foundation for International Scholarly Exchange, and all present directors approved his recusal.
2. At the 11th meeting of the 16th BOD (November 10, 2014), Chairman Douglas Tong Hsu and Director Nancy Hsu recused themselves from the discussion of proposal 2 as they were respectively the chairman and director of Yuan Ze University, and all present directors approved their recusal.

Independent directors were elected in 2012 to give independent, professional, and objective opinions to the BOD to improve corporate operations and protect the rights and benefits of shareholders. We also amended the company charter in 2014 and established the audit committee during the directorial election in 2015 to strengthen corporate governance. The structure of the BOD of FEDS is shown below.

Age and Gender Distribution of BOD Members

Age Group	Gender	2012	2013	2014
30-50	Male	-	-	-
	Female	1	1	1
50+	Male	5	5	5
	Female	3	3	3
Total		9	9	9

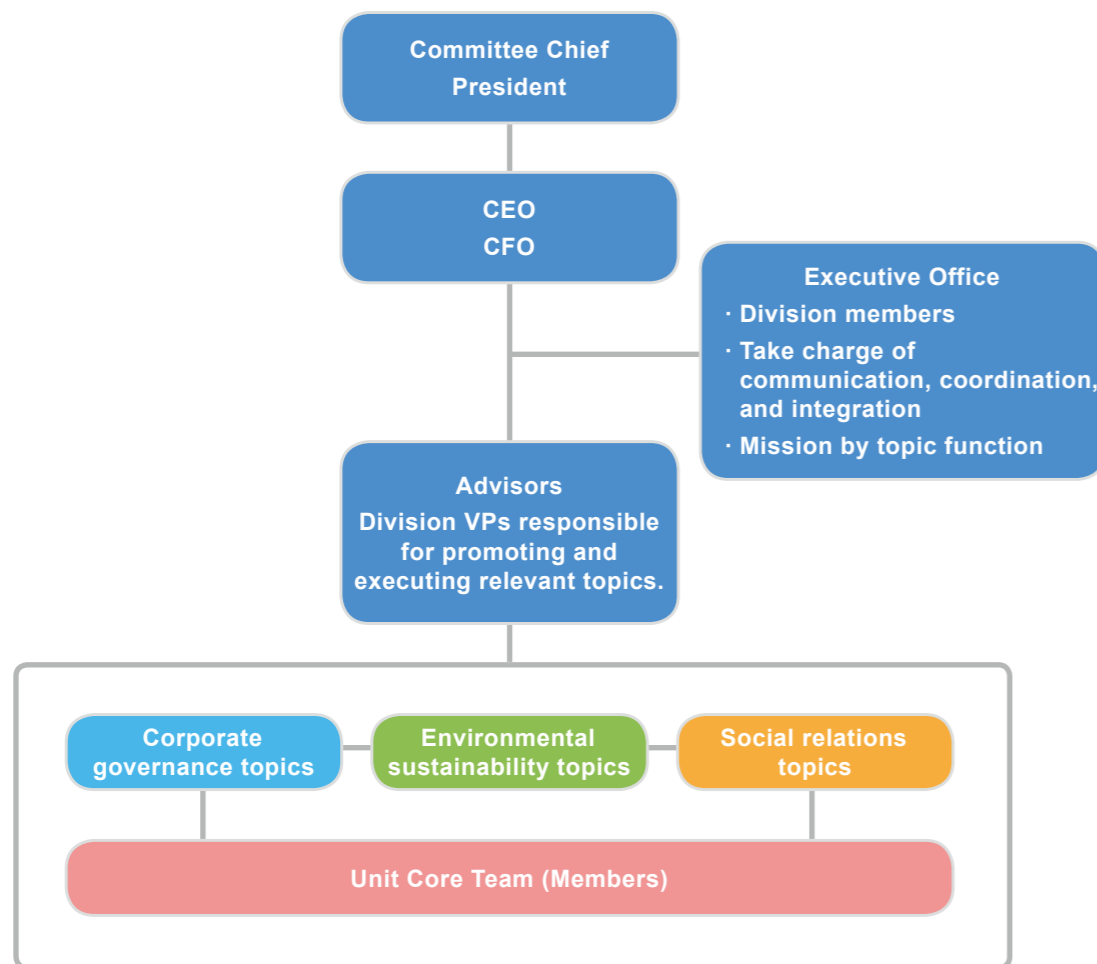
In addition to the BOD, FEDS has established a Compensation Committee with reference to the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter. The committee has three members and is chaired by Independent Director Edward Way. The Compensation Committee is committed to assisting the BOD in carrying out and assessing the overall remuneration and welfare policies of the company and the remuneration for directors and managers. The committee holds at least two committee meetings each year, and two committee meetings were held in 2014. An auditor office is also established under the BOD to conduct audits according to the annual audit program, assist the BOD and managers in inspecting and reviewing internal control defects of FEDS and subsidiaries. Please refer to 1.4.1 Internal Audit and Professional Division of Labor for the detailed functions of the Auditor office.

CSR Committee

FEDS has long been fulfilling CSR and has taken relevant actions to implement the economic, social, and environmental dimensions of sustainability. Recognizing there are different kinds of risks on the road to sustainable development, to take precautionary actions to effectively and timely handle such risks and to further propose solutions, we have integrated internal resources and established relevant targets and strategies, so as to ensure CSR is implemented at all business units and departments and closely integrated with routine operations. Hence, we have begun the planning of a CSR committee and a CSR operating system that will be established in 2015. The CSR Committee is chaired by the president, with the CFO as the CEO, to lead the committee and supervise project progression. The committee includes three issue groups: corporate governance, environmental sustainability, and social relations, with the CFO, COO, and CMO as advisors to promote and implement relevant projects. The CSR Executive Office will be responsible for communication and coordination work and consolidate project progress and outcomes.

After the CSR Committee is established, committee meetings will be held at regular intervals to identify economic, environmental, and social risks with committee members for drawing up relevant strategies and targets. Next, advisors will lead respective groups to implement relevant missions and report the outcomes to the CSR Executive Office. After consolidating project outcomes, the CSR Executive Office will report to higher management and make recommendations where necessary. Through top-down promotion and bottom-up communication, we hope to effectively achieve our sustainable development vision.

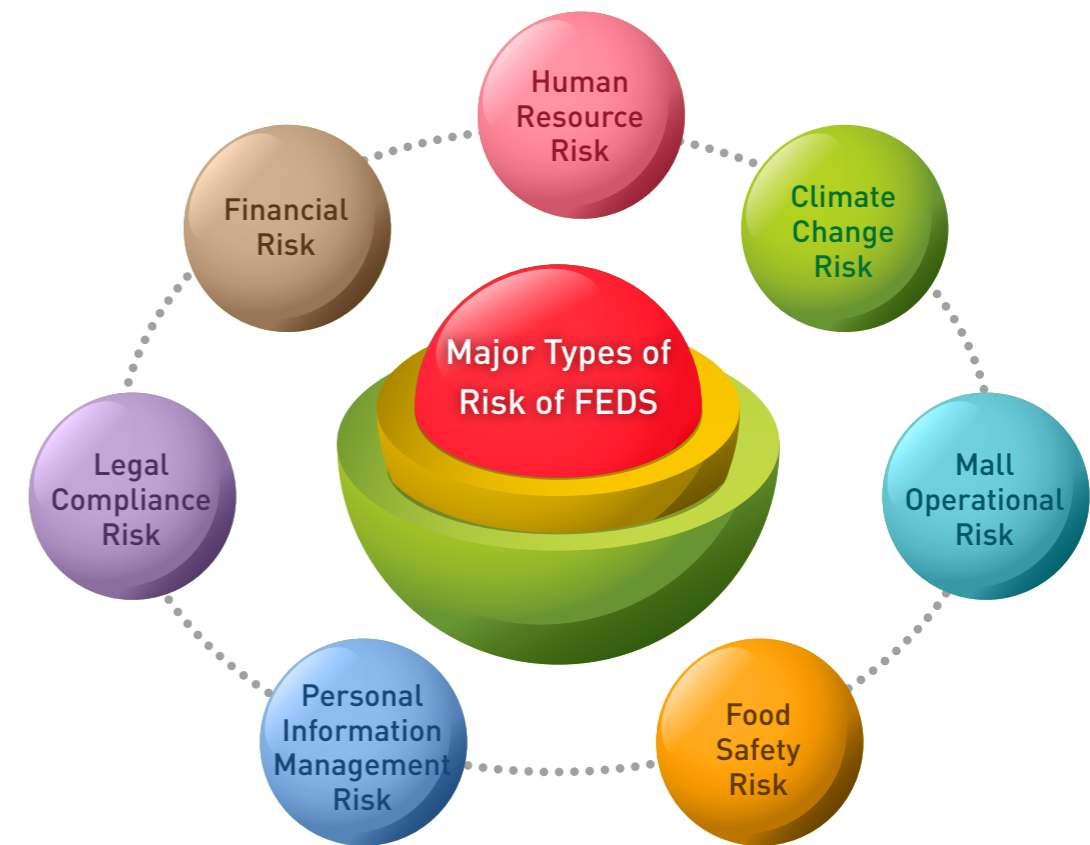
FEDS CSR Committee Organization Planning



1.4 Risk Management and Contingency

Besides running a business organization, department store operations involve the management of details. When treating FEDS as a system, apart from the internal risks in the system, we need to keep track on the risks in any macro environment change. To us, the scope of risk management covers not only the static institutions within the system but also the dynamic change outside of the system and in the macro environment.

The major operational risks we have identified include: financial risk, human resource risk, climate change and global warming, mall operations, food safety, personal information management, and legal compliance. Responsible units within the organization have established management regulations as the first-line of defense and management of different types or risk. In the meanwhile, the Auditor office conducts various audits to ensure the risk management system of each unit is effectively operated and report to the BOD at regular intervals.



Financial risk management aims to manage market risk relating to business activities, credit risk, and liquidity risk. The Finance Department analyzes and evaluates market-related market risk factors and proposes and implements relevant contingency strategies to reduce the impact of risks relating to market change. Please refer to the FEDS Annual Report 2014 for details about our financial management policy.

The management of climate change and global warming risk will be specified in Chapter 2 CSR Best Practices of Department Stores of this report. Human resource risk management will be described in detail in Chapter 3 Pioneer of Fashion and Vogue. The management of mall operations, food safety, and personal information management risks will be elaborated in Chapter 4 Bringing Customers to the FEDS World. In this chapter, we will disclose the audit organization operation, ethical business practices, and legal compliance in FEDS' corporate governance.

1.4.1 Internal Audit and Professional Division of Labor

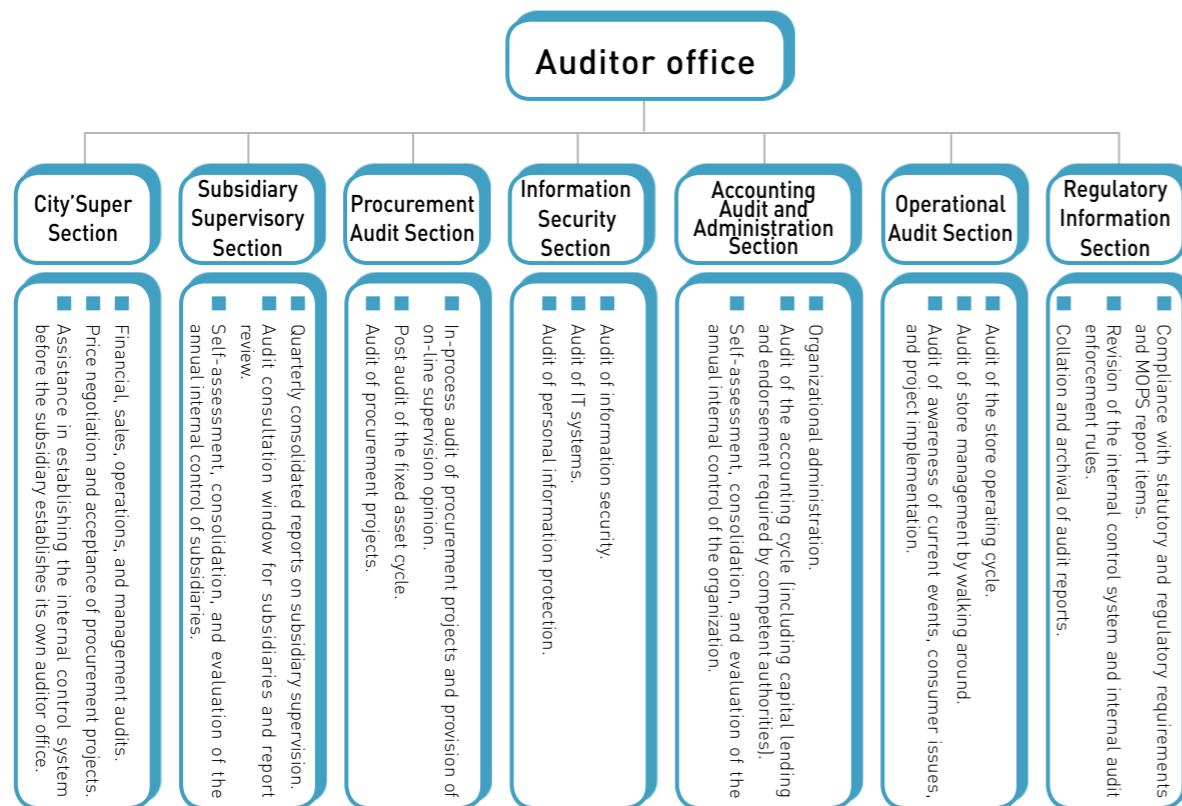
FEDS has established risk management policies for all departments to follow. To comply with relevant laws and regulations and realize FEG's ethical operations culture, we have established the "FEDS Internal Control System", "FEDS Enforcement Rules of Internal Audit", and "FEDS Internal Audit Handbook". The Auditor office also implements the audit program at regular intervals, help departments to identify and control risks, and reports to top management before reporting to the BOD and supervisors to ensure the risk management system is effectively implemented.

In risk management, we place special emphasis on prevention. After identifying risks, we will immediately feed them back to the Auditor office and all departments for departments to pay attention to the occurrence of such risks in routine operations, and the Auditor office to help departments monitor the status of relevant risks through auditing and reporting. As FEDS launches construction projects in succession, capital expenditure risk was the major risk in 2014. To effectively control the risk within tolerance, the Auditor office established the Procurement Audit Section five years ago to prevent and monitor risks contained in relevant purchasing processes for capital expenditures. In addition to the above internal risks of the organization, external risks are our concern in risk management as well. While the food safety problem persisted in 2014, to reduce the negative impact of the food safety storm on FEDS, relevant departments tightened food safety control. The Auditor office also implemented relevant audit projects and followed up the status improvement of relevant departments to facilitate departments to carry out risk management.

The Auditor office has seven sections: Accounting Audit and Administration Section, Operational Audit Section, Information Security Section, Regulatory Information Section, Procurement Audit Section, Subsidiary Supervisory Section, and City'Super Section. Each section implements audit according to the scope of operations of different functions. The City'Super Section was established at the parent company because the subsidiary, City'Super, has not established its own audit unit.

To compensate for the inadequacy of risk identification, we have established the internal and external reporting mechanisms. The customer service e-mail on the corporate website is the external reporting mechanism. Reports will be referred to relevant units based on their nature. The Auditor office e-mail is the internal reporting mechanism. Either signed or unsigned, all reports will be verified before further investigations are initiated. In 2014, no report was received. However, to comply with the anti-corruption request of competent authorities, we will include anti-corruption in risk management and take relevant risk control actions.

Framework of the Auditor office



1.4.2 Legal Compliance and Ethical Operations

At FEDS, we treat customers, the public, and employees with honesty, transparency, and responsibility, so as to realize the integrity-based corporate policy. In the "Code of Ethical Business Practice", the prime directive of organizational operations, we have specified the need to comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, rules and regulations government listed companies, and other laws and regulations relating to business activities, as legal compliance is the prerequisite for ethical operations. The "Code of Ethical Conduct" is established to provide a dependable standard of legal compliance for FEDS employees. Apart from reminding employees the need to comply with relevant laws and regulations, we encourage employees to report any unlawful or unethical act against the "Code of Ethical Conduct". We have also established the informer protection mechanism.

The "Code of Ethical Conduct" specifies the ethical conduct standard of directors, supervisors, managers, and general employees; guides them to behave according to such ethical standards; and enables stakeholders to understand more about the ethical standard of FEDS. The "Code of Ethical Conduct" covers the following dimensions: prevention of conflicts of interest, no pursuit of private ends, non-disclosure duty, fair trade, proper protection and use of corporate assets, legal compliance, and the report of unlawful and unethical act against the "Code of Ethical Conduct", so as to specify the rights and obligations of employees during their employment at FEDS.

The "Code of Ethical Business Practice" specifies the behaviors violating ethical and fair business operations, such as bribery, bribe solicitation, and extortion; illegal political donations; undue or improper charitable donations and or sponsoring; undue gifts or treatments; or other undue or improper advantage. The "Code of Ethical Business Practice" also provides a reference for the establishment of relevant operating procedures and behavioral guides.

We publish the "Code of Ethical Conduct" and "Code of Ethical Business Practice" over the intranet and corporate website, and regularly promote important business conduct including ethical and transparent operations and legal compliance through internal management meetings and the group's publication, Far Eastern Magazine, for employees to retrieve and read relevant information through e-learning. Although education and training for anti-corruption has been arranged for the moment, we will include relevant topics as part of our education and training programs in the future. In 2014, no offence of anti-corruption was reported at FEDS.



1.5 Stakeholders and Material Topics

Upholding the service spirit of the retail and department store industry, we value the opinion and expectation of stakeholders, and maintain unimpeded and good communication with them. Capturing the material topics of stakeholder interest, drawing up responsive strategies and making positive responses through real actions are the basic principles of our realization of sustainable development.

1.5.1 Stakeholder Identification and Communication

Stakeholders of FEDS come from different parts of society. To locate the most representative stakeholder groups, we have assembled employees of all departments and branches to identify them through open discussions with reference to the AA1000 Stakeholder Engagement Standard. In practice, stakeholders are identified in terms of the following stakeholder attributes: dependency, influence, tension, responsibility, diverse perspectives, and ten major stakeholder groups were identified. To fully reflect the topics and aspects of stakeholder interest with reference to the characteristics of department store chains, we will conduct an external stakeholder survey and expand the scale of survey in the future after careful assessment, so as to exactly capture FEDS sustainability topics of stakeholder interest.

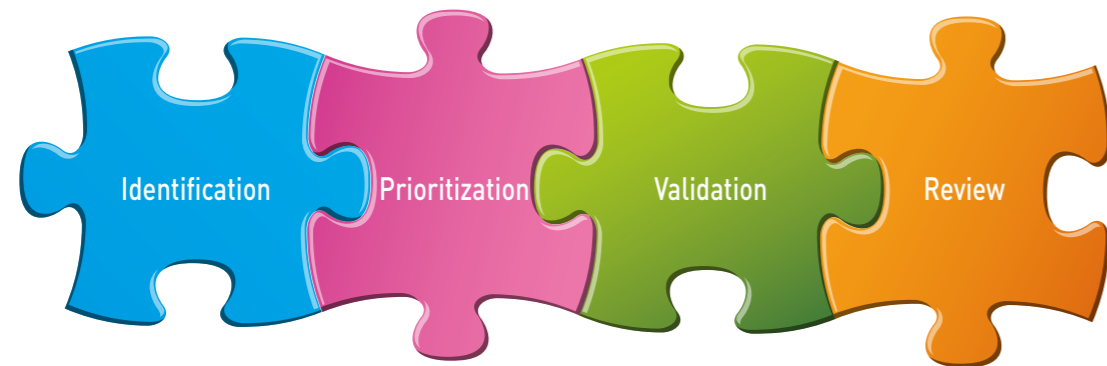
We have established exclusive and comprehensive communication channels with different stakeholder groups. Details regarding the channel and frequency of stakeholder communication and the material topics of stakeholder interest are tabulated below:

Stakeholder	Channel and Frequency of Communication	Material Topics of Stakeholder Interest	Corresponding Sections and Chapters
Consumers	<ul style="list-style-type: none"> Customer opinion surveys/regularly VIP seminars/monthly IMs/twice a week EDMs/daily Helpline and e-mail/ irregularly Corporate and community websites, media ads, and publicity materials/ irregularly 	Corporate presence/PR Product and service quality CRM Food safety Mall safety	Philanthropy Products and services Customer satisfaction and grievance channels Customer privacy Restaurant safety Shopping environment Green consumption
Suppliers/ contractors/ partners	Event Organizers <ul style="list-style-type: none"> Seminars/irregular Dedicated line, IM, and e-mail/ irregularly Organizer conferences/ irregularly Renovation Companies <ul style="list-style-type: none"> Labor safety and health consultative organization meetings/weekly Dedicated line, IM, and e-mail/ irregularly Contractor conferences/ irregularly Contractor acceptance evaluation Labor Service Providers <ul style="list-style-type: none"> Labor safety and health consultative organization meetings/irregularly Equipment Maintenance Service Providers <ul style="list-style-type: none"> Contract meetings/ irregularly Project contracting, supervision, and follow-up/ irregularly 	Operational and investment strategies Ethical and fair operations Legal compliance	Status of operations Risk management and countermeasures

Stakeholder	Channel and Frequency of Communication	Material Topics of Stakeholder Interest	Corresponding Sections and Chapters
Counter owners	<ul style="list-style-type: none"> Supplier gatherings/ monthly Supplier interviews/ regularly 	Operational and investment strategies Operating performance Ethical and fair operations Product and service quality CRM Corporate presence/PR	Status of operations Governance framework Shopping environment Product and service Restaurant safety Customer satisfaction and grievance channels
Employees	<ul style="list-style-type: none"> Employee suggestion box and dedicated line Employer-employee meetings/ quarterly Performance evaluation/ monthly Monthly meetings, quarterly meetings, and administration weekly meetings Education/training Occupational Safety and Health Committee 	Operational and investment strategies Corporate governance Operating performance Ethical and fair operations Risk management Legal compliance	Business overview Status of operations Governance framework Risk management and countermeasures Employee care
Media	<ul style="list-style-type: none"> Dedicated lines, e-mails, IMs, community websites Media luncheons Press conference 	Operational and investment strategies Operating performance Risk management Community investments and philanthropy	Status of operations Governance framework Risk management and countermeasures Social inclusiveness Philanthropy
Government agencies	<ul style="list-style-type: none"> Fire and labor safety inspections and workshops/regularly Dedicated lines, e-mails, and meetings/irregularly MOPS Official documents 	Corporate governance Ethical and fair operations Risk management Food safety Mall safety Legal compliance	Status of operations Governance framework Risk management and countermeasures Green operation Eco-friendliness Green consumption Shopping environment Product and service Restaurant safety
Shareholders/ investors	<ul style="list-style-type: none"> Shareholders' meeting/ annually Corporate website MOPS Investor conferences/ irregularly Financial statements, announcements, and reports/ quarterly 	Operational and investment strategies Corporate governance Operating performance Ethical and fair operations Risk management Legal compliance	Business overview Status of operations Governance framework Risk management and countermeasures
Affiliates	<ul style="list-style-type: none"> Affiliates joint-seat meetings/ annually Monthly meetings Dedicated lines and e-mails/ irregularly 	Operational and investment strategies Operating performance Risk management Legal compliance	Business overview Status of operations Governance framework Risk management and countermeasures
Communities	<ul style="list-style-type: none"> Dedicated lines and e-mails/ irregularly Marketing activities/ irregularly 	Corporate presence/PR Community investments and philanthropy Legal compliance	Green operation Eco-friendliness Social inclusiveness Philanthropy
NGO	<ul style="list-style-type: none"> Activity and project cooperation/ irregularly Dedicated lines and e-mails/ irregularly Meetings and interviews/ irregularly 	Corporate presence/PR Community investments and philanthropy	Green operation Eco-friendliness Green consumption Social inclusiveness Philanthropy

1.5.2 Identification of Material Topics

To ensure the suitability of report contents and report boundaries, we have referred to the principles for defining report contents and material aspects with reference to the AA1000 Accountability Principles Standard and Global Reporting Initiative (GRI) to identify material topics. The process of material topic identification is as follows:



Identification

The report boundary covers FEDS headquarters and ten FEDS branches in Taiwan. Material topics have been determined with reference to the routine operations of employees, topics of competitor interest in Taiwan, and the trend of sustainable development and industry current issues. A total of 21 material topics of stakeholder interest and with economic, environmental, and social impacts on FEDS have been identified. In addition, we have further validated the significance of each material topic in the overall value chain.



Prioritization

Material topics are prioritized based on the significance of their economic, environmental, and social impacts within and outside of the organization; their influence on stakeholders; and their response and level of transparency. The level of influence and impact of each topic were identified after statistical and quantitative analysis.

Validation

After top management validated the preliminary results of the identification and prioritization, material topics were adjusted based the interpretation and recommendation of top management to ensure the results comply with GRI completeness and stakeholder inclusiveness.

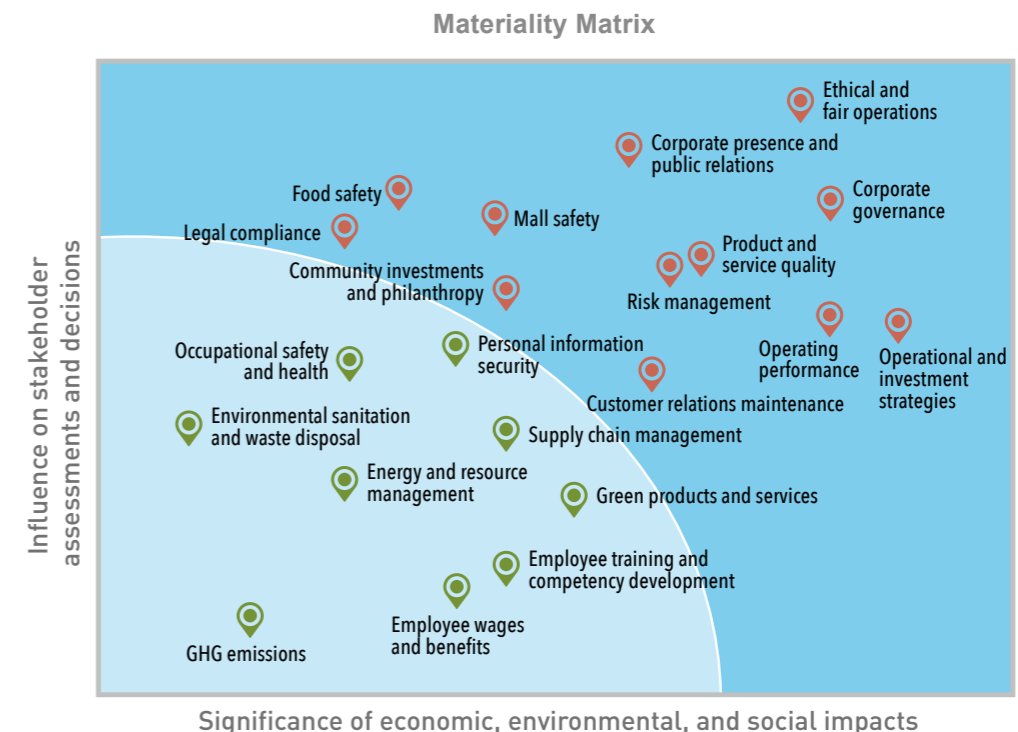
Review

In the future, we will strengthen the two-way and real-time diverse communication channels with stakeholders to capture their needs and expectations and to actively respond to topics of their interest. In the coming fiscal year, we will expand the scope of reporting by stage. The review process enables us to validate the report's completeness and inclusiveness of the economic, environmental, and social performances of individuals outside of the organization for the reference of material topic identification in the coming year.

Based on GRI's "Principles for Defining Report Content", we have identified 21 material topics. After prioritization, we found 12 material topics that should be disclosed in top priority and nine material topics in medium priority. Material topics needing immediate disclosures include: ethical and fair operations, corporate presence and public relations, corporate governance, product and service quality, legal compliance, mall safety, food safety, customer relations maintenance, risk management, operating performance, operational and investment strategies, and community investments and philanthropy. By upholding the principle of ethical and fair operations and implementing sound corporate governance and management, we could deal with various external risks. To the retail and department store industry, stakeholders have high expectation of the quality of our products and services. While pursuing economic development, we minimize social impacts through community investments and philanthropy. These 12 material topics have been included in our current business plan and sustainable development strategy. In this report, therefore, elaborating the management approaches and performance of these topics will be the central task.

Topics of medium disclosure priority are also significant to FEDS, as they are also material aspects enabling us to pursue sustainable development. These include: energy and resource management, environmental sanitation and waste disposal, employee training and competency development, employee wages and benefits, personal information security, and occupational safety and health. As they are the root of corporate management, we will introduce in this report our achievements accumulated over time, current status, and future planning of operations. Considering the current status of industry development and the trend of the macro environment, we have also identified other topics with long-lasting significant influence on our operations, such as GHG emissions, supply chain management, and green products and services. As they are also essential to our sustainable development, the challenges and future planning of these topics will also be described in this report.

The 21 material topics disclosed in the FEDS CSR Report 2014 are presented in the matrix below. The material topics and their significance in the value chain and correspondence with the GRI G4 Guidelines are shown in the table.



Material Topic	Correspondence with Material Aspects in GRI G4	Within Organization		Outside of Organization			
		FEDS HQ	FEDS Branches	Consumers	Counter owners	Suppliers	Investors
Ethical and fair operations	<ul style="list-style-type: none"> Anti-competitive behavior Ethics and integrity 	●	●	●	●	●	●
Corporate presence and public relations	<ul style="list-style-type: none"> Market presence Stakeholder engagement Grievance mechanisms for impacts on society 	●	●	●	●	●	●
Corporate governance	<ul style="list-style-type: none"> Organization profile Organizational change during reporting period Commitments to external initiatives CSR committee 	●	●				●
Food safety	<ul style="list-style-type: none"> Products and services Customer health and safety Product and service labeling Marketing communications 	●	●	●	●	●	
Mall safety	<ul style="list-style-type: none"> Customer health and safety 	●	●	●	●	●	
Legal compliance	<ul style="list-style-type: none"> (Environmental) Compliance (Social) Compliance (Product) Compliance 	●	●		●	●	●
Product and service quality	<ul style="list-style-type: none"> Products and services 	●	●	●	●	●	
Operating performance	<ul style="list-style-type: none"> Economic performance 	●	●				●
Operational and investment strategies	<ul style="list-style-type: none"> Economic performance 	●					●
Customer relations maintenance	<ul style="list-style-type: none"> Customer satisfaction survey 	●	●	●	●		
Community investments and philanthropy	<ul style="list-style-type: none"> Local communities Indirect economic impacts 	●	●				
Risk management	<ul style="list-style-type: none"> Anti-corruption 	●					●

Material Topic	Correspondence with Material Aspects in GRI G4	Within Organization		Outside of Organization			
		FEDS HQ	FEDS Branches	Consumers	Counter owners	Suppliers	Investors
Personal information security	<ul style="list-style-type: none"> Customer privacy 	●	●	●			●
Occupational safety and health	<ul style="list-style-type: none"> Occupational health and safety 	●	●		●	●	
Supply chain management	<ul style="list-style-type: none"> Supply chain description Procurement practices 	●	●		●	●	
Employee training and competency development	<ul style="list-style-type: none"> Training and education 	●	●		●		
Employee wages and benefits	<ul style="list-style-type: none"> Employees Welfare plans Status of employees at each location Employment Labor/management relations Diversity and equal opportunity Equal remuneration for women and men Labor practices grievances mechanisms Non-discrimination Forces or compulsory labor Indigenous rights Human rights grievance mechanisms 	●	●				
Environmental sanitation and waste disposal	<ul style="list-style-type: none"> Overall Effluents and waste Transport Environmental grievance mechanisms 	●	●		●		
Green products and services	<ul style="list-style-type: none"> Product and services 	●	●	●	●	●	
Energy and resource management	<ul style="list-style-type: none"> Energy Water 	●	●				
GHG emissions	<ul style="list-style-type: none"> Emissions 	●					

Note: ● Topic that will impact within this boundary.



E

2 · Lead a Green Life

Environmental Performances

Annual power consumption down by **4%**

Awarded Green Building Silver Label

Unique green department store in Taiwan

Support roadside trees with **NT\$420,000**

Won the MOEA Energy Saving Benchmarking Enterprise Award

PV engeration at **42,215 kWh**

2.1 Green Operations

Setting root in Taiwan and cultivating Taiwan, we have been growing and prospering with Taiwan for nearly five decades and have never forgotten our past. Optimizing energy and resource management is our basic responsibility and becoming a green enterprise with sustainable development is our forever goal.

2.1.1 Saving Energy and Smart Use of Resources

As a subtropical island, Taiwan is used to experiencing warm in all seasons. With the rise of climate change in recent years, however, extreme weather, such as torrential rain, droughts, strong typhoons, and severe fronts have attacked Taiwan in succession, and climate change issues have thus been gaining importance. To urban areas, climate change issues include the greenhouse effect and urban heat island (UHI) effect. As both issues cause temperature to rise, we are facing the risk of rising electricity consumption for air conditioning, and along with electricity bill rising, it is necessary for us to take immediate actions for energy conservation.

Before 2014, the General Affairs Department implemented power management for FEDS headquarters and branches. In 2015, the Construction Department will be responsible for the management and monitoring of electricity consumption to cut energy consumption by about 5% each quarter to support the FEG energy conservation policy. In 2012, we launched the LED (light emitting diode) lamp replacement program to replace end-of-life (EOL) traditional lamps with LED lamps. In practice, apart from replacing traditional lamps with LED lamps on annual basis based on the building ownership and specification of interior hardware equipment of branches, we have recommended counter owners to use LED lamps during counter refurbishment. The LED lamp replacement statistics in the past three years are as follows:

FEDS LED Lamp Replacement Statistics 2012-2014

Branch	LED Lamp			Traditional Lamp		Energy Saved (Total Wattage of Traditional Lamps – Total Wattage of LED Lamps) x Business Times (MWh)	Energy Saving Efficiency (Wattage of Traditional Lamps – Wattage of LED Lamps)/Wattage of Traditional Lamps (%)
	Q'ty (PCS)	Total Wattage (W)	Replacement Cost (NT\$)	Q'ty (PCS)	Total Wattage (W)		
Paoching Store	1,755	41,263	1,799,421	1,755	111,386	833	62.95 %
Banqiao Store	1,052	11,468	600,280	2,900	147,080	1,611	92.2 %
Taoyuan Store	1,568	20,180	1,032,515	1,568	89,550	824	77.47%
Top City Taichung Store	148	4,475	201,000	148	16,180	139	72.34%
Chiayi Store	2,289	33,191	1,885,450	2,289	98,005	770	66.13%
Tainan Store	3,307	40,311	2,526,687	3,307	206,735	1,977	80.5%
Kaohsiung Store	2,077	41,741	1,649,100	2,077	213,950	2,046	80.49%
Hualien Store	927	11,134	596,029	927	48,725	447	77.15%
Total	13,123	203,763	10,290,482	14,971	931,611	8,647	78.13%

1 CDM and LED lamps have been used during the construction of Mega City Banqiao Store. In 2013 and 2014, multi-zone lighting control has been introduced to reduce unnecessary lighting to cut electricity consumption and to achieve the electronic consumption cut target. As a result, 61.96% consumption by lamps was achieved.

2 Mega City Hsinchu Store replaced conventional lamps with LED lamps to enhance energy efficiency to cut electricity consumption.

During 2012 to 2014, we replaced a total of 14,971 traditional lamps at an accumulative sum of NT\$10,290,482 and reduced lighting electricity demand from 931,611 watts to 203,763 watts, cutting electricity consumption by 78.13% compared to traditional lamps. Based on the total of 11,880 business hours over the past three years, a total of 8,647MWh of electricity was saved. Calculating energy charge at NT\$3 kWh, a total of NT\$25,940,502 was saved over the period. The number of lamps replaced in the same period of Top City Taichung Store was the least because LED lamps had been installed during construction and LED lamps are replaced only after the CDM-T lamps in the public area were damaged. LED lamps were also planned and designed during the construction of the Mega City Banqiao Store, and there was no replacement record for in the period. In addition, multi-zone lighting control has been introduced in 2013 and 2014 to reduce unnecessary lighting, the use of 3,468 high-energy-consumption lamps were reduced in the period to save energy consumption by about 61.96%.

Lighting and air-conditioning are the fixed energy-using equipment enabling FEDS to maintain routine mall operations and provide customers with a well-lighted and air-conditioned comfortable shopping environment. As FEDS is a non-manufacturing large energy consumer with the highest number of locations in Taiwan and energy conservation is our prime environmental issue, we monitor and review power consumption at regular intervals. Electricity consumption during 2012 to 2014 is shown below.

FEDS Electricity Consumption 2012-2014 (excl. HQ)

Branch	Consumption in 2012 (MWh)	Consumption in 2013 (MWh)	Consumption in 2014 (MWh)	Difference between 2014 and 2013
Paoching Store	10,896	10,564	9,827	-6.97%
Banqiao Store	19,527	18,958	17,537	-7.50%
Mega City Banqiao Store	38,079	37,125	37,258	0.36%
Taoyuan Store	16,946	14,954	13,717	-8.28%
Hsinchu Store	24,963	23,827	23,057	-3.23%
Top City Taichung Store	48,675	46,116	42,818	-7.15%
Chiayi Store	5,000	4,614	4,209	-8.77%
Tainan Store	19,628	19,152	18,531	-3.24%
Kaohsiung Store	30,698	28,812	27,790	-3.55%
Hualien Store	11,792	11,654	11,442	1.83%
Total	226,204	215,776	206,186	-4.44%

* Information of FEDS HQ was not disclosed in the above table as electricity consumption was much lower compared to branches that have a much longer operation time and much bigger space. Electricity consumption of FEDS HQ was: 0.35% in 2012, 0.37% in 2013, and 0.37% in 2014.

The overall electricity consumption of FEDS in 2014 was 4% less than 2013. The effectiveness of energy conservation of Chiayi Store (by replacing traditional lamps with LED lamps and adjusting A/C temperature) was the most impressive, as witnessed by a cut of 8.77% compared to consumption in 2013. The annual electricity consumption of all branches also reduced, except for Mega City Banqiao Store as new shopping and parking spaces in Block B were added in Q4, which increased electricity consumption by 0.36%.

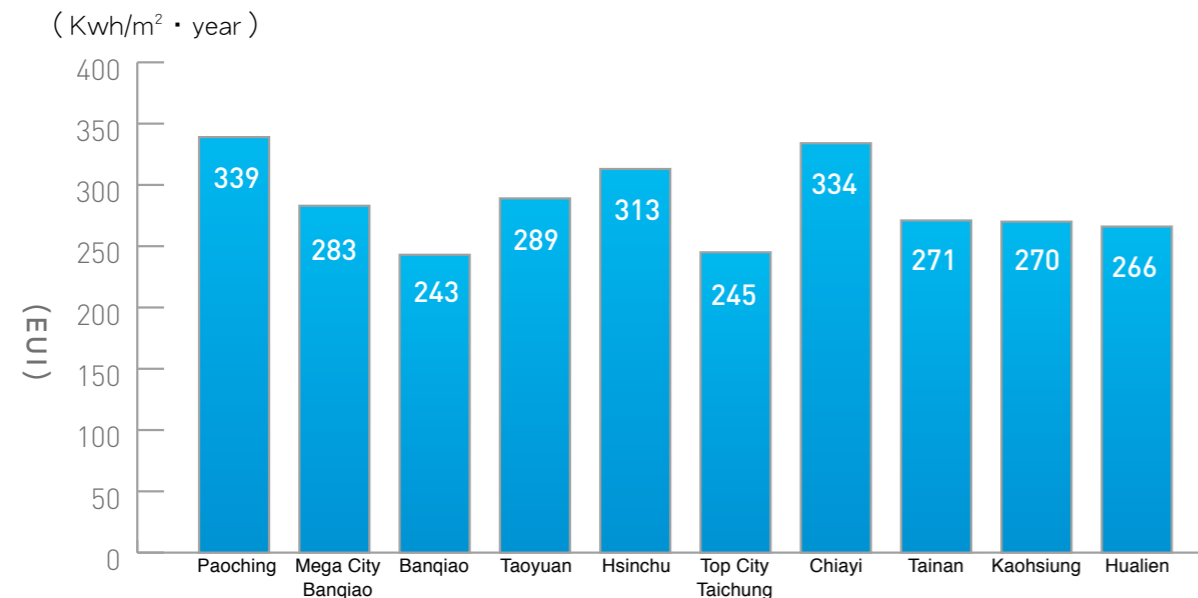
Although both sales turnover and customer flow increased at the same time, power consumption of FEDS branches continued to reduce every year from 2012 to 2014. This shows the achievement of our efforts in power management and diligence in business operations at the same time. In addition to the brilliance performance in energy conservation every year, we have become a model in power management among competitors. From 2011 to 2013, we were awarded the Energy Conservation Benchmarking Enterprise Award by the Ministry of Economic Affairs(MOEA). As the only department store to win this award, we became an example for the country to promote energy saving policies.

According to the Bureau of Energy (BOE) statistics on the electricity use intensity (EUI=kWh/m² each year) of major building types, department stores are the second highest, just after telecommunications facilities, thus showing the enormous energy consumption of department stores. The EUI of FEDS branches in 2014 is shown in the graph below:

FEDS President awarded the Energy Conservation Benchmarking Enterprise Award by the MOEA.

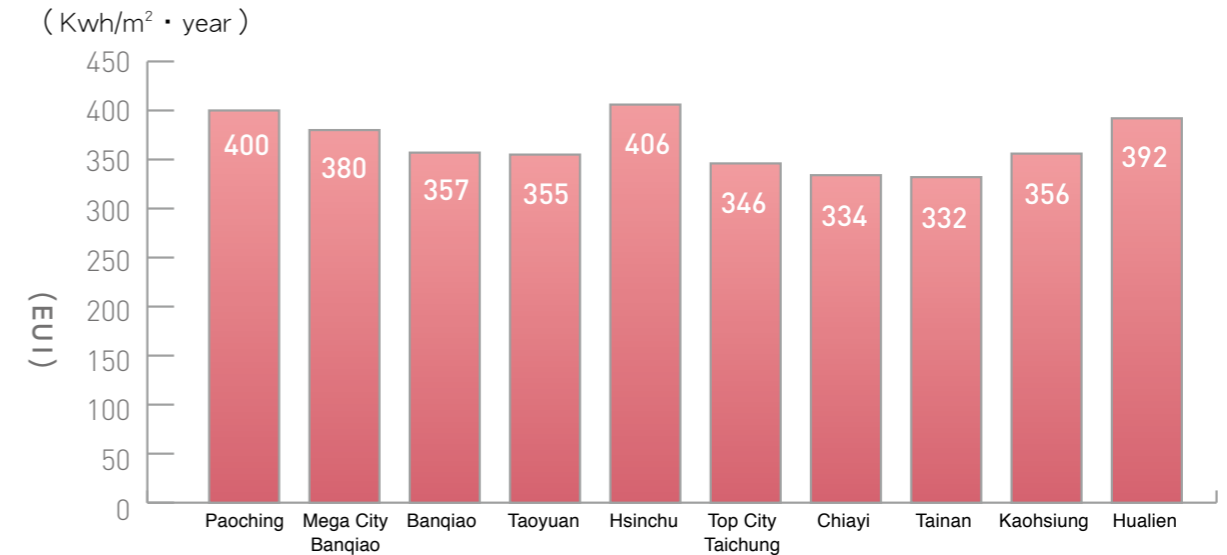


EUI of FEDS Branches in 2014



*Data of Tainan Store was consolidated data of Chenggong Store and Gonghuan Store.

EUI of FEDS Branches in 2014 (excl. parking)

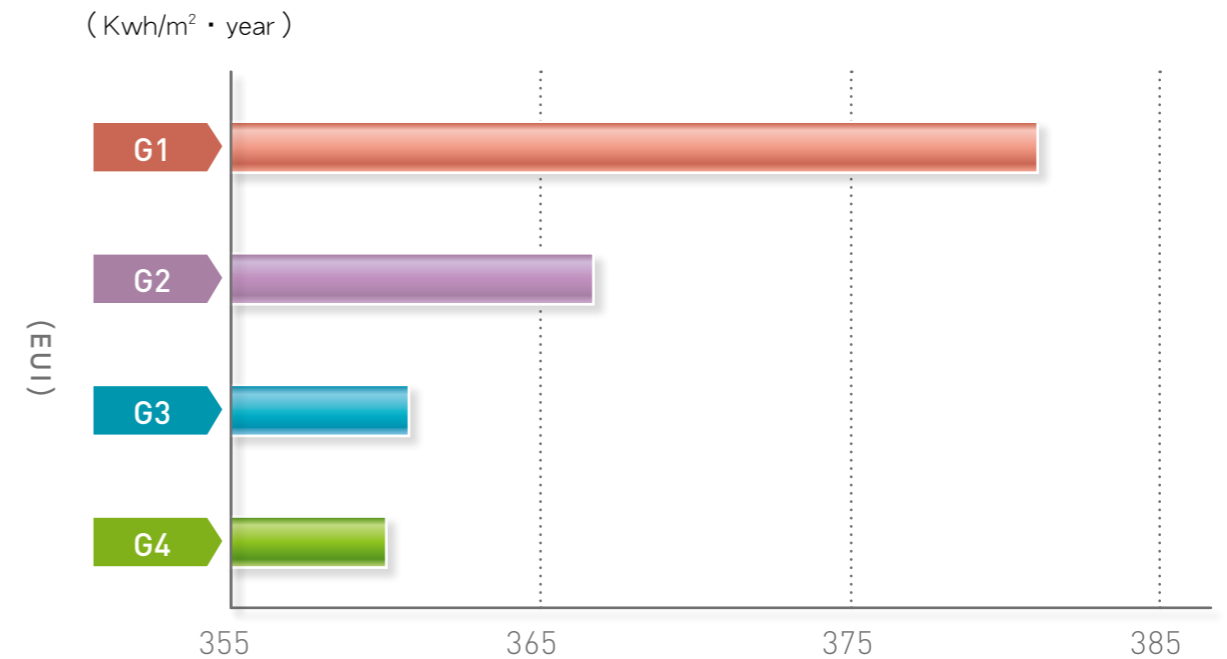


*Data of Tainan Store was consolidated data of Chenggong Store and Gonghuan Store.

From the EUI graph of branches, it is clear that although Top City Taichung Store is the biggest in space, its EUI is lower than all other branches because it is a green department store. Please refer to "Green Consumption" in this chapter for details about Top City Taichung Store.

We have been promoting energy saving over time. In recent years, we have planned various energy-saving facilities in the hardware design of new malls. By comparing the EUI of stores built at different stages, i.e., G1 to G4 stores, it is clear that EUI of stores of each generation reduces.

EUI of Stores of Different Generations in 2014(excl. parking)



FEDS has spared no effort to promote energy saving measures. At FEDS headquarters, we also promote the energy management pact within the organization. The content of the pact is as follows:

- Turn off all lighting and OA equipment during lunch break.
- No improper use of personal appliances is allowed in the office.
- Adjust A/C temperature and fan speed appropriately. The last person leaving the office should turn off the A/C before leaving.
- Turn off the reading lamp before leaving the desk.
- Turn off all appliances in the kitchen before leaving the office after work.

In addition to power management, water resources are part of the threats that climate change brings. As tap water is the only water source of FEDS, water consumption during 2013 to 2014 is as follows:

Branch	Consumption in 2013 (ML)	Consumption in 2014 (ML)	Difference between 2014 and 2013 (%)
Paoching Store	85	83	-2.27%
Banqiao Store	161	160	-0.30%
Mega City Banqiao Store	318	336	5.70%
Taoyuan Store	133	126	-5.15%
Hsinchu Store	196	206	4.89%
Top City Taichung Store	356	351	-1.62%
Chiayi Store	33	30	-9.48%
Tainan Store	149	160	7.81%
Kaohsiung Store	236	256	8.47%
Hualien Store	47	47	-0.32%
Total Water Consumption	1,714	1,755	2.40%
Water Use Intensity (consumption by m3/sales turnover in NT\$100mn)	4,323	4,147	-4%

*Data was based on the consumption (m3) recorded in water bills. Although rainwater was harvested at Top City Taichung Store, as the harvest was difficult to quantified, it was not deducted from the store's consumption.

In 2013-2014, the General Affairs Division produced statistics and followed up water consumption on a quarterly basis and would investigate the cause of any abnormal consumption. Although total water consumption in 2014 increased by 2.40% from 2013, as the total sales turnover in 2014 was NT\$2.67 billion higher than 2013, the Water Use Intensity (WUI) in 2014 was 4% less compared to that of 2013. This suggests that we care about water resource management while seeking sales growth. According to abnormal water consumption survey, abnormal water consumption in 2014 was higher than 2013 because many large restaurants opened at FEDS. In addition, there were other water-consuming activities, such as fire sprinkler system training, operations of new counters, sales growth, water tank cleaning, A/C cleaning and inspection, repair of damaged circulation pipelines, repair of damaged generator water tanks, repair of fire sprinkler pipelines, pipeline renewal and replacement of regional A/C pumps, exterior wall washing, and organization of high water-consuming large outdoor activities. We also requested branches to repair and improve abnormal water consumption due to equipment problems and followed up the status of improvement.

2.1.2 Transport Management and Emissions Reduction

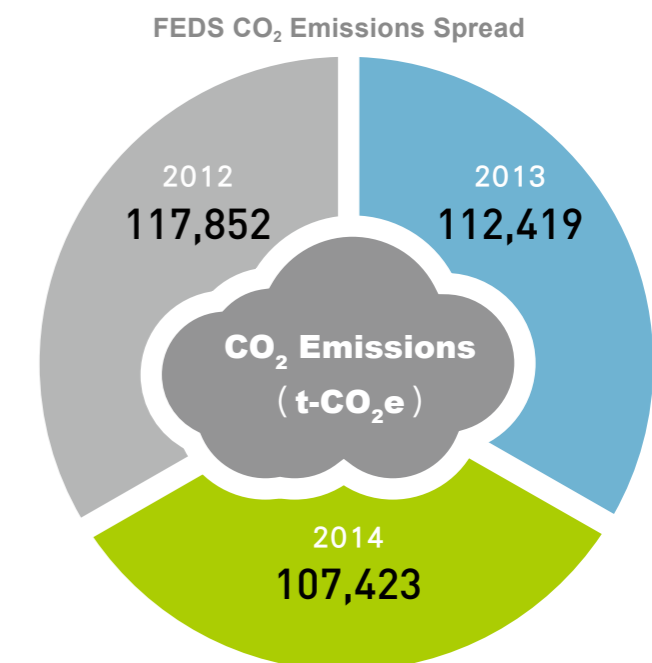
Banqiao Store, Mega City Banqiao Store, and Hsinchu Store provide shuttle bus service via local MRT stations, railway stations, and major transportation routes on weekdays. Tainan Store also provides shuttle bus service traveling between Cianfeng Road and Gongyuan Road in Tainan City. Chiayi Store arranges park and ride service on holidays to provide consumers with a comfortable and safe transport option. As traffic congestion is a common problem in both downtown Banqiao and Hsinchu, apart from effectively relieving the traffic congestion during annual sales, mid-season sales, and other promotional activities, the shuttle bus service can reduce emissions in the surroundings. In addition, encouraging customers to take public transport and shuttle bus can also reduce the environmental impact caused by transport for shopping. In 2014, the total expense on shuttle bus rental was NT\$10,513,596. Also, all branches rent out company cars to encourage employees to use them for conferences or events. In 2014, the total expense on company car rental was NT\$2,272,111.

FEDS Shuttle Bus Frequency and Ridership in 2014

Mega City Banqiao Store Banqiao Store	Xinpu Route: 24 buses for weekdays and 42 buses for holidays	Ridership 20 passengers
Mega City Banqiao Store Banqiao Store	TPark Route: 10 buses for weekdays and 12 buses for holidays	Ridership 20 passengers
Hsinchu Store	72 buses	Ridership 36 passengers
Tainan Store	Weekdays: 19 buses / Holidays: 20 buses	Ridership 18 passengers

Although we have not started GHG emissions verification, we did calculate CO₂ emissions based on the electricity emission factor announced by the BOE in 2014, and the results are tabulated below. In the future, we will implement GHG inventory through external verification bodies.

After cultivating Taiwan for nearly five decades, FEDS never forgets this land. Our concern about the environment is not just limited to the shopping access and surroundings of our stores, we also cooperate with local governments to sell their tourism passports and organize local travel, food, cultural, and art activities. By integrating with local public transport networks, we promote low-carbon travel to reduce carbon emissions from driving.



* BOE electricity emission factor 2014: 0.521 kg of CO₂e/kWh.
* Data covered the total electricity consumption of 10 branches, excluding FEDS HQ.

Highlight Story:
"Cable Car" of Mega City Banqiao Store

Mega City Banqiao Store decorates shuttle buses into red cable cars in the English style and cleverly blends FEDS mall themes with the bus to revolutionize the dull appearance of conventional shuttle bus, so as to attract adults and children to take shuttle bus to the exotic and fairytale-like Mega City Banqiao Store in their expectations and dreams.



2.1.3 Green Planning and New Taipei Landmark

The construction of Mega City Banqiao Store Phase II, an office building, was initiated in 2010 and will be completed in 2015. Planned and designed by Far Eastern Technical Consultants, a FEG member, the building passed the Silver green building certification of the Ministry of the Interiors by passing eight out of the nine Taiwan EEWH indices: Greenery, Water retention, Daily Energy Saving, CO₂ Emission Reduction, Construction Waste Reduction, Indoor Environment, Water Resource, and Sewage and Garbage. During project planning and construction, we implemented vegetation maintenance and greening; adopted the structure weight reduction design; and used steel structure for higher floors to effectively reduce dust produced from RC structure construction and building material consumption. To prevent particulate matter produced from construction, preventive actions, such as dust protection and washing, were implemented to reduce construction waste. In addition, various energy saving and eco-friendly designs were implemented in the interior design, such as high-efficiency toilets, urinals, and taps; and the use of grease separation devices in mall restaurants. This 50-story building, the Mega Tower, is the tallest building in New Taipei City will surely be a new local landmark after completion.

Certificate of Silver Green Building for the Mega Tower



2.2 Eco-friendliness

2.2.1 Recycling Waste and Creating Value

Trash and garbage, kitchen leftover, and used cooking oil from department store operations are the focus of waste disposal at FEDS. At our offices and malls, we classify general waste into recyclable and non-recyclable waste. Then we hand both types of waste to professional waste Treatment companies to either recycle or incinerate them. The total volume of waste disposed of in 2012 to 2014 is tabulated below:

Total Volume of Waste Disposed in 2012-2014

	Year	2012	2013	2014
Recycling (kg)		823,000	981,000	983,000
Incineration (kg)		5,844,000	5,844,000	6,024,000
Total (kg)		6,667,000	6,825,000	7,007,000

* The total volume recycled waste is based on the statistics of individual branches. The total volume of incinerated waste is based on the contracts signed with waste treatment companies.

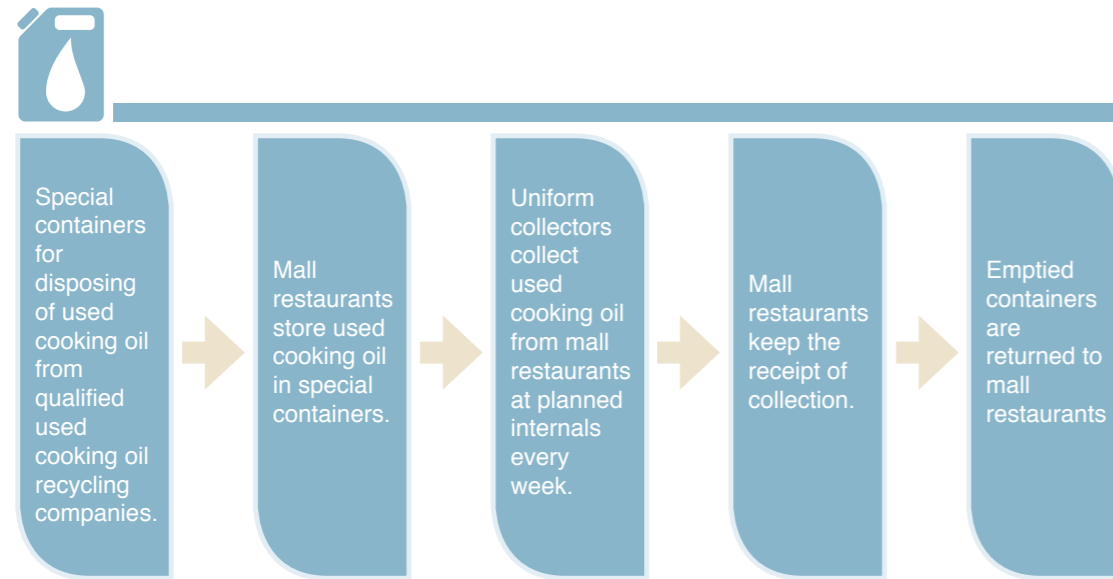
Waste Treatment Fees in 2012-2014

	Year	2012	2013	2014
Waste Treatment Fees (NT\$)		16,618,176	16,618,176	17,052,156

* The amount of waste disposal fees is based on the contracts signed with wastetreatment companies.



Professional recycling companies of used cooking oil are hired to dispose of the kitchen leftover and used cooking oil produced by the food court and restaurants in individual branches. Restaurants with higher cooking oil consumption recycle the used cooking oil every day. Apart from calculating the total volume of used cooking oil of all mall restaurants, we control the time, frequency, and processes of used cooking oil disposal and check if recycling companies are qualified.



At FEDS, we assiduously tackle waste disposal and environmental issues, and no offence of environmental regulations was reported in 2014.

Apart from aggressively disposing of self-produced waste, we have teamed up with counter owners to encourage consumers to value resources by handing over the empty packaging materials and unused spent products to the store for recycling. We have also organized creative environmental activities to turn waste into resources, so as to create new value for waste with shoppers together.

FEDS Resource Recycling Activities

Recycled Item	Recycling Method	Waste Disposal Method
 Empty cosmetic containers	<ul style="list-style-type: none"> ✓ Cosmetic brands organize relevant activities irregularly. Consumers are rewarded with Happy Go points, testers, etc. (Top City Taichung Store and Tainan Store) ✓ Putting recycle bins on each floor of the branch on Earth Day for people to dump rubbish inside and then for cleaning companies to dispose of at the recycling station (Mega City Banqiao Store). 	Counters send back empty containers to brand owners for handling by professional recycling companies.
 Underwear	Underwear brands regularly organize underwear recycling activities. Consumers are rewarded with new product coupons (Top City Taichung Store).	Collected underwear is returned to brand owners for classification. Metal brackets in bras are recycled.
 Women's footwear	Consumers are rewarded with discount coupons or in-season skincare products (Top City Taichung Store).	Centrally handled by the branch.
 Jeans	Used jeans creative modification competition (Tainan Store)	Bringing a new life to recycled products.
 Spent mobiles and spent batteries	Collected by the supermarket counter (Tainan Store).	Handing over to the Bureau of Environmental Protection.

Highlight Story:
Low-carbon Tainan, Extremely Eco-friendly

Tainan Store and Tainan Bureau of Environmental Protection co-organized the "Low-carbon Tainan, Very Eco-friendly" activity to encourage customers to recycle spent mobiles and spent batteries with Happy Go point redemption. They also co-organized "Beware of Bears" installation art exhibition displaying recycled-paper Formosan black bears, pandas, and polar bears in different parts of the department store. Apart from attracting tourists and shoppers to the store, these lovely paper bears and pandas have successfully reminded people to the importance of environmental protection: low carbon eco-city and waste recycling.



2.2.2 Pollution Reduction and Environmental Protection

As remodeling takes place very often on a floor or in a counter, noise and dust pollution caused by refurbishment in daytime or material handling at nighttime will disturb people living in the neighborhood. FEDS has thus established the "Contractor Management Regulations" to request contractors to comply with the Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act, Noise Control Act and other environmental regulations during the construction period. Contractors violating these laws and regulations will be punished according to the contract and "Contractor Management Regulations". In addition, for demolition and refurbishment works, we have established the "Demolition/Refurbishment Safety and Health Management Regulations" to request contractors to effectively protect, block, and manage dust and noise produced in the demolition process; to clean up every day after work all types of waste on site, including garbage and waste, produced in disassembly and assembly works. Contracts are not allowed to deposit waste on site and must pack and ship every day all waste from work to the deposit area instructed by FEDS for qualified treatment companies to collect it. We also request nighttime workers to pay special attention to the safety of construction and hot work and the environmental hazards and noise caused by trailers, workers, and operations. In 2014 no grievance about environmental impacts was filed, addressed, or resolved through formal grievance mechanisms.

In routine operations, as cooling towers outside of the store building also produce noise, we have hired professionals to install noise reduction devices on the cooling towers to reduce noise pollution affecting nearby residents. As the exhaust vent at the store parking driveway may cause air pollution to nearby residents, we have installed active charcoal filters to the vent to actively reduce impact on the nearby environment.

We have also extended our concern about environmental protection to the roadside trees and greeneries around the mall. Top City Taichung Store and Kaohsiung Store support roadside trees and vegetation and Tainan Store supports the Guangerh Plaza Park (Andongfang Culture Park) to do their part for urban landscape greening for citizens to feel prosperity and vigor on the way to shopping at FEDS stores. Mega City Banqiao Store will support the maintenance of the escalators and lifts linking to the subway of Xinzhan Road.

Motivation and Involvement of Supporting Roadside Tree Maintenance by FEDS

Top City Taichung Store	<ul style="list-style-type: none"> • Location: 5m-wide sidewalk of Taiwan Boulevard and 2.5m-wide sidewalk of Shizheng N. 7th Rd. • Motivation: To prosper urban landscapes and enhancing the maintenance performance of public facilities to achieve environmental greening and beautification and create a quality urban life through landscape engineering. • Support fund in 2014 (by man-hour): approx. NT\$240,000. • Responsibility: Workers are sent to clean up fallen leaves, garbage, and odds and ends in the location every day; wash the pavement at regular intervals; mow the greenery and trim the trees every month; and keep the sidewalk clean.
Tainan Store	<ul style="list-style-type: none"> • Location: Guangerh Plaza with an area of 1,326m². • Motivation: As the Plaza is adjacent to the store, supporting the plaza can maintain the landscape around the store and combine with various charitable activities. • Support fund in 2014 (by man-hour): approx. NT\$60,000. • Responsibility: Store janitors maintain the area on a routine basis and trim roadside trees about twice a year.
Kaohsiung Store	<ul style="list-style-type: none"> • Location: Lane 24 to the L-shaped public sidewalk on Singuang Road, Lingya District, Kaohsiung City, including 27 roadside trees and approx. 66m² of greenery in the area. • Motivation: Befriending neighbors, requiting society, and providing citizens with a quality living and recreational space. • Support fund in 2014 (by man-hour): approx. NT\$120,000. • Responsibility: Cleaning; vegetation greening and maintenance; and ground repairing.

Through various environmental activities, we promote the idea of friendliness to earth and support international environmental initiatives. With the crowd-gathering advantage of department stores, we arouse public awareness of the importance of environmental protection and invite citizens to protect the environment with us together.

Environmental Activities Organized by FEDS in 2014

Time	Branch	Activity	Content	Environmental Implication
3/1-3/2	Paoching Store	Greenpeace Activity Greenpeace Tiger Manifesto	Advocating the Greenpeace Tiger Manifesto to safeguard the tropical rainforest in Indonesia from disappearance and ensure seedlings can grow into trees and turn into forests.	Support for international environmental initiative.
3/9	Banqiao Store	New Taipei City Agriculture Department Arbor Day Seedling Donation	Celebrating Arbor Day with invoice donation for seedlings to urge citizens to love endemic habitats; and publicizing the outcomes of the Taiwan Lily Restoration Program and future plans to invite the public to be involved in philanthropy.	Ecology protection
3/29	Taoyuan Store	Saving Energy for Earth	Supporting "Earth Hour", we turned off the exterior lighting of the store from 20:30 until the store closed on that day.	Support for international environmental initiative.
9/27	Hualien Store	National Tax Bureau (NTB) E-invoice publicity activity	To implement e-invoice and paperless invoice, we co-organized the activity with the NTB. We invited students of Hualien Sun Dance High School to wear clothes they designed to demonstrate paperless invoices with 3C carriers. A lucky draw, and singing and dance performance were arranged.	Support paperless and forest protection initiatives.
10/3	Banqiao Store	Riverside Park Cleanup	The store manager took store department heads and employees to ride to the riverside park to clean up the area. Apart from exercising, it was an expression of care for environmental protection.	Ecology protection

2.3 Green Consumption

2.3.1 Eco-friendly Paper Bags and LOHAS Shopping

As merchandise sold by FEDS is carefully packed in our shopping bags, shopping bags are the most consumed paper products at FEDS. Considering the deforestation and forest conservation issues, we use hazard-free paper bags made with materials complying with EU directives and passing FSC™ COC certification. In addition, we use only soy ink on shopping bags to minimize environmental impacts.



2.3.2 E-consumption and Low-carbon Shopping

Facing the rapid rise of e-commerce, we have aggressively integrated physical stores with on-line shopping in recent years to realize omnichannel (multichannel) retailing. After operating the GOHAPPY on-line shopping platform co-built with FEG affiliates for years, we launched the "Happy Cash Card" in October 2014 and planned to add the third-party payment function to the platform in 2015. We will also set up an on-line shopping platform on the website of each branch to strengthen online-offline integration, so as to establish a green consumption process that consumes lesser carbon and energy than ordinary on-line shopping platforms with e-consumption.

In branch operations, the Tainan Store began using magnetic card in place of conventional paper tickets on the parking management system in 2013. As we needed to use 305,000 paper tickets in 2012, this has significant reduced paper consumption and thereby minimized logging. Mega City Banqiao Store, Top City Taichung Store, and Hualien Store have begun using magnetic cards for parking to significantly reduce paper consumption, so as to contribute to environmental protection.

Happy Cash release press conference



2.3.3 Green Energy Malls and Leading Environmental Protection

Top City Taichung Store opened in 2011 is a multifunctional new-styled building emphasizing energy saving. With flexible energy-saving spatial planning and multidimensional design, the building is a new-styled green department store combining malls with cinemas and parking. Although it occupies a gross floor area over 165,290m², it is the eco-friendliest shopping mall. The exterior walls are equipped with LED bulb panels, all construction materials are green materials, and the total area of green building materials is up to 139,127.06m². Arbors and large areas of grass are grown in open landscapes for citizens to enjoy recreation and watch the landscapes and to increase CO₂ exchange. In addition, a total of 3,000 golden dewdrops are grown on the veranda of each floor for facade greening to ensure the building radiates the vigor of green. Green landscapes are also built on the roof to make the building look more beautiful.

Top City Taichung Store uses PV generation to supply electricity for lighting on part of the building to effectively save energy to achieve environmental protection, sustainability, and clean energy use. In 2013, the system generated 38,497kWh of electricity, and in 2014 the output increased to 42,215kwh, which was benchmark of all department stores in renewable energy use. In mall air-conditioning, Top City Taichung Store is the first to use the energy-saving ice storage air conditioning system to store thermal energy with ice at off-peak hours to reduce electricity load at peak hours, so as to effectively reduce carbon emissions. In 2014 a total NT\$5.36 million was saved on electricity cost.

In water saving, all taps in Top City Taichung Store are equipped with water saving valves and a rain harvest system has been built to collect up to 340 tons of rainwater. After treatment, the harvested rainwater is used for landscape irrigation. On the building site, we have grown over 2,300m² of high water-permeable grass bricks to effectively maintain water conservation.

By integrating technology with green energy, Top City Taichung Store can accommodate a large amount of consumers without consuming excess energy and natural resources. Under the impact of climate change in recent years, extreme weather has become increasingly frequent. As the severity of drought intensifies in Taiwan, water rationing has become an unavoidable necessity that department stores need to confront. Through effective water conservation and rain harvest, Top City Taichung Store could maintain normal water supply without wasting one drop of water in 2014 regardless of water rationing (the Water Resources Agency announced stage 1 water rationing in December 2014). Through detailed green energy and green building planning, FEDS' heart to realize environmental sustainability is revealed.



S

3 · Lead the Fashion

Social Performances

Female Employees
70%

Emerging Designer
Cultivation

Employee Training
32,644 hours

Taiwanese Culture
and Art Promotion

Better Pay for
New Base-level
Employees **44%**
over min. wage

Social Inclusive and
Charitable Activities
177

3.1 Care for Employees

With a glorious history of 48 years, FEDS has grown into one big family with the total devotion of all employees. Treating each and every employee fairly, we give them their due rights and benefits for them to create own value and grow with FEDS in a healthy, equal, and happy environment with career training and transparent promotion channels.

3.1.1 Happy Employees and Sustainable Partners

By the end of 2014, there were 1,596 full-time employees in total, and about 197 contract and other employees. All contract employees enjoy the same education and training, benefits, and labor rights as full-time employees. All employees are Taiwanese and the male to female ratio is 3:7. The average age of employees is 36 years old and average service length is 11 years. In 2014, there were 191 new employees with a male to female ratio at 1:3. Among the total of 235 resigned employees, 66.8% were under 30 years old, and the attrition rate was 13%. As for the employment of people with disabilities, the number of employees with disabilities increased from 16 in 2013 to 19 in 2014. In addition, employment of local residents in each branch in higher management is 100%. Currently, the male to female ratio of officers is 5.9:4.1.

Employee Structure by Gender
(including full-time and part-time employees)

Gender	2012	2013	2014
Male	560	534	526
Female	1,392	1,300	1,267
Total	1,952	1,834	1,793

Employment Contract

Status	2012	2013	2014
Full-time Employees	1,731	1,702	1,596
Part-time Employees (contract and other)	221	132	197
Total	1,952	1,834	1,793

Gender Distribution of High-ranked Officers

Grade	Gender	2012	2013	2014
VP1	Male	7	8	7
	Female	2	2	2
	Total	9	10	9
Jr. VP	Male	6	5	4
	Female	4	4	4
	Total	10	9	8
Manager and Ass. Manager	Male	34	33	32
	Female	8	8	8
	Total	42	41	40

Employee Structure by Age
(including full-time and part-time employees)

Age	Gender	2012	2013	2014
30-	Male	178	154	133
	Female	611	485	437
	Total	789	639	570
30-50	Male	287	282	289
	Female	717	739	737
	Total	1,004	1,021	1,026
50+	Male	95	98	104
	Female	64	76	93
	Total	159	174	197

Gender and Age Distributions of Resigned Employees

Age	Gender	2012	% in Total	2013	% in Total	2014	% in Total
30-	Male	30	1.67%	28	1.56%	33	1.84%
	Female	156	8.70%	113	6.30%	124	6.92%
	Total	186	10.37%	141	7.86%	157	8.76%
30-50	Male	5	0.28%	29	1.06%	20	1.12%
	Female	50	2.79%	44	2.45%	46	2.57%
	Total	55	3.07%	63	3.51%	66	3.68%
50+	Male	2	0.11%	4	0.22%	6	0.33%
	Female	2	0.11%	2	0.11%	6	0.33%
	Total	4	0.22%	6	0.33%	12	0.67%

Gender and Age Distributions of New Employees

Age	Gender	2012	% in Total	2013	% in Total	2014	% in Total
30-	Male	48	2.68%	23	1.28%	38	2.12%
	Female	163	9.09%	58	3.23%	132	7.36%
	Total	211	11.77%	81	4.52%	170	9.48%
30-50	Male	8	0.45%	7	0.39%	9	0.50%
	Female	14	0.78%	14	0.78%	12	0.67%
	Total	22	1.23%	21	1.17%	21	1.17%
50+	Male	0	0.00%	0	0.00%	0	0.00%
	Female	0	0.00%	0	0.00%	0	0.00%
	Total	0	0.00%	0	0.00%	0	0.00%

3.1.2 Equal Remuneration for Women and Men and Equal Opportunity

At FEDS, we hire employees by talent and aptitude. In addition, we pay higher than the minimum wage, maintain an impartial evaluation system, and ensure transparent promotion and transfer channels for employees.

Wage Structure

Instead of paying by gender, we approve employee wages by educational background, work performance and competence, duty, and professional skills. More importantly, we pay base-level employees 44% higher than the minimal wage announced by the Ministry of Labor. In addition to the salary, duty allowance, job allowance, and meal allowance, we provide different types of bonuses, year-end bonus, employee profit sharing, and anniversary sales bonus with reference to the company charter. Based on the type of duty, both the average earnings of male and female employees in 2014 regardless of grade were higher than the national average regular earnings of male and female employees. In wage proportion between women and men, the proportion of officers was 87% and general employees was 97%, which was nearly equal for women and men; and the proportion between female and male sales personnel was up to 137%. Such a result is due to the nature of work, given that female employees are more suitable for customer service and cashier jobs. For this reason, female sales personnel are more competitive and have higher pay than male sales personnel.

Pay Structure Comparison between FEDS Employees and National Standards

Pay Item	Duty	Gender	2014
Average Wage of FEDS > Average Wage in Taiwan (%)	Officers	Male	63
		Female	51
	General Employees	Male	3
		Female	7
	Sales Personnel	Male	-48
		Female	-23
Standard Wage of Base-level FEDS Employees > Minimal Wage in Taiwan (%)			44

* Pay includes wage, duty allowance, job allowance, meal allowance, and bonus.

* Average wage and minimum wage are based on DGBAS data.

Wage Proportion between Women and Men (average women's wage/average men's wage)

Duty Type	Officers	General Employees	Sales Personnel
Women/Men Wage	87%	97%	137%

Performance Evaluation

After new employees work at FEDS for three months and a year, officers will interview them based on their work reports and performance evaluation to help them overcome or solve any difficulty or problems they encounter while adjusting to their work, and provide them with guidance. In addition, each department evaluates the performance of employees every month for the reference of issuing performance bonus, work progress supervision, and optimizing FEDS service quality.

Promotion

At FEDS, we provide employees with transparent promotion and transfer channels. During employment, officers will evaluate the education background, conduct, work competence, and performance of employees at any time. Officers will also arrange professional and job rotation for employees appropriate to their duty and organizational development or based on the results of the employee career aspiration survey, so as to enrich their work experience or assign them to the right position. When transferring an employee, management must follow the five principles of work transfer announced by the competent authority to protect the rights and benefits of employees.

Concerning the regulations governing employee promotion and transfer, apart from arranging training for new employees on their assumption of office, we have specified relevant regulations in the Employee Work Rules, which are disclosed on the intranet for employees to retrieve.

In addition, we actively encourage female employees to continue their career development after marriage and childbirth. In 2014, 32% of female employees applied for parental leave after marriage and childbirth, the reinstatement rate was 79% and retention rate was 114% (as parent leave across years was included, the result is >1).

3.1.3 Protecting Human Rights: People Focus

FEDS values employee human rights and ensures that the working conditions and benefits of employees comply with regulatory and statutory requirements. In addition, we have arranged unimpeded employer-employee communication channels for employees to fully express their opinion. Apart from FEDS, we have extended our human rights concern to long-term counter employees working at FEDS and request counter owners to maintain the right to work of employees with reference to the FEDS policy.

Reasonable Working Time

Referring to labor laws and regulations, FEDS is in an industry adopting the variable working time scheme. Employees work in shifts and departments work by a division of labor. When there is an important event, prior adjustments are made and shifts are arranged to appropriately allocate workforce, and no compulsory labor takes place. In fact, extortion, harassment, or humiliation for compulsory labor is strictly prohibited at FEDS. Due to the characteristics of the retail and department store industry, however, workload increases inevitably during festivals and special events or campaigns so as to provide customers with the best services. In return, we provide overtime pay or compensational leave for employees and make appropriate adjustments in shift arrangements of the month to ensure employees take adequate rest. In 2014, Top City Taichung Store was punished with a fine of NT\$80,000 in a labor inspection for violating relevant regulations when one employee worked over 12 hours in a day during the anniversary sale and for employees who did not take their annual leave and make leave adjustments. In the future, we will implement stricter work timetable control to comply with the working time management specified in labor laws and regulations.

Ban on Child Labor

According to the Labor Standards Act of Taiwan, FEDS bans child labor under 16 years of age. In addition, to ensure the physical and mental health of minor employees, we avoid assigning them dangerous work.

Protection of Indigenous Rights

As a department store chain with the widest operating territory, FEDS values equality at work and hires employees regardless of their place of birth and ethnic origin. In 2014, we hired 20 indigenous people, including 11 at the Hualien Store due to geographical reasons. Apart from encouraging local development and creating job opportunities for local citizens, by organizing various caring activities in remote areas, the Hualien Store maintains frequent communication and engagement with local communities, creates opportunities for diversified development and building self-confidence for indigenous children and youth, and opens the channel for indigenous and international cultural exchange. In 2014, no violation or tort of indigenous rights was reported.

No Worries Workplace

At FEDS, we aggressively eliminate and prevent discrimination, bullying, and sexual harassment of any kind, to turn FEDS into a workplace without worries for each and every employee. Apart from ensuring gender equality at work and equal rights of women and men, we have established the "Sexual Harassment Prevention, Grievance, and Punishment Regulations" to respect and fairly treat employees. After receiving a sexual harassment grievance, we will follow up the settlement of this grievance. To prevent sexual harassments, the Kaohsiung branch arranged 74 hours of sexual harassment prevention courses with 37 participants in 2014. Through complete promotion and prevention, we have established a gender-friendly work environment. In 2014, no discrimination or sexual harassment at work was reported.

Occupational Health and Safety

FEDS has set up the Occupational Safety and Health Committee consisted of 17 members with reference to the Occupational Safety and Health Act. The committee is chaired by the president who also appoints management representatives. Labor representatives are elected by all employees. Referring to the Occupational Safety and Health Act, labor representatives must hold more than one third of seats in the committee, and we comply with this law. The committee holds a committee meeting each quarter to review, coordinate, and recommend occupational health and safety matters. According to the Occupational Safety and Health Management Regulations announced by the Ministry of Labor, FEDS falls into the business with medium risk. Therefore, no employees engaged in high-risk work or work relating to specific diseases of a high incidence rate.

To support the "Zero Accident Workplace" appeal of the Ministry of Labor and raise the awareness of occupational safety and health in employees and business units to eliminate occupational accidents, and improve the self-management ability in occupational safety and health of business units, Top City Taichung Store signed up to the "Zero Accident Hour Record" activity from July 1, 2012 to January 31, 2014 to promote occupational safety and health through team spirit and concerted efforts. Top City Taichung Store was recognized for its achievements in realizing "Zero Accident Hour Record".

Labor Representatives in OSH Committee



* As each of FEDS Headquarters, Mega City Banqiao Store, and Top City Taichung Store has over 300 employees, the OSH Committee is thus established by the law.

Contractor Safety Management

FEDS outsources high-risk work including work at heights and work in confined spaces to contractors. To ensure the personal safety of contractors while carrying out such work, we have established the "Contractor Management Regulations" with reference to applicable occupational safety and health regulations. We also request contractors to sign the "FEDS Contractor Construction Safety and Health Management Commitment" to ensure contractors understand and comply with our occupational safety and health regulations and the safety and health requirements for special work. Prior to construction, contractors are requested to implement relevant inspections and wear relevant personal protective equipment to prevent occupational accidents. Contractors violating relevant regulations will be punished with reference to the contract terms and the "Contractor Management Regulations". In 2014, no contractor violation was recorded.

Certificate of Zero Accident Hour Record of Top City Taichung Store



Employee Health and Safety Indicators

Occupational injury	Gender	2012	2013	2014
Injury Rate (IR)	Male	0	0	0.367
	Female	0.02	0.22	0.15
	Total	0.14	0.15	0.21
Occupational Diseases Rate (ODR)	Male	0	0	0
	Female	0	0	0
	Total	0	0	0
Absence Rate (AR)	Male	0	0	0
	Female	0.001	0.001	0.001
	Total	0.001	0.001	0.001
Lost Day Rate (LDR)	Male	0	0	5.51
	Female	25	9	1
	Total	18	7	2
Death	Male	0	0	0
	Female	0	0	0
	Total	0	0	0

1. GRI Lost hour rate due to occupational injury (IR)=Total # of injuries/Total hours worked x 200,000
2. GRI Lost hour rate due to occupational disease (ODR)= Total # of occupational diseases cases/Total hours worked x 200,000
3. GRI Absence rate (AR)= Total # of missed (absent) days over the period/Total days worked
4. GRI Lost day rate (LDR)=Total # of lost days/Total hours worked x 200,000
5. Death: Total number of employees killed by occupational injury.

Contractor Health and Safety Indicator

Occupational injury	Gender	2012	2013	2014
Injury Rate (IR)	Male	0	0	0
	Female	0	0	0.173
	Total	0	0	0.084
Occupational Disease Rate (ODR)	Male	0	0	0
	Female	0	0	0
	Total	0	0	0
Absence Rate (AR)	Male	0	0	0
	Female	0	0	0
	Total	0	0	0
Lost Day Rate (LDR)	Male	0	0	0
	Female	0	0	0
	Total	0	0	0
Death	Male	0	0	0
	Female	0	0	0
	Total	0	0	0

1. GRI Lost hour rate due to occupational injury (IR)=Total # of injuries/Total hours worked x 200,000
2. GRI Lost hour rate due to occupational disease (ODR)= Total # of occupational disease cases/Total hours worked x 200,000
3. GRI Absence rate (AR)= Total # of missed (absent) days over the period/Total days worked
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5. Death: Total number of employees killed by occupational injury.

Collective Bargaining

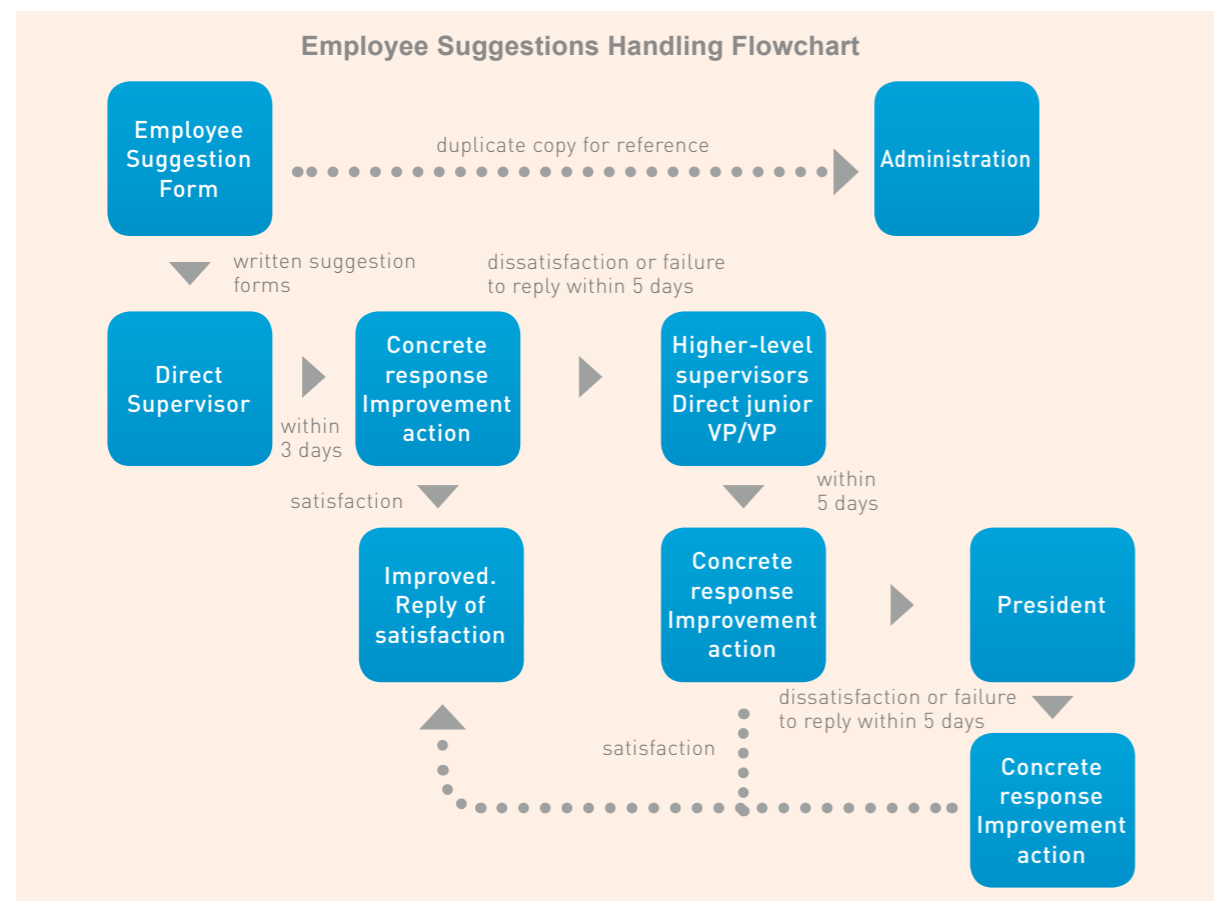
FEDS actively supports national labor policies. FEDS Headquarters and major branches hold employer-employee (labor-management) meetings every quarter or communication meetings irregularly on specific issues to exchange ideas and opinion of both sides to improve labor-management harmony.

Prior to the implementation of significant operational changes that could substantially affect employees, we inform them of relevant information with the shortest notice according to the Labor Standards Act to protect employees' rights and benefits. However, there were no significant operational changes in 2014. The notice period of relevant consultation and negotiation is subject to the Labor Standards Act to pursue the best solution for the company and employees.

We respect the basic labor principles and rights of employees and have established and will announce and implement the Employee Clubs Management Regulations in 2015 to encourage employees to establish happy, healthy, friendship promotion, and service clubs, so as to protect the right to freedom of association and collective bargaining of employees. In 2014, no event causing significant threat to the freedom of association and collective bargaining of employees was reported.

Employee Grievance Mechanisms

We implemented the "Employee Suggestion Management Regulations" in 1990 and have established an employee suggestion box to accept employee recommendations, so as to strengthen communication management. We encourage employees of all levels to communicate their opinion with us. Apart from allowing employees to express their opinion to officers and relevant units through the administrative system, we send special staff to listen to their recommendations and solve their problems. Relevant employee suggestion and grievance mechanisms are introduced to employees during new employee training, and employees can file their grievance all the way up to the president. Besides the handling of grievances filed by employees through internal grievance mechanisms, we actively face and properly settle grievances filed by employees through external channels. In 2014, no significant employee grievance was received from the employee suggestion and grievance box.

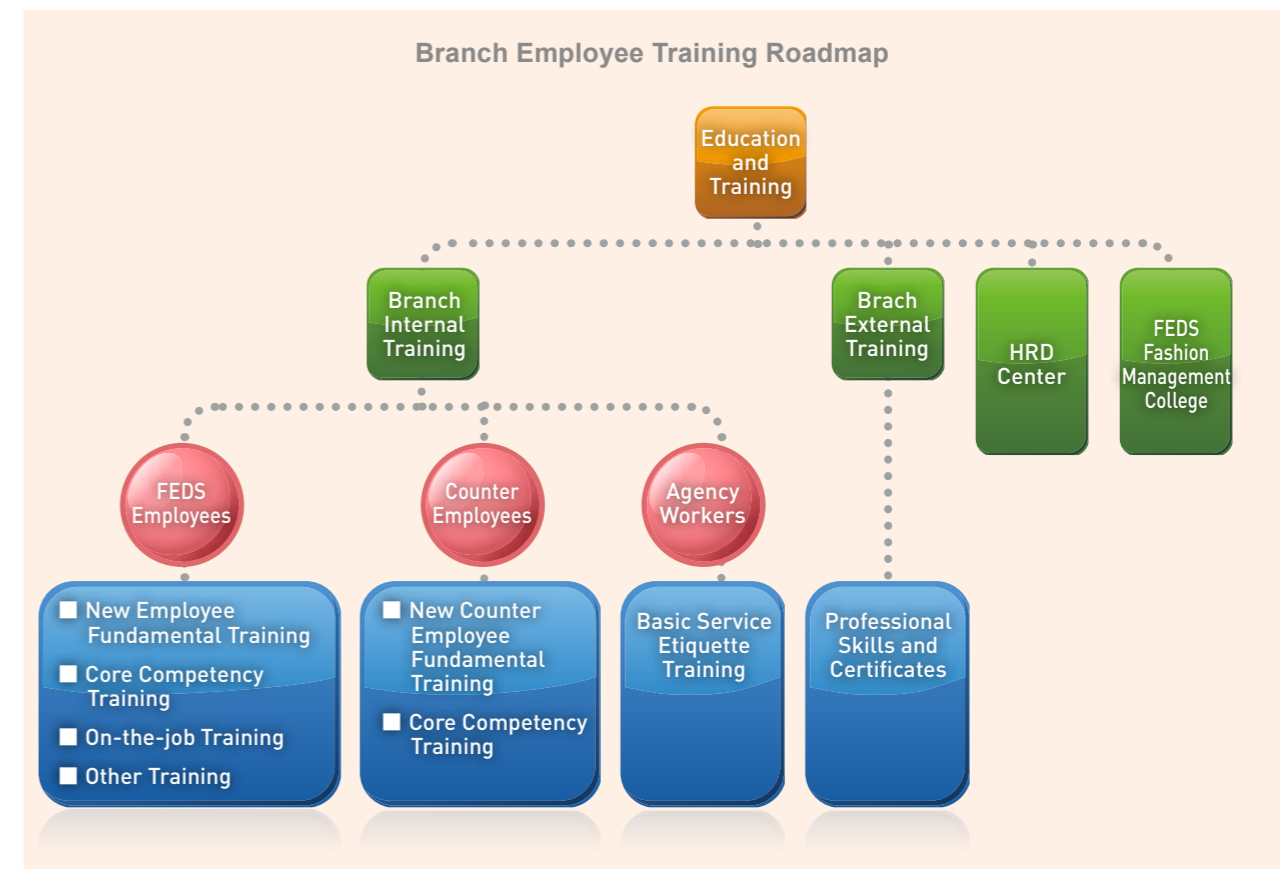


Labor and Human Rights of Counter Employees

Most counters are famous international brands, and their employees work at different FEDS stores. Although counter employees are not official FEDS employees, as they work hard with us to improve product and service quality for customers, they are part of the FEDS family in either practice or on affectionate terms. When signing contracts with counter owners, therefore, we request them to protect the labor and human rights of counter employees by the law. We also survey the demand of counter employees through communication channels. After detecting violation of labor and human rights, we will report to counter owners and request them to maintain the labor rights and dignity of counter employees. (Please refer to "Counter Management for Growth Together" in Chapter 4 for details of counter owner management at FEDS.)

3.1.4 Talent Cultivation and Knowledge Sharing

FEDS has designed comprehensive education and training programs for employees to develop their work competence, efficiency, and quality, so as to enhance corporate competitiveness. We treat counter owners as partners and the quality of counter employees key for FEDS to improve competitiveness.



Employee Education and Training

■ New Employee Training

In the Employee Duty Manual, we have specified the regulations regarding employee training and development, and they apply to all FEDS branches. Through fundamental education and training, we enable new employees to understand the core value, corporate philosophy, social responsibility, and employee rights of FEDS to enable them to become part of FEDS more quickly. Based on the frequency of new employee recruitment, fundamental education and training are administered either biannually or annually with contents continually updated according to actual needs.

■ Work Competency Training

At FEDS, we arrange core competency training and on-the-job training (OJT) for employees. Course contents cover department store industry trends, basic service etiquette, makeup skills, customer communication skills, labor safety and health, and self-defense skills. Employees can apply them to daily work, handle crises and incidents more efficiently, and become leaders in their work more quickly. To raise the competence of management employees, FEG has arranged courses on officer professional skills and computer skills for them to improve professional competencies, exchange experience with employees from other branches and FEG affiliates, broaden their horizons, and sharpen their knowledge. In 2014, we arranged a total of 32,644 hours of education and training for employees.

■ Overseas Probation and Visit

Apart from acquiring professional knowledge and accumulating mall operating experience from the workplace, employees can learn new knowledge and experience by visiting benchmarking enterprises. By sharing and discussing with other employees, all employees can understand more and better about international fashion trend, market consumption change, customer service functions, and relevant topics. In December 2014, we sent 33 employees to Tokyo in Japan, the center of Asian fashion, to visit local department stores and malls, so as to fulfill consumer demand and turn FEDS into the No. 1 name in fashion by learning the lifestyle of foreign countries and providing exquisite products.

■ Employee Physical and Mental Health

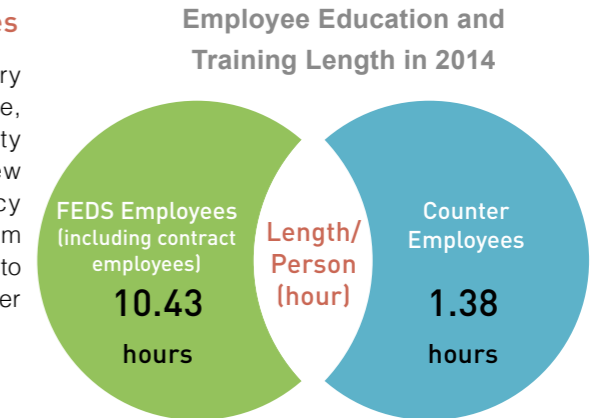
We care about the physical and mental health and holistic development of employees. Considering the lack of exercise and stress of employees due to generally long working hours and heavy work load, we specially hire academic units to plan and design physical fitness training courses for employees, examine their physical condition, and teach them how to relieve stress through simple exercise, so that they can develop physical training and relieve stress on their own after work.

FEDS education and training course types

Course Type	Course Name	Compulsory/Optional (required/elective)
Fundamental Training	New Employee Pre-service Training	Compulsory
Safety and Health	Labor Safety and Health Regulations	Compulsory
Customer Service	Customer Service SOP, Customer Company Handling, Service Sensibility, etc.	Compulsory for customer service and sales units and optional for other units.
Mall Operations	Mall Operational Management, Promotional Activity Planning, Product Competitiveness Management, Product Placement and Visual Display, etc.	Compulsory for sales units and optional for other units.
Workplace Skills	Market Survey Skills, Interpersonal Relations and Communication, Leadership, Negotiation Skills, and other professional courses (computer, language, accounting, international trade, purchasing).	Optional
Emergency Protection	Fire Safety Taskforce and Training, Martial Arts for Self-Defense, Automated External Defibrillator (AED) Operation	Compulsory

Education and Training for Counter Employees

Counter employees at FEDS face customers every day. Apart from matching the counter's brand image, they need to comply with the high service quality requirements of FEDS. Therefore, we arrange new employee fundamental training, core competency training, and basic service etiquette training for them the same way we provide for FEDS employees, so as to optimize service quality and thereby enhance customer satisfaction.



3.1.5 Great Benefits for Life Together

In addition to the mandatory benefits, we provide employees with all-round benefits to realize FEDS' commitment to employees to maintain their physical and mental health and balance between work and family life.

General Benefits

FEDS has established the Employee Welfare Committee according to the law and properly plans and provides various benefits for employees. Apart from the employee profit sharing, year-end bonus, and allowance for three major folk festivals, we provide employees with shopping discount, discount for buying products of affiliates, and allowances for birthday, wedding, funeral, hospitalization, and child education.

Pension

FEDS has established the Employee Retirement Regulations in compliance with the Labor Standards Act. We have set up the Employee Pension Fund to ensure protection for the later life of employees. According to the old scheme, we contributed two percent of the employee's base salary as pension reserves under the management of the Pension Reserve Supervisory Committee. We also deposited the sum to the committee's bank account. Pensions were disbursed based on the service length and average wage of employees six months prior to retirement. After the new scheme was implemented following the enactment of the Labor Pension Act on July 1, 2005, we contribute six percent of the employee's wage to the special account of the Bureau of Labor Insurance for employees selecting the new scheme. Every year we hire a consulting company to assess the pension reserve under the old scheme to ensure the pension right of all FEDS employees.

Leisure and Travel

For employees to relieve stress from daily life and boost department morale, branches organize leisure and travel activities from time to time. Mega City Banqiao Branch, for example, organized a Tamsui and Bali One-day Tour in 2014 to promote friendship and raise coherence among employees through leisure and travel. The Hsinchu Store organized the Houtong/Pingxi One-day Tour for employees to relax their body, mind, and soul on holidays. Apart from being edutaining, the activity promoted friendship among employees. The Hsinchu Store has also formed a softball team with employees and their family. The team practices every Sunday morning to develop physical fitness and promote friendship after work.

Health Care

FEDS cares about the physical and mental health of employees. To ensure employees are in the best shape, apart from provide them with Labor Insurance, National Health Insurance, and group insurance, we arrange annual health examination for them.

Nursery

We understand that aside from the nursery expense, employees who are parents often worry if their children are well-cared for. For employees to work without worries, FEDS teams up with safe and dependable cultural and educational businesses for employees to receive nursery service for their children with discounts from the facilities of these businesses.

3.2 Social Inclusiveness

While pursuing business development, apart from considering the needs of citizens in living in nearby communities, we actively exert our core competencies to improve Taiwan's industrial competitiveness, solve social problems, and create social value.

3.2.1 Befriending Neighbors and Local Cultivation

We have ten branches across Taiwan, and local communities are part of our stakeholders. Through different activities and channels, therefore, we play our good neighbor role well.

Local Community Engagement

A shopping mall is an important place for purchasing daily necessities. FEDS branches cultivate local areas over time and maintain close connections with local borough chiefs to understand and solve the problems of local residents. In routine operations, we also maintain the safety and cleanliness of nearby communities, including sending security guards to patrol the surroundings to prevent illegal parking from blocking citizen access; maintaining truck parking order at the loading and unloading area on the first floor to avoid affecting the operations of nearby shops; reinforcing vehicle and personnel management during floor renovation to avoid disturbing nearby households; sending cleaning personnel to clean up the surroundings at regular intervals to maintain community cleanliness; washing mall waste containers to reduce odors; and irrigating plants, scarifying soil, and straightening up the area to prevent plant decay giving rise to pest growth.

Residents living in the neighborhood can share their opinion with us from "Contact Us" on our corporate website. After receiving a grievance, we will immediately initiate an investigation to look for the root cause and take corrective and preventive actions to solve the problem. Please refer to "2. Best CSR Practices of the Retail and Department Store Industry" for our efforts in maintaining the environment around the mall.

Crowds and traffic congestion are inevitable around our stores when there is an event, such as Mother's Day, anniversary, mid-season, and year-end sales. To solve local traffic and parking problems, we hire local volunteer traffic personnel to divert traffic flow and provide parking guidance.

We also organize activities with non-profit organizations of nearby communities, distribute gifts and snacks to disadvantaged families on specific festivals, or invite local citizens to join festivities. For example, the Kaohsiung Store and the local community elderly college co-organized the wrap-up presentation; the Tainan Store distributed glutinous rice dumplings to 24 disadvantaged families on Dragon Boat Festival; and the Hualien Store organized the cosplay competition and trick-or-treating on Halloween, which have become important events to local children.

In 2014, we sponsored the Christmas Land in New Taipei City 2014 organized by the New Taipei City Government. The event was held in the New Taipei City Hall Square on November 5, 2014 to early January 2015. Programs included large concerts, holiday activities, and Christmas decorations. The event bringing endless fun attracted 240,000 visitors to Mega City Banqiao Store and the shopping area around the New Taipei City Hall to enrich local business activities and tourism. FEG sponsored a total of NT\$7 million for the event, with NT\$3.15 million from FEDS.

3.2.2 Mentoring Protégés and Learning from Teaching

We carefully plan and organize various design contests, cultural and art activities, and internship programs to provide emerging designers with a platform to demonstrate talent and actively cultivate the creativity and competencies in children to improve overall national industrial competitiveness.

▶ Cultivating Emerging Designers

FEDS aggressively fosters fashion designers with market potential and esthetic taste by continuously cooperating with emerging designers. In 2013, we launched the "3D Station" 3D design house integrating design, desire, and dream concepts at the Taoyuan Store and Mega City Banqiao Store for designers to display and sell their products at FEDS counters, so as to increase the exposure and awareness of their brands. In addition, we will extend this idea to other branches. In March 2014, the Banqiao Store launched the "Flash Counter" to display and sell the spring and summer collections of emerging designers. Their works of fashionable designs at affordable prices attracted many consumers. In April 2014, the Banqiao Store organized the Emerging Designers Live Show integrated with a charitable auction. A total of NT\$10,000 was raised and donated to the Taiwan Breast Cancer Foundation.

▶ EOIE F/W Fashion Show

In September 2014, FEDS organized the "EOIE F/W Fashion Show" by inviting 30 female designers to design and craft clothes in 30 styles for 30 different "dolls" displayed in 10 FEDS branches on a tour exhibition. An on-line poll and an on-line auction were organized at the same time. A total of NT\$12,400 earned from the auction was donated to The Single Parent Educational Foundation.



▶ Taiwan Association of Fashion and Accessories Designers & Designer Labels Exhibition and Charity Sales

FEDS is a long-time supporter of original MIT brands. In September 2014, we co-organized the "Taiwan Association of Fashion and Accessories Designers & Designer Labels Exhibition and Trade Fair" with the Taiwan Association of Fashion and Accessories Designers at the Oasis area on B1 of Mega City Banqiao Store. It was a fashion show combined with a charity auction integrating the internet resources of My Wonderful Shopping Life Facebook fan club with products by celebrated Taiwan designers. Through this event, Taiwan designers could increase the visibility of their works. Apart from enabling customers to see different styles, artistic conceptions, and transformative works, the event drew designers closer to customers and created more opportunities for the exchange between consumption momentum and fashion creativity. During the event period, a total of NT\$4,773 was raised and donated to the New Taipei City branch of Taiwan Fund for Children and Families.

▶ Industry-Academia Trainee Cultivation Program

Through the industry-academia cooperation between FEG Headquarters and Yuan Ze University and Oriental Institute of Technology, FEDS began helping outstanding students from both schools to practice in the field in 2013 and preparing outstanding students for department store professionals through the cooperation and exchange between schools and enterprises. In 2014, we arranged 30 hours of vocational training courses for 20 students on Mondays in their summer break. These courses included brand understanding, customer service, floor duty and operational management, market survey, product competitiveness management and supplier communication, display specifications, floor visit, marketing activity planning, press conference organization, consumer protection and dispute settlement, customer complaint handling, etc. In the future, we will aggressively promote the learning platform, accelerate knowledge circulation, implement flipped learning, and increase classroom teacher-student interaction and connection with learning trends.

► The Flying Elephant Program

During November to December in 2014, the Hsinchu Store and Top City Taichung Store assisted the Eden Social Welfare Foundation in organizing the foundation's achievement exhibition: Elephant Circle Work: The Flying Elephant. The exhibition displaying the gorgeous paintings made by indigenous children in remote townships through talent training resources was held in the Hsinchu Store and Top City Taichung Store. Citizens could discover the exceptional artistic talent and creativity of children from the exhibition, and their works were collected into mementos sold on a charitable basis to encourage children to continue art creation.

► FEDS Cup Adolescence Boxing Tournament

In 2014, the Hualien Store and Hualien County Athletics Federation co-organized the "1st FEDS LOHAS Cup National Adolescence Boxing Tournament." A total of 70 girl and boy boxers from six junior high schools across Taiwan participated in this three-day event. As the first national adolescent boxing event held in Taiwan, the tournament enabled citizens to understand the attraction of boxing and provided a platform and opportunity for Taiwanese boxers to demonstrate their talent. Those six schools included Taipei Municipal Lanzhou Junior High School, New Taipei Municipal Wu Feng Junior High School, Hsinchu City Sanmin Junior High School, Taichung Municipal Qinghai Junior High School, Pingtung County Chongwun Junior High School, and Hualien County Pinghe Junior High School.



3.2.3 The Window of Art and Culture and a Platform for Exchange

To become a window of exchange between Taiwan and international fashion is the FEDS goal. Through FEDS, we hope that Taiwan citizens can contact the latest fashion, and in return, foreign travelers can see the beautiful culture of Taiwan, so as to promote mutual exchange.

► Ukulele Ensemble of Hualien County Bebin Primary School

The Hualien Store began supporting the fundraiser for the Ukulele Dream Pursuit Tour of Hualien County Bebin Primary School in mid-March 2014. By inviting the school's ukulele ensemble to play at the store many times, the Hualien Store aimed to increase exposures of those children for the media to spread the ensemble's fundraising information. The store manager of the Hualien Store even visited the headmaster of Bebin Primary School. After understanding their needs, the Hualien Store donated thirty 25-inch suitcases to the ensemble. By taking the lead to incentivize different parts of society to support those children to realize their dream, FEDS successfully helped them actualize the dream: playing at the International Ukulele Carnival held in Hawaii in July 2014.

► Dream Flight Film Appreciation

In October 2014, the Tainan Store, the Ministry of National Defense, Tainan Department of Information and International Relations, Tainan Tourism Bureau, Tainan Cultural Affairs Bureau, Wing 443 of ROCAF, Encore Film Co., Ltd., and the Naval Club Culture Association co-organized the VIP premiere of film Dream Flight. Tainan Mayor William Lai, Tainan Information and International Relations Chief Ching-hui Chao, Tainan Tourism Director General Chun-an Chen, military representatives, director Khan Li and actors and actress of the film, and store manager of Tainan Store all attended the event. The IDF overhead maneuvers by the ROCAF, a saber arch by air force academy students, and military band performance were all present. The "Naval Club" of the air-force military dependent's village in Tainan City was also invited to organize a food carnival to promote local gourmet foods. Over 1,000 citizens witnessed the IDF overhead maneuvers above the Tainan Store presented by the ROCAF. In the evening, about 200 guests went to the film's premiere at the Viewshow Cinemas.

► International Samba Carnival Press Conference

The Hualien Store supports the policy to promote tourism activities of the Hualien County Government. To support the 3rd Hualien International Samba Carnival held in September 2014 by the Hualien City Office, the Hualien Store provided the venue for the event press conference. In 2014, 37 teams joined the parade. In diverse floats, samba girls attended the parade accompanied by passionate and rhythmic samba drum music. One team was formed by the Japan Youth Chamber of Commerce. Mayor Hokama Shukichi of sister city Yonaguni also led a team to Hualien to learn from this annual event of Hualien. At the press conference, five samba teams on the theme sun float of the city office attended the conference for local citizens and tourists to feel the passion and vigor of Hualien as a tourism city. The Hualien Store provided 250 gifts of indigenous totems, vouchers with a total amount of NT\$100,000 to attract more tourists to join the event, so as to promote local economic development.



► Response to Policies and Support for City Marketing

In October 2014, the Tainan Store provided the Broadway Theatre on the store's first floor as the venue for international art groups to give a performance to support the city marketing project "Nan Ying International Folklore Festival 2014" launched by the Tainan City Government. There were about 200 folklore performers from 20 countries in five continents, such as Mexico, Japan (Sendai), Singapore, Panama, Turkey, Tuvalu, etc. At the venue provided by FEDS, Taiwan citizens could appreciate international class performances, promote cultural exchange, and enrich their knowledge and understanding of international folklore.

► Beauty of the Premium Craft of Taiwan

In November 2014, at the activity center on the sixth floor, the Tainan Store organized the first 14-day "Premium Craft of Taiwan at FEDS" exhibition for Tainan citizens to see the fine craft products from Taiwan and experience the beauty of craft through the exhibition, so as to blend craft with vigor. Most works were bamboo craftworks. The depth of exhibits was presented by a handcrafted bamboo chair. Other exhibits included 10 sets of craftworks from fashion craft brand Yii and 69 sets innovative and industrially potential craftworks.

3.2.4 Health Promotion and Care for Remote Townships

FEDS provides appropriate venues and space, and enables Taiwan citizens to pay more attention to health increases learning opportunities for students in remote townships by exerting its social influence through activities.

► Health Promotion Activities at Mega City Banqiao Store

Mega City Banqiao Store and Shuang Ho Hospital co-organized a free health examination activity during the Mother's Day holiday. The examination items included a general health checkup, breast cancer screening, and cervical cancer screening. Volunteers of the Formosa Cancer Foundation also demonstrated the power to fight cancer. On Father's Day, Mega City Banqiao Store and Far Eastern Hospital co-organized a free health examination activity for fathers, including height, weight, blood pressure, and blood fat consultation. We also teamed up with the famous World Gym to provide aerobic exercise trial and Johnson treadmill trial to promote the importance of health and exercise. About 100 citizens took the health examination on Mother's Day and 150 citizens on Father's Day. An eye care talk, organic diet talk, and Oster health supplement trial were organized by Chang Gung Biotechnology on the floor counter for citizens to care more about their health.

► Antidrug Promotion Activities

FEDS concerns pays attention to the awareness of drug hazards in adolescents and hopes that the public can care about the social problems caused by drugs. Therefore, we organize antidrug activities at different branches. In May 2014, Mega City Banqiao Store organized the 3rd Mega City Diamond Cup Street Dance Competition: Fun Youth Without Drugs, so youth could blend antidrug concepts with dance to publicize the antidrug concept. In August 2014, the Tainan Store, Tainan Department of Health, Tainan District Prosecutor's Office, and Tainan Drug Control Center co-organized the "Swing Youth: Say No to Drugs" activity. Tainan Mayor William Lai, Tainan Deputy Mayor Chun-tso Yen, Tainan Health Director Sheng-che Lin, and Tainan Deputy Education Director Hsu-hsing Huang joined the antidrug oath-taking ceremony attended by over 500 citizens. In the same month, the Hsinchu Store provided the storefront square for Hsinchu Health Bureau and International Lion Club to co-organize the "Operation Youth: Say No to Drugs and Ice" activity to urge youth to stay away from drugs through interaction with citizens who attended the activity.

► Message from Used Books: Love for Remote Townships

To support the "Used Book Collection Center Opening Activity" co-organized by the Taipei Department of Environmental Protection and Taipei Department of Education, FEDS set up a used book donation box at the Paoching Store in March 2014 to solicit used books from the public for students from medium- and low-income families. By collecting used reference books, we hope to solve the resource inadequacy problem in remote townships. Therefore, the Taoyuan Store also launched the used dictionary donation to elementary schools in remote townships in Taitung to solicit used dictionaries from customers and deliver the books and brand new stationery to local elementary schools before school began. The Taoyuan Store also donated stationery to Taitung County Social Welfare League to remove the obstacles on the road to learning for children in need.

► "One Light for Schools in Remote Townships": FEDS Love Connection—Celebrating Christmas with Hot Dance

On December 5, 2014, the Tainan Store organized the "FEDS Love Connection—Celebrating Christmas with Hot Dance" activity to invite 213 teachers and students from elementary schools in remote townships of Tainan City to a one-day tour. In the morning, they visited the Tainan Air Force Base and the "Premium Craft of Taiwan at FEDS" exhibition at the Tainan Store. In the evening, they attended the Christmas light activity held at the Broadway Theatre in the Tainan Store. FEG Chairman Douglas Tong Hsu, FEDS President Nancy Hsu, Tainan City Mayor William Lai, Tainan Store Manager Chih-kuo Mao, and Gunma Prefecture Speaker Kawai Nama Hiroshi attended the gala to light up the 15m-tall interactive music Christmas tree with remote township students and citizens to celebrate Christmas. Those schools included Erxi, Kabuasua, Yushan, Ruifeng, and Guangfu elementary schools.

► FEDS Cares: Immediate Student Grant Program

The Hsinchu Store and World Vision co-organized the two-month "Maji Pony Installation Art Exhibition" in the plaza on the first floor of the Hsinchu Store and Ximen Street Square. A total of ten eye-catching ponies in diverse styles were displayed, including the "Blessings from the Patch Duvet" specially designed by four girls of the Department of Art and Design, National Hsinchu University of Education. To support the schooling of disadvantaged indigenous students in remote townships, the Hsinchu Store organized the charity sale of Maji Pony sticky notes and memo blocks during the exhibition. A total of NT\$200,000 was raised and donated to the World Vision's "Immediate Student Grant Program".



Please refer to the appendix at the end of this chapter for the name, time, and type of social inclusiveness activities organized by FEDS.

3.3 Philanthropy

2014 was the year of philanthropy of FEDS. Upholding the spirit "spending what is taken from society in the best interest of society," FEDS has been contributing itself for Taiwan and spreading love to all parts of the world through non-profit charitable activities.

3.3.1 Warmth for Victims and Support Forever

As part of the local life, FEDS shares in hardships with local communities together. In 2014, we assisted in the post-disaster reconstruction of the Kaohsiung gas explosions to deepen our fusion with local culture.

► Care from FEDS and Love for Kaohsiung

On August 1, 2014, the Lingya and Cianjhen Districts in Kaohsiung were hit by mass gas explosions. As a community member, the Kaohsiung Store immediately joined relevant community emergency assistance programs and launched a shuttle bus service in affected areas with FEDS employees as intermediaries to victims in the controlled areas to travel among affected areas, temporary shelters, government agencies, and the city center. After integrating FEG's resources, such as brand new clothes from Far Eastern Apparel, FEDS immediately donated them to people in affected areas for rescuers and victims to change their clothes, so as to reduce inconveniences in daily life caused by the disaster.

Highlight Story:

Shuttle Buses for Affected Areas

On day six after the Kaohsiung gas explosions, FEDS made an emergency dispatch of four shuttle buses from Mega City Banqiao Store and Hsinchu Store to provide free service for victims and general citizens to travel to and from affected areas and the railway station, city hall, hospitals, schools, and the Santos shopping area. The route started on Santos Road, the first floor of FEDS Kaohsiung, and the schedule was 20 minutes per bus.



APPLE Line—

Love is Here, Long Live Kaohsiung!

The Tainan Store used the storefront plaza as the venue for the APPLE Line—Love is Here, Long Live Kaohsiung charity concert. At the event, charity sales of olive oil, squid dolls, stickers, manicures, and two COIN motorbikes were arranged. Tainan Deputy Mayor Chun-tso Yen and store manager of the Tainan Store interacted with the public, GMA best singers Ming-yu Hsieh and Jacky Chen sang in the concert to soothe the souls of victims. On that day, a total of NT\$450,000 was raised from the charity sale and donations, and donated to the "August 1 Gas Explosions Special Account" of the Kaohsiung Social Affairs Bureau.



3.3.2 Respect for the Elderly and Love for the Young: Care for the Disadvantaged

FEDS understands that disadvantaged groups were unable to receive due care for the lack of self-care ability or environmental reasons. Upholding sincerity and devotion, therefore, FEDS provided various resources for disadvantages in Taiwan to help them improve living quality.

► Accessibility for People with Spinal Cord Injury

The Taoyuan Store provided the Spinal Cord Injury Association with a venue for the "Friendly City: Accessible Taoyuan" parade. The association helps people with spinal cord injuries to live on their own by providing them with necessary psychological support, so as to shorten their post-injury adjustment and help them to return to society and contact people more easily. As accessibility was the appeal of the event, they asked for a smooth sidewalk surface under verandas for people with spinal cord injury to pass through without pain. Supporting this appeal with real action, FEDS hopes that every person with spinal cord injury can enjoy the same rights and benefits.

► Care for Local Children with Down syndrome

In mid-November, the "FEDS Cycling Team" of Banqiao Store went to the "My Talent My Life Xinzhuang Station" to make handmade soap with children with Down's Syndrome. To help children with Down syndrome to get more attention, FEDS assisted the Down's Syndrome Foundation ROC in organizing a charity sale in the plaza on the first floor of the Banqiao Store during the first four days of the anniversary sale. The charity sale attracted heated feedback. In addition to this charity sale, they also organized the Christmas sale of "Abraso" products made by children with Down's Syndrome. At the sale, children with Down's Syndrome dressed as angels to sell "Abraso" labeled biscuits, gingerbread house and other Christmas bakery stuffs. A total of NT\$301,549 was raised.



► Love Flies: Eden Shopping Bag Subscription Plan

To help children of the Chiayi Center for Early Intervention of the Eden Social Welfare Foundation to fulfill their dream of an overseas graduation tour, the Chiayi Store launched in June 2014 the "Love Flies: Eden Shopping Bag Subscription Plan." Regardless of the cost, Chiayi Store hired designers of Dailo, a leading domestic girl's label, to tailor the shopping bag. The event lasted one month. Each bag cost NT\$100. FEDS donated NT\$50 for each sold bag. During the event period, all 2,000 bags were sold to raise a total of NT\$100,000. Chiayi Deputy Mayor Hsi-chin Li presented this graduation gift to the children with developmental delay in the graduation class. FEDS hoped to turn this small-amount fundraiser into a philanthropic platform for citizens to care about disadvantaged children together.

► "Walking Beside My Child" care for abused children activity

In December 2014, the Hualien Store and Hualien Child and Family Care Association co-organized the "Walking Beside My Child" care for abused children. At the Hualien Store plaza, the court game, free counseling service, short film, and product charity sales were arranged for citizens to get exquisite gifts from the game and get to know more about the rights and benefits and mental health of children under problem parents.

► Care for Seniors and Love Accompaniment

FEDS cares about disadvantaged elderly people living in remote townships. The Hualien Store and Huashan Social Welfare Foundation launched the "One Person One Dish: Send Love to Huashan" dish subscription activity for the reunion dinner of Lunar New Year's Eve, and a total of 100 sets of "fucai double" were recruited. Forty elderly people living alone at the foundation were invited to visit the store and enjoy a reunion dinner on Lunar New Year's Eve. The Taoyuan Store invited the public to sign up to the "Huashan Love to You" elderly service support program, so as to share happiness and love with disadvantaged elderly people and realize the ideal: "Treat the elders in your own family with reverence, and the elders in others families will be treated likewise."

► Love for the Year-end and Warmth on Lunar New Year's Eve

The Hsinchu Store launched the year-end meal donation activity for disadvantaged groups and elderly people living alone to enjoy a tasty reunion on Lunar New Year's Eve. A total of NT\$100,000 was raised and donated to the Society of Jesus Hsinchu Service Center to prepare the dinner for disadvantaged groups and elderly people living alone.

► Christmas Wish Support Activity

The Hualien Store and Banqiao Store cooperated with the Taiwan Fund for Children and Family (TFCF) Hualien and TFCF Banqiao respectively to co-organize the children's wish support activity. Each store granted a Christmas wish of 100 TFCF children. With FEDS' publicity channels, we hope that people can continuously care about charitable groups, so as to bring love forward.

► Non-stop Learning: Helping Indigenous Children Connect with the World

During the summer break, the Hualien Store donated computer, communication, and consumer electronic products to the Guafu Information Center to upgrade center equipment. The Hualien Store also donated 100 sets of English teaching materials for local children to learn English. With such, we hope to urge the public to pay attention to the education and learning of indigenous children and help them overcome geographical and environmental inconveniences to connect with the world via IT.

3.3.3 FEDS Philanthropy Across the World

FEDS supports international charitable activities with real action, enables Taiwan citizens to understand social problems around the world, and helps worldwide disadvantaged groups.

► World Blood Donor Day

The Tainan Store supported World Blood Donor Day on June 14 by co-organizing blood donation activity with Cathay Life Insurance and Tainan City Blood Center. The Tainan City Blood Center organized the Club 25 International Founding Ceremony and Commendation at the Tainan Store plaza. Apart from inviting donors to the event, the Tainan Blood Center presented certificates to them. In addition, there was a quiz with prizes and a dance performance for citizens to understand information related to blood donation.

► Taiwan 1000, World 10000

In 2014, Top City Taichung Store supported the "Taiwan 1000, World 10000" charitable activity organized by World Vision. The mission is to invite Taiwan citizens to bring miracles for 10,000 disadvantaged children at home and abroad to change their life within 1,000 hours. Based on the global village concept, the campaign recruited supporters through the activities organized inside and outside the store to regularly support children in need at home and abroad every month. During the nine-day campaign, Top City Taichung Store recruited 150 supporters, the highest in central Taiwan.

► Down's Syndrome Foundation ROC: International Day of Persons with Disabilities

To promote International Day of Persons with Disabilities, Mega City Banqiao Store and Down's Syndrome Foundation ROC co-organized the "With Love No Disability: Happiness Together" activity. By recognizing the expertise and talent of persons with disabilities, we enabled the public to see the art talent of persons with disabilities in different age groups and demonstrated the effort and achievement of Taiwan's special education and social welfare organizations. A charity sale at the event raised NT\$8,285 and Mega City Banqiao Store donated NT\$30,000. Altogether a total of NT\$38,285 was donated.

Please refer to the appendix at the end of this chapter for the name, time, and type of social inclusiveness activities organized by FEDS.

Appendix: FEDS Social Inclusiveness Activities in 2014

Time	Branch	Activity	Business	Charitable	Gifts in kind
1/3-2/9	Banqiao Store	Love in Paintings Art Exhibition of Persons with Disabilities		♥	
1/4	Banqiao Store	New Taipei City Sheltered Workshop: New Year Product Sale		♥	
1/4	Hsinchu Store	Happy New Year, Happy Blood Donation		♥	
1/5	Tainan Store	Autism Society Tainan: Little Seashell Winter Camp 2014		♥	
1/16-1/17	Kaohsiung Store	Blood Donation		♥	
1/17	Hualien Store	One Person One Dish: Send Love to Huanshan		♥	
1/18	Hsinchu Store	Guide Dogs Go To School		♥	
1/18-1/19	Tainan Store	Home of Green Apples: Hongcian Carnival	👤		
1/22	Chiayi Store	Love from Chiayi Girls: Dishes for the Elderly Living Along		♥	
1/23	Kaohsiung Store	Donation to Jenai Adolescence Care Association Ceremony		♥	
1/25	Chiayi Store	One One Soon Dumpling Sale		♥	
1/27	Hsinchu Store	Fun with Merry Go Round		♥	
2/14	Hualien Store	Love in 2014: Lantern Festival Party	👤	♥	
2/23	Tainan Store	Infinite Love Music Charity Sale		♥	
2/28	Kaohsiung Store	Blood Donation		♥	
3/2	Kaohsiung Store	DC International Bicycle Tour Performance	👤		
3/8	Hualien Store	LOVE STORY Press Conference		♥	
3/8	Hsinchu Store	Care for You Free Checkup		♥	
3/15	Tainan Store	Promotion of the use of government entrepreneurial resources and social enterprise marketing		♥	
3/19	Banqiao Store	Free mammography screening		♥	
3/23	Mega City Banqiao Store	Duo Xin-Yun: Yu-xia Chang Charity Autograph Session		♥	
3/23	Hsinchu Store	Pet Stylish Show		♥	
3/24	Tainan Store	Old for New: Let's Do Charity Together		♥	
3/29-3/30	Paoching Store	Pure Love Association Charity Fair		♥	
3/30 - 4/12	Taoyuan Store	Fashion Design Charity LIVE SHOW		♥	
4/2	Chiayi Store	Pay Love Forward: Toy Donation		♥	

Time	Branch	Activity	Business	Charitable	Gifts in kind
4/2	Hualien Store	Let Dreams Fly		♥	🎁
4/3-4/16	Top City Taichung Store	French Product Show and Dream Horse Donation		♥	
4/5	Hualien Store	Spring Butterflies Fly to Branches		♥	
4/10-5/12	Taoyuan Store	Care for Guide Dogs: Guide the Way		♥	
4/12	Hualien Store	Taiwan's First Interschool Human Table Football Match		♥	
4/13 4/19 4/26	Mega City Banqiao Store	Emerging Designers Fashion Show and Charity Auction		♥	
4/19-4/20	Paoching Store	Child Protection		♥	
4/26	Kaohsiung Store	You Donate Blood We Give Blood: Grand Mr. Onion Grand Opening		♥	
4/26-4/27	Paoching Store	Let Love Spread: Embracing Orphans		♥	
4/27	Mega City Banqiao Store	Breast and Cervical Cancers Preventive Screening		♥	
4/27	Mega City Banqiao Store	Rescue Deteriorating Vision: Eye Care Talk		♥	
5/1	Mega City Banqiao Store	Charity Fair		♥	
5/1	Tainan Store	Elderly Health Showcase: Elderly Dancing Kings and Queens		♥	
5/1-6/30	Hsinchu Store	FEDS Cares: Immediate Student Grant Program		♥	
5/2	Chiayi Store	Love for Moms: Making Mother's Day Cards		♥	
5/2	Banqiao Store	Banqiao Volunteers Association Blood Donation		♥	
5/3	Banqiao Store	TFCF Charity Sale		♥	
5/3	Kaohsiung Store	Let's Share Care: Resource Recruitment Car		♥	
5/3	Tainan Store	Catholic Family Year Charity Sale		♥	
5/3	Banqiao Store	Dearest Moms: Stress Relief		♥	
5/3、5/10	Tainan Store	Mother's Day Special: Violin Recital		♥	
5/4	Kaohsiung Store	Buddha's Birthday: Three Kindnesses Sports Meet and Children's Picture Book Recruitment.		♥	
5/10	Kaohsiung Store	My Paradise: Happy Family Day		♥	
5/10	Hualien Store	Love for Moms: Women Career Assistance and Consultation		♥	
5/10	Hsinchu Store	Child Health Now		♥	

Time	Branch	Activity	Business	Charitable	Gifts in kind
5/10-5/11	Paoching Store	Taiwan Alliance for Advancement of Youth Rights and Welfare: Sing Out Love For Youth		♥	
5/10-5/11	Taoyuan Store	Guanyin Love for Family: Cake Making DIY		♥	
5/11	Kaohsiung Store	Massage Marketing and Promotion Plan: Care for Masseurs		♥	
5/13	Hualien Store	Visit to Lide Kindergarten		♥	
5/14	Hualien Store	Visit to Tzu Chi Kindergarten		♥	
5/16	Taoyuan Store	Mr. Onion Steakhouse Grand Opening and Chio-Tian Folk Drums & Arts Troupe	👤	♥	🎁
5/17	Hualien Store	New Dawn Center Musical Talents Class: Clothes Donation for Fuzhou Tour		♥	
5/22-5/28	Top City Taichung Store	World Vision: 50 th Anniversary Photography Exhibition		♥	
5/24	Hualien Store	Yuanji Dance Taiwan Charity Sale		♥	
5/24-5/25	Paoching Store	Child Health Now		♥	
5/27	Tainan Store	Fun with FEDS Good Neighbor Activity		♥	🎁
5/28	Tainan Store	FEDS Glutinous Rice Dumpling Treat		♥	🎁
5/31	Paoching Store	Noordhoff Craniofacial Foundation International Gardener Press Conference		♥	
5/31	Tainan Store	Care from Wujia Education and Nursing Institute		♥	🎁
5/31	Kaohsiung Store	Pay Love Forward: Love from FEDS on Dragon Boat Festival Donation Ceremony		♥	🎁
5/31	Mega City Banqiao Store	Mega City Diamond Cup Street Dance Competition: Fun Youth Without Drug		♥	
6/1	Paoching Store	Zhongzheng Precinct Juvenile Affairs Division: Coffee Wrap-up Presentation		♥	
6/6-7/13	Chiayi Store	Love Flies: Eden Shopping Bag Subscription Plan		♥	
6/8	Hualien Store	New Dawn Center Concert		♥	
6/14	Tainan Store	World Blood Donors Day		♥	
6/16	Hualien Store	First Taiwan Round: KT Football Trials		♥	
6/21	Banqiao Store	Love in Taiwan: Hope Blog Charity Sales		♥	
6/24-7/13	Tainan Store	Merry-go-round: Dream Orchestra		♥	
6/25	Taoyuan Store	Routh-the-Island Youth Fund Raising		♥	
6/26-7/6	Mega City Banqiao Store	World Vision: 50 th Anniversary Photography and History Exhibition		♥	
6/28	Top City Taichung Store	I Love Guide Dogs Training Program		♥	

Time	Branch	Activity	Business	Charitable	Gifts in kind
6/28	Top City Taichung Store	Micro Movie for Children with Development Delay		♥	
6/28-6/29	Paoching Store	Sponsoring Orphans Charity Sale		♥	
7/1-8/31	Chiayi Store	Kid Reading Promotion Plan		♥	
7/4	Hualien Store	FEDS Cup Youth Boxing Invitational		♥	
7/5	Hsinchu Store	Operation Youth: Crime Prevention Promotion		♥	
7/5	Hualien Store	Pet Health Free Checkup		♥	
7/5-7/6	Paoching Store	Love Advice: Preventing Teen Pregnancy		♥	
7/5-10/12	Three Taipei Stores	Beautiful Paris: Marie Laurencin Exhibition Ticket Presentation	👤	♥	
7/12-7/13	Paoching Store	Down Syndrome Foundation: Love, Mid-autumn Festival		♥	
7/13	Mega City Banqiao Store	Employment Without Discrimination: Golden Brain Teaser Quiz Final		♥	
7/14	Hualien Store	Donation of Suitcases for Bebin Elementary School Ukulele Ensemble		♥	🎁
7/15-8/19	Mega City Banqiao Store	Fun Summer Camp: Tang Poetry and Martial Arts College.		♥	
7/17	Hualien Store	Non-stop Learning: 3C Donation to Guofu Information Center			🎁
7/18	Hualien Store	Mr. Onion Steakhouse Father's Day Treat	👤	♥	
7/19	Kaohsiung Store	Summer Fire Prevention Barricade Game		♥	
7/19	Kaohsiung Store	Midsummer Blood Donation Carnival		♥	
7/20	Kaohsiung Store	Hope with Love Charity Sale		♥	
7/22	Hualien Store	Mr. Onion Steakhouse Opening Ceremony	👤		🎁
7/24	Top City Taichung Store	Little Spoon Vietnamese Restaurant Opening Ceremony Charitable Activity	👤	♥	
7/26-7/27	Paoching Store	Crime Prevention Promotion		♥	
7/30-8/6	Taoyuan Store	Love for Daddies: Warm Surprises		♥	
7/31-8/8	Mega City Banqiao Store	LOHAS for the Elderly: Smart Products Exhibition	👤		
8/1	Hualien Store	Huanshan Elderly Karaoke Singing Contest		♥	
8/2	Kaohsiung Store	Optimus Prime Doll Auction and Star Band Charity Show		♥	
8/2	Mega City Banqiao Store	Father's Day Checkup		♥	
8/6-9/15	Kaohsiung Store	Cable Car Shuttle Bus Service			🎁

Time	Branch	Activity	Business	Charitable	Gifts in kind
8/6	Kaohsiung Store	Care from FEDS and Love for Kaohsiung Supplies Donation			🎁
8/8	Hualien Store	Love for Parents: Cancer Screening		♥	
8/9	Tainan Store	Tainan Department of Health: Swing Youth: Say No to Drug		♥	
8/10	Hualien Store	Hualien Store Chinese Halloween Offerings Feedback			🎁
8/11-9/3	Taoyuan Store	Dictionary Recruitment for Remote Townships		♥	
8/15	Top City Taichung Store	Labor Safety Promotion Press Conference		♥	
8/16	Hsinchu Store	Operation Youth: Say No to Drugs and Ice		♥	
8/16	Kaohsiung Store	Seasonic and Lion Club Blood Donation		♥	
8/16	Hualien Store	Charity Supercar Show and Blood Donation		♥	
8/17	Tainan Store	APPLE Line—Love is Here, Long Live Kaohsiung Concert		♥	
8/21	Tainan Store	Rule of Law Summer Camp: Planes II Film Appreciation		♥	
8/23	Mega City Banqiao Store	Mid-autumn Festival Sheltered Workshop Carnival		♥	
8/24	Top City Taichung Store	Love in Taiwan: Hope Blog and FEDS Charity Sales		♥	
8/28	Taoyuan Store	Warmth on Mid-autumn Festival, Care for the Disadvantaged			🎁
8/29-9/9	Top City Taichung Store	Korean Food Festival Opening Ceremony	👤	♥	
8/31	Kaohsiung Store	Grandparents' Day: Serving Tea and Washing Feet Activity		♥	
9/4	Tainan Store	Reunion on Full Moon: FEDS Moon Cake Donation			🎁
9/6	Tainan Store	Care from Wujia Education and Nursing Institute: Moon Cake Donation			🎁
9/6	Hualien Store	You Donate Blood We Give Blood		♥	🎁
9/10	Hualien Store	International Samba Carnival Press Conference	👤	♥	
9/12-9/26	Mega City Banqiao Store	Taiwan Association of Fashion and Accessories Designers & Designer Labels Exhibition and Charity Sales		♥	
9/13	Hualien Store	Health and Me: Health Bureau Health Education Session		♥	
9/13-9/20	Kaohsiung Store	Meeting Love Adoption Activity		♥	
9/17	Mega City Banqiao Store	EOIE F/W Fashion Show Charity Auction		♥	
9/20	Taoyuan Store	Friendly City: Accessible Taoyuan		♥	

Time	Branch	Activity	Business	Charitable	Gifts in kind
9/24	Hualien Store	Meilun Sanatorium Biscuits Charity Sales		♥	
9/27-9/28	Mega City Banqiao Store	Used Clothes Charity Sale & Celebrities Clothing Auction		♥	
10/1-11/30	Hsinchu Store	Baby Elephants: Exhibition of Illustrations by Children Living in Poverty		♥	
10/2	Banqiao Store	FEDS Treats for the Elderly		♥	
10/2	Tainan Store	Dream Flight Film Appreciation Opening Ceremony	👤	♥	
10/4-10/5	Paoching Store	Support for Youth Rights and Welfare: Desktop Calendar Charity Sale		♥	
10/5	Kaohsiung Store	To Teachers With Love: Energy and Health Station		♥	
10/5	Hualien Store	Looking for Love Pet Adoption Activity		♥	
10/9	Tainan Store	Blood for Philanthropy: Blood Donation After Work		♥	
10/9-10/12	Tainan Store	Dancing Troupe Performance at Nan Ying International Folklore Festival 2014	👤		
10/11-10/19	Top City Taichung Store	Let's Shop Happiness: Sheltered Workshop Promotion		♥	
10/12	Kaohsiung Store	Blood Donation		♥	
10/18	Hualien Store	MEPP Matching and Guidance		♥	
10/19	Banqiao Store	CYC Annual Wrap-up Presentation and Charity Sale		♥	
10/25	Banqiao Store	New Taipei Library Mobile Library		♥	
10/30	Hualien Store	Trick-or-Treat: Halloween Activities		♥	
11/1	Hsinchu Store	Reunion for the Elderly Oath-Taking Ceremony		♥	
11/1	Taoyuan Store	Love Accompaniment: Care for Seniors		♥	
11/6	Kaohsiung Store	Love for Philanthropy: FEG Blood Donation		♥	
11/8	Kaohsiung Store	Community Elderly College Wrap-up Presentation		♥	
11/9	Hsinchu Store	Elephant Circle Work: The Flying Elephant Promotion		♥	
11/14	Banqiao Store	Volunteer Service for Down Children		♥	
11/20	Kaohsiung Store	Eat Together Charity Dinner		♥	
11/20-11/28	Top City Taichung Store	World Vision: Taiwan 1000 for World 10000		♥	
11/22	Mega City Banqiao Store	Down Syndrome Foundation ROC: International Day of Persons with Disabilities		♥	
11/29-11/30	Paoching Store	Care for Orphans: Spread Love with Clothes		♥	

Time	Branch	Activity	Business	Charitable	Gifts in kind
12/1-12/7	Top City Taichung Store	Eden Flying Elephant Wrap-up Presentation		♥	
12/1-12/31	Hsinchu Store	Music on Plume Blossoms: Postcard Charity Sale		♥	
12/3	Hualien Store	Love with Star: Christmas Wish Card Activity		♥	
12/5	Tainan Store	"4th Run! Let's Go Together" Donation Ceremony			📦
12/5	Tainan Store	Light for Schools in Remote Townships: Tainan One-day Tour		♥	
12/5-2015/2/3	Island-wide stores	Cavalia Dancing Horse Charity Donation		♥	
12/6	Hualien Store	World Vision Christmas Angel Support		♥	
12/6	Tainan Store	Premium Craft of Taiwan at FEDS	👤		
12/6-12/25	Mega City Banqiao Store	Down Syndrome Foundation: Christmas Charity Sale		♥	
12/7	Taoyuan Store	Money Box Donation: Hope for Children		♥	
12/7-12/21	Taoyuan Store	Christmas Wish Support Activity		♥	
12/9	Hualien Store	Christmas Carols: Love and Peace Lighting Gala		♥	
12/12	Top City Taichung Store	Christmas Charity Light		♥	
12/13	Mega City Banqiao Store	Spread Love with Christmas Carol		♥	
12/13	Hualien Store	Asian Cement/FEDS: Taroko Gorge Marathon		♥	
12/13	Paoching Store	Little Feet: Fun with Christmas Presents for Infants		♥	
12/13	Hualien Store	Rolling Up Sleeves for Blood Donation: Hualien Blood Center		♥	
12/14	Kaohsiung Store	Department of Child Care, Sansin High School, Breakfast Recruitment		♥	
12/14	Hualien Store	"Walking Beside My Child" Care for Abused Children Activity		♥	
12/16	Hualien Store	Wish Come True: Christmas Gala		♥	
12/19	Chiayi Store	Warm Christmas: Christmas Carol from Eden Angels		♥	
12/20	Kaohsiung Store	A Christmas Concert		♥	
12/20-12/21	Banqiao Store	Down's Children Charity Sale		♥	



4 - Lead our Customer

Service Performances

Outstanding Breastfeeding (Collecting) Room Evaluation 2014 (Group B)

Outstanding Business for Self-Environmental Audit and Evaluation

Critical Accalim and Hot Sales of Self-Imported Products

Strict Food Safety Control of Store Restaurants

Parking Space for Women with Children

4.1 Shopping Environment

From G1 to G4 stores, we have been making continual innovation and progress in mall planning. In addition to following all public safety rules and regulations and establishing the emergency response procedure, we have installed all kinds of thoughtful facilities. Putting customer safety first, we build a perfect shopping and create a consumer-focus shopping space for comfortable and convenient shopping environment and zero accidents.

4.1.1 Ensuring Safety for Comfortable Shopping

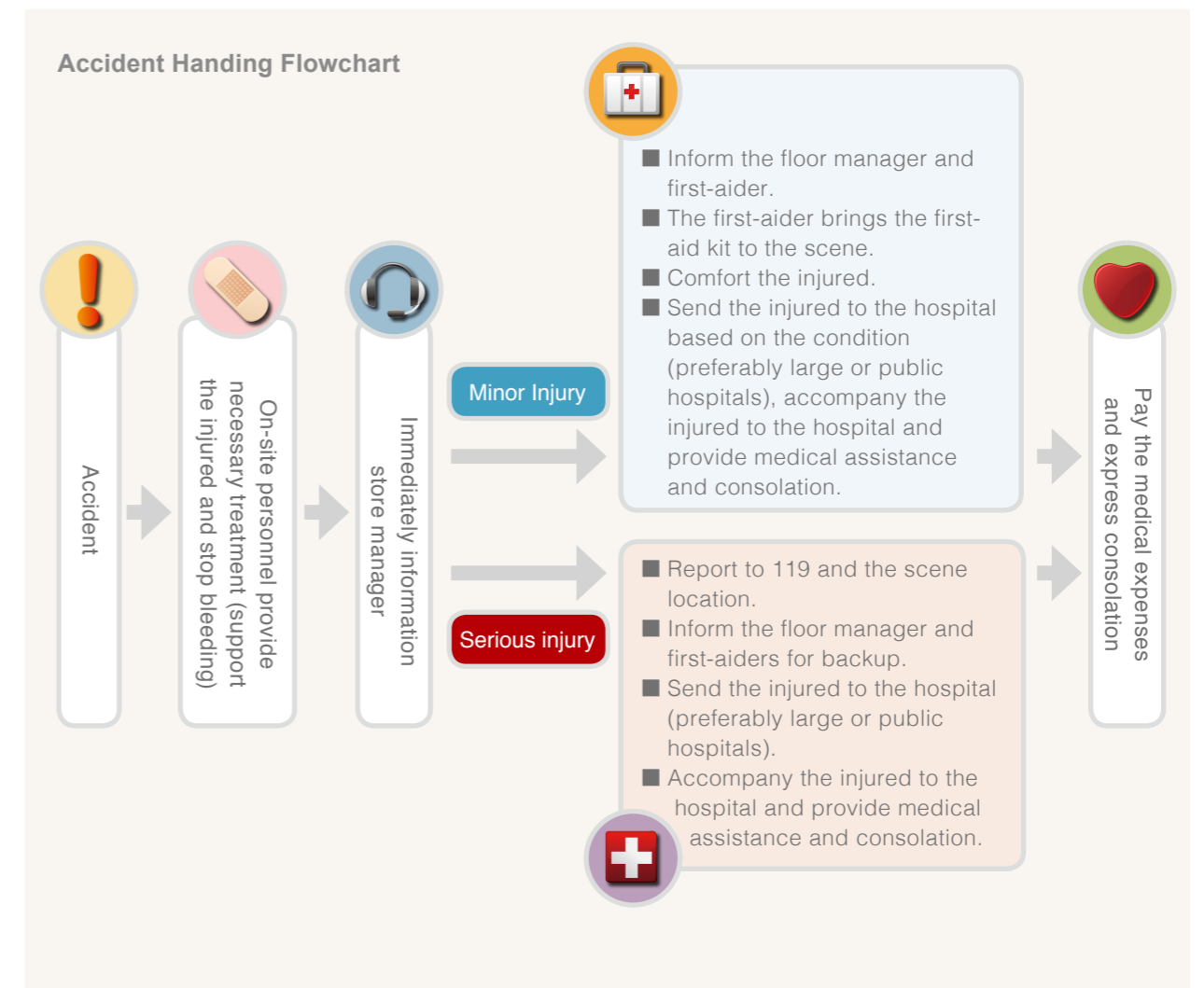
As a famous and important entertainment and consumption venue, FEDS attracts countless customers every day, particularly on weekends and holidays. To ensure safety and health, we have installed fire extinguishing equipment, fire alarm equipment, refuge and escape equipment, necessary equipment for fire rescue, and other fire safety equipment recognized by the central competent authority at all stores with reference to the Fire Services Act and Standard for Installation of Fire Safety Equipment Based on Use and Occupancy. We have also established relevant management regulations and implement fire safety evaluation and exercise at regular intervals to minimize risks on consumers caused by accidents.

To maintain mall public safety, we hire professional organizations to check and repair fire safety equipment in the store and report the results to local fire departments biannually. To strengthen disaster prevention education and awareness, we plan and implement fire exercises for all stores at regular intervals. Each



employee is assigned to a fire taskforce, including the fire reporting team, fire extinguishing team, evacuation guidance team, safety protection team, and first-aid team. Apart from inviting personnel from local fire departments to provide emergency response training, we organize training on fire extinguisher use, fire hose use, and emergency evacuation to ensure that all FEDS employees are familiar with emergency response to protect mall safety. We also perform periodic sampling inspection of fire safety facilities in stores in collaboration with the competent authority and make immediate corrections for any condition. In 2014, we received a total of 10 recommendations for improvement and a fine for one case from the competent authority, and corrections have been completed, including fire safety education.

To timely capture and handle emergencies and accidents occurred in a mall and thereby to solve or mitigate a potential crisis, we have established the "Mall/Workplace Accident Handling SOP". When a customer is injured in the mall, employees immediately inform professional first-aid workers to provide first aid for the customer with reference to the SOP and accompany the injured to seek medical attention from a large hospital. In addition, we take down the contact information of the injured customer and maintain a record of the cause, location, date, injury condition, and management results of the accident. Relevant units will review the cause of the accident and make improvement. Section chiefs or officers of higher levels will follow up the condition of the injured customer to ensure he/she is satisfied with our management. Lastly, the case is closed and filed. In 2014, a total of 40 accidents were reported and properly settled.



Although we have established and implemented a complete emergency response SOP, we never reduce our responsibility for customer safety. Recognizing the importance of "prevention is better than cure," we understand that we need to pay attention to details in routine operations, so as to provide a truly safe shopping environment for customers. We request floor personnel to tour the site every day and take immediate corrective actions after detecting anything unsafe, such as slippery floor, exposed electricity wires, blocked aisles, etc. Floor managers and counter personnel notice if products and props are unstable or damaged and ask for repair or replacement if they are. In addition, when children are running or playing with the escalators or other equipment, floor managers and counter personnel must stop them immediately. Customer service also makes public address to remind customers of things they must be noted. For example, customers carrying strollers, seniors, and persons with disabilities must avoid using the escalator but must take the lift instead.

Highlight Story:

Emergency Rescue, Heartfelt Service

On a busy holiday, a female customer fainted on the New Taipei City Hall plaza and was taken to Plaza Milano on the first floor of Mega City Banqiao Store for a rest. She was bleeding in the forehead and had scratches and bruises on the limbs on her arrival. Security guards immediately notified the receptionist on the first floor. On-duty receptionist Yu-ting Liao immediately took the first-aid kit to the plaza to dress her wounds. At the same time, security guards called 119 for help. When Liao was dressing her wounds, she started to cry. Liao asked, "Does it hurt?" "Just don't want to frighten my family," replied the customer. Liao held her hands and said, "Don't worry, I'll be with you, and paramedics will be here in any moment."

Two hours after customer was sent to medical attention, she willfully returned to the reception counter and expressed her gratitude to Liao.

Just a simple phrase, "Don't worry, I'll be with you," speaks everything we have been trained and are for. This is the voluntary, heartfelt service from FEDS.



We equip each branch with first aiders and first-aid kits, and we also equip the automated external defibrillator (AED) with reference to the "Public Areas Requirement the Equipment of Automated External Defibrillator" and "Regulations Governing Required First Aid Equipment for Public Areas" announced by the Ministry of Health and Wealth. In addition, to raise the chance of rescue, we assign an AED administrator in each branch to enhance rescue efficiency when a customer is attacked by a cardiac arrest. Every AED administrator has completed mandated training, and AED suppliers also provide AED and CPR (cardiopulmonary resuscitation) training for employees and counter personnel every year to ensure they are familiar with equipment operation and CPR skills. AED suppliers also arrange periodic check of the AED to ensure equipment is ready for use at any time.



The New Taipei City Department of Health began promoting the installation of AED equipment in public areas in 2011 and held the "AED Safe Place" certification press conference on August 8, 2014. Mega City Banqiao Store was the first large department store in Taiwan to pass certification. Deputy Health Director Li-zhong Chen personally presented the certificate of pass to Mega City Banqiao Store.

FEDS Branches First Aider and AED Statistics

Branch	First Aiders	AEDs	AED Location
Paoching Store	6	1	1F Reception
Banqiao Store	5	2	1F Reception / 11F Customer Service
Mega City Banqiao Store	7	3	B3F Parking Control / 1F Reception / 8F Customer Service
Taoyuan Store	5	1	1F Reception
Hsinchu Store	14	1	6F Customer Service
Top City Taichung Store	21	4	B1F Central Control / 1F Checkpoint / 5F Breastfeeding (Collecting) Room / 10F Customer Service
Chiayi Store	2	1	1F Reception
Tainan Store (Chenggong)	8	1	1F Reception
Tainan Store (Gongyuan)	2	1	1F Reception
Kaohsiung Store	6	1	8F Customer Service
Hualien Store	3	1	2F Stairs Lobby

* More AEDs are installed in Mega City Banqiao Store and Top City Taichung Store because both branches have larger floor area.

Considering the needs of different customer groups, we carefully plan mall facilities, access, and services to provide each customer with the most comfortable and most convenient shopping environment. For example, accessible restrooms, parking space for persons with disabilities, wheelchairs for people who are in need, breastfeeding (collecting) rooms, strollers, child ID sticker, and diapers for consumers who are in need of them are the standard features of every FEDS branch.

FEDS provides considerate mall services. Apart from convenient services for the elderly, women, and children, we provide thoughtful services for general customers. For example, we provide reading glasses for elderly people at Paoching and Tainan stores. In some branches, we prepare female toiletries, parking spaces for expectant mothers, or diaper changing tables, so as to demonstrate our care for customers in every detail. To prevent the spread of contagious diseases, we have equipped hand sanitizer dispensers in five branches. To support cycling for emission reduction, we provide bike racks in three branches. With the rise of the demand for smartphone charging, we have set up free temporary charging stations in seven branches for customers to use.

Security and Convenience Facilities in FEDS Branches

Facility	Paoching Store	Banqiao Store	Mega City Banqiao Store	Taoyuan Store	Hsinchu Store	Top City Taichung Store	Chiayi Store	Tainan Store	Kaohsiung Store	Hualien Store
Security Maintenance	CCTV Cameras	●	●	●	●	●	●	●	●	●
	Emergency Alarm and Intercom	●	●	●	●	●	●	●	●	●
	Secure Car Waiting Zone	●		●		●	●	●		
Accessibility	Accessible Lifts	●	●	●	●	●		●	●	●
	Accessible Restrooms, Parking Space for People with Disabilities, Slope	●	●	●	●	●	●	●	●	●
Special Services for the Elderly, the Pregnant, and Children	Reading Glasses	●						●		
	Wheelchairs, Strollers, Child ID Sticker	●	●	●	●	●	●	●	●	●
	Nursing Rooms/ Breastfeeding (Collecting) rooms	●	●	●	●	●	●	●	●	●
	Diaper Changing Tables		●	●	●	●	●	●	●	●
	Diapers	●	●	●	●	●	●	●	●	●
	Female Toiletries at the Reception Counter		●	●			●		●	
	Parking Space for Expectant Mothers				●		●		●	●
General Mall Facilities	Taxi Calling Service	●	●	●	●	●	●	●	●	●
	Floor Plan and Directory	●	●	●	●	●	●	●	●	●
	Service/Access Signs	●	●	●	●	●	●	●	●	●
	Lockers		●	●	●	●	●	●	●	●
Other Services	Floor Guide	●	●	●	●	●	●	●	●	●
	Temporary Charging Station	●	●	●		●		●	●	●
	Hand Sanitizer Dispensers				●		●	●	●	●
	Bike Rack			●		●				●
	Water Fountains	●	●	●	●	●	●	●	●	●
	Courtesy Umbrellas		●	●		●	●	●	●	●

Highlight Story:

Banqiao and Mega City Banqiao Stores won the “Outstanding Breastfeeding (Collecting) Room Evaluation 2014 (Group B)” by New Taipei City

FEDS has equipped breastfeeding (collecting) rooms in all branches for breastfeeding mothers to enjoy the fun of shopping at ease. In Mega City Banqiao Store, we plan breastfeeding (collecting) rooms with reference to the Standards for Establishment and Administration of Public Breastfeeding (Collecting) Rooms in three recesses equipped with sofas and receptacles. We also assign special janitors to clean them at regular intervals to ensure breastfeeding (collecting) rooms are clean at all times. In each breastfeeding (collecting) room there is an emergency alarm to ensure the security and friendliness of in need of breastfeeding (collecting).



Department of Health and Parking Space for Women with Children

In addition, Mega City Banqiao Store even extends its care for mothers to parking. From 2014 onward, Mega City Banqiao Store provides 30 parking spaces reserved for women with children. The branch also installs IR CCTV cameras to implement 24-hour surveillance of these parking spaces to ensure the security of women and children, so that women with children can shop, dine, and entertain without worries and enjoy happy time at FEDS.

4.1.2 Environmental Management, Periodic Inspection

We value the shopping experience and feeling at FEDS. Therefore, we clean the mall and sanitize handrails and lift buttons every day, implement pest and mouse control, and disinfect the entire mall at regular intervals. In addition, we implement safety checks across the mall and on each floor every day to ensure shopping environment safety. For example, we prohibit counter owners to put equipment or goods that can impede firefighting functions or block evacuation route at escape stairways, emergency exits, escape sling exits, fire hydrants, and the like fire escape facilities. Counter owners wishing to renovate or replace electromechanical equipment of their counters must make prior applications to us and pass our acceptance prior operations. We perform sampling inspection on firefighting equipment, and maintain and monitor various dangerous facilities at statutory intervals to minimize the risk on customer safety and health in the mall. For equipment of high risk and high occupancy, we hire professionals to check and repair them. To ensure indoor air quality in the mall, we hire external verification body to measure the indoor CO₂ intensity and plan to establish the Indoor Air Quality Maintenance and Management Plan in 2015. In 2014, no serious offence of public facilities or firefighting equipment was reported.

For all equipment and hardware in the mall, we have established the “Self-Inspection Plan” for all branches to implement relevant inspections and inspect firefighting equipment and evacuation routes every month.

FEDS Self-Inspection Items

Equipment	Inspection Item	Inspection Frequency
Mechanical, electrical, and power equipment	Lifts and Escalators	Overall mechanical inspection: once a year. Emergency stop device, terminal limit switch, brake cable, chain sling, and guide inspections: twice a month.
	Mechanical Parking Systems	Overall mechanical inspection: once a year. Emergency stop device, terminal limit switch, brake cable, chain sling, and guide inspections: once a month.
	High Voltage Electrical Equipment	Periodic inspection: once a year.
	Low Voltage Electrical Equipment	Periodic inspection: three times a year; IR inspection: once a year.
	Generator	Overall generator inspection: once a quarter. Oil level, cooling water level, battery, and belt inspections: twice a month.
Air quality and drinking water equipment	Local Ventilators, Air Purifiers, and Two-way Air Exchange	Periodic inspection: once a year.
	Air Purifiers inside Local Ventilators	Periodic inspection: once a year.
	Air-conditioning Systems	Overall inspection: once a year. Electrical equipment and motor: once a month. Filter replacement or cleaning: once a month.
	Water Chiller Unit	Overall inspection: once a year. Daily main unit commissioning: two hours.
	Cooling Towner	Overall inspection: once a year. Sludge discharge, water drain and water quality check: once a month.
	Water Fountain	Water quality and anti-electric shock facilities: once a month.
	Water Storage Tank	Cleaning and safety check: once a month.
Firefighting Facilities	Firefighting and Evacuation Equipment	Overall inspection: biannually (twice a year for Type A and once a year for Type B). Reporting firefighting equipment inspection report by professional service providers. Self-inspection of fire evacuation facilities, firefighting equipment, fire using and electricity using equipment: monthly.

FEDS Firefighting Equipment and Evacuation Routes Monthly Check

Inspection Item	Inspection Content
Cargo Lift	Maintenance, intercom, and commissioning.
Aisle	Odds and ends, lighting, floor cleanliness.
Emergency Lighting	Operability and remaining on.
Escape Sling	Unimpeded opening and escape space, clear indication, properly secured slings and support.
Escape Ladder	Conspicuous and clear warning signs, ladder robustness, unimpeded surroundings.
Plaza and Parking Lot	Flat surface, safe slope, ventilation, and drainage.
Exit Signage, Evacuation Direction Signage and Sign	Clear exit signage and evacuation signage, clear aisles.
Smoke Escape Hood	Clear indication and ease of retrieval.
Fire Door	Closed at all times, door opener operability, clear aisles.
Fire Air-inlet Vent	Control button and control window operability.

At FEDS, environmental management is planned by category and implemented from details. Apart from complying with government regulations, we request counter personnel and floor managers to manage equipment and instruments on each floor. In electricity use safety, we check at regular intervals if unauthorized power supplies and receptacles are installed on-site; if power cables and receptacles comply with relevant safety standards; and if many cables are connected to one receptacle. The use of hazardous substances (such as alcohol) is strictly controlled in the mall. Labels, appearance, and instructions are verified before use; air ventilation is maintained and substances are kept away from flammable objects during use; and substances are removed, covered up, and placed in a well-ventilated place after use. Checklists are established for relevant inspections and must be submitted to the management personnel to sign for every day after inspections. Every day after the store closes, counter personnel must shut down all gas and power switches and manual main of their counters. Then, the night-shift on-duty staff checks the status. Next, night-shift on-duty security guards re-check everything at each counter. Lastly, after the night-shift chief officer completes the night patrol, maintenance personnel at the central control room check if the gas of each counter is properly shut.

4.1.3 Situational Shopping and Experience of Luxury

The Top City Taichung Store and Mega City Banqiao Store opened in 2011 are different from ordinary department stores or shopping malls in terms of space, architectural characteristics, or counter planning. They surprise and refresh local consumers because consumers will not need to travel overseas anymore to enjoy an exotic touch. On opening day, they attracted 200,000 and over 100,000 consumers respectively.

The elevated ceiling up to three stories high of the ground floor in Top City Taichung Store is a “shop in a shop” design tailored for four luxury labels to keep luxury goods in pace with the world. Counter products also connect with the global fashion trend. In addition, we have introduced world’s top jewelry brands to raise the differentiation from other department stores in Taichung and provide customers with options for novel and fashionable items.

Situational shopping is what we provide at Mega City Banqiao Store. When consumers walk in, they will think they were in Venice with Gondolas rowing through the canals. In addition to shopping, we aim to bring them a concrete and real sensational experience. Food Republic food court introduced from Singapore emphasizes the style of Taiwan’s 1950s. In addition to decorating counters and scenes in the style of the 1950s, the overall food court environment, personnel’s uniform, and the snacks sold at the corner counters, everything just look the 1950s. When consumers enjoy great foods, they can re-explore the culture and atmosphere of early Taiwan. Walking through the mall, boutiques, and food court of Mega City Banqiao Store, it was like a journey to different times and spaces, turning shopping into an adventure and a journey at the same time.



4.2 Products and Services

Counter owners are one of our stakeholder groups. In terms of the supply chain of the retail and department store industry, they are located at upstream (suppliers), with department stores at midstream (channels), and consumers at downstream (buyers). Counter owners and department stores are closely correlated and accomplish transactions with consumers. In this model, department stores provide venues, hardware facilities, sales capital, and invoice issuing, while counter owners supply, sale and serve consumers at the counter. Although a department store does not directly purchase products and services from counter owners, they are still an integral part of the department store. Due to this special relationship, counter owner management is increasingly important.

Apart from a small part of self-imported products, most products and services sold or rendered at FEDS are provided by counter owners. Therefore, the quality of their products and services will affect customer satisfaction with FEDS. Therefore, the selection and management of counter owners are the key missions in FEDS' operations.

4.2.1 Counter Management and Growth Together

We sign contracts with counter owners to ensure that all products they provide are legal and will not infringe the rights of any kinds of others. In addition, counter owners are not allowed to sell government contrabands at FEDS and violate the Fair Trade Act, Consumer Protection Act, Act Governing Food Safety and Sanitation, Trademark Act, Personal Information Protection Act, and other regulations prescribed in the civil and criminal codes. Apart from accepting consumers' request for product return or replacement or other after-sales service, counter owners must provide full assistance when there is a customer dispute, claim, grievance, or litigation. When there is a doubt about the safety of a product or service, the respective counter owner must immediately recall it and stop selling it temporarily, and re-slot them until safety is re-validated.

Children experienced customer service work with FEDS customer service employees at the Little Customer Service Experiential Camp



Counter owners must send counter personnel to remain at FEDS. These counter personnel wear the FEDS uniform or own uniform approved by FEDS. FEDS will centrally manage their dressing, appearance, attendance, service manners, business behavior, safety and health. Counter personnel must also accept different kinds of fire safety and safety and health education and training arranged by FEDS. FEDS also requests transporters to follow relevant mall requirements in order not to affect shopping environment quality.

FEDS Service Quality Requirements for Counter Personnel

Sales Manners

- ✓ Voluntarily greet customers with standard greetings.
- ✓ "Good Morning" campaign, guest welcome greeting at opening, and guest goodbye greeting at closing practices.
- ✓ Understanding customer needs and clearly introduce products.
- ✓ Providing service in consideration of customers.
- ✓ Be friendly and helpful at all times.
- ✓ Keeping counters clean and malls comfortable.
- ✓ Maintain order and quiet of the counter.

Business Behavior

- ✓ Do not adjust prices or provide discounts without permission.
- ✓ Issue invoices exactly.
- ✓ Do not waste packaging materials and bags or use them for personal purposes.
- ✓ Verify sales amount, change, and sales items.
- ✓ Inventory stock. When replenishment is needed, ask the personnel of the support counter to look after the counter.

4.2.2 Product Labeling and Consumer Protection

At FEDS, we promote correct labeling of all products sold at FEDS to protect the right and benefits of consumers. This way, consumers will not be confused due to unclear product labeling when buying products, so as to prevent disputes. In addition, we aim to provide consumers with practical and dependable product information through transparent and clear product labeling, so as to maintain the reputation and goodwill of FEDS and thereby establish a model for good business practice.

For this reason, products and services available at all counters must comply with relevant product labeling regulations announced by the competent authority. Products and their labeling regulations are as follows:

Product Scope	Legal Basis	Regulatory Requirements	FEDS Management
Shoes, textiles, apparel, electrical appliances, toys, stationery, children's products, and computer, communication and consumer electronic products.	Article 9, Commodity Labeling Act	Where a commodity is introduced for sale on the market, the producer, manufacturer or importer of such commodity must specify the name, manufacturing date, and expiry of such commodity. <ul style="list-style-type: none"> ◆ Production: Name, phone number and address of the manufacturer, the place of origin of the commodity; or and the name, phone number and address of the importer in the case of imported commodity. ◆ Contents or composition of the commodity: Major components/ingredients or materials and net weight, volume or quantity, or measurements. ◆ Other particulars as required by the central government competent authority. 	<ul style="list-style-type: none"> ◆ Establishing the Commodity Management and Inspection Checklist and Commodity Management Handbook for internal management reference. ◆ Supervising if counter owners label and describe products with reference to relevant laws and regulations. ◆ Enforcing management by walking around where floor administrators perform sampling inspection of products from time to time.
Cosmetics	Statute for Control of Cosmetic Hygiene	Essential information including the name and address of the manufacturer; the name of the cosmetic; the Taiwan license or approval number; ingredients, applications, weight or volume, and the lot number or the manufacturing date must be indicated on each package. In addition, storage instructions and the expiry must be indicated on the label as requested by the central competent authorities as per its public notices. Where the size of the container or package of a cosmetic is too small to be marked or labeled in detail thereon with the essential information required in the preceding Paragraph, such information must be incorporated in the leaflet accompanying the product. The words to be indicated on the label, leaflet and package of a locally manufactured cosmetic must be written primarily in Chinese characters; whereas for the leaflet accompanying an imported cosmetic, the descriptive statements printed thereon must be translated into Chinese, and the importer's name and address must also be indicated on the leaflet.	<ul style="list-style-type: none"> ◆ IQC inspectors must perform strict sampling inspections to check of all required information is indicated in the label. ◆ FEDS auditors implement a sampling inspection biannually with a sampling size of 20 items per counter each time. ◆ Audit results are reported to the FEDS cosmetics sales chief and superiors, and counter owners must explain nonconformities, if any, and make improvement.
Product DMs	Article 21, Fair Trade Act	No enterprise may make or use false or misleading representations or symbols on the matter that is relevant to goods and is sufficient to affect trading decisions on goods or in advertisements, or in any other way make it known to the public. The matter, referred to in the preceding paragraph that is relevant to the goods, and is sufficient to affect trading decisions, includes: price, quantity, quality, content, production process, manufacturing date, expiry, method of use, purpose of use, place of origin, manufacturer, place of manufacturing, processor, place of processing, or any other relevant item that has touting effects.	<ul style="list-style-type: none"> ◆ Suppliers must submit DMs to the responsible unit for proofreading three times and make immediate corrections for any errors found to ensure accurate price indications.

Product Scope	Legal Basis	Regulatory Requirements	FEDS Management
Testers	Tester Management Regulations	The manufacturing date/expiry, lot number, and opening date of testers must be indicated.	<ul style="list-style-type: none"> Checklists are established for tester management of each cosmetic counter. Testers must be recalled six months before expiry. Cosmetics controllers or floor managers must perform sampling inspections on the testers of at least five cosmetic counters every month and sign in the management checklist.
Packaged Foods	"Regulations on Nutrition Labeling for Packaged Foods" and "Standard for the Method and Content of Packaged Food Labeling" announced by the Ministry of Health and Welfare	The nutrition labeling for packaged foods must provide the following information shown at the conspicuous place of the outer package or container of the product: content of energy and nutrients, weight (volume) per serving, labeling unit of the content of energy and other nutrients, daily value of nutrient intake, criteria for "0" nutrient indication, rule of rounding-off, nutrient value generation method and tolerance, and energy calculation methods.	<ul style="list-style-type: none"> Establishing the Requirements for Nutrient Labeling of Packaged Foods.

In 2014, the legal compliance of product labeling was over 96% as proven by the self-sampling inspections on counters. In addition, products with damaged packages or incomplete labeling were recalled immediately. For product labeling, we take active actions to protect the rights and benefits of consumers. We firmly believe that besides legal compliance, product labeling is an act to maintain the rights and benefits of consumers, which in turn, raises customer satisfaction, reduces customer complaints, product return and replacement, or transaction disputes due to unclear product labeling. Therefore, product labeling is a win-win policy for both FEDS and customers.

4.2.3 Eliminating Errors in Promotion and Marketing Communications





Advertisements and publicity materials are the major marketing communication media of the retail and department store industry. Given that price errors, unclear campaign descriptions, unlisted discount limits, and so on are the common causes of consumer disputes in recent years, we request clear price indication and information disclosures in all advertisements and marketing publicity materials to protect the rights and benefits of consumers and prevent consumer disputes.

Regardless of their nature, advertisements, promotions, or campaign sponsorship, publicity materials of FEDS must be verified by counter owners and FEDS internal responsible units prior to publishing. In the production process, proofreading is emphasized and reinforced, and floor managers are requested to verify the accuracy of information provided in publicity materials. When printing errors are detected, FEDS makes immediate corrections on-site and on the corporate website and plans alternative incentives for consumers to select. In 2014, no violation of regulations and internal management standards related to marketing communications (including advertising, promotion, and sponsorship) was reported.

4.2.4 Online Shopping, Convenient and Efficient

To deal with the rise of e-commerce and mobile shopping and to provide consumers with all-round, zero-distance, and zero-time-difference shopping experience, we have established an on-line shopping platform over the GOHAPPY shopping site for consume shop a wide variety of fine products ubiquitously.

FEDS Requirements for Product and Service Supplied for On-line Shopping

 <p>Product Quality</p> <ul style="list-style-type: none"> Suppliers must be hold a legal license and the right to provide and distribute the product sold. Products must comply with applicable laws and regulations of the competent authority. Foods (including processed foods): the expiry at shipping must at least be half of the total preservation length (except for products sold at special offer). Cosmetics and skin care: the expiry at shipping must at least be one third of the total preservation length (except for products sold at special offer). 	 <p>Published Information</p> <ul style="list-style-type: none"> Information accuracy and legitimacy. No claim of the treatment effect, nature of product (drug or health food), or any untrue or false description of product in the on-line shopping information or relevant publicity materials. No use of photographs, pictures or text infringing the intellectual property right of others. 	 <p>On-line Transaction</p> <ul style="list-style-type: none"> The list price must include delivery, packaging, and tax. No extra fee shall be charged. Suppliers shall ensure the minimum safety stock to facilitate shipping. No refusal or delay of shipping is allowed. 	 <p>After-sale Service</p> <ul style="list-style-type: none"> Consumers enjoy a 7-day cooling-off period. Suppliers must unconditionally accept product return during the cooling-off period. Assistance in settling after-sale disputes. Provision of limited warranty against manufacturing or product defects, repair and maintenance.
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4.3 Catering Safety

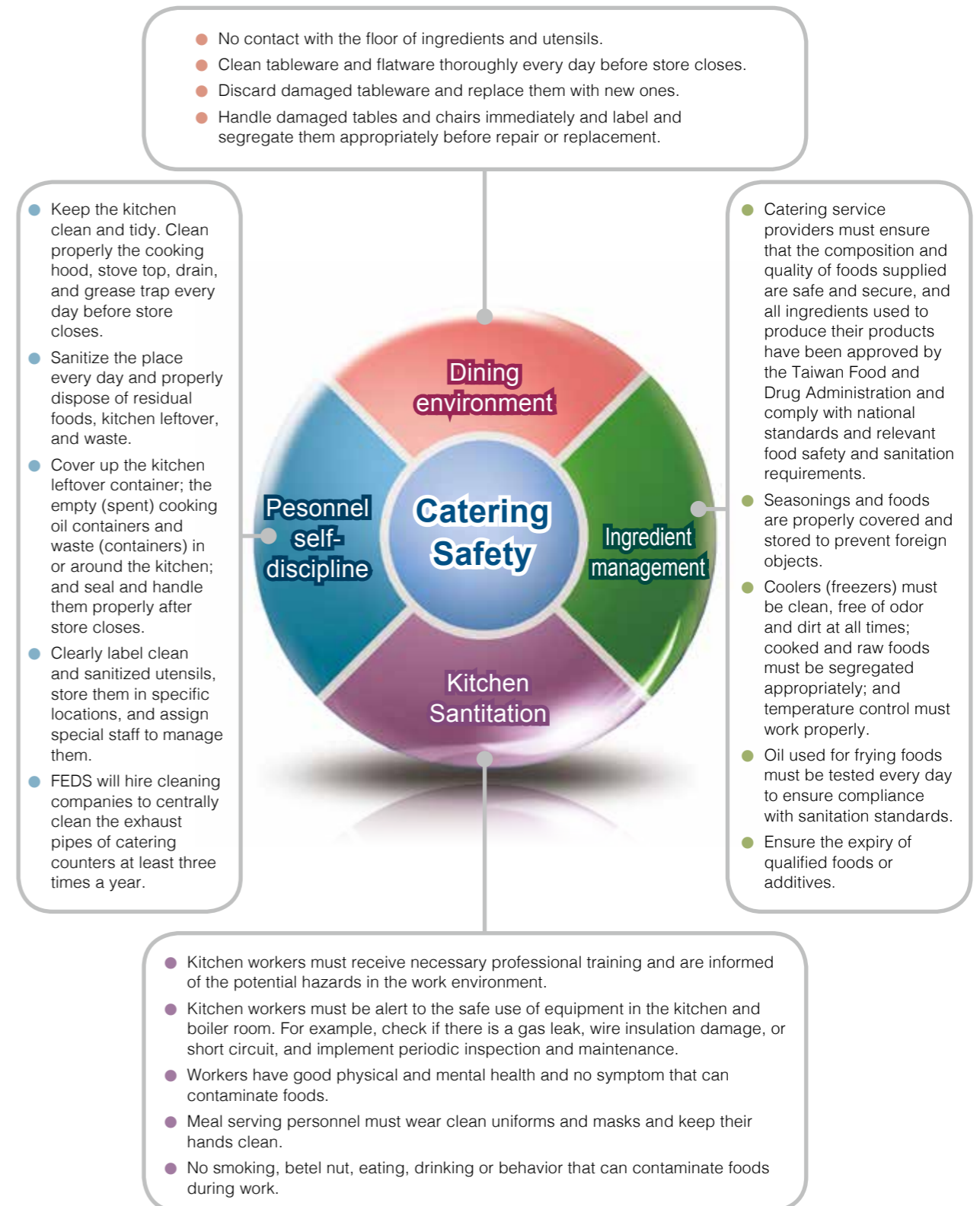
As food safety scandals swept across Taiwan in 2014, public concerns erupted over bad oil and illegal food additives turned into consumption panic. As the number of people eating out reduced significantly, the income of the overall catering industry also affected. Fortunately, FEDS remained unaffected by any food safety scandals in 2014. With the unremitting support of customers for nearly five decades, and as customers are one of the stakeholder group, we value food and catering safety. For the health of customers, we specifically include in the contracts signed with food court shops the obligation to comply with food and sanitation standards and conduct preventive catering and kitchen safety and sanitation inspections, and the need to stop using and make improvement of any alleged ingredients and oil products.

4.3.1 Catering Quality Control: Health Assurance

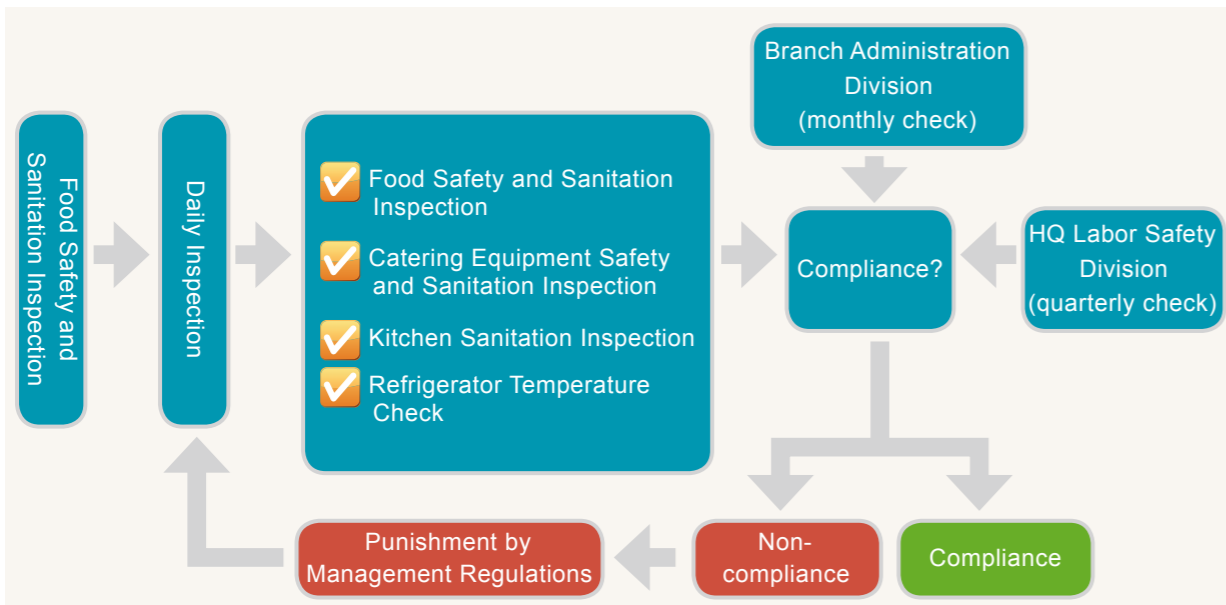
In contrast with the falling eating-out rate, the sales achievement of FEDS' catering business increased in 2014, suggesting customers' faith in our catering safety. We understand that apart from shopping service, it is our responsibility to create a happy life perimeter for consumers. In addition to products and services, our responsibility extends to the physical and mental health and living quality of consumers. Only strict quality control of catering safety and sanitation enables us to create a truly comfortable and worry-free shopping environment for consumers.



FEDS Requirements and Standards for Catering Service Providers



FEDS adopts active management for catering safety. Apart from requesting catering service providers to comply with relevant standards and SOPs, we conduct food safety and sanitation inspections every day and establish SOPs and management systems relating to food safety and sanitation under the supervision of one single unit.



4.3.2 Heated Feedback and High Sales of Self-Imported Products

For nearly five decades, we have been walking ahead of consumers against all adversities to select premium products for consumers and take consumers to experience tasteful and touching fashionable life. In 1995, we began planning the self-imported food counter: FE21' World Gourmet Exotic Foods Court. FEDS product developing personnel personally select premium food ingredients from all parts of the world, including coffee, olive oil, vinegar, pasta dressing, etc. All are made by historical top brands of their kinds. All imported products are verified with reference to the Act Governing Food Safety and Sanitation announced by the Ministry of Health and Welfare, and only qualified products can be sold in the FE21' World Gourmet Exotic Foods Court. When we began slotting in September 2014 the legendary green tea from leading French teahouse Mariage Frères, although we received the third-party verification report, as the Taipei Department of Health used different equipment and parameters in the sampling test, the pesticide residue in the tea was over the standard and we were fined NT\$60,000. As a responsible business, we assumed the responsibility and take active action to immediately recall the tea in coordination with the Department of Health.

Insisting on providing consumers with the best products and experience, when there is a problem, we take immediate action to minimize the damage and impact on consumers and take a positive attitude to solve all problems. After this incident, we became more cautious in product quality control for FE21' World Gourmet Exotic Foods Court, so as not to disappoint the expectation and trust of consumers.

After the bad oil scandal broke out in September 2014, consumers were attracted to olive oil with high purity and high quality sold by the FE21' World Gourmet Exotic Foods Court. When we sold oil at a special offer at the anniversary sale in October to show gratitude for consumer support and provide them with dependable cooking oil, sales were red hot and olive oil offered in limited quantities was sold out on the first day of the anniversary sale. This shows the faith and support of consumers in the self-imported goods of FEDS.

FE21' World Gourmet Exotic Foods Court in Banqiao Store



4.4 Customer Satisfaction and Grievance Channels

As a benchmarking enterprise of the retail and department store industry, we understand that customers are our best mentor and their comments are our best guidance for improvement. Through customer satisfaction survey and grievance channels, therefore, we listen to the voice of customers and make continual improvement for the defects they reported, so as to provide them with the most satisfactory services.

4.4.1 Putting Customer First and Providing Considerate Services

Every year, each branch conducts their customer satisfaction survey periodically. The survey covers the shopping environment, hardware facilities, catering quality, promotions, and related items of the mall. The results of customer satisfaction survey are compared with the results of the previous year and improvement is made for items with a lower score. According to the feedback in the customer satisfactory survey and the discussion at the internal management review, we make improvement for items where immediate corrections are possible. For products or environmental aspect requiring long-term planning and discussions, we make careful evaluation and follow up.

Results of Customer Satisfaction Survey of FEDS Branches

Branch	Overall Satisfaction Score in 2013	Overall Satisfaction Score in 2014	Survey Method of 2014
Paoching Store	83.67	83.71	A questionnaire survey was conducted during April 10 to May 11, with 305 valid responses.
Banqiao Store	78.95	81.92	A questionnaire survey was conducted during May 1 to May 31, with 300 valid responses. Another survey was conducted during July 12 to July 23, 2014 after renovation, with 1,000 valid responses.
Mega City Banqiao Store	-	92%	A questionnaire survey was conducted during June 1 to July 13, with 2,050 valid responses.
Hsinchu Store	80%	87%	A questionnaire survey was conducted during Mother's Day campaign, with 300 valid responses.
Tainan Store	86.9	93.2	A questionnaire survey on customers and counters was conducted during Mother's Day campaign, with 200 valid responses.
Kaohsiung Store	85.52%	93.57%	A questionnaire survey was conducted during April 10 to June 2 at different parts of the branch, with 500 valid responses.

*The customer satisfaction survey was not conducted in 2013

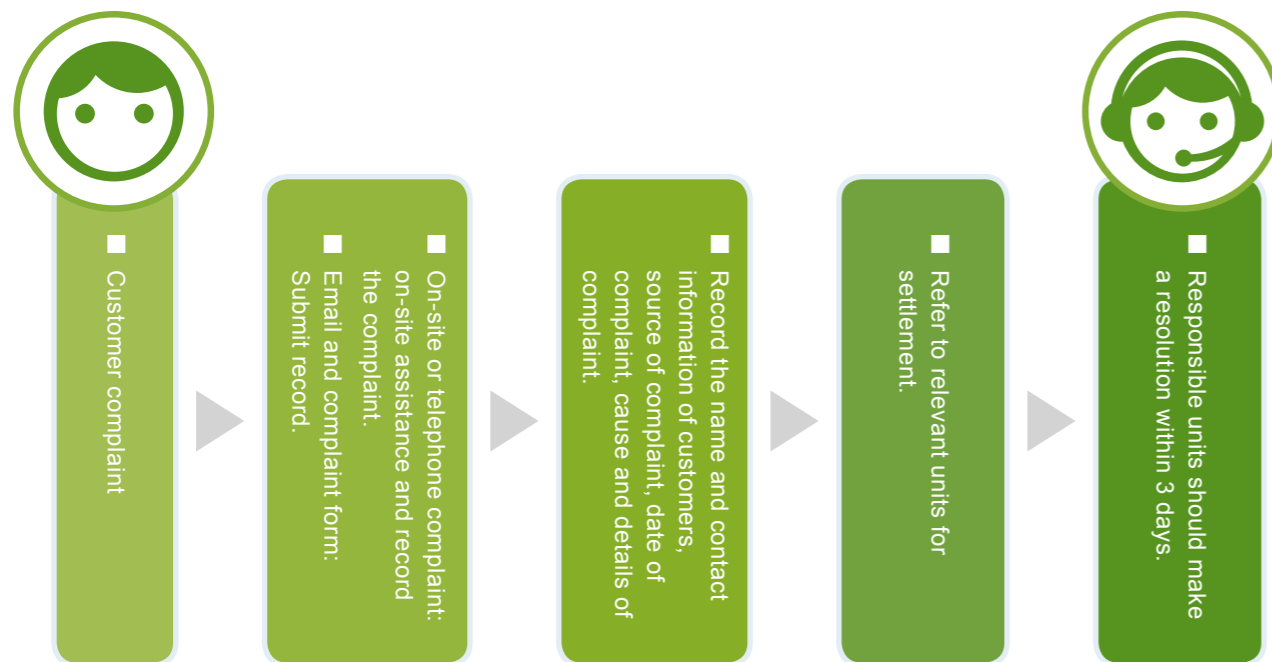
Believing that there always space for development, apart from surveying customer satisfaction with service quality, hardware facilities, and product discounts with set items, we have arranged open questions in the questionnaire for customers to share their support and comments with us for the reference of our continuous growth and continual improvement.

4.4.2 Active Response to Customer Grievances

We value customer opinions, whether they are comments or recommendation for mall software and hardware and product or service quality, customers can always share with us through different channels: mall reception counter, floor managers, the customer opinion form, 0800 customer service line, corporate website, and e-mail. All comments or recommendations will be responded by special personnel. Even if they are complaints about counter products, we will never shirk our responsibility and forward complaints to respective counters to solve problems for customers.

Customers are the most important stakeholder group. From either the CSR point of view or the position of service industry, it is our responsibility to make immediate response to customers, the most important stakeholder group. Service personnel taking care of customer complaints must be swift to react, listen to customers, apologize on behalf of the company, and put ourselves into customer's shoe to respond to customer needs or their complaints. After receiving a customer complaint, service personnel must record the complaint in the "Customer Complaint Form" and ask relevant units to give appropriate assistance in settling the complaint. The responsible unit must make a resolution within three days to capture the golden time for settling customer complaints, so as to respond to customers as quickly as possible.

Customer Complaint Handling Process



4.5 Customer Privacy

After the new Personal Information Protection Act (PIPA) was implemented on October 1, 2012, when collecting customer personal information, apart from informing them of such act, the specific purpose of collection, and compliance with relevant laws and regulations, we are obliged to protect appropriately the information held. Complying with the regulatory and statutory requirements, we have established strict internal control processes and requirements when collecting and processing personal information.

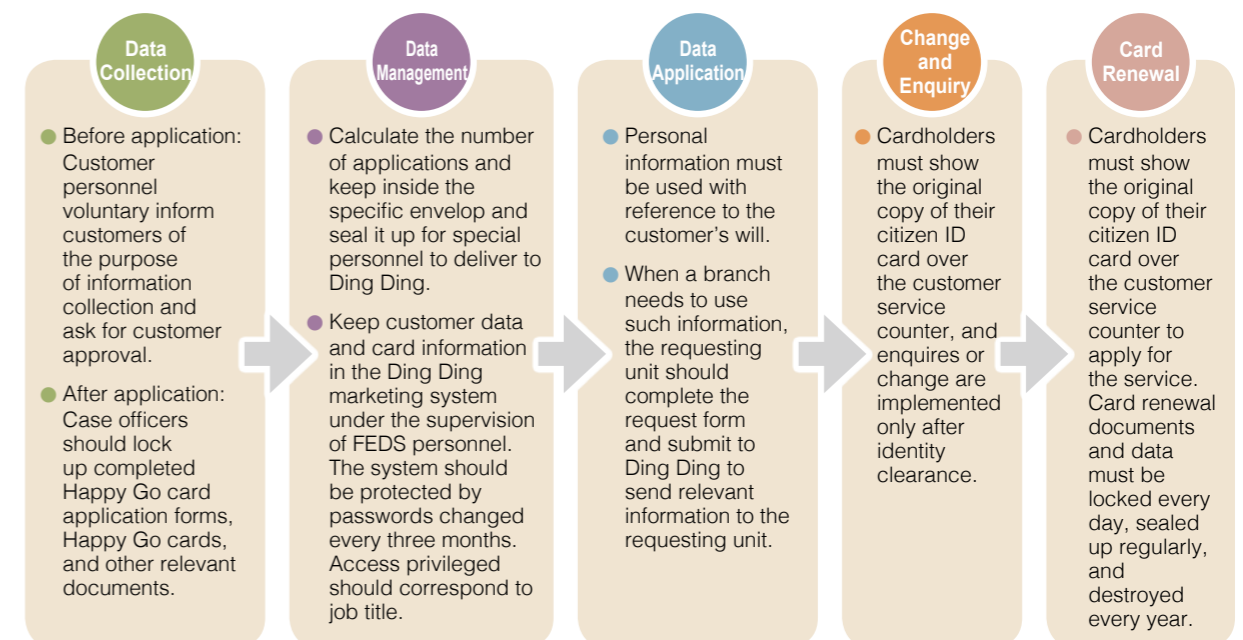
4.5.1 Personal Information Protection for Safe Card Uses

In 2005, we issued the Happy Go card for joint shopping bonus point collection. By 2014, a total of 11 million cards were issued, with cardholder consumption amounting to NT\$230 billion. Today, it is the most issued bonus point collection card issued in Taiwan. FEDS is the major channel for card application and one of the stores for collecting bonus points through consumption. Therefore, protecting personal information during card application is our most important responsibility in privacy management.

After the PIPA was implemented, as all customer information must be stored on the Happy Go card bonus point platform: Ding Ding Integrated Marketing Service Co. Ltd, Happy Go cardholder data files previously stored by FEDS were expunged from the FEDS member server after disconnection from the internet. In addition, professionals were hired to examine if there was incompletely deleted customer data file in the server and migrate all track data and execution results to the forensic server for consolidation and burning before deletion.

Therefore, only the member number cross-reference file remains at FEDS for matching the Happy Go card bonus points in the future, and there is no way to obtain member data or identify member status. The Happy Go card bonus point platform has passed ISO27001 (ISMS) certification and complies with the Taiwan Personal Information Protection and Administration System (TPIPAS). The data of all Happy Go cardholders are protected in the member data service of the Happy Go card bonus point platform after encryption.

To ensure exact compliance with the PIPA, we have established the "FEDS Happy Go Bonus Point Card Management Regulations" and processes regarding the collection, processing, use, and file security maintenance of customer personal information, so as to effectively control personal information protection for card application. Relevant processes are as follows:



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Training and education	Disclosure on Management Approach (DMA)		
	G4-LA9 Average hours of training per year per employee by gender, and by employee category	3.1.4 Talent Cultivation and Knowledge Sharing	51
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		
Diversity and equal opportunity	Disclosure on Management Approach (DMA)		
	G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	3.1.2 Equal Remuneration for Women and Men and Equal Opportunity	46
Equal remuneration for women and men	Disclosure on Management Approach (DMA)		
	G4-LA12 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	1.3.1 Corporate Governance	14
Supplier assessment for labor practices	Disclosure on Management Approach (DMA)		
	G4-LA13 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	3.1.2 Equal Remuneration for Women and Men and Equal Opportunity	46
Labor practices grievance mechanisms	Disclosure on Management Approach (DMA)		
	G4-LA14 Percentage of new suppliers that were screened using labor practices criteria	3.1.3 Protecting Human Rights: People Focus	47
Investment	Disclosure on Management Approach (DMA)		
	G4-LA16 Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	3.1.3 Protecting Human Rights: People Focus	47
Non-discrimination	Disclosure on Management Approach (DMA)		
	G4-HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	3.1.3 Protecting Human Rights: People Focus	47
Freedom of association and collective bargaining	Disclosure on Management Approach (DMA)		
	G4-HR3 Total number of incidents of discrimination and actions taken	3.1.3 Protecting Human Rights: People Focus	47
Forced or compulsory labor	Disclosure on Management Approach (DMA)		
	G4-HR4 Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	3.1.3 Protecting Human Rights: People Focus	47
	Disclosure on Management Approach (DMA)		
	G4-HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	3.1.3 Protecting Human Rights: People Focus	47

Aspects	Profile disclosure	Chapter	Page
Indigenous rights	Disclosure on Management Approach (DMA)		
	G4-HR8 Total number of incidents of violations involving rights of indigenous people and actions taken	3.1.3 Protecting Human Rights: People Focus	47
Human rights grievance mechanisms	Disclosure on Management Approach (DMA)		
	G4-HR12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	3.1.3 Protecting Human Rights: People Focus	47
Local Communities	Disclosure on Management Approach (DMA)		
	G4-S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs	3.2.1 Befriending Neighbors and Local Cultivation	54
	G4-S02 Operations with significant actual or potential negative impacts on local communities		
Anti-corruption	Disclosure on Management Approach (DMA)		
	G4-S03 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	1.4 Risk Management and Contingency	17
	G4-S04 Communication and training on anti-corruption policies and procedures		
Anti-competitive Behavior	Disclosure on Management Approach (DMA)		
	G4-S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	1.2.2 Financial Performance	11
Compliance	Disclosure on Management Approach (DMA)		
	G4-S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	1.4.2 Legal Compliance and Ethnical Operations	19
Customer health and safety	Disclosure on Management Approach (DMA)	4.1 Shopping Environment	72
		4.2 Products and Services	81
		4.3 Catering Safety	86
	G4-PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	4.1.2 Environmental Management, Periodic Inspection	77
		4.2.1 Counter Management and Growth Together	81
		4.3.1 Catering Quality Control: Health Assurance	86
	G4-PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	4.3.2 Heated Feedback and High Sales of Self-Imported Products	88

Aspects	Profile disclosure	Chapter	Page
Product and service labeling	Disclosure on Management Approach (DMA)		
	G4-PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	4.2.2 Product Labeling and Consumer Protection	83
	G4-PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
	G4-PR5 Results of surveys measuring customer satisfaction	4.4.1 Putting Customer First and Providing Considerate Services	89
		4.2.1 Counter Management and Growth Together	
Marketing communications	Disclosure on Management Approach (DMA)	4.2.3 Eliminating Errors in Promotion and Marketing Communications	81
		4.2.4 Online Shopping, Convenient and Efficient	85
		4.3.1 Catering Quality Control: Health Assurance	86
	G4-PR6 Sale of banned or disputed products	4.3.1 Catering Quality Control: Health Assurance	86
	4.3.2 Heated Feedback and High Sales of Self-Imported Products	88	
	G4-PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	4.2.3 Eliminating Errors in Promotion and Marketing Communications	84
Customer privacy	Disclosure on Management Approach (DMA)		
	G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	4.5.1 Personal Information Protection for Safe Card Uses	91
Compliance	Disclosure on Management Approach (DMA)		
	G4-PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	4.3.2 Heated Feedback and High Sales of Self-Imported Products	88



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN DEPARTMENT STORES CO., LTD.'S 2014 CORPORATE SOCIAL RESPONSIBILITY REPORT

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastern Department Stores Co., Ltd. (hereinafter referred to as FEDS) to conduct an independent assurance of the Corporate Social Responsibility Report (hereinafter referred to as CSR Report) of 2014. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the FEDS's CSR Report of 2014 and its presentation are the responsibility of the superintendents, CSR committee and the management of FEDS. SGS has not been involved in the preparation of any of the material included in the FEDS's CSR Report of 2014.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all FEDS's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny for FEDS and moderate level of scrutiny for applicable aspect boundaries outside of the organization covered by this report ;
- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee members and senior management at headquarter in New Taipei City; documentation and record review and validation with stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from FEDS, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG validation/verification who are experienced on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within FEDS's CSR Report of 2014 verified is accurate, reliable and provides a fair and balanced representation of FEDS sustainability activities in 01/01/2014 to 12/31/2014.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the first to be published and assured by an independent assurance team and FEDS has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate Level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

FEDS has initiated logical approach to stakeholder inclusivity and stakeholder engagement. Internal/external stakeholders are properly identified, concerns are collected and evaluated. For future reporting, FEDS may consider having more intensive engagement and involvement with external stakeholders, such as survey and/or direct communication.

Materiality

FEDS has established effective processes for determining issues that are material to the business. Formal review and classification has identified stakeholders and those issues that are material to each group. The report addresses these at an appropriate level to reflect their importance and priority to stakeholders. It is recommended that the process and criteria applied to assess materiality may be formalized and documented to ensure better consistent result in future reporting.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FEDS's CSR Report of 2014, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are accurately located in content index and report. It is recommended to strengthen the Disclosures on Management Approach components, such as goals and targets, and analysis of the performance outcomes in future reporting. More disclosures on the supplier assessment indicators are also recommended. Extend of report boundary to cover subsidiaries is encouraged as well.

Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
3 July, 2015
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Corporate Social Responsibility Report

