

# 2013 PCSC

Corporate Social Responsibility Report



## About the Report

This report is the 5th Corporate Social Responsibility (CSR) Report released by PCSC by referring to GRI G3.1 issued by Global Report Initiative (GRI). With “Bringing happiness to our customers anytime” as the main theme, the report presents PCSC's views and strategies for issues related to CSR, illustrating our achievements in the dimensions of corporate governance, economy, environment and society in 2013 as well as its future planning. Meanwhile, by means of identification and analyses of significant issues (please refer to the Chapter of Stakeholders Communication), we selected significant issues specific to PCSC, hoping that through various forms of disclosure, communication and feedback of information could produce maximum shared value for our stakeholders and our the goal of being a top retailer.

## Reporting Period, Scope and Data

Data and contents in the report are based on the statistics of 2013 (from January 1st to December 31st, 2013); information beyond the given period will be noted otherwise. It also covers the future outlooks and opportunities for operation. The performance data in the report focuses on stores in Taiwan, and presents the information regarding energy-saving and carbon-reducing in our four affiliated logistics enterprises, i.e., UPCC, Wisdom Distribution Service Corp., Retail Support International and President Logistics International Corp. It is planned that information about more affiliated companies will be included in the report in the future to present a more detail and comprehensive information about PCSC's value chains. The report adopts the published statistics that are audited by certified accountants for its financial data, accounted for in the New Taiwan Dollar. As for other data, the report takes the self-inquired and statistical results except the quantification of greenhouse gases which refers to the latest carbon emission factors released by Bureau of Energy, Ministry of Economic Affairs.

## Authentication of the Report

The report has been assured by the third party the British Standards Institution (BSI) in terms of the materiality, inclusivity and responsiveness in accordance with AA 1000 AS (2008), which meets the requirements of moderate assurance level for Type I and GRI G3.1 Application Level A+. The Independent Assurance Opinion Statement is attached to the Appendix of the report.

## Time of Publication

PCSC will release the CSR report annually on its website [www.7-11.com.tw](http://www.7-11.com.tw).

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## Contact Information

President Chain Store Corporation (PCSC)

Address : 2F, No. 65, Dongxing Rd., 110, Taipei, Taiwan, R.O.C.

Tel : +886-2-2747-8711

Web : [www.7-11.com.tw](http://www.7-11.com.tw)

Contact : Communications Department of President Chain Store Corporate

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# Message from the Chairman



PCSC Chairman  
**Lo, Chih-Hsien**



PCSC President  
**Chen, Jui-Tang**

PCSC has been operating in Taiwan for over 36 years. Thanks to the collective effort of all our staff, we have managed to offer customers a wide range of choices that help make life easier and we promise to further cater to their needs through our reliable service network and convenience stores. Currently, 7-ELEVEN is found in 329 counties and towns across Taiwan and even on offshore islands including Penghu, Kinmen, Green Island and Orchid Island(Lanyu). Therefore, both urban and rural residents can easily access our diverse services and worldwide popular products anytime, anywhere. It is our mission that we can grow from not only being a convenience store chain, but to become an irreplaceable member of the community, making indispensable contributions to the Taiwanese lifestyle. To achieve this mission, we have made a commitment to keep our convenience stores open all year round, with 24-hour cafes, canteens and neighborhood markets. Where there is 7-ELEVEN, there is warmth and light all 24 hours a day.

We believe that our achievement today lies not only in having the largest number of service points in Taiwan, but also and mainly because of the support and trust of our stakeholders. With the steady stream of customers at 7-ELEVEN, our colleagues and suppliers have the opportunity to share their creativity through our service platform. Thanks to the dedicated efforts of our staff and suppliers who handle front line sales and logistics, we are able to efficiently serve our customers all year round. We deeply appreciate their continuous contribution throughout the year, as well as the support and understanding of their families. We are also truly grateful for the support of all our shareholders as we strive to confidently move forward and reach higher goals.

As the leading convenience store in Taiwan, we recognize that while seeking business growth, we should also exert our influence to positively implement our corporate social responsibility, giving back to our stakeholders and guiding the country towards a sustainable society.

Looking back on 2013, despite the unstable micro-environment and economic uncertainty, in which PCSC encountered a constant rise in operating cost and serious competition, the company has remained firm and consistent in keeping its philosophy Focused Operations as well as Persistent and Pragmatic Approach to achieve stable and sustainable growth. PCSC constantly makes improvement and innovation on its seven core elements; namely, people, store, merchandise, system, logistics, management and culture. By doing so, it is able to understand consumption demand and create growth momentum to surge to new heights of revenue and net after tax profit.

To better implement corporate social responsibility, we deeply uphold the company's TK (Tanpin Kanri) principles and expect all departments to be guided by these standards when practicing CSR in their work and setting objectives in the annual implementation of their programs and daily job performance. In addition, we strengthen the communication channels among stakeholders, investors, suppliers, customers, employees and franchisees, to attain a higher degree of satisfaction and create mutual prosperity.

## **Advanced and Honest Operations as well as Food Safety Management Practices**

Based on existing ethical management practices, we have raised our operations standards in 2013 by promoting the values of honesty and integrity. Specifically, we have adopted self-regulation to ensure the moral integrity of our staff and organization. We have regulatory compliance





controls that promote honesty and prohibit bribery in the workplace. The same compliance and integrity standards apply to our suppliers so as to prevent unethical business activities and maintain mutual trust.

With the increasing number of food safety incidents, we have invested a significant portion of our resources to improving food safety inspection and standards in order to gain public trust and consumer confidence. Aside from strictly requiring PCSC and its suppliers to obtain relevant inspection certificates to ensure product safety, we have also enhanced our inspection capacity at our own laboratory by obtaining the ISO/IEC 17025 international certification. We were able to achieve this goal by maintaining multiple quality control inspections to minimize risks and guarantee food safety. Furthermore, we have remained vigilant and prudent by developing a Work Flow for Product Safety Information Collection, Assessment and Tracking, and by forming a Risk Management Group to handle critical incidents that occur for the first time, as well as assure stakeholders and positively deal with any crisis.

After a series of food safety incidents involving edible oil in 2014, we organized a meeting with directors and colleagues from different departments and decided to create a Risk Management Group to gather information and effectively handle potential crises and problems. To demonstrate our strong sense of responsibility, we choose to immediately withdraw potentially affected products from store shelves as precautionary measure. Our stores would also serve as a primary processing platform. We actively perform our duty as a humble member of the society. We firmly believe that by acting responsibly, we can reassure the public as well as maintain consumer trust and confidence.

### Advanced Green Consumption and Environment

By the end of 2013, PCSC has had more than 4,922 stores in Taiwan. As we make life convenient for people, we believe that saving energy and reducing carbon footprint are important to achieve sustainable operations. Hence, we have implemented policies on electricity management, reconfiguration of lighting systems and replacement of fixed-frequency air conditioners with variable frequency ones to reduce greenhouse gas emissions. All these help transform our stores into an environmental and sustainable shopping destination. In 2013, there was 4% more electricity generated per kilowatt-hour than in 2012. In addition, 66% of stores attained the highest three-star green convenience store ranking. These demonstrate our efforts as we strive to use energy effectively in our operations and provide a green and better living environment for everyone.

### Innovation in Promoting Social Concern and Employee Care

In the long term, we will continue to address issues related to health, environmental protection, public welfare and the disadvantaged through community services organized by the company's Good Neighbor Foundation. With the support of our chain stores, we are able to hold various community activities and successfully create emotional connection with community residents. Not only are we able to bring happiness, warmth and trust but we also promote CSR among the rural villages. In 2013, we introduced a new social program using film as a tool for raising public awareness. The documentary, Bridge Over Troubled Water, is about children living in rural areas, who learned how to read when libraries were built after the August 8 typhoon. This film helped create public awareness about poverty and the poor. Moreover, it was part of a campaign ( "A little goes a long way." ) of the Good Neighbor Funfest, in which three participating stores located in Jiasian District in Kaohsiung City, Nantou County and Taoyuan County offered giveaways (e.g. breakfast or Slurpee) for simple achievements like collecting points by reading and running or getting perfect marks in a monthly test. There was also an Open-Air Cinema utilized for promotional and advertising campaigns (e.g. Slurpee, Watching Movies and Running). Films were shown to encourage people to do good deeds everyday and help others in need.

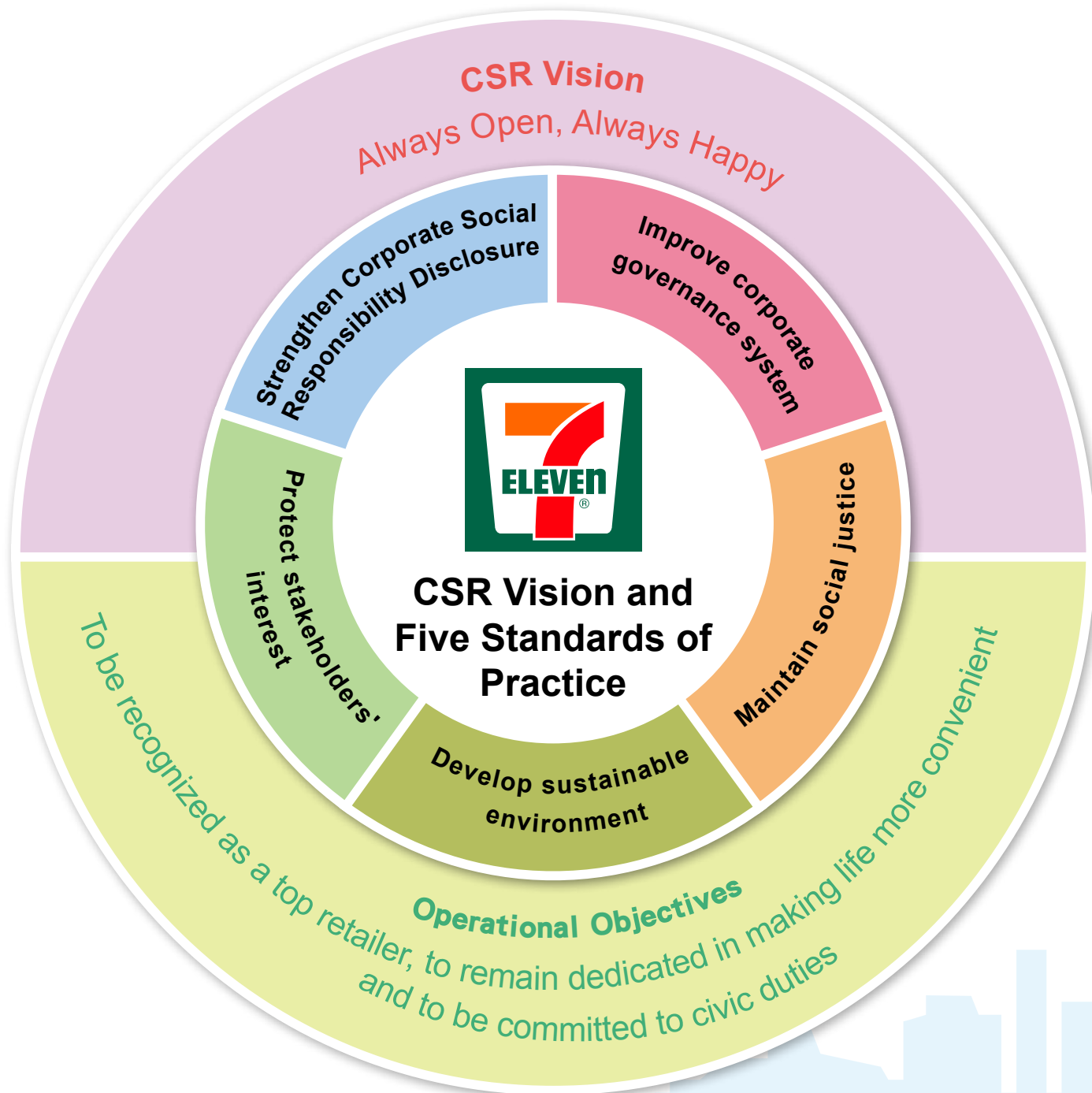
With regard to employee care, we designed a suitable career plan for each staff to create a harmonious and happy working environment. Aside from providing the best education and training system, we also have a competitive compensation and reward plan. We likewise have a "Happy Cooperative" employee care program and launched the unique "Health Passport" to help our staff manage and maintain their health. All these can contribute to a harmonious and safe working environment. We firmly believe that only a happy and content staff can provide customers with the best service.

Going forward, we will further showcase the benefits of our brands, and remain focused on our core business, so as to expand and innovate to boost operations. We will also open more stores across Taiwan and even on offshore islands to achieve our commitment of providing accessible services in both rural and urban areas. Driven by our corporate social responsibility goals over the years, we strive to meet our stakeholders' expectations as we accomplish our mission of being a good neighbor who is "Always Open, Always Happy".

Chairman Lo, Chih-Hsien

President Chen, Jui-Tang

# CSR Vision and Strategy



## Improvement of Corporate Governance System

Each supervised unit should always check and review CSR results, and constantly make operational improvements.

All staff should practice self-regulation and compliance by upholding the corporate culture of "sincerity, innovation and sharing".

Operating activities must comply with relevant laws and regulations to establish a fair and competitive environment.

## Maintain Social Justice

Follow relevant labor laws and protect the interests of employees.

Reduce risks that could undermine employee health and safety; prevent occupational accidents.

Create a better environment that would help in career development and training of employees.

Cooperate with suppliers and improve CSR initiatives.

Participate in activities related to community development and education organized by residents, charitable institutions and local government units.

PCSC has been instrumental in helping the people of Taiwan for more than 36 years. It serves as a good neighbor and partner, providing people with convenient services. It also fulfills its responsibility as a good social citizen by making positive contributions to society.

We are aware of the importance of CSR in our operations and we have made it our mission to lead through innovation amid a changing world, so as to improve the quality of life and realize our goal of becoming a happy business that promotes social security and sustainable development. We have created a CSR committee to effectively incorporate CSR into our operational objectives through departmental integration. With this, we were able to refine and come up with a new PCSC vision: Always Open, Always Happy. In 2012, we established the Practical Rules for PCSC Corporate Social Responsibility as well as the five standard practices and specific directions in the implementation of a bottom-up approach to reach consensus. Through constant hard work, the CSR committee has accomplished its tasks successfully. In 2013, we applied the company's TK concept as a way of incorporating CSR in our business culture. We also expected all departments to be guided by these standards and integrate CSR in their work and daily job performance.

As part of our CSR goals, we have organized activities such as education, training, conferences, and experience/knowledge-sharing since 2011 to enhance CSR awareness among coworkers from our different chain stores. The activities instill in them a sense of mission and understanding of the value of giving back to society. We have also launched relevant CSR initiatives like the Good Neighbor Funfest based on the core capacity and services of each store, which allowed customers and neighbors to feel the sincerity, happiness and warmth of PCSC.

As for CSR strategies in the future, we will continuously uphold the principle of self-management in incorporating CSR in the annual business planning and implementation of programs by each department. With the changing times and evolving lifestyles, we need to consider how to maximize our resources and advantages in solving crises caused by climate change, ageing population and economic inequality as part of our medium and long-term CSR objectives and strategies to better meet customer expectations. By doing so, we will be able to fully integrate CSR into our corporate culture and business operations.

### Developing a sustainable environment

Observe environmental laws and relevant international regulations to appropriately protect natural environment.

Maximize the efficient use of resources and implement a green procurement program.

Consider ecological processes and reduce environmental impact on the implementation of R&D projects, production and services.

### Stakeholders' Interests

Protect stakeholders' interests and address their issues and concerns regarding CSR.

Ensure product and service quality; implement policies that safeguard consumer interests.

Respect and protect the privacy and personal data of consumers.

### Corporate Social Responsibility Disclosure

Fully disclose relevant and reliable CSR information.

Provide CSR progress report, including the implementation initiatives and guidelines, as well as stakeholder concerns and issues.

# 2013 Sustainable Performance

## Corporate Governance and Operational Performance

### Business Performance



**NT\$126.999 billion**

Revenue reached NT\$126.999 billion (1.79% increase compared to 2012 figure)



**35.85%**

Earning per share reached NT\$7.72 (35.85% increase compared to 2012 figure)



**NT\$4.2 billion**

The total amount of agricultural products reached 56.7 thousand tons (increased by 8.80% compared to 2012 figure)  
The procurement amount reached NT\$4.2 billion (20% increase compared to 2012 figure)



**49.3%**

More than 4,922 stores were opened in Taiwan; market share reached 49.3%, with PCSC attaining No. 1 rank



**42 million transactions**

The "Easy Delivery" e-commerce system in more than 4,000 online stores enabled many small and medium enterprises to offer delivery service and help online brands grow. More than 110,000 customers use our Easy Delivery service daily, and we have more than 42 million transactions every year.

### Corporate Governance

- ▶ Received **A+** in the Information Transparency and Disclosure Ranking among listed companies
- ▶ Laid down stipulations to promote honesty and integrity (i.e. no bribery) in PCSC formal contracts
- ▶ Developed the E-voting system and voting mechanism for the board of directors

## Product Performance



**100%**

### Sustainable Supply Chain

100% fresh food and products are strictly required from suppliers based on CSR provision



### Food Safety

- PCSC Quality Inspection Laboratory obtained ISO/IEC 17025:2005 certification for assessment of Escherichia coli groups. It also has the capacity to conduct independent chemical examinations on 334 items to strictly check food safety.
- To comply with food safety, we designed a Work Flow for Product Safety Information Collection, Checking and Tracking to enhance crisis management ability.

**334 items**

## Environmental Performance



66%

### Energy and Climate Change

- Turnover per kilowatt-hour reached NT\$159 (4% increase compared to 2012 figure)
- 66% of our stores attained the highest three-star green convenience store ranking



65.84%

### Green Logistics

- Introduced the Hybrid Electric Vehicle which is estimated to save oil consumption by about 12-20%
- Installation rate of vehicle-mounted (GPS/GPRS) system reached 65.84%, which was estimated to reduce carbon emissions by 1.4 million kilos in 2013.



2,325 tons

### Recycling Center

Starting from August 2009 to the end of 2013, the total weight of recycled materials reached 2,325 tons.

## Social Performance



575 Sessions

### Community Participation

- Held 575 sessions of the Good Neighbor Funfest
- All 589 stores set up the 7-ELEVEN Health Station to provide free products and services, including blood pressure monitoring, waistline measurement and health information.
- Clean Up the World called on 36,982 volunteers to get involved in cleaning activities, with 3,601 bags of garbage collected.



1.766 Billion

### Cring for Disadvantaged Groups

- Produced an independent film, Bridge over Troubled Water, to raise public awareness and concern for disadvantaged groups and education in rural areas; the film was nominated in the 50th Golden Horse Award for Best Documentary Film
- Pocket-change donation activities were set up at every store and have raised more than NT\$1.766 billion for 27 years (till February 28th, 2014)

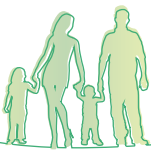


319 Hours

### Employee Care




- The first "Health Passport" for employees was launched
- All 370 employee care programs were carried out, with a total hours of 319





# 1

## About PCSC

-  Net profit after tax reached **NT\$ 8.037 billion** in 2013 ( 35.86% increase compared to 2012 figure )
-  Rate of return on equity in 2013 was about **36.06%**
-  About **1,000** fresh food stores in 2013.

### 1.1 Business Scale and Background

In 1978, Uni-President Enterprise Corp. established PCSC which started the clean, spacious, and bright 7-ELEVEN retail chain. In 1980, the first 7-ELEVEN Changan convenience store was opened. It introduced a new concept with the small supermarket set-up.

For more than 30 years, we have made continuous innovation and surpassed limitations in order to provide consumers with convenient and excellent service. In addition, we have opened stores in both urban and rural areas, from bustling cities to remote offshore islands, including mountain regions and seaside villages. A 7-ELEVEN store can be easily found anywhere; since 7-ELEVEN has become a highly popular brand already embedded in people's lives, we bring the neighborhood a sense of warmth and closeness. It greatly contributes to bridging the gap between cities and counties in Taiwan.

Advocating a corporate culture of Sincerity, Innovation and Sharing, each employee is devoted to serving customers and meeting their needs. A 7-ELEVEN staff's greatest sense of achievement comes from seeing the satisfied smiles of customers. With this mindset, PCSC has set countless records, making it No. 1 in Taiwan. Facing multiple challenges in the future, we know that there is still room for improvement that would allow us to further promote our brand. We will continue to uphold the spirit of enthusiasm, determination and persistence, in order to provide consumers total convenience as we lead the way to breaking new grounds. At the same time, we will work on improving the seven basic business elements; namely, people, store, merchandise, systems, logistics, management and culture. Focusing on our business, we will further boost our strength in terms of people, store and merchandise, so as to attain a global and diversified business model as well as create a happy and convenient lifestyle for everyone. By developing the necessary support systems such as logistics, information and other administrative services, we can remain at the forefront of the industry.



**President Chain Store Corporation**

Number of Employees 7818

Year Founded 1978

Chairman Lo, Chih-Hsien

President Chen, Jui-Tang

Address 2F, #65 Tung-Hsin Rd., Xinyi District: Taipei, Taiwan, 110

Capital Sum NT\$ 10.396 billion

Cut-off Date: Dec. 31st, 2013

## PCSC Milestones

### 1. Solid Business Foundation

- 1978** Having raised NT\$0.19 billion in funds, President Chain Store Corporation was officially established.
- 1983** Began 24/7 operations
- 1997** Public issue of PCSC stocks/shares
- 2000** Signed permanent authorization agreement with 7-ELEVEN USA

### 2. Expansion of Store Business

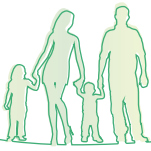
- 1980** Opened the first 7-ELEVEN store (Changan)
- 1995** Opened the 1000th 7-ELEVEN store
- 1996** PCSC extended its network to Yilan and Huatung districts, completing its convenience network in Taiwan.
- 1999** Opened 2000th store: PCSC overcame difficulties in logistics and expanded business to offshore islands such as Penghu which grew even further to include other islands
- 2005** Opened 4000th store
- 2010** PCSC expanded its store business to include hypermarkets and supermarkets. In spacious malls, it was able to offer a diverse product selection and comfortable dining area, which made the stores more attractive to customers. It also utilized the online shopping portal 7net to create a 24/7 virtual shopping platform.



### 3. Continuous Service Innovations

- 2000** The first e-service for in-store Package Pick-up, catering to customers who purchase products online
- 2004** PCSC introduced the concept of E-wallet and created the icash card, which enable customers to meet their immediate requirements from the store by simply using the cards.
- 2006** PCSC promoted the ibon station, offering eight services such as buying tickets, paying and printing utility bills, etc., which is an ideal community service center
- 2010** PCSC introduced the Easy Delivery service which has become the largest center for online purchase and in-store pick-up service in Taiwan.  
PCSC telecommunication 7-Mobile monthly rental service was officially launched catering to customers who require minimal service or as a second mobile number. This started the new economic policy for telecommunications.
- 2011** PCSC launched its own affordable and fashionable brand 7-SELECT which started a new consumption trend.  
Leading the convenience store industry, 7-ELEVEN introduced E-Invoice in stores throughout Taiwan, which became the new invoicing trend in the country.
- 2013** 7-SELECT launched 7-Homeal, which offered frozen food products. It expanded to fresh food and vegetables by setting up the Fresh Food & Vegetable Area in more than 1,000 stores in order to break industrial boundaries and create thematic stores that integrate services to the customers' new lifestyle.



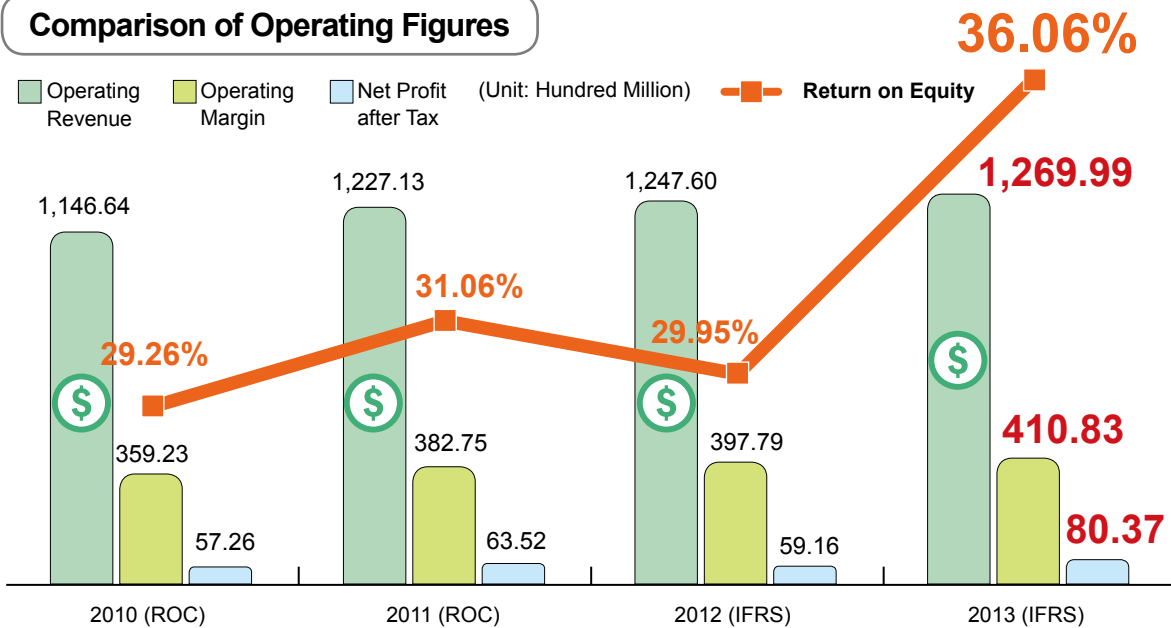


## Financial Performance

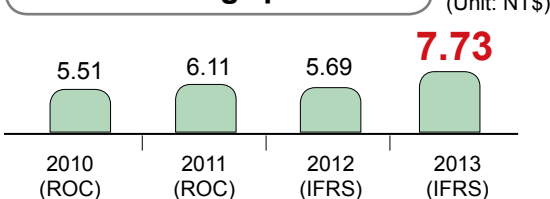
Given the unstable international economic conditions in 2013 and increasing costs due to energy and labor, PCSC faced greater challenges in its operations. Despite unpredictable external economic environments, the company improved its store quality, optimized merchandise structures, and launched promotional campaigns together with its affiliated companies, so as to increase overall earning capacity. As a result, the total revenue and net profit after tax reached a record high and were mentioned in the Forbes Global 2000. PCSC is responsible for providing shareholders a long-term value on their investment. Given its solid profit growth, the company has implemented a steady dividend payout policy as a way of repaying its stakeholders. In 2013, each cash dividend reached NT\$6 in 2013 and increased by 23.7% compared to NT\$4.85 in 2012. To maintain good communication with investors, PCSC attended 9 stakeholder meetings organized by both local and overseas security traders, along with 143 one-to-one investor meetings, to help investors understand the company's future operational direction and prospects. In addition, to safeguard stakeholders' rights and interests, we introduced the E-voting system and voting mechanism during the stakeholders' meeting in 2013.

Information transparency is critical in strengthening the stakeholders' understanding of the company's value. Aside from hosting the investor meeting to present quarterly financial reports and operational outlook, we also included an investor section on the company website where business and operational issues are posted, including operational results and resolutions raised by the Remuneration Committee, Audit Committee and the Board of Directors. In 2013, PCSC was rated A+ in the Information Disclosure Review conducted by the Securities and Futures Institute in Taiwan. It was one of the top ten organizations awarded by FinanceAsia for Best Corporate Management, Best Corporate Governance and Best Corporate Social Responsibility – an impressive feat for PCSC.

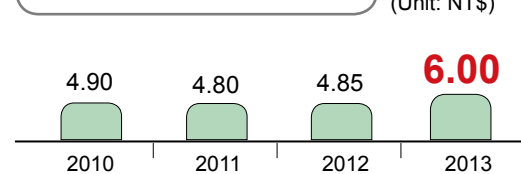
### Comparison of Operating Figures



### Comparison of Basic Earnings per Share



### Comparison of Cash Dividends



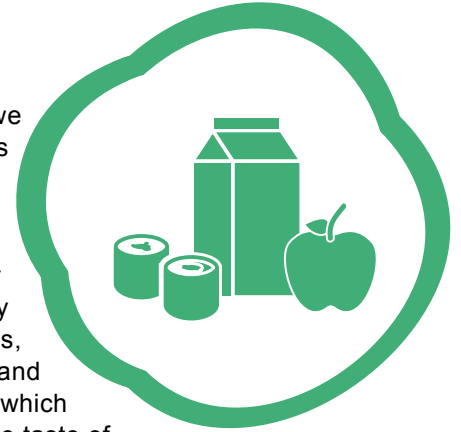
Notes: ROC (Republic of China, ROC GAAP)  
IFRS (International Financial Reporting Standards, IFRSs)

## 1.2 Our Products and Services

PCSC is committed to developing safe and convenient products as well as innovative services, so as to offer consumers total convenience and superior experience. Despite serious competition among convenience stores in Taiwan in recent years, we are able to use our competitive advantage in terms of product development, innovative integration and application of powerful information systems that help seize business opportunities and create growth momentum.

### Convenient and Safe Products

To offer consumers a more diverse selection of products and services, we stay current with the latest local and international trends, with new products hitting the 7-ELEVEN shelves on average of every two weeks. Best-selling products procured overseas are introduced in our stores in addition to other items, while our private label 7-SELECT is launched globally to cater to international customers. Our in-depth understanding of consumer behavior and demand serves as the backbone to 7-SELECT product design. By considering the demand for home cooking, especially during the holidays, we continuously supply commonly consumed products—from staple food and seafood to meat and soup, based on the usual number of family members which is about 2 to 3 persons. Our customers can simply heat up food and enjoy the taste of a freshly cooked meal.



7-ELEVEN is also known for its fresh food items such as onigiri, bento, sushi, and sandwiches. With our store network advantage, we can provide the largest and most convenient dining services to meet customers' demand for a hearty meal. We adhere to health and safety standards that are even more stringent than national standards when screening food manufacturers and fresh food suppliers. We engage in contract farming of vegetables, meat and rice, which ensures the quality of our product sources and allows us to effectively control the process, from managing at the place of origin to end-to-end product monitoring.

### Innovative Convenience Store Services

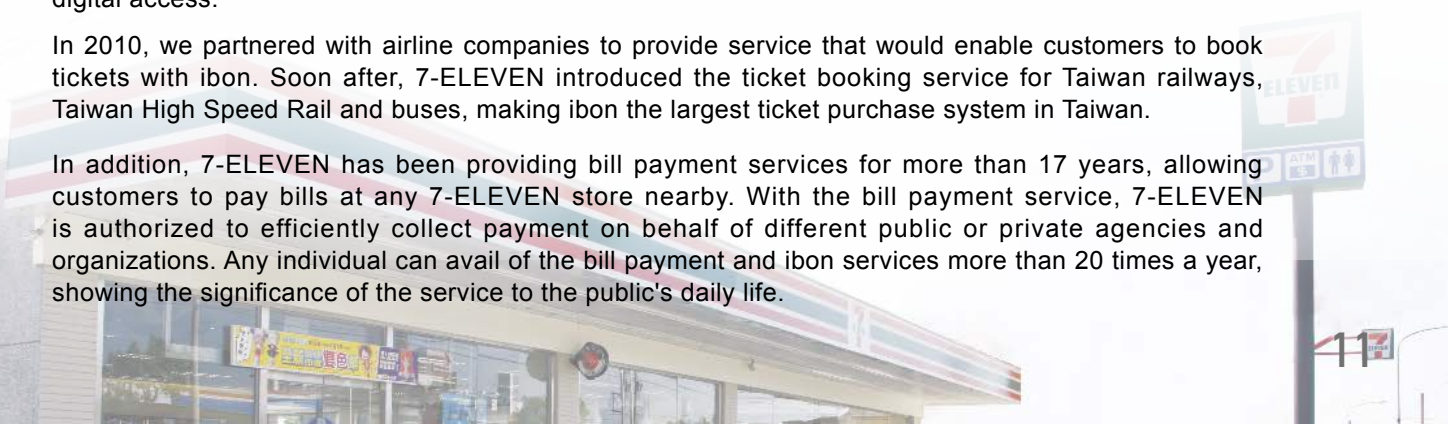
Just like people constantly change their lifestyles, 7-ELEVEN continuously intensifies its network to offer different types of services to customers, who can easily access convenient service 24/7 at any 7-ELEVEN nearby. It is our mission to set a new consumption trend that will revolutionize the industry by satisfying our customers' daily needs and providing them with a fun and fulfilling experience. In early 2014, we launched the E-wallet icash card which allows cashless payment transactions, making shopping at 7-ELEVEN much more convenient and efficient.

At 7-ELEVEN, customers can pay their utility bills, use ATM machines, photocopy documents, send faxes, print colored documents and photos, send packages through the Easy Delivery, and access Wify, CHT WiFi, as well as the 7-ELEVEN private label and 7WiFi wireless internet service.

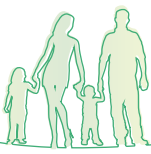
There is also the ibon kiosk which utilizes information technology to connect physical and virtual services that provide convenience and flexibility. It offers integrated service solutions such as stored-value service, ticket purchase, credit card bonus redemption, leisure, downloading of files, printing and digital access.

In 2010, we partnered with airline companies to provide service that would enable customers to book tickets with ibon. Soon after, 7-ELEVEN introduced the ticket booking service for Taiwan railways, Taiwan High Speed Rail and buses, making ibon the largest ticket purchase system in Taiwan.

In addition, 7-ELEVEN has been providing bill payment services for more than 17 years, allowing customers to pay bills at any 7-ELEVEN store nearby. With the bill payment service, 7-ELEVEN is authorized to efficiently collect payment on behalf of different public or private agencies and organizations. Any individual can avail of the bill payment and ibon services more than 20 times a year, showing the significance of the service to the public's daily life.







In the future, we will expand the scope of our services and cooperation with vendors, to include more banks and utility agencies.

With the rapid development of E-commerce in Taiwan, 7-ELEVEN has also launched the Easy Delivery service, which allows customers to pick up products at any 7-ELEVEN anytime. Currently, our partners cover more than 4,000 online stores, which help drive the economic growth of small to medium enterprises and online shopping brands. Every day, more than 1.1 billion customers use the Easy Delivery service and the number of packages each year has reached more than 42 million. Nowadays, 7-ELEVEN's convenient shopping and delivery services include Easy Delivery, international Easy Delivery, Easy Sales Return, Easy Pre-order, DVD Rental, icat Express and DHL. 7-ELEVEN has an efficient logistics system that is always available, trustworthy and reliable to both the public and business enterprises in Taiwan. It provides fast, convenient and diverse delivery systems. It also promotes the development of online shopping industries and exports Taiwan products to international markets via 7-ELEVEN's logistics services.

To keep up with the latest trends in mobile commerce, we introduced a mobile app for ibon in 2012 which integrates different platforms including government services, online ticket purchase, mobile printing, shopping, delivery and digital stored value system. This extends 7-ELEVEN services using mobile devices.

## 1.3 Corporate Governance

Improving corporate governance and business integrity has always been one of PCSC's long-term goals. The following monitoring and control mechanisms have been set up to establish a solid governance system, strengthen monitoring function, and reinforce the management system:

1

Audit committee members can have a clear understanding of the company's operations and auditing process during the quarterly board meeting and submission of regular audit reports by relevant units. They can also communicate with employees, investors and accounting personnel through various channels (telephone, mail, fax, conferences etc.).

2

PCSC conducts a regular internal evaluation of independent external auditors to make sure that they do not serve as company directors, supervisors or shareholders, or do not receive compensation from the company. The external auditors should remain independent and cannot serve as shareholders.

3

The Company has an internal control system that is jointly implemented by the board and several departments. The internal auditors ensure compliance and report to the Board of Directors on a regular basis. To assure continued effectiveness of the system's design and implementation, a review and revision process is carried out annually in order to maintain good corporate governance and risk control.

4

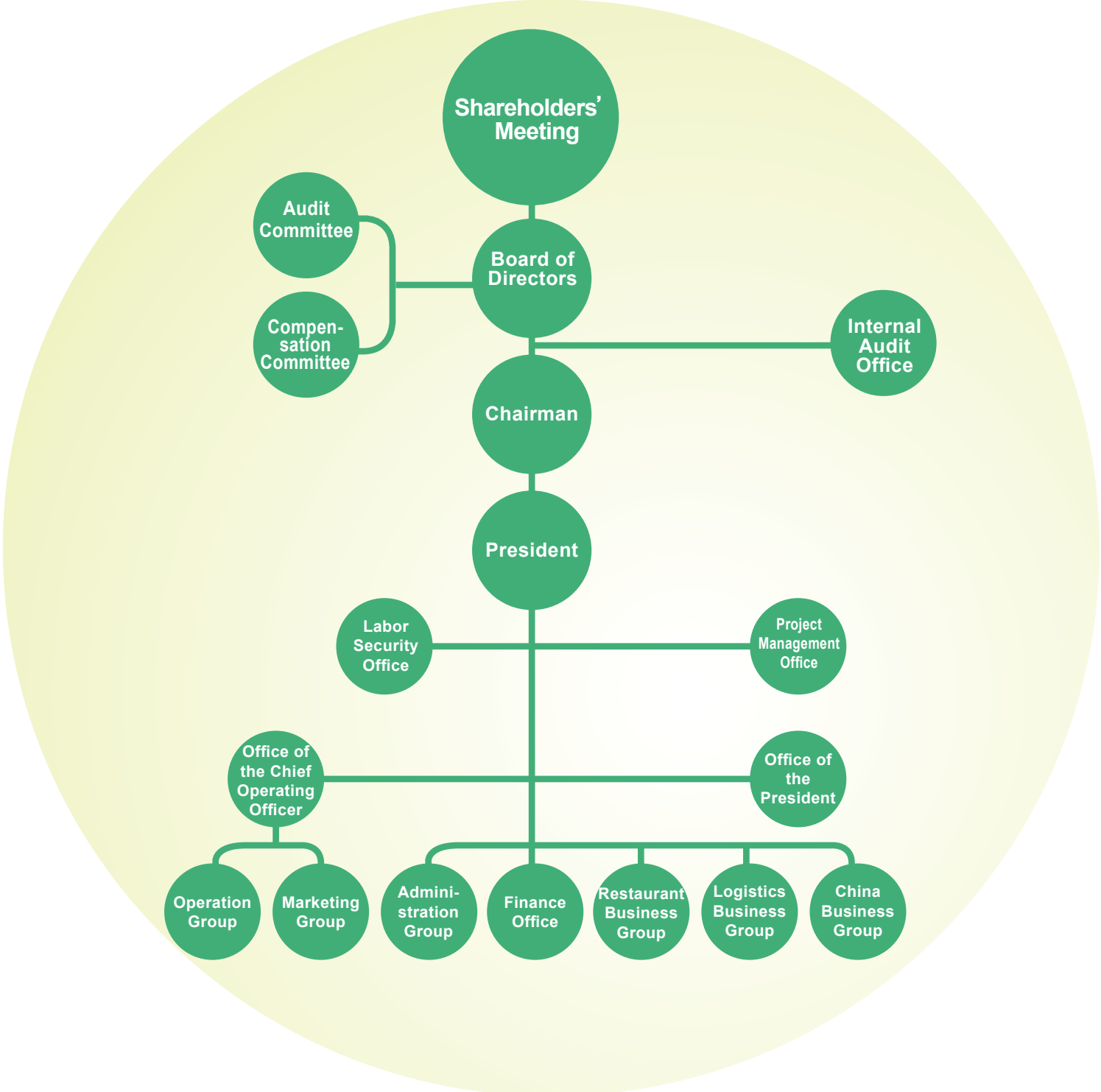
The chief auditor serves as the company's Chief Ethics Officer, responsible for advocating "ethical management" which encourages all employees to sign the self-regulation agreement promoting ethical behavior and practices. Ethical management cases are announced on a quarterly basis to inculcate a sense of moral responsibility among employees and to establish a good corporate culture.

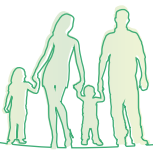
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To ensure high ethical standards in all business transactions and to protect the rights and benefits of all parties, PCSC has added an anti-corruption affidavit in all commercial agreements. Should any company employee or supplier make an improper payment or resort to bribery, the other party must immediately inform the PCSC's auditing office verbally or in writing. **The legal department of PCSC also plans to add a new clause in the formal agreement effective 2013 which underlines business integrity and includes an anti-bribery prohibition.**



# Corporate Governance Organization





## Introduction of Independent Directors

### Board of Directors

The Board of Directors consists of 13 directors (including 3 independent directors) with tenure of 3 years who has been elected from the candidates by the shareholders, among which there are 1 female director. As for their experiences, professional knowledge and salaries, please refer to the content stated from page 17 to 20 in our annual report of 2013 which can be downloaded from our disclosed information website or items for investors (<http://www.7-11.com.tw/company/ir>).

According to the Regulations for Conferences of Board of Directors, to avoid the conflict of interests among the top level governors, directors who may be involved in or have close relation with the items to be discussed at the conference can only propose suggestions and advice but can not attend in the discussion or make decision. Moreover, they shall avoid the conference for discussion and decision-making and are not allowed to represent other directors to attend the conference. The meeting of directors will be held 4 times a year, namely, once a quarter, so as to review the company's operational performance and discuss its development strategies and major investment issues. 7 meetings of directors have been held during 2013 to the end of April of 2014 (the day before the publication of annual report of 2013), with an average attendance of 90% above

In response to "Regulations Governing the Appointment of Independent Directors and Compliance Issues concerning Public

Companies", PCSC organized a re-election of the board directors and introduced independent directors in June 21, 2012. The company also formed an Audit Committee to help the board of directors fulfill the duties and responsibilities specified in the Company Act, Securities and Exchange Act, and other applicable laws and regulations. The three appointed independent directors were Mr. Wang Wen-Yu, Mr. Chen Min-Dao and Mr. Hsu Pei-Ji, whose term begins on June 21st, 2012 and ends on June 20th, 2015. The Audit Committee has held six meetings thus far.

According to article 192-1 of the Company Act and article 17 of the Articles of Incorporation, the independent director candidates shall undergo a nomination and election process.

The Company accepted the nomination from more than 1% of the shareholders from April 13, 2012 to April 25, 2012. The Board approved the qualifications of the nominated candidates on May 3, 2012.

Mr. Wang, Wen-Yeu, Mr. Chen, M. David and Mr. Shu, Pei-Gi were elected as independent directors during the 2012 Annual General Shareholders' Meeting.

### Audit Committee

The Audit Committee assists the Board in carrying out its fiscal oversight responsibilities and other duties as set forth in the Company Act, the Securities and Exchange Act, and other applicable laws and regulations. PCSC's Audit Committee was established on June 21, 2012 and is composed of all three independent directors. The Committee meets at least once every quarter. The number of scheduled meetings in a given year is indicated on the PCSC Annual Report.

The company established the Compensation Committee on August 19, 2011. The committee is aimed at helping the board of directors implement and evaluate the company's policies regarding compensation and employee benefits, as well as compensation for directors and professional managers. The Compensation Committee has held four meetings so far.

The Compensation Committee assists the Board in reviewing and evaluating PCSC's compensation and welfare packages for directors and the management team. PCSC's Compensation Committee was established on August 19, 2011, and is composed of all three independent directors. The Committee meets at least twice every year. The number of scheduled meetings in a given year is indicated on the PCSC Annual Report.

### Compensation Committee

### CSR Governance

So far, PCSC has yet to establish a special committee for evaluating and recording risks and performance pertaining to relevant CSR issues. Currently, all departments are responsible for evaluating risks, planning and implementing CSR policies within the scope of their function and control. On the other hand, handling of CSR-related matters are coordinated by the Public Affairs Department which is in charge of internal and external communication and overall management. Relevant issues are reported to the President during regular or special executive meetings whereas major issues are reported by the President during the Board Meeting for the purpose of consultation with directors in order to come up with corresponding board resolutions. The overall performance of major CSR issues concerning the environment and society etc. shall be within the scope of obligations of the relevant business group's top management and monitored/evaluated by the Board. With corporate social responsibility as the main and current agenda at the Board Meeting, major CSR-related issues concerning the environment and society are expected to be included in the evaluation or review conducted by the Board of Directors.

## 1.4 Awards and Recognition

Over the years, PCSC has been working hard to develop innovative products and services while maintaining a positive, energetic and trustworthy brand image. **PCSC has been continuously recognized as a Benchmark Company and ranked No.1, receiving the Golden Service Award from Commonwealth Magazine for 20 consecutive years.** The company has also accepted CSR-related awards from both public and private organizations. Major awards received from 2013 to May 2014 are listed below:



2013

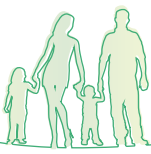
- ★ 《Finance Asia》 One of the top 10 companies in Taiwan under the "Best Managed Company" category
- ★ 《Cheers Magazine》 One of the Top 100 Favorite Corporations of the New Generation
- ★ 《CommonWealth Magazine》 Benchmark Company in Taiwan; No.1 among wholesalers and retailers; 1st place in the Third Annual Commonwealth Magazine Gold Medal Service Awards
- ★ 《Next Magazine》 Top Service Award under the convenience store category
- ★ 《Business Next》 Best Digital Service Company Award under wholesalers and retailers category; Green Brand Award in Retail Distribution Channel category, Super Green Brand for Cross category
- ★ Taiwan Stock Exchange Corporation & GreTai Securities Market Rated A+ in the 10th Information Disclosure Review for Listed Companies
- ★ Environmental Protection Administration, Executive Yuan 2013 Non-Government Enterprises and Organizations Green Procurement
- ★ Public Service Film 《Bridge Over Troubled Water》 Independently produced the film "Bridge Over Troubled Water," which was nominated for Best Documentary in the 50th Golden Horse Film Festival

2014

(As of May)

- ★ 《CommonWealth Magazine》 Benchmark Company in Taiwan among wholesalers and retailers (20 consecutive times); 1st place in the Third Commonwealth Magazine Gold Medal Service Award for convenience store industry, trans-trade and innovation
- ★ 《Business Next》 1st place - Green Brand Award in Retail Distribution Channel category
- ★ 《Cheers Magazine》 One of the Top 100 Favorite Corporations of the New Generation
- ★ 《Commercial Times》 Gold Medal Service Award for convenience store industry in Taiwan
- ★ Taiwan Stock Exchange Corporation & GreTai Securities Market Rated A++ in the 11th Information Disclosure Review for Listed Companies





## 1.5 Operations Strategy and Management

2013 saw moderate economic recovery in America, inflation in Japan, slow economic growth in Mainland China and ASEAN (Association of Southeast Asian Nations) member countries, weary economic recovery in European countries and a continuously unstable global economy. Around the world, the effects of global warming have become more apparent. Raw materials are in short supply in the international market. Domestically, oil and electricity prices continued to rise, driving up commodity prices. In 2013, the Consumer Price Index (CPI) had an increase of 0.79%, while the core CPI also increased by 0.65%. Domestic salaries have yet to catch up with increases, so consumers continue to look for bargains and prefer planned shopping. Since consumers are adept at using information devices and accessing online community for consumption decisions, sectors dealing with e-commerce, seniors, healthy foods, and choices for single people, nuclear families and people who often eat out, have growth potential.

Coping with two major trends; namely, rising operating costs and severe external competition, we rely on our strategy which adheres to the core concept of high quality at affordable price. We develop excellent meal combinations and supermarkets based on our brands and actively create added value and product differentiation, so as to bring customers a superior consumption experience. In the future, we will uphold our operating strategies by maintaining Focused Operations and a Persistent and Pragmatic Approach and sense of CSR. We will also seize opportunities and achieve stable growth, so as to remain the No.1 choice of customers.

### Technology and R&D

In order to manage our customers; consumption demands, we will continue developing multiple services to enhance our overall competitive advantage, lessen the environmental impact and make people's lives better. In 2013, a total of NT\$170,475,000 was spent on relevant researches and developments.

#### ibon kiosk upgrades

We have integrated High Speed Rail (package) tickets in the ibon system to create service advantage through differentiation. We now offer a Taiwan Rail ticket reservation service on our ibon app, providing the public with fast, convenient service. Since this service also promotes the use of high speed rail stations and railway stations, we can also lessen greenhouse gas emissions generated from road transport.

#### Media and digital operation

Through the new media provided by mobile communities such as Facebook and Line, we encourage people to visit our stores and promote product sales. While generating revenue, we can also get feedback on consumer habits which can help us develop products and services that meet consumer demand.

#### Creating advantages through differentiation

In addition to featuring a large scale play of OPEN Chan's birthday party included the 1st Running Festival OPEN!Run which was very well received.

#### Integrating online shopping with pre-order and purchase

We introduced 3C products, such as a large screen OPEN television, successfully creating a buzz and market redistribution, providing customer more diverse and convenient options.

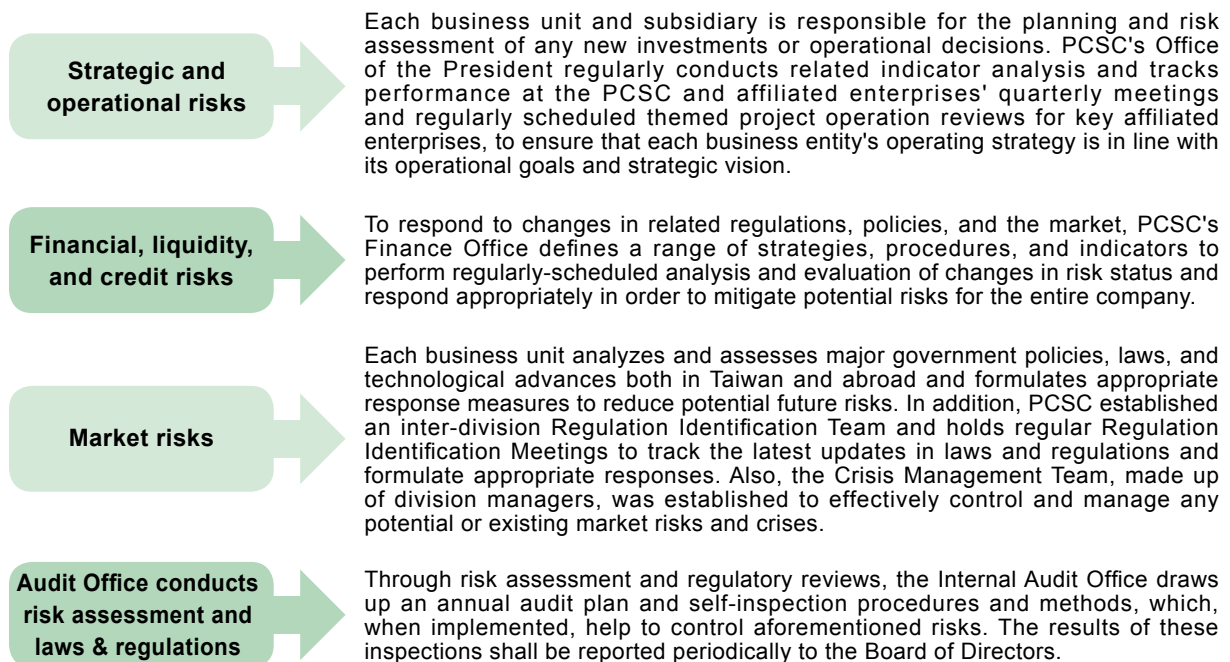
#### Completing update of the entire third generation POS

We enhance business information analysis, improve merchandise management, and add convenient services for product selection, while taking the initiative to interact with consumers using a touch screen. We also upgrade the operating efficiency and utilize energy-saving components to largely reduce utility costs and greenhouse gas emissions.

## Risk Management

PCSC strives to maintain a comprehensive risk management system that works to manage risks for the entire organization including consolidated subsidiaries. The Board of Directors, managers at all levels and employees work together to promote the proper implementation of risk management. In addition to observing relevant regulations, PCSC identifies, analyzes, measures, monitors, responds to, reports, and mitigates all potential risks that could arise from operating activities based on the characteristics and impact of such risks. While working to achieve PCSC's strategic goals, we can also effectively maintain and control potential risks.

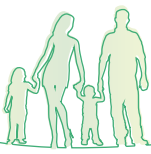
The Company's primary risk management structure and the various business units responsible for risk management and its implementation are discussed below:



## Climate Change Risks and Adjustment

When implementing CSR risk management, PCSC has realized that the increasingly serious global disasters due to climate change have forced governments to control activities in various industries related to climate change via mandatory laws and regulations, which has become a great challenge to our corporate operations. Although no mandatory laws governing the retail industry is issued in Taiwan, as a benchmark corporate with which the public is very familiar with, PCSC clearly knows it's our obligation to control and identify the issues and risks related to climate change. Therefore, PCSC started taking GHG Protocol as the standard for greenhouse gas inventory check to monitor risks in greenhouse gas emission and sought for proper opportunities to reduce emission in 2005. In 2011, PCSC took it upon itself to set greenhouse gas reduction targets that by 2015 it would reduce the greenhouse gas emissions of our operations by 5% as compared to that of 2010. We will attain our goals by implementing energy-saving measures in our headquarters and all stores, improving the equipment efficiency and strengthening education regarding relevant regulations, by which we hope we can transform into a low-carbon business in the future. The greenhouse gas emission is reduced by 3.8% in 2012 as compared to that of our reference year (2010), showing that we are forging ahead to our set goals. However, to respond to the conversion from ROC GAAP to the International

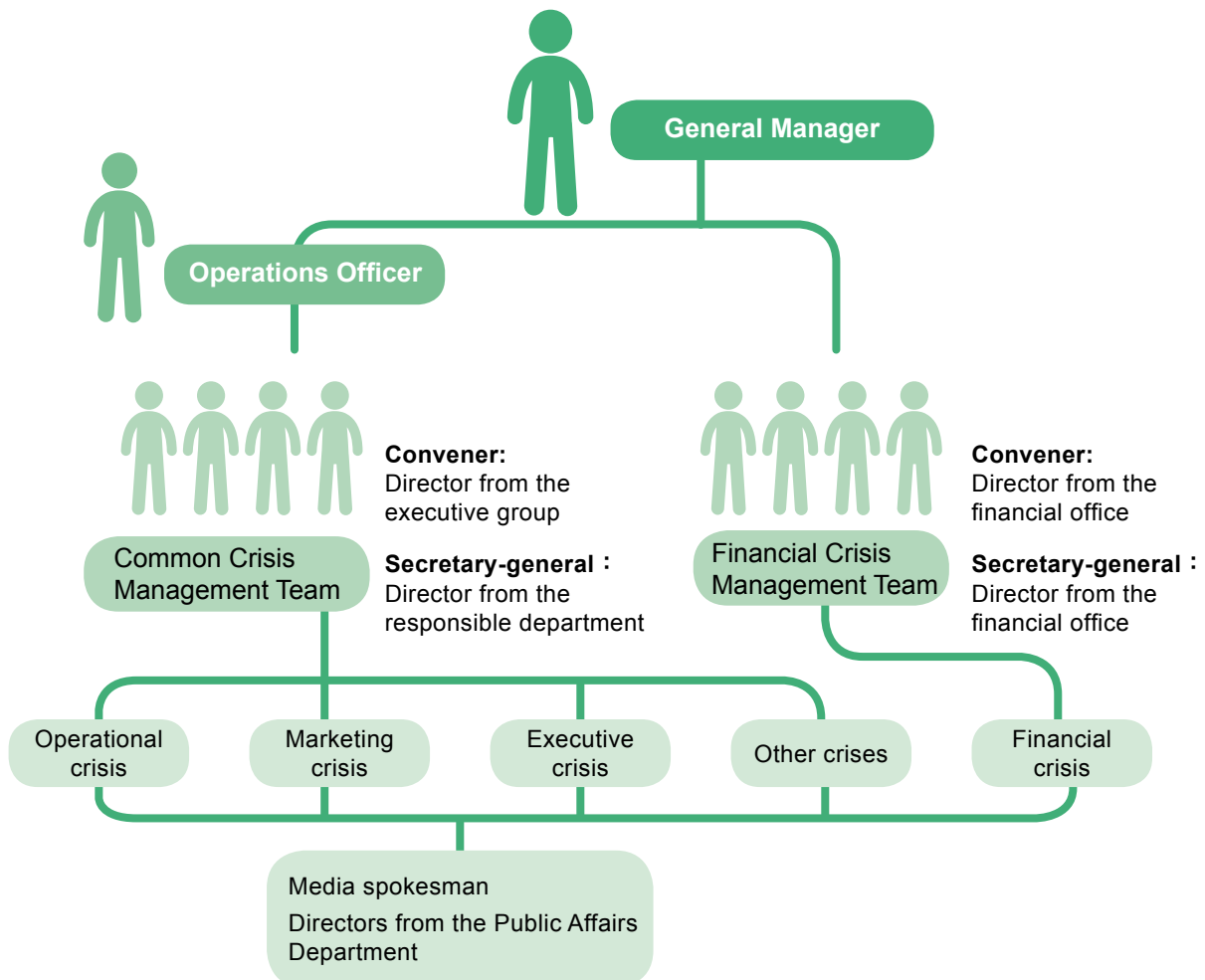




Financial Reporting Standards (IFRSs), PCSC started compiling financial reports in line with IFRSs approved by the Financial Supervisory Commission, which is inconsistent with the revenue recognition reference ROC GAAP adopted in 2010. Therefore, we are unable to compare and assess the actual yield rate. We are planning to change our base year or seek for another comparison basis with consistency to extend the specific reduction targets and implement performance tracing.

## Risk Response Management

Crisis often occurs as sudden as lightning, so in order to raise PCSC's sensitivity to crisis, we established an interdepartmental Crisis Management Team to define PCSC's mechanism for processing and reporting crisis events. The team director takes the position of convener to determine concerted actions and a director from the department responsible for each crisis event is appointed as Secretary-General to guide the action of each department; the role of media spokesman is undertaken by a director from the Public Affairs Department. The event handling process and results shall be disclosed in a timely manner. Furthermore, we specially refer to PCSC's Crisis Handling Principles and compile the 2nd version of the Crisis Management Manual which is scheduled to be published in 2014. Highlighting the spirit of accountability and independence, the manual allows the responsible unit to find references for crisis handling in case of a crisis event. Also, we categorize the crisis events into quality anomalies and false advertising and then divide them based on the business department into five types covering operational, marketing, execution, others and financial offices. To promote the operability of our manual, we invited directors from all departments to discuss the contents and conduct tests. After which, crisis handling procedures for index-oriented events like Food Safety are selected for irregular practices to instill in our colleagues a sense of crisis awareness so that they can make the appropriate response in a timely manner, turn the crisis into opportunities, relieve the impacts of various crises on corporate operations and revenue and protect all stakeholders' benefits.



## 1.6

## Communication with Stakeholders and Identification of Significant Issues

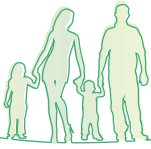
Success comes from effective communication with stakeholders. From a thorough discussion with each department, we defined stakeholders in eight groups as those who greatly influence us or those that are influenced by us: shareholders/investors, supplier, customers, employees, franchisees, public interest groups, governmental administrations and communities. We communicate and engage with all of our stakeholders through a variety of channels to seek opportunities for cooperation and improvement via mutual understanding. We understand our stakeholder's expectation and identify future opportunities from their feedbacks to create values with all of our stakeholders.



**Summary of PCSC Communication Channels with Stakeholders**

Stakeholders	Issues of Concern	Communication Channels
Shareholder/Investor	Corporate governance Crisis management Operation and financial situation Dividend policy	Annual investors' meetings Periodic announcement, financial report/ annual report Information disclosed on official website Stakeholders' meetings Market Observation Post System (MOPS) Answer the questions from investors or analysts via telephone and emails
Suppliers	Green procurement Green products Supplier management Local procurement	Periodic manufacturer's meeting Periodic supplier's meeting Coaching/ audit management
Customers	Product health and safety Product and service innovation Service quality Customer privacy	Service window at joint service center Satisfaction survey
Employees	Occupational health and safety Labor-management harmony Training and education Employee diversity and equity	Regular labor-management communication meetings Employee Benefits Committee Email for employee complaints Internal proposal system Happy Cooperative
Franchisees	Training and education Occupational health and safety Product and service innovation Marketing communication	Specialized franchisee official website Weekly visit by regional advisor Regular monthly publication Franchisees' forum Satisfaction degree survey
Public interest groups	Training and education Occupational health and safety Product and service innovation Marketing communication	Specialized franchisee official website Weekly visit by regional advisor Regular monthly publication Franchisees' forum Satisfaction degree survey
Governmental administrations	Product health and safety Regulation compliance Public policy engagement	Periodic regulation review Promotion in accordance with the relevant system
Communities	Energy-saving and carbon reduction Community caring Regulation compliance	Good Neighbor, Happy Community Annual CSR report Service window at joint service center



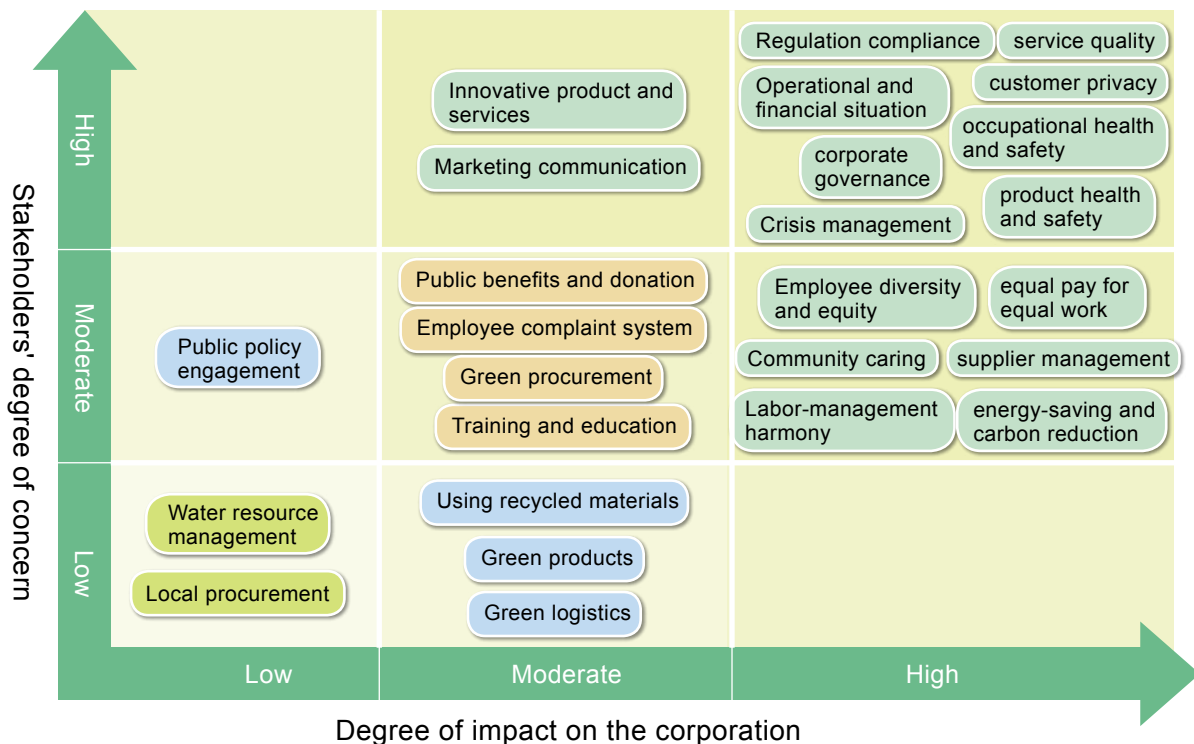


## Identification of Significant Issues

In terms of identification of significant issues, we selected 26 issues based on the four dimensions of economy, environment, society and product & service by means of internal discussion and assistance from external experts and reference to GRI 3.1 as well as analysis of the industrial characteristics. Subsequently, through the questionnaire assessment survey conducted among the internal departments, it assessed the degree of concern and level of impact of each issue on operations according to the Procedures for Materiality Analysis and the results are shown in the Materiality Matrix. Impacts of the related issues on operation covers the following dimensions:



According to the procedures mentioned above, we identified the eight significant issues that can be categorized as having a high degree of concern and high degree of influence on corporate matters, including regulation compliance, service quality, operational and financial situation, customer privacy, corporate governance, occupational health and safety, crisis management and product health & safety. The report will illustrate each relevant material issue in the corresponding chapter.



To better understand the stakeholders' expectation from us. In the future, we hope we can conduct a survey on the stakeholders' benefits through a more innovative and efficient approach, so as to respond to their expectations more effectively and achieve the objective of creating values jointly.

## Lists of Participated Organizations and Associations

To better understand the stakeholders' expectation from us. In the future, we hope we can conduct a survey on the stakeholders' benefits through a more innovative and efficient approach, so as to respond to their expectations more effectively and achieve the objective of creating values jointly.

Lists of Participated Organizations and Associations	
Taiwan Events Association	Audit Bureau of Circulations
Marketing Communications Executives International	The Business Council for Sustainable Development of Taiwan
Taipei Commerce Association for General Merchandise	Taiwan Coalition of Service Industries
Chinese National Association of Industry and Commerce, Taiwan	Chinese Non-store Commerce Association
Taiwan Delica Foods	Taiwan Chain Stores and Franchise Association
Zero Energy Building Technology Alliance	Chinese Non-store Retailer Association



# 2

## A Good Neighbor Accompanying You at All Times



Quality Inspection Laboratory obtained **ISO/IEC 17025:2005** certification in 2013.



Total laboratory expenditure for quality inspection on outsourced commodity, raw materials and finished products were **NT\$ 21,746 million in 2013**.

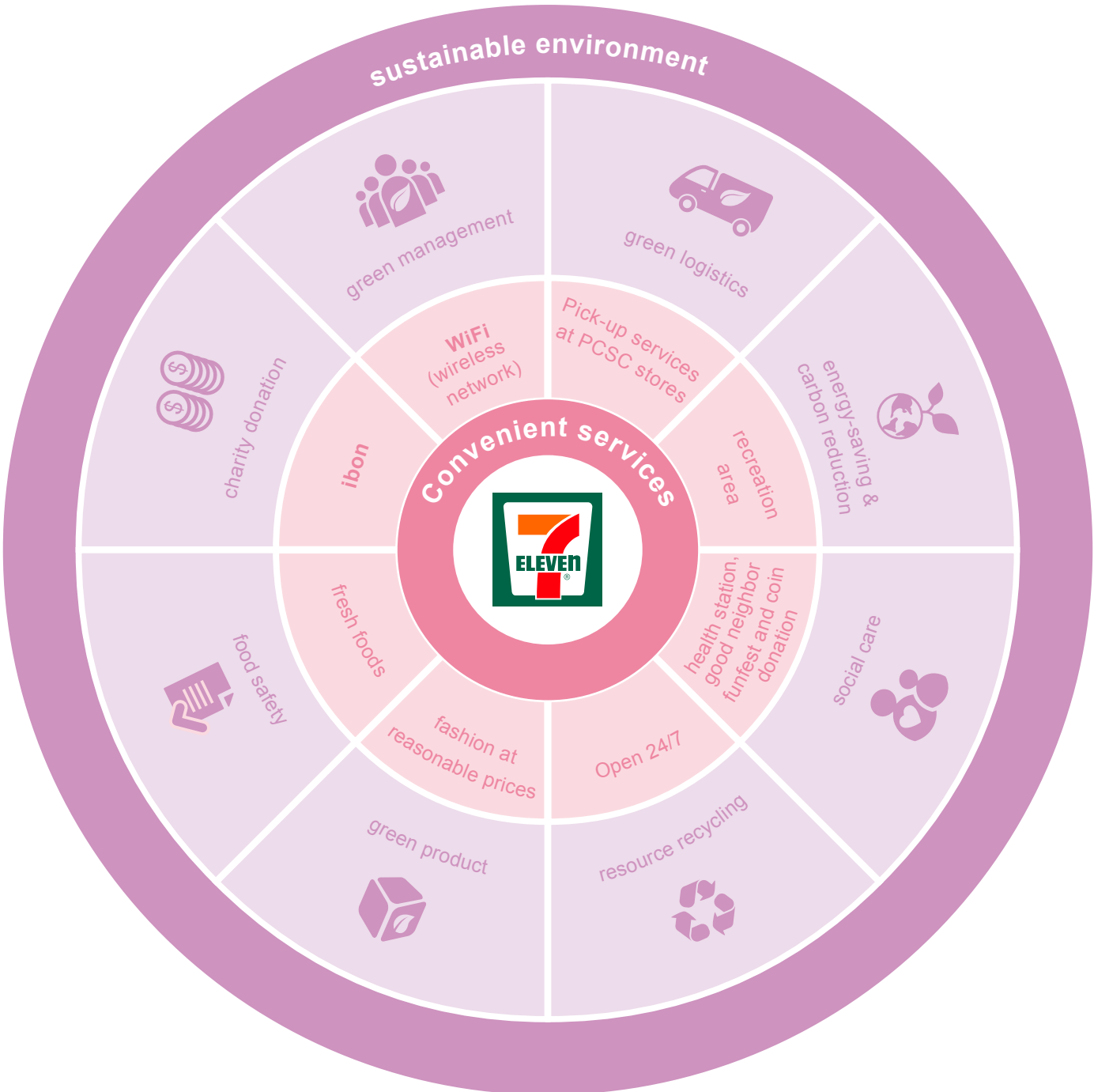
### 2.1 Sustainable Convenient Lifestyle

Ever since the 1970s, PCSC has played the role of a good neighbor in your community like a grocery store and has become a place for shopping, resting and communicating. As times changed along with the political and economic environment, convenience stores have become a distinguished feature of Taiwan. For the past few years, the masses' expectation of services provided by convenience stores has also changed with each passing day, showing higher requirements for convenience. Consequently, to meet consumers' demands and provide them with a more comfortable and friendly shopping space, we continue to expand the store scales based on our existing operational foundation and strengthen the operating policy of safety, convenience and food quality, and develop diversified and fast food offerings. Meanwhile, PCSC leads the trend through its own brand 7-SELECT to promote the ten categories of products covering food, beverages, snacks, frozen-food, frozen-goods, lotion, household paper, rice, textiles, liquors and beauty & health care products, calling for a new lifestyle at lower prices. Besides, its ibon kiosk that integrates information on cash flow and logistics has been used for more than 6.5 times by each person a year on average, and the number of people using ibon grows swiftly at rate of more than 20%, thus becoming an all-round community service center offering great convenience to people. While providing the most convenient shopping space and the most diversified products and services, we are also responsible for creating a sustainable lifestyle. Therefore, we provide 24/7 services, reliable products of high quality and manage a sustainable supply chain to improve consumers' living quality. Aside from this, we invited stores, malls, logistics providers and suppliers to join in our efforts of energy-saving and carbon



reduction, by which we can move steadily towards the objective of a sustainable environment. Furthermore, we also take employee caring and public welfare as our own mission and actively involve ourselves in creating a harmonious neighborhood and even servicing remote villages. With practical programs such as theme-related donations, Good Neighbor Funfest, and Millennium Health Station, we do our best to give back to society and become a benchmark company leading the way to social harmony and sustainable development.

### Sustainable Lifestyle of PCSC Convenience Stores





## 2.2 Multiple Checks, Safe Quality

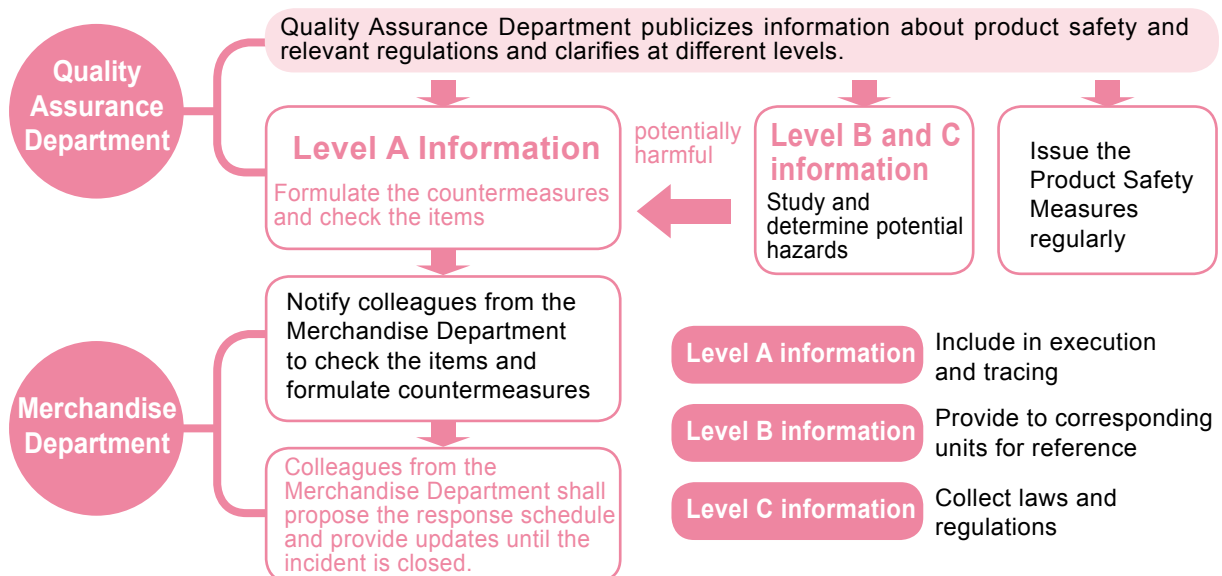
To truly meet the public's demands and continuously observe the consumption trend and social context, PCSC launched diversified products suitable for different lifestyles, for instance, fresh food of high quality. Due to the development trends such as a growing single population, nuclear family, low birth rate and aging population, the take-out business is developing. Statistics show that the take-out population in Taiwan exceeds 7 million people, and 7-ELEVEN sales show they spend one third of their monthly salary on dining out, which is a very large number. Accordingly, 7-ELEVEN combines its strength of multi-channels to invest in the fresh food supply chain. By going deep into the place of production and contracted farming, PCSC cooperates with domestic factories to continuously innovate its products, expecting to enable consumers to experience fresh food through the expanded 7-ELEVEN luncheonette offerings.

Reliable, safe and healthy fresh food is our basic commitment to the consumers. Starting from the stage of raw material procurement, we established a complete source management mechanism; during the manufacturing process, we require our employees to accept the training courses of food safety education, so that we guarantee the process management; what's more, we have a professional logistics team for product distribution and which adopts the distribution management measure of end-to-end temperature control to be able to deliver delicious food to customers immediately.

We actively assist our suppliers so together we can promote the product quality and control the food safety, to further improve the fresh food industry. In the future, we plan to request our manufacturers owning the private brands to accomplish the ISO22000 certification, so that we can assure our customers of the quality.

Facing the food safety incidents emerging one after another both at home and abroad recently, PCSC as the leader in retail distribution channels in Taiwan deeply reflected and analyzed our systems and continuously strengthened the tracing management review. For instance, in 2013, the Work Flow for Product Safety Information Collection, Assessment and Tracking was formulated to enable the Merchandise Department and Quality Assurance Department to collect relevant product safety information and also establish the tracing and review procedures to guarantee product safety together. For the long term, we have invested resources in improving food safety specifications. In September 2014, the biggest edible oil incident occurred in Taiwan, through which we further learned that edible oil safety hazard factors may be present at each stage. Although the incidents were obstacles, it spurred us on to exert greater efforts to improve the source management of raw materials and strengthen our food safety management system.

### Work Flow for Product Safety Information Collection, Assessment and Tracking





### Explanation of the Edible Oil Safety Incident in 2014

The edible oil safety incident in 2014, where some producers passed non-edible oil off as edible oil, severely diminished the international image of Taiwan and the confidence of Taiwanese on local food products. In October 2014, we were notified by the PCSC Corporation that due to equipment failure of the oil supplier, Tongqing Food Co., Ltd., in May, one batch of oil product which turned out to be faulty was purchased from another supplier introduced by Mitsubishi Corp. Although the product was qualified with a certificate provided by Mitsubishi, the incident was instantly reported to PCSC by Tongqing. To avoid any harm to the rights and interests of consumers, PCSC firstly carried out a comprehensive investigation and found out that 17 kinds of beef-flavor instant noodles and broth for spicy Japanese oden were suspected to be contaminated. Further investigation was conducted by the Health Bureau of Tainan City and other government organs. With the principle of prudence and a sense of responsibility, PCSC lost no time in checking all commodities and informing every outlet across Taiwan to remove suspected items off the shelves for precaution. In the future, we will take more efficient measures to secure every link, hoping to obtain continuous support and trust from consumers.

### Firewall for Food Safety- Food Inspection Lab

Product safety is the lifeline of a company, the guarantee for quality and the relief offered for consumption. For us, it is the basic requirement when laying down management guidelines. In order to reinforce the management of food safety, we upgraded the Quality Assurance Team under the Logistics Department as the Quality Assurance Department under the direct order of the Chief Operating Officer in 2011, and later in 2012, set up the Food Inspection Lab. Not only were more sophisticated inspection devices of all sorts introduced, but also professionals from commodity inspection corporations, government agencies related to safety and hygiene as well as pharmaceutical factories. In addition, to improve credibility in inspection, the lab managed to be approved by the Taiwan Accreditation Foundation in terms of ISO/IEC 17025:2005 in 2013, and was thus qualified for the inspection involving total plate count, coliform and coliform group. As expected, the lab gained public trust with its professional validation and the corporation joined the minority in the food retail industry with an international inspection unit. All these efforts demonstrate the determination of PCSC to provide its consumers with quality assurance and build a complete network for food safety.





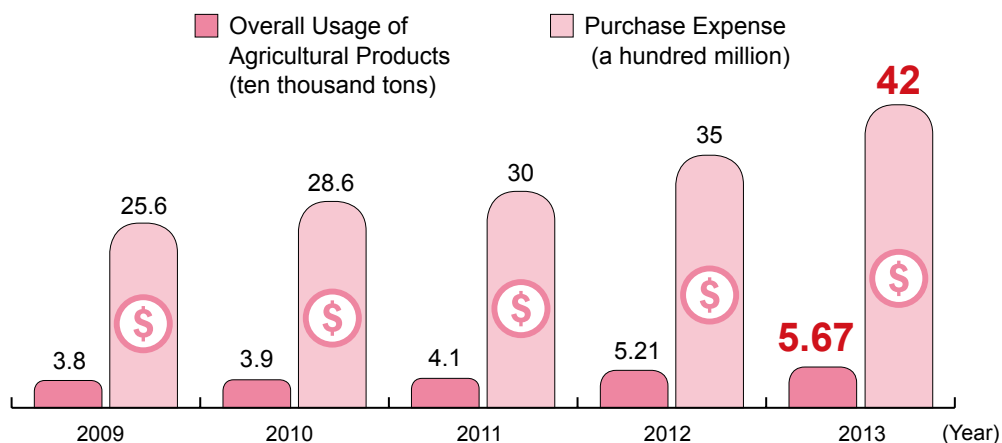
Our quality control consists of risk management, verification and audit as well as quality inspection. Based on the three parts, veterinary drug residues, pesticide residues, food additives, biotoxins and others existing in commodities and their raw materials will be prudently examined and monitored. We strive to maximize professional food knowledge and technology and improve capability in safety inspection, with a purpose to meet consumers' expectations. In the meantime, we are weaving a tighter safety information network to monitor emerging hazard factors. From the source to the finished product on sale, except for inspection items announced by the government, our lab focuses more on those informal items. We take the initiative to study the items not in the government's danger list or to research on those suspected products, develop feasible inspection methods, put forward suggestions for control and set up standards for inspection, with a purpose to bring quality assurance up to a higher level and food safety risk down to the lowest.

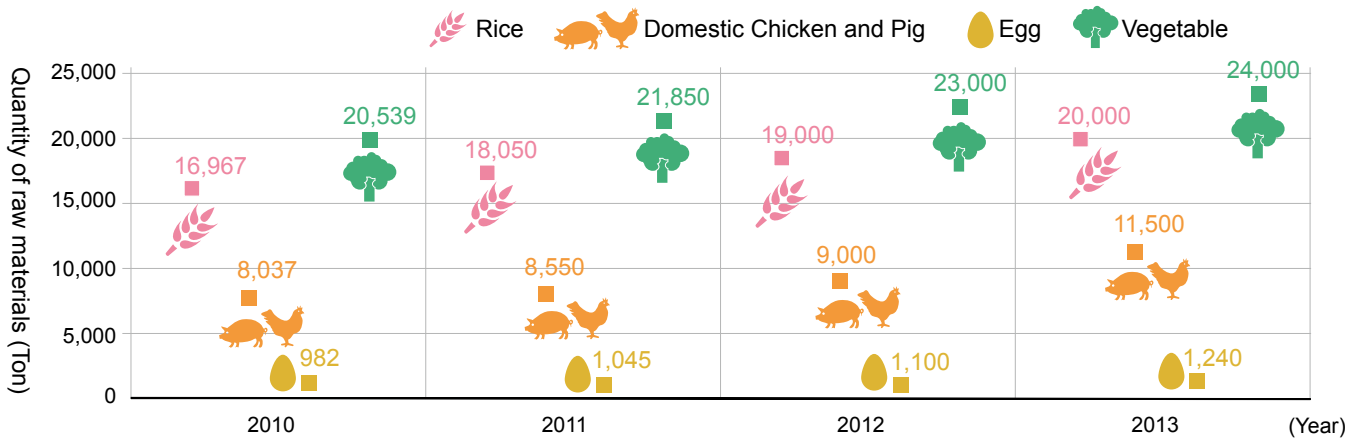


Presently, the lab has been able to carry out inspection on 344 chemical items, including traditional Chinese medicine preparations, western medicines added to healthy food, maleic acid as well as 7 microorganisms like mould, yeast, and *Listeria monocytogenes*. In 2014, we plan to get the approval of the Food and Drug Administration to be qualified for the inspection of veterinary drugs such as clenbuterol. It is expected to acquire qualification for inspecting 2 to 3 items every year in the future. We also hope to keep equipping ourselves with the necessary capacity to inspect so as to consolidate consumers' confidence and the brand's credibility.

## "Sunshine Farm"-Direct Selling

We supervise the production process of fresh food products in light of strict standard. Since 2009, we have been dipping deeper into the supply chain and established procedures covering the places of origin to the distribution outlets to maintain the standard. In light of the concept of "New Agriculture in Taiwan" constituted in 2012 by PCSC, fresh food products under the brand "Sunshine Farm", including vegetables, sandwiches, salads, fruits and beverages, are all made out of select local agricultural materials. Besides, a traceability management system has also been set up for fresh vegetables. Upon close cooperation with nearly 1,500 farmers, over 200 peasant households, 12 fresh food producers and 150 raw material suppliers, as many as 56,700 tons of agricultural materials purchased by fresh food producers as consignees have been processed in 2013, which means 4.2 billion NTD of purchase expense, up by 20 percent from 2012. The largest fresh food industry in Taiwan is coming into being through joint domestic efforts.





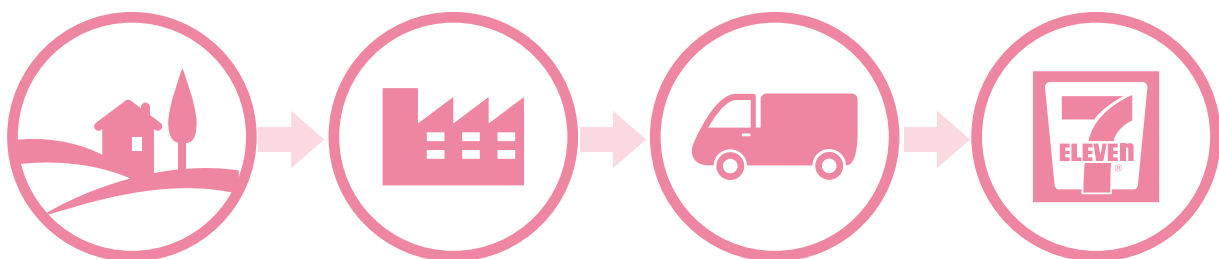
To assure consumers, we would examine every kind of fresh food product through sampling inspection according to strict standards before putting them into the market. In 2013, a sum of 21.746 million NTD was spent on outsourced sampling inspection and the inspection of raw materials and finished products by the lab. We intend to invest more resources and capital and combine modern inspection technology with traditional agriculture to improve inspection proficiency.

### Source Control, a Guarantee of Safe Food Materials

Analyze supply chain, understand the cost and amount and provide consumers with safe and delicious food product

Develop diversified commodities by integrating the supply chain; maintain the advantage in distribution channels;

Make a good use of local excellent agricultural materials; boost industry transformation; undertake collaborations



#### Sunshine Farm Farmer/Farm

##### Administrative Unit

Mainly in the form of cooperatives, with self-organized consultation program among farmers

##### Administrative Methods

Promote contract growing, good agricultural practice and traceability management

##### Inspection

Inspection upon purchase and checking for pesticide residue

#### Specialized Factory

##### Certification

CAS \ ISO 22000

##### Audit and Field Visit

##### Inspection

Selling and delivery inspection hygiene/pesticide

#### Logistics System

##### COLD CHAIN

All-the-way distribution in low temperature

##### Check upon delivery

#### Outlet Management

##### Monthly Regular Inspection

guarantee for health

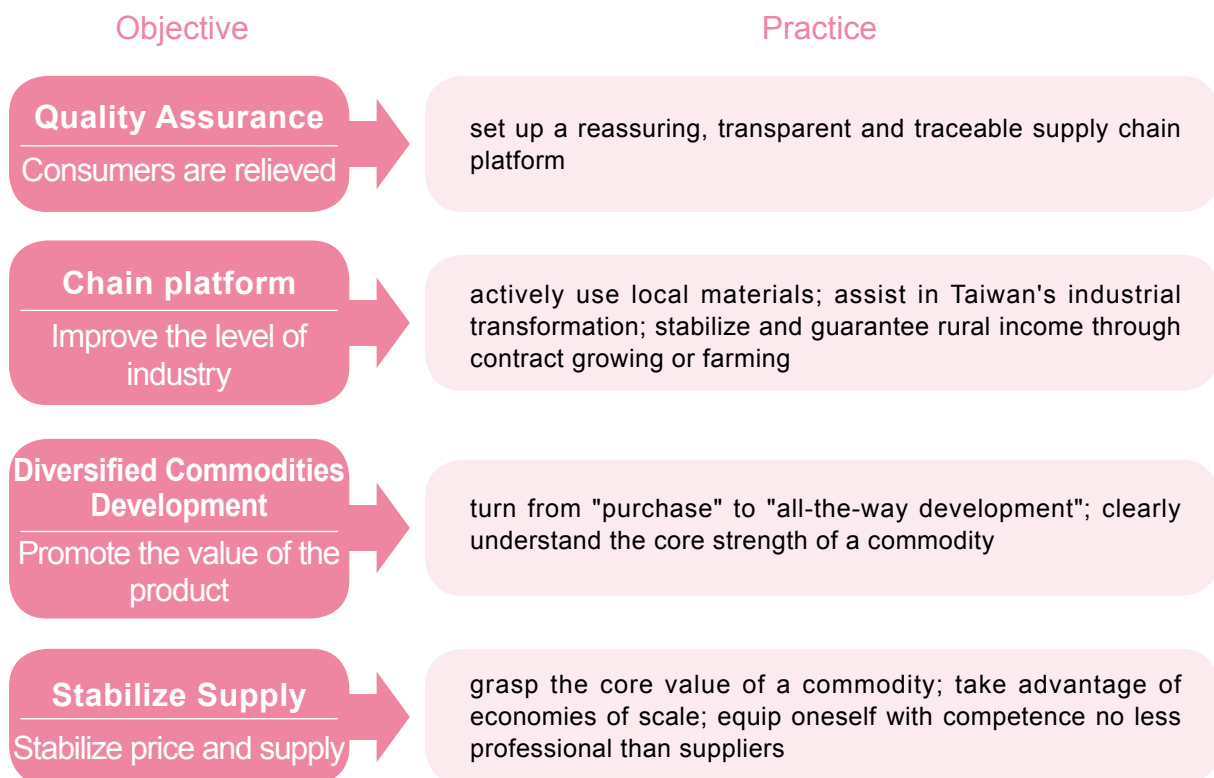


## Making a "Production Record"

Sticking to food safety, we speed up the proposal for expanding the scope to cover vegetables, fruits and beverages. Following vegetables, meat and contract rice growing, fruit was also included in the source control program since 2013 which has been reinforced through such three models as contract growing, field management of origin and all-the-way control. In order to make high-quality and high-value food materials available to the public and, more importantly, to better assure consumers in buying fresh food products, we specially set up a complete "production record" which discloses all information on the rice, egg, vegetables and fruits of PCSC, an effort to relieve the consumers' struggle. More information is available in the following official sites:

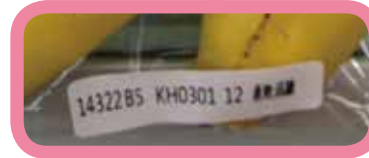
1. Tips of Ensuring Food Safety: <http://www.7-11.com.tw/quality/index.asp>
2. Sunshine Farm: <http://www.7-11.com.tw/light/index.asp>
3. Agricultural Product in Taiwan: <http://www.7-11.com.tw/711/taiwan/index.html>

## The Secret of Ensuring Food Safety



## Ensuring Fruit Safety

Take bananas with a sales volume of 3,000 tons (about 18 million pieces) as an example. In the area where we grow the bananas, we wrap the whole tree for the sake of secure cultivation. We also apply sampling inspection to every batch of banana upon delivery to see if it passes the pesticide testing. After delivering them to the processing plants, and two-time sorting, washing, air drying, dehydration, ripening and other procedures, they will be completely cleaned of smudges and pesticide residues and accelerated to ripen under a low temperature of 13.5~15.5 °C. Moreover, direct distribution from self-production place by delivery vehicles with temperature control makes the bananas in outlets above average both in sweetness and texture. It is worth mentioning that the packing bag for every piece is printed with the production number and goods yard, making it possible to trace the date and place of manufacture and to precisely control the quality of every piece.



### 1. Fruit sorting

After being collected by farmers on a daily basis, the bananas will be delivered to the processing plants for checking. Initial fruit sorting will classify those bananas into Level A and B level encased separately in terms of appearance and weight.



### 5. Cleaning up

Cropped bananas will issue glutinous pectin and must be put into a pool added with rare gases and alums for cleaning and disinfection to smarten the appearance.



### 2. Dehydration

Due to different ripeness levels, selected bananas have to be put into the refrigerating chamber for cooling and dehydration for 1 to 3 days so as to ensure equal ripeness for the same batch.



### 6. Air Drying

After air drying clean bananas, they are put into the refrigerating chamber with ethylene generator under the temperature of 1 to 19 °C for about 5 to 6 days.



### 3. Second Sorting

Dehydrated bananas have to go through another sorting process to get rid of those with too many black or white spots or damaged ones.



### 7. Packing

In a 4 to 6 level of ripeness, those bananas are ready to be packed and distributed. They are packed separately according to weight and attached with bar codes and labels before being encased for delivery.



### 4. Cropping

A cluster of banana is too large and has to be weighed and cropped. Select a large-medium size of cluster with each weighing 150 grams and with a handle of 0.7 kilogram.



### 8. Quality Control

Except for those checks in every link, random check is also carried out by quality control personnel of the plant. Those items with black spots or scratches will also be removed to ensure the quality of every single piece.



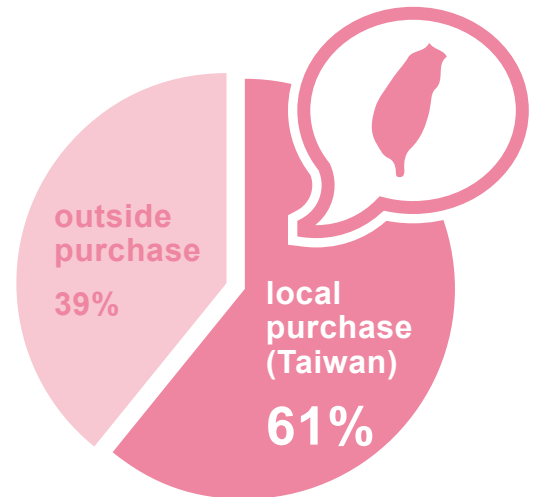


## Fresh Fruit of the Season, Delicacy in the Locality

As for the management of raw materials of fresh food, we closely cooperate with suppliers and jointly set up the "raw material control system". Besides, we adhere to the principle of honesty in marking and advertising, and extend the audit of suppliers to the second stage, taking food safety under control along the whole course.

We consider those fresh commodities developed from local materials of the season to be the freshest and the most sustainable for consumers. The idea not only helps boost the development of local agriculture, but reduces carbon footprint through shorter distance of transport. In 2013, 60 percent of the materials were purchased in the locality. In addition, PCSC analyzed fertilization and dose basing on scientific data and assisted farmers in applying environmentally friendly cultivation methods. By doing so, per unit of output has significantly increased and rural income has been guaranteed by the growing amount of purchase, relieving farmers of their usual concerns.

### Ratio of Local Purchase Expenses of Agricultural Products in 2013



## Checking Packing Materials at All Levels

We take strict control not only on the food materials and manufacturing flow, but also on the quality of packing materials in direct contact with the food products, and have never forsaken innovation. In choosing packing materials, we intend to keep the freshness and texture of the products via the latest technology and also consider cutting down on weight.

With regard to the inspection of packing materials, we have recently added plasticizer inspection to the precedent items involving texture, leaching and thermal resistance. A week before marketing the products, we set up files ready for checking and even take the initiative to release complete reports on the website of Taiwan Delica Foods Development Association for transparency. Taking various rice served with meat and vegetables sold in outlets as an example, it is covered with sealing film instead of a cap, reducing materials by 20 percent.

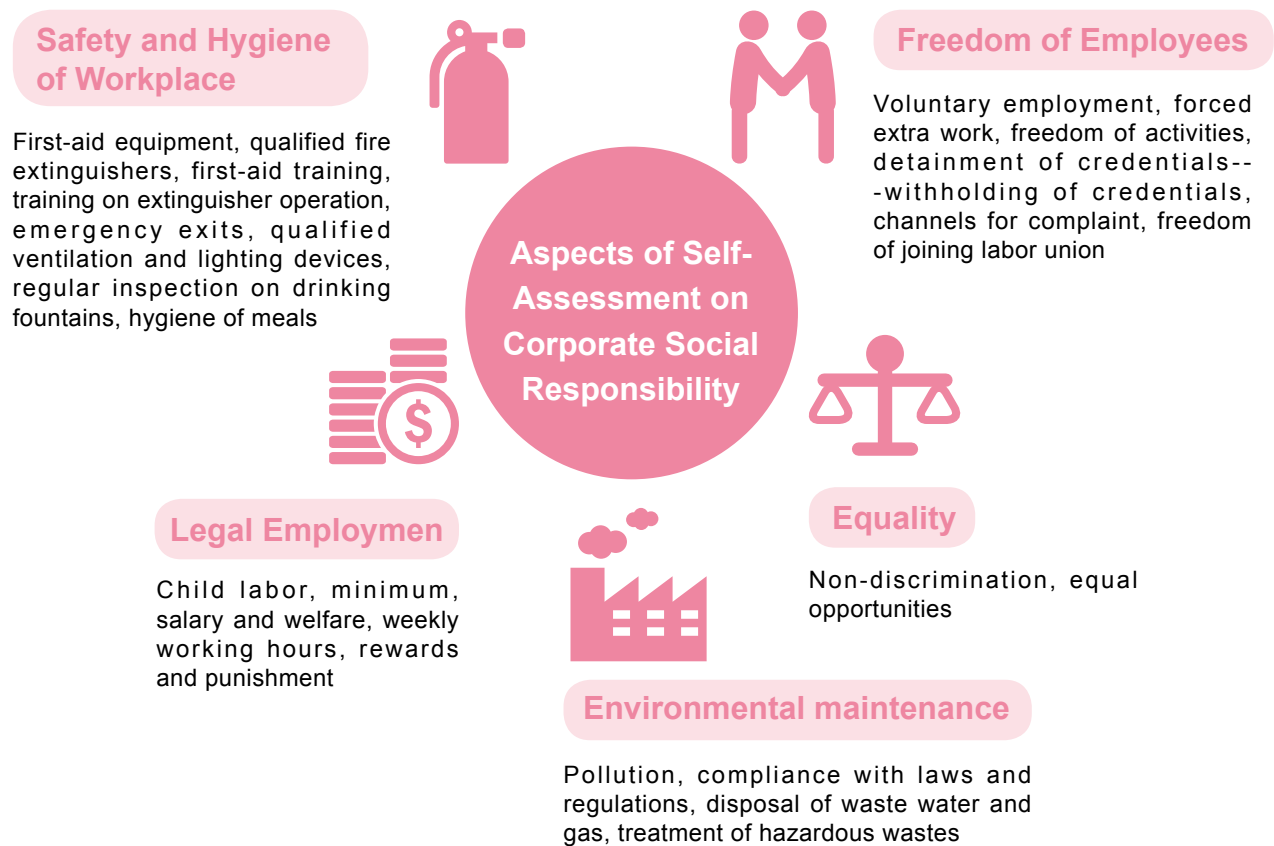
For the relief of consumers and a response to government policy, PCSC runs a comprehensive examination on all private commodities. It also voluntarily delivers samples for inspection, asks upstream manufacturers for inspection report and letter of commitment, and delivers the latest inspection report to outlets across Taiwan for auditing by authorities at any time. Meanwhile, we expand the scope of inspection from private commodities to other products and raw materials, covering fresh food, general merchandise and purchases in advance, with an aim to make sure the contents are in compliance with sanitary regulations and safe to consume.

## 2.3 Sustainable Supply Chain Management

PCSC keeps constant innovation on management, breaks the limit of space and utterly changes the lifestyle of people. Behind those remarkable achievements are years of joint efforts by all suppliers and partners. Close interaction between suppliers and us has brought into being innovative goods and services which meet the demands of consumers to the utmost.

While exploring new markets, we also draw the attention of suppliers to the social obligations of companies, hoping that they will integrate sustainability into operations management, design and development, and then are able to improve business performance and competitiveness for the sake of profits and a win-win situation.

For the management concerning suppliers, except for quality of purchase, delivery time and cost, we attach more importance to whether they are concerned about the safety of their employees, comply with the policies for human rights and environmental protection, and whether their business models follow local laws and regulations. Since 2008, suppliers of engineering, information equipment and purchasing have been required to fill in the "Form of Self-Assessment on Corporate Social Responsibility" before they can be introduced. In the form, assessment involves such five aspects as safety and hygiene of workplace, freedom of employees, legal employment, equality and environmental protection. If necessary, a purchasing specialist will be assigned to conduct an audit of the suppliers' production sites.





In the performance of "corporate social obligations" concerning fresh food production and procurement of commodities on our own, we have added to all annual contracts such as basic CSR terms as compliance with labor laws and environmental protection. In 2013, no supplier was free from the CSR terms, and none of the 50 manufacturers failed the standard when suffered from sampling inspection.



### CSR Terms of a Standard Contract of PCSC

1. Suppliers shall accept the audit by PCSC on related matters of labor laws.
2. Suppliers shall promise to be devoted to improving utilization of resources and try to use local materials and renewable materials with less environmental load, ensuring the sustainability of resources on earth.
3. Suppliers, taking cost, profit, technology and finance into account, shall agree to try their best to reduce harm to human health and environment, to put into practice the best possible pollution control measures and technology and to cut down on greenhouse gas emission.

Every year, PCSC would throw various meetings with suppliers, which serve as a chance to explain the company's status quo and future expectations, its principle business ideas and new regulations concerning suppliers, and also as an opportunity to hear the feedback of suppliers to promote better interaction and collaborative patterns. The conference on fresh food supply chain held in 2013 was attended by 44 manufacturers and 70 suppliers. At the conference, we expressed our expectations for upstream manufacturers to expand safety issue from food to four other aspects including public, environment, capital and finance, to run comprehensive checks on operation and administration, to expand the scope of quality control from product to factory equipment, waste disposal, human resources development and business performance, and to continuously absorb new knowledge and introduce innovative technology and equipment to better react to the ever-changing environment.

## Growth along with Competition

In order to encourage excellent manufacturers and to unite all forces, 7-ELEVEN would hold competitions for "Gold Fresh Food Factory Award" and "Excellent Supplier", giving impetus to partners with good performance. Of the two competitions, "Gold Fresh Food Factory Award" consists of two awards respectively concerning "research and development" and "administration". To win the former award, it is required that more than 5 items of the fresh food products developed be sold in every outlet for 4 consecutive weeks. For the latter, scores from the monthly audit will be added up and 3 highest point winners will stand out from the factories of a temperature of 4 °C, and another 3 from the factories of 18 °C.

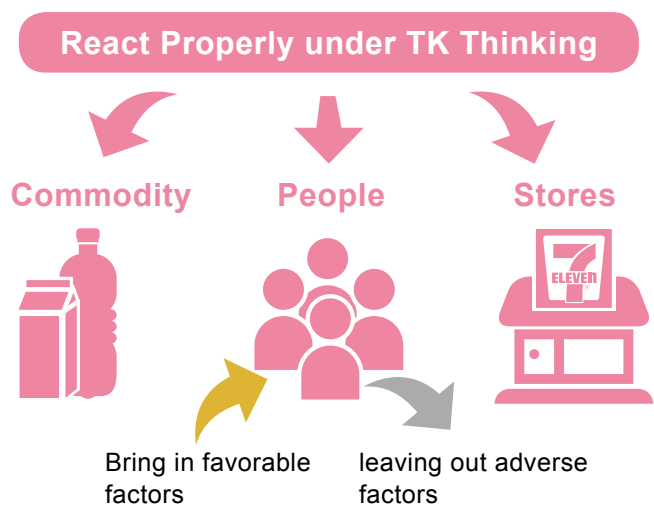
—For the latter, scores from the monthly audit will be added up and top 3 from the factories with a storage temperature of 4 °C will be winners, so are the top 3 from the factories with a storage temperature of 18 °C. Every award is far from an easy target, for any accidental complaint or unusual matter, or even a minor slip in manufacturing flow can cause loss of points and consequently, the award. By doing so, we hope to promote friendly competition and encouragement between suppliers so as to jointly upgrade product innovation and consolidate food safety.



## 2.4 Thoughtful Services Always Open

"Good morning, welcome to the store" is a usual but sincere greeting to customers from our colleagues at the frontline. By the end of 2013, 7-ELEVEN has owned 4,922 outlets across Taiwan, providing customers not only with diversified commodities, but also with the most thoughtful services, an aim we keep pursuing. By the end of 2009, beginning with altering the "store space", we have brought in the business model of "big store", offering customers a brand new experience with a better place for strolling and shopping with more diverse services. Firstly, we placed more seats to create a comfortable space for resting, dining, chatting and drinking coffee, and also a safe place for children to wait for their parents after school. Secondly, we set up more restrooms for the convenience of customers and passers-by. Open space produces indefinite possibilities, enabling our outlets to interact more often with customers. Going with the "good neighbor funfest" within the community, we often come up with different themes and invite residents nearby to participate, for example, together we used coffee grounds to make an environmentally-friendly soap, experiencing environmental protection in person; or we helped children make flowers for Mother's Day. While facilitating outlets, we also turn them into an emotional link within communities. Big stores of 7-ELEVEN with an area of more than 30 square meters have accounted for 58 percent of the total, of which 90 percent offer seating area. With the diversification of services, it is a basic requirement to maintain a uniform quality of service. Since 2012, we have been on another journey from our "heart" to guarantee and improve the quality of service provided by frontline workers at the outlets basing on three key words of Q.S.C., that is, quality, service and cleanliness. Starting from these three basic aspects, we attach most importance to remaining alert and constantly improving service, which is also the most basic social obligation for PCSC as a member of the retail business.

In addition, we keep updating the SOP manual of excellent service based on our accumulated experience through the years, and make records of quality services to intensify the concept of Q.S.C.. With pictures and words, we expect to help every partner at the outlets to more easily understand the meaning of the service and further internalize quality service as a basic principle at work. Apart from that, in order to increase interaction between our partners and customers, we actively promote labor-saving operations by continuously simplifying tasks of outlets, hoping that our partners can put into every service practice the five steps of paying respect, listening attentively, responding in a timely manner, handling things properly and showing gratitude.





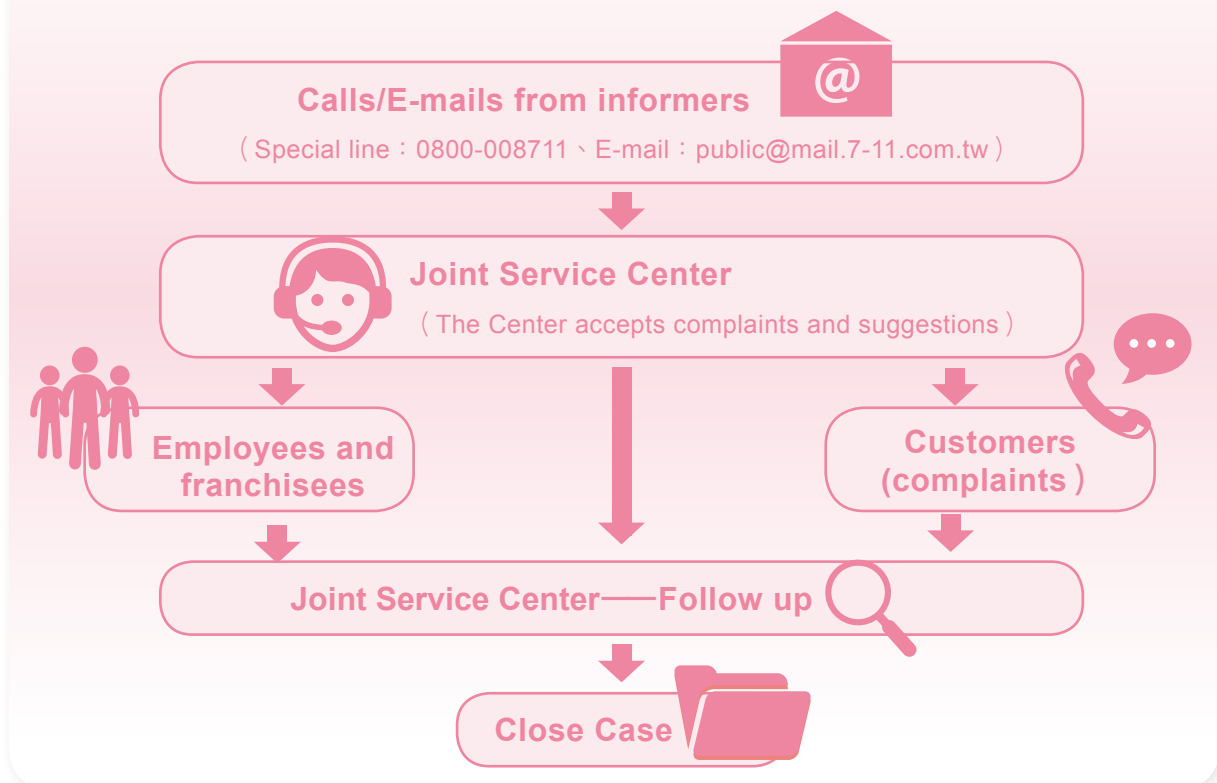
Additionally, to ensure honest and timely services, we also introduce external assessment; specifically, people disguising as customers will simulate various situations and give a score accordingly to practically examine the adaptability of outlet workers and carry out the operation service quality control. In 2013, 5,639 stores altogether were evaluated and some of them twice so as to stimulate all outlet workers to offer excellent services as stated in the Q.S.C. principle, and to build an excellent and sustainable single store.

## Consumption Satisfaction Up

It was planned in 2013 to conduct investigations on consumption satisfaction in outlets and marketplaces, with the purpose of actually determining the customers' level of satisfaction, to quantify and specify services for their improvement and to offer reference for the operation of a single store within the business district. Moreover, by means of self-help ordering on the display at the cashier area, devices are made easier to use and customers are enabled to express in real time their degree of content at any time. It is also helpful in keeping outlet workers alert and finally achieving the goal of constant improvement of services. Currently, the investigation has been put into operation since 2014 and the result will be released on the CSR report.



To timely meet customers' demands, a Joint Service Center is specially set up to ensure proper handling of reactions by special persons through the one-on-one service window.



As for marketing, package design goes through specific checking procedures and is supervised by units of both quality control and legal affairs to make sure of the proper use of publicity materials and their compliance with laws and regulations. Moreover, we also try to avoid using exaggerated wordings for advertising, such as "all natural", "100%", "absolutely safe", "the first; the only", "first-class", "no additive", "exclusive" and the like, so as to eliminate misconceptions.



## Advanced Privacy Protection

In Oct. 2012, the Privacy Protection Law was issued. To show our commitment towards consumers' privacy protection, PCSC established the trans-department Privacy Protection Task Team a year ahead of schedule to work out the management system and uphold the spirit of accountability and independence to foster the privacy protection seed in each department, by which we can popularize the privacy protection concept and inculcate it in our colleagues' hearts. Next, the model of stratified authorization is adopted to form the four operational teams, i.e., Data Security System, Education and Training, the Rights of Party Involved and System Internal Evaluation, which are respectively responsible for personal data check, risk analysis, system internal evaluation, notification revision, education and training and data erasure and disposal, and also take charge for improving the company's handling measures on personal information management during its advertisement of data privacy protection.

To meet the requirements of the domestic Privacy Protection Law, PCSC officially introduced the Taiwan Privacy Protection and Management System in 2012. It is the first company in Taiwan that gets the DPmark (Data Privacy Protection mark) issued by Department of Commerce, Ministry of Economic Affairs with a period of validity for two years. In 2013, PCSC continuously amended the notification on personal privacy of each department based on the current implementation performance, and authorized the audit office to conduct internal evaluation. Measures are proposed directed at defective aspects to assist each department in improving and executing regulations, so as to pass the mid-term validation of the DPmark smoothly and assure the effective operation and continuous improvement of management systems. To enhance the capacity and efficiency of the data management system, we extended the auditing scope to the whole headquarters and five direct outlets, so that we can drive both the frontline employees and logistical personnel to engage in the data information management and also specifically display our achievements in data protection and management.

We also plan to extend our promotion experience in data privacy management to provide necessary advice and assistance for related companies that need to apply for a DP mark, so that we can not only guarantee our commitment towards consumers' data privacy but also share our experience with businesses shifting to investment to fully play its function.

What's more, considering the importance of personal data privacy management that concerns each employee in different positions, the Human Resources Department of PCSC started and designed the online compulsory course of data privacy management for frontline employees and logistical personnel, making data privacy management the most important section of staff education and training, with an implementation rate of 100%.

However, since frontline employees may handle a large quantity of personal information, we issued the Management Manual for Data Privacy at Frontline Stores to emphasize the regulations that consumers' winning invoices shall be treated the same as cash, order sheets shall be locked in drawers, so that our employees can instill the concept of data privacy management in their minds during their performance of daily tasks.




認證事項	
網址	www.7-11.com.tw ; www.7net.com.tw ; www.icashpoint.com.tw
公司名稱	統一超商股份有限公司
證書字號	8000001(01)
備案申請日期	2012-12-17
備案有效日期	2014-12-16
營業場所地址	台北市松山區東興路98號
驗證標準	TPIPAS制度規範2011版
當事人權利行使窗口	
電話	0800-009-711
傳真	
E-mail	public@msl.7-11.com.tw
備註	

認證單位 | 經濟部



# 3

## A Good Neighbor Reducing Environmental Impact

-  Recycling of empty fresh milk bottles for retail business use reached **2,325.5 tons** (From the start of its promotion in August 2009 to the end of 2013)
-  The paper expenses of the headquarter in 2013 decreased **16.33%** compared with that of 2012, which converts to about 333,200 sheets of A4 paper saved.
-  Various investments and expenses against revenue which were put into environmental protection in 2013 totaled **\$NT1.27 billion**

### 3.1

## Taiwan's Large-scale and Continuous Environmental Recycling Platform

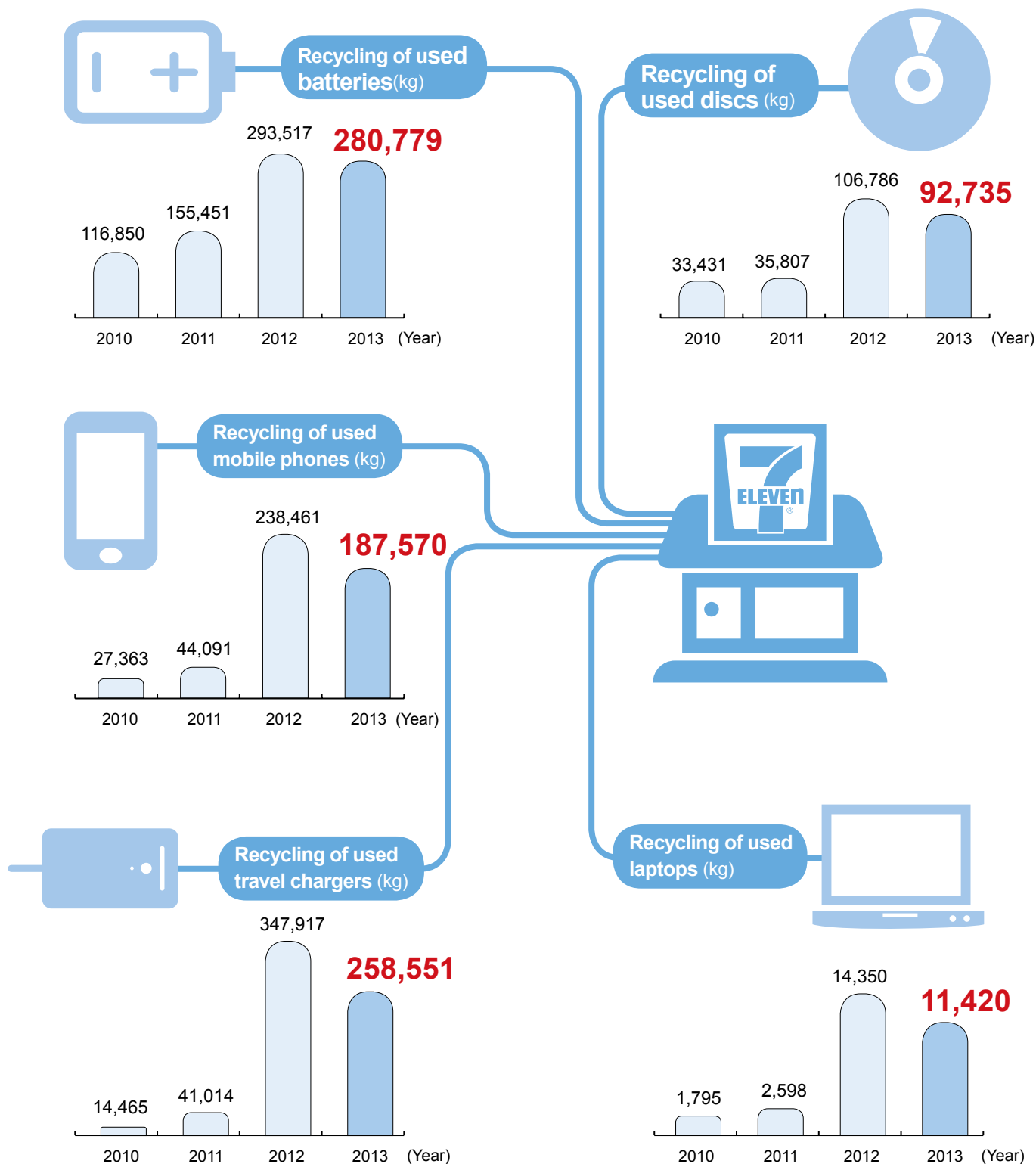
In the current situation where the resources are limited, population and material demands are still growing. Having a great deal of influence on Taiwanese people's lives, we realize that if we have the ability to subtly affect everyone do friendly things for that planet, it will maximize the benefits of environment protection. So we have a cross-sectorial "resource recovery group" to completely plan the overall process of recycling, making the concepts of "convenience" and "recycling" effectively combined and making recycling as convenient as shopping. This also makes the recycling business as an important business policy in constructing the largest and most convenient platform for environmental protection and recycling in Taiwan.

Four years ago, we first created the mechanism of "exchanging recyclable items for cash" to construct the largest recycling resource network in the world. In addition to the fixed recycling of waste packaging containers, such as PET bottles and aluminum foil packets, from 2010 7-ELEVEN stores, we have added the recycling

of used batteries, laptops, discs, mobile phones and travel chargers, considering the high replacement rate for IT products and gadgets, and put forward the program of exchanging coupons for merchandise. The special recycling bags with airtight adhesive design are used for the recycling of used batteries and discs; heavy-duty damage-resistant bags were specially developed for used laptops and mobile phones and given to professional qualified recyclers to deal with, for the purpose of the full implementation of environmental protection. Since the implementation of the platform for environmental protection and recycling, our recycling program has exceeded 2,300 tons of goods. To encourage and foster the concept of resource recovery among consumers, we held two sessions



of activities wherein people are given coupons double the exchange for recyclable items in 2012 and held a similar ones in conjunction with the international environmental festival in 2013 to encourage people to take part in recycling activities effectively and make the environmental protection more of life. With this activity, the recycling quantity of mobile phones especially surpassed that of the major mobile phone distributors' recycling programs. This recycling amount shows the success of 7-ELEVEN in its efforts to make the people of Taiwan get used to the idea of going to their store for resource recycling. More and more people are willing to contribute to environmental protection, reduce the consumption of the earth's resources, and create a better future for the next generation.



Note: The number of recycling voucher activities organized in 2012 is more than that in 2013, so the amount of recovery is relatively higher



## Yongjiu Shop, Shilin District, Taipei City (Residential-type district)

### Growth in management/ Share of practice tips in improvements:

**Target customer group** Surrounding residents and office workers of middle and small-sized enterprises nearby

**Executive motivation** Through competition and rewards program, the public is encouraged to recycle resources and the notion of environmental protection is instilled in them.

### Key methods

- 1 Reason:** At present, humans have a rapid rate of consumption of the earth's resources and instilling environmental protection awareness in the people is an urgent concern. Using the company's resources, recycling programs and competitions are held to educate the public of the benefits of resource recycling and what it can do for the environment.
- 2 Communication:** One week before the event, a POP is posted on the front of the store's display window and the borough chief is committed to assist in announcing and giving out the DM within the surrounding business district.
- 3 Guidance:** The selection of prizes should consider the environmental concept as the theme, which could help to improve the people's concept of environmental protection.
  - ① Hanging filter coffee: It is designed to brew by itself and reuse the cups
  - ② Kiwi fruit: It is suggested to be taken everyday for intra-individual environmental protection
  - ③ Coffee tumbler: It is suggested to bring one's own cup to the shop to reduce the usage rate of the dixie cup
- 4 Execution:** The customers are enticed to come to the event through the prizes and the benefits of recycling were explained during the program.

### Benefit

On that day, 15 mobile phones, 30 kilograms of battery and optical disk, 89 chargers and 32 kilograms of PET bottles and iron or aluminum cans were collected for recycling.



Environment Protection  
Activity of Excellent Shops | Excellent Management |



## Wuxun Shop, Anle District, Keelung City (Industrial and Artery Trade Zone)

### Growth in management/ Share of practice tips in improvements:

**Target customer group** Customers within the trade zone.

**Executive motivation** The theme of the activity is Guarding the Earth, Protecting the Environment through Recycling. By doing that to advocate the response to environment protection concept.

### Key methods

- 1 **Reason:** Organize small activities within the trade zone to interact with the customers and publicize the importance of recycling resources.
- 2 **Communication:** The theme of the activity is Guarding the Earth, Protecting the Environment through Recycling. By doing that to advocate the response to environment protection concept.
- 3 **Guidance:** The activity is scheduled to be held on July 16th. POPs will be put up to inform the customers beforehand.
- 4 **Execution:** On the day of the activity, anyone who can offer 0.5kg recyclable products can get a wonderful delicacy besides cash in exchange for their items. The recyclable products include used batteries, CDs, electroprobe, cellphone seat charger and home charger.

### Benefits

On that day, the activity saw 200 meals served and attracted about 100 customers.

As for the recycling of the package for its own merchandise, recycling operations of empty milk bottles is adopted by PCSC. From August 2009 to the end of 2013, the weight of empty bottles recycled by the retail stores reached to about 2325.5t.

In order to create a friendlier recycling environment, it's predicted that the future dustbin and recycle bin will be made of stainless steel to be convenient to clean and maintain sanitation. At the same time, the height of the recycling board will be lowered to make it convenient for the customers. With the aid of the placard in the retail store, customers are invited to maintain cleanliness and tidiness. Additionally, recyclable resources and garbage classification will be more precisely implemented.







3.2

# Energy Conservation and Reduction of Greenhouse Gas Emissions

The headquarters is implementing energy conservation and carbon emissions reduction.

In order to reach the set goal of energy conservation and carbon emissions reduction, we simultaneously implemented the energy conservation and carbon emission reduction plan in the PCSC headquarters focusing on the improvement of hardware efficiency and the cultivation of employee awareness. First, this plan starts from the review and evaluation of the existing equipment to determine the deterioration and service condition of the equipment in the headquarters. The improvement focuses on three aspects including the electric system, office air conditioning system and lighting equipment. Energy saving slogans shall be put up in areas with high traffic inside the building. Equipment efficiency will be promoted through regular routine inspection.



**Electricity Saving**

**Measures:**

1. Set on-off time of air conditioning system and water dispenser.
2. Replace T8 tube in the office area with T5 tube.
3. Change contractual electric capacity of some floors.

**Performance:** The total electricity consumption for 2013 is 1,418,098 kilowatts. Compared with 2012, 100,862 kilowatts were saved, which equals to the reduction of 2631kg carbon emission.

**143.6 kilowatt is saved per person a year.**



**Water Saving**

**Measures:**

1. Water conservation POP is put up near the water access area of each floor to call on colleagues to implement water conservation.
2. Water flow of each faucet is adjusted to 50ml/s. Installed water collector.
3. Put PET bottles filled with water into the toilet's water storage tank.

**Performance:** 5,268 kilowatts water have been saved since 2013. 596 kilowatts water were saved compared with 2012, which equals to the reduction of 93kg of carbon emission.

**0.85 kilowatts water is saved per person a year.**



**Paper Saving**

**Measures:**

1. Advocated presetting the printer to black and white printing.
2. Introduced Scan to mail and personal profile print.
3. The A4 printing paper passes the Forest Stewardship Council Identification and Carbon Footprint Certification

**Performance:** The annual paper cost in 2013 was \$NT 187,818, 16.33% reduction compared with that in 2012. This equals to a savings of 333,200 pieces of A4 paper, which means 111 20-year old trees have been saved.<sup>1</sup>

**475 pieces of paper are saved per person a year.**

<sup>1</sup> Reference Forest Service Bulletin data, a 20-year-old trees, depending on species, one can absorb about 11 to 18 kg of carbon dioxide

## E-paper

In order to support the concept of green enterprise and promote the efficiency of cross-unit communication, President Chain Store entrusted Microsoft Taiwan Branch to especially design the electronic document system which was put into use in 2013. The electronic document system integrates seven official document templates including petition, liaison list, notification and amendment petition, external mailing, meeting record and the form to deal with franchising contract violation (rules). Additionally, the system also designs the same format and column with the paper version to help the users achieve seamless integration. The users can add and trace a document and check their to-do list in the electronic documents system on communication platform. The system will also make use of the internal Outlook mailbox to deliver the to-do list and overcome the traditional document's shortages including inability to check the delivering process, document loss and even repeat delivery. This can demonstrate our active actions to implement environment protection by efficiently managing the delivery process, saving operating time and promoting work efficiency.

## Retail stores make efforts in energy saving and reducing carbon emissions

As the issue of global climate change is gradually warming and with the price increase policy for both oil and electricity, we realize that energy conservation and carbon reduction is not only a key task that world-class enterprises should initiate and take the lead for, but also an important management topic for discussion which needs to be operated sustainably. The natural disasters caused by climate change may increase the operational risks of a company, while the growing price of electricity is expected to result alongside this rise in operating costs. So we set the retail stores which are distributed most widely and have the greatest impact as the starting point to implement the program from seven main aspects, such as electricity management, lighting design, air-conditioning planning, refrigeration equipment improvement, building materials selection, construction method improvement and water savings and conservation. With the approval of the Equipment Purchasing Committee, we fund for the upgrade into energy-efficient equipment, cooperation with the government, ITRI and related academic institutions to enhance the energy-saving efficiency and reduce operating costs of retail sales outlets, and expect to achieve a sustainable business model.

Up to 2013, the specific energy-saving measures were continuously implemented including setting the operation time of the Slurpee machine according to the season, using the frequency converter to reduce the energy consumption of the refrigerator, adoption of environment friendly T5 modulator tubes for store illumination and open-style refrigerator for new retail stores, the use of LED in refrigerators and modulator tubes for chandeliers, the introduction of natural light to change the lighting time of the modulator tube near the showcase, cutting the illumination to reduce the use of modulator tubes, as well as reducing the nighttime lighting length of the signboard. It is estimated that the electricity more than 85 million kWh of electricity could be saved sustainably per year in the future which represents a decrease of 44,370 metric tons of carbon emissions, and an electric charge of about NT \$ 200 million or more is estimated to be saved.

### The Main Energy-saving Programs Implemented and its Benefits

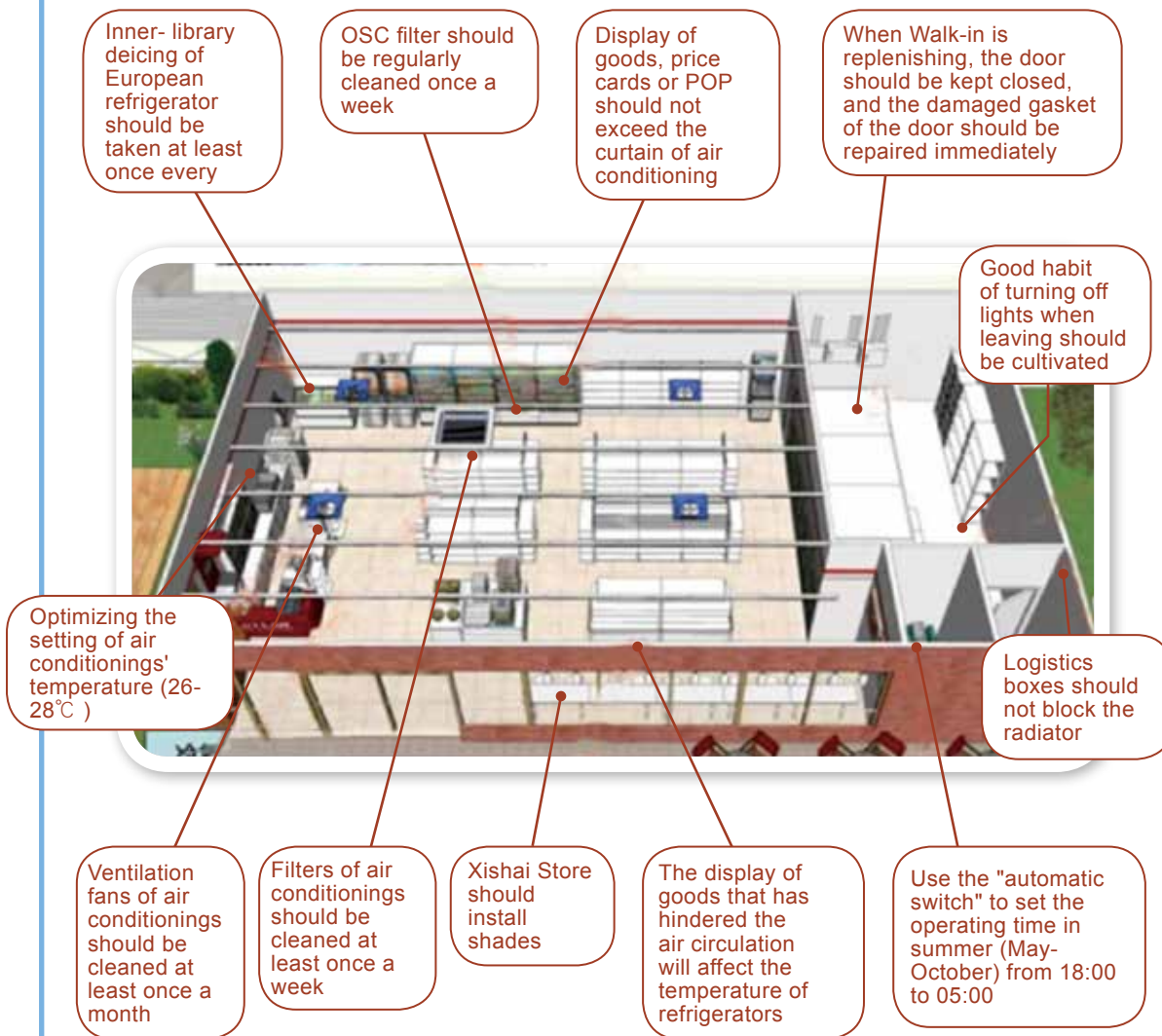
Implemented Items	Investment Amount	Decrement Benefit
Circulation fans are installed on air conditioning systems of retail stores	1,615 cool air circulation fans were introduced Investment of NT \$3.88 million	Electricity of about 2.34 million kWh/year is saved
Power saver	Implemented in 285 stores Investment of NT \$23.94 million	Electricity of about 4.48 million kWh/year is saved
Steel counter	560 sets were introduced Investment of NT \$84 million	About 2800 trees were saved. If the wooden mode is adopted for counters, in addition to the need to cut down trees, the life span is also short and cannot be recycled; whereas the steel counters are of long service life and recyclable
Air conditioning of frequency conversion	1,708 air conditioners of frequency conversion were introduced Investment of NT \$153.72 million	Electricity of about 8.12 million kWh/year is saved
Frequency converters are installed on refrigerators without inverter	1,762 sets of frequency converters were introduced Investment of NT \$54.06 million	Electricity of about 4.97 million kWh/year is saved
T5 lamps and lanterns in retail stores	13,560 sets were introduced in all stores	Electricity of about 39.05 million kWh/year is saved
Off Mode/Sleep Mode for Slurpee machines during slack season	Implemented in 3,203 stores	If the machine operations are halted for maintenance during off-season of four months or made to sleep for six hours a day, electricity savings can reach to about 6.27 million kWh annually
The number of signboard lights is reduced	Implemented in 2,734 stores The reduction in the number of modulator tubes used is 51,759	Electricity of about 17.16 million kWh/year is saved
Plug-in inverter of freezer	Implemented in 1,200 stores Investment of NT \$32.40 million	Electricity of about 1.04 million kWh/year is saved
The illumination of the refrigeration units is changed to LED	Implemented in 2,500 stores Investment of NT \$49.00 million	Electricity of about 4.79 million kWh/year is saved

Note: The benefits assessment of the power reduction measures were measured through a device or obtained through the projects evaluation of energy efficiency certification by specialists, scholars and professional units.



## Self-inspection of energy conservation in retail stores

We also conduct self-testing of energy savings in our retail outlets, including air-conditioning systems, circulating fans, lighting, freezing and refrigeration units, signboards, showcases and other equipment, based on standard operating procedures. We also confirm such savings against our electricity bills, thus ensuring that carbon reduction is fully implemented.



As for the electro-intensity of retail stores, the turnover created by using 1 kWh of electricity in 2013 is NT \$159, an increase of about 4% compared with NT \$153 in 2012, which represents that we have made good use of energy to create greater operating efficiency. In addition, we work with the Architecture and Building Research Institute to transact site interrogation and examination, diagnostic assessment and energy conversation of the energy used in convenience stores to obtain the classification and certification for being green convenience stores. By the end of 2013, 3,245 retail outlets have achieved the highest 3-star level, accounting for 66% of all retail outlets; 1,505 stores have achieved 2-star, accounting for 31%; and 42 stores have achieved 1-star, accounting for only 1%. There are more than 200 other stores waiting for certification.

## Encyclopedia

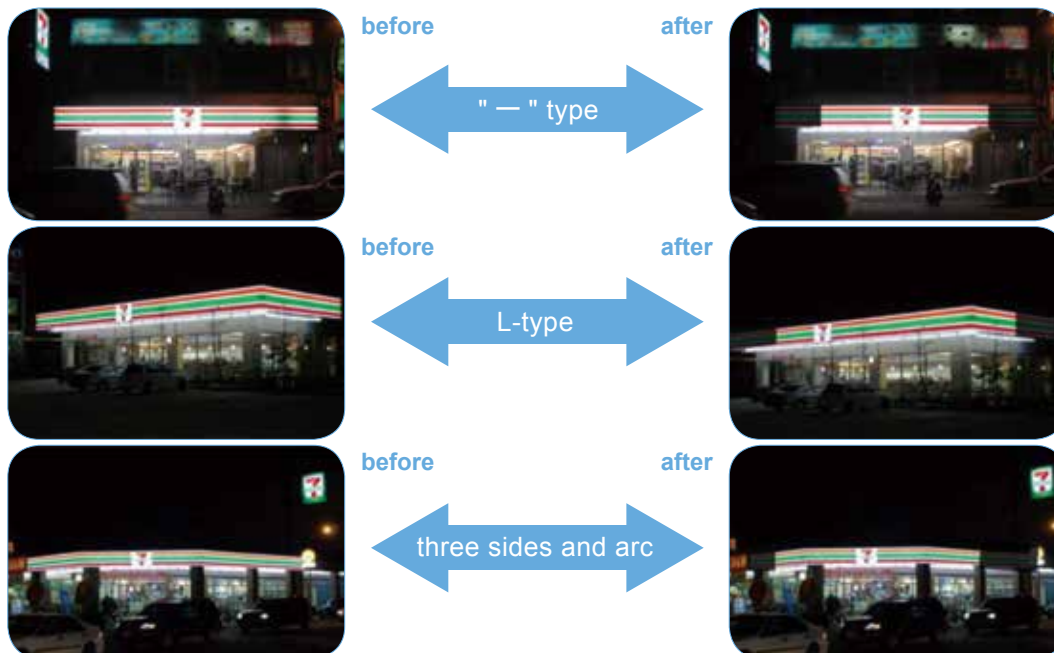
### Classification and certification of green convenience stores

"Classification and Certification of Green Convenience Stores" is performed by the Architecture and Building Research Institute who hopes to, through a classification system, promote the energy-saving improvements of convenience stores, drive consumers to pay attention to the concept of energy conservation and enhance the benefits of energy saving and carbon reduction. The authentication method of green convenience stores were mainly assessed from six aspects such as freezing and refrigeration equipment, air conditioning equipment, illumination lamps and lighting systems and electricity utilization, building space, electricity management and usage management of each convenience store. For those qualified, the appropriate level certification will be awarded. The certification is divided into three levels (1-star ~ 3-star), the higher the level, the better the energy efficiency it represents.



### The plan of reducing the luminance / quantity of signboards

The plan of reducing the luminance / quantity of signboards of 7-ELEVEN has started in July 2012. Under the premise that the operation of the retail stores and the recognizability at night are not to be affected, we planned the approach to reduce the length of the nighttime lighting according to different horizontal signboards of " — " type, L-type, three sides and arc. By allowing the brightness to extend outward from the center of the logo, a total of more than 100,000 modulator tubes have been removed; and new retail stores have implemented the reduction of lights in the store's outdoor signage. Also, by dividing the signage into partitions and reducing the number of partitions lighted at night in accordance with the store's area and characteristics, and setting up an independent switch that allows it to be turned on and off manually, electricity savings have been more efficient. From the completion of the construction work in October 2012 to the end of 2013, a total electricity of 20,025,102 kWh has been saved; the average amount of electricity charge each store has saved is NT \$997 per month. The achievements in electricity savings are obvious to all and the retail stores that have not yet implemented the plan will continue to be analyzed in the future.







## Linkou Yongli ECO-STORE

The model retail store of 7-ELEVEN in terms of energy savings and carbon emission reduction is the Linkou Yongli store, as it is the first to combine the international trend of photovoltaic building in Taiwan and uses solar energy, wind power and other renewable ECO energy concept into gas stations to provide consumers new refueling and shopping experience. In addition to the use of LED lights on the signboards, it also adopts the ceiling fans and the setting up of rainwater catchment systems in stores. The capacity of a solar photovoltaic is 9.52kWp with an annual generation capacity of 10,425 kWh, representing a decrease of 5.44 tons of carbon emissions. Later we will follow and refer to the practices of Yongli stores, taking into consideration the geographical and environmental conditions of each store, to implement renewable energy facilities.



## Energy saving and carbon emissions reduction for Logistics related enterprises

### Marketing of UPCC

After being given the Excellent Award for blue-chip companies in energy savings by the Ministry of Economy in 2010, UPCC has continued to annually push forward different energy-saving measures to contribute to environmental protection. Take Yingge Distribution Center (DC), UPCC as an example, with the lights in the refrigeration and freezer units replaced in May 2013 to the end of year, a total of 67,888 kWh of electricity has been saved and carbon emissions have been reduced by 35,437 kilogram.

Yingge DC (since May)	Conversion into energy-saving LED lights	Amount of electricity savings (kWh)	Amount of carbon emissions reduced (kg)
Refrigerator	244	48,253	25,188
Freezer	179	19,635	10,249
Subtotal		67,888	35,437



Refrigerator E



Refrigerator D

### Lights in the refrigeration unit:

Since May 2013, the Yingge Distribution Center's refrigeration unit lights have to be all replaced with 244 energy-saving LED lights; and by the end of 2013, around 48,253 kWh of electricity has been saved and carbon emissions have been reduced by 25,188 kg.

### Freezer lights:

Since May 2013, the Yingge Distribution Center's freezer lights have to be all replaced with 179 energy-saving LED lights; and by the end of 2013, around 19,635 kWh of electricity has been saved and carbon emissions have been reduced by 10,249 kg.



Refrigerator B



Refrigerator C



**Marketing of Wisdom Distribution Service Corporation**

The total electricity consumption of Wisdom Distribution Service Corporation in 2013 is 60,516 kWh less than that in 2012, with a total electricity savings of 1.9%. The representative energy-saving measures implemented in 2013 include the replacement of lights in the offices with energy-saving ones and the installation of light detection controller on vehicles and docks, etc. The total electricity saved from all the projects is 36,354 kWh, reducing the carbon emissions by 18,976 kg.

Energy-saving measures of Wisdom Distribution Service Corporation	Amount of electricity savings (kWh)	Amount of carbon emissions reduced (kg)
Replacement of lights in offices with energy-saving ones	5,700	2,975
Installation of light detection controller on vehicles and docks	4,632	2,418
Off-peak charging	1,830	955
Indoor temperature control	24,192	12,628
Subtotal	36,354	18,976



**Office lighting:**

Since August, 2013, all lighting in the offices have been replaced with 198 energy-saving lights; and by the end of 2013, around 5,700 kWh of electricity has been saved and carbon emissions have been reduced by 2,975 kg.

**Light detection controller on vehicles and docks:**

Since May 2013, 43 light detection automatic controllers have been installed on vehicles and docks to strengthen the management and control of lights, achieve the benefits of controlling the illumination and reduce unnecessary waste; and by the end of 2013, 4,632 kWh of electricity has been saved and carbon emissions have been reduced by 2,418 kg.



**Off-peak charging:**

Since December 2013, electrical equipment are controlled by timer to conduct off-peak charging to satisfy the operational requirements of site plants; and by the end of 2013, around 1,830 kWh of electricity has been saved and carbon emissions have been reduced by 955 kg.

**Indoor temperature control:**

Since January 2013, the temperature setting of indoor air conditioning is controlled at 27°C ; thus saving 24,192 kWh of electricity in 2013 and carbon emissions have been reduced by 12,628 kg.



## Marketing of Retail Support International

The total electricity consumption of Retail Support International in 2013 compared with that of the same period in 2012 reduces 320,912 kWh, a decline of 2.9%. Retail Support International marketing continues to promote energy-saving measures, including the installation of LED lamps, the addition of ventilation in air-conditioning places and the adjustment for the capacity of electricity contract. The total electricity saved by all projects is 257,984 kWh, reducing the carbon emissions by 134,667 kg.

Energy-saving measures of Retail Support International	Amount of electricity savings (kWh)	Amount of carbon emissions reduced (kg)
Power improvements	167,909	87,648
Lighting improvements	85,083	44,413
Air-conditioning improvements	4,992	2,605
Subtotal	257,984	134,667

### Power improvements:

Analysis and adjustment of contract requirements: the amount of electricity required in Zhongli plant is analyzed. The contract requirement is downgraded from 1,275 KW to 1,258KW, and demand for electricity is managed pointedly. By the end of 2013, around 167,909 kWh of electricity has been saved and carbon emissions have been reduced by 87,648 kg.

### Economic measures designed for lighting:

The measures are described below. By the end of 2013, around 85,083 kWh of electricity has been saved and carbon emissions have been reduced by 44,413 kg.

- ▶ The sunlight is used as a natural light source to save the power consumption of interior lighting.
- ▶ LED lightings are used in newly added areas and the fluorescent lamps are gradually replaced.
- ▶ Fluorescent lamps: electronic ballast should be matched with high-frequency lamps such as T8 and T5.
- ▶ Recessed lights (down lamps), emergency lighting, indicator lights of refuge are changed to LED type.
- ▶ The design of walls and ceilings makes use of white or light-colored series to increase the effect of light reflection.



### Economic measures designed for the air conditioning system:

The measures are described below. In 2013, about 4,992 kWh of electricity has been saved and carbon emissions have been reduced by 2,605 kg.

- ▶ Large work area: the capacity of the refrigerator needs to be up to 100 tons with the main engine of water-cooled chiller planned
  - ▶ Office areas or small work area: the capacity of the refrigerator needs to be lower than 100 tons with the main engine of air-cooled inverter planned
  - ▶ Selection of the air conditioner with high energy efficiency ratio (EER): the higher the EER value, the more electricity the air conditioners save. Generally, each increase of 0.1 in EER value allows the air conditioner to save 4% of electricity
  - ▶ The use of auxiliary ventilation in offices can effectively reduce the degree of air-conditioning to a certain level.

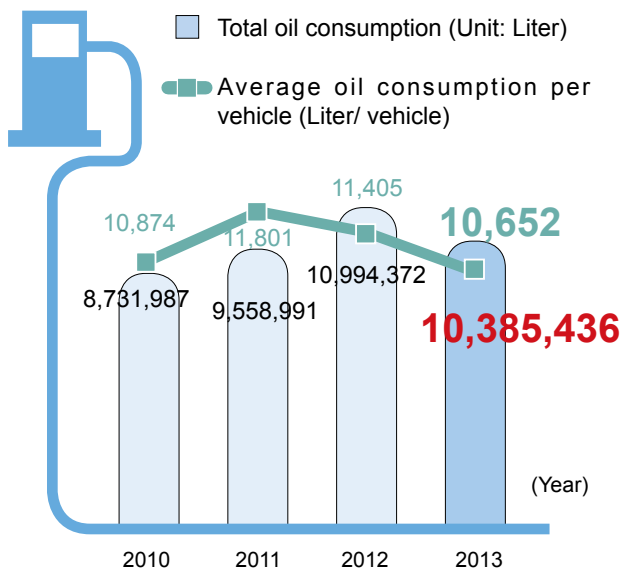
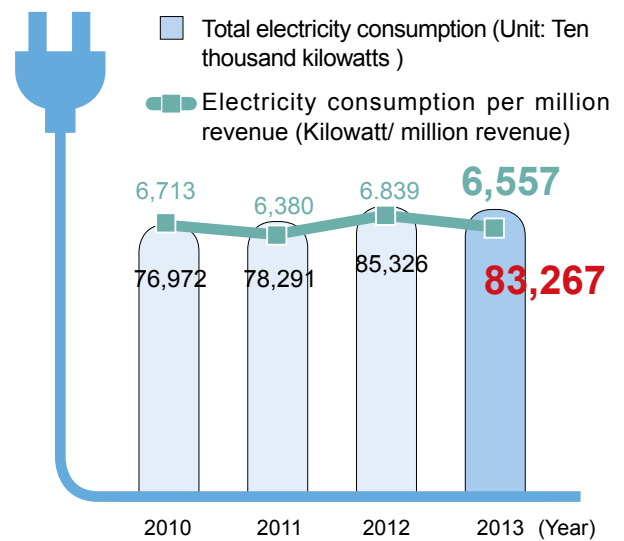


## Energy Consumption and Greenhouse Gas Emission Inventory

PCSC attracts 7 million people all over Taiwan every day. Therefore, room temperature, lighting and other equipment shall be kept functioning well to ensure the customers are comfortable when they shop. The total electricity consumption amount for 2013 is 8.3267 billion kilowatts, of which the shops' electricity consumption takes up 99.8%.

In 2013, 396 new shops were opened and 164 shops were renovated, an increase of 70 shops compared with 2012. Therefore, due to the increase in shops and equipment, the total electricity consumption increased. As for the electricity-intensive part, with one million of business volume as base, every million of business volume cost 6,557 kilowatts of electricity in 2013, a decrease of 4.12% compared to that of 2012.

ss volume cost 6,557 kilowatts of electricity in 2013, a decrease of 4.12% compared to that of 2012.



With the increase in 7-ELEVEN shops and service items, the distribution volume also increases. In order to deliver the latest commodity to shops all over Taipei to offer to the public, the 7-ELEVEN logistics army races with time day and night. Each day, the Logistics and Marketing Management Department is responsible for arranging and dispatching a motorcade consisting of logistics companies including Retail, PCSC and Wisdom. The motorcade travels all over Taiwan to offer comprehensive stocking and tally services; jointly deliver room temperature goods, refrigerated goods, chilled goods, frozen goods, publications and e-commerce goods. About 1000 logistic vehicles from Jiasheng Transportation all over Taiwan set out from the 29 logistic centers located in the north, middle, south and east of Taiwan to deliver the goods to each shop. The Earth's circumference is about 40000 km, while the total distribution distance of 7-ELEVEN logistics vehicles is about 126,828 km circling the earth three times. In 2013, the total oil consumption (diesel) used in distribution is 10,385,436 liters.

Each day, 7-ELEVEN logistics vehicles frequently deliver the goods, therefore fuel burning becomes the main energy consumption. The indirect energy consumption source is electricity. We undergo greenhouse gas inventory according to GHG Protocol and gradually trace greenhouse gas emissions within the boundary year by year. According to the inventory results of 2011 and 2012, we continuously improve the accuracy of the data collected. Except for the shops that cannot get the actual volume of electricity usage, more than 90% accurate data can be mastered.

PCSC greenhouse gas inventory cooperates with national policies to renew of electricity carbon emission coefficient over the years. It covers the past years and renews the greenhouse gas emission amount over the years. In 2013, the total amount of greenhouse gas inventory is 555,543t carbon emission. Category 2 emissions caused by power usage are the main source taking up 78.2%. Shop power usage takes up 99.8% of category 2 emission. While, direct emission of category 1 emission takes up 16.9% of which the main sources are refrigeration, cold storage and air conditioning

<sup>2</sup>Statistics of the electricity consumption amount including the headquarters and shops.



equipment in the shops. Category 3 emission caused by logistics related to shops takes up 4.9%. In 2013, the amount of greenhouse gas emission per million revenue is 4.37t of carbon emission. 10,914t of carbon emission increased compared with the total amount of greenhouse gas emission of 2012. This is mainly because of the increase in electricity and refrigerant caused by the expansion of shops and purchase of new cooling equipment.

Under the Generally Accepted Accounting Principles of the Republic of China, in 2012, the amount of PCSC's greenhouse gas emission per million revenue reduced by 3.8% compared with the base year 2010. And it gradually nears the target of 5%. Because of the changes of ROC GAAP and International Financial Reporting Standards, since the beginning date of fiscal year of 2013, PCSC prepares a financial report according to the IFRSs accepted by the Financial Supervisory Commission. This makes the standard of 2013 report different from the ROC GAAP used in the base year, so the actual yield rate cannot be compared and estimated. In future, the base year may be changed or sought for consistent comparison basis in terms of reduction performance.

### Category 1

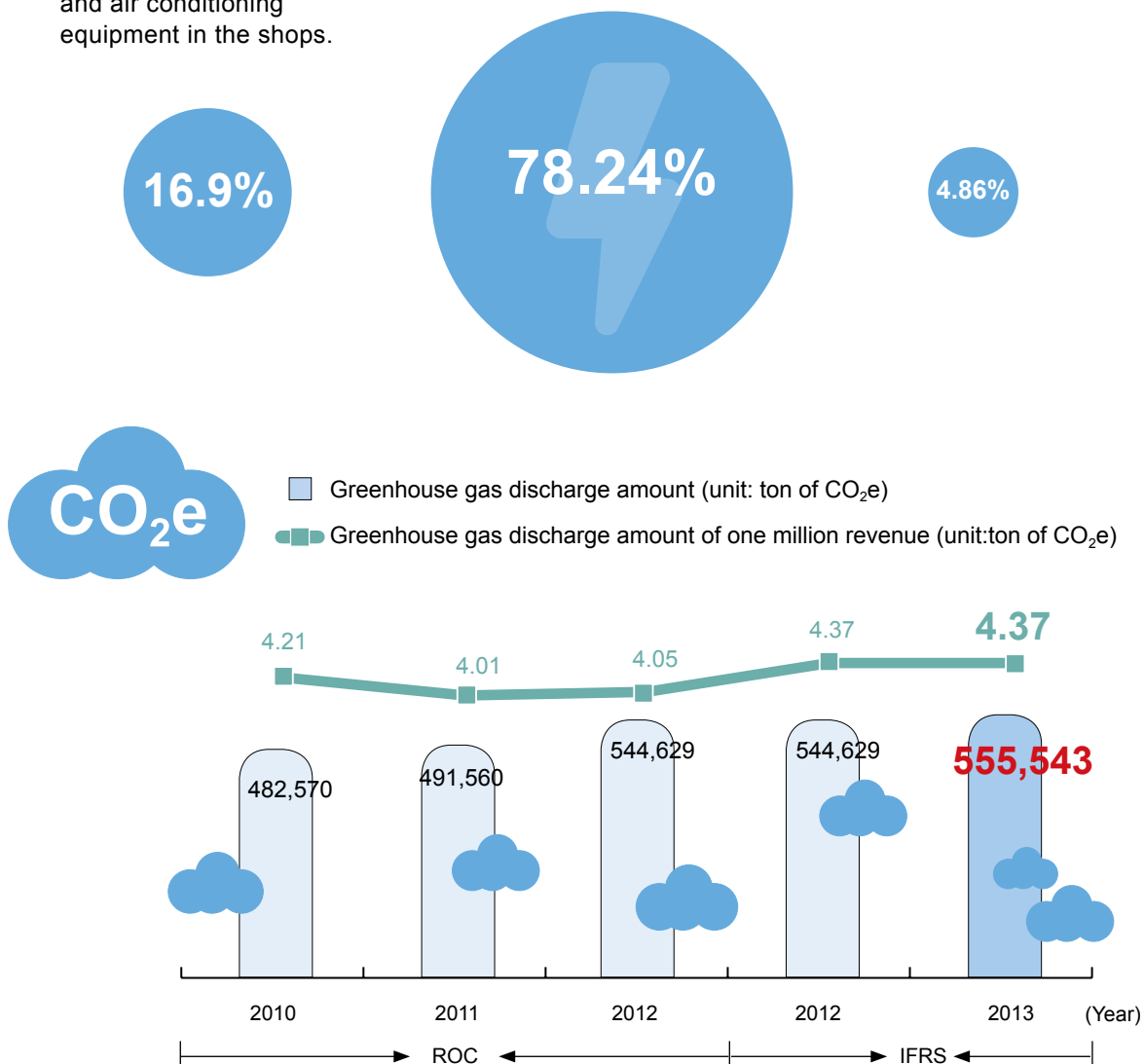
Direct emission mainly caused by the freon escape from the refrigeration, cold storage and air conditioning equipment in the shops.

### Category 2

The main source of Category 2 emission is electricity consumption.

### Category 3

The relevant shop logistics.

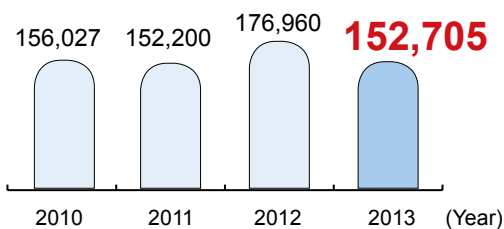


### 3.3 Green Lifestyle

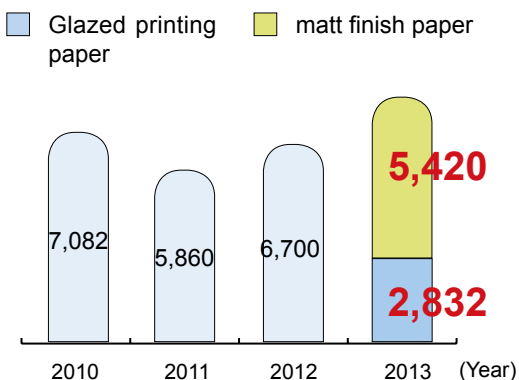
#### Green management and purchase

We continue to insist on reducing the environmental burden brought by our company through green purchase. Examples are as follows: the freezing hang tag and plug-in card of the display cabinet used in retailer shops are made of green stone paper with stone material as its materials; most of the magazine paper is green wood-free paper and heat transfer printing paper certified by the Forest Stewardship Council. We hope that the environmental impact generated in the supply chain could be reduced through green purchasing.

**Paper consumption** (Unit: Kg)



**Amount of the paper used** (unit: kg)



#### Encyclopedia

##### Green wood-free paper

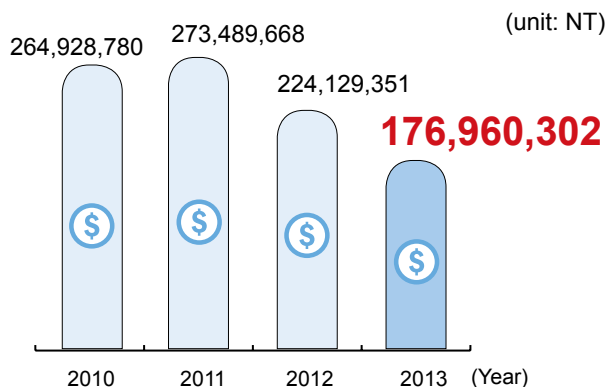
Green wood-free paper is the printing paper made from more than 50% recycled pulp. Forest resources can be saved and the pollution produced in the process of making paper can be reduced by making use of recycled pulp. Additionally, green wood-free paper is made of the paper through careful selection with the highest cleanliness or even made of paper without being printed. In consequence, it has the characteristics of less spots and high cleanliness.

##### FSC Certification

Currently, the mark of the non-profit international organization FSC (Forest Stewardship Council) is the generally accepted highest standard for sustainable purchase wood fiber and is the measurement whether the company undergoes responsible forestry management. The FSC mark with much credibility gains support from all sectors including many non-governmental organizations and business corporations. They all advocate the spirit of green consumption and offer mechanisms and standards to ensure the sustainable development of resources.



**Amount of money for Green Procurement**



In 2013, PCSC got the Advanced Green Purchase Company again issued by the Environmental Protection Administration and had remained NO.1 in the retail industry in terms of the company's purchase amount issued by the Environmental Protection Administration for four successive years, which encourages us to move towards the sustainable path of green purchase. In 2013, the amount of green products purchasing reached NT \$176,960,302 of New Taiwan currency. It relatively decreased compared with that of 2012, mainly because of the reduction in the purchase of expensive energy-saving electronic products or equipment.





At the end of 2011, in order to cope with the government policies, PCSC became the national first convenience store chain to introduce electronic invoice. Compared with the past, there is no need to estimate and print paper invoice in advance after the introduction of the paper electronic invoice. 78 million pieces of traditional scrapped paper invoice can be saved per year, which weighs 4,041 kilograms. Due to the reduction of cost in scrapped blank invoice, about NT \$16 million is saved per year. In addition, as for the selection of paper supply, the set material requirement of BPA-free, water resistant, oil resistant, heat resistant, light resistant and wet resistant shall be met. In case of supply deficiency, a capable printing plant must be sought and a backup printing plant must be prepared. Combined with icash and EasyCard's e-Wallet, the customer is encouraged not to print the invoice, which can save 60% of the sheet quantity.

In 2012, once again cooperating with the fiscal policy issued by the Ministry of Finance, PCSC stores introduced new paper electronic invoice. For the public's ease of storage, 5.7cm-width narrow version paper electronic invoice was comprehensively introduced with the 8.0cm-width wide version paper electronic invoice which was promoted in 2012 being replaced. Besides about 11.8 million cost being saved, about 30.4% sheet quantity was saved.

For the customers' convenience in inquiring about transaction information and checking the account, 7-ELEVEN considerably decides to keep the transaction details to make it convenient for the customers to check after repeated negotiation with the relevant institutions of the Ministry of Finance. In future, besides the electronic invoice certification, customers can inquire transaction details list connected with the invoice with a trim line in the middle when they check out in 7-ELEVEN counters. Besides the transaction details list printed along with the invoice, transaction details can be checked through another 3 channels: scanning the QR CODE on the new invoice via app on cell phone, visiting electronic invoice website of the Ministry of Finance and logging in the invoice number to browse transaction information; via the ibon convenient life station in 7-ELEVEN to inquire invoice transaction information. Electronic invoicing saves the transaction information in the Cloud System, so in future, customers will never worry about losing and damaging the invoice or missing the time to receive the award. Moreover, according to the introduction conditions, 7-ELEVEN will evaluate the economic printing of transaction details and consider planning a marketing promotional event to encourage customers to pay via their cell phone so as to achieve the benefits of a paperless environment.

However, we also devote ourselves to the reduction of paper quantity used in POP advertising in shops. Furthermore, an annual POP reduction target of 130 pieces every period is set. By reducing the floor shelf of paper structure, the current annual average POP quantity is 110 pieces, a 15% reduction on POP printings. In order to fully implement paper reduction, we advocated using the ichannel (electronic advertising screen) since 2012. Up to 2013, there were 2000 shops (40% of the total shops) that have introduced the ichannel. 3000 shops (60% of the total shops) were forecasted to introduce ichannel. After the comprehensive introduction of ichannel, it's estimated that 2.6 million pieces of paper are being saved annually. Promotional text and advertising are jointly charged by the Quality Assurance and Legal Service Department to ensure the advertisements abide by norms both in law and self-regulation standards.

And we also try hard to reduce the amount of pop posters of each shop, and set the goal to reduce it to 130 posters in one year.

## Green Product

Seeing that the future lifestyle is leaning towards environmental protection and promoting a low carbon environment, PCSC volunteers to lead the public towards a sustainable lifestyle. The simplest and most direct way is to offer the green products with high quality to spread the commodity's sustainability to the consumers and promulgate the concept of environment protection to customers through marketing and certificating mark commodity.

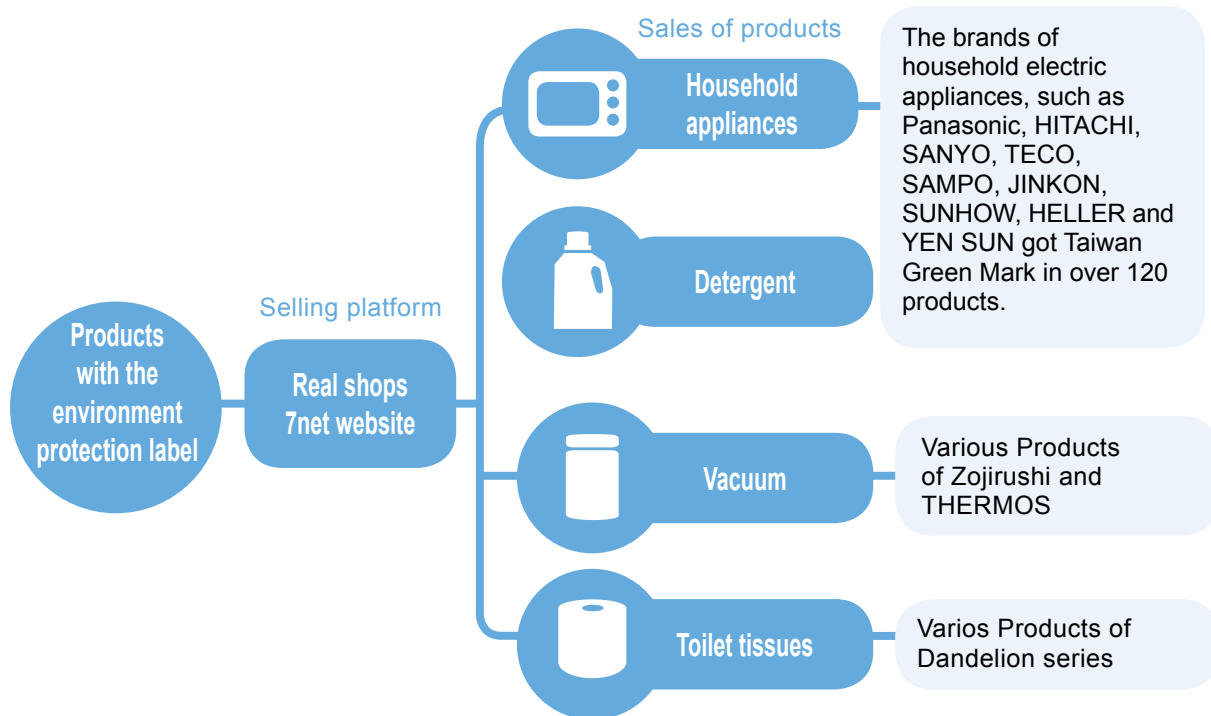
We will continue to combine environment friendly concepts with the commodity and introduce products with the green mark. The shops also offer products with Carbon Footprint certification. By combining products of these kinds into our offerings, the customers' awareness and cognition of environment and climate change can be promoted.

The virtual second floor on 7net will also continue introducing merchandise with the green mark and Carbon Footprint certification. The retail shops will release products under its own brand, 7-SELECT, with the concept of environment protection and green packaging materials, and these include LED lighting, 2.5 X extreme concentrated antibacterial detergent, 7-SELECT water series and electrical appliances with the energy efficiency mark. With the characteristics of our commodity, we hope to efficiently reduce the usage of energy and resources to make contributions to environment protection.

<sup>3</sup>The annual paper saving quantity is 26 periods/year and 20 pieces every period. It's calculated as comprehensively introduced into 5000 shops.

### Products with the Carbon Label

PCSC wheat black tea TP300, PCSC wheat milk tea TP300, PCSC wheat green tea, PCSC wheat black tea TP375, PCSC wheat black tea TP375, Minute Maid orange juice PET450, Coca Cola PET600, Coca Cola PET2000, Hey Song Sarsaparilla PET600, Hey Song green tea PET580, Shin An Farm Animal Friendly Eggs.



### Green Logistics

PCSC has long been reducing the times of distribution, building maintenance mechanism, upgrading logistics equipment to improve logistics efficiency and make remarkable achievements. Among which, the system of Diesel Vehicles Autonomous Management and Insurance Passport is a typical example. When the vehicle undergoes maintenance and repair, the system makes it clear about whether its smoke emission meets the emission standard to ensure that the vehicle can discharge the smoke normally. By doing that, it can efficiently reduce the air pollution produced by diesel vehicles and can meet the target of carbon reduction management to build a continuous low carbon living environment.

### Biodiesel Testing Project

We are also committed to the promotion of the equipment's efficiency and upgrading of logistics distribution vehicles to reduce the impact on the environment produced in the process of logistics distribution. Since 2010, in order to cooperate with government policies, we have comprehensively introduced the biodiesel B2 and gradually enhanced the usage ratio. In 2012, Jiasheng Transportation, our logistics partner, altogether with Automotive Research & Testing Center, jointly underwent biodiesel B5 testing to ensure the stability of the vehicles when the usage





ratio of bioenergy is enhanced. According to the result of a real vehicle test about black smoke and horsepower, using higher ratio biodiesel can reduce the emission load of black smoke. Taking the vehicle driving 60,000 kilometers with biodiesel B8 as an example, a mean reduction of 1% to 13.8% black smoke pollution is reached while the relevant horsepower only decreases about 3.4% to 5.24%. The relevant data shall be an important reference for the government to issue follow-up biodiesel policies.

## Hybrid Electric Vehicle Introduction Trail

At the same time that biodiesel was introduced, in 2014, we launched the hybrid electric vehicle testing project. A 6.5t room temperature vehicle and an 8.5t dual-temperature vehicle are purchased to shoulder the short distance distribution task in Taipei City. According to the previous distribution condition of Jiesheng Transportation, it's predicted that the hybrid electric vehicle can save 12% to 20% oil consumption. 120,000 to 140,000 fuel charge can be saved a year. It will take 2 to 3 years to balance the price difference between purchasing the hybrid electric vehicle and the general vehicle.



## Innovatively Create an Auxiliary Power Unit

In order to lower the burden on the environment and the residents during the process of distribution, Jiesheng Transportation set some particular shops as its "power-off shop". It means that the engine shall be turned off when the vehicle arrives at the shop to reduce the noise produced in the process of unloading. However, electricity used by the

refrigerator on the vehicle must be generated by the engine. Thus, turning off the engine will influence the operations of the refrigerator while the freshness of chilled items cannot be guaranteed. For the sake of solving such dilemma, ahead of the industry, Jiesheng Transportation invited Automotive Research & Testing Center last 2013 to offer help to create an Auxiliary Power Unit which costs about \$NT 500,000. In 2014, this equipment formally became the alternative power source of the refrigerator on the vehicle. Noise can be efficiently reduced for the engine can be surely turned off when the vehicle is loading or unloading. In future, the testing zone will be expanded to the Taipei Metropolitan Area and the concept of green logistics will be strengthened and implemented.

## Introduction of GPS/GPRS

Aside from this, Shengjie Transportation built the Digital Operation Monitoring Center and jointly created an exclusive GPS altogether with China Telecom. By using GPS/GPRS, the real-time dynamic information of each logistics vehicle, road and commodity can be mastered and the dynamic management of each logistics vehicles can be achieved. Meanwhile, the system also focuses on the further reduction of oil consumption, omnidistance temperature monitoring and safe driving to form a safer and correct driving habit in the delivery personnel. On this basis, the three objectives, including vehicle real-time monitoring, safe energy saving control and working quality control can be achieved. Currently, except for the freezer car and refrigerator car, all other cars can introduce GPS. The installation rate reached 65.84%. 100% installation rate was targeted in 2014. Additionally, optimization performance can be realized through common distribution and integration mechanism and improving driving habits including lesser vehicle idling, revving up and neutral position skidding. In 2013, for the shop's distribution business, a total of 1.4 million kg carbon emission is reduced. By doing that, PCSC aims to call for the Taiwan logistics industry to step into a new milestone that features green logistics.



## Education and Training to Improving Driving Habits

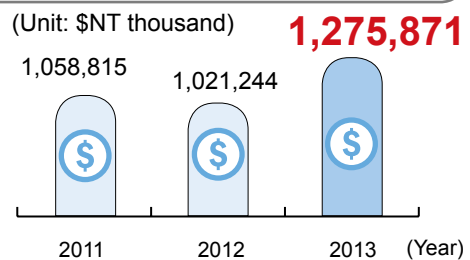
Besides equipment upgrading, we also believe that the driver himself is of core importance to

implement green logistics. Therefore, we hold PCSC Elite Logistician Award Meeting to encourage logisticians to form a good service image and thank them for the contribution they have made. In 2013, five honorable logisticians and 61 elite logisticians were elected from more than one thousand logisticians from logistics companies including Jiasheng, Retail, PCSC and Wisdom. It's difficult to get this award for the elite logistician have to meet the following basic requirements: served the company for more than a year; pass the certification of the distribution company; credits meet a certain level; no consumer complaint and major violation event for the full year. In order to further improve the elite logistician's professional quality, PCSC arranges honorable logisticians and elite logisticians to join the Energy Conservation Driving Training Plan held by the Automotive Research & Testing Center. In this plan, the logisticians have to accept a total of 236 hours of training on safe energy conservation and safe driving skills. Through the theory teaching and actual driving test, these logisticians learned the relationship between oil consumption and driving styles including idling, speeding up, gear shifting. Logisticians' driving habits were efficiently improved.

## Green Accounting

Adhere to the original intention "Careful 24-hour service, Happiness is nearby", PCSC translates the actions that promote environment protection to financial data through the green accounting system. In 2013, a total amount of \$NT 1,275,871 thousand was spent on property investment and costs used in environment protection.

### Environmental Cost Accounting



Green Accounting Project					
Classification	Item	Content	Investment (\$NT Thousand)	Cost (\$NT Thousand)	Footing (\$NT Thousand)
Commodity	Using green packaging for the products; fresh food commodity inspection	Purchase paper bento box, dishes and green packaging-PLA; No preservative and gourmet powder in fresh food commodity; pesticide residue inspection	--	526,240	526,240
Shop	Energy conservation	Purchase energy conservation equipment- power saver, cool air circulator、variable-frequency air conditioning, refrigeration/external plug-in refrigerator and T5 CFL	231,728	18,516	250,244
	Waste disposal and cleaning	Shop environment cleaning and waste disposal	--	256,808	256,808
	Lengthen the service life of construction materials and equipment	Introduce steel counters; equipment recovery and reuse	84,000	37,806	121,806
	Green purchase	Purchase energy conservation equipment and paper; advocate electronic invoicing	51,005	13,258	64,263
Social Contribution	Publicize environment information	Advocate economical and social responsibility, sponsor environment protection organizations	--	17,170	32,826
	Hold or join activities concerning environment protection and social benefits	1. Sponsor public benefit activities like Hunger 30.	--	15,656	
Internal Educational Environment	Advocate environment protection education and recycling office resources	Promote a paper saving environment, cleaning and greening environment, waste disposal	--	19,866	19,866
Distribution	Improve distribution efficiency, recycling resources	Human resources and equipment invested in recycling operations in shops	--	3,818	3,818
Total			366,733	909,138	1,275,871



# 4

## A Good Neighbor Achieving Sustainable Co-existence with the Local Community



The 7-ELEVEN Millennium Health Station held health examination activities including taking of blood pressure in June, waist measurement on August 9th and the Health Month. In 2013 we saw more than **70,000 people** joining these activities, showing that we constantly care for public's health.



Up to 2013, more than **2,400** community activities called Good Neighbor Funfest were held to maintain a good relationship between the local communities.



In 2013, a total amount charity fund of **NT149 billion** of New Taiwan Dollars was collected.

### 4.1

## Constructing of A Happy Community

PCSC shops are found everywhere from big streets to small alleys and keeps Taiwanese people company every day. It is a connection of emotions. We not just offer excellent goods and various services to satisfy the people's daily needs, but also help bring communities together to create a happy society through the PCSC platform. By doing so, happy enterprises is constructed. In order to reach this objective, we make good use of PCSC's core competence to fully apply the enterprise resources to every corner of the community. During the process of community management, mastering the public's demand is the basis of developing goods and service. The public has placed their trust in us and we have become an irreplaceable and reliable good neighbor that creates a win-win outcome for everyone in the community.





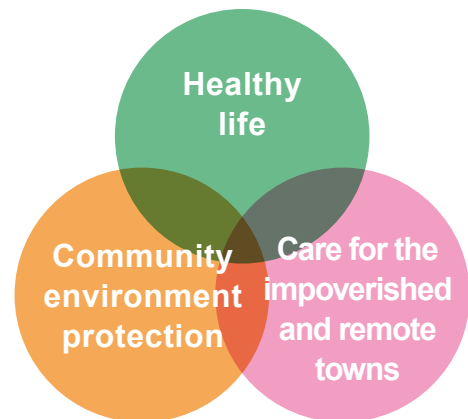
## 4.2 Good Neighbor Foundation

PCSC donated and established the PCSC Good Neighbor Foundation. 2013 was the 14th year. For a long time, the foundation actively joined the work concerning remain on friendly terms with the neighbors and devoted itself to improving the living conditions and continuing of the local culture. In 2009, the public's spiritual life was enriched and life quality was improved through the staff of 7-ELEVEN shops all over Taiwan, encouraging the employees to engage in community relationship management, providing more extensive services for the neighboring villages, towns and impoverished groups, and giving full play to the local spirit. PCSC is stepping up to the target of becoming the service center of the community.



統一超商好鄰居文教基金會

Good Neighbor Foundation



Aspects that the Good Neighbor Foundation Cares About

### Major Events for the Good Neighbor Foundation for 2013

June 1<sup>st</sup> -  
June 15<sup>th</sup>

The 7-ELEVEN Millennium Health Station held the blood pressure taking activity for the public. This activity encouraged 6,474 people to monitor their blood pressure regularly.

August 28<sup>th</sup>

Together with the Global Views Monthly magazine, the foundation held the Taiwan night market environment protection actions survey and shot Clean Up the World online video to call on environment protection initiating a heated discussion among the youth and the public.

August

The foundation jointly held the waist measurement activity on Aug. 9th and the monthly health examination activity with the Taiwan Millennium Health Foundation. The activity was synchronously held in 575 mini health stations all over Taiwan attracting more than 70,000 people to attend.

September 29<sup>th</sup>

Together with the Australian Clean Up the World headquarters, the foundation conducted the Clean Up the World, Night Market Clean! Cleaning Shilin Night Market activity attracts 36,982 people to attend. The concept of environment protection was widely transmitted and the tourist landmark was cleaned

September -  
October

Continuing the advocacy of caring for remote villages, the movie Bridge Over Troubled Water was launched for screening nationwide and entered the Best Documentary of the Golden Horse Awards. The issue concerning education in remote villages aroused much attention from the public.

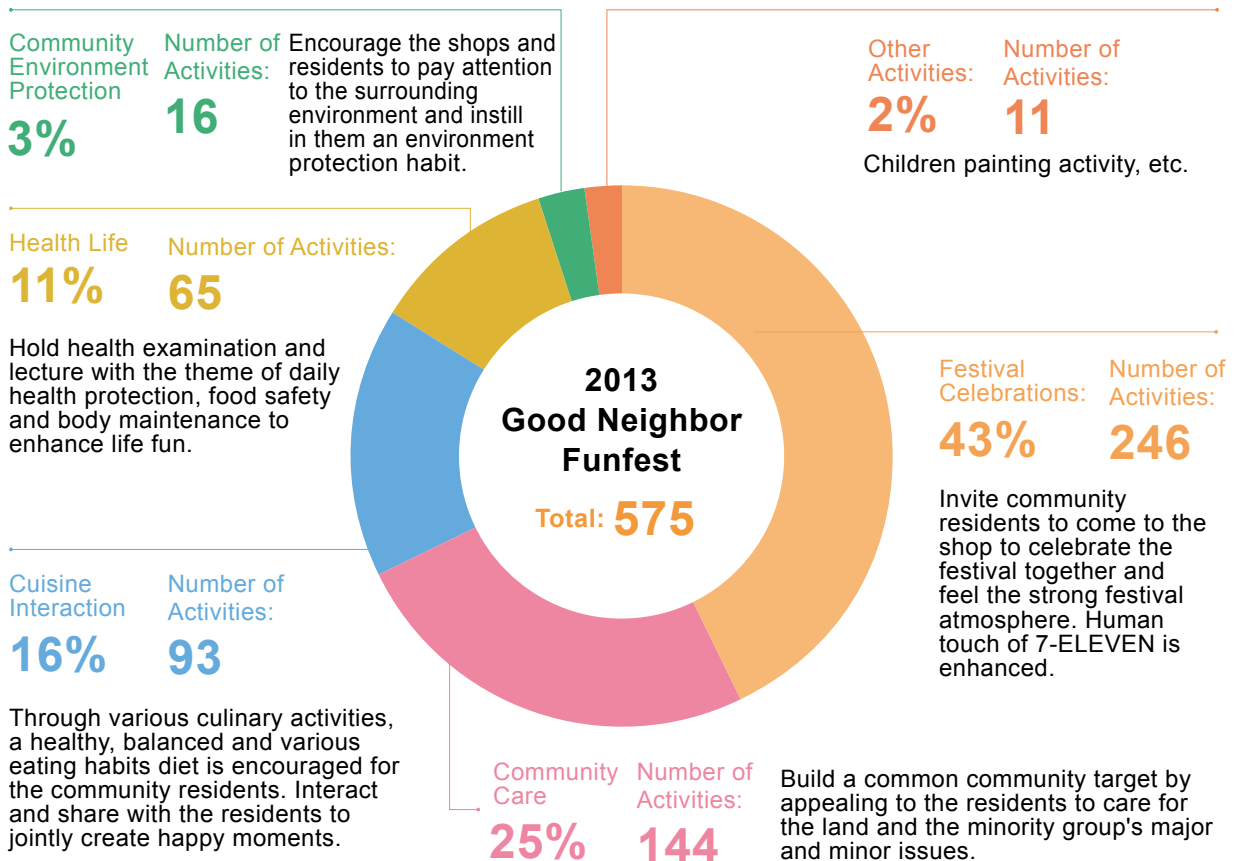
October-  
November

Themed with micro power making here different, the real stories happened during community management were shot into three public service advertisements. They are the special service stories including "Accumulations points of reading and running to exchange delicious breakfast" in New Xianjia Shop in Kaohsiung City, "Free Slurpee for a full score in the monthly examination" in Yongxu Shop in Nantou and "Environmentally friendly movie theate" in Dengguan Shop in Taoyuan. They were shot into the "Running Episode", "Slurpee Episode" and "Movie Episode" hoping to get a huge response through common and moving stories. The concept of the said videos is that the surrounding environment will be better if every member of the society can make a contribution of their efforts.

## Good Neighbor Funfest

There are a total of 365 villages and towns in Taiwan where residents of different backgrounds and different life stories live. In order to adapt to the local life and lean close to the community emotion, the Good Neighbor Cultural and Educational Foundation started the Good Neighbor Funfest from the autumn of 2009. By the end of 2013, we have gathered more than 10 thousand partners and community resources to hold more than 2400 funfest activities including festival activities, little mini store manager, community clean-up and caring for the weak kids. Meanwhile, we used the 7-ELEVEN Love World Facebook to share the relevant interesting stories hoping to give full play to community power to better promulgate the issues concerning the community and spread love and warmth all over Taiwan. Currently, the followers of the 7-ELEVEN Love World Facebook reach more than one million, with an average of 10,000 followers and 1,000 "likes" for every post on Facebook. In future, PCSC will work harder to manage the community and create a harmonious living environment.

Good Neighbor Funfest						
Year	2009	2011	2011	2012	2013	Total
Number of activities	57	408	644	776	575	2,460
Number of people who joined	6,779	76,197	94,037	105,265	76,818	359,096





| Store Manager Experience Camp for children | Economy and Trade Shop, Neihu District, Taipei City

The Economy and Trade Shop held the Little Mini Store Manager Experience Camp inviting little kids from the community to wear special uniforms and hang out shopping and identifying goods, learn to tell the validity period of the goods, cash out, give change and obtain marketing and promotions techniques. This activity attracted more than 60 kids to attend and made the kids know the basic operation model of a retail store from their amusing interactions.



The children learned the service procedures covering product display and checkout at counters and had a picture taken as a souvenir happily in the end.



| Sending Care to the Children's Ward | Cheng Kung Shop, Dong District, Tainan City

Together with the nursing station of National Cheng Kung University, the Cheng Kung Shop held the Sending Care to the Children's Ward activity. The shop staff and volunteers dressed up as angels in white using their emotions and love to rid the kids of their fears. Their parents used their brave smiles to keep the kids company and encourage and cheer them up.

Sending gifts to express care



Taking photos happily with the kid patient



Taking photos with the assistant nurses; Visiting, caring



Encouraging patient in every ward, children and their parents expressing thanks with delight



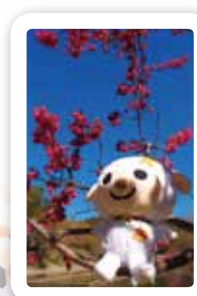
## Case Study

### Two malls: 7-ELEVEN Cingjing Tourist Service Center and CingjingFarmSmallSwissGarden



In 2002, PCSC began to start mall management and has accumulated more than 10 years of experience in the field as of the present time. Currently, it owns more than 40 malls of six types including those in the international airport, in scenic spots, national highway service areas, science and technology-intensive factory administrative office, in medical institutions and universities and colleges, serving more than 50 million people every year. In order to strengthen the environment protection mechanism of the local malls, PCSC not only carefully designs its facilities, but also engages in the interaction between the mall and the community.

For example, the two malls, 7-ELEVEN Cingjing Tourist Service Center and CingjingFarmSmallSwissGarden, input many resources to promote the activities including Windmill Day, Christmas Day and New Year's Eve celebrations to enhance the tourism competitiveness of the local scenic spots. Additionally, our team joins in tree planting and mountain cleaning activities. In Cingjing Farm, more than 20,000 trees are planted and more than 10,000 meters of waste water pipes are cleaned, which equals to a reduction of 125 kg carbon dioxide. In future, SmallSwissGarden will continue to expand its community interaction; hold activities including the children's nature ecological exploration guide and drawing contest; promote activities that integrate the local cultural characteristics including the Festival of the Sheep and the Torch Festival. PCSC hopes to effectively play its role of a good neighbor of the community in every corner of Taiwan.



## The Millennium Health Foundation

Seeing that state medicaid expenditures have been increasing and an aging society has come into being, in 2003, the Millennium Health Foundation, jointly created and donated by President Enterprises Corporation and PCSC, called on more than ten specialists and scholars from different fields including medical science, nutritional science and food science to jointly engage in social education preventive medicine and the advocacy on metabolic syndrome. The concept of a healthy waistline contributes to long-term health and implementing the 3Ds ( Do Control, Do Health Diet, Do Exercise ) healthy lifestyle are promulgated. In addition, PSCS also donated NT 5 million to the Millennium Health Foundation to promote health care social education.



In order to remind the people of the importance of a healthy waistline, President Enterprises Corporation, together with PCSC and relevant affiliated companies, comprehensively launched the August 9th waist measurement and Health Month event in 2013. This activity was co-supported by the Bureau of Health Promotion. In order to enlarge the popularity and coverage of the activity, celebrities with a good and healthy image were invited to be the spokespersons of the activity to call on the public to place importance on a healthy waistline and keep metabolic syndrome away.

## 7-ELEVEN Millennium Health Station

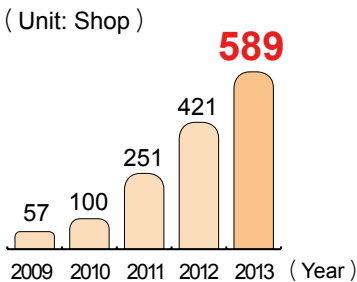


Good Neighbor Foundation and the Millennium Health Foundation jointly set up the Community Health Station offering considerate services in the shop including sphygmomanometer, waistline measurement and providing health information to ensure that the residents of the community are able to measure their waist and blood pressure at any time and monitor their health. By the end of 2013, a total of 589 7-ELEVEN shops, even the remote shops in Peng-hu, Jinmen and Matsu islands, have set up a health station.

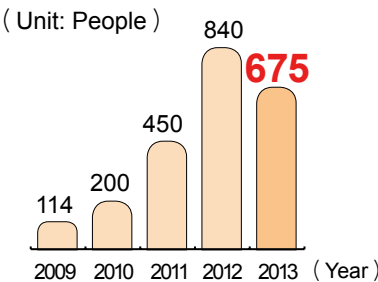


Besides the fixed-area for self-help blood pressure station and waistline measurement service, the 7-ELEVEN Millennium Health Station also cooperates with the August 9th waist measurement and the Health Month event, synchronously holding the Health Station National Health Examination to call on the public to implement the 3Ds ( Do Control, Do Health Diet, Do Exercise ) for a healthy life, keep the "three high" chronic diseases away and jointly crack down metabolic syndromes. Meanwhile, we also occasionally conduct health examinations and blood donations with medical institutions, health institutions and health education institutions to constantly care for the public's health conditions.

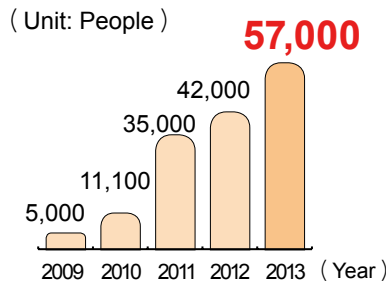
**Millennium Health Station**



**People Involved in Medical Care**



**People who Attended the Activity**







Health Station Activity |  
Tongqing Shop, Yilan County

**Constantly hold**

Using re-testing card to help customers form the habit to come to the shop to take their blood pressure and measure their waistline.

**Set theme**

Enhance activity diversity and attract customers and their friends.

**Reward and gift**

Customers initially come to the shop for the gift and reward.



Calorie Classroom



Health Lecture



Move for Health



Integrating Festival



Successfully Attract the Old to Come to the shop



Customer Constantly Back Flow



Centripetal Forces among Shop Partners



Achievements Presenting



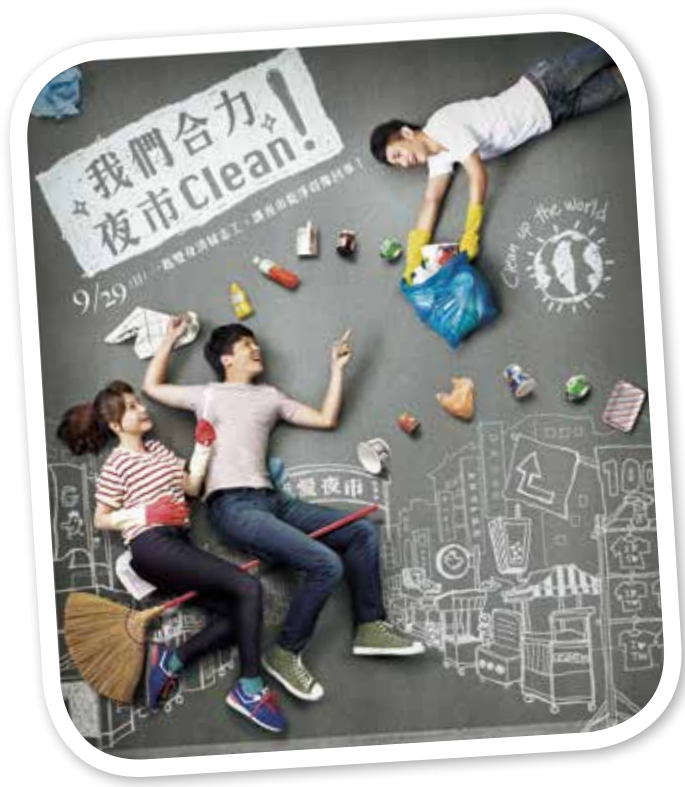
1. Held **18** health examination activities measuring **2,700** people.
2. 72 people re-tested for **3** times.
3. Held 3 health lectures with **80** people in attendance.
4. **47%** performance growth compared with before the shop's pre-expansion period.



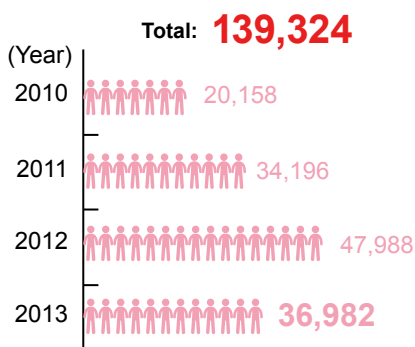
## Clean Up the World— Join the World to Love the Earth

Since 2001, the PCSC Good Neighbor Foundation has cooperated with Australian Clean Up the World headquarters to regularly hold Clean Up the World, Taiwan Environment Protection activity with more than 120 countries and 40 million people participating every September. Calling on volunteers to clean up the world, this activity aims to change everyone's life attitude and daily habit to improve the natural environment with environment protection concepts including resource recycling and waste reduction. This activity has become the largest cleaning event every year nationwide. Since 2001, a total of 0.4 million people have participated this clean up event to show their love for the planet.

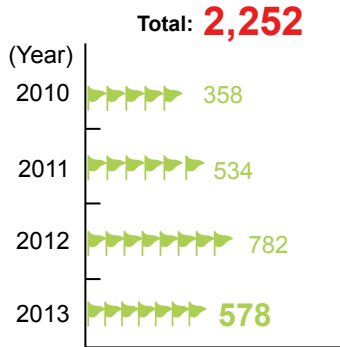
In 2013, the theme is about jointly cleaning the night market, linking up 85 night cleaning spots all over Taiwan. We went to the streets to pick up plastic bags, bamboo sticks and cigarette butts that make the night market dirty and messy and brush off the grease from the floor. The regions cleaned cover Jinshan, Keelung in the north, Hengchun Old Street in the south and HualienZhiqiang Night Market in the east. The majority of the volunteers who are between the age of 4 to 80 are students who like going to the night market the most. Through the influence of these people, this activity aims to expand promoting individual environmental behaviors to promote surrounding environmental concern and spreading the spirit and culture to their relatives and friends. This activity attracted 36,982 volunteers, of which those aging from 15 to 35 takes up half. On the day of the activity, 3,601 waste bags were collected, giving the night market and residential environment a completely new look. By successfully holding this large-scale activity, the public is reminded about environmental protection awareness.



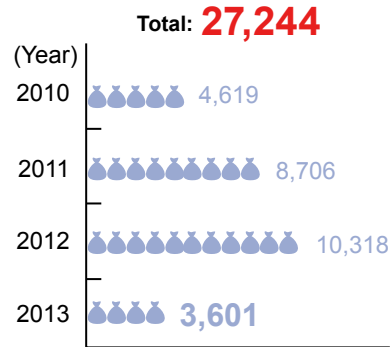
### Number of People



### Cleaning Spots



### Waste Bags Cleaned





# Bridge Over Troubled Water

A Story that Touches Your Heart



PCSC focuses on community care and providing benefits to the people in the community. Through the Good Neighbor Funfest held by the Good Neighbor Foundation, PCSC aims to call forth the colleagues' responsibility for community care.

After several years in operation, we find that the seed of care have flourished in the shops in various regions.

In 2011, a touching story happened in Xinjiaxian Shop, one of the PCSC shops in Kaohsiung. The store manager found that after the environmental upheavals like the 8/8 wind disaster and population migration, the living atmosphere of local children became negative. Therefore, the store manager actively held the activity, "accumulations the points of reading and running to exchange delicious food", in the shop to encourage the primary and secondary school students within Jiaxian region to actively read and run to get the goods in the shop. The small action made by the store manager aroused the residents' overall awareness. In such a scarce-resource environment, the children in Jiaxian worked hard to improve their self-worth, which encouraged the adults after the disaster.



In order to expand the influence of the issue, in 2012, we collaborated with the famous domestic documentary director to shoot the 29-min micro film Bridge Over Troubled Water with an events recording approach. The story that the kids in remote villages influenced by the 8/8 wind disaster work hard in the tug-of-war contest to fight for the honor conveys encouragement to the villagers in Jiaxian. The micro film got a warm acceptance and resonance from the public after it was released. More than 0.6 million people watched the movie on the video website. In 2013, we further invested in and innovatively used movies as a message transmission tool. Besides the real story of the Jiaxian tug-of-war team, we also added the tough foreign mother's struggle to call on the public to care about and pay more attention to the disadvantaged groups in remote villages. By doing that, we also wanted to form an image that 7-ELEVEN is a good neighbor that supports local development. PCSC was the first retail store to innovatively use documentaries to attract the people's attention to issues concerning the disadvantaged groups. In addition, it was also the first one to be nominated for and become a recipient of the Golden Horse Award.

Moreover, in order to realize the company promise, the PCSC Good Neighbor Foundation will continue to inject funds to the study resources of Jiaxian Primary School. Returning to the origin of the movie reading resources in remote villages, PCSC will assist in transforming the Jiaxian Primary School to a Good Neighbor Library which will serve as the communication center for the local people.



## 4.3

## Public Welfare: Bridging the Gap between You and PCSC

## Love Donations

## Shop Charges Donations



Whether it's in a city or village, day or night, with the beginning of Find Love Back 27 years ago, 7-ELEVEN adopted the idea Live with Public Benefit, Random Acts of Kindness, and placed a small charity box in the shop to encourage the customers to donate their change after checking out. Their random acts of kindness can help the needy and make love always open. For 27 years, a total of NT 176.657 million (by the end of February 28th 2014) was raised and more than 100 charitable organizations and people were helped.

In order to be responsible for the public's donations, 7-ELEVEN pays careful attention to selecting the charitable organization it works with. The financial condition of the organization is comprehensively checked with the help of financial, law and audit institutions. The collaboration will be further planned after the checking is finished and no problems were found. Besides supporting the basic service of the organization, PCSC also deliberately discusses with the organization to offer help and assistance to its further improvement. In addition, after the plan begins to be implemented, 7-ELEVEN counts the money in the charity box to transparently deal with the flow of funds and accounting. All the actions are checked and inspected by a public institution to make the public feel at ease with their donations.

In addition, in order to enhance the transparency of the charity work, 7-ELEVEN invests in human resources and funds to maintain the charity box. The relevant cost in logistics and slotting allowance reaches to NT 0.9 billion. At the same time, it is publicized on its own media, the Love World Facebook Fans Club, to promote the activity and provide timely help and call on the public's care for the society to donate resources to the issues that really need attention and assistance.



## Achievements of Fundraisers in 2013

Dates	Name of Fundraisers (Collaborator)	Introduction on fund-raising service	Amount of funds raised (NT)
1.1-3.31	Terminate hunger · help them to grow (World Vision Taiwan)	Fundraising was mainly used to assist children and families stricken by global great disasters within Taiwan and from more than 80 countries overseas. This year, through the assessment of professional social workers, 190,401 people and 13,318 households were provided help in economy, health care and other aspects in the pattern of emergency assistance payment or Medicaid. In the part of foreign service, projects like food aid, war care and reconstruction and disaster relief were put forward, and the total number of beneficiaries was 3,625,518.	3,914 million
4.1-8.31	Learned to not afraid of the future - Independent living of those with disabilities (United Way)	In order to assist the living necessities of those with physical and mental disabilities and improve their living autonomy, fundraising money was mainly used for "interpersonal social support", "home life support", "community life support", "advocating for protection", "health and safety" and "employment support". The annual service amounted to a total of NT 567,797.	6,040 million
9.1-10.31	Fundraising plan to take care of vulnerable elderly people living alone (Mennonite Foundation, Hiromichi Elderly Welfare Foundation)	Echoing the social issue of aging, "Finding the Love Back" cooperated with public interest groups to support vulnerable seniors' basic life demands such as "home service", "room service", "guardian online", "community day care" and "house bath". A total of more than 30,000 vulnerable elders were helped.	2,614 million
11.1-12.31	Save the people with liver disease - program to screen the hepatopath in rural areas (Liver Disease Prevention Foundation)	Lack in medical resources and inconvenience in seeking medical service in rural areas became a dead angle to promote the prevention of liver disease. "Finding the Love Back" continued to go into the rural areas and provide free blood drawing and ultrasonic virus screening for the elderly people over 65 to help them stay away from the threats of liver disease. More than 9,375 people were helped in total.	2,332 million
Total			<b>149million</b>

## ibon Charitable Donation

Since 2008, we used the ibon convenient living station as a platform to establish the public welfare center for charitable donations where donors are free to choose from the public benefits and social welfare groups on the platform to donate. The total fundraising money in 2013 was NT \$ 35.82 million, with an average donation of NT \$ 528. And for the annual important events like the Sichuan earthquake and the Philippine typhoon, emergency relief was also initiated through ibon fundraising to spread the love overseas.

### Sichuan Earthquake Project

May 2013, a 7.0 earthquake occurred in Ya'an, Sichuan, China, causing heavy casualties: The affected people who urgently need outside assistance were estimated at more than 2 million; many surviving victims, facing the dilemma of shortage of supplies, were in urgent need of outside assistance. To provide the best real-time help to the victims in Sichuan and rebuild their homes, 7-ELEVEN, together with World Vision Taiwan, immediately launched the fund-raising for "Ya'an, Sichuan Earthquake", and launched the "Hunger Thirty" emergency rescue mechanism. Through the ibon convenient donation stations at 4,859 retail stores all over Taiwan, 7-ELEVEN provided a real-time donation channel that is accessible for everyone to take part in the first phase of the rescue work, help the disaster area weather the storm, and bring hope to the victims in rebuilding their lives.



The total amount of funds raised was NT \$ **446,736**

### The Typhoon Disaster in the Philippines



November 2013, Super Typhoon Haiyan passed through the central region of the Philippines, causing serious casualties of over ten million local inhabitants. In addition to the communications outage between the hardest hit and the external areas, the typhoon severely damaged bridges, roads and other infrastructure, and caused a serious shortage of food, water, medical and other resources, so outside assistance was urgently needed. The mobilization of 7-ELEVEN in Taiwan, the United States, Japan and the Philippines showed the power of unity. In addition to Taiwan's donation of \$ 100,000 to the Philippines, 7-ELEVEN also collaborated with World Vision in ibon convenient stations to launch a one-month fundraising, so that consumers can readily send their love through monetary donations. Moreover, World Vision started

emergency rescue mechanisms simultaneously to plunge into the relief works focusing on the people's livelihood, water sanitation, emergency shelter, etc. in affected areas. It also set up the "Children's Care Centre" to conduct rescue operations involving psychological care as well as health and nutrition care for affected children, to make the disaster victims in the Philippines rise over their difficulties as soon as possible.

7-ELEVEN in the Philippines, on behalf of PFI Foundation (PhilSeven Foundation, Inc.), brought together the funds donated from all sectors, which reached nearly one million pesos, to assist the local government in disaster relief. In addition to donations, it launched fundraising activities within the retail stores for the Ministry of Social Welfare of the Philippine government, and raised funds to provide for the meals of disaster relief volunteers. Because the Philippines is a country made up of multiple islands, the transport of goods can only rely on air or sea methods. And it takes one week shipping time from Manila to the islands in the affected areas, so transport of relief goods became a big problem. Therefore, 7-ELEVEN in the Philippines cooperated with the Department of Social Welfare, logistics companies and local charities for Leyte Island, Samar Island and the other hardest hit areas to transport relief supplies by leasing a private aircraft in order to shorten delivery time, expecting the existing resources of 7-ELEVEN to work in fulfilling its social responsibility.



The total amount of funds raised was NT \$ **767,159**

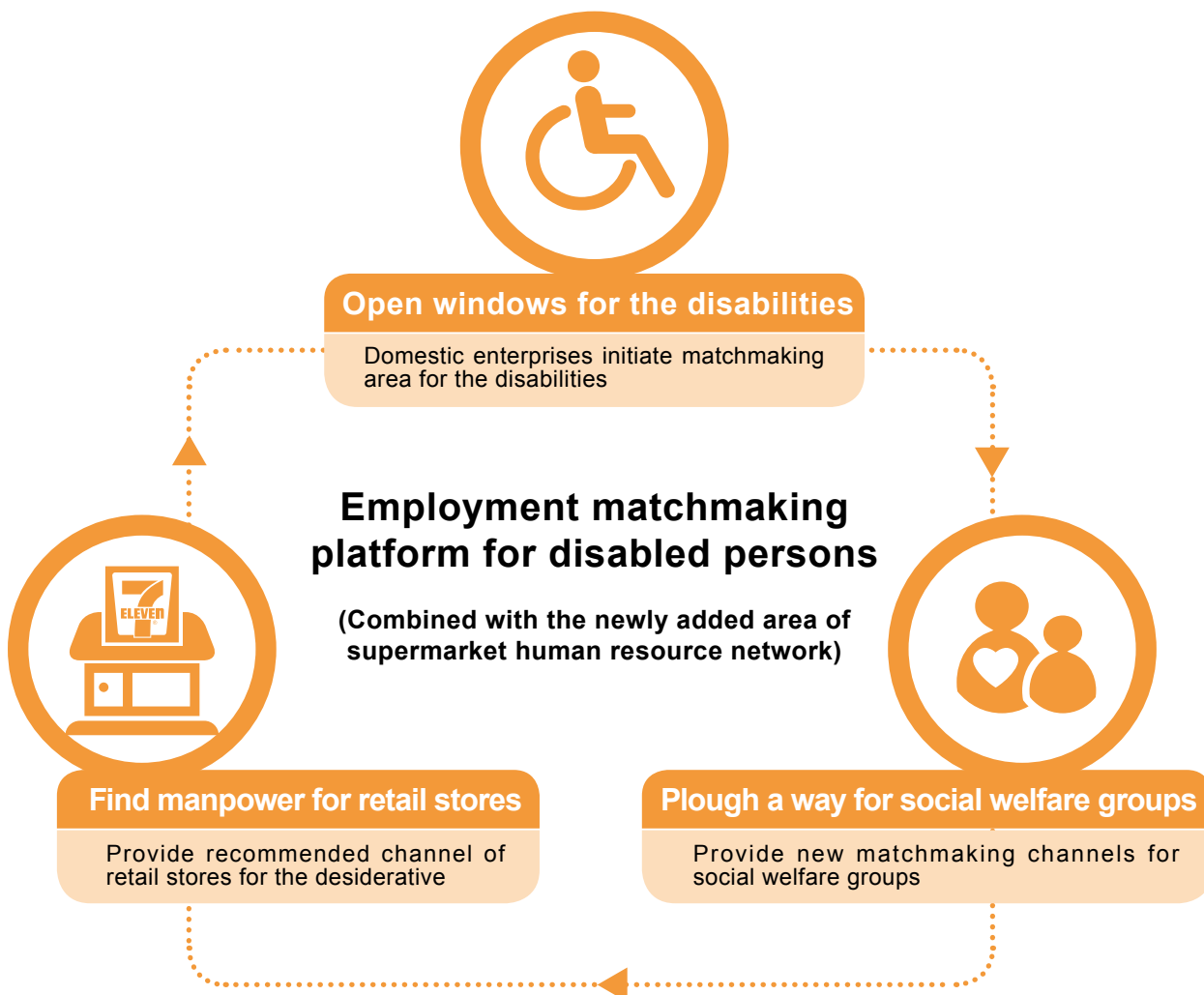


## Providing job opportunities for workers with disabilities

According to the survey data collected by United Way, the unemployment rate of disabled persons is three times higher than the general population, reaching 12.35%, among whom even up to 35% of the disabled persons have been waiting for employment for more than a year, becoming relatively weak employment groups. Since 2007, 7-ELEVEN used the fund-raising platform of retail stores all over Taiwan to launch fundraising and bring together the public's love with United Way. Over the past seven years, a total of over NT \$ 380 million have been raised to help more than 1.59 million of physically and mentally disabled persons to start new lives. In 2013, 7-ELEVEN once again invited the well-known artist as a spokesperson for the program and talked from his own experience of tough rehabilitation to call on the public to accept and support the disabled persons and give them strength with charity donations.



In addition to fundraising for the physically and mentally disabled persons since 2002, 7-ELEVEN began to hire employees with disabilities to provide them with a stable income and give them dignity, and let them take the first step of independent living. As of 2013, there are 286 physically and mentally disabled little angels servicing at the retail stores, exceeding the government's requirements, among whom 123 are suffering from moderate or severe disabilities. In order to expand the employment opportunities in the future, 7-ELEVEN plans to build a job matchmaking platform for disabled persons where they can not only have a more convenient and real-time information exchange, shorten their waiting time of employment, but also to explore the available positions for the retail stores.



## Care for the vulnerable elderly people living alone

Taiwan currently faces the problem of an aging society, and the proportion of the population over the age of 65 is more than 7%. It is estimated that by 2025 one in five individuals will be an elderly. At that time, home care, security of living alone and community day care for the elderly will be considered a problem. Therefore, 7-ELEVEN is working with social welfare groups to raise funds for the care of the elderly living alone and appeal to the public to spending the love and responding to the magnanimous acts.

And in view of the current meal allowance of the government for the vulnerable elderly living alone which is just one meal a day, elderly people living alone with nobody delivering the meal is often hungry. Therefore, 7-ELEVEN, launched the "Plus + Meals for the Elderly", which urged the people to donate copper coins and support loose-change donation, so that the vulnerable elderly people living alone can get one more warm meal a day. In 2013, we worked with the Mennonite Foundation and Hiromichi Elderly Fund, and with the help of their professional team, cared for the elderly living alone and the vulnerable elderly in eastern Taiwan. The delivery team included social workers, nurses, nutritionists and delivery staff. Everyday, the central kitchen or cooperating organizations cook the meals with less oil and salt and low Purine which are good for the health of the elderly and delivered in insulation dining car or insulation bags. We expected the love of the people in 7-ELEVEN throughout Taiwan was fully used to give the elderly warm meals in the comfort of their homes. A series of public service activities focusing on care for the elderly awakened the concern of society for the vulnerable elderly people living alone; prepared them for the possible consequences an aging population will bring to the social system and showed the determination of 7-ELEVEN to actively engage in charity.

There were managers of retail stores who spontaneously donated money to buy livelihood supplies or grocery items for the elderly people living alone. It was obvious that the culture of elderly care in 7-ELEVEN had been significantly inculcated in the staff. 7-ELEVEN particularly filmed the commonwealth movie "A Grocery Store at the Foot of the Hill" (<http://youtu.be/4OZjMwFioqU>), a true story of interaction between the managers of "the store at the foot of the hill" with the elderly, to call on the public to address this social concern. The district where the store of 7-ELEVEN at the foot of the hill is located has less than two thousand people, half of whom are the elderly and children. The film depicts the manager as a good person who treats the children and the elderly of the local community as he would his own family, making it the most humane "grocery store". From September 2013, the commonwealth movie was broadcasted through the Facebook page, Love the World of 7-ELEVEN, video websites, ichannel of retail stores and other media outlets. We hope the film can encourage the public not only to care for the elderly people around actively, but also to continue to build the public brand image of 7-ELEVEN as the center of community service.





## Emergency Relief –Activity of Close for Love

For some families who are in a situation of dire need, maintaining their needs for daily life has been a problem, let alone celebrating occasions like the Chinese New Year. In order to make such families also feel the happy atmosphere during New Year, we have been organizing the activity of "Close for Love" to send out the warmth in cold winter by providing the children from needy families with a free chance to pick goods in the retail stores. This has been ongoing since 2010.

In 2013, the coverage of the activity was expanded, 10 retail stores linking the northern, central, southern and eastern invited 30 disadvantaged families to the shop. In addition to this activity, we also gave each family \$ 10,000 of "love cash" so that they can purchase their daily necessities and supplies for the New Year, and thereby appealed to everyone to care for the disadvantaged and help more families in dire need.



# 5

## A Good Neighbor Creating A Harmonious Working Environment



In 2013, about 286 employees with disabilities were hired, which is **3.66 times** the required number.



Salary increased about **2%** for 81.48% employees in 2013



**53 auditors** were trained for internal audit to implement the principle of fair labor

### 5.1

## Implementation of the Employee Care Program

Being a happy corporation is PCSC's vision and objective. We believe that only the happy employees can show PCSC's value completely to our customers and only the satisfied employees can provide great service and consequently create satisfied consumers, so we hope to continuously bring new surprises and happiness to our employees and customers through superior and innovative products and services as well as perfect career planning. In PCSC, our employees not only work to live but also create their dream life while learning as they realize their life value. The close connection between employees in the stores, franchisees, staff from logistics departments and partners from related corporations enables us to provide the communities with the most convenient services. With our thorough career planning, safe working environment, improved staff welfare and reward mechanism, we make each member of the team feel proud of PCSC.

### Our Partners

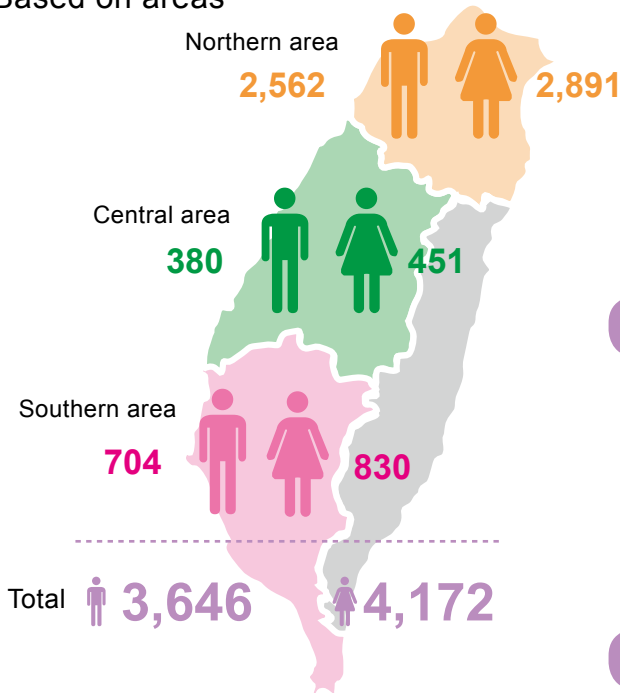
PCSC has established seven operational regions around Taiwan and each region has its own operational headquarters. In order to provide immediate response to the stores and the consumer, the number of employees reaches 7,718 including 10 female foreigners by Dec. 31st, 2013. If counting the hourly-rated employees at the franchisees and subordinate stores, the number can be more than 30 thousand. In addition to assisting the full-time employees in pursuing their dreams, the business characteristics of 24-hour operations all year around and demand for large amount of front-line staff to interact with customers also enable us to provide more part-time job opportunities for people who re-enter the job market and the students; we also launch cooperative programs with high schools and vocational schools to allow the students to earn school credits and part-time income simultaneously while accumulating working experience at an early age.



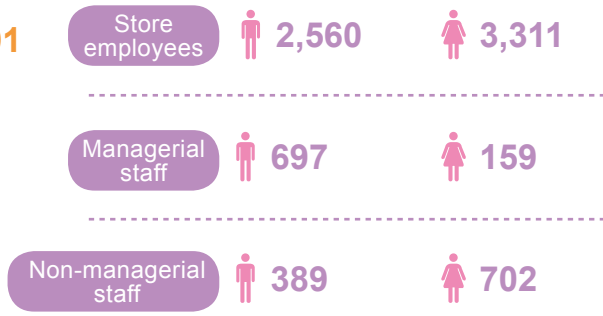
**Employee Data ( Statistics as of Dec. 31st, 2013 )**

♂ Male ♀ Female

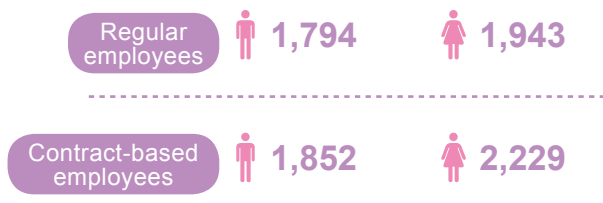
Based on areas



Based on employment types



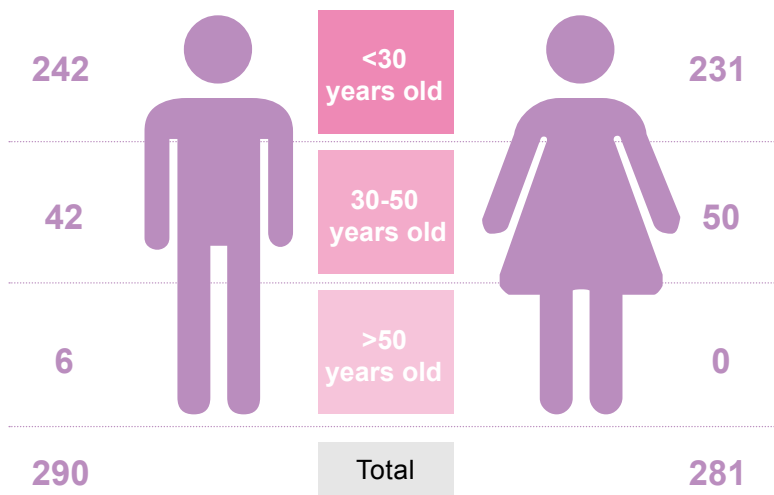
Based on employment contracts



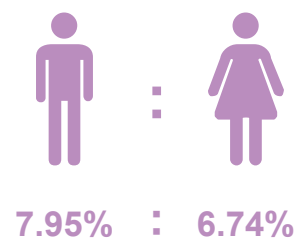
**Age Distribution ( Statistics as of Dec. 31st, 2013 )**

	<30 years old		30-50 years old		>50 years old		Total
	♂	♀	♂	♀	♂	♀	
Store employees	1,704	1,813	833	1,432	23	66	5,871
Managerial employees	50	26	568	130	79	3	856
Non-managerial employees	39	141	318	551	32	10	1,091
<b>Total</b>	<b>1,793</b>	<b>1,980</b>	<b>1,719</b>	<b>2,113</b>	<b>134</b>	<b>79</b>	<b>7,818</b>

**Number and Proportion of New Employees in 2013**

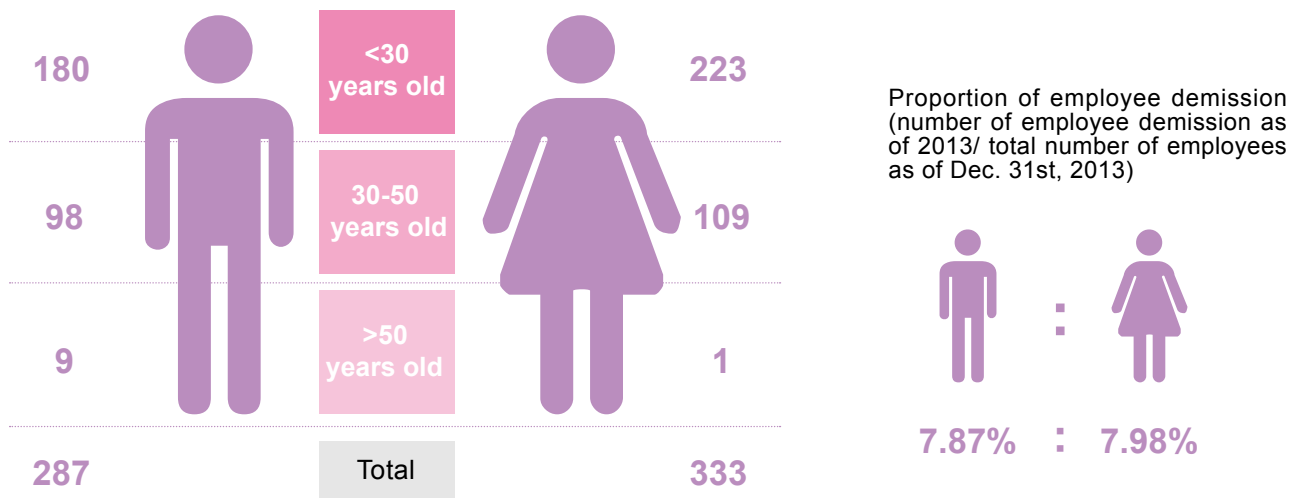


Proportion of new employees (new employees of 2013/ total number of employees as of Dec. 31st, 2013)





## Number and Proportion of Staff Demission in 2013



## Diversified Employee Structures ( Statistics as of Dec. 31st, 2013 )

Number of ethnic minorities and disadvantaged groups (percentage)

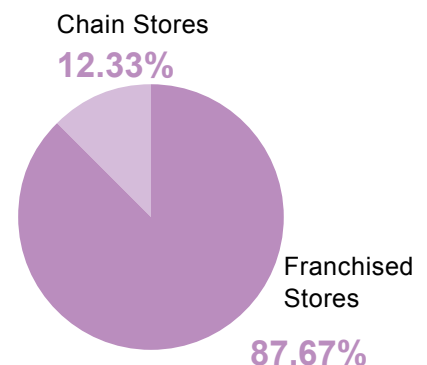


Note: The groups include the indigenous people and people with disabilities

As for the employment of hourly-rated employees, we strictly observe the Labor Standards Act in Taiwan and never hire people under 15 years old; besides, we also uphold the philosophy that employment support is the most direct assistance for the disadvantaged to live independently, so we provide more job opportunities to the disadvantaged groups with disabilities and also warmly welcome middle-aged women to take part-time jobs and realize re-employment. In 2013, the headquarters and retail stores have employed 286 employees with disabilities, accounting for 3.66%, which is 3.66 times the required number, providing many disadvantaged groups with opportunities of stable employment and independent living. Moreover, we also hired about 100 indigenous people, accounting for 1.28% of the total employees, providing a harmonious and diversified working environment.

## Franchisees

The franchise system of PCSC can be divided into Franchise Chain and License Chain. Franchise chain requires franchisees to have their own store fronts. License chain is the franchise format that the headquarters offer the store front. The number of franchisees in 2013 is up to 3,361, operating about 87.67% stores in Taiwan, and the percentage of franchisees in island districts is 100%. As for more information about franchisees, please refer to our website <http://www.7-11.com.tw/fr/index.asp>.





## 2013 Satisfaction Survey

Franchisees are the primary party of interest of PCSC. To listen to their voices and conduct interaction and feedback, we carried out a satisfaction survey among our franchised stores for further improvement and communication. The recovery rate of valid questionnaires is about 40.6% and significant results are listed as below:

- ★ More than 90% of the franchisees affirm the corporate marketing strategies, which greatly influenced the improvement of the sales outcome.
- ★ About 87% of the franchisees are willing to renew the contract upon the expiration date of the franchise agreement, so we hold a strong conviction that PCSC remains strong even when faced with the severe competitive environment nowadays.
- ★ Franchisees hope the company could develop low-cost and efficient recruitment channels. The headquarters has conducted a price comparison on proposals of manpower institute and allowed the franchisees to recruit staff, so that it can assist the franchisees in solving the human resource issues via practical means.

To express our gratitude to the franchisees for their devotion, PCSC holds the Fellowship of Franchisees annually, with 9 sodalities organized in total covering northern to southern areas, which invites franchisees all around Taiwan to attend. Apart from the business dinner, we will praise senior franchisees that have provided ten years or twenty years of excellent service and performance. By 2013, there were 172 groups of franchisees in operation for ten years and four groups for twenty years who were praised in the gathering. Besides, we also award the Best Franchisee to reward the franchisees for their implementation of the TK spirit, showing the results of a categorized business and giving full play to the businessmen's thinking. Through the fellowship, we promote quality service of local cultivation and establish the value that we are always open, which can not only build harmony between the headquarters and stores but also establish a benchmark to enhance the overall competitiveness.



## Build a Happy Corporation

Being a happy corporation is PCSC's vision and objective, and the logistics staffs at the headquarters are the core source of motivation for product and service innovation. We hope that we can build a perfect and harmonious working environment through our Happy Cooperative, health management and various welfare policies, so as to bring our employees a sense of accomplishment and happiness.

## Happy Cooperative

In recent years, occupational health due to work pressure and extra long labor hours has become a topic of concern, therefore, we established the Happy Cooperative in 2010, to realize proactive caring and consultation, provide our colleagues instant and effective assistance and form the correct concept of physical and psychological health management. Moreover, PCSC has spread its Happy Cooperative program to its affiliated companies to establish branches of Happy Cooperative and recruit volunteers. Through the test on personality of helping others, volunteers meeting the requirements are selected and get professionally trained in the 34-hour program organized jointly with Teacher Chang Foundation covering listening techniques, reasonable caring skills, emotion recognition, concept definition and volunteer ethics.

Happy Cooperative consists of 14 affiliated companies and 179 volunteers to assist in preliminary consultation and referral. With the volunteers cultivated by the company, we can care for our colleagues based on the same psychological perspective and also save on the costs that arise from referring the consultation to external institutes such as the Teacher Chang Foundation. The estimated investment benefits are doubled<sup>4</sup>. In 2013, 270 cases were handled and the total caring hours were up to 319 hours, accumulating up to 1,192 hours by the end of 2013. The rate of seeking for help and referral is about 55%, namely, more than half of the employees are willing to turn to the volunteers for help and trust in them to a certain degree.



<sup>4</sup>Investment Benefits = 1,960 NT\$ (refer to the costs for each hour by Teacher Chang) × accumulated caring hours by the end of 2013 (1,192)/ cost of training volunteers (1,168,980 NT\$)

### Operation Situation of Volunteer Caring

45%

Volunteers proactively show loving care for employees

55%

Employees actively seek for help and being referred by the management.



7-ELEVEN 	58	Uni-President  Yi-Lan Art & Culture Corporation	3
President Starbucks Coffee Corp 	50	Cold Stone Creamery 	3
Dream Mall 	13	President Musashino Corporation 	2
Cosmed 	12	Afternoon Tea Taiwan Corporation 	2
President Logistics International 	9	PIC 	2
MUJI 	8	Capital Corporate Consult 	2
UPCC 	8	Uni-Hankyu Department Stores 	1
Retail Support International (RSI) 	6		





## Health Promotion Program- The First Health Passport

In 2013, PCSC fully started the Health Management Program and appointed professional nurse practitioners to provide health consultation services. The headquarters building is equipped with a dispensary to provide health services including blood pressure detecting and ice & hot compress. Meanwhile, through the First Health Passport for employees, health education via e-paper and lectures, we encourage our colleagues to maintain self-health management, so as to create a healthy, harmonious and safe working environment. In 2014, PCSC has purchased unsophisticated medical equipment such as AED for emergency cardiac care and employed a physician from the family medical division for regular diagnosis.

### About My Health Passport

- 1 Project Practice :** Based on the medical examination report of our colleagues in recent years, PCSC determined the first three major abnormality items to be BMI, cholesterol and triglyceride. Among which, BMI value is the key factor of health indexes, for which the improvement of BMI is beneficial to other abnormal items. The causes of abnormality are closely related to lifestyle and regular exercise.
- 2 Contents :** It consists of seven items, i.e., medical examination, knowledge, exercise, BMI, arts & culture, tourism and vacation, which are reviewed by the employees on their own. Anyone who meets the requirements will be rewarded a commodity card of 500 NT\$, by which we encourage our colleagues to form good habits and maintain their self-health management.
- 3 Objectives :** With the concept of marketing activities, it integrates all health activity programs covering medical examination program, health knowledge, traveling program, mental growth program, exercise program, vacation program and BMI program and sets the indexes. A staff getting a total score of 16 points above can get the rewards.
- 4 Results :** Abnormality rate of BMI is 46%, which is 2.5% lower compared to that in 2011.



## Employee Health Education Training

Aside from introducing professional medical resources to care for the staff's health, PCSC also works together with the Taiwan Millennium Health Foundation to encourage colleagues to attend health education lectures, so that they can imbibe health maintenance concepts and nip something in the bud. The Millennium Health Foundation discovered that office workers often suffer problems such as hypertension, hyperlipidemia and hyperglycemia as well as digestive problems in the intestines, stomach and liver; what's worst, some of them may suffer diseases such as stroke, myocardial infarction and diabetes. Therefore, the Foundation started organizing series lectures three years ago which collects the office workers' most prevalent health issues and works together with the corporate group to convey the correct concepts to employees. In the future, the Foundation will provide course planning and assistance based on each affiliated company's demands, so as to fully exert the group's integrated benefits and provide the staff with more valuable knowledge.

## Each Welfare and Salary Policy

PCSC offers our staff with salary conditions full of market competitive advantages and conducts various salary and welfare policy surveys each year to make sure that our basic salary is better than the national standard salary. To maintain fairness and reasonableness, we stipulate equal pay for equal work as the standard basic salary for both male and female, making their salary and welfare to have no difference regardless of gender and age. Besides, we convene labor-management meetings quarterly with five representatives from both parties to negotiate the issues on each welfare policies and systems, so as to create a harmonious and friendly working environment. In 2013, the salary for both male and female show no differences, which is within 1.5 times for each kind of employees. In terms of salary adjustment, 2013 sees 81.48% staff receive more than 2% salary adjustment compared to 2012.

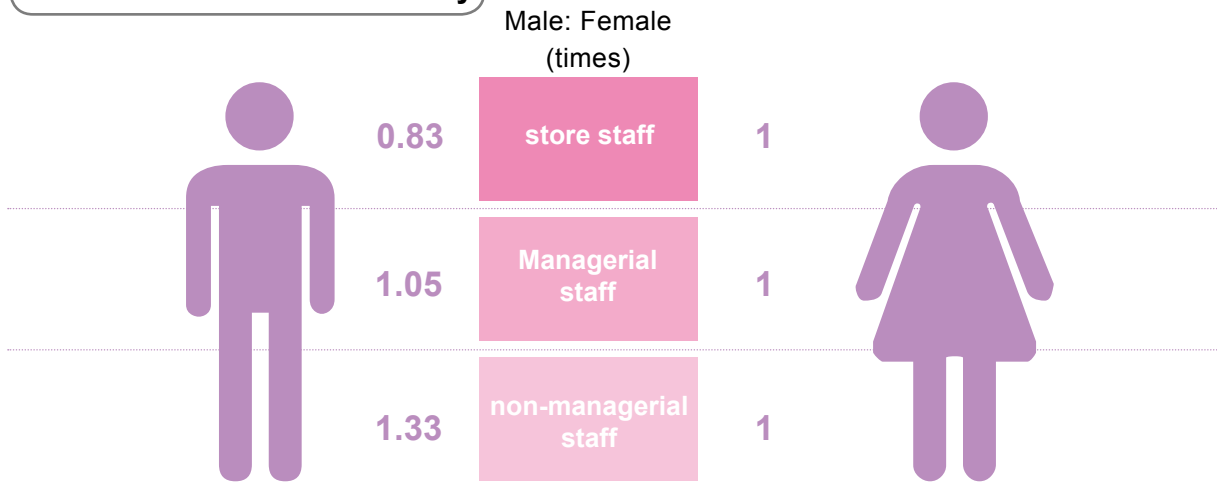
**Descriptions of PCSC Welfare Items**

Items	Description
Bonus	Salary increase based on performance rating, year-end bonus, and variable bonus
Allowance	Travels for senior employees, medical examination, trust fund, community subsidy, bargain purchase activities, wedding & federal subsidy, paid leave for accompanying maternity leave, group insurance, staff travel and various subsidies from the employee welfare committee.  Policies as per laws and regulations such as retaining the post but suspending the salary during the period of infant care, family responsibility leave, maternity leave, school-age child care.
Welfare Facilities	Library, female staff's dormitory, consultation service for staff and happiness lectures.
Retirement Plan	According to the provisions stipulated in the Labor Standard Act in Taiwan and Labor Retirement Pension, PCSC has formulated relevant provisions and regulations governing labor retirement and established the Labor Retirement Pension Supervisory Committee to supervise the businesses related to the issuing retirement pension.
Staff Welfare Committee	The Staff Welfare Committee is established as per laws and regulations to actively implement various measures for staff welfare.



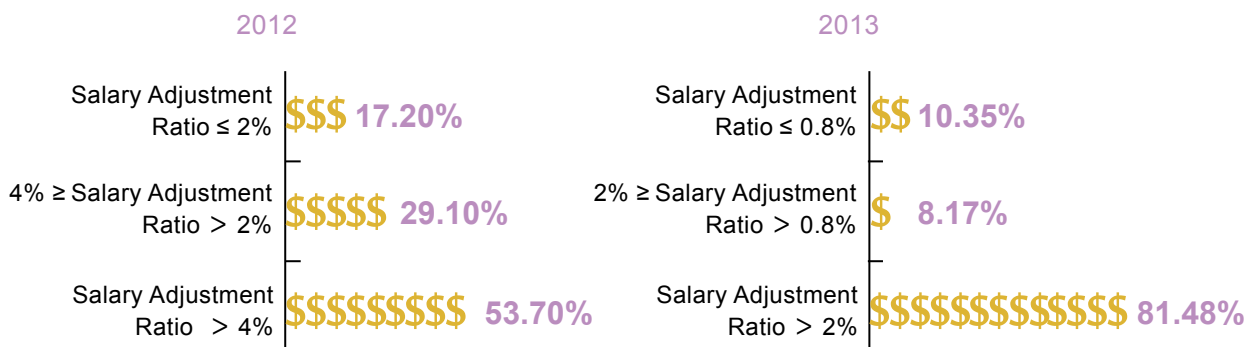


### Ratio of Male-Female Salary



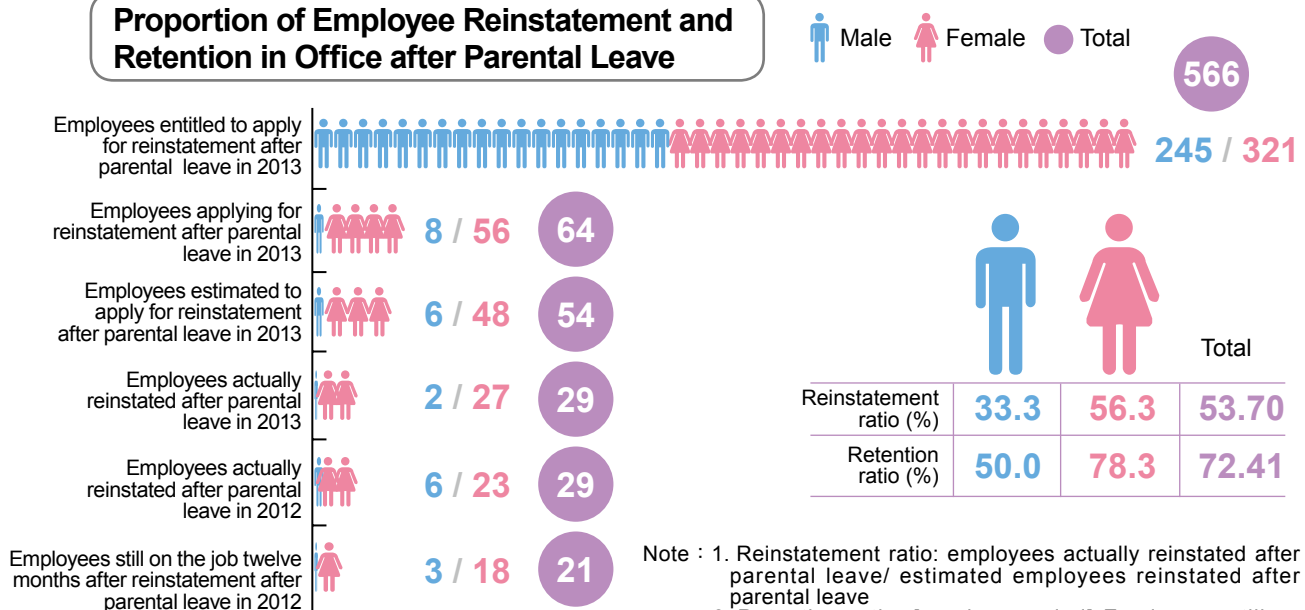
Note: the salary refers to the annual salary, including the year-end bonus.

### Ratio of Salary Adjustment for Full-time Staffs



Note: calculated by salary adjustment ratio ≤ 2%, proportion = (salary adjustment ratio ≤ 2% number of employees)/total employees

### Proportion of Employee Reinstatement and Retention in Office after Parental Leave



Note : 1. Reinstatement ratio: employees actually reinstated after parental leave/ estimated employees reinstated after parental leave  
 2. Retention ratio: [previous period] Employees still on the job twelve months after reinstatement after parental leave/[previous period] actual employees reinstated after parental leave

## 5.2 Promotion of Industrial Harmony

### Human Rights and Labor Audit

To provide employees with a much safer working environment and safeguard their legal rights and interests in keeping with relevant labor legislations, PCSC has drawn up the Regulation of PCSC Labor Rights & Interests, taking the international labor convention and other relevant ones as references. This regulation has specifically made 9 core items and strategic measures to protect employees from forced labor and overtime work, showing the importance that the corporation attaches to its employees' legal rights and interests. Additionally, we have focused on auditing the franchise stores in terms of labor health care insurance, employment of children Labor, salary, working hours, self-defense training and so forth. Any stores found to be violating rules will be regulated and corrected. In 2013, we checked 186 franchise stores, among which 116 were found substandard in more than one item. Business units of each region have been asked to improve in accordance with relevant policies and regulations, and now all the work has been done for sure. To enhance supply chain management, we will develop The Code of Behaviors for Suppliers so that they will follow and benefit from the regulations of labor rights and interests. In this case, employees will enjoy their rights & interests as well as a favorable secure working environment.



For the sake of relevant enterprises' operating security, we have started labor audit training since 2012 and issued Prior Items of Labor Self-checking Suggestions for them to follow in the same year. . Meanwhile, they were also asked to list policy on labor rights & interests as one of their annual working plans. As of 2013, 27 companies have been involved in the labor security training with 53 fellows being trained in total so as to create a better working environment. In training, PCSC also helped relevant enterprises with labor audit and gave imperative assistance, providing feasible suggestions and solutions for operators to improve substandard items.

### PCSC policy on labor rights & interests Nine kernel promotion items





## Free Communication between the two parties of Labor and the Capital

To encourage employees to communicate with management directly, we have set up various channels for communication, such as an associated service center and exclusive mailbox. Besides, we have legally established an inter-communication platform and have held labor-management conferences randomly to make sure that the communication is effective and timely. Employees are considered as the most valuable property in PCSC. We are working hard to make PCSC's blueprint consistent with your goals of development, which is always our life-long task. Over the past years, communication between the two parties of labor and the capital has been favorable and relations have been harmonious. Employees who have any suggestions towards the corporation or who think their rights and interests are violated can make complaints to the authority via above mentioned channels. In 2013, human rights cases were 13 in total, among which disputes related to hours of work accounted for the majority. The good news was that all the cases have been settled by the end of that year.

### Diversified Happiness Creation and Communication



#### Happiness Lecture

Organized **10** sessions

**121** people attended each session on the average

**4.4** Satisfaction degree

#### Trainee Lecture

Organized **19** sessions

**107** people attended

To provide emphasis on collection and suggestion proposals of the operational departments from each district

#### New Employee Lecture

Organized **4** sessions

**36** people attended

To improve the new employees' adaptive capacity and reduce the turnover ratio

#### Interviews for Employees Resigning Jobs

Specially reported **28** cases

**69** employees interviewed annually







**Reminding the Abnormality:** Trainee/OFC

Furthermore, PCSC meets the relevant notification procedures of the National Labor Standards Act in terms of job change notification within the shortest time. Buffer time is allowed for employees to prepare for required issues. One who has worked for over three months but less than one year is allowed to notify the relevant authority ten days early; over one year but no more than three years, twenty days early; more than three years, thirty days early.

## 5.3 Occupational Safety and Health

To make sure that all the staff could work comfortably in a good and secure environment, we have established a Safety and Health Committee as per the law governing labor security and health which consists of 10 staff, among whom with four representatives of labor, accounting for 40% of the whole. Moreover, we record occupational accidents monthly, analyze the causes of the events and lead workers to avoid such accidents in the right way. Statistics show that in 2013, occupational accidents were 15 with the occupational accidents rate of one thousand people is 4.09%, no death occurred.. As for particular occupational accidents, the labor health room made reports of occupation-accident cases by different categories, expecting to enhance their safety awareness and reduce the rate of occupational accidents to zero.

### Statistics on Occupational Accidents in 2013

Occupational accidents of non-industrial category	Occupational accidents of industrial category				
					
Traffic+ others	High/low temperature contact	Ladders	Floors	Tools	Goods delivery
86	5	3	2	3	2

### Disabling Injuries Statistics of 2013 (Excluding traffic accidents)

Occupational injuries rate per one thousand people	<b>4.09</b>
Disabling frequency rate (FR)	<b>2.05</b>
Disabling severity rate (SR)	<b>23.22</b>

Note: Descriptions of calculation formulas

- Occupational injuries rate of one thousand people =  $\frac{\text{Number of occupational injuries}}{\text{Number of employees}} \times 1,000$
- Disabling frequency rate (FR) =  $\frac{\text{Total number of injured people}}{\text{Total working hours of all employees}} \times 10^6$  (calculated by 1 million working hours)
- Disabling severity rate (SR) =  $\frac{\text{Total days of labor loss}}{\text{Total working hours of all employees}} \times 10^6$  (calculated by 1 million working hours)

### Absence from Duty (2013)

Days of absences	<b>10,265</b>
Total working days	<b>1,954,500</b>
Absence rate (AR)	<b>0.53%</b>

(Note)

- Absence rate – Total days of absence /total working days ×100%
- Total days of absence include the menstrual leave, long-term sick leave, sick leave, and occupational sick leave.



Implementation Situation of Occupational Safety and Health (OSH)		
1	Establishment of OSH organizations	The OSH Committee and the Labor Safety Office were established to explore and manage matters related to occupational safety and health.
2	Implementation of OSH management	Corporate OSH reports are formulated in line with the Occupational Safety & Health Act for our colleagues to observe.
3	Implementation of OSH education training and practice	OSH education and trainings are offered for new employees and employees on the job; emergency management drills are organized regularly to make sure our colleagues master life-saving skills.
4	Implementation of OSH examination	Examine whether there are unsafe equipment and make relevant improvements. In 2013, 24 times of on-site, on-the-spot examinations were conducted, and suggestions for improvement were proposed and implemented.
5	Medical care	All employees are provided with group accident insurance, life insurance and medical insurance, as well as medical examination subsidies.
6	Health and Safety activities	Occupational hazard cases are formulated for publicity and education to remind our colleagues the importance of OSH and attain the effects of early warning. Family Day on Wednesdays are promoted to remind our colleagues the importance of balancing work and family.

## 5.4 Promotion and Rewards

### Employees' Educational Training and Occupational Prospect

PCSC is making great efforts to create a job market that is friendly and fair without any gender discrimination. In terms of career development, the head office provides a complete system of educational training and promotion, which allows ambitious fellows to make a better career plan, creating open and fair promotion opportunities for employees by job rotation and enriching learning experience.

#### 1. Personal Development Program

Each employee of PCSC has a piece of personal development program paper customized by the corporation and the immediate supervisor based on his or her education background, working experience and requirements, performance assessment and career development plan, so that they will develop with a scientific goal, a plan and a discipline. In addition, they could learn a wide range of professional knowledge and skills step by step, and have the best training courses to choose from at different stages of their career.

#### 2. Rules of Training

##### Human Rights and Anti-corruption Training

Newcomers who have been trained this way will quickly know the core value, working environment and relevant human rights as well as the anti-corruption regulations of the corporation. We make sure that the staff of the logistics department and stores sign the self-discipline pact when they first start their work. Once they sign the pact, they are required to follow the regulation of behaviors, proper interaction between two genders, anti-corruption and so forth. E-mail is a good way to lead employees to behave well by the authority. Besides, we will conduct a two-hour symposium for logistic newcomers, providing them with relevant information which includes organization overview, attendance regulation, salary, defense against sexual harassment, integrity and law compliance, rights and interests and so on. However, only the training for human rights and corruption evaluation of store employees has not been covered in the courses.

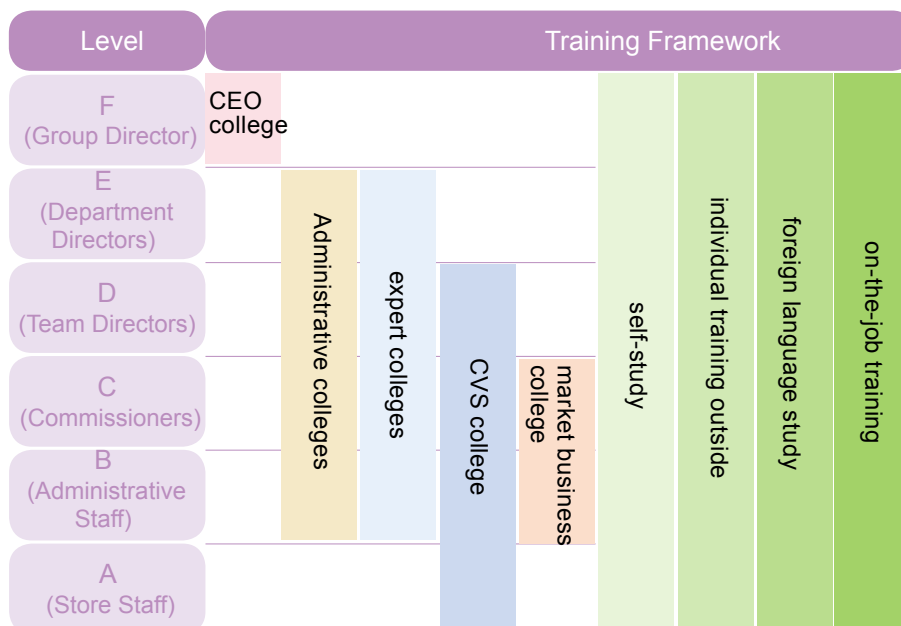


## Competence Upgrading

PCSC successively conducts training and plans that meet the organization's goals via strict surveys and interviews, coordinated with development strategy, perspective and values. We also organize training activities and customize overall training courses for each certain post based on requirements. Apart from organizing courses conducted by exclusive lecturers, we bring in excellent external resources to upgrade the quality and competitiveness of our employees. Courses are carried out in various ways, including lectures, discussions on individual cases, experience activities and so forth, through which employees could learn more relevant knowledge and put it into practice in later work. Plus, the company offers self-development opportunities for employees, such as personal training outside, language courses and in-service training and allowance.



### PCSC Training Framework (7-11 College)



In terms of requirements towards quality management training, we put more efforts to make improvements, demanding trainers to upgrade their competence. In 2013, we are honored to achieve the silver medal of Taiwan Training Quality System. PCSC is preparing to establish an online digital learning platform, through which various comprehensive e-learning digital courses are provided, so that employees will acquire new knowledge online anytime, anywhere.





### Average Hours of Employees Getting Trained in 2013

Employee Category	Total training hours (hour)	Total number of people	Average hour of training (hour/person)
High level managers	1,237	196	6
Middle-level managerial employees	2,952	422	7
Professional employees	154,498	22,797	7
Technical staff (store staff)	334,495	55,108	6
Total	493,182	78,523	6

### 3. Further Education and Career Development

In PCSC, employees could vary and enrich their educational life anytime through diverse channels of learning which include guidance by their immediate supervisor, knowledge management system, internal and external training courses, lectures and symposiums, online learning, on-site education, in-service further education, physical and digital library.

#### Multi-channel Opportunities for Career Development

PCSC spares no efforts in training and developing employees. We root for them to learn knowledge and upgrade their capacity by improving their personal development plans via training courses, online resources and adviser system. The corporation helps plan individual occupational development and expects that they will have diverse opportunities for future development.

#### Job Rotation

To encourage them to learn and try more, PCSC allows employees to apply for different a post or unit to broaden their horizons and upgrade their professional competence.

#### Overseas Assignment

PCSC provides employees with chances of assignment overseas while expanding the global market. Overseas assignment serves as a platform for employees for them to give full play to their experience and ability. Meanwhile, it can also enrich their international outlook and upgrade the competitiveness of both the company and the employees themselves.

### Training and development of new employees at logistics departments



Signing of contract



Experiential learning at stores



Registration at the headquarters (District branch)



Online courses



Forum for new employees



Training courses for employees at different levels

### Fostering District Advisers-The Most Significant Bridge of Communication between the Head Office and Front Line Employees

District advisers perform the most important communication bridge between the head office and its subordinate stores throughout Taiwan. They help solve various problems found in operation and management of stores by inspecting stores weekly, instructing the latest policies made by the head office to franchise storekeepers and guide them to put those policies into practice. The district adviser combines the roles of detective (discovering problems), doctor (settling problems), partner (encouragement and support), and customer (reflecting the common mentality), and functions in providing timely solutions and suggestions while assisting stores to provide customers with the best service. A good adviser is required to be cultivated in two ways, store experience and logistics experience. New reserve cadres are required to start working in grass root stores, which will lay a solid foundation for their future performance as a good district adviser.

PCSC has built a complete system of talent assessment with talent pools in each level. As for the management of middle-class supervisors, for example, PCSC has established a Talent Assessment Committee. Based on the committee's system, the Department of Human Resources will choose someone competent on the talent list when a department supervisor is needed. He or she will then be recommended directly to the vice-manager level supervisor team and committee, and will not be allowed to take the post until passing the overall vote. In the process of job transferring, employees' intentions are taken into consideration. Meanwhile, PCSC also provide them with complete training and assignment so as to enhance the knowledge and experience of being a supervisor.

In the face of PCSC's continuing expansion and future development strategy, PCSC has launched the first phase project of ELITE which lasted nine months from June 2013. Based on comprehensive indicators assessment, such as the potential, in-service performance and recommendation by the immediate supervisor and so forth, the company will pick out team-level immediate supervisors with prior promotion potentials. The training objectives are required to help train present staff via job rotation and assignment. Only in this way could they complete their required training courses, assignment as well as supervisory guidance, and be competent to do the post of a supervisor. Different from simply giving lectures by trainers, this project stresses learning from others more. According to 721 learning principles, learning at work occupies 70% in terms of curriculum design, learning from supervisors 20% and lectures 10% only. Through a one-to-one feedback, we could be clear of employees' development conditions and give them sufficient encouragement and support in time, so that the goal of training will be fulfilled.



<b>Job Rotation</b>	Job rotation arrangement	Based on the feedbacks on the successors program by each department, the company arranges the talents review conferences on a trans-department basis to arrange job rotation.
<b>Individual Development</b>	Individual Development Program (IDP)	Find the gaps with successful individuals at the desired post through evaluation to serve as the foundation of individual development.
	Task Assignment	The directors assign tasks to realize the link between training and application in order to strengthen the development process.
<b>Team Development</b>	Training Courses	<p>Training resources will be provided based on the capacities and knowledge that the directors lack.</p> <p>★ <b>Improvement of common capacity:</b> implement the business strategies and convert strategies into plan, and assist the department to work out the annual plan.</p> <p>★ <b>Common Knowledge Courses:</b> lectured by the department directors ① financial statement ② human recourse management ③ organization revolution</p>
<b>Training and Advising</b>	One-On-One regular development review	<p>① Develop coach training and planning program</p> <p>② Develop talent through the coach training and review program</p>



## Rewarding System

PCSC provides salaried workers with various rewarding mechanisms, including merit increases, year-end bonus and other kinds of variable bonus. Aside from expressing gratitude towards employees' contribution throughout the year, PCSC encourages them to work harder together for the annual target of the corporation. To praise those who perform brilliantly or make special contributions, PCSC has held the activity to select outstanding employees since 2013, allowing all the workers to have learning examples. This selection is held mainly among vice managers and staff in terms of direct-sale stores; specialists and administrative staff in terms of logistics. In 2013, 23 excellent employees in total were recognized.

We wish that the selection of excellent employees will improve the enterprise culture of PCSC and meanwhile encourage more grass root partners to make precious contributions, and those who work really hard at their post. What's more, this is also an opportunity for all the fellows to communicate and learn from each other, driving the corporation to move forward .

To express our gratitude to the franchise storekeepers for their contributions together with PCSC over the past years, we have specially made brilliant store manager training programs since 1999, selecting excellent store managers from each district every year to grant award. The first 30 managers will be granted the brilliant storekeepers award of PCSC, which makes other ambitious storekeepers and managers compete for the honor on their own initiative. This system has already been a driving force for PCSC to foster outstanding operators. Those who have been selected as brilliant storekeepers will have the prior qualification to be a lecturer and carry the fine experience forward for more storekeepers to learn from.

We have expanded resources to relevant enterprises since 2011 and invited their storekeepers to attend our training curriculum, bringing efficient methods of other competitors' into our own. The act show that people of the same occupation are never enemies, and those of different occupations can learn from each other, which makes the operating philosophy of stores more innovative and free, inspiring employees with more ideas and making employees' experience and ideas more diverse.

In 2013, PCSC specially invited all previous brilliant storekeepers of 7-ELEVEN to give two-day (six classes) lectures on training employees of relevant enterprises, transmitting interview skills, executive strategies for providing good service, differential operations and talent cultivation in excellent storekeepers' competition. In the future, PCSC will conduct lectures for exchanges and interaction between 7-ELEVEN excellent storekeepers and those of our relevant enterprises, expanding the resources of training mechanisms to relevant enterprises overseas so that those corporations will transform and learn from our advanced training system, building a complete training and education platform for grass root cadres of PCSC.





# INDEPENDENT ASSURANCE OPINION STATEMENT

## 2013 President Chain Store Corporation Corporate Social Responsibility Report

The British Standards Institution is independent to President Chain Store Corporation (hereafter referred to as PCSC in this statement) and has no financial interest in the operation of PCSC other than for the assessment and verification of the sustainability statements contained in this report.

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

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

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

### Scope

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

1. The assurance covers the whole report and focus on systems and activities during the 2013 calendar year on the PCSC headquarter and relevant operations in Taiwan, including the energy saving information of the four logistics subsidiaries.
2. The evaluation of the nature and extent of the PCSC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

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

### Opinion Statement

We conclude that the 2013 PCSC CSR Sustainability Report Review provides a fair view of the PCSC programmes and performances during 2013. We believe that the 2013 economic, social and environmental performance indicators are fairly represented.

Our work was carried out by a team of (CSR) report assurers in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that PCSC's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI guidelines were fairly stated.

### Methodology

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

- review of issues raised by external parties that could be relevant to PCSC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers and staff on PCSC's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- 40 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

### Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness as well as the GRI G3.1 guidelines is set out below:

### Inclusivity

This report has reflected a fact that PCSC is seeking the engagement of its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to sustainability. The reporting

systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the PCSC's inclusivity issues; however, the future report could be further enhanced by the following areas:

- Developing the organization-level social responsibility policies enable all employees to understand and follow.

#### **Materiality**

PCSC publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the PCSC's materiality issues; however, the future report could be further enhanced by the following areas:

- Publishing a written guideline for the methodology to identify and prioritize PCSC's material issues to enable all departments to follow continuously.
- Aligning priority to decision of materiality issues with CSR strategy.

#### **Responsiveness**

PCSC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the President Chain Store Corporation is developed and provides the opportunity to further enhance the PCSC's responsiveness to stakeholder concerns. PCSC can timely respond to the stakeholder if the crisis events happened. In our professional opinion the report covers the PCSC's responsiveness issues; however, the future report could be further enhanced by the following areas:

- Encouraging to work towards a Type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.
- Continually develop and update the responsive strategy for stakeholders as a leading role for others, such as corporate website with friendly interaction.

#### **GRI-reporting**

PCSC provided us with their self declaration of compliance within GRI G3.1 Guidelines and the classification to align with application level A+. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI core index are reported, partially reported or omitted. In our professional opinion the self declaration covers the PCSC's social and sustainability issues, however, the future report will be improved by the following areas:

- Providing an infrastructure to systematically collect information for supporting their report including performance indicators.
- Continually focus on the implementation of sustainability procedures and programs along with the newly developed Standards.

#### **Assurance level**

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

#### **Responsibility**

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

#### **Competency and Independence**

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

*For and on behalf of BSI:*



*Peter Pu  
Managing Director BSI Taiwan  
03 December, 2014*

**bsi.**



**AA1000**  
Licensed Assurance Provider  
000-4

Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

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## GRI 3.1 Indicators Index

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
<b>Strategy and Analysis</b>					
1.1	Statement from the most senior decision maker	2-3	Message from the Chairman	Fully	
1.2	Key impacts, risks and opportunities	16-18	1.5 Operations Strategy and Management	Fully	
<b>Organizational Profile</b>					
2.1	Name of the organization	1	About the Report	Fully	
2.2	Primary brands, products, and/or services	11-12	1.2 Our Products and Services	Fully	
2.3	Operational structure of the organization	12-14	1.3 Corporate Governance	Fully	
2.4	Location of headquarters	8-10	1.1 Operation Scale and Background	Fully	
2.5	Countries of operation	1	About the Report	Fully	
2.6	Nature of ownership and legal form	8-10	1.1 Operation Scale and Background	Fully	
2.7	Markets served	1	About the Report	Fully	
2.8	Scale of organization	8-10	1.1 Operation Scale and Background	Fully	
2.9	Significant changes			Fully	There were no significant changes during the reporting period.
2.10	Awards received	15	1.4 Awards and Recognition	Fully	
<b>Report Parameters</b>					
3.1	Reporting period	1	About the Report	Fully	
3.2	Reporting period	1	About the Report	Fully	
3.3	Reporting cycle	1	About the Report	Fully	
3.4	Contact point on the report	1	About the Report	Fully	
3.5	Process for determining content	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
3.6	Boundary of the report	1	About the Report	Fully	
3.7	Limitations on scope or boundary of the report	1	About the Report	Fully	
3.8	Reporting on other entities	1	About the Report	Fully	
3.9	Data measurement techniques	1	About the Report	Fully	Explanations are added to each indicator.
3.10	Explanation of re-statements			Fully	Explanations are added to each indicator.
3.11	Significant changes from previous report			Fully	No significant changes.
3.12	Table on standard disclosures	86-92	GRI Index	Fully	

\*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
3.13	External assurance	84-85	About the Report Third-party Assurance Statement	Fully	
<b>Governance, Commitments, and Engagement</b>					
4.1	Governance Structure	12-14	1.3 Corporate Governance	Fully	
4.2	Indicate if Chair of highest governance body is also executive officer			Fully	The chairman does not hold a concurrent post of CEO.
4.3	Independent and/or non-executive board members	12-14	1.3 Corporate Governance	Fully	
4.4	Mechanisms for stakeholders and employees to provide recommendations or direction to highest governance body	12-14 19-21 76-77	1.3 Corporate Governance 1.6 Communication with Stakeholders and Identification of Significant Issue 5.2 Promotion of Industrial Harmony	Fully	
4.5	Linkage between compensation for members and organizational performance	12-14	1.3 Corporate Governance	Fully	
4.6	Conflicts of interest	12-14	1.3 Corporate Governance	Fully	
4.7	Determining qualifications and expertise of the highest governance body	12-14	1.3 Corporate Governance	Fully	
4.8	Mission and values statements, codes of conduct and policies	4-5 12-14	CSR Vision and Strategies 1.3 Corporate Governance	Fully	
4.9	Procedures for overseeing identification and management of economic, social and environmental performance	4-5 12-14	CSR Vision and Strategies 1.3 Corporate Governance	Fully	
4.10	Processes for evaluating the performance of the highest governance body	12-14	1.3 Corporate Governance	Fully	
4.11	Explanation of whether and how precautionary approach is addressed	17	1.5 Operations Strategy and Management	Fully	
4.12	Externally developed, economic, environmental and social charters or principles	55-62	4.2 Good Neighbor Foundation	Fully	
4.13	Significant memberships in associations and/or advocacy organizations	21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.14	List of stakeholders engaged by organization	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.15	Basis for identification and selection of stakeholders to engage	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.16	Stakeholder engagement approaches	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.17	Key topics and concerns raised through stakeholder engagement and response	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	

\*Core indicator



GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
<b>Economic Performance Indicators</b>					
<b>EC MA</b>	Management Approach EC	16-18	1.5 Operations Strategy and Management	Fully	
<b>*EC1</b>	Direct economic value generated and distributed	8-10 16-18 63-67	1.1 Operation Scale and Background 1.5 Operations Strategy and Management 4.3 Public Welfare: Bridging the Gap between You and PCSC	Fully	Regarding the information on sales revenue, operating costs, employee remunerations, retained earnings and taxes paid, please refer to PCSD's annual report for the year 2013.
<b>*EC2</b>	Financial implications and other risks and opportunities for activities due to climate change	17-18	1.5 Operations Strategy and Management	Fully	
<b>*EC3</b>	Coverage of defined benefit plan obligations	74-75	5.1 Implementation of Employee Care Program	Fully	
<b>*EC4</b>	Significant financial assistance received from government			Fully	There were no significant financial assistance from the government in 2013.
<b>EC5</b>	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	74-75	5.1 Implementation of Employee Care Program	Fully	
<b>*EC6</b>	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	26-30	2.2 Multiple Checks, Safe Quality	Fully	
<b>*EC7</b>	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operations	68-71	5.1 Implementation of Employee Care Program	Fully	
<b>*EC8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	62	4.2 Good Neighbor Foundation	Fully	
<b>EC9</b>	Significant indirect economic impacts.	31-32	2.3 Sustainable Supply Chain Management	Fully	
<b>Environmental Performance Indicators</b>					
<b>EN MA</b>	Management Approach EN	36-53	3. A Good Neighbor Reducing Environmental Impact	Fully	
<b>*EN1</b>	Materials used by weight or volume	26-27	2.2 Multiple Checks, Safe Quality	Partial	
<b>*EN2</b>	Percentage of materials used that are recycled input materials			Fully	N/A
<b>*EN3</b>	Direct energy consumption by primary energy source	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
<b>*EN4</b>	Indirect energy consumption by primary source	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
<b>EN5</b>	Energy saved due to conservation and efficiency improvements	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
<b>EN6</b>	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
<b>*EN8</b>	Total water withdrawal by source	40	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	

\*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
EN9	Significant impact of withdrawal of water to water sources			Fully	The water sources mainly came from Taiwan Water Corporation, not from water supply region with significant impacts.
EN10	Percentage and total volume of water recycled and reused			Fully	There were no such circumstances.
*EN11	Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			Fully	There were no operations in protected areas.
*EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas			Fully	Operations did not have significant influences and impacts on related communities.
EN13	Habitats protected or restored			Fully	There were no such circumstances.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity			Fully	There were no such circumstances.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk			Fully	There were no such circumstances.
*EN16	Total direct and indirect greenhouse gas emissions by weight	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
*EN17	Other relevant indirect greenhouse gas emissions by weight	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
*EN19	Emissions of ozone-depleting substances by weight			Fully	For air-conditioners, refrigerators, freezers and air-conditioning equipment, etc., 2013 R-22 refrigerant fillings were about 10,870 kg for the retail stores and 86 kg for the headquarter. No Halon 1211 or Halon 1301 etc were used.
*EN20	NOX, SOX and other significant air emissions by weight			Fully	We are not in the manufacturing industry, thus there were no air pollutants discharged.
*EN21	Total water discharge by quality and destination			Fully	The procedure of water discharge from the headquarter and retail stores complied with the local authority's standards.
*EN22	Total weight of waste by type and disposal method			Partial	Trash from the headquarter and retail stores were cleaned up by qualified company.
*EN23	Total number and volume of significant spills			Fully	We are not in the manufacturing industry, thus there were no significant polluting spills.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally			Fully	We do not have factories, thus this indicator is not applicable to us.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff			Fully	We do not have this issue.
*EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	50-51	3.3 Green Lifestyle	Fully	

\*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
*EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	36-39	3.1 Taiwan's Large-scale and Continuous Environmental Recycling Platform	Partial	
*EN28	Monetary value of significant fines and total number nonmonetary sanctions for non-compliance with environmental laws and regulations			Fully	There were no violation of environmental regulations in 2013.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	51-53	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN30	Total environmental protection expenditures and investments by type	49-53	3.3 Green Lifestyle	Fully	
<b>Labor Practices and Decent Work</b>					
LA MA	Management Approach LA	68-83	5. A Good Neighbor Creating A Harmonious Working Environment	Fully	
*LA1	Total workforce by employment type, employment contract, gender, and region	68-70	5.1 Implementation of Employee Care Program	Fully	
*LA2	Total number and rate of employee turnover by age group, gender, and region	68-70	5.1 Implementation of Employee Care Program	Fully	
LA3	Benefits provided to full-time employees	74-75	5.1 Implementation of Employee Care Program	Fully	
*LA4	Percentage of employees covered by collective bargaining agreements			Fully	The Company does not have a labor union. We mainly follow the Labor Standards Act.
*LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	77	5.2 Promotion of Industrial Harmony	Fully	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	78-79	5.3 Occupational Safety and Health	Fully	
*LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	78	5.3 Occupational Safety and Health	Fully	
*LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious disease	59-60 71-73	4.2 Good Neighbor Foundation 5.1 Implementation of Employee Care Program	Fully	
LA9	Health and safety topics covered in formal agreements with trade unions			Fully	The Company does not have a labor union. We mainly follow the Labor Standards Act.
*LA10	Average hours of training per year per employee by employee category and gender	79	5.4 Promotion and Reward	Partial	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	74-75 79-82	5.1 Implementation of Employee Care Program 5.4 Promotion and Reward	Fully	
LA12	Percentage of employees receiving regular performance and career development reviews	79-82	5.4 Promotion and Reward	Fully	

\*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
*LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	68-70	5.1 Implementation of Employee Care Program	Fully	
*LA14	Ratio of basic salary of men to women by employee category	74-75	5.1 Implementation of Employee Care Program	Fully	
*LA15	Return to work and retention rates after parental leave	74-75	5.1 Implementation of Employee Care Program	Fully	
<b>Human Right</b>					
HR MA	Management Approach HR	76-77	5.2 Promotion of Industrial Harmony	Fully	
*HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening			Fully	There were no significant investments in 2013.
*HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	31-32	2.3 Sustainable Supply Chain Management	Fully	
*HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	79	5.4 Promotion and Reward	Partial	
*HR4	Total number of incidents of discrimination and actions taken			Fully	There were no discrimination incidents at the headquarter and stores in 2013.
*HR5	Operations identified in which the right to exercise association and collective bargaining may be at significant risk, and actions taken to support these rights	31-32	2.3 Sustainable Supply Chain Management	Fully	
*HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	31-32 76	2.3 Sustainable Supply Chain Management 5.2 Promotion of Industrial Harmony	Fully	
*HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	31-32 76	2.3 Sustainable Supply Chain Management 5.2 Promotion of Industrial Harmony	Fully	
HR8	Security personnel training regarding human rights			Fully	Security guards are sub-contracted by outsourced firm. Compliance of human right related issues are embedded in the outsourced contracts.
HR9	Total number of incidents of violations involving rights of local workforce and actions taken			Fully	There were no related incidents in 2013.
*HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments			Fully	There are no related assessment so far.
*HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	77	5.2 Promotion of Industrial Harmony	Fully	
<b>Society</b>					
SO MA	Management Approach SO	54-67	4. A Good Neighbor Achieving Sustainable Co-existence with the Local Community	Fully	
*SO1	Percentage of operations executing conference with local communities, risk assessment and development plans	54	4.1 Constructing of A Happy Community	Fully	
*SO2	Analysis the risk of corruption by business units	12-14	1.3 Corporate Governance	Fully	All employees are required to sign relevant documents when joining PCSC.
*SO3	Training for anti-corruption			Fully	We have not provide anti-corruption trainings to employees and suppliers.

\*Core indicator



GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
*SO4	Actions taken in response to incidents of corruption			Fully	There were no corruption incidents in 2013.
*SO5	Public policy positions and participation in public policy development and lobbying	55-62	4.2 Good Neighbor Foundation	Fully	
SO6	Financial political contributions.			Fully	The Company remains politically impartial. There were no political contributions.
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes			Fully	There had been no such incidents occurred during the reporting period. In 2011, a fine of NT\$ 16 million was initially charged to PCSC by Fair Trade Commission; however after further investigation, the Supreme Administrative Court discharged the penalty on April 18, 2014.
*SO8	Punishment and monetary fine for incidents against regulations			Fully	In 2013 some retail stores were fined NT\$994,623 for violation of laws.
*SO9	Operations with significant potential or actual negative impacts on local communities			Fully	N/A
*SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities			Fully	N/A
<b>Product Responsibility</b>					
PR MA	Management Approach PR	24-30	2.2 Multiple Checks, Safe Quality		
*PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	24-30	2.2 Multiple Checks, Safe Quality	Partial	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety			Fully	There had been no such incidents occurred in 2013.
*PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	11-12 22-23	1.2 Our Products and Services 2.1 Sustainable, Convenient Lifestyle	Fully	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes			Fully	There had been no such incidents occurred in 2013.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	34	2.4 Thoughtful Services, Always Open	Fully	
*PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	34	2.4 Thoughtful Services, Always Open	Fully	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes			Fully	We have addressed the two incidents occurred on 7-net in 2013 to prevent further misunderstanding.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	35	2.4 Thoughtful Services, Always Open	Fully	There had been no such incidents occurred in 2013.
*PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			Fully	There had been no such incidents occurred in 2013.



2013 PCSC Corporate Social Responsibility Report