

# PCSC 2016

## Corporate Social Responsibility Report

# CSR



## About this report

This is the eighth corporate social responsibility (CSR) report issued by President Chain Store Corporation (PCSC) in accordance with the Global Reporting Initiative's core G4 Guidelines. This annual report focuses on sustainable development and explains PCSC's viewpoints on CSR, actions taken, 2016 outcomes with regards to corporate governance, economics, the environment, and society, as well as future plans. Importance and issue analyses (see the chapter on stakeholder engagement) were also used to select critical issues for PCSC in the hopes to create the most benefit for all stakeholders through disclosure, communication, and feedback in order to accomplish our ultimate goal of becoming the greatest retail business.

## Dates, scope, and data included in this report

This report details PCSC's CSR performance for the 2016 calendar year (January 1, 2016 to December 31, 2016) and some of the information herein includes CSR performance before 2016. This report focuses on PCSC (business headquarters and retail locations) and includes green logistics and energy-saving information for four affiliated companies: Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation. Future reports are expected to include data from other affiliated companies in order to exemplify the information integrity of PCSC's value chain. The financial data in this report partially incorporates public information attested by a certified public accountant and are all expressed in New Taiwan Dollars. Other data stems from internal audits and statistics. Data on greenhouse gases was calculated using the most recent carbon emission coefficients reported by Taiwan's Environmental Protection Administration and Bureau of Energy.

## Report certification

PCSC engaged PricewaterhouseCoopers (PwC) Taiwan in limited assurance to draft this report in accordance with the Republic of China Standard on Assurance Engagements Bulletin No. 1 Assurance Engagement Other than Audits or Reviews of Historical Financial Information. The assurance engagement is provided as an appendix to this report.

## Release date

PCSC regularly releases annual CSR reports and discloses them on the company website at [www.7-11.com.tw](http://www.7-11.com.tw).

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# Message from CEO



Chairman of PCSC  
**Lo, Chih-Hsien**

On September 25, 2015, world leaders gathered at the United Nations headquarters in New York City for the UN Summit on Sustainable Development to discuss issues related to global sustainable development. The leaders acknowledged that common issues must be dealt with if world development is to be sustainable. The document “Transforming Our World: the 2030 Agenda for Sustainable Development”, released at the end of the summit, presented issues faced by all nations and laid out 17 sustainable development goals and 169 targets to serve as guiding principles for cross-national cooperation for member countries over the next 15 years.

The management guidelines of PCSC, a long-time promoter of corporate sustainability, place a balanced emphasis on economic growth, social progress, and environmental protection. In 2016, we also used seven major elements, i.e., people, stores, products, systems, logistics, policies, and culture, as the starting points for realizing our implementation strategies to build a happy enterprise and bring about a better society and a sustainable planet. The implementation strategies mentioned above include a “stable franchise system”, “provide quality, tasty and convenient fresh food service”, “upscale CITY CAFE brand”, “differentiate store format and product mix”, “extend digital platform”, and “stable and fast-growing subsidiaries”.

## Corporate governance and economy

PCSC’s operations continue to grow as we build a sound franchise mechanism. We operate more than 5,100 stores in Taiwan and provide over 30,000 job opportunities, supporting SDG’s “job and economic growth” objectives.

PCSC has been praised for being a transparent and responsible company, having policies based on integrity, an open and diversified corporate culture, rigorous risk control mechanisms; and operation principles that are honest and upright. In 2016, we were ranked among the top 5% in the 3rd Taiwan Corporate Governance Evaluation, nominated for the TWSE Corporate Governance 100 Index and Commonwealth Magazine Corporate Citizen Award, and received Global View’s Corporate Social Responsibility Award. The ratings that PCSC has received locally have been impressive, but we have also received many international awards, including being selected as the constituent stock of FTSE4Good Emerging Index and MSCI Global



President of PCSC  
**Chen, Jui-Tang**



Sustainability Indexes, and ranked first place in the retail channel category of Brand Asia. Forbes Magazine even ranked us number 1,832 of the top 2,000 Global Companies.

2016 was a very important year for PCSC. We earned NT\$140,147,135,000 in parent company revenue, NT\$48,083,751,000 in gross profits, NT\$1,276,011,000 in income tax, and NT\$9,836,690,000 in after-tax net profits, and our earnings per share reached NT\$9.46. PCSC's operational performance continued to improve, serving as evidence that we are actively committed to CSR, which is not in conflict with operational growth. On the contrary, the two complement each other. PCSC will continue to uphold these principles and work hard to continue to fulfill our corporate social responsibility.

## Product services

PCSC offers a variety of innovative services based on the needs of customers, supporting SDG's industrial innovation and infrastructure objectives. We strictly manage the quality of the products on our shelves, work to enhance the management of our supply chain, and continue to promote green procurement. These support SDG's responsible consumption and production objectives.

PCSC has continued to strive toward an operational model characterized by increasing internationalization, diversity, and pluralism. Equipped with more than 30 years of experience in the retail business has allowed PCSC to build formidable support systems, including logistics, information, and back-end support, to provide customers more convenient services. To create a quality life experience, PCSC has redefined the convenience store by continuing to create and introduce a wide variety of products, cutting-edge services, and various marketing activities to bring consumers an all-new experience. We have also fulfilled our responsibility as a corporate citizen, employing sustainable operation strategies to bring about a friendly relationship between business and the environment.

To ensure food safety for consumers, PCSC has continued to improve our food safety management, employing a grading evaluation system to manage plants that produce PCSC's own fresh food products. For products that do not carry our brand, PCSC utilizes product safety information tracking and raw material inspection to realize control and management objectives. In 2016, PCSC invested a total of NT\$113 million in food safety.

## Environment sustainability

We at PCSC have been doing our part to realize the Paris Accord 2°C by actively promoting energy savings everywhere from our headquarters to our stores, showing our support of SDG's climate action objectives.

The UN Climate Change Conference Paris 2015 (COP21), held in December 2015, confirmed the objectives and direction of global greenhouse gas reductions when the Kyoto Accord expires. Although Taiwan is not a signatory nation, we are a global citizen. As such, we took the initiative to propose reducing our greenhouse gas emissions by 20% over 2005 by 2030 and by 50% by 2050.

PCSC has in excess of 5,100 stores around Taiwan. As the leader of the retail industry in Taiwan, we emitted almost 600,000 tons of greenhouse gasses every year as we provided high quality products and a comfortable environment for customers. To reduce emissions, PCSC laid out new energy conservation rules for our stores, requiring that high energy efficiency equipment and systems be used when new stores are established and that existent stores are to gradually replace old equipment with high energy efficiency equipment. In addition, the ISO50001 energy management system was incorporated into the headquarters building and certain stores, while software and hardware have been improved to maximize efforts in energy savings and carbon reduction. In 2016, energy use in our stores and headquarters was reduced by 6.47% over 2014, far more than the company's original target of 2%.

In addition to working hard to promote energy conservation and carbon emissions reduction, PCSC also has seen continued progress in green procurement and resource recycling as well as in continued reduction in the use of electricity, water, and paper in our headquarter.

## Community employees

PCSC offers consumers the most convenient means for obtaining safe, healthy food, supporting SDG's objective to reduce poverty. It holds community environmental protection activities, promotes healthy living, assists the disadvantaged, and shows concern for people in remote areas. It provides employees a good work environment, salaries and benefits superior to those of competitors, sound training, education, and promotion systems, supporting SDG's goals for health and welfare, quality education, reduction of inequality, as well as for employment and economic growth.

We at PCSC have made it our mission to become an irreplaceable neighbor that brings happiness and peace of mind. In order to show concern for the public and help the community develop, in addition to promoting the donation of change in its 7-ELEVEN stores to "bring back the love", PCSC has also brought together the President Good Neighbor Foundation and the Millennium Health Foundation to organize a series of organizations and activities, including the Good Neighbor Club, the 7-ELEVEN Millennium Health Stations, the Read-for-Treats Program for rural communities, and the Good Neighbor Classrooms, which work to create happiness for the community, promoting things like community environmentalism, advance a healthy lifestyle, support culture and education, and assist disadvantaged groups.

5,456 Good Neighbor Funfests were held in 2016, drawing 151,075 participants. The 7-ELEVEN Millennium Health Stations provided the public self-serve blood pressure monitors and waist measurement services, calling on the public to realize the 3Ds of a healthy life, i.e., "Do Control, Do Health Diet, Do Exercise", to help stave off the top three "high" chronic conditions and work together to fight metabolic syndrome. In 2016, a total of 38,287 people took advantage of the health stations that can currently be found in 677 stores. The outstanding performance of other programs, like Teach for Taiwan (TFT) and the Good Neighbor Read-for-Treats Program, are clearly evident as they have expanded in scope in the years since their inception, benefiting an increasing number people each year.

As of the end of 2016, PCSC had a total of 8,099 employees as well as 3,422 franchise owners and their 30,000-plus employees. PCSC believes that "customers can only see PCSC's complete value if we have happy employees. PCSC can only offer quality service and have satisfied consumers if we have satisfied employees". In order to make these beliefs a reality, PCSC has brought together our stores, franchisees, headquarters' support, and corporate affiliate partners to create a healthy workplace and a friendly work environment.

Since the Health Management Program was set up in 2013, PCSC has kept a nurse practitioner on staff to provide health counseling and set up an infirmary in the headquarters building to provide employees such health services as blood pressure monitoring and applying ice to injuries. PCSC also uses health education, such as employee "health passports", an electronic newsletter, and lectures, to encourage employees to manage their own health. In 2016, PCSC won third place in the Taipei City Outstanding Healthy Workplace Competition—the only recipient in the retail industry. In 2016, it also received the ROC Ministry of Health and Welfare's Healthy Workplace Certification and the Health Award for Outstanding Healthy Workplace from the Health Promotion Administration.

In addition to underscoring PCSC's operation principles, making Corporate Social Responsibility a reality is also critical to realizing corporate and national sustainability. PCSC will continue to uphold these principles and to promote concrete measures to create a better future for both us and society as a whole.

# Important issue and stakeholder communication

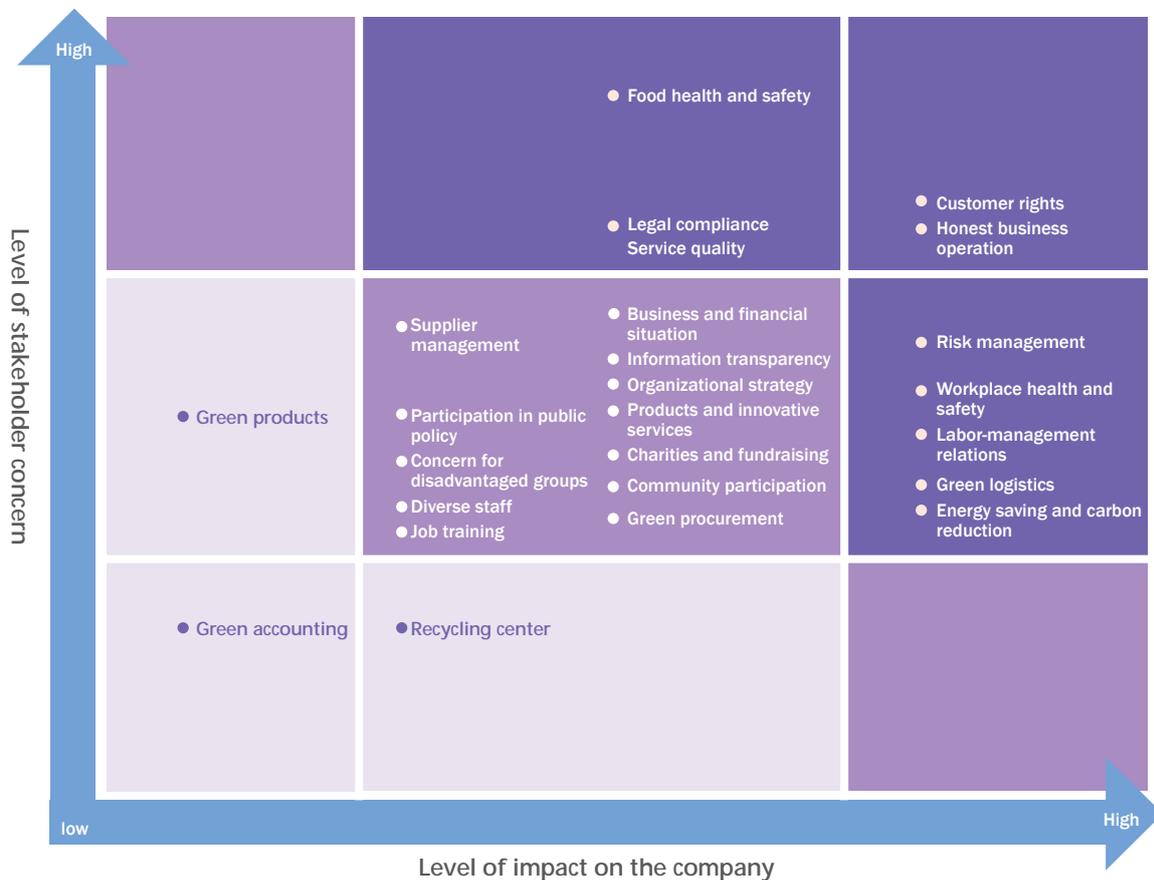


PCSC aims to be the premier joyful company, providing the most convenient services and creating the most benefit for all those involved. As an ideal member of society, PCSC promotes safe communities and continued growth. The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals were drafted at the United Nations Sustainable Development Summit in 2015, outlining matters pertaining to future sustainability for businesses to consider. With each of our retail locations serving as a base for happiness, we hope to integrate our vision, governance, products, and services to improve communication of our CSR performance, coordinate with foreign and domestic capital markets, and inspire our suppliers and customers so that everyone can lead a happier life.

## Importance evaluation

PCSC communicates with stakeholders through various channels, compiling topics of concern and assessing them according to their sustainability, importance, integrity, and stakeholder acceptance. The importance evaluation process is shown below.

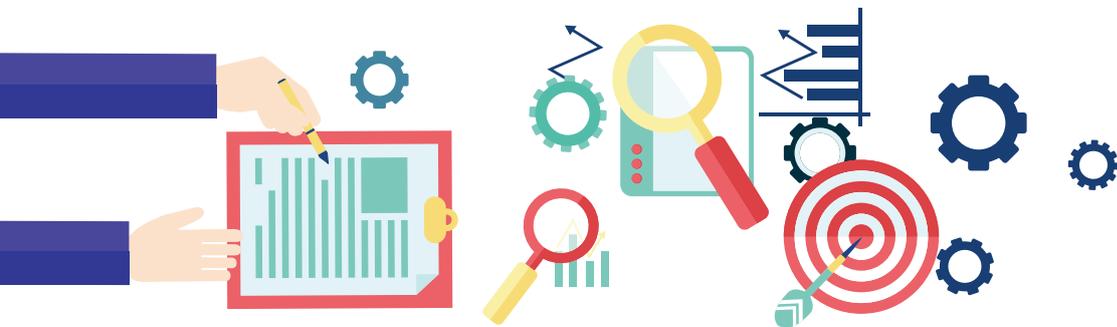




**Scope of Material Issues Identification Chart**

Important issue	Corresponding GRI G4 Guidelines Aspects of consideration	Intra-organizational		Extra-organizational			Chapter
		PCSC	Affiliated logistics companies	Customers	Communities	Suppliers	
Food health and safety	PR: Customer health and safety / product and service labelling	★		★	★	★	2.PCSC's Outstanding Products and Services
Service quality	PR: Product and service labelling	★		★	★	★	2.PCSC's Outstanding Products and Services
Legal compliance	EN: Compliance SO: Compliance PR: Customer health and safety / Marketing Communications / product and service labelling / Compliance	★		★	★		2.PCSC's Outstanding Products and Services
Customer rights	PR: Customer privacy	★		★			2.PCSC's Outstanding Products and Services
Honest business operation	Disclosure of general standards	★		★		★	1.PCSC – A Sustainable Enterprise
Risk management	Disclosure of general standards	★					1.PCSC – A Sustainable Enterprise
Workplace health and safety	LA: Occupational health and safety	★					5.PCSC'S friendly work environment
Labor-management relations	LA: Labor Practices Grievance Mechanisms/non-discrimination / freedom of association and collective bargaining / child labor / forced and compulsory labor / Assessment / Human Rights Grievance Mechanisms	★					5.PCSC'S friendly work environment
Green logistics	EN: Transportation	★	★		★		3.PCSC support for environmental sustainability
Energy saving and carbon reduction	EN: Energy, emissions	★	★		★		3.PCSC support for environmental sustainability

Note: Affiliated logistics companies are Uni-President Cold-Chain Corporation, Wisdom Distribution Service Corporation, Retail Support International, and President Logistics International Corporation

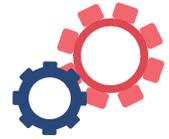


## Stakeholder communication

PCSC stakeholders include investors, suppliers, customers, employees, franchisees, charity groups, government agencies, and communities. We hold ourselves responsible to our stakeholders; thus, we have a page dedicated to stakeholders on our official website (<http://www.7-11.com.tw/communication.asp>) as well as a dedicated mailing address for our stakeholders to contact us and let us know their needs and hopes for PCSC. Other methods of communication open to our stakeholders are detailed below.

### Channels for communication open to PCSC stakeholders

Stakeholder	Main issues	Channels for communication
 <p>Investors</p>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Risk management</li> <li>• Operating and financial highlights</li> <li>• Dividend policies</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general shareholders' meeting</li> <li>• Regular financial reports/annual reports</li> <li>• Information disclosed online</li> <li>• Analyst and investor conference, one-on-one meetings</li> <li>• TWSE Market Observation Post System</li> <li>• Reply inquiries of investors and analysts via telephone and e-mail</li> </ul>
 <p>Suppliers</p>	<ul style="list-style-type: none"> <li>• Green procurement</li> <li>• Green products</li> <li>• Supplier management</li> <li>• Local procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Regular manufacturer meetings</li> <li>• Regular supplier meetings</li> <li>• Guidance/audit management</li> </ul>
 <p>Customers</p>	<ul style="list-style-type: none"> <li>• Product health and safety</li> <li>• Product and service innovation</li> <li>• Service quality</li> <li>• Customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>• Joint Services Center contacts</li> <li>• Satisfaction surveys</li> </ul>



Stakeholder	Main issues	Channels for communication
 <p>Employees</p>	<ul style="list-style-type: none"> <li>• Workplace health and safety</li> <li>• Labor-management relations</li> <li>• Training and education</li> <li>• Employee diversity and equality</li> </ul>	<ul style="list-style-type: none"> <li>• Regular labor-management meetings</li> <li>• Employee Welfare Committee</li> <li>• Dedicated labor dispute email address</li> <li>• Internal suggestion system</li> <li>• Happiness cooperative</li> </ul>
 <p>Franchisees</p>	<ul style="list-style-type: none"> <li>• Training and education</li> <li>• Workplace health and safety</li> <li>• Product and service innovation</li> <li>• Marketing communications</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated franchisee website</li> <li>• Weekly district consultant visitations</li> <li>• Monthly publications</li> <li>• Franchisee meetings</li> <li>• Satisfaction surveys</li> </ul>
 <p>Charity groups</p>	<ul style="list-style-type: none"> <li>• Community work</li> <li>• Charities and fundraising</li> </ul>	<ul style="list-style-type: none"> <li>• Annual CSR reports</li> <li>• Responding to social charity events/proposals</li> <li>• PCSC Good Neighbor Foundation</li> <li>• Quarterly “Bring Back Love” fundraising event</li> <li>• Fundraiser proposal/review meetings</li> </ul>
 <p>Government agencies</p>	<ul style="list-style-type: none"> <li>• Product health and safety</li> <li>• Legal compliance</li> <li>• Participation in public policies</li> </ul>	<ul style="list-style-type: none"> <li>• Regular regulation reviews</li> <li>• Cooperation with relevant institutions</li> </ul>
 <p>Communities</p>	<ul style="list-style-type: none"> <li>• Energy saving and carbon reduction</li> <li>• Community work</li> <li>• Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Good Neighbor Festival</li> <li>• Annual CSR reports</li> <li>• Joint Services Center contacts</li> </ul>



# PCSC— A Sustainable Enterprise

## SDGs



## 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**

Constructing unique concept stores to attract attention	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.	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.
Exclusive seasonal products at 7-ELEVEN	Researched customer needs and coordinated supplier resources to create seasonal products tailor-made for 7-ELEVEN that give customers a fresh, new experience.	Continue to expand product selection to get customers talking and create a fun shopping experience.
Expand the scope of overseas sourcing	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.	Deepen overseas sourcing to further expand our product composition and increase sales.
Nostalgia for the classics! Slurpees, hot dogs, the Big Bite	Responded to customers' nostalgia for classic products and took advantage of warm winters to achieve outstanding results. Sales grew by huge margins.	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.
Positive reviews driving sales! Unexpected performance in the dessert category	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.	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.

**Continued upgrades to the CITY brand**

7-ELEVEN takes the lead! CITY CAFE's popularity can't be beat.	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.	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.
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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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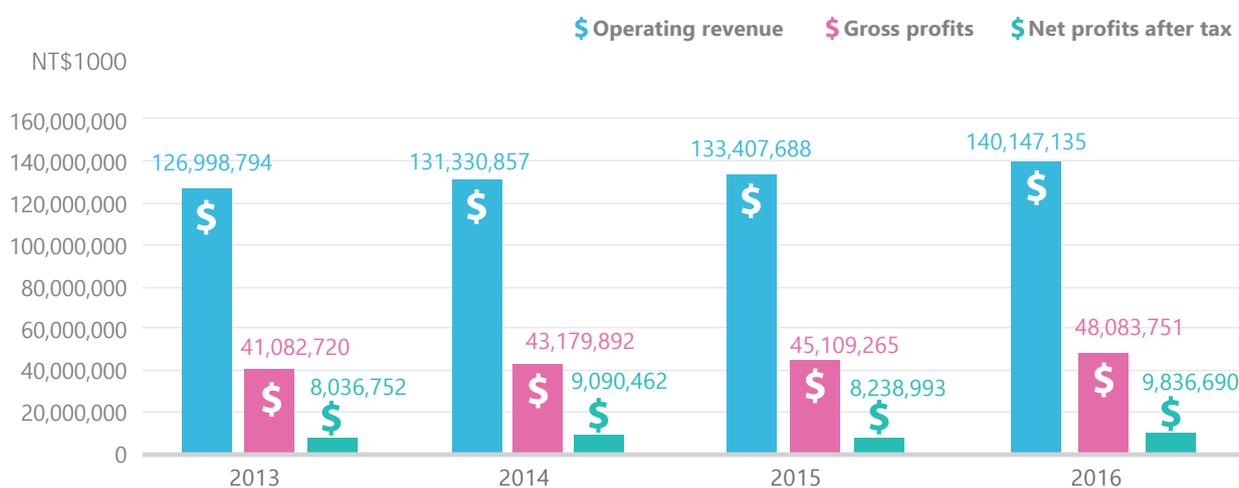
## Financial Performance

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.

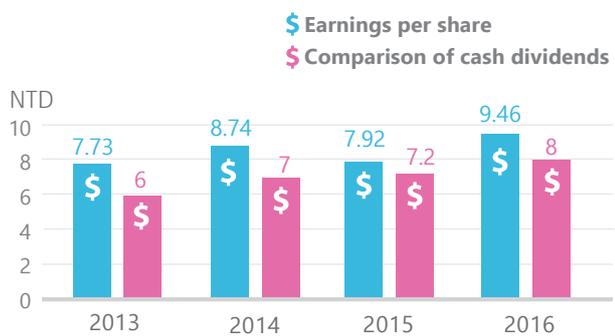
### Operating performance



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

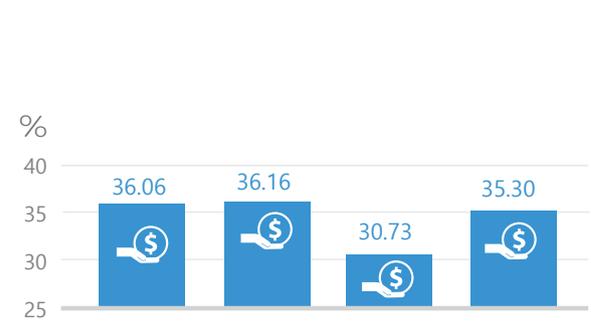


**Cash dividends**



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"

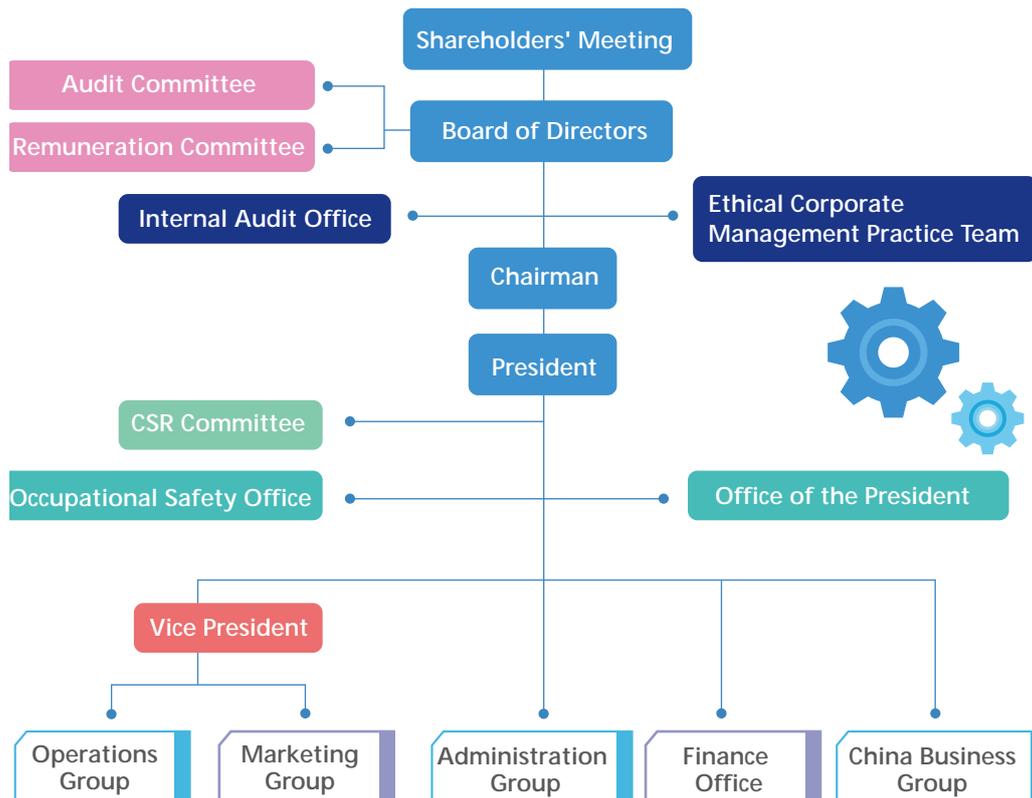


- Ranked in the top 5% of the "3rd Corporate Governance Evaluation"
- Selected as a component stock of the TWSE Corporate Governance 100 Index
- Selected as a component stock of the FTSE4Good Emerging Index
- Selected as a component stock of the MSCI Global Sustainability Indexes
- **TCSA Taiwan Corporate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

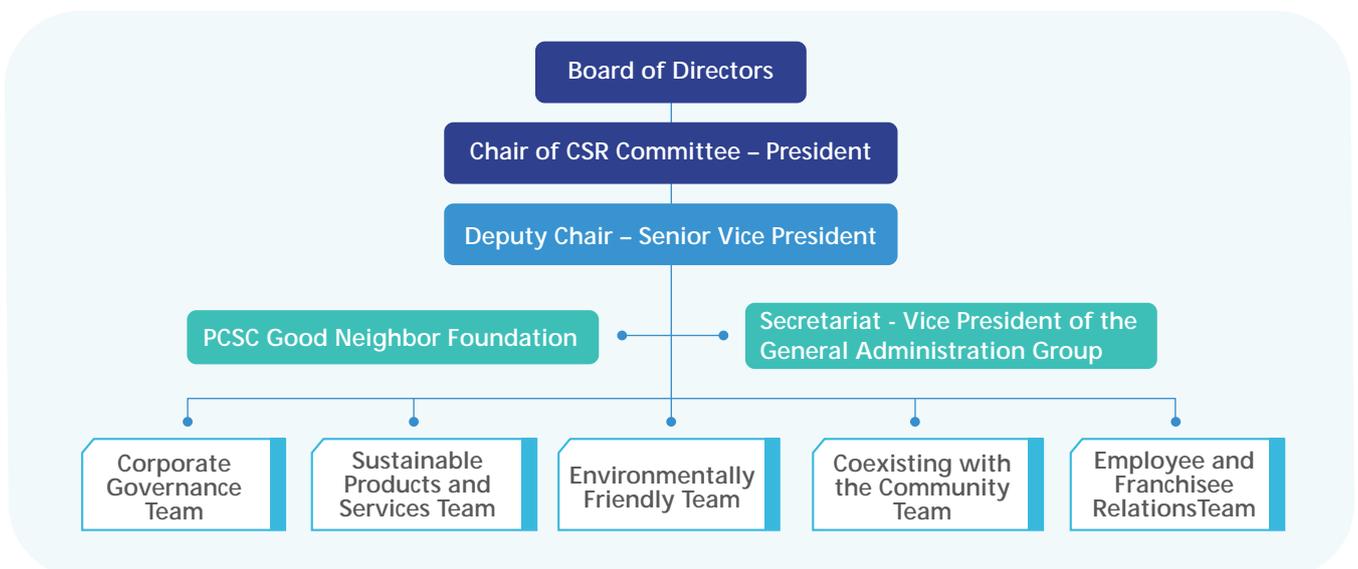
Ethical Corporate Management Practice Team

- 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

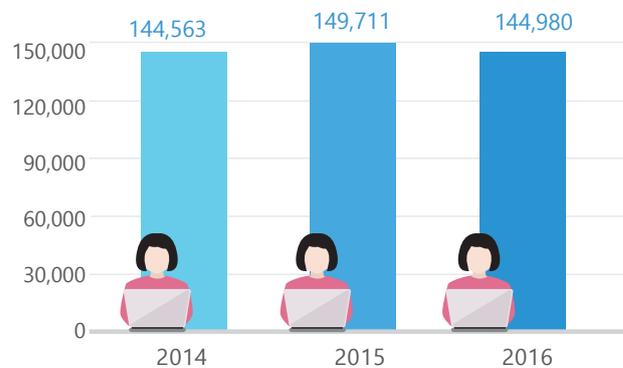
products, but also join hands with suppliers to build a raw material management system, actively strengthen source management, and implement food risk management controls. We must strictly adhere to honesty in labeling and advertising. The scope of management audits includes both first-tier suppliers 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.



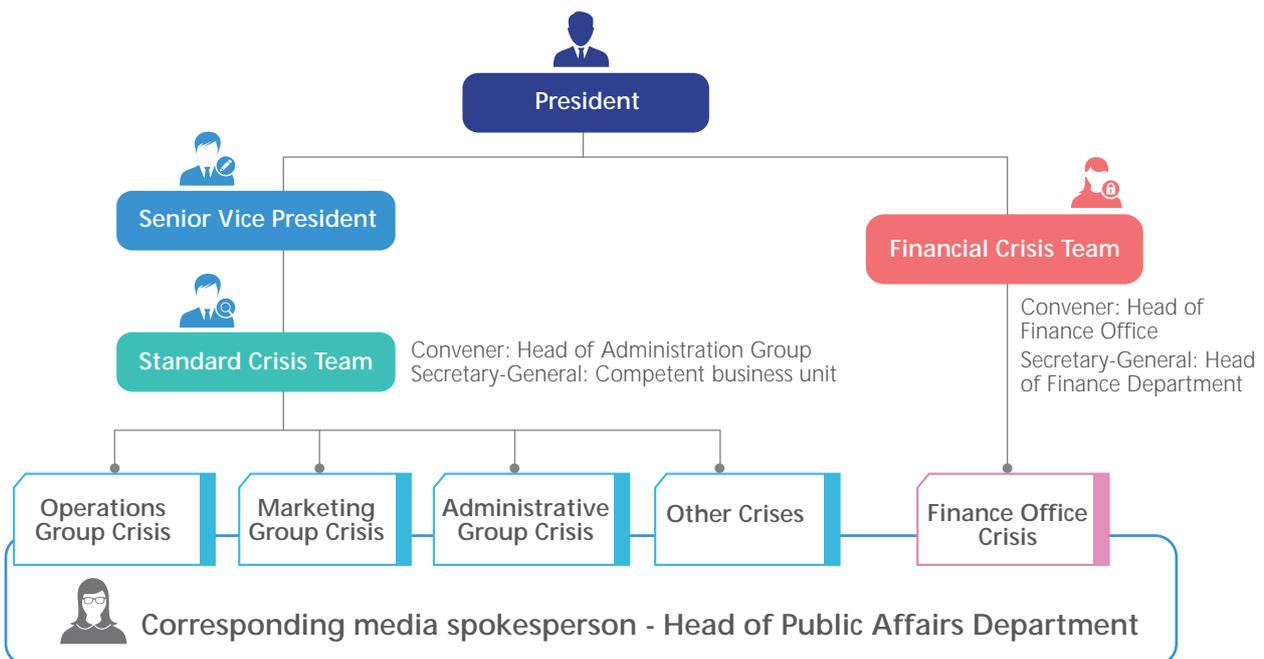
## Crisis Response Management

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





# PCSC's Outstanding Products and Services

## 2017 KPI

- More than NT\$**40** million invested on product inspections

## 2016 KPI

- More than NT\$**39** million invested on product inspections

### Percentage of target met

Target exceeded  
(NT\$**42.3**million)

## SDGs



## Sustainable Products and Services

PCSC aims to serve our customers as a good neighbor. Our over 5100 stores across Taiwan provide consumers with a quick, convenient channel to access foods, beverages, and household items. In addition to selling products from well known domestic and international brands, in 2007 PCSC established our privately-owned products to offer high quality, low priced goods for our customers. Initially, we focused on low prices as an entry point into the market. This strategy was a success, especially because our introduction coincided with the consumer crunch following the financial crisis. Faith grew among the public in convenience store in-house brands and instead of looking to supermarkets, customers began purchasing household items and small packaged food items from convenience stores. By 2015, consumers began to seek higher value from their purchases, not necessarily the lowest prices. This shift in the market from price to value is also reflected in sales numbers, which gave PCSC confidence to accelerate the transformation of our privately-owned brands.

Today, PCSC's iseLect healthy foods and beverages and UNIDESIGN, focused on high quality lifestyle items, have already become trusted, high quality brands in the minds of consumers.



After establishing privately-owned brands, PCSC has taken on the role and risks of a manufacturer in addition to those of a sales channel. Safeguarding the health and safety of consumers is an even greater responsibility.

The UN Sustainable Development Goals (SDGs) to eradicate hunger contains several detailed objectives including (2.1) guaranteeing that people in vulnerable situations have access to sufficient food and (2.c) ensuring the proper functioning of food commodity markets to help limit food price volatility. PCSC has 5,100 stores throughout Taiwan. Through transparent, reasonable prices and convenient channels, we provide consumers the goods and foods they require on a daily basis, thereby meeting the expectations of this goal.

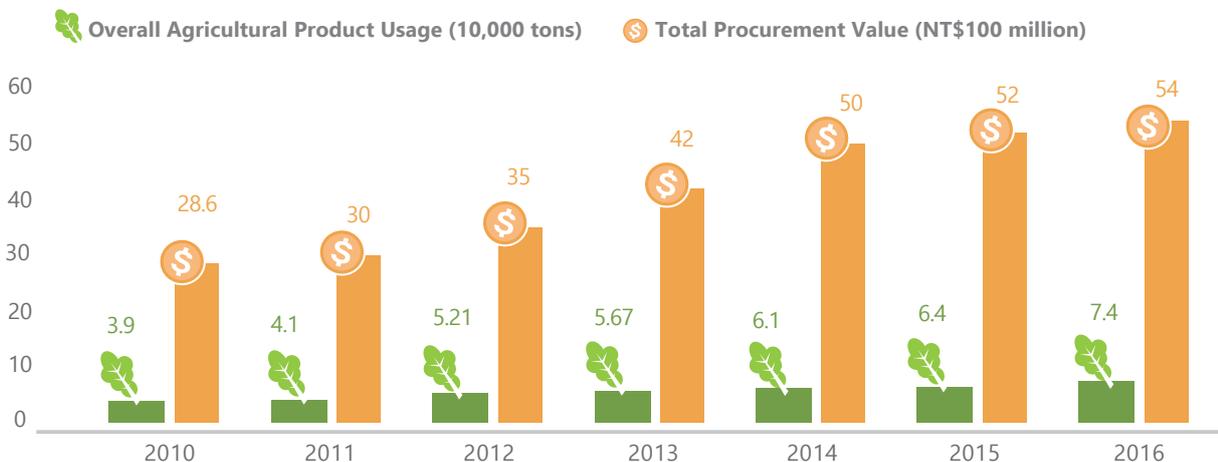
SDGs	Detailed Goals	
	2.1	End hunger by 2030. Ensure that all people, especially the poor and people in disadvantaged situations (including infants), have access to safe, nutritious and sufficient food.
	2.c	Adopt measures to ensure the proper functioning of food commodity markets and their derivatives, and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.

## 2.1 Supplier Cooperation and Management

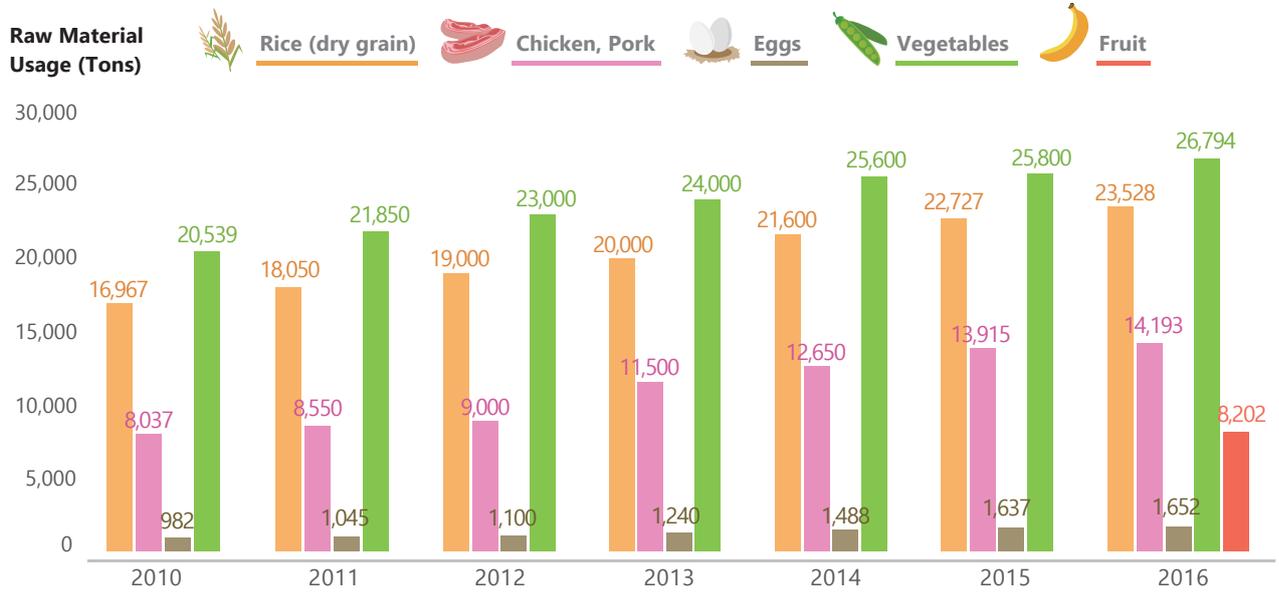
PCSC's suppliers can be split into three different categories, producers of non-privately owned products, privately-owned products (include private brand and private label products), and other. Proper supplier cooperation and management ensures the maintenance of consumer health and safety.

### 2.1.1 Supplier Cooperation

PCSC's selection of ready-to-eat foods is healthy and fresh. We strictly select materials from local, in season agricultural products. Engaging directly with contract farmers, in 2016 PCSC purchased 74,000 tons of ingredients with a value of NT\$5.4 billion.

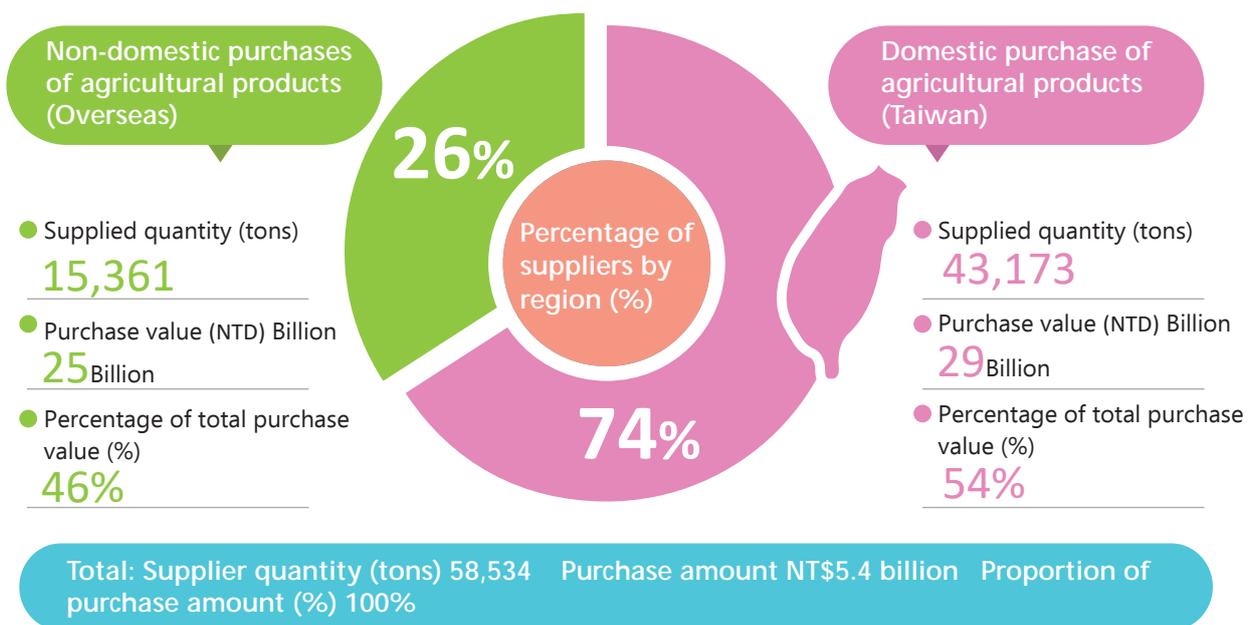


### Raw Material Usage by Year (Tons)



In order to encourage agricultural development in Taiwan and reduce our overall environmental footprint, PCSC continues to increase local procurement. In 2016, Taiwanese suppliers represented 74% of total procurement and NT\$2.9 billion (54% of total procurement dollars).

### Proportion of locally purchased agricultural products in 2016





## 2.1.2 Supplier Management

PCSC does not operate our own factories, instead our private brands are produced by contract manufacturers. We have established the "Privately-Owned Product Contract Manufacturer On-Site Evaluation Management Guidelines" to review such facilities in addition to the "Regulations Governing Raw Material Suppliers and Raw Material Management" for direct raw material suppliers and "Regulations Governing the Management of Egg Raw Materials for Commercial Use" regarding regular evaluations of egg suppliers. The evaluations of private brand suppliers include new supplier evaluation and the routine evaluation of existing suppliers. The areas covered in evaluations of our own-branded food product suppliers (including contract manufacturers, raw material suppliers, and egg suppliers) are listed in the "Supplier Evaluation Metrics and Weighting" tables below. Through comprehensive evaluations, we ensure product safety and proper organizational management. Suppliers are given an evaluation rating of A, B, C, or D, where a passing score for contract food manufacturers is B or higher and C or higher is considered passing for direct raw material and egg suppliers. The scores are also discussed further below.

### Supplier Evaluation Metrics and Weighting

#### 1. Contract Manufacturers

No.	Area of Evaluation	% of Total	No.	Area of Evaluation	% of Total
1	Management and regulations	7.1%	7	Facilities and equipment	18.8%
2	Hazard analysis & critical control points (HACCP) food safety system	4.5%	8	Vector control	5.4%
3	Process and product control	19.6%	9	Food safety crisis management	7.1%
4	Non-conforming product control and tracking	3.6%	10	Testing and measurements	6.3%
5	Environmental sanitation	8.9%	11	Storage and transportation	9.8%
6	Employee health and sanitation	8.9%	12	Social responsibility	Prerequisite, not scored

#### 2. Direct Raw Material Suppliers

##### (1) Factories

No.	Area of Evaluation	% of Total
1	Factory facilities and environmental sanitation management	19.0%
2	Occupational health management	8.0%
3	Process control	15.0%
4	Quality control	27.0%
5	Raw material control	14.0%
6	Storage and transportation control	7.0%
7	Customer complaints and continuous improvement	5.0%
8	Establishment of environmental protection standards	5.0%
9	Supply capacity assessment	Not scored

##### (2) Merchants

No.	Area of Evaluation	% of Total
1	Environmental sanitation management	18.0%
2	Occupational health management	5.0%
3	Process control	6.0%
4	Quality control	29.0%
5	Raw material (product) control	17.0%
6	Product storage and transportation control	12.0%
7	Customer complaints	8.0%
8	Environmental protection	5.0%
9	Quality and supply capacity	Not scored

**(3) Agricultural and Livestock Suppliers**

No.	Area of Evaluation	% of Total
1	Raw material control	30.0%
2	Quality and supply capacity	10.0%
3	Factory cleanliness and sanitation	30.0%
4	Process control	30.0%

**(4) Egg Suppliers**

No.	Area of Evaluation	% of Total
1	Plant environment	2.2%
2	Plant facilities	33.2%
3	Equipment and packaging materials	13.3%
4	Process control	8.9%
5	Quality control	6.6%
6	Sanitation control	6.6%
7	Transportation management	4.4%
8	Results of product sampling	2.2%
9	Raw material and product checks	8.9%
10	Risk management	13.7%



**Supplier Evaluation Results Rating**



Rating	Points Earned
A	90 points or higher
B	80-89 points
C	70-79 points
D	69 points or lower

In addition to participating in supplier evaluations, potential new suppliers must also meet the following requirements

**1.Contract Manufacturers**

- Legal requirements: 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 the products outsourced for processing. Overseas contract manufacturers should follow the relevant local legislation of their home countries.
- Priority considerations are given to those with CAS, TQF, HACCP, or ISO22000 quality certifications.
- Possesses a sound management system, proper quality management, internal QC capabilities, production management, and hygiene management.
- Raw materials are traceable to ensure the product satisfies relevant national food safety and health regulations concerning pesticides, veterinary drug residue, and heavy metals and abide by import and other relevant regulations.



PCSC – A Sustainable Enterprise



PCSC's Outstanding Products and Services



PCSC-Support for environmental sustainability



PCSC's Happy Community



PCSC'S friendly work environment

## 2. Direct Raw Material Suppliers

- Legal requirements: Holds a valid company registration, factory registration etc.
- CAS, TQF, HACCP or ISO22000 certifications are preferred.
- When new raw materials are delivered, traceability documents and a risk assessment must be provided.

## 3.Egg Suppliers

- Eggs processed at the washing and picking plant must be sourced from a Certified Agricultural Standards (CAS) approved and contracted farm. The washing and picking plant must also pass CAS evaluation standards and receive qualification (such as a product certificate).
- Egg packaging and labeling must meet national regulations and CAS benchmark verification for egg products, such as product name, and the names, addresses and phone numbers of the producer and distributor.
- Eggs must pass inspection under announced national standards that include testing for salmonella, 48 kinds of veterinary medicine residues, tetracycline antibiotics, antibiotics and their metabolites, and chloramphenicol.

Production process management at contract food manufacturers has a direct impact on product quality and safety. PCSC requires that our private brand contract manufacturers implement international food safety management systems and receive certification from a third party auditor. As of the end of 2016, there were 46 suppliers for PCSC privately-owned food products that operate a total of 85 factories. Of the 58 factories located in Taiwan, 56 have received international food safety management system certification (ISO22000 or FSSC22000). One of the remaining two factories received ISO9001 certification in December 2016 and we terminated cooperation with the other factory in January 2016.

Through the end of 2016, a total of 46 suppliers (contract manufacturers) produce private brand food products for PCSC and 100% have been evaluated (Note 1). A total of 206 evaluations have been held for these 46 suppliers, with 203 earning passing scores for a pass rate of 98.5%. Apart from issuing fines to non-conforming suppliers in accordance with the merchandise quality contract, these suppliers were also asked to undertake corrective measures and complete a re-evaluation; all have now achieved a passing score.

Note 1: Business and contract production was ended with Tainan Egg (one farm) and one contract factory of Triko Foods prior to the evaluation frequency deadline specified for the rating achieved in their pre-supplier evaluations. Therefore, as stipulated in the relevant regulations, no further evaluation was required in 2016.



### 2.1.3 Supplier Conference

The "Looking Forward to 2017 Fresh Food Supplier Conference and Banquet" held in 2016 was attended by over 180 people representing a total of 72 upstream fresh food producers and raw material suppliers that have long supported product development including Uni-President Superior Commissary, Lian Hwa Foods, Kaohsiung Airport Catering Services, Shin Hu Cooperation Farm, and Kisaraki Foods. Currently, PCSC works with 25 fresh food producers and 162 raw material suppliers.

To encourage quality vendors and boost management effectiveness, we organize the "Outstanding Supplier" and "Gold Medal Fresh Food Factory" competitions every year in appreciation of our exceptional partners. The "Outstanding Supplier" competition is judged on supplier evaluations, factory sanitation audits, quality abnormalities, raw material sampling and testing, and major incidents. The "Gold Medal Fresh Food Factory" competition evaluates five areas that include weight, microorganisms, customer complaint cases, evaluation audit, supply capacity and is divided into the "Best Product R&D" and "Best Factory Management" awards.

## 2.2 Product Safety Management

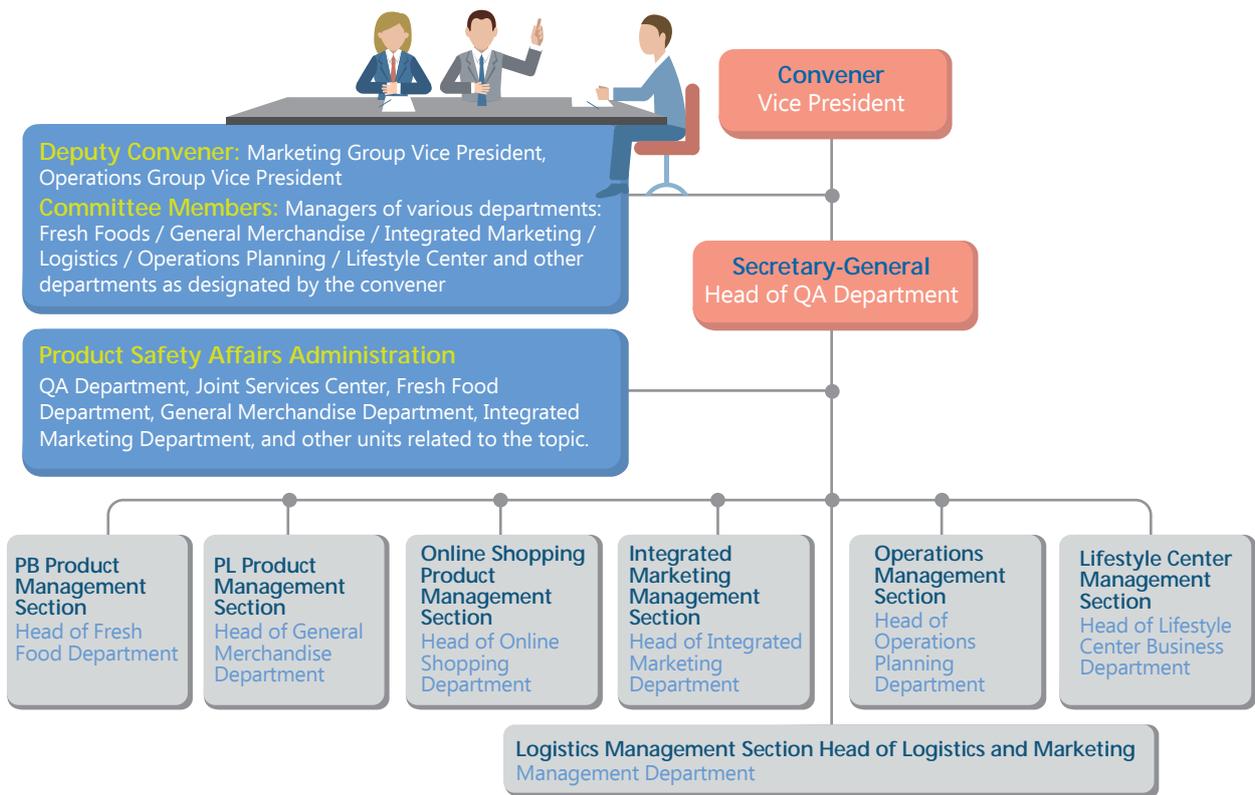
Food safety is of the utmost importance to PCSC and in order to achieve comprehensive food safety controls, we have established the Merchandise Safety Committee, set up internal supervision mechanisms for product safety, and upgraded our Quality Control Lab's testing capabilities. In 2016, we invested a total of NT\$113,000,000 in order to improve our food safety management.

### 2.2.1 Merchandise Safety Committee

PCSC's Vice President serves as convener of the Merchandise Safety Committee, while the Marketing Group Vice President and Operations Group Vice President serve as deputy conveners. The secretary-general of the Committee is the head of the QA Department. The Product Safety Affairs Administration, responsible for collecting and collating product safety related issues, oversees seven management sections supervised by various department heads.

The Merchandise Safety Committee established systematic control mechanisms for PCSC privately owned brands, which govern 100% of private branded items. The Merchandise Safety Committee was convened three times in 2016 and discussions included government regulations, non-conformities found in contract factory and supplier evaluations, product safety information, and the food safety testing program and progress of its implementation.





Note: This is the updated organizational structure as adjusted in 2016

### 2.2.2 Product Safety Information

In order to manage product risks and ensure the quality of goods on our shelves, PCSC established the "Product Safety Information Collection, Assessment, and Tracking Procedure" to assess safety related information for our products and ensure proper follow up. The system affects 100% of PCSC privately-owned products. In 2016, a total of 735 messages were collected, which included six Level A messages, 524 Level B messages, and 205 Level C messages.



### 2.2.3 Traceability Management

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

## 2.2.4 Quality Control Lab

Established in 2012, the PCSC Quality Control Lab performs rigorous testing on products and raw materials for veterinary drug residue, pesticide residue, food additives, biological toxins, heavy metals, mold toxins, microorganisms, and fake ingredients before they are placed on store shelves. The QC Lab first secured ISO/IEC 17025:2005 certification from the Taiwan Accreditation Foundation (TAF) in 2013. The certification was renewed in August 2016 and will be valid through 2019. As of the end of 2016, the QC Lab has established 552 tests in accordance with CNS and relevant bulletins/guidelines issued by the Taiwan Food and Drug Administration and other agencies. There are additional 101 voluntary test items not based on the official methods mentioned above.



### Taiwan Accreditation Foundation (TAF) Certifications

Microorganism tests in accordance with ISO/IEC 17025:2005 3 certifications

### Taiwan Food and Drug Administration (TFDA) Certifications

Nitrofurantol metabolites 4 certifications

Chloramphenicol Antibiotics 4 certifications

Analysis for various chemical residues 48 certifications

Microorganisms 4 certifications

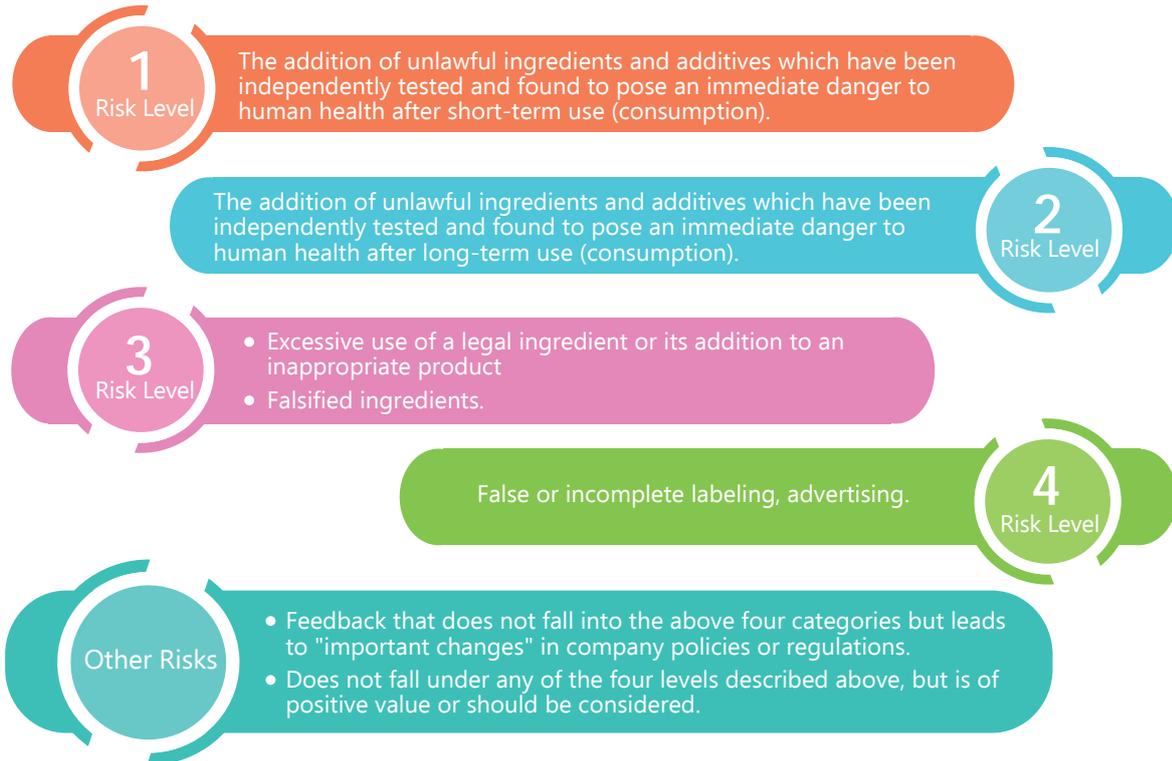
In 2016, a total of 1,009 products and raw materials were tested with 999 earning a pass, for a pass rate of 99.0%. Suppliers of non-conforming raw materials or products are required to improve within a specified period of time. Non-conforming products are preventatively taken off store shelves and are only sold if later proven to be safe. Quality Control Lab expenditures totaled NT\$26,679,000, which includes testing costs of NT\$5,955,000 (Note 1), representing 0.02% of total operating revenue. In 2016, NT\$42,300,000 was invested in product testing outpacing the 2016 KPI of NT\$39,000,000.

Note 1: Quality Control Lab related expenditures include: testing, salaries, rent, depreciation, equipment maintenance, and miscellaneous purchases.



## 2.2.5 Internal product Safety monitoring mechanisms

The "Privately Owned Products Safety Assurance Guidelines" were implemented with the goal of establishing an internal product monitoring system. Personnel from the back office, company-owned stores, and franchisees are encouraged to report their concerns regarding the advertising, labeling, or ingredients of any PCSC private brand products. All reports are passed to the Merchandise Safety Committee. If confirmed, the whistleblower is awarded varying sums for finding the problem depending on the product safety risk level of the issue discovered. In 2016, there were two internal monitoring cases which were awarded NT\$1,000.



## 2.3 Product and Service Quality Controls

In addition to the safety of a product itself, the process of transportation, storage, and display of merchandise is just as important to maintaining high quality. To achieve comprehensive controls from the source to the customer, PCSC works together with logistics companies to implement primary logistics and store product quality and service checks ensuring customers have confidence in the products they purchase and use.

### 2.3.1 Primary Logistics

Temperature, personnel, and hygiene during the logistics process 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 product categories for which primary logistics was introduced in 2014 include fast food, rice, and bread, have now achieved 100% implementation. Fruit, 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 and fresh produce (excluding ears of corn and bamboo shoots) has now also reached 100%.

## 2.3.2 Store Audits

In order to ensure PCSC stores provide consumers with an outstanding shopping experience, each year we hold service audits at company-owned stores and franchises. Four main areas are evaluated: basic services, specialized services, environment, and appropriate response measures. Results fall into three grades, from A to C. In 2016, audits were held at 3,433 stores and 1,547 stores received an A rating. Those locations earning a C rating receive coaching from the operations team and held store-wide meetings to draft an improvement plan and track results.



Through the assistance of a management consulting firm, we also performed checks on product expiration date management and quality assurance operations. In 2016, audited stores represented 99.3% of all total stores (Note 1). In 2016, checks were performed 21,925 times and 21,335 earned a passing score, for a pass rate of 97.3%.

In addition to the aforementioned store checks, in order to enhance overall staff quality assurance capabilities, PCSC continued to hold quality assurance training for new and existing store staff. In 2016, 10,830 people participated in training. Beginning in July 2016, PCSC also commissioned a management consulting firm to audit store quality assurance training certifications. A total of 99.7% of stores in Taiwan received such audits in 2016.

Note 1: Because a small number of stores closed in early 2016 or opened in late 2016, they were not audited in 2016.

## 2.4 Customer Rights and Interests

PCSC is committed to upholding our customers' rights and interests, from ensuring complete product information on packaging to offering communication channels for customers to offer their suggestions or comments. In cases where we receive personal information from our customers, this data receives special protections.

### 2.4.1 Product Labeling

Clear product labeling is our first promise to PCSC customers. We required all of our suppliers to sign a declaration of guarantee that their products' ingredients, production processes, labeling, and advertising all comply with the law. PCSC also implements "Privately Owned Product Labeling and Advertising Content Review" in order to control the quality of private brand products.



## 2.4.2 Complaint Mechanism

PCSC established the Joint Services Center to serve as a communication channel for employees, franchisees, and customers to make inquiries or lodge complaints regarding products and services through the Center's dedicated hotline and email inbox. After customers contact us to leave a complaint or suggestion, a case is opened to ensure proper resolution of the situation. Only after the customer receives a satisfactory reply is the case considered closed. In 2016, the online resolution rate was 80.05%.

## 2.4.3 Personal Information Protection

In reaction to changing consumer habits and needs, PCSC provides a variety of services that include online shopping, ibon ticket sales and pickup, and parcel pickup and dispatch. As our services have expanded, we have an increased contact with our customers' personal data. To bolster protections on such data, we established the "Personal Information Protection Task Force" to regularly conduct personal information inventories and risk analysis while also providing training to key staff in all departments of the Company. In 2016, there were no privacy-related complaints or violations at PCSC and 100% of relevant employees completed personal information protection online training.

PCSC began external certifications in 2012 and in 2014 received Taiwan Personal Information Protection and Administration System certification. In 2016, we applied for recertification and passed the audit to successfully retain our certification.



## 2.5 Legal Compliance

The production and sale of PCSC private brand products, including raw material sources, components, product labeling, and product marketing are all governed as required by relevant laws. For non-private brand products, we work with suppliers to ensure regulatory compliance through communication, testing, and our auditing mechanism. In 2016, none of the products sold by PCSC violated regulations regarding customer health and safety, product labeling, or marketing communications and we did not sell any prohibited or controversial products. Food products sold in stores subject to the Act Governing Food Safety and Sanitation and its sub-laws, including Regulations on Good Hygiene Practice for Food and Ministry of Health and Welfare Food Hygiene Standards. Over 2016, PCSC received no fines for violations of these regulations.



# PCSC-Support for environmental sustainability

## 2017 KPI

- Purchase energy-saving products certified with a Green Mark that account for **4.5%** of annual purchases
- Energy usage intensity (EUI) for retail locations and headquarters **3%** lower than that for 2014
- Power reduction, water reduction, and paper reduction targets for the headquarter building:
  1. Decrease headquarters (floors 2-11) EUI **0.5%** from the previous year
  2. Decrease water usage per person **0.5%** from the previous year
  3. Decrease paper usage per person **0.5%** from the previous year

## 2016 KPI

### Percentage of target met

- |   |   |
|---|---|
| • Purchase energy-saving products certified with a Green Mark that account for <b>4%</b> of annual purchases  | <b>100%</b>   |
| • EUI for retail locations and headquarters <b>2%</b> lower than that for 2014  | <b>100%</b>   |
| • Power reduction, water reduction, and paper reduction targets for the headquarter building: <ol style="list-style-type: none"> <li>1. Decrease headquarters (floors 2-11) EUI <b>7%</b> from the previous year</li> <li>2. Decrease water usage per person <b>0.5%</b> from the previous year</li> <li>3. Decrease paper usage per person <b>1%</b> from the previous year</li> </ol> | <b>100%</b> for electricity and paper; target for water not met |

Note: Water usage increased as the number of employees at the headquarters increased by 39; the actual EUI per person decreased 1.2%.

## SDGs





The time has come to take action regarding recent global climate change. According to the 2015 United Nations Climate Change Conference (COP21), expediting the integration of energy saving and carbon reduction into operational models and production services and directly or indirectly affecting business and consumer behaviors in order to decelerate environmental deterioration can also reduce the impact and damage done by the climate to raw material supply.

In the face of climate change, President Chain Store Corporation has enacted a series of low-carbon and green recycling measures to provide consumers with high-quality, environmentally-friendly products. We wish to help the environment through green operations and low-carbon marketing, further reducing the environmental impact on our operations and bringing us closer to sustainable development.

### 3.1 Green living through saving energy and reducing carbon

#### ● Headquarters

By setting performance goals, the headquarter building successfully fulfilled the carbon reduction promise made this year to save electricity and paper. Energy reduction slogans were strategically posted throughout the building to instill this environmentally-friendly mindset in employees. Equipment on each floor was also monitored to keep track of energy usage to improve hardware performance, helping to meet our energy goals and greatly reduce energy expenditures.

#### ■ 2016 headquarter electricity, water, and paper reduction performance

Item	Measures taken	2016 performance
 <b>Electricity reduction</b>	Replacement of T8 light bulbs with LED lights.	<b>Compared to 2015</b> Electricity saved: <b>179,949 kWh</b> Cost saved: NT\$ <b>714,740</b> EUI per person: <b>-12.6%</b>
 <b>Water reduction</b>	<ul style="list-style-type: none"> <li>The 4th floor and water tower leaks were fixed.</li> <li>Water usage increased as the number of employees at the headquarters increased by 39; the actual EUI per person decreased.</li> </ul>	<b>Compared to 2015</b> Water saved: <b>-234,000 L</b> Cost saved: NT\$ <b>-18,836</b> EUI per person: <b>-1.2%</b>
 <b>Paper reduction</b>	Electronic files and continued promo-tion of scanning documents.	<b>Compared to 2015</b> Electricity saved: Cost saved: NT\$ <b>670</b> EUI per person: <b>-5.8%</b>

#### ● Retail locations

Energy-saving measures were continuously promoted in 2016. With the approval of the Equipment Purchasing Committee, old equipment was replaced with high performance equipment at existing retail locations. All new stores were required to incorporate building insulation, low energy signage, low energy lighting, systems with inverter technology, outdoor energy reduction, indoor lighting management, and LED lighting. In addition to replacing equipment with energy-saving models, employees at all retail locations underwent training on regular inspections of the air conditioning, rotary fans, lighting, refrigerators and freezers, and signage and windows following the "Retail Energy Reduction Checklist" in order to ensure optimal equipment performance. Inverter water pressure systems, DC motor automatic doors, and windbreak rooms were continued to be integrated at existing retail locations throughout 2016, helping to save 29,366,000 kWh and reduce carbon emissions by 15,324 tons per year.

## 2016 Integration of energy saving systems

Item	Qty (No. of machines)	Electricity saved (kwh)	Amount of carbon reduced (Tons of CO <sub>2</sub> e per year)	Cost saved (NT\$10,000)
Replaced embedded open showcases	178	334.8	259	111.14
Replaced fixed speed air conditioners in retail stores with inverter air conditioners (RC/FC2)	726	930	2,676	1,148.48
Replaced fixed speed air conditioners in retail stores with inverter air conditioners (FC1)	94	930	414	177.49
New retail stores install inverter air conditioners (RC/FC2/FC1)	957	930	2,791	1,197.79
Outdoor inverter central air conditioning units	2,727	14.7	230	98.88
Replaced 3 rows of lights in 3-foot horizontal signage with 2 rows of lights	819	269.5	971	416.50
Introduction of DC motor automatic doors	793	41.1	143	61.17
Introduction of windbreak rooms	226	691.5	624	267.60
Installation of inverted U T5 lamps	569	129.5	275	118.19
Introduction of constant pressure inverter water pressure systems	680	18.75	55	23.67
New combination refrigerators	647	528.6	1,368	586.97
Installed inverters to independent combination refrigerator/freezers	2,432	287	3,790	1,626.30
Plug in inverters for single/double door freezers	1,060	334.8	1,608	689.88
Optimal lighting arrangement for exterior arcade	1,068	27.2	121	51.82
<b>Total</b>		<b>5,437.45</b>	<b>15,324</b>	<b>6,575.87</b>

## Paper-free workspaces

In cooperation with the government, President Chain Store Corporation became the first convenience chain store in Taiwan to introduce electronic receipts in 2011. Beginning in 2015, the use of e-receipts extended to our horizontal alliances; at the end of 2016, they had been introduced to NPC Gas, NanRenHu Shopping Center, Taipei 101 Department Store, Global Mall, Freeway Shopping Center, Dream Mall, and Ruentex.

On January 1, 2016, President Chain Store Corporation introduced cloud-based e-receipts for public utilities and simplified accounting records by replacing the Uniform Invoice number with the e-receipt number (BB+8 digits). Consumers' winning receipts can be printed out at any retail location to claim their prize. Public utility companies can also allow customers to print out winning receipts using IBON machines, greatly reducing the costs for utility companies in mailing winning receipts to customers. With these measures, President Chain Store Corporation's Type II telecommunications enterprise (MVNO) predicts to print 980,000 fewer receipts each year.

On January 1, 2016, franchisees began issuing e-receipts for performance bonus rather than paper receipts; currently 95% of franchisees have switched to e-receipts, lowering their costs for receipt paper and reducing the number of scrapped blank receipts. This can save 2.7 million receipts and NT\$320,000 each year.



In order to keep up with international trends, in 2016, President Chain Store Corporation worked with government departments to incorporate international barcodes into e-receipts and to allow public utility payment notices and payment confirmation slips to be used to claim receipt lottery prizes. Future winning receipts claimed at retail locations can be verified and written off electronically, increasing the benefits of these electronic mechanisms and helping to protect the environment.

## Logistics

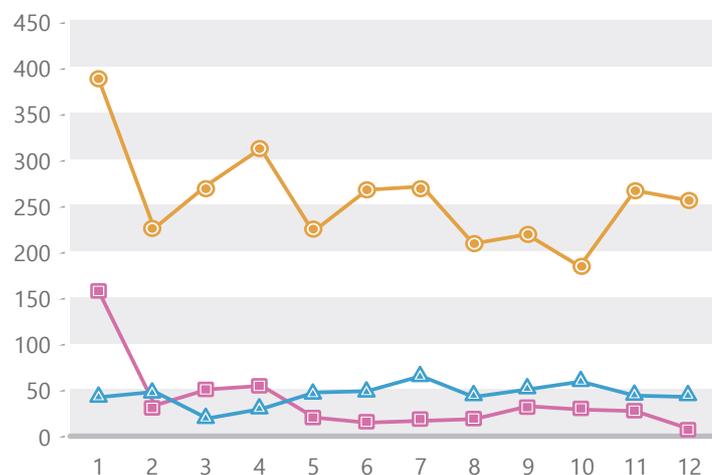
With the ever-increasing number of retail locations across Taiwan and variety of services provided in 2016, the amount of logistics activity has also increased. In order to safely and securely ship the newest products to each retail store as quickly as possible, information management systems, management department guidelines, and standard procedures are improved each year. We also aim to ensure that logistics personnel and vehicles operate at the highest efficiency to reduce any negative impact logistics processes may have on society or the environment. The incorporation of mobile management apps, audiovisual logistics SOP files, President Tokyo Corporation maintenance systems, and operations management systems helps standardize all aspects of shipping and ensure safe vehicle operation.

President Chain Store Corporation boasts long-term cooperation with affiliated logistics companies and has increased logistics efficiency while minimizing environmental harm by reducing the number of deliveries, establishing maintenance systems, utilizing common delivery, and upgrading logistics equipment. President Logistics International Corp., the affiliated company in charge of managing logistics vehicles, began integrating eco-friendly vehicles in 2016 and aims to replace older models (those that met 3rd Stage and 4th Stage Emission Standards) with the newest 5th Stage vehicles by 2020. With the ultimate goal of replacing 223 vehicles and the 2016 goal of introducing 25 vehicles that meet the latest emission standards, this year, a total of 69 3rd Stage vehicles and 14 4th Stage vehicles have been replaced. Exchanging these 83 older models reduced carbon monoxide emissions by 4.29 tons (59.4 kg per 3rd Stage vehicle and 13.71 kg per 4th Stage vehicle) for a fixed asset cost of NT\$222,440,000.

### Vehicle systems

President Logistics International Corp. established the Digital Mobile Surveillance Center in 2012 and co-developed an exclusive vehicle system with Chunghwa Telecom. This system performs dynamic management of logistics vehicles by utilizing GPS/GPRS technology to determine the real-time position of all vehicles as well as road and cargo conditions. In 2016, the data from each vehicle was used to reduce traffic risk and ensure pedestrian safety. The successful application of safety data regarding speeding, rapid deceleration, and rapid acceleration this year effectively controlled various risk factors and generated improvements. The inclusion of breathalyzer tests when reporting to work also ensures each logistics specialist maintains safe and healthy driving habits, thus satisfying social expectations.

● Number of rapid deceleration incidents  
▲ Number of speeding incidents  
■ Number of rapid acceleration incidents



## Outstanding Logistics Specialist Ceremony

Behind the services provided to consumers is a hard-working and determined logistics team that works around the clock to provide maximum support. Every year, we commend exceptional logistics specialists; this year, 68 of the 1,788 specialists from President Logistics International Corp., Retail Support International, Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corporation were celebrated at the 2016 PCSC Outstanding Logistics Specialist Ceremony. Four of these specialists have been recognized for three consecutive years and were distinguished as Exemplary Logistics Specialists. President Chain Store Corporation organizes a two-day one-night event each year to thank the logistics team for their hard work and dedication, and invites their families to join in their success.

2016 marked the ninth ceremony which brought the total number of Outstanding Logistics Specialists to nearly 500. The theme for the 2016 ceremony was “With Your Support, Our Possibilities are Endless” in the hopes of inspiring logistics specialists to utilize high-tech equipment, such as smart vehicle systems, in order to quickly and accurately track the service quality, driving safety, and food conditions for all deliveries.





### Retail Support International

#### Replacing cardboard boxes with pallets and plastic containers

Long-term use of pallets and plastic containers can replace the use of cardboard boxes and help the environment. In 2016, 1,641,429 pallets were used, a 3% increase from 2015, and 11,064,696 plastic containers were used, an increase of 5% compared to 2015.

RSI	Shipping pallets	Plastic logistics containers
2016	1,641,429	11,064,696
2015	1,598,518	10,580,226
Percentage increase	3%	5%

#### Office energy-saving measures

- Energy-wasting light bulbs in the cafeteria, conference rooms, and stairwells were replaced with energy saving light bulbs and expired fluorescent light bulbs are regularly replaced to maintain optimal brightness while saving energy.
- Window curtains were installed to block direct sunlight in order to reduce air conditioning workloads.
- Additional circulating fans were installed and air conditioning timers are used to automatically turn off air conditioning at the end of the work day.
- Digitalization of documents (purchase orders, business travel applications) and payroll sheets, management of work-related paper usage, encouraging double-sided printing.

### Uni-President Cold-Chain Corp.

#### Replacing cardboard boxes with plastic shipping containers

All products are moved from supplier to warehouse and to their final retail location in plastic containers, eliminating the need for cardboard boxes. A total of 58,465,987 plastic containers were used in 2016—an impressive 1179% increase from 2015.

UPCC	Refrigerated containers	Freezer containers	Fresh food containers	Bread containers	Total plastic logistics containers
2016	37,623,179	3,930,814	6,853,257	10,058,737	58,465,987
2015	2,695,336	250,466	649,212	974,452	4,569,466
Percentage increase	1296%	1469%	956%	932%	1179%

#### Initial shipment consolidation:

With shipment consolidation, the transportation process is extended to receiving shipments from the supplier in order to control quality and to ensure the safety of perishable foods. Shipment consolidation can reduce the number of daily shipments required and combined deployments between the logistics company and transport fleet can reduce the number of trips made each day. Consolidation of empty boxes also shortens the amount of turnaround time, further expediting the overall shipping process. For example, shipping consolidation reduces the number of 4°C temperature controlled shipments per day by 80.

## Wisdom Distribution Service Corporation

### Replacing cardboard boxes with plastic shipping containers

Wooden pallets are used to bring shipments from suppliers into the Wisdom Distribution Service warehouse. Plastic pallets are used and reused for all transportation within the warehouse, product storage, and shipments. Shipments to retail locations replace cardboard boxes with plastic containers; a total of 15,063,842 plastic containers were used in 2016, 33% more than used in 2015.

All shipments mainly utilize plastic logistics containers with the exception of terminals and retail locations on outlying islands due to their volume restrictions and excessive number of packages.

### Warehouse energy-saving measures:

- Continuous promotion of policies to save energy and reduce carbon; electricity use decreased 44,531 kWh in 2016 compared to the previous year.
- The Wisdom Distribution Service Corporation Shulin Distribution Center integrated an energy service system (ESCO), installing an inverter for the cold water pump and water tower fan and installing a flow meter detector on the cold water pipes. A total of 44,531 kWh was saved from June to December of 2016.

Inverter control



Cold water flow meter detector



### Paper recycling equipment

The addition of paper recycling equipment greatly improved work efficiency and reduced the number of man-hours by approximately 10 hours (600 minutes) per day.

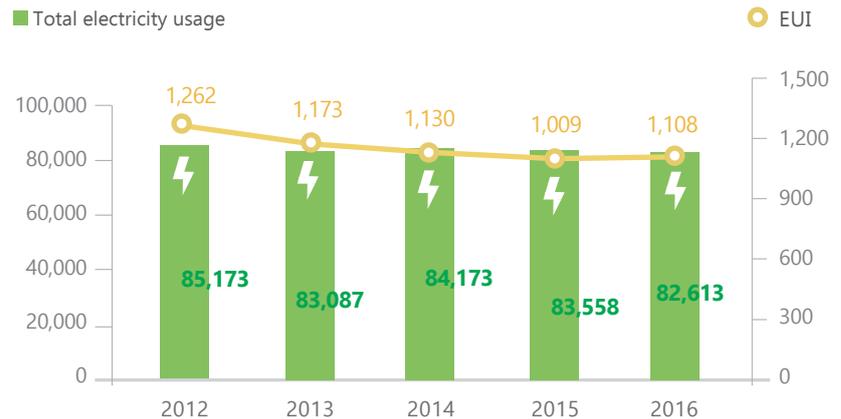
Wisdom Distribution Service Corporation	Cage cart/baler/day	Time spent baling waste paper before improvement (min)	Time spent baling waste paper after improvement (min)
books.com.tw	10	250	50
EC acceptance	16	400	80
IBON mart online shopping	4	100	20
<b>Total</b>	<b>30</b>	<b>750</b>	<b>150</b>



## Greenhouse gas protocol

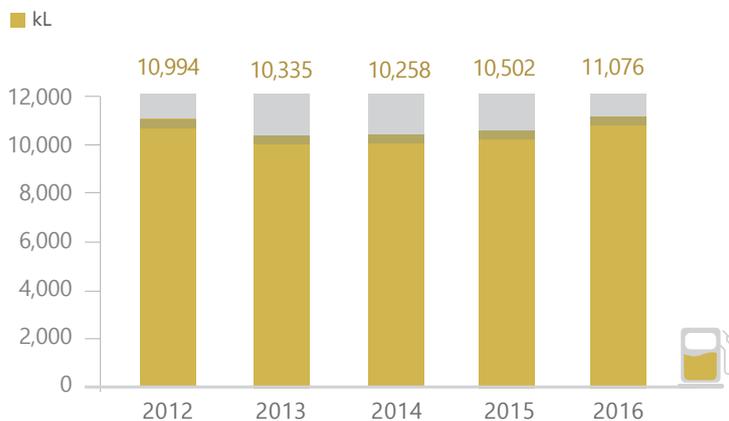
The main source of energy used at the headquarters and all retail locations is electricity. In 2016, the headquarters and all retail locations used a combined 827,370,000 kWh, 10,680,000 kWh fewer than in 2015; 99.8% of the electricity used in 2016 (826,130,000 kWh) was consumed by retail stores. Energy usage intensity (EUI) is used as the performance index to continuously track the efficiency of electricity usage at retail locations; the EUI for 2016 was 1,108 kWh/m<sup>2</sup>.

### Retail location electricity usage and EUI



Retail Support International, Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corporation are responsible for centralized intake and inventory, shipping of room temperature, low temperature, refrigerated, and frozen goods, publications, and electronic platforms. Retail Support International is in charge of the overall management of logistics vehicles, including monitoring gasoline usage, procurement of eco-friendly vehicles, and logistics specialist training. A total of 11,076 kL of gasoline (diesel) was used for shipments in 2016.

### Diesel consumption



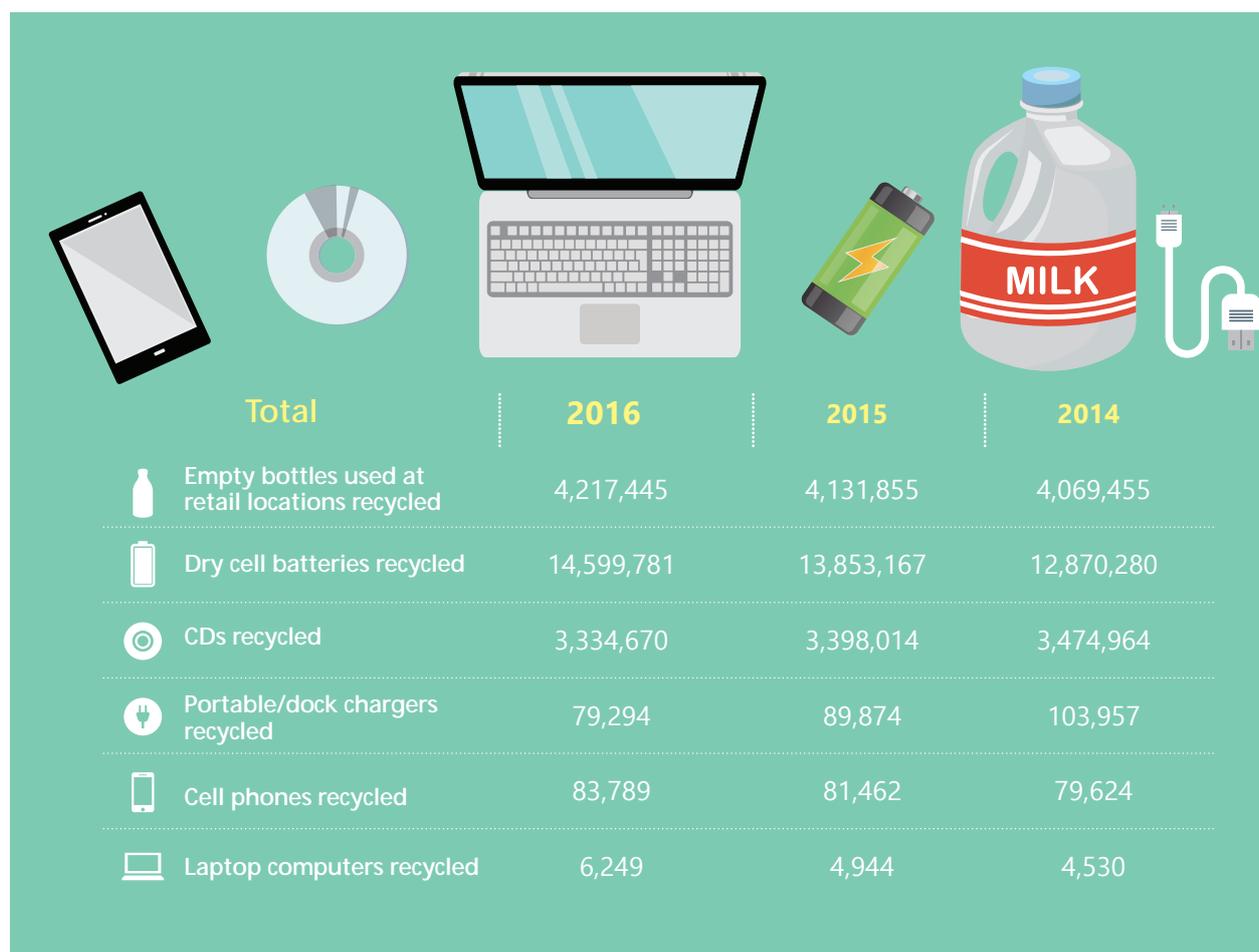
### ■ Diesel consumption

President Chain Store Corporation’s greenhouse gas protocol complies with national policies in measuring life-cycle greenhouse gas emissions. A total of 585,502 tons equivalent carbon dioxide (CO2e) of greenhouse gases were calculated in the 2016 investigation; 74.2% of emissions were Scope 2 emissions caused by electricity use, of which, 99% was due to electricity use at retail locations. Scope 1 emissions accounted for 20.8% of emissions caused mainly by refrigerant gas leaks from refrigeration, freezer, and air conditioning equipment at retail locations. Scope 3 emissions accounted for 5% of emissions (29,368 tons) caused by logistics-related work at retail locations.

## 3.2 Convenient green recycling

In 2010, President Chain Store Corporation began accepting old dry cell batteries, laptop computers, CDs, cell phones, and portable/dock chargers at 7-ELEVEN locations for recycling and gave out vouchers to encourage customers to recycle their unused and unwanted electronics. The ICT products and peripherals recycling program has had great success since its inception. President Chain Store Corporation also began recycling empty commercial-use milk bottles; a total of 4,217,445 bottles were recycled in 2016.

### ■ Recycling performance at retail locations





### 3.3 Green accounting and green procurement

#### Green accounting

President Chain Store Corporation upholds its corporate social responsibility by providing consumers with safe products and innovative services and striving to save energy and reduce carbon in order to create environmentally friendly lifestyles. We also contribute to Taiwan's society by practicing our motto that “compassion never closes; happiness is always nearby.”

#### Green accounting items

Category	Item	Description	Environmental impact	Investment (NT\$1,000)	Cost (NT\$1,000)	Total (NT\$1,000)
 Products	Products for sale use environmentally-friendly packaging; inspection of food products	Purchased environmentally-friendly packaging: PLA and coffee cup rack. No preservatives or additives in food products; testing for traces of agriculture chemicals.	Recognition of impacts on health and the environment and helping to protect consumer health.		234,196	234,196
 Retail locations	Energy saving measures	Purchased energy saving equipment: 390 power saving units, 1,561 a/c circulating fans, 1,127 inverter a/c units, 29,393 T5 energy-saving light bulbs, 2,216 plug-in refrigerator/freezer inverters, and 1,736 Slurpee machines that turn off/sleep during off seasons.	Save energy and reduce carbon emissions.	241,155	1,172	242,327
	Cleaning and trash removal	Cleaned retail locations, introduced green technologies, and removed/recycled trash.	Maintain a clean environment.		290,512	290,512
	Extend lifespan of equipment and building materials	Installed 530 steel countertops, equipment was recycled and prepared for reuse.	Reduce the amount of trees cut down and the amount of wasted resources	81,347	27,877	109,224
	Green procurement	Purchased energy saving equipment and environmentally-friendly paper and building materials. Promoted e-receipts.	Meet European standards, FCS certification, save electricity, and reduce carbon emissions		46,473	46,473

Category	Item	Description	Environmental impact	Investment (NT\$1,000)	Cost (NT\$1,000)	Total (NT\$1,000)
 Shipping	President Logistics International Corp., Retail Support International, and Wisdom Distribution Service Corporation combined to create a reverse logistics system, improve shipping efficiency, and recycle resources	Investment in reverse logistics recycling work force and equipment.	Recycling at retail locations: 260.7 tons of dry cell batteries, 59.5 tons of CDs, 6,000 laptop computers, 84,000 cell phones, 79,000 phone chargers.		3,107	3,107
 Internal environmental education	Promotion of environmental education and office recycling	Promoted paper reduction in the office, cleaning the environment, and recycling.	Recycling at offices: 3,308 kg plastic bottles, 15,510 kg paper, 557 kg aluminum cans, 411 kg other (CDs/batteries/light bulbs).		30,908	30,908
 Social contributions	Dissemination of information regarding environmental protection	Promoted energy reduction, wildlife protection, and corporate social responsibility; sponsored environmental protection groups.	Promotion of environmental education and resource reuse.		1,420	47,350
	Organize or attend events beneficial to the environment and society	Donated to Tainan earthquake disaster relief; organized community and charity events.	With the help of 24 publishers, opened the first "OPEN! Children's Reading Room" filled with over 600 books. Organized community events with the Good Neighbor Foundation focused on parent-child interaction, disadvantaged families, education and culture, and environmental protection to add value to communities, inspire children, and make 7-ELEVEN a good neighbor.		45,930	
Total				322,502	681,595	1,004,097

## Green procurement

President Chain Store Corporation continues to engage in green procurement, purchasing an ever-increasing variety of products. In 2016, NT\$197,879,000 was spent on lighting and energy-saving air conditioners for retail locations and NT\$5,048,000 was spent on FSC certified office paper.



## 2016 Green procurement items and costs

Item no.	Purchased item	Qty	Cost (NT\$1,000)	Green Mark/Green certification
1	6 HP inverter air conditioner	145	12,262.7	Energy label certificate no. 102003-1
2	HP LCD 19 in wide screen TV	2	9.6	Certificate no. 13040
3	HP PC SFF computer including OS	3	50.1	Certificate no. 12473
4	Daikin 6 HP inverter commercial air conditioner	422	37,927.5	Energy label certificate no. 100014-2
5	Daikin 6 HP inverter commercial air conditioner made in Thailand	1	90.0	Energy label certificate no. 100014-2
6	Split air conditioner	1	38.1	Energy label certificate no. 100014-2
7	Hitachi 6 HP inverter commercial air conditioner	105	9,450.0	Energy label certificate no. 101162-1
8	1.2 HP inverter warehouse air conditioner	81	1,605.0	Energy label certificate no. 104142
9	2 HP inverter warehouse air conditioner	452	11,342.4	Energy label certificate no. 100014-2
10	Window air conditioner	2	210.0	Certificate no. 990123-2
11	Slurpee cups/lids	7,746,000	7,684.5	Green Mark certificate no. 12622
12	city café bags, 1-2 cup sizes	103,898,000	65,659.9	891000-1
13	OURS Magazine	317.49	254.7	FSC certification
14	China Electric T5 recessed light bulb	5,006	4,412.9	Energy label 102411
15	UCC plaster ceiling tile	5,783.7 boxes	5,740.7	Green Building Material CBM0100353
16	Circulation fan	423	921.5	Energy label 990274
17	LED light bulb/tube	19,034	5,597.0	Energy label 102447
18	Copy paper	57,181 reams	5,048.0	FSC certification
19	Stir sticks	325,790 packages	8,048.5	FSC certification
20	Disposable chopsticks	538,154 bags (100 ct)	21,526.2	FSC certification
Total			197,879.4	

## 3.4 Legal compliance

No actions that violated environmental law and resulted in fines from competent authorities were recorded in 2016.



## PCSC's Happy Community

### 2017 KPI

- To organize **7,000 Good Neighbor Funfests** with over **175,000 participants**
- To raise **NT\$166M** in spare change donations at retail stores

### 2016 KPI

- To hold **2,300 Good Neighbor Funfests** with over **115,000 participants**
- To raise **NT\$165M** in spare change donations at retail stores

Percentage of target met

100%

100%

### SDGs



Convenience stores have become an indispensable part of daily life in Taiwan, with 7-ELEVEN being a fixture of the community for nearly forty years. Over this time, PCSC has brought about a retail revolution and branched out into both busy thoroughfares and quiet lanes, building a closer connection—an emotional connection—with local residents in their day-to-day lives. We have never wavered in our mission to become an irreplaceable Good Neighbor that infuses the entire community with happiness and a sense of security. In order to accomplish this goal, we have utilized the PCSC core competencies to distribute corporate resources effectively to all corners of society. Operating within the community allows us to better understand the needs of local residents and to earn their trust and goodwill. Our more than 5,000-strong network of retail stores provides quality merchandise and diversified services that satisfy our customers' needs. As a corporation, we strive to cultivate sincerity, create a happier society, and become an enterprise that stands for social stability and sustainable development.

In this 2016 annual CSR report, we shall review the execution and achievements of our 2016 activities with respect to the Sustainable Development Goals (SDGs) formally adopted by the United Nations in September 2015. For the first time, we shall evaluate how our actions correspond to those SDGs which pertain to PCSC operations. We hope stakeholders will recognize our determination to stay in step with the rest of the world and make strides towards global sustainable development goals.



## 4.1 Diversified Community Interaction

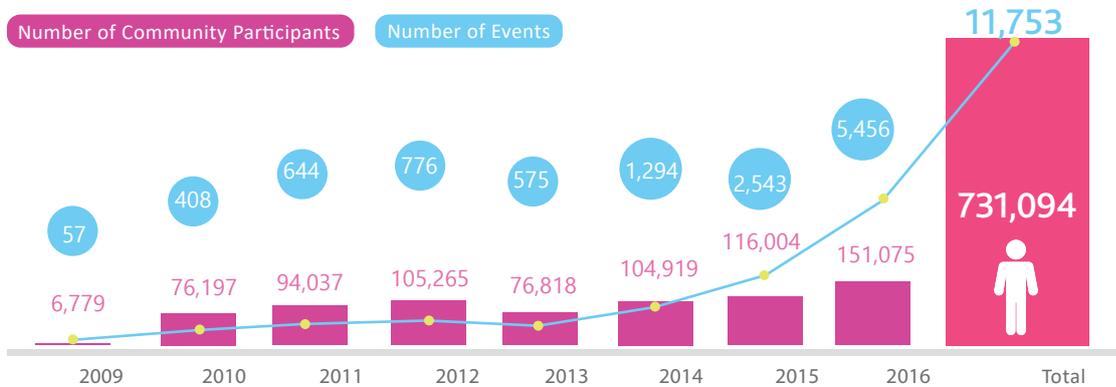
Since its establishment 17 years ago in 1999, the Good Neighbor Foundation has been devoted to improving community life, sustaining local culture, and firmly establishing itself as a friend and member of the community. We encourage employees to cultivate relationships with community members and hope to draw upon 7-ELEVEN's strong, ubiquitous presence to forge an even deeper connection to local communities. Our aim is for our retail stores to function like community service centers that, throughout each town and neighborhood, embody the Taiwanese essence of giving back; enrich local spiritual life; improve the overall quality of life; and work with the community to create a better life for all. The Good Neighbor Foundation is focused on serving members of the community and sponsoring activities that promote healthy living, environmental protection, and caring for the less fortunate and those living in rural areas. All this is undertaken with the aim of creating a better quality of leisure life for the community.

Focus	Related SDGs	Event Theme	Description
<ul style="list-style-type: none"> <li>• Healthy living</li> <li>• Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>■ Good health and well-being</li> <li>■ Climate action</li> </ul>	Good Neighbor Funfests	Promote Good Neighbor Funfests which bring communities closer together through various hands-on activities
<ul style="list-style-type: none"> <li>• Healthy living</li> </ul>	<ul style="list-style-type: none"> <li>■ Good health and well-being</li> </ul>	Millenium Health Stations	Integrate health stations (conceived in 2008 together with the Millenium Health Foundation) into retail network; provide blood pressure monitors, waistline measuring tapes, and health information free of charge at select 7-ELEVEN stores in order to make health self-management more convenient for local residents
<ul style="list-style-type: none"> <li>• Caring for the disadvantaged and rural communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Quality education</li> <li>■ Reduced inequalities</li> </ul>	Read-for-Treats Program in rural schools	Prioritize support for rural education; leverage corporate resources to benefit rural communities
<ul style="list-style-type: none"> <li>• Healthy living</li> <li>• Environmental protection</li> <li>• Caring for the disadvantaged and rural communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Good health and well-being</li> <li>■ Climate action</li> <li>■ Reduced inequalities</li> </ul>	Good Neighbor Classrooms	Encourage Teach for Taiwan (TFT) teachers to adopt creative teaching methods, such as planning field trips to 7-ELEVEN stores, where students learn through play, in order to increase students' academic motivation.

### ● Good Neighbor Funfests

In the fall of 2009, the Good Neighbor Foundation began sponsoring Good Neighbor Funfests, wherein 7-ELEVEN stores play the role of the old corner store and local residents are drawn closer together through various organized activities. This interaction bolsters the collective resolve of residents to improve their communities, helps them rekindle the simple yet sweet kindness intrinsic to Taiwan, and even facilitates the bridging of distances between people, ultimately adding a touch of warmth and compassion to the greater society. Recently, as the foundation has become increasingly sensitive to the real needs of communities, Good Neighbor Funfests have been planned around four central themes: parent-child interaction, caring for the disadvantaged, childhood education, and healthy and environmentally-friendly lifestyles. To date, 11,753 FunFests of varying themes have been held.

Number of Good Neighbor Funfest Events and Participants by Year:



Overview of 2016 Good Neighbor Funfest Events

Event theme	Event description	Name of event	Number of events	Proportion of Total Number of Events
<p>Caring for the Disadvantaged</p> 	Strengthen communal ties by appealing to residents' emotional connection to their neighborhood so that they reach out to disadvantaged neighbors and become more involved in neighborhood matters	<p>Forever Young Store Manager</p> <p>OPEN! Cares Health Promotion Stations</p> <p>Blood drives</p>	299	5.5%
<p>Parent-child Interaction</p> 	Invite parents and their children to 7-ELEVEN stores to celebrate holidays and spend quality time together in order to strengthen family bonds	<p>Drawing contest</p> <p>DIY Creative Cake Workshop</p> <p>DIY Cooking Workshop</p>	1,948	35.7%
<p>Education</p> 	Allow residents to experience the social value of serving the community; promote learning through play	<p>Mini-Manager</p> <p>Good Neighbor Classrooms (English, math, etc.)</p>	2,080	38.1%
<p>Healthy and Environmentally-Friendly</p> 	Urge stores and local residents to recognize the importance of local environmental issues and health concerns so that environmental consciousness and healthy habits are incorporated into daily life	<p>Health exam challenge</p> <p>Hepatitis and dementia screenings</p> <p>Recycling tutorials</p> <p>Community clean-ups</p> <p>DIY Coffee grounds Recycling</p>	1,129	20.7%
<b>Total</b>			<b>5,456</b>	<b>100%</b>



## 7-ELEVEN Millennium Health Stations

The Good Neighbor Foundation has collaborated with the Millennium Health Foundation to establish Millennium Health Stations at select 7-ELEVEN stores. At present, there are Millennium Health Stations distributed among 677 stores across Taiwan, creating a presence that extends even to the outlying islands of Penghu, Kinmen, and Matsu. At such stations, members of the community can measure their blood pressure and waistline. A yearly national health exam event is also sponsored, during which the public is encouraged to implement the 3Ds—Do Control, Do Health Diet, Do Exercise—in their daily lives so as to ward off the “three highs” (high blood pressure, high blood sugar, and high cholesterol) and to fight against metabolic syndrome. Different community events such as health check-ups and blood drives are coordinated from time to time in cooperation with medical and health education groups to keep an eye on the community’s health. Since 2009 when the health stations were first set up, it is estimated that over 18.75 million people have visited them to measure their blood pressure. Furthermore, in October 2015, the Millennium Health Foundation launched the Millennium iHealth ibon app, which enables those who monitor their health at the health stations or at home to keep track of their daily blood pressure, which is then automatically converted by the app into a diagram that can be printed from the ibon kiosk of any 7-ELEVEN store and given to doctors for reference. Since it went online, the app has accumulated almost 20,000 users and a total of more than 80,000 records.

Millennium Health Station Event Performance By Year

year	2009	2010	2011	2012	2013	2014	2015	2016
Number of stores with Millennium Health Stations	57	100	251	421	589	616	677	677
Number of Participating Medical Professionals	114	386	750	973	1,458	1,433	1,350	1,298
Number of Event Participants	5,000	11,100	35,000	21,500	40,683	47,504	34,001	38,287

## My 3D Healthy Lifestyle Map: Integrating Smart Technology with Community Resources to Fight Against High Blood Pressure

In 2016, the Millennium Health Foundation, proceeding from the knowledge that a healthy diet, an active lifestyle, and self-monitoring are all essential to prevent high blood pressure and metabolic syndrome, went a step further to create a Google Map that displays community resources available for public use and introduced My 3D Healthy Lifestyle Map. The map indicates the location of all 677 Millennium Health Stations (found at 7-ELEVEN stores); 447 medical facilities; and 370 local health departments. In addition, the addresses of public parks, fitness centers, and suppliers of organic fruits and vegetables are indicated. Community members can access the map online to quickly identify places in their vicinity where they can go to measure their blood pressure, shop for healthy foods, or exercise. Additional health information is provided in the descriptions of different locations plotted on the map.

The link to the My 3D Healthy Lifestyle Map (<https://goo.gl/JLT2uT>) can be found on the official websites of the Millennium Health Foundation and the Taiwan Hypertension Society. For information regarding 7-ELEVEN Millennium Health Stations and Cosmed stores or special events, please visit the Millennium Health Foundation’s events page at <https://www.1000-love.org.tw/> or the official website of 7-ELEVEN or Cosmed.



## Support for Rural Education: Teach for Taiwan (TFT)

Since the 2011 launch of the Jiaxian Read-for-Treats Program, support for rural education has become a focal point of the Good Neighbor Foundation. Looking ahead, we intend to continue mobilizing corporate resources to help Taiwan's rural areas as much as possible. Details concerning different plans and/or programs and their implementation as well as annual accomplishments are provided on the foundation's official website<sup>2</sup> and in the PCSC 2013-2015 corporate social responsibility (CSR) reports<sup>3</sup>.

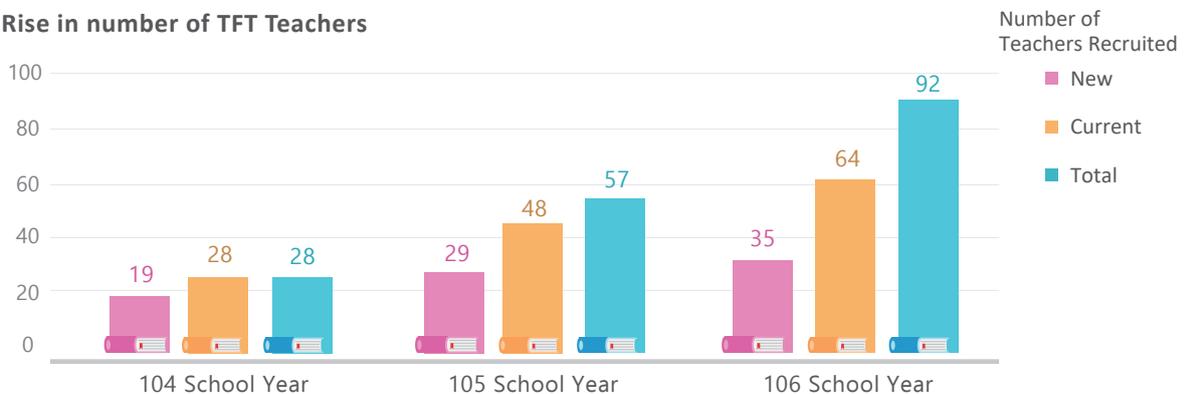
### Cooperation Model for TFT and the Good Neighbor Foundation

The Good Neighbor Foundation provides funding for TFT teachers and mobilizes its corporate strength to improve the quality of rural education.

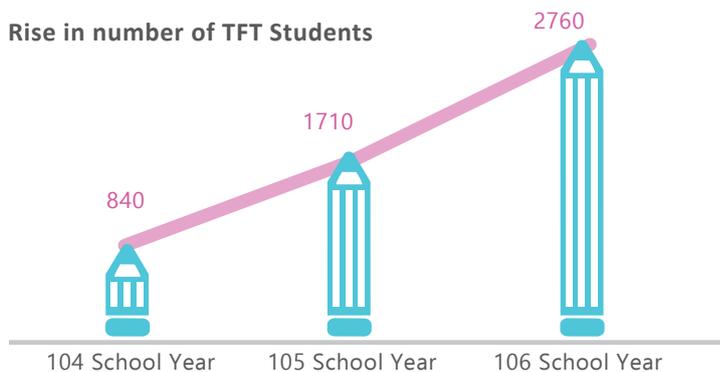
- Collaborate to support rural education in Taiwan:
  - Share retail and corporate educational resources with TFT-participating rural schools and TFT teachers, who will introduce such resources into the classroom
- Collaborate to revitalize elementary education and teacher training
  - Use retail resources to announce teacher recruitment plans; recruit youth with enthusiasm and leadership skills to become TFT teachers
- Collaborate to nurture those who will lead the fight against inequalities in education
  - Create a support system for teachers by funding training and providing teaching allowances.

### 2016 Annual Performance:

#### Rise in number of TFT Teachers



#### Rise in number of TFT Students



Each TFT teacher is responsible for 30 students on average, thus the number of students being taught is calculated based on this figure.



## 🔗 Good Neighbor Support for Rural Education: Reading Points, Writing Rewards

In 2016, twenty rural elementary schools, serving almost 1,700 students, participated in the reading points program—a fun, multi-level scheme in which students progress to higher levels as they read more books, increasing their motivation to read. Rewards for students are delivered to schools, which are then encouraged to applaud students’ efforts, boosting students’ self-esteem. Students are also rewarded for writing book reports, incentivizing the cultivation of critical thinking skills. Since the program began, students have earned more than 47,000 reading points, submitted more than 620 book reports, and checked out more than 50,000 books.



Furthermore, in order to better understand current reading habits among the country’s schoolchildren, the Good Neighbor Foundation conducted a survey comparing conditions in six metropolitan areas against rural areas using a “National Elementary School Students’ Reading Habits and Resources” questionnaire. The survey found that more than 20% of rural elementary schools do not have funds to purchase books and as many as 90% rely on external resources to promote reading events. Possibly even more significant, these schools also often do not employ specialized reading teachers; only 33% do.

Apart from using the questionnaire to gain insight into the shortcomings that affect reading in rural areas, the foundation also invited renowned documentary filmmaker Tian-hao Hua to visit Wanan Elementary School in Taitung County’s Chishang Township and to film the short documentary “Creating a different future.” Wanan Elementary has participated in the Good Neighbor Read-for-Treats program since 2015 and one teacher in particular, Zhi-ming Chen, has gone above and beyond to encourage students to read. For Chen, helping children develop good reading habits is very important because even though he won’t always be able to be there for his students, books will and the joy and nourishment they provide can help children get through difficult times. Just as the closing line of the film says: “Books illuminate with hope—reading opens up new possibilities for the future.” Through reading, rural children can discover the world and even explore their own dreams.

In 2017, we will continue our efforts to promote reading and provide partial financial support for TFT teachers working to improve rural education. More than 30 schools are expected to participate in the Good Neighbor Read-for-Treats program which increases students’ motivation to read by allowing them to redeem reading points for meals at 7-ELEVEN stores. A similar model will be adopted, along with new submission procedures, for the book report rewards program, which encourages students to develop critical thinking skills. We will also expand the Good Neighbor Classroom initiative, welcoming all schools and encouraging both teachers and students to plan educational excursions to our stores.

 Good Neighbor Support for Rural Education: Good Neighbor Classrooms

We encourage teachers to teach creatively and to use our stores as extramural learning environments where learning and fun go hand-in-hand, enhancing students' motivation to learn. We care about students and hope that as a result of our partnerships with local schools, learning will take place not only in the classroom but also through various educational opportunities presented by different real-world circumstances and venues. Since its introduction, our program has hosted a total of 35 sessions, with the two most common themes being first math and then social studies.

Teachers report that students demonstrate increased attention spans at Good Neighbor Classrooms. They have observed that the same young students who have short attention spans at school are able to pay attention, listen, and actively participate throughout entire, more than two-hour-long Good Neighbor lessons. Upon returning home, students reportedly also happily recount the experience to their parents.





## OPEN! Children's Reading Room



Since students use the seating areas in many of our stores as meeting places for discussing homework after school, we wanted to find a way, beyond traditional convenience store services, to create even more added value for the community and students. And thus, we conceived the OPEN! Children's Reading Room to help 7-ELEVEN better meet the needs of the community. In 2016, the first retail location in Taiwan to jointly operate as an OPEN! Children's Reading Room was established, proving that we are a good neighbor not just in name but also in deed.

To encourage reading within the community, in March 2016, 7-ELEVEN opened Taiwan's first OPEN! Children's Reading Room at the Park View Store in New Taipei's Taishan District. A year later, 101 7-ELEVEN stores feature such reading rooms, which are frequented by children aged 2 to 9. On weekday mornings, many parents use the space to read with their children aged 2-5; however, in the afternoons, elementary students aged 6-9 use the space to read and do homework. During weekends, parents and children visit the rooms together to read and participate in educational interactive activities.



Since most visitors are parents and children, stores have further expanded their operations to host various activities to enhance parent-child interaction, including recruiting volunteer storytellers. These volunteers are community members who also endorse the promotion of reading and now number more than 114. Slowly but surely, 7-ELEVEN stores are becoming centers of community life—for education, new experiences, and enjoyment.



## PCSC Welfare Committee: Love Nature Society

Long-term environmental protection has always been a matter of great importance and concern to us. Through the establishment of the PCSC Welfare Committee's Love Nature Society, we wish to rally together like-minded nature-lovers to help us clean up our beaches and mountains, plant trees, protect natural ecosystems, reduce the number of plastic bags in use, and to help the community implement environmental principles into daily life. Participating in these activities together, we can build relationships, get some exercise, refresh our spirits, and most importantly, preserve our pristine natural environment for our children and grandchildren to enjoy. As society continues to progress, so will efforts to ensure the protection of our natural environment and ecosystems.

2016.5/28  
Dingliao Beach  
Clean-up  
(Wanli District, New  
Taipei)



2016.7/23  
Scenic Excursion and  
Park Beautification  
Activity



2016.6/25  
Lotus Viewing and  
Wanli Beach  
Clean-up



2016.7/30  
Dingliao Beach  
Clean-up  
(Wanli District,  
New Taipei)



2016.11/26-2016.11/27  
 2016 Caoling Historic Trail Silver Grass Flowering Season—Mountain Clean-up and Hike

2016.12/23.28.30  
 Auction for the Environment  
 With coffee mug planters contributed by the President Starbucks Coffee Corporation, we held an auction for the benefit of environmental charities to stimulate public interest in environmental protection, with proceeds going to the Taiwan Environmental Information Association.



## Community Care Stations

In order to more effectively mobilize our strengths for the good of the community and to ensure care for vulnerable elders who fall between the cracks of Taiwan's social welfare, beginning in 2014, 7-ELEVEN made care for disadvantaged elders a year-round priority. More and more funds and manpower have been invested each year since to assist the elderly and to fulfill our potential as a local bastion of compassion. Our care stations serve the local elderly community and represent one element of the comprehensive network of community services we have spent years developing.

Overview of Services:

Activity	Description	Figures	Beneficiaries
We drew on the combined strength of our retail presence to uncover neglected corners of society and to care for isolated elders.			
Refurbishment Point of Contact (Hondao Senior Citizens Welfare Foundation)	1,099 retail locations now serve as refurbishment points of contact. Local residents are encouraged to stay in touch with elderly neighbors, and, if they find them to be living in unsafe conditions, to report this so that support and refurbishment assistance can be provided.	1,099 participating stores	335 elderly citizens
Bai Juyi Easy Home Repair Mobile Unit (Hondao Senior Citizens Welfare Foundation)	Together, we designed and equipped a home repair mobile unit to travel through rural areas and help those in need.	We have improved the accessibility of 13 public spaces used by the elderly and helped renovate 221 homes of elder citizens. Among these, 48 were rural homes located in seven different rural districts.	144 households

Activity	Description	Figures	Beneficiaries
Our stores helped to make up the deficiency in manpower suffered by charities, thus rendering their services more complete.			
Sunday Shift of Hualien Meals-on-Wheels Program (Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation)	Each Sunday, managers of certain Huatung Valley stores deliver meals to 100 seniors and check in on their health and well-being, too. As a result, these seniors are no longer left without a hot meal or companionship during the weekends.	37 participating stores	6,686 meals delivered
We made sure services were reaching the most vulnerable by turning stores into local community care stations and assisting organizations in their rural operations.			
Lunar New Year's Banquets	During the Lunar New Year Festival, stores organized banquets and communal clean-ups for solitary elders so that they wouldn't have to spend the holiday season alone.	13 events	163 people
Good Neighbor Health Classrooms (Pingtung Christian Hospital Foundation, Liver Disease Prevention & Treatment Research Foundation)	We organized hepatitis and dementia screenings at all rural stores in Taiwan and designed a mobile service for rural areas to bring life-saving aid to the residents' doors—helping local residents recognize the symptoms of dementia so that they can seek proper treatment as early as possible.	67 events	7,677 people
Smart Health Measurement Stations (Pingtung Christian Hospital)	The public can measure their blood pressure at smart health measurement stations installed in Pingtung stores and share their health data with 10 local medical facilities via the cloud, making medical diagnosis and treatment much more convenient.	4 stores	34,002 visitors
International Workshops (Hondao Senior Citizens Welfare Foundation) Senior Store Managers (Hondao Senior Citizens Welfare Foundation)	We invited youth volunteers to interact with the elderly at our stores.	6 events	40 seniors attended workshops and follow-up activities benefited a total of 3,203 seniors.
Senior Store Managers (Hondao Senior Citizens Welfare Foundation)	Stores invited elderly members of the community to come and get a taste of retail work, reintegrating the elderly into society and giving them an opportunity to interact with the outside world.	28 events	176 seniors and 37 children

Note: The above information does not include the 5,040 stores which assisted in fundraising or their beneficiaries.





PCSC – A Sustainable Enterprise



PCSC's Outstanding Products and Services



PCSC-Support for environmental sustainability



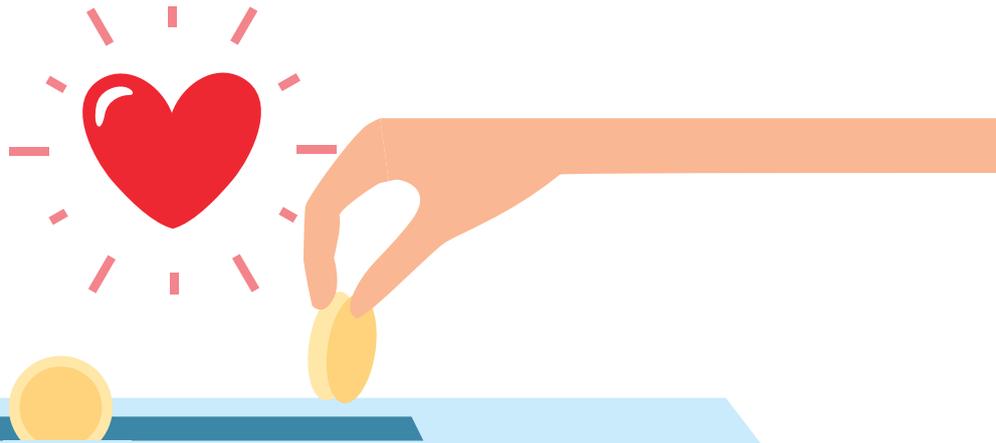
PCSC's Happy Community



PCSC'S friendly work environment

## 4.2 Diversified Aid Platform

In addition to inspiring a feeling of happiness unique to 7-ELEVEN through close, diverse interactions with the community, we have sought to expand our potential as a conduit of philanthropic services. In order to stimulate social awareness and enthusiasm for philanthropy, we have created several different platforms for charitable donation, including in-store spare change donation and ibon electronic donation. We believe that if we come together as a society, care for our neighbors in need, and make every single coin count, we can make great strides toward the goals of eliminating poverty, alleviating hunger, and reducing inequalities, as set forth by the United Nations.



### In-store Spare Change Donations

In 1988, 7-ELEVEN launched the “Bring Back the Love” charity campaign. Adhering to the principle that charity is not a single good deed, but a lifestyle, we set up in-store donation boxes so that compassion, just like our stores, would never close up for the night and that across Taiwan compassionate giving would be “Always Open!” We encourage customers to donate spare change and to adopt charitable lifestyles and we believe that each donation, no matter how small, can bring rays of hope and love back into the lives of those in need. In 2016, we raised over NT\$161M in spare change donations, reflecting an increase from the previous year, and donated these funds to five charities: the Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation, Hondao Senior Citizens Welfare Foundation, Liver Disease Prevention & Treatment Research Foundation, and the Pingtung Christian Hospital. In order to guarantee that community donations reach the intended parties, we carefully screen all partner organizations and employ a team of almost 1,000 to keep track of monthly donations. All matters regarding transfers of funds and financial accounts are handled with transparency and all necessary measures are taken to earn and maintain the public’s trust. As a result, the public can be assured that their generosity is going to a good cause.

Starting three years ago, when proceeds from the “Bring Back the Love” spare change fundraising campaign first outstripped those of all other corporate campaigns, we fixed our attention on the coming “wave of the elderly.” We linked up with the aforementioned charities to help with, among other initiatives, rural dementia prevention and care; home repair for the elderly poor; rural hepatitis screening; and meal-delivery for solitary East Coast elders. We emphasize innovation in philanthropy and draw on 7-ELEVEN retail resources in all action plans.

## 2016 Fundraising Results

Funds Raised (in NT\$1,000)

Total **\$161,479**

Funds Raised  
(in NT\$1,000)

**\$39,492**

1/1-3/31

### Aging Gracefully with Care

Community Care Program for the Rural Elderly  
(Pingtung Christian Hospital)

We continued our work with the Pingtung Christian Hospital on the Dementia Prevention Program, which focuses on rural dementia prevention and care. Following a three-step dementia care model—prevent, detect, and care—which brings together the resources of 7-ELEVEN stores, the Good Neighbor Foundation, and the Pingtung Children's Hospital, we have established a dementia safety net, tying together our stores, elders' homes, neighborhoods, and primary care facilities. We circulate dementia-related health information through Good Neighbor Health Classes and mobile services and have set up Brain Health Measurement Stations at certain Pingtung 7-ELEVEN stores and at different spots in the community. The scope of our activities has expanded to include Penghu and Yunlin as well.



Funds Raised  
(in NT\$1,000)

**\$39,751**

4/1-6/30

### Love and Peace of Mind

Local Support Program for Senior Citizens  
(Hondao Senior Citizens Welfare Foundation)

For the third year in a row, 7-ELEVEN conducted the Home Repair for Seniors Program, which focuses on ensuring that seniors' homes, whether in the city or countryside, are safe. This year, we completed roughly 370 home repair projects, giving priority to projects in remote villages where populations are undergoing rapid aging. In 2016, we also unveiled a new home repair mobile service, making it possible to extend our efforts into more remote rural areas and outlying islands. Furthermore, over 1,000 7-ELEVEN stores, including locations in 58 different towns of 10 different cities and counties, now serve as home repair points-of-contact, where compassionate citizens can come to report any home repair needs of neighbors.



Funds Raised  
(in NT\$1,000)

**\$40,534**

7/1-9/30

### Save the Liver

(Liver Disease Prevention & Treatment Research Foundation)

We continued to provide hepatitis and liver cancer screenings as well as follow-up assistance in seeking medical treatment, all free of charge, for rural communities. This year, we also organized liver disease screenings on Orchid Island and in Jiaxian and Zhongliao Districts and reached a new milestone, having held screenings in 164 towns across Taiwan. Over the past 10 years, the Save the Liver Program, co-sponsored by 7-ELEVEN and the Liver Disease Prevention & Treatment Research Foundation, has recruited more than 15,000 medical personnel and volunteers who have conducted as many as 134,000 individual hepatitis screenings. From 2014 on, after turning select 7-ELEVEN stores into rural liver screening stations, there has been a highly significant increase, of more than 20% each year, in screening participants and events. We completed our liver screening tour of 164 towns three years earlier than planned.



Funds Raised  
(in NT\$1,000)

**\$41,702**

10/1-12/31

### A Good Meal

A Program for East Coast Elders  
(Mennonite Social Welfare Foundation, A Kernel of Wheat Foundation)

In order to improve upon the existing meal-delivery program, we concentrated our efforts on even more remote areas, such as Hualien's Fuli and Yuli Townships. Then, taking as our guiding principle the idea of society partaking of a meal at one common table, we got involved in different innovative initiatives, including Tribal Kitchen, Happy Village, and A Moveable Feast, to fill in the gaps of the rural meal-delivery program. While Tribal Kitchen uses local labor and ingredients to cook hot meals for tribal elders; Happy Village, located in Hualien's Dongli neighborhood, celebrates healthy aging, learning, and living by offering consulting sessions and various thematic classes three times a week, given by professional social workers, volunteers, and nurses. At year's end, we hosted A Moveable Feast to meet the alimentary needs of seniors, capping off a year in which the program served an estimated more than 350,000 meals overall to elders on the East Coast.





PCSC – A Sustainable Enterprise



PCSC's Outstanding Products and Services



PCSC-Support for environmental sustainability



PCSC's Happy Community



PCSC's friendly work environment



## PCSC Impacting Lives: *Repairing Paiwan Elder's Home in Pingtung*

Mr. Gao, an 80-year-old elder of the Paiwan community and resident of Pingtung County's Laiyi Township, lives alone in the wooden beam home that he built together with his late father. The house's roof, due to normal wear-and-tear long gone unrepaired as well as typhoon damage, was all but rotten and marred by holes. Each rain shower meant more leaks.

Yet, due to financial circumstances and physical limitations, Mr. Gao had been unable to repair his home and had resorted to simply using canvas as a makeshift roof covering to prevent serious leaks. The house was also not equipped with basic toilet facilities, so each time Mr. Gao needed to use a bathroom, he had to hobble along a narrow, poorly lit, uneven path to reach the home of his next-door neighbor. The wood of the post and beams meant to support the house's structure was mostly well-worn and the home meant to shelter Mr. Gao from the elements was extremely dilapidated. As part of our Elderly Protection and Renovation program, we repaired Mr. Gao's roof, replaced the supporting posts and beams, and added a bathroom so that Mr. Gao, already well into his later years, can enjoy the shelter of a safe home.

## Innovative Proposal-DJ Donation Experience

Breaking away from traditional models used to promote social issues, our innovative donation collection method entices young people to come into 7-ELEVEN stores and become more aware of and involved in such issues. Engaging with the public and stimulating awareness through this innovative method, we hope to spark a greater discussion and inspire people of all ages to devote themselves to charitable activities.

After launching the Piano Donation Box in 2015, we introduced the world's first DJ Donation Experience in 2016. Fully equipped with two turntables, ten tracks, and all kinds of sound effects, the DJ experience invites donors to mix their own music. By donating just a few coins, individuals of all ages can be instantly transported into the life of a DJ and make music in the name of charity.

After a year of concept development and planning, the interactive donation platform "A Few Coins and You're a DJ" was unveiled. Users need only drop a few coins into the coin slot above the turntables and the track corresponding to the amount of money donated will immediately begin to play. Just like at an actual DJ table, users can press different buttons to create different sound effects, thus personalizing the music. Each user can play around to create their own sound, and throughout a tour of Taiwan, users did indeed create unique music, which was complemented by visual animation for a unique audiovisual experience. Not only that, but with the added "Share Online" feature, users could share their musical creations on Facebook by simply scanning a QR Code. Even more exciting, this initiative drew the participation of 13 different celebrities, including Crowd Lu, Show Luo, Jasper Liu, Janine Chang, and Lala Hsu, who not only created their own "Bring Back the Love" sound effects, but also handwrote messages of thanks that appeared alongside the QR code, adding an element of surprise to the DJ Donation experience and generating more momentum for donations.



## Fundraising for Charity: ibon Kiosk Donations

In 2008, our Compassion is Always Open! philanthropic platform expanded to include donation via ibon kiosk, which makes turning compassion into action easy and convenient, no matter the time of day or night, and strengthens the love shared by urban and rural communities. Large or small, donations are transferred to charities and other organizations in need of assistance that help restore love and hope in the lives of marginalized groups. In 2016, a total of NT\$572,869,000 was raised, with the average donation amounting to NT\$1,334.

Donations by Year:



Year	Total Number of Donations	Total Amount Donated (in NT\$)	Average Donation Amount (in NT\$)
2008	29,334	16,901,610	576
2009	40,013	18,616,246	465
2010	53,521	30,598,496	571.70
2011	103,135	83,436,156	809
2012	67,361	36,281,975	538.70
2013	67,754	35,827,244	528.70
2014	131,593	125,382,633	952.80
2015	219,302	237,777,468	1,084.25
2016	429,295	572,869,140	1,334.4
<b>Total</b>	<b>1,141,308</b>	<b>1,157,690,968</b>	<b>1,014</b>

### Disaster Relief: Tainan Earthquake

At 3:57 AM on February 6, 2016, in the middle of the Lunar New Year Holiday, all of Taiwan was shaken awake by a strong earthquake. Tainan, however, bore the brunt of devastation, with numerous residential buildings collapsing, most notably including the high-rise apartment complex Weiguan Jinlong in Tainan's Yongkang District, which resulted in over 100 deaths. All along, from Typhoon Morakot to the Kaohsiung gas explosions, from the Formosa Fun Coast explosions to this latest Tainan earthquake, whenever there has been a natural or manmade disaster, we have swiftly pulled together resources to provide immediate assistance to afflicted areas. The Tainan earthquake was no exception: taking advantage of our retail channels, we immediately launched an emergency ibon fundraising campaign, and our team, from top to bottom, united together to come to the aid of disaster victims.

Total Fundraising Amount:

Bureau of Social Affairs,  
Tainan City Government

NT\$414,123,000

World Vision Taiwan

NT\$29,739,000





As the earthquake struck during the extended Lunar New Year holiday, banks and other financial institutions were all closed at the time of and following the disaster. Yet, as we knew the public was eager to provide assistance to victims, we reached out to Tainan City Government's Bureau of Social Affairs and World Vision Taiwan in order to coordinate relief efforts. By the afternoon of the day that the earthquake struck, we introduced a nationwide ibon fundraising campaign for victims and donations from all across Taiwan began flooding in. Within less than three days, the campaign had raised over NT\$100 million to help victims throughout the long, arduous road towards reconstruction.

**Headquarters and Local Stores: United to Assist in Disaster Relief**

As a result of the earthquake, more than two hundred 7-ELEVEN stores in the epicenter's vicinity, located in Kaohsiung, Pingtung, Chiayi, and Tainan, suffered varying degrees of damage, including collapsed shelves and damaged lighting appliances. Fortunately, none of our employees were injured and those at stores near the area most severely affected, upon recollecting themselves, joined wholeheartedly in relief efforts. Our operations group contacted the Tainan City Government to find out what supplies were needed and how we could help, and 100 boxes of instant noodles and 800 batteries were soon sent to relief shelters for victims and emergency responders.



Because the water supply to certain districts in Tainan had been disrupted, we expedited shipments of mineral water to the area to increase the supply of potable water and ensure its availability for purchase. Furthermore, so that stores in

areas facing water shortages could provide hot coffee, we immediately dispatched technicians to adjust the water input system of our coffee machines so that water could be added manually. With this small gesture in the aftermath of the quake, victims were able to enjoy soothing cups of hot coffee during the long, cold night.

**Showing compassion for victims: A Slurpee Brings A Smile**

One little girl, named Lin—a frequent customer of our Yu-hua store—was rescued from the rubble of the Weiguan Jinlong complex 61 hours after its collapse. The Yu-hua store had long partnered with Kunshan Elementary School, which Ms. Lin attended, in a Slurpee Rewards Program, and upon her rescue, there was nothing she wanted to drink more than a Slurpee. As soon as we got word of this, we contacted the hospital at which she was being treated in hopes that we could make this wish come true. However, in view of her medical condition, we initially sent get-well cards and 7-ELEVEN gift cards to her. Thoughtful employees wrote cheerful messages, wishing her a speedy recovery, and we continued to monitor her condition. Once head physician, Dr. Tzong-Bor Sun, gave his permission, Xin Kang-hua store employees, switched on the Slurpee machine (which had never been dusted off before summertime) and hand-delivered a special Slurpee to the hospital, bringing a giant smile to the young girl's face.

In times of emergency, our extensive and close-knit network of retail stores serves as an effective channel for providing aid in times of emergency, reminding us of its importance to the community and the unity and generosity of Taiwanese people.



## Emergency Fundraising For Kumamoto and Ecuador

A powerful 7.8 magnitude earthquake, stronger than any Ecuador had experienced in 67 years, rocked the South American country in 2016, killing 480 people and injuring thousands of others. The quake not only devastated Ecuador, but also Japan, and in its aftermath, the afflicted countries were left in urgent need of international assistance, without a moment to lose. For the first time, we partnered with the Ministry of Health and Welfare as well as with Kaohsiung City Government and World Vision Taiwan to help in this effort. At 7-ELEVEN, we launched an ibon emergency fundraising campaign to call on the generosity of people across Taiwan to help victims in Ecuador and Japan recover from the quake and return to a normal life.

Ministry of Health and Welfare NT\$2,434,000

Kaohsiung City Government, Social Affairs Bureau NT\$2,681,000

World Vision Taiwan NT\$1,647,000

Total Fundraising Amount:



## Emergency Fundraising For Taitung In Nepartak's Wake

Super Typhoon Nepartak wreaked havoc across Taiwan, but its Beaufort force-17 winds, which broke a hundred-year Weather Bureau record, inflicted the most damage on Taitung. The gusts not only destroyed the livelihoods of many farmers, but also levelled countless homes and buildings, created over NT\$2 billion in damages, and resulted in 5 deaths and 300 injured. Beloved for its tranquil beauty, Taitung County was transformed in an instant into a nightmarish wasteland, reminiscent of scenes from the film The Day After Tomorrow. Relief could not come a moment too soon and any and all help that citizens could provide was desperately needed. As in the past, we felt compelled to act and coordinated a response with the Taitung County Government. We launched a nationwide ibon emergency fundraising campaign to pull together the strength of Taiwan's many communities. By providing a disaster relief donation platform that was both accessible and comprehensive, we took strides toward helping victims return to their normal lives as quickly as possible and guaranteeing that the beautiful Taitung we know and love would soon reappear before our eyes.

Total Fundraising Amount:

Taitung County Government, Social Affairs Bureau NT\$39,545,000





## 4.3 Diversified In-store Experiences

From our corporate headquarters and individual stores, we are always seeking new ways to take advantage of our strong presence in the community in order to facilitate communication between customers, neighbors, and the greater society as well as to stimulate cultural exchange. Building on the special features and locations of different stores, we host different events, such as mountain clean-ups, artistic performances, and Thanksgiving celebrations, to bring people closer together and forge community prosperity on a local level.

### Qingjing Farm: Mist Plaza store

Each spring, PCSC organizes the Qingjing Mountain Clean-up and invites all individuals from across Taiwan who are willing to help to come and participate. As a token of gratitude, the Mist Plaza store, beginning with the 2016 clean-up, offered volunteers a free visit to the Swiss Garden during leisure time on the last day of the clean-up. To further express their appreciation for the volunteers' help in cleaning up the mountain roads, the Mist Plaza store also invited volunteers to participate in the opening ceremony festivities of the Qingjing Windmill Festival.



### A Look Back at 2016 Activities

### New Rende Shopping Center

During important festivals, we use festive decorations and holiday sales events to give travel-weary visitors a rich holiday experience. With each holiday season, the travel center's new look inspires interaction with the surroundings, stimulates conversation, fulfills customers' needs, and most importantly surprises and delights travelers.

We open our extensive commercial space to the public free of charge. The space is open for use by street performers wishing to give artistic performances as well as charitable organizations wishing to host activities. We hope that through these experiences, travel-weary visitors can relax and take a break from the wheel, enjoy artistic performances, and participate in altruistic activities, thus fully enveloping themselves in the collective prosperity of Taiwanese society. In 2016, the New Rende Travel Center was host to 119 street-style performances and 53 charity events.



### Wanfang Store

Living in peace and harmony alongside Wanfang Hospital and its core value of enhancing community health, our store is guided by a belief in friendly service. We hope that each customer can experience quality service: warmth, friendliness, and convenience.

In 2016, just before Thanksgiving, we hosted a special Thanksgiving event, which featured performances in the main hall and parent-child sand art activities. The beloved Open Chan also made visits to young patients in their hospital rooms, scaring all boogie monsters away and brightening their day.





## PCSC's friendly work environment

### 2017 KPI

- Lower than the **0.39** average retail standard in Taiwan for the past three years (2014-2016 average)
- **Zero** serious work safety incidents every year
- **74%** of employees underwent physical examination

### 2016 KPI

Percentage of target met

- |   |             |
|---|-------------|
| • Lower than the <b>0.38</b> average retail standard in Taiwan for the past three years (2013-2015 average)   | <b>100%</b> |
| • <b>Zero</b> serious work safety incidents   | <b>100%</b> |
| • Increase the percentage of employees to attend physical examinations from the previous year  (54% in 2015) | <b>100%</b> |

### SDGs



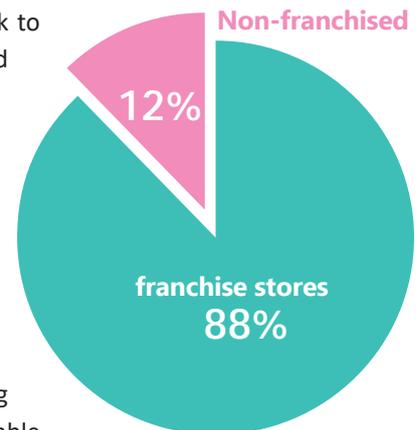
We have always believed that only happy employees can relay PCSC's values to consumers and only satisfied employees can provide superior service to create satisfied customers. To achieve this, PCSC partners strive to integrate the hard work from retail locations, franchisees, headquarters, and affiliated companies in order to create the most convenient and fulfilling services. Through our humanistic management governed by selfless innovation, sufficient authorization, and bold efforts, we ensure that employees are flexible and active and whole-heartedly encourage all coworkers. Our comprehensive career planning, healthy work environment, and generous benefits package also help to give all our partners a sense of pride and accomplishment so that they are willing to work with us to achieve new milestones for 7-ELEVEN.



In response to the United Nation’s official adoption of sustainable development goals (SDGs) in September 2015, we will look back on the events and results in 2016 to take stock of PCSC’s SDGs for the first time in this 2016 CSR report so that our stakeholders can understand our attempts to conform to international practices and our determination to integrate global SDGs.

## 5.1 Embracing various backgrounds

To execute 7-ELEVEN’s spirit of service anytime, anywhere and give feedback to all retail locations and customers, seven Operations Centers were established across Taiwan along with the headquarters in Taipei. As of December 31, 2016, PCSC employed 8,099 people, including 13 non-Taiwanese employees (one of them male); expanding this number to include all franchise and subsidiary waged workers, there are over 30,000 people in our family. In addition to giving full-time 7-ELEVEN employees a place to grow, we provide plenty of part-time opportunities to retirees and students as we require a large number of people to work on the front line and interact with customers because retail locations nationwide are open 24 hours 365 days a year. We also cooperate with general and vocational high schools, providing programs where students can earn credits while earning pay and gaining valuable experience.



With regards to waged employees, no person under the age of 15 is hired in accordance with the Labor Standards Act. Hiring is conducted under the principle that employment is the most direct way to support disadvantaged people living on their own. As such, we provide work opportunities to those with physical or mental disabilities as well as middle-aged women seeking short-term employment. A total of 272 disadvantaged people (3.36% of employees) were hired at the headquarters and chain retail locations in 2016, 3.36 times more than required by law. In order to provide those in disadvantaged situations opportunities for stable employment and the means to live independently, another 107 aboriginals (1.32% of employees) were newly hired, further expanding our multicultural work environment.

### ● Franchisee operation

There are over 5,100 retail 7-ELEVEN locations across Taiwan, 88% of these are franchised (100% of locations on outlying islands are franchised) and we have a total of 3,422 franchisees.

We work alongside and share benefits with all franchisees in order to take care of our franchisees and protect their profits. We also constantly monitor the soundness of each policy. From 2015 to 2016, we invested NT\$1.2 billion to increase business subsidies, profit distributions, and guaranteed annual gross profit while decreasing the costs for franchise chain renovation and equipment. Moreover, our concern for franchisees is expressed by a franchisee learning growth platform built to improve their professional skills. Franchisees are extremely important stakeholders in PCSC; in 2016, our franchisee relations team visited 81 retail locations in order to interact, listen to their opinions, and provide feedback.

The franchisee learning growth platform not only improves their professional skills, but also helps plan for health exams and leisure activities in hopes of creating a positive franchise environment. Over NT\$10 million is invested annually to provide lectures through the platform, recognize outstanding store managers, organize a franchisee elite college, and encourage franchisee growth. In 2016, NT\$3.8 million was set aside as subsidies for franchisee vacations. Franchisees over the age of 40 with at least 10 years partnership are also offered a NT\$16,000 health check once every two years; the 2016 budget for these health exams was NT\$5 million. The insurance and benefits offered to other franchisees is outlined on page 78 of the 2015 CSR report (<https://www.7-11.com.tw/company/csrreport.asp>); the items for 2016 are the same as those detailed in the 2015 report.

### ● Creating a joyful atmosphere

Providing our coworkers with a comfortable, supportive, and cheerful work environment is of the utmost importance to PCSC. We hope that our years of amicable communication and benefits packages allows our partners to gain a sense of accomplishment, joy, and pride in being a part of PCSC.

### ● Happiness Cooperative

The Happiness Cooperative was founded in 2010 to provide care, consultation, or referral services to our coworkers, providing them with immediate and effective help and helping them build healthy habits in order to reduce work stress and health problems associated with overwork, such as problems interacting with others at work, problems adjusting to work, problems at home, or problems with members of the other sex. Referrals to professional services can also be made on an individual basis to help our partners relieve emotional stress and get through hard times. Ten affiliated companies joined the Happiness Cooperative and 38 new volunteers were trained in 2016.

Training volunteers allows them to more empathetically aid workers during consultations and cuts down on costs of referring them to Dr. Chang at an outside clinic; the estimated investment benefit is 1.92. There were 333 cases opened (223 of these cases were for retail workers) with a total of 271 hours logged in 2016. Cumulatively, 1,881 hours of consultation time has been logged from its inception until the end of 2016.





## Health improvement plan

A Health Management Plan was executed in 2013 where professional nurses were stationed in offices to provide health consultations and an infirmary was set up in the headquarter office where employees could check blood pressure and receive cold or hot compresses. Employees were also given Health Passports, electronic bulletins, and seminars on health education in order to encourage them to manage their health and to create a healthy, harmonious, and safe work environment.

### Individual health resources:

### Individual medical health services



- Health services were introduced in 2013 (once every two months); by 2016, the frequency that these services are provided was increased to **16** times each month. In 2016, the medical professionals offered their services to **429** employees and satisfaction was **4.9**.
- In 2013, 1 nurse was employed to provide health services; by 2016, the number of nurses was increased to **4**.
- In 2016, the nurses offered their services to **304** employees (a **50%** increase from 2015) and satisfaction was **4.9**.

Investment efficiency = cumulative investment efficiency from 2010 to December 2016 (ratio of volunteer training costs and costs of consultation by Dr. Chang). Outside consultation by Dr. Chang costs NT\$1,960/hour \* (1,881 total hours of consultation time as of 2016)/volunteer training costs (NT\$1,924)

### Personal health management



- Completed the health management mechanism in 2016, including promotion and integration of employee health checks exceeding that required by law (once every year), and established graduated health management, unconventional therapy tracking, case management system, and individual health records database.
- **6,336** people participated in the health check in 2016. **8,211** health records were created in accordance with relevant laws and both graduated management and follow-ups were carried out.

### Occupational disease prevention and health protection for special groups

- Mechanisms to protect maternal health, prevent harm due to human error, and prevent overwork were put in place. **Handbooks for expectant mothers** superior to those required by law were also distributed.

■ Health promotion events:

Health Passport



- “My Health Passport,” which has already been in use for four years, contains sections on regular check ups, exercises, and spiritual health including holidays and travel to encourage partners to manage their health and maintain a healthy work-life balance. In 2016, employees lost a combined 1,000kg and BMI measurements improved 10%.
- Health Passports were printed for all PCSC employees for the first time in 2016, including over 8,000 retail workers and part-time employees. The handbook suggests activities for employees to help take control of their health. Two versions of the Health Passport were created to suit the different lifestyles of retail and office workers. Events were held from March 1 to October 30, 2016. Participation of office workers was 42% (up 2% from last year) and 41% of targets were reached (up 2% from last year). Only 5% of targets were reached for retail workers; needs analysis and improvement are currently underway.
- In order to encourage healthy lifestyles, those who complete the categories in the passport and calculate their scores receive product vouchers.



Weight loss events



- Analysis of BMI results from the 2015 health checks showed that approximately 50% of employees were overweight.
- Weight loss events were organized in order to help lower BMIs. Incentives were arranged at different BMI intervals: those with a BMI of 24 or greater were rewarded after losing 4kg and those with a BMI 20-23.9 were rewarded after losing 2kg. 848 employees participated in the events in 2016 and a total of 1,055kg was lost (313.5kg more than last year).

Others



- Other events were held sporadically throughout 2016, including flu vaccinations, physical fitness events, smoking cessation groups, and health seminars. Satisfaction with the events were all 4.5/5 or higher.



Over one third of every day is spent in the workplace; as such, the workplace has a significant impact on most people's health. We hope that employees can come into the workplace healthy, and maintain their physical and mental health when they leave or retire. In order to create a happy company, we strive to maintain "healthy life and services," "social mentality," "family and social responsibility," and "workplace safety and work environment." 2016 was the first year we participated in the "Excellent Healthy Workplace" competition by the Department of Health, Taipei City, where we were awarded third place—the only retail company to receive an award. We also received the "National Excellent Healthy Workplace Happy and Healthy Award."

■ Healthy Workplace Certification:



2016

Ministry of Health and Welfare

Safe and Secure Location



2016-2019

Health Promotion Administration

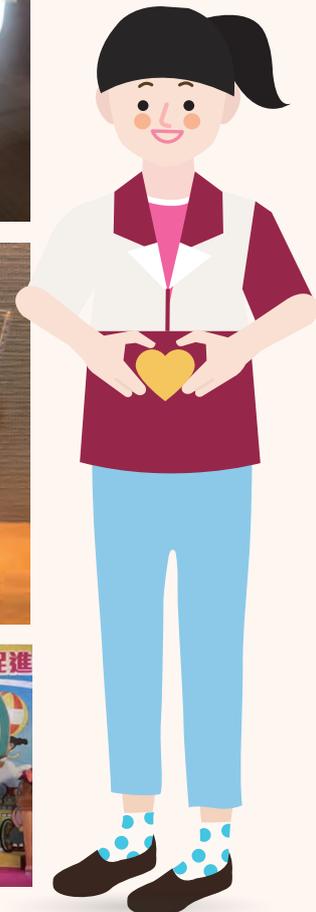
Health Promotion  
Excellent Healthy Workplace  
(Happy and Healthy Award)



2016

Taipei Department of Health

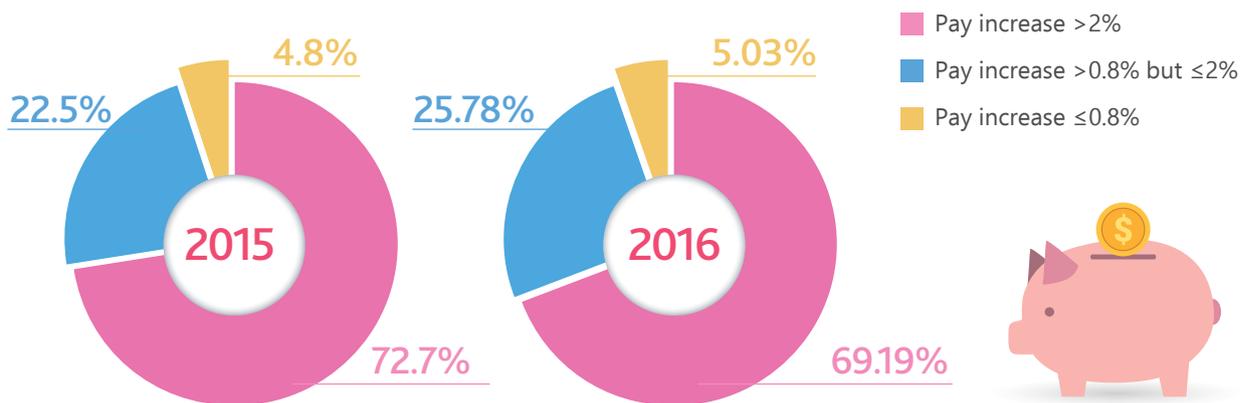
Excellent Healthy Workplace  
(Third place)



## ● Special PCSC benefits

We provide our partners with competitive salaries and wages and ensure that base pay is greater than the national standard for each year through salary and benefit surveys (remuneration for new office employees (college graduates) and labor insurance/base pay (NT\$20,008) is 1.61 times higher; remuneration for advanced degree holders is 1.88 times higher; beginning pay for college graduates is based on standard salaries for current market conditions). In addition, men and women in the same position are offered the same base pay to promote equality; salary and benefits do not differ according to gender or age. A labor-management conference is held every quarter, as required by law. Five representatives from both parties negotiate matters related to benefits and administration to ensure a harmonious and friendly work environment. There was no marked difference in salary ratios for men and women in 2016, with less than 10% difference for all positions. Compared to 2015, 69.19% of employees received raises of 2% or more. The complete list of benefits is provided in the 2016 annual report.

### 🔗 Percentage of salary increases for full time employees



Note: As an example, the percentage of employees who received raises ≤2% was calculated as: Percentage = (Number of employees who received raises ≤2%)/Total number of employees.

## 5.2 Friendly and harmonious work environment

### ● Human rights and labor inspections

As more workers are aware of their rights, we began labor inspector training in 2012 in order to corporate social responsibility, ensure that workers' rights meet labor regulations, and reduce operational risk to affiliated companies. Training was offered to all affiliated companies and covered laws such as the Labor Standards Act and Occupational Safety and Health Act to help those in human resources and occupational safety understand the latest developments and changes. In 2016, training was specialized into two programs, PCSC Labor Law Training and PCSC Occupational Safety Union, in hopes of helping affiliated companies more fully understand the laws and how to develop policies; participants learned and grew by sharing their practical experiences. In 2016, 24 companies and 87 people participated in the PCSC Labor Law Training program and 25 companies and 44 people participated in the PCSC Occupational Safety Union, helping to build friendlier and safer work environments.

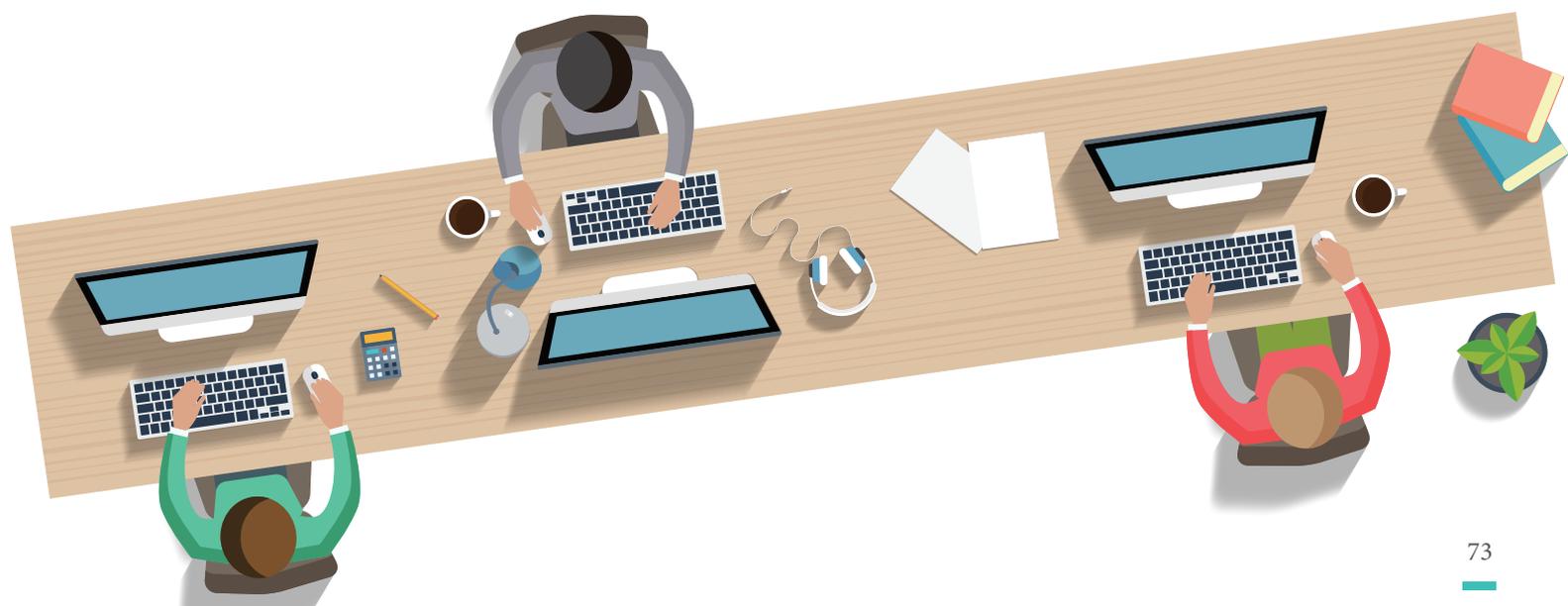


In order to solidify what they had learned by putting it to practice, inspections were specially organized from 2012 to 2014 where the participants from affiliated companies went to designated companies to conduct audits. In 2015 and 2016, affiliated companies were given labor conditions and occupational safety checklists so that they could examine their own work conditions and environment and suggest measures for improvement in hopes of improving self-management.

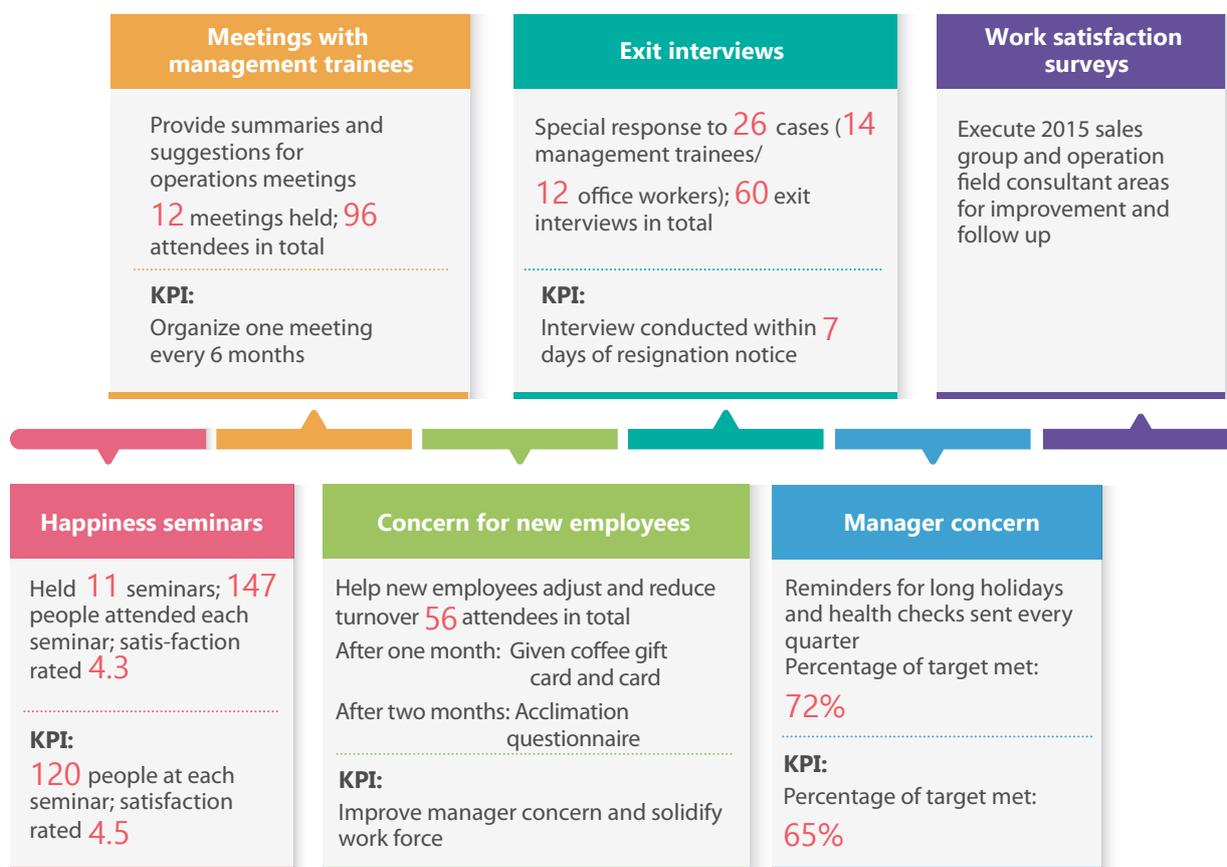
We also audited labor and health insurance compliance, work hours, salaries, and occupational safety for all franchise retail locations; suitable guidance was given for any locations that did not abide by relevant regulations. In 2016, 4,441 stores were audited and 809 stores (18.22%) failed to meet at least one standard, 1.6% fewer stores than 2015. The most common items found in the audits were failure to keep worker attendance records and failing to compensate for overtime work. Further investigation found that the times that worker arrived or left were missing from attendance records which then influenced compensation for overtime work. Unsatisfactory items related to work hours and salaries were also found to be due to poor attendance records. However, there was slight improvement compared to 2015. Notices were sent to the business authorities in each district to provide adequate guidance. As 6% of the stores across Taiwan were repeat offenders, audit training and annual store performance comparisons will continue to be promoted as well as disclosure of retail locations that repeatedly fail inspections for the same item in order to improve overall legal compliance.

## ● Clear communication between labor and management

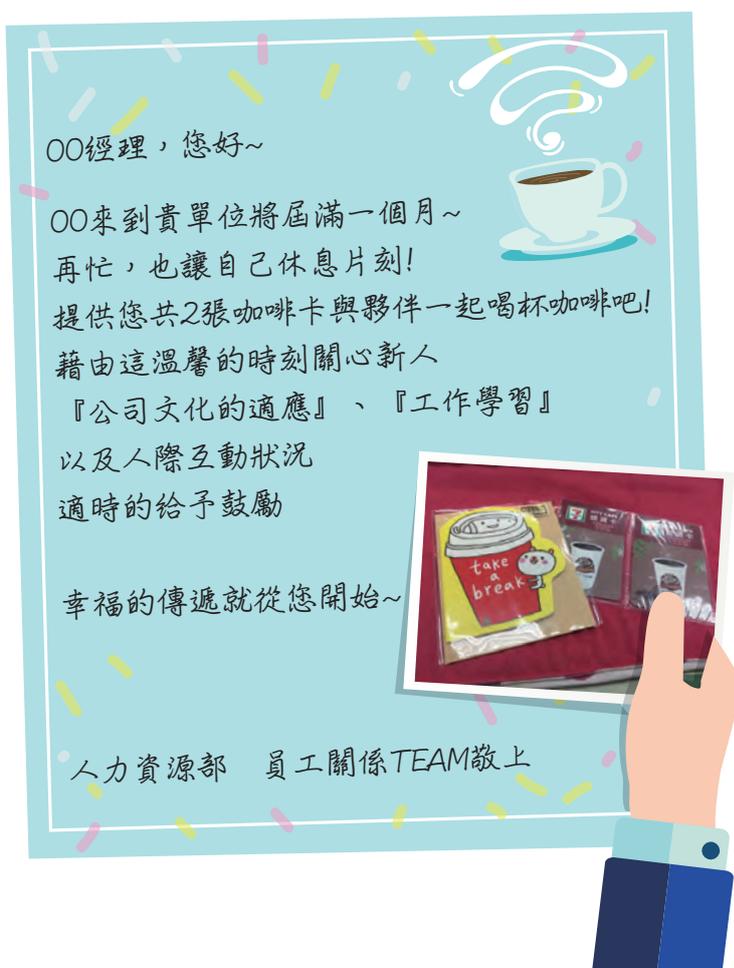
At PCSC, we view all of our partners as part of a whole; it is our mission to integrate our employees' development into our future plans for the company. We strive to create unity between labor and management, for example, by protecting workers' rights and creating a gender-equal work environment free of sexual harassment, and to provide various channels for communication, such as a service center, dedicated email inboxes, stakeholder area, and internal communication platform, in order to encourage our partners to share their thoughts directly with managers. If any partner has a suggestion or feels that their rights have been violated, they can file a report through any of these platforms. There were 35 reports related to human rights filed in 2016, the majority of which were in regards to payment remittance and overtime pay disputes. All of the reports were handled within the 2016 calendar year. In addition to these communication channels, labor-management conferences are held sporadically, as required by law, to ensure and improve timely and effective communication.



■ 2016 Interest and investigative projects:



In addition to the various channels of communication listed above, we also reviewed our past programs for new employees and found that personal interaction and job training were most important to new employees at meetings previously held every quarter and that these feelings began as early as their first week of work. As such, in order to help managers effectively grasp this situation as early as possible and help new employees adjust, these quarterly meetings were cancelled. Instead, after their first month of work, managers give new employees a card and two coffee gift cards; after another two weeks, managers talk to new employees about how they are adjusting to work over the phone or in person. We hope that by trying to better understand new employees' situations and directly meet their needs, they will better and more quickly adjust to our company culture and become an integral part of PCSC.





In accordance with the Occupational Safety and Health Act, we have organized an Occupational Safety and Health Committee and established an Occupational Safety and Health Management Office. Meetings are held every quarter chaired by the Assistant General Manager and attended by upper management from each department and labor representatives. There are a total of 24 committee members, 8 (34%) of whom are labor representatives, who discuss company safety and health matters. Quarterly reports are written by the Occupational Safety and Health Management Office and nurses to ensure workplace safety.

### Occupational hazard statistics

Type	Occupational injuries irrelevant of occupation type	Occupational injuries relevant to occupation type				
Category	Traffic + other 	Extreme temperatures 	Ladders 	Floors 	Tools 	Cargo shipments 
2016 (No. or cases)	<b>91</b>	<b>5</b>	<b>1</b>	<b>9</b>	<b>3</b>	<b>1</b>

### 2016 Disabling injury statistics (excluding traffic accidents)

<ul style="list-style-type: none"> <li>■ Annual occupational injuries per 1000 workers <b>2.3</b></li> <li>■ Disabling injury frequency rate (FR) <b>1.37</b></li> <li>■ Disabling injury severity rate (SR) <b>16.59</b></li> </ul>	<p>Note: Formulas for calculation are shown below:</p> <p>Annual occupational hazards per 1000 workers = (Number of occupational injuries / Number of employees) x 1,000</p> <p>Disabling injury frequency rate = (Total number of injuries and deaths / Total number of work hours for all employees) x 10<sup>6</sup> (per million work hours)</p> <p>Disabling injury severity rate = (Total number of days disabled / Total number of work hours for all employees) x 10<sup>6</sup> (per million work hours)</p> <div style="text-align: right;"></div>
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### 2016 Absence rate (AR):

<ul style="list-style-type: none"> <li>■ No. of days absent <b>9,868</b></li> <li>■ Total number of work days <b>1,989,648</b></li> <li>■ Absence rate <b>0.50%</b></li> </ul>	<p>Note:</p> <ol style="list-style-type: none"> <li>1. Absence rate (AR) = Total number of days absent / Total number of work days x 100%</li> <li>2. Total number of days absent includes menstrual leave and all types of sick leave (ordinary, extended, injury, and occupational)</li> </ol> <div style="text-align: right;"></div>
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## Execution of occupational safety and health measures:

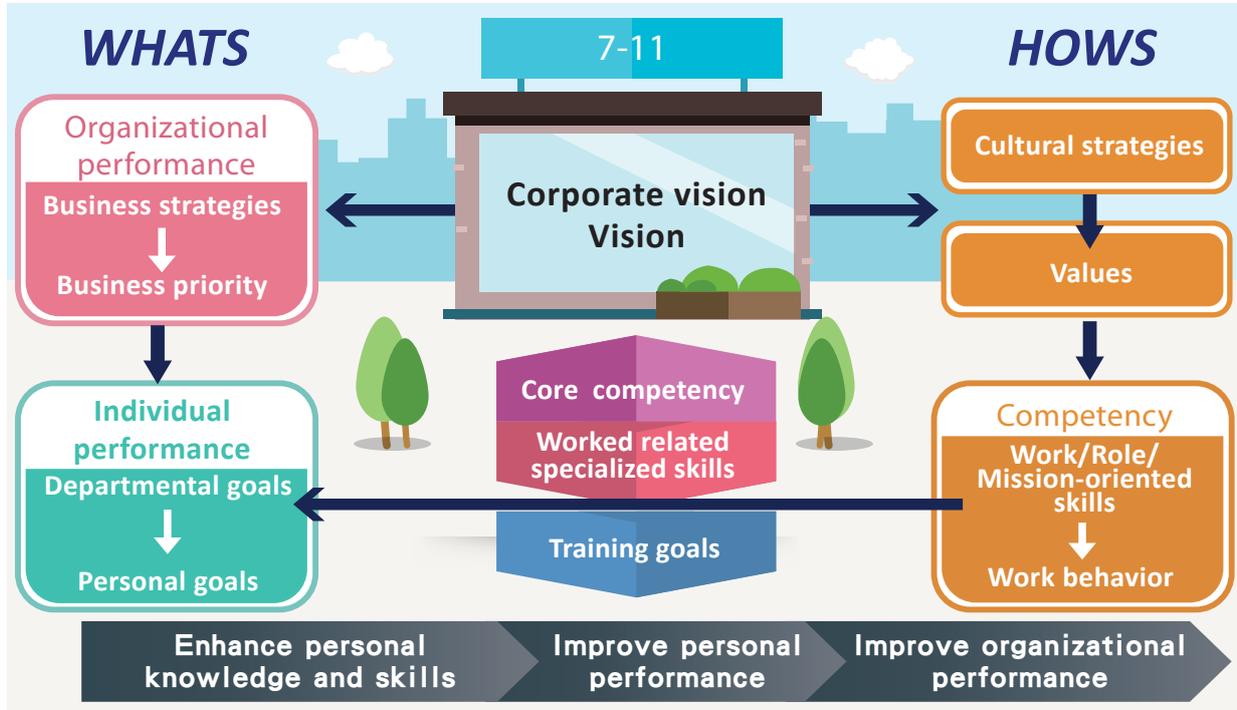
1	Establish health and safety organization	<ul style="list-style-type: none"> <li>Created an Occupational Safety and Health Committee and an Occupational Safety and Health Management Office to discuss and manage matters related to health and safety.</li> </ul>
2	Execute health and safety management	<ul style="list-style-type: none"> <li>Drafted occupational safety bulletins in accordance with the Occupational Safety and Health Act to ensure compliance with relevant policies.</li> </ul>
3	Health and safety training and drills	<ul style="list-style-type: none"> <li>Trained new and current employees on health and safety matters and held regular emergency evacuation drills to ensure safe evacuation.</li> </ul>
4	Health and safety checks	<ul style="list-style-type: none"> <li>Inspected premises for any unsafe equipment and made improvements. 77 surprise workplace inspections were completed in 2016 that found 209 infractions which were corrected.</li> <li>Tested indoor air quality, water quality, and lighting and regularly cleaned and sanitized work spaces.</li> <li>Capital Marketing Consulting Corp. conducted a occupational safety audit at retail locations nationwide; the main violations were items stored within 80cm of outdoor central air conditioner units, no warning signs for steps or inclines inside or outside stores, expired fire extinguishers, emergency lighting, and items stored inside air conditioner equipment room. Engineers were tasked with making improvements and these items will continue to be inspected in the future to create safe working environments.</li> </ul>
5	Medical and health care	<ul style="list-style-type: none"> <li>All employees are provided group accident insurance, life insurance, medical insurance, and health check subsidies beginning their first day of work.</li> </ul>
6	Health and safety events	<ul style="list-style-type: none"> <li>An occupational hazard example is published every month to remind employees of the importance of health and safety.</li> <li>Promoted Family Day to remind employees of the importance of work-life balance.</li> </ul>
7	Occupational health and safety handbook	<ul style="list-style-type: none"> <li>Handbook includes important notes on labor inspections, determining and managing occupational hazards, and occupational hazard examples.</li> </ul>

## 5.3 Expert career planning

Education and training are the driving force behind PCSC's growth; all of our partners engage in continuing education and self-improvement. We waste no effort to train our employees and provide the same opportunities for men and women to fully support them in gaining new knowledge and skills. We have a complete training program with both hands-on and online learning to help create the premier learning-centric organization.

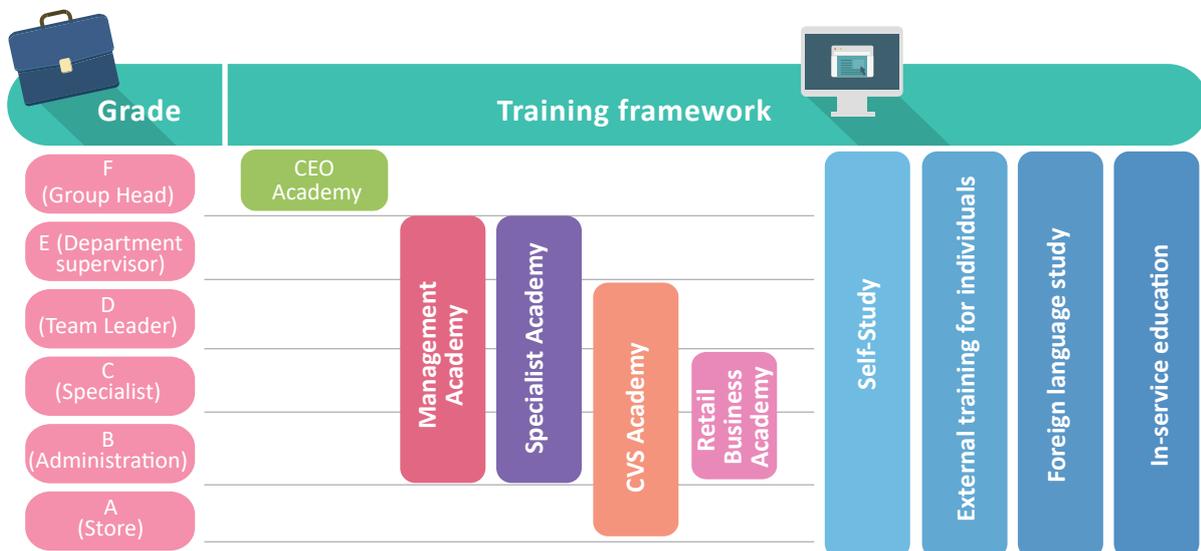


## Employee Education, Training and Career Development



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 possesses the most complete personnel development program in the industry. These opportunities include manger and peer guidance, knowledge management systems, outside training, company training, sem-inars and conferences, online learning, on-site education, on-the-job training and both brick-and-mortar and online libraries.

### PCSC 7-ELVEN University Training Framework



## PCSC e-learning center

The screenshot shows the PCSC e-Learning Center website. The header features the title "PCSC e-Learning Center" and a navigation menu with items: 個人功能, 學習智庫, 課程管理, 訓練發展, 管理工具, 管理學院, 流通商學院, and CVS學院. The main banner area includes an illustration of people on a globe and the text "A Complete Solution for human resource development". A "個人功能" (Personal Function) sidebar displays the user's name "梁玉嫻" and a welcome message "歡迎回來!". Below this are links for 導覽, 我的學習地圖, 我的申請專區, 最新課程, 我的查詢專區, and 主頁功能. The "最新課程" (Latest Courses) section lists: 【區艱問進階訓】01\_從擴益分析找機會, 【區艱問進階訓】02\_RESTORE與Layout案例研討, and 01\_新進人員先修班. The "最新公告" (Latest Announcements) section includes: CVS學院\_線上自學課程, 全新上架-歡迎夥伴觀看!, 大師OPEN講線上課程, 全新上架!!!, and 2014/02/18起線上課程新增【餘額卡】課程, 請夥伴利用時間上線。

## Individual Development Program

PCSC employees each have a customized “Individual Development Program”, with the help from superiors base on the personal education background, work requirements, performance evaluation results and career development needs. The program lays out the best combination of development courses for the employees at different stages in their career lives, whilst working at PCSC. Through these supports, the employees learn and grow in a focused, organized and displaced manners. Moreover, the employees progressively master all kinds of professional knowledge and skills.

## Self-management training

- Sales group introductory training: Basic legal concepts/quality assurance/work flow and case discussion/item-by-item management
- Procurement training
- Franchise and development training
- Market division food sanitation and safety courses

In addition to promoting personal growth through training courses, online resources, and mentors, we also provide individual career planning and encourage employees to learn and try new things in different positions in order to expand their horizons and professional skills. Opportunities for overseas assignment are also available so that employees can gain greater experience and strengthen the company’s and their own competitiveness.



## TK Spirit

### 1. In-store Experience (ISE)-

Customized experiences allow logistics managers to understand each store and how plans drafted at the headquarters affect the stores; as such, they can adjust accordingly when exercising policies and offer store-specific examples. The headquarters acts as the support center for retail locations, drafting policies based on practical experience that better meet customers' needs.

Promoted since 2015 to improve experience quality, 17 facilitators have been trained in design experience and leading questions. These 17 facilitators have all been certified, increasing the total number of facilitators to 29. 28 ISE audits were executed in 2016 with an average satisfaction of 4.61.



### 2. Servant leadership courses-

Strengthens servant leadership education and corresponds with the 2015 middle-term strategy to help managers improve the culture and atmosphere and bolster their leadership skills. Courses to help managers be more attentive and empathetic were promoted from top to bottom—from department managers to team managers and from district managers to district consultants.



## Open studio

All supervisors are invited to share their specialized knowledge or business management experiences. These are also edited into online lectures to promote a top-down learning culture. Content includes design and innovation, learning from the past, safe food and healthy living, and small stories with big impact.

25 supervisors and managers gave lectures in 2016 and over 1,700 people attended.



## Upper management shared education

Beginning in 2016, PCSC and Uni-President Enterprises Corporation cosponsored legal education and aesthetics education programs. With Uni-President Enterprises Corporation based in Southern Taiwan and PCSC based in Northern Taiwan, the two hubs provide common, elective courses and educational resources for group managers.

Legal education	Purpose	Increase legal awareness when drafting policies
	Open to	Group department managers or higher; must attend 3 hours/year
	Theme/no. of courses	<ul style="list-style-type: none"> <li>2016 - "Intellectual" and "contracts"</li> <li>2 in-person and 1 virtual classes</li> </ul>
	Average satisfaction	4.24 out of 5
Aesthetics education	Purpose	Further career development by studying design in order to improve Uni-President Group's overall aesthetic refinement and create a group with moral character, high quality, and good taste
	Open to	Elective course in 2016
	Theme/no. of courses	<ul style="list-style-type: none"> <li>7 aesthetics appreciation seminars</li> <li>12 practical aesthetics classes</li> </ul>
	Average satisfaction	4.5 out of 5





## Elite program for trainees

The goal of the Elite program is to pre-select talent for management through temporarily switching roles, task assignment, and courses aimed at developing management skills and improving readiness and planning.

As these managers act as pillars in the organization, they are a crucial role that helps PCSC achieve its business targets. Therefore, the 70:20:10 Model for Learning and Development is used to help talent take on different roles and complete assignments, provide guidance and feedback to help learn from others, and plan suitable coursework to strengthen development. Evaluations help pinpoint skills that require improvement, draft an individual development plan (IDP), and set development goals. 1-on-1 coaching from managers, counseling records, and a review of the results at the end of training ensure continued and steady improvements.

### Program content:

Stage	Content	Goal
Individual development plan	<ul style="list-style-type: none"> <li>● Functional evaluation</li> <li>● Position evaluation</li> <li>● Exclusive training and guidance</li> </ul>	Determine areas for development Draft development plan
Knowledge and skill improvement	<ul style="list-style-type: none"> <li>● IDP courses</li> <li>● Strategic executive abilities</li> <li>● Financial courses</li> <li>● Human resources courses</li> <li>● Study groups</li> </ul>	Increase managerial knowledge Strategically expand planning competency
Motivation	<ul style="list-style-type: none"> <li>● Initial meeting</li> <li>● Elite e-bulletin</li> <li>● Talent conference</li> </ul>	Improve learning motivation Share new information on education Talent conference
Feedback	<ul style="list-style-type: none"> <li>● 1-on-1 developmental coaching records</li> <li>● Review of results</li> </ul>	Regular counseling and interaction Examine results of training

The Human Resources Department conducts a training willingness survey approximately every three months. These surveys are given to PCSC managers, SET TEAM managers, and non-manager employees in order to take stock of our talent and select those with potential to begin training for future promotion. A total of 1,789 people were surveyed in 2016, among whom, 82% of PCSC managers and 57% of SET TEAM managers were willing to switch roles. In order to continuously encourage employees to realize their full potential, eight talent appraisal sessions were held in 2016; 40 employees self-nominated themselves for appraisal and seven of them were promoted. Career training paths were also created to encourage other employees to take on other roles and better themselves.

## District manager supply chain training

With the help of suppliers, sales, and logistics departments as well as internships opportunities in other sectors (affiliated companies), district managers are able to understand various work procedures and help retail locations develop feasible solutions or select suitable actions. This training program began in 2012 and 2016 marked its 11th session (2016/10/28 - 2016/12/20). Seven district managers participated in the 36-day supply chain training program.

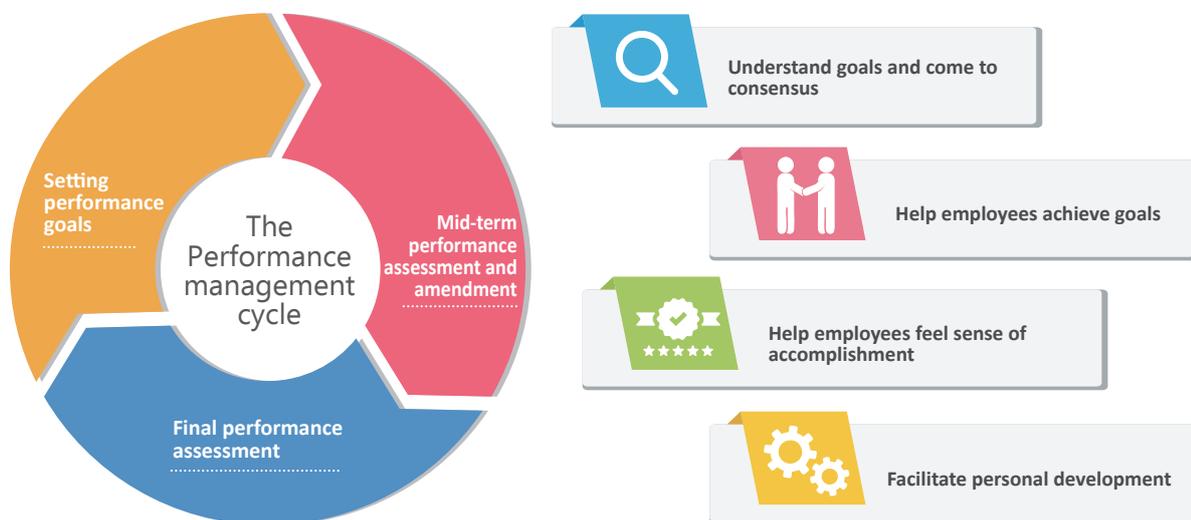




## ● Goal-oriented performance management

Performance management helps our partners gain a deeper understanding of corporate and personal goals and allows us to track how far we have come to achieving these goals. Performance management also allows employees to modify their goals and seek advice from managers in order to aid self-improvement. Performance evaluations and discussions also help our understanding of personal expectations, special skills, and potential so that PCSC can grow together with our employees.

Our performance management system is applicable for all of our partners . The performance management cycle has three phases. Phase one is “Setting performance goals;” beginning in March, managers and employees discuss and set annual targets and draft personal development plans. Phase two is “Mid-term performance assessment and amendment” which takes place in July and August. Phase three is “Final performance assessment” which is carried out in December.



## ● 2016 TCFA Excellent and Outstanding Store Manager Awards

The Taiwan Chain Stores and Franchise Association hosts the Oscars of the retail chain industry, the National Excellent Store Manager and Outstanding Service Store Manager Awards, the highest honor for chain brands in Taiwan. PCSC and its affiliated companies, including Cosmed, Starbucks, and Mech-President Corporation, nominated 31 excellent store managers; 11 of these, 4 from PCSC, 4 from Cosmed, and 3 from Mech-President, were honored with the title of Outstanding Service Store Man-ager. They will become the teachers for the next generation of outstanding managers, instilling their remarkable professionalism and bringing honor to themselves and the company.



# Appendix

## Other Indicators Disclosures

### Employee statistics (As of 2016/12/31)

by location	Number of employees	
Northern Taiwan	2,557	3,009
Central Taiwan	395	464
Southern Taiwan	757	917
<b>Total</b>	<b>3,709</b>	<b>4,309</b>

by employment status	Number of employees	
Retail workers	2,446	3,399
Managers	247	64
Non-management employee	1,016	927

by contract type	Number of employees	
Full-time employee	1,899	2,150
Contract employee	1,810	2,240

### Employee age distribution (As of 2016/12/31)



Employee type		Retail workers	Managers	Non-management employees	Contract employees
<30	Male	1,543	0	143	1,686
	Female	1,734	0	188	1,922
30-50	Male	840	150	764	1,754
	Female	1,524	55	694	2,273
>50	Male	63	97	109	269
	Female	141	9	45	195
<b>Total</b>		<b>5,845</b>	<b>311</b>	<b>1,943</b>	<b>8,099</b>

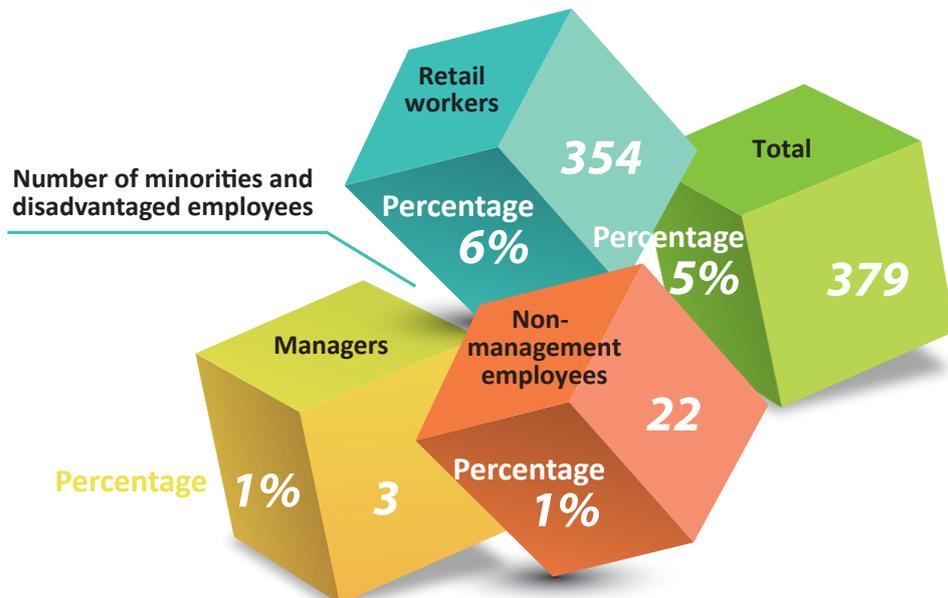
### Number and percentage of new full-time employees in 2016

Gender	Age	Northern Taiwan (N1, N2, N3, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengqing)	Southern Taiwan (Chiayi/Tainan, Kaohsiung/Pingtung, Yilan/Hualien)	Total
 Female	<30	71	11	12	94
	31-50	51	2	9	62
	>51	0	0	0	0
	Attrition rate (Number of employees who left in 2016 / Total number of employees as of 2016/12/31)				
 Male	<30	47	23	9	79
	31-50	17	6	3	26
	>51	0	0	0	0
	Attrition rate (Number of employees who left in 2016 / Total number of employees as of 2016/12/31)				

Number and percentage of full-time employees who left in 2016

Gender	Age	Northern Taiwan (N1, N2, N3, Taoyuan/Hsinchu)	Central Taiwan (Changhua/Taichung, Fengqing)	Southern Taiwan (Chiayi/Tainan, Kaohsiung /Pingtung, Yilan/Hualien)	Total
 Female	<30	40	6	4	50
	31-50	69	7	10	86
	>51	0	0	1	1
	Attrition rate (Number of employees who left in 2016 / Total number of employees as of 2016/12/31)				
 Male	<30	40	19	8	67
	31-50	52	10	6	68
	>51	12	0	0	12
	Attrition rate (Number of employees who left in 2016 / Total number of employees as of 2016/12/31)				

Employee diversity (As of 2016/12/31)



Note: Minorities and disadvantaged employees include 107 aboriginals and 272 persons with disabilities



## Reinstatement and retention rates after parental leave:



Type	Men	Women	Total
Number of employees with the right to ask for unpaid parental leave in 2016	188	296	484
Number of employees who took unpaid parental leave in 2016	1	70	71
Number of employees estimated to be reinstated after unpaid parental leave in 2016	1	48	49
Actual number of employees reinstated after unpaid parental leave in 2016	0	22	22
Actual number of employees reinstated after unpaid parental leave in 2015	1	54	55
Number of employees still employed 12 months after reinstatement from parental leave in 2015	1	37	38
Reinstatement rate (%)	0.00%	45.83%	44.90%
Retention rate (%)	100.00%	68.52%	69.09%

Note: 1. Reinstatement rate: Actual number of employees reinstated after unpaid parental leave / number of employees estimated to be reinstated after unpaid parental leave

2. Retention rate: [Previous period] Number of employees still employed 12 months after reinstatement from parental leave / [Previous period] Actual number of employees reinstated after unpaid parental leave

## Average hours of employee education and training in 2016:

Employee type	Total hours of training	Total number of people	Average time trained (hours per person)
Upper management	589	124	5
Middle management	3,498	449	8
Professional staff	185,845	44,239	4
Technical staff (retail workers)	20,085	14,170	1
Total	210,017	58,982	4

## Proportional salary comparisons for men and women:

Employee type	Men (Multiplier)	Women (Multiplier)
Retail workers	0.93	1
Managers	1.06	1
Non-management employees	1.10	1

Note: Salaries compared are base salaries for 2016 plus annual bonuses.

## The minimum notice periods

PCSC abides by the notification procedures stipulated in the Labor Standards Act for termination of work to allow ample time for adjustment: workers who have worked continuously for more than three months but less than one year are notified ten days in advance; workers who have worked continuously for more than one year but less than three years are notified twenty days in advance; and workers who have worked continuously for more than three years are notified thirty days in advance.

# Comparison Table of the GRI 4.0 Index

## General Indicator Disclosures

GRI 4.0	Indicators	Page (s)	Corresponding Section and Notes
Strategy and Analysis			
G4-1	* Statement of sustainability issues and strategies for the issues from the most senior decision-maker	2	Message from the CEO
Organizational Profile			
G4-3	* Name of the organization	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-4	* Primary brands, products, and services	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-5	* Location of the organization’s headquarters	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-6	* Number, and names, of countries where the organization operates	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-7	* Nature of ownership and legal form	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-8	* Markets served	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-9	* Report the scale of the organization	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background
G4-10	* Number of employees by employment type, employment contract, employment region and genders.	84	Other Indicators Disclosures
G4-11	* Percentage of employees covered by collective bargaining agreements	—	No trade union, not applicable.
G4-12	* Organization’s supply chain	25	2. PCSC’s Outstanding Products and Services 2.1 Supplier Cooperation and 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	20	1. PCSC – A Sustainable Enterprise 1.3 Operating Strategy and Management
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	10	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background

GRI 4.0	Indicators	Page (s)	Corresponding Section and Notes
<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	5	Important issue and stakeholder communication
G4-19	* List all the material Aspects identified in the process for defining report content	5	Important issue and stakeholder communication
G4-20	* For each material aspect, report the aspect boundary in the organization	5	Important issue and stakeholder communication
G4-21	* For each material aspect, report the aspect boundary outside the organization	5	Important issue and stakeholder communication
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	5	Important issue and stakeholder communication
G4-25	* Report the basis for identification and selection of stakeholders	5	Important issue and stakeholder communication
G4-26	* Report the organization's approach to stakeholder engagement	5	Important issue and stakeholder communication
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	5	Important issue and stakeholder communication
<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	1 87	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	17	1. PCSC – A Sustainable Enterprise 1.2 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	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance

GRI 4.0	Indicators	Page (s)	Corresponding Section and Notes
G4-38	<p>Report the composition of the highest governance body and its committees by:</p> <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>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-39	<p>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).</p>	—	Role of CEO and chairman is split
G4-40	<p>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:</p> <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>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-41	<p>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.</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-48	<p>Report the highest committee or position that formally reviews and approves the organization’s sustainability report and ensures that all material aspects are covered.</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-51	<p>Report the remuneration policies for the highest governance body and senior executives</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-52	<p>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</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
<b>Ethics and Integrity</b>			
G4-56	<p>* Describe the organization’s values, principles, standards and norms of behavior</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-57	<p>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.</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance
G4-58	<p>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</p>	17	1. PCSC – A Sustainable Enterprise 1.2 Corporate Governance

## Specific Disclosures

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	10 20 59	1. PCSC – A Sustainable Enterprise 1.1 Company Scale and Background 1.3 Operating Strategy and Management 4. PCSC’s Happy Community 4.2 Diversified Aid Platform
	G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	20	1. PCSC – A Sustainable Enterprise 1.3 Operating Strategy and Management
	G4-EC3	Coverage of the organization’s defined benefit plan obligations	67	5. PCSC’s friendly work environment 5.1 Embracing various backgrounds
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	67	5. PCSC’s friendly work environment 5.1 Embracing various backgrounds
Indirect Economic Impacts	G4-EC7	Investments in infrastructure and development and impact of supporting services	49	4. PCSC’s Happy Community 4.1 Diversified Community Interaction
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	25	2. PCSC’s Outstanding Products and Services 2.1 Supplier Cooperation and Management
Purchase Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	25	2. PCSC’s Outstanding Products and Services 2.1 Supplier Cooperation and Management
<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	25	2. PCSC’s Outstanding Products and Services 2.1 Supplier Cooperation and Management 2.1.1 Supplier Cooperation
Energy	G4-DMA	*Energy management approach	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN3	Energy consumption within the organization	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN4	Energy consumption outside the organization	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN5	*Energy Intensity	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
Energy	G4-EN6	Reduction of energy consumption	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN7	Reductions in energy requirements of products and services	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon

Material Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
Emissions	G4-DMA	Emissions Management Approach	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN15	Direct greenhouse gas emissions(scope1)	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN16	Energy indirect greenhouse gas emissions(scope2)	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN17	Other indirect greenhouse gas emissions(scope3)	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN18	*Greenhouse gas emissions intensity	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN19	Reduction of greenhouse gas emissions	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
Products and Services	G4-EN27	Reduction of extent of environmental impact brought by products and services	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
Compliance	G4-DMA	*Compliance Management Approach	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN29	*Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
Transport	G4-DMA	*Transport Management Approach	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
	G4-EN30	*Significant environmental impacts brought by transporting products ,other goods and material for the organization's operations; and transportation of employees	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
Overall	G4-EN31	Total environmental protection expenditures and investment by type	37	3. PCSC support for environmental sustainability 3.1 Green living through saving energy and reducing carbon
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that are screened using environmental criteria	25	2. PCSC's Outstanding Products and Services 2.1 Supplier Cooperation and Management 2.1.2 Supplier Management

Material Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
<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	84	Other Indicators Disclosures
	G4-LA3	Return to work and retention rates after parental leave, by gender	84	Other Indicators Disclosures
Labor/ Management Relations	G4-DMA	*Labor/Management Relations Management Approach	67	5. PCSC's friendly work environment 5.1 Embracing various backgrounds
	G4-LA4	*Whether explain the minimum notice periods regarding operational changes specifically in collective negotiations	84	Other Indicators Disclosures
Occupational Health and Safety	G4-DMA	*Occupational Health and Safety Management Approach	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
	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	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
	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	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	84	Other Indicators Disclosures
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing retired life	76	5. PCSC's friendly work environment 5.3 Expert career planning
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	76	5. PCSC's friendly work environment 5.3 Expert career planning
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	84	Other Indicators Disclosures
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	84	Other Indicators Disclosures
Labor Practice Problem Grievance Mechanisms	G4-DMA	*Management approach of labor practice problem grievance mechanisms	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
	G4-LA16	*Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment

Material Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
Non-discrimination				
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken by the organization	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
Forced or Compulsory Labor	G4-DMA	*Forced or Compulsory Labor Management Approach	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
	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	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
Assessment	G4-DMA	*Assessment Management Approach	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
	G4-HR9	*Total number and percentage of operations that have been subject to human rights reviews or impact assessment	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
Human Rights Grievance Mechanisms	G4-DMA	*Human Rights Grievance Mechanisms Management Approach	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
	G4-HR12	*Number of grievances about human rights impacts filed, addressed, and resolves through formal grievance mechanisms	72	5. PCSC's friendly work environment 5.2 Friendly and harmonious work environment
Sub Categories: Society				
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	49 59 65	4. PCSC's Happy Community 4.1 Diversified Community Interaction 4.2 Diversified Aid Platform 4.3 Diversified In-store Experiences
Sub Categories: Product responsibility				
Customer Health and Safety	G4-DMA	*Customer Health and Safety Management Approach	30 33	2. PCSC's Outstanding Products and Services 2.2 Product Safety Management 2. PCSC's Outstanding Products and Services 2.3 Product and Service Quality Controls
	G4-PR1	*Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	30	2. PCSC's Outstanding Products and Services 2.2 Product Safety Management 2.2.2 Product Safety Information
	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	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance

Material Aspect	DMA and Indicators		Page (s)	Corresponding Section and Notes
Product and Service Labeling	G4-DMA	*Product and Service Labeling Management Approach	34	2. PCSC's Outstanding Products and Services 2.4 Customer Rights and Interests 2.4.1 Product Labeling 2.4.2 Complaint Mechanism
	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	34	2. PCSC's Outstanding Products and Services 2.4 Customer Rights and Interests 2.4.1 Product Labeling
	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	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance
	G4-PR5	*Result of surveys measuring customers satisfaction	34 35	2.4.1 Product Labeling 2.4.2 Complaint Mechanism
Marketing Communications	G4-DMA	*Marketing Communications Management Approach	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance
	G4-PR6	Sale of banned or disputes products	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance
	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	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance
Customer Privacy	G4-DMA	*Customer Privacy Management Approach	34 35	2. PCSC's Outstanding Products and Services 2.4 Customer Rights and Interests 2.4.3 Personal Information Protection
	G4-PR8	*Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	34 35	2. PCSC's Outstanding Products and Services 2.4 Customer Rights and Interests 2.4.3 Personal Information Protection
Compliance	G4-DMA	*Compliance Management Approach	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance
	G4-PR9	*Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	35	2. PCSC's Outstanding Products and Services 2.5 Legal Compliance

Table of enhanced disclosure items and assurance items according to Article 4, Paragraph 1 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies (hereinafter referred to as “the Rules” )

No.	Target information	Page no.	Reporting standard	Regulations
1	The Merchandise Safety Committee acts on the basis of safety and quality and serves as a systematic management system for all PCSC private label products, covering 100% of private label products. The committee convened three times in 2016 to discuss differentiations between government regulations, shortcomings in original design manufacturers and suppliers, product safety information, and food safety monitoring plans and progress.	30	2016 Merchandise Safety Committee organization and operations management procedures and the total number of Product Safety Committee meetings in 2016 and the types and percentage of products under its influence.  The percentage is calculated according to the Merchandise Safety Committee's scope and results of its operation; if all of the company's products are under its influence, the percentage is 100%.	Subparagraph 1, Item 1
2	The Product Safety Information Collection and Inventory Tracking Standards affect all (100%) of PCSC's private label products; in 2016, product safety information was collected for 735 products.	31	Product safety information collected in 2016 and the types and percentage of products under its influence, according to the definition of information in the Product Safety Information Collection and Inventory Tracking Standards (refer to page 31).  The percentage is calculated according to the Product Safety Information Collection and Inventory Tracking Standards' scope and results of its operation; if all of the company's products are under its influence, the percentage is 100%.	Subparagraph 1, Item 1
3	Initial transport of bananas and fresh vegetables (excluding corn and bamboo) in 2016 reached 100%.	33	The percentage of the total amount of a given product sold in 2016 that was supplied by a firm with an initial transport and logistics distribution contract signed before the end of 2016, according to the initial transport and logistics distribution management mechanism formulated by the company (refer to page 33).	Subparagraph 1, Item 1
4	A consulting firm was commissioned to examine retail product expiration date management and quality assurance procedures; 99.3% of all retail locations in Tai-wan were audited in 2016 (see Note). Note: The small number of stores that were not audited had closed at the beginning of 2016 or had yet to open in 2016.	34	The percentage of all retail locations in Taiwan that were audited by the consulting firm according to the retail mechanism for managing and examining expired products from shelves.	Subparagraph 1, Item 1

No.	Target information	Page no.	Reporting standard	Regulations
5	<p>Beginning in July 2016, PCSC also commissioned a management consulting firm to audit retail quality assurance training and certification; 99.3% of all retail locations in Taiwan were audited in 2016 (see Note).</p> <p>Note: The small number of stores that were not audited had closed at the beginning of 2016 or had yet to open in 2016.</p>	34	The annual percentage of all retail locations in Taiwan that were audited by the management consulting firm according to quality assurance training courses and exams formulated referencing the Regulations on Good Hygiene Practice for Food.	Subparagraph 1, Item 1
6	<p>The food products sold at PCSC retail locations are subject to the Act Governing Food Safety and Sanitation and its subordinate legislations; said subordinate legislations include the Regulations on Good Hygiene Practice for Food and the Sanitation Standard for Foods promulgated from the Ministry of Health and Welfare. PCSC was not fined in 2016 due to any violations of these laws and regulations.</p>	35	The number of letters received from the competent authorities notifying of fines for violating the Act Governing Food Safety and Sanitation and its subordinate legislations.	Subparagraph 1, Item 2
	Not applicable as PCSC does not procure foods subject to internationally recognized accountability standards for its private label products.			Subparagraph 1, Item 3
	Not applicable as PCSC does not have any self-operated factories.			Subparagraph 1, Item 4
7	<p>As of the end of 2016, PCSC had 46 private label product food suppliers (including original design manufacturers, suppliers dealing directly with raw materials, and egg suppliers); 100% of these suppliers have been audited (see Note). These 46 suppliers have been audited a total of 206 times; the results of 203 of these audits (98.5%) had met the required standards. The companies which were found to be substandard were fined in accordance with their product quality contracts and were requested to make improvements; they were then reevaluated and found to meet the required standards.</p> <p>Note: Tainan egg product Limited Companies, a farm, and Triko Foods Co. Ltd., a commissioned original design manufacturer, both completed their transactions and manufacturing within the allotted times between evaluations for their respective levels as suppliers; as such, they did not need to be audited in 2016 in accordance with the requirements in the applicable management regulations.</p>	29	The number of suppliers, percentages, number of audits, and results for evaluations of private label product and food suppliers according to the Regulations Governing On-site Evaluations of Factories Commissioned to Manufacture Private Label Products, Regulations on Raw Material Suppliers and Raw Materials, and Regulations Governing Raw Materials for Commercial Egg Products (refer to page 29).	Subparagraph 1, Item 5
	Not applicable as PCSC has currently not been legally required to establish a traceability system.			Subparagraph 1, Item 6

No.	Target information	Page no.	Reporting standard	Regulations
8	As of the end of 2016, the quality control laboratory provides tests for 552 items in accordance with announcements and suggestions from CNS or Taiwan Food and Drug Administration. The laboratory also provides voluntary tests for 101 non-compulsory items.	32	The number of tests provided by the quality control laboratory in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration as of the end of 2016 (see Note) and the number of tests for government-approved food additives. Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.	Subparagraph 1, Item 7
9	Voluntary tests for 101 non-compulsory items.	32	The number of non-compulsory tests provided by the quality control laboratory referencing regulations in other countries or international journals as of the end of 2016 (not according to announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see Note) or for government-approved food additives).	Subparagraph 1, Item 7
10	Our quality control laboratory received ISO/IEC17025:2005 certification from the Taiwan Accreditation Foundation.	32	Note: This number of tests includes standard methodologies and methodologies privately developed by PCSC.	Subparagraph 1, Item 7
11	Taiwan Accreditation Foundation certification: Validated to test for 3 microorganisms according to ISO/IEC17025:2005.	32	Laboratory certified by the Taiwan Accreditation Foundation.	Subparagraph 1, Item 7
12	Certifications from the Taiwan Food and Drug Administration: 1. 4 Nitrofurans metabolites 2. 4 Chloramphenicols 3. 48 residue analyses (2) 4. 4 microorganisms	32	Items certified by and total of certifications from the Taiwan Food and Drug Administration.	Subparagraph 1, Item 7

No.	Target information	Page no.	Reporting standard	Regulations
13	<p>The total cost for the quality control laboratory were NT\$26,679,000, including NT\$5,955,000 for out-sourced tests (see Note). This cost accounts for 0.02% of operating revenue.</p> <p>Note: The costs for the quality control laboratory include testing, salaries, depreciation, rent, equipment maintenance, and miscellaneous purchases.</p>	32	The percentage of operating revenue on financial reports that is allotted to quality control laboratory expenditures in 2016.	Subparagraph 1, Item 7
14	In 2016, 1,009 products and raw materials were tested; 999 of these items met relevant standards for a passage rate of 99.0%.	32	The total number of tests, number of passed tests, and passage rates for tests in accordance with announcements and suggestions from CNS or the Taiwan Food and Drug Administration as of the end of 2016 (see Note), tests for government-approved food additives, and non-compulsory tests referencing regulations in other countries or international journals (not according to announcements and suggestions from CNS or the Taiwan Food and Drug Administration (see Note) or for government-approved food additives).	Subparagraph 1, Item 7
15	During 2016, PCSC had 46 private label product food suppliers (including original design manufacturers, suppliers dealing directly with raw materials, and egg suppliers); according to the suppliers' factory statistics, there were a total of 85 factories. There were 58 private label product and food original design manufacturers in Taiwan; 56 of these were certified to International Food Safety Management Systems (ISO22000 or FSSC22000). One of the other two original design manufacturers was certified to ISO9001 in December 2016 and the other closed in January 2016.	29	The number of private label product food suppliers, total number of factories, total number of original design manufacturers in Taiwan, ISO22000 or FSSC22000 certifications, and total number of original design manufacturers in Taiwan certified to ISO22000 or FSSC22000.	Voluntary assurance
16	<p>PCSC is not a business that must establish a traceability system according to Article 9 of the Act Governing Food Safety and Sanitation.</p> <p>However, PCSC has worked with the Taiwan Delica Foods Development Association to establish a private label food product raw materials and quality assurance management database (raw material purchase database, MAS system). Using the MAS system, we can trace compliant raw materials and suppliers in order to ensure transparent sources of our private label food products.</p>	31	Article 9 of the Act Governing Food Safety and Sanitation and private label food product raw materials and quality assurance management database.	Voluntary assurance

## 會計師有限確信報告

資會綜字第 17003193 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 105 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 105 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 105 年度社會責任報告書第 95 至 98 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 105 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 105 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 105 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。

上述執执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执行程序，以取得有限確信並作出執業人員之結論。有限確信所執执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 6 年 8 月 2 9 日

