



PCSC

# 2015 CSR

Corporate Social  
Responsibility Report

## About this Report

This Report is the 7th Corporate Social Responsibility (CSR) Report released by PCSC, and was authored in accordance with the Core of the GRI G4.0 guidelines issued by the Global Report Initiative (GRI). This year's Report focuses on "environmental sustainability" to demonstrate PCSC's views and practices concerning CSR; it details our accomplishments in the corporate governance, economic, environmental and social aspects during the course of 2015, as well as our plans for the future. At the same time, we used materiality identification and topic analysis (please refer to the chapter on Stakeholder Engagement) to establish the issues important to PCSC. Disclosure, communication and feedback through different channels will hopefully maximize the benefit for all stakeholders and help us realize the goal of becoming the top retailer.

## Reporting Period, Scope, and Data

This Report discloses our CSR-related performance in 2015 (from January 1, 2015, to December 31, 2015). Some of the data refers to our performance prior to 2015. The scope of this Report is centered upon the President Chain Store Corporation (PCSC), including corporate headquarters, stores, and malls; it also encompasses information on green logistics, as well as energy-saving and carbon reduction initiatives at four affiliated logistics companies including UPCC, 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>.

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## Messages from Chairman and President

In recent years, turbulent economic conditions, weak consumer confidence, and rising operational costs resulted in a challenging business environment. President Chain Store Corporation (PCSC) is now in its 38th year of localized management. We employ over 8,300 people at more than 5,000 stores around Taiwan. Our franchise community includes more than 30,000 members. We always think from the customer's perspective about how to provide consumers with convenient services that meet their needs. By remaining true to this philosophy and through the efforts of our business, in 2015 PCSC's revenue and net profit reached NT\$133.4 billion and NT\$8.2 billion respectively, with income tax totaled NT\$1.3 billion. The outstanding performance was recognized by the accounting firm Deloitte as one of the top 250 retailers in 2015. PCSC was the only Taiwanese retailer to be shortlisted and has continued our tradition of excellence amidst great adversity.

In order to achieve sustainable development, it is important to listen to the consumers' voice and continue to innovate to stay ahead of the trend. In addition to conducting market survey at all of our stores throughout Taiwan to collect our customers' voices and converting them into substantial service improvements, since 2013, we have begun collecting stakeholders' opinions and feedbacks systematically. The topics that are important to stakeholders and have great impact on the Company were reviewed and managed. Accountability and compassion were also infused into traditional retail channels to overcome consumer stereotypes and make our stores the indispensable "Good Neighbor" for everyone in Taiwan. In 2016, PCSC set nine key performance indicators with respect to food safety, energy-saving and carbon reduction, occupational health and safety, customer rights and interests, community engagement, and supply chain management, so that PCSC can continue to fulfill its social responsibilities.

The concept of sustainability has built in PCSC's operational strategies, and we provide detailed CSR performance through CSR Report every year. Based on the three CSR core values, happy enterprise, harmonious society, and sustainable planet, we strive to increase shareholder value and employee's benefits, make positive contributions to both society and environment.

### A Happy Enterprise

At PCSC, employees are not only important assets but the key to success. That's why we have always committed to providing employees a friendly work environment.

In 2015, we took part in the "Healthy Workplace Certification" program organized by the Health Promotion Administration of the Ministry of Health and Welfare. Our "Happiness Cooperative Society", "My Health Passport", and "Weight Loss for Happiness and Health" initiatives received the "Badge of Accredited Healthy Workplace" award in recognition of our efforts on looking after the health of our employees.

Franchisees are our important partners, so we also value their well-being a lot. Since 2015, PCSC has adjusted the franchise program to increase franchisees' profit-sharing and guaranteed margins. Furthermore, since January of 2016, we have reduced the store renovation and decoration investment costs for franchisees. Through total subsidy around NT\$1.2 billion over two years, we provide franchisees more favorable investment conditions and increase their confidence. In addition, we have set up an education platform for professional development to provide learning opportunities for franchisees. We also organized recreational and health promotion activities for franchisees and spent more than NT\$19.6 million on related activities during 2015.



Chairman of PCSC  
Lo, Chih-Hsien



President of PCSC  
Chen, Jui-Tang

Moreover, "Compliance", "Integrity", and "Transparency" are PCSC's main philosophies. By regular and periodic regulation identification and government policy-related conferences participation, we can track the latest changes of laws and regulations to ensure "compliance"; by comprehensive corporate governance structure and internal control mechanism, combined with intensive education and training program to ensure "integrity"; by diversified communication channels establishment to learn about stakeholders' demands and expectations, combined with the disclosure of environmental, social and corporate governance information through CSR Reports published each year to ensure "transparency". In 2015, PCSC's efforts in corporate governance were recognized again in the top 5% of the listed companies in the 2nd Corporate Governance Evaluation.

## Harmonious Society

Protecting the health and safety of our customers is the first priority of PCSC. A number of food safety incidents occurred following the plasticizer scandal in 2011 further aroused the public attention to food safety issues. There have been a number of revisions on food safety laws in recent years, therefore the more comprehensive control mechanisms are now in place. PCSC has also strengthened our product quality assurance system by setting up a "Merchandise Safety Committee" and introducing the Quality Control Laboratory to offer more comprehensive protection.

In 2015, we monitored more than 1,000 product safety information updates, and tested nearly 1,000 products and raw materials. Our material traceability system was also extended from tier-2 to tier-3. More than NT\$100 million was invested in food safety related mechanism, which showed our commitment to safety and health of our customers. PCSC will continue to embrace this philosophy to ensure food quality.

Besides, the "Good Neighbor Foundation", which is established by PCSC 16 years ago, has been active in local communities through continuously improving the quality of life and supporting local culture. The "Good Neighbor Funfest" organized by the Foundation uses a variety of community activities to bring people together, as well as bring warmth and compassion to the society. In 2015, the "Good Neighbor Funfest" focused on the five aspects of "family interaction, caring for the disadvantaged, cultural education, healthy lifestyle, and environmental protection", and organized more than 2,500 events. The "Bring Back the Love" fund-raising campaign leverages the influence of PCSC channels and leads the industry in looking after senior citizens in an aging society. Intensive 7-ELEVEN store network provides disadvantaged senior citizens with assistance on food, healthcare, accommodations, travel, and recreation. Services are incorporated into business operations to implement the philosophy of "charity everywhere". There is more than NT\$392million donation was raised in 2015.

## A Sustainable Planet

After the Paris Agreement was passed in 2015, every country took aggressive action to respond to the impact of climate change. To keep the global temperature increases under 2°C, governments began introducing greenhouse gas emission (GHG) caps, emissions trading, and carbon taxes in order to reduce GHG emissions. Businesses face great challenges of these control strategies. As a citizen of the Earth, fighting climate change is PCSC's responsibility. We began introducing energy-saving initiatives at our headquarters building and stores many years ago, which has reduced power consumption by around 6 million kWh per year, the equivalent of more than 3,000 tons of GHG emissions. In 2015, we recognized by MOEA's Bureau of Energy on "ISO50001 Energy Management System" for the service industry. The ISO50001 energy management system was introduced at the headquarters building as well as Li-ang and Song-gao stores in Taipei. We hope through the introduction of systematic and scientific energy management system will lead to greater contributions for energy-saving in the future.

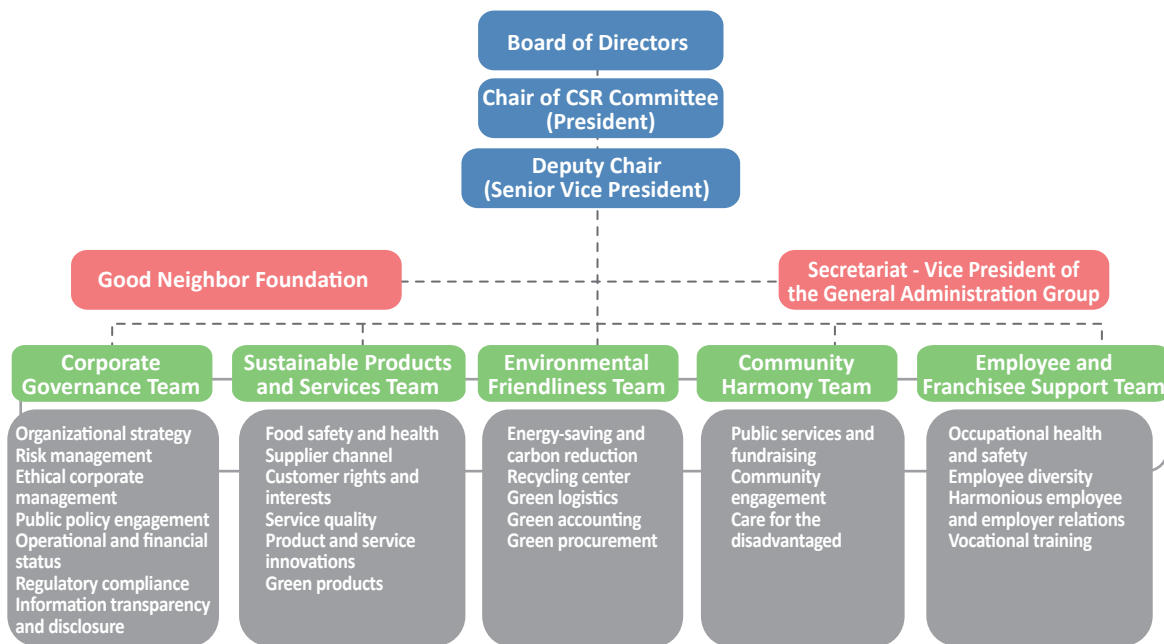
The goal of PCSC is to become the best enterprise that brings happiness to our franchisees and employees. We work actively to incorporate CSR into our core operations and strive to make every 7-ELEVEN store a community center. We are confident that through dedication and integrity in business management, we can bring consumers a "convenient, safe, and fun" lifestyle, and make PCSC a trustful, sustainable enterprise.

# CSR Organization and Strategy

In pursuit of business growth, PCSC strives to fulfill the corporate social responsibility on sustainable development through the economic and social progress. As a responsible corporate citizen, PCSC contributes to the national economy by improving the quality of life for its employees, surrounding communities, and society as a whole; these help to build competitive advantages based around CSR. The cross-departmental "PCSC CSR Committee" was established to oversee the execution and management of CSR. The Committee is responsible for developing and implementing CSR policies, systems, related management directives, and actual execution plans; it also reports regularly to the Board.

## Organization of the CSR Committee

The "PCSC CSR Committee" is chaired by the president, with the vice president serving as the deputy 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 deputy leaders responsible for leading all departments in embracing the TK (Tanpin Kanri) spirit of accountability, as well as 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 as well as report to the Board.



Note: This is the revised organizational structure for 2016

## CSR Vision, the Three Themes and Implementation Principles

PCSC has incorporated the CSR core philosophy into our business targets. The "Uni-President CSR Code of Practice" approved by the Board of Directors in March of 2013 has been used to gradually define the three themes and five principles of CSR promotion, which has created a high-level consensus from the top-down. In March of 2015, we updated our "CSR Code of Practice" to reflect the revisions made by the Taiwan Stock Exchange to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-listed Companies" in order to ensure compliance and to demonstrate PCSC's resolve in promoting CSR.

Over the years, various PCSC departments and stores have incorporated CSR actions into their daily work and

services. For example, the Good Neighbor Foundation is focused on community services, rural education, and caring for the disadvantaged. Using our stores as gathering points, we hosted various activities to foster a sense of community; bringing people happiness, warmth, and trust, as well as spread CSR concepts among the local people. In the future, we will continue to strengthen self-management capabilities by incorporating CSR into the annual work plan and define key performance indicators (KPI). A systematic management mechanism will be used to review the results from each year to pursue sustainable business growth.

### 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 environment

- Comply with environmental regulations as well as related international standards and guidelines 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

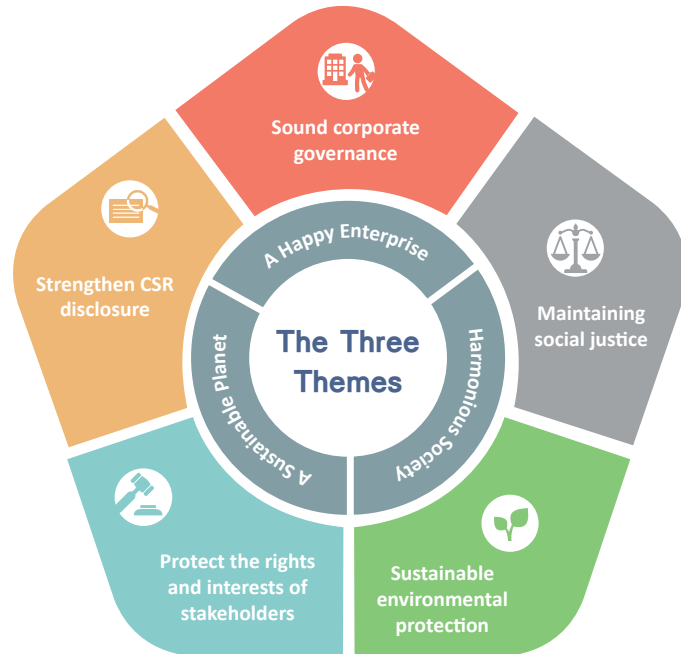
- Comply with labor laws and protect the legal rights and interests of employees
- Strive to prevent work-related injuries by eliminating risks to employee safety and health
- Create a positive environment for employees' career development and establish an effective professional training plan
- Work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

### Protect the rights and interests of stakeholders

- Respect the rights and interests of stakeholders and respond to their CSR topics of concern
- 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



# 2015 Sustainability Performance

## Corporate Governance and Business Performance

### Business Performance

**NT\$133.41 billion**

- NT\$133.41 billion in operating revenue, an increase of 1.6% from 2014

**2.9%**

- Cash dividend of NT\$7.2 per share, up 2.9% from 2014

**250 stores**

- Established a strategic alliance with Formosa Vegetable to introduce a "Formosa Organic Vegetable Section" in up to 250 stores

## Corporate Governance

- Highest rating of "A++" in the TWSE/TPEX "12th Information Disclosure Review for Listed Companies"
- PCSC was included in the MSCI Global Sustainability Indexes once again
- Ranked in the top 5% of the "2nd Corporate Governance Evaluation"
- Selected in the Taiwan Corporate Governance 100 Index.



## Environmental Performance

### Energy-saving and carbon reduction

Reduction of **2.74%**

- The electricity consumption intensity of stores was 1,099 kWh/m<sup>2</sup>, a reduction of 2.74% compared to 2014

Reduction of **1.86 metric tons**

- Replaced 42 outdated logistic vehicles (Emission Control Phases 3 and 4) which reduced CO emissions by a total of 1.86 metric tons (1,855 kg)
- 8F of the headquarters building as well as Li-ang and Song-gao stores have achieved ISO50001 energy management system certification

### Green procurement

- Purchased **143,739** kg of eco-friendly stone paper
- Purchased **55,744** kg of PLA bio-plastic
- Purchased **12,045** kg of FSC certified paper

### Green accounting

- Invested NT\$917,993 thousand on environmental protection assets and expenses

## Community Performance Indicators

### Community engagement

**2,543 sessions**

- Hosted 2,543 "Good Neighbor Funfest" events

### Employee Care

- The Health Management Program increased doctor service hours at clinics to 32 hours per month. The nursing staff will also be increased to four.
- A total of 281 care cases (155 cases from stores) were carried out and 239 hours of support services were provided

### Care for the disadvantaged

**NT\$ 3.92 billion**

- Raised NT\$3.92 billion in charitable donations
- Continued collaborating with Teach for Taiwan during 2015 to support 27 teachers at 13 schools in Taitung/Tainan.
- The "Millennium i-Health" health record cloud platform went live in September of 2015

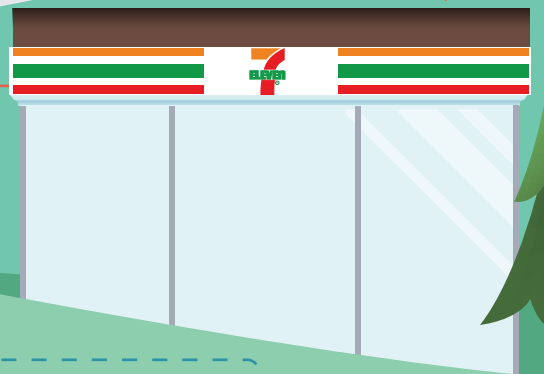
## Product Performance Indicators

### Food Safety

- Announced and implemented the "Privately Owned Products Safety Assurance Guidelines" to establish an internal product monitoring mechanism
- A total of NT\$18,202,266 was spent on testing raw materials/additives and store merchandise

### High-quality store services **pass rate 97.5%**

- Conducted 21,771 store audits with 21,225 passing the audit, a pass rate of 97.5%.
- A total of 9,560 people completed store quality assurance training





# 1

## About President Chain Store Corporation (PCSC)



- In 2015, operating revenue was NT\$**133.41** billion, an increase of **1.6%** compared with 2014.
- Ranked in the top **5%** of the "2nd Corporate Governance Evaluation"
- PCSC was once again selected in the MSCI Global Sustainability Indexes

### 1.1 Company Scale and Background

#### Scale of the Organization

Company name	President Chain Store Corporation
Number of employees	8,384
Year established	1978
Chairman	Lo, Chih-Hsien
President	Chen, Jui-Tang
Location of headquarters	2F, No. 65, Dongxing Rd., Xinyi District, Taipei City, Taiwan
Capital	NT\$10.396 billion
Total number of stores	5,028 stores

As of December 31, 2015

## Company Overview


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. Stores have been opened in both urban and rural areas. From bustling cities to remote islands, on high mountains and seaside villages, 7-ELEVEN stores are now a common sight 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 the mission of PCSC 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 are fully aware that there is still more we can do to reinforce the absolute superiority of our brand. PCSC 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, strengthen our foundations, and build a perfect fusion of people, store and merchandise with the goal of building a global, diversified business model. We will also leverage our support systems for logistics, intelligence, and administration to create a beautiful and convenient happy space for our customers.

## Significant Milestones in 2015


1.

**A Solid Business Foundation**

 Selected in the Taiwan Corporate Governance **100** Index.




2.

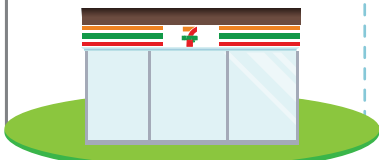
**Expansion of Store Operations**

 Established a strategic alliance with Formosa Vegetable to introduce a "Formosa Organic Vegetable Section" in up to **250** stores.

3.

**Continuation of system upgrades**

-  The introduction of the self-developed "MAS Raw Material System" and "Laboratory Management System" provide real-time tracking of material suppliers, enhance quality assurance management, and build a comprehensive food safety protection net.
-  "2nd Generation iBon" kiosk software and hardware were introduced across the board to create a new digital lifestyle experience.
-  Launched "iGift" based on the concept of electronic coupons to target the B2C micro-gift market. iBon kiosks and the mobile app served as the two key platforms for creating new a model for giving mobile gifts.



## Financial Performance

2015 was a year filled with social unrest and low consumer confidence in Taiwan. The year was also filled with adverse factors such as higher operating costs, intense industry competition, and natural/man-made disasters. Despite the uncertainty in the external business environment, PCSC continued to make satisfying the needs of consumers and franchise partners a top priority. We continued to introduce different products and services in response to the fast-changing consumer market and emerging consumer trends. By maintaining our four key business strategies and continuing to optimize our seven elements, PCSC continued to march forward towards our goal of becoming the most convenient, safe, and happy community service centers in Taiwan.

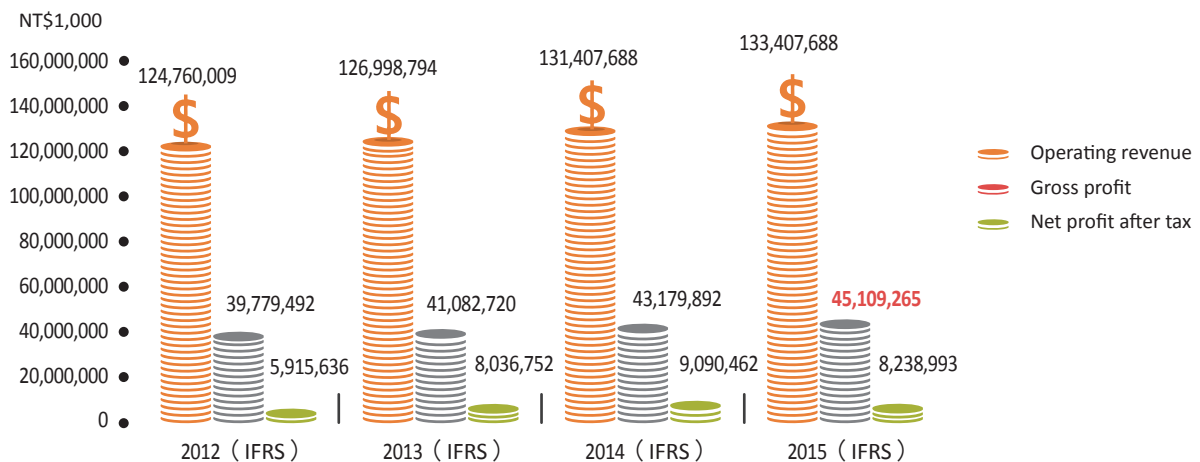
In 2015, PCSC's non-consolidated operating revenue and net profit after tax were NT\$133.41 billion and NT\$8.24 billion, respectively. Income tax amounted to NT\$1.33 billion. PCSC was the only Taiwanese retailer to be included by the accounting firm Deloitte in its 2015 Top 250 Global Powers of Retailing rankings.

It is our responsibility to provide shareholders with a long-term investment value. A stable profit growth means our shareholders are rewarded through a stable dividend policy. In 2015, we issued cash dividends of NT\$7.2 per share, up 2.9% from the NT\$7 issued in 2014. To maintain excellent communication with investors, PCSC organized and attended 4 domestic/international investor conferences in 2015; we also took part in 185 one-on-one investor meetings to help investors understand the future business direction and prospects of PCSC. To support shareholder activism and 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 for disclosing financial data and business prospects, the PCSC corporate website now features an investor's area for disclosures on corporate governance, such as the activities 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 2015. In 2015, PCSC was once again included in the MSCI Global Sustainability Index, achieving the highest score for corporate governance and exceeding the average score of companies in the same class.



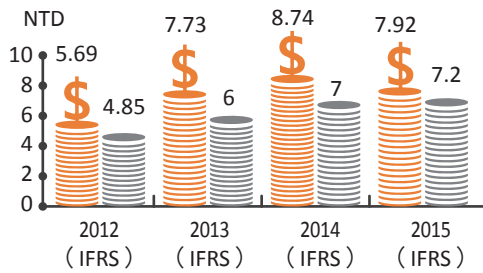
### Operating performance



Note: The 2013 edition of IFRS was adopted from 2015 onwards, therefore revisions were made to related items in 2014



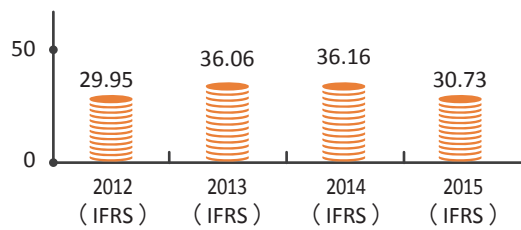
Cash dividends



— Earnings per share    — Comparison of cash dividends



ROE



— ROE (%)



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



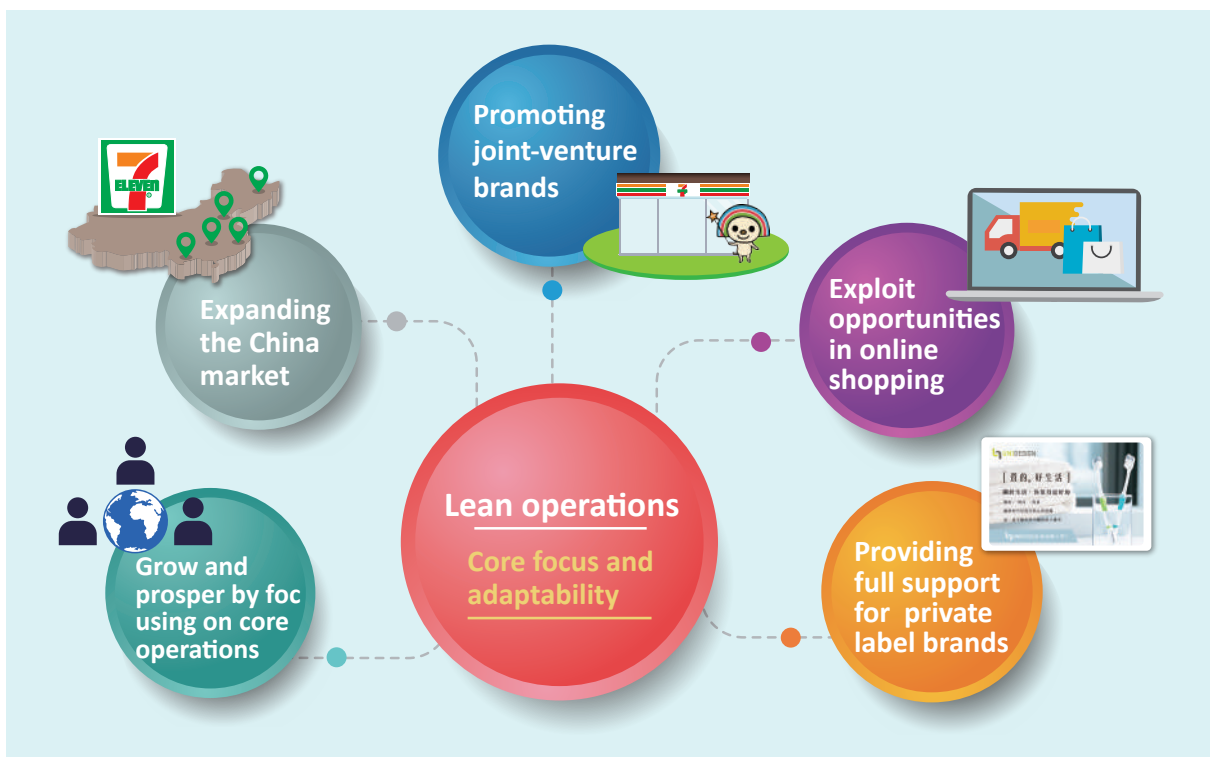
A Good Neighbor - Who Creates a Friendly Workplace

## 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 demand for basic convenience and ensuring the safety of our fresh/fast foods, we strive to deliver excellent and attentive services.

With becoming the "most convenient, safe, and happy community centers for customers" as our goal, our total number of stores has reached 5,208 in 2015 and our presence have also expanded to 330 townships. We completed our offshore island expansion with the opening of a new store in Lanyu. Our convenient services now reach every part of Taiwan from cities to the countryside so that all residents and customers can enjoy a lifestyle that is convenient and safe.

"Lean operation" is used as the core strategy for realizing stable and sustainable growth. The two key principles of "core focus" and "adaptability" also guide our efforts on the five axes of "growth and prosperity through focus on core operations", "providing full support for private retail brands", "exploiting opportunities in online shopping", "expanding the China market", and "promoting joint-venture brands."



## 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 2015, PCSC's promotion of "Green Gold" (fresh fruits and vegetables), "Yellow Gold" (bananas, corn), and "Black Gold" (CITY CAFE) achieved great success.

In order to provide the public with high-quality products, PCSC not only engaged in cross-industry cooperation with well-known brands but also supports local purchasing at stable prices from local farmers. By creating a screening mechanism and working with farmers to create products with personalized packaging, this made it convenient for customers to replenish their fruits and vegetables at any time, which in turn created additional value for agricultural specialty products in Taiwan. Constant innovation has enabled PCSC to meet the demands for eating out and enjoying vegetarian diets, bringing Taiwanese consumers the freshest and the highest quality food experience.

**Green Gold**  
Fresh vegetables



**Black Gold**  
City Café



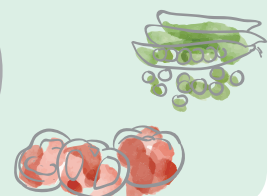
**Yellow Gold**  
Bananas and corn

### Green Gold - A Special Column on Organic Vegetables



The era of nuclear families, personalization, and an aging society is changing people's shopping habits. "Green Gold" will continue to develop fresh food services by expanding from instant meals/beverages to include fresh/organic fruits and vegetables. We will also continue to build an ingredient tracking mechanism to track all foods "from the farm to the dining table" as part of our push to create a total food safety net for consumers.

PCSC is collaborating with Formosa Vegetable which has both CAS organic and ISO9001 certifications to introduce the Formosa Organic Vegetable Section. The general public can now purchase and cook seasonable vegetables with organic certification and production right from their local stores. The expertise of professional nutritionists at Chang Gung Hospital was also applied to the "Organic Vegetable Box"; each box contains 2 to 3 portions of vegetables tailored to the nutritional needs of "senior citizens", "LOHAS families", and "young children", and they are only available to the public through 7-ELEVEN. We are continuing to create innovative new services that enhance consumer health and convenience. We offer a shopping option consumers can trust.



As part of our strategic alliances and consolidation of group resources, we teamed up with COSMED to launch our own "UNIDESIGN" brand to satisfy the various needs of consumers. The brand's concept of "living with quality" will hopefully develop into a brand with high CP values based on "high quality", "high added value", and "feel the difference". "UNIDESIGN" stands for "U and I in consumer interaction" during the "Design of a better lifestyle"; it symbolizes our hope of working with consumers to create a new lifestyle based on quality. In terms of merchandising power, 7-ELEVEN is leading the way due to its experience with managing private brands, such as: The aggressive integration of domestic/overseas manufacturing and design resources as well as international manufacturing/distribution alliances, the five principles of "having large manufacturing distribution partners, using localized formulas, zero additives for a peace of mind, less is more, and environmental protection" from COSMED, as well as more than 10 years of experience in developing private brands, long-term research into consumer product habits, are all combined with Uni-President Enterprises Corporation's collective resources and joint purchasing power to reduce costs and improve competitiveness. Handpicked major domestic/overseas manufacturers ensure total quality control. Our "UNIDESIGN" products will provide citizens of Taiwan with an affordable option and we hope our private brand will become a byword for quality throughout domestic channels.

## 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.

### Mobile payment

The "Beep! Economy" is here. In order to provide consumers with a more versatile and convenient payment experience, we have introduced contactless payment cards such as the icasH 2.0, iPass, and EasyCard along with the "iBon app" which includes a mobile business secretary feature. The opportunities offered by mobile payment have led to PCSC partnering with PChome's Pi payment service and CTBC Bank to launch the "Barcode Payment" service. The general public no longer need to bring their wallets when shopping at 7-ELEVEN stores throughout Taiwan. In a new level of convenience, they can simply show the "Pi Mobile Wallet" app on their smart phone to make payment with the displayed barcode. The partnership not only creates a bridge between online applications and physical retail, but is also the first time that mobile payments can be used at a convenience store in Taiwan; which represented a major breakthrough for Taiwan's mobile payment market.

### Environmental response

To provide people in Taiwan with a greater variety of heart-warming services, we responded to developments in online shopping agents and electric vehicles by forming partnerships MYDAY and Gogoro to provide in-store pick-up for overseas online shopping agent services as well as electric vehicle charging services; these will hopefully satisfy people's everyday needs. The partnership with MYDAY required the overcoming of interface and logistics challenges to create an integrated delivery chain from the supplier to the consumer. Consumers can pick-up their orders from selected 7-ELEVEN stores for a safer and more convenient transaction environment. To implement energy-saving and carbon reduction concepts, the first GoStation® battery exchange station was installed at the 7-ELEVEN Rongxin store. Owners of Gogoro Smartscooters now have another place to recharge their batteries and enjoy their rides.

## Featured Promotion

To provide customers with a different consumer experience, 7-ELEVEN is working actively on specialty stores that creatively integrate local sights and retail district characteristics into their design; the concept is also being applied at high speed rail stations and department stores. In addition to the pursuit of creative breakthroughs, our store design team is continuing to think of ways to overcome space constraints and create a new store image.

In 2016, PCSC will continue to make "becoming the best retailer with the aim of providing the most convenient lifestyle services and fulfilling our responsibilities as a corporate citizen" our most important mission, and do our best to provide consumers with a convenient lifestyle. The increased importance of food safety in recent years means we will also strive to build a total food safety net for consumers. At the same time, PCSC is taking advantage of e-commerce developments by using our extensive physical channel and comprehensive logistics/cash flow systems to continue developing new digital application services.



## 1.3 Corporate Governance

Transparency and corporate governance are important to PCSC. Improving ethical corporate management has always been one of our longstanding business goals. The following principles have been adopted to establish a solid corporate governance, enhance the functions of the supervisory committee, and strengthen the structure and operation of the Board:

Audit Committee members comprehend company's operations and auditing processes through quarterly Board meetings and regular audit reports submitted by the auditing units. Various reports and channels (telephone, fax, e-mail, etc.) can be used for communicating with employees, shareholders and accountants.

PCSC's Audit Committee and Board of Directors periodically evaluate the independence of its certified accountants. The Company's accounting department evaluates accountants based on standards derived from the Certified Public Accountant Act and the 10th Code of Ethics for Professional Accountants. Each year, PCSC's external auditors provide PCSC with a Statement of Independence. The external auditing firm also complies with rules for rotating external auditors.

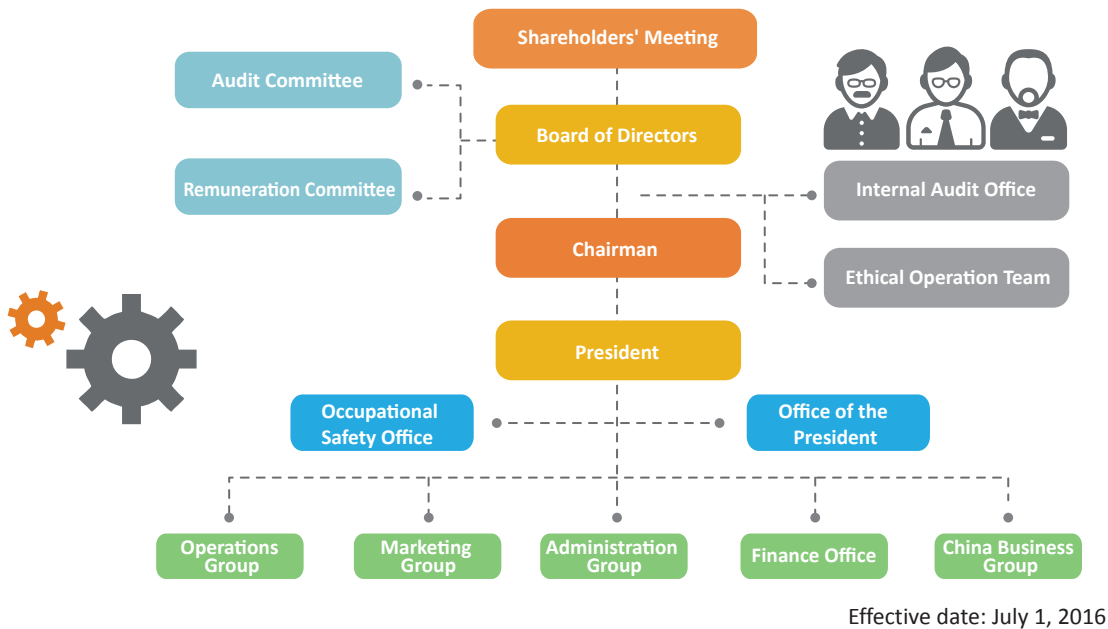
Comprehensive Internal controls are in place at PCSC with regular compliance checks conducted by internal auditors and reported to the Board; to ensure the continued effectiveness of the system design, annual reviews and revisions are undertaken to maintain sound corporate governance and risk management.

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 Corporate Governance Guidelines, Ethical Corporate Management Guidelines, Ethical Corporate Management Procedures, and Code of Conduct; these along with internal regulations such as Ethical Management and Business Confidentiality Guidelines, as well as Incentive and Disciplinary Regulations all form part of the push on "Ethical Management" throughout the Company. All employees are encouraged to sign the self-regulation agreement to promote ethical behavior and practices.

To ensure that business transactions are free from corruption, since 2013, clauses on "business integrity and prevention against bribery" have been added by PCSC to supplier agreements. Suppliers are required to take joint responsibility for preventing unethical business practices and protecting the interests of both parties. Starting from 2016, CSR-related clauses will be added to the contracts of key suppliers. Any supplier that breaches the CSR policy in a way that causes significant environmental and social impact to the source community may have their contracts suspended or terminated at any time.

In 2015, PCSC's 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 89 items). Each company 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 from each store. Stores were then selected for onsite audits (cash management in store, fund-raising, and procedures for selling/returning goods, etc.) to ensure the appropriateness of accounting operations.

### Corporate governance framework



### Board of Directors

The 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 57, and there are 2 female directors. The experience, professional expertise, and salaries of each Board member are disclosed between pages 17 to 22 of the 2015 Annual Report. The report can be downloaded from the Market Observation Post System or the investors section of our corporate website (<http://www.7-11.com.tw/company/ir/>). According to the "Regulations Governing Procedure for Board of Directors Meetings", if a conflict of interest exists for a director or the legal person they represent with a specific matter on the agenda, then the director may not take part in the discussion and voting. They should also excuse themselves during the discussion and voting process, nor represent any other director during voting. The Board must be convened at least once per quarter to review the Company's business performance, as well as discuss key development strategies and major investment topics. Between 2015 and April of 2016 (before the publishing date of the 2015 Annual Report), the PCSC Board of Directors met a total of 7 times and the average attendance rate exceeded 95.6%.



## 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, then forwarded to the shareholders' meeting for appointment. On June 18, 2015, the general shareholders' meeting voted on the independent director candidates. The elected independent directors were Wen-yu Wang (professor, College of Law, National Taiwan University), Pei-ji Hsu (Deputy Dean of College of Management, Fu Jen Catholic University), and Ming-dao Chen. At a minimum, independent directors must qualify as lecturers at a public/private university in business, legal affairs, finance, accounting, or company operations. Independent directors may offer suggestions based on their expertise and experience when the Company is making strategic decisions. The Board of Directors may also take the opinions of independent directors into account during discussions; they must also comply with the conflict of interest regulations and effectively protect company interests.

## 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 Pei-ji Hsu as the convener. The Committee must be convened at least once every quarter. Between 2015 and April of 2016 (before the publishing date of the 2015 Annual Report), the Audit Committee met a total of 7 times with 100% attendance rate for the convener and committee members.

## 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 2015 and April of 2016 (before the publishing date of the 2015 Annual Report), the Remuneration Committee met a total of 3 times with 100% attendance rate for the convener and committee members.

## Ethical corporate management

In response to international trends and regulatory requirements, an "Ethical Operation Team" reporting directly to the Board of Directors was created by PCSC in 2015, to establish a business philosophy based around honesty, transparency, and accountability. The team is responsible for making integrity the foundation of PCSC's policies, corporate culture, and risk management mechanisms in order to ensure the sustainable management and development of the Company by defining the Best Practice Principles and Ethical Corporate Management Operating Procedures, and Code of Conduct. The team is also expected to report to the Board on a regular basis.

An online ethical corporate management course was established as a part of the internal education and training on ethical corporate management. As of December 31, 2015, the course has been completed by 99.6% of all back-office personnel. To promote ethical corporate management outside of the Company, PCSC has introduced clauses on ethics and integrity into supplier contracts. The active prevention mechanisms spell out PCSC's stance on ethical corporate management to enforce our core corporate values.

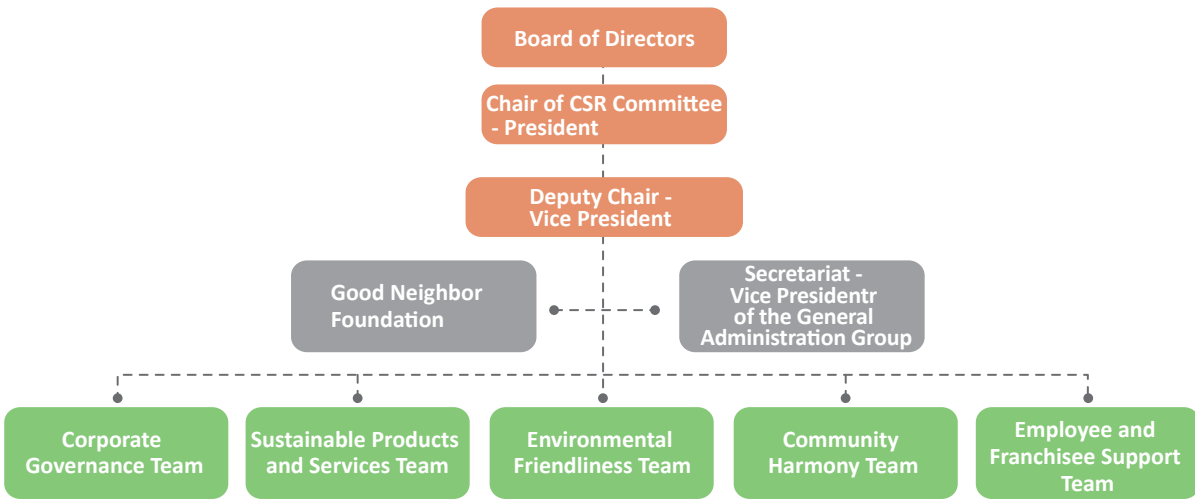


## Corporate Social Responsibility (CSR) Management

PCSC has established a CSR code of conduct. In order to implement and manage CSR, PCSC established an interdepartmental CSR Committee with the president serving as chairman and a senior vice president Wu, Kuo-Hsuan as vice chairman. The committee is divided up into five major teams, including "Corporate Governance", "Sustainable Products and Services", "Environmentally Friendly", "Coexisting with the Community", and "Employee and Franchisee Relations", responsible for proposing and implementing concrete plans related to CSR policies, systems, or relevant management guidelines and reporting the status on a regular basis to the Board of Directors. Please refer to the PCSC CSR Report for a detailed description of CSR policy effectiveness.

PCSC has included CSR indicators into the common performance of all Team-level executives (changed to department-level in 2016). Topics relating to food safety, labor safety, environmental safety, industrial safety, and compliance are now given priority during performance evaluations.

### PCSC CSR Committee



Note: This is the revised organizational structure for 2016

## 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 also received CSR-related awards from the public and private sector. Major awards received from 2015 to May of 2016 are listed below:



- ★ Ranked 1,842nd in "Forbes" Global 2000
- ★ "Cheers" magazine's Top 100 "Favorite Corporations of the New Generation" in 2015
- ★ 1st place in the convenience store industry, trans-trade and innovation categories of the "CommonWealth" magazine's "CSR Corporate Citizen Award" and "Gold Medal Service Award"; also named as a Top 2000 company
- ★ 1st place in the "Retail" category of the "Business Weekly" magazine's "Survey of the 100 Most Influential Brands"
- ★ 1st place in the convenience store category of the "Commercial Times 2015 in Service Assessment"
- ★ "Grand Prize" winner in the "retail and wholesale division" of the "Manager Today" 2015 Influential Brands
- ★ Presented with Next Media Magazine's "12th Top Service Award"
- ★ Highest possible "A++" rating in the TWSE/TPEX "12th Information Disclosure Review for Listed Companies"
- ★ Ranked in the top 5% of the "1st Corporate Governance Evaluation"
- ★ AA100 certification and A+ sustainable enterprise rating from the British Standards Institution (BSI)
- ★ The only Taiwanese retailer to be included by the accounting firm Deloitte in its 2015 Top 250 Global Powers of Retailing rankings
- ★ The Golden Cup Award at the Taiwan Events Excellence Awards presented to the Good Neighbor Association in 2015 by the "Taiwan Events Association"
- ★ Received ISO50001 energy management system certification, and was the only convenience store chain to receive business assistance during the year



Commercial Times Service Award



12th Top Service Award



Good Neighbor Foundation Golden Cup Award, Taiwan Events Excellence Awards



(as of end of May)

- ★ Nominated for the "Cheers" magazine's "2016 Top 100 Favorite Corporations of the New Generation"
- ★ Named No. 1 in the retail channel category of the "Brand Asia Influential Brands"
- ★ PCSC's charity contributions were recognized with the top award at the "Global Views" CSR Award
- ★ Digital power was crucial to winning the "CommonWealth" magazine's Gold Medal Service Award



Global Views CSR medal

## 1.5 Operating Strategy and Management

While the global economic recovery has been lukewarm, the US has begun hiking interest rates while international oil prices have fallen and Chinese economic growth has slowed. These factors continue to cast uncertainty on global economic expansion and have impacted Taiwan's exports and overall economy. In 2015, Taiwanese exports fell 10.6% and the economic growth rate stood at only 0.75%, which represents a decrease of 3.17 percentage points from 2014's rate of 3.92%. As for commodity prices, in 2015 the Consumer Price Index (CPI) annual growth rate fell 0.31%. The Company has made efforts to adjust our product mix, improve gross margins, and pursue a diversified marketing strategy to minimize the cost pressure resulting from inflation and mitigate its effects on the Company's operations.

Domestic salaries have yet to see any significant increases, so consumers will continue to economize. At the same time, food safety awareness continues to rise among consumers, while value for money is still important. All businesses in this market must focus on improving product quality management and increasing added value to raise quality and differentiate themselves from the pack. In raw material management for fresh foods, PCSC engages directly with contract farmers and works with local fresh food suppliers to develop new products. At the same time, PCSC has invested immense resources to set up a raw material management system with suppliers to enforce source and food safety risk management. Strict compliance on labeling and honesty in advertising as well as auditing of tier-1 suppliers and tier-2 raw materials are in place in order to improve customer satisfaction. Apart from operating the first world-class quality inspection laboratory in Taiwan's domestic retail industry, PCSC is continuing to refine its self-inspection capability in order to provide consumers with safe, convenient, and delicious fresh food products.



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## Technology and R&D

To understand our customer demands as well as respond to changing store formats and business models, we have continued to integrate many innovative services that improve our overall competitiveness. We are also involved with reducing our environmental impacts and improving people's lives. In 2015, a total of NT\$149,711,000 was spent on related research and development.

ibon kiosk upgrades: We continually upgrade ibon software to ensure a clear, intuitive user interface and have extended the ibon mobile app barcode scanning feature, so users can first use their mobile device to confirm, then visit their local store to complete the action.

Conveniences: To provide our customers with a wider variety of thoughtful services, 7-ELEVEn has teamed up with MYDAY online overseas shopping service and Gogoro, a brand of battery powered motorcycles. Customers can now pick up their MYDAY purchases or recharge their Gogoro battery at the local 7-ELEVEn, becoming an ever more important part of their lives.

OPENPOINT member loyalty points: In a first for the industry, PCSC introduced a point donation service that enables members to give away their points to other members. This new method of gift-giving can also help to increase the liquidity and use of loyalty points.

Expand equipment to strengthen real-time online services: To provide faster and more stable online ticket purchases and preordering services, which will not be adversely affected by high demand.

Introducing mobile payments: Working with the Pi mobile wallet enables PCSC to offer O2O third party payment services, adding to the variety of ways that customers can pay for purchases.

Upgrade the 7-11 app: To provide consumers with a variety of improved services, the 7-11 app has been significantly upgraded.

Looking to 2016, a year likely full of changes, global and local economic environments will continue to pose challenges. Nonetheless, PCSC will maintain integrity and honesty in our business operations, while developing the seven key building elements of our company: people, stores, products, systems, logistics, policies, and culture. Through structural changes, PCSC expects to create sustainable growth. 7-ELEVEn Taiwan will utilize its advantages of proximity and convenience, in coordination with PCSC's resources, to launch differentiated products and services.

PCSC is "determined to become an outstanding retailer by offering convenient services and being a good corporate citizen". We strive to make life more convenient for all our customers, ensure steady profitability of our franchisees, create a friendly and fair work environment for our employees and increase shareholder value. Our ultimate goal is to ensure the satisfaction of our customers, business partners, shareholders and society.

## Risk management

PCSC endeavors to maintain a comprehensive risk management system that works to manage risks for the entire organization including consolidated subsidiaries. The Board of Directors, managers at all levels, and employees work together to promote proper implementation of risk management.

In addition to observing relevant regulations, PCSC identifies, analyzes, measures, monitors, responds to, reports, and mitigates all potential risks that could arise from operating activities based on the characteristics and impact of such risks. While working to achieve PCSC's strategic goals, we can also effectively maintain and control potential risk.

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

## Risk management table

Risk type	Implementation of risk management	Accountable unit
Strategic and operational risks	Each business unit and subsidiary is responsible for the planning and risk assessment of any new investments or operational decisions. PCSC's Office of the President regularly conducts related indicator analysis and tracks performance at the PCSC and affiliated enterprises quarterly meetings and regularly scheduled themed project operation reviews for key affiliated enterprises. Appropriate adjustments to operational strategy are made in accordance with changes in market competition and consumer trends to ensure each business entity's strategy is in line with its operational goals and strategic vision.	Office of the President
Financial, liquidity, and credit risks	To respond to changes in related regulations, policies, and the market, PCSC's Finance Office defines a range of strategies, procedures, and indicators to perform regularly-scheduled analysis and evaluation of changes in risk status and respond appropriately in order to mitigate potential risks for the entire company.	Finance Office
Market risks	Each business unit analyses and assesses major government policies, laws, and technological advances both in Taiwan and abroad and formulates appropriate response measures to reduce potential future risks. In addition, PCSC established an inter-division Regulation Identification Team and holds regular Regulation Identification Meetings to track the latest changes in laws and regulations and formulate appropriate responses. Also, the Crisis Management Team, made up of division managers, was established effectively control and manage any potential or existing market risks and crises.	Each business unit/Regulation Identification Committee/Crisis Response Team

Through risk assessment and regulatory reviews, the Internal Audit Office draws up an annual audit plan and selfinspection procedures and methods, which, when implemented, help to control aforementioned risks. The results of these inspections shall be reported periodically to the Board of Directors.

## Climate Change Risk Analysis and Adaptations

During the execution of CSR risk management activities, PCSC realized 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 daily 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. Through strategies such as energy-saving measures, equipment performance improvements, and additional employee training at the headquarters/at each store, PCSC now aims to become a low-carbon enterprise.



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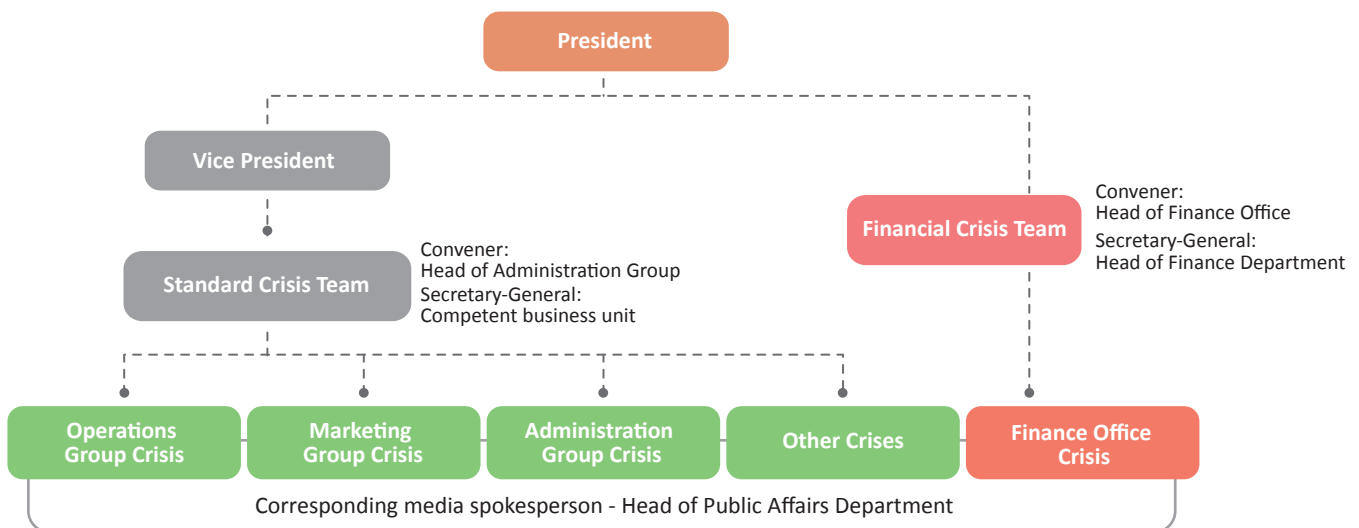
## Crisis Response Management

A crisis can strike as quickly and as suddenly as lightning. To improve crisis awareness at PCSC, a cross-departmental "Crisis Management Team" was established in 2013. "Crisis management" training was conducted at our headquarters in 2015 to highlight the prevention, handling, and resolution policies of the Company when faced with a crisis.

PCSC also followed the example set by our parent company, Uni-President Enterprises, and published its 3rd edition of "PCSC Crisis Management Handbook" on February 14, 2014. The head of 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 manual's structure was strengthened and revised in accordance with the Crisis Handling Principles from our parent company, Uni-President Enterprises Corp. Particular emphasis was given to the spirit of "accountability" and "independence" so the organization of crisis task forces, roles and inter-unit horizontal communication mechanisms were all covered in detail; to help the responsible unit quickly receive proper guidance during a crisis, crises were also divided into different categories such as product quality problems and false advertising; these were then divided by unit types into five main categories: Operations Group Crisis, Marketing Group Crisis, Finance Office Crisis, Administration Group Crisis, and Other Crises.

Crisis management must adapt to current developments and the core objective must be "honesty." Communication must be expanded to include all employees, customers, news media, and the general public to strengthen internal morale and build up outside trust. To make the new manual more practical, we invited the heads of each unit to discuss the content and take part in exercises on the handling of key events such as "food safety." Through exercises are random intervals, crisis awareness can be instilled in PCSC employees so they can respond in a timely manner to any crisis and turn them into opportunities. They will also reduce the impact of the crisis on company operations and revenues, while protecting the interests of all stakeholders.

### Organization of the Crisis Team




Note: This is the revised organizational structure for 2016



## 1.6 Stakeholder Communications and Material Issues

PCSC stakeholders include investors, suppliers, employees, franchisees, charities, government organizations, and local communities. PCSC must be held accountable to its stakeholders, and a stakeholder area (<http://www.7-11.com.tw/communication.asp>) has been set up on the PCSC corporate website. A physical mailbox is also available. A variety of different methods and channels are used to learn about stakeholder requirements and their expectations of PCSC. Other methods and channels of communication for stakeholders are described below.

 **Table of communication channels between PCSC and its stakeholders**

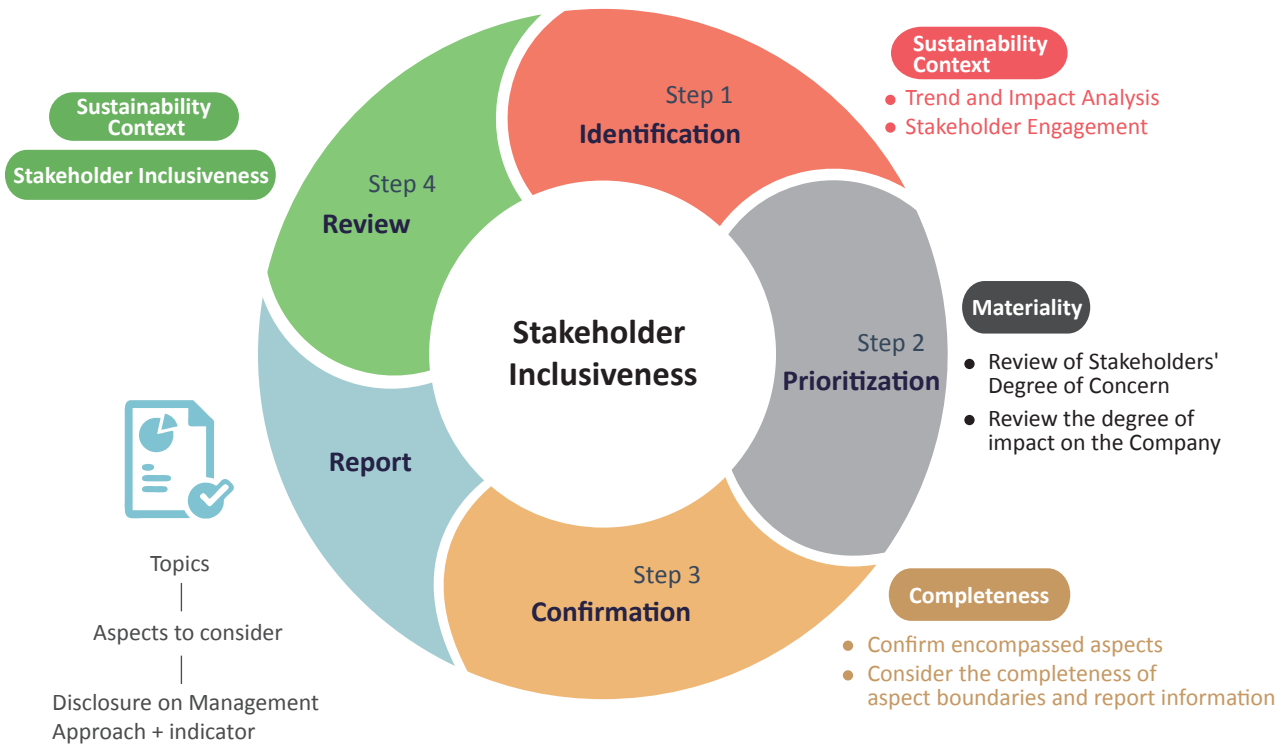
Stakeholders	Topics of Concern	Communication channel
Investors/shareholders 	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Risk management</li> <li>Operational and financial status</li> <li>Divided Policy</li> </ul>	<ul style="list-style-type: none"> <li>Annual Shareholders' Meeting</li> <li>Regular publication of financial statements/ annual reports</li> <li>Disclosure through corporate website</li> <li>Legal person conference</li> <li>TWSE Market Observation Post System website</li> <li>Answering questions from investors and analysts via phone or e-mail</li> </ul>
Suppliers 	<ul style="list-style-type: none"> <li>Green procurement</li> <li>Green products</li> <li>Supplier management</li> <li>Local purchase</li> </ul>	<ul style="list-style-type: none"> <li>Regular merchants' friendly association</li> <li>Regular suppliers' conference</li> <li>Counseling/Audit Management</li> </ul>
Customer 	<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>Service window at Joint Services Center</li> <li>Satisfaction survey</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Harmonious employee and employer relations</li> <li>Training development and education</li> <li>Employee diversity and equality</li> </ul>	<ul style="list-style-type: none"> <li>Regular employer-employee meetings</li> <li>Staff Welfare Committee</li> <li>Employee complaints e-mail box</li> <li>Internal proposal system</li> <li>Happiness Cooperative Society</li> </ul>
Franchisee 	<ul style="list-style-type: none"> <li>Training development and education</li> <li>Occupational health and safety</li> <li>Product and service innovations</li> <li>Marketing communications</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated franchising website</li> <li>Weekly visit by regional advisor</li> <li>Regular monthly publications</li> <li>Franchisee discussion forum</li> <li>Satisfaction survey</li> </ul>
Public interest groups 	<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>Support for charity events/initiatives</li> <li>Good Neighbor Foundation</li> <li>Quarterly charity fundraiser</li> <li>Fund-raising proposal/ Review meeting</li> </ul>



Stakeholders	Topics of Concern	Communication channel
Government agencies 	<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 systems</li> </ul>
Local community 	<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>Service window at Joint Services Center</li> </ul>

## Materiality Assessment Procedures

PCSC communicates with its shareholders through various channels. Issues most important to shareholders are compiled and assessed based on sustainability, materiality, completeness, and stakeholder inclusiveness. The assessments look mainly at stakeholders and the material aspects. The flow of materiality analysis consists of the following:

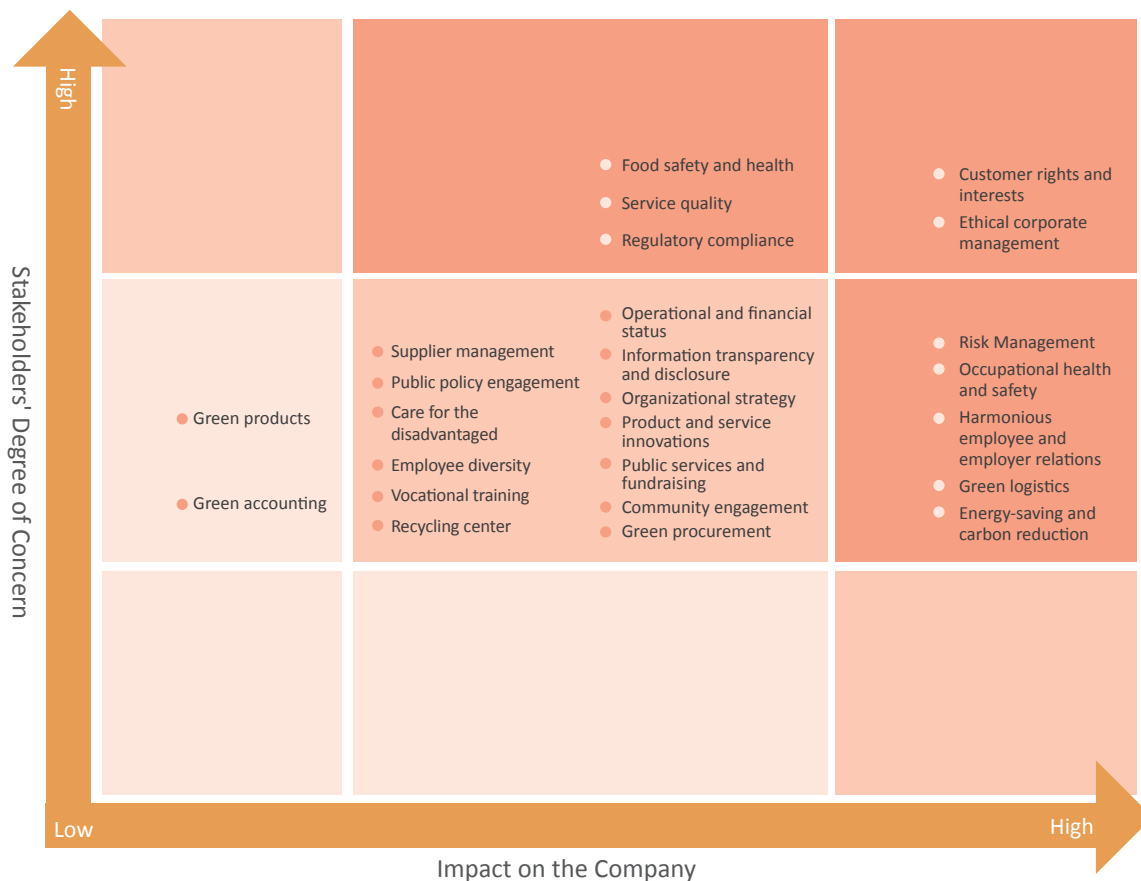


## Step 1 Identification

Members of the CSR Committee use the aspects listed in GRI G4 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 2015, we used the selected CSR issues to construct a survey, which was sent out to various identified stakeholders; a total of 106 responses were received. The survey gave us a better understanding of what topics the stakeholders were most concerned with; it also let us determine whether our CSR actions were effective in addressing stakeholder expectations.

## 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 effects on the Company. Finally, the degree of concern and degree of impact were assessed together to determine the material issues. In 2015, we identified a total of 10 material issues; these included food safety and health, service quality, regulatory compliance, customer rights and interests, ethical corporate management, risk management, occupational health and safety, harmonious employee and employer relations, green logistics, and energy-saving and carbon reduction.



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### Step 3 Confirmation

Once the material issues were identified, the next step was to determine their internal/external impacts on the Company; this is to identify the aspects encompassed by the material issues and ensure that key CSR information is fully disclosed in the Report.

### Scope of Material Issues Identification Chart

Material Issues	Aspects to consider with respect to GRI G4	Internal		External			Chapter of Topics
		President Chain Store Corp.	PCSC logistics affiliate	Customers	Community	Suppliers	
Food safety and health	PR: Customer health and safety	◆		◆	◆	◆	2. A Good Neighbor Who is Always There for You
Service quality	PR: Product and Service Labeling	◆		◆	◆	◆	2. A Good Neighbor Who is Always There for You
Regulatory compliance	PR: (Regulatory) compliance EN: (Regulatory) compliance	◆		◆	◆		2. A Good Neighbor Who is Always There for You 3. A Good Neighbor Who Cares for the Environment
Customer rights and interests	PR: Customer privacy	◆		◆			2. A Good Neighbor Who is Always There for You
Ethical corporate management	General disclosure	◆		◆		◆	1. About President Chain Store Corporation (PCSC)
Risk management	General disclosure	◆					1. About President Chain Store Corporation (PCSC)
Occupational health and safety	LA: Occupational health and safety	◆					5. A Good Neighbor Who Creates a Friendly Workplace
Harmonious employee and employer relations	LA: Labor-Management relations/Labor Practices Grievance Mechanisms/ Freedom of Association and Collective Bargaining/Forced or Compulsory Labor/Assessment/ Human Rights Grievance Mechanisms	◆					5. A Good Neighbor Who Creates a Friendly Workplace
Green logistics	EN: Transportation	◆	◆		◆		3. A Good Neighbor Who Cares for the Environment
Energy-saving and carbon reduction	EN: Energy, emissions	◆	◆		◆		3. A Good Neighbor Who Cares for the Environment

Note: Logistics affiliates are UPCC, Wisdom Distribution Service Corp., Retail Support, and President Logistics International Corp.













### Step 4 Review

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

## Participation in External Organizations

PCSC actively participates in industry association events. Through regular and random meetings held by each industry association, the members grow closer together to increase cooperation and networking between peers.

### Participation in External Public Organizations

Membership of External Public Organizations	Form of Participation
Taiwan Events Association	Director 
Marketing Communications Executives International	Member 
Taipei Department Stores Association	Member 
Chinese National Association of Industry and Commerce, Taiwan	Member 
Taiwan Delica Foods Development Association	Director 
Zero Energy Building Technology Alliance	Member 
Audit Bureau of Circulations	Member 
The Business Council for Sustainable Development of Taiwan	Supervisor 
Taiwan Coalition of Service Industries	Director 
Taiwan Chain Stores and Franchise Association	Director 
Chinese Non-Store Retailer Association	Supervisor 
Chinese Non-store Commerce Association	Member 

# 2

## A Good Neighbor Who is Always There for You



### 2016 KPI

- More than NT\$39 million was invested on product inspections
- **100%** of contract manufacturers for privately-owned products have obtained international/domestic food safety certifications (such as ISO22000/HACCP/CAS, etc.)

### 2015 Highlights

- A total of 21,771 **mystery shopper audits** were conducted in 2015, with a pass rate of **97.5%**
- A total of **9,560** individuals have completed **store quality assurance training** in 2015

## 2.1 Elevating the Level of Convenient Living Services Once Again

PCSC realizes that being a "Good Neighbor in the Community" involves more than just providing high-quality, convenient, and reasonably priced merchandise. People also desire a comfortable space to relax and socialize. All PCSC stores are therefore being progressively renovated to increase the amount of usable space. Tables and chairs are also provided to let people rest and eat at our convenience stores. Existing services such as iBon and organic vegetable boxes are also receiving further upgrades in terms of scope and function.

Convenient services (inner circle)  
 Environmental and social sustainability considerations (outer circle)



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A Good Neighbor Who is Involved with the Local Community

A Good Neighbor Who Creates a Friendly Workplace

Mobile Living Services Upgraded Once Again

The "iBon app" launched last year allows consumers to make over-the-counter payments by showing the iBon app barcode on their mobile phones, making printed bills unnecessary. Further upgrades were made to our services this year. PCSC partnered with a design team from National Taiwan University's INSIGHT Center to make service categories clearer and the user interface more intuitive. The iBon app's barcode scanning function was also expanded to let the general public check their needs on a mobile device before completing the process at an in-store kiosk.

Organic vegetable boxes bring convenience and health

Featuring "Freshness", "Healthy", and "Environmental-Friendliness", organic vegetable boxes provide high-quality fresh fruits and vegetables to different market groups at affordable prices and look after the health of consumers.



The First Anniversary of "UNIDESIGN"

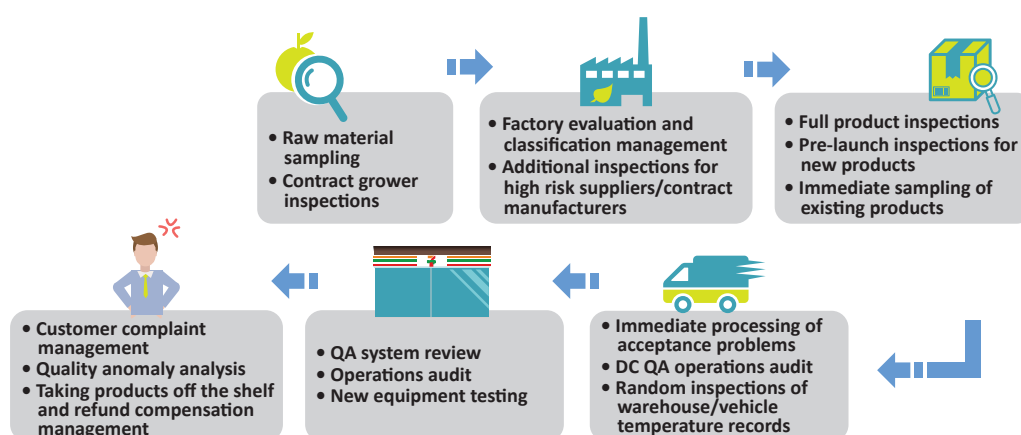


"UNIDESIGN" emphasizes the spirit of "turning ordinary life into good life"; it studies everyday life to bring about a innovation in the sense of touch, the sense of sight, the sense of smell and functions. A simple and eco-friendly design approach is adopted for paper products, daily commodities, clothing, and accessories.

## 2.2 Total Product Safety Management

One of the core values for sustainable development at PCSC is providing consumers with safe and reliable products. Established in 2011 to strengthen product quality management, the Quality Assurance Department reports directly to the vice president and its three main missions are risk management, audit verification, and quality inspection. Strict controls are in place from raw materials to factory production, inspection, delivery, stores, and consumers. Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include Regulations on Good Hygiene Practice for Food, Food Sanitation Standards, as well as other relevant laws issued by the Ministry of Health and Welfare. There were no fines issued against PCSC for violating any of the laws and regulations mentioned above in 2015.

### Control mechanism for the product flow process



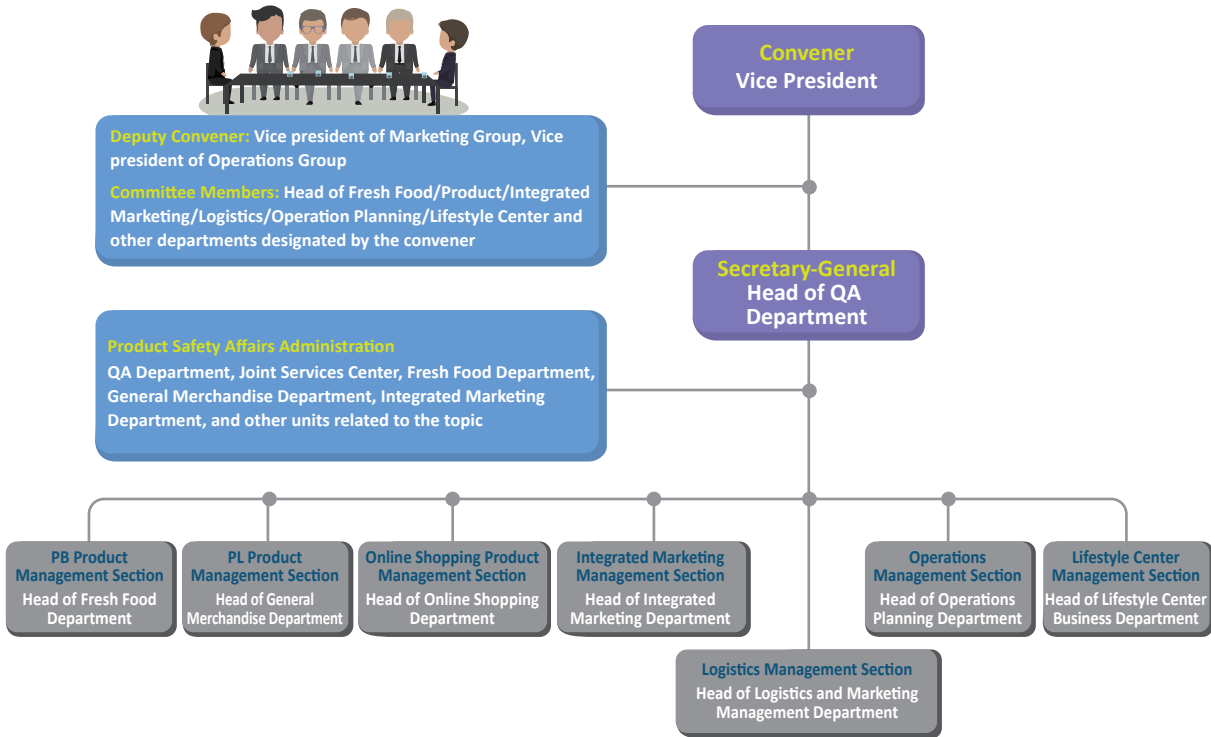
In 2014, PCSC launched a series of improvement measures on the food safety QA system in response to food safety concerns, which included the establishment of the Merchandise Safety Committee, internal supervision mechanisms for product safety, introduction of primary logistics, and upgrades for QC Lab's testing capabilities. Additional improvement policies relating to food safety were proposed in 2015.

### 2015 food safety improvement strategies

Aspects	Improvement strategies
1 New version of nutrition labels	1 Marking reference test data to ensure inspections are carried out properly by public agencies
2 Hygienic standards for food cleaning detergents	2 Detergents used for washing food containers and food products must conform to the law; they must also be labeled after packaging
3 Food ingredients, additives, merchandise	3 Must all be food-grade and be cleared through customs as food-grade items.
4 Pesticide residue testing for agricultural products	4 Batch inspection required
5 Genetic modifications	5 Whether materials/products are genetically modified are based on test reports from independent third-party organizations in Taiwan; test results are used as future reference
6 Labeling of additives	6 The content must be proofread word by word. The final text must be checked again before printing to prevent any errors

Mainly through cooperating with different departments, The "Merchandise Safety Committee" inspects and coordinates all privately-owned products<sup>1</sup> safety and quality management practices of all PCSC units; it also tracks serious product safety violations, customer feedback, and regulation identification efforts to establish a systematic management system. The Merchandise Safety Committee has convened three times this year. The system affects 100% of PCSC privately-owned products.

<sup>1</sup> Privately owned products including 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 such as the iseLect beverages.

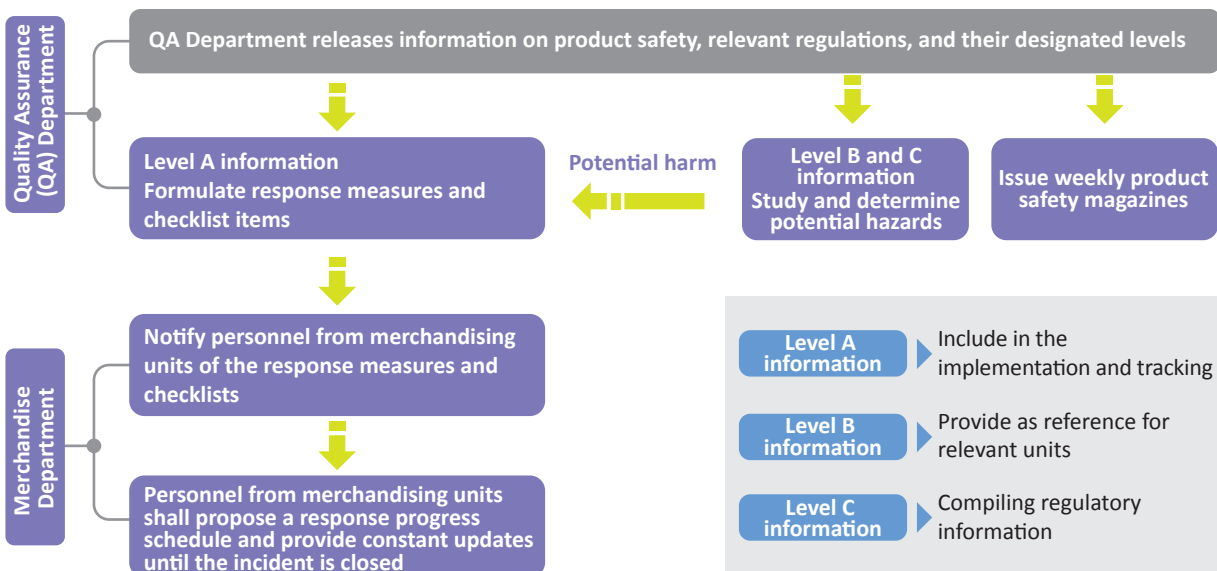


Note: This is the revised organizational structure for 2016

## Track product safety information to reduce hazards and risks

The internal "Product Safety Information Collection, Assessment, and Tracking Procedure" was established under PCSC's existing QA system for product hazard risk identification. Apart from the collection of related product safety information, PCSC has also established inventory and tracking procedures to ensure the safety of all privately owned and non-privately owned products. In 2015, a total of 1,014 Level A, B, and C messages were collected; among which included one Level A message that required further action and tracking. There were 772 Level B messages for the reference of relevant units; and 241 Level C messages on regulatory information. The system affects 100% of PCSC privately-owned products.

### Product safety information collection, assessment, and tracking procedures





"Compilation of Comprehensive Product Information through the Material and Quality Assurance System (MAS)"

### Material and Quality Assurance System (MAS)

PCSC is not required under Article 9 of the Act Governing Food Safety and Sanitation to set up a traceability system. Nevertheless, PCSC has partnered with Taiwan Delica Foods to set up a product raw material and quality assurance management database (Raw material purchasing database, MAS) for fast foods, rice, and seasoned bread products. Approved raw materials and suppliers are entered into the MAS database for traceability management. This ensures that the raw materials and suppliers for fast food, rice, and seasoned bread products are easily traceable.



### Internal product safety monitoring mechanisms

The "Privately Owned Products Safety Assurance Guidelines" was implemented in April of 2015 to establish an internal product monitoring system. Personnel from the back office, company-owned stores and franchisees are encouraged to contact the Audit Office by phone, letter, or e-mail if the advertising, labeling, or ingredients of any PCSC private brand products are in violation of the law. Apart from providing whistleblowers with a high level of protection, reports confirmed by the Merchandise Safety Committee may receive a reward of up to NT\$5 million depending on the severity of the food safety incident. In 2015, there were a total of 4 internal complaints, all were related to product name or inadequate labeling of contents; these were verified by the Product Safety Committee and relevant units were notified to take corrective/preventive action. With respect to advertising and marketing, there were no violations involving regulations or voluntary standards in 2015. A total of NT\$4,000 in rewards for internal whistleblower complaints was issued. PCSC will continue to encourage employees to discover and report problems in a timely manner as part of the joint effort to ensure food safety.

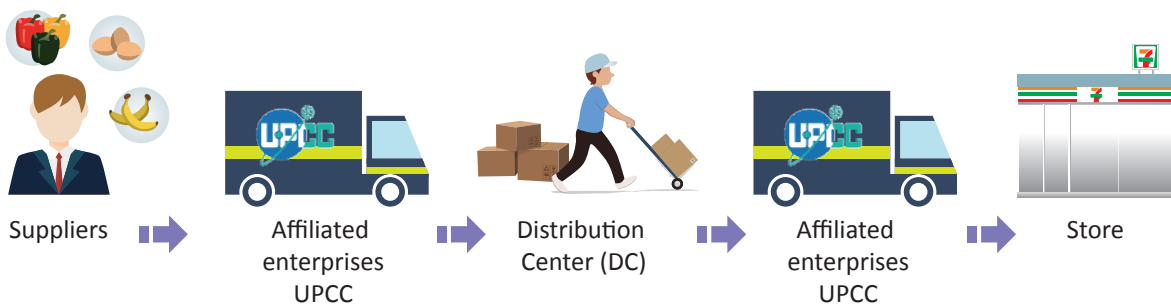
### Product safety incident risk classification table

Risk level	Description
1	The addition of unlawful ingredients and additives which have been independently tested and found to pose an immediate danger to human health after short-term use (consumption).
2	The addition of unlawful ingredients and additives which have been independently tested and found to pose an immediate danger to human health after long-term use (consumption).
3	Excessive use of a legal ingredient; or its addition to an inappropriate product, or falsified ingredients.
4	False or incomplete labeling, advertising.
Other	Feedback that does not fall into the above four categories but leads to "important changes" in company policies or regulations.  Does not fall under any of the four levels described above, but is of positive value or should be considered.

## Primary Logistics Management

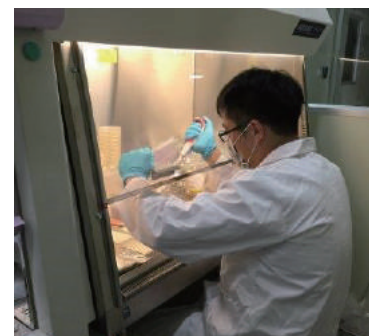
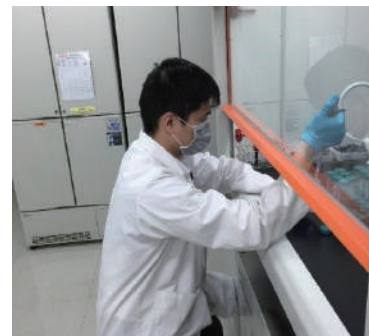
In addition to the product itself, the temperature, personnel, and hygiene during the logistics process also have an important effect on product quality. Therefore, PCSC adopted primary logistics to consolidate transportation and extend the quality management process from store delivery to the supplier; such a comprehensive process quality management approach helps to ensure food safety. The introduction of primary logistics not only achieved the anticipated quality control benefits, but also facilitated the consolidation of shipments reduced the total number of trips made per day; this in turn helped reduce carbon emissions and transportation costs. At the same time, empty container specifications were also unified, which enhanced the overall efficiency and cleaning of empty containers. The product categories for which primary logistics was introduced in 2014 including fast food, rice, and seasoned bread, have now achieved 100% implementation. Fruits, hot dogs/salads and cooked foods have been partially adopted. In 2015, fresh produce such as bananas and vegetables reached 59% and 57% implementation, respectively, with bananas reaching 100% implementation in June of 2016.

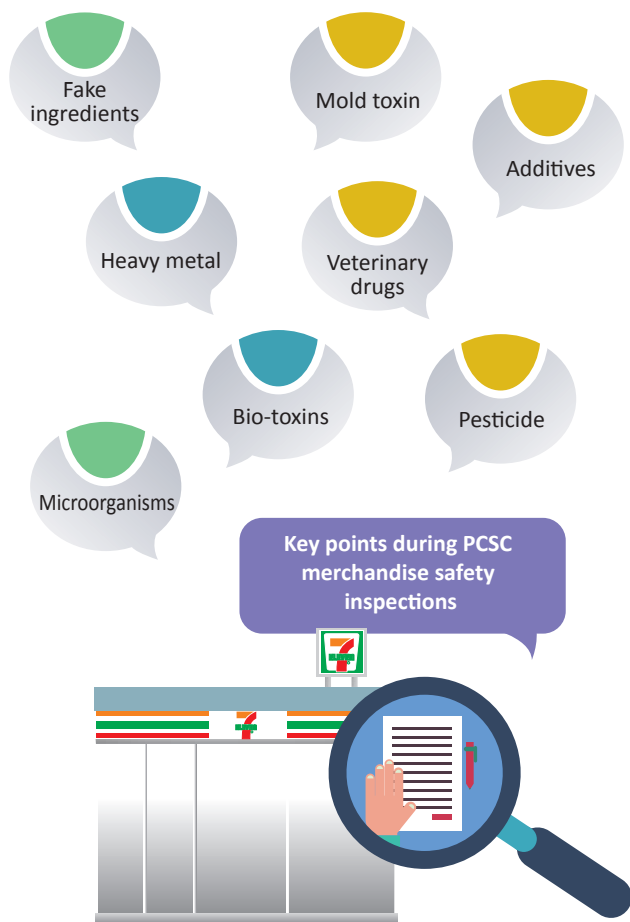
### Primary Logistics Management Model



## "Quality Control Lab" Safeguards Merchandise Safety

To provide peace of mind to consumers with respect to food safety, before existing products and new products are placed on the shelves, food and drug testing experts at PCSC's "Quality Control Lab", which was established in 2012, conduct rigorous tests for veterinary drug residue, pesticide residue, food additives, biological toxins, mold toxins, microorganisms, and fake ingredients. PCSC pays particular attention to non-standard test items in addition to government-specified tests. We actively search out and investigate items not deemed dangerous by the government, and study objects of concern in order to develop practical test methods. By taking the lead in proposing recommended controls and defining testing standards, we can continue to improve our quality assurance standards and minimize food safety risks. As of the end of 2015, the QC Lab has established 513 tests in accordance with CNS and relevant bulletins/guidelines issued by the Taiwan Food and Drug Administration and other agencies. There are additional 108 voluntary test items not based on the official methods mentioned above.





To enhance the credibility of testing, the QC Lab has secured ISO/IEC 17025:2005 certification from the Taiwan Accreditation Foundation (TAF), as well as both TAF and Taiwan Food and Drug Administration (TFDA) accreditation of our testing methods so we can become a professional, credible, and accredited laboratory that is capable of issuing certifications. We are one of the few retail companies in Taiwan to have its own world-class inspection and certification units. At the end of 2015, there were a total of 59 TAF and TFDA-accredited test items. In terms of actual testing, testing expenditures in 2015 (including testing, salaries, depreciation, and equipment maintenance) amounted to NT\$18,202,266, or 0.01364% of the entity operating revenue. 938 out of 955 raw materials or merchandise tested passed testing for a pass rate of 98.2%. Suppliers of raw materials and merchandise that failed testing were given a deadline for taking corrective action. Failed products are also removed from the shelves as a preventive measure and only go back on sale when their safety can be confirmed. To provide consumers with the peace of mind, all fresh products undergo rigorous inspection before launch on the non-use of preservatives, microorganisms, and packaging materials.

### Products which have failed self-inspection are processed in the following manner:

1. Pre-launch inspections of raw materials and products or the routine annual product inspections are all conducted by independent third-party companies. For pre-launch inspections, suppliers are expected to provide certified test reports on materials and merchandise to PCSC. For the routine annual product inspections, the lab arranges for an independent third-party to assist with sampling and testing of products at set times. The test results are then submitted to PCSC.
2. Internal inspections conducted by the QC Lab focus on risk management and detection. Random product sampling is conducted based on news media events and seasons. When PCSC units conduct factory audits (including regular supply chain factory audits and expanded factory audits by the Audit office), random samples of factory raw materials are taken for internal inspection. For any merchandise/materials that fails the test, re-sampling is carried out or relevant units are notified to take further action.
3. For raw materials and products that failed to pass inspections in 2015, those that failed the microorganism tests all passed after re-sampling; Methyl Yellow was found in 3 samples (Weixin Dried Tofu), and the product was completely removed from the shelves; 2 cases involved COSMED's functional health supplements, which were found to contain colorings and Sorbitol not shown on the label. The situation was reported to COSMED and the vendor was notified to conduct an investigation. The problem was eventually traced to the raw materials used and the vendor was subsequently asked to correct all labeling.

Certification unit	Certified Item
Taiwan Accreditation Foundation (TAF)	3 microorganism tests in accordance with ISO/IEC 17025:2005
Taiwan Food and Drug Administration (TFDA)	<ul style="list-style-type: none"> <li>• 4 items related to nitrofurans metabolites</li> <li>• 4 items related to microorganisms</li> <li>• 48 items related to veterinarian drugs</li> </ul>

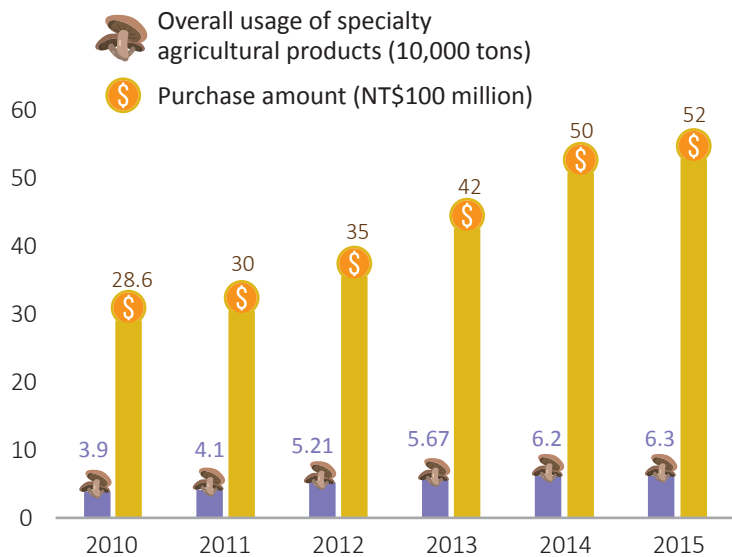
To provide consumers with product guarantees, PCSC continued to upgrade our quality assurance system in 2015 and established a comprehensive food safety net. After launching the "MAS Raw Material Management System" at the beginning of the year to systematically manage raw material product information such as raw material quality specifications, hazard analysis reports, product footprints, as well as strengthen the traceability mechanism for supplier material quality and products, PCSC's Quality Assurance Department and Information System Department joined forces to consolidate all information and established the "Laboratory Management System". The informatization management of sample information, sample testing orders, dispatching, recording and reviewing testing reports, and product generation processes is expected to enhance the operational efficiency of the QC Lab. The system was officially activated in August, 2015.

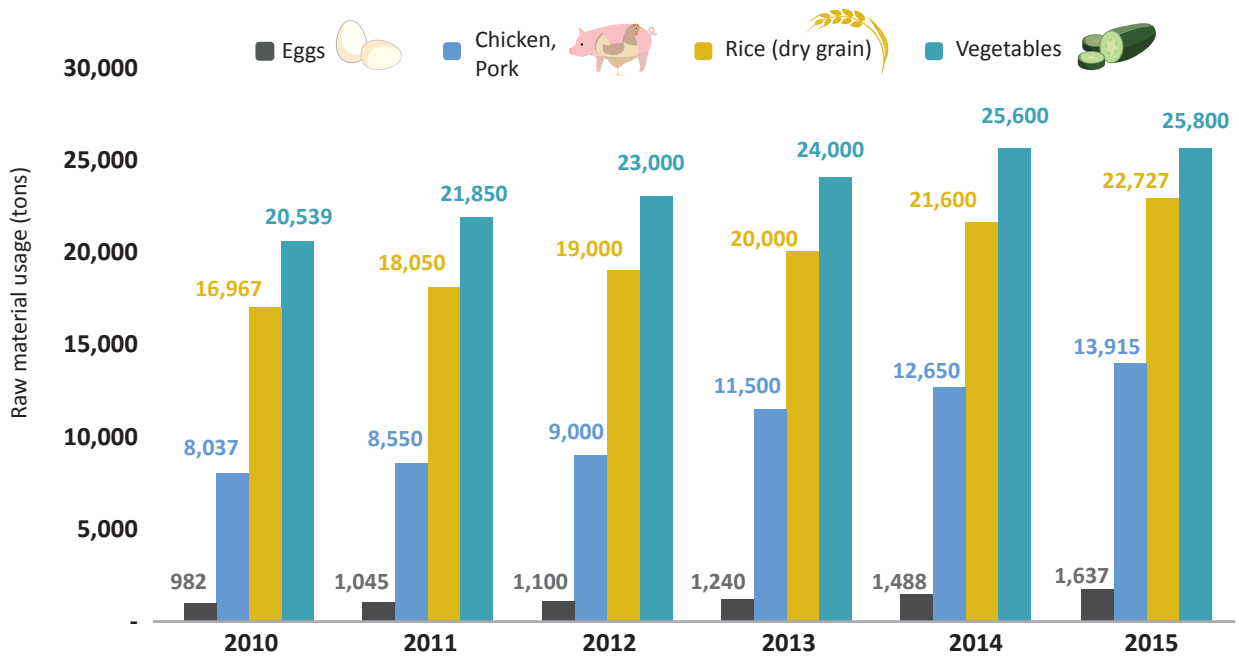
## 2.3 Supply Chain Management

PCSC had more than 5,000 stores throughout Taiwan as of July, 2014; this represented consumer confidence in the "Good Neighbor", but also the responsibility of PCSC to provide consumers with reliable, safe, and hygienic products. Based on rigorous standards, we carefully inspect each step including raw material sources, suppliers, logistics distribution, and store management.

### Establishing "Product Production Footprint(Product Traceability)" for Source Farm Management

PCSC launched the "New Agriculture in Taiwan" concept in 2012, by having all products under the "Sunshine Farm" brand including vegetables, sandwiches, salads, fruits, and beverages made only with high-quality, local agricultural produce. We also established a partnership with more than 1,000 farmers and over 200 contract growers in Taiwan. In 2015, 63,000 tons of agricultural produce were used by our fresh food factories; the total purchase amount was NT\$5.2 billion.

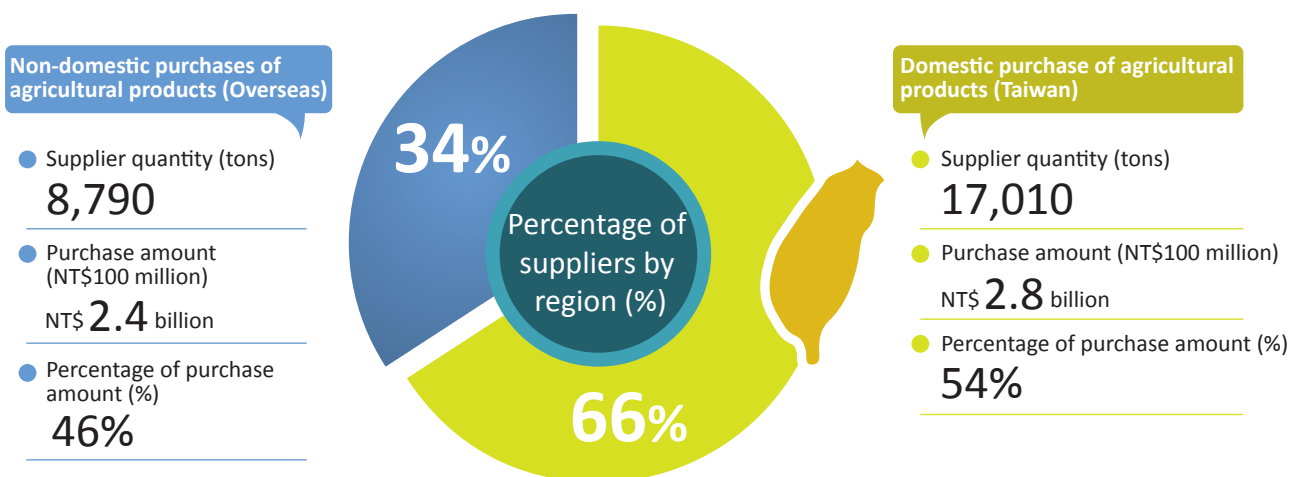




"QR Codes" is put on product package to make it easy for consumers to check products' source and production process. Consumers can simply scan a QR Code with their mobile phones to quickly receive relevant information. 7-ELEVEN vegetable products have continued to use the "delicate small packaging" concept. Quality is ensured through working with selected production/sales groups and the use of greenhouses.

Fresh products made from local and seasonal ingredients provide consumers with the highest guarantee with respect to health and hygiene. Apart from protecting consumer health, this also supports local agricultural development. Transporting food over shorter distances helps to reduce carbon emissions as well. In 2015, 66% of agricultural products were purchased locally.

### Proportion of locally purchased agricultural products in 2015



Total: Supplier quantity (tons) 25,800 Purchase amount (NT\$100 million) NT\$5.2 billion Proportion of purchase amount (%) 100%

## Supplier management

PCSC is a chain retail channel and has no factories of its own. Suppliers are split into privately and non-privately owned product suppliers. PCSC has a comprehensive evaluation and management system for privately-owned product suppliers. Non-privately owned suppliers are managed through contracts and sample testing. The evaluations of privately owned product suppliers include new supplier evaluation and the routine evaluation of existing suppliers. Before a new food supplier is introduced, the merchandising unit must submit the new product list and information of new factories that are going to be evaluated, and then request for evaluation 90 days before listing. The passing score is Grade B or higher for private brand food suppliers and Grade B or higher for private label food suppliers.

## Privately owned product supplier evaluation scale

Rating	2015 Evaluation scale
A	90 points or higher
B	75 - 89 points
C	60 - 74 points
D	59 points or lower

In 2015, a total of 2 privately owned product suppliers were added; they have completed the evaluation process in accordance with the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines". This represented 100% of all new food vendors and the pass rate was 50%. For the supplier that failed testing, corrective action was required before product listing, and it has since achieved the passing score.

## New supplier selection principles

### (1) Lawful conditions:

Holds a valid company registration, factory registration, business registration, or change notice. (Those determined by competent authorities to be exempt from registration must provide additional supporting documents as proof). The type of industry recorded on the registration must include products and brands outsourced for processing. Overseas contract manufacturers should follow the relevant local legislation of their home countries.

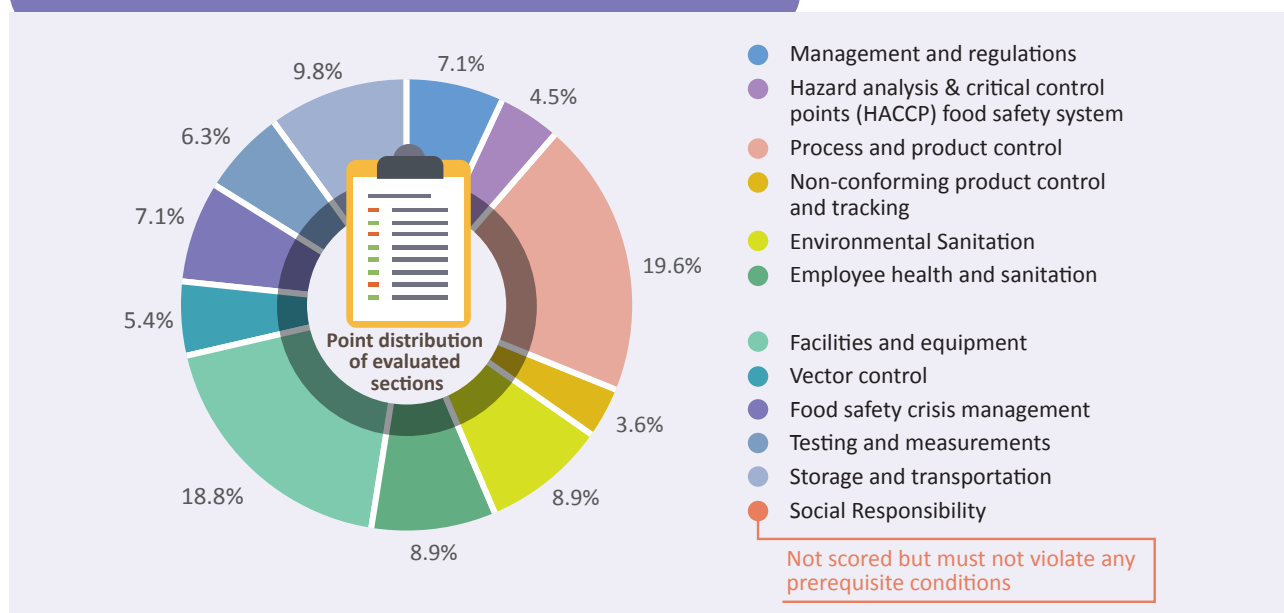
(2) Priority considerations are given to those with CAS, TQF (GMP changed to TQF in June, 2015), HACCP, or ISO22000 quality certifications.

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

(4) Raw materials are traceable to ensure the product satisfies relevant national food safety and health regulations concerning pesticides, veterinary drug residue, and heavy metal.

For the evaluation of existing suppliers for privately owned food products, anyone who fails to achieve a grade of B or higher during the annual evaluation is considered as having failed for the year. In 2015, there were 28 existing suppliers, 2 of private brand food products. 28 suppliers were evaluated in accordance with the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" this year to provide 100% coverage of all private brand food product suppliers that PCSC deals with. A total of 23 passed the evaluation for a pass rate of 82.14%. Apart from issuing fines to non-conforming suppliers in accordance with the merchandise quality contract, the suppliers were also asked to undertake corrective measures and complete a re-evaluation. Non-conforming suppliers have all achieved pass rating afterwards all have which have achieved a pass rating. In 2015, there were 161 private label food product suppliers; 14 of which were evaluated in accordance with the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" this year to provide 87.50% coverage of all private label food product suppliers that PCSC deals with. A total of 13 passed the evaluation for a pass rate of 92.86%. Apart from issuing fines for the non-conforming suppliers in accordance with the merchandise quality contract, the suppliers were also asked to undertake corrective action and complete a re-evaluation; all suppliers have since achieved a pass rating.

### Evaluation items and weighting of new and existing suppliers for privately owned food products in 2015



In order to improve suppliers' product quality, we are pushing for privately owned food product suppliers to acquire ISO22000 certification for food safety and health management system. At the end of 2015, there were 46 suppliers with privately owned food products; these represented 54 total factories, and 49 of them had obtained ISO22000 certification.

To fully manage CSR implementation among supply chains, we have included basic CSR requirements on labor compliance and environmental protection into the standard contract for suppliers. For private brand raw material vendors and private brand/private label contract manufacturers, on-site reviews are conducted on food safety, environmental safety, and labor safety. During each evaluation, random samples are taken and sent back to the lab for testing in order to detect raw material risks. The Audit Office conducts joint supplier evaluations with the Marketing Group and the QA Department based on risk assessments. In 2015, we conducted joint supplier evaluations of 33 domestic/international vendors based on risk assessments. We also randomly tested 123 raw material samples. For non-conforming items, we not only required the vendor to undertake immediate corrective action but also conducted a re-evaluation at the next routine management evaluation. For items that failed to conform to the merchandise quality guarantee agreement, a fine was imposed on the supplier and their product(s) were also recalled.

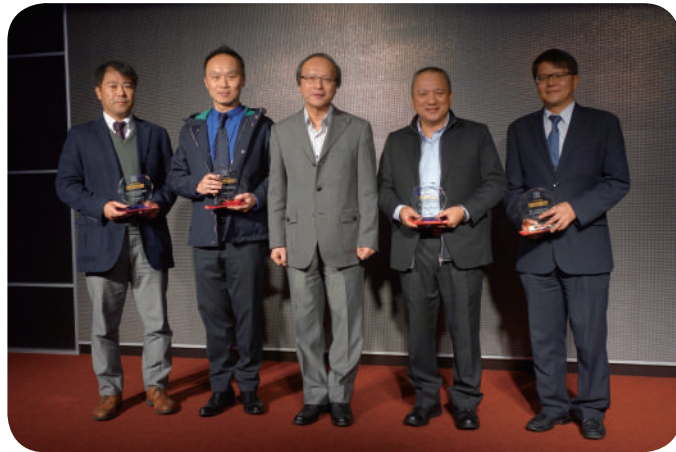
Note:

1. To ensure consistency in our business philosophy and product quality, suppliers that are subsidiaries of the parent company, Uni-President Enterprises, are assessed through the parent company's QA system; there they do not fall within the scope of the supplier evaluation conducted by PCSC. The supplier number and evaluation results disclosed below do not include Uni-President Enterprises Corp.
2. Food product suppliers do not include suppliers of raw materials used in food products (e.g. coffee beans used for City Cafè and eggs used for making tea flavored eggs).

In 2015, we consolidated the evaluation forms for suppliers of privately owned products from each department. In the new version, we included CSR-related items in five key areas including pollution prevention measures, waste disposal, emissions control, energy-saving and carbon reduction measures, reporting of toxic chemical materials, and automatic recall of non-conforming products. We are keenly aware of the fact that PCSC must do more than just promote CSR within the Company. We must work with all of our suppliers and use the influence of PCSC itself to incorporate the concept of sustainability into the business management of suppliers as well.

### Fresh food supplier's conference

Interacting and communicating with suppliers is important to PCSC. Supplier events are held every year to facilitate communication. The "Looking Forward to 2016 Fresh Food Supplier Conference and Banquet" held in 2015 invited upstream fresh food producers and raw material suppliers that have long supported product development at 7-ELEVEN, including: 61 companies including relevant Uni-President business units, President Musashino, and Lian Hwa Foods. The conference focused on the fresh foods market prospects for 2016, as well as future development strategies for supply chains. Social trends such as an aging society, low birth rate, high singles rate, and late marriages indicate that the market for eating out is now worth up to NT\$372.1 billion. Studies revealed that up to 67% of consumers are willing to spend a little more to purchase high-quality, brand-name merchandise that is organic, healthy, and traceable, this means the current top priority for brands is to win consumers' trust.



To encourage quality vendors, we organize the "Gold Medal Fresh Food Factory" and "Outstanding Raw Material Supplier" competitions every year. The "Gold Medal Fresh Food Factory" is divided into two awards: "Best Factory Management" and "Best Product R&D"; the former takes the sum of monthly assessment scores then selects the top 3 companies with the highest score from the 4°C and 18°C temperature ranges, and for the latter, the fresh food product must achieve average sales (PSD) of more than 5 units at every store for 4 consecutive weeks.



Award	Awarded vendor
Best Factory Management Award	President Musashino Taipei Factory, President Musashino Tainan Factory, Golden Harvest Food Products, Luxe Enterprises, Lian Hwa Foods Keelung Factory and Kaohsiung Airport Catering Services
Best Product R&D Award	President Musashino, Lian Hwa Foods, Enjoy Family, Shin Hu Farm, Kisaraki Food, and Yuan Chiu Hsing
Outstanding Supplier Award	Excellent Gravure Industrial Co. (packaging material), Yilin (condiment), Luxe (noodles), Happy Mountain (meat products), Tung Ho (seafood products)





## Product labeling

In 2015, we continued to promote better product labeling management. "Privately Owned Product Labeling and Advertising Content Review" required all of our suppliers to complete an inspection of privately owned products and sign a declaration of guarantee that their products' ingredients, production processes, labeling, and advertising all comply with the law. PCSC embraces honest labeling in accordance with the principle of integrity. The "full expansion and disclosure of food ingredients", "notice of adjustment to allergen labeling principles", as well as increasing awareness on proper labeling were all conducted in accordance with the guidelines.



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 or generic name defined by the competent central authority should be used rather than just labeling it by function (purpose).

Notice of adjustment to allergen labeling principles: Food sold in containers/packages that may cause an allergic reaction in people with certain allergies are required to display mandatory or recommended warnings about the allergic substance. Warning should be displayed prominently on the container or the exterior of the packaging.

**Mandatory labeling**

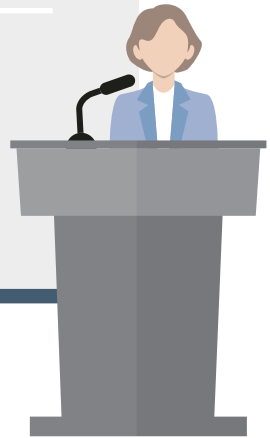
**6 types**

- Shrimp and shrimp-related products
- Crab and crab-related products
- Mango and mango-related products
- Peanut and peanut-related products
- Milk and milk-related products (except for Lactitol extracted from milk)
- Egg and egg-related products

**Recommended labeling**

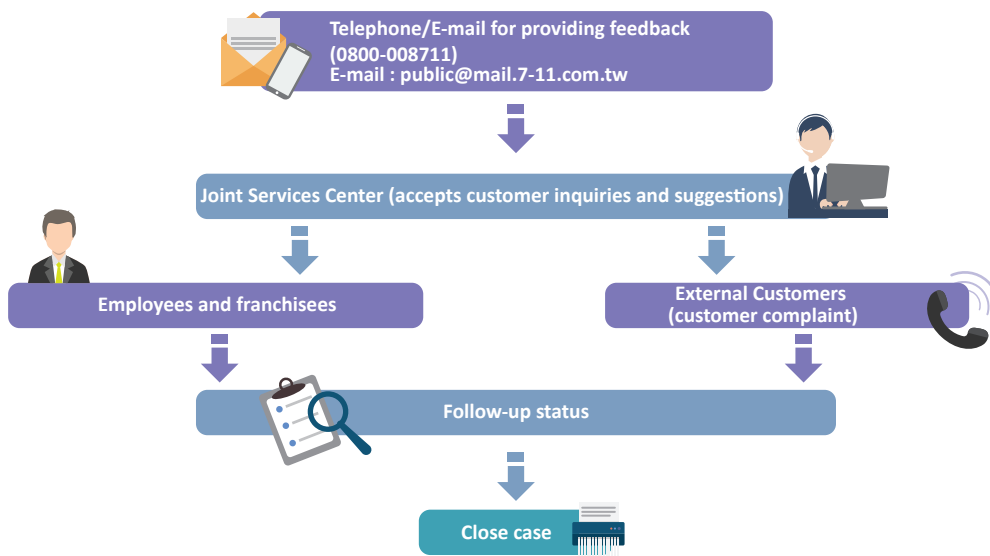
**9 types**

- Goat milk
- Fish
- Cephalopods (e.g. squid)
- Shellfish
- Nuts
- Grains containing gluten (e.g. oatmeal, wheat)
- Soybean (e.g. soy protein, does not include soybean oil or phytosterol)
- Kiwi products
- Sulfite and sulfur dioxide residue (>10 ppm, e.g. sultana raisins, jams)



## 2.4 Warm Services, Always Open

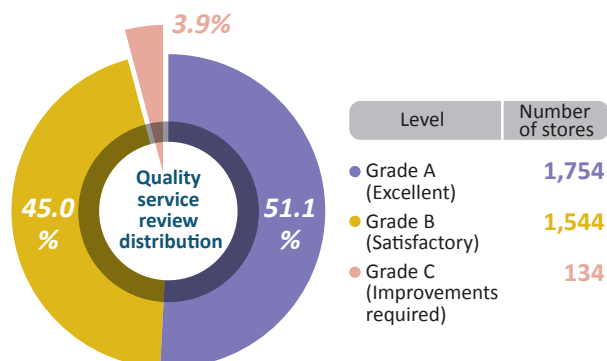
"Quality, Service, and Cleanness", or Q.S.C., is the guiding principle for PCSC's services for consumers. Consumers' expectations of convenience stores are satisfied through high-quality merchandise, a positive service attitude of store personnel, as well as a clean, tidy store environment. In addition to making continuous improvements to our own service standards, we also listen to consumers' needs through the "Joint Services Center". Consumers can use this dedicated service window to report problems or make suggestions. We believe that the proper handling of consumer expectations and opinions, as well as providing satisfactory answers are the most important parts of our work. In 2015, the online resolution rate of the Joint Services Center was 85.2%<sup>2</sup>, reflecting the timely resolution of complaints.



To ensure our service levels are where they should be, we introduced an external assessment mechanism by using "mystery shopper evaluations" where inspectors 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 review

The quality service review covers aspects of basic service, professional service, environmental comfort, and appropriate response. Scores and ratings were assigned based on how well employees performed in each aspect. In 2015, a total of 3,432 stores were reviewed. For stores that received a C rating, the operations team must visit the store to provide counseling within one week of receiving notice. Recommendations on corrective actions must be proposed for any deficiencies found, 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 all necessary improvements have been made.



<sup>2</sup> Online resolution rate = 1 - (forwarded cases/total cases). Forwarded cases are those that could not be resolved right away but will be tracked continuously

## Product expiration and QA audit

To ensure expired products are properly removed from shelves, we not only require the staff on duty to follow the work journal when conducting regular inventory checks, but also conduct mystery shopper audits to check store compliance. In 2015, 21,771 store audits were conducted and 21,225 have passed for a pass rate of 97.5%<sup>3</sup>. For stores that failed the audit, the operations team has been directed to provide additional counseling. Contracts and performance bonus mechanisms were also used to reduce the frequency of expired products remaining on store shelves. To improve food safety and hygiene, we also audit store QA operations including environmental cleanliness, machine temperatures, and product expiration date labeling. In 2015, a total of 142 deficiencies were discovered. Most were related to nonconformities with oden and refrigerator temperature management. Store staff had been asked to conduct spot checks and take corrective actions.

In response to the Ministry of Health and Welfare's Regulations on Good Hygiene Practice for Food, store personnel were required to undergo training on food safety and hygiene. QA training courses held in 2015 included seminars for newcomers to the food industry, QA and freshness management, as well as refresher training (including online courses). A total of 9,560 people took part in the training.

In order to implement the shift manager system in everyday store operations and encourage friendly services, we organized the best shift manager competition in 2015. To qualify, candidates must demonstrate a passion for service, willingness to share with store partners, and ability to lead the team to provide friendly services, giving clear examples of high-quality service so that other stores can learn from them and serving as an inspiration to other outstanding store employees. In the end, 30 top shift managers were selected from a pool of 330 outstanding partners from all around Taiwan, and the first annual awards ceremony was held at a public national meeting. Apart from a bonus of NT\$3,000 presented to every winning partner, every nominated shift manager was also recognized with a special plaque presented by the president.



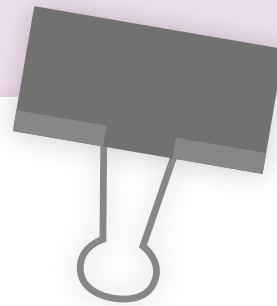
## Introduction of DP Mark for Personal Information Protection

In order to provide a variety of services, PCSC needs consumers to provide their personal data both in physical stores and on-line stores. To protect consumer privacy, PCSC established a cross-departmental "Personal Information Protection Task Force" to regularly conduct personal information inventories, risk analysis, internal system evaluations, bulletin updates, education and training, and data disposal. We also apply the spirit of TK (Tanpin Kanri) and the spirit of accountability to the training of personal data security personnel in each department. Considering the importance of personal information management, the Human Resources Department has also developed mandatory online personal information training courses for employees at company headquarters and stores; the current implementation rate is 100%. In 2015, there were no privacy-related complaints or violations at PCSC.

To ensure the effective operation of the personal information protection mechanism, PCSC started external verifications in 2012. The DP Mark issued by MOEA's Department of Commerce made PCSC the first company in Taiwan to achieve this certification. The scope of the audit was increased to the national head office and 5 company-owned stores in 2014. PCSC successfully passed the interim audit in 2015 and will renew its certification in 2016.

<sup>3</sup> If no single product is found to be expired, then the store is assigned a passing grade. Pass rate = Number of times no expired products were found/Total number of audits

## PCSC Personal Information Protection and Management Policy



### Regulatory Compliance:

Adhere to the relevant regulatory requirements on personal information safety

### Personal information management system:

Established a cross-departmental 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 openly distributed or revealed to third parties

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

Establish a regular inventory mechanism for personal data and registers

### Safe and appropriate management measures:

Use risk analysis on the personal data 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(s) involved should be notified and provided with relevant channels for making inquiries and addressing the issue

### Education training:

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



# 3

## A Good Neighbor Who Cares for the Environment



### 2016 KPI

- Green Mark and energy-saving products accounted for **4%** of the annual purchase
- Electricity intensity of stores and headquarters reduced by **2%** compared to 2014
- "Energy conservation", "water conservation" and "reduction of paper consumption" are targets at the headquarters building

1. Electricity intensity of the headquarters building (2F - 11F) was reduced by **7%** compared to the previous year
2. Average water consumption per person reduced by 0.5% compared to the previous year
3. Average paper consumption per person reduced by 1% compared to the previous year

### 2015 Highlights

- 2015 - Achieved ISO50001 energy management system certification with assistance from the Ministry of Economic Affairs.
- A total of 4,131,855 empty milk bottles used at stores were recycled in 2015; this represented an increase of **1.5%**, compared to 4,069,455 bottles in 2014.

In order to promote an eco-friendly and low-carbon lifestyle, PCSC is committed to practicing energy-saving and carbon reduction. PCSC also provides high-quality, eco-friendly product options to consumers. Through green operations and low-carbon marketing, PCSC hopes to work with consumers to reduce environmental impact and realize a sustainable lifestyle.

### 3.1 Supporting the Global Carbon Reduction Trend

After the Paris Agreement was passed in 2015, every country began to make climate change adjustments and GHG reductions in response to their own Nationally Determined Contributions (NDC). Although Taiwan is not a member of the United Nations, a 50% decrease in GHG BAU by 2030 was proposed; this is equivalent to a 20% reduction of 2005 emission levels.

In 2015, PCSC lobbied for the inclusion in the MOEA Bureau of Energy's annual "ISO50001 Energy Management System" certification assistance program; the system would help bring PCSC in line with international standards and bring about a more systematic and scientific energy management regime. The Li-ang store in Neihu, Taipei, Song-gao store, and 8F of the headquarters building were chosen as pilot sites. After 6 months of hard work, ISO50001 energy management system certification was officially awarded after an audit was completed by SGS Taiwan in November of 2015.

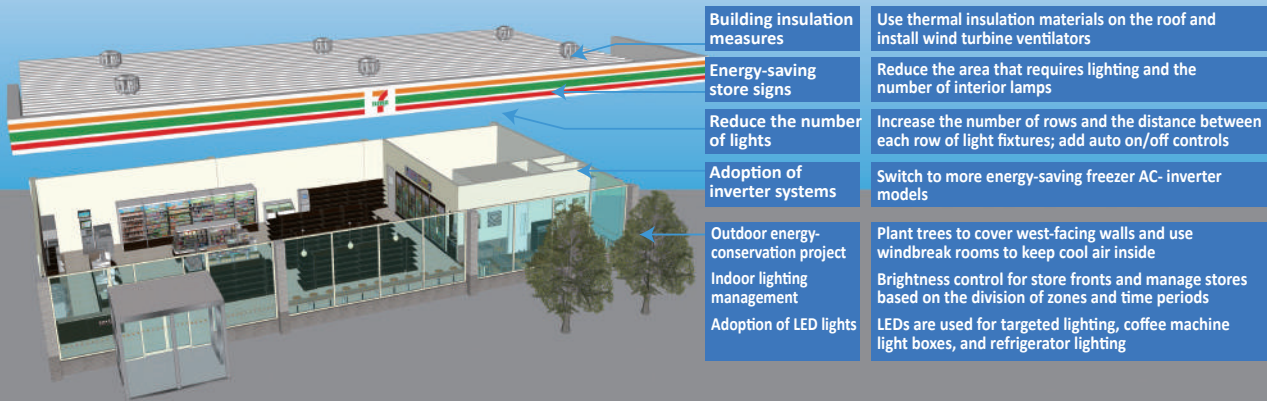


As a global citizen, it is PCSC's duty to help fight climate change. In addition to the numerous energy-saving initiatives at the headquarters building, other energy-saving efforts have also been introduced at individual stores as well.

#### Convenience stores

All new convenience stores must incorporate 7 key energy-saving design features including building insulation, energy-saving signage, reduced lighting, inverter systems, outdoor energy-saving, indoor lighting management, and the use of LED lighting. Existing stores are progressively upgrading to high-efficiency equipment with the approval of the "Equipment Purchasing Committee". Apart from equipment upgrades, PCSC is also collaborating with the government and relevant academic units to improve energy efficiency at our stores. All store personnel are required to conduct regular checks on air-conditioning units, ventilation fans, lights, refrigerators, freezers, signs, and display windows in accordance with the "Store Energy-Saving Checklist" to ensure the efficient operation of all equipment. In 2015, we continued to carry out energy-saving measures such as upgrading existing stores with inverter AC units, adding inverters and integrated heat sinks to refrigeration systems, and adding freezer inverters to double-door freezers; these measures are expected to reduce electricity consumption by 5,954 MWh and carbon emissions by 3,102 tons per year.

## Energy-saving designs at new stores



## Energy Conservation Projects Introduced in 2015

Items Introduced	Quantity	Electricity Savings (kWh/year)	Carbon reduction (Tons of CO <sub>2</sub> e/year)
OSC changed from a built-in model to a split type	125 units	251,887	131
Converted fixed frequency AC to inverter AC at stores	214 units	2,325,953	1,212
2nd generation energy-saving combination refrigerator	297 units	524,346	273
Fitting combination refrigerator units with inverters	1,470 units	13,074	7
Single/double-door freezer inverters	377 units	867,517	452
Shared outdoor units for refrigerators	280 units	869,892	453
90 cm horizontal signs changed to 2 rows of lamps	377 units	560,975	292
Optimized arcade lighting	377 units	93,097	49
Installed embedded T5 lamps along store corridors	170 units	90,546	47
Introduced constant-voltage variable-frequency hydraulic presses	348 units	34,981	18
Introduction of automatic doors with DC motors	377 units	98,025	51
Windbreak room	Introduced at 60 stores	223,279	116
<b>Total</b>		<b>5,953,572</b>	<b>3,102</b>




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



## Corporate headquarters

The headquarters building has been practicing energy-saving and carbon reduction by following the three principles of "conserve electricity", "conserve water", and "reduce paper consumption". Existing equipment on each floor are examined for wear and usage to improve their performance. Energy-saving slogans were also displayed at key areas within the building to raise employee awareness on energy conservation and environmental protection.

### "Electricity conservation", "water conservation", and "reduction of paper consumption" performance at the headquarters building in 2015

Item	Method	2015 Performance
 <p><b>Electricity savings</b></p>	<ul style="list-style-type: none"> <li>• Introduction of T5 lights on floors 5 - 9</li> <li>• Set day/night on/off schedule for AC units and water coolers</li> <li>• Increase the temperature of the chiller compressor by 1 degree</li> <li>• Introduction of full heat exchangers for the AC system</li> </ul>	<p>Compared to the previous year (2014)</p> <p>Electricity savings: <b>72,111</b> kWh</p> <p>Amount of carbon reduction: <b>37,642</b> kg</p> <p>EUI: <b>-4.8%</b></p>
 <p><b>Water conservation</b></p>	<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>	<p>Compared to the previous year (2014)</p> <p>Water savings: <b>787</b> tons</p> <p>Amount of carbon reduction: <b>122</b> kg</p> <p>Water saved per person: <b>1.16</b> tons</p>
 <p><b>Reducing paper consumption</b></p>	<ul style="list-style-type: none"> <li>• Promote double-sided printing</li> <li>• Introduced the "scan-to-mail" function and encouraged the use of electronic files instead of printed documents</li> <li>• Introduce individual file printing</li> </ul>	<p>Compared to the previous year (2014)</p> <p>Amount of paper savings: Equivalent to <b>71,544</b> sheets</p> <p>Amount of carbon reduction: <b>66</b> kg (note)</p> <p>Average paper savings per person: <b>114</b> sheets</p>

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

### Introduce individual file printing

The introduction of "Individual file printing" in 2014 greatly reduced misprinting and wasting paper by employees. PCSC is also continuing to increase the proportion of FSC (Forest Stewardship Council) and Carbon Footprint certified paper we purchase; employee awareness initiatives will continue as well.



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

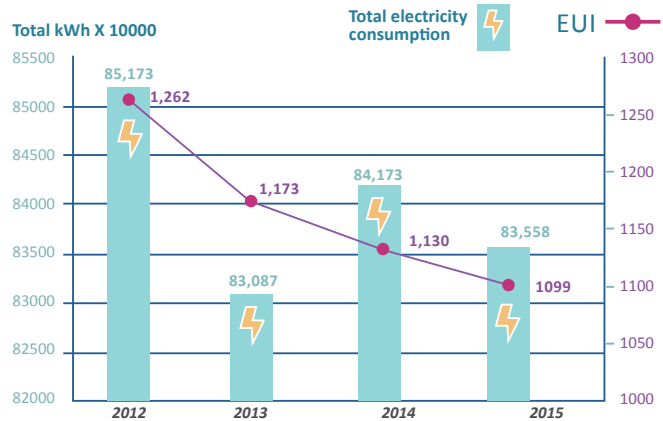




## Continued Promotion of Greenhouse Gas Inventory

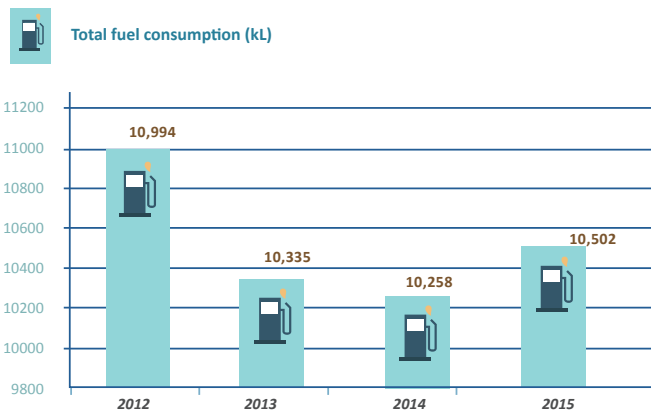
The main form of energy used by stores and the corporate headquarters is electricity. In 2015, the total electricity consumed by our stores and corporate headquarters was 838,050 MWh, down 8,270 MWh from 2014. Stores accounted for over 99.8% of all electricity used. The total electricity consumption of PCSC stores in 2015 was 835,580 MWh. To track the power efficiency of our stores, the Electricity Use Intensity (EUI) was selected as the performance indicator. In 2015, EUI was 1,099 kWh/m<sup>2</sup>, down 2.74% from 2014.

### Store electricity consumption and EUI statistics



The three logistics companies, Retail Support International, UPCC, and Wisdom Distribution Service Corp., are responsible for centralized ordering and sorting; they also split the responsibility for delivering room temperature, refrigerated, low-temperature, and frozen products; cultural publications and e-commerce are part of the portfolio as well. President Logistics International Corp. is responsible for the overall management of the logistics fleet including fuel consumption monitoring, introduction of green vehicles, and training logisticians. Total fuel consumption (diesel) from making deliveries and transportation in 2015 amounted to 10,502 kL.

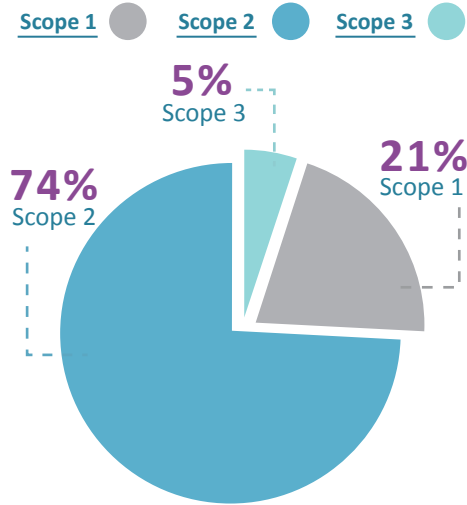
### Diesel fuel consumption statistics



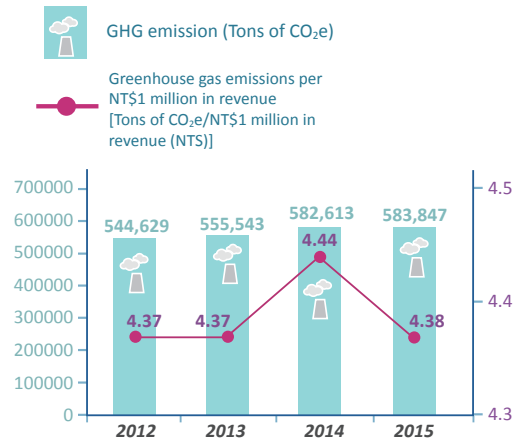
A GHG inventory is conducted every year in accordance with "The GHG Protocol - A Corporate Accounting and Reporting Standard" to identify each emission source and potential reductions. GHG emission data are collected each year and data precision is constantly being improved. We can now track our electricity 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 years in accordance with the national policy. GHG emissions have also been updated. In 2015, PCSC's GHG inventory totaled 583,847 tons of CO<sub>2</sub>e. Scope 2 emissions from electricity consumption was the largest component at 74.4%; electricity consumed by stores accounted for 99% of all Scope 2 emissions. Scope 1 direct emissions accounted for 20.8% and were mainly due to leaked refrigerants from freezers and AC equipment in the stores. Scope 3 emissions from store-related logistics amounted to 27,713 tons, or around 4.7% of all emissions.

## Distribution of GHG emissions in 2015



## 2015 Greenhouse Gas Emissions and Intensity



### Logistics affiliates

PCSC has long cooperated with logistic affiliates to achieve significant improvements in logistic efficiency by reducing the number of delivery trips, establishing a maintenance system, making joint deliveries, and upgrading logistic equipment in order to improve efficiency and reduce environmental impact. President Logistics International Corp. is the PCSC affiliate for logistic vehicle management; it introduced eco-friendly vehicles in 2015, with the goal of progressively replacing older logistic vehicles (Emission Control Phases 3 and 4) with 223 of the latest vehicles (currently Emission Control Phase 5, Phase 6 may be introduced in the future) by 2020. In 2015, the goal was to introduce 12 vehicles that conform to the latest emission controls. A total of 28 Phase 3 vehicles (a reduction of 59.4 kg in CO emissions per vehicle) and 14 Phase 4 vehicles (reducing 13.71 kg in CO emissions per vehicle) were replaced this year, which is equivalent to a reduction of 1.86 metric tons (1,855 kg) of CO emissions.

In addition to the introduction of new vehicles compliant with the latest emission controls, hybrid vehicles are also being tested. Two hybrid logistics vehicles have now been introduced in Taiwan; they are expected to reduce fuel consumption by up to 12.91% compared to the diesel model.

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

In addition, President Logistics has set up the "Digital Mobile Monitoring Center" in 2012 and partnered with Chunghwa Telecom to develop a custom onboard system for the President Group. GPS/GPRS technology is used to dynamically manage each vehicle's current status, road conditions, and its cargo. Improvements such as reducing fuel consumption, constant temperature monitoring, and safer driving were made to enhance logistician safety and compliance; its four goals are real-time vehicle monitoring, safety and energy-conservation management, operational quality control, and operational data management.



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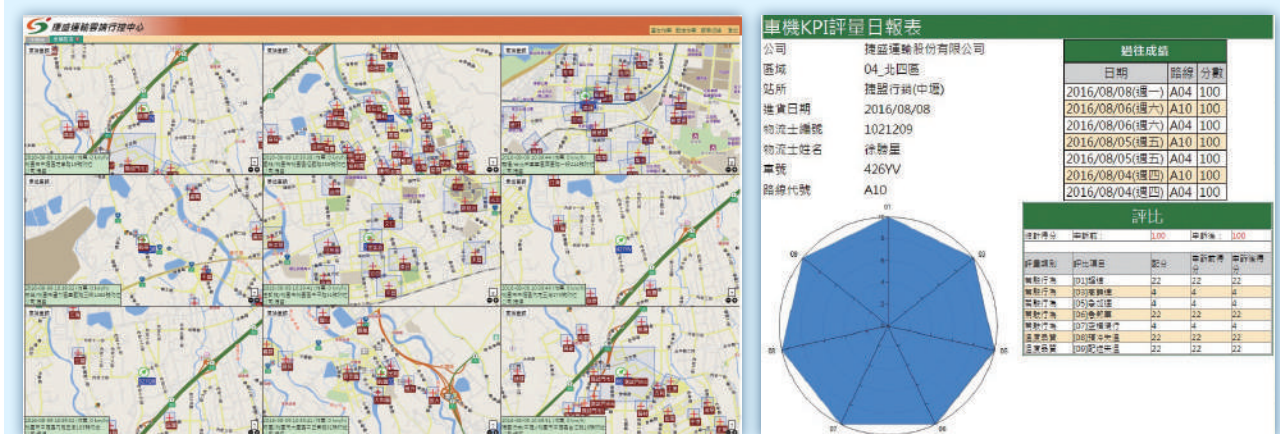
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## Onboard system function diagram



The "Driver Evaluation Form and Temperature Report" function of the onboard system provides in-depth management and improvements on the two key dimensions of "Road Safety Management" and "Temperature Management". If there are problems with safety and temperature management indicators, supervisors use the forms to document their interviews with logisticians. Statistics showed that there were a total of 81 speeding cases in 2015, a reduction of 31.9% compared to the previous year. The introduction of onboard systems has proven effective in reducing incidents of speeding, idling, rapid acceleration, rapid braking, high RPM, and gliding in neutral; this in turn has helped to reduce fuel consumption and carbon emissions.

## Driver evaluation form



The real-time "Temperature Warning System" of the onboard system alerts supervisors and logisticians so they can prevent temperature loss. SMS notifications of pre-chilling checks was introduced in October of 2015 to remind supervisors to check the temperature before stacking deliveries to ensure food safety. If there is inadequate cooling during delivery, the logisticians are required to stop by the road and run the cooling process again to prevent temperature loss. The "Temperature Evaluation Form" is used to regularly inspect and review each route, logisticians, logistic vehicle, and equipment. The average pass rate for temperature checks is currently in excess of 99.9%, which effectively ensures the safety and freshness of food products.

## Real-time temperature alert

The screenshot shows the "Real-time temperature alert" interface, displaying a table of alerts. The table includes columns for vehicle ID, time, location, and status.

車機ID	時間	地點	警報	處理狀態	處理時間	動作
中區車機	2016/08/09 07:50:43	成林聯通台區DC/臺南市南區高港路138號34號門市	中區車機	確認已降溫(中區)		溫度正常
中區車機	2016/08/09 10:20:15	成林聯通台區DC/臺南市南區高港路138號38號門市	中區車機	確認已降溫(中區)		溫度正常
中區車機	2016/08/09 08:45:30	成林聯通台區DC/臺南市南區高港路138號38號門市	中區車機	中區		溫度
中區車機	2016/08/09 04:38:42	新北區中正區國權一路113號門市	中區車機	已降溫(中區)		溫度正常
中區車機	2016/08/09 23:26:10	成林聯通台區DC/臺南市南區高港路138號38號門市	中區車機	確認已降溫(中區)		溫度正常
中區車機	2016/08/09 07:51:54	台北市中正區國權一路113號門市	中區車機	確認已降溫(中區)		溫度正常
中區車機	2016/08/09 00:20:41	台北市中正區國權一路113號門市	中區車機	確認已降溫(中區)		溫度正常
中區車機	2016/08/09 07:37:06	成林聯通台區DC/臺南市南區高港路138號38號門市	中區車機	確認已降溫(中區)		溫度正常
中區車機	2016/08/09 09:29:29	成林聯通台區DC/臺南市南區高港路138號38號門市	中區車機	確認已降溫(中區)		溫度正常

## Recognition of outstanding logisticians and their education/training

Outstanding logisticians are recognized every year. The "2015 PCSC Elite Logistician Award Ceremony" selected 67 elite logisticians among 1,690 individuals, who work for President Logistics, Retail Support International, UPCC, and Wisdom Distribution Service Corp; four of which have won the award for three years running to earn the "Top Logistician" award.

The event has been held 8 times as of 2015; nearly 400 outstanding logisticians have been recognized so far.

The theme of the event in 2015 was "Independent learning and joint growth"; logisticians were encouraged to become "smart logisticians" through: Make good use of high-tech equipment such as the smart onboard system as well as dynamically managing service quality, driving safety, and food safety of each delivery mission.



Apart from striving to reduce the environmental impact of logistics vehicles, our logistics affiliates also worked aggressively on energy-saving and carbon reduction during storage and sorting processes at the distribution centers prior to shipping.

### Retail Support International (RSI)

As part of the ongoing energy conservation initiative, logistic centers used 5,507,441 kWh of electricity in 2015, which was 65,863 kWh less than the 5,573,304 kWh used over the same period in 2014. The 1.2% reduction is equivalent to 42 metric tons (42,020.6 kg) of carbon emissions  $[0.638 \text{ (kg CO}_2\text{e)} \times 65,863]$ . Total water consumption was 20,615 kL which was 2,730 kL less than the 23,345 kL in 2014; the 11.7% reduction is equivalent to 0.53 metric tons (532.35 kg) of carbon emissions  $[0.195 \text{ (kg CO}_2\text{e)} \times 2,730]$ .

## Office Energy Conservation Measures

- 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 pantries.
- Energy-intensive lights used in cafeterias, classrooms, and stairwells were also replaced with energy-saving lights. Lights are also replaced regularly at the end of their service lives to maintain effective illumination and save electricity.
- Electronic office (purchasing and business trip applications), electronic salary forms, paper consumption management in the office, and double-sided printing.
- The Zhongli plant started using energy saving service system (ESCO) in 2015 with energy-saving equipment funded from electricity savings over time. Energy-saving performance was also guaranteed by the contractor to ensure optimal energy savings. The contractor has replaced 943 T8 lamps with LED lights. On-demand control was also used to reduce the peak power consumption of two chillers. Electricity consumption at the Zhongli plant has been reduced by 8.3% since ESCO introduction, which is equivalent to 11,476 kWh in electricity saved each month.

## UPCC

Energy conservation strategies are implemented continuously to uphold the spirit of green logistics. Energy-saving and carbon reduction meetings are also conducted to review energy consumption and promote energy-saving projects. In 2015, the Yingge Logistics Center replaced the old and energy-intensive chillers with new, eco-friendly chillers. The chiller's defrosting time and frequency is now adjusted depending on changes in climate and product volumes during peak/off-peak seasons. Energy saving measures implemented in 2015 reduced electricity consumption by 198,176 kWh (excluding electricity use at new units). Based on a carbon emission factor of 0.638 for each kWh of power, this represented a reduction of 126 metric tons (126,436 kg) in carbon emissions [0.638 (kg CO<sub>2</sub>e) × 198,176].

### Before

Mitsubishi SFA-40C2 chiller



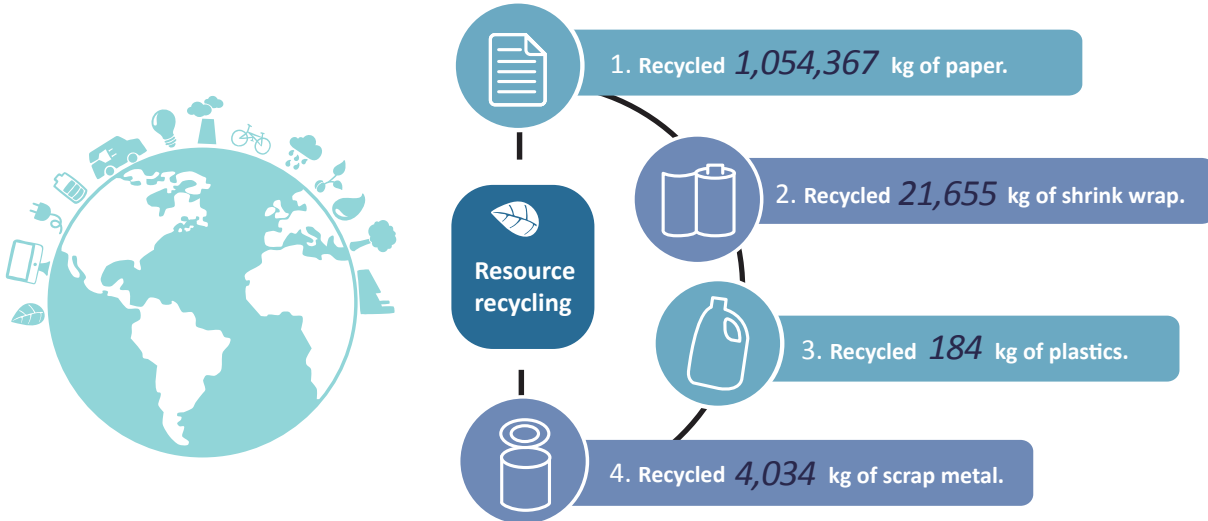
### After

BITZER RS6F-30.2Y-35P



## Wisdom Distribution Service Corp.

- A number of energy-saving initiatives were introduced in 2015, which reduced total electricity consumption by 112,502 kWh, the equivalent of 58,613 kg of CO<sub>2</sub>e in carbon emissions.
- In the pantry, cafeteria, and stairwells: Without impacting employee activities or violating office lighting requirements, the number of lights were reduced, circuits were modified, or motion sensors were installed; these measures were expected to yield electricity savings of 1,410 kWh and reduced carbon emissions by 735 kg of CO<sub>2</sub>e for the entire year.
- Timers were used to set electrical equipment to recharge during off-peak hours while still satisfying operational requirements; this was expected to yield electricity savings of 11,059 kWh and carbon reductions by 5,761 kg of CO<sub>2</sub>e 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 of CO<sub>2</sub>e for the year.



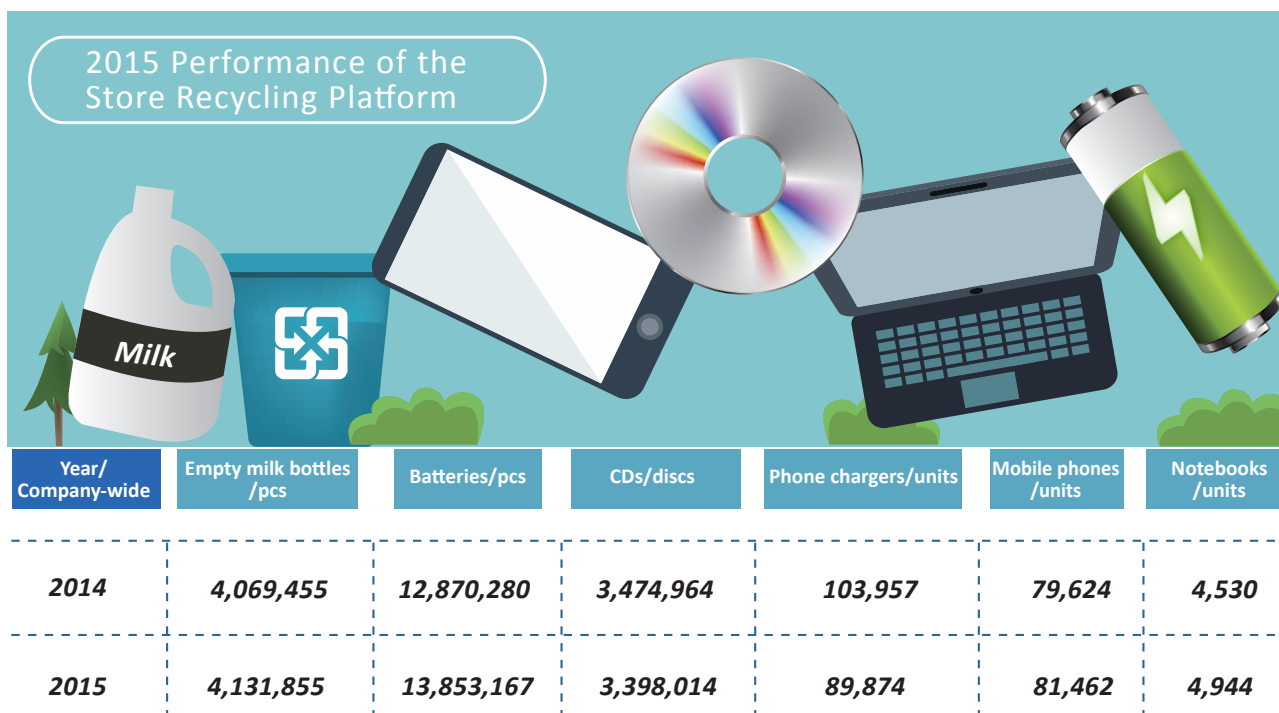
Workshop wastes (cardboard cores of shrink wrap) were converted into cafeteria tables and partitions.

To support the rapid expansion of e-commerce business, construction commenced for Phase 3 of the Shulin Distribution Center in 2015. In keeping with the trend towards green energy, zoned lighting, AC, and insulation materials will be adopted to realize the goal of energy conservation.



## 3.2 A Fast, Convenient, and Always Open Recycling Platform

PCSC pioneered the "Recycle for Cash" mechanism many years ago and established Taiwan's largest resource recycling network. Apart from the regular recycling of waste containers, since 2010, 7-ELEVEN also began to accept used batteries, discarded laptops, CDs, mobile phones, and travel chargers for recycling; product rebates were offered as rewards. The recycling platform for discarded IT equipment has been very effective since its implementation. A total of 4,131,855 empty milk bottles for store use were recovered from PCSC stores in 2015.

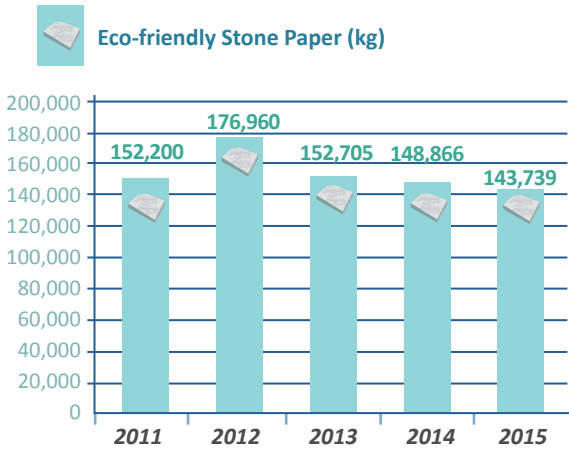


## 3.3 Green Living

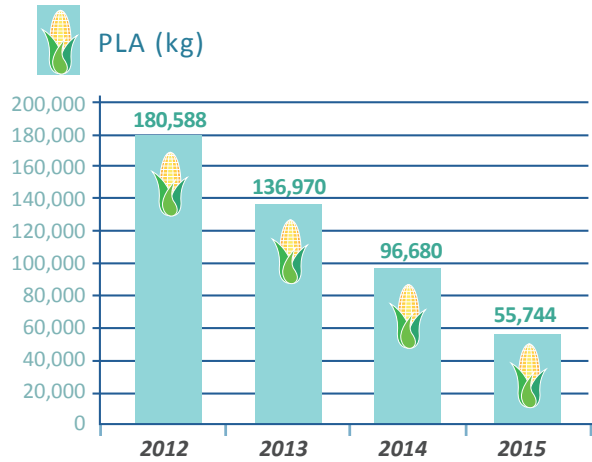
### Green procurement

PCSC is continuing to embrace green procurement; the scope and range of procurement is also increasing. The price cards and cards with marketing information for refrigerators now use eco-friendly stone paper made from rocks. A total of 143,739 kg were purchased in 2015; all slurpee cups are now made from PLA bio-plastic with 55,744 kg purchased in 2015; FSC-certified paper are used in the office and 12,045 kg were purchased in 2015.

**Amount of eco-friendly stone paper purchased in 2015**



**Amount of PLA bio-plastic purchased in 2015**



**Full paperless operation**

In 2011, PCSC became the first convenience store chain to introduce e-invoices in support of government policies.

The scope of e-invoices was expanded in 2015. The introduction of e-invoices in other industries including NPC service stations and 3 NanRenHu stores not only helped save on storage, transportation, and paper, but also delivered NT\$176,000 in savings from purchasing invoices and reduced paper consumption by 1.22 million sheets.

PCSC plans to take part in the cloud invoicing program for the four state-owned utilities from January 1, 2016 onwards. The introduction process will be completely paperless and the UBN accounting mechanism will be replaced by issuing a company code BB + 8 digits. Owners of winning receipts will be able to print and redeem their prizes at any of the top four convenience store chains. The new policy should see PCSC's Class 2 telecommunications business print 980,000 less paper receipts each year.

For franchisees, we plan to introduce the electronic invoice process for the paper-based bonus scheme. The move will reduce the amount of invoices that franchisees need to purchase as well as the amount of blank invoices that have to be scrapped. Once the change takes effect in January, 2016, the adoption rate should reach 95%; this will reduce paper consumption by 2.7 million sheets and paper costs by NT\$320,000 per year.

We will continue to expand the benefits of paperless e-invoices from stores to external channels.

**History of Introducing Electronic Invoices**



We are also working to reduce the amount of paper used by store POP advertisements. We have set the annual POP target for each session to 130 sheets and reduced the number of paper display stands. In 2015, the average POP paper consumption was 122 sheets per session. Advertising and marketing materials are now under the supervision of QA and legal affairs units to verify that all advertisements comply with the law or self-management regulations.





## Green Products



PCSC is continuing to increase the sale of eco-friendly green products. Green Mark, Carbon Footprint, Energy-Saving Mark, and other certified eco-friendly products are introduced at our stores as well as on the online shopping platform. For example, there are more than 30 insulated pots and bottles that conform to Taiwan's Green Mark, nearly 60 TV, fan, and washing machine products with the Energy-Saving Mark, as well as Uni-President's wheat fragrance drinks, Uni-President instant noodle, Shih An Farm animal friendly eggs, as well as other eco-friendly products. Nearly 800 green product categories were offered for sale during the year.




## Green accounting

PCSC provides consumers with safe, convenient products and innovative services in the spirit of corporate social responsibility. At the same time, we promote an eco-friendly lifestyle based around energy conservation, carbon reduction, and caring for the planet. PCSC continues to make additional contributions to the Taiwanese society through our founding ideal of "Friendly 24-hour Service, Happiness is Always Near". The green accounting system converts these tangible actions into financial data. In 2015, NT\$920 million was spent on environmental protection assets and expenses. The table below summarizes environmental expenditures for the entire year.



### Green Accounting items


Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Merchandise 	Switched to environmental friendly product packaging; inspection of fresh food products.	Purchasing of eco-friendly packaging materials such as PLA and coffee holders; not using preservatives and flavor enhancers in fresh foods. Testing for agricultural chemical residue and other issues.	Protect people's health by taking safety and environmental impact into account.	16,376	279,424	295,800
Store 	Implemented energy conservation measures.	Purchase of energy-saving equipment - Introduced 401 energy-saving devices, purchased 1,477 in-store AC circulating fans, introduced 1,066 inverter AC units, introduced 26,290 sets of T5 energy-saving lights, introduced 370 refrigerator/freezer add-on inverters, introduced off-peak power off/standby function for 2,644 slurpee machines.	Conserve energy to reduce carbon emissions.	164,588	370	164,958

Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Store 	Cleaning and waste disposal.	Cleaning and greening store environments, and the management of waste disposal.	Maintaining a clean environment.	0	260,116	260,116
	Extended the service life of equipment and building materials.	Introduction of steel counters at 406 stores. Recovery and refurbishing of equipment for reuse.	Reduced the logging of trees and wasting resources.	44,280	29,081	73,361
	Green procurement.	Purchased energy-saving equipment and eco-friendly paper/building materials; promoted the use of e-invoices.	Compliance with EU standards and FSC certification to cut energy consumption and reduce carbon emissions.	26,123	25,757	51,880

### Green Accounting items

Unit: NT\$1,000

Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Distribution 	The President Logistics fleet, as well as the RSI and Wisdom logistics centers worked together to provide a reverse logistics system offering improved distribution efficiency and resource recycling.	Investment in manpower and equipment for store reverse logistics.	Store recycling: 247.4 tons of used batteries, 60.7 tons of discarded CDs, 5,000 discarded laptops, 81,000 discarded mobile phones, 90,000 discarded travel chargers/docks.	0	3,146	3,146
Internal Environmental Education 	Environmental education and office recycling.	Promotion of a paper-saving office environment, environment clean-up and greening, waste recycling.	Support Office: 2,974 kg of plastic bottles, 17,612 kg of paper products, 431 kg of aluminum cans, 429 kg of other materials (CDs/batteries/lights).	0	15,025	15,025

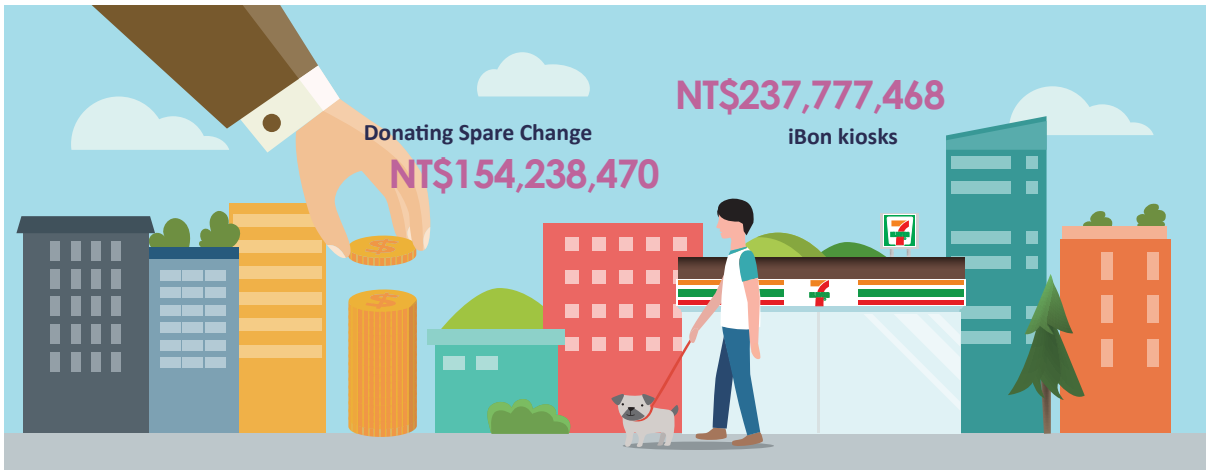
Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Society Contributions 	External promotion of environmental protection information.	Advocated conservation, cherishing all things, and CSR; sponsored environmental protection organizations.	Promotion of environmental education and recycling activities.	0	1,270	53,707
	Hosted or participated in environmental protection or charity events.	Made donations to the Formosa Fun Coast dust explosion incident in 2015.	Took part in the National Clean-up Day by cleaning 83 community service locations and 5,046 voluntary clean-up sites. Stores also cleaned up and did recycling voluntarily. initiatives and practice resource cycling as part of CSR fulfillment.	0	52,437	
Total				251,367	666,626	917,993

#### Regulatory compliance

PCSC strives to provide consumers with a good shopping and dining environment. In 2015, there was one environmental penalty imposed on a store. The Jiren Store in Taipei City's Songshan District dumped coffee creamer into the drain by the store, which led to deposits that blocked the drain; a fine of NT\$3,600 was imposed by the Environmental Protection Bureau. After the incident, PCSC immediately modified the drain connection to the sewers. Proper sewer connections are now also required in all local regions to avoid the same problem from happening again.

# 4

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



- The "Good Neighbor Funfest" community event has been held more than **6,000** times as of 2015
- More than NT\$**390** million was raised for charity in 2015

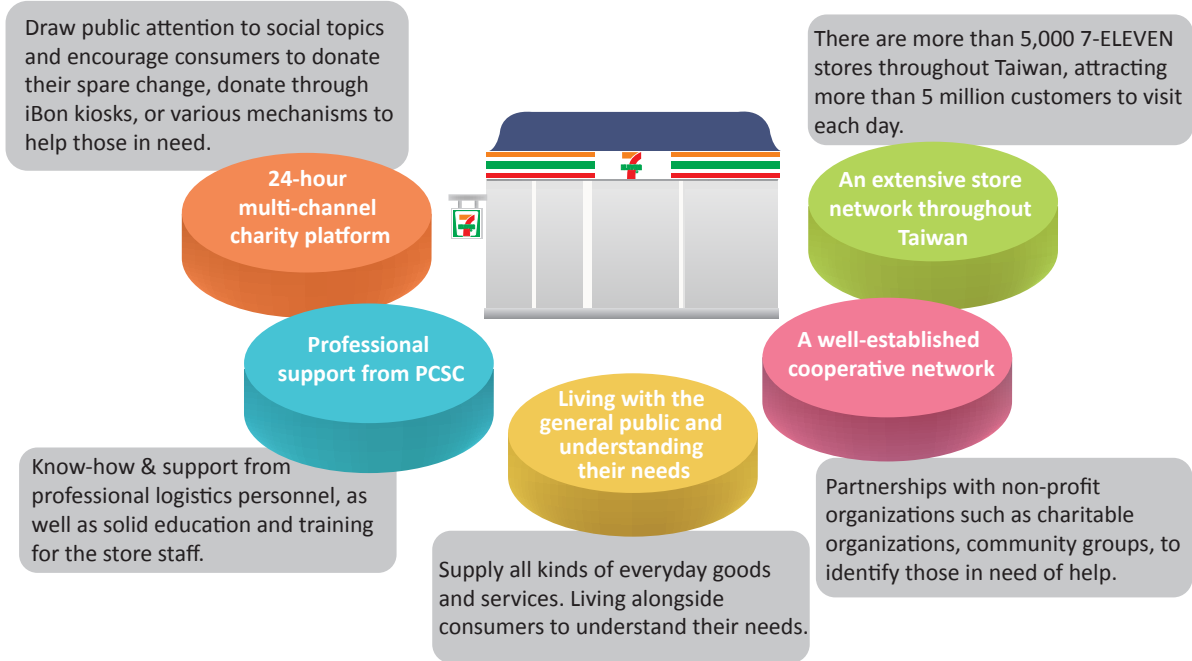
The Good Neighbor Foundation and 7-ELEVEN's "Bring Back the Love" campaign form the two pillars of PCSC's contributions to charity. As of 2015, the Good Neighbor Foundation has held more than 6,000 Good Neighbor Funfest events of various types to promote family bonding, care for the disadvantaged, provide education & culture, as well as promote healthy living and environmental protection. Since "Millennium Health Stations" were set up in partnership with the Millennium Health Foundation, these stations have been used by more than 4.3 million people each year to measure their blood pressure. Our "Bring Back the Love" fund-raising platform encourages the general public to donate their spare change at our stores and iBon kiosks throughout Taiwan. Nearly NT\$2 billion has been raised over the past 27 years to help raise public awareness on more than 100 disadvantaged groups.

### 4.1 Building a Happy Community

PCSC has been there for the people of Taiwan for more than 38 years, and has brought about a revolution in retail channels. Convenience stores are now a distinctive feature of the Taiwanese lifestyle and an indispensable partner in growth and development. Our stores can be found on main roads and small alleys, where they 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. Our most important mission is to introduce new innovations to keep up with the changing times and satisfy people's everyday needs through quality merchandise and diversified services. We bring love and sincerity to the community through a platform made up of more than 5,000 stores to create a happy society and to become a happy enterprise that supports social stability and sustainable development. In order to achieve this goal, we use

our corporate resources in every corner of society, understand people's needs, as well as build up public trust and support so that PCSC can become the irreplaceable neighbor who delivers messages of happiness within the community.

## PCSC's Core Competency



## 4.2 Good Neighbor Foundation

The "Good Neighbor Foundation" was established by PCSC in 1999; 2015 marked its 16th year of operation. It's been a long time, the Foundation actively invested in establishing community relationships, quality of life improvements, and supporting local culture. Staff from 7-ELEVEN stores throughout Taiwan are encouraged to serve the local community and contribute to local development. The goal is to become the "Community Service Center" by enriching local cultural life, improving the quality of life, and working with residents to create a better life.

We fulfill our corporate social responsibility by applying our corporate resources to every corner of the community. Our services focus on activities related to "community" residents and the development of "Healthy Living", "Community Environmental Protection" and "Care for the Disadvantaged". Interactions happily with the young and old help promote more harmonious community relations while spreading joy and warmth throughout Taiwan.



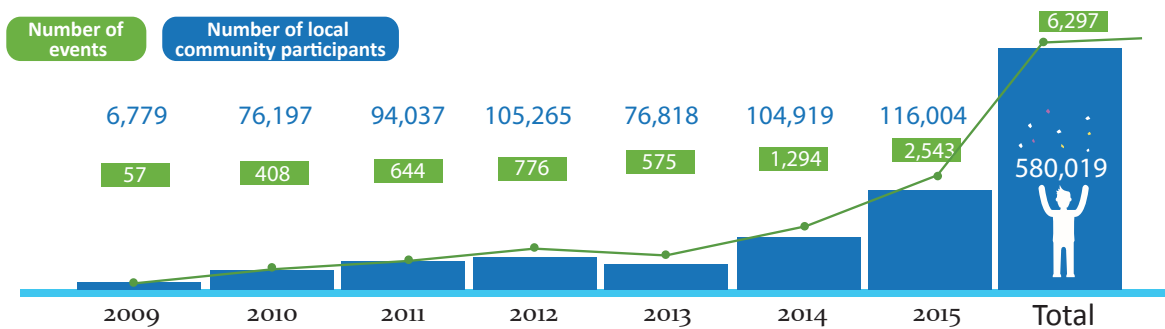


## Good Neighbor Funfest

There are 365 villages and townships in Taiwan, each with its own rich culture and stories. To get to know the local community better, the Good Neighbor Foundation began organizing the "Good Neighbor Funfest" in 2009 by playing the role of the traditional "general store" to promote community events that bring society and people more closely together, as well as inject warmth and compassion into society. In 2015, the Good Neighbor Funfest focused on the five aspects of "family interaction, care for the disadvantaged, cultural education, healthy living, and environmental protection" with an emphasis on local community requirements. More than 6,000 community funfest events have been held as of 2015.



### Number of Good Neighbor Funfest events and participants in past years:



Type of Event	Description	Themed	Number	Proportion
Care for the disadvantaged	Build up consensus within the community by appealing to their love for the land, caring for the disadvantaged, and taking an interest in local events.	Senior Store Manager OPEN! Cares Rural Road Show Held a blood drive	190	7.47%
Family bonding	Families, adults, and children are invited to get together and celebrate festivals at our stores to strengthen family bonds.	Drawing competition DIY creative cake workshop DIY cooking workshop	609	23.95%
Education & culture	Using special features of our convenience stores to promote volunteering services and learning through play among the general public	Mini Store Manager Good Neighbor Classrooms (English, mathematics, etc.)	1,165	45.81%
Healthy living	Organized health exams or seminars on lifestyle topics such as everyday healthcare, food safety, and body-care.	Health exam challenge Hepatitis screening Alzheimer's disease screening	131	5.15%
Community environmental protection	Promotion of environmental topics among stores and the general public so they can incorporate environmental concepts into everyday life.	Coffee dregs DIY Recycling education Community clean-up	448	17.6%
Total			2,543	100%



About President Chain Store Corporation (PSCS)



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



## 7-ELEVEN Millennium Health Station

The Good Neighbor Foundation began partnering with the Millennium Health Foundation in 2009 to provide the general public with blood pressure and waist measurement services at "Millennium Health Stations" setup inside selected 7-ELEVEN stores. 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, high cholesterol, as well as fight against metabolic syndrome. More than 4.3 million people each year visit the health stations to have their blood pressure measured.

Development of the 7-ELEVEN Millennium Health Station							
Year	2009	2010	2011	2012	2013	2014	2015
Millennium Love Millennium Health Station Locations	57	100	251	421	589	616	670
Number of participating medical personnel	114	386	750	973	1,458	1,433	1,150
Number of participants	5,000	11,100	35,000	21,500	40,683	47,504	34,000



## "Millennium iHealth" Helps Fight High Blood Pressure

Due to the heavy burden imposed by the chronic diseases caused by the "three highs" on national health insurance and families, as well as the sheer number of people with high blood pressure, 7-ELEVEN's "Millennium Health Station" program grew to 677 stores in 2015. The stations have served more than 11.48 million people to date, making it the most extensive 24-hour blood pressure measurement and service network. To popularize blood pressure management and take advantage of the benefits offered by smart technology, the Millennium Health Foundation launched the "Millennium iHealth" online health record cloud platform. People can now download the 7-ELEVEN iBon app on their smart phones or tablets to sign up as members. Simply select "Lifestyle Services" to start using the "Millennium iHealth" feature to record blood pressure, waist size, and weight. Automatic conversion of BMI is also included. The platform uses pull-down menus so the learning curve is minimal even for seniors. All records can be updated in less than a minute. If multiple sets of data are uploaded, then these can be automatically graphed and printed at more than 5,000 7-ELEVEN stores throughout Taiwan. Up to 3 months of records can be printed and forwarded to hospitals for diagnosis.

**Integration with the iBon app to provide 1-minute updates and 24-hour printing**  
 Helping doctors make the diagnosis Helping the general public to fight high blood pressure

千禧之愛健康血壓雲端量測平台 上線記者會  
 全國據點最綿密 千禧守護你

便利生活站 生活數據 千禧守護你  
 24小時網路訂牌



## Evolution of the Clean Up the World activity

The Good Neighbor Foundation has partnered with Clean Up Australia to launch the "Clean Up the World - Environmental Protection in Taiwan" event since 2001. 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 daily habits. After 14 years, in 2015, the Good Neighbor Foundation moved the Clean Up the World event to January 31 in the lead-up to the Lunar New Year, as this was more in line with the Taiwanese lifestyle and the custom of performing house-cleaning before the New Year. The "Service Industry Mobilization Order for Clean-Up of Taiwan" is a clean-up drive for the service industry which is open all year-round. Local residents are encouraged to join the clean-up of public areas as well in order to welcome the new year in a sparkling clean environment. This year's event was supported by 25 companies. 36,533 people took part in the clean-up of 1,037 sites and 6,748 business locations. The national clean-up drive by Taiwan's service industry and channels helped create a clean, safe, and comfortable environment.



In the future, we will adopt such environmental protection initiatives on a continuous basis and incorporate Clean Up the World into our annual Good Neighbor Funfest events. Our stores will also help with the promotion of this fun and educational community event.

### 2015 Clean Up the World album:

**2015 Clean Up the World album**

- President Drugstore Business Corp.**  
Volunteers join residents to clean up the environment
- Chunghwa Telecom**  
Environmental volunteers standing by with clean-up tools
- IHENG Sporting goods**  
Scrubbing the floor for a cleaner environment
- Mr. Onion Tianmu**  
Employees cleaning the kitchen drains
- ET Warm**  
Helping with clean-up at children's home and donating essential supplies

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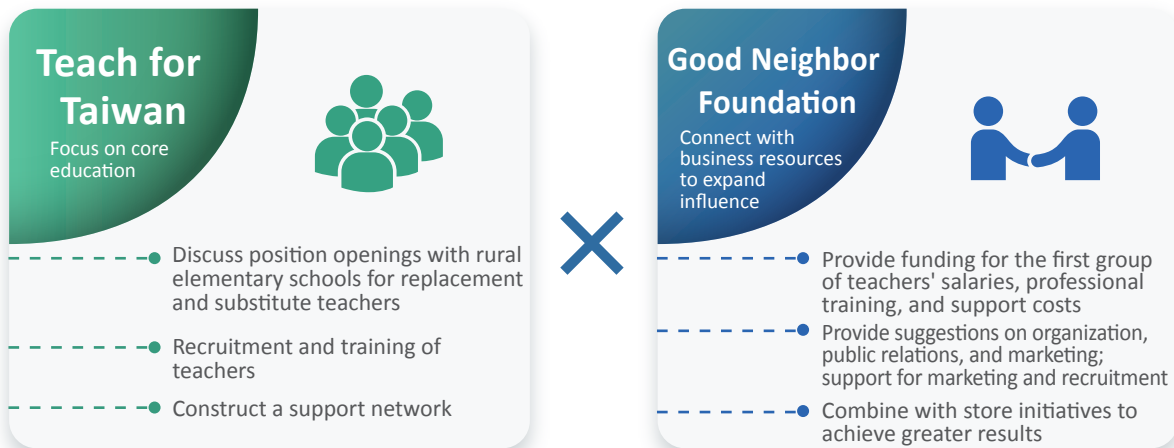
## Supporting education in rural areas: Teach for Taiwan (TFT)

Since the Jiaxian read-for-treats program was launched in 2011, the Good Neighbor Foundation has made rural education its main focus. The Foundation hopes to use its business resources to support Taiwan's rural regions. A partnership was formed with the newly established Teach for Taiwan organization in 2014 to recruit young graduates from leading universities, who will teach in resource-poor rural regions for two years to provide children from rural areas with high-quality education and bring sustainable change to a new generation. The program also provided an opportunity for cultivating future leaders in various fields. Such a positive social influence will help narrow the gap in terms of educational resources in Taiwan.

### Program promotion:

Partnered with Teach for Taiwan (TFT) to negotiate with elementary schools located in rural areas on position 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 its efforts on training new teachers, while the Good Neighbor Foundation provided the funds for the teachers' salaries, professional training, and support costs.

At the same time, a read-for-treats program was set up with participating schools. To nurture better reading habits, children can collect reading points and redeem the points for NT\$39 meals. Teachers are also encouraged to develop creative teaching proposals that use our stores for educational excursions.



### 2015 Accomplishments:

- Teacher support: The Foundation helped support 27 teachers teaching at 13 schools in Taitung/Tainan (9 teachers in the first group, 8 teachers in the second group)
- Read-for-treats program:



- Reading points: The program benefited nearly 500 students from 8 participating schools. A total of 31,261 books were read by 437 students, with each reading an average of 40 books. The schools all indicated that read-for-treats encouraged children to read, and that redeeming meals at stores were considered a symbol of honor.
- Books.com Book Fund: More than 1,200 books were supplied to students at 7 rural schools. To ensure that the books were suitable as a teaching aid, book lists were created by working with teachers and schools.
- Good Neighbor Classroom: A total of 23 sessions were held. Most of the classes were on mathematics, followed by social studies. A new food safety class was also added. Store premises and creative teaching methods were used to increase children's interest in learning. Teachers reported that the Good Neighbor Classroom was able to increase children's attention span: Children in lower grades have a shorter attention span. On the day of the class, however, the children stayed focused for more than two hours, and they were totally focused in all of the activities. When the children returned home, they happily shared with their parents about what they learned.



The program will continue in 2016; NT\$3 million has been set aside to look after up to 60 teachers during the year and extend the read-for-treats program. 20 schools are expected to take part in the reading points scheme, and the scheme will be re-designed to use a progressive system where rewards are given right away to further encourage children to read. A readers' submission model will also be adopted to cultivate students' critical thinking skills. The Good Neighbor Classroom will be expanded with schools using our stores for excursions by teachers and students.

### 4.3 Bringing People Together through Charity

To increase public awareness on social charity, we leveraged channel influence for charities by constructing the "Bring Back the Love" fundraiser platform. The platform encourages the general public to donate their spare change at PCSCstores and iBon kiosks throughout Taiwan and "make every coin count". Nearly NT\$2 billion has been raised over the past 27 years to help promote public awareness on more than 100 disadvantaged groups; a product of the initiative is the unique and interesting "coin charity phenomenon". Mothers now bring their children to stores to make a donation and teach them by example the true meaning of giving. Partnerships were also formed with 5 charitable organizations: The Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation, Hondao Senior Citizen's Welfare Foundation, Liver Disease

Prevention & Treatment Research Foundation, and Pingtung Christian Hospital to provide a complete set of social services; their social service screening mechanisms are used to identify people who are truly in need. Stores in rural regions then provide not only convenient services, but also assistance which makes up for the gaps in social services (lower thresholds for home renovation subsidies, rural healthcare, and weekend meals to allow seniors age locally and gracefully); these provide disadvantaged seniors with total care and interaction on food, healthcare, accommodation, travel, and entertainment.

## In-store Donations of Spare Change

The "Bring Back the Love" charity campaign was launched in 1988. Donation boxes inside 7-ELEVEN stores encouraged consumers to donate the change from their purchases to people in need by following the philosophy of "charity everywhere". More than NT\$390 million was raised for charity in 2015.

To ensure that donations do not go to waste, 7-ELEVEN is very careful in selecting the charitable organizations it works with. An inter-departmental team made up of finance, audit, and legal affairs personnel thoroughly reviews each organization's financial data, accounting system, organization, fundraising, and service plans, the urgency/importance of the topic, and trusted donation channels before planning actual co-operative projects can begin. 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. 7-ELEVEN is also responsible for clearing the donation boxes every week and auditing donations every month to ensure transparency in cash flow and financial accounts. The public can therefore be rest assured that their generosity will go to a good cause.

To raise the visibility of non-profit organizations and encourage more people to donate, PCSC has been supporting in-store fundraisers 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 for running the donation mechanism.



# 2015 Fundraising Results

Total Donations (NTD)

**NT\$154,238,470**



**Jan 1 - Mar 31**  
**"Love and Peace of Mind"**  
 Local support program for disadvantaged elders and senior citizens (Hondao Senior Citizen's Welfare Foundation)

Launched the "Home Refurbishment Service for Seniors" along with initiatives such as "Advanced Handyman Training", "Expanded Store Service Points", "Call for Charitable Electricians and Plumbers", and "Additional Refurbishment Services for Rural Service Points". Up to 700 stores are now refurbishment service points where the general public can report requests and secure assistance more quickly; 200 volunteering handymen were trained to carry out 300 refurbishment service cases for disadvantaged seniors; 4,200 disadvantaged seniors living alone were visited at their homes.

Donations (NTD)

**NT\$39,485,701**



**Apr 1 - Jun 30**  
**Aging Gracefully with Easy Care**  
 Community care program for seniors in rural regions (Pingtung Christian Hospital)

For the prevention and care of Alzheimer's disease in rural regions, the "Prevent-Detect-Care Safety Net" concept combines 7-ELEVEN stores, the Good Neighbor Foundation, and the medical resources of Pingtung Christian Hospital to establish a safety net made up of "Stores-Homes-Community-Primary Healthcare". The network has provided healthcare services 6,831 times to seniors living in the Pingtung region.

Donations (NTD)

**NT\$38,463,316**



**Jul 1 - Sep 30**  
**Save the Liver**  
 (Liver Disease Prevention & Treatment Foundation)

Support continued for free hepatitis and liver cancer screening in rural areas, as well as subsequent medical assistance. Screening events were also held at 54 stores throughout Taiwan to bring liver disease screening resources to regions that suffer from a shortage of medical resources such as Binan in Taitung, Shuishang in Chiayi, Nangan in Matsu, and Jinsha in Kinmen; these efforts helped with early detection and treatment for rural residents by screening more than 25,000 people a year.

Donations (NTD)

**NT\$37,421,159**



**Oct 1 - Dec 31**  
**A Good Meal Keep disadvantaged seniors in Hualien and Taitung from going hungry**  
 (Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation)

Worked together to build a meal-delivery safety net for the Hualien-Taitung region. Meal delivery was expanded from Hualien to include a total of 16 townships in the Hualien-Taitung Rift Valley to expand the reach of our heartwarming services. The Good Neighbor Meal Delivery Team made up of meal delivery drivers from the Foundation and 7-ELEVEN store managers ensured that lunches and dinners were delivered to seniors seven days a week. More than 200,000 deliveries were made.

Donations (NTD)

**NT\$38,868,294**

## 4.4 Stores Participating in Volunteering Services Becoming Community Care Stations

7-ELEVEN has invested in social welfare since 1977. To exert its influence as a community support station and look after disadvantaged seniors that Taiwan's social services don't provide adequate coverage for, 7-ELEVEN made senior care a standing program in 2014. Increased funding and manpower was provided each year to assist the disadvantaged through stores (nearly NT\$40 million in funding and 13,000 employees were involved over the past two years). The number of stores participating in social services grew by 60% in 2015. Direct assistance was provided to more than 16,000 people to create comprehensive community services.

### Businesses invest together to provide better services and compassionate care

7-ELEVEN stores have become local support stations for disadvantaged elders. Apart from identifying more disadvantaged elders living on the edge of society, they also help up make up for shortfalls in coverage and manpower by community organizations. In 2015, the stores provided assistance 16,280 times.

#### Service overview:

Stores become local support stations that bridge the last mile in service delivery (and rural region)		Numbers	Beneficiaries
New Year Banquet /Clean-up All public interest groups	The stores organized banquets and clean-ups for disadvantaged seniors during the Lunar New Year holidays and provided companionship to celebrate the holiday season.	<b>15 sessions</b>	<b>98</b>
Good Neighbor Health Classroom Pingtung Christian Hospital, Liver Foundation	Hepatitis and Alzheimer's screenings were held at rural stores throughout Taiwan so that life-saving help is no longer too far away. Helping local residents identify diseases early.	<b>80 sessions</b>	<b>5,242</b>
Smart health measurement stations Pingtung Christian Hospital	Smart health measurement stations were installed at stores in Pingtung; the general public can visit these stores to have their blood pressure taken. Cloud-based data connections with 10 local medical facilities make it easier to seek medical assistance.	<b>2 stores</b>	<b>6,868</b>
Round-Island Cycling Trip for Seniors Mennonite Foundation, Hondao Senior Citizen's Welfare Foundation	Served as support stops for seniors during the round-island cycling event.	<b>13 stores</b>	<b>70</b>
International workshop Hondao Senior Citizen's Welfare Foundation	Invited young volunteers to meet with seniors at participating stores.	<b>6 sessions</b>	<b>120</b>
Senior Store Manager Hondao Senior Citizen's Welfare Foundation	Participating stores invited seniors to stores and experience working at stores; this helped seniors stay in touch with society and increase their interactions with the outside world.	<b>30 sessions</b>	<b>179</b>

**Stores worked together to identify disadvantaged seniors in neglected corners of society**

Refurbishment Service Point  
Hondao Senior Citizen's Welfare Foundation

697 stores became refurbishment service points for disadvantaged seniors. The general public were encouraged to look after nearby disadvantaged seniors living in dangerous conditions and call for further support and assistance with home refurbishment.

Numbers	Beneficiaries
<b>697 stores</b>	<b>87</b>

**The stores helped to make up for gaps in manpower for charity groups in order to provide even better services**

Sunday meal deliveries in the Hualien/Taitung region  
Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation

Each week, 35 store managers delivered meals for 135 disadvantaged seniors on Sundays and checked on their well-being, so that they are no longer left without food or companionship during weekends.

Numbers	Beneficiaries
<b>35 stores</b>	<b>3,616</b>

<i>Total</i>	<i>878 stores</i>	<i>16,280</i>
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Note: The above does not include the 5,040 stores that helped with the fundraising effort and their beneficiaries

**Long-term service to help disadvantaged seniors through difficult times**

Lianjia Store - Meal deliveries for seniors continued during the New Year holidays (from meal deliveries to guardian angels)

During a meal delivery service, the store manager noticed that the grandmother looked to be quite upset. Further inquiry revealed that her husband had been bedridden for days. The store manager immediately reported the situation and provided assistance. Fearing that the elders may go hungry during the Lunar New Year holidays due to economic hardship, the store manager continued to deliver meals every day to ensure that the grandmother did not go hungry and was able to stay warm. The show of compassion was very heart-warming.

Many of our stores go the extra mile during their interactions with seniors. The gesture is appreciated by the seniors and it increases the level of empathy at the stores as well; this creates a positive influence and feedback cycle for store services.



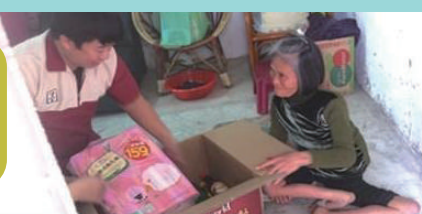
**Jiahe store**  
Hand-knit scarves for a warm winter



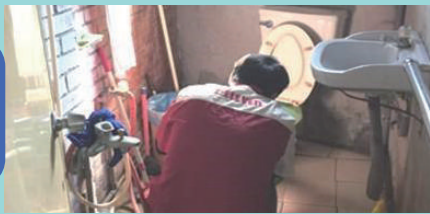
**Barui store**  
Karaoke sing-along



**Zhaoming store**  
Lucky boxes for a Happy New Year



**Changxing store**  
Installation of hand-rails for seniors living alone



We also broke away from the traditional communicational model for social welfare topics. Innovative techniques such as "Public Interest Films" and "Piano Donation Boxes" were used to communicate public interest messages and draw young people to the stores, so that they can take action or demonstrate interest in the topic. By drawing public attention in such an approachable and creative manner, we hope to inspire more people from all age groups to become involved in social welfare.



### Story Promotion - Public Interest Films

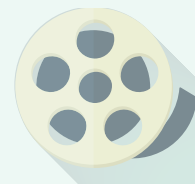
7-ELEVEN was the sole sponsor for the public interest movie "Ways Into Love". The public interest movie was published in partnership with the Hondao Foundation, Liver Foundation, and Mennonite Foundation; the film told three touching, real-life stories based on the topics of "home refurbishment for disadvantaged seniors", "weekend meal deliveries for disadvantaged seniors", and "hepatitis screening". "Ways Into Love" was a documentary directed by three famous documentary directors Singing Chen, Koshang Shen, and Chia-chun Huang. By using an approach unprecedented for documentaries or the public interest domain, it offered an innovative look at key topics related to the aging society to boost public awareness. Teachers and students from

rural schools (8 rural schools in Kaohsiung, Tainan, and Taitung including Guangyuan and Wan-an elementary schools) were invited to watch the film at a movie theater. After watching the movie, the children said they would take better care of their grandparents back home and they also understood the importance of showing their love while they could. The "Ways Into Love" documentary film inspired more than 150 corporate screenings.



### Results:

- "Ways Into Love" resonated with the audience and received numerous invitations for overseas screenings including the 2015 Hong Kong Asian Movie Festival (special interview by Phoenix Satellite Television) and the 2016 Cross-Strait Film Exhibition.
- Apart from telling their real-life stories, "Mr. and Mrs. Fu-tang Li" from the home refurbishment chapter of the documentary also received help to fulfill their dream of visiting their hometown.



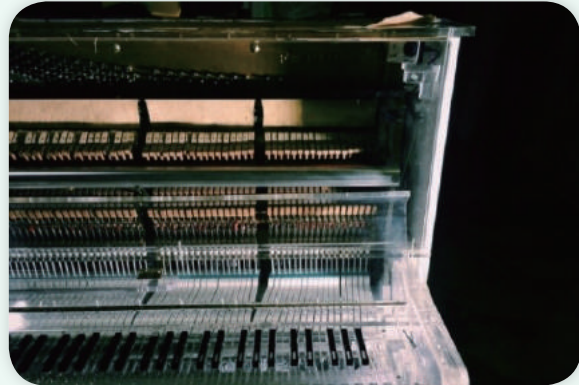


## Creative proposal - Piano Donation Box

To continue generating interest in key topics after the screening of the movie, and to make a financial contribution to the community service organizations, the "Piano" themed donation box was introduced. A first for Taiwan, it encouraged the general public to view donations in a different light and bring back the love together.

After nearly a year of planning and discussions with the marketing company, "music" inspired the blending of a "donation box" and a "piano". Professional piano makers used Japanese-built sensors and 1,408 wires to modify an elegant second-hand piano over a period of two months. The result was Taiwan's one and only "Piano Donation Box". Every coin people donated pressed a key on the piano. More importantly, all proceeds go to the store's monthly donations of spare change for helping even more disadvantaged seniors.

A camera was mounted to catch customer reactions. People were surprised to see a transparent piano inside the store. Visitors not only approached to run their hands over the piano, but also deposited their spare change to see the results; the project was a successful example of using creativity to support charity.



About President Chain Store Corporation (PSC)



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## Charity donations through iBon kiosks

In 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 2015, we raised a total of NT\$237,777,468 with an average donation of NT\$1,084. The proceeds went to charitable organizations and disadvantaged groups to help them rediscover love and hope!

### Results from past years:



Year	Total number of donations	Total (NTD)	Average amount per 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	83,436,176	809
2012	67,361	36,281,975	539
2013	67,754	35,827,244	529
2014	131,593	125,382,633	953
2015	219,302	237,777,468	1,084
<b>Total</b>	<b>712,013</b>	<b>584,821,828</b>	<b>821</b>

### Nepal Earthquake Relief Program

The shallow earthquake in Nepal measuring 7.8 on the Richter Scale was the most powerful earthquake in the last 80 years. More than 1,800 people were killed and thousands more injured. Many people were left homeless and traumatized in both body and spirit. Outside assistance was urgently needed. 7-ELEVEN worked with World Vision Taiwan to launch an emergency donation mechanism through iBon kiosks at more than 5,000 stores throughout Taiwan. The proceeds will be used by World Vision to provide food, water, supplies, emergency shelters, and support centers for children as part of the disaster relief efforts.

Through the convenience and speed of iBon kiosks located throughout Taiwan, the emergency fundraising campaign organized in partnership with World Vision Taiwan, combined with the spirit of charity from the people of Taiwan, help was provided to thousands of families and children in Nepal; these efforts not only reached all the way across the world to help the people of Nepal through their most difficult times, they were also helpful in the emergency rescue and post-disaster rebuilding work.

**7-ELEVEN** World Vision 世界視聽基金會

**救援尼泊爾震災!**  
請到 便利生活站 捐款伸出援手  
為災民提供水、食物、庇護所及衛生設施  
邀您即刻捐款響應救災、重建工作  
104年尼泊爾震災救災 衛部數字推1040112187號

**Total amount of donations**  
**World Vision Taiwan**  
**NT\$12,294,308**

## Formosa Fun Coast Dust Explosion Program

Several hundred people suffered severe burns during the dust explosion at Formosa Fun Coast. Many young lives were inflicted with terrible pain from these burns. Subsequent treatment, risk of infection, and lengthy rehabilitation processes represented a serious challenge for the victims and their families. Outside assistance was therefore urgently needed to help them overcome the physical and mental anguish. In response, 7-ELEVEN partnered with the New Taipei City Government and Sunshine Social Welfare Foundation to launch an emergency fundraising program through iBon kiosks at more than 5,000 stores around Taiwan; this allowed donations to be made through the charity donation function of the iBon system to provide survivors of the Formosa Fun Coast accident with better rehabilitation treatments. The contributions helped victims overcome their suffering and rebuild their lives. To give aid when it is needed, Uni-President promptly made a donation of NT\$10 million to the dedicated account set up by the Social Welfare Department of New Taipei City to help victims of the explosion with their medical and rehabilitation expenses.



## 4.5 Promoting Local Arts and Culture

To enhance the cultural ambiance of the airport and provide travelers with a comfortable space to relax and rest, we partnered with local arts and culture groups to provide a performance and exhibition venue for traditional Taiwanese arts; the theme of these exhibits was changed every quarter as well. In order to promote Taiwan's traditional culture, an exhibition space was allocated from the adopted and public areas on the second floor. In partnership with the National Center for Traditional Arts and the Books.com.tw online bookstore, professional design and layout was used to create a world-class exhibition setting and ambiance. The exhibition theme is changed every quarter. Unique crafts involving glass, paper, and wood carvings as well as stamps from the last century were featured to bring arts and culture to the general public.

### A look back at 2015 events:

<p><b>Q1, 2015</b> Exhibition of Ceramics Cutting and Pasting Oct 16, 2014 - Feb 13, 2015</p>	<p><b>Q2, 2015</b> 2015 A Century of Stamps Exhibition Feb 14, 2015 - May 9, 2015</p>	<p><b>Q3, 2015</b> Sit down Jul 1, 2015 - Sep 30, 2015</p>	<p><b>Q4, 2015</b> READ, TO GO Oct 1, 2015 - Dec 29, 2015</p>
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Apart from exhibitions, our stores also took part in charity events in order to set an example for the industry and to raise public awareness on these charity events.



About President Chain Store Corporation (PSCS)



A Good Neighbor Who is Always There for You



A Good Neighbor Who Cares for the Environment

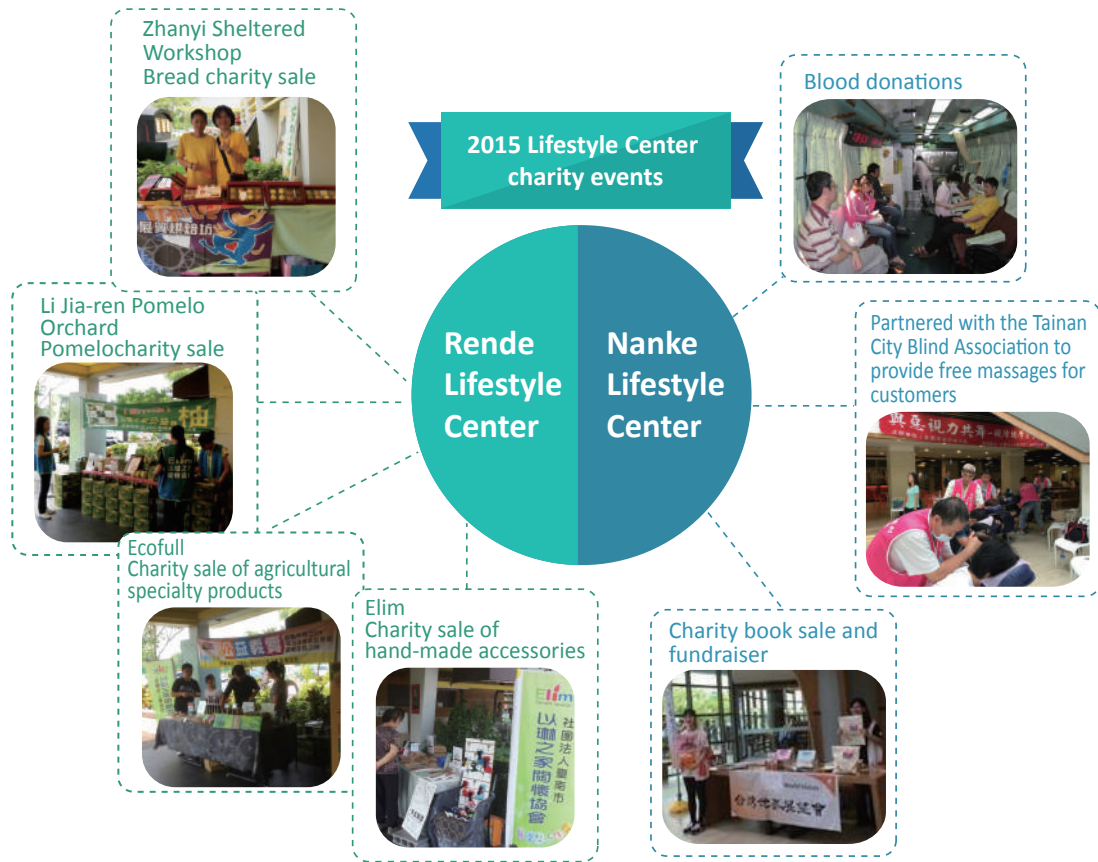


A Good Neighbor Who is Involved with the Local Community



A Good Neighbor Who Creates a Friendly Workplace

2015 Events Album:



**"Stories of helpful services provided by the staff at Rende Lifestyle Center":**

On January 3, 2016, a screw on a traveler's eyeglasses came lose. Since visibility was already poor due to a rain storm, our staff from the Rende Lifestyle Center immediately removed the screw from his own eyeglasses in order to repair the traveler's glasses. The traveler was very grateful and exclaimed, "You are amazing!"



# 5

## A Good Neighbor Who Creates a Friendly Workplace



### 2016 KPI

- Lower than the retail industry average of **0.38** over the last three years in Taiwan (average for 2013-2015)
  - **0** cases of serious occupational safety incidents
  - Proportion of health exams increased by **54%** compared to 2015
  - First-time online resolution rate of **78%** by the Joint Services Center
- In 2015, 284 employees with disabilities were hired, which was **3.39** times the legal quota
  - In 2015, salaries were increased by over **2%** for 72.7% of employees
  - As of 2015, **66** auditors have been trained to conduct internal audits and implement the principle of fairness at a workplace

### 5.1 Implementation of Employee Care

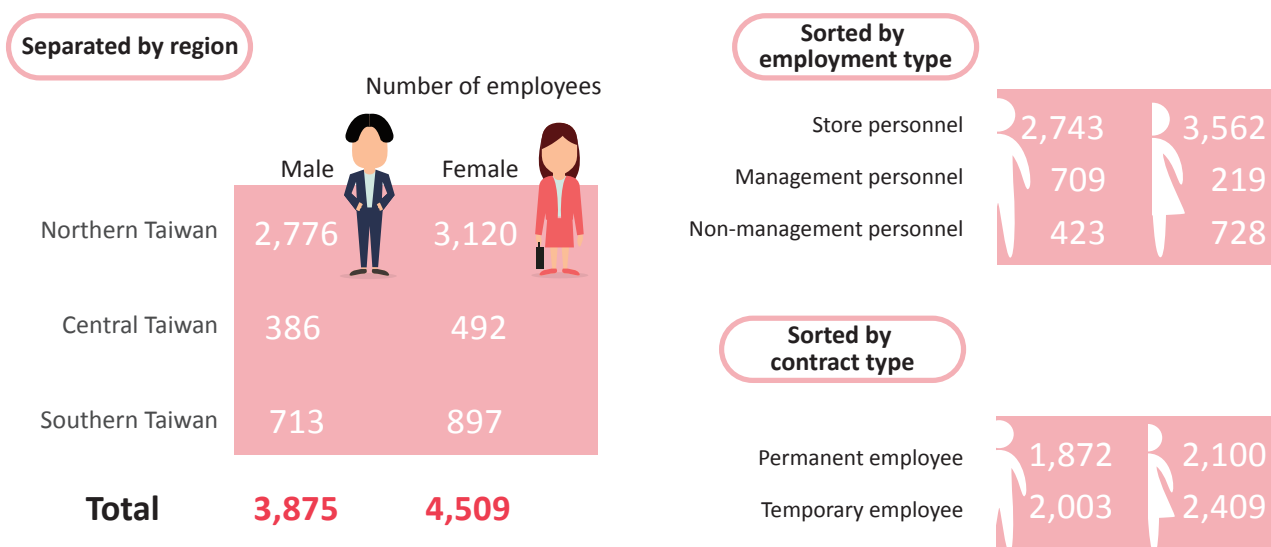
Becoming a happy enterprise is the vision and goal of PCSC. We believe that only "happy employees can fully demonstrate PCSC's values for customers, and only satisfied employees can provide outstanding services that satisfy consumers". Through close partnerships between stores, franchisees, headquarters, and affiliates, we are able to offer the most convenient services to society. The PCSC family is where passionate people can showcase their skills. "Selfless Innovation", "Full Delegation", and "Bold Experimentation" are the most basic and most important attitudes we expect from our employees when dealing with new businesses. Flexibility and adaptability is embraced in business management. Incentives are targeted at employee needs. Through

our complete career planning, healthy work environment, and comprehensive benefits, every PCSC partner feels proud of being a part of our big happy family.

## Our Partners

PCSC consists of the headquarters and seven business operation departments to respond to the requirements of local stores and consumers in Taiwan in a timely manner. As of December 31, 2015, we employed a total of 8,384 individuals, including 9 female foreign workers. There are more than 30,000 members in the PCSC family including part-time workers from franchises and company-owned stores. Apart from helping full-time employees fulfill their dreams, since our stores operate 24-hours a day all year round and need a large number of front line staff to handle customer interactions. PCSC not only offers many part-time job opportunities, but it is also a place where students and people returning to the workforce can showcase their talents. We have setup cooperative programs with senior and vocational high schools as well to provide students the chance to earn part-time income along with academic credits and work experience.

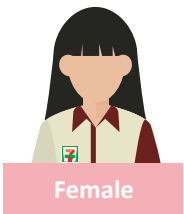
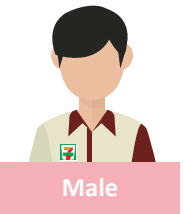
### Employee data (As of 12/31/2015)



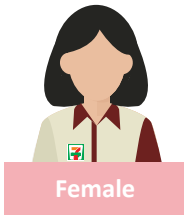
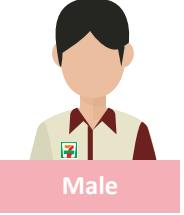
### Employee age distribution (As of 12/31/2015)

Employee category	< 30 years old		30-50 years old		> 50 years old		Total
	Male	Female	Male	Female	Male	Female	
Store personnel	1,805	1,950	893	1,512	45	100	6,305
Management personnel	68	52	540	158	101	9	928
Non-management personnel	42	109	325	586	55	34	1,151
<b>Total number of employees</b>	<b>1,915</b>	<b>2,111</b>	<b>1,758</b>	<b>2,256</b>	<b>201</b>	<b>143</b>	<b>8,384</b>

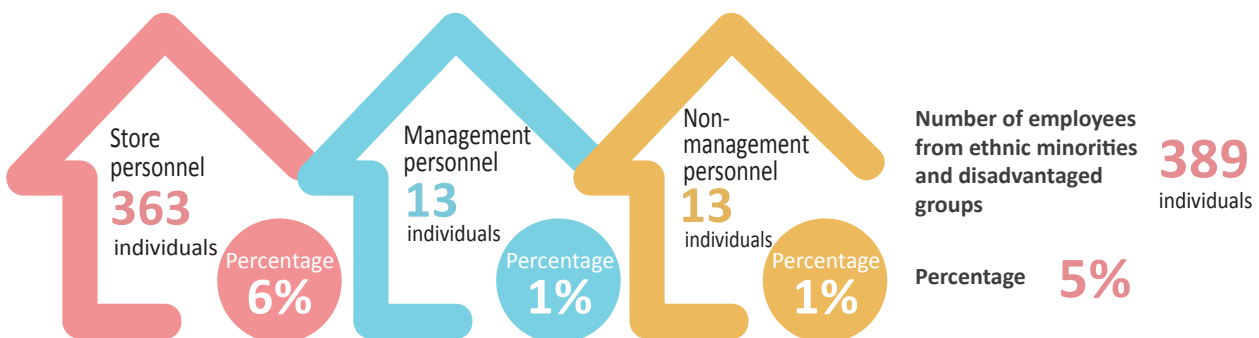
## Total number and proportion of newly hired permanent employees in 2015

	Northern Taiwan (North 1, North 2, North 3, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Qingshui)	Southern Taiwan (Chiayi/Nantou, Kaohsiung/ Pingtung, Yilan/Hualien)	Total	
 Female	< 30 years old	136	24	31	191
	31-50 years old	79	18	15	112
	>51 years old	1	1	0	2
Proportion of new hires (total number of new recruits during the year/number of employees as of December 31, 2015)					
 Male	< 30 years old	92	19	25	136
	31-50 years old	37	7	4	48
	>51 years old	1	0	0	1
Proportion of new hires (total number of new recruits during the year/number of employees as of December 31, 2015)					

## Total number and proportion of permanent employees who departed in 2015

	Northern Taiwan (North 1, North 2, North 3, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengyuan/Qingshui)	Southern Taiwan (Chiayi/Nantou, Kaohsiung/ Pingtung, Yilan/Hualien)	Total	
 Female	< 30 years old	55	8	4	67
	31-50 years old	104	12	17	133
	>51 years old	1	0	0	1
Turnover rate (number of departures during the year/number of employees as of December 31, 2015)					
 Male	< 30 years old	51	12	8	71
	31-50 years old	54	12	10	76
	>51 years old	10	0	2	12
Turnover rate (number of departures during the year/number of employees as of December 31, 2015)					

## Employee diversity (As of December 31, 2015)



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

As for part-timer hiring, we do not hire people under the age of 15 as workers 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 not only provide additional job opportunities for people with disabilities, but also welcome middle-aged women re-entering the workforce looking for part-time work with shorter hours. In 2015, PCSC headquarters and company-owned stores hired a total of 284 employees from disadvantaged groups, which accounted for 3.39% of our total workforce and was 3.39 times higher than the statutory quota.

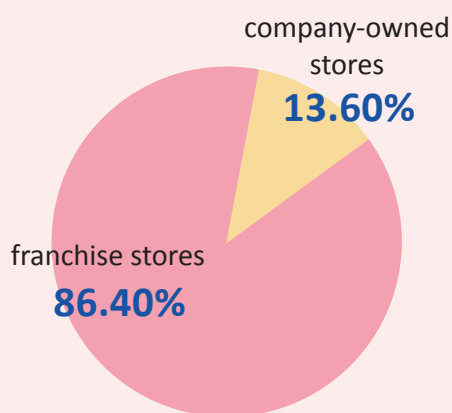
To provide more disadvantaged people with steady employment and a chance for independence, we also hired **105** indigenous employees, or **1.25%** of our total workforce. We provide a diversified and tolerant work environment.



## Franchise management

There are more than 5,000 7-ELEVEN stores throughout Taiwan, among which over 80% are franchise stores. To look after our franchise owners in the spirit of sharing and mutual prosperity, franchise agreement were adjusted in 2015. Around NT\$1.2 billion in investment subsidies were allocated between 2015 and 2016. The profitability of our franchise owners as well as their feedback have always been important to PCSC. Adjustments are therefore being made to progressively increase their profit margins. In 2015, we increased license chain's profit share and guaranteed margins. Renovation and hardware costs for franchise chains were also reduced starting from January, 2016. In terms of store management, the current trend is moving towards larger, more distinctive stores aimed at providing customers with a more comfortable and friendly shopping space. In terms of store renovations, apart from scheduled renovations, we now offer lightweight renovation packages for greater flexibility. Lower-cost renovations of key store areas provide pleasant store environment for consumers. We have set up a franchise partner education platform for professional development as part of our continued efforts to look after our franchise partners. We also organized recreational and health promoting activities for franchise partners with more than NT\$19,554,000 invested on related activities during 2015.

The two types of PCSC franchises are "Franchise Chains" and "License Chains". For "Franchise Chains", the storefront is provided by the franchisee; for "License Chains", the storefront is provided by headquarters. In 2015, there were a total of 3,195 franchise owners. 86.4% of our stores in Taiwan were managed by franchise owners, 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>.



Franchise owners are critical stakeholders for PCSC. To demonstrate our interest in the welfare of franchise owners, the Franchise Relations Team visited 84 stores in 2015 to listen to their ideas, interact with them, and provide feedback.

We are also actively building a learning and development platform for franchise owners. In addition to enhancing their professional skills, the platform also offers health and recreational activities for franchise owners in order to create a better franchising environment. Over NT\$10 million is spent each year on motivational seminars for exceptional store managers and organizing the Elite Franchise Owner Academy. In terms of health and recreation, NT\$3 million was set aside in 2015 to provide franchisees with holiday subsidies. Senior franchise owners over the age of 40 with more than 10 years of experience are also entitled to receive health exams valued at NT\$16,000 once every two years. In 2015, NT\$8 million was budgeted for the health exams of senior franchisees. The monthly franchisee bulletin includes benefits and discounted events for franchisees as well.

**Franchisees enjoy the following insurance coverage and benefits:**

Insurance	Description
Group insurance	Insurance coverage is also extended for franchisees' dependents as well as store employees; this allows franchisees to focus on work knowing that their families are well cared for.
Employer liability insurance	Enhanced medical insurance coverage provided by franchisees for employees working the graveyard shift.
Personnel guarantee insurance	Compensation for losses suffered by franchisees during employees' performance of job duties is provided.
Franchisee/Franchise Store Employee Mutual Association	A mutual-support mechanism between franchise stores that provides funereal assistance for direct dependents.

Benefits	Description
Group movie tickets	Franchisees can receive subsidies on movie ticket purchases. Each store is eligible to receive a 20% rebate for up to 20 tickets.
Offers from affiliated enterprises	Product discounts and promotions from affiliated enterprises.
Holiday and recreational promotions	Subsidies and discounts are offered for staying at the Uni-Resort, as well as for visiting BEING spa/BEING sport.
Franchisee benefits trust	A tool that franchisees can use for their savings or retirement fund; subsidies are provided to encourage investment.
Health exam subsidies	Senior franchisees over the age of 40 with more than 10 years of experience are eligible to receive health exams valued at NT\$16,000 once every two years.

 **Building a Happy Enterprise**

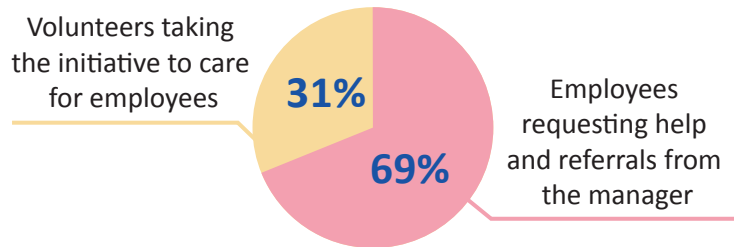
PCSC strives to build a secure and happy enterprise. As headquarters logistics employees are the driving force behind innovative products and services at PCSC, we hope that the promotion of a sound and happy workplace through the Happiness Cooperative Society, health management, and employee benefits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



## 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 realize proactive caring or guidance, provide employees with the most timely and effective assistance, and educate employees on proper physical and health management concepts. A total of 8 affiliates have signed up since the program was established 5 years ago. Nearly 220 volunteers have been trained with 111 receiving official certifications; through telephone or face-to-face interviews, they provide counseling to more than 1,890 employees on topics including: Workplace relationships, job adjustments, family and gender relationships. If necessary, employees can also be referred to professional counseling organizations; this along with the injury/illness, occupational injury and cooperative assistance mechanisms help our partners come to terms with their emotions and get through difficult times.

The cultivation of corporate volunteers means not only greater empathy during consultations with employees, but also savings on the cost of referrals to the Teacher Chang Foundation. The estimated investment efficiency is approximately 183%<sup>1</sup>. During 2015, a total of 281 care cases (155 cases from stores) with a total duration of 239 hours were carried out. Cumulative care hours reached 1,610 hours in 2015. The percentage of employees who actively sought assistance and referral was 69%; this meant that in more than half of these cases, our employees trusted the volunteers enough to seek help and referral advice.



## Health Promotion Plans

### Promotion of "Healthy Workplace Certification"

People spent more than one-third of their day at the workplace, so the work environment must have a certain amount of effect on their health. We want employees to enter the workplace in good health, and to leave or retire with a healthy mind and body as well. In 2015, PCSC received the "Badge of Accredited Healthy Workplace" from the Health Promotion Administration of the Ministry of Health and Welfare, in recognition of our exceptional performance in promoting a non-smoking environment, workplace injury and illness prevention, and workplace health promotions.



<sup>1</sup> Investment efficiency = the cumulative investment efficiency between 2010 to December of 2015 (the ratio between cost of training per volunteer and teacher's expenses for implementing each case) was calculated as: One-hour cost for executing a TCF case service is NT\$1,960\*(cumulative care hours as of 2015 is 1,610)/Total cost of volunteer training (NT\$1,726,163)

## Health Passport

Under the "Health Management Program" introduced in 2013, professional nurses were employed by the Company to provide health consultations on demand. A clinic was also set up at the headquarters to provide employees with blood pressure measurements, hot/cold compresses, as well as other health services. At the same time, employees were provided with exclusive "Health Passports" and health education through e-newsletters and seminars; this encouraged PCSC employees to practice self-healthmanagement at all times and create a healthy, harmonious, and safe work environment. In 2013, the Health Passport program was originally limited to logistics personnel, but it was expanded to all company-owned stores in 2014. In 2014, on-site services with physicians and nurses from the previous year were continued. Physiotherapy services were also introduced. Automated External Defibrillators (AED) were purchased as well. In 2015, the on-site physician service was increased to 32 hours per month and the number of nurses on staff was increased to 4. The expansion of the health safety net and the implementation of health care, management and promotion served to create a friendly and healthy work environment. The first "2015 Weight Loss for Happiness and Health" weight-loss event was also held. A total of 779 individuals from corporate headquarters and stores joined in the effort and lost an average of 2.14 kg per person.



### Health Passport in 2015:

#### Tenets

The Health Passport initiative seeks to promote self-health management among employees in order to cultivate sound and healthy living habits and reduce their body mass index (BMI).

#### Outcome (note)

The event's overall accomplishment rate was 38.5%. Total weight loss at the end of the program was 1,512.5 kg. There was also a 12.4% improvement with respect to abnormal BMI.



Note: Data came from participating logistics personnel

## Healthy Diet Promotion




In 2014, health exams found that nearly 50% of store employees suffered from excessive BMI, and less than 10% of store employees took part in last year's Health Passport program. Nearly 90% of store employees were subsequently determined to have inadequate intakes of fruits and vegetables. Most employees were hoping that healthy foods can be directly provided by the Company. Bananas are therefore provided to store employees every Wednesday for a period of 6 weeks between May and June, 2015. A total of 38,964 bananas were provided. A satisfaction survey was conducted for this program. The average satisfaction score from 890 survey responses was 4.45, with 813 individuals being satisfied or higher (91.3%).



## Blood Drives

We also organized a nation-wide blood donation drive. Health exam results of store employees from 2014 found that 35% suffered from high cholesterol. Donating a suitable amount of blood at regular intervals can help reduce high cholesterol and promote the production of new blood cells. In addition, blood donations are for a good cause as well. Nearly 79,500 cc of blood in 318 bags were donated.

## Overview of the activity's achievements

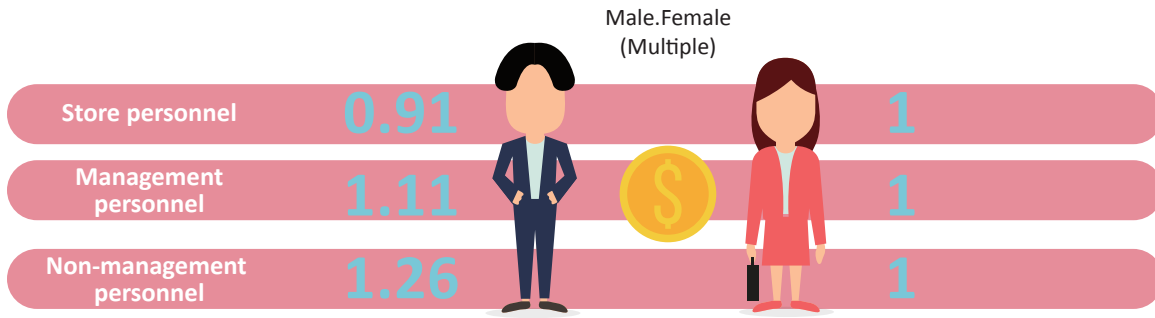
Activity period	June 16, 2015 - July 26, 2015	
 Achievements	 Blood donation bus (No. of employees)	180
	External participants (No. of people)	57
	Volunteered to visit the blood donation stations (No. of employees)	52
	 Blood donation bus (bags)	245
	Volunteered to visit the blood donation stations (bags)	73

## Salaries and Benefits

PCSC offers competitive compensation packages for our employees. We also conduct surveys on salary and benefits every year to ensure that our starting salary is above the national average (the starting salary for new logistics specialists (with an undergraduate degree) was 1.61 times the minimum wage (NT\$20,008); for graduate degree holders, it was 1.91 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 men and women. There is 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 2015, there was no significant difference in the male-to-female salary ratio; the difference was less than 1.3% among all employee types. In terms of salary adjustments, in 2015, 72.7% of employees received a raise of more than 2% compared to 2014.

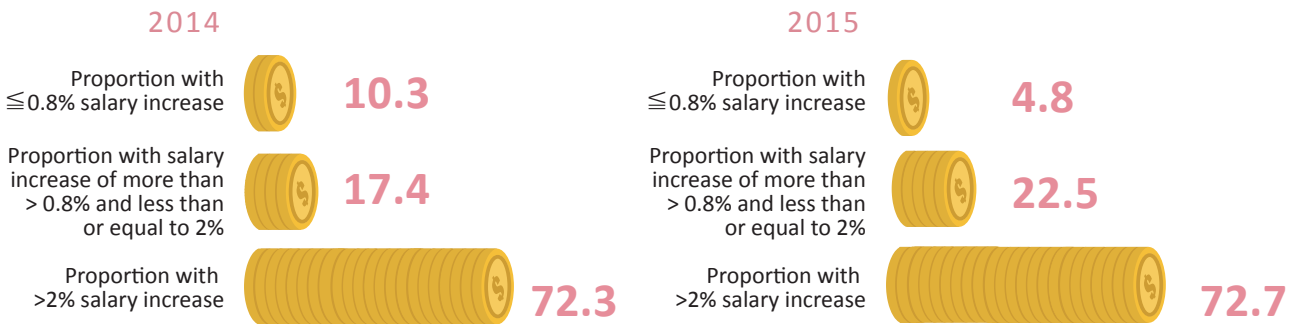
Benefits	Description
Bonuses	<ul style="list-style-type: none"> <li>Performance-based adjustments, year-end bonuses, and other variable bonuses.</li> </ul>
Benefits and Subsidies	<ul style="list-style-type: none"> <li>Holiday travel for senior employees, employee health exams, trust fund, club subsidies,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

### Salary Ratio Between Male and Female



Note: Compensation consists of basic salaries for 2015 and annual bonuses.

### Salary adjustments for full-time employees



Note: For those with a salary adjustment of ≤2%, for example, proportion = (No. of employees with a salary adjustment of ≤2%)/Total number of employees.

### Employee reinstatement and retention rate after taking unpaid parental leaves

	No. of male	No. of female	Total
Employees eligible for taking unpaid parental leaves in 2015	185	305	490
Employees who applied for unpaid parental leaves in 2015	1	67	68
Expected reinstatement after unpaid parental leave in 2015	1	76	77
Actual reinstatement after unpaid parental leave in 2015	1	54	55
Actual reinstatement after unpaid parental leave in 2014	2	28	30
Employees still on the job 12 months after returning from taking an unpaid parental leave in 2014	3	27	30
Reinstatement rate (%)	100.00%	71.05%	71.43%
Retention rate (%)	100.00%	96.43%	100.00%

Note:

1. Reinstatement rate: Actual reinstatement after taking unpaid parental leaves/Expected reinstatement after taking unpaid parental leaves
2. Retention rate: Employees still on the job 12 months after returning from taking unpaid parental leaves (during the previous period)/Actual reinstatement after taking unpaid parental leaves (during the previous period)

## 5.2 Promote Harmonious Employee and Employer Relations

### Human Rights and Labor Audits

Labor rights are now gaining traction. In order to fulfill our corporate social responsibility, ensure that employee rights conform to labor regulations, and reduce business risks for affiliates, labor auditor training was introduced by PCSC in 2012; the scope of training included affiliates as well. As of 2015, "PCSC Labor Auditor Training" has been held for five successive years. The theme of training was also changed each year to reflect the latest labor laws and regulations. The program helped investment subsidiaries understand latest HR-related laws, regulations, and guidelines. In addition to classroom courses, practical programs were also available to help employees apply what they learned during work. In 2014, for example, the focus was on labor safety techniques at the workplace, so the follow-up program included specially-designed audit missions with students assigned to actual audit teams at selected companies. In 2015, business units were each provided with checklists for "labor conditions" and "occupational safety" in accordance with the TK spirit; this enabled the internal review of labor conditions and work environment in order to propose improvements and take action, which will hopefully see knowledge actually applied within the organization. A total of 63 partners from 28 companies went through the training program in 2015, with building a safe and friendly work environment as their common goal. Each affiliate was also asked to conduct internal inspections after training in order to identify areas of non-compliance, as well as propose corrective actions and timetables.

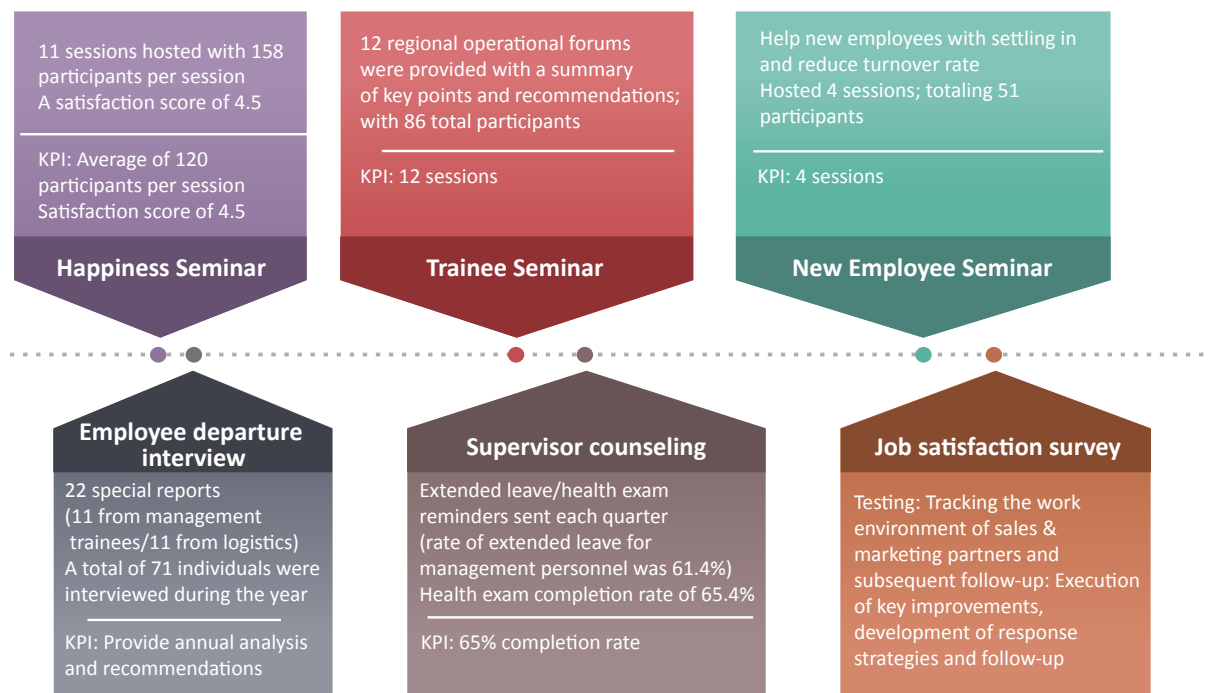
PCSC also audited all franchise stores on key areas such as National Health Insurance/Labor Insurance coverage, work hours, compensation, and occupational safety. Non-compliant stores received additional counseling. A total of 4,334 stores were audited in 2015. 860 stores had one or more areas of non-compliance, with the most common issues being "non-payment for overtime" and "employee attendance records not provided". Closer examinations revealed that 99% of stores which did not pay overtime were unable to provide employee attendance and compensation records. "Employee attendance records not provided" was therefore the primary problem. Other checks on work hours and compensation were also marked as non-compliant due to the lack of relevant data; this shows that there is a lot of room for improvement in terms of data integrity. Every operational division has been instructed to carry out regulatory assistance and make improvements. In the future, additional efforts will be made and comparisons of store improvements will be conducted. Stores that repeatedly have problems with the same issues will also be disclosed to push for proper management.

## Open Labor-Management Communications

To protect the rights of employees, provide a workplace free from gender discrimination and sexual harassment, and encourage employees to communicate directly with management, PCSC has established up the "Joint Services Center" and a "dedicated email account" for handling 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. PCSC views its employees as business partners rather than company asset. Our mission is to combine our vision for the future with employees' development goals. There has been harmonious labor-management interactions and relations at PCSC 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 5 human rights-related complaints in 2015, with most cases relating to work hours, leaving the job, and compensation; all cases on record were resolved and closed within the same year.



## Implementation of diversified caring and follow-up plans









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 will receive a 10-day advance notice; those between 1 to 3 years will receive a 20-day advance notice; those over 3 years will receive a 30-day advance notice.

## 5.3 Worker Safety and Health


The physical/mental health and balance of our partners is important to us, and occupational safety and environmental hygiene is very important as well. To ensure a safe and hygienic work environment for all employees, a Safety and Health Committee as well as the Occupational Safety Office was established in accordance with the "Labor Safety and Health Act". In 2015, the Occupational Safety Committee consisted of 14 members, including 5 labor representatives, or 36% of the committee membership. Work-related injury statistics are recorded every month. Incidents are also analyzed and publicized. In 2015, there were a total of 21 "Industry-specific Occupational Injury" cases. Our occupational injury frequency was 2.5 cases per 1,000 people, while the number of deaths due to occupational injuries was zero.

### Occupational Injury Statistics


Non-industry-specific occupational injury	Industry-specific occupational injury				
Traffic + Other	Exposure to high /low temperatures	Ladders	Floor	Tools	Lifting/ stocking goods
 <b>76 cases</b>	 <b>7 cases</b>	 <b>3 cases</b>	 <b>2 cases</b>	 <b>3 cases</b>	 <b>6 cases</b>

### 2015 Disabling Injury Statistics

(not including traffic accidents)

<b>Occupational injury rate per 1,000 people</b>	<b>2.5</b>	<b>(Note) Formula:</b> 1) Occupational injury rate per 1,000 people = $\frac{\text{Number of occupational injuries}}{\text{Number of employees}} \times 1,000$ 2) Disabling Injury Frequency Rate (FR) = $\frac{\text{Total number of injuries and deaths}}{\text{Total work hours}} \times 10^6$ (per 1 million work hours) 3) Disabling Injury Severity Rate (SR) = $\frac{\text{Total days lost}}{\text{Total work hours}} \times 10^6$ (per 1 million work hours)	
<b>Disabling Injury Frequency Rate (FR)</b>	<b>1.29</b>		
<b>Disabling Injury Severity Rate (SR)</b>	<b>33.34</b>		

### Absentee Rate (AR)

<b>Number of days absent</b>	<b>10,841</b>	<b>(Note)</b> 1) Absentee rate (AR) = Total number of days absent / Total work hours x 100%. 2) The total number of days absent include menstrual leaves, extended sick leaves, sick leaves, injury leaves, and official sick leaves.	
<b>Total work days</b>	<b>2,137,920</b>		
<b>Absentee rate</b>	<b>0.51%</b>		

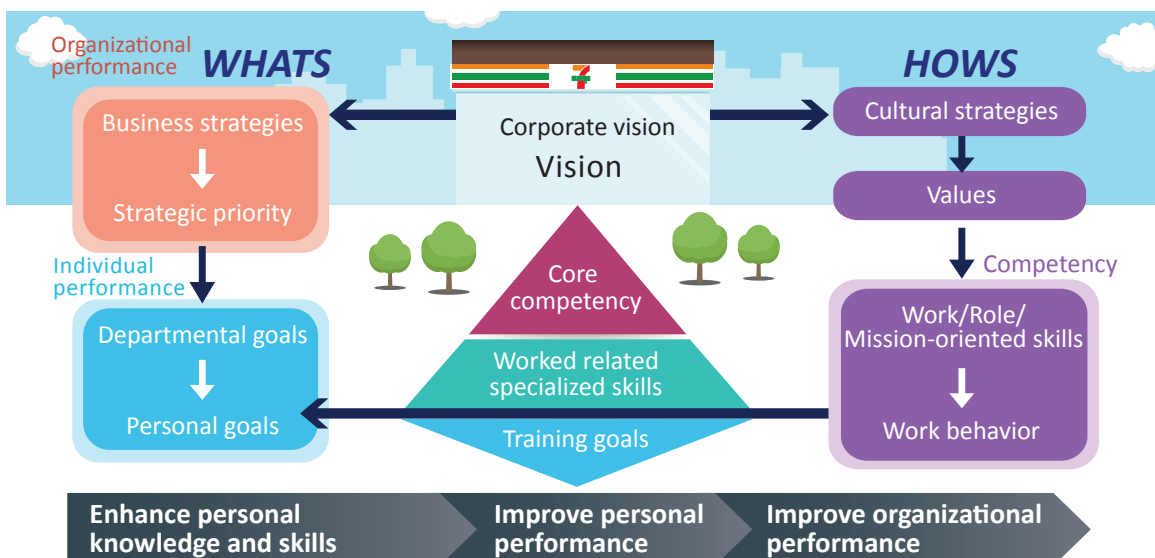
## Labor safety and health enforcement

1	Established health and safety organizations	<ul style="list-style-type: none"> <li>Established the Safety and Health Committee and Occupational Safety Office to study and manage safety and health operations.</li> </ul>
2	Carried out safety and health management	<ul style="list-style-type: none"> <li>Produce labor safety notices for our employees to follow in accordance with the Labor Safety &amp; Health Act.</li> </ul>
3	Implementation of safety and health education, training, and exercises	<ul style="list-style-type: none"> <li>Safety and health education and training for all newly hired and current employees. "Emergency Response" evacuation exercises are also conducted on a regular basis to help employees master evacuation skills.</li> </ul>
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 2015, a total of 48 random on-site audits were conducted. Recommendations for improvements were proposed and tracked.</li> <li>Conduct tests on indoor air quality, water quality, lighting, and perform period cleaning/sterilization.</li> </ul>
5	Healthcare and insurance	<ul style="list-style-type: none"> <li>Every employee receives group accident, life, and medical insurance coverage starting on their first day at work. Subsidies are offered for health exams.</li> </ul>
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>
7	Occupational safety and health handbook	<ul style="list-style-type: none"> <li>The handbook provides employees with information such as the labor inspection checklist, occupational injury assessment and management, and occupational injury cases.</li> </ul>

## 5.4 Promotion and Rewards

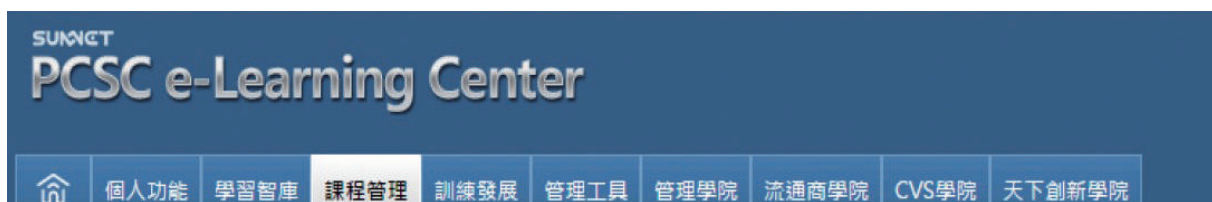
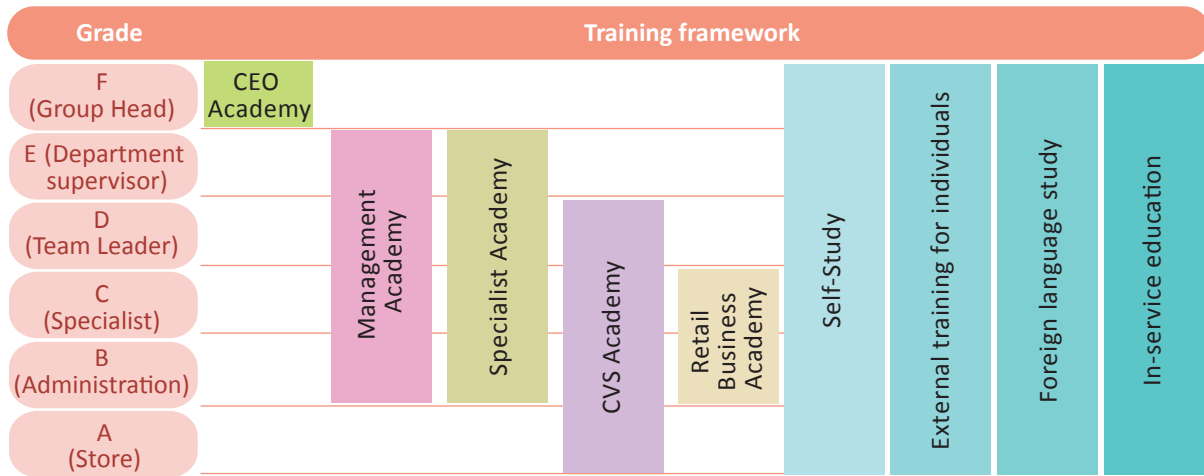
### Employee Education, Training, and Career Development

Education and training is the main driving force of organizational growth; they do not just apply to new employees, but all partners must continue to study and to grow. PCSC possesses the most complete personnel development program in the industry. Extensive "classroom lectures" combined with "online learning" have helped cultivate an outstanding learning organization.





## PCSC 7-ELEVEN University Training Framework



PCSC strives to build a "fair and friendly" workplace where both men and women can enjoy the same training and development opportunities, and employees have fair and transparent opportunities to be promoted

### 1. Individual Development Program

PCSC employees each have a customized "Individual Development Program" he/she developed with the help of direct superiors based on his/her personal education background, work requirements, performance evaluation results, and career development needs. The program lays out the best combination of development courses for the employee at different stages in their career while working for the Company; these help the employee learn and grown in a focused, organized, and disciplined manner, as well as progressively master all kinds of professional knowledge and skills.

## 2. Training Plans

### 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 policies. 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 refuse to give or accept bribes. E-mail communications are used to reinforce the message. New logistics employees must 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 customized 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 classroom 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-enhancement opportunities including providing individual subsidies for external training, language classes, and on-the-job education.

### Building an organization for learning

The "Commonwealth Innovation Academy" and mobile e-learning was introduced to provide employees with additional channels for learning, expand their fields of knowledge, strengthen their competitiveness, and transform PCSC into an organization for learning: An external knowledge platform was used to provide a range of self-learning channels. Employees can use different mobile devices (e.g. mobile phones, tablets) to acquire knowledge and concepts from the platform to boost their industry know-how, level of internationalization, and expand their global horizons. Being able to carry out learning at different times and space during their spare time also boosted learning efficiency.

### Hosting of the "OPEN Masterclass"

In addition to diversified self-study, experience sharing is also necessary for true learning. The "OPEN Masterclass" has been held on "Learning Thursdays" since 2015. All department heads are invited to share their knowledge from different fields or insights in business management. Shared information from executives is used to produce online courses that promote a learning culture from the top-down. Lectures were presented by 25 department heads in 2015. More than 1,700 people participated in the courses and student satisfaction score averaged over 4.6. Student response to department heads serving as instructors was extremely positive.



## Overview of the comprehensive education and training system

### Average employee training hours in 2015

Employee category	Total training hours (h)	Total participants (individuals)	Average training hours (hours/individual)
Executives	770	93	8
Mid-level Managers	2,134	356	6
Specialists	150,790	27,107	6
Technicians (store staff)	244,023	40,797	6
Total	397,717	68,353	6

### 3. Continued Education and Career Development

PCSC employees can enrich their learning experience through diverse continuing education channels which include: Guidance from supervisors and peers, knowledge management systems, external training courses, internal training courses, seminars and symposiums, online learning, on-the-job training, in-service education, as well as physical and digital libraries.

#### A. Multiple Channels for Career Development

No effort is spared 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 systems 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.

#### B. Job Rotation

Employees are encouraged to experiment and gain experience from different units in order to expand their horizon and expertise.

#### C. Overseas Assignment

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

### Learning and development for newly hired logistics personnel

- 

Contract signing
- 

Store experience
- 

Reporting for duty at headquarters (district)
- 

Online classes
- 

New employee seminar
- 

Tiered training courses

In order to let office managers develop a sense of empathy towards stores, understand how plans made by headquarters will affect the stores, put themselves in the stores' position when implementing new programs and provide suitable explanations, the In Store Experience (ISE) project was introduced for the first time in 2015. A customized experience (e.g. sales pitch, stock-arrival/sorting, ingredient refills, coffee brewing, fast payment processing, etc.) was setup to allow office managers from headquarters better understand store operations, and help them empathize with store staff who must work hard to satisfy customer requirements and provide customer service; this in turn helps them understand how overall planning affects store operations (store operations must comply with company regulations and SOPs set by logistics). These experiences are intended for finding more efficient ways for stores to operate. A total of 28 ISE projects were conducted in 2015, with Operations and Marketing teams leading the way; there were a total of 52 participants (1 director, 15 department heads, and 36 managers). In addition, to improve the quality of the experience, we trained 12 counselors with course design and guidance skills to provide professional guidance.

**Effects of ISE on logistics managers (case studies):**

Optimized items	Description
Simplified publications of product return procedures	New product returns placed at the front Help stores keep up to date on the latest return information published so they don't have to scroll down.
New product resource support platform	Provide an open platform that helps stores wishing to host tasting events secure resources
Simplification of store order placement	Added subsidy information to help stores determine at time of ordering whether a product has any active promotions or subsidies.
Refrigerator safety	Restocking light/ 225 cm corridors were listed as a part of standard store feature so that stores no longer have to restock by walking through dark and narrow passages.

Headquarters is the support center for stores. Direct experiences help office managers develop better policies that suit customer requirements.

**Elite Program for Talent Cultivation**

The goal of the Elite program is to identify potential management talent; then through job rotations, assignments, and training courses, cultivate their management skills for future promotion. The first wave of the Elite program was launched in 2013, and a total of 46 people completed the 9-month training program. As of January 2015, 11 of the 46 outstanding individuals have been promoted to become department managers and 1 individual was appointed as a department's deputy manager. The diversified development approach to training and cultivation was also adopted in 2015.

**Plans :**

Cultivation phase	Cultivation content	Cultivation goals
Individual Development Program	<ul style="list-style-type: none"> <li>Competency evaluation</li> <li>Job Rotation</li> <li>Personalized coaching</li> </ul>	Identify potential skills for development Complete the talent development program
Enhancement of knowledge & skills	<ul style="list-style-type: none"> <li>IDP courses</li> <li>The ability to execute strategies</li> <li>Finance courses</li> <li>HR courses</li> <li>Book club</li> </ul>	Enhance knowledge on talent management Strategic planning skills
Motivation	<ul style="list-style-type: none"> <li>Start-up meeting</li> <li>Elite e-newsletter</li> <li>Talent conference</li> </ul>	Motivate learning Sharing of the latest cultivation information Talent development meeting
Feedback	<ul style="list-style-type: none"> <li>1-On-1 mentoring records</li> <li>Presentation of results</li> </ul>	Regular follow-up and guidance Review the outcome of talent development

## Cultivation interest surveys

HR conducts a cultivation interest survey in April of each year, which covers department managers at affiliated enterprises as well as specialists and team managers at PCSC. Combined with the annual talent inventory, individuals with potential are identified for further cultivation or rotation in order to build a pool of future managers. A total of 1,693 people were surveyed in 2015, 75% of department managers from affiliated enterprises and 60% of PCSC team managers were willing to accept job rotations.

## Self-recommendation

To create more options for identifying talent, conditions and openings for team managers are posted publicly. Employees can nominate themselves for the position to have a clearer career development path. A total of 17 talent evaluations were conducted in 2015; there were 59 self-recommendations and 8 were promoted.

## 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. Elite partners are also selected and recognized every year. Front line personnel include: outstanding store managers, top 100 elite franchisees, elite logisticians, outstanding shift managers, exceptional regional consultants; for logistics and sales employees, there are outstanding partner recognition events where

great employees can be seen and rewarded. The sales category of "Outstanding Employee Selection" is targeted at assistant store managers and store employees of company-owned stores; the logistics category is aimed at specialists and administration employees; in 2015, a total of 24 outstanding partners were selected for setting great examples in "building customer loyalty" and "customer-oriented approach". Each winner was presented with a trophy, NT\$30,000 in award money, and 2 days of honorary leave. A public recognition ceremony was also held on June 3, 2016.

The selection of outstanding employees will hopefully reinforce our people-centric corporate culture. Through public recognition and video production of great deeds performed by outstanding partners, we hope it will not only



make award winners feel proud, but also inspire more hard-working, base-level employees to shine brilliantly at their work position. Our partners will also learn and exchange with each other through these benchmark stories to help create a positive organizational feedback loop!



At the "2015 National Store Manager Awards" organized by the Taiwan Chain Stores and Franchise Association (TCFA), 30 outstanding store manager partners from PCSC and its affiliates including COSMED, Cold Stone Creamery, and Smile competed for the top honor. In the end, 9 individuals were selected to receive the highest award of "National

Store Manager for Best Service"; in the future, these elite employees will become the instructors for next year's outstanding store training course in order to pass on their spirit of professionalism and outstanding services. This award is considered to be the "Oscar" of the franchise industry, and it has been the main goal among competitors within the industry every year.

## 會計師有限確信報告

資會綜字第 15009900 號

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 104 年度企業社會責任報告書（以下稱「社會責任報告書」）所報導之績效指標執行確信程序。本會計師業已確信竣事，並依據結果出具有限確信報告。

### 確信標的資訊與報導基準

有關 貴公司所選定民國 104 年度社會責任報告書所報導之績效指標（以下稱「確信標的資訊」）及其報導基準詳列於 貴公司民國 104 年度社會責任報告書第 102 至 104 頁之「依「上市公司編製與申報企業社會責任報告書作業辦法」第四條第一項加強揭露資訊與確信項目彙總表」。

### 管理階層之責任

貴公司管理階層應依據適當報導基準編製及報導民國 104 年度社會責任報告書及其績效指標，並應建置相關流程、資訊系統及內部控制以防範民國 104 年度社會責任報告書及績效指標有重大不實表達之情事。

### 執業人員之責任

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工作，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 104 年度社會責任報告書整體及其相關內部控制設計或執行之有效性提供任何確信。

### 執業人員之獨立性及品質管制規範

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。

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制制度，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。

### 所執行確信工作之彙總說明

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書
- 對參與提供績效指標的相關人員進行訪談，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，對績效指標進行分析性程序，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確信案件所取得者。

### 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工作之責任。

資 誠 聯 合 會 計 師 事 務 所

會計師 周建宏



中 華 民 國 1 0 5 年 9 月 1 3 日

# Comparison Table of the GRI 4.0 Index

## General Indicator Disclosures

\*Core Disclosures& Indicators of material issues

GRI4.0	Indicators	Page(s)	Corresponding Section and Notes
<b>Strategy and Analysis</b>			
G4-1	* Statement of sustainability issues and strategies for the issues from the most senior decision-maker	2	Message from the Chairman and President
<b>Organizational Profile</b>			
G4-3	* Name of the organization	8	1. About President Chain Store Corporation(PCSC) 1.1 Company Scale and Background
G4-4	* Primary brands, products, and services	11	1. About President Chain Store Corporation(PCSC) 1.2 Our Products and Services
G4-5	* Location of the organization's headquarters	8	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	1. About President Chain Store Corporation(PCSC) 1.1 Company Scale and Background
G4-7	* Nature of ownership and legal form	8	1. About President Chain Store Corporation(PCSC) 1.1 Company Scale and Background
G4-8	* Markets served	11	1. About President Chain Store Corporation(PCSC) 1.2 Our Products and Services
G4-9	* Report the scale of the organization	8	1. About President Chain Store Corporation(PCSC) 1.1 Company Scale and Background
G4-10	* Number of employees by employment type, employment contract ,employment region and genders.	75	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	35	2. A Good Neighbor Who is Always There for You 2.3 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	19	1. About President Chain Store Corporation(PCSC) 1.5 Operating Strategy and Management



GRI4.0	Indicators	Page(s)	Corresponding Section and Notes
G4-15	* List of economic ,environmental and social charters, principles, or other initiatives that are endorsed by organization and developed externally	-	No relevant situation, not applicable.
G4-16	* List of memberships of associations(such as industry associations)and national or international advocacy organizations	23	1. About President Chain Store Corporation(PCSC) 1.6 Stakeholder Communications and Material Issues
<b>Identified Material Aspects and Boundaries</b>			
G4-17	* List all entities included in the organization`s consolidated financial statements	1	About this report
G4-18	* Define how to follow the process and organization of the report content and the aspect boundaries	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	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 in the organization	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	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 applicable.
G4-23	* Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	-	No change, not applicable.
<b>Stakeholder Engagement</b>			
G4-24	* Provide a list of stakeholder groups engaged by the organization	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	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	23	1. About President Chain Store Corporation(PCSC) 1.6 Stakeholder Communications and Material Issues

GRI4.0	Indicators	Page(s)	Corresponding Section and Notes
G4-27	* Report key topics and concerns that have been raised by stakeholders, and how the organization has responded to those key topics and concerns	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 last report	1	About this report
G4-30	* Reporting cycle	1	About this report
G4-31	* Contact information	1	About this report
G4-32	* GRI disclosure indicator, complying and external assured report	95	About this report Comparison Table of the GRI 4.0 Index
G4-33	* Report the organization`s policy and current practice with regard to seeking external assurance for the report	1	About this report
<b>Governance</b>			
G4-34	* Report the governance structure of the organization	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 the organization reports directly to the highest governance body	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 by: <ul style="list-style-type: none"> <li>• Executive or non-executive director</li> <li>• Independent director</li> <li>• Tenure of the governance body</li> <li>• Other significant positions and commitments of members of governance body , and the nature of the commitments</li> <li>• Gender</li> <li>• Members of under-privileged social groups</li> <li>• Competences relating to economic, environmental and social impacts</li> <li>• Stakeholder representation</li> </ul>	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 (and, if so, report his or her function within the organization`s management and the reasons for this arrangement).	-	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, including: <ul style="list-style-type: none"> <li>• Whether and how diversity is considered</li> <li>• Whether and how independence is considered</li> <li>• Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>• Whether and how stakeholders (including shareholders) are involved</li> </ul>	14	1. About President Chain Store Corporation(PCSC) 1.3 Corporate Governance

\*Core Disclosures& Indicators of material issues

GRI4.0	Indicators	Page(s)	Corresponding Section and Notes
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	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 and ensures that all material aspects are covered.	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	14	1. About President Chain Store Corporation(PCSC) 1.3 Corporate Governance
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	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	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, such as helplines or advice lines.	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, such as escalation through line management, whistleblowing mechanisms or hotlines	14	1. About President Chain Store Corporation(PCSC) 1.3 Corporate Governance

## Specific Disclosures

\*Core Disclosures& Indicators of material issues

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes
<b>Economic</b>			
Economic Performance	G4-EC1	Direct economic value generated and distributed by the organization	1. About President Chain Store Corporation(PCSC)
			8
			19
G4-EC2	Financial implications and other risks and opportunities for the organization`s activities due to climate change	1.1 Company Scale and Background	
		19	
		65	
G4-EC3	Coverage of the organization`s defined benefit plan obligations	1.5 Operating Strategy and Management	
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		68	
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	4. A Good Neighbor Who is Involved with the Local Community
			75
			75
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	4.3 Bringing People Together through Charity	
		75	
		75	
G4-EC7	Investments in infrastructure and development and impact of supporting services	4.4 Stores Participating in Volunteering Services Becoming Community Care Stations	
		60	
		60	
Indirect Economic Impacts	G4-EC8	Significant indirect economic impacts, including the extent of impacts	5. A Good Neighbor Who Creates a Friendly Workplace
			35
Purchase Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	5.1 Implementation of Employee Care
			35
<b>Environmental</b>			
Materials	G4-EN1	Report the total weight or volume of materials that are used to produce and package the organization`s primary products and services during reporting period	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care
			2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes
Energy	G4-DMA Energy management approach	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	G4-EN3 Energy consumption within the organization	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	G4-EN4 Energy consumption outside the organization	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	G4-EN5 Energy Intensity	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	G4-EN6 Reduction of energy consumption	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	G4-EN7 Reductions in energy requirements of products and services	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	Emissions	G4-DMA *Emissions Management Approach	45
G4-EN15 Direct greenhouse gas emissions(scope1)		45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
G4-EN16 Energy indirect greenhouse gas emissions(scope2)		45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
G4-EN17 Other indirect greenhouse gas emissions(scope3)		45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
G4-EN18 Greenhouse gas emissions intensity		45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
G4-EN19 Reduction of greenhouse gas emissions		45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes	
Products and Services	G4-EN27	Reduction of extent of environmental impact brought by products and services	54	3 A Good Neighbor Who Cares for the Environment 3.3 Green Living
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	54	3 A Good Neighbor Who Cares for the Environment 3.2 A Fast, Convenient, and Always Open Recycling Platform
Compliance	G4-DMA	* Compliance Management Approach	54	3 A Good Neighbor Who Cares for the Environment 3.3 Green Living
	G4-EN29	* Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	54	3 A Good Neighbor Who Cares for the Environment 3.3 Green Living
Transport	G4-DMA	* Transport Management Approach	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
	G4-EN30	* Significant environmental impacts brought by transporting products ,other goods and material for the organization`s operations; and transportation of employees	45	3 A Good Neighbor Who Cares for the Environment 3.1 Supporting the Global Carbon Reduction Trend
Overall	G4-EN31	Total environmental protection expenditures and investment by type	54	3 A Good Neighbor Who Cares for the Environment 3.3 Green Living
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that are screened using environmental criteria	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
<b>Social</b>				
<b>Sub Categories: Labor Practices and Decent Work</b>				
Employment	G4-LA1	Total numbers and rates of new employee hires and employee turnover by age group, gender and region	75	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care
	G4-LA2	Benefits provided to full time employees(not include temporary or part time employees), by significant locations of operation	75	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	75	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes
Labor/ Management Relations	G4-DMA * Labor/Management Relations Management Approach	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
	G4-LA4 * Whether explain the minimum notice periods regarding operational changes specifically in collective negotiations	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
Occupational Health and Safety	G4-DMA * Occupational Health and Safety Management Approach	86	5. A Good Neighbor Who Creates a Friendly Workplace 5.3 Worker Safety and Health
	G4-LA5 * Percentage of labor representatives that help monitor and provide advice on occupational health and safety programs in formal labor health and safety management committee	86	5. A Good Neighbor Who Creates a Friendly Workplace 5.3 Worker Safety and Health
	G4-LA6 Type of injury ,rates of injury, occupational diseases, lost days percentage, and absence rate, and total number of work-related fatalities, by region and by gender	86	5. A Good Neighbor Who Creates a Friendly Workplace 5.3 Worker Safety and Health
Training and Education	G4-LA9 Average hours of training per year per employee by gender, and by employee category	87	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 retired life	87	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	87	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards
Diversity and Equal Opportunity	G4-LA12 Composition of governance body members and all kinds of employees by gender, age group, minority group membership, and other indicators of diversity	75	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care
Equal Remuneration for Women and Men	G4-LA13 Ratio of basic salary and remuneration of women to men by employees category and by significant locations of operation	75	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes	
Labor Practice Assessment of Supplier	G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
	G4-LA15	Significant actual or potential negative impacts for labor practices in the supply chain and actions taken	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
Labor Practice Problem Grievance Mechanisms	G4-DMA	* Management approach of labor practice problem grievance mechanisms	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
	G4-LA16	* Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
<b>Sub Categories: Human Rights</b>				
Investment	G4-HR2	Total hours of employee training on human rights policies that are relevant to operation and the percentage of employees trained	87	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken by the organization	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
Freedom of Association and Collective Bargaining	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	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
Child Labor	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	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
			75	5. A Good Neighbor Who Creates a Friendly Workplace 5.1 Implementation of Employee Care
Forced or Compulsory Labor	G4-DMA	* Forced or Compulsory Labor Management Approach	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations



Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes
Forced or Compulsory Labor	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	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
Assessment	G4-DMA * Assessment Management Approach	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
	G4-HR9 *Total number and percentage of operations that have been subject to human rights reviews or impact assessment	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
Supplier Human Rights Assessment	G4-HR10 Percentage of new suppliers that were screened using human rights criteria	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
	G4-HR11 Significant actual and potential negative human rights impacts in the supply chain and actions taken	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
Human Rights Grievance Mechanisms	G4-DMA * Human Rights Grievance Mechanisms Management Approach	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
	G4-HR12 * Number of grievances about human rights impacts filed, addressed, and resolves through formal grievance mechanisms	84	5. A Good Neighbor Who Creates a Friendly Workplace 5.2 Promote Harmonious Employee and Employer Relations
<b>Sub Categories: Society</b>			
Local Communities	G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs	59	4. A Good Neighbor Who is Involved with the Local Community 4.1 Building a Happy Community
Anti-corruption	G4-SO4 Communication and training in anti-corruption policies and procedures	59	5. A Good Neighbor Who Creates a Friendly Workplace 5.4 Promotion and Rewards

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes
Supplier Assessment for Impacts on Society	G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society	35	2. A Good Neighbor Who is Always There for You 2.3 Supply Chain Management
<b>Sub Categories: Product responsibility</b>			
Customer Health and Safety	G4-DMA * Customer Health and Safety Management Approach	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
	G4-PR1 * Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
	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	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
Product and Service Labeling	G4-DMA * Product and Service Labeling Management Approach	41	2. A Good Neighbor Who is Always There for You 2.4 Warm Services, Always Open
	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	30 35	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management 2.3 Supply Chain Management
	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	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
	G4-PR5 * Result of surveys measuring customers satisfaction	41	2. A Good Neighbor Who is Always There for You 2.4 Warm Services, Always Open

Material Aspect	DMA and Indicators	Page (s)	Corresponding Section and Notes
<b>Marketing Communications</b>	G4-DMA * Marketing Communications Management Approach	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
	G4-PR6 Sale of banned or disputes products	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety 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 the outcomes	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
<b>Customer Privacy</b>	G4-DMA * Customer Privacy Management Approach	41	2 A Good Neighbor Who is Always There for You 2.4 Warm Services, Always Open
	G4-PR8 * Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	41	2 A Good Neighbor Who is Always There for You 2.4 Warm Services, Always Open
<b>Compliance</b>	G4-DMA * Compliance Management Approach	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management
	G4-PR9 * Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	30	2 A Good Neighbor Who is Always There for You 2.2 Total Product Safety Management

## Assurance Checklist

Enhanced Disclosure Under Article 4, Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (hereinafter referred to as "Rules")

No	Subject Matter Information	Pages	Reporting Criteria	Rules
1	The "Merchandise Safety Committee" coordinates the joint inspection and consolidation of product safety and quality management practices by all PCSC units; it also tracks serious product safety violations, customer feedback, and regulation identification efforts to establish a systematic management system. The Merchandise Safety Committee has convened three times this year. The system affects 100% of PCSC privately-owned products.	30	The management procedures of the organization and operations of the Merchandise Safety Committee and the time of annual meeting in 2015. As well as the categories and percentages of products affected. The percentage of the products affected is set according to the scope and outcomes of the operation of the Merchandise Safety Committee. The percentage is 100% if it affects all categories of products at PCSC.	Article 4.1(A)
2	In 2015, a total of 1,014 Level A, B, and C messages were collected. The system affects 100% of PCSC privately-owned products.	31	According to "Product Safety Information Collection, Assessment and Tracking Procedure" as defined by the information level (refer to p.31), frequency and situation of collection, assessment, and the categories and percentages of products affected. The percentage of the products affected is set according to the scope and outcomes of the collection and tracking of product safety information. The percentage is 100% if it affects all categories of products at PCSC.	Article 4.1(A)
3	In 2015, fresh produce such as bananas and vegetables reached 59% and 57% implementation, respectively	33	According to the company standard of the integration to manage distribution logistics (refer to p.33). By the end of 2015, ratio of products distributed via integrated transportation with respect to sales of products within the same category.	Article 4.1(A)
4	Food products sold through PCSC stores must all comply with the Act Governing Food Safety and Sanitation as well as its sub-laws. The sub-laws include Regulations on Good Hygiene Practice for Food, Food Sanitation Standards, as well as other relevant laws issued by the Ministry of Health and Welfare. There were no fines issued against PCSC for violating any of the laws and regulations mentioned above in 2015.	30	The total violation cases of the Act Governing Food Safety and Sanitation as well as its sub-laws are notified by related authority in 2015.	Article 4.1(B)
5	Not applicable. The PCSC's proprietary products do not purchase goods in line with internationally recognized standards of responsibility of food.			Article 4.1(C)
6	Not applicable. PSCS does not operate its production facilities.			Article 4.1(D)

No	Subject Matter Information	Pages	Reporting Criteria	Rules
7	In 2015, a total of 2 privately owned product suppliers were added; they have completed the evaluation process in accordance with the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines". This represented 100% of all new food vendors and the pass rate was 50%. For the supplier that failed testing, corrective action was required before product listing, and it has since achieved the passing score.	37	According to the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines"(refer to p.37) to evaluate new proprietary food product suppliers by numbers, percentage and result of executions.	Article 4.1(E)
8	In 2015, there were 28 existing suppliers <sup>1</sup> , 2 of private brand food products. 28 suppliers(Note 1)(Note 2) were evaluated in accordance with the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" this year to provide 100% coverage of all private brand food product suppliers that PCSC deals with. A total of 23 passed the evaluation for a pass rate of 82.14%. Apart from issuing fines to non-conforming suppliers in accordance with the merchandise quality contract, the suppliers were also asked to undertake corrective measures and complete a re-evaluation; all have which have achieved a pass rating. (Note1) To ensure consistency in our business philosophy and product quality, suppliers that are subsidiaries of the parent company, Uni-President Enterprises, are assessed through the parent company's QA system; there they do not fall within the scope of the supplier evaluation conducted by PCSC. The supplier number and evaluation results disclosed below do not include Uni-President Enterprises Corp. (Note 2) Food product suppliers do not include suppliers of raw materials used in food products (e.g. coffee beans used for City Café and eggs used for making tea flavored eggs).	38	According to the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" (refer to p.37) to evaluate existing suppliers of private brand food products by numbers, percentage and result of executions.	Article 4.1(E)

No	Subject Matter Information	Pages	Reporting Criteria	Rules
9	<p>In 2015, there were 16 (Note 1) private label food product suppliers<sup>1</sup>; 14 of which were evaluated in accordance with the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" this year to provide 87.50% coverage of all private label food product suppliers that PCSC deals with. A total of 13 passed the evaluation for a pass rate of 92.86%. Apart from issuing fines for the non-conforming suppliers in accordance with the merchandise quality contract, the suppliers were also asked to undertake corrective action and complete a re-evaluation; all suppliers have since achieved a pass rating.</p> <p>(Note 1) To ensure consistency in our business philosophy and product quality, suppliers that are subsidiaries of the parent company, Uni-President Enterprises, are assessed through the parent company's QA system; there they do not fall within the scope of the supplier evaluation conducted by PCSC. The supplier number and evaluation results disclosed below do not include Uni-President Enterprises Corp.</p>	38	According to the "Privately Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" (refer to p.37) to evaluate existing suppliers of private label food products by numbers, percentage and result of executions.	Article 4.1(E)
10	Not applicable. PSCS is not required under regulatory to set up a traceability system.			Article 4.1(F)
11	As of the end of 2015, the QC Lab has established 513 tests in accordance with CNS and relevant bulletins/guidelines issued by the Taiwan Food and Drug Administration and other agencies.	33	By the end of 2015, the Food Inspection Lab has already established inspection items listed by the government in accordance with the inspection methods published and suggested by CNS or the Food and Drug Administration of the Ministry of Health and Welfare.	Article 4.1(F)
12	There were additional 108 voluntary test items not based on the official methods mentioned above.	33	By the end of 2015, the Food Inspection Lab has established non-standard inspection items based on foreign regulations or methods adopted in international publications (not based on inspection items listed and suggested by the government in accordance with the inspection methods published by CNS or the Food and Drug Administration of the Ministry of Health and Welfare.)	Article 4.1(F)
13	To enhance the credibility of testing, the QC Lab has secured ISO/IEC 17025:2005 certification from the Taiwan Accreditation Foundation (TAF)	34	The Food Inspection Lab received TAF accredited items.	Article 4.1(F)
14	Taiwan Accreditation Foundation (TAF): 3 microorganism tests in accordance with ISO/IEC 17025:2005	35	The Food Inspection Lab received TAF accredited items.	Article 4.1(F)

No	Subject Matter Information	Pages	Reporting Criteria	Rules
15	Taiwan Food and Drug Administration (TFDA): 4 items related to nitrofurans metabolites 4 items related to microorganisms 48 items related veterinarian drugs	35	The Food Inspection Lab received TFDA accredited items.	Article 4.1(F)
16	In terms of actual testing, testing expenditures in 2015 (including testing, salaries, depreciation, and equipment maintenance) amounted to NT\$18,202,266, or 0.01364% of the entity operating revenue.	34	The Food Inspection Lab relevant expenses and the percentage of such expenses to the net operating income of individual financial statements.	Article 4.1(F)
17	938 out of 955 raw materials or merchandise tested passed testing for a pass rate of 98.2%.	34	According to the standard inspection items listed by the government in accordance with the inspection methods published and suggested by CNS or the Food and Drug Administration of the Ministry of Health and Welfare and non-standard inspection items based on foreign regulations or methods adopted in international publications of the project total number, the number of qualified and qualification rate of inspection.	Article 4.1(F)
18	At the end of 2015, there were 46 suppliers with privately owned food products; these represented 54 total factories, and 49 of them had obtained ISO22000 certification.	38	By the end of 2015, the total numbers of the suppliers with privately owned food products and factories, and the total numbers of ISO22000 certification obtained and factories that had obtained ISO22000 certification.	PCSC voluntary assured items
19	In 2015, 21,771 store audits were conducted and 21,225 have passed for a pass rate of 97.5%.	42	According to the annual audited times and results of ensuring expired products are properly removed from the QSC quality service stores, and the percentage of the passed stores to total audited stores (refer to p.42).	PCSC voluntary assured items
20	QA training courses held in 2015 included seminars for newcomers to the food industry, QA and freshness management, as well as refresher training (including online courses). A total of 9,560 people took part in the training.	42	The total numbers of individuals who have completed store quality assurance training established according to Regulations on Good Hygiene Practice for Food.	PCSC voluntary assured items
21	Material and Quality Assurance System (MAS) PCSC is not required under Article 9 of the Act Governing Food Safety and Sanitation to set up a traceability system. Nevertheless, PCSC has partnered with Taiwan Delica Foods to set up a product raw material and quality assurance management database (Raw material purchasing database, MAS) for fast foods, rice, and seasoned bread products. Approved raw materials and suppliers are entered into the MAS database for traceability management. This ensures that the raw materials and suppliers for fast food, rice, and seasoned bread products are easily traceable.	32	Product raw material and quality assurance management database of fast foods, rice, and seasoned bread products set up in accordance with Article 9 of the Act Governing Food Safety.	PCSC voluntary assured items

