2022
POYA Sustainability Report

# POYA 寶雅

## 永續報告書

POYA寶雅國際股份有限公司

# About this Report

This is the tenth "Sustainability Report" issued by Poya International Co., Ltd. (hereinafter to be referred as Poya) in accordance with the GRI standards published in 2021 by the Global Reporting Initiative(GRI), industry standards for the professional retailers and distributors of the Sustainability Accounting Standards Board (SASB).

This report represents Poya's implementations on economy, environment, society, and corporate governance in 2022, as well as future plans. Material topics applicable to Poya were selected based on materiality assessment, in the hopes of maximazing benefits for all stakeholders in order to accomplish our ultimate goal of sustainable development.

**Period, Boundaries and Data included in the Report**

This report discloses Poya's sustainability performance for the 2022 calendar year ( January 1, 2022 to December 31, 2022). The financial information in this report is confirmed by the accountant, and the scope of the report is consistent with the audit report confirmed by accountants. In order to improve the completeness of the information, some of the information on relevant performance traced back before 2022. This report focuses on Poya's headquarter, retail locations, and the distribution centers in Taiwan. Poya deeply rooted in Taiwan and has no overseas branches or operations.

**Report Management and External certification**

The correctness of each chaper is verified by the supervisor of each department. The report is approved by the Poya sustainable Development Committee. The performance in sustainbale development is reported to the Poya's Board of Directors each year. Both Chinese and English versions are available at the company's website (http://www.poya.com.tw/) and on MOPS.

Poya entrusts PwC Certified Public Accountants (PwC) to perform independent limited assurance on the selected sustainability performance information in accordance with TWSAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information". The assurance report is attached to the appendix of this report.

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**Official Website：** [QR code] **(Chinese)** [QR code] **(English)**

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# Message from Management

On the third year of the pandemic, Taiwan was hit by the Omicron in 2022, which tested the resilience of enterprises. Even in the face of changes in the external environment, as a customer-oriented company, Poya has improved the omni-channel strategy during the outbreak of pandemic, further introduced the regular customer system and group buying groups. We accelerate our omni-channel strategy by leveraging our advantages of physical stores. Poya has continued to enhance brand service and fulfill customers needs through product mix optimization and improvement of internal personnel training process. Thanks to easing pandemic condition in the second half of 2022, Poya is well positioned to ride the tailwinds of recovering demand of self-care and beauty needs in the post-epidemic era by introduction of our new format shop, Poya Beauty. Poya resumes the operation recovery by enhancing the customer experience in physical stores. By the end of 2022, we operated 353 stores (including Poya and Poya Home). The operating revenue and profit after tax in 2022 were NT$19.5 billion and NT$2.1 billion respectively. Meanwhile, Poya implements and promotes sustainable actions on environment, society, and corporate governance, to lay a solid foundation for the sustainable operation of enterprise.

Thanks to our efforts on sustainable development, Poya ranked in the top 5% in the 9th Taiwan Corporate Governance Evaluation System. The sustainable effort links to the relevant financial indicators. Poya has signed sustainability-linked loans with Yuanta Bank and E.SUN Bank in 2022 and 2023 respectively. The banks take into consideration Poya's sustainability-linked performance, with indicators including the average carbon emission per store, the average water consumption per store, and etc. If the agreed conditions are met, the banks will take the initiative to lower the interest rate, leading the way to sustainable development together with Poya through substantial financial incentives.

In terms of corporate governance, Poya has formulated a plan to strengthen the functions of the board of directors, adding a additional independent director when the re-election of the Board takes place in 2023.  Poya has set up a sustainable development committee and a risk and information security management team under the board of directors, with the purpose to strengthen the company's identification of major risks and reduce operational risks while ensuring the implementation of sustainable development policies and plans. Poya continues to provide investors with timely, correct and complete information. In addition to reporting directors' individual remuneration and policies at the shareholders' meeting, Poya also disclosed the composition, operation and performance evaluation of the board of directors and functional committees on the official website. Poya compiles and confirms the sustainability report every year. In the future, Poya will comply with the revision of corporate governance evaluation indicators and continue to evaluate the goals for future improvement.
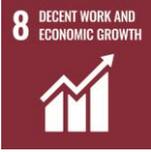
In terms of environment, Poya has set energy-saving and carbon-reduction goals. Poya has introduced specific energy-saving solutions within a reasonable range, such as using electronic company signatures and electronic DMs to save paper. In 2022, the amount of paper saved in the same store reached 365 tons. Poya also introduced high-efficiency lamps, linear lights, etc. to reduce store electricity consumption to achieve energy saving and carbon reduction. The average electricity consumption and carbon emissions per store decreased by 4.9% and 4.5%, respectively, in 2022. In line with the "Sustainable Development Roadmap for Listed Companies", Poya set up a greenhouse gas inventory team in 2022 to construct and promote greenhouse gas inventory, report the schedule and progress to the board of directors on a quarterly basis, conduct carbon inventory and set carbon reduction targets in advance. Poya's Sustainability Report also discloses Poya's governance, strategies, risk management, indicators and goals for climate-related risks and opportunities in accordance with the TCFD framework, to strengthen the company's control of specific climate risks and opportunities.

In terms of social participation, Poya will continue to plan with three main dimensions, including: marine protection, cooperative education, and community care. In 2022, Poya donated to the National Penghu University of Science and Technology as the ocean protection fund, cooperated with universities and matched 86 people as interns at our stores, and sponsored "Social Affairs Bureau Tainan City Government", "Peng Wan-Ru Foundation", "Tainan City Fire Department Volunteer Fire Brigade", "Joy Caring Association Taipei", and "2022 Hearing Impaired and Disabled Slow Pitch Softball Championship" to care for the disadvantaged and contribute to social welfare. In 2022, the total amount of donation for the above activities was NT$1.2 million. Poya will continue to contribute to Taiwanese society by actively participating in social activities.

Looking forward to the future, Poya aims at becoming "A more preferred Poya to the customers", and will continue the work on sustainable development of the Company in the fields of environment, society and corporate governance, and invite customers, investors, employees and all stakeholders to join us.

**Poya International**
**Chen Zong-Cheng, General Manager**

# Meeting the SDGs

| | Poya's plans and achievements in response to SDGs | Chapter |
|---|---|---|
| **3 GOOD HEALTH AND WELL-BEING** | **Goal 3 Good Health And Well-Being**<br>Caring for the disadvantaged and holding charity donation activities, and sponsored "The Garden of Hope Foundation", "Social Affairs Bureau Tainan City Government", etc. In 2022, the total amount of donation was NT$1.2 million | 6.1 Community Participation |
| **4 QUALITY EDUCATION** | **Goal 4 Quality Education**<br>Regularly arrange training courses for directors. In 2022, the directors' training hours meet the required rate of 100%. Hold regular education training program to improve the working ability of employees. In 2022, the total training hours of employees reached 11,830 hours | 2.3 Corporate Governance<br>4.2 Training system and Development |
| **5 GENDER EQUALITY** | **Goal 5 Gender Equality**<br>Established "guidelines on gender equality and sexual harassment prevention" to protect employees from sexual harassment | 4.2 Training system and Development |
| **8 DECENT WORK AND ECONOMIC GROWTH** | **Goal 8 Decent Work and Economic Growth**<br>The operating revenue and profit after tax in 2022 were NT$19.5 billion and NT$2.1 billion respectively, delivering YoY growth on operating revenue of NT$17.5 billion and profit after tax of NT$1.8 billion respectively in 2021.<br>Poya voluntarily abides by internationally recognized human rights standards, including providing employees a dignified and safe working environment, helping employees maintain physical and mental health and work-life balance, and reviewing and evaluating relevant systems regularly. | 2.2 Industry and Financial Overview<br>4.2 Training system and Development |
| **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** | **Goal 12 Responsible Consumption and Production**<br>Poya assess the supplier's production environment and operation situation with signed supplier's contracts opposing any form of corruption and bribery. Poya requires suppliers comply with the relevant regulations, encourages 3rd party certification, reduces package, and introduce products with clear label, harmless ingredients, that fulfill corporate social responsibilities. | 3.1 Supply Chain Management |

| | Goal 13 Climate Action | |
|---|---|---|
| | Promote LED energy-saving lamps to all branches, and retrofit air-conditioning controllers and linear lights on a trial basis. In 2022, the average power consumption per store dropped by 4.9%. In the future, it is expected to promote air-conditioning controllers and linear lighting to more shops. | |
| | Daily promotion by water-saving slogans and implementation of water-saving devices. Long-term plan is to introduce inverter air-conditioning to all branches. In 2022, the average water consumption per store dropped by 14.4%. | 5.2 Energy Management |
| | Promote the electronic company signatures and electronic DMs and invoice mobile barcode. In 2022, the average number of DM printed copies on the same store basis dropped by 22%. | |

| | Goal 14 Life Below Water | |
|---|---|---|
| | Sponsored the "Protect the Ocean" activity of National Penghu University of Science and Technology, and launched the "Protect the Sea Turtles ", point donation and "Ocean-Friendly products" activities. | 6.1 Community Participation |

| | Goal 16 Peace, Justice and Strong Institutions | |
|---|---|---|
| | With the legal office as the guiding unit, Poya grasps the trend of revision of government laws and regulations, and ensures that all operations of the company comply with the requirements of various government laws and regulations. In 2022, there was no violation of laws and regulations. | 2.5 Legal Compliance |

# Highlights of Sustainability Performance

The sustainable development is the core to the enterprise operation. Poya has established a comprehensive management mechanism to continuously achieve the goal of sustainable operation in terms of environment, society and corporate governance.

| | |
|---|---|
| **E** | Set goals for energy conservation, carbon reduction and reduction of greenhouse gas emissions. In 2022, the average carbon emissions per store was reduced by **4.5%** |
| | Daily promotion by water-saving slogans and implementation of water-saving devices. In 2022, the average water consumption per store dropped by **14.4%** |
| | Retrofit air-conditioning controllers and linear lights on a trial basis. In 2022, the average electricity consumption per store was 260,434 kWh, which was down **4.9%** compared to 2021. |
| | Promote the electronic company signatures and electronic DMs and invoice mobile barcode. In 2022, the total paper saved on the same store basis amounted to **365** tons. |
| | In 2022, the recycling volume of logistics waste cardboard boxes reached **2,293** tons |
| **S** | Sponsored "The Garden of Hope Foundation", "Social Affairs Bureau Tainan City Government", etc. In 2022, the total amount of donation was NT$ **1.2** million |
| | Cooperated with universities and matched **86** people as our interns at our stores. |
| | Advocating gender equality at work, female managers accounted for **76%** of total managers |
| **G** | The operating revenue in 2022 was NT$ **19.5** billion, an increase of **11.49%** over last year |
| | The profit after tax in 2022 was NT$ **2.1** billion, an increase of **12.41%** over last year |
| | Ranked in the top **5%** in the 9th Taiwan Corporate Governance Evaluation System |
| | In 2022, the board of director held **12** meetings, with an attendance rate of **96%** |
| | Regular education training program to improve the ability of employees. In 2022, the total training hours of employees reached **11,830** hours |

# Sustainable Management

# 01
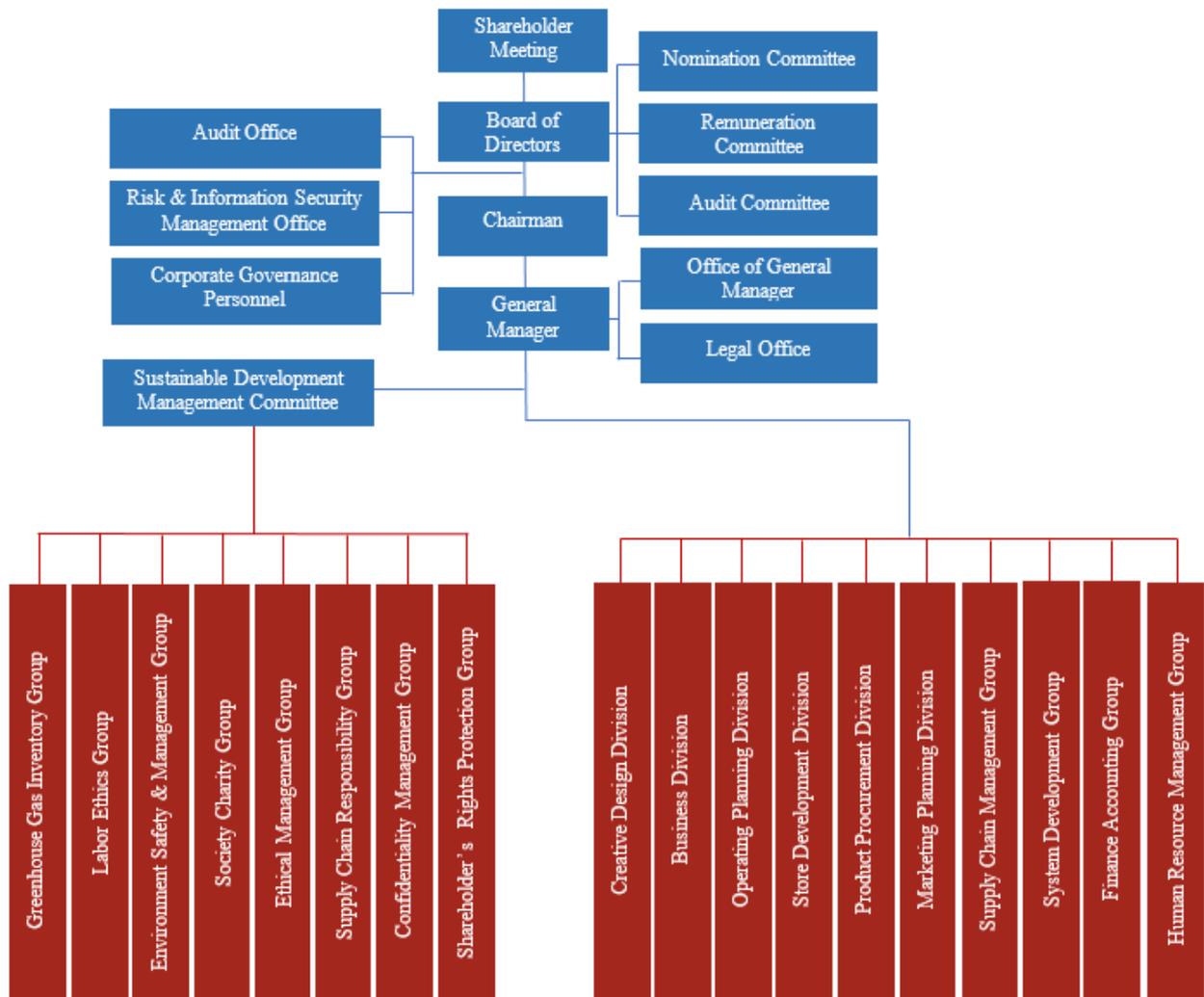
1.1 Sustainable Development Committee
1.2 Materiality Assessment
1.3 Stakeholder Communication

## 1.1 Sustainable Development Committee

To oversee the implementation and management of corporate sustainability, the "sustainable development committee" has been set up, with the general manager as the chairman, and 8 functional groups under the committee. The Sustainable Developmetn Committee is responsible for formulating and supervising the direction and promotion plans for corporate sustainability policy, as well as reporting the annual reults to the Board of Directors. In view of the increasing emphasis on information security issues in international corporate governance in recent years, Poya set up a "Risk and Information Security Managemetn Office" under the Board of Directors in 2021, with responsibility to formulate risk management policies and information security policies. The general manager acts as the convener and reports the performance of implementation and the plans for the following year to the Board of Directors every year, as the highest guiding principle of coporate risk management.
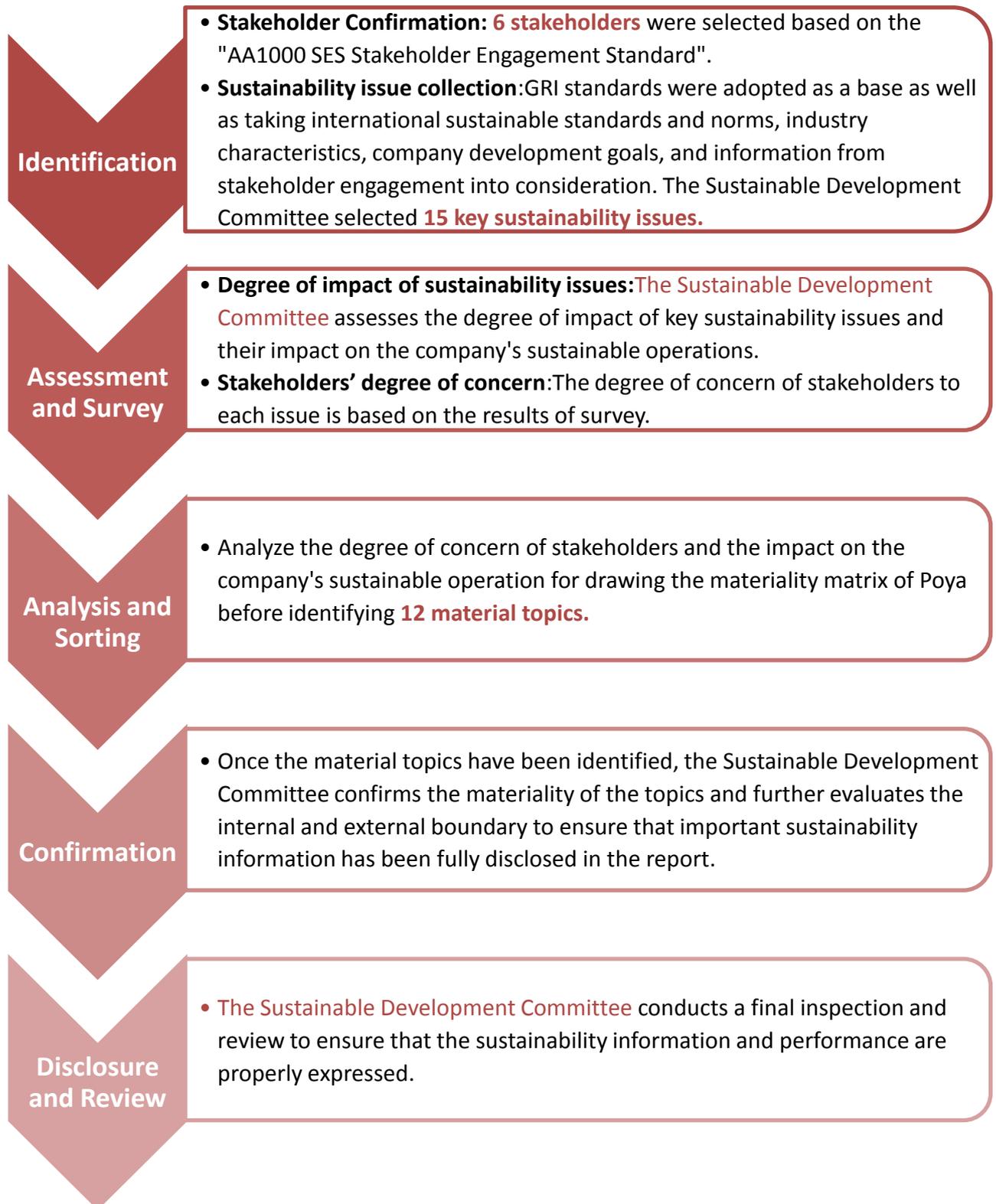
For more information, please refer to the sustainable development section of the Poya official website (Note 1)



Note 1：https://www.poya.com.tw/investor/en/sustainability-reports

## 1.2 Materiality Assessment

## Process of Materiality Assessment

### Identification

- **Stakeholder Confirmation: 6 stakeholders** were selected based on the "AA1000 SES Stakeholder Engagement Standard".
- **Sustainability issue collection**:GRI standards were adopted as a base as well as taking international sustainable standards and norms, industry characteristics, company development goals, and information from stakeholder engagement into consideration. The Sustainable Development Committee selected **15 key sustainability issues.**

### Assessment and Survey

- **Degree of impact of sustainability issues:**The Sustainable Development Committee assesses the degree of impact of key sustainability issues and their impact on the company's sustainable operations.
- **Stakeholders' degree of concern**:The degree of concern of stakeholders to each issue is based on the results of survey.

### Analysis and Sorting

- Analyze the degree of concern of stakeholders and the impact on the company's sustainable operation for drawing the materiality matrix of Poya before identifying **12 material topics.**

### Confirmation

- Once the material topics have been identified, the Sustainable Development Committee confirms the materiality of the topics and further evaluates the internal and external boundary to ensure that important sustainability information has been fully disclosed in the report.

### Disclosure and Review

- The Sustainable Development Committee conducts a final inspection and review to ensure that the sustainability information and performance are properly expressed.

# Materiality Matrix



## 12 Material Topics

| | |
|---|---|
| 1 | Economic Performance |
| 2 | Corporate Governance |
| 3 | Risk Management |
| 4 | Customer Relationship Management |
| 5 | Customer Privacy and Information Security |
| 6 | Supply chain management |

| | |
|---|---|
| 7 | Product and service innovation |
| 8 | Talent Development and Cultivation |
| 9 | Environment and Energy Resource Management |
| 10 | Talent Attraction and Retention |
| 11 | Sustainable environment |
| 12 | Human Rights Assessment |

## 3 Minor Issues

| | |
|---|---|
| 13 | Occupational Safety and Health |
| 14 | Labour Relations |

| | |
|---|---|
| 15 | Social welfare |

# Corresponding Value Chain Boundary of Material Topics

| Material Topics | Upstream | | | Company Operations | Downstream | |
| --- | --- | --- | --- | --- | --- | --- |
| | Investors | Suppliers | Government Agencies | Poya (employees included) | Customers | Communities |
| Customer Relationship Management | | ■ | | ■ | ■ | ■ |
| Product and service innovation | ■ | ■ | | ■ | ■ | ■ |
| Environment and Energy Resource Management | ■ | ■ | ■ | ■ | ■ | ■ |
| Sustainable environment | ■ | | | ■ | | ■ |
| Talent Development and Cultivation | | | | ■ | | ■ |
| Talent Attraction and Retention | | | | ■ | | |
| Human Rights Assessment | ■ | ■ | ■ | ■ | ■ | ■ |
| Economic Performance | ■ | ■ | ■ | ■ | ■ | ■ |
| Corporate Governance | ■ | | | ■ | | |
| Risk Management | ■ | ■ | ■ | ■ | ■ | |
| Customer Privacy and Information Security | ■ | ■ | ■ | ■ | ■ | ■ |
| Supply chain management | ■ | ■ | ■ | ■ | ■ | ■ |

## 1.3 Stakeholder Communication

Stakeholder section has been set up on the Poya official website (Note 1) A physical mailbox has also been made available. We aim at understanding the needs and expectations stakeholders have of the Company through a variety of different methods and channels.

| Stakeholders | Importance | Topics of Concern | Communication Channel | Frequency | Number of Communications in 2022 |
|---|---|---|---|---|---|
| **Investors** | Obtaining the long-term support of shareholders and investors is the strength of Poya's steady growth | • Product and service innovation<br>• Environment and Energy Resource Management<br>• Sustainable environment<br>• Human Rights Assessment<br>• Economic Performance<br>• Corporate Governance<br>• Risk Management<br>• Customer Privacy and Information Security<br>• Supply chain management | MOPS | As needed | 31 important messages in Chinese/English |
| | | | Investor Conference | As needed | 19 times |
| | | | Shareholders' Meeting | Regularly (annual) | Once |
| | | | Financial information | Regularly (monthly/ quarterly) | 12 monthly revenue announcements, 4 quarterly financial announcements |
| | | | Official website | Regularly (monthly) | 12 times |
| **Suppliers** | Suppliers are Poya's important partners in jointly developing innovative products and services, improving product quality and implementing the spirit of sustainability, and are the key to Poya's continuous provision of high-quality services | • Customer Relationship Management<br>• Product and service innovation<br>• Environment and Energy Resource Management<br>• Human Rights Assessment<br>• Economic Performance<br>• Risk Management<br>• Customer Privacy and Information Security<br>• Supply chain management | Review Report and Communication Meeting | As needed | As needed |
| | | | E-Platform | As needed | As needed |
| | | | On-site assessment and New Product Presentation | As needed | As needed |
| | | | Audit Management | As needed | As needed |
| | | | Sign the Corporate Social Responsibility Commitment Letter with suppliers | As needed | As needed |
| **Government Agencies** | Paying attention to government policies and legal regulations and maintaining good communication channels are of great significance to Poya's implementation of legal compliance. | • Environment and Energy Resource Management<br>• Human Rights Assessment<br>• Economic Performance<br>• Risk Management<br>• Customer Privacy and Information Security<br>• Supply chain management | Correspondence policy by relevant authority | As needed | As needed |
| | | | Annual report and Sustainability report | Regularly (annual) | Once |
| | | | Shareholders meeting | Regularly (annual) | Once (Held on June 21, 2022 ) |

Note 1：https://www.poya.com.tw/investor/en/stakeholder

| Stakeholders | Importance | Topics of Concern | Communication Channel | Frequency | Number of Communications in 2022 |
|---|---|---|---|---|---|
| **Poya (employees included)** | Talent and innovation are the most important key to building the core competitiveness of an enterprise. We are committed to creating a high-quality working environment for employees to achieve the goal of sustainable operation | ・Customer Relationship Management<br>・Product and service innovation<br>・Environment and Energy Resource Management<br>・Sustainable environment<br>・Talent Development and Cultivation<br>・Talent Attraction and Retention<br>・Human Rights Assessment<br>・Economic Performance<br>・Corporate Governance<br>・Risk Management<br>・Customer Privacy and Information Security<br>・Supply chain management | ABC Conference | Regularly (monthly) | 12 times |
| | | | Internal Meeting | Regularly (monthly) | 12 times |
| | | | Training Course(at least once a quarter) | Regularly (quarterly) | 53 courses |
| | | | KPI Assessment | Regularly (annual) | 2 times |
| | | | Complaint mailbox | As needed | As needed |
| | | | Staff Welfare (department reunion) | Regularly (annual) | Once spring feast Once department reunion |
| | | | Employee bonus | Regularly (annual) | Once |
| **Customers** | Enhancing customer satisfaction by meeting customer needs is closely related to Poya's operational performance. | ・Customer Relationship Management<br>・Product and service innovation<br>・Environment and Energy Resource Management<br>・Human Rights Assessment<br>・Economic Performance<br>・Risk Management<br>・Customer Privacy and Information Security<br>・Supply chain management | Paper brochure | Regularly (monthly) | 12 times |
| | | | Official Website | As needed | As needed |
| | | | Complaint mailbox and customer service lines | As needed | As needed |
| | | | Line/Poya APP | As needed | As needed |

| Stakeholders | Importance | Topics of Concern | Communication Channel | Frequency | Number of Communications in 2022 |
|---|---|---|---|---|---|
| **Communities** | Actively promote social welfare activities would exert positive influence. By integrating social welfare with Poya's business strategy not only can give back to society but also attract potential customers. | • Customer Relationship Management<br>• Product and service innovation<br>• Environment and Energy Resource Management<br>• Sustainable environment<br>• Talent Development and Cultivation<br>• Human Rights Assessment<br>• Economic Performance<br>• Customer Privacy and Information Security<br>• Supply chain management | Care for Community | As needed | As needed |
| | | | Charity | As needed | As needed |
| | | | Activities in Local Community | As needed | As needed |
| | | | Donated to Social Affairs Bureau Tainan City Government , The Garden of Hope Foundation , National Penghu University of Science and Technology ocean protection fund , etc. | As needed | A total of NT$1.2 million in 2022 |

## Description of Material Topics

| Theme of Sustainability | Material Topics | Corresponding GRI Standards | Relevant SASB Topics | Corresponding Chapter |
|---|---|---|---|---|
| E | Customer Relationship Management | Custom Topics | N/A | 03 Products |
| E | Product and service innovation | GRI 416 | Product Sourcing, Packaging & Marketing | 03 Products |
| E | Environment and Energy Resource Management | GRI 303 GRI 305 | Energy Management | 05 Environment |
| E | Sustainable environment | GRI 303 GRI 305 | Energy Management Product Sourcing, Packaging & Marketing | 05 Environment 03 Products |
| S | Talent Development and Cultivation | GRI 205 GRI 404 | Labor Practices | 02 Corporate Governance 04 Employee Care |
| S | Talent Attraction and Retention | GRI 401 GRI 404 GRI 405 | Workforce Diversity & Inclusion | 04 Employee Care |
| S | Human Rights Assessment | GRI 401 GRI 403 GRI 405 GRI 406 GRI 408 GRI 409 | Workforce Diversity & Inclusion | 04 Employee Care |
| G | Economic Performance | GRI 201 | N/A | 02 Corporate Governance |
| G | Corporate Governance | GRI 2 GRI 405 GRI 406 | Operating Indicators Labor Practices Workforce Diversity & Inclusion | 02 Corporate Governance 04 Employee Care 05 Environment |
| G | Risk Management | Custom Topics | N/A | 02 Corporate Governance |
| G | Customer Privacy and Information Security | GRI 418 | Data Security | 02 Corporate Governance 03 Products |
| G | Supply chain management | GRI 414 | Product Sourcing, Packaging & Marketing | 03 Products |

# Significance of Material Topics, Objectives and Policy Statements

| Material Topics | Significance | Objective | Policy Statements |
|---|---|---|---|
| **Customer Relationship Management** | Customer satisfaction and demand are related to the company's operational performance. Poya adheres to customer needs as the core and is committed to meeting customer needs. | ★The total number of members maintained positive growth<br>★Increase the proportion of VIP customers in the total number of members and total consumption every year | Member Rights Statement. Personal Information and Privacy Policy. |
| **Product and service innovation** | Continuous research and development of product and service innovations to provide consumers with safe, secure, high-quality and convenient products and services will attract customers and increase loyalty | ★Continue to develop private brands<br>★Continue to improve the OMO Strategy. | Supplier Management Policy. |
| **Environment and Energy Resource Management** | Reduce energy resource problems such as air pollution, water resources and greenhouse gas emissions by saving energy resources such as water, electricity and paper | ★Save 5% on water consumption per store<br>★15% reduction in DM printing | Climate Change Assessment and Response Measures. |
| **Sustainable environment** | Continue to implement environmentally friendly actions and management, and implement energy conservation and carbon reduction to fulfill the company's sustainability commitments. | ★3% reduction in Carbon emission per store | Code of Practice for Sustainable Development. Sustainability Policy Statement. |
| **Talent Development and Cultivation** | Employees are the most important assets of the company, and a complete training system is established to encourage colleagues to develop diverse careers and become competitive. | ★At least 70 courses/10,000 hours of Employee career training annually | Human resources system and regular training. |
| **Talent Attraction and Retention** | Improving employee satisfaction and sense of belonging to the company can continue to attract and retain rich talents and ensure the steady development of the company. | ★Appraisal at least twice a year, providing opportunities for promotion or salary increase | Employee salary and remuneration policy. Protective measures for employees' working environment and personal safety |

| Material Topics | significance | Objective | Policy Statements |
|---|---|---|---|
| **Human Rights Assessment** | Promote an equal working environment and avoid legal proceedings and brand reputation impact caused by human rights persecution incidents | ★Female executives account for over 50% of total executives | Human Rights Policy, Concerns and Specific Practices |
| **Economic Performance** | Enterprise operating performance is an expression of the company's competitiveness. Steady growth in operating performance will make Poya the first choice for all stakeholders | ★Positive profit growth | Corporate Governance Best-Practice Principles. Articles of Incorporation |
| **Corporate Governance** | Continue to strengthen the transparency and completeness of information disclosure and implement the concept of integrity management to protect the rights and interests of all stakeholders. | ★Top 5% of the assessment of corporate governance | Ethical Corporate Management Best Practice Principles. Guidelines for the Adoption of Codes of Ethical Conduct. |
| **Risk Management** | Effectively control various potential and emerging risks to become a corporate brand that all stakeholders can trust with confidence and ensure the sustainable operation of the company | ★No fines from the authorities | Risk Management Policy |
| **Customer Privacy and Information Security** | Continue to improve information security management and strengthen protection capabilities, comply with information security regulations, avoid information security incidents, and enhance brand trust | ★No violation of customer privacy | Information Security Policy. Personal Data and Privacy Policy |
| **Supply chain management** | Encourage suppliers to pay attention to sustainability issues and avoid indirect negative impacts on the company, so as to fulfill the company's sustainability commitment to society. | ★No fines from the authorities | Supplier Management Policy. Supplier's Integrity Business Terms. Supplier Corporate Social Responsibility Terms |

# Corporate Governance

## 02

# 02 Corporate Governance

## 2.1 Corporate Profile

In 1997, Mr. Chen Jian-Zao, the chairman of Poya, founded the first Poya store in Tainan. After Mr. Chen Zong-Cheng, the general manager joined, he met consumers' one-stop shopping expectations through a multi-category product portfolio and gradually improved scale and efficiency. Poya has developed into a chain beauty and groceries channel with female as the main customer group. In 2002, Poya has emerged as the first company in Taiwan listed on GTSM as a "cosmetic and grocery specialty retailer"

By the end of 2022, Poya's main operating locations include 353 stores and offices across Taiwan (including operation centers, headquarter, and the distribution centers). With our expansion plan and continuous optimization of product and store planning, we enhance the market share. In 2019, Poya decided to penetrate into the hardware department store space with the new"Poya Home" channel, enhancing the penetration rate of Taiwan's retail market. With easing pandemic condition and recovery of traffic in 2H22, Poya launched the new format shop, Poya Beauty, to deepen Poya's image of beauty channel and beauty category development to drive future growth.

| | |
|---|---|
| Chairman | Chen Jian-Zao |
| CEO | Chen Zong-Cheng |
| Date of Foundation | March, 1997 |
| Date of Listing | September, 2002 (Code:5904) |
| Capital | NTD 1.02 billion in 2022 |
| Number of employee | 4,683 |
| Operations Center | 3F., No. 2, Sec. 1, Fuxing S. Rd., Zhongshan Dist., Taipei City |
| Address of Administration | No.74, Sec. 3, Minzu Rd. West Central Dist., Tainan City |
| Total stores | 353 (Poya 313, Poya Home 40) |

(Information updated as of December 31, 2022)

## 2.2 Industry and Financial Overview
## Industry Overview

According to the report compiled by the Ministry of Economic Affairs, retail sales in Taiwan grew 7.4% to NT$4.28 trillion in 2022. Thanks to the post-pandemic recovery in 2H22, the total retail sales in non-specialized stores in 2022 rose 7.8%. Other retail sales in nonspecialized stores, to which Poya belongs, was up 16.2% in 2022 thanks to easing pandemic condition with consumers returning to physical channels, especially in 2H22. The sales, annual growth rate and proportion of sales of Taiwan's retail sales in non-specialized stores are shown as below.

| Year | 2021 | | 2022 | |
| --- | --- | --- | --- | --- |
| Industry | Amount (Billion) | Annual growth rate (%) | Amount (Billion) | Annual growth rate (%) |
| Department stores | 342.6 | -3.2 | 394.6 | 15.2 |
| Supermarket | 248.2 | 8.0 | 254.8 | 2.7 |
| Convenience stores | 361.4 | 0.1 | 382.1 | 5.7 |
| Hypermarket | 243.9 | 6.6 | 249.1 | 2.1 |
| Other retail sales in non-specialized stores | 106.4 | -10.1 | 123.6 | 16.2 |
| Total general merchandise retail sales | 1,302.6 | 0.8 | 1,404.2 | 7.8 |
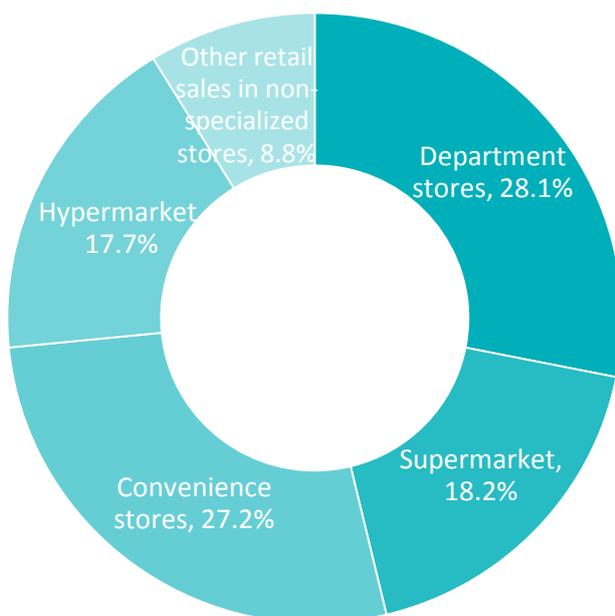


**Department stores**
Selling of higher-end branded products, such as cosmetics and clothes.
**Supermarket**
Selling of household product, fresh foods and prepared meal, etc.
**Convenience stores**
Selling of convenience products like fast foods, drinks and services.
**Hypermarket**
Selling of comprehensive products in large-size package, such as fresh food and commodity within the space comprising shopping area and warehouses.
**Other retail sales in non-specialized stores**
Other retail sales in non-specialized stores out of the four above categories.

## Financial Overview

Poya plans for our medium and long-term operating strategies based on the overall environment and changes in industry competition. In 2022, despite the impact of omicron outbreak the total stores numbers reached 353 stores with the annual revenue grew by 11.49% to NT$19.5 billion, and the profit after tax reached NT$2.1 billion thanks to the efforts and commitment of the management team and Poya associates.

For more details, please go to our financial report section(Note 1) and monthly revenue report section (Note 2) on Poya's official website. The annual report has been uploaded to the TWSE Market Observation Post System Website (Note 3).

## Total number of stores and revenue
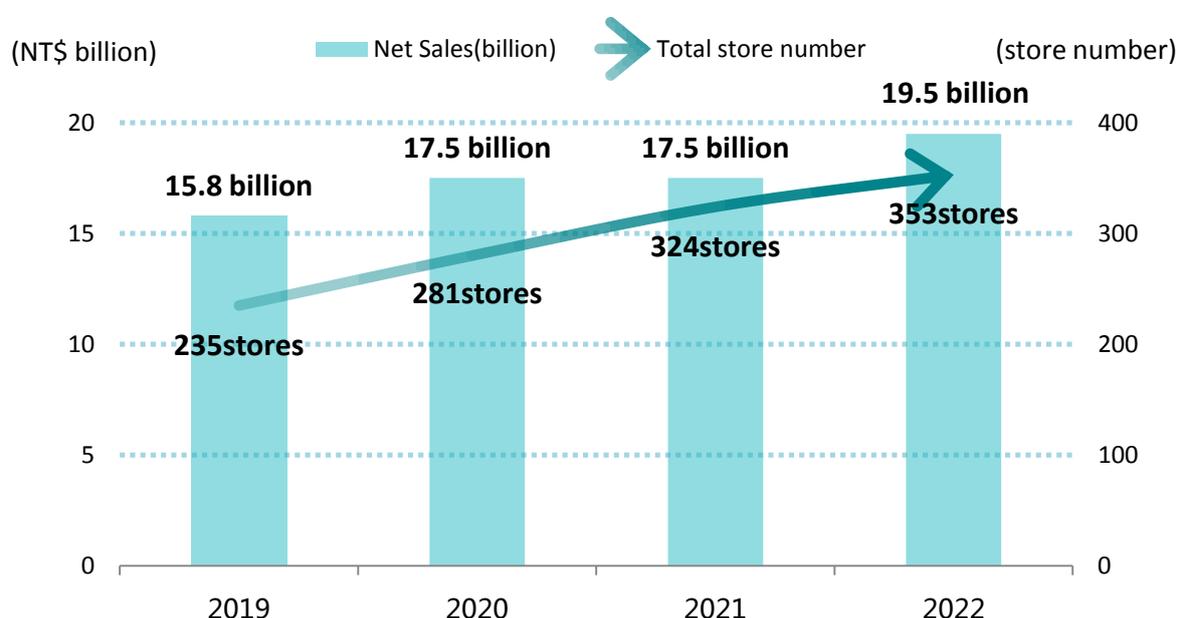


## Profit after tax
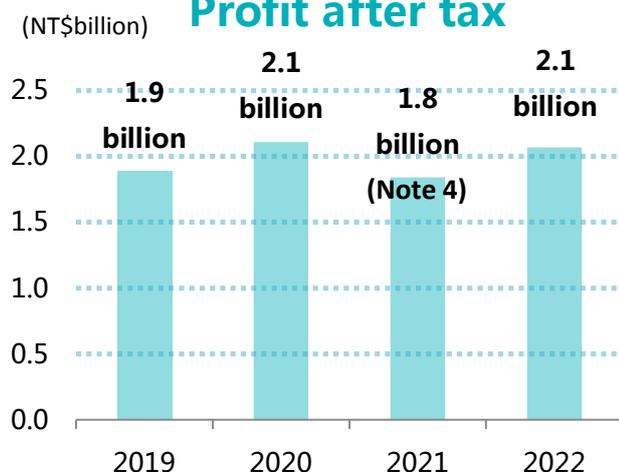


### Direct Economic Value Generated and Distrbuted within the Organization (2022)

(NT$ mn)

| Income | Direct economic value distributed | |
|---|---|---|
| 19,418 (Note 5) | Operating costs | 11,919 |
| | Employee wages and benefits | 2,521 |
| | Payment to financiers | 1,109 |
| | Payment to government expenses by country | 520 |
| | Investments in community | 1 |

Note 1：https://www.poya.com.tw/investor/en/financial-reports
Note 2：https://www.poya.com.tw/investor/en/monthly-net-sales
Note 3：https://mops.twse.com.tw/mops/web/index
Note 4：With the covid outbreak in late May 2021, Taiwan entered a third-level alert of covid, with decreasing willingness to go out and consume for consumers, which affected adversely to Poya's operating performance
Note 5：Income=net sales NT$ 19,476mn+non operating income and expense NT$ -58mn

## 2.3 Corporate Governance

Sound corporate governance is crucial to the sustainable operations of an enterprise. To continuously strengthen corporate governance, the company formulated 6 core principles of corporate governance with reference to the Organization for Economic Cooperation and Development (OECD) corporate governance principles of international benchmarks. Poya ranked in the top 5% in the 9th Corporate Governance Evaluation System.

Please refer to Poya's website (Note 1) for the policies and executions of corporate governance, and the following documents on: Articles of Incorporation, Rules of Procedure for Board of Directors' Meetings, Procedures for Election of Directors, charter of functional committees, Corporate Governance Best-Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Corporate Social Responsibility Best Practice Principles, and Guidelines for the Adoption of Codes of Ethical Conduct.

## Core value of Corporate Governance

1. Ensuring the basis for an effective corporate governance framework
2. The rights and equitable treatment of shareholders and key ownership functions
3. Institutional investors, stock markets, and other intermediaries
4. The role of stakeholders in corporate governance
5. Disclosure and transparency
6. The responsibilities of the board



Note 1：https://www.poya.com.tw/investor/en/major-internal-policies
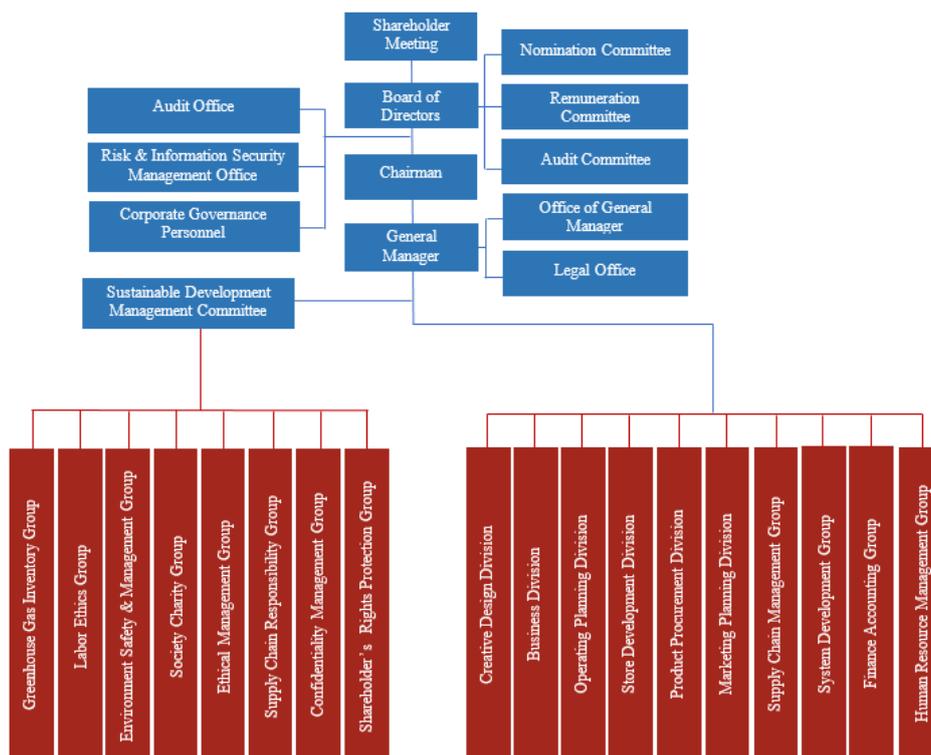
## Board of Directors

As the highest governing body of Poya, the Audit committee, Remuneration Committee, Nomination Committee, and Sustainable Development Committee have been set up under the Board of Directors to enhance financial information disclosure, managerial performance and stability and the Company's sustainable development. To this end, it carries out top-down management and supervision to ensure the sound operations of the Company.

Poya's Board of Directors consists of 7 directors (including 3 independent directors). They are elected through a nomination system and serve a 3-year term. The chairman serves as the Chairman of the Board to implement and supervise all company matters without taking up the role as the Company's General Manager. The Poya board is characterized by diversity and independence, with one female director seating at the Board. The composition of the board of directors can be found on page 11-13 of the annual report. Please also refer to page 8 to 10 of the annual report for details on the academic experience and concurrent positions of the members of the board of directors. In line with the regulations of the competent authority, an additional independent director was added on our 2023 Shareholder's meeting.

In 2022, the Board convened 12 times with an average attendance rate of 96%. For the operation of the board of directors, important resolutions and recusal of Board of Directors due to conflicts of interest, please refer to page 20-22 of the annual report.

Detailed information on the election, attendance, further education, performance evaluation methods, and annual self-evaluation questionnaires of directors can be found on the official website on the Board of Directors section (Note 1)
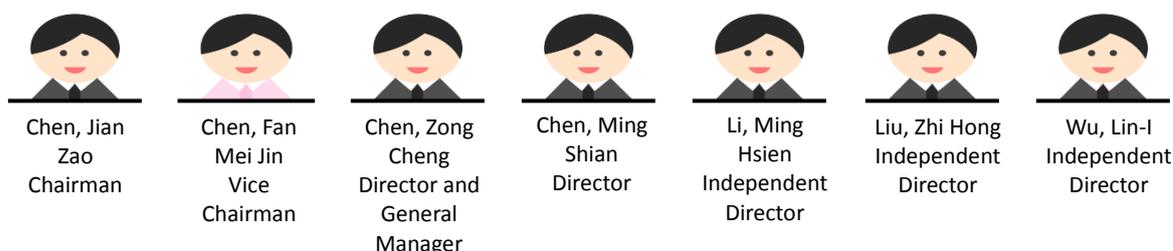
| Chen, Jian Zao Chairman | Chen, Fan Mei Jin Vice Chairman | Chen, Zong Cheng Director and General Manager | Chen, Ming Shian Director | Li, Ming Hsien Independent Director | Liu, Zhi Hong Independent Director | Wu, Lin-I Independent Director |

| Implementation focus | Implementation in 2022 |
|---|---|
| **Regularly courses for further studies taken by the Directors** | On August 29, 2022, all directors participated in the training course organized by Taiwan Corporate Governance Association. The training hours were 6 hours, which complied with the relevant laws and regulations. |
| **Act on recusal of Board of Directors due to conflicts of interest** | If a director participates in a proposal with conflicts of interest, the director should withdraw himself from the discussion and vote. In 2022, there were 6 cases of interest recusal . |
| **Performance evaluation and compensation disclosure** | The 2022 performance evaluation was conducted on January 16, 2023 in accordance with the company's "Rules of performance evaluation", and uploaded to the official website (Note 1) and MOPS (Note 2). |
| **Purchase of liability insurances for the Company's Directors** | Poya International purchased liability insurances for the directors and supervisors from Union Insurance in 2022 with the sum insured to be USD$5 million, and uploaded to MOPS (note 3). |

Note 1：https://www.poya.com.tw/investor/en/boards
Note 2：https://mops.twse.com.tw/mops/web/t119sb07
Note 3：https://mops.twse.com.tw/mops/web/t135sb03

## Functional Committee

In order to improve the supervisory function and strengthen the Company's management, the Poya Board has set up an Audit Committee, a Remuneration Committee, a Nomination Committee, and a Sustainable Development Committee responsible for the discussion of the Company's major proposals and sustainability issues. Please refer to the table below for the operation of the Functional Committee, composition and responsibility in 2022. Information on relevant policies and procedures was uploaded to the Functional Committee section(Note 1) and company internal regulations section(Note 2) on the official website.

For detailed information such as important resolutions of functional committees and recusal of the Functional Committee due to conflicts of interest in 2022, please refer to the annual report.

**Audit Committee：p.23~p.25 of the annual report**
**Remuneration Committee：p.25~p.26 of the annual report**
**Nomination Committee：p.27~p.28 of the annual report**

| Committee member | Function | Frequency Attendance rate | Operation in 2022 |
|---|---|---|---|
| **Audit Committee** **3 Independent Directors** | ◆Overseeing the fair presentation of the Company's financial statements ◆Overseeing the hiring (and dismissal), independence, and performance of certificated public accountants ◆Overseeing effective implementation of the internal control system ◆Overseeing compliance with relevant laws and regulations ◆Management of the existing or potential risks of the Company | 4 times 100% | ◆In 2022, the audit committee communicated well with the certified accountants, and none of the independent directors had any opinions. ◆In 2022, independent directors communicated individually with the internal audit supervisor/accountant a total of 6 times. |
| **Remuneration Committee** **3 Independent Directors** | ◆Assessing the Company's overall remuneration and benefits policy ◆Assessing remuneration for directors and managers. ◆The remuneration of directors and managers in 2022 was disclosed on page 15-19 of the annual report | 5 times 100% | ◆There is no case in 2022 that the board of directors will not adopt or modify the recommendations of the remuneration committee. ◆No member has any objection or reservation regarding the matters decided by the Remuneration Committee in 2022. |
| **Nomination Committee** **2 Directors** **3 Independent Directors** | ◆Reviewing and nominating director candidates ◆Performance evaluation of the board of directors and functional committees ◆Assessing the independence of independent directors | Once 100% | ◆Nominating Directors did rescue themselves from the discussion and vote in 2022 if a director participated in a proposal with conflicts of interest. |

Note 1：https://www.poya.com.tw/investor/en/functional-committee
Note 2：https://www.poya.com.tw/investor/en/major-internal-policies

## Maintenance of Shareholder Right

◆Set up the investor relations team as a direct channel for the communications between company and investors

◆Set up investor section (Note 2) on the official website.

◆Set up the spokesman system and IR contact window.

◆Implement E-voting system. The e-voter turnout rate was 85% in 2022 with the total voter turnout rate up to 85%.

◆Disclose the remunerations for respective director in the annual report voluntarily.

| The signing rate in 2022 for the new employee on statement of integrity | | |
|---|---|---|
| District | Manager | Employees |
| Northern | 100% | 87% |
| Central | 100% | 92% |
| Southern | 100% | 93% |
| Kao-Ping | 100% | 91% |
| Total | 100% | 90% |

## Enforcement of Ethical Corporate Management

Uphold with the ethical management, Poya formulated relevant policies, including "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct", and disclosed on the official website (Note 1) and annual report.

For detailed information, please refer to the internal policies section on the official website.

◆Conduct "Ethical Corporate Management" briefing at the monthly internal meeting, with a total of 12 times in 2022.

◆New employees are required to sign a statement of integrity, with manager/employee signature rate of 100%/90% respectively。

◆Sign the terms of Ethical Management, supplier corporate social responsibility, and compliance with laws and regulations with suppliers

◆Grievance Email: fin888@poya.com.tw

◆In 2022, a total of 3 employees violated laws and regulations related to Ethical Corporate Management, and the labor contracts of the 3 employees have been terminated.

## Open and Transparent information

According to laws and regulations, Poya regularly discloses the operation situation, providing investors with a basis for making the investment decisions and assessments, and ensures the transparency and accuracy of information.

Poya is superior to the legal in the following part：

◆Uploaded English annual report and financial reports in advance

◆Disclosed the quarterly financial report in English within 2 months

◆Participated in 19 conferences held by external institutions in 2022.

Note 1：https://www.poya.com.tw/investor/en/major-internal-policies
Note 2：https://www.poya.com.tw/investor/en

## 2.4 Risk Management

Poya set up a "Risk and Information Security Managemetn Office" under the Board of Directors in 2021, with responsibility to formulate risk management policies and information security policies. The general manager acts as the convener and reports the performance of implementation and the plans for the following year to the Board of Directors every year, as the highest guiding principle of coporate risk management.

For detailed information, please refer to corporate governance evaluation data section (Note 1) on Poya's official website.

### Risk Management Process

| Identification | Measurement | Monitoring | Reporting | Response |

### Risk Categories

| Risk Aspect | Risk | Risk Management and countermeasures | Responsible unit |
|---|---|---|---|
| **Economy** | Strategy & Operational Risks | Each division formulates operational and risk assessment plans, tracks operational performance in monthly strategy meetings, and makes adjustment in a timely manner to meet operational objectives in accordance with changes in market competition and consumer trends. | Business Planning Division, Marketing Planning Division |
| **Economy** | Financial Risks | The Finance and Accounting Division establishes strategies, procedures and indicators in accordance to laws and regulations and market changes, and regularly analyzes the status of risk changes and takes appropriate countermeasures to reduce the overall potential risks of the Company. | Finance andAccounting Division, Audit Office |
| **Economy** | Market Risks | Based on their functions, each business unit evaluates and analyzes important policies, laws and regulations, and technological changes, and takes appropriate measures accordingly to reduce potential business risks. | Board of Directors, Office of General Manager |
| **Social** | Information Security Risks | The Information Technology Division establishes information security and crisis management procedures and information security management measures in accordance with changes in laws, policies and technology to reduce the impact of information system crashes, data corruption or intrusion on the company's operations. We also regularly analyze and evaluate risk changes and take appropriate countermeasures to reduce potential risks. | Information Technology Division |
| **Social** | Disaster Risks | The HR Division establishes procedures and indicators in accordance with the law, including contingency management methods and education training systems to reduce the impact of natural disasters on operations. | HR Division |
| **Environment** | Climate Risks | Each division assesses climate change risk based on their functions and proposes countermeasures. Climate risk items include: transitional risk of related regulations, and physical risk such as increased extreme weather | Each division |

Note 1：https://www.poya.com.tw/investor/corporate-governance

## Cybersecurity management policy

In July 2021, Poya set up a Risk and Information Security Management Office, with the general manager as the Chairman. This team is a cross-functional team and is responsible for reviewing the governance, planning, supervision and execution of information security policies of each business unit in order to build up information security defense capabilities and information security awareness among colleagues, and to report the result to the Board of Directors on a regular basis each year.

Poya regularly reviews and revises relevant operating specifications, and establishes compliance mechanisms and information security standards. Poya implements the protection of customers' personal data through a comprehensive management system, the reinforcement of the information security infrastructure and protection technologies, and implementation of education training and internal audits.

## Management Measures

| System Availability | Access Control |
|---|---|
| External Threat | Education Training |
| Authority | |

## Risk Management Results

The audit office formulates annual audit plans and self-inspection procedures and methods through assessment over risks and regulations. As such, the Audit office can control various potential risks through the implementation of audit plans and checking operations, and regularly reports to the board of directors on an annual base.

The implementation of risk management and information security in 2022 was uploaded to the corporate governance evaluation data section of Poya's official website (Note 1).

## Information Security and Privacy Protection

Poya is committed to digital transformation to provide consumers with more convenience, and continues to improve information security management and strengthen protection capabilities to protect customer privacy. Poya's consumer personal information and privacy policy can be found on our official website. (Note 2)

## Grievance Mechanism

Contact: all stores across Taiwan
Website: https://www.poya.com.tw/customer-service/contact
Direct line: Poya [0800-033-168] Poya Home [0800-033-158]

Note 1：https://www.poya.com.tw/investor/corporate-governance
Note 2：https://www.poya.com.tw/customer-service/12

## Implementation Status and results in 2022

1. The annual risk management and information security implementation results were reported at the 30th Board Session of the 8th term on December 26, 2022.
2. Poya assigns a dedicated supervisor for information security in line with relevant regulations of the Financial Supervisory Commission. Poya set up a chief of information security, an information security supervisor, and an information security personnel within the deadline to enhance the company's information security protection capabilities.
3. Participated in "Kaspersky-Antivirus Software Technology Training Course", Information Security Conference and "Taiwan Computer Network Crisis Management and Coordination Center-BLUE TEAM Information Security Training Course" and other educational training and seminars for a total of 5 times.
4. Regular disaster recovery drills，a total of 4 drills in 2022。
5. In 2022, there were no major network and server security incidents, and the service level agreement (SLA) reached 99%.
6. Rent a telecommunications backbone network computer facilities that has passed ISO 27001 information security verification to ensure the availability of servers and network services. In 2022, Poya rented 6 IDC cabinets, and the monthly rent was about NT$120,000.
7. Conducted host computer weakness detection once in 2022.
8. Conducted account authority inventory once in 2022.
9. Conducted IDC computer facilities access rights check once in 2022.
10. Introduce "Data Loss Prevention system" to ensure the security of sensitive data.

## Future Plan

1. Prepare for the establishment of the "Information Security Department", a dedicated information security department, in 2023, with a assigned 4 people.
2. Poya has drafted the medium and long-term plan for information security since 2022. It is estimated that Poya will invest NTD 40 million in information security protection within 5 years, to establish protection mechanisms such as anti-virus, EDR, spam filtering, firewall, and intrusion detection.
3. It is planned to introduce the ISO27001 management system in 2023 to improve information security management and reduce the risk of enterprise operating information security.
4. Law-related education (it is expected to hold education and training on personal data law and company personal data security maintenance plan in 2023)
5. Education and training (it is expected to participate in network packet and webpage vulnerability analysis practice and demonstration field observation, root cause analysis and handling and demonstration field observation activities of major information security incidents in 2023)

## 2.5 Legal Compliance

With the legal office as the guiding unit, Poya ensures that all operations of the company comply with the requirements of various government laws and regulations.

Poya emphasis on product safety. In 2022, Poya received 2 sanction letters with a fine of NTD340,000 for violating the Food Safety Law. The payment has been made and the inspection of products has been strengthened.

In 2022, there was no violation of the Company Law and the Securities Exchange Law etc.

# Products

## 03

## 3.1 Supply Chain Management
## Supplier Management

Poya works with strategic suppliers to develop new products in response to changing needs of consumer and market demand. There are over 400 suppliers cooperating with Poya, and the biggest supplier accounts for less than 5%, indicating limited concentration risk from single supplier. Poya evaluates the production environment and operating conditions, and implements supplier management through supplier management policies. Poya requires suppliers to abide by relevant laws and regulations in supplier agreements and upholds the principle of good faith and corporate social responsibility. The procurement team of Poya is sourcing products from agents in Taiwan, with no direct import of goods from overseas market on our end. As such, there is no exchange rate risk

| Supply Chain Optimization | Supplier Requirements |
|---|---|
| ◆Introduced automated logistics center in 2017<br>◆Optimization of automatic ordering system<br>◆Introduced Space Management system since 2019, with continuous optimization | ◆Evaluate the production environment and operations<br>◆Require suppliers to abide by relevant laws and regulations in supplier agreements and upholds the principle of good faith and corporate social responsibility norms<br>◆Encourage the third-party certification and packaging reduction |
| **Supplier Cooperation** | **Social Responsibility** |
| ◆ Private brand and exclusive product development and production<br>◆Agreed purchase quantity guarantee<br>◆Market feedback and information sharing | ◆Introduce products with clear sources, harmless ingredients and suppliers who fulfill their corporate social responsibilities.<br>◆The supplier management policy has been uploaded to the stakeholder section of Poya's official website.<br>◆The supplier agreement expressly opposes any form of corruption and bribery. |

Supplier Collaboration Model



Discover Business Opportunity

Supplier negotiation

Achieve Best Sales

Develop and Product production

## Supplier Communication

- The procurement team meets with suppliers from time to time.

**Interview**

### Quarterly Meeting

- Poya management team holds meetings every quarter with main suppliers to discuss future development and cooperation.

- The procurement team will arrange the factory visit

**Factory Visit**
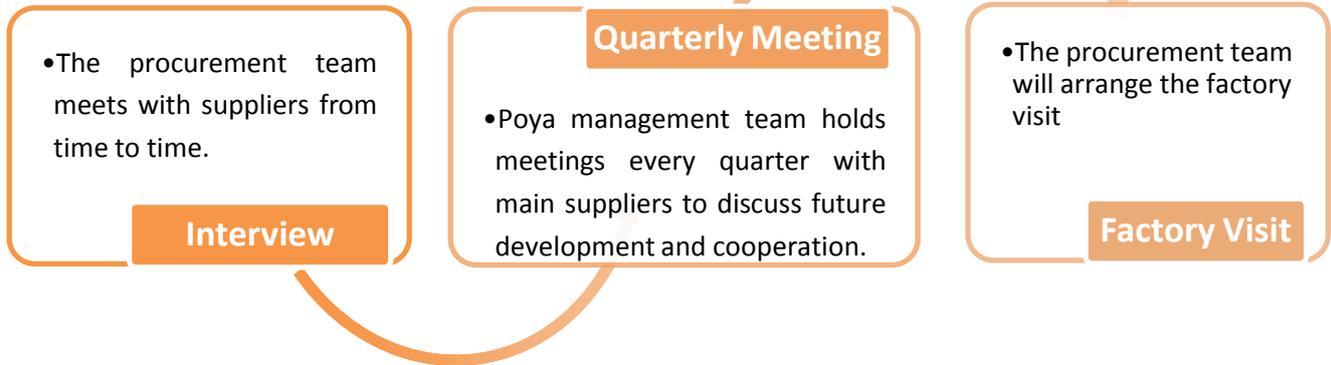
## 3.2 Product Management
## Quality Management Process

Poya offers more than 60,000 products, including fashion, beauty, cosmetics, skin care products, daily necessities, personal products, underwear and socks. Poya replaces 20~30% of products annually to provide customers with diversified choices. Since we sell mainly snacks for our food and beverage product category, Poya mainly inspects and screens upstream suppliers firstly, and strengthens the frequency of store quality inspections and random inspections to ensure the product safety.

On January 6, 2022, the Department of Health went to the Zhonghua store in Tainan for an inspection and found that there was a package of expired products on the shelf (WeiLih Men Instant Noodle, expired on December 31, 2021). Poya completed the MQC (Product Quality Control) for all stores in the area within 2 days, and punished those involved in the incident. Poya then strengthens publicity to staffs to implement and keep tracked of the MQC. In addition, the store manager is requred to increase random inspections, with head quarter conducting the checks too, to prevent similar incidents from happening again.

**Product Negotiation Period** ➡ **Product on Shelf** ┈┈> **Inspection**

| Business Planning Division | Business Planning Division/Audit Division | |
|---|---|---|
| ① Focus group meeting to understand customer demand<br>② Product replacement cycle | ☑ Perform random inspection<br>☑ Ensure product quality<br>☑ Regular check on labeling | **Remove unqualified products from shelves and ask suppliers to improve** |
| **Suppliers** | **Shopping Area** | **Removal of concerns** |
| ① Counterfeit is prohibited<br>② Comply with the related regulations<br>③ Meet Commodity Labeling Act | ☑ Regular inspection of stores and warehouse<br>☑ Near-term item audit<br>☑ Staggered arrangement | ⬇<br>**Back on Shelf** |

## Monthly Quality Inspection Process

| Inspection | Notify | Removal | Track |
|---|---|---|---|
| **Business Planning Division** | **Product Planning Division** | **Stores** | **Business Planning Division** |
| Monthly Quality Inspection | Stop Selling Concerned Products | Product Returns | Track Return Rate |
| **Store Feedback** | Notify Store to return products | | Track Abnormal Suppliers & Products |
| Random Inspection | | **Logistic System** | |
| **Inspection by Audit office** | | Accept Returned Products | |
| Audit office to perform random inspection | | Stop Distributing Products | |

## Store Operation Checking System

To sufficiently control service quality, Poya has set up the Store Operation Checking System for all stores. For those stores with room for improvement, Poya will strenghten staff training and imrove operation process to increase service quality and brand image.

### Step 1
Audit on Service Quality

By mystery shopper system, Poya reviews the store staff for their product knowledge, consulting skills, after-sales services and interaction with customers, etc, to understand if the service provided meets the standards.

### Step 2
Standard Operation Process (SOP) Check

Poya performs SOP checks to all stores monthly. The SOP checks include basic store maintenance, display, company policy and inventory level. Based on the implementation status and degree of implementation of all aspects, Poya will score and grade stores.

### Step 3
KPI meeting

There is a monthly meeting to review the performance of each store, led by general manager and participated by Finance and Accounting Division and other department heads. By the monthly meeting, we can confirm the problems and improvement direction by the cost and benefit analysis, and store operation report. The numbers of shop to be improved in 2022 and the improvement status (The moving-out refers to a successful improvement) are shown as below.

### The number and proportion of revenue of shop to be improved

## Status of shop to be improved



Legend:
- Number of stores moving out
- Number of stores moving in
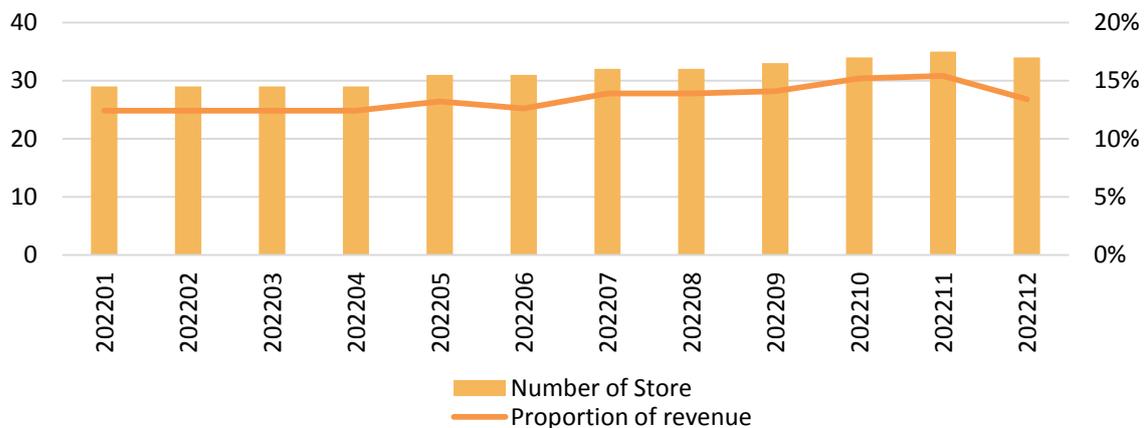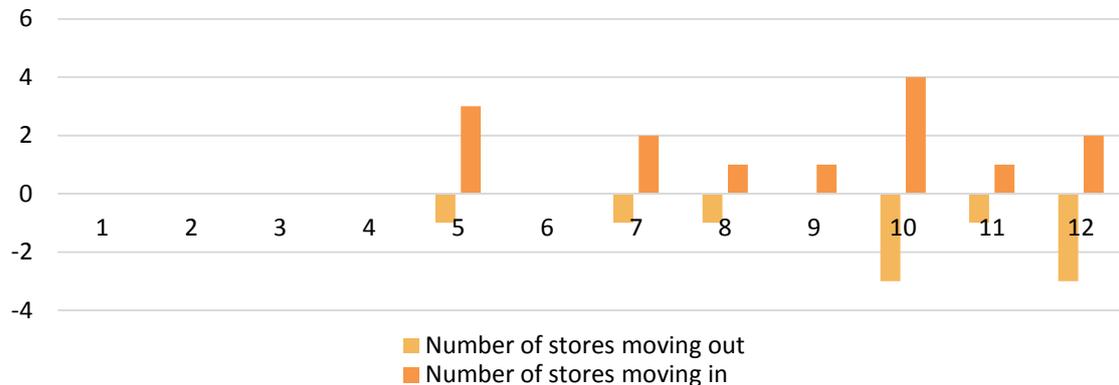
## Step 4
### Store Operation Assistance

For stores classified as C level, Poya will arrange the internal lecturer to assist the store operation, and track the results in monthly KPI meeting. The assistance will continue until the stores has improved significantly and the evaluation results meet the standards. Through the assistance system, we can effectively improve store managers' ordering skills, commercial area operation, and ability to analyze the profit and loss of stores, and share experience by mentoring system. The table below shows the results of the stores in the past three years.

| Year (Note 1) | 2020 | | 2021 | | 2022 | |
|---|---|---|---|---|---|---|
| Store Level | Store Number | Proportion of store Number | Store Number | Proportion of store Number | Store Number | Proportion of store Number |
| A | 11 | 4.00% | 5 | 1.61% | 14 | 4.09% |
| B | 232 | 84.36% | 257 | 82.90% | 279 | 81.58% |
| C | 32 | 11.64% | 48 | 15.48% | 49 | 14.33% |

Note 1: The difference between the numbers of store and stores to be assessed was due to no assessment for stores opening at year end.

## 3.3 Product Strategy
## Private Brand Development

With multi-category and multi-choice as the core value, Poya has introduced our private brand products and continued to optimize the product mix. In 2022, private label products accounted for 1.5% of total revenue, an increase of 1.3ppts from the previous year.

So far, Poya's private brands include ibeauty, Poya coffee X Oklao, Poya Snack-rice cracker, POYA care, Poya Daily toilet paper...etc. In the future, there will be more private label products on our pipeline.

| ibeauty | POYA care | Poya Daily Toilet paper |
|---|---|---|
|  |  |  |
| **Poya coffee x Oklao** | **INNEX** | **Lopin** |
|  |  |  |

## 3.4 Consumer Relationships
## Membership Policy

By 2022, the total number of members exceeded 6.88 million, of which 3.98 million are active members (The number of members with non-repeatable consumption within one year). Consumption by our members compsoed of 85% of our total revenue. The detailed statement of membership rights (Note 1) and Customer Personal Data Protection Management Policy(Note 2) were uploaded to Poya's official website.

We have a clear picture on profile of members, consumption preferences and lifestyles by our comprehensive member database. As such, Poya can implement precision marketing through data analysis to enhance member loyalty and drive sales growth.

**Membership** - Optimizing Poya App's functions and content and promoting the marketing activities to enhance the loyalty of existing members and expand the number of members.

**Channel**- Providing members with multiple channels, including Poya Buy online shopping platform, home delivery, pickup at convenience store or Poya's stores, and Line group buying groups to meet consumers' needs.

**Poya Pay**- An improving digital experience by the convenient service, and promotional information. Poya optimizes the consumption experience of members through convenient functions including mobile payment, quick deposit, points accumulation and others.

## feedbacks from customers

A question section(Note 3) can be found on the official website with grievance channel for stakeholder.

「Although it is just a small action, it makes me feel warm.」

「Thank you for the assistance of the staff in this store, which saved my mother from go shopping upstairs with her injured foot. Please praise the staff in this store」



Quarterly comparison of active members



Note 1:https://www.poya.com.tw/member/member-benefits
Note 2: https://www.poya.com.tw/customer-service/12
Note 3: https://www.poya.com.tw/customer-service/contact

## OMO Strategy

Poya is committed to providing consumers with a more convenient and diversified shopping experience. Through integrating online and offline, Poya provides innovative products, channels and service models to customers. In 2022, online sales grew by 136%.

◆**POYA PAY-** Multi-payment, online DM, store information, promotional information

◆**POYA BUY-**On line platform

◆**LINE Group buy-**Weekly group sales with attractive price through our LINE group

◆**Facebook –** Sharings of the most popular products, new arrival and promotional events

◆**Instagram-**#Makeup Skills #Skin Care Tips
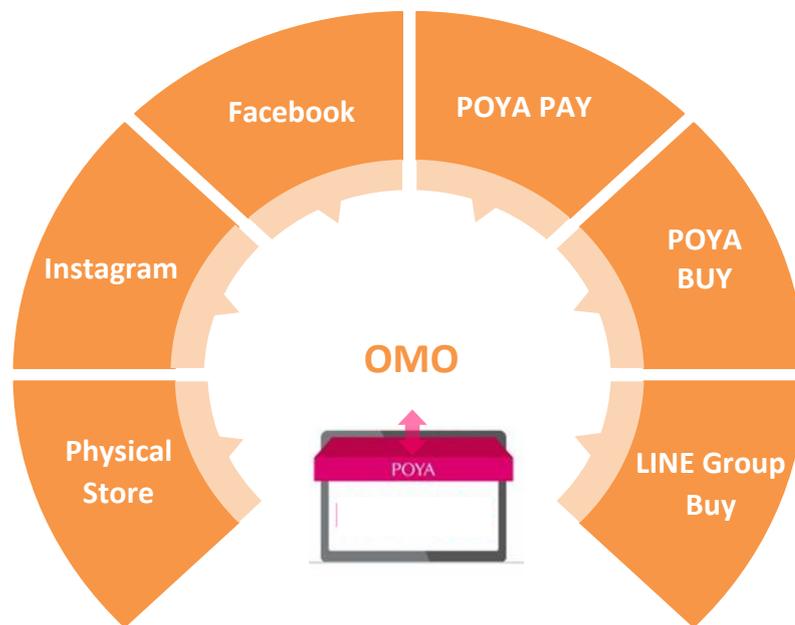


Poya launched the LINE group buying function to meet consumers' needs with dynamic promotional activities. This can bring consumers a brand new consumption experience.

## Store Upgrade

Poya remodels our stores in every 3-6 years. The sixth-generation store uses customized shelves to optimize product display, and sets up hot-selling areas and make-up tables to enhance the physical shopping experience. In the fourth quarter of 2022, with easing pandemic condition, Poya launched the new format shop, Poya Beauty, in shopping area and shopping malls, to deepen the beauty channel image of Poya.

## POYA Beauty



## The make-up zone



## Hot-Selling Area



1998 2nd gen store    2006 3rd gen store    2013 4th gen store    2016 5th gen store    2018 6th gen store

# Employee Care

## 04

Employees are vital assets of Poya. Therefore Poya offers employees a reasonable and fair compensation and welfare system, a transparent promotional system and regular job trainings through our comprehensive human resource system. Poya values equality in work environment. By the end of 2022, the total numbers of employee were 4,683, with 1,079 males and 3,604 females. Female employees accounted for 77% of total employees. Also, female executives accounted for 76% of the total executives. The average age of Poya employees is 31 years old with employees younger than 30 years old accounting for 54.8% of total employees. Poya goes beyond the regulations and hired more disabilities than the minimum requirement of the regulations.

## 4.1 Human Resources

|  | 2021 | 2022 | Growth rate | Note |
|---|---|---|---|---|
| Total numbers of employee | 4,535 | 4,683 | 3.3% | store expansion |
| Employees with physical and mental disabilities | 57 | 62 | 8.8% | superior to regulations |
| Indigenous employees | 84 | 93 | 10.7% | superior to regulations |

**By the end of 2022,**

# There were **4,683** employees in Poya

### By Area：

| | Full-time | Part-time | Full-time | Part-time |
|---|---|---|---|---|
| North | 403 | 90 | 1,190 | 272 |
| Central | 164 | 61 | 663 | 220 |
| South | 141 | 41 | 483 | 111 |
| Kao-Ping | 131 | 48 | 522 | 143 |
| Total | 839 | 240 | 2,858 | 746 |

### By Age：

| | | |
|---|---|---|
| <21 Yr. | 72 | 286 |
| 21-30 Yr. | 471 | 1,737 |
| 31-40 Yr. | 363 | 1,035 |
| 41-50 Yr. | 140 | 467 |
| >50 Yr. | 33 | 79 |

### By Education：

| | | |
|---|---|---|
| Junior and below | 14 | 41 |
| Senior | 195 | 906 |
| College | 59 | 302 |
| University | 783 | 2,305 |
| Graduate School | 28 | 50 |

### By Position：

| | | |
|---|---|---|
| Senior Managers | 56 | 82 |
| Middle Managers | 181 | 182 |
| Managers | 282 | 1,382 |
| Staff | 560 | 1,958 |

* Female executives accounted for 76% of total executives(The ratio is the number of female executives /the total number of executives)
* Male and female senior managers accounted for 2.6% and 3.8% of total managers respectively.
* Managers - Section manager level and above in stores/ Section manager in the head office
* Middle Managers - Store manager
* Senior Managers- Manager level and above in head office

## By New Employees/Resigned Employees：

| | New | | | | Resigned | | | |
|---|---|---|---|---|---|---|---|---|
| | Northern | Central | Southern | Kao-Ping | Northern | Central | Southern | Kao-Ping |
| <21 Yr. | 77 | 42 | 21 | 18 | 62 | 32 | 18 | 17 |
| 21-30 Yr. | 262 | 103 | 89 | 58 | 269 | 95 | 77 | 66 |
| 31-40 Yr. | 81 | 23 | 28 | 29 | 70 | 30 | 27 | 21 |
| 41-50 Yr. | 21 | 7 | 6 | 7 | 19 | 4 | 5 | 6 |
| >50 Yr. | 4 | 0 | 0 | 0 | 4 | 0 | 1 | 1 |

| | New | | | | Resigned | | | |
|---|---|---|---|---|---|---|---|---|
| | Northern | Central | Southern | Kao-Ping | Northern | Central | Southern | Kao-Ping |
| <21 Yr. | 252 | 117 | 84 | 71 | 201 | 70 | 64 | 58 |
| 21-30 Yr. | 665 | 322 | 196 | 234 | 632 | 330 | 237 | 240 |
| 31-40 Yr. | 176 | 79 | 43 | 63 | 153 | 76 | 38 | 60 |
| 41-50 Yr. | 82 | 16 | 16 | 21 | 66 | 15 | 20 | 16 |
| >50 Yr. | 17 | 3 | 3 | 5 | 10 | 3 | 4 | 5 |

## Employee turnover：

The fast-changing nature of the retail industry leads to a higher employee turnover rate.

| | 2020 | 2021 | 2022 | Calculation method |
|---|---|---|---|---|
| New entry rate | 68% | 64% | 71% | The number of new employees/The number of employees on December 31, 2022 |
| Turnover rate | 66% | 62% | 67% | The number of resigned employees/The number of employees on December 31, 2022 |

## 4.2 Training system and Development

Our regular training and E-Learning platform enable employees to improve the ability. Total class hours in 2022 were 11,830 hours.(Note 1)

| Subject | Training hours | Number of classes | Number of Trainees | Male | Female | Total Hours | Total Expense (NTD) |
|---|---|---|---|---|---|---|---|
| OJT Evaluation | 7 | 25 | 951 | 209 | 742 | 6,657 | |
| Section Manager Assessment | 7 | 15 | 427 | 100 | 327 | 2,989 | 1,267,500 |
| Assistant store Manager Assessment | 7 | 13 | 312 | 100 | 212 | 2,184 | |
| Total | | 53 | 1,690 | 409 | 1,281 | 11,830 | |

Note 1: In 2022, due to the impact of the epidemic, some exams were changed to online exams, so the total class hours were less than last year.

## Training System and Promotion Mechanism

Through a complete promotion plan and a standardized training mechanism, everyone in Poya has a fair opportunity of job promotion as long as the employee completes the essential trainings and is recognized as having contribution to their work.

Career Development

儲備幹部　店課長　店副理　店經理　區經理

**Management Trainee**
- One-month training　• On-site operation training
- One-quarter training　• Customer service training

**Section Manager**
- Counselor training　• Operation management training
- Personnel management training　• Product marketing training

**Assistant Manager**
- Operation management training　• Customer relationship training
- Product marketing training　• Personnel management training
- Employee development training

**Store Manager**
- Apprentice training　• Commercial area operation training
- Profit/loss training　• Customer relationship training
- Operation management training　• Employee development training

**District Manager**
- Commercial area operation training　• Market analysis training
- Profit/loss training　• Operation management training
- Team motivation training

## Performance Management

| Annual goal setting | | |
|---|---|---|
| Company goal | Department goal | Personal goal |

| First assessment | |
|---|---|
| Supervisor assessment | Employee self-assessment |

| Second assessment | |
|---|---|
| Supervisor assessment | Employee self-assessment |

| Assessment results |
|---|
| Promotion, bonuses and salary increase |

## Nine levels of KPI

| | | |
|---|---|---|
| **C1**<br>Needs improvement | **B1**<br>With development | **A1**<br>Future leader |
| **C2**<br>Watch list | **B2**<br>Stable contributor | **A2**<br>Top performer |
| **C3**<br>Unqualified | **B3**<br>Qualified | **A3**<br>Trustworthy |

Potential (vertical axis)

Performance (horizontal axis)

KPI Evaluation items (take the Finance and Accounting Department for example):
①Problem-solving and improving ability
②Project proposal and implementation
③Financial forecast and analysis
④Completion of daily work
⑤Work attitude

## Employee relations

| | Purpose | Related measures |
|---|---|---|
| **Communication** | effective, mutual communications with employees | regular labor meetings |
| **Fair Work place** | Prevent employees from sexual harassment | guidelines on gender equality and sexual harassment prevention |
| **Protection of Human Rights** | Equality of Human Rights, No Discrimination | human rights policy |

Poya did not use any child labor during the 2022 reporting period.

## Poya's human rights policy

Poya complies with local laws and decrees in every stores in Taiwan, and voluntarily complies with internationally recognized Human Rights Standards. Poya also asks suppliers to abide by relevant specifications. Please refer to Poya's website for related policies. (Note 1)

### Human rights policy

- Provide working environment with safety and dignity
- Prohibit illegal discrimination in employment to ensure equal opportunities
- Prohibit the use of child labors
- Prohibit forced labour
- Assist employees in maintaining work-life balance
- Regularly review and evaluate related systems and actions
- Keep the independent complaint mechanism open to raise awareness
- Strive to avoid violating human rights with others
- Establish a comprehensive personal data protection management system to safeguard customers' privacy and rights
- Ask suppliers to abide by human rights policy

Note 1: https://www.poya.com.tw/ investor/stakeholder

## 4.3 Salary and Benefits
## Compensation system

Poya provides competitive salaries and diversified benefits. With a transparent promotional system for full-time employees and lower-down the proportion of part-time employees, Poya improves the turnover rate of employees and enhances the service capabilities. The salary adjustments will be decided based on each employee's professional knowledge, position and job responsibilities and other objective conditions. Poya provides labor insurance, labor pension, employment insurance, and national health insurance in accordance with the law. Also, Poya determines performance bonuses, bonus, promotions, and salary adjustments based on our performance assessment system (twice every year).

| Year<br>Category | 2021 | 2022 | Growth rate |
|---|---|---|---|
| Number of full-time employees not in supervisory positions | 3,202 | 3,283 | 3% |
| Average salary of full-time employees not in supervisory positions (in thousands) | 488 | 518 | 6% |
| Median salary of full-time employees not in supervisory positions (in thousands) | 426 | 463 | 9% |

*Remarks:

1. All of Poya's stores are directly operated(non-franchised), with 86% of the manpower being front-line service personnel. Due to the large scale store expansion, a high percentage of new employees and junior employees are hired, which affects the average salary.

2. All better than the minimum salary standard by Taiwanese government.

**Average salary by gender in 2022**

| Gender | Area | Average salary by area | Average salary by gender | Average female-to-male salary ratio by area | Female to Male Average Salary Ratio | Minimum wage | Premium on top of salary |
|---|---|---|---|---|---|---|---|
| Female | North | 43,036 | 40,701 | 85% | 82% | 34,763 | 8,273 |
| | Central | 38,308 | | 81% | | 30,470 | 7,838 |
| | South | 41,400 | | 77% | | 33,297 | 8,103 |
| | Kao-Ping | 38,143 | | 83% | | 30,525 | 7,618 |
| Male | North | 50,455 | 49,608 | 100% | 100% | 39,468 | 10,987 |
| | Central | 47,188 | | 100% | | 36,284 | 10,904 |
| | South | 53,627 | | 100% | | 41,124 | 12,503 |
| | Kao-Ping | 45,944 | | 100% | | 36,296 | 9,648 |

## Retirement system

| Employee type | pension contribution ratio |
|---|---|
| **1.** Employees eligible for the old labor retirement system | 2.5% of the total monthly salaries |
| **2.** Employees eligible for the new labor retirement system | 6% of the total monthly salaries |

## Parental Leave and Maternity Leaves

The female employees accounted for about 77% of the total employees. In order to protect the rights and interests of employees, Poya offers menstrual leaves, family care leaves, maternity leaves, paternity leaves, breast-feeding time and the procedures of leave without pay.

| Application Rate and Reinstatement rate in 2022 | | |
|---|---|---|
| Number of employees eligible for parental leave in 2022 | **51** | **196** |
| The actual number of employees applying for parental leave in 2022 | 5 | 70 |
| Application Rate | 10% | 36% |
| The estimated number of employees reinstated after parental leave in 2022 | 5 | 98 |
| The actual number of employees reinstated after parental leave in 2022 | 2 | 35 |
| Reinstatement rate | 40% | 36% |

**Number of employees eligible for maternity leave and paternity leave from 2020 to 2022**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Maternity Leaves | 124 | 114 | 92 |
| Paternity leaves | 21 | 17 | 19 |

## 4.4 Occupational Safety and Health
## Complete work environment

Poya regularly implements public safety inspections, labor safety training courses, fire safety inspections, and employee health checks every year. In line with Occupational Safety and Health regulations, the Company conducts safety and health work to prevent occupational disasters and protect the safety and health of employees, and the responsible unit is Human Resources Division.

## Training courses of labor safety

Poya regularly offers the training courses of labor safety to lower the probability of the accidents.

|  | **2020** | **2021** | **2022** |
|---|---|---|---|
| **Total hours** | 1,290 | 1,128 | 1,152 |

## Work Injury and occupational diseases

| **2022 Work Injury Statistics** | | |
|---|---|---|
| Total working days(note1) | | 1,216,160 |
| Total working hours | | 9,729,280 |
| Total lost working days | | 370 |
| Types of Disability (number of people) | Total | 23 |
| | Death | 1 |
| | Permanent Disability | 0 |
| | Permanent Partial Disability | 0 |
| | Temporary Total Disability | 22 |

| Year | **2022** | | | |
|---|---|---|---|---|
| Type of injuries | During working hour | | Car accident during commuting | |
| Gender | Male | Female | Male | Female |
| North | 0 | 3 | 1 | 3 |
| Central | 0 | 0 | 1 | 4 |
| South | 0 | 2 | 3 | 4 |
| Kao-Ping | 0 | 0 | 0 | 2 |
| Total | 0 | 5 | 5 | 13 |

| Items (note1) | Occupational Sickness Leave | | Sick Leave | | Personal Leave | | Menstrual Leaves | | Absence Rate |
|---|---|---|---|---|---|---|---|---|---|
| | People | Days | People | Days | People | Days | People | Days | |
| Female | 53 | 477 | 1,824 | 8,752 | 729 | 1,427 | 983 | 1,610 | 1.05% |
| Male | 16 | 25 | 428 | 1,835 | 203 | 359 | 0 | 0 | 0.19% |
| Total | 69 | 502 | 2,252 | 10,587 | 932 | 1,787 | 983 | 1,610 | 1.24% |

Note 1 : The total number of working days is based on the number reported by the Occupational Safety and Health Administration of the Ministry of Labor, so it may different from the total number of working days in Note 2

Note 2 :
  (1) Based on the number of employees at the end of 2022.
  (2) The number of working days in 2022 was 249 days; the total number of working days was 1,166,067 days (total people * annual working days).
  (3) Absence rate = (days of occupational sickness leave + days of sick leave + days of personal leave + days of menstrual leave) / total number of working days.

# Environment

## 05

# 05 Environment

Through assurance on greenhouse gas inventory, Poya expects to further formulate energy saving, carbon reduction, water saving, and paper saving plans, in line with our short-term, medium-term and long-term climate risk management strategies to implement sustainable management.

## 5.1 Greenhouse Gas Inspection

2012 Performed internal greenhouse gas emissions statistics

2014 Revealed internal greenhouse gas inventory results since 2014 Sustainability Report
(formerly Corporate Social Responsibility Report)

2023 Initiate the ISO14064-1 greenhouse gas inventory work

2024 The greenhouse gas inventory is expected to be verified by a third party and disclosed in the annual report

### Period of the Report
① 1st Jan 2022~31st Dec 2022
② Inspected the Emission of Greenhouse Gas during the Period and Disclosed the Content and Results of Greenhouse Gas Inspection

### Boundary of Organization
① The Emission of Greenhouse Gas Inspection was based on ISO14064-1:2018
② Boundary of Organization for the Inspection:
　　(1) Headquarters in Taipei and Tainan, Logistics Centers in Northern and Southern Taiwan
　　(2) 353 Stores (By the end of 2022)

### Scope of GHG Inspection
① Direct Emission(Scope 1)
　　Source: Air-conditioners and Motor Vehicles for Business
② Indirect Emission(Scope 2)
　　Source: Purchased electricity for own use

## Carbon Emission from Stores

| Year | Store Numbers | Total carbon Emission(tons) | Average carbon emission per store(tons) |
|---|---|---|---|
| **2021** | 324 | 45,369 | 140 |
| **2022** | 353 | 47,228 | 134 |

Store data coverage rate was approximately 98%

## The average carbon emission per store decreased by 4.5% in 2022.

**GHG Inspection Methods：**

1. The Emission Coefficient Method is used for tracking the emission of refrigerant in accordance with the Greenhouse Gas Emission Coefficient Management Table of Version 6.0.4 and the latest GWP value of the sixth meeting of IPCC in 2020. Residential and commercial use air-conditioners are used as the emission factors for the calculation of refrigerant emission.
2. The fuel consumption is calculated by the gasoline usage of the motor vehicles based on $CO_2$ emission factor of mobile source (fuel).
3. Carbon emission is calculated by the electricity usage based on the emission coefficient of the purchased electricity for own use in 2021.

## Carbon Emissions by Category

By category, Poya's carbon emission is mainly derived from:

(1) Fugitive Greenhouse Gas Emission, mainly from the use of air-conditioners

(2) Emissions from transportation, which are mainly due to the demand of store expansion, store renovation and regular store inspection.

(3) Purchased electricity, which is mainly from the conversion of electricity used in store operations.

| Type | Carbon Emission(ton&%) | | | | Remark |
|---|---|---|---|---|---|
| | 2021 | | 2022 | | |
| **Direct Emission** | 1,673 | 3.69% | 1,296 | 2.74% | Scope 1, the refrigerant escapes due to the use of air-conditioning equipment. |
| **Direct Emission** | 268 | 0.59% | 198 | 0.42% | Scope 1, the use of gasoline in company cars resulting in greenhouse gas emissions. |
| **Indirect Emission** | 43,428 | 95.72% | 45,734 | 96.84% | Scope 2, the indirect greenhouse gas emission caused by purchased electricity for own use |
| **Total Carbon Emission** | **45,369** | | **47,228** | | |

## 5.2 Energy Management

Due to the promotion of energy-saving in stores, the average electricity consumption per store in 2022 was 260,434 kWh, a decrease of 4.9% from 2021, and the average water consumption per store in 2022 was 639 ㎥, a decrease of 14.4% from the previous year. Poya will continue to track the energy/water consumption as a reference for future goal and management.

## Energy Saving Program

| Year | Actions |
|------|---------|
| 2017 | Adopted LED energy-saving lamps |
| 2018 | Promoted LED energy-saving lamps to all stores |
| 2022 | Tested air-conditioning controllers and linear lights. |
| In the future | Expect to promote air-conditioning controllers and linear lights to more stores |

Electricity usage in 2021-2022(Unit: kWh) (Note 1)

| Year | Total | Average |
|------|-------|---------|
| 2021 | 86,510,088 | 273,766 |
| 2022 | 89,849,836 | 260,434 |

## Water Conservation Program

| Schedule | Actions |
|----------|---------|
| Long-term plan | Introduce inverter air-conditioning and promote it to all stores. |
| daily promotion | Promote water-saving slogan |

Water usage in 2021-2022 (Unit: cubic meter) (Note 2)：

Poya's water source mainly comes from Taiwan Water Company and Taipei Water Company. The purpose of water use is general domestic water, and the main users are employees and consumers. There is no significant impact on the water source, and the sewage after use is discharged to the sewer.

| Year | Total | Average |
|------|-------|---------|
| 2021 | 203,189 | 747 |
| 2022 | 187,261 | 639 |

## …In 2022，the avg. water usage per store ↓14.4%！

Note 1:
* Total electricity consumption includes the electricity consumption by headquarter, stores and logistics centers
* Average electricity consumption equals to the total electricity consumption divided by the number of stores in each year.
*The electricity consumption per store in 2021 was backtracking to reflect the actual electricity consumption per store.
Note 2:
*Total water consumption includes the water consumption by headquarter, stores and logistics centers, excluding mall
*Average water consumption equals to the total water consumption divided by the number of stores in each year
*In order to more accurately express the water use situation, the water consumption in 2021 and 2022 is adjusted to be compiled based on the actual water consumption and the Water charge estimate method of water charges.

## 5.3 Paper Resources

### Paper Conservation Program

| Year | Actions |
| --- | --- |
| **2017** | Promoted the electronicization of internal company documents |
| **2019** | Promoted E-DM on mobile phone |
| **2020** | Launched invoice mobile barcode function in PoyaPay |
| **2021** | The monthly DM printing copies on the same store basis was reduced by 2,025 |
| **2022** | The monthly DM printing copies on the same store basis was reduced by 877 |

The amount of paper saved in 2021 was 705 tons, and

# 365 tons in 2022
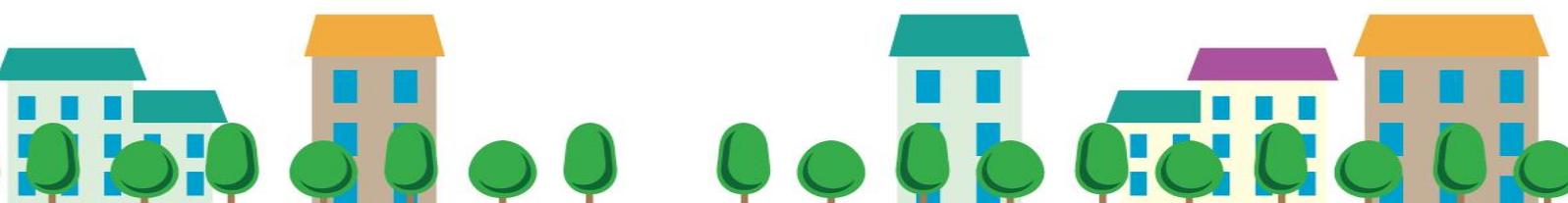
## 5.4 Climate Risks and Opportunities

Poya refers to the Task Force on Climate-related Financial Disclosures (TCFD) proposed by the United Nations Financial Stability Board, and takes into consideration the disclosure and management framework. Poya overall assess the impact of climate change issues on the Company, and then formulates short, medium and long-term management strategies for the future.

### Risks related to climate issues in the short, medium and long term

| Timeline | Risk | Potential impact | Financial Impact | Management Strategy |
|---|---|---|---|---|
| **Short -term** | Typhoon and catastrophic rainstorm | Climate anomalies caused by global warming | 1.Damaged equipment leads to increased repair costs. 2. Fewer customers or out-of-stock due to transportation | 1. Planning of natural disaster asset insurance for stores to reduce the impact from disasters. 2. Set up an emergency response team and prepares a backup plan and equipment procurement plan. |
| **Medium -term** | Rising mean temperatures | 1. increased energy consumption 2. season change differences | 1. The increase in operating costs. 2. Product mix change | 1. Introduce new inverter air conditioners and air conditioning central controller. 2. The use of LED energy-saving lamps and linear lights to reduce carbon emissions. |
| **Medium -term** | Regulations | Stricter Climate regulations | 1. Fines on violation 2. Damage to goodwill | 1. Regular greenhouse gas inventory to effectively control greenhouse gas emissions 2. Formulate energy-saving and carbon-reduction actions |
| **Long -term** | Geopolitics | The supply demand mismatch caused by climate change may evolve into a political risk of competition for resources. | 1. Political and economic turmoil will have impact on consumption behavior 2. Supply chain shortage will affect revenue | 1. Enhance a trustworthy brand image and cultivate member loyalty. 2. Establish a regular customer system, to reach out consumers activley. 3. Work with suppliers to keep abreast of product trends. |

### Opportunities related to climate issues in the short, medium and long-term

| Timeline | Opportunity | Potential impact | Management Strategy |
|---|---|---|---|
| **Short and medium term** | Develop new products | Consumers may prefer to purchase environmentally friendly products | Cooperate with suppliers to develop environment-friendly products with packaging reduction to lower carbon emissions |
| **Medium and long term** | Phase out hardware facilities | Once the hardware facilities exceeds the duration of service, the power consumption will increase sharply, leading to an increase in greenhouse gas emissions | 1. Promote energy conservation and carbon reduction. 2.Cooperate with the replacement progress of Taipower smart meters to improve the power management. |

## Scenario Simulation

In view of the physical risks of "increased severity of extreme weather events such as typhoons, floods, and snowfalls", the probability of flooding, equipment damage, power and water outages may increase with an impact on store operations. Besides store operations, these events might also cause physical risks to upstream logistics and downstream customers, like delivery, customer inconvenience and product unavailability. We evaluate the risk of flooding in the middle of this century (2050) for all stores in Taiwan under different climate scenarios. According to the level of flood risks of the National Science and Technology Center for Disaster Reduction (NCDR), we come out with two scenarios simulating the number of stores with flood risks and the financial impact assuming the combined level 4 and level 5 are areas to be impacted.

| Scenarios | Description of Scenario | proportion of stores with high flood risks | Revenue impacted by |
|---|---|---|---|
| Temperature increase less than 2°C | Assuming the temperature does not exceed 2°C The climate and environment will remain the same as the current situation | 17.8% | 0.01% |
| RCP 8.5 | The level of flooding risks in impacted stores under the high warming trend | 45.9% | 0.02% |

\* The proportion of affected stores is based on 2022\* RCP 8.5 refers to the concentration of carbon that delivers global warming at an average of 8.5 watts per square meter across the planet.
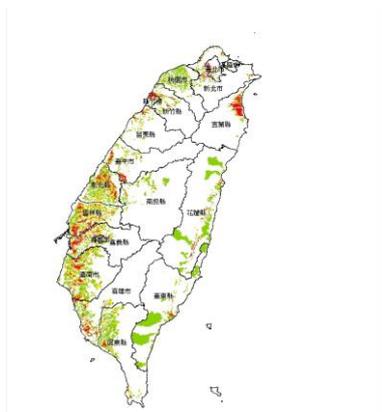
**Temperature increase less than 2°C**                              **RCP 8.5**
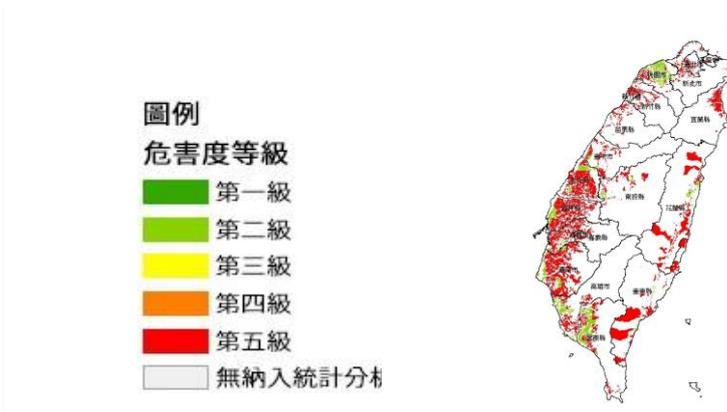


Image Source: Dr.A Climate Change Disaster Risk Adaptation Platform

In addition, to reduce the losses caused by flooding in the stores, Poya has formulated emergency response procedures for risks, standardized the logistics and distribution contingency mechanism, and purchased property insurance against natural disasters for the stores.

### Historical insurance claims for extreme climate impacts

| Year | Numbers of store impacted by the extreme weather | Number of insurance claims | Coverage of claim |
|---|---|---|---|
| 2019 | 1 | 1 | 86% |
| 2020 | 1 | 1 | 100% |
| 2021 | 5 | 5 | 100% |
| 2022 | 0 | 0 | None |

## 5.5 Waste Management

### Waste management

Poya is a retailer that sells products to consumers, and the types and disposal methods of waste are as table listed below. Poya reduces the waste generated in the service process through daily publicity，and the waste are handled in accordance with local government regulations.

| Source of Waste | Type of Waste | Dispose method | |
| --- | --- | --- | --- |
| | | Recyclable | not recyclable |
| Head office | Paper, Domestic waste | Recycling operators | Cleaning Squad |
| Logistics Centers | Cartons | Recycling operators | Cleaning Squad |
| Stores | Cartons, Domestic waste | Recycling operators | Cleaning Squad |

### Recycling volume of waste cartons

| Year | 2021 | 2022 |
| --- | --- | --- |
| Total Carton Weight(Tones) | 2,128 | 2,293 |
| Poya's total revenue (in millions, NTD) | 17,469 | 19,476 |
| Carton Weight per million Revenue (ton) | 0.1218 | 0.1177 |

*Poya's revenue increased, but the amount of cartons recycled maintained relatively stable.

### Sewage

The sewage is mainly from domestic use, which is mainly discharged to the sewer through the water pipes. The above-mentioned sewage is not a major issue for Poya.

| Year | 2021 | 2022 |
| --- | --- | --- |
| Water charge (in thousands, NTD) | 2,831 | 2,726 |
| Total cost (in thousands, NTD) | 5,340,180 | 5,761,059 |
| Percentage | 0.05% | 0.05% |

## 5.6 Centralized Logistic Center

Before the introduction of the logistics center, suppliers had to pick up and deliver the goods to each Poya store through the trucking fleet or by themselves. With the expansion of Poya stores, many small and medium-sized suppliers had difficulty to meet the demand with labor shortage and insufficient delivery capacity. Therefore, Poya gradually planned the establishment of centralized logistic center to meet operational needs. Kaohsiung logistic center operated in July, 2017. The north logistic center was also on schedule to operate in January, 2019. The south and north warehouses can support the delivery of 200 stores respectively, providing the support to our expansion plan. With our centralized logistic center, suppliers can simplify the multiple trips to one single delivery to Poya's logistics center. This should help suppliers to grow with Poya with improving efficiency.

Our operation efficiency has improved every year by our increasing efforts on process improvement after the implementation of the self-management logistics system. Poya launched a new hardware department channel "Poya Home" in the middle of 2019. Given the different product assortment work at warehouse, we set up a logistics center for Poya Home, next to Poya's north logistic center in end 2019. Currently, the capacity of POYA HOME's logistic center can support up to 90 stores. It is expected to gradually expand the capacity to meet the store expansion plan in the future.

Because Poya adopts cross docking to collect and distribute products, we centralizes the work at our DCs by replacing the multiple trips from suppliers to our individual stores. Therefore, it effectively brings down the carbon emission, exhaust gas emission and energy consumption. The goods received from the manufacturers are unloaded and inspected at the logistics center, and the packaging cartons are properly disposed of, resulting in a recycling rate of nearly 100%. Thanks to our logistics center, Poya could "deliver at night, display on shelves on the following day" (see Figure 5.6), which allows stores to place order in small quantity with more effective inventory. The store associates can focus on serving clients, improving the display, and shopping environment, instead of tedious workflow. In addition, in response to the government's promotion of renewable energy, the Kaohsiung Logistics Center has invested in the solar power generation project, which can generate more than 2 million kilowatts of electricity per year and reduce carbon emissions by an average of 1,283 tons in 2022, which is equivalent to the carbon reduction effect of 3.2 Daan Forest Park, and can also reduce the temperature of the logistics center.
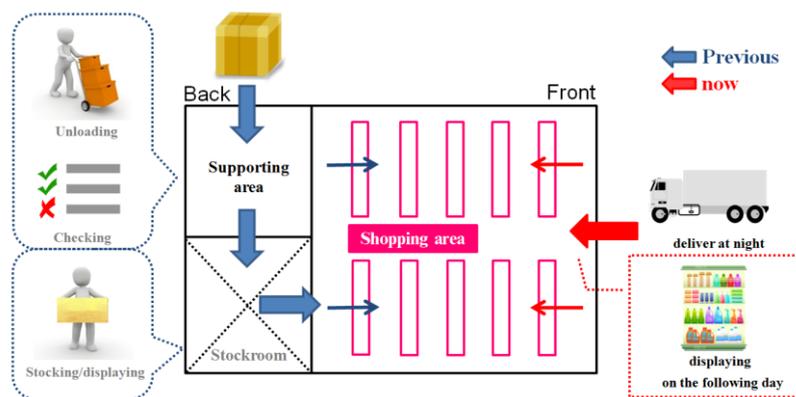


Figure 5.6 Deliver at night, display on the following day
Under the stable operation of the logistics system, the operation process of the store can be simplified, and the store employees can reduce the work of unloading, inspection, warehousing, and arranging the warehouse, and the goods can be delivered at night, displayed on the following day by the store staff

## ◈ Taoyuan logistic center (Poya & Poya Home)

➲ Capacity: 200 Poya stores & 90 Poya Home stores
➲ Operation space: 10,800 pings
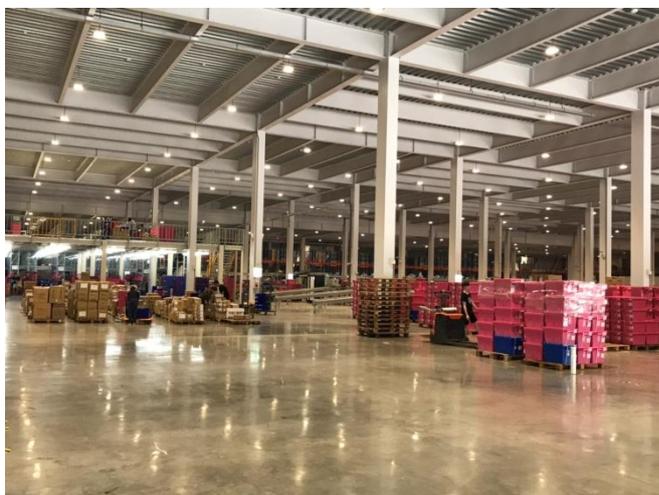


## ◈ Kaohsiung logistic center

➲ Capacity: 200 stores
➲ Operation space：7,200 pings

## 6.1 Community Participation

# 06 Community

Poya not only provides high-quality products and considerable services but also gives back to society. With our brand influence, Poya sponsored the ocean protection campaign again this year, in the hope of rasing concerns over ocean conservation and the purchase of ocean-friendly products. Poya also continue to care for disadvantaged and emphasized the Work study program. Poya invites customers to join hands together to establish a happy life circle of common good and sharing.
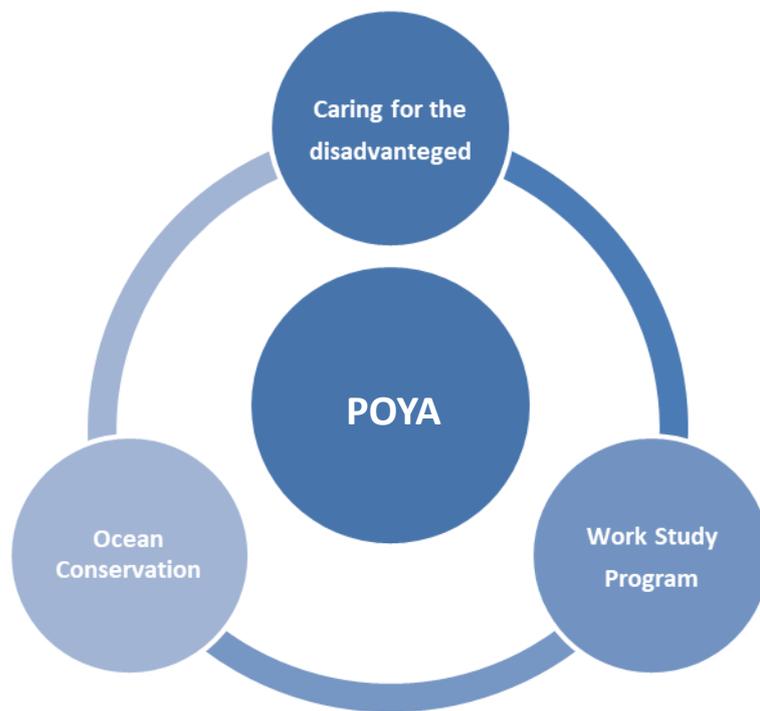
## 6.1 Community Participation

Total donation this year amounted to NT$1.2 million, mainly focus on ocean protection, talent cultivation and social care. Poya actively participates in social activities to give back to the society.

**Ocean Conservation**

Sponsored the "Protect the Ocean" activity of National Penghu University of Science and Technology, and launched the "Defend the Sea Turtles " point donation and "Ocean-Friendly Commodities" activities.



**Work Study Program**

Cooperated with 22 universities and matched 86 people to enter our stores for internships



**Caring for the Disadvanteged**

Sponsored "The Garden of Hope Foundation", "Social Affairs Bureau Tainan City Government" and etc.
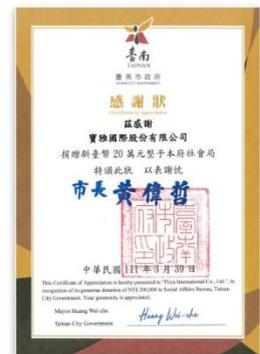
## Appendix 1. 2021~2022 Performance

| Business | | | |
|---|---|---|---|
| Item | Sub item | 2021 | 2022 |
| Service Quality Assessment | A+B level store | 85% | 86% |
| | C level store | 15% | 14% |
| Employee | | | |
| Item | Sub item | 2021 | 2022 |
| The Ratio of Female Executives | | 74% | 76% |
| Employee Age Distribution | <21 | 364 | 358 |
| | 21-30 | 2,279 | 2,208 |
| | 31-40 | 1,289 | 1,398 |
| | 41-50 | 515 | 607 |
| | >50 | 88 | 112 |
| Employee Education | Junior high and below | 56 | 55 |
| | Senior high | 1,081 | 1,101 |
| | College | 316 | 361 |
| | University | 3,005 | 3,088 |
| | Master degree | 77 | 78 |
| Total Staff Hours Training | Entry-level Training | 6,755 | 6,657 |
| | Manager Evaluation | 5,635 | 5,173 |
| The salary of full-time employees, not in supervisory position | Total numbers of Employees | 3,202 | 3,283 |
| | Average salary ( in thousands) | 488 | 518 |
| | Median salary ( in thousands) | 426 | 463 |
| The Reinstatement Rate in Parental Leave | | 60% | 36% |
| Disabling Injury | Disabling Injury Frequency Rate | 6.22 | 2.36 |
| | Disabling Injury Severity Rate | 86.21 | 38 |
| | Total Injury Index | 0.73 | 0.30 |
| | Work related fatalities | 0 | 1 |

| Environment | | | |
|---|---|---|---|
| Item | Sub item | 2021 | 2022 |
| Environment | Avg. Carbon Emission per store(t) | 140 | 134 |
| | Water Consumption (cubic meter/store) | 747 | 639 |
| | Electricity Consumption(kWh/store) | 273,766 | 260,434 |
| | Paper saving (t) | 705 | 365 |
| Waste | Recycling Weight per million Revenue (t) | 0.1218 | 0.1177 |
| Sewage | Water charge/Total Expense | 0.05% | 0.05% |

| Community | |
|---|---|
| NT$1.2mn in 2022 | Sponsored the "Protect the Ocean" activity of National Penghu University of Science and Technology |
| | Sponsored the "Charitable Donations" organized by The Garden of Hope Foundation |
| | Sponsored the " Social Affairs Bureau Tainan City Government" |
| | Sponsored the " Kaohsiung Entrepreneur Association" |
| | Sponsored the "Peng Wan-Ru Foundation" |
| | Sponsored the "Foundation for Taiwan Masters Golf Tournament" |
| | Sponsored the "Haian An Christian Church " |
| | Sponsored the "Tainan City Fire Department Volunteer Fire Brigade" |
| | Sponsored the "2022 Hearing Impaired and Disabled Slow Pitch Softball Championship in Tainan " |
| | Sponsored gift vouchers for the " Tainan City Slow-Pitch Softball Association" |
| | Sponsored the "Seed Talent Program" |
| | Cooperated with 22 colleges and universities to match a total of 86 students to Poya stores for internship |
| NT$1.02mn in 2021 | Sponsored the "Tainan hospital" to purchase the mammography vans |
| | Sponsored gift vouchers for the "Tainan Public Health Centers" |
| | Sponsored the "Joy Caring Association Taipei-Moon Festival Lucky Bags" |
| | Sponsored the "Genesis Social Welfare Foundation" |
| | Sponsored the "Tainan Jhao Rih Public Charity" |
| | Sponsored the " Kaohsiung Entrepreneur Association" |
| | Sponsored the "Global Federation of Chinese Business Women" |
| | Sponsored the "Foundation for Taiwan Masters Golf Tournament" |
| | Sponsored the "Softball Association" |
| | Cooperated with 30 colleges and universities to match a total of 105 students to Poya stores for internship |

## Appendix.2 Long-term Target and KPI in 2022

| Long-term Target and KPI | | 2022 |
|---|---|---|
| **Corporate Governance** | Top 5% of the assessment of Taiwan Corporate Governance Evaluation Sytem | V |
| | Positive profit growth | V |
| | At least four investor conferences a year | V |
| | At least one Board meeting each quarter | V |
| | "Ethical Corporate Management" briefing at the monthly internal meeting | V |
| | No fines from the authorities | V |
| **Employee** | Zero major occupational safety incident | |
| | At least 70 courses/10,000 hours of Employee career training annually | V |
| | Female executives account for over 50% of total executives | V |
| **Product Management and Customer Service** | No violation of product or service information labeling and marketing communication standards for private brand | V |
| | No violation of customer privacy | V |
| **Environment** | 3% reduction in Carbon emission per store | V |
| | Save 5% on water consumption per store | V |
| | 15% reduction in DM printing | V |

## Appendix. 3 GRI content index

| | |
|---|---|
| Statement of use | Poya has reported in accordance with the GRI Standards for the period 2022/1/1~2022/12/31. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | No sector standard applicable. |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 Organizational details | About this Report P.1<br>02 Corporate Governance P.20 | |
| | 2-2 Entities included in the organization's sustainability reporting | About this Report P.1 | |
| | 2-3 Reporting period, frequency and contact point | About this Report P.1 | |
| | 2-4 Restatements of information | 05 Environment P.52 | |
| | 2-5 External assurance | About this Report P.1<br>Table of assurance items P.77-80<br>Accountant's limited assurance report P.81-82 | |
| | 2-6 Activities, value chain and other business relationships | 02 Corporate Governance P.20-21<br>03 Products P.31-32 | |
| | 2-7 Employees | 04 Employee Care P.40-48 | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-8 Workers who are not employees | Not applicable,Do not have worker who is not employee. | |
| | 2-9 Governance structure and composition | 02 Corporate Governance P.23 | |
| | 2-10 Nomination and selection of the highest governance body | 02 Corporate Governance P.24<br>Official website：Investor Information /Corporate Governance/Board of Directors | |
| | 2-11 Chair of the highest governance body | 02 Corporate Governance P.24 | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 01 Sustainable management P.9<br>Official website：Investor Information /Corporate Governance/Stakeholders | |
| | 2-13 Delegation of responsibility for managing impacts | 02 Corporate Governance P.27 | |
| | 2-14 Role of the highest governance body in sustainability reporting | 01 Sustainable management P.9 | |
| | 2-15 Conflicts of interest | 02 Corporate Governance P.24<br>2022 Annual Reports P.8-10 | |
| | 2-16 Communication of critical concerns | 01 Sustainable management P.13-15<br>Official website：Investor Information /Corporate Governance/Stakeholders | |
| | 2-17 Collective knowledge of the highest governance body | 02 Corporate Governance P.24<br>2022 Annual Reports P.8-13、20-22 | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-18 Evaluation of the performance of the highest governance body | 02 Corporate Governance P.24<br>Official website：Investor Information /Corporate Governance/Board of Directors | |
| | 2-19 Remuneration policies | 02 Corporate Governance P.25<br>2022 Annual Reports P.15-19 | |
| | 2-20 Process to determine remuneration | 02 Corporate Governance P.25 | |
| | 2-21 Annual total compensation ratio | The annual total compensation ratio is 24,and change in the annual total compensation ratio is 42%.<br>The above information disclosure regarding all of our full-time and non full-time employees, calculated and ranked by annual total compensation. | |
| | 2-22 Statement on sustainable development strategy | Message from Management P.3<br>Official website：Investor Information /Corporate Governance/Sustainability Reports | |
| | 2-23 Policy commitments | Message from Management P.3<br>02 Corporate Governance P.26 | |
| | 2-24 Embedding policy commitments | Official website：Investor Information /Corporate Governance/ Sustainability Reports<br>Official website：Investor Information /Corporate Governance/Stakeholders | |
| | 2-25 Processes to remediate negative impacts | 02 Corporate Governance P.27-29<br>Official website：Investor Information /Corporate Governance/Stakeholders | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-26 Mechanisms for seeking advice and raising concerns | 01 Sustainable management P.13-15<br>Official website：Contact Us | |
| | 2-27 Compliance with laws and regulations | 02 Corporate Governance P.29 | |
| | 2-28 Membership associations | Poya is a member of Taiwan Chain Stores and Franchise Association, Yi Tsai Club, National Federal of Rice Business Association of the Republic of China and Kaohsiung Entrepreneur Association. | |
| | 2-29 Approach to stakeholder engagement | 01 Sustainable management P.10 | |
| | 2-30 Collective bargaining agreements | 2022 Annual Reports P.89<br>POYA has established Employee Welfare Committee and with a 100% participation rate. | |
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | 01 Sustainable management P.10-18 | |
| | 3-2 List of material topics | | |
| **Economic Category** | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 01 Sustainable management P. 10-18<br>04 Employee Care P.40<br>2022 Annual Reports P.2-3,89-91 | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | 02 Corporate Governance P.22<br>2022 Annual Reports P.136-140 | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 04 Employee Care P.46<br>2022 Annual Reports P.132-135 | |
| **GRI 202: Market Presence 2016** | 202-2 Proportion of senior management hired from the local community | 04 Employee Care P.41 | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 03 Products P.30-39 | |
| **GRI 204: Procurement Practices 2016** | 204-1 Proportion of spending on local suppliers | 03 Products P.31 | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 02 Corporate Governance P.19-29<br>Official website：Investor Information /Corporate Governance/Major Internal Policies | |
| **GRI 205: Anti-corruption 2016** | 205-2 Communication and training about anti-corruption policies and procedures | 02 Corporate Governance P.26 | |
| | 205-3 Confirmed incidents of corruption and actions taken | A total of three employee theft occurred in 2022,all of which resulted in the termination of labor contracts for violating the work rules. | |
| **GRI 206: Anti-competitive Behavior 2016** | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 02 Corporate Governance P. 29 | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **Environment** | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 05 Environment P.49-58 | |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | 05 Environment P.52 | |
| | 303-3 Water withdrawal | 05 Environment P.52 | |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 05 Environment P.50-51 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | | |
| | 305-5 Reduction of GHG emissions | | |
| **Social Category** | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 04 Employee Care P.40-48 | |
| **GRI 401 Employment 2016** | 401-1 New employee hires and employee turnover | 04 Employee Care P.42 | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 04 Employee Care P.43-44 | |
| | 401-3 Parental leave | 04 Employee Care P.47 | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 403 Occupational Health and Safety 2018** | 403-2 Hazard identification, risk assessment, and incident investigation | 04 Employee Care P.48<br>According to the "Occupational Disaster Profile" data reported to the Southern Occupational Safety and Health Center in 2022, there were 23 work-related injuries with a disabling injury frequency rate of 2.36, disabling injury severity rate of 38. The total injury index was 0.30. | |
| **GRI 404 Training and Education 2016** | 404-1 Average hours of training per year per employee | Average number of training hours per employee without duplication: 9.42 hours. | |
| **GRI 405 Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 2022 Annual Reports P.8-13<br>02 Corporate Governance P.24<br>04 Employee Care P.41 | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 04 EmployeeCare P.46 | |
| **GRI 406 Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 04 Employee Care P.45<br>Official website：Investor Information /Corporate Governance/Major Internal Policies | |
| **GRI 408 Child Labor 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labor | | |
| **GRI 409 Forced or Compulsory Labor 2016** | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | | |

| GRI Standard | Disclosure | Corresponding Section/Page | Omission explanation |
|---|---|---|---|
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 03 Products P.30-39 | |
| **GRI 416 Customer Health and Safety 2016** | 416-1 Assessment of the health and safety impacts of product and service categories | 03 Products P.32-33 | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 02 Corporate Governance P.29 | |
| **GRI 417 Marketing and Labeling 2016** | 417-1 Requirements for product and service information and labeling | 03 Products P.31-33 | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 02 Corporate Governance P.29 | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 02 Corporate Governance P.29 | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 02 Corporate Governance P.29<br>Official website: Personal Data Protection and Management | |
| **GRI 418 Customer Privacy 2016** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 02 Corporate Governance P.29 | |

## Appendix. 4 SASB index

| Subject | Code | Standard | Index and Content | Response |
|---|---|---|---|---|
| Energy Management in Retail & Distribution | CG-MR-130a.1 | Total energy consumed (GJ) | 2022：323,459.4 | 05 Environment p.52 |
| | CG-MR-130a.1 | percentage grid electricity | 100% of the electricity source comes from the grid supply | 05 Environment p.52 |
| | CG-MR-130a.1 | percentage renewable | Poya rents out rooftops to solar energy companies to generate electricity. The solar industry then sells the electricity back to Taiwan Power Company. | 05 Environment p.57 |
| Data Security | CG-MR-230a.1 | Description of approach to identifying and addressing data security risks | * The "Personal Information Protection Team" will complete the personal information inventory, establish the personal information collection procedure, and change the file marketing method, etc. * Establish the "Information Security Incident Notification System", and units that have or find personal information problems have the obligation to notify the Risk and Information Security Management Team, which will coordinate the execution and handling of the situation. | 02 Corporate Governance p.27-29 |

| Subject | Code | Standard | Index and Content | Response |
|---|---|---|---|---|
| | CG-MR-230a.2 | 1.Number of data breaches | 2020-2022：0 | |
| | CG-MR-230a.2 | 2.Percentage involving personally identifiable information (PII) | 2020-2022：0 | |
| | CG-MR-230a.2 | 3.Number of users affected | 2020-2022：0 | |
| Labor Practices | CG-MR-310a.1 | Percentage of in-store employees earning minimum wage, by region | 2022：0 | |
| | CG-MR-310a.2 | Voluntary turnover rate for all employees | | |
| | CG-MR-310a.2 | Involuntary turnover rate for all employees | | |

Index and Content (for CG-MR-310a.2 rows):

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| Voluntary turnover rate | 65.4% | 61.9% | 66.3% |
| Involuntary turnover rate | 0.5% | 0.4% | 0.4% |

Note:
1. The calculation method is changed to the number of resignations/the number of incumbents on December 31, 2022, which renewed the data in 2020, therefore there is a change from the previous version of the report
2. The annual turnover rate was 67%, of which PT accounted for 45% of the total turnover

| Subject | Code | Standard | Index and Content | | | | | Response |
|---|---|---|---|---|---|---|---|---|
| **Workforce Diversity & Inclusion** | CG-MR-330a.1 | Percentage of gender for (1) management and (2) all other employees | **2022** | Senior Managers | Middle Managers | Managers | Staff | 04 Employee Care p.41 |
| | | | Male | 1.2% | 3.9% | 6.0% | 12.0% | |
| | | | Female | 1.8% | 3.9% | 29.5% | 41.8% | |
| | CG-MR-330a.1 | Percentage of racial ethnic group representation for (1) management and (2) all other employees | 93 employees of indigenous ethnic groups, accounting for 2% of all employees | | | | | 04 Employee Care p.41 |
| **Product Sourcing, Packaging, and Marketing** | CG-MR-410a.1 | Revenue from third-party certified environmental and/or social sustainability products | Our own branded rice crackers were certified by Tse-Xin Organic Certification Corporation as using organic rice. Sales of the rice crackers in 2022 were around NT$280,000 | | | | | 03 Products P.36 |
| | CG-MR-410a.2 | Statements of risks or hazards associated with chemicals in products | 03 Products | | | | | P.32 |
| | CG-MR-410a.3 | Discussion of the environmental impact of packaging reduction | In addition to giving the incoming cartons to resource recyclers, some of them are also reused by branches. | | | | | 05 Environment P.56 |
| **Activity Metric** | CG-MR-000.a | Number of retail locations | 02 Corporate Governance | | | | | p.20 |
| | CG-MR-000.a | Number of distribution centers | 05 Environment | | | | | p.57~58 |
| | CG-MR-000.b | Total area of retail space | 126,148 ping (≒417,020sqm) in 2022 | | | | | |
| | CG-MR-000.b | Total area of distribution centers | 05 Environment | | | | | p.58 |

# Appendix. 5 TCFD Index

| Aspect | TCFD Recommended Disclosures | Corresponding Chapter | Page Number |
|---|---|---|---|
| Governance | Describe the board's oversight of climate-related issues. | 01 Sustainable management | P.9 |
| | Describe management's role in assessing and managing issues. | | |
| Strategy | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | 05 Environment | P.54-55 |
| | Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | | |
| | Scenario Analysis | | |
| Risk Management | Describe the organization's processes for identifying and assessing climate-related risks. | 02 Corporate Governance | P.27 |
| | Describe the organization's processes for managing climate-related risks. | | |
| | Describe the integration of identifying, assessing, and managing climate-related risks into the organization's overall risk management | | |
| Metrics and Targets | Disclose the metrics used by the organization to assess and manage climate-related risks | 05 Environment<br>Appendix.2 Long-term Target and KPI in 2022 | P.50-55<br>P.64 |

## Appendix. 6 Table of assurance items

| Number | Subject Matter Information | Page Number | Applicable Criteria | Regulations |
|---|---|---|---|---|
| 1 | **Business** <br><br> | Item | Sub item | 2021 | 2022 |<br> Service Quality Assessment | A+B level store | 85% | 86% |<br> | C level store | 15% | 14% |<br><br> **Total stores** 353 (Poya 313, Poya Home 40) <br> (Information updated as of December 31, 2022) | 20.62 | The number and the percentage of stores assessed in the year, with reference to the assessment content defined in the "Standard Operating Procedures (SOP)". | Voluntary assurance |
| 2 | **2.5 Legal Compliance** <br> With the legal office as the guiding unit, Poya ensures that all operations of the company comply with the requirements of various government laws and regulations. <br><br> Poya emphasis on product safety. In 2022, Poya received 2 sanction letters with a fine of NTD 340,000 for violating the Food Safety Law. The payment has been made and the inspection of products has been strengthened. <br><br> In 2022, there was no violation of the Company Law and the Securities Exchange Law etc. | 29 | The number and amount of fines imposed by the competent authority due to violation of environmental, economic or social regulations and the "Food Safety and Hygiene Management Act" and its sub-laws in 2022. | Voluntary assurance |
| 3 | **4.3 Salary and Benefits** <br> **Compensation system** <br> Poya provides competitive salaries and diversified benefits. With a transparent promotional system for full-time employees and lower-down the proportion of part-time employees, Poya improves the turnover rate of employees and enhances the service capabilities. The salary adjustments will be decided based on each employee's professional knowledge, position and job responsibilities and other objective conditions. Poya provides labor insurance, labor pension, employment insurance, and national health insurance in accordance with the law. Also, Poya determines performance bonuses, bonus, promotions, and salary adjustments based on our performance assessment system (twice every year). <br><br> | Category / Year | 2021 | 2022 | Growth rate |<br> Number of full-time employees not in supervisory positions | 3,202 | 3,283 | 3% |<br> Average salary of full-time employees not in supervisory positions (in thousands) | 488 | 518 | 6% |<br> Median salary of full-time employees not in supervisory positions (in thousands) | 426 | 463 | 9% |<br> *Remarks: <br> 1. All of Poya's stores are directly operated(non-franchised), with 86% of the manpower being front-line service personnel. Due to the large scale store expansion, a high percentage of new employees and junior employees are hired, which affects the average salary. <br> 2. All better than the minimum salary standard by Taiwanese government. | 46 | In accordance with the "Taipei Exchange Rules Governing Information Reporting by Companies with TPEx Listed Securities" by Taipei Exchange, laws and regulations related to Q&A | Voluntary assurance |

| Number | Subject Matter Information | Page Number | Applicable Criteria | Regulations |
|---|---|---|---|---|
| 4 | The fast-changing nature of the retail industry leads to a higher employee turnover rate.<br><br>**Calculation method table:**<br><br>| | 2020 | 2021 | 2022 | Calculation method |<br>|---|---|---|---|---|<br>| New entry rate | 68% | 64% | 71% | The number of new employees/The number of employees on December 31, 2022 |<br>| Turnover rate | 66% | 62% | 67% | The number of resigned employees/The number of employees on December 31, 2022 |<br><br>The annual turnover rate was 67%, of which PT accounted for 45% of the total turnover<br><br>| Items (note2) | Occupational Sickness Leave People | Occupational Sickness Leave Days | Sick Leave People | Sick Leave Days | Personal Leave People | Personal Leave Days | Menstrual Leaves People | Menstrual Leaves Days | Absence Rate |<br>|---|---|---|---|---|---|---|---|---|---|<br>| Female | 53 | 477 | 1,824 | 8,752 | 729 | 1,427 | 983 | 1,610 | 1.05% |<br>| Male | 16 | 25 | 428 | 1,835 | 203 | 359 | 0 | 0 | 0.19% |<br>| Total | 69 | 502 | 2,252 | 10,587 | 932 | 1,787 | 983 | 1,610 | 1.24% |<br><br>Note 1 : The total number of working days is based on the number reported by the Occupational Safety and Health Administration of the Ministry of Labor, so it may different from the total number of working days in Note 2<br>Note 2 :<br>(1) Based on the number of employees at the end of 2022.<br>(2) The number of working days in 2022 was 249 days; the total number of working days was 1,166,067 days (total people * annual working days).<br>(3) Absence rate = (days of occupational sickness leave + days of sick leave + days of personal leave + days of menstrual leave) / total number of working days. | 42.48.74 | New employee rate and turnover rate are calculated based on the roster of new employees and resignations in 2022 shown in the company's human resources system and the roster of all employees as of December 31, 2022.<br>The employee absenteeism rate is calculated according to the following formula:<br>occupational sickness leave + sick leave days + personal leave days + menstruation leave days)/total labor number of days | Voluntary assurance |
| 5 | **Parental Leave and Maternity Leaves**<br>The female employees accounted for about 77% of the total employees. In order to protect the rights and interests of employees, Poya offers menstrual leaves, family care leaves, maternity leaves, paternity leaves, breast-feeding time and the procedures of leave without pay.<br><br>**Application Rate and Reinstatement rate in 2022**<br><br>| | 🧑 | 👩 |<br>|---|---|---|<br>| Number of employees eligible for parental leave in 2022 | 51 | 196 |<br>| The actual number of employees applying for parental leave in 2022 | 5 | 70 |<br>| Application Rate | 10% | 36% |<br>| The estimated number of employees reinstated after parental leave in 2022 | 5 | 98 |<br>| The actual number of employees reinstated after parental leave in 2022 | 2 | 35 |<br>| Reinstatement rate | 40% | 36% | | 47 | Based on the list of employees who applied for leave without pay as of December 31, 2022, and the number of employees who were reinstated after the parental leave ended, the reinstatement rate is calculated according to the appropriate formula shown by GRI: employees who have actually returned to work after parental leave/ total number of employees who should be reinstated after parental leave X100 | Voluntary assurance |

| Number | Subject Matter Information | Page Number | Applicable Criteria | Regulations |
|---|---|---|---|---|
| 6 | **4.2 Training system and Development**<br>Our regular training and E-Learning platform enable employees to improve the ability. Total class hours in 2022 were 11,830 hours<br><br>| Subject | Training hours | Number of classes | Number of Trainees | Male | Female | Total Hours |<br>\|---\|---\|---\|---\|---\|---\|---\|<br>\| OJT Evaluation \| 7 \| 25 \| 951 \| 209 \| 742 \| 6,657 \|<br>\| Section Manager Assessment \| 7 \| 15 \| 427 \| 100 \| 327 \| 2,989 \|<br>\| Assistant store Manager Assessment \| 7 \| 13 \| 312 \| 100 \| 212 \| 2,184 \|<br>\| Total \| \| 53 \| 1,690 \| 409 \| 1,281 \| 11,830 \| | 42 | The total number of education and training hours completed in accordance with Poya's education and training methods in 2022 | Voluntary assurance |
| 7 | **Average salary by gender in 2022**<br><br>\| Gender \| Area \| Average salary by area \| Average salary by gender \| Average female-to-male salary ratio by area \| Female to Male Average Salary Ratio \| Minimum wage \| Premium on top of salary \|<br>\|---\|---\|---\|---\|---\|---\|---\|---\|<br>\| Female \| North \| 43,036 \| \| 85% \| \| 34,763 \| 8,273 \|<br>\| \| Central \| 38,308 \| 40,701 \| 81% \| 82% \| 30,470 \| 7,838 \|<br>\| \| South \| 41,400 \| \| 77% \| \| 33,297 \| 8,103 \|<br>\| \| Kao-Ping \| 38,143 \| \| 83% \| \| 30,525 \| 7,618 \|<br>\| Male \| North \| 50,455 \| \| 100% \| \| 39,468 \| 10,987 \|<br>\| \| Central \| 47,188 \| 49,608 \| 100% \| 100% \| 36,284 \| 10,904 \|<br>\| \| South \| 53,627 \| \| 100% \| \| 41,124 \| 12,503 \|<br>\| \| Kao-Ping \| 45,944 \| \| 100% \| \| 36,296 \| 9,648 \| | 46 | Refers to the ratio calculated on the basis of male annual salary as 100 | Voluntary assurance |
| 8 | | Year | Total | Average |<br>\|---\|---\|---\|<br>\| **2021** \| 203,189 \| 747 \|<br>\| **2022** \| 187,261 \| 639 \| | 52 | Total water consumption of Poya's headquarter and stores (excluding mall) in 2022 | Voluntary assurance |
| 9 | **Recycling volume of waste cartons**<br><br>\| Year \| 2021 \| 2022 \|<br>\|---\|---\|---\|<br>\| **Total Carton Weight(Tones)** \| 2,128 \| 2,293 \|<br>\| **Poya's total revenue (in millions, NTD)** \| 17,469 \| 19,476 \|<br>\| **Carton Weight per million Revenue (ton)** \| 0.1218 \| 0.1177 \|<br><br>*Poya's revenue increased, but the amount of cartons recycled maintained relatively stable. | 56 | Recycling volume of logistics waste cartons in 2022 | Voluntary assurance |

| Number | Subject Matter Information | Page Number | Applicable Criteria | Regulations |
|---|---|---|---|---|
| 10 | In 2022, the Board convened 12 times with an average attendance rate of 96%. For the operation of the board of directors, important resolutions and recusal of Board of Directors due to conflicts of interest, please refer to page 20-22 of the annual report. | 24.25 | Based on the total number of meetings of the company's board of directors/functional committees in 2022, obtain the meeting minutes and attendance records of all meetings to calculate the personal attendance rate | Voluntary assurance |

| Committee member | Function | Frequency Attendance rate | Operation in 2022 |
|---|---|---|---|
| Audit Committee 3 Independent Directors | ◆Overseeing the fair presentation of the Company's financial statements<br>◆Overseeing the hiring (and dismissal), independence, and performance of certificated public accountants<br>◆Overseeing effective implementation of the internal control system<br>◆Overseeing compliance with relevant laws and regulations<br>◆Management of the existing or potential risks of the Company | 4 times 100% | ◆In 2022, the audit committee communicated well with the certified accountants, and none of the independent directors had any opinions.<br>◆In 2022, independent directors communicated individually with the internal audit supervisor/accountant a total of 6 times. |
| Remuneration Committee 3 Independent Directors | ◆Assessing the Company's overall remuneration and benefits policy<br>◆Assessing remuneration for directors and managers.<br>◆The remuneration of directors and managers in 2022 was disclosed on page 15-19 of the annual report | 5 times 100% | ◆There is no case in 2022 that the board of directors will not adopt or modify the recommendations of the remuneration committee.<br>◆No member has any objection or reservation regarding the matters decided by the Remuneration Committee in 2022. |
| Nomination Committee 2 Directors 3 Independent Directors | ◆Reviewing and nominating director candidates<br>◆Performance evaluation of the board of directors and functional committees<br>◆Assessing the independence of independent directors | Once 100% | ◆Nominating Directors did rescue themselves from the discussion and vote in 2022 if a director participated in a proposal with conflicts of interest. |

## 會計師有限確信報告

(112)資會綜字第 23001811 號

寶雅國際股份有限公司　公鑒：

本事務所受寶雅國際股份有限公司（以下稱「貴公司」）之委任，對　貴公司選定 2022 寶雅永續報告書所報導之關鍵績效指標（以下稱「所選定之關鍵績效指標」）執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

### 標的資訊與適用基準

本確信案件之標的資訊係　貴公司上開所選定之關鍵績效指標，有關所選定之關鍵績效指標及其適用基準詳列於　貴公司 2022 寶雅永續報告書第 73 至 75 頁之「確信項目彙總表」。　前述所選定之關鍵績效指標之報導範圍業於永續報告書第 1 頁之「報告書期間、邊界與數據」段落述明。

### 管理階層之責任

貴公司管理階層之責任係依照適當基準編製永續報告書所選定之關鍵績效指標，且維持與所選定之關鍵績效指標編製有關之必要內部控制，以確保所選定之關鍵績效指標未存有導因於舞弊或錯誤之重大不實表達。

### 會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」，對所選定之關鍵績效指標執行確信工作，以發現前述資訊在所有重大方面是否有未依適用基準編製而須作修正之情事，並出具有限確信報告。

本會計師依照上述準則所執行之有限確信工作，包括辦認所選定之關鍵績效指標可能發生重大不實表達之領域，以及針對前述領域設計及執行程序。因有限確信案件取得之確信程度明顯低於合理確信案件取得者，就有限確信案件所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。

本會計師係依據所辨認之風險領域及重大性以決定實際執行確信工作之範圍，並依據本委任案件之特定情況設計及執行下列確信程序：

- 對參與編製所選定之關鍵績效指標之相關人員進行訪談，以瞭解編製前述資訊之流程，以及攸關之內部控制，以辨認重大不實表達之領域。

- 基於對上述事項之瞭解及所辨認之領域，對所選定之關鍵績效指標進行分析性程序，並選取樣本進行包括查詢、觀察、檢查及重新執行等測試，以取得有限確信之證據。

此報告不對 2022 寶雅永續報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

## 會計師之獨立性及品質管理規範

本會計師及本事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密及專業行為。

本事務所適用品質管理準則 1 號「會計師事務所之品質管理」，因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

## 先天限制

本案諸多確信項目涉及非財務資訊，相較於財務資訊之確信受有更多先天性之限制。對於資料之相關性、重大性及正確性等之質性解釋，則更取決於個別之假設與判斷。

## 有限確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現所選定之關鍵績效指標在所有重大方面有未依適用基準編製而須作修正之情事。

## 其它事項

貴公司網站之維護係　貴公司管理階層之責任，對於確信報告於　貴公司網站公告後任何所選定之關鍵績效指標或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

資　誠　聯　合　會　計　師　事　務　所

會計師　林姿妤

中　華　民　國　１１２　年　８　月　１５　日