



## I.1 Company Scale and Background

Since our founding in 1978, PCSC has become an integral part of Taiwan’s commercial landscape. We are committed to being the most outstanding retailer, providing the most convenient services, and practicing good corporate citizenship. With a company culture rooted in sincerity, innovation, and shared benefits, PCSC employees are happy to serve and their biggest accomplishment is the smile of a satisfied customer. Accumulating over 30 years of chain store channel experience, we are moving towards an international, diversified operating model. In addition to strengthening support systems such as distribution, data collection, and logistics, PCSC will hold strong to our enthusiasm, determination, and commitment as we continue to build an enterprise filled with joy.

### Scale of the Organization

Company name	President Chain Store Corporation
Number of employees	8,099
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\$10,396,222,000
Total number of stores	5,107 stores

As of December 31, 2016



## UN Sustainable Development Goals

In 2015, the United Nations celebrated the 70th anniversary of the organization's founding. World leaders gathered at UN Headquarters in New York to hold the UN Development Summit and issued Transforming our World: the 2030 Agenda for Sustainable Development. The agenda highlights problems faced by all nations around the world and, based in respect for equality and human rights, outlines 17 sustainable development goals and 169 targets to serve as the guiding principles for international cooperation among members for the ensuing 15 years.

The agenda addresses three major areas, which include economic growth, social progress, and environmental protection, reflecting the scale and ambition of this new initiative. Although the 17 goals were formulated with nations in mind, corporate support and action is key to achieving the targets.

PCSC has achieved continued profitability and stable growth. In 2014, we exceeded 5,000 stores. In addition to traditional food and retail services, we have expanded our reach to a variety of innovative services in response to the needs of consumers. Today, customers can buy tickets, pay bills, and send and receive packages and mail all from their convenient neighboring PCSC retail store.

Area	Relevant SDGs	Details
<ul style="list-style-type: none"> <li>Sustained profitability, stable growth</li> </ul>	Decent Work and Economic Growth	Sustained profitability, stable growth, job creation
<ul style="list-style-type: none"> <li>Retail services</li> </ul>	Responsible Consumption and Production	Attention to product quality, consumer health and safety
<ul style="list-style-type: none"> <li>Diverse, innovative services</li> </ul>	Industry, Innovation, and Infrastructure	Developing a variety of convenient services, support industry innovation

## Reliable products and innovative services

In 2016, PCSC focused on the three major areas of “Food Safety Mechanisms”, “Product Upgrades”, and “Technological Breakthroughs” to enhance our products and services. Our strategy to achieve sustainability includes offering safe, delicious, convenient fresh foods; continued upgrades to the CITY brand; launching differentiated store designs and product assortments; and operating a comprehensive digital service platform. PCSC launched the 10 unique new programs explained in detail below to become an even more convenient, dependable, fun community service center.

Program Concept	2016 Operating Strategy	2017 Development Goals
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Differentiated store design and product assortments

<p>Constructing unique concept stores to attract attention</p>	<p>We have developed large-area stores with optimized layouts that offer customers a comfortable, spacious shopping environment. In 2015, PCSC began the one shop, one feature design plan and actively sought new talent to build a professional design team to accelerate the development of concept stores. Previously, these concept locations simply featured unique interior designs, but in 2016 we launched the OPEN! Children's Reading Room within some stores to encourage reading among neighboring youth and increase parent-child interaction. There are over 300 concept stores across Taiwan.</p>	<p>PCSC hopes utilize our distinctive stores to build an independent creative platform. Through our cross-industry collaboration and cooperation with the arts, creative and cultural industries, and academia, we aim to provide our customers with the 3E's (Experience, Entertainment, Education) as part of their shopping experience.</p>
<p>Exclusive seasonal products at 7-ELEVEN</p>	<p>Researched customer needs and coordinated supplier resources to create seasonal products tailor-made for 7-ELEVEN that give customers a fresh, new experience.</p>	<p>Continue to expand product selection to get customers talking and create a fun shopping experience.</p>
<p>Expand the scope of overseas sourcing</p>	<p>7-ELEVEN's international procurement has reached new heights, growing by over 15%. Our strategy to offer a more comprehensive product assortment began with cookies, snack foods, and candy, but has expanded to noodles and beverages to meet the needs of customers, keep up with trends, and strengthen our high-value item selection. Using this rich variety of imported products, we can fill the void left in the market by stagnant local development.</p>	<p>Deepen overseas sourcing to further expand our product composition and increase sales.</p>
<p>Nostalgia for the classics! Slurpees, hot dogs, the Big Bite</p>	<p>Responded to customers' nostalgia for classic products and took advantage of warm winters to achieve outstanding results. Sales grew by huge margins.</p>	<p>Strengthen the Slurpee brand image, proceed with exclusive interior design elements at the best performing stores, create special Slurpee stores, develop new hot dog and Big Bite flavors, and launch new bun options to enable a variety of flavor combinations.</p>
<p>Positive reviews driving sales! Unexpected performance in the dessert category</p>	<p>By operating 24 hours a day and leveraging our advantage in convenient sales channels and expert brand resources, PCSC partnered with famous dessert brands to create a new, exclusive category and achieve strong sales.</p>	<p>In addition to continued cooperation with professional brands to develop the hottest new dessert flavors, we will also strengthen our pre-order and online dessert sales structure and work with local specialty expert Takkyubin to launch exclusive, special flavor dessert.</p>

Continued upgrades to the CITY brand

<p>7-ELEVEN takes the lead! CITY CAFE's popularity can't be beat.</p>	<p>PCSC continued to support local Taiwanese cultural and creative industries and the arts by launching seasons limited cup designs to create buzz. We also launched the new CITY CAFE Xian Cui Cha line of tea beverages featuring carefully-selected local Taiwanese teas brewed with exclusive equipment capable of extracting the true essence of the leaves for the most delicious flavor.</p>	<p>Continue to build and enhance the brand's image, introduce seasonal products, upgrade equipment, expand the structure and scope of related product offerings, increase the number of stores with exclusive CITY CAFE counters to over 1,000, accelerate introduction of CITY CAFE Xian Cui Cha beverages, and develop new flavors and combinations in coordination with new products.</p>
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Program Concept	2016 Operating Strategy	2017 Development Goals
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**Safe, delicious, convenient fresh foods**

<p>Improvements to fresh food offerings</p>	<p>7-ELEVEN's food R&amp;D team often travels overseas to gain new insights and introduce professional processing technology and unique ingredients back to Taiwan. In depth study and technology transfer has upgraded Taiwan's fresh food supply chain industry and at the same time has meet consumers' desires for delicious food options.</p>	<p>Our fresh food strategy remains focused on further enhancing professional know how. For a variety of products, we will team up with famous manufacturers to introduce new processing technologies and equipment to make products even safer and more delicious and convenient.</p>
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<p>Turn green into gold with organic produce!</p>	<p>PCSC teamed with Formosa Vegetable to introduce an organic vegetable section. In 2016 we actively expanded the program to 570 stores, added 266 contract greenhouses and introduced 3 automatic packaging machines. We also introduced organic produce to Taiwan's outlying islands, Kinmen and Matsu. These steps helped drive rapid annual growth in the category, which soared 70% over the year, and attracted one million visits to stores to purchase organic produce.</p>	<p>Continue to increase the scope of cooperation with Formosa Vegetable and actively expand the number of stores in order to become Taiwan's largest organic produce chain.</p>
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<p>7-ELEVEN crowned microwave champ by netizens! Continued improvement to house brands</p>	<p>7-ELEVEN's private brand products and fresh food offerings continued to improve and evolve. We reintroduced the iseLect and UNIDESIGN brands. In 2016 the iseLect brand featured 120 products, primarily in the food and beverage category including newly added cold-pressed juices. We also strengthened our frozen food selection.</p>	<p>PCSC private brands will continue to strengthen lifestyle product selection and introduce assortments for the iseLect customer segment. We will strategically team up with well-known brands to launch fresh food products and gradually introduce foods developed using sauces from popular producers to provide consumers with a new experience for their taste buds.</p>
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**Comprehensive digital service platform**

<p>Swipe your icash 2.0 on the Taipei Metro! Creating comprehensive digital services</p>	<p>Among 7-ELEVEN's "i" series of services, icash 2.0 and OPENPOINT have joined hands to achieve outstanding results. Point redemption, discounts, prize drawings, and public transport payment have resulted in annual increases in the numbers of users and frequency of use. PCSC continued ibon service upgrades and integrated the mobile platform to expand ibon app services. The four major service platforms, which include the E-Service Platform, Gift Platform, Member Point Platform, and Mobile Business Platform, were used more than 200 million times over the year. Also, in 2016 the number of services offered increased to over 20 and we launched the further optimized smart phone app, putting an ibon kiosk in the palm of your hand.</p>	<p>We will further expand icash 2.0's use for transportation. By February, icash 2.0 was already accepted by Taipei Metro and public busses in Taipei and New Taipei and will be accepted for the Taoyuan Metro by year end. Moving forward, we will continue to find new sectors in which to expand services and develop new services to keep up with online shopping and mobile payment trends. We will also increase the number of contract parking lots accepting icash 2.0.</p> <p>The "i" series of services will further upgrade delivery and infrastructure options and provide a wider variety of services by cooperating with other platforms. In addition, PCSC will upgrade the ibon app interface and expand available services to create a remarkable, convenient user experience.</p>
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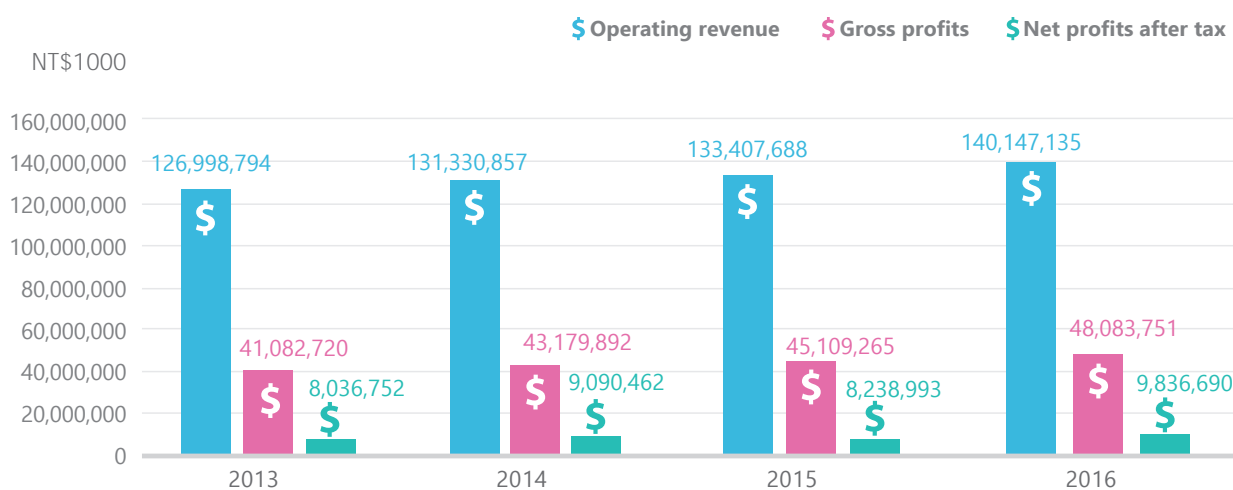
## Financial Performance

The global economy is gradually recovering, but Chinese growth continues to slow and the United States has begun a cycle of interest rate hikes. Potential protectionist measures suggested by President Trump along with several upcoming elections in Europe and geopolitical risks in the Asia Pacific all serve to increase global uncertainty, which will in turn impact Taiwan's exports and overall economy. Despite these difficult challenges, PCSC continues on a path of stable growth. In the spirit of the SDG of Decent Work and Economic Growth, we have continued to create more economic profit through diverse, high-tech, and innovative services.

In 2016, operating revenue totaled NT\$140,147,135,000, gross profits reached NT\$48,083,751,000 and income tax was NT\$1,276,011,000. Net profits after tax totaled NT\$9,836,690,000 and earnings per share was NT\$9.46. Dividends totaled NT\$8 per share, an increase of NT\$0.8, while ROE reached 35.30%. It is our responsibility to provide shareholders with a long-term investment value and steady profit growth means our shareholders are rewarded through a stable dividend policy. For more details about our 2016 financial performance, please refer to the PCSC consolidated and parent company statements available online through the Market Observation Post System.

To maintain excellent communication with investors, PCSC organized and attended 6 domestic/international investor conferences in 2016; we also took part in 211 one-on-one investor meetings to convey PCSC's future business direction and prospects.

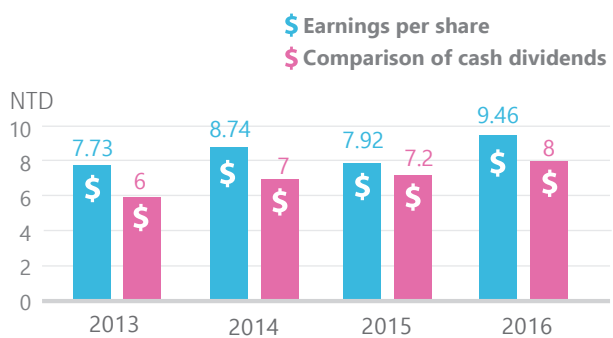
### Operating performance



Note: PCSC adopted the 2013 edition of IFRS from 2014 onwards, therefore revisions were made to related items in 2014

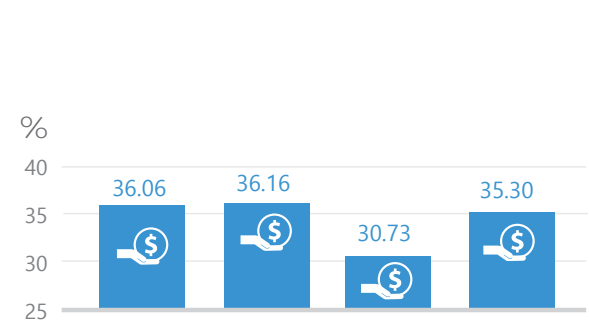


**Cash dividends**



Note: PCSC adopted the 2013 edition of IFRS from 2014 onwards, therefore revisions were made to related items in 2014

**ROE**



**Support for international initiatives and participation in external organizations**

PCSC actively participates in industry association events. Communication among members is strengthened through regularly scheduled and impromptu meetings held by each industry association, which increases cooperation and networking between peers.

List of External Public Association Memberships	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 (Chairman)
Zero Energy Building Technology Alliance	Member
Audit Bureau of Certifications	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	Director, Supervisor

Note: PCSC withdrew from the Taiwan Events Association on 1/1/2017

## External recognition

We have long worked to maintain a positive, passionate, and energetic brand image. PCSC has been recognized as a Benchmark Company and ranked No. 1 in the Gold Medal Service Awards by "CommonWealth" magazine for 20 consecutive years. We also received CSR-related awards from the public and private sector. Major awards received in 2016 are listed below:



### Major awards received in 2016 PCSC

- Ranked 1,832nd in "Forbes" Global 2000
- "CommonWealth" magazine's large-scale enterprise "CSR Corporate Citizen Award" and "Gold Medal Service Industry Award" PCSC's digital superiority was our key to success; Named a Top 2000 company

- "Global Views Monthly" CSR Awards: PCSC received first place in the Public Service category



- "Cheers" magazine's "Top 100 Favorite Corporations of the New Generation 2016" category



- Named No. 1 in the retail channel category of "Brand Asia Influential Brands"

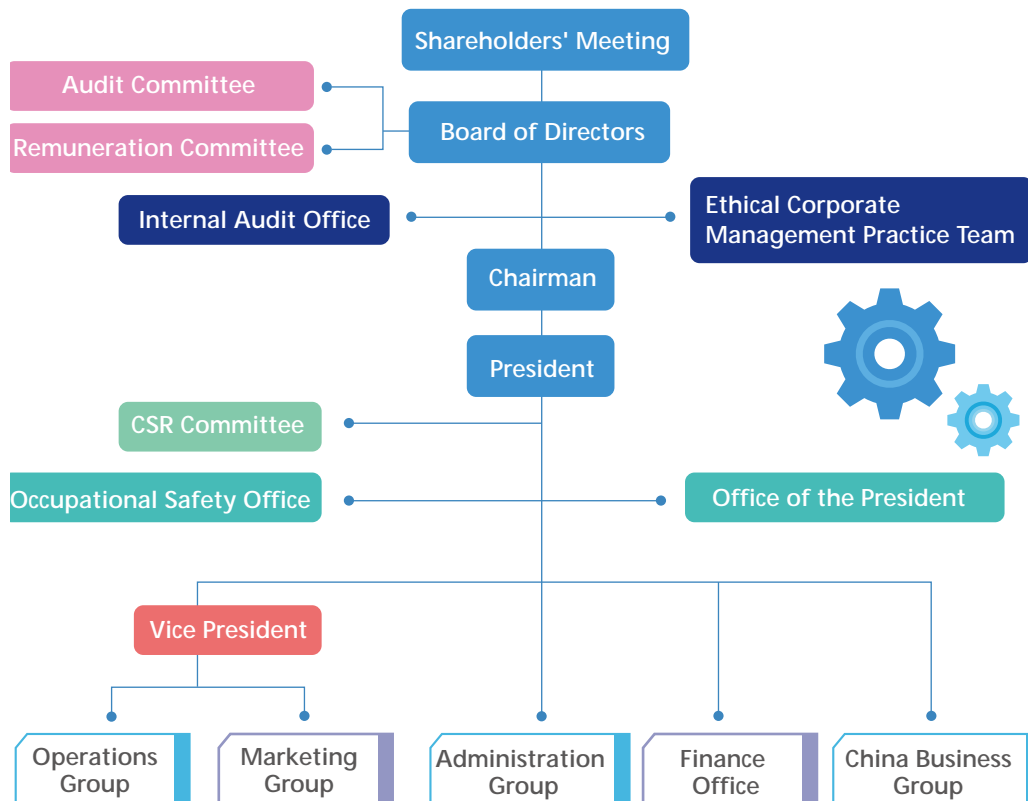


- Ranked in the top 5% of the "3rd Corporate Governance Evaluation"
- Selected as a component stock of the TWSE Corporate Governance 100 Index
- Selected as a component stock of the FTSE4Good Emerging Index
- Selected as a component stock of the MSCI Global Sustainability Indexes
- **TCSA Taiwan Corporate Sustainability Report Award – Silver Award**



## I.2 Corporate Governance

Transparency and corporate governance are of the utmost importance to PCSC. Improving ethical corporate management has always been one of our longstanding business goals. To achieve this aim, PCSC has established a strong Board governance system, implemented sound oversight, and strengthened management mechanisms.



As of March 15, 2017

### Board of Directors

PCSC's 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 shareholders for election. The average age of Board members is 58 and there are 2 female directors. The education, experience, professional expertise, and salaries of Board members are disclosed between pages 17 to 23 of the 2016 Annual Report. The report can be downloaded from the Market Observation Post System or the Investor Relations 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 in relation to 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 and may not 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 2016 and the end of February 2017 (prior to the 2016 Annual Report publication date), the PCSC Board of Directors met a total of 8 times and the average director attendance rate was 95.2%.



## 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 2016 and the end of February 2017 (prior to the 2016 Annual Report publication date), the Audit Committee met a total of 6 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 and must meet at least twice each year. Between 2016 and the end of February 2017 (prior to the 2016 Annual Report publication date), the Remuneration Committee met a total of 3 times with 100% attendance rate for the convener and committee members.

## Ethical corporate management

To instill honesty, transparency, and responsibility in all Company operations, PCSC established policies, a company culture, and risk management mechanisms built on a foundation of ethical management. In order to achieve sustainable operations and development, PCSC has established Corporate Governance and Ethical Corporate Management Operating Procedures. We also issue an ethical management bulletin and hold company-wide ethical management activities. Employees must sign a self-regulation agreement to promote a model of ethical behavior.

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 as of December 31, 2016, the course has been completed by 100% of backoffice personnel and store managers. In 2017, our ethical management efforts will primarily focus on compliance issues relating to major laws that significantly affect our operations, such as the Fair Trade Act and Labor Standards Act.

To promote ethical management outside the Company, PCSC has established prevention measures to actively and openly express our commitment to ethical operations. Beginning in 2013, clauses on "business integrity and bribery prevention" were added to PCSC supplier agreements to prevent corruption in business transactions. Suppliers are required to take joint responsibility for preventing unethical business practices and protecting the interests of both parties. From 2016, CSR-related clauses have also been 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 2016, PCSC signed 706 supplier contracts and 287 standard procurement contracts, 100% of which contained ethical and CSR clauses, effectively implementing PCSC's core values.



In addition to achieving our core value of ethical operations, PCSC ensures that information is properly disclosed. In May of each year, we disclose ethical corporate management promotion efforts on our corporate website and in our annual report. Between January and December 2016, we received feedback from stakeholders 1,309 times; the Joint Services Center received the most comments, while employee and franchisee development received the second largest number of comments.

To encourage employees to communicate directly with management, in addition to establishing the "Joint Services Center", a dedicated email account, and stakeholder section on our website for handling employee inquiries, PCSC has set up an internal reporting system that enables real-time interaction with employees. These measures enable employees to fully express their opinions about Company operations. We have also set up an internal communications platform so employees can receive the latest updates about the Company. Stakeholders can report any problem through our Internal Audit Office and Joint Services Center hotlines or the PCSC corporate website stakeholder page. In addition, we established a comprehensive system to ensure that all reports from stakeholders are resolved properly. When a stakeholder sends an email to the dedicated address, the system will forward the message to the appropriate department, which must reply with the status of the response measures within a specified period of time. Each month, PCSC gathers statistics regarding the number of comments received along with the progress of each response to ensure all receive the proper follow up.

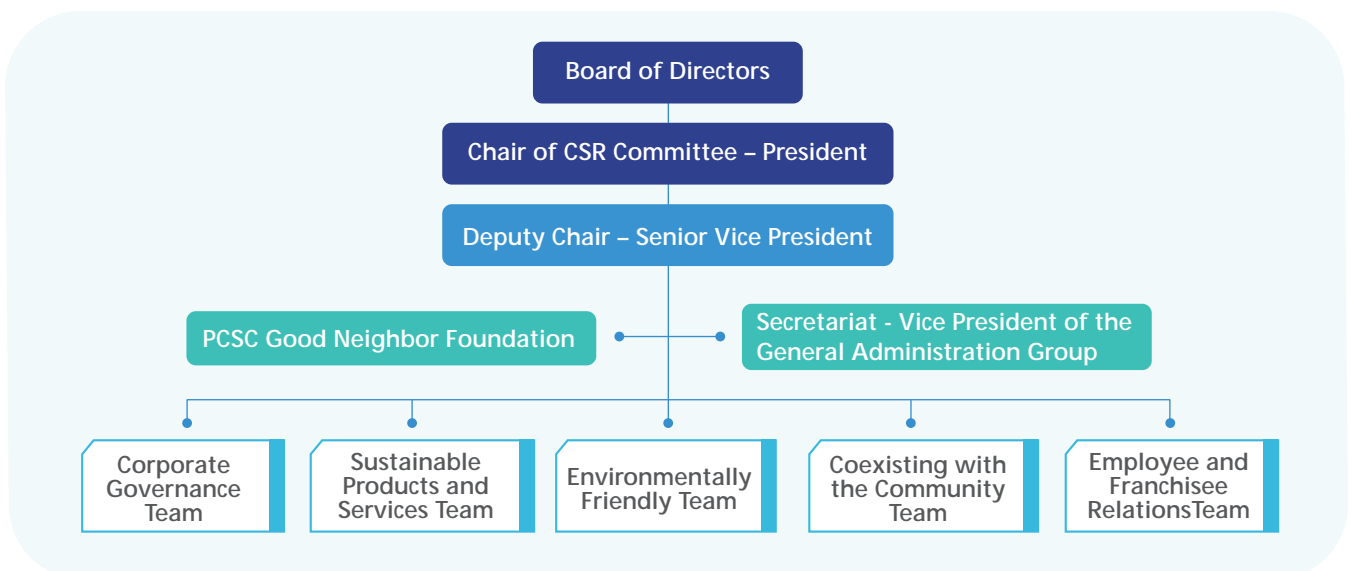
Ethical Corporate Management Practice Team

- 01** Assisting with incorporating ethical and moral values into the corporate business strategy, as well as implement preventive measures for ensuring ethical corporate management in accordance with the law.
- 02** Formulation of proposals to prevent unethical behaviors as well as defining relevant standard operating procedures and guidelines for each proposal.
- 03** Planning of internal organizations, rosters, and responsibilities to set up checks and balances for business activities which have a higher risk of unethical behaviors.
- 04** Promotion and coordination of ethics policy education and training.
- 05** Supervising the operation of the whistleblower system to ensure its effective execution.
- 06** Assisting the Board and management with auditing and evaluating the effectiveness of preventive measures, for ensuring ethical corporate management as well as routinely reporting on the compliance of relevant business processes.

## 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 in 2015 with the president serving as chairman and a senior vice president as deputy 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", which are 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. The Committee meets once every six months and reports regularly to the Board. In 2016, meetings were held in February and August. To effectively promote and implement CSR, in 2016 PCSC began to include CSR benchmarks in performance evaluations for executives at the department-level or higher with a focus on food, workplace, employee, and environmental safety and legal compliance.

### PCSC CSR Committee



## 1.3 Operating Strategy and Management

Extending from our seven key elements of people, stores, products, systems, logistics, policies, and culture, PCSC's sustainable development strategies include: stable franchise system; provide quality, tasty and convenient fresh food service; upscale CITY CAFE brand differentiated store format and product mix; extend digital platform; stable and fast-growing subsidiaries; and joyful enterprise, social benefit, sustainable planet. By offering unique, high-value products, PCSC is on the trail to an even higher summit!





By offering unique, high-value products, PCSC is on the trail to an even higher summit!

Food safety awareness has risen among consumers, who are increasingly seeking out high quality prepared foods. At the same time, people want value for their money. Food manufacturers are committed to increasing quality controls and added value to gain a competitive advantage through their quality and differentiation. To control ingredients, we must not only visit farms and engage in contract farming, PCSC must also invest resources with suppliers not only to develop new

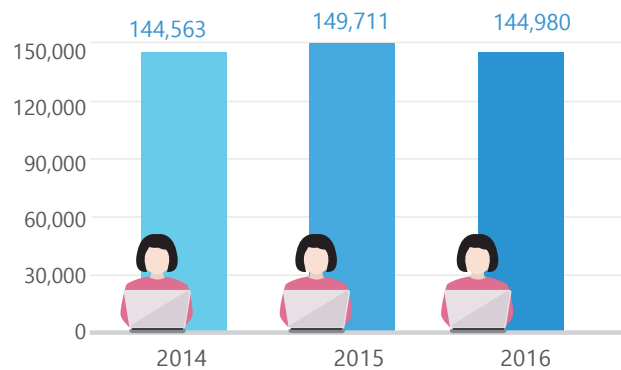
products, but also join hands with suppliers to build a raw material management system, actively strengthen source management, and implement food risk management controls. We must strictly adhere to honesty in labeling and advertising. The scope of management audits includes both first-tier suppliers and second-tier raw material suppliers. Through these efforts, PCSC expects to achieve even higher customer satisfaction. In addition to being the first local retailer to have a world-class quality assurance laboratory, we also continue to improve our testing capabilities in order to provide consumers with safe, convenient and delicious fresh food products.

To better meet consumer needs and respond to the ever-changing retail marketplace and new modes of competition, we continue to develop innovative services to improve our competitive advantages, reduce our environmental impacts, and improve people's lives. In 2016, related R&D costs totaled NT\$144,980,000.

Looking to the future, PCSC will continue to hold fast to our mission of becoming the most outstanding retailer, providing the most convenient services, and fulfilling our corporate social responsibility. We will do our utmost to improve the lives of our customers, bring stable profits to our franchisees, build a fair and friendly work environment, and create the most value for our investors to ensure the satisfaction of our customers, business partners, shareholders and society.

### R&D Costs

(Unit: NT\$1000)



### Risk Management

PCSC endeavors to maintain a comprehensive risk management system that works to mitigate 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 type	Implementation of risk management	Accountable Unit
Strategic and operational risks	<p>1. 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 in order to ensure each business entity's strategy is in line with its operational goals and strategic vision.</p> <p>2. In the medium- to long-term, the key concerns for PCSC are food safety risks and maintaining a stable franchise system. The existence of food safety risks has potential impacts on our image and will affect revenues and profitability. Therefore, establishing a product safety process control mechanism and strengthening supply chain management are important long-term efforts for the Company. To enable continued growth of individual stores and stable operations for PCSC as a whole, we continue to enhance our franchise system, raise franchisee remuneration, maintain stable franchise order, and implement related response measures within the Company.</p>	Office of the President/Marketing Group/Operation Group
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 to the 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. We have added a risk evaluation mechanism to perform an objective review of regulatory risk to improve and monitor risk management.	Each business unit/Regulation Identification Committee/Crisis Response Team
<p>Through risk assessment and regulatory reviews, the Internal Audit Office draws up an annual audit plan and self-inspection 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.</p>		

## Climate Change Risk Analysis and Adaptations

During the execution of CSR risk management activities, PCSC realized that national governments, in response to the increasing severity of global disasters due to climate change, have passed 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. For related KPI and implementation, please refer to the PCSC's chapter on support for environmental sustainability.



## 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. By following our internal crisis management system, we can implement 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. In the event of an incident, 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 benchmarks such as food safety. Through exercises at 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. Such exercises will also reduce the impact of a crisis on Company operations and revenues, while protecting the interests of all stakeholders.

### Organization of the Crisis Management Team

