

INDEPENDENT ASSURANCE OPINION STATEMENT

2013 President Chain Store Corporation Corporate Social Responsibility Report

The British Standards Institution is independent to President Chain Store Corporation (hereafter referred to as PCSC in this statement) and has no financial interest in the operation of PCSC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of PCSC only for the purposes of verifying its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by PCSC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to PCSC only.

Scope

The scope of engagement agreed upon with PCSC includes the followings:

1. The assurance covers the whole report and focus on systems and activities during the 2013 calendar year on the PCSC headquarter and relevant operations in Taiwan, including the energy saving information of the four logistics subsidiaries.
2. The evaluation of the nature and extent of the PCSC's adherence to all three AA1000 AccountAbility Principles in this report as conducted in accordance with type 1 of AA1000AS (2008) assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the 2013 PCSC CSR Sustainability Report Review provides a fair view of the PCSC programmes and performances during 2013. We believe that the 2013 economic, social and environmental performance indicators are fairly represented.

Our work was carried out by a team of (CSR) report assurors in accordance with the AA1000 Assurance Standard (2008). We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that PCSC's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI guidelines were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- review of issues raised by external parties that could be relevant to PCSC's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers and staff on PCSC's approach to stakeholder engagement. However, we had no direct contact with external stakeholders
- 40 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of key organizational developments
- review of the findings of internal audits
- review of supporting evidence for claims made in the reports
- an assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, materiality and responsiveness as described in the AA1000 AccountAbility Principles Standard (2008)

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness as well as the GRI G3.1 guidelines is set out below:

Inclusivity

This report has reflected a fact that PCSC is seeking the engagement of its stakeholders. The participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to sustainability. The reporting

systems are being developed to deliver the required information. There are fair reporting and disclosures for economic, social and environmental information in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the PCSC's inclusivity issues; however, the future report could be further enhanced by the following areas:

- Developing the organization-level social responsibility policies enable all employees to understand and follow.

Materiality

PCSC publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers the PCSC's materiality issues; however, the future report could be further enhanced by the following areas:

- Publishing a written guideline for the methodology to identify and prioritize PCSC's material issues to enable all departments to follow continuously.
- Aligning priority to decision of materiality issues with CSR strategy.

Responsiveness

PCSC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the President Chain Store Corporation is developed and provides the opportunity to further enhance the PCSC's responsiveness to stakeholder concerns. PCSC can timely respond to the stakeholder if the crisis events happened. In our professional opinion the report covers the PCSC's responsiveness issues; however, the future report could be further enhanced by the following areas:

- Encouraging to work towards a Type 2 of AA1000AS (2008) engagement with a view to providing the reliability of sustainability performance information that stakeholder concerns.
- Continually develop and update the responsive strategy for stakeholders as a leading role for others, such as corporate website with friendly interaction.

GRI-reporting

PCSC provided us with their self declaration of compliance within GRI G3.1 Guidelines and the classification to align with application level A+. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI core index are reported, partially reported or omitted. In our professional opinion the self declaration covers the PCSC's social and sustainability issues, however, the future report will be improved by the following areas:

- Providing an infrastructure to systematically collect information for supporting their report including performance indicators.
- Continually focus on the implementation of sustainability procedures and programs along with the newly developed Standards.

Assurance level

The moderate level assurance provided is in accordance with AA1000 Assurance Standard (2008) in our review, as defined by the scope and methodology described in this statement.

Responsibility

This CSR report is the responsibility of the PCSC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors and Carbon Footprint Verifiers experienced in Engineering sector, and trained in a range of sustainability, environmental and social standards including AA1000 AS, ISO14001, OHSAS18001, ISO14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



*Peter Pu
Managing Director BSI Taiwan
03 December, 2014*

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GRI 3.1 Indicators Index

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
Strategy and Analysis					
1.1	Statement from the most senior decision maker	2-3	Message from the Chairman	Fully	
1.2	Key impacts, risks and opportunities	16-18	1.5 Operations Strategy and Management	Fully	
Organizational Profile					
2.1	Name of the organization	1	About the Report	Fully	
2.2	Primary brands, products, and/or services	11-12	1.2 Our Products and Services	Fully	
2.3	Operational structure of the organization	12-14	1.3 Corporate Governance	Fully	
2.4	Location of headquarters	8-10	1.1 Operation Scale and Background	Fully	
2.5	Countries of operation	1	About the Report	Fully	
2.6	Nature of ownership and legal form	8-10	1.1 Operation Scale and Background	Fully	
2.7	Markets served	1	About the Report	Fully	
2.8	Scale of organization	8-10	1.1 Operation Scale and Background	Fully	
2.9	Significant changes			Fully	There were no significant changes during the reporting period.
2.10	Awards received	15	1.4 Awards and Recognition	Fully	
Report Parameters					
3.1	Reporting period	1	About the Report	Fully	
3.2	Reporting period	1	About the Report	Fully	
3.3	Reporting cycle	1	About the Report	Fully	
3.4	Contact point on the report	1	About the Report	Fully	
3.5	Process for determining content	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
3.6	Boundary of the report	1	About the Report	Fully	
3.7	Limitations on scope or boundary of the report	1	About the Report	Fully	
3.8	Reporting on other entities	1	About the Report	Fully	
3.9	Data measurement techniques	1	About the Report	Fully	Explanations are added to each indicator.
3.10	Explanation of re-statements			Fully	Explanations are added to each indicator.
3.11	Significant changes from previous report			Fully	No significant changes.
3.12	Table on standard disclosures	86-92	GRI Index	Fully	

*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
3.13	External assurance	84-85	About the Report Third-party Assurance Statement	Fully	
Governance, Commitments, and Engagement					
4.1	Governance Structure	12-14	1.3 Corporate Governance	Fully	
4.2	Indicate if Chair of highest governance body is also executive officer			Fully	The chairman does not hold a concurrent post of CEO.
4.3	Independent and/or non-executive board members	12-14	1.3 Corporate Governance	Fully	
4.4	Mechanisms for stakeholders and employees to provide recommendations or direction to highest governance body	12-14 19-21 76-77	1.3 Corporate Governance 1.6 Communication with Stakeholders and Identification of Significant Issue 5.2 Promotion of Industrial Harmony	Fully	
4.5	Linkage between compensation for members and organizational performance	12-14	1.3 Corporate Governance	Fully	
4.6	Conflicts of interest	12-14	1.3 Corporate Governance	Fully	
4.7	Determining qualifications and expertise of the highest governance body	12-14	1.3 Corporate Governance	Fully	
4.8	Mission and values statements, codes of conduct and policies	4-5 12-14	CSR Vision and Strategies 1.3 Corporate Governance	Fully	
4.9	Procedures for overseeing identification and management of economic, social and environmental performance	4-5 12-14	CSR Vision and Strategies 1.3 Corporate Governance	Fully	
4.10	Processes for evaluating the performance of the highest governance body	12-14	1.3 Corporate Governance	Fully	
4.11	Explanation of whether and how precautionary approach is addressed	17	1.5 Operations Strategy and Management	Fully	
4.12	Externally developed, economic, environmental and social charters or principles	55-62	4.2 Good Neighbor Foundation	Fully	
4.13	Significant memberships in associations and/or advocacy organizations	21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.14	List of stakeholders engaged by organization	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.15	Basis for identification and selection of stakeholders to engage	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.16	Stakeholder engagement approaches	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	
4.17	Key topics and concerns raised through stakeholder engagement and response	19-21	1.6 Communication with Stakeholders and Identification of Significant Issue	Fully	

*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
Economic Performance Indicators					
EC MA	Management Approach EC	16-18	1.5 Operations Strategy and Management	Fully	
*EC1	Direct economic value generated and distributed	8-10 16-18 63-67	1.1 Operation Scale and Background 1.5 Operations Strategy and Management 4.3 Public Welfare: Bridging the Gap between You and PCSC	Fully	Regarding the information on sales revenue, operating costs, employee remunerations, retained earnings and taxes paid, please refer to PCSD's annual report for the year 2013.
*EC2	Financial implications and other risks and opportunities for activities due to climate change	17-18	1.5 Operations Strategy and Management	Fully	
*EC3	Coverage of defined benefit plan obligations	74-75	5.1 Implementation of Employee Care Program	Fully	
*EC4	Significant financial assistance received from government			Fully	There were no significant financial assistance from the government in 2013.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	74-75	5.1 Implementation of Employee Care Program	Fully	
*EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	26-30	2.2 Multiple Checks, Safe Quality	Fully	
*EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operations	68-71	5.1 Implementation of Employee Care Program	Fully	
*EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	62	4.2 Good Neighbor Foundation	Fully	
EC9	Significant indirect economic impacts.	31-32	2.3 Sustainable Supply Chain Management	Fully	
Environmental Performance Indicators					
EN MA	Management Approach EN	36-53	3. A Good Neighbor Reducing Environmental Impact	Fully	
*EN1	Materials used by weight or volume	26-27	2.2 Multiple Checks, Safe Quality	Partial	
*EN2	Percentage of materials used that are recycled input materials			Fully	N/A
*EN3	Direct energy consumption by primary energy source	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
*EN4	Indirect energy consumption by primary source	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN5	Energy saved due to conservation and efficiency improvements	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
*EN8	Total water withdrawal by source	40	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	

*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
EN9	Significant impact of withdrawal of water to water sources			Fully	The water sources mainly came from Taiwan Water Corporation, not from water supply region with significant impacts.
EN10	Percentage and total volume of water recycled and reused			Fully	There were no such circumstances.
*EN11	Location and size of land owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			Fully	There were no operations in protected areas.
*EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas			Fully	Operations did not have significant influences and impacts on related communities.
EN13	Habitats protected or restored			Fully	There were no such circumstances.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity			Fully	There were no such circumstances.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk			Fully	There were no such circumstances.
*EN16	Total direct and indirect greenhouse gas emissions by weight	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
*EN17	Other relevant indirect greenhouse gas emissions by weight	47-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	40-48	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
*EN19	Emissions of ozone-depleting substances by weight			Fully	For air-conditioners, refrigerators, freezers and air-conditioning equipment, etc., 2013 R-22 refrigerant fillings were about 10,870 kg for the retail stores and 86 kg for the headquarter. No Halon 1211 or Halon 1301 etc were used.
*EN20	NOX, SOX and other significant air emissions by weight			Fully	We are not in the manufacturing industry, thus there were no air pollutants discharged.
*EN21	Total water discharge by quality and destination			Fully	The procedure of water discharge from the headquarter and retail stores complied with the local authority's standards.
*EN22	Total weight of waste by type and disposal method			Partial	Trash from the headquarter and retail stores were cleaned up by qualified company.
*EN23	Total number and volume of significant spills			Fully	We are not in the manufacturing industry, thus there were no significant polluting spills.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally			Fully	We do not have factories, thus this indicator is not applicable to us.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff			Fully	We do not have this issue.
*EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	50-51	3.3 Green Lifestyle	Fully	

*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
*EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	36-39	3.1 Taiwan's Large-scale and Continuous Environmental Recycling Platform	Partial	
*EN28	Monetary value of significant fines and total number nonmonetary sanctions for non-compliance with environmental laws and regulations			Fully	There were no violation of environmental regulations in 2013.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	51-53	3.2 Energy Conservation and Greenhouse Gas Reduction	Fully	
EN30	Total environmental protection expenditures and investments by type	49-53	3.3 Green Lifestyle	Fully	
Labor Practices and Decent Work					
LA MA	Management Approach LA	68-83	5. A Good Neighbor Creating A Harmonious Working Environment	Fully	
*LA1	Total workforce by employment type, employment contract, gender, and region	68-70	5.1 Implementation of Employee Care Program	Fully	
*LA2	Total number and rate of employee turnover by age group, gender, and region	68-70	5.1 Implementation of Employee Care Program	Fully	
LA3	Benefits provided to full-time employees	74-75	5.1 Implementation of Employee Care Program	Fully	
*LA4	Percentage of employees covered by collective bargaining agreements			Fully	The Company does not have a labor union. We mainly follow the Labor Standards Act.
*LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	77	5.2 Promotion of Industrial Harmony	Fully	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	78-79	5.3 Occupational Safety and Health	Fully	
*LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	78	5.3 Occupational Safety and Health	Fully	
*LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious disease	59-60 71-73	4.2 Good Neighbor Foundation 5.1 Implementation of Employee Care Program	Fully	
LA9	Health and safety topics covered in formal agreements with trade unions			Fully	The Company does not have a labor union. We mainly follow the Labor Standards Act.
*LA10	Average hours of training per year per employee by employee category and gender	79	5.4 Promotion and Reward	Partial	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	74-75 79-82	5.1 Implementation of Employee Care Program 5.4 Promotion and Reward	Fully	
LA12	Percentage of employees receiving regular performance and career development reviews	79-82	5.4 Promotion and Reward	Fully	

*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
*LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	68-70	5.1 Implementation of Employee Care Program	Fully	
*LA14	Ratio of basic salary of men to women by employee category	74-75	5.1 Implementation of Employee Care Program	Fully	
*LA15	Return to work and retention rates after parental leave	74-75	5.1 Implementation of Employee Care Program	Fully	
Human Right					
HR MA	Management Approach HR	76-77	5.2 Promotion of Industrial Harmony	Fully	
*HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening			Fully	There were no significant investments in 2013.
*HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	31-32	2.3 Sustainable Supply Chain Management	Fully	
*HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	79	5.4 Promotion and Reward	Partial	
*HR4	Total number of incidents of discrimination and actions taken			Fully	There were no discrimination incidents at the headquarter and stores in 2013.
*HR5	Operations identified in which the right to exercise association and collective bargaining may be at significant risk, and actions taken to support these rights	31-32	2.3 Sustainable Supply Chain Management	Fully	
*HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	31-32 76	2.3 Sustainable Supply Chain Management 5.2 Promotion of Industrial Harmony	Fully	
*HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	31-32 76	2.3 Sustainable Supply Chain Management 5.2 Promotion of Industrial Harmony	Fully	
HR8	Security personnel training regarding human rights			Fully	Security guards are sub-contracted by outsourced firm. Compliance of human right related issues are embedded in the outsourced contracts.
HR9	Total number of incidents of violations involving rights of local workforce and actions taken			Fully	There were no related incidents in 2013.
*HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments			Fully	There are no related assessment so far.
*HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	77	5.2 Promotion of Industrial Harmony	Fully	
Society					
SO MA	Management Approach SO	54-67	4. A Good Neighbor Achieving Sustainable Co-existence with the Local Community	Fully	
*SO1	Percentage of operations executing conference with local communities, risk assessment and development plans	54	4.1 Constructing of A Happy Community	Fully	
*SO2	Analysis the risk of corruption by business units	12-14	1.3 Corporate Governance	Fully	All employees are required to sign relevant documents when joining PCSC.
*SO3	Training for anti-corruption			Fully	We have not provide anti-corruption trainings to employees and suppliers.

*Core indicator

GRI 3.1	Indicator Description	Page(s)	Indicator Cross References	Reported	Explanations
*SO4	Actions taken in response to incidents of corruption			Fully	There were no corruption incidents in 2013.
*SO5	Public policy positions and participation in public policy development and lobbying	55-62	4.2 Good Neighbor Foundation	Fully	
SO6	Financial political contributions.			Fully	The Company remains politically impartial. There were no political contributions.
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes			Fully	There had been no such incidents occurred during the reporting period. In 2011, a fine of NT\$ 16 million was initially charged to PCSC by Fair Trade Commission; however after further investigation, the Supreme Administrative Court discharged the penalty on April 18, 2014.
*SO8	Punishment and monetary fine for incidents against regulations			Fully	In 2013 some retail stores were fined NT\$994,623 for violation of laws.
*SO9	Operations with significant potential or actual negative impacts on local communities			Fully	N/A
*SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities			Fully	N/A
Product Responsibility					
PR MA	Management Approach PR	24-30	2.2 Multiple Checks, Safe Quality		
*PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	24-30	2.2 Multiple Checks, Safe Quality	Partial	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety			Fully	There had been no such incidents occurred in 2013.
*PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	11-12 22-23	1.2 Our Products and Services 2.1 Sustainable, Convenient Lifestyle	Fully	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes			Fully	There had been no such incidents occurred in 2013.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	34	2.4 Thoughtful Services, Always Open	Fully	
*PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	34	2.4 Thoughtful Services, Always Open	Fully	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes			Fully	We have addressed the two incidents occurred on 7-net in 2013 to prevent further misunderstanding.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	35	2.4 Thoughtful Services, Always Open	Fully	There had been no such incidents occurred in 2013.
*PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			Fully	There had been no such incidents occurred in 2013.



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