

2020

Corporate Social Responsibility Report



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About momo's CSR Report

Welcome to the 6th Corporate Social Responsibility (CSR) Report, published by momo.com Inc. ("momo").

The CSR report is regularly published by momo to maintain sound and open channels of communication with stakeholders. A "CSR" section has been set up on the corporate website as well to host related disclosures. By publishing this report, we hope to present our 2020 efforts and accomplishments across the three key areas of governance, society and the environment in a transparent and open manner. We also hope that it will demonstrate momo's commitment to corporate sustainability.



momo CSR
Official website

Editorial Principles

This report was compiled in accordance with the GRI Standards: Core Option, published by the Global Sustainability Standards Board. The "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-listed Companies" of Taiwan and the Company's CSR Best Practice Principles were also used as references. Please refer to the GRI Standards section in the Appendix of this report for further details.

Reporting Period and Boundary

Period of Disclosure

The report covers the period from January 1, 2020 to December 31, 2020. For the sake of completeness, the resulting data from projects and activities may be from before January 1, 2020, or after December 31, 2020. Any differences in the reporting period will be noted in the main body of the report.

Information Boundary

The financial data cited in this report have the same boundaries as the consolidated financial statements of momo.com Inc., while the information data encompasses performance in the social and environmental aspects. momo was designated as the primary entity as its revenues accounted for 99.94% of consolidated revenues in 2020. If the scope of any disclosure does not cover subsidiaries such as Fu Sheng Travel Service Co., Ltd., Fuli Life Insurance Agent Co., Ltd., Fuli Property Insurance Agent Co., Ltd., BEBE POSHE International Co., Ltd., Fu Sheng Logistics Co., Ltd., MFS Co., Ltd., Asian Crown International Co., Ltd., Fortune Kingdom Corporation, Hong Kong Fubon Multimedia Technology Co., Ltd., Fubon Gehua (Beijing) Enterprise Ltd., Honest Development Co., Ltd., Hong Kong Yue Numerous Investment Co., Ltd., and Haobao Information Consulting (Shenzhen) Co., Ltd., additional information or the entity making the disclosure will be provided.

Report Quality Assurance

Internal Review

All data or information disclosed in this report were provided by the management units of the Company, then compiled and verified by the Finance & Accounting Division of the CSR Committee before being submitted to the Chairman and President for review, and approval of disclosure. Disclosures are also submitted to the Board of Directors in accordance with the momo CSR Best Practice Principles.

External Assurance

External assurance on the contents of this report was carried out by BSI Taiwan in accordance with GRI Standards: Core Option and AA1000AS v3 (Type 1 Moderate Level of Assurance) to ensure the reliability of disclosure. The assurance statement is included in the Appendix.

Data Quality Management

All data in this report has undergone independent third-party assurance or verification to ensure the reliability of the published information.

Financial data	Deloitte Taiwan
Information security (ISO 27001 and BS 10012) Information Security	SGS Taiwan Ltd.
Occupational health and safety management (ISO 45001)	BSI Taiwan
Environmental management (ISO 14001)	BSI Taiwan
Greenhouse gases (ISO 14064-1)	BSI Taiwan
Quality management systems (ISO 9001)	SGS Taiwan Ltd.

Publication History

The report is published annually. All reports can be found and downloaded from the Company's CSR website. Publication dates:

First issue	September 2016
Previous issue	June 2020
Current issue	June 2021
Next issue	June 2022

Feedback

All comments or questions regarding this report can be directed to:

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Chairman's Message

to Stakeholders



Chairman

Dear Stakeholders

The COVID-19 pandemic has disrupted consumer habits and sped up the vibrant development of virtual retail channels. Following our corporate mission to “improve people's quality of life through affordable products and quality services,” momo.com Inc. has integrated the synergies from our key strengths in “merchandise,” “technology,” and “logistics” into our core business. Our response to this retail industry disruption was to upgrade and transform all momo services across the board. Thanks to the combined efforts of all momo employees, our business performance reached new heights again this year with total revenues of NT\$67.2 billion and EPS of NT\$13.87, putting us firmly on the path to business sustainability.

The dawn of a new age in retail means that momo will continue to embrace our four core values: “Honesty, Friendliness, Professionalism and Innovation,” as we continue to execute our vision and in turn build market share. Our years of investment in branded merchandise is now paying off. This year, we even took our member services to the next level by partnering with brand-name suppliers to offer members-only experience events and exclusive limited-edition merchandise. We have in effect created a new model that delivers benefits for momo, brand-name suppliers and consumers. In response to the challenge posed by the digital transformation of channels, momo is focusing on customer satisfaction by using technology and continued refinements to our search services to deliver an even better shopping experience.

Business expansion means momo is accelerating the implementation of our logistics roadmap as well. Having accomplished our goal of “30 warehouses by 2020”, for 2021 we are concentrating on building up our logistics network in southern Taiwan to expand our “last-mile” services. Thanks to the establishment of the 100% held subsidiary “Fu-Sheng Logistics” and the application of AI big data technology, the “last-mile” of momo's logistics chain can now expand coverage along the three dimensions of point, line, and plane, enhancing our online shopping and logistics services throughout Taiwan.

As we continue to grow in business size, momo will continue to embrace sustainability as our engine of growth, focusing on environmental, social and corporate governance (ESG). The “momo Sustainable Living Blueprint” vision launched in 2019 builds on the spirit of “Every matter, matters to momo.” The new sustainable living blueprint takes the six key values of “brand, merchandise, green consumption, service, talent, society” as the starting point. The five strategies of “Partnership matters”, “Customer matters”, “Environment matters”, “Employee matters” and “Society matters” guide our determination to provide Taiwanese society and consumers with a blueprint for sustainable living. The United Nations Sustainable Development Goals (SDGs) are also incorporated into our strategy, as we use our influence as the leader in online retail to become the industry paradigm for sustainability.

The efforts made by momo to fulfill our corporate social responsibility have been recognized by a number of awards as well. Our top 5% rating in the Taiwan Exchange's “Corporate Governance Evaluation” for four consecutive years is among the best in the industry. We were also rated in the top 10% among TWSE/TPEX-listed “non-financial and non-electronics companies with a market capitalization over NT\$10 billion.” We were presented with a rating of Distinction under the “CG6012

(2019) Corporate Governance System Assessment.” At the Taiwan Corporate Sustainability Awards (TCSA), momo received the “Corporate Comprehensive Performance - TOP50 Corporate Sustainability Award”, “Corporate Sustainability Report - Wholesale and Retail Industry Gold Award”, as well as Best Sustainability Practice Awards for “Creativity in Communication” and “Climate Leadership.” This year, we were even presented with our first “Excellence in Corporate Social Responsibility Award” from CommonWealth Magazine. Our achievements to date and these subsequent accolades are the result of everyone at momo working together to achieve corporate sustainability.

In the future, momo will embrace our mission as the leader in online retail to continue creating sustainable value for investors, employees, customers, suppliers, local communities, management authorities, and stakeholders. We will continue to expand the scope and diversity of our services to establish a momo ecosystem. We will also continue to focus on the realization of the “momo Sustainable Living Blueprint” by becoming the preferred shopping platform for consumers and suppliers in Asia.

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President

Dear Stakeholders:

When the COVID-19 pandemic swept across the world with little warning in 2020, it not only sent shock waves through the overall economy but also accelerated the digital transformation of the retail industry. As the leader of virtual online channel industry, the business opportunities created by the “stay-at-home economy” caused by the pandemic immediately put our “service capacity” to the test. We also played a critical role in helping brands, suppliers, brick-and-mortar stores and even consumers make a painless transition to virtual channels. Under our “Sustainable Living Blueprint”, momo put our five sustainability strategies of “Partnership matters”, “Customer matters”, “Environment matters”, “Employee matters” and “Society matters” into practice to convert the challenges posed by COVID-19 pandemic into drivers of industry growth. By working with all stakeholders for mutual benefit, momo concentrated on upgrading our service capacity across the board to capture initial market share and realize sustainable e-commerce.

Company rules that comply with applicable laws and regulations are used by momo to establish an effective governance structure and associated ethical standards. These serve to enhance corporate governance and are implemented from the top-down. momo also uses active participation in assessments and certifications to review implementation outcomes. The embracing of the sustainability philosophy by all employees was instrumental to our record-breaking business performance every year. momo is now using our influence as the industry leader to incorporate sustainability principles into our supplier management. Currently, 100% of supplier partners have signed the “Ethical Corporate Management Statement” and “Corporate Social Responsibility Best Practice Principles.” More than 8,500 suppliers have now signed the momo CSR Best Practice Principles with 460 completing the certification or factory inspection/audit process. momo believes that employees are important company assets so continued business growth has led to increases in basic salaries across the board. We strive to build a safe workplace and have now obtained ISO 45001 Occupational Health and Safety Management System certification. Additionally, the pace of employee e-learning has accelerated due to COVID-19, allowing employees to grow with the company and achieve sustainability too.

The e-commerce industry is now going through a period of vibrant growth. To become Taiwan's leading sustainable

and green e-commerce enterprise, momo is actively taking steps to deal with the environmental impacts of our business operations and set 2020 as our company's environment year zero. Efforts are being made to push for greater energy efficiency and carbon reduction in the value chain through our environment management system. Concrete targets are being progressively set for internal operations and management, green logistics, and environment-friendly packaging. In the same year momo obtained both the ISO 14064-1 Greenhouse Gas Inventory and ISO 14001 Environmental Management System certification. To realize green logistics, momo is incorporating the ideals of environmental sustainability into our warehousing and transportation strategies. For example, the solar power installation at our northern logistics center generated 1,263,932 kWh of electricity for the year; green logistics and low-carbon transportation reduced carbon emission by 21.28 tonnes CO2e per month; a green own fleet is now being developed through the introduction of more energy-efficient transportation vehicles. We are actively promoting paperless operations as well as waste management control and energy efficiency among employees. Green sustainability has been embedded into every aspect of momo's routine operations.

momo takes a longstanding interest in social issues and provides support to a variety of groups including disadvantaged children, women, seniors and handicapped people. Particular emphasis is placed on two programs:

SDG2 Zero Hunger, and SDG10 Reduced Inequalities. We have leveraged our core business operations to develop an “online charity platform” that consolidates group resources for promoting charitable initiatives. Such initiatives include helping charities deliver their message, using the product management system to raise donations in kind to charities, as well as encouraging employees and members to all do their part for society. In 2020, momo provided assistance to 249 organizations and raised/made NT\$85.78 million in donations. Partner organizations included the Fubon Charity Foundation, Syin-Lu Foundation, Taiwan Fund for Children and Families, Garden of Hope Foundation, Children Are Us Foundation, and Elder Welfare Concerned Association.

Aligned with Fubon Group's focus on sports, momo supported the development of professional sports bodies and sporting competitions. The sports we currently support include golf, baseball and basketball, and include the Group's “Fubon Guardians” baseball team and “Fubon Braves” basketball team. By supporting the Group's strategy on sports development, momo hopes that group synergies will help rally the Taiwanese sporting community, thereby maximizing the gains from investing in sports development.

In 2021, momo will continue to strengthen our core competitiveness and continue to expand the scope of our services in the spirit of “Every matter, matters to momo.” We will also use our industry leadership to build a new ecosystem and break new ground for the industry. Through leading by example, momo hopes that we can inspire all stakeholders to work together for continued common benefit, thereby paving the way for sustainability of the whole industry.



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Governance Aspect



Ranked in the **Top 5%** of the
"Corporate Governance Evaluation of
TWSE/GTSM-listed Companies" by
the Taiwan Stock Exchange for
5 consecutive years



Chosen as a
constituent stock
of the "TWSE Mid Cap 100 Index"
for **6 consecutive years**

Completed certification
or audit/factory inspection
of **468 suppliers**



Chosen as a constituent stock of the
"TWSE Corporate Governance 100 Index"
for **4 consecutive years**

Information Security Management Committee

established in 2020

First shopping channel
in Taiwan to obtain ISO 27001
information security certification

Maintained **100%** signing rate for
"Ethical Corporate Management State"
and "CSR Best Practice Principles",
with more than **9,000 suppliers** signing
the momo CSR Best Practice Principles



First e-commerce company
(logistics center) in Taiwan to
obtain ISO 9001 quality
management system
certification



Established **"Fu Sheng Logistics"**
as a 100% owned subsidiary
to focus on short-chain logistics
and enhance the last-mile
customer experience



Social Aspect



momoshop launched
the **"5h Supermarket"**
offering more than 5,000 items
for delivery within 5 hours



Raised the basic salary
across the board so
the starting salary for
permanent employees
is now **1.26 times**
higher than statutory
minimum wage



Invested
NT\$2,542,332
towards employee
education
and training

Assisted
249 groups
(charities, healthcare
and education
institutions)



Commissioned the **19,800m²**
**"Yongkang Logistics
Center (Tainan)"**
creating **200** jobs



Raised
NT\$**85.78** million
for charity

Leveraged the power of e-commerce to provide
57,147 items
for charity sales and donations



Provided platform to support the pursuit of dreams that attracted
649,102 participants and
2,476,100 views



Launched consumer initiative that persuaded
42,498 momo members to make donations

100% completion rate on promotion of gender equality concepts (new employees and current employees)



Environmental Aspect

Push towards paperless operations cut paper by consumption by **38,015,274** sheets in 2020, meaning **4,562** fewer trees cut down and the equivalent of **273,710** tons CO₂e



Introduced **TCFD** and identified climate change risks/opportunities

Green logistics and low-carbon transportation cut carbon emissions by **21.28** tons CO₂e each month



PV system at the Northern Region Logistics Center generated **1,263,932** kWh of electricity in 2020

Took part in the EPA **Packaging iCycle** campaign with other companies and achieved a response rate of **60%** (based on total supplier shipments and recovered quantity)



Packing bags are made from **30%** recycled materials and printing kept to less than **20%** of surface area to save ink

Introduced reusable bags for shipping with an average recycling rate of **25.8%** with each bag being reused up to **5** times



Cartons are made from **100%** recycled paper pulp and printing kept to less than **50%** of surface area to save ink



Accolades and Acknowledgment

Ranked in the Top 5% of the “Corporate Governance Evaluation of TWSE/GTSM-listed Companies” by the Taiwan Stock Exchange



Named in the “CommonWealth Corporate Citizenship Awards TOP50” by CommonWealth Magazine



Garnered 4 awards at the “13th Taiwan Corporate Sustainability Awards” in 2020



Corporate Comprehensive Performance - “Top 50 Taiwanese Companies Sustainability Award”



Corporate Sustainability Report - “Gold Award in Wholesale and Retail”



Best Performance of Specific Categories - “Creativity in Communication Award” and “Climate Leadership Award”



Presented with “BSI Leadership in Sustainability and Resilience Award” by British Standards Institution



Presented with the “Energy-saving and Contribution Award” by Taipei City Government



Presented with the “Badge of Accredited Healthy Workplace - Linkou Warehouse” by the Ministry of Health and Welfare

(Note: Accreditation is valid from 2021 onwards)



Stakeholder Engagement and Identification of Material Topics

Stakeholder Identification

Internal/external groups or individuals related to the functions of and in close contact with the business functions of each department as well as their effect on momo's business activities, or those affected by momo's business activities, are discussed and reviewed by the six working groups under the CSR Committee every year. Seven key stakeholders were identified for engagement efforts after they were examined against the five principles of the AA1000 Stakeholder Engagement Standard (SES).



Stakeholder Engagement and Response

momo is the No.1 e-commerce company in Taiwan. We listen to our stakeholders and take them seriously. A real-world "Stakeholder Conference" has been held every year since 2019 for face-to-face communication with stakeholders and to respond to their expectations of momo. These provide a guide for economic, social and environmental sustainability initiatives that serve as the foundations for the sustainable development of momo. The outcomes of stakeholder engagement in 2020 were reported to the Board of Directors in February 2021.

A variety of contact methods are provided on the momo website to track stakeholder requirements. Stakeholders are welcome to provide their feedback at any time; the six working groups of the CSR Committee constantly engage with stakeholders as well to determine whether an effective response is being provided to each stakeholder.



Stakeholder conference held on December 10, 2020

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Stakeholders	Topic of Concern	Communication Frequency and Channel	Communication Performance in 2020
 Government Organization	<ul style="list-style-type: none"> Corporate Governance Compliance GHG Reduction Risk Management 	<ul style="list-style-type: none"> Participation in policy symposiums, forums or public hearings on an ad hoc basis Lobbying or hosting administrative entities to establish opportunities for direct communication Official correspondence, e-mail, telephone calls and on-site audits on an ad hoc basis Provided a contact and mailbox for government organizations in the stakeholder section of the momo website 	<ul style="list-style-type: none"> Chosen as a constituent stock of the "TWSE Corporate Governance 100 Index" for 4 consecutive years Chosen as a constituent stock of the "FTSE TWSE Taiwan Mid Cap 100 Index" for 6 consecutive years Top honors in 2020 for being ranked in the Top 5% of the "Corporate Governance Evaluation for TWSE/GTSM-listed Companies" and Top 10% for non-financial and non-electronics companies with a market capitalization in excess of NTD10 billion. Request for contributions from TWSE on planning of the "Corporate Governance Roadmap." Took part in 6 information sessions hosted by TWSE
 Investor/ Shareholder	<ul style="list-style-type: none"> Appropriate return on investment Competitive industry advantage Corporate Governance Business strategy and overview 	<ul style="list-style-type: none"> Annual shareholders conference Monthly revenue report Quarterly financial statement and institutional investor conference. Participation in internal/overseas investment forums to disclose the Company's financial and business situation on an ad hoc basis. Appoint company spokesperson and deputy spokesperson. Investor area and shareholder liaison contact were also established on the official website. 	<ul style="list-style-type: none"> Total of 126 Chinese/English material disclosures 29 institutional conferences/events (547 participants) Total of 129 institutional conferences (321 participants).
 Customer	<ul style="list-style-type: none"> Product quality and reliability Quality customer service Protection of confidential information 	<ul style="list-style-type: none"> Appoint dedicated personnel to handle customer issues and track resolution progress. Conduct regular customer satisfaction surveys. Set up consumer complaints channel along with customer service hotline in the Stakeholder section of the official website 	<ul style="list-style-type: none"> Customer satisfaction survey scored on average 84.4 points. Real-world marketing activities are held at various times to interact with consumers directly to better understand their needs.
 Supplier	<ul style="list-style-type: none"> Product quality and reliability Supply chain sustainability management 	<ul style="list-style-type: none"> Appoint vendor service agent to conduct one-to-one consultations with suppliers to assist them in resolving problems. Company visits, telephone calls, meetings and e-mail. Monthly supplier symposiums Set up supplier back-end management system to handle supplier issues. Provide a complaints hotline and mailbox for suppliers in the stakeholder section of the momo website. 	<ul style="list-style-type: none"> Hosted 71 supplier education and training sessions Strengthened information security education and awareness. Arranged for specialists to conduct factory inspections and telephone interviews (some inspections replaced by telephone interviews due to COVID-19); 13 suppliers were inspected in 2020

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Stakeholders	Topic of Concern	Communication Frequency and Channel	Communication Performance in 2020
 Employee	<ul style="list-style-type: none"> Occupational health and safety Talent cultivation and planning Compensation and benefits Labor/Management relations 	<ul style="list-style-type: none"> Employee conference convened every month Labor/management meeting and OHS meeting convened every quarter Ad hoc: Publishing of the latest news through the "M+" app for employees, convening of employee welfare meetings to discuss and publicize related topics, educational messages on regulatory compliance and information security, and hosting of internal training sessions 2 performance evaluations, interviews and career reviews each year Provide employee complaints hotline and mailbox in the stakeholder section of the momo website 	<ul style="list-style-type: none"> Quarterly messages from the Chairman and President to communicate important company policies and updates A total of 4 labor/management meetings were convened. 6 resolutions were passed covering amendments to work rules and epidemic prevention measures A total of 4 OHS meetings were convened. Resolutions passed included 31 on reports by labor safety units and enforcement, 13 on OHS and health management, and 1 extraordinary motion. Every item was submitted to the senior management for approval before being implemented by the committee.
 Community Groups (Include social welfare, charity, sports, and environmental organizations as well as local residents)	<ul style="list-style-type: none"> Environmentally friendly packaging Green operations and transportation Social engagement 	<ul style="list-style-type: none"> Charity projects, the value of sponsorships and donations, charity sales and donated merchandise are disclosed in the CSR report every year. A stakeholder conference is held every year to communicate with and respond to stakeholders. Provide contact and mailbox for community groups in the stakeholder section of the momo website. 	<ul style="list-style-type: none"> Raised NT\$85.78 million for charity Launched consumer initiative that persuaded 42,498 momo members to make donations Leveraged the power of e-commerce to provide 57,147 items for charity sales and donations Provided platform to support the pursuit of dreams that attracted 649,102 participants and 2,476,100 views Assisted 249 groups (charities, healthcare and education institutions) Hosted 1 Stakeholder conference Took part in the "Redefine the Path of Plastics Cycle From Recycle to Reuse" forum co-organized by Green Peace and Circular Taiwan Network Took part in the forum- "Global ESG Trends in the COVID-19 Era - KPMG Survey of Global Sustainability Reporting 2020 and Insights from the International Sustainability Assessment"
 Media	<ul style="list-style-type: none"> Company operations news Sustainability practices 	<ul style="list-style-type: none"> Publication of press releases/media conferences/interviews on an ad hoc basis Communication and response by dedicated unit and personnel Provided media contact and mailbox for in the stakeholder section of the momo website. 	<ul style="list-style-type: none"> Press conferences or interviews were conducted to enhance momo's image and give stakeholders a picture of the relevant activities at momo during the year; in 2020, momo hosted more than 3 press conferences, issued more than 131 press releases, and held 12 interviews.

Identification of Material Topics

Momo hopes to identify sustainability topics of concern to stakeholders through systematic analysis. The material topic identification process analyzes sustainability topics based on the four principles of the GRI Standards: Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness. The resulting material topics serve as the basis for defining the strategies and targets of CSR promotion.



Description

The material topics matrix is reviewed by momo every year in response to sustainability trends and the company's business vision. In 2020, the CSR Committee decided to fine-tune the materiality of topics due to the nature of the industry and from a business perspective. The X values of "Customer Relationship Management" and "Customer Privacy and Information Security" were subsequently increased. Strengthening governance and disclosure for these 2 material topics highlights the importance placed by momo on feedback from all stakeholders.

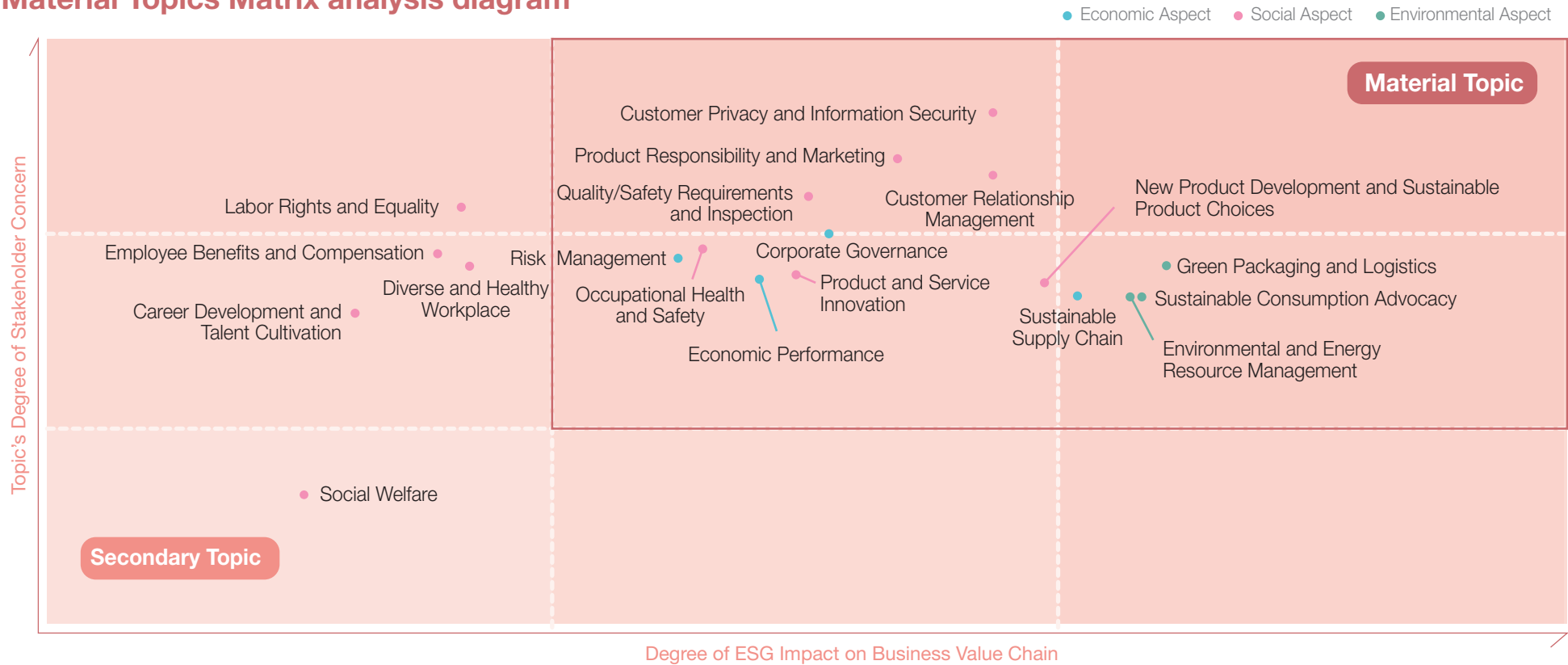
SASB and benchmark enterprises also tended not to list "Social Welfare" as a material benchmark. Right now, most benchmark enterprises and e-commerce companies focus their efforts on the social aspect of implementing a sustainable supply chain connected to their core business; this topic was therefore moved from material topics to secondary topics due to its lower importance to business relative to other topics; in this report we also provided appropriate disclosure on the management actions and performance linked to the other 4 secondary topics. (please refer to the Material Topics Matrix analysis diagram for more details)



There were 19 material topics in 2020, and 2 topics compared to the previous year. The adjustments and changes were as follow

Material Topics	Description of Differences	Reason for Adjustment
Product and Service Innovation	New Topic	Strengthen and disclose the company's innovation strategy and actual proposals
Labor rights and equality	New Topic	Strengthen and disclose the human rights management practices of Company employees and suppliers
Sustainable Supply Chain	Adjustment to topic title	The original title "Supplier procurement and management" was changed to improve clarity on ESG collaboration and management with suppliers
Diverse and Healthy Workplace	Adjustment to topic title	The topic of Human Rights was merged into the topic of Labor Rights and Equality added in 2020. The original title "Diverse, Equal and Healthy Workplace" was adjusted accordingly

Material Topics Matrix analysis diagram



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Economic Aspect

- 1. Corporate Governance
- 2. Business Performance
- 3. Risk Management
- 4. Sustainable Supply Chain



Social Aspect

- 5. Product and Service Innovation
- 6. New Product Development and Sustainable Product Choices
- 7. Product Responsibility and Marketing
- 8. Quality/Safety Requirements and Inspection
- 9. Customer Relationship Management
- 10. Customer Privacy and Information Security

- 11. Occupational Health and Safety
- 12. Diverse and Healthy Workplace
- 13. Labor Rights and Equality
- 14. Career Development and Talent Cultivation
- 15. Employee Benefits and Compensation
- 16. Social Welfare



Environmental Aspect

- 17. Sustainable Consumption Advocacy
- 18. Environmental and Energy Resource Management
- 19. Green Packaging and Logistics

Aspect	Material Topic	GRI Standards Topic	Management Approach and Corresponding Chapter	Materiality Justification and Response	Impact Boundary						
					Direct Impact	Caused by Commercial Relationship	Caused by Indirect Relationship				
					momo	Supplier	Customer	Shareholder/Investor	Community	Media	Government
Economic Aspect	Corporate Governance	102-18 Governance Structure	1.3 Corporate Governance Matters	momo believes in ethical management. A sound and comprehensive corporate governance mechanism not only improves business stability and transparency but is also the foundation of sustainable business operations. We strive to realize the corporate governance goals of integrity and transparency.	●			●			
	Economic Performance	201 Economic performance	1.1 About momo 1.2 Business Management Matters	momo will implement an innovative business model and focus on grassroots development in a very competitive e-commerce retail market in order to expand our market share, consolidate our position of leadership, and maximize returns for stakeholders.	●	●		●			
	Risk Management	205 Anti-corruption 307 Environmental Compliance 417 Marketing and Labeling 419 Socioeconomic Compliance	1.4 Risk Management Matters	momo has established a rigorous risk management system to safeguard company operations, improve quality of service and enhance shareholder value. Total risk management is practiced through risk identification, assessment, monitoring, response and reporting.	●	●					●
	Sustainable Supply Chain	204 Procurement Practices 308 Supplier Environmental Assessment 409 Forced or Compulsory Labor 414 Supplier Social Assessment	1.5 Supply Chain Partner Matters	ESG elements are incorporated into the supplier management process (e.g. Risk assessment and auditing). Strengthening collaboration with suppliers on ESG aspects is used to realize a sustainable supply chain.	●	●					

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Aspect	Material Topic	GRI Standards Topic	Management Approach and Corresponding Chapter	Materiality Justification and Response	Impact Boundary						
					Direct Impact	Caused by Commercial Relationship	Caused by Indirect Relationship				
					momo	Supplier	Customer	Shareholder/Investor	Community	Media	Government
Social Aspect	New Product Development and Sustainable Product Choices	Self-defined Topic	2.1.4 Development and Sale of Friendly Products	The development of new products is used to select merchandise that are environmentally friendly, healthy and of high-quality. These include merchandise that are energy-saving, water-saving, made from natural ingredients or organic raw materials. Our goal is to build a shopping platform for green living, e-commerce companies.	●	●					
	Quality/Safety Requirements and Inspection	416 Customer Health and Safety	2.1.1 Merchandise Inspection, Non-conformity Management and Prevention	“Every matter, matters to momo” is the core strategy of momo. We review the specifications, certification and test results for every product that we offer to consumers.	●	●					
	Product and Service Innovation	Self-defined Topic	2.2.2 Satisfy Customer Demand for Convenience	Product development and services are combined with innovative ideas to support sustainability through direct action as well as promote responsible marketing and consumption.	●	●	●				
	Product Responsibility and Marketing	417 Marketing and Labeling	2.1.2 Product Label Management	Product label management, provision of comprehensive product information and the use of marketing and communications to provide consumers with quality products at affordable prices form the mission of momo.	●				●	●	
	Customer Relationship Management	Self-defined Topic	2.2 Optimize Consumption Experience Matters	It is momo’s mission as an e-commerce company to provide complete product information, labels, and ethical marketing. Proper management of customer feedback and requirements to improve customer response are all important drivers of our business growth as well.	●		●				
	Customer Privacy and Information Security	418 Customer Privacy	2.3 Protection of Information Security and Personal Information Matters	“Information security matters, matters to momo.” We attach great importance to the security of customer data. Rigorous systems and measures are used to ensure the safety of personal data even. The continued investment of resources and maintenance of the information management system ensure that our information management assets are capable of satisfying customer requirements and experiences.	●		●				
	Occupational Health and Safety	403 Occupational Health and Safety	4.5 Safe Workplace Matters	Employees are key assets to momo. The active efforts at maintaining a safe workplace and creating a healthy working environment in turn improve employee productivity.	●						
Environmental Aspect	Sustainable Consumption Advocacy	Self-defined Topic	2.1.4 Development and Sale of Friendly Products	momo is continuing to promote environmentally friendly, high-quality local foods and other products in every channel as part of our campaign on green consumption and living.	●	●	●		●	●	
	Environmental and Energy Resource Management	302 Energy 303 Water and Effluent 305 Emissions	3.1 Green Operation Matters	momo is actively responding to growing problems such as climate change and environmental pollution even though we are an e-commerce retail company. The Environmental Management Committee was established in 2018 to actively manage the safety measures associated with energy resource management. The topics “Energy Conservation and Carbon Reduction” and “Pollution Prevention” were therefore merged into “Environmental and Energy Resource Management” for increased materiality. There were no major changes to the topic Boundaries this year.	●	●					
	Green Packaging and Logistic	306 Effluents and Waste 302 Energy	3.2 Green Logistics Matters 3.3 Green Packaging Matters	momo is actively responding to environmental problems generated by the e-commerce retail industry. These include the management of waste and reduction of carbon emissions from packaging, logistics and deliveries.	●	●	●				



momo Sustainable Living Blueprint

momo Mission and Vision

A company's vision is like a beacon that shines the way forward for its employees. The realization of the sustainability vision extends beyond self-improvement. The ultimate goal is to make the momo brand the paradigm for sustainability in Taiwan's e-commerce industry. The high expectation we set for ourselves means that we hope momo will continue to overcome challenge after challenge and continue to grow and prosper until we become the preferred virtual shopping platform for consumers and suppliers in Asia, and a company that you and I can be proud of.



momo Sustainability Strategy Vision Plan: momo Sustainable Living Blueprint

momo launched the Sustainability Living Blueprint Vision Plan in 2019, which was based on its vision to “Become the preferred virtual shopping platform for consumers and suppliers in Asia” and a continuation of the momo spirit of “Every matter, matters to momo.” The six key values of “brand, merchandise, green consumption, service, talent, society” served as the starting point with a focus on the five sustainability themes of “Partnership matters”, “Customer matters”, “Environment matters”, “Employee matters” and “Society matters.” Two cross-department workshops were held to implement the Sustainable Living Blueprint and follow through on the UN Sustainable Development Goals (SDGs). Key SDGs were identified through a poll of department heads and employees, with 12 SDGs being identified as highly relevant to momo. Employees were then encouraged to be bold in their assumptions and targets. At the end of 2020, we used the 5 sustainability themes to define a total of 44 action plans covering 18 strategic aspects as well as qualitative and quantitative short, medium and long-term targets. Their formal approval at the start of 2021 meant that momo will gradually adjust the merchandise and services that we offer. Changes will also be made to different aspects of the value chain as part of the push towards sustainable e-commerce.



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momo Sustainable Living Blueprint:
Realization of sustainable e-commerce through the building of consensus on sustainability



Strategic Aspect	Action Plan	Short-term Targets - 2021
Transparency and integrity	Obtain corporate governance system certification	Obtain Excellence certification
	Stay in the Top 5% of the Corporate Governance Evaluation for TWSE/GTSM-listed Companies	Stay in the Top 5% of listed companies
	Stay in the Top 10% (Tier 1) of the Corporate Governance Evaluation for non-financial and non-electronics companies with a market capitalization in excess of NTD10 billion.	Stay in the Top 10%
	Diversification of Board Membership	Have at least 1 female director
	Zero tolerance for violation of ethical corporate management best practice principles	Zero tolerance
Sustainability Communication and Advocacy	Host stakeholder conference	Host 1 stakeholder conference
	Active participation CSR evaluations and related activities	Participate in at least 2 CSR awards each year
Sustainable Supply Chain Management	Supply chain inclusion	Host supplier conferences and events as well as raise the sustainability awareness of suppliers. Set target to increase views for online training courses by 3%
	Continue to require suppliers to sign "Ethical Corporate Management Statement" and "CSR Best Practice Principles"	Maintain 100% signing rate
	Strengthen supplier information security	Keep percentage of suppliers suspended over information security risks below 0.5%
Maintain quality and safety	Promotion of ISO 9001 quality management system	Expand employee coverage of the ISO quality management system at logistics centers to 40%
	Quality and safety upgrade	Continue to strengthen inspection of high-risk merchandise
Practice sustainable consumption	Promotion of green consumption	Increase the number of local agricultural and specialty merchandise by 2% compared to that of 2020 Increase the number of green food products (Registered health foods + organic foods) by 2% compared to that of 2020
	Promotion of sustainable consumption campaigns by Green Lifestyle Store	30% business growth for Green Lifestyle Store compared to that of previous year Campaigns achieve an estimated cumulative hit rate of 500 online and offline
Listening to customers	Closure rate for customer complaints	85% of customer complaints are closed within 4 hours and 99% of website cases are closed within 24 hours
Promotion of information security	Introduction of information security verification system	Expand scope of verification with TSP security control process
	Introduction and commissioning of information security technology	Introduce up to 5 information security technology projects Convert personal information management system from BS 10012 to ISO 27701 and obtain certification of validity
	Introduction and promotion of personal information security verification system	Credit card transaction process complies with PCI DSS standard and obtains report on compliance Promote up to 4 personal information security enhancement projects

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Medium-term Targets - 2023	Long-term Targets - 2025	Responsible Team
Obtain Excellence certification	Obtain Excellence certification	Corporate Governance
Stay in the Top 5% of listed companies	Stay in the Top 5% of listed companies	
Stay in the Top 10%	Stay in the Top 10%	
Have at least 1 female director	Evaluate proposal to increase the proportion of independent directors to 50%	
Zero tolerance	Zero tolerance	
Host 1 stakeholder conference	Host 1 stakeholder conference	Corporate Governance
Participate in at least 3 CSR awards each year	Participate in at least 4 CSR awards each year	
Host supplier conferences and events as well as raise the sustainability awareness of suppliers. Set target to increase views for online training courses by 5%	Host supplier conferences and events as well as raise the sustainability awareness of suppliers. Set target to increase views for online training courses by 7%	Merchandise Responsibility
Maintain 100% signing rate	Maintain 100% signing rate	
Keep percentage of suppliers suspended over information security risks below 0.5%	Keep percentage of suppliers suspended over information security risks below 0.5%	
Continue mentoring logistics centers on ISO quality management system and raise employee coverage to 65%	Continue mentoring logistics centers on ISO quality management system and raise employee coverage to 75%	Merchandise Responsibility
<ul style="list-style-type: none">momo laboratory will continue to develop food safety tests and maintain food safetyAdd tests for merchandise transport and define packaging guidelines to improve merchandise quality and transportation safety	Implementation of keyword search system to track regulated merchandise and provide quality assurance	Merchandise Responsibility
Increase the number of local agricultural and specialty merchandise by 6% compared to that of 2020	Increase the number of local agricultural and specialty merchandise by 10% compared to that of 2020	
Increase the number of green food products (Registered health foods + organic foods) by 6% compared to that of 2020	Increase the number of green food products (Registered health foods + organic foods) by 10% compared to that of 2020	
25% business growth for Green Lifestyle Store compared to that of previous year	20% business growth for Green Lifestyle Store compared to that of previous year	
Campaigns achieve an estimated cumulative hit rate of 700 online and offline	Campaigns achieve an estimated cumulative reach of 1,000 online and offline	
85% of customer complaints are closed within 4 hours and 99% of website cases are closed within 24 hours	85% of customer complaints are closed within 4 hours and 99% of website cases are closed within 24 hours	Customer commitment
<ul style="list-style-type: none">Strengthen regular audits of the information security management system to maintain its validity (ISO 27001, App 3.0)Raise information security risk awareness among employees through education and training	Continue to refine the information security management system, monitor information security issues and develop response plans to ensure its appropriateness and effectiveness	Customer commitment
Introduce up to 8 information security technology projects	Introduce up to 10 information security technology projects	
Promote up to 6 personal information security enhancement projects	Promote up to 8 personal information security enhancement projects	



Strategic Aspect	Action Plan	Short-term Targets - 2021
Green partners	Partner with suppliers to promote reusable logistics boxes	Promote green inbound logistics and select 1 brand-name vendor for trial of reusable boxes for inbound goods
	Partner with brand-name vendors on node-removal program	Collaborate with at least 1 brand-name vendor to adopt direct-from-factory shipment for inbound goods
	Partner with distributors to develop plan for improving transportation efficiency	Partner with at least 1 distributor to develop their action plan to improve transportation efficiency
Environmentally friendly reusable packaging	Plastic inventory and reduction plan for wrapping and packaging materials	<ul style="list-style-type: none">Up to 40% of merchandise imported directly by momo are shipped in their original boxes with green packagingInventory usage of packaging materials, packing tape and plastics
	Reusable packaging advocacy	<ul style="list-style-type: none">Use reusable packaging for shipments in accordance with the EPA "Packaging Reduction Guidelines for Online Shopping"Use 100% recycled pulp to manufacture cartons and reduce their printed surface area by 50%
Green energy and transportation	Short-chain logistics strategy	Continue to build up to 25 satellite warehouses for short-chain logistics.
	Shared carbon reduction plan	Partner with post office to introduce EZPost delivery points
	Carbon reduction plan for company-owned vehicles	Develop consolidation for trans-shipment strategy for company-owned vehicles to reduce less than truck load rates
	Mentor Fu Sheng Logistics on energy management	All trucks and motorcycle purchased must satisfy energy efficiency criteria
	Introduction of merchandise carbon footprint	Establish energy and transportation database
Climate action	Greenhouse gas inventory and expansion to scope of inventory	Cooperate with certification system updates and complete upgrade (2006 ~ 2018)
	Total carbon reduction plan (with 2018 as baseline year)	1% reduction
	Installation of solar power system at company-built warehouses	Plan for installation of renewable energy system with an installed capacity of approximately 1,000 kW for internal use on the rooftop of the Southern Logistics Center
	Set up effective energy management system	Evaluate the feasibility of establishing energy management system (EMS) (Note)
Green operations	Reduce administrative paper consumption (with 2020 as baseline year)	Reduce paper consumption by 3% compared to 2020
	Reduce average waste per person at headquarters building (with 2020 as baseline year)	1% reduction compared to 2020
	Devise and execute corporate green procurement	Introduction of green procurement policy

(Note: Energy Management System (EMS) uses smart power distribution clusters to gather data from end appliances and equipment then upload them to the database. The data is then displayed on a large screen to enable real-time monitoring of equipment power consumption and assessment of equipment anomalies.)

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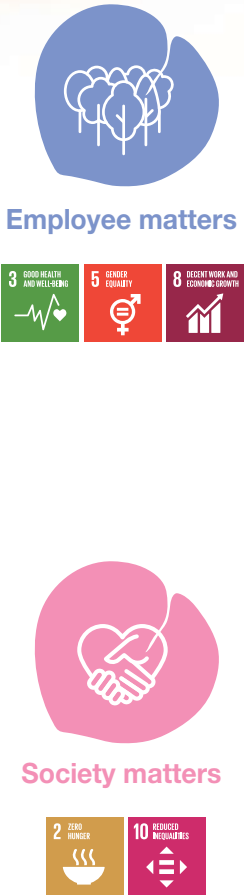
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Climate Change Risk Management

Medium-term Targets - 2023	Long-term Targets - 2025	Responsible Team
Introduce and mentor the adoption of reusable boxes for inbound goods with at least 3 suppliers	Introduce and mentor the use of reusable boxes for inbound goods with at least 5 suppliers	Merchandise Responsibility
Introduce and mentor the node removal program for at least 3 suppliers	Introduce and mentor the node removal program for at least 5 suppliers	Environmental Sustainability
Partner with at least 2 distributors to develop their action plan for transportation efficiency	Partner with at least 3 distributors to develop their action plan for transportation efficiency	
Set up packaging laboratory to develop and introduce new environmentally-friendly packaging materials	<ul style="list-style-type: none">Follow the 3R principle (Reduce, Reuse, Recycle) on procurement of 100% recyclable and reusable packaging materials (padding and fillers)Reduce usage of packing tape and plastic materials by 20%	Merchandise Responsibility Environmental Sustainability
<ul style="list-style-type: none">Plan for option of shipping with reusable packaging for online shoppingMake plastic packaging from 30% recycled materials and account for 50% of total usage	<ul style="list-style-type: none">Increase the proportion of consumers opting for shipping with reusable packaging to 3%Increase proportion of recycled plastic packaging bags to 70% of total usage	Environmental Sustainability
Construct Southern Automated Warehouse and Logistics Center with embedded renewable energy facilities	Create efficient nationwide logistics network	Environmental Sustainability
Partner with convenience stores to enable in-store returns	Reduce carbon emissions from transportation	
Increase load factor of company-owned vehicles to over 95% per trip	Reduce distance traveled by company-owned vehicles by 2,400km per month in order to reduce carbon emissions from transportation	
Procure and introduce electric motorcycles that use alternative energy	Continue to procure electric motorcycles and increase their proportion of overall fleet to 50%	
Evaluate the introduction of carbon footprint inventory program	Introduce carbon footprint inventory and obtain carbon labels	Environmental Sustainability
Expand scope of inventory at 6 locations and add verify 1 additional location	Verify 5 additional locations	
3% reduction	5% reduction	
Construct rooftop renewable energy system at Southern Logistics Center	Monitor the generating performance of the renewable energy system at Southern Logistics Center	
Evaluate the feasibility of introducing ISO 50001	Use the system to monitor the power consumption of equipment and upgrade old equipment	Environmental Sustainability
Reduce paper consumption by 5% compared to 2020	Reduce paper consumption by 8% compared to 2020	
3% reduction compared to 2020	5% reduction compared to 2020	
Increase value of green procurement by 2% each year	Increase value of green procurement by 2% each year	





Strategic Aspect	Action Plan	Short-term Targets - 2021
Occupational health and safety	Expand the scope of the ISO 45001 occupational health and safety management system	Complete re-verification
	Develop the warehouse accident reduction plan (with 2019 as baseline year)	Reduce site accident rate to below 3.5% (Northern Logistics Center)
	Monitoring of traffic accident management by delivery fleet	Fu Sheng Logistics delivery fleet (Northern Logistics Center)
Friendly workplace and employee care	Improve employee satisfaction with health promoting courses	85% satisfaction rate
	Implement maternal employee care (pre-natal health education and post-natal telephone support)	90% implementation rate
Women empowerment	Training to enhance female leadership	Host female leadership development courses, seminars and networking events
		Conduct inventory on rate of training for female supervisors and employees
Gender equality promotion	Raise gender equality awareness among all employees	<ul style="list-style-type: none"> Establish Gender Equality Promotion Committee Plan up to 2 gender equality promotion events and courses, and train up to 2,500 employees
		100% completion rate on gender equality promotion training
		Implement course satisfaction and feedback survey
Internal talent cultivation	Realize continued education and learning by all employees	<ul style="list-style-type: none"> Build e-learning platform and accumulate 20,000 hours of training with 100% employee reach Corporate development plan for elite internal talent
Social welfare investment and social influence	Practice community engagement through "online charity platform"	Work with at least 12 charities on a regular basis every year

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Medium-term Targets - 2023	Long-term Targets - 2025	Responsible Team
Verify 2 additional locations	Verify 2 additional locations	Employee care
Reduce site accident rate to below 3% (All main warehouses)	Reduce site accident rate to below 3% (All main warehouses)	
Fu Sheng Logistics delivery fleet in each region	All contracted delivery fleets	
90% satisfaction rate	90% satisfaction rate	Employee care
95% implementation rate	100% implementation rate	
Continue to host up to 4 sessions of female leadership development courses, seminars and networking events	Continue to host up to 6 sessions of female leadership development courses, seminars and networking events	Employee care
<ul style="list-style-type: none">• Increase rate of training for female supervisors to 50%• Guarantee up to 50% of places for female employees when holding training courses	<ul style="list-style-type: none">• Continue to increase rate of training for female supervisors up to 60%• Continue to guarantee up to 60% of places for female employees when holding training courses	
Train up to 5,000 employees and reach 80% course satisfaction	<ul style="list-style-type: none">• Set up dedicated promotion area for online learning platform (with multimedia and text articles)• Train up to 7,000 employees and reach 90% course satisfaction	Employee care
100% completion rate on gender equality promotion training	100% completion rate on gender equality promotion training	
Carry out improvement plans based on feedback from satisfaction survey	Continue to carry out related improvement plans	
<ul style="list-style-type: none">• Promote e-learning platform and accumulate 40,000 hours of training with 100% employee reach• Cultivate elite internal talent with regular performance evaluation to ensure proper implementation	<ul style="list-style-type: none">• Continue to operate e-learning platform and accumulate 60,000 hours of training with 100% employee reach• Continue to develop capacity for cultivation of elite internal talent and reach 80% promotion ratio	Employee care
Work with at least 20 charities on a regular basis every year	Work with at least 30 charities on a regular basis every year	Social Care



Sustainability Governance Framework



CSR Guiding Principles

momo has made CSR an integral part of our business strategy and management. In January 2016, the Board of Directors approved the adoption of the “CSR Best Practice Principles” as the long-term guiding principles for CSR promotion.



Corporate Social
Responsibility Best
Practice Principles

CSR Committee

The “CSR Committee” was established in October 2016 with the Board’s approval. The President serves as the chair of the CSR Committee, the Director of Finance and Accounting is the executive directory, while 3 vice presidents and 3 directors from various divisions and offices serve as ex-officio members. The CSR Committee is tasked to identify risks and opportunities with topics related to the three aspects of environment, society and governance. A sustainability strategy is then developed in close connection with business operations and core resources. The six working groups that report to the Committee consist of the Corporate Governance Team, Merchandise Responsibility Team, Customer Commitment Team, Environmental Sustainability Team, Employee Care Team, and Social Care Team. Flexible inter-group teams are also established for potential areas of cooperation and special projects. Meetings are held on an ad hoc basis to accelerate the execution of special projects.

To strengthen the promotion of ESG and enforcement of the momo Sustainable Living Blueprint, the CSR Committee passed a resolution this year requiring the top manager in each unit to set a certain number of ESG performance indicators. These indicators are to be incorporated into performance evaluations and linked with the compensation for that year.

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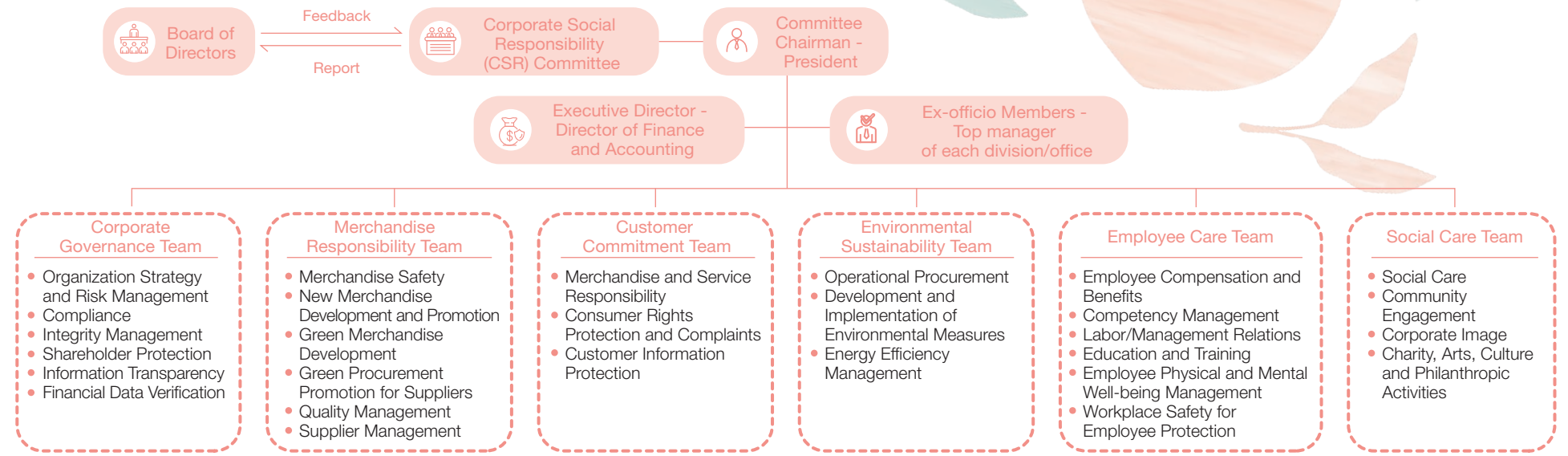
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CSR Committee Meeting Frequency, Sessions and Key Resolutions

The Committee is convened every 6 months with 2 meetings convened in 2020. A total of 3 resolutions were passed and submitted to the Board.

- (1) Material topic identification and matrix for 2020 report
- (2) Outcome from identification of key climate risk and opportunity factors for TCFD
- (3) Proposal to include ESG indicators into the annual performance evaluation of each company unit's top manager

Building Consensus on Sustainability Awareness

In 2019 dedicated personnel and an independent budget were allocated by the Finance & Accounting Division to promote CSR and build up sustainability awareness. Responsibilities included inter-department coordination of related matters as well as the planning and execution of the CSR strategy and projects. A team of external experts has been retained to conduct courses on sustainability concepts throughout the year. The communication of the latest domestic and overseas trends in sustainability as well as sustainability practices at benchmark enterprises to top executives and the members of the CSR Committee working groups help strengthen employee understanding of ESG.

As a continuation of the "Sustainable Living Blueprint" strategy and goals, Sustainability Awareness Consensus-building Workshop Phase 2 was held to implement the Sustainable Living Blueprint in 2020. In response to the introduction of climate-related financial disclosures (TCFD), climate change risk and ranking workshops were also held to strengthen understanding of the link between business operations and CSR, and encourage employees to put the corporate sustainability vision into practice.



Climate Change Risk Management

In its 2020 Global Risks Report, the World Economic Forum indicated in the next decade the top five risks most likely to occur are all environmental risks. Three of the top five risks by impact were also topics in the environmental aspect. A comprehensive assessment of likelihood and impact found that climate-related risks such as climate inaction, extreme weather, loss of biodiversity, and natural disasters all ranked high in the report. The climate is therefore no longer just changing, but has become a crisis that the world needs to act upon.

As the severity of climate change and environmental impact continues to grow, all aspects of momo operations will be affected. Thus, the CSR Committee launched the “TCFD assessment” program in 2020, using the Climate-related Financial Disclosures (TCFD) published by the UN Financial Stability Board as its main reference structure. The interconnections between the organization’s routine operations, services and the environment were used to identify potential risks posed by different types of climate change. The risks were then assessed to determine acceptability, the related mitigating responses, and management measures.

(Note: “The Task Force on Climate-related Financial Disclosures” (TCFD) was published by the Financial Stability Board (FSB) in June 2017.)

Disclosure		Implementation and Status	Outcome
Governance	Supervision by Board of Directors	<ul style="list-style-type: none">The Environmental Management Committee (made up of executive members from the Environmental Sustainability Team of the CSR Committee) is convened each quarter to assess performance and make decisions. The Chairman and President will be briefed on the content and outcome of each meeting.Current focus is on climate-related topics (e.g. response strategies and actions on GHG inventory and reduction) but will take overall climate risk management into account in the future.	<ul style="list-style-type: none">Two progress reports made to the Board through the CSR Committee annually. The reports covered the Environmental Sustainability Team’s plans for the year on energy conservation and carbon reduction, sustainable merchandising, and improvements to reusable packaging.One of the key resolutions passed by the CSR Committee in 2020 was the introduction of TCFD. Outcome from identification of risks related to climate change was also presented at the 1st CSR Committee meeting of 2021.
	Role of Management	<ul style="list-style-type: none">CSR Committee teams (Environmental Sustainability and Merchandise Responsibility) headed by mid-level departmental managers are responsible for implementing response strategies to some climate-related topics (such as the marketing of sustainable merchandise, GHG inventory and reduction, and so on).Finance & Accounting is responsible for collection and disclosure of related information.	<ul style="list-style-type: none">One of the key resolutions passed by the CSR Committee in 2020 was aimed at strengthening the execution ESG and climate change-related business: Starting from 2021, the top decision-maker in each division/office must link related business targets (e.g. energy conservation and carbon reduction target) to their compensation, with target achievement assessed in the annual performance evaluation.
Strategy	Short, medium and long-term risks and opportunities	<ul style="list-style-type: none">Identify the source and scale of short, medium and long-term physical/transformational risks on a regular basis.	<ul style="list-style-type: none">Short-term risk/Opportunity - extreme weather events (typhoon/heavy rain/drought):<ul style="list-style-type: none">We strengthened our company-owned green fleet by using a more efficient transportation mode and expanding our services to include green logistics.We worked with supplier partners on carbon reduction proposals and used reusable boxes for inbound goods reduce the waste of energy resources.Medium/Long-term risks/opportunities - Increase in cost of GHG emissions:<ul style="list-style-type: none">Reusable bags were introduced in 2020 in response to medium-term climate risks. These included moderation of material consumption and carbon emissions from deliveries, as well as advocating for joint carbon reduction with consumers.Solar power equipment was installed on the vacant rooftops of company-owned warehouses to reduce carbon consumption and taxes.Long-term risk/Opportunity - Rising sea level: Assess business format and inspire new market opportunities.

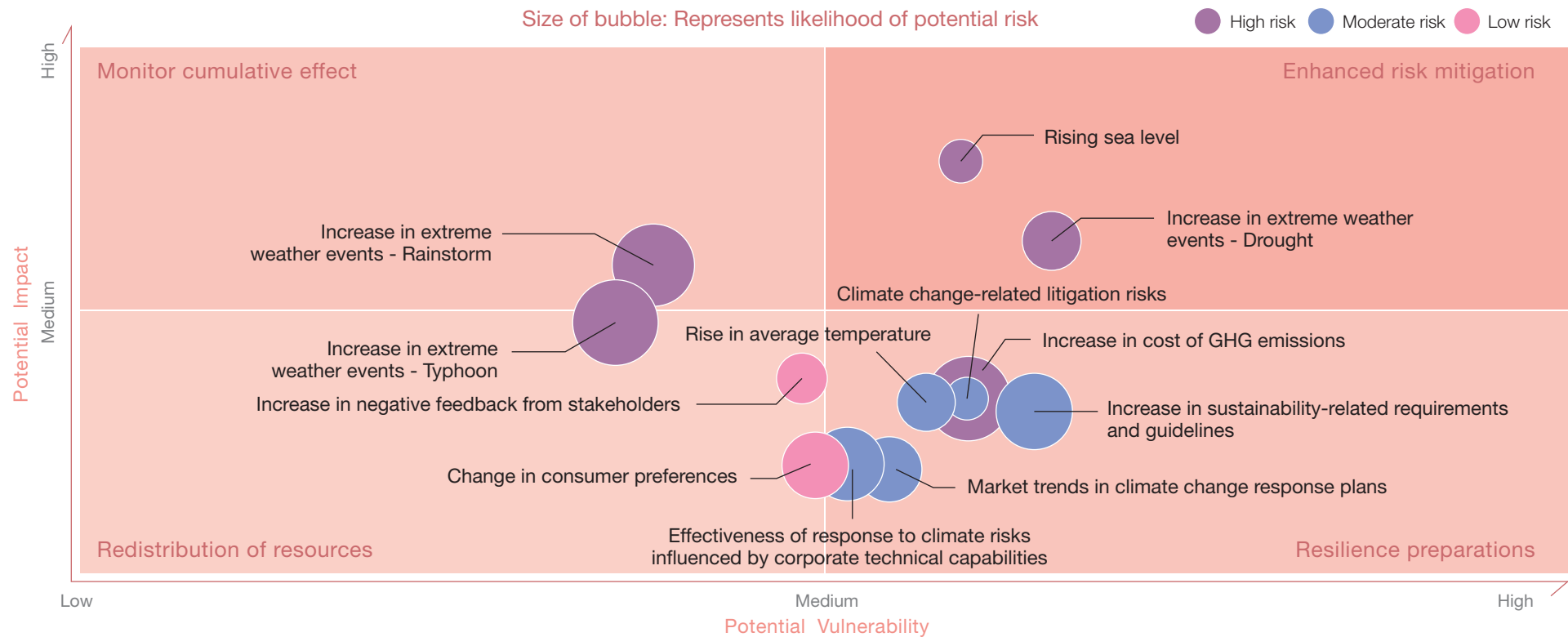
Disclosure		Implementation and Status	Outcome
Strategy	Risks and opportunities from material impacts	<ul style="list-style-type: none">▪ Risks and opportunities that significantly affect operational, business and financial planning are assessed based on their operational and financial impact and a response plan is devised.▪ The effects of climate change are incorporated into strategic business planning and decision-making. Some of the related initiatives have already been implemented for our merchandise/service, supply chain, and business locations.	<ul style="list-style-type: none">▪ For merchandise/service: Climate anomalies can impact on merchandise development (e.g. Warm winter can lead to glut of cold protection gear) so a preliminary assessment should be conducted.▪ Supply chain: Strengthened cooperation on inbound logistics with suppliers to mitigate delivery delays due to severe weather events (typhoon/rainstorm/drought). Rising temperatures resulted in higher warehousing and other business costs that needed to be mutually absorbed and accounted for with suppliers.▪ Corporate business operations: Increase in temperature caused higher electricity costs for the company, loss of goods due to extreme climate, and changes in green electricity legislation and market requirement. momo installed solar power panels on the vacant rooftops of company-owned warehouse to generate renewable energy, which will reduce the cost of carbon fees or taxes in the future.
	Scenario analysis	<ul style="list-style-type: none">▪ Will assess for introduction within 3 to 5 years	<ul style="list-style-type: none">▪ Will assess for introduction within 3 to 5 years
Risk management	Identification and process	<ul style="list-style-type: none">▪ The Corporate Governance, Merchandise Responsibility and Environmental Sustainability teams under the CSR Committee used inventory count and questionnaire surveys to extract the data required by the TCFD framework. A consistent assessment method was used to identify risks in terms of impact, likelihood and potential vulnerability. The current situation and direction for future improvement have now been compiled.	<ul style="list-style-type: none">▪ The Corporate Governance Team, Merchandise Responsibility Team and Environmental Sustainability Team used the climate risk factors they identified to produce a risk matrix. The 12 climate risks factors included 5 high-risk, 5 medium-risk and 2 low-risk factors.
	Management process	<ul style="list-style-type: none">▪ Identify existing responses to material risks in order to mitigate and transfer impacts on the company and control any losses.▪ The list of opportunity factors is used to uncover new business opportunities and secure the potential for low-carbon operations and business development in the future.	<ul style="list-style-type: none">▪ Physical risks are already encompassed within the scope of assessment. Current considerations included potential impacts to the value chain (vulnerability of inbound/outbound logistics/supply chain/merchandise), magnitude of impact (damage to assets/disruption of supply chain or logistics deliveries/damage to merchandise for sale/damage to employees and contractors) and likelihood (assessment of potential based on short-term weather report). Scope of assessment will be expanded to encompass transformation risk in the future.
	Integrated management	<ul style="list-style-type: none">▪ Incorporate climate change risk management into the total risk management strategy.	<ul style="list-style-type: none">▪ Use a total risk management policy to incorporate the process for identification of climate change risks into the total risk management framework of momo.
Indicators and targets	Evaluate the indicators of climate risks and opportunities	<ul style="list-style-type: none">▪ The Environmental Sustainability Team (Environmental Management Committee) has already conducted an inventory of the carbon emission, water, waste and energy aspects. Absolute values, intensity indicators and low-carbon targets have now been developed as well. Effective management and tracking will now be carried out on a continuous and regular basis.	<ul style="list-style-type: none">▪ Please refer to CH.3 Environment Matters of this report for details on implementation outcomes.
	Scope 1, 2 and 3 GHG emissions	<ul style="list-style-type: none">▪ GHG inventories for the headquarters building and Northern Logistics Center have been conducted in accordance with ISO 14064-1 at momo since 2016. Emissions were identified and calculated with the help of external consultations. Independent verification of data and assurance statement was provided by British Standards Institution.	<ul style="list-style-type: none">▪ A new version of ISO 14064-1 was issued in 2018. Scope 3 emissions (types 3 ~ 6 under the new standard) will be incorporated in 2021. Scope of verification will be progressively expanded with regular reviews of GHG reduction measures and outcomes. Please refer to CH.3 Environment Matters of this report for details on implementation outcomes.
	Targets and performance	<ul style="list-style-type: none">▪ Targets and action plans for green operations (environmental management), green logistics and green packaging have already been developed. Effective management and tracking will now be carried out on a continuous and regular basis.	<ul style="list-style-type: none">▪ Please refer to CH.3 Environment Matters of this report for details on implementation outcomes.

Identification and evaluation of climate risks/opportunities



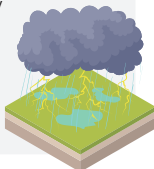
The Environmental Committee will use the connections between routine operations, services, and the environment to establish internal risk assessment values and identify potential risks posed by different types of climate change. Appropriate responses and management measures will be adopted with reference to domestic regulations. The TCFD program was launched by the momo CSR committee at the end of 2020. A number of meetings and workshops with external expert consultants were used to explain the TCFD framework and requirements to employees and to strengthen follow-up; units were interviewed and an inventory of follow-on projects was taken. Data forms were designed to investigate and mine the data required by the TCFD framework as well as establish momo’s current situation and direction for further improvement; questionnaire surveys were used to analyze and identify the key climate risk factors for momo. The 12 climate risks factors produced included 5 high-risk, 5 medium-risk and 2 low-risk factors.

A consistent assessment method was applied to climate risk factors to obtain their climate risk value and draw a risk matrix. The three parameters of fragility, impact and likelihood were then calculated to identify 1 transformation risk and 4 physical risks as being high-risk.

momo Climate Risk Matrix







Key climate risks for momo

Transformation risk	Physical Risks	Physical Risks
Increase in cost of GHG emissions	Increase in extreme weather events - Rainstorm, drought, typhoon	Rising sea level
Impact on momo		
<p>Regulations governing GHG emissions are being tightened every year by the governing authorities. Potential carbon risks from GHG emission caps, carbon taxes, and carbon credit programs will all have a direct or indirect on company operating costs.</p> <ul style="list-style-type: none">• Increase in momo's operating costs from carbon tax• Increase in momo's cost of electricity and related expenses from need to purchase renewable energy. 	<p>Damage to Physical Assets and Increased Operating Costs</p> <ul style="list-style-type: none">• Flooding and fire damage to company-owned assets leads to increased cost of repair and maintenance.• Losses due to damaged merchandise or spoiling of food from flooding and power outages caused by natural disasters.• Urgency for greater investment in improving building resilience, installing uninterruptible power systems and repair/reconstruction of damaged facilities result in higher building upgrade costs.• Increase in related insurance costs from the growing frequency and severity of natural disasters. <p>Impact to Business Model Resulting in Loss of Income</p> <ul style="list-style-type: none">• Rainstorms and bad weather lead to transportation delays of merchandise and higher logistics costs.• Risks such as power outages, disrupted transportation and building damage can shut down operating locations and disrupt business continuity.• Extreme weather may cause shortages in raw materials and merchandise that lead to disruption of the supply chain (e.g. honey).• Poor weather may impact on data center and damage data. Loss of data will impact on the delivery of customer services.	<p>Rising sea levels may impose constraints on operating locations and cause related damage.</p> <ul style="list-style-type: none">• Financial and material losses from momo's own operating locations being submerged in water.• Constraints on where operating locations can be built result in higher setup costs. 
momo responses and action plans		
<ul style="list-style-type: none">• Tracking of carbon emissions: ISO 14064-1 GHG will continue to be carried out and expanded to provide disclosure of scope 3 data and intensity targets. (Note 1)• Replacement with energy-saving equipment at company locations: Switch to LED lighting in offices and the introduction of LED lighting or energy-saving equipment at warehouses to reduce power consumption. (Note 2)• Study the feasibility of installing rooftop solar panels for the construction of new warehouses (e.g. Southern Warehouse) to increase the ratio of renewable energy.• Continue to monitor the development off GHG control regulations as well as government policies on carbon taxes and carbon credits in Taiwan.	<ul style="list-style-type: none">• Discuss response to extreme temperature changes with suppliers in advance and develop action plans to mitigate potential impact on deliveries and warehouses.• Merchandise and services: Require greater supplier cooperation on inbound logistics if suppliers cannot ship on time due to natural disasters (typhoon, rainstorm, fire).• For company-owned fleet, conduct vehicle inspections before dispatching and record weather conditions on the day when a breakdown occurs (keep a record of the weatherto see if it has any effect on incidence of breakdowns and look for ways to prevent). 	<ul style="list-style-type: none">• Warehouse construction and management: Local geography and the surrounding environment will be taken into consideration when choosing new future warehouse sites; short-chain logistics has now been adopted to reduce consumer risks and facilitate the timely transfer of orders to other warehouses near the consumer.• Operations management: Warehouses operate 24 hours a day and local units can coordinate directly with each other in an emergency.• Logistics and transportation management: The data systems can process orders and collaborate on order transfers if necessary. Multiple delivery partners are also used to fill the gap in delivery capacity caused by climate risk.

(Note 1) Please refer to CH.3 Environment Matters of this report for the Scope 1 and 2 GHG data. The targets are provided under momo "Sustainability Goals."

(Note 2) Please refer to CH.3 Environment Matters of this report for details on implementation outcomes.

Key climate opportunities for momo

Opportunity Name	Opportunity Description	Response and Development Plan
 Resource efficiency	<div>Use more efficient modes of transportation ▶ Use more energy-efficiency modes of transportation to increase operating efficiency and productivity, reduce operating costs, and boost income/profits.</div> <div>Use more efficient production and distribution processes ▶ Reduce operating costs while increasing output and returns through efficient production and distribution processes.</div> <div>Resource recycling and reuse ▶ Incorporate recycling principles into the design of materials and the production process to reduce the amount of raw materials purchased and overall purchasing costs.</div>	<div>Introduce vehicle models with higher energy efficiency to improve energy utilization and reduce operating costs for momo. Suppliers are also encouraged to introduce more efficient modes of transportation.</div> <div>Innovative supply chain operations pioneered by momo and suppliers not only reduces the use of plastics and packaging but also lowers operating costs (e.g. Introduction of reusable bags).</div> <div>Reusable packaging is recovered and reused to reduce the amount of raw materials purchased and overall purchasing costs for momo.</div>
 Energy composition	<div>Use of low-carbon energy sources ▶<ul style="list-style-type: none">Respond to carbon pricing by switching to low-carbon energy sources to reduce the amount of carbon emissions and associated operating costs. Business sensitivity to changes in carbon prices will also be reduced.Diversification of risk from rising fossil fuel prices in the future.Low-carbon enterprises are favored by more investors and this improves access to capital.</div>	<div>Install solar power equipment on vacant rooftops to reduce the use of energy sources with high carbon emissions.</div>
 Innovative products and services	<div>Develop or expand low-carbon merchandise and services ▶ Develop or expand low-carbon merchandise and services to increase related revenues.</div> <div>Diversification of business activities ▶ Develop or expand low-carbon merchandise and services to increase related revenues and realize business diversification.</div> <div>Shift in consumer preferences ▶ Respond to shift in consumer preferences to increase competitive advantage and revenues.</div>	<div>Sell environmentally friendly and sustainable merchandise through the Green Living store, and TV shopping channel.</div> <div>A company-owned green fleet has been introduced that uses trucks and scooter models with suitable energy efficiency ratings.</div> <div><ul style="list-style-type: none">Due to the effects of climate, season and COVID-19, TV shopping began developing cooling merchandise for the clothing category at the start of the year. These were combined with MIT and Taiwanese brands (e.g. Jinmei, Guinevere) to extend the merchandise supply chain.In e-commerce, eco-friendly merchandise was grouped together under the “Green Living” store and provided with regular exposure on the homepage. Marketing tools were also used to reach out to momo online members on a regular basis and encourage their purchase of eco-friendly merchandise. At the same time, environmental awareness activities such as coastal clean-ups, tree plantings and energy conservation were held at various times with members invited to participate.</div>
 Resilience (preparedness)	<div>Alternative resources and diversification ▶ Improve the resilience and adaptivity of the supply chain to maintain a set level of operational capacity under different environmental conditions. Merchandise and services with climate resilience are also used to increase related revenues.</div>	<div>momo has partnered with certain suppliers to promote carbon reduction plans. An example of this is the introduction of reusable logistics boxes with P&G.</div>





Corporate Social Responsibility Report

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