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A Good Neighbor Who is Always There for You



2016 KPI

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

2015 Highlights

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

2.1 Elevating the Level of Convenient Living Services Once Again

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

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



About President Chain Store Corporation (PCSC)

A Good Neighbor Who is Always There for You

A Good Neighbor Who Cares for the Environment

A Good Neighbor Who is Involved with the Local Community

A Good Neighbor Who Creates a Friendly Workplace

Mobile Living Services Upgraded Once Again

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

Organic vegetable boxes bring convenience and health

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



The First Anniversary of "UNIDESIGN"

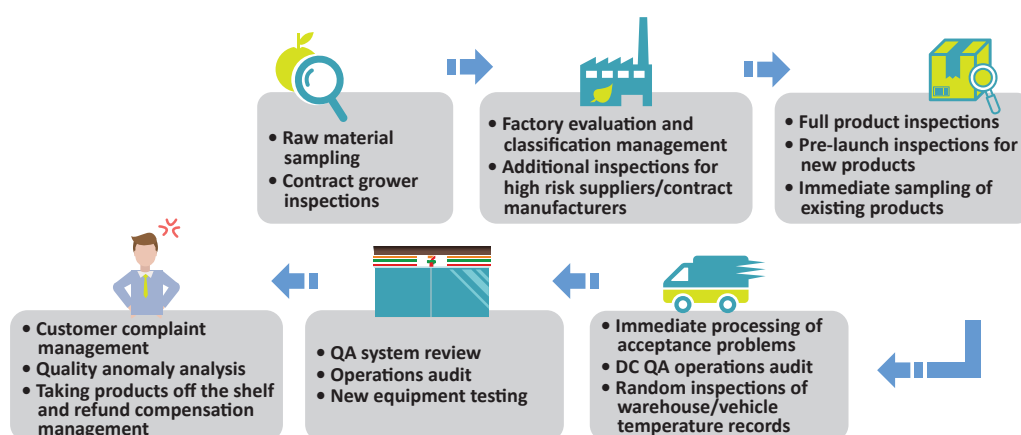


"UNIDESIGN" emphasizes the spirit of "turning ordinary life into good life"; it studies everyday life to bring about a innovation in the sense of touch, the sense of sight, the sense of smell and functions. A simple and eco-friendly design approach is adopted for paper products, daily commodities, clothing,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

2.2 Total Product Safety Management

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

Control mechanism for the product flow process



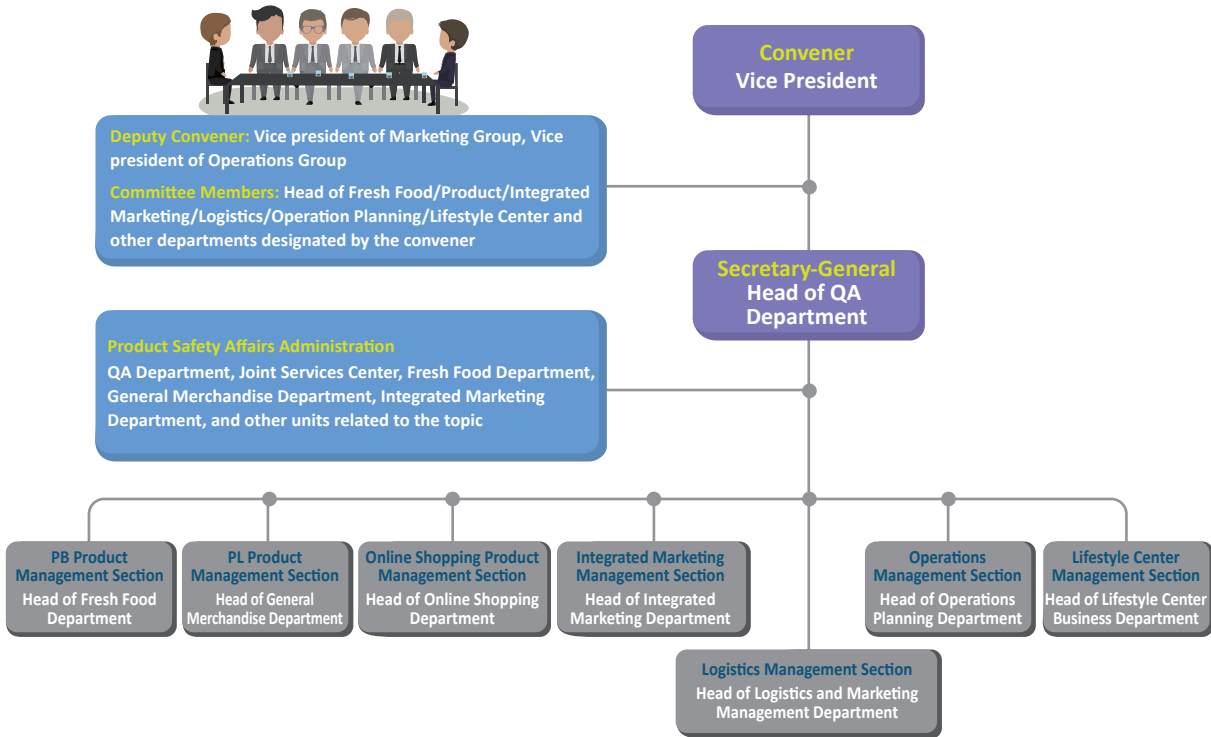
In 2014, PCSC launched a series of improvement measures on the food safety QA system in response to food safety concerns, which included the establishment of the Merchandise Safety Committee, internal supervision mechanisms for product safety, introduction of primary logistics, and upgrades for QC Lab's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

2015 food safety improvement strategies

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

Mainly through cooperating with different departments, The "Merchandise Safety Committee" inspects and coordinates all privately-owned products¹ safety and quality management practices of all PCSC units; it also tracks serious product safety violations, customer feedback, and regulation identification efforts to establish a systematic management system. The Merchandise Safety Committee has convened three times this year. The system affects 100% of PCSC privately-owned products.

¹ Privately owned products including those under private brands and private labels. Private brand products are exclusive products mass produced under contract or developed in cooperation with other manufacturers such as onigiri and oden. Private label products are private brand products designed by ourselves such as the iseLect beverages.

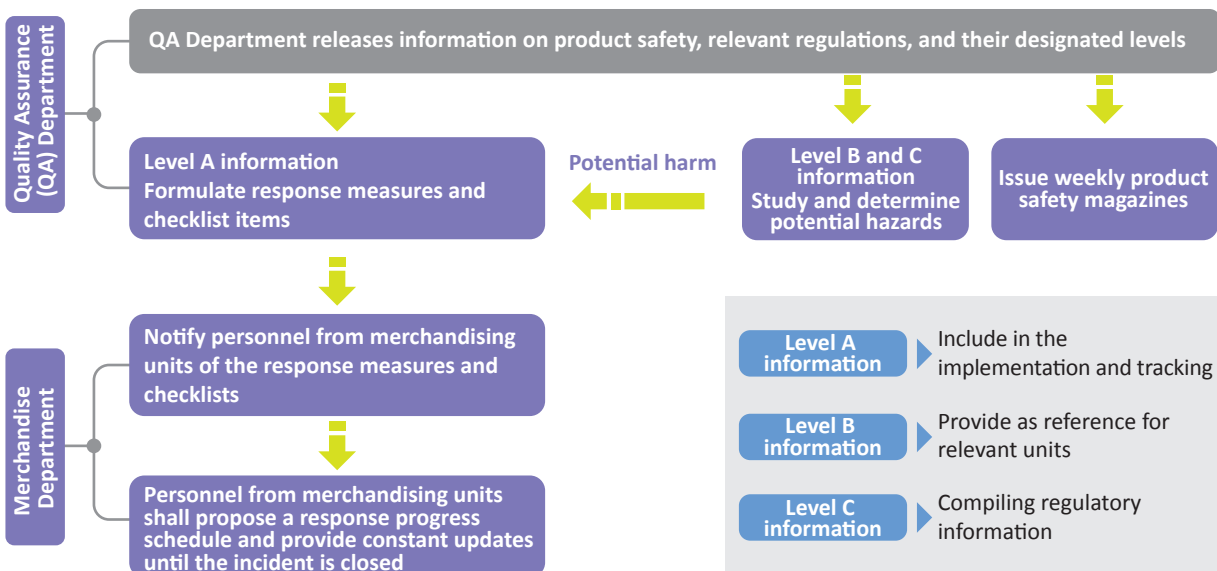


Note: This is the revised organizational structure for 2016

Track product safety information to reduce hazards and risks

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

Product safety information collection, assessment, and tracking procedures



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

Material and Quality Assurance System (MAS)

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



Internal product safety monitoring mechanisms

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

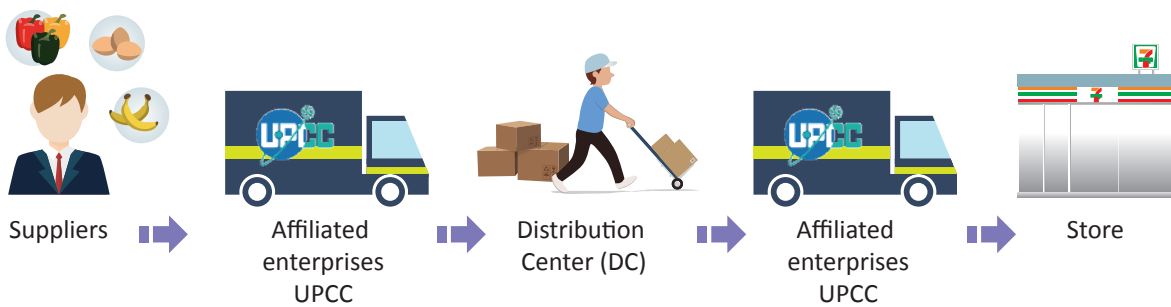
Product safety incident risk classification table

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

Primary Logistics Management

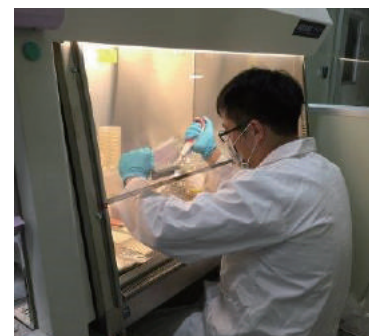
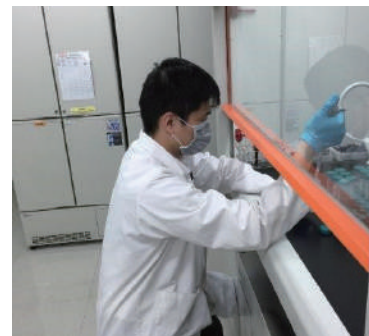
In addition to the product itself, the temperature, personnel, and hygiene during the logistics process also have an important effect on product quality. Therefore, PCSC adopted primary logistics to consolidate transportation and extend the quality management process from store delivery to the supplier;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

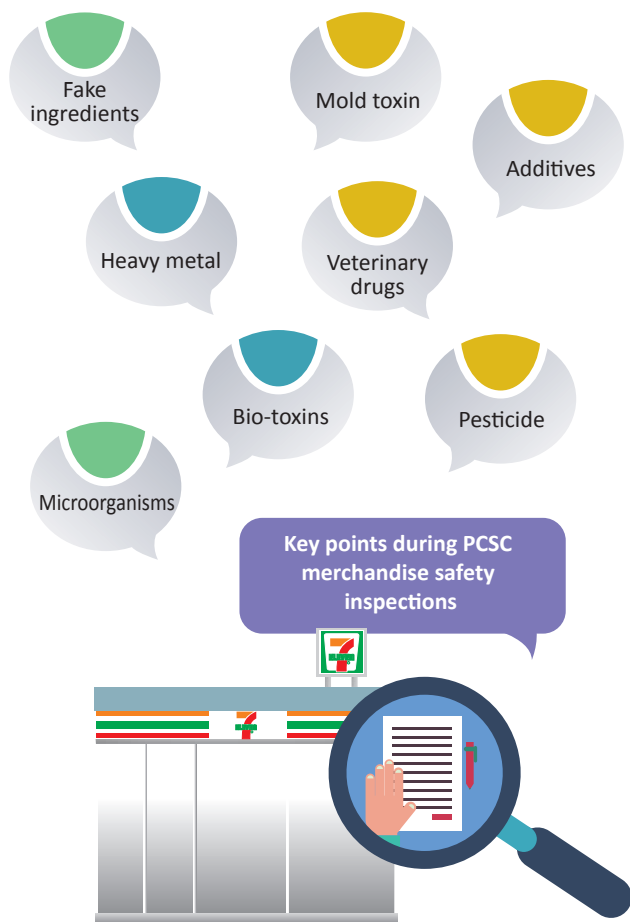
Primary Logistics Management Model



"Quality Control Lab" Safeguards Merchandise Safety

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





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

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

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

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

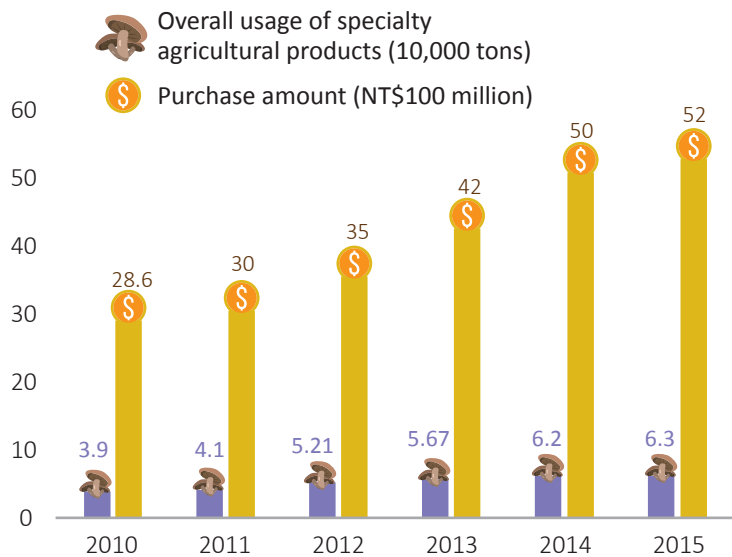
To provide consumers with product guarantees, PCSC continued to upgrade our quality assurance system in 2015 and established a comprehensive food safety net. After launching the "MAS Raw Material Management System" at the beginning of the year to systematically manage raw material product information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

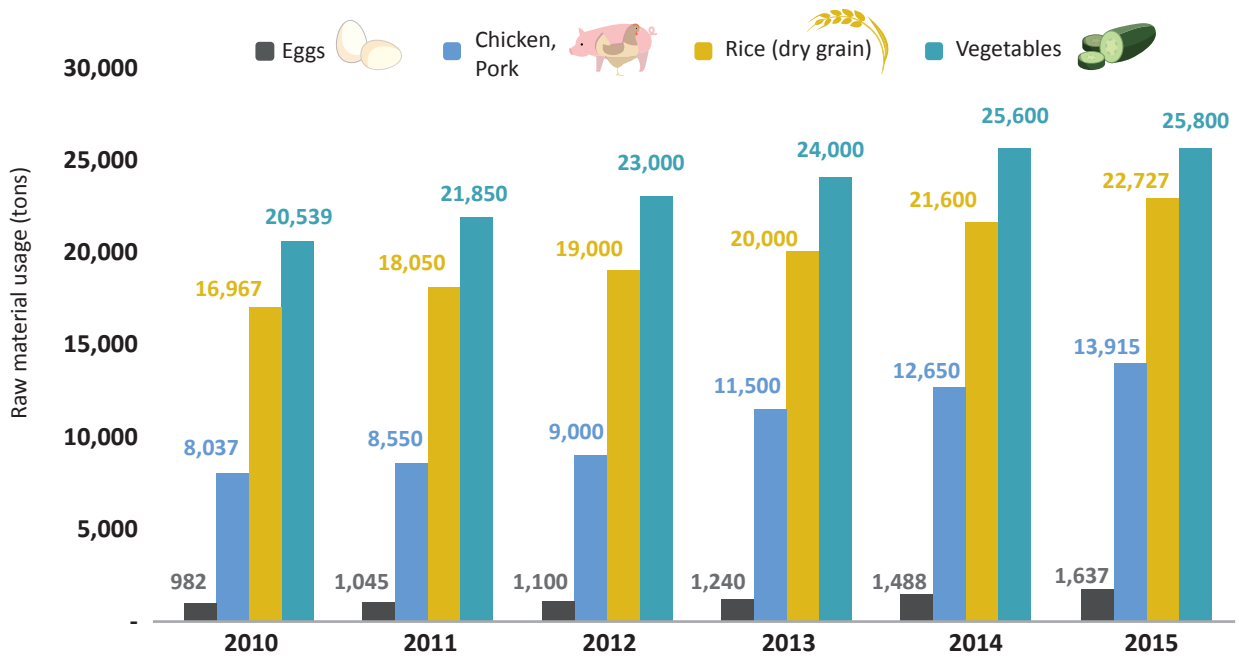
2.3 Supply Chain Management

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

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

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

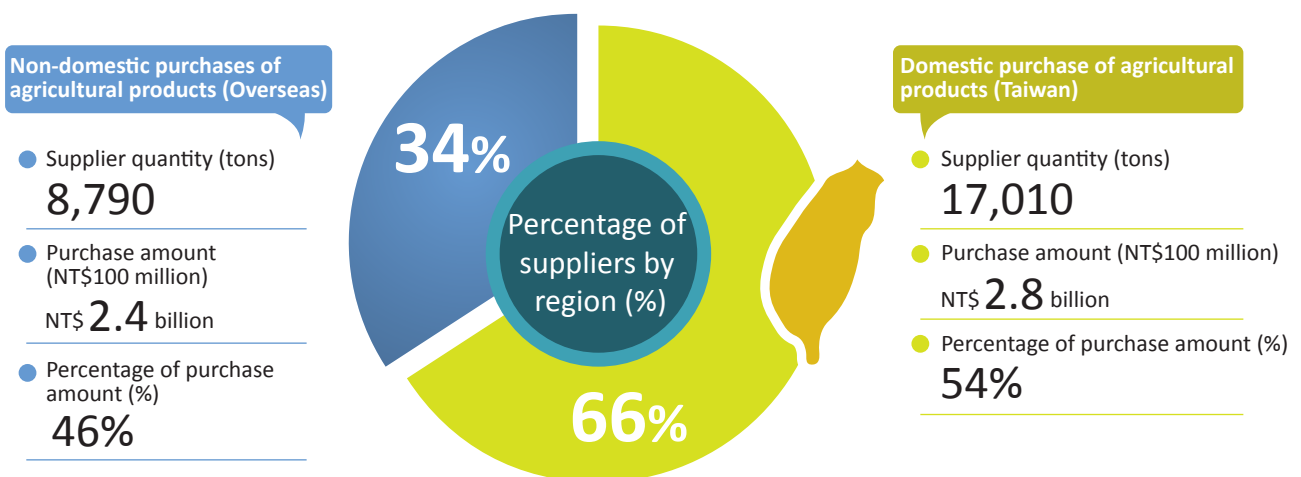




"QR Codes" is put on product package to make it easy for consumers to check products' source and production process. Consumers can simply scan a QR Code with their mobile phones to quickly receive relevant information. 7-ELEVEN vegetable products have continued to use the "delicate small packaging" concept.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

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

Proportion of locally purchased agricultural products in 2015



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

Supplier management

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

Privately owned product supplier evaluation scale

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

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

New supplier selection principles

(1) Lawful conditions:

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

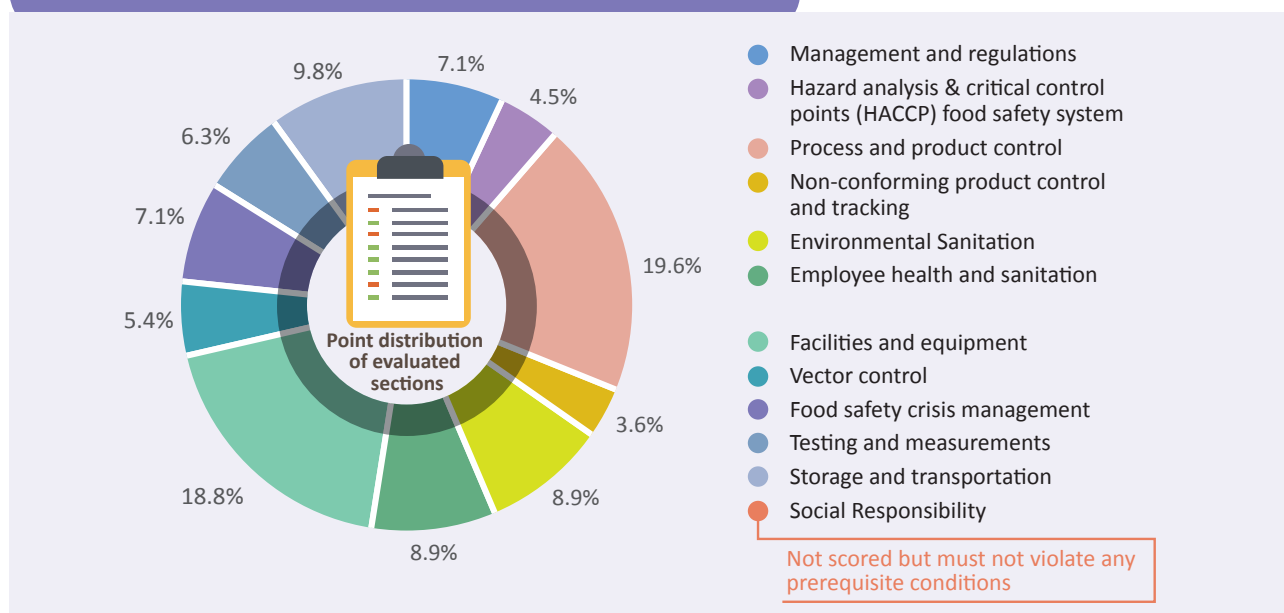
(2) Priority considerations are given to those with CAS, TQF (GMP changed to TQF in June, 2015), HACCP, or ISO22000 quality certifications.

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

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

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

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



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

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

Note:

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

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

Fresh food supplier's conference

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



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



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



Product labeling

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



Label with expanded food additive information: If the name of a food additive consists of two or more types of food additives mixed together, the product or generic name defined by the competent central authority should be used rather than just labeling it by function (purpose).

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

Mandatory labeling

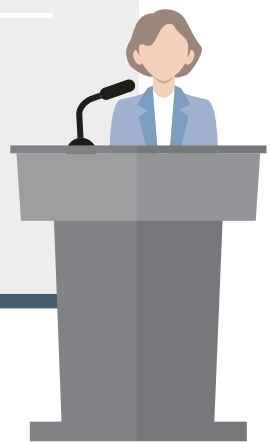
6 types

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

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

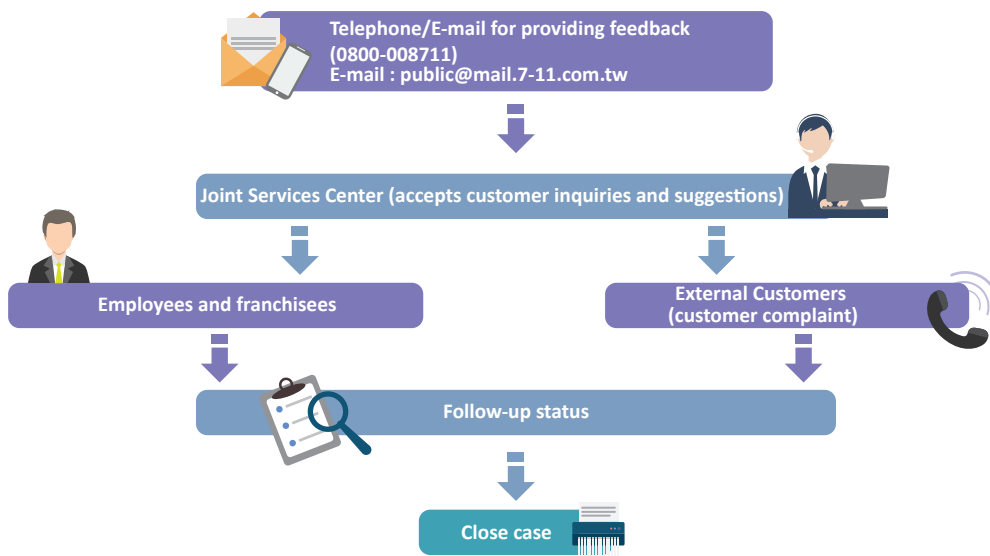
Recommended labeling

9 types



2.4 Warm Services, Always Open

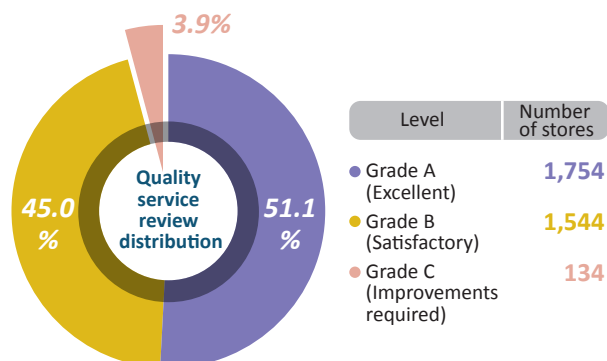
"Quality, Service, and Cleanness", or Q.S.C., is the guiding principle for PCSC's services for consumers. Consumers' expectations of convenience stores are satisfied through high-quality merchandise, a positive service attitude of store personnel, as well as a clean, tidy store environment. In addition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



To ensure our service levels are where they should be, we introduced an external assessment mechanism by using "mystery shopper evaluations" where inspectors are disguised as ordinary customers in different scenarios to observe how store employees would react; this helped guarantee proper store services and provide product quality control.

Quality service review

The quality service review covers aspects of basic service, professional service, environmental comfort, and appropriate response. Scores and ratings were assigned based on how well employees performed in each aspect. In 2015, a total of 3,432 stores were reviewed. For stores that received a C rating, the operations team must visit the store to provide counseling within one week of receiving notice. Recommendations on corrective actions must be proposed for any deficiencies found, and the store must convene a store meeting to discuss the corrective actions together and establish a follow-up mechanism. A re-evaluation will be conducted after one month, and the entire process will be repeated until all necessary improvements have been made.



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

Product expiration and QA audit

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

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

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



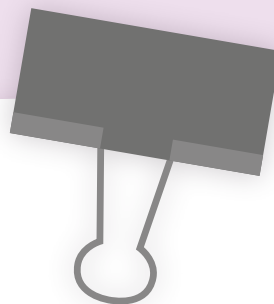
Introduction of DP Mark for Personal Information Protection

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

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

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

PCSC Personal Information Protection and Management Policy



Regulatory Compliance:

Adhere to the relevant regulatory requirements on personal information safety

Personal information management system:

Established a cross-departmental personal information task force to regularly inspect, review, and examine the effective functioning of the management system

Restricted use by third parties:

Personal information must not be illegally or openly distributed or revealed to third parties

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

Establish a regular inventory mechanism for personal data and registers

Safe and appropriate management measures:

Use risk analysis on the personal data held by each department to adopt appropriate responses and safety management measures

Emergency response measures:

If there is a personal information leak, take immediate and appropriate action. The individual(s) involved should be notified and provided with relevant channels for making inquiries and addressing the issue

Education training:

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

