



# 2014 PCSC

Corporate Social  
Responsibility Report



## About this report

This is the 6th Corporate Social Responsibility (CSR) Report released by PCSC, and was authored in accordance with the Core of the GRI 4.0 guidelines issued by the Global Report Initiative (GRI). This year's report focuses on "narrowing the rural-urban divide" to demonstrate PCSC's views and practices concerning CSR; it also details our accomplishments in the corporate governance, economic, environmental and social aspects during the course of 2014, as well as our plans for the future. At the same time, we used materiality identification and topic analysis (please refer to the chapter of Stakeholder Engagement) to filter out issues important to PCSC. We hope that by disclosing, communicating, and providing feedback through different channels, it will provide the maximum mutual benefits for all stakeholders and help us realize the goal of being the top retailer.



## Reporting Period, Scope, and Data

This report discloses our CSR-related performance during 2014 (from January 1, 2014, to December 31, 2014). Some of the data refers to our performance prior to 2014. The scope of this report is centered upon the President Chain Store Corporation (PCSC), including corporate headquarters, stores, and lifestyle centers; it also encompasses information on green logistics, as well as energy-saving and carbon reduction initiatives at four affiliated logistics companies including Uni-President Cold-Chain Corp., Wisdom Distribution Service Corp., Retail Support International and President Logistics International Corp. Data from other affiliated enterprises will be progressively incorporated in future reports to provide a complete picture of the PCSC value chain. The financial data in this report are based on publicly available information certified by accountants, and all figures are presented in NTD; other data were sourced from internal audits and statistics. The quantification of greenhouse gases was calculated using the latest carbon emissions factors released by the Environmental Protection Administration and Bureau of Energy in Taiwan.



## Report Authentication

PwC Taiwan was commissioned to conduct independent limited assurance on this report in accordance with the Assurance Standard No. 1 "Assurance Engagement of Examinations or Audits of Non-historical Financial Information" issued by the Accounting Research and Development Foundation. The assurance statement is included in the Appendix.



## Date of Publication

PCSC will release its annual CSR report through the corporate website at <http://www.7-11.com.tw>.

Current Issue: September 2015

Previous Issue: December, 2014



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## Message from the Chairman and President



Chairman of PCSC

**Lo, Chih-Hsien**



President of PCSC

**Chen, Jui-Tang**

From bustling cities to offshore islands, from high mountain tops to seaside villages, 7-ELEVEN stores are common sights throughout Taiwan, and they provide a warm and welcome gathering place in each neighborhood. After 37 years, PCSC continues to develop quality products and introduce innovative marketing campaigns to provide total convenience and become a good neighbor in people's daily lives. We also understand that growing business means growing responsibilities. We have therefore always embraced the philosophy of "sincerity, innovations, and sharing" in order to spread our corporate social responsibility from the "heart", bringing stability and positivity to society.

We are fully aware that the key elements of a successful business come from the choices and trust of stakeholders. With the dedication of all employees and franchisees, the full support of our suppliers and the acceptance of consumers, 7-ELEVEN has surpassed the 5,000-store mark in 2014. This not only paves the way for providing the public with even more convenient services, but also supplies us with the driving force to become the top retailer.

As a key player in Taiwan's convenience store industry, it is essential for us to exert our corporate influence and actively fulfill our corporate social responsibility in order to bring about a sustainable society. We have spared no effort when it comes to corporate governance, social engagement, and environmental protection. We also take part in external assessments to collect feedback and criticism from all external parties. In 2014, we had the honor of being included in the MSCI Global Sustainability Indices, and once again received awards such as the CommonWealth magazine's Benchmark Company and Digital Age magazine's Green Retail Brand. In addition to expressing our appreciation for the support from various sectors, our participation in these awards also helped us identify internal deficiencies for making continuous improvement. To convey PCSC's progress in terms of sustainability to the general public, we are publishing our 6th CSR report this year; it provides not only a regular review of our management performance, but also serves as a tool and media for stakeholder communications.

### Enhancing Corporate Governance in Pursuit of Sustainability

PCSC is committed to building a comprehensive corporate governance framework. In addition to improving our business performance, we have also worked hard to improve the transparency and timeliness of our public disclosure in recent years. In 2014, PCSC received the highest "A++" award in the "11th Information Disclosure Review for Listed Companies", making us the only retailer in Taiwan to receive such award; and at the "1st Corporate Governance Evaluation" conducted this year, we were ranked in the top 5% among all TWSE/GTSM-listed companies. Such recognition from the Taiwan Stock Exchange reflected our investment in corporate governance. In terms of CSR governance, we have escalated the level of the Corporate Social Responsibility Committee to ensure better enforcement of management systems and compliance with external trends and regulatory changes. More sustainability topics are now being re-structured and re-grouped under higher

standards. Apart from an emphasis on cross-department cooperation and systematic management of CSR issues, we also placed ourselves in the stakeholders' position when communicating and responding to topics of concern.

## Earning Consumer Trust through Food Safety

As the last line of defense, ensuring the safety of what consumers eat is our most basic and critical mission. We have therefore continued to refine our food safety management measures and introduced many new initiatives in 2014. Our quality control system includes a Product Safety Committee where different departments work together each quarter to review and consolidate the safety and quality practices for private label products. A "Product Safety Information Collection, Assessment, and Tracking Procedure" has been established as well to identify serious product safety incidents, customer complaints, and government regulations; this helps us examine potential food safety risks during self-reviews. For logistics system and supply chain management, we introduced primary transportation for the first time where rigorous QC and temperature controls measures are enforced between the supplier and the distribution centers to ensure all products remain fresh and safe. We have also set up a supply chain management team independent of the QA Department to step up audits of private label suppliers. The tiered management and exit mechanism prevent high-risk vendors from entering the PCSC supply chain.

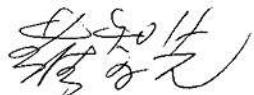
In addition, we set up a quality inspection lab in 2012. We are therefore one of the few retail companies in Taiwan with its own world-class accrediting testing unit. As of 2014, we have a total of 487 standards testing methods on record. Before products are placed on store shelves, our quality inspection lab rigorously sample products and raw materials for any animal drug residue, pesticide, and food additives. We hope that through our layers of checks, a fine safety net can be created to protect consumer rights and interests.

## Creating a Good Neighbor Image with Our Stores

For a long time, we have made our stores the place for people to connect and establish relationships with each other, as well as for community activities organized by the PCSC Good Neighbor Foundation. First launched in 2009, "Good Neighbor Funfests" have been hosted nearly 4,000 times and were attended by more than 460,000 people. In 2014, we officially named our 5000th store located in Neimen District, Kaohsiung the "Good Neighbor Store", as we hope this will represent our brand's role as a good neighbor in the community, bridge the service gap between urban and rural areas, and support local development at the same time. In terms of social care, PCSC offered immediate assistance by offering our resources during emergency rescue efforts after the Kaohsiung gas explosion. We also helped disaster victims with fundraising for rebuilding. "OPEN! Cares health stations" were established in rural hospitals. With exciting music, dancing, and interactive games offered by the OPEN! family to provide encouragement for sick children. More than NT\$1 million in materials and manpower were invested to care for more than 1,200 sick children. We have also made our stores the starting point for promoting environmental protection, as well as energy-saving and carbon reduction. Energy-saving designs are now being considered during the initial planning stages of new stores. Existing stores are also aggressively upgrading to high-performance and energy-saving equipment. In 2014, the amount of electricity consumption per square meter of floor area was down 3.6% compared to 2013; this is a clear indication that we are doing all we can to improve energy efficiency at all stores.

For the coming year, PCSC will continue to embrace our vision of "Friendly 24-hour Service, Happiness is Always Near." We will consolidate the resources of the Group, focus on our core business and hope that even as we pursue innovation and growth, we will also strive to fulfill our corporate social responsibility in our daily operations. What's more, we will leverage the core capabilities of our store operations to do all we can to bridge the gap between Taiwan's rural and urban regions, to build community cohesion, and to help solve social problems such as the aging population and education of disadvantaged children. Our mission is to satisfy all stakeholder expectations and to become the "good neighbor in the community".

Chairman



President



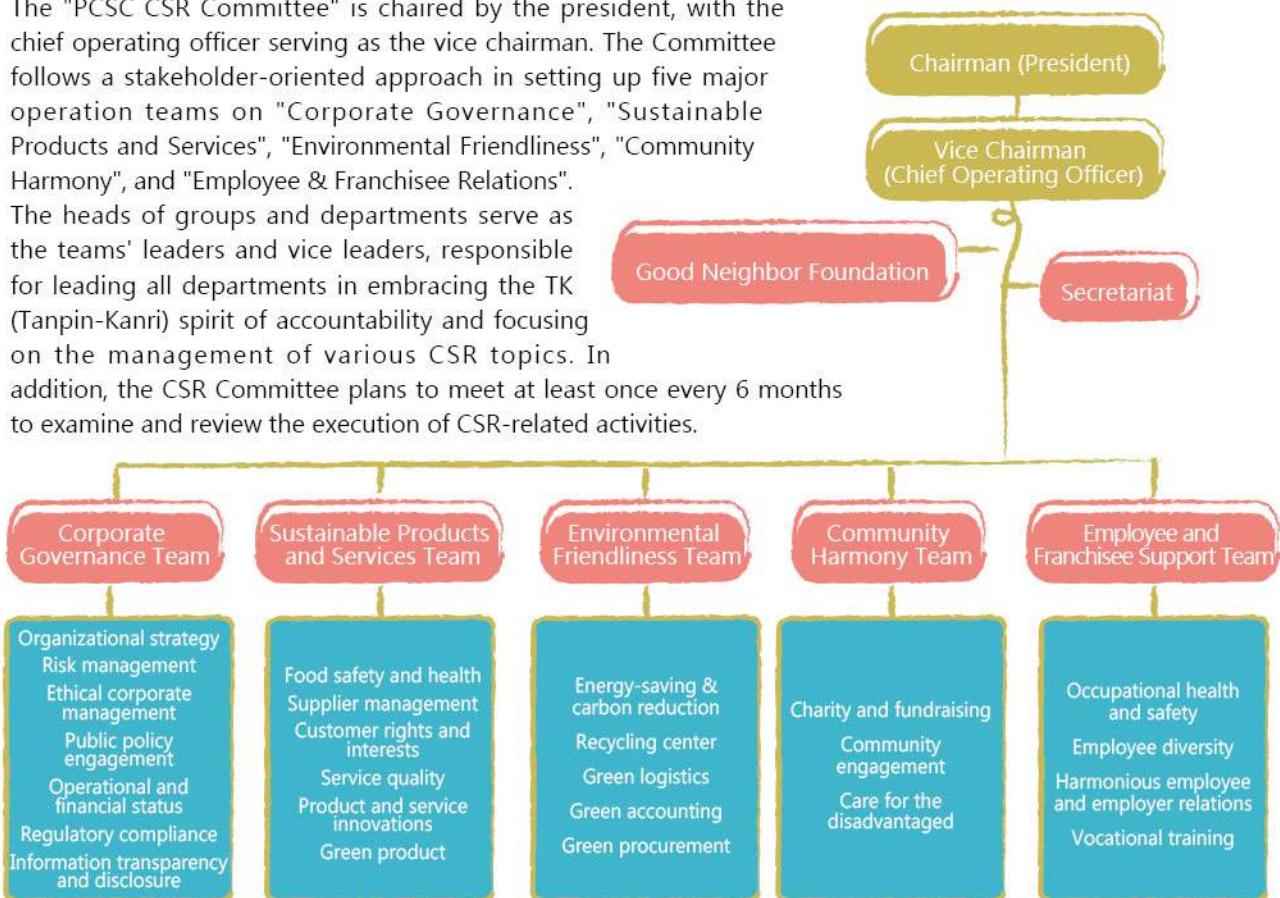
# CSR Organization and Strategy

PCSC has been operating in Taiwan for more than 37 years; we have woven the most extensive convenience lifestyle network for the general public through a wide variety of lifestyle solutions. We see ourselves as a good neighbor and a good partner to the community. Apart from providing the most convenient lifestyle services, we also realize that beyond the pursuit of business growth, we should also exert our influence and actively fulfill our corporate social responsibility. By giving back to all stakeholders and providing them with a pillar of support and stability, we can help the nation build a happy and peaceful society. Due to recent international trends, domestic regulations, and adjustments to our internal organization, the "CSR Committee" was restructured and escalated in March of 2015; not only was its management level raised, it is now headed by the president and is responsible for setting the company's annual CSR targets. We hope this will lead all PCSC employees in the full implementation of CSR policy and actions.

## Organization of the CSR Committee

The "PCSC CSR Committee" is chaired by the president, with the chief operating officer serving as the vice chairman. The Committee follows a stakeholder-oriented approach in setting up five major operation teams on "Corporate Governance", "Sustainable Products and Services", "Environmental Friendliness", "Community Harmony", and "Employee & Franchisee Relations".

The heads of groups and departments serve as the teams' leaders and vice leaders, responsible for leading all departments in embracing the TK (Tanpin-Kanri) spirit of accountability and focusing on the management of various CSR topics. In addition, the CSR Committee plans to meet at least once every 6 months to examine and review the execution of CSR-related activities.



## CSR vision and implementation principles

Since the introduction of CSR, PCSC has incorporated the core CSR ideals into our business targets and distilled them into our CSR vision: "Friendly 24-hour Service, Happiness is Always Near." In 2012, we completed the "CSR Code of Practice" which established the 5 main principles and specific implementation methods in CSR fulfillment in order to create a high-level of consensus from the top-down. As the Taiwan Stock Exchange revised its "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-listed Companies" in 2014, in March of 2015, we updated our "CSR Code of Practice" as well to ensure compliance and to demonstrate PCSC's resolve to promote CSR.

Over the years, PCSC units and stores have incorporated CSR actions into our daily work and services. For example, the Good Neighbor Foundation has developed community services focusing on healthy living, community environmental protection, as well as caring for the disadvantaged and rural regions. Using our stores as a base, we hosted all kinds of community activities to foster a sense of community, bring people happiness, warmth, and trust, as well as spread the concepts of CSR among the local people. For our future CSR strategy, we will continue to strengthen the self-management ability of each department and store. Departments will be required to include CSR into their annual work plan and set up key performance indicators (KPI) on CSR issues. A systematic management mechanism will allow the effective measurement of CSR accomplishments each year and support the sustainable business growth of PCSC.

## The 5 Principles of CSR Vision and Practice

### Sound corporate governance

- Constantly evaluate CSR results and make continuous improvements. The management is responsible for providing supervision while competent units are responsible for its implementation
- All employees should practice a corporate culture of "Sincerity, Innovations, and Sharing" in accordance with the self-regulation agreement
- Business activities must comply with the relevant laws and regulations in order to create an environment for fair competition



### Sustainable Development

- Comply with environmental regulations as well as related international standards and guidelines in order to provide appropriate protection for the natural environment
- Strive to improve the utilization of resources and practice green procurement
- Take ecological impacts into consideration and reduce the environmental impact of business activities such as R&D, production, and services

### Maintaining Social Justice

- Comply with labor laws and protect the legal rights and interests of employees
- Strive to prevent work-related injuries by eliminating risks to employee safety and health
- Create a positive environment for employees' career development and establish an effective professional training plan
- Work with suppliers to improve CSR
- Participate in activities related to community development and education sponsored by non-profit organizations, charities, and local governments in order to promote community development

### Protect the rights and interests of stakeholders

- Respect the rights and interests of stakeholders and respond to the material CSR topics they are concerned about
- Enforce the consumer rights policy by ensuring the quality of products and services
- Respect the privacy of consumers and protect their personal information

### Strengthen CSR disclosure

- Full disclosure of important and reliable CSR-related information
- Report on the progress of CSR implementation including various outcomes of CSR initiatives, topics of concern for stakeholders, as well as the CSR system and its action plans

# 2014 Sustainability Performance



## Corporate Governance and Business Performance

### ■ Business Performance

**NT\$ 131.33 billion**

Up to NT\$131.33 billion in revenue, a 3.41% increase from 2013

**13.07%**

Earnings per share of NT\$8.74, a 13.07% increase from 2013

**5,000 stores**

The number of stores surpassed the 5,000 mark for the first time. The 5000th store was named the "Good Neighbor Store"; its purpose is to bridge the service gap between urban and rural regions

**42 million pieces**

The "Easy Delivery" e-commerce service used by more than 4,000 online stores helped to generate economic growth for many small and medium enterprises, as well as online shopping brands. More than 110,000 people used the Easy Delivery service every day with more than 42 million pieces delivered each year

### ■ Corporate Governance

- ✓ Received from the Taiwan Stock Exchange Corporation & Taipei Exchange the highest "A++" rating in the "11th Information Disclosure Review for Listed Companies"
- ✓ PCSC was selected in the MSCI Global Sustainability Indexes for the first time
- ✓ Ranked in the top 5% of the "1st Corporate Governance Evaluation"



## Environmental Performance

### ■ Energy-saving and carbon reduction

Reduction of **3.6%**

The electricity intensity in 2014 was 1,130 kWh/m<sup>2</sup>, a reduction of 3.6% compared to 2013

**72.1%**

72.1% of our stores have received the highest 3-star Green Convenience Store Class Certification

### ■ Green logistics

**11%**

Began testing hybrid vehicles, based on actual mileage calculations, hybrid vehicles used 11% less fuel than conventional diesel trucks

Reduction of **0.77%**

Apart from freezer and refrigerated trucks, 100% of all other trucks have been equipped with the onboard GPS/GPRS system. In 2014, carbon emission averaged 48.2 kg, down 0.77% from 2013





## Social Performance Indicators

- Community engagement

**1,296** sessions

Hosted 1,296 "Good Neighbor Funfest" events

- Care for the disadvantaged

NT\$ **125.38** million

In 2014, charity donations through ibon reached NT\$125.38 million

Continued from 2013, the New Jiaxian Store drew public attention to topics including rural education and disadvantaged individuals through its in-depth reading campaign and "Bridge over Troubled Water" mini-documentary. In 2014, PCSC worked together with Teach for Taiwan to support the cause by recruiting young outstanding teachers with diverse education and professional backgrounds to teach in remote rural regions with limited resources.

- Employee Care

In 2014, apart from continuing to provide the "Health Management Program" launched in 2013, rehabilitation services were also introduced this year along with the purchasing of automated external defibrillators (AED).

**178.6** hours

A total of 222 care cases (103 cases from stores) were carried out in 2014, involving 178.6 hours of support services. A total of 1,371 hours of support services have been provided as of 2014



## Product Performance Indicators

- Food Safety

- Established the Product Safety Committee to ensure strict monitoring of food safety through the combined efforts of various departments
- Established the Material and Quality Assurance System (MAS) to provide a voluntary raw material traceability up to tier-2 suppliers
- Sold 501.35 tons of fresh vegetables with TAP certification issued by the Council of Agriculture, which accounted for 82% of all fresh vegetables sold



- Sustainable Supply Chain

**93** suppliers

Conduct on-site reviews on food safety, environmental safety, and labor safety for private brand product raw material suppliers and contract manufacturers. A total of 93 suppliers were evaluated

# 1

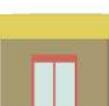
## About President Chain Store Corporation (PCSC)



Net profit after taxes reached NT\$ **9.086** billion in 2014 (Up 13.06% from 2013)



Rate of return on equity in 2014 was **36.16%**



There are **5,040** stores in total by the end of 2014

### 1.1 Company Scale and Background

The "President Chain Store Corporation" was established in 1978 by Uni-President Enterprises Corp. to introduce an organized, spacious, and bright 7-ELEVEN retail chain to Taiwan. The opening of the first "7-ELEVEN Chang-an Store" in 1980 marked the transformation of small grocery stores into miniature supermarkets. For over 30 years, we have continued to innovate and break down the limitations of space and time to provide consumers with the ultimate convenient and excellent services. We have also opened stores in both urban and rural areas. From bustling cities to distant islands, from high mountains to seaside villages, 7-ELEVEN stores are now common sights throughout Taiwan; they not only provide a warm feeling of a popular neighborhood gathering place, but have also helped bridge the gap between cities and the countryside.

Providing the most convenient services has remained our mission throughout all this time. We also strive to fulfill our social responsibility through a corporate culture based on "sincerity, innovations, and sharing." Every 7-ELEVEN employee is encouraged to be passionate about providing services and feel a sense of achievement from the satisfied smiles of customers; this is how PCSC has become Taiwan's No.1 in many different ways. With multiple challenges ahead of us, we know there is still more to do to reinforce the absolute superiority of our brand. We will continue to uphold the spirit of dedication, determination, and persistence in providing consumers with total convenience and groundbreaking new lifestyle trends. At the same time, we will continue to optimize the 7 basic elements of retail, namely people, store, merchandise, systems, logistics, management, and culture. We will focus on our core business and strengthen our foundations with the goal of building a global, diversified business model. We will also leverage our support systems of logistics, intelligence, and administration to create a beautiful and convenient happy space for our customers.

#### ▪ Scale of the Organization



Company name	President Chain Store Corporation
Number of employees	7,843 people
Year established	1978
Chairman	Lo, Chih-Hsien
General Manager	Chen, Jui-Tang
Location of headquarters	2F, No. 65, Dongxing Rd., Xinyi District, Taipei City, Taiwan
Capital	NT\$10.396 billion

(As of December 31, 2014)

## ▪ Significant Milestones

### 1. A Solid Business Foundation

The "President Chain Store Corporation" was officially established after raising NT\$190 million in capital

**1978**



**1983**

Started 24-hour operations

**1997**

Public listing of  
PCSC shares

**2000**

Perpetual  
licensing  
agreement  
signed with  
7-ELEVEN, Inc

**2014**

First time selection for MSCI  
Global Sustainability Indexes,  
and achieved the highest score  
for corporate governance  
among companies within the  
same class

### 2. Expansion of Store Operations

**1980** Opened the first 7-ELEVEN store (Chang-an store)

**1995** Opened the 1,000th 7-ELEVEN store (Chien-chen store)

**1996** Expansion into Yilan, Hualien, and Taitung, marked the completion of an island-wide convenience store network in Taiwan

**1999** Opened the 2,000th 7-ELEVEN store (Yuanjin store); Expanded into Penghu despite the logistics difficulties involved, offshore islands are now the new frontier

**2005** Opened the 4,000th 7-ELEVEN store (Fengchi Lake store)

**2010** Launched larger stores with space for more product diversity, such as a comfortable dining area to attract shoppers. The 7net online shopping portal was also developed to create a virtual 2nd floor for 24/7 shopping

**2014** Opened the 5,000th 7-ELEVEN store (Good Neighbor store)



### 3. Continuous Service Innovations

**2000** Launched E-Service for in-store pickup of purchases from online shops

**2004** Introduced the "icash card" based on the e-wallet concept for in-store purchase to satisfy customers' diversified needs

**2006** Launched the "ibon kiosk"; it offers 8 major functions including ticketing, bill payments, and printing services, serving as a community service center

**2010** Launched the "Easy Delivery" service and became the largest center for online purchases and in-store pick-up services in Taiwan

Launched the "7-Mobile" monthly subscription service targeted at low-volume users, or those who need a second mobile number; this service represented a new form of telecom economy

Launched the 7-SELECT brand for affordable new consumer fashions

**2011** 7-ELEVEN became the first retail channel in Taiwan to introduce e-invoices across the board

**2012** 7-ELEVEN became the largest ticketing platform for public transports in Taiwan. The three major airlines have now signed up with ibon and 90% of domestic airfares can be paid via ibon

**2013** Launched the brand of frozen meals, "7-SELECT Homeal", bringing new business opportunities from individual ready-to-eat to family-sized meals. The fresh food program was also expanded to introduce a fresh fruit & vegetable area to more than 1,000 stores throughout Taiwan; this service has blurred the boundary between industries, created specialty stores, and fully integrated our services into consumer lifestyles

**2014** Formed the subsidiary "icash Corp." as the owner and operator of the "icash" brand. icash 2.0 will officially become the multi-purpose payment tool that can be used across different industries



## ▪ Financial Performance

As the international economy remained unsettled in 2014, domestic issues such as food safety, rising employee wages, and increasing operating costs have put businesses under even more stress. Despite the unpredictable external business environment, PCSC remained committed to our ideal of providing convenient services to consumers and achieved the breakthrough milestone of 5,000 stores. We also moved into the countryside to support local communities. At the same time, with continuous optimization of our product assortment, our 2014 total consolidated revenue and after-tax net earnings reached new record highs of NT\$208 billion and NT\$9.09 billion, respectively. PCSC, as the only retailer in Taiwan being selected, was named as a top 250 global retailers in 2015 by Deloitte.

It is our responsibility to provide investors with a long-term investment value. With profits continuing to grow steadily, our investors are rewarded through a stable dividend policy as well. In 2014, we issued cash dividends of NT\$7 per share, up 16.7% from NT\$6 issued in 2013. To maintain sound communications with investors, during 2014, PCSC attended 6 local/overseas investor conferences organized by brokers; we also took part in 166 one-to-one investor meetings to help investors understand our future business direction and prospects. To safeguard shareholder rights, we introduced e-voting and voting by poll during shareholders' meetings from 2013 onwards.

Corporate transparency helps stakeholders understand our true value. Aside from hosting investor conferences during which we announce our financial data and business prospects, our corporate website now features an investor's area for disclosures on corporate governance, such as the activities and resolutions of the Remuneration Committee, Audit Committee, and the Board of Directors. PCSC received an A++ rating in the Information Disclosure Review conducted by the Securities and Futures Institute in 2014. We also received the "Most Improved" award in terms of corporate governance score from the Asian Corporate Governance Association among Asian countries in 2014. In addition, PCSC was also included in the MSCI Global Sustainability Indexes for the first time in 2014.

**Comparison of financial operating data**

Unit: NT\$100 million



### Stock dividends

- Comparison of basic earnings per share
- Cash dividends

Unit: NT\$



### Rate of return on equity (%)

- Rate of return on equity (%)

Unit: NT\$





## 1.2 Our Products and Services

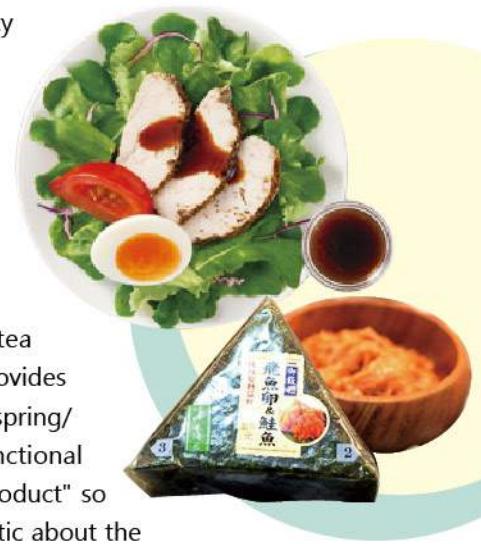
PCSC actively monitors social developments and consumer trends in order to continue developing high-value merchandise and innovative services that satisfy consumer demands. Apart from satisfying customer demands for basic convenience and ensuring the safety of our fresh/fast foods, we strive to deliver excellent and attentive services.

PCSC also aims to become "the most convenient, safe, and happy community service center for customers". Our network covers the entire island of Taiwan, as well as its offshore islands like Penghu, Kinmen, Mazu, Lyudao, and Lanyu. To uphold the corporate philosophy of "where there is customer demand, there is a 7-ELEVEN", we overcame logistical difficulties and expanded stores to remote rural areas and offshore islands. No effort was spared to provide customers with quality lifestyles that are convenient and safe.

### ▪ Convenient and Safe Products

Since we launched our own 7-SELECT brand in 2007, we have continued to adapt to changes in the local environment and looked to international trends in an effort to develop products tailored to domestic needs. In addition to tea beverages and biscuits, we continue to launch new quality merchandise that provides a variety of products for consumers to choose from. The "extra cool shirts" for spring/summer and "thermal shirts" for fall/winter launched every year push for functional improvements; they also cultivate an impression of "fashion" and "boutique product" so consumers can enjoy high quality at fair prices. In addition, we are also optimistic about the market potential of small families, individualization, and an aging society. We therefore continue to leverage business strategies such as "Trusted Quality," "Buy Nearby" and "Right-sized Packaging" to cultivate the green market. We are constantly upgrading our products such as bento, onigiri, and sandwiches to take advantage of the growing trend of dining out. To satisfy the nutritional needs of the general population, we also developed ready-to-eat products such as boiled corn, purple corn, and warm vegetable salad. That is not all. 7-ELEVEN has developed a wide variety of innovative light meal products to satisfy the demands for eating out and vegetarian diets, bringing the freshest and premium fresh food experiences to the consumers in Taiwan.

As part of our strategic alliances and consolidation of group resources, we teamed up with COSMED to launch our private brand "UNIDESIGN" to satisfy the various needs of consumers. The brand is targeted at consumers between ages 20 to 39 who value quality and style in their lives. With the brand concept of "living with quality," we expect to grow into a brand with high CP values based on "high quality," "high added-value," and "differentiation". "UNIDESIGN" stands for "U and I" in consumer interaction to "Design" for a better lifestyle; it symbolizes our hope to create a new quality lifestyle together with consumers. In terms of merchandising, 7-ELEVEN has led the way in managing private brands by integrating domestic/overseas manufacturing and design resources, supplemented by international manufacturing/distribution alliances. By incorporating COSMED's five principles of "having large manufacturing distribution partners, using localized formulas, zero additives for a peace of mind, less is more, and environmental protection", leveraging more than 10 years of experiences in developing private brands, long-term research into consumer product usage habits, reducing costs through integration of Uni-President Enterprises Corp.'s group resources and joint purchasing, and working with handpicked major manufacturers to ensure total quality control, our "UNIDESIGN" products



will provide people in Taiwan with an affordable option. We expect our private brand to become a byword for quality throughout local channels.

Looking forward in 2015, PCSC will continue to develop our fresh food services and expand from ready-to-eat/ready-to-drink to fresh/organic fruits and vegetables. We will also continue to build an ingredient traceability mechanism to track all foods "from the farm to the dining table," as our effort to create a comprehensive food safety net for consumers. PCSC sees the trend of e-commerce and will continue to develop digital application services with our extensive physical channel and well-developed logistics network and cash flow system.

## ■ Convenient and Innovative Services

7-ELEVEN is continuing to weave a close-knit network to provide all kinds of convenient services. Consumers can simply visit a nearby 7-ELEVEN 24-hours a day to satisfy their food, clothing, accommodations, travel, education, and recreational needs. Our mission is to lead new consumer trends and satisfy the needs of the general public. In 2004, PCSC was the first channel to launch an e-wallet service with icash card. Consumers using the card can enjoy the convenience of cashless shopping.

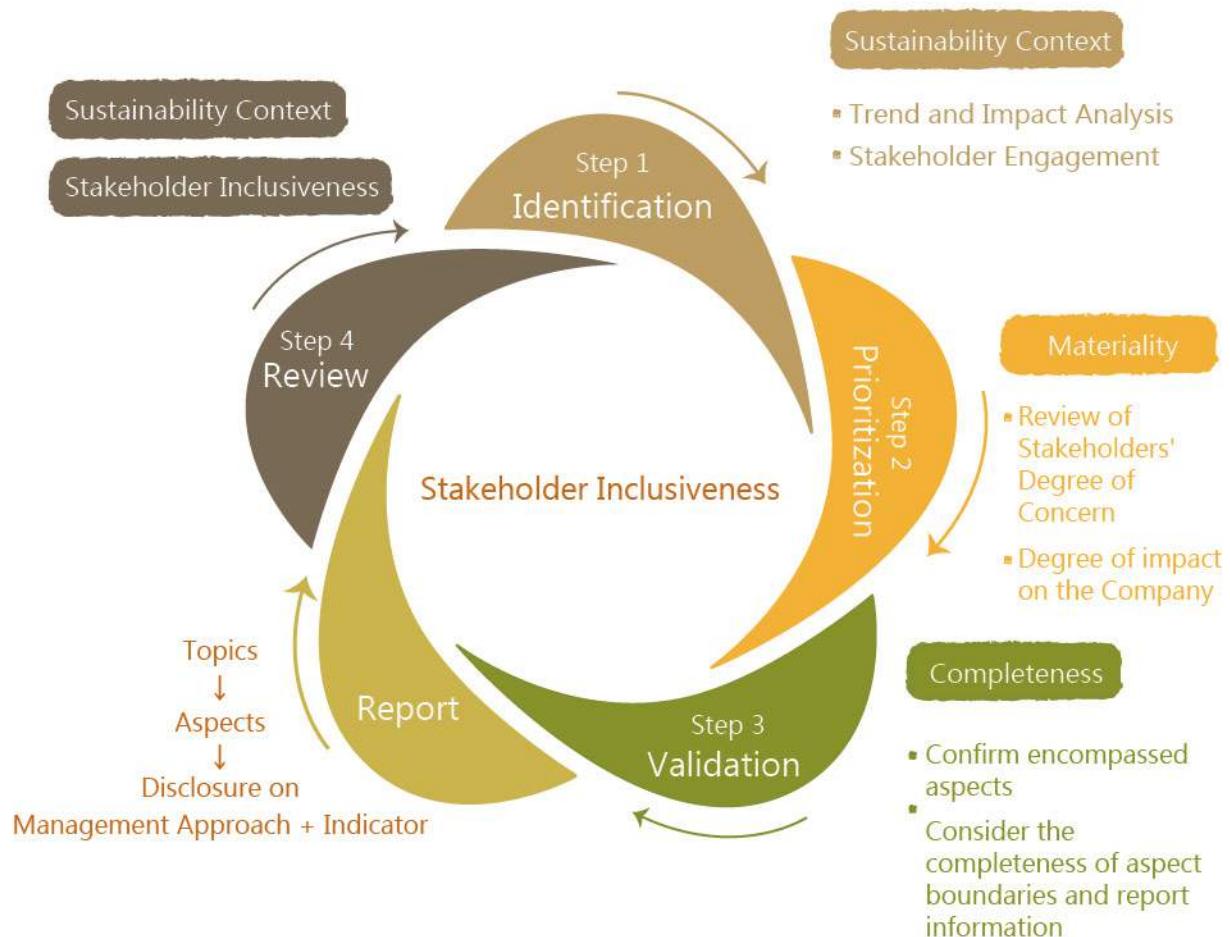
7-ELEVEN introduced bill payment services more than 17 years ago, and our stores now form a national network that collects payments for all kinds of public and private-sector businesses. We make it convenient for people to pay bills and allow the businesses to operate more efficiently. Statistics indicate that our services have become so essential that people in Taiwan now use our bill payment and ibon services more than 22 times a year on average.

With the rise of e-commerce in Taiwan, PCSC is now actively strengthening our digital application services and leveraging our extensive network of stores to provide people with a more convenient e-commerce transaction service. The ibon kiosks and app have now been overhauled with more than 200 vendors, integrated to supply more than 600 convenience services; this allows consumers to enjoy a variety of convenient and time-saving services. In addition, we offer "Easy Delivery" services to provide the general public with 24-hour package pick-up from a nearby store. More than 4,000 online stores have become our service partners and this has helped spur the growth of many small and medium enterprises, as well as online shopping brands. Easy Delivery is now used more than 110,000 times a day on average, with more than 42 million packages sent every year. Today, 7-ELEVEN's friendly shopping environment and package delivery services, such as Easy Delivery, international delivery, convenient return services, pre-order, DVD rental, home delivery, and DHL services, have constructed a comprehensive, always-open logistic network with secure payment and convenient delivery. This provides people and businesses in Taiwan with timely, convenient, and varied selection of delivery options; it has also stimulated the growth of online shopping and enabled the export of quality Taiwanese products to international markets through 7-ELEVEN's logistics network.



## ■ Materiality Assessment Procedures

PCSC communicates with its shareholders through various channels. Issues most important to shareholders are compiled and then assessed based on the principles of sustainability context, level of significance, completeness and stakeholder inclusiveness. The assessment focuses on stakeholders and the material aspects. The process of defining materiality consists of the following:



### Step 1 Identification

Members of the CSR Committee use the aspects listed in the GRI G4 Guidelines as the basis to select the 25 CSR issues critical to PCSC. Industry characteristics, international trends, and competitor developments are all taken into consideration. In 2014, we used the selected CSR issues to construct a survey. The survey was sent to the identified stakeholders only, and 84 responses were received. This survey provided us with a better understanding of what the stakeholders cared for the most, and a chance for us to review whether the CSR actions we took were effective in responding to the stakeholders.

### Step 2 Prioritization

Survey responses received from the stakeholders can be analyzed to determine the degree of concern for each issue. Teams within the CSR Committee also assessed and discussed the economic, environmental, and social impacts of each issue in order to determine their influences on the Company. Finally, degree of concern and



## 1.3 Corporate Governance

Transparency and corporate governance are important to PCSC. Improving business integrity has always been one of our longstanding business goals. The following control measures have been adopted to establish a solid governance system under the Board of Directors, to strengthen our monitoring functions, and to enhance our management:

- 1 Audit Committee members have a clear understanding of the company's operations and auditing processes through quarterly Board of Directors meetings and regular audit reports submitted by the auditing units. Various reports and channels (telephone, fax, e-mail, etc.) can be used to communicate with employees, shareholders and accountants.
- 2 The independence of external auditors is internally assessed every year to ensure they are not PCSC directors, supervisors, or shareholders, nor do they receive compensation from or hold stake in the company.
- 3 Internal controls are in place with periodic compliance checks conducted by internal auditors and reported to the Board of Directors; in addition, to ensure the continued effectiveness of the system design, annual reviews and revisions are undertaken to maintain sound corporate governance and risk management.
- 4 PCSC has made "integrity" the foundation of our company policies, corporate culture, and risk management mechanisms to promote honesty, transparency, and accountability; this in turn strengthens our sustainability management and development. We have defined Guidelines of Corporate Governance Practices and Ethical Corporate Management Principles, as well as internal Ethical Management Reporting to promote "Ethical Management" throughout the Company. All employees are encouraged to sign the self-regulation agreement to promote ethical behavior and practices.
- 5 To ensure high ethical standards in all business transactions and protect the common interest of both parties, an anti-corruption affidavit is now included in business contracts. Should any company employee or supplier request improper benefits, verbal or written notifications must be submitted to the PCSC Audit Office immediately. Apart from enforcing ethical behavior through our "Reward and Punishment Guidelines," we also rotate our business representatives regularly to eliminate the possibility of bribery. In 2013, PCSC legal unit added new clauses on business integrity and prevention against bribery to the standard business contract.
- 6 In 2014, the Audit Office followed the Criteria for Establishment of Internal Control Systems by Public Companies in reporting its execution of the internal audit annual inspection plan (covering 94 items). Each company unit was inspected on their internal controls, financial reporting, and operating efficiency. In terms of sales, for example, the audit unit conducted regular risk assessments on the operating data of each store. Stores were then selected for actual audits (store cash management, fund-raising, and procedures for selling/returning goods, etc.) to ensure the appropriateness of accounting operations.

### ■ Corporate governance framework





### Board of Directors

The PCSC Board consists of 13 directors (including 3 independent directors). The term of office is 3 years, and a list of nominated candidates is submitted to the shareholders for election. The average age of Board of Director members is 59, with one female director. The experience, professional expertise, and salaries of each Board member are disclosed from page 19 to 24 in our 2014 Annual Report. The report can be downloaded from Market Observation Post System or the investors section of our corporate website (<http://www.7-11.com.tw/company/ir/>). According to our "Regulations Governing Procedure for Board of Directors Meetings," if conflict of interest exists for a director or the legal person they represent with a specific matter on the agenda, then the director may state opinions and answer questions, but may not take part in the discussion and voting processes. They should also excuse themselves during the discussion and voting processes and not represent any other director during voting. The Board of Directors meeting must be convened at least 4 times per year, once each quarter, to review the Company's business performance, as well as discuss key development strategies and major investments. Between 2014 and April of 2015 (before the publishing date of the 2014 Annual Report), the Board of Directors met a total of 7 times with an average attendance above 90%.



### Independent Directors

PCSC's independent directors are selected based on a candidate nomination system. Current independent directors are assessed by the Board of Directors on whether they satisfy all criteria, and then forwarded to the shareholders' meeting for appointment. On June 21, 2012, the shareholders' meeting voted on the independent director candidates. The selected independent directors were Wen-yu Wang (professor, College of Law, National Taiwan University), Ming-dao Chen (Institute of Finance, Fu Jen Catholic University), and Pei-ji Hsu (Deputy Dean of College of Management, Fu Jen Catholic University). At a minimum, independent directors must qualify as lecturers at a public/private university in business, legal affairs, finance, accounting, or company operations. When the company is deciding on its strategy, they may leverage their expertise and experience to offer suggestions. The Board of Directors should take the opinions of independent directors into consideration during discussions; they must also comply with the conflict of interest regulations and effectively protect company interests.



### Remuneration Committee

On August 19, 2011, PCSC established a Remuneration Committee in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter"; its mission is to assist the Board of Directors with executing and assessing the Company's overall compensation and welfare policy, as well as the remuneration of directors and managers. The Committee is made up of the three independent directors, with Independent Director Wen-yu Wang serving as the convener. At least two meetings must be conducted each year. Between 2014 and April of 2015 (before the publishing date of the 2014 Annual Report), the Remuneration Committee met a total of 3 times with an average attendance of 100%.



### Audit Committee

On June 21, 2012, PCSC established an Audit Committee in accordance with the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies"; its mission is to assist the Board of Directors with carrying out their supervisory and other duties as set forth in the Company Act, the Securities and Exchange Act, and other related laws. The Committee is made up of the three independent directors, with Independent Director Ming-dao Chen as the convener. At least one meeting must be conducted during each quarter. Between 2014 and April of 2015 (before the publishing date of the 2014 Annual Report), the Audit Committee met a total of 7 times with an average attendance of 100%.



### Corporate Social Responsibility Management

A set of CSR guidelines was previously defined by PCSC. To improve our performance and management of CSR, the operation of the "PCSC CSR Committee" was strengthened in 2015. The president serves as the convener, the COO is the deputy convener, and the committee was divided into five teams as "Corporate Governance," "Sustainable Products and Services," "Environmental Friendliness," "Community Harmony," and "Employee and Franchisee Relations". The teams are responsible for establishing CSR policies and systems, the proposal and execution of related management direction and promotion plans, meeting regularly, and reporting to the Board of Directors.

degree of impact ratings are combined for assessment, which was then used to determine the material issues. In 2014, we identified a total of 9 material issues; these include food safety and health, regulatory compliance, ethical corporate management, customer rights and interests, risk management, occupational safety and health, labor/management relations, green logistics, and energy-conservation/carbon reduction.



### Material Issue Matrix

		Impact on the Company
Stakeholders' Degree of Concern	High	Medium
High	<ul style="list-style-type: none"> <li>► Food safety and health</li> <li>► Regulatory compliance</li> <li>► Ethical corporate management</li> <li>► Customer rights and interests</li> </ul>	
Medium	<ul style="list-style-type: none"> <li>► Green product</li> <li>► Green accounting</li> <li>► Supplier management</li> <li>► Care for the disadvantaged</li> <li>► Employee diversity</li> <li>► Public policy engagement / vocational training</li> <li>► Service quality</li> <li>► Organizational strategy</li> <li>► Information transparency and disclosure</li> <li>► Operational and financial status</li> <li>► Public services and fundraising</li> <li>► Product and service innovations</li> <li>► Community engagement</li> <li>► Green procurement</li> </ul>	<ul style="list-style-type: none"> <li>► Risk management</li> <li>► Occupational health and safety</li> <li>► Harmonious employee and employer relations</li> <li>► Green logistics</li> <li>► Energy-saving and carbon reduction</li> </ul>
Low		<ul style="list-style-type: none"> <li>► Recycling center</li> </ul>

## 1.4 External Recognition

PCSC has long worked to maintain a positive, passionate, and energetic brand image. **We have been recognized as a Benchmark Company and ranked No. 1 in the Gold Medal Service Award by the CommonWealth magazine for 20 consecutive years.** We are honored to gain the appreciation and recognition from society. Major CSR awards received from 2014 to May of 2015 are listed below:



2014



- 👍 **《Forbes》** Ranked 1,846th in Global 2000
- 👍 **《CommonWealth Magazine》** "Benchmark Company in Taiwan" among wholesalers and retailers (1 of only 3 perennial winners for 20 consecutive years); 1st place in the convenience store industry, trans-trade and innovation categories of the Gold Medal Service Award; 17th place in the "large enterprise" division of the "CSR Corporate Citizen Award," and a Top 2,000 company
- 👍 **《Commercial Times》** Gold Medal Service Award in the "Convenience Store" category among Taiwan's service industry
- 👍 **Ministry of the Interior** "Distinction Award" in the "2014 Friendly Building Competition - Restaurant Category"
- 👍 **《Business Next》** 2014 Green Brand Award
- 👍 **《Cheers Magazine》** 2014 Top 100 Favorite Corporations of the New Generation
- 👍 **Taiwan Stock Exchange Corporation & Taipei Exchange**  
Highest "A++" rating in the "11th Information Disclosure Review for Listed Companies"



2015



(as of end of May)

- 👍 **《Cheers Magazine》** 2015 Top 100 Favorite Corporations of the New Generation
- 👍 **《CommonWealth Magazine》** Winner of three Gold Medal Service Awards in the convenience store industry, cross-industry rankings, and the Top Innovator; listed in the Top 2,000 Enterprises in Taiwan
- 👍 **Taiwan Stock Exchange Corporation & Taipei Exchange** Highest "A++" rating in the "12th Information Disclosure Review for Listed Companies"
- 👍 **British Standards Institution (BSI)** AA100 certification and rated as an A+ sustainable enterprise
- 👍 **Deloitte** The only Taiwanese retail company to be included in the 250 largest retailers in the 2015 Global Powers of Retailing
- 👍 **Manager Today** "Grand Prize" in the "retail and wholesale division" of the 2015 Influential Brands
- 👍 **Business Weekly** 1 st place in the "Retail" category of the "Survey of the 100 Most Influential Brands"
- 👍 **Corporate Governance Review** Rated in the top 5% of the first corporate governance review hosted by the Taiwan Stock Exchange Corporation & Taipei Exchange

# 1.5 Operating Strategy and Management

The U.S. economy showed signs of recovery in 2014. A strong U.S. dollar against a weak Yen, Euro, and other types of currencies may lead to the implementation of loose monetary policy in some countries or even an engagement in a devaluation race; this in turn will impact Taiwan's exports and overall economy. Falling international crude oil prices and economic slowdown in China have reinforced the uncertainty of the global economy. In 2014, Taiwan achieved an economic growth of 3.74%, an increase of 2.11% from 2013. In terms of consumer prices, in 2014, the consumer price index grew by 1.2%, a comparably moderate increase.

In terms of store operations, PCSC philosophy focuses on providing customers with a more comfortable and friendly shopping environment. We continue to enlarge store sizes and cultivating store specialties. At the same time, we penetrate into remote rural areas such as Neimen in Kaohsiung and Lanyu in Taitung, in order to fulfill our pledge on bridging the rural and urban divide in services. For food safety, PCSC expands our fresh fruit and vegetable business. By taking control of the entire process including contract farming, producer management and quality testing laboratories, we have constructed an ingredient traceability mechanism "from the farm to the dining table," to create a comprehensive food safety net for consumers.

## ■ Technology and R&D

To understand our customer demands, as well as respond to changing store formats and various formats of competition models, we have continued to integrate many innovative services that improve our overall competitive advantage. We are also involved with reducing our environmental impacts and improving people's lives. In 2014, a total of NT\$144 million was spent on related research and development.

### ibon Kiosk Upgrades

The ibon app was launched to integrate mobile barcode bill payment services for cloud printing, game credit purchases, parking fees, and etc. The 2nd generation ibon features an intuitive touch screen interface that allows people to enjoy its convenient and time-saving services "with a touch of their finger."

### Media and Digital Operations

Introduced the "Digital Experience Store" business model featuring digital billboards, TVs at the sitting areas, and tablets. A mix of software and hardware digitally enhances consumers' shopping experience in the store.

### The Business of Fresh Fruits and Vegetables

Upon observing consumer demands for fresh fruits and vegetables that are easy to carry and consume, we launched a range of personalized fruit selections with different proportions and mix-and-match solutions; this has been extended into new sales methods such as in-store cooking and vacuum-packs, sustaining the continued growth of 7-ELEVEN's fresh fruit and vegetable business.

In the future, PCSC will continue to embrace its mission of "becoming the best retailer, providing the most convenient lifestyle services, and fulfilling our social responsibility". We will do our best to provide consumers with the ultimate convenience, to help franchisees generate steady profits, to establish a fair and friendly workplace for employees, and to create even more value for shareholders. Our aim is to realize the four realms of satisfaction: "customer satisfaction," "partner satisfaction," "shareholder satisfaction" and "society satisfaction."

### Step 3 Validation

Once the material issues were identified, our next step was to determine their internal/external impacts on the Company in order to identify the aspects, boundaries, and the reporting period encompassed by the material issues and ensure key CSR information was fully disclosed in the report

Material Issues	Aspects to consider with respect to GRI G4	Internal		External			Chapter of Issue
		PCSC	Logistics affiliate	Customers	Community	Suppliers	
Food Safety and Health	PR: Customer Health and Safety / Product and Service Labeling	v		v	v	v	2. A Good Neighbor Who is Always There for You
Regulatory compliance	PR: Customer Health and Safety/ Marketing Communications/ Product and Service Labeling/ Regulatory Compliance	v		v	v		2. A Good Neighbor Who is Always There for You
Ethical Corporate Management	Disclosure of general standards	v		v		v	1. About President Chain Store Corporation (PCSC)
Customer rights and interests	PR: Customer privacy	v		v			2. A Good Neighbor Who is Always There for You
Risk Management	Disclosure of general standards	v					1. About President Chain Store Corporation (PCSC)
Occupational health and safety	LA: Occupational health and safety	v					5. A Good Neighbor Who Creates a Friendly Workplace
Harmonious employee and employer relations	LA: Labor Practices Grievance Mechanisms/ Non-discrimination/ Freedom of Association and Collective Bargaining/ Child Labor/ Forced or Compulsory Labor/ Assessment/ Human Rights Grievance Mechanisms	v					5. A Good Neighbor Who Creates a Friendly Workplace
Green Logistics	EN: Transportation	v	v		v		3. A Good Neighbor Who Cares for the Environment
Energy-saving and carbon reduction	EN: Energy	v	v		v		3. A Good Neighbor Who Cares for the Environment

◆ Note: Logistics affiliates are Uni-President Cold Chain Corp., Wisdom Distribution Service Corp., Retail Support International, and President Logistics International Corp.



## ▪ Risk Management

PCSC strives to maintain a comprehensive risk management system that encompasses risks to the entire organization and its subsidiaries. The Board of Directors, managers at all levels, and employees all work together to promote proper risk management. In addition to obeying relevant regulations, with respect to the potential risks we may face during various business activities, PCSC proactively identifies, analyzes, measures, monitors, responds, reports, and improves based on the nature of the risk and its level of significance. This ensures that the company can realize its strategic goals while effectively managing potential risks. The primary risk management organization as well as the units for conducting risk management are as follow:

Risk type	Implementation of risk management	Accountable unit
Strategic operational risks	Each business unit and subsidiary is responsible for the preliminary planning and risk assessment of any new investments or operational decisions. The President's Office conducts periodic analysis of related indicators. Through the quarterly "PCSC and Affiliated Enterprise Networking Event" and periodic themed investment projects, PCSC can engage in the tracking and analysis of operational performance to ensure that each business entity's business strategies satisfy its operating target and business vision	President's Office
Financial, liquidity, and credit risks	The Company's Finance Office has defined various strategies, procedures, and indicators in accordance with laws, policies, and market changes. We regularly analyze and assess changes in related risks and take appropriate response measures to reduce the overall potential risks to the Company.	Finance Office
Market Risk	Each business unit analyzes and assesses major government policies, laws, and technological advancements in Taiwan and overseas. Appropriate responses are taken to reduce future potential business risks. We have also established a cross-division Regulation Identification Team. "Regulation Identification Meetings" are also held regularly to keep track of the latest regulatory changes so that necessary measures can be taken. Department heads have formed "Crisis Response Teams" to effectively control and deal with potential or existing market risks/threats.	Each business unit/Regulation Identification Team/Crisis Response Team
Through risk assessments and regulatory reviews, the Audit Office establishes an annual audit plan and self-inspection procedures/methods. The execution of the audit plan and self-inspections serve to constantly monitor the potential risks mentioned above and regularly report their findings to the Board of Directors.		

## ▪ Climate Change Risk Analysis and Adaptations

During the execution of risk management activities as a part of CSR, PCSC realizes that the increasing severity of global disasters due to climate change has forced national governments to pass mandatory laws on each industry's climate-change related activities; these regulations have become major challenges for businesses. Although no mandatory laws governing the retail industry has been passed in Taiwan, PCSC is a benchmark enterprise whose business is closely intertwined with people's everyday lives. We therefore have an obligation to manage and identify climate change issues and risks. To this end, PCSC has adopted the GHG Protocol as the standard for GHG inventories since 2005; this is used to manage risks associated with GHG emissions and look for suitable reduction opportunities. We hope that strategies such as energy-saving measures, equipment performance improvements, and additional employee trainings at the headquarters and in each store will allow us to transform into a low-carbon enterprise of the future.

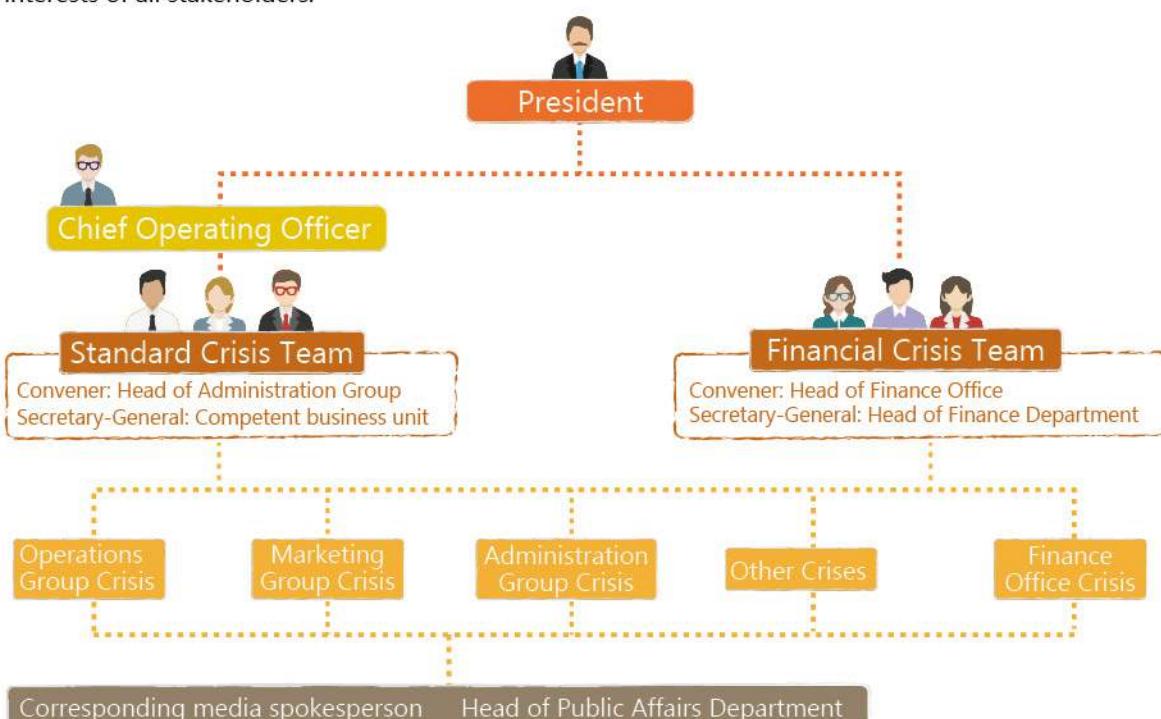


## ■ Crisis Response Management

A crisis can strike as quickly and as suddenly as lightning. To raise crisis awareness at PCSC, we have set up the cross-departmental "Crisis Management Team" in 2013. "Crisis management" training was conducted at our headquarters in April of 2014 to highlight the prevention, handling, and resolution policies of the Company when faced with a crisis. More than 100 managers and employees participated in the event.

We also referred to the Crisis Handling Principles of Uni-President Enterprises Corp. to compile the 3rd edition of the "Crisis Management Manual," officially published on February 14, 2014. The head of the Administration Group serves as the convener to ensure consistency in actions taken. The head of the unit responsible for the crisis then serves as the secretary-general to guide the actions of each unit. The role of media spokesman is served by the head of Public Affairs Department. The new version of the manual was improved upon and updated using the Crisis Handling Principles from our parent company, Uni-President Enterprises Corp. as a reference. As PCSC reinforces the importance of "accountability" and "independence", the manual puts more emphasis on the organization of crisis task forces, roles and inter-unit horizontal communication mechanisms. To help the responsible unit quickly receive proper guidance during a crisis, the new edition also categorized the different kinds of crisis such as abnormal product quality issue and false advertising; these were then divided by unit types into five major categories: Operations Group Crisis, Marketing Group Crisis, Finance Office Crisis, Administration Group Crisis, and Other Crises.

Crisis management is more than just "dealing with the media"; it involves approach adjustment based on the actual situation. "Honesty" is the core objective when communicating with all employees, customers, news media, and the general public; this helps to strengthen internal morale and also win the trust of others from outside the company. To make the new manual more practical, we invited the heads of each unit to review the content and perform practical drills. After much consideration, key indicator items such as "food safety" handling procedures were established, and these response measures were used for random training and promoting crisis awareness. When faced with risks, we will be able to respond in time and turn crisis into opportunities, which also reduces the impacts of the crisis on company operations and revenue while protecting the interests of all stakeholders.





## Step 4 Review

Once the report has been compiled, various teams from the CSR Committee conducted a final inspection and review to ensure that the CSR information and accomplishments were not improperly or incorrectly expressed. The results of materiality identification and stakeholders' feedback will also serve as an important reference for next year's report.

### ■ Participation in External Organizations

PCSC actively participates in industry association events. Through periodic or aperiodic meetings held by each industry association, members communicate with each other regularly to enhance cooperation and networking between peers. We promote industry cooperation through different associations and alliances to foster communication between members to support the sustainable development of the industry.

#### External Organization Membership

Taiwan Events Association	Audit Bureau of Circulations
Marketing Communications Executives International	The Business Council for Sustainable Development of Taiwan
Taipei City Department Stores and Commercial Association	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



## 1.6 Stakeholder Communications and Material Issues

PCSC stakeholders include investors, suppliers, customers, employees, franchisees, charities, government organizations, and local communities. We are held accountable to our stakeholders, so we use a variety of methods and channels to learn about their requirements and expectations of PCSC. The methods and channels of communication for stakeholders are described below.

### ■ Table of communication channels between PCSC and its stakeholders

Stakeholders	Issues of Concern	Communication Channel
	<ul style="list-style-type: none"> <li>» Corporate Governance</li> <li>» Risk Management</li> <li>» Operational and financial status</li> <li>» Dividend Policy</li> </ul>	<ul style="list-style-type: none"> <li>» Annual shareholders' meeting</li> <li>» Periodic publication of financial statements/ annual reports</li> <li>» Information Disclosure through the official website</li> <li>» Legal person conference</li> <li>» TSE Market Observation Post System website</li> <li>» Answer questions from investors and analysts via phone or e-mail</li> </ul>
	<ul style="list-style-type: none"> <li>» Green Procurement</li> <li>» Green Product</li> <li>» Supplier Management</li> <li>» Local purchase</li> </ul>	<ul style="list-style-type: none"> <li>» Periodic suppliers' friendly association</li> <li>» Periodic suppliers' conference</li> <li>» Counseling/Audit Management</li> </ul>
	<ul style="list-style-type: none"> <li>» Product health and safety</li> <li>» Product and service innovations</li> <li>» Service quality</li> <li>» Customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>» Customer Service Center</li> <li>» Satisfaction survey</li> </ul>
	<ul style="list-style-type: none"> <li>» Workplace health and safety</li> <li>» Labor/management relations</li> <li>» Training development and education</li> <li>» Employee diversity and equality</li> </ul>	<ul style="list-style-type: none"> <li>» Periodic employer-employee meetings</li> <li>» Staff Welfare Committee</li> <li>» Employee complaints e-mail box</li> <li>» Internal proposal system</li> <li>» Happiness Co-operative Society</li> </ul>
	<ul style="list-style-type: none"> <li>» Training development and education</li> <li>» Workplace health and safety</li> <li>» Product and service innovations</li> <li>» Marketing Communication</li> </ul>	<ul style="list-style-type: none"> <li>» Dedicated franchising website</li> <li>» Weekly visit by operation field consultant</li> <li>» Periodic monthly publications</li> <li>» Franchisee discussion forum</li> <li>» Satisfaction survey</li> </ul>
	<ul style="list-style-type: none"> <li>» Community care</li> <li>» Public services and fundraising</li> </ul>	<ul style="list-style-type: none"> <li>» Annual CSR report</li> <li>» Response to social activities / advocacies</li> <li>» Good Neighbor Foundation</li> <li>» Quarterly charity fundraising of Finding Love Back</li> <li>» Fund-raising proposal/ Review meeting</li> </ul>
	<ul style="list-style-type: none"> <li>» Product health and safety</li> <li>» Regulatory compliance</li> <li>» Public policy engagement</li> </ul>	<ul style="list-style-type: none"> <li>» Periodic compliance inspections</li> <li>» Promote in accordance with relevant policies</li> </ul>
	<ul style="list-style-type: none"> <li>» Energy-saving and carbon reduction</li> <li>» Community care</li> <li>» Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>» Good Neighbor Funfest</li> <li>» Annual CSR report</li> <li>» Customer Service Center</li> </ul>

## ▪ Establishing an internal monitoring mechanism for product safety

To encourage and enlist the company employees' help with ensuring product safety, we have established the "Proprietary Products Safety Assurance Guidelines" in 2014, and announced its implementation in April of 2015. If any of our back-office personnel, store personnel, or franchise owners have any concerns regarding the advertising, labeling, and ingredients used in any PCSC-developed food and non-food products, or feel that there is any conflict with the law, they may report the matter to the PCSC Audit Office by phone, letter, or e-mail. Absolute protection and high incentives are provided to the whistle-blower based on the level of risk. If verified to be true by the Product Safety Committee, monetary rewards up to NT\$5 million will be awarded.

Product safety incident risk classification table

Risk level	Description	Examples
Level 1	Addition of prohibited ingredients and additives that has been inspected by third parties and confirmed to pose an immediate danger to human health after short-term use (consumption)	Addition of melamine to "baby formula"
Level 2	Addition of prohibited ingredients and additives that has been inspected by third parties and confirmed to pose danger to human health after long-term use (consumption)	Addition of maleic acid to "oden"
Level 3	Excessive use of a legal ingredient; or apply to an inappropriate product; or falsified ingredients	Addition of copper chlorophyll to "oil products"
Level 4	False or incomplete labeling and advertising	"Peach Tea" contains no peach and only spices
Other	Does not fall under any of the four levels described above, but is of contributive nature or should be considered	Certain "City Cafe" stores did not provide red/yellow/green labels to indicate caffeine content

## A Good Neighbor Who is Always There for You



### Product Safety Committee

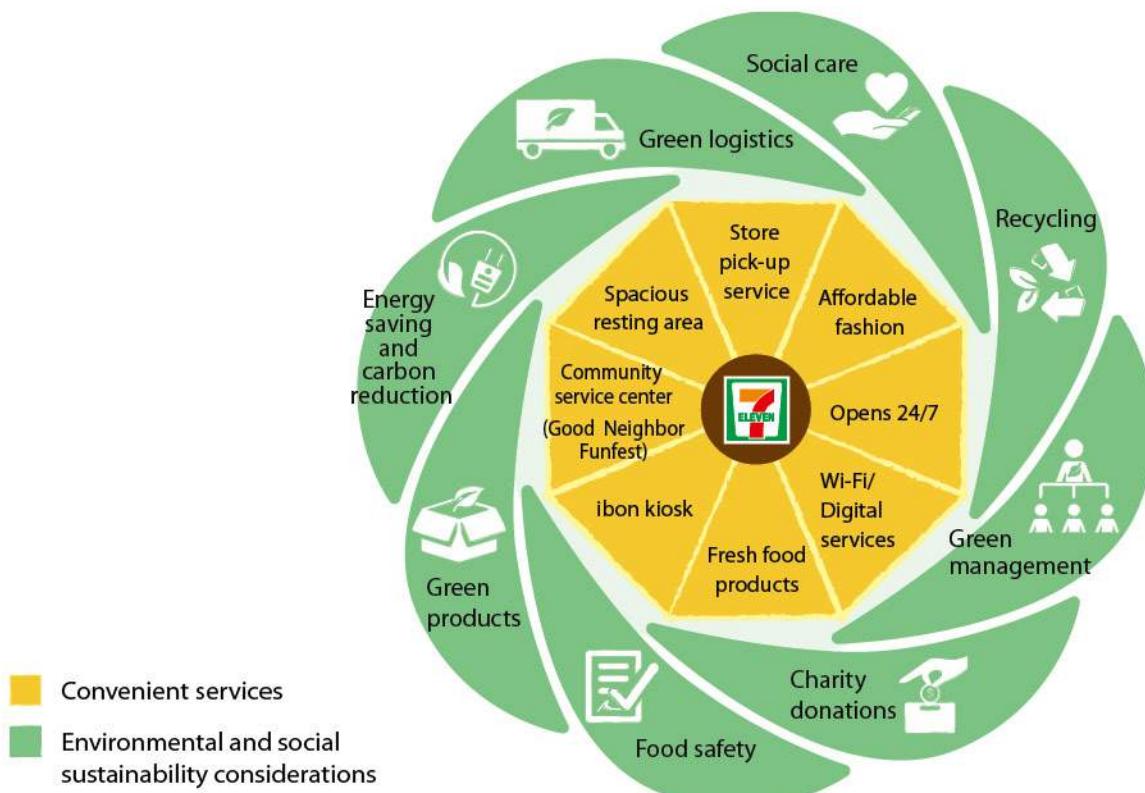
was established in 2014 to enforce strict monitoring of food safety



Material and Quality Assurance System (**MAS**) was established in 2015 to voluntarily trace raw materials of products.

### 2.1 A Convenient and Sustainable Lifestyle

**S**ince the 1970s, PCSC has played the role of a good neighbor in the community. Similar to grocery stores, we became a place where people can shop, relax, and socialize. As time changes, convenience stores have become one of the most distinctive features in Taiwan. In recent years, to provide consumers with convenient products and services, we have worked actively to expand store sizes and strengthen our food service strategy. Leveraging the competitive advantage of diversified lifestyle proposal and ICT equipment (such as the ibon kiosk), PCSC has created the most convenient shopping space for the general public. At the same time, it is also our responsibility to create a convenient and sustainable lifestyle for consumers.





About President Chain  
Store Corporation (PCSC)



A Good Neighbor Who  
is Always There for You



A Good Neighbor Who  
Cares for the Environment



A Good Neighbor Who is Involved  
with the Local Community



A Good Neighbor Who Creates  
a Friendly Workplace

To continue meeting the needs of consumers, we have upgraded many convenience and sustainable products or services in 2014. Key initiatives are listed below:

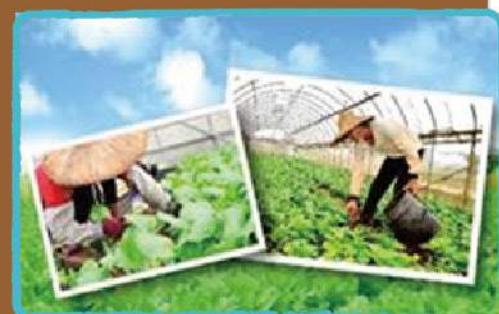
**Upgraded the ibon app to build a paperless bill payment platform**

In response to the widespread use of smartphones, a new feature of "mobile bill barcode" was added to the ibon app. Consumers can now simply scan the barcode with the ibon app installed on their mobile phone to make payments at our stores without printing out their bills. Such paperless bill payment platform is not only smart and convenient, but also environmentally friendly.



**Organic vegetable boxes to provide balanced and healthy foods to three major consumer groups and to support local economy**

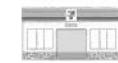
Considering the current social trends of an aging society, declining birth rates, and nuclear families, three distinct major consumer groups were formed: "senior citizens", "LOHAS families", and "young children". Fruit and vegetable portions were then tailored to the nutritional needs of each group. By partnering with organic vendors, we have developed exclusive organic vegetable boxes, which not only provide consumers with safe, high-quality fresh fruits and vegetables, but also support local farmers and help build a sustainable economy.



**Launched the private brand "UNIDESIGN" which focuses on high quality at fair prices**

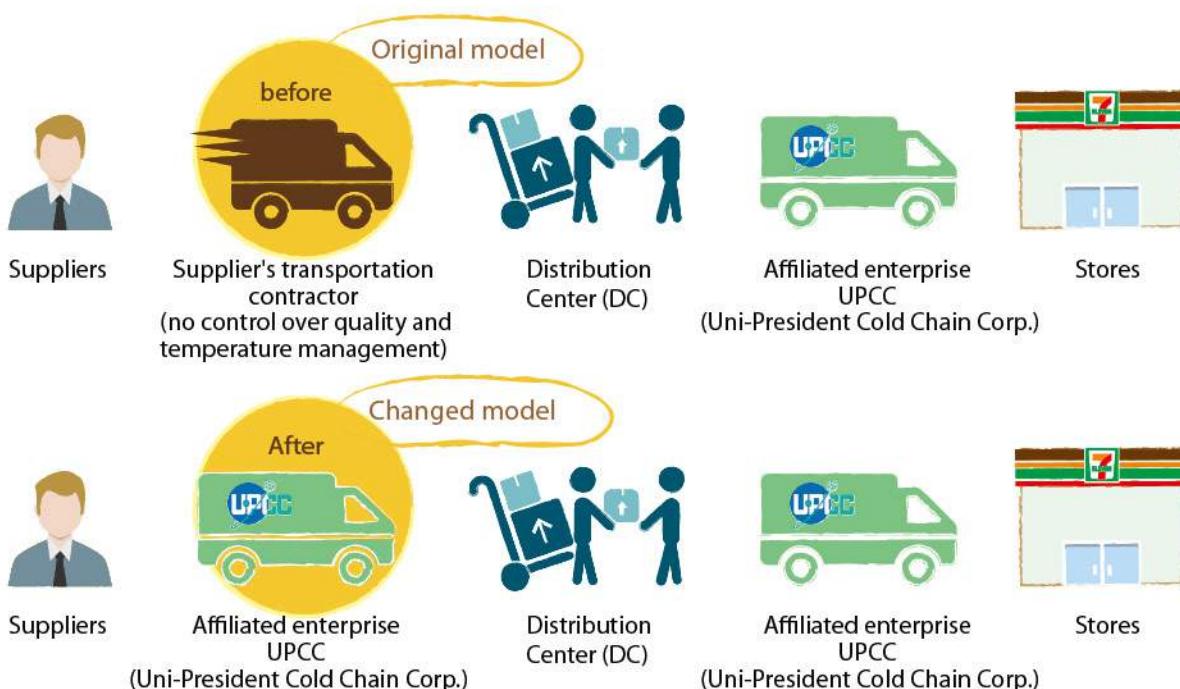
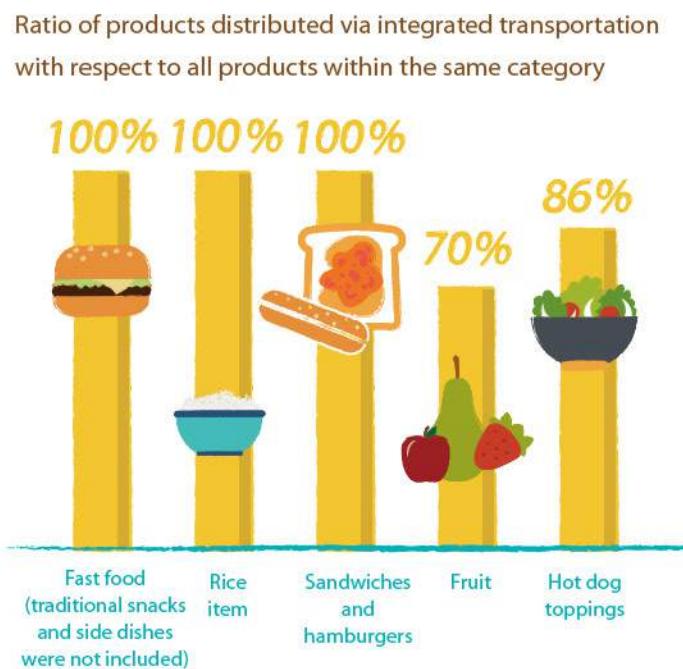
PCSC leveraged our group synergies and formed a cross-channel partnership with COSMED to develop the new private brand "UNIDESIGN". The new brand focuses on "high quality", "high added value" and "differentiation". Green design is also incorporated into the brand wherever possible. For example, the "UNIDESIGN" cotton swabs are made from eco-friendly materials and the swab stems are made from biodegradable paper. The goal is to provide consumers with affordable and high-quality products.





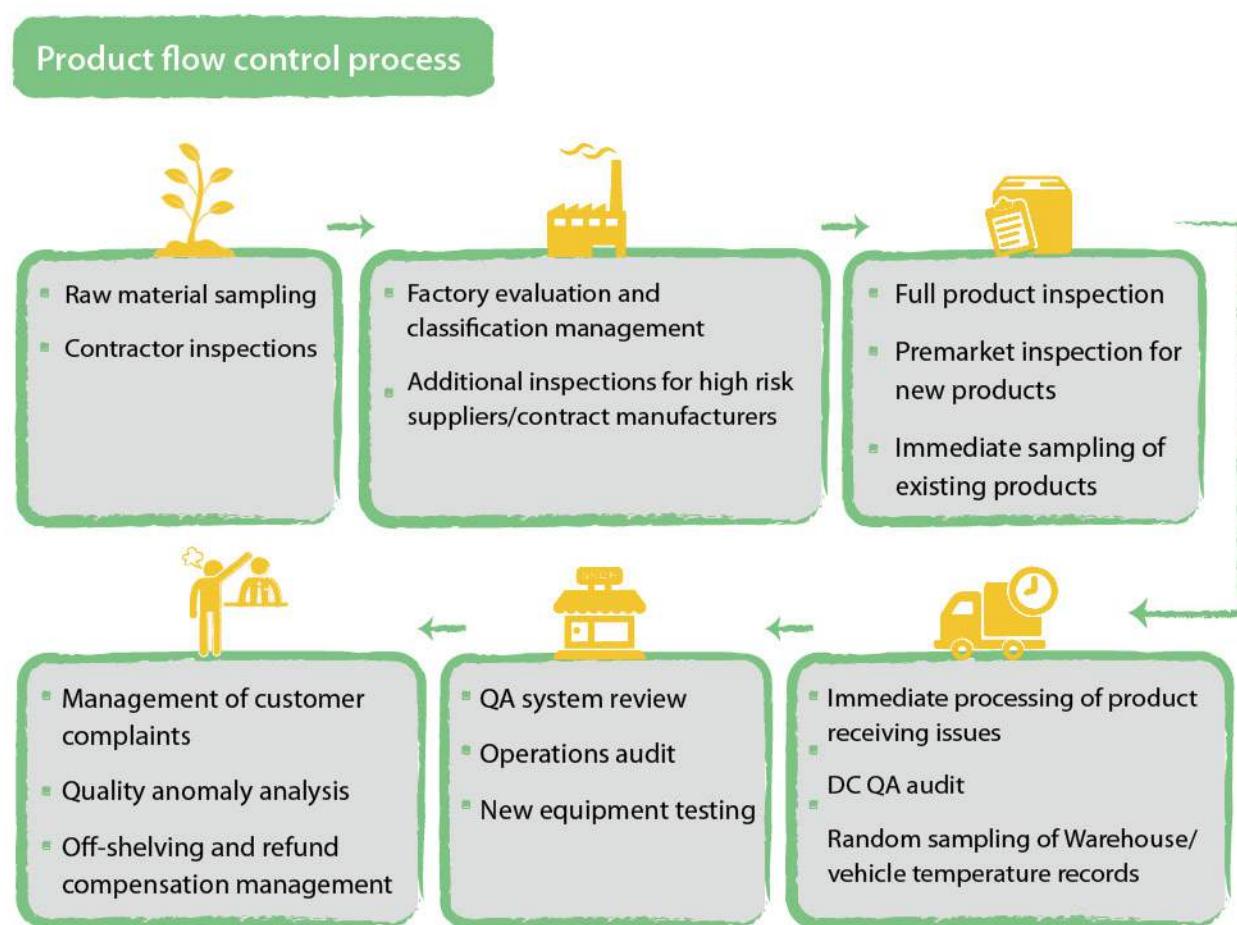
## ▪ Introduction of upstream supply chain integration to manage distribution logistics

Having control over temperature, personnel, and cleanliness during the logistics process is another key component of product quality. Due to the increasing emphasis on food safety, we changed our transportation model to achieve effective quality control at the source by introducing upstream supply chain integration to manage distribution logistics. Under the original logistics model, transportation from the supplier to the distribution center (DC) was handled by the supplier. The temperature was verified only upon arrival at the DC. This gap made effective temperature control impossible for the entire trip. Through transportation integration, we extended the strict quality control processes between the DC and the store to the supplier-end as well; this effectively ensured food safety and quality control throughout the entire process. The introduction of transportation integration not only achieved the anticipated quality control benefits, but also facilitated joint distribution to reduce the total number of trips made per day and help reduce carbon emissions and transportation costs. At the same time, unified specification of empty crates enhanced overall efficiency and improved cleanliness of empty crates. According to the contract regarding transportation integration signed by logistics companies and suppliers, by the end of 2014, categories covered 100% by integrated transportation included fast food (traditional snacks and side dishes were not included), rice products, sandwiches and hamburgers. Categories of fruits and hot dog toppings were partially covered. More categories will be added in the future as appropriate.

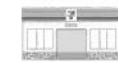


## 2.2 Strict Enforcement of Product Safety

As one of PCSC's core values for sustainable development, we are committed to provide consumers with safe and trustworthy products. To strengthen product management, the QA Team under the Logistics Department was promoted to become the QA Department in 2011, reporting directly to the COO. The three primary functions of the QA Department are risk management, verification/auditing, and quality inspection. Strict policies and controls are enforced starting from raw materials, factory production, distribution, stores, to consumers. We are also in full compliance with the relevant regulations to ensure product safety that meets consumers' expectations. In 2014, there were no fines issued due to violations of food safety and health-related regulations.



In recent years, with many instances of food safety scandals both in Taiwan and internationally, PCSC has launched a series of improvements on the food safety QA system in 2014, including the establishment of the Product Safety Committee, internal supervision mechanism for product safety, introduction of upstream supply chain integration, and upgrade of the Food Inspection Lab's testing capabilities. We also drafted medium and long-term directions for making improvements and corresponding business strategies in order to weave a comprehensive safety net.



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## Medium and long-term directions for implementing food safety improvements and corresponding strategies

### Directions for improvement

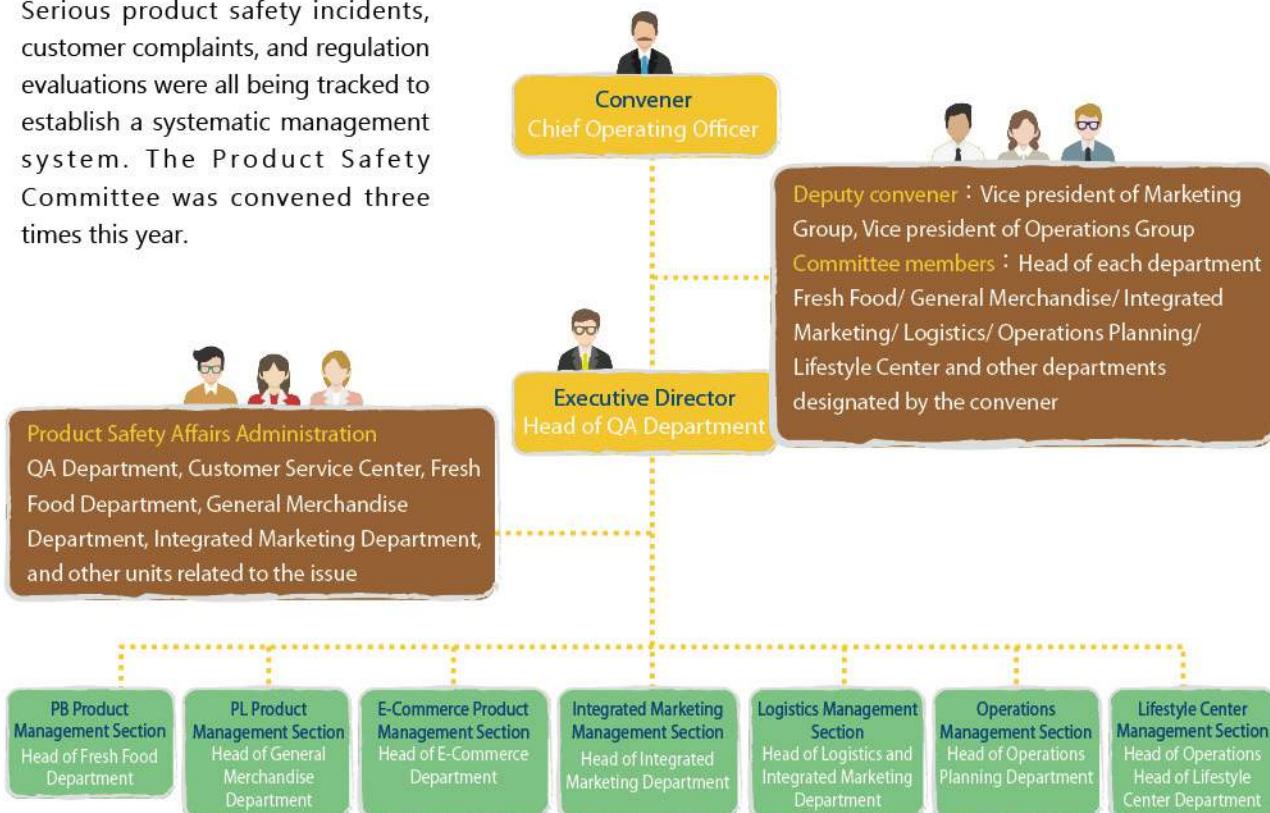
- Strengthen food safety traceability management for domestic and international supply chains and expand to related business functions
- Establish a PCSC farm-to-store supply chain food safety management mechanism in response to the growing consumer awareness of food safety issues
- Cultivate professional experts in food safety management and implement food safety management throughout the supply chain
- Leverage group resources to integrate and share supply chain management information, and establish a safe food ingredient supply circle

### Corresponding business strategies

- Establish raw material and supplier databases for traceability management; enforce on-site inspections and assessments of overseas contract manufacturers and key material suppliers.
- Conduct ISO22000 chief auditor education and training to cultivate PCSC's own internal factory inspection personnel, reducing the proportion of outsourced assessments and enhancing the quality of supplier management
- Strengthen the classification management of suppliers/contract manufacturers and establish the withdraw mechanism in order to make effective use of food safety human resources
- Expand voluntary testing of high-risk food safety factors (e.g. agro-pesticides, veterinary drugs, and additives) to improve our internal food safety monitoring capabilities and reduce risks

In addition, we believe there may be food safety problems hidden within management activities of each department. Every department should therefore consciously conduct self-inspections and identify potential food safety risks. In 2014, we officially established the "Product Safety Committee" with detailed regulations of the organization of the committee and its operations. Through the Product Safety Committee, we reviewed and integrated the management of safety and quality towards proprietary products<sup>1</sup> practiced by all PCSC units.

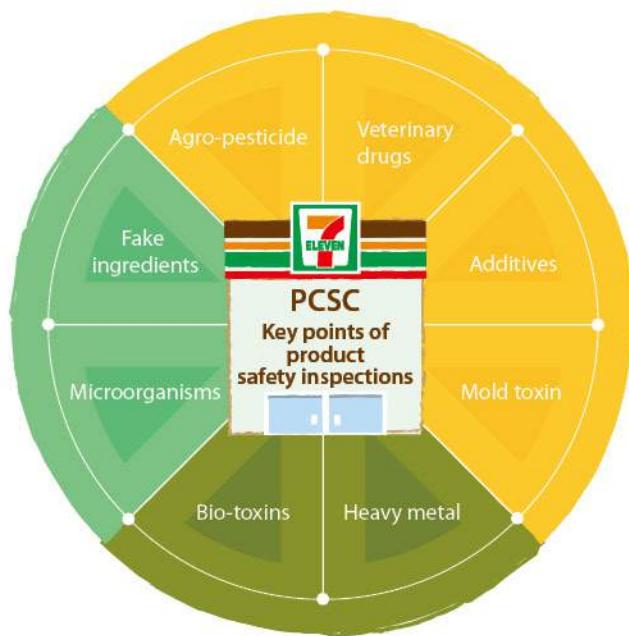
Serious product safety incidents, customer complaints, and regulation evaluations were all being tracked to establish a systematic management system. The Product Safety Committee was convened three times this year.



<sup>1</sup>Proprietary products include those under private brands and private labels. Private brand products are exclusive products mass produced under contract or developed in cooperation with other manufacturers, such as onigiri and oden. Private label products are private brand products designed by ourselves.

## ■ "Food Inspection Lab", a Firewall for Food Safety

To PCSC, establishing food sanitation standards that surpass the statutory requirements is a basic requirement. We set up the "Food Inspection Lab" in 2012 to improve our food safety management. In the last few years, we not only continued to purchase more sophisticated testing equipment, but also recruited professionals from inspection companies, government health agencies, and pharmaceutical companies. Every possible effort has been made to use their food expertise and knowledge to improve our safety inspection capabilities and fulfill consumer expectations. For existing products, as well as new products before they are placed on the shelves, we conduct rigorous testing for veterinary drug residue, agro-pesticide residue, food additives, biological toxins, traces of heavy metal, mold toxins, microorganisms, and fake ingredients. In terms of inspection capability, we not only conduct government-specified inspections, but also focus on non-standard inspection items. We actively search items not deemed dangerous by the government, and study objects of concern in order to develop practical inspection methods. By taking the lead in proposing recommended controls and defining inspection standards, we can continue to improve our quality control standards and minimize food safety risks. By the end of 2014, the Food Inspection Lab has already established 124 inspection items listed by the government in accordance with the inspection methods published by the Food and Drug Administration of the Ministry of Health and Welfare. By the end of 2014, the Food Inspection Lab has established 11 non-standard inspection items based on foreign regulations or methods adopted in international publications. In terms of non-standard inspection items, our goal is to keep adding 10 to 20 each year.

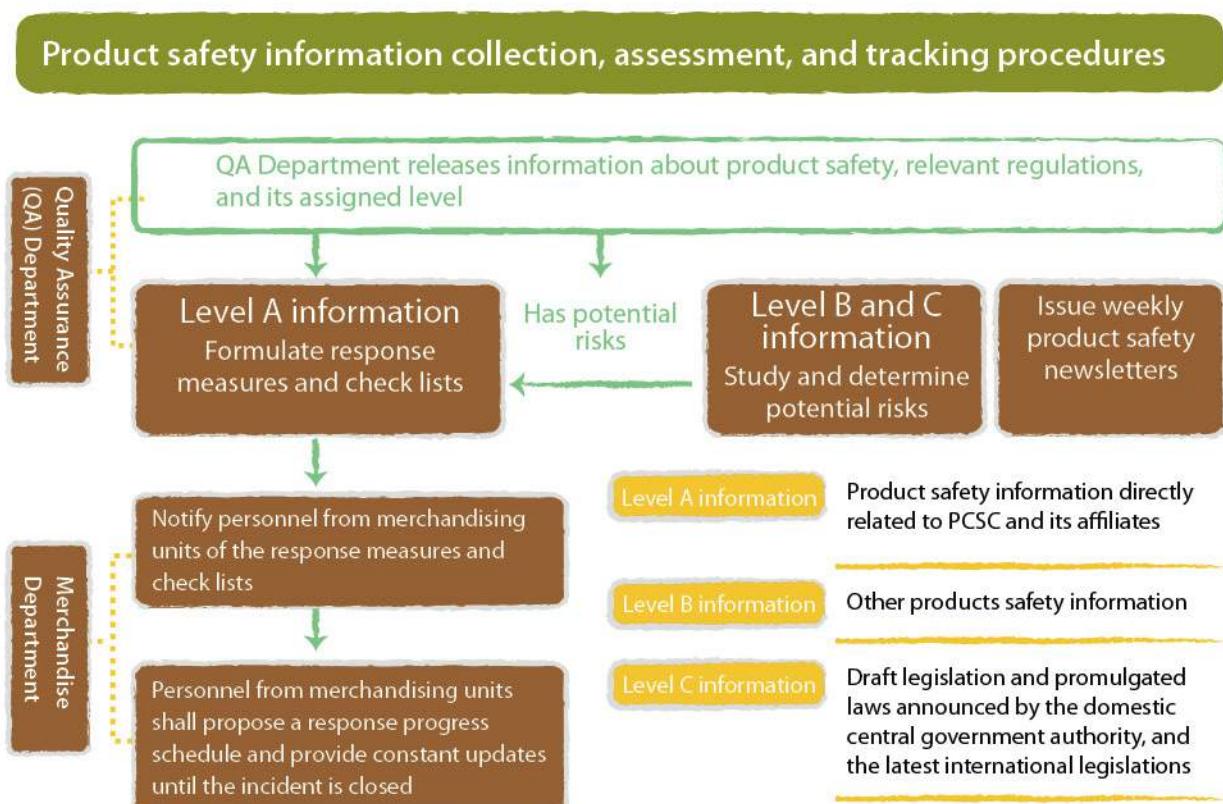


pesticides, and food additives. In terms of the practice of inspections, in 2014, laboratory expenses totaled NT\$17,694,000, which accounted for 0.0135% of the individual operating revenue. As for the inspection of raw material sources/additives and store product inspections, a total of 809 raw materials or products were sampled based on their relative risks in 2014. These raw materials and products were inspected for agro-pesticides, veterinary drugs, additives, mold toxins, or micro-organisms depending on their characteristics. According to government and internal company standards, inspection results showed that 781 raw materials or products passed the inspection, a 97% pass rate. The majority of non-conforming raw materials or products were exposed to cross-contamination during manufacturing or storage by the supplier. Deadlines for corrective action were issued, or requested were made to take their products off the shelves as a precaution; these products will only be put up for sale again when their safety has been confirmed.

To enhance the credibility of inspection, the Food Inspection Lab has strived for being certified by Taiwan Accreditation Foundation (TAF) and Food and Drug Administration (TFDA) of its inspection items so we can become a professional, credible, and accredited laboratory that is capable of issuing certifications. PCSC is one of the few retail companies in Taiwan to have its own world-class inspection and certification units; this fully demonstrates PCSC's commitment to quality control in building a comprehensive food safety net. Our Food Inspection Lab is ISO/IEC 17025:2005 certified. We have also received TAF and TFDA accreditations for 11 inspection items by the end of 2014. In the future, we aim to achieve additional 1 to 2 accreditations per year by focusing on pathogens, veterinary drugs, agro-

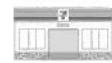
## ■ Collection, assessment, and tracking of product safety information

Preventing food safety risks have always been PCSC's top priority. For identifying product risks, we have established the internal "Product Safety Information Collection, Assessment, and Tracking Procedures" to not only collect related product safety information, but also conduct further assessment and tracking; this ensures the safety of all proprietary and non-proprietary products. In 2014, we collected a total of 1,134 entries of levels A, B, and C info. A total of 19 "Level A" info was tracked and executed, including the suspected use of stock feed oil in place of cooking oil, trace amounts of emulsifiers in foods with plastic packaging, and starch not meeting CAS standards. We have checked all products that may be affected and established concrete response measures for case clarification or investigation. The tracking of all cases have been completed.

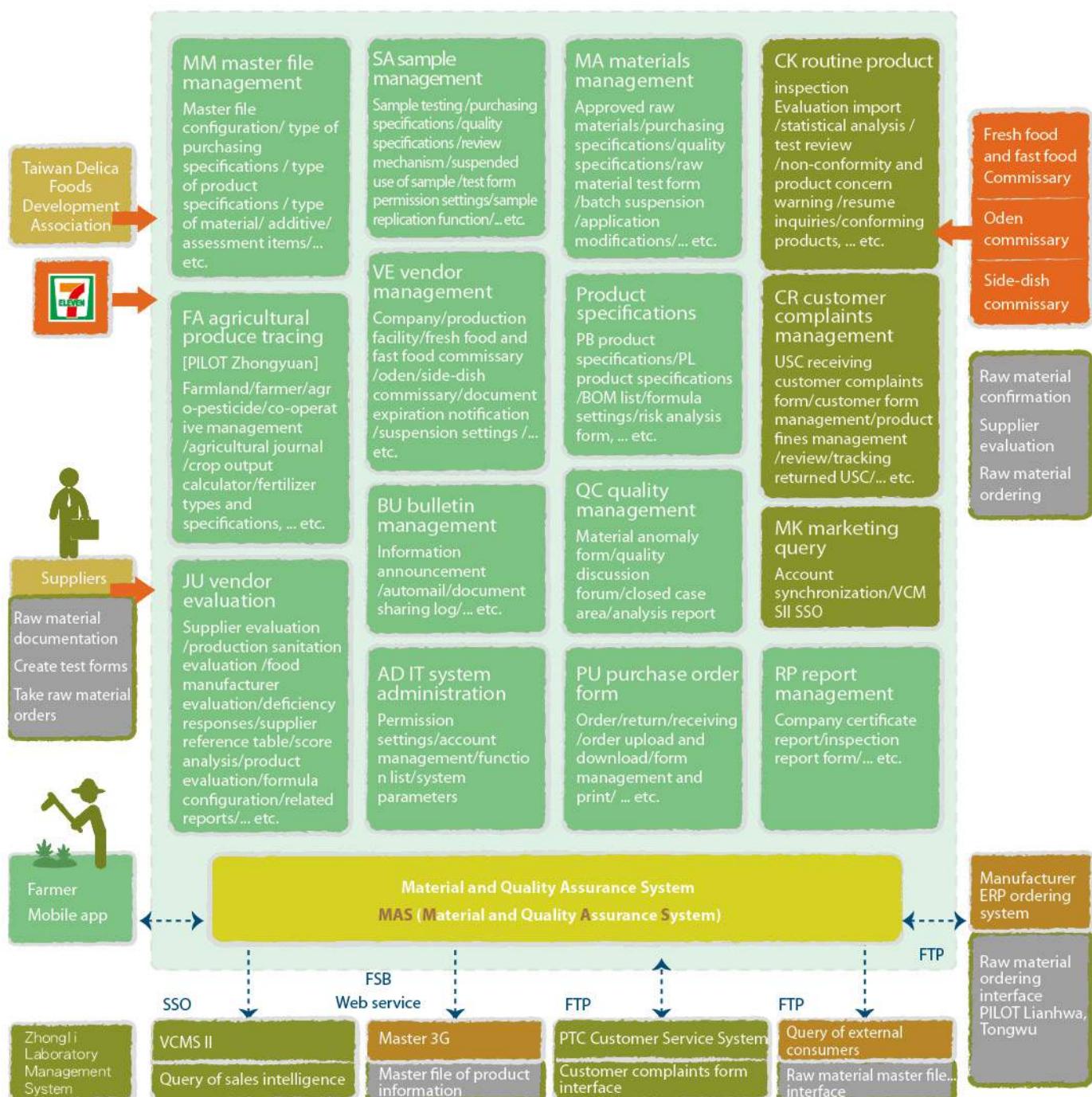


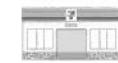
## Establishing the Material and Quality Assurance System (MAS)

After the occurrence of several major food safety incidents in recent years, the government has devoted significant effort to food safety controls and introduced many response measures. In addition to heavier penalties and sanctions, a number of compulsory traceability measures have also been initiated. While PCSC has not yet been required by law to establish a product traceability system, we spontaneously set up the Material and Quality Assurance System (MAS) to strengthen our own product traceability capabilities. MAS uses material and supplier databases for traceability management with the goal of tracking agricultural raw materials to their originating farm, and additives to their original formulas. When a food safety incident occurs, MAS records can be used to retrieve the raw material purchasing records and its supplier. The supplier's shipping records can then be traced back to other affected materials and products. Starting in 2015, joint purchased raw materials under fresh/fast food categories approved by the Taiwan Delica Foods Development Association (TDF) have been successively incorporated into MAS. Raw materials can now be traced two levels back to the upstream suppliers. In the future, we will extend traceability to upstream suppliers back to the third level in the supply chain.

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MAS also combines our existing supply chain document management functions including material management, product specifications, and supplier evaluations. Online management has now replaced traditional paper records. The centralized management of electronic files and servers enable users from each department to query, maintain, and implement this system at the same time; this ensures proper monitoring of all raw materials used. In the future, the system will be linked to the system of customer service center. Any customer complaints relating to food safety can be processed immediately by connecting to MAS.



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## Inspection items certified by TAF and TFDA by the end of 2014

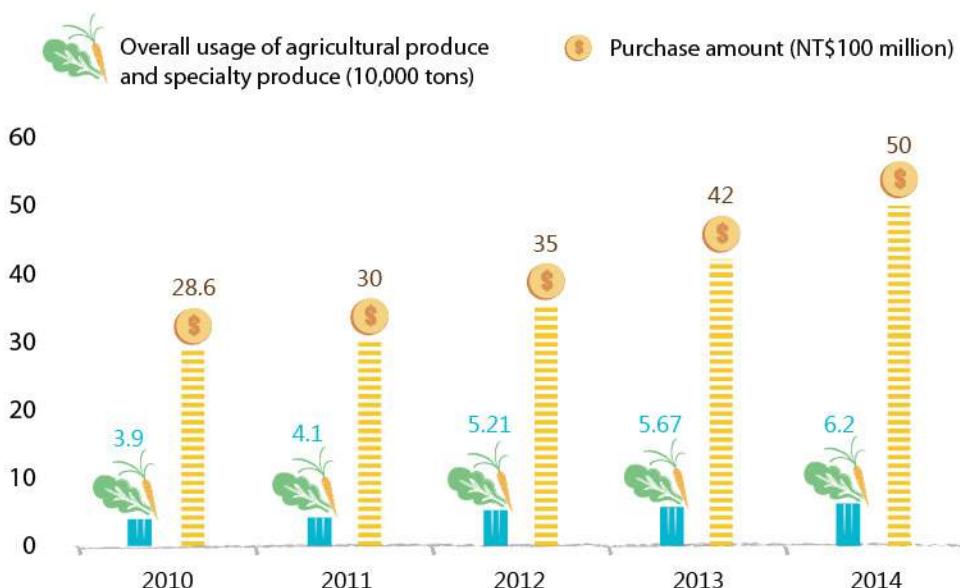
Certification unit	Certified Item
Taiwan Accreditation Foundation (TAF)	3 items related to microorganisms
Taiwan Food and Drug Administration (TFDA)	Veterinary drugs: 4 items related to nitrofuran metabolites 4 items related to microorganisms

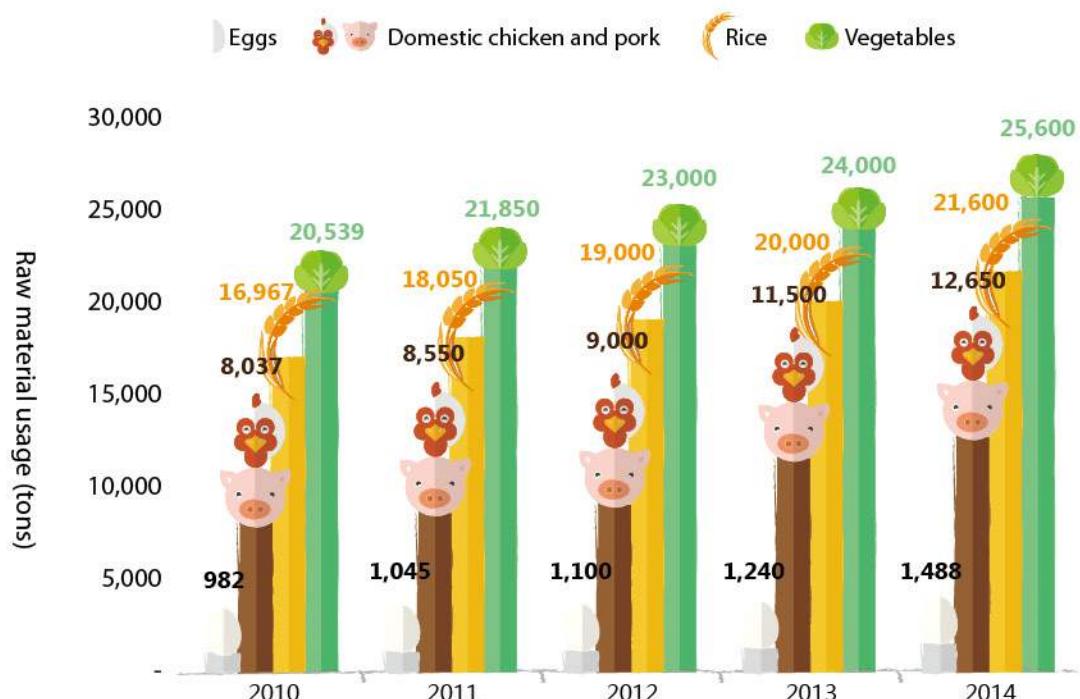
## 2.3 Sustainable Supply Chain Management

Under the big store strategy, PCSC is actively developing a full range of fresh food lifestyle solutions. Our food and beverage sales have been growing in recent years. To provide consumers with trusted, safe, and sanitary products, we apply strict standards to raw material sources, suppliers, logistics, and store management to very strict standards.

### ▪ Establishing agricultural product traceability system and "production resume" at the farm

PCSC has launched the "New Agriculture in Taiwan" concept in 2012, by having all products under the brand "Sunshine Farm" including vegetables, sandwiches, salads, fruits, and beverages made only with high-quality, local agricultural produce. We also established a vegetable traceability mechanism and production resume in cooperation with more than 1,000 farmers and over 200 contract growers in Taiwan. In 2014, 62,000 tons of agricultural produce were used by our commissary. Total purchasing amounted to NT\$5 billion, an increase of 19% compared to 2013. By working together, we have created Taiwan's largest fresh food industry.





To uphold our commitment to food safety, we have accelerated the expansion of our safe fruit and vegetable program. In 2013, we introduced co-operative source management for fruits in addition to vegetables, meats, and rice. This is a part of our continued effort to strengthen source management through the three monitoring modes: "contract grower management, on-site management, and whole process control." In order to allow high-quality, high-value ingredients to be seen, as well as eaten, and to let consumers purchase fresh food products without fear, we have acquired Traceable Agricultural Products (TAP) certification from the Council of Agriculture for fresh vegetables sold through our stores, such as lettuce, spoon cabbage, greenhouse tomatoes, water spinach, sweet corn, etc. In 2014, we ordered fresh vegetables valued at NT\$66,361,000 from TAP-certified growers; these accounted for 59% of all fresh vegetable ordered.



### **Adjustment of allergen labeling principles:**

The Food Safety and Health Management Act requires foods sold in containers/packages that may cause an allergic reaction in people with certain allergies, to display mandatory or recommended warnings about the allergic substance. The warning should be displayed prominently on the container or exterior of the packaging.

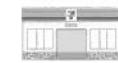
 <b>6 types</b>	<ul style="list-style-type: none"> <li>✓ Shrimp and shrimp-related products</li> <li>✓ Crab and crab-related products</li> <li>✓ Mango and mango-related products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Peanut and peanut-related products</li> <li>✓ Milk and milk-related products (Lactitol extracted from milk is exempted)</li> <li>✓ Egg and egg-related products</li> </ul>	
 <b>9 types</b>	<ul style="list-style-type: none"> <li>✓ Goat milk</li> <li>✓ Fish</li> <li>✓ Cephalopods (e.g. squid)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Shellfish</li> <li>✓ Nuts and seeds</li> <li>✓ Grains with gluten (e.g. oatmeal, wheat)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Soybean (e.g. soy protein, does not include soybean oil or phytosterol)</li> <li>✓ Kiwi products</li> <li>✓ Sulfite and sulfur dioxide residue (&gt;10 ppm, e.g. sultanas, jams)</li> </ul>

## **2.4 Warm Services, Always Open**

By offering more and more diversified services, maintaining a consistent level of service quality in every store is the key fundamental. In 2012, we made a new start from the "heart" and strengthened the service quality of our frontline staff. We used the three key words: "Quality"; "Service"; and "Cleanliness" (QSC) to reinventing high quality service. We focused on the basics such as product quality, staff attitude, and store cleanliness. Most importantly, we must remind ourselves to continue improving our standard of service, because this is also the basic corporate social responsibility of PCSC as a member of the retail service industry.

At the same time, we continued to update our "Quality Service SOP Manual" based on the accumulated experiences. We have also produced quality service videos to promote the QSC concept. We hope that through the combination of text and graphics, our store partners can better understand the meaning of service, and internalize quality service as a basic working principle. Apart from the above, we are also using the internal publication "Operations Online" to encourage interaction among our partners and consumers, by promoting examples of quality service to all stores. In order to respond to customer demands in a timely manner, we have established the "Customer Service Center" to provide a unified contact window with dedicated staff and ensure all feedback are processed properly. In 2014, the online resolution rate of the Customer Service Center was 75%<sup>4</sup>, reflecting the timely resolution of complaints.

<sup>4</sup>Online resolution rate = 1 - (forwarded cases/total cases). Forwarded cases are those that could not be resolved right away, but case follow-up will be conducted



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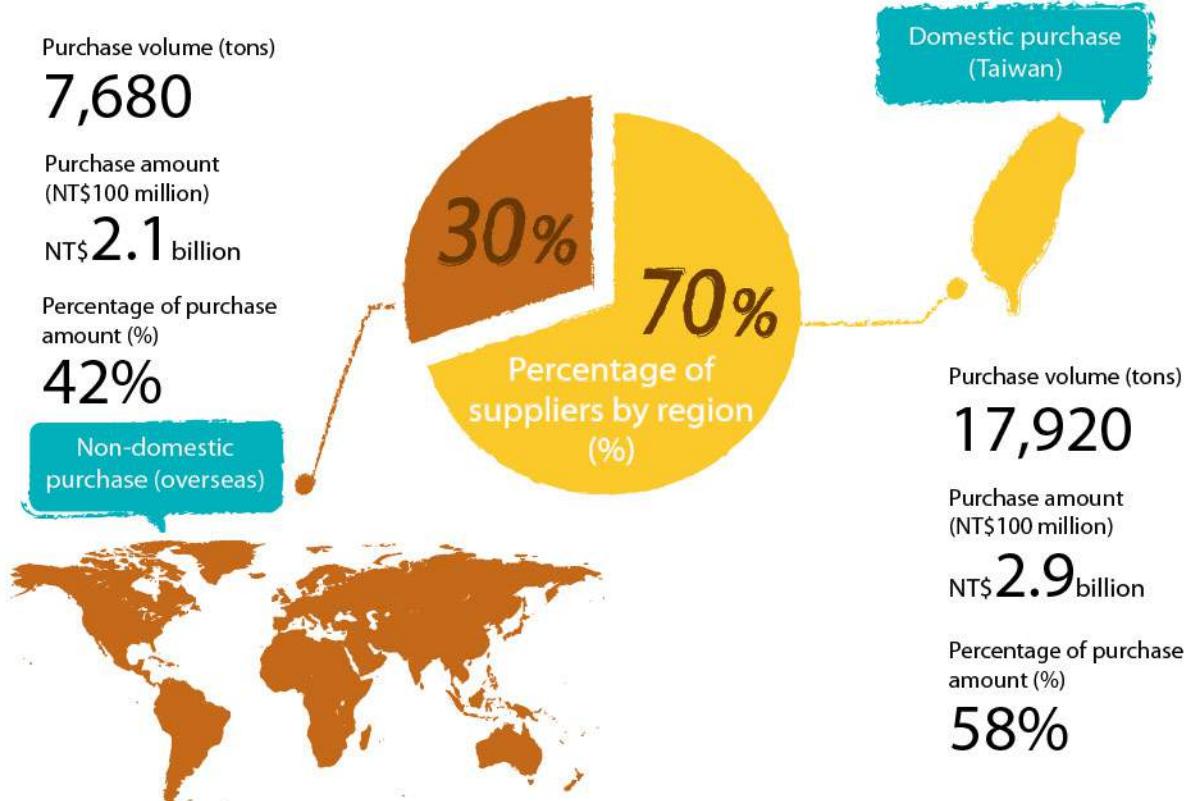


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To provide consumers with a clear and timely review of the production resume, we added QR Codes to the product packaging. Consumers can now simply scan the QR Code to find out about the product's production and processing history; they can also see the farmer's profile and farm management information. 7-ELEVEN vegetable products have continued to use the "fine small packaging" concept. By working with selected agricultural production and marketing group and using greenhouses to ensure quality, we aim for higher goals such as meeting "Export Standard", "Good Agricultural Practice (GAP)" certified, and "Shen-non Award" to provide consumers with high-value food ingredients in season. Through the QR codes printed on the new exterior packaging, 23 different types of leafy vegetables such as mountain cabbage, water spinach, and sweet potato leaves can now tell their own stories to the customer. In the future, we will continue to cultivate the "narrative" of each fresh vegetable product; this will upgrade the "Green Gold" series of products and increase their value.

We believe that fresh foods made with local and in-season ingredients offer the freshest products with sustainable concept for consumers to enjoy. This not only directly supports the local agricultural industry, local in-season ingredients also have shorter distribution distances; thus, reducing its carbon footprint. In 2014, up to 58% of agricultural products have been purchased locally. In addition, PCSC has applied scientific data analysis to the use of fertilizer and agro-pesticide. Contract farming and field coaching are also used to help farmers adopt environmentally-friendly growing techniques; this not only increases their unit of production, but also boosts farmer confidence by protecting their income and providing them with steady growths in purchasing quantities.

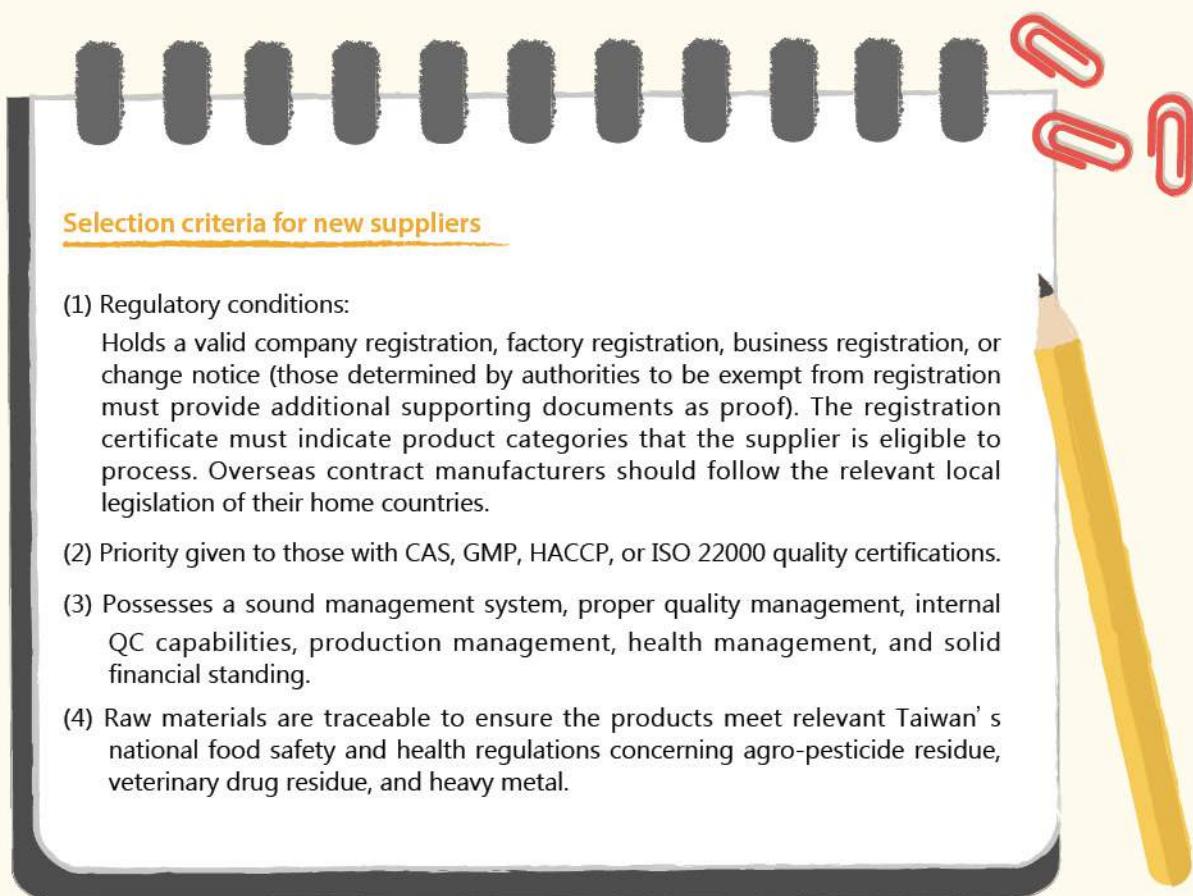
## Proportion of locally purchased agricultural products in 2014



## ■ Supplier Management

PCSC does not operate its own factories. Suppliers can be divided into two categories, proprietary product supplier and non-proprietary product supplier. Suppliers of proprietary product are our key management focus. We defined the internal "Product Safety Management" standards to manage proprietary product suppliers. For suppliers of non-proprietary products, we manage them through contracts and sample inspections. Quality is monitored by the respective brand-name vendors themselves. Before a new supplier of proprietary products is introduced, a new supplier development evaluation shall be carried out, while existing suppliers go through routine audits and evaluations. To strengthen supplier management, in 2014, we set up an independent supply chain management team within the QA Department to ensure that the product quality policy is thoroughly enforced for proprietary products. We also strengthened our cooperation with Uni-President's Food Safety Center to enhance our internal inspection capabilities, as well as demonstrate PCSC's commitment to the development of fresh foods, the enforcement of quality assurance, and the construction of a complete food safety net.

To improve suppliers' product quality and work together with them to ensure food safety, we strive to request proprietary product suppliers to acquire ISO 22000 certification for food safety and health management system. By the end of 2014, there were a total of 56 proprietary product suppliers with a total of 73 product lines. 60<sup>2</sup> of the product lines have been certified to ISO 22000, which accounts for 82% of the total proprietary product lines.



### (1) Regulatory conditions:

Holds a valid company registration, factory registration, business registration, or change notice (those determined by authorities to be exempt from registration must provide additional supporting documents as proof). The registration certificate must indicate product categories that the supplier is eligible to process. Overseas contract manufacturers should follow the relevant local legislation of their home countries.

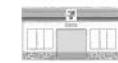
### (2) Priority given to those with CAS, GMP, HACCP, or ISO 22000 quality certifications.

### (3) Possesses a sound management system, proper quality management, internal QC capabilities, production management, health management, and solid financial standing.

### (4) Raw materials are traceable to ensure the products meet relevant Taiwan's national food safety and health regulations concerning agro-pesticide residue, veterinary drug residue, and heavy metal.

One month before the launch of new proprietary products, new supplier's production facility will be evaluated during the pilot production phase in accordance with the selection principles. The minimum passing score for private brand products is 80, and 70 for private label products. In 2014, a total of 4 production facilities for new proprietary products were assessed and all of them passed.

<sup>2</sup>Some suppliers cover 2 or more product lines



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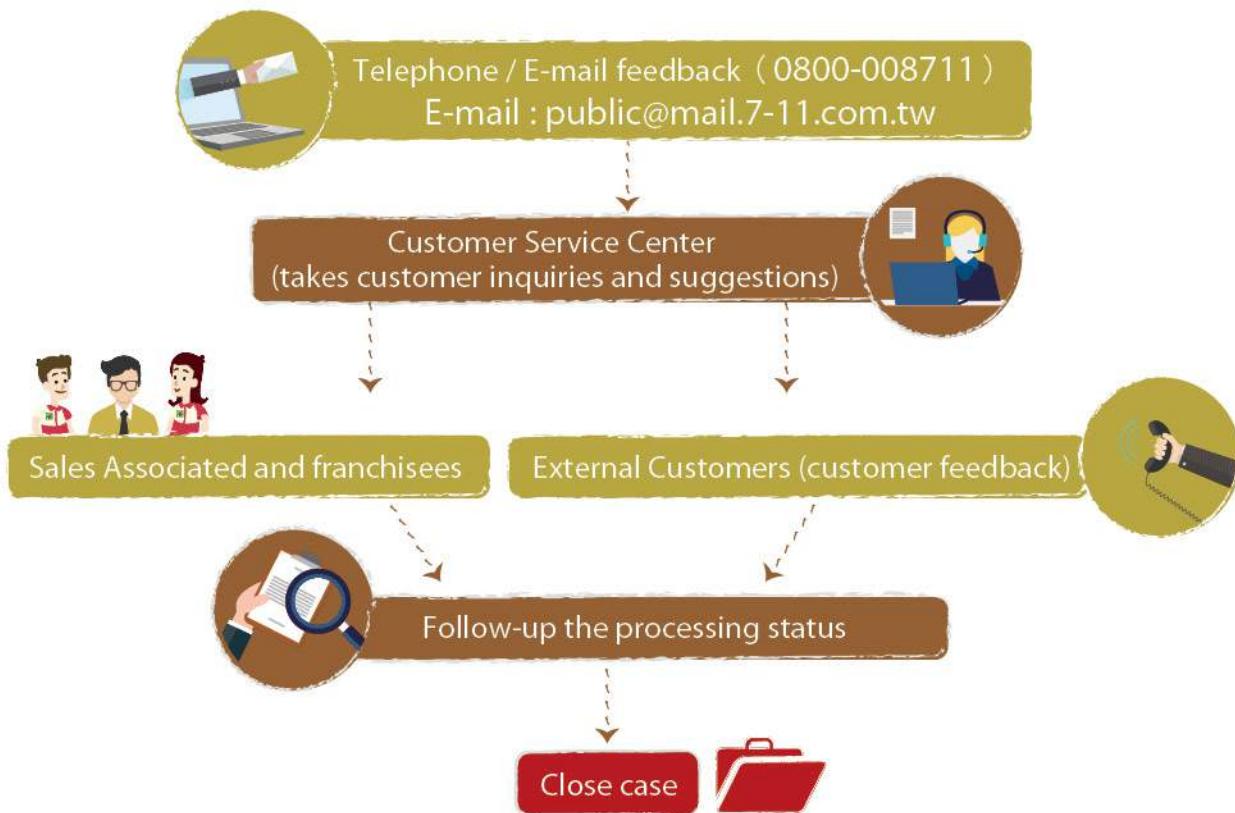


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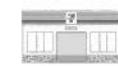
## Workflow of the Customer Service Center



### A Story of Quality Service - Customer Feedback

Customer Service Center received a customer phone call, praising the Huashan store located in North 1st Zone. It was raining very heavily on that day; my friend and I were both completely soaked. We decided to walk into a 7-ELEVEN store to buy some hot food and get a bit of rest. I got a lunch box and went to pay at the counter. The sales associate was quick, efficient, and friendly. When he asked me if the lunch box was for here or to-go, I said it was for here. The sales associate asked me to wait a moment. When the lunch box came out of the microwave, he brought it to me on a tray and reminded me to be careful because it was hot! That was very thoughtful of him. I took my tray to the seating area and it was when I finally discovered what made this store unique. They served complimentary tea! I've never seen any other store do this. On this cold day where my friend and I were both soaked through, a cup of hot tea not only warmed our bodies but also our hearts. The complimentary tea at this store was a really great idea; it felt special and very heart-warming!!





## Existing supplier evaluation

In 2014, there were a total of 42 Private Brand food suppliers<sup>3</sup> (with a total of 47 production facilities). There were 33 suppliers (with a total of 37 production facilities) being audited a total of 149 times this year. An audit score of 80 or above is required for passing the assessment. A total of 143 times of auditing passed the assessment, with a passing rate of 96%. Vendors with failing scores were fined according to the product quality contract, and were requested to make necessary improvements. During the following month's re-evaluation, all failing vendors met the standards and passed the assessment. In 2014, there were a total of 28 Private Label food suppliers (with a total of 40 production facilities). This year, we audited 22 suppliers (with a total of 33 production facilities) 33 times. An audit score of 70 or above is required for passing the assessment and all of the suppliers met the standards, resulting in a 100% pass rate.

According to the internal "Product Safety Management", new and existing suppliers of proprietary products are assessed on the following: environmental health management, quality management, production process management, anomaly management, warehouse temperature, personnel, and quality sanitation management.

### Key audit items for suppliers of proprietary products in 2014

Category	Item
Food ingredients list and full disclosure	<ul style="list-style-type: none"> <li>■ Conforms with regulations</li> <li>■ No additives/no use of prohibited ingredients</li> <li>■ The actual purchase and use of raw materials/content of specifications / consistency in product packaging and labeling</li> <li>■ Solid product traceability details</li> </ul>
Anomaly product/object management and disposal	<ul style="list-style-type: none"> <li>■ Clear labeling and separation</li> <li>■ Form and record used for documentation</li> <li>■ Discard procedure: Must notify PCSC (product owner), response forms, and photos</li> <li>■ Items must be positioned in place/Anomaly object must not occur</li> </ul>
Date as shown on label	<ul style="list-style-type: none"> <li>■ The date when the smallest packaging of a product is made shall be the date manufactured (the date is included in the calculation of shelf life)</li> </ul>
Sub-contractor management	<ul style="list-style-type: none"> <li>■ Contractor's management plan and its execution for sub-contractors</li> </ul>
Vector breeding and personnel sanitation	<ul style="list-style-type: none"> <li>■ Internal and external environment control of production facilities to keep pests out</li> <li>■ Regular cleaning of hair and other foreign bodies by personnel</li> </ul>

<sup>3</sup> Because of the consistency in our business philosophy and desire of product quality, the scope of supplier auditing does not include the parent company Uni-President Enterprises Corp. The following supplier audit numbers does not include Uni-President Enterprises Corp.

Due to increasing market emphasis on social responsibility, we have now included basic CSR clauses such as compliance with labor regulations and environmental protection into our standard supplier's contract. Apart from production facility sanitary evaluations, the Audit Office also conducts joint supplier evaluations with the Marketing Group and QA Department based on risk assessments. For private brand raw material vendors and private brand/private label contract manufacturers, on-site inspections are conducted on food safety, environmental safety, and labor safety. During each audit, random samples are taken and sent back to the lab for testing in order to detect raw material risks. In 2014, we conducted joint audit of 93 suppliers based on risk assessments with 288 random sampling of raw materials. Apart from requiring vendors to take immediate corrective action for any problem discovered during evaluation, they must also undergo a repeat evaluation within 3 months to track the outcome of improvements made. For items that do not conform to the product quality agreement, a fine will be issued in accordance with the contract, and the product may be removed from shelves immediately or a decision may be made to change vendors; this is to ensure that all suppliers conform to the law.

From year 2015 onwards, we began to integrate the audit forms used by each department for suppliers of proprietary products. In the new version of the audit form, we added CSR-related items in five key areas: pollution prevention measures, waste disposal, emissions control, energy-saving and carbon reduction measures, declaration of toxic chemical materials, and automatic recall of non-conforming products. We hope that as we create new markets, we can also lead suppliers to pay attention to CSR issues. This will encourage suppliers to approach business management, product design and development with a sustainable mindset, which will in turn boost the supplier's business performance and competitiveness. By ensuring positive operational returns, both parties can reap the benefits.

### Fresh food suppliers' conference

PCSC regularly hosts various supplier gatherings each year. Through these events, we explain our current situation, future prospects, business focus, new supplier management regulations, as well as listen to suppliers' feedback up close. The interaction between both sides will hopefully lead to a better cooperation model. The "Looking Forward to 2015, Fresh Food Suppliers Conference" held in 2014 invited the upstream fresh food commissaries and raw material suppliers with long-term involvement in the development of proprietary products. More than 80 representatives from 43 vendors including relevant Uni-President business departments, President Musashino, and Lianhwa Food took part. During the event, we thanked our business partners for their hard work over the past year, and also created opportunities for vendors in the fresh food supply chain to communicate with each other in order to stimulate progress and reform within the industry chain. The conference focused on the fresh foods market prospects for 2015, as well as the development strategies for the supply chain. With the increasing awareness of food safety issues and the implementation of government regulations such as the Food Safety Act, "Trust", "Safety" and "No Additives" became our three major concepts.



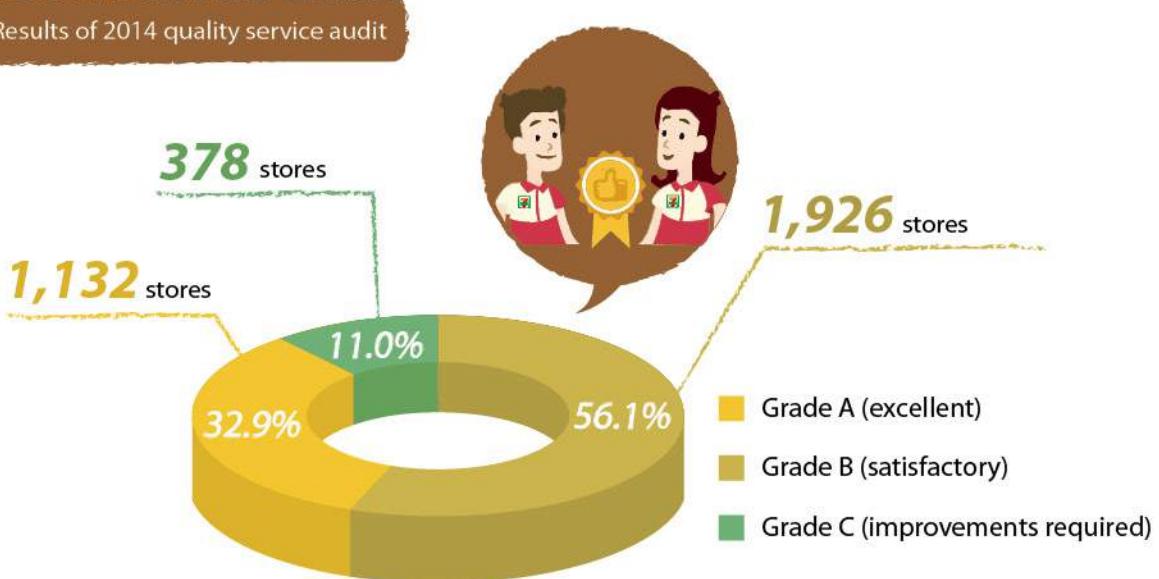
Award	Awarded vendor	Number
<b>Best Facility Management Award</b>	4°C temperature level President Musashino in Taipei, Dong He, and Luxe  18°C temperature level President Musashino in Tainan, Lianhwa in Changhuay, Golden Harvest Food Products	3 companies
<b>Best Product R&amp;D Award</b>	President Musashino, Lianhwa Food, Golden Harvest Food Products, Shinhua Farm	4 companies
<b>Outstanding Supplier Award</b>	Lianhwa (seaweed), Happy Mountain (meat products), Excellent Gravure Industrial Co. (packaging material), King Egg (egg products)	4 companies

To ensure our service levels are where they should be, we introduced an external assessment mechanism by using "mystery shopper evaluations" where auditors are disguised as ordinary customers in different scenarios to observe how store employees would react. This helped guarantee proper store services and provide product quality control.

### **Quality service audit**

The quality service audit covers aspects of basic service, professional service, environmental comfort, and appropriate response. Scores and ratings were given based on how well employees followed through in each aspect to achieve satisfaction. In 2014, a total of 3,436 stores were audited. For stores that received a rating of C, the operations field consultants must visit the stores to provide coaching within one week of receiving notice. Recommendations on corrective actions must be proposed for deficiencies, and the store must convene a store meeting to discuss the corrective actions together and establish a follow-up mechanism. A re-evaluation will be conducted after one month, and the entire process will be repeated until improvements are made.

Results of 2014 quality service audit



### **Product expiration and QA audit**

In terms of controlling and managing the removal of expired products from store shelves, in 2014, we conducted 21,433 times of store audits with a total of 20,824 times passing, achieving passing rate of 97%.<sup>5</sup> For stores that failed the audit, the operations field consultants have been requested to provide additional coaching. Contract and performance bonus mechanisms were also used to reduce the frequency of expired products remaining on store shelves. In addition, we now require staff on duty to follow the daily work journal when conducting regular inventory checks. Regular audits are also conducted by us to ensure store execution. To improve food safety and health, we also audit store QA including environmental cleanliness, machine temperature, and product expiration date labeling. In 2014, a total of 55 deficiencies were discovered. Most were related to non-conformities with oden and refrigerator temperature management. Store staff has been asked to conduct checks and take corrective actions.

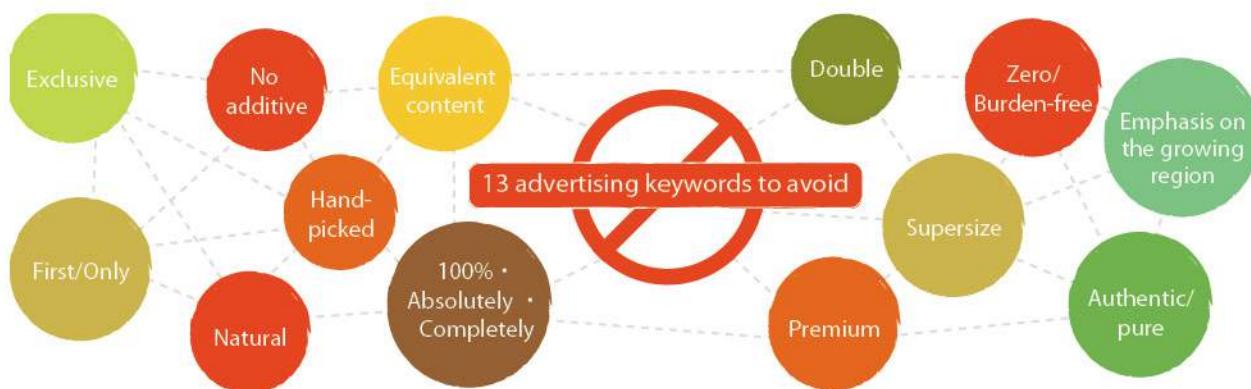
<sup>5</sup>If not a single product is found to be expired, then the store is given a passing grade. Passing rate = Number of times when no expired products were found/Total number of audits



To encourage quality vendors and create unity, we organize the "Gold Medal Commissary" and "Outstanding Raw Material Supplier" competitions every year to reward business partners for their outstanding performance. The "Gold Medal Commissary" is divided into two awards: "Best Facility Management" and "Best Product R&D". The former takes the sum of monthly audit scores and selects the top 3 commissaries with the highest score from the 4° C and 18° C temperature levels respectively; for the latter, the fresh food product developed by the commissary must achieve an average of more than 5-unit sales per store day for 4 consecutive weeks.

## Product labeling management

Due to draft amendments and regulations of food safety, in 2014, we introduced many new measures on product labeling management. First, in terms of "review proprietary product labeling and advertising content", we required all of our supplier partners to complete an inspection of proprietary products and sign a declaration guaranteeing that their product's ingredients, production process, labeling, and advertising all comply with the law. PCSC upholds the principle of good faith; our labeling is truthful and true to fact. We have defined a 38-point internal checklist on compliance, special claims, certification labeling, and voluntary standards, as well as 13 advertising keywords that should not be used. A strict, cross-department packaging review process ensures these rules are enforced.



Due to revisions of government regulations, we have also stepped up education on proper labeling for "food ingredients list and full disclosure", and "adjustment of allergen labeling principles." For new products, we adopted new labeling principles immediately. For existing products, we revised the packaging in accordance with the guidelines.

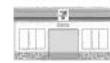
Should be changed to spices, strawberry juice concentrate

### Private label - Strawberry milk tea

●Product name: 7-SELECT Strawberry Milk Tea ● Ingredients: water, black tea, cane sugar, milk powder, condensed milk, maltodextrin, strawberry juice, emulsifiers (fatty acid glycerides, diacetyl tartaric acid esters of mono- and diglycerides, sucroesters), baking soda. This product has a caffeine content below 20 mg/100 mL ●Weight: 600 ml ●Storage: Store at room temperature away from high temperature and direct sunlight. Refrigerate after opening and consume as soon as possible to maintain its taste and quality ●Shelf life: 6 months ●Expiration date (unopened): Shown on bottle cap

### Label with expanded food additive information:

If the name of a food additive consists of two or more types of food additives mixed together, the product name or generic name defined by the central government authority should be used. Labeling based on functions (purpose) is not allowed.



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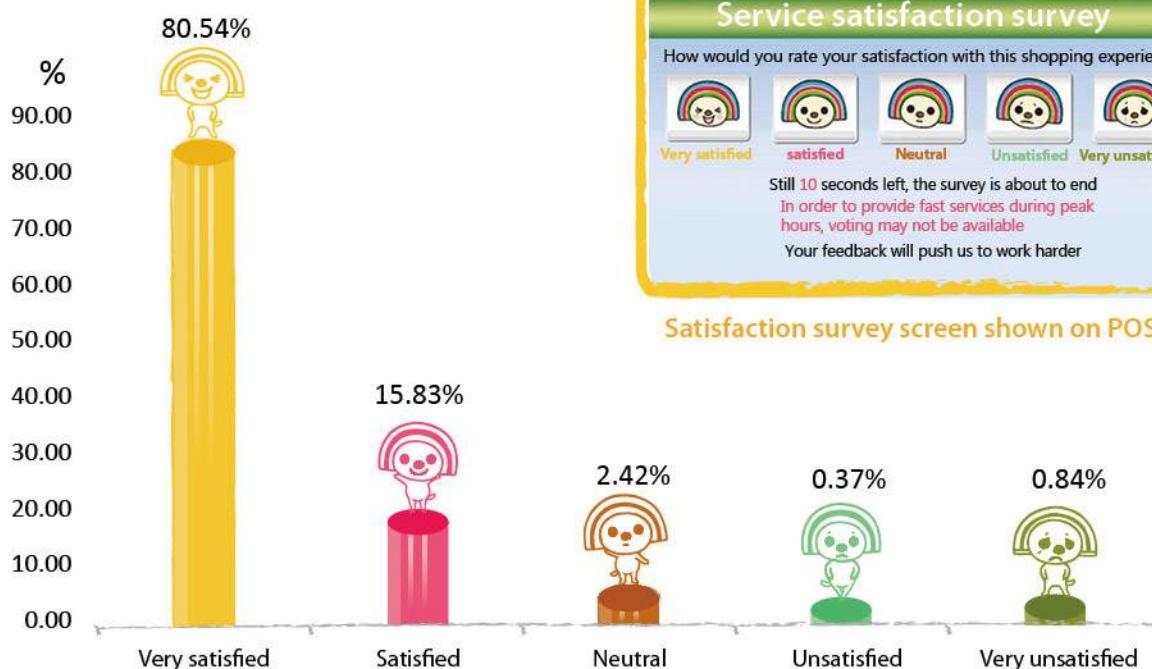
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In addition, all store staff must now attend food safety and health training according to the Ministry of Health and Welfare guidelines on food sanitation. Store QA training courses held in 2014 included seminars for newcomers of the food industry, QA and freshness management, and store QA advanced training (including online courses). A total of 15,494 people took part in the training.

To implement the system of manager on-duty in everyday services and encourage good service behaviors, we have continued to cultivate services with warmth. In 2015, we organized the best manager on-duty competition in the districts. In order to be eligible, candidates must demonstrate a passion for service, willingness to share with store partners, ability to lead the team in demonstrating a passion for service, and propose clear examples of good service so that other stores can learn from their experiences, and serve as an inspiration to encourage outstanding store employees.

To gain a true picture of customer satisfaction with respect to store service, we have quantified and defined customer service. This will provide a reference for running business by store and by trade area and for improving customer services. Starting from June, 2014, we began conducting customer satisfaction surveys at our stores and Lifestyle Centers. By allowing customers to make selections directly from the touch-screen at the checkout counter, all customers, no matter when they visited the stores, could provide immediate feedback on the level of satisfaction. This also served as a constant reminder for store staff to continue improving their services. The voting rate was quite low at the beginning, therefore incentives were offered in August to encourage store staff to actively ask customers to participate and let them know about this function. The voting rate increased from 1.61% during the initial stage to 23.66%. The introduction of the voting system has proven effective in raising the proportion of Grade A stores. As of October, 2014, the number of Grade A stores was 11.3% higher than the same period in 2013. The average voting rate from June to December, 2014 was 10.5%. Over 95% were satisfactory.

### Satisfaction survey results



## ▪ [Friendly Service Offered in the Trade Area - Rende Service Area]

PCSC began managing the PCSC Lifestyle Center at "Rende Service Area" in 2011. In order to provide northbound and southbound tourists with the most comfortable rest area, since the PCSC Lifestyle Center Department took over the business, it has continued to make improvements in four major areas: "Friendly Parking", "Friendly Dining Environment", "Friendly Restrooms", and "Friendly Breastfeeding Facility" to create a retail environment suitable for all ages. Parking is the most important issue for users of freeway service areas. In April, the Lifestyle Center Department made changes to the traffic flow to make the parking area safer and more driver-friendly. Adjustments were made to the parketing spaces for large/comapct vehicle, night-time parking spaces for women and disabled to improve the traffic flow for each group and provided parking spaces under 24-hour security surveillance. Bilingual graphical signs were also installed to help drivers find parking and gas stations more quickly. For restaurants, access ramps for disabled and dedicated seating areas were introduced to cater to the dining requirements of senior citizens and handicapped individuals. It is worth noting that PCSC has also made the space at "Rende Service Area" available, free of charge, to charitable organizations such as Garden of Hope Foundation, the Sunshine Foundation, and Children Are Us Foundation for street performances and charity sales, creating a charitable atmosphere around the rest area. We also received the "Excellence Award" in the "2014 Friendly Building Competition - Restaurant Category" organized by the Ministry of the Interior.

## ▪ Excellent Capability of Personal Information Management

The protection of personal data is now an international trend. Every country is passing laws to govern the appropriate use of personal data and the protection of customer privacy. PCSC has spared no effort when it comes to protecting consumer privacy as well. In 2012, external authentication was introduced. The DP Mark for data privacy protection which is valid for 2 years was also issued by the MOEA Department of Commerce, making PCSC the first domestic enterprise to receive this certification. To ensure that our company's personal information management system conforms to Taiwan's personal data legislation, all PCSC employees must enforce the requirements for personal information protection and management in their routine work. A complete reporting system and set of guidelines were also defined. In 2014, the scope of renewed certification audit covered the PCSC headquarters and 5 company-owned stores.

To promote the protection of consumer privacy, we not only established a cross-department "Personal Information Protection Task Force" to regularly launch and assist other units with personal information audit, risk analysis, internal system evaluations, bulletin updates, education and training, and data disposal. We also applied the spirit of TK (TanpinKanri) and the spirit of accountability to the training of representatives from each department in oreder to promote knowledge of personal information.

To increase employee awareness of personal data, starting in August of 2014, the Legal Affairs Department began publishing the quarterly "Personal Information e-Newsletter". The sharing of the latest personal information cases is used to educate employees on PCSC's personal information protection goals and policies. Due to the importance of personal information management, the Human Resources Department has also developed mandatory online personal information training courses for the headquarters and stores; this has reached 100% implementation rate.



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## PCSC Personal Information Protection and Management Policy

### Regulatory compliance:

Adheres to relevant regulatory requirements of personal information safety

### Personal information management procedures:

Established a cross-department personal information task force to regularly inspect, review, and examine the effective functioning of the management system

### Restricted use by third parties:

Personal information must not be illegally or casually distributed or disclosed to third parties

### Maintain the accuracy of all personal information and guarantee owners' rights:

Establish a regular audit mechanism for personal data and detailed lists

### Safe and appropriate management measures:

Use risk analysis of the personal information held by each department to adopt appropriate responses and safety management measures

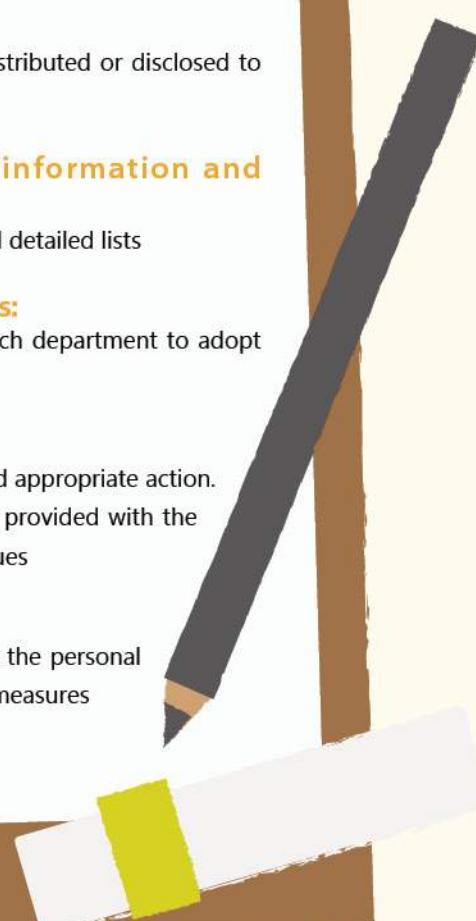
### Emergency response measures:

If there is a personal information leak, take immediate and appropriate action.

The individual involved should be notified as well as be provided with the relevant channels for making inquiries and addressing issues

### Education and training:

Conduct necessary training to educate employees about the personal information protection policy and relevant management measures



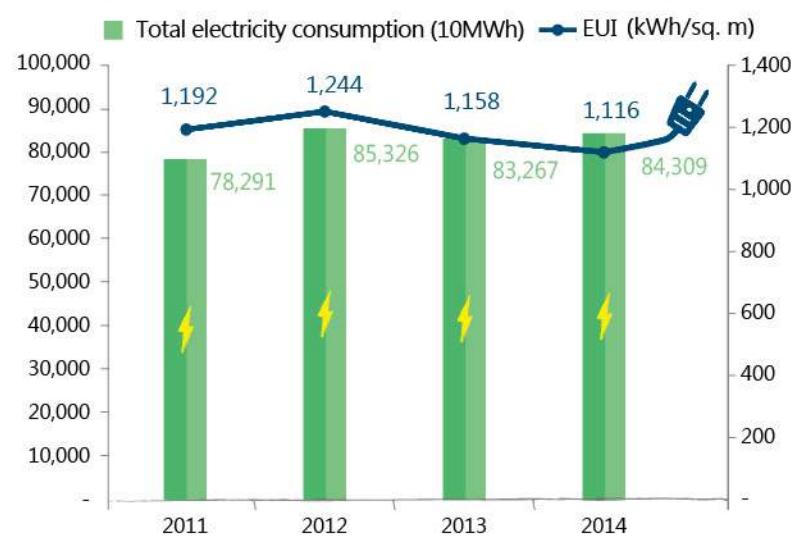
## ■ Energy Consumption and GHG Inventory

The main form of energy used by our stores and corporate headquarters is electricity. In 2014, our stores and corporate headquarters consumed a total of 843,090MWh, with over 99.8% being used by stores. The addition of 53 new stores in 2014 compared to 2013 resulted in an increased total electricity consumption by the additional stores and equipment. For energy management and tracking, we used Energy Use Intensity (EUI) as our performance indicator. In 2014, our EUI was 1,116 kWh/sq. m. This was a

3.6% decrease from 2013, clearly demonstrating the progress made by our energy-saving programs.

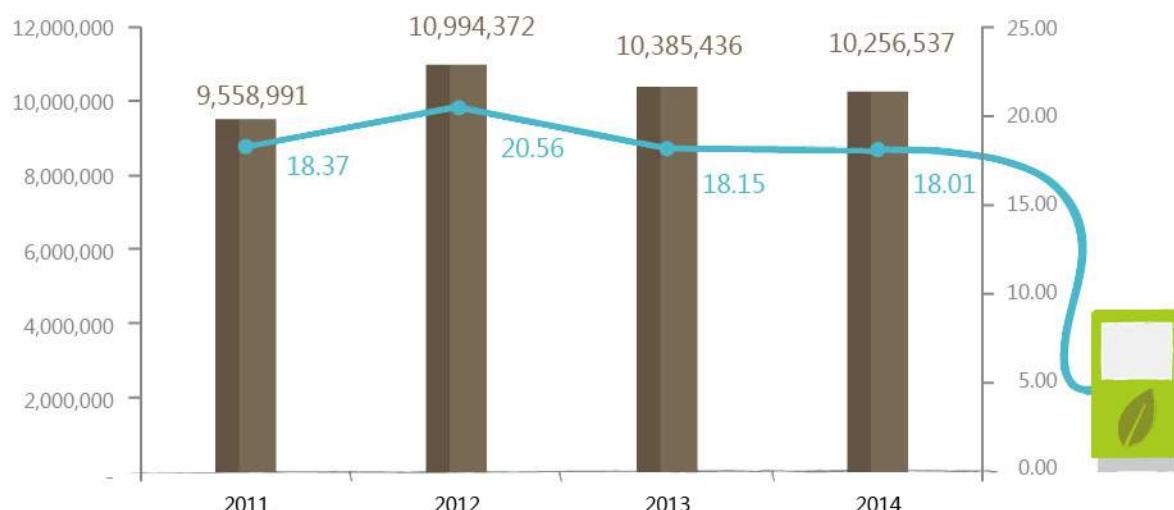
With growing store numbers and new services, the volume of transportation and logistics has been increasing accordingly. To deliver the latest products to all of our stores throughout Taiwan and into the hands of consumers, three logistics company Retail Support International, UPCC, and Wisdom Distribution Service send trucks to distribute products and services across Taiwan, provide consolidated receiving and sorting services, distribute ambient, refrigerated/low-temperature, frozen products, publications, and e-commerce packages. The overall management of logistics vehicles including fuel consumption monitoring, the introduction of eco-friendly vehicles, and training of drivers are handled by President Logistics International Corp. In 2014, our total fuel consumption (diesel) used for transportation was 10,256,537L. The fuel consumption per vehicle per trip was reduced by 0.77% compared to 2013, contributed by an introduction of an onboard monitoring system to effectively reduced idling.

Electricity consumption and EUI statistics



Logistic fuel consumption statistics

- Average fuel consumption per vehicle per trip (L/trip)
- Total fuel consumption (L)



# 3

## A Good Neighbor Who Cares for the Environment



**72.1%** of the stores have received the highest 3-star Green Convenience Store Grading and Certification



Logistics vehicles' carbon emissions averaged 47.0 kg per trip in 2014, a reduction of **0.77%** compared to 2013



More than **28,000,000** fresh milk bottles used and recycled at our stores during the period from August 2009 through the end of 2014.

### 3.1 Energy Conservation and GHG Reduction

#### ▪ Energy-saving and carbon reduction at our stores

With the topic of global climate change becoming increasingly popular, along with rising oil and electricity prices made us realize that energy saving and carbon reduction are not just about world-class enterprises setting examples; it is also an issue of sustainable management. We leveraged our stores' large presence and influence as starting points; before new stores are opened, energy-saving designs are incorporated which included seven key focus points as follows: building insulation, energy-saving store signs, reduced lighting, inverter systems, outdoor energy-saving, indoor lighting management, and LED lights. For existing stores, energy-intensive equipment is now gradually being replaced. With consent given by the "Equipment Procurement Committee", we invest in energy-saving equipment upgrades and work with the government, Industrial Technology Research Institute, and related academic units to improve the energy efficiency of our stores and reduce operating costs. In addition, we have introduced "Store Energy-Saving Self-Inspections," setting a guideline for store staff to regularly inspect air-conditioning, ventilation fans, lighting, freezers/refrigerators, and store signs in order to maintain all equipment running at a state of high efficiency. In 2014, we carried out energy-saving programs such as replacing fixed-frequency AC in stores with inverter AC units, adding inverters and integrated heat sinks to the refrigerator system, and adding freezer inverters to 2-door freezers. This is estimated to reduce electricity consumption by 20,750MWh and carbon emissions by 10,832 tons annually.



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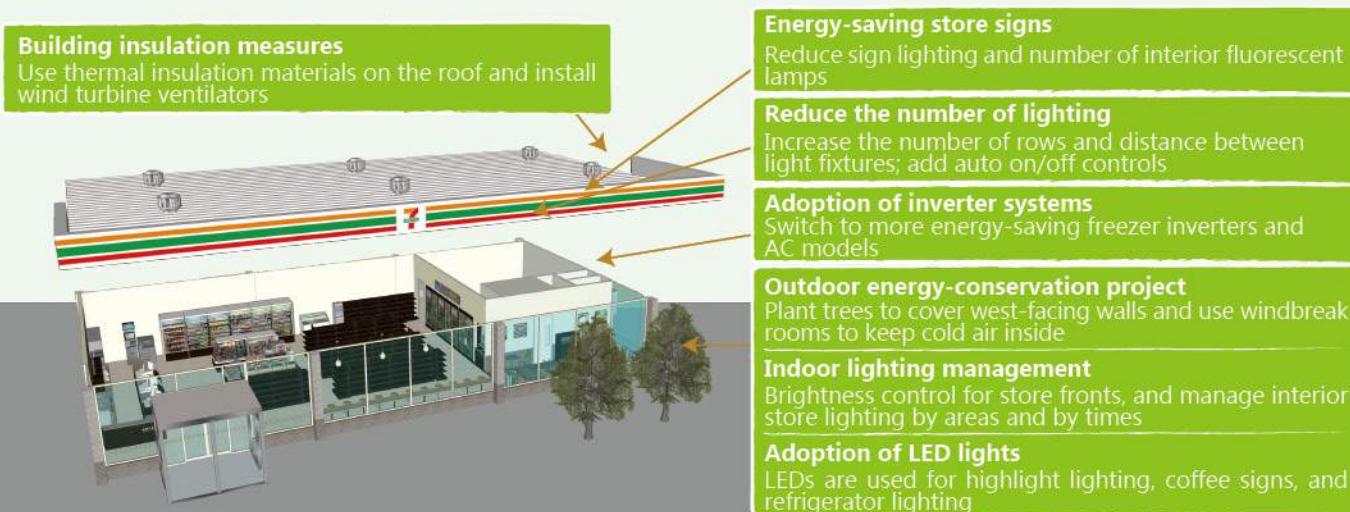


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## Energy-saving designs at our newly established stores



## Main Energy Conservation Plans Introduced in 2014

Equipment introduced	Quantity	Electricity saved (kWh/year)	Carbon reduction (Tons CO <sub>2</sub> e/year)
Circulation fan	1,874	2,712,053	1,416
Energy-saving device	446	7,017,061	3,663
Inverter AC	943	4,484,531	2,341
7.5hp external refrigerator inverter	199	428,407	224
External freezer inverter	429	1,357,528	709
T5 lights	35,731	2,510,854	1,311
Hibernation mode of Slurpee machine	3,706	653,971	341
Reduce arcade lighting	3,802	467,596	244
Reduce the operation time of indirect lighting	9,094	1,118,344	584
<b>Total</b>	<b>43,328</b>	<b>20,750,344</b>	<b>10,832</b>

Note: The evaluation of electricity savings were based on actual meter measurements or assessments made based on energy-saving certification projects conducted by experts and academic/professional units

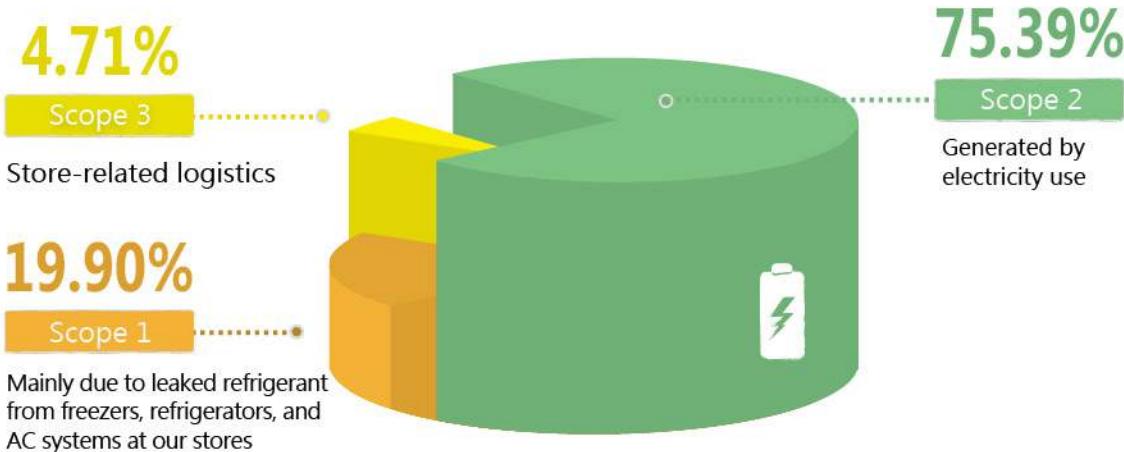
PCSC has been cooperating with the Architecture & Building Research Institute, Ministry of the Interior in recent years to conduct on-site inspections, diagnosis and evaluation for energy-saving modifications at the convenience stores in order to qualify for green convenience store grading and certification. A total of 3,631 stores, or 72.1% of all stores, have received the highest 3-star rating by the end of 2014, a 7% increase from 2013, indicating the affirmation of the energy conservation efforts made by our stores. In 2014, we participated in the energy-saving products and businesses competition organized by the city of Taipei. 7-Eleven Changsing store received the award of excellence for its energy-saving store design. We also learned from exchanging ideas and success stories with others.



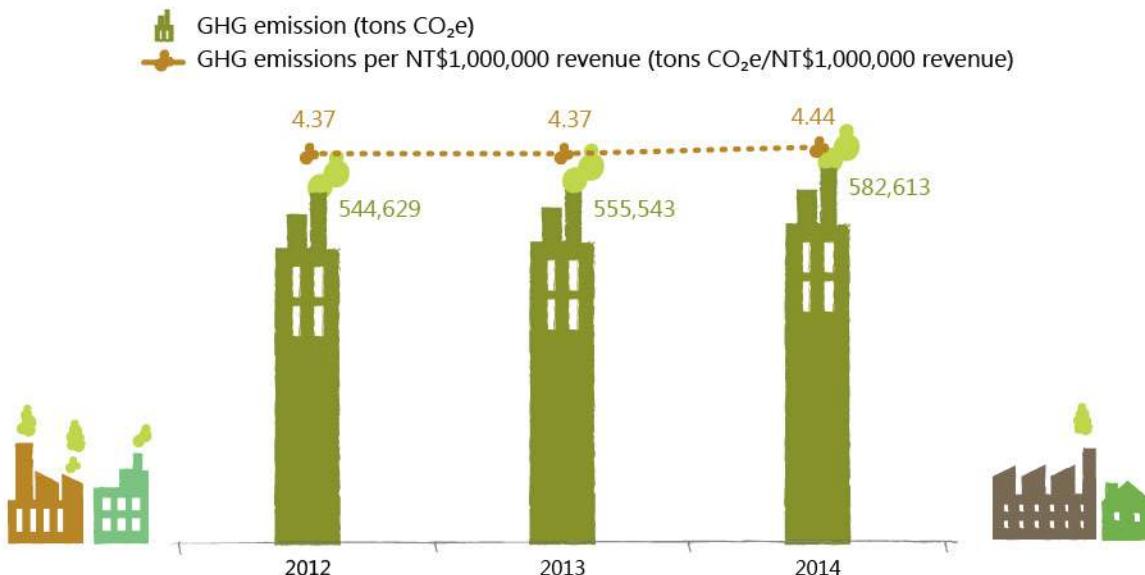
We continue to perform GHG inventory based on the GHG Protocol to track the emission of greenhouse gases within scope. We are also continuing to improve the accuracy of our data collection efforts. We can now track our electricity consumption with a 90% or higher confidence level, except for a few stores where actual data is not yet available.

PCSC's GHG inventory has updated its electricity carbon emission factor over the previous years in accordance with the national policy. In 2014, PCSC's GHG inventory totaled 582,613 tons CO<sub>2</sub>e. The relative proportion of each scope was similar to 2013, with Scope 2 emissions from electricity consumption being the largest component at 75.4%. Electricity consumed by stores in particular accounted for 99.8% of all Scope 2 emissions; Scope 1 direct emissions accounted for 19.3% and were mostly caused by leaked refrigerants from freezer and AC equipment in the stores. Scope 3 emissions from store-related logistics accounted for around 4.7%. In 2013, GHG emission per NT\$1,000,000 revenue was 4.37 tons CO<sub>2</sub>e. Total GHG emissions was 27,913 tons higher than 2013, and GHG emissions per NT\$1,000,000 revenue increased by 0.07 tons CO<sub>2</sub>e. These were mainly due to the increase in number of stores and leaked refrigerants from newly purchased freezer equipment. Most of this consisted of R404a refrigerant.

### Total direct and indirect greenhouse gas emissions by percentage



### GHG emission and intensity statistics



## Number of stores with green convenience store grading and certification



### 7-Eleven Changsing store received the award of excellence for its energy-saving store design

The "Energy-saving Store Design" category of Taipei City's "Energy-saving Products and Businesses" competition judged on items including the building facade, ventilation, AC, lighting and energy-saving management measures, and integration of energy-saving and aesthetics design with respect to site conditions. Measures introduced by the Changsing Store for the competition:

Assessed item	Implemented measure
Building facade and ventilation	<ul style="list-style-type: none"> <li>» Insulation film for store floor-to-ceiling windows</li> <li>» Installation of light-weight drop grid ceiling fans bearing the energy-saving mark</li> </ul>
AC equipment	<ul style="list-style-type: none"> <li>» Install AC equipment bearing the energy-saving mark</li> <li>» Install air curtains to prevent cool air from leaking</li> <li>» Lock the AC units at 26 degrees</li> </ul>
Lighting equipment	<ul style="list-style-type: none"> <li>» Install T5 light bulbs bearing the energy-saving mark</li> <li>» Replace 50 W halogen lamps with 3 to 5 W LED lamps</li> <li>» Add reflector plates and automatic timers to store signs</li> </ul>
Energy conservation management measures	<ul style="list-style-type: none"> <li>» Tiered equipment maintenance (work log, store energy-saving self-inspection, regular and random energy-saving promotions, regular contractor maintenance)</li> </ul>
Integration of energy-saving and aesthetics design based on site conditions	<ul style="list-style-type: none"> <li>» Seating area placed next to store window to take advantage of natural lighting and connection with outdoor landscaping</li> <li>» Separate cold/warm zones to reduce AC load</li> </ul>





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## ■ Energy-saving and carbon reduction at corporate headquarters

In addition to our stores, PCSC headquarters building has been practicing energy saving and carbon reduction as well by following the three principles of "electricity conservation," "water conservation," and "paper conservation." By using a patrolling management style to track the wear and use of existing equipment on each floor, we can regularly make the necessary improvements of hardware efficiency. Energy-saving slogans were displayed at common areas within the building to promote employee awareness of energy conservation issues to protect the environment. Starting 2015, we began to set the following annual reduction targets for the sake of effective target management:

- ▶ Electricity conservation: Reduce Energy Use Intensity (EUI)<sup>1</sup> by 1% compared to the prior year
- ▶ Water conservation: Reduce average water use per person by 0.5% compared to the prior year
- ▶ Paper conservation: Reduce average paper consumption per person by 2% compared to the prior year

<sup>1</sup>EUI=Total energy consumption for the year (kWh)/total floor area (sq. m)

Item	Method	2014 Performance
Electricity conservation 	<ul style="list-style-type: none"> <li>» Introduce T5 lights on floors 5 to 9</li> <li>» Set morning/afternoon on/off schedule for AC units and water dispensers</li> <li>» Increase the temperature of the chiller compressor by 1 degree</li> <li>» Introduction of total heat exchangers for the AC system</li> <li>» Introduce automatic door access control systems on each floor to prevent cold air from leaking</li> </ul>	<b>Compared to the prior year (2013)</b> <ul style="list-style-type: none"> <li>» Electricity saved: 63,140 kWh</li> <li>» Amount of carbon reduction: 32,896 kg</li> <li>» Electricity saved per person: 90 kWh</li> </ul>
Water conservation 	<ul style="list-style-type: none"> <li>» Install water-saving devices such as water-saving gaskets</li> <li>» Display water-saving slogans where water is used on each floor</li> </ul>	<b>Compared to the prior year (2013)</b> <ul style="list-style-type: none"> <li>» Water saved: 102 tons</li> <li>» Amount of carbon reduction: 15 kg</li> <li>» Water saved per person: 0.15 ton</li> </ul>
Paper conservation 	<ul style="list-style-type: none"> <li>» Promote double-sided printing</li> <li>» Introduce the scan-to-mail function to encourage soft copies in place of hard copies.</li> <li>» Introduction of individual file printing</li> </ul>	<b>Compared to the prior year (2013)</b> <ul style="list-style-type: none"> <li>» Paper saved: Approx. 257,436 sheets</li> <li>» Amount of carbon reduction: 4,977 kg (Note)</li> <li>» Paper saved per person: 368 sheets</li> </ul>

Note: 15,000 sheets of A4 paper = one 20-year old tree. According to data published by the Forestry Bureau, a 20 year-old tree absorbs between 11 to 18 kg of carbon dioxide annually depending on the species.

## ■ Introduction of individual file printing

An innovative approach was introduced in 2014 for the use of "printing paper." In addition to displaying paper-saving slogans next to photocopiers, we also introduced the "individual file printing" function, requiring employees to enter their employee IDs before printing a file. Further validation is required before the file is actually printed. This prevents paper waste by printing the wrong files. We also used Forest Stewardship Council (FSC) and carbon footprint certified A4 paper for photocopying. The raw material for this type of paper comes from planned forestry programs detailing planting and harvesting.

## ▪ Energy-saving and carbon reduction at affiliated logistics companies

PCSC has long cooperated with logistic affiliates to achieve significant improvements in logistics efficiency by reducing the number of delivery trips, establishing a maintenance system, scheduling joint deliveries, and upgrading logistic equipment. We strive to increase the performance of our delivery trucks and upgrade our equipment in order to reduce the environmental impact caused by logistics. President Logistics International Corp., the affiliate responsible for logistic vehicle management, introduced the use of bio-diesel in 2010 in support of government policies; it has also partnered with the Automotive Research & Testing Center on bio-diesel research to reduce the amount of smoke emission. In 2014, we began testing hybrid vehicles by purchasing one 6.5-ton ambient and one 8.5-ton dual-temperature trucks for short-range deliveries in Taipei City. The new trucks used 11% less fuel compared to standard diesel trucks based on the actual distance traveled.

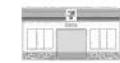
### Pilot introduction of warp-airclean air catalyst

In order to make additional improvements in fuel efficiency, we tested the warp-airclean air catalyst in 2014. By reducing the size of intake air molecules and improving the combustion efficiency of the engine, we hoped to improve vehicle efficiency and reduce the amount of exhaust to reduce our impact to the environment. The fuel savings is expected to be between 4% and 8%. As this project is still under testing, future introduction will be considered based on the actual results.

### Introduction of onboard monitoring systems (GPS/GPRS)

Apart from the points listed above, President Logistics International has set up the "Digital Mobile Monitoring Center" in 2012 and partnered with Chunghwa Telecom to co-develop a PCSC-exclusive onboard monitoring system. GPS/GPRS technology is used for real-time management of each vehicle's current status, road conditions, and cargo. Improvements such as reducing fuel consumption, constant temperature monitoring, and safer driving were made to enhance logistician safety and compliance; its three goals are real-time vehicle monitoring, safety and energy-conservation management, and operational quality control. With the exception of frozen and refrigerated trucks, onboard monitoring systems have been introduced to 100% of the vehicles as of 2014. The "Driver Behavior Report" function on the onboard monitoring system provides effective management of driver behavior and reduces poor driving habits. There were 119 speeding citations in 2014,





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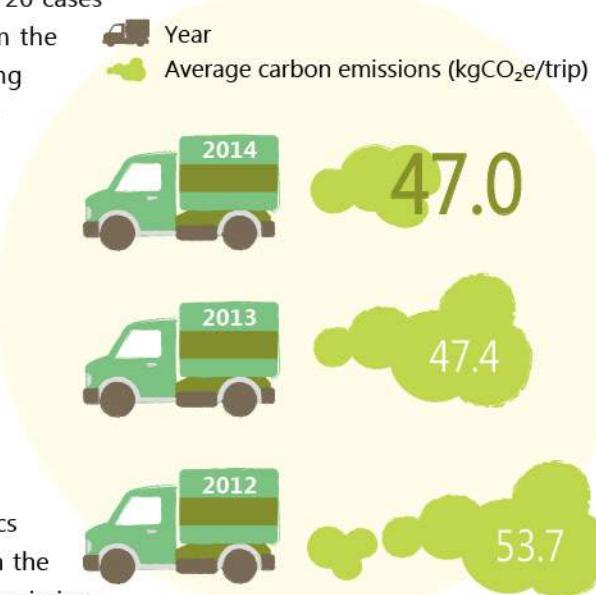
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an improvement of 29.58% from the previous year. There were 26 cases of running a red light, which was a 36.58% improvement from the previous year. In addition, the real-time "Temperature Warning System" of the onboard monitoring system can send online alerts to supervisors and drivers of temperature problems. The "Temperature Measurement Report" enables weekly review of delivery temperatures on each route and analysis of the drivers, vehicles, or equipment having temperature issues. The average pass rate for temperature is now over 99%, ensuring the freshness and safety of our food products.

The introduction of onboard monitoring systems has proven effective in reducing incidents of vehicle idling, rapid accelerating, rapid braking, and gliding in neutral; this in turn has helped to reduce fuel consumption and carbon emissions. Statistics showed that since 2012, there has been a consistent decrease in the average carbon emissions per delivery trip. In 2014, the average emission was 47.0 kg, or 0.77% less than the previous year.



Note: Based on the statistics of PCSC distribution operations

## Recognition of outstanding drivers and the training program

In addition to equipment upgrades, we believe that "drivers" are crucial to the realization of green logistics. To encourage drivers to build a good service reputation and thank them for their contribution, we host the annual "PCSC Elite Drivers Award Ceremony." Few are chosen based on strict criteria among over a thousand drivers from President Logistics International, Retail Support International, Wisdom Distribution Service. In addition to having at least 1 year of service, certified by their delivery unit, and achieving a certain annual evaluation score, a driver must have no customer complaints or serious violations throughout the year in order to qualify for the candidate. These requirements represents the difficulty in achieving such an award. 2014 marked the 7th year of the recognition ceremony, and a total of 67 elite drivers were selected; three of the elite drivers were also presented with the "Top Driver" award.



Apart from striving to reduce the environmental impact of logistics vehicles, our logistics affiliates work tirelessly in energy saving and carbon reduction methods during the storing and sorting process at the distribution centers prior to shipping.

## Retail Support International (RSI)

RSI has continued to promote energy-saving measures including the design of the lighting and AC systems, and changing their contractual capacity for electricity. In 2014, the total electricity consumption of distribution centers was 8,642,413 kWh, which was down 298,268 kWh or 3.3% from the previous year; this is equivalent to a carbon reduction of around 155 tons. Energy-saving measures include:



Install air circulation fans and add automatic timers to AC units so that they shut off automatically during off hours.



Curtains were installed to block direct sunlight and reduce AC power consumption.



Automatic lights installed in restrooms and pantry room.



Energy-intensive lights used in cafeterias, classrooms, and stairwells were replaced with energy-saving lights. Old lights are replaced regularly according to useful life to maintain effective illumination and save electricity.

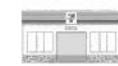


Electronic official documents (purchasing and business trip applications), electronic payrolls, office paper consumption management, and double-sided printing.

The Zhongli plant has also scheduled to introduce the energy-saving service system (ESCO) in 2015. 943 units of T8 lamps will be replaced by LED lamps while the peak electricity consumption from 2 chillers will also be reduced according to actual demands; these upgrades are expected to reduce electricity consumption at the Zhongli plant by 14%, which means electricity consumption will be reduced by 44,080 kWh per month and carbon emissions by 22,966 tons. The new "Kaohsiung Second Distribution Center" was also put into service by RSI in December 2014. The plant features multiple layers of color-coated steel and thermal insulation on the roof to effectively block out the hot summer sunlight. Low-temperature zones have protruding door seals that improve the seal with parked trucks and prevent the loss of cold air. Other features such as LED lights and eco-friendly generators not only help improve inventory sorting efficiency, but are more environmentally friendly as well.

### The protruding door seals at Kaohsiung Second Distribution Center





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## UPCC

To uphold the spirit of green logistics, UPCC conducts internal awareness campaigns on energy-conservation and carbon reduction; it also convenes regular energy-saving and carbon reduction meetings to review the company's energy consumption and energy-saving projects. In 2014, Madou Distribution Center launched the bakery AC improvement program involving the installation of flexible curtains, refurbishing blower bearings, as well as refurbishing and maintaining the water chilling system; this yielded electricity savings of 186,786 kWh and reduced carbon emissions by 97,315 kg. As for Yingge Distribution Center, they replaced the refrigeration and freezer unit lights with LED lights, which yielded electricity savings of 34,024 kWh and reduced carbon emissions by 17,726 kg.

### Before

AC air in the bread area flowed freely into the neighboring bakery, increasing the load for the AC units



### After

The installation of flexible plastic curtains maintained temperature control in essential areas, reduced the AC load, and saved electricity costs



## Wisdom Distribution Service Corp.

Key energy-saving measures implemented by Wisdom Distribution Service in 2014 are listed below; these measures saved a total electricity consumption by approximately 112,502 kWh, and reduced carbon emissions by 58,613 kg.

Without affecting employee activities or violating office lighting requirements, the pantry, cafeteria, and stairwells had their number of lights reduced, circuits modified, or motion sensors installed; these measures yielded electricity savings of 1,410 kWh and reduced carbon emissions by 735 kg for the entire year.

Timers were used to set 60% of the electric equipment to recharge during off-peak hours while still satisfying operational requirements; this yielded electricity savings of 11,059 kWh and carbon reductions by 5,761 kg for the year.

Energy-intensive lights at office counters were replaced with LEDs, which is expected to yield electricity savings of 497 kWh and carbon reductions of 259 kg for the year.

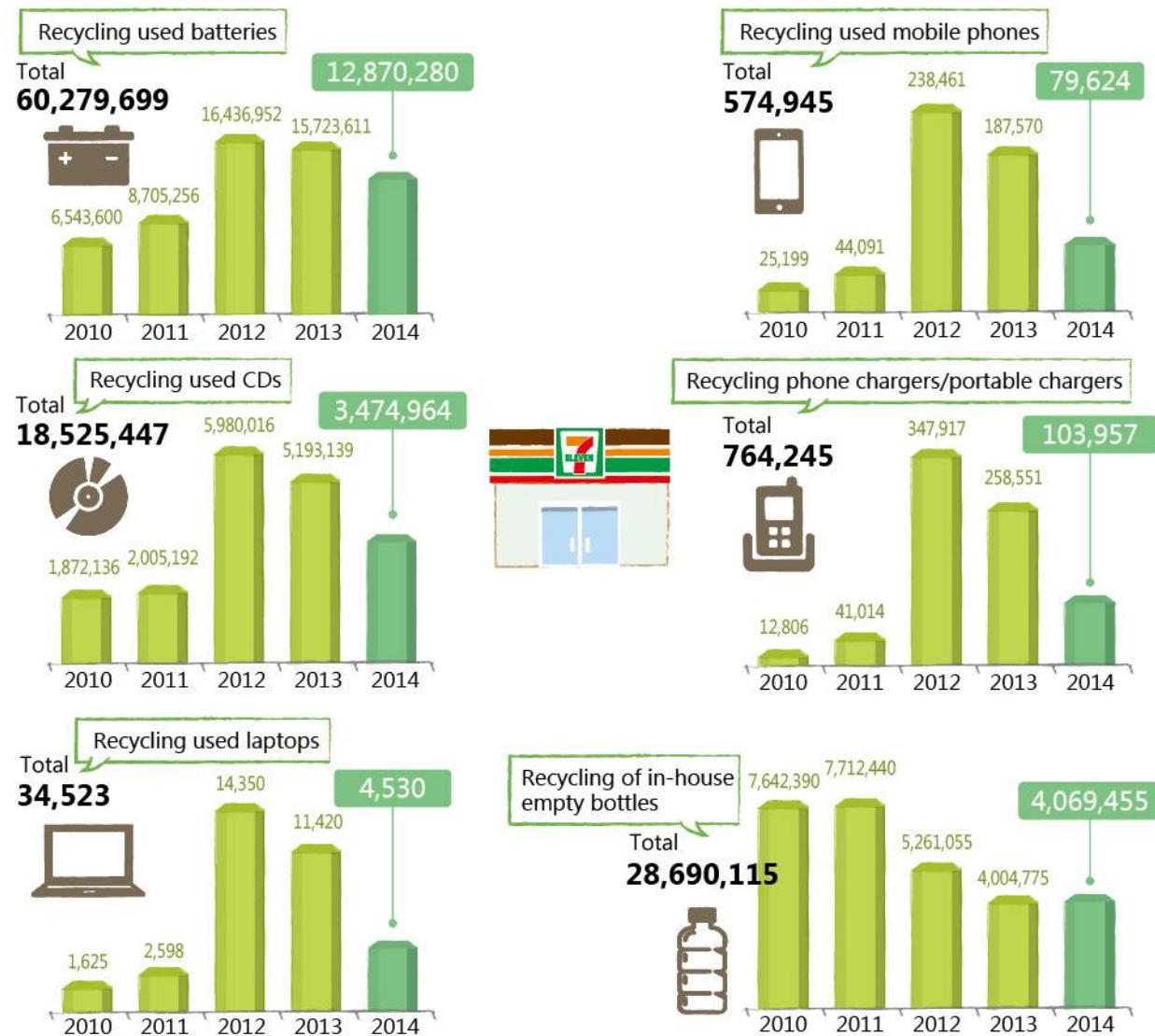
To support the rapid expansion of e-commerce business, in 2014, Wisdom Distribution Service broke ground for Phase 3 of its Shulin Distribution Center. To respond to the growing trend of green energy-efficiency, zoned lighting, AC, and insulation materials are planned to help the distribution center save energy.

## 3.2 Taiwan's Largest 24/7 Recycling Platform

Five years ago, we pioneered the "Recycle for Cash" mechanism and established Taiwan's largest resource recycling network. In addition to the regular recycling of waste containers such as PET bottles and aluminum foil packs, in 2010, 7-ELEVEN began accepting and offering in-store rebates on used batteries, laptops, CDs, mobile phones, and portable chargers for recycling due to the high rate of obsolescence in electronic products and difficulties associated with their recycling. Special sealable bags are used for used batteries and CDs. Heavy-duty damage-resistant bags were also developed exclusively for used laptops and mobile phones; these are then passed to qualified recycling contractors for eco-friendly disposal. More than 80 million pieces of recyclable products have been processed since the recycling platform was launched.

In terms of recycling in-house product packaging materials, PCSC has introduced the recycling of empty fresh milk bottles from our retail stores. More than 28 million bottles were recycled since the launch of the service in August 2009 till the end of 2014.

All of these recycled resources indicate that PCSC's efforts have made it a habit among the citizens of Taiwan to recycle at 7-ELEVEN stores. More people are now ready to protect the environment, conserve depletion of the Earth's resources, and create a better life for future generations.



**Green products sold through storefront or online**

More than 15 types of insulated pots and bottles



Product specifications comply with Taiwan's environmental certificate



Eco-friendly cups

Product specifications comply with the energy-saving certificate

Home appliances



More than 65 products including TVs, fans, washing machines, hot water bottles, refrigerators, and water dispensers



More than 30 products including Uni-President wheat fragrance drinks, Uni-President minced pork instant noodle, HeySong carbonated drink, and Shih An Farm animal friendly eggs



Passed carbon footprint certification and received the mark

Food and beverage

Satisfies low-pollution and recyclable packaging properties

Cleaning products



More than 40 products including hand washing soap, shower gel, laundry detergent, and dishwashing liquid





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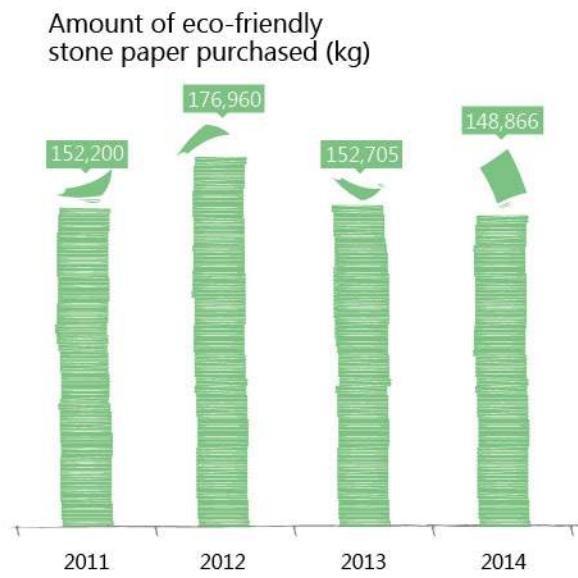


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## 3.3 Green Lifestyle

### Green management and procurement

Supporting the development of a green market through green procurement process is PCSC's commitment to the environment. We make every effort to purchase raw materials that have a low impact on the environment. For example, store promotion placards and shelf trims are made from eco-friendly stone paper. On average, more than 157,000 kg are purchased annually. All slurpee cups are now made from PLA bioplastics; with 96,680 kg purchased in 2014. Through our green procurement, we hope to reduce the environmental impact generated by the entire supply chain.



PLA usage (kg)



### Info

#### [ Eco-friendly Stone Paper ]

Stone paper is mainly made from rocks ground into an inorganic mineral powder; it contains zero wood fiber. Unlike conventional paper, the production process of stone paper requires no logging and does not discharge wastewater or strong acids/alkali that causes pollution. Discarded stone paper is degradable under sunlight or can be easily recycled.

#### [ PLA bio-plastic ]

**Polylactic Acid or Polylactide (PLA)** is a type of thermoplastic aliphatic polyester. Lactic acid and lactide required for the production of polylactic acid may be obtained from reproducible resources through fermentation, dehydration and purification. In addition, PLA is considered an environment-friendly plastic for its ease in mechanical processing and quick degradability through various ways.



We have been using the more eco-friendly Dowling printing paper for our magazines and publications since 2009. We switched to FSC-certified paper in 2013, as its color and print quality was preferred by readers. FSC is recognized internationally as the highest standard in sustainable purchasing of wood fibers. In 2014, FSC-certified matte finish paper accounted for 94.9% of all papers used by us.

### The introduction of e-receipts and iCHANNEL under the paperless initiative

At the end of 2011, PCSC became the first convenience store chain to introduce electronic receipts in support of government policies. Electronic receipts made it unnecessary to estimate and print blank receipts in advance. This means around 78 million sheets of scrapped paper receipts can be avoided each year, an equivalent of 4,041 kg. We have focused our efforts in recent years on upgrading the electronic receipts in order to reduce its size and save even more paper. In 2014, we renamed the "Electronic Receipt" to the "Electronic Receipt Stub". We also stopped providing transaction details after April unless otherwise requested. In July, stores located inside Taiwan Railway stations introduced the electronic receipts and resulted in savings of 107,641 rolls of paper and NT\$13 million in costs compared to 2013.

Since we do not initiatively provide transaction details, there are 3 different channels for consumers to check their transaction details and balance their accounts. These channels include using a mobile app to scan the QR-code on the new version of electronic receipts, registering the receipt number at the Ministry of Finance's e-receipt website, or viewing their e-receipt transaction details on the ibon kiosk at our stores. In the future, we plan to launch advertising promotions to encourage more people to use payment platforms rather than print out the e-receipts stubs to obtain a true paperless model.

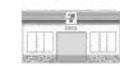


**Info**

Cert no. SCS-COC-00103  
www.fsc.org  
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**FSC Certification**

The Forest Stewardship Council (FSC) mark is currently the highest internationally recognized standard for sustainable purchasing of wood fiber; it is used as a measure of "responsible forest management" by forest management units. The FSC seal certificate is widely supported by non-governmental organizations, enterprises that are enthusiastic in the spirit of green consumption and jointly establishes the mechanism and standards to ensure sustainable development of resources.



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## [ OPEN-chan Energy-saving LED TV ]

PCSC has partnered with Foxconn Electronics Inc. to launch the OPEN-chan TV. All models use energy-saving LED backlighting technology and the latest LCD panels; the TV sets also conform to the energy-saving mark requirements. The 70" TV for example, has a power consumption of just 110 W which consumers can save on electricity bills while living a low-carbon lifestyle.

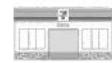


### ■ Green accounting

In keeping with our original spirit of "Friendly 24-hour Service, Happiness is Always Close By", PCSC has introduced the green accounting system in 2006. The green accounting system translates environmental protection initiatives into financial data. In 2014, PCSC invested NT\$350,251,000 in environmental protection, and spent NT\$579,162,000 on environmental expenditures.

### Green Accounting items

Category	Main items	Main items covered	Investment (NT\$1,000)	Expenditure (NT\$1,000)
Merchandise	<ul style="list-style-type: none"> <li>✓ Switched to environmentally friendly product packaging</li> <li>✓ Fresh food product inspections</li> </ul>	<ul style="list-style-type: none"> <li>► Purchased eco-friendly PLA packaging and coffee stands</li> <li>► Without using additives such as preservatives, MSG in fresh foods</li> </ul>	13,690	157,634
Store	<ul style="list-style-type: none"> <li>✓ Implemented energy conservation measures</li> <li>✓ Cleaning and waste disposal</li> <li>✓ Extended the service life of equipment and building materials</li> <li>✓ Green procurement</li> </ul>	<ul style="list-style-type: none"> <li>► Cleaning store surroundings, landscaping, and waste handling</li> <li>► Introduced steel counters and refurbished equipment</li> <li>► Procured energy-saving equipment and eco-friendly paper/building materials</li> </ul>	336,561	359,092
Contribution to society	<ul style="list-style-type: none"> <li>✓ External promotion of environmental protection</li> <li>✓ Hosted or participated in environmental protection or charity events</li> </ul>	<ul style="list-style-type: none"> <li>► Advocated CSR, conservation and fully utilizing resources; sponsored environmental protection organizations</li> <li>► Promoted Good Neighbor Funfest Environmental Protection Month in September</li> </ul>	0	41,438
Internal environmental education	<ul style="list-style-type: none"> <li>✓ Promote environmental protection education</li> <li>✓ Resource recycling in the office</li> </ul>	<ul style="list-style-type: none"> <li>► Promote a paper-saving environment in the office</li> <li>► Cleaning and shaping the environment, and recycling</li> </ul>	0	18,543
Distribution	<ul style="list-style-type: none"> <li>✓ Recycle through reverse logistics</li> <li>✓ Improve distribution efficiency</li> </ul>	<ul style="list-style-type: none"> <li>► Investment in recycling manpower and equipment</li> </ul>	0	2,455
<b>Total</b>			<b>350,251</b>	<b>579,162</b>



We are also working to reduce the amount of paper used by store POP advertisements. We have set a target for the number of POP used every marketing cycle at 130 POPs, and reduced the number of paper display stands. We currently use an average of 110 POPs for each marketing cycle, reducing the amount of POP printing by 15%. As part of the push to realize the goal of being 100% paper-free, we introduced the iChannel (in-store digital advertising screen) in 2012; this has been installed in up to 3,000 stores by the end of 2014 (60% of stores). Once it has been fully introduced, this should save around 2.6 million sheets of paper annually<sup>2</sup>. Advertising and marketing materials are now supervised by QA and legal affairs team to validate that all advertisements comply with the law or self-management regulations.

<sup>2</sup>The amount of paper saved annually is calculated based on 26 marketing cycles/year, a reduction of 20 POPs per marketing cycle for all 5,000 stores.

## ■ Green Product

Recognizing the shift towards eco-friendly and low-carbon living trends, PCSC volunteers to lead the public towards a sustainable lifestyle. The most simple and direct way is to provide consumers with high-quality and eco-friendly products to choose from. Marketing and certified products are used to convey the products' sustainability or environmental concept to consumers.

We will continue to integrate the concept of environmental friendliness with our products. We will also continue to introduce green products with eco-friendly, carbon footprint, and energy-saving marks at our stores and the virtual second floor. At the same time, we have launched eco-friendly products under our private label such as LED lights, 2.5X concentrated laundry powder/detergent, and OPEN-chan energy-saving TVs. Through the unique characteristics of our products, we hope to make a contribution to the environment by effectively reducing the consumption of energy and resources. By the end of 2014, more than 160 green products are being sold through storefront and online.



# 4

## A Good Neighbor Who is Involved with the Local Community



Not just a good neighbor offering plenty of convenience, but a guardian of health as well. 7-ELEVEN Millennium Health Stations are used on average **4.3 million** times annually



To connect the community, the "Good Neighbor Funfest" community events were held cumulatively more than **3,700 times** as of 2014

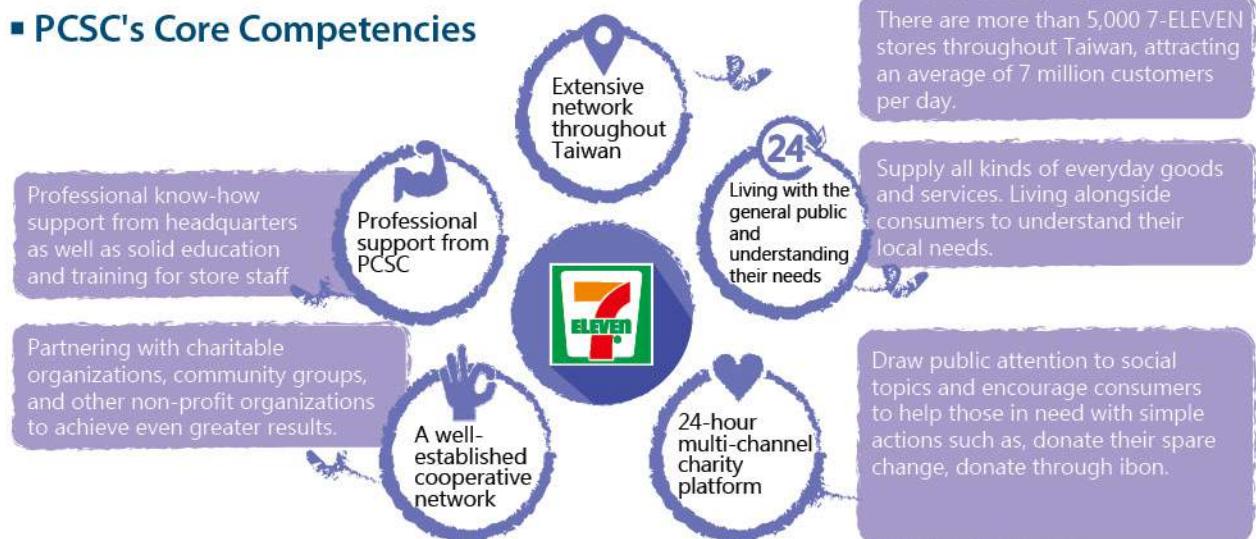


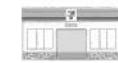
More than NT\$**279 million** was raised from charity events in 2014

### 4.1 Building a Happy Community

PCSC stores can be found on big streets and small alleys, where we play a vital role in people's everyday lives; this emotional connection brings us closer with the community, and it is our mission and responsibility as a member of the big family. The hectic pace of life in the 21st century has filled our society with a sense of apathy and uncertainty, so PCSC has always strived to create a happy community. Apart from meeting people's daily needs through our quality merchandise and diverse services, we also hope that the PCSC platform can fill the community with love. A happy enterprise can only be achieved by building a happy society. To achieve this goal, we leverage the core competencies of PCSC in order to use our corporate resources in every corner of society. When developing relationships with the community, we listen to people's needs and see them as the foundation to develop new products and services. The accumulation of public trust and support makes PCSC the irreplaceable neighbor, delivering happiness within the community.

#### ■ PCSC's Core Competencies





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## Special Report - Rural Outreach to Narrow the Rural-Urban Divide

On July 11, 2014, 7-ELEVEN opened its 5,000th store in Neimen, a town located in Kaohsiung City famed for its folk culture. To commemorate this milestone, the store was named the "Good Neighbor Store." We have always believed that 7-ELEVEN is not just a convenience store; it has become an indispensable good neighbor for Taiwan's citizens. The opening of the "Good Neighbor Store" represented PCSC's bid to reach out to rural communities, support local community development, and bridge rural-urban divide in terms of service provided.

The incorporation of local folk motifs by the store has created a welcoming and homely touch. Elements of the traditional courtyard house, temple-style windows, and decorative eaves all help to harmonize the store with the local environment.

Neimen has a population of just 15,000, with 16.7% being elderly farmers. Due to the high population of seniors in the local area, the "Good Neighbor Store" has 39 seats and a Health Station where local residents can take their blood pressure measurements any time. A health and vitality section featuring soy milk, malt beverages, and products of Uni-President Organics Corp. was also introduced to the product assortment to benefit the health of local residents. The store was also designed based on the 2nd generation green energy house concept. Apart from making extensive use of energy-saving devices, a garden made out of red brick walls and pebble pavement was created to showcase the green environment. Because motorcyclists touring the island of Taiwan must travel through Neimen, there are a total of 17 motorcycle parking spaces provided for tourists.

Looking beyond the 5,000 store mark, 7-ELEVEN will continue to open new stores in response to the demands from local communities, and even from residents of offshore islands, to fulfill our promise to bridge the rural-urban divide.



# 52

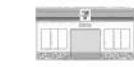
**Opened the 52nd offshore store in "Lanyu"**



The 7-ELEVEN Lanyu Store opened its doors on September 19, 2014. This is also the easternmost 7-ELEVEN store. To fulfill our promise to bridge the urban-rural divide, many of the longstanding community welfare practices on the main island of Taiwan were also replicated in these regions. For example, we noticed the local residents only had one family doctor and a dentist in the area; therefore a Health Station was established in the store to provide blood pressure measurements. On the store's opening day, we partnered with the Liver Disease Prevention & Treatment Research Foundation to send a team of professional physicians from Taiwan and organized the largest free liver disease screening event ever held in the area.

We also took note of how inconvenient it was for the local people to purchase everyday items. Accordingly, we increased our store inventory level. To help local residents keep up with the latest news, daily newspapers are flown in by a small aircraft from Taitung. Store services such as ibon, e-commerce in-store pickup, and payment collection are all provided as well. Instead of dealing with the hassle of traveling all the way to Taitung for the purchase of public transportation tickets, concert tickets, and exhibition tickets, the 4,000 local residents can now purchase the latest products online. Since the franchisee and store staff are all locals, they have no trouble communicating in their own tribal language with seniors visiting the store to make purchases. 7-ELEVEN has become a good neighbor for the people of Lanyu, and is also helping to stimulate development for the local economy.





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## 4.2 Good Neighbor Foundation

The "Good Neighbor Foundation" was established by PCSC in 1999 to fulfill our corporate social responsibility and bring our corporate resources to every corner of the society. 2014 was the Foundation's 15th year in operation. The Foundation has actively invested in establishing community relationships, improving life quality, and supporting local culture. Since 2009, staff from 7-ELEVEN stores throughout Taiwan have been encouraged to connect with the local community, look after disadvantaged groups, and support rural education. The goals are to enrich the local spiritual life, to improve their quality of life, and "to become the community service center."



### 2014 Good Neighbor events

**January  
to  
March**

- Continuing the call to support rural development in the movie "Bridge over Troubled Water", we continued to help Jiaxian Elementary School convert its reading room into the "Good Neighbor Library" and a local community center
- To develop new ways of supporting rural education, we teamed up with Teach for Taiwan and visited Chia Chung Elementary School in Tainan
- Accompanied the judging panel from the Duskin Ainowa Foundation in hosting the final selection for the 16th Duskin Disability Leadership Program that will be trained in Japan

**April  
to  
June**

- Launched the OPEN! Cares rural hospital charity road tour in partnership with 12 rural hospitals including Pingtung Christian Hospital, Chiayi Chang Gung Hospital and Taitung Christian Hospital
- The first Teach for Taiwan teacher interviews were held to recruit young teachers for remote rural areas

**July  
to  
September**

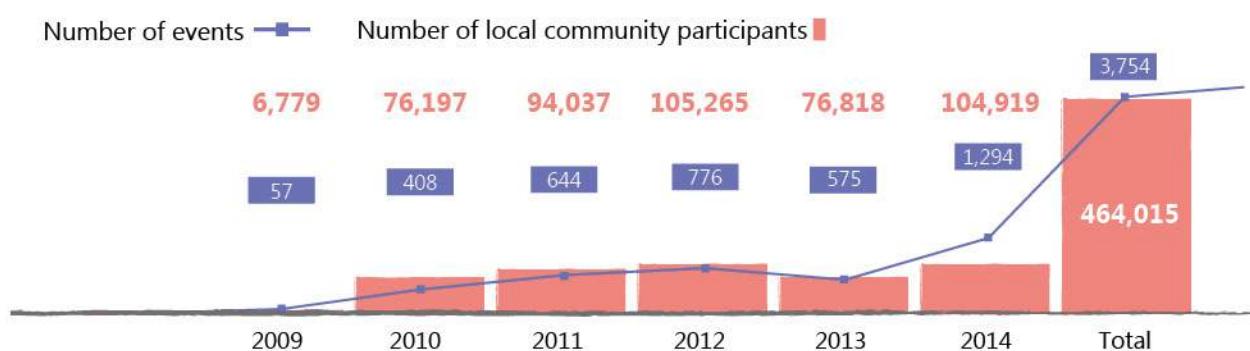
- On 7-ELEVEN DAY, nearly 200 stores around Taiwan joined in hosting Good Neighbor Funfest events such as one-day store managers, health checkups, and senior challenges as part of our community building effort and to give back to the society
- The "89 Waist-Measurement Day" and National Health Exam Month were held in partnership with the Taiwan Millennium Health Foundation to promote the prevention of metabolic syndrome. For the first time, residents were encouraged to pay attention to their health by having their blood pressure and waist measurements taken at selected Millennium Health Stations during the months of September and October at selected 7-ELEVEN stores in return for a special gift
- Representatives from Taiwan who participated in the 16th Duskin Disability Leadership Program departed for Japan to start their training
- The first batch of teachers recruited through Teach for Taiwan began teaching at remote rural elementary schools located in Tainan and Taitung

**October  
to  
December**

- More than 1,000 Good Neighbor Funfest activities were held in December

## ■ Good Neighbor Funfest

The "Good Neighbor Funfest" is a key initiative of the PCSC Good Neighbor Foundation. There are 365 villages and townships in Taiwan, each with their own rich culture and stories. To connect with the local community better, the Good Neighbor Foundation began organizing the "Good Neighbor Funfest" in fall of 2009 to promote community events that bring society and people closer together and bring out the simplest and most adorable side of human nature. As of 2014, we have organized more than 3,700 neighborhood funfests to celebrate various holidays, perform community environmental protection, and help disadvantaged children. The Good Neighbor Foundation will continue to work toward a more harmonious community, so that everyone becomes a good neighbor.



In 2014, there were a total of 193 Good Neighbor Funfest events including one-day store manager camps (for children and seniors) on 7-ELEVEN Day, senior challenges, and health exams. More than 10,000 people participated.





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## + Festivals

**22.80%**

Invite local residents to participate in the holiday festivities at the store to get in the holiday mood.

## + Caring for the disadvantaged and the community **51.23%**

Build up consensus within the community by appealing to their love for the land, caring for disadvantaged individuals, and taking an interest in local events.

## + DIY Cooking **12.44%**

Promote happiness between parents and their children through creative cooking where they eat and play as they cook.

## + Healthy living **9.08%**

Organize health exams or lectures on lifestyle topics such as everyday healthcare, food safety, and body-care to a better lifestyle.

## + Community environmental protection

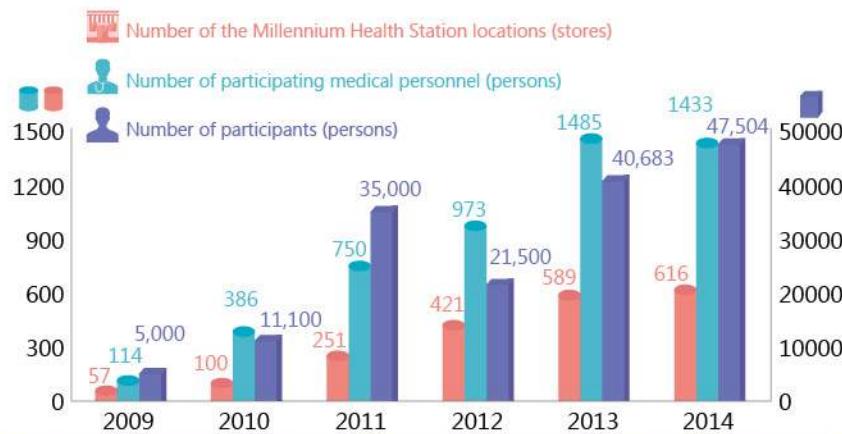
**4.45%**

Encourage stores and residents to value their surrounding environment, as well as cultivate eco-friendly behaviors and habits in their daily lives.



## 7-ELEVEN Millennium Health Station

The Good Neighbor Foundation began partnering with the Millennium Health Foundation in 2009 and established Millennium Health Stations at selected 7-ELEVEN stores to provide the general public with the services of blood pressure and waist measurement. Free community health exams were also organized in conjunction with medical groups or health clinics to lead people in "practicing a 3D Healthy Lifestyle" (Do Control, Do Health Diet, Do Exercise) for preventing high blood pressure, high blood sugar, and high cholesterol, as well as fighting against metabolic syndrome. The number of participants have grown 12 times over the last five years since established. Around 4.3 million people have had their blood pressures measured at the health station each year.



## ■ Supporting education in rural areas: Teach for Taiwan (TFT)

Carrying over the spirit of caring for rural education and the disadvantaged from 2013 New Jiaxian Store's endeavor to encourage reading and the mini-documentary "Bridge over Troubled Water," PCSC and Teach for Taiwan continued to support the cause by recruiting and training young outstanding teachers for remote rural regions. By providing rural children with quality education, we will create an opportunity to make a change for the next-generation. The program also provided an opportunity for cultivating future leaders in various fields, and helped bring forth a rural transformation. Such a positive influence will help narrow the gap in terms of educational resources within Taiwan.

### ▣ Action Plan of the Program

We teamed up with Teach for Taiwan (TFT), a new non-profit organization, to negotiate with elementary schools located in remote areas on openings for replacement and substitute teachers. Idealistic young people from different backgrounds and fields were recruited to teach for two years in rural regions with limited resources. For the first group of volunteers, TFT focused their efforts on training new teachers, while the Good Neighbor Foundation provided the funds for the teachers' salaries and the corresponding training and support costs.



Teach for Taiwan

### ▣ 2014 Accomplishments



### ▣ 2015 Follow-up Program

#### 1. Supporting the frontlines of education

- a) Additional funding for teachers to help transform rural education
- b) Leveraging corporate core advantages to supplement rural resources
- Expanding the read-for-treats program from Jiaxian to other schools.
- Launching the "Good Neighborhood Classroom" outdoor curriculum (using nearby 7-ELEVEN stores as classrooms)
- Connecting TFT teachers with Uni-President's demands for talent to increase the diversity of our corporate human resources



#### 2. Promotion to increase public awareness

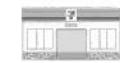
Nation-wide promotion through our stores to raise awareness on rural education



## Environmental Protection Pioneer - Guanxi Store, Luzhu District, North III Zone

The Environmental Protection Pioneer Camp held by Guanxi Store invited local children to wear soccer jerseys made from recycled materials. Then they inspected all the products in the store to learn about their materials. The children also learned about the recycling of waste materials (e.g. batteries, PET bottles). The fun and interactive lesson on the importance of recycling and environmental protection was attended by 100 children.





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A Good Neighbor Who  
Cares for the Environment



A Good Neighbor Who is Involved  
with the Local Community

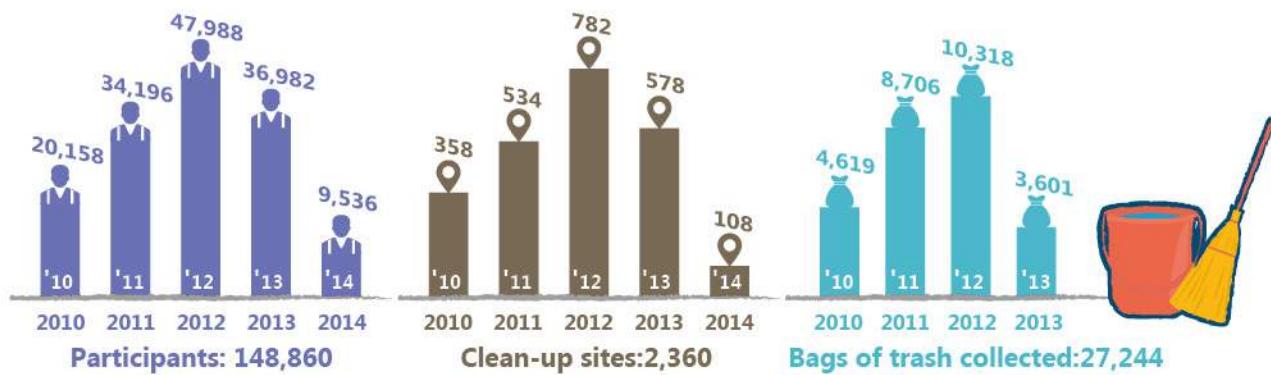


A Good Neighbor Who Creates  
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## ▪ Clean Up the World - Connect with the world to love our Earth

The Clean Up the World movement originated in Australia; since its launch in 1993, it has become one of the most important global environmental protection initiatives. Since 2001, the Good Neighbor Foundation has partnered with Clean Up the World in Australia to launch the event of "Clean Up the World - Environmental Protection in Taiwan." By recruiting volunteers for clean-up efforts as well as promoting recycling and garbage reduction, this will hopefully make environmental protection a part of everyone's everyday attitude and habit. The event has become the largest national environmental volunteering event in Taiwan since launched in 2001; it has also attracted the attention of over 2,000 businesses and organizations including the Environmental Protection Administration, Taipei City Government, Chunghwa Telecom, E.Sun Bank, and the International Rotary Club, with over NT\$40 million invested in manpower and resources. More than 400,000 people answered the call to clean-up nearly 7,000 sites around Taiwan such as the tourist night markets, Nanwan beach at Kenting, Cingjing in Nantou, and offshore islands. Over the last 13 years, it has gradually made environmental clean-up a regular habit among Taiwanese.

The Good Neighbor Foundation changed its format in 2014 from organizing large events to local community activities throughout Taiwan, in order to attract more localized participation; these included recycling competitions, Environmental Protection Pioneer Camps, and DIY Environmental Protection Coffee Grounds Reuse. September was also declared the "Environmental Protection Month" to encourage 5,000 7-ELEVEN stores throughout Taiwan to hold various kinds of environmental protection events. 15 outstanding store managers also organized large-scale community clean-up events under their own initiatives. By using the store as a platform for public participation, this helped to plant the seeds of environmental education everywhere. External groups and organizations were also encouraged to support the movement by selecting their own clean-up sites, and to make contributions to the planet in their own ways during the month of September in order to create a cleaner environment and a better society.





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## ▪ OPEN! Cares Rural Road Show Provides Care for Child Patients

"Caring for Child Patients" campaign established by the Good Neighbor Foundation in 2010 has visited 10 different counties and cities, 15 hospitals, and around 800 child patients over the last 4 years. To help our corporate charity resources reach more townships and hospitals, the Good Neighbor Foundation launched the "OPEN! Cares" project in 2014 to go beyond major metropolises and into tier 2 and 3 cities, as well as rural townships to visit child patients in rural hospitals. Over NT\$1 million in manpower and resources were invested into the program including the dedicated website ([www.goodneighbor.org.tw/opencares/index.html](http://www.goodneighbor.org.tw/opencares/index.html)), the OPEN-chan nurse design, entertaining performances, and gift sets.

In 2014, our caring efforts were extended to 12 rural hospitals in Taitung, Chiayi, Kinmen, Nantou, Hengchun, Penghu, and Yunlin. Nearly 2,000 people took part to bolster the spirits of more than 1,200 young children. After a year of study, we discovered that due to a higher percentage of skipped-generation families, inadequate medical resources, and limited understanding of proper medical treatments available, children with development disorders have become one of the focused concerns at rural hospitals. Though specialized treatment programs are available at the hospitals to provide these children with the external stimuli they need, the lack of resources in rural regions meant that few outside groups are willing to invest their manpower and funding to supply direct intervention. The Good Neighbor Foundation was therefore the first outside partner for many rural hospitals. Apart from bringing the children happiness through exciting performances and interactive games with OPEN-chan and Momo, events were also tailored to the hospitals' own health education campaigns. The "Mini Store Manager" event for children in early intervention programs also used the learning-through-play method to teach the right knowledge and concepts to parents and child patients; it also helped the kids to open up and embrace their lives with a smile.

Highlights from each hospital event are available on the OPEN! Cares website  
Event website: <http://www.goodneighbor.org.tw/opencares/about.html>



### [Case Story] An Autistic Boy named "Heart" and OPEN-chan

Heart was diagnosed with autism; he had just started elementary school. His dream of playing games and hugging his idol, OPEN-chan, has now been fulfilled at last. This heart-warming event occurred at the 8th stop of the "OPEN! Cares" road show co-organized by the Good Neighbor Foundation and the St. Joseph's Hospital in Yunlin. Heart's excitement was plain for all to see. When he saw OPEN-chan, he couldn't but laugh and jump excitedly for a "Love Hug" with OPEN-chan! OPEN-chan provided Heart with plenty of encouragement as well. Heart's father stated that OPEN-chan had become an important channel for Heart to open up with the outside world; it was also the catalyst for Heart to venture beyond the prison of his own mind and accept external stimuli. When he saw how Heart's ability to express himself gradually improved, and when he learned how to express his ideas through drawings, with OPEN-chan as the main subject in all of Heart's drawings, as well as earning 1st place in the junior division of the national elementary student drawing competition, Heart's father felt extremely proud of his son and hoped their story can serve as an inspiration for other families.



OPEN-chan presented Heart with a gift box, which made him so happy that he gave OPEN-chan a big kiss

## 4.3 Bringing People Together through Charity

### ▪ In-store Donations of Spare Change

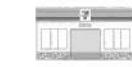
In 1988, 7-ELEVEN launched the "Bring Back the Love" charity campaign by placing donation boxes inside 7-ELEVEN stores. Consumers were encouraged to donate the change from their purchases to charity no matter where or when under the concept of "charity at any time." The donations of spare change went to help those in need. The spirit of charity is Always Open! Total donations surpassed NT\$279 million in 2014, while donations of spare change increased by 2% compared to the previous year as well.

Even spare change can make a big difference. 7-ELEVEN is entrusted with the very careful selection of charities it works with from the public.. A cross-functional team made up of finance, audit, and legal affairs personnel validates the financial affairs of each charitable organization thoroughly before planning actual co-operative projects. Apart from supporting the charity's basic services, we also conduct extensive discussions to see how our resources and support can help them achieve even more. Once an event is underway, 7-ELEVEN is also responsible for clearing the donation boxes every week and conducts monthly audits on the donations to ensure transparency in cash flow and financial accounts. The public can therefore be assured that their generosity is not going to waste.

### We work diligently to guard your patience



To raise the visibility of non-profit organizations and encourage more people to donate, 7-ELEVEN has been supporting in-store fund-raisers through its channel resources for decades; this is backed by extensive manpower, materials, technology, and cash flow systems. Nearly NT\$100 million is invested every year in the running of the donation mechanism. We also use our own media channels such as the "Love World" fan page on Facebook as a promotional tool. We hope to act as a herald in the awakening of public generosity and deliver resources to those who are truly in need.



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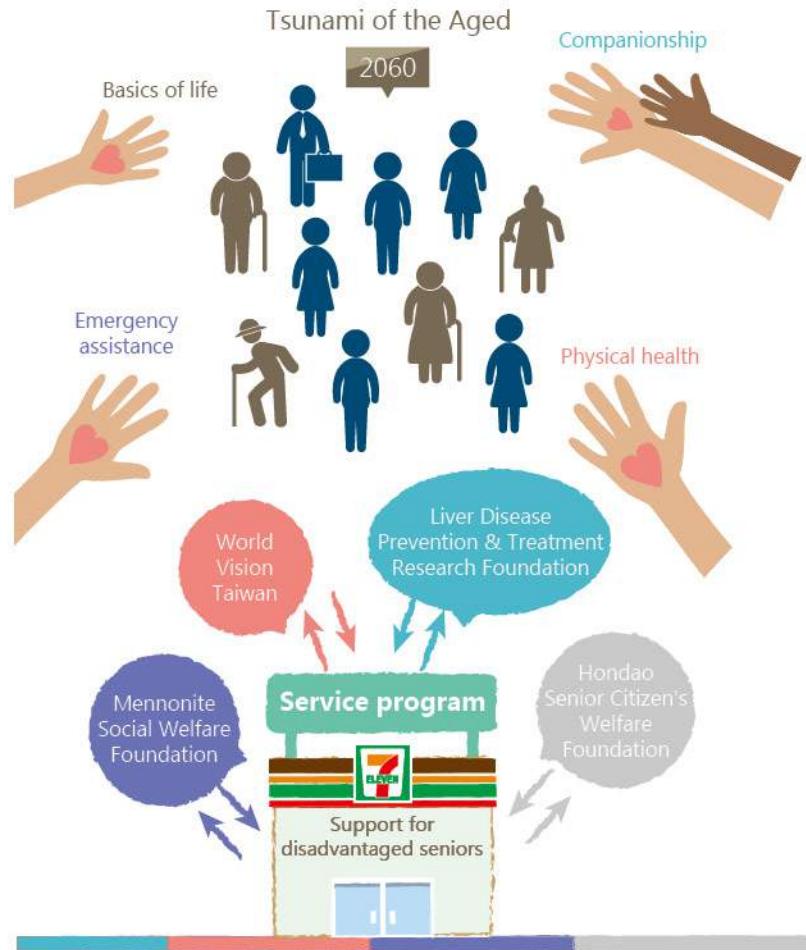


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A report from the Council for Economic Planning and Development indicated that the combined effect of a low birth rate and growing number of seniors means Taiwan is now the fastest aging countries in the world. By 2060, 4 in every 10 people will be 65 years of age or older, with 2 out of the 4 being over 80. The "Tsunami of the Aged" brings many problems. There are now nearly 2.7 million elderly people in Taiwan, and 1/3 of them (around 900,000) reportedly suffer from economic hardship, living alone, disabilities, dementia, or serious physical/mental illnesses which create even more social problems. To increase awareness on the topic of disadvantaged seniors, 7-ELEVEN changed its 26 years tradition on in-store fund-raisers. We partnered with Taiwan's top four charitable organizations (World Vision Taiwan, Mennonite Social Welfare Foundation, Liver Disease Prevention & Treatment Research Foundation, and HonDAO Senior Citizen's Welfare Foundation) to set up service programs focused on four key aspects: emergency assistance, companionship, physical health, and basics of life. We hope this will inspire the people of Taiwan to join us in taking an interest on the topic of disadvantaged seniors, help more disadvantaged groups together, and bring back the love together.



By focusing on the theme of disadvantaged seniors throughout the year and using 7-ELEVEN stores around Taiwan as a fund-raising platform, we aim to raise public awareness on the severity and urgency of this topic.



See them Listen to them We can do more to help them...

## 2014 Fundraising Results



**Q1(01.01~03.31)**

Last time, I carried his father on my back - Disadvantaged Skipped Generation Family Assistance Plan (World Vision Taiwan)

Donations (NTD)

**38,486,113**

The program serviced 9,650 people. Helping those over the age of 65 with paying for home repairs, upgrades, or furniture/equipment/auxiliary aids used for everyday living to prevent debilitating injuries at nearly 300 households, as well as 1,867 seniors living alone. Meals-on-wheels service was also provided to 300 house-bound or handicapped seniors.

Donations (NTD)

**37,950,793**

Assisted a total of 1,342 skipped generation families where the grandfather/grandmother is the primary care provider or source of support dealing with difficulties due to injuries, illnesses, accidents, or family problems.

**Q2(04.01~06.30)**

Good Neighbor Home Refurbishment Plan for Disadvantaged Seniors (Hondao Senior Citizen's Welfare Foundation)



Total

**NT\$153,787,396**



**Q3(07.01~09.30)**

Save the Liver  
Rural Hepatitis Screening Plan  
(Liver Disease Prevention & Treatment Research Foundation)

Donations (NTD)

**36,658,453**

Provided disadvantaged seniors from eastern Taiwan with consistent and reliable care services 320,000 times. Provided meals-on-wheels services 2 meals a day, 6 days a week, 120,000 total times for disadvantaged seniors. Every Sunday, the meals-on-wheels service also delivered meals to 7,500 impoverished seniors without family members to prepare meals during weekends, or unable to prepare meals on their own.

Donations (NTD)

**40,692,037**

Liver disease screening for seniors over the age of 55 in rural regions, along with 12 basic health exams including cholesterol, pre-meal blood glucose, and triglyceride testing. Provided 1,000 seniors over the age of 55 with basic health exams; conducted blood tests for liver disease for 8,000 individuals.

**Q4(10.01~12.31)**

No Weekend Rest for Grandpa's Meals (Mennonite Social Welfare Foundation)





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## [Case Story] Meal Deliveries for Seniors Living Alone in Hualien

According to the Mennonite Social Welfare Foundation, which has been delivering meals to Hualien seniors living alone for long periods of time, around 14% of disadvantaged seniors require meal deliveries on weekends. Meal deliveries, however, are hampered by a lack of resources and the long, winding roads that make travel difficult. With 7-ELEVEN's extensive community presence, we solved these problems by providing local care and support.

Store managers at 16 7-ELEVEN stores in Hualien form the "Good Neighbor Meal Delivery Team" to deliver lunch and dinner to seniors living alone each Sunday. In addition to meal deliveries, they also observed and reported on the seniors' health conditions to provide seniors living alone with a safety net.



[Service Story] Shu-jen, Store Manager of Lianji Store, noticed her service client Grandma Wen was looking troubled. Upon inquiring, she learned that Grandpa has been feeling unwell and was bedridden for days. Apart from providing moral support, she also reported the situation to the Mennonite Social Welfare Foundation's Meals and Care Center to request further assistance. The next time Shu-jen saw Grandma Wen, Grandpa had fully recovered and Grandma was all smiles again. Being familiar with Grandma Wen's family situation, Shu-jen also made meal deliveries during the 5-day Chinese New Year long holiday of her free will to make them feel the love and support from the outside world.



# A Sunny Grandma

## Nanny Wu's Happy bathing Dream



In early 2014, Nanny Wu fell down a set of stairs, but the fall was just the start of her troubles. The only bathroom in their house was located on the second floor, yet her injuries, which made walking difficult, had turned climbing up the steep, narrow stairs a nightmare. Her only son was a dialysis patient and was too physically frail to help his mother fulfill her dream of having a proper bath. As a result, she lived three months without taking a shower. For someone who had always kept herself clean, her "scaly-skin" really weighed on her mind. Hondao volunteers arranged for a volunteer to take Nanny Wu to a nearby elderly care institution for weekly baths. A bathroom was also added to a corner of her house on the ground floor under the "Home Refurbishment Plan for Disadvantaged Seniors". The extra-wide doorframe and the height of the sink were all tailored to Nanny's needs. Hondao Senior Citizen's Welfare Foundation also helped her apply for home care service from the government so that a live-in care provider can visit Nanny Wu at home to help her with taking baths. In addition, the meals-on-wheels service and a hearing aid were also organized for Nanny Wu so she could eat the right foods and communicate more easily with others.

Nanny Wu said her first bath in the new bathroom made her feel really happy and touched. Being able to take a bath also made her feel so much better. The meals delivered by volunteers are easier to chew as well, so she now has more of an appetite and eats more. She also feels a lot better and her legs are becoming stronger. She believes that she will be out of the wheelchair very soon!

Through the "Good Neighbor Home Refurbishment Plan for Disadvantaged Seniors" program, 7-ELEVEN and Hondao added a spacious bathroom for Nanny Wu. The width of the doorway and the height of the sink were all tailored to Nanny's needs



### ibon Charity Donations

Since 2008, we began using ibon kiosks to set up an always-open charity platform where customers can choose which charitable organization they would like to donate to. In 2014, we raised a total of NT\$125,380,000, with each donation averaging NT\$953.

Year	Total number of donations	Total amount donated (NTD)	Average amount of each donation (NTD)
2008	29,334	16,901,610	576
2009	40,013	18,616,246	465
2010	53,521	30,598,496	572
2011	103,135	83,436,156	809
2012	67,361	36,281,975	539
2013	67,754	35,827,244	529
2014	131,593	125,382,633	953
Total	492,711	347,044,360	704

# Kaohsiung Gas Explosion

For some victims, the Kaohsiung gas explosion not only destroyed their homes, but also brought painful physical injuries or sadness over losing family and friends. Children who witnessed the disaster also needed external support to recover from their grief. Therefore, 7-ELEVEN focused its efforts in three areas: post-disaster reconstruction, physical and mental therapy for burn victims, and caring for children from the disaster area. We partnered with the Kaohsiung City Government, World Vision Taiwan, and Sunshine Social Welfare Foundation to collect donations through ibon kiosks at all stores throughout Taiwan, so that help can be promptly delivered to those in need.

NT\$ 58,454,028

was raised to help victims of the Kaohsiung gas explosion (8/1~8/31)



Uni-President donated NT\$10 million immediately following the incident, and released 7-ELEVEN resources for emergency relief efforts. Apart from setting up supply centers at two stores in the disaster area for victims and rescue team members, we also shipped supplies to the emergency housing centers such as onigiris (500 rice balls), drinking water (450 cartons), instant noodles (200 cartons), bread (500 pieces), and personal hygiene items (250 adult and children's toothbrushes, 200 tubes of toothpaste, 200 towels, etc.) During this period, President Musashino Corp. worked overtime to prepare onigiris while logistics trucks were also assigned to assist with deliveries on demand. More than 100 people were mobilized. 7-ELEVEN proudly stands together with Kaohsiung residents from the disaster area and offers its full support right at the frontline!



# 5

## A Good Neighbor Who Creates a Friendly Workplace



In 2014, 280 employees with disabilities were hired, which is **3.57 times** the legal requirement



In 2014, salaries were increased by over **2%** for 72.2% of employees



As of 2014, **55** auditors have been trained to conduct internal audits and implement the principle of fairness at the workplace

### 5.1 Implementation of Employee Care

**B**ecoming a happy enterprise is the vision and goal of PCSC. We believe that only "happy employees can fully demonstrate PCSC's values for customers, and only satisfied employees can provide outstanding services that satisfy consumers." We hope to continue bringing surprises and happiness to employees and customers alike, through innovative high-quality products and services, as well as comprehensive career planning. In the PCSC family, employees do not just provide labor, but are in fact creating their own ways of life as well as learning how to make a difference. The tight-knit partnership between store staff, franchisees, headquarters employees, and affiliates enable us to provide society with the most convenient services. Through our complete career planning, healthy work environment, and comprehensive benefits, we make every PCSC employees feel proud of being a part of our big happy family.

#### ■ Our Partners

PCSC has divided Taiwan into seven zones, each with its own operational headquarters in order to respond to the requirements of local stores and consumers in a timely manner. As of December 31, 2014, we employed a total of 7,843 individuals, including 10 foreign female employees. If hourly staff from franchise stores are included, then there are more than 30,000 members in the PCSC family. Apart from helping permanent employees fulfill their dreams, since our stores operate 24-hours a day all year round and require large numbers of frontline staff to handle customer interactions, we offer not only many part-time job opportunities, but also a place where students and people reentering the workforce can showcase their talents. We have setup cooperative programs with senior and vocational high schools to provide students the chance to earn part-time income and acquire work experiences while obtaining academic credits.

### Total number and percentage of newly hired permanent employees in 2014



	Northern Taiwan (North I, North II, North III, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Chingshui)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
<30 years old	104	10	12	126
30-50 years old	33	3	5	41
>50 years old	1	0	0	1

Percentage of new hires (Total number of new recruits during the year/ Number of personnel in service as of 12/31/2014) 4.03%



	Northern Taiwan (North I, North II, North III, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Chingshui)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
<30 years old	101	21	27	149
30-50 years old	34	8	10	52
>50 years old	0	0	0	0

Percentage of new hires (Total number of new recruits during the year/ Number of personnel in service as of 12/31/2014) 5.48%

### Total number and percentage of permanent employee turnover in 2014



	Northern Taiwan (North I, North II, North III, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Chingshui)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
<30 years old	59	5	6	70
30-50 years old	89	11	17	117
>50 years old	2	0	0	2

Turnover ratio (Number of turnovers during the year/Number of personnel in service as of 12/31/2014) 4.53%



	Northern Taiwan (North I, North II, North III, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Chingshui)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
<30 years old	40	8	14	62
30-50 years old	77	12	19	108
>50 years old	10	0	1	11

Turnover ratio (Number of turnovers during the year/Number of personnel in service as of 12/31/2014) 4.93%



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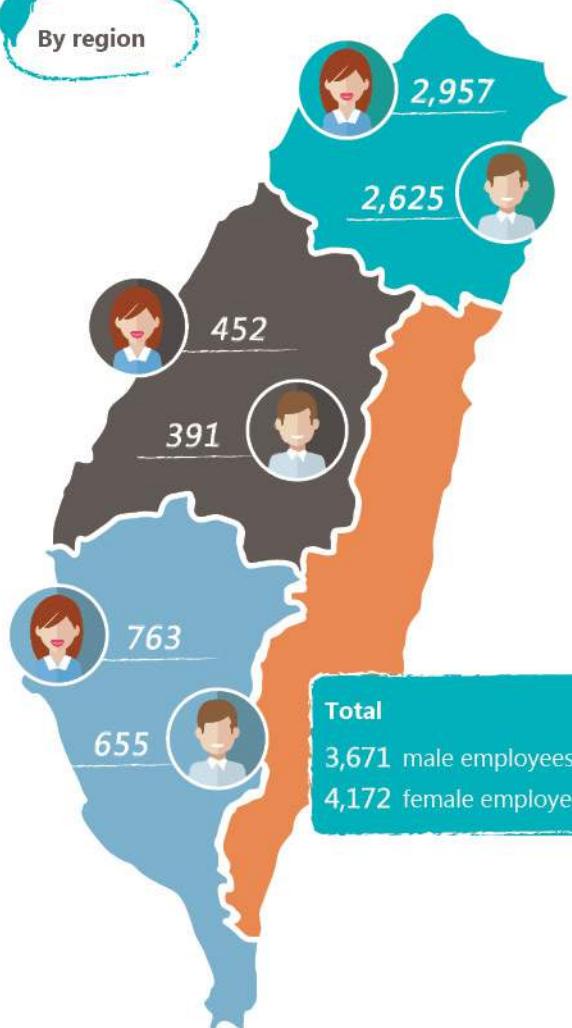


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### Employee Statistics

(As of 12/31/2014)

By region



By employment type

Store staff	2,558	3,239
Management personnel	684	193
Non-management personnel	429	740

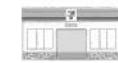
By employment contract

Permanent employee	1,831	1,968
Contract employee	1,840	2,204

### Employee age distribution

(As of 12/31/2014)

Employee category	<30 years old		30-50 years old		>50 years old		Total
	Male	Female	Male	Female	Male	Female	
Store staff	1,672	1,733	862	1,448	24	58	5,797
Management personnel	50	40	565	148	69	5	877
Non-management personnel	57	143	340	586	32	11	1,169
Total number of employees	1,779	1,916	1,767	2,182	125	74	7,843



### Diversified employee composition

(As of 12/31/2014)

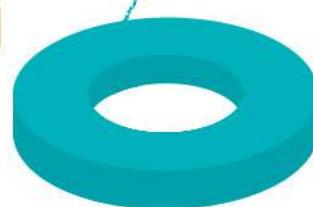
Non-management personnel **14** (1%)



Management personnel **10** (1%)



Store staff **350** (6%)



Number of employees from ethnic minorities and disadvantaged groups: 374 (5%)

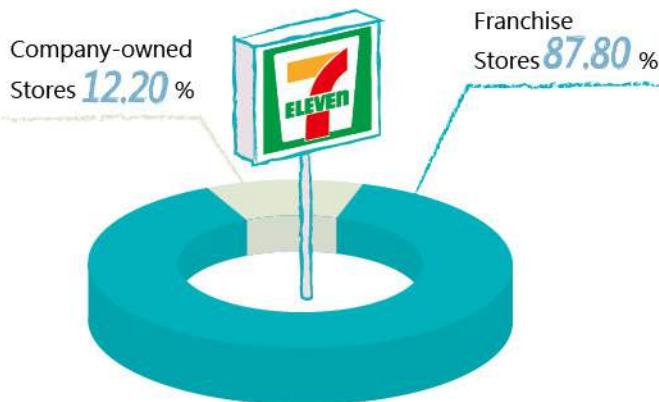
Note: Ethnic minorities and disadvantaged groups include indigenous peoples and individuals with disabilities

For hourly wage workers, we do not hire those under the age of 15 in accordance with the "Labor Standards Act". We also follow the philosophy that "employment assistance is the most direct way of helping the disadvantaged achieve independence." We therefore not only provide people with disabilities with more job opportunities, but also welcome middle-aged women reentering the workforce looking for part-time work with shorter hours. In 2014, PCSC headquarters and company-owned stores hired a total of 280 employees from disadvantaged groups. This represented 3.57% of our total workforce and is 3.57 times higher than the statutory requirement.

To provide more disadvantaged people with stable employment and a chance for independence, we also hired 94 indigenous employees, which is 1.20% of our total workforce, providing a diversified and tolerant workplace environment.



### Franchise business



The two types of PCSC franchise are "Franchise Chains" and "License Chains." For "Franchise Chains", the storefront is provided by the franchisee, and for "License Chains", the storefront is provided by headquarters. In 2014, there were a total of 3,420 franchisees. 87.80% of our stores in Taiwan are managed by franchisees, while 100% of offshore stores are franchise-owned. Franchising information is available on the corporate website: <http://www.7-11.com.tw/fr/index.asp>.

Franchisees are very important PCSC stakeholders. To listen and respond to our franchisees, a satisfaction survey is conducted every year. Due to the emergency food safety incidents last year, the scheduled satisfaction survey was cancelled. We nevertheless continued to express our support for franchisees. In 2014, we visited 113 stores and made 942 scheduled visits to franchisees.

We also actively built a learning and development platform for franchisees. In addition to enhancing their professional skills, the platform also offers health and recreation activities for franchisees, creating a better franchising environment. 7-ELEVEN has invested over NT\$10 million each year on motivational seminars for exceptional store managers and the Elite Franchisee Academy. In terms of health and recreation, PCSC has budgeted NT\$3 million annually in holiday subsidies for franchisees. Senior franchisees over the age of 40 who have been with the company for over 10 years receive a health exam worth NT\$16,000 every 2 years. Apart from group insurance for dependents, the spouse of franchisees can now also join PCSC's benefits trust. These initiatives are aimed at encouraging sustainable management and a positive feedback for franchisees. As a result, inquiries about new franchising opportunities have continued to rise. More than 200 franchising information seminars were held in 2014 and attracted nearly 6,000 people.

To thank franchisees for their commitment, PCSC hosts 9 "Franchisee Fellowship" events across Taiwan annually with all franchisees invited to attend. Senior franchisees who have been with PCSC for at least 10 and 20 years are also publicly recognized during the banquet for their outstanding contribution. In 2014, awards were presented to 59 franchise partners with 20 years of service and 169 franchise partners with 10 years of service. The winners of the "Best Franchisee" award were selected from each region and the award was also presented at the same time to franchisees who demonstrated exceptional business performance by embracing the TK spirit. PCSC hopes that the Franchisee Fellowship events will enhance the competitiveness of the franchise business by building consensus between stores and headquarters.

### **PCSC Veterans and Dependents Franchising Program is Recognized by Veterans Affairs Council**

PCSC is continuing to expand our efforts to recruit top talent. Due to veterans' extensive training, methodical approach to their work and management experience, we have always been closely involved in the various job fairs organized by the military. In May of 2005, for example, we formally cooperated with the Veterans Affairs Council to offer the "Veterans and Dependents Franchising Program". Any veteran who holds a veteran's certificate as well as their dependents can embark on a new career through the comprehensive franchising system from 7-ELEVEN. The program has helped more than 300 veterans and their dependents start their own businesses; many of them becomes our finest franchisees.

### **▪ Building a Happy Enterprise**

PCSC strives to build a secure and happy enterprise. As headquarter employees are the driving force behind all innovative products and services at PCSC, we hope that the promotion of a sound and happy workplace through the Happiness Cooperative Society, health management, and employee benefits will provide employees with a sense of fulfillment and happiness.



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## Happiness Cooperative Society

Work-related health topics such as job stress and excessive work-hours have attracted much public attention in recent years. The mission of the Happiness Cooperative Society formed by PCSC in 2010 is to achieve proactive caring and consultation, provide employees with the most timely and effective assistance, and educate employees on proper physical and health management concepts. PCSC is also promoting Happiness Cooperative Society branches and recruiting volunteers at our affiliates. Personality tests are used to screen for suitable volunteers. A 34-hour professional training program is also offered in partnership with the Teacher Chang Foundation on listening ability, empathy techniques, emotion recognition, problem conceptualization, and volunteer ethics. In 2014, there were a total of 136 volunteers working at the Happiness Cooperative Society (including the ones at six affiliates) responsible for conducting preliminary consultations and referrals. The cultivation of corporate volunteers not only shows greater empathy during consultations with employees but also saves the costs of referrals to Teacher Chang Foundation (TCF). The estimated investment efficiency is approximately 182%.<sup>1</sup> During 2014, a total of 222 care cases (103 cases from stores) with a total of 178.6 consultation hours were carried out. Cumulative care hours reached 1,371 hours in 2014.

The percentage of employees who actively sought assistance and referral was 64%, which meant that more than half of our employees trusted the volunteers and was willing to actively seek help from them.

### Volunteers providing care



### Number of volunteers at 7-ELEVEN and 6 affiliates:

	54		3
	39		1
	23		8
	11		



<sup>1</sup>Investment efficiency = the cumulative investment efficiency from 2010 to December of 2014 (the ratio of training costs per volunteer and TCF fees per case) was calculated as: Cost of 1-hour TCF case service is NT\$1,960\*(Cumulative care hours as of 2014: 1,371)/Total cost of volunteer training (NT\$1,475,097)

## Health Promotion Program - Health Passport

Under the "Health Management Program" introduced in 2013, professional nurses were employed by the company to provide health consultations on demand. An infirmary was also set up in the headquarters to provide employees with blood pressure measurements, hot/cold compresses, and other health services. At the same time, employees were provided with exclusive "Health Passports" as well as health education through an e-newsletter and seminars; these encouraged PCSC employees to practice health management at all times and created a healthy, harmonious, and safe working environment. In 2014, we continued to expand the Health Passport program. The Health Passport program applied only to headquarter employees in 2013, and was expanded to all company-owned stores in 2014. In 2014, apart from continuing to provide on-site services with physicians and nurses as in the previous year, physiotherapy services and Automated External Defibrillators (AED) were also introduced this year. In 2015, we plan to increase on-site physician service to 32 hours per month and increase the number of nurses on staff to a total of 4. This will expand our health safety net, promote proper health care, management and promotion, and effectively build a friendly and healthy workplace.

### About My Health Passport

**Project approach:** Analysis of employees' health exam reports from recent years showed that the top three problem areas were BMI, cholesterol, and triglycerides. BMI is a key health indicator, as an improvement in BMI can help bring about an improvement in other areas; these problem areas are closely related to lifestyle and exercise.

**Content:** The Health Passport consists of seven self-review items: health exam, knowledge, exercise, BMI, arts & culture, travel, and vacations. To encourage employees to develop good habits and proper health management, those who complete all seven items received a NT\$500 gift card.

#### Objective:

Health activities (health exam plan, health knowledge, travel plan, spiritual development plan, exercise plan, holiday plan, and BMI plan) were designed as a marketing campaign with set indicators; those who complete all of the plans with a total score of 16 points received a reward.



#### Results:

At the end of November, 2014, the rate of abnormal BMI values among participating employees was 36.6%, down 11.7% from the start of 2014. This was also 9.4% lower than the results from 2013.





## Employee Health Education and Training

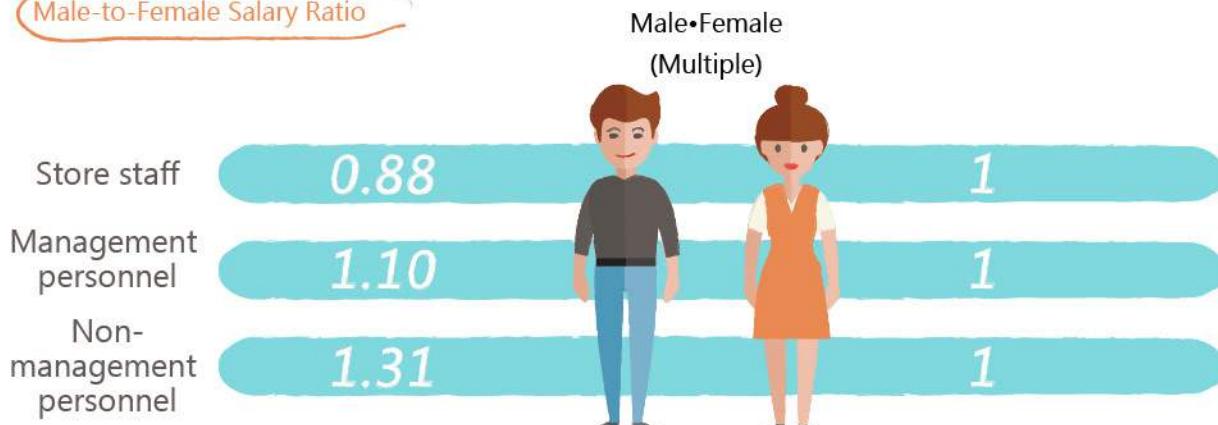
In addition to introducing professional medical resources to look after employee health, PCSC also partnered with the Millennium Health Foundation to offer health education seminars for employees to promote healthy living practices and preventive healthcare. The Millennium Health Foundation discovered that stress, long work hours, and a lack of exercise led to high blood pressure, high blood cholesterol, high blood sugar, as well as gastrointestinal, liver, and gallbladder problems; these diseases are prevalent among office workers. In serious cases, they may also lead to stroke, cardiac arrest, and diabetes. A series of seminars were therefore organized by the Foundation to convey proper health concepts to employees in partnership with the Group.

## Salary and Benefits

PCSC offers competitive compensation packages to our employees. We also conduct research on salary and benefits every year to ensure that our starting salary is above the national average (the starting salary for new office specialists (with an undergraduate degree) is 1.68 times the minimum wage; for graduate degree holders, it is 1.9 times the minimum wage.) Our starting salary for graduates is therefore better than the prevailing market rate. To ensure fair compensation, the principle of equal pay for equal work applies to the starting salary of male and female. There is therefore no difference in compensation and benefits due to gender or age. Labor-management meetings are convened on a quarterly basis in accordance with the law. Five representatives from each party meet to negotiate various benefits and systems in order to create a harmonious and friendly work environment. In 2014, there was no significant difference in the male-to-female salary ratio. The difference was less than 1.5 times for all employee types. In terms of salary adjustments, 72.3% of employees received a raise of more than 2% between 2013 and 2014.

Benefits	Description
Bonuses	Performance-based adjustment, year-end bonus and other variable bonuses.
Benefits and Subsidies	<ul style="list-style-type: none"><li>■ Senior employee trip, employee health exams, trust fund, club subsidies, shopping discounts, wedding/funeral assistance, paid paternity leave, group insurance, company trip, and various subsidies from the Staff Welfare Committee.</li><li>■ Employees are provided with family leave, family care leave, maternity leave, and childcare services in accordance with the law.</li></ul>
Welfare Facilities	Library, dormitory for female employees, employee consultation, happiness seminars, and other benefits.
Retirement Plan	Regulations governing staff retirement have been defined in accordance with the Labor Standards Act and Labor Pension Act. A "Labor Pension Fund Supervision Committee" was also established to supervise the accrual and distribution of pension and other related matters.
Staff Welfare Committee	A Staff Welfare Committee has been set up in accordance with the law to promote benefits for employees.

### Male-to-Female Salary Ratio



### Salary adjustment for permanent employees



### Employee return and retention rate after parental leave

	Number of people	Number of people	Total
Employees eligible for parental leave in 2014	214	324	538
Employees who applied for parental leave in 2014	2	61	63
Expected returns after parental leave in 2014	4	60	64
Actual returns after parental leave in 2014	2	28	30
Actual returns after parental leave in 2013	2	27	29
Employees still on the job 12 months after returning from parental leave in 2013	2	18	20
Return rate (%)	50.00%	46.67%	46.88%
Retention rate (%)	100.00%	66.67%	68.97%

Note:

1.Return rate: Actual return after parental leave/Expected return after parental leave

2.Retention rate: Employees still on the job 12 months after returning from parental leave (in the previous period)/Actual returns after parental leave (in the previous period)

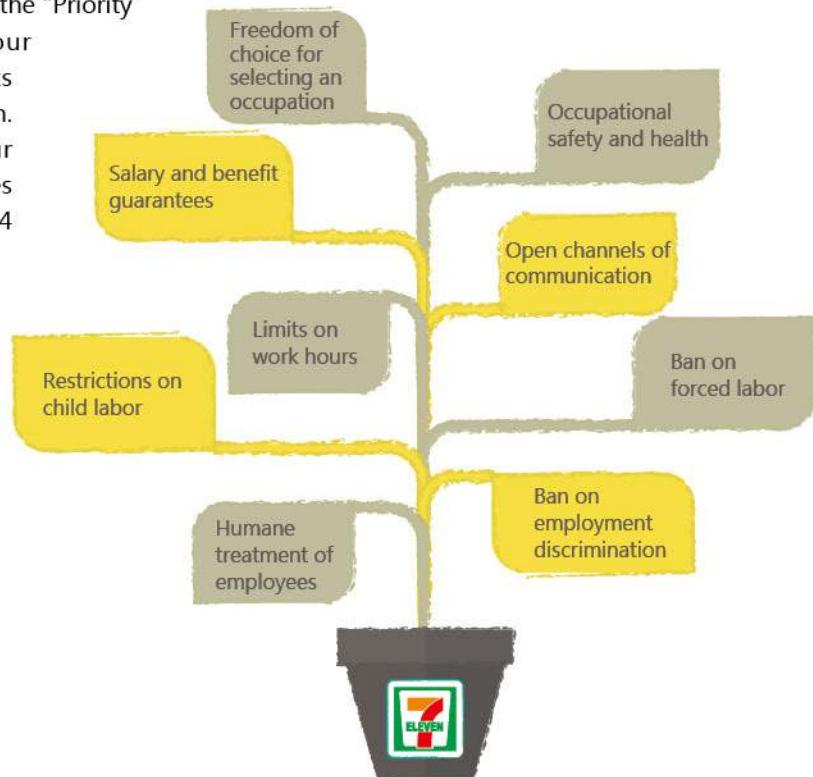


## 5.2 Promote Harmonious Employee and Employer Relations

### ▪ Human Rights and Labor Audits

To provide a safe working environment as well as protect and respect employees' legal rights under the relevant labor laws, PCSC has drafted the "PCSC Labor Rights Policy" based on the International Labor Convention and other related sources. The policy encompasses 9 core promises on protecting employees from excessive work hours and forced labor; it represents our commitment to respect the rights and interests of our employees. We also audit franchise stores on "labor & national health insurance," "child labor," "compensation," "work hours," and "safety and health training." Stores found to be in violation are targeted for additional counseling and corrective actions. In 2014, we inspected 186 franchise stores and 173 stores were non-compliant in one or more areas. Each zone has been directed to educate these stores on the relevant laws and take corrective action, as well as ensuring that all necessary improvements have been made. We have developed a Code of Behavior for suppliers to ensure proper supplier management. This extends our labor rights standard to our suppliers to ensure that their employees can benefit from the rights they are entitled to in a safe working environment.

To reduce operating risks at our affiliates, we began training labor auditors in 2012. We also issued the "Priority Checklist for Labor Self-Inspections" to our affiliates in 2012 and required a labor rights policy to be included in their annual work plan. The training scheme was expanded to our affiliates in 2013, with a total of 55 employees from 26 affiliates received training in 2014 to join us in creating a quality work environment. During the training process, PCSC helped our affiliates carry out labor audits and provided any necessary assistance. Recommendations were also provided for any non-compliant items.

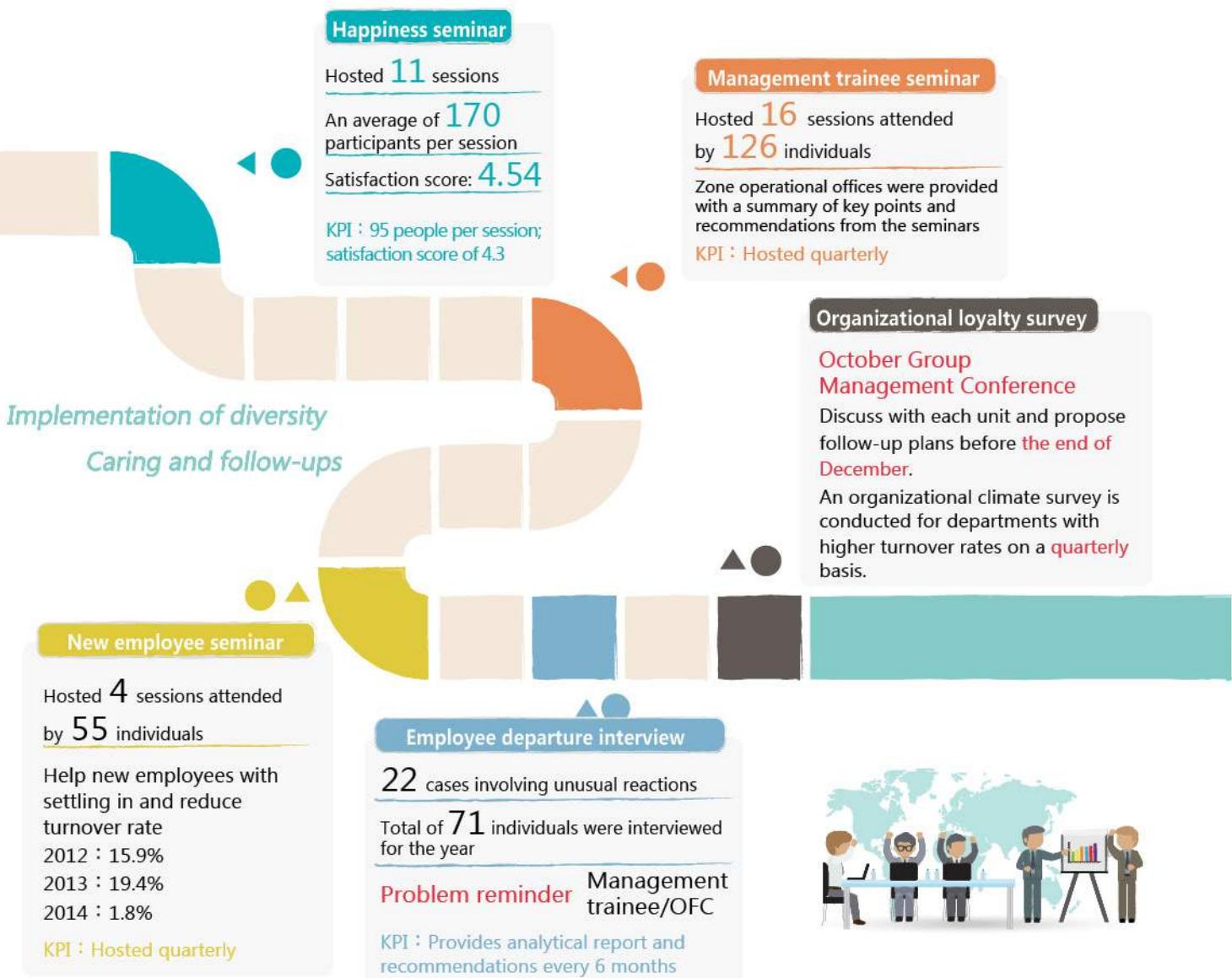


PCSC Labor Rights Policy - Promoting 9 Core Items

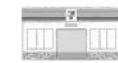
Additionally, Capital Marketing Consult Corp., a PCSC affiliate, also conducts employee labor and national health insurance inspections at our stores every month, to ensure all employees are properly insured as required by law and to prevent the use of child labor. In 2014, no serious abuses relating to the use of child labor were found in stores. In 2015, the Human Resources Department will conduct a full labor safety audit to ensure work conditions at all stores comply with government regulations.

#### ▪ Open Labor-Management Communications

To protect the rights of employees, to provide a workplace free from gender discrimination and sexual harassment, and to encourage employees to communicate directly with management, we have set up a "Customer Service Center" and a "dedicated email account" to handle inquiries. An "Internal Communications Platform" and the convening of labor-management meetings whenever necessary in accordance with the law also help to ensure timely and effective communications. At PCSC, employees are our partners rather than a part of company asset. Our mission is to combine our vision with employees' development goals. Labor-management interactions and relations at PCSC have been very positive for many years. If employees have any suggestions or feel that their rights have been violated, they can use the above channels to make a complaint. There were a total of 12 human rights-related complaints in 2014, with most cases relating to disputed work hours. All of the cases on record were resolved and closed within the same year.



PCSC also conforms with the Labor Standards Act on the minimum period of notice for assignment changes to give employees sufficient buffer time. Those who have been with the company between 3 to 12 months receive a 10-day advance notice; those between 1 to 3 years receive a 20-day advance notice; those over 3 years receive a 30-day advance notice.



## 5.3 Worker Safety and Health

To ensure that all employees can work in safe and healthy environment, we have established a Safety and Health Committee as well as the Occupational Safety Office in accordance with the "Labor Safety and Health Act." In 2014, the Occupational Safety Committee consisted of 14 members, including 5 labor representatives which accounted for 36% of the committee membership. Work-related injury statistics are recorded every month. Incidents are also analyzed and publicized. In 2014, there were a total of 16 cases of "Industry-specific Occupational Injuries." Our occupational injury frequency was 1.91 cases per 1,000 people, while the number of deaths due to occupational injury was zero. For specific occupational injuries, the Occupational Safety Office compiles a "Occupational Injury Case Study" to communicate to all employees in hopes to reduce work-related injuries and to realize our goal of a "zero-accident workplace."

### ■ 2014 Occupational Injury Statistics



### Implementation of labor safety and health

1	Established health and safety organizations	Established the Safety and Health Committee and Occupational Safety Office to study and manage safety and health operations.
2	Carried out safety and health management	Produce labor safety notices for our employees' to follow in accordance with the Labor Safety & Health Act.
3	Implementation of safety and health education, training, and exercises	Safety and health education and training for newly hired and current employees. "Emergency Response" of evacuation exercises are also conducted on a regular basis to help employees master evacuation skills.
4	Implementation of safety and health inspections	<ul style="list-style-type: none"> <li>■ Review if there are unsafe facilities and make immediate improvements. In 2014, a total of 24 random on-site audits were conducted. Recommendations for improvements were proposed and tracked.</li> <li>■ Conduct tests on indoor air quality, water quality, illumination, and perform regular cleaning/sterilization.</li> </ul>
5	Healthcare and Insurance	Every employee receives group insurance for accident, life and medical coverage starting from their first day at work. Subsidies are offered for health exams.
6	Safety and Health Activities	<ul style="list-style-type: none"> <li>■ "Occupational Injury Case Studies" are produced every month to remind and warn employees about the importance of safety and health.</li> <li>■ Promote Family Wednesdays to remind employees of the need to balance work and family.</li> </ul>

## 5.4 Promotion and Rewards

### ▪ Employee Education, Training, and Career Development

PCSC strives to build a "fair and friendly" workplace where both male and female enjoy the same training and development opportunities. Headquarters provide comprehensive education, training, and promotion prospects for career planning that enable ambitious employees to develop their own personal career plan. A rotation system also helps them accumulate experience and provide employees fair and open promotion opportunities.

#### 1. Individual Development Program

PCSC employees each have an "Individual Development Plan" that they developed, based on their personal educational background, work requirements, performance evaluation results, and career development needs, with the help of their direct superiors. The program lays out the optimal combination of development courses for the employee at different stages in their career within the company. These help the employee learn and grow in a focused, organized, and disciplined manner; it also enables employees to progressively master all kinds of professional knowledge and skills.

#### 2. Training Plan

##### Human Rights and Anti-Corruption Training

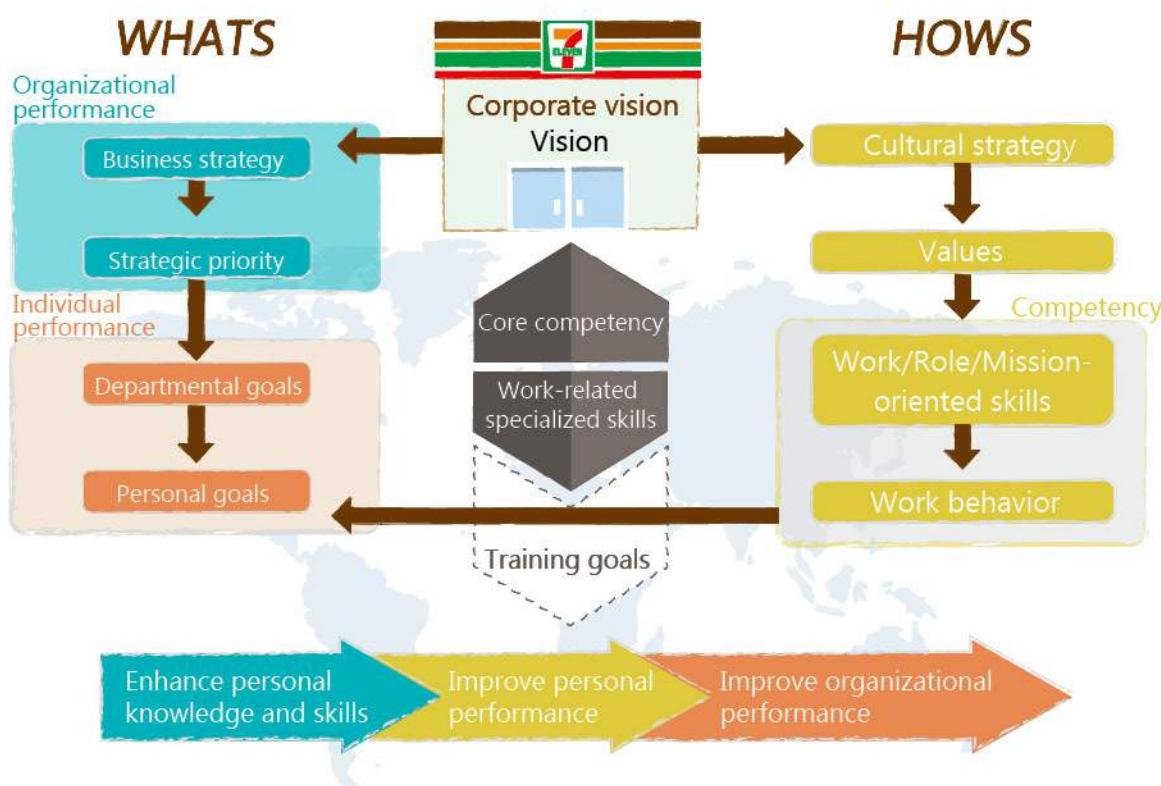
New employee training provides a quick introduction to the company's core values, work environment, and human rights/anti-corruption rules. When office and store employees join the company, they must sign a "self-regulation agreement" agreeing to obey the company's rules on ethics, cross-gender interactions, and ban on the giving or receiving bribes. E-mail communications are used to reinforce the message. New office employees also attend a 2-hour new employee seminar on organizational overview, attendance regulations, salary definitions, sexual harassment prevention, integrity and compliance, and employee rights. Training on human rights and anti-corruption is not yet explicitly included in the training for personnel involved with store operations.



## Work Capacity Upgrade Training

PCSC training uses rigorous research and interviews, combined with the Company's strategic direction, vision, and values to progressively construct a training regime that matches the organization's goals. Training activities are tailored to provide their intended recipients with a comprehensive training program covering all the skills needed for that specific role or grade. Apart from in-house courses developed by internal instructors, we have also introduced quality external training programs to enhance the overall quality and competitiveness of our employees. These courses come in a variety of different formats including lectures, group discussions, and workshops. The lively learning format helps employees absorb relevant knowledge and is also linked to the course action plan with emphasis on how the training can be applied to work. Employees are also offered self-development opportunities including individual subsidies for external training, language classes, and in-service education.

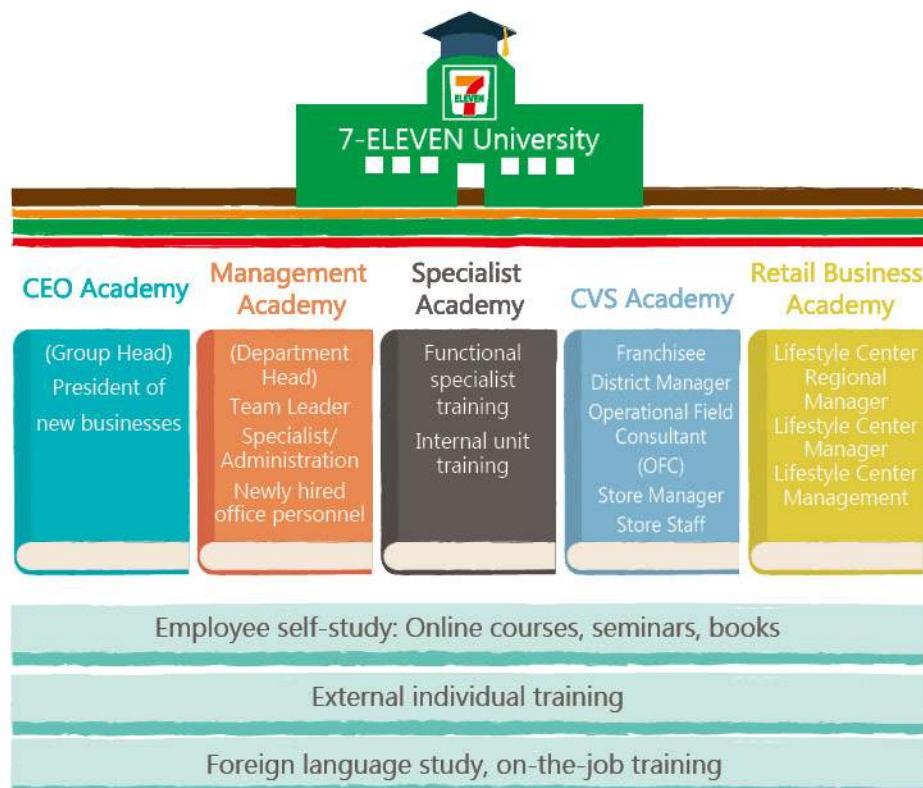
### List of the comprehensive education and training system



PCSC 7-ELEVEN University Training Framework

Grade		Training framework					
F (Group Head)	CEO Academy						In-service education
E (Department Head)							Foreign language study
D (Team Leader)		Management Academy		Specialist Academy			External individual training
C (Specialist)				CVS Academy	Retail Business Academy		
B (Administration)							
A (Store)							

As part of our expectations on training quality management, training organizers are continuously pushed to improve their own skills. In 2014, we received another silver medal for the Taiwan Training Quality System (TTQS). We are also making full use of e-learning platforms to provide a variety of different high-quality digital learning courses that allow employees to acquire new knowledge at any time and place.



## SUNNET PCSC e-Learning Center

個人功能 學習智庫 課程管理 訓練發展 管理工具 管理學院 流通商學院 CVS學院 網站管理

無限學習 隨時 OPEN!

7-ELEVEN PCSC e-Learning Center × 天下創新學院電子報

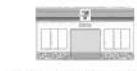
本週創新學院最新上線課程

統一超商 人力資源部

### Average employee training hours in 2014

Period: [1/1/2014 to 12/31/2014]

Employee category	Total training hours (hr)	Total participants (individuals)	Average training hours (hour/individual)
High-level managers (E/F grade)	292	68	4
Mid-level managers (D grade)	2079	355	6
Specialists (B/C grade)	158,447	29,837	5
Technicians (Store staff)	309,745	48,878	6
Total	470,563	79,138	6



### 3. Continued Education and Career Development

PCSC employees can enrich their learning experiences through diverse continued education channels; these channels include: guidance from supervisors and peers, knowledge management systems, external training courses, internal courses, seminars and symposiums, online learning, on-site training, in-service education, as well as physical and digital libraries.

#### Multiple Channels for Career Development

PCSC has spared no effort when it comes to the training and development of our employees. Employees wishing to learn new knowledge and improve their skills have our full support. Training courses, online resources, and mentoring system are used to strengthen individual development plans, help employees develop an optimal career path, and provide them with a wide variety of opportunities for growth.

#### Job Rotation

PCSC encourages employees to experiment and gain experience through different functions in order to expand their horizon and professional skills.

#### Expatriation

Employees are given opportunities for expatriation as part of our push for internationalization; this provides them with a unique opportunity to make use of their skills and abilities while enriching their international horizons, enhancing the competitiveness of both the employee and the Company.

#### Learning and development for newly hired office personnel



#### ▪ Cultivation of Operational Field Consultant (OFC) - The Most Important Communication Bridge with Front Line Store Staff

OFCs are the most important bridge between headquarters and stores. OFCs visit stores every week to offer advice on various problems and opportunities encountered during business management. They also explain in person the latest company policies and coach franchise owners on how to implement the policies established by headquarters. Their role is a mixture of being a detective (identify problems), a doctor (solve problems), a friend (offer encouragement and support), and a customer (empathetic thinking). OFCs provide stores with timely suggestions and advice, and help stores provide consumers with the best service. The cultivation of OFCs can be divided into store and office experience. New management trainees start at the bottom by working in stores, where their frontline experience prepares them for eventual promotion to OFCs.

PCSC has established a complete talent evaluation mechanism to build up a talent pool for every level. For example, when managing the talent pool for mid-level managers, PCSC has created the "Talent Assessment Committee". When an opening for a department head becomes available, HR submits a list of suitable candidates directly to vice president-level executives and the committee. A voting process is then taken place and only approved candidates can be promoted. Employee willingness is also taken into consideration during changes of assignment. Extensive training and task assignments are also used to strengthen the employee's management skills, knowledge, and experiences.



### Various work items and execution methods:

Item		Execution method
Job Rotation	Work rotation arrangement	The successor program submitted by each department is used to organize trans-departmental talent review meetings and set up job rotations.
Individual Development	Individual Development Plan (IDP)	"Assessments" are conducted to identify shortfalls in the desired qualities for the intended position to serve as a reference for individual development.
	Task assignment	The assignment of management tasks is used to connect training with actual application for further development.
Team Development	Training course	<p>Provide training resources targeted at the deficiencies in ability and knowledge common among managers.</p> <ul style="list-style-type: none"> <li>■ Common ability improvements: Implementation of business strategy by turning strategy into action plans; assisting departments with creating their annual plans.</li> <li>■ Common knowledge courses: Taught by department heads</li> </ul> <ol style="list-style-type: none"> <li>1.Financial reports</li> <li>2.Human resources management</li> <li>3.Organizational reformation</li> </ol>
Coaching	One-on-One regular development feedback	(1) Develop a coach's ability to cultivate subordinates (2) Develop Talent with the instructions and feedback provided by the coach

### ▪ Elite Program for Talent Cultivation

The Elite I program was initiated in 2013, and a total of 46 people completed the 9-month training program. As of January 2015, 11 of the 46 outstanding talents have been promoted to department directors, and 1 as a department deputy director. Management candidates selected for the Elite II program in 2014 underwent a 12-month training program based around the IDP, cultivating their management skills for the corresponding departments.

#### Plan description:

Stage	Content	Purpose
Evaluation	Work rotation arrangement	Use competency assessment to identify potential skills
Individual Development Plan (IDP)	IDP for Coach	Develop the ability to coach subordinates
	IDP for Talent	Coach Talent to complete their own IDPs
	Seminar: Power of Coaching	Continue to motivate the coach to inspire others
Competency development	Strategy execution ability	Develop Talent's ability to expand strategy into planning
Knowledge upgrade	Knowledge courses such as finance and human resources	Improve Talent's management knowledge to qualify for department heads
Feedback	One-on-one consultation and feedback with the coach	Through regular 1-on-1 sessions between the coach and Talent, the coach continues to monitor and help guide the Talent's development
	Presentation of results	Review the Talent's development accomplishments



About President Chain  
Store Corporation (PCSC)



A Good Neighbor Who  
is  
Always There For You



A Good Neighbor Who  
Cares for the Environment



A Good Neighbor Who  
is Involved  
with the Local Community



A Good Neighbor Who  
Creates a Friendly Workplace

## ■ Reward scheme

PCSC provides employees with all kinds of incentive schemes including performance-based salary raises, year-end bonuses, and variable bonuses. These not only reward employees for their hard work, but also encourage them to help realize the company's annual targets. In order to recognize employees who have made an outstanding or special contribution, as well as provide all employees with a role model to emulate, PCSC launched the "Outstanding Employee Selection" activity targeted at assistant store managers and staff of company-owned stores on the retail-side and specialists and administrative personnel from the headquarters. A total of 25 outstanding employees were chosen in 2014.

We hope that by selecting outstanding employees, it will reinforce our people-centric corporate culture. Through public recognition and the production of videos on the deeds of outstanding partners, we hope it will not only make award winners feel proud, but also inspire more hard-working, basic-level employees to shine brilliantly at their work position. Our employees will also learn and exchange with each other through these benchmark stories to help create a positive organizational movement!



### Outstanding Store Manager Cultivation Program

To thank franchisees for their contributions, we introduced the "Outstanding Store Manager Cultivation Plan" in 2009. Each year, best store managers in each region are selected for public recognition. The top 30 move on to become "PCSC Outstanding Store Managers"; this gives ambitious franchisees and store managers an honor to compete for. This scheme has become an internal cradle for cultivating quality managers at PCSC. Those named as exceptional or outstanding store managers are qualified as instructors, and they can pass on their experiences to other store managers.

At the "2014 National Store Manager Awards" organized by the Taiwan Chain Stores and Franchise Association, 34 outstanding store managers from PCSC and its affiliates including COSMED, Starbucks, Cold Stone, and Smile competed for top honors. 12 store managers were ultimately chosen to receive the top "National Store Manager for Best Service" award. This award is considered the Oscar of the franchise industry and has been a main battleground within the industry every year.

### Best Shift Manager

To accelerate the adoption of shift managers, and encourage quality store staff to implement the shift manager scheme in everyday store service, we will launch a competition for the best shift managers from each district in 2015. Winners will receive a cash prize of NT\$3,000 and a service plaque; their awards will be publicly presented by the head of the Operations Group at the National Business Innovation Conference.

# Assurance Checklist

No	Items	Page	Sustainable Performance Information	Reporting Criteria	Notes
1	Operation of the Product Safety Committee	p27	In 2014, we officially established the "Product Safety Committee" with detailed regulations of the organization of the committee and its operations. Through the Product Safety Committee, we reviewed and integrated the management of safety and quality towards proprietary products practiced by all PCSC units. Serious product safety incidents, customer complaints, and regulation evaluations were all being tracked to establish a systematic management system. The Product Safety Committee was convened three times this year.	The purpose of establishing the Product Safety Committee and the times of annual meeting in 2014.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(A)
2	Product safety information collection and assessment	p28	For identifying product risks, we have established the internal "Product Safety Information Collection, Assessment, and Tracking Procedures" to not only collect related product safety information, but also conduct further assessment and tracking; this ensures the safety of all proprietary and non-proprietary products. In 2014, we collected a total of 1,134 entries of levels A, B, and C info. A total of 19 "Level A" info was tracked and executed, including the suspected use of stock feed oil in place of cooking oil, trace amounts of emulsifiers in foods with plastic packaging, and starch not meeting CAS standards. We have checked all products that may be affected and established concrete response measures for case clarification or investigation. The tracking of all cases have been completed.	According to "Product Safety Information Collection, Assessment, and Tracking Procedures" as defined by the information level (refer to p.28), frequency and situation of Collection, assessment, and tracking of product safety information in 2014.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(A)
3	The percentage of products distributed via upstream supply chain by categories	p31	According to the contract regarding transportation integration signed by logistics companies and suppliers, by the end of 2014, categories integrated transportation included:  1. Fast food (traditional snacks and side dishes were not included): 100% 2. Rice item: 100% 3. Sandwiches and hamburgers: 100% 4. Fruit: 70% 5. Hot dog toppings: 86%	According to company standard of the integration to manage distribution logistics (refer to p.31). By the end of 2014, ratio of products distributed via integrated transportation with respect to all products within the same category.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(A)
4	Information on suppliers certified to ISO 22000	p36	By the end of 2014, there were a total of 56 proprietary product suppliers with a total of 73 product lines. 60 of the product lines have been certified to ISO 22000, which accounts for 82% of the total proprietary product lines.	By the end of 2014, the product lines have been certified to ISO 22000, which accounts for percentage of the total proprietary product lines.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(A)



No	Items	Page	Sustainable Performance Information	Reporting Criteria	Notes
5	Inspection of expired products	p42	In terms of controlling and managing the removal of expired products from store shelves, in 2014, we conducted 21,433 times of store audits with a total of 20,824 times passing, achieving passing rate of 97%.	According to company QSC quality service management store expired products off the shelf controls audit, the annual inspection times and results, and inspection by several accounted for a percentage of the total annual inspection of (refer to p.42).	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(A)
6	Store QA training courses	p43	Store QA training courses held in 2014 included seminars for newcomers of the food industry, QA and freshness management, and store QA advanced training (including online courses). A total of 15,494 people took part in the training.	Referring to "guidelines on food sanitation" to develop quality assurance training courses. The total number of the marketing personnel to participate in the training courses.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(A)
7	The times and categories of violation of food safety and health-related regulations.	p26	In 2014, there were no fines issued due to violations of food safety and health-related regulations.	The total violation cases of "Food Safety and Health Regulations" and related regulations, procedures and guideline, are notified by related authority.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(B)
8	N/A	N/A	The PCSC's proprietary products do not purchase goods in line with internationally recognized standards of responsibility for food.	N/A	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(C)
9	N/A	N/A	PCSC does not operate its production facilities.	N/A	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(D)

No	Items	Page	Sustainable Performance Information	Reporting Criteria	Notes
10	Assessment on the new proprietary product suppliers	p36	<p>One month before the launch of new proprietary products, new supplier's production facility will be evaluated during the pilot production phase in accordance with the selection principles. The minimum passing score for private brand products is 80, and 70 for private label products. In 2014, a total of 4 production facilities for new proprietary products were assessed and all of them passed.</p>	According to the "Product Safety Management" standards to evaluation project (refer to p.37). The result and time of executions of new proprietary product supplier evaluation.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(E)
11	Assessment on current Private Brand food suppliers	p37	<p>In 2014, there were a total of 42 Private Brand food suppliers* (with a total of 47 production facilities). There were 33 suppliers (with a total of 37 production facilities) being audited a total of 149 times this year. An audit score of 80 or above is required for passing the assessment. A total of 143 times of auditing passed the assessment, with a passing rate of 96%. Vendors with failing scores were fined according to the product quality contract, and were requested to make necessary improvements. During the following month's re-evaluation, all failing vendors met the standards and passed the assessment.</p> <p>* Because of the consistency in our business philosophy and desire of product quality, the scope of supplier auditing does not include the parent company Uni-President Enterprises Corp. The following supplier audit numbers does not include Uni-President Enterprises Corp.</p>	According to the "Product Safety Management" standards to evaluation project (refer to p.37). The result and time of executions of current Private Brand product supplier evaluation.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(E)
12	Assessment on current Private Label food suppliers	p37	<p>In 2014, there were a total of 28 Private Label food suppliers* (with a total of 40 production facilities). This year, we audited 22 suppliers (with a total of 33 production facilities) 33 times. An audit score of 70 or above is required for passing the assessment and all of the suppliers met the standards, resulting in a 100% pass rate.</p> <p>* Because of the consistency in our business philosophy and desire of product quality, the scope of supplier auditing does not include the parent company Uni-President Enterprises Corp. The following supplier audit numbers does not include Uni-President Enterprises Corp.</p>	According to the "Product Safety Management" standards to evaluation project (refer to p.37). The result and number of executions of current Private Label product supplier evaluation.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(E)
13	The amount of fresh vegetables valued ordered from TAP-certified growers; these accounted for percentage of all fresh vegetable ordered	p34	<p>In 2014, we ordered fresh vegetables valued at NT\$66,361,000 from TAP-certified growers; these accounted for 59% of all fresh vegetable ordered.</p>	The TAP certification of fresh vegetable supplier, and fresh vegetables purchase amount from TAP-certified growers; these accounted for percentage of all fresh vegetable ordered.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(F)
14	Number of inspection items listed by the government established by Food Inspection Lab	p32	<p>By the end of 2014, the Food Inspection Lab has already established 124 inspection items listed by the government in accordance with the inspection methods published by the Food and Drug Administration of the Ministry of Health and Welfare.</p>	By the end of 2014, the Food Inspection Lab has already established inspection items listed by the government in accordance with the inspection methods published by the Food and Drug Administration of the Ministry of Health and Welfare.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)



No	Items	Page	Sustainable Performance Information	Reporting Criteria	Notes
15	Number of non-standard inspection items established by the Food Inspection Lab	p32	By the end of 2014, the Food Inspection Lab has established 11 non-standard inspection items based on foreign regulations or methods adopted in international publications.	By the end of 2014, the Food Inspection Lab has established non-standard inspection items based on foreign regulations or methods adopted in international publications.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)
16	The certification of the Food Inspection Lab	p32	Our Food Inspection Lab is ISO/IEC 17025:2005 certified.	The Food Inspection Lab received TAF accredited items.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)
17	The Food Inspection Lab received TAF accredited items	p33	Inspection items certified by TAF and TFDA by the end of 2014 The Food Inspection Lab received TAF accredited items : 3 items related to microorganisms	The Food Inspection Lab received TAF accredited items.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)
18	The Food Inspection Lab received TFDA accredited items	p33	Inspection items certified by TAF and TFDA by the end of 2014 The Food Inspection Lab received TFDA accredited items: 1. Veterinary drugs: 4 items related to nitrofuran metabolites 2. 4 items related to microorganisms	The Food Inspection Lab received TFDA accredited items.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)
19	The Food Inspection Lab's relevant expenses and the percentage of such expenses to the net operating income of individual financial statements	p32	In 2014, laboratory expenses totaled NT\$17,694,000, which accounted for 0.0135% of the individual operating revenue.	The Food Inspection Lab relevant expenses and the percentage of such expenses to the net operating income of individual financial statements.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)
20	The result of inspection from the Food Inspection Lab	p32	As for the inspection of raw material sources/ additives and store product inspections, a total of 809 raw materials or products were sampled based on their relative risks in 2014. These raw materials and products were inspected for agro-pesticides, veterinary drugs, additives, mold toxins, or micro-organisms depending on their characteristics. According to government and internal company standards, inspection results showed that 781 raw materials or products passed the inspection, a 97% pass rate.	According to the standard inspection items and non-standard inspection items of the project total number, the number of qualified and qualification rate of inspection.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies Article 4.1(G)

## 會計師有限確信報告

統一超商股份有限公司 公鑒：

本所受統一超商股份有限公司（以下稱「貴公司」）之委任，就選定民國 103 年度企業社會責任報告（以下稱「社會責任報告」）所報導之永續績效資訊執行確信程序，並依據結果出具有限確信報告。

### **確信標的資訊與報導基準**

有關 貴公司所選定民國 103 年度社會責任報告所報導之永續績效資訊（以下稱「確信標的資訊」）及其報導基準詳列於 貴公司民國 103 年度社會責任報告第 96 至 99 頁之「確信項目彙總表」。

### **管理階層責任**

貴公司管理階層應依據適當報導基準編製及報導民國 103 年度社會責任報告及其永續績效資訊，並應建置相關流程、資訊系統及內部控制以防範民國 103 年度社會責任報告及永續績效資訊有重大不實表達之情事。

### **執業人員責任**

本執業人員依據確信準則公報第一號「非屬歷史性財務資訊查核或核閱之確信案件」，對確信標的資訊執行確信程序，以發現前述資訊是否在所有重大方面有未依報導基準評估而須作重大修正之情事，並出具有限確信報告。此報告不對民國 103 年度社會責任報告整體及其相關內部控制設計或執行之有效性提供任何確信。另民國 103 年度社會責任報告中屬民國 102 年 12 月 31 日及更早期間之資訊未經本執業人員確信。

### **適用品質管制規範**

本所適用審計準則公報第四十六號「會計師事務所之品質管制」因此維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

### **遵循獨立性及其他道德規範**

本執業人員及本所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。



## 資誠

### 所執行確信程序彙總

本次確信工作依確信標的資訊，以 貴公司為工作執行範圍，執行之程序包括：

- 閱讀企業社會責任報告
- 對參與提供永續績效資訊的相關部門進行訪談，以瞭解並評估編製前述資訊之流程、內部控制與資訊系統；
- 基於上述瞭解與評估，對永續績效資訊進行分析性程序，如必要時，則選取樣本進行測試，以取得有限確信之證據。

上述執行程序之選擇係基於本執業人員之專業判斷，包括辨認確信標的資訊可能發生重大不實表達之領域，以及針對前述領域設計及執行程序，以取得有限確信並作出執業人員之結論。有限確信所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小。有限確信所取得之確信程度明顯低於合理案件所取得者。

### 先天限制

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

### 有限確信結論

依據所執行之程序與所獲取之證據，本執業人員並未發現確信標的資訊在所有重大方面有未依報導基準評估而須作重大修正之情事。

### 其它事項

貴公司網站之維護係 貴公司管理階層之責任，對於確信報告於 貴公司網站公告後任何確信標的資訊或報導基準之變更，本執業人員將不負就該等資訊重新執行確信程序之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師 周建宏



中 華 民 國 104 年 10 月 1 日

# GRI 4.0 Indicator Index

G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
<b>Strategy and Analysis</b>				
G4-1	Statement from the most senior decision-maker	2	Message from the Chairman and President	-
<b>Organizational Profile</b>				
G4-3	Name of the organization	8-10	1. About President Chain Store Corporation (PCSC) 1.1 Company Scale and Background	-
G4-4	Primary brands, products, and services	11-12	1. About President Chain Store Corporation (PCSC) 1.2 Our Products and Services	-
G4-5	Location of the organization's headquarters	8-10	1. About President Chain Store Corporation (PCSC) 1.1 Company Scale and Background	-
G4-6	Number, and names, of countries where the organization operates	8-10	1. About President Chain Store Corporation (PCSC) 1.1 Company Scale and Background	-
G4-7	Nature of ownership and legal form	8-10	1. About President Chain Store Corporation (PCSC) 1.1 Company Scale and Background	-
G4-8	Markets served	8-10	1. About President Chain Store Corporation (PCSC) 1.1 Company Scale and Background	-
G4-9	Report the scale of the organization	8-10	1. About President Chain Store Corporation (PCSC) 1.1 Company Scale and Background	-
G4-10	Number of employees by employment type, contract and region	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
G4-11	Percentage of employees covered by collective bargaining agreements		No trade union, not applicable.	
G4-12	Organization's supply chain	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain		No changes during the reporting period.	
G4-14	The precautionary approach or principle addressed by the organization	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-15	List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses		No relevant situation, not applicable.	
G4-16	List of memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-



G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	List all entities included in the organization's onsolidated financial statements	1	About this report	-
G4-18	Explain the process for defining the report content and the Aspect Boundaries	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-19	List all the material Aspects identified in the process for defining report content	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-20	For each material Aspect, report the Aspect Boundary within the organization	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements		No change, not application.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries		No change, not application.	
<b>Stakeholder Engagement</b>				
G4-24	Provide a list of stakeholder groups engaged by the organization	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-26	Report the organization' s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	19-23	1. About President Chain Store Corporation (PCSC) 1.6 Stakeholder Communications and Material Issues	-
<b>REPORT PROFILE</b>				
G4-28	Reporting period for information provided	1	About this report	-
G4-29	Date of most recent previous report	1	About this report	-
G4-30	Reporting cycle	1	About this report	-
G4-31	Provide the contact point for questions regarding the report or its contents	1	About this report	-
G4-32	GRI Content Index for 'In accordance' and an external assured	102 -110	Appendix 3 GRI 4.0 Indicator Index	-
G4-33	Report the organization' s policy and current practice with regard to seeking external assurance for the report	100 -101	Appendix 2 Limited Assurance Report issued by the Accountant	-

G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
<b>Governance</b>				
G4-34	Report the governance structure of the organization	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-38	Report the composition of the highest governance body and its committees	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-39	Report whether the Chair of the highest governance body is also an executive officer		Role of CEO and chairman is split	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-51	Report the remuneration policies for the highest governance body and senior executives	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-52	Report the process for determining remuneration	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
<b>Ethics and Integrity</b>				
G4-56	Describe the organization's values, principles, standards and norms of behavior	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-
<b>Economic Performance</b>				
G4-DMA	Economic Performance	8	1. About President Chain Store Corporation (PCSC)	-
		8	1. About President Chain Store Corporation (PCSC)	-
		8-10	1.1 Company Scale and Background	-
		16-18	1.5 Operating Strategy and Management	-
G4-EC1	Direct economic value generated and distributed	71-76	4. A Good Neighbor Who is Involved with the Local Community 4.3 Bringing People Together through Charity	-



G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	16-18	1. About President Chain Store Corporation (PCSC) 1.5 Operating Strategy and Management	-
G4-EC3	Coverage of the organization's defined benefit plan obligations	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
<b>Market Presence</b>				
G4-DMA	Market Presence	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
<b>Indirect Economic Impacts</b>				
G4-DMA	Indirect Economic Impacts	24 62	2. A Good Neighbor Who is Always There for You 4. A Good Neighbor Who is Involved with the Local Community	-
G4-EC7	Development and impact of infrastructure investments and services supported	65-70	4. A Good Neighbor Who is Involved with the Local Community 4.2 Good Neighbor Foundation	-
G4-EC8	Significant indirect economic impacts, including the extent of impacts	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Procurement Practices</b>				
G4-DMA	Procurement Practices	24	2. A Good Neighbor Who is Always There for You	-
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Materials</b>				
G4-DMA	Materials	24	2. A Good Neighbor Who is Always There for You	-
G4-EN1	Report the total weight or volume of materials that are used to produce and package the organization's primary products and services	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Energy</b>				
G4-DMA	Energy	46	3. A Good Neighbor Who Cares for the Environment	-
G4-EN3	Energy consumption within the organization	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN4	Energy consumption outside of the organization	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN5	Energy intensity	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-

G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
G4-EN6	Reduction of energy consumption	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN7	Reductions in energy requirements of products and services	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
<b>Water</b>				
G4-DMA	Water	46	3. A Good Neighbor Who Cares for the Environment	-
G4-EN8	Total water withdrawal by source	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
<b>Emissions</b>				
G4-DMA	Emissions	46	3. A Good Neighbor Who Cares for the Environment	-
G4-EN15	Direct greenhouse gas emissions (scope 1)	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN16	Energy indirect greenhouse gas emissions (scope 2)	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN18	Greenhouse gas emissions intensity	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
G4-EN19	Reduction of greenhouse gas emissions	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-
<b>Products and Services</b>				
G4-DMA	Products and Services	46	3. A Good Neighbor Who Cares for the Environment	-
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	57-61	3. A Good Neighbor Who Cares for the Environment 3.3 Green Lifestyle	-
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	56	3. A Good Neighbor Who Cares for the Environment 3.2 Taiwan's Largest 24/7 Recycling Platform	-
<b>Compliance</b>				
G4-DMA	Compliance	46	3. A Good Neighbor Who Cares for the Environment	-
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	46-55	3. A Good Neighbor Who Cares for the Environment 3.1 Energy Conservation and GHG Reduction	-



G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
<b>Overall</b>				
G4-DMA	Overall	46	3. A Good Neighbor Who Cares for the Environment	-
G4-EN31	Total environmental protection expenditures and investments by type	57-61	3. A Good Neighbor Who Cares for the Environment 3.3 Green Lifestyle	-
<b>Supplier Environmental Assessment</b>				
G4-DMA	Supplier Environmental Assessment	24	2. A Good Neighbor Who is Always There for You	-
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Employment</b>				
G4-DMA	Employment	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
G4-LA2	Benefits provided to full time employees, by significant locations of operation	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
G4-LA3	Return to work and retention rates after parental leave, by gender	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
<b>Labor/Management Relations</b>				
G4-DMA	Labor/Management Relations	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	87-88	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations	-
<b>Occupational Health and Safety</b>				
G4-DMA	Occupational Health and Safety	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA5	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	89-90	5. A Good Neighbor Who Creates a Friendly Workplace 5.3 Worker Safety and Health	-
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	89-90	5. A Good Neighbor Who Creates a Friendly Workplace 5.3 Worker Safety and Health	-
<b>Training and Education</b>				
G4-DMA	Training and Education	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA9	Average hours of training per year per employee by gender, and by employee category	90-95	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards	-
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	90-95	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards	-
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	90-95	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards	-

G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
<b>Diversity and Equal Opportunity</b>				
G4-DMA	Diversity and Equal Opportunity	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
<b>Equal Remuneration for Women and Men</b>				
G4-DMA	Equal Remuneration for Women and Men	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	78-86	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care	-
<b>Supplier Assessment for Labor Practices</b>				
G4-DMA	Supplier Assessment for Labor Practices	24	2. A Good Neighbor Who is Always There for You	-
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Labor Practices Grievance Mechanisms</b>				
G4-DMA	Labor Practices Grievance Mechanisms	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	87-88	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations	-
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	90-95	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards	-
<b>Non-discrimination</b>				
G4-DMA	Non-discrimination	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-HR3	Total number of incidents of discrimination and corrective actions taken		In 2014, there was no discrimination case including the headquarters, marketing	
<b>Freedom of Association and Collective Bargaining</b>				
G4-DMA	Freedom of Association and Collective Bargaining	24	2. A Good Neighbor Who is Always There for You	-
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Child Labor</b>				
G4-DMA	Child Labor	24 78	2. A Good Neighbor Who is Always There for You 5. A Good Neighbor Who Creates a Friendly Workplace	-



G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	33-40 87-88	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management 5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations	- -
<b>Forced or Compulsory Labor</b>				
G4-DMA	Forced or Compulsory Labor	24 78	2. A Good Neighbor Who is Always There for You 5. A Good Neighbor Who Creates a Friendly Workplace	- -
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	33-40 87-88	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management 5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations	- -
<b>Supplier Human Rights Assessment</b>				
G4-DMA	Supplier Human Rights Assessment	24	2. A Good Neighbor Who is Always There for You	-
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Human Rights Grievance Mechanisms</b>				
G4-DMA	Human Rights Grievance Mechanisms	78	5. A Good Neighbor Who Creates a Friendly Workplace	-
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	87-88	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations	-
<b>Local Communities</b>				
G4-DMA	Local Communities	62	4. A Good Neighbor Who is Involved with the Local Community	-
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	62-64	4. A Good Neighbor Who is Involved with the Local Community 4.1 Building a Happy Community	-
<b>Anti-corruption</b>				
G4-DMA	Anti-corruption	8	1. About President Chain Store Corporation (PCSC)	-
G4-SO4	Communication and training on anti-corruption policies and procedures	13-14	1. About President Chain Store Corporation (PCSC) 1.3 Corporate Governance	-

G4	Indicators	Page(s)	Corresponding Section and Notes	External Assurance Page(s)
<b>Supplier Assessment for Impacts on Society</b>				
G4-DMA	Supplier Assessment for Impacts on Society	24	2. A Good Neighbor Who is Always There for You	-
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Customer Health and Safety</b>				
G4-DMA	Customer Health and Safety	24	2. A Good Neighbor Who is Always There for You	-
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	26-33	2. A Good Neighbor Who is Always There for You 2.2 Strict Enforcement of Product Safety	-
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	26-33	2. A Good Neighbor Who is Always There for You 2.2 Strict Enforcement of Product Safety	-
<b>Product and Service Labeling</b>				
G4-DMA	Product and Service Labeling	24	2. A Good Neighbor Who is Always There for You	-
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	26-33	2. A Good Neighbor Who is Always There for You 2.2 Strict Enforcement of Product Safety	-
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		In 2014, goods and services no violation of information disclosure and labeling regulations.	
G4-PR5	Results of surveys measuring customer satisfaction	40-45	2. A Good Neighbor Who is Always There for You 2.4 Warm Services, Always Open	-
<b>Marketing Communications</b>				
G4-DMA	Marketing Communications	24	2. A Good Neighbor Who is Always There for You	-
G4-PR6	Sale of banned or disputed products	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	33-40	2. A Good Neighbor Who is Always There for You 2.3 Sustainable Supply Chain Management	-
<b>Customer Privacy</b>				
G4-DMA	Customer Privacy	24	2. A Good Neighbor Who is Always There for You	-
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	40-45	2. A Good Neighbor Who is Always There for You 2.4 Warm Services, Always Open	-

# Enhanced Disclosure Under Article 4, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies

**Enhanced Disclosure Under Article 4, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies**

Items	Enhanced Disclosure the Matters	Assurance Checklist	External Assurance Page(s)
1	The evaluation and improvement regarding the company's personnel, work environment, hygiene management of facilities and quality control system to improve food sanitation, safety and quality, as well as the significant product categories and the percentage affected.	No.1 - No.6	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)
2	The applicable laws relating to the management of food safety and sanitation which the listed company shall observe, as well as the types and number of incidents of violation by the listed company against the aforesaid laws.	No.7	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)
3	The percentage of the listed company's purchased volume in accordance with internationally recognized responsible production standards.	No.8	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)
4	The percentage of the production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	No.9	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)
5	The number and percentage of suppliers audited by the listed company, and the audit items and results.	No.10 - No.12	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)
6	The product trace and track management conducted by the listed company voluntarily or according to the applicable laws, and the percentage of such relevant products to the whole products.	No.13	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)
7	The food safety laboratories established by the listed company voluntarily or according to the applicable laws, testing items, testing results, relevant expenses and the percentage of such expenses to the net revenue.	No.14 - No.20	Please refer to Limited Assurance Report issued by the Accountant (P.100-P.101)



## Memo





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2014 PCSC  
Corporate Social Responsibility Report



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