



# 1

## About PCSC

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

### 1.1 Business Scale and Background

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

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

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



**President  
Chain Store  
Corporation**

Number of Employees 7818

Year Founded 1978

Chairman Lo, Chih-Hsien

President Chen, Jui-Tang

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

Capital Sum NT\$ 10.396 billion

Cut-off Date: Dec. 31st, 2013

## PCSC Milestones

### 1. Solid Business Foundation

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

### 2. Expansion of Store Business

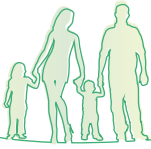
- 1980** Opened the first 7-ELEVEN store (Changan)
- 1995** Opened the 1000th 7-ELEVEN store
- 1996** PCSC extended its network to Yilan and Huatung districts, completing its convenience network in Taiwan.
- 1999** Opened 2000th store: PCSC overcame difficulties in logistics and expanded business to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



### 3. Continuous Service Innovations

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



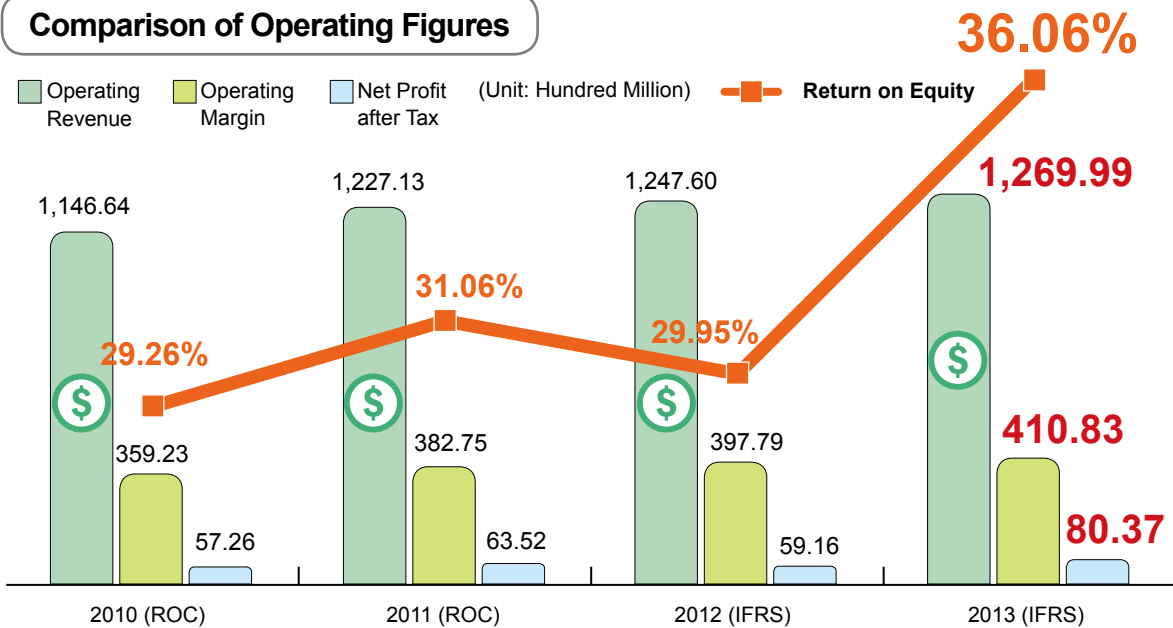


## Financial Performance

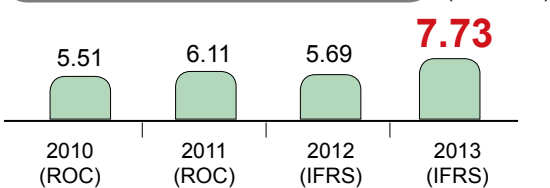
Given the unstable international economic conditions in 2013 and increasing costs due to energy and labor, PCSC faced greater challenges in its operations. Despite unpredictable external economic environments, the company improved its store quality, optimized merchandise structures, and launched promotional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

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

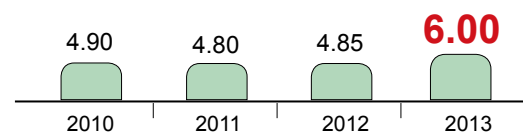
### Comparison of Operating Figures



### Comparison of Basic Earnings per Share



### Comparison of Cash Dividends



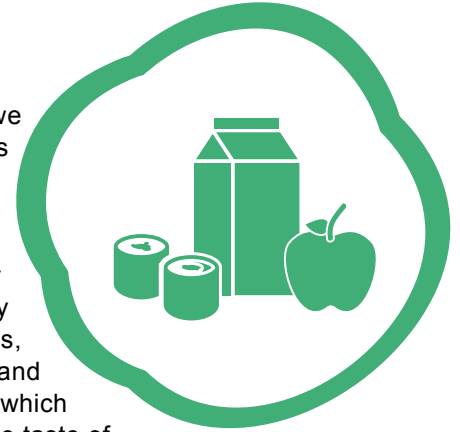
Notes: ROC (Republic of China, ROC GAAP)  
IFRS (International Financial Reporting Standards, IFRSs)

## 1.2 Our Products and Services

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

### Convenient and Safe Products

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



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

### Innovative Convenience Store Services

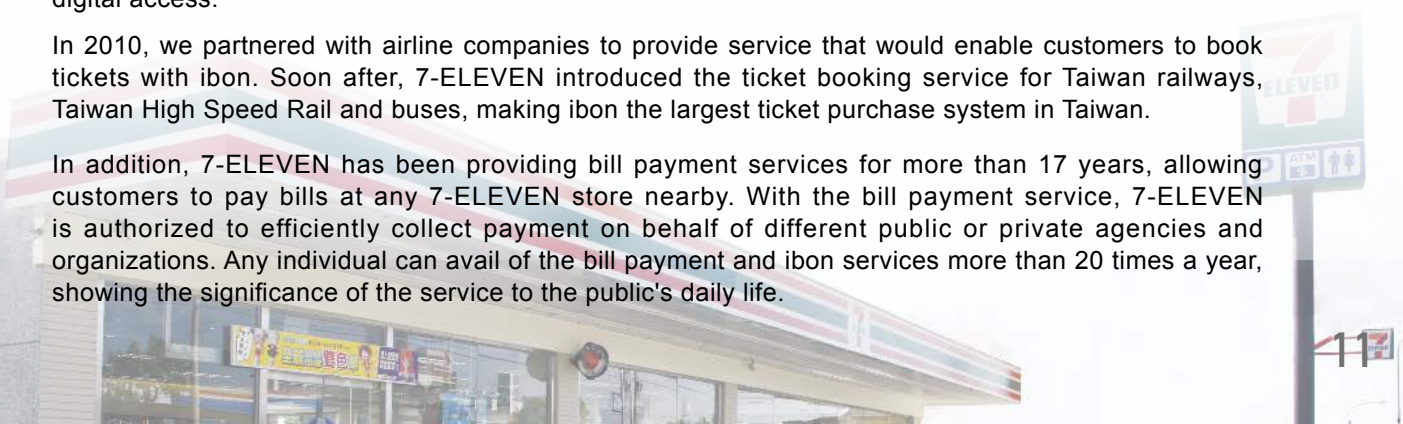
Just like people constantly change their lifestyles, 7-ELEVEN continuously intensifies its network to offer different types of services to customers, who can easily access convenient service 24/7 at any 7-ELEVEN nearby. It is our mission to set a new consumption trend that will revolutionize the industry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

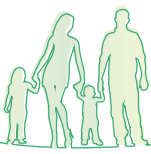
At 7-ELEVEN, customers can pay their utility bills, use ATM machines, photocopy documents, send faxes, print colored documents and photos, send packages through the Easy Delivery, and access Wify, CHT WiFi, as well as the 7-ELEVEN private label and 7WiFi wireless internet service.

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

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

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





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

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

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

## 1.3 Corporate Governance

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

1

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

2

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

3

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

4

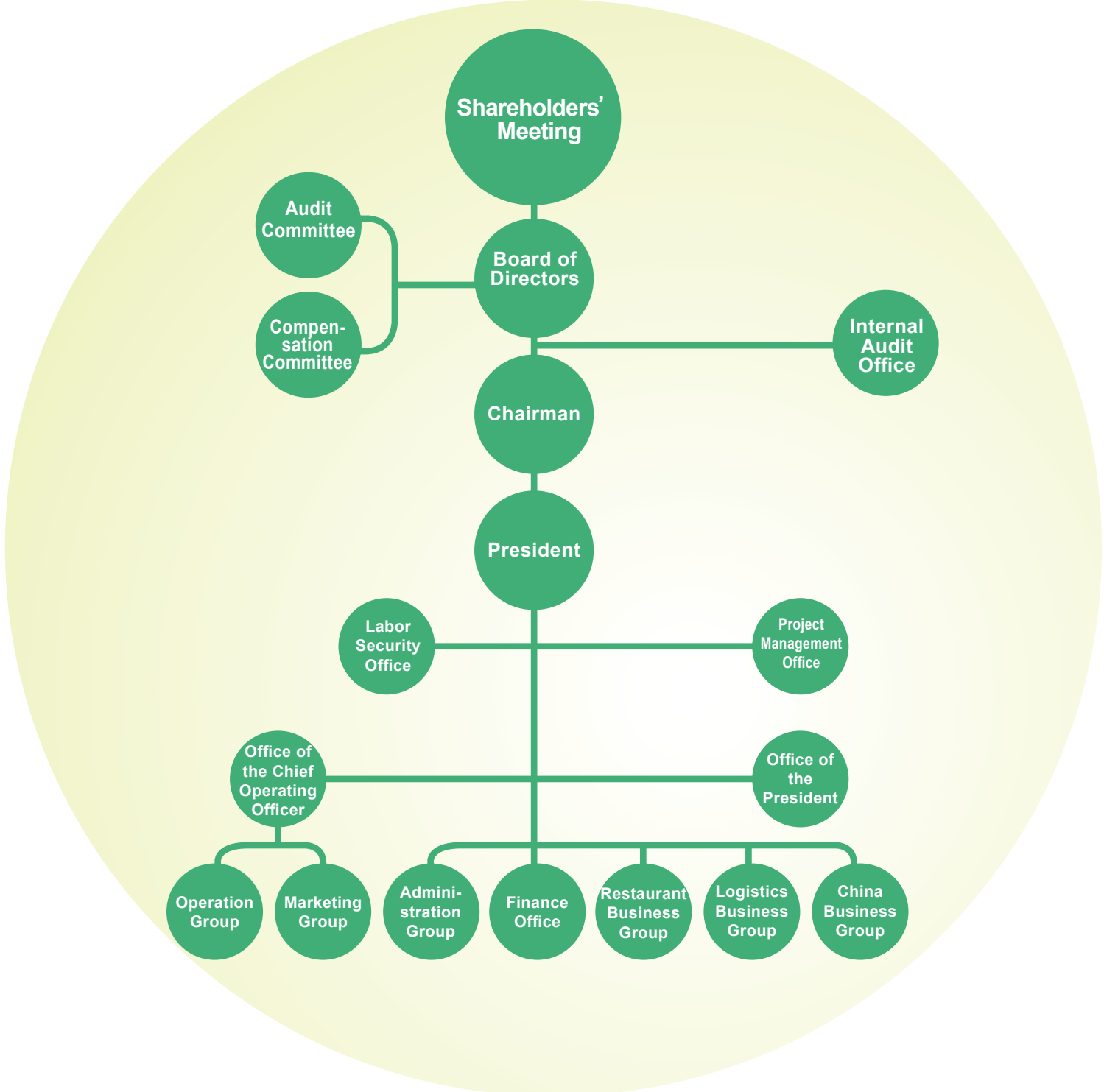
The chief auditor serves as the company's Chief Ethics Officer, responsible for advocating "ethical management" which encourages all employees to sign the self-regulation agreement promoting ethical behavior and practices. Ethical management cases are announced on a quarterly basis to inculcate a sense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

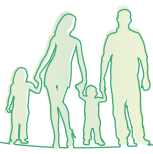
5

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



# Corporate Governance Organization





## Introduction of Independent Directors

### Board of Directors

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

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

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

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

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

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

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

### Audit Committee

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

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

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

### Compensation Committee

### CSR Governance

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

## 1.4 Awards and Recognition

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



2013

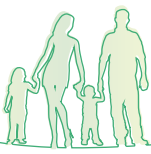
- ★ 《Finance Asia》 One of the top 10 companies in Taiwan under the "Best Managed Company" category
- ★ 《Cheers Magazine》 One of the Top 100 Favorite Corporations of the New Generation
- ★ 《CommonWealth Magazine》 Benchmark Company in Taiwan; No.1 among wholesalers and retailers; 1st place in the Third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

2014

(As of May)

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





## 1.5 Operations Strategy and Management

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

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

### Technology and R&D

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

#### ibon kiosk upgrades

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

#### Media and digital operation

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

#### Creating advantages through differentiation

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

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

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

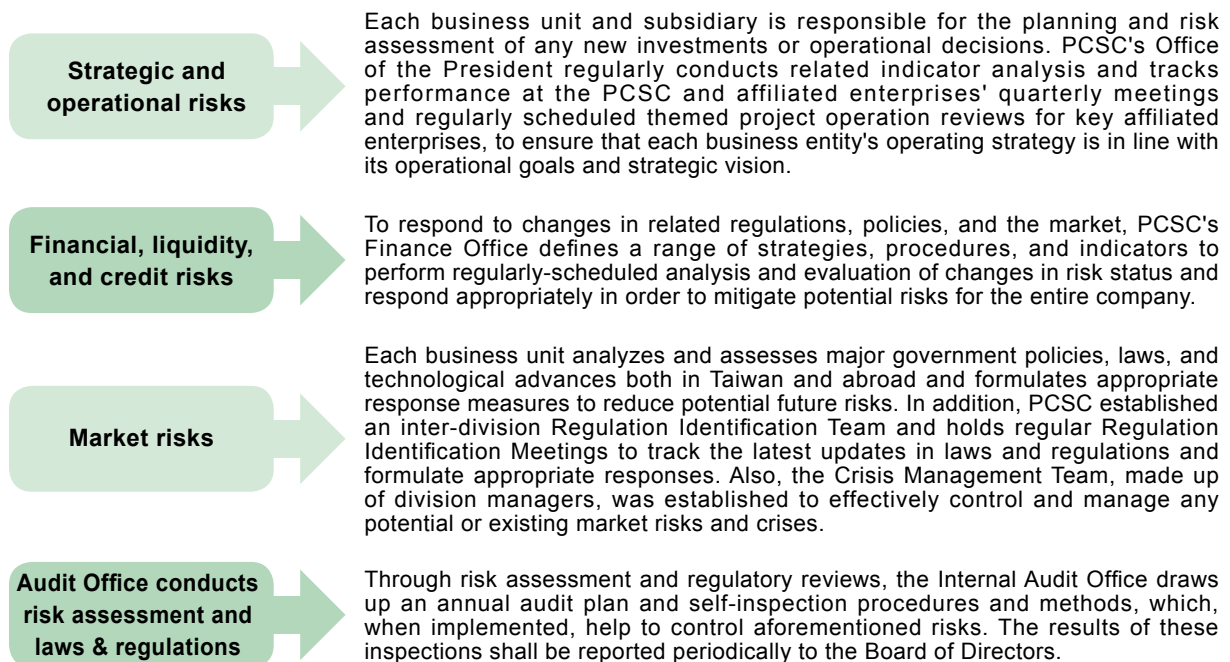
#### Completing update of the entire third generation POS

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

## Risk Management

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

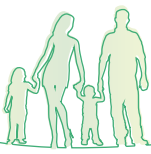
The Company's primary risk management structure and the various business units responsible for risk management and its implementation are discussed below:



## Climate Change Risks and Adjustment

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

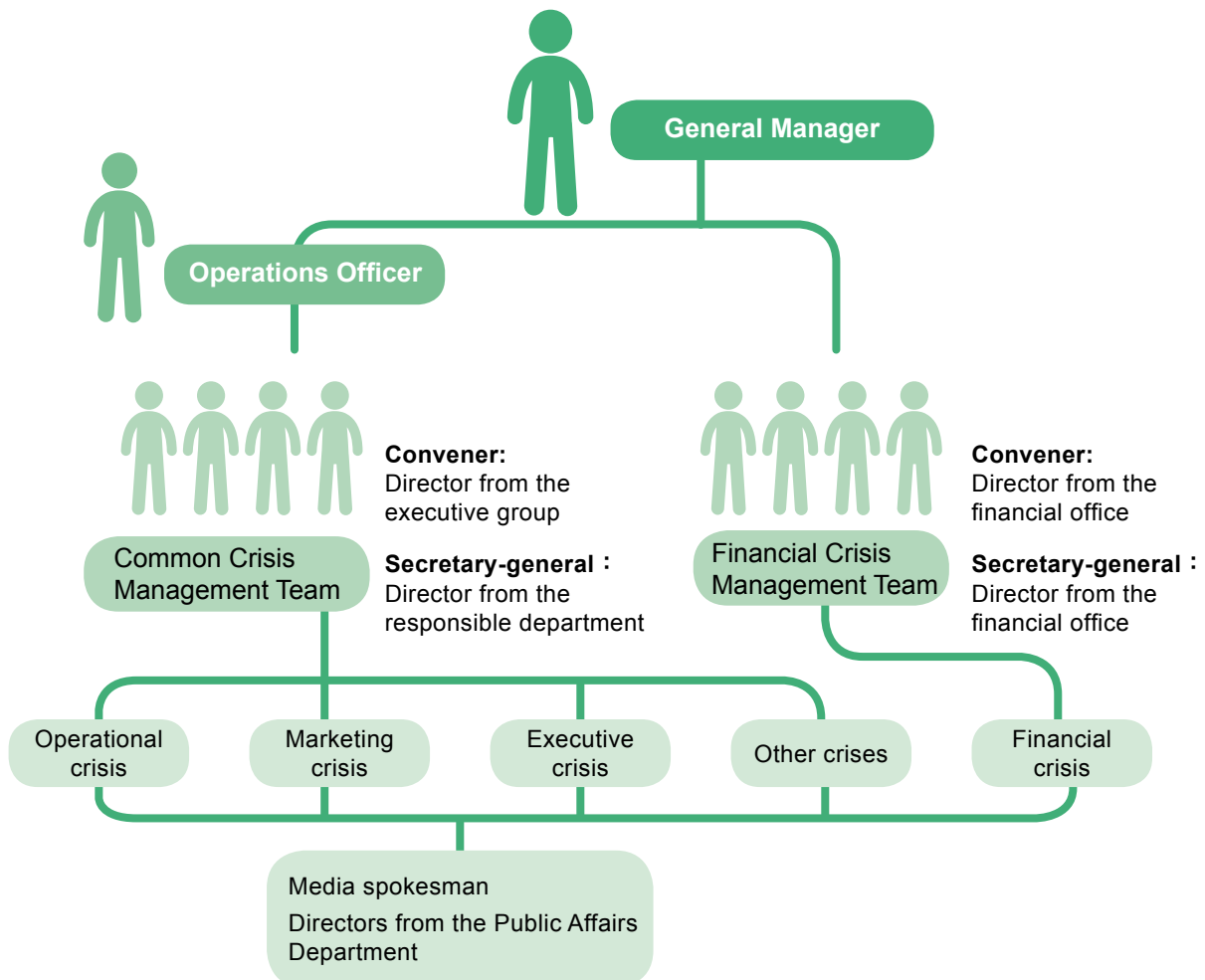




Financial Reporting Standards (IFRSs), PCSC started compiling financial reports in line with IFRSs approved by the Financial Supervisory Commission, which is inconsistent with the revenue recognition reference ROC GAAP adopted in 2010. Therefore, we are unable to compare and assess the actual yield rate.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

## Risk Response Management

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



## 1.6

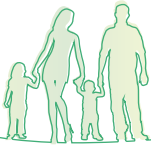
## Communication with Stakeholders and Identification of Significant Issues

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



**Summary of PCSC Communication Channels with Stakeholders**

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

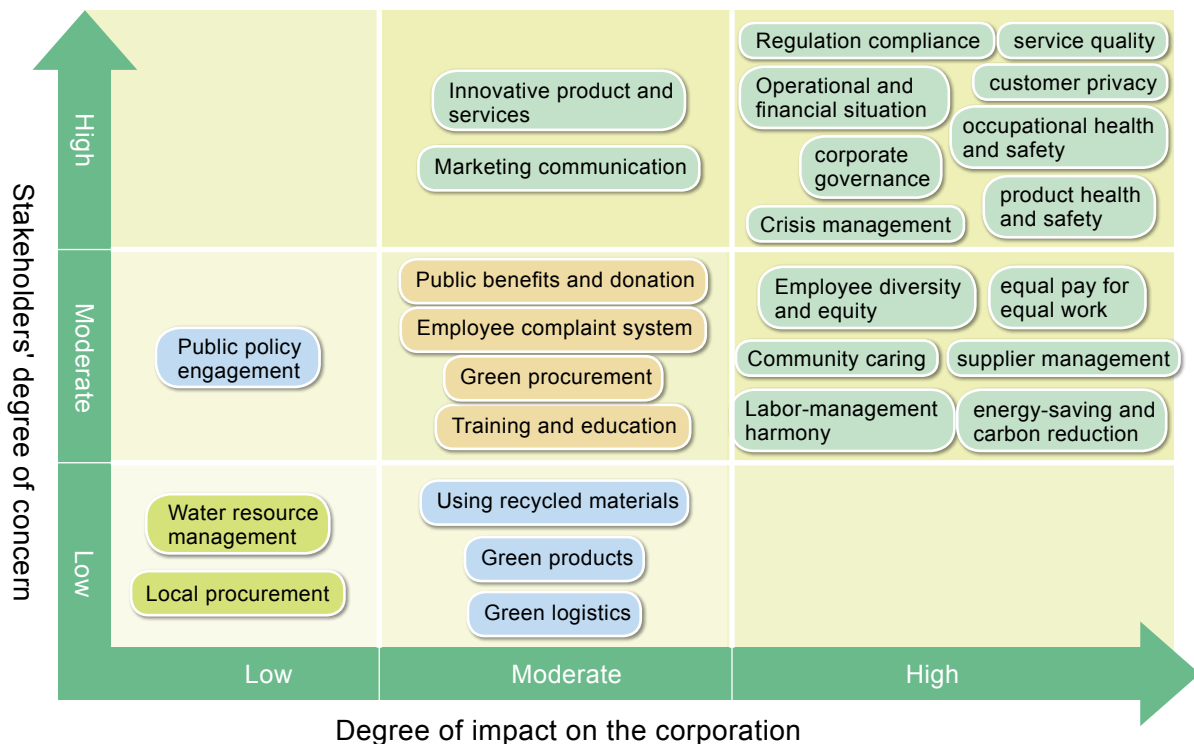


## Identification of Significant Issues

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



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



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

## Lists of Participated Organizations and Associations

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