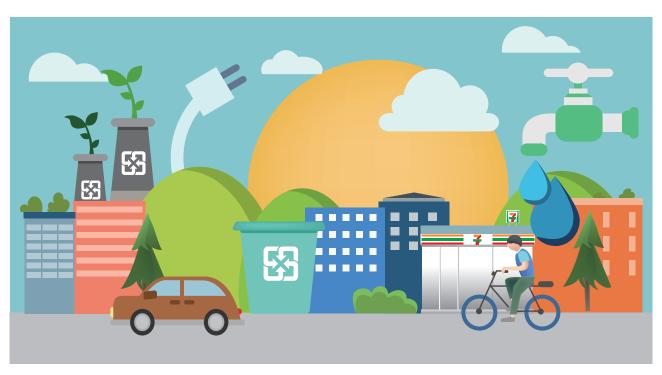


A Good Neighbor Who Cares for the Environment



2016 KPI

- Green Mark and energy-saving products accounted for 4% of the annual purchase
- Electricity intensity of stores and headquarters reduced by 2% compared to 2014
- "Energy conservation", "water conservation" and "reduction of paper consumption" are targets at the headquarters building
 - 1. Electricity intensity of the headquarters building (2F 11F) was reduced by **7%** compared to the previous year
 - 2. Average water consumption per person reduced by 0.5% compared to the previous year
 - 3. Average paper consumption per person reduced by 1% compared to the previous year

2015 Highlights

- 2015 Achieved ISO50001 energy management system certification with assistance from the Ministry of Economic Affairs.
- A total of 4,131,855 empty milk bottles used at stores were recycled in 2015; this represented an increase of 1.5%, compared to 4,069,455 bottles in 2014.

In order to promote an eco-friendly and low-carbon lifestyle, PCSC is committed to practicing energy-saving and carbon reduction. PCSC also provides high-quality, eco-friendly product options to consumers. Through green operations and low-carbon marketing, PCSC hopes to work with consumers to reduce environmental impact and realize a sustainable lifestyle.

3.1 Supporting the Global Carbon Reduction Trend

After the Paris Agreement was passed in 2015, every country began to make climate change adjustments and GHG reductions in response to their own Nationally Determined Contributions (NDC). Although Taiwan is not a member of the United Nations, a 50% decrease in GHG BAU by 2030 was proposed; this is equivalent to a 20% reduction of 2005 emission levels.

In 2015, PCSC lobbied for the inclusion in the MOEA Bureau of Energy's annual "ISO50001 Energy Management System" certification assistance program; the system would help bring PCSC in line with international standards and bring about a more systematic and scientific energy management regime. The Li-ang store in Neihu, Taipei, Song-gao store, and 8F of the headquarters building were chosen as pilot sites. After 6 months of hard work, ISO50001 energy management system certification was officially awarded after an audit was completed by SGS Taiwan in November of 2015.





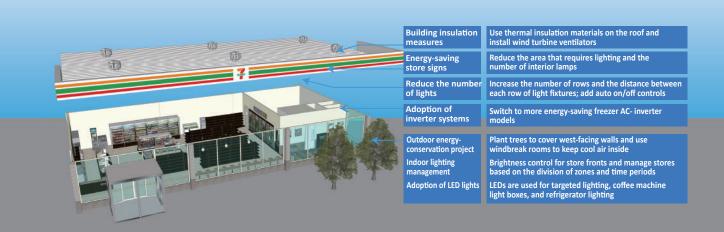
As a global citizen, it is PCSC's duty to help fight climate change. In addition to the numerous energy-saving initiatives at the headquarters building, other energy-saving efforts have also been introduced at individual stores as well.



Convenience stores

All new convenience stores must incorporate 7 key energy-saving design features including building insulation, energy-saving signage, reduced lighting, inverter systems, outdoor energy-saving, indoor lighting management, and the use of LED lighting. Existing stores are progressively upgrading to high-efficiency equipment with the approval of the "Equipment Purchasing Committee". Apart from equipment upgrades, PCSC is also collaborating with the government and relevant academic units to improve energy efficiency at our stores. All store personnel are required to conduct regular checks on air-conditioning units, ventilation fans, lights, refrigerators, freezers, signs, and display windows in accordance with the "Store Energy-Saving Checklist" to ensure the efficient operation of all equipment. In 2015, we continued to carry out energy-saving measures such as upgrading existing stores with inverter AC units, adding inverters and integrated heat sinks to refrigeration systems, and adding freezer inverters to double-door freezers; these measures are expected to reduce electricity consumption by 5,954 MWh and carbon emissions by 3,102 tons per year.

♦ Energy-saving designs at new stores



▶ Energy Conservation Projects Introduced in 2015

Items Introduced	Quantity	Electricity Savings (kWh/year)	Carbon reduction (Tons of CO₂e/year)
OSC changed from a built-in model to a split type	125 units	251,887	131
Converted fixed frequency AC to inverter AC at stores	214 units	2,325,953	1,212
2nd generation energy-saving combination refrigerator	297 units	524,346	273
Fitting combination refrigerator units with inverters	1,470 units	13,074	7
Single/double-door freezer inverters	377 units	867,517	452
Shared outdoor units for refrigerators	280 units	869,892	453
90 cm horizontal signs changed to 2 rows of lamps	377 units	560,975	292
Optimized arcade lighting	377 units	93,097	49
Installed embedded T5 lamps along store corridors	170 units	90,546	47
Introduced constant-voltage variable-frequency hydraulic presses	348 units	34,981	18
Introduction of automatic doors with DC motors	377 units	98,025	51
Windbreak room	Introduced at 60 stores	223,279	116
Total		5,953,572	3,102

Note: The evaluation of electricity savings were based on actual meter measurements or energy-saving certification projects conducted by experts and academic/professional units



Corporate headquarters

The headquarters building has been practicing energy-saving and carbon reduction by following the three principles of "conserve electricity", "conserve water", and "reduce paper consumption". Existing equipment on each floor are examined for wear and usage to improve their performance. Energy-saving slogans were also displayed at key areas within the building to raise employee awareness on energy conservation and environmental protection.

"Electricity conservation", "water conservation", and "reduction of paper consumption" performance at the headquarters building in 2015



Electricity savings

Item

- Introduction of T5 lights on floors 5 9
- Set day/night on/off schedule for AC units and water coolers

Method

- Increase the temperature of the chiller compressor by 1 degree
- Introduction of full heat exchangers for the AC system

Compared to the previous year (2014)

Electricity savings: 72,111 kWh Amount of carbon reduction:

37.642 kg EUI: -4.8%

Water conservation



- · Install water-saving devices such as watersaving gaskets
- · Display water-saving slogans where water is used on each floor

Compared to the previous year (2014)

Water savings: 787 tons

Amount of carbon reduction: 122 kg Water saved per person: 1.16 tons

Reducing paper consumption



- Promote double-sided printing
- · Introduced the "scan-to-mail" function and encouraged the use of electronic files instead of printed documents
- · Introduce individual file printing

Compared to the previous year (2014)

Amount of paper savings: Equivalent

to **71,544** sheets

Amount of carbon reduction: 66 kg

Average paper savings per person:

114 sheets

Note: 15,000 sheets of A4 paper = one 20-year old tree. According to data published by the Forestry Bureau, each 20-yearold tree absorbs between 11 to 18 kg of carbon dioxide per year depending on the tree species

Introduce individual file printing

The introduction of "Individual file printing" in 2014 greatly reduced misprinting and wasting paper by employees. PCSC is also continuing to increase the proportion of FSC (Forest Stewardship Council) and Carbon Footprint certified paper we purchase; employee awareness initiatives will continue as well.





Continued Promotion of Greenhouse Gas Inventory

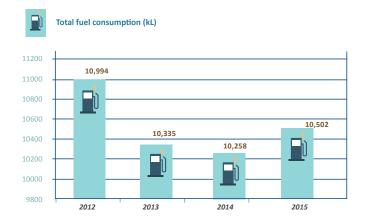
The main form of energy used by stores and the corporate headquarters is electricity. In 2015, the total electricity consumed by our stores and corporate headquarters was 838,050 MWh, down 8,270 MWh from 2014. Stores accounted for over 99.8% of all electricity used. The total electricity consumption of PCSC stores in 2015 was 835,580 MWh. To track the power efficiency of our stores, the Electricity Use Intensity (EUI) was selected as the performance indicator. In 2015, EUI was 1,099 kWh/m2, down 2.74% from 2014.

The three logistics companies, Retail Support International, UPCC, and Wisdom Distribution Service Corp., are responsible for centralized ordering and sorting; they also split the responsibility for delivering room temperature, refrigerated, low-temperature, and frozen products; cultural publications and e-commerce are part of the portfolio as well. President Logistics International Corp. is responsible for the overall management of the logistics fleet including fuel consumption monitoring, introduction of green vehicles, and training logisticians. Total fuel consumption (diesel) from making deliveries and transportation in 2015 amounted to 10,502 kL.

Store electricity consumption and EUI statistics



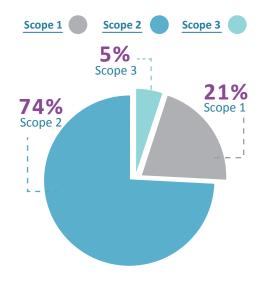
Diesel fuel consumption statistics



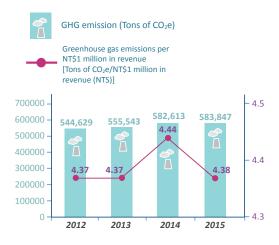
A GHG inventory is conducted every year in accordance with "The GHG Protocol - A Corporate Accounting and Reporting Standard" to identify each emission source and potential reductions. GHG emission data are collected each year and data precision is constantly being improved. We can now track our electricity consumption with a 90% or higher confidence level except for a few stores where actual data is not yet available.

PCSC's GHG inventory has updated its electricity carbon emission factor over the years in accordance with the national policy. GHG emissions have also been updated. In 2015, PCSC's GHG inventory totaled 583,847 tons of CO_2 e. Scope 2 emissions from electricity consumption was the largest component at 74.4%; electricity consumed by stores accounted for 99% of all Scope 2 emissions. Scope 1 direct emissions accounted for 20.8% and were mainly due to leaked refrigerants from freezers and AC equipment in the stores. Scope 3 emissions from store-related logistics amounted to 27,713 tons, or around 4.7% of all emissions.

Distribution of GHG emissions in 2015



2015 Greenhouse Gas Emissions and Intensity



/ho is Always



Logistics affiliates

PCSC has long cooperated with logistic affiliates to achieve significant improvements in logistic efficiency by reducing the number of delivery trips, establishing a maintenance system, making joint deliveries, and upgrading logistic equipment in order to improve efficiency and reduce environmental impact. President Logistics International Corp. is the PCSC affiliate for logistic vehicle management; it introduced eco-friendly vehicles in 2015, with the goal of progressively replacing older logistic vehicles (Emission Control Phases 3 and 4) with 223 of the latest vehicles (currently Emission Control Phase 5, Phase 6 may be introduced in the future) by 2020. In 2015, the goal was to introduce 12 vehicles that conform to the latest emission controls. A total of 28 Phase 3 vehicles (a reduction of 59.4 kg in CO emissions per vehicle) and 14 Phase 4 vehicles (reducing 13.71 kg in CO emissions per vehicle) were replaced this year, which is equivalent to a reduction of 1.86 metric tons (1,855 kg) of CO emissions.

In addition to the introduction of new vehicles compliant with the latest emission controls, hybrid vehicles are also being tested. Two hybrid logistics vehicles have now been introduced in Taiwan; they are expected to reduce fuel consumption by up to 12.91% compared to the diesel model.

Introduction of onboard systems (GPS/GPRS)

In addition, President Logistics has set up the "Digital Mobile Monitoring Center" in 2012 and partnered with Chunghwa Telecom to develop a custom onboard system for the President Group. GPS/GPRS technology is used to dynamically manage each vehicle's current status, road conditions, and its cargo. Improvements such as reducing fuel consumption, constant temperature monitoring, and safer driving were made to enhance logistician safety and compliance; its four goals are real-time vehicle monitoring, safety and energy-conservation management, operational quality control, and operational data management.



Onboard system function diagram



The "Driver Evaluation Form and Temperature Report" function of the onboard system provides in-depth management and improvements on the two key dimensions of "Road Safety Management" and "Temperature Management". If there are problems with safety and temperature management indicators, supervisors use the forms to document their interviews with logisticians. Statistics showed that there were a total of 81 speeding cases in 2015, a reduction of 31.9% compared to the previous year. The introduction of onboard systems has proven effective in reducing incidents of speeding, idling, rapid acceleration, rapid braking, high RPM, and gliding in neutral; this in turn has helped to reduce fuel consumption and carbon emissions.



The real-time "Temperature Warning System" of the onboard system alerts supervisors and logisticians so they can prevent temperature loss. SMS notifications of pre-chilling checks was introduced in October of 2015 to remind supervisors to check the temperature before stacking deliveries to ensure food safety. If there is inadequate cooling during delivery, the logistician is required to stop by the road and run the cooling process again to prevent temperature loss. The "Temperature Evaluation Form" is used to regularly inspect and review each route, logisticians, logistic vehicle, and equipment. The average pass rate for temperature checks is currently in excess of 99.9%, which effectively ensures the safety and freshness of food products.



Recognition of outstanding logisticians and their education/training

Outstanding logisticians are recognized every year. The "2015 PCSC Elite Logistician Award Ceremony" selected 67 elite logisticians among 1,690 individuals, who work for President Logistics, Retail Support International, UPCC, and Wisdom Distribution Service Corp; four of which have won the award for three years running to earn the "Top Logistician" award.

The event has been held 8 times as of 2015; nearly 400 outstanding logisticians have been recognized so far.

The theme of the event in 2015 was "Independent learning and joint growth"; logisticians were encouraged to become "smart logisticians" through: Make good use of high-tech equipment such as the smart onboard system as well as dynamically managing service quality, driving safety, and food safety of each delivery mission.



Apart from striving to reduce the environmental impact of logistics vehicles, our logistics affiliates also worked aggressively on energy-saving and carbon reduction during storage and sorting processes at the distribution centers prior to shipping.

Retail Support International (RSI)

As part of the ongoing energy conservation initiative, logistic centers used 5,507,441 kWh of electricity in 2015, which was 65,863 kWh less than the 5,573,304 kWh used over the same period in 2014. The 1.2% reduction is equivalent to 42 metric tons (42,020.6 kg) of carbon emissions [0.638 (kg CO_2e) × 65,863]. Total water consumption was 20,615 kL which was 2,730 kL less than the 23,345 kL in 2014; the 11.7% reduction is equivalent to 0.53 metric tons (532.35 kg) of carbon emissions [0.195 (kg CO_2e) × 2,730].

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Office Energy Conservation Measures

- Install air circulation fans and add automatic timers to AC units so that they shut off automatically during off hours.
- Curtains were installed to block direct sunlight and reduce AC power consumption.
- Automatic lights installed in restrooms and pantries.
- Energy-intensive lights used in cafeterias, classrooms, and stairwells were also replaced with energy-saving lights. Lights are also replaced regularly at the end of their service lives to maintain effective illumination and save electricity.
- Electronic office (purchasing and business trip applications), electronic salary forms, paper consumption management in the office, and double-sided printing.
- The Zhongli plant started using energy saving service system (ESCO) in 2015 with energy-saving equipment funded from electricity savings over time. Energy-saving performance was also guaranteed by the contractor to ensure optimal energy savings. The contractor has replaced 943 T8 lamps with LED lights. On-demand control was also used to reduce the peak power consumption of two chillers. Electricity consumption at the Zhongli plant has been reduced by 8.3% since ESCO introduction, which is equivalent to 11,476 kWh in electricity saved each month.

UPCC

Energy conservation strategies are implemented continuously to uphold the spirit of green logistics. Energy-saving and carbon reduction meetings are also conducted to review energy consumption and promote energy-saving projects. In 2015, the Yingge Logistics Center replaced the old and energy-intensive chillers with new, eco-friendly chillers. The chiller's defrosting time and frequency is now adjusted depending on changes in climate and product volumes during peak/off-peak seasons. Energy saving measures implemented in 2015 reduced electricity consumption by 198,176 kWh (excluding electricity use at new units). Based on a carbon emission factor of 0.638 for each kWh of power, this represented a reduction of 126 metric tons (126,436 kg) in carbon emissions [0.638 (kg CO_2e) × 198,176].



Wisdom Distribution Service Corp.

- A number of energy-saving initiatives were introduced in 2015, which reduced total electricity consumption by 112,502 kWh, the equivalent of 58,613 kg of CO₂e in carbon emissions.
- In the pantry, cafeteria, and stairwells: Without impacting employee activities or violating office lighting requirements, the number of lights were reduced, circuits were modified, or motion sensors were installed; these measures were expected to yield electricity savings of 1,410 kWh and reduced carbon emissions by 735 kg of CO₂e for the entire year.
- Timers were used to set electrical equipment to recharge during off-peak hours while still satisfying
 operational requirements; this was expected to yield electricity savings of 11,059 kWh and carbon
 reductions by 5,761 kg of CO₂e for the year.
- Energy-intensive lights at office counters were replaced with LEDs, which is expected to yield electricity savings of 497 kWh and carbon reductions of 259 kg of CO₂e for the year.



Workshop wastes (cardboard cores of shrink wrap) were converted into cafeteria tables and partitions.

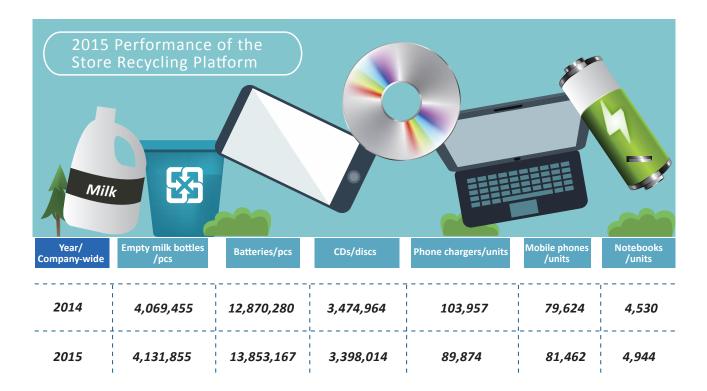
To support the rapid expansion of e-commerce business, construction commenced for Phase 3 of the Shulin Distribution Center in 2015. In keeping with the trend towards green energy, zoned lighting, AC, and insulation materials will be adopted to realize the goal of energy conservation.





3.2 A Fast, Convenient, and Always Open Recycling Platform

PCSC pioneered the "Recycle for Cash" mechanism many years ago and established Taiwan's largest resource recycling network. Apart from the regular recycling of waste containers, since 2010, 7-ELEVEN also began to accept used batteries, discarded laptops, CDs, mobile phones, and travel chargers for recycling; product rebates were offered as rewards. The recycling platform for discarded IT equipment has been very effective since its implementation. A total of 4,131,855 empty milk bottles for store use were recovered from PCSC stores in 2015.



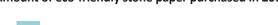
3.3 Green Living

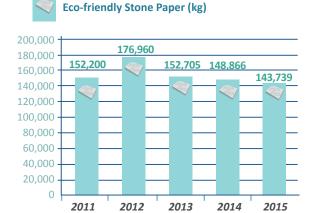


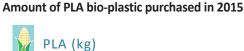
Green procurement

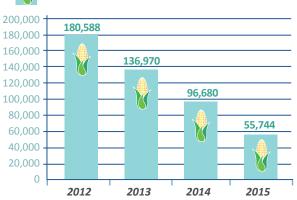
PCSC is continuing to embrace green procurement; the scope and range of procurement is also increasing. The price cards and cards with marketing information for refrigerators now use eco-friendly stone paper made from rocks. A total of 143,739 kg were purchased in 2015; all slurpee cups are now made from PLA bio-plastic with 55,744 kg purchased in 2015; FSC-certified paper are used in the office and 12,045 kg were purchased in 2015.

Amount of eco-friendly stone paper purchased in 2015









Full paperless operation

In 2011, PCSC became the first convenience store chain to introduce e-invoices in support of government policies.

The scope of e-invoices was expanded in 2015. The introduction of e-invoices in other industries including NPC service stations and 3 NanRenHu stores not only helped save on storage, transportation, and paper, but also delivered NT\$176,000 in savings from purchasing invoices and reduced paper consumption by 1.22 million sheets.

PCSC plans to take part in the cloud invoicing program for the four state-owned utilities from January 1, 2016 onwards. The introduction process will be completely paperless and the UBN accounting mechanism will be replaced by issuing a company code BB + 8 digits. Owners of winning receipts will be able to print and redeem their prizes at any of the top four convenience store chains. The new policy should see PCSC's Class 2 telecommunications business print 980,000 less paper receipts each year.

For franchisees, we plan to introduce the electronic invoice process for the paper-based bonus scheme. The move will reduce the amount of invoices that franchisees need to purchase as well as the amount of blank invoices that have to be scrapped. Once the change takes effect in January, 2016, the adoption rate should reach 95%; this will reduce paper consumption by 2.7 million sheets and paper costs by NT\$320,000 per year.

We will continue to expand the benefits of paperless e-invoices from stores to external channels.

♦ History of Introducing Electronic Invoices



We are also working to reduce the amount of paper used by store POP advertisements. We have set the annual POP target for each session to 130 sheets and reduced the number of paper display stands. In 2015, the average POP paper consumption was 122 sheets per session. Advertising and marketing materials are now under the supervision of QA and legal affairs units to verify that all advertisements comply with the law or self-management regulations.



Green Products

PCSC is continuing to increase the sale of eco-friendly green products. Green Mark, Carbon Footprint, Energy-Saving Mark, and other certified eco-friendly products are introduced at our stores as well as on the online shopping platform. For example, there are more than 30 insulated pots and bottles that conform to Taiwan's Green Mark, nearly 60 TV, fan, and washing machine products with the Energy-Saving Mark, as well as Uni-President's wheat fragrance drinks, Uni-President instant noodle, Shih An Farm animal friendly eggs, as well as other eco-friendly products. Nearly 800 green product categories were offered for sale during the year.



Green accounting

PCSC provides consumers with safe, convenient products and innovative services in the spirit of corporate social responsibility. At the same time, we promote an eco-friendly lifestyle based around energy conservation, carbon reduction, and caring for the planet. PCSC continues to make additional contributions to the Taiwanese society through our founding ideal of "Friendly 24-hour Service, Happiness is Always Near". The green accounting system converts these tangible actions into financial data. In 2015, NT\$920 million was spent on environmental protection assets and expenses. The table below summarizes environmental expenditures for the entire year.

Green Accounting items

Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Merchandise	Switched to environmental friendly product packaging; inspection of fresh food products.	Purchasing of eco-friendly packaging materials such as PLA and coffee holders; not using preservatives and flavor enhancers in fresh foods. Testing for agricultural chemical residue and other issues.	Protect people's health by taking safety and environmental impact into account.	16,376	279,424	295,800
Store	Implemented energy conservation measures.	Purchase of energy-saving equipment - Introduced 401 energy-saving devices, purchased 1,477 instore AC circulating fans, introduced 1,066 inverter AC units, introduced 26,290 sets of T5 energy-saving lights, introduced 370 refrigerator/freezer add-on inverters, introduced off-peak power off/standby function for 2,644 slurpee machines.	Conserve energy to reduce carbon emissions.	164,588	370	164,958

Category	Item	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Store	Cleaning and waste disposal.	Cleaning and greening store environments, and the management of waste disposal.	Maintaining a clean environment.	0	260,116	260,116
	Extended the service life of equipment and building materials.	Introduction of steel counters at 406 stores. Recovery and refurbishing of equipment for reuse.	Reduced the logging of trees and wasting resources.	44,280	29,081	73,361
	Green procurement.	Purchased energy-saving equipment and eco-friendly paper/building materials; promoted the use of e-invoices.	Compliance with EU standards and FSC certification to cut energy consumption and reduce carbon emissions.	U standards and SC certification cut energy 26,123 consumption and educe carbon	25,757	51,880

♦ Green Accounting items

Unit: NT\$1,000

Category	ltem	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Distribution	The President Logistics fleet, as well as the RSI and Wisdom logistics centers worked together to provide a reverse logistics system offering improved distribution efficiency and resource recycling.	Investment in manpower and equipment for store reverse logistics.	Store recycling: 247.4 tons of used batteries, 60.7 tons of discarded CDs, 5,000 discarded laptops, 81,000 discarded mobile phones, 90,000 discarded travel chargers/docks.	0	3,146	3,146
Internal Environmental Education	Environmental education and office recycling.	Promotion of a paper- saving office environment, environment clean-up and greening, waste recycling.	Support Office: 2,974 kg of plastic bottles, 17,612 kg of paper products, 431 kg of aluminum cans, 429 kg of other materials (CDs/ batteries/lights).	0	15,025	15,025

Category	ltem	Content	Effects and effective resource utilization (quantity)/GHG reduction	Investments (NT\$1,000)	Costs (NT\$1,000)	Total
Society Contributions	External promotion of environmental protection information.	Advocated conservation, cherishing all things, and CSR; sponsored environmental protection organizations.	Promotion of environmental education and recycling activities.	0	1,270	53,707
	Hosted or participated in environmental protection or charity events.	Made donations to the Formosa Fun Coast dust explosion incident in 2015.	Took part in the National Clean-up Day by cleaning 83 community service locations and 5,046 voluntary clean-up sites. Stores also cleaned up and did recycling voluntarily. initiatives and practice resource cycling as part of CSR fulfillment.	0	52,437	
	Total			251,367	666,626	917,993

Regulatory compliance

PCSC strives to provide consumers with a good shopping and dining environment. In 2015, there was one environmental penalty imposed on a store. The Jiren Store in Taipei City's Songshan District dumped coffee creamer into the drain by the store, which led to deposits that blocked the drain; a fine of NT\$3,600 was imposed by the Environmental Protection Bureau. After the incident, PCSC immediately modified the drain connection to the sewers. Proper sewer connections are now also required in all local regions to avoid the same problem from happening again.